



# EVLI BANK PLC: INTERIM REPORT 1-9/2020

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# Strong third quarter 2020

## Financial performance 1-9/2020

- Net revenue decreased to EUR 51.6 million (EUR 53.1 million)
- Net commission income increased to EUR 50.2 million (EUR 49.7 million)
- Operating profit at previous year's level of EUR 15.5 million (EUR 15.4 million)
- Recurring revenue ratio improved to 128% (118%).

## Financial performance 7-9/2020

- Net revenue increased to EUR 18.7 million (EUR 18.0 million)
- Net commission income decreased to EUR 16.8 million (EUR 17.2 million)
- Operating profit increased 18% to EUR 6.9 million (EUR 5.9 million).

## Strategic development

- Assets under management EUR 13.6 billion (EUR 13.6 billion)
- Launch of two new funds Evli Green Corporate Bond and Evli Equity Factor Global
- International fund sales showing signs of recovery after negative flows in H1
- Alternative assets grew to EUR 1 billion (EUR 0.8 billion), share of fund fees growing
- Administrative costs decreasing according to plan (IT and process improvements)

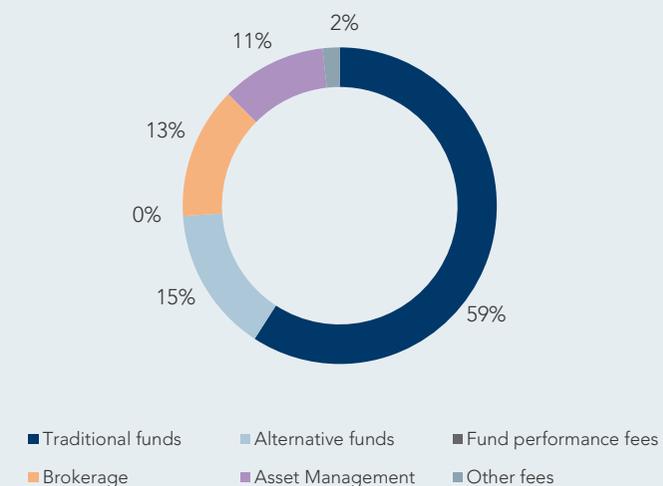
## Market situation

- Market recovery has continued in the summer and autumn (risky assets in favor)
- New rise of COVID-19 infections dampening hopes of a sustained economic recovery
- Political risks remain high, uncertainty over Brexit terms, ongoing U.S. presidential election and trade relations between U.S. and China.

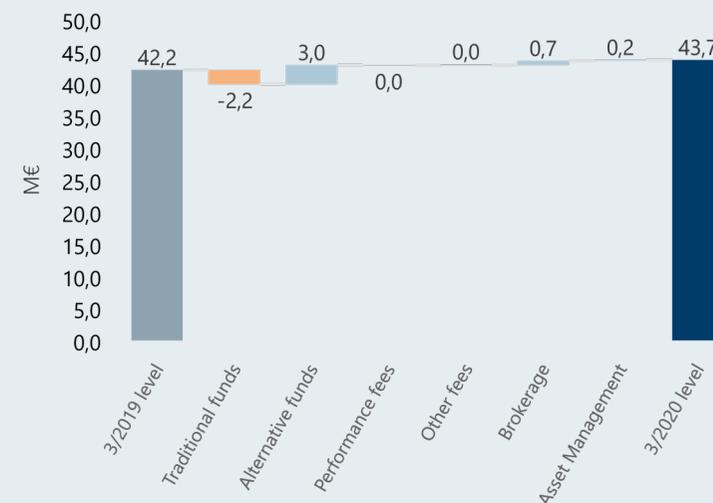
# Wealth Management & Investor Clients

- Net revenues increased 3% to EUR 43.7 million (EUR 42.2 million)
- Operating profit increased 27% to EUR 15.6 million (EUR 12.3 million)
- AUM EUR 13.6 billion (EUR 13.6 billion)
  - Discretionary asset management EUR 5.0 billion (EUR 5.2 billion)
  - Mutual funds EUR 6.0 billion (EUR 6.6 billion)
  - Alternative investment funds EUR 1.0 billion (EUR 0.8 billion)
  - EUR 1.6 billion from subsidiaries and associated companies.
- New investment commitments to alternative investment funds reached EUR 141 million (EUR 203 million)
  - First and second closing of Evli Infrastructure Fund I at a total of EUR 70 million, third closing in October
  - Launching of Evli Impact Forest Fund I planned for Q4
  - Private Debt and Leveraged Loan funds planned for 2021
- Commission income developed positively for most brokerage products
- Best fund management company in Sweden\*
- Most widely used and second best institutional asset manager in Finland KANTAR SIFO Prospera\*\*.

Split of Wealth Management fees 1-9/2020



Development of Investor client commission



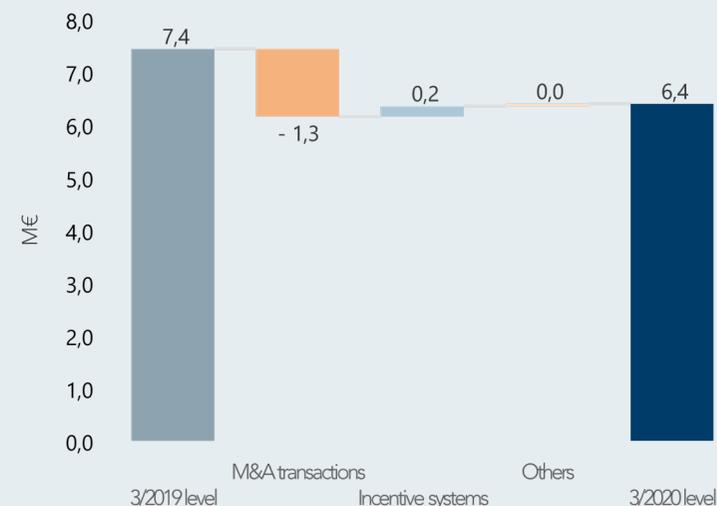
# Advisory & Corporate Clients

- Net revenues decreased 13% to EUR 6.4 million (EUR 7.4 million)
- Operating profit decreased 29% to EUR 1.2 million (EUR 1.6 million)
- Corporate Finance revenues decreased to EUR 2.1 million (EUR 3.4 million)
  - Advisor in two published transactions during Q3
  - Activity in advisory business picked up during the autumn, mandate pool for Q4 at a good level
- Management of incentive systems revenues were EUR 3.8 million (EUR 3.6 million)
  - Revenue increase driven by more extensive incentive programs of existing customers and new programs started at the beginning of the year
  - Evli Awards Management merged with Alexander Incentives Oy and expanded to include design of incentive programs (better control of the value chain)
  - The new entity is responsible for the design and administration of incentive systems for some 140 mainly listed companies.

Split of advisory commissions 1-9/2020



Development of advisory commissions

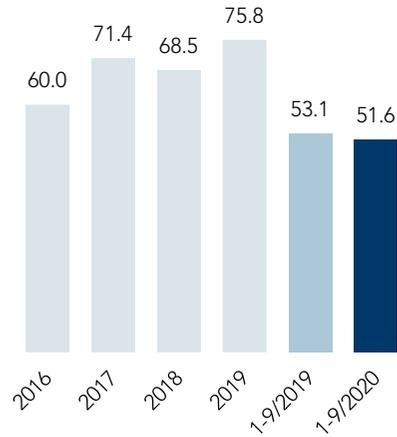




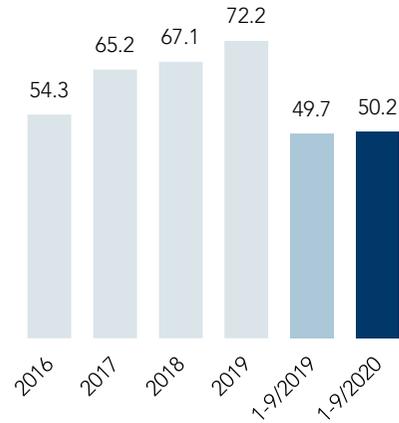
# Financial figures 1-9/2020

# Financial Development 2016-Q3/2020

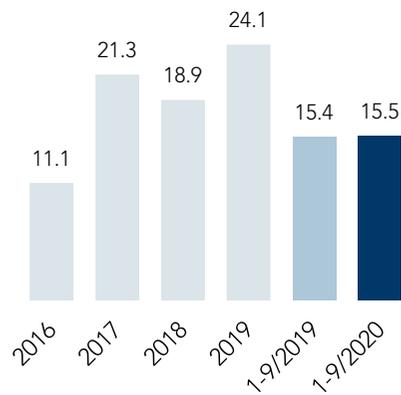
Net Revenue (M€)



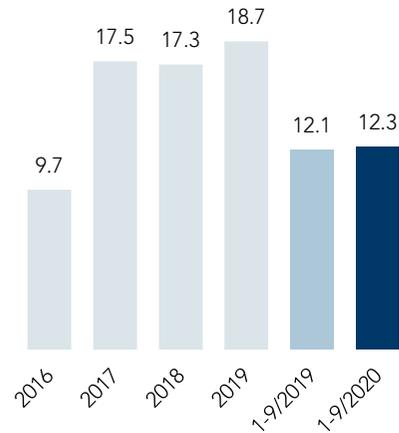
Net commission income (M€)



Operating profit (M€)



Net profit (M€)



## Strategic KPI

Return on Equity  
(Target 15.0%)

**19.8%**  
(1-9/2019: 21.1%)

Recurring Revenue  
ratio (Target 100%)

**128%**  
(1-9/2019: 118%)

Assets under  
Management  
(bn€)

**13.6**  
(30.9.2019: 13.6)

Net Commission  
Income  
(M€)

**50.2**  
(1-9/2019: 49.7)

# Profit and Loss Statement

M€	7-9/2020	7-9/2019	1-9/2020	1-9/2019	Change, %	2019	2018	2017
Net interest	-0.1	0.1	0.2	0.2	18%	0.3	0.7	0.9
Net commissions	16.8	17.2	50.2	49.7	1%	72.2	67.1	65.2
Net income from securities trading and FX	1.8	0.7	1.0	3.2	-68%	3.2	0.7	4.9
Other operative income	0.1	0.0	0.2	0.0	-	0.1	0.1	0.4
<b>NET REVENUE</b>	<b>18.7</b>	<b>18.0</b>	<b>51.6</b>	<b>53.1</b>	<b>-3%</b>	<b>75.8</b>	<b>68.5</b>	<b>71.4</b>
Personnel expenses	-7.5	-6.9	-21.6	-21.9	-1%	-30.4	-27.9	-28.9
General expenses	-2.6	-3.5	-9.1	-10.4	-13%	-14.0	-15.9	-15.1
Depreciations and amortizations	-1.5	-0.9	-4.5	-2.6	70%	-3.5	-2.1	-2.3
Other operative expenses	-0.2	-0.8	-0.9	-2.7	-67%	-3.7	-3.6	-3.9
Impairment losses	0.0	0.0	-0.1	-0.1	119%	-0.1	0.0	0.0
<b>NET OPERATING PROFIT/LOSS</b>	<b>6.9</b>	<b>5.9</b>	<b>15.5</b>	<b>15.4</b>	<b>0%</b>	<b>24.1</b>	<b>18.9</b>	<b>21.3</b>
Share of profit/loss of associates	0.2	-0.1	0.3	-0.2		-0.6	2.6	0.6
Taxes	-1.4	-1.0	-3.5	-3.1		-4.9	-4.2	-4.3
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>5.6</b>	<b>4.8</b>	<b>12.3</b>	<b>12.1</b>		<b>18.7</b>	<b>17.3</b>	<b>17.5</b>
Attributable to								
Non-controlling interest	0.7	0.4	1.3	0.5		1.4	1.3	0.8
Equity holders of parent company	4.9	4.4	11.0	11.5		17.3	16.0	16.7

# Balance Sheet

ASSETS, M€	30.9. 2020	30.9. 2019	LIABILITIES, M€	30.9. 2020	30.9. 2019
Liquid assets	350.0	287.6	Liabilities to credit institutions and central banks	19.3	0.6
Debt securities eligible for refinancing with central banks	33.9	36.1	Liabilities to the public and public-sector entities	441.2	565.5
Claims on credit institutions	79.1	50.4	Debt securities issued to the public	134.2	143.4
Claims on the public and public-sector entities	105.0	115.7	Derivative contracts and other trading liabilities	41.6	21.2
Debt securities	30.2	236.2	Other liabilities	293.5	231.3
Shares and participations	63.4	42.2	Accrued expenses and deferred income	22.3	17.7
Participating interests	4.1	4.2	Deferred tax liabilities	0.0	0.0
Derivative contracts	41.4	21.4	<b>LIABILITIES TOTAL</b>	<b>952.1</b>	<b>979.8</b>
Intangible assets	16.5	14.5	Equity to holders of parent company	80.9	74.1
Property, plant and equipment	1.4	1.7	Non-controlling interest in capital	3.0	1.0
Other assets	306.2	239.9	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,036.0</b>	<b>1,054.8</b>
Accrued income and prepayments	4.3	4.4			
Deferred tax assets	0.4	0.6			
<b>TOTAL ASSETS</b>	<b>1,036.0</b>	<b>1,054.8</b>			

# Key figures

	1-9/2020	1-9/2019	2019	2018	2017
<b>Profitability key figures</b>					
Return on equity (ROE), %	19.8	21.1	23.4	23.0	25.5
Return on assets (ROA), %	1.7	1.7	2.1	1.9	2.0
<b>Balance sheet key figures</b>					
Equity-to-assets ratio, %	8.1	7.1	8.9	9.5	7.6
Capital adequacy ratio, %	15.5	14.9	15.1	16.2	15.0
<b>Key figures per share</b>					
Earnings per Share (EPS), fully diluted, €	0.46	0.47	0.71	0.68	0.72
Comprehensive Earnings per Share (EPS), fully diluted, €	0.46	0.47	0.71	0.67	0.69
Dividend/share, €		-	0.66	0.61	0.52
Equity per share, €	3.40	3.15	3.40	3.27	3.10
Share price at the end of the period, €	10.00	8.32	10.40	7.28	9.60
<b>Other key figures</b>					
Expense ratio (operating costs to net revenue)	0.70	0.71	0.68	0.72	0.70
Recurring revenue ratio, %	128	118	124	113	113
Personnel at the end of the period	258	254	249	254	240
Market value, M€	241.1	198.9	248.6	172.5	224.9

Return on Equity (%)



Proportion of recurring revenue to operating expenses (%)



# Strategy recap for YTD 2020

## 1. International fund sales

- Progressing according to plan, however market meltdown in March had negative impact on international fund flows
- Two new markets opened during Q3.

## 2. Alternative investment funds

- Progressing according to plan
- Fundraising to existing funds during the period
- New product (Evli Infrastructure Fund I)
- Product development (Evli Impact Forest Fund I)
- Added skills (two new experienced experts)

## 3. Responsibility

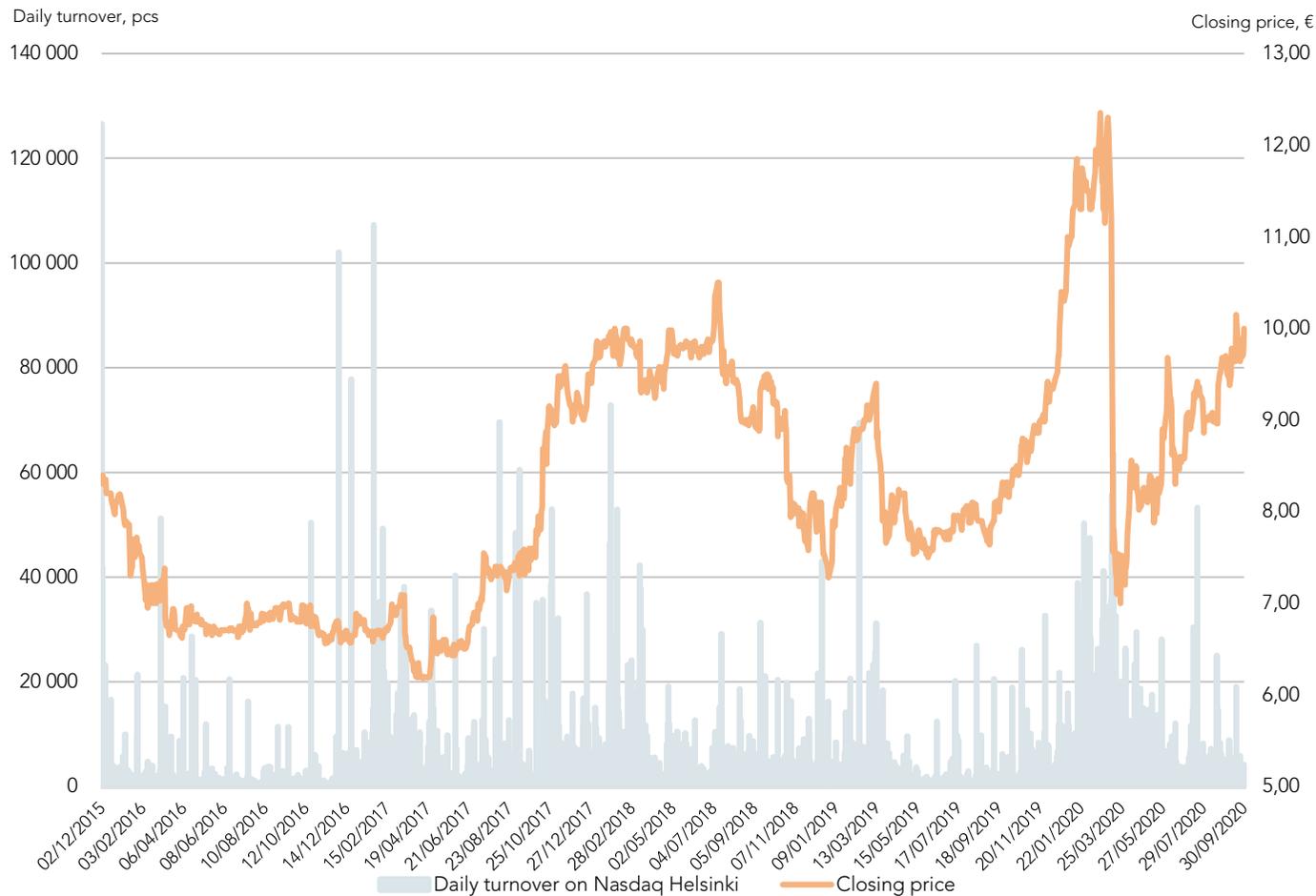
- New ESG reports
- New sustainability funds
- Setting of climate targets
- Deepening ESG integration within portfolio management

## 4. Process improvements

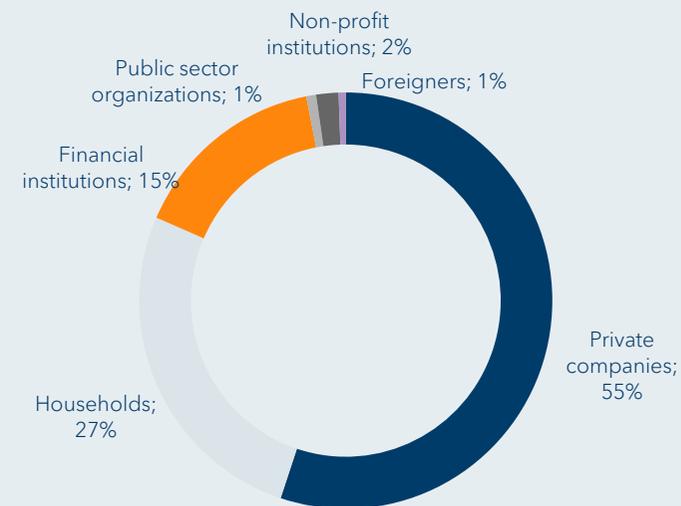
- IT systems have been developed
- Custody and depositary changes ongoing
- Adopting flex working
- New and improved My Evli

# Share Price Development and Trading Volume

Share price development and trading volume\* 2.12.2015–30.9.2020



Shareholdings by owner group 30.9.2020\*\*



Listed on Nasdaq Helsinki 2015

Market cap M€ 241.1\*\*\*

Registered shareholders 5,043\*\*\*



# Outlook for 2020

# Outlook for 2020 specified

We estimate that the operating profit for 2020 will be clearly positive.

The view is supported by:

- ➔ High ratio of recurring revenue to operating costs
- ➔ Sales of alternative investment products, which have brought new, stable revenue

*Previously we stated that, in the current market environment, we estimate that the operating profit for 2020 will be clearly positive. In a situation where market conditions would deteriorate from the current situation, we estimate the operating profit to be positive.*

*Information set above is not intended as investment recommendation.*

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