

Q1 2016

INTERIM REPORT





3 May 2016 at 8:00 a.m.

eQ PLC'S INTERIM REPORT Q1 2016 – eQ's PROFIT CONTINUED TO GROW

January to March 2016 in brief

- During the period under review, the Group's net revenue grew by 44 per cent to EUR 9.4 million (EUR 6.5 million from 1 Jan. to 31 March 2015).
 - The Group's net fee and commission income increased to EUR 9.1 million (EUR 6.2 million).
 - The Group's net investment income from own investment operations was EUR 0.4 million (EUR 0.4 million).
- The Group's operating profit grew by 64 per cent to EUR 4.1 million (EUR 2.5 million).
- The Group's profit was EUR 3.3 million (EUR 2.0 million).
- Consolidated earnings per share grew by 63 per cent to EUR 0.09 (EUR 0.05).
- The net cash flow from own investment operations was EUR 0.1 million (EUR 1.5 million from 1 Jan. to 31 March 2015) and the change in fair value was EUR 0.0 million (EUR 0.7 million).

Key ratios	1-3/16	1-3/15	Change %	1-12/15
Net revenue, Group, M€	9.4	6.5	44%	30.5
Net revenue, Asset Management, M€	6.1	5.4	14%	21.7
Net revenue, Corporate Finance, M€	3.0	0.9	230%	7.0
Net revenue, Investments, M€	0.3	0.3	8%	1.8
Net revenue, Group admin. and eliminations, M€	0.0	0.0	0%	0.0
Operating profit, Group, M€	4.1	2.5	64%	13.2
Operating profit, Asset Management, M€	2.7	2.4	12%	9.6
Operating profit, Corporate Finance, M€	1.6	0.3	430%	3.4
Operating profit, Investments, M€	0.3	0.3	8%	1.8
Operating profit, Group administration, M€	-0.4	-0.4	-6%	-1.6
Profit for the period, M€	3.3	2.0	63%	10.5
Earnings per share, €	0.09	0.05	63%	0.29
Equity per share, €	1.50	1.68	-11%	1.91
Cost/income ratio, Group, %	55.0	59.8	-8%	55.1
Liquid assets, M€	24.2	26.9	-10%	21.6
Private equity investments, M€	22.8	26.9	-15%	22.5
Interest-bearing liabilities, M€	0.0	0.0	0%	0.0
Assets under management, € billion	7.5	7.5	0%	7.6

Janne Larma, CEO

eQ succeeded excellently in the first quarter of the year, even though the market situation was demanding in general. We managed to increase our net revenue by 44 per cent to EUR 9.4 million and our operating profit



to EUR 4.1 million from the previous year. The Group's profit for the period increased by 63 per cent to EUR 3.3 million.

The fee and commission income of eQ Asset Management increased by 14%

The year started off with great uncertainty. Share prices plummeted, the price of oil fell, as did expectations on the development of the world economy. These negative news did not last long, however. Positive news began to emerge during the first quarter and even share prices began to rise. As a rule, the return of the share market remained negative in the first quarter, however. The MSCI World index fell by 5.0 percent in the first three months, while the Helsinki Stock Exchange (OMXH Cap) fell by 3.3 per cent.

The business operations of eQ Asset Management developed rather positively despite the difficult market situation. The net revenue of the Asset Management segment increased by 14 per cent to EUR 6.1 million and the operating profit by 12 per cent to EUR 2.7 million. The growth of the net revenue was mainly based on the growth of private equity and real estate asset management, as it was the year before. The management fees of these operations grew by 54 per cent on the previous year. The real estate assets in our two real estate funds exceeded EUR 600 million at the end of March, which exceeds the figure at the end of March 2015 by more than EUR 400 million. The sales of the real estate funds continued to be very strong and new subscriptions worth EUR 86 million were made in the funds at the end of March. The interest in private equity investments is also on the rise. The first close of our latest private equity fund eQ PE VIII North took place at the beginning of February at EUR 51 million and the second in April, when we received additional investment commitments worth EUR 34 million to the fund. The raising of funds will continue during the spring, and the final close will take place in June. The returns from traditional asset management fell due to the fall of market values.

Advium made an excellent result

The low interest rates and good availability of financing have maintained a high activity among corporate and real estate transactions. During the three-month period, Advium acted as advisor in five finalised transactions and in two transactions that are likely to be finalised during the second quarter. In addition, Advium has acted as advisor in one transaction after the period under review. Advium acted, for instance, as advisor to Atine Group Oy, as it sold 100% of the share capital of Turvatiimi to the Norwegian company Sector Alarm. Advium also acted as advisor to Elo Mutual Pension Insurance Company as it sold six office properties in the Helsinki metropolitan region to funds managed by NIAM. As a result of the large number of transactions, the net revenue of Advium more than tripled to EUR 3.0 million and the operating profit grew to EUR 1.6 million (EUR 0.3 million from 1 Jan. to 31 March 2015).

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

The net revenue and operating profit of the Investments segment were at the same level as last year, both EUR 0.3 million. The net cash flow from investments of EUR 0.1 million was lower than last year (EUR 1.5 million from 1 Jan. to 31 March 2015). At the end of March, the balance sheet value of the investments was EUR 22.8 million (EUR 22.5 million on 31 December 2015).

eQ's interim report 1 January to 31 March 2016 is enclosed to this release and it will also be available on the company website at www.eQ.fi.

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eQ Group is a Finnish group of companies specialising in asset management and corporate finance business. eQ Asset Management offers a wide range of asset management services (including private equity funds and real estate asset management) for institutions and individuals. The assets managed by the Group total approximately EUR 7.5 billion. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

More information about the Group is available on our website at www.eQ.fi.



eQ PLC'S INTERIM REPORT 1 JAN. TO 31 MARCH 2016

Result of operations and financial position 1 January to 31 March 2016

- During the period under review, the Group's net revenue grew by 44 per cent to EUR 9.4 million (EUR 6.5 million from 1 Jan. to 31 March 2015).
 - The Group's net fee and commission income increased to EUR 9.1 million (EUR 6.2 million).
 - The Group's net investment income from own investment operations was EUR 0.4 million (EUR 0.4 million).
- The Group's operating profit grew by 64 per cent to EUR 4.1 million (EUR 2.5 million).
- The Group's profit was EUR 3.3 million (EUR 2.0 million).
- Consolidated earnings per share grew by 63 per cent to EUR 0.09 (EUR 0.05).
- The net cash flow from own investment operations was EUR 0.1 million (EUR 1.5 million from 1 Jan. to 31 March 2015) and the change in fair value was EUR 0.0 million (EUR 0.7 million).

Operating environment

The year 2016 started off in uncertain sentiments. The Fed had increased its key rates in December 2015, even though both Europe and China still have growing recovery needs. The market was left uncertain of how monetary policy could in future be coordinated without the risk of major currency movements. In January, nervousness in the market accelerated and was further increased by the fall in oil price in both the high-risk bond market and equity market.

By mid-February, the equity market had fallen by 15 to 20 per cent, depending on the region, from the beginning of the year, and even the spread between high yield interest rates and government bonds had increased markedly. After this, central banks took measures to calm down the situation, and prices started to rise strongly. The published financial figures also consolidated trust in continued economic growth in different regions.

Despite strong recovery, all western equity markets gave a negative return in the first quarter. Calculated in euros, the Japanese equity market fell the most, by 10.9 per cent. Europe remained 7.1 percent below the level of the turn of the year, and the US stock exchange calculated in euros with the S&P 500 index at minus 3.6 per cent. Calculated in dollars, the US stock exchange rose by 1.2 per cent, however. In Finland, the stock exchange fell by only 3.3 per cent. In emerging markets, the MSCI overall index rose by 0.8 per cent, however, which can be explained with the strong rise of above all Brazil but Russia as well.

In the bond market, the first quarter was as a whole surprisingly good, even though there were strong fluctuations in the bond market as well. As for the entire quarter, the best returns came from emerging market bonds (hc, in euros), 3.5 per cent. Euro-denominated government bonds reached almost the same return. The return of investment grade loans was 2.4 per cent, and that of high yield loans 2.0 per cent.

Major events during the period under review

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

Group net revenue and result development

During the period under review, the Group's net revenue totalled EUR 9.4 million (EUR 6.5 million from 1 Jan. to 31 March 2015). The Group's net fee and commission income increased to EUR 9.1 million (EUR 6.2 million). The Group's net investment income from own investment operations was EUR 0.4 million (EUR 0.4 million).



The Group's expenses and depreciation totalled EUR 5.3 million (EUR 4.0 million). Personnel expenses were EUR 4.1 million (EUR 2.9 million), other administrative expenses totalled EUR 0.5 million (EUR 0.5 million), and the other operating expenses were EUR 0.5 million (EUR 0.5 million). The personnel expenses grew on the previous year due to result-related remuneration and the accrued expense of EUR 0.1 million of the new 2015 option scheme. The option scheme accrual has no cash flow effect on the Group. Depreciation was EUR 0.2 million (EUR 0.2 million). Depreciation includes EUR 0.1 million (EUR 0.1 million) in depreciation of customer agreements allocated to intangible assets in connection with corporate acquisitions.

The Group's operating profit was EUR 4.1 million (EUR 2.5 million) and the profit for the period was EUR 3.3 million (EUR 2.0 million).

Business areas

Asset Management

eQ Asset Management offers versatile and innovative asset management services to both institutions and individuals. The Asset Management segment consists of the investment firm eQ Asset Management Ltd and its subsidiaries, the most important of which is eQ Fund Management Company Ltd.

Mutual funds and asset management

At the end of March, eQ had 27 mutual funds registered in Finland. In the first quarter, eQ's fixed-income funds gave good returns despite the strong fluctuation of above all high-risk funds during the first quarter. The best returns were given by corporate loan funds and the eQ Euro Government Bond Fund. The average Morningstar classification of eQ's fixed-income funds is excellent and exceeds four stars.

As for equity funds, the first quarter was two-fold due to strong market fluctuations. Share prices fell from the beginning of the year to the middle of February. After the turn in mid-February, share prices recovered clearly, but remained at the level of the turn of the year for the entire quarter. Only the return of the eQ Russia Fund was positive in the first quarter. In general, the values of equity funds fell round five per cent during the quarter. As compared with their benchmark indices, the eQ CO2, eQ Europe Dividend, eQ Finland, and eQ Frontier Markets funds, among others, gave good returns. Of the funds managed by eQ, 33 per cent surpassed their benchmark indices in the first quarter and 73 per cent in the past three years. The returns of the discretionary asset management portfolios that eQ manages varied based on the allocation of the investment portfolio and were between -5 and 2 per cent.

Sales advanced well in the first quarter, even though the fall in market values cut down the assets under eQ's management. The assets managed by mutual funds registered in Finland increased by EUR 16 million since the beginning of the year. At the end of the quarter, the assets in eQ's mutual funds totalled EUR 1 598 million (EUR 1 582 million on 31 Dec. 2015).

Private Equity

The first close of the eQ PE VIII North private equity fund was held earlier than planned, on 9 February 2016 at a little over EUR 51 million. The second close of the fund took place on 15 April with more than EUR 34 million of additional assets. The fund now has investment commitments worth more than EUR 85 million and altogether 36 investors. The raising of funds will continue during the spring, and the final close will take place in June. The investment operations of the fund have started off briskly, and three investments have been made in the portfolio, including one secondary market investment. The portfolio already contains more than ten companies. The assets managed under private equity operations grew during the first quarter and amounted to EUR 3 659 million at the end of the quarter (EUR 3 639 million on 31 Dec. 2015).

Real estate investments

The strong growth of the eQ Finnish Real Estate Fund continued, and at the end of the first quarter, new subscriptions for EUR 39 million were made in the fund. At the end of the quarter, the size of the fund was EUR 160 million, and its real estate property is almost EUR 180 million. The investment operations of the



fund have been extremely successful, and the return since establishment was 9.6 per cent p.a. at the end of the quarter. The fund already has almost 800 unit holders.

The eQ Care Fund also grew considerably during the quarter, and new subscriptions totalling EUR 47 million were made in the fund. At the end of the quarter, the size of the fund was already EUR 307 million and its real estate assets totalled EUR 442 million. The return of the fund since establishment was 8.8 per cent p.a. at the end of the quarter, and the fund already has more than 1 800 unit holders.

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

Assets under management and clients

At the end of the first quarter, the assets managed by eQ Asset Management totalled EUR 7 525 million. The assets fell by a little more than EUR 100 million from the beginning of the year due to the fall of the equity market (EUR 7 634 million on 31 Jan. 2015). At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 1 598 million (EUR 1 582 million). Mutual funds managed by international partners and other assets covered by asset management operations totalled EUR 2 268 million (EUR 2 412 million). The assets managed under private equity funds and asset management totalled EUR 3 659 million (EUR 3 639 million). EUR 2 378 million (EUR 2 421 million) of these assets were covered by the reporting service.

Result of the Asset Management segment

In the first quarter, the net revenue of the Asset Management segment increased by 14 per cent and the operating profit by 12 per cent to EUR 2.7 million (EUR 2.4 million from 1 Jan to 31 March 2015). The fee and commission income of the segment increased by 14 per cent in the first quarter. Particularly the management fees and performance fees from real estate and private equity asset management grew strongly. In addition to salary items that are dependent on the company result, expenses increased due to the accrued expenses of the 2015 option scheme. These option scheme expenses were a little in excess of EUR 0.1 million in the quarter. The Asset Management segment had 66 employees at the end of the period, comprising four persons with part-time, fixed-term employment.

Asset Management	1-3/16	1-3/15	Change %	1-12/15
Net revenue, M€	6.1	5.4	14%	21.7
Operating profit, M€	2.7	2.4	12%	9.6
Assets under management, € billion	7.5	7.5	0%	7.6
Cost/income ratio, %	54.8	53.7	2%	53.5
Personnel	66	59	12%	63

Fee and commission income, Asset Management, M€	1-3/16	1-3/15	Change %	1-12/15
Management fees from traditional asset management	1.8	2.3	-19%	9.0
Real estate and private equity management fees	2.8	1.8	54%	8.7
Other fee and commission income	0.1	0.5	-76%	1.0
Performance fees	1.4	0.8	71%	3.2
Total	6.2	5.4	14%	22.0

Corporate Finance

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

The low interest rates and good availability of financing have contributed to a high activity among corporate and real estate transactions.



During the period under review, Advium acted as advisor in five finalised transactions. In addition, Advium acted as advisor in two transactions that were signed during the period under review and that are likely to be finalised during the second quarter.

Advium acted, for instance, as advisor to Atine Group Oy, as it sold 100% of the share capital of Turvatiimi to the Norwegian security company Sector Alarm. Advium acted as advisor to the sellers, when a business and office property located in Hakaniemi, Helsinki, was sold to Antilooppi. Advium also acted as advisor to Elo Mutual Pension Insurance Company as it sold six office properties in the Helsinki metropolitan region to funds managed by NIAM.

Result of the Corporate Finance segment

Advium's net revenue during the period under review was EUR 3.0 million (EUR 0.9 million). The operating profit was EUR 1.6 million (EUR 0.3 million). The number of personnel in the Corporate Finance segment was 13 at the end of the period.

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

In the present good market situation, a larger share of Advium's assignments than normally has been finalised. The assignment base of the company is at a better level than a year ago, including the already finalised transactions.

Corporate Finance	1-3/16	1-3/15	Change %	1-12/15
Net revenue, M€	3.0	0.9	230%	7.0
Operating profit, M€	1.6	0.3	430%	3.4
Cost/income ratio, %	47.3	67.1	-30%	51.8
Personnel	13	14	-7%	12

Investments

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

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

During the period under review, the net revenue of the Investments segment totalled EUR 0.3 million (EUR 0.3 million from 1 Jan. to 31 March 2015). At the end of the period, the fair value of the private equity investments was EUR 22.8 million (EUR 22.5 million on 31 Dec. 2015) and the amount of the remaining investment commitments was EUR 12.5 million (EUR 10.3 million). Of the market value, 60 per cent has been invested in private equity funds managed by eQ. The breakdown of the market value and investment commitments of private equity investments per fund are presented on page 19.

During the period, the investment objects returned capital for EUR 0.5 million (EUR 1.5 million from 1 Jan. to 31 March 2015) and distributed a profit of EUR 0.4 million (EUR 0.4 million). Capital calls totalled EUR 0.8 million (EUR 0.4 million). The net cash flow from investments during the period was EUR 0.1 million (EUR 1.5 million). The Group's internal management fee expenses, which are included in the result of the Investments segment, totalled EUR 0.1 million (EUR 0.1 million). During the period, no write-downs were recognised through profit and loss (EUR 0.0 million).

The value change of investments in the fair value reserve before taxes was EUR 0.0 million (EUR 0.7 million). The unrealised value changes of investments in the fair value reserve after taxes were EUR 0.7 million (EUR 0.7 million on 31 Dec. 2015) at the end of the period. The return of eQ's own investment operations since the beginning of operations has been 21 per cent p.a. (IRR).



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

Investments	1-3/16	1-3/15	Change %	1-12/15
Net revenue, M€	0.3	0.3	8%	1.8
Operating profit, M€	0.3	0.3	8%	1.8
Fair value of investments, M€	22.8	26.9	-15%	22.5
Investment commitments, M€	12.5	11.6	7%	10.3

Balance sheet and solvency

At the end of the period under review, the consolidated balance sheet total was EUR 85.2 million (EUR 80.9 million on 31 Dec. 2015). At the end of the period, the shareholders' equity was EUR 55.1 million (EUR 70.0 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 3.3 million, the change in the fair value reserve of EUR 0.0 million, the decided dividend distribution of EUR -11.0 million, and the decided return of capital of EUR -7.3 million from the reserve for invested unrestricted equity. The changes are specified in detail in the tables attached to this release.

At the end of the period, liquid assets totalled EUR 19.2 million (EUR 16.6 million) and liquid investments in mutual funds EUR 5.0 million (EUR 5.0 million). In order to safeguard the availability of financing, the Group has access to a credit limit of EUR 4.0 million. At the end of the period under review, the Group had no interest-bearing liabilities (EUR 0.0 million). Interest-free long-term debt, which consists of the deferred tax liability, at the end of the period was EUR 0.6 million (EUR 0.6 million) and interest-free short-term debt EUR 29.4 million (EUR 10.3 million), including EUR 18.4 million (EUR 0.0 million) of debt related to the dividend distribution and return of capital. eQ's equity to assets ratio was 64.7% (86.5%).

A subsidiary called eQ Asset Management Ltd, which is engaged in investment firm operations and fully owned by eQ Plc, is part of the Group. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the Basel III/CRD IV regulations. The Group's CET1 (Common Equity Tier 1) and solvency ratio of the own funds was 19.3% (19.8% on 31 Dec. 2015) at the end of the period. The minimum requirement for own funds is 8 per cent, while the Group's target is at least 12 per cent. At the end of the period, the Group's own funds based on solvency calculations totalled EUR 22.1 million (EUR 21.8 million on 31 Dec. 2015), and the risk-weighted items were EUR 114.4 million (EUR 110.1 million). Detailed information on the Group's solvency can be found in the tables section.

Shares and share capital

At the end of the period on 31 March 2016, the number of eQ Plc's shares was 36 727 198 and the share capital was EUR 11 383 873. No changes took place in the number or shares or share capital during the period.

The closing price of eQ Plc's share on 31 March 2016 was EUR 5.67 (EUR 6.50 on 31 Dec. 2015). The market capitalisation of the company was thus EUR 208.2 million (EUR 238.7 million) at the end of the period. During the period, 1 094 877 shares were traded on Nasdaq Helsinki (2 567 302 shares from 1 Jan. to 31 March 2015).

Own shares

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



Shareholders

Ten major shareholders on 31 March 2016

	Shares	Share, %
1 Fennogens Investements SA	6 473 137	17.62
2 Chilla Capital S.A.	5 322 635	14.49
3 Ulkomarkkinat Oy	3 779 286	10.29
4 Teamet Oy	3 700 000	10.07
5 Mandatum Life Insurance Company	1 899 902	5.17
6 Oy Hermitage Ab	1 638 220	4.46
7 Oy Cevante Ab	1 419 063	3.86
8 Fazer Jan	1 360 709	3.70
9 Linnalex Ab	681 652	1.86
10 Louko Antti Jaakko	612 791	1.67
10 major shareholders, total	26 887 395	73.21
Nominee registered	131 423	0.36
Other shares	9 708 380	26.43
Total	36 727 198	100.00

On 31 March 2016, eQ Plc had 4 609 shareholders (4 432 shareholders on 31 Dec. 2015).

Option schemes

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

Option scheme 2010

At the end of the period, altogether 1 700 000 options had been allocated from option scheme 2010. Of these options, altogether 370 000 had been exercised by the end of the period. The number of outstanding options was 1 330 000 at the end of the period. No options of the option scheme 2010 can any longer be allocated. Options 2010 of the option scheme have been listed on Nasdaq Helsinki. The terms and conditions of the option scheme have been published in a stock exchange release of 18 August 2010, and they can be found in their entirety on the company website at www.eQ.fi.

Option scheme 2015

At the end of the period, altogether 1 775 000 options had been allocated from option scheme 2015. At the end of the period, there were still 225 000 options in option scheme 2015 available for allocation. The terms and conditions of the option scheme have been published in a stock exchange release of 5 November 2015, and they can be found in their entirety on the company website at www.eQ.fi.

Decisions by the Annual General Meeting

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

Confirmation of the financial statements

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



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

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

Discharge from liability to the Board of Directors and the CEO

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

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

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

Auditors and auditors' compensation

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

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

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

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

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

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



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

Personnel and organisation

At the end of the financial period, the number of Group personnel was 84 (81 on 31 December 2015). The Asset Management segment had 66 (63) employees and the Corporate Finance segment 13 (12) employees. The number of personnel in Group administration was 5 (6). The personnel of the Asset Management segment comprise four persons with part-time, fixed-term employment.

The overall salaries paid to the employees of eQ Group during the financial period totalled EUR 4.1 million (EUR 2.9 million from 1 Jan. to 31 March 2015). The salary expenses increased from the year before due to result bonuses.

Major risks and short-term uncertainties

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

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

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

Events after the period under review

In the Investments segment, private equity funds in which eQ has made investments have announced exits that have not been realised during the period under review. If the announced exits will be carried out according to plan, the cash flow from the exits that eQ will receive after the period under review, in the second or third quarter of 2016, is estimated to be about EUR 0.7 million, of which the estimated distribution of profits accounts for about EUR 0.3 million.

The second closing of the eQ PE VIII North private equity fund, established and managed by eQ, was held on 15 April 2016. The value of the investment commitments in the fund exceeds at the moment EUR 85 million, and the final close will take place in June 2016.

After the period under review, Advium acted as advisor to LähiTapiola, when the indemnity insurance company and life insurance company included in the LähiTapiola Group sold the share capital of As Oy



Helsingin Vanhalinna, which they owned jointly, to Nordea Life Finland on 11 April 2016. The deal is one of the all-time largest sales of a single residential property in Finland.

eQ Plc
Board of Directors



TABLES

Principles for drawing up the report

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

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

The interim report has not been audited.

CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1–3/16	1–3/15	1–12/15
Fee and commission income	9 072	6 236	28 704
Net income from foreign exchange dealing	-	6	-16
Interest income	2	1	2
Net income from available-for-sale financial assets	381	358	2 061
Operating income, total	9 455	6 601	30 752
Fee and commission expenses	-48	-60	-232
Interest expenses	0	0	0
NET REVENUE	9 407	6 541	30 520
Administrative expenses			
Personnel expenses	-4 087	-2 920	-12 661
Other administrative expenses	-506	-460	-1 936
Depreciation on tangible and intangible assets	-183	-184	-742
Other operating expenses	-512	-465	-1 956
OPERATING PROFIT (LOSS)	4 119	2 512	13 225
Income tax	-868	-523	-2 755
PROFIT (LOSS) FOR THE PERIOD	3 251	1 990	10 470



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-3/16	1-3/15	1-12/15
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement:			
Available-for-sale financial assets, net	25	591	226
Translation differences	-	-3	-14
Other comprehensive income after taxes	25	588	211
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3 275	2 577	10 681
Profit for the period attributable to:			
Equity holders of the parent company	3 251	1 990	10 470
Non-controlling interests	-	-	-
Comprehensive income for the period attributable to:			
Equity holders of the parent company	3 275	2 577	10 681
Non-controlling interests	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company			
Earnings per average share, EUR	0.09	0.05	0.29
Diluted earnings per average share, EUR	0.09	0.05	0.28



CONSOLIDATED BALANCE SHEET, EUR 1 000

	31 March 2016	31 March 2015	31 Dec. 2015
ASSETS			
Liquid assets	56	45	53
Claims on credit institutions	19 161	23 294	16 571
Available-for-sale financial assets			
Financial securities	5 024	3 582	5 042
Private equity investments	22 823	26 868	22 456
Intangible assets	29 805	30 287	29 960
Tangible assets	402	457	393
Other assets	5 955	3 013	5 070
Accruals and prepaid expenditure	1 402	1 185	860
Income tax receivables	280	205	271
Deferred tax assets	243	230	220
TOTAL ASSETS	85 152	89 166	80 896
LIABILITIES AND EQUITY			
LIABILITIES			
Other liabilities	23 630	21 933	2 874
Accruals and deferred income	4 228	2 791	6 099
Income tax liabilities	1 583	1 881	1 284
Deferred tax liabilities	639	846	637
TOTAL LIABILITIES	30 079	27 451	10 895
EQUITY			
Attributable to equity holders of the parent company:			
Share capital	11 384	11 384	11 384
Fair value reserve	725	1 065	700
Translation difference	-	11	-
Reserve for invested unrestricted equity	34 584	41 929	41 929
Retained earnings	5 130	5 336	5 518
Profit (loss) for the period	3 251	1 990	10 470
TOTAL EQUITY	55 073	61 715	70 001
TOTAL LIABILITIES AND EQUITY	85 152	89 166	80 896



CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-3/2016	1-3/2015	1-12/2015
CASH FLOW FROM OPERATIONS			
Operating profit	4 119	2 512	13 225
Depreciation and write-downs	183	184	1 170
Interest income and expenses	-1	0	-2
Transactions with no related payment transactions	160	14	188
Available-for-sale investments, change	-318	1 606	3 667
Change in working capital			
Business receivables, increase (-) / decrease (+)	-1 428	2 666	978
Interest-free debt, increase (+) / decrease (-)	521	-552	652
Total change in working capital	-907	2 114	1 630
Cash flow from operations before financial items and taxes	3 236	6 429	19 878
Interests received	2	1	2
Interests paid	0	0	0
Taxes	-606	-344	-1 979
CASH FLOW FROM OPERATIONS	2 631	6 086	17 902
CASH FLOW FROM INVESTMENTS			
Investments in intangible and tangible assets	-38	-30	-198
CASH FLOW FROM INVESTMENTS	-38	-30	-198
CASH FLOW FROM FINANCING			
Dividends/capital returns paid	-	-	-18 364
CASH FLOW FROM FINANCING	0	0	-18 364
INCREASE/DECREASE IN LIQUID ASSETS	2 594	6 056	-659
Liquid assets on 1 Jan.	16 623	17 283	17 283
Liquid assets on 31 March/31 Dec.	19 217	23 339	16 623

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY, EUR 1 000

Equity attributable to equity holders of the parent company							
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2015	11 384	52 947	475	14	12 649	77 469	77 469
Profit (loss) for the period					1 990	1 990	1 990
Other comprehensive income							
Available-for-sale financial assets			591			591	591
Translation differences				-3		-3	-3
Total comprehensive income			591	-3	1 990	2 577	2 577
Dividend/return of capital		-11 018			-7 345	-18 364	-18 364
Options granted					17	17	17
Other changes					14	14	14
Shareholders' equity on 31 March 2015	11 384	41 929	1 065	11	7 325	61 715	61 715

Shareholders' equity on 1 Jan. 2016	11 384	41 929	700	0	15 988	70 001	70 001
Profit (loss) for the period					3 251	3 251	3 251
Other comprehensive income							
Available-for-sale financial assets			25			25	25
Total comprehensive income			25	0	3 251	3 275	3 275
Dividend/return of capital		-7 345			-11 018	-18 364	-18 364
Options granted					160	160	160
Shareholders' equity on 31 March 2016	11 384	34 584	725	0	8 381	55 073	55 073



FEE AND COMMISSION INCOME, GROUP, EUR 1 000

	1-3/16	1-3/15	1-12/15
Asset management fees			
Management fees from traditional asset management	1 829	2 263	8 976
Real estate and private equity fees	2 726	1 740	8 431
Other fee and commission income	117	498	1 033
Performance fees	1 431	836	3 235
Total	6 104	5 336	21 675
Corporate finance fees	2 969	900	7 029
Fee and commission income, total	9 072	6 236	28 704

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, EUR 1 000

	31 March 2016		31 March 2015		31 Dec. 2015	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Financial assets						
Available-for-sale financial assets						
Private equity investments	22 823	22 823	26 868	26 868	22 456	22 456
Financial securities	5 024	5 024	3 582	3 582	5 042	5 042
Accounts receivable and other receivables	1 444	1 444	598	598	1 427	1 427
Liquid assets	19 217	19 217	23 339	23 339	16 623	16 623
Total	48 508	48 508	54 387	54 387	45 549	45 549
Financial liabilities						
Accounts payable and other liabilities	2 418	2 418	955	955	428	428
Total	2 418	2 418	955	955	428	428

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



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

	31 March 2016		31 March 2015		31 Dec. 2015	
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 3
Available-for-sale financial assets						
Private equity investments	-	22 823	-	26 868	-	22 456
Financial securities	5 024	-	3 582	-	5 042	-
Total	5 024	22 823	3 582	26 868	5 042	22 456

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

1-3/2016	Private equity investments
Opening balance on 1 Jan. 2016	22 456
Calls	813
Returns	-495
Impairment loss	-
Change in fair value	49
Closing balance on 31 March 2016	22 823

1-3/2015	Private equity investments
Opening balance on 1 Jan. 2015	27 260
Calls	420
Returns	-1 525
Impairment loss	0
Change in fair value	712
Closing balance on 31 March 2015	26 868

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

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

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



PRIVATE EQUITY INVESTMENTS, EUR 1 000

	Market value		Acquisition cost		Unrealised value change*	
	31.3.16	31.12.15	31.3.16	31.12.15	31.3.16	31.12.15
Funds managed by eQ:						
Funds of funds:						
eQ PE VIII North LP	-	-	-	-	-	-
eQ PE VII US LP	184	192	186	186	-2	6
eQ PE VI North LP	352	364	419	419	-67	-55
Amanda V East LP	2 172	2 007	2 717	2 503	-545	-496
Amanda IV West LP	3 346	3 585	2 856	2 979	490	607
Amanda III Eastern PE LP	7 414	6 993	6 689	6 189	725	803
Eur Fund Inv. LP (EFI II)	247	257	351	351	-104	-94
Total	13 714	13 399	13 217	12 627	497	772
Funds managed by others:						
Large buyout funds	5 677	5 474	4 830	4 942	847	532
Midmarket funds	2 148	2 234	2 538	2 698	-390	-465
Venture funds	1 285	1 349	1 292	1 292	-7	58
Total	22 823	22 456	21 876	21 558	946	897

*Unrealised value change before taxes

REMAINING INVEST COMMITMENTS OF PRIVATE EQUITY INVESTMENTS, EUR 1 000

	Investment commitment	
	31.3.16	31.12.15
Funds managed by eQ:		
Funds of funds:		
eQ PE VIII North LP	3 000	-
eQ PE VII US LP	2 451	2 563
eQ PE VI North LP	2 432	2 432
Amanda V East LP	1 930	2 170
Amanda IV West LP	646	646
Amanda III Eastern PE LP	245	744
Eur Fund Inv. LP (EFI II)	35	35
Total	10 739	8 590
Funds managed by others:		
Large buyout funds	367	355
Midmarket funds	1 236	1 255
Venture funds	115	115
Total	12 457	10 316



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

	31.3.16	31.12.15
-2000	662	691
2001-2005	2 104	2 188
2006-2010	19 521	19 021
2011-	536	556
Total	22 823	22 456

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

	31.3.16	31.12.15
-2000	115	115
2001-2005	808	818
2006-2010	3 652	4 388
2011-	7 883	4 995
Total	12 457	10 316



SEGMENT INFORMATION, EUR 1 000

1-3/16	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	6 104	2 969	-	-		9 072
From other segments	75	-	-	-	-75	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	2		2
Net income from available-for-sale financial assets	-	-	381	-		381
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	6 179	2 969	381	21	-94	9 455
Fee and commission expenses	-45	-	-	-3		-48
To other segments	-	-	-75	-	75	-
Interest expenses	-	-	-	0		0
NET REVENUE	6 133	2 969	306	18	-19	9 407
Administrative expenses						
Personnel expenses	-2 602	-1 246	-	-239		-4 087
Other administrative expenses	-370	-81	-	-75	19	-506
Depreciation on tangible and intangible assets	-171	-5	-	-7		-183
Other operating expenses	-338	-71	-	-103		-512
OPERATING PROFIT (LOSS)	2 653	1 566	306	-406	0	4 119
Income tax				-868		-868
PROFIT (LOSS) FOR THE PERIOD				-1 274		3 251

1-3/15	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	5 336	900	-	-		6 236
From other segments	75	-	-	-	-75	-
Net income from foreign exchange dealing	6	-	-	0		6
Interest income	-	-	-	1		1
Net income from available-for-sale financial assets	-	-	358	0		358
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	5 417	900	358	20	-94	6 601
Fee and commission expenses	-57	-	-	-3		-60
To other segments	-	-	-75	-	75	-
Interest expenses	-	-	-	0		0
NET REVENUE	5 360	900	283	17	-19	6 541



1-3/15	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Administrative expenses						
Personnel expenses	-2 197	-445	-	-278		-2 920
Other administrative expenses	-326	-80	-	-73	19	-460
Depreciation on tangible and intangible assets	-169	-6	-	-8		-184
Other operating expenses	-301	-73	-	-90		-465
OPERATING PROFIT (LOSS)	2 366	296	283	-432	0	2 512
Income tax				-523		-523
PROFIT (LOSS) FOR THE PERIOD				-955		1 990

1-12/15	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
	21					
Fee and commission income	675	7 029	-	-		28 704
From other segments	300	-	-	-	-300	0
Net income from foreign exchange dealing	-15	-	-	0		-16
Interest income	-	-	-	2		2
Net income from available-for-sale financial assets	-	-	2 061	0		2 061
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	0
Operating income, total	21	960	7 029	2 061	79	30 752
Fee and commission expenses	-220	-	-	-12		-232
To other segments	-	-	-300	-	300	0
Interest expenses	-	-	-	0		0
NET REVENUE	21	740	7 029	1 761	67	30 520
Administrative expenses						
Personnel expenses	-8 668	-3 017	-	-976		-12 661
Other administrative expenses	-1 417	-303	-	-293	77	-1 936
Depreciation on tangible and intangible assets	-686	-24	-	-32		-742
Other operating expenses	-1 323	-294	-	-339		-1 956
OPERATING PROFIT (LOSS)	9 647	3 391	1 761	-1 573		13 225
Income tax				-2 755		-2 755
PROFIT (LOSS) FOR THE PERIOD				-4 328		10 470

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



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

SOLVENCY, EUR 1 000

	CRR 31 March 2016 eQ Group	CRR 31 Dec. 2015 eQ Group
Own capital	55 073	70 001
Common equity tier 1 (CET 1) before deductions	55 073	70 001
Deductions from CET 1		
Intangible assets	-29 751	-29 882
Unconfirmed profit for the period	-3 251	-10 470
Dividend proposal by the Board*	0	-7 894
Common equity tier 1 (CET1)	22 071	21 755
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	22 071	21 755
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	22 071	21 755
Risk-weights, total	114 446	110 066
of which credit risk	63 205	58 577
of which market risk - currency risk	5 163	5 411
of which operative risk	46 078	46 078
Common equity tier 1 (CET1) / risk-weights, %	19.3%	19.8%
Tier 1 (T1) / risk-weights, %	19.3%	19.8%
Total capital (TC) / risk-weights, %	19.3%	19.8%
Minimum solvency ratio, %	32.6%	35.5%

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



GROUP KEY RATIOS

	31 March 2016	31 March 2015	31 Dec. 2015
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	3 251	1 990	10 470
Earnings per average share, EUR	0.09	0.05	0.29
Diluted earnings per average share, EUR	0.09	0.05	0.28
Equity per share, EUR	1.50	1.68	1.91
Equity per average share, EUR *)	1.50	1.68	1.91
Return on investment, ROI % p.a.	20.8	11.4	14.2
Return on equity, ROE % p.a.	20.8	11.4	14.2
Equity to assets ratio, %	64.7	69.2	86.5
Cost/income ratio, Group, %	55.0	59.8	55.1
Share price at the end of the period, EUR	5.67	5.15	6.50
Market value, EUR million	208.2	189.1	238.7
Number of personnel at the end of the period	84	80	81

*) Weighted average number of shares outstanding.

REMAINING COMMITMENTS

On 31 March 2016, eQ's remaining commitments in private equity funds totalled EUR 12.5 million (EUR 10.3 million on 31 Dec. 2015). Other commitments at the end of the period totalled EUR 2.8 million (EUR 2.9 million on 31 Dec. 2015).