



LocalTapiola Asset Management Ltd

Report of the Board of Directors and
financial statements for 2024

Business ID: 1604393-7

Table of contents

Report of the Board of Directors for 2024.....	1
1 Key information.....	1
2 The economic environment.....	2
3 Key events during the financial period	2
4 Solvency and the risk position.....	6
5 Risk management of the group.....	7
6 Sustainable investments	8
7 Events after the financial period	9
8 Future prospects	9
9 Governance.....	10
10 Personnel and remuneration	12
11 Proposal on the use of the profit for the financial period	13
Financial statements for 1 January–31 December 2024	14
12 Financial statements for LocalTapiola Asset Management Ltd Group	14
13 Financial statements for LocalTapiola Asset Management Ltd.....	26
14 Accounting principles	37
15 Notes on risk management of the group.....	38
Signatures for the report of the Board of Directors and financial statements	40
Auditor’s note	41

Report of the Board of Directors for 2024

LocalTapiola Asset Management Ltd (business ID 1604393-7) is domiciled in Espoo, and its address is Revontulenkujä 1, 02100 Espoo, Finland.

LocalTapiola Asset Management Ltd Group (LocalTapiola Asset Management Group) comprises its parent company, LocalTapiola Asset Management Ltd (LocalTapiola Asset Management), and subsidiaries Seligson & Co Fund Management Company Plc (Seligson & Co), LocalTapiola Real Estate Asset Management Ltd (LocalTapiola Real Estate Asset Management), LocalTapiola Alternative Investment Funds Ltd (LocalTapiola Alternative Investment Funds) as well as the subsidiaries founded for the purposes of the investment structures of these companies.

LocalTapiola Asset Management acts as asset manager for the LocalTapiola funds that invest in fixed-income and equity investments and in private equity funds, and it acts as asset manager for investor clients and the LocalTapiola Group companies. By providing asset management and investment advice and transmitting orders to funds, LocalTapiola Asset Management delivers comprehensive and cost-effective investment services to institutional investors, enterprises, institutions and private clients. In addition, the company acts as insurance intermediary for LocalTapiola Mutual Life Insurance Company. Seligson & Co manages mutual funds (UCITS) pursuant to the Act on Common Funds. These mutual funds include the LocalTapiola funds and the Seligson & Co funds. LocalTapiola Real Estate Asset Management administers the real estate assets of the LocalTapiola Group companies, while LocalTapiola Alternative Investment Funds manages real estate funds, private equity funds and private debt funds pursuant to the Act on Alternative Investment Funds Managers.

The investment services provided by LocalTapiola Asset Management Group are part of LocalTapiola Group's integrated package of services.

LocalTapiola Asset Management is owned by LocalTapiola Mutual Life Insurance Company (LocalTapiola Life), LocalTapiola General Mutual Insurance Company (LocalTapiola General) and the regional non-life insurance companies part of LocalTapiola Group. LocalTapiola Asset Management Group is consolidated into the consolidated financial statements of LocalTapiola Group. The financial statements of the leading parent company of LocalTapiola Group, LocalTapiola General (business ID 0211034-2), are available at www.lahitapiola.fi.



1 Key information

- Group's operating result: EUR -2.7 million (EUR -4.2 million).
- Group's operating result excluding amortisation of goodwill on consolidation: EUR 4.3 million (EUR 2.5 million)
- Group's turnover: EUR 60 million (EUR 56.9 million)
- Group's assets under management (gross): EUR 32.3 billion (EUR 28.6 billion)
- Group's client assets under management (net): EUR 15.9 billion (EUR 14.2 billion)
- Group's solvency ratio: 414.4 per cent (400.8%)

In the form of various service packages, we provide responsible asset management services that enable wide asset-class diversification. The most notable packages include Institutional Asset Management, LocalTapiola Private Banking, and our investment solutions that implement the co-investment ideology. We invest our client assets under the same principles and in the same investment options in which we invest the assets of the LocalTapiola Group insurance companies. The LocalTapiola and the Seligson & Co funds cover an extensive range of active tactical funds as well as index funds.

LocalTapiola aims to promote investment as part of lifelong security, to expand the client base of our investment services and to increase the amount of client assets under management. Based on client needs, we develop the investment services of LocalTapiola Group in cooperation with LocalTapiola Life. At LocalTapiola Asset Management Group, we integrate responsible investment into everything we do.

2 The economic environment

In 2024, global economic growth continued near the previous year's level. Of the large economies, the strength of the United States continued to surprise, as did the weakness of the euro area. The economy was supported by a moderation of inflation, a reinforcement of purchasing power, the service sector and the eased monetary policy of central banks.

2.1 Fixed-income and equity investment market

2024 proved a strong year on the global equity markets. Share price increases were driven by large U.S. technology companies, similarly to the year before. The strong development of share prices was underpinned by an improved economic outlook and enhanced performance prospects, the AI enthusiasm and a strengthening of investor risk appetite. Furthermore, interest-rate cuts by central banks also supported the markets. Like the year before, development of the Finnish stock exchange remained lacklustre in international comparison.

For fixed-income investments, the year was profitable. Credit risk, in particular, rewarded investors, but yields from government bonds remained more subdued. In terms of fixed-income investments, investments in risky corporate bonds and emerging market fixed-income investments performed the best. On the foreign exchange market, the dollar gained on the euro, improving returns on dollar investments measured in EUR.

2.2 Private equity and private debt investment market

For private equity and private debt investments, 2024 continued largely in line with the previous year: transaction volumes remained low owing to differences of opinion between sellers and buyers. However, the levelling off of inflation and the interest-rate cuts made by central banks created hope for market participants late in the year that corporate acquisition activity would grow. Target enterprises have continued to perform clearly more strongly than expected and, consequently, valuations in the unlisted market have held their level comparably well. Overall, the situation has calmed down, but the main question is how will the economy at large develop and how will this affect the performance development and business operations of target enterprises.

As for success in the raising of funds, 2024 was challenging overall. The raising of funds for private equity and private debt funds was approximately a quarter lower than in 2023, decreasing 36% from the peak year of 2021.

Following the extremely strong fund-raising activity in previous years, private equity funds now hold historically record levels of capital waiting to be put to use. This should accelerate transaction activity, for the investment terms of funds are nearing their end.

2.3 Real estate investment market

In 2024, the real estate investment market rebounded, although uncertainty continued. Decreased interest rates and a stabilisation of inflation shifted market prospects in a slightly more positive direction late in the year. In spite of the more positive outlook, the 2024 transaction volume fell further to a record-low level of some EUR 2.2 billion. Return requirements increased moderately during the first half of the year, but particularly for the best investments, this increase would seem to have ended, and the latter part of the year even witnessed a slight decrease in return requirements in some places. However, markets are very polarised as regards different real estate types and locations. Financing conditions improved clearly during 2024 and, particularly for good investments, financing was available on sensible terms.

As a result of the accelerated green transition, climate change-related and sustainability-related criteria are assuming more importance than before in construction launches and in the investments made by real estate investors.

3 Key events during the financial period

Late in 2023, we initiated preparations for clarifying the structure of LocalTapiola Asset Management Group and the organisation of LocalTapiola Alternative Investment Funds. LocalTapiola Asset Management purchased the LocalTapiola Alternative Investment Funds shares from LocalTapiola Real Estate Asset Management, and LocalTapiola Alternative Investment Funds became a direct subsidiary of LocalTapiola Asset Management starting on 1 January 2024.

2024 was a year of growth. The number of clients of LocalTapiola Asset Management Group increased 4.3%, with client assets under management (net) growing 11.7%. We succeeded to increase investment sales to Private and institutional clients by 8 per cent year on year. LocalTapiola Asset Management Group's net sales to the external clients of LocalTapiola Group were positive.

In 2024, we strengthened investment sales activity by setting up, alongside the regional sales organisation, a sales team specialised in online sales that serves clients across the country. The online sales team achieved the targets set for it faster than expected.

In the course of 2024, we continued to invest in developing the client experience, inter alia, by launching a new Private Banking service model and customer value propositions, and by developing the Sijoitusmobiili (Investment mobile) service. In addition, a significant number of different product management measures were taken during 2024. New product launches included the LocalTapiola Private Equity VI LP fund, and the Private Equity Portfolio I investment basket of LocalTapiola Life. Investing in emerging markets was reformed as a result of changes to the rules of the LocalTapiola Emerging Markets fund.

Despite a challenging year on the real estate market, important refinancing and leasing negotiations for LocalTapiola-managed real estate investments progressed as planned. Redemptions in the LocalTapiola Investment Real Estate special mutual fund remained moderate and the liquidity situation good, as a result of which the fund remained open for subscriptions and redemptions throughout the entire year.

3.1 LocalTapiola Asset Management Group

LocalTapiola Asset Management Group's loss for the financial period was EUR 2.7 million (EUR -4.5 million), and shareholders' equity at the end of the financial period was EUR 66.3 million (EUR 69.1 million).

LocalTapiola Asset Management -group

Balance sheet summary

	(EUR M)	2024	2023
Receivables from credit institutions		56.3	52.1
Liabilities		21.2	20.7
Shareholders' equity		66.3	69.1
Balance sheet total		87.5	89.8

LocalTapiola Asset Management Group's turnover for 2024 was EUR 60 million (EUR 56.9 million). Market development in 2024 had a positive impact on assets under management and on the net commissions that the group received from them. Operating loss was EUR 2.7 million (EUR -4.2 million). Operating result improved, driven by increased net commissions in particular.

Operating result excluding amortisation of goodwill on consolidation was EUR 4.3 million (EUR 2.5 million), with the resulting cost/return ratio at 0.93 (0.96).

LocalTapiola Asset Management -group

Key figures describing financial development

	(% / EUR M)	2024	2023	2022
Capital and reserves (on average)		67.7	71.3	76.3
Balance sheet total (on average)		88.7	91.6	93.4
Net commissions		55.3	51.9	48.9
Turnover		60.0	56.9	53.7
Operating profit		-2.7	-4.2	-4.1
Operating profit of turnover		-4.5	-7.4	-7.7
Return on equity (ROE)		-4.0	-6.3	-7.2
Return on assets (ROA)		-3.1	-4.9	-5.9
Equity ratio		75.8	76.9	78.7
Cost/return ratio		0.93	0.96	0.98

The (gross) assets under management by the LocalTapiola Asset Management Group companies totalled EUR 32.3 billion (EUR 28.6 billion). Of these, EUR 15.2 billion (EUR 13.0 billion) was in assets in portfolio management, and EUR 12.7 billion (EUR 11.1 billion) was in fund capitals, EUR 1.6 billion (EUR 1.6 billion) in other contractually managed assets and EUR 2.8 billion (EUR 2.9 billion) in real estate.

As shown below, the operations of LocalTapiola Asset Management Group divide into three business areas, in which intra-group items are eliminated. The turnover and operating profit of the group were impacted the most by development of the fixed-income and equity investment business area. The business areas' net client assets under management totalled EUR 15.9 billion (EUR 14.2 billion).

LocalTapiola Asset Management -group

	(EUR M)	2024	2023
Turnover			
Fixed-income and equity investments		39.0	35.9
Private equity and private debt investments		4.9	3.5
Real estate		16.1	17.5
Total		60.0	56.9
Operating profit excluding consolidated goodwill			
Fixed-income and equity investments		3.4	0.6
Private equity and private debt investments		1.6	1.0
Real estate		-0.8	0.9
Total		4.3	2.5
Total assets under management (net)			
Fixed-income and equity investments		11,944.7	10,773.6
Private equity and private debt investments		1,739.1	1,315.2
Real estate		2,186.6	2,120.5
Total		15,870.4	14,209.3

3.1.1 Fixed-income and equity investment

Fixed-income and equity investment was supported by a positive market development, which increased the assets under management and net commission of this business area. Net subscriptions for mutual funds during the financial period were EUR 433 million (EUR 491 million), of which fixed-income funds accounted for EUR 339 million. Liquid client assets in portfolio management increased to EUR 7.3 billion (EUR 6.4 billion).

The management of six special mutual funds investing in securities was transferred from LocalTapiola Alternative Investment Funds to Seligson & Co on 1 January 2024, and the transferred special mutual funds were changed into mutual funds. In future, Seligson & Co will act as management company for all funds of the business area of fixed-income and equity investments.

The fund-specific rules of the LocalTapiola funds were changed on 1 November 2024. Custody and depositary fees will in future be levied from the funds' assets. At the same time, management fees were reduced, taking into account unit-holders' total expense load. This change was made to harmonise the fee structure of the Seligson & Co and the LocalTapiola funds.

For further information about the other changes made during the financial period to the funds of the business area of fixed-income and equity investments, and about the situation with the Russian Prosperity Fund Euro fund, which has been closed since 28 February 2022 as a result of the war in Ukraine, please see the annual report of the management company of the funds, Seligson & Co.

Turnover for the business area of fixed-income and equity investments was EUR 39.0 million (EUR 35.9 million), and operating profit was EUR 3.4 million (EUR 0.6 million). Net client assets for fixed-income and equity investments were EUR 11.9 billion (EUR 10.8 billion) at the end of the period under review.

3.1.2 Private equity and private debt investment

For the private equity funds administered by LocalTapiola Alternative Investment Funds, 2024 was rather successful. Performance of the private equity fund aggregate portfolio was above the market comparison products, and the chosen strategy proved to be resilient in the face of market developments. The investment period of LocalTapiola Private Equity V LP terminated in early 2024. LocalTapiola Private Equity VI LP held the first closing in May 2024, and in the third closing the fund's commitments increased to nearly EUR 380 million. The fund will remain open until at least May 2025. The fund's investment activity also started briskly. By the end of 2024, the fund had made four investment commitments to target funds.

The 2024 performance development of private debt funds was disappointing. The existing portfolio has some direct lending funds, for which 2024 proved extremely difficult. LocalTapiola Private Debt III LP held the last closing in June 2024, rendering the fund's final total commitments to EUR 310 million. By the end of 2024, the fund had made seven commitments to target funds. Planning for a new fund, LocalTapiola Private Debt IV LP, was launched at the end of 2024.

Turnover for the business area of private equity and private debt investments was EUR 4.9 million (EUR 3.5 million), and operating profit was EUR 1.6 million (EUR 1.0 million). Net client assets administered by this business area amounted to EUR 1.8 billion (EUR 1.3 billion) at the end of the period under review.

3.1.3 Real estate operations

In the year under review, the real estate division of LocalTapiola Asset Management Group carried out real estate investments worth a moderate EUR 17 million. New joins increased the surface area administered by LocalTapiola Community Forest to 8,477 hectares. Valuations of the real estate investments managed by LocalTapiola Asset Management Group declined moderately during the year under review, nevertheless maintaining positive overall returns. Changes in value have continued to show a broad range between different real estate sites and real estate structures.

The occupancy rates of commercial premises were successfully maintained at a good level in spite of the difficult market. The situation on the residential lease market took a turn for the better, and occupancy rates improved. Tenant satisfaction remained excellent. Sustainability work was continued actively, and policies were developed further.

Turnover for real estate operations was EUR 16.1 million (EUR 17.5 million), and operating loss was EUR 0.8 million (EUR 0.9 million). Client assets under management (net) were EUR 2.2 billion (EUR 2.1 billion) at the close of the period under review.

3.2 LocalTapiola Asset Management Ltd, parent company

LocalTapiola Asset Management's turnover, that is, income from investment services, was EUR 26 million (EUR 26.1 million). Market development in 2024 had a positive impact on assets under management and on the net commissions received from them.

LocalTapiola Asset Management's operating loss was EUR 4.8 million (EUR -4.2 million). The result for the financial period was EUR 4.0 million (EUR 2.8 million), ending up positive as a result of appropriations worth EUR 8.8 million.

LocalTapiola Asset Management

Balance sheet summary

	(EUR M)	2024	2023
Receivables from credit institutions		17.6	16.3
Liabilities		12.4	11.7
Shareholders' equity		80.1	76.1
Balance sheet total		92.5	87.8

LocalTapiola Asset Management's shareholders' equity was EUR 80.1 million (EUR 76.1 million). This change in shareholders' equity was mainly due to the retained earnings accrued during the financial period.

LocalTapiola Asset Management

Result summary

	(EUR M)	2024	2023
Net commissions		21.8	19.7
Income from investment services		26.0	26.1
Administrative expenses		-29.6	-29.2
Operating profit		-4.8	-4.2
Result for the financial period		4.0	2.8

The assets under management (gross) by LocalTapiola Asset Management increased to EUR 15,187.3 million (EUR 12,985.9 million).

LocalTapiola Asset Management

Key figures describing financial development

	(% / EUR M)	2024	2023	2022
Capital and reserves (on average)		78.1	74.7	47.1
Balance sheet total (on average)		90.2	87.4	56.8
Net commissions		21.8	19.7	19.2
Turnover		26.0	26.1	24.6
Operating profit		-4.8	-4.2	-5.7
Operating profit of turnover		-18.6	-16.1	-23.2
Return on equity (ROE)		-6.2	-5.6	-12.2
Return on assets (ROA)		-5.4	-4.8	-10.1
Equity ratio		86.6	86.6	84.3
Cost/return ratio		1.2	1.2	1.2

4 Solvency and the risk position

4.1 Prudential management of the group

The prudential management process of LocalTapiola Asset Management Group consists of Pillar I solvency calculation and reporting under the Investment Firms Regulation and Directive (IFR/IFD), which entered into effect in 2021, as well as consisting of the group's own internal capital and risk assessment model (ICARA). The own risk assessment deepens the Pillar I calculation, taking into account the material risks to operations not covered by Pillar I calculation. These include risks associated with the operating environment and with the changes taking place in it that may, by way of the group's results, exercise an impact on solvency. In the course of annual planning, the Board determines the guidelines for the risk appetite of LocalTapiola Asset Management Group, by setting target levels for the ratio of own funds to the capital requirements. Solvency calculation is carried out, and the results are reported to the Board, on a quarterly basis or more frequently, and as needed.

At the close of 2024, the solvency ratio of LocalTapiola Asset Management Group was 414.4 per cent, meaning the solvency position was excellent. All of the own funds consisted of own funds items recognised as Common Equity Tier 1.

4.2 Solvency position

LocalTapiola Asset Management -group

Solvency calculation

		(% / EUR M)	
	Balance sheet *)	2024	2023
Own funds		50.4	46.2
Tier 1 capital		50.4	46.2
Common equity tier 1 capital		50.4	46.2
Fully paid up capital instruments	a	0.9	0.9
Additional paid-in capital and non-restricted reserves	b, c	58.1	58.1
Retained earnings	d	10.0	14.5
Profit for previous periods		10.0	14.5
Total deductions from common equity tier 1		-18.6	-27.3
Losses for the current financial year	e	-2.7	-4.5
Other intangible assets	f	-15.5	-22.4
CET1 instruments of financial sector entities where the institution does not have a significant investment	g	-0.5	-0.5
Capital requirement for own funds			
Fixed overheads		48.7	46.1
Capital requirement		12.2	11.5
Solvency ratio (CET1+AT1+T2, min. 100%)		414.4	400.8
Solvency ratio Tier 1 Capital (CET1+AT1/requirement, min. 75%)		414.4	400.8
Solvency ratio Common equity tier 1 capital (CET1/requirement, min. 75%)		414.4	400.8

Balance sheet *) reconciliation to the balance sheet of the financial statements

Note g includes investments in instruments of financial corporations included in the balance

LocalTapiola Asset Management

Solvency calculation

		(% / EUR M)	
	Balance sheet *)		
		2024	2023
Own funds		14.4	15.2
Tier 1 capital		14.4	15.2
Common equity tier 1 capital		14.4	15.2
Fully paid up capital instruments	a	0.9	0.9
Additional paid-in capital	b, c	58.1	58.1
Retained earnings	d	17.0	14.3
Profit for previous periods		17.0	14.3
Total deductions from common equity tier 1		-61.7	-58.1
Other intangible assets	f	-0.2	-0.1
Qualifying holding outside the financial sector which exceeds 15% of own funds	g	-10.7	-10.7
CET1 instruments of financial sector entites where the institution does not have a significant investment	g	-0.4	-0.4
CET1 instruments of financial sector entities where the institution has a significant investment	g	-50.4	-46.9
Capital requirement for own funds			
Fixed overheads		26.7	25.7
Capital requirement		6.7	6.4
Solvency ratio (CET1+AT1+T2, min. 100%)		215.5	237.1
Solvency ratio Tier 1 Capital (CET1+AT1/requirement, min. 75%)		215.5	237.1
Solvency ratio Common equity tier 1 capital (CET1/requirement, min. 75%)		215.5	237.1

Balance sheet *) reconciliation to the balance sheet of the financial statements

Note g includes investments in instruments of financial corporations included in the balance

5 Risk management of the group

Risk management at LocalTapiola Asset Management Group is based on current legislation and the regulations and guidelines issued pursuant to current legislation. The group complies with the risk and prudential management principles of LocalTapiola Group, and the group's risk management process is part of the risk management process of LocalTapiola Group.

The Boards of Directors of the LocalTapiola Asset Management Group companies have overall responsibility for organising risk management at the companies. In the risk management plan approved annually, the Boards define the targets and limits for risk-taking, and they are responsible for organising risk management, monitor the level and development of risk-taking on a regular basis and, where appropriate, decide on the necessary risk management measures. On an annual basis, the risk management functions provide to the company's Boards a statement on the achievement of the risk management plan. As well as developing risk management capabilities, the risk management functions support business with efforts to implement the risk management process. The risk management function of the parent company also monitors the overall risk position of the group.

Executive management and the business units are responsible for ensuring that the management of operational risks complies with the law and the LocalTapiola Group risk management frameworks. Internal audit supports the management and the Board with developing supervision and risk management.

The risk management process includes a risk survey, carried out in the context of annual planning, that assesses the financial and operational risks to which the group may be exposed. It also assesses risks associated with the operating environment and the strategy. The risks assessed to have the greatest operational relevance are recorded in the risk management plan, and risk management measures are defined for them.

During annual planning, the key sustainability risks to which Asset Management Group is exposed are also identified. The risk management principles are updated at least once a year.

More detailed description of risk management

The risk notes to the financial statements describe in further detail the organisation of risk management, the risk levels and how the various risk classes are monitored.

6 Sustainable investments

During the financial period, sustainable investment cooperation between the LocalTapiola Asset Management Group companies was intensified further, inter alia, by strengthening the role of the group's Sustainable Investment Steering Group. During the year, the Steering Group was part of the management system and determined guidelines for common sustainable investment priorities. Sustainable investment activities are increasingly based on reported ESG data and scenarios of the future. The ESG data services for portfolio investments were put out to tender in June 2024. Furthermore, in order to enhance reporting on private equity and private debt investments, we engaged in close cooperation with our data supplier.

LocalTapiola Asset Management Group provides annual reporting on sustainable investments to the PRI (Principles for Responsible Investment). The results of the 2024 PRI Assessment Report were once again strong for policy coverage and the different asset classes (4/5 stars). For listed equities managed under the active quantitative portfolio management model, we attained the best score of five stars. LocalTapiola Developed Asia and LocalTapiola Emerging Markets are the funds managed under this model. The 'Real estate' asset class achieved 81 points out of one hundred and 4/5 stars. More detailed asset class-specific assessments can be found in the 2024 PRI Assessment Report on the LocalTapiola website.

In connection with PRI reporting, we carried out annual reporting for the Net Zero Asset Managers climate initiative. For portfolio investments, the milestones set for 2030 were mostly completed already at the end of 2023. New milestones were updated during spring 2024, and in the same context the initiative was extended to cover the Seligson & Co equity and corporate bond funds.

We tell more about the sustainability and 2024 activities of LocalTapiola Group in the CSRD report published as part of the Report of the Board of Directors of LocalTapiola General, and in a separate Sustainability Report. The Report of the Board of Directors of LocalTapiola General and the

LocalTapiola Group Sustainability Report will be published in April on the LocalTapiola website at <https://www.lahitapiola.fi/tietoa-lahitapiolasta/lahitapiola-ryhma/lahitapiola-ryhman-raportit/>.

6.1 Corporate governance

In accordance with the corporate governance principles of LocalTapiola Asset Management, the key policies for active ownership include meetings with the management of target companies and with fund partners, attendance at General Meetings and engagement of companies together with other investors. Attending General Meetings is also one of the ways in which Seligson & Co Fund Management Company promotes active ownership.

During the year, LocalTapiola Asset Management represented its clients (including funds) at 22 Finnish General Meetings and, via the Proxy Voting service, at 1,092 General Meetings in 26 countries outside Finland. The Seligson & Co funds managed by Seligson & Co Fund Management Company attended 534 General Meetings outside Finland. In attending the General Meetings, compliance was ensured with the voting policy of Seligson & Co Fund Management Company and LocalTapiola Asset Management. In voting, advantage was taken of the voting platform and analysis provided by the Institutional Shareholder Services (ISS) proxy advisor company, via a European mutual cooperation partner. Further information about the voting behaviour of the LocalTapiola and Seligson funds is available on the LocalTapiola website and in the annual report of the funds.

Furthermore, LocalTapiola Asset Management supports climate change mitigation through active ownership. In terms of engagement projects, the ISS Stoxx Net Zero thematic project began its second term in April. Investors got to have their say in the selection of the 50 target companies for the new term. In addition, the three other ISS Stoxx thematic projects (Water, Biodiversity, and Equality) launched new two-year projects last autumn. For the seventh time now, LocalTapiola Asset Management took part in CDP's Non-Disclosure project encouraging undertakings towards standard climate reporting. Finally, LocalTapiola Asset Management joined the investor groups of two European target companies in two engagement projects: Climate Action 100+, and the PRI Spring biodiversity project.

6.2 Sustainable real estate operations

As a result of the Net Zero Carbon Buildings commitment, the real estate division of LocalTapiola Asset Management Group is committed to reaching

operational carbon neutrality during 2025 and embodied carbon neutrality in 2030. Emissions will be reduced by investing, inter alia, in the energy efficiency of real estate and by generating renewable energy at the premises and acquiring renewable energy. All acquired electricity consumed at the premises is carbon neutrally produced.

Every year, the real estate division takes part in the Global Real Estate Sustainability Benchmark (GRESB) survey. In the 2024 reporting, we shifted from reporting on the entire real estate stock to portfolio-level reporting. In the reporting, the portfolios of LocalTapiola Real Estate Asset Management were awarded two to four stars. In 2024, a sustainability programme drawn up for 2024–2028 was published for real estate operations. Measures were implemented during the year, and a Real Estate Operations Sustainability Working Group was set up to support the mobilisation of the programme.

For more information about the implementation of sustainability in investment activities and in different asset classes in 2024, please refer to the sustainable investment annual report of LocalTapiola Asset Management Group.

7 Events after the financial period

The ownership structure of LocalTapiola Asset Management changed as of 1 January 2025, when LocalTapiola Life's ownership in LocalTapiola Asset Management increased to 51 per cent, with LocalTapiola General owning 16 per cent and the LocalTapiola regional companies 33 per cent. This change is underpinned by LocalTapiola Life and LocalTapiola Asset Management's joint investment strategy, which has at its core the idea of the companies' shared clients as LocalTapiola investment clients.

In January 2025, LocalTapiola Real Estate Asset Management and LocalTapiola Alternative Investment Funds launched co-operation negotiations to rationalise real estate operations. The co-operation negotiations are based on economic and production reasons. The operating result for the real estate operations of LocalTapiola Real Estate Asset Management and LocalTapiola Alternative Investment Funds is not at an economically acceptable level. This change seeks to achieve considerable cost savings.

8 Future prospects

8.1 The economic environment

In terms of the aggregate economic picture and profit growth, the investment market outlook continues to be moderate. Monetary easing by leading central banks is contributing to this outlook. However, developments in the current year will also be steered by events related to trade tensions, geopolitics and politics.

In a positive scenario for the 2025 investment year, tariff disputes will ultimately remain moderate, with the economy and corporate performance developing favourably, the AI enthusiasm persisting, inflation continuing to stabilise and interest-rate cuts also continuing in the United States. On the other hand, should market expectations prove excessively optimistic, risky asset classes, in particular, may also witness price pressure.

After the increased share prices, some stock markets, such as the United States, measured by traditional valuation metrics, appear more expensive than previously, which is why potential disappointing results and other shocks may be reflected as market swings that are stronger than before. The increased concentration of stock markets may contribute to heighten market swings, for in many stock indices the weight of the biggest U.S. technology companies has become significant. In addition, the sensitivity of risky fixed-income investments to uncertainty has increased over the previous year.

As regards interest rates, the slowing inflation and the policy rate cuts by central banks are supporting a decline in short-term rates. The direction of longer-term rates is more uncertain. A significant decline in long-term rates would probably require that the economy recede. In the United States, Trump's economic policy will bring along specific question marks for inflation development and the interest rate path of the central bank.

On the investment market, the main uncertainty factors relate to tariffs, geopolitics and politics. As always, adequate diversification and patient investing are the most important methods to manage short-term uncertainty.

Private equity and private debt investment market

For private equity and private debt investments, the mood at the beginning of 2025 was expectant. Transaction volumes persist at a historically low level, but there are signs of picking up. Fund managers continue to hold large

amounts of capital accumulated in previous year, waiting to be invested. Reference rates and risk premia have dropped, which, coupled with the increased supply of financing, should assist the operating landscape of buyout funds. In the short term, the buyout mathematics is challenging (valuation multiples, the cost of financing, the proportion of equity in the capital structure); however, a longer-term examination does not give reason to believe that the risk-adjusted (absolute and relative) potential returns from asset classes would have changed to any significant degree. The illiquidity premium and investor interest will, with a high likelihood, be maintained.

Real estate investment market

Real estate investment markets have gradually recovered in Europe and the other Nordic countries, where transaction volumes have shown a rebound trend. In 2025, a recovery of the real estate market will be supported by decreasing interest rates, particularly in Europe, and an improved situation of the financial market. Typically, the Finnish real estate market is post-cyclical, with the transaction volume growing only after the main European markets. We expect transaction markets to pick up more clearly only in the second half of 2025 or in 2026. In terms of return requirements, we foresee moderate changes for 2025. Currently, investors are showing particular interest in sites for which net performance scenarios are positive and where the demand for premises is good. For weaker sites, we anticipate that investors and providers of finance will continue to show low interest.

Residential rents are expected to rise moderately during 2025, as the growth of supply will decline and the population in cities will grow. On the office rental market, a strong oversupply is continuing, which intensifies the polarisation of office markets. For commercial premises, we do not expect major changes to rent levels. Construction activity is forecast to remain low in 2025. A decrease in interest rates and rising rents would support a change for the better for construction.

8.2 Business operations of the group

The implementation of the growth strategy for investment operations, drafted in 2023 and launched in 2024, is continuing in close cooperation with LocalTapiola Life.

Alongside growth targets, we will be focusing on operational efficiency by gradually moving to uniform policies and processes across the LocalTapiola Asset Management Group companies during 2025–2026.



9 Governance

9.1 Governance of LocalTapiola Group

The governance of LocalTapiola Group and its companies adheres to good corporate governance, which is based on legislation governing the insurance and financial sector, the regulations and guidelines issued by the Financial Supervisory Authority, EBA and ESMA (the European Banking Authority and the European Securities and Markets Authority) and also, where applicable to mutual insurance companies, the Finnish Corporate Governance Code for listed companies.

LocalTapiola Group constitutes an insurance group within the meaning of the Insurance Companies Act, with LocalTapiola General as the group's leading parent company as referred to in the Act. In this role, LocalTapiola General is responsible for the organisation of reliable governance, prudential supervision, risk management, internal control and related regulatory reporting within entire LocalTapiola Group and its companies.

The LocalTapiola Group companies have concluded intra-group agreements on their mutual responsibilities and division of duties. LocalTapiola Group has a Group's Management Group, appointed by the Board of Directors of LocalTapiola General, that has broad representation from the various LocalTapiola Group companies and by those responsible for the most important common functions.

The Group's Management Group is responsible for preparing strategic and other group-level matters of LocalTapiola Group, for related decision-making and implementation, and for the overall control and development of the group, within the authorisations granted to it by the Board of Directors and set out in the Joint Agreement concluded between the LocalTapiola Group companies.

LocalTapiola Asset Management complies with the common governance procedures of LocalTapiola Group.

9.2 Annual General Meeting

The Annual General Meeting of LocalTapiola Asset Management Ltd was held on 25 March 2024. The meeting approved the financial statements for 2023, decided on the use of the company's profit, discharged the members of the Board of Directors and the Managing Director from liability, and elected the

company's auditor. The meeting also confirmed the number of the members of the Board of Directors and their remuneration.

9.3 Board of Directors

The Board of Directors of LocalTapiola Asset Management comprises eight members. The Board members sit for a term of one year. The Board members must have wide-ranging and complementary professional expertise and experience, and they must possess such competences in the business operations of an investment firm as are necessary considering the nature and scope of the company's activities.

In 2024, the Board convened 11 times. The meeting participation rate was 98%.

The following persons served as Board members:

Jari Eklund (born 1963), Board Chair
M.Sc. (Econ.)
Group Director, LocalTapiola Group

Pasi Aakula (born 1969) from 23 August 2024
M.Sc., academic agronomist, eMBA
Managing Director, LocalTapiola Länsi-Suomi

Mikko Ayub (born 1969) from 25 March 2024
Master of Social Sciences, MBA

Mirel Leino-Haltia (born 1971)
PhD (Econ.), CFA
Professor of Practice, Aalto University

Hanna-Leena Pesonen (born 1967)
PhD (Econ.)
Dean and Professor, Jyväskylä University School of Business and Economics

Lauri Riekkola (born 1964) until 26 June 2024
Engineering technician, Vocational qualification in Business Management
Managing Director, LocalTapiola Loimi-Häme

Pia Santavirta (born 1976)
Master of Laws
CEO, Finnish Industry Investment Ltd

Teemu Tähtinen (born 1976)
M.Sc. (Econ.), M.Sc. (Tech.)
Director, Investments and Asset Liability Management, LocalTapiola General

Petri Vilska (born 1986)
Master of Arts, SHV Actuarial Qualification
Director, Business and Products, LocalTapiola Life

The salaries and remuneration paid to the Board of Directors, and their pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities, are presented in the notes to the financial statements.

9.4 Management Group of LocalTapiola Asset Management Ltd

The following persons were members of the company's Management Group:

Samu Anttila (born 1974)
Master of Arts, eMBA, SHV Actuarial Qualification
Managing Director

Jyrki Mäkelä (born 1961)
M.Sc. (Econ.)
Director, Asset Management, temporary Managing Director

Joona Lappi (born 1985)
M.Sc. (Econ.)
Director, Sales and Accounts

Satu Norhomaa (born 1974)
MBA
Chief Operating Officer

Janne Pesonen (born 1965)
M.Sc. (Tech.), SHV Actuarial Qualification
Director, Finances and Administration

Hanna Vihavainen (born 1974)
Master of Laws
Director, Legal and Compliance

9.5 Managing Director

Samu Anttila serves as LocalTapiola Asset Management Ltd's Managing Director.

9.6 Auditor

The Annual General Meeting elected KPMG Oy Ab to continue as LocalTapiola Asset Management Ltd's auditor, with Authorised Public Accountant Timo Nummi as the principal auditor appointed by KPMG Oy Ab.

9.7 Supervisory authority

LocalTapiola Asset Management is an investment firm subject to public supervision by the Financial Supervisory Authority (FIN-FSA).

Seligson & Co is a fund management company within the meaning of the Act on Common Funds, and the company is subject to supervision by the FIN-FSA.

LocalTapiola Alternative Investment Funds is an alternative investment fund manager within the meaning of the Act on Alternative Investment Funds Managers, and the company is subject to supervision by the FIN-FSA.

The FIN-FSA supervises and ensures that financial institutions comply with the law and that they employ appropriate methods in their operations. It monitors and assesses the financial position of the companies that it supervises, as well as monitoring and assessing the management, supervision and risk management systems, operating prerequisites and changes in the operating landscape of these companies.

9.8 Related parties

The related parties of LocalTapiola Asset Management Group are discussed in the notes to the financial statements.

10 Personnel and remuneration

At year-end, LocalTapiola Asset Management Group employed a total of 220 persons, and at the end of the year the parent company employed 129 persons.

LocalTapiola Asset Management Group

Number of employees	2024	2023
Financial period end	220	223

LocalTapiola Asset Management Ltd, parent company

Number of employees	2024	2023
Financial period end	129	124

The aim of the special remuneration scheme is to incentivise good performance and to boost the motivation and commitment of staff. The special remuneration scheme must be competitive in comparison with the other players in the sector, in order for the company to attract and commit the right kind of talents to its business needs. At LocalTapiola Asset Management, remuneration is based on the strategy of the corporate group and of LocalTapiola Asset Management Group, and on the targets set on the basis of the strategy.

Remuneration is based on a person's good work performance in relation to the set targets. The bonus scheme is part of the remuneration package, and it is based on annual bonuses, although some bonus targets may measure periods that are longer than one year. The special remuneration scheme covers senior managers and all staff.

When confirming the special remuneration scheme, efforts are made to ensure that the scheme is aligned with the business strategy, targets and values of LocalTapiola Group and LocalTapiola Asset Management Group, and that it works in the long-term interests of LocalTapiola Asset Management Group. The special remuneration scheme is in harmony with the good and effective risk management of the group and LocalTapiola Asset Management Group, and it does not encourage excessive risk-taking, while also being gender neutral.

Staff are members in the LocalTapiola Group personnel fund, as laid down in the fund rules. Personnel costs include the company's share of the profit bonus item payable for 2024 to the personnel fund.

11 Proposal on the use of the profit for the financial period

Proposal by the Board of Directors

Distributable assets in the financial statements total EUR 77,480,475.50. There have been no material changes in the company's financial position after the end of the financial period, nor does the solvency test referred to in chapter 13, section 2 of the Limited Liability Companies Act have a bearing on the amount of distributable assets.

The Board of Directors proposes to the General Meeting to be held on 27 March 2025 that, from the result for the 2024 financial period, no dividend be paid on either share series (not on the A series or the B series) but that the profit for the financial period, EUR 3,996,534.20, be transferred in full to the profit and loss account of the previous financial periods.

Financial statements for 1 January–31 December 2024

12 Financial statements for LocalTapiola Asset Management Ltd Group

12.1 Balance sheet, LocalTapiola Asset Management Group

BALANCE SHEET

ASSETS	note number	IF*	31.12.2024	31.12.2023
Receivables from credit institutions				
Payable on demand	K1, K2, K12, K13, K14		50,295,571.90	44,064,777.55
Other			6,000,000.00	8,000,000.00
Receivables from credit institutions			56,295,571.90	52,064,777.55
Loans and advances to the public and general government				
Other	K1, K5, K12, K13, K14		11,500.00	11,500.00
Shares and holdings	K1, K5, K13, K14		30,485.00	28,996.00
Shares and holdings of companies in the same Group	K1, K5, K13, K14	g	1,177,623.31	1,177,623.31
Intangible assets				
Consolidated goodwill			13,932,215.14	20,820,416.19
Other capital expenditures			1,519,321.64	1,568,798.52
Intangible assets	K6, K7, K13, K14	f	15,451,536.78	22,389,214.71
Tangible assets				
Other real estates and real estate companies shares and holdings			2,016,817.40	2,016,817.40
Right-of-use asset			1,708,889.88	2,061,362.60
Other tangible assets			301,544.67	236,618.34
Tangible assets	K7, K13, K14		4,027,251.95	4,314,798.34
Other assets	K8, K13, K14		6,822,630.81	6,833,112.78
Prepayments and accrued income	K9, K13, K14		3,722,352.81	2,967,469.15
Total assets			87,538,952.56	89,787,491.84

LIABILITIES			31.12.2024	31.12.2023
Liabilities				
Other liabilities				
Other liabilities	K10, K13, K14		5,456,685.98	6,341,898.11
Obligatory provisions			5,280.39	16,803.60
Other liabilities			5,461,966.37	6,358,701.71
Accruals and deferred income	K11, K13, K14		15,730,152.35	14,345,943.40
Total liabilities			21,192,118.72	20,704,645.11
Shareholders' equity				
Share capital	K15	a	933,350.00	933,350.00
Additional paid-in capital	K15	b	1,691,534.45	1,691,534.45
Non-restricted reserves				
Reserve for invested non-restricted equity	K15	c	56,444,888.17	56,444,888.17
Profit (loss) for previous periods	K15	d	10,013,074.11	14,504,787.50
Profit (loss) for the period	K15	e	-2,736,012.89	-4,491,713.39
Total shareholders' equity			66,346,833.84	69,082,846.73
Total liabilities and shareholders' equity			87,538,952.56	89,787,491.84

* Reference to own funds in the solvency report (IF)

12.2 Profit and loss account, LocalTapiola Asset Management Group

INCOME STATEMENT	note number	1.1.-31.12.2024	1.1.-31.12.2023
Net commissions	K16, K32	55,294,887.96	51,926,383.10
Income from equity investments	K17		
From companies in the same Group		10,057.64	4,372.89
Interest income	K18	1,581,474.12	1,007,751.12
Other operating income	K19	3,066,718.58	3,979,541.38
NET INCOME FROM INVESTMENT SERVICE OPERATION		59,953,138.30	56,918,048.49
Commission expenses	K16	-969,513.85	-1,004,062.14
Interest expenses	K18	-63,037.75	-72,671.73
Personnel costs and administrative expenses			
Personnel costs			
Salaries and remunerations	K27, K28	-24,093,011.79	-22,540,785.81
Social expenses			
Pension costs	K23, K27, K28	-4,579,133.84	-4,571,893.94
Other social expenses		-501,575.90	-803,639.66
Social expenses		-5,080,709.74	-5,375,533.60
Personnel costs		-29,173,721.53	-27,916,319.41
Other administrative expenses		-22,412,331.24	-22,618,820.13
Personnel costs and administrative expenses		-51,586,052.77	-50,535,139.54
Depreciation and amortisation on consolidated goodwill		-6,940,176.22	-6,723,394.78
Depreciation/amortisation and write-downs on tangible and intangible assets as well as on shares and holdings	K21	-1,320,894.05	-1,190,167.12
Other operating expenses	K20, K30	-1,744,984.21	-1,586,551.78
OPERATING PROFIT (-LOSS)		-2,671,520.55	-4,193,938.60
Income taxes		-64,492.34	-297,774.79
PROFIT (LOSS) FOR THE PERIOD		-2,736,012.89	-4,491,713.39

12.3 Indirect cash flow statement, LocalTapiola Asset Management Group

INDIRECT CASH FLOW STATEMENT	2024	2023
Cash flow from operating activities		
Operating profit (loss)	-2,671,520.55	-4,193,938.60
Taxes paid	527,796.44	-631,021.71
Adjustments to operating profit:		
Planned depreciation	8,261,070.27	7,913,561.90
Income from equity investments	-10,057.64	-4,372.89
Interest income and expenses	-1,518,436.37	-935,079.39
Other adjustments	-11,523.21	16,324.81
Total adjustments to operating profit	6,721,053.05	6,990,434.43
Other assets	10,481.97	45,120.17
Prepayments and accrued income	-754,883.66	-303,520.41
Received taxes as adjustment of tax receivables	-740,969.50	428,636.80
Increase (-) or decrease (+) in operating assets	-1,485,371.19	170,236.56
Other liabilities	-558,418.47	-8,347.33
Accruals and deferred income	1,384,208.95	-1,332,798.96
Paid taxes as adjustment of tax debt	148,680.72	-95,389.88
Increase (-) or decrease (+) in operating liabilities	974,471.20	-1,436,536.17
Interest paid	-63,037.75	-72,671.73
Interest received	1,256,770.51	872,363.48
Net cash used in operating activities (A)	5,260,161.71	1,698,866.26
Net cash used in investing activities		
Fixed term deposits	2,000,000.00	-8,000,000.00
Interest received	324,703.61	135,387.64
Shares and holdings	-6,575.00	0.00
Disposal proceeds from Shares and holdings	5,086.00	0.00
Dividends received	10,057.64	4,372.89
Intangible and tangible assets	-1,035,845.95	-3,976,830.37
Cash flow from investing activities (B)	1,297,426.30	-11,837,069.84
Net cash provided by (used in) financing activities		
Lease liabilities, withdrawals	101,223.76	2,487,851.42
Lease liabilities, repayments	-428,017.42	-396,208.86
Net cash provided by (used in) financing activities	-326,793.66	2,091,642.56
Net increase/decrease in cash and cash equivalents (A+B+C)		
increase (+) / decrease (-)	6,230,794.35	-8,046,561.02
Cash and cash equivalents at year-start	44,064,777.55	52,111,338.57
Cash and cash equivalents at year-end	50,295,571.90	44,064,777.55
Net increase/decrease in cash and cash equivalents	6,230,794.35	-8,046,561.02

12.4 Key figures, LocalTapiola Asset Management Group

KEY FIGURES DESCRIBING FINANCIAL	2024	2023	2022
Capital and reserves (on average), EUR million	67.7	71.3	76.3
Balance sheet total (on average), EUR million	88.7	91.6	93.4
Commission income, EUR million	55.3	51.9	48.9
Turnover, EUR million	60.0	56.9	53.7
Operating profit/loss, EUR million	-2.7	-4.2	-4.1
Operating profit, % of turnover	-4.5	-7.4	-7.7
Return on equity (ROE), %	-4.0	-6.3	-7.2
Return on assets (ROA), %	-3.1	-4.9	-5.9
Equity ratio, %	75.8	76.9	78.7
Cost/return ratio	0.93	0.96	0.98

12.5 Notes, LocalTapiola Asset Management Group

12.5.1 Notes to the balance sheet, LocalTapiola Asset Management Group

K1. Categories of financial assets	2024	2023
Measured at fair value through profit or loss	30,485.00	28,996.00
Valued at cost	57,484,695.21	53,253,900.86
Total	57,515,180.21	53,282,896.86
K2. Receivables from credit institutions	2024	2023
Domestic credit institutions		
Payable on demand	50,295,571.90	44,064,777.55
Other than payable on demand	6,000,000.00	8,000,000.00
Total	56,295,571.90	52,064,777.55
K3. Loans and advances to the public and general government	2024	2023
Loans and advances to the public and general government		
Corporations and housing companies	11,500.00	11,500.00
Receivables that have a lower priority than the debtor's other debts	11,500.00	11,000.00

K4. Notes on credit risk

Receivables from the public and public-sector entity is not material and, therefore, they do not entail any material credit risk either.

K5. Shares and holdings	2024	2023
Shares and holdings		
Equity instruments measured at fair value		
Others than publicly listed	30,485.00	28,996.00
Total	30,485.00	28,996.00
used for stock lending	-	-
investments in shares of credit institution	-	-
Shares and holdings in companies in the same group		
Valued at cost		
Others than publicly listed	1,177,623.31	1,177,623.31
Total	1,208,108.31	1,206,619.31
used for stock lending	-	-
investments in shares of credit institution	-	-
K6. Intangible assets	2024	2023
ICT systems design and programming costs	1,457,416.64	1,504,619.87
Goodwill	13,932,215.14	20,820,416.19
Other intangible assets	61,905.00	64,178.65
Total	15,451,536.78	22,389,214.71
K7. Charges in intangible and tangible assets during the financial year	2024	2023
Intangible assets		
Acquisition cost 1 January	41,200,039.13	39,782,675.72
+ increases during the year	761,397.28	1,417,363.41
Acquisition cost 31 December	41,961,436.41	41,200,039.13
Accumulated depreciation and amortisation 1 January	-18,810,824.42	-11,410,370.33
- planned depreciation	-7,699,075.21	-7,400,454.09
Accumulated depreciation and amortisation 31 December	-26,509,899.63	-18,810,824.42
Book value 31 December	15,451,536.78	22,389,214.71
Book value 1 January	22,389,214.71	28,372,305.39

Tangible assets	2024	2023
Other real estates and real estate companies shares and holdings		
Acquisition cost 1 January	2,016,817.40	2,016,817.40
Acquisition cost 31 December	2,016,817.40	2,016,817.40
Accumulated depreciation and amortisation 1 January	0.00	0.00
Accumulated depreciation and amortisation 31 December	0.00	0.00
Book value 31 December	2,016,817.40	2,016,817.40
Book value 1 January	2,016,817.40	2,016,817.40
Tangible assets	2024	2023
Right-of-use asset, premises		
Acquisition cost 1 January	2,487,851.42	0.00
+ increases during the year	101,223.76	2,487,851.42
Acquisition cost 31 December	2,589,075.18	2,487,851.42
Accumulated depreciation and amortisation 1 January	-426,488.82	0.00
- planned depreciation	-453,696.48	-426,488.82
Accumulated depreciation and amortisation 31 December	-880,185.30	-426,488.82
Book value 31 December	1,708,889.88	2,061,362.60
Book value 1 January	2,061,362.60	2,487,851.42
Tangible assets	2024	2023
Other tangible assets		
Acquisition cost 1 January	1,390,639.41	1,319,023.87
+ increases during the year	223,187.41	106,115.54
- decreases during the year	-50,000.00	-34,500.00
Acquisition cost 31 December	1,563,826.82	1,390,639.41
Accumulated depreciation and amortisation 1 January	-1,154,021.07	-1,067,402.08
- planned depreciation	-108,261.08	-86,618.99
Accumulated depreciation and amortisation 31 December	-1,262,282.15	-1,154,021.07
Book value 31 December	301,544.67	236,618.34
Book value 1 January	236,618.34	251,621.79
K8. Other assets	2024	2023
Other assets		
Other deferred income	6,822,630.81	6,833,112.78
K9. Prepayments and accrued income	2024	2023
Prepayments and accrued income		
Interest receivables	154,185.14	135,387.64
Other deferred income	3,568,167.67	2,832,081.51
Total	3,722,352.81	2,967,469.15

K10. Other liabilities	2024	2023
Other liabilities		
Lease liabilities	1,764,848.90	2,091,642.56
Other than payment transfer liabilities	3,691,837.08	4,250,255.55
Obligatory provisions	5,280.39	16,803.60
Total	5,461,966.37	6,358,701.71

K11. Accruals and deferred income	2024	2023
Deferred expenses		
Other deferred expenses than interest liabilities	15,730,152.35	14,345,943.40

K12. Final assets and liabilities by maturity

Maturity

	less than 3 mo.	3-12 mo.	1-5 yr.	over 5 yr.	2024	2023
Receivables from credit institutions	50,295,571.90	6,000,000.00	-	-	56,295,571.90	52,064,777.55
Loans and advances to the public and general government	-	0.00	-	11,500.00	11,500.00	11,500.00
Lease liabilities	72,591.38	368,445	1,323,813	-	1,764,848.90	2,091,642.56

K13. Assets denominated in euros and foreign currencies and members of the same group

Asset, in euros	Domestic currency	Foreign currency	of which belong to the same group	2024 total	2023 total
Receivables from credit institutions	56,295,571.90	0.00	-	56,295,571.90	52,064,777.55
Loans and advances to the public and	11,500.00	-	-	11,500.00	11,500.00
Other assets	31,231,880.66	0.00	3,328,214.99	31,231,880.66	37,711,214.29
Total	87,538,952.56	0.00	3,328,214.99	87,538,952.56	89,787,491.84
Other liabilities	5,461,966.37	0.00	907,458.21	5,461,966.37	6,358,701.71
Accruals and deferred income	15,730,152.35	0.00	900,005.00	15,730,152.35	14,345,943.40
Total	21,192,118.72	0.00	1,807,463.21	21,192,118.72	20,704,645.11

K14. Fair and book values of financial assets and liabilities and hierarchy of fair values

Assets and liabilities that after entry are valued at fair value once or repeatedly on the balance sheet

Fair value measurements are categorised into a three-level hierarchy based on how the fair value is defined. Net profit or net losses on items recorded at fair value through profit or loss do not include interest or dividend income.

Fair values of Tier 1 instruments are based the listed prices of identical assets or liabilities in active markets, such as the stock exchange, broker or price service. The group does not have any tier 1 instruments.

The fair values of Tier 2 instruments are obtained by valuation methods using market prices in active markets. The group does not have any tier 2 instruments.

Input data for Tier 3 assets or liabilities are not based on observable market data. Tier 3 includes equity instruments that do not have a market price on the markets and their fair value cannot be reliably defined, so they are valued at acquisition cost.

Fair values of assets and liabilities	2024	2023	2024	2023
Financial assets	Fair value	Fair value	Book value	Book value
Financial assets measured at amortised cost				
Receivables from credit institutions	56,295,571.90	52,064,777.55	56,295,571.90	52,064,777.55
Loans and advances to the public and general government	11,500.00	11,500.00	11,500.00	11,500.00
Financial assets at fair value through profit or loss				
Shares and holdings	30,485.00	28,996.00	30,485.00	28,996.00
Financial assets valued at cost				
Shares and holdings in companies in the same group	1,272,403.81	915,140.44	1,177,623.31	1,177,623.31

Financial instruments valued at fair value on balance sheet

	Tier 1	Tier 2	Tier 3	2024
Financial assets				Total
Shares and holdings	0.00	0.00	30,485.00	30,485.00
Unrealised profits and losses of the financial period (Tier 3)			-	

	Tier 1	Tier 2	Tier 3	2023
Financial assets				Total
Shares and holdings	0.00	0.00	28,996.00	28,996.00
Unrealised profits and losses of the financial period (Tier 3)			-	

K15. Shareholders' equity

	Financial period start	+ Increase - Decrease	Transfers between	Financial period end
Restricted equity				
Share capital	933,350.00	0.00	-	933,350.00
Additional paid-in capital	1,691,534.45	0.00	-	1,691,534.45
Non-restricted reserves				
Reserve for invested non-restricted equity	56,444,888.17	0.00	-	56,444,888.17
Profit or loss for previous periods	14,504,787.50	4,491,713.39	-4,491,713.39	10,013,074.11
Profit or loss for financial period	-4,491,713.39	-2,736,012.89	4,491,713.39	-2,736,012.89
Total	69,082,846.73	1,755,700.50	0.00	66,346,833.84

12.5.2 Notes to the profit and loss account, LocalTapiola Asset Management Group

	2024	2023
K16. Net commissions and fees		
Net commissions		
Management fees	76,525,347.03	70,044,774.21
- Management fee returns	-27,714,684.89	-24,985,256.94
Subscription charges	1,000.00	13,000.00
Redemption charges	2,500.00	1,000.00
Asset management fees	6,480,725.82	6,852,865.83
Total	55,294,887.96	51,926,383.10
Commission expenses		
Commission expenses for asset management	109.80	-360,637.31
Other commission expenses	-15,239.59	-17,061.60
Custody	-954,384.06	-626,363.23
Total	-969,513.85	-1,004,062.14
K17. Income from equity investments	2024	2023
Dividend income from shares and holdings		
From companies in the same Group	10,057.64	4,372.89
K18. Interest income and expenses by balance sheet item	2024	2023
Interest income		
Receivables from credit institutions	1,580,550.58	987,935.96
From loans and advances to the public and general government	0.00	19,052.92
Other interest income	923.54	762.24
Total	1,581,474.12	1,007,751.12
of which belonging to the same group	923.54	762.24
Interest expenses		
Receivables from credit institutions	0.00	-0.01
Lease liabilities	-59,932.58	-69,217.15
Other interest expenses	-3,105.17	-3,454.57
Total	-63,037.75	-72,671.73
of which belonging to the same group	-3,102.61	-3,453.73
K19. Other operating income	2024	2023
Other income	3,066,718.58	3,979,541.38
K20. Other operating expenses	2024	2023
Rent expenses	-627,181.83	-642,482.21
Expenses for own-use real estate	-127,069.92	-120,841.74
Other expenses	-990,732.46	-823,227.83
Total	-1,744,984.21	-1,586,551.78

	2024	2023
K21. Depreciation/amortisation and write-downs on tangible and intangible assets as well as on shares and holdings		
Intangible assets		
Planned depreciation	-758,936.49	-677,059.31
Tangible assets		
Planned depreciation	-561,957.56	-513,107.81
Total depreciation and write-downs	-1,320,894.05	-1,190,167.12

K22. Notes on business areas and geographical markets

The geographical operating area is Finland.

The company does not have a network of offices outside of Finland. Personnel data is listed in Note 26.

Business areas by segment, 2024	Liquid	Real estate	Private equity	Other	Total
Turnover	38,965,823.51	16,120,381.86	4,866,932.93	0.00	59,953,138.30
Depreciation and amortisation on consolidated goodwill	0.00	0.00	0.00	-6,940,176.22	-6,940,176.22
Other operating expenses	-35,552,090.40	-16,892,716.57	-3,239,675.66	0.00	-55,684,482.63
Operating profit/loss	3,413,733.11	-772,334.71	1,627,257.27	-6,940,176.22	-2,671,520.55
Assets	47,204,291.78	20,681,291.28	5,721,154.36	13,932,215.14	87,538,952.56
Liabilities	13,590,589.54	5,954,351.40	1,647,177.78	0.00	21,192,118.72

K23. Pension liabilities

Statutory pensions for personnel are organised using TyEl insurance through Elo Mutual Pension Insurance Company and additional pension insurance through LocalTapiola Mutual Life Company.

K24. Rental liabilities	2024	2023
Liabilities from non-cancellable leasing and other rental agreements		
Within one year	105,851.38	109,056.26
Within 1-5 years	247,847.29	364,468.72
Essential clauses concerning notices or redemption		
Rental agreements are fixed-term until 31 October 2028		

K25. Off-balance-sheet commitments

Joint responsibility associated with VAT group registration	2024	2023
Within one year		
Group companies	2,023,756.80	577,781.35
Other group companies	3,969,064.33	2,204,566.88
Total	5,992,821.13	2,782,348.23

VAT liability with a positive sign = VAT debt

VAT liability with a negative sign = VAT receivable

Auditing responsibility of property investments, according to Section 120 of Finnish VAT A	2024	2023
10-year auditing period		
Other group companies	69,124,987.11	66,872,306.53

K26. Number of employees	2024	2023
Numbers at the end of the accounting period		
Permanent full-time employees	206	206
Permanent part-time employees	11	12
Fixed-term employees	3	5
Total	220	223
K27. Managements' salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities		
	2024	2023
Managing director and deputy managing director		
Salaries and remunerations	1,384,870.28	1,365,689.84
Pension commitments	Is stated by the law. Statutory pensions for management are organised using TyEL basic insurance through Elo Mutual Pension Insurance Company and additional pension insurance through LocalTapiola Mutual Life Insurance Company.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	
Members of the board and deputy board members		
Salaries and remunerations	243,275.84	358,693.78
Pension commitments	Is stated by the law.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	
K28. Related party loans and transactions		
	2024	2023
Loans granted to parties belonging to the insider register of the company	0.00	0.00
Investments in related-party entities	0.00	0.00
Guarantees and collateral lodged on behalf of a related party on behalf of another	0.00	0.00
The company has not carried out related party transactions involving non-conventional commercial terms and conditions. Information on the contingent liability relating to value-added tax category identification can be found in Note 25.		
K29. Notes to income taxes		
	2024	2023
Tax based on taxable income	63,995.90	298,371.13
K30. Fees paid to auditor		
	2024	2023
Audit	167,239.18	154,022.32
Other services	15,358.05	10,400.30
Total	182,597.23	164,422.62

K31. Holdings in other companies

The consolidated financial statements have not been combined with companies acting as fund feeder companies.

LähiTapiola Asuntorahasto Prime Feeder Oy

Tapiola KR III Feeder Oy

LähiTapiola Asuntosijoitus Suomi Feeder Oy

LähiTapiola Asuntosijoitus Suomi Feeder II Oy

LähiTapiola Asuntosijoitus Suomi Feeder III Oy

Combining the companies would present a false picture of the group's financial position because significant restrictions substantially prevent the group from using its influence in these companies.

The Group's balance sheet includes those issued by group companies	2024	2023
Capital loans		
Tapiola KR III Feeder Oy	3,000.00	3,000.00
LähiTapiola Asuntorahasto Prime Feeder Oy	6,000.00	6,000.00
LähiTapiola Asuntosijoitus Suomi Feeder Oy	2,500.00	2,000.00
Total	11,500.00	11,000.00

K32. Total controlled customer assets

	2024	2023
Total controlled customer assets		
Trustee asset management	15,187,332,980.38	12,985,856,389.04
Management of funds	12,734,265,667.31	11,092,252,937.28
Other contractual management	1,565,710,087.30	1,594,708,580.01
Managing real estate objects	2,840,849,104.42	2,889,876,795.13
Total assets under management (gross)	32,328,157,839.41	28,562,694,701.46
Total Consolidated assets under management (net)	15,870,377,554.21	14,209,291,760.65

13 Financial statements for LocalTapiola Asset Management Ltd

13.1 Balance sheet, LocalTapiola Asset Management

BALANCE SHEET

ASSETS	note number	IF*	31.12.2024	31.12.2023
Receivables from credit institutions				
Payable on demand	1,2,11,12,13		13,552,556.06	8,276,294.95
Other			4,000,000.00	8,000,000.00
Receivables from credit institutions			17,552,556.06	16,276,294.95
Shares and holdings	1,4,12,13		370.00	370.00
Shares and holdings of companies in the same Group	1,4,12,13	g	61,847,815.02	58,333,366.35
Intangible assets				
Other capital expenditures			228,841.00	139,143.25
Intangible assets	5,6,12,13	f	228,841.00	139,143.25
Tangible assets				
Other tangible assets	6,12,13		156,116.11	52,882.79
Tangible assets			156,116.11	52,882.79
Other assets	7,12,13		3,287,627.27	3,485,678.72
Prepayments and accrued income	8,12,13		9,420,573.89	9,555,842.19
Total assets			92,493,899.35	87,843,578.25
LIABILITIES			31.12.2024	31.12.2023
Liabilities				
Other liabilities				
Other liabilities	9,12,13		1,066,802.04	1,228,131.55
Obligatory provisions			5,280.39	16,324.81
Other liabilities			1,072,082.43	1,244,456.36
Accruals and deferred income	10,12,13		11,316,456.97	10,490,296.14
Total liabilities			12,388,539.40	11,734,752.50
Shareholders' equity				
Share capital	14,15	a	933,350.00	933,350.00
Additional paid-in capital	14	b	1,691,534.45	1,691,534.45
Non-restricted reserves				
Reserve for invested non-restricted equity	14	c	56,444,888.17	56,444,888.17
Non-restricted reserves			56,444,888.17	56,444,888.17
Profit (loss) for previous periods	14	d	17,039,053.13	14,286,375.47
Profit (loss) for the period	14	e	3,996,534.20	2,752,677.66
Total shareholders' equity			80,105,359.95	76,108,825.75
Total liabilities and shareholders' equity			92,493,899.35	87,843,578.25

* Reference to own funds in the solvency report (IF)

13.2 Profit and loss account, LocalTapiola Asset Management

INCOME STATEMENT	note number	1.1.-31.12.2024	1.1.-31.12.2023
Net commissions	18, 32	21,820,372.41	19,688,275.52
Income from equity investments	19		
From companies in the same Group		7,736.65	1,642,700.26
Income from equity investments		7,736.65	1,642,700.26
Interest income	20	634,640.26	302,376.82
Other operating income	21	3,572,385.98	4,511,730.16
NET INCOME FROM INVESTMENT SERVICE OPERATION		26,035,135.30	26,145,082.76
Interest expenses	20	-1,708.11	-1,695.10
Personnel costs and administrative expenses			
Personnel costs			
Salaries and remunerations	29, 30	-15,285,803.58	-14,119,860.24
Social expenses			
Pension costs	25, 29, 30	-2,975,031.48	-3,037,166.57
Other social expenses		-324,591.23	-560,526.23
Social expenses		-3,299,622.71	-3,597,692.80
Personnel costs		-18,585,426.29	-17,717,553.04
Other administrative expenses		-10,990,413.21	-11,472,331.43
Personnel costs and administrative expenses		-29,575,839.50	-29,189,884.47
Depreciation/amortisation and write-downs on tangible and intangible assets as well as on shares and holdings	23	-78,851.95	-66,051.16
Other operating expenses	22, 31	-1,218,602.98	-1,107,932.10
OPERATING PROFIT (-LOSS)		-4,839,867.24	-4,220,480.07
Appropriations		8,836,641.82	6,973,019.71
Income taxes		-240.38	138.02
PROFIT (LOSS) FOR THE PERIOD		<u>3,996,534.20</u>	<u>2,752,677.66</u>

13.3 Indirect cash flow statement, LocalTapiola Asset Management

INDIRECT CASH FLOW STATEMENT	2024	2023
Cash flow from operating activities		
Operating profit (loss)	-4,839,867.24	-4,220,480.07
Taxes paid	-240.38	292,103.30
Adjustments to operating profit:		
Planned depreciation	78,851.95	66,051.16
Income from equity investments	-7,736.65	-1,642,700.26
Interest income and expenses	-632,932.15	-300,681.72
Other adjustments	-11,044.42	16,324.81
Total adjustments to operating profit	-572,861.27	-1,861,006.01
Other assets	198,051.45	47,635.51
Prepayments and accrued income	-501,109.59	-268,910.32
Received taxes as adjustment of tax receivables	0.00	-291,965.28
Increase (-) or decrease (+) in operating assets	-303,058.14	-513,240.09
Other liabilities	-161,329.51	-103,692.15
Accruals and deferred income	826,160.83	1,273,935.29
Increase (-) or decrease (+) in operating liabilities	664,831.32	1,170,243.14
Interest paid	-1,708.11	-1,695.10
Interest received	351,751.93	166,989.18
Net cash used in operating activities (A)	-4,701,151.89	-4,967,085.65
Net cash used in investing activities		
Fixed term deposits	4,000,000.00	-8,000,000.00
Interest received	282,888.33	135,387.64
Shares and holdings	-3,514,448.67	-4,061,210.80
Dividends received	7,736.65	1,642,700.26
Intangible and tangible assets	-271,783.02	-154,813.30
Cash flow from investing activities (B)	504,393.29	-10,437,936.20
Net cash provided by (used in) financing activities		
Group contributions received	9,473,019.71	0.00
Net cash provided by (used in) financing activities	9,473,019.71	0.00
Net increase/decrease in cash and cash equivalents (A+B+C)		
increase (+) / decrease (-)	5,276,261.11	-15,405,021.85
Cash and cash equivalents at year-start	8,276,294.95	23,681,316.80
Cash and cash equivalents at year-end	13,552,556.06	8,276,294.95
Net increase/decrease in cash and cash equivalents	5,276,261.11	-15,405,021.85

13.4 Key figures, LocalTapiola Asset Management

KEY FIGURES DESCRIBING FINANCIAL	2024	2023	2022
Capital and reserves (on average), EUR million	78.1	74.7	47.1
Balance sheet total (on average), EUR million	90.2	87.4	56.8
Commission income, EUR million	21.8	19.7	19.2
Turnover, EUR million	26.0	26.1	24.6
Operating profit/loss, EUR million	-4.8	-4.2	-5.7
Operating profit, % of turnover	-18.6	-16.1	-23.2
Return on equity (ROE), %	-6.2	-5.6	-12.2
Return on assets (ROA), %	-5.4	-4.8	-10.1
Equity ratio, %	86.6	86.6	84.3
Cost/return ratio	1.2	1.2	1.2

13.5 Notes, LocalTapiola Asset Management

13.5.1 Notes to the balance sheet, LocalTapiola Asset Management

1. Categories of financial assets	2024	2023
Measured at fair value through profit or loss	370.00	370.00
Valued at cost	79,400,371.08	74,609,661.30
Total	79,400,741.08	74,610,031.30
2. Receivables from credit institutions	2024	2023
Domestic credit institutions		
Payable on demand	13,552,556.06	8,276,294.95
Other than payable on demand	4,000,000.00	8,000,000.00
Total	17,552,556.06	16,276,294.95

3. Notes on credit risk

Receivables from the public and public-sector entity is not material and, therefore, they do not entail any material credit risk either.

4. Shares and holdings	2024	2023
Shares and holdings		
Equity instruments measured at fair value		
Others than publicly listed	370.00	370.00
Total	370.00	370.00
used for stock lending	-	-
investments in shares of credit institution	-	-
Shares and holdings in companies in the same group		
Valued at cost		
Others than publicly listed	61,847,815.02	58,333,366.35
Total	61,847,815.02	58,333,366.35
used for stock lending	-	-
investments in shares of credit institution	-	-
5. Intangible assets	2024	2023
ICT systems design and programming costs	228,841.00	139,143.25
6. Charges in intangible and tangible assets during the financial year	2024	2023
Intangible assets		
Acquisition cost 1 January	3,507,709.00	3,369,012.00
+ increases during the year	116,511.00	138,697.00
Acquisition cost 31 December	3,624,220.00	3,507,709.00
Accumulated depreciation and amortisation 1 January	-3,368,565.75	-3,320,142.20
- planned depreciation	-26,813.25	-48,423.55
Accumulated depreciation and amortisation 31 December	-3,395,379.00	-3,368,565.75
Book value 31 December	228,841.00	139,143.25
Book value 1 January	139,143.25	48,869.80
Tangible assets	2024	2023
Other tangible assets		
Acquisition cost 1 January	473,698.92	457,582.62
+ increases during the year	205,272.02	50,616.30
- decreases during the year	-50,000.00	-34,500.00
Acquisition cost 31 December	628,970.94	473,698.92
Accumulated depreciation and amortisation 1 January	-420,816.13	-403,188.52
- planned depreciation	-52,038.70	-17,627.61
Accumulated depreciation and amortisation 31 December	-472,854.83	-420,816.13
Book value 31 December	156,116.11	52,882.79
Book value 1 January	52,882.79	54,394.10
7. Other assets	2024	2023
Other deferred income	3,287,627.27	3,485,678.72

8. Prepayments and accrued income	2024	2023
Prepayments and accrued income		
Interest receivables	112,369.86	135,387.64
Other deferred income	9,308,204.03	9,420,454.55
Total	9,420,573.89	9,555,842.19

9. Other liabilities	2024	2023
Other liabilities		
Other than payment transfer liabilities	1,066,802.04	1,228,131.55
Obligatory provisions	5,280.39	16,324.81
Total	1,072,082.43	1,244,456.36

10. Accruals and deferred income	2024	2023
Deferred expenses		
Other deferred expenses than interest liabilities	11,316,456.97	10,490,296.14
Total	11,316,456.97	10,490,296.14

11. Final assets and liabilities by maturity

Maturity	less than 3 mo.	3-12 mo.	1-5 yr.	over 5 yr.	2024	2023
Receivables from credit institutions	13,552,556.06	4,000,000.00	-	-	17,552,556.06	16,276,294.95

12. Assets denominated in euros and foreign currencies and members of the same group

Asset, in euros	Domestic currency	Foreign currency	of which belong to the same group	2024 total	2023 total
Receivables from credit institutions	17,552,556.06	0.00	-	17,552,556.06	16,276,294.95
Other assets	74,941,343.29	0.00	11,932,595.30	74,941,343.29	71,567,283.30
Total	92,493,899.35	0.00	11,932,595.30	92,493,899.35	87,843,578.25
Other liabilities	1,072,082.43	0.00	484,655.64	1,072,082.43	1,244,456.36
Accruals and deferred income	11,316,456.97	0.00	900,005.00	11,316,456.97	10,490,296.14
Total	12,388,539.40	0.00	1,384,660.64	12,388,539.40	11,734,752.50

13. Fair and book values of financial assets and liabilities and hierarchy of fair values

Assets and liabilities that after entry are valued at fair value once or repeatedly on the balance sheet

Fair value measurements are categorised into a three-level hierarchy based on how the fair value is defined. Net profit or net losses on items recorded at fair value through profit or loss do not include interest or dividend income.

Fair values of Tier 1 instruments are based the listed prices of identical assets or liabilities in active markets, such as the stock exchange, broker or price service. Company does not have any tier 1 instruments.

The fair values of Tier 2 instruments are obtained by valuation methods using market prices in active markets. Company does not have any tier 2 instruments.

Input data for Tier 3 assets or liabilities are not based on observable market data. Tier 3 includes equity instruments that do not have a market price on the markets and their fair value cannot be reliably defined, so they are valued at acquisition cost.

Fair values of assets and liabilities	2024	2023	2024	2023
Financial assets	Fair value	Fair value	Book value	Book value
Financial assets measured at amortised cost				
Receivables from credit institutions	17,552,556.06	16,276,294.95	17,552,556.06	16,276,294.95
Financial assets at fair value through profit or loss				
Shares and holdings	370.00	370.00	370.00	370.00
Financial assets valued at cost				
Shares and holdings in companies in the same group	64,804,027.80	57,991,956.93	61,847,815.02	58,333,366.35
Financial instruments valued at fair value on balance sheet	Tier 1	Tier 2	Tier 3	2024
Financial assets				Total
Shares and holdings	0.00	0.00	370.00	370.00
Unrealised profits and losses of the financial period (Tier 3)			-	
	Tier 1	Tier 2	Tier 3	2023
Financial assets				Total
Shares and holdings	0.00	0.00	370.00	370.00
Unrealised profits and losses of the financial period (Tier 3)			-	

14. Shareholders' equity

	Financial	+ Increase	Transfers	Financial
	period start	- Decrease	between	period end
Restricted equity				
Share capital	933,350.00	0.00	-	933,350.00
Additional paid-in capital	1,691,534.45	0.00	-	1,691,534.45
Non-restricted reserves				
Reserve for invested non-restricted equity	56,444,888.17	0.00	-	56,444,888.17
Profit or loss for previous periods	14,286,375.47	-2,752,677.66	2,752,677.66	17,039,053.13
Profit or loss for financial period	2,752,677.66	3,996,534.20	-2,752,677.66	3,996,534.20
Total	76,108,825.75	1,243,856.54	0.00	80,105,359.95

15. Share capital

2024

Company shares divide into A- and B-series of shares.

According to articles of association A-share has 100 votes and B-share has one vote.

A-series of shares

Share capital at year-start	88,350.00
Share issue exercised on financial period	0.00
Share capital at year-end	88,350.00
Nominal value of shares	None
Number of shares at year-start	447.00
Change in the number of shares at share issue	0.00
Number of shares at year-end	447.00

B-series of shares

Share capital at year-start	845,000.00
Share issue exercised on financial period	0.00
Share capital at year-end	845,000.00
Nominal value of shares	None
Number of shares at year-start	42,052.00
Change in the number of shares at share issue	0.00
Number of shares at year-end	42,052.00

16. Stock issues, stock options and issued convertible bonds

None

17. Largest shareholders and distribution of ownership of shares

	2024	2024	2024
	Number of shares	% of shares	% of votes
Share distribution			
A-series of shares			
LocalTapiola General Mutual Insurance Company	447.00	100 %	100 %
Total	447.00	100 %	100 %
B-series of shares			
LocalTapiola General Mutual Insurance Company	14,013.00	33 %	33 %
LocalTapiola Mutual Life Insurance Company	14,022.00	33 %	33 %
Other LocalTapiola Group companies	14,017.00	33 %	33 %
Total	42,052.00	100 %	100 %
Share distribution, total			
LocalTapiola General Mutual Insurance Company	14,460.00	34 %	68 %
LocalTapiola Mutual Life Insurance Company	14,022.00	33 %	16 %
Other LocalTapiola Group companies	14,017.00	33 %	16 %
Total	42,499.00	100 %	100 %

13.5.2 Notes to the profit and loss account, LocalTapiola Asset Management

18. Net commissions and fees

2024

2023

Net commissions

Asset management fees	21,820,372.41	19,688,275.52
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19. Income from equity investments

2024

2023

Dividend income from shares and holdings

From companies in the same Group	7,736.65	1,642,700.26
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20. Interest income and expenses by balance sheet item	2024	2023
Interest income		
Receivables from credit institutions	632,948.25	301,564.70
Other interest income	1,692.01	812.12
Total	634,640.26	302,376.82
of which belonging to the same group	1,692.01	812.12
Interest expenses		
Other interest expenses	-1,708.11	-1,695.10
Total	-1,708.11	-1,695.10
of which belonging to the same group	-1,708.11	-1,695.10
21. Other operating income	2024	2023
Other income	3,572,385.98	4,511,730.16
22. Other operating expenses	2024	2023
Rent expenses	-737,004.98	-737,929.62
Other expenses	-481,598.00	-370,002.48
Total	-1,218,602.98	-1,107,932.10
23. Depreciation/amortisation and write-downs on tangible and intangible assets as well as on shares and holdings	2024	2023
Intangible assets		
Planned depreciation	-26,813.25	-48,423.55
Tangible assets		
Planned depreciation	-52,038.70	-17,627.61
Total depreciation and write-downs	-78,851.95	-66,051.16
24. Notes on business areas and geographical markets		
The company is an investment services company. Its primary business comprises of asset management.		
The geographical operating area is Finland.		
The company does not have a network of offices outside of Finland. Personnel data is listed in Note 28.		
25. Pension liabilities		
Statutory pensions for personnel are organised using TyEl insurance through Elo Mutual Pension Insurance Company and additional pension insurance through LocalTapiola Mutual Life Company.		
26. Rental liabilities	2024	2023
Liabilities from non-cancellable leasing and other rental agreements		
Within one year	341,730.72	340,577.04
Within 1-5 years	968,237.04	1,305,545.32
Essential clauses concerning notices or redemption		
Rental agreements are fixed-term until 31 October 2028		
Other rental liabilities have a notice period of 1 to 6 months.		

27. Off-balance-sheet commitments

Joint responsibility associated with VAT group registration	2024	2023
Within one year		
Group companies	2,012,587.58	649,967.28
Other group companies	3,969,064.33	2,204,566.88
Total	5,981,651.91	2,854,534.16
<i>VAT liability with a positive sign = VAT debt</i>		
<i>VAT liability with a negative sign = VAT receivable</i>		

Auditing responsibility of property investments, according to Section 120 of Finnish VAT	2024	2023
10-year auditing period		
Other group companies	69,124,987.11	66,872,306.53

28. Number of employees

Numbers at the end of the accounting period	2024	2023
Permanent full-time employees	124	118
Permanent part-time employees	5	5
Fixed-term employees	0	1
Total	129	124

29. Managements' salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities

	2024	2023
Managing director and deputy managing director		
Salaries and remunerations	-485,577.00	-428,217.00
Pension commitments	Is stated by the law.	
	Statutory pensions for management are organised using TyEL basic insurance through Elo Mutual Pension Insurance Company and additional pension insurance through LocalTapiola Mutual Life Insurance Company.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	
Members of the board and deputy board members		
Salaries and remunerations	-105,950.00	-91,000.00
Pension commitments	Is stated by the law.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	

30. Related party loans and transactions

	2024	2023
Loans granted to parties belonging to the insider register of the company	0.00	0.00
Investments in related-party entities	0.00	0.00

Guarantees and collateral lodged on behalf of a related party on behalf of another 0.00 0.00

The company has not carried out related party transactions involving non-conventional commercial terms and conditions.

Information on the contingent liability relating to value-added tax category identification can be found in Note 27.

31. Fees paid to auditor

	2024	2023
Audit	-18,600.00	-18,600.00
Other services	-3,680.72	-98.43
Total	-22,280.72	-18,698.43

32. Total controlled customer assets

2024

2023

Total controlled customer assets

Trustee asset management

15,187,332,980.38 12,985,856,389.04

Total assets under management (gross)

15,187,332,980.38 12,985,856,389.04

33. Notes pertaining to a company that is a Group member

Parent company LocalTapiola General Mutual Insurance Company presents the financial statement of the group. Parent company's domicile is Espoo and its financial statement is available at www.lahitapiola.fi.

Interest income from members and interest expense to members of the same group are set out in the Note 20.

Dividend income from members of the same group are set out in the Note 19.

Receivables from members of the same group and liabilities and capital loans to those in the same group are set out in the Note 1

Off-balance-sheet commitments on behalf of members of the same group are set out in the Note 27.

13.6 Calculation of key figures

CALCULATION OF KEY FIGURES

1) Important net income calculations

Turnover = income statement Net income from investment service operations

2) Return on equity as percentage (ROE)

$$\frac{\text{Operating profit - income taxes}}{\text{Shareholders' equity and minority interest + appropriations less deferred tax liabilities (average of start and end of year)}} \times 100$$

3) Return on assets as percentage (ROA)

$$\frac{\text{Operating profit - income taxes}}{\text{Average balance sheet total (average of start and end of year)}} \times 100$$

4) Equity ratio as percentage

$$\frac{\text{Shareholders' equity and minority interest + appropriations less deferred tax liabilities}}{\text{Balance sheet total}} \times 100$$

5) Cost/income ratio

$$\frac{\text{Commission excenses + Interest expenses + Administrative expenses + Depreciation and amortisation for tangible and intangible assets + Other operating expenses}}{\text{Net income from investment service operations}}$$

14 Accounting principles

The financial statements and the report of the Board of Directors of LocalTapiola Asset Management Ltd 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 Asset Management Ltd is owned by LocalTapiola General Mutual Insurance Company, LocalTapiola Mutual Life Insurance Company and the regional non-life insurance companies part of LocalTapiola Group.

LocalTapiola Asset Management Ltd (business ID 1604393-7) is domiciled in Espoo, and its address is Revontulenkujä 1, 02100 Espoo, Finland. The financial statements are available at www.lahitapiola.fi.

In its meeting on 1 March 2024, the Board of Directors adopted the financial statements for 1 January–31 December 2023.

14.1 Summary of the key accounting principles

The **receivables from credit institutions** item includes deposits made with credit institutions. Receivables to be repaid within one day of cancellation are considered receivables payable on demand. Negotiable receivables from credit institutions are not recognised in the balance sheet item.

Debt securities comprise all marketable debt instruments, such as treasury bills, local government papers, bonds issued by governments and other public entities, certificates of deposits by banks, commercial papers, as well as bonds and convertible bonds issued by banks and companies. Debt securities are classified for measurement at amortised cost.

Shares and participations are individually classified for measurement as financial assets at fair value. Subsequent measurement is at cost if the fair value cannot be determined reliably (Tier 3). Shares and participations in undertakings belonging to the same group, and investments in associates and joint undertakings, are measured at cost.

In **intangible assets**, the design expenses of IT systems acquired for value, and the costs of renovations of apartments, are capitalised as other expenses with long-term effects. They are amortised over 10 years from commissioning or a shorter economic period of utilisation.

The **other tangible assets** balance sheet item comprises equipment, presented in the balance sheet at cost less planned amortisation and depreciation. The annual depreciation rate of equipment is 25% of net expenditure.

Under **net commissions**, commissions are recorded when the service or separate measure in question has been carried out. The amount of net commissions is the fair value of the consideration received.

Interest income shows the interest income derived from the balance sheet items included in the 'Receivables from credit institutions' assets. Negative interest rates are shown in interest expenses.

Other operating expenses shows rental expenses as well as the control, inspection and membership fees charged by authorities.

The report of the Board of Directors uses the term '**operating result**' to refer to operating profit (loss), and the term '**result for the financial period**' to describe the profit (loss) for the financial period.

The report of the Board of Directors uses the term '**gross assets under management**' to refer to the value of investments under the group companies' management and of the assets in portfolio management, calculated at fair value and inclusive of any possible debt portions, to which are added the following: the irrevocable investment commitments callable from clients, and the other assets contractually managed by the group companies.

The report of the Board of Directors uses the term '**net client assets under management**' to refer to the fair value of the assets invested by clients, to which are added the following: the irrevocable investment commitments callable from clients, and the other assets contractually managed by the group companies.

14.2 Accounting principles for the consolidated financial statements

The consolidated financial statements of LocalTapiola Asset Management are prepared as combinations of the subsidiaries' income statements, balance sheets and notes, from which the following are eliminated: inter-company receivables and liabilities; income and expenses; profit distribution; intra-group realised gains and losses; and mutual share ownership.

The shareholding internal to the consolidated financial statements is eliminated using the acquisition cost method. As all subsidiaries are wholly owned, there is no minority interest in the consolidated financial statements. Nor does the group have any associates.

Leases that are deemed material and under which the commodity benefits and liabilities transfer to the lessee are transferred in the consolidated financial statements to the lessee's balance sheet as an asset.

The asset is shown under tangible assets and the corresponding lease liability under other liabilities. The asset is amortised on a straight-line basis during the lease term.

For other non-cancellable leases, the amount of the rental liability at the balance sheet date is shown.

14.3 Changes in the accounting principles affecting the comparability of the result for the financial period with the result for the previous financial period

No material changes have taken place in the accounting principles of the companies.

15 Notes on risk management of the group

The prudential management process of LocalTapiola Asset Management Group is based on the in-force Investment Firms Regulation and Directive (IFR/IFD).

Risk management at LocalTapiola Asset Management is based on current legislation, the regulations, guidelines and interpretations issued by authorities and LocalTapiola Asset Management Group-internal documents:

the risk management plans and the principles of internal control. Additionally, the policies and practices employed by LocalTapiola Group guide operations. The risk management process of the company is part of the group's Own Risk and Solvency Assessment (ORSA).

15.1 Publication of solvency data

The solvency data required under the prudential regulation governing investment firms, and the solvency data laid down in the regulations of the Financial Supervisory Authority, are included in the report of the company's Board of Directors.

15.2 Rationale for risk management

Risk management is active and proactive activity that identifies, assesses, limits, reports on and monitors hazards to business operations as well as new opportunities arising from evolving external and internal conditions, or from LocalTapiola Group's own strategic intent. The aim is to promote the continuity of the financial security of clients and to support the achievement of operational and financial targets. In accordance with the principles of responsible business conduct, the group reliably manages risks and provides information on risks and risk management to clients and other stakeholders.

Investment firms are required to establish effective strategies, approaches, processes and systems for identifying, measuring, managing and controlling the following risk factors, among others, and the impacts these factors have:

- Risks to clients
- Risks to markets
- Risks to the investment firm
- Solvency management risk
- Liquidity risk
- Sustainability risks
- Operational risks.

During the year under review, the risk management principles of LocalTapiola Asset Management Group were supplemented with regard to, inter alia, DORA, sustainability risk management and the sustainability goals. Sustainability risk means an environmental, social or governance event or condition that, if materialised, might have a negative impact on the value of an investment, the value of a liability, or the company's income or reputation.

It is characteristic of sustainability risks that they materialise through the traditional risk categories, which is why their identification is also linked to the periodically conducted operational risk surveys.

15.2.1 Organisation of risk management

The Board of Directors has overall responsibility for organising risk management. The Board defines the risk management targets, risk appetite, limits of risk-taking, responsibilities, metrics and supervision principles. The Board annually confirms the plans that discuss risk management, ensures that they are taken into account in the operational plans, and monitors the implementation of and compliance with these plans. Additionally, on a regular basis, the Board also monitors the state of risk management and the development of key risks.

The Managing Director and senior management are responsible for the practical preparation, implementation and monitoring of risk management within the risk management framework. The business units are responsible for identifying risks that relate to their own business operations, and for implementing the related risk management measures. It is for superiors to ensure that the control of operational processes is adequate and that there is reliable and up-to-date information available on the results of this control. All employees have an obligation to report any risks that they observe and any risk management areas that need improvement which they identify. Superiors are in charge of internal control with regard to their own function, and this work also covers operational compliance. The risk management function oversees implementation of the internal-control measures taken by superiors, and it reports to management on the implementation of this control.

The risk management function of LocalTapiola Asset Management is responsible for maintaining and developing the risk management framework, and for the prudential management process and solvency calculation of the company and the group. The risk management function of LocalTapiola Group supports and oversees the execution of risk management from the group's perspective.

The risk management function of the parent company must be able to get an adequate understanding of the total risk exposure with regard to the group, and to ensure compliance with the risk management strategy. For their part, the risk management functions of the group's subsidiaries are responsible, in respect of their own company, for maintaining and developing the risk

management frameworks and principles of LocalTapiola Group, Asset Management Group and the individual companies.

The company's legal function supports the business units of the company in complying with the applicable laws, official regulations and internal guidelines while also ensuring that people at the company are aware of the regulatory requirements and official regulations to which the company is subject. The compliance function of the company is part of the legal function. The compliance function annually submits to the Board of Directors a report on the observations it has made and on the oversight carried out to ensure operational conformity to the applicable provisions.

Internal audit assists the Board and the management in the practical implementation of risk management controls and risk monitoring. In addition, the auditing function oversees the implementation of risk management.

15.2.2 Risk identification, measurement and management

The identification of operational risks and of risks relating to the operating environment, as well as their likelihood and impacts, are evaluated at the business units during annual planning and whenever there is a material change in the risk position. The key risks identified in the risk surveys part of the annual planning of the Management Group are included in the company's risk management plan, and they are monitored on a regular basis by the Board.

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

In Espoo, 28 February 2025

Jari Eklund
Chair of the Board of Directors

Pasi Aakula

Mikko Ayub

Mirel Leino-Haltia

Hanna-Leena Pesonen

Pia Santavirta

Teemu Tähtinen

Petri Vilska

Samu Anttila
Managing Director

Auditor's note

A report has been issued today on the audit performed.

In Espoo, 24 March 2025

KPMG Oy Ab

Timo Nummi

Authorised Public Accountant



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This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of LocalTapiola Asset Management Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LocalTapiola Asset Management Ltd (business identity code 1604393-7) for the year ended 31 December, 2024. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of 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 parent company's and the group'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 parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the 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, we exercise professional judgment and maintain professional skepticism 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 parent company's or the group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the 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 parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 our auditor's 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 so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 24 March 2025

KPMG OY AB

TIMO NUMMI

Authorised Public Accountant, KHT