

2016

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**FINANCIAL STATEMENTS  
RELEASE**





3 February 2017 at 8:00 a.m.

**eQ PLC'S FINANCIAL STATEMENTS RELEASE 2016 – eQ'S RESULT INCREASED BY 23%, DISTRIBUTION PROPOSAL OF EUR 0.50 PER SHARE TO THE SHAREHOLDERS**

**January to December 2016 in brief**

- The Group's net revenue grew by 16 per cent to EUR 35.4 million (EUR 30.5 million from 1 Jan. to 31 Dec. 2015).
  - The Group's net fee and commission income increased to EUR 33.2 million (EUR 28.5 million).
  - The Group's net investment income from own investment operations was EUR 2.2 million (EUR 2.1 million).
- The Group's operating profit grew by 23 per cent to EUR 16.2 million (EUR 13.2 million).
- The Group's profit was EUR 12.8 million (EUR 10.5 million).
- The consolidated earnings per share grew by 23 per cent to EUR 0.35 (EUR 0.29).
- The net cash flow from own investment operations was EUR 4.4 million (EUR 7.2 million from 1 Jan. to 31 Dec. 2015) and the change in fair value was EUR -1.0 million (EUR 0.3 million).
- Dividend proposal EUR 0.35 (EUR 0.30) and proposal for equity repayment EUR 0.15 (EUR 0.20) per share.

**October to December 2016 in brief**

- In the fourth quarter, the Group's net revenue grew by 5 per cent to EUR 9.2 million (EUR 8.8 million from 1 Oct. to 31 Dec. 2015).
  - The Group's net fee and commission income increased to EUR 8.6 million (EUR 8.3 million).
  - The Group's net investment income from own investment operations was EUR 0.7 million (EUR 0.4 million).
- The Group's operating profit grew by 12 per cent to EUR 4.2 million (EUR 3.7 million).
- The Group's profit was EUR 3.3 million (EUR 2.9 million).
- The consolidated earnings per share grew by 12 per cent to EUR 0.09 (EUR 0.08).

Key ratios	1-12/16	1-12/15	Change %	10-12/16	10-12/15	Change %
Net revenue, Group, M€	35.4	30.5	16%	9.2	8.8	5%
Net revenue, Asset Management, M€	25.6	21.7	18%	7.0	5.6	26%
Net revenue, Corporate Finance, M€	7.9	7.0	12%	1.6	2.8	-43%
Net revenue, Investments, M€	1.9	1.8	8%	0.6	0.4	64%
Net revenue, Group administration and eliminations, M€	0.0	0.0	0%	0.0	0.0	0%
Operating profit, Group, M€	16.2	13.2	23%	4.2	3.7	12%
Operating profit, Asset Management, M€	12.0	9.6	25%	3.3	2.3	41%
Operating profit, Corporate Finance, M€	3.7	3.4	9%	0.7	1.5	-56%
Operating profit, Investments, M€	1.9	1.8	8%	0.6	0.4	64%
Operating profit, Group administration, M€	-1.4	-1.6	12%	-0.4	-0.5	19%
Profit for the period, M€	12.8	10.5	23%	3.3	2.9	12%



Key ratios	1-12/16	1-12/15	Change %	10-12/16	10-12/15	Change %
Earnings per share, €	0.35	0.29	23%	0.09	0.08	12%
Proposal for dividend and equity repayment per share, €	0.50	0.50	0%			
Equity per share, €	1.74	1.91	-9%	1.74	1.91	-9%
Cost/income ratio, Group, %	53.0	55.1	-4%	54.1	56.2	-4%
Liquid assets, M€	16.7	21.6	-23%	16.7	21.6	-23%
Private equity investments, M€	19.2	22.5	-14%	19.2	22.5	-14%
Interest-bearing liabilities, M€	0.0	0.0	0%	0.0	0.0	0%
Assets under management, € billion	8.8	7.6	15%	8.8	7.6	15%

## Janne Larma, CEO

eQ's result was excellent in 2016. We managed to increase our net revenue by 16 per cent to EUR 35.4 million and our operating profit to EUR 16.2 million. The Group's profit for the financial period increased by 23 per cent to EUR 12.8 million, i.e. 35 cents per share. The results of all segments grew from the previous year.

The Group's balance sheet remains very strong. The market value of eQ's own private equity investments totalled EUR 19.2 million and liquid assets amounted to EUR 16.7 million at the close of the year. The Group has no interest-bearing liabilities.

### eQ Asset Management grew and improved its profitability, excellent returns in the funds

eQ Asset Management was able to increase its net fee and commission income by 18% per cent to EUR 25.6 million. The profitability of the segment improved markedly, and the operating profit grew by 25 per cent to EUR 12.0 million. Particularly real estate and private equity asset management grew strongly. In 2016, net subscriptions for EUR 247 million were made in eQ's real estate funds, and both funds gave very good returns to investors. The return of the eQ Care Fund in 2016 was 9.8 per cent and that of the eQ Finnish Real Estate Fund 10.5 per cent. Private equity asset management also consolidated its position and gained a lot of new capital. We raised a record amount of capital, EUR 160 million, to the eQ PE VIII North fund of almost 80 investors. In addition, our private equity asset management obtained several new asset management clients. The equity and bond funds as well as asset management portfolios of eQ also showed excellent results in return comparisons. During the past three years, 93% per cent of eQ's funds registered in Finland that the company manages itself have surpassed their benchmark indices.

### Advium had a successful year

eQ's corporate finance unit Advium had a successful year. Advium acted as advisor in 14 finalised transactions, and its net revenue increased by 12 per cent to EUR 7.9 million. The operating profit of Advium rose to EUR 3.7 million. Advium held its market leading position in large real estate transactions and was chosen the best Finnish investment bank in the real estate sector, already for the tenth time, in a survey made by the distinguished Euromoney magazine. In addition, Advium took the fourth place in TNS Prospera's M&A Advisors 2016 Finland inquiry.

Advium acted, for instance, as advisor to the Finnish Government, as it sold 49.9 per cent of Patria to Norwegian Kongsberg for EUR 279 million. In addition, Advium advised Elo Mutual Pension Insurance Company as it divested six office properties to funds managed by NIAM for EUR 160 million. Advium further acted as advisor to the LocalTapiola Group in three separate real estate transactions in 2016.



### **The profit of the Investments segment improved from the previous year**

The operating profit of the Investments segment was EUR 1.9 million (EUR 1.8 million). The net cash flow of investments was lower than the year before, i.e. EUR 4.4 million (EUR 7.2 million). The market value of the private equity investments was EUR 19.2 million at the close of the year.

### **Dividend proposal and outlook**

The Board of Directors' dividend proposal for 2016 is 35 cents per share, and in addition, the Board proposes an equity repayment of 15 cents per share.

The asset management business grew well in 2016, which gives an excellent starting point for the year 2017. We expect that the net revenue and operating profit of the Asset Management segment will grow in 2017. In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent of factors that are not dependent of the company. Consequently, the operating profit of these segments may vary considerably and is difficult to foresee.

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eQ's financial statements release 1 January to 31 December 2016 is enclosed to this release and it is also available on the company website at [www.eQ.fi](http://www.eQ.fi).

Additional information: Janne Larma, CEO, tel. +358 9 6817 8920

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eQ Group is a Finnish group of companies specialising in asset management and corporate finance business. eQ Asset Management offers a wide range of asset management services (including private equity funds and real estate asset management) for institutions and individuals. The assets managed by the Group total approximately EUR 8.8 billion. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

More information about the Group is available on our website [www.eQ.fi](http://www.eQ.fi).



# eQ PLC'S FINANCIAL STATEMENTS RELEASE 1 JAN. TO 31 DEC. 2016

## Result of operations and financial position 1 Jan. to 31 Dec. 2016

- The Group's net revenue grew by 16 per cent to EUR 35.4 million (EUR 30.5 million from 1 Jan. to 31 Dec. 2015).
  - The Group's net fee and commission income increased to EUR 33.2 million (EUR 28.5 million).
  - The Group's net investment income from own investment operations was EUR 2.2 million (EUR 2.1 million).
- The Group's operating profit grew by 23 per cent to EUR 16.2 million (EUR 13.2 million).
- The Group's profit was EUR 12.8 million (EUR 10.5 million).
- The consolidated earnings per share grew by 23 per cent to EUR 0.35 (EUR 0.29).
- The net cash flow from own investment operations was EUR 4.4 million (EUR 7.2 million from 1 Jan. to 31 Dec. 2015) and the change in fair value was EUR -1.0 million (EUR 0.3 million).
- Dividend proposal EUR 0.35 (EUR 0.30) and proposal for equity repayment EUR 0.15 (EUR 0.20) per share.

## Result of operations and financial position 1 Oct. to 31 Dec. 2016

- In the fourth quarter, the Group's net revenue grew by 5 per cent to EUR 9.2 million (EUR 8.8 million from 1 Oct. to 31 Dec. 2015).
  - The Group's net fee and commission income increased to EUR 8.6 million (EUR 8.3 million).
  - The Group's net investment income from own investment operations was EUR 0.7 million (EUR 0.4 million).
- The Group's operating profit grew by 12 per cent to EUR 4.2 million (EUR 3.7 million).
- The Group's profit was EUR 3.3 million (EUR 2.9 million).
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## Operating environment

The growth of the global economy is estimated to have been round 2.6 per cent in 2016. In the U.S., growth was slower than expected, and based on the present estimate, round 1.6 per cent. In Europe, including Finland, on the other hand, growth somewhat exceeded expectations, and the GNP grew by 1.6 per cent in Europe and by 0.9 per cent in Finland. Strong growth continued in China, estimated growth in 2016 being 6.7 per cent. In emerging markets, growth was mainly seen in Asia, and in Brazil and Russia, for instance, the GNP continued to decline in 2016.

The year 2016 will be remembered for two major political changes. In June, the UK decided to leave the European Union after a referendum and in November Donald Trump was elected President of the United States of America. Both changes were anticipated to cause major negative reactions in the market, but they remained rare. Against expectations, the election of Mr Trump and the related Republican majority strengthened the market's trust in accelerated growth in the U.S. The Fed raised interest rates in December and anticipated continued increases.

The returns of equity markets varied strongly by region in 2016. Measured in euros, the best returns came from equity indices in the U.S. and emerging markets, both round 14.5 per cent. The lowest return came from Europe, as the return of MSCI Europe was only 2.6 per cent. Japanese equities gave a 5.4 per cent return. The Finnish stock exchange was once more clearly stronger than the rest of Europe and produced a return of 13.3 per cent. The return difference is mostly a result of company results. In Europe, company profits continued to be below expectations, and political risks also burdened markets. In emerging markets, share prices rose the most in Brazil and Russia, where price development had been very poor in previous years.



Bond returns were at a good level during the entire year, even though most markets experienced a negative development in the fourth quarter due to the rise of long-term interest rates. During the entire year, the best returns came from high yield bonds, no less than 10.1 per cent. The corporate loans of emerging markets also gave a 7.9 per cent return as euro hedged. The return of investment grade bonds was 4.8 per cent, and that of euro government bonds 3.3 per cent.

## Major events during the financial period

The Annual General Meeting of eQ Plc was held on 30 March 2016. Timo Kokkila (M.Sc., born 1979) was elected new Board member. Christina Dahlblom, who has been on eQ Plc's Board since 2012, left the Board. Georg Ehrnrooth will continue as Chairman of the Board. The decisions by the Annual General Meeting have been presented in a separate chapter below.

eQ Plc's number of shares increased by 200 000 shares on 31 August 2016 and by 50 000 shares on 30 November 2016 due to shares subscribed for with options.

## Group net revenue and result development

During the financial period, the Group's net revenue totalled EUR 35.4 million (EUR 30.5 million from 1 Jan. to 31 Dec. 2015). The Group's net fee and commission income increased to EUR 33.2 million (EUR 28.5 million). The Group's net investment income from own investment operations was EUR 2.2 million (EUR 2.1 million).

The Group's expenses and depreciation totalled EUR 19.1 million (EUR 17.3 million). Personnel expenses were EUR 14.6 million (EUR 12.7 million), other administrative expenses totalled EUR 2.0 million (EUR 1.9 million), and the other operating expenses were EUR 1.9 million (EUR 2.0 million). Personnel expenses grew on the previous year due to return-related remuneration and an accrued expense of EUR 0.5 million related to the new 2015 option scheme. The option scheme accrual has no cash flow effect on the Group. Depreciation was EUR 0.6 million (EUR 0.7 million). Depreciation includes EUR 0.4 million (EUR 0.5 million) in depreciation of customer agreements allocated to intangible assets in connection with corporate acquisitions. The customer agreements have been depreciated in their entirety in January 2017.

The Group's operating profit was EUR 16.2 million (EUR 13.2 million) and the profit for the period was EUR 12.8 million (EUR 10.5 million).

## Business areas

### Asset Management

eQ Asset Management offers versatile and innovative asset management services to both institutions and individuals. The Asset Management segment consists of the investment firm eQ Asset Management Ltd and other Group companies engaged in asset management operations, the most important of which is eQ Fund Management Company Ltd.

#### *Mutual funds and asset management*

At the end of December, eQ had 26 mutual funds registered in Finland.

In 2016, eQ's fixed-income funds gave excellent returns. The eQ Emerging Markets Corporate Bond LC and eQ High Yield funds were the best fixed-income funds in 2016 with returns that clearly exceeded 10 per cent. Only the return of the eQ Money Market Fund was round zero owing to the low interest rate level. The fixed-income funds performed excellently as compared with their benchmark indices, and eQ has no less than three fixed-income funds with five Morningstar stars.

After the difficult beginning of the year, 2016 turned out to be excellent for equity funds. The best returns in 2016 came from the emerging market funds eQ Russia, eQ Emerging Dividend and eQ Frontier Markets. The return of the eQ Russia Fund was approximately 50 per cent. The lowest returns came from equity funds



investing in Europe. The only fund with a slightly negative development was eQ Europe Property, which suffered from Brexit and the increase in long-term interest rates towards the end of the year. The best returns as compared with the benchmark indices came from the eQ Emerging Dividend and eQ Frontier Markets funds. Of the funds managed by eQ, 64 per cent surpassed their benchmark indices in 2016 and no less than 93 per cent in the past three years. The average Morningstar rating in funds managed by eQ was four stars at the close of the year. The returns of the discretionary asset management portfolios that eQ manages varied between 5 and 13 per cent in 2016 based on the allocation of the investment portfolio.

### *Private Equity*

The first close of the eQ PE VIII North private equity fund was held in February at a little over EUR 51 million. The second close of the fund was held on 15 April and the final close on 17 June. The capital raised was record-high, EUR 160 million. Altogether almost 80 investors joined the eQ PE VIII North fund, 38 of which are new investors in eQ's private equity funds. Five commitments have already been made from the fund in new funds to be established, and the fund has also bought from the secondary market three German funds at a mature stage. In 2016, three new mandates were also signed, and eQ established non-UCITS fund structures registered in Finland for them. The assets managed under private equity operations grew during beginning of the year and amounted to EUR 4 319 million at the end of the year (EUR 3 639 million on 31 Dec. 2015).

### *Real estate investments*

The strong growth of the eQ Finnish Real Estate Fund continued. At the end of the fourth quarter, new subscriptions worth EUR 36 million, and during the entire year worth EUR 124 million were made in the fund. At the end of the year, the size of the fund was EUR 260 million and its real estate property EUR 340 million. The investment operations of the fund have been extremely successful and the return since establishment is 10.2 per cent p.a. The fund already has more than 1 200 unit holders.

The eQ Care Fund also grew considerably during the year, and new subscriptions totalling EUR 123 million were made in the fund. At the end of the year, the size of the fund was already EUR 404 million and its real estate assets totalled almost EUR 540 million. The return of the fund since establishment is excellent at 8.7 per cent p.a., and the fund already has almost 2 400 unit holders.

Towards the end of the year, eQ also established a new non-UCITS fund that is especially designed for institutions, eQ Forest. eQ Forest makes investments in Finnish forests, and it has made its first forest deals for almost EUR 10 million. The aim is to increase the forest property of the fund to approximately EUR 50 million by the end of 2017.

### *Assets under management and clients*

The sales advanced well during the entire year, and even the rise in market values increased the assets managed by eQ. At the end of 2016, the assets managed by eQ Asset Management totalled EUR 8 775 million. The assets increased by almost EUR 1 150 million from the beginning of the year (EUR 7 634 million on 31 Dec. 2015). At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 1 936 million (EUR 1 582 million), and the assets under management increased by more than EUR 350 million. Mutual funds managed by international partners and other assets covered by asset management operations totalled EUR 2 520 million (EUR 2 412 million). The assets managed under private equity funds and asset management totalled EUR 4 319 million (EUR 3 639 million). EUR 2 890 million (EUR 2 421 million) of these assets were covered by the reporting service.

### *Result of the Asset Management segment*

During the financial period, the net revenue of the Asset Management segment increased by 18 per cent and the operating profit by 25 per cent to EUR 12.0 million (EUR 9.6 million from 1 Jan. to 31 Dec. 2015). The fee and commission income of the segment increased by 18 per cent during the financial year. Particularly the management fees from real estate and private equity asset management grew strongly. In addition to salary items that are dependent on the company result, expenses increased due to the accrued expenses of



the 2015 option scheme of about EUR 0.4 million. Calculated as full-time resources, the Asset Management segment had 62 employees at the end of the year.

Asset Management	1-12/16	1-12/15	Change %	10-12/16	10-12/15	Change %
Net revenue, M€	25.6	21.7	18%	7.0	5.6	26%
Operating profit, M€	12.0	9.6	25%	3.3	2.3	41%
Assets under management, € billion	8.8	7.6	15%	8.8	7.6	15%
Cost/income ratio, %	51.6	53.5	-4%	52.2	56.1	-7%
Personnel as full-time resources	62	58	7%	62	58	7%
Fee and commission income, Asset Management, M€	1-12/16	1-12/15	Change %	10-12/16	10-12/15	Change %
Management fees from traditional asset management	7.7	9.0	-14%	2.1	2.1	-1%
Real estate and private equity management fees	13.8	8.7	59%	3.8	2.5	53%
Other fee and commission income	0.3	1.0	-67%	0.1	0.2	-58%
Performance fees	3.9	3.2	21%	1.2	0.9	33%
Total	25.8	22.0	18%	7.1	5.6	26%

## Corporate Finance

In the Corporate Finance segment, Advium Corporate Finance acts as advisor in mergers and acquisitions, large real estate transactions and equity capital markets.

The year 2016 was in many respects very eventful, including even major uncertainties. The UK's decision on Brexit at the end of June and Donald Trump's election as the new President of the United States in late autumn were expected to shake stock exchanges and M&A markets, but the uncertainties remained short-lived. Stock exchanges have continued to rise, interest rates have remained low and the availability of financing has remained at a good level. These factors have maintained a high activity in corporate and real estate transactions in Finland. Additionally, the general outlook of the Finnish economy has begun to improve after a long wait.

Advium managed to increase its net sales and maintain the number of transactions at a high level in 2016. During the financial period, Advium acted as advisor in 14 finalised M&A and real estate transactions.

In the corporate segment, Advium acted, for instance, as advisor to the Finnish Government, as it sold 49.9 per cent of Patria to Norwegian Kongsberg and to Viking Malt Oy as it bought three malting plants of Carlsberg Group. As for real estate transactions, Advium acted as advisor to the seller, for instance when Varma Mutual Pension Insurance Company sold 15 office properties to the European Property Investors Special Opportunities 4 (EPISO 4) fund managed by Tristan Capital Partners. The price of the sold portfolio was approximately EUR 130 million. In addition, Advium acted as advisor to, for instance, the LocalTapiola Group as it sold a 21 000 m<sup>2</sup> residential block in Itäkeskus, Helsinki to Nordea Life Assurance Finland.

Advium's activity in the real estate transaction market was noted, as it held its market leading position in large real estate transactions and was chosen the best Finnish investment bank in the real estate sector, already for the tenth time, in a survey by the distinguished Euromoney magazine.

### *Result of the Corporate Finance segment*

In 2016, Advium's net revenue was EUR 7.9 million, compared with EUR 7.0 million in 2015. The operating profit grew to EUR 3.7 million from previous year's EUR 3.4 million. The segment had 13 employees at the end of the period, calculated as full-time resources.

It is typical of corporate finance business that success fees have a considerable impact on invoicing, due to which the result may vary considerably from quarter to quarter.



Corporate Finance	1-12/16	1-12/15	Change %	10-12/16	10-12/15	Change %
Net revenue, M€	7.9	7.0	12 %	1.6	2.8	-43 %
Operating profit, M€	3.7	3.4	9 %	0.7	1.5	-56 %
Cost/income ratio, %	52.7	51.8	2 %	59.4	47.7	25 %
Personnel as full-time resources	13	12	8 %	13	12	8 %

## Investments

The business operations of the Investments segment consist of private equity fund investments made from eQ Group's own balance sheet.

During the financial period, the operating profit of the Investments segment was EUR 1.9 million (EUR 1.8 million from 1 Jan. to 31 Dec. 2015). At the end of the period, the fair value of the private equity investments was EUR 19.2 million (EUR 22.5 million on 31 Dec. 2015) and the amount of the remaining investment commitments was EUR 11.2 million (EUR 10.3 million). Of the market value, 69 per cent has been invested in private equity funds managed by eQ. The breakdown of the market value and investment commitments of private equity investments per fund are presented on page 20.

During the period, the investment objects returned capital for EUR 4.3 million (EUR 6.5 million from 1 Jan. to 30 Dec. 2015) and distributed a profit of EUR 2.5 million (EUR 2.5 million). Capital calls totalled EUR 2.4 million (EUR 2.1 million). The net cash flow from investments during the period was EUR 4.4 million (EUR 7.2 million). The write-downs recognised through profit and loss during the period totalled EUR 0.3 million (EUR 0.4 million from 1 Jan. to 31 Dec. 2015). The Group's internal management fee expenses, which are included in the result of the Investments segment, totalled EUR 0.3 million (EUR 0.3 million).

The value change of investments in the fair value reserve before taxes was EUR -1.0 million (EUR 0.3 million). The unrealised value changes of investments in the fair value reserve after taxes were EUR -0.1 million (EUR 0.7 million on 31 Dec. 2015) at the end of the period. The return of eQ's own investment operations since the beginning of operations has been 21 per cent p.a. (IRR).

In the first quarter, eQ Plc made a EUR 3.0 million investment commitment in the eQ PE VIII North Fund. eQ PE VIII North makes investments in private equity funds that invest in unlisted, small and mid-sized companies in Northern Europe.

The income of eQ's own investment operations is recognised due to factors independent of the company. Due to this, the segment's net revenue and result may vary considerably. eQ only makes new investments in funds managed by eQ.

investments	1-12/16	1-12/15	Change %	10-12/16	10-12/15	Change %
Net revenue, M€	1.9	1.8	8 %	0.6	0.4	64 %
Operating profit, M€	1.9	1.8	8 %	0.6	0.4	64 %
Fair value of investments, M€	19.2	22.5	-14 %	19.2	22.5	-14 %
Investment commitments, M€	11.2	10.3	8 %	11.2	10.3	8 %

## Balance sheet and solvency

At the end of the period under review, the consolidated balance sheet total was EUR 76.2 million (EUR 80.9 million on 31 Dec. 2015). At the end of the period, the shareholders' equity was EUR 64.5 million (EUR 70.0 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 12.8 million, the change in the fair value reserve of EUR -0.8 million, the dividend distribution of EUR -11.0 million, the repayment of equity of EUR -7.3 million from the reserve for invested unrestricted equity, the subscription of new shares with option rights EUR 3.0 million, and the accrued expense of EUR 0.5 million related to the option scheme and entered in the shareholders' equity. The changes are specified in detail in the tables attached to this release.



At the end of the period, liquid assets totalled EUR 6.6 million (EUR 16.6 million) and liquid investments in mutual funds EUR 10.0 million (EUR 5.0 million). In order to safeguard the availability of financing, the Group has access to a credit limit of EUR 4.0 million. At the end of the period, the Group had no interest-bearing liabilities (EUR 0.0 million). Interest-free long-term debt, which consists of the deferred tax liability, was EUR 0.4 million (EUR 0.6 million) and interest-free short-term debt EUR 11.3 million (EUR 10.3 million) at the end of the period. eQ's equity to assets ratio was 84.7% (86.5%).

A subsidiary called eQ Asset Management Ltd, which is engaged in investment firm operations and fully owned by eQ Plc, is part of the Group. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the Basel III/CRD IV regulations. The Group's CET1 (Common Equity Tier 1) and solvency ratio of the own funds was 13.9% (19.8% on 31 Dec. 2015) at the end of the period. The minimum requirement for own funds is 8 per cent. At the end of the period, the Group's own funds based on solvency calculations totalled EUR 16.6 million (EUR 21.8 million on 31 Dec. 2015), and the risk-weighted items were EUR 119.3 million (EUR 110.1 million). Detailed information on the Group's solvency can be found in the tables section.

## Shares and share capital

At the end of the period on 31 December 2016, the number of eQ Plc's shares was 36 977 198 and the share capital was EUR 11 383 873. eQ Plc's number of shares increased by 200 000 shares on 31 August 2016 and by 50 000 shares on 30 November 2016 due to shares subscribed for with options pertaining to the 2010 option scheme. The subscription price of the new shares totalled EUR 222 000.00 on 31 August 2016 and EUR 55 500.00 on 30 November 2016. The entire subscriptions were entered in the reserve for invested unrestricted equity.

The closing price of eQ Plc's share on 31 December 2016 was EUR 8.11 (EUR 6.50 on 31 Dec. 2015). The market capitalisation of the company was thus EUR 299.9 million (EUR 238.7 million) at the end of the financial period. During the period, 7 224 258 shares were traded on Nasdaq Helsinki (8 743 651 shares from 1 Jan. to 31 Dec. 2015).

## Own shares

At the end of the period, on 31 December 2016, eQ Plc held no own shares.

## Shareholders

On 4 July 2016, eQ Plc published a flagging announcement where Mandatum Life Insurance Company announced that it had sold shares so that its holding in the company fell below the 5 per cent flagging threshold. In addition, eQ Plc published on 4 July 2016 a flagging announcement where Anchor Oy Ab announced that it had purchased shares so that its holding in the company exceeded the 5 per cent flagging threshold.

On 31 August 2016, eQ Plc published a flagging announcement where Anchor Oy Ab announced that it had subscribed for new shares in eQ Plc with option rights so that its holding in the company exceeded the 10 per cent flagging threshold.



## Ten major shareholders on 31 December 2016

	Shares	Share, %
1 Fennogens Investements SA	6 973 137	18.86
2 Chilla Capital S.A.	5 322 635	14.39
3 Anchor Oy Ab	3 783 677	10.23
4 Umo Capital Oy	3 779 286	10.22
5 Teamet Oy	3 700 000	10.01
6 Oy Cevante Ab	1 419 063	3.84
7 Fazer Jan Peter	1 360 709	3.68
8 Linnalex Ab	681 652	1.84
9 Lavventura Oy	550 000	1.49
10 Pinomonte Ab	529 981	1.43
10 major shareholders, total	28 100 140	75.99
Nominee registered	240 902	0.65
Other shares	8 636 156	23.36
Total	36 977 198	100.00

On 31 December 2016, eQ Plc had 4 668 shareholders (4 432 shareholders on 31 Dec. 2015).

## Option schemes

At the end of the period, eQ Plc had two option schemes. The option schemes are intended as part of the commitment system of the Group's key personnel.

### Option scheme 2010

At the end of the period, altogether 1 700 000 options had been allocated from option scheme 2010. Of these options, altogether 620 000 had been exercised by the end of the period. The number of outstanding options was 1 080 000 at the end of the period. No options of the option scheme 2010 can any longer be allocated. Options 2010 of the option scheme have been listed on Nasdaq Helsinki. The terms and conditions of the option scheme have been published in a stock exchange release of 18 August 2010, and they can be found in their entirety on the company website at [www.eQ.fi](http://www.eQ.fi).

### Option scheme 2015

At the end of the period, 1 575 000 options had been allocated from option scheme 2015. Altogether 200 000 options were returned to eQ during the period under review due to termination of employment. At the end of the period, there were still 425 000 options in option scheme 2015 available for allocation. The terms and conditions of the option scheme have been published in a stock exchange release of 5 November 2015, and they can be found in their entirety on the company website at [www.eQ.fi](http://www.eQ.fi).

## Decisions by the Annual General Meeting

eQ Plc's Annual General Meeting (AGM), held on Wednesday 30 March 2016 in Helsinki, decided upon the following:

### Confirmation of the financial statements

eQ Plc's AGM confirmed the financial statements of the company, which included the consolidated financial statements, the report by the Board of Directors, and the auditors' report for the financial year 2015.



### **Decision in respect of the result shown on the balance sheet and the distribution of assets from the reserve for invested unrestricted equity**

The AGM confirmed the proposal by the Board of Directors that a dividend of EUR 0.30 per share and a repayment of equity of EUR 0.20 from the reserve for invested unrestricted equity be paid out. The dividend and equity repayment were paid to shareholders who, on the record date for the dividend payment, i.e. 1 April 2016, were recorded in the shareholder register held by Euroclear Finland Ltd. The payment date of the dividend and equity repayment was 8 April 2016.

### **Discharge from liability to the Board of Directors and the CEO**

The AGM decided to grant discharge from liability to the Board of Directors and the CEO.

### **Number of directors, appointment of directors, and the remuneration of directors**

According to the decision of the AGM, five members shall be elected to eQ Plc's Board of Directors. Nicholas Berner, Georg Ehrnrooth, Annika Poutiainen and Jussi Seppälä were re-elected and Timo Kokkila was elected as new member to the Board for a term of office that will end at the close of the next Annual General Meeting. The AGM decided that the directors would receive remuneration as follows: the Chairman of the Board will receive EUR 3 300 and the other directors EUR 1 800 per month. The Directors will also be paid EUR 300 for each Board meeting that they attend. Travel and lodging costs will be compensated in accordance with the company's expense policy. The Board elected Georg Ehrnrooth Chairman of the Board at its meeting held immediately after the AGM.

### **Auditors and auditors' compensation**

The AGM decided to elect the corporation of authorised public accountants KPMG Oy Ab auditor of the company. The auditor with main responsibility appointed by the company is Raija-Leena Hankonen, APA. It was decided to compensate the auditor according to an invoice approved by eQ Plc.

### **Authorising the Board of Directors to decide on the repurchase of shares**

The AGM authorised the Board of Directors to decide on the repurchase of the company's own shares in one or several transactions on the following terms: The Board of Directors was authorised to decide on the repurchase of no more than 1 000 000 own shares, which corresponded to approximately 2.72 per cent of all the shares in the company on the date of the notice of the AGM. The shares will be repurchased with assets from the company's unrestricted equity, which means that any repurchases will reduce the distributable assets of the company. Shares may be repurchased otherwise than in proportion to the shareholdings of the shareholders with assets from the company's unrestricted equity at the market price of the shares in public trading on Nasdaq Helsinki Ltd at the time of purchase or at a lower price.

Own shares may be repurchased in order to develop the company's capital structure, to finance corporate acquisitions or other business transactions, to finance or carry out investments or other arrangements pertaining to the company operations, or they may be used as part of the company's incentive schemes. For said purposes, the repurchased shares may be held, transferred further or cancelled. The Board of Directors shall decide on other matters related to the repurchase of own shares. The authorisation cancels all previous authorisations to repurchase the company's own shares and is effective until the next AGM, no longer than 18 months, however.

### **Authorising the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares**

The AGM authorised the Board of Directors to decide on a share issue or share issues and/or the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, in one or several transactions, comprising a maximum total of 5 000 000 new shares. The amount of the authorisation corresponded to approximately 13.61 per cent of all shares in the company on the date of the notice of the AGM.



The authorisation can be used in order to finance or carry out potential acquisitions or other business transactions, to strengthen the balance sheet and the financial position of the company, to carry out the company's incentive schemes or for any other purposes decided by the Board. Based on the authorisation, the Board shall decide on all matters related to the issuance of shares and special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, including the recipients of the shares or the special rights entitling to shares and the amount of the consideration to be paid. Therefore, based on the authorisation, shares or special rights entitling to shares may also be issued to certain persons, i.e. in deviation of the shareholders' pre-emptive rights as described in said Act. A share issue may also be executed without payment in accordance with the preconditions set out in the Limited Liability Companies Act. The authorisation cancels all previous corresponding authorisations and is effective until the next AGM, no longer than 18 months, however.

## Personnel and organisation

At the end of the financial period, the number of Group personnel calculated as full-time resources was 80 (76 on 31 December 2015). Calculated as full-time resources, the Asset Management segment had 62 (58) employees and the Corporate Finance segment 13 (12) employees. Group administration had 5 (6) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 14.6 million (EUR 12.7 million from 1 Jan. to 31 Dec. 2015). The salary expenses grew from the previous year due to result-related remuneration and the accrued expense of EUR 0.5 million related to the new 2015 option scheme.

## Major risks and short-term uncertainties

The major single risk of the Group is the dependence of the operating income on changes in the external operating environment. The result of the Asset Management segment depends on the development of the assets under management, which is dependent of the development of the capital market. The realisation of the performance fee income that is dependent on the success of the investment operations also influences result development. On the other hand, the management fees of private equity funds are based on long-term agreements that produce a stable cash flow.

Success fees, which depend on the number of mergers and acquisitions and real estate transactions, have a considerable impact on the result of the Corporate Finance segment. These vary considerably within one year and are dependent on economic trends.

The risks associated with eQ Group's own investment operations are the market risk, currency risk and liquidity risk. Among these, the market risk has the greatest impact on investments. The company's own investments are well diversified, which means that the impact of one investment in a company, made by one individual fund, on the return of the investments is often small. The income from eQ Group's own investment operations is recognised for eQ in different quarters due to factors independent of the company, depending on the exits from private equity funds. The income from investment operations may vary considerably from quarter to quarter.

## Proposal for the distribution of profit

The distributable means of the parent company on 31 December 2016 totalled EUR 46 855 703.04. The sum consisted of retained earnings of EUR 13 848 921.38 and the means in the reserve of invested unrestricted equity of EUR 33 006 781.66.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.35 per share be paid out. The proposal corresponds to a dividend totalling EUR 12 942 019.30 calculated with the number of shares at the close of the financial year. Additionally, the Board proposes to the AGM that an equity repayment of EUR 0.15 per share be paid out from the reserve of invested unrestricted equity. The proposal corresponds to an equity repayment totalling EUR 5 546 579.70 calculated with the number of shares at the close of the financial year. The dividend and equity repayment shall be paid to those who are registered as shareholders in eQ Plc's shareholder register maintained by Euroclear Finland Ltd on the record date 31 March 2017. The Board proposes 7 April 2017 as the payment date of the dividend and equity repayment.



After the end of the financial period, no essential changes have taken place in the financial position of the company. The Board of Directors feel that the proposed distribution of dividend and equity repayment do not endanger the liquidity of the company.

### **Events after the period under review**

On 2 January 2017, eQ Plc was transferred from Small Cap companies to Mid Cap companies in the annual market capitalisation classification of Nasdaq Helsinki.

The eQ PE IX US private equity fund held its first close at USD 45.3 million on 27 January 2017. eQ Plc made a USD 1.0 million investment commitment in the fund.

eQ Plc's shareholders with more than 60 per cent of the company shares and votes have made a proposal to the Annual General Meeting to be held on 29 March 2017 regarding the number of directors, their remuneration and the principles for compensating expenses as well as the election of the directors. The shareholders propose that Nicholas Berner, Georg Ehrnrooth, Annika Poutiainen and Timo Kokkila be re-elected to the Board and that Carl Haglund be elected as new member to the Board for a term of office that will end at the close of the next Annual General Meeting.

### **Outlook**

The asset management business grew well in 2016, which gives an excellent starting point for the year 2017. We expect that the net revenue and operating profit of the Asset Management segment will grow in 2017. In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent of factors that are not dependent of the company. Consequently, the operating profit of these segments may vary considerably and is difficult to foresee.

eQ Plc  
Board of Directors

## TABLES

### Principles for drawing up the report

The financial statements release has been prepared in accordance with IFRS standards and the IAS 34 Interim Reports standard, approved by the EU. At the beginning of the financial period, the company has adopted certain new or amended IFRS standards and IFRIC interpretations. However, the introduction of these new or amended standards has not had any major impact on the reported figures. For other parts, the Group has applied the same accounting principles as in the financial statements for the year 2015. The calculation principles and formulas of the key ratios remain unaltered, and they have been presented in the financial statements for 2015.

The income of eQ's own investment operations is recognised due to factors independent of the company. As a result, the net income from available-for-sale financial assets may vary considerably.

The financial statements figures presented in this release are based on the company's audited financial statements. The Auditors' Report has been issued on 2 February 2017.

### CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-12/16	1-12/15	10-12/16	10-12/15
Fee and commission income	33 434	28 704	8 633	8 392
Net income from foreign exchange dealing	-	-16	-	4
Interest income	4	2	2	0
Net income from available-for-sale financial assets	2 194	2 061	669	437
Operating income, total	35 633	30 752	9 304	8 834
Fee and commission expenses	-213	-232	-62	-51
Interest expenses	-1	0	-1	0
NET REVENUE	35 418	30 520	9 241	8 782
Administrative expenses				
Personnel expenses	-14 572	-12 661	-3 902	-3 701
Other administrative expenses	-2 012	-1 936	-566	-621
Depreciation on tangible and intangible assets	-644	-742	-143	-188
Other operating expenses	-1 914	-1 956	-463	-547
Impairment losses of other financial assets	-50	-	-	-
OPERATING PROFIT (LOSS)	16 227	13 225	4 166	3 725
PROFIT BEFORE TAXES	16 227	13 225	4 166	3 725
Income tax	-3 395	-2 755	-877	-793
PROFIT (LOSS) FOR THE PERIOD	12 832	10 470	3 289	2 932



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-12/16	1-12/15	10-12/16	10-12/15
Other comprehensive income:				
Items that may be reclassified subsequently to the income statement:				
Available-for-sale financial assets, net	-761	226	-6	-4
Translation differences	-	-14	-	-32
Other comprehensive income after taxes	-761	211	-6	-35
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>12 071</b>	<b>10 681</b>	<b>3 283</b>	<b>2 897</b>
Profit for the period attributable to:				
Equity holders of the parent company	12 832	10 470	3 289	2 932
Non-controlling interests	-	-	-	-
Comprehensive income for the period attributable to:				
Equity holders of the parent company	12 071	10 681	3 283	2 897
Non-controlling interests	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company				
Earnings per average share, EUR	0.35	0.29	0.09	0.08
Diluted earnings per average share, EUR	0.33	0.28	0.08	0.08





## CONSOLIDATED BALANCE SHEET, EUR 1 000

31 Dec. 2016 31 Dec. 2015

	31 Dec. 2016	31 Dec. 2015
<b>ASSETS</b>		
Liquid assets	47	53
Claims on credit institutions	6 579	16 571
Available-for-sale financial assets		
Financial securities	10 076	5 042
Private equity investments	19 209	22 456
Intangible assets	29 455	29 960
Tangible assets	368	393
Other assets	8 946	5 070
Accruals and prepaid expenditure	1 006	860
Income tax receivables	254	271
Deferred tax assets	237	220
<b>TOTAL ASSETS</b>	<b>76 177</b>	<b>80 896</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Other liabilities	3 369	2 874
Accruals and deferred income	7 607	6 099
Income tax liabilities	316	1 284
Deferred tax liabilities	374	637
<b>TOTAL LIABILITIES</b>	<b>11 666</b>	<b>10 895</b>
<b>EQUITY</b>		
Attributable to equity holders of the parent company:		
Share capital	11 384	11 384
Fair value reserve	-61	700
Reserve for invested unrestricted equity	34 861	41 929
Retained earnings	5 495	5 518
Profit (loss) for the period	12 832	10 470
<b>TOTAL EQUITY</b>	<b>64 511</b>	<b>70 001</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>76 177</b>	<b>80 896</b>



## CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-12/2016	1-12/2015
<b>CASH FLOW FROM OPERATIONS</b>		
Operating profit	16 227	13 225
Depreciation and write-downs	999	1 170
Interest income and expenses	-3	-2
Transactions with no related payment transactions	525	188
Available-for-sale investments, change	1 886	3 667
<b>Change in working capital</b>		
Business receivables, increase (-) / decrease (+)	-3 752	978
Interest-free debt, increase (+) / decrease (-)	738	652
Total change in working capital	-3 013	1 630
Cash flow from operations before financial items and taxes	16 620	19 878
Interests received	4	2
Interests paid	-1	0
Taxes	-3 422	-1 979
<b>CASH FLOW FROM OPERATIONS</b>	<b>13 202</b>	<b>17 902</b>
<b>CASH FLOW FROM INVESTMENTS</b>		
Investments in intangible and tangible assets	-113	-198
Investments in other investments – liquid mutual funds	-5 000	-
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-5 113</b>	<b>-198</b>
<b>CASH FLOW FROM FINANCING</b>		
Dividends paid/equity repayments	-18 364	-18 364
Income from share issue	278	-
<b>CASH FLOW FROM FINANCING</b>	<b>-18 086</b>	<b>-18 364</b>
<b>INCREASE/DECREASE IN LIQUID ASSETS</b>	<b>-9 998</b>	<b>-659</b>
Liquid assets on 1 Jan.	16 623	17 283
Liquid assets on 31 Dec.	6 626	16 623

## CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY, EUR 1 000

Equity attributable to equity holders of the parent company							
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2015	11 384	52 947	475	14	12 649	77 469	77 469
Profit (loss) for the period					10 470	10 470	10 470
Other comprehensive income							
Available-for-sale financial assets			226			226	226
Translation differences				-14		-14	-14
Total comprehensive income			226	-14	10 470	10 681	10 681
Dividend/equity repayment		-11 018			-7 345	-18 364	-18 364
Options granted					159	159	159
Other changes					55	55	55
Shareholders' equity on 31 Dec. 2015	11 384	41 929	700	0	15 988	70 001	70 001

Shareholders' equity on 1 Jan. 2016	11 384	41 929	700	0	15 988	70 001	70 001
Profit (loss) for the period					12 832	12 832	12 832
Other comprehensive income							
Available-for-sale financial assets			-761			-761	-761
Total comprehensive income			-761	0	12 832	12 071	12 071
Dividend/equity repayment		-7 345			-11 018	-18 364	-18 364
Share issue		278				278	278
Options granted					525	525	525
Shareholders' equity on 31 Dec. 2016	11 384	34 861	-61	0	18 326	64 511	64 511



## FEE AND COMMISSION INCOME, GROUP, EUR 1 000

	1-12/16	1-12/15	10-12/16	10-12/15
Asset management fees				
Management fees from traditional asset management	7 732	8 976	2 051	2 080
Real estate and private equity management fees	13 545	8 431	3 734	2 410
Other fee and commission income	344	1 033	85	200
Performance fees	3 909	3 235	1 155	868
Total	25 530	21 675	7 025	5 559
Corporate finance fees	7 905	7 029	1 608	2 833
Fee and commission income, total	33 434	28 704	8 633	8 392

## FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, EUR 1 000

	31 Dec. 2016		31 Dec. 2015	
	Fair value	Book value	Fair value	Book value
Financial assets				
Available-for-sale financial assets				
Private equity investments	19 209	19 209	22 456	22 456
Financial securities	10 076	10 076	5 042	5 042
Accounts receivable and other receivables	1 517	1 517	1 427	1 427
Liquid assets	6 626	6 626	16 623	16 623
Total	37 429	37 429	45 549	45 549
Financial liabilities				
Accounts payable and other liabilities	643	643	428	428
Total	643	643	428	428

The table shows the fair values and book values of financial assets and liabilities per balance sheet item. The assessment principles of fair values are presented in the accounting principles. The original book value of accounts receivable and accounts payable corresponds to their fair value, as the impact of discounting is not essential taking into account the maturity of the receivables and liabilities.



### Value of financial instruments across the three levels of the fair value hierarchy

	31 Dec. 2016		31 Dec. 2015	
	Level 1	Level 3	Level 1	Level 3
Available-for-sale financial assets				
Private equity investments	-	19 209	-	22 456
Financial securities	10 076	-	5 042	-
<b>Total</b>	<b>10 076</b>	<b>19 209</b>	<b>5 042</b>	<b>22 456</b>

Level 3 reconciliation – Available-for-sale financial assets:

1-12/2016	Private equity investments
Opening balance on 1 Jan. 2016	22 456
Calls	2 414
Returns	-4 328
Impairment loss	-305
Change in fair value	-1 028
<b>Closing balance on 31 Dec. 2016</b>	<b>19 209</b>

1-12/2015	Private equity investments
Opening balance on 1 Jan. 2015	27 260
Calls	2 131
Returns	-6 464
Impairment loss	-428
Change in fair value	300
Sales	-343
<b>Closing balance on 31 Dec. 2015</b>	<b>22 456</b>

Level 1 comprises liquid assets the value of which is based on quotes in the liquid market. A market where the price is easily available on a regular basis is regarded as a liquid market.

The fair values of level 3 instruments are based on the value of the fund according to the management company of the fund and their use in widely used valuation models. Private equity investments are valued in accordance with a practice widely used in the sector, International Private Equity and Venture Capital Guidelines. The impairment losses of private equity investments are based on the management's assessment, as described in the principles for preparing the financial statements. During the period under review, no transfers took place between the levels of the fair value hierarchy.



## PRIVATE EQUITY INVESTMENTS, EUR 1 000

	Market value		Acquisition cost		Unrealised value change*	
	31.12.16	31.12.15	31.12.16	31.12.15	31.12.16	31.12.15
Funds managed by eQ:						
Funds of funds:						
eQ PE VIII North LP	182	-	208	-	-26	-
eQ PE VII US LP	219	192	269	186	-50	6
eQ PE VI North LP	818	364	909	419	-91	-55
Amanda V East LP	2 730	2 007	3 187	2 503	-457	-496
Amanda IV West LP	3 020	3 585	2 515	2 979	505	607
Amanda III Eastern PE LP	6 115	6 993	5 748	6 189	368	803
Eur Fund Inv. LP (EFI II)	197	257	337	351	-140	-94
Total	13 281	13 399	13 172	12 627	110	772
Funds managed by others:						
Large buyout funds	2 945	5 474	2 907	4 942	38	532
Midmarket funds	1 879	2 234	2 195	2 698	-315	-465
Venture funds	1 104	1 349	1 066	1 292	37	58
Total	19 209	22 456	19 340	21 558	-131	897

\*Unrealised value change before taxes

## REMAINING INVESTMENT COMMITMENTS OF PRIVATE EQUITY FUNDS, EUR 1 000

	Investment commitment	
	31.12.16	31.12.15
Funds managed by eQ:		
Funds of funds:		
eQ PE VIII North LP	2 792	-
eQ PE VII US LP	2 558	2 563
eQ PE VI North LP	1 860	2 432
Amanda V East LP	1 460	2 170
Amanda IV West LP	603	646
Amanda III Eastern PE LP	316	744
Eur Fund Inv. LP (EFI II)	35	35
Total	9 624	8 590
Funds managed by others:		
Large buyout funds	224	355
Midmarket funds	1 217	1 255
Venture funds	115	115
Total	11 180	10 316



## MARKET VALUE OF PRIVATE EQUITY INVESTMENTS BASED ON THE YEAR OF ESTABLISHMENT, EUR 1 000

	31.12.16	31.12.15
-2000	530	691
2001-2005	1 527	2 188
2006-2010	15 934	19 021
2011-	1 219	556
Total	19 209	22 456

## REMAINING INVEST COMMITMENTS OF PRIVATE EQUITY INVESTMENTS BASED ON THE YEAR OF ESTABLISHMENT, EUR 1 000

	31.12.16	31.12.15
-2000	115	115
2001-2005	742	818
2006-2010	3 113	4 388
2011-	7 210	4 995
Total	11 180	10 316



## SEGMENT INFORMATION, EUR 1 000

1-12/16	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group Total
Fee and commission income	25 530	7 905	-	-		33 434
From other segments	300	-	-	-	-300	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	4		4
Net income from available-for-sale financial assets	-	-	2 194	-		2 194
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	-
Operating income, total	25 830	7 905	2 194	81	-377	35 633
Fee and commission expenses	-203	-	-	-10		-213
To other segments	-	-	-300	-	300	-
Interest expenses	-	-	-	-1		-1
NET REVENUE	25 626	7 905	1 894	70	-77	35 418
Administrative expenses						
Personnel expenses	-10 192	-3 513	-	-868		-14 572
Other administrative expenses	-1 517	-348	-	-223	77	-2 012
Depreciation on tangible and intangible assets	-592	-24	-	-28		-644
Other operating expenses	-1 287	-283	-	-343		-1 914
Impairment losses of other financial assets	-	-50	-	-		-50
OPERATING PROFIT (LOSS)	12 039	3 686	1 894	-1 392	0	16 227
Income tax				-3 395		-3 395
PROFIT (LOSS) FOR THE PERIOD				-4 787		12 832

1-12/15	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group Total
Fee and commission income	21 675	7 029	-	-		28 704
From other segments	300	-	-	-	-300	0
Net income from foreign exchange dealing	-15	-	-	0		-15
Interest income	-	-	-	2		2
Net income from available-for-sale financial assets	-	-	2 061	0		2 061
Other operating income	-	-	-	-		0
From other segments	-	-	-	77	-77	0
Operating income, total	21 960	7 029	2 061	79	-377	30 752
Fee and commission expenses	-220	-	-	-12		-232
To other segments	-	-	-300	-	300	-
Interest expenses	-	-	-	0		0
NET REVENUE	21 740	7 029	1 761	67		30 520





1-12/15	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group Total
Administrative expenses						
Personnel expenses	-8 668	-3 017	-	-976		-12 661
Other administrative expenses	-1 417	-303	-	-293	77	-1 936
Depreciation on tangible and intangible assets	-686	-24	-	-32		-742
Other operating expenses	-1 323	-294	-	-339		-1 956
<b>OPERATING PROFIT (LOSS)</b>	<b>9 647</b>	<b>3 391</b>	<b>1 761</b>	<b>-1 573</b>	<b>0</b>	<b>13 225</b>
Income tax				-2 755		-2 755
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-4 328</b>		<b>10 470</b>

10-12/16	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group Total
Fee and commission income	7 025	1 608	-	-		8 633
From other segments	75	-	-	-	-75	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	2		2
Net income from available-for-sale financial assets	-	-	669	-		669
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
<b>Operating income, total</b>	<b>7 100</b>	<b>1 608</b>	<b>669</b>	<b>21</b>	<b>-94</b>	<b>9 304</b>
Fee and commission expenses	-60	-	-	-2		-62
To other segments	-	-	-75	-	75	-
Interest expenses	-	-	-	-1		-1
<b>NET REVENUE</b>	<b>7 040</b>	<b>1 608</b>	<b>594</b>	<b>19</b>	<b>-19</b>	<b>9 241</b>
Administrative expenses						
Personnel expenses	-2 856	-783	-	-263		-3 902
Other administrative expenses	-458	-88	-	-39	19	-566
Depreciation on tangible and intangible assets	-130	-7	-	-6		-143
Other operating expenses	-309	-77	-	-77		-463
<b>OPERATING PROFIT (LOSS)</b>	<b>3 287</b>	<b>653</b>	<b>594</b>	<b>-367</b>	<b>0</b>	<b>4 166</b>
Income tax				-877		-877
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-1 244</b>		<b>3 289</b>



10-12/15	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group Total
Fee and commission income	5 559	2 833	-	-		8 392
From other segments	75	-	-	-	-75	0
Net income from foreign exchange dealing	4	-	-	0		4
Interest income	-	-	-	0		0
Net income from available-for-sale financial assets	-	-	437	0		437
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	5 638	2 833	437	19	-94	8 833
Fee and commission expenses	-48	-	-	-3		-51
To other segments	-	-	-75	-	75	-
Interest expenses	-	-	-	0		0
NET REVENUE	5 590	2 833	362	16	-19	8 782
Administrative expenses						
Personnel expenses	-2 266	-1 155	-	-279		-3 701
Other administrative expenses	-448	-106	-	-86	19	-621
Depreciation on tangible and intangible assets	-174	-6	-	-8		-188
Other operating expenses	-367	-84	-	-96		-547
OPERATING PROFIT (LOSS)	2 335	1 482	362	-453	0	3 725
Income tax				-793		-793
PROFIT (LOSS) FOR THE PERIOD				-1 246		2 932

The fee and commission income of the Asset Management segment from other segments comprises the management fee income from eQ Group's own investments in private equity funds. The corresponding expenses are allocated to the Investments segment. Under the item Other, income from other segments comprises the administrative services provided by Group administration to other segments and the undivided interest income and expenses. The item Other also includes the undivided personnel, administration and other expenses allocated to Group administration. The taxes not distributed to the segments are also presented under the item Other.

The highest operative decision-making body does not follow assets and liabilities at segment level, due to which the Group's assets and liabilities are not presented as divided between the segments.



## SOLVENCY, EUR 1 000

	CRR 31 Dec. 2016 eQ Group	CRR 31 Dec. 2015 eQ Group
Own capital	64 511	70 001
Common equity tier 1 (CET 1) before deductions	64 511	70 001
Deductions from CET 1		
Intangible assets	-29 451	-29 882
Unconfirmed profit for the period	-12 832	-10 470
Dividend proposal by the Board*	-5 657	-7 894
Common equity tier 1 (CET1)	16 571	21 755
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	16 571	21 755
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	16 571	21 755
Risk-weights, total	119 286	110 066
of which credit risk	57 713	58 577
of which market risk - currency risk	5 088	5 411
of which operative risk	56 485	46 078
Common equity tier 1 (CET1) / risk-weights, %	13.9 %	19.8 %
Tier 1 (T1) / risk-weights, %	13.9 %	19.8 %
Total capital (TC) / risk-weights, %	13.9 %	19.8 %
Minimum solvency ratio, %	28.6 %	35.5 %
Excess of total capital compared with the minimum level (8% solvency ratio)	7 028	12 950
Excess of total capital compared with the target level (12% solvency ratio)	2 257	8 547

\*The dividend and equity repayment proposed by the Board for the part that exceeds the profit for the period.

## GROUP KEY RATIOS

	31 Dec. 2016	31 Dec. 2015
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	12 832	10 470
Earnings per average share, EUR	0.35	0.29
Diluted earnings per average share, EUR	0.33	0.28
Equity per share, EUR	1.74	1.91
Equity per average share, EUR *)	1.75	1.91
Return on investment, ROI % p.a.	19.1	14.2
Return on equity, ROE % p.a.	19.1	14.2
Equity to assets ratio, %	84.7	86.5
Cost/income ratio, Group, %	53.0	55.1
Share price at the end of the period, EUR	8.11	6.50
Market value, EUR million	299.9	238.7
Personnel calculated as full-time resources at the end of the period	80	76

\*) Weighted average number of shares outstanding.

The new guidelines of the European Securities and Markets Authority (ESMA) on alternative performance measures have entered into force in July 2016. An alternative performance is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS). eQ presents alternative measures in order to describe the financial development of its operations. The calculation principles and formulae of the key ratios are presented in the company's financial statements, which are available on the company website at [www.eQ.fi](http://www.eQ.fi). The key ratios presented by eQ can be directly calculated with the calculation formulae based on the information in the income statement, balance sheet and notes thereto.

## REMAINING COMMITMENTS

On 31 December 2016, eQ's remaining investment commitments in private equity funds totalled EUR 11.2 million (EUR 10.3 million on 31 Dec. 2015). Other commitments at the end of the period totalled EUR 2.1 million (EUR 2.9 million on 31 Dec. 2015).