

**EVLI**

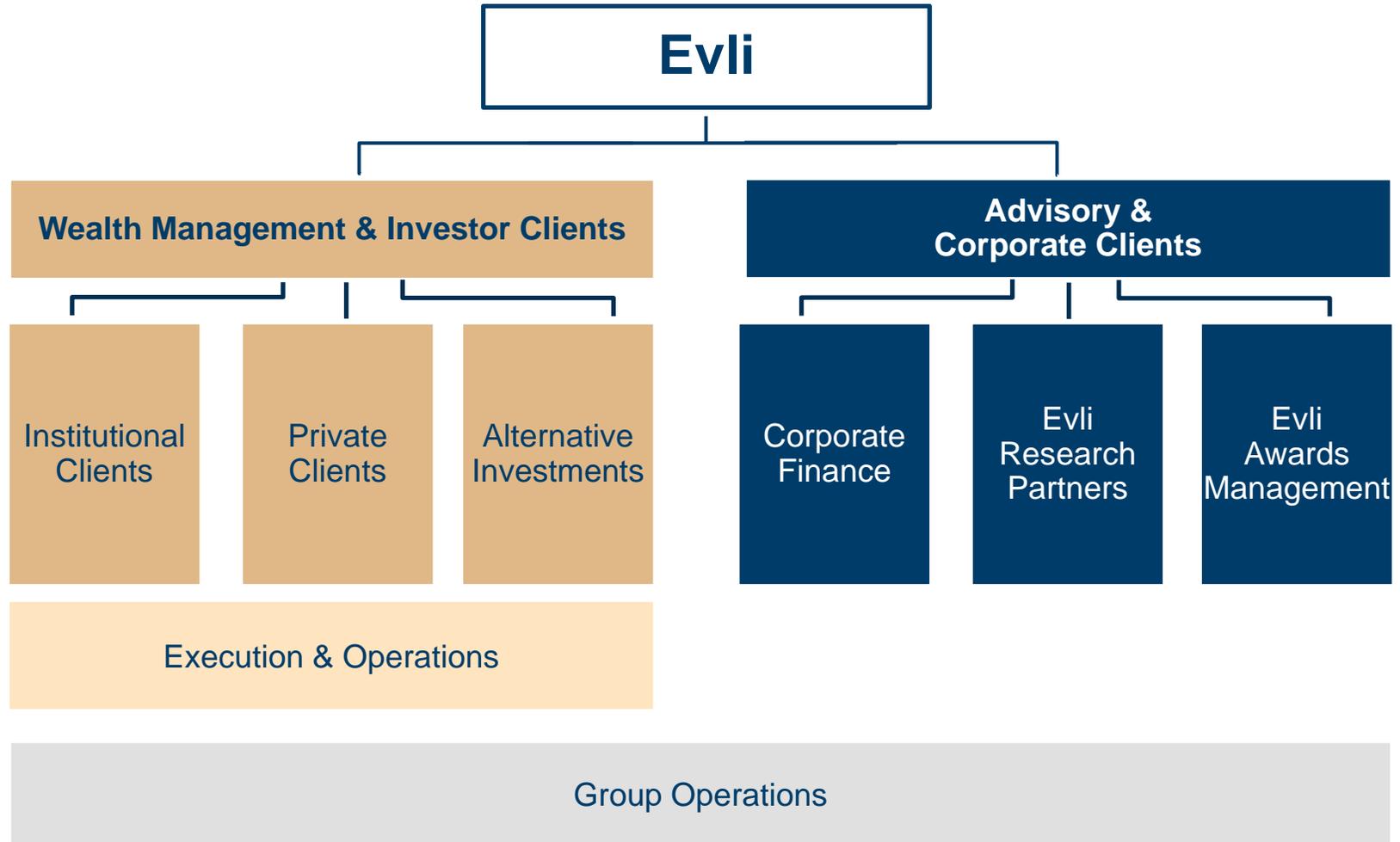
**2017**

**Evli Bank Plc  
Financial Statements bulletin 2017**

Maunu Lehtimäki, CEO  
Juho Mikola, CFO

25.1.2018

# Organization



# Evli today



## Wealth Management & Investor Clients

Discretionary asset management services to private individuals and institutions

Fund products, various capital market services and alternative investment products

Operations and execution services that directly support these core activities.



## Advisory & Corporate Clients

Advisory services related to M&A transactions, including corporate acquisitions and divestments, IPOs, share and debt issues

Incentive program administration services

Corporate equity research for listed companies.



## Group Operations

Support functions: Information Management, Financial Administration, Communications and IR, Legal, HR and Internal Services

Banking services and balance sheet investments

Supervisory functions: Compliance, Risk Management and Internal Audit.

# Agenda

1 Highlights

---

2 Financial Figures

---

3 Business Segments

---

4 Evli as an Investment

---

5 Outlook 2018

---

# Highlights:

**Operating Profit Nearly Doubled**

# Operating profit nearly doubled from previous year

## Growth in both revenues and operating profit

- Evli Group net revenues grew 19% to EUR 71.4 million
- Evli Group operating profit almost doubled to EUR 21.3 million.

---

## Strong performance in Wealth Management & Investor Clients segment

- Assets under Management grew year on year to EUR 11.2 billion
- Evli Digital and a new mobile friendly trading service in My Evli were launched
- Net subscriptions to Evli funds EUR 991 million. 2nd most in Finland
- 49% growth in net subscriptions from international clients.

---

## Good demand for all products and services in Advisory & Corporate Clients segment

- Corporate Finance acted as advisor in 28 transactions and the mandate base continued to develop favorably
- Evli Awards Management continued its positive development with growth in revenues
- Evli Research Partners had a successful first full year, 18 signed research service agreements.

---

## Outlook for 2018

- Thanks to successful and stable development in 2017, we estimate that our result for the financial year 2018 will be clearly positive.

# **Financial Figures:**

**Strong Performance Driven by  
Increase in Recurring Revenue**

# Key Figures 2013 – 2017

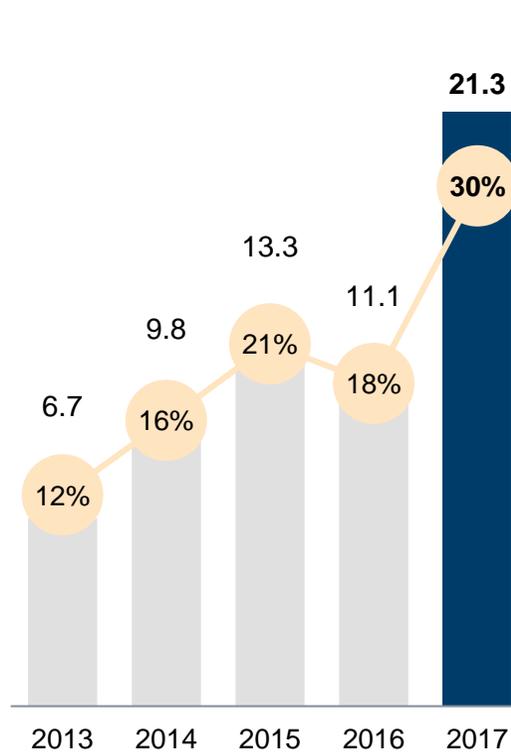
## Net revenue increased by 19% compared to previous year

Net revenue, million euros



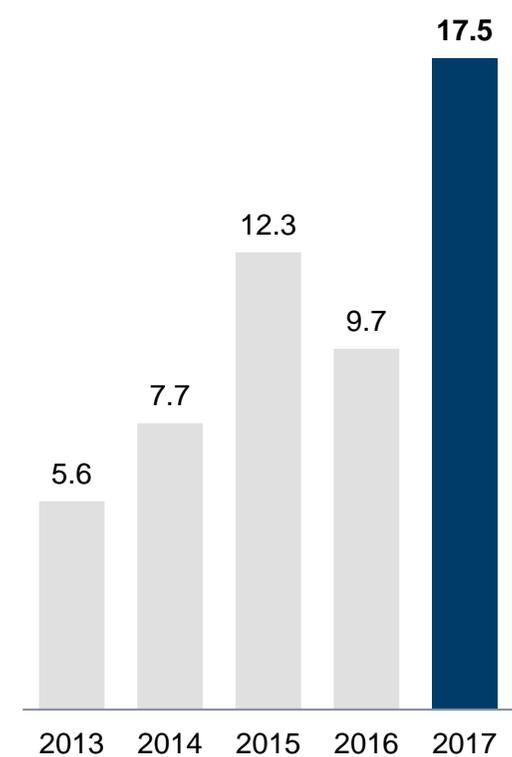
## Operating profit almost doubled

Operating Profit, million euros. Profit margin, %



## Net profit grew significantly

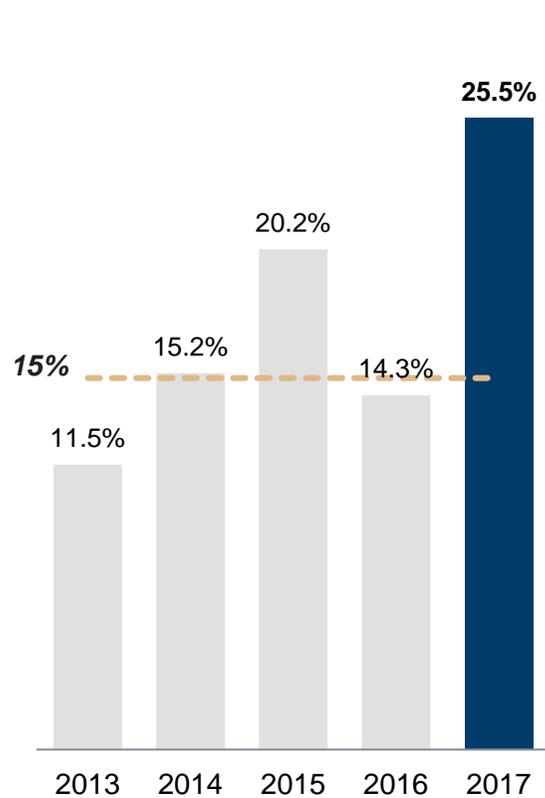
Net profit, million euros



# Key Figures 2013 – 2017

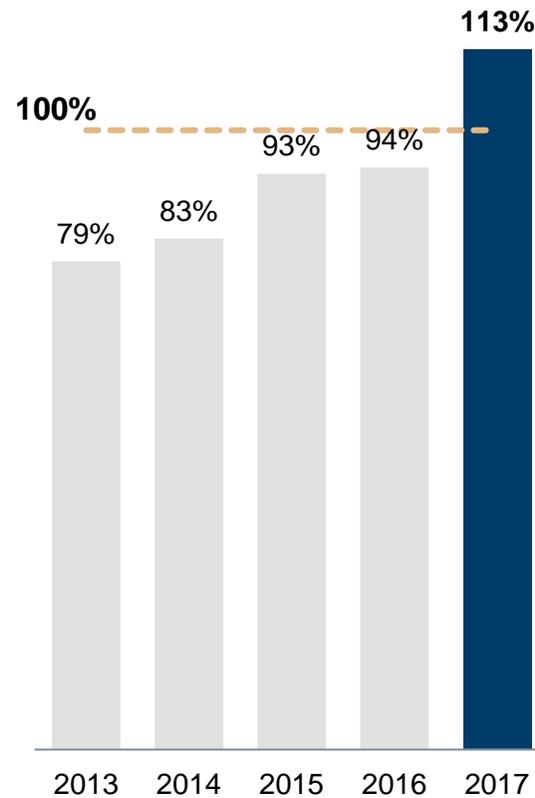
Return on Equity well above the target of 15%

Return on Equity, %



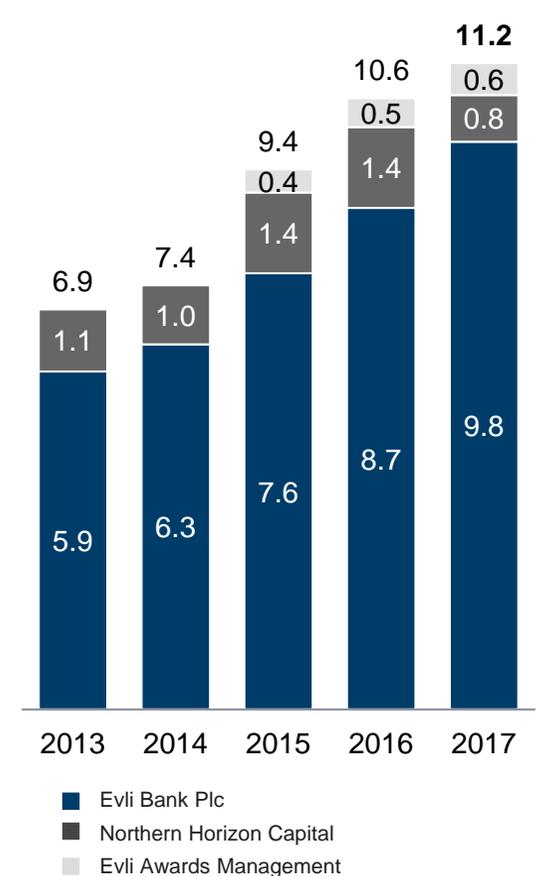
Target of 100% recurring revenue to operational costs exceeded

Recurring Revenues to Operating Expenses, %



AUM continued to grow strongly

Net Assets under Management, billion euros



# Profit and Loss Statement

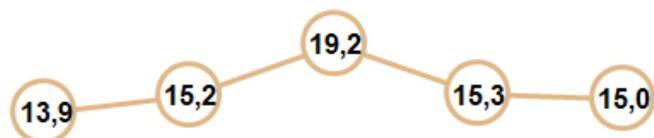
M€	Q4/2017	Q4/2016	Change, %	YTD 2017	YTD 2016	Change, %
Net interest	0.2	0.3	-30%	0.9	1.6	-47%
Net commissions	19.9	15.5	28%	65.2	54.3	20%
Net trading	0.5	0.1	276%	4.9	4.0	23%
Other income	0.4	0.0	-	0.4	0.1	501%
<b>NET REVENUE</b>	<b>21.0</b>	<b>15.9</b>	<b>32%</b>	<b>71.4</b>	<b>60.0</b>	<b>19%</b>
Personnel expenses	-8.5	-7.5	13%	-28.9	-27.7	4%
General expenses	-4.0	-3.8	6%	-15.1	-14.8	2%
Depreciations and impairments	-0.6	-0.6	-2%	-2.3	-3.1	-28%
Other operative expenses	-1.4	-0.7	92%	-3.9	-3.3	19%
Loan losses	0.0	0.0	-	0.0	0.0	-
<b>OPERATING PROFIT</b>	<b>6.5</b>	<b>3.3</b>	<b>97%</b>	<b>21.3</b>	<b>11.1</b>	<b>92%</b>
Participation share	1.0	-0.6	-268%	0.6	1.1	-47%
Appropriations	0.0	0.0		0.0	0.0	
Taxes	-1.8	-0.9	109%	-4.3	-2.4	75%
<b>NET PROFIT</b>	<b>5.7</b>	<b>1.8</b>	<b>212%</b>	<b>17.5</b>	<b>9.7</b>	<b>81%</b>
Distributable to						
Minority share	-0.6	0.0	1881%	-0.8	-0.2	434%
Owners of the parent company	5.2	1.8	186%	16.7	9.6	75%

# Balance sheet

ASSETS, EURm	31.12. 2017	31.12. 2016
Liquid assets	383.2	203.1
Debt securities eligible for refinancing with central banks	36.3	39.1
Claims on credit institutions	64.1	66.0
Claims on the public and public sector entities	92.0	70.4
Debt securities	229.4	183.9
Shares and participations	31.5	65.8
Participating interests	3.6	3.0
Derivative contracts	30.2	26.9
Intangible and tangible assets	11.8	11.8
Other assets	78.5	84.8
<b>Total assets</b>	<b>960.7</b>	<b>755.0</b>

LIABILITIES, EURm	31.12. 2017	31.12. 2016
Liabilities to credit institutions and central banks	31.7	5.5
Liabilities to the public and public sector entities	621.5	445.0
Debt securities issued to the public	97.5	46.1
Derivative contracts and other trading liabilities	34.6	41.0
Other liabilities	102.9	152.2
<b>Liabilities</b>	<b>888.1</b>	<b>689.7</b>
Equity to holders of parent company	71.6	64.9
Non-controlling interest in capital	0.9	0.4
<b>Equity</b>	<b>72.5</b>	<b>65.3</b>
<b>Total liabilities and equity</b>	<b>960.7</b>	<b>755.0</b>

BIS adequacy (%)



# Business Segments

# Business Segment Highlights



## Wealth Management & Investor Clients

- AUM grew to EUR 11.2 billion
- Finland's 4th largest Fund Management Company. Market share 6.6%
- International fund sales grew 49% to EUR 1.7 billion
- Evli Digital was launched
- Evli continued as the TOP rated institutional asset manager in Finland (SFR, Prospera)
- Evli Fund Management Company was rewarded with the Specialist Group of the Year award\*.



## Advisory & Corporate Clients

- Operating profit increased by 26%
- Corporate Finance acted as the advisor in 28 transactions of which
  - 2 DCM
  - 4 ECM
  - 2 IPO
  - 1 Public takeover
- Incentive program management business continued its steady growth
- Sales of company research developed according to plans and so far 18 agreements have been signed.

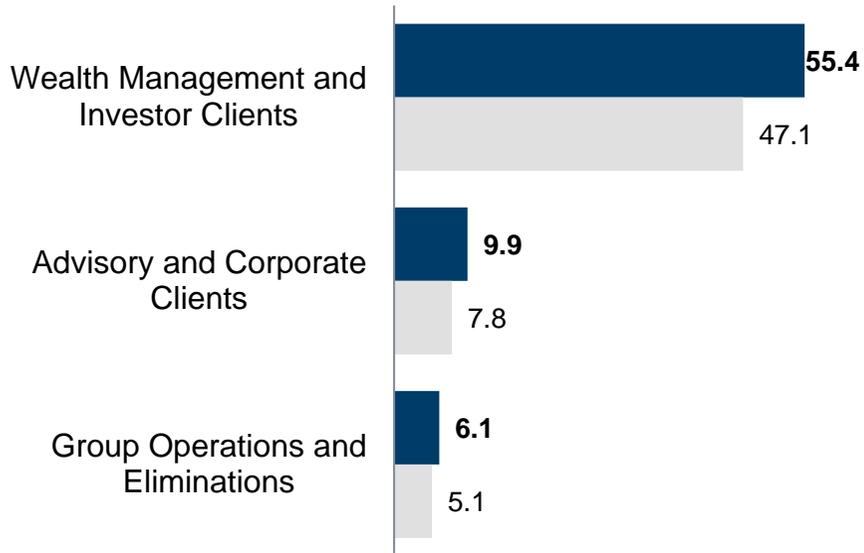


## Group Operations

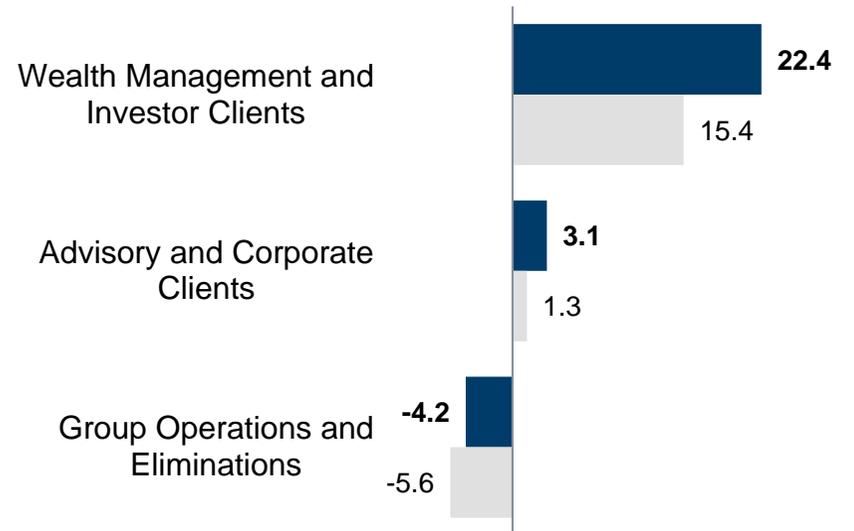
- Net income increased by 24%
- Growth mainly driven by foreign exchange trading
- Costs remained at the previous years level
- Internal efficiency projects were a bit behind schedule
- MiFID II has been a big project and Evli is MiFID II compliant, but the effects on the business operations is still to be seen
- PSD II will not have an effect on Evli

# Business Segment Profitability

## Net revenue



## Profit before allocations



1-12/2017

1-12/2016

# Evli as an Investment

# Why invest in Evli

1

High-quality products and services

---

2

Growth in domestic and international markets

---

3

Unique clientele

---

4

Experienced and committed key personnel

---

5

Strong financial performance

---

# High-quality products and services

## Best institutional asset manager



Best and most used institutional asset manager. Particular praise for portfolio management competence, product quality and responsible investments (ESG).\*

**Prospera**

BY KANTAR SIFO

Best and most used institutional asset manager in Finland. Particular praise for investment performance, stability and resources as well as responsible investments (ESG)\*\*



## Other awards in 2017

- Citywires global comparison of fund management companies
  - Platinum rating in European equities expertise
  - Gold rating in Short-term corporate bonds
  - Gold rating in Global Equities
  - Silver rating in Nordic Equities
- Evli Global – The best Global fund 2016 in Sweden (Funds of the Year –competition 2016)
- Evli Global best in Global Equity fund in both Finland and Sweden (Morningstar awards 2016 Finland and Sweden)
- Evli Emerging Frontier Fund best Nordic equity fund investing in Emerging Markets (Lipper Fund Awards 2017)
- Best digital client experience for private clients (Euromoney Private Banking and Wealth Management Survey 2017)
- Best Private Bank Provider of Structured Products in Europe (14th Annual Europe Structured Products & Derivatives conference)
- Evli Fund Management Company – Specialist Group of the Year (Fund Manager of the Year Awards 2017/18 by InvestmentEurope).

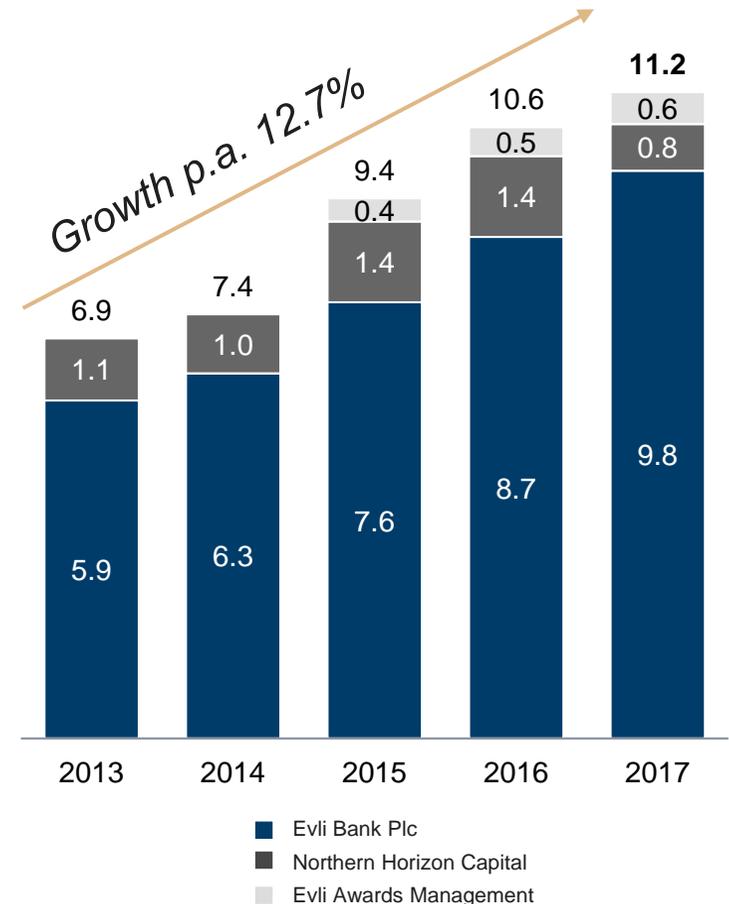
# Growth in domestic and international markets

## Business segment growth

- Evli's Assets under Management has grown steadily 12.7% during the last 5 years
- Asset management enjoys solid trust among customers
- Wealth Management & Investor Clients segment
  - Growth potential in the domestic and international market
  - Alongside traditional services models, Evli invests heavily in the development of digital services, creating good conditions for growth.
- Advisory and Corporate Clients segment
  - The new business models and increased investments in product sales well received. Leading to new customers and a strengthened mandate base
  - Corporate Finance strong mandate base
  - Evli Awards Management 50 clients. Potential growth in Finland and Sweden
  - Evli Research Partners 18 clients. Potential growth in Finland and Sweden.

## AUM continued to grow strongly

Net assets under management, billion euros



# Growth in domestic and international markets

## Growth in Fund Assets under Management

- Fund Assets under Management has grown steadily 17.8% during the last 5 years
- Evli is the 4<sup>th</sup> largest fund management company in Finland

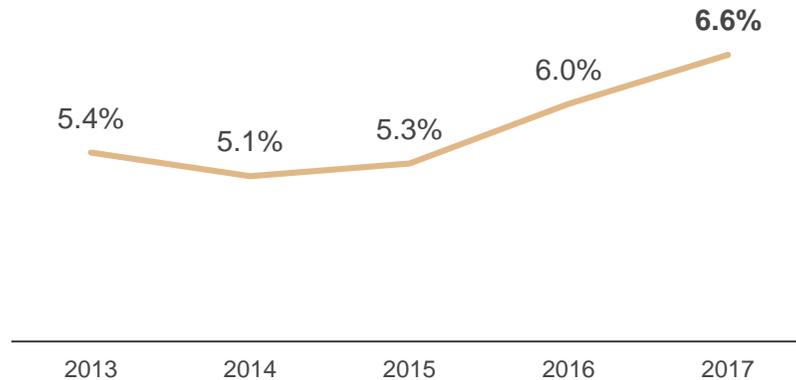
## International clients share of Fund AuM 22%

Development of assets in mutual funds 2013–2017\* (EUR billion)



## Market share growth in Finland

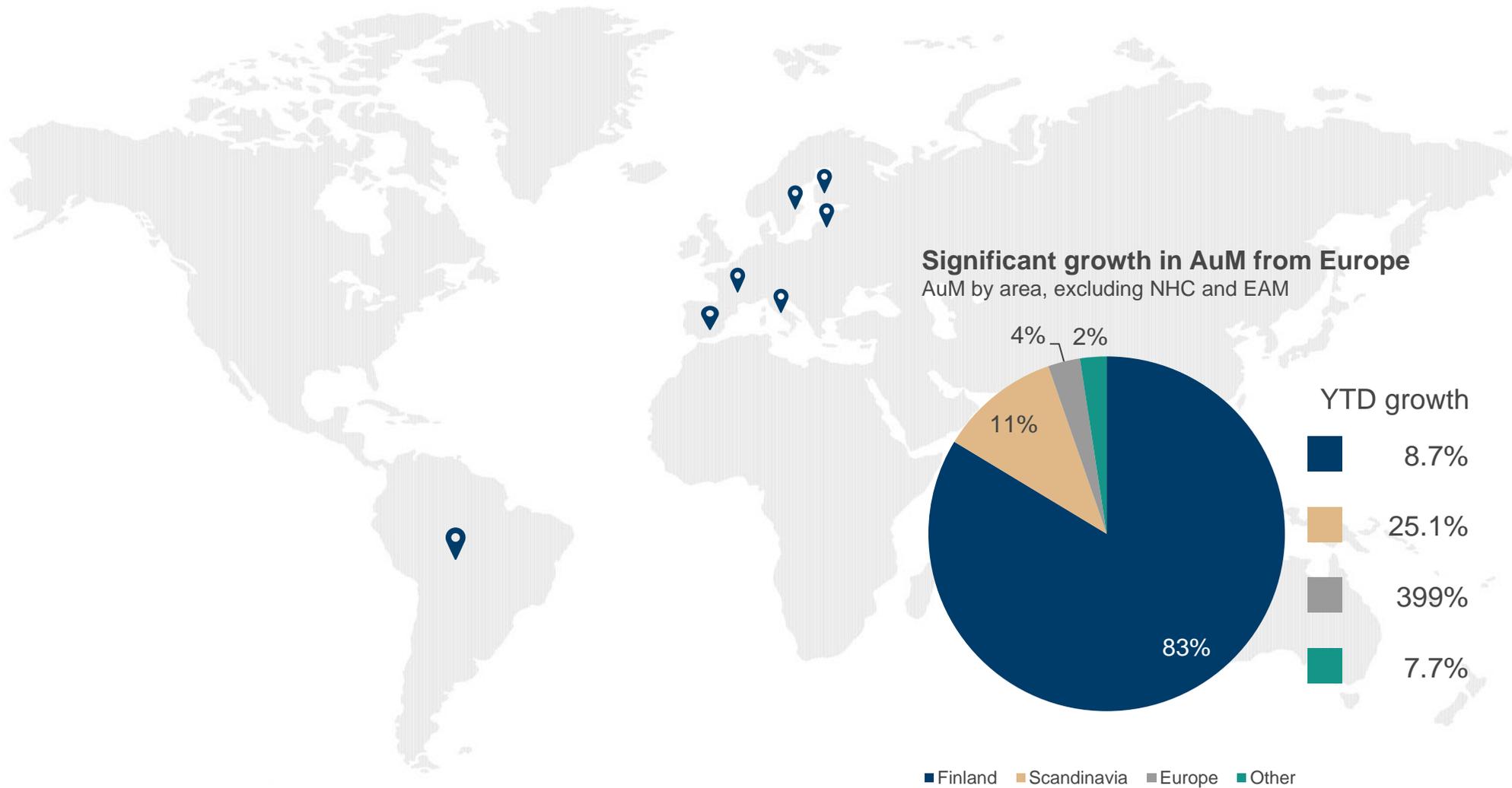
Market share development 2013–2017\*\* (%)



\*Note: Wealth Manager fund included in numbers

\*\* Source: Finance Finland (FFI)

# Growth in domestic and international markets

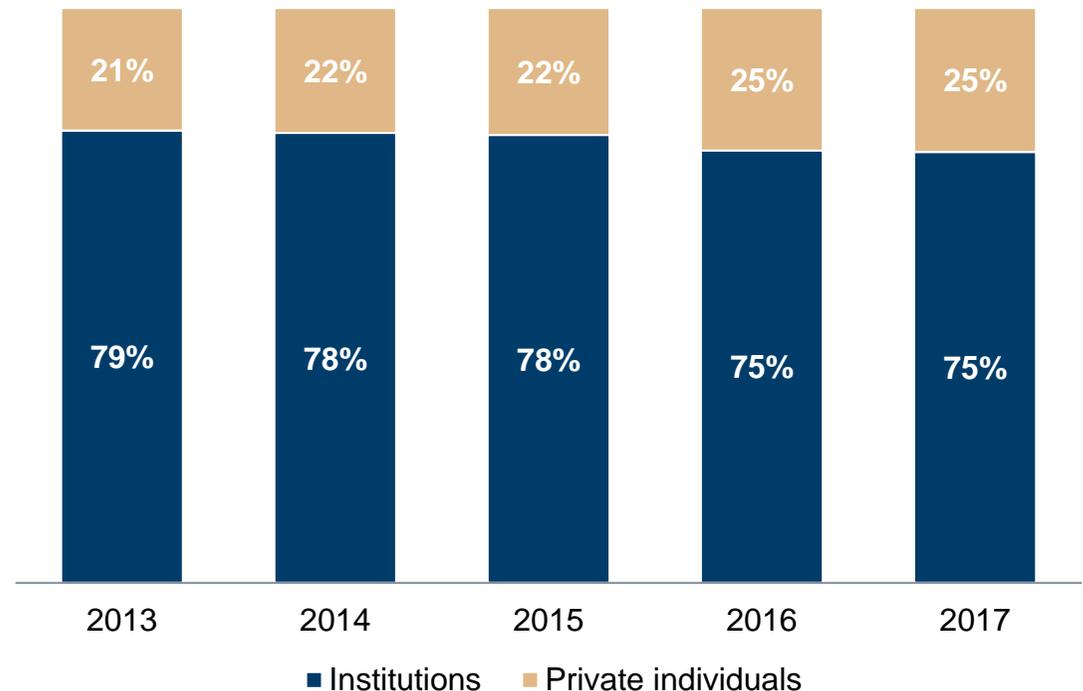


# Unique clientele

## Demanding clientele

- Evli has a strong presence among institutional investors and is the most widely used institutional asset manager in Finland\*
- A majority of Evli's assets under management are from institutional investors
- Evli's clientele is focused on institutional investors, other professional investors and present and future high net worth individuals which makes this clientele unique compared to Evli's competitors.

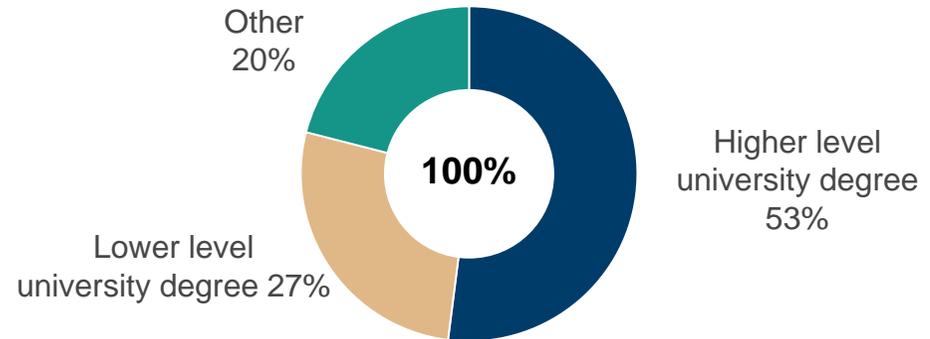
## Split of Evli's clients based on the Assets under Management\*\* 2013 – 2017



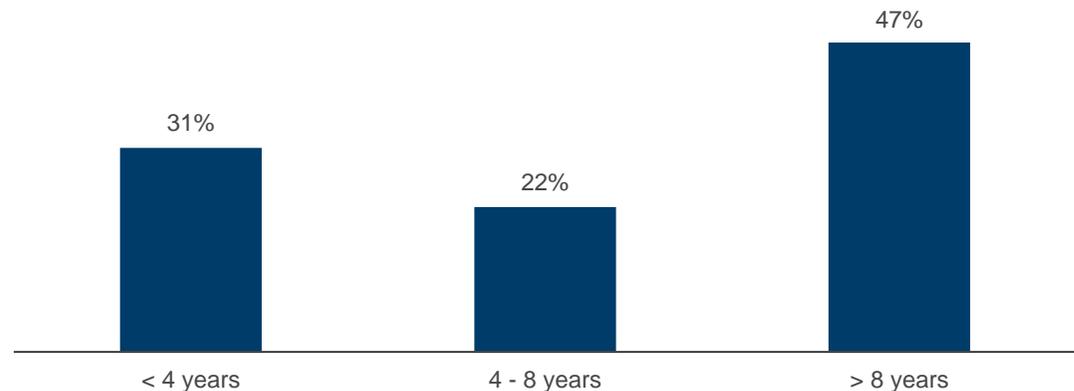
# Experienced and committed personnel

- The personnel is one of Evli's main strengths and success factors
- Evli has a professional personnel of over 200 experts
- 81 percent of the personnel have a university degree and 53 percent a higher level university degree
- The average age of the personnel is 40.5 years
- Average duration of employment 9.4 years.

Education of the personnel\*



Duration of employment



\*31.12.2017

# Strong financial performance

	<i>Un-audited</i>		<i>Audited</i>		
	2017	2016	2015	2014	2013
Return on equity (ROE)	25.5%	14.3%	20.2%	15.2%	11.5%
Cost-income ratio	0.70	0.82	0.79	0.84	0.88
Core BIS capital adequacy	15.0%	15.3%	19.2%	15.2%	13.9%
Earnings/Share, diluted (IFRS)	0.69	0.40	0.53	0.31	0.24
Dividend/share	0.52*	0.40	0.31	0.21	0.21
Capital distribution/share	-	-	-	-	0.20
Personnel at end of period	240	244	248	242	245
Return on assets (ROA)	2.1%	1.4%	2.2%	1.4%	0.9%

\* Board proposal to AGM

## Strategic KPI

Return on Equity **25.5%**  
(Target 15%)

Recurring Revenue to Operational Costs **113%**  
(Target 100%)

Assets under Management **11.2 EUR billion**  
(31.12.2017)

Net Fee Income **65.2 EUR million**  
(1-12/2017)

# Key Strategic Areas 2017 and onwards

## Grow domestically and internationally

- International growth through selected fund products and by carefully selected partners
- In the domestic market targeting a steady growth of AuM and maintaining and reinforcing the position as leading asset manager among Finnish investors

## Offer new products and services

- New Alternative Investment products to institutional and private investors
- Integrated corporate services to provide a unique system geared towards increasing shareholder value

## Make use of digitalization

- New digital investment solutions and service models for customers
- Digital tools and solutions for the personnel
- Utilization of process automation, software robotics and artificial intelligence

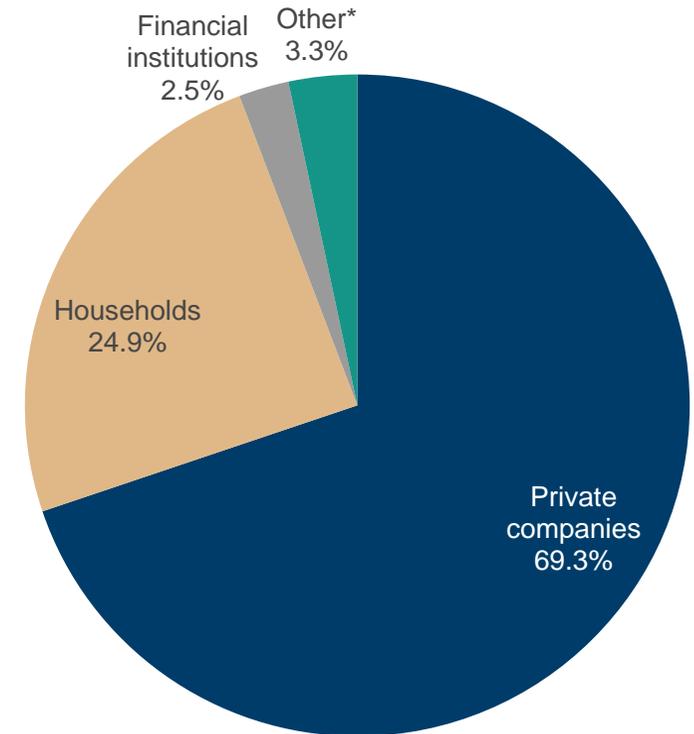
## Create simply unique customer experience

- Perceived as “simply unique” by customers
- High standard of service and an unsurpassed customer experience
- Based on Evli’s values: entrepreneurship, integrity, continuous learning and development

# Ownership, 31 December 2017

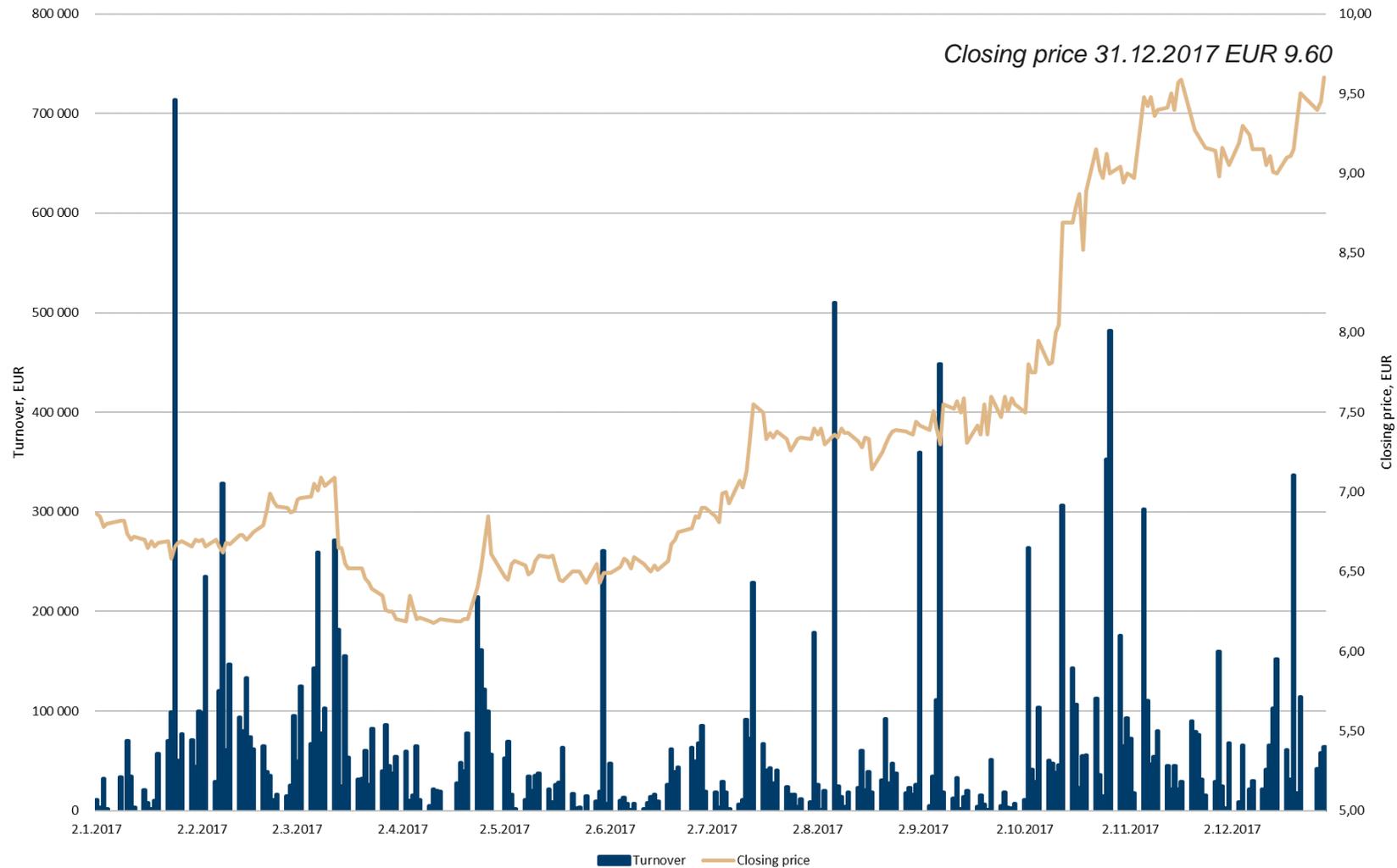
- Listed on Nasdaq Helsinki since 2015
- Market cap EUR 224.9 million
- Registered shareholders 3.044
- Largest shareholders
  - Oy Prandium Ab 20.29% of shares
  - Oy Scripo Ab 20.29% shares
  - Oy Fincorp Ab 12.08% shares
  - Ingman Group Oy Ab 10.07% shares

Ownership/sector 31.12.2017



*\*Public sector organizations, Non-profit institutions and foreign investors*

# Share information 1.1.-31.12.2017



**Outlook 2018:  
The result for 2018 is estimated to  
be clearly positive**

# Outlook for 2018

- Risks associated with the general trend in the equity and fixed income markets have increased along with high valuation levels especially in US equities and corporate bonds with a lower rating
- Decline in equity prices or a weakening of investors' risk appetite would have a negative impact on Evli's performance
- Demand for Evli's products has remained stable and assets under management have grown substantially, softening the result-impact of any reversal of the market
- Performance of the Advisory and Corporate Clients segment has been positive and the outlook for 2018 is stable
- Investment activities through Evli's own balance sheet and lending have been increased in 2017 according to plan
- In the Advisory business and in own investment activities, substantial fluctuations in annual returns are possible
- Thanks to successful and stable development in 2017, we estimate the result for the financial year 2018 to be clearly positive.

# THANK YOU!

## Upcoming events in the investor calendar:

- Interim report 1-3/2018 and Investor presentation: April 25, 2018
  - Half year report 1-6/2018 and Investor presentation: July 13, 2018
  - Interim report 1-9/2018 and Investor presentation: October 30, 2018
-

# Contact information

## Evli Bank Plc

Aleksanterinkatu 19. 4th floor

P.O. Box 1081

00101 Helsinki

[www.evli.com](http://www.evli.com)

## Investor contacts

Juho Mikola

CFO

[juho.mikola@evli.com](mailto:juho.mikola@evli.com)

Tel. +358 9 4766 9871

Mikaela Herrala

IR and Communications Manager

[mikaela.herrala@evli.com](mailto:mikaela.herrala@evli.com)

Tel. +358 9 4766 9823

 *Evli - Sijoittajan Pankki*

 *Evli Bank Plc*

 *@EvliTweet*

 *@EvliPankki\_WM*

# Disclaimer

*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.*