

Q3 2016

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# INTERIM REPORT





3 November 2016 at 8:00 a.m.

**eQ PLC'S INTERIM REPORT Q3 2016 – eQ GROUP'S PROFIT GREW BY 27%**

**January to September 2016 in brief**

- During the period under review, the Group's net revenue grew by 20 per cent to EUR 26.2 million (EUR 21.7 million from 1 Jan. to 30 Sept. 2015).
  - The Group's net fee and commission income increased to EUR 24.7 million (EUR 20.1 million).
  - The Group's net investment income from own investment operations was EUR 1.5 million (EUR 1.6 million).
- The Group's operating profit grew by 27 per cent to EUR 12.1 million (EUR 9.5 million).
- The Group's profit was EUR 9.5 million (EUR 7.5 million).
- The consolidated earnings per share grew by 27 per cent to EUR 0.26 (EUR 0.21).
- The net cash flow from own investment operations was EUR 2.4 million (EUR 6.2 million from 1 Jan. to 30 Sept. 2015) and the change in fair value was EUR -1.0 million (EUR 0.3 million).

**July to September 2016 in brief**

- In the third quarter, the Group's net revenue grew by 17 per cent to EUR 7.8 million (EUR 6.7 million from 1 July to 30 Sept. 2015).
  - The Group's net fee and commission income increased to EUR 6.9 million (EUR 6.0 million).
  - The Group's net investment income from own investment operations was EUR 0.9 million (EUR 0.7 million).
- The Group's operating profit grew by 23 per cent to EUR 4.0 million (EUR 3.2 million).
- The Group's profit was EUR 3.2 million (EUR 2.6 million).
- The consolidated earnings per share grew by 24 per cent to EUR 0.09 (EUR 0.07).

Key ratios	1-9/16	1-9/15	Change %	7-9/16	7-9/15	Change %	1-12/15
Net revenue, Group, M€	26.2	21.7	20%	7.8	6.7	17%	30.5
Net revenue, Asset Management, M€	18.6	16.2	15%	6.5	5.0	30%	21.7
Net revenue, Corporate Finance, M€	6.3	4.2	50%	0.5	1.1	-53%	7.0
Net revenue, Investments, M€	1.3	1.4	-7%	0.8	0.6	33%	1.8
Net revenue, Group administration and eliminations, M€	0.0	0.0	0%	0.0	0.0	0%	0.0
Operating profit, Group, M€	12.1	9.5	27%	4.0	3.2	23%	13.2
Operating profit, Asset Management, M€	8.8	7.3	20%	3.4	2.4	44%	9.6
Operating profit, Corporate Finance, M€	3.0	1.9	59%	0.0	0.5	-99%	3.4
Operating profit, Investments, M€	1.3	1.4	-7%	0.8	0.6	33%	1.8
Operating profit, Group administration, M€	-1.0	-1.1	9%	-0.3	-0.2	-9%	-1.6
Profit for the period, M€	9.5	7.5	27%	3.2	2.6	24%	10.5



Key ratios	1-9/16	1-9/15	Change %	7-9/16	7-9/15	Change %	1-12/15
Earnings per share, €	0.26	0.21	27%	0.09	0,07	24%	0.29
Equity per share, €	1.65	1.82	-9%	1.65	1.82	-9%	1.91
Cost/income ratio, Group, %	52.6	54.7	-4%	47.1	50.0	-6%	55.1
Liquid assets, M€	12.1	18.1	-33%	12.1	18.1	-33%	21.6
Private equity investments, M€	20.6	23.0	-10%	20.6	23.0	-10%	22.5
Interest-bearing liabilities, M€	0.0	0.0	0%	0.0	0.0	0%	0.0
Assets under management, € billion	8.4	7.4	14%	8.4	7.4	14%	7.6

## Janne Larma, CEO

eQ's favourable profit development continued. In the first nine months, the net revenue of the Group grew by 20 per cent to EUR 26.2 million and the operating profit by 27 per cent to EUR 12.1 million.

### eQ Asset Management's success continued

The business operations of eQ Asset Management developed in an excellent manner in the third quarter. In the first nine months, the net revenue of the Asset Management segment increased by 15 per cent to EUR 18.6 million and the operating profit by 20 per cent to EUR 8.8 million. The increase of the net revenue was based on the growth of real estate and private equity asset management. The strong sales of the real estate funds continued, and during the nine-month period, subscriptions worth EUR 176 million were made in the two real estate funds. Within traditional asset management, the fee and commission income grew compared with the two first quarters, but was at a lower level than the year before during the nine-month period. Our portfolio management was very successful during the first nine months of the year, as 64% of the funds under our own management exceeded their benchmark indices.

During the past year, eQ has markedly improved its position as institutional asset manager in Finland. According to a study by SFR, the use of eQ as asset manager grew clearly the most, and we are the third most widely used institutional asset manager in Finland.

### Advium's result grew

Advium's net revenue increased by 50 per cent to EUR 6.3 million and the operating profit grew by 59 per cent to EUR 3.0 million. In the third quarter, Advium acted as advisor in one finalised transaction when the DEGI Europe Fund managed by Aberdeen sold Tieto's head office property to Veritas Pension Insurance Company. The market continues to be very active, and no change is visible in the market situation. In September, Advium was ranked the best Finnish investment bank in the real estate sector in an enquiry by the distinguished Euromoney magazine already for the 10<sup>th</sup> time.

### The result of the Investments segment almost at previous year's level

The net revenue and operating profit of the Investments segment grew in the third quarter, as compared with the two previous quarters. The net revenue and operating profit for the nine-month period were almost at the same level as the year before, i.e. EUR 1.3 million (EUR 1.4 million from 1 Jan. to 30 Sept. 2015). The net cash flow from investments was EUR 2.4 million (EUR 6.2 million).

### eQ's market position is very good

Political and economic uncertainty in Europe, the presidential election in the U.S. and the Brexit negotiations are themes that investors will monitor during coming months. Regardless of their outcome, we believe that eQ has an excellent position in the asset management market based on its strong market position within real



estate and private equity asset management. In addition, the eQ Forest fund established in the third quarter is well suited for the present market situation. Together with traditional asset management, the above mentioned cornerstones lay a good foundation for the future development of our business operations. The strong market position of Advium also offers good preconditions for the future.

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eQ's interim report 1 January to 30 September 2016 is enclosed to this release and it will also be 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 8.4 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 INTERIM REPORT 1 JAN. TO 30 SEPT. 2016

## Result of operations and financial position 1 January to 30 September 2016

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## Operating environment

In the third quarter of 2016, Europe concentrated on observing the first impacts of Brexit, and the stress tests of banks were also in headlines – fortunately without any negative surprises. In the U.S., the market paid increasing attention to the upcoming presidential election, and poll results began influencing the market. In emerging markets, there was a coup attempt in Turkey, and in Brazil the president was dismissed.

Despite the large number of political risks in the third quarter, market development was positive. After the Brexit decision, the Bank of England calmed down the market quickly and resolutely. The information about economies also mainly corresponded to expectations. Above all in the U.S., but in Finland as well, the Q2 results corresponded to expectations fairly well, but otherwise the result development in Europe was clearly below forecasts. Particularly in the energy and banking sectors, the results were a disappointment world-wide.

All major equity market indices rose in the third quarter. The stock exchange in Finland rose by no less than 9.9%, the overall index for emerging markets by 7.8%, Japan by 7.4%, Europe by 4.2%, and the U.S. by 2.5% calculated in euros (in dollars by 3.7%). Measured since the beginning of the year, growth was headed by the index for emerging markets, which rose by 12.2%. In Finland, growth was 8.8% and in the U.S. 3.7% measured in euros. However, the share prices in Europe and Japan have fallen from the beginning of the year – in Europe by -3.3% and in Japan by -0.9%.

Bond investments continued to offer excellent returns. After the very strong beginning of the year, the return development of above all low-risk bond indices began to level out, and for example the return of the euro government bond index in the third quarter was 0.8%, since the beginning of the year 6.5%. The return of investment grade bonds was 1.9% during the quarter and 6.1% since the beginning of the year, and that of high yield loans 4.2%, since the beginning of the year 8.1%. The return of emerging market corporate loans was 2.7% and since the beginning of the year no less than 10.2%.



## Major events during the period under review

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 on 31 August 2016 due to shares subscribed for with options.

## Group net revenue and result development

During the period under review, the Group's net revenue totalled EUR 26.2 million (EUR 21.7 million from 1 Jan. to 30 Sept 2015). The Group's net fee and commission income increased to EUR 24.7 million (EUR 20.1 million). The Group's net investment income from own investment operations was EUR 1.5 million (EUR 1.6 million).

The Group's expenses and depreciation totalled EUR 14.1 million (EUR 12.2 million). Personnel expenses were EUR 10.7 million (EUR 9.0 million), other administrative expenses totalled EUR 1.4 million (EUR 1.3 million), and the other operating expenses were EUR 1.5 million (EUR 1.4 million). The personnel expenses grew from the previous year due to return-related remuneration and the accrued expense of EUR 0.4 million related to the new 2015 option scheme. The option scheme accrual has no cash flow effect on the Group. Depreciation was EUR 0.5 million (EUR 0.5 million). Depreciation includes EUR 0.3 million (EUR 0.4 million) in depreciation of customer agreements allocated to intangible assets in connection with corporate acquisitions. The customer agreements will have been depreciated in their entirety in January 2017.

The Group's operating profit was EUR 12.1 million (EUR 9.5 million) and the profit for the period was EUR 9.5 million (EUR 7.5 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 its subsidiaries, the most important of which is eQ Fund Management Company Ltd.

#### *Mutual funds and asset management*

At the end of September, eQ had 27 mutual funds registered in Finland. In the third quarter, eQ's fixed-income funds continued to give good returns. The returns of the fixed-income funds were also excellent since the beginning of the year, and the returns of the eQ EM Corporate Bond LC and eQ High Yield funds, for instance, were round 10 per cent during the nine-month period. Only the returns of money market funds were round zero owing to the low interest rate level. The Morningstar classifications of eQ's fixed-income funds exceed four stars on an average.

Equity funds also gave good returns in the third quarter, as the market recovered quickly from the uncertainty caused by the Brexit election in the UK. The returns of almost all equity funds were round 10 per cent in the third quarter. The best development since the beginning of the year was seen in the emerging market equity funds eQ Russia, eQ Emerging Dividend and eQ Emerging Asia. The returns varied from about ten to even over twenty per cent. The poorest returns came from equity funds investing in Europe, both in the third quarter and since the beginning of the year. The value change since the beginning of January was round zero. The best returns as compared with the benchmark indices came from the eQ Frontier and eQ Emerging Dividend funds. Of the funds managed by eQ, 64 per cent surpassed their benchmark indices in the nine-month period and 86 per cent in the past three years. The returns of the discretionary asset management portfolios that eQ manages varied based on the allocation of the investment portfolio from 3 to 6 per cent.



Sales in the first three quarters were especially good for eQ's Real Estate funds. The assets managed by eQ funds registered in Finland increased by EUR 264 million since the beginning of the year. At the end of the quarter, the assets in eQ's funds totalled EUR 1 846 million (EUR 1 582 million on 31 December 2015).

### *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, and almost 80 investors joined the eQ PE VIII North fund, 38 of which are new investors in eQ's private equity funds. Four commitments have already been made from the fund in new funds to be established, and the fund has also bought from the secondary market a portfolio of German companies at a mature stage. In the second quarter, two new mandates were signed, and eQ established a non-UCITS fund structure registered in Finland for them. The assets managed under private equity operations grew during the nine-month period and amounted to EUR 4 199 million at the end of the quarter (EUR 3 639 million on 31 Dec. 2015).

### *Real estate investments*

The strong growth of the eQ Finnish Real Estate Fund continued, and the value of the new subscriptions made at the end of the third quarter exceeded EUR 21 million. The size of the fund at the end of the quarter was EUR 218 million, and its real estate property almost EUR 275 million. The investment operations of the fund have been extremely successful, and the return since establishment was 9.8 per cent p.a. at the end of the quarter. The fund already has more than 1 000 unit holders.

The eQ Care Fund also grew considerably during the quarter, and new subscriptions totalling EUR 16 million were made in the fund. At the end of the quarter, the size of the fund was already EUR 361 million and its real estate assets totalled EUR 460 million. The return of the fund since establishment was about 8.7 per cent p.a. at the end of the quarter, and the fund already has almost 2 200 unit holders.

During the quarter, eQ also established a new non-UCITS fund that is especially designed for institutions, eQ Forest. The fund makes investments in Finnish forests, and during the third quarter it made its first forest deals for approximately EUR 5 million. The aim is to increase the forest property of the fund to approximately EUR 50 million by the end of 2017.

eQ's real estate funds accept subscriptions four times a year and redemptions twice a year.

### *Assets under management and clients*

At the end of the quarter, the assets managed by eQ Asset Management totalled EUR 8 443 million. The assets increased by a little more than EUR 800 million since 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 1 846 million (EUR 1 582 million). Mutual funds managed by international partners and other assets covered by asset management operations totalled EUR 2 397 million (EUR 2 412 million). The assets managed under private equity funds and asset management totalled EUR 4 199 million (EUR 3 639 million). EUR 2 755 million (EUR 2 421 million) of these assets were covered by the reporting service.

### *Result of the Asset Management segment*

During the period under review, the net revenue of the Asset Management segment increased by 15 per cent and the operating profit by 20 per cent to EUR 8.8 million (EUR 7.3 million from 1 Jan. to 30 Sept. 2015). The fee and commission income of the segment increased by 15 per cent during the period under review. 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. These option scheme expenses were approximately EUR 0.3 million during the period. The Asset Management segment had 66 employees at the end of the period, comprising four persons with part-time, fixed-term employment. Calculated as full-time resources, the number of personnel in the segment was 60 at the end of the period.



Asset Management	1-9/16	1-9/15	Change %	7-9/16	7-9/15	Change %	1-12/15
Net revenue, M€	18.6	16.2	15%	6.5	5.0	30%	21.7
Operating profit, M€	8.8	7.3	20%	3.4	2.4	44%	9.6
Assets under management, € billion	8.4	7.4	14%	8.4	7.4	14%	7.6
Cost/income ratio, %	51.3	52.5	-2%	45.6	49.9	-9%	53.5
Personnel	66	61	8%	66	61	8%	63

Fee and commission income, Asset Management, M€	1-9/16	1-9/15	Change %	7-9/16	7-9/15	Change %	1-12/15
Management fees from traditional asset management	5.7	6.9	-18%	2.0	2.2	-9%	9.0
Real estate and private equity management fees	10.0	6.2	61%	3.7	2.3	58%	8.7
Other fee and commission income	0.3	0.8	-69%	0.0	0.1	-75%	1.0
Performance fees	2.8	2.4	16%	0.8	0.4	98%	3.2
Total	18.7	16.3	15%	6.5	5.1	29%	22.0

## 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 result of the Brexit election at the end of June scared the market momentarily, but the continuously low interest rates and good availability of financing have maintained a high activity among corporate and real estate transactions.

In the third quarter, Advium acted as advisor in one finalised transaction. Advium acted as advisor to the seller when the DEGI Europe Fund managed by Aberdeen and owned by Commerzbank sold Tieto's head office property in Lassila, Helsinki, to Veritas Pension Insurance Company.

Advium's activity in the transaction market was once more recognised as Advium Corporate Finance was ranked as the best Finnish investment bank in the real estate sector in an enquiry by the distinguished Euromoney magazine. Advium has already been ranked as the best transaction advisor or real estate investment bank in Euromoney's annual enquiry ten times since 2005.

### Result of the Corporate Finance segment

Advium's net revenue during the period under review was EUR 6.3 million (EUR 4.2 million from 1 Jan. to 30 Sept. 2015). Operating profit was EUR 3.0 million (EUR 1.9 million). The number of personnel in the Corporate Finance segment was 13 at the end of the period.

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	1-9/16	1-9/15	Change %	7-9/16	7-9/15	Change %	1-12/15
Net revenue, M€	6.3	4.2	50%	0.5	1.1	-53%	7.0
Operating profit, M€	3.0	1.9	59%	0.0	0.5	-99%	3.4
Cost/income ratio, %	51.0	54.5	-6%	89.4	56.5	58%	51.8
Personnel	13	12	8%	13	12	8%	12



## Investments

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

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.

During the period under review, the net revenue of the Investments segment totalled EUR 1.3 million (EUR 1.4 million from 1 Jan. to 30 Sept. 2015). At the end of the period, the fair value of the private equity investments was EUR 20.6 million (EUR 22.5 million on 31 Dec. 2015) and the amount of the remaining investment commitments was EUR 11.3 million (EUR 10.3 million). Of the market value, 68 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 2.7 million (EUR 5.9 million from 1 Jan. to 30 Sept. 2015) and distributed a profit of EUR 1.9 million (EUR 2.0 million). Capital calls totalled EUR 2.2 million (EUR 1.7 million). The net cash flow from investments during the period was EUR 2.4 million (EUR 6.2 million). The Group's internal management fee expenses, which are included in the result of the Investments segment, totalled EUR 0.2 million (EUR 0.2 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 30 Sept. June 2015).

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).

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	1-9/16	1-9/15	Change %	7-9/16	7-9/15	Change %	1-12/15
Net revenue, M€	1.3	1.4	-7%	0.8	0.6	33%	1.8
Operating profit, M€	1.3	1.4	-7%	0.8	0.6	33%	1.8
Fair value of investments, M€	20.6	23.0	-10%	20.6	23.0	-10%	22.5
Investment commitments, M€	11.3	12.3	-8%	11.3	12.3	-8%	10.3

## Balance sheet and solvency

At the end of the period under review, the consolidated balance sheet total was EUR 70.7 million (EUR 80.9 million on 31 Dec. 2015). At the end of the period, the shareholders' equity was EUR 61.0 million (EUR 70.0 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 9.5 million, the change in the fair value reserve of EUR -0.8 million, the dividend distribution of EUR -11.0 million, the return of capital of EUR -7.3 million from the reserve for invested unrestricted equity as well as the subscription of new shares with option rights of EUR 0.2 million. The changes are specified in detail in the tables attached to this release.

At the end of the period, liquid assets totalled EUR 7.1 million (EUR 16.6 million) and liquid investments in mutual funds EUR 5.0 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 under review, the Group had no interest-bearing liabilities (EUR 0.0 million). Interest-free long-term debt, which consists of the deferred tax liability, at the end of the period was EUR 0.4 million (EUR 0.6 million) and interest-free short-term debt EUR 9.3 million (EUR 10.3 million). eQ's equity to assets ratio was 86.3% (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 20.5% (19.8% on 31 Dec. 2015) at the end of September. The minimum requirement for own funds is 8 per cent, while the Group's target is at least 12 per cent. At the end of the period, the Group's own funds based on solvency calculations totalled EUR 22.0 million (EUR 21.8 million on 31 Dec. 2015), and the risk-weighted items were EUR 107.4 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 30 September 2016, the number of eQ Plc's shares was 36 927 198 and the share capital was EUR 11 383 873. eQ Plc's number of shares increased by 200 000 on 31 August 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, which was entered in the reserve for invested unrestricted equity.

The closing price of eQ Plc's share on 30 September 2016 was EUR 6.58 (EUR 6.50 on 31 Dec. 2015). The market capitalisation of the company was thus EUR 243.0 million (EUR 238.7 million) at the end of the period. During the period, 6 700 712 shares were traded on Nasdaq Helsinki (7 983 372 shares from 1 Jan. to 30 Sept. 2015).

## Own shares

At the end of the period, on 30 September 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 30 September 2016

	Shares	Share, %
1 Fennogens Investements SA	6 973 137	18.88
2 Chilla Capital S.A.	5 322 635	14.41
3 Umo Capital Oy	3 779 286	10.23
4 Anchor Oy Ab	3 733 677	10.11
5 Teamet Oy	3 700 000	10.02
6 Oy Cevante Ab	1 419 063	3.84
7 Fazer Jan	1 360 709	3.68
8 Linnalex Ab	681 652	1.85
9 Lavventura Oy	550 000	1.49
10 Pinomonte Ab	529 981	1.44
10 major shareholders, total	28 050 140	75.96
Nominee registered	253 551	0.69
Other shares	8 623 507	23.35
Total	36 927 198	100.00

On 30 September 2016, eQ Plc had 4 556 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 570 000 had been exercised by the end of the period. The number of outstanding options was 1 130 000 at the end of the period. No options of the option scheme 2010 can any longer be allocated. Options of the option scheme 2010 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, altogether 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 return of capital of EUR 0.20 from the reserve for invested unrestricted equity be paid out. The dividend and return of capital 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 capital return was 8 April 2014.

### 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 new member of 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 was 84 (81 on 31 December 2015). The Asset Management segment had 66 (63) employees and the Corporate Finance segment 13 (12) employees. Group administration had 5 (6) employees. The personnel of the Asset Management segment comprises four person with part-time, fixed-term employment. Calculated as full-time resources, the Group had 78 employees at the end of the period.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 10.7 million (EUR 9.0 million from 1 Jan. to 30 Sept. 2015). The salary expenses grew from the previous year due to result-related remuneration and the accrued expense of EUR 0.4 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 highly 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.

## Events after the period under review

After the period under review, Advium acted as advisor in two completed transactions.

eQ Plc  
Board of Directors



## TABLES

### Principles for drawing up the report

The interim report has been prepared in accordance with IFRS standards and the IAS 34 Interim Reports standard, approved by the EU.

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

The interim report has not been audited.

### CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-9/16	1-9/15	7-9/16	7-9/15	1-12/15
Fee and commission income	24 802	20 312	6 965	6 083	28 704
Net income from foreign exchange dealing	-	-20	-	-23	-16
Interest income	2	2	1	0	2
Net income from available-for-sale financial assets	1 525	1 624	889	689	2 061
Operating income, total	26 329	21 918	7 854	6 749	30 752
Fee and commission expenses	-151	-180	-52	-56	-232
Interest expenses	0	0	0	3	0
NET REVENUE	26 177	21 738	7 802	6 696	30 520
Administrative expenses					
Personnel expenses	-10 670	-8 960	-2 722	-2 439	-12 661
Other administrative expenses	-1 445	-1 315	-422	-378	-1 936
Depreciation on tangible and intangible assets	-501	-554	-159	-185	-742
Other operating expenses	-1 451	-1 409	-464	-466	-1 956
Impairment losses of other financial assets	-50	-	-50	-	-
OPERATING PROFIT (LOSS)	12 061	9 500	3 984	3 228	13 225
PROFIT BEFORE TAXES	12 061	9 500	3 984	3 228	13 225
Income tax	-2 518	-1 962	-826	-671	-2 755
PROFIT (LOSS) FOR THE PERIOD	9 543	7 538	3 158	2 557	10 470



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-9/16	1-9/15	7-9/16	7-9/15	1-12/15
Other comprehensive income:					
Items that may be reclassified subsequently to the income statement:					
Available-for-sale financial assets, net	-754	229	-417	-677	226
Translation differences	-	17	-	18	-14
Other comprehensive income after taxes	-754	247	-417	-658	211
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>8 788</b>	<b>7 784</b>	<b>2 741</b>	<b>1 899</b>	<b>10 681</b>
Profit for the period attributable to:					
Equity holders of the parent company	9 543	7 538	3 158	2 557	10 470
Non-controlling interests	-	-	-	-	-
Comprehensive income for the period attributable to:					
Equity holders of the parent company	8 788	7 784	2 741	1 899	10 681
Non-controlling interests	-	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:					
Earnings per average share, EUR	0.26	0.21	0.09	0.07	0.29
Diluted earnings per average share, EUR	0.25	0.20	0.09	0.07	0.28



## CONSOLIDATED BALANCE SHEET, EUR 1 000

	30.9.2016	30.9.2015	31.12.2015
<b>ASSETS</b>			
Liquid assets	54	43	53
Claims on credit institutions	7 081	13 030	16 571
Available-for-sale financial assets			
Financial securities	5 030	5 044	5 042
Private equity investments	20 596	22 953	22 456
Intangible assets	29 549	30 057	29 960
Tangible assets	396	413	393
Other assets	6 534	3 226	5 070
Accruals and prepaid expenditure	794	755	860
Income tax receivables	386	124	271
Deferred tax assets	284	262	220
<b>TOTAL ASSETS</b>	<b>70 703</b>	<b>75 908</b>	<b>80 896</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Other liabilities	2 780	2 941	2 874
Accruals and deferred income	6 058	4 115	6 099
Income tax liabilities	413	1 193	1 284
Deferred tax liabilities	410	696	637
<b>TOTAL LIABILITIES</b>	<b>9 661</b>	<b>8 945</b>	<b>10 895</b>
<b>EQUITY</b>			
Attributable to equity holders of the parent company:			
Share capital	11 384	11 384	11 384
Fair value reserve	-54	704	700
Translation difference	-	32	-
Reserve for invested unrestricted equity	34 806	41 929	41 929
Retained earnings	5 364	5 376	5 518
Profit (loss) for the period	9 543	7 538	10 470
<b>TOTAL EQUITY</b>	<b>61 042</b>	<b>66 963</b>	<b>70 001</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>70 703</b>	<b>75 908</b>	<b>80 896</b>



## CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-9/2016	1-9/2015	1-12/2015
<b>CASH FLOW FROM OPERATIONS</b>			
Operating profit	12 061	9 500	13 225
Depreciation and write-downs	856	982	1 170
Interest income and expenses	-2	-2	-2
Transactions with no related payment transactions	394	69	188
Available-for-sale investments, change	554	3 178	3 667
<b>Change in working capital</b>			
Business receivables, increase (-) / decrease (+)	-1 399	2 883	978
Interest-free debt, increase (+) / decrease (-)	-1 399	-1 263	652
Total change in working capital	-2 798	1 621	1 630
Cash flow from operations before financial items and taxes	11 065	15 348	19 878
Interests received	2	2	2
Interests paid	0	0	0
Taxes	-2 322	-1 070	-1 979
<b>CASH FLOW FROM OPERATIONS</b>	<b>8 745</b>	<b>14 280</b>	<b>17 902</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in intangible and tangible assets	-93	-127	-198
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-93</b>	<b>-127</b>	<b>-198</b>
<b>CASH FLOW FROM FINANCING</b>			
Dividends/capital returns paid	-18 364	-18 364	-18 364
Income from share issue	222	-	-
<b>CASH FLOW FROM FINANCING</b>	<b>-18 142</b>	<b>-18 364</b>	<b>-18 364</b>
<b>INCREASE/DECREASE IN LIQUID ASSETS</b>	<b>-9 489</b>	<b>-4 210</b>	<b>-659</b>
Liquid assets on 1 Jan.	16 623	17 283	17 283
Liquid assets on 30 Sept./31 Dec.	7 134	13 073	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					7 538	7 538	7 538
Other comprehensive income							
Available-for-sale financial assets			229			229	229
Translation differences				17		17	17
Total comprehensive income			229	17	7 538	7 784	7 784
Dividend/return of capital		-11 018			-7 345	-18 364	-18 364
Options granted					52	52	52
Other changes					21	21	21
Shareholders' equity on 30 Sept. 2015	11 384	41 929	704	32	12 914	66 963	66 963

Shareholders' equity on 1 Jan 2016	11 384	41 929	700	0	15 988	70 001	70 001
Profit (loss) for the period					9 543	9 543	9 543
Other comprehensive income							
Available-for-sale financial assets			-754			-754	-754
Total comprehensive income			-754	0	9 543	8 788	8 788
Dividend/return of capital		-7 345			-11 018	-18 364	-18 364
Share issue		222				222	222
Options granted					394	394	394
Shareholders' equity on 30 Sept. 2016	11 384	34 806	-54	0	14 907	61 042	61 042



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

	1–9/16	1–9/15	7–9/16	7–9/15	1–12/15
Asset management fees					
Management fees from traditional asset management	5 681	6 896	1 989	2 196	8 976
Real estate and private equity management fees	9 812	6 021	3 631	2 269	8 431
Other fee and commission income	259	833	30	117	1 033
Performance fees	2 754	2 367	801	404	3 235
Total	18 505	16 117	6 450	4 987	21 675
Corporate finance fees	6 297	4 195	514	1 096	7 029
Fee and commission income, total	24 802	20 312	6 965	6 083	28 704

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

	30 Sept. 2016		30 Sept. 2015		31 Dec. 2015	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Financial assets						
Available-for-sale financial assets						
Private equity investments	20 596	20 596	22 953	22 953	22 456	22 456
Financial securities	5 030	5 030	5 044	5 044	5 042	5 042
Accounts receivable and other receivables	276	276	386	386	1 427	1 427
Liquid assets	7 134	7 134	13 073	13 073	16 623	16 623
Total	33 036	33 036	41 455	41 455	45 549	45 549
Financial liabilities						
Accounts payable and other liabilities	492	492	873	873	428	428
Total	492	492	873	873	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

	30 Sept. 2016		30 Sept. 2015		31 Dec. 2015	
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 3
Available-for-sale financial assets						
Private equity investments	-	20 596	-	22 953	-	22 456
Financial securities	5 030	-	5 044	-	5 042	-
Total	5 030	20 596	5 044	22 953	5 042	22 456



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

1-9/2016	Private equity investments
Opening balance on 1 Jan. 2016	22 456
Calls	2 159
Returns	-2 741
Impairment loss	-305
Change in fair value	-973
Closing balance on 30 Sept. 2016	20 596

1-9/2015	Private equity investments
Opening balance on 1 Jan. 2015	27 260
Calls	1 728
Returns	-5 910
Impairment loss	-428
Change in fair value	303
Closing balance on 30 Sept. 2015	22 953

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
Closing balance on 31 Dec. 2015	22 456

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*	
	30.9.16	31.12.15	30.9.16	31.12.15	30.9.16	31.12.15
Funds managed by eQ:						
Funds of funds:						
eQ PE VIII North LP	208	-	208	-	0	-
eQ PE VII US LP	220	192	269	186	-49	6
eQ PE VI North LP	729	364	845	419	-116	-55
Amanda V East LP	2 704	2 007	3 187	2 503	-482	-496
Amanda IV West LP	3 116	3 585	2 605	2 979	510	607
Amanda III Eastern PE LP	6 851	6 993	6 343	6 189	507	803
Eur Fund Inv. LP (EFI II)	241	257	346	351	-105	-94
Total	14 069	13 399	13 804	12 627	265	772
Funds managed by others:						
Large buyout funds	3 481	5 474	3 441	4 942	40	532
Midmarket funds	1 813	2 234	2 196	2 698	-383	-465
Venture funds	1 234	1 349	1 232	1 292	2	58
Total	20 596	22 456	20 672	21 558	-76	897

\*Unrealised value change before taxes

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

	Investment commitment	
	30.9.16	31.12.15
Funds managed by eQ:		
Funds of funds:		
eQ PE VIII North LP	2 792	-
eQ PE VII US LP	2 416	2 563
eQ PE VI North LP	1 997	2 432
Amanda V East LP	1 460	2 170
Amanda IV West LP	635	646
Amanda III Eastern PE LP	321	744
Eur Fund Inv. LP (EFI II)	35	35
Total	9 657	8 590
Funds managed by others:		
Large buyout funds	289	355
Midmarket funds	1 216	1 255
Venture funds	115	115
Total	11 277	10 316



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

	30.9.16	31.12.15
-2000	575	691
2001-2005	1 597	2 188
2006-2010	17 267	19 021
2011-	1 157	556
Total	20 596	22 456

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

	30.9.16	31.12.15
-2000	115	115
2001-2005	807	818
2006-2010	3 150	4 388
2011-	7 205	4 995
Total	11 277	10 316



## SEGMENT INFORMATION, EUR 1 000

1-9/16	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	18 505	6 297	-	-		24 802
From other segments	225	-	-	-	-225	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	2		2
Net income from available-for-sale financial assets	-	-	1 525	-		1 525
Other operating income	-	-	-	-		-
From other segments	-	-	-	58	-58	-
Operating income, total	18 730	6 297	1 525	60	-283	26 329
Fee and commission expenses	-143	-	-	-8		-151
To other segments	-	-	-225	-	225	-
Interest expenses	-	-	-	0		0
NET REVENUE	18 587	6 297	1 300	51	-58	26 177
Administrative expenses						
Personnel expenses	-7 335	-2 730	-	-604		-10 670
Other administrative expenses	-1 059	-260	-	-184	58	-1 445
Depreciation on tangible and intangible assets	-462	-17	-	-22		-501
Other operating expenses	-979	-206	-	-266		-1 451
Impairment losses of other financial assets	-	-50	-	-		-50
OPERATING PROFIT (LOSS)	8 752	3 033	1 300	-1 024	0	12 061
Income tax						-2 518
PROFIT (LOSS) FOR THE PERIOD				-1 024		9 543

1-9/15	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	16 117	4 195	-	-		20 312
From other segments	225	-	-	-	-225	-
Net income from foreign exchange dealing	-20	-	-	0		-20
Interest income	-	-	-	2		2
Net income from available-for-sale financial assets	-	-	1 624	0		1 624
Other operating income	-	-	-	-		-
From other segments	-	-	-	58	-58	-
Operating income, total	16 322	4 195	1 624	60	-283	21 918
Fee and commission expenses	-171	-	-	-9		-180
To other segments	-	-	-225	-	225	-
Interest expenses	-	-	-	0		0
NET REVENUE	16 151	4 195	1 399	51	-58	21 738



1-9/15	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Administrative expenses						
Personnel expenses	-6 402	-1 861	-	-697		-8 960
Other administrative expenses	-969	-197	-	-207	58	-1 315
Depreciation on tangible and intangible assets	-512	-18	-	-25		-554
Other operating expenses	-956	-210	-	-243		-1 409
<b>OPERATING PROFIT (LOSS)</b>	<b>7 312</b>	<b>1 909</b>	<b>1 399</b>	<b>-1 120</b>	<b>0</b>	<b>9 500</b>
Income tax				-1 962		-1 962
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-3 082</b>		<b>7 538</b>

7-9/16	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	6 450	514	-	-		6 965
From other segments	75	-	-	-	-75	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	1		1
Net income from available-for-sale financial assets	-	-	889	-		889
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
<b>Operating income, total</b>	<b>6 525</b>	<b>514</b>	<b>889</b>	<b>20</b>	<b>-94</b>	<b>7 854</b>
Fee and commission expenses	-50	-	-	-2		-52
To other segments	-	-	-75	-	75	-
Interest expenses	-	-	-	0		0
<b>NET REVENUE</b>	<b>6 475</b>	<b>514</b>	<b>814</b>	<b>18</b>	<b>-19</b>	<b>7 802</b>
Administrative expenses						
Personnel expenses	-2 279	-297	-	-147		-2 722
Other administrative expenses	-309	-86	-	-46	19	-422
Depreciation on tangible and intangible assets	-145	-7	-	-7		-159
Other operating expenses	-308	-71	-	-86		-464
Impairment losses of other financial assets	-	-50	-	-		-50
<b>OPERATING PROFIT (LOSS)</b>	<b>3 434</b>	<b>4</b>	<b>814</b>	<b>-268</b>	<b>0</b>	<b>3 984</b>
Income tax				-826		-826
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-1 094</b>		<b>3 158</b>



7-9/15	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	4 987	1 096	-	-		6 083
From other segments	75	-	-	-	-75	-
Net income from foreign exchange dealing	-23	-	-	0		-23
Interest income	-	-	-	0		0
Net income from available-for-sale financial assets	-	-	689	0		689
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	5 039	1 096	689	19	-94	6 749
Fee and commission expenses	-53	-	-	-3		-56
To other segments	-	-	-75	-	75	-
Interest expenses	-	-	-	3		3
NET REVENUE	4 986	1 096	614	19	-19	6 696
Administrative expenses						
Personnel expenses	-1 815	-479	-	-145		-2 439
Other administrative expenses	-288	-65	-	-44	19	-378
Depreciation on tangible and intangible assets	-172	-6	-	-7		-185
Other operating expenses	-329	-69	-	-68		-466
OPERATING PROFIT (LOSS)	2 382	477	614	-245	0	3 228
Income tax				-671		-671
PROFIT (LOSS) FOR THE PERIOD				-916		2 557



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		-16
Interest income	-	-	-	2		2
Net income from available-for-sale financial assets	-	-	2 061	0		2 061
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	0
Operating income, total	21 960	7 029	2 061	79		30 752
Fee and commission expenses	-220	-	-	-12		-232
To other segments	-	-	-300	-	300	0
Interest expenses	-	-	-	0		0
NET REVENUE	21 740	7 029	1 761	67		30 520
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
OPERATING PROFIT (LOSS)	9 647	3 391	1 761	-1 573		13 225
Income tax				-2 755		-2 755
PROFIT (LOSS) FOR THE PERIOD				-4 328		10 470

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 30 Sept. 2016 eQ Group	CRR 31 Dec. 2015 eQ Group
Own capital	61 042	70 001
Common equity tier 1 (CET 1) before deductions	61 042	70 001
Deductions from CET 1		
Intangible assets	-29 531	-29 882
Unconfirmed profit for the period	-9 543	-10 470
Dividend proposal by the Board*	0	-7 894
Common equity tier 1 (CET1)	21 968	21 755
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	21 968	21 755
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	21 968	21 755
Risk-weights, total	107 376	110 066
of which credit risk	56 273	58 577
of which market risk - currency risk	5 024	5 411
of which operative risk	46 078	46 078
Common equity tier 1 (CET1) / risk-weights, %	20.5 %	19.8 %
Tier 1 (T1) / risk-weights, %	20.5 %	19.8 %
Total capital (TC) / risk weights, %	20.5 %	19.8 %
Minimum solvency ratio, %	41.9 %	35.5 %
Excess of total capital compared with the minimum level (8% solvency ratio)	13 378	12 950
Excess of total capital compared with the target level (12% solvency ratio)	9 083	8 547

\*The dividend and return of capital proposed by the Board for the part that exceeds the profit for the period.



## GROUP KEY RATIOS

	30 Sept. 2016	30 Sept. 2015	31 Dec. 2015
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	9 543	7 538	10 470
Earnings per average share, EUR	0.26	0.21	0.29
Diluted earnings per average share, EUR	0.25	0.20	0.28
Equity per share, EUR	1.65	1.82	1.91
Equity per average share, EUR *)	1.66	1.82	1.91
Return on investment, ROI % p.a.	19.4	13.9	14.2
Return on equity, ROE % p.a.	19.4	13.9	14.2
Equity to assets ratio, %	86.3	88.2	86.5
Cost/income ratio, Group, %	52.6	54.7	55.1
Share price at the end of the period, EUR	6.58	4.95	6.50
Market value, EUR million	243.0	181.8	238.7
Number of personnel at the end of the period	84	79	81

\*) 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 30 September 2016, eQ's remaining commitments in private equity funds totalled EUR 11.3 million (EUR 10.3 million on 31 Dec. 2015). Other commitments at the end of the period totalled EUR 2.4 million (EUR 2.9 million on 31 Dec. 2015).