Vuosikertomus 2007
Tarjoamme asiakkaillemme enemmän...

Annual Report 2007
Providing our customers with more...

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Contents

The big picture

eQ provides and develops efficient and customer-oriented investment banking services for demanding customers. The company aims to be the leading investment bank in Finland. eQ's business is founded on strong expertise and first-class service. eQ brings the most important innovations from Straumur Group's international network to its Finnish customers, adopted to local circumstances. The customer benefits from eQ's traditional services combined with added value from internationalisation. Therefore the company is now eQ+.

Values guiding eQ's operations

Professional

eQ is an investment specialist combining deep knowledge of the industry, technical leadership and innovativeness.

Active

eQ actively provides its customers with new products and services and values customer opinions in improving its services.

Customer-oriented

The customer's success is the starting point for eQ's operations.

eQ maintains close contact with its customers and develops its services in response to their needs.

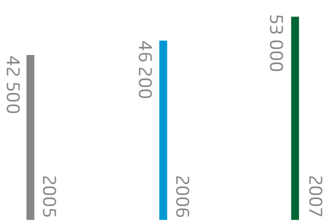
eQ aims for profitable growth. The company grows through the active development of business operations, new products and services. eQ is cost-efficient and will gain stability in its operations through a sufficient market position and size. Straumur and the Group members Wood & Company and Stamford Partners help eQ in providing and developing even more versatile services for its Finnish customers.

Key figures

Number of customers

+6 300

+15%

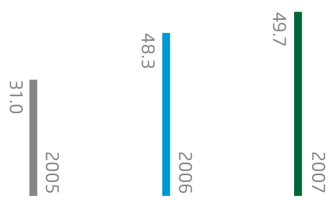


Number of customers 2005-2007

Net revenues

€49.7m

+3%

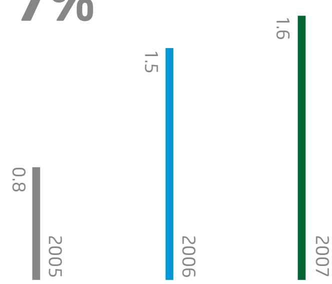


Net revenues 2005-2007
EUR million

Assets under management

€1.6b

+7%



Assets under management 2005-2007
EUR billion

The business at a glance

eQ is a bank specialising in investment services. eQ's services have been developed for demanding customers; customers who are actively interested in the management of their assets and who demand a high standard of expertise and service from their service provider. eQ aims for the success of its customers.

eQ Online is the most innovative of the Finnish internet brokerage services. eQ Bank's research team has been ranked as the best provider of recommendations concerning Finnish companies in several years. eQ's Advium Corporate Finance unit is the market leader in major real estate transactions and a leading advisor in mergers and acquisitions. eQ Asset Management has a very experienced and successful portfolio management team that provides personal service to its customers.

eQ provides its customers with advanced tools for increasing assets independently, as well as professional asset management tailored to individual customer needs. Furthermore, the company offers a wide variety of high-quality investment products and services, an information kit for asset management and expert service for successful management of investments.

eQ's subsidiary Xenetic provides hosting services with high availability in international comparison.

eQ is a part of international Straumur Group. In addition to eQ, the Group includes Straumur-Burdaras Investment Bank operating in London and the Nordic countries, Wood & Company operating in eastern Central Europe, as well as Stamford Partners operating in London and Amsterdam.

eQ's business units

Securities Brokerage Services

- Online
- Private Desk
- Institutional brokerage
- Research

Asset Management Services

- Banking products (deposits, loans, index-linked bonds)
- Mutual funds
- Discretionary Asset Management
- Private Banking

Corporate Finance Services

- M&A
- Large real estate transactions
- Capital market transactions

Hosting Services

- Facility management
- Managed hosting
- IT security services
- Load balancing and data communications

2007 in brief

2007 was a successful year for eQ in spite of the challenging market conditions towards the end of the year. The number of customers increased by some 15 per cent, coming to 53 000 at the end of the year. The company's consolidated net revenues increased by almost three per cent to almost EUR 50 million.

The investment market in 2007 was largely divided into two. Market development early in the year was very positive but the situation changed completely during the latter half of the year in the wake of the credit crisis that started in the United States.

In spite of the challenging final months of the year, eQ's securities brokerage, asset management and hosting services business units clearly improved their revenues. The net revenues of Corporate Finance were at a healthy level but fell short of the record-breaking level of the previous year.

There was a change in eQ's ownership during the year. The entire stock of the company was acquired by Straumur-Burdaras Investment Bank hf on 20 December 2007. This also ended trading in eQ stock, and eQ Corporation was delisted from OMX Nordic Exchange Helsinki. eQ continues as an independent part of the Straumur group, with operations essentially unchanged.

Key indicators 2007

Net revenues (EUR million)	49.7
Operating profit (EUR million)	14.0
Assets under management (EUR billion)	1.6
Market shares (OMX Helsinki)	
of euro volume, %	3.2
of number of trades, %	4.2
Funds in deposit 31 December 2007 (EUR million)	474
Shareholders' equity (EUR million)	70.9
Return on equity (ROE) %	14.4
Number of personnel	192

CEO's review

The core of eQ's operations is very well described by the Second Bank theme and the associated advertising campaign launched in early 2007. Through the Second Bank theme we want to remind that eQ's task is to focus on providing high-quality expert services to support the investment operations of our demanding customers. We do not strive to be the only bank for our customers. We are content with the fact that other banks take care of invoice payments, housing loans, consumer credit and many other sectors of banking. We are glad and proud to be the second bank for our customers.

Our ownership changed in 2007 but our basic task has remained the same. eQ continues as an independent part of the international Straumur group. We utilise the expertise and resources of the entire group, which translates into practice as better services and improved opportunities.

We were successful in achieving our objectives in 2007 by all measurements. Our general recognition increased substantially. However, a substantial increase in the number of customers was most satisfying. We had 53,000 customers at the end of the year, representing an increase of 15 per cent. This reflects strong demand for expert services and the desire of customers to get better and more competent service.

A good year in all business areas

The investment market was largely divided into two during the year. Until the subprime crisis that emerged in the summer, the market developed very positively. The situation changed completely during the latter half of the year in the wake of the credit crisis that started in the United States.

At the time of this writing, it seems that the international banking crisis does not impact Finnish banks too much this time. They have not taken any major risks in the international credit market, and domestic demand and the purchasing power of consumers have developed favourably. Finnish banks achieved good financial results last year.

eQ's performance in 2007 was also good. We set our target at profitable growth. I am very satisfied with our achievements. Among our business units, securities brokerage improved its income by nine per cent, asset management by 33 per cent and hosting services by 28 per cent. As expected, income from the Corporate Finance unit fell short of the previous year's record-breaking level but still remained good.

eQ continues as an independent part of the Straumur group

eQ's customers and employees are accustomed to change. The greatest change in the past year was seen in eQ's ownership. When we disclosed the public tender offer concerning eQ, I told our customers and employees that the change in ownership will not cause any substantial changes in our ownership. I am sure that everyone in the audience did not believe my statement straight away.

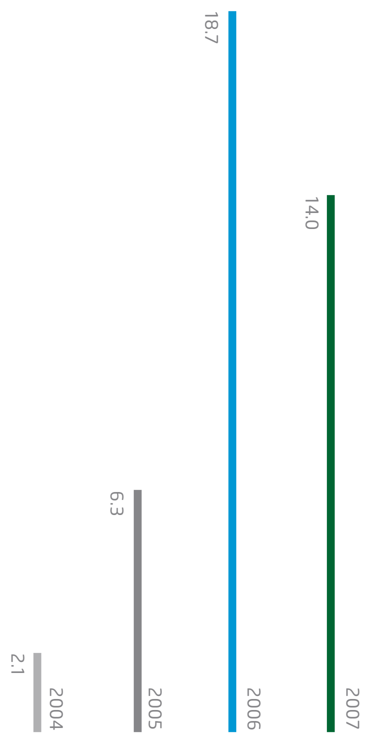
Now it is easy to say that eQ's operations as an independent part of the Straumur group have continued essentially unchanged. Together with Straumur's other units, we strive to develop our operations while utilising the competence and resources of the entire group.

Our objective for 2008 is clear. We will continue to make our services and products even better. In addition to our substantial in-house resources, we will leverage on Straumur's international operations and its capital base that is substantially wider than eQ's own. I believe that these ingredients will enable us to enjoy profitable growth again in 2008.

I wish to thank our customers for their confidence in us. Our staff is also worthy of praise for work done well under intense pressure and challenging conditions.

Helsinki 18 March 2008

Antti Mäkinen
CEO



Operating profit 2004–2007
EUR million

Number of customers

+15.0%

Asset management, net revenues

+33.0%

eQ specialises in high-quality expert services to support the investment operations of demanding customers. This basic task is unchanged as we now are an independent part of the Straumur group.

High-quality services to support the investment operations of demanding customers – we offer our customers more

Personnel

eQ is an innovative professional organisation attracting the best competence. eQ's competitive advantage as an employer is based on an efficient and flexible organisation in which each employee has good opportunities to influence the contents of his/her work and the operations of the company. eQ aims to offer its employees an open and encouraging atmosphere. eQ's values are professional, active and customer-oriented.

eQ also aims to balance every employee's work and leisure time by ensuring that human resources are sufficient and that each individual's workload is appropriate. The company offers its employees comprehensive occupational health care and versatile fitness benefits.

In order to develop the work community, eQ carries out an annual well-being and atmosphere survey.

Strong special expertise and experience in the financial markets

Operating in the financial markets requires professional skills obtained through training and experience alike. In addition to professional competence, employees are required to demonstrate particular diligence and willingness to work in a fast-moving work environment. The strengths of eQ's personnel include expertise and innovativeness combined with long experience of the financial sector.

The most common form of employment at eQ is full-time employment. Part-time or fixed-term contracts will be signed on an employee's own initiative or for a justified reason called for by the nature of the work.

Development, management and incentives

The development wishes and needs of employees are identified and targets set at annual appraisals. Individual training needs and job rotation desires are also considered. The objectives are continuous development and learning, deepening expertise associated with one's own tasks and managing the overall complexity of the organisation.

Specialised personnel consisting of experts also calls for individualism in management and incentives. eQ aims to be an attractive employer for the best experts of the industry through ensuring challenging tasks, competitive pay, incentives and interesting career opportunities.

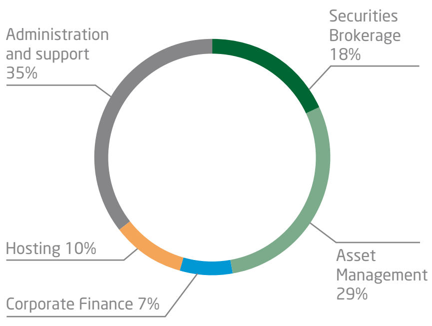
Development of the number of personnel

The change in ownership in 2007 did not affect the number of personnel, their task descriptions or human resources policy. Staff turnover in our business units was at a normal level.

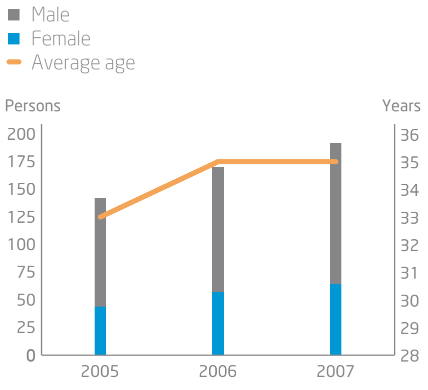
Growth in our business resulted in an increase of 22 employees, bringing the number of personnel to 192 at year-end.

Distribution by business area

% of personnel

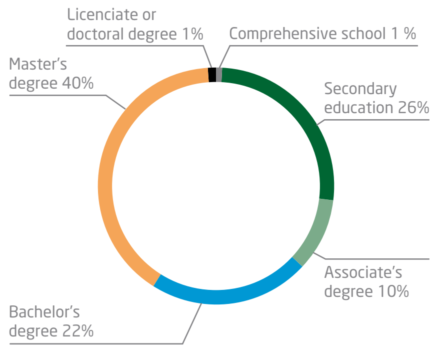


Number of personnel 2005-2007



Level of formal education

% of personnel



"This is an energetic company where people like each other, where there is not a lot of distance between the employees and top management. I like that. That is not typical of Finnish companies and I think it is our strength."

Katja Kinnunen, Deputy Head of Customer Service, eQ Bank Ltd.

Responsibilities

eQ's operations pursue good financial results while caring for people and the environment.

Responsibilities towards customers

eQ's most important responsibility concerns the reliability and security of its services. In all circumstances, customers can trust that their benefit will be prioritised over eQ's own, their information will remain confidential, they will receive absolutely competent service, they will be treated equal and their exposure to risk is at an acceptable level.

New regulations on securities markets and investment advisory that entered into force in 2007 further improved the protection of investors. The new regulations do not require any action on the customers' part.

eQ has organisationally separated all functions that may include conflicts of interest. Furthermore, persons holding positions of power within the company are subject to internal guidelines regulating trading on their own and on closely related parties' account.

Economic responsibility

An enterprise must be profitable in order to fulfil the owner's profit expectations. It must also be competitive and efficient. At the same time, it aims to produce economic well-being for society.

eQ's strategy is to be a profitable company, which means growth and stability of operations. eQ will grow through the active development of business operations, new products and services, as well as cost efficiency.

Social responsibility

eQ treats all of its interest groups with honesty and respect. The company makes a donation to a charity of its choice each year. The 2007 donation went to the Finnish Pediatric Research Foundation.

eQ is a professional organisation whose operations and success are based on its skilled, motivated and committed personnel. Well-being and incentives to individuals are an important part of eQ's personnel strategy. Appraisal discussions survey the development wishes of employees. Individual training needs and job rotation desires are also considered.

eQ also supports the well-being of its employees by offering comprehensive health care and versatile fitness benefits.

Environmental responsibility

Due to the nature of the industry, eQ's operations have negligible environmental impacts.

The business is largely based on electronic transactions, which means that the required material such as account statements and reports are available through the Web pages. This substantially reduces the amount of waste paper.

In May 2007 eQ launched the first Finnish equity fund investing in clean energy production. The eQ Clean Energy fund invests in companies operating in the sector of renewable energy, such as bioenergy, wind power and solar power, as well as industrial sectors supporting these. The investments also include companies having a substantial proportion of their business associated with energy efficiency or energy conservation.

eQ's subsidiary Xenetic provides hosting services that must be available around the clock. Xenetic aims for energy savings above all by introducing new technology that reduces the consumption of energy.

Asokodit is Finland's largest provider of right-of-occupancy housing, with over 14 000 apartments providing homes for around 40 000 residents in Helsinki and other parts of the country. It has been eQ Bank's client since 2002.

"They have been looking after me extremely well for some five years now, and that means I can get on with my business, knowing that they look after the investment side of things," says Chief Executive Officer, Marko Pyykkönen.

Mr. Pyykkönen has a keen sense of the opportunities opening up for eQ following its acquisition by Straumur. "In the future, working with Straumur will mean even more options for eQ's investors: wider and deeper equity market coverage, offering greater diversification both geographically and by type of instrument."

Timo Sadinmäki, Head of Institutional Sales, eQ Asset Management and Marko Pyykkönen, CEO of Suomen Asumisoikeus Oy. Photographed at Asokodit apartments, Helsinki.

Bringing the most important innovations of our international network to Finnish customers – we offer our customers more

Securities Brokerage Services

eQ Bank´s securities brokerage services are divided into automatic online brokerage through the eQ Online service (www.eQ.fi) and traditional people-to-people brokerage. The services are targeted at both private and institutional investors.

eQ Online – electronic brokerage service

In several years, eQ Bank's brokerage service eQ Online has been ranked Finland's best online brokerage service suitable for both active and occasional investors. It provides access to the markets of 10 different countries, as well as unlisted Finnish equities.

Trading is supported by market information and news services, as well as a variety of analysis and reporting tools. These include eQ ProStreamer, which is a versatile tool for active investors, an analysis library of a high standard, and ready-made tax reporting templates. eQ also offers an extensive range of exchange-traded funds (ETF) covering the world's most important equity markets and industries. The eQ SMS service provides the most important financial news to mobile phones in almost real time, and eQ Academy arranges a variety of training events covering different sectors of investing free of charge for customers.

Private Desk – personal brokerage service for active investors

The eQ Private Desk service is an unique combination of traditional brokerage and modern electronic services. The Private Desk provides personal brokerage service with a designated broker through whom the customer can execute trades by telephone. The broker also gives investment suggestions. The service is aimed at active investors who want to talk to experienced brokers when making decisions.

Institutional brokerage – traditional brokerage service for equities and derivatives

eQ's institutional brokerage serves institutional investors. The customers include Finnish and international institutions and professional investors. 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. The business area also includes market-making.

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Lännen Lähivakuutus is a member of the Local Insurance Group which is one of Finland's five largest non-life insurers with more than 8% of premium income in the non-life sector.

The Group has nearly 1.4 million outstanding policies with around 500 000 customers throughout the country, serving individuals, small to medium sized enterprises. It is also the market leader for farm insurance.

The insurer has been eQ's client for many years now. Managing Director Jussi Seppälä is based in the western town of Rauma. He understands the importance of meeting his customers' local needs whilst working in a global environment, and he recognizes good service when he sees it.

"I know we're not eQ's biggest customer, but it feels like we are," Seppälä says.

Mikko Eskola, Managing Director of eQ Asset Management and Jussi Seppälä, Managing Director of Lännen Lähivakuutus. Photographed at eQ, Helsinki.

Securities Brokerage Services

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Equity Research – comprehensive analyses of a high standard

eQ's securities brokerage is supported by a research unit that prepares analyses of approximately 100 Finnish and Nordic companies. The emphasis is on the Finnish equity market and companies listed in Helsinki but monitoring the international macroeconomy is also a significant part of research. The success factors behind eQ Bank's research unit include 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.

Number of customers growing strongly

The year 2007 was largely divided into two. The markets developed well in the early part of the year, but towards the end of the year, the US housing market crisis created heavy fluctuation and unrest. On the one hand, this had a positive effect on the trading activity of eQ's customers, but on the other hand it was also reflected as increased caution particularly among institutional customers. In spite of weak development towards the end of the year, the OMX Helsinki index developed positively in 2007.

All in all, 2007 was a good year for securities brokerage. The number of customers increased by some 15 per cent on the previous year. Net revenues increased to EUR 18.3 million (EUR 16.8 million in 2006). Operating profit amounted to EUR 3.7 million (EUR 3.4 million).

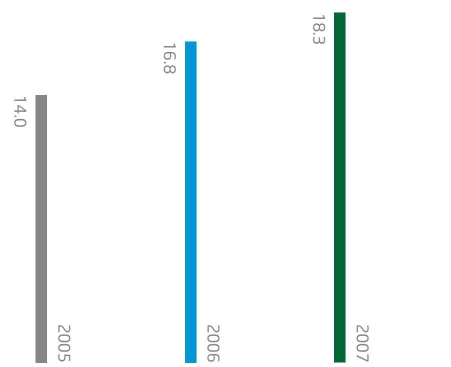
eQ had a market share of 3.2 per cent (3.1 per cent) of euro volume and 4.2 per cent (6.4 per cent) of number of trades on OMX Nordic Exchange Helsinki.

The online service was reformed during the year to improve clarity. Equity Research expanded to cover approximately 100 Finnish companies. eQ produced a trading service for the member banks of Paikallisosuuspankki ry, the Association of Local Cooperative Banks, which was launched in November. The service was well received and had thousands of users by the end of the year.

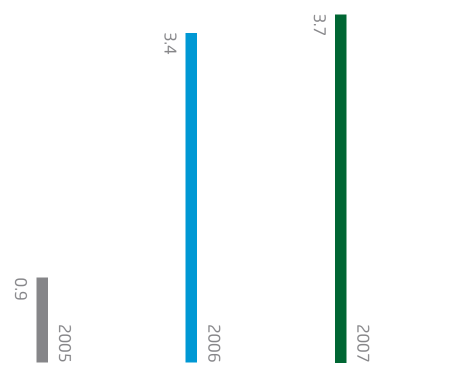
In addition to the eQ Academy training events, eQ arranged dozens of customer events during the year, providing customers with the opportunity to meet key management from listed companies and discuss the outlook of companies with eQ's analysts. In addition to Helsinki, events were arranged at several locations around the country.

eQ's research team was again successful in independent benchmarking studies. According to AQ Publication, eQ ranked the second best broker for Finnish equities. Star Mine ranked eQ in the third place for recommendations accuracy concerning Finnish small and medium cap companies.

Net revenues and operating profit



Net revenues (Securities Brokerage) 2005–2007
EUR million



Operating profit (Securities Brokerage) 2005–2007
EUR million

Asset Management Services

eQ Bank's asset management business constitutes banking services, which include deposits and loans, mutual funds, index-linked bonds and discretionary asset management products. The customer base of asset management comprises institutional and private investors.

The strengths of eQ Asset Management include a Finnish, successful and experienced portfolio management organisation, as well as a dynamic and developing product range. The asset management business was strengthened by acquiring Fides Group at the end of 2006. The acquisition strengthened eQ Asset Management's portfolio management expertise and expanded the customer base.

Wide range of mutual funds

eQ offers approximately 30 mutual funds of its own supplemented by a wide range of funds from partners.

Equity funds make investments under several strategies by market area and globally by sector. eQ's range of mutual funds covers the equity markets of Finland, the Nordic countries, Europe, Eastern Europe and the United States. eQ's successful sector funds make investments globally. They cover the main sectors of business, with emphasis on industries that are most successful in the current economic trend.

Morningstar, which is the world's leading producer and provider of mutual fund information, ranks eQ's funds at four stars out of five on average.

Discretionary asset management for private and institutional investors

eQ Asset Management offers professional asset management for institutional and private investors. Customers may choose between several asset management strategies that are implemented either through discretionary asset management or through consultative asset management. eQ also provides consultancy for building an investment portfolio.

Portfolio allocation is modified in accordance with market conditions and the chosen investment strategy. eQ Asset Management has a global market view and takes an active stand on the weights of different asset classes, market regions and sectors in the portfolio.

eQ Asset Management provides customer-oriented service based on different asset management styles and is extremely well suited for most customer groups – institutional investors, foundations and individuals alike.

Banking provides services at competitive terms of interest

eQ's banking operations provide flexible deposit and credit products at competitive terms of interest. In addition to demand deposits on the eQ Account, a customer may invest his assets in term deposits. A flexible eQ Margin lending account can be linked to the account. Book-entry securities held in custody at eQ Bank serve as collateral for the margin lending account. eQ also provides customised fixed-term loans for its customers.

The popularity of capital-guaranteed index-linked bonds tailored to customer needs continued to increase in 2007.

An internal bank or Treasury is an essential part of the bank's operations. The task of the Treasury is to invest customer deposits and the parent company's own assets safely and with the best possible returns, observing an investment policy approved by the Board of Directors. The Treasury is responsible for eQ Group's capital adequacy planning, the bank's liquidity and the management of the bank's interest risk.

Challenges towards the end of the year

The year 2007 was largely divided into two. A persistently strong economic boom continued through the first part of the year but towards the end of the year, growth came to a stop due to difficulties originating in the American housing market crisis. The crisis had a heavy impact on the global fixed income markets, which was particularly reflected on the development of fixed income funds.

In spite of the challenging final months, eQ's asset management business achieved its targets. Customer assets under management (including deposits) totalled EUR 1.6 billion at year-end (EUR 1.5 billion in 2006). Operating profit from asset management amounted to EUR 4.2 million (EUR 4.8 million).

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Asset Management Services

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First Finnish clean energy fund
In 2007, eQ and Ilmatar Asset Management Oy jointly launched the international hedge fund Ilmatar Fund investing in Eastern Europe and Russia. eQ acquired 19 per cent of the company, thus supplementing the range of services offered to its institutional customers.

Mutual funds managed by Fides Fund Management Ltd were transferred to eQ Fund Management Company in March, which made it possible to shape the range of funds into a coherent and comprehensive form.

eQ launched the eQ Clean Energy mutual fund in May. The fund invests globally in companies that are expected to benefit from the global trend towards clean energy production. eQ Clean Energy is the first Finnish mutual fund investing in clean energy production. Its investment policy was developed jointly with Pöyry Group's energy consultancy.

A new unit called eQ Private Bank was established within the asset management business in June.

eQ arranged three capital-guaranteed index-linked bond issues jointly with well-established issuers Municipality Finance and Royal Bank of Scotland.

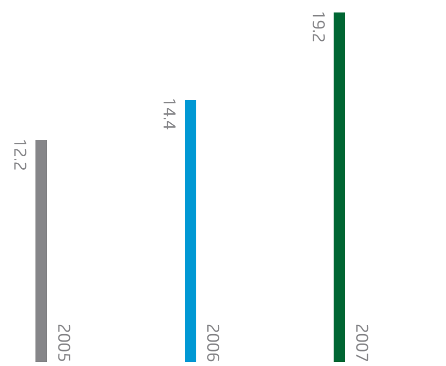
A new fixed income fund, eQ Emerging Markets Corporate Bond, was launched in October. It invests mostly in bonds issued by enterprises operating in emerging markets.

eQ established a subsidiary specialising in asset management services in Turku, expanding the investment and asset management service offering in Southwest Finland.

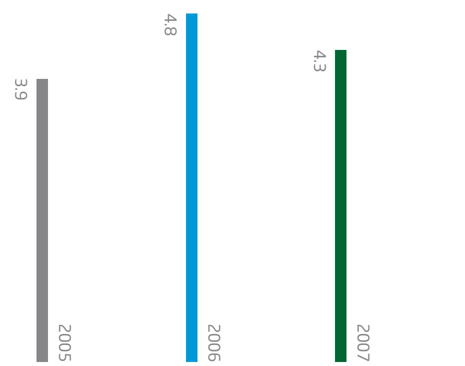
"Our portfolio management team are among the most experienced people in this office, some have been in this business since the early 1980s."

Dick Lund, Chief Investment Officer, eQ Bank Ltd.

Net revenues and operating profit



Net revenues (Asset Management) 2005-2007
EUR million



Operating profit (Asset Management) 2005-2007
EUR million

Corporate Finance Services

eQ Bank's corporate finance services are provided by Advium Corporate Finance. Its services cover mergers and acquisitions, major real estate transactions, capital transactions and general advisory services.

Advium is one of the most recognised and experienced advisors in Finland. Advium has been involved in more than 70 transactions since its establishment. Many of these have involved at least one foreign party.

Number of transactions at the previous year's level

2007 was a good year for Advium in spite of a slowdown in the market towards the end of the year. The unit served as an advisor in a total of 15 transactions with an aggregate value of approximately EUR 1.5 billion. The number of assignments was close to the previous year's level. The aggregate euro value of transactions fell expectedly short of the previous year due to the sale of the real estate investment company Kapiteeli carried out in 2006.

Transactions in which Advium served as an advisor in 2007 included, for example, Fiskars Corporation's acquisition of the homeware design company Iittala from equity capital investor ABN Amro Capital, the company's executive management and individual investors. Advium also served as an advisor in transactions such as the sale of Elematic Group Oy from a group of investors led by Sentica Partners to an equity fund managed by Pamplona Capital Management, as well as a transaction in which Veritas Pension Insurance, Veritas Life Insurance and Veritas Mutual Non-Life Insurance sold five properties to funds managed by DEGI Deutsche Gesellschaft für Immobilienfonds mbH. Furthermore, the unit served as an advisor to the Board of Directors in a total of three different public tender offers. The customers included Evox Rifa Group Plc and Birka Line.

It is very typical of corporate finance operations that customers pay a success fee once the transaction has been finalised. Therefore the final transaction dates have a substantial effect on the timing of invoicing. Income from operations in 2007 declined expectedly on the previous year and stood at EUR 8.3 million (EUR 14.2 million in 2006). Operating profit amounted to EUR 5.8 million (EUR 10.5 million).

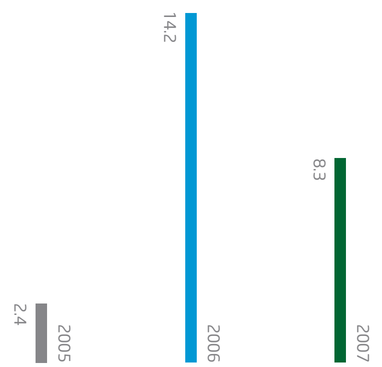
Emphasis on experience

Activity on the market slowed down in the autumn as market worries originating from the U.S. subprime housing loan crisis spread to Finland. Increasing short-term interest rates have held back real estate investors that use debt leverage. On the other hand, activity in corporate transactions has remained at a high level, and the demand for real estate in Finland is still growing particularly among new investors.

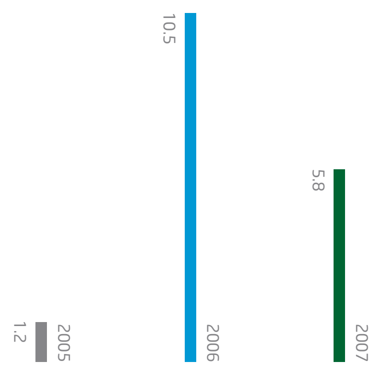
A demanding environment emphasises the significance of experience and market knowledge. eQ's Advium Corporate Finance unit has a strong position when experience counts.

In the future, resulting from co-operation with Straumur Group, Advium will also be able to build teams that combine Finnish expertise with knowledge of other Nordic countries, London or eastern Central Europe. The co-operation also makes it possible to offer Straumur's financing package as an alternative for customers to finance their transactions.

Net revenues and operating profit



Net revenues (Corporate Finance) 2005–2007
EUR million



Operating profit (Corporate Finance) 2005–2007
EUR million

Hosting Services

eQ's subsidiary Xenetic Ltd. provides management of information systems and data communications for customers whose business depends critically on the functionality of information technology. The company's services ensure the high availability, problem-free operation and high performance of information systems in a cost-efficient way.

The service portfolio consists of facilities management, supervisory, management, data communications and IT security services, as well as hardware and software leasing. For example, customers can outsource their electronic commerce system to Xenetic and focus on developing the actual service themselves.

Xenetic aims to achieve a substantial market position in segments where the customers' business imposes very demanding requirements for the availability of data communications and IT. Such segments include financial services, logistics, electronic media, health care and financial administration services.

High-grade availability in global comparison

Xenetic provides its customers with one of the most advanced ITC infrastructures in Finland. The company has made substantial investments in the newest technology to ensure that our customers have the most up-to-date, reliable and flexible IT infrastructure services. In terms of service interruptions, the availability of Xenetic's system exceeded 99.9 per cent in 2007. Only ten per cent of all service providers can achieve this in global comparison.

The customer base of Xenetic consists mainly of Finnish enterprises. For example, operating services managed by the company are used to produce 12 per cent of the volume of stock exchange trading in Helsinki, a total of 6,500 electronic processes at 1,500 different companies, 600,000 electronic invoices monthly and a substantial proportion of VoIP traffic in Finnish enterprises.

Strong growth in net revenues continued

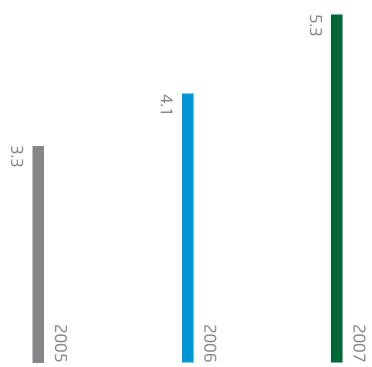
The year 2007 as a whole was good for Xenetic. Net revenues continued to grow strongly (28 per cent) and stood at EUR 5.3 million (EUR 4.1 million in 2006). The growth in net revenues clearly outperforms the growth rate of the ITC service market in Finland.

Operating profit amounted to EUR 0.2 million (EUR 0.1 million). Substantial investments made in the previous year proved their necessity in 2007 but hampered profitability in comparison with the industry average.

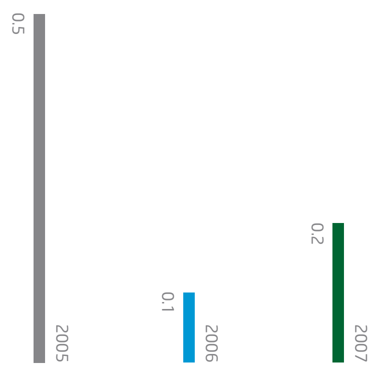
During 2007, Xenetic initiated co-operation with customers such as Soprano Oy for managing an e-commerce environment and with HeadPower Oy for managing a critical online portal for energy and telecommunications companies. Furthermore, extension agreements were made with several substantial customers. Xenetic also manages the IT system used for the provision of eQ Bank's services continuously on a 24/7 basis.

During 2007, several competitors similar to Xenetic in size were acquired by larger enterprises. After this consolidation, the number of flexible ITC service companies specialising in business-critical systems remaining in Finland is very low, which improves Xenetic's opportunities for success.

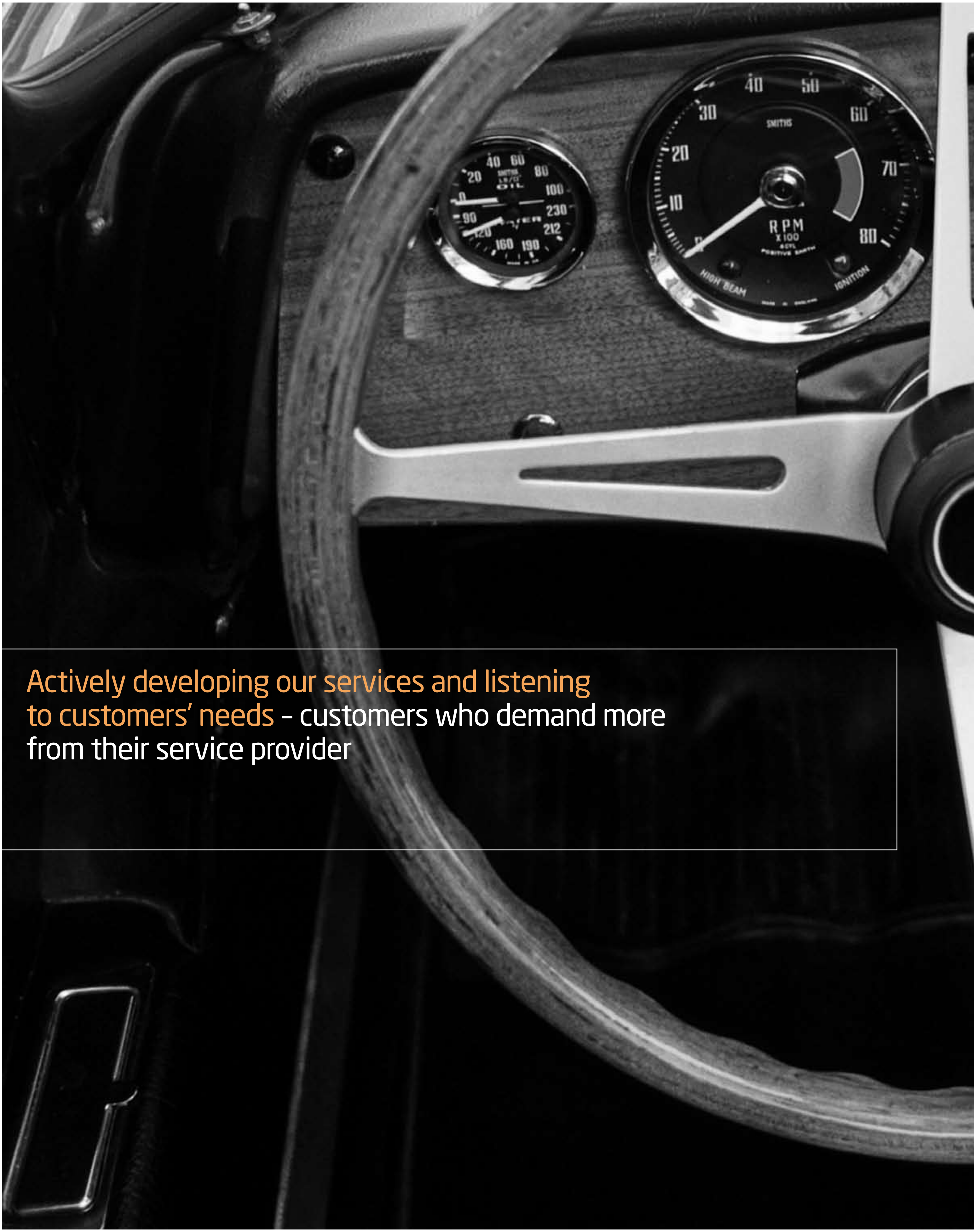
Net revenues and operating profit



Net revenues (Hosting) 2005–2007
EUR million



Operating profit (Hosting) 2005–2007
EUR million



Actively developing our services and listening to customers' needs – customers who demand more from their service provider


SMITHS
20
40
60
80
100
120
140
MPH
INDICATORS
FUEL
AM
FM
AM
AM
FM
FM
FM

Financials in brief and risk management

eQ reached its goals in 2007. Three out of the four business areas improved their revenues. Consolidated net revenues and the number of customers continued to increase as well.

The company's income increased by 3% in 2007, amounting to EUR 49.7 million (EUR 48.3 million). Among the business areas, securities brokerage, asset management and hosting services improved their income. Corporate Finance income was at a healthy level but fell short of the record-breaking level of 2006. The company's expenses amounted to EUR 35.7 million (EUR 29.6 million). The increase in expenses was affected by a clear increase in personnel, as well as increased IT and marketing costs. Operating profit for the year amounted to EUR 14.0 million (EUR 18.7 million), and post-tax profit was EUR 10.4 million (EUR 16.7 million).

Return on equity (ROE) was 14.4% (24.5%), while the cost/income ratio was 0.7 (0.6).

The number of customers continued to increase during the financial year. eQ had 53 000 customers at the end of December, which represents an increase of 15% on the previous year.

Balance sheet and financing

The balance sheet total was EUR 664.2 million (EUR 627.1 million). Balance sheet liabilities totalled EUR 593.3 million (EUR 553.5 million), of which EUR 474.0 million (EUR 435.8 million) were customer deposits. The company's shareholders' equity at the end of the financial period was EUR 70.9 million (EUR 73.6 million), while the capital adequacy ratio after the planned dividend distribution was 12 per cent (18.9%), clearly exceeding the 8% minimum set by the authorities.

Capital adequacy

The requirements of capital adequacy for banks was reformed as of the beginning of 2007. eQ's Board of Directors approved a new strategic capital management plan, as well as the principles for capital adequacy disclosures. The capital management plan outlines risk-based capital requirements and capital adequacy. Furthermore, the plan also defines the objectives for Tier1 capital and the overall capital mix as well as sets the internal goals for the capital adequacy ratio.

The Board of Directors of eQ Corporation has decided to maintain a risk buffer in addition to the minimum regulatory capital. This risk buffer will ensure that eQ Corporation will be able to continue its operations even in exceptionally poor market conditions without any major disturbances.

Based on regulatory capital requirements and an analysis of risk-based capital requirements, the Board has decided that the internal target for the capital adequacy ratio of eQ Corporation is 12 per cent. The capital adequacy ratio may temporarily vary from the target level but it may not fall below 10%. The target level corresponds to the regulatory minimum of 8 per cent plus an additional risk buffer of 50%.

Investments
eQ's investments in 2007 amounted to EUR 6.6 million (EUR 12.8 million) of which EUR 4.1 million were directed to mergers and acquisitions and EUR 0.5 million to the investments in IT development projects.

Risk management
eQ Group's objective is to operate profitably and offer competitive services to its customers. The primary task of risk management is to support the fulfilment of these objectives and to ensure capital adequacy in proportion to business risks. As part of the Group's Corporate Governance policy, risk management serves as a tool for the Board of Directors to monitor and assess the achievement of targets, as well as threats and opportunities concerning business.

eQ's Board of Directors is in charge of the risk management strategy and principles. The principles define the measures necessary for identifying, monitoring and managing risks. The management of eQ Bank is responsible for carrying out risk management in accordance with principles confirmed by the Board of Directors. The task of the bank's management 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.

eQ's risk management function supervises the Group's daily operations and development projects. The risk management function operates under the CEO of eQ Corporation and reports to the Managing Director of eQ Bank, the Board of eQ Bank and the Board of eQ Corporation.

Risks
eQ Group's primary risks are credit risk arising from banking and investment operations, market risk on investment portfolios, as well as interest rate and liquidity risk on banking. Operational risk and business risk are essential parts of all business operations.

Property risks, interruption risks and third-party liability risks arising from business are covered by appropriate insurance policies.

Credit risk is managed within the framework of the credit process and limits defined in eQ's credit risk policy. Credit risk arising from customer trading is limited through measures such as real-time purchasing power processing.

The counterparty risk in investments is managed through limits and processes defined in eQ Group's investment policy.

The management of equity risk associated with trading and market making operations is the responsibility of persons in charge of those operations within established limits.

The Treasury is responsible for managing the interest rate and liquidity risk in banking. It also operates as an internal bank and manages the group accounts and collateral.

The risk management function supervises the realisation of the risk policy and compliance with the established risk limits.

The identification and assessment of operational risks within eQ Bank is carried out as the self-assessment of operational risks by business units carried out in connection with annual budgeting in the autumn. Self-assessment addresses the probability of risk realisation, the severity (amount of loss) and the impacts of loss. Furthermore, risk management monitors any realised operational risks and reports losses arising from them to the bank's Board of Directors monthly.

Each business unit has made a contingency plan to ensure that the operations critical for business can be carried out regardless of external factors. Internal audit evaluates the processes regularly and reports to the Board of Directors.

Financial reporting in 2008
eQ will report on its financial development in 2008 by publishing interim reports (Q1, Q2 and Q3) and financial statements in Finnish and English.

The Annual Report, interim reports and other important disclosures are published on the company's Internet pages at www.eQ.fi and are available for viewing at the company's offices.

Corporate Governance

eQ is an independent part of the international Straumur group. Straumur is an investment bank operating in Northern and Central Europe, offering a wide range of investment banking services particularly for small and medium-sized enterprises, institutional investors and individuals.

Group structure

eQ Bank Ltd is a fully-owned subsidiary of **eQ Corporation** that provides financing services. eQ Bank holds a deposit banking licence. **eQ Fund Management Company Ltd** is a fully-owned subsidiary of eQ Bank Ltd engaged in mutual fund operations. **eQ Asset Management Ltd** is a fully-owned subsidiary of eQ Bank Ltd engaged in investment services. eQ Corporation's subsidiary **Xenetic Ltd** is a managed services provider focusing on the provision of business critical, high-availability IT infrastructure and services. Its service portfolio consists of facility management, managed hosting, management of servers, data communications and IT security services, as well as hardware and software leasing.

Changes in corporate structure

The ownership structure of eQ Corporation changed on 22 May 2007 when the Icelandic company Straumur-Burdaras Investment Bank (Straumur) acquired a majority of eQ Corporation and issued a mandatory tender offer for all eQ shares. On 20 December 2007, a court of arbitration confirmed Straumur-Burdaras Investment Bank hf's right to redeem all minority shares in eQ Corporation. The listing of eQ Corporation's shares on OMX Nordic Exchange Helsinki also ceased on 20 December 2007.

Straumur is a Northern and Central European investment bank offering a complete range of integrated financial services focusing on

eQ Corporation
CEO Antti Mäkinen

eQ Bank Ltd
eQ Corporation's holding 100%

Managing Director Antti Mäkinen

Deputy Managing Director Pekka Virtanen

Xenetic Ltd
eQ Corporation's holding 100%

Managing Director Jari Puhakka

eQ Fund Management Company Ltd
eQ Bank's holding 100%

Managing Director Jussi Sokka

Deputy Managing Director Annamaija Peltonen

eQ Asset Management Ltd
eQ Bank's holding 100%

Managing Director Mikko Eskola

small and medium sized companies, institutional investors and individuals. Straumur had a market capitalisation of €1.7 billion and total assets of €7.1 billion as at the end of 2007. Net operating income was €330 million, after-tax profit €163 million and total equity €1 568 million. Straumur had a CAD ratio of 23.7%. The Bank had a long-term investment rating of BBB- from Fitch. Through organic growth and strategic acquisitions, the Bank has established operations in ten countries including the UK, Denmark, Sweden, Finland and the Czech Republic and now employs 450 people. Straumur is rapidly delivering against its objectives to become the leading investment bank in Northern and Central Europe.

Business areas
eQ's business operations are divided into four areas: securities brokerage services, asset management services, corporate finance services and hosting services.

Applicable regulations
eQ's corporate governance is based on sound governance practices. The Group observes the Finnish Companies Act, securities market legislation, regulations by the Financial Supervision Authority and any other officially confirmed regulations valid at each time.

Responsibilities
The responsibility for eQ's administration and operations rests with the Board of Directors and the CEO. Management Group supports the CEO in his duties. Shareholder meetings summoned by the Board of Directors have the highest decision-making authority.

Duties of the Annual General Meeting
The Annual General Meeting confirms the financial statements, decides on the distribution of profit, discharges the board and management from liability and decides on the dividend, as well as elects the members of the Board of Directors and auditors. Furthermore, the Annual General Meeting decides on remuneration of Board members and auditors. Decision-making at the General Meeting is in compliance with the Finnish Companies Act.

Board of Directors
The Annual General Meeting elects four to eight members to the Board. The Board elects the Chairman from among its members for one year at a time. The term of the Board members lasts until the end of the Annual General Meeting following the one at which they were elected.

The Board controls the administration of the parent company, including disclosures. The Board decides on the Group´s strategy and key objectives, as well as approves major investments. The Board confirms the operating plan and budget, as well as the investment policy for eQ Bank's treasury and the principles of risk management and internal controls. The Board of Directors also decides on compensation schemes for management and employees.

Board of Directors in 2007
eQ Corporation's Board of Directors in 2007 comprised Antti Pankakoski and Petteri Walldén for the entire year, as well as William Fall and Antti Mäkinen since 25 July 2007. Georg J.C. Ehrnrooth, Johan Horelli, Timo Everi and Miika Varjovaara were members of the Board until 25 July 2007.

Chief Executive Officer
The Board appoints the Chief Executive Officer and decides on the terms of his employment, which are defined in a written contract. The CEO manages the company's daily operations in accordance with the guidelines and regulations issued by the Board.

Antti Mäkinen is the CEO of eQ Corporation and the Managing Director of eQ Bank ltd. The deputy M.D. of eQ Bank is Pekka Virtanen.

eQ Group's Management Group
The Management Group drafts proposals for the Board of Directors with respect to the Group's strategy, coordinates Group-level functions, prioritises the Group´s strategic projects, prepares drafts for operating plans and budget proposals, and prepares other matters to be presented to the Board of Directors.

The Management Group meets at least monthly.

Auditors
The company auditor is KPMG Oy Ab, and Sixten Nyman, Authorised Public Accountant, is the auditor with principal responsibility.

The auditors provide the owner with a statutory audit report in connection with the company's annual financial statements. The primary purpose of the statutory audit is to verify that the financial statements provide correct and adequate information on the company's result and financial position for each financial year.

Risk management
Risk management is described on page 59 of this Annual Report.

Antti Mäkinen
born 1961
LL.M.
CEO of eQ Corporation and
Managing Director of eQ Bank.

Member of the Board of eQ Corporation and eQ Bank, Chairman of the Board of eQ Fund Management Company and Xenetic Ltd.

Previous experience includes Director of Finnish operations for Enskilda Securities and attorney for Hannes Snellman Attorneys at Law.

No holdings in the company.

Pauliina Brusi
born 1969
M.Sc. (Econ.)
Chief Financial Officer.

Previous experience includes CFO for A.C. Nielsen Finland Oy and several management positions and project tasks within financial management for Oy Esso Ab.

No holdings in the company.

Marjaana Häkli
born 1968
M.Sc. (Econ.)
Director, Securities Brokerage.

Previous experience includes broker from 1998 to 2001, Investment Manager for ACM Active Cash Management Oy and various tasks with Bankhaus Merck, Finck & Co in Munich from 1994 to 1996.

No holdings in the company.

Katja Keitaanniemi
born 1973
Lic.Sc. (Tech.)
Head of Research.

Previous experience includes Head of Research for Conventum Securities from 2002 to 2004. Before this, Senior Analyst for Nordea Securities from 2001 to 2002, Analyst for Evli Securities from 2000 to 2001 and Research Engineer for Finnish Pulp and Paper Research Institute from 1997 to 2000.

No holdings in the company.

Janne Larma
born 1965
M.Sc. (Econ.)
Director of the Advium Corporate Finance unit.

Previous experience includes Managing Director for Advium Partners Ltd from 2000 to 2004. Before this, Head of Corporate Finance Finland at Enskilda Securities from 1998 to 2000. Transferred to Enskilda from the Corporate Finance function of Alfred Berg where he was a director from 1993 to 1998. Various tasks within Kansallis-Osake-Pankki's investment banking unit from 1998 to 1992.

No holdings in the company.

Tomas Söderholm
born 1966
M.Sc. (Econ.)
Head of Institutional Brokerage.

Previous experience includes institutional broker (equities) for Danske Securities from 1998 to 2002, institutional broker (equities) for AG Securities from 1994 to 1998, institutional broker (equities) for ANE Gyllenberg from 1993 to 1994 and institutional broker (fixed income instruments) for Nordbanken Finland Helsinki Branch from 1990 to 1992.

No holdings in the company.

Lauri Lundström
born 1962
M.Sc. (Econ.)
Director of Asset Management.

Chairman of the Board of eQ Asset Management Ltd.

Previous experience includes Managing Director of Pohjola Fund Management Company from 2001 to 2006. Before this, CFO for Conventum Investment Bank from 1999 to 2001, Managing Director of the fund management company responsible for asset management within Arctos Securities Group since 1996 and CFO of Arctos Securities Group since 1993. Finance-related positions within Finnair Group from 1989 to 1993.

No holdings in the company.

Pekka Virtanen
born 1956
M.Soc.Sc.
Chief Technology Officer.

Deputy Managing Director of eQ Bank and member of the Board of eQ Bank.

Previous experience includes Head of IT for Alfred Berg Finland Oy, Software Manager for Helsingin Rahamarkkinakeskus Oy, Programming Manager for Yhtyneet Kuvalehdet and Product Manager for Tietonauha Oy.

No holdings in the company.

Corporate Governance | The Board

William Fall
born 1957
Chairman of the Board of eQ Corporation since 25 July 2007.

Master of Science in Natural Sciences and Bachelor of Veterinary Science.
Chairman of the Board of eQ Bank Ltd since 15 August 2007.
CEO of Straumur-Burdaras Investment Bank since 29 May 2007.

Previous experience includes President International for the Bank of America.

No holdings in the company.

Antti Mäkinen
born 1961
Member of the Board since 25 July 2007.
LL.M.

CEO of eQ Corporation and Managing Director of eQ Bank.

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

Previous experience includes Director of Finnish operations for Enskilda Securities and attorney for Hannes Snellman Attorneys at Law.

No holdings in the company.

Antti Pankakoski
born 1954
Member of the Board since 29 March 2006.
LL.M.

CEO of Altia Corporation.

Member of the Board of Finnlines Plc and Kristina Cruises Ltd.

Previous experience: Silja Oy Ab: Managing Director, Nordea Securities AB: Director, Kvaerner PLC: Head of Shipbuilding Division, Kvaerner PLC: Vice President, Cunard Line Ltd: CEO & Chairman, Kvaerner Masa-Yards Oy: Deputy Managing Director and Member of the Board, Wärtsilä Meriteollisuus Oy: Chief Legal Counsel and Oy Wärtsilä Ab: Lawyer.

No holdings in the company.

Petteri Walldén
born 1948
Member of the Board since 25 November 2005.
M.Tech.

Managing Director of Alteams Oy.

Chairman of the Board of Nokian Tyres plc, Member of the Board of Kuusakoski Group Oy, Member of the Board of Suomen Terveystalo Oyj, Member of the Board of SE Mäkinen Logistics Oy and Member of the Board of Veritautien tutkimussäätiö (Haemopathy Research Foundation).

Previous experience includes Managing Director of Onninen Oy, Managing Director of Ensto Oy, Managing Director of Nokia Kaapeli Oy and Managing Director of Sako Oy.

No holdings in the company.

Contact information

Contact information

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firstname.lastname@eQ.fi

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Aleksis Kiven katu 24 B, 3rd floor, FI-33200 Tampere
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Chief Executive Officer
Antti Mäkinen
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Corporate Communications
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Financial Statements and Report of the Board 2007

Providing our customers with more…

eQ

Contents

Report of the Board
1 January – 31 December 2007

Year 2007 in brief

- Net revenues from operations EUR 49.7 million (EUR 48.3 million)
- Operating profit EUR 14.0 million (EUR 18.7 million)
- Net profit EUR 10.4 million (EUR 16.7 million)
- Return on equity 14.4% (24.5%)

Operating environment

The operating environment in 2007 was largely divided into two. Share prices had increased almost continuously since 2003, the trend continued for the first half of the year, and many companies reached their all-time high in the summer. Once again, similar to several previous years, the good market conditions were supported by strong growth of the global economy, a low level of interest rates, and good liquidity on the markets. By the end of June, share prices on the Helsinki Stock Exchange had risen by approximately 17%.

The latter half of the year was stigmatised by the credit crisis that emerged from the U.S. housing credit market. The crisis has spread from the housing credit market also to other types of lending, most rapidly to credits used for financing corporate acquisitions. During the autumn, the credit crisis developed into a bank crisis. Many global banks had to strenghten their balance sheets through share issues, and the poor liquidity of banks caused a quick increase in credit margins. This time it seems that the effects of the international banking crisis will be moderate in Finland.

As a consequence of the credit crisis, confidence in the growth of the U.S. economy also declined, and expectations of a recession increased. The credit crisis was expected to spread to other sectors of the economy through slower economic growth. In the latter half of the year, share prices turned to a downtrend in most markets. The price development in Helsinki in the latter half of the year was slightly positive due to Nokia's good operational results.

The development towards the end of the year was particularly difficult for investors as equity and fixed income investments lost their value simultaneously. The VIX index illustrating the volatility of the equity markets increased from the level of 15% to over 30% during the autumn, reflecting market uncertainty. A more volatile market brought an expected increase in trading activity, and on the other hand, a decline in capital market transactions such as initial public offering.

The difficult market situation was reflected in the asset management business so that individual investors in particular became very careful in making new investments, and redemptions in the latter half of the year exceeded new investments.

Unfortunately that the difficult market situation has continued also in early 2008. It can indeed be expected that the credit crisis and its reflections will hamper the normalisation of the capital markets for some time to come.

Income and earnings

The Group's consolidated net revenues in 2007 improved by 3 per cent to EUR 49.7 million (EUR 48.3 million). Among the business areas, securities brokerage, asset management and hosting improved their income. The revenues of Corporate Finance were at a healthy level but fell short of the record-breaking level of 2006. The Group's expenses amounted to EUR 35.7 million (EUR 29.6 million). The increase in expenses was affected by a clear increase in personnel, as well as increased IT and marketing costs. Operating profit for the year amounted to EUR 14.0 million (EUR 18.7 million), and post-tax profit was EUR 10.4 million (EUR 16.7 million).

Return on equity (ROE) was 14.4% (24.5%). The income/cost ratio was 0.7 (0.6)

The number of customers continued to increase clearly during the financial year. eQ had 53 000 customers at the end of December, which means an increase of 15% on the previous year.

The balance sheet total was EUR 664.2 million (EUR 627.2 million). Consolidated balance sheet liabilities totalled EUR 593.3 million (EUR 553.5 million), of which EUR 477.1 million (EUR 435.8 million) were customer deposits. The Group's shareholders' equity at the end of the financial period was EUR 70.9 million (EUR 73.6 million), while the capital adequacy ratio after the planned dividend distribution was 12.0 per cent (18.9%), clearly exceeding the 8% minimum set by the authorities.

Investments

Investments in 2007 amounted to a total of EUR 6.6 million (EUR 12.8 million)., of which EUR 4.1 million of the total was attributable to mergers and acquisitions, and EUR 0.5 million was invested in IT development projects.

The agreement signed between eQ Corporation and Advium Partners Ltd on 2 November 2004 includes a clause on additional purchase price based on the development of Advium's business performance between 1 November 2004 and 31 December 2007. The Group has recognised EUR 3.4 million (EUR 2.9 million) as additional purchase price based on achieved performance development.

Capital adequacy

At the end of December, the Group's capital adequacy ratio after the planned dividend distribution was 12 per cent (18.9%), clearly exceeding the 8% minimum set by the authorities.

The capital adequacy regulations for banks were reformed as of the beginning of 2007. The new capital adequacy regulations are divided into three pillars. Pillar I regulates the calculation of the minimum capital and capital adequacy ratio of banks. Pillar II requires an overall estimate of the adequacy of a bank's own funds in relation to the risk profile and includes a qualitative assessment of internal control and risk management. Pillar III regulates the disclosure of information concerning risk and capital adequacy position. The new regulations impose a minimum requirement for own funds also with regard to operational risks.

In the autumn of 2007, the Board of Directors of eQ Corporation approved an updated capital management plan associated with capital adequacy, representing eQ Group's risk-based capital requirements, capital adequacy and liquidity. The capital plan also specifies targets for own funds covering eQ's capital requirement and the capital adequacy ratio.

The Board of Directors of eQ Corporation has decided to maintain a risk buffer in addition

CAPITAL ADEQUACY

EUR 1,000	31 Dec. 2007	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	31 Dec. 2003
Own funds					
Tier I	32 713	30 813	33 537	30 755	32 727
Tier II	186	0	12	53	0
Deductions	-183	0	0	-14	0
Own funds, total	**32 716**	**30 813**	**33 549**	**30 794**	**32 727**
Risk-weighted value of credit and counterparty risk	131 116	105 104	145 038	127 772	90 810
Risk-weighted value of market risk	61 088	57 950	51 238	7 438	2 747
Risk-weighted value of operational risk	80 013	-	-	-	-
Risk-weighted items, total	**272 216**	**163 054**	**196 276**	**135 210**	**93 557**
Capital adequacy ratio, %	12.0	18.9	17.1	22.8	35

to the minimum requirement for own funds. Backed by this risk buffer, eQ is estimated to be able to operate also in exceptionally poor economic conditions without any substantial distortion in business operations.

Based on regulatory capital adequacy requirements and a risk-based analysis of capital requirements, the Board of Directors has set the target level for the capital adequacy ratio at 12 per cent. The capital adequacy ratio may temporarily be higher or lower than the target but should never fall below 10 per cent. The target level corresponds to the minimum capital adequacy requirement of 8 per cent imposed by the authorities and a 50 per cent risk buffer.

Capital adequacy management process

As part of eQ's capital adequacy management process, the capital adequacy management work group prepares issues related to capital adequacy management for discussion within annual planning process, develops the capital management plan and is responsible for updating it. The workgroup determines eQ Group's risk-based capital requirement on the basis of individual risk analyses and submits it to the Board of Directors for approval. As a minimum, the working group includes representatives from risk management, treasury, top management, the business functions and financial management.

Personnel

eQ Group employed 192 people at the end of the year (170 people on 31 December 2006). The numbers include all permanent employees and all fixed-term employment relationships that have lasted for at least 6 months. 18% of the personnel worked in securities brokerage, 29% in asset management, 7% in corporate finance services and 10% in hosting services. The rest worked in various administrative and support tasks. The average number of personnel in 2007 was 170 (150).

RISK MANAGEMENT

Risk management organisation and principles

The Board of Directors of eQ Corporation is in charge of the risk management strategy and principles, as well as the management of risks that pose a threat for the achievement of strategic targets.

The management of eQ Bank is responsible for carrying out risk management in accordance with principles confirmed by the Board of Directors. The task of the bank's management 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.

A risk management unit independent of the business units is responsible for the control of daily operations. The risk management unit operates under the CEO of eQ and provides regular reports on risks to the CEO of eQ Bank, the Board of eQ Bank and the Board of eQ Corporation.

Internal audit monitors and assesses the adequacy, functionality and appropriateness of the Group's risk management and internal controls. The internal audit has been outsourced to Tuokko Tilintarkastus Oy, which audits business units according to an annual plan approved by the Board.

Risk management is a part of eQ Group's internal controls. The purpose of risk management is to ensure that risks related to business operations are identified and monitored. The principle of risk management is managed and controlled risk-taking in accordance with the targets defined for the business operations. Risk management methods include approval procedures, limits, task descriptions and internal guidelines, the diversification of tasks, training, efficient processes, backup arrangements and insurance.

No risks of substantial importance for the Group were realised in 2007, and no litigations or other legal actions to any similar effect were pending.

Risk structure

The risks of eQ Corporation's operations are categorised into strategic risks, property and liability risks, credit risks, market risks, financing risks and operational risks. On the basis of risk categorisation, eQ surveys and analyses risks annually, determines the acceptable risk levels and creates risk management measures for various types of risks.

Strategic risks

According to eQ Corporation's management, the strategic or business risks most crucial for the company are external factors such as competitors' actions, variation in demand or legislative changes. The objective is to manage business-related risks through a flexible long-term business strategy that is reviewed and updated in connection with annual planning.

Property and liability risks

Measures have been taken to protect eQ Corporation's property by strictly limited access rights and camera surveillance, as well as by ensuring the safety of the data centre and its equipment against fire or water damage, for example. Risks that cannot be managed in-house are transferred to an external party through insurance. eQ Corporation is prepared for property, discontinuance and liability risks with, for example, a very comprehensive insurance policy.

Credit risks

eQ Group's credit risk arises mainly from the inability of counterparties to lending, investment and brokerage services to settle their payment obligations towards the company.

eQ Bank does not have any significant concentrations of credit risk as the bank's credit portfolio is distributed across a large customer base and the maximum amounts for individual loans are specifically determined. The credit granting process is guided by the confirmed credit risk policy, decision-making authorities and guidelines.

eQ Bank does not grant credit without collateral. The Bank's Board of Directors has determined credit granting criteria and the required collateral values. Most of the credit granted by the bank constitutes loans and credit lines for the purpose of financing investment activities.

The credit granting process plays a central role in credit risk management. The assessment of creditworthiness and customer-specific maximum credit, decision-making and execution are separated from each other. Furthermore, the risk management and payment control units monitor granted credit and associated collateral daily. Collateral for lines of credit is monitored in real time and the bank is entitled to immediately liquidate the securities pledged by the customer if the situation so dictates.

In addition to lending, credit risk arises from treasury investment activities. The bank's treasury invests any excess liquidity from the company's deposit and lending operations in investment vehicles issued by credit institutions and enterprises, such as commercial paper, certificates of deposit, bonds and bank deposits. The counterparty risk of the treasury operations is limited by counterparty-specific maximum amounts set by the company's Board of Directors and CEO.

In addition to the above, credit risk arises from eQ Bank's involvement in securities brokerage. eQ Bank has a right of lien to the cash assets and securities of its investment service customers. eQ Bank expects the amount of credit losses to remain very close to zero.

Market risks

Market risks refer to the effects of fluctuation in share prices, interest rates and foreign exchange rates on the company's earnings. Furthermore, market risks include the market liquidity risk that is realised if financial instruments cannot be liquidated at market price when necessary. The company's market risk consists of balance sheet risks arising from customer business, the risks of trading operations and the market risks embedded in long-term investments. The proprietary 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.

Interest rate risk

The Group is exposed to interest rate risk due to 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 leads to a loss for the bank. Interest rate risk is monitored by net interest rate sensitivity analysis subject to changes in the interest rates.

Interest rate risk within bank's customeroperations is a result of deviations between the interest rate binding of deposits and lending. Interest rate risk within eQ Bank's customer business is minor because most deposits and lending have equal duration. Excess liquidity from deposits is primarily invested in securities having similar interest rate duration to that of deposits.

The company's trading and other investment operations are relatively limited, and the associated interest rate risk is monitored continuously. The company may use derivative instruments to hedge interest rate risks. The company's Board of Directors and CEO confirm the maximum limits for interest rate risk.

Interest rate risk is commonly measured using the GAP analysis that measures changes in the market values of assets and liabilities in case market interest rates change by one percent parallel shift in the yield curve.

Foreign exchange risk

The Group's funding and lending are entirely denominated in euro, and therefore the Group is not exposed to any substantial foreign exchange risks in the course of normal business. Any transactions arising from customer business are carried out without delay and do not create any foreign exchange positions for the Group. The foreign exchange positions of investment operations are monitored daily, and predetermined stop-loss limits are in force.

Equity risk

eQ Group's equity risk arises from the company's investment operations that include equities, equity funds and other investment vehicles with embedded equity risk (such as index-linked bonds) acquired for either trading purposes or long-term holdings. The company may use derivative instruments to hedge equity risk. The company's equity risk is controlled by the investment policy approved by the company's Board of Directors.

Liquidity risk

eQ Bank's treasury is responsible for managing the company's liquidity risk. It ensures that the bank's liquidity position is secured in all presumable circumstances. The fact that the customer business is focused on equity brokerage may impose substantial changes in the bank's deposit portfolio also in the short term, due to which the company's assets are mainly invested in liquid securities. Liquidity requirements are monitored within the company at the daily level.

Operational risks

Operational risks refer to the risk of loss resulting from factors such as inadequate or failed internal processes, personnel, systems or external factors. Operational risks are managed by measures such as developing internal processes, ensuring sufficient guidance and using collateral and insurance policies. The identification and assessment of operational risks within eQ Bank is carried out as the self-assessment of operational risks by business units carried out in connection with annual budgeting in the autumn. Self-assessment addresses the probability of risk realisation, the severity (amount of loss) and the impacts of loss. Furthermore, risk management monitors any realised operational risks and reports losses arising from them to the bank's Management Group monthly.

Each business unit has made a contingency plan to ensure that the operations critical for business can be carried out regardless of external factors. The earnings impact of operational risks during the period has been minor.

Report of the Board

Changes in corporate structure

The ownership structure of eQ Corporation changed on 22 May 2007 when the Icelandic company Straumur-Burdaras Investment Bank acquired a majority of eQ Corporation and issued a mandatory tender offer for all eQ shares. On 20 December 2007, a court of arbitration confirmed Straumur-Burdaras Investment Bank hf's right to redeem all minority shares in eQ Corporation, which brought Straumur's holding of eQ stock to 100 per cent. The listing of eQ Corporation's shares on OMX Nordic Exchange Helsinki also ceased on 20 December 2007.

Board of Directors

The Board of Directors in 2007 comprised:
Antti Pankakoski
Petteri Walldén
William Fall, Chairman, since 25 July 2007
Antti Mäkinen, since 25 July 2007

The Board of Directors until 25 July 2007 comprised
Georg J. C. Ehrnrooth, Chairman
Johan Horelli, Vice Chairman
Miika Varjovaara
Timo Everi

Chief Executive Officer

eQ Corporation's CEO is Antti Mäkinen.

Auditors

The company auditor is KPMG Oy Ab, and Sixten Nyman, Authorised Public Accountant, is the auditor with principal responsibility.

Outlook

Income from eQ's operations and therefore profitability are sensitive to the development of the equity markets, and to some extent the fixed income markets. On the other hand, income from the corporate finance business is substantially dependent on the accumulation and timing of success fees. Due to these reasons, business performance can vary greatly between quarters.

The international credit crisis, the potential recession in the United States and the reflections on the European economy will create a more challenging operational environment in the short term. On the other hand, increased volatility of the equity market supports the trading volumes and therefore the profitability of eQ's brokerage operations. The outlook in the Corporate Finance business is also relatively good as the order book is at a high level. The asset management business is expecting a period of slower growth until the present uncertainties of the economy are cleared.

Board of Directors' proposal for the distribution of profit

The Board of Directors has confirmed a capital management plan required by the transition to Basel II capital adequacy regulations as of the beginning of 2007. According to the plan, the objective is to maintain a 50% capital adequacy buffer over the minimum level required by the authorities. The capital adequacy ratio corresponding to the target level is 12% but capital adequacy may temporarily fall below this level. However, according to the plan, capital adequacy should not fall below 10%.

The Group's shareholders' equity at the end of 2007 amounted to EUR 70.9 million (EUR 73.6 million). The capital adequacy ratio before distribution of dividends, calculated in accordance with the current capital adequacy regulations, is 14.6 %, which clearly exceeds the target level. The parent company's distributable assets amount to EUR 10.6 million.

The Board of Directors has proposed to the Annaul General Meeting that a total of EUR 7.0 million be distributed as dividends for 2007. When the proposed distribution of dividends is taken into account, the Group's capital adequacy ratio in accordance with the current regulations is 12.0%, equal to the target.

Financial indicators

FINANCIAL INDICATORS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
Return on equity (ROE) %	14.4	24.5	13	5.2	0.4
Return on assets %	1.6	2.9	1.6	0.7	0.1
Equity to assets ratio %	10.7	11.7	11.7	12.4	15.5
Cost/income ratio	0.7	0.6	0.8	0.9	1

The principles of calculating financial indicators

Return on equity %

$$\frac{\text{(net operating profit - taxes) x 100}}{\text{equity capital + minority interest (average of the figures for the beginning and the end of the year)}}$$

Return on assets %

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

Equity ratio %

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

Operating costs to earnings

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

Consolidated balance sheet
IFRS

EUR 1,000	Notes	31 Dec. 2007	31 Dec. 2006
ASSETS			
Liquid assets		49	40
Receivables from credit institutions	4.	85 674	91 508
Financial instruments held for trading purposes	5. & 6.	258 940	189 188
Financial assets available for sale	7.	119 309	168 216
Receivables from the public and public sector entities	4.	70 864	54 866
Investments in associates	8.	0	30
Intangible assets	10.	30 583	27 745
Tangible assets	11.	4 729	4 699
Other assets	9.	93 559	89 198
Deferred tax assets	24.	491	1 661
TOTAL ASSETS		**664 198**	**627 150**
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to credit institutions	12.	35	90
Liabilities to the public and public sector entities	12.	473 998	435 833
Derivative financial instruments and other liabilities held for trading	5. & 6.	14 222	15 571
Other liabilities	13.	104 052	101 018
Deferred tax liabilities	24.	1 024	993
TOTAL LIABILITIES		**593 331**	**553 505**
EQUITY CAPITAL			
Share capital	27.	5 731	5 731
Share premium account		48 675	48 675
Reserve fund		2 106	2 106
Fair value reserve		186	0
Retained earnings	7.	13 987	17 131
Total equity attributable to equity holders of the parent company		70 686	73 644
Minority interest		182	0
Total equity		**70 868**	**73 644**
TOTAL LIABILITIES AND EQUITY		**664 198**	**627 150**

Consolidated income statement
IFRS

EUR 1,000	Notes	1 Jan.–31 Dec. 2007	1 Jan.–31 Dec. 2006
Interest income	15.	22 836	14 075
Interest expenses	15.	-15 376	-8 762
Net interest income		**7 460**	**5 312**
Fee and commission income	16.	43 682	43 293
Fee and commission expenses	16.	-7 759	-6 059
Net fee and commission income		**35 923**	**37 233**
Impairment of receivables	17.	-23	10
Net income from financial assets held for trading	5.	1 777	2 393
Net income from available-for-sale financial assets	7.	200	377
Net income from foreign exchange dealing		225	59
Other operating income	18.	4 155	2 901
Total income		**49 717**	**48 285**
Administrative expenses			
Staff costs	19.	-18 012	-15 893
Other administrative expenses	20.	-12 410	-9 360
Total administrative expenses		**-30 422**	**-25 252**
Depreciation and write-downs on tangible and intangible assets	21.	-3 063	-2 349
Other operating expenses	22.	-2 236	-1 917
Share of associated companies' results	8.	-30	-47
Net operating profit		**13 965**	**18 720**
Income taxes	23.	-3 553	-2 007
Profit for the financial year		**10 412**	**16 713**
Attributable to:			
Equity holders of the parent company		10 341	16 765
Minority interests		71	-52
Earnings per share (basic) for shareholders of the parent company	25.	0.31	0.50
Earnings per share (diluted) for shareholders of the parent company	25.	0.31	0.50

Consolidated cash flow statement
IFRS

EUR 1,000	1 Jan.–31 Dec. 2007	1 Jan.–31 Dec. 2006
Cash flow from operating activities		
Net operating profit	13 965	18 720
Adjustments:		
Depreciation and amortization	2 862	2 238
Unrealised gains and losses	3 400	-1 074
Share of associated companies' results	30	47
Employee benefits	1 020	23
Change in working capital		
Shares and derivatives held for trading purposes	7 594	14 407
Short term receivables	-4 417	2 537
Short term liabilities	-1 358	2 228
Income taxes paid	-2 734	-44
Cash flow from operating activities	**20 363**	**39 083**
Cash flow from investing activities		
Investments in intangible and tangible assets	-2 279	-3 351
Investments in subsidiaries	0	-5 446
Other investments	-258	-164
Cash flow from investing activities	**-2 537**	**-8 960**
Cash flow from financing activities		
Share issue	25	585
Payment of dividend	-13 482	-6 678
Cash flow from financing activities	**-13 457**	**-6 093**
Change in cash and cash equivalents	**4 369**	**24 029**
Cash and cash equivalents at Jan 1.	48 575	24 546
Cash and cash equivalents at the end of the period	52 945	48 575
Change in cash and cash equivalents	**4 369**	**24 029**

Consolidated statement of changes in equity
IFRS

EUR 1,000	Share capital	Share premium account	Reserve fund	Fair value reserve	Retained earnings	Minority interests	Total equity capital
Equity capital 1 Jan. 2007	5 731	48 675	2 106	0	17 131	0	73 644
Financial instruments				186			186
Distribution of dividend					-13 485		-13 485
Profit for the period					10 ,341	71	10 412
Minority interests						111	111
Equity capital 31 Dec. 2007	**5 731**	**48 675**	**2 106**	**186**	**13 987**	**182**	**70 868**

EUR 1,000	Share capital	Share premium account	Reserve fund	Fair value reserve	Retained earnings	Minority interests	Total equity capital
Equity capital 1 Jan. 2006	5 678	48 144	2 106	9	7 023	103	63 063
Subscription with the option rights	54	531					585
Financial instruments				-9			-9
Equity compensation plans					23		23
Distribution of dividend					-6 679		-6 679
Profit for the period					16 765	-52	16 713
Minority interests						-51	-51
Equity capital 31 Dec. 2006	**5 731**	**48 675**	**2 106**	**0**	**17 131**	**0**	**73 644**

Accounting policies of the consolidated financial statements

The Group's parent company, eQ Corporation, is a Finnish public limited company. These consolidated financial statements is prepared in compliance with the IAS and IFRS standards valid at 31 December 2007, 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 internet address www.eq.fi and from the group's main office, address: Mannerheiminaukio 1 A, FI-00100 Helsinki.

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. Subsidiaries are consolidated from the moment when the control over them has been arisen.

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

Derivative instruments are recognised at purchase price and subsequently measured at the most probable replacement cost in compliance with broadly accepted measurement principles.

Available-for-sale financial assets are initially measured at purchase price and subsequently at market price (fair price). Non quoted instruments are however always measured in their purchase price less possible impairment losses. 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 changes are recognized directly in equity under "Fair value reserve".

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.

Accounting policies of the consolidated financial statements

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 (bonds) held for trading purposes, available for sale financial assets (certificate of claims and fund units). For the purposes of the cash flow statement, items received and paid on behalf of customers are offset. Cash flow statement is presented using the indirect method.

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 purchase price.

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 purchase price.

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	4–10 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.

Accounting policies of the consolidated financial statements

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.

Interest income and expenses
Interest income and expenses are recognised using effective interest method.

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.

Accounting policies of the consolidated financial statements

Share-based payment

eQ Oyj is a fully owned subsidiary of an Islandic investment bank Staraumur Burdaras hf. The share based insentive program beginning 2007 will be fully settled by cash. The cash payments will be made during 2008 and 2009. In the income statements the incentive program is recognised as personel cost in 2007 and in 2008.

Share based option program 2004

A fair value was determined for stock options at the time of their granting. The fair value of the stock options was amortized as personnel expenses over the vesting period. A corresponding amount was credited in equity against retained earnings. The fair value of stock options has been measured in accordance with the Black-Scholes formula. Straumur Burdaras Investment Bank hf. claimed these options in the spring 2007.

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. Estimates have to be made for future cash flows and discount rates used in impairment tests and in allocation of cost of acquisition. 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.

Provisions

A provision will be recognised as a liability, when there is a legal or an actual obligation, its realisation is probable and the amount can be accurately estimated.

Adoption of new IFRS-standards and interpretations

IASB has issued the following new or amended standards, which are not yet effective and which the group will apply when they take effect.

- Revision in standard IAS 1 Presentation of financial statements (takes effect in period beginning 1.1.2009). The revision will effect to presentation of income statement and to the changes in equity calculation.

- IFRS 8 operating segments. The new standard is not estimated significantly to change the existing segment reporting., because the segments defined by internal report are the primary segment reporting form. IFRS 8 will mainly effect to the way how segment information is presented in the notes of financial statements.

Notes to the consolidated financial statements

1. Segment information

Segments:
eQ Group's segment information is based on four business segments. The segment information reflects the operational organisation structure of the eQ Group. 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. In 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 institutional investors. The net income generates from banking and asset management activities.

Corporate Finance Services
Advium Corporate Finance provides advisory services for mergers and acquisitions and for 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.

Business segments 2007

EUR 1,000	Securities Brokerage Services	Asset Management Services	Corporate Finance Services	Hosting	elimination	Group
Sales, outside group	18 284	19 174	8 281	3 978	0	49 717
Sales, inside group	0	0	0	1 283	-1 283	0
Net income	**18 284**	**19 174**	**8 281**	**5 261**	**-1 283**	**49 717**
Depreciation and write downs	-964	-948	-27	-1 125	0	-3 063
Share of associated companies' results	0	-30	0	0	0	-30
Net operating profit	3 749	4 270	5 750	196	0	13 965
Unallocated items						-3 553
Profit for the period						**10 412**
Assets allocated to segments	111 242	525 122	23 909	4 615	-1 181	663 707
Investments in associates		0				0
Unallocated assets						491
Total assets	**111 242**	**525 122**	**23 909**	**4 615**	**-1 181**	**664 198**
Liabilities allocated to the segments	100 920	481 658	8 500	2 409	-1 181	592 307
Unallocated liabilities						1 024
Total liabilities	**100 920**	**481 658**	**8 500**	**2 409**	**-1 181**	**593 331**
Investments	702	1 810	3 412	690	0	6 614

Business segments 2006

EUR 1,000	Securities Brokerage Services	Asset Management Services	Corporate Finance Services	Hosting	elimination	Group
Sales, outside group	16 835	14 433	14 220	2 797	0	48 285
Sales, inside group				1 324	-1 324	0
Net income	**16 835**	**14 433**	**14 220**	**4 121**	**-1 324**	**48 285**
Depreciation and write downs	-794	-634	-16	-905	0	-2 349
Share of associated companies' results	0	-30	0	0	0	-30
Net operating profit	3 445	4 755	10 464	56	0	18 720
Unallocated items						-2 007
Profit for the period						**16 713**
Assets allocated to segments	124 427	482 247	16 060	4 803	-2 078	625 459
Investments in associates		30				30
Unallocated assets						1 661
Total assets	**124 427**	**482 277**	**16 060**	**4 803**	**-2 078**	**627 150**
Liabilities allocated to the segments	104 233	441 938	5 713	2 706	-2 078	552 512
Unallocated liabilities						993
Total liabilities	**104 233**	**441 938**	**5 713**	**2 706**	**-2 078**	**553 505**
Investments	902	7 224	2 899	1 776	0	12 801

2. Acquired businesses

2007
No acquired businesses

2006
The share capital of Fides
eQ's fully owned subsidiary eQ Bank bought the entire share capital of Fides Asset Management on December 29, 2006.

Fides is a Finnish investment service group established in 1997. The customers of Fides consist mainly of domestic institutional investors and approximately 1 000 private investors.

Fides' assets under management are approximately EUR 531 million (December 29th, 2006) including discretionary asset management and mutual funds.

The total purchase price was EUR 6.4 million and it was paid in cash. The acquisition cost included the purchase price, consultancy fees and transfer tax.

The goodwill was EUR 4.9 million, which is mainly due to synergies between eQ Bank's and Fides' asset management businesses and positive cash flow expectations.

Approximately EUR 1.0 million was allocated from the acquisition cost to the largest customer contracts. This asset will be depreciated over 10 years.

eQ Group's net revenues would have increased by EUR 2.4 million and the net profit would have increased by EUR 0.4 million, if Fides would have been consolidated to the eQ Group in the beginning of 2006.

EUR 0,008 million has been recognised in eQ's consolidated profit for the financial year 2006 from Fides.

The following assets and liabilities were recognised:

EUR 1,000	**Fair values used in combination**	**Carrying amounts before combination**
Cash and cash equivalents	790	790
Financial assets	413	413
Identifiable intangible assets	1 005	0
Tangible assets	27	27
Deferred assets	419	419
Total assets	**2 654**	**1 649**
Deferred liabilities	744	744
Deferred tax liability	261	0
Total liabilities	**1 006**	**744**
Net assets	1 648	905
Acquisition cost	6 598	
Goodwill	4 950	
Purchase price	6 400	
Net financial assets	1 203	
Consultancy fees	96	
Stamp tax	102	
Total cash flow effect	**-5 395**	

3. Risk management

Risk management organisation and principles

The Board of Directors of eQ Corporation is in charge of the risk management strategy and principles, as well as the management of risks that pose a threat for the achievement of strategic targets.

The management of eQ Bank is responsible for carrying out risk management in accordance with principles confirmed by the Board of Directors.. The task of the bank's management 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.

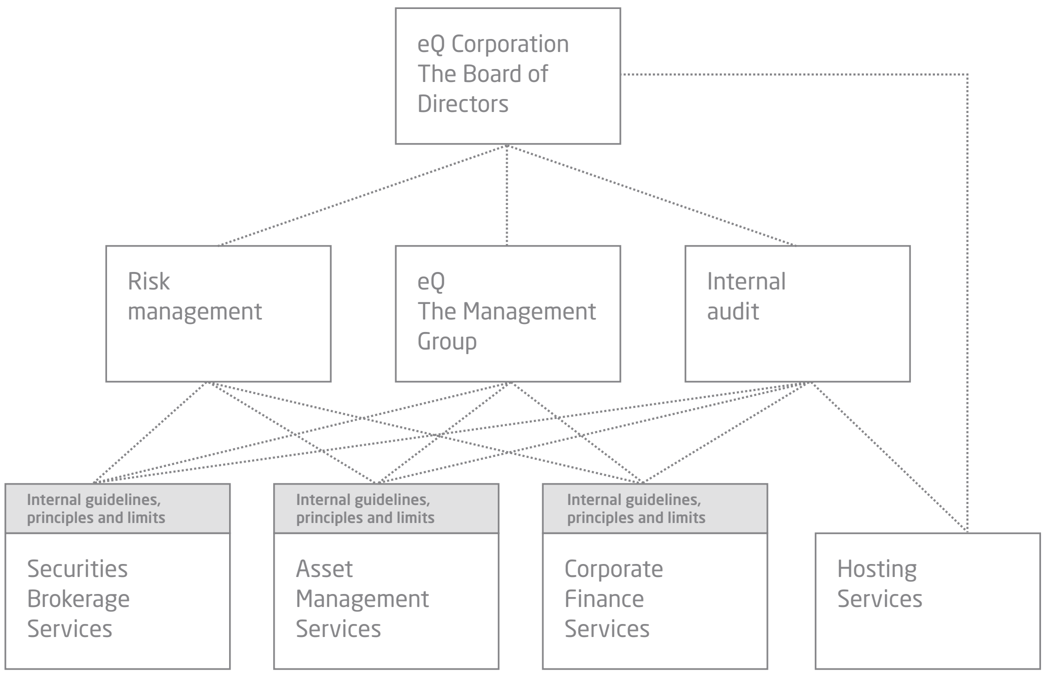
A risk management unit independent of the business units is responsible for the control of daily operations. The risk management unit operates under the CEO of eQ Corporation and regularly reports to the managing director of eQ Bank, the Board of eQ Bank and to the Board of eQ Corporation.

Internal audit monitors and assesses the adequacy, functionality and appropriateness of the Group's risk management and internal controls. The internal audit has been outsourced to Tuokko Tilintarkastus Oy, which audits business units according to an annual plan approved by the Board.

Risk management is a part of eQ Group's internal controls. The purpose of risk management is to ensure that risks related to business operations are identified and monitored. Risk management is continuous and systematic work that aims to ensure the fulfilment of the business strategy, stable and profitable economic growth, profit-earning capacity and the sufficiency of capital in relation to business risks.

The principle of risk management is managed and controlled risk-taking in accordance with the targets defined for the business operations. Risk management methods include approval procedures, limits, task descriptions and internal guidelines, the diversification of tasks, training, efficient processes, backup arrangements and insurance.

eQ Group's risk management organisation



eQ Group Capital adequacy

EUR 1,000	31 Dec. 2007	31 Dec. 2006
Own funds		
Equity	70 686	73 644
Fair value reserve	-186	0
Minority interest	182	0
The board proposal for profit sharing	-7 000	-13 485
Intangible assets	-30 583	-27 745
Deductible items	-385	-1 601
Tier I capital	32 713	30 813
Fair value reserve	186	0
Tier II capital	186	0
Investments in other financial companies	-183	0
Deductions from own funds	-183	0
Own funds, Total	**32 716**	**30 813**
Risk weighted value for credit- and counterparty risks	131 116	105 104
Requirement for own funds in credit and counterparty risks	10 489	8 445
Risk weighted value for market risks	61 088	57 950
Requirement for own funds in position risk	4 794	4 518
Requirement for own funds in foreign exchange risk	93	81
Risk weighted value for operational risks	80 013	-
Requirement for own funds in operative risk	6 401	-
Risk weighted items, Total	**272 216**	**163 054**
Requirement for own funds, total	21 777	13 044
Capital adequacy ratio %	12.0	18.9

Capital adequacy planning

eQ Group's capital adequacy planning observes the requirement that the minimum capital adequacy ratio set by eQ Corporation's Board of Directors must be achieved in all presumable circumstances. The Board's current requirement for the capital adequacy ratio (12 per cent) is clearly higher than the regulation controlling credit institutions (act on credit institution operations, chapter 9, 8 per cent). Capital adequacy has been reported quarterly to the Financial Supervision Authority.

The Basel II capital adequacy reform requires that capital planning must be a part of the bank's strategy, and in addition to the previous capital requirements concerning credit risk and market risk, the capital requirement concerning operational risk will be accounted for.

Risk structure

The risks of eQ Corporation's operations are categorised into strategic risks, property and liability risks, credit risks, financing risks and operational risks. On the basis of risk categorisation, eQ surveys and analyses risks annually, determines acceptable risk levels and creates risk management measures for different types of risks.

Strategic risks

According to eQ Corporation's management, the strategic or business risks most crucial for the company are external factors such as competitors' actions, variation in demand or legislative changes. The aim is to manage business-related risks through a flexible long-span business strategy that is reviewed and updated in connection with annual planning.

Property and liability risks

Measures have been taken to protect eQ Corporation's property by strictly limited access rights and camera surveillance, as well as by ensuring the safety of the data centre and its equipment against fire or water damage, for example. Risks that cannot be managed in-house are transferred to an external party through insurance. eQ Corporation is prepared for property, discontinuance and liability risks with, for example, a very comprehensive insurance policy.

Operational risks

Operational risks refer to the risk of loss resulting from factors such as inadequate or failed internal processes, personnel, systems or external factors. Operational risks are managed by measures such as developing internal processes, ensuring sufficient guidance and using collateral and insurance policies. Each business unit has made a contingency plan to ensure that the operations critical for business can be carried out regardless of external factors. The earnings impact of operational risks during the period has been minor.

Notes to the consolidated financial statements

Financing risks

Credit risks

eQ Group's credit risk arises mainly from the inability of counterparties to lending, investment and brokerage services to settle their payment obligations towards the company.

eQ Bank does not have any significant concentrations of credit risk as the bank's credit portfolio is distributed across a large customer base and the maximum amounts for individual loans are specifically determined. The credit granting process is guided by the confirmed credit risk policy, decision-making authorities and guidelines.

eQ Bank does not grant credit without collateral. The Bank's Board of Directors has determined credit granting criteria and the required collateral values. Most of the credit granted by the bank constitutes loans and credit lines for the purpose of financing investment activities.

Financial assets, credit risk

EUR 1,000		31 Dec. 2007		31 Dec. 2006
Receivables from credit institutions		**85 674**		**91 508**
Repayable on demand		61 324		55 184
Others		24 350		36 324
Financial assets available for sale		**119 309**		**168 216**
Mutual fund units		14 540		12 151
Debt securities		104 348		155 901
Public corporations	14 554		9 957	
Financial and insurance institutions	67 456		115 227	
Enterprises	22 338		30 717	
Unquoted investments		421		164
Receivables from the public and public corporations		**70 864**		**54 866**
Financial and insurance institutions	4 270		6 243	
Enterprises	9 167		4 328	
Households	57 427		44 295	
Other assets		**93 559**		**89 198**
Financial and insurance institutions	84 376		87 117	
Enterprises	7 643		461	
Households	614		834	
Others	926		786	
Total		**369 406**		**403 787**

EUR 1,000	Value of receivable	Off-balance sheet items	Risk weighted values
Credit risk, standard method 2007			
Receivables from local public authorities	22 978		0
Receivables from the government and central bank	15 434		0
Receivables from credit institutions and financial institutions	162 810		32 562
Real estate guaranteed receivables	1 048		367
Retail receivables	35 368	77 299	41 986
Receivables from companies	26 223	25	26 025
Mutual fund investments	14 540		14 540
Other items	14 997		14 827
High risk items	539		809
Total values of receivables	**293 937**	**77 324**	**131 116**

Receivables according to balance sheet include securities brokerage receivables, which have calculated as nett with securities brokerage liabilities in capital adequacy calculations.

Financial assets by credit rating

EUR 1,000	2007	2006
AAA	6 652	82 735
AA+, AA	90 308	135 887
AA-	159 806	45 454
A+, A	85 128	52 044
A-, BBB+	4 874	15 716
BBB, BBB-	5 415	517
B+,B	0	500
Households	57 741	45 129
Unrated	218 421	214 993
Total	**628 347**	**592 975**

Rating: Standard & Poor's

The credit granting process plays a central role in credit risk management. The assessment of creditworthiness and customer-specific maximum credit, decision-making and execution are separated from each other. Furthermore, the risk management and payment control units monitor granted credit and associated collateral daily. Collateral for lines of credit is monitored in real time and the bank is entitled to immediately liquidate the securities pledged by the customer if the situation so dictates. The collateral value of securities is 66.67% of market value at maximum. Should the market value decrease, the limit will be reduced or additional collateral requested. The collateral for investment credit comprises the securities acquired on credit and held in pledged book-entry accounts.

In addition to lending, credit risk arises from treasury investment activities. The bank's treasury invests any excess liquidity from the company's deposit and lending operations in investment vehicles issued by credit institutions and enterprises, such as commercial paper, certificates of deposit, bonds and bank deposits.

In addition to the above, credit risk arises from eQ Bank's involvement in securities brokerage. eQ Bank has a right of lien to the cash assets and securities of its investment service customers. The limit or purchasing power of an investment service customer is based on customer assets in eQ Bank's custody. eQ Bank expects the amount of credit losses to remain very close to zero.

The counterparty risk of the treasury operations is limited by counterparty-specific maximum amounts set by the company's Board of Directors and CEO.

Market risks

Market risks refer to the effects of share prices, interest rates and foreign exchange rates on the company's earnings. Furthermore, market risks include the market liquidity risk that is realised if financial instruments cannot be liquidated at market price when necessary. The company's market risk consists of balance sheet risks arising from customer business, the risks of trading operations and the market risks embedded in long-term investments. 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.

Interest rate risk

The company's interest rate risk arises from differences in the maturities and interest rate bindings of eQ Bank's receivables and liabilities, which are a result of customer business, trading operations or other investments. If the period of interest rate binding for lending and other investments extends further than that applicable to deposits and other funding, any increase in interest rates will impose losses on the company. Interest rate risk is monitored through sensitivity of net interest income to changes in the interest rate level.

Interest rate risk within eQ Bank's customer business is a result of deviations between the interest rate binding of deposits and lending. Interest rate risk within eQ Bank's customer business is minor because most deposits and lending have equal interest rate bindings. Excess liquidity from deposits and lending is primarily invested in targets having an interest rate binding equal to that of deposits.

The company's trading and other investment operations are relatively limited, and the associated interest rate risk is monitored continuously. The company may use derivative instruments to reduce interest rate risks. The company's Board of Directors and CEO confirm the maximum limits for interest rate risk.

Interest rate risk is commonly measured using the GAP analysis that measures changes in the market values of assets and liabilities in case market interest rates change by one percentage point equally in all maturity classes. The GAP analysis is unable to measure interest rate risk if the market interest rates do not increase equally across all maturity classes but as the bulk of the bank's balance sheet consists of current receivables and liabilities, the analysis represents the bank's interest rate risk with sufficient precision.

Sensitivity analysis 2007

EUR 1,000	Interest rate		Equity prices		Foreign exchange rate	
	-1%	1%	-10%	10%	-5%	5%
Asset Management Services	1 241	-1 241	-725	725	-114	114
Securities Brokerage Services	19	-19	-451	-249	0	0
Group Total						
Income statement total	625	-625	-785	85	-114	114
Shareholders' equity total	1 260	-1 260	-1 177	477	-114	114
Exchange rate risk by currency	USD	SEK	JPY	GBP	Others	Total
Forex position 31 Dec. 2007, EUR 1,000	26	990	29	9	84	1 138
5% decrease against the euro, EUR 1,000	-1	-49	-1	0	-4	-57

Sensitivity analysis 2006

EUR 1,000	Interest rate		Equity prices		Foreign exchange rate	
	-1 %	1 %	-10 %	10 %	-5 %	5 %
Asset Management Services	961	-961	-406	406	-47	47
Securities Brokerage Services	46	-46	-80	86	0	0
Group Total						
Income statement total	454	-454	-340	346	-47	47
Shareholders' equity total	1 008	-1 008	-486	493	-47	47
Exchange rate risk by currency	USD	SEK	JPY	GBP	Others	Total
Forex position 31 Dec 2006, EUR 1,000	230	161	-32	17	11	386
5% decrease against the euro, EUR 1,000	-11	-8	2	-1	-1	-19

Foreign exchange risk

The Group's funding and lending are entirely denominated in euro, and therefore the Group is not exposed to any substantial foreign exchange risks in the course of normal business. Any transactions arising from customer business are carried out without delay and do not create any foreign exchange positions for the Group. Designated units and persons are allowed to take moderate foreign exchange risk in the Group's investment operations within the limits of the investment policy approved by the company's Board of Directors. The foreign exchange positions of investment operations are monitored daily, and predetermined stop-loss limits are in force.

Equity price risk

eQ Group's equity risk arises from the company's investment operations that include equities, equity funds and other investment vehicles with embedded equity price risk (such as index-linked bonds) acquired for either trading purposes or long-term holdings. The company may use derivative instruments to reduce equity price risk. The company's equity price risk is controlled by the investment policy approved by the company's Board of Directors.

Liquidity risk

eQ Bank's treasury is responsible for managing the company's liquidity risk. It ensures that the bank's liquidity position is secured in all presumable circumstances. The fact that the customer business is focused on equity brokerage may impose substantial changes in the bank's deposit portfolio also in the short term, due to which the company's assets are mainly invested in immediately callable instruments. Liquidity requirements are monitored within the company at the daily level.

Cash flows arising from the bank's equity brokerage services, which constitute the major part of cash flows significant to liquidity management, are known 3 banking days in advance, which means that short-term liquidity requirements can always be covered by cashing the company's liquidity reserves. eQ Bank's refinancing risk is currently very minor as lending constitutes a very small proportion of the balance sheet. The maturities of assets and liabilities are presented in the table on page 24.

Sensitivity analysis

The sensitivity analysis has been prepared to demonstrate how reasonably conceivable changes in risk variables on the balance sheet date would affect the income statement and shareholders' equity. The risk variables are: interest rate, equity prices and foreign exchange rates.

Maturities of receivables and liabilities

EUR 1,000	0-(-3) months	max 1 month	1-3 months	3 months-1 yr	1-5 years	over 5 years
31 Dec. 2007						
Assets						
Receivables from credit institutions		72 130	13 075	419	50	0
Financial instruments held for trading*)		258 940	0	0	0	0
Financial assets available for sale		56 491	37 657	24 739	0	421
Receivables from the public and public corporations	685	1 915	6 428	37 107	24 608	120
Other assets		92 527	94	916	22	0
Total	**685**	**482 003**	**57 254**	**63 182**	**24 680**	**541**

	max 1 month	1-3 months	3 months-1 yr	1-5 years	over 5 years
Liabilities					
Liabilities to credit institutions	35	0	0	0	0
Liabilities to the public and public corporations	409 016	38 335	24 554	2 093	0
Financial liabilities held for trading	4 101	2 806	7 315	0	0
Other liabilities	90 229	11 754	1 771	299	0
Total	**503 380**	**52 895**	**33 640**	**2 392**	**0**

EUR 1,000	0-(-3) months	max 1 month	1-3 months	3 months-1 yr	1-5 years	over 5 years
31 Dec. 2006						
Assets						
Receivables from credit institutions		78 975	12 003	76	454	0
Financial instruments held for trading*)		189 188	0	0	0	0
Financial assets available for sale		76 816	75 532	15 704	0	164
Receivables from the public and public corporations	629	2 318	3 839	23 247	24 833	0
Other assets		88 704	58	348	88	0
Investments in associates		0	0	0	0	30
Total	**629**	**436 002**	**91 431**	**39 375**	**25 374**	**164**

	max 1 month	1-3 months	3 months-1 yr	1-5 years	over 5 years
Liabilities					
Liabilities to credit institutions	90	0	0	0	0
Liabilities to the public and public corporations	396 953	17 598	17 277	4 005	0
Financial liabilities held for trading	8 578	1 250	5 743	0	0
Other liabilities	90 421	5 550	2 196	2 850	0
Total	**496 043**	**24 398**	**25 216**	**6 855**	**0**

*) All securities held for trading have been categorised into the shortest maturity class.

4. Loans and receivables

EUR 1,000		31 Dec. 2007	31 Dec. 2006
RECEIVABLES FROM CREDIT INSTITUTIONS			
Repayable on demand			
Domestic credit institutions		47 977	52 712
Foreign credit institutions		13 348	2 472
Total		**61 324**	**55 183**
Other		10 222	8 474
Central banks		9 128	27 851
Domestic credit institutions		5 000	0
Total		**24 350**	**36 325**
Maturities			
less than 1 month		72 130	78 975
1–3 month		13 075	12 003
3 months–1 year		419	76
1–5 years		50	454
Total		**85 674**	**91 508**
Total receivables from credit institutions			
Central banks		10 222	8 474
Domestic credit institutions		57 105	80 562
Foreign credit institutions		18 348	2 472
Total		**85 674**	**91 508**
Currency positions, net			
USD	US Dollar	26	230
SEK	Swedish Krona	476	161
GBP	British Pound	9	17
JPY	Japanese Yen	-124	-32
NOK	Norwegian Krone	34	3
DKK	Danish Krone	20	3
CAD	Canadian Dollar	15	1
Others		14	3
EUR Total		**472**	**386**

EUR 1,000	Balance sheet	Off-balance sheet Credit limits not in use
RECEIVABLES FROM THE PUBLIC AND PUBLIC SECTOR ENTITIES		
31 Dec. 2007		
Loans granted		
Households	57 427	64 919
Corporations and housing corporations	8 867	4 752
Financial and insurance institutions	4 270	7 650
Total	**70 564**	**77 321**
Convertible loan	300	0
Total	**70 864**	**77 321**
Maturities (remaining maturity)		
0-(-3) month	685	0
less than 1 month	1 915	5 374
1-3 month	6 428	13 743
3 months-1 year	37 107	58 205
1-5 years	24 608	0
Over 5 years	120	0
Total	**70 864**	**77 321**
31 Dec. 2006		
Loans granted		
Households	44 295	50 156
Corporations and housing corporations	4 028	5 623
Financial and insurance institutions	6 243	3 244
Total	**54 566**	**59 023**
Convertible loan	300	0
Total	**54 866**	**59 023**
Maturities (remaining maturity)		
0-(-3) month	629	0
less than 1 month	2 318	4 794
1-3 month	3 839	8 662
3 months-1 year	23 247	45 567
1-5 years	24 833	0
Total	**54 866**	**59 023**

5. Financial instruments held for trading purposes

EUR 1,000	31 Dec. 2007	31 Dec. 2006
Financial instruments held for trading purposes		
Bonds		
Issued by banks	224 000	134 327
Others	26 615	36 251
Quoted in other currency than euro		
Swedish Krona (SEK)	532	561
Securities		
Banks	682	0
Companies	1 015	9 034
Market values of derivative instruments	6 096	9 016
Total	**258 940**	**189 188**
Liabilities held for trading purposes		
Securities		
Companies	2 969	8 088
Market values of derivative instruments	11 253	7 482
Total	**14 222**	**15 571**
Income from financial assets held for trading purposes		
Bonds		
Interest income	9 175	2 867
Profit / Loss	-1 377	347
Securities		
Divident income	277	313
Profit / Loss	11 938	1 445
Derivative instruments		
Profit / Loss	-9 061	288
Interest income	9 175	2 867
Net income from financial assets held for trading	1 777	2 393

EUR 1,000	less than 1 month	1-3 months	3 months-1 yr	1-5 years	over 5 years
Financial instruments held for trading purposes 31 Dec. 2007					
Maturities (original maturity)					
Bonds	9 001	25 997	43 213	145 995	26 942
Securities	1 697	0	0	0	0
Market values of derivative instruments	827	4 259	1 010	0	0
Total	**11 525**	**30 256**	**44 223**	**145 995**	**26 942**
Maturity (repricing date)					
Bonds	64 393	172 835	7 527	4 377	2 015
effective interest rate %	5.161	5.496	4.976	4.419	4.942
Liabilities held for trading					
Maturities					
Securities	2 969	0	0	0	0
Market values of derivative instruments	1 132	2 806	7 315	0	0
Total	**4 101**	**2 806**	**7 315**	**0**	**0**
Financial instruments held for trading purposes 31 Dec. 2006					
Maturities (original maturity)					
Bonds	16 099	15 019	29 447	82 981	27 594
Securities	9 034	0	0	0	0
Market values of derivative instruments	877	5 446	2 692	0	0
Total	**26 010**	**20 465**	**32 139**	**82 981**	**27 594**
Maturity (repricing date)					
Bonds	36 208	105 180	12 471	15 200	2 080
effective interest rate %	3.81	3.89	4.11	4.22	4.34
Liabilities held for trading					
Maturities					
Securities	8 088	0	0	0	0
Market values of derivative instruments	489	1 250	5 743	0	0
Total	**8 578**	**1 250**	**5 743**	**0**	**0**

6. Derivates

EUR 1,000	31 Dec. 2007	31 Dec. 2006
Derivatives held for trading purposes		
Security derivatives		
Positive fair values	6 065	9 013
Negative fair values	-11 248	-7 293
Bought / fair value	4 153	6 040
Written / fair value	-9 336	-4 319
Forward contracts		
Positive market values	31	2
Negative market values	-6	-190

	Nominal value under 1 year	Nominal value 1-2 years	Nominal value under 1 year	Nominal value 1-2 years
Nominal values of derivatives				
Derivatives held for trading purposes				
Security derivatives				
Bought	74 942	0	132 598	0
Written	-132 898	0	-109 598	0
Forward contracts	-371	0	-2 457	0

Off balance sheet derivatives Values of underlying instruments Derivatives held for trading purposes	Market value	Nominal value	Market value	Nominal value
Interest rate derivatives				
Forward contracts	-4 920	-4 500	-5 441	-5 000
Security derivatives				
Forward contracts	-152	-161	-173	-164

Derivatives held for trading purposes	Nominal value under 1 year	Nominal value 1-2 years	Nominal value under 1 year	Nominal value 1-2 years
Interest rate derivatives				
Forward contracts	-4 500	0	-5 000	0
Security derivatives				
Forward contracts	-161	0	-164	0

7. Financial assets available for sale

EUR 1,000	Book vlaue 31 Dec.	Unrealised profits	Unrealised losses	Realised profits	Realised losses
31 Dec. 2007					
Debt securities	67 456	10	0	19	0
Claims on public sector entities	14 554	0	8	0	0
Commercial papers	22 338	8	0	2	0
Other certificates of claim	0	0	0	7	0
Mutual fund units	14 540	242	0	173	0
Non quoted investments	421	0	0	0	0
Total	**119 309**	**260**	**8**	**200**	**0**
31 Dec. 2006					
Debt securities	49 649	0	-5	0	0
Claims on public sector entities	9 957	0	0	0	0
Commercial papers	30 717	0	-0	0	0
Other certificates of claim	65 578	0	14	0	0
Mutual fund units	12 151	0	1	367	0
Non quoted investments	164	0	0	0	0
Total	**168 216**	**0**	**10**	**367**	**0**

EUR 1,000	less than 1 month	1–3 months	3 months–1 yr	1–5 years	over 5 years	Total
Maturities						
31 Dec. 2007						
Debt securities	29 981	31 706	5 768	0	0	67 456
Claims on public sector entities	0	0	14 554	0	0	14 554
Commercial papers	11 970	5 951	4 416	0	0	22 337
Mutual fund units	14 540	0	0	0	0	14 540
Non quoted investments	0	0	0	0	421	421
Total	**56 491**	**37 657**	**24 739**	**0**	**421**	**119 309**
Maturities						
31 Dec. 2006						
Debt securities	0	39 751	9 898	0	0	49 649
Claims on public sector entities	0	9 957	0	0	0	9 957
Commercial papers	24 745	5 972	0	0	0	30 717
Other certificates of claim	39 921	19 852	5 806	0	0	65 578
Mutual fund units	12 151	0	0	0	0	12 151
Non quoted investments	0	0	0	0	164	164
Total	**76 816**	**75 532**	**15 704**	**0**	**164**	**168 216**

EUR 1,000	31 Dec. 2007	31 Dec. 2006
Fair value reserve includes unrealised profits as follows:		
Other certificates of claim	9	0
Mutual fund units	242	0
Total	251	0
Deferred tax liability	-65	0
Fair value reserve	**186**	**0**

8. Investments in associates

EUR 1,000	31 Dec. 2007	31 Dec. 2006
Measured by equity method		
Book value 1.1.	30	77
Acquisitions	0	0
Share of loss	-30	-47
Book value 31.12.	**-0**	**30**

Unicus Ltd has been measured by equity method.
There is a TEUR 34 loss from the share of Unicus Ltd that is not recognised in the income statement of eQ Group.

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

Unicus Ltd	31 Dec. 2007	31 Dec. 2006
Share, %	33.3	33.3
Assets	642	813
Liabilities	444	723
Net sales	164	178
Net Profit	-193	-140

9. Other assets

EUR 1,000	31 Dec. 2007	31.12.2006
Payment transaction receivables	153	1 441
Securities brokerage receivables	80 550	83 330
Securities sales receivables	3 000	0
Other sales receivables	369	360
Comission receivables	5 307	1 353
Others	612	182
Accrued credits		
Interest receivables	2 643	1 820
Others	926	713
Total	**93 559**	**89 198**
Maturities		
less than 1 month	92 527	88 704
1–3 month	94	58
3 months–1 year	916	348
1–5 years	22	88
Total	**93 559**	**89 198**

10. Intangible assets

EUR 1,000	Goodwill	Other intangible assets
Intangible assets 2007		
Acquisition cost at 1.1.	24 635	12 321
Additions	3 392	712
Acquisition cost at 31 Dec.	**28 028**	**13 033**
Accumulated depreciation at 1 Jan.	0	-9 212
Depreciation during financial year	0	-1 266
Accumulated depreciation at 31 Dec.	**0**	**-10 477**
Book value 31.12.	28 028	2 556
Total 31 Dec. 2007		**30 583**
Intangible assets 2006		
Acquisition cost at 1.1.	16 835	10 722
Additions	2 850	594
Acquired businesses	4 950	1 005
Acquisition cost at 31 Dec.	**24 635**	**12 321**
Accumulated depreciation at 1.1.	0	-8 149
Depreciation during financial year	0	-1 063
Accumulated depreciation at 31.12.	**0**	**-9 212**
Book value 31.12.	24 635	3 109
Total 31 Dec. 2006		**27 745**

The acquisition of the Advium Partners Ltd in 2004 included a contract of additional purchase price, which was based on the profit of Advium for the period 2005–2007. The additional purchase price is recognized as goodwill in the group financial statements of 2006 and 2007.

Impairment tests for cash generating units containing goodwill

Goodwill allocated to cash generating units:	31 Dec. 2007	31 Dec. 2006
Asset Management Services	5 719	5 719
Corporate Finance Services	19 348	15 955
Others	2 960	2 960
Total	**28 028**	**24 635**

The item Others includes goodwill of those segments, whose goodwill is not significant (IAS 36.135) compared to the whole amount of goodwill of the corporation.

The recoverable amount of business segments are based on calculations for value in use. Forecasted cash flows are based on budget and estimates accepted by the management. Cash flow projections cover the four years following the budget. Cash flows for the following three years have been estimated to grow two per cent annually. The long term growth is estimated to be one per cent. Discount rates have been calculated before taxes.

Used discount rates:

Asset Management Services	13.76%
Corporate Finance Services	13.76%

The primary variables used in value in use calculations were:

Asset Management Services: Management fees and success fees
Corporate Finance Services: Success fees

Sensitivity analysis according to IFRS 36 standard

The value in use of every segment exceeded clearly its carrying amount. If however any of the following scenarios would come true, an impairment loss would probably have to be recognised.

Asset Management Services

If Management fees would be 17 per cent lower or if net interest income would be 15 per cent lower annually, or if success fees would be 53 per cent lower annually, an impairment loss would probably have to be recognised.

If discount rate would be over 19 per cent, an impairment loss would probably have to be recognised.

Corporate Finance Services

The income of the unit is very difficult to estimate. If the annual income during the forecast period would be over 29 per cent lower, than the year 2007 level, an impairment loss would be probable.

A significant part of the goodwill is allocated to the Corporate Finance unit. If activity in mergers and acquisitions decreases substantially for few years, an impairment loss woud have to be recognised.

If discount rate would be over 17 per cent, an impairment loss would probably have to be recognised.

11. Tangible assets

EUR 1,000	2007	2006
Machinery and equipment		
Acquisition cost at 1.1.	15 215	12 525
Additions	1 525	2 679
Disposals	-10	-15
Acquired businesses	0	27
Acquisition cost at 31.12.	**16 729**	**15 215**
Accumulated depreciation at 1.1.	-10 849	-9 674
Depreciation during financial year	-1 596	-1 175
Accumulated depreciation at 31.12.	**-12 445**	**-10 849**
Book value 31.12.	4 284	4 366
Tangible assets acquired by finance lease contracts		
Acquisition cost at 1.1.	469	130
Additions	313	339
Acquisition cost at 31.12.	**782**	**469**
Accumulated depreciation at 1.1.	-136	-25
Depreciation during financial year	-201	-111
Accumulated depreciation at 31.12.	**-337**	**-136**
Book value 31.12.	445	333
Total tangible assets 31.12.	4 729	4 699

12. Liabilities to credit institutions and customers

EUR 1,000	31 Dec. 2007	31 Dec. 2006
Liabilities to credit institutions		
Repayable on demand		
Foreign credit institutions	35	90
Liabilities to customers		
Repayable on demand		
Deposits		
Households	248 368	247 168
Household serving non-profit entities	860	633
Public sector entities	7 577	16
Corporations and housing corporations	44 492	62 727
Financial and insurance institutions	8 831	20 077
Foreign	7 139	6 370
Total	**317 265**	**336 992**
Other than repayable on demand		
Deposits		
Households	114 855	82 374
Household serving non-profit entities	888	1 311
Corporations and housing corporations	2 980	0
Financial and insurance institutions	19 354	8 393
Foreign	16 662	4 501
Total	1 993	2 262
	156 733	**98 841**
Total liabilities to the public and public sector entities	473 998	435 833
Maturities (other than repayable on demand)		
less than 1 month	91 751	59 962
1–3 month	38 335	17 598
3 months–1 year	24 554	17 277
1–5 years	2 093	4 005
Total	**156 733**	**98 841**

13. Other liabilities

EUR 1,000	31 Dec. 2007	31 Dec. 2006
Payment transaction payables	921	817
Securities brokerage payables	82 784	84 945
Other purchase payables	1 030	959
Commission repayment payables	840	695
Finance lease contracts	455	338
Value added tax debt	331	1 170
Others	1 006	1 079
Accrued expenses		
Interest payables	1 971	1 150
Others	14 713	9 866
Total	**104 052**	**101 018**
Maturities		
less than 1 month	90 294	90 421
1–3 month	11 754	5 550
3 months–1 year	1 771	2 196
1–5 years	233	2 850
Total	**104 052**	**101 018**
Interest bearing liabilities		
Finance lease obligations		
Minimum lease payments, nominal value		
In less than one year	236	146
Between one and five years	240	211
Total	**475**	**357**
Future finance charges	-20	-19
Present value of minimum lease payments matures:		
In less than one year	222	135
Between one and five years	233	203
Total	**455**	**338**
The weighted effective interest rates	4.30%	4.22%

14. Fair values of financial assets and liabilities

EUR 1,000	2007 Book value	2007 Fair value	2006 Book value	2006 Fair value
Financial assets				
Claims on credit institutions				
Repayable on demand	61 324	61 324	55 183	55 183
Others	24 350	24 365	36 325	36 424
Financial assets held for trading purposes	258 940	258 940	189 188	189 188
Financial assets available for sale	119 309	119 309	168 216	168 216
Claims on the public and public entities	70 864	70 856	54 866	54 858
Investments in associates	0	0	30	30
Financial liabilities				
Liabilities to credit institutions	35	35	90	90
Liabilities to the public and public sector entities				
Repayable on demand	317 265	317 265	336 992	336 992
Others	156 733	156 751	98 841	98 773
Financial liabilities held for trading purposes	14 222	14 222	15 571	15 571
Finance lease liabilities	455	455	338	338

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 derivatives have been measured using broadly accepted measurement principles.

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.

Non quoted investments that are included in the "Financial assets held for sale" are measured at their purchace price due to lack of any other reliable measurent tecnique. The non quoted investment includes EUR 355.288,01 (EUR 122.500,00) of equity and EUR 66.176,00 (EUR 41.176,00) of subordinated loan.

Other liabilities to the public an 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.

15. Interest income and expenses

EUR 1,000	2007	2006
Interest income		
Claims on credit institutions	3 856	3 501
Claims on the public and public sector entities	3 595	2 372
Financial assets held for trading purposes	9 175	2 867
Financial assets available for sale	6 209	5 333
Other interest income	1	1
Total	**22 836**	**14 075**
Interest expenses		
Liabilities to credit institutions	-10	-47
Liabilities to the public and public sector entities	-15 341	-8 697
Interest expenses from finance lease contracts	-18	-11
Other interest expenses	-7	-7
Total	**-15 376**	**-8 762**

16. Fee and comission income and expenses

EUR 1,000	2007	2006
Fee and commission income		
Securities brokerage	18 443	17 596
Issuing securities	714	1 420
Credit granting	12	23
Mutual funds	14 264	7 901
Asset management	1 284	1 349
Corporate Finance	8 282	14 220
Other fees	683	784
Total	**43 682**	**43 293**
Fee and commission expenses		
Securities brokerage	-3 502	-3 804
Mutual funds	-3 406	-1 954
Asset management	-851	-281
Other fee expenpenses	0	-20
Total	**-7 759**	**-6 059**

17. Impairment of receivables

EUR 1,000	2007	2006
Impairment of receivables	-31	0
Claimed credit losses	8	10
Total	**-23**	**10**

18. Other operating income

EUR 1,000	2007	2006
Hosting income	4 155	2 797
Other	0	104
Total	**4 155**	**2 901**

19. Personnel expenses

EUR 1,000	2007	2006
Average number of employees during the financial year		
During the financial year		
Full time	180	154
-permanent	169	146
-fixed term	11	8
Part time	11	11
Total	**191**	**165**
Change from the previous financial year		
Full time	26	6
Part time	0	0
Total	**26**	**6**
Salaries	-13 525	-12 557
Pensions - defined contribution plans	-2 386	-2 201
Other staff-related costs	-1 081	-1 112
Share-based payments	-1 020	-23
Total	**-18 012**	**-15 893**

20. Other administrative expenses

EUR 1,000	2007	2006
IT expenses	-5 538	-3 797
Office expenses	-1 047	-1 028
Marketing expenses	-2 367	-2 052
Other staff related costs	-1 814	-1 479
Communication costs	-311	-307
Other administrative expenses	-1 334	-697
Total	**-12 410**	**-9 360**

21. Depreciation

EUR 1,000	2007	2006
Depreciation	-2 862	-2 238
Depreciation on assets acquired by finance lease	-201	-111
Total	**-3 063**	**-2 349**

22. Other operating expenses

EUR 1,000	2007	2006
Lease expenses from premises	-1 566	-1 364
Insurance payments	-139	-133
Supervision and membership fees	-340	-283
Other	-190	-136
Total	**-2 236**	**-1 917**

23. Income taxes

EUR 1,000	2007	2006
Income taxes from operations	-2 418	-7
Change in deferred taxes	-1 135	-2 000
Income taxes, total	**-3 553**	**-2 007**
Profit before taxes	13 965	18 720
Tax calculated at tax rate of 26%	-3 631	-4 867
Expenses not deductible for tax purposes and income not subject to tax	-28	40
Effect of fiscal losses	90	2 993
Other Items	15	-173
Income taxes, total	**-3 553**	**-2 007**

24. Deferred taxes

EUR 1,000	1 Jan. 2007	Recognised in income statement	Recognised in equity	31 Dec. 2007
2007				
Deferred tax assets				
Losses carried forward	1 601	-1 158	0	443
Write down of fixed asset securities	38	0	0	38
Measurement of assets at fair value	21	-12	0	9
Total	**1 661**	**-1 170**	**0**	**491**
Deferred tax liabilities				
Unrealised profits of financial assets available for sale	0	0	65	65
Measuring net assets at fair value	564	-36	0	528
Other temporary differences	429	1	0	431
Total	**993**	**-35**	**65**	**1 024**

EUR 1,000	1 Jan. 2007	Recognised in income statement	Recognised in equity	31 Dec. 2007
2006				
Deferred tax assets				
Losses carried forward	3 429	-1 827	0	1 601
Write down of fixed asset securities	38	0	0	38
Measurement of assets at fair value	33	-12	0	21
Total	**3 500**	**-1 839**	**0**	**1 661**
Deferred tax liabilities				
Unrealised profits of financial assets available for sale	3	0	-3	0
Measuring net assets at fair value	316	-13	261	564
Other temporary differences	255	174	0	429
Total	**574**	**161**	**258**	**993**

25. 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.

	2007	2006
Profit for the period attributable to equity holders of parent company	10 340,61	16 764,84
Weighted average number of shares outstanding	33 713 449	33 559 020
Effect of potential dilutive shares	0	119 368
Diluted weighted average number of shares	33 713 449	33 678 388
Basic earnings per share for the shareholders of parent company (EUR)	0.31	0.50
Diluted earnings per share for the shareholders of parent company (EUR)	0.31	0.50

26. Share based payment

Change in the option rigths during the period

EUR 1,000	Average subscription price/share	2007 Rights	Average subscription price/share	2006 Rights
At the beginning of the period	2,6	480 000	2,56	1 017 517
Granted new rights				
Annulled rights			2,6	210 000
Settled rights			1,85	316 065
Expired rights	2,6	480 000	1,85	11 452
At the end of period	0	0	2,6	480 000
Executable option rights at the end of the period	0	0	0	0

Option rights under IFRS 2

Number of rights	690 000	Risk free interest rate	3.00%
Settlement price	2.8	Expected dividends	0
Share price at the date of granting	1.94	Expected decreace in the personnel	15%
Maturity, years	3.59	Fair value of the right	0.12
Settlement	Shares	Calculation model	Black-Scholes
Expected volatility	20%		

Outstanding option rights at 31 Dec.

Expiration year	Settlement price	2007	Settlement price	2006
2008	0	0	2.6	480 000

The share based incentive plan which started in January 2007 will be settled wholy by cash. The amount of the incentive is based on the share price and on earning periods net operating profit minus bonus payments. The share price component has already realised due to the eQ's acquisition by Straumur Burdaras Investment Bank hf.

27. Share capital of the parent company

EUR 1,000	Number of shares	Share capital	Share premium	Total
Share capital 31 Dec. 2007	33 713 449	5 731	48 675	54 407

Total number of shares at December 31, 2006 is 33 713 449. The counter value of a share is EUR 0.17. All issued shares are fully paid.

	Number of shares	% shares and votes
Shareholders 31 Dec. 2007		
Straumur-Burdarás Investment Bank h.f.	33 713 449	100.00

28. Related parties

	Company	Home country	Share of ownership, %	Group share, %
The group's parent and subsidiary relationships are as follows:				
	eQ Corporation	Finland		
	eQ Bank Ltd.	Finland	100.00	100.00
	Xenetic Ltd.	Finland	100.00	100.00
The subsidiary shares owned by eQ Bank Ltd.				
	eQ Fund Management Company Ltd.	Finland	100.00	100.00
	eQ Asset Management Ltd.	Finland	100.00	100.00
	Active Hedge Advisors Ltd.	Finland	50.00	50.00
	Makaki Ltd.	Finland	70.00	70.00

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.

EUR 1,000	2007	2006
Salaries and fees of group companies' CEOs		
eQ Corporation:		
Salaries and short-term employee benefits		
Antti Mäkinen	175	161
Subsidiaries		
Salaries and short-term employee benefits	497	283
Total	**672**	**444**
Compensation to parent company's board members		
Georg J.C. Ehrnrooth (chairman)	34	18
Timo Everi	25	10
Johan Horelli	28	14
Antti Pankakoski	25	10
Jari Puhakka	0	3
Miika Varjovaara	27	14
Petteri Walldén	26	13
Total	**166**	**82**

Notes to the consolidated financial statements

EUR 1,000			2007	2006
Compensation to subsidiaries' board members and to the group's management team.			1 163	974
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:				
Liabilities (deposits)			13	35
Loans				
Credit limits			0	0
Granted loans			113	80
With group companies' members of board and with the management team:				
Purchases				
Other operating expences			0	51
Liabilities (deposits)			2 620	8 188
Loans				
Credit limits			1 499	2 228
Granted loans			1 123	3 050
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			1 550	600
Loans granted during period			0	950
Replacement of persons			-1 150	0
Loans at the end of the period			400	1 550
	Maturity	**Interest p.a.**		
The terms of the loans:	May 2011	4.46%	250	200
				600
	October 2008	4.50%	150	550
				200
			400	1 550

Other related party transactions
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.

29. Contingent liabilities and commitments

EUR 1,000	2007	2006
Irrevocable minimum lease obligations of operating lease contracts		
Within one year	2 206	1 937
Between one and five years	4 131	4 578
Over five years	0	0
Total	**6 337**	**6 515**
Operating lease payments during the period	-1 982	-1 837
Operating lease obligations contain 5.537.043,76 premises lease obligations at December 31. 2007. and 5.327.854,89 at December 31. 2006. 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.		
Guarantees		
On own account		
Securities		
Bonds held for trading purposes	4 160	52 475
Financial assets held for trading purposes	51 057	54 890
Claims on credit institutions	11 100	9 325
Total	**66 317**	**116 690**
Off-balance sheet commitments		
Credit limits not in use	77 321	59 023

30. 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 MEUR	55,00	48,60
Assets under consultative asset management MEUR	16,15	0,00
Total	**71,15**	**48,60**
eQ Asset Management Company Ltd., a subsidiary of eQ Bank Ltd. offers discretionary portfolio management and consultative asset management.		
Assets under discretionary asset management MEUR	268,10	222,90
Assets under consultative asset management MEUR	175,00	126,10
Total	**443,10**	**545,70**

31. Post balance sheet date events

The additional purchase price of Advium Partners Ltd has been corrected in January 2008 by 501.775,52 euros.
The goodwill, allocated to the corporate finance segment, has decreased by equal amount.
The correction was made due to an an error in the calculation of additional purchase price.

32. Key financial indicators

	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
Net income, EUR million	49.7	48.3	31.0	21.5	16.0
Net operating profit, EUR million	14.0	18.7	6.3	2.2	0.2
Net operating profit % of Net sales	28.1	38.8	20.4	10.0	1.0
Profit before taxes	14.0	18.7	6.3	2.1	0.2
Profit before taxes % of Net sales	28.1	38.8	20.4	9.8	1.0
Return on equity %	14.4	24.5	13.0	5.2	0.4
Return on assets %	1.6	2.9	1.6	0.7	0.1
Equity ratio, %	10.7	11.7	11.7	12.4	15.5
Operating costs to earnings	0.7	0.6	0.8	0.9	1.0
Profit / share	0.3	0.5	0.2	0.1	0.0
Equity / share	2.1	2.2	1.9	1.6	1.4

33. The principles of calculating financial indicators

Net income, EUR million

net interest income + net commission income + impairmernt of receivables + net income from financial assets held for trading + net income from available-for-sale financial assets + net income from exchange dealing + other operating income

Return on equity %

$$\frac{\text{(net operating profit - taxes) x 100}}{\text{equity capital + minority interest (average of the figures for the beginning and the end of the year)}}$$

Return on assets %

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

Equity ratio %

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

Operating costs to earnings

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

Profit / share

$$\frac{\text{net operating profit - taxes + minority interest}}{\text{weigted number of shares at December 31 corrected with share issues}}$$

Equity / share

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

Balance sheet, parent company
FAS

EUR 1,000	Notes		31 Dec. 2007		31 Dec. 2006
ASSETS					
Cash			3		2
Loans and advances to credit institutions	1				
Repayable on demand		162		27	
Other		5 000	5 162	0	27
Loans and advances to the public and general government			2		
Repayable on demand		2 123		622	
Other		659	2 782	634	1 257
Debt securities	3				
Other		4 432	4 432	2 707	2 707
Shares and units	4		4 618		11 861
Participating interests	4		400		400
Shares and units in group entities	4		52 149		45 256
Tangible assets	6 , 7				
Other tangible assets			2		2
Other assets	8		6 015		19 010
Accrued income and prepayments	9		72		146
Total assets			**75 637**		**80 667**
LIABILITIES AND EQUITY					
Liabilities					
Liabilities to credit institutions					
Credit institutions					
Repayable on demand			1 593		2 475
Other liabilities	10		177		127
Accrued expenses and deferred income	11		6 483		3 189
Total liabilities			**8 253**		**5 791**
Equity	16				
Share capital	17		5 731		5 731
Share premium			48 675		48 675
Other restricted reserves					
Legal reserve			2 106		2 106
Non-restricted reserves					
Fair value reserve			241		0
Retained earnings or loss			4 878		290
Profit for the period			5 753		18 073
Total equity			**67 385**		**74 876**
Total liabilities and equity			**75 637**		**80 667**

Income statement, parent company
FAS

EUR 1,000	Notes		1 Jan.–31 Dec. 2007		1 Jan.–31 Dec. 2006
Interest income	18		342		213
Interest expense	18		-259		-95
Net interest income			**83**		**119**
Income from equity investments	19				
Group entities			6 000		19 000
Fee and commission income	20		296		356
Net gains or net losses on dealing in securities and foreign currencies	21				
Net gains or net losses on dealing in securities			66		277
Net income from available-for-sale financial assets	22		260		179
Administrative expenses					
Staff costs					
Wages, salaries and fees			-894		-750
Staff-related costs					
Pensions		-141		-127	
Other staff-related costs		-35	-176	-54	-181
Other administrative expenses			-1 301		-849
Administrative expenses total			-2 371		-1 780
Depreciation, amortisation and impairment of tangible and intangible assets	24		-1		-0
Other operating expenses	23		-80		-76
Operating profit (loss)			**4 253**		**18 073**
Income taxes			0		0
Post-tax profit or loss from ordinary activities			**4 253**		**18 073**
Income and expenses from other than ordinary activities	25		1 500		0
Profit for the period			**5 753**		**18 073**

Accounting policies of the parent company

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.

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 changes are recognized directly in equity under "Fair value reserve".

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 parent company's financial statements

Notes on balance sheet items

EUR 1,000		31 Dec. 2007		31 Dec. 2006
1) Loans and advances to credit institutions				
Repayable on demand				
Domestic credit institutions		162		27
Other				
Foreign credit institutions		5 000		0
Total loans and advances to credit institutions				
Domestic credit institutions		162		27
Foreign credit institutions		5 000		0
Total loans and advances to credit institutions		**5 162**		**27**
2) Loans and advances to the public and general government				
Companies and housing companies		1 257		1 257
Finance and insurance institutions		1 525		0
Total		**2 782**		**1 257**
Impariment losses on loans and advances have not been recognised during the period.				
	Quoted	**Others**	**Quoted**	**Others**
3) Debt securities				
Issued by others than general government				
Held for trading				
Bonds issued by banks	2 379	0	0	0
Other debt securities	2 053	0	2 707	0
Total	**4 432**	**0**	**2 707**	**0**
Debt securities total	4 432	0	2 707	0
-eligible for refinancing with central banks	0	0	0	0
-not incurring interest income	419	0	211	0
	Quoted	**Others**	**Quoted**	**Others**
4) Shares and units				
Balance sheet item				
Shares and units				
Available for sale	0	4 618	0	11 861
Participating interests				
Other	0	400	0	400
Shares and units in group entities				
Credit institutions	0	50 598	0	43 706
Other	0	1 550	0	1 550

5) Loans and receivables from related parties and investments to related party institutions.

Basis for related party information	Loans and advances to credit institutions	Accrued income and prepayments	Total
Ownership	5 000	15	5 015

EUR 1,000	2007	2006
6) Tangible assets		
Other tangible assets	2	2
7) Increases and decreases in intangible and tangible assets during the period		
Tangible assets		
Acquisition cost on 1 Jan	9	7
+ increases	1	2
- depreciatin during the period	-1	0
- accumulated depreciation and impairment on 1 Jan	-7	-7
Acquisition cost 31 Dec	**2**	**2**
Tangible assets do not include land and water areas, buildings or shares and participations in real estate corporations.		
8) Other assets		
Receivables from payment traffic transactions	0	0
Other	6 015	19 010
9) Accrued income and prepayments		
Interest	59	63
Other	13	83
10) Other liabilities		
Liabilities from payment traffic	0	0
Other	177	127
11) Accrued expenses and deferred income		
Interest	0	0
Other	6 483	3 189

EUR 1,000	less than 3 months	3–12 months	1–5 years	5–10 years	over 10 years
12) Assets and liabilities by maturity					
Loans and advances to credit institutions	5 162	0	0	0	0
Liabilities to the public and general government	2 716	0	25	41	0
Debt securities	0	2 053	419	1 960	0
Liabilities to credit institutions	1 593	0	0	0	0

13) Assets and liabilities denominated in EUR and other currencies

	2007		2006	
	EUR	Other currency	EUR	Other currency
Loans and advances to credit institutions	5 162	0	26	0
Liabilities to the public and general government	2 782	0	1 257	0
Debt securities	3 900	532	2 145	561
Other assets	63 229	32	76 643	33
Liabilities to credit institutions	1 593	0	2 475	0
Other liabilities	6 659	0	3 316	0
Assets and liabilities from group undertakings are included in following balance sheet items				
Receivables from credit institutions	5 000	0	0	0
Receivables from the public and general government	2 716	0	1 216	0
Other assets	58 164	0	64 256	0
Liabilities to credit institutions	1 593	0	2 475	0
Other liabilities	21	0	27	0

14) Fair values and carrying amounts of financial asset and liabilities

In the income statement presented changes in fair value (note 21), consists of differences in purchase and market values of bonds in trading book.

Notes to the parent company's financial statements

EUR 1,000	Carrying amounts	Fair values
15) Fair values and carrying amounts of financial assets and liabilities		
Cash	3	3
Loans and advances to credit institutions	5 162	5 175
Receivables from the public and general government	2 782	2 782
Debt securities	4 432	4 432
Shares and units	4 618	4 618
Participating interests	400	400
Shares and units in group entities	52 149	52 149
Liabilities to credit institutions	1 593	1 593

EUR 1,000	2007	2006
16) Equity items		
Share capital		
Book value at the beginning of the period	57 331	5 678
+ increases for the period	0	54
Book value at the end of the period	5 731	5 731
Share premium		
Book value at the beginning of the period	48 675	48 144
+ increases for the period	0	531
Book value at the end of the period	48 675	48 675
Fair value reserve		
Book value at the beginning of the period	0	7
+ increases for the period	241	0
- decreases for the period	0	-7
Book value at the end of the period	241	0
Retained earnings or loss		
Book value at the beginning of the period	290	352
From profit for the period	18 073	6 618
Dividends paid	-13 485	-6 679
Book value at the end of the period	4 878	290
Profit for the period		
Book value at the beginning of the period	18 073	6 618
To the retained earnings	-18 073	-6 618
Profit for the period	5 753	18 073
Book value at the end of the period	5 753	18 073

Non-restricted equity do not include non-distributable items

17) Share capital

The parent company has 33 713 449 shares, all of the same series.

Notes to the parent company's financial statements

Notes on income statement items

EUR 1,000	2007	2006
18) Interest income and expense		
Interest income		
Receivables from credit institutions	37	0
Loans and advances to the public and general government	26	19
Debt securities	278	194
Interest expenses		
Liabilities to credit institutions	259	95
19) Income from equity investments		
Group entities	6 000	19 000
20) Fee and commission income and expense		
Fee and commission income		
Other	296	356
21) Net gains or net losses on dealing in securities		
From debt securities		
Gains and losses from sales (net)	63	1 078
Fair value changes (net)	-68	-801
Total	**-5**	**277**
Shares and units	71	0
Gains and losses from sales (net)	0	0
Fair value changes (net)	71	0
Total		
Total net gains or net losses on dealing in securities	**66**	**277**

Notes to the parent company's financial statements

EUR 1,000	2007	2006
22) Net income from available-for-sale assets		
From shares and units		
From disposal of financial assets (gains/losses)	260	178
Transfers from the fair value reserve	0	1
	260	**179**
23) Other operating income and expenses		
Other operating expenses		
Rental expenses	48	43
Expenses from real estate	4	3
Other expenses	28	30
24) Depreciation, amortisation and impairment of tangible and intangible assets		
Depreciation according to a plan	1	0
Impairments	0	0
25) Income and expeneses from other than ordinary activities		
Income from other than ordinary activities		
Gained group contribution	1 500	0

Notes on collateral and contingent liabilities

26) Pension liabilities

Statutory pension cover of employees is arranged by insurance.

	2007	2006
27) Leasing and other rental liabilities		
Leasing payments		
within one year	1	12
in one to five years	0	1
in more than five years	0	0

	2007	2006
28) Notes on employees and management		
Employees		
Average number of employees during the financial year		
During the financial year		
Full time	11	11
Change from the previous financial year		
Full time	0	6
Salaries and fees, **EUR 1,000**		
Salaries, fees, pension costs and other staff-related costs of the members of the board of directors and the managing directors and their deputies	386	286
- managing directors and their deputies	213	199
29) Notes on share ownership		
Shares and participations in other companies held as financial fixed assets		
1) eQ Bank Ltd, Helsinki, banking		
2) parent company ownership, %	100	100
3) total book value of owned shares (EUR 1 000)	50 598	43 706
1) Xenetic Ltd, Helsinki, hosting		
2) parent company ownership, %	100	100
3) total book value of owned shares (EUR 1 000)	1 550	1 550
1) Unicus Ltd, Helsinki, other operations attending financing and investing		
2) parent company ownership, %	33.33	33.33
3) total book value of owned shares (EUR 1 000)	100	100

Key financial indicators, The principles of calculating financial indicators

Key financial indicators

	2007	2006	2005	2004	2003
Net income, eur million	7.0	20.0	8.7	1.0	1.1
Net operating profit (loss), eur million	4.3	18.1	6.1	-0.6	-0.3
Net operating profit (loss), -% of net income	61.1	90.3	70.1	-65.5	-23.7
Profit (loss) before appropriations and taxes, eur million	5.8	18.1	6.6	0.3	0.1
Profit (loss) before appropriations and taxes, -% of net income	82.6	90.3	76.3	28.5	4.6
Return on equity %	6.0	26.2	10.6	-1.3	-0.6
Return on assets %	5.4	24.9	10.2	-1.3	-0.6
Equity ratio %	89.1	92.8	97.4	95.4	98.7
Operating costs to earnings	0.4	0.1	0.3	1.7	1.2

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 %

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

Return on assets %

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

Equity ratio %

$$\frac{\text{(equity capital and minority interest + depreciation difference less deferred taxes due) x 100}}{\text{balance sheet total}}$$

Operating costs to earnings

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

Date and signatures of the financial statements

Helsinki 27th February 2008

William Fall Chairman	Antti Pankakoski
Petteri Walldén	Antti Mäkinen CEO

Auditors' report

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 2007. 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 Limited Liability 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 Limited Liability Companies Act.

Helsinki, 27 February 2008

KPMG OY AB

Sixten Nyman
Authorized Public Accountant

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