

**TAAALERI**

**FINANCIAL STATEMENTS  
BULLETIN**

JANUARY-DECEMBER 2020

**TAAALERI**

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## **STRONG SECOND HALF OF YEAR – OPERATING PROFIT INCREASED BY 46 PER CENT TO EUR 14.8 MILLION**

### **The Group in July–December 2020**

- Income increased by 18.5 per cent to EUR 43.3 (36.3) million.
- Continuing earnings decreased 1.8 per cent to EUR 30.2 (30.7) million. The continuing earnings of Wealth Management decreased by 12 per cent to EUR 18.6 (21.2) million mainly due to the lower transaction-based income. The continuing earnings of the Energy segment increased by 57 per cent to EUR 5.1 (3.2) million and the continuing earnings of the Insurance segment increased by 17 per cent to EUR 7.7 (6.6) million.
- Performance fees were EUR 4.9 (5.6) million.
- Income from investment operations was EUR 8.2 (-0.1) million.
- Operating profit increased by 46.2 per cent to EUR 14.8 (10.1) million, or 34 (28) per cent of income.
- Earnings per share were EUR 0.46 (0.21).

### **The Group in January–December 2020**

- Income increased by 3.3 per cent to EUR 69.5 (67.2) million.
- Continuing earnings grew 7.1 per cent to EUR 59.2 (55.3) million. The continuing earnings of Wealth Management decreased by 3 per cent, but the continuing earnings from assets under management increased by 8 per cent. The continuing earnings of the Energy segment doubled to EUR 9.2 (4.6) million and the Insurance segment's continuing earnings increased by 21 per cent to EUR 14.6 (12.1) million.
- Performance fees totalled EUR 7.1 (5.2) million.
- Income from investment operations was EUR 3.2 (6.7) million.
- Operating profit increased by 6.6 per cent to EUR 17.6 (16.5) million, or 25.3 (24.5) per cent of income.
- Earnings per share were EUR 0.46 (0.39).
- Assets under management grew 7.3 per cent to EUR 7.6 (7.1) billion.
- Insurance exposure totalled EUR 1.8 (1.8) billion.
- The Board of Directors' proposes a dividend of EUR 0.32 per share for 2020. The Board of Directors' has decided that the unpaid dividend of EUR 0.16 for 2019 will not be paid.

## Group key figures

	H2/2020	H2/2019	2020	2019	Long-term target
<b>Earnings key figures</b>					
Continuing earnings, MEUR	30.2	30.7	59.2	55.3	
Growth in continuing earnings, %	-1.8	22.2	7.1	6.3	> 15.0
Income, MEUR	43.1	36.3	69.4	67.2	
Operating profit, MEUR	14.8	10.1	17.5	16.5	
Operating profit, %	34.3	27.8	25.3	24.5	> 20.0
Profit for the period, MEUR	11.7	6.6	13.1	11.5	
Return on equity*, %	18.5	10.9	10.1	9.3	> 15.0
<b>Balance sheet key figures</b>					
Equity ratio, %			49.7	46.6	> 30.0
Group's capital adequacy ratio, %			216.2	207.4**	
<b>Per share key figures</b>					
Earnings/share, EUR	0.42	0.21	0.46	0.39	
Equity/share, EUR			4.75	4.45	
Share closing price, EUR			8.12	8.42	
<b>Other key figures</b>					
Cost/income ratio excluding investment operations	79.9	70.8	76.7	83.7	
Cost/income ratio	65.9	70.6	74.6	74.7	
Number of full-time employees, average	195	183	192	186	
Market capitalization, MEUR			229.8	238.3	
Assets under management, BEUR			7.6	7.1	
Guaranty insurance portfolio, BEUR			1.8	1.8	

\* Annualized

\*\* Capital adequacy ratio includes the Board of Director's dividend proposal for 2019, of which the Board of Directors has decided on 18 February 2021 not to distribute EUR 4.5 million

Income statement items are compared with figures for the corresponding period last year. The balance sheet is compared to the situation at the end of 2019, unless otherwise stated.



## CEO ROBIN LINDAHL

Taaleri's result for the second half of 2020 was strong, driven by the Energy and Insurance segments. From July to December, the Group's income increased by 18.5 per cent to EUR 43.3 million and operating profit by 46 per cent to EUR 14.8 million. The result was improved especially by investment returns, which strengthened towards the end of the year.

All in all, we can be satisfied with Taaleri's year in a challenging operating environment. The Group's income increased slightly to EUR 69.5 million, and operating profit increased to EUR 17.6 million, representing 25 per cent of income.

For the Wealth Management segment, the second half of the year was weaker than in the previous year due to the COVID-19 pandemic, but the trend took a positive turn towards the end of the year. Continuing earnings from assets under management grew, but continuing earnings other than those based on assets under management remained below the previous year's level. During July–December, assets under management took an upward turn, and in the last quarter sales increased to the best figures of the year. The segment's expense awareness remained good in the second half of the year.

I am especially pleased that in the SFR survey, institutional investors chose our wealth management as the best in Finland in challenger category. Particularly, investors appreciated our customer service, vision and resources.

Launched in June, our digital wealth management service specialising in impact investment has been well received by existing and new customers. The service offers all investors the opportunity to invest in new projects benefiting the environment and society through a wide-spread ETF portfolio.

In accordance with our strategy, we continued the development of our real estate business into a separate operational unit. Our goal is to significantly increase the assets under management of real estate funds by seeking growth in new scalable products and expanding the investor base. During the financial year we launched our first special investment fund that invests in real estate, called Taaleri Real Estate. The fund started its investment activities towards the end of the year by acquiring rental homes, which are among the safest real estate categories in the COVID-19 market environment.

The Energy segment had a strong year and its continuing earnings doubled from last year. The continuing earnings for the second half of the year increased by 57 per cent to EUR 5.1 million, and the operating result showed a profit. The SolarWind II fund, which invests in industrial-scale wind and solar power plants, reached EUR 320 million in investment commitments in November. The fund has been invested in by many major domestic and international institutional investors, and I am very proud of the international breakthrough achieved by our skilled Energy team. The fund will remain open to investors until June 2021, and its maximum size is EUR 400 million.

In the Insurance segment, Garantia turned in its best insurance technical result ever. In the second half of the year, the company's income increased by 26 per cent to EUR 13.6 million and operating profit by 39 per cent to EUR 9.2 million. The combined ratio for the financial year was 37 per cent and the excellent result was due to successful underwriting, low claims incurred and low operating expenses. The investment return increased towards the end of the year and was moderate, given the chosen level of risk. Garantia started underwriting residential mortgage guarantees with a new banking partner. The issuance of guarantees to OP Financial Group's mortgage customers began at the beginning of October.

The COVID-19 pandemic is not over, although vaccines promise to alleviate the situation this year. I would like to warmly thank our staff for their committed and hard work and our customers for their trust in us during these exceptional times. Despite the unpredictability of the operating environment, we are determined to continue developing and implementing the company's strategy. Our goal this year too is to offer our customers profitable investments for the benefit of the environment and society alike.

## OPERATING ENVIRONMENT

The COVID-19 pandemic had global public health and economic impacts in 2020. Central banks and governments responded to the crisis with rapid and substantial stimulus measures. Central banks lowered interest rates and launched bond purchase programmes which, despite the weak economic situation, kept financing conditions rather good and helped avert a global wave of bankruptcies. Governments introduced direct and indirect support measures. Investments in renewable energy were placed at the heart of the European Union's EUR 750 billion support package.

In the investment market, the year was unstable. The COVID-19 pandemic initially led to a sharp decline in stock prices, but the large-scale monetary stimuli in the United States and Europe and the positive news on the development of the COVID-19 vaccine led to a reversal in price development. At the end of the year, many stock exchange prices rose to record levels, but regional differences were large.

In the real estate investment market, transaction volumes have been at a record high in recent years. In the spring the COVID-19 pandemic temporarily stopped the transaction market almost completely, but towards the end of the year the market clearly picked up. Uncertainties in the user market directed capital to the safest real estate categories: housing, public real estate and logistics.

The renewable energy market developed well, and we see especially the solar and wind power markets continuing to grow.

The effects of the pandemic on the Finnish economy began to be felt in the first quarter of the year, and in the second quarter the gross domestic product reduced markedly compared to the same time period the previous year. Although the economy showed signs of recovery from the third quarter on, preliminary estimates have it that the gross domestic product fell by 3–4 per cent over the previous year.

The strong financial position of Finnish enterprises, their proven ability to adapt to the conditions and the support measures taken by the public sector towards enterprises contributed to the success of Finnish enterprises under the circumstances. Even the Finnish housing market was hardly affected by the pandemic crisis. The housing market slowed down temporarily in the spring, but the market quickly returned to normal during the summer.

## FINANCIAL RESULT

### Income and operating profit

EUR million	H2/2020	H2/2019	Change, %	2020	2019	Change, %
<b>Group income</b>	<b>43.3</b>	<b>36.3</b>	<b>19.2%</b>	<b>69.5</b>	<b>67.2</b>	<b>3.4%</b>
Wealth Management	24.7	26.9	-8.2%	46.7	44.5	4.7%
Insurance	13.6	10.8	25.7%	17.2	21.3	-19.2%
Energy	5.1	3.2	57.0%	9.2	4.6	99.5%
Other operations	1.9	-3.4	neg	0.1	-1.6	neg
Eliminations	-2.0	-1.2		-3.7	-1.7	

<b>Group operating profit/loss</b>	<b>14.8</b>	<b>10.1</b>	<b>45.8%</b>	<b>17.6</b>	<b>16.5</b>	<b>6.3%</b>
Wealth Management	5.9	9.7	-39.2%	12.1	11.8	3.2%
Insurance	9.2	6.6	39.1%	9.9	12.7	-21.9%
Energy	0.1	-1.0	neg	0.2	-2.6	neg
Other operations	-0.4	-5.2	92.1%	-4.7	-5.3	11.9%

The Group's share of the result of associated companies is taken into account in the segment-specific income. Segment information is presented on page 37.

### July–December 2020

The Group's income increased by 18.5 per cent to EUR 43.3 (36.3) million. The Group's continuing earnings decreased by 1.8 per cent to EUR 30.2 (30.7) million. The Group's fee and commission income was EUR 26.2 (28.4) million, of which the performance fees accounted for EUR 4.9 (5.6) million. Net income from insurance operations was EUR 13.6 (10.8) million, of which guaranty insurance operations totalled EUR 7.7 (6.6) million and net income from investment operations totalled EUR 5.9 (4.2) million. The return on investments in insurance operations, at fair value, was 6.4 (2.9) per cent.

The Group's investment activity generated a total of EUR 8.2 (-0.1) million during July–December 2020. Taaleri Group's investment operations without Garantia's investment operations yielded EUR 2.3 (-4.3) million.

The Group's operating profit was EUR 14.8 (10.1) million and represented 34.1 (27.8) per cent of the Group's income. The Group's administrative costs totalled EUR 19.2 (16.7) million, of which personnel costs amounted to EUR 14.7 (11.9) million. The increase of personnel costs was mainly related to the Energy segment, the establishment of the Real estate business and variable salaries. Other operating costs totalled EUR 3.0 (2.8) million.

Profit for the period amounted to EUR 11.7 (6.6) million and the comprehensive income was EUR 14.3 (6.5) million.

### January–December 2020

The Group's income in January–December 2020 increased by 3.3 per cent to EUR 69.5 (67.2) million. Continuing earnings grew 7.1 per cent to EUR 59.2 (55.3) million in 2020, which is below the Group's long-term target (over 15 per cent growth). The continuing earnings of Energy and Insurance segments outperformed the long-term targets, but Wealth Management did not meet the long-term target. The Group's fee and commission income was EUR 49.2 (46.1) million, of which the performance fees accounted for EUR 7.1 (5.2) million. Net income from insurance operations was EUR 17.2 (21.3) million, of which net income from guaranty insurance operations totalled EUR 14.6 (12.0) million. The net return on investments in insurance operations totalled EUR 2.5 (9.2) million, and the return on investments, at fair value, was 1.8 (8.1) per cent.

Taaleri Group's investment operations yielded EUR 3.2 (6.7) million. Taaleri Group's investment operations without Garantia's investment operations yielded EUR 0.6 (-2.5) million, which includes a fair value change of EUR -2.3 (-4.3) million from the Fellow Finance ownership.

The Group's operating profit was EUR 17.6 (16.5) million, which represents a growth of 6.6 per cent. The operating profit represented 25.3 (24.5) per cent of the Group's income and exceeds the Group's long-term operating profit target (more than 20 per cent).

The administrative costs totalled EUR 34.0 (33.7) million. Personnel costs totalled EUR 25.2 (24.2) million, which included variable salaries of EUR 5.3 (5.4) million. Other administrative expenses totalled EUR 8.8 (9.5) million and other operating expenses EUR 5.9 (5.2) million.

Profit for the financial period 2020 amounted to EUR 13.1 (11.5) million and the comprehensive income EUR 12.9 (13.2) million. The Group's return on equity was 10.1 (9.3) per cent and below the Group's long-term target (more than 15 per cent). Return on equity remained weak due to the Group's high capitalization.

### Taaleri's balance sheet, investments and financing

The balance sheet total of the Taaleri Group was EUR 268.0 (269.7) million. The Group's cash and cash equivalents totalled EUR 25.8 (20.1) million and investments EUR 194.8 (173.5) million, corresponding to 72.7 (64.3) per cent of the Group's balance sheet total.

The Group's interest-bearing liabilities amounted to EUR 64.7 (75.6) million, which consisted of EUR 34.9 (34.9) million in Taaleri Plc bond programs, EUR 14.9 (25.9) million in liabilities to credit institutions and the ten-year Tier 2 bond at EUR 14.8 (14.8) million issued by Taaleri Plc during the financial year 2019. Liabilities totalled EUR 134.8 (144.0) million and equity stood at 133.2 (125.7) million.

The equity ratio of Taaleri Group remained strong at 49.7 (46.6) per cent and exceeded the Group's long-term target 30 per cent.

## BUSINESS SEGMENTS

Taaleri manages its business through three segments: Wealth Management, Insurance and Energy. Operations that do not belong to the segments are presented in Other operations.

## WEALTH MANAGEMENT

Taaleri's Wealth Management segment offers wealth management services and investment solutions to private individuals and companies. In addition to services and allocation solutions based on the individual needs of our customers, our offering includes all traditional asset classes on the stock and money markets. We also offer various opportunities for co-investment and private equity investments.

Wealth Management, EUR million	H2/ 2020	H2/ 2019	Change, %	2020	2019	Change, %
Wealth Management fees	18.6	21.2	-12.5%	37.5	38.8	-3.4%
Performance fees	4.9	5.6	-13.2%	7.1	5.2	37.0%
Investment operations	1.2	0.0	3899.9%	2.1	0.6	261.7%
<b>Income</b>	<b>24.7</b>	<b>26.9</b>	<b>-8.2%</b>	<b>46.7</b>	<b>44.5</b>	<b>4.7%</b>
<b>Operating profit</b>	<b>5.9</b>	<b>9.7</b>	<b>-39.2%</b>	<b>12.1</b>	<b>11.8</b>	<b>3.2%</b>
Full-time personnel, average	121	115		118	116	

### July-December 2020

Wealth Management's income totalled EUR 24.7 (26.9) million in July-December 2020. The continuing earnings of Wealth Management decreased to EUR 18.6 (21.2) million due to lower transaction-based commission income, i.e. continuing earnings other than those based on assets under management, affected by the coronavirus pandemic. In July-December performance fees totalled EUR 4.9 million and were accrued from several funds. Correspondingly in the previous year, performance fees accrued mainly when private equity funds exited their projects. During July-



December assets under management turned to growth and in the last quarter the sales increased to year's record highs. Personnel costs were EUR 7.4 (6.8) million. Other administrative expenses totalled EUR 6.6 (6.5) million. Operating profit in the review period was EUR 5.9 (9.7) million and the operating profit margin was 24 (36) per cent. During the second half of the year Wealth Management implemented restructurings and savings, which aim streamlining the operations. The measures will lay the foundation for improving profitability in 2021.

### January-December 2020

Wealth Management's income increased by 4.7 per cent and was EUR 46.7 (44.5) million in January-December 2020 due to performance fees and gains from disposals. Wealth Management's continuing earnings suffered from corona virus pandemic and totalled EUR 37.5 (38.8) million. Fee income arising from assets under management grew eventually 8 per cent from last year's level after the declining trend at the beginning of the year, but transaction-based income turned to be lower than last year. Performance fees totalled EUR 7.1 (5.2) million and were accrued from several funds during the financial year. Investment operations from developed wind projects generated profit of EUR 2.1 (0.6) million.

Wealth Management's personnel expenses decreased by 2.7 per cent and totalled EUR 13.6 (14.0) million and other administrative expenses totalled EUR 12.1 million. Total expenses were EUR 34.5 (32.8) million.

Wealth Management's operating profit totalled EUR 12.1 (11.8) million, which corresponds to 26 (26) per cent of income.

Assets under management by Wealth Management grew by 6.0 per cent to EUR 7.1 (6.7) billion. Growth was strongest in the private equity funds and other assets that generate continuing earnings. Assets under management that generates continuing earnings grew 4.1 percentage points more than total assets under management.

Assets under management, EUR million	31 December 2020	31 December 2019	Change, %
<b>Assets under management</b>	<b>7,121</b>	<b>6,715</b>	<b>6.0%</b>
Mutual funds	1,209	1,023	18.2%
Private equity funds	1,282	1,223	4.9%
Wealth management	4,629	4,469	3.6%

During 2020, new investment commitments of EUR 153 million were raised in Taaleri Biorefinery, Taaleri SolarWind II Feeder Fund, Taaleri Debt Funds I, Taaleri Real Estate and Taaleri Impact. The Taaleri Mikro Markka and Mikro Rhein -funds were opened for new subscriptions, of which Taaleri Mikro Markka was returned to soft closed due to high demand immediately after the first subscription date. Taaleri announced Finland's first digital asset management service specializing in impact investment, which makes impact investing accessible to everyone.

Taaleri Wealth Management was awarded the best ratings in challengers-category in SFR's Institutional Investor Survey. The survey interviews representatives from some 100 of Finland's largest institutional investors. Taaleri received top grades for customer service and for taking an active view on markets, among other mentions. Taaleri's resources were also rated the best.

## INSURANCE

The Insurance segment includes Garantia Insurance Company Ltd., an insurance company specializing in guaranty insurance. The objective of Garantia is to modernize collateral practices and provide customers with easy and cost-effective guaranty solutions and new business opportunities through digital channels. The company's business is divided into guaranty insurance and investment operations.

Insurance, EUR million	H2/ 2020	H2/ 2019	Change, %	2020	2019	Change %
Net income from guaranty insurance operations	7.7	6.6	17.0%	14.6	12.1	21.5%
- of which Earned premiums, net	7.8	6.7	17.2%	14.9	13.4	11.0%
- of which Claims incurred, net	-0.1	-0.1	34.3%	-0.3	-1.4	-80.1%
Net income from investment operations	5.9	4.2	39.1%	2.5	9.2	-72.5%
<b>Income</b>	<b>13.6</b>	<b>10.8</b>	<b>25.7%</b>	<b>17.2</b>	<b>21.3</b>	<b>-19.2%</b>
Operating expenses	-3.6	-3.2	13.9%	-5.5	-6.4	-13.8%
Allocation of financing expenses	-0.8	-1.1	-22.4%	-1.7	-2.2	-19.7%
<b>Operating profit before valuations</b>	<b>9.2</b>	<b>6.6</b>	<b>39.1%</b>	<b>9.9</b>	<b>12.7</b>	<b>-21.9%</b>
Change in fair value of investments	3.3	-0.2	neg	0.2	1.8	-89.4%
Result at fair value before tax	12.5	6.4	94.4%	10.1	14.5	-30.4%

Insurance, EUR million	H2/ 2020	H2/ 2019	Change, %	2020	2019	Change, %
Claims ratio, %	3.6%	2.9%	0.6 pp.	4.0%	12.1%	-8.1 pp.
Expense ratio, %	41.4%	42.9%	-1.5 pp.	32.7%	43.0%	-10.3 pp.
Combined ratio, %	44.9%	45.9%	-0.9 pp.	36.7%	55.1%	-18.4 pp.
Return on investments at fair value, %	6.4%	2.9%	3.5 pp.	1.8%	8.1%	-6.3 pp.
Number of full-time personnel, average	21	24	-3	21	25	-4

Insurance, EUR million	31 December 2020	31 December 2019	Change, %
Investment portfolio, fair value, MEUR	159	151	5.8%
Guaranty insurance portfolio, MEUR	1,817	1,837	-1.1%
Solvency ratio, %	229.4%	231.8%	-2.4 pp.
Credit rating	A-	A-	-

## July–December 2020

In July–December 2020, income of the Insurance segment was EUR 13.6 (10.8) million. The net income from insurance operations grew to EUR 7.7 (6.6) million. Net income from investment operations grew to EUR 5.9 (4.2) million due to the positive investment market development seen in the second half of the year. The increase in net income from insurance operations was due to the increase in premium income and the decrease in insurance claims from the previous year.

Operating expenses were EUR 3.6 (3.2) million. The operating profit before valuations was EUR 9.2 (6.6) million. The result at fair value before tax was EUR 12.5 (6.4) million.

On 22 September 2020, Garantia published a new partnership concerning the distribution of its residential mortgage guaranties. The underwriting of guaranties to OP Financial Group's mortgage loan customers commenced in the beginning of October.

## January–December 2020

In January–December 2020, the income of the Insurance segment was EUR 17.2 (21.3) million. The decrease in segment revenue was due to decreased net return from investment operations, attributable to the exceptional investment environment caused by the COVID-19 pandemic. Net income from investment operations in the financial year totaled EUR 2.5 (9.2) million. Net income from insurance operations in stead increased by 21.5 per cent to EUR 14.6 (12.1) million. The growth in net income from insurance operations was due to growth in net premiums earned and diminished claims incurred compared to the previous year.

The guarantee insurance portfolio decreased by 1.1 per cent from the end of the previous year to EUR 1,817 (1,837) million euros. The decrease was due to the segment's decision to discontinue the issuance of new commercial guarantees related to the construction industry as of January 1, 2020. However, the increase in the guarantee portfolio in other product groups was sufficient to compensate for the decrease in the volume of guarantees caused by discontinuation of commercial guarantees in the construction sector.

Operating expenses amounted to EUR 5.5 (6.4) million. Reduced operating expenses were an outcome of executed strategic rationalization measures and diminished personnel expenses. On average, the Insurance segment employed 21 (25) people during the financial year.

The Insurance segment's operating profit before valuations was EUR 9.9 (12.7) million. Result at fair value before tax was EUR 10.1 (14.5) million.

## Insurance operations

In January–December 2020, gross premiums written decreased 4.1 per cent to EUR 19.0 (19.8) million, but earned premiums increased by 11.0 per cent to EUR 14.9 (13.4) million. The decrease in premiums written was the result of Garantia's decision to cease underwriting construction sector related commercial bonds as of 1 January 2020. The development of premiums written from other product groups was, however, positive. Regarding premiums from residential mortgage guaranties, the year came up successful following the good development seen in the housing market and the new distribution channel obtained during the latter part of the year. The demand for corporate loan guaranties was supported by the accelerated demand for corporate financing in the spring.

Gross exposure of the guaranty insurance portfolio was EUR 1,817 (1,837) million at the end of 2020. Of the guaranty insurance exposure outstanding at the end of the year, consumer exposure made up 54 (45) per cent and corporate exposure made up 46 (55) per cent. The consumer exposure includes residential mortgage guaranties and rent guarantees underwritten to private households. The corporate exposure is comprised of corporate loan guaranties, commercial bonds, and other business-related guaranties. During the financial year, for the first time, the amount of consumer exposure exceeded that of corporate exposure.

Claims incurred amounted to EUR 0.3 (1.4) million during the financial year. Claims ratio decreased to 4.0 (12.1) per cent, and the ratio of claims incurred as a percentage of the guaranty insurance portfolio came down to 0.03 (0.09) per cent. No major claims occurred during the financial year, and the level of claims incurred remained low despite the poor development of the general economy.

The expense ratio of insurance operations decreased in 2020 to 32.7 (43.0) per cent, following increased premiums earned and diminished operating expenses. Combined ratio was 36.7 (55.1) per cent.

## Investment activity

Net income from investment operations in 2020 was EUR 2.5 (9.2) million and it mainly consisted of interest income and fair value changes. In addition, the change in the fair-value investment assets recognised in comprehensive income before taxes was EUR 0.2 (1.8) million. Hence, the return on investment at fair value totalled EUR 2.7 (11.0) million, or 1.8 (8.1) per cent. The investment portfolio was valued at EUR 159 (151) million at the end of the financial year.

## Risk position

The principal risks associated with the Insurance segment's business operations are the credit risk arising from guaranty insurance operations and the market risks concerning investments assets.

The risk position of insurance operations remained stable in 2020. Total guaranty insurance exposure remained close to the level seen the previous year. The share of consumer exposure as a proportion of total guaranty insurance exposure increased, and the share of corporate exposure decreased.

Investment-grade exposures, or exposures rated AAA...BBB-, accounted for 15.6 (12.6) per cent of the corporate guaranty portfolio. Insurance exposure rated BB- or above accounted for 73.2 (72.4) per cent. The share of the weak rating classes of C+ or lower increased slightly and stood at 3.7 (1.7) per cent. The principal sectors in the corporate guaranty insurance portfolio were construction at 35.4 (50.9) per cent and manufacturing at 24.7 (21.0) per cent. None of the other sectors exceeded 10 per cent of the portfolio. 44.8 (55.3) per cent of the construction sector exposure is reinsured.

As part of the Taaleri Group, Garantia falls within the scope of the large exposure regulation regime specified in the EU Capital Requirements Regulation. At the end of 2020, Garantia's largest single counterparty exposure amounted to 19.8 (21.2) per cent of Taaleri Group's own funds.

In investment operations, the level of risk was slightly reduced from the previous year. Fixed income investments (incl. cash and bank balances) made up 86.4 (84.4) per cent, equity & private equity investments 12.5 (14.4) per cent, and real-estate investments 1.1 (1.2) per cent of the investment portfolio. The fixed income investments mainly consist of investments in bonds of Finnish companies and Nordic credit institutions with strong creditworthiness. The share of investment-grade fixed income investments was 66.5 (54.5) per cent. The modified duration of fixed income investments was 3.5 (3.3).

## Credit rating

No changes took place in Garantia's credit rating or its outlook during 2020. On 14 October 2020, Standard & Poor's Global Ratings (S&P) confirmed Garantia Insurance Company Ltd.'s Issuer Credit Rating (ICR), Financial Strength Rating (FSR) and the Financial Enhancement Rating (FER) reflecting the company's solvency and willingness to meet its financial commitments at A- with stable outlook.

## ENERGY

The Energy segment includes Taaleri Energia, which is a renewable energy project developer and fund manager. It has a significant team in European scale focusing on wind and solar energy, with solid engineering expertise, among other things. The company is currently raising funds in its fifth renewable energy fund. Taaleri Energia is one of the largest private equity investors in the Finnish wind power market: Taaleri Energia manages a 2.8-gigawatt wind and photovoltaic portfolio, development projects included. The funds managed by Energy are Wind Fund II–III, SolarWind I and SolarWind II. In addition, Taaleri Energia manages the investment in Nyby and Myllykangas wind farms on a mandate basis.

Energy segment, EUR million	H2/ 2020	H2/ 2019	Change, %	2020	2019	Change, %
Income	5.1	3.2	57.0%	9.2	4.6	99.5%
Operating profit before allocating the financing expenses	0.9	-0.3	neg	1.8	-1.4	neg
Allocation of financing expenses	-0.8	-0.7	21.9%	-1.6	-1.2	38.1%
Operating profit	0.1	-1.0	neg	0.2	-2.6	neg
Full-time personnel, average	29	24		28	23	

### July-December 2020

Energy's income in July-December 2020 increased by 57 per cent to EUR 5.1 (3.2) million, operating profit before allocating the financial expenses totalled EUR 0.9 (-0.3) million and operating profit was EUR 0.1 (-1.0) million.

The Taaleri SolarWind II -fund had its third closing in November when the amount of commitments reached EUR 320 million. The fund made two new investment decisions in Finland. Projects currently under construction are in general proceeding as planned.

SolarWind I -fund's projects are predominantly in the production phase at the end of the reporting period. One power plant at the 158 MW Čibuk wind farm in Serbia was damaged by a lightning strike. Project interruption insurance covers both most of the lost production and repair costs. Construction of Jordan's 200 MW Baynouna solar power project was finalized in November and the 23 MW Slageryd wind farm in Sweden is already producing electricity. The final investment, the 13.5-MW Måljord wind farm project in Sweden, is under construction.

### January-December 2020

Energy segment's income in January-December 2020 doubled to EUR 9.2 (4.6) million. The operating profit before allocating the financing expenses was EUR 1.8 (-1.4) million and operating profit was EUR 0.2 (-2.6) million. Number of personnel in Energy segment increased by nine persons in 2020.

Taaleri Energia successfully exited its first wind project in the U.S. in June. The ready to build project has been developed in-house by Taaleri Energia. Taaleri Energia sold 93 per cent of Truscott Gilliland East -wind project to the Taaleri SolarWind II -fund, AIP, Mutual Pension Insurance Company Ilmarinen and Akuo Energy. Taaleri Energia will remain as a minority owner with a seven per cent equity stake in the project. The transaction had no result impact on the 2020 result, as the profit impacts from the project will be gradually booked later.

Taaleri Energia's newest international renewable energy fund, Taaleri SolarWind II, exceeded the target size as the commitments reached EUR 320 million at the end of the period under review. The maximum size of the fund is EUR 400 million and the fundraising period has been extended to June 2021. The third-close investors include the European Bank for Reconstruction and Development (EBRD), the Finnish Church Pension Fund, Obligo Global Infrastruktur II Fund, YLE Pension Fund and the Nordic Environment Finance Corporation (NEFCO). The fund has already



made investment decisions on wind farms in Finland, Norway, Poland and the US, as well as PV solar plant in Spain. All investments are currently under construction except for Spain.

The SolarWind I -fund's projects have been developing predominantly according to plan. The fund's first investment, the 158-MW Čibuk wind farm – the biggest in Serbia, received an interim Feed-in Tariff for two months as a result of local State of Emergency declared due to the COVID-19 pandemic. The fund's second investment, the 200-MW Baynouna solar power project in Jordan, was delayed due to the COVID-19 pandemic restrictions on local labour movements but it reached operational status in November. The fund's third investment, the 23-MW Slageryd wind farm in Sweden, is already producing electricity and commissioning is expected by the end of Q1 2021. The fund's fourth investment, the 13.5-MW Måljord wind farm project in Sweden, is currently under construction.

A group of Korean institutional investors lead by Hana Financial Investments and Korea Investments & Securities has bought Nyby's and Myllykangas wind farms from Taaleri Private Equity Funds. Taaleri Energia is managing these investments on behalf the new owners in the future.

## OTHER OPERATIONS

Other operations include the Group administration services of Taaleri Plc that support the segments and the investments on the Group's own balance sheet, which are done primarily through Taaleri Sijoitus Oy. In 2020, investments were divided into strategic and non-strategic investments. On 31 December 2020, Taaleri had a total of EUR 45.2 million in investments, of which EUR 15.3 million were strategic and EUR 29.9 million non-strategic. Investments are described in more detail under segment information on page 38.

Strategic investments include investments that support Taaleri's core business and development of business segments. Such investments include for example seed investments in new funds. Existing strategic investments include investments in Fintoil Oy, which produces tall oil in the near future, the real estate development company Sepos Oy, the real estate company Munkkiniemi Group Oy and Turun Toriparkki Oy.

Non-strategic investments include shares in Fellow Finance Oy, Inderes Oy, Mobify Invoices Oy, Ficolo Oy, Rauma Marine Constructions and Oima Oy, among others. In addition, non-strategic investments include a loan granted to the Barrie real estate project in Canada.

Other operations, EUR million	H2/ 2020	H2/ 2019	Change, %	2020	2019	Change, %
Income	1.9	-3.4	154.9%	0.1	-1.6	106.3%
<b>Operating profit</b>	<b>-0.4</b>	<b>-5.2</b>	<b>92.1%</b>	<b>-4.7</b>	<b>-5.3</b>	<b>11.9%</b>
Number of full-time personnel, average	26	20		26	21	

Other operations, EUR million	31 December 2020	31 December 2019	Change, %
<b>Investments and receivables, fair value</b>	<b>45.2</b>	<b>41.5</b>	<b>8.8%</b>
<b>- Strategic investments</b>	<b>15.3</b>	<b>11.2</b>	<b>36.6%</b>
Real estate	9.0	8.7	3.6%
Bioindustry	4.0	1.0	302.2%
Energy	1.2	1.1	12.3%

Other investments	1.1	0.5	134.2%
<b>- Non-strategic investments</b>	<b>29.9</b>	<b>30.3</b>	<b>-1.5%</b>
Real estate	11.3	10.8	5.3%
Other investments	18.5	19.6	-5.3%

### July-December 2020

In July-December 2020, income from Other Operations amounted to EUR 1.9 (-3.4) million and operating profit was EUR -0.4 (-5.2) million. Income for the period under review included a change in the fair value of Fellow Finance totalling EUR 0.6 (-5.5) million.

### January-December 2020

In January-December 2020, income from Other Operations amounted to EUR 0.1 (-1.6) million and operating profit to EUR -4.7 (-5.3). Income for the year was burdened by a change in the fair value of Fellow Finance totalling EUR -2.3 (-4.3) million.

Investments and loan receivables totalled EUR 45.2 (41.5) million.

## OTHER GROUP EVENTS DURING THE FINANCIAL PERIOD

### CORPORATE RESPONSIBILITY

Together with our customers and partners, we strive to promote effective investment activities by implementing financially profitable projects with a positive impact on the environment and stakeholders. At the same time, we offer our employees meaningful work and a growth platform for development and for serving as social influencers. Taaleri's business segments work responsibly and comply with good governance and the principles of responsible investment in all their operations.

Taaleri is a forerunner in impact investing. We promote impact investment by offering our customers innovative and effective investment options. These include funds investing in renewable energy projects, the Forest Fund, the Rental Home Fund that provides affordable rental housing, the Circular Economy Fund and the Special Investment Fund Taaleri Impact. In addition, as part of our operations we take into account the ESG factors of investments, meaning the responsibility aspects of investments relating to the environment, society and governance.

In 2020, Taaleri launched the Special Investment Fund Taaleri Impact. Taaleri Impact is the first Finnish open impact fund that seeks not only financial returns but also measurable benefits to society and the environment. The fund invests its assets directly or through other funds in the stock market, the bond market and alternative investments. Through the Impact fund, small investors can also invest in micro loans, renewable energy projects, impactful listed and unlisted companies, and more. The Taaleri Impact special investment fund raised investments of EUR 18.7 million by the end of 2020.

In addition, during the financial year Taaleri announced Finland's first digital asset management service specialising in impact investment at [impakti.fi](https://www.taaleri.fi/impakti). The service allows customers to build investment portfolios focused on impact investment. The portfolios consist of ETF funds meeting strict responsibility criteria and the Taaleri Impact Fund. By the end of 2020, approximately one thousand customers had invested through the Impakti service.

In 2020, Taaleri strongly promoted responsibility and ESG aspects as part of its operations and investments. Taaleri Wealth Management strengthened ESG considerations as part of portfolio management and ESG reporting. In Taaleri Energia and Taaleri's real estate business, ESG issues were promoted through policies and guidelines, among other things. In addition, we launched company-wide responsibility and ESG development work, which will continue in 2021.

As part of our responsibility work, we want to participate in communities that promote practices and standards relating to responsible investment and corporate responsibility. Taaleri is committed to the UN Principles for Responsible Investment (PRI) and reports annually based on the PRI. In 2020, we received the highest A+ rating in Strategy and Governance. In addition, we are signatories to the CDP (Carbon Disclosure Project). We are one of the founding members of FINSIF (Finland's Sustainable Investment Forum) and involved with FIBS (Finnish Business & Society), a network aiming to promote socially and financially sustainable businesses in Finland.

For more information on Taaleri's responsibility, visit our website at <https://www.taaleri.com/en/corporate-responsibility>.

## CHANGES IN GROUP STRUCTURE

During the financial year Taaleri Energia exited the Truscott-Gilliland East wind farm project in Texas, USA, leaving Taaleri Energia with a seven per cent indirect holding in the project company TG East Wind Project LLC. In addition, Taaleri acquired all the non-controlling interests in Taaleri Veropalvelut Oy and at the end of the financial year Taaleri's holding in Taaleri Veropalvelut Oy is 100 per cent. Taaleri Sijoitus Oy's holding in Mobify Invoices Oy decreased to 61.82 (68.00) percent with the share issue.

Additionally, there were established and merged some management and project companies under Taaleri Pääomarahastot, Taaleri Sijoitus and Taaleri Energia.

## CHANGES IN TAALERI'S EXECUTIVE MANAGEMENT TEAM

During the review period, Essi Sten was appointed Head of Taaleri Real Estate business and a member of Taaleri Group's Executive Management Team. She began her position on 1 April 2020. At his own request, Karri Haaparinne resigned from his position as Deputy CEO of Taaleri Plc and as a member of the Taaleri Group's Executive Management Team on 13 August 2020. Haaparinne continues to serve as a member of the boards of Taaleri Varainhoito Oy, Taaleri Sijoitus Oy and Garantia Insurance Company, as well as a member of the boards of certain co-investments.

## ANNUAL GENERAL MEETING 2020

Taaleri Plc's Annual General Meeting was held on 18 May 2020 in Helsinki. The General Meeting adopted the financial statements for the 2019 financial period and granted the members of the Board of Directors and the CEO discharge from liability.

In accordance with the proposal of the Board of Directors, the General Meeting decided that, based on the balance sheet to be adopted for the financial period ending 31 December 2019, a dividend of EUR 0.16 per share be distributed and the remaining part of the distributable funds be retained in shareholders' equity. The dividend payment record date was 20 May 2020 and the dividend was paid on 28 May 2020.

In addition, the General Meeting authorised the Board of Directors to at a later date decide on a payment of a maximum dividend of EUR 0.16 per share for the financial year 2019 with a payment at one or more occasions. The authorisation is in force until the Annual General Meeting 2021. The Board was also authorised to decide on the record date and the date of payment of a possible dividend. Taaleri will notify of the decisions separately.

### Deciding on the remuneration of members of the Board of Directors

The General Meeting decided on the annual remuneration payable to the members of the Board of Directors as follows:

- Chairman of the Board of Directors EUR 50,000

- Vice Chairman of the Board of Directors EUR 36,000
- Chairman of the Audit Committee EUR 36,000
- Member of the Board of Directors EUR 30,000

The General Meeting decided that the members of the Audit Committee will be paid a meeting-specific fee of EUR 1,000 to the Chairman of the Audit Committee and EUR 500 to each other member of the Audit Committee.

The annual remuneration will cover the entire term of office and Committee work.

The Annual General Meeting decided additionally that travel, and accommodation expenses of the members are paid against invoices when the meeting of the Board of Directors and the Committees takes place outside members' domicile.

### **Deciding on the number of members and the members of the Board of Directors and election of the chairman and deputy chairman of the Board of Directors**

The General Meeting decided that the number of the members of the Board of Directors be set as six (6).

The current members of Board of Directors, Juhani Elomaa, Juha Laaksonen, Hanna Maria Sievinen, Elina Björklund and Tuomas Syrjänen. were re-elected to the Board of Directors. Further, Petri Castrén was elected as a new member of the Board.

The General Meeting decided to elect Juhani Elomaa as the chairman of the Board of Directors and Juha Laaksonen as a deputy chairman.

### **Selecting the auditor and deciding on the auditor's remuneration**

The General Meeting decided that Ernst & Young Oy, a firm of authorised public accounts, be re-elected as the company's auditor for a term ending at the close of the next Annual General Meeting. Ernst & Young Oy has announced that Ulla Nykky, Authorised Public Accountant, continues as the auditor with principal responsibility.

### **Authorising the Board of Directors to decide on the purchase of the company's own shares**

The General Meeting decided to authorize the Board of Directors' to decide on the repurchase of the company's own shares using assets belonging to unrestricted equity on the following conditions:

Up to 2,000,000 shares may be repurchased, corresponding to 7.05% of all the company's shares. The repurchase may be made in one or more instalments. The purchase price per share shall be the price given on the Helsinki Stock Exchange or another market-based price.

The shares may be repurchased to develop the company's capital structure, to finance or implement corporate acquisitions, investments or other arrangements related to the company's business operations, to be used as part of the company's incentive scheme, or to be cancelled if justified from the point of view of the company and its shareholders.

The authorisation issued includes the right to decide whether the shares will be repurchased in a private placement or in proportion to the shares owned by shareholders. The repurchase may take place through private placement only if there is a weighty financial reason for it from the company's perspective.

The Board of Directors has the right to decide on other matters concerning the repurchase of shares.

This authorisation is valid for 18 months from the date of the close of the Annual General Meeting.

This authorisation cancels the authorisation to purchase the company's own shares issued at the General Meeting of 20 March 2019.

### **Authorising the Board of Directors to decide on share issue**

The General Meeting decided to authorise the Board of Directors to decide on the issue of new shares and the assignment of treasury shares in the possession of the company on the following terms:

The Board of Directors may issue new shares and assign treasury shares in the possession of the company up to a maximum of 2,500,000 shares, corresponding to 8.82% of all the company's shares.

The new shares may be issued and the treasury shares possessed by the company may be assigned to the company's shareholders in proportion to their ownership of shares or deviating from the shareholder's pre-emptive subscription right in a private placement, if there is a weighty financial reason for it from the point of view of the company, such as using the shares as consideration in potential corporate acquisitions or other arrangements that are part of the company's business operations. or to finance investments or as part of the company's incentive scheme.

The Board of Directors may also decide on a free-of-charge share issue to the company itself.

The new shares may be issued and the shares possessed by the company may be assigned either against payment or without payment. A private placement may only be without payment if there is an especially weighty financial reason for it from the point of view of the company and taking into account the benefit of all its shareholders.

The Board of Directors will decide on all other factors related to share issues and the assignment of shares.

The authorisation is valid until the end of the next Annual General Meeting, however no longer than 30 June 2021.

This authorisation cancels the authorisation issued at the General Meeting on 20 March 2019.

### **Organization of Taaleri Plc.'s Board of Directors**

In its organization held on 20 March 2019, Taaleri Plc's Board of Directors elected the following members and chairmen to its committees:

Hanna Maria Sievinen, Juhani Elomaa and Petri Castrén were elected as members of the Board of Directors' Audit Committee. The Board of Directors elected Hanna Maria Sievinen as Chairman of the Audit Committee.

Juhani Elomaa, Tuomas Syrjänen and Elina Björklund were elected as members of the Board of Directors' Remuneration Committee. The Board elected Juhani Elomaa as Chairman of the Remuneration Committee.

## **TAALERI'S PERSONNEL**

The Group employed an average of 192 (186) full-time people during the financial year. There were 118 (116) full-time employees in the Wealth Management segment, 21 (25) in the Insurance segment and 28 (23) in the Energia segment. The full-time personnel of Other operations averaged 26 (21), including 6 Mobify Invoices employees. Of the personnel, 98 (99) per cent were employed in Finland.

During January-December 2020, the personnel costs of the Taaleri Group totalled EUR 25.2 (24.2) million, of which fixed personnel costs totalled EUR 20.0 (18.8) million. Personnel costs increased due to new recruitments mainly in Energy segment.



## Incentive schemes

Taaleri has two share-based incentive schemes for the Group's key persons.

The 2017 incentive scheme has three earning periods lasting three years each. The Board of Directors will decide on the earning criteria and the targets to be set for each earning criterion at the beginning of each earning period. Any remuneration awarded under the scheme will be based on Taaleri Plc's total shareholder return. The first earning period expired 31 October 2020 as worthless. At the end of 2020, the bonuses paid correspond with the value of no more than 370,000 Taaleri Plc shares, including the part paid in cash. The bonus will be paid partly in company shares and partly in cash.

In addition, on 19 June 2019, Taaleri Plc's Board of Directors decided on the establishment of a new share-based incentive scheme for the company's CEO Robin Lindahl. In the scheme, the CEO will acquire a minimum of 200,000 euros worth of company shares. The share-based incentive scheme is a one-off, five-year scheme, and the earning period is 1 June 2019—15 June 2024. The earning period includes three measuring periods, which commence at the beginning of the earning period and end on 15 September in years 2022, 2023 and 2024. Any remuneration awarded under the scheme will be based on Taaleri Plc's total shareholder return. The remuneration paid will correspond to the value of no more than 249,000 Taaleri Plc shares, including the part paid in cash.

The 2015 incentive scheme expired on 31 December 2020. The 2015 incentive scheme was based on synthetic option rights, the bonus paid in cash. Taaleri Plc's Board of Directors had the right to require key personnel to purchase company shares to a maximum of 50 per cent of the received bonus amount

## SHARES AND SHARE CAPITAL

### Taaleri's share on Nasdaq Helsinki

January-December 2020	No. of shares traded	Total value EUR	High EUR	Low EUR	Average* EUR	Last EUR
TAALA	4,103,591	29,795,452	9.76	5.82	7.26	8.12

\* Volume weighted average

Taaleri's share has been listed on Nasdaq Helsinki, among mid-cap companies, since 2016. The trading code is TAALA. On 31 December 2020, the company possessed 45,000 (45,000) treasury shares.

On 31 December 2020, Taaleri Plc's shareholders' equity was EUR 125,000.00 and the company had 28,350,620 registered shares.

### Flaggings during the financial year 2020

During financial year 2020 there were no changes in shareholdings that would have required flagging.

Share distribution, 31 December 2020

	31 Dec 2020	%	31 Dec. 2019	%
<b>Market capitalization, EUR million</b>	229.8		238.3	
<b>No. of shareholders</b>	6,026	100.0	4,689	100.0
<b>Shareholding per group</b>				
- Private companies	9,990,910	35.2	10,004,585	35.3
- Financial and insurance corporations	2,189,490	7.7	2,082,873	7.3
- Public sector organizations	30,837	0.1	30,837	0.1
- Non-profit institutions	226,278	0.8	226,117	0.8
- Households	14,123,403	49.8	13,876,933	49.0
- Nominee registrations and direct foreign shareholders	1,789,702	6.3	2,129,275	7.5

10 biggest shareholders, 31 December 2020

	No.	% of shares
1. Veikko Laine Oy	2,932,519	10.34
2. Oy Hermitage Ab	2,840,308	10.02
3. Fennia Life Insurance Company Ltd	1,728,582	6.10
4. Elomaa Heikki Juhani	1,723,278	6.08
5. Swiss Life Luxembourg S.A.	1,496,270	5.28
6. Haaparinne Karri Erik	1,452,936	5.12
7. Lampinen Petri Juhani	500,000	1.76
8. Marthur Ranjit	440,000	1.55
9. Lehto Vesa	362,510	1.28
10. Neva-Aho Ronnie Juhani	320,051	1.13
<b>Total,</b>	<b>13,796,454</b>	<b>48.66</b>
<b>of which Nominee registrations</b>	<b>207,752</b>	<b>0.73</b>

Share distribution by number of shares, 31 December 2020

No. of shares	Owners	%	Shares	%
1-100	2,280	37.84	108,392	0.38
101-500	2,053	34.07	535,469	1.89
501-1,000	682	11.32	529,438	1.87
1,001-5,000	596	9.89	1,291,683	4.56

5,001-10,000	159	2.64	1,207,060	4.26
10,001-50,000	193	3.20	3,841,372	13.55
50,001-100,000	25	0.41	1,636,172	5.77
100,001-500,000	32	0.53	7,027,141	24.79
500,001-	6	0.10	12,173,893	42.94
<b>Total</b>	<b>6,026</b>	<b>100.0</b>	<b>28,350,620</b>	<b>100.00</b>

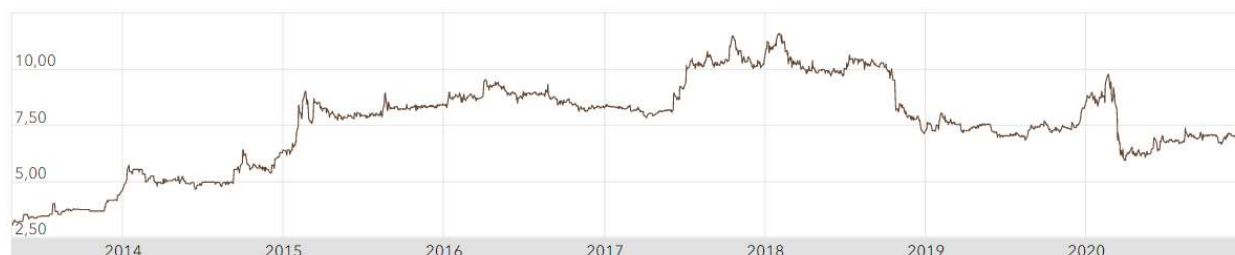
*Taaleri Plc's Board of Directors' ownership, 31 December 2020, including organizations with controlling interests*

<b>Board of Directors</b>		<b>No.</b>	<b>% of shares</b>
Chairman	Juhani Elomaa	1,989,934	7.02
Vice Chairman	Juha Laaksonen	-	-
Member	Elina Björklund	12,000	0.04
Member	Petri Castrén	-	-
Member	Hanna Maria Sievinen	7,900	0.03
Member	Tuomas Syrjänen	7,782	0.03
<b>Total</b>		<b>2,017,616</b>	<b>7.12</b>

*Taaleri Executive Management Team ownership, 31 December 2020, including organizations with controlling interests*

		<b>No.</b>	<b>% of shares</b>
CEO	Robin Lindahl	34,513	0.12
Legal counsel	Janne Koikkalainen	-	-
Head of Wealth Management	Perttu Purhonen	-	-
Head of Energy	Kai Rintala	-	-
Head of Insurance	Titta Elomaa	20,854	0.07
Head of Real Estate	Essi Sten	-	-
CFO	Minna Smedsten	18,049	0.06
<b>Total</b>		<b>73,416</b>	<b>0.26</b>

Taaleri share price development since listing: 20 April 2013 – 31 December 2020



## CAPITAL ADEQUACY OF TAALERI

### Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

Taaleri Group forms a financing and insurance conglomerate, according to the Act on the Supervision of Financial and Insurance Conglomerates (RaVa) (2004/699).

As a RaVa conglomerate, Taaleri Group discloses its own funds and capital adequacy in accordance with the capital adequacy regulations for financial and insurance conglomerates. Taaleri RaVa conglomerate's Tier 1 capital amounted EUR 118.5 (110.3) million, Tier 2 capital amounted EUR 14.8 (14.8) million and own funds amounted EUR 133.3 (125.1) million, with the minimum requirement being EUR 61.7 (60.3) million. On 31 December 2019 RaVa conglomerate's Tier 1 capital would have been EUR 114.8 million, Tier 2 capital EUR 14.8 (14.8) million and own funds EUR 129.6 million, if the Board of Director's decision on 18 February 2021 not to pay the second half of the 2019 dividend of EUR 4.5 million is taken into account. The conglomerate's capital adequacy was EUR 71.6 (64.8) million and the capital adequacy ratio was 216.2 (207.4) per cent, with the minimum requirement being 100 per cent. Correspondingly, on 31 December 2019 the conglomerate's capital adequacy would have been EUR 69.3 million and capital adequacy ratio 215.0 per cent, if the Board of Director's decision on 18 February 2021 not to pay the second half of the 2019 dividend of EUR 4.5 million is taken into account.

Within the Taaleri Group, the regulatory capital according to Solvency II is determined and reported not only for Garantia Insurance Company Ltd but also for Taaleri Plc as a part of the RaVa conglomerate. The total solvency capital requirement (SCR) of the parent company Taaleri Plc and the subsidiary Garantia Insurance Company Ltd was EUR 34.6 (29.5) million. The Financial Supervisory Authority confirmed in June 2020 a capital add-on totalling EUR 15.3 (19.8) million. The total solvency requirement was hence EUR 49.9 (49.3) million for the insurance business. The add-on is implemented because the risk profile of Garantia's non-life underwriting risk module differs from the underlying assumptions in the standard formula for the solvency capital requirement calculation.

Taaleri's own funds fully comprise its own unrestricted Tier 1 basic funds and a EUR 15 million Tier 2 bond issued by Taaleri Plc, in October 2019.

Capital adequacy of RaVa conglomerate, EUR 1,000	31 December 2020	31 December 2019
<b>Shareholders' equity of the Taaleri Group</b>	<b>133,209</b>	<b>125,729</b>
Goodwill and other intangible assets	-6,778	-6,533
Non-controlling interests	1,134	182
Planned distribution of profit	-9,072	-9,072*

<b>Tier 1 Capital</b>	<b>118,492</b>	<b>110,286</b>
<b>Tier 2 Capital</b>	14,839	14,825
<b>Conglomerate's own funds, total</b>	<b>133,332</b>	<b>125,130</b>
Financing business' requirement for own funds	11,783	11,014
Insurance business' requirement for own funds	49,900	49,307
<b>Minimum amount of own funds of the conglomerate, total</b>	<b>61,683</b>	<b>60,321</b>
<b>Conglomerate's capital adequacy</b>	<b>71,649</b>	<b>64,809</b>
<b>Conglomerate's capital adequacy ratio</b>	<b>216.2 %</b>	<b>207.4%</b>

\* The Board of Director's dividend proposal for 2019, of which the Board of Directors has decided on 18 February 2021 not to distribute EUR 4.5 million

### Capital adequacy according to the Act on Credit Institutions and the EU Capital Requirements Regulation (Basel III)

Within the Taaleri Group, the regulatory capital according to the Act on Credit Institutions (610/2014) and the EU Capital Requirements Regulation (CRR) (No 575/2013 of the European Parliament and of the Council) is determined and disclosed to the supervised parties operating in the Financing sector Taaleri applies the standardized approach in the regulatory capital calculation of the credit risk capital requirement.

Taaleri Group's target level for the own funds of the Financing sector is 1.3 times the internal risk-based capital requirement, calculated on the basis of the pillar 1 minimum capital requirement and additional pillar 2 risk-based capital requirement.

The Finnish Financial Supervisory Authority has on 4 June 2020 decided to prolong the permission to leave the insurance company holdings undeducted from the common equity Tier 1 capital (CET1) given to Taaleri Plc, pursuant to Article 49 (1) of the EU Capital Requirements Regulation (EU) 575/2013 (CRR), until 25 June 2021. The previous fixed term permit was valid until 31 December 2020 and was granted to Taaleri Plc 31 January 2019. The permission granted by the Finnish Financial Supervision Authority on 31 January 2019 was related to the reform of the capital requirements framework for investment firms that was pending in the European Union at that time and the understanding of the date of application of that new framework. The new framework was originally scheduled to come into effect on 31 December 2020, but the date has since been confirmed to 26 June 2021.

With the permission Garantia's acquisition expense of EUR 60.4 million can be left undeducted. The impact on the result accumulated by the insurance company investment is not included in the consolidated Common Equity Tier 1 of the investment service company. Equity investments include the Group's internal insurance company investment of EUR 60.4 million with a risk-weight of 100 per cent. If the CRR 49 permission were not applied and using the alternative calculation method, where the insurance company investment is deducted from the Common Equity Tier 1 and excluding the result of the financial period, were applied, the consolidated Common Equity Tier 1 of the investment service company would be EUR 19.0 million and equity EUR 33.8 million on 31 December 2020.

Taaleri's financing sector's Common Equity Tier 1 with the CRR 49 permission is EUR 71.1 (70.9) million and equity EUR 86.0 (85.7) million, of which the profit of January-December 2020, EUR 3.5 (4.3) million, is deducted. The risk-weighted commitments were EUR 226.9 (242.6) million, of which the share of credit risk was EUR 149.0 (156.4) million and the share of operational risk EUR 77.9 (86.2) million according to the standardized approach. The Financing sector's Tier 1 Capital adequacy ratio was 31.8 (29.2) capital adequacy ratio was 38.4 (35.3) per cent.



<b>Financing sector's capital adequacy, EUR 1,000 (with the CRR 49 permission)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Common Equity Tier 1 before deductions</b>	<b>79,929</b>	<b>81,228</b>
<b>Deductions from the Common Equity Tier 1</b>		
Goodwill and intangible assets	-6,428	-6,184
Non-controlling interests	1,134	182
Profit of the review period	-3,486	-4,330
<b>Common Equity Tier 1 (CET1)</b>	<b>71,149</b>	<b>70,896</b>
Tier 2 capital before deductions	<b>14,839</b>	14,825
Deductions from the Tier 2 capital	-	-
Tier 2 capital (T2)	<b>14,839</b>	14,825
<b>Total capital (TC = T1 + T2)</b>	<b>85,988</b>	<b>85,720</b>
<b>Total risk-weighted commitments (total risk)</b>	<b>226,872</b>	<b>242,584</b>
- of which the share of credit risk	148,951	156,380
of which insurance company holdings	60,350	60,350
- of which the share of operational risk	77,921	86,204
- of which the share of other risks	-	-
Common Equity Tier 1 (CET1) in relation to the amount of total risk (%)	31.8 %	29.2 %
Tier 1 capital (T1) in relation to the amount of total risk (%)	31.8 %	29.2 %
Total capital (TC) in relation to the amount of total risk (%)	38.4 %	35.3%

## Solvency according to the Insurance Companies Act (Solvency II)

Garantia's solvency remained near the level seen in the previous year. The company's basic own funds were EUR 114.1 (112.7) million at the end of the financial year, and solvency capital requirement was 49.7 (48.6) million. Solvency ratio, or the ratio of basic own funds to the solvency capital requirement, was 229.4 (231.8) percent.

Basic own funds grew in accordance with the profit for the financial year. Basic own funds include foreseeable dividends as a deduction, and these foreseeable dividends grew compared to the previous year. The growth in the solvency capital requirement was due to the growth in capital requirements for non-life underwriting risk and market risk. The growth in the capital requirement for underwriting risk was to a significant effect a consequence of changes in the standard parameters of Solvency II, used in solvency calculations, that came into effect on 1 January 2020. Had these parameters been already applied on 31 December 2019, Garantia's solvency ratio would have been 219.3 per cent at the end of financial year 2019.

Garantia's own funds are formed in full of unrestricted Tier 1 basic own funds. Garantia does not apply the transition arrangements in defining its basic own funds and Garantia's own funds do not include items classified as ancillary own funds. Garantia does not use the matching adjustment or the volatility adjustment in the calculation of technical provisions. Garantia applies the standard formula for solvency capital requirement calculation. Garantia does not use the simplified calculation in the standard formula's risk modules or sub-modules, or company-specific parameters instead of the parameters of the standard formula. Garantia does not apply the transition arrangements of technical provisions or market risk calculations.

As of 30 June 2018, Garantia's solvency capital requirement has included a capital add-on set by the Financial Supervisory Authority. The Financial Supervisory Authority assesses the amount of the capital add-on at least once a year. Most recently, on 29 May 2020, the Financial Supervisory Authority reviewed its decision on the capital add-on; the capital add-on was set to EUR 15.3 (17 June 2019: 19.8) million. The updated capital add-on has been included in the Company's Solvency Capital Requirement as of 30 June 2020. When making its decision on the capital add-on in the past year, the Financial Supervisory Authority for the first time took in to account the capital requirement calculated as per Garantia's internal economic capital model.

In its decision concerning the capital add-on, the Financial Supervisory Authority states that the risk profile of Garantia's non-life underwriting risk section differs from the basic assumptions of the Solvency Capital Requirement standard formula by more than 15 per cent, and hence the prerequisites for the capital add-on are still fulfilled. According to the assessment of the Financial Services Authority, no significant changes have occurred in the risk profile of the company since the previous decision, made on 17 June 2019. In addition, the Finnish Financial Supervisory Authority repeats its earlier view that the requirement to use an internal model is not appropriate for Garantia.

According to the Insurance Companies Act, Solvency II capital adequacy regulations do not fall within the scope of statutory auditing.

## **TAALERI'S RISK MANAGEMENT AND RISK POSITION**

The task of risk management is to identify, assess, measure, treat and control risks in all Taaleri Group's businesses that influence the realization of the Group's strategic and operative goals, as well as to oversee compliance with the principles approved by the Taaleri Plc Board of Directors. Risk management aims to mitigate the likelihood of unforeseeable risks being realized, and their influence on and the threat they present to Taaleri Group's business operations. Risk management supports achievement of strategic goals by promoting better utilization of opportunities in all activities and more efficient distribution of risk-taking capacity to the different functions and projects within the defined risk appetite framework.

Taaleri Group's risks are divided into five main categories: strategic and business risk, credit risk, liquidity risk, market risk and operational risk (including compliance risk). In addition, Taaleri follows the development of political risks. The principles of Taaleri's risk and capital adequacy management are described in note 38 to the 2020 financial statements.

The risk capacity of the Taaleri Group consists of a properly optimized capital structure, profitability of business operations and qualitative factors, including good corporate governance, internal control, and proactive risk and capital adequacy management. Taaleri Group's attitude towards risk-taking is based on careful consideration of an adequate risk/return relationship. Taaleri Plc's Board of Directors has decided that the Group may not in its activities take a risk that jeopardizes the target level set for the company's own funds.

### **Segment-specific risks**

The main risks of Taaleri's Wealth Management segment consist mainly of operational risks and, to a slight extent, credit risks. The result of the Wealth Management segment is influenced by the development of assets under management, which depends on the progress of the private equity funds' projects and the development of the capital markets. The profit development is also influenced by the realization of performance fee and commission income tied to the success of investment operations. On the other hand, private equity fund management fees are based on long-term contracts that bring in a steady cash flow.

The insurance and investment activities carried out by Garantia Insurance Company are central to Taaleri's risk position. The main risks associated with Garantia's business operations are credit risks arising from guaranty operations, and the market risk regarding investment assets. Garantia's capital adequacy is strong and its risk position has remained stable.

The Energy segment's objective is to channel assets under management to renewable energy production projects and to other energy projects supporting sustainability. The goal is to internationalize and expand the Energy segment's business operations considerably, which naturally increase risks relating to the growth and internationalization of the operations. The Energy segment's earnings are impacted by its success in finding suitable projects, its ability to identify all risks related to renewable energy's international development, construction, financing and operations, and its success in the internationalization of its operations. The Energy segment's earnings are also affected by the success of its own investments in energy projects.

The most significant risks of the Other operations consist primarily of private investments and financing granted by Taaleri Sijoitus Oy as well as of credit risks related to Taaleri Plc's granted loans and receivables from credit institutions. The Other operations' returns consist of the fair value changes in investments and of profits/losses gained in connection with the sales of its investments. The earnings and result of the Other operations may thus vary significantly between periods under review.

Taaleri falls within the sphere of regulation of large customer risks defined in the EU Capital Requirements Regulation. At the end of the January-December 2020 review period, Taaleri's largest single customer risk was 19.8 (21.2) per cent of the Group's own funds and the liabilities of any (single) customer entity did not exceed the 25 per cent limit set by law.

## **MATERIAL EVENTS AFTER THE FINANCIAL PERIOD**

Siri Markula has been appointed Taaleri Group's Head of Communications and Investor Relations on January 18, 2021 and Tero Saarno has been appointed Head of Taaleri's bioindustry business as of February 1, 2021.

Taaleri's Shareholders' Nomination Board proposes to the Annual General Meeting scheduled for March 25, 2021 that the number of Board members be seven (7), and that Juhani Elomaa, Juha Laaksonen, Hanna Maria Sievinen, Tuomas Syrjänen, Elina Björklund and Petri Castrén will be re-elected as Board members, Peter Ramsay will be elected as a new Board member and that Juhani Elomaa will be elected Chairman of the Board and Juha Laaksonen will be elected Deputy Chairman of the Board.

## **OUTLOOK**

### **Short-term risks and concerns**

The coronavirus pandemic will continue to cause uncertainty in 2021. However, the global economy is likely to recover as coronavirus vaccinations progress and the restrictive measures in the global economy can be lifted. The most significant external uncertainties affecting the Group's operating profit are changes in the operating and regulatory environment and the development of the financial markets globally and especially in Finland.

The results of the Wealth Management and the Energy segments are influenced by the development of assets under management, which depends among other things on the progress of private equity fund projects and the development of capital markets. Profit development is also influenced by the realization of performance fees, which are tied to the success of the investment operations. The Energy segment's earnings are also affected by the success of its own investments in energy projects.

The Insurance segment's guaranty insurance business and investment activities have a major impact on Taaleri's operational income and capital adequacy.

The Other operations returns consist of the market value changes in investments and of sales profits/losses gained as well as returns of loans granted. The earnings and results of the Other operations may thus vary significantly between periods under review.

### **Long-term financial targets**

Taaleri's long-term targets are at least 15 per cent growth in continuing earnings, operating profit at least 20 per cent of income, return-on-equity at least 15 per cent and equity ratio at least 30 per cent.

The company aims to distribute a growing competitive dividend annually, with consideration to the company's financial and financing situation as well as the Group's capital adequacy requirement.

### **BOARD OF DIRECTORS' DIVIDEND PROPOSAL**

The Board of Directors proposes that a dividend of EUR 0.32 per share, a total of EUR 9,057,798.40 be paid for the financial year 2020. The parent company's distributable funds were EUR 57,284,919.13, which includes EUR 9,265,339.98 in net profit for the year. The dividend is to be paid in one instalment. In addition, the Board of Directors has decided that an unpaid dividend of EUR 0.16 per share for 2019 will not be paid.

The dividend will be paid to shareholders who are registered in the list of shareholders maintained by Euroclear Finland Ltd on the record date, which is 29 March 2021. The dividend payment date proposed by the Board is 7 April 2021.

The Board of Directors' report and financial statements will be available at [www.taaleri.com](http://www.taaleri.com) on 4 March 2021 at the latest.

Helsinki, 18 February 2021

Taaleri Plc

Board of Directors

## **Additional info**

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## **Web cast presentation in English**

An English presentation will be available from 18 February 2021 at 15:00 EET at <https://www.taaleri.com/en/investor-relations/reports-and-presentations>. The web cast is conducted in Finnish.

## **Financial information**

The annual report and financial statements for 2020 as well as the annual summary 2020 will be published on the company's website no later than March 4, 2021, as previously announced.

The Annual General Meeting is scheduled to be held on Thursday, March 25, 2021 in Helsinki.

Taaleri reports its result in 2021 as follows:

- May 7, 2021: Interim report for the period January 1-March 31, 2021
- 19 August 2021: Semi-annual report for the period 1 January to 30 June 2021
- November 5, 2021: Interim report for the period January 1-September 30, 2021



## KEY FIGURES

GROUP	7-12/2020	7-12/2019	1-12/2020	1-12/2019
Income, EUR 1,000	43,069	36,346	69,406	67,208
Operating profit (-loss), EUR 1,000	14,753	10,094	17,548	16,458
- as percentage of turnover	34.3 %	27.8 %	25.3 %	24.5 %
Net profit for the period, EUR 1,000	11,659	6,643	13,102	11,479
- as percentage of turnover	27.1 %	18.3 %	18.9 %	17.1 %
Basic earnings per share, EUR	0.42	0.21	0.46	0.39
Diluted earnings per share, EUR	0.41	0.21	0.45	0.38
Return on equity % (ROE) <sup>1)</sup>	18.5 %	10.9 %	10.1 %	9.3 %
Return on equity at fair value % (ROE) <sup>1)</sup>	22.7 %	10.7 %	10.0 %	10.6 %
Return on assets % (ROA) <sup>1)</sup>	8.8 %	5.2 %	4.9 %	4.5 %
Cost/income ratio	65.9 %	70.6 %	74.6 %	74.7 %
Cost/income ratio excluding investment operations	79.9 %	70.8 %	76.7 %	83.7 %
Price/earnings (P/E) <sup>1)</sup>	9.8	19.6	17.7	21.5
Number of full-time employees, avg	195	183	192	186

1) Annualised.

<b>GROUP</b>	<b>7-12/2020</b>	<b>7-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Equity ratio -%	49.7 %	46.6 %	49.7 %	46.6 %
Net gearing -%	29.2 %	37.0 %	29.2 %	37.0 %
Equity/share, EUR	4.75	4.45	4.75	4.45
Dividend/share, EUR <sup>1)</sup>	-	-	0.32	0.16
Dividend/earnings, % <sup>1)</sup>	-	-	69.6 %	40.9 %
Effective dividend yield, % <sup>1)</sup>	-	-	3.9 %	1.9 %
Loan receivables, EUR 1,000	6,699	8,294	6,699	8,294
Conglomerate's capital adequacy ratio, %	216.2 %	207.4 % <sup>3)</sup>	216.2 %	207.4 % <sup>3)</sup>
Financing sector capital adequacy ratio, %	38.4 %	35.3 %	38.4 %	35.3 %
Number of shares at the end of period <sup>2)</sup>	28,305,620	28,305,620	28,305,620	28,305,620
Average number of shares <sup>2)</sup>	28,305,620	28,305,620	28,305,620	28,305,620
Share average price, EUR	7.26	7.37	7.26	7.37
- highest price, EUR	9.76	8.64	9.76	8.64
- lowest price, EUR	5.82	6.66	5.82	6.66
- closing price, EUR	8.12	8.42	8.12	8.42
Market capitalization, EUR 1,000 <sup>2)</sup>	229,842	238,333	229,842	238,333
Shares traded, thousands	2,256	2,131	4,104	3,020
Shares traded, %	8 %	8 %	14 %	11 %

1) The Board's profit distribution proposal is 0.32/share for 2020.

2) Reduced by own shares acquired.

3) Capital adequacy ratio includes the Board of Director's dividend proposal for 2019, of which the Board of Directors has decided on 18 February 2021 not to distribute EUR 4.5 million

**INSURANCE OPERATIONS KEY FIGURES**

Taaleri's insurance business operations consist entirely of Garantia Insurance Company Ltd. Garantia Insurance Company Ltd has been consolidated from 1 April 2015.

EUR 1,000	7-12/2020	7-12/2019	1-12/2020	1-12/2019
<b>Net income from insurance</b>	<b>7,704</b>	<b>6,584</b>	<b>14,614</b>	<b>12,045</b>
Earned premiums, net	7,792	6,650	14,885	13,406
Claims incurred, net	-87	-65	-270	-1,361
<b>Other income</b>	<b>9</b>	<b>10</b>	<b>33</b>	<b>14</b>
<b>Net income from investment operations</b>	<b>5,905</b>	<b>4,244</b>	<b>2,534</b>	<b>9,208</b>
<b>Operating expenses</b>	<b>-3,602</b>	<b>-4,243</b>	<b>-5,513</b>	<b>-8,556</b>
<b>Operating profit before valuations</b>	<b>9,178</b>	<b>6,596</b>	<b>9,931</b>	<b>12,712</b>
<b>Change in fair value of investments</b>	<b>3,319</b>	<b>-169</b>	<b>195</b>	<b>1,837</b>
<b>Profit before taxes and non-controlling interests</b>	<b>12,497</b>	<b>6,427</b>	<b>10,127</b>	<b>14,549</b>
Combined ratio, %	44.9 %	45.9 %	36.7 %	55.1 %
Claims ratio, %	3.6 %	2.9 %	4.0 %	12.1 %
Expense ratio %	41.4 %	42.9 %	32.7 %	43.0 %
Return on investments at fair value, %	6.4 %	2.9 %	1.8 %	8.1 %
Solvency ratio (S2), % <sup>1)</sup>	229.4 %	231.8 %	229.4 %	231.8 %
Insurance exposure, EUR billion	1.82	1.84	1.82	1.84
Number of employees, avg	21	24	21	25

1) The Solvency II figures do not fall within the sphere of statutory auditing under the Insurance Companies Act. The Solvency II -figures have not been audited.

KEY FIGURES ACCOUNTING PRINCIPLES

Basic earnings per share, EUR 
$$\frac{\text{Profit or loss attributable to ordinary share holders of the parent company}}{\text{Weighted average number of ordinary shares outstanding - repurchased own shares}}$$

Diluted earnings per share, EUR 
$$\frac{\text{Profit or loss attributable to ordinary share holders of the parent company}}{\text{Weighted average number of ordinary shares outstanding + dilutive potential ordinary shares - repurchased own shares}}$$

**Alternative performance measures**

The Alternative Performance Measures (APMs) are presented to illustrate the financial performance of business operations and to improve comparability between reporting periods. They should not be considered to be replacements for the performance measures defined in IFRS -standards.

Return on equity (ROE), % 
$$\frac{\text{Profit for the period} \times 100}{\text{Total equity (average of the beginning and end of the year)}}$$

Return on equity at fair value %, (ROE) 
$$\frac{\text{Total comprehensive income for the period} \times 100}{\text{Total equity (average of the beginning and end of the year)}}$$

Return on assets (ROA), % 
$$\frac{\text{Profit for the period} \times 100}{\text{Balance sheet total (average of the beginning and end of the year)}}$$

Cost/income ratio, % 
$$\frac{\text{Fee and commission expense} + \text{interest expense} + \text{administrative expenses} + \text{depreciation} + \text{other operating expenses}}{\text{Total income} + \text{share of associates' profit or loss}}$$

Cost/income ratio, % excluding investment operations 
$$\frac{\text{Fee and commission expense} + \text{interest expense} + \text{administrative expenses} + \text{depreciation} + \text{other operating expenses}}{\text{Fee and commission income} + \text{net income from guaranty insurance operations operations} + \text{interest income} + \text{other operating income}}$$

Price/Earnings (P/E) 
$$\frac{\text{Price of series B share at the end of the period}}{\text{Earnings/share}}$$

Equity ratio, % 
$$\frac{\text{Total equity} \times 100}{\text{Balance sheet total}}$$

Gearing ratio, % 
$$\frac{(\text{Interest-bearing liabilities} - \text{cash and cash equivalents}) \times 100}{\text{Total equity}}$$

Equity/share, EUR 
$$\frac{\text{Equity attributable to ordinary share holders of the parent company}}{\text{Number of shares at end of period - repurchased own shares}}$$

Dividend/share, EUR 
$$\frac{\text{Dividend payable for the financial period} \times 100}{\text{Weighted average number of ordinary shares}}$$

Dividend/earnings, % 
$$\frac{\text{Dividend/share} \times 100}{\text{Basic earnings per share}}$$

Effective dividend yield, % 
$$\frac{\text{Dividend/share} \times 100}{\text{Price of series B share at the end of the period}}$$

Conglomerate's capital adequacy ratio, % 
$$\frac{\text{Conglomerate's total capital base}}{\text{Conglomerate's minimum requirement of total capital base}}$$

Total capital in relation to risk-weighted items 
$$\frac{\text{Total Capital (TC)}}{\text{Risk-weighted items (Total risk)}}$$

Common equity tier in relation to risk-weighted items 
$$\frac{\text{Common Equity Tier (CET1)}}{\text{Risk-weighted items (Total risk)}}$$

Market capitalization  $\frac{\text{Number of shares at end of financial period, less repurchased own shares, multiplied by stock exchange price at end of financial period}}{\text{Weighted average number of ordinary shares outstanding}}$

Shares traded, %  $\frac{\text{Shares traded during the financial period} \times 100}{\text{Weighted average number of ordinary shares outstanding}}$

## KEY FIGURES FOR INSURANCE OPERATIONS

Combined ratio, % Claims ratio, % + Expense ratio, %

Claims ratio, %  $\frac{\text{Claims incurred} + \text{operating expenses allocated to claims paid} \times 100}{\text{Insurance premium income}}$

This key figure is calculated after the share of the reinsurers.

Expense ratio, %  $\frac{(\text{Operating costs} - \text{Group's allocated overhead and financing expenses} + \text{operating expenses allocated to claims paid}) \times 100}{\text{Insurance premium income}}$

This key figure is calculated after the share of the reinsurers.

Solvency ratio (S2), %  $\frac{\text{Basic own funds} \times 100}{\text{Solvency capital requirement (SCR)}}$

**CONSOLIDATED INCOME STATEMENT**

EUR 1,000	Note	7-12/2020	7-12/2019	1-12/2020	1-12/2019
Fee and commission income	2	26,172	28,441	49,152	46,052
Net income from insurance	3	13,610	10,829	17,149	21,253
From guaranty insurance operations		7,704	6,585	14,614	12,045
From investment operations		5,905	4,244	2,534	9,208
Net gains or net losses on trading in securities and foreign currencies	4	437	457	920	-139
Income from equity investments	5	1,038	-4,579	-1,610	-1,812
Interest income	6	932	844	1,710	1,235
Other operating income	7	881	354	2,086	619
<b>TOTAL INCOME</b>		<b>43,069</b>	<b>36,346</b>	<b>69,406</b>	<b>67,208</b>
Fee and commission expense		-3,416	-3,166	-6,030	-5,401
Interest expense		-1,674	-1,603	-3,415	-3,142
Administrative expenses					
Personnel costs		-14,742	-11,880	-25,241	-24,197
Other administrative expenses		-4,444	-4,784	-8,775	-9,523
Depreciation, amortisation and impairment of tangible and intangible assets		-1,276	-1,362	-2,502	-2,663
Other operating expenses		-2,965	-2,844	-5,868	-5,229
Expected credit losses from financial assets measured at amortised cost					
	12	-35	-583	-100	-557
Share of associates' profit or loss		237	-30	74	-37
<b>OPERATING PROFIT</b>		<b>14,753</b>	<b>10,094</b>	<b>17,548</b>	<b>16,458</b>
Income tax expense		-3,095	-3,450	-4,447	-4,979
<b>PROFIT FOR THE PERIOD</b>		<b>11,659</b>	<b>6,643</b>	<b>13,102</b>	<b>11,479</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		<b>7-12/2020</b>	<b>7-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
<b>Profit for the period</b>		11,659	6,643	13,102	11,479
<b>Items that may be reclassified to profit or loss</b>					
Translation differences		-58	15	-325	215
Changes in the fair value reserve		3,319	-168	195	1,837
Income tax		-552	34	-39	-367
<b>Items that may be reclassified to profit or loss in total</b>		<b>2,708</b>	<b>-120</b>	<b>-169</b>	<b>1,685</b>
<b>Items that may not be reclassified to profit or loss</b>					
Changes in the fair value reserve		-29	5	6	10
Income tax		6	1	-2	-1
<b>Items that may not be reclassified to profit or loss in total</b>		<b>-23</b>	<b>6</b>	<b>4</b>	<b>9</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>14,344</b>	<b>6,529</b>	<b>12,937</b>	<b>13,172</b>
<b>Profit for the period attributable to:</b>					
Owners of the parent company		11,780	6,075	13,012	11,078
Non-controlling interests		-121	568	89	401
<b>Total</b>		<b>11,659</b>	<b>6,643</b>	<b>13,102</b>	<b>11,479</b>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the parent company		14,465	5,961	12,848	12,772
Non-controlling interests		-121	568	89	401
<b>Total</b>		<b>14,344</b>	<b>6,529</b>	<b>12,937</b>	<b>13,172</b>
<b>Earnings per share for profit attributable to the shareholders of the parent company</b>		<b>7-12/2020</b>	<b>7-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Basic earnings per share, profit for the period		0.42	0.21	0.46	0.39
Diluted earnings per share, profit for the period		0.41	0.21	0.45	0.38

Income is presented as gross figures, except for gains or losses on trading in securities and foreign currencies, which are presented as net figures to give a fair presentation of the operations.



**CONSOLIDATED BALANCE SHEET**

<b>Assets, EUR 1,000</b>	<b>Note</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Receivables from credit institutions	8, 9	25,786	29,102
Receivables from the public and general government	8, 9	6,699	8,294
Debt securities	8, 9	1,498	1,498
Shares and units	8, 9	21,971	9,232
Assets classified as held for sale	10	5,357	7,666
Participating interests	8, 9, 17	9,248	6,423
Insurance assets	8, 9	160,410	153,325
Insurance assets		3,705	4,663
Investments		156,705	148,662
Intangible assets		6,775	6,531
Goodwill		5,097	5,097
Other intangible assets		1,679	1,434
Tangible assets	11	2,944	4,435
Owner-occupied properties		2,427	3,622
Other tangible assets		517	812
Other assets		14,455	18,110
Accrued income and prepayments		11,237	22,851
Deferred tax assets		1,611	2,233
		<b>267,990</b>	<b>269,700</b>

<b>Liabilities, EUR 1,000</b>	<b>Note</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>LIABILITIES</b>		<b>134,781</b>	<b>143,971</b>
Liabilities to credit institutions	8, 9	14,939	25,929
Debt securities issued to the public	8, 9, 13	34,937	34,875
Insurance liabilities		34,676	32,303
Other liabilities		5,401	6,509
Accrued expenses and deferred income		14,623	13,940
Deferred tax liabilities		15,366	15,591
Subordinated debt	14	14,839	14,825
<b>EQUITY CAPITAL</b>	15	<b>133,209</b>	<b>125,729</b>
Share capital		125	125
Reserve for invested non-restricted equity		35,814	35,814
Fair value reserve		-864	-935
Translation difference		-89	236
Retained earnings or loss		86,344	79,592
Profit or loss for the period		13,012	11,078
Non-controlling interest		-1,134	-182
		<b>267,990</b>	<b>269,700</b>

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1-12/2020	1-12/2019
Cash flow from operating activities:		
Operating profit (loss)	17,548	16,458
Depreciation	2,502	2,663
Other adjustments		
Changes in fair value of investments	2,453	-1,111
Other adjustments	-343	522
Cash flow before change in working capital	22,160	18,532
Change in working capital		
Increase (-)/decrease (+) in loan receivables	1,760	1,241
Increase (-)/decrease (+) in current interest-free receivables	8,680	-15,654
Increase (+)/decrease (-) in current interest-free liabilities	800	7,695
Cash flow from operating activities before financial items and taxes	33,401	11,814
Direct taxes paid (-)	-1,972	-3,121
<b>Cash flow from operating activities (A)</b>	<b>31,429</b>	<b>8,693</b>
Cash flow from investing activities:		
Investments in tangible and intangible assets	-1,256	-1,038
Investments in subsidiaries and associated companies net of cash acquired	-2,750	-614
Other investments	-14,891	-9,895
<b>Cash flow from investing activities (B)</b>	<b>-18,897</b>	<b>-11,546</b>
Cash flow from financing activities:		
Changes in synthetic options	897	828
Transactions with non-controlling interests	-199	-
Increase in subordinated debt	-	15,000
Decrease in debt securities issued to the public	-	-20,000
Increase in non-current liabilities	20,000	20,000
Decrease in non-current liabilities	-31,000	-1,000
Dividends paid and other distribution of profit		
To parent company shareholders	-4,529	-8,492
To non-controlling shareholders	-1,017	-514
<b>Cash flow from financing activities (C)</b>	<b>-15,848</b>	<b>5,822</b>
Increase/decrease in cash and cash equivalents (A+B+C)	-3,315	2,969
Cash and cash equivalents at beginning of period	29,102	26,133
Cash and cash equivalents at end of period	25,786	29,102
Net change in cash and cash equivalents	-3,315	2,969

CHANGES IN GROUP EQUITY CAPITAL

	Share capital	Fair value reserve	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Equity total
<b>2020, EUR 1,000</b>								
<b>31.12.2019</b>	<b>125</b>	<b>-935</b>	<b>35,814</b>	<b>236</b>	<b>90,671</b>	<b>125,911</b>	<b>-182</b>	<b>125,729</b>
Changes to previous periods	-	-89	-	-	89	-	-	-
<b>1.1.2020</b>	<b>125</b>	<b>-1,024</b>	<b>35,814</b>	<b>236</b>	<b>90,760</b>	<b>125,911</b>	<b>-182</b>	<b>125,729</b>
Total comprehensive income for the financial period	-	160	-	-325	13,012	12,848	89	12,937
Earnings for the period	-	-	-	-	13,012	13,012	89	13,102
Other comprehensive income items	-	160	-	-325	-	-165	-	-165
Distribution of profit	-	-	-	-	-4,529	-4,529	-1,017	-5,546
Dividend EUR 0.30/share	-	-	-	-	-4,529	-4,529	-	-4,529
Distribution of profit for subgroup	-	-	-	-	-	-	-1,017	-1,017
Share-based payments payable as equity	-	-	-	-	897	897	-	897
Transactions with non-controlling interests <sup>1)</sup>	-	-	-	-	-153	-153	-49	-202
Other	-	-	-	-	-631	-631	24	-606
<b>31.12.2020</b>	<b>125</b>	<b>-864</b>	<b>35,814</b>	<b>-89</b>	<b>99,357</b>	<b>134,343</b>	<b>-1,134</b>	<b>133,209</b>

CHANGES IN GROUP EQUITY CAPITAL

	Share capital	Fair value reserve	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Equity total
<b>2019, EUR 1,000</b>								
<b>1.1.2019</b>	<b>125</b>	<b>-2,414</b>	<b>35,814</b>	<b>21</b>	<b>87,173</b>	<b>120,720</b>	<b>1,662</b>	<b>122,381</b>
Total comprehensive income for the financial period	-	1,478	-	215	11,078	12,772	401	13,172
Earnings for the period	-	-	-	-	11,078	11,078	401	11,479
Other comprehensive income items	-	1,478	-	215	-	1,693	-	1,693
Chargeable additions to equity	-	-	-	-	-	-	-	-
Distribution of profit	-	-	-	-	-8,492	-8,492	-514	-9,006
Dividend EUR 0.30/share	-	-	-	-	-8,492	-8,492	-	-8,492
Distribution of profit for subgroup	-	-	-	-	-	-	-514	-514
Share-based payments payable as equity	-	-	-	-	828	828	-	828
Shares sold to non-controlling interests <sup>1)</sup>	-	-	-	-	80	80	-1,731	-1,651
Transactions with non-controlling interests <sup>1)</sup>	-	-	-	-	-	-	-	-
Other	-	-	-	-	3	3	-	3
<b>31.12.2019</b>	<b>125</b>	<b>-935</b>	<b>35,814</b>	<b>236</b>	<b>90,671</b>	<b>125,911</b>	<b>-182</b>	<b>125,729</b>

1) See note 16.

SEGMENT INFORMATION - EARNINGS

1 January–31 December 2020, EUR 1,000	Continuing operations				Eliminations <sup>1)</sup>	TOTAL
	WEALTH MANAGEMENT	INSURANCE	ENERGY	OTHER		
Continuing earnings	37,475	14,647	9,242	1,551	-3,696	59,220
Performance fees	7,108	-	-	-	-	7,108
Investment operations	2,068	2,534	-	-1,449	-	3,153
<b>Total income</b>	<b>46,651</b>	<b>17,182</b>	<b>9,242</b>	<b>102</b>		<b>69,480</b>
Fee and commission expense	-8,734	-228	-649	-114	3,696	-6,030
Interest expense	-49	-	-4	-3,222	-	-3,275
Personnel costs	-13,602	-3,244	-4,331	-4,064	-	-25,241
Direct expenses	-9,051	-1,679	-1,943	-3,442	-	-16,115
Depreciation, amortisation and impairment	-1,023	-43	-42	-35	-	-1,143
Impairment losses on loans and other receivables	5	-	-	-105	-	-100
<b>Operating profit before overhead costs</b>	<b>14,197</b>	<b>11,987</b>	<b>2,273</b>	<b>-10,881</b>		<b>17,577</b>
Overhead costs	-2,049	-318	-467	2,834	-	-
Allocation of financing expenses	-	-1,738	-1,618	3,355	-	-
<b>Operating profit before valuations</b>	<b>12,149</b>	<b>9,931</b>	<b>188</b>	<b>-4,691</b>		<b>17,577</b>
Change in fair value of investments	31	195	-	-26	-	201
<b>Profit before taxes and non-controlling interests</b>	<b>12,180</b>	<b>10,127</b>	<b>188</b>	<b>-4,717</b>		<b>17,778</b>

1 January–31 December 2019, EUR 1,000	Continuing operations				Eliminations <sup>1)</sup>	TOTAL
	WEALTH MANAGEMENT	INSURANCE	ENERGY	OTHER		
Continuing earnings	38,784	12,059	4,632	1,472	-1,651	55,296
Performance fees	5,188	-	-	-	-	5,188
Investment operations	572	9,208	-	-3,093	-	6,687
<b>Total income</b>	<b>44,544</b>	<b>21,267</b>	<b>4,632</b>	<b>-1,621</b>		<b>67,171</b>
Fee and commission expense	-6,485	-279	-232	-57	1,651	-5,401
Interest expense	-33	-	-	-2,919	-	-2,953
Personnel costs	-13,985	-3,845	-2,705	-3,662	-	-24,197
Direct expenses	-8,904	-1,858	-2,141	-3,405	-	-16,308
Depreciation, amortisation and impairment	-1,076	-42	-43	-57	-	-1,218
Impairment losses on loans and other receivables	68	-	-469	-157	-	-557
<b>Operating profit before overhead costs</b>	<b>14,130</b>	<b>15,244</b>	<b>-959</b>	<b>-11,878</b>		<b>16,537</b>
Overhead costs	-2,361	-370	-488	3,219	-	-
Allocation of financing expenses	-	-2,163	-1,171	3,334	-	-
<b>Operating profit before valuations</b>	<b>11,769</b>	<b>12,712</b>	<b>-2,619</b>	<b>-5,325</b>		<b>16,537</b>
Change in fair value of investments	10	1,837	-	-	-	1,847
<b>Profit before taxes and non-controlling interests</b>	<b>11,778</b>	<b>14,549</b>	<b>-2,619</b>	<b>-5,325</b>		<b>18,384</b>

1) The distribution of income related to energy funds between the Wealth Management segment and the Energy segment has been presented in segment reporting on a gross basis. Intra-group fee income and fee expense subject to this presentation are eliminated in segment reporting in a separate column.

Reconciliations

Reconciliation of total income	2020	2019
Total income of segments	69,480	67,171
Share of associates' profit or loss allocated to total income of segments	-74	37
<b>Consolidated total income</b>	<b>69,406</b>	<b>67,208</b>

Reconciliation of operating profit	2020	2019
Total earnings of segments before taxes and non-controlling interests	17,778	18,384
Change in fair value of investments	-201	-1,847
IFRS 16 Leases <sup>2)</sup>	-29	-79
<b>Consolidated operating profit</b>	<b>17,548</b>	<b>16,458</b>

2) The IFRS 16 Leases -standard is not applied in the segment reporting.

Further information is provided below on Taaleri Group's own balance sheet investments, the fair value of which exceeds EUR 1,000 thousand at the balance sheet date. Taaleri Group's own balance sheet investments are presented in segment reporting as part of the Other operations.

<b>Strategic investments, EUR 1,000</b>	<b>Investment type</b>	<b>Purchase price 31.12.2020</b>	<b>Fair value 31.12.2020</b>	<b>Holding 31.12.2020</b>
<u>Real estate investments</u>				
Sepos Oy	Shares and participations	2,500	2,439	30.0 %
Turun Toriparkki Oy	Shares and participations	3,502	3,026	48.2 %
Munkkiniemi Group Oy	Shares and participations	5	303	47.0 %
Munkkiniemi Group Oy	Loan	2,360	2,409	-
<u>Bioindustry investments</u>				
Fintoil Oy	Shares and participations	3,425	3,425	27.4 %
<b>Non-strategic investments, EUR 1,000</b>				
<u>Real estate investments</u>				
Taaleri Datacenter Ky (Ficolo)	Shares and participations	2,900	2,908	29.5 %
TT Canada RE Holdings Corporation	Loan	6,729	7,687	-
<u>Other investments</u>				
Inderes Oy	Shares and participations	448	1,463	10.8 %
Fellow Finance Oyj	Shares and participations	2,974	5,357	25.9 %
Fellow Finance Oyj	Loan	1,500	1,508	-
Taaleri Telakka Ky	Shares and participations	3,430	3,293	16.1 %

Investments in the non-strategic investment portfolio have a project-specific exit plan. Taaleri's own co-investment projects will be divested at the same pace as other co-investors.

## NOTES TO THE FINANCIAL STATEMENTS BULLETIN 31 DECEMBER 2020

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## 1 ACCOUNTING POLICIES

The financial statements bulletin has been prepared in accordance with IAS 34 and with the accounting principles presented in the financial statements 2019, with exception of the amended IFRS standards mandatory as of 1 January 2020. The adoption of the amended standards and interpretations have no material impact on the reported results or financial position.

The financial statements bulletin is based on the audited financial statements of 2020. The auditor's report has been issued on 18 February 2021. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

The financial statements bulletin is available in Finnish and English. The Finnish version is the official financial statements bulletin that will apply if there is any discrepancy between the language versions.

## 2 FEE AND COMMISSION INCOME

Fee and commission income 1/7-31/12/2020, EUR 1,000	WEALTH				TOTAL
	MANAGEMENT	INSURANCE	ENERGY	OTHER	
Wealth management fees and commissions	16,270	-	4,962	36	21,268
Performance fees	4,903	-	-	-	4,903
<b>Total</b>	<b>21,174</b>	<b>-</b>	<b>4,962</b>	<b>36</b>	<b>26,172</b>

Fee and commission income 1/7-31/12/2019, EUR 1,000	WEALTH				TOTAL
	MANAGEMENT	INSURANCE	ENERGY	OTHER	
Wealth management fees and commissions	19,607	-	3,169	19	22,794
Performance fees	5,647	-	-	-	5,647
<b>Total</b>	<b>25,254</b>	<b>-</b>	<b>3,169</b>	<b>19</b>	<b>28,441</b>

Fee and commission income 1/1-31/12/2020, EUR 1,000	WEALTH				TOTAL
	MANAGEMENT	INSURANCE	ENERGY	OTHER	
Wealth management fees and commissions	32,831	-	9,094	119	42,044
Performance fees	7,108	-	-	-	7,108
<b>Total</b>	<b>39,939</b>	<b>-</b>	<b>9,094</b>	<b>119</b>	<b>49,152</b>

Fee and commission income 1/1-31/12/2019, EUR 1,000	WEALTH				TOTAL
	MANAGEMENT	INSURANCE	ENERGY	OTHER	
Wealth management fees and commissions	36,276	-	4,555	33	40,864
Performance fees	5,188	-	-	-	5,188
<b>Total</b>	<b>41,464</b>	<b>-</b>	<b>4,555</b>	<b>33</b>	<b>46,052</b>

## 3 NET INCOME FROM INSURANCE

EUR 1,000	1/7-	1/7-	1/1-	1/1-
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
<b>Earned premiums, net</b>				
Premiums written	11,124	11,873	18,988	19,791
Reinsurers' share	-65	-539	-243	-1,009
Change in provision for unearned premiums	-3,054	-4,700	-3,395	-5,629
Reinsurers' share	-213	16	-465	254
<b>Total</b>	<b>7,792</b>	<b>6,650</b>	<b>14,885</b>	<b>13,406</b>
<b>Claims incurred, net</b>				
Claims paid	-122	-631	-1,080	-482
Reinsurers' share	30	393	547	403
Change in provision for outstanding claims	89	548	592	-3,084
Reinsurers' share	-84	-375	-329	1,802
<b>Total</b>	<b>-87</b>	<b>-65</b>	<b>-270</b>	<b>-1,361</b>



**Net income from investment operations**

Financial assets at fair value through other comprehensive income (Available for sale)	1,108	1,775	2,326	2,366
Interest income	1,141	1,408	1,878	2,071
From dividends	-	-	-	-
Profit or loss from sales	55	363	518	353
Others	-89	5	-70	-58
- of which change in expected credit loss	-89	5	-70	-58
Financial assets at fair value through profit or loss	4,797	2,618	208	6,842
Financial assets that need to be measured at fair value through profit or loss	4,797	-	-	-
Change in fair value	4,418	1,534	-1,102	4,761
Interest income	-	-	-	-
From dividends	-	875	-	1,873
Profit or loss from sales	86	209	-77	209
Others	-	-	-	-
<b>Total</b>	<b>5,905</b>	<b>4,393</b>	<b>2,534</b>	<b>9,208</b>
<b>Net income from insurance, total</b>	<b>13,610</b>	<b>10,978</b>	<b>17,149</b>	<b>21,253</b>

**4 NET GAINS OR NET LOSSES ON TRADING IN SECURITIES AND FOREIGN CURRENCIES**

	1/7- 31/12/2020	1/7- 31/12/2019	1/1- 31/12/2020	1/1- 31/12/2019
<b>Net gains or net losses on trading in securities, EUR 1,000</b>				
From financial assets measured at fair value through profit or loss				
Financial assets that need to be measured at fair value through profit or loss	353	73	833	-955
<b>Total</b>	<b>353</b>	<b>73</b>	<b>833</b>	<b>-955</b>
<b>Net gains or net losses on trading in securities and foreign currencies, EUR 1,000</b>				
Net gains or net losses on trading in securities by type				
From shares and units	353	73	833	-955
Sales profit and loss	60	194	133	308
Changes in fair value	292	-121	700	-1,263
Net gains or net losses on trading in securities, total	353	73	833	-955
Net gains or net losses on trading in foreign currencies	84	384	87	816
<b>Total</b>	<b>437</b>	<b>457</b>	<b>920</b>	<b>-139</b>

**5 INCOME FROM EQUITY INVESTMENTS**

	1/7- 31/12/2020	1/7- 31/12/2019	1/1- 31/12/2020	1/1- 31/12/2019
<b>EUR 1,000</b>				
From financial assets recognised at fair value in profit or loss	485	-30	557	901
Dividend income	-	-	71	73
Profit or loss from divestments	485	-30	485	829
From assets classified as held for sale	554	-5,539	-2,309	-4,267
Dividend income	-	-	-	74
Changes in fair value	554	-5,539	-2,309	-4,341
From associated companies	-	-	-	508
Profit or loss from divestments	-	-	-	508
From group companies	-2	990	142	1,046
Profit or loss from divestments	-2	990	142	1,046
<b>Total</b>	<b>1,038</b>	<b>-4,579</b>	<b>-1,610</b>	<b>-1,812</b>

**6 INTEREST INCOME**

<b>EUR 1,000</b>	<b>1/7- 31/12/2020</b>	<b>1/7- 31/12/2019</b>	<b>1/1- 31/12/2020</b>	<b>1/1- 31/12/2019</b>
Interest income from other loans and receivables				
From receivables from the public and general government	813	789	1,537	1,167
From debt securities	43	51	86	51
Other interest income	76	3	87	17
<b>Total</b>	<b>932</b>	<b>844</b>	<b>1,710</b>	<b>1,235</b>

**7 OTHER OPERATING INCOME**

<b>EUR 1,000</b>	<b>1/7- 31/12/2020</b>	<b>1/7- 31/12/2019</b>	<b>1/1- 31/12/2020</b>	<b>1/1- 31/12/2019</b>
Rental income	3	5	5	8
Income from wind projects	750	-	1,642	-
Other income	128	350	439	610
<b>Total</b>	<b>881</b>	<b>354</b>	<b>2,086</b>	<b>619</b>

8 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities 31 December 2020, EUR 1,000

Financial assets	Amortised cost	At fair value through other comprehensive income		At fair value through profit or loss		Total	Fair value
		Equity instruments <sup>3)</sup>	Others	Equity instruments	Others		
Receivables from credit institutions <sup>1)</sup>	25,786					25,786	25,786
Receivables from the public and general government	2,764				3,935	6,699	6,699
Debt securities	1,498					1,498	1,508
Shares and units		497		20,857	617	21,971	21,971
Insurance assets			100,348	39,717	16,640	156,705	156,705
Other financial assets	20,309					20,309	
<b>Financial assets total</b>	<b>50,358</b>	<b>497</b>	<b>100,348</b>	<b>60,575</b>	<b>21,191</b>	<b>232,969</b>	
Participating interests						9,248	
Other than financial assets						25,774	
<b>Assets in total 31 December 2020</b>						<b>267,990</b>	

Financial liabilities	At fair value through profit or loss		Other liabilities	Total	Fair value
Liabilities to credit institutions			14,939	14,939	15,000
Debt securities issued to the public <sup>2)</sup>			34,937	34,937	35,485
Subordinated debt			14,839	14,839	15,154
Other financial liabilities			16,349	16,349	
<b>Financial liabilities total</b>			<b>81,063</b>	<b>81,063</b>	
Other than financial liabilities				53,717	
<b>Liabilities in total 31 December 2020</b>				<b>134,781</b>	

Financial assets and liabilities 31 December 2019, EUR 1,000

Financial assets	Amortised cost	At fair value through other comprehensive income		At fair value through profit or loss		Total	Fair value
		Equity instruments <sup>3)</sup>	Others	Equity instruments	Others		
Receivables from credit institutions <sup>1)</sup>	29,102					29,102	29,102
Receivables from the public and general government	2,060				6,234	8,294	10,509
Debt securities	1,498					1,498	1,730
Shares and units		496		8,260	475	9,232	9,232
Insurance assets			76,992	52,642	19,028	148,662	148,662
Other financial assets	27,046					27,046	
<b>Financial assets total</b>	<b>59,706</b>	<b>496</b>	<b>76,992</b>	<b>60,902</b>	<b>25,738</b>	<b>223,835</b>	
Participating interests						6,423	
Other than financial assets						39,442	
<b>Assets in total 31 December 2019</b>						<b>269,700</b>	

Financial liabilities	At fair value through profit or loss		Other liabilities	Yhteensä	Käypä arvo
Liabilities to credit institutions			25,929	25,929	26,162
Debt securities issued to the public <sup>2)</sup>			34,875	34,875	35,967
Subordinated debt			14,825	14,825	15,154
Other financial liabilities			18,462	18,462	
<b>Financial liabilities total</b>			<b>94,090</b>	<b>94,090</b>	
Other than financial liabilities				49,881	
<b>Liabilities in total 31 December 2019</b>				<b>143,971</b>	

1) The carrying amount of these receivables are seen as the best estimate of their fair values.

2) Bonds included in Debt securities issued to the public are carried at amortised cost.

3) At initial recognition the Group's non-strategic investments are specifically classified as measured at fair value through profit or loss. Thus, dividend yields are recognised in profit or loss, but changes in fair value, foreign exchange rate gains and losses as well as sales gains and losses are recognised in other comprehensive income. These are not later recycled to profit or loss. The classification as a non-strategic investment is made instrument-by-instrument by management. Non-strategic investments include small investments in limited partnerships associated to Taaleri's private equity funds and equity investments in private companies not directly associated to Taaleri's business strategy. On 31/12/2020 the fair value of non-strategic investments was 497 (31/12/2019 496) thousand euros, of which none paid dividends in 2020 or 2019. No non-strategic investments were derecognised in 2020.

9 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Fair value of assets 31 December 2020, EUR 1,000				Fair value
	Level 1	Level 2	Level 3	total
Receivables from credit institutions		25,786		25,786
Receivables from the public and general government		5,964	735	6,699
Debt securities		1,508		1,508
Shares and units	654		21,317	21,971
Insurance assets	151,610		5,095	156,705
<b>Total</b>	<b>152,264</b>	<b>33,258</b>	<b>27,147</b>	<b>212,670</b>

Fair value of liabilities 31 December 2020, EUR 1,000				Fair value
	Level 1	Level 2	Level 3	total
Liabilities to credit institutions		15,000		15,000
Debt securities issued to the public		35,485		35,485
Subordinated debt		15,154		15,154
<b>Total</b>	<b>-</b>	<b>65,639</b>	<b>-</b>	<b>65,639</b>

Fair value of assets 31 December 2019, EUR 1,000				Fair value
	Level 1	Level 2	Level 3	total
Receivables from credit institutions		29,102		29,102
Receivables from the public and general government		9,815	694	10,509
Debt securities		1,730		1,730
Shares and units	516		8,716	9,232
Insurance assets	144,166		4,496	148,662
<b>Total</b>	<b>144,682</b>	<b>40,647</b>	<b>13,907</b>	<b>199,235</b>

Fair value of liabilities 31 December 2019, EUR 1,000				Fair value
	Level 1	Level 2	Level 3	total
Liabilities to credit institutions		26,162		26,162
Debt securities issued to the public		35,967		35,967
Subordinated debt		15,154		15,154
<b>Total</b>	<b>-</b>	<b>77,283</b>	<b>-</b>	<b>77,283</b>

**Fair value hierarchy**

Level 1: Fair values are based on the prices quoted on the active market on identical assets or liabilities.

Level 2: Fair values are based on information other than quoted prices included within level 1 that are observable for the asset or liability, either directly (from prices) or indirectly (derived from prices). When measuring the fair value of these instruments, Taaleri Group uses generally accepted valuation models whose information is based to a significant degree on verifiable market information.

Level 3: Fair values are based on information concerning an asset or liability, which is not based on verifiable market information. Level 3 assets are mainly valued at a price received from an external party or, if no reliable fair value is available/determinable, at purchase price.

**Assets classified at level 3**

Assets categorised within level 3 consist of unquoted shares in private equity funds, stocks and debt securities. Shares in private equity funds are mainly measured at the latest fair value received from the management company. Unquoted shares are measured at fair value using discounted cash flow analysis or, if it is determined that fair value cannot be measured reliably, at acquisition cost.

Reconciliation of assets categorised within level 3, EUR 1,000	1/1-	1/1-
	31/12/2020	31/12/2019
Fair value January 1	13,907	10,961
Purchases	4,343	14,376
Sales and deductions	-615	-10,073
Change in fair value - income statement	635	-1,361
Change in fair value - comprehensive income statement	6	4
Change of associated company or subsidiary to an investment	8,872	-
<b>Fair value at end of period</b>	<b>27,147</b>	<b>13,907</b>

Unrealised gains or losses attributable to fair value measurements of assets or liabilities categorised within level 3 held at the end of the reporting period recognised in profit or loss, EUR 1,000	1/1- 31/12/2020	1/1- 31/12/2019
Net income from insurance	21	32
Net gains or net losses on trading in securities and foreign currencies	614	-1,394
<b>Total</b>	<b>635</b>	<b>-1,361</b>

## 10 ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale, EUR 1,000	31.12.2020	31.12.2019
Investments in associates	5,357	7,666
<b>Yhteensä</b>	<b>5,357</b>	<b>7,666</b>

As Taaleri's associated company Fellow Finance Plc was listed on the First North exchange in October 2018, Taaleri Plc decided to reclassify the holding as an asset held for sale. Taaleri Plc has promoted and promotes actively and continuously the sale. Fellow Finance Plc is part of Taaleri's Other operations.

## 11 TANGIBLE ASSETS

EUR 1,000	31.12.2020	31.12.2019
Other tangible assets	2,944	4,435
<b>Total</b>	<b>2,944</b>	<b>4,435</b>

	1/1- 31/12/2020	1/1- 31/12/2019
Acquisition cost 31 December	8,008	2,581
Increase due to adoption of IFRS 16	-	5,323
Acquisition cost January 1	8,008	7,904
Additions	76	104
Acquisition cost at end of period	8,084	8,008
Accrued depreciation, amortisation and impairment January 1	3,573	1,888
Depreciation in the financial period	1,567	1,685
Accrued depreciation, amortisation and impairment at end of period	5,140	3,573
Book value on January 1	4,435	692
<b>Book value at end of period</b>	<b>2,944</b>	<b>4,435</b>

## 12 IMPAIRMENT LOSSES ON RECEIVABLES

EUR 1,000	Amortised cost	At fair value through other comprehensive income <sup>1)</sup>	Total
ECL 1/1/2020	665	434	1,099
Additions due to purchases	38	79	118
Deductions due to derecognitions	127	-53	74
Changes in risk parameters	-	44	44
<b>Recognised in profit or loss</b>	<b>165</b>	<b>70</b>	<b>235</b>
<b>ECL 31/12/2020</b>	<b>830</b>	<b>504</b>	<b>1,334</b>

EUR 1,000	Amortised cost	At fair value through other comprehensive income <sup>1)</sup>	Total
ECL 1/1/2019	39	376	415
Additions due to purchases	628	63	692
Deductions due to derecognitions	-3	-44	-47
Changes in risk parameters	-	40	40
<b>Recognised in profit or loss</b>	<b>626</b>	<b>58</b>	<b>684</b>
<b>ECL 31/12/2019</b>	<b>665</b>	<b>434</b>	<b>1,099</b>

All financial assets subject to ECL calculations are on level 1, i.e. the credit risk has not increased significantly. There are no realised credit losses recognised in the presented financial periods.

1) Expected credit losses from financial assets measured at fair value through other comprehensive income all pertain to the insurance business, and therefore the expected credit loss has been recognised in net income from insurance investment operations. See note 3.

<b>EUR 1,000</b>	<b>1/1- 31/12/2020</b>	<b>1/1- 31/12/2019</b>
Received payments related to loans that have been written-off	65	68
Change in ECL	-165	-626
<b>Expected credit losses from financial assets measured at amortised cost recognised in profit or loss</b>	<b>-100</b>	<b>-626</b>

**13 DEBT SECURITIES ISSUED TO THE PUBLIC**

<b>EUR 1,000</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Publicly issued bonds	34,937	34,875
<b>Total</b>	<b>34,937</b>	<b>34,875</b>

Taaleri Plc has issued one bond in 2016 and two in 2014. The bond issued in 2016 is listed on the Nasdaq HEL Corporate Bond market and the bonds issued in 2014 were listed on the Nasdaq First North Bond Market Finland. The bonds issued in 2014 were repaid in 2017 and 2019.

Further information about the bond programme can be found on the company's website (only in Finnish): [www.taaleri.com/fi/investor-relations/velkasioittajat](http://www.taaleri.com/fi/investor-relations/velkasioittajat).

**14 SUBORDINATED DEBTS**

<b>EUR 1,000</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Tier 2 bond	14,839	14,825
<b>Total</b>	<b>14,839</b>	<b>14,825</b>

On 18/10/2019 Taaleri Plc issued Tier 2 notes totalling EUR 15 million. The Tier 2 Notes constitute a subordinated debt instrument, which is included in the Tier 2 capital referred to in Article 63 of Regulation (EU) No 575/2013 of the European Parliament and of the Council. The notes mature in ten years and bear a fixed interest rate of 5.0 per cent until 18 October 2024 and then onwards EUR 5-year mid-swap rate plus 5.33 per cent. The terms and conditions of the Notes include a call option after five years from the issuance and the company is also entitled to an early repayment before the call option under certain preconditions provided in the terms and conditions of the Notes.

**15 EQUITY CAPITAL**

**Share capital**

The company's share capital on 31 December 2020 was EUR 125,000 and the amount of shares 28,350,620. The company's shares do not have a nominal value. Taaleri Plc's shares are traded on the Nasdaq Helsinki main market. The shares' trading code is "TAALA" and ISIN code FI4000062195. The parent company possesses 45,000 of its own shares. All shares issued have been paid for in full. The group uses share-based incentive schemes. The company has not issued convertible bonds or other than the above-mentioned special rights.

16 INVESTMENTS IN SUBSIDIARIES

**Changes in subsidiary shareholdings 2020**

During 2020 Taaleri divested its holding in wind farm project located in Texas, USA, by reducing its holding in TGE Taaleri LLC and its subsidiary TG East Wind Project LLC to seven (100.0) per cent. In addition, during 2020 Taaleri acquired all of the non-controlling interests in Taaleri Veropalvelut Oy and at the end of the financial year Taaleri's holding in Taaleri Veropalvelut Oy is 100.0 (95.0). Taaleri Sijoitus Oy's holding in Mobify Invoices Oy decreased to 61.8 (68.0) percent with the share issue.

Additionally, during 2020, there were established and merged some management - and project companies under Taaleri Pääomarahastot, Taaleri Sijoitus and Taaleri Energia.

**Changes in subsidiary shareholdings 2019**

Taaleri Energia acquired Taaleri Energia Iberia SL in Spain and established Taaleri Solarwind II GP S.a.r.l. in Luxembourg during the financial period.

During the financial period Taaleri divested its holding in the property investment TT Canada RE Holding (100.0) and its subsidiary Norther Lights Enterprises (85.0), and reduced its holding in Taaleri Datacenter to 31.7 (100.0) per cent.

During the reporting period Taaleri reduced its ownership in Taaleri Energia by 2.0 percent to commit its Energia segment's key operative individuals. At the end of the financial period Taaleri had a 78.6 percent stake in the company. The effect of the sale is included in the table below.

Taaleri Wealth Management Ltd's wholly owned subsidiary Kultataaleri Oy was merged into its parent company on 31/12/2019.

Additionally, during the financial period, management and project companies were established and merged under Taaleri Private Equity Funds and Taaleri Energia.

**Effects on the equity attributable to owners of the parent of any changes in its ownership interest in a subsidiary that do not result in a loss of control, EUR 1,000**

	2020	2019
From an addition to the share owned in subsidiaries	-246	-
From a reduction in the share owned in subsidiaries, without loss of control	93	80
<b>Net effect on equity</b>	<b>-153</b>	<b>80</b>

There is not a material non-controlling interest in the group.



17 INVESTMENTS IN ASSOCIATED COMPANIES

**Changes in associated companies shareholdings 2020**

On 31 December 2020 the group had nine associated companies; Fellow Finance Plc, Hernesaaren Kehitys Oy, Munkkiniemi Group Oy, Taaleri Datacenter Ky, Fintoil Oy, Taaleri SolarWind II SPV, Turun Toriparkki Oy, Masdar Taaleri Generation and Sepos Oy. None of these is considered material to the group. The associated companies, except for Fellow Finance Plc and Fintoil Oy, are consolidated using the equity method. Fellow Finance Plc is classified as held for sale (see Note 10). Venture capital investment committed to associated company Fintoil is decided to measure at fair value through profit or loss in accordance with IFRS 9. A profit of 73 thousand euros from continuing operations of the associated companies has been recognised in the Group in the income statement item 'Share of associates' profit or loss'. The associated companies have neither discontinued operations nor comprehensive income items.

During the reporting period Taaleri acquired a 30.0 percent share in Sepos Oy after which it is consolidated as associated company. In addition, Taaleri's holding in Taaleri Datacenter Ky decreased to 29.5 per cent and holding in Fintoil Oy increased to 27.4 per cent.

**Changes in associated companies shareholdings 2019**

On 31 December 2019 the group had eight associated companies; Fellow Finance Plc, Hernesaaren Kehitys Oy, Munkkiniemi Group Oy, Taaleri Datacenter Ky, Fintoil Oy, Taaleri SolarWind II SPV, Turun Toriparkki Oy and Masdar Taaleri Generation. None of these is considered material to the group. The associated companies, except for Fellow Finance Plc and Fintoil Oy, are consolidated using the equity method. Fellow Finance Plc is classified as held for sale (see Note 23) and Fintoil as an investment that is valued at fair value. A loss of 37 thousand euros from continuing operations of the associated companies has been recognised in the Group in the income statement item 'Share of associates' profit or loss'. The associated companies have neither discontinued operations nor comprehensive income items.

During 2019 former subsidiary Taaleri Datacenter Ky had a capital call, after which Taaleri's share in the company is 31.2 percent and it became an associated company. At the same time Taaleri Datacenter Ky's subsidiary Ficolo Oy ceased to be Taaleri's associated company. Additionally Taaleri acquired a 33.3 percent share in Hernesaaren Kehitys Oy, a 50.0 percent share in Taaleri SolarWind II SPV, a 50.0 percent share in Masdar Taaleri Generation and 21.6 percent in Fintoil Oy.

18 CONDITIONAL LIABILITIES AND CONTINGENT LIABILITIES

<b>Commitments not recognised as liabilities, EUR 1,000</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Total gross exposures of guaranty insurance	1,816,527	1,837,468
Guarantees	2,000	2,000
Investment commitments	4,658	8,200
Pledged securities	15,000	10,000
Credit limits (unused)	10,200	10,200
<b>Total</b>	<b>1,848,385</b>	<b>1,867,868</b>

Garantia has received information that a matter concerning a potential insurance event and a EUR 5 million claim with penalty consequences and legal fees has become pending in the Helsinki District Court on 29 December 2017. The insurance claim concerns a pension fund which was a loan guaranty customer of Garantia in 2011 and which was placed in liquidation in December 2011 under the Pension fund act (1164/1992, as amended) and subsequently declared bankrupt on 5 February 2018, related to which Garantia originally received a claim on 30 December 2011. The processing of the case in the district court has not yet begun, due to other pending investigations related to the pension fund. Garantia considers that the claim is still unfounded, which is why it has not been entered in the profit and loss account as a provision for outstanding claims.

**19 RELATED PARTY DISCLOSURES**

The parent company and its subsidiaries and associated companies belong to the group's related parties. Related parties also include the members of the Board of Directors and the executive board as well as their related parties.

The following belong to the company's related parties:

- 1) Someone who, by virtue of shareholding, options or convertible bonds has or may have at least 20 percent of the company's stocks or shares, or the voting rights attached to them, or a corresponding shareholding or voting right in an organisation belonging to the group, or in an organisation exercising control in the company, unless the significance of the company that is the subject of ownership is minor in terms of the whole group.
- 2) A member and deputy member of the Board of Directors, CEO and Deputy CEO, and somebody in a similar position in a company as referred to in point 1.
- 3) The children and spouse of someone as referred to in point 2, or someone in a marital relationship with that person.
- 4) An organisation and foundation in which an above-mentioned person, either alone or with another person, has control as specified in Chapter 1, Paragraph 5 of the Accounting Act.

Business transactions made with the company and companies belonging to the group have been carried out on terms equivalent to those that prevail in arm's length transactions.

On 31 December 2020 the Chairman of the board Juhani Elomaa was among the ten largest shareholders of the company.

**Related party transactions with associated companies and related parties, EUR 1,000**

<b>2020</b>	<b>Sales</b>	<b>Purchases</b>	<b>Receivables</b>	<b>Liabilities</b>
Associated companies	761	-	4,713	-
Other related parties	200	-	5,002	-
<b>2019</b>	<b>Sales</b>	<b>Purchases</b>	<b>Receivables</b>	<b>Liabilities</b>
Associated companies	1,206	-	7,410	-
Other related parties	177	-	5,265	-

**TAALERI IN BRIEF**

Taaleri is a Finnish financial service company, whose parent company Taaleri Plc is listed on Nasdaq Helsinki's, Finland, main market. The Taaleri Group comprises three business areas: Wealth Management, Insurance and Energy. In addition, the Group makes investments from its own balance sheet.

At the end of 2020, Taaleri had assets under management totaling EUR 7.6 billion and over 6,000 wealth management customers. Taaleri Plc has some 6,000 shareholders. Taaleri's operations are supervised by the Finnish Financial Supervisory Authority.

More information about our company and services: [www.taaleri.com](http://www.taaleri.com)