Financial Summary
1 January – 30 June 2026

GARANTIA

Garantia Insurance Company Ltd

Financial summary January-June 2026

Garantia Insurance Company Ltd

Garantia is a non-life insurance company specializing in credit risk insurance. Founded in 1993, Garantia 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 transactions and help our customers grow their business. We enable access to financing and support the completion of transactions. Garantia's primary market is Finland, and the company also provides credit risk insurance solutions elsewhere in Northern Europe.

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 S&P Global Ratings 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 Ltd. The Investments segment comprises growth capital investments and other direct investments. Taaleri Plc's shares are listed on Nasdaq Helsinki.

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

Result and Key Figures

Strategy implementation progressed and profitability remained excellent.

- Garantia continued implementing its strategy by investing in the sales and marketing of residential mortgage guarantees and by participating in new credit risk insurance initiatives outside Finland in the Nordic countries during the review period.
- Garantia's residential mortgage guarantee's share of mortgages drawn in Finland increased and the guarantee portfolio grew despite the weak housing market. Credit risk insurance initiatives implemented in the Nordic countries and risk-sharing arrangements carried out with domestic financing partners contributed to strong growth in the corporate guarantee portfolio.
- Premiums written decreased by 10.6 per cent to EUR 9.6 million (10.8). The decrease was attributable to premiums written recognised in the comparison period from Group Bond V.
- Premiums earned increased by 8.5 per cent to EUR 9.2 million (8.5) as a result of the growth in the guarantee insurance portfolio.
- The guarantee insurance portfolio increased by 2.9 per cent from the beginning of the year to EUR 1,835 million (1,782). Growth was recorded in both consumer and corporate exposures.
- Claims incurred decreased by 3.9 per cent from the comparison period to EUR 1.0 million (1.1).
- Operating expenses increased by 9.4 per cent to EUR 2.7 million (2.5). The increase in operating expenses was mainly related to one-off costs arising from the implementation of the strategy.
- The balance on technical account before the change in the equalization provision increased to EUR 5.4 million (4.9). The combined ratio improved to 40.8 per cent (42.1).
- The investment return at fair value increased to 4.4 per cent (2.3). Investment performance was supported by the strong development of the equity markets despite the market volatility experienced during the review period.
- Profit before taxes improved to EUR 11.0 million (9.2).
- Garantia's solvency strengthened significantly as a result of accumulated earnings. The solvency ratio was 263.2 per cent (243.2) at the end of June.

Profit and loss account and key ratios

EUR thousands	1-6/2026	1-6/2025	Change	2025
Gross premiums written	**9 618**	**10 755**	**-10.6 %**	**23 247**
Other items [1]	-430	-2 286	-81.2 %	-2 974
Earned premiums	**9 188**	**8 469**	**8.5 %**	**20 273**
Claims incurred	-1 037	-1 080	-3.9 %	-2 042
Operating expenses	-2 715	-2 482	9.4 %	-5 009
Balance on technical account before changes in equalisation provision	**5 436**	**4 907**	**10.8 %**	**13 223**
Change in equalisation provision	1 037	1 080	-3.9 %	2 042
Balance on technical account	**6 474**	**5 987**	**8.1 %**	**15 264**
Investment income and expenses, net	4 512	3 237	39.4 %	7 733
Other income and expenses	0	19	-99.3 %	20
Earnings before tax	**10 986**	**9 243**	**18.9 %**	**23 017**
Claims ratio, %	11.3 %	12.8 %	-1.5 pp.	10.1 %
Expense ratio, %	29.5 %	29.3 %	0.2 pp.	24.7 %
Combined ratio, %	40.8 %	42.1 %	-1.2 pp.	34.8 %
Return on investments at fair value, %	4.4 %	2.3 %	2.0 pp.	6.6 %
Solvency ratio (S2), % [2]	263.2 %	275.1 %	20.0 pp.	243.2 %
Total insurance exposure, EUR million	1 835	1 714	2.9 %	1 782
Average number of personnel	23	22	1	23
Credit rating (S&P)	A-	A-	-	A-

Comparative figures for income statement items are presented for the corresponding period in 2025. Comparative figures for balance sheet items and other point-in-time items are presented as at 31 December 2025. The figures for the interim periods have not been audited.

[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.

Insurance Operations

Garantia is a non-life insurance company specializing in credit risk insurance and providing straightforward and cost-effective guarantee solutions for lenders, households and companies. The company's primary market is Finland, and it also provides credit risk insurance solutions elsewhere in Northern Europe.

During the review period, Garantia continued implementing its strategy by investing in the sales and product marketing of residential mortgage guarantees. Garantia's penetration rate in residential mortgage guarantees, measured as Garantia's share of residential mortgages drawn in Finland, continued to increase during the first half of the year, and the company succeeded in increasing the sales of its residential mortgage guarantees despite the challenging housing market environment. In corporate exposures, the company continued to implement credit risk insurance transactions outside Finland in the Nordic countries and participated in financing arrangements for Finnish companies together with its financing partners.

The successful implementation of the company's strategy was reflected in profitable business growth during the review period. Premiums earned increased by 8.5 per cent to EUR 9.2 million (8.5). The growth in premiums earned was driven by the expansion of the guarantee portfolio in both residential mortgage guarantees and corporate exposures.

The guarantee insurance portfolio increased by 2.9 per cent from the beginning of the year to EUR 1,835 million (1,782). Growth was recorded in both consumer and corporate exposures. Of the total guarantee insurance portfolio, EUR 1,520 million (1,493), or 83 per cent (84), consisted of consumer exposures, while EUR 314 million (289), or 17 per cent (16), consisted of corporate exposures. Consumer exposures mainly comprise residential mortgage guarantees granted to households. Corporate exposures consist of guarantee insurance provided to companies and financing institutions.

Claims incurred amounted to EUR 1.0 million (1.1) during the first half of the year. Claims remained at a low level both in absolute terms and relative to the guarantee insurance portfolio. The loss ratio was 11.3 per cent (12.8).

Operating expenses increased by 9.4 per cent to EUR 2.7 million (2.5). The increase was mainly attributable to costs arising from the implementation of the strategy. The expense ratio was 29.5 per cent (29.3). The combined ratio improved to 40.8 per cent (42.1) as a result of the growth in premiums earned.

The balance on technical account before the change in the equalization provision increased by 10.8 per cent from the comparison period to EUR 5.4 million (4.9). The improvement in technical profitability resulted from increased premiums earned. EUR 1.0 million (1.1) of the equalization provision included in technical provisions was released during the period, resulting in a technical result of EUR 6.4 million (6.0).

Investment Operations

Market developments were mixed during the first half of the year. Equity market volatility during the review period was driven in particular by the conflict involving Iran and its consequences. Nevertheless, key equity indices ended June in positive territory compared with the beginning of the year, with the S&P 500 rising 10.2 per cent despite the sharp market decline experienced in March and April. In the fixed income market, risk-free interest rates increased in Europe and the yield curve flattened. Credit spreads on corporate bonds continued to tighten, offsetting the negative effect of rising interest rates on corporate bond returns.

Garantia's investment return at fair value was 4.4 per cent (2.3) during the review period. Net investment income recognised in profit or loss increased to EUR 4.5 million (3.2). Net investment income consisted mainly of interest income and impairments resulting from changes in the fair value of investments and reversals of such impairments. At the end of the review period, the valuation difference between the fair value and book value of investments amounted to EUR 12.0 million (9.5).

The fair value of Garantia's investment assets, including cash and bank balances and accrued interest, amounted to EUR 169.2 million (166.0) at the end of the review period. In addition to cash flows from insurance operations and investment returns, the development of investment assets was affected by a dividend payment of EUR 9.0 million made to the parent company during the reporting period. The Annual General Meeting resolved to distribute a total dividend of EUR 18.0 million from the profit for 2025 in two instalments. One instalment of EUR 9.0 million remains unpaid and has been recorded under liabilities in the balance sheet (Other liabilities).

No significant changes were made to the investment allocation during the review period. At the end of June, fixed income investments represented 71.0 per cent (71.4) of investments, equities and private equity investments 27.6 per cent (27.1), and real estate investments 1.4 per cent (1.5).

Risks and Risk Management

The key risks associated with Garantia’s operations are the credit risk arising from guarantee insurance operations and the market risks related to investment activities.

In guarantee insurance operations, credit risk refers to the risk that an obligor fails to meet its contractual obligations towards the beneficiary of the guarantee. The level of credit risk is primarily affected by the creditworthiness of the obligors and the amount of any collateral provided. The market risks of investment activities consist of interest rate, equity, real estate and currency risks, as well as credit and counterparty risks, all of which affect the value and return of the investment portfolio.

The risk position of Garantia’s guarantee insurance operations remained stable during the review period. Compared with year-end 2025, the guarantee insurance portfolio increased in both consumer and corporate exposures.

Consumer exposures amounted to EUR 1,520 million (1,493) at the end of the review period and represented 83 per cent (84) of the guarantee insurance portfolio. Consumer exposures consist mainly of residential mortgage guarantees granted to households and, to a lesser extent, rental guarantees. A residential mortgage guarantee serves as supplementary collateral for a housing loan. A rental guarantee protects the landlord of a residential property against a tenant’s failure to fulfil obligations under a lease agreement. In autumn 2025, Garantia decided to discontinue the sale of rental guarantees to private individuals.

The majority of consumer exposures consist of the residential mortgage guarantee portfolio, the risk position of which remained largely unchanged during the period. The portfolio is well diversified in terms of counterparties, geographical location of the underlying residential properties and the year of issuance of guarantees. The credit quality of mortgage borrowers remains very strong on average. Credit risks associated with the mortgage guarantee portfolio are also mitigated through an excess-of-loss portfolio reinsurance arrangement under which the reinsurer covers claims exceeding Garantia’s retention up to EUR 20 million.

The weakened economic environment and high unemployment have reduced the repayment capacity of mortgage borrowers, while residential property prices have declined over the past three years. This has been reflected in a moderate increase in claims incurred; however, claims have remained moderate both in absolute terms and relative to the guarantee portfolio.

Corporate exposures amounted to EUR 314 million (289) at the end of the review period and represented 17 per cent (16) of the guarantee insurance portfolio. Corporate exposures consist of guarantee insurance granted to companies and financing institutions. The underlying obligors are mainly medium-sized and large Nordic companies and organisations. In addition to prudent risk selection, credit risks relating to corporate exposures are managed through collateral arrangements, reinsurance and contractual risk mitigation provisions.

Investment-grade exposures, i.e. those rated AAA–BBB-, accounted for 32.4 per cent (31.3) of the rateable corporate exposure portfolio, while exposures rated BB- or higher accounted for 81.4 per cent (82.4). The proportion of weak ratings, defined as C+ or lower, declined to 0.9 per cent (1.1). The average credit quality of the Company’s corporate counterparties has remained good despite the weak economic environment.

The largest industry sectors represented within corporate exposures were trade (21.6 per cent; 21.6), construction (16.9 per cent; 13.1), water supply and waste management (15.7 per cent; 16.8), real estate activities (13.9 per cent; 10.0) and manufacturing (10.2 per cent; 11.4). The share of all other industries remained below ten per cent of corporate exposures.

At the end of June, fixed income investments (including cash and bank balances) accounted for 71.0 per cent (71.4) of investments, equities and private equity investments for 27.6 per cent (27.1), and real estate investments for 1.4 per cent (1.5). The majority of fixed income investments consisted of bonds issued by highly creditworthy Nordic corporates and financial institutions. Of fixed income investments, 77.2 per cent (73.8) carried an investment-grade credit rating. The modified duration of the fixed income portfolio was 3.5 (4.1).

Solvency

Garantia's solvency strengthened significantly during the first half of the year, driven by the growth in own funds. At the end of June, the Company's basic own funds amounted to EUR 124.8 million (113.6), while the Solvency Capital Requirement totalled EUR 47.4 million (46.7). The solvency ratio, defined as the ratio of basic own funds to the Solvency Capital Requirement, stood at 263.2 per cent (243.2). Own funds increased as a result of earnings accumulated during the period. The Solvency Capital Requirement increased slightly, mainly due to a higher capital requirement for investment risk.

Garantia's own funds consist entirely of unrestricted Tier 1 basic own funds. Garantia does not apply transitional measures in determining basic own funds, nor does its own funds include items classified as ancillary own funds. Garantia does not apply the matching adjustment or volatility adjustment in the valuation of technical provisions. The Company calculates its Solvency Capital Requirement using the standard formula. Garantia does not use simplified calculations within individual risk modules or sub-modules of the standard formula, nor does it apply undertaking-specific parameters. The Company does not apply transitional measures relating to technical provisions or market risk calculations.

Since 30 June 2018, Garantia's Solvency Capital Requirement has included a capital add-on imposed by the Finnish Financial Supervisory Authority. The Financial Supervisory Authority reassesses the amount of the capital add-on at least annually. Most recently, on 10 June 2026, the Authority revised its decision and increased the capital add-on to EUR 6.5 million (5.0 million). The revised capital add-on has been applied in the solvency calculation from 30 June 2026 onwards. In assessing the level of the capital add-on, the Authority takes into account the insurance risk capital requirement generated by the Company's internal economic capital model.

Garantia published its Solvency and Financial Condition Report for 2025 on 30 March 2026. The report is available on the Company's website.

The Solvency II regulations fall outside the scope of the statutory audit, and consequently the Solvency II figures have not been audited.

Credit Rating

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

Governance

At the Annual General Meeting held on 20 February 2026, the shareholders elected Titta Elomaa (Chair), Kenneth Kaarnimo (Vice Chair), Jorma Timonen, Eija Koskimies and Ilkka Laurila as members of the Board of Directors. No changes occurred in the composition of the Board during the review period.

The Annual General Meeting elected Ernst & Young Oy as the Company's auditor, with Johanna Winqvist-Ilkka (KHT), serving as the auditor with principal responsibility.

Further Information

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Financial Information

Profit and Loss Account

EUR	1.1.-30.6.2026	1.1.-30.6.2025	Change, %	1.1.-31.12.2025
Technical Account				
Earned premiums				
Premiums written	9 618 419	10 755 405	-10,6 %	23 247 187
Reinsurers' share	-353 615	-354 101	-0,1 %	-357 259
Change in provision for unearned premiums	-248 769	-2 102 739	-88,2 %	-2 613 523
Reinsurers' share	172 047	170 022	1,2 %	-3 190
	9 188 082	**8 468 587**	**8,5 %**	**20 273 214**
Claims incurred				
Claims paid	-1 106 944	-1 077 137	2,8 %	-2 020 066
Change in provision for outstanding claims	69 552	-3 110	<-100 %	-17 637
Reinsurers' share	-16	-205	-92,0 %	-12 018
	-1 037 408	**-1 080 452**	**-4,0 %**	**-2 041 692**
Operating expenses	-2 714 524	-2 481 558	9,4 %	-5 008 753
Balance on technical account before change in equalisation provision	**5 436 150**	**4 906 578**	**10,8 %**	**13 222 769**
Change in equalisation provision	1 037 408	1 080 452	-4,0 %	2 041 692
Balance on Technical Account	**6 473 558**	**5 987 030**	**8,1 %**	**15 264 461**
Non-technical account				
Investment income	6 770 349	5 753 082	17,7 %	11 536 194
Investment expenses	-2 258 378	-2 516 257	-10,2 %	-3 803 669
Other income and expenses	139	19 224	-99,3 %	20 432
Direct taxes on ordinary operations	-2 195 281	-1 853 309	18,5 %	-4 539 250
Net profit/loss for the financial year	**8 790 386**	**7 389 769**	**19,0 %**	**18 478 169**

Balance Sheet

Assets EUR	30 Jun 2026	30 Dec 2025	Change, %
Intangible assets			
Goodwill	9 943	19 885	-50,0 %
	9 943	**19 885**	**-50,0 %**
Investments			
Real estate investments			
Real estate investment funds	2 322 074	2 403 594	-3,4 %
	2 322 074	**2 403 594**	**-3,4 %**
Other investments			
Shares and participations	36 093 402	37 235 069	-3,1 %
Debt securities	114 931 319	114 417 914	0,4 %
	151 024 721	**151 652 983**	**-0,4 %**
Total	**153 346 795**	**154 056 577**	**-0,5 %**
Receivables			
Arising out of direct insurance operations			
From policy holders	4 591 194	6 232 584	-26,3 %
Arising out of reinsurance operations	44 212	53 026	-16,6 %
Other receivables	0	0	#DIV/0!
	4 635 406	**6 285 611**	-26,3 %
Other assets			
Tangible assets			
Other tangible assets	48 365	48 365	0,0 %
	48 365	**48 365**	**0,0 %**
Cash and bank balances	2 369 333	546 183	>100 %
Total	**2 417 699**	**594 548**	>100 %
Prepayments and accrued income			
Accrued interest and rental income	1 557 116	1 862 560	-16,4 %
Other accrued income	148 835	249	>100 %
	1 705 951	**1 862 809**	**-8,4 %**
TOTAL ASSETS	**162 115 794**	**162 819 431**	**-0,4 %**

Equity and liabilities EUR	30 Jun 2026	30 Dec 2025	Change, %
Shareholders' equity and reserves			
Share capital	10 200 000	10 200 000	0,0 %
Retained earnings	50 325 239	49 847 070	1,0 %
Profit / loss of the financial year	8 790 386	18 478 169	-52,4 %
Total	**69 315 625**	**78 525 239**	**-11,7 %**
Technical provisions			
Provision for unearned premiums	15 330 164	15 081 395	1,6 %
Reinsurers' share	-186 117	-14 070	>100 %
	15 144 047	**15 067 325**	**0,5 %**
Claims outstanding	552 855	622 407	-11,2 %
Reinsurers' share	-39 233	-39 250	0,0 %
	513 621	**583 157**	**-11,9 %**
Equalisation provision	64 882 125	65 919 532	-1,6 %
Total	**80 539 793**	**81 570 015**	**-1,3 %**
Provisions			
Other provisions	13 325	6 680	99,5 %
	13 325	**6 680**	**99,5 %**
Payables			
Arising out of direct insurance operations	38	24	>100 %
Arising out of reinsurance operations	33 620	42 497	-20,9 %
Other	9 671 085	270 369	>100 %
	9 704 743	**312 890**	**>100 %**
Accruals and deferred income			
Other accrued expenses	2 542 308	2 404 607	5,7 %
	2 542 308	2 404 607	5,7 %
TOTAL EQUITY AND LIABILITIES	**162 115 794**	**162 819 431**	**-0,4 %**