



Financial summary January-June 2025

Garantia Insurance Company Ltd

Garantia is a non-life insurance company specialising in credit risk insurance. Garantia was established in 1993 and is supervised by the Finnish Financial Supervisory Authority. Garantia offers easy and cost-effective insurance solutions for consumers, businesses, and lenders. Our products facilitate transactions and help our customers grow their business. We enable access to finance and make commercial transactions possible.

Our competitive advantages are based on strong customer insight, a scalable and efficient operating model, committed and self-motivated personnel, good risk selection competence, and strong solvency. The international credit rating agency Standard & Poor's has confirmed Garantia's rating as A- with a stable rating outlook.

Garantia is a wholly owned subsidiary of Taaleri Plc and part of the Taaleri Group. Taaleri is a Nordic investment and asset manager that focuses on businesses with industrial-scale opportunities within bioindustry and renewable energy. Taaleri has two business segments: Private Asset Management and Garantia. Private Asset Management consists of Renewable energy and Other private asset management. Garantia segment includes Garantia Insurance Company Ltd. Taaleri Plc is listed on Nasdaq Helsinki.

Further information: www.garantia.fi, www.taaleri.com

Financial results and key figures

Satisfactory result in a challenging environment, solvency further strengthened.

- Gross premiums written increased by 38.0 percent to EUR 10.8 million (1–6/2024 adjusted: 7.8), driven by growth in guarantee sales.
- Premiums earned decreased by 14.5 percent to EUR 8.5 million (9.9). Due to the change in the calculation principles for the unearned premium reserve implemented during the comparison period, premiums earned are weighted toward the second half of the year. As a result of the change, the figures for the reporting and comparison periods are not fully comparable.
- The guarantee insurance portfolio grew by 2.1 percent from the beginning of the year to EUR 1,714 million (1,679), with growth seen in both consumer and corporate exposures.
- Claims incurred increased to EUR 1.1 million (0.2) in the first half of the year, but the absolute level is still low. The claims
 ratio rose to 12.8 percent (2.3). The increase in claims incurred was influenced by the prolonged weak economic conditions and rising unemployment.
- Operating expenses increased by 23.4 percent to EUR 2.5 million (2.0). The expense ratio rose to 29.3 percent (20.3). The increase in expenses was mainly due to investments in sales and marketing during the reporting period.
- The balance on technical account before changes in the equalisation provision declined to EUR 4.9 million (7.7). The combined ratio weakened to 42.1 percent (22.6).
- Net investment income decreased from the comparison period to EUR 3.2 million (5.3). Investment returns were negatively affected by weak market performance, which in turn was driven by concerns over trade tensions and deteriorating economic growth expectations. The return on investments at fair value was 2.3 percent (4.9).
- Profit before taxes declined to EUR 9.2 million (13.2).
- Garantia's solvency strengthened significantly due to accumulated earnings. The solvency ratio stood at 275.1 percent (262.7) at the end of June.
- Garantia changed the calculation principles for the unearned premium reserve and the recognition policy for premium
 income in the 2024 financial year. These changes are explained in more detail in the 2024 financial statements and in
 the section "Material changes in accounting principles".

Profit and loss account and key ratios

EUR thousands	1-6/2025	1-6/2024	1-6/2024 adjusted*	Change, adjusted	2024
Gross premiums written	10 755	11 259	7794	38,0 %	19 834
Other items ¹⁾	-2 286	26 925	2 108	<-100 %	27 920
Earned premiums	8 469	38 184	9 902	-14,5 %	47 753
Claims incurred	-1 080	-225	-225	<-100 %	-1047
Operating expenses	-2 482	-2 011	-2 011	23,4 %	-4 987
Balance on technical account before changes in equalisation provision	4 907	35 949	7 667	-36,0 %	41 719
Change in equalisation provision	1080	225	225	>100 %	1047
Balance on technical account	5 987	36 174	7 891	-24,1%	42 767
Investment income and expenses, net	3 237	5 266	5 266	-38,5 %	13 059
Other income and expenses	19	27	27	-30,8 %	45
Earnings before tax	9 243	41 467	13 185	-29,9 %	55 871
Claims ratio, %	12.8 %	0.6 %	2.3 %	10.5 %	2.2 %
Expense ratio, %	29.3 %	5.3 %	20.3 %	9.0 %	10.4 %
Combined ratio, %	42.1 %	5.9 %	22.6 %	19.5 %	12.6 %
Return on investments at fair value, %	2.3 %	4.9 %	4.9 %	-2.6 %	10.3 %
Solvency ratio, % ²⁾	275.1 %	271.2 %	271.2 %	12.4 %	262.7 %
Total insurance exposure, EUR bn.	1714	1745	1745	2,1%	1679



Average number of personnel	22	21	21	1	21
Credit rating (S&P)	A-	A-	A-	-	A-

^{*} The income statement figures have been adjusted for one-off items resulting from changes in the calculation principles of the unearned premium reserve and the accounting treatment for premiums written. These changes are explained in more detail in the 2024 financial statements and in the section "Material changes in accounting principles."

Profit & loss items are compared against the figures of the corresponding period in 2024. Balance sheet and other cross-section items are compared against the end of 2024 unless otherwise indicated. Due to the changes in calculation principles implemented in the 2024 financial year, the 2024 result is not fully comparable with the figures for the corresponding period in 2025. Figures for the half-year periods have not been audited.

Insurance operations

Garantia is a non-life insurance company specialized in credit risk insurance, offering effortless and cost-effective guarantee solutions to consumers, businesses, and lenders.

The company's gross premiums written increased by 38.0 percent to EUR 10.8 million (1–6/2024 adjusted: 7.8), driven by growth in guarantee sales compared to the reference period. The increase in mortgage guarantee sales was supported by the recovery of the housing market and a growing market share¹, as Garantia's mortgage guarantee sales outpaced the growth in new mortgages issued in Finland during the first half of the year. Growth in corporate exposures was particularly influenced by the issuance of Garantia's fully guaranteed Multi-issuer bond (Multi-issuer bond V) during the reporting period, with a total value of EUR 62.5 million.

The net change in the provision for unearned premiums during the first half of the year was EUR -1.9 million, compared to EUR 2.5 million in the same period of the previous year. The increase in the unearned premium reserve was due to the growth of the guarantee insurance portfolio during the first half of the year.

Earned premiums decreased by 14.5 percent to EUR 8.5 million (9.9). Due to a change in the calculation basis implemented during the comparison period, the recognition of earned premiums is weighted toward the second half of the year. As a result of the change, figures for the reporting and comparison periods are not fully comparable.

The guarantee insurance portfolio grew by 2.1 percent during the first half of the year to EUR 1,714 million (1,679), with growth seen in both consumer and corporate exposures. The consumer exposure portfolio expanded due to increased mortgage guarantee sales. Growth in corporate exposures was driven in particular by the issuance of the fifth Multi-issuer bond (Multi-issuer bond V) in April, with a total value of EUR 62.5 million, fully guaranteed by Garantia.

At the end of June, EUR 1,413 million (1,404), or 82 percent (84), of the guarantee insurance portfolio consisted of consumer exposures, and EUR 301 million (275), or 18 percent (16), of corporate exposures. Consumer exposures include mortgage and rental guarantees granted to households. Corporate exposures include corporate loan guarantees, commercial guarantees, and other business-related guarantees granted to companies and organizations.

Claims incurred amounted to EUR 1.1 million (0.2) in the first half of the year. The increase in claims incurred was due to the prolonged weak economic conditions and rising unemployment, as well as a change in the provision for incurred but not reported claims during the comparison period, which had reduced claims incurred.

Operating expenses increased by 23.4 percent to EUR 2.5 million (2.0). The increase in expenses was mainly due to investments in sales and marketing during the period. The expense ratio weakened to 29.3 percent (20.3). The combined ratio also deteriorated, reaching 42.1 percent (22.6).

¹⁾ Reinsurers' share of premiums written, change in provision for unearned premiums and reinsurers' share of change in provision for unearned premiums.

²⁾ Solvency II regulations do not fall within the scope of statutory audit; hence the solvency figures have not been audited.

¹Amount of mortgage guarantees underwritten by Garantia relative to new mortgages issued in Finland.



Balance on technical account before changes in equalisation provision declined from the comparison period to EUR 4.9 million (7.7). The decline in technical profitability was due to lower premium revenue and increased claims and operating expenses. EUR 1.1 million (0.2) was released from the equalization provision included in the technical provisions on the balance sheet, resulting in a technical result of EUR 6.0 million (7.9).

Investment operations

The development of the investment markets was mixed during the first half of the year. Equity market volatility was driven particularly by concerns over escalating trade tensions and weakening economic growth expectations. Despite a sharp decline in March–April, key equity indices ended June in positive territory compared to the beginning of the year (S&P 500 +5.5%). In the fixed income markets, long-term interest rates began to rise in Europe, while short-term rates continued to decline in early 2025. Credit spreads narrowed slightly compared to year-end levels.

Garantia's net investment income recognized in the result for the first half of the year declined to EUR 3.2 million (5.3). Net income consisted mainly of interest income and net impairment losses due to changes in the fair value of investments, as well as reversals of such impairments. The decrease in net investment income compared to the reference period was primarily due to net impairment losses. The investment return in the comparison period was exceptionally strong.

At the end of June, fixed income investments accounted for 74.6 percent (77.8) of total investments, equity and private equity investments for 23.5 percent (20.7), and real estate investments for 1.9 percent (1.5). The return on investments at fair value was 2.3 percent (4.9) in the first half of the year. Net investment return on committed capital at fair value² was EUR 3.5 million (7.4), or 2.3 percent (4.8).

The fair value of Garantia's investment assets was EUR 157.7 million (158.1) at the end of June³. The development of investment assets was affected by a dividend payment⁴ of EUR 7.5 million to the parent company during the reporting period. The valuation difference between the fair value and book value of investment assets was EUR 7.6 million (7.3) at the end of June.

Risks and risk management

The key risks in Garantia's business operations are the credit risks associated with guarantee insurance and the market risks related to investment activities.

In guarantee insurance, credit risk refers to the risk that the guaranteed party fails to meet its contractual obligations to the beneficiary of the guarantee. The amount of credit risk is primarily influenced by the creditworthiness of the guaranteed parties and the amount of any collateral provided. The market risks of investment activities arise from interest rate, equity, real estate, and currency risks, as well as credit and counterparty risks, all of which affect the value and return of investment assets.

Garantia's guarantee insurance risk position has remained stable. The guarantee insurance portfolio grew moderately compared to the end of the previous year. The relative share of consumer exposures in the total portfolio declined slightly, while the share of corporate exposures increased.

Consumer exposures amounted to EUR 1,413 million (1,404) at the end of June, representing 82 percent (84) of the guarantee insurance portfolio. Consumer exposures consist of mortgage and rental guarantees granted to households. A mortgage guarantee serves as additional collateral for a home loan, while a rental guarantee protects the landlord of a residential property against the tenant's failure to meet lease obligations.

The majority of consumer exposures consist of the mortgage guarantee portfolio, whose risk position did not undergo any material changes during the first half of the year. The portfolio is well diversified by counterparty, the geographical location of the collateral properties, and the issuance years of the guarantees. The credit quality of mortgage borrowers in the portfolio remains, on average, very strong. Credit risks related to the mortgage guarantee portfolio are further mitigated by a portfolio reinsurance arrangement that functions as an excess-of-loss cover. Higher interest rates, deteriorating economic conditions, and

² Net investment return on committed capital at fair value includes a deduction for operating expenses allocated to investment activities.

³ The value of investment assets includes cash and bank receivables as well as accrued interest.

⁴ Garantia's Annual General Meeting resolved to distribute a total of EUR 15 million in dividends from the financial year 2024. The dividends will be paid in two installments, of which EUR 7.5 million remains unpaid and has been recorded under liabilities on the balance sheet (Other liabilities).



increasing unemployment have weakened the repayment capacity of mortgage borrowers, and housing prices have declined. This has also led to a moderate increase in claims expenses, although they remained low in absolute terms.

Corporate exposures amounted to EUR 301 million (275) at the end of the reporting period, representing 18 percent (16) of the guarantee insurance portfolio. Corporate exposures consist of corporate loan guarantees, commercial guarantees, and other business-related guarantees. The guaranteed companies in the corporate exposure portfolio are primarily medium-sized and large Finnish companies and organizations. In addition to risk selection, credit risks in corporate exposures are managed through reinsurance, collateral arrangements, and risk-mitigating contractual terms.

The share of investment-grade exposures (rating classes AAA to BBB-) was 27.0 percent (37.0), and the share of exposures rated BB- or better was 76.7 percent (67.3) of the rated corporate exposure portfolio. The share of exposures in weak rating classes (C+ or lower) declined to 1.5 percent (2.1). The credit quality of the company's corporate counterparties has remained generally good, although the weak economic environment has affected the creditworthiness of some individual counterparties.

The most significant sectors for corporate exposures were trade 22.4 percent (14.6), water and waste management 15.3 percent (17.2), industry 13.4 percent (17.3), construction 12.6 percent (13.9), and energy 12.3 percent (5.7). The shares of other sectors were below ten percent.

In investment activities, the risk level was moderately increased compared to the beginning of the year by raising the equity allocation and extending the duration of fixed income investments. Of the total investments (including cash and bank receivables), fixed income investments accounted for 74.6 percent (77.8) at the end of June, equity and private equity investments 23.5 percent (20.7), and real estate investments 1.9 percent (1.5). The majority of fixed income investments are allocated to bonds issued by financially sound Nordic companies and credit institutions. Of the fixed income investments, 76.4 percent (68.3) had an investment-grade credit rating. The modified duration of the fixed income portfolio was 3.9 (3.2).

Solvency

Garantia's solvency strengthened significantly during the first half of the year due to an increase in own funds. The company's own eligible basic own funds amounted to EUR 119.7 million (112.9) at the end of June, and the solvency capital requirement was EUR 43.5 million (42.9). The solvency ratio, i.e. the ratio of eligible own funds to the solvency capital requirement, was 275.1 percent (262.7). Own funds increased during the period as a result of accumulated earnings. The solvency capital requirement rose slightly, mainly due to an increase in the capital requirement for investment risk.

Garantia's own funds consist entirely of unrestricted Tier 1 basic own funds. Garantia does not apply transitional measures in the determination of own funds, and its own funds do not include items classified as ancillary own funds. The company does not use the matching adjustment or volatility adjustment in the calculation of technical provisions. Garantia applies the standard formula in the calculation of the solvency capital requirement. The company does not use simplified calculations in the risk modules or sub-modules of the standard formula, nor does it apply company-specific parameters in place of the standard formula parameters. Garantia does not apply transitional measures in the calculation of technical provisions or market risk.

Garantia's solvency capital requirement has included a capital add-on set by the Finnish Financial Supervisory Authority (FIN-FSA) since 30 June 2018. FIN-FSA assesses the amount of the capital add-on at least once a year. The most recent review was conducted on 5 June 2025, when the capital add-on was reduced to EUR 5.0 million (7.0)⁵. The new capital add-on has been applied in solvency calculations as of 30 June 2025. In assessing the amount of the capital add-on, FIN-FSA considers the company's insurance risk capital requirement based on its internal economic capital model.

On 7 April 2025, Garantia published its Solvency and Financial Condition Report (SFCR) for the year 2024. The report is available on the company's website at www.garantia.fi/en/about-us/financial-information/.

Solvency II figures are not subject to statutory audit and have not been audited.

Credit rating

On 12 December 2024, Standard & Poor's Global Ratings (S&P) affirmed the credit rating of Garantia Insurance Ltd at A- with a stable outlook.

⁵ capital requirement add-on effective as of 30 June 2024 in brackets.



The rating applies to the company's Issuer Credit Rating (ICR), Financial Strength Rating (FSR), and Financial Enhancement Rating (FER), which reflects the company's ability and willingness to meet its obligations under financial guarantees.

Governance

Annual General Meeting of Garantia, held on 21 February 2025, appointed the following members to the Board of Directors: Titta Elomaa (Chair), Kenneth Kaarnimo (Vice Chair), Jorma Timonen, Eija Koskimies, and Ilkka Laurila. Ilkka Laurila was elected as a new member of the Board.

The Annual General Meeting also appointed Ernst & Young Oy as the company's auditor, with Johanna Winqvist-Ilkka, APA, as the principal auditor.

Material changes to accounting principles

During the 2024 financial year (comparison period), the company changed the calculation principles for the unearned premium reserve and the recognition policy for premium income. The change in the calculation basis for the unearned premium reserve had a material impact on the 2024 financial result and the equity on the balance sheet.

The one-off impact of the change in the premium income recognition policy on the comparison period's premium income was EUR 3,464,881, but it had no effect on the financial result or equity for the year.

The impact of the change in the calculation basis for the unearned premium reserve on the comparison period's premium revenue and profit before taxes was EUR 28,282,356. The one-off impact of the change on the comparison period's profit and equity was EUR 22,625,881. The comparison period result adjusted for one-off items is not fully comparable because of the change in the calculation basis for the unearned premium reserve.

These changes are explained in more detail in the 2024 financial statements under the accounting principles sections "Premiums and Premium Income" and "Technical Provisions."

The changes in calculation principle and recognition policy have been made in accordance with Finnish accounting, corporate, and insurance company legislation and regulations, as well as decisions, rules, and guidelines issued by financial supervisory authority overseeing insurance companies.

Additional information

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Financial information

Profit and loss account

euro	1.130.6.2025	1.130.6.2024	Change, %	1.131.12.2024
Technical Account				
Technical Account				
Earned premiums				
Premiums written	10 755 405	11 259 188	-4.5 %	19 833 681
Reinsurers' share	-354 101	-407 553	-13.1 %	-410 601
Change in provision for unearned premiums	-2 102 739	27 139 895	<-100 %	28 331 195
Reinsurers' share	170 022	192 835	-11.8 %	-883
	8 468 587	38 184 365	-77.8 %	47 753 392
Claims incurred				
Claims paid	-1 077 137	-644 581	67.1%	-1 458 667
Change in provision for outstanding claims	-3 110	373 995	<-100 %	365 607
Reinsurers' share	-205	46 051	<-100 %	45 910
	-1 080 452	-224 535	<-100 %	-1 047 150
Operating expenses	-2 481 558	-2 010 785	23.4 %	-4 986 878
Balance on technical account before change in equalisation provision	4 906 578	35 949 045	-86.4%	41 719 363
Change in equalisation provision	1080 452	224 535	>100 %	1 047 150
Balance on Technical Account	5 987 030	36 173 580	-83.4 %	42 766 513
Non-technical account				
Investment income	5 753 082	7 807 247	-26.3 %	17 318 753
Investment expenses	-2 516 257	-2 541 065	-1.0 %	-4 259 832
Other income and expenses	19 224	27 473	-30.0 %	45 338
Direct taxes on ordinary operations	-1853309	-8 308 247	-77.7 %	-11 206 114
Net profit/loss for the financial year	7 389 769	33 158 988	-77.7 %	44 664 658



Balance sheet

Balance sneet			
Assets			
EUR	30 Jun 2025	30 Jun 2024	Change, %
Intangible assets	20,000	F0 F7F	0110/
Goodwill	36 230	52 575	-31.1 %
	36 230	52 575	-31.1 %
Investments			
Real estate investments			
Real estate investment funds	2 629 064	2 043 617	28.6 %
	2 629 064	2 043 617	28.6 %
Other investments	00.040.550	07.007.445	0070
Shares and participations	38 042 556	27 827 415	36.7 %
Debt securities	106 974 293	117 450 304	-8.9 %
	145 016 849	145 277 718	-0.2 %
Total	147 645 913	147 321 335	0.2 %
Receivables			
Arising out of direct insurance operations			
From policy holders	4 828 812	4 536 469	6.4 %
Arising out of reinsurance operations	44 212	47 429	-6.8 %
Other receivables	3 947 813	4 156 443	-5.0 %
	8 820 836	8740340	0.9 %
Other assets			
Tangible assets			
Other tangible assets	48 365	48 365	0.0 %
	48 365	48 365	0.0 %
Cash and bank balances	713 303	1 442 781	-50.6 %
Total	761 668	1 491 146	-48.9 %
Total	701008	1491140	-40.9 /
Prepayments and accrued income			
Accrued interest and rental income	1759 357	2 002 397	-12.1 %
Other accrued income	297 058	3 598	>100 %
	2 056 415	2 005 995	2.5 %
TOTAL ASSETS	159 321 063	159 611 391	-0.2 %



Equity and liabilities			
EUR	30 Jun 2025	30 Jun 2024	Change, %
Shareholders' equity and reserves			
Share capital	10 200 000	10 200 000	0.0 %
Retained earnings	49 847 070	20 182 413	>100 %
Profit / loss of the financial year	7 389 769	44 664 658	-83.5 %
Total	67 436 839	75 047 070	-10.1 %
Technical provisions			
Provision for unearned premiums Reinsurers' share	14 570 610 -187 282	12 467 872 -17 260	16.9 % >100 %
	14 383 328	12 450 612	15.5 %
Claims outstanding	607 881	604770	0.5 %
Reinsurers' share	-51 063	-51 268	-0.4 %
	556 818	553 503	0.6 %
Equalisation provision	66 880 772	67 961 225	-1.6 %
Total	81 820 919	80 965 339	1.1 %
Provisions			
Other provisions	2 090	4732	-55.8 %
	2 090	4732	-55.8 %
Payables			
Arising out of direct insurance operations	818	49	>100 %
Arising out of reinsurance operations	38 554	56 767	-32.1%
Other	7 802 571	369 723	>100 %
	7 841 942	426 540	>100 %
Accruals and deferred income			
Other accrued expenses	2 219 273	3 167 711	-29.9 %
	2 219 273	3 167 711	-29.9 %
TOTAL EQUITY AND LIABILITIES	159 321 063	159 611 391	-0.2 %

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