



Taaleri Plc

2015

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TAALERI GROUP 1 JANUARY–31 DECEMBER 2015

- The Group's turnover was EUR 58.4 million, growth of 9.0% (1–12/2014: EUR 53.6 million)
- The Group's operating turnover increased by 48.3 % to EUR 58.4 million (39.4 million)
- EUR 27.3 million was entered in the 2015 result as income from the Garantia acquisition
- The Group's profit increased by 127.5% to EUR 47.4 million (20.8 million)
- The Group's operating profit increased by 202.4 % to EUR 20.1 million, where one-off items from the acquisition of Garantia in 2015 are not counted (6.6 million – in 2014, the fair value change of EUR 14.2 million of Finsilva was not counted)
- Result per share 1.53 (0.61) euro and adjusted result per share 0.55 (0.15) euro
- The Board of Directors proposes a dividend of EUR 0.14 per share and a return of capital of EUR 0.06 per share
- At the end of December, the Group's managed assets amounted to EUR 3.9 billion (3.4 billion), growth of 13.3%
- The company's name was changed from Taaleritehdas Plc to Taaleri Plc in January 2016.

Consolidated financial targets	2015	2014	Target
Operating profit, %	34.4%	16.9%	15.0%
Return on equity, %	24.9%	16.2%	15.0%
Equity ratio, %	44.8%	24.8%	30.0%
Group's capital adequacy, %	468.8%	-	150.0%

Turnover of the **Wealth Management** segment was EUR 39.4 million. Operating profit increased by 7.9% to EUR 9.8 million, corresponding to 25% of turnover. Wealth Management has continued to invest in business growth, and the number of clients increased during 2015 by 500 to a total of 3,500. Managed assets increased by 55.4% to EUR 623 million with regard to private equity funds, and by 9.8% to EUR 850 million with regard to investment funds.

Financing

The turnover of the Financing segment was EUR 13.3 million, comprising net income from the insurance business of EUR 6.4 million and net income from the investment business of EUR 6.8 million. The management of Garantia was renewed and key recruitment carried out. At the end of 2015, Garantia's guaranty portfolio was EUR 1.2 billion, and compensation costs remained at a low level.

Other business consists of Taaleri Plc and Taaleri Investments Ltd. In 2015, Taaleri Investments sold half the shares it owned in Finsilva, and made investments in Rauma Marine Constructions and Sotkamo Silver.

TAALERI IN BRIEF

Taaleri is a financial group listed on the First North Finland marketplace maintained by NASDAQ OMX Helsinki. Taaleri offers wealth management and financing services for institutional investors, companies and private individuals. Taaleri Group consists of the parent company Taaleri Plc and four operating subsidiaries: Taaleri Wealth Management Ltd and its subsidiaries, Taaleri Private Equity Funds Ltd and its subsidiaries, Taaleri Investments Ltd and Garantia Insurance Company Ltd. Taaleri also has an associated company, Fellow Finance Ltd, which offers peer-to-peer lending services. The Group employs more than 170 people. Its offices are located in Helsinki, Tampere, Turku, Pori, Oulu, Istanbul and Nairobi.

At the end of December 2015, Taaleri had managed assets of EUR 3.9 billion and 3,500 wealth management clients. Directly and indirectly, the whole group has about 30,000 client relationships. Taaleri Plc has about 1,900 shareholders. Taaleri's operations are monitored by the Financial Supervisory Authority.

Further information on our company and services is available on our website at www.taaleri.com

REVIEW BY CEO JUHANI ELOMAA

OWNERSHIP BELONGS TO EVERYONE

At Taaleri, we think that ownership belongs to everyone. For that reason, the core of our strategy is to increase ownership value by converting capital into hard-working money. In practice, this means wealth management in which our clients can own with our assistance, own with us and own us. Our aim is to bring investment and ownership to a continually expanding client base.

For Taaleri, 2015 was another year full of events. We organised our business into two segments: Wealth Management and Financing. Through a unique range of investment alternatives, we help our wealth management clients to safeguard what they own and to become prosperous. Taaleri specialises in private equity funds, through which our clients can invest in Finnish ownership and entrepreneurship.

At the core of our Financing segment, last year we acquired Garantia Insurance Company Ltd, which specialises in financing guaranties. We revamped Garantia's operations and appointed a new Board of Directors and CEO for the company. Garantia helps Taaleri significantly with new business opportunities, by bringing to our Group special expertise in the analysis and risk management of companies. In March, Taaleri organised a successful share issue, which financed part of the acquisition of Garantia. After our corporate acquisition, Standard & Poor's confirmed Garantia's previous credit classification of A-.

In May, we reorganised the operations of financing company Lainaamo, by selling the company to peer-to-peer lending company Fellow Finance, which is the other stalwart of the Financing segment. At the same time, Taaleri became a minority shareholder in Fellow Finance.

We launched several new funds and subjects of joint investment, such as real estate development and property funds and the capital investment project with Rauma Marine Constructions. We sold half our shares in forest-owning company Finsilva, which had the key impact of strengthening our equity ratio from 25% to 45%. The successful divestments of several private equity funds show that we have been able to produce added value for the investments of our clients.

Last year, the growth of Taaleri continued strongly with an increase in operating turnover by almost 50% to just under EUR 60 million. The comparable result tripled to EUR 20 million. The streamlining of internal processes is continuing.

During 2015, the development of Taaleri shares was quite positive. The share price rose by 32%. The number of shareholders also continued to grow and, at the turn of the year, Taaleri had about 1,800 shareholders. The company was chosen as the second best new listed company in Europe in the Small and Mid Cap competition organised by the Federation of European Securities Exchanges (FESE).

We have started out this year by implementing our growth company strategy. Our target is strong growth in client numbers. This means new client segments, which we will serve by utilising rapidly developing and diverse digital technology. In February, we launched the Taaleri Kauppa online service for new kinds of investment products and new clients.

Our second aim is to build a strong financing segment alongside wealth management. In this, we will exploit Garantia's special expertise in the field of debt financing, amongst other things. Our third aim is the gradual internationalisation of the company, which will take place by increasing investments in services to international clients.

Right at the start of the year, we carried out comprehensive revamping of our company's brand. At the same time we shortened the name from Taaleritehdas to Taaleri. We have prepared for moving to the main stock exchange list, have recruited some key personnel in relation to this and have introduced international IFRS accounting standards.

As a financial group, we believe in market change, especially in the strong growth of direct finance and in the digitalisation of services. Cornerstones of the company's operations are confidential client relationships and a committed work force. Through hard-working money and ownership, we can achieve economic growth for our economy and thereby strengthen employment. Keeping the basic things in mind, we can continue our journey from here.

Juhani Elomaa
CEO
Taaleri Plc

REVIEW BY THE BOARD OF DIRECTORS 1 JANUARY 2015–31 DECEMBER 2015

OPERATING ENVIRONMENT

2015 began positively. Almost all risk-based investments increased steadily up to mid-April. Interest premiums narrowed, shares in the Eurozone rose more quickly than others, and long-term interest rates declined.

After mid-April, however, the situation was turned on its head. Interest rates for reference loans in the Eurozone increased sharply as negative market interest rates were considered to be at unsustainable levels. Waves of sales fed off each other and the 10-year interest rate of the German government increased from zero to almost 1% in a couple of months. Movements in the interest market also caused tremors in other classes of investments and rate fluctuation increased. The interest rate level in the debt markets was very low throughout the year, and in particular real and even some nominal interest rates for government bonds representing a good credit risk were negative.

During the summer, powerful fluctuation in the Chinese stock market, softening economic data and the sharp fall in the price of oil became new market themes. The latter two have now already resulted in a mini global industrial downturn. The risk premiums of the interest markets have been rising. The atmosphere is uncertain and volatility has been increasing. Investors fear that industrial weakness will spread by way of the interest markets to the service sector, which so far has held its own very well. Positioning is cautious and cash positions are very high. The super-cycle in industrial and investment demand fuelled by the growth in developing markets and rising raw material prices has ended.

The development of the Finnish economy continued to be weak in 2015, and investments remained on a very low level. This was also reflected in demand for investment financing. The weakness of the Finnish economy, a difficult employment situation and the development of real earnings continue to keep demand for housing and the willingness to move house on a low level.

TAALERI'S BUSINESS DURING THE REVIEW PERIOD

2015 was full of events. In March 2015, Taaleri organised a successful share issue worth EUR 23.2 million, which financed part of the acquisition of Garantia. A new Board of Directors and new CEO were appointed for Garantia in connection with the acquisition. Garantia is creating for the Group new business opportunities and has brought with it strong expertise in risk management. After the execution of the Garantia transaction, the decision was made to move to the observance of international IFRS accounting principles from the beginning of 2015. As a result of the acquisition of Garantia, Taaleri became a financial and insurance group, which the Financial Supervisory Authority confirmed through a decision on 23 October 2015.

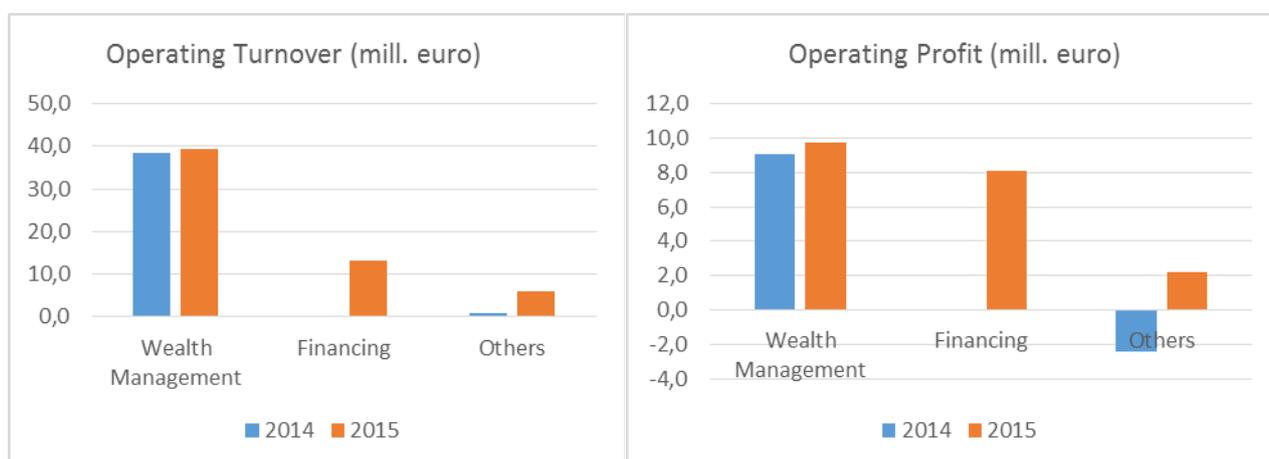
One of Taaleri's strategic objective is to maintain a good equity ratio. In May 2015, Taaleri divested financing company Lainaamo, and invested in Fellow Finance Plc, which specialises in peer-to-peer loans and whose objective is to become an international peer-to-peer lender. In the second quarter of the year, the decision was also made to sell half of the shares that the Group owned in Finsilva Plc. By the end of the 2015 financial year, the Group's equity ratio had strengthened to 44.8%.

In the second half of 2015, several wind farm projects were divested, a property and real estate development fund was established, a EUR 1 million investment made in Rauma Marine Constructions and EUR 1.5 million investment in Sotkamo Silver in the form of a convertible bond. In the second half of the year, a major revamping of the brand was completed and investments were made in the company's processes and IT systems, in order to be able to serve clients better in the future, including online.

The Group's IFRS-based turnover increased by 9.0% to EUR 58.4 million (53.6). The Group's operating turnover increased by 48.3% to EUR 58.4 million (EUR 39.4 million in 2014, if the change in the fair value of Finsilva of EUR 14.2 million is not taken into account). The positive development of the Group's turnover in 2015 was affected by the turnover of Garantia of EUR 13.2 million, divested private equity fund projects valued at EUR 6.1 million, earnings bonuses of EUR 4.5 million and dividend yields of EUR 4.7 million.

TAALERI GROUP

Consolidated profit increased by 127.5% to EUR 47.4 million (20.8). Negative goodwill of EUR 28.6 million was entered in the consolidated result from the acquisition of Garantia Insurance Company Ltd together with costs of EUR 1.3 million. Operating profit for the financial year, which does not take into account non-recurring items from the Garantia acquisition in 2015, strengthened by 202.4% to EUR 20.1 million (6.6).



In the 2015 financial year, profit increased by 167.4% to EUR 44.1 million (16.5), whilst operating profit for the period after taxes was EUR 16.8 million (4.9). The overall result for the period from 2015 was EUR 39.5 million (16.5).

In 2015, Taaleri reorganised its business operations and now manages the group through two segments: Wealth Management and Financing. Activity that does not belong to the segments is presented in the group 'Other business', which includes parent company Taaleri Plc's corporate governance and the Group's own investments, which are made through Taaleri Investments Ltd. In May 2015, Taaleri sold the shares it owned in Lainaamo Ltd, as a result of which Lainaamo is presented separately in the income statement under 'discontinued business'.

WEALTH MANAGEMENT SEGMENT RESULT AND RISK POSITION

At Taaleri, wealth management is much more than just investment in securities. With Taaleri, you can invest directly in companies and business operations, which private investors and smaller institutions would otherwise find difficult to access. Taaleri challenges established operating models by combining capital, ideas and entrepreneurship. In addition to investment opportunities, the company offers market views and new insights.

Taaleri Wealth Management offers comprehensive wealth management services to affluent private individuals and institutional clients. The comprehensive wealth management service includes allocation investment, investment based on information benefits, individual wealth management, ETF (exchange-traded fund) wealth management, private equity investment funds, structured products and brokerage services. Taaleri's private equity funds enable investment in real estate and business operations.

The Wealth Management segment comprises investment service company Taaleri Wealth Management Ltd, its subsidiaries and Taaleri Private Equity Funds Ltd. Taaleri Private Equity Funds Ltd has a licence granted by the Finnish Financial Supervisory Authority to operate as a manager of alternative funds.

Taaleri has implemented the following private equity investments: Taaleritehdas Housing Funds I–VI, Taaleritehdas Wind Power Fund I–II, Taaleritehdas Linnainmaankulma Real Estate Fund, Taaleritehdas Oaktree Fund, Taaleritehdas Biofactory, Taaleritehdas Forest Fund I–III and Taaleritehdas Africa Fund, as well as new projects during 2015, Taaleritehdas Land and Taaleritehdas Real Estate Fund. In 2014, Taaleritehdas divested Taaleritehdas Housing Funds I, III and V, and in 2015 the Honkajoki Wind Farm of Taaleritehdas Wind Power Fund I. On 11 January 2016, Taaleri also reported that a private equity fund that it manages would be selling the bioenergy chain to Gasum. The transaction is conditional and is expected to be concluded on 29 February 2016.

The income of the wealth management business increased by 3% during the financial period to EUR 39.4 million (38.4). Continuing wealth management fees declined by 3% to EUR 28.8 million (29.6 million). The divestments from housing funds at the end of 2014 correspondingly reduced the continuing management fees in the 2015 financial period. Income-related fees decreased by 25% to EUR 4.5 million (6.0). Other income, which mainly consists of the divestment of projects developed by Taaleri Private Equity Funds Ltd, increased by 113% to EUR 6.1 million (2.9). Overall, the operating profit of Wealth Management increased by 9% to EUR 9.9 million (9.1), in spite of the challenging market situation.

Wealth Management has continued to invest in the growth of its business operations. During the financial period, the average number of personnel was 131 (120). Towards the end of financial period, ownership in Vakuutusvahti Ltd was reduced and the company is no longer part of the Taaleri Group. After Turkey's securities market legislation was changed in 2014, the Turkish company was capitalised at the beginning of 2015 by EUR 0.8 million.

The managed assets of Wealth Management increased to EUR 3.8 billion (3.4), a growth of 10%. During the financial period, net subscriptions to the company's own investment funds were EUR 27 million (154) and managed assets stood at EUR 850 million (774), a growth of 9.8%. The managed assets of the company's own private equity funds increased by 55.4% to EUR 623 million (401). Discretionary wealth management increased by 11.3% to EUR 1.3 billion (1.1), whilst other managed assets declined by 7.1% to EUR 1.1 billion (1.1).

Wealth Management MEUR	1–12/2015	1–12/2014	Change, %
Wealth management fees	28.8	29.6	-2.7
Income-related fees	4.5	6.0	-24.6
Other income	6.1	2.9	112.9
Total	39.4	38.4	2.5
Operating profit	9.8	9,1	7.9
Personnel average	131	120	9.2

Managed assets, Wealth Management MEUR	31 Dec 2015	31 Dec 2014	Change, %
Investment funds	850	774	9.8%
Private equity funds	623	401	55.4%
Discretionary wealth management	1,260	1,132	11.3%
Other	1,052	1,133	-7.1%
Total	3,784	3,440	10.0%

Taaleri Fund Company Ltd, a subsidiary of Taaleri Wealth Management Ltd, manages Taaleri's own investment funds. Since spring 2013, Taaleri has also been offering wealth management services in Turkey. The Turkish company, Taaleri Portföy Yönetimi A.S., is a subsidiary of Taaleri Wealth Management Ltd. The other subsidiaries of Taaleri Wealth Management Ltd are Kultataaleri Ltd, which supplies physical gold, and Taaleri Tax Services Ltd, which offers Taaleri's clients tax planning services.

FINANCING SEGMENT RESULT AND RISK POSITION

The Financing segment comprises Garantia Insurance Company Ltd, which has belonged to it since 31 March 2015, and Fellow Finance Ltd, an associated company of Taaleri since 26 May 2015, in which Taaleri has a 38.4% shareholding.

Garantia is an insurance company specialised in guaranty insurance policies, which promotes the availability of finance and the more efficient use of capital by offering guaranty services to companies and households in Finland. The company's main products are loan guaranties, conditional guaranties for housing loans and commercial bonds. Garantia is actively involved in different financial instruments and is developing new products for the needs of its clients. The company's business is divided into insurance operations and investment operations. Garantia's entire shareholding was transferred to Taaleri Plc through a corporate acquisition carried out on 31 March 2015. Garantia's previous principle owners were domestic pension insurance companies.

Fellow Finance Ltd, on the other hand, offers peer-to-peer lending services and its income comprises loans between the loan applicant and the investor brokered from fee income. Fellow Finance was established in 2013 to develop and maintain high-quality and data-secure online services and to offer trading places in Europe. Fellow Finance offers private individuals an advanced peer-to-peer lending service in the Nordic countries, from which a loan applicant can apply for a loan on terms and conditions set by him/herself, and the lender or investor can receive a competitive interest return on the loan he/she issues. The company became an associated company of Taaleri on 26 May 2015. At the same time, Fellow Finance bought the entire shareholding of Lainaaamo Ltd from Taaleri and from Lainaaamo's other shareholders. Lainaaamo Ltd, which is part of the Fellow Finance Group, is a Finnish special finance company, whose products are mainly loans targeted at consumers.

The most significant income items in the Financing segment are fees from guaranty insurance and income from investment activity. Net income from guaranty insurance 31 March 2015–31 December 2015 was EUR 6.4 million and net income from investment operations, EUR 6.8 million (0). Changes in the fair value of investment activity were EUR -5.7 million, i.e. Garantia's investment activity generated for Taaleri Group a total of EUR 1.1 million from 31 March 2015 to 31 December 2015.

The turnover of the Financing segment was EUR 13.3 million, operating profit was EUR 8.1 million and profit for the period EUR 35.4 million. EUR 27.3 million in non-recurring items was allocated to the result for the financial period as a result of the corporate acquisition of Garantia Insurance Company Ltd.

Financing, MEUR	1–12/2015
Turnover external, MEUR	13.3
Profit for the period, MEUR	35.4
Fair value of investments, MEUR	114.1
Personnel average 4–12/2015	25

Risk position

The risk position of the Financing segment remained stable in 2015. The guaranty insurance portfolio at the end of the year was EUR 1,164 million and compensation costs in relation to the guaranty insurance portfolio remained at a low level of 0.13% (0.03).

In terms of creditworthiness, the share of the guaranty insurance portfolio comprising investment-level liabilities in rating classes AAA-BBB, excluding conditional guaranties for housing loans, surrender value insurance policies and future reinsurance, was 29.5%. The share of liabilities in the weaker rating classes of C+ or below was 2.5%. The most significant sectors in the guaranty insurance portfolio were construction at 32.6% and industry at 32.5%. 54.9% of construction liabilities are reinsured.

As part of the Taaleri Group, Garantia is subject to the regulation of large exposures specified in the EU regulation on prudential requirements for credit institutions and investment firms. At the end of the year, Garantia's greatest single large exposure was 51.3% of the conglomerate's total capital, and the exposures of a total of seven client entities exceeded the 25% limit prescribed in law. These exposures were all granted before the change in ownership. The Financial Supervisory Authority has approved the action plan drawn up by Garantia to reduce the exposures to the statutory level by 30 June 2017.

At the end of 2015, the investment portfolio of investment operations (including deposits) was EUR 120 million. Of the investment portfolio, the share of interest-bearing investments was 82%, and the share of share investments 17%. Interest-bearing investments mainly comprise investments in the strongly creditworthy bonds of Finnish companies and Nordic credit institutions. The share of investments classified at investment level was 78%. The modified duration of the interest portfolio was 2.5.

Credit rating

Garantia, which is part of the financing segment, has a Standard & Poor's credit rating. No changes occurred in Garantia's credit rating in 2015. On 19 June 2015, Standard and Poor's confirmed Garantia's A- credit rating with a negative outlook and removed the company from the CreditWatch list.

Guaranty insurance business

This section briefly details Garantia's key figures in accordance with Finnish Accounting Standards (FAS), in order to illustrate the company's operational development in comparison with 2014. Garantia has been part of Taaleri Group's Financing segment since 31 March 2015, and the company's key figures presented according to IFRS since 31 March 2015 are shown under the Financing segment.

Garantia Insurance Company Ltd 1–12/2015 (FAS)* MEUR	1–12/2015	1–12/2014	Change, %
Income from insurance premiums	9.8	11.1	-11%
Compensation costs	-1.5	-0.4	262%
Operating costs	-4.8	-4.6	3%
Margin covering technical provisions before change in equalisation amount	3.6	6.0	-40%
Change in equalisation amount	3.5	6.1	-42%
Margin covering technical provisions	0.1	-0.1	-171%
Investment income and costs	8.5	5.3	58%
Pre-tax profit	8.5	5.3	62%
Combined cost ratio, %	64%	46%	
Net investment income at fair value, %	4.4%	7.1%	
Risk-carrying capacity, %	1,064%	909%	
Solvency ratio (S2), %**	549%	383%	

* The figures presented here are based on Garantia's FAS financial statements.

**The capital adequacy regulations of Solvency II were not in force in the 2015 financial period, neither do they come within the sphere of the statutory audit required by the Insurance Companies Act that came into force on 1 January 2016.

Garantia's result (FAS)

Pre-tax profit improved to EUR 8.5 million (5.3) because of the good result achieved in investment activity.

Income from insurance premiums declined. In loan guaranties, the demand for corporate loan guaranties was very low. The recovery of the housing loan market and the cooperation initiated with S-Bank increased the guaranty fees paid for conditional guaranties for housing loans. Demand for commercial bonds also increased slightly. At the end of the year, the guaranty insurance portfolio was EUR 1,164 million (1,338).

Compensation payment remained on a low level. The claims ratio was 15.1% (3.7). In 2015, compensation payments totalled EUR 1.9 million (3.1), approximately half of which was allocated to conditional guaranties for housing loans, and half to loan guaranties. Operating costs increased by 3%. Operating costs included costs related to the reorganisation of personnel and to moving premises.

Investment operations exceeded the income targets set for 2015 as a result of good yield in the stock market. Net income from investments at fair value was 4.4% (7.1). Net income from investments of EUR 8.5 million (5.3) was entered in the result. Valuation differences of investment assets decreased during the financial period from EUR 10.3 million to EUR 6.7 million.

Direct financing

The operations of Fellow Finance in the financial period ending 31 December 2015 were profitable, and loans brokered by Fellow Finance Group are expected to continue to grow strongly in 2016. There are more than 50,000 loan applicants, and investors were successfully acquired in more than 10 different countries, as a result of which its operations were also quoted internationally. Fellow Finance intends to further develop its peer-to-peer lending service and is also preparing for the start-up of operations in other countries in Europe.

OTHER BUSINESS

Other business includes Taaleri Plc's corporate governance functions that support the segments and the Group's own balance sheet investments, which are made through Taaleri Investments Ltd.

The Group's investment company, Taaleri Investments Ltd, invests from its own balance sheet in unlisted companies on the principle of joint investment. Taaleri Investments Ltd endeavours to make long-term investments, creating value for Taaleri through ownership and combining entrepreneurship, ideas and capital.

The largest investment, which Taaleri Investments Ltd made through Forest Fund II, was the 39.5% stake that it took in Finsilva Plc at the beginning of the financial period that ended on 31 December 2015. Finsilva's forests are situated in Central Finland in the surroundings of Äänekoski, and cover 53,000 hectares. Finsilva Plc is engaged in wood production and wood sales. Together with Finsilva's majority owner, Metsäliitto Cooperative, Forest Fund II sold 30.13% of Finsilva's shares to Dasos Capital Ltd during 2015. As a result of this, ownership in Forest Fund II decreased from 39.5% to approximately 19.8%. The transaction had no impact on Taaleri Group's results for the 2015 financial period, because the Group had valued its investment in Finsilva at fair value in the 2014 financial statements, which corresponded to the sales price that was obtained. During the 2015 financial period, Taaleri Investments made a EUR 1.0 million joint investment in Rauma Marine Constructions and EUR 1.5 million investment in a convertible bond for Sotkamo Silver.

Taaleri Investments Ltd's income fluctuates from changes in the value of investments it makes and from the possible divestment of investments. The company's income and result might therefore vary significantly between financial periods. Operating profit from other business was EUR 6.0 million (1.0). Operating profit does not include a change in fair value of EUR 14.2 million from Finsilva in 2014. Taaleri Investments Ltd's investments totalled EUR 46.8 million at the end of the 2015 financial period.

Other business, MEUR	1–12/2015	1–12/2014	Change, %
Turnover	6.0	15.2	-60.5
Operating profit	2.2	11.8	-81.3
Fair value of investments, MEUR	49.3	80.2	-38.5
Personnel	24	22	9.1

DISCONTINUED BUSINESS

The shares owned by Taaleritehdas Plc in subsidiary Lainaamo Ltd were sold in May 2015. The product range of financing company Lainaamo Ltd includes consumer credit for households, corporate loans for SMEs, investment loans and rental guaranties for Takaamo. The loan portfolio increased from EUR 15.6 million at the beginning of 2015 to about EUR 20 million, whereupon the company divested its ownership. The assessment of clients' overall situations, risk management and the automated process are at the core of all its activities. Lainaamo's turnover in Taaleri Group in 2015 was EUR 2.0 million, which is presented in the income statement under 'Discontinued business'.

TAALERI'S BALANCE SHEET AND FINANCING

At the end of 2015, the assets of Taaleri Group totalled EUR 216.8 million (152.9). The group's investments totalled EUR 163.7 million (83.5), corresponding to 75.5% of the group's assets.

On 31 December 2015, the Group's interest-bearing liabilities were EUR 75.1 million (100.3), which comprised EUR 29.9 million from the 2014 bond loan scheme, debts to the public of EUR 30.3 million, and debts to credit institutions of EUR 14.9 million. Liabilities totalled EUR 119.7 million (115.1). Equity strengthened from EUR 37.9 million at the beginning of the financial year to EUR 97.1 million at the end of it.

Taaleri Group's equity ratio improved considerably during the 2015 financial year from 24.8% to 44.8%.

TAALERI'S RISK MANAGEMENT AND RISK POSITION

The function of risk management is to identify, evaluate, measure, limit and monitor risks caused by business operations, which affect the implementation of Group strategy. Risk management aims to reduce the probability, effect and threat to the Group's business of unforeseen risks being realised, and to support the attainment of targets set in strategy by ensuring that the principles approved by Taaleri Plc's Board of Directors are observed in business. Taaleri Group's risks are divided into five main categories: strategic and business risk, credit risk, liquidity risk, market risk, and operating risks (including compliance risk).

Taaleri Group's risk-carrying capacity comprises an optimal capital structure, profitability and qualitative factors of business operations, which also includes, among other things, reliable corporate governance, internal control and the anticipatory management of risks and capital adequacy. Taaleri Group's view of risk-taking is based on considered risk/profit thinking. In its operations, the Group must not take risks that endanger the target level set for the capital adequacy ratio of its own funds (1.5 times the minimum imputed level of own funds).

The key change to have taken place in Taaleri's risk position in 2015 was the acquisition of Garantia Insurance Company Ltd, not merely because of actual new business in the insurance sector, but also because of the company's relatively large balance sheet in comparison with Taaleri's previous business operations, in which few assets were tied up. However, Garantia's capital adequacy is strong and its risk position remained steady in 2015. Garantia's claims ratio was 15.1% in 2015, and compensation costs in relation to its guaranty insurance portfolio remained at a low level of 0.13%. Of Garantia's investments, the share of interest-bearing ones was 82% on 31 December 2015. On 19 June 2015, Standard and Poor's confirmed Garantia's A- credit rating with a negative outlook and removed the company from the CreditWatch list.

The greatest risks of Taaleri's traditional Wealth Management segment mainly consist of operating risks and, to a lesser extent, credit risks. The greatest risks from the other business segment comprise capital investments made by Taaleri Investments Ltd and loans and credit institution claims granted from the credit risks of Taaleri Plc.

Taaleri is subject to the regulation of large exposures specified in the EU regulation on prudential requirements for credit institutions and investment firms. At the end of 2015, Taaleri's largest single exposure was 57.9% of the group's own funds and the exposures of a total of eight groups of connected clients exceeded the 25% limit prescribed in law.

Garantia is not subject to the large exposure regulation within the framework of the Insurance Companies Act, but it is as part of the Taaleri Group. The exceeding of large exposures other than Finsilva is caused by Garantia's guaranty insurance portfolio. The guaranty insurance liabilities in question were granted in full before the change in ownership, when the said regulation did not concern limited liability insurance companies. The Financial Supervisory Authority has approved the action plan drawn up by Taaleri to reduce large exposures to the statutory level by 30 June 2017.

TAALERI'S CAPITAL ADEQUACY

Capital adequacy conformant to the Act on the Supervision of Financial and Insurance Conglomerates

As a result of the acquisition of Garantia Insurance Company Ltd, Taaleri Group comprises a financial and insurance conglomerate (RaVa) as referred to in the Act on the Supervision of Financial and Insurance Conglomerates (2004/699). The Financial Supervisory Authority confirmed the formation of the RaVa conglomerate through its decision on 23 October 2015.

On 31 December 2015, the conglomerate's own funds were EUR 68.2 million and exceeded the minimum requirement for the Common Equity Tier of EUR 14.5 million by EUR 53.6 million. Its capital adequacy ratio was 468.8%, whilst the statutory minimum requirement is 100%.

Capital adequacy of RaVa conglomerate 31 December 2015

MEUR	31 December 2015
Taaleri Group equity	97.1
Goodwill and other intangible assets	-2.4
Equalisation amount	-18.7
Minority share	-2.1
Planned distribution of assets	-5.7
Conglomerate's own funds	68.2
Financing sector's requirement for own funds	10.8
Insurance sector's requirement for own funds*	3.7
Conglomerate's minimum amount for own funds	14.5
Conglomerate's capital adequacy	53.6
Conglomerate's capital adequacy ratio	468.8%

* Garantia Insurance Company Ltd's minimum operating capital on 31 December 2015, according to the valid Insurance Companies Act

Capital adequacy conformant to the Act on Credit Institutions and the EU regulation on prudential requirements for credit institutions and investment firms (Basel III)

In Taaleri Group, in accordance with the Act on Credit Institutions (610/2014) and the EU regulation on prudential requirements for credit institutions and investment firms (Regulation [EU] No 575/2013 of the European Parliament and of the Council), capital adequacy is defined and reported for institutions supervised in the Financing sector. In its capital adequacy calculations, Taaleri applies the standard method to calculate the credit risk equity requirement and the basic method to calculate the operating risk equity requirement. The aim of Taaleri Group for capital adequacy in the Financing sector is 12%.

On 23 October 2015, the Financial Supervisory Authority granted Taaleri Plc special permission valid until 31 December 2016, based on which a new consolidation group for capital adequacy calculations will be formed for Taaleri, which will not include Taaleri Plc. Because of this, the Group does not report capital adequacy in accordance with capital requirement regulations, but merely a capital adequacy requirement in accordance with RaVa.

At the end of the year, the core capital adequacy ratio and capital adequacy ratio of the Financing sector were 13.8%, with the statutory minimum requirement for core capital adequacy ratio being 4.5% and for capital adequacy ratio being 8%. The Financing sector's own funds on 31 December 2015 were EUR 18.7 million and completely comprised items contained in the Common Equity Tier (CET1). At the end of the year, the total amount of risk-weighted items in the Financing sector was EUR 130 million, of which the share of credit risk was EUR 76.3 million and the share of operating risks EUR 53.7 million. Taaleri's Financing sector comprises Taaleri Plc's subsidiaries and an associated company with their subgroups, with the exception of Garantia Insurance Company Ltd.

The Wealth Management consolidation group comprises Taaleri Plc's subsidiary Taaleri Wealth Management Ltd with its subsidiaries. At the end of the year, the core capital adequacy ratio and capital adequacy ratio of the Wealth Management consolidation group were 12.7%, with the statutory minimum requirement for core capital adequacy ratio being 4.5% and for capital adequacy ratio being 8%. The Wealth Management consolidation group's own funds on 31 December 2015 were EUR 5.7 million and completely comprised items contained in CET1. At the end of the year, the total amount of risk-weighted items in the Wealth Management consolidation group was EUR 44.6 million, of which the share of credit risk was EUR 6.2 million and the share of operating risks EUR 38.3 million. Taaleri's Wealth Management consolidation group was formed on 23 October 2015 based on the special permission granted by the Financial Supervisory Authority. This special permission is valid until 31 December 2016. The result of the review period has been taken into account in the Common Equity Tier in accordance with the special permission granted by the Financial Supervisory Authority. The minority interest has not been taken into account in the Common Equity Tier since 1 January 2014, and the planned dividend has been deducted from the consolidation group's own funds.

Capital adequacy in accordance with the Insurance Companies Act (Solvency II)

Capital adequacy requirements for insurance companies (Solvency II) entered into force on 1 January 2016. The aim of Solvency II is a harmonised, comprehensive and risk-based framework for capital adequacy, which promotes internal EU competition, the efficient utilisation of capital and companies' own risk management, thereby boosting the security of insured benefits. In Taaleri Group, capital adequacy based on Solvency II is defined and reported for Taaleri Plc and Garantia together, in addition to Garantia Insurance Company Ltd. Taaleri applies the standard method in calculating capital adequacy.

On 31 December 2015, the basic assets of parent company Taaleri Plc and its subsidiary Garantia Insurance Company Ltd amounted to EUR 88.6 million, and clearly exceeded the solvency capital requirement (SCR), which was EUR 22.7 million. The solvency ratio or the ratio of basic assets to the SCR was 391%. Taaleri's assets completely comprise basic Tier 1 assets that are freely available.

The Solvency II regulations will tighten capital requirements, which will also be reflected in capital adequacy based on the Act on the Supervision of Financial and Insurance Conglomerates (2004/699). At the same time, however, according to preliminary estimates the amount of RaVa's own funds will strengthen from the present EUR 68.2 million to EUR 86.9 million, because the equalisation amount no longer needs to be deducted from equity capital when calculating the amount of own funds. According to preliminary calculations, regulatory changes will reduce the group's capital adequacy from EUR 53.6 million to EUR 53.4 million and the capital adequacy ratio from 469% to 259%.

The capital adequacy regulations of Solvency II were not in force in 2015, nor do they come within the sphere of the statutory audit required by the Insurance Companies Act that came into force on 1 January 2016.

DECISIONS OF THE GENERAL MEETINGS

An extraordinary general meeting was held on 12 February 2015, where it was decided to increase the number of shares through a free-of-charge share issue and to authorise the Board of Directors to issue shares in order to finance the acquisition of the shareholding of Garantia Insurance Company Ltd.

The meeting decided that the number of company shares would be increased by giving shareholders new shares free of charge in relation to their shareholding, so that three (3) Series A shares would be issued for each existing Series A share and three (3) Series B shares for each existing Series B share. 12,290,112 new Series A shares would be issued and 6,588,903 new Series B shares so, after the free-of-charge share issue, there would be a total of 16,386,816 Series A shares and 8,785,204 Series B shares.

The meeting decided that the Board of Directors would be authorised to decide on the issue of new shares. By virtue of this authorisation, a total of up to 3,200,000 new Series B shares may be issued. The Board was authorised to decide on the conditions of the share issue, including the grounds for determining the subscription price and the final subscription price of the new shares, and to approve share subscriptions, to allocate new shares to be issued and to decide on the final number of shares to be issued. The authorisation granted to the Board included the right to deviate from the subscription privileges of shareholders, on condition that there is a financial reason for such deviation that is important from the Group's point of view. This authorisation will be valid for five years from the decision of the general meeting and at the same time revokes the authorisation decided upon on 7 March 2013.

The Annual General Meeting was held on 20 March 2015 and decided to adopt the financial statements for 2014, and grant the Board of Directors and CEO discharge from liability for 2014. The AGM decided to distribute EUR 0.09 per share as dividends, making a total of EUR 2,263,555.80. Peter Fagernäs, Esa Kiiskinen, Juha Laaksonen, Pertti Laine and Vesa Puttonen were re-elected as members of the Board. Peter Fagernäs was re-elected Chairman of the Board and Juha Laaksonen as Vice Chairman. Ernst & Young Oy, Authorised Public Accountants, was re-elected as the company's auditor with Ulla Nykky APA as appointed auditor.

The AGM also authorised the Board of Directors to decide on the acquisition of the company's own shares, with funds included in its unrestricted equity on the following terms and conditions:

- Shares may be acquired to develop the company's capital structure, to be used for financing or implementing corporate acquisitions, investments or other arrangements that are part of the company's business operations, to enable incentive arrangements for the company's key persons or invalidated, if justified from the point of view of the company and its shareholders.
- Shares may be acquired in one or several instalments at most to a total number of 1,400,000 Series A shares and 600,000 Series B shares.
- The minimum consideration to be paid for the shares is EUR 1 and the maximum consideration EUR 30 per share.
- The Board of Directors has the right to acquire shares otherwise than in proportion to the shareholders' shareholdings and to decide on the order of acquisition of the shares.
- The Board of Directors shall decide on the other terms and conditions of the acquisition of the company's own shares.
- The authorisation is valid for 18 months from the date of the decision at the General Meeting, and it revokes the authorisation to acquire the company's own shares granted by the Annual General Meeting of 4 April 2014.

Shares and share capital

At the beginning of the financial period, the company had 4,096,704 Series A shares and 2,196,301 Series B shares. On 16 February 2015, the company's Board of Directors decided on a free-of-charge share issue, in which three new shares would be given for each existing share without charge. 21,400 shares were invalidated on 20 February 2015. In the issue targeted at the public, 3,200,000 new Series B shares were subscribed to, which conferred equal rights to Series B shares on 24 March 2015. Based on the authorisation granted by the Annual General Meeting on 20 March 2015, the Board decided on the acquisition of a total of 45,000 of the company's shares on 21 April 2015. On 23 April 2015, the Board decided to convert 2,297,400 Series A shares into Series B shares, and on 30 October 2015 to convert 430,967 Series A shares into Series B shares. At the end of the financial period, the company had 13,637,049 Series A shares and 14,713,571 Series B shares. The company's share capital totals EUR 125,000.00.

Taaleritehdas' shareholders and treasury shares

The number of shareholders in Taaleritehdas more than doubled from the corresponding period the previous year and, at the end of 2015, the company had 1,760 (836) shareholders. On 31 December 2015, the company possessed 45,000 (5,250) Series A shares. The company's 10 largest shareholders on 31 December 2015 were:

10 largest shareholders 31 December 2015*	% of shares owned	% of voting rights
OY HERMITAGE AB	8.83	15.89
VEIKKO LAINE OY	8.57	15.86
ELOMAA JUHANI	6.36	12.22
BERLING CAPITAL OY	5.94	10.53
HAAPARINNE KARRI	5.30	11.02
CAPERCAILLIE CAPITAL OY	2.36	2.80
LAMPINEN PETRI	1.87	2.02
MATHUR RANJIT	1.42	1.32
LEHTO VESA	1.32	1.34
MERENLAHTI MIKKO	1.18	1.21

* An extraordinary general meeting held on 8 January 2016 decided to unify the series of shares, see events after the financial period.

Personnel

A professional and motivated personnel is Taaleri's key success factor and strength. The turnover of personnel in the company has been very low throughout its time of operation, and the company's growth has enabled successful recruitment.

During the financial period, the average number of personnel in the Group was 176 (153). The number of full-time personnel in the Wealth Management segment was 131 (120), and in the Financing segment 18 (0). The average number of personnel in the Other Business segment was 24 (22). Of the personnel, 95% were employed in Finland and 5% abroad.

During the financial period, the personnel costs of the Taaleri Group were EUR 19.3 million (16.1). Personnel costs in comparison to the previous year were increased by the acquisition of Garantia, personnel arrangements related to the acquisition, and by fees incurred from synthetic options amounting to EUR 0.9 million.

Company administration and management during the financial period

Composition of the Board of Directors during the review period 1 January–31 December 2015:

- Peter Fagernäs, Chairman
- Juha Laaksonen, Vice Chairman
- Esa Kiiskinen
- Pertti Laine
- Vesa Puttonen

Juhani Elomaa was CEO of the parent company throughout the period, and Karri Haaparinne Deputy CEO. There is a Group Executive Management Team, whose main task is to assist the CEO by preparing area-specific strategies and policies, operating plans, internal guidelines and various monthly reports to be processed in common with the Management Team and potentially by the Board of Directors.

At the end of the 2015 financial period, the Group Executive Management Team comprised CEO of Taaleri Plc Juhani Elomaa, Deputy CEO Karri Haaparinne, Head of Communications and IR Taneli Hassinen, Director, Legal and Compliance Janne Koikkalainen and CFO Minna Smedsten. The Group Executive Management Team also included Managing Director of Taaleri Wealth Management Ltd Petri Lampinen and Managing Director of Garantia Insurance Company Ltd Vesa Aho. Vesa Aho joined the Group Executive Management Team in May after moving to the company, and Taneli Hassinen joined in October 2015. Taaleri Plc's Director, Customer Relations, Marketing & Communications Jaana Rosendahl left the service of the company in April 2015.

Ernst & Young Oy, Authorised Public Accountants, served as the company's auditor with Ulla Nykky APA as appointed auditor.

The company's share capital and changes in it during the financial period

On 31 December 2015, the company's share capital was EUR 125,000.00.

Incentive schemes

On 4 December 2013, the Board of Directors of Taaleri Plc decided on a share-based incentive scheme for the group's key persons. Under the incentive scheme, key persons are issued synthetic option rights, and a potential bonus will be paid in 2017–2018 partly in company shares and partly in cash. On 19 February 2015, the Board decided that, in terms of the number of shares in the synthetic option programme, the effect of the share issue decided upon by the extraordinary general meeting on 12 February 2015 would be taken into account, so that it would have no impact on the value of the synthetic option rights. Because of this, a maximum of 800,000 new Series B shares can be granted, including the part paid in cash.

On 28 October 2015, the Board of directors of Taaleri Plc decided on a share-based incentive scheme for the group's key persons. Under the incentive scheme, key persons are issued synthetic option rights, and a potential bonus will be paid in 2019–2020 in cash. At the moment of granting, the bonuses paid based on the incentive scheme will correspond to the value of a total of no more than about 800,000 Taaleri Plc shares, including the part paid in cash.

Changes in Group structure

Taaleri Plc serves as parent company for the Group whose subsidiaries are Taaleri Wealth Management Ltd and its subsidiaries Taaleri Private Equity Funds Ltd and the subgroup it forms, Taaleri Investments Ltd, and Garantia Insurance Company Ltd.

On 11 December 2014, the company signed a contract of sale committing it to purchasing the entire stock of Garantia for a price of EUR 60 million. The transaction entered into force on 31 March 2015, as a consequence of which Garantia became a wholly-owned subsidiary of the company.

The company financed the arrangement from different financing sources. In spring 2015 a share issue was organised, which raised EUR 23.2 million. The funds received from the share issue were mainly used to finance the Garantia corporate acquisition, which was also financed by cash assets and external loan funding. In connection with the Garantia acquisition, it was agreed that if Taaleri plc sells (or otherwise realises) Garantia to an external party within three years of the acquisition entering into force, the company will pay to the sellers as an additional sales price equivalent to half the financial benefit that may be generated for the company.

At the beginning of 2015, Taaleri Wealth Management Ltd's share in Taaleri Portföy Yönetimi A.S. increased from 77% to 84% when Taaleri Wealth Management capitalised the company to the tune of EUR, 0.8 million. In May 2015, Taaleri sold Lainaamo Ltd and invested in Fellow Finance Plc, which became an associated company of the Group with a shareholding of 38.4%.

During the 2015 financial period, Taaleri Private Equity Funds Ltd established three new subsidiaries and subscribed to all their shares. The companies are: Taaleritehdas Real Estate Development Fund Management Company Ltd, Taaleritehdas Property Fund Management Company Ltd and Forest Fund II Management Company Ltd. Taaleritehdas Housing Fund V Management Company Ltd, which was part of the Group, was wound up, and the final settlement made on 7 December 2015.

Board's proposal for measures concerning profit and unrestricted capital

The parent company's results for the financial period 1 January–31 December 2015 amounted to EUR 2,309,144.24, and the parent company's distributable assets on 31 December 2015 were EUR 42.1 million. The Board proposes to the Annual General Meeting to be held on 7 April 2016 that EUR 0.14 per share of dividend be distributed based on the balance sheet adopted for the financial period ending on 31 December 2015, making total dividends of EUR 3,969,086.80, and that there be repayment of capital of EUR 0.06 per share totalling EUR 1,701,037.20. The dividend record date will be 11 April 2016, and the dividend payment and capital repayment date will be 18 April 2016. No material changes have taken place in the company's financial position since the end of the financial period. The proposed distribution of dividends does not jeopardise the company's solvency.

Comment on the scope of research and development activity

In 2015, development work on new IT systems and administration processes were targeted at the operations of Taaleri Group's subsidiaries, chiefly Taaleri Wealth Management Ltd and Garantia Insurance Company Ltd. The product range of the Group's business areas was single-mindedly expanded during the financial period.

Material events after the financial period

On 11 January 2016, Taaleri reported that a private equity fund managed by it would sell the bioenergy chain to Gasum. The transaction is conditional and is expected to be concluded on 29 February 2016. The transaction will have a positive impact on Taaleri's result.

The Extraordinary General Meeting of Taaleritehdas Plc on 8 January 2016 decided to change the Articles of Association and unify the series of shares. The company's Series A shares were converted into Series B shares, in terms of voting rights, at a ratio of 1:1. This has resulted in the company having only one series of shares with all shares conferring one

vote and otherwise having equal rights. Since the unifying of the shares, all the company's 28,350,620 shares are subject to trading on the First North Finland marketplace maintained by NASDAQ Helsinki Ltd under the trading ID TAALA. In connection with this, the name of the company was changed to Taaleri Plc. The change concerns a change to the broader corporate image of the Taaleri Group and to gradual internationalisation.

The company's extraordinary general meeting also authorised the Board of Directors to decide upon the acquisition of a total of up to 2 million of the company's own shares using unrestricted equity in one or more instalments. This authorisation is valid for 18 months from the date of the decision made at the meeting. Shares may be acquired to develop the company's capital structure, to be used for funding or implementing corporate acquisitions, investments or other arrangements that are part of the company's business operations, to enable incentive arrangements for the company's key persons or invalidated, if justified from the point of view of the company and its shareholders.

At the time of the extraordinary general meeting, it was also reported that the company would be listed on the main stock exchange of Nasdaq Helsinki Ltd during the first quarter of this year.

Estimate of likely future development

The super-cycle in industrial and investment demand fuelled by the growth in developing markets and rising raw material prices has ended. It is unlikely that the cycle of over-indebtedness of the 2000s will be seen again in the near future. In Taaleri's view, investors should be prepared for the fact that economic growth will be slower than before in the coming years, and the rate of inflation will be very slow. Stock market gains will be less than in recent years and rate fluctuation will increase. This does not mean, however, that there will be no opportunities on offer for investors – quite the contrary. In the near future, the stabilisation of raw material prices, new stimulus measures by central banks and the alleviation of the worst fears surrounding China may well trigger a strong recoil action in the most oversold stock market sectors. For example, the under-performance of developing stock markets that has been going on for years may finally turn positive.

In the longer term, fairly slow growth and a clear flattening out in the rise of stock markets will also open up opportunities for those that pick and choose their shares. An increasing amount of attention will be paid to pricing and profit growth potential, and earnings differences will increase.

The company's management thinks that its business environment has become more demanding, but that the company has the opportunity to win market share on capital markets. The development of the Wealth Management segment has been positive, and the company has gained new clients from a competitive market with the aid of successful and different private equity fund projects. The development of the Financing segment has been positive, both in relation to insurance premium income and compensation costs. The company believes that moderate growth is achievable through continually improving risk management. It is believed that returns from the segment's investment activity will remain on a low level.

Taaleri's objectives are an equity ratio of more than 30% and operating profit of 15%. Long term objectives for the return on equity is to exceed 15%.

Every year, the company aims to pay a competitive dividend, taking into account the financial and economic state of the company. Despite the challenging economic environment, we will endeavor to achieve controlled profitable growth, and we expect that the company's financial objectives will be achieved in 2016.

KEY FIGURES

GROUP	2015 IFRS	2014 IFRS	2014 FAS	2013 FAS
Turnover, EUR 1 000	58 401	53 565	41 470	27 488
Adjusted turnover, 1 000 euroa ¹⁾	58 401	39 383		
Operating profit (-loss), 1 000 EUR	47 379	20 827	7 568	4 521
- as percentage of turnover	81,1 %	38,9 %	18,2 %	16,4 %
Adjusted operating profit (-loss), EUR 1 000 ¹⁾	20 092	6 645	-	-
- as percentage of turnover	34,4 %	16,9 %		
Netprofit for the period, EUR 1 000 ²⁾	44 087	16 489	5 952	3 183
- as percentage of turnover	75,5 %	30,8 %	14,4 %	11,6 %
Adjusted netprofit, 1 000 EUR ¹⁾	16 800	4 915	-	-
- osuus liikevaihdosta %	28,8 %	9,2 %		
Undiluted result per share, EUR	1,53	0,61	0,19	0,14
Undiluted operating result per share, EUR ¹⁾	0,55	0,15	-	-
Undiluted result per share, continuing operations, EUR	1,54	0,61	0,19	0,14
Diluted result per share, EUR	1,52	0,61	0,19	0,14
Diluted result per share, continuing operations, EUR	1,53	0,61	0,19	0,14
Return on equity % (ROE)	65,3 %	54,5 %	23,9 %	21,9 %
Adjusted return on equity-% (ROE) ¹⁾	24,9 %	16,2 %	-	-
Return on equity, fair values % (ROE)	58,6 %	54,5 %	-	-
Adjusted return on equity, fair values % (ROE) ¹⁾	18,2 %	16,3 %	-	-
Return on assets % (ROA)	23,9 %	18,2 %	11,2 %	16,8 %
Adjusted return on assets % (ROA) ¹⁾	9,1 %	5,4 %	-	-
Cost/income ratio	67,5 %	61,1 %	80,4 %	83,0 %
Price per Earnings (P/E)	5,5	10,4	33,1	33,4
Number employees, avg	175	153	153	114

1) In the adjusted key figures, the impact of EUR 28.6 million of negative goodwill recognised as income in 2015 has been deducted and the tax impact of a EUR 14.2 million change in fair value of Finsilva has been taken into account

2) Includes the share of profit of minority (FAS) / non-controlling interests (IFRS).

GROUP	2015 IFRS	2014 IFRS	2014 FAS	2013 FAS
Equity ratio -%	44,8 %	24,8 %	34,9 %	80,5 %
Modified equity ratio % ³⁾	-	-	40,2 %	81,6 %
Gearing -%	49 %	182 %	31 %	-51 %
Equity per share, EUR	3,35	1,45	1,02	0,88
Dividend per share EUR ⁴⁾	0,20	0,09	0,09	0,05
earnings per share, % ⁴⁾	13,0 %	14,7 %	46,8 %	36,5 %
Effective yield percent ⁴⁾	2,4 %	1,4 %	1,4 %	1,1 %
Loan receivables, EUR 1 000	9 416	21 671	21 671	11 040
Group's capital adequacy ratio, %	469 %	-	-	-
Total capital in relation to risk-weighted items	-	-	25,2 %	43,7 %
Common Equity Tier in relation to risk-weighted items	-	-	25,2 %	43,7 %
Number of Series A shares at the end of period ⁵⁾	13 592 049	16 365 816	16 365 816	19 352 020
Number of Series B shares at the end of period ⁵⁾	14 713 571	8 785 204	8 785 204	5 820 000
Average number of Series A shares (act/act) ⁵⁾	14 671 451	17 589 199	17 589 199	19 352 020
Average number of Series B shares (act/act) ⁵⁾	13 013 327	7 569 892	7 569 892	4 034 137
B-share avg price, EUR	7,60	5,21	5,21	3,44
- top price, euro	9,25	6,50	6,50	4,58
- minimum price, euro	6,04	4,63	4,63	2,90
- Closing price, EUR	8,38	6,36	6,36	4,58
Market Capitalization, 1000 EUR ⁶⁾	237 201	160 023	160 023	115 162
Trading volume, B shares, 1000	2 148	1 387	1 387	232
Trading volume, B shares, %	17 %	18 %	18 %	6 %

1) In the adjusted key figures, the impact of EUR 28.6 million of negative goodwill recognised as income in 2015 has been deducted and the 2014 tax impact of a EUR 14.2 million change in fair value of Finsilva has been taken into account.

2) Includes the share of profit of minority (FAS) / non-controlling interests (IFRS).

3) Modified equity ratio relates to a covenant term of a bond issued by the Group, which is presented according to FAS up to 2014. From 2015 it is no longer presented, because Lainaamo Plc is no longer consolidated into the Group, and therefore the equity ratio does not need to be modified. See calculation formula.

4) The Board's proposal for 2015, according to which a dividend of EUR 0.14 per share and a return of capital of EUR 0.06 per share be distributed

5) Adjusted for share issue and reduced by own shares acquired

6) Reduced by own shares acquired. Series A shares have been valued at the Series B share closing price.

All per share key figures have been adjusted in accordance with the free share issue implemented in March 2015 (1:3).

INSURANCE OPERATIONS KEY FIGURES

The insurance business key figures have been calculated in accordance with the rules, regulations and instructions of the Finnish Financial Supervisory Authority. Taaleri's insurance business operations entirely consist of Garantia Insurance Company Ltd. The key figures of Garantia Insurance Company Ltd for 2015 and 2014 are presented below. Garantia Insurance Company Ltd has been consolidated into the Group from 1 April 2015.

1 000 eur	2015	2014
Earned premiums	9 849	11 071
Claims incurred	-1 492	-412
Operating expenses	-4 778	-4 646
Balance on technical account before change to equalisation provision	3 579	6 013
Change to equalisation provision	-3 517	-6 101
Balance on technical account	62	-88
Earnings before taxes	8 523	5 260
Combined ratio, %	64 %	46 %
Claims ratio, %	15 %	4 %
Expense ratio %	49 %	42 %
Net return on investments at fair value, %	4,4 %	7,1 %
Risk carrying capacity, %	1064 %	909 %
solvency ratio (S2), % ⁽¹⁾	549 %	383 %
Number employees, avg	25	25

1) The provisions of the Solvency II Directive were not in force in financial year 2015, nor do they fall within the scope of the statutory audit of the Act on the taxation of shareholders in controlled foreign companies, which came into force on 1 January 2016.

CALCULATION OF KEY FIGURES AND RATIOS

Turnover (tEUR)	From Income Statement
Operating profit (tEUR)	From Income Statement
Profit for the financial period (tEUR)	From Income Statement
Return on equity (ROE), %	$\frac{\text{Profit for the financial period} \times 100}{\text{Equity (average of the beginning and end of year)}}$
Return on equity at fair value (ROE), %	$\frac{\text{Total comprehensive income for the financial period} \times 100}{\text{Equity (average of the beginning and end of year)}}$
Return on assets (ROA), %	$\frac{\text{Profit for the financial period} \times 100}{\text{Balance sheet total (average of the beginning and end of year)}}$
Equity ratio, %	$\frac{\text{Equity, total} \times 100}{\text{Balance sheet total}}$
Modified equity ratio, %	$\frac{(\text{Equity} + \text{minority interest} + \text{voluntary provisions less deferred tax liability excluding Lainaamo consolidation}) \times 100}{\text{balance sheet total excluding Lainaamo consolidation}}$
Gearing, %	$\frac{(\text{Interest-bearing liabilities} - \text{cash and cash equivalents}) \times 100}{\text{Equity, total}}$
Equity per share, EUR	$\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Number of shares on closing date} - \text{repurchased own shares}}$
Dividend per share, EUR	$\frac{\text{Dividend distribution for the financial period} \times 100}{\text{Undiluted number of shares on closing date}}$
Dividend pay-out ratio, %	$\frac{\text{Dividend per share} \times 100}{\text{Basic earnings per share, EUR}}$
Effective dividend yield, %	$\frac{\text{Dividend per share} \times 100}{\text{Price of B share at end of financial period}}$
Cost/income ratio	$\frac{\text{Fee expenses} + \text{interest expenses} + \text{administration expenses} + \text{depreciation} + \text{other operating expenses}}{\text{Turnover} + \text{share of profits of associated companies}}$
Conglomerate's capital adequacy ratio	$\frac{\text{Conglomerate's assets}}{\text{Minimum amount of conglomerate's assets}}$
Total capital (TC) to risk-weighted items	$\frac{\text{Total capital (TC)}}{\text{Risk-weighted items, total (Total risk)}}$
Common Equity Tier (CET1) to risk-weighted items	$\frac{\text{Common Equity Tier (CET1)}}{\text{Risk-weighted items, total (Total risk)}}$
Basic earnings per share, EUR	$\frac{\text{Profit for the financial period (share attributable to parent company's shareholders)}}{\text{Average number of shares (excluding treasury shares) before dilution effect}}$
Diluted earnings per share, EUR	$\frac{\text{Profit for the financial period (share attributable to parent company's shareholders)}}{\text{Average number of shares (excluding treasury shares) after dilution effect}}$
Market capitalisation	Number of shares (A + B) at end of financial period excluding treasury shares, multiplied by price of B share at end of financial period
Price/earnings (P/E) ratio	$\frac{\text{Price of B share at end of financial period}}{\text{Earnings per share}}$

INSURANCE BUSINESS KEY FIGURES

The insurance business key figures have been calculated in accordance with the regulations of the Financial Supervisory Authority. The key figures are calculated using the insurance companies' function-specific expenses, which are not presented on the same basis as in the consolidated income statement.

Combined ratio,%	Claims ratio + expense ratio
Claims ratio,%	$\frac{\text{Claims incurred} \times 100}{\text{Insurance premium income}}$
Expense ratio,%	$\frac{\text{Operating costs} \times 100}{\text{Insurance premium income}}$
Risk carrying capacity, %	$\frac{\text{Solvency capital} \times 100}{\text{12-months earned premiums}}$
	Earned premiums are calculated for the past 12 months after the share of the reinsurers
Solvency ratio (S2),%	$\frac{\text{Basic own funds}}{\text{Solvency capital requirements}}$

CONSOLIDATED INCOME STATEMENT

EUR 1 000	1.1.-31.12.2015	1.1.-31.12.2014
CONTINUING OPERATIONS		
Fee and commission income Note	31 801	33 378
Net income from insurance	13 156	-
From insurance operations	6 401	-
From investment operations	6 756	-
Net gains or net losses on trading in securities and foreign currencies	1 651	15 978
Income from equity investments	4 850	11
Interest income	913	1 285
Other operating income	6 029	2 913
TOTAL INCOME	58 401	53 565
Fee and commission expense	-3 709	-5 682
Interest expense	-2 906	-1 240
Administrative expenses		
Personnel costs	-19 251	-16 085
Other administrative expenses	-5 721	-5 319
Negative goodwill	28 567	-
Depreciation, amortisation and impairment of tangible and intangible assets	-871	-545
Other operating expenses	-7 161	-3 865
Impairment losses on loans and other receivables	-228	-
Share of associates' profit or loss	258	-2
OPERATING PROFIT Note	47 379	20 827
Income tax expense	-2 976	-4 309
PROFIT FROM CONTINUING OPERATIONS	44 403	16 518
DISCONTINUED OPERATIONS		
Loss from discontinued operations	-316	-29
PROFIT FOR THE PERIOD	44 087	16 489
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
	1.1.-31.12.2015	1.1.-31.12.2014
Profit for the period	44 087	16 489
Items that may be reclassified to profit or loss		
Translation differences	-158	20
Available-for-sale financial assets	-5 497	-
Income tax	1 099	-
Items that may be reclassified to profit or loss in total	-4 555	20
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	39 532	16 509
Profit for the period attributable to:		
Owners of the parent company	42 455	15 418
Non-controlling interests	1 632	1 071
Total	44 087	16 489
Total comprehensive income for the period attributable to:		
Owners of the parent company	37 900	15 438
Non-controlling interests	1 632	1 071
Total	39 532	16 509
Total comprehensive income for the period attributable to the owners of the parent company		
Continuing operations	38 216	15 467
Discontinued operations	-316	-29
Total	37 900	15 438
Earnings per share for profit attributable to the shareholders of the parent company		
	1.1.-31.12.2015	1.1.-31.12.2014
Basic earnings per share, continuing operations	1,54	0,61
Diluted earnings per share, continuing operations	1,53	0,61
Basic earnings per share, discontinued operations	-0,01	0,00
Diluted earnings per share, discontinued operations	-0,01	0,00
Basic earnings per share, profit for the period	1,53	0,61
Diluted earnings per share, profit for the period	1,52	0,61

Income is presented as gross figures, except for income from insurance and 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

Assets, EUR 1 000	31.12.2015	31.12.2014	1.1.2014
Receivables from credit institutions	27 983	31 536	11 519
Receivables from the public and general government	9 416	21 671	11 040
Debt securities	1 541		
Shares and units	45 154	4 326	375
Participating interests	2 958	79 175	1 054
Insurance assets	116 715	-	-
Insurance assets	2 628	-	-
Investments	114 087	-	-
Intangible assets	2 369	2 377	1 313
Goodwill	627	727	727
Other intangible assets	1 741	1 650	586
Tangible assets	546	556	343
Other assets	4 877	6 945	1 570
Accrued income and prepayments	4 956	6 179	1 098
Deferred tax assets	249	159	115
	216 764	152 923	28 427

Liabilities, EUR 1 000	31.12.2015	31.12.2014	1.1.2014
LIABILITIES	119 704	115 056	5 742
Liabilities to credit institutions	14 939	-	-
Liabilities to the public and general government	30 250	70 500	-
Debt securities issued to the public	29 946	29 794	-
Insurance liabilities	13 071	-	-
Other liabilities	3 583	2 771	2 271
Accrued expenses and deferred income	10 186	9 362	3 471
Deferred tax liabilities	17 729	2 628	-
EQUITY	97 060	37 868	22 684
Share capital	125	125	125
Reserve for invested non-restricted equity	37 512	14 638	14 638
Fair value reserve	-4 398	-	-
Translation difference	-138	20	-
Retained earnings or loss	19 384	6 220	4 317
Profit or loss for the period	42 455	15 418	3 205
Non-controlling interest	2 119	1 447	399
	216 764	152 923	28 427