

Vuosikertomus 2005
Annual Report



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eQ – Täyden palvelun investointipankki

eQ – a Full-service Investment Bank

eQ is a Finnish Full-service Investment Bank. eQ provides and develops investment banking, banking and investment services for demanding customers. The eQ Corporation share is listed on the Main list of the Helsinki Stock Exchange.

The business areas of eQ Group are securities brokerage services, asset management services, corporate finance services and hosting services.

eQ Bank is the biggest domestic securities broker on the Helsinki Stock Exchange. The eQ Online service, provided by eQ Bank, has been ranked as the best online securities brokerage service in Finland for several years. eQ's institutional brokerage provides brokerage services for institutional investors. High-quality, comprehensive research and market-making support the brokerage operations.

Asset management services, ranging from individual asset management to mutual funds, are provided for private and institutional investors. Competitive deposit and loan products are also a part of the bank's product portfolio.

Advium Corporate Finance, eQ Bank's corporate finance unit, advises large and medium-sized corporations in M&A, real estate and capital market transactions.

The eQ subsidiary, Xenetic Ltd, offers IT hosting services for customers whose criteria for availability of data communications and IT is high. Xenetic also manages the systems of eQ Bank on a 24/7 basis.

eQ on suomalainen täyden palvelun investointipankki. eQ tarjoaa ja kehittää investointipankki-, pankki- ja sijoituspalveluja vaativille asiakkaille. eQ:n osake on noteerattu Helsingin Pörssin Päälistalla.

eQ-konsernin liiketoiminta-alueet ovat arvopaperinvälityspalvelut, varainhoitopalvelut, corporate finance -palvelut sekä hosting-palvelut.

eQ Pankki on suurin suomalainen arvopaperinvälittäjä Helsingin Pörssissä. eQ Pankin tarjoama eQ Online -palvelu on useina vuosina peräkkäin valittu Suomen parhaaksi online-osakevälityspalveluksi. Institutionaalisia sijoittajia palvelee osakkeiden ja johdannaisten instituutiovälityspalvelu. Välitystoimintaa tukee eQ Pankin laaja ja laadukas sijoitustutkimus sekä markkinatakaustoiminta.

eQ Pankin varainhoitoyksikkö tarjoaa kattavat varainhoitopalvelut yksityishenkilöille ja instituutioille yksilöllisestä varainhoidosta sijoitusrahastoihin. Kilpailukyiset talletukset ja lainat kuuluvat myös pankin tuotevalikoimaan.

eQ Pankin corporate finance -yksikkö Advium Corporate Finance palvelee suuria ja keskisuuria yrityksiä yrityskaupoissa, suurissa kiinteistökaupoissa ja pääomamarkkinatransaktioissa.

Konserniin kuuluva hosting-palveluyritys Xenetic Oy tarjoaa IT-käyttöpalveluja asiakkaille, joilla on korkeat vaatimukset tietoliikenteen ja -tekniikan saatavuudelle ja käytettävyydelle. Xenetic hallinnoi myös eQ Pankin laitteistoa keskeytyksettömästi eli ns. 24x7-periaatteella.

eQ:n liiketoiminta-alueet

Business areas of eQ

Arvopaperinvälityspalvelut
Securities Brokerage Services

Online
Private Sales
Instituutiövälitys
Sijoitustutkimus

Online
Private Sales
Institutional
Research

Varainhoitopalvelut
Asset Management Services

Talletukset
Lainat
Rahastot
Yksilöllinen varainhoito

Deposits
Loans
Mutual Funds
Discretionary asset
management

Corporate finance -palvelut
Corporate Finance Services

Yrityskaupat
Pääomajärjestelyt
Neuvonanto

M&A
Capital Market transactions
Advisory

Hosting-palvelut
Hosting Services

Toiminta-ajatus, strategia ja päämäärä sekä arvot

Mission, strategy, objectives and values

Toiminta-ajatus. Tarjoamme ja kehitämme tehokkaita ja asiakaslähtöisiä investointipankkipalveluja vaativille asiakkaille.

Strategia. Toimintamme ja menestyksemme perustuvat rahoitusmarkkinoiden tuntemukseen, asiakaslähtöisyyteen ja vahvaan teknologiseen osaamiseen. Keskitymme siihen, mitä asiakkaamme meiltä odottavat; osaamiseen, luotettavuuteen, nopeuteen, turvallisuuteen ja avoimuuteen.

Päämäärä. eQ on johtava suomalainen investointipankki.

Arvot

Asiantunteva. eQ:ssa yhdistyvät finanssi-toimialan erikoisosaaminen, tekninen edelläkävijyys, luotettavat yhteistyökumppanit sekä asiakkaiden korkea vaatimustaso.

Luotettava. eQ on luotettava partneri; asiakkaan menestyminen on eQ:n toiminnan lähtökohta.

Aktiivinen. eQ tarjoaa asiakkaalle aktiivisesti tietoa ja tukea sekä huomioi asiakkaan ideat toiminnan kehittämisessä.

Luovuus. eQ uskaltaa olla erilainen ja yllättää positiivisesti.

Mission. We provide and develop efficient and customer oriented investment banking services for demanding customers.

Strategy. Our operations and success are based on our knowledge on the financial market, customer orientation and strong technological know-how. We focus on what our customers appreciate: know-how, reliability, speed, security and transparency.

Objective. eQ is the leading Finnish investment bank.

Values

Professional. In eQ, deep knowledge of financial markets, technical know-how, trustworthy business partners and high customer requirements meet.

Reliable. eQ is a reliable partner and our customers success is our driving force.

Active. eQ provides its customers proactively with information and support and values customer feed-back in improving its services.

Creativity. eQ ventures to be different and surprises positively.

Toimitusjohtajan katsaus

CEO's review

Growth. The year 2005 was successful for eQ. The group's net income increased by 44% and the operating profit was up by 193% to EUR 6.3 million. Favourable performance in the securities markets, which continued all year, and internal efficiency improvements, set the ground for the good results.

In recent years, eQ's focus has been on extending business operations and diversifying the business structure. However, 2005 was a year of consolidation. We did not start any new businesses, nor did we grow through acquisitions. Instead, we focused on integrating the newly acquired businesses into the group, and on internal measures to expand and improve the efficiency of existing operations. We have also met these targets. The new businesses are now a firm and natural part of eQ Group. At the same time we were able to grow organically while controlling the costs.

We are still aiming for strong, but controlled growth. We are also willing to make the investments that this requires. In our opinion, eQ has excellent conditions for growth. We have a strong balance sheet and all our business units are profitable.

We are the market leader in brokerage services for retail investors. We will continue to invest to further strengthen our position and we believe this will be reflected in growth and increased profitability. As the biggest domestic securities broker we also have the means to invest in better service for institutional investors and thus increase our market shares.

In Corporate Finance services we have established our position as one of the leading investment banks specialising in M&A. In large real-estate transactions we already are the market leader in Finland. There is still significant growth potential in many segments. In capital market transactions, we can combine our corporate finance know-how, our equity research and the pool of liquidity provided by our vast customer base, into a package that offers good prospects not only to our customers, but also to ourselves.

Kasvua

Vuosi 2005 oli eQ:lle menestyksekäs. Konsernin tuotot kasvoivat noin 44% ja tulos parani 193% nousten 6,3 miljoonaan euroon. Hyvän tuloskehityksen taustalla ovat koko vuoden jatkunut suotuista kehitys osakemarkkinoilla sekä vuoden aikana toteutetut tehostamistoimenpiteet.

eQ on viime vuosina panostanut merkittävästi toiminnan kasvattamiseen ja liiketoimintarakenteen monipuolistamiseen. Vuosi 2005 oli kuitenkin toimintojen konsolidoinnin vuosi. Emme aloittaneet uusia liiketoimintoja emmekä jatkaneet kasvua yrityskauppojen kautta. Keskityimme sen sijaan edellisen vuoden lopulla tehtyjen yrityskauppojen integroimiseen osaksi konsernin muodostamaa kokonaisuutta ja kaikkien liiketoimintojen kasvattamiseen ja tehostamiseen sisäisin toimenpitein. Olemme myös onnistuneet näissä tavoitteissa. Hankitut liiketoiminnat ovat nyt kiinteä ja luonteva osa konsernia. Samalla pystyimme kasvattamaan toimintaa orgaanisesti ja hallitsemaan kustannuspaineita.

Tavoitteemme on edelleen kasvaa voimakkaasti, mutta hallitusti. Olemme myös valmiit tekemään kasvun edellyttämiä panostuksia. Näkemyksemme on, että eQ:lla on erinomaiset edellytykset kasvuun. Taseemme on vahva ja kaikki toimintamme kannattavia.

Olemme markkinajohtaja yksityissijoittajille tarjottavissa arvopaperinvälityspalveluissa. Jatkamme tulevaisuudessakin panostuksia asemamme edelleen vahvistamiseksi ja uskomme, että tämä näkyy tulevaisuudessakin sekä kasvuna että parantuvana kannattavuutena. Suurimpana suomalaisena osakevälittäjänä voimme myös panostaa instituutioasiakkaiden parempaan palveluun ja siten markkinaosuutemme kasvattamiseen.

Corporate finance -toiminnassa olemme jo vakiinnuttanut asemamme yhtenä Suomen johtavista yrityskauppoihin erikoistuneista taloista. Suurissa kiinteistökaupoissa olemme jo markkinajohtaja. Molemmissa segmenteissä voimme vielä kasvaa merkittävästi. Pääomamarkkinatransaktioissa voimme yhdistää corporate finance -osaamisen, sijoitustutkimuksemme ja laajan sijoittajakuntamme mahdollistaman likviditeetin kokonaisuudeksi, joka luo mahdollisuuksia asiakkaillemme ja siten myös meille.



Vuonna 2002 aloitettu panostus pankki- ja varainhoitoliiketoimintaan on osoittautunut onnistuneeksi päätökseksi. Varallisuuden lisääntymisestä ja sijoittamisen kansainvälistymisestä johtuvan omaisuudenhoitopalveluiden kysynnän odotetaan jatkavan selvää kasvuaan lähivuosina. Pyrkimyksemme on kasvattaa osuuttamme näillä kasvavilla markkinoilla. Pankkitoiminnassa pyrimme välttämään pahiten hintakilpailulle altistuneita segmenttejä ja hyödyntämään kustannusetuamme talletuskoroissa ja muita toimintojamme tukevassa luotonannossa.

Muutoksia ja pysyvyyttä

Organisaatiossamme tapahtui merkittäviä muutoksia vuoden aikana. Konsernin monivuotinen toimitusjohtaja Jerker Molander erosi yhtiön palveluksesta helmikuussa ja konsernin pitkäaikainen varatoimitusjohtaja Timo T. Laitinen marras-kuussa. Allekirjoittanut aloitti toimitusjohtajana lokakuun alussa.

Näistä ja monista muista muutoksista huolimatta liiketoiminta kasvoi ja kannattavuus parani. Tämä on mielestäni osoitus asiakkaidemme vahvasta lojaliteetista yhtiötä, sen palveluja ja henkilökuntaa kohtaan. Se on myös vahva näyttö henkilökuntamme sitoutuneisuudesta, työmoraalista ja korkeasta ammattitaidosta.

Vuonna 2006 tavoittelemme myös muutosta. Tavoitteena on muutos, joka ilmenee palveluiden paranemisena, uusina innovatiivisina tuotteina ja asiakkaiden lukumäärän voimakkaana kasvuna. Pysyvyyttä edustakoon halumme palvella asiakkaita parhaalla mahdollisella tavalla.

Kiitän kaikkia asiakkaitamme saamastamme luottamuksesta ja henkilökuntaamme hyvin tehdystä työstä. Osakkeenomistajille mieluisin kiitos lienee hallituksen voitonjakoehdotus, joka on lajissaan yhtiön ensimmäinen.

Helsingissä 8. maaliskuuta 2006

Antti Mäkinen
Toimitusjohtaja

The decision made in 2002 to invest in banking and asset management operations has proven to be excellent. Following the increased wealth and internationalisation of investments, the demand for asset management services is expected to continue to increase in the coming years. Our aim is to increase our share in these expanding markets. In banking operations our aim is to avoid the segments most exposed to price competition and exploit our cost-effectiveness in deposits and in lending products, which also supports our other products.

Changes and stability. Significant changes took place in our organisation during the year. The group's CEO of many years, Jerker Molander, resigned in February and the group's long-standing deputy managing director Timo T. Laitinen resigned in November. The undersigned started as CEO at the beginning of October.

Regardless of these and many more changes, business operations grew and the profitability increased. I consider this to be a sign of our customers' strong loyalty to the company, its products and employees. It is also strong evidence of the high commitment, work ethic and skills of our staff.

In 2006 we are also aiming for change, which will be expressed through improved services, new innovative products and a substantial increase in customer numbers. Only our willingness to continue serving our customers in the best possible way will remain constant.

I would like to thank all our customers for their trust and our personnel for a job well done. For our shareholders, the best indication of appreciation is probably the board's proposal for a dividend, which will be the first in the history of the company.

Helsinki 8 March, 2006

Antti Mäkinen
CEO

Vuosi 2005 lyhyesti

Year 2005 in brief

Year 2005 was extremely successful for eQ. The consolidated total group income increased significantly (44 per cent) compared to the previous year and the operating profit was a record EUR 6.3 million. The acquisitions of institutional brokerage and corporate finance services, which took place at the end of year 2004, had a substantial effect on the increase. Also the income from eQ's other business areas increased considerably. eQ Bank's leading market position as the biggest domestic stockbroker on the Helsinki Stock Exchange was unchallenged. For eQ, 2005 was a time of digesting and integrating the business acquisitions. The integration of the new business areas, acquired late in 2004, to the other business operations was finalised during the financial year.

The favourable market development in 2005 had a positive effect on the investors' trading activity. The euro volume on the Helsinki Stock Exchange increased by 24 per cent compared to 2004. eQ continued to develop a broader and more diversified brokerage service. eQ Bank introduced the innovative ProStreamer trading software for active private and institutional investors as well as the web-based research library, which includes eQ's broadly covering research to help customers with their investment decisions.

Asset management services were the growth area of eQ Bank in 2005. A significant increase was achieved in both customer assets and the number of customers. The portfolio of mutual funds was complemented by five new funds and time deposits for longer than 12 months were launched.

M&A and real estate transaction activity in Finland has continued to be strong. eQ Bank's Advium unit continued to develop positively also during 2005, which can be evidenced by the number of mandates signed with new clients.

In 2005 eQ's subsidiary Xenetic met its financial targets a result of successfully signing up new customers. Xenetic's result was clearly profitable.

Vuosi 2005 oli eQ:lle erittäin menestyksellinen. Konsernin liiketoiminnan tuotot kasvoivat voimakkaasti (+44%) edellisvuoteen verrattuna ja liikevoitto oli ennätyskelliset 6,3 miljoonaa euroa. Liikevaihdon kasvuun vaikuttivat olennaisesti loppuvuonna 2004 hankitut instituutiovälityслиiketoiminta ja corporate finance -liiketoiminta sekä konsernin muiden liiketoimintojen tuottojen merkittävä kasvu. eQ Pankki säilytti johtavan markkina-aseman suurimpana suomalaisena arvopaperinvälittäjänä Helsingin Pörssissä. Vuosi 2005 oli eQ:ssa myös yritysostojen sulattelun ja integroinnin aikaa. Edellisen tilikauden lopulla hankittujen liiketoimintojen integrointi konsernin muuhun liiketoimintaan saatiin tilikauden aikana päätökseen.

Koko vuoden jatkunut suotuista markkinakehitys heijastui myös sijoittajien kaupankäyntiaktiiviteettiin. Helsingin Pörssin vaihto kasvoi 24% vuodesta 2004. eQ:n arvopaperinvälityspalvelujen kehittäminen entistä kattavammiksi ja monipuolisemmiksi jatkui. Vuonna 2005 uusina palveluina esiteltiin edistyskellinen ProStreamer-kaupankäyntiohjelmisto aktiivisille yksityissijoittajille ja instituutioille sekä eQ:n kattavan sijoitustutkimuksen sisältävä web-pohjainen analyysikirjasto helpottamaan asiakkaiden sijoituspäätöksiä.

Varainhoitopalvelut olivat eQ:n kasvualuetta v. 2005. Vuoden aikana sekä hallinnoitavat pääomat että varainhoidon asiakasmäärä kasvoivat vahvasti. eQ:n rahastoperhettä täydennettiin viidellä uudella sijoitusrahastolla, ja vähittäispankkitoiminnassa julkistettiin uutena tuotteena yli vuoden mittaiset määräaikaistalletukset.

Corporate finance -toiminta jatkui aktiivisena Suomessa sekä yritys- että kiinteistökaupoissa. eQ Pankin Advium-yksikön positiivinen kehitys jatkui myös vuonna 2005, mikä näkyi erityisesti uusien asiakkaiden kanssa solmittujen toimeksiantojen lukumäärästä.

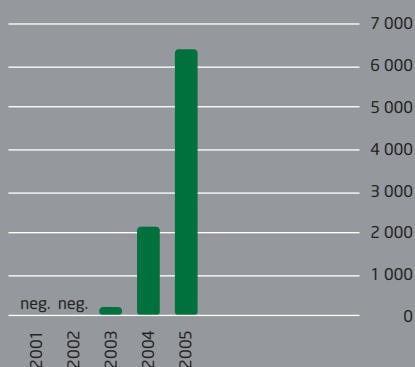
Xenetic saavutti kaikki taloudelliset tavoitteensa v. 2005 onnistuneen uusia asiakaskashankinnan ansiosta, ja yksikön tulos oli selkeästi voitollinen.

Avainluvut 2005

Key figures 2005

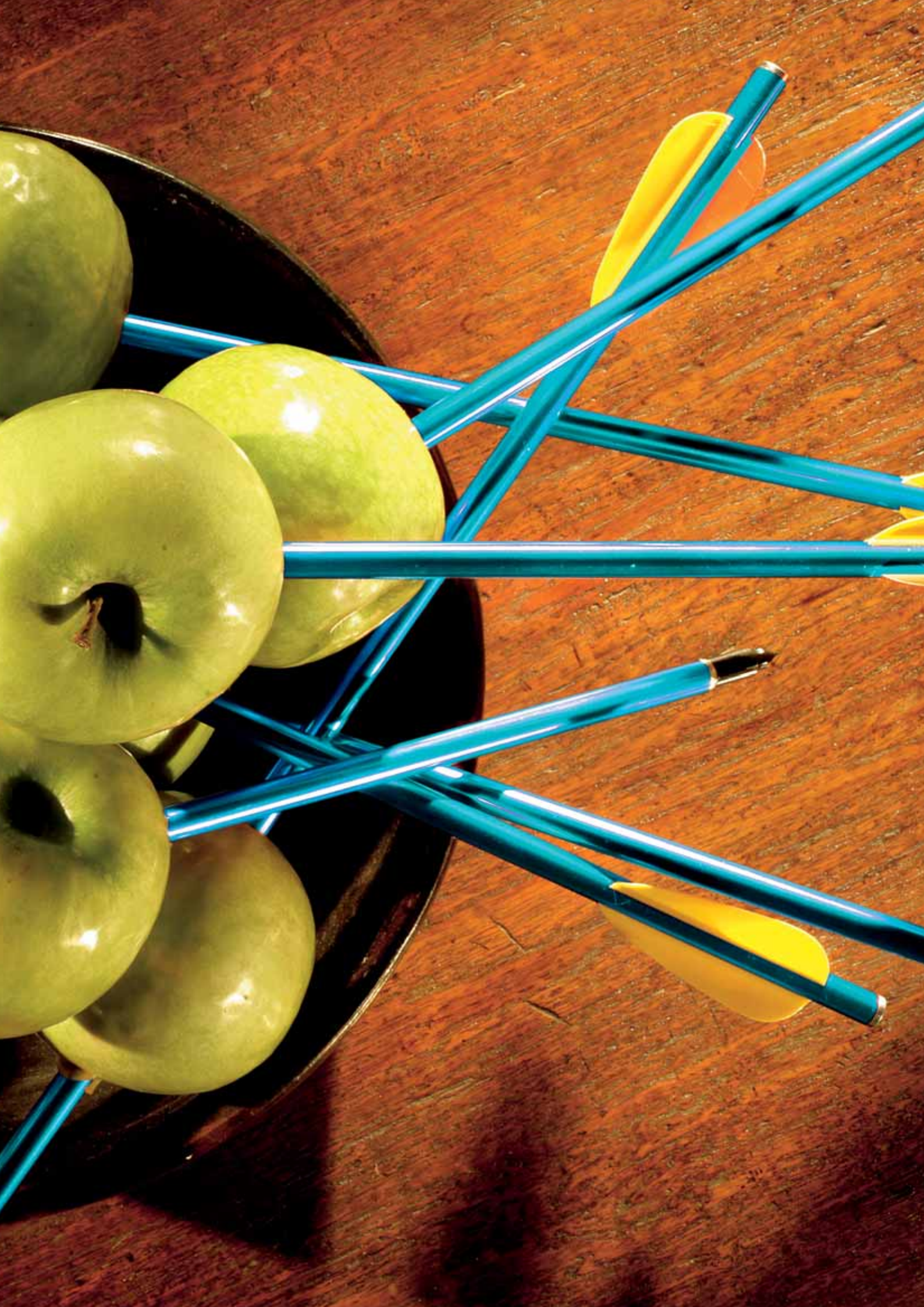
Liiketoiminnan tuotot	31,0 milj. euroa
Liikevoitto	6,3 milj. euroa
Varainhoidon asiakaspääoma	790 milj. euroa
Markkinaosuudet (HEX)	
– euromääräisestä vaihdosta	3,5 %
– kauppojen lukumäärästä	8,2 %
Talletuskanta 31.12.2005	370 milj. euroa
Oma pääoma	63 milj. euroa
Oman pääoman tuotto	13,0 %
Henkilöstön lukumäärä	142

Liikevoiton kehitys 2001–2005, 1000 euroa
Operating profit 2001–2005, EUR 1000



Net income	EUR 31.0 million
Operating profit	EUR 6.3 million
Customer funds under management	EUR 790 million
Marketshare on HEX	
– of euro volume	3.5 %
– of number of trades	8.2 %
Funds in deposit	EUR 370 million
Shareholder's equity	EUR 63 million
Return on equity	13.0 %
Number of employees	142





Toimintaympäristö

Operating Environment

Securities Brokerage Services. The favourable market development had a positive effect on the investors' trading activity. The euro volume on the Helsinki Stock Exchange increased by 24 per cent compared to 2004. Again, new foreign brokers started their operations in Finland, although there is already plenty of competition. The impact of the newcomers on the entire market was marginal in 2005, however.

eQ's net income of securities brokerage increased by 44 per cent. eQ grew faster than the overall market, which is partly due to the acquisition of the institutional brokerage operations in the last quarter of 2004.

An increasing part of the securities transactions is transferring from traditional brokerage to electrically executed trades, where the end-customer executes the trades directly on the chosen stock exchange. eQ started this development already in 1998 when it launched Finland's first internet based brokerage service. Other banks and brokerages have followed this trend, and today most of the retail investors' trades are executed directly through the investors' own computers. The same development can partly be seen in institutional investors' trading.

eQ aims to utilize this trend by continuously developing the electronic brokerage service for both institutional and retail investors' needs.

Asset Management Services. Asset management services are an expanding business area. There are several reasons for the expansion. Finns have continued to become wealthier and at the same time, the investors' needs and desire to manage their wealth professionally is increasing.

Naturally, there are many operators all aiming to get their share of the growing markets. This has caused a significant increase in the number of mutual funds in Finland. At the end of 2005 there were 468 mutual funds registered in Finland, while the number at the end of 2004 was 403. This trend is expected to continue for some time.

Arvopaperinvälitys

Koko vuoden jatkunut suotuisa markkinakehitys heijastui myös sijoittajien kaupankäyntiaktiiviteettiin. Helsingin Pörssin vaihto kasvoi 24% vuodesta 2004. Suomen kilpailuille markkinoille tuli jälleen joitakin uusia ulkomaisia välittäjiä. Uusien toimijoiden vaikutus kokonaismarkkinaan jäi vuonna 2005 kuitenkin vähäiseksi.

eQ:n arvopaperivälitysliiketoiminnan tuotot kasvoivat 44%. Suhteessa markkinoiden kasvuun eQ:n kasvu oli nopeampaa, mikä tosin johtui osittain vuoden 2004 viimeisellä neljänneksellä toteutetusta instituutiovälityksen hankinnasta.

Arvopaperikaupasta kasvava osa siirtyy perinteisestä meklareiden välityksellä tapahtuvasta kaupasta sähköisesti toteutettuun kauppaan, jossa loppuasiakas tekee kaupat suoraan valitsemassaan pörssissä. eQ käynnisti tämän kehityksen jo vuonna 1998 aloittaessaan Suomen ensimmäisen reaaliaikaisen pörssikaupankäyntipalvelun. Muut pankit ja pankkiiriliikkeet ovat seuranneet tätä trendiä ja valtaosa yksityisten sijoittajien kaupoista toteutetaan nykyään suorina toimeksi-antoina asiakkaan oman työaseman kautta. Sama kehitys on osittain nähtävissä instituutioiden kaupankäynnissä.

eQ pyrkii hyödyntämään tätä trendiä kehittämällä jatkuvasti sähköisen kaupankäynnin palvelua sekä yksityissijoittajien että instituutioiden tarpeisiin.

Varainhoitopalvelut

Varainhoitopalvelut on kasvava toimiala. Tähän johtavat useat päällekkäiset syyt. Suomalaisen varallisuus on jatkanut kasvuaan, ja samalla sijoittajien tarve ja halu hoitaa varallisuuttaan ammattimaisesti kasvaa.

Kasvavilla markkinoilla on luonnollisesti suuri määrä toimijoita, jotka pyrkivät saamaan osuuden markkinasta. Tämä on johtanut sijoitusrahastojen määrän merkittävään kasvuun. Suomeen rekisteröityjä rahastoja oli vuoden lopussa 468 kpl ja vuosi sitten 403 kpl. Tämä trendi ilmeisesti myös jatkuu toistaiseksi.

Yksityissijoittajille suunnatut pääomaturvatut indeksilainat ovat kasvattaneet suosiotaan

Capital-guaranteed index-linked bonds have been increasingly popular among retail investors

eQ onnistui kasvattamaan hallinnoimiaan pääomia 52%, eli hieman markkinoiden kasvua nopeammin. eQ osallistui myös rahastojen lukumäärän kasvattamiseen avaamalla joukon uusia rahastoja. Sijoituskohteiden kirjo merkitsee myös kasvavaa neuvonannon tarvetta sijoitustoiminnassa. Jatkossa eQ tuottaakin asiakkailleen lisäarvoa lisääntyvässä määrin toisaalta tuotekehityksen avulla ja toisaalta avustamalla asiakasta tekemään oikeita ja oikea-aikaisia valintoja. Tämä merkitsee yksilöllistä varainhoitoa, vaikkakin se monesti toteutetaan rahastosijoitusten muodossa. Tämä on alue, johon eQ panostaa merkittävästi.

Yksityissijoittajille suunnatut pääomaturvatut indeksilainat ovat kasvattaneet suosiotaan. Ne antavat yksityisille asiakkaille mahdollisuuden sijoittaa moniin sellaisiin tuotteisiin, joihin on vaikea sijoittaa pienemmällä pääomalla. eQ on viime vuosina järjestänyt useita tällaisia lainoja, joiden kaikkien tuotto on ollut erinomainen. Uskomme, että indeksilainojen kysyntä jatkaa kasvuaan ja tarjoamme asiakkaillemme mielenkiintoisia sijoitusvaihtoehtoja myös jatkossa.

Merkittävä osa suomalaisesta varallisuudesta on pankkitalletuksissa. Alhaisen korkotason johdosta suurten pankkiryhmien talletuksille maksettu korko on ollut lähes merkityksetön. On oletettavaa, että vaikka talletusten määrä on jatkossakin suuri, niiden suosio sijoituskohteena jatkaa laskuaan. eQ pystyy maksamaan alhaisesta kustannusrakenteestaan johtuen asiakkailleen erittäin kilpailukykyistä korkoa, minkä johdosta uskomme myös tämän segmentin kasvavan.

Corporate Finance -palvelut

Vuosi 2005 oli globaalisti historian kolmanneksi vilkkain yrityskauppavuosi kauppojen arvolla mitattuna ja vilkkain vuoden 2000 jälkeen. Lisääntyneen aktiviteetin takana on monia syitä, kuten yritysten vahvat taseet, hyvät tulokset ja jälleen herännyt halu kasvaa nopeammin. Myös pääomasijoittajien kasvavat sijoitusvarat, pankkien hyvä likviditeetti ja alhainen korkotaso ovat olleet omiaan kasvattamaan aktiviteettia.

eQ managed to increase the capital in its mutual funds by 52 per cent, which is slightly more than the increase of the overall market. eQ also took part in increasing the number of mutual funds by launching several new funds. The wide range of mutual funds also requires advisory services in the investment process. In the future, more and more added value will be created through product development and advisory services in connection with investment decisions. This means individual asset management, even though it is often executed by investments in mutual funds. This is an area where eQ is investing strongly.

Capital-guaranteed index-linked bonds have been increasingly popular among retail investors and their popularity is expected to increase further. These products provide retail investors with access to instruments that would not otherwise be within their reach with a small amount of capital. In recent years eQ has arranged several issues of bonds, in which the earnings have been excellent. We expect the demand on these index-linked bonds to increase and we will be offering our customers interesting investment alternatives also in the future.

A significant part of the Finnish wealth is held in bank deposits. Due to the low interest rates, the interest paid on the deposits in large banking groups has been practically non-existent. The total amount of bank deposits is expected to continue to decrease, while still being very significant amount. Following the cost efficiency of eQ, we are able to pay our customers highly competitive interest rates, which is why we expect this segment to be a growing one at eQ.

Corporate Finance services. Measured in euro value, 2005 was globally the third-most active year in M&A and the most active since 2000. The increased activity is due to many reasons, such as strong balance sheets of the companies, good profits and a growing will to grow faster. Activity has been boosted also by an increase in funds of

Vuosi 2005 oli globaalisti historian kolmanneksi vilkkain yrityskauppavuosi

Measured in euro value, 2005 was globally the third-most active year in M&A and the most active since 2000

the private equity investors, by the strong liquidity of the banks, and by low interest rates.

Activity increased significantly also in Finland, although not quite as strongly as it did globally. What was special for Finland was the number of large real-estate transactions concerning a portfolio of real estates. It seems that international real estate investors have finally found Finland and created a welcome liquidity in the sector.

eQ has benefited from the increasing interest in real estate and has, according to its own estimate, established a position as a market leader in this segment.

The high activity in M&A is expected to continue in 2006.

Hosting services. Outsourcing of information systems provides growth opportunities, and in 2005 it was Finland's fastest growing area of IT services. Companies aim to improve their operational efficiency and focus on their core competence, which increase the demand for outsourcing services. Moreover, small and medium-sized companies have realised the benefits of IT services, and the outsourcing in this sector is growing much faster than in the overall market. This has a positive effect on Xenetic's business environment and customer acquisition. Xenetic is a fully owned subsidiary of eQ.

Myös Suomessa aktiviteetti lisääntyi huomattavasti, joskaan ei aivan yhtä voimakkaasti kuin kansainvälisesti. Erityispiirteenä Suomen markkinoilla oli suurten kiinteistökauppojen, joissa kaupankohtena on useiden kiinteistöjen salkku, määrän kasvu. Vaikuttaa siltä, että kansainväliset kiinteistösijoittajat ovat vihdoin löytäneet Suomen ja tuoneet siten tervetullutta likviditeettiä sektorille.

eQ on hyötynyt kiinteistöihin kohdistuneesta kasvavasta kiinnostuksesta ja saavuttanut oman arvionsa mukaan tällä sektorilla markkinajohtajan aseman. On odotettavissa, että yrityskauppa-aktiviteetti jatkuu vilkkaana vuonna 2006.

Hosting-palvelut

Tietojärjestelmien ulkoistus tarjoaa erinomaisia kasvumahdollisuuksia, ja se oli vuonna 2005 Suomessa nopeimmin kasvava IT-palveluiden osa-alue. Yritykset pyrkivät tehostamaan toimintaansa ja keskittymään ydinosaamiseensa, mikä lisää ulkoistuspalveluiden kysyntää. Lisäksi pienet ja keskisuuret yritykset ovat löytäneet tietotekniikkapalveluiden kautta saavutettavat liiketoimintahyödyt ja ulkoistamisen kysyntä tällä sektorilla kasvaa selkeästi kokonaismarkkinoita nopeammin. Tämä näkyi myös eQ-konserniin kuuluvan Xeneticin liiketoiminnan kehityksessä ja asiakasmäärän kasvussa.

Arvopaperinvälityspalvelut

Securities Brokerage services

eQ Pankki on Helsingin Pörssin suurin suomalainen arvopaperinvälittäjä.

Vuonna 2005 eQ Pankin osuus Helsingin Pörssin euromääräisestä vaihdosta oli 3,5 prosenttia ja toteutettujen kauppojen kappalemäärästä 8,2 prosenttia. Välitystoiminta on eQ Pankin suurin liiketoimintayksikkö.

Välitystoiminta on jaettu kahteen osa-alueeseen: automatisoituun sähköiseen välityspalveluun sekä perinteiseen meklarin välityksellä tapahtuvaan välityspalveluun. Molempien palveluiden kohderyhmänä ovat sekä yksityiset sijoittajat että instituutiot.

eQ Pankin sähköinen online-osakevälityspalvelu on Internetissä toimiva, alan edistyksellisin suomalainen välityspalvelu. Palvelu on useina vuosina peräkkäin valittu Suomen parhaaksi online-osakevälityspalveluksi. Yhtiön oman arvion mukaan runsas kolmannes kaikista online-osakekaupoista Helsingin Pörssissä toteutetaan eQ Online -palvelun kautta.

eQ Online -palvelun kautta asiakkaat voivat käydä osakekauppaa 12 eri pörssissä ja hyödyntää samalla palvelun tarjoamat markkinainformaatio- ja uutispalvelut sekä erilaiset analyysi- ja raportointityökalut. Erityisesti yksityissijoittajia helpottava veroraportointipalvelu on saavuttanut suuren suosion. Vuonna 2005 uusina palveluina esiteltiin edistyksellinen ProStreamer-kaupankäyntiohjelmissä aktiivisille yksityissijoittajille ja instituutioille sekä eQ:n kattavan sijoitustutkimuksen sisältävä web-pohjainen analyysikirjasto helpottamaan asiakkaiden sijoituspäätöksiä.

Automatisoidun eQ Online -palvelun lisäksi yksityisasiakkaita palvelee eQ Private Desk, joka tarjoaa henkilökohtaista arvopapereidenvälityspalvelua meklarin välityksellä. Palvelussa jokaisella asiakkaalla on oma yhteysmeklari, jonka kanssa asiakas voi keskustella ja toteuttaa osto- ja myyntitoimeksiantonsa.

eQ:n instituutiovälityksen asiakkaita ovat kotimaiset ja kansainväliset instituutiot. Institutionaalisia sijoittajia palvelevat perinteinen osakkeiden ja johdannaisten instituutiovälityspalvelu sekä suoran automatisoidun yhteyden eri pörssiin tarjoava sähköinen palvelu.

Kaikka eQ:n välitystoimintaa tukee eQ Pankin laaja ja laadukas sijoitustutkimusyksikkö.

Liiketoiminta-alueeseen kuuluvat lisäksi markkinatakaustoiminta sekä vuoden 2004 lopulla toimintansa aloittanut eQ Capital Markets -yksikkö, joka käy kauppaa kansainvälisillä markkinoilla omaan lukuun.

eQ Bank is the biggest domestic broker on the Helsinki Stock Exchange. In 2005, eQ Bank's share of the euro volume on the Helsinki Exchange was 3.5 per cent and of the number of executed trades 8.2 per cent. A securities brokerage service is the largest business unit of eQ Bank.

The brokerage services are divided into automated online brokerage and to traditional people-to-people brokerage. Both services are targeted for private and institutional investors.

The electronic online brokerage service operates on the Internet and is the most innovative of the Finnish brokerage services. The service has been ranked as the best online securities brokerage in Finland for several years in a row. According to eQ's own estimate, more than one third of all online securities trades executed on the Helsinki Stock Exchange are made through the eQ Online service.

Through the eQ Online service, customers have access to 12 different stock exchanges and to domestic and foreign market information, news services and various analysis and reporting tools. The tax reporting service has been extremely popular among retail investors. In 2005 eQ introduced the innovative ProStreamer trading software for active private and institutional investors as well as the web-based equity research library, which includes eQ's comprehensive research to help customers with their investment decisions.

In addition to the automated eQ Online service, the private investors are also served by eQ Private Desk, which provides individual securities brokerage service. Each customer has his own personal broker, with whom they can discuss and execute their trades.

The customers of eQ's institutional service consist of domestic and foreign institutions. A traditional shares and derivatives brokerage service as well as an electronic service with automated access to various stock exchanges is available for our institutional customers.

Our high-quality research unit supports the brokerage services.

The brokerage business unit also contains a market making function as well as eQ capital markets. eQ Capital Markets is a separate subsidiary established in 2004 and engaged in proprietary trading on international market.

Research. Significant support for brokerage operations is provided by the research unit, which conducts a comprehensive analysis of approximately 70 domestic and Scandinavian companies. The team produces time-critical research products also in Finnish. The aim for eQ Bank's research is to produce top-quality research of the Scandinavian capital markets.

The emphasis is on Finnish securities markets and on the companies listed on the Helsinki Stock Exchanges, but international macro-economical research also plays an important role. The success behind eQ Bank's research unit is the long-term, close company networking and strong local knowledge combined with international know-how on the business areas and countries important to the Finnish economy.

The research unit's products include daily morning and company reports with recommendations and target prices, sector reports, weekly model portfolio, weekly and monthly activity calendars and investment seminars and customer events.

Review of the year 2005. The euro volume on the Helsinki Stock Exchange increased to nearly EUR 224 billion, which is 24 per cent more than in 2004. In 2005 eQ Bank was the biggest domestic broker and its share of the euro volume on the Helsinki Stock Exchange was 3.5 per cent and 8.2

Sijoitustutkimus

Arvopaperivälitystoiminnan merkittävänä tukena toimii sijoitustutkimusyksikkö, joka analysoi kattavasti noin 70 kotimaista ja pohjoismaista yhtiötä. eQ:n analyysitiimi tuottaa aikakriittisiä tutkimustuotteita myös suomen kielellä. eQ Pankin sijoitustutkimuksen tavoitteena on tuottaa kansainvälisesti korkeatasoista ja kilpailukykyistä tutkimusta Pohjoismaiden pääomamarkkinoista.

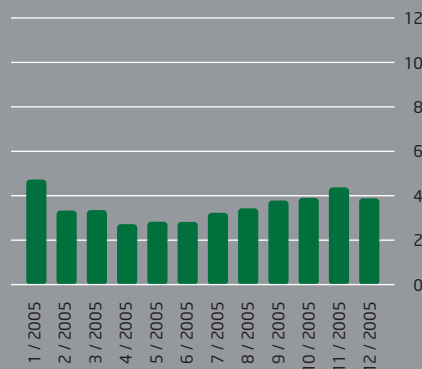
Painopistealueena on Suomen osakemarkkinoiden ja Helsingin Pörssissä noteerattujen yritysten tutkimus, mutta myös kansainvälisen makrotalouden seuranta on tärkeä osa tutkimustyötä. eQ Pankin sijoitustutkimuksen menestystekijä on analytikkotiimin pitkäaikainen, tiivis yrityskontaktiverkosto sekä vahva paikallistuntemus yhdistettynä kansainväliseen tietämykseen Suomelle tärkeistä toimialoista ja kansantalouksista.

Sijoitustutkimuksen tuotteita ovat päivittävät aamu- ja yhtiöraportit suosituksen ja tavoitehintoineen, sektoriraportit, viikoittainen mallisalkku, viikko- ja kuukausitapahtumakalenterit sekä sijoittajaseminaarit ja asiakastilaisuudet.

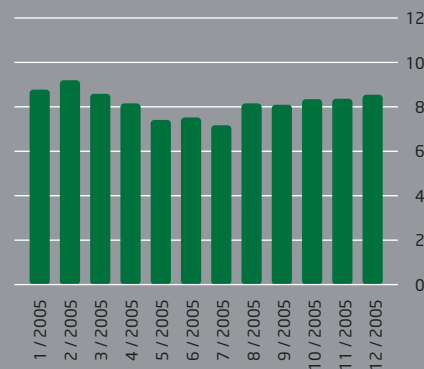
Katsaus vuoden 2005 toimintaan

Helsingin Pörssin vaihto nousi viime vuonna lähes 224 mrd:iin euroon, mikä on 24% enemmän kuin vuotta aiemmin. eQ Pankki oli kuluneena vuonna suurin kotimainen välittäjä, ja sen osuus Helsingin Pörssin euromääräisestä vaihdosta oli

Markkinaosuudet Helsingin Pörssi (2005), %
Marketshare on HEX (2005), %



Euromääräisestä vaihdosta / Of euro volume



Kauppajen lukumäärästä / Of number of trades

Bloomberg 11.1.2006 Absolute Analyst Ranking

No	Company	Analyst
1	Förenings Sparbanken	Bengt Dahlström
1	Nordea	Bengt Dahlström
1	Stora Enso	Katja Keitaanniemi
1	UPM-Kymmene	Katja Keitaanniemi
1	Kone	Juha Iso-Herttua
1	Metso	Juha Iso-Herttua
1	Wärtsilä	Juha Iso-Herttua
1	YIT-Yhtymä	Kalle Karppinen
1	M-real	Katja Keitaanniemi
1	Elcoteq	Jari Honko
1	KCI Konecranes	Juha Iso-Herttua
1	Atria Group	Kalle Karppinen
1	F-Secure	Jari Honko
1	Vacon	Tomi Tiilola
1	Rakentajain Konevuokraamo	Tomi Tiilola
1	Marimekko	Kalle Karppinen
1	BasWare	Tomi Tiilola
1	Lännen Tehtaat	Kalle Karppinen

eQ Pankin analyytikoiden saamat ykkössijat Bloombergin rankingissa / The number one rankings of eQ Bank's analysts in Bloomberg's list.

eQ säilytti asemansa Suomen johtavana online-välittäjänä

eQ maintained its position as the leading online-broker in Finland

3,5 prosenttia ja toteutettujen kauppojen kappalemäärästä 8,2 prosenttia. eQ Pankin asiakkaat tekivät viime vuonna yli 900.000 kauppaa Helsingin Pörssissä.

eQ säilytti asemansa Suomen johtavana online-välittäjänä. Online-asiakkaiden määrä jatkoi vakaata kasvuaan ja oli 9 prosenttia suurempi kuin vuonna 2004. Instituutioille tarjottava välityspalvelu vakiinnutti vuoden aikana asemansa yhtenä johtavista suomalaisista välityspalveluista.

Palvelun kehitys jatkui aktiivisena myös kuluneena vuonna. Uusina palveluina esiteltiin ProStreamer-kaupankäyntiohjelmisto sekä sijoitustutkimuksen tietokantapalvelu. ProStreamer on aktiivisille yksityissijoittajille ja instituutioille tarkoitettu edistysellinen kaupankäyntiohjelmisto. Sijoitustutkimuksen tietokantapalvelu eli analyysikirjasto on yksi Suomen kattavimmista ja helppokäyttöisimmistä analyysipalveluista, joka tarjoaa analyttikoiden tekemiä tulostenusteita ja sijoitustutkimuksia sijoittajien käyttöön.

eQ Pankin analyysitiimi menestyi vuonna 2005 erinomaisesti analyttikoiden suositusten osumatarkkuutta mittaavissa riippumattomissa vertailuissa. Esimerkiksi Bloomberg-uutispalvelun tammikuussa 2006 tuottamalla listalla eQ Pankin analyttikot valtasivat ykkössijan 18 yhtiössä. eQ:n analyttikot antoivat tarkimmat suosituksia muun muassa Nordean, Stora Enson, UPM:n, Koneen, Metson, Wärtsilän, YIT:n, M-Realin ja Elcoteqin osakkeista. Ykkössijat vastasivat Helsingin Pörssin markkina-arvosta n. 25%.

per cent of the executed trades. The customers of eQ Bank executed more than 900 000 trades on the Helsinki Stock Exchange in 2005.

eQ maintained its position as the leading online-broker in Finland. The number of online customers continued to grow steadily and was nine per cent higher than in 2004. The institutional brokerage service established its position as one of the leading Finnish brokerage services.

Product development continued actively also in 2005. New launches were ProStreamer trading software and a research database. ProStreamer is a sophisticated trading software for active private investors and institutional investors.

The research database, or analysis library, is one of the most comprehensive and easiest-to-use analysis services in Finland. It provides profit forecasts and research reports for the use of investors.

During 2005 eQ Bank's research team was very successful in the independent benchmarking studies in terms of recommendations accuracy. For example in the list produced by Bloomberg news service in January 2006, eQ Bank's analysts gave the most accurate recommendations for 18 stocks. These include the shares of Nordea, Stora Enso, UPM, Kone, Metso, Wärtsilä, YIT, M-Real and Elcoteq. The number one positions reflected approximately 25 per cent of the market value of the companies on the Helsinki Stock Exchange.

Analyytikirjaston etusivu

Main page of Research Database

Etusivu	Yritysnäkymät	Kaikki yhtiöt	Toimialat	Pdf-kirjasto	Haku	Ohje	
<div style="display: flex; justify-content: space-between;"> <div style="width: 20%;"> <p>Toimiala</p> <ul style="list-style-type: none"> - Kaikki Banks and finance Chemicals Clothing Construction Consumer goods </div> <div style="width: 20%;"> <p>Yritys</p> <ul style="list-style-type: none"> - Kaikki Alma media Amer Sports Aspocomp Atria Basware </div> <div style="width: 20%;"> <p>Raporttityyppi</p> <ul style="list-style-type: none"> - Kaikki Aamukatsaus Company Report Company update Erikasraportti Mallisalkku </div> <div style="width: 20%;"> <p>Analyttikko</p> <ul style="list-style-type: none"> - Kaikki Dahlstrom Bengt eQ Bank Honko Jari Iso-Herttua Juha Karppinen Kalle </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 20%;"> <p>Ajanjakso</p> <input type="text"/> - <input type="text"/> <input type="button" value="Ajanjakso"/> </div> <div style="width: 20%;"> <p>Etsi otsikoista</p> <input type="text"/> </div> <div style="width: 20%;"> <p>Suositus</p> <ul style="list-style-type: none"> - Kaikki Buy Accumulate Reduce Sell N/A </div> <div style="width: 20%;"> <p>Tuloksia sivulla</p> <input type="text" value="10"/> </div> </div> <div style="text-align: right; margin-top: 5px;"> <input type="button" value="Hae"/> <input type="button" value="Tyhjennä"/> </div>							
Tulokset 1 - 10 / 14							
Pvm	Yritys	Otsikko	Toimiala	Raporttityyppi	Analyttikko	Suositus	Tavoite
27.10.2005	Amer Sports	Eyes on the integration of Salomon - 'Accumulate' intact	Consumer goods	Company update	Karppinen Kalle	Accumulate	17.50
5.8.2005	Amer Sports	Positive long-term view intact after Golf disappoints in Q2	Consumer goods	Company update	Karppinen Kalle	Accumulate	17.50
5.8.2005	Amer Sports	YHTENVETO: Positiivinen pitkän aikavälin näkemys ennallaan Golfin Q2-pettymyksen jälkeen	Consumer goods	Yhtiöraportti	Karppinen Kalle	Accumulate	17.50
4.5.2005	Amer Sports	Salomon deal to boost fair value by at least 20%	Consumer goods	Company update	Karppinen Kalle	Accumulate	16.00

Varainhoitoliiketoiminta

Asset Management Services

eQ Bank's asset management services offer a product portfolio focused on asset management, savings and investment. The portfolio includes banking services (deposits and loans), mutual funds and individual asset management products. The customers of asset management services comprise retail and professional investors, while assets in custody amount to almost EUR 800 million.

Banking products. eQ Bank offers its customers flexible deposit and loan products at competitive interest rates. The daily callable deposit account yields interest on a daily balance monthly. A flexible margin lending account can be linked to the deposit account. Book-entry securities held in custody at eQ Bank serve as collateral for the margin lending account. In addition, customers of eQ Bank may invest their assets in time deposits.

Asset management. eQ Bank offers its retail and institutional customers individual asset management, eQ Asset Management. An assessment is first carried out by eQ Bank together with the customer on the customer's asset management needs and objectives. The customer's choices are then used to create an eQ Asset Management plan that incorporates the most suitable asset management styles to achieve the customer's objectives.

These styles include several commonly used methods such as global stock picking, the use of quantitative tools and a market-neutral approach to achieve absolute profit in all market conditions, and the right-timed allocation of investments between different asset classes (shares, bonds and money-market instruments).

eQ Pankin varainhoitoliiketoiminta tarjoaa varainhoitoon, säästämiseen ja sijoittamiseen erikoistuneen tuotepaletin: pankkipalvelut eli talletukset ja lainat sekä sijoitusrahastot ja yksilölliset varainhoitotuotteet. Varainhoitoyksikön asiakaskunta koostuu sekä yksityis- että ammattisijoittajista, ja yksikön asiakaspääoma on lähes 800 miljoonaa euroa.

Pankkituotteet

eQ Pankki tarjoaa asiakkailleen joustavia talletus- ja luottotuotteita kilpailukykyisin korkoehdoin. Avistaehtoisella talletustilillä oleville talletuksille lasketaan korkoa päiväsaldon mukaan, ja korko maksetaan asiakkaan tilille kuukausittain. Talletustiliin voi liittää joustavan luotto-ominaisuuden, limitin, jonka vakuutena ovat asiakkaan eQ Pankissa säilytyksessä olevat arvo-osuusmuotoiset arvopaperit. Avistaehtoisen tilin lisäksi asiakas voi sijoittaa varojaan määräaikaistalletuksiin, joiden korot ovat markkinoiden korkeimpia.

Varainhoito

eQ Pankki tarjoaa yksityis- ja instituutioasiakkaille yksilöllistä varainhoitoa, eQ Varainhoitoa. eQ Varainhoidossa asiakkaalle tarjottava palvelu perustuu asiakkaan ja eQ Pankin yhdessä suorittamaan kartoitukseen asiakkaan varainhoitoon liittyvistä lähtökohdista. eQ Varainhoito tuotetaan asiakkaan valinnan mukaan eri varainhoitotyylilien avulla asiakkaan tavoitteiden saavuttamiseksi.

Varainhoitotyylit kattavat useita sijoitustoiminnassa yleisesti käytössä olevia menetelmiä, kuten yksittäisten osakesijoitusten valinnan globaaleilta markkinoilta, markkinaneutraaliin lähestymistapaan pohjautuvan, positiiviseen tuottoon kaikissa markkinaolosuhteissa pyrkivän kvantitatiivisiin menetelmiin perustuvan



tyylin sekä eri sijoitusluokkien (osakkeet, joukkovelkakirjat ja rahamarkkinasijoitukset) välisiin oikea-aikaisiin allokaatiopainotuksiin perustuvan menetelmän.

Asiakaslähtöisenä, eri varainhoitotyyleihin perustuvana palveluna eQ Varainhoito soveltuu erinomaisesti useimpien asiakasryhmien tarpeisiin suurten institutionaalisten sijoittajien varainhoidon osittaisista ulkoistuksista aina säätiöiden ja yksityishenkilöiden kokonaisvaltaisiin omaisuudenhoitotoimeksiantoihin.

Rahastot

eQ:n rahastoperheeseen kuuluu tällä hetkellä 17 sijoitusrahastoa. Korkorahastoja on viisi, ja ne kattavat koko korkokäyrän. Osakerahastoja on kymmenen ja yhdistelmärahastoja kaksi.

eQ:n korkorahastoperhe käsittää 5 rahastoa, jotka kattavat korkosijoittajan tarpeet rahamarkkinarahastosta (eQ Likvidi) korkeamman riskin ja tuotto-odotuksen yrityslainoihin (eQ High Yield).

Yhdistelmärahastoista eQ Sirius sijoittaa varansa osakkeisiin, lyhyen juoksuajan korkoinstrumentteihin ja johdannaisiin. Rahasto valitsee sijoituskohteensa pääasiallisesti sellaisten yhtiöiden osakkeista, joiden suhteellinen hinta on laskenut selvästi alle historiallisen normaalitasonsa. Toinen yhdistelmärahasto, eQ Luotsi, on rahastojen rahasto.

eQ:n osakerahastoperhe käsittää toimialarahastoja, kuten teknologia- ja lääketeollisuusrahastoja, sekä eri strategioin Pohjoismaihin, Eurooppaan ja globaalisti sijoitettavia rahastoja. eQ tarjoaa yhteistyössä virolaisen AS Trigon Funds -rahastoyhtiön kanssa lisäksi Itä-Euroopan kasvaville markkinoille sijoitettavia rahastoja, jotka pyrkivät hyödyntämään EU:n uusien jäsenmaiden ja jäseniksi hakevien maiden odotettua korkeaa kansantalouden kasvua.

Since eQ Asset Management is based on different asset management styles and is customer-oriented, it is very well suited for the needs of most customer groups, ranging from the part-outsourcing of institutional investors' portfolios to the comprehensive asset management assignments of foundations and private investors.

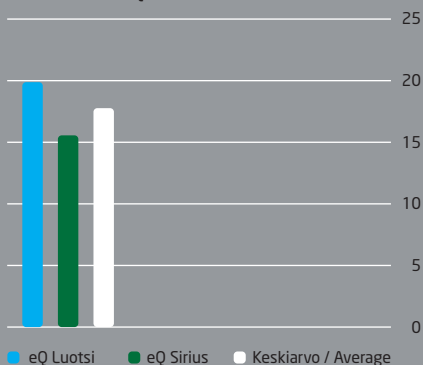
Mutual funds. eQ's fund portfolio currently includes 17 mutual funds. Five of them are fixed income funds covering the entire interest curve. Ten are equity funds and two are mixed funds.

The fixed income funds cover all the needs of fixed income investors, from money markets (eQ Likvidi) to corporate bonds with higher risk and profit expectations (eQ High Yield).

The eQ Sirius mixed fund invests in equities, short-term money market instruments and derivatives. The fund chooses its investments mainly among those shares whose relative price has decreased well below the historical normal level. Another mixed fund, eQ Luotsi, is a fund investing in other funds.

In addition, eQ's equity fund portfolio includes funds investing in specific industry sectors such as technology and pharmaceuticals, as well as funds using different strategies to invest in Scandinavia, Europe and globally. In co-operation with Trigon Funds from Estonia, eQ also offers funds investing in the growing Eastern European markets. These funds aim to benefit from the expected high growth rates of both new EU member countries and of those applying for membership.

eQ:n yhdistelmärahastojen tuotot 2005, %
The return on eQ's mixed funds in 2005, %



eQ:n yhdistelmärahastot tuottivat vuonna 2005 lähes 20%.
The return on eQ's mixed funds in 2005 was nearly 20%.

Index-linked bonds. The popularity of capital-guaranteed loans, index-linked bonds is increasing and the number of such bonds offered to the public has multiplied in recent years. This development is due to their combination of low risk and high profit expectations, since index-linked bonds usually combine the capital guarantee characteristic of bonds with a higher profit expectation than is characteristic of the interest markets. In addition to this attractive risk-return ratio, index-linked bonds give investors access to investment instruments or markets that would otherwise be difficult or expensive to access, or that, without the capital guarantee, would include significant risk.

eQ Bank has also arranged, together with Municipality Finance Plc, several issues of capital-guaranteed index-linked bonds. Since their launch, the issues arranged by eQ Bank have been well received by investors and they have also had a great performance.

The index defining the earnings of the first index-linked bond issued in summer 2003 by eQ has already almost tripled. In 2005 eQ arranged two public issues of index-linked bonds, one of which return is linked to the development of the commodity markets and the other to the Japanese equity markets.

Treasury. An essential part of eQ Bank's operations is its treasury. The treasury's main duty is to invest customer deposits and the holding company's cash assets safely and as profitably as possible, following the investment policy approved by the Board of directors. The treasury's duties include the

Indeksilainat

Pääomasuojattujen indeksilainojen suosio on kasvussa, ja sijoittajille tarjottujen indeksilainojen määrä on moninkertaistunut viimeisten vuosien aikana. Indeksilainojen kasvava suosio perustuu alhaisen riskin ja merkittävän tuottomahdollisuuden yhdistelmään, sillä indeksilainasijoituksessa yhdistyvät usein joukkovelkakirjalainoihin liittyvä pääomaturva ja korkomarkkinoita korkeampi tuotto-odotus. Houkuttelevan riski-tuotto-tason lisäksi indeksilainojen avulla sijoittajilla on pääsy sellaisiin sijoitusluokkiin tai sellaisille markkinoille, joihin sijoittaminen olisi muuten vaikeaa tai kallista ja joihin ilman pääomasuojaa sisältyisi merkittävä riski.

eQ Pankki on järjestänyt yhdessä Kuntarahoitus Oyj:n kanssa useita pääomasuojattujen indeksilainojen liikkeeseenlaskuja. eQ Pankin järjestämät indeksilainat ovat alusta alkaen saaneet sijoittajilta hyvän vastaanoton, ja myös niiden arvonkehitys on ollut erinomainen.

eQ Pankin ensimmäisen indeksilainan (liikkeeseenlasku kesällä 2003) tuoton määrittävä indeksi on jo lähes kolminkertaistunut. Vuonna 2005 eQ Pankki oli järjestämässä kahta julkista indeksilainaa, joista toisen tuotto on sidottu hyödyke-markkinoiden kehitykseen ja toisen Japanin osakemarkkinoiden kehitykseen.

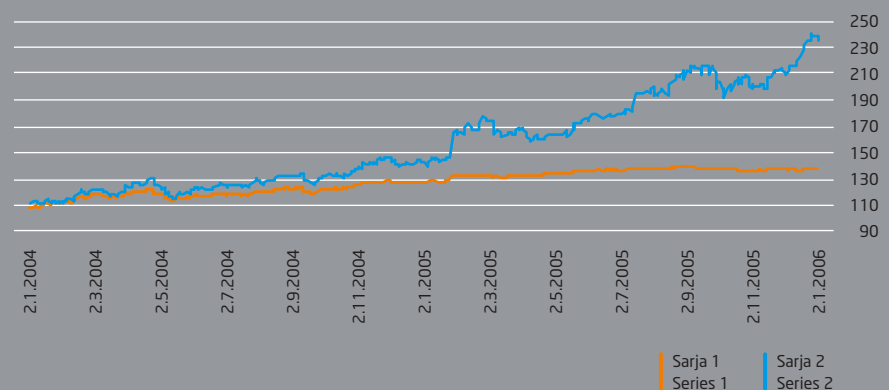
Treasury

Pankin toimintaan kuuluu olennaisena osana myös treasury, jonka päätehtävä on asiakastalletusten ja emoyhtiön omien varojen sijoittaminen turvallisesti ja mahdollisimman tuottavasti, hallituksen hyväksymää sijoituspolitiikkaa noudattaen. Treasuryyn tehtäviin kuuluu mm. konsernin vakavaraisuussuunnittelu, huolehtiminen pankin maksuvalmiudesta, sekä pankin korkoriskin hallinta.

eQ Pankin yhteistyö Kuntarahoitus Oyj:n kanssa indeksiobligatioiden liikkeeseenlaskuissa sai lentävän lähdön, kun kesäkuussa 2003 eQ Pankki toi markkinoille ensimmäisen julkisen osakeindeksiobligation, jossa tuoton määrittävä indeksi muodostui varainhoitajan valitsemasta osakekorista. eQ Pankin salkunhoitajan Petter Langenskiöldin sijoitusstrategian mukaisen osake-korin arvo on sittemmin lähes kolminkertaistunut ja siten myös osakeindeksiobligatio Suomi Classic 7:n arvonousu on ollut vertaansa vailla Suomessa liikkeeseenlasketuissa osakeindeksiobligatioissa.

eQ Bank's co-operation in structured products with Municipality Finance had successful start in June 2003. Launched equity basket linked bond combined capital protection and stock picking first time in a public index linked bond issue in Finland. A basket of Finnish publicly listed companies was picked by eQ Bank's asset manager Petter Langenskiöld. The basket has more than tripled its value since the launch, therefore leading the equity linked bond to perform exceptionally well among all equity linked bonds issued in Finland.

Kuntarahoitus Suomi Classic 7 arvonkehitys, arvo (prosenttia nimellisarvosta)
Performance of Suomi Classic 7 -equity linked bond, value (percent of the nominal value)



Varainhoitopalvelut olivat eQ Pankin kasvualuetta vuonna 2005

Asset management services were the growth area of eQ Bank in 2005

Vuosi 2005

Varainhoitopalvelut olivat eQ Pankin kasvualuetta vuonna 2005. Vuoden aikana saavutettiin sekä hallinnoitavien pääomien että asiakasmäärien vahvaa kasvua. Yksikön liiketulos oli kokonaisuudessaan hyvä. Tulokseen vaikuttivat varainhoidon asiakaspääomien kasvun lisäksi erityisesti varainhoitotuotteista saadut merkittävät tuottosidonnaiset palkkiot, joiden kertymistä edesauttoi lähes koko vuoden vallinnut positiivinen markkinakehitys.

eQ Pankin talletuskanta kasvoi yli 80 miljoonaa euroa, ja se ylitti vuoden lopussa 370 miljoonaa euroa. Vähittäispankkitoiminnan uusia tuotteita olivat yli vuoden mittaiset määräaikaistalletukset.

Varainhoitopalveluiden asiakaspääomat kasvoivat vuoden 2005 aikana 44%. Voimakkaimmin nousivat rahastopääomat, joissa saavutettiin lähes 70% kasvu.

Lisäksi varainhoitopalveluiden asiakasmäärä kasvoi yli 40%

Kansainvälisessä Morningstar-luokittelussa eQ:n luokiteltujen rahastojen keskiarvo on neljä tähteä viidestä.

Osakerahastojen keskimääräinen tuotto vuonna 2005 oli poikkeuksellisen hyvä, noin 24%.

Korkorahastoista eQ Lyhytkoron vuosituotto oli 2,30%, jolla se sijoittui toiseksi euroalueelle sijoittavien lyhyen koron rahastojen suomalaisten sijoitusrahastojen vertailuryhmässä. Morningstar-luokittelussa eQ Lyhytkorko on luokiteltu viiden tähden rahastoksi.

capital adequacy planning of the group, ensuring the bank's liquidity and managing the bank's interest risk.

Year 2005. Asset management services were the growth area of eQ Bank in 2005. A rapid increase was achieved in both customer assets and the number of customers. The overall operating result of the unit was good. This was due to the increase in asset management customer assets and especially to the significant profit-related fees from various asset management products. Profit-related fees were boosted by the favourable performance of the market throughout the year.

Funds in deposit increased by EUR 80 million and exceeded EUR 370 million at the end of 2005. In retail banking, term deposits for periods exceeding 12 months were launched.

Asset management services' customer assets increased by 44 per cent during the year 2005. The growth was strongest in fund capital, which increased by nearly 70 per cent.

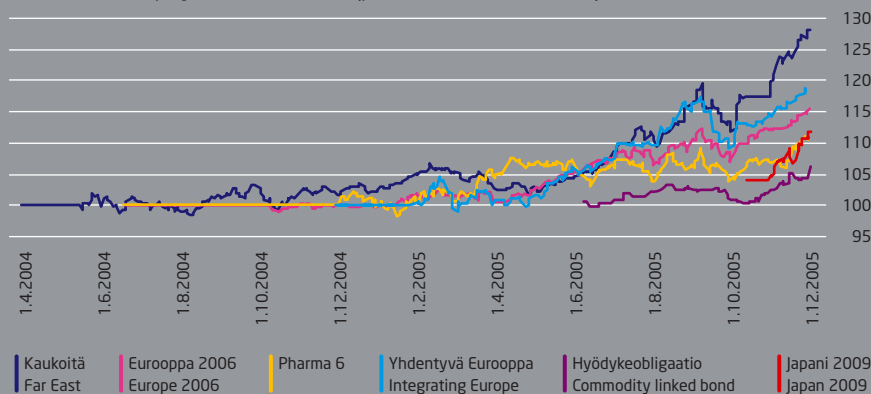
Additionally, the number of customers increased by more than 40 per cent.

In the international Morningstar rating, the average for the rated eQ funds was four stars out of five.

The average profits of the equity funds were exceptionally high in 2005, approximately 24 per cent.

eQ Floating Rate Bond fund's annual profit was 2,3 per cent, which gave it second place in the comparison to all the Finnish funds investing in the short term money market instruments in the euro area. In Morningstar rating eQ FRN has five stars.

Indeksiobligatioiden arvonkehitys, arvo (prosenttia nimellisarvosta)
Performance of equity linked bonds, value (percent of the nominal value)



Myöhemmin julkisesti liikkeeseen laskettujen indeksioobligatioiden arvonkehitys on myös ollut positiivinen.

All products issued since the first launch have performed very well.

Corporate finance -palvelut

Corporate Finance services

eQ Bank's corporate finance services are provided by Advium Corporate finance. Advium is one of Finland's leading advisors in mergers and acquisitions and real estate transactions. In recent years it has executed more than 30 transactions, many of which have been cross-border transactions.

Advium's customers consist mainly of Finnish companies with M&A activities or real estate transactions in Finland or abroad. Advium also has international companies as customers willing to participate in M&A or real estate transactions in Finland. The target of a transaction may be a publicly listed or private company.

Advium's advisory services in M&A include i.a. acquisition and divestments, mergers and public take-over bids.

In real estate transactions, the focus is on advisory services related to large real estate transactions, purchasing and selling, and on advisory services related to financing such transactions. Advium is the leading Finnish financial advisor in real estate transactions.

The capital market advisory services include initial public offerings, secondary offerings and private placements. The services include also valuations, strategic studies and fairness opinions.

Review of the year 2005. Activity in M&A and large real estate transactions has remained on a high level during the year. The number of assignments was higher than in the year 2004. The unit's net income for the year 2005 was EUR 2.4 million. For corporate finance operations it is very typical that customers pay in the form of a success fee, once the transaction has been finalised. Therefore the final transaction dates effect the timing of invoicing significantly. Invoicing also varies significantly quarterly and annually.

Examples of transactions advised by Advium during 2005 are the sale of Kesko's property portfolio to Nordisk Renting (total value of the transaction approximately EUR 100 million), convertible bond for Evox Rifa Corporation, the sale of Inka Oy (a subsidiary of Suominen Corporation) to a fund managed by Midinvest, the sale of PPTH from a fund managed by CapMan to Rautaruukki Corporation and the sale of Domasoft Oy to Affecto-Genimap Corporation.

The unit had eleven employees at the end of the year and also on average during the year.

eQ Pankin corporate finance -palvelut tarjoaa Advium Corporate Finance -yksikkö. Advium on yksi Suomen johtavista taloudellisista neuvonantajista yrityskaupoissa ja suurissa kiinteistötransaktioissa. Se on toteuttanut viime vuosina noin 30 yritys- tai kiinteistökauppaa, joista monet ovat olleet niin sanottuja cross-border-kauppoja.

Adviumin asiakkaat ovat pääasiassa suomalaisia yhtiöitä, jotka tekevät yritys- tai kiinteistökauppoja Suomessa ja ulkomailla. Asiakkaina on myös kansainvälisiä yrityksiä, jotka haluavat tehdä yritys- tai kiinteistöjärjestelyitä Suomessa. Yritys-kaupan kohde voi olla joko julkisesti noteerattu tai yksityisomistuksessa.

Yritysjärjestelyissä Advium tarjoaa neuvonantopalveluja, joihin kuuluvat mm. yritysten myynti- ja ostotoimeksiannot, fuusiot ja julkiset ostotarjoukset.

Kiinteistöjärjestelyissä Advium keskittyy neuvonantoon suurissa kiinteistökaupoissa, sekä myynneissä että ostoissa. Lisäksi Advium tarjoaa neuvonantoa kiinteistöjen rahoitusjärjestelyissä. Advium on Suomen johtava kiinteistökauppojen taloudellinen neuvonantaja.

Advium toimii neuvonantajana pääomamarkkinatransaktioissa, kuten pörssilistaukset, osakemyynnit ja private placementit, sekä tarjoaa yleistä neuvonantoa esimerkiksi arvonnäilytyksissä ja strategiaselvityksissä. Myös nk. fairness opinionit kuuluvat Adviumin palvelutarjontaan.

Katsaus vuoden 2005 toimintaan

Aktiveiteetti yrityskaupoissa ja suurissa kiinteistökaupoissa on pysynyt vuoden aikana korkealla tasolla. Adviumin saamien toimeksiantojen määrä vuonna 2005 ylitti edellisvuoden tason. Yksikön liikevaihto vuonna 2005 oli 2,4 milj. euroa. Corporate finance -toiminnalle on tyypillistä, että asiakkaat maksavat niin kutsutun onnistumispalkkion, kun yritys- tai kiinteistökauppa on toteutunut. Tästä johtuen kauppojen toteutumisaikakohdat vaikuttavat merkittävästi yksikön laskutukseen. Laskutus vaihtelee lisäksi merkittävästi vuosineljänneksittäin ja myös eri vuosien välillä.

Esimerkkejä vuonna 2005 toteutuneista toimeksiantoista ovat Keskon kiinteistöportfolion myynti Nordisk Rentingille (kaupan kokonaisarvo noin 100 meur), Evox Rifan vaihdettava pääomalaina, Suominen Oyj:n tytäryhtiön Inka Oy:n myynti Midinvestin hallinnoimalle rahastolle, PPTH:n myynti CapManin hallinnoimilta rahastoilta Rautaruukki Oyj:lle ja Domasoft Oy:n myynti Affecto-Genimap Oyj:lle.

Henkilöstön lukumäärä yksikössä oli vuoden vaihteessa ja keskimäärin vuoden aikana 11.

Hosting-palvelut

Hosting services

Konserniin kuuluva Xenetic Oy on tietotekniikan käyttöpalvelujen toimittaja ja korkean käytettävyyden asiantuntijayritys. Xeneticin liiketoiminta perustuu asiakaslähtöisyyteen, ja se tuottaa asiakkailla kustannustehokkaasti ja joustavasti uusimmat tietotekniset ratkaisut.

Informaatioteknologian palvelutoiminnan ulkoistaminen on edelleen voimakkaasti kasvava liiketoiminta-alue, ja Suomessa yritykset ovat toimintojen ulkoistuksen osalta paikoin edelläkävijöitä verrattuna muihin EU-maihin. Ulkoistamisen osalta vuotta 2005 leimasi kaksi kehitystrendiä. Suuryrityksissä it-ulkoistaminen on yhä valikoivampaa, ja erityisosaamista vaativille palveluille haetaan parasta palvelutuottajaa. Lisäksi keskiuuret ja pienet yritykset ovat selkeästi siirtyneet ostamaan kehittyneitä tietotekniikkapalveluita.

Xeneticin strategiana on saavuttaa huomattava markkina-asema sellaisissa segmenteissä, joissa asiakkaiden liiketoiminnan kannalta kriittisille tietoliikenteen ja tietotekniikan saatavuudelle ja käytettävyydelle asetetaan erittäin korkeat vaatimukset. Yrityksen liiketoiminta koostuu konesali-, valvonta-, hallinta-, tietoliikenne- ja tietoturvapalveluista sekä laite- ja sovellusvuokrauksesta. Lisäksi yritys pyrkii hallitsemaan asiakkaan puolesta tietotekniikan operationaalisen ja teknisen riskin.

Yhtiöllä on laaja, pääasiassa suomalainen asiakaskunta, ja vuonna 2005 Xenetic saavutti kaikki taloudelliset tavoitteensa onnistuneen uusasiakashankinnan ansiosta. Tulos oli selkeästi voitollinen. Yritys hallinnoi myös eQ:n palvelussa käytettävää laitteistoa jatkuvasti eli niin sanotulla 24x7-periaatteella.

Yritys kutsui 1.11.2005 alkaen toimitusjohtajakseen MBA Jari Puhakan edellisen toimitusjohtajan siirryttyä yksityisyrittäjäksi. Puhakka, 43, on viimeiset 20 vuotta toiminut myynnin, uusien liiketoimintojen ja kasvuyritysten johtotehtävissä, ja hän on toiminut vuodesta 2004 lähtien Xeneticin hallituksen jäsenenä.

Vuonna 2005 yhtiö teki kasvustrategiansa mukaisesti merkittäviä laiteinvestointeja ja rekrytointeja, jotka oleellisesti parantavat sen mahdollisuuksia profiloitua ja toimia korkean käytettävyyden asiantuntijayrityksenä ja palveluntarjoajana. Henkilöstön lukumäärä vuoden 2005 lopussa oli 15. Xenetic Oy on eQ Oyj:n täysin omistama tytäryhtiö.

The group company Xenetic Ltd is a managed services provider focusing on provision of business critical, high-availability ITC infrastructure and services. Xenetic's business model is based on customer-orientation and it provides cost-efficiently and flexibly the latest IT solutions for its customers.

Outsourcing of the IT-services continues to be strongly growing business in Finland, and the local companies are pioneers in outsourcing compared to many other EU countries.

Two trends were characteristic for outsourcing in 2005. In blue-chip companies the outsourcing was more selective and they seek best-of-breed specialist for particular managed services. Additionally, the medium- and small-sized companies have commenced to acquire sophisticated IT-services.

Xenetic's strategy is to achieve significant market position in the segment, in which the criteria for availability of data communications and IT is high. The service portfolio consists of facilities management, supervisory, management, data communications and IT security services and hardware and software leasing. Additionally, the company aims to manage the operational and technical risk of the IT for the customer.

Xenetic has a broad, mainly Finnish customer base. In the year 2005 Xenetic met its financial targets as a result of successful customer acquisitions. The subsidiary was clearly profitable. Xenetic also manages on a 24/7 basis the IT-system used in the provision of eQ Bank's services.

On November 1, 2005 the company appointed MBA Jari Puhakka as its managing director. Puhakka, 43, has operated in managing positions in sales, new businesses and growth companies and has served as a board member of Xenetic since 2004.

According to its growth strategy, the company made significant hardware investments and recruited new personnel during the year 2005. These investments will significantly improve company's prospects to profile itself as a professional of high availability and a managed service provider. The number of employees at the end of year 2005 was 15. Xenetic is a fully owned subsidiary of eQ Group.





Talous ja rahoitus

Finances

Financial performance in 2005. The net income of the eQ Group consists of income from financial and hosting services. The acquisitions, which took place in 2004, and favourable market development resulted in a significant increase in income in 2005. All business units were able to increase their income. Regardless of an increase in costs, the group's profitability increased significantly.

The consolidated total group income was EUR 31.0 million (EUR 21.5 million). The operating profit was EUR 6.3 million (EUR 2.1 million), and net profit was EUR 7.5 million (EUR 2.3 million). Depreciation and amortisation of the year totalled EUR 2.1 million (EUR 3.5 million).

Return on equity (ROE) was 13.0% (5.2%). Earnings per share were EUR 0.24 per share (EUR 0.09 per share). Equity per share was EUR 1.89 (EUR 1.64). Earnings to operating costs ratio was 1.2 (1.1).

Balance sheet and financing. The balance sheet total was EUR 540.3 million (EUR 412.7 m). Consolidated balance sheet liabilities totalled EUR 477.2 million (EUR 361.4 m), of which EUR 369.8 (EUR 289.7) were customer deposits.

The group's capital adequacy ratio was after the proposed dividend distribution 17.1 % (23.1%), which is clearly above the average for Finnish banks. The decrease in the capital adequacy was planned and the result of expansion of lending operations and more versatile investing of deposited funds in fixed income instruments, which were enabled by the increase in deposited funds.

eQ Group does not have any long-term debt. Balance sheet liabilities consist of customer

Talouden kehitys vuonna 2005

eQ-konsernin liiketoiminnan tuotot muodostuvat rahoituspalvelujen tuottamisesta ja hosting-liiketoiminnasta. Vuoden 2004 lopulla tehdyt yrityskaupat ja suotuisa markkinakehitys merkitsivät tuottojen voimakasta kasvua vuonna 2005. Kaikki liiketoiminta-alueet onnistuivat kasvattamaan tuottojaan. Vaikka toiminnan kasvusta johtuen myös kulut kasvoivat konsernin kannattavuus parani merkittävästi.

Yhtiön liiketoiminnan tuotot olivat 31,0 miljoonaa euroa (21,5 milj. euroa). Tilikauden liikevoitto oli 6,3 miljoonaa euroa (2,1 milj. euroa), ja tulos oli 7,5 miljoonaa euroa (2,3 milj. euroa). Tilikauden poistot olivat 2,1 miljoonaa euroa (3,5 milj. euroa).

Oman pääoman tuotto (ROE) oli 13,0 prosenttia (5,2 %). Osakekohtainen tulos oli 0,24 euroa/osake (0,09 e/osake). Oma pääoma osaketta kohden oli 1,89 euroa (1,64 e). Tuotto-kulu -suhde oli 1,2 (1,1).

Tase ja rahoitus

Taseen loppusumma oli 540,3 miljoonaa euroa (412,7 milj. euroa). Konsernitaseen tilinpäätöshetken vieras pääoma oli yhteensä 477,2 miljoonaa euroa (361,4 milj. euroa), josta asiakkaiden talletuksia oli 369,8 miljoonaa euroa (289,7 milj. euroa). Konsernin vakavaraisuussuhde suunnitellun osingonjaon jälkeen oli 17,1 prosenttia (23,1 %), joka on selvästi suomalaisten pankkien keskiarvon yläpuolella. Vakavaraisuussuhteen lasku oli suunnitelmallista, ja se johtui antolainauttoiminnan laajentumisesta ja talletuskannan kasvun mahdollistamasta varojen monipuolisemmasta sijoittamisesta korkoinstrumentteihin.

Vuoden 2004 lopulla tehdyt yrityskaupat ja suotuisa markkinakehitys merkitsivät tuottojen voimakasta kasvua

The acquisitions, which took place in 2004, and favourable market development resulted in a significant increase in income

eQ-konsernilla ei ole pitkäaikaista velkaa. Taseen velat muodostuvat asiakkaiden talletuksista. Lyhytaikaiset velat ovat pääasiassa kaupankäyntiin sitoutunutta velkaa, kuten toteutuneista selvittämättömistä osakekaupoista syntyneitä lyhytaikaisia velkoja.

Investoinnit

eQ:n investoinnit olivat vuonna 2005 yhteensä 1,5 miljoonaa euroa (20,1 milj. euroa), ja ne kohdistuivat pääosin ylläpitoinvestointeihin.

Riskienhallinta

eQ-konsernin riskienhallinta noudattaa Rahoitustarkastuksen määräysten lisäksi 1.7.2004 voimaan tullutta Helsingin Pörssin, Keskuskauppakamarin ja Teollisuuden ja Työnantajain keskusliiton julkaisemaa suositusta pörssiyhtiöiden hallinnointi- ja ohjausjärjestelmistä (Corporate Governance).

eQ-konsernin suurimmat riskit liittyvät sisäisiin prosesseihin, tietojärjestelmiin sekä pienestä organisaatiosta johtuen henkilöstöön. eQ Oyj rajoittaa riskejään keskittymällä tarkoin valittuihin palveluihin, joiden riskit pystytään arvioimaan ja hallitsemaan.

eQ Oyj:n hallitus vastaa konsernin riskienhallintastrategiasta ja -periaatteista. Vastuu eQ Pankin liiketoimintaan liittyvien riskien hallinnasta ja päivittäisestä johtamisesta on eQ Pankin hallituksella. eQ Pankin johdon tehtävänä on arvioida säännöllisesti pankkitoimintaan liittyvät riskit, määritellä valvontatoimenpiteet sekä seurata riskien valvonnan toimivuutta. Riskinotto mitoitetaan toiminnan laajuuden ja kannattavuuden mukaan, ja se tukee pankin ydintoimintaa.

deposits. Current liabilities are mostly trading liabilities, such as current liabilities due to unsettled trades.

Investments. Group investments totalled EUR 1.5 million (EUR 20.1 million) in 2005 and was related to maintenance investments.

Risk management. eQ Group risk management follows the regulations of the Financial Supervision Authority and the Corporate Governance recommendation for listed companies published by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries taking effect on July 1, 2004.

The main operating risks of eQ Group relate to internal processes, IT systems and personnel, due to a small organization. eQ limits its risks by focusing on carefully selected services in which the risks can be evaluated and controlled.

The Board of eQ Corporation is in charge of the risk management strategy and principles. eQ Bank's Board carries the responsibility for risk management related to business operations and daily management. The task of the management of eQ Bank is to evaluate the risks related to the banking operations regularly, to define the necessary supervision measures and to evaluate the success of risk management. Any decision to take a risk is based on the extent of the operations it involves and on the profitability of the undertaking, ensuring that it supports the bank's core functions.

eQ is prepared for property, discontinuance and liability risks with, for example, comprehensive insurance coverage, which is re-evaluated yearly.

Treasury is in charge of group liquidity and adequacy of financing as well as managing the interest, currency and counterparty risks. Treasury also operates as an internal bank and manages the group accounts and collateral. In addition, treasury is in charge of eQ Group's capital and capital adequacy planning.

eQ Bank's credit risk has remained very low, due to the fact that – apart from some exemptions – the bank only grants credit against collateral. By market risk we mean the risk of loss resulting from changes in interest, securities or currency prices. The trading unit of eQ Bank operates within the set limits according to the authorisation it has been granted, and the risk management unit monitors these limits on a daily basis.

In 2005 the emphasis of risk management was on developing the risk management and regular reporting of operative risks. The damage caused by operative risks is limited with insurances, for example.

eQ Oyj on varautunut omaisuus-, keskeytys- ja vastuuriskeihin mm. kattavalla vakuutusturvalla, jota arvioidaan vuosittain.

Treasury vastaa konsernin maksuvalmiudesta ja rahoituksen riittävydestä sekä korko-, valuutta- ja vastapuoliriskien hallinnoimisesta. Treasury toimii myös sisäisenä pankkina ja vastaa konsernitilien ja vakuuksien hallinnasta. Lisäksi Treasury vastaa eQ-konsernin pääoma- ja vakavaraisuussuunnittelusta.

eQ Pankin luottoriski on pysynyt pienenä siitä johtuen, että pankki myöntää pääsääntöisesti vain vakuudellisia luottoja.

Markkinariskillä tarkoitetaan korko-, osake- ja valuuttakurssien muutosten seurauksena syntyvää tappioriskiä. eQ Pankin Trading-yksikkö toimii asetettujen limiittien ja toimivaltuuksien puitteissa, ja riskienvalvontayksikkö valvoo päivittäin asetettuja riskilimiittejä.

Vuonna 2005 riskienhallinnan kehityskohteena oli erityisesti operatiivisten riskien hallinnan järjestäminen ja säännöllinen raportointi. Operatiivisten riskien aiheuttamien vahinkojen rajoittamisessa käytetään mm. vakuuksia ja vakuutuksia.

eQ-konserni siirtyi IFRS-standardien mukaiseen raportointiin vuoden 2005 aikana

eQ group has applied IFRS standards on financial reporting since the first quarter interim report of 2005

Yllättäviin ulkoiisiin tapahtumiin on varauduttu liiketoimintakohtaisilla jatkuvuus-suunnitelmilla, joiden pohjalta kriittisiä toimintoja voidaan jatkaa häiriötilanteissa.

eQ:n riskienvalvontayksikkö valvoo keskitetysti konsernin päivittäistä liiketoimintaa ja kehityshankkeita sekä toimii liiketoimintayksiköiden valmentajana riskienhallinnassa. Riskienvalvontayksikkö toimii eQ Oyj:n toimitusjohtajan alaisuudessa ja raportoi pankin toimitusjohtajalle, pankin hallitukselle ja eQ Oyj:n hallitukselle.

eQ ja IFRS

eQ-konserni siirtyi IFRS-standardien mukaiseen raportointiin (International Financial Reporting Standards) vuoden 2005 ensimmäisen vuosineljänneksen osavuositarkastuksesta lähtien. eQ raportoi IFRS-standardien mukaan liiketoiminnan tuotot ja liiketuloksen liiketoimintayksiköittäin, joita ovat arvopaperinvälityspalvelut, varainhoitopalvelut, corporate finance -palvelut sekä hosting-palvelut.

Lisätietoja eQ:n siirtymisestä IFRS-standardeihin esitetään tilipäättöslitteessä.

Each business units has made a contingency plan to ensure that the operations critical for business can be carried out regardless of unexpected external factors.

The risk management unit controls the daily operations and development projects and operates as a coach in the risk management of each unit. The risk management unit operates under the CEO of eQ Corporation and reports to the managing director of eQ Bank, the Board of eQ Bank and to the Board of eQ Corporation.

eQ and IFRS. eQ group has applied IFRS standards (International Financial Reporting Standards) on financial reporting since the first quarter interim report of 2005. According to the standards eQ reports the net income and the operating profit separately for each business unit. These units are securities brokerage services, asset management services, corporate finance services and hosting services.

Further information on the transition to IFRS standards is presented on the Financial Statement.

Henkilöstö

Personnel

Finalising the integration. For the employees of eQ the year 2005 was a time for finalising integration. In order to create a uniform and strong whole, the organisation, operating concepts and strategies were streamlined during the year. The number of employees was up by 50 % compared to the beginning of 2004, following the acquisitions, which took place at the end of 2004. For the personnel administration, 2005 was a year of strengthening eQ's unity and the eQ identity. Additionally, the entire brokerage personnel moved to the same premises in March 2005. At the end of the year, the group had 142 employees (134). The average age of the personnel was 33 years.

Professionalism and innovation. eQ is a professional organisation whose operations and success are based on its skilled and motivated personnel. eQ provides its employees with an open and relaxed working environment. Supporting the innovation of the personnel is highly appreciated in eQ, since eQ seeks growth through constant product development. The company supports employee motivation and careers by encouraging job rotation, for example. eQ wants to be an employer of which the employees can be proud.

Internal communication. The importance of information flow increases as the number of employees grows. Monthly personnel meetings within each business unit are held to improve internal information flow. Meetings for all personnel are held quarterly in connection with the publication of the interim reports.

Corporate values - professional, reliable, active and creative - are visible in the actions of both employees and management. Customer needs and employee development ideas form the basis for product development. At eQ the company management is close to the personnel and plays an active role in daily business operations.

Integraation viimeistelyä

Vuosi 2005 oli eQ:n henkilöstölle integraation viimeistelyn aikaa. Yhtenäisen ja vahvan kokonaisuuden luomiseksi uusien liiketoimintayksiköiden organisointia, toimintamalleja ja strategiaa terävöitettiin vuoden aikana. Henkilöstön määrä oli vuoden 2005 alussa 50 prosenttia vuoden 2004 vastaavaa ajankohtaa korkeampi loppuvuodesta 2004 toteutettujen liiketoimintakauppojen myötä. Henkilöstöhallinnolle vuosi 2005 merkitsi yhteenkuuluvuuden tunteen ja eQ-identiteetin vahvistamisen vuotta. Lisäksi myös arvopaperinvälityksen koko henkilöstö siirtyi yhteisiin tiloihin maaliskuussa 2005. eQ-konsernin palveluksessa oli vuoden 2005 lopussa 142 henkilöä (134 henkilöä). Henkilöstön keski-ikä oli 33 vuotta.

Asiantuntemusta ja innovatiivisuutta

eQ on asiantuntijaorganisaatio, jonka toiminnan ja menestyksen edellytyksenä on asiantunteva ja ammattitaitoinen henkilöstö. eQ tarjoaa työntekijöilleen avoimen ja vapaan työilmapiirin. Innovatiivisuuden tukeminen on erityisen tärkeää eQ:ssa, koska tavoittelemme jatkuvaa tuotekehitystä ja sitä kautta kasvua. Henkilöstön innovatiivisuutta ja urakehitystä tuetaan muun muassa kannustamalla työnkiertoon. eQ haluaa tarjota henkilöstölleen työpaikan, josta voi olla ylpeä.

Sisäinen viestintä

Henkilöstömäärän kasvaessa tiedonkulun merkitys kasvaa entisestään. Tiedonkulku kunkin liiketoimintayksikön sisällä ja yksiköiden välillä on erityisen tärkeää. Sisäistä tiedonkulkua edistetään liiketoiminta-alueittain pidettävillä kuukausittaisilla henkilöstöpalavereilla. Koko henkilöstön yhteisiä palavereita pidetään neljännesvuosittain aina tulosjulkistusten yhteydessä.

Yhtiön arvot - asiantunteva, luotettava, aktiivinen ja luova - näkyvät henkilöstön toiminnassa ja johtamisessa. Asiakkaiden toiveet ja henkilöstön esittämät kehitysideat ovat palvelujen kehittämisen lähtökohta. eQ:ssa yrityksen johto on lähellä henkilöstöä ja osallistuu aktiivisesti päivittäiseen liiketoimintaan.

Vuonna 2006 eQ:n henkilöstöhallinnon painopiste on työhyvinvoinnin kehittäminen

During the year 2006 the emphasis of personnel management will be on developing well being at work

Henkilöstön hyvinvointi ja palkitseminen

eQ huolehtii työntekijöidensä hyvinvoinnista tarjoamalla henkilöstölle kattavat työterveyspalvelut sekä monipuoliset liikuntaedut. Vuosittain käytävissä kehityskeskusteluissa kartoitetaan henkilöstön kehitystoiveita ja tarpeita sekä asetetaan jokaiselle työntekijälle vuosittaisia tavoitteita. Kehityskeskustelujen yhteydessä selvitetään myös koulutustarpeet ja tehdään koulutussuunnitelma.

Vuonna 2006 eQ:n henkilöstöhallinnon painopiste on työhyvinvoinnin kehittäminen, josta esimerkkinä osallistuminen Suomen parhaat työpaikat 2006 -tutkimukseen.

Konsernissa on käytössä tulospalkkiojärjestelmä, jonka piirissä ovat kaikki työntekijät. Lisäksi yhtiöllä on kaksi optio-ohjelmaa. Vuoden 2000 optio-ohjelman nojalla ei voida enää antaa optioita. Vuoden 2004 optio-ohjelman nojalla on annettu 690 000 optiota, ja tämän ohjelman perusteella voidaan antaa vielä 510 000 optio-oikeutta. Kukin optio-oikeus oikeuttaa merkitsemään yhden eQ Oyj:n osakkeen.

Kilpailukyvyyn säilyttämiseksi ja liiketoiminnan tehostamiseksi eQ Pankki Oy kävi kesäkuussa yhteistoimintalain mukaiset neuvottelut arvopaperinvälitysliiketoimintayksikössä ja sitä tukevissa toiminnoissa. Neuvottelujen tuloksena yksikön henkilöstömäärä laski yhdeksällä.

Well-being and incentives. eQ supports the well being of its employees by offering comprehensive occupational health care and versatile fitness benefits. Annual development discussions identify the development needs and wishes of the personnel. Individual annual targets are set for each employee. Individual training needs are also examined and a training plan is drafted.

During the year 2006 the emphasis of personnel management will be on developing well being at work. An indication of this will be the company's participation in the "Best employers in Finland 2006 " survey.

The group operates an incentive programme that covers all employees. The group also has two option programmes. No option rights may be granted based on the 2000 option programme, but a total of 690 000 options have been granted based on the 2004 option programme, and an additional 510 000 may be granted. Each option is exercisable into one eQ Corporation share.

In order to maintain compatibility and streamline operations, eQ Bank Ltd held personnel negotiations in the brokerage services business unit and support operations in June. Following these negotiations, the number of employees decreased by nine.

Hallinto ja johto

Corporate Governance

Company Structure. eQ Corporation is the parent company of the group. eQ Bank Ltd, eQ Fund Management Company Ltd, eQ Capital Markets Ltd and Xenetic Ltd are all eQ's subsidiaries.

eQ Corporation is the parent company of the group and is listed on the Main list of the Helsinki Stock Exchange.

eQ Pankki Ltd is a fully owned subsidiary of eQ Corporation, which provides financial services. eQ Bank has a deposit bank licence issued by the Government.

eQ Fund Management Company Ltd is a fully owned subsidiary of eQ Bank, which manages mutual funds.

eQ Capital Markets Ltd is a subsidiary of eQ Bank and trades on its own account in international securities markets.

Xenetic Ltd is an expert on the security and supervision of facilities management and software and on hosting and software leasing. Xenetic is a fully owned subsidiary of eQ Corporation.

Konsernirakenne

eQ Oyj on eQ-konsernin emoyhtiö, ja sen tytäryhtiöt ovat eQ Pankki Oy, eQ Rahastoyhtiö Oy, eQ Capital Markets Oy ja Xenetic Oy.

eQ Oyj on Helsingin Pörssin Päälistalla noteerattu konsernin emoyhtiö.

eQ Pankki Oy on eQ Oyj:n täysin omistama tytäryhtiö, joka tarjoaa rahoituspalveluja. eQ Pankilla on valtioneuvoston myöntämä talletuspankkitoimilupa.

eQ Rahastoyhtiö Oy on eQ Pankki Oy:n täysin omistama tytäryhtiö, joka harjoittaa sijoitusrahastotoimintaa.

eQ Capital Markets Oy on eQ Pankin tytäryhtiö, joka käy kauppaa kansainvälisillä markkinoilla omaan lukuun.

Xenetic Oy on eQ Oyj:n täysin omistama tytäryhtiö, joka toimii tietokonetilojen ja -järjestelmien turvallisuuden, valvonnan sekä isännöinnin ja sovellusvuokrauksen asiantuntijana.

Konsernirakenne

Group structure



Business units. The business operations of the eQ Group are divided into four units: securities brokerage services, asset management services, corporate finance services and hosting services.

Applicable regulations. The administration of eQ complies with the Finnish Company Act and the Corporate Governance recommendation for stock exchange listed companies published by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries taking effect on July 1, 2004.

The group complies with the insider guidelines issued by the Helsinki Stock Exchange and the Financial Supervision Authority. In addition, the insider and trading guidelines of the Finnish Association of Securities Dealers are applied to all personnel.

Responsibilities. The company's board and managing director are responsible for the administration and operations of the company. The management group supports the managing director in his duties. Shareholder meetings summoned by the board have the highest decision-making authority.

Duties of the Annual General Meeting. The Annual General Meeting confirms the financial statement, decides on the distribution of profit, discharges the board and management from liability, decides on the dividend and elects the board members and auditors. In addition, the Annual General Meeting decides on the remuneration of board members and auditors.

An invitation to the Annual General Meeting is distributed at the earliest two months prior to the meeting and at the latest 17 days prior to the meeting. The invitation can be distributed either by publication on the Internet or in a broadly circulated newspaper. Board candidates are published in the invitation.

The AGM is held before the end of June each year.

An extraordinary general meeting is summoned when needed to handle specific issues raised to the general meeting.

Decision-making complies with the Finnish Company Act. The company has only one series of shares.

Liiketoiminta-alueet

eQ-konsernin liiketoiminta jakautuu neljään liiketoiminta-alueeseen, jotka ovat arvopaperinvälityspalvelut, varainhoitopalvelut, corporate finance -palvelut ja hosting-palvelut.

Sovellettavat säännökset

eQ:n hallinnoinnissa noudatetaan Suomen osakeyhtiölakia sekä 1.7.2004 voimaan tullutta Helsingin Pörssin, Keskuskauppakamarin sekä Teollisuuden ja Työnantajain Keskusliiton julkaisemaa suositusta pörssiyritysten hallinnointi- ja ohjausjärjestelmistä (Corporate Governance).

Konsernissa noudatetaan Helsingin Pörssin ja Rahoitustarkastuksen antamia sisäpiirimääräyksiä. Lisäksi henkilöstöä koskee Arvopaperinvälittäjien yhdistyksen jäsenyhteisöjen henkilökunnan sisäpiiri- ja kaupankäyntiohje.

Vastuut

Vastuu eQ:n hallinnosta ja toiminnasta on yhtiön hallituksella ja toimitusjohtajalla. Yhtiön toiminnan johtamisessa toimitusjohtajaa avustaa johtoryhmä. Ylintä päätösvaltaa käyttävät osakkeenomistajat yhtiökokouksessa, jonka kutsuu koolle yhtiön hallitus.

Yhtiökokouksen tehtävät

Yhtiökokous vahvistaa tilinpäätöksen, päättää tuloksen käsittelystä, vastuuvapauden myöntämisestä, osingonjaosta sekä valitsee hallituksen jäsenet ja tilintarkastajat. Lisäksi varsinainen yhtiökokous päättää hallituksen jäsenten ja tilintarkastajien palkkioista.

Kutsu yhtiökokoukseen toimitetaan aikaisintaan kaksi kuukautta ja viimeistään 17 päivää ennen kokousta. Kutsu voidaan toimittaa julkaisemalla se yhtiön kotisivuilla Internetissä tai hallituksen valitsemassa laajalevikkisessä sanomalehdessä. Hallitukseen ehdolla olevat henkilöt julkistetaan yhtiökokouskutsussa.

Varsinainen yhtiökokous pidetään vuosittain ennen kesäkuun loppua.

Ylimääräinen yhtiökokous kutsutaan koolle tarvittaessa käsittelemään tiettyä yhtiökokoukselle tehtyä ehdotusta

Päätöksenteko yhtiökokouksessa noudattaa osakeyhtiölakia. Yhtiöllä on vain yksi osakesarja.

Hallitus

Varsinainen yhtiökokous valitsee yhtiön hallitukseen 4-8 jäsentä. Hallitus valitsee keskuudestaan puheenjohtajan vuodeksi kerrallaan. Hallituksen jäsenten toimikausi on varsinaisten yhtiökokousten välinen aika.

Yhtiöjärjestyksessä ei ole asetettu hallituksen jäsenille yläikärajaa, rajoitettu jäsenten toimikausien lukumäärää eikä muutoinkaan rajoitettu yhtiökokouksen päätösvaltaa hallituksen jäsenten valinnassa.

Hallituksen tehtävät

Hallitus huolehtii emoyhtiön hallinnosta ja toiminnan asianmukaisesta järjestämisestä, myös tiedottamisesta. Hallitus päättää konsernin strategiasta ja tärkeimmistä tavoitteista sekä hyväksyy suurimmat investoinnit. Hallitus vahvistaa toimintasuunnitelman ja budjetin ja lisäksi hyväksyy eQ Pankin treasury:n sijoituspolitiikan sekä riskienhallinnan ja sisäisen valvonnan periaatteet.

Hallitus päättää myös konsernin johdon ja henkilöstön palkitsemisjärjestelmistä.

Hallitus on vahvistanut itselleen työjärjestyksen. Konsernin päälakimies toimii hallituksen sihteerinä.

Hallitus vuonna 2005

Vuonna 2005 eQ Oyj:n hallitukseen kuuluivat Georg Ehrnrooth, Johan Horelli, Jan-Martin Börman 31.3.2005 saakka, Jari Puhakka ja Miika Varjoavaara. 25.11.2005 alkaen hallitukseen kuului myös Petteri Walldén.

eQ Oyj:n hallitus kokoontui vuoden 2005 aikana 13 kertaa, ja jäsenten keskimääräinen osallistuminen hallituksen kokouksiin oli 91 prosenttia.

Kaikki hallituksen jäsenet puheenjohtaja Georg J.C. Ehrnroothia ja Jari Puhakkaa lukuun ottamatta ovat yhtiöstä riippumattomia.

Toimitusjohtaja ja johtoryhmä

Hallitus nimittää yhtiön toimitusjohtajan ja päättää tämän palvelussuhteen ehdoista, jotka määritellään kirjallisessa toimitusjohtajasopimuksessa. Toimitusjohtaja johtaa yhtiön operatiivista toimintaa hallituksen ohjeiden ja määräysten mukaisesti. Emoyhtiön toimitusjohtajana toimi 29.1.2002–11.2.2005 Jerker Molander, ja 11.2.–2.10.2005 Georg J.C. Ehrnrooth. Antti Mäkinen aloitti eQ:n toimitusjohtajana 3.10.2005.

The Board. The Annual General Meeting elects 4–8 members to the Board. The Board elects the Chairman from among its members. The term of the Board members lasts until the end of the Annual General Meeting following the one at which they were elected.

The articles of association do not set an age limit for the Board members, limit the number of the terms or otherwise restrict the AGM in electing board members.

Duties of the Board. The Board controls the administration of the parent company, including information disclosures. The Board decides on the group strategy and more specific goals, approves the main investments and confirms the annual action plan and budget. The Board also approves the investment policy of eQ Bank's treasury and the principles of risk management and internal control, and decides on management and personnel compensation schemes.

The Board has confirmed its rules of procedure. The chief legal counsel of the group acts as the Board's secretary.

The Board in 2005. In 2005 eQ Corporation's Board members were Georg J.C. Ehrnrooth, Johan Horelli, Jan-Martin Börman until March 31, 2005, Jari Puhakka and Miika Varjoavaara. Petteri Walldén was elected to the Board on November 25, 2005.

The Board of eQ Corporation convened 13 times during 2005. On average the members attended 91 per cent of the meetings.

All Board members, excluding Georg J.C. Ehrnrooth and Jari Puhakka, are independent of the company.

CEO and Management Group. The Board appoints the CEO and decides on the terms of his employment, which are defined in the managing director's written contract. The CEO manages the company's daily operations according to the guidelines and regulations given by the Board. Jerker Molander acted as CEO January 29, 2002–February 11, 2005 and Georg J.C. Ehrnrooth from February 11, 2005 until October 2, 2005. Antti Mäkinen started his duties as CEO on October 3, 2005. The Management Group consists of Marjaana Häkli, Katja Keitaanniemi, Janne Larva, Antti Mäkinen, Tuomas Söderholm, Mervi Vehmas, Pekka Virtanen and Jyri Wirtanen.

The Management Group drafts proposals for group strategy for the parent company's board, co-ordinates group functions, prioritises the group's strategic projects, drafts operating plans and budget proposals, and prepares other matters to be presented to the board of the parent company.

Management Group responsibilities have been divided according to the business units. Antti Mäkinen is in charge of securities brokerage services, asset management services (in addition to his own duties) and hosting services, and Janne Larma is in charge of corporate finance services. Pekka Virtanen is in charge of group technology and Antti Mäkinen of administration.

The Management Group meets every once a month.

Salaries and remuneration. The AGM decides on the remuneration to be paid to board members.

The Board decides on the compensation schemes and salaries of the CEO and the management group.

In 2005 the CEO's were paid EUR 450,185 in salaries, remunerations and fringe benefits.

In 2005 the board members were paid EUR 12,000 as the annual remuneration and EUR 400 per meeting. The fees for the chairman were EUR 15,000 and EUR 650 respectively.

The CEO's retirement age is 65 years with a period of notice of four months. Should the company give notice, the CEO is entitled to a compensation minimum of EUR 100,000 and maximum of EUR 750,000.

In 2005 the auditors were paid EUR 111,843 of which EUR 64,142 was audit fees. The company spent EUR 47,701 on expert counselling.

Insider administration, internal control

and internal audit. The group complies with the insider guidelines issued by the Helsinki Stock Exchange and the Financial Supervision Authority. The insider and trading guidelines of the Finnish Association of Securities Dealers are applied to all personnel. The insider register of eQ Bank is public on the NetSire services provided by the Association of Securities Dealers.

Konsernin johtoryhmän muodostavat Marjaana Häkli, Katja Keitaanniemi, Janne Larma, Antti Mäkinen, Tomas Söderholm, Mervi Vehmas, Pekka Virtanen ja Jyri Wirtanen.

Johtoryhmän tehtävänä on laatia ehdotus emoyhtiön hallitukselle konsernin strategiaksi, koordinoida konsernin yhteiset toiminnot, priorisoida konsernin strategiset hankkeet, laatia ehdotus toimintasuunnitelmaksi ja budjetiksi ja käsitellä muut emoyhtiön hallitukselle esiteltävät asiat.

Liiketoiminta-alueiden mukaiset vastuut on jaettu siten, että Antti Mäkinen vastaa arvopaperinvälitystoiminnasta, varainhoitopalveluista (oto) ja hosting-toiminnasta ja Janne Larma corporate finance -palveluista. Pekka Virtanen vastaa konsernin teknologiasta ja Antti Mäkinen hallinnosta.

Johtoryhmä kokoontuu kerran kuukaudessa.

Palkat ja palkkiot

Yhtiökokous päättää hallituksen jäsenille maksettavista palkkioista.

Toimitusjohtajan ja johdon palkitsemisjärjestelmästä ja palkkioista päättää yhtiön hallitus.

Konsernin emoyhtiön toimitusjohtajana tilikauden aikana toimineille maksettiin yhteensä 450 185 euroa palkkana, palkkioina ja luontaisetuina.

Palkkioina hallituksen jäsenille maksettiin vuonna 2005 12 000 euroa vuodessa ja 400 euroa kokoukselta. Puheenjohtajan palkkiot olivat 15 000 euroa vuodessa ja 650 euroa kokoukselta.

Toimitusjohtajan eläkeikä on 65 vuotta ja irtisanomisaika 4 kuukautta. Mikäli yhtiö toimittaa irtisanomisen, on toimitusjohtajalla oikeus minimissään 100 000 euron ja maksimissaan 750 000 euron suuruiseen irtisanomiskorvaukseen.

Vuonna 2005 tilintarkastajille maksettiin 111 843 euroa, josta lakisääteisen tilintarkastuksen osuus oli 64 142 euroa. Yhtiö osti asiantuntijapalveluita yhteensä 47 701 eurolla.

Sisäpiirihallinto, sisäinen valvonta ja sisäinen tarkastus

Konsernissa noudatetaan arvopaperimarkkinalain mukaisia sekä Helsingin Pörssin ja Rahoitustarkastuksen antamia sisäpiirimääräyksiä. eQ:n henkilöstöä koskee Arvopaperinvälittäjien yhdistyksen antama kaupankäyntiohje. eQ Pankin sisäpiirirekisteri on nähtävillä Internetissä Arvopaperinvälittäjien yhdistyksen ylläpitämässä NetSire-järjestelmässä.

eQ Oyj:n liiketoiminnan ohjaus ja valvonta tapahtuvat edellä kuvatun hallinto- ja johtamisjärjestelmän avulla. Liiketoiminnan valvontaa varten yhtiössä on käytössä asianmukaiset ja luotettavat laskenta- ja muut tietojärjestelmät.

Sisäinen valvonta on osa eQ-konsernin johtamisprosessia. Sisäisen valvonnan tavoitteena on varmistaa, että eQ:n toiminnalle asetetut päämäärät ja tavoitteet saavutetaan.

Sisäinen tarkastus on ulkoistettu Tuokko Tilintarkastus Oy:lle, joka toimii konsernin hallituksen hyväksymän vuosiohjelman mukaan. Sisäinen tarkastus raportoi pankin toimitusjohtajalle, pankin hallitukselle ja eQ Oyj:n hallitukselle.

Tilintarkastajat

Yhtiön tilintarkastajana toimii KPMG Oy Ab, jonka nimeämänä päävastuullisena tilintarkastajana Sixten Nyman.

Yhtiökokous valitsee vuosittain KHT-tilintarkastusyhteisön.

Tilintarkastajat antavat yhtiön osakkeenomistajille lain edellyttämän tilintarkastuskertomuksen yhtiön vuositilinpäätöksen yhteydessä. Lakisääteisen tilintarkastuksen pääasiallisena tehtävänä on todentaa, että tilinpäätös antaa oikeat ja riittävät tiedot yhtiön tuloksesta ja taloudellisesta asemasta kultakin tilikaudelta.

Riskien hallinta

Riskien hallinnan kuvaus on tämän vuosikertomuksen sivuilla 31-33.

Tiedottaminen

eQ Oyj:n viestinnän ja sijoittajasuhdetoiminnan tärkein tehtävä on tiedottaa pääomamarkkinaosapuolille yhtiötä koskevista asioista. Tavoitteena on tarjota oikeaa, riittävää ja ajankohtaista tietoa säännöllisesti ja tasapuolisesti kaikille markkinaosapuolille. Yhtiö julkistaa Internet-sivuillaan kaikki pörssitiedotteensa ja muut listayhtiön tiedonantovelvollisuuteen kuuluvat asiat suomeksi ja englanniksi. Vuosikertomus julkistetaan sähköisesti, jotta se on kaikkien osakkeenomistajien saatavilla tasapuolisesti. Myös yhtiön hallintoperiaatteet (Corporate Governance Statement) ovat nähtävillä yhtiön Internet-sivuilla.

The control of business operations takes place as described above. The group has adequate and accurate financial and other software for controlling purposes.

Internal control is part of the eQ group's management process. The aim of internal control is to ensure that set goals and targets are reached.

The internal audit has been outsourced to Tuokko Tilintarkastus Oy, which audits business units according to the year plan approved by the Board. The internal audit reports to the managing director of eQ Bank, Board of eQ Bank and Board of eQ Corporation.

Auditors. The company auditor is KPMG Oy Ab, and Sixten Nyman, authorized public accountant, is the auditor with principal responsibility.

The AGM elects an authorized firm of auditors annually.

The auditors issue shareholders with the auditor's report required by law in connection with the financial statement. The main task of the statutory audit is to verify that the financial statement given provides correct and adequate information on the company's result and financial position for each financial year.

Risk Management. A specific risk management description can be found on pages 31-33 of this annual report.

Communications. The main task of corporate communications and investor relations is to inform the equity markets about issues involving the company. The aim is to provide correct, adequate and current information equally to all parties on a regular basis. The company publishes all stock exchange releases and other disclosures, within the framework of the obligation to provide information continuously, in both Finnish and English, on the company website. Stock exchange releases can also be ordered by email through the website. eQ Corporation publishes the Annual Report on its website where it is impartially available to all shareholders. Also the eQ's Corporate Governance Statement is available on the website.





Johtoryhmä / Management Group (vasemmalta / from left):
Tomas Söderholm, Marjaana Häkli, Jyri Wirtanen, Katja Keitaanniemi,
Janne Larma, Mervi Vehmas, Antti Mäkinen, Pekka Virtanen.

Johtoryhmä

The Management Group

Marjaana Häkli, born 1968

M.Sc., economics.

Director, Securities Brokerage.

Head of eQ Bank's online brokerage services since 2001. Broker in eQ Bank 1998-2001.

Previous experience: Investment manager in ACM Active Cash Management

Oy, and various tasks in Bankhaus Merck, Finck & Co, Munich in 1994-1996. Holds 1,042 options (programme 2000) entitling to company shares.

Katja Keitaanniemi, born 1973

Lic. Sc., Industry.

Head of Research of eQ Bank since 2004.

Previous experience: Head of research of Conventum Securities 2002-2004,

Senior analysts in Nordea Securities 2001-2002, analyst in Evli Securities 2000-2001 and research engineer in Finnish Pulp and Paper Research Institute 1997-2000.

No holdings in the company.

Janne Larma, s.1965

M. Sc., economics.

Director of Advium Corporate Finance unit since 2004

Previous experience: Managing director of Advium Partners Ltd 2000-2005.

Head of Corporate Finance, Enskilda Securities Finland 1998-2000. Director in Alfred Berg Corporate Finance 1993-1998 and various tasks in Kansalliso- Osake-Pankki investment bank in 1993-1988.

Holds 3,350,010 company shares through a company in which he holds a controlling interest.

Antti Mäkinen, born 1961

LL.M

CEO of eQ Corporation and Managing Director of eQ Bank since 2005.

Member of the Board of eQ Bank and Chairman of the Board of eQ Fund Management Company. Member of the board of Xenetic.

Previous experience: Director in charge of Enskilda Securities Finland and attorney in Hannes Snellman, attorneys at law.

Holds 3,341,000 company shares through a company in which he holds a controlling interest.

Tomas Söderholm, born 1966

M.Sc., economics.

Head of eQ Bank's institutional brokerage since 2005.

Previous experience: Institutional broker (securities) in Danske Securities

1998-2002, Institutional broker (securities) in AG Securities 1994-1998, Institutional broker (securities) ANE Gyllenberg 1993-1994 and institutional dealer (fixed income instruments) Nordbanken Finland Helsinki Branch 1990-1992.

No holdings in the company.

Marjaana Häkli, s. 1968

KTM

Johtaja, Arvopaperinvälitys.

Toiminut eQ Pankin sähköisen kaupankäynnin vetäjänä vuodesta 2001 lähtien ja meklarina vuosina 1998-2001.

Toiminut aikaisemmin sijoituspäällikön tehtävissä ACM Active Cash Management Oy:ssa ja vuosina 1994-1996 eri tehtävissä Bankhaus Merck, Finck & Co:ssa Münchenissä.

Ei omista yhtiön osakkeita. Omistaa eQ:n v. 2000 optioita 1 042 kpl.

Katja Keitaanniemi, s. 1973

TkL

eQ Pankin pääanalyytikko.

Toiminut aiemmin Conventum Pankkiiriliikkeen pääanalyytikkona 2002-2004.

Tätä ennen Nordea Pankkiiriliikkeen seniorianalyytikkona 2001-2002, Evli Pankkiiriliikkeen sijoitustutkijana 2000-2001 ja tutkimusinsinöörinä Finnish Pulp and Paper Research Institutessa 1997-2000.

Ei omista yhtiön osakkeita.

Janne Larma, s.1965

KTM

Advium Corporate Finance -yksikön johtaja

Toiminut Advium Partners Oy:n toimitusjohtajana 2000-2005.

Tätä ennen Enskilda Securitiesin Suomen Corporate-finance yksikön vetäjänä 1998-2000. Siirtyi Enskildaan Alfred Bergin Corporate Finance -toiminnosta, jossa toimi johtajana 1993-1998. Vuosina 1988-1992 eri tehtävissä Kansalliso- Osake-Pankin investointipankissa.

Omistaa 3 350 010 yhtiön osaketta määräysvalta-yhtiönsä kautta.

Antti Mäkinen, s. 1961

OTK

eQ Oyj:n ja eQ Pankin toimitusjohtaja.

eQ Pankin hallituksen jäsen ja eQ Rahastoyhtiön hallituksen puheenjohtaja. Xenetic Oy:n hallituksen jäsen 25.11.2005 alkaen.

Toiminut aiemmin Enskilda Securitiesin Suomen toiminnosta vastaavana johtajana ja asianajajana Asianajotoimisto Hannes Snellmanilla.

Omistaa 3 341 000 yhtiön osaketta määräysvalta-yhtiönsä kautta.

Tomas Söderholm, s. 1966

KTM

eQ Pankin instituutiövälityksen vetäjä.

Toiminut vuosina 1998-2002 instituutiomeklarina (osakkeet) Danske Securitiesissä, instituutiomeklarina (osakkeet) AG Pankkiiriliikkeessä vuosina 1994-1998, instituutiomeklarina (osakkeet) ANE Gyllenbergillä vuosina 1993-1994 ja instituutiomeklarina (rahamarkkinat) Nordbanken Finland Helsingin Branchissa vuosina 1990-1992.

Ei omista yhtiön osakkeita.

Mervi Vehmas, s. 1960

KTM

Konsernin talousjohtaja.

eQ Pankin Group Controller v. 1998 lähtien.

Toiminut aiemmin laskentapäällikkönä Alfred Berg Finland Oy:ssä ja Oy Investa Ab:ssa.

Omistaa 57 092 eQ:n osaketta ja 11 000 kpl vuoden 2000 optioita.

Pekka Virtanen, s. 1956

YM

eQ Pankin teknologiajohtaja vuodesta 1997.

eQ Pankin toimitusjohtajan sijainen ja eQ Pankin hallituksen jäsen.

Toiminut aiemmin tietohallinto-päällikkönä Alfred Berg Finland Oy:ssä, ohjelmistopäällikkönä Helsingin Rahamarkkinakeskus Oy:ssä, ohjelmointipäällikkönä Yhtyneissä Kuvalehdissä ja tuotepäällikkönä Tietonauha Oy:ssä.

Omistaa 266 244 yhtiön osaketta ja 120 000 osakkeeseen oikeuttavaa optiota.

Jyri Wirtanen, s. 1965

KTM.

eQ Pankin markkinointijohtaja.

Vastannut markkinointi- ja asiakaspalveluyksiköstä vuodesta 2005. Aikaisemmin eQ Pankkiiriliikkeen ja eQ Pankin markkinointipäällikkönä vuodesta 1999 ja vuosina 1993-1999 teollisuuden markkinointitehtävissä Keski-Euroopassa.

Ei omista yhtiön osakkeita. Omistaa eQ:n v. 2000 optioita 5 884 kpl.

Mervi Vehmas, born 1960

M. Sc., economics.

CFO since 2005.

Previous experience: Group Controller in eQ since 1998. Head of accounting in Alfred Berg Finland Oy and Oy Investa Ab.

Holds 57,092 company shares and 11,000 options (programme 2000) entitling to company shares.

Pekka Virtanen, born 1956

M. Sc.

Chief technology officer since 1997.

Deputy managing director of eQ Bank and member of the Board of eQ Bank. Previous experience: Head of IT at Alfred Berg Finland Oy, Software Manager at Helsingin Rahamarkkinakeskus Oy, Programming Manager at Yhtyneet Kuvalehdet

Holds 266,244 company shares and 120,000 options (programme 2004) entitling to company shares.

Jyri Wirtanen, born 1965

M. Sc., economics.

Marketing Director of eQ Bank since 2005.

In charge of marketing and customer support units since 2005.

Previous experience: Marketing Manager of eQ Securities and eQ Bank 1999-2004 and various marketing tasks for industry in Central-Europe 1993-1999.

Holds 5,884 options (programme 2000) entitling to company shares.



Hallitus / The Board (vasemmalta / from left):
Johan Horelli, Jari Puhakka, Petteri Walldén,
Miika Varjovaara, Georg Ehrnrooth.

Hallitus

The Board

Georg Ehrnrooth, s. 1966
puheenjohtaja 3.10.2005 alkaen sekä 29.1.2002 -11.2.2005,
jäsen vuodesta 2000.
eQ Oyj:n toimitusjohtaja 11.2.-2.10.2005.
eQ Pankin hallituksen puheenjohtaja 16.11.2005 alkaen.
Opus Capita Oy:n ja Unicus Oy:n hallituksen jäsen.
AS Trigon Baltic Farming hallintoneuvoston jäsen. Paavo
Nurmen Säätiö hallituksen jäsen.
Georg Ehrnrooth omistaa välillisesti yhdessä veljiensä Henrik
Ehrnroothin ja Carl-Gustaf Ehrnroothin kanssa 13 361 830
yhtiön osaketta määräysvalta yhteisönsä kautta.

Johan Horelli, s. 1939
puheenjohtaja 11.2.-2.10.2005, jäsen vuodesta 2002.
DI
Toiminut aiemmin Aktia Säästöpankin toimitusjohtajana ja
Kone Elevatorsin johtajana.
Fairsearch Oy:n ja Synocus Oy:n hallituksen puheenjohtaja.
Omistaa 6 000 yhtiön osakkeita.

Jari Puhakka, s. 1962
Jäsen vuodesta 2001.
MBA
Xenetic Oy:n toimitusjohtaja 1.11.2005 alkaen.
Toiminut aiemmin F-Secure Oyj:n liiketoiminnan kehityksestä
vastaavana johtajana, F- Secure Oyj:n hallituksen puheen-
johtajana ja Digia Oy:n ja Takamäki Oy:n toimitusjohtajana.
Ei omista yhtiön osakkeita.

Miika Varjovaara, s. 1966
Jäsen vuodesta 2002.
KTM
Toiminut aiemmin AG Pankkiiriliike Oy:n toimitusjohtajana
sekä Danske Securities Helsinki Branchissä tittelillä "Head
of Equities".
2M Ventures Oy:n ja Saxby Holding Oy:n toimitusjohtaja.
Omistaa 25 000 yhtiön osaketta määräysvalta yhteisönsä
kautta.

Petteri Waldén, s. 1948
Jäsen 25.11.2005 alkaen.
DI
Toiminut aiemmin Onninen Oy:n, Ensto Oy:n, Nokia Kaapeli
Oy:n sekä Sako Oy:n toimitusjohtajana.
Nokian Renkaat Oyj:n, Autojenkuljetus SE Mäkinen Oy:n,
Lehtikuljetus SE Mäkinen Oy:n, SE Mäkinen Logistics Oy:n,
Tikkurilan Kuljetus Oy:n ja Veritautien tutkimussäätiön
hallituksen jäsen.
Omistaa 3 800 yhtiön osaketta.

Georg Ehrnrooth, born 1966
Chairman since October 3, 2005 and January 29, 2002- February 11, 2005,
member since 2000.
CEO of eQ Corporation February 11, 2005- October 2, 2005.
Chairman of the Board of eQ Bank since November 16, 2005.
Member of the Board of Opus Capita Oy and Unicus Oy.
Member of the Supervisory Board of AS Trigon Baltic Farming. Member of the
Board of Paavo Nurmi Foundation
Georg Ehrnrooth, together with his brothers Henrik Ehrnrooth and Carl-Gustaf
Ehrnrooth, indirectly holds 13 361 830 shares of eQ Corporation through a
company in which he holds a controlling interest.

Johan Horelli, born 1939
Chairman February 11, 2005-October 2, 2005, member since 2002.
M. Sc., industry
Previous experience: Managing Director of Aktia Säästöpankki, Director of
Kone Elevators.
Chairman of the Board of Fairsearch Oy and Synocus Oy.
Holds 6,000 company shares.

Jari Puhakka, born 1962
Member since 2001.
M. Sc., economics.
Managing Director of Xenetic Ltd since November 1, 2005.
Previous experience: Director of Operative Development at F-Secure Oyj,
Chairman of the Board of F-Secure Oyj and Managing Director of Digia Oy
and Takamäki Oy.
No holdings in the company.

Miika Varjovaara, born 1966
Member since 2002.
M. Sc., economics.
Previous experience: Managing Director of AG Pankkiiriliike Oy and Head of
Equities at Danske Securities Helsinki Branch.
Managing Director of 2M Ventures Oy and Saxby Holding Oy.
Holds 25,000 company shares through a company in which he holds a
controlling interest.

Petteri Waldén, born 1948
Member since November 25, 2005.
M. Sc., industry.
Previous experience: Managing Director of Onninen Oy, Managing Director of
Ensto Oy, Managing Director of Nokia Kaapeli Oy and Managing Director of
Sako Oy.
Member of the board of Nokian Renkaat Oyj, Autojenkuljetus SE Mäkinen Oy,
Lehtikuljetus SE Mäkinen Oy, SE Mäkinen Logistics Oy, Tikkurilan Kuljetus
Oy and Veritautien tutkimussäätiö.
Holds 3,800 company shares.

eQ Oyj sijoituskohteena ja tietoja osakkeenomistajille

Investment in eQ Corporation and information for shareholders

Investment in eQ Corporation

Investment in eQ Corporation is an investment in a profitably growing, Finnish banking group. In-depth knowledge of the financial markets, customer-oriented operations and strong technological know-how set the grounds for eQ's success.

Basic share information

Exchange	Helsinki Stock Exchange Main List since Aug 23, 2005 (Helsinki Stock Exchange NM list from Apr 14, 2000 until Aug 22, 2005)
Number of shares	33,397,384
Round lot	100
ISIN code	FI0009008676
Ticker	EQO1V

The highest and lowest share prices during 2005 on the Helsinki Stock Exchange were EUR 2.58 and 1.81 respectively. The share price was EUR 2.50 at the end of 2005 and EUR 2.06 at the end of 2004. Almost nine million shares, representing more than one quarter of the company's shares, were traded during 2005 (2004: 37 per cent were traded). The company's market capitalisation at the end of 2005 was EUR 83.5 million.

Option programmes

The company currently has two option programmes, for the years 2000 and 2004. In each programme one option entitles its holder to subscribe to one share of eQ Corporation. By the end of December 2005 a total of 1 017 517 options, with a maximum dilution effect of 3.0 per cent, had been granted.

The exercise period for the options from 2000 ends on 30 June 2006 and a total of 327 517 options have been granted based on this programme. The exercise period for the options from 2004 begins on 1 January 2007. Based on this programme, 690 000 2004A options have been granted. A total of 510 000 options may yet be granted based on the option programme 2004.

Sijoitus eQ Oyj:öön

Sijoitus eQ Oyj:öön on sijoitus kannattavasti kasvavaan, suomalaiseen pankkikonserniin. Rahoitusmarkkinoiden tuntemus, asiakaslähtöinen toiminta ja vahva teknologinen osaaminen luovat edellytykset eQ:n menestykselle.

Osakkeen perustiedot

Osakkeen noteeraus	Helsingin Pörssin Päälistalla 23.8.2005 lähtien (Helsingin Pörssin NM-listalla 14.4.2000-22.8.2005)
Osakkeiden lukumäärä	33 397 384
Pörssierä	100
ISIN-koodi	FI0009008676
Kaupankäyntikoodi	EQO1V

Vuoden 2005 aikana yhtiön osakkeen ylin kurssi Helsingin Pörssissä oli 2,58 euroa ja alin kurssi 1,81 euroa. Vuoden lopussa eQ:n osake maksoi 2,50 euroa, kun hinta vuotta aikaisemmin oli 2,06 euroa. Noin 9 miljoonaa osaketta eli yli neljännes kaikista osakkeista vaihtoi omistajaa vuoden aikana. Edellisenä vuonna osakkeista vaihtui noin 37%. Yhtiön markkina-arvo oli vuoden 2005 lopussa 83,5 miljoonaa euroa.

Optio-ohjelmat

eQ Oyj:llä on kaksi optio-ohjelmaa: vuoden 2000 ja vuoden 2004 ohjelmat. Molemmassa ohjelmassa jokainen optio oikeuttaa merkitsemään yhden eQ Oyj:n osakkeen. Optioita oli joulukuun 2005 loppuun mennessä jaettu yhteensä 1 017 517 kappaletta, joiden yhteenlaskettu laimennusvaikutus on enintään 3,0 prosenttia.

Vuoden 2000 optio-ohjelman merkintäaika päättyi 30.6.2006 ja sen nojalla on annettu 327 517 optio-oikeutta. Vuoden 2004 optio-ohjelman merkintäaika alkoi 1.1.2007 ja sen nojalla on puolestaan annettu 690 000 2004A-sarjan optio-oikeutta. Vuoden 2004 optio-ohjelman nojalla voidaan antaa vielä 510 000 optio-oikeutta.

eQ:n hallitus kutsui ylimääräisen yhtiökokouksen koolle 25.11.2005 päättämään suunnatun annin järjestämisestä 3.10.2005 yhtiön toimitusjohtajana aloittaneelle Antti Mäkiselle tehtävään sitouttamiseksi. Mäkiselle tarjottiin merkittäväksi eQ Oyj:n liikkeeseen laskemia uusia osakkeita 2,00 euron merkintähintaan määrä, joka merkinnän jälkeen vastasi noin 6 % yhtiön rekisteröidystä osakekannasta.

Antti Mäkisen kokonaan omistama yhtiö, ANHA Benelux SPRL, merkitsi joulukuussa 2005 yhteensä 2 070 000 yhtiön uutta osaketta.

Yhtiökokous

Varsinainen yhtiökokous pidetään 29.3.2006 klo 9.00 eQ:n päätoimipaikassa osoitteessa Mannerheiminaukio 1 A, 4 krs. Helsinki.

Osakkeenomistajan, joka haluaa osallistua yhtiökokoukseen, tulee olla merkittynä osakkeenomistajaksi Suomen Arvopaperikeskus Oy:n pitämään yhtiön osakseluetteloon viimeistään 17.3.2006, ja hänen tulee ilmoittautua yhtiökokoukseen viimeistään 22.3.2006 klo 16.00 Johanna Jänkävöörille osoitteeseen eQ Oyj, Mannerheiminaukio 1 A, 00100 Helsinki, faksilla numeroon (09) 6817 8463, sähköpostilla osoitteeseen ir@eQonline.fi tai puhelimitse numeroon (09) 6817 8412.

Mahdolliset valtakirjat pyydetään toimittamaan edellä mainittuun osoitteeseen ilmoittautumisajan loppuun mennessä.

Osingonmaksu

Hallitus ehdottaa, että tilikaudelta 2005 jaetaan osinkona 0,20 euroa osakkeelta eli yhteensä 6.679.476,80 euroa.

Taloudellisen tiedon julkistamisajankohdat vuonna 2006

Tilinpäätöstiedote vuodelta 2005	31.1.2006
Osavuosisikatsaus tammi-maaliskuu 2006	25.4.2006
Osavuosisikatsaus tammi-kesäkuu 2006	18.7.2006
Osavuosisikatsaus tammi-syyskuu 2006	18.10.2006
Tilinpäätöstiedote vuodelta 2006	31.1.2007

An extraordinary general meeting was summoned for 25 November 2005 to decide on the issuance of new shares to the new CEO, Antti Mäkinen, who took up his post on October 3, 2005. The issuance of new shares was to enhance the commitment of the new CEO. Mäkinen was offered a share issue amounting to some 6 per cent of the voting rights and share capital of eQ (after the subscription) at a subscription price of EUR 2.00 per share.

In December 2005, a company controlled entirely by Antti Mäkinen, ANHA Benelux SPRL, subscribed for a total of 2,070,000 new shares of eQ Corporation.

Annual General Meeting. The Annual General meeting will be held on March 29, 2006 at 9 a.m. in eQ's head office at Mannerheiminaukio 1 A, 4th floor, Helsinki.

Any shareholder wishing to take part in the meeting has to be registered in the shareholder register held by the Finnish Central Securities Depository on March 17, 2006, and must also register for the meeting by 4 p.m. on March 22, 2006 by mail addressed to Johanna Jänkävöör, eQ Corporation, Mannerheiminaukio 1 A, 00100 Helsinki, Finland, by fax. +358 9 6817 8463, by e-mail ir@eQonline.fi or by phone tel. +358 9 6817 8412.

Any proxies should also be delivered to the above-mentioned address before the end of the registration period.

Dividend. The Board proposes that a dividend of EUR 0.20 per share would be distributed for the 2005 financial year, totalling EUR 6 679 476.80.

Publication dates for financial information in 2006

Financial statements release 2005	Jan 31, 2006
Interim report Jan-March 2006	Apr 25, 2006
Interim report Jan-June 2006	Jul 18, 2006
Interim report Jan-Sept 2006	Oct 18, 2006
Financial statements release 2006	Jan 31, 2007

Yhteystiedot

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Toimitusjohtaja

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Puhelin (09) 6817 8686

Sijoittajasuhteet

Johanna Jänkäväära

Puhelin (09) 6817 8412

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eQ Corporation

**CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF THE BOARD
2005**

**PARENT COMPANY
FINANCIAL STATEMENTS
(FAS)**

(translation)

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eQ Corporation

Company ID

0767347-8

Domicile

Helsinki

Address

Mannerheiminaukio 1 A
FI-00100 HELSINKI

REPORT OF THE BOARD OF eQ CORPORATION FOR 2005

Summary of the financial year of 2005

- Total income EUR 31.0 million (EUR 21.5 million)
- Operating profit EUR 6.3 million (EUR 2.2 million)
- Net profit EUR 7.5 million (EUR 2.3 million)
- Earnings per share EUR 0.23 (EUR 0.09)
- Return on equity 13.0% (5.2%)
- Board's proposal for dividend EUR 0.20 per share (no dividend distributed)
- Fourth quarter total income EUR 8.9 million (EUR 7.6 million) and operating profit EUR 2.3 million (EUR 0.3 million)

All comparative figures of 2004 have been converted to data according to IFRS.

IFRS

eQ Corporation transferred to reporting according to International Financial Reporting Standards (IFRS) as of January 1, 2005. The group financial statement of the year 2005 will be prepared according to IFRS standards. According to the IFRS standards, eQ Corporation reports total income and net profit by business segments. The business areas of eQ are: securities brokerage services, asset management services, corporate finance services and hosting services.

eQ's operating environment

The favourable market development in 2005 had a positive effect on investors' trading activity. The euro volume on the Helsinki Stock Exchange increased by 24 per cent compared to 2004. Again, new foreign brokers started their operations in Finland. The impact of the newcomers on the entire market was marginal in 2005, however.

Asset management is an expanding business area in Finland. There are several reasons for expansion. Finns have continued to become wealthier and at the same time, investors' needs and will to manage their wealth in a professional manner is increasing.

Capital-guaranteed index-linked bonds have been increasingly popular among retail investors. These products provide retail investors with an access to instruments that would not otherwise be within their reach with a small amount of capital.

A significant part of the Finnish wealth is in bank deposits. Due to the low interest rates, the interest paid on the deposits in large banking groups has been practically non-existent. It is to be expected that the popularity of bank deposits will continue to decrease. However, the amount of bank deposits will be significant also in the future.

In terms of volume 2005 was globally the third-most active year in M&A and the most active since 2000. The increased activity is due to many reasons, such as strong balance sheets of the companies, good profits and again, growing will to grow faster. Activity has been boosted also by an increase in investment assets of private equity investors, by the good liquidity situation of the banks, and by low interest rates. Activity increased significantly also in Finland, although not quite as strongly as it did globally. What was special for Finland was the number of large real-estate transactions consisting of a portfolio of several real estates.

Outsourcing of information systems provides a wealth of opportunities, and in 2004 it was the fastest growing area of IT services in Finland. Companies aim to make their operations more efficient and focus on their core competence, which increases the demand for outsourcing services. Moreover, small and medium-sized companies have realised the benefits of IT services, and the outsourcing in this sector is growing much faster than in the overall market.

Income and profit

The consolidated total income of eQ for 2005 increased significantly and was EUR 31.0 million (2004: EUR 21.5 million) and the operating profit reached a new record EUR 6.3 million (2004: EUR 2.2 million). The acquisitions of institutional brokerage and corporate finance services, which took place at the end of year 2004, had a substantial effect on the increase. Also the income from asset management services and hosting services increased considerably. A favourable development in both the equity and fixed income markets supported the performance of eQ Group's business areas and had a positive effect on the growth.

The significant increase in operating profit is due to expenses increasing less sharply than income. Different internal measures to improve efficiency during the financial year have been successful and have controlled the increase of the expenses.

The integration of the new business areas, acquired late in 2004, to the other business operations was finalised during the financial year. The integration costs were highest during the two first quarters, which is why the operating costs were lower during the last two quarters.

The number of customers continued to increase during 2005. At the end of 2005 eQ had 42 492 customers, which is 11 % more than at the end of 2004. Most of the new customers were brokerage clients, but also the number of shareholders in eQ funds increased significantly. The number of banking customers, both in deposits and in loans, continued to increase as well.

The group balance sheet is very strong. The favourable profit development has further strengthened the balance sheet and the shareholders' equity at the end of the year was EUR 63 million. At the end of 2005, the consolidated capital adequacy ratio is well above all requirements. The high level of capitalisation had an effect on return on equity, which was 13 % in 2005.

Deferred tax assets

EUR 1.2 million of deferred tax assets has been booked to the annual accounts. This is based on the board's estimate that the company is able to utilise an amount of losses carried forward the value of which correspond to EUR 3.4 million as recorded on the balance sheet.

Investments

In 2005 the investments totalled EUR 1.9 million (2004: EUR 20.1 million), of which EUR 0.5 were directed to M&A activities and EUR 1.4 million to business operations (in 2004 EUR 17.6 million were directed to M&A activities and EUR 2.5 million to business operations).

Solidity

The balance sheet total was EUR 540.4 million (EUR 412.7 million 2004). The consolidated shareholder's equity was EUR 63.0 million (EUR 51.3 million in 2004). At the end of December 2005 the consolidated capital adequacy ratio was 20.5%, which is well above the average of Finnish bank groups. If the dividend will be distributed according to the board's proposal, the consolidated capital adequacy ratio will be 17.1%.

Customer deposits totalled EUR 370 million and loans were EUR 35 million at the end of financial year 2005.

Capital adequacy (EUR 1000)	31.12.2005	31.12.2004	31.12.2003	31.12.2002	31.12.2001
Own funds					
Tier I	33 537	30 755	32 727	32 515	35 049
Tier II	12	53	0	0	0
Deductions	0	-14	0	0	0
Own funds total	33 549	30 794	32 727	32 515	35 049
Risk weighted assets	196 276	35 210	93 557	64 953	25 317
Capital Adequacy Ratio %	17.1	22.8	35.0	50.1	138.4

Personnel

At the end of December eQ Group had 142 employees (2004: 134). The head count consists of staff working permanently or for a fixed term of at least six months. The average number of employees during 2005 was 141 (2004: 99).

Risks

Risk management organization and principles

eQ Corporation's Board of Directors is responsible for the Corporation's risk management strategy and principles and the management of risks jeopardising the achievement of strategic targets.

Responsibility for the management and day-to-day control of the risks related to eQ Banks business operations lies with eQ Bank's Board of Directors. eQ Bank's executive management is responsible for regularly assessing the risks related to banking operations, determining the control measures and monitoring the effectiveness of risk control.

An independent risk control unit is responsible for monitoring the company's day-to-day business operations. The risk control unit acts under the CEO of eQ Corporation and reports on the risks to the Boards of eQ Bank and eQ Corporation.

The internal audit is responsible for evaluating the adequacy, effectiveness and appropriateness of the Corporation's risk management and internal control. The internal audit acts in accordance with an annual programme approved by the Corporation's Board, and these tasks have been outsourced to Tuokko Tilintarkastus Oy.

eQ Corporation's risk management is responsible for ensuring that the risks than can be managed by the Corporation will not jeopardise the business strategy, critical success factors or earnings potential.

The leading principle of risk management is to ensure that the risks inherent in the company's activities are managed and controlled as is appropriate to the company's core business. The risk management principles include customer approval criteria, internal guidelines and definitions of trading activity and trading limits.

eQ Bank's risk limits are defined specifically for each unit/function/product/service. Before the activities in question are commenced, the related risk limits are defined and approved by eQ Bank's Board. The Board examines risk limits either annually or as operations change or expand.

Risk structure

eQ Corporations risks are categorised in strategic risks, property and liability risks, credit risk, financial risks and operational risk. Based on this categorization risks are assessed and analysed annually and the acceptable risk limits and control measures are defined accordingly.

Strategic risks

The management of eQ Corporation considers bank's most essential strategic or business risks arise by the factors largely beyond the company's control. Among those factors are the intensified competition, variation in demand and changes in legislation, market condition or world economy.

eQ aims to control Group's strategic risks by defining a robust and adjustable business plan, which is reviewed and updated in association with the yearly planning.

Property and liability risks

The property of eQ Corporation has been protected by very limited permissions of passing through, surveillance cameras and by securing the safety of the computer room and the hardware in case of the fire and water damage.

The risks, which cannot be managed by using own measures, are insured. eQ Corporation is well prepared for the property-, interruption- and liability risks by utilizing very comprehensive insurance policy.

Credit risk

The bank's credit risk arises from the inability of counterparties to fulfil their payment obligations towards.

The credit issuance process is guided by the confirmed credit risk policy, decision-making authorisations and operating instructions. The bank does not grant unsecured loans, and all loans granted by the bank are secured with collateral. The bank's Board has defined credit issuance criteria and requirements for collateral value. The risk management department and payment and loans department monitor the credits granted and their collateral on a daily basis.

Credit risks arise not only from lending activities but also from the Treasury's investment activities. The treasury's counterparty risks are limited by maximum counterparty limits set by the bank's Board.

Financial risks

The management of the internal and external financial risks is the responsibility of the Treasury according to the investment policy approved by the company's Board.

Market risks

The company's market risks consist of the effects of equity prices, interest rates and exchange rates on the company's result. Additionally, market risks include the liquidity risk that arises if financial instruments cannot be realized at market prices when necessary. The company's market risk consists of asset and liability risks arising from customer business, risks related to trading activities and the market risks inherent in long-term investments. eQ Bank's Trading unit acts within the set limits and authorisations granted to it, and the risk control unit monitors the set risk limits on a daily basis.

Interest rate risk

The Group's exposure to interest rate risk arises when there is a mismatch between interest rate sensitive assets and liabilities. This mismatch can be due to different maturities or different interest rate bases. If loans and other assets have longer maturities than funding transactions, an increase in the interest rate level creates a loss for the bank. Interest rate risk is monitored by measuring interest rate sensitivities subject to changes in the interest rate level.

The interest rate risk in customer operations is small as the same interest rate basis is largely applied both in customer deposits as well as in lending activities. Surplus liquidity is mostly invested in financial instruments that have similar maturities to customer deposits.

Asset and liability management is the main focus area of treasury operations and the amount of proprietary trading is limited. Interest rate risk of the positions is being constantly monitored and derivative products can be used for hedging purposes. Interest rate risk limits are approved by the Board and the CEO.

Currency risk

The Corporation's funding and credit issuance is mostly denominated in euros, for which reason the Corporation is not subject to material currency risks in its normal business. Transactions generated by customer business are carried out without delay and therefore result in no foreign exchange positions for the Corporation. Certain units are authorised to take moderate currency risks in the corporation's investment activities, within the limits of the investment policy approved by the company's Board. The foreign exchange positions are monitored on a daily basis and have pre-defined stop-loss limits.

Equity risk

eQ Corporation's equity risk arises from the company's investment activities that concern equities, equity funds and other investment instruments that carry an equity risk (e.g. share index loans) held for trading or acquired for long-term holding. The company may apply derivative instruments to reduce equity risks. The company's equity risk is controlled by the investment policy approved by the company's Board and monitored on daily basis.

Liquidity risk

Management of the company's liquidity risk is the responsibility of the Treasury that ensures that the bank's liquidity position is secured in all presumable situations. Due to the emphasis on stockbrokerage in customer business, the bank's funding may change significantly even in the short term, for which reason the company's assets have mainly been placed in highly liquid instruments. The company monitors its liquidity needs on a daily basis.

Operational risk

By the eQ Bank's definition, operational risk is the risk of direct or indirect loss resulting from inadequate or failed processes, systems and people or from external events. Legal and compliance risks are also included into operational risk.

Each business is primary responsible for managing its own operational risks. Efficient processes, skilled personnel, good operating instructions and regular reporting are the tools used for controlling operational

risks. Important components of managing operational risks are also high-quality information and physical security.

The registered and documented incidents are used for identifying, measuring and controlling operational risks.

Changes in Group Structure

At the end of November eQ Corporation's holdings in Xenetic Ltd. increased from 97 per cent to 100 per cent.

The Board

The following members served on the board of eQ Corporation during 2005:

Georg J. C. Ehrnrooth, Chairman on January 1, - February 10, 2005 and as of October 3, 2005

Jan-Martin Börman, until March 31, 2005

Johan Horelli Chairman on February 11, - October 2, 2005

Jari Puhakka

Miika Varjoavaara

Petteri Walldén, as of November 25, 2005

CEO

Jerker Molander acted as Chief Executive Officer until February 10, 2005 and Georg J. C. Ehrnrooth on February 11, - October 2, 2005. Antti Mäkinen has been CEO since October 3, 2005.

Auditors

The company's auditor was KPMG Oy Ab. Sixten Nyman, authorised public accountant, is the auditor with principal responsibility.

Post balance sheet date events

The merger of Advium Partners Ltd. with its parent company eQ Bank Ltd. was recorded in the Trade Register in January 1, 2006. The business operations of Advium Partners were transferred to eQ Bank in November 2004.

Short-term outlook

Typically for eQ's businesses, it is difficult to predict income and operating profit. As a rule, most of eQ's business areas are sensitive to the developments on the equity and fixed income markets. During favourable market conditions, trading activity among customers as well as the value of assets under management increases. Both factors have a significant influence on eQ's income. Additionally, the income in corporate finance operations may vary significantly due to the fact that the success fees are depending on the timing of transactions and also on the process of the competition authorities.

Considering the above factors, the Board of eQ Corporation deems it difficult to estimate the short-term financial result accurately. However, the Board of eQ Corporation states that the current market situation creates good conditions for a strong financial performance in the first quarter of 2006.

The Board of Directors' proposal for the distribution of profit

The balance sheet of eQ Group is very strong. The favourable financial performance on the fiscal period of 2005 has strengthened the balance sheet further and at the end of December eQ Group's shareholder equity was EUR 63 million. The consolidated capital adequacy ratio would be 20.5 % provided that no dividends were distributed, thus clearly exceeding the requirements imposed by authorities.

The distributable funds of the parent company are EUR 6 969 140.92. The Group's distributable funds are EUR 7 023 364.09. Since eQ's business operations do not require strengthening of the capital adequacy ratio, the Board of eQ Corporation proposes to the Annual General Meeting that a dividend of EUR 0.20 per share (2004: no dividend) would be distributed totalling EUR 6 679 476.80.

CONSOLIDATED FINANCIAL STATEMENTS**CONSOLIDATED BALANCE SHEET (IFRS)**

ASSETS	Notes	31.12.2005	31.12.2004
Liquid assets		38	26
Claims on credit institutions	4.	116 339	84 833
Financial assets held for trading purposes	5.& 6.	79 658	39 505
Financial assets available for sale	7.	190 134	179 020
Claims on the public and public sector entities	8.	35 327	24 534
Investments in associates	9.	77	0
Intangible assets	12.	19 409	20 357
Tangible assets	13.	2 956	2 466
Other assets	14.	92 852	59 295
Deferred tax assets	27.	3 625	2 684
		<u>540 415</u>	<u>412 719</u>
EQUITY AND LIABILITIES			
LIABILITIES			
Liabilities to credit institutions	15.	1 768	48
Liabilities to the public and public sector entities	16.	369 815	289 723
Derivative financial instruments and other liabilities held for trading	6.	9 026	1 827
Other liabilities	17.	96 044	69 293
Deferred tax liabilities	27.	699	508
TOTAL LIABILITIES		477 351	361 399
EQUITY CAPITAL			
Share capital	32.	5 678	5 306
Share issue		0	174
Share premium account		48 144	44 202
Reserve fund		2 106	2 106
Fair value reserve	7.	9	39
Retained earnings		7 023	-521
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		62 960	51 306
Minority interest		103	13
TOTAL EQUITY		<u>63 063</u>	<u>51 320</u>
		<u>540 415</u>	<u>412 719</u>

CONSOLIDATED INCOME STATEMENT (IFRS)

	Notes	1.1. - 31.12.2005	1.1. - 31.12.2004
Interest income	18.	8 049	6 465
Interest expenses	18.	<u>-4 877</u>	<u>-3 786</u>
Net interest income		3 171	2 679
Fee and commission income	19.	27 499	19 301
Fee and commission expenses	19.	<u>-5 728</u>	<u>-3 017</u>
Net fee and commission income		21 771	16 284
Impairment of receivables	20.	1	42
Net income from financial assets held for trading	5.	3 182	818
Net income from available-for-sale financial assets	7.	412	0
Net income from foreign exchange dealing		34	-57
Other operating income	21.	2 424	1 784
Administrative expenses			
Staff costs	22.	-12 416	-7 861
Other administrative expenses	23.	<u>-8 568</u>	<u>-6 673</u>
Total administrative expenses		-20 984	-14 534
Depreciation and write-downs on tangible and intangible assets	24.	-2 070	-3 520
Other operating expenses	25.	-1 588	-1 336
Share of associated companies' results	9.	<u>-23</u>	<u>0</u>
Net operating profit		6 331	2 159
Non-operating items		<u>0</u>	<u>-43</u>
Profit before taxes		6 331	2 116
Income taxes	26.	<u>1 112</u>	<u>215</u>
Profit for the financial year		7 442	2 331
Attributable to:			
Equity holders of the parent company		7 507	2 285
Minority interests		-65	45
Earnings per share (basic) for the shareholders of parent company		0,23	0,09
Earnings per share (diluted) for the shareholders of parent company		0,23	0,09

CONSOLIDATED CASH FLOW STATEMENT (IFRS) 1.1. - 31.12.2005**1.1. - 31.12.2004**Cash flow from operating activities

Net operating profit	6 331	2 159
Adjustments:		
Depreciation and amortization	2 070	3 520
Unrealised gains and losses	-513	266
Share of associated companies' results	23	0
Employee benefits	37	11
Other adjustments	-13	0
Change in working capital		
Shares and derivatives		
held for trading purposes	-15 991	605
Short term receivables	-33 722	-18 707
Short term liabilities	33 315	16 662
Income taxes paid	-26	-98
Cash flow from operating activities	-8 489	4 418

Cash flow from investing activities

Investments in intangible and tangible assets	-1 283	-4 609
Acquisitions of subsidiaries	-124	-6 480
Investment in associates	-400	0
Cash flow from investing activities	-1 807	-11 090

Cash flow from financing activities

Share issue	4 324	914
Repayment of long-term borrowings	0	-157
Cash flow from financing activities	4 324	758

Change in cash and cash equivalents	-5 972	-5 914
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Cash and cash equivalents at Jan 1.	30 518	36 431
Cash and cash equivalents at the end of the period	24 546	30 518
Change in cash and cash equivalents	-5 972	-5 914

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share issue	Share premium account	Reserve fund	Fair value reserve	Retained earnings	Minority interests	Total equity capital
Equity capital 31.12.2004	5 306	174	44 202	2 106	39	-521	13	51 320
Subscription with the option rights	20	-174	154					0
Financial instruments					-30			-30
Equity compensation plans						37		37
Management's share subscription	352		3 788					4 140
Profit for the period						7 507		7 507
Minority interests							90	90
Equity capital 31.12.2005	5 678	0	48 144	2 106	9	7 023	103	63 063
	Share capital	Share issue	Share premium account	Reserve fund	Fair value reserve	Retained earnings	Minority interests	Total equity capital
Equity capital 31.12.2003	4 502	279	35 996	2 106	6	-2 817	19	40 092
Subscription with the option rights	124	-105	886					905
Financial instruments					33			33
Equity compensation plans						11		11
Business combinations	680		7 320					8 000
Profit for the period						2 285		2 285
Minority interests							-6	-6
Equity capital 31.12.2004	5 306	174	44 202	2 106	39	-521	13	51 320

ACCOUNTING POLICIES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's parent company, eQ Corporation, is a Finnish public limited company. These are eQ's first consolidated financial statements to be prepared under the IFRS (International Financial Reporting Standards) and in compliance with the IAS (International Accounting Standards) and IFRS valid at 31 December 2005, together with the interpretations of the SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee). Copies of the financial statements can be obtained from the address Mannerheiminaukio 1 A, FI-00100 Helsinki.

The eQ Group transferred to the IFRS at 1 January 2005 and has applied IFRS 1 (First-time Adoption of International Financial Reporting Standards). The transition date was 1 January 2004. The differences in recognition and measurement principles between the previously applied FAS (Finnish Accounting Standards) and the IFRS have been presented in the reconciliation statement for 2004. The 2004 comparison figures presented in the financial statements are IFRS-compliant. The financial statements information is based on original cost, unless otherwise mentioned in the accounting policies below.

CONSOLIDATION PRINCIPLES

The consolidated financial statements consist of eQ Corporation and its directly or indirectly owned subsidiaries in which the parent company exercises control. Control arises when the Group holds half of the voting power or otherwise has the right to control a company's financial and business policies in order to gain benefit from its operations.

Investments in associates, in which eQ Corporation holds 20-50% of the total votes, have been consolidated by the equity method. Investments are recognized at original cost, and thereafter the accounts are adjusted by changes in eQ's share of the associate's net assets. If eQ's share of an associate's loss equals or exceeds the investment's carrying amount, the investment is recognized in the balance sheet as having no value, and any losses exceeding it are not recognized, unless the Group has obligations related to the associate.

Mutual shareholdings are eliminated by the purchase method. All intra-group transactions and intra-group balances are eliminated in full. The division of the financial year's profit between the parent company's equity holders and minority interests is presented in the income statement, and the share of equity attributable to minority interests is presented as a separate balance sheet item under "Equity".

FOREIGN CURRENCY DENOMINATED ITEMS

Foreign currency transactions are recognized in euros at the exchange rate of the transaction date. Assets and liabilities outstanding at the close of the financial year are translated into euros at the exchange rate of the transaction date. Net exchange gains and losses are presented in the financial statements under "Net income from foreign exchange dealing".

FINANCIAL INSTRUMENTS

Financial assets are classified as financial assets held for trading, available-for-sale financial assets and loans and other financial assets. Purchases and sales are recognized as per the transaction date.

Financial assets held for trading are recognised at the purchase price in the accounts and subsequently measured at market price. Unrealized revaluation is recognized in the result under "Net income from financial assets held for trading".

Available-for-sale financial assets are initially measured at the purchase price in the accounts and subsequently at market price (fair price). The market prices of fund units are obtained directly from active markets. The market prices of other available-for-sale financial assets are obtained by discounting future cash flows to the balance sheet date, 31 December, by applying a straight-line interpolation of the Euribor rate for the corresponding period. Unrealized value increases are recognized directly in equity under "Fair value reserve". Unrealized impairment is recognized through profit or loss under: "Net income from available-for-sale financial assets".

The financial assets that are classified as loans and receivables class are measured at amortized cost with the effective interest method. Impairment is recognized through profit or loss.

No financial assets have been classified under investments held until maturity.

No hedge accounting under IAS 39 (Financial Instruments: Recognition and Measurement), has been applied. Changes in the fair values of derivative financial instruments are recognized through profit or loss under "Net income from financial assets held for trading".

Financial liabilities consist of liabilities held for trading and are measured at market price (fair value).

CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents consist of cash, loans and advances to credit institutions, financial instruments held for trading purposes, available for sale financial assets and demand deposits in checking accounts. For the purposes of the cash flow statement, items received and paid on behalf of customers are offset.

INTANGIBLE AND TANGIBLE ASSETS

Intangible and tangible assets are recognized in the balance sheet at original cost less accumulated depreciation and impairment. Assets are depreciated on a straight-line basis during their estimated useful life. The depreciation periods for intangible and tangible assets are as follows:

Machinery and equipment	4-5 years
Intangible assets	4-5 years
Hosting business hardware	10 years

Goodwill is that portion of the purchase cost that exceeds the Group's share of the fair value of an acquired company's net assets at the acquisition date. In accordance with an exemption allowed by IFRS 1, business combinations made before the transition date, 1 January 2004, have not been adjusted to comply with the IFRS. Instead, their goodwill corresponds to the book value under the previously applied accounting policies, which is used as the deemed cost.

Goodwill is not depreciated according to plan, but is tested annually for impairment. A goodwill impairment test is also made when its value has probably decreased due to changed circumstances. The recoverable amount is defined for the segments to which the goodwill has been allocated. If the recoverable amount is smaller than the segment's carrying amount, the impairment is entered in the income statement.

Intangible assets recognized separately from goodwill (identifiable intangible assets) are entered in the balance sheet at fair values (value in use) and are depreciated during their useful life. Identifiable intangible assets are not necessarily included in the balance sheet of the company acquired/disposed of, but their fair values must, in accordance with IAS 38 (Intangible Assets), be reliably determinable, based on a contract or law, and they must be identifiable. Fair values are determined for identifiable intangible assets by using a valuation technique selected case-specifically. eQ has applied valuation techniques based on discounted cash flows.

Tangible assets recognized in the consolidated balance sheet in conjunction with business combinations have been measured at fair value, based on the appraisals of relevant industry experts. The appraisals are based on prevailing market prices.

OTHER ASSETS AND LIABILITIES

The business segments' short-term trade receivables and other receivables from customers are recognized under other assets. Additionally, short-term receivables from customers and clearing houses originating from securities brokerage are recognized in other assets. Brokerage receivables form the majority of other assets. Other assets are measured at original cost.

The business segments' short-term trade payables and other liabilities to customers are recognized in other liabilities. Additionally, short-term payables to customers and clearing houses originating from securities brokerage are recognized in other liabilities. Brokerage liabilities form the majority of other liabilities. Other liabilities are measured at original cost.

IMPAIRMENT

At each balance sheet date, the Group assesses whether there are any indications of the impairment of an asset. If such indications exist, the recoverable amount of the asset in question is assessed. In addition, goodwill and assets with unlimited useful life are tested annually regardless of whether there are indications of impairment.

The recoverable amount is the asset's fair value less the costs of disposal or its value in use, whichever is higher. Value in use means the estimated net cash flows obtainable from the asset in the future. The recoverable amount of financial assets is either their fair value, or the present value of expected future cash flows discounted at the original effective interest rate. An impairment loss is recognized when the asset's carrying amount is larger than the recoverable amount.

An impairment loss is immediately recognized as an expense in the income statement. An impairment loss will be reversed, if the recoverable amount has changed from the impairment loss entry date. However, the reversal of an impairment loss shall not exceed the asset's carrying amount without the recognized impairment loss. Goodwill impairment is not revoked under any circumstances.

The goodwill impairment test required by the first-time adoption standard was performed on the IFRS transition date, 1 January 2004.

Bad and doubtful debts are recognized in the income statement as an expense under "Write-down of loans and advances" and are deducted from the carrying amount of the appropriate loans and advances category. Items previously entered in bad and doubtful debts, but successfully recovered later, are entered as a decrease in bad and doubtful debts.

LEASES

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases, in accordance with IAS 17 (Leases). Finance leases are entered under tangible assets in the balance sheet less accumulated depreciation. Liabilities related to finance leases are recognized under other liabilities in the balance sheet. Lease payments are recognized as interest expense and as a decrease in liabilities.

Operating leases are recognized in the income statement as a lease expense on a straight-line basis over the lease term.

FEE AND COMMISSION INCOME

The Group's fee and commission income consists of brokerage commissions from customers, custody-based and return-based fees and commissions from funds, asset management fees and corporate finance fees. Brokerage commissions are recognized as income at the transaction date.

OTHER OPERATING INCOME AND EXPENSES

Income from hosting activities and income from other than the Group's actual business operations are recognized under "Other operating income".

Rent paid for premises, insurance payments, and supervision and membership fees are recognized under "Other operating expenses".

INCOME TAXES

Accrual-based taxes determined from the Group companies' results and changes in deferred taxes are recognized under "Income taxes" in the consolidated financial statements. Taxes are adjusted by taxes related to previous financial years, if any.

Deferred taxes are recognized from taxable and deductible temporary differences between accounting and taxation in accordance with IAS 12 (Income Taxes). A deferred tax asset is recognized to the extent it is probable that future taxable income will accrue against which the temporary difference can be utilized. The most significant deferred tax asset consists of unused fiscal losses.

PENSION PLANS

The Group's pension plans are funded by pension insurance. These are classified as defined contribution plans, and contributions made on their basis are recognized as an expense in the income statement of the financial year in which they are incurred.

SHARE-BASED PAYMENT

A fair value is determined for stock options at the time of their granting. The fair value of the stock options is amortized as personnel expenses over the vesting period. A corresponding amount is credited in equity against retained earnings. Since 24 March, 2004, eQ Group has had a valid share-based options program in accordance with IFRS 2 (Share-based Payment) that has been recognized as described above. Stock options whose subscription right arose prior to 1 January 2005 have not been treated in accordance with IFRS 2.

The fair value of stock options has been measured in accordance with the Black-Scholes formula.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

IFRS-compliant preparation of the financial statements requires the Group's management to make estimates and assumptions to a certain extent. These affect the values of reported balance sheet items and the income and expenses reported for the year. The final result may deviate from the estimates made.

ADOPTION OF NEW IFRS-STANDARDS AND INTERPRETATIONS

In 2006 eQ Group will adopt the following new or changed standards published by IASB in 2004:

- IAS 19 "Employee Benefits": "Actuarial Gains and Losses, Group Plans and Disclosures"
- IFRS 7 "Financial Instruments: Disclosures", IAS 1 "Capital Disclosures"
- IAS 39 "Financial Instruments: Recognition and Measurement": "The Fair Value Option"
- IAS 39 - ja IFRS 4 "Financial Guarantee Contracts"
- IFRIC 4 "Determining Whether an Arrangement Contains a Lease"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SEGMENT INFORMATION

Segments:

eQ Group's segment information is based on four business segments. There are no geographical segments in the eQ Group.

Securities Brokerage Services

Securities brokerage services segment operates as securities broker for securities and derivatives on every major market in Finland and abroad. Addition to this, the segment provides investment analysis on Finnish and other Scandinavian companies. The segment includes also a trading unit, which trades securities on its own account. The customers of this segment are companies and private investors. The net income comes mainly from brokerage commissions and trading profits.

Asset Management Services

Asset management services includes services in banking and asset management. The customers of the segment are private and professional investors. The net income generates from banking and asset management activities.

Corporate Finance Services

Advium Corporate Finance provides advisory services to mergers and acquisitions and to major real estate transactions. The customers of the segment are large or medium-sized Finnish companies and international companies, which have business interests in Finland. The net income comes from success fees and guidance fees.

Hosting Services

Hosting business provides high-usability IT services for small and medium sized companies. The net profit for hosting segment comes from monthly IT hosting fees. Hosting segment provides also hosting services to the eQ Group companies.

2005

Business Segments	Securities Brokerage Services	Asset Management Services	Corporate Finance Services	Hosting Services	elimination	Group
Sales, outside group	14 009	12 175	2 387	2 425		30 996
Sales, inside group				895	-895	
Net income	14 009	12 175	2 387	3 320	-895	30 996
Depreciation and write downs	822	606	107	535		2 070
Share of associated companies' results	0	23	0	0		23
Net operating profit	861	3 909	1 153	468	-60	6 331
Unallocated items						1 176
Profit for the period						7 507
Assets allocated to segments	121 982	399 061	13 757	3 260	-1 401	536 659
Investments in associates	0	77	0	0	0	77
Unallocated assets						3 679
Total assets						540 415
Liabilities allocated to the segments	103 572	372 485	221	1 776	-1 401	476 652
Unallocated liabilities						699
Total liabilities						477 351
Investments	505	663	4	755		1 927

2004

Business Segments	Securities Brokerage Services	Asset Management Services	Corporate Finance Services	Hosting Services	elimination	Group
Sales, outside group	10 342	8 019	1 427	1 761		21 549
Sales, inside group				921	-921	
Net income	10 342	8 019	1 427	2 682	-921	21 549
Depreciation and write downs	1 131	934	1 028	428		3 520
Net operating profit	1 147	768	5	334	-95	2 159
Unallocated items						127
Profit for the period						2 285
Assets allocated to segments	70 615	324 325	13 268	3 046	-1 459	409 795
Unallocated assets						2 929
Total assets						412 724
Liabilities allocated to the segments	58 889	297 448	516	1 727	-1 459	358 579
Unallocated liabilities						2 825
Total liabilities						361 405
Investments	2 995	381	15 582	1 125		20 084

2. ACQUIRED BUSINESSES

2005

No acquired businesses

2004

Scribona Ltd. hosting business

Xenetic Ltd., a subsidiary of eQ Corporation, acquired Scribona Ltd's hosting operations on August 1, 2004. Scribona's customer base included 13 hosting agreements. The contract price was EUR 275.000,00 and it was paid in cash. The acquisition costs included a cash payment, direct machinery purchases and consultancy fees, totalling EUR 8 684.84. The synergies between eQ's subsidiary Xenetic Ltd.'s hosting operations and the acquired business had an effect on the goodwill (EUR 153 437.40).

The consolidated total income of eQ Corporation in 2004 would have been EUR 164 766,00 bigger and the operating profit respectively EUR 57 439,90, if the hosting operations of Scribona would have been consolidated in the consolidated financial statements from the beginning of 2004.

The following assets and liabilities were recognised:

	Fair values used in combination	Carrying amounts before combination
Identifiable intangible assets	164	-
Total assets	164	-
Deferred tax liabilities	43	-
Total liabilities	43	-
Net assets	122	-
Acquisition cost	284	
Goodwill	162	
Cash payment	-275	
Direct expenses	-9	
Cash flow effect	-284	

The business operations of Conventum Securities Ltd.

eQ Bank Ltd., a subsidiary of eQ Corporation, acquired the business operations of Conventum Securities, a fully owned subsidiary of Pohjola Group Plc. The business operations of Conventum Securities included stock brokerage on Helsinki and Stockholm Exchanges, market making and derivatives brokerage on EUREX Derivatives Exchange.

The contract price was EUR 2 million and it was paid in cash. The acquisition costs included a cash payment and the consultancy fees of the acquisition, totalling EUR 155 471.45. The synergies between eQ Corporation's business operations and the acquired business affected on the goodwill (EUR 1 172 576.83).

The consolidated total income of eQ Corporation in 2004 would have been EUR 28 million and the operating profit EUR 1.7 million, if the business operations of Conventum Securities would have been included in the consolidated financial statements from the beginning of 2004.

The following assets and liabilities were recognised:

	Fair values used in combination	Carrying amounts before combination
Tangible capital assets	127	166
Intangible capital assets	120	222
Indentifiable intangible assets	1 154	-
Financial assets	624	624
Deferred tax asset	49	-
Total assets	2 074	1 012
Financial liabilities	624	624
Deferred tax liabilities	312	-
Total liabilities	936	624
Net assets	1 138	388
Acquisition cost	2 000	
Goodwill	1 017	
Cash payment	-2 000	
Consultancy fees	-155	
Cash flow effect	-2 155	

Advium Partners Ltd.

eQ Corporation acquired the entire share capital of Advium partners Ltd. Advium acts as an independent advisor in mergers and acquisitions as well as in various capital market transactions. The customer base of Advium consists of Finnish large and mid-cap companies and of international companies with M & A activities in Finland.

The contract price, EUR 15 146 518.89 included:

EUR 8 000 000.00	The sellers were offered to subscribe 4 million new shares of eQ Corporation (Fair value EUR 2.00)
EUR 7 146 518 .89	Cash payment

The acquisition costs included also consultancy fees EUR 193 529.21 and stamp duty EUR 242 344.80. The generation of goodwill, EUR 13 104 812.51, was due to getting top quality know-how into the company.

The consolidated total income of eQ Corporation in 2004 would have been EUR 24.7 million and the operating profit EUR 3.2 million if the business operations of Advium Partners would have been included in the consolidated financial statements from the beginning of 2004.

The following assets and liabilities were recognised:

	Fair values used in combination	Carrying amounts before combination
Intangible capital assets	42	42
Identifiable intangible assets	1 124	-
Claims	508	508
Financial assets	1 974	1 974
Total assets	3 648	2 524
Financial liabilities	764	764
Other assets	114	114
Deferred tax liabilities	293	-
Total liabilities	1 170	877
Net assets	2 478	1 647
Acquisition cost	15 582	
Goodwill	13 105	
Cash payment	-7 147	
Net financial assets of acquired subsidiary	1 605	
Consultancy fees	-194	
Stamp tax	-242	
Cash flow effect	-5 978	

3. FINANCIAL RISK MANAGEMENT

Risk management organization and principles

eQ Corporation's Board of Directors is responsible for the Corporation's risk management strategy and principles and the management of risks jeopardizing the achievement of strategic targets.

Responsibility for the management and day-to-day control of the risks related to eQ Bank's business operations lies with eQ Bank's Board of Directors. eQ Bank's executive management is responsible for regularly assessing the risks related to banking operations, determining the control measures and monitoring the effectiveness of risk control.

An independent risk control unit is responsible for monitoring the company's day-to-day business operations. The risk control unit acts under the CEO of eQ Corporation and reports on the risks to the Boards of eQ Bank and eQ Corporation.

The internal audit is responsible for evaluating the adequacy, effectiveness and appropriateness of the Corporation's risk management and internal control. The internal audit acts in accordance with an annual programme approved by the Corporation's Board, and these tasks have been outsourced to Tuokko Tilintarkastus Oy.

eQ Corporation's risk management is responsible for ensuring that the risks that can be managed by the Corporation will not jeopardize the business strategy, critical success factors or earnings potential.

The leading principle of risk management is to ensure that the risks inherent in the company's activities are managed and controlled as is appropriate to the company's core business. The risk management principles include customer approval criteria, internal guidelines, and definitions of trading activity and trading limits.

eQ Bank's risk limit is defined specifically for each unit/function/product/service. Before the activities in question are commenced, the related risk limits are defined and approved by eQ Bank's Board. The Board examines risk limits either annually or as operations change or expand.

Capital adequacy planning

The company's capital adequacy planning aims to ensure that the capital adequacy requirements set by the Board is met in all presumable situations. The Board's current goal for the capital adequacy ratio (15 per cent) is clearly higher than that of the official regulations concerning credit institution activity.

As a result of the new Basle II capital adequacy reform, equity planning must be part of eQ Bank's strategy. In the future the operating risk capital requirements will be considered in addition to the credit risk and market risk capital requirements considered earlier.

Credit risks

The company's credit risk arises from the inability of lending and investment counterparties to fulfil their payment obligations towards the company.

The bank has no significant credit risk concentrations, because its credit portfolio is distributed over a large customer pool and the maximum amounts of individual credits have been precisely defined. The credit issuance process is guided by the confirmed credit risk policy, decision-making authorizations and operating instructions.

The bank does not grant unsecured loans, and all loans granted by the bank are secured with collateral. The bank's Board has defined credit issuance criteria and requirements for collateral value. The majority of the loans issued by the bank are in the form of bank overdrafts intended for the financing of investment activities. These overdrafts have

been secured with sufficient securities which the bank is entitled to realize immediately after their market value falls below a pre-defined threshold.

The credit issuance process occupies a key position in the management of credit risk. The assessment of creditworthiness and credit limits per customer, the decision-making process and execution have been separated.

Additionally, the risk management department and payment and loans department monitor the credits granted and their collateral on a daily basis.

Credit risks arise not only from lending activities but also from the Treasury's investment activities. The bank's treasury invests surplus liquidity, generated by the company's borrowing and lending activities, in the financial instruments of credit institutions and companies, such as commercial papers, certificates of deposit, bonds and bank deposits. The treasury's counterparty risk is limited by maximum counterparty limits set by the company's Board and Managing Director.

Market risks

The company's market risks consist of the effects of equity prices, interest rates and exchange rates on the company's result. Additionally, market risks include the liquidity risk that arises if financial instruments cannot be realized at market prices when necessary. The company's market risk consists of asset and liability risks arising from customer business, risks related to trading activities and the market risks inherent in long-term investments. eQ Bank's Trading unit acts within the set limits and authorizations granted to it, and the risk control unit monitors the set risk limits on a daily basis.

Interest rate risk

The Group's exposure to interest rate risk arises when there is a mismatch between interest rate sensitive assets and liabilities. This mismatch can be due to different maturities or different interest rate bases. If loans and other assets have longer maturities than funding transactions, an increase in the interest rate level creates a loss for the bank. Interest rate risk is monitored by measuring interest rate sensitivities subject to changes in the interest rate level.

The interest rate risk in customer operations is small as the same interest rate basis is largely applied both in customer deposits as well as in lending activities. Surplus liquidity is mostly invested in financial instruments that have similar maturities to customer deposits.

Asset and liability management is the main focus area of treasury operations and the amount of proprietary trading is limited. Interest rate risk of the positions is being constantly monitored and derivative products can be used for hedging purposes. Interest rate risk limits are approved by the Board and the CEO.

Currency risk

The entire Corporation's funding and credit issuance is denominated in euros, for which reason the Corporation is not subject to material currency risks in its normal business. Transactions generated by customer business are carried out without delay and therefore result in no foreign exchange positions for the Corporation. Certain units and persons are authorized to take moderate currency risks in the corporation's investment activities, within the limits of the investment policy approved by the company's Board. The investment activities' foreign exchange positions are monitored on a daily basis and have pre-defined stop-loss limits.

Equity risk

eQ Corporation's equity risk arises from the company's investment activities that concern equities, equity funds and other investment instruments that carry an equity risk (e.g. share index loans) held for trading or acquired for long-term holding. The company may apply derivative instruments to reduce equity risks. The company's equity risk is controlled by the investment policy approved by the company's Board.

Liquidity risk

Management of the company's liquidity risk is the responsibility of the Treasury that ensures that the bank's liquidity position is secured in all presumable situations. Due to the emphasis on stockbrokerage in customer business, the bank's funding may change significantly even in the short term, for which reason the company's assets have mainly been placed in investments that can be realized immediately. The company monitors liquidity needs on a daily basis.

4. CLAIMS ON CREDIT INSTITUTIONS

2005

2004

Repayable on demand
 Domestic credit institutions
 Foreign credit institutions
 Total

63 021
 3 618

 66 639

66 964
 705

 67 669

Other
 Central banks
 Domestic credit institutions
 Foreign credit institutions
 Total

5 914
 43 785
 0

 49 700

4 556
 12 608
 0

 17 164

Maturities

less than 1 month
 1 - 3 month
 3 months - 1 year
 1 - 5 years
 Total

82 554
 33 014
 372
 400

 116 339

81 227
 3 027
 579
 0

 84 833

Total claims on credit institutions
 Central banks
 Domestic credit institutions
 Foreign credit institutions
 Total

5 914
 106 806
 3 618

 116 339

4 556
 79 572
 705

 84 833

Currency positions, net

USD
 SEK
 GBP
 MYR
 KRW
 HKD
 JPY
 Others
 Total

1 445
 446
 43
 -43
 308
 -203
 -619
 29

 1 405

-38
 60
 285
 2
 503
 57
 34
 4

 907

5. FINANCIAL INSTRUMENTS HELD FOR TRADING PURPOSES

Financial instruments held for trading purposes	2005	2004
Bonds	55 544	38 276
Securities	14 723	1 229
Market values of derivative instruments	<u>9 392</u>	<u>0</u>
Total	79 658	39 505

Liabilities held for trading purposes

Securities	2 687	1 827
Market values of derivative instruments	<u>6 339</u>	<u>0</u>
Total	9 026	1 827

Net income from financial assets held for trading purposes

Bonds	1 248	275
Securities	426	141
Market values of derivative instruments	<u>1 508</u>	<u>402</u>
Total	3 182	818

2005

Maturities (original maturity)

	less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	over 5 years
Bonds	0	0	7 318	41 424	6 802
Securities	14 722	0	0	0	0
Market values of derivative instruments	<u>385</u>	<u>8 843</u>	<u>48</u>	<u>115</u>	<u>0</u>
	15 107	8 843	7 366	41 540	6 802

Liabilities held for trading

	less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	over 5 years
Securities	2 687	0	0	0	0
Market values of derivative instruments	4 122	1 898	205	113	0

Assets subject to interest rate risk

Maturity (repricing date)	less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	over 5 years
Bonds	4 410	36 085	6 743	6 569	52
effective interest	2,399	2,755	2,812	3,504	3,351

Bonds include EUR 1.685.036,65 embedded derivatives of share index bonds, which are not under interest risk.

Assets subject to credit risk

53 859

6. DERIVATIVES

Derivatives held for trading purposes		2005		2004
Security derivatives				
Positive market values		9 376		0
Negative market values		6 318		0
Forward contracts				
Positive market values		16		0
Negative market values		21		0
		2005		2004
Nominal values of derivatives	Nominal value	Nominal value	Nominal value	Nominal value
	under 1 year	1 -2 years	under 1 year	1 -2 years
Derivatives held for trading purposes				
Security derivatives				
Bought	123 387	746	0	0
Written	-99 210	-497	0	0
Forward contracts	-5 191	0	0	0
Off balance sheet derivatives				
Values of underlying instruments		2005		2004
Derivatives held for trading purposes				
Interest rate derivatives	Market value	Nominal value	Market value	Nominal value
Forward contracts	-5 646	-5 000	-2 121	-2 000
Security derivatives				
Forward contracts	-108	-106	0	0
Derivatives held for trading purposes				
Interest rate derivatives	Nominal value	Nominal value	Nominal value	Nominal value
Forward contracts	under 1 year	1 -2 years	under 1 year	1 -2 years
	-5 000	0	-2 000	0
Security derivatives				
Forward contracts	-106	0	0	0

31.12.2005 balance sheet item "Derivative financial instruments and other liabilities held for trading" includes a liability arising from selling short and borrowing securities EUR 2.687.003,60. The liability is valued at the cost of market.

7. FINANCIAL ASSETS AVAILABLE FOR SALE

2005		Unrealised		Realised		
		Profits	Losses	Profits	Losses	
	Debt securities eligible for refinancing with central banks	59 838	0	-14	0	0
	Claims on public sector entities	39 839	0	-21	0	0
	Commercial papers	59 701	0	-2	0	0
	Other certificates of claim	16 183	0	0	0	0
	Mutual fund units	14 573	12	-1	449	0
	Total	190 134	12	-37	449	0

2004		Unrealised		Realised		
		Profits	Losses	Profits	Losses	
	Debt securities eligible for refinancing with central banks	74 585	1	0	0	0
	Claims on public sector entities	19 921	5	0	0	0
	Commercial papers	44 679	2	0	0	0
	Other certificates of claim	36 349	1	0	0	0
	Mutual fund units	3 485	44	-2	2	0
	Total	179 020	53	-2	2	0

Maturities (original maturity)

	less than		3 months -			
	1 month	1 - 3 month	1 year	1 - 5 years	over 5 years	
Debt securities eligible for refinancing with central banks	59 838	0	0	0	0	
Claims on public sector entities	0	39 839	0	0	0	
Commercial papers	29 162	26 576	3 962	0	0	
Other certificates of claim	16 183	0	0	0	0	
Mutual fund units	14 573	0	0	0	0	190 134

Maturities
Assets under interest rate risk

	less than		3 months -			
	1 month	1 - 3 month	1 year	1 - 5 years	over 5 years	
Debt securities eligible for refinancing with central banks	59 838	0	0	0	0	
Claims on public sector entities	0	39 839	0	0	0	
Commercial papers	29 162	26 576	3 962	0	0	
Other certificates of claim	16 183	0	0	0	0	
Mutual fund units	0	4 664	0	6 366	0	186 591

Mutual fund subject to interest rate risk, are money market funds, in which the group has a indirect interest rate risk. These positions are hedged with off-balance sheet instruments with a similar maturities.

Assets under credit risk 175 561

Fair value reserve includes unrealised profits as follows:

	2005	2004
Debt securities eligible for refinancing with central banks	0	1
Claims on public sector entities	0	5
Commercial papers	0	2
Other certificates of claim	0	1
Mutual fund units	12	44
Total	12	53
Deferred tax liability	-3	-14
Fair value reserve	9	39

8. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES

2005	Balance Sheet	Off-balance Sheet Credit limits not in use
Loans granted		
Households	30 319	30 248
Corporations and housing corporations	1 904	2 612
Financial and insurance institutions	<u>2 803</u>	<u>2 092</u>
	35 027	34 951
Convertible loan	300	0
Total	35 327	34 951
Maturities (remaining maturity)		
less than 1 month	3 193	2 170
1 - 3 month	3 861	5 739
3 months - 1 year	24 183	27 043
1 - 5 years	4 090	0
Total	35 327	34 953
Assets subject to credit risk	35 327	

2004	Balance Sheet	Off-balance Sheet Credit limits not in use
Loans granted		
Households	22 258	14 970
Corporations and housing corporations	2 007	3 256
Financial and insurance institutions	<u>269</u>	<u>2 212</u>
Total	24 534	20 438
Maturities (remaining maturity)		
less than 1 month	1 424	2 468
1 - 3 month	3 418	3 479
3 months - 1 year	19 691	14 492
1 - 5 years	0	0
Total	24 534	20 438
Assets subject to credit risk	24 534	

9. INVESTMENTS IN ASSOCIATES

	2005	2004
Book value 1.1.	0	0
Acquisitions	100	0
Share of profit	-23	0
Book value 31.12.	77	0

Financial overview (100%) of the associate Unicus Ltd.

Share	33 %
Assets	868
Liabilities	637
Net sales	0
Net profit	-69

10. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**2005****2004**

Financial assets	2005		2004	
	Book value	Fair value	Book value	Fair value
Claims on credit institutions				
Repayable on demand	66 639	66 639	67 669	67 669
Others	49 700	49 692	17 164	17 164
Financial assets held for trading purposes	79 658	79 658	39 676	39 676
Financial assets available for sale	190 134	190 134	179 020	179 020
Claims on the public and public entities	35 327	35 327	24 534	24 534
Investments in associates	77	77	0	0
Financial liabilities				
Liabilities to credit institutions	1 768	1 768	48	48
Liabilities to the public and public sector entities				
Repayable on demand	300 384	300 384	239 880	239 880
Others	69 431	69 418	48 059	48 061
Financial liabilities held for trading purposes	9 026	9 026	1 998	1 998
Finance lease liabilities	106	106	15	15

The fair value of "Other claims on credit institutions" is calculated by discounting the future cash flows to 31 December by applying a straight line interpolation of the Euribor rate for the corresponding period.

The fair value of "Financial assets and liabilities held for trading purposes" have been measured according to market value, which comes from active markets.

The fair value of "Financial assets and liabilities available for sale" have been measured according to market value. The market value of mutual funds comes from active markets. Other assets available for sale are measured by discounting future cash flows to 31 December, by applying a straight line interpolation of the Euribor rate for the corresponding period.

Other liabilities to the public and public sector entities are measured by discounting future cash flows to 31 December, by applying a straight line interpolation of the Euribor rate for the corresponding period.

The book values of other items are corresponding to their fair values.

11. MATURITIES OF ASSETS AND LIABILITIES

Assets	less than		3 months -			
	0- (-3)months	1 month	1 - 3 months	1 year	1 - 5 years	over 5 years
Claims on credit institutions	0	82 554	33 014	372	400	0
Financial assets held for trading purposes	0	15 107	8 843	7 366	41 540	6 802
Financial assets available for sale	0	119 756	66 415	3 962	0	0
Claims on the public and public entities	0	3 193	3 861	24 183	3 790	300
Investments in associates	0	0	0	0	0	77
Other assets	967	91 758	83	0	26	18
Total	967	312 369	112 216	35 883	45 756	7 197

Liabilities	less than		3 months -		
	1 month	1 - 3 months	1 year	1 - 5 years	over 5 years
Liabilities to credit institutions	1 768	0	0	0	0
Liabilities to the public and public sector entities	340 096	24 043	5 512	164	0
Liabilities held for trading purposes	6 809	1 898	205	113	0
Other liabilities	93 880	1 881	176	106	0
Total	442 553	27 823	5 893	383	0

12. INTANGIBLE ASSETS

2005	Goodwill	Other intangible assets
Acquisition cost at 1.1.	16 753	10 498
Additions	96	224
Disposals	-14	0
Acquisition cost at 31.12.	16 835	10 722
Accumulated depreciation at 1.1.	0	-6 894
Depreciation during financial year	0	-1 254
Accumulated depreciation at 31.12.	0	-8 149
Book value 31.12.	16 835	2 574
Total 31.12.2005		19 409
2004	Goodwill	Other intangible assets
Acquisition cost at 1.1.	1 976	7 338
Additions	0	598
Disposals	14 777	2 563
Acquisition cost at 31.12.	16 753	10 498
Accumulated depreciation at 1.1.	0	-4 239
Depreciation during financial year	0	-2 656
Accumulated depreciation at 31.12.	0	-6 894
Book value 31.12.	16 753	3 604
Total 31.12.2004		20 357

Impairment test for segments containing goodwill

Goodwill allocated to segments	2005	2004
Securities brokerage services	2 094	2 094
Asset management services	770	770
Corporate finance services	13 105	13 105
Hosting services	867	785
Total	16 835	16 753

The recoverable amount of business segments are based on calculations in use values. Forecasted cash flows are based on actual operating profits and on cash flow projections for the next five years. Cash flows for the following three year have been estimated to grow 3.5 per cent annually. The long term growth is estimated to be two per cent.

The pre tax discount rates were: Securities brokerage 10.31%, Asset management 10.87% Corporate finance 11.44% and Hosting 10.87%.

The recoverable amount of every segment exceeds its book value.

13. TANGIBLE ASSETS	2005	2004
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Machinery and equipment		
Acquisition cost at 1.1.	11 332	9 784
Additions	1 193	1 420
Disposals	0	0
Business combinations	0	127
Acquisition cost at 31.12.	12 525	11 332
Accumulated depreciation at 1.1.	-8 881	-8 019
Depreciation during financial year	-792	-862
Accumulated depreciation at 31.12.	-9 674	-8 881
Book value 31.12.	2 851	2 451
Tangible assets acquired by finance lease contracts		
Acquisition cost at 1.1.	18	0
Additions	113	18
Acquisition cost at 31.12.	130	18
Accumulated depreciation at 1.1.	-2	0
Depreciation during financial year	-23	-2
Accumulated depreciation at 31.12.	-25	-2
Book value 31.12.	105	15
Total tangible assets 31.12.	2 956	2 466

14. OTHER ASSETS	2005	2004
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Payment transaction receivables	872	126
Securities brokerage receivables	88 919	52 715
Securities sales receivables	249	4 463
Other sales receivables	811	122
Comission receivables	878	890
Others	117	169

Accrued credits		
Interest receivables	514	407
Others	492	403

Total	92 852	59 295
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Maturities		
-1 - 3 months	967	850
less than 1 month	91 758	58 296
1 - 3 month	83	7
3 months - 1 year	0	11
1 - 5 years	26	104
over 5 years	18	27

Total	92 852	59 295
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15. LIABILITIES TO CREDIT INSTITUTIONS

	2005	2004
Repayable on demand		
Foreign credit institutions	1 768	48

16. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES**Repayable on demand**

Deposits

Households	230 906	185 073
Household serving non-profit entities	842	644
Public sector entities	540	1 916
Corporations and housing corporations	42 051	29 306
Financial and insurance institutions	20 025	17 990
Foreign	6 020	4 951

Total	300 384	239 880
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Other liabilities

Financial and insurance institutions	0	1 785
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Total repayable on demand	300 384	241 664
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Other than repayable on demand

Deposits

Households	60 965	42 159
Household serving non-profit entities	163	0
Public sector entities	0	1 000
Corporations and housing corporations	3 012	2 387
Financial and insurance institutions	4 439	2 513
Foreign	852	0

Total	69 431	48 059
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Total liabilities to the public and public sector entities	369 815	289 723
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Maturities (other than repayable on demand)

less than 1 month	39 712	39 266
1 - 3 month	24 043	4 461
3 months - 1 year	5 512	4 332
1 - 5 years	164	0

Total	69 431	48 059
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17. OTHER LIABILITIES	2005	2004
Payment transaction payables	842	281
Securities brokerage payables	88 072	50 400
Securities purchase payables	247	12 064
Other purchase payables	905	792
Commission repayment payables	37	176
Finance lease contracts	106	15
Written collateral	814	685
Others	985	926
Accrued expenses		
Interest payables	501	427
Others	3 534	3 528
	<hr/>	<hr/>
Total	96 044	69 293
Maturities		
less than 1 month	93 880	67 941
1 - 3 month	1 881	1 197
3 months - 1 year	176	54
1 - 5 years	106	101
	<hr/>	<hr/>
Total	96 044	69 293
Interest bearing liabilities		
Finance lease obligations		
Minimum lease payments, nominal value		
In less than one year	46	7
Between one and five years	65	9
Total	<hr/> 110	<hr/> 16
Future finance charges	-4	-1
Present value of minimum lease payments matures:		
In less than one year	43	6
Between one and five years	63	9
	<hr/>	<hr/>
Total	106	15
The weighted effective interest rates	3,72 %	4,25 %

18. INTEREST INCOME AND EXPENSES	2005	2004
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Interest income

Claims on credit institutions	2 225	1 672
Claims on the public and public sector entities	1 374	916
Financial assets held for trading purposes	1 042	821
Financial assets available for sale	3 401	3 057
Other interest income	<u>6</u>	<u>-1</u>
Total	8 049	6 465

Interest expenses

Liabilities to credit institutions	60	1
Liabilities to the public and public sector entities	4 807	3 778
Interest expenses from finance lease contracts	2	0
Other interest expenses	<u>8</u>	<u>7</u>
Total	4 877	3 786

19. FEE AND COMMISSION INCOME AND EXPENSES		
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Fee and commission income

Securities brokerage	14 623	13 358
Issuing securities	336	378
Credit granting	18	24
Mutual funds	7 923	2 818
Asset management	1 753	1 231
Corporate Finance	2 387	1 420
Others	<u>459</u>	<u>235</u>
Total	27 499	19 464

Fee and commission expenses	5 728	3 017
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20. IMPAIRMENT OF RECEIVABLES		
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Impairment of receivables	-10	0
Claimed credit losses	<u>11</u>	<u>42</u>
Total	1	42

21. OTHER OPERATING INCOME		
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Hosting income	2 308	1 708
Others	<u>116</u>	<u>76</u>
Total	2 424	1 784

22. PERSONNEL	2005	2004
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Average number of employees during the financial year

During the financial year

Full time	148	105
Part time	11	12
Total	159	117

Change from the previous financial year

Full time	43	20
Part time	-1	9
Total	42	29

Personnel expenses

Wages	9 777	6 226
Pensions - defined contribution plans	1 579	1 010
Other staff-related costs	1 023	614
Share-based payments	37	11
Total	12 416	7 861

23. OTHER ADMINISTRATIVE EXPENSES

IT expenses	3 517	2 817
Office expenses	1 011	501
Marketing expenses	1 426	1 190
Other staff related costs	1 385	1 008
Communication costs	377	247
Others	852	909
Total	8 568	6 673

24. DEPRECIATION

Depreciation	2 047	3 518
Depreciation on assets acquired by finance lease	23	2
Total	2 070	3 520

25. OTHER OPERATING EXPENSES

Lease expenses from premises	1 124	919
Insurance payments	165	148
Supervision and membership fees	220	197
Others	78	71
Total	1 588	1 336

26. INCOME TAXES	2005	2004
Income taxes from operations	-1 400	-570
Change in deferred taxes	<u>2 511</u>	<u>785</u>
Total income taxes	1 112	215
Profit before taxes	6 331	2 116
Tax calculated at domestic tax rate 26% (2004 29%)	-1 646	-614
Expenses not deductible for tax purposes and Income not subject to tax	-18	-26
Effect of fiscal losses	2 600	900
Change in tax rate	0	-26
Other Items	<u>176</u>	<u>-20</u>
Total income taxes	1 112	215

27. DEFERRED TAXES

2005	1.1.2005	Recognised in income statement	Recognised in equity	31.12.2005
Deferred tax assets				
Losses carried forward	2 229	1 200	0	3 429
Write down of fixed asset securities	38	0	0	38
Measurement of assets at fair value	46	-12	0	33
Tax provision	0	125	0	125
Total		1 313	0	3 625
Deferred tax liabilities				
Unrealised profits of financial assets available for sale	14	0	-11	3
Unrealised profits of financial assets held for trading	31	-31	0	0
Measuring net assets at fair value	347	-31	0	316
Other temporary differences	117	138	0	255
Tax reserve	0	125	0	125
Total		201	-11	699
Total		1 112		
2004	1.1.2004	Recognised in income statement	Recognised in equity	31.12.2004
Deferred tax assets				
Other temporary differences	135	-135	-	0
Compulsory provision	143	-143	-	0
Losses carried forward	1 700	900	-	2 600
Write down of fixed asset securities	43	-4	-	38
Measuring net assets at fair value	-	-3	-	46
Total		614	-	2 684
Deferred tax liabilities				
Unrealised profits of financial assets available for sale	3	-	11	14
Unrealised profits of financial assets held for trading	19	12	-	31
Measuring net assets at fair value	-	-300	-	347
Other temporary differences	-	117	-	117
Tax reserve	0	570	0	0
Total		399	11	508
Total		215		

The year 2004 fiscal losses does not contain tax reserve totalling EUR 371 358,01. The reserve is recognised in accrued liabilities.

28. PROFIT PER SHARE

Basic profit per share is calculated by dividing the profit for the period attributable to ordinary shareholders by weighted average number of shares outstanding.

In calculations of diluted profit per share, the weighted average number of shares is adjusted by the effect of potential dilutive shares. These are stock options that have lower subscription price than the fair value of the share.

	2005	2004
Profit for the period attributable to equity holders of parent company	7 507	2 285
Weighted average number of shares outstanding	31 401 110	27 301 303
Effect of potential dilutive shares	22 331	0
Diluted weighted average number of shares	31 423 441	27 301 303
Basic earnings per share for the shareholders of parent company	0,23	0,09
Diluted earnings per share for the shareholders of parent company	0,23	0,09

29. SHARE BASED PAYMENT

The company has currently two option programs. Each option entitles to subscribe for one share of eQ Corporation. By the end of December 2005 a total of 1 017 517 (maximum dilution effect 3.0%) were granted. Subscription period for the options of the option program 2000 will continue until June 30, 2006. 327 517 options have been granted based on this option program. A total of 690 000 options (2004A-series) have been granted based on the option program 2004. The subscription period for the shares with these options will begin on January 1, 2007.

eQ Group's option program 2004 is in accordance with IFRS 2 (Share based payments). Fair value to the program has been calculated at the date of granting. The fair value is accrued for the vesting period. The expenses is shown in the personnel expenses and a corresponding amount is booked in the equity capital. Option programmes that give a subscription right before January 1, 2005 have not been calculated retroactively.

Option rights under IFRS 2

Date of granting	25.8.2004
Number of rights	690 000
Settlement price	2,8
Share price at the date of granting	1,94
Maturity, years	3,59
Settlement	Shares
Expected volatility	20 %
Expected maturity	3,59
Risk free interest rate	3,00 %
Expected dividends	0
Expected decrease in the personnel	15 %
Fair value of the right	0,12
Calculation model	Black-Scholes

Change in the option rights during the period

	2005		2004	
	Average subscription price / share	Rights	Average subscription price / share	Rights
At the beginning of the perio	2,56	1 017 517	1,71	972 759
Granted new rights	2,10	130 000	2,80	690 000
Annulled rights	2,10	-130 000	2,05	-5 242
Settled rights			1,54	-586 500
Expired rights			1,48	-53 500
At the end of period	2,56	1 017 517	2,56	1 017 517
Executable option rights at the end of the period	2,05	327 517	2,05	327 517

Outstanding option rights at 31.12.

Expiration year	Settlement price	2005	2004
2006	2,05	327 517	327 517
2008	2,80	690 000	690 000

30. RELATED PARTIES

The group's parent and subsidiary relationships are as follows:

Company	Home country	Share of ownership%	Groups share %
eQ Corporation	Finland		
eQ Bank Ltd.	Finland	100 %	100 %
Xenetic Ltd.	Finland	100 %	100 %
Advium Partners Ltd.	Finland	100 %	100 %

The subsidiary shares owned by eQ Bank Ltd.

eQ Fund Management Company Ltr Suomi		100 %	100 %
eQ Capital Markets Ltd.	Suomi	75 %	75 %

eQ Groups related parties consist of group companies' chief executive officers, board members, groups management team and household members and authority entities of these groups of people.

Salaries and fees of group companies' CEOs

Parent company eQ Corporation	2005	2004
Salaries and short-term employee benefits		
Jerker Molander	71	394
Georg Ehrnrooth	80	0
Antti Mäkinen	42	0
Benefits related to termination of employment		
Jerker Molander	258	0
Subsidiaries	2005	2004
Salaries and short-term employee benefits	480	502
Total	930	897

Compensation to parent company's board members

	2005	2004
Georg Ehrnrooth	22	17
Johan Horelli	21	16
Jan Martin Börman	4	13
Jari Puhakka	19	13
Miika Varjoavaara	18	22
Petteri Wallden	1	0
Total	85	81

Compensation to subsidiaries' board members and to the group's management team.

	2005	2004
Salaries and fees	571	387

The group's related parties owned in total 21.772.456 shares, which is 65.2 % of the total share capital and number of votes.

At the end of year 2005 the group companies' CEOs had no option rights. At the end of year 2004 the CEOs had 690.000 option rights, with subscription time beginning at January 1, 2007.

The CEO of eQ Corporation Antti Mäkinen subscribed on December 19, 2005 through his authority entity 2.070.000 shares of eQ corporation.

The CEO of eQ Corporation has a termination benefit with amount of minimum EUR 100.000,00 but not greater than EUR 750.000,00.

Related party transactions

With CEOs of Group companies	2005	2004
Interest income		
Claims on the public and public sector entities	3	0
Interest expenses		
Liabilities to the public and public sector entities	19	22
Fee and commission income		
Securities brokerage	3	1
Liabilities	1 246	2 031
Loans		
Credit limits	66	0
Granted loans	10	0
With group companies' members of board and with the management team		
Interest income		
Claims on the public and public sector entities	17	19
Interest expenses		
Liabilities to the public and public sector entities	34	82
Fee and commission income		
Securities brokerage	9	12
Purchases		
Other operating expences	281	13
Liabilities	2 212	5 639
Loans		
Credit limits	751	572
Granted loans	900	0

Related party transaction prices are based on groups valid rates. Purchases have been made at market price.

Loans granted to parent company's CEO, members of the board or to their authority entities :

Loans at the begining of period	0	0
Loans granted during period	600	0
Repayment of loans	0	0
Charged interests	0	0
Received interest payments during period	0	0
Loans at the end of period	600	0

The terms of the loans:

Repayment of the loans and interests at November 11, 2009. Next interest repricing at November 11, 2006.

Loan amount	600 000,00
Interest rate	3,00% p.a.

To the associate company Unicus Ltd. has been granted a convertible loan totalling EUR 300.000,00. The interest rate of the loan is 2 per cent p.a. Repayment of the loan and the interest is at December 31, 2008. The loan is convertible to 200 shares of Unicus ltd. between December 28, 2005 and December 31, 2007.

31. SHARE CAPITAL OF THE PARENT COMPANY

Share capital	Number of shares	Share capital (EUR 1000)	Share premium (EUR 1000)	Total (EUR 1000)
December 31, 2004	31 209 484	5 306	44 202	49 508
Subscription through option rights February 2, 2005	117 900	20	154	174
Rights issue December 19, 2005	2 070 000	352	3 788	4 140
December 31, 2005	33 397 384	5 678	48 144	53 822

Total number of shares at December 31, 2005 is 33 397 384. The counter value of a share is EUR 0,17.
All issued shares are fully paid.

Distribution of shareholding, December 31, 2005

Number of shares held	Number of Shareholders	% of shareholders	Total number of shares	% of shares
1 - 10.000	7 260	98,65	6 067 130	18,17
10.001 - 100.000	76	1,03	2 350 625	7,04
100.001 - 1.000.000	20	0,27	4 926 789	14,75
1.000.001 - 10.000.000	2	0,03	6 691 010	20,03
10.000.001-999.999.999.999	1	0,01	13 361 830	40,01
	<u>7 359</u>	<u>100,00</u>	<u>33 397 384</u>	<u>100,00</u>

By shareholder category

	Number of shares	% shares and votes
Corporations	5 830 320	17,46
Financial and insurance institutions	2 356 391	7,06
Public sector entities	6 050	0,02
Non-profit entities	29 350	0,09
Households	8 056 156	24,12
Foreign countries	17 109 547	51,23
Common account	<u>9 570</u>	<u>0,03</u>
	<u>33 397 384</u>	<u>100,00</u>

Largest shareholders, December 31, 2005

	Number of shares	% shares and votes
Fennogens Investments SA	13 361 830	40,01
Notalar Oy	3 350 010	10,03
ANHA Benelux SPRL	3 341 000	10,00
Pohjola Finland Value Sijoitusrahasto	587 300	1,76
Oy Cevante Ab	400 000	1,20
Oy Kambisi Ab	400 000	1,20
Korhonen Juha	379 580	1,14
Laakkonen Mikko	370 000	1,11
Uggla Christian	296 466	0,89
Laitinen Timo	296 200	0,89
Nominee registered	1 708 828	5,12
Others	<u>8 906 170</u>	<u>26,67</u>
	<u>33 397 384</u>	<u>100,00</u>

32. OPERATING LEASES

Irrevocable minimum lease obligations of operating lease contracts

	2005	2004
Within one year	1 625	1 260
Between one and five years	5 404	3 821
Over five years	<u>98</u>	<u>969</u>
Total	7 128	6 050
Operating lease payments during the period	1 523	1 318

Operating lease obligations contain EUR 6.030.736,94 premises lease obligations at December 31, 2005 . and 5.552.332,98 at December 31,2004. The leases have mainly parts been bound to changes of consumer price index (1951:10=100). The group has an option to renew the premises lease contract after it expires in 2011. Renew option is for 5 + 5 years.

33. GUARANTEES AND PLEDGES

On own account

Securities	89 522	56 160
Claims on credit institutions	<u>6 700</u>	<u>8 880</u>
Total	96 222	65 040

34. INFORMATION ON TRUST OPERATIONS AND TOTAL AMOUNT OF CUSTOMER FUNDS UNDER MANAGEMENT

eQ Bank Ltd., a subsidiary of eQ Corporation offers discretionary portfolio management and consultative asset management.

Assets under discretionary asset management	51 766	36 103
Assets under consultative asset management	<u>7 692</u>	<u>5 820</u>
Total	59 458	41 923

35. POST BALANCE SHEET DATE EVENTS

The merger of Advium Partners Ltd. with its parent company eQ Bank Ltd. was recorded in the Trade Register in January 1, 2006. The business operations of Advium Partners were transferred to eQ Bank in November 2004.

36. KEY FINANCIAL INDICATORS

	2005 IFRS	2004 IFRS	2003 FAS	2002 FAS	2001 FAS
Net income, EUR million	31,0	21,5	16,0	12,8	10,6
Net operating profit, EUR million	6,3	2,2	0,2	-2,0	-10,1
Net operating profit/-loss % of Net sales	20,4	10,0	1,0	-15,8	-95,1
Profit before taxes	6,3	2,1	0,2	-2,9	-16,5
Profit before taxes % of Net sales	20,4	9,8	1,0	-23,0	-155,6
Return on equity %	13,0	5,2	0,4	-5,1	-21,3
Return on assets %	1,6	0,7	0,1	-1,8	-18,5
Equity ratio, %	11,7	12,4	15,5	20,4	90,0
Operating costs to earnings	0,8	0,9	1,0	1,1	2,0
Profit / share	0,23	0,09	0,01	-0,08	-0,40
Equity / share	1,89	1,64	1,43	1,43	1,54
Price / earnings	10,9	22,9	225,0	-18,8	-4,3
Lowest price in public trading, EUR	1,81	1,83	1,35	1,03	0,86
Highest price in public trading, EUR	2,58	3,00	2,46	1,78	1,93
Average price during period, EUR	2,20	2,41	1,72	1,47	1,23
Market value, EUR million	83,5	64,3	59,6	38,7	43,9
Trading volume, number of shares	8 654 186	11 435 241	8 463 392	6 485 343	12 824 306
Trading volume, in relation to average number of shares	27,6	41,9	32,5	25,1	49,7
Average weighted number of shares adjusted with share issues	31 401 110	27 301 303	26 066 062	25 826 884	25 834 640
Weighted number of shares at December 31 adjusted with share issues	33 397 384	31 327 384	26 740 884	25 826 884	25 826 884

The principles of calculating financial indicators

Net income, EUR million

$$\text{net interest income} + \text{net commission income} + \text{impairment of receivables} + \text{net income from financial assets held for trading} + \text{net income from available-for-sale financial assets} + \text{net income from exchange dealing} + \text{other operating income}$$

Return on equity %

$$\frac{(\text{net operating profit/loss} - \text{taxes}) \times 100}{\text{equity capital} + \text{minority interest}}$$

(average of the figures for the beginning and the end of the year)

Return on assets, %

$$\frac{(\text{net operating profit/loss} - \text{taxes}) \times 100}{\text{average balance sheet total (average of the figures for the beginning and the end of the year)}}$$

Equity ratio, %

$$\frac{\text{equity capital} + \text{minority interest} \times 100}{\text{balance sheet total}}$$

Operating costs to earnings

$$\frac{\text{administrative expenses} + \text{depreciation and write-downs on tangible and intangible assets} + \text{other operating expenses}}{\text{net interest income} + \text{net commission income} + \text{impairment of receivables} + \text{net income from financial assets held for trading} + \text{net income from available-for-sale financial assets} + \text{net income from exchange dealing} + \text{other operating income} + \text{share of associated companies' results (net)}}$$

Profit / share

$$\frac{\text{net operating profit/loss} - \text{taxes} + \text{minority interest}}{\text{average weighted number of shares corrected with share issues}}$$

Equity / share

$$\frac{\text{equity capital} + \text{minority interest}}{\text{weighted number of shares at December 31 corrected with share issues}}$$

Price / earnings

$$\frac{\text{the closing price of the period corrected with share issues}}{\text{profit per share}}$$

Market value, EUR million

$$\text{number of shares} \times \text{the closing price of the period}$$

ADOPTION OF IFRS

eQ Group adopted the IAS and the IFRS at 1 January, 2005. Before adopting the IFRS, eQ Group's financial statements were compiled in accordance with Finnish Accounting Standards (FAS).

The following is a presentation of the effect of IFRS adjustments on eQ Group's 2004 balance sheet, income statement, equity and key figures.

The presentation of eQ Group's balance sheet and income statement has changed due to the IFRS. In the balance sheet, financial assets are presented in accordance with the classifications of IAS 39 (Financial Instruments: Recognition and Measurement). In the income statement, commission income is presented on a net basis. The FAS-compliant "Net income from securities trading" item has been divided into the IAS 39-compliant classes. In the income statement, "Write-down of receivables" corresponds with "Bad and doubtful debts" and "Change in reserve for bad and doubtful debts" in the FAS income statement. The FAS figure for this item has also been converted into the IFRS format.

The following transition information must be read together with the Accounting Policies of the Consolidated Financial Statements.

1. FINANCIAL ASSETS

Departing from previous practice, financial assets held for trading include the "Embedded derivatives" item under "Other assets," which is no longer distinguished from the host instrument under IAS 39.

At the time of transition, a batch of fixed asset shares acquired at a cost of EUR 147,000 was tested for impairment, as no IAS 39-compliant market price was available for the shares. The shares turned out to be worthless according to a value-in-use test compliant with IAS 36 (Impairment of Assets). A EUR 147,000 impairment entry was therefore made for the shares in the January 1, 2004 opening balance sheet, which is observable as a difference in the 2004 comparative information.

2. GOODWILL

Tests for impairment of goodwill were conducted at the transition date, at 1 January 2004 and 31 December, 2004. The tests showed there was no need for impairment of goodwill.

In 2004, eQ Group executed three corporate/business acquisitions. An allocation of transaction price in accordance with IFRS 3 (Business Combinations), has been conducted for all of these.

Departing from previous practice, acquisition cost calculations are now made at fair value. Also departing from previous practice (FAS), IFRS 3 obliges intangible assets (non-monetary assets) to be recognized as acquisition items separate from goodwill if they are identifiable in accordance with IFRS-compliant criteria.

Such intangible assets must be based on a law or agreement, or be identifiable. Approximately EUR 2.4 million of the transaction prices of corporate/business acquisitions were allocated as identified intangible assets, and will be depreciated during their useful lives.

3. INTANGIBLE ASSETS

Expenses from basic improvements to the rented premises were transferred from other intangible assets to other tangible assets because they did not meet the definition of intangible assets under IAS 38 (Intangible Assets).

4. INCOME TAXES

In the Group, a total of EUR 2.6 million in deferred tax assets was recognized on 31 December, 2004 in accordance with IAS 12 (Income Taxes). According to IAS 12, tax assets can be recognized when it is probable that future taxable income will be sufficiently available against which the tax asset can be utilized. The 2004 consolidated income statement differs between the FAS and the IFRS regarding a EUR 1.7 million tax asset which, under the IFRS, was already recognized in the profit for the 2003 financial year.

5. EMPLOYEE BENEFITS

As the Group employed 84 people on 1 January, 2004, the amount of liability for work disability subject to the Finnish Pension Insurance Act (TEL) calculated in accordance with IAS 19 (Employee Benefits) would not have been material, so that no actuarial calculations have been compiled for it, and no Finnish Pension Insurance Act reservation for work disability was made in the IFRS opening balance sheet of 1 January, 2004.

Since 24 March, 2004, eQ Group has had a valid share-based options program in accordance with IFRS 2 (Share-based Payment). A fair value has been determined for the stock options at the time of granting them. The fair value of the options will be amortized as personnel expenses over the vesting period. A corresponding amount will be credited to equity.

6. OTHER ASSETS AND LIABILITIES

"Other assets" in the IFRS balance sheet includes the FAS balance sheet items "Other assets", "Share issue receivables" and "Prepayments and accrued income". Conversely, "Other liabilities" in the IFRS balance sheet includes the FAS balance sheet items "Other liabilities", "Accruals and deferred income" and "Obligatory reserves".

There has been no offsetting of brokerage receivables and liabilities because IAS 1 (Presentation of Financial Statements) and IAS 32 (Financial Instruments: Disclosure and Presentation) do not permit the offsetting of these assets and liabilities. Brokerage assets and liabilities are presented gross under "Other assets" and "Other liabilities." This has significantly increased eQ Group's balance sheet total.

Liabilities held for trading have also been transferred from "Other liabilities" to a separate item, "Liabilities held for trading".

The FAS-compliant provision for bad and doubtful debts ("Voluntary reserves" under FAS) was considered to cover the bad and doubtful debts at 1 January, 2004 arising from brokerage operations, identified on a contract-by-contract basis, which probably cannot be recovered. The item in question has been included as a decrease in receivables.

7. CAPITAL NOTES

Capital notes have been treated as liabilities in accordance with IAS 1 (Presentation of Financial Statements) and IAS 32 (Financial Instruments: Disclosure and Presentation).

CONSOLIDATED BALANCE SHEET 1.1.2004

		FAS		IFRS
ASSETS	notes			
Cash		15		15
Claims on credit institutions		39 888		39 888
Financial assets held for trading purposes	1.	28 883	-83	28 800
Financial assets available for sale	1.	160 893	9	160 902
Claims on the public and public sector entities		8 410		8 410
Intangible assets	3.	5 224	-149	5 075
Tangible assets	3.	1 615	149	1 764
Other Assets	6.	2 488	38 099	40 587
Deferred tax receivables	4.	0	2 021	2 021
		<u>247 416</u>		<u>287 462</u>
EQUITY AND LIABILITIES				
LIABILITIES				
Liabilities to the public and public sector entities		201 741		201 741
Other liabilities	6.	7 197	38 254	45 452
Deferred tax liabilities	4.	0	21	21
Subordinated liabilities	7.	0	157	157
TOTAL LIABILITIES		208 938		247 370
(FAS provision)	6.	155	-155	
EQUITY				
Share capital		4 502		4 502
Share issue		279		279
Share premium account		35 996		35 996
Reserve fund		2 106		2 106
Fair value reserve	1.	0	6	6
(FAS capital loan)	7.	157	-157	
Retained earnings		<u>-4 736</u>	1 919	<u>-2 817</u>
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		38 303	1 769	40 072
Minority interests		19		19
TOTAL EQUITY		<u>38 323</u>		<u>40 092</u>
		<u>247 416</u>		<u>287 462</u>

CONSOLIDATED BALANCE SHEET 31.12.2004

ASSETS		FAS		IFRS
Cash		26		26
Claims on credit institutions		84 833		84 833
Financial assets held for trading purposes	1.	38 422	1 083	39 505
Financial assets available for sale	1.	178 967	53	179 020
Claims on the public and public sector entities		24 534		24 534
Intangible assets	3.	20 087	270	20 357
Tangible assets	3.	2 254	212	2 466
Other Assets	6.	10 007	49 293	59 295
Deferred tax receivables	4.	2 229	455	2 684
		<u>361 359</u>		<u>412 719</u>
EQUITY AND LIABILITIES				
LIABILITIES				
Liabilities to credit institutions		48		48
Liabilities to the public and public sector entities		289 723		289 723
Derivative financial instruments and other liabilities held for trading	6.	0	1 827	1 827
Other liabilities	6.	20 330	48 968	69 293
Deferred tax liabilities	4.	0	508	508
TOTAL LIABILITIES		310 101		361 399
EQUITY				
Share capital		5 306		5 306
Share issue		174		174
Share premium account		44 202		44 202
Reserve fund		2 106		2 106
Fair value reserve	1.	0	39	39
Retained earnings		<u>-544</u>	1 930	<u>-521</u>
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		51 244	62	51 306
Minority interests		13		13
TOTAL EQUITY		<u>51 257</u>		<u>51 320</u>
		<u>361 359</u>		<u>412 719</u>

Reconciliation of consolidated income statement	Notes IFRS transition / Accounting principles	FAS		IFRS
Interest income		6 465		6 465
Interest expense	Finance leases	-3 786	0	-3 786
Net interest income		2 680		2 679
Fee and commission income		19 301		19 301
Fee and commission expense		-3 017		-3 017
Net fee and commission income		16 284		16 284
Impairment of receivables		42		42
Net income from financial assets held for trading	Financial assets	764	54	818
Net income from available-for-sale financial assets		0		0
Net income from foreign exchange dealing		-57		-57
Other operating income		1 784		1 784
Administrative expenses				
Staff costs	Share base payments	-7 850	-11	-7 861
Other administrative expenses	Finance leases	-6 682	8	-6 673
Total administrative expenses		-14 532		-14 534
Depreciation and write-downs on tangible and intangible assets	2. and Intangible assets	-3 377	-143	-3 520
Other operating expenses		-1 336		-1 336
Net operating profit		2 251		2 159
Non operating items		-43		-43
Profit before taxes		2 208		2 116
Income taxes	4.	2 030	-1 815	215
Profit for the period		4 238		2 331
Attributable to:				
Equity holders of the parent company		4 192		2 285
Minority interest		45		45
Basic earnings per share for the shareholders of parent company		0,15		0,09
Diluted earnings per share for the shareholders of parent company		-		0,09

EQ GROUP

50(65)

Reconciliation of equity		1.1.2004
Shareholders' equity FAS		38 303
Capital Loan	IAS 1, IAS 32	-157
Financial assets: Recognition and measurement	IAS 39	-74
Income taxes	IAS 12	2 000
The effects of the IAS/IFRS standards on total shareholders' equity		1 769
Total equity attributable to the equity holders of the parent		40 072
Minority interest		19
Total shareholders' equity IFRS		40 092

31.12.2004

Shareholders' equity FAS		51 244
Income taxes	IAS 12	-123
Financial assets: Recognition and measurement	IAS 39	23
Business combinations	IFRS 3	162
The effects of the IAS/IFRS standards on total shareholders' equity		62
Total equity attributable to the equity holders of the parent		51 306
Minority interest		13
Total shareholders' equity IFRS		51 320

Reconciliation of profit 1.1.2004 - 31.12.2004

Profit for the period FAS		4 192
Financial assets: Recognition and measurement	IAS 39	54
Income taxes	IAS 12	-1 815
Share based payment	IFRS 2	-11
Business combinations	IFRS 3	-135
Total amendments		-1 907
Profit for the period IFRS		2 285

Financial indicators	IFRS 2004	FAS 2004
Return on equity %	5,2	9,2
Operating costs to earnings	1,1	1,1
Profit / share %	0,09	0,15
Equity / share %	1,6	1,6
Equity ratio, %	12,4	14,2

PARENT COMPANY'S FINANCIAL STATEMENTS

BALANCE SHEET, PARENT COMPANY (FAS)
(1 000 EUR)

31.12.2005

31.12.2004

A S S E T S

notes

Liquid assets			4		2 054
Claims on credit institutions	1				
Repayable on demand			623		181
Claims on the public and public sector entities	2				
Repayable on demand		622		1 532	
Other		593	1 215	593	2 125
Debt securities	3				
Other			9 310		9 591
Shares and participations	5		5 024		410
Participating interests	5		400		0
Shares and participations in group undertakings	5		42 406		42 282
Claims in respect of share issues			0		1
Other assets	11		5 555		15
Accrued income and prepayments	12		61		65
			<u>64 597</u>		<u>54 673</u>

L I A B I L I T I E S

notes

LIABILITIES

Liabilities to credit institutions and central banks

Credit institutions					
Repayable on demand			1 010		2 200
Other liabilities	16		469		219
Accrued expenses and deferred income	17		214		114
			<u>1 693</u>		<u>2 533</u>

EQUITY CAPITAL

Share capital	26		5 678		5 306
Share issue	27		0		174
Share premium account			48 144		44 202
Other restricted reserves					
Reserve fund			2 106		2 106
Non-restricted reserves					
Fair value reserve			7		0
Profit (loss) brought forward			352		75
Profit for the financial year			6 618		276
			<u>62 904</u>		<u>52 140</u>
			<u>64 597</u>		<u>54 673</u>

OFF-BALANCE SHEET COMMITMENTS

Credit limits not in use			0		0
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PROFIT AND LOSS ACCOUNT, PARENT COMPANY (FAS) (1 000 EUR)	notes	1.1. - 31.12.2005	1.1. - 31.12.2004
Interest income	30	99	372
Interest expenses	30	-71	-21
Net interest income		28	351
Income from equity investments	32		
Group undertakings		6 991	0
Commission income	33	121	63
Net income from securities transactions and foreign exchange dealing			
Net income from securities transactions	34	1 148	535
Net income from available-for-sale financial assets	35	316	-2
Administrative expenses			
Staff costs			
Salaries and fees		-789	-439
Staff-related costs			
Pension costs	-67		-63
Other staff-related costs	-59	-127	-90
Other administrative expenses		-1 558	-907
Administrative expenses total		-2 474	-1 436
Depreciation and write-downs on tangible and intangible assets	39	-1	-99
Other operating expenses	38	-50	-46
Net operating profit (loss)		6 080	-634
Income taxes		0	0
Profit from ongoing operations after taxes		6 080	-634
Non-operating items	41	538	910
Profit for the financial year		6 618	276

EQ CORPORATION**NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS****Accounting policies**

Preparation of the financial statements complies with Finland's Credit Institution Act, the Finnish Ministry of Finance decree on the preparation of the financial statements and consolidated financial statements of credit institutions and investment service companies, and the Finnish Financial Supervision Authority's standard 3.1 "Financial Statements and Board of Directors' Report" on the financial statements and consolidated financial statements of credit institutions

The accounting policies applied in preparing the financial statements have not changed significantly from the previous financial year. Legislation has caused changes in the presentation of the income statement and balance sheet, and the figures for the comparison year have been adjusted to comply with the new standards. The changes are not significant.

Interest income and expense

Interest income from financial assets entered under "Debt securities eligible for refinancing with central banks", "Claims on credit institutions", "Claims on the public and public sector entities", "Debt securities", "Derivative contracts" and "Other assets" is recognized under "Interest income". All interest outstanding on the balance sheet date is calculated and recognized as interest income or interest receivable under either the respective balance sheet item or "Accrued income and prepayments".

Interest expense from liabilities entered under "Liabilities to credit institutions" and "Liabilities to public and public sector entities" is recognized under "Interest expense". All unpaid interest on the balance sheet date is calculated and recognized as interest expense or interest payable under "Accrued expenses and deferred income".

Other operating income and expense

Income other than that related to the Group's actual business operations is recognized under "Other operating income".

Rent paid for premises, other premises related expenses, insurance premiums, and supervision and membership fees are recognized under "Other operating expense".

Financial instruments

Financial assets are classified as financial assets held for trading, available-for-sale financial assets and loans and other financial assets. Purchases and sales are recognized as per the transaction date.

Financial assets held for trading are initially measured at the purchase price in the accounts and subsequently at market price. Unrealized revaluation is recognized in the result under "Net income from securities transactions".

Available-for-sale financial assets are initially measured at the purchase price in the accounts and subsequently at market price (fair value). The market prices of fund units are obtained directly from active markets. The market prices of other available-for-sale financial assets are obtained by discounting future cash flows to the balance sheet date, 31 December, by applying a straight-line interpolation of the Euribor rate for the corresponding period.

Unrealized value increases are recognized directly in equity under "Fair value reserve". Unrealized impairment is recognized through profit or loss under "Net income from available-for-sale financial assets".

The financial assets that are classified as loans and receivables are measured at amortized cost with the effective interest method. Impairment is recognized through profit or loss.

No financial assets have been classified under investments held until maturity.

No hedge accounting under IAS 39 (Financial Instruments: Recognition and Measurement) has been applied. Changes in the fair values of derivative financial instruments are recognized through profit or loss under "Net income from securities transactions".

Other assets and liabilities

Short-term trade receivables and other receivables are recognized under "Other assets". Other assets are measured at original cost. Current trade payables and other liabilities are recognized under "Other liabilities". Other liabilities are measured at original cost.

Leases

Leases are recognized in the income statement as an expense on a straight-line basis over the lease term.

Pension plans

Pension plans are funded by pension insurance. These are classified as defined contribution plans, and contributions made on their basis are recognized as an expense in the income statement of the financial year in which they are incurred.

Foreign currency items

Foreign currency transactions are recognized at the exchange rate of the transaction date. Net foreign exchange gains and losses are presented in the financial statements under "Net income from foreign exchange dealing". Receivables and liabilities outstanding at the close of the financial year are recognized in euros at the average rate quoted by the European Central Bank at the balance sheet date.

Notes to the balance sheet

1) Claims on credit institutions	2005	2004
Repayable on demand		
Domestic credit institutions	623	181
2) Claims on the public and public sector entities		
Enterprises and housing corporations	1 215	1 215
Financial and insurance institutions	0	910
Claims on the public and public sector entities total	<u>1 215</u>	<u>2 125</u>

Write-downs on the claims have not been written during the financial year.

3) Debt securities	2005	2004		
	Quoted	Others	Quoted	Others
Issued by other than public sector entities				
Held for trading purposes				
Bonds issued by the banks	0	0	0	0
Other debt securities	9 310	0	9 591	0
Total	<u>9 310</u>	<u>0</u>	<u>9 591</u>	<u>0</u>
Debt securities total	9 310	0	9 591	0
-eligible for refinancing with central banks	0	0	0	0
-zero-interest debt securities	6 507	0	6 595	0

4) Leasing assets

Not applicable

5) Shares and participations	2005	2004		
	Quoted	Others	Quoted	Others
Balance sheet items				
Shares and participations				
Available for sale	0	5 024	0	410
Participating interests				
Credit institutions	0	0	0	0
Other	0	400	0	0
Shares and participations in group undertakings				
Credit institutions	0	25 273	0	25 273
Other	0	17 133	0	17 009

6) Derivatives contracts

Not applicable

7) Relations with related parties

Not applicable

8) Intangible assets	2005	2004
IT expenses	0	0
Other intangible assets	0	0
9) Tangible assets		
Other tangible assets	0	0
10) Increases and decreases in intangible and tangible assets during the financial year		
Intangible assets		
Purchase price at the beginning of the financial year	801	801
- planned depreciation during the financial year	0	-96
- accumulated depreciation at the beginning of the financial year	-801	-705
Book value at the end of the financial year	0	0
Tangible assets		
Purchase price at the beginning of the financial year	7	7
- planned depreciation during the financial year	0	-3
- accumulated depreciation at the beginning of the financial year	-7	-4
Book value at the end of the financial year	0	0
Tangible assets do not include land and water areas, buildings or shares and participations in real estate corporations.		
11) Other assets		
Process of collection	0	0
Other	5 555	15
12) Accrued income and prepayments		
Interest	23	61
Other	37	4
13) Deferred tax receivables and liabilities		
Not applicable		
14) Debt securities issued to the public		
Not applicable		
15) Derivative contracts and other liabilities held for trading		
Not applicable		
16) Other liabilities		
Process of collection	0	0
Other	469	219
17) Accrued expenses and deferred income		
Interest	0	0
Other	214	114
18) Subordinated liabilities		
Not applicable		

19) Assets and liabilities by maturity

	less than 3 monts	3 - 12 months	1 - 5 years	5 - 10 years	over 10 years
Claims on credit institutions	623	0	0	0	0
Claims on the public and public sector entities	1 215	0	0	0	0
Debt securities	0	2 775	6 535	0	0
Liabilities to credit institutions	1 010	0	0	0	0

Claims on the public and public sector entities include 622 thousand EUR of items payable on demand.

20) Assets and liabilities denominated in EUR and other currencies

	EUR	2005 Other currency	EUR	2004 Other currency
Claims on credit institutions	622	0	181	0
Claims on the public and public sector entities	1 215	0	2 125	0
Debt securities	8 791	519	9 591	0
Other assets	53 449	0	42 775	0
Liabilities to credit institutions	1 010	0	2 200	0
Other liabilities	683	0	333	0

Assets and liabilities from group undertakings are included in following balance sheet items:

Claims on credit institutions	606	0	0	0
Claims on the public and public sector entities	1 215	0	2 125	0
Other assets	47 949	0	42 282	0
Liabilities to credit institutions	1 010	0	2 200	0
Other liabilities	425	0	18	0

21) Securities lending

Not applicable

22) Repurchasing contracts of securities

Not applicable

23) Estimating fair value with other than market value and changes in fair value written to the income statement

Not applicable

24) Assets measured in purchase value instead of fair value

Not applicable

25) Fair values and book values of asset and liabilities

According to the standard note will be submitted first time in financial statements year 2007.

26) Equity capital items	2005	2004
Share capital		
Book value at the beginning of the financial year	5 306	4 502
+ increases for the financial year	372	804
Book value at the end of the financial year	5 678	5 306
Share issue		
Book value at the beginning of the financial year	174	279
+ increases for the financial year	0	8 912
- decreases for the financial year	-174	-9 017
Book value at the end of the financial year	0	174
Share premium account		
Book value at the beginning of the financial year	44 202	35 996
+ increases for the financial year	3 943	8 206
Book value at the end of the financial year	48 144	44 202
Fair value reserve		
Book value at the beginning of the financial year	0	0
+ increases for the financial year	7	0
Book value at the end of the financial year	7	0

Non-restricted equity do not include non-distributable items

27) Share capital

The parent company has 33 397 384 shares, all of the same series. Share is listed on the main list of the OMX Helsinki stock exchange with trading code EQO1V.HE

28) Share issues, issues of options and convertible bonds

The 2 070 000 shares issued to ANHA Benelux SPRL owned by Mr. Antti Mäkinen, the new CEO of eQ Corporation, based on the decision taken by the extraordinary general meeting on November 25, 2005, were registered to the Trade Register December 12, 2005. Due to the subscriptions the share capital was increased by EUR 351 900.00 from EUR 5 325 655.28 to EUR 5 677 555.28. The subscribed shares are entitled to the shareholder's rights as of the registration in the Trade Register. The new shares have equal rights with the old shares.

The company has currently two option programs. Each option entitles to subscribe for one share of eQ Corporation. By the end of December 2005 a total of 1 017 517 (maximum dilution effect 3.0%) were granted.

The annual general meeting decided on February 15, 2000 to issue option rights in deviation from the pre-emptive right of shareholders to the management, key personnel and subsidiary (option program 2000). The subscription period for the shares began on February 29, 2000 and will end on June 30, 2006. The subscription price for one share is EUR 2.05. If all the options are exercised, the share capital may increase on ground of this option program maximum EUR 55 677,89 corresponding to 327 517 shares.

The annual general meeting decided on March 24, 2004 to issue a maximum of 1 200 000 option rights in deviation from the pre-emptive rights of shareholders to the key personnel of the company and its subsidiaries (option program 2004). A maximum of 800 000 of the option rights shall be marked 2004A and a maximum of 400 000 marked 2004B. The subscription period for both series will begin on January 1, 2007 and will end on March 31, 2008. By the end of the year 2005 a total of 690 000 option rights marked 2004A had been granted. Options of the 2004B series were not granted in 2005. If all the options of the program are exercised, the share capital may increase on ground of this program maximum EUR 240 000 corresponding to 1 200 000 shares.

29) Major shareholders and ownership structure by type of shareholder

Ownership structure by number of shares owned

Number of share pcs.	Owners pcs.	% of owners	Number of shares total	%
1 - 10.000	7 260	98,65	6 067 130	18,17
10.001 - 100.000	76	1,03	2 350 625	7,04
100.001 - 1.000.000	20	0,27	4 926 789	14,75
1.000.001 - 10.000.000	2	0,03	6 691 010	20,03
10.000.001-999.999.999.999	1	0,01	13 361 830	40,01
	<u>7 359</u>	<u>100,00</u>	<u>33 397 384</u>	<u>100,00</u>

Ownership structure by type of shareholder

Ownership structure by type of shareholder	Number of shares	% of shares and votes
Companies	5 830 320	17,46
Financial institutions and insurance companies	2 356 391	7,06
General government	6 050	0,02
Foundations and non-profit associations	29 350	0,09
Households	8 056 156	24,12
Foreign	17 109 547	51,23
Shares not converted into book-entry securities	9 570	0,03
	<u>33 397 384</u>	<u>100,00</u>

Major shareholders

Major shareholders	Number of shares	% of shares and votes
Fennogens Investments SA	13 361 830	40,01
Notalar Oy	3 350 010	10,03
ANHA Benelux SPRL	3 341 000	10,00
Pohjola Finland Value Sijoitusrahasto	587 300	1,76
Oy Cevante Ab	400 000	1,20
Oy Kambisi Ab	400 000	1,20
Korhonen Juha	379 580	1,14
Laakkonen Mikko	370 000	1,11
Uggla Christian	296 466	0,89
Laitinen Timo	296 200	0,89
Nominee registered total	1 708 828	5,12
Others	8 906 170	26,67
	<u>33 397 384</u>	<u>100,00</u>

Notes to the profit and loss account

	2005	2004
30) Interest income and expenses		
Interest income		
Claims on credit institutions	0	16
Claims on the public and public sector entities	18	15
Debt securities	81	341
Interest expenses		
Liabilities to credit institutions and central banks	71	21
31) Net income from leasing		
Not applicable		
32) Income from equity investments		
Group undertakings	6 991	0
33) Commission income and expenses		
Comission income		
Other	121	63
34) Net income from securities transactions		
From debt securities		
Profit and loss from the sales (net)	271	384
Changes in fair value (net)	878	151
Total	<u>1 149</u>	<u>535</u>
35) Net income from available-for-sale		
From shares and participations		
Sale or expiring of financial assets	314	0
Write-downs	0	-2
Transfers from fair value reserve	1	0
	<u>316</u>	<u>-2</u>
36) Net income from hedging		
Not applicable		
37) Net income from investment property		
Not applicable		
38) Other operating income and expenses		
Other operating expenses		
Rental expenses	15	15
Expenses from real estate and real estate corporations	2	2
Other expenses	32	28
39) Depreciation and write-downs on tangible and intangible assets		
Planned depreciation	1	99
Write-downs	0	0

40) Write-downs on loans, other commitments and other financial assets

Not applicable

41) Non-operating items **2005** **2004**

Extraordinary income

Gained group contribution

538

910

42) Net income by the operations and geographical markets

Not applicable

Notes to the accounts concerning collateral, contingent liabilities and derivative contracts**43) Commitments**

Not applicable

44) Pension commitments

Statutory pension cover of employees is arranged by insurance.

45) Leasing commitments

Leasing payments

during the following financial year

after the following year and before five years

after the following five years

18

17

0

16

18

0

46) Off-balance sheet commitments

Not applicable

47) Received collateral according to the law of financial guarantees

Not applicable

48) Sales receivable and accounts payable from securities brokerage

Not applicable

49) Other contingent liabilities and commitments

Not applicable

50) | Notes to the accounts concerning the staff and members of governing and supervisory bodies**Employees**

Average number of employees during the financial year

During the financial year

Full time	5	3
Part time	0	0
Total	<u>5</u>	<u>3</u>
Change from the previous financial year		
Full time	2	0
Part time	0	0
Total	<u>2</u>	<u>0</u>

Salaries and fees

Salaries, fees, pension costs and other staff-related costs of the members of the board of directors and the managing directors and their deputies

599 531

- managing directors and their deputies

508 445

51) Holdings in other undertakings

Shares and participations in other companies held as financial fixed assets

1) Advium Partners Ltd, Helsinki, corporate finance

2) parent company ownership, % 100,00 100,00

3) total book value of owned shares 15 582 15 582

1) eQ Bank Ltd, Helsinki, banking

2) parent company ownership, % 84,17 84,17

3) total book value of owned shares 25 273 25 273

1) Xenetic Ltd, Helsinki, hosting

2) parent company ownership, % 100,00 96,95

3) total book value of owned shares 1 550 1 426

1) Unicus Ltd, Helsinki, other operations attending financing and investing

2) parent company ownership, % 33,33 0,00

3) total book value of owned shares 100 0

Other notes to the accounts**52) Information on trust operations ja possessed customer assets**

Not applicable

53) Notes to cooperative banks or other cooperative credit institutions

Nothing to report on account of corporate form

KEY FINANCIAL INDICATORS

	2005	2004	2003	2002	2001
Net income, eur million	8,7	1,0	1,1	1,1	1,4
Net operating profit (loss), eur million	6,1	-0,6	-0,3	-0,6	-23,7
Net operating profit (loss), -% of net income	70,1	-65,5	-23,7	-49,8	-1739,0
Profit (loss) before appropriations and taxes, eur million	6,6	0,3	0,1	-0,9	-24,0
Profit (loss) before appropriations and taxes, -% of net income	76,3	28,5	4,6	-75,9	-1759,5
Return on equity, %	10,6	-1,3	-0,6	-1,3	-46,0
Return on assets, %	10,2	-1,3	-0,6	-1,2	-42,6
Equity ratio, %	97,4	95,4	98,7	99,8	87,2
Operating costs to earnings	0,3	1,7	1,2	0,7	0,8

The principles of calculating financial indicators

Net income
interest income + net income from leasing operations + income from equity investments + commission income + net income from securities transactions + net income from available-for-sale + other operating income

Return on equity, %

$$\frac{(\text{net operating profit/loss} - \text{taxes}) \times 100}{\text{equity capital and minority interest} + \text{depreciation difference less deferred taxes due (average of the figures for the beginning and the end of the year)}}$$

Return on assets, %

$$\frac{(\text{net operating profit/loss} - \text{taxes}) \times 100}{\text{average balance sheet total (average of the figures for the beginning and the end of the year)}}$$

Equity ratio, %

$$\frac{\text{equity capital and minority interest} + \text{depreciation difference less deferred taxes due (average of the figures for the beginning and the end of the year)}}{\text{balance sheet total}}$$

Operating costs to earnings

$$\frac{\text{administrative expenses} + \text{depreciation and write-downs on tangible and intangible assets} + \text{other operating expenses}}{\text{net income from financial operations} + \text{Income from equity investments} + \text{net commission income} + \text{net income from securities transactions and foreign exchange dealing} + \text{net income from available-for-sale} + \text{net income from hedging} + \text{net income from investment property} + \text{other operating income} + \text{share of associated companies' results (net)}}$$

Helsinki 8. March 2006

Georg J.C. Ehrnrooth
Chairman

Puhakka Jari

Waldén Petteri

Horelli Johan

Varjoara Miika

Mäkinen Antti
CEO

ACCOUNTING JOURNALS

Logbook, computer printout

General ledger, computer printout

Balance book, bound

Balance sheet specifications bounded with balance book

AUDITORS' REPORT

Translation

To the shareholders of eQ Corporation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of eQ Corporation for the period 1 January – 31 December 2005. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, 8 March 2006

KPMG OY AB

[signed]

Sixten Nyman

Authorized Public Accountant