

Report by the Board of Directors and Financial Statements

2025

GARANTIA

Garantia Insurance Company Ltd.

Garantia Insurance Company Ltd.

Garantia is a non-life insurance company specializing in credit risk insurance. Garantia was founded in 1993 and it operates under the supervision of the Finnish Financial Supervisory Authority and provides straightforward and cost-effective guarantee insurance solutions for lenders, companies, and households. Our products facilitate the completion of transactions and help our customers grow their business. We enable access to financing and support the conclusion of deals.

Our competitive advantages are based on strong customer understanding, a scalable and efficient operating model, a committed and proactive personnel, solid expertise in risk selection, and strong solvency. The international credit rating agency Standard & Poor's has affirmed Garantia's credit rating as A- with a stable outlook.

Garantia is a wholly owned subsidiary of Taaleri Plc and part of the Taaleri Group. Taaleri is a specialist in investments, private asset management and non-life insurance, powering change with capital. Taaleri has three business segments: Private Asset Management, Garantia and Investments. The Private Asset Management segment includes the renewable energy, bioindustry and real estate businesses. The Garantia segment consists of Garantia Insurance Company. The Investments segment comprises development capital and other direct investments. Taaleri Plc's shares are listed on Nasdaq Helsinki.

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

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Garantia is part of Taaleri group.

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GARANTIA'S YEAR 2025 IN BRIEF

Insurance operations grew, and profitability remained excellent.

- Premiums written increased by 42 percent to EUR 23.2 million (16.4). Premiums written grew in both mortgage guarantees and corporate exposures.
- Earned premiums increased by 4.1 percent to EUR 20.3 million (19.5). The growth in earned premiums was driven by an expansion of the guarantee insurance portfolio and higher premiums written resulting from increased guarantee sales.
- Growth in the mortgage guarantee business was supported by the company's investments in business development and product marketing, which clearly increased Garantia's share of new mortgage guarantees in Finland.
- Growth in corporate exposures was supported by the Multi-Issuer Bond V fully guaranteed by Garantia that was issued in the spring, as well as participation in financing arrangements with both existing and new financing partners. In the autumn, Garantia also participated in its first credit risk insurance transaction outside Finland in the Nordic region, in line with its strategy.
- Claims incurred increased to EUR 2.0 million (1.0). The loss ratio was 10.1 percent (5.4). The increase in claims was some extent attributable to the weak economic cycle and rising unemployment.
- Operating expenses remained at the comparison period level at EUR 5.0 million (5.0). The expense ratio improved due to the increase in earned premiums and was 24.7 percent (25.6).
- The balance on technical account before the change in the equalisation provision decreased slightly to EUR 13.2 million (13.4), and the combined ratio increased to 34.8 percent (31.0).
- The return on investment activities at fair value decreased from an exceptionally strong comparison year to 6.6 percent (10.3). Investment returns were supported by narrowing credit spreads, a stable interest rate environment and favourable equity market performance.
- Earnings before taxes totalled EUR 23.0 million (27.6).
- The guarantee insurance exposure grew by 6.1 percent year-on-year to EUR 1,782 million (1,679). The exposure increased in both consumer and corporate exposures.
- Solvency remained strong, with a solvency ratio of 243 percent (263) at the end of the financial year.
- On 11 December 2025, S&P affirmed Garantia's credit rating at A- with a stable outlook.

Key Figures

EUR thousands	2025	2024, adjusted*	2024	Change, adjusted
Gross premiums written	23 247	16 369	19 834	42.0 %
Other items ¹⁾	-2 974	3 102	27 920	n/a
Earned premiums	20 273	19 471	47 753	4.1 %
Claims incurred	-2 042	-1 047	-1 047	95.0 %
Operating expenses	-5 009	-4 987	-4 987	0.4 %
Balance on technical account before changes in equalisation provision	13 223	13 437	41 719	-1.6 %
Change in equalisation provision	2 042	1 047	1 047	95.0 %
Balance on technical account	15 264	14 484	42 767	5.4 %
Investment income and expenses, net	7 733	13 059	13 059	-40.8 %
Other income and expenses	20	45	45	-54.9 %
Earnings before tax	23 017	27 588	55 871	-16.6 %
Claims ratio, %	10.1 %	5.4 %	2.2 %	4.7 pp.
Expense ratio, %	24.7 %	25.6 %	10.4 %	-0.9 pp.
Combined ratio, %	34.8 %	31.0 %	12.6 %	3.8 pp.
Return on investments at fair value, %	6.6 %	10.3 %	10.3 %	-3.7 pp.
Solvency ratio (S2), % ²⁾	243.2 %	262.7 %	262.7 %	-19.5 pp.
Total insurance exposure, EUR million	1 782	1 679	1 679	6.1 %
Average number of personnel	23	21	21	2
Credit rating (S&P)	A-	A-	A-	-

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*The one-off effect of the change in calculation principles of premium provision and in the accounting treatment of premiums written has been adjusted from the financials. The changes are explained in the financial statements 2024 and in the accounting principles for the financial statements.

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 auditing under the Insurance Companies' Act, and the solvency figures have not been audited.

BOARD OF DIRECTORS' REPORT

Operating environment

Global economic growth in 2025 was moderate, and trade and geopolitical tensions weighed on economic developments. In the euro area, the economy recovered, but growth varied significantly between member states. Finland's economic recovery has been delayed, and according to the latest estimates, Finland's GDP growth in 2025 remained close to 0.2 percent (2024: 0.4). In Finland, weak domestic demand in particular has constrained growth. Weak economic performance also affected the labour market, and the unemployment rate rose to 10.7 percent (8.9) in December, the highest in the entire euro area.

Rising unemployment and uncertainty regarding the economic outlook kept consumer confidence clearly below its long-term average, although confidence improved moderately during the year. Despite weak economic conditions and subdued consumer sentiment, the housing market experienced a turnaround in 2025, as both housing transaction volumes and the amount of new mortgage lending began to grow. Between January and November, mortgage lending increased by 11.6 percent compared to the corresponding period of the previous year. Housing prices, however, continued to decline moderately year-on-year.

Developments in the corporate sector were mixed. New industrial orders increased by 2.4 percent (0.0) between January and November, and confidence indicators in industry, services, and retail rose moderately, reaching their long-term averages. In contrast, the construction sector's confidence indicator remained weak throughout the year and well below its long-term average. The number of bankruptcies continued to rise, making 2025 the worst year in terms of bankruptcies since the recession of the 1990s. Demand for corporate financing remained moderate due to weak economic conditions and low investment appetite.

Investment market performance in 2025 was varied. A stable interest rate environment and tightening of corporate credit spreads supported the performance of fixed-income investments. Equity markets, on the other hand, experienced significant turbulence and valuation declines in the spring as a result of U.S. trade and tariff policy. After the volatility in the spring, equity markets rebounded strongly, and the S&P 500 index, representing U.S. stock market performance, ended the year 16 percent (25) above the level at the previous year-end. In the foreign exchange markets, the euro strengthened by 13 percent against the U.S. dollar during the year, which had a negative impact on returns from USD-denominated investments.

Insurance operations

Garantia is a non-life insurance company specializing in credit risk insurance, providing straightforward and cost-effective guarantee solutions for lenders, households, and companies.

In 2025, Garantia invested in the development and marketing of its mortgage guarantee business. As a result of these efforts, the availability and awareness of mortgage guarantees improved, and the share of new mortgages in Finland guaranteed by Garantia's mortgage guarantees increased significantly. In the corporate segment, Garantia participated in financing arrangements for domestic companies together with both existing and new financing partners. In the spring, Garantia guaranteed a Multi-issuer Bond (Multi-issuer Bond V) issued by four companies, with a nominal amount of EUR 62.5 million. In the autumn, in line with its strategy, Garantia participated in its first credit risk insurance transaction outside Finland, in the Nordic region. In credit risk insurance transactions, Garantia shares the credit risk arising from corporate exposures with financiers and other insurers.

Garantia's business returned to growth in 2025. Premiums written income increased by 42.0 percent to EUR 23.2 million (16.4). The growth was driven by an increase in guarantee issuance for both mortgage guarantees and corporate exposures. Earned premiums also rose by 4.1 percent to EUR 20.3 million (19.5) as a result of the increased guarantee issuance and expansion of the guarantee insurance exposure.

The guarantee insurance exposure grew by 6.1 percent during the year and amounted to EUR 1,782 million (1,679) at year-end. Of the portfolio, EUR 1,493 million (1,404), or 84 percent (84), consisted of consumer exposures, and EUR 289 million (275), or 16 percent (16), consisted of corporate exposures. In autumn 2025, Garantia decided to discontinue the sale of rental guarantees

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offered to private individuals. The decision has no material impact on the guarantee insurance portfolio or the balance on technical account before the change in the equalisation provision.

Claims incurred increased to EUR 2.0 million (1.0). The rise in claims was partly due to the prolonged weak economic cycle, which has somewhat impaired the repayment ability of mortgage borrowers. Nevertheless, claims costs remained low both in absolute terms and relative to the guarantee insurance portfolio. The loss ratio was 10.1 percent (5.4), and claims as a share of the guarantee portfolio were 0.11 percent (0.06).

Operating expenses remained at the comparison period level, amounting to EUR 5.0 million (5.0). The expense ratio improved to 24.7 percent (25.6) due to the growth in earned premiums.

The balance on technical account before the change in the equalisation provision decreased by 1.6 percent to EUR 13.2 million (13.4), and the combined ratio increased to 34.8 percent (31.0). Profitability in insurance operations remained excellent, supported by the growth in earned premiums and continued moderate claims and operating expenses. The equalisation provision was released by EUR 2.0 million (1.0), resulting in an underwriting result of EUR 15.3 million (14.5).

Investment operations

Market conditions for investment activities ultimately developed favourably during the financial year despite the equity market turbulence experienced in the spring. The investment result was supported by rising equity prices, a stable interest-rate environment, and narrowing of corporate bond credit spreads.

The net investment income recognised in Garantia's result totalled EUR 7.7 million (13.1), and the decline was mainly attributable to the exceptionally large reversals of impairments recorded in the comparison period. The difference between the fair value and book value of investment assets amounted to EUR 9.5 million (7.3) at year-end.

The fair value of Garantia's investment assets (including cash, bank receivables and accrued interest) totalled EUR 166.0 million (158.1) at the end of the financial year.

In 2025, the risk level of the investment portfolio was increased by allocating more to broad equity index funds. At year-end, 71.4 percent (77.8) of the investment portfolio was allocated to fixed-income investments, 27.1 percent (20.7) to equity and private equity investments, and 1.5 percent (1.5) to real estate investments. The return on investment operations at fair value was 6.6 percent (10.3). Net investment return on committed capital at fair value amounted to EUR 9.9 million (15.2), or 6.4 percent (10.1).

Sustainability

Garantia incorporates sustainability considerations related to environmental responsibility, social responsibility, and good governance into its insurance and investment operations. The company's management of sustainability risks is guided by the Commission Delegated Regulation (EU 2015/35, the so-called Solvency II Regulation) as well as other applicable legislation, regulations, and guidelines. Sustainability risks are assessed in connection with guarantee insurance decision-making and as part of evaluating the risk level of investment targets. In addition, the company reviews the sustainability and climate risks of its business annually as part of its Own Risk and Solvency Assessment (ORSA). In line with its principles of good business conduct, Garantia adheres to the United Nations' Principles for Responsible Investment (PRI) in its investment activities.

Risks and risk management

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

In guarantee insurance operations, credit risk refers to the risk that the guaranteed party does not fulfil its contractual obligations towards the beneficiary of the guarantee. The amount of credit risk is mainly affected by the creditworthiness of the guaranteed parties and the amount of any collateral received. The market risks of the investment portfolio arise from interest rate, equity, real estate and currency risks, as well as credit and counterparty risks affecting the value and return of investment assets.

The risk position of Garantia's guarantee insurance operations remained stable. The guarantee insurance portfolio grew compared with the end of the previous year in both consumer and corporate exposures.

Consumer exposures totalled EUR 1,493 million (1,404) at the end of the financial year and accounted for 84% (84) of the guarantee insurance portfolio. Consumer exposures consist mainly of mortgage guarantees provided to households and, to a lesser extent, rental guarantees. A mortgage guarantee is additional collateral for a housing loan. A rental guarantee protects a residential landlord against a tenant's breach of obligations under the lease agreement. In autumn 2025, Garantia decided to discontinue the sale of rental guarantees to private individuals.

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The majority of consumer exposures arise from the mortgage guarantee portfolio, whose risk position did not undergo material changes during the year. The portfolio is well diversified in terms of counterparties, the geographical location of the underlying residential properties, and the years in which the guarantees were issued. The creditworthiness of the mortgage borrowers is, on average, very strong. Credit risks related to the mortgage guarantee portfolio are further limited through an excess-of-loss type portfolio reinsurance arrangement, under which the reinsurer covers claims arising from the mortgage guarantee portfolio exceeding Garantia's retention, up to EUR 20 million. The weakening economic cycle and rising unemployment have reduced the repayment ability of mortgage borrowers, and housing prices have declined over the past two years. This has also resulted in a moderate increase in claims incurred, although claims incurred have remained moderate both in absolute terms and relative to the exposure.

Corporate exposures totalled EUR 289 million (275) at the end of the financial year, representing 16% (16) of the guarantee insurance portfolio. Corporate exposures consist of corporate loan guarantees, commercial guarantees and other guarantees related to corporate activities. The guaranteed companies are primarily medium-sized and large Finnish enterprises and organisations. Protection against credit risks in the corporate portfolio is achieved through careful risk selection, collateral, reinsurance and contractual terms that mitigate risk.

The share of investment-grade exposures (rating classes AAA...BBB-) was 31.3% (37.0), and the share of exposures rated BB- or better was 82.4% (67.3) of the rated corporate portfolio. The share of exposures in weak rating categories (C+ or lower) decreased to 1.1% (2.1). The creditworthiness of the company's corporate counterparties has remained generally good despite the weak economic environment.

The most significant industries within the corporate exposure portfolio were retail and wholesale trade at 21.6% (14.6), water and waste management at 16.8% (17.2), construction at 13.1% (13.9), manufacturing at 11.4% (17.3), and real estate activities at 10.0% (6.3). The shares of other industries were below ten percent.

In investment operations, the risk level was moderately increased by allocating more to broad equity index funds and by extending the duration of fixed-income investments. At year-end, fixed-income investments (including cash and bank receivables) accounted for 71.4% (77.8), equity and private equity investments for 27.1% (20.7), and real estate investments for 1.5% (1.5). Most fixed-income investments are allocated to the bonds of financially strong Nordic corporates and credit institutions. Of the fixed-income portfolio, 73.8% (69.4) had an investment-grade credit rating. The modified duration of the fixed-income investments was 4.2 (3.2).

The risk position of the guarantee insurance and investment operations is described in more detail in Note 17 to the financial statements: Risks and Risk Management.

Solvency

Garantia's solvency position remained strong. The company's own funds totalled EUR 113.6 million (112.9) at the end of the financial year, and the Solvency Capital Requirement (SCR) amounted to EUR 46.7 million (43.0). The solvency ratio, i.e. own funds in relation to the Solvency Capital Requirement, was 243.2% (262.7).

Own funds increased mainly due to a strong technical result and the appreciation of investment assets. Own funds include a deduction for the expected dividend distribution, the amount of which increased from the comparison period to EUR 18.0 million (15.0).

The increase in the Solvency Capital Requirement during the financial year was primarily driven by a higher capital requirement for market risk, resulting from the increased allocation to equities..

Solvency

EUR thousands	31.12.2025	31.12.2024
Basic own funds	113 638	112 905
Solvency capital requirement		
Market risk	36 977	28 110
Non-life underwriting risk	27 293	27 599
Counterparty default risk	947	723
Operational risk	563,59	546
Diversification effect and adjustment for loss-absorbing capacity	-24 061	-21 030
Total	41 719	35 949

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Capital add-on	4 998	7 028
Total	46 717	42 977
Amount of own funds in excess of the solvency capital requirement	66 921	69 928
Solvency ratio, %	243,2 %	262,7 %

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, nor does its own funds include any items classified as ancillary own funds. Garantia does not use the matching adjustment or volatility adjustment in the calculation of technical provisions. The company applies the standard formula in calculating the Solvency Capital Requirement (SCR). Garantia does not use simplified calculations for any risk modules or sub-modules of the standard formula, nor does it use undertaking-specific parameters in place of the standard formula parameters. Garantia does not apply transitional measures for technical provisions or market risk calculations.

Garantia's Solvency Capital Requirement has included a capital add-on related to insurance risk imposed by the Finnish Financial Supervisory Authority (FIN-FSA) as of 30 June 2018. The FIN-FSA reviews the amount of this capital add-on at least annually. The most recent review was conducted on 5 June 2025, when the amount of the add-on was set at EUR 5.0 million (7.0). The updated capital add-on has been included in the company's Solvency Capital Requirement as of 30 June 2025. In making its decision, the FIN-FSA takes into account Garantia's insurance risk capital requirement based on the company's own economic capital model.

In its decision concerning the capital add-on, the FIN-FSA notes that the risk profile of Garantia's non-life underwriting risk module deviates from the baseline assumptions of the standard formula by more than 15%, meaning that the conditions for maintaining the capital add-on continue to be met. According to the FIN-FSA, there have been no material changes in the company's risk profile since the previous decision issued on 6 June 2024.

Garantia's Solvency and Financial Condition Report (SFCR) for 2025, as referred to in Chapter 8a of the Finnish Insurance Companies Act, will be published on the company's website at www.garantia.fi within the timeframe required by regulation. The report is also available at Vakuutusosakeyhtiö Garantia, Kasarmikatu 21 B, 00130 Helsinki.

Under the Insurance Companies Act, Solvency II solvency figures do not fall within the scope of statutory audit, and therefore the solvency figures have not been audited.

Credit rating

On 11 December 2025, Standard & Poor's Global Ratings (S&P) affirmed Garantia's credit rating of A- with a stable outlook. The rating applies to the company's Issuer Credit Rating (ICR), its Financial Strength Rating (FSR), and the Financial Enhancement Rating (FER), which reflects the company's ability and willingness to meet its obligations related to financial guarantees.

Personnel

During the financial year, Garantia employed an average of 23 (21) people. At the end of the financial year, the average age of personnel was 38.6 (39.5) years, and the average length of employment at Garantia was 7.7 (8.5) years. The proportion of women in the personnel was 51.1% (53.5) and the proportion of men 48.9% (46.5).

Shares and shareholders

The entire share capital of Vakuutusosakeyhtiö Garantia is owned by Taaleri Plc (Business ID 2234823-5, registered domicile Helsinki). As of 31 December 2025, Garantia had 60,000 shares and a share capital of EUR 10,200,000. The company has one share class.

Equity-based incentive programmes

Garantia's personnel participate in the Taaleri Group's employee share savings plan, which offers employees the opportunity to save part of their salary and invest it in shares of Taaleri Plc. In return, employees receive Taaleri Plc shares at the end of a designated ownership period, based on the number of shares purchased with their savings.

In addition, part of Garantia's personnel participate in the Taaleri Group's share-based incentive scheme intended for key employees. More detailed information on the share-based incentive arrangements is provided in Note 13 of the financial statements: Commitments and Contingent Liabilities.

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Management and governance

At its Annual General Meeting on 21 February 2025, the company elected the following members to the Board of Directors: Titta Elomaa (Chair), Kenneth Kaarnimo (Vice Chair), Jorma Timonen, Eija Koskimies and Ilkka Laurila. Of these, Ilkka Laurila was elected as a new member as of 21 February 2025. Between 1 January and 21 February 2025, Peter Ramsay also served as a member of the Board. During the financial year, the Board convened 15 times. The Board had no separate committees during the financial year.

The company's CEO during the financial year was Henrik Allonen. In addition to the CEO, the Management Team consisted of Jussi Blomgren, Chief Financial and Risk Officer; Assi Ikonen, Chief Legal Officer; Timo Lehikoinen, Director responsible for Customer Relations and Sales; and Riku Saastamoinen, Chief Information Officer.

At the Annual General Meeting, Ernst & Young Oy was elected as the company's auditor, with APA Johanna Winqvist-Ilkka acting as the principal auditor.

Garantia's actuarial function, the tasks of the responsible actuary, internal audit, and the compliance function have been outsourced to external service providers. During the financial year, actuarial services and the duties of the responsible actuary were provided by Kaippio & Kaippio Oy, with SHV Janne Kaippio serving as actuary and responsible actuary. Internal audit services were provided by Advisense Oy. Compliance oversight has been outsourced to KPMG Oy Ab.

Significant events after the end of the financial year

Garantia has not had any significant events after the end of the financial year.

Board of Directors' proposal for the treatment of net profit for the financial year and the use of distributable funds

The profit for the financial year amounts to EUR 18,478,168.97, and the company's distributable funds total EUR 68,325,239.23. The Board of Directors proposes that the profit be transferred to the retained earnings account and that a total of EUR 18,000,000.00 be distributed as dividends from retained earnings.

Outlook for 2026

Garantia's strategy focuses on expanding its business based on the insurance of credit risks and on gradually extending its operations internationally. Our competitive advantages in the market are founded on strong customer insight, a scalable and efficient operating model, and a committed, proactive personnel. In addition, we are an independent, well-capitalised, and reliable operator within the financial sector. The company's strategy includes financial targets related to premium income, profitability, solvency, and credit rating.

According to current forecasts, Finland's short-term economic outlook is expected to improve. Recent economic forecasts indicate that Finland's economic growth will strengthen during the current year, with GDP growth projected to be between 0.8% and 1.5%. The unemployment rate is also expected to start declining.

Garantia's strong solvency enables the company to grow and expand its business. The company's underwriting profitability is expected to remain good. Garantia's profitability is primarily influenced by the development of claims expenses in the guarantee insurance business and the net returns on investment activities.

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FINANCIAL STATEMENTS

Profit and loss account

EUR	Note	2025	2024	Change, %
Technical Account				
Earned premiums				
Premiums written	1, 2, 3	23 247 187	19 833 681	17.2 %
Reinsurers' share		-357 259	-410 601	-13.0 %
Change in provision for unearned premiums		-2 613 523	28 331 195	-109.2 %
Reinsurers' share		-3 190	-883	261.1 %
		20 273 214	47 753 392	-57.5 %
Claims incurred				
Claims paid		-2 020 066	-1 458 667	38.5 %
Reinsurers' share		8 029	0	n/a
Change in provision for claims outstanding		-17 637	365 607	-104.8 %
Reinsurers' share		-12 018	45 910	n/a
		-2 041 692	-1 047 150	95.0 %
Operating expenses	5, 6, 7, 8	-5 008 753	-4 986 878	0.4 %
Balance on technical account before change in equalisation provision		13 222 769	41 719 363	-68.3 %
Change in equalisation provision		2 041 692	1 047 150	95.0 %
Balance on Technical Account		15 264 461	42 766 513	-64.3 %
Non-technical account				
Investment income	4	11 536 194	17 318 753	-33.4 %
Investment expenses	4	-3 803 669	-4 259 832	-10.7 %
Other income and expenses		20 432	45 338	-54.9 %
Direct taxes on ordinary operations		-4 539 250	-11 206 114	-59.5 %
Profit/loss for the financial year		18 478 169	44 664 658	-58.6 %

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Balance sheet

Assets	Note	31 Dec 2025	31 Dec 2024	Change, %
EUR				
Intangible assets				
Goodwill	8	19 885	52 575	-62.2 %
		19 885	52 575	-62.2 %
Investments				
Real estate investments	9			
Real estate investment funds		2 403 594	2 043 617	17.6 %
		2 403 594	2 043 617	17.6 %
Other investments				
Shares and participations		37 235 069	27 827 415	33.8 %
Debt securities		114 417 914	117 450 304	-2.6 %
		151 652 983	145 277 718	4.4 %
Total		154 056 577	147 321 335	4.6 %
Receivables				
Arising out of direct insurance operations				
From policy holders		6 232 584	4 536 469	37.4 %
Arising out of reinsurance operations		53 026	47 429	11.8 %
Other		0	4 156 443	-100.0 %
		6 285 611	8 740 340	-28.1 %
Other assets				
Tangible assets	8			
Other tangible assets		48 365	48 365	0.0 %
		48 365	48 365	0.0 %
Cash and bank balances		546 183	1 442 781	-62.1 %
Total		594 548	1 491 146	-60.1 %
Prepayments and accrued income				
Accrued interest and rental income		1 862 560	2 002 397	-7.0 %
Other accrued income		249	3 598	-93.1 %
		1 862 809	2 005 995	-7.1 %
TOTAL ASSETS		162 819 431	159 611 391	2.0 %

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Balance sheet

Equity and liabilities	Note	31 Dec 2025	31 Dec 2024	Change, %
EUR				
Shareholders' equity and reserves	10, 11			
Share capital		10 200 000,00	10 200 000,00	0.0 %
Retained earnings		49 847 070,24	20 182 412,62	147.0 %
Profit / loss for the financial year		18 478 168,97	44 664 657,64	-58.6 %
Total		78 525 239	75 047 070	4.6 %
Technical provisions				
Provisions for unearned premiums		15 081 395	12 467 872	21.0 %
Reinsurers' share		-14 070	-17 260	-18.5 %
		15 067 325	12 450 612	21.0 %
Claims outstanding	12	622 407	604 770	2.9 %
Reinsurers' share		-39 250	-51 268	-23.4 %
		583 157	553 503	5.4 %
Equalisation provision		65 919 532	67 961 225	-3.0 %
Total		81 570 015	80 965 339	0.7 %
Provisions				
Other provisions		6 680	4 732	41.2 %
		6 680	4 732	41.2 %
Payables				
Arising out of direct insurance operations		24	49	-52.1 %
Arising out of reinsurance operations		42 497	56 767	-25.1 %
Other		270 369	369 723	-26.9 %
		312 890	426 540	-26.6 %
Accruals and deferred income				
Other		2 404 607	3 167 711	-24.1 %
		2 404 607	3 167 711	-24.1 %
TOTAL EQUITY AND LIABILITIES		162 819 431	159 611 391	2.0 %

Garantia Insurance Company Ltd.

Cash flow statement

EUR	2025	2024
Cash flow from operations		
Profit / loss from ordinary operations	18 478 169	44 664 658
Adjustments		
Change in technical provisions	604 676	-29 788 979
Impairments and revaluations of investments	-505 615	-4 349 100
Planned depreciation	32 690	41 919
Other non-cash income and expenses	1 948	-12 006
Other adjustments	2 785 712	6 953 802
Cash flow from operations before changes in working capital	21 397 581	17 510 294
Changes in working capital		
Short-term non-interest-bearing trade receivables increase (-) / decrease (+)	2 597 915	-6 994 305
Short-term non-interest-bearing payables increase (+) / decrease (-)	-876 754	-1 119 200
Cash flow from operations before financing items and taxes	23 118 742	9 396 789
Direct taxes paid	-4 484 345	-10 785 052
Cash flow from operations	18 634 397	-1 388 263
Cash flow from investments		
Net investments in financial assets (excl. cash and bank balances)	-4 530 995	16 298 092
Net investments in intangible and tangible assets and other assets	0	0
Cash flow from investment operations	-4 530 995	16 298 092
Cash flow from financing		
Dividends paid and other distribution of profits	-15 000 000	-15 000 000
Cash flow from financing	-15 000 000	-15 000 000
Change in cash and bank balances	-896 598	-90 170
Cash and bank balances at the beginning of the financial year	1 442 781	1 532 951
Cash and bank balances at the end of the financial year	546 183	1 442 781
	-896 598	-90 170

Garantia Insurance Company Ltd.

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles

Basic information

Garantia is a private non-life insurance company specialising in credit risk insurance, established in 1993 and supervised by the Finnish Financial Supervisory Authority (FIN-FSA). Under the licence granted by the FIN-FSA, Garantia is authorised to provide insurance in non-life insurance classes 14 (Credit) and 15 (Suretyship). In addition, the company is permitted under its licence to engage in reinsurance activities related to these non-life insurance classes. Garantia has no subsidiaries. The company's registered domicile is Helsinki, with a registered street address at Kasarmikatu 21 B, 00130 Helsinki, and a registered postal address PO Box 600, 00101 Helsinki. A copy of the company's financial statements is available at www.garantia.fi or at the company's premises.

Garantia is a wholly owned subsidiary of Taaleri Plc and forms part of the Taaleri Group. Taaleri is an expert in investment, private equity funds and non-life insurance, enabling change through capital. Taaleri has three business segments: Private Asset Management, Garantia, and Investments. The Private Asset Management segment includes renewable energy, bioindustry, and real estate operations. The Garantia segment consists of Garantia Insurance Company Ltd. The Investments segment consists of growth capital investments and other direct investments. The Taaleri Group prepares consolidated financial statements in accordance with IFRS. Garantia is consolidated into the group's financial statements as a subsidiary. A copy of the consolidated financial statements is available at www.taaleri.com or at the company's office at Kasarmikatu 21 B, 00130 Helsinki. Taaleri Plc's share is listed on the stock exchange operated by Nasdaq Helsinki Ltd.

Accounting policies

The financial statements have been prepared in accordance with the Finnish Accounting Act, the Finnish Limited Liability Companies Act and the Finnish Insurance Companies Act as well as the decrees pertaining to them, and in compliance with the decisions, regulations and guidelines of the public authorities supervising insurance companies.

Financial year

The financial year of the company is the calendar year.

Material changes to accounting principles

The company made no material changes to its accounting policies during the 2025 financial year.

In the comparison period (2024), the company amended the calculation principles for the provision for unearned premiums and the accounting treatment for premiums written. The change in the calculation principles for the provision for unearned premiums had a material impact on the 2024 result and on equity in the balance sheet.

The one-off impact of the change in the accounting treatment of premiums written for the comparison period was EUR 3,464,881, but it had no effect on the comparison period's profit or equity.

The change in the calculation principles for the provision for unearned premiums had an impact of EUR 28,282,356 on the comparison period's premium earnings and profit before taxes. The one-off impact of the change in the provision for unearned premiums on the comparison period's profit and equity was EUR 22,625,881.

These changes are described in more detail in the accounting principles of the 2024 financial statements.

Insurance premiums and premiums written

Premiums written includes premiums for those insurance periods agreed in the insurance contracts that have commenced during the financial year, regardless of whether they have been invoiced, and taking into account possible cancellation of the contracts. Premiums invoiced and not yet invoiced that are recognised as premiums written are presented under receivables from direct insurance operations until they are paid.

Premium income has been reduced by credit losses for those premium receivables for which payment is unlikely to be received.

Operating expenses

Operating expenses have been allocated to the respective income statement items in accordance with the function to which they relate, following the matching principle. Commissions and profit shares from outward reinsurance, as well as fees for the TyEL reference rate quotation service, are recorded as deductions in operating expenses.

Garantia Insurance Company Ltd.

Intangible assets

Rights to use computer software and the goodwill generated from the business acquisition and merger carried out in 2018 have been capitalised under intangible rights, and modernisation expenses related to the development of the insurance data system have been capitalised under other long-term expenditure. Intangible assets are valued at acquisition cost less depreciation according to plan and any impairments. Intangible assets are depreciated on a straight-line basis over five (5) years.

Investments

Shares, participations and real estate investments are valued at the lower of acquisition cost or fair value. Any reversals of impairments made have been reversed through profit or loss in so far as the fair value of the investment at the closing date exceeded the impaired acquisition cost. Reversals of impairments are recognised only up to the original acquisition cost.

The fair value of publicly listed shares and participations is taken to be the final available bid price during continuous trading at the closing date or, if this is not available, the last trading price. The fair value of private equity funds and other mutual funds is taken to be the expected assignment price, which is based on the net asset value (NAV) per unit calculated by the fund management company.

Financial market instruments are valued at the lower of acquisition cost or fair value in the case of short-term debt instruments. In the case of bonds, financial market instruments are valued at the acquisition cost, which is steadily adjusted towards the nominal value on a bond-specific basis over its maturity. If the fair value of a bond is lower than its acquisition cost less prior impairments, a further impairment is recognised to adjust the acquisition cost through profit or loss.

The fair value of financial market instruments is taken to be the last bid price for the year or, if this is not available, the last trading price, or the expected assignment price. The fair value of other investments is taken to be the expected assignment price.

Receivables

Undisputed claims of recourse due to a claim event are recognised on the balance sheet at probable value in compliance with the principle of prudence and taking into account any counter-collateral remaining with the company.

Premium receivables and other receivables are valued at the lower of nominal value or probable value. Premium receivables include premiums recognised as premiums written, whether invoiced or yet to be invoiced.

Tangible assets

Office furniture and equipment are capitalised under machinery and equipment, while art objects are capitalised under other tangible assets. Machinery and equipment are valued at acquisition cost less depreciation according to plan and any impairment, and other tangible assets are valued at acquisition cost less any impairment. Machinery and equipment are depreciated using the reducing balance depreciation method with a factor of 25%.

Items denominated in foreign currencies

Business transactions denominated in foreign currencies are recognised at the transaction date rate. In the financial statements, the fair values of investments are converted into euros at the closing date rate.

Employment benefits

The pensions of personnel are arranged by means of a pension insurance policy in accordance with the Finnish Employees' Pensions Act (TyEL) taken out with Varma Mutual Pension Insurance Company. Pension contributions are recognised as expenses on an accrual basis.

In addition to a fixed basic salary, Garantia's remuneration scheme includes variable remuneration comprising short-term and long-term remuneration. In the short-term remuneration scheme, the bonus is paid during the year following the earnings year. In the long-term remuneration scheme, the bonus is paid three (3) years after the end of the earnings year, subject to certain conditions. The financial instrument in both the short- and long-term remuneration scheme is cash. The amount of the variable remuneration is entered as operating expenses for the earnings year on an accrual basis, and as deferred salaries under accrued expenses until the compensation has been paid.

Direct taxes

Direct taxes are recognised in the profit and loss account on an accrual basis..

Other liabilities

Liabilities other than technical provisions are recognised in the balance sheet at nominal value.

Garantia Insurance Company Ltd.

Technical provisions

The provision for unearned premiums includes the nominal value of future operating and claims expenses arising from insurance contracts in force, including a safety margin. The calculation parameters for the provision for unearned premiums are defined by product group.

The claims provision includes the amounts of claims to be paid after the end of the financial year arising from claims that have incurred during the financial year or earlier.

In addition, the technical provisions include the equalisation provision, which is a buffer calculated for years with high claim frequencies. The calculation principles for the equalisation provision confirmed by the Finnish Financial Supervisory Authority on 21 October 2016 have been applied in the financial statements..

Regulated provisions

Liabilities for future losses for which timing or exact amount is not known on the balance sheet date are recognised as regulated provisions.

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Notes to the profit and loss account

Note 1. Insurance premiums written

EUR	2025	2024
Non-life insurance		
Direct insurance		
Domestic	23 247 187	19 833 681
Reinsurance	0	0
Insurance premiums written before the share of insurers	23 247 187	19 833 681

Note 2. Information by insurance class

Columns	1 = Insurance premiums written before the share of the reinsurers
	2 = Insurance premiums earned before the share of the reinsurers
	3 = Claims incurred before the share of the reinsurers
	4 = Operating expenses before the fees of the reinsurers and shares of profit
	5 = Share of the reinsurers
	6 = Balance on technical account before the changes to equalization provision

Direct insurance

EUR	1	2	3	4	5	6
Credit & suretyship						
2025	23 247 187	20 624 959	-2 037 703	-4 959 575	-413 617	13 214 064
2024	19 833 681	48 143 048	-1 093 060	-4 898 448	-454 005	41 697 535
2023	19 023 396	20 734 359	-843 199	-5 143 481	-472 848	14 274 831
2022	24 663 706	18 815 204	-399 786	-4 675 633	-724 150	13 015 635
2021	25 142 016	18 596 375	-147 325	-5 656 767	-1 287 333	11 504 950
Reinsurance						
2025	0	8 705	0	0	0	8 705
2024	0	21 828	0	0	0	21 828
2023	0	31 365	0	0	0	31 365
2022	0	-25 813	0	0	0	-25 813
2021	0	25 876	0	0	0	25 876
Total						
2025	23 247 187	20 633 664	-2 037 703	-4 959 575	-413 617	13 222 769
2024	19 833 681	48 164 876	-1 093 060	-4 898 448	-454 005	41 719 363
2023	19 023 396	20 765 724	-843 199	-5 143 481	-472 848	14 306 196
2022	24 663 706	18 789 391	-399 786	-4 675 633	-724 150	12 989 822
2021	25 142 016	18 622 251	-147 325	-5 656 767	-1 287 333	11 530 826

Change in equalisation provision

2025	2 041 692
2024	1 047 150
2023	844 699
2022	578 518

Garantia Insurance Company Ltd.

2021	677 472
Balance on technical account	
2025	15 264 461
2024	42 766 513
2023	15 150 895
2022	13 568 340
2021	12 208 298

*The company changed the accounting treatment of premiums written and the calculation principles for the provision for unearned premiums during the 2024 financial year. As a result, financial years prior to 2024 are not fully comparable. The effects of these changes to the calculation principles are described in the accounting principles of the 2024 financial statements.

Note 3. Items deducted from insurance premiums written

EUR	2025	2024
Credit losses from insurance premium receivables	20 650	25 695

Note 4. Breakdown of net investment income

EUR	2025	2024
Investment income		
Income from other investments		
Dividend income	911 417	62 692
Interest income	4 832 092	4 910 251
Other income	3 199	109 736
	5 746 708	5 082 679
Reversal of impairments	3 189 651	8 275 071
Gain on sale of investments	2 599 835	3 961 003
	5 789 487	12 236 074
Investment income, total	11 536 194	17 318 753
Investment expenses		
Expenses from real estate investments		
Expenses from other investments	-514 359	-276 940
Interest expenses and other financial expenses	-1 000	-1 000
	-515 359	-277 940
Impairments	-2 684 037	-3 925 971
Loss on sale of investments	-604 273	-55 922
	-3 288 310	-3 981 892
Investment expenses, total	-3 803 669	-4 259 832
Net investment income	7 732 526	13 058 921

Garantia Insurance Company Ltd.

Note 5. Breakdown of operating expenses

EUR	2025	2024
Insurance sales expenses	1 718 452	1 357 948
Insurance management expenses	1 214 335	1 163 720
Administrative expenses	2 075 965	2 465 211
Operating expenses	5 008 753	4 986 878

Note 6. Total operating expenses by activity

EUR	2025	2024
Claims processing expenses	351 364	347 262
Operating expenses	5 008 753	4 986 878
Investment management expenses	284 953	254 265
Total operating expenses	5 645 070	5 588 405

Note 7. Auditor's fees

	2025	2024
Auditing fees	62 535	50 670

Notes to the balance sheet

Note 8. Changes in intangible and tangible assets

EUR	Intangible assets	Tangible assets	Total
Acquisition cost 1 January	566 241	101 770	668 011
Depreciated fully during the previous year	-380 035	-4 678	-384 713
Increases		0	0
Deductions		0	0
Acquisition cost 31 December	186 206	97 092	283 298
Accumulated depreciation 1 January	-513 666	-53 405	-567 071
Depreciated fully during the previous year	380 035	4 678	384 713
Accrued depreciation on deductions		0	0
Depreciation for the financial year	-32 690		-32 690
Accumulated depreciation 31 December	-166 321	-48 727	-215 047
Book value 31 December	19 885	48 365	68 250

Note 9. Fair value and valuation difference of investments

EUR	Remaining acquisition cost	Book value	Fair value
Investments 31 December			
Real estate investments			
Real estate investment funds and collective investments	2 819 100	2 403 594	2 538 330
Other investments			
Shares and other equity instruments	37 594 676	37 235 069	44 928 307
Other financial instruments	115 080 682	114 417 914	116 099 403
Total	155 494 458	154 056 577	163 566 041
The remaining acquisition cost of financial instruments includes the difference between the nominal value and the acquisition cost accrued as interest income or expense	612 535		
Valuation difference			9 509 463

Garantia Insurance Company Ltd.

Note 10. Changes in shareholders' equity

EUR	2025	2024
Restricted		
Share capital 1 January = 31 December	10 200 000	10 200 000
Unrestricted		
Profit / loss from previous accounting periods 1 January	64 847 070	35 182 413
Distribution of dividends	-15 000 000	49 847 070
		-15 000 000
Profit/loss for the financial year	18 478 169	44 664 658
	68 325 239	64 847 070
Shareholders' equity total	78 525 239	75 047 070

Note 11. Distributable reserves

EUR	2025	2024
Profit / loss for the financial year	18 478 168,97	44 664 657,64
Profit / loss from previous accounting periods	49 847 070,26	20 182 412,62
Distributable profits total	68 325 239,23	64 847 070,26
Reserve for invested unrestricted equity	0,00	0,00
Distributable reserves total	68 325 239,23	64 847 070,26

Note 12. Claims outstanding

Adequacy of claims provision by insurance class	2025	2024
Credit and suretyship		
euro	493 889	1 233 185
% of claims outstanding 1 January	89,2 %	98,8 %

Section 10 (4)(1) Ministry of Social Affairs and Health (decree governing pension institutions, STMtpA 614/2008): If there is a material difference between the outstanding claims provision set aside at the beginning of the year for claims that have occurred in previous years, and the payments made for claims that have occurred in previous years and the outstanding claims provision still set aside for these claims. The adequacy of the provision for claims outstanding is reported after the reinsurers' share (net).

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Other Notes

Note 13. Commitments

EUR	2025	2024
Total gross exposure from guarantee insurance	1 782 200 478	1 679 147 915
Total gross exposure from guarantee insurance after deducting the computational value of collaterals	1 759 789 846	1 646 690 575
Lease liabilities from rental of premises		
Leases payable during the following financial year	196 830	192 464
Leases payable after the following financial year	229 636	564 778
Other lease liabilities		
Leases payable during the following financial year	48 651	60 230
Leases payable after the following financial year	23 755	72 405
Capital commitments related to investment operations	2 225 492	3 246 378

Lease liabilities include Garantia Insurance Company Ltd's calculated share of the lease obligations defined under the lease agreement between Taaleri Plc and the landlord of the Kasarmikatu 21 premises.

Employee share savings plan

Garantia's personnel participate in the Taaleri Group's employee share savings plan, which is an incentive scheme intended for the Group's employees. Under the share savings plan, employees are offered the opportunity to save a portion of their salary and invest it in shares of Taaleri Plc. In return, at the end of the holding period the employee receives Taaleri Plc shares (so-called additional shares) as a reward, based on the number of shares acquired with the savings. The saving period of each plan cycle is one (1) year, and the holding period required for the additional shares is two (2) years. The parent company, Taaleri Plc, charges Garantia for the expenses arising from the acquisition of the additional shares to be delivered to Garantia's personnel when the required shares are paid. In accordance with the applicable accounting regulations, Garantia does not record a provision for these expenses in its financial statements.

The rewards for the first plan cycle 2022–2025 were paid in July 2025, and at the same time Taaleri Plc charged Garantia for the expenses related to the acquisition of the additional shares delivered to personnel.

The saving period for the second plan cycle 2025–2028 began on 1 October 2025 and will end on 30 September 2026. Based on the company's estimate, the share savings accumulated by personnel during the saving period are expected to entitle them to a maximum of 8,824 additional shares. The receipt of the additional shares is conditional upon the fulfilment of the terms of the incentive scheme.

Personnel's equity-based incentive programmes

The Taaleri Group has a share-based incentive scheme for key personnel of the Group, which also includes individuals employed by Garantia. Under the incentive scheme, the rewards accrued during predetermined earning periods are paid partly in shares of Taaleri Plc and partly in cash. The earning criteria of the scheme and the targets set for each criterion are determined by the Board of Directors of Taaleri Plc. For the ongoing earning periods, the rewards under the scheme are based on the total shareholder return of Taaleri Plc's share and the development of the Taaleri Group's continuing income.

The parent company, Taaleri Plc, charges Garantia for the expenses arising from the portions of the share-based incentive schemes allocated to Garantia's personnel when the share rewards are paid. In accordance with the applicable accounting regulations, Garantia does not record a provision for expenses arising from the share-based incentive scheme in its financial statements; instead, the expenses are recognised as costs at the time the rewards are paid.

Garantia Insurance Company Ltd.

At the balance sheet date, the number of outstanding portions allocated to key personnel belonging to Garantia under the share-based incentive scheme was 62,000. The payment of the rewards is conditional upon the fulfilment of the terms of the incentive scheme.

Disputes

Garantia has no material pending legal disputes at the balance sheet date.

Note 14. Notes on personnel and members of corporate bodies

EUR	2025	2024
Personnel expenses		
Salaries and other remuneration		
	2 440 019	2 838 786
Pension expenses	480 731	454 047
Other indirect employee expenses	18 553	62 865
	2 939 304	3 355 698
Salaries and remunerations paid to		
Chief Executive Officer	294 193	295 787
Members of the Board of Directors	281 189	331 592
Average number of personnel during financial year		23
		21

Note 15. Notes on ownership in other companies

EUR	Book value	Fair value
Shares and funds		
Db Stoxx Europe 600		
	7 060 294	8 972 533
iShares Core MSCI Japan	3 255 104	3 667 920
iShares MSCI Europe Health Care Sector UCITS ETF	3 033 671	3 061 170
iShares MSCI EM EX-China UCITS ETF	2 397 217	2 864 047
iShares S&P 500 EUR Hedged UCITS ETF (Acc)	4 309 467	5 623 634
iShares S&P 500 Health Care Sector UCITS ETF EUR Hedged	5 414 395	5 612 073
SPDR MSCI Europe Industrials UCITS ETF	3 497 180	3 925 586
SPDR S&P 500 EUR Hedged UCITS ETF	4 278 415	4 458 544
Vanguard FTSE Developed Asia Pacific ex Japan UCITS ETF USD Acc	2 502 699	3 015 210
	35 748 442	41 200 717
Private equity funds		
CapMan Buyout X Fund B Ky	50 555	50 555
HL Large Buyout Club Fund	1 436 072	3 677 036
	1 486 627	3 727 590
Real estate property funds		
Taaleri Asuntorahasto VIII	1 544 494	1 544 494
Taaleritehtaan Tonttirahasto Ky	859 100	993 836
	2 403 594	2 538 330
TOTAL	39 638 663	47 466 637

Garantia Insurance Company Ltd.

Note 16: Related party loans and collateral and commitments given to related parties and related-party transactions

The company has not given loans or collateral to or entered into material transactions with related parties.

Note 17: Risks and risk management

Garantia's values, principles of good business conduct, strategy, and business objectives form the foundation of the company's risk management and solvency management. The purpose of risk management is to support the achievement of the company's objectives by identifying the threats and opportunities affecting the company and keeping them within the limits of the company's risk appetite and risk-bearing capacity. A reliably organised internal control framework ensures compliance with the company's business strategy, established objectives, and the principles and procedures related to risk and solvency management.

The key objective of internal control and risk management at Garantia is to safeguard the company's risk-bearing capacity and thereby ensure the continuity of operations. Internal control covers the material activities of all units within the company and includes the arrangement of appropriate reporting at all organisational levels. Risk management comprises the identification, measurement, monitoring, management, and reporting of individual risks affecting the company as well as their combined impact. Furthermore, risk and solvency management are integrated into Garantia's business processes, operational planning, and performance monitoring.

Organisation, responsibilities and control of risk management

Garantia's internal control and risk management are organised according to the Three Lines of Defence model. In accordance with this model, the tasks have been assigned to: (1) units that take business risks in their operations by processing insurance policies and investments, by making decisions binding on the company and by operating at the client interface (Operational Risk Management); (2) units that are responsible for risk control, carry out independent risk assessments and ensure that company guidelines and acts and other legal provisions are complied with (Independent Risk Management); and (3) independent internal audit (Internal Audit). External control is the responsibility of the auditors and supervisory authorities.

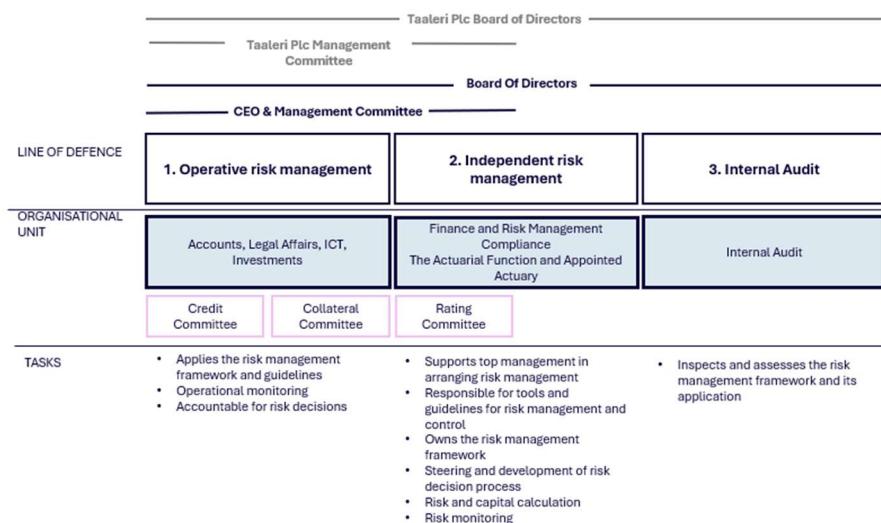


Figure 1: The organisation of Garantia's risk management

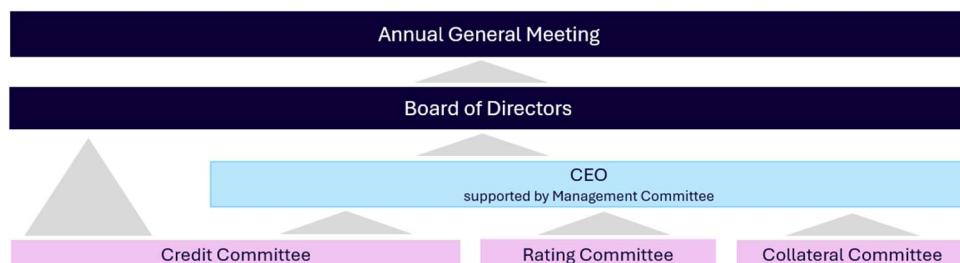


Figure 2: Decision-making bodies and reporting relations

Garantia Insurance Company Ltd.

Garantia's Board of Directors is the supreme decision-making body in matters concerning Garantia's internal control, risk management and solvency management. The Board approves the principles and policies (incl. the risk-taking limits) concerning internal control and risk management and their organisation and monitors and controls their effectiveness and the development of the risk and solvency position. Garantia's CEO, supported by the Executive Committee, is responsible for the arrangement of internal control and risk management practices in accordance with internal control and risk management principles.

The Board has appointed a Credit Committee, Collateral Committee and a Rating Committee, which, in accordance with the decision-making system approved by the Board, decide on matters within their purview. The Credit Committee is responsible for underwriting, claims and investment decisions. The Collateral Committee is responsible for collateral assessment and for ensuring the quality and effectiveness of the collateral assessment process. The independent Rating Committee is responsible for approving credit ratings and for ensuring the quality and effectiveness of the rating process. The Collateral Committee and Rating Committee report to the CEO and the Credit Committee reports to the Board of Directors.

The units in Garantia's organisation that are responsible for risk control carry out independent risk assessments and ensure that company guidelines and acts and other legal provisions are complied with and thus form an independent risk management function. The task of the independent risk management function is to assist the Board of Directors and other functions to ensure efficient risk management, to monitor the functioning of the risk management system and the company's general risk profile as a whole, to report on exposure to risks and to advise the Board in risk management matters, to identify and assess developing risks and to ensure the appropriateness of the risk models used to measure risks. The independent risk management function reports its activities to Garantia's Board of Directors and CEO.

Internal Audit is an assessment, verification and consulting function that is independent of the company's operational activities. The task of Internal Audit is to support the company's management in the achievement of targets by providing a systematic approach to the assessment and development of the adequacy and efficiency of the organisation's risk management, control, and management and administration processes (system of governance). Internal Audit's activities are based on an action plan that is compiled annually. Internal Audit reports on its observations, conclusions and recommendations to the Board of Directors of Garantia and, if necessary, the Board of Directors of Taaleri Plc.

Risk management process

Garantia's risk management process is made up of the following areas:

1. Operational planning,
2. Capital management,
3. Risk appetite,
4. Identification and assessment of risks,
5. Measurement of risks, and
6. control and reporting of risks.

Garantia's operational planning is made up of long-term (about 3 years) strategic planning and short-term (1 year) annual planning. Operational planning is based on an analysis of the operating environment, the competitive environment and own operations and also on the Taaleri Group strategy. Profit and solvency scenarios, and stress tests, risk survey results, and a risk and solvency assessment are used to define the company's goals, projects supporting achievement of these goals and risk appetite. Every year the actuary presents the statements required by the Insurance Companies Act to the Board of Directors to support operational planning. The strategy and annual plan, including the company's own risk and solvency assessment, are confirmed by the company's Board of Directors, and the entire personnel is involved in their preparation.

Garantia's goal is to be a reliable partner and the company maintains strong solvency to ensure the continuity and stability of its operations. The Board has set Garantia's target level for capitalisation above the statutory solvency capital requirement, the minimum capital requirement required by credit rating agency Standard & Poor's for an AAA credit rating, and an internally estimated capital requirement (an estimate that is based on the company's internal economic capital model, defined at a confidence level of 99.5%). Garantia distributes dividends or returns capital to the owner only to the extent that this does not put the A- credit rating or the company's internally set solvency target at risk. The purpose of capital management is to ensure in an anticipatory way that the company has adequate capital reserves for exceptional situations. The principal means to maintain balance between risks and actual capitalisation is to ensure profitable business operations, and active risk management. If an imbalance is detected, balance is restored with management of profit and risk position, restricting dividend distribution or by acquiring new capital.

Risk appetite means the amount and type of risks that the company is prepared to take in order to achieve the targets set for its business. Garantia has a moderate risk appetite and this is defined with risk-taking limits and risk indicators. The Board of

Garantia Insurance Company Ltd.

Directors approves the risk-taking limits and risk indicators annually as part of the capital plan (solvency limits), insurance policy (concentration risks and risk-taking limits concerning insurance underwriting), reinsurance policy (risk-taking limits concerning reinsurance operations) and the investment plan (risk-taking limits concerning investment operations).

Constant identification and assessment of risks in the business and operating environment are part of Garantia's risk and solvency management process. The principal risks associated with Garantia's business operations are credit risks arising from guarantee insurance operations, investment risks regarding assets covering technical provisions and equity, strategic risks and operational and compliance risks. The identification and assessment of risks are described separately for each risk later in this note.

Garantia determines and assesses its capital requirements and measures the risk of its business operations using three different Value-at-Risk-based risk indicators. The primary metric used for operational steering, risk measurement, and the assessment of capital adequacy is economic capital ("Internal Risk Capital") at a 99.5 per cent confidence level. In addition, the assessment of capital needs utilises the Solvency Capital Requirement (SCR) under the Solvency II standard formula at a 99.5 per cent confidence level, including the capital add-on, as well as the minimum capital requirement under S&P's Insurance Capital Model at a 99.99 per cent confidence level.

In addition to Value-at-Risk-based risk indicators, Garantia measures, monitors, and assesses its risks and their development using other quantitative and qualitative risk indicators. The measurement of risks is discussed in more detail for each risk type later in this note.

Garantia's monitoring and reporting of risk and solvency position is divided into internal and external monitoring and reporting. External reporting means the information published for all stakeholders and reporting to the authorities. Garantia also reports on its operations to the external credit rating agency Standard & Poor's. Internal reporting of risk and solvency position means reporting to Garantia's Executive Committee and Board of Directors at least once a month and quarterly reporting to the Board of Directors of the Taaleri Group. The target of internal monitoring and reporting is to ensure that the company's risk and solvency position are within the limits of risk appetite.

Insurance risk

Insurance risk, or underwriting risk, means a risk of loss arising from inadequate assumptions concerning pricing and technical provisions or an unfavourable change in the value of insurance liabilities. In guarantee insurance, the insurance risk mostly consists of credit risk (the inability of the guaranteed counterparty to manage its financial or operational obligations under the contract in relation to the beneficiary of the guarantee). This may be a result of the default of the guaranteed counterparty (default risk) or the guaranteed counterparty may fail to fulfil a contractual obligation on time (delivery risk). The credit risk is also considered to include the counterparty risk of the reinsurers or the party providing other counter guarantees, which results from the default of the reinsurer or the party providing other counter guarantees, and the value change risk, which is caused by changes in the fair value of the collateral.

The aim in the management of the insurance risk, i.e. the credit risk in guarantee insurance, is to ensure that the negative profit impacts arising from client and counterparty risks remain at acceptable levels and that the returns of guarantee operations are adequate in relation to the risks taken. In guarantee insurance, credit risks are reduced by means of client selection, active management of client relationships, monitoring of changes in the clients' operations, pricing, diversification and also, typically with reinsurance, contractual terms and conditions, and collateral and covenant arrangements. Central to the management of credit risks is the process of underwriting insurance policies, which is controlled by the credit risk policy (insurance policy), reinsurance policy and decision-making system adopted by the Board of Directors and the complementary processes and guidelines on credit risk assessment, distribution channel auditing, pricing, collateral and covenants approved by the Executive Committee. The Risk Management function monitors the functioning and quality of the company's underwriting process. In addition to the daily underwriting process, credit risks are identified and assessed at least once a year with a risk survey compiled in conjunction with annual planning.

The amount of insurance risk (credit risk) is measured using the company's internal economic capital model, the solvency capital requirement (SCR) and the Standard & Poor's insurance capital model. The insurance risk's economic capital is defined on contract basis primarily using the Basel II Internal Ratings-based Approach, which considers the amount of exposure, the counterparty's or instrument's credit rating which describes probability of default (PD), its duration, and the loss given default (LGD), which depends on counter-collateral, recovery and reinsurance. The economic capital model also includes concentration risk. Garantia regularly assesses its economic capital model and the functionality of the parameters used in the calculation of the amount of economic capital. In addition to economic capital, the credit risk of individual clients and groups of connected clients is also assessed on the basis of credit ratings, gross and net insurance exposure, the amount and type of collateral, amount of uncovered exposure, covenants and possible risk client status classification of the client or group of connected clients. The credit risk of the insurance exposure is assessed on the basis of gross exposure, amount and distribution of uncovered exposure, expected loss and economic capital by product groups, credit rating and industry. Other criteria for assessing the credit risk of the insurance exposure include the average maturity of exposure and the ratio of claims incurred against earned

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premiums and insurance exposure. The insurance risk position is monitored and reported to the Executive Committee and the Board of Directors every month.

Quantitative information on insurance risks

Sensitivity analysis of insurance operations, 31 Dec 2025

Risk parameter	Total, EUR thousand	Change in risk parameter	Effect on equity, EUR thousand	Effect on combined ratio, %
Premiums earned	20 273	increases 10 %	1 622	improves 3.2%-p.
Claims incurred	2 042	increases 10 %	0	worsens 1.0%-p.
Large claim, EUR 10 million	0	EUR 10 mn.	0	worsens 49.3%-p.
Operating expenses	5 009	increases 10 %	-401	worsens 2.5%-p.

Sensitivity analysis of insurance operations, 31 Dec 2024

Risk parameter	Total, EUR thousand	Change in risk parameter	Effect on equity, EUR thousand	Effect on combined ratio, %
Premiums earned	47 753	increases 10 %	3 820	improves 1.2%-p.
Claims incurred	1 047	increases 10 %	0	worsens 0.2%-p.
Large claim, EUR 10 million	0	EUR 10 mn.	0	worsens 20.9%-p.
Operating expenses	4 987	increases 10 %	-399	worsens 1.0%-p.

Trend in claims incurred

EUR thousand	Claims paid	Change in provision for outstanding claims	Claims incurred	% of insurance exposure	Claims ratio, %
2025	-2 012	-30	-2 042	0,11 %	10,1 %
2024	-1 459	412	-1 047	0,06 %	2,2 %
2023	-1 121	276	-845	0,05 %	4,2 %
2022	-1 055	477	-579	0,03 %	3,2 %
2021	-1 270	592	-677	0,04 %	3,8 %
2020	-855	263	-592	0,03 %	4,0 %
2019	-336	-1 282	-1 618	0,09 %	12,2 %
2018	427	355	783	-0,05 %	-6,4 %
2017	-343	-736	-1 079	0,07 %	10,1 %
2016	-934	-240	-1 174	0,09 %	12,4 %

Claims paid includes the share of reinsurers, income from collection of recourse receivables and operating expenses allocated to claims processing. Change in provision for outstanding claims includes the share of reinsurers.

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Total insurance exposure by business line

EUR million	2025	2024
Consumer exposure	1493	1404
Corporate exposure	289	275
Total	1782	1679
	8	12

The consumer exposure includes residential mortgage guarantees and rent guarantees, where insurance risk is attributable to the credit risk of private households. Residential mortgage guarantees included in consumer exposure have secondary collateral rights relating to the residential property collateral of the guaranteed mortgage loan. The risks of the residential mortgage guarantee portfolio are also limited through an excess-of-loss reinsurance arrangement, which covers the majority of the portfolio, covering claims exceeding a certain retention threshold up to a specified insured amount of EUR 20 million. The rent guarantees are unsecured.

The corporate exposure is made up of corporate loan guarantees, commercial surety bonds and other business-related guarantees, where insurance risk is attributable to the credit risk of companies and other organisations. The corporate exposure is partly covered by reinsurance and collaterals.

The committed undrawn portion shown in the table is the amount of the guarantee liability committed to by Garantia, where the principal debt covered by the guarantee has not yet been drawn. Committed undrawn liability is not presented as part of the guarantee insurance portfolio exposure.

Corporate insurance exposure by credit rating

	2025	2024
AAA...BBB-	87	96
BB+...BB-	143	79
B+...B-	46	80
C+ or weaker	3	5
Rated exposure total	280	260
Other exposure	10	14
Corporate exposure total	289	275

Corporate insurance exposure by collateral class

milj. euroa	2025	2024
Reinsured	3	4
Classes 1 & 2	20	28
Classes 3 & 4	79	66
Unsecured	178	162
Rate exposure total	280	260
Other exposure	10	14
Corporate exposure	289	275

Collateral classes: 1 = secure liquid collateral, 2 = real collateral within collateral value, 3 = real collateral within fair value, 4 = other collateral.

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Corporate insurance exposure by industry

	2025	2024
Wholesale and retail trade	61	38
Water supply and waste management	47	45
Construction	37	36
Manufacturing	32	45
Machinery and equipment (incl. repair)	14	22
Metals	2	4
Chemicals	11	13
Food	4	6
Other	1	1
Real estate	28	16
Energy	23	15
Finance and insurance	18	33
Services	17	27
Transport and logistics	15	2
Information and communication	0	0
Other industries	2	2
Rated exposure total	280	260
Other exposure	10	14
Corporate exposure total	289	275

Other exposure consists of exposure where insurance risk is not directly attributable to the creditworthiness or industry sector of the counterparty. Hence, this exposure is not subject to ratings. The industry classification is based on the classification taxonomy of Statistics Finland.

Actuarial assumptions

Under the Insurance Companies Act, insurance companies must adopt prudent calculation criteria for determining the technical provisions. The value of the technical provisions must always be adequate so that the company can be reasonably assumed to be able to manage its commitments. The principles for calculating the technical provisions must be submitted to the Financial Supervisory Authority before they are adopted.

The capital value of projected future claims incurred and expenses of current insurance contracts is included in the provision for unearned premiums. The outstanding claims provision consists of known and unknown claims. The individual claims due after the closing date are allocated on a claims basis as part of the known outstanding claims. A proportion of the gross insurance exposure accrued by the company is allocated to outstanding claims unknown to the company on the closing date as part of unknown outstanding claims provision, using a specific coefficient. Actual technical provisions are not discounted.

The purpose of the equalisation provision is to balance the impact of years with exceptional technical results. The equalisation provision acts as a buffer, especially against growth in claims incurred. In Garantia's calculation principles for the equalisation provision, an amount corresponding to the claims incurred for the period in question of the provision is recognised annually into profit and loss until the equalisation provision reaches the target amount. In the long term the equalisation provision will gravitate to its target amount. The calculation of the target amount has been defined in the Insurance Companies Act.

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Quantitative information about technical provisions

Technical provisions

EUR thousand	2025	2024
Provision for unearned premiums	15 067	12 451
Provision for claims outstanding	583	554
Provision for known claims outstanding	43	44
Provision for unknown claims outstanding	540	510
Equalisation provision	65 920	67 961
Total	81 570	80 965

Reinsurers' share has been deducted from the provisions for unearned premiums and claims outstanding.

Provision for unearned premiums and claims outstanding by maturity, 31 Dec 2025

EUR thousand	0-1 years	1-2 years	2-3 years	Over 3 years	Total
Provision for unearned premiums	5 392	3 331	2 343	4 002	15 067
Provision for claims outstanding	583				583
Total	5 975	3 331	2 343	4 002	15 650

Provision for unearned premiums and claims outstanding by maturity, 31 Dec 2024

EUR thousand	0-1 years	1-2 years	2-3 years	Over 3 years	Total
Provision for unearned premiums	3 850	2 843	2 079	3 678	12 451
Provision for claims outstanding	554				554
Total	4 403	2 843	2 079	3 678	13 004

The duration of the cash flow distribution of the technical provisions (excl. equalisation provision) is 2.6 (2.7) years.

Investment risks

The company's investments are used for covering the technical provisions and the equity capital, and their primary purpose is to secure the liquidity of insurance operations in years with exceptionally high claims. Garantia's investment activities are long-term, and the objective is primarily to secure capital and achieve stable and steadily increasing asset growth. Market risks, credit and counterparty risk and liquidity risk are the risks affecting the investment activities.

Market risk means the possibility of losses or an unfavourable change in the economic situation due directly or indirectly to the fluctuation in the market prices and volatility of assets, liabilities and financial instruments. Changes in prices affect the value of investment assets and annual returns. The principal market risks are equity risk, interest rate risk, currency risk, property risk and concentration risk. The credit and counterparty risk of investments is made up of credit spread risk and counterparty risk. Credit spread risk describes the difference in price of risky interest-bearing instruments and risk-free interest-bearing instruments, in other words, the risk arising from a change in the credit spread. Counterparty risk means the risk of default pertaining to the contractual counterparty.

The main aim in the management of investment risks is to keep the negative profit impacts arising from investments and the changes in the values of investments at acceptable levels in the long term, to ensure that investment returns are adequate in relation to the risks taken and to safeguard the company's liquidity. Garantia observes the principle of prudence defined in the Insurance Companies Act in its investment activities. Funds are only invested in the type of assets where the company is able to identify, measure, monitor, manage, control and report the related risks. Investment activities should aim to ensure the security, convertibility into cash, rate of return and availability of investments, and to consider the nature of insurance agreements and the interests of the insured party.

Investment risks are managed through effective diversification of the investments by asset class, sector, geographical area, credit rating and counterparty, and by ensuring adequate liquidity of the investments. Central to the management of investment risks is the daily execution of investment operations, which is controlled by the investment plan and decision-making powers

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approved by the Board. In addition to the daily investment operations and monthly reporting, investment risks are assessed at least once a year with a risk survey compiled in conjunction with annual planning.

Capital requirements for investment risks are measured by means of the economic capital model, the solvency capital requirement (SCR) and S&P's insurance capital model. In the economic capital model, investment risks are measured on an instrument-specific basis with Value-at-Risk calculation models for equity risk, currency risk, interest rate risk and credit spread risk. In addition to economic capital, investment risks are measured on the basis of asset class, country, credit rating, counterparty, duration, interest rate sensitivity and the amount of foreign currency denominated investments. The investment risk position is monitored and reported to the Executive Committee and the Board of Directors monthly.

Quantitative information on investment risks

Investments by asset class at fair value

EUR million	2025	%	2024	%
Fixed income investments	118,5	71,4 %	123,0	77,8 %
Equity investments	44,9	27,1 %	32,7	20,7 %
Real estate investments	2,5	1,5 %	2,4	1,5 %
Total	166,0	100,0 %	158,1	100,0 %

Fixed income investments include cash & bank balances and accrued interest. Fixed-income investments mainly include bonds issued by Nordic corporates and credit institutions, and government bonds.

Fixed-income investments by maturity and credit rating, 31 Dec 2025

EUR million	0-1 yrs.	1-3 yrs.	3-5 yrs.	Over 5 yrs.	Total	%
AAA...AA-	0,5	0,0	0,0	0,0	0,5	0,4 %
A+...A-	0,0	0,0	0,0	16,0	16,1	13,5 %
BBB+...BBB-	2,0	5,1	20,8	42,9	70,8	59,8 %
BB+ or weaker	1,1	15,6	7,5	6,9	31,1	26,2 %
Total	3,7	20,7	28,3	65,8	118,5	100,0 %

Fixed-income investments by maturity and credit rating, 31 Dec 2024

EUR million	0-1 yrs.	1-3 yrs.	3-5 yrs.	Over 5 yrs.	Total	%
AAA...AA-	6,5	0,0	0,0	0,0	6,5	5,3 %
A+...A-	0,1	5,0	0,0	11,7	16,7	13,6 %
BBB+...BBB-	3,8	14,2	15,8	28,3	62,1	50,5 %
BB+ or weaker	3,8	16,7	17,1	0,0	37,6	30,6 %
Total	14,1	35,9	32,9	40,0	123,0	100,0 %

Maturity date is the end of the term to maturity. If the instrument includes a call option, maturity is the first possible call date. The rating of an instrument is an issuer rating or senior debt rating published by an external rating agency. If an external rating is not available, Garantia's internal credit rating is used.

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Sensitivity analysis of investment activities, 31 Dec 2025

Investment category	Investments at fair value, EUR million	Risk parameter	Change (+/-)	Effect on equity, EUR million (+/-)
Fixed income	118,5	Chg in int. rates	1,0 %	3,9
Equities	41,2	Market value	10,0 %	3,3
Private equity	6,3	Market value	10,0 %	0,5

Sensitivity analysis of investment activities, 31 Dec 2024

Investment category	Investments at fair value, EUR million	Risk parameter	Change (+/-)	Effect on equity, EUR million (+/-)
Fixed income	123,0	Chg in int. rates	1,0 %	3,1
Equities	27,7	Market value	10,0 %	2,2
Private equity	7,4	Market value	10,0 %	0,6

The calculation of the effects of the changes assumes mark-to-market valuation before and after the change.

Operational risks

Operational risk means the risk of loss resulting from deficient or faulty processes, human error, systems or external events.

Successful management of operational risks helps to ensure that the company's operations are properly organised and that the risks do not cause any unexpected direct or indirect financial losses. Garantia is determined to maintain and strengthen a corporate culture that is positively disposed towards management of operational risks and internal control by continuously providing personnel with training and guidelines.

In order to manage the operational risks, it is central to identify and evaluate risks as well as to ensure the adequacy of the control and management methods. The principal tools in the management of operational risks are risk surveys at least once a year on each function, continuous registration of materialised operational risks, identification of corrective measures and the monitoring and reporting of these, continuity planning, guidelines for outsourcing, the planning and implementation of new products, knowing your customer (KYC) and prevention of money laundering and terrorist financing, and process descriptions and other working instructions and operating guidelines.

The extent of the operational risks is measured by the amount of the solvency capital requirement (SCR) and of economic capital, which is determined on the basis of the annual risk survey. Actual risk events and near misses are also monitored and registered, the corrective measures concerning these are specified and the implementation of the measures is followed. Operational risks are reported to the Executive Committee and the Board of Directors on a quarterly basis.

Other risks

Strategic risk

Strategic risks are the risks that result from changes in the operating and competitive environment, slow reaction to these changes, selection of the wrong strategy or business model or the unsuccessful implementation of a strategy. Reputational and regulatory risks are part of strategic risks. Reputational risk refers to the risk that unfounded or founded unfavourable publicity related to the company's business operations or relations undermines confidence in the company. Reputational risk is usually a consequence of a materialised operational or compliance risk which results in the deterioration of the company's reputation among its customers and other stakeholders. Regulatory risk refers to the risk that changes in laws or regulations will materially weaken the company's prerequisites for carrying out business operations. The principal method in the management of strategic risks is a systematic and continuous operational planning and monitoring process which makes it possible to identify and assess potential risks in the operating, competitive and regulatory environment and to update the strategy and manage the measures launched to manage risks. Reputational risk is managed in an anticipatory and long-term manner by conforming with Garantia's values, complying with regulation and the Code of Conduct confirmed by the Board of Directors and by openly communicating

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with different stakeholders in an impartial way. Strategic risks are monitored and assessed at least once a year with a risk survey compiled in conjunction with the annual planning.

Compliance risk

Compliance risks are the risks pertaining to legal or administrative consequences, economic losses or loss of reputation that result from the failure of the company to comply with laws, decrees or other regulations applicable to its operations. Legislative changes are actively monitored, and ongoing legislative projects are regularly reported to the Board of Directors. The survey of risks conducted at Garantia in conjunction with annual planning also includes the identification and assessment of regulatory risks and the definition and monitoring of development measures to reduce the risks. Providing the personnel with guidelines and training is also central to managing compliance risks.

Sustainability risk

Sustainability and climate risks refer to an environmental, social or corporate governance event or condition that, if it occurred, could have an actual or potential negative material impact on the value of an investment made by the company or its insurance payables. At Garantia, sustainability risks may arise to a material degree in the company's investment and guarantee insurance operations. In these functions, sustainability risks are linked in practice to the sustainability of the activities of individual companies and entities that are the credit risk counterparties of investments or guarantee insurance agreements. These risks are assessed as part of the decision-making process for underwriting and investment. Sustainability risks are also monitored and assessed with a risk survey prepared in conjunction with the annual planning. The sustainability risk associated with Garantia's operations is assessed as being low for the time being. The company does not have substantial investment or guarantee insurance liabilities from industries or companies whose business is associated with larger than usual sustainability issues.

Concentration risk

Concentration risk means all risk exposures with a loss potential which is large enough, upon materialisation, to threaten the solvency or financial position of an insurance company. The principal concentration risk in Garantia's business operations arises from the concentration risk of direct and indirect credit and counterparty risk in guarantee and investment operations. Garantia's total exposures contain large, individual credit risk concentrations specific to groups of connected clients and industries. In addition, Garantia's guarantees and investments are concentrated in Finland. The selection of guarantee insurance and investment targets and the continuous monitoring of changes in the situation of counterparties is emphasised above all in the management of the credit concentration risk. Concentration risk is measured and assessed in the economic capital model with a separate concentration risk model and with counterparty-specific risk limits.

Liquidity risk

Liquidity risk refers to the risk that an insurance company is unable to convert its investments or other assets into cash in order to meet its financial obligations that fall due for payment. Garantia's liquidity risk is limited, as the cash flow from premiums written is received well in advance of any payment of claims. The company's largest individual outgoing cash flows also consist of items for which the payment dates are usually known well in advance. These items include, for example, insurance claims and dividends. Furthermore, Garantia does not have any financial liabilities with outbound cash flows. Garantia's principal measures in liquidity risk management are sufficient amount of cash for managing daily payments and the liquidity of the investment portfolio. Liquidity risk is measured and assessed monthly as part of the performance and risk reporting to the Board of Directors.

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Note 18. Summary of financial indicators

		2025	2024	2023	2022	2021
Gross premiums written (before share of reinsurers)	€	23 247 187	19 833 681	19 023 396	24 663 706	25 142 016
Claims ratio	%	10,1 %	2,2 %	4,2 %	3,2 %	3,8 %
Claims incurred without computational interest expenses (+/-)	€	2 041 692	1 047 150	844 699	578 518	677 472
Claims ratio without computational interest expenses	%	10,1 %	2,2 %	4,2 %	3,2 %	3,8 %
Operating profit (+) or loss (-)	%	24,7 %	10,4 %	25,3 %	25,6 %	31,7 %
Combined ratio	%	34,8 %	12,6 %	29,5 %	28,8 %	35,5 %
Combined ratio without computational interest expenses	%	34,8 %	12,6 %	29,5 %	28,8 %	35,5 %
Operating profit (+) or loss (-)	€	20 975 727	54 823 621	22 605 342	-2 205 509	19 226 339
Adjustments in off-balance sheet valuation differences, current value reserve and revaluation reserve (+/-)	€	2 192 429	2 205 206	1 913 453	-3 572 319	1 559 832
Total result (+/-)	€	23 168 157	57 028 827	24 518 795	-5 777 828	20 786 172
Interest expenses and other financial expenses (+)	€	-1 000	-1 000	-1 000	-1 000	1 000
Computational interest expense (+)	€					
Return on total assets (at fair value)	%	13,7 %	34,3 %	15,2 %	-3,5 %	12,4 %
Net return on investments at fair value on capital employed (+/-)	%	6,6 %	10,1 %	6,9 %	-11,3 %	5,9 %
Equalization provision	€	65 919 532	67 961 225	69 008 375	69 853 074	70 431 592
Average number of personnel during the financial year	pers	23	21	23	23	23

*The company changed the accounting treatment of premiums written and the calculation principles for the provision for unearned premiums during the 2024 financial year. As a result, financial years prior to 2024 are not fully comparable. The effects of these changes to the calculation principles are described in the accounting principles of the 2024 financial statements.

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Note 19. Earnings analysis

EUR	2025	2024	2023	2022	2021
Earned premiums (+/-)	20 273 214	47 753 392	20 294 376	18 243 974	17 865 065
Claims incurred (-/+)	-2 041 692	-1 047 150	-844 699	-578 518	-677 472
Operating expenses (-)	-5 008 753	-4 986 878	-5 143 481	-4 675 633	-5 656 767
Other technical income and expenses (+/-)					
Balance on technical account before change in equalisation provision (+/-)	13 222 769	41 719 363	14 306 196	12 989 822	11 530 826
Investment income and expenses, revaluations and their adjustments and other changes in value (+/-)	7 732 526	13 058 921	8 262 214	-15 210 663	7 651 982
Other income and expenses (+/-)	20 432	45 338	36 932	15 331	43 531
Share of associated companies' profit (+) or loss (-)					
Operating profit (+) or loss (-)	20 975 727	54 823 621	22 605 342	-2 205 509	19 226 339
Change in equalization provision (-/+)	2 041 692	1 047 150	844 699	578 518	677 472
Profit (+) or loss (-) before extraordinary items	23 017 419	55 870 772	23 450 041	-1 626 992	19 903 811
Income taxes and other direct taxes (-/+)	-4 539 250	-11 206 114	-4 424 854	0	-4 004 689
Minority shares (-)					
Profit (+) or loss (-) for the financial year	18 478 169	44 664 658	19 025 187	-1 626 992	15 899 122

**The company changed the accounting treatment of premiums written and the calculation principles for the provision for unearned premiums during the 2024 financial year. As a result, financial years prior to 2024 are not fully comparable. The effects of these changes to the calculation principles are described in the accounting principles of the 2024 financial statements.*

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Note 20. Investment allocation at fair value

	Basic allocation				Risk allocation			
	31 Dec 2025		31 Dec 2024		31 Dec 2025		31 Dec 2024	
	in euros	%	in euros	%	in euros	%	in euros	% ¹⁰⁾
Fixed income investments	118 508 146	71,4	122 969 042	77,8	118 508 146	71,4	122 969 042	77,8
Loan receivables ¹⁾								
Bonds ¹⁾	117 961 963	71,1	121 526 261	76,9	117 961 963	71,1	121 526 261	76,9
Other financial instruments and deposits ^{1) 2)}	546 183	0,3	1 442 781	0,9	546 183	0,3	1 442 781	0,9
Equity investments	44 928 307	27,1	32 710 014	20,7	44 928 307	27,1	32 710 014	20,7
Listed equities ³⁾	41 200 717	24,8	27 718 705	17,5	41 200 717	24,8	27 718 705	17,5
Private equity investments ⁴⁾	3 727 590	2,2	4 991 310	3,2	3 727 590	2,2	4 991 310	3,2
Unlisted equities ⁵⁾								
Real estate investments	2 538 330	1,5	2 404 490	1,5	2 538 330	1,5	2 404 490	1,5
Direct real estate investments								
Real estate investment funds and collective investments	2 538 330	1,5	2 404 490	1,5	2 538 330	1,5	2 404 490	1,5
Other investments								
Hedge funds ⁶⁾								
Commodities								
Other investments ⁷⁾								
Total	165 974 783	100,0	158 083 547	100,0	165 974 783	100,0	158 083 547	100,0
Effect of derivatives ⁸⁾								
Total investments at fair value	165 974 783	100,0	158 083 547	100,0	165 974 783	100,0	158 083 547	100,0
Modified duration of the bond portfolio		4,2		3,2				

1) Includes accrued interest.

2) Includes cash and bank balances, and receivables and payables relating to trading of securities.

3) Includes balanced funds if they cannot be allocated elsewhere.

4) Includes private equity funds and mezzanine funds and also infrastructure investments.

5) Includes unlisted real estate investment companies.

6) Includes all types of hedge fund units irrespective of the fund's strategy

7) Includes items that cannot be allocated to other groups.

8) Includes the effect of derivatives on the difference between risk allocation and basic allocation. The effect may be +/- . After the correction the final amount of the risk allocation matches the basic allocation.

9) The relative share is calculated using the final amount of "Total investments at fair value" as the denominator.

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Note 21. Net return on investments

	Net return on investments at fair value	Capital employed ³⁾	Net return on investments, %				Net return on investments, %			
			2025		2025	2024	2023	2022	2021	2020
			in euros	in euros	%	%	%	%	%	%
Fixed income investments	6 591 059	115 734 306	5,7	5,7	10,3	6,9	-12,2	2,5	2,5	
Loan receivables ¹⁾										
Bonds	6 568 734	113 907 675	5,8	5,8	10,5	7,0	-12,4	2,5	2,6	
Other financial instruments and deposits ^{1) 2)}	22 325	1 826 631	1,2	1,2	1,1	0,4	-0,2	-0,4	-0,2	
Equity investments	3 856 446	36 303 863	10,7	10,7	11,4	7,6	-6,0	29,0	-2,8	
Listed equities ³⁾	4 379 095	31 567 172	14,0	14,0	13,2	9,6	-12,1	27,9	-3,2	
Private equity investments ⁴⁾	-522 649	4 736 691	-11,1	-11,1	2,7	3,4	12,1	33,1	-1,0	
Unlisted equities ⁵⁾										
Real estate investments	-240 760	2 848 935	-8,5	-8,5	-2,5	1,7	5,7	4,9	4,3	
Direct real estate investments										
Real estate investment funds and collective investments	-240 760	2 848 935	-8,5	-8,5	-2,5	1,7	5,7	4,9	4,3	
Other investments										
Hedge funds ⁶⁾										
Commodities										
Other investments ⁷⁾										
Total	10 206 745	154 887 104	6,6	6,6	10,3	6,9	-11,2	6,1	1,8	
Unallocated income, expenses and operating expenses	-299 645									
Net return on investments at fair value	9 907 100	154 887 104	6,4	6,4	10,1	6,7	-11,3	5,9	1,7	

1) Includes accrued interest.

2) Includes cash and bank balances, and receivables and payables relating to trading of securities.

3) Includes balanced funds if they cannot be allocated elsewhere.

4) Includes private equity funds and mezzanine funds and also infrastructure investments.

5) Includes unlisted real estate investment companies.

6) Includes all types of hedge fund units irrespective of the fund's strategy.

7) Includes items that cannot be allocated to other groups.

8) Change in market value from beginning and end of reporting period less cash flows during the period.

Cash flow = difference between sales/returns and purchases/costs

9) Capital employed = market value at the beginning of the reporting period + daily/monthly time-weighted cash flows.

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Note 22. Calculation principles of key financial ratios

Gross premiums written

= Insurance premium income written before deducting the share of reinsurers

Earned premiums

= + Gross premiums written
- Reinsurers' share of gross premiums written
+/- Change in the provision for unearned premiums
+/- Reinsurers' share of the change in provision for unearned premiums

Claims ratio, %

= $\frac{\text{Claims incurred}}{\text{Earned premiums}}$

Claims ratio is calculated after deducting the share of reinsurers from earned premiums.

Expense ratio, %

= $\frac{\text{Operating expenses}}{\text{Earned premiums}}$

Expense ratio is calculated after deducting the share of reinsurers from earned premiums.

Combined ratio, %

= Claims ratio, % + Expense ratio, %

Operating profit or loss

= Profit or loss before change in equalisation provision and taxes.

Return on total assets, %
(at fair value)

= $\frac{+/- \text{Operating profit or loss}}{+/- \text{Change in revaluation reserve/fair value reserve}} + \frac{+/- \text{Change in valuation difference of investments}}{+ \text{Balance sheet total}}$

+/- Valuation difference of investments
The denominator is calculated as the average of the balance sheet values from the end of the financial year and the previous financial year.

Basic own funds

= $\frac{+ \text{Equity and reserves}}{+ \text{Valuation differences of investments}} - \frac{- \text{Intangible assets}}{- \text{Forseeable dividends and distributions}}$
- Valuation differences of technical provisions (excl. equalisation provision) *
- Deferred tax liability on Solvency II balance sheet
- Items in financial statements included in Solvency II technical provisions

*) Valuation differences between Solvency II and FAS technical provisions, net of reinsurance recoverables.

Solvency ratio, %

= $\frac{\text{Basic own funds}}{\text{Solvency capital requirement}}$

Garantia Insurance Company Ltd.

SIGNATURES

Helsinki, 5 February 2026

Titta Elomaa

Kenneth Kaarnimo

Eija Koskimies

Jorma Timonen

Ikkka Laurila

Henrik Allonen, CEO

A report on the conducted audit has been issued today.

Helsinki, 5 February 2026

Ernst & Young Oy

Johanna Winqvist-Ikkka

Authorised Public Accountant

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