

INTERIM REPORT
1/1–30/9/2016



NORVESTIA

SIMPLE AND TRANSPARENT INVESTMENT

Norvestia is a publicly listed investment company and by acquiring its shares investors indirectly own a comprehensive cross-section of the Nordic economic landscape from established blue chip firms to exciting unlisted growth companies.

Norvestia's purpose is to make professional investment activities accessible to all, on equal terms, with the aim of making a steady return. Thanks to Norvestia's streamlined business model, investors can be sure that Norvestia's interests always match their own.

INTERIM REPORT 1/1–30/9/2016

Net Asset Value (dividend-adjusted) increased by
8.0% during the period (6.8%).

Net Asset Value per share was
EUR 11.09 at the end of the period (10.06).

The result for the period amounted to
EUR 12.9 million (10.1).

Dividend of
EUR 0.79 per share was paid for 2015 (0.30).

CAPITAL MARKETS

The third quarter of the year was good for equity investors, even though the result of the Brexit vote organized in Britain in the end of June was a disappointment for investors. At the same time, it was somewhat of a relief that the uncertainty related to the vote was temporarily removed from daily discussion. After the vote, share prices rose especially in July, and for example, the value of the OMX Helsinki CAP Yield Index increased by nearly 10% in total during the third quarter of the year.

Towards the end of the summer, stock markets calmed down and price volatility decreased. An indication of this was that the value of VSTOXX Index measuring the volatility of European shares sank to almost the lowest level in two years in August, and still remains close to that level.

The state of the Eurozone economy has hardly improved during the summer. The European Central Bank's (ECB) highly accommodative monetary policy has not worked very well, and the Eurozone economy has not seen the desired growth. The ECB's interest policy has pressed the risk-free interest level into negative territory in many euro countries. A demonstration of the absurdness of the current economic situation is that in September the State of Finland issued a seven-year bond with a 0.22% negative yield for the first time in its history. Consequently, the State earned money by borrowing it. The current negative time value of money causes peculiar phenomena and cannot be sustainable in the long term.

The currently calm situation in the market can change quickly. One sign of the structural tensions in the Eurozone is that there continue to be significant differences in interest rates between Germany and certain euro countries, such as Greece. The alternative that Greece cannot repay its debts is reflected in interest rates.

According to the latest forecasts, the Eurozone economy will grow by 1.5% this year and by 1.3% in 2017, while the Finnish economy is expected to grow by 1.0% in both 2016 and 2017. The global economy is expected to grow by 2.9% this year and by 3.1% in 2017. During the current presidential election year, the US economy is expected to grow by 1.5% and in 2017 by 2.2%.

Index yields on various exchanges for the first nine months of 2016 have been as follows:

Finland/OMX Helsinki Index	0.3%
Finland/OMX Helsinki CAP Yield Index	8.8%
Sweden/OMX Stockholm Index	2.5%
Norway/OBX Index	2.5%
Denmark/OMX Copenhagen Index	-7.9%
USA/Nasdaq Composite Index	6.1%
USA/S&P 500 Index	6.1%
Bloomberg European 500 Index	-6.9%
MSCI World Index	3.8%
Japan/Nikkei 225 Index	-13.6%
Norvestia's share price (dividend-adjusted)	21.9%
Norvestia's Net Asset Value (dividend-adjusted)	8.0%

NORVESTIA'S INVESTMENTS

Norvestia's twofold investment strategy consists of market investments and Growth Equity. Market investments are made primarily in Nordic listed shares, funds and bonds. Growth Equity investments are made in unlisted companies, growth-oriented listed companies and private equity funds.

Norvestia's investments excluding cash and other liquid assets were 89% (83%) of total assets at the end of September. The fair value breakdown of the investments was as follows:

	30/9/2016		30/9/2015	
	EUR million	%	EUR million	%
Listed shares and share funds*	92.7	50.9	75.3	47.9
Growth Equity	37.6	20.6	21.3	13.5
Bonds and bond funds	18.1	9.9	16.6	10.6
Hedge funds	14.3	7.9	18.1	11.5
Cash and other liquid assets	19.4	10.7	26.0	16.5
Total	182.1	100.0	157.3	100.0

* of which share funds EUR 15.2 million (13.1).

83% of the Group's assets were in euros, 10% in Swedish krona, 6% in US dollars and 1% in other currencies.

The value of Norvestia's market portfolio developed well during the third quarter of the year with total return for the portfolio after hedging reaching EUR 7.9 million. An individual share worth a special mention is Nordea. The Nordea share benefitted especially from the decrease in general market risks, and its price increased by nearly 30% from the rock bottom of early July. In Norvestia's portfolio, this corresponded to a return of EUR 0.8 million during the third quarter. Also the values of funds developed favorably. Didner & Gerge Aktiefond offered the best yield.

The return on Norvestia's Net Asset Value fluctuated less month on month than the stock market in general. During the third quarter, the portfolio was hedged, according to hedging policy, with Euro Stoxx Index futures. Approximately half of the Swedish krona currency risk was hedged with a currency future.

GROWTH EQUITY

During the third quarter of the year, the value of Norvestia's Growth Equity portfolio increased by EUR 1.0 million due the unrealized fair value movements of investments in the portfolio. During the third quarter, Norvestia committed itself to investing approximately EUR 5 million in Hamilton Lane PE IX Fund, which focuses on US and European small- and medium-sized companies.

Investments in unlisted companies belong to Norvestia's Growth Equity portfolio, which is administered by Norvestia's subsidiary Norvestia Industries Oy. The aim of Norvestia's Growth Equity investment activities is to find interesting companies with strong growth potential, the long-term and active development of which can yield significant increases in value and thereby return to Norvestia's shareholders. In accordance with its investment strategy, Norvestia aims to find target companies that operate in sufficiently large markets and have the opportunity to take advantage of their service and solution innovations both in Finland and internationally.

Norvestia invests in minority shares or can be in the majority together with another investor. At the end of September 2016, the Growth Equity portfolio consisted of six unlisted companies: Aste Helsinki which offers media production and consulting, Coronaria Hoitoketju which offers health care services, Fluidio which offers cloud services consulting, Idean Enterprises which offers customer experience design services, Polystar Instruments which develops telecommunications business intelligence software solutions, and Touhula Varhaiskasvatus which offers early childhood and preschool education. The total fair value of the interests in these companies amounted to EUR 28.3 million.

Growth Equity also includes investments in private equity funds. Norvestia has committed itself to investing EUR 2.0 million in the Amanda V East private equity fund, of which EUR 1.3 million is now invested; approximately EUR 5 million in Hamilton Lane PE Fund IX, of which EUR 0.8 million is now invested; EUR 2.0 million in Lifeline Ventures Fund I, of which EUR 1.5 million is now invested; EUR 5.0 million in Lifeline Ventures Fund III, of which EUR 0.4 million is now invested; and EUR 3.0 million in Open Ocean Fund 2015, of which EUR 0.3 million is now invested. In addition, Norvestia has invested EUR 0.1 million in Lifeline Ventures Fund III AB.

NET ASSET VALUE AND SHARE PRICE

30 September 2016, Norvestia's Net Asset Value stood at EUR 169.8 million or EUR 11.09 per share (EUR 154.1 million or EUR 10.06 per share on the same date last year) against EUR 11.04 per share at the end of 2015. Taking into account the dividend of EUR 0.79, which was distributed in March 2016, the company's Net Asset Value increased by EUR 0.84 per share (0.66) in the period under review, equal to an 8.0% (6.8%) increase from the beginning of the year. In the third quarter, the increase in Net Asset Value amounted to EUR 0.43 per share (-0.20).

Amended Net Asset Value will no longer be published, as after the change in the accounting principle, which came into force 1 January 2016, it corresponds to Norvestia's Net Asset Value and the Group's shareholders' equity. The comparative figures in the previous paragraph have been adjusted to correspond with the change in the accounting principle.

Norvestia Oyj's share is listed on Nasdaq Helsinki. 30 September 2016, the share price stood at EUR 8.95 (7.32), which corresponded to a discount in Net Asset Value of 19% (27%). The market capitalization of the shares was EUR 137.1 million (112.1) 30 September 2016. The price of Norvestia's share was EUR 7.99 at the end of 2015.

The total turnover of Norvestia's shares on the stock exchange was EUR 1.3 million (1.5) in the third quarter. The average daily turnover amounted to EUR 19,364 (24,427). The number of shares traded was 152,166 (189,107) which corresponds to 1.0% (1.2%) of total shares. Norvestia's share capital consists of 15,316,560 shares in total.

GROUP RESULT

The result of the Group for January–September 2016 amounted to EUR 12.9 million (10.1) and operating expenses to EUR 2.3 million (1.8).

The return on equity was 7.6% (6.7%) and the return on investment 8.6% (7.4%). The result for the third quarter amounted to EUR 6.5 million (-3.0).

NORVESTIA GROUP

Norvestia Oyj is the parent company of Norvestia Industries Oy and Norventures Oy, and an associate of CapMan Group.

PERSONNEL

During the first nine months of 2016, Norvestia Group employed an average of 7 (7) people.

SHAREHOLDERS

At the end of September 2016, Norvestia's shareholders numbered 5,830 (5,268). 8.9% (12.9%) of the shares were in foreign ownership.

Norvestia's largest shareholder is CapMan Plc with a holding of 28.7% (21.7%) of shares and votes. The second largest shareholder, Mandatum Life Insurance Company Ltd, had an 11.7% (11.7%) holding of shares and votes. The ten major shareholders held a total of 53.5% (58.5%) of shares and votes.

RISKS IN INVESTMENT ACTIVITIES

In addition to pursuing steady asset growth, one of the guiding principles of Norvestia's investment activities is to diversify investments and thereby reduce overall risks. Occasionally a significant proportion of investments may be focused on certain types of investments and securities, the possible negative development of which may substantially decrease Norvestia's result. Norvestia occasionally hedges its investments with options and futures, although there may still be situations where such hedges are not effective.

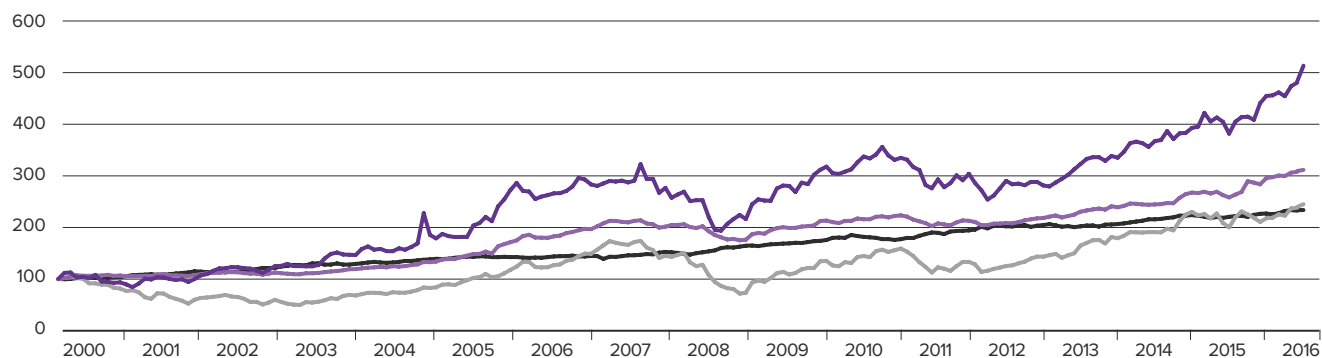
Norvestia's five largest investments as of 30 September 2016 consisted of the Didner & Gerge Aktiefond; Fortum, Nordea and Sampo shares; and the SPDR S&P 500 ETF.

Norvestia's result is greatly affected by economic developments and changes in share prices both in Finland and abroad. Changes in exchange rates also impact the company's result. General uncertainty on the capital markets increases the volatility of Norvestia's investments and therefore also increases their risks.

PERFORMANCE OF NET ASSET VALUE, SHARE PRICE AND INDICES

■ Norvestia's share price, dividend and issue-adjusted
■ OMX Helsinki CAP Yield Index

■ Norvestia's NAV, dividend and issue-adjusted*
■ Bloomberg/EFFAS Bond Index, Finland



* The effect of the change in accounting principle is not recognized in the graph during 2000–2014.

FUTURE PROSPECTS

It looks like the US presidential election to be held 8 November will be the most significant factor in the capital markets in the near future. According to opinion polls, the election will be fairly even.

For the capital markets, Clinton represents continuity and visibility. Trump's political agenda is more unclear and unpredictable. According to many analysts, the election of Trump as President would increase uncertainty and complicate, at least initially, the predictability of the US economy. Typically markets react negatively to increasing uncertainty. Therefore, from the perspective of the capital markets, the election of Clinton would be a better choice.

The European economic environment remains challenging. Despite the ECB's powerful support purchases and interest stimulus, the euro economy has not taken a proper step towards growth. The overall situation in Europe is made difficult by the fact that Britain's negotiations to leave the EU are only about to start. It is too early to estimate the impact of Brexit on the European economy, but the impact will nevertheless be negative. In addition to unfavorable

economic effects, the result of the Brexit vote has already caused political turmoil in other EU countries, with demands for a similar referendum on EU membership being made in Italy and France, among others. Such referenda would probably be extremely difficult for the future of the EU.

In this sensitive investment environment, Norvestia aims to take into account various possible scenarios in the economy and on the stock market, based on the latest economic figures. According to the chosen strategy, the amount of Growth Equity investments will be increased during 2016–2018. Otherwise investment levels between shares, funds and interest-yielding investments will be assessed on the basis of the prevailing situation.

Helsinki, 27 October 2016

Board of Directors

KEY FIGURES

	1/1–30/9/2016	1/1–30/9/2015	1/1–31/12/2015
Earnings/share, EUR	0.84	0.66	1.63
	30/9/2016	30/9/2015	31/12/2015
Equity ratio, %	92.8	96.7	96.6
Shareholders' equity/share, EUR	11.09	10.06	11.04
Net Asset Value/share, EUR	11.09	10.06	11.04
Net Asset Value, EUR million	169.8	154.1	169.1
Share price, EUR	8.95	7.32	7.99
Number of shares	15,316,560	15,316,560	15,316,560

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1/7–30/9/2016	1/7–30/9/2015	1/1–30/9/2016	1/1–30/9/2015	1/1–31/12/2015
Realized gains and losses from investments	1	5	1,561	-227	2,564	824
Fair value movements of investments, unrealized	2	8,647	-5,167	2,678	4,830	23,682
Dividends	3	183	63	14,332	4,811	4,907
Interest income		268	212	737	640	843
Total investment income		9,103	-3,331	17,520	12,845	30,256
Personnel expenses		-454	-236	-1,482	-1,100	-1,689
Depreciation and impairment charges		-2	-2	-5	-6	-9
Other operating expenses		-170	-216	-777	-644	-1,041
OPERATING PROFIT/LOSS		8,477	-3,785	15,256	11,095	27,517
Financial income and expenses		-48	-70	-120	110	157
RESULT BEFORE TAXES		8,429	-3,855	15,136	11,205	27,674
Income taxes*		-1,914	812	-2,269	-1,151	-2,638
RESULT FOR THE PERIOD		6,515	-3,043	12,867	10,054	25,036
* Based on the result for the period						
Earnings per share, basic and diluted, EUR		0.43	-0.20	0.84	0.66	1.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Note	30/9/2016	30/9/2015	31/12/2015
Assets				
NON-CURRENT ASSETS				
Intangible assets		4	2	2
Tangible assets		15	17	17
Investment portfolio				
Growth Equity investments		28,265	15,652	28,379
Investments in private equity funds		6,202	3,985	4,217
Loan receivables from Growth Equity investments		3,104	1,660	1,660
		37,590	21,316	34,275
CURRENT ASSETS				
Financial assets held for trading				
Investments in listed shares		77,647	62,210	74,762
Investments in funds		29,450	31,215	32,876
Investments in interest-bearing securities		18,052	18,550	17,111
Receivables		856	1,052	657
Cash and cash equivalents		19,437	24,987	15,263
		145,442	138,014	140,669
		183,032	159,330	174,944
Shareholders' equity and liabilities				
SHAREHOLDERS' EQUITY				
Share capital		53,608	53,608	53,608
Share premium		6,896	6,896	6,896
Retained earnings		96,431	83,495	83,495
Result for the period		12,867	10,054	25,036
		169,802	154,053	169,035
LIABILITIES				
Current liabilities	8	6,911	2,564	1,842
Net deferred tax liabilities		6,319	2,713	4,067
		13,230	5,277	5,909
		183,032	159,330	174,944

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1/7–30/9/2016	1/7–30/9/2015	1/1–30/9/2016	1/1–30/9/2015	1/1–31/12/2015
CASH FLOW FROM OPERATING ACTIVITIES					
Result before taxes	8,429	-3,855	15,136	11,205	27,674
Adjustments:					
Unrealized gains and losses	-6,632	2,801	3,526	-5,679	-23,180
Other operations which do not include cash transactions	2	2	5	42	45
Interest income	-268	-200	-737	-640	-855
Dividend income	-183	-63	-14,332	-4,811	-4,907
	1,348	-1,315	3,598	117	-1,223
Changes in working capital					
Change in shares and other investments	-2,569	-880	-5,796	5,488	-2,746
Change in receivables	-60	77	-198	1,945	2,214
Change in current liabilities	-393	1,168	68	2,195	1,472
	-3,022	365	-5,926	9,628	940
Dividends received	183	63	14,332	4,811	4,907
Interest received	268	200	737	640	855
Received and paid taxes	-7	-7	-17	89	83
	444	256	15,052	5,540	5,845
CASH FLOW FROM OPERATING ACTIVITIES	-1,230	-694	12,724	15,285	5,562
CASH FLOW FROM INVESTING ACTIVITIES					
Loan receivables from Growth Equity investments	-	215	-1,444	215	215
Investments in intangible and tangible assets	-4	-	-6	-7	-8
CASH FLOW FROM INVESTING ACTIVITIES	-4	215	-1,450	208	207
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from loans	-	-	10,000	-	-
Repayments of loans	-5,000	-	-5,000	-	-
Dividends paid	-	-	-12,100	-4,595	-4,595
CASH FLOW FROM FINANCING ACTIVITIES	-5,000	-	-7,100	-4,595	-4,595
CHANGE IN CASH AND CASH EQUIVALENTS	-6,234	-479	4,174	10,898	1,174
Cash and cash equivalents at the beginning of the period	25,671	25,466	15,263	14,089	14,089
Cash and cash equivalents at the end of the period	19,437	24,987	19,437	24,987	15,263

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Share premium	Retained earnings	Result for the period	Total
Shareholders' equity 1 January 2015	53,608	6,896	81,904	6,186	148,594
Allocations			6,186	-6,186	0
Dividend			-4,595		-4,595
Result for the period				10,054	10,054
Shareholders' equity 30 September 2015	53,608	6,896	83,495	10,054	154,053
<hr/>					
Shareholders' equity 1 January 2016	53,608	6,896	83,495	25,036	169,035
Allocations			25,036	-25,036	0
Dividend			-12,100		-12,100
Result for the period				12,867	12,867
Shareholders' equity 30 September 2016	53,608	6,896	96,431	12,867	169,802

NOTES TO THE INTERIM REPORT

ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with the International Financial Reporting Standards (IFRS). The same accounting principles are used in the Interim Report and in the 2015 financial statements, apart from the changes described below. The information on the Interim Report is unaudited. All amounts in the notes are presented in thousands of euros (EUR 1,000).

VOLUNTARY CHANGE IN ACCOUNTING PRINCIPLE SINCE 1 JANUARY 2016

Valuing investments in associates at fair value through profit or loss

Norvestia's Board has decided to apply the venture capital organization exemption of the IAS 28 standard and to value associates and joint ventures at fair value through profit or loss in Norvestia's consolidated IFRS financial statements according to the IAS 39 standard from 1 January 2016. As a result, all Norvestia's investments will be valued at fair value through profit or loss. Norvestia considers the valuation of investments at fair value to give more meaningful information about the real value of investments and to better describe the company's business, the company's way of reviewing its investments and making decisions relating to them. Deferred tax liability is allocated to the change in value of Growth Equity investments.

Similarly, investments in unlisted private equity funds previously booked as available-for-sale financial assets will be reclassified as financial assets at fair value through profit or loss. Thus, in future any change in value will be recognized directly in profit or loss, and not in the statement of comprehensive income. Norvestia believes that classifying investments as assets at fair value through profit or loss better describes their nature and the accumulation of returns taking into account the company's business.

The change in question is a voluntary change in accounting principle according to the IAS 28 standard which requires that comparative figures be presented retrospectively according to the new accounting principles, including the balance sheet at the beginning of the first comparative period. The presentation of the balance sheet and income statement has been clarified as described below and the information on comparative periods has been presented according to the new balance sheet and income statement formulas.

The balance sheets and income statements created in accordance with the new accounting principles for 2015 and for interim financial periods which ended 31 March 2015, 30 June 2015 and 30 September 2015, as well as the opening balance 1 January 2015 of the comparative period have been published on a separate stock exchange release 14 April 2016. In addition, the company has defined the presentation of realized and unrealized gains compared to the stock exchange release published 14 April 2016. The definition of presentation has no effect on total investment income.

Clarification of presentation of balance sheet and income statement

Again, the presentation of Norvestia's balance sheet and income statement has been clarified to better describe the company's business. In the balance sheet Norvestia's investments have been divided into

the investment portfolio (non-current assets) and into financial assets held for trading (current assets). Investments are further divided in the respective portfolios according to their nature and risks into six different categories: Growth Equity, investments in private equity funds, loan receivables from Growth Equity investments, investments in listed shares and funds as well as interest-bearing investments.

In the income statement the company's returns will be presented as gains from investment activities with realized and unrealized returns separately in their own lines. Because all investments are now valued at fair value through profit or loss, the unrealized fair value movements of investments will no longer be recognized in the comprehensive income.

CHANGED ACCOUNTING PRINCIPLES

All investments of the Group will now be classified as financial assets at fair value through profit or loss.

The classification of financial assets will be determined upon initial recognition on the basis of why they were originally acquired. All purchases and sales of financial assets will be recognized on the trade date i.e. the date on which the Group commits to purchase or sell the asset. Financial assets will be derecognized from the statement of financial position when the contractual rights to the cash flow of the financial asset expire or when the risks and rewards of ownership have been substantially transferred outside the Group. Financial assets will be classified as short-term if they are held for trading or if they mature within 12 months.

The group Financial assets at fair value through profit or loss will be divided into two parts: investment portfolio (non-current assets) and financial assets held for trading (current assets). The investment portfolio consists of investments in unlisted growth companies (including loan receivables from Growth Equity investments) and in private equity funds. Financial assets held for trading consist of investments in listed shares and funds as well as interest investments.

SIGNIFICANT DISCRETION USED BY MANAGEMENT IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS

a. Determining fair values

The company's management must use its discretion in determining the fair values of investments in unlisted companies. The discretion is related to both selecting the most suitable valuation method and determining the assumptions used in the selected methods. Valuation methods are selected investment by investment.

b. Venture capital organization status

Norvestia's management has determined, in connection with Norvestia's new strategy, that its subsidiary Norvestia Industries Oy is a venture capital organization defined in the IAS 28 standard, in which case valuing investments in associates and joint ventures at fair value is possible in the consolidated financial statements. Norvestia Industries Oy mainly focuses on private equity investment activities by investing in unlisted growth companies with the aim of contributing to the increase in their value by actively participating in company development and making a return mainly through the value increase of its portfolio companies in the medium and long term.

1. REALIZED GAINS FROM INVESTMENTS

	1/7–30/9/2016	1/7–30/9/2015	1/1–30/9/2016	1/1–30/9/2015	1/1–31/12/2015
Investments in listed shares	-341	1,376	-395	2,617	947
Investments in funds	346	185	154	-57	-152
Investments in interest-bearing securities	-	-	14	4	29
Total	5	1,561	-227	2,564	824

2. FAIR VALUE MOVEMENTS OF INVESTMENTS, UNREALIZED

	1/7–30/9/2016	1/7–30/9/2015	1/1–30/9/2016	1/1–30/9/2015	1/1–31/12/2015
Investments in listed shares	6,054	-4,586	3,127	-703	7,832
Investments in funds	891	-2,350	393	1,094	2,843
Investments in interest-bearing securities	729	-258	948	-296	-1,795
Growth Equity investments	873	1,728	-1,910	3,403	12,515
Investments in private equity funds	100	299	120	1,332	2,287
Total	8,647	-5,167	2,678	4,830	23,682

3. DIVIDENDS

	1/7–30/9/2016	1/7–30/9/2015	1/1–30/9/2016	1/1–30/9/2015	1/1–31/12/2015
Investments in listed shares	183	63	4,437	4,776	4,816
Growth Equity investments	-	-	9,895	35	91
Total	183	63	14,332	4,811	4,907

Total return for investment classes can be calculated by adding up the figures in notes 1–3.

4. CONTINGENT LIABILITIES

	30/9/2016	30/9/2015	31/12/2015
Securities given as collateral for derivatives trades			
Carrying amount of pledged securities	8,868	6,671	4,910
Securities given as collateral for revolving credit facility agreement			
Revolving credit facility agreement, EUR 10 million			
Carrying amount of pledged securities	11,980	-	-
Fund commitments			
Commitment to invest in Amanda V East Ky	584	868	868
Commitment to invest in Hamilton Lane European Partners SICAV-SIF - PEF IX	4,111	-	-
Commitment to invest in Lifeline Ventures Fund I Ky	335	580	473
Commitment to invest in Lifeline Ventures Fund III Ky	4,602	-	5,000
Commitment to invest in Open Ocean Fund 2015 Ky	2,679	-	2,968
Total	12,311	1,448	9,309

5. SHARE LOAN

The Group has lent 225,000 shares of Outotec Oyj outside the Group. A 105% cash collateral has been received, which has been recognized in current liabilities. Loaned shares are not derecognized from the balance sheet but the resulting gains and losses are recognized in the result.

6. DERIVATIVE CONTRACTS

Norvestia uses standardized derivative contracts to make portfolio management more effective. The acquisition values and fair values of the derivative contracts as well as the underlying values are given in the table below. The fair values are adjusted for the corresponding share's dividend income. Derivative contracts are recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. The fair value of futures corresponds to the futures' gain or loss. Hedge accounting is not used.

Equity derivatives	30/9/2016	30/9/2015	31/12/2015
Sold put options, open positions			
Underlying value	-	-	172
Acquisition value	-	-	-25
Fair value	-	-	-5
Sold call options, open positions			
Underlying value	-	-	-111
Acquisition value	-	-	-18
Fair value	-	-	-3
Index derivatives			
Sold put options, open positions			
Underlying value	634	7,301	-
Acquisition value	-20	-158	-
Fair value	-17	-416	-
Bought call options, open positions			
Underlying value	2,568	3,953	1 765
Acquisition value	111	327	146
Fair value	38	91	28
Sold futures, open positions			
Underlying value	-23,602	-36,355	-32 740
Fair value	-350	808	-80
Foreign exchange derivatives			
Sold futures, open positions			
Underlying value	-10,377	-10,403	-10,523
Fair value	35	63	-66

7. FAIR VALUES OF FINANCIAL ASSETS

Listed shares and derivative contracts are measured at fair value by the last trade price on active markets on the balance sheet date. The fair value of investments in funds is determined as the funds' net asset value at the balance sheet date. The fair value of investments in interest-bearing securities is based on the last trade price on the balance sheet date or, in an illiquid market, on values determined by the counterparty.

Growth Equity investments, private equity fund investments and loan receivables from Growth Equity investments are measured at fair value. If the investments have no active market then the fair value is determined quarterly by using valuation methods according to the International Private Equity and Venture Capital Guidelines (IPEV). The valuations are based on forecasted cash flows or peer group multiples. In estimating fair value of an investment, a method that is the most appropriate in light of the facts, nature and circumstances of the investment is applied. External valuations are made at least once a year to verify the fair values of Growth Equity investments. Norvestia's audit committee approves the valuations quarterly.

Private equity fund investments are valued according to the practice generally used in the sector, i.e. the fair value of the private equity fund investment is the latest fund value announced by the private equity fund management company. The value is calculated according to the IPEV Valuation Guidelines. Loan receivables from Growth Equity investments are valued at fair value based on acquisition price.

The table below presents the fair values of each category of financial assets which correspond to the values of the consolidated statement of financial position. There are no enforceable netting agreements in place. The fair value of the investments corresponds to their carrying amount.

Financial assets at fair value	30/9/2016	30/9/2015	31/12/2015
Investments in listed shares	77,647	62,210	74,762
Investments in funds	29,450	31,215	32,876
Investments in interest-bearing securities	18,052	18,550	17,111
Growth Equity investments	28,265	15,652	28,379
Investments in private equity funds	6,202	3,985	4,217
Loan receivables from Growth Equity investments	3,104	1,660	1,660
Receivables	856	1,052	657
Total	163,576	134,324	159,662

FAIR VALUE HIERARCHY OF FINANCIAL ASSETS MEASURED AT FAIR VALUE

	30/9/2016	Fair values at the end of the period		
		Level 1	Level 2	Level 3
Investments in listed shares	77,647	77,647	-	-
Investments in funds	29,450	17,553	11,897	-
Investments in interest-bearing securities	18,052	9,106	8,946	-
Growth Equity investments	28,265	-	-	28,265
Investments in private equity funds	6,202	-	-	6,202
Loan receivables from Growth Equity investments	3,104	-	-	3,104
Total	162,720	104,306	20,843	37,571

During the reporting period ending 30 September 2016, there were no transfers between Level 1 and Level 2 fair value measurements. Fair values at Level 1 are based on quoted prices in active markets for each asset and liability. Fair values at Level 2 are based mostly on inputs other than quoted prices included at Level 1, but still on inputs that are observable for each asset and liability either directly as a price or indirectly derived from the price. The fair values of shares at Level 3 are defined using a cash-flow based valuation method or peer group multiples. The valuation is conducted quarterly according to the IPEV Valuation Guidelines. The fair values of private equity fund investments are based on reports by the management companies of the private equity funds. Loan receivables from Growth Equity investments are valued at fair value based on acquisition price.

RECONCILIATION OF THE FINANCIAL ASSETS MEASURED AT FAIR VALUE AT LEVEL 3

	30/9/2016	30/9/2015	31/12/2015
At the beginning of the period	34,256	15,867	15,867
Additions	6,994	960	3,859
Return of capital	-1,889	-230	-237
Dividends	-9,895	-35	-35
Unrealized gains	8,105	4,735	14,802
At the end of the period	37,571	21,297	34,256

During the reporting period ending 30 September 2016, there were no transfers into and out of Level 3 fair value measurements. Norvestia's voluntary change in accounting principle results in the valuation of Growth Equity investments at fair value from 1 January 2016. As a result of the change, gains from Growth Equity investments and investments in private equity funds are reported in the first three rows of the income statement divided into Realized gains from investments, Fair value movements of investments, unrealized and Dividends. The comparative figures in the table above have been adjusted to correspond with the change in the accounting principle.

SENSITIVITY ANALYSIS OF LEVEL 3 INVESTMENTS 30 SEPTEMBER 2016

Asset	Fair value	Valuation method	Unobservable inputs	Used input (weighted average)	Fair value sensitivity +/-10%
Growth Equity	EUR 28.3 million	DCF	WACC	12.3%	EUR -2.6/+3.4 million
		Peer group	Peer group earnings multiples	EV/Sales 2015 0.5x EV/EBITDA 2015 10.0x	EUR +/-0.2 million
			Discount to peer group multiples	20%	EUR -/+0.4 million
Investments in PE funds	EUR 6.2 million	Reports from PE fund management company	N/A	N/A	N/A

Several inputs including acquisition price, the nature of the investment and sector, market conditions and discount rate, trading values on public exchanges for comparable securities, current and projected revenue and operating performance as well as financing transactions subsequent to the acquisition of the investment, are taken into account in valuations. The development stage of the company also has a significant effect on the selection of the valuation method. Comparable peer group analysis is not usually a suitable valuation method for fast growing unlisted companies as the peer group typically consists of significantly larger, mature-stage listed companies. Due to the qualitative nature of the valuation methodologies, they are mainly based on Norvestia's judgment.

Valuation methods used by Norvestia are as follows:

- discounted cash flow
- earnings multiple valuation, whereby public peer group multiples are used to estimate the value of a particular investment
- acquisition price, particularly with new investments.

8. CURRENT LIABILITIES

	30/9/2016	30/9/2015	31/12/2015
Revolving credit facility agreement with bank EUR 10 million	5,000	-	-

The revolving credit facility agreement expires 16 March 2019 at the latest. The interest rate of the agreement is 1.10% + 6 month Euribor, yet at least 1.10%. The commission of an unused credit is 45% of the interest. 30 September 2016 half of the revolving credit facility was in use.

Financial liabilities are initially recognized at fair value. Financial liabilities are subsequently carried at amortized cost using the effective interest rate method.

9. RELATED PARTY TRANSACTIONS

Norvestia became an associate of CapMan Group 12 May 2015 and since then Norvestia has had a related party relationship with the Group. In addition to CapMan, Norvestia Group's related parties include the parent company, subsidiaries and associates. Related parties also include the Board of Directors and Managing Director of the parent company. The consolidated financial statements include the financial statements of Norvestia Oyj and its entirely owned subsidiaries Norvestia Industries Oy and Norventures Oy.

The following transactions were carried out with related parties:

Related party	1/7-30/9/2016	1/7-30/9/2015	1/1-30/9/2016	1/1-30/9/2015	1/1-31/12/2015
Aste Holding Oy					
Interest income	-	27	43	80	102
Coronaria Hoitoketju Oy					
Interest income	-	22	26	64	85
Idean Enterprises Oy					
Purchases	-	-	-	-	6

Purchases from related parties were made at normal market prices.

INVESTMENTS 30 SEPTEMBER 2016

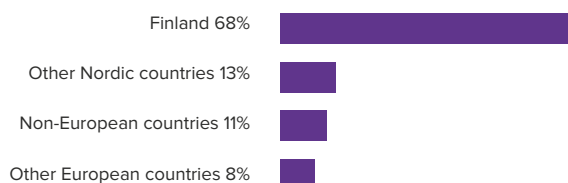
	Number of shares/units	Acquisition price EUR 1,000	Fair value EUR 1,000	Share of total investments
MARKET INVESTMENTS				
LISTED SHARES				
Ahlstrom Corporation	53,455	596	661	0.4%
Amer Sports Corporation	55,105	923	1,500	0.9%
Apetit Plc	74,294	914	1,010	0.6%
Atria Plc	125,672	1,322	1,158	0.7%
Caverion Corporation	93,034	362	637	0.4%
Elisa Corporation	93,450	1,897	3,068	1.9%
Finnair Plc	353,408	1,334	1,552	1.0%
Fortum Corporation	320,271	4,223	4,606	2.8%
HKScan Corporation A share	83,875	541	276	0.2%
Honkarakenne Oyj B share	451,739	1,669	596	0.4%
Huhtamäki Oyj	78,409	488	3,251	2.0%
Kemira Oyj	130,214	1,558	1,569	1.0%
Kesko Corporation B share	83,323	2,245	3,416	2.1%
Kone Corporation B share	1,000	40	45	0.0%
Konecranes Plc	38,531	928	1,215	0.7%
Metso Corporation	58,753	1,482	1,526	0.9%
Metsä Board Corporation B share	281,666	373	1,484	0.9%
Neste Corporation	67,367	1,783	2,556	1.6%
Nokia Corporation	840,937	3,468	4,339	2.7%
Nokian Tyres plc	20,392	628	662	0.4%
Oriola-KD Corporation B share	109,320	184	443	0.3%
Orion Corporation B share	43,354	1,016	1,521	0.9%
Outotec Oyj	285,000	1,388	1,219	0.7%
Raisio plc V share	173,400	267	680	0.4%
Ramirent Plc	72,897	260	524	0.3%
Rapala VMC Corporation	125,700	761	548	0.3%
Sampo plc A share	129,044	5,567	5,110	3.1%
Sanoma Corporation	112,633	968	955	0.6%
Sponda Plc	798,196	2,900	3,656	2.3%
Stockmann plc B share	62,918	706	426	0.3%
Stora Enso Oyj R share	430,533	2,830	3,403	2.1%
Tikkurila Oyj	81,311	1,284	1,557	1.0%
UPM-Kymmene Corporation	151,211	2,248	2,843	1.8%
Uponor Corporation	50,826	686	838	0.5%
Valmet Corporation	57,753	387	773	0.5%
Wärtsilä Corporation	18,000	710	721	0.4%
YIT Corporation	113,053	604	811	0.5%
Nomura Nikkei 225 ETF	6,670	810	994	0.6%
Nordea Bank AB FDR	570,342	5,260	5,028	3.1%
Powershares QQQ	34,100	2,131	3,627	2.2%
SPDR S&P 500 ETF Trust	26,885	3,868	5,210	3.2%
Telia Company AB	385,000	1,887	1,536	0.9%
		63,496	77,550	47.6%
FUNDS				
Brummer & Partners Multi-Strategy Euro	18,360	3,500	3,850	2.4%
Brummer & Partners Nektar	16,093	3,196	4,159	2.6%
Didner & Gerge Aktiefond	27,399	2,015	6,763	4.2%
Evli Emerging Frontier B	3,852	500	578	0.4%
Evli Eurooppa B	10,158	800	1,198	0.7%
Fondita European Top Picks B	6,960	812	1,012	0.6%
Fourton Hannibal A	14,482	1,000	1,977	1.2%
OP-Suomi Arvo A	5,283	399	1,441	0.9%
RAM ONE	27,462	2,389	3,888	2.4%
Russian Prosperity Fund Euro A	8,000	721	676	0.4%
Taalritehdas Arvo Markka	9,107	1,025	1,516	0.9%
VISIO Allocator	15,020	2,115	2,392	1.5%
		18,472	29,450	18.2%

	Number of shares/units	Acquisition price EUR 1,000	Fair value EUR 1,000	Share of total investments
BONDS AND BOND FUNDS				
	nominal value			
Ahlstrom, expires 2/10/2017	2,000	2,080	2,105	1.3%
Finnair, expires 13/10/2020	1,500	1,500	1,650	1.0%
Outokumpu, expires 30/9/2019	1,750	1,746	1,824	1.1%
Outotec, expires 24/3/2021	1,000	1,018	1,056	0.7%
Sanoma, expires 12/12/2016	1,000	1,022	1,014	0.6%
Sponda, expires 5/12/2017	1,000	1,050	1,047	0.6%
SRV, expires 22/3/2020	1,000	1,000	1,041	0.6%
Stockmann, expires 31/1/2020	1,000	1,014	1,033	0.6%
eQ Euro Investment Grade 1 K	15,490	3,237	3,424	2.1%
eQ High Yield Bond 1 K	14,991	3,531	3,857	2.4%
		17,198	18,051	11.0%
DERIVATIVE CONTRACTS				
Euro Stoxx put options (sold)	200	-20	-17	0.0%
Euro Stoxx call options (bought)	1,600	111	38	0.0%
		91	21	0.0%
MARKET INVESTMENTS IN TOTAL		99,166	125,051	76.8%
GROWTH EQUITY				
UNLISTED GROWTH COMPANIES*				
Aste Holding Oy	4,000	800		
Coronaria Hoitoketju Oy	35,307	3,112		
Fluido Oy	47,870	2,571		
Idean Enterprises Oy	354,920	3,311		
Polystar Instruments AB	266,000	1,717		
Touhula Varhaiskasvatus Oy	20,000	2,000		
Loans to growth companies		3,104		
		16,615	31,369	19.3%
PRIVATE EQUITY FUNDS				
Amanda V East Ky		1,275	1,082	0.7%
Hamilton Lane European Partners SICAV-SIF - PEF IX		790	790	0.5%
Lifeline Ventures Fund I Ky		1,469	3,628	2.2%
Lifeline Ventures Fund III Ky		398	333	0.2%
Lifeline Ventures Fund III AB		72	117	0.1%
Open Ocean Fund 2015 Ky		322	253	0.2%
		4,326	6,203	3.9%
GROWTH EQUITY IN TOTAL		20,941	37,572	23.2%
NORVESTIA GROUP IN TOTAL		120,107	162,623	100.0%

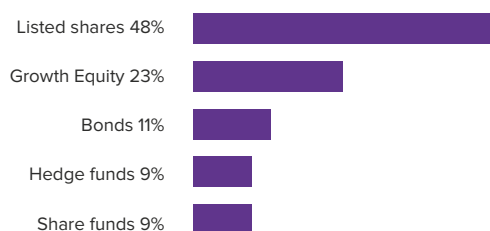
The table does not include cash and cash equivalents of the Group.

* The fair value of unlisted Growth Equity investments is presented as the total fair value of the Growth Equity portfolio, not as fair value of individual investments.

GEOGRAPHIC BREAKDOWN OF NORVESTIA GROUP'S INVESTMENTS 30 SEPTEMBER 2016



NORVESTIA GROUP'S INVESTMENTS 30 SEPTEMBER 2016



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