



LocalTapiola Finance Ltd

Report of the Board of Directors and
financial statements for 2022

business ID: 2856773-8

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Report of the Board of Directors for 2022

LocalTapiola Finance Ltd's (business ID 2856773-8) domicile is Helsinki and its address is Tietotie 9, 01530 Vantaa, Finland.

LocalTapiola Finance Ltd (LocalTapiola Finance) is part of LocalTapiola Group, the leading parent company of which is LocalTapiola General Mutual Insurance Company. LocalTapiola General Mutual Insurance Company's financial statements, which cover the consolidated financial statements for LocalTapiola Group, have been published on the LocalTapiola website at www.lahitapiola.fi.

LocalTapiola Finance operates as LocalTapiola Group's finance company in motor vehicle financing, with dealerships and importers as the main distribution channel. In addition to motor vehicle financing, LocalTapiola Finance works in strong cooperation with the LocalTapiola Group companies, also providing LocalTapiola's customers and partners with expertise in and financing solutions for machinery and equipment financing. LocalTapiola Finance was founded in 2017, and its financing activities were launched in February 2018.

1 Key events during the financial period

Our fifth year of operation was made challenging by the onset of the war in Ukraine, strong increases in interest rates and general uncertainty in the financial markets and in the economy, as well as being influenced by high inflation. A decline in Finnish car sales also contributed to the difficulty of the year 2022. Despite the markedly changed operating environment, LocalTapiola Finance continued to grow profitably also in 2022. Our sales achieved a growth of 23%, with new sales at more than EUR 1.4 billion. In December 2022, the monthly market share of new sales settled at a level of over 24%. In terms of the vehicle stock owned by finance companies, we also attained a market share of more than 15%.

During 2022, our finance portfolio increased to more than two billion and our customer numbers to more than one hundred thousand. In the course of its operation, LocalTapiola Finance has allowed Finnish companies and consumers to acquire over 170,000 vehicles.

In spite of the challenging and uncertain market, our finance position continued to strengthen further. The highlights of 2022 include the decision by Standard & Poor's to upgrade our credit rating by one notch to BBB, and the two new securitisation transactions we implemented and issued to the market.

Our enhanced, digitalised and highly automated processes and extremely motivated and highly skilled personnel ensured the provision of quick and high-quality services to our customers and partners. In 2022, our hire-purchase and leasing sales totalled EUR 1,443.5 million (EUR 1,176.2 million). The finance portfolio under our management was EUR 2,205 million, and our operating profit increased more than 51% to EUR 21.0 million (EUR 13.9 million).

2 Events after the financial period

No significant events after the financial period.

3 Future prospects

The challenging economic situation will reflect into our business in 2023. Car sales will continue to face challenges, and consumer confidence in the future is eroding. In our annual plan, we have taken steps to prepare for deterioration of our customers' payment patterns. Our extremely high-quality portfolio, our level of provisions and the active measures we are taking to ensure the solvency of our customers will keep the impacts low. The record-breaking increases in interest rates will, however, clearly weaken our profitability, as the increased market interest rates can be passed on to our customer pricing only with a delay. Nevertheless, profitability will improve when the market interest rates stabilise and the margin of new sales strengthens. To protect against increased market interest rates, we employ interest rate hedging, which covers more than one half of our external refinance. This contributes to bringing stability to our efforts to maintain profitability. Our strong external refinance, strong support from LocalTapiola Group, and our co-operation with dealerships lay an excellent foundation for 2023. We see the year that has started as positive, in spite of the uncertainty that continues to prevail in the financial and motor vehicle markets. Our strong market position and a profitable growth of that position are realistic targets for 2023. We continue to invest in the development of our product concept and automated efficient processes, and we are confident that we can offer our end-clients increasingly competitive products while helping our dealership partners to step up the sales of cars, financing and insurance policies alike.

4 Governance

4.1 Board of Directors

During the financial period, the company's Board of Directors comprised:

Jari Eklund, Chair of the Board of Directors
Matti Kiviniemi, Deputy Chair of the Board of Directors
Ari Lagerström
Mika Sutinen
Teemu Toivanen

4.2 Managing Director

Arttu Nykänen serves as LocalTapiola Finance's Managing Director, and Hannu Heliö is Deputy Managing Director.

4.3 Auditor

KPMG Oy Ab serves as the company's auditor, and the principal auditor appointed by KPMG Oy Ab is Timo Nummi, Authorised Public Accountant.

4.4 Personnel and remuneration

At year-end, LocalTapiola Finance employed a total of 74 persons (31 December 2021: 69 persons).

The company has in place a special remuneration scheme, which covers the management and other personnel. It is part of the remuneration package and is based on annual bonuses, although some of the elements on which remuneration is based may measure periods that are longer than one year. As part of the special remuneration scheme, some of our personnel are provided with an opportunity for a specific supplementary pension.

5 Sustainability and responsibility

LocalTapiola Finance follows LocalTapiola Group's sustainability principles and Code of Conduct.

For us, sustainability is about:

- promoting the security, well-being and success of people and communities;
- shouldering financial responsibility;
- investing in the work community;
- reducing our environmental and climate impact;
- risk management; and
- active participation in developing local communities and our society.

LocalTapiola is proactive in safeguarding the life and business of its owner-customers. We strive to raise the security and well-being of our customers and society. The sustainability themes laid down in LocalTapiola Group's sustainability roadmap also steer the activities of LocalTapiola Finance. As part of this effort, LocalTapiola Finance is committed to aiming towards carbon neutrality in its own business by 2025. The company strives to systematically reduce its carbon footprint by transitioning to low-emission company cars and mobility as well as by cutting down on paper consumption through increased digital services. In addition, we strive to save energy in the daily activities of our office.

In addition to the carbon neutrality target, LocalTapiola Finance offsets, through the CO₂ offsetting programme launched in 2019, the emissions from its consumer customers' cars for the duration of their contract period. This applies to cars financed with LocalTapiola Finance hire-purchase or leasing finance and insured by motor liability and comprehensive motor vehicle insurance granted by LocalTapiola Group or Turva Mutual Insurance Company, in accordance with the rules of the carbon offsetting programme valid from time to time. By the end of 2022, LocalTapiola Finance had acquired carbon offsetting equivalent to over 210,000tCO₂e from the Clean Development Mechanism projects under the UN's climate deal.

The carbon offsetting programme is described in more detail at the LocalTapiola Finance Autotie.fi website, through which consumers can also search for low-emission and carbon offsetting compatible vehicles and calculate the emission load from their own use of cars. These efforts help us guide consumers towards reducing emissions from their use of cars. In addition to the carbon neutrality actions and carbon offsetting, we have contributed to and participated in LocalTapiola Group's nationwide and regional sustainability initiatives and campaigns.

[Proposal by the Board of Directors to the Annual General Meeting](#)

The Board of Directors proposes that the profit for the financial period, 13,618,104.45, be recognised in the company's profit and loss account and that no dividend be distributed.

Financial statements for 1 January–31 December 2022

6 LocalTapiola Finance Ltd primary financial statements

6.1 Balance sheet

		31 December 2022	31 December 2021
ASSETS			
Receivables from credit institutions	1	165,664,204.36	80,862,679.43
Receivables from the public and public-sector entities	2	717,562,066.88	684,402,155.35
Leasing assets	3	228,813,435.51	216,437,856.13
Intangible assets	4, 6	2,130,032.17	2,670,141.56
Tangible assets	5, 6		
Other tangible assets		85,885,527.85	47,972,516.64
Other assets	7	498,015.66	1,483,618.36
Accrued income and prepaid expenses	8.13	46,121,219.75	11,033,236.83
Assets, total		1,246,674,502.18	1,044,862,204.30
LIABILITIES			
Liabilities			
Loans to Group companies	9	485,408,160.00	328,450,000.00
Loans to credit institutions	9	160,748,924.15	183,941,733.73
Bonds	9	180,522,660.00	187,026,773.13
Commercial papers	9	210,213,724.29	202,193,630.69
Other liabilities	10		
Trade payables		599,599.33	391,371.33
Other liabilities		280,417.31	5,742,395.33
Accrued expenses and advances received	11.13	39,823,127.24	11,656,514.68
Liabilities, total		1,077,596,612.32	919,402,418.89
Capital and reserves			
Share capital	12	16,376,803.20	16,376,803.20
Unrestricted funds	12		
Invested unrestricted equity fund	12	65,507,212.80	65,507,212.80
Profit (loss) for previous financial periods	12	11,575,769.41	3,320,413.40
Profit (loss) for the financial period	12	13,618,104.45	8,255,356.01
Equity subordinated loan	12	62,000,000.00	32,000,000.00
Capital and reserves, total		169,077,889.86	125,459,785.41
Liabilities, total		1,246,674,502.18	1,044,862,204.30

6.2 Profit and loss account

		1 January 2022– 31 December 2022	1 January 2021– 31 December 2021
Interest income	14	45,581,506.90	29,813,057.30
Net income from leasing activities	15	7,720,989.62	5,094,007.66
Interest expenses	16	-12,576,923.58	-6,156,603.72
NET INTEREST INCOME		40,725,572.94	28,750,461.24
Commissions and fees	17	39,417,123.39	5,502,587.19
Commission expenses	18	-37,499,410.97	-1,184,625.08
Other operating income			
Operating expenses			
Personnel costs			
Salaries and other short-term benefits	19	-7,764,532.75	-6,228,818.55
Social security costs	19		
Pension costs	19	-1,270,043.04	-990,155.03
Other social security costs	19	-206,444.96	-168,751.16
Other administrative expenses	19	-9,574,949.13	-6,796,998.40
Depreciation, amortisation and impairment on tangible and intangible assets	20	-604,242.35	-623,993.89
Other operating expenses	21	-1,333,037.95	-1,546,974.36
Credit losses	22	-873,761.02	-2,829,636.24
OPERATING PROFIT (LOSS)		21,016,274.16	13,883,095.72
Income taxes		-7,398,169.71	-5,627,739.71
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		13,618,104.45	8,255,356.01

6.3 Notes to the financial statements

6.3.1 Notes to balance sheet items

	2022	2021
1. Receivables from credit institutions		
From Finnish credit institutions		
Repayable on demand	165,664,204.36	80,862,679.43
2. Receivables from the public and public-sector entities		
Companies	179,390,516.72	164,256,517.28
Households	538,171,550.16	520,145,638.07
Receivables from the public and public-sector entities, total	717,562,066.88	684,402,155.35
3. Leasing assets		
Advance payments	-29,957.71	-51,009.16
Machinery and fleet	228,843,393.22	216,488,865.29
Leasing assets, total	228,813,435.51	216,437,856.13
4. Intangible assets	2,130,032.17	2,670,141.56
5. Tangible assets		
Tangible assets	264,010.96	324,431.62
Other tangible assets	85,621,516.89	47,648,085.02
Tangible assets, total	85,885,527.85	47,972,516.64
6. Changes in tangible and intangible assets during the financial period		
Intangible assets		
Acquisition cost 1 Jan.	4,322,432.32	4,322,432.32
Increases	0.00	0.00
Decreases	0.00	0.00
Acquisition cost 31 Dec.	4,322,432.32	4,322,432.32
Accumulated depreciation, amortisation and impairment 1 Jan.	-1,652,290.76	-1,112,181.36
Accumulated depreciation and amortisation of decreases	0.00	0.00
Planned depreciation and amortisation during the financial period	-540,109.39	-540,109.40
Accumulated depreciation, amortisation and impairment 31 Dec.	-2,192,400.15	-1,652,290.76
Book value 31 Dec.	2,130,032.17	2,670,141.56
Tangible assets		
Acquisition cost 1 Jan.	683,252.45	431,599.54
Increases	71,416.37	314,193.53
Decreases	-43,833.38	-62,540.62
Acquisition cost 31 Dec.	710,835.44	683,252.45
Accumulated depreciation, amortisation and impairment 1 Jan.	-358,820.83	-250,676.96
Accumulated depreciation and amortisation of decreases		
Planned depreciation and amortisation during the financial period	-88,003.65	-108,143.87
Accumulated depreciation, amortisation and impairment 31 Dec.	-446,824.48	-358,820.83
Book value 31 Dec.	264,010.96	324,431.62

7. Other assets	498,015.66	1,483,618.36
8. Accrued income and prepaid expenses	46,121,219.75	11,033,236.83
9. Loans to the public and public-sector entities		
Loans to Group companies	485,408,160.00	328,450,000.00
Loans to credit institutions	160,748,924.15	183,941,733.73
Bonds	180,522,660.00	187,026,773.13
Commercial papers	210,213,724.29	202,193,630.69
Loans to the public and public-sector entities, total	1,036,893,468.44	901,612,137.55
10. Other liabilities		
Trade payables	599,599.33	391,371.33
Other liabilities	280,417.31	5,742,395.33
Other liabilities, total	880,016.64	6,133,766.66
11. Accrued expenses and advances received	39,823,127.24	11,656,514.68
12. Capital and reserves		
Share capital	16,376,803.20	16,376,803.20
Invested unrestricted equity fund	65,507,212.80	65,507,212.80
Profit (loss) for previous financial periods	11,575,769.41	3,320,413.40
Profit (loss) for the financial period	13,618,104.45	8,255,356.01
Equity subordinated loan	62,000,000.00	32,000,000.00
Capital and reserves, total	169,077,889.86	125,459,785.41

The loan is a subordinated loan within the meaning of Chapter 12 of the Limited Liability Companies Act (624/2006), in addition to which it is an equity loan. The loan is recognised in the company's capital and reserves as a separate item after unrestricted capital. The loan has no maturity date but the company has a right, but not an obligation, to redeem the loan. The loan is senior to the company's other equity items. The loan has an interest rate of the 6-month Euribor plus a variable margin.

13. Interest rate derivative contracts	2022	
	Book value	Fair value
Accrued income		
Derivatives-trading collateral given		
Derivative contracts	29,162,182.00	29,162,182.00
Accruals and deferred income		
Derivatives-trading collateral received	670,000.00	670,000.00
Derivative contracts	27,369,607.00	27,369,607.00
	2021	
	Book value	Fair value
Accrued income		
Derivatives-trading collateral given	630,000.00	630,000.00
Derivative contracts	521,703.98	521,703.98
Accrued expenses		
Derivatives-trading collateral received		
Derivative contracts	860,574.64	860,574.64

6.3.2 Notes to the profit and loss account

	2022	2021
14. Interest income		
Interest income on receivables from the public and public-sector entities	45,581,506.90	29,813,057.30
15. Net income from leasing activities		
Leasing income	54,626,573.64	35,137,155.01
Leasing depreciation	-46,905,584.02	-30,043,147.35
Net income from leasing activities	7,720,989.62	5,094,007.66
16. Interest expenses		
Interest expenses	12,576,923.58	6,156,603.72
17. Commissions and fees	39,417,123.39	5,502,587.19
Valuation income from derivatives	28,640,478.02	521,703.98
Other commissions and fees	10,776,645.37	4,980,883.21
18. Commission expenses	37,499,410.97	1,184,625.08
Derivatives valuation expenses	26,150,844.29	569,362.71
Other commission expenses	11,348,566.68	615,262.37
19. Administrative expenses		
Salaries and other short-term benefits	7,764,532.75	6,228,818.55
Pension costs	1,270,043.04	990,155.03
Other employer contributions	206,444.96	168,751.16
Personnel costs, total	9,241,020.75	7,387,724.74
Other administrative expenses	9,574,949.13	6,796,998.40
Operating expenses, total	18,815,969.88	14,184,723.14
20. Depreciation, amortisation and impairment on tangible and intangible assets		
Planned amortisation and depreciation	628,113.04	648,253.27
Impairment	-23,870.69	-24,259.38
Depreciation, amortisation and impairment, total	604,242.35	623,993.89
21. Other operating expenses		
Rental expenses	401,865.89	580,430.74
Other expenses	931,172.06	966,543.62
Total	1,333,037.95	1,546,974.36
22. Credit losses		
Credit losses on receivables	1,922,087.92	2,015,799.25
Credit loss provisions	1,110,512.36	1,180,541.98
Credit losses returned	-2,158,839.26	-366,704.99
Total	873,761.02	2,829,636.24

23. Rental liabilities		
Amount due in the financial period started	327,782.04	303,848.88
Amount due in following years	300,466.87	582,377.02
24. Floating charges		
Loans from credit institutions	65,000,000.00	65,000,000.00
Floating charges given as collateral	100,000,000.00	100,000,000.00
25. Other contingent liabilities		
Securitisation liabilities	1,372,155,714.78	893,103,665.82
26. Number of personnel at end of financial period	74	69
27. Related party transactions		
The company has no related party transactions that would have been material or concluded on terms other than ordinary. At 31 December 2022, the receivables from the company's related parties totalled €159,648.30.		
28. Fees paid to the auditor		
Statutory audit	32,488.00	30,504.00
Other services	21,204.00	0.00

7 Accounting principles

LocalTapiola Finance Ltd's financial statements and Report of the Board of Directors are prepared in accordance with the Finnish Accounting Act and Decree; the Act on Investment Services; the Act on Credit Institutions; the Ministry of Finance's decree on the financial statements, consolidated financial statements and report of the Board of Directors of credit institutions and investment firms; the regulations and instructions of the Financial Supervisory Authority; and the general guidelines of the Accounting Board.

LocalTapiola Finance Ltd is owned by LocalTapiola General Mutual Insurance Company and the regional non-life insurance companies part of LocalTapiola Group. LocalTapiola Finance Ltd's (business ID 2856773-8) domicile is Helsinki and its address is Tietotie 9, 01530 Vantaa, Finland. The Board of Directors approved the financial statements for 1 January 2022–31 December 2022 at its meeting on 21 February 2023.

7.1 Summary of key accounting principles

The **receivables from credit institutions** item includes the deposits made with credit institutions. Receivables to be repaid no later than within one day of cancellation are considered receivables repayable on demand. Negotiable receivables from credit institutions are not recognised in the balance sheet item.

Receivables from the public and public-sector entities are loans receivable carried at amortised cost less any realised credit losses and impairment losses.

Leasing assets are recognised in the balance sheet at acquisition cost, and depreciation is recognised in accordance with the annuity method.

In **intangible assets**, the design expenses of IT systems acquired for value are activated as other long-term expenditure. They are depreciated over a period of 10 years from commissioning, or over a shorter economic period of utilisation.

The **tangible assets** balance sheet item comprises fleet, which is presented in the balance sheet at acquisition cost less planned amortisation and depreciation. The annual depreciation rate of fleet is 25% of net expenditure, excluding consignment items and items written down, which are not depreciated.

Derivative contracts are used for hedging against the interest rate risk. In accounting, derivatives are treated as non-hedging and they are recognised at fair value through profit or loss.

Impairment losses on loans and other receivables. For each receivable, the company evaluates whether there is evidence of any impairment of the asset item in question. At the same time, the future cash flows allocated to the receivable, the coverage of the collateral and the customer's repayment ability are all assessed. Impairment losses are deducted on the balance sheet from the receivables to which they are allocated. All collected items already recognised as credit losses earlier, and reversals of impairments, are recognised as decreases of impairment losses.

Liabilities are carried at amortised cost.

Interest income and interest expenses are calculated and amortised using the effective interest method, taking account of the items included in the effective interest calculation.

Under **commissions and fees and commission expenses**, commissions are recognised when the service or separate measure has been carried out.

In the notes, securitisation related receivables are presented as an **off-balance-sheet contingent liability**.

Signatures for the Report of the Board of Directors and financial statements

In Vantaa, 21 February 2023

Jari Eklund
Chair of the Board of Directors

Matti Kiviniemi

Ari Lagerström

Mika Sutinen

Teemu Toivanen

Arttu Nykänen
Managing Director



Auditor's note

A report has been issued today on the audit performed.

On the day of electronic signature

KPMG Oy Ab

Timo Nummi,

Authorised Public Accountant


Signature receipt

Signature made in the SignSpace service Date:

2023-02-21 18:36:34 (EET)

Verification code: J1TDUCMX5PWN7IUULWHX7POVZEYWOBEVCN5
2WG8JVMWJ7TKD3B4CK3LM0JJ2SA325FQQLICUS3ZQPSS6VS0XD
TEEQF87ANGDVUP1MLAHRVY664GC2HHNGYX6CV51VV92



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f62de634af4bfb2e6893713586c803c3c00d4fedbf85612478f7705c3c5fd75b

has been electronically signed in the SignSpace service.

Full name registered: **Teemu Tapani Toivanen**

Signature type: **Advanced electronic signature**
Identification method: **Bank identification** Country of
identity provider: **FI**
Holder of certificate: **Platform of Trust Oy**
Issuer of certificate: **Digital and Population Data Services Agency**

Teemu Tapani Toivanen

Signed 2023-02-21 13:22:40 (EET)

Full name registered: **Arttu Juhani Nykänen**

Signature type: **Advanced electronic signature**
Identification method: **Bank identification**
Country of identity provider: **FI**
Holder of certificate: **Platform of Trust Oy**
Issuer of certificate: **Digital and Population Data Services Agency**

Arttu Juhani Nykänen

Signed 2023-02-21 14:31:18 (EET)

Full name registered: **Jari Henri Eklund**

Signature type: **Advanced electronic signature**
Identification method: **Bank identification**
Country of identity provider: **FI**
Holder of certificate: **Platform of Trust Oy**
Issuer of certificate: **Digital and Population Data Services Agency**

Jari Henri Eklund

Signed 2023-02-21 15:06:51 (EET)

Full name registered: **Ari Edvard Lagerström**

Signature type: **Advanced electronic signature**
Identification method: **Bank identification**
Country of identity provider: **FI**
Holder of certificate: **Platform of Trust Oy**
Issuer of certificate: **Digital and Population Data Services Agency**

Ari Edvard Lagerström

Signed 2023-02-21 15:18:44 (EET)

Full name registered: **Mika Esko Petteri Sutinen**

Signature type: **Advanced electronic signature**
Identification method: **Mobile ID**
Country of identity provider: **FI**
Holder of certificate: **Platform of Trust Oy**
Issuer of certificate: **Digital and Population Data Services Agency**

Mika Esko Petteri Sutinen

Signed 2023-02-21 15:57:39 (EET)

Full name registered: **Matti Olavi Kiviniemi**

Signature type: **Advanced electronic signature**
Identification method: **Mobile ID**
Country of identity provider: **FI**
Holder of certificate: **Platform of Trust Oy**
Issuer of certificate: **Digital and Population Data Services Agency**

Matti Olavi Kiviniemi

Signed 2023-02-21 18:36:34 (EET)

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The original document version, which contains the relevant non-repudiation data, is stored in the SignSpace service. Based on the document, a version is created for distribution. This version includes a PDF-format signature page as the last page of the PDF document or, in the case of some other file format, as a separate PDF file. The non-repudiation data are available through the SignSpace customer service.

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- The document may be a single PDF file with a signature page at the end, or an entity composed of one or several files and a related PDF-format signature page.
- The verifier opens the www.signspace.fi/verification-fi.html website.
- The verifier uploads into the service the signed document together with the signature page and is informed of the outcome of the checks which the system makes.

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Signature receipt

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Verification code: X2Y6QR00IIIRT1CIPHH4E2294J8OU4CORJ0LUO
WX5HWPPSXH9RADSCIBC560ANH0S9JSJO46FJR6UKT6TVVWVZM
DE9WKD0UGXA7XKWKVE8ESCROEMQGBZIM51DTJC1CHF



 **LähiTapiola_Rahoitus_tilinpäätös_2022.pdf (16 pages)**

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has been electronically signed in the SignSpace service.

Full name registered: **Timo Erkki Nummi**

Signature type: **Advanced electronic signature**
Identification method: **Bank identification**
Country of identity provider: **FI**
Holder of certificate: **Platform of Trust Oy**
Issuer of certificate: **Digital and Population Data Services Agency**

Timo Erkki Nummi

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Audit Report

To the Annual General Meeting of LocalTapiola Finance Ltd

Financial statement audit

Opinion

We have performed an audit on LocalTapiola Finance Ltd's (business ID 2856773-8) financial statements for the 1 January–31 December 2022 financial period. The financial statements comprise the balance sheet, the profit and loss account and the notes.

It is our opinion that the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the provisions in force in Finland governing the drawing up of financial statements, and that they satisfy legislative requirements.

Reasons for the opinion

We have performed the audit in accordance with standard and accepted practice within the Finnish audit profession. Our responsibilities pursuant to standard and accepted practice within the audit profession are described in more detail in the section *Auditor's responsibilities for the audit of financial statements*. We are independent of the company in accordance with the ethical requirements followed in Finland that concern the audit we have performed, and we have satisfied our other ethical obligations set forth in these requirements. It is our understanding that we have obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Requirements of the Board of Director and Managing Director for the financial statements

The Board of Directors and the Managing Director are responsible that the financial statements are prepared such that they give a true and fair view in accordance with the provisions in force in Finland governing the drawing up of financial statements, and that they satisfy legislative requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine to be necessary in order to be able to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, the auditor exercises professional judgment and maintains professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Board of Director's and Managing Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for other information. The other information comprises the Report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

We are required to read the other information when auditing the financial statements and, in doing so, to identify whether the other information is materially inconsistent with the financial statements or the knowledge we obtained in the audit or otherwise appears to be materially misstated. In addition, we are required to evaluate whether the Report of the Board of Directors is prepared in accordance with the provisions governing its preparation.

It is our opinion that the information contained in the Report of the Board of Directors and in the financial statements is consistent and that the Report of the Board of Directors is prepared in accordance with the provisions governing the preparation of the Report.

If, based on the work we have completed, we conclude that the Report of the Board of Directors contains material misstatement, we are required to report on this. Regarding this, we have nothing to report.

Helsinki, 1 March 2023 KPMG OY AB

Timo Nummi
 Authorised Public Accountant



LocalTapiola Finance Ltd's Audit Report 2022

This signature annex concerns all the documents and annexes shown in this preview (jointly “the Documents”). By electronically signing this signature annex I hereby confirm that I have read and understood the terms and conditions contained in the Documents and that I accept them (under an appropriate authorisation where needed).

This document set contains the following documents: Document

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LähiTapiola Rahoitus Oy ttk 2022 ei rl(14068289.1).pdf

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Signatories

KPMG Oy Ab

Timo Nummi, auditor

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LähiTapiola Rahoitus Oy ttk 2022 ei rl(14068289.1).pdf

the hash function of which is:

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Signatories:

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