

**TAALERI PLC
FINANCIAL STATEMENTS**



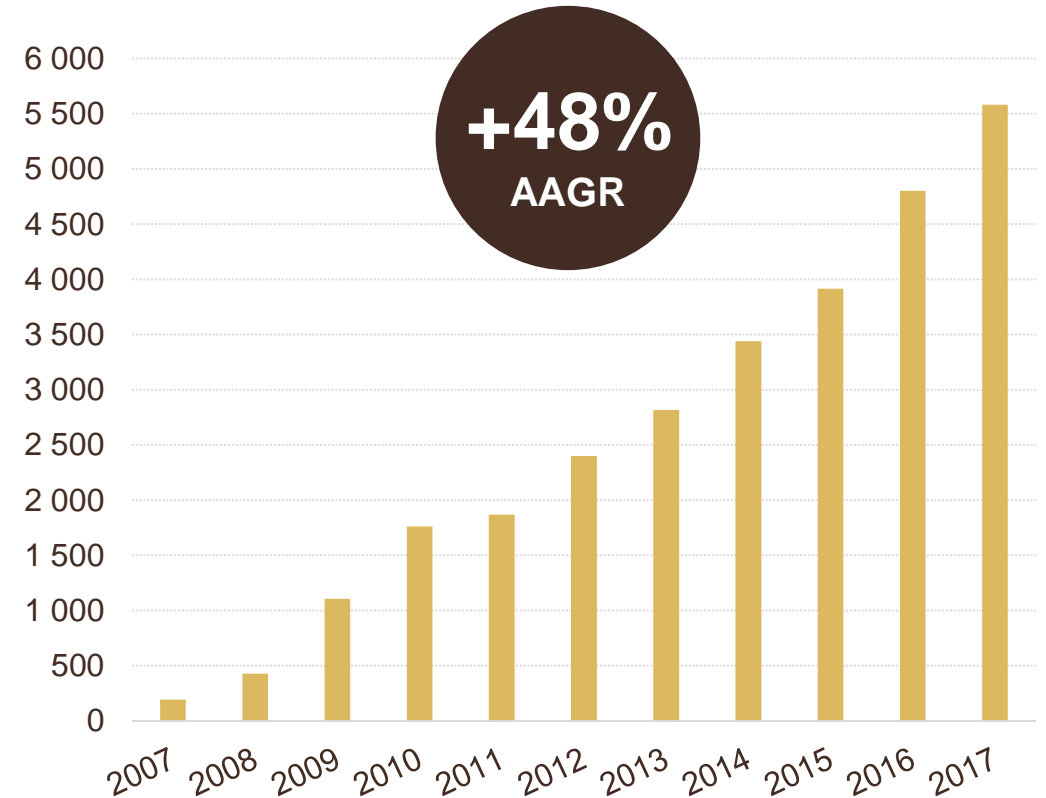
JUHANI ELOMAA | CEO | 15 FEBRUARY 2018

Ownership
IS FOR EVERYONE.

TAALERI'S MISSION IS TO INVEST ITS CLIENTS' FUNDS IN ATTRACTIVE GROWTH OPPORTUNITIES GLOBALLY

- Taaleri is a Finnish financial group founded in 2007. Taaleri plc, the parent company, is listed on the Nasdaq Helsinki stock exchange. Members of the Board of Directors and employees own directly or indirectly over 50% of the company's shares.
- Three business segments:
 - Wealth Management
 - Financing
 - Energy
- 180 staff provide services to institutional investors, corporates and private individuals from 7 offices.
- At the end of 2017, Taaleri had 5.6 EUR billion of assets under management.
- The operations of Taaleri are supervised by the Finnish Financial Supervisory Authority.

ASSETS UNDER MANAGEMENT



TAALERI GROUP STRUCTURE

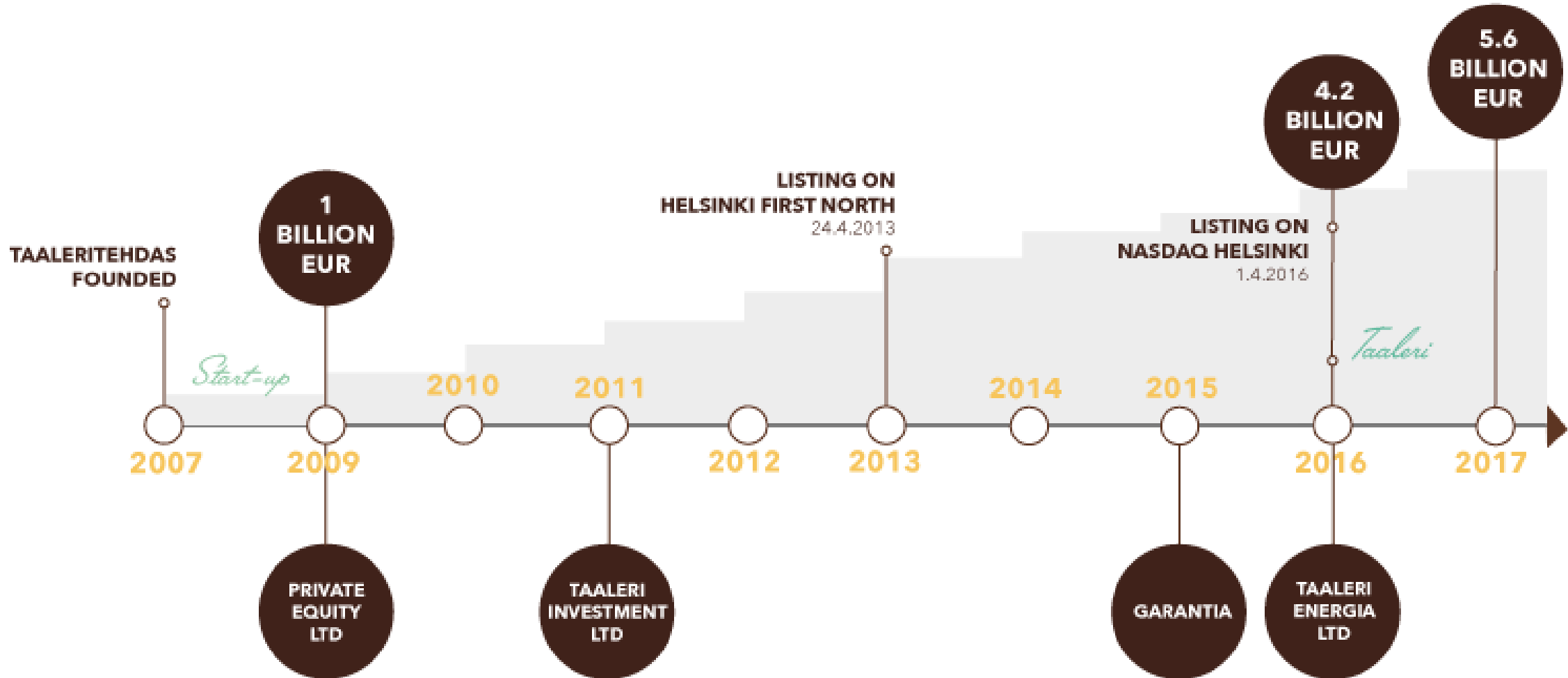


MISSION

Taaleri operates actively in the capital markets, seeking investment opportunities. The goal is value growth.

Taaleri utilises its structure and, if necessary, changes and renews it in order to grow its business.

TAALERI IS A FULL SERVICE WEALTH MANAGEMENT COMPANY



UPDATED LONG-TERM OBJECTIVES FOR THE GROUP

STRATEGIC OBJECTIVES

- Strong but controlled growth
 - Growth in AuM and clientele
 - Profitable growth in insurance premiums
 - Strong growth in investments in energy projects
 - Increasing profitability

FINANCIAL OBJECTIVES

- >20% profit margin
- >15% ROE over a long period
- >30% equity ratio
- Growing and competitive dividend*
- Segment specific growth targets

*taking into account the company's financial and financing situation as well as the expiration of the special permission by the Finnish Financial Supervisory Authority regarding the capital adequacy requirement.

RESULT OVERVIEW

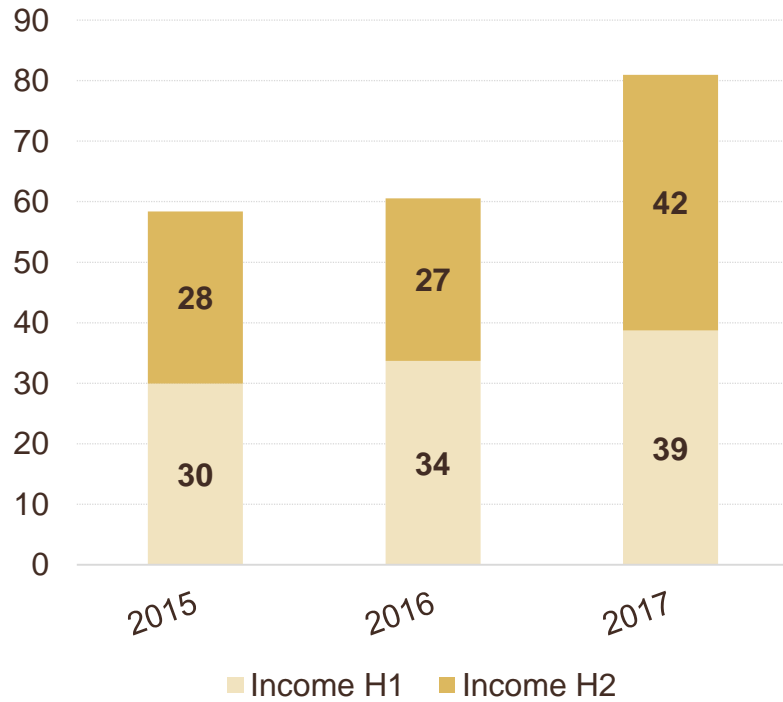
- Continuing earnings grew by 22.8 percent to EUR 48.9 million (2016: 39.9)
- The Group's income grew by 33.7 per cent to EUR 81.0 million (EUR 60.6)
- The Group's assets under management grew by 16.3 per cent to EUR 5.6 billion (12/2016: 4.8)
- The Group's operating profit increased by 69.0 per cent to EUR 27.6 million (16.3)
- Operating profit margin 34.1 per cent (27.0)
- Earnings per share were EUR 0.76 (0.45)
- Success both in mutual and private equity funds in Wealth management
- Strong growth in earned premiums and net income from investment operations on a decent level in Financing segment
- Successful launch of the first international Aurinkotuuli solar and wind fund, and two remarkable deals made in renewable energy
- Taaleri turned 10 years old and gained 1,200 new shareholders

TAALERI H2/2017

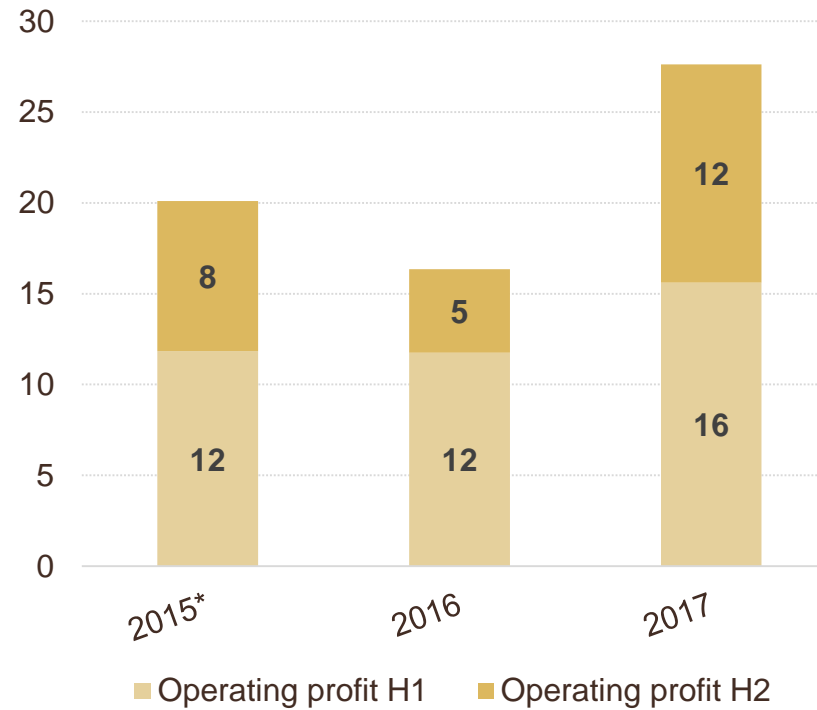
- Continuing earnings grew by 19.1 per cent to EUR 23.9 million (H2/2016: 20.0)
- The Group's income grew by 57.1 per cent to EUR 42.3 million (EUR 26.9)
- The Group's assets under management grew by 10.6 per cent to EUR 5.6 billion (H1/2017: 5.3)
- The Group's operating profit increased remarkably to EUR 12.0 million (4.6)
- Operating profit margin 28.4 per cent (17.1)
- Earnings per share were EUR 0.32 (0.12)
- Wealth Management: Continuing earnings grew by 21 percent to EUR 17.6 million (14.6) and income 57 per cent to EUR 30.7 million (19.5)
- Financing: Gross premiums written grew by 16.8 per cent to EUR 7.9 million (6.7), and realised net income from investment operations was EUR 5.5 million (2.0) and total income EUR 10.1 million (6.5)
- Energy: Two new remarkable deals made in renewable energy

GOOD RESULTS AND GROWTH CONTINUES

INCOME, MEUR

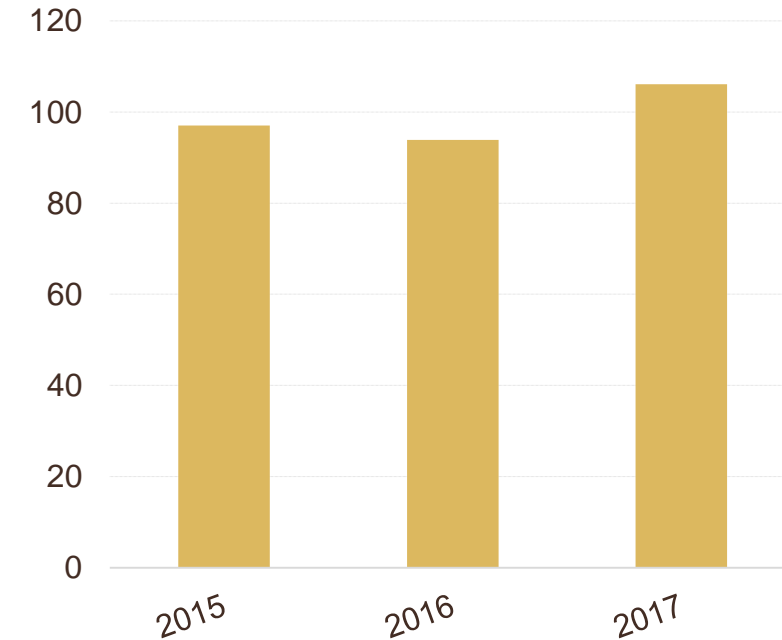


OPERATING PROFIT, MEUR



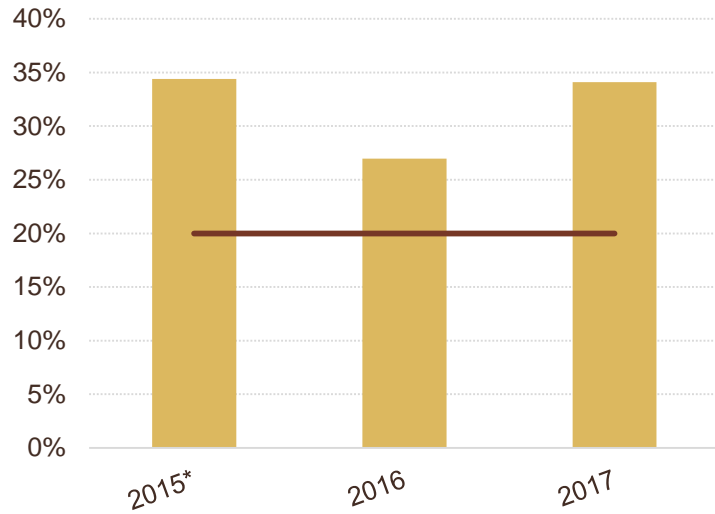
*) Adjusted operating profit

EQUITY, MEUR

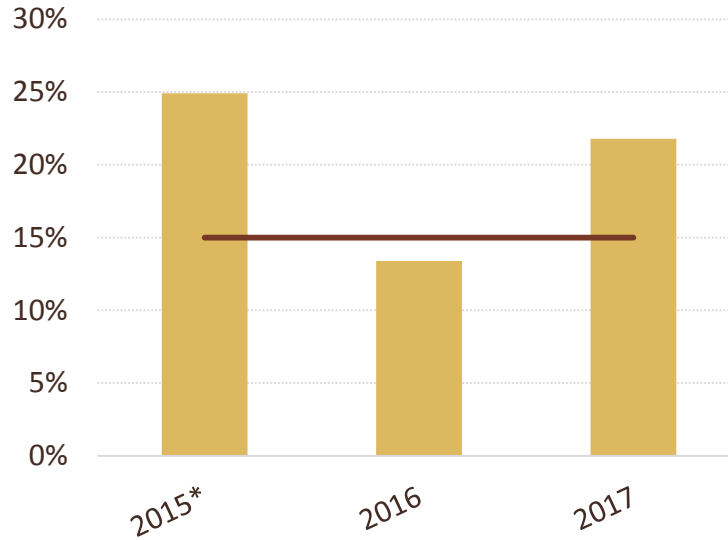


FINANCIAL PERFORMANCE

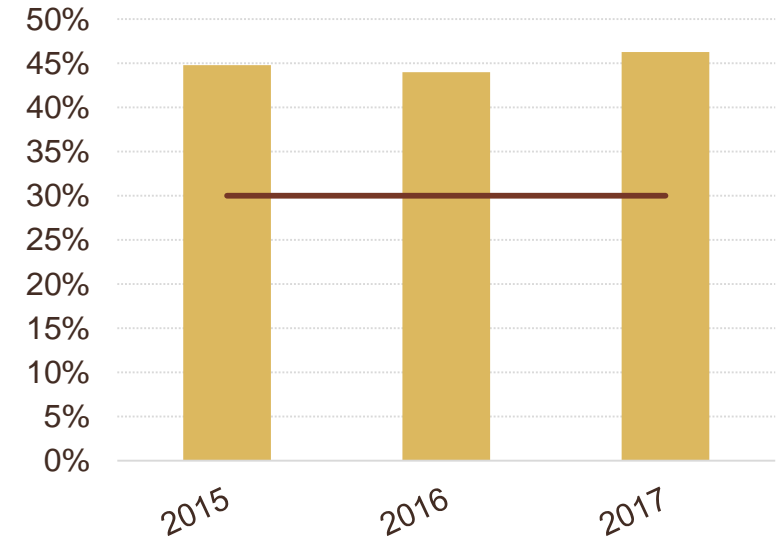
OPERATING PROFIT, %



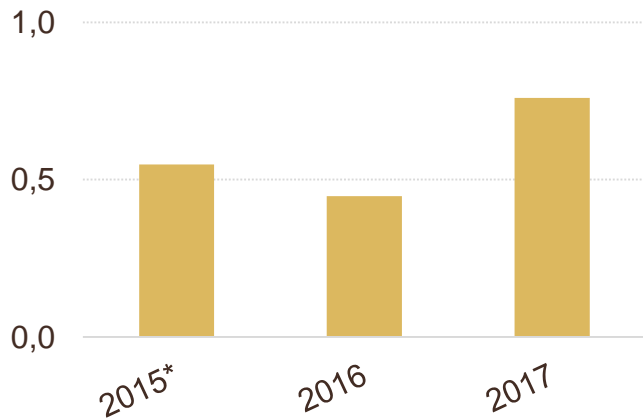
RETURN ON EQUITY, %



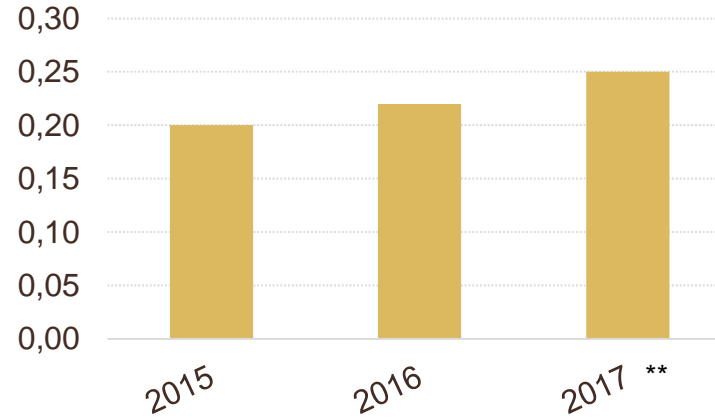
EQUITY RATIO, %



EARNINGS PER SHARE, EUR



DIVIDEND/SHARE, EUR



— Financial Objectives in 2017

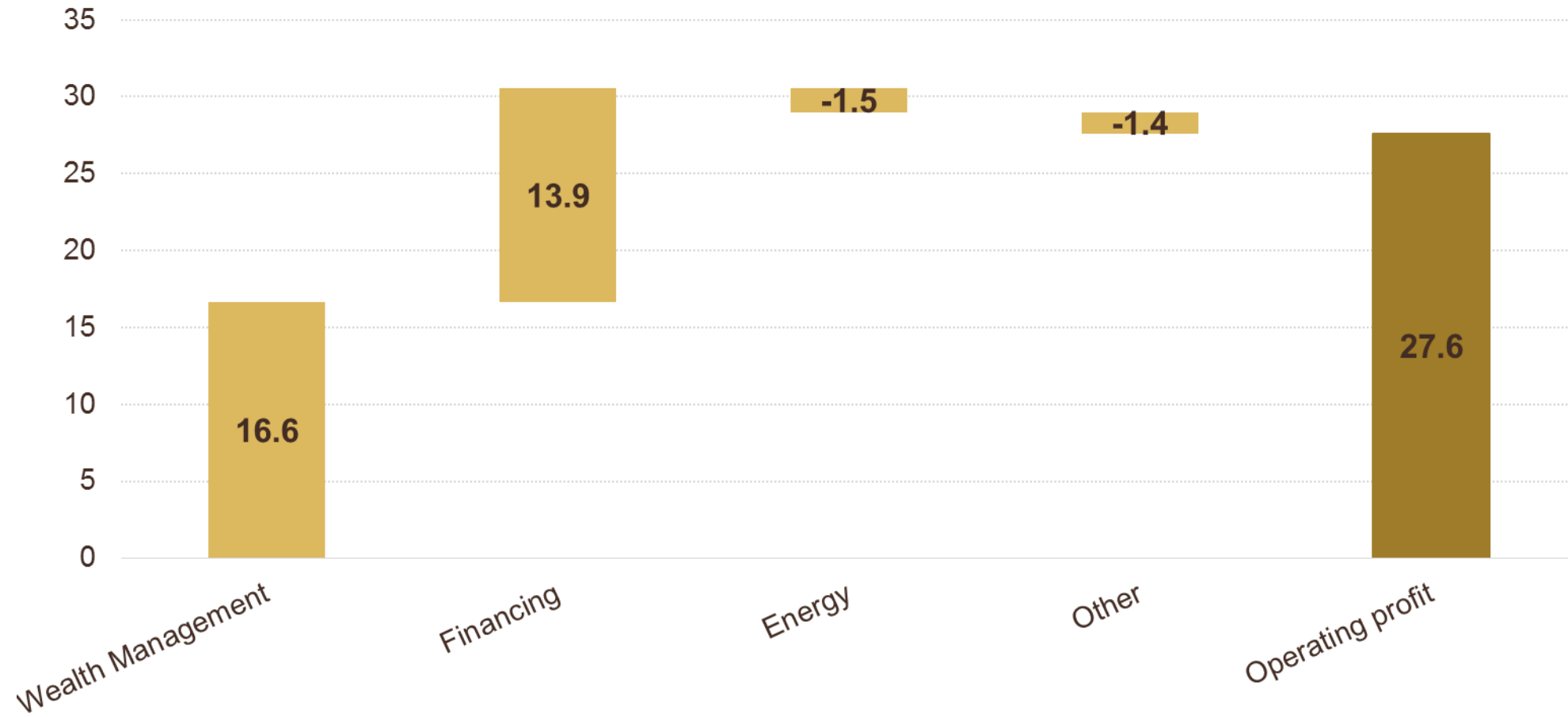
* Adjusted

** Proposal by the BoD

KEY FIGURES

The Group's realised financial objectives	FY 2017	FY 2016	Change %	Objec- tive	H2 2017	H2 2016	Change %
Operating profit, EUR million	27.6	16.3	69.0	-	12.0	4.6	161.5
Operating profit, %	34.1	27.0		> 20.0	28.4	17.1	
Profit for the financial period, EUR million	21.8	12.8	70.6	-	9.3	3.6	158.0
Return on equity, %	21.8	13.4		> 15.0	18.2	7.9	
Equity ratio	46.3	44.0		> 30.0	46.3	44.0	
Conglomerate's capital adequacy ratio, %	251.2	268.9		> 150.0	251.2	268.9	
Financial targets of segments							
Growth in assets under management, %	16.5	23.1		> 15.0	10.7	28.0	
Growth in gross premiums written, %	24.7	21.9		> 15.0	16.8	21.6	

OPERATING PROFIT BY SEGMENTS



WEALTH MANAGEMENT SEGMENT

YEAR 2017

WEALTH MANAGEMENT 2017

- The segment consists of Taaleri Wealth Management Ltd. and its subsidiaries as well as Taaleri Private Equity Funds Group and Taaleri Kapitaali
- The income of the segment increased by 47 per cent to EUR 54.6 (37.1) million
- The continuing fees of the segment grew by 26 per cent to EUR 35.7 (28.3) million
- Mutual and private equity funds generated excellent result, the performance fees grew significantly to EUR 15.8 (5.8) million
- Other administrative costs (excl. personnel) grew by six per cent
- The operating profit for the segment grew by 170 percent to EUR 16.6 million (6.2)
- The number of customers increased to 4,400 (3,900)
- Assets under management grew by 17 percent to EUR 5.5 billion (4.7), strong growth in mutual and private equity funds as well as in discretionary wealth management
- Taaleri invested more than 1.3 billion euro in Finland through its real estate, forest and wind power funds

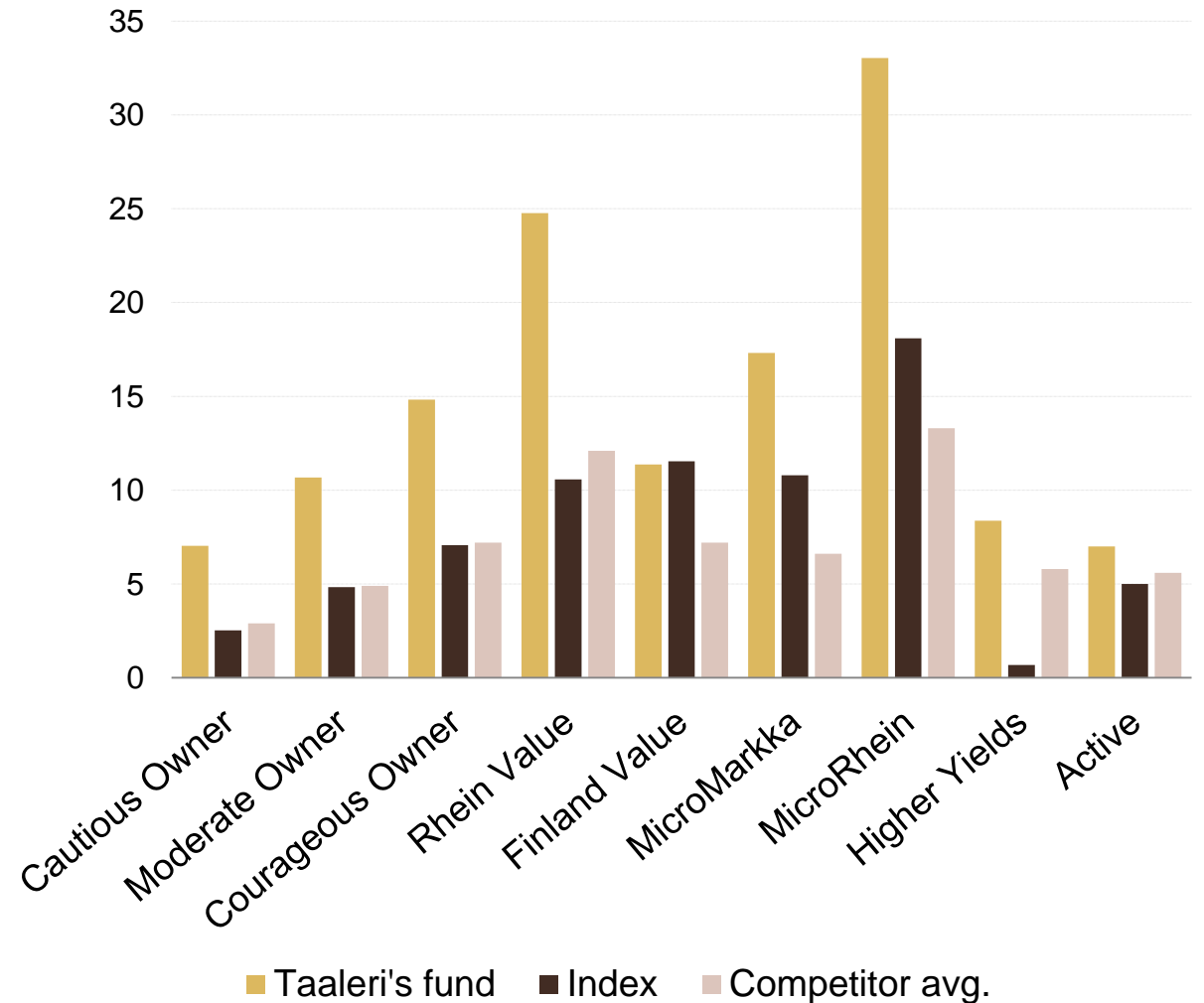
CHANGES IN MANAGEMENT AND ORGANISATION 1 JAN 2018

- The changes are aimed at streamlining operations and creating an operating model that more strongly supports core processes
- Taaleri's processes are built around managing customer relationships and product development
- Samu Lang, formerly Taaleri's CIO, Director, Markets and Portfolio Management, was appointed Head of the Wealth Management segment and a member of the Executive Board
- Petri Lampinen, Head of Customer Relationships in Taaleri's Wealth Management segment, continues in his position and as a member of the Executive Board
- Heikki Nystedt was appointed Taaleri's Head of Product and Service Development
- Jorma Alanne, formerly Head of the Wealth Management segment, moved to Taaleri Investments Ltd with responsibility for Taaleri's partnerships, mergers and acquisitions

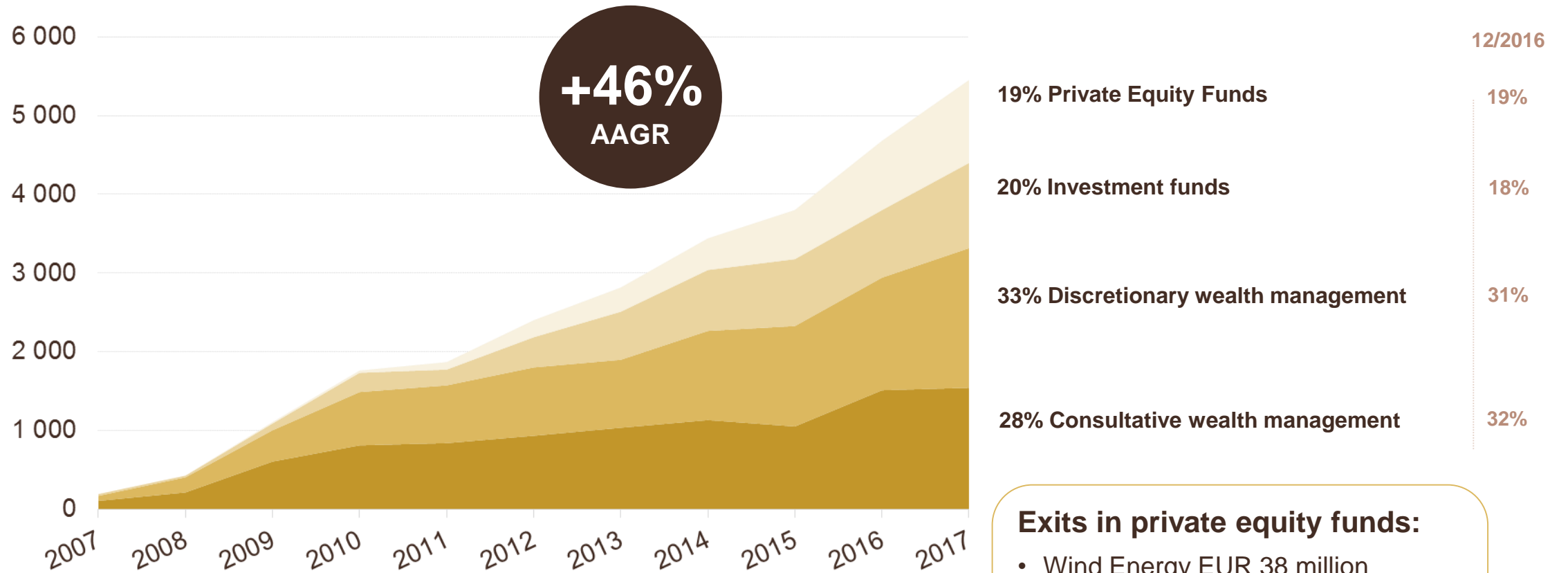
THE SUCCESS OF OUR MUTUAL FUNDS

- 13 out of Taaleri's 19 mutual funds beat their indices
- Morningstar ratings of Taaleri's best funds:

Active	★★★★★
Nordic Value	★★★★★
Finland Value	★★★★★
Micro Markka	★★★★★
Allocation 25	★★★★
Allocation 50	★★★★
Higher Yields	★★★★
Fixed Income Allocation	★★★★
Optimal Allocation	★★★★



DEVELOPMENT OF ASSETS UNDER MANAGEMENT

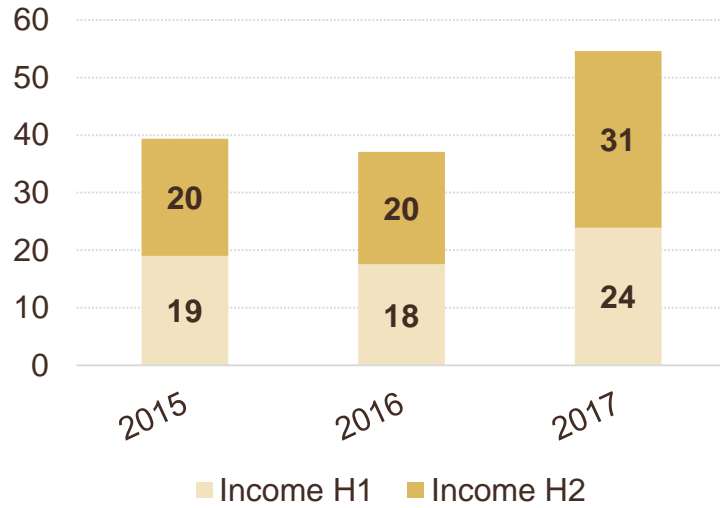


Exits in private equity funds:

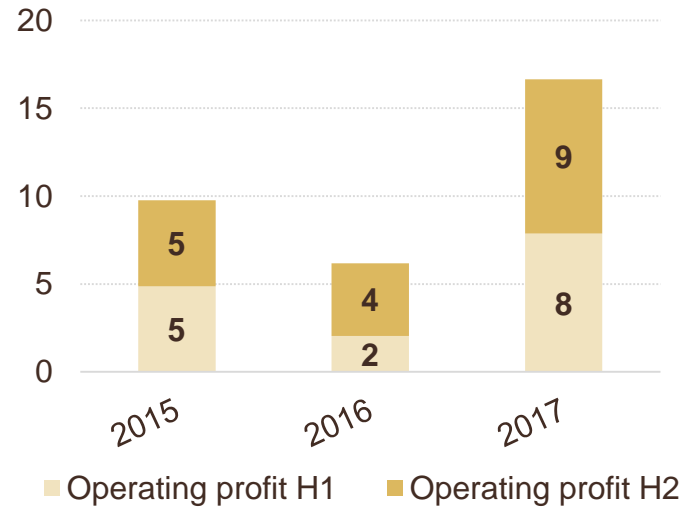
- Wind Energy EUR 38 million
- Biogas EUR 50 million
- Housing EUR 144 million
- Mattiovi EUR 18 million
- Forest fund I EUR 52,5 million

WEALTH MANAGEMENT KEY FIGURES

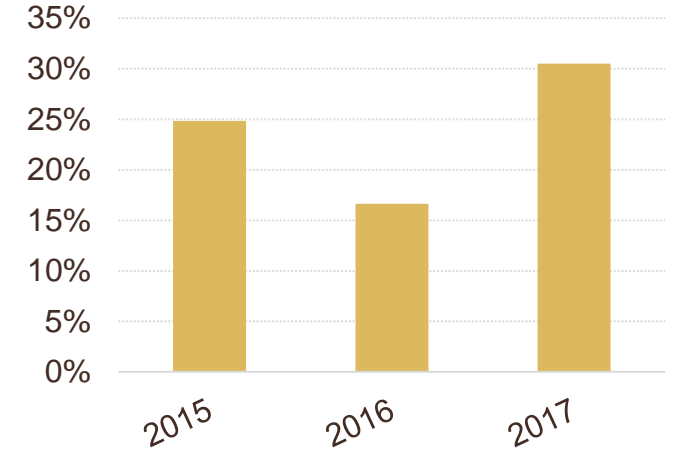
INCOME, MEUR



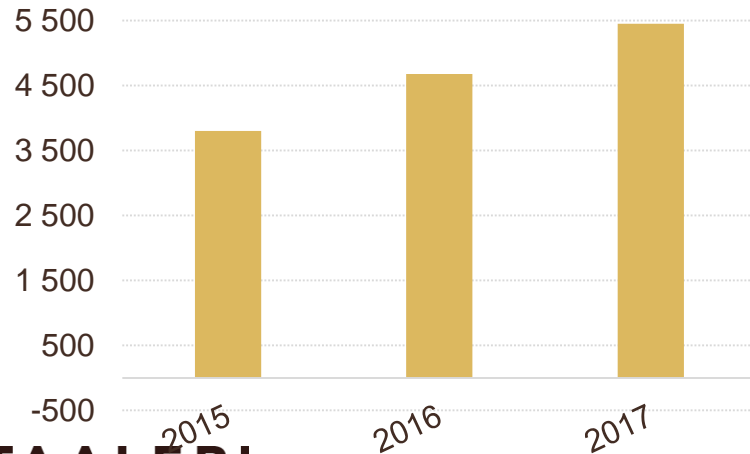
OPERATING PROFIT, MEUR



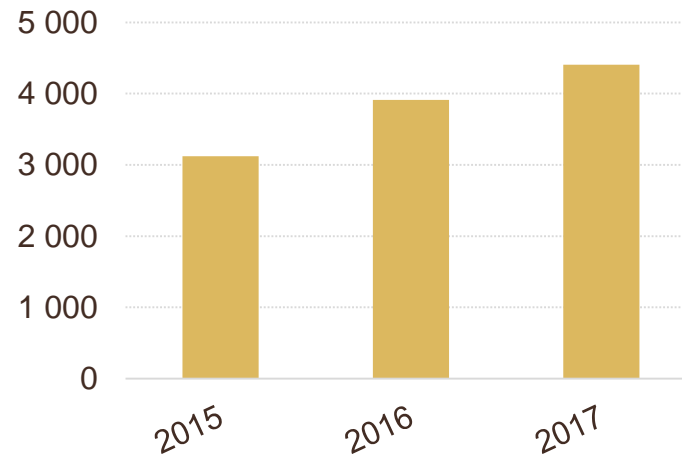
OPERATING PROFIT, %



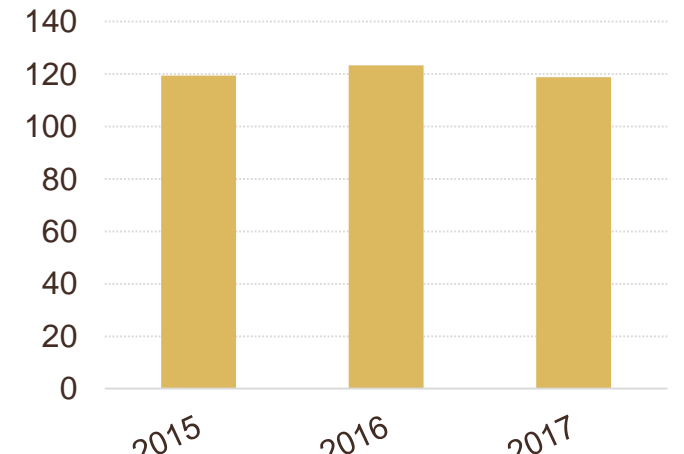
ASSETS UNDER MANAGEMENT, MEUR



CUSTOMERS



EMPLOYEES



INCOME, RESULT AND ASSETS UNDER MANAGEMENT IN WEALTH MANAGEMENT

WEALTH MANAGEMENT FEES	FY 2017	FY 2016	Change %	H2 2017	H2 2016	Change %
EUR million						
Wealth Management fees	35.7	28.3	26.1	17.6	14.6	20.8
Performance fees	15.8	5.8	173.4	10.1	2.0	407.4
Investment operations	3.1	3.0	3.4	3.1	3.0	3.4
Total	54.6	37.1	47.3	30.7	19.5	57.5
Operating profit	16.6	6.2	169.8	8.8	4.1	113.0
Average full-time personnel	119	123	-3.6	119	127	-7.1
ASSETS UNDER MANAGEMENT						
EUR million						
Assets under management	5 451	4 678	16.5			
Mutual funds	1 083	857	26.4			
Private equity funds	1 052	880	19.6			
Discretionary wealth management	1 772	1 431	23.8			
Consultative wealth management	1 544	1 511	2.2			

FINANCING SEGMENT

YEAR 2017

FINANCING 2017

- The segment consists of Garantia Insurance Company Ltd
- Earned premiums grew by 25 per cent to EUR 15.2 million (12.2) and insurance exposure by 13 per cent to EUR 1.5 billion
- Income increased 76.4 per cent to EUR 21.8 million (12.3), consisting of net income from guaranty insurance operations of EUR 9.8 million (8.7) and realised net income from investment operations of EUR 11.9 (3.6) million
- The balance on the technical account was good. The claims ratio was 10 (12) per cent and the combined ratio was 60 (64) per cent
- The return on investments at fair value was excellent at 6.6 (5.8) per cent
- Capital adequacy remained steady and the solvency ratio was 394 (435) per cent
- Rating: A- with stable outlook (S&P 19 December 2017)

GARANTIA SECURING OWNERSHIP

Garantia is

Garantia is a Finnish growth company operating in the finance sector and specialising in guaranty services.

We are part of the Taaleri Group.

Trustworthy and well established partner.

A- (S&P)

Garantia offers

Loan guaranties and bond arrangements for businesses.

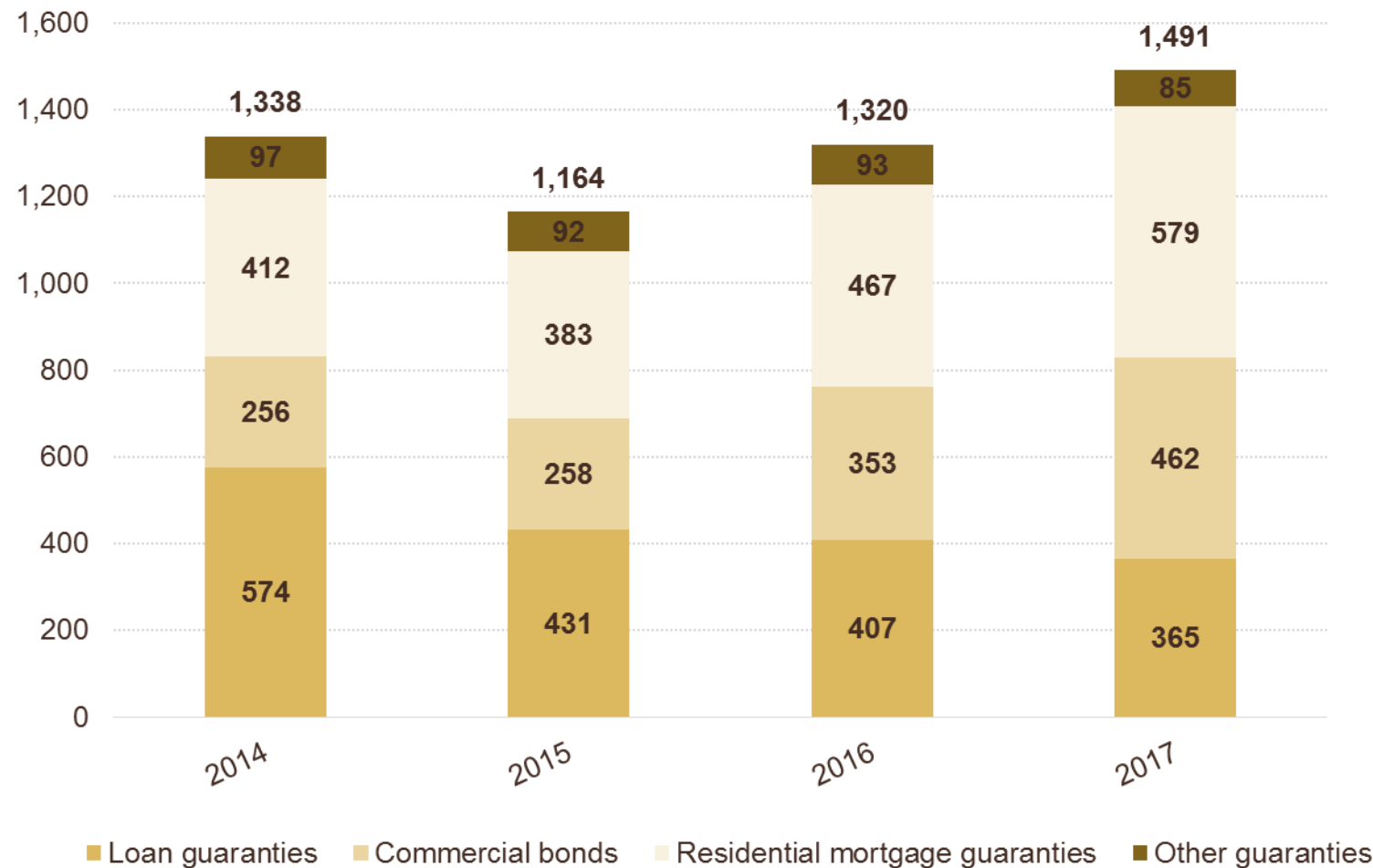
Residential mortgage and investment guaranties for consumers through its partners.

Support and risk-sharing opportunities in financing and investment decisions.

Garantia key figures	2017	2016	Change%
Premiums written, EUR million	15.2	12.2	24.7
Own assets, EUR million	106.8	100.9	5.8
Combined ratio, %	60.3	64,1	
Guaranty insurance portfolio, EUR billion	1.5	1,3	13.0
Solvency ratio, %	394	435	
Credit Rating S&P	A-	A-	

INSURANCE EXPOSURE

INSURANCE PORTFOLIO BY PRODUCT TYPE, MEUR



GARANTIA KEY FIGURES, IFRS

FINANCING, EUR million	FY 2017	FY 2016	Change, %	H2 2017	H2 2016	Change, %
Net income from guaranty insurance operations	9.8	8.7	12.7	4.5	4.6	-0.6
Net income from investment operations	11.9	3.6	230.2	5.5	2.0	180.9
Income	21.8	12.3	76.4	10.1	6.5	54.0
Operating expenses	-7.8	-7.7	1.9	-4.1	-4.3	-4.8
Operating profit before valuations	13.9	4.6	200.5	6.0	2.3	165.4
Change in fair value of investments	-3.6	3.1	-217.6	-1.4	3.0	-145.1
Result at fair value before tax	10.3	7.7	33.9	4.6	5.3	-11.7
Claims ratio, %	10.1	12.4	-2.3 % pts.	16.4	14.8	1.6 % pts.
Expense ratio, %	50.1	51.7	-1.6 % pts.	51.9	54.7	-2.8 % pts.
Combined ratio, %	60.3	64.1	-3.8 %pts.	68.4	69.5	-1.1 % pts.
Return on investment at fair value, %	6.6	5.8	0.8 %pts.	3.2	4.2	-1.0 % pts.
Average full-time personnel	25	21		24	22	

ENERGY SEGMENT

YEAR 2017

TAALERI EXPANDS ITS INTERNATIONAL OPERATIONS

- New energy segment founded 1 July 2016
- Taaleri is Finland's second largest wind power producer
- Taaleri's private equity funds have invested EUR 600 million in renewable energy
- Aiming to increase international energy investments to over EUR 1.5 billion in 3 years
- During the early part of the year, Taaleri succeeded in launching the international Aurinkotuuli fund, for which capital exceeding EUR 87 million was collected.
- Aurinkotuuli agreed to invest in two international energy projects with leading energy-industry operators.

**TARGET:
1.5 B€
TO ENERGY
FUNDS**

**INTERNATIONAL
PROJECTS
OF 20-100 M€**

**Development
Management**

**Construction
Management**

**Technical and
Commercial
Management**

ČIBUK 1 ON COMPLETION WILL BE SERBIA LARGEST WIND FARM

- Together with its partner Masdar, Taaleri is constructing Čibuk 1, which will be Serbia's largest wind farm. Masdar is one of the world's leading renewable energy operators
- The project is the first investment of the Aurinkotuuli fund
- The wind farm's power generation capacity will be 158 MW, and it will consist of 57 turbines
- The wind farm is expected to generate 475 GWh of electricity per year. The wind farm is expected to be fully operational in 2019

Čibuk 1 lyhyesti	
Location	Serbia, 50 km east of Belgrad
Turbines	57 units manufactured by GE Renewable Energy
Energy production capacity	158 MW
Height	110 m
Rotor diameter	120 m
Energy production	475 GWh / year
Ownership	Joint ownership with Masdar and DEG
Financing	European Bank, IFC, Finnfund
Completion	Construction ongoing, expected completion in 2019



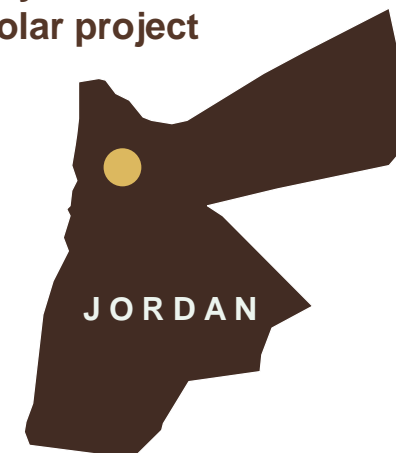
BAYNOUNA IS JORDAN'S LARGEST SOLAR ENERGY PROJECT

- In December 2017, Taaleri acquired a 30% ownership share of the Baynouna solar energy project in Jordan.
- Baynouna is a joint investment with Abu Dhabi Future Energy Company (Masdar). Baynouna is the second successful joint project between Taaleri and Masdar.
- Taaleri invests in the project through Aurinkotuuli, the Taaleri-managed investment fund.
- The Baynouna project is Taaleri Aurinkotuuli's first investment in solar energy production.

Baynouna solar power plant

Location	Jordan, 30 km east of Amman
Electricity production capacity	200 MW / 248 MWp
Area	600 ha
Energy production capacity	570 GWh / year
Ownership	Joint ownership with Masdar. Taaleri's share 30%
Financing	IFC
Completion	Construction 2018-2019. Completed in 2020

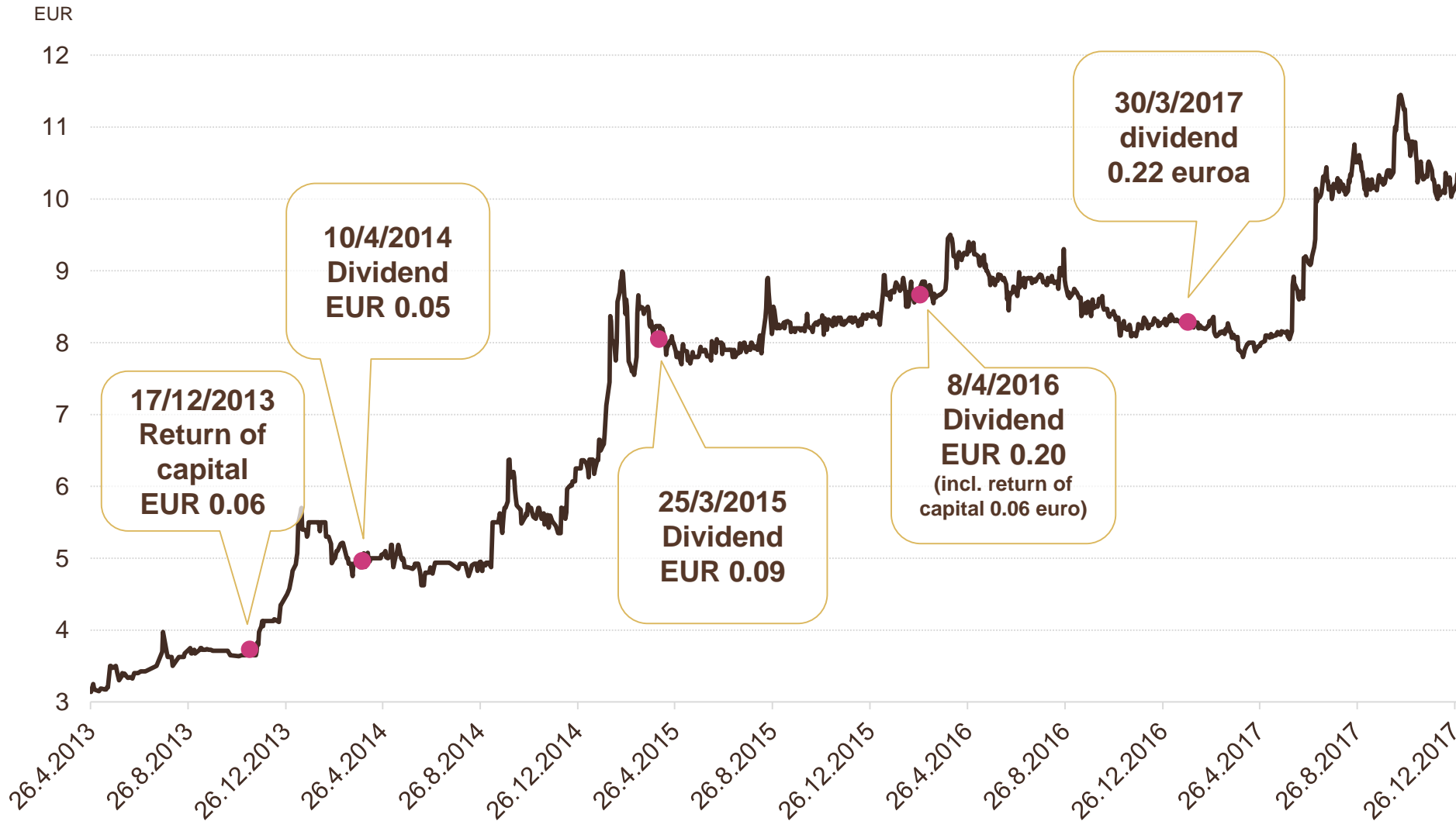
Baynouna Solar project



TAALERI SHARE

YEAR 2017

TAALERI SHARE PRICE DEVELOPMENT 31/12/2017



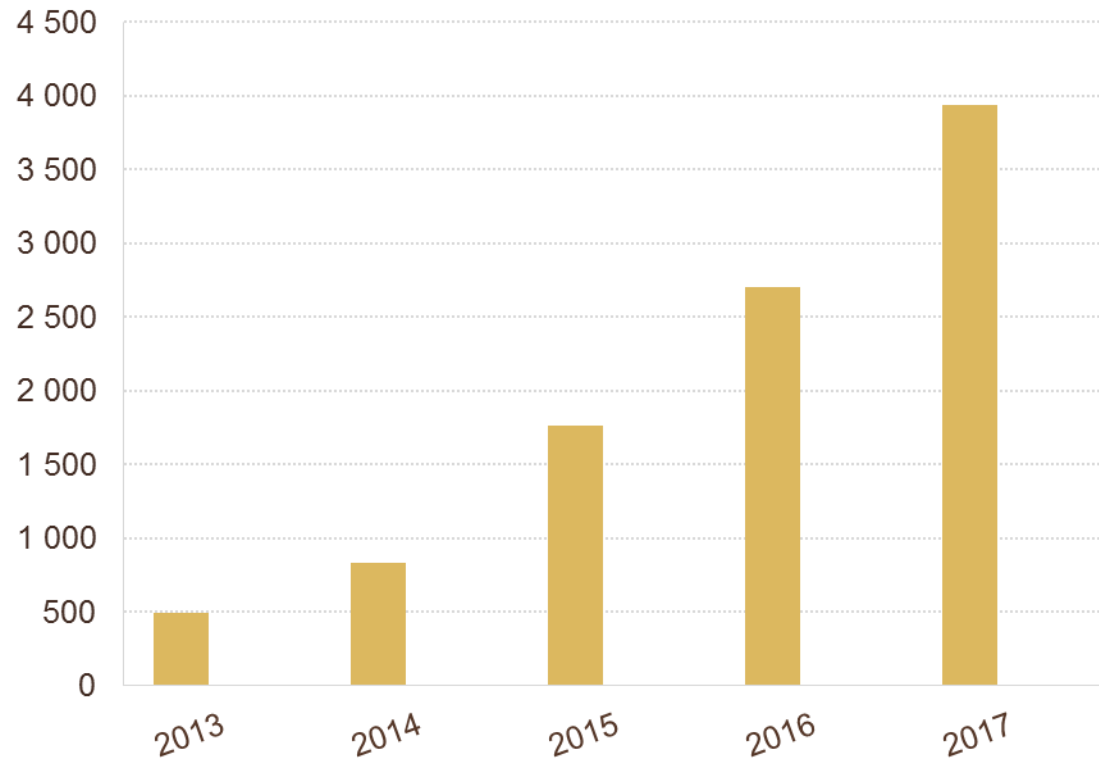
Market cap
31 December
2017:
293
EUR
million

Owners
31 December
2017:
3,900

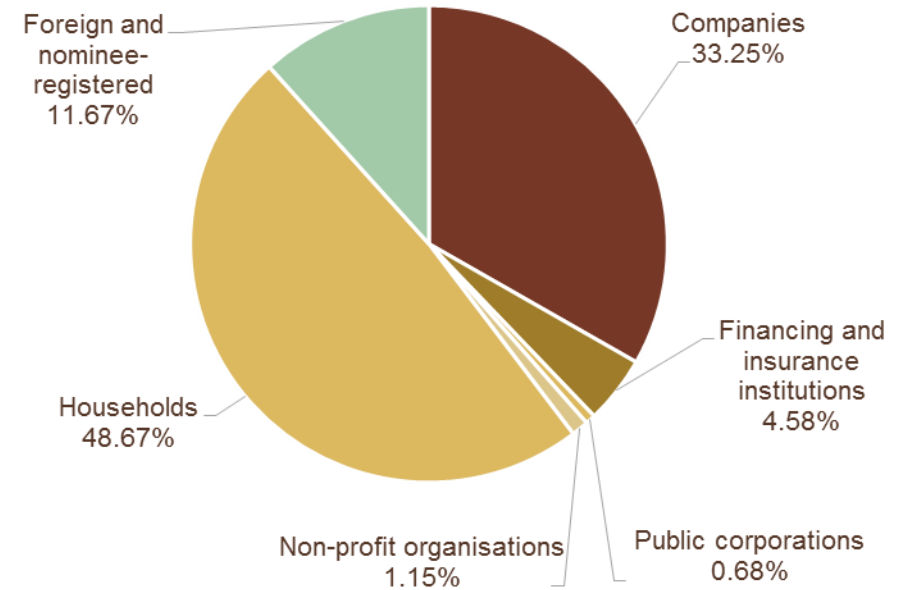
Share price
31 December
2017:
10.35
€

TAALERI SHAREHOLDERS

SHARE HOLDERS



Distribution of ownership



2017 FIGURES

TAALERI CONSOLIDATED INCOME STATEMENT

EUR 1,000	FY2017	FY2016	H2/2017	H2/2016
Continuing earnings	48,947	39,871	23,868	20,048
Performance fees	15,806	5,781	10,061	1,983
Sales profits	16,820	15,085	8,717	4,925
Total income	81,572	60,738	42,646	26,956
Fee and commission expense	-6,391	-4,323	-3,852	-2,188
Interest expense	-3,133	-2,307	-1,519	-1,095
Personnel costs	-29,304	-22,383	-16,886	-11,778
Direct expenses	-13,818	-14,057	-7,635	-6,492
Depreciation, amortisation and impairment	-1,316	-1,388	-746	-812
Impairment losses on receivables	-	60	-	-
Operating profit before valuations	27,611	16,340	12,008	4,592
Change in fair value of investments	-3,739	3,887	-1,357	3,843
Profit before taxes and non-controlling interests	23,872	20,226	10,650	8,435

Operating profit
34.1%

TAALERI CONSOLIDATED BALANCE SHEET

Assets

EUR 1,000	31/12/2017	31/12/2016
Receivables from credit institutions	34,567	55,148
Receivables from the public and general government	6,598	6,919
Debt securities	-	100
Shares and units	25,883	7,353
Participating interests	7,606	4,185
Derivative instruments	-	28
Insurance assets	135,586	126,202
Intangible assets	2,205	2,514
Tangible assets	361	503
Other assets	10,081	4,846
Accrued income and prepayments	5,322	4,898
Deferred tax assets	1,113	566
	229,322	213,262

Liabilities

EUR 1,000	31/12/2017	31/12/2016
LIABILITIES	123,238	119,412
Liabilities to credit institutions	7,982	8,967
Debt securities issued to the public	54,758	64,691
Insurance liabilities	20,336	14,998
Other liabilities	2,131	1,411
Accrued expenses and deferred income	22,143	12,494
Deferred tax liabilities	15,887	16,852
EQUITY CAPITAL	106,084	93,850
	229,322	213,262

TAALERI KEY FIGURES

KEY FIGURES	FY 2017	FY 2016	H2 2017	H2 2016
Earnings per share, EUR	0.76	0.45	0.32	0.12
Return on equity, %	21.8	13.4	18.2	7.9
Return on equity at fair value, %	19.1	16.5	16.6	14.4
Return on assets, %	9.8	5.9	8.4	3.7
Cost/Income ratio, %	66.2	73.2	71.8	83.0
P/E, EUR	13.7	18.4	16.1	33.1
Number of employees, avg	184	179	183	184
Equity ratio, %	46.3	44.0		
Equity/share, EUR	3.73	3.30		
Investments, EUR	165.8	135.1		
Total assets, EUR	229.3	213.3		
Net gearing, %	7.7	17.1		
Share closing price, EUR	10.35	8.24		
Market capitalization, EUR million	293.0	233.2		



TAALERI

RICHNESS IS LIFE.