Annual Report and Financial Statements **2021**

Fennia Life

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Managing Director’s Review

In 2021, Fennia Life celebrated its 23rd year of operations. The company’s business covers voluntary life, pension and savings insurance products as part of the Fennia Group’s service offering.

The past year was marked by the continued Covid-19 pandemic, which caused uncertainty in the operations of both our self-employed customers and the company. Nevertheless, Fennia Life’s business developed favourably. The company's premiums written totalled EUR 168.3 million (EUR 159.9 million), showing growth of 5.3 per cent.

The premiums earned increased in all of the company’s three business areas. The premiums written in pension insurance and investment solution products increased, whereas the demand peak experienced in the sales of risk life insurance products due to the pandemic in the previous year levelled off.

Measured in terms of expense loading, operating income grew to EUR 21.0 million (EUR 18.6 million). The company’s expense ratio (including fund fees) improved yet again to the best level in the company’s operating history and was 73.2 per cent (82.6 %). The company’s result in 2021 was EUR 23.3 million (EUR 14.2 million), which can be considered good.

The development in the capital market was good, although the interest rate level continued to be historically low due to the massive stimulus measures that central banks continued to implement. The stock market return was strong as the pandemic showed signs of winding down and as economic growth accelerated. As a result of this and the sales of investment insurance products, the volume of the insurance savings of Fennia Life’s customers grew by more than 18 per cent.

The company’s solvency level is solid, and according to preliminary calculations, the SCR ratio describing the company’s solvency was 193.8 per cent at the turn of the year (194.3 %). The company does not apply transitional provisions.

In 2021, Fennia Life’s development continued in alignment with the goals for strategy period 2018–2022: growing the company’s expense loading and considerably improving the expense ratio, which measures operating profitability. In terms of product development, risk life insurance was revamped and insurance cover in case of serious illness was introduced as a new feature of life insurance in 2021. The company’s investments continue to target digitalisation: digital customer channels and the automation of business processes.

Fennia Life's outlook for 2022 is cautious. The Covid-19 pandemic continues and the capital markets have taken a downward turn due to the geopolitical situation coming to head. The company's good solvency position is supported by the low risk-taking in the investment portfolio and the hedging of the technical provisions.

In conclusion, I would like to extend my heartfelt thanks to our customers – we exist for their needs. Fennia's vision is to provide the best customer experience in the industry, and we work hard to accomplish that. Our personnel and management also deserve thanks for their excellent work contribution in the past year.

Alexander Schoschkoff
Managing Director, Fennia Life

Report of the Board of Directors

Fennia Life Insurance Company

Fennia Life Insurance Company specialises in voluntary life, pension and savings insurance and insurance asset management.

Fennia Life Insurance Company's result improved compared to the previous year, in spite of the Covid-19 pandemic. The company's expense ratio also improved from the comparison year and the company's business operations developed positively.

Fennia Life is a wholly owned subsidiary of Fennia Mutual Insurance Company. At the end of the financial year, the Fennia Life Group comprised five (5) real estate companies wholly owned by the company and one (1) real estate company in which the company's holding was 88 per cent.

In 2021, Fennia Life did not engage in ancillary activities referred to in the Insurance Companies Act.

Most significant events during the year

The year 2021 was marked by the continued Covid-19 pandemic, optimism that the pandemic would be winding down, as well as a favourable upward spurt in economic growth as a result of the partial lifting of the Covid-19 restrictions. The development in the capital markets was strong, boosted by the continued support measures by central banks and the economic development. All of the company's business areas developed favourably, although the spurt in demand experienced in risk life insurance products in the previous year stabilised. The development of pension insurance and investment insurance products was better than in the comparison period and customer capital increased.

At the beginning of 2021, we launched the sales of a revamped risk life insurance product and introduced a new insurance cover in case of serious illness. Insurance claims remained at the previous year's level and the level of claims paid was not affected by the continued pandemic. No coronavirus-related claims were paid during the year.

Insurance business

Fennia Life's total premium income, after the reinsurers' share, was EUR 168.3 million (EUR 159.9 million). Of the company's total premium income, life insurance accounted for EUR 135.8 million (EUR 128.3 million) and pension insurance for EUR 33.9 million (EUR 32.7 million).

Premiums written on unit-linked insurances amounted to EUR 132.4 million (EUR 123.0 million), accounting for 78.0 per cent (76.4%) of the company's total premium income. Premiums written on regular premium contracts stood at EUR 57.3 million (EUR 55.4 million), accounting for 33.8 per cent (34.4%) of total premiums written.

Claims paid totalled EUR 106.5 million (EUR 105.6 million). Surrenders amounted to EUR 49.7 million (EUR 46.1 million). The repayment of benefits amounted to EUR 3.3 million (EUR 4.9 million). Pensions were paid in the amount of EUR 41.2 million (EUR 40.1 million) and death and disability benefits in the amount of EUR 8.5 million (EUR 10.9 million).

Operating expenses totalled EUR 14.8 million (EUR 14.6 million). The company's expense ratio was 73.2 per cent (82.6%), taking into account the fee and commission income from funds which form the investments of the unit-linked insurance.

The total return on with-profit insurance savings varied between 0.6 and 4.5 per cent in 2021, depending on the line of insurance. The client bonuses granted totalled EUR 1.5 million, of which EUR 1.3 million was funded from the provisions for future bonuses reserved earlier.

According to preliminary calculations, Fennia Life's solvency ratio was 193.8 per cent (194.3%). Fennia Life does not apply transitional provisions in calculating the technical provisions.

Life Insurance Key Figures

		2021	2020	2019
Premiums written	EUR Million	169.3	159.9	240.0
Expense ratio (of expense loading)	%	85.0	93.9	101.1
Operating profit/loss	EUR Million	29.0	19.7	47.9
Total result	EUR Million	-0.2	57.4	63.3
Average number of personnel		52	52	53

Investments

The company's return on investments at current values amounted to EUR -12.0 million (EUR 48.6 million), i.e. -1.5 per cent (6.0%) on the invested capital. The company's net investment income was EUR 225.6 million (EUR 78.3 million), of which unit-linked insurances accounted for EUR 207.6 million (EUR 68.0 million) of the net result. Compared to the previous year, the increases in the value of unit-linked investments improved the result by EUR 73.2 million.

At year-end, the current value of the investments was EUR 758.4 million (EUR 854.5 million). Bonds and long-term fund investments accounted for 71.2 per cent (62.3%) of the investment portfolio, and money market investments and deposits for 6.7 per cent (13.4%). Equities, equity fund investments and private equity funds accounted for 7.4 per cent (7.3%), real estate investments for 9.3 per cent (8.9%) and loan receivables and other investments for 5.3 per cent (8.1%). Assets covering unit-linked insurances grew to EUR 1,634 million (EUR 1,369 million).

Fennia Life has an asset-liability management (ALM) strategy in place. As a result, the company hedges against part of the changes in the value of the market-consistent technical provisions using interest rate derivatives. The objective of interest rate hedging is to ensure the achievement of the long-term return requirement on the technical provisions and to reduce the negative impact of a change in market rates on the company's market-consistent result and solvency position.

These interest rate hedges have been implemented as hedging instruments in accounting. Changes in the value of derivatives are not entered through profit or loss when the hedge is within the limits defined by the efficiency calculation. The hedges were efficient throughout 2021. The market-consistent hedge rate was kept at approximately 80 per cent throughout 2021. Derivative contracts were implemented with counterparties with a good credit rating. In derivative contracts, variation margin is exchanged daily against changes in market value.

Life Insurance Key Figures

		2021	2020	2019
Return on assets	%	0.4	7.1	8.3
Net investment income at current value	EUR Million	-12.0	48.6	57.1
Return on invested capital	%	-1.5	6.0	7.6

Result

The Group's operating profit was EUR 28.9 million (EUR 19.8 million), and the company's operating profit was EUR 30.1 million (EUR 19.7 million). The company decreased the interest rate supplement reserved previously by EUR 9.0 million (EUR 9.4 million) and the reserve for future bonuses by EUR 1.3 million (EUR 1.6 million). At year-end, the supplementary provision for the guaranteed interest rate stood at EUR 86.8 million (EUR 95.8 million).

Management and personnel

During the year under review, the members of Fennia Life's Board of Directors were Group CEO Antti Kuljukka (Chair), Chief Actuary Simo Sarvamaa (Vice Chair), Harri Pärssinen and Juha-Pekka Kallunki.

The Board of Directors held a total of nine meetings during the year under review. The attendance rate of the members was 97 per cent.

Alexander Schoschkoff served the company's Managing Director.

The company employed an average of 52 people (52) in 2021.

Remuneration

The starting point for remuneration in the Fennia Group is to provide encouraging, fair and reasonable remuneration to management and personnel, in line with the short- and long-term interests of the Group and the Group companies. The remuneration schemes are based on achieving pre-defined targets that are derived from the Group's strategic targets. In order to meet this objective, remuneration principles (including a pay policy) have been drawn up for the Group. Fennia Group's policy documents define all of the principles related to salary and rewards for Fennia employees. At Fennia, the remuneration principles and the pay policy are viewed as a whole that is influenced not only by an interesting and sufficiently challenging field of tasks, but also by good leadership, personnel benefits and monetary rewards. The remuneration principles and pay policy also define how each Fennia employee can influence the development of their salary by developing themselves and their work, as well as the responsibilities related to salary and rewards within the company.

In building and developing remuneration schemes, the Group's and the company's business strategy, targets and values are taken into account, as are the company's long-term interests and risk management. In addition, the company's business continuity and business practices that are professional and in line with healthy and prudent business principles are taken into account. The remuneration schemes include, among other things, pre-defined maximum amounts of remuneration and a force majeure clause, which gives the Board of Directors the right to amend the schemes during the period if the company's financial position is jeopardised or if the circumstances have otherwise changed considerably. Remuneration decisions are made according to the 'one above' principle, i.e. the person making the decision is the supervisor of the supervisor of the employee in question.

An aspect of remuneration that the Fennia Group also pays attention to is encouraging personnel to act responsibly and in a manner that promotes good governance. Such factors include sustainable products, customer satisfaction, streamlined customer and service processes and regulatory compliance. Any action that violates the regulatory obligations, Fennia Group's principles or guidelines or the ethical code of conduct is excluded from remuneration.

Group structure

At the end of the financial year, the Fennia Life Group comprised five (5) real estate companies wholly owned by the company and one (1) real estate company in which the company's holding was 88 per cent. Three (1) real estate companies were sold during the year.

Risk and solvency management

The risk management and solvency management principles that are approved by the Boards of Directors of the Fennia Group companies serve as the foundation for Fennia Life's risk management. The steering of the risk management system is based on a three-defence-line model, which is described in more detail in the note concerning risk management.

The Group has a risk management executive group to prepare, steer and co-ordinate tasks related to risk and solvency management and to communicate information. A group-level asset-liability committee (ALCO) manages the insurance companies' balance-sheet management.

Investment activities are based on the asset-liability management (ALM) plan, which is approved by the company's Board of Directors and which determines, among other things, the allocation of investments and the rights and responsibilities of those involved in investment activities. The company's risk-bearing capacity is taken into account in determining the allocation of investments.

A note to the financial statements concerning risks and the management of risks and solvency has been drawn up, detailing Fennia Life's most significant risks and general principles concerning risks and solvency management.

Solvency and Financial Condition Report

Fennia Life's Solvency and Financial Condition Report will be published, at the latest, on 8 April 2022 on Fennia's website.

Outlook for the current year

The year 2022 started with nervousness in the capital markets as well as yet another acceleration phase in the Covid-19 pandemic and the resulting restrictions. We expect to see relatively stable development in the company's operating environment and cautiously positive development in the business operations. The company's result will be dependent on the development of the economic cycles and, in particular, on the financial situation of our customers. The development of the capital markets will also play a significant role, as some of the company's fee and commission income is tied to the value of the insurance savings. Investment returns are subject to uncertainty during the current year.

Board of Directors' proposal on the disposal of profit

Fennia Life's distributable profits totalled EUR 147,748,833.80. The company's profit for the financial year was EUR 23,258,659.23. The Board of Directors proposes to the Annual General Meeting that the profit for the financial year be used such that EUR 10,000,000 be paid in dividends and EUR 13,258,659.23 be transferred to retained earnings.

Financial Statements

Profit and Loss Account

The figures are in thousands of euros.

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Technical Account				
Premiums written				
Premiums written	169,615	160,941	169,615	160,941
Reinsurers' share	-1,312	-1,073	-1,312	-1,073
	168,304	159,868	168,304	159,868
Investment income	97,861	60,919	98,400	62,071
Revaluations on investments	164,796	91,584	164,796	91,584
Claims incurred				
Claims paid	-106,539	-105,814	-106,539	-105,814
Reinsurers' share	50	166	50	166
	-106,489	-105,648	-106,489	-105,648
Change in the provision for outstanding claims	-8,638	-3,168	-8,638	-3,168
	-8,638	-3,168	-8,638	-3,168
Claims incurred in total	-115,128	-108,815	-115,128	-108,815
Change in the provision for unearned premiums				
Total change in the provision for unearned premiums	-235,456	-96,328	-235,456	-96,328
	-235,456	-96,328	-235,456	-96,328
Net operating expenses	-14,775	-14,572	-14,775	-14,572
Investment charges	-30,686	-68,294	-32,344	-69,369
Revaluation adjustments on investments	-5,271	-5,886	-5,271	-5,886
Balance on technical account	29,645	18,475	28,527	18,551
Other charges				
Depreciation of goodwill	-241	-241	-241	-241
Other	-12	-13	-12	-13
	-252	-253	-252	-253
Profit on ordinary activities	29,393	18,221	28,275	18,298
Appropriations				
Change in depreciation difference	11	-9		
Tax on profit				
Tax for the financial year	-5,550	-3,453	-5,550	-3,453
Tax from previous periods	-596	-601	-596	-601
Deferred tax			196	590
	-6,146	-4,054	-5,950	-3,463
Minority interests			9	8
Profit for the financial year	23,259	14,158	22,334	14,843

Balance Sheet

Assets

The figures are in thousands of euros.

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Intangible assets				
Other long-term expenses	3,702	3,274	3,702	3,274
Goodwill	722	963	722	963
Advance payments	871	1,283	871	1,283
	5,295	5,520	5,295	5,520
Investments				
Real estate investments				
Land and buildings and real estate shares	52,114	57,298	45,059	51,652
Real estate investment funds	9,219	8,337	9,219	8,337
Investment loans to affiliated undertakings	2,887	3,379		
Loans to associated undertakings	4,271	2,448	4,271	2,448
	68,491	71,462	58,549	62,437
Other investments				
Shares and participations	223,025	249,354	223,025	249,354
Debt securities	398,669	397,680	398,669	397,680
Loans guaranteed by mortgages	800	800	800	800
	622,494	647,834	622,494	647,834
Investments in total	690,985	719,296	681,043	710,271
Investments covering unit-linked insurances	1,631,277	1,367,340	1,631,277	1,367,340
Debtors				
Arising out of direct insurance operations				
Policyholders	1,498	958	1,498	958
Arising out of reinsurance operations	50	172	50	172
Other debtors	11,243	13,787	11,226	13,782
	12,791	14,917	12,774	14,912
Other assets				
Tangible assets				
Machinery and equipment	162	234	162	234
Other tangible assets	12	12	12	12
	174	246	174	246
Cash at bank and in hand	31,059	37,796	31,153	38,048
	31,233	38,042	31,328	38,294
Prepayments and accrued income				
Interest and rents	5,759	6,175	5,759	6,179
Other	8,388	2,786	8,391	2,792
	14,147	8,961	14,150	8,970
	2,385,728	2,154,076	2,375,867	2,145,307

Liabilities

The figures are in thousands of euros.

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Capital and reserves				
Subscribed capital	27,751	27,751	27,751	27,751
Premium fund	10,723	10,723	10,723	10,723
At the disposal of the Board	8	8	8	8
Profit brought forward	124,482	114,323	111,902	101,059
Profit for the financial year	23,259	14,158	22,334	14,843
	186,223	166,964	172,719	154,385
Appropriations				
Accumulated depreciation difference	64	76		
Minority interests			351	360
Technical provisions				
Provision for unearned premiums	369,763	388,015	369,763	388,015
Claims outstanding	151,504	152,530	151,504	152,530
	521,266	540,545	521,266	540,545
Technical provisions for unit-linked insurances				
Technical provisions	1,632,154	1,368,781	1,632,154	1,368,781
Creditors				
Arising out of reinsurance operations	858	756	858	756
Deferred tax			3,384	3,580
Other creditors	41,873	72,284	41,817	72,189
	42,731	73,040	46,059	76,525
Accruals and deferred income	3,289	4,670	3,318	4,711
	2,385,728	2,154,076	2,375,867	2,145,307

Parent Company Cash Flow Statement

Indirect cash flow statement

The figures are in thousands of euros.

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Cash flow from business operations				
Profit on ordinary activities before extraordinary items	23,247	14,168	22,344	14,835
Adjustments:				
Change in technical provisions	244,095	99,496	244,095	99,496
Value adjustments and revaluations on investments	-158,944	-56,770	-158,522	-57,373
Depreciation according to plan	911	703	2,509	2,816
Other	-26,880	9,628	-27,507	8,080
Cash flow before change in net working capital	82,430	67,225	82,918	67,854
Change in net working capital				
Increase/decrease in non-interest-earning receivables	2,769	4,655	2,787	4,510
Increase in non-interest-earning payables	-30,710	28,289	-30,684	28,352
Cash flow from business operations before financial items and taxes	54,489	100,169	55,022	100,716
Interest paid on other financial expenses from operations	121	-127	120	-127
Taxes	-12,524	-10,701	-12,524	-10,701
Cash flow from business operations	42,086	89,341	42,618	89,888
Cash flow from capital expenditures				
Capital expenditure on investments (excl. funds)	-77,114	-65,006	-78,234	-66,281
Capital gain from investments (excl. funds)	32,905	-5,447	33,336	-4,490
Investments and income from the sale of tangible and intangible assets and other assets (net)	-615	-1,098	-615	-1,098
Cash flow from capital expenditures	-44,824	-71,551	-45,513	-71,869
Cash flow from financing				
Dividends paid	-4,000	-12,000	-4,000	-12,000
Cash flow from financing	-4,000	-12,000	-4,000	-12,000
Change in funds	-6,737	5,790	-6,894	6,019
Funds on 1 Jan.	37,796	32,006	38,048	32,029
Funds on 31 Dec.	31,059	37,796	31,153	38,048
	-6,737	5,790	-6,894	6,019

Notes to the accounts

Accounting principles

The financial statements have been prepared in accordance with the Finnish Accounting Act, Limited Liability Companies Act, Insurance Companies Act and the decisions, regulations and guidelines of the authorities responsible for monitoring insurance companies.

Book value of investments

Buildings and structures are presented in the balance sheet at the lower of acquisition cost less the planned depreciation or current value. Real estate shares and land and water areas are presented at the lower of acquisition cost or current value.

Stocks and shares in the nature of investments are presented at the lower of acquisition cost or current value. Stocks and shares in the nature of fixed assets are entered at the lower of acquisition cost or current value if the value adjustment is considered permanent. The acquisition cost is calculated using the average price.

Debt securities are entered in the balance sheet at acquisition cost. The acquisition cost is calculated using the average price. The difference between their nominal value and acquisition cost is accrued as interest income, or interest payable, over the life of the debt security instrument, and entered as an increase or decrease in their acquisition cost. Changes in value arising from the variation in interest rates are not entered. Value adjustments relating to the issuer's creditworthiness are entered at profit or loss.

Loan receivables and deposits are presented in the balance sheet at nominal value or at a permanently lower likely realisable value.

Value adjustments that have been made earlier on investments are re-adjusted through profit or loss up to the original acquisition cost if the current value increases.

Derivative contracts are mainly used to hedge the exchange rate risk and price risk in the investment portfolios by applying fair value hedging. In accounting terms, however, derivatives are mainly treated as non-hedging instruments, even though they serve as effective hedging instruments. The profits and losses resulting from the termination or expiry of contracts are entered as income or expenses for the financial year. The negative difference between the current value of the derivative contracts treated as non-hedging and a higher book value/contract rate is entered as an expense. Unrealised income is not entered.

Interest rate derivatives (other than unit-linked) are used to hedge the interest rate risk of market-based technical provisions against future changes in value in accordance with the company's risk management. In accounting terms, these interest rate derivatives are treated as hedging instruments. When employing hedge accounting, the negative change in the value of derivatives is not entered as an expense insofar as it is covered by the change in the value of the position being hedged, and provided that the hedging is effective. However, if the negative change in the value of the hedging interest rate derivatives is greater than the positive change in the value of the market-consistent technical provisions to be hedged, the excess value is entered under value adjustments on investments. The interest for the financial period from the interest rate derivatives is entered as income or expenses for the financial year based on the contract. Profit or loss arising in connection with the closing of interest rate derivatives treated as hedging instruments in accounting are periodised over the life of each derivative contract.

Investments covering unit-linked insurances are valued at their current value, and the change in current value is entered in the profit and loss account as income or expenses.

Book value of assets other than investments

Other long-term expenses, which have been capitalised, are basic renovation expenses for real estate and planning expenses for information systems and, in addition, goodwill have been capitalised in the balance sheet. Those expenses, as well as equipment, are entered in the balance sheet at acquisition cost less planned depreciation. Impairment write-offs are recorded on the capitalisation of information systems if the capitalisation can no longer be considered to produce income in the future.

Premium receivables are presented in the balance sheet at probable value and other receivables at their par value or at a probable value permanently lower than this.

Depreciation according to plan

Depreciation according to plan is calculated as a straight-line depreciation on the acquisition cost based on the estimated economic life of the asset. The average estimated depreciation times are as follows:

- Computer software 3–7 years
- Planning expenses for information systems 3–10 years
- Other long-term expenses 3–10 years
- Goodwill 10 years
- Business and industrial premises and offices 20–75 years
- Components in buildings 10–20 years
- Vehicles and computer hardware 3–5 years
- Office machinery and equipment 7 years

Revaluations on investments

Revaluations and revaluation adjustments on investments in the nature of investment assets and on investments covering unit-linked insurances are entered through profit or loss.

Current value of investments

The value of real estate and shares in real estate is entered at values not exceeding market-based current values. The investments are evaluated using the net present value rule based on cash flow. An external authorised real-estate appraiser and the company's own experts take part in setting the annual fair value of real estate investments.

Quoted securities and securities that are otherwise subject to public trading are valued at the last bid price in continuous trading on the balance sheet date or, if this is not available, at the latest trading price. Unlisted securities are valued at the estimated market price, the undepreciated portion of acquisition cost or a value based on net asset value. Private equity investment fund shares are valued at the estimated current value of the fund reported by the management company or, if this is not available, at acquisition cost.

Derivative contracts are valued according to their market quotation on the date of closing the accounts, or if this is not available, according to discount and forward contract curves based on swap market quotations on the date of closing the accounts as well as according to the exchange rates on the date of closing the accounts.

Receivables are valued at the lower of par value or probable value.

Foreign currency items

Transactions in foreign currency are entered at the exchange rate of the transaction date. In the annual closing of the accounts, currency-denominated receivables and liabilities and current values of investments have been translated into euro using the European Central Bank's benchmark rate on the date of closing the accounts. Exchange rate gains and losses arising during the financial period and in the closing of the accounts are entered as adjustments to the income and expenses concerned or as investment income and charges, if they are related to financing operations.

Staff pension schemes

Pension insurance cover has been arranged with Elo Mutual Pension Insurance. Pension expenditure during the financial year is entered on the accrual basis as an expense. Pension expenditure during the financial year is entered on the accrual basis as an expense.

Appropriations and handling of deferred tax

In the Group companies' financial statements and in the consolidated financial statements, deferred tax is entered in total, and receivables are entered up to an amount of probable taxable income in the future, against which they can be booked. Deferred tax is calculated according to the confirmed rate of tax on the date of closing the accounts.

Technical provisions in life insurance

The calculation of technical provisions complies with the regulations and guidelines of the Insurance Companies Act, the Ministry of Social Affairs and Health and the Financial Supervisory Authority.

No technical rate of interest is applied to unit-linked insurances. For other insurances, the technical provisions are calculated separately for each insurance and the technical rate of interest applied varies as follows:

- For individual life and pension insurance, the technical rate of interest applied is between 1 and 4.5 per cent, depending on the starting date of the insurance. For new pension insurance contracts, the technical rate of interest is 1 per cent.
- For capital redemption contracts, the technical rate of interest applied is between 0 and 1.5 per cent, depending on the starting date and the target group of the contract.
- The technical interest rate for group pension insurance is 0 to 3.5 per cent. An annual interest rate is applied to new group pension insurance policies (the technical rate of interest is 0 per cent).

In order to fulfil the technical interest rate requirement, the technical provisions have been supplemented in previous financial statements. The supplementary provision for the guaranteed interest rate as of 31 December 2021 was approximately EUR 86.8 million. As a result of the supplementary provision, the minimum annual return requirement for investment operations on the part of policies based on technical provisions is 1.0 per cent.

Principle of fairness

According to Chapter 13, Section 2 of the Insurance Companies Act, a principle of fairness must be observed in life insurance with respect to such policies that, according to the insurance contract, entitle to bonuses and rebates granted on the basis of any surplus yielded by the policies. This principle requires that a reasonable part of the surplus be returned to these policies as bonuses, insofar as the solvency requirements do not prevent it.

Fennia Life aims at giving a long-term gross return on policyholders' with-profit insurance savings that is at minimum based on the risk-free interest rate. The surrender right and the duration of the insurance are taken into account in distributing bonuses. The return to be distributed to clients is determined based on the company's long-term net income on investments.

The total interest rate consists of the technical interest rate and the total amount of bonuses and rebates on the insurance contract in question. The amount of bonuses and rebates is influenced by the level of technical interest on the contract. When the company's net income from investments is low, the level of distributed bonuses is reduced. In this case, the total interest rate on insurance contracts with a low technical rate of interest can remain lower than that on an insurance contract with a high technical rate of interest. When the net income on investments is high, insurance contracts with a low technical rate of interest may achieve a higher total interest rate than insurance contracts with a high technical rate of interest.

The aim is to retain continuity in the level of bonuses paid, as a result of which the surplus from returns on investments can be accrued as distributable bonuses for the insurance groups in question for the coming years.

The level of bonuses is limited by the owner's requirements for return on capital, as well as the company's solvency target. The solvency target is set in such a way that all the solvency limits set by legislation are exceeded and so that the company is able to take risks in its investment operations to the extent required by solvency maintenance, by the return requirement on technical provisions and by the return requirement of the owner.

Fennia Life's Board of Directors decides on the distribution of bonuses to insurance contracts annually. The amount of bonuses confirmed in advance can, however, be changed during the course of a year if necessitated by the company's solvency or the general market situation.

In risk life insurance, the principle of fairness can be applied, on the part of death cover and disability cover, to specified insurance groups in the form of increased compensation.

The bonus targets are not binding and are not part of the insurance contract between the company and the policyholder. The bonus objectives are in force until further notice and the company reserves the right to alter the bonus objectives.

Realisation of the principle of fairness in 2021

Fennia Life's bonuses in 2021 correspond to the targets set by the company in its principle of fairness. The return to be distributed to insurance policies is determined based on the company's long-term net income on investments. The goal in the level of bonuses is continuity. The company's solvency position and the level of interest rates are taken into account when distributing bonuses.

In response to the extremely low interest rate level that has continued for some time, the company has in earlier years transferred part of its result to the supplementary provision for the guaranteed interest rate in order to cover the cost of the technical rate of interest in the coming years. At the closing of the accounts on 31 December 2021, no such transfer was made. The supplementary provision for the guaranteed interest rate was decreased according to plan.

The technical rate of interest for new pension insurance contracts has remained low (0–1 per cent) for several years. In order to ensure continuity in the level of bonuses paid, EUR 3.8 million was transferred from the result for 2017 to the provision for future bonuses to be used to cover the cost of the bonuses on pension insurance contracts with a technical rate of interest of 0 or 1 per cent. The bonuses paid in 2021 were funded from provisions for bonuses reserved earlier.

The risk-free interest rate has remained low for both short-term interest rates and long-term government bonds since 2009. The total interest credited by Fennia Life has clearly exceeded the risk-free interest rate of the corresponding investment period from 2009 to 2021. When distributing bonuses, not only the contract's technical rate of interest, but also the surrender right and the duration of the insurance have been taken into account. For that reason, the total interest credited on pension insurance has been higher than the interest credited on savings insurance. The table below indicates the total interest credited by Fennia Life in 2021:

Total annual interest on with-profit policies in 2021

Technical rate of interest	Individual savings insurance	Individual pension insurance	Group pension insurance	Capital redemption contract
4.50 %	4.50 %	4.50 %		
3.50 %	3.50 %	3.50 %	3.50 %	
2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
2.00 %			2.00 %	
1.50 %	1.50 %			1.50 %
1.00 %	1.00 %	1.20 %	1.20 %	1.00 %
0.00 %			1.20 %	0.60 %

The surplus from risk life insurance is paid out as extra sums to risk life insurance policies in connection with loss events. The extra sums paid in 2021, EUR 843,422, were funded from provisions for bonuses reserved in the previous financial statement. Further, provisions for extra sums were increased by EUR 668,422.

Consolidated financial statements

Fennia Life's consolidated financial statements include all the subsidiaries in which the parent company either directly or indirectly holds the voting rights.

The consolidated financial statements have been drawn up as combinations of the profit and loss accounts, balance sheets and notes of the parent company and the subsidiaries. Mutual share ownership is eliminated using the acquisition method. The consolidation difference is entered under the fixed asset items concerned and depreciated according to their depreciation plan. The unallocated part of goodwill on consolidation has been written off.

At the end of the financial year, the Group comprised five (6) real estate companies wholly owned by the company and one (1) real estate company in which the company's holding was 88 per cent. Three (1) real estate companies were sold during the year.

Group companies 31 Dec. 2021

The following subsidiaries are included in the consolidated financial statements:

- Kiinteistö Oy Espoon Niittyrinne 1
- Kiinteistö Oy Koivuhaanportti 1-5
- Kiinteistö Oy Mikkelin Hallituskatu 1
- Kiinteistö Oy Sellukatu 5, myyty 15.2.2021
- Kiinteistö Oy Teohypo
- Kiinteistö Oy Vasaraperän Liikekeskus
- Munkinseudun Kiinteistö Oy

Calculation methods for the key figures

Premiums written is premiums written before reinsurers' share.

Expense ratio in per cent of expense loading is operating expenses before change in deferred acquisition costs plus claims settlement expenses divided by expense loading.

Expense ratio in per cent of balance sheet total is total operating expenses divided by opening balance sheet total.

Total result is operating profit or loss plus change in off-balance sheet valuation differences.

Return on assets at current values in per cent is operating profit or loss plus financial expenses plus unwinding of discount plus change in valuation differences on investments divided by balance sheet total minus technical provisions for unit-linked insurances plus valuation differences on investments.

The divisor of the key figure is calculated as an average of values on the balance sheet for the current and previous financial period.

Unwinding of discount refers to the technical interest credited to insurances during the year plus or minus any changes in the supplementary liability of the interest.

Net investment income on invested capital at current values is calculated by line of investment and for the total amount of investments with reference to cash flows during the period.

Average number of employees is calculated as average number of employees at the end of each calendar month.

Financial Statements' Key Figures

	2021	2020	2019	2018	2017
Analysis of Results					
Premiums written	168,304	159,868	239,945	163,079	165,728
Investment income (net), revaluations and revaluation adjustments on investments	225,559	78,399	182,032	-40,465	68,353
Claims paid	-106,489	-105,648	-177,716	-95,551	-104,219
Change in technical provisions before bonuses and rebates and change in equalisation provision	-243,423	-98,022	-179,771	11,038	-94,911
Net operating expenses	-14,752	-14,572	-15,566	-14,826	-14,806
Technical underwriting result before bonuses and rebates and change in equalisation provision	29,198	20,025	48,924	23,276	20,144
Other income (net)	-252	-253	-245	-133	281
Operating profit	28,946	19,772	48,679	23,143	20,425
Bonuses and rebates	-671	-1,474	-481	0	-4,439
Profit before untaxed reserves and tax	28,275	18,298	48,198	23,143	15,986
Taxes	-5,950	-3,463	-10,756	-1,283	-2,145
Minority interests	9	8	16	6	1
Group's profit for the financial year	22,334	14,843	37,457	21,865	13,842
Gross premiums written	169,615	160,941	240,966	164,142	166,687
Expense ratio of expense loading	85.0 %	93.9 %	101.1 %	101.9 %	103.6 %
Expense ratio of Balance Sheet total	0.8 %	0.8 %	1.0 %	1.0 %	1.0 %
Total result	-260	57,357	63,328	23,036	30,877
Return on assets	0.4 %	7.1 %	8.3 %	3.5 %	4.5 %

The key figures have been calculated on the basis of the Parent Company's figures, excluding the analysis results.

Investment portfolio at current values

	Basic Distribution, 31 Dec. 2021, EUR million	Basic Distribution, 31 Dec. 2021, per cent	Basic Distribution, 31 Dec. 2020, EUR million	Basic Distribution, 31 Dec. 2020, per cent	Risk Distribution, 31 Dec. 2021, EUR million	Risk Distribution, 31 Dec. 2021, per cent	Risk Distribution, 2020, per cent
Fixed-income investments, total	**596,1**	**78,6**	**650,1**	**76,1**	**596,1**	**78,6**	**76,1**
Loans (footnote 1)	5,3	0,7	**3,5**	0,4	5,3	0,7	0,4
Bonds	540,2	71,2	**532,1**	62,3	540,2	71,2	62,3
Other money market instruments and deposits (footnote 1, 2)	50,6	6,7	**114,5**	13,4	50,6	6,7	13,4
Equity investments, total	**56,4**	**7,4**	**62,8**	**7,3**	**56,4**	**7,4**	**7,3**
Listed equities (footnote 3)	38,9	5,1	**40,6**	4,8	38,9	5,1	4,8
Private equity (footnote 4)	4,9	0,6	**9,3**	1,1	4,9	0,6	1,1
Unlisted equities (footnote 5)	12,7	1,7	**12,8**	1,5	12,7	1,7	1,5
Real estate investments, total	**70,8**	**9,3**	**75,7**	**8,9**	70,8	**9,3**	**8,9**
Direct real estate	69,2	9,1	**75,1**	8,8	69,2	9,1	8,8
Real estate funds and UCITS	1,6	0,2	**,5**	0,1	1,6	0,2	0,1
Other investments	**35,0**	**4,6**	**66,0**	**7,7**	**35,0**	**4,6**	**7,7**
Hedge funds (footnote 6)	0,0	0,0	**,0**	0,0	0,0	0,0	0,0
Commodities	0,0	0,0	**,0**	0,0	0,0	0,0	0,0
Other investments (footnote 7)	35,0	4,6	**66,0**	7,7	35,0	4,6	7,7
Investments in total	**758,4**	**100,0**	**854,5**	**100,0**	**758,4**	**100,0**	**100,0**
Effect of derivatives (footnote 8)							
Total investments at fair value	**758,4**	**100,0**	**854,5**	**100,0**	**758,4**	**100,0**	**100,0**
Modified duration of the bond portfolio	**2,1**		1,4				

Explanations of the table:

1) Includes accrued interests
2) Including cash at bank and in hand and settlement receivables and settlement liabilities
3) Including mixed funds, if these cannot be allocated elsewhere
4) Including private equity funds, mezzanine funds, and infrastructure investments
5) Including unlisted real-estate investment companies
6) Including all types of hedge fund shares, regardless of the fund's strategy
7) Including derivatives and other items that cannot be allocated to other investments
8) Includes the effect of derivatives on the difference between risk-adjusted breakdown and basic breakdown

Net investment income on invested capital

	Market value of net investment returns, 2021, EUR million (Footnote 8)	Invested capital, 2021, EUR million (Footnote 9)	Yield, per cent on invested capital, 2021	Yield, per cent on invested capital, 2020	Yield, per cent on invested capital, 2019	Yield, per cent on invested capital, 2018	Yield, per cent on invested capital, 2017
Fixed-income investments, total	**-2.4**	**594.2**	**0.4**	**0.4**	**1.5**	**0.5**	**0.2**
Loans (Footnote 1)	0.0	3.8	0.0	-34.6	2.7	3.7	3.7
Bonds	-1.5	534.2	-0.3	0.8	1.7	0.5	0.1
Other money market instruments and deposits (Footnotes 1, 2)	-.9	56.2	-1.6	-0.1	0.9	0.5	0.3
Equity investments, total	**16.4**	**53.5**	**30.6**	**16.3**	**25.2**	**7.6**	**11.3**
Listed equities (Footnote 3)	9.6	35.5	27.0	2.0	41.2	-9.5	7.5
Private equity (Footnote 4)	2.6	6.8	39.1	15.2	-14.7	19.9	32.3
Unlisted equities (Footnote 5)	4.1	11.3	36.6	105.1	5.0	-	5.8
Real estate investments, total	**2.9**	**69.8**	**4.2**	**2.4**	**7.6**	**6.7**	**5.4**
Direct real estate	3.0	68.9	4.4	2.4	7.6	6.7	5.6
Real estate funds and UCITS	-0.1	0.8	-13.4	8.8	4.9	7.1	3.8
Other investments	**-27.2**	**62.8**	**-43.2**	**120.5**	**4292.4**	**113.9**	**1025.2**
Hedge funds (Footnote 6)	0.0	0.0	0.0	0.0	0.0	-99.3	-10.7
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments (Footnote 7)	-27.2	62.8	-43.2	120.5	4292.4	114.0	-739.9
Investments in total	**-10.3**	**780.3**	**-1.3**	**6.2**	**7.8**	**2.5**	**3.5**
Sundry income, charges and operating expenses	-1.7	0.0					
Net investment income at current value	**-12.0**	**780.3**	**-1.5**	**6.0**	**7.6**	**2.4**	**3.3**

Explanations of the table:

1) Includes accrued interests
2) Including cash at bank and in hand and settlement receivables and settlement liabilities
3) Including mixed funds, if these cannot be allocated elsewhere
4) Including private equity funds, mezzanine funds, and infrastructure investments
5) Including unlisted real-estate investment companies
6) Including all types of hedge fund shares, regardless of the fund's strategy
7) Including derivatives and items that cannot be allocated to other investment types
8) Change in the market values between the end and beginning of the reporting period – cash flows during the period. Cash flows refers to the difference between sales/profits and purchases/costs.
9) Invested capital = Market value at the beginning of the reporting period + daily/monthly time-weighted cash flows

Risks and management of risks and solvency

1 Risk and solvency management in general

Fennia Life Insurance Company (hereinafter Fennia Life) is owned by Fennia Mutual Insurance Company (hereinafter Fennia). The risk and solvency management framework of Fennia Life is described in the policy documents approved by the Group companies' Boards of Directors. The most central of these documents is the risk and solvency management policy, which lays down the general principles for managing both risks and solvency in the Group.

In the Fennia Group, risk management means co-ordinated strategies, processes, principles and measures to identify, measure, manage, monitor and report risks faced by the Group and Group companies. Solvency management, on the other hand, means strategies, processes, principles and measures to determine and steer the Group's and the Group companies' risk-bearing capacity, risk appetite, risk tolerance and restrictions of their essential risks.

2 Organisation of risk and solvency management

Fennia's Board of Directors, in its capacity as the Board of Directors of the Group's parent company, bears the responsibility for risk and solvency management and for its integration into the Group's governance system. It is the responsibility of Fennia's Board of Directors to ensure that the special characteristics of the companies belonging to the Group and the intra-Group connections (including internal transactions, double capital, transferability of capital and use of capital in general) are taken into consideration appropriately.

The Board of Directors of Fennia Life is responsible for ensuring that the company abides by the Group's risk and solvency management policy. In particular, it is responsible for ensuring that the company has in place a governance system that is adequately organised with regard to the quality, scope and complexity of the operations, including internal control and a risk management system.

The Group companies abide by the Fennia Group's risk and solvency management policy where applicable. Fennia Life Insurance's other Group companies are real estate companies.

The Group has a risk management executive group to prepare, steer and co-ordinate tasks related to risk and solvency management and to communicate information. The group is chaired by the Group's Chief Financial Officer.

For management of the insurance companies' balance sheets, an Asset Liability Committee (ALCO) convenes on the Group level. The main tasks of this committee are to prepare a proposal for the insurance companies' Boards of Directors on an investment strategy (ALM plan), to amend the strategy, if necessary, within the limits set by the Boards of Directors, and to report balance sheet risks to the Boards of Directors. committee is chaired by the managing director of Fennia.

The steering of the risk management system is based on a three-defence-line model, whereby:

1. The first defence line, i.e. business and support functions, has the primary responsibility for daily risk management and reporting in accordance with the agreed policy.
2. The second defence line is responsible for, among other things, the interpretation, development and planning of and reporting on risk and solvency management, and supports, monitors and assesses the implementation of the first defence line's risk and solvency management processes.
3. The third defence line is in charge of ensuring the effectiveness and efficiency of internal control and risk and solvency management.

In the three-defence-line model, responsibility for risk and solvency management is allocated as follows between the various operators:

- Managing director

  Assisted by the executive management, the managing director bears overall responsibility for the appropriate preparation and implementation of risk and solvency management in accordance with the Board of Directors' decisions.

- Business and support functions

  Each business and support function is primarily responsible for daily risk management and reporting in accordance with the agreed policy, monitors the overall risk profile of their own area (supported by the second defence line) and ensures that operations in their area comply with the Group's risk and solvency management documentation.

- Actuarial function

  The insurance company's responsible actuary is in charge of the actuarial function and sees to it that the actuarial methods applied in pricing and in calculating technical provisions are appropriate. The responsible actuary also determines the level of technical provisions. The actuarial function has a role in both the first and second defence lines. The actuarial function participates in the efficient implementation of the risk management system, in the creation of risk management methods in particular, but also in the implementation of the company's own risk and solvency assessment.

- Risk management
- The Fennia Group's risk management function is organised under the risk management and compliance unit. The risk management function bears the main responsibility for the second line of defence tasks, such as the interpretations, development, planning as well as guidelines and procedures of risk and solvency management. The function is tasked with maintaining an overall view of the risk profile of the Group companies and the Group and to report on it to the company's management. The function also supports the Board of Directors and the managing director as well as the business and support functions in their risk and solvency management work by participating in the development of the risk management system, assessing its operations and preparing analyses to support the decision-making concerning the risk position.
- Compliance

The compliance function, which belongs to the second defence line, is organised under the risk management and compliance unit. Compliance is responsible for ensuring that the operations comply with regulations, financial sector self-regulation and the Group's internal guidelines, and that customer relationships are managed according to the appropriate procedures. The unit also identifies and assesses the impacts of regulatory changes and the risks related to regulatory non-compliance, as well as the sufficiency of measures taken to prevent and rectify possible shortcomings in regulatory compliance. In addition, the compliance function promotes compliance by providing proactive advice and develops internal procedures with which compliance can be monitored effectively and appropriately.

- Internal audit

  The internal audit supports the Group in achieving its goals by offering a systematic approach to the assessment and development of the efficiency of the organisation's risk management, control and leadership and administrative processes.

  The task of the internal audit function is to monitor and assess the sufficiency and efficiency of the Group's internal control and other administration in the following areas, among others:

  - achievement of the Group's strategy and goals
  - scope and reliability of the solvency management process
  - efficiency of risk management
  - cost-effectiveness and appropriateness of the use of resources
  - compliance with laws and regulations and internal operating principles, plans and instructions
  - accuracy, sufficiency and appropriateness of information
  - securing assets.

The risk management function and the compliance function have been integrated into the Fennia Group's organisation in a manner that ensures their independence from the operational activities. The units are free from influences that might compromise the objective, equal and independent performance of their tasks. The internal audit is independent of both the first and second defence line operations.

3 Risk management

Risk refers to an uncertain event and its consequence, which can be a threat or an opportunity for the company.

The Group's risk management strategies and processes are divided into the following sub-areas:

1. Riskien tunnistaminen

   The business and support functions of the first defence line identify and assess the risks that threaten their operations and objectives, in the context of both the annual planning process and daily operational activities.

2. Risk measurement

During the risk measurement process, the severity of the risks and their interdependencies are evaluated to the extent that is possible. The objective of risk measurement is to create commensurable indicators for different risks and to improve the comparability of risks. Risk measurement and comparison are necessary as they allow the targeting of risk management measures on the risks that are most essential for the operations. As a general rule, risk measurement is based on the Value at Risk method. The risk management function co-ordinates the measurement of risk severity and dependency as well as the methods used in measurement.

3. Risk management

   During the management process, the risks are prioritised and management measures are planned to control or limit the risks. The first defence line, as the risk owner, carries out appropriate risk management and plans the management measures. The second defence line supports, monitors and assesses the management actions undertaken by the first defence line, but, in order to ensure independence, does not participate in making operational decisions. The management instruments used in the various risk areas are described later in more detail.

4. Risk monitoring

   The Group carries out quantitative risk monitoring, consisting of various risk indicators, and qualitative risk monitoring, which includes, among other things, monitoring, assessment and possible testing out of management measures that have been planned and decided upon. The first defence line ensures that appropriate risk monitoring is in place and that sufficient information on risks is obtained for their management. The first defence line monitors the management measures that it has planned and decided upon and assesses their effectiveness. The second defence line carries out independent quantitative and qualitative risk monitoring to support the risk management work of the first defence line.

5. Risk reporting

   The materialisation of risks and their effects as well as near-miss situations are reported within the Group in accordance with the agreed reporting process. The risk management and compliance unit reports on the risks to the relevant Boards of Directors regularly.

The above-mentioned risk management strategies and processes are applied to all of the risk areas of the risk map drawn up to facilitate risk management, which are:

- insurance risks
- financial market risks
- counterparty risks
- operational risks
- risks inherent in quantitative methods
- concentration risks
- liquidity risks
- strategic risks
- reputation risks

- group risks
- sustainability risks.

3.1 Insurance risks

Insurance risks are related to the insurance company's core business, insurance.

The most significant insurance risks relate to risk selection, sales steering and risk pricing, i.e. they involve a loss risk resulting from the costs arising from future claims (incl. operating expenses) exceeding the insurance premiums received. Insurance risks also include major loss risks (e.g. disaster risk) and the risk inherent in the adequacy of reinsurance covers.

Insurance risks also include a loss risk arising from an unfavourable change in the value of the technical provisions, i.e. the technical provisions risk. The technical provisions risk relates to the uncertainty of the assumptions made when calculating the technical provisions and to unfavourable deviations of the estimated claim amounts, operating expenses and their cash flows from the actual expenses.

The actuarial risk factors included in the technical provision risk are, among other things, biometric risks (mortality, longevity, disability and similar risks) and different expiry risks, such as the surrender risk in life insurance.

Certain financial market risks, such as inflation and the discount rate, also apply to the technical provisions.

Insurance operations are based on taking insurance risks, diversifying the risks within the insurance portfolio and managing the risks. The most important instruments for managing insurance risk are appropriate risk selection, pricing, insurance terms and conditions, and the acquisition of reinsurance cover.

Risk selection provides guidance to sales and ensures the profitability of insurance operations. Risk selection is managed by statistical study of previous losses, which also provide the basis for pricing. The risk selection guidelines specify the types of risks that can be insured, and the maximum permitted sums insured.

The objective of underwriting risk pricing is to achieve the desired risk matching: the bigger the risk, the higher the price and vice versa. Pricing requires accurate and adequate information as well as sufficient knowledge about the insured target. Only then can appropriate risk analyses be made and a sufficient level of insurance premiums be decided on.

Insurance terms and conditions play a significant role in limiting the underwriting risk. They determine, for example, the scope of the insurance cover and the restrictions on compensable damage. In managing underwriting risk, it is important to exclude undesired risks or to limit them by way of agreements to a desired level.

In calculating the technical provisions, different quantitative methods are used, which play a key role in the management of the technical provision risk. In addition to the methods used, the sufficiency and quality of the available information and its management essentially affect the nature of the technical provisions risk.

In life insurance, legislation restricts the right of a life insurance company to increase premiums or to alter the insurance terms and conditions. Thus, the duration of the contracts affects the biometric risks inherent in the technical provision risk. If the assumptions made turn out to be insufficient and the insurance premiums cannot be adjusted, the technical provisions must be supplemented by an amount equalling the expected loss.

Reinsurance is used to hedge against and manage major losses and loss events. The use of reinsurance involves ancillary risks, such as reinsurance availability, price and counterparty risks. In life insurance operations, the use of outward reinsurance is minimal and therefore concentrated on a few counterparties.

3.2 Financial market risks

Financial market risk refers to a risk of loss resulting, either directly or indirectly, from fluctuations in the level and volatility of the values of financial market variables, such as interest rates, equities, real estate, exchange rates and interest rate margins.

Investment operations and balance sheet management play a special role in managing financial market risks. The most significant risks are related to a decline in the value of investments and the poor matching of the investments with the nature of the technical provisions (ALM risk).

The balance sheet management strategy is based on the following principles:

- Operations are guided by the return on market-consistent equity.
- All balance sheet risks and the return for bearing the risks are actively monitored.
- The aim is to safeguard the interests of the insured and the continuity of operations to a high degree of probability.

To achieve the targets, the investment assets have been divided into three parts:

- Hedging portfolio

  The hedging portfolio is used to protect against the market risks of the market-consistent technical provisions, limiting their movement to within a specified range, as well as to seek moderate additional returns through active credit risk selection and a tactical view on interest rates. The balance sheet protection that the hedging portfolio provides enables risk taking in the investment portfolio.

  The hedging portfolio's assets are invested mainly in short-term corporate bonds with a high credit rating, money market instruments and swap contracts. The hedging portfolio also includes the Group's cash management.

- Investment portfolio

  The investment portfolio includes all other investment assets that have not been allocated to the hedging or strategic portfolio. The aim of the investment portfolio is to offer a good risk/return ratio and a good long-term return level. The investment portfolio is further divided into liquid and illiquid parts.

The liquid investment portfolio's assets are mainly targeted to the equity and fixed income markets. In the investment portfolio's liquid part, each asset class will have a set target weight in the portfolio and a benchmark index that describes the performance of the asset class. The neutral allocation is determined annually in the ALM plan, based on the risk/return view for the coming year and the company's risk-taking capacity and appetite.

The illiquid part of the investment is mainly targeted at properties and unlisted equity and fixed income investments. The purpose of the illiquid part is to bring an absolute return and to improve the excess return/risk ratio.

- Strategic portfolio

  Strategic investments also have other objectives besides investment returns. These are, for example, holdings in partner and client companies, client and personnel loans and holdings in subsidiaries.

The main instruments for managing financial market risks are the appropriate selection of investment instruments, the diversification of investments and the limitation of risks. Derivative contracts may also be used to limit risks.

Interest rate derivatives are used to hedge the interest rate risk of (other than unit-linked) market-based technical provisions against future changes in value in accordance with the company's risk management. In accounting terms, these interest rate derivatives are treated as hedging instruments. When employing hedge accounting, the negative change in the value of derivatives is not entered as an expense insofar as it is covered by the change in the value of the position being hedged, and provided that the hedging is effective. However, if the negative change in the value of the hedging interest rate derivatives is greater than the positive change in the value of the market-consistent technical provisions to be hedged, the excess value is entered under value adjustments on investments. The interest for the financial period from the interest rate derivatives is entered as income or expenses for the financial year based on the contract. Profit or loss arising in connection with the closing of interest rate derivatives treated as hedging instruments in accounting is periodised over the life of each derivative contract.

Investments covering the unit-linked insurances are valued at their current value, and the change in current value is entered in the income statement as income or expenses.

A prerequisite for managing financial market risks is to invest assets in property and instruments with risks that can be identified, measured, monitored, managed and reported. In addition, measures are taken concerning new assets and investment instruments prior to their acquisition to ensure that the new assets or investment instruments are manageable and suitable with regard to the business and to risk management.

Sufficient diversification of investments is used to achieve optimal diversification benefits, risk-adjusted returns and asset and liability matching.

A key instrument for managing financial market risks is the limitation of risk from a solvency perspective. Allocation restrictions are used to ensure that investment assets have been allocated sufficiently over different asset classes. In addition, restrictions that are more detailed are determined to ensure sufficient diversification also within asset classes.

Quantitative data on risk variables in Fennia Life's investment assets

Impact of change on Fennia Life's assets at fair values:

Fixed income investments	Interest rate +1 percentage point	EUR - 60 million
Equity investments	Change in value -20%	EUR - 8 million
Real estate investments	Change in value -10%	EUR - 8 million

3.3 Counterparty risks

The counterparty risk takes into account possible losses resulting from the unexpected insolvency of the insurance company's counterparties.

As with market risks, a prerequisite for managing counterparty risks is to ensure that the counterparties and related risks can be identified, measured, managed, monitored and reported.

Counterparty risks are mainly caused by (the interest rate margin risk is treated as a financial market risk)

- derivative contract counterparties, in which case only the possible positive market value of the contracts is exposed to the risk
- receivables from insurance customers.

In managing the derivative contract counterparty risk, the counterparty risk is assessed prior to concluding a contract with the counterparty. The ratings given by credit rating agencies are the main tool used in assessing the creditworthiness of issuers and counterparties. To limit the counterparty risk, a minimum level has been determined for creditworthiness and limits have been set on maximum liability per counterparty.

Counterparty risks also arise from receivables from insurance customers. The counterparty risk arising from premium receivables from customers is usually small, because the non-payment of insurance premiums leads to the cancellation or reduction of the insurance cover. een.

3.4 Operational risks

Operational risks within the Fennia Group refer to a risk resulting from

- inadequate or failed internal processes
- personnel
- systems
- external factors.

Legal risks are included in operational risks. Risks arising from strategic decisions have been excluded from operational risks.

The objective of managing operational risks at Fennia is to

- reduce, in a cost-effective manner, the likelihood that risks will be realised and the impacts of the realised risks, i.e. to reduce the losses resulting from risks.
- support business and support functions to achieve the targets set for them using risk management.
- help ensure that the Group's operations meet the requirements set for them by authorities and legislation.

The management of operational risks is part of the management of business and support functions. When implemented carefully, the management of operational risks supports the development of operations and the targeting of resources and development efforts.

The management of operational risks is based on identifying operational risks and collecting data on them from various sources, which include, for example, regular risk mapping of business and support functions, internal data on occurrences and losses as well as internal audits. The data collected is also used later in the process to evaluate risks and carry out analyses of the risk position of the Group or parts of the Group.

On the basis of the data collected from various sources, the risk management, compliance and data protection unit develops an overall picture of the Group's and Group companies' operational risks, also taking into account the interdependencies between the risks. The unit monitors the Group's risk profile and reports on it to the executive management and the Boards of Directors.

Within the Fennia Group, operational risks are divided into the following risk classes:

- malpractices and non-compliance with instructions
- risks related to personnel and competence
- legal risks
- risks related to information, telecommunications and communication systems
- risks related to sales and customer relationships
- risks related to products and services
- risks related to processes
- risks related to the activities of external operators.

Preparedness and contingency plans have been drawn up for the key business and support functions to support the management of and recovery from unlikely but severe disturbances.

3.5 Risks inherent in quantitative methods

A quantitative method refers to the creation of numerical estimates by applying statistical, economic, financial or other mathematical theories and methods. Quantitative methods also include methods which aim to produce a numerical outcome and which are partly or fully based on subjective expert appraisal.

A quantitative method can be erroneous and/or misleading and lead to unreliable reporting and incorrect conclusions and thus incorrect measures undertaken by management.

Quantitative method risks are included in operational risks, but due to their special nature and importance and to facilitate their handling, these risks are identified, measured, managed, monitored and reported as their own risk area.

In the management of risks inherent in quantitative methods, the focus is on risks related to

- mathematical theory
- quality of information
- estimation and parametrisation
- documentation
- validation
- personnel
- information systems and
- processes.

A guiding principle in managing the risks inherent in quantitative methods is effective questioning of the methods and processes. This means that an independent and expert party, the risk management function or an external expert critically assesses the methods and processes.

The management of risks inherent in quantitative methods is based on the structure, mathematical theory and logic of each method being well documented and supported as much as possible by scientific research and/or best practices of the insurance sector In order to be able to identify a method's strengths and weaknesses, it is important that the mathematical simplifications, numerical methods, approximations and the use of subjective expert appraisal are analysed and documented with sufficient accuracy. The owner and developers of the method must ensure that the various elements of the method function as desired, are suited to the intended purpose and that the method is mathematically correct and the estimated parameters are statistically reliable.

Managing the quality of the data is just as important as managing the structure, theory and logic of the method. Reliability can only be achieved through high-quality data.

The validation of a quantitative method covers processes and procedures which aim to verify that the method is appropriate and reliable and functions in the desired manner. Validation is used to identify possible weaknesses and limitations of the method as well as problems related to its use, and to assess and manage their impacts.

3.6 Concentration risks

Concentration risks refer to all kinds of risk concentrations involving losses which may be high enough to jeopardise the insurance company's solvency or financial position. Concentration risks most often arise from investment operations, but they may also arise from insurance operations, and from the combined effect of these.

The management of investment, financial market and counterparty risks is based on diversification, which basically prevents any significant concentration risks An exception to this rule is the strategic holdings which may lead to major concentration risks. Holdings in subsidiaries belonging to the Group are treated as strategic holdings.

Insurance operations are based on risk diversification within the insurance portfolio, such that the impacts of a single insurance target under the company's responsibility can be limited. This risk is managed through, among other things, risk selection guidelines and reinsurance.

3.7 Liquidity risk

Liquidity risk refers to a risk of not being able to meet future payment obligations or of only being able to meet them through special measures.

Liquidity risk is divided into short- and long-term risk. Short-term liquidity risk refers to risks that are related to asset and liability cash flows lasting less than four months (cash management risks). Long-term liquidity risk refers to asset and liability matching risks spanning several years, even decades, into the future.

Short-term liquidity risk is managed by maintaining a sufficient liquidity reserve and by liquidity planning. The liquidity reserve is managed by, among other things, the following principles:

- A minimum allocation is given to money market investments.
- Convertibility into cash is required of equity and fixed income investments.
- Money market investments are diversified and counterparty limits are set for them.
- The amount of illiquid investments in the portfolio is limited.

When planning liquidity, daily forecasts are created on outgoing payments for the next four months. The objective of short-term liquidity risk management is to ensure that there will be no need to realise investments other than money market investments and that there will be no need to use or realise the short-term liquidity reserve built up by asset managers.

Long-term liquidity risk is monitored and reported as a separate risk; however, it is not managed as a separate risk, but instead as part of interest rate risk management.

3.8 Strategic risks

Strategic risks refer to risks that are related to the insurance company's strategy and which result from incorrect business decisions, incorrect or failed implementation of business decisions or from the inability to adjust business operations to changing conditions or so that they are in line with the targeted future state.

Strategy refers to a series of long-term plans and measures used by the insurance company to move from the current state into the desired future state.

Strategic risks entail many different dimensions, and they have been divided into the following groups:

- Strategic macro risks, which are related, for example, to changes in demographic, social security and culture trends, changes in regulation, authority supervision and policy or changes in climate and geopolitical trends.
- Sector-specific strategic risks that relate to changes in competition in the insurance or financial sector and in the demand of policyholders or investors.
- Strategic risks inherent in internal operations, such as risks related to expansion or to internal development or to the availability of additional capitalisation.

The basis for the management of strategic risks is to identify the strategic risks of the Group and each subsidiary, to observe various weak signals and to assess how different events, trends and scenarios will affect the sustainability of operations and the development of the financial position in both the short and long term.

3.9 Reputation risk

Reputation risk refers to a risk of damage to the public image of the Fennia Group or of an individual company belonging to the Group. Reputation risk can also be caused by the actions of partners, if their values and/or operating principles differ from those of the Fennia Group.

Reputation risk is usually a consequence of other materialised risks or events, such as the materialisation of operational risks.

The starting point for the management of reputation risks is to identify the possible events that can negatively affect the Group's or a Group company's reputation. Reputation risk differs in nature from other risks in that risk events can be based on real events or on events that fully or partly have no basis in reality (for example, a baseless rumour). Reputation risks are often preventable or the effect of the events can usually be reduced.

The management of reputation risk is based on overall knowledge and understanding of the business and its restrictions. Reputation risk cannot be managed as a separate risk area; it is rather an extension of the management of operational risks. When the risks affecting reputation risk have been identified, various risk management measures can be implemented within the organisation. Successful reputation risk management is partly based on clear and well-thought-out external communications.

Reputation risk management also involves compliance with laws, regulations and provisions and operating in accordance with the requirements set by authorities. The public image and reliability of an insurance company may suffer if laws, regulations, provisions and requirements set by authorities are not complied with.

3.10 Group risks

Group risks refer to risks arising from Fennia and its subsidiaries operating in the form of a Group. Group risks can be divided into the following groups:

- transaction risks
- contagion risks
- conflict of interest risks
- concentration risks

- risks related to administration.

Transaction risks refer to risks that relate to intra-Group transactions, for example, appropriate pricing.

Contagion risks include situations in which the problems faced or the risks taken by one company spread to the other Group companies or to the whole Group. This group also includes moral hazard risks, referring to situations in which a risk intentionally and immorally taken by one company and the resulting loss are transferred to be borne by the parent company or other companies either in part or in full.

Conflict of interest risks arise when the interests of some Group companies or those of the entire Group collide.

Concentration risks arise if a single counterparty becomes too significant on the Group level, even though the risk remains within the permitted limits for single companies.

Risks related to administration result from the fact that some of the operations are organised on the Group level and some on the level of individual companies. The differences in the companies' administrative systems can lead to co-ordination challenges and additional risks.

The management of group risks is based on a clear Group structure. In complicated ownership patterns, group risks become more important. In addition, appropriate group risk management is based on planning and monitoring business on the level of both the individual companies and the Group. That is the only way to ensure and monitor the development of the group objectives and their achievement.

The management of group risks is also based on consistent and transparent definition and implementation of the entire Group's internal control system, particularly the risk management system and regulatory compliance monitoring as well as the related reporting procedures. The roles and responsibilities of the various bodies must also be clear and defined from the Group's perspective.

3.11 Sustainability risks

Sustainability risk refers to an event or circumstance related to the environment, society or governance (ESG) that may have a negative impact if realised. The identification and assessment of sustainability risks are part of the risk management system, and sustainability risks are taken into account in both investment and insurance operations.

4 Solvency management

Risk-bearing capacity refers to the company's assets that are available for covering losses. Risk appetite refers to the degree of risk the company is willing to take to achieve its business targets; in other words, the extent to which the company is ready to tie its own assets to risk-taking. Risk tolerance refers to the extent to which the company's assets are allowed to fluctuate when seeking to achieve the business targets.

The objective of risk and solvency management within the Group is to support the achievement of business goals and the continuity of business operations. This is done by ensuring that the risks taken are correctly proportioned in relation to risk-bearing capacity, risk appetite and risk tolerance and by creating conditions for trouble-free operations even in the case of unexpected losses by identifying the threats and opportunities that affect the implementation of the business strategy and the achievement of other targets.

General risk appetite and risk tolerance are managed by setting indicators and target limits for the most significant risks and combined risks. The set risk-specific restrictions must efficiently limit the risk profile to keep solvency and risk-taking under control and within the permitted limits.

Notes to the Profit and Loss Account and Balance Sheet

The figures are in thousands of euros.

Premiums written

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Direct insurance				
Finland	169,615	160,941	169,615	160,941
Gross premiums written before reinsurers' share	169,615	160,941	169,615	160,941
Items deducted from premiums written				
Credit loss on outstanding premiums	4	15	4	15

Direct insurance premiums written

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Life insurance				
Unit-linked individual life insurance	64,386	66,370	64,386	66,370
Other individual life insurance	1,892	1,761	1,892	1,761
Unit-linked capital redemption policy	48,587	39,541	48,587	39,541
Other capital redemption policy	94	51	94	51
Employees' group life insurance	6,241	6,444	6,241	6,444
Other group life insurance	14,552	14,114	14,552	14,114
	135,753	128,282	135,753	128,282
Pension insurance				
Unit-linked individual pension insurance	4,403	4,451	4,403	4,451
Other individual pension insurance	3,578	3,950	3,578	3,950
Unit-linked group pension insurance	14,990	12,647	14,990	12,647
Other group pension insurance	10,892	11,611	10,892	11,611
	33,862	32,659	33,862	32,659
	169,615	160,941	169,615	160,941
Regular premiums	57,276	55,381	57,276	55,381
Single premiums	112,339	105,561	112,339	105,561
	169,615	160,941	169,615	160,941
Premiums from with-profit policies	37,249	37,932	37,249	37,932
Premiums from unit-linked insurance	132,366	123,009	132,366	123,009
	169,615	160,941	169,615	160,941

Claims paid

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Direct insurance				
Life insurance	62,607	60,241	62,607	60,241
Pension insurance	43,932	45,573	43,932	45,573
	106,539	105,814	106,539	105,814
Reinsurance	-	-	-	-
Claims paid in total	106,539	105,814	106,539	105,814
Of which:				
Surrenders	49,728	46,079	49,728	46,079
Repayment of benefits	3,281	4,871	3,281	4,871
Other	53,531	54,864	53,531	54,864
	106,539	105,814	106,539	105,814
Share of unit-linked insurances of claims paid	73,054	66,318	73,054	66,318
Life insurance: bonuses and rebates				
Impact of bonuses and rebates attached to life insurance policies on the balance on technical account	671	1,474	671	1,474
Change in provisions for future bonuses for the financial year	-412	-662	-412	-662

Of the technical rate of interest in 2021, EUR 8,788,422 was funded from supplementary provisions for the guaranteed interest rate. Of the client bonuses in 2020, totalling EUR 414,945, EUR 412,132 was funded from provisions for bonuses reserved earlier. For risk life insurance, the extra sums paid amounted to EUR 843,422 and were funded entirely from provisions made for the extra sums. Further, the provisions for the extra sums were increased by EUR 668,422. Client bonuses paid on insurance policies in 2021 corresponded to the bonus objectives for the financial year. In addition, at the closing of the accounts, an additional non-recurring extra bonus of EUR 210,881 was paid to certain group pension insurance policies. The bonus was funded from supplementary provisions for the guaranteed interest rate.

Of the technical rate of interest in 2020, EUR 9,070,037 was funded from supplementary provisions for the guaranteed interest rate. Of the client bonuses in 2020, totalling EUR 665,248, EUR 661,537 was funded from provisions for bonuses reserved earlier. For risk life insurance, the extra sums paid amounted to EUR 977,261 and were funded entirely from provisions made for the extra sums. Client bonuses paid on insurances in 2020 corresponded to the bonus objectives for the financial year. In addition, at the closing of the accounts, an additional non-recurring extra bonus of EUR 315,797 was paid to certain group pension insurances. The bonus was funded from supplementary provisions for the guaranteed interest rate.

Net Investment income

	Parent company 2021	Parent company 2020	Group 2021	Group 2020
Investment income				
Income from investments in associated undertakings				
Interest income				
From other undertakings	0	151	0	151
	0	151	0	151
Income from investments in land and buildings				
Dividend income	485	486	485	486
Interest income				
Affiliated undertakings	40	69		
From other undertakings	230	192	230	192
	270	261	230	192
Other income	6,715	7,302	6,924	7,079
	6,985	7,564	7,154	7,271
Income from other investments				
Dividend income	20,756	13,793	20,756	20,756
Interest income	11,638	11,161	11,638	11,638
Other income	2,376	1,801	2,376	2,376
	34,770	26,754	34,770	34,770
Total	42,240	34,955	42,409	35,149
Value readjustments	15,426	4,795	15,365	4,795
Gains on realisation of investments	40,195	21,169	40,627	22,126
Total	97,861	60,919	98,400	62,071
Investment charges				
Charges arising from investments in land and buildings				
To affiliated undertakings	-1,453	-1,736		
To other undertakings	-1,831	-2,196	-2,984	-3,497
	-3,284	-3,931	-2,984	-3,497
Charges arising from other investments	-4,224	-3,897	-4,224	-3,897
Interest and other expenses on liabilities	121	-127	120	-127
Total	-7,387	-7,956	-7,087	-7,521
Value adjustments and depreciations				
Value adjustments on investments	-16,008	-33,722	-16,368	-33,120
Depreciation according to plan for buildings	-	-	-1,598	-2,112
	-16,008	-33,722	-17,966	-35,232
Losses on realisation of investments	-7,291	-26,616	-7,291	-26,616
Total	-30,686	-68,294	-32,344	-69,369
Net investment income before revaluations and revaluation adjustments	67,175	-7,376	66,057	-7,299
Revaluations on investments	164,796	91,584	164,796	91,584
Revaluation adjustments on investments	-5,271	-5,886	-5,271	-5,886
	159,526	85,698	159,526	85,698
Net investment income on the Profit and Loss Account	226,701	78,322	225,583	78,399

Share of unit-linked insurance of net investment income on the Profit and Loss Account

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Investment income	55,583	28,912	55,583	28,912
Investment charges	-7,690	-23,121	-7,690	-23,121
Net investment income before revaluations and revaluation adjustments and value adjustments and readjustments	47,893	5,791	47,893	5,791
Revaluations on investments	164,796	91,584	164,796	91,584
Revaluation adjustments on investments	-5,271	-5,886	-5,271	-5,886
Value adjustments on investments	-13,495	-27,580	-13,495	-27,580
Value readjustments	13,636	4,129	13,636	4,129
Net investment income on the Profit and Loss Account	207,559	68,037	207,559	68,037

Operating expenses

Operating expenses in the Profit and Loss Account

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Policy acquisition costs				
Direct insurance commissions	2,447	2,580	2,447	2,580
Other policy acquisition costs	4,741	4,832	4,741	4,832
Total policy acquisition costs	7,188	7,412	7,188	7,412
Policy management expenses	5,584	5,400	5,584	5,400
Administrative expenses	2,274	1,946	2,274	1,946
Commissions on reinsurance ceded	-270	-187	-270	-187
Total	14,775	14,572	14,775	14,572

Total operating expenses by activity

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Claims paid	607	780	607	780
Net operating expenses	14,775	14,572	14,775	14,572
Investment charges	1,702	1,615	1,702	1,615
Total	17,084	16,967	17,084	16,967

Depreciation according to plan by activity

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Claims paid	152	152	152	152
Net operating expenses	759	551	759	551
Total	911	703	911	703

Staff expenses, personnel and executives

	Parent Company 2021	Parent Company 2020	Group 2021	Group 2020
Staff expenses				
Salaries and commissions	4,289	4,067	4,289	4,067
Pension expenses	1,012	962	1,012	962
Other social expenses	234	175	234	175
Total	5,535	5,204	5,535	5,204
Executives' salaries and commissions				
Board of Directors and Managing Director	488	318	488	318
Average number of personnel during the financial year	52	52	52	52
Auditors' commissions				
Audit	37	48	39	55
Other	18	-	18	-
	55	48	56	55

The age of retirement of the Managing Director is defined according to TyEL.

Current value and valuation difference on investments

	Remaining acquisition cost, 31 Dec. 2021	Book value, 31 Dec. 2021	Current value, 31 Dec. 2021	Remaining acquisition cost, 31 Dec. 2020	Book value, 31 Dec. 2020	Current value, 31 Dec. 2020
Real estate investments						
Real estate shares in affiliated undertakings	35,624	35,624	40,382	39,510	39,510	45,296
Real estate shares in associated undertakings	14,914	14,914	14,914	16,213	16,213	16,926
Real estate investment funds	1,575	1,575	1,575	1,575	1,575	1,575
Other real estate shares	9,219	9,219	9,848	8,337	8,337	8,337
Investment loans to affiliated undertakings	2,887	2,887	2,887	3,379	3,379	3,379
Loans to associated undertakings	4,271	4,271	4,271	2,448	2,448	2,448
Other investments						
Shares and participations	223,025	223,025	247,815	249,354	249,354	271,300
Debt securities	398,669	398,669	398,573	397,680	397,680	398,419
Loans guaranteed by mortgages	800	800	800	800	800	800
	690,985	690,985	721,065	719,296	719,296	748,481
The remaining acquisition cost of debt securities comprises the difference between the amount payable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (-)	-5,212			-4,157		
Valuation difference (difference between current value and book value)			30,080			29,185
Current value and valuation difference of derivatives						
Hedging derivatives	0	0	31,583	0	0	62,857
Non-hedging derivatives	0	114	169	0	0	0
Valuation difference (difference between current value and book value)			31,638			62,857
Valuation difference, total			61,718			92,042

Current value and valuation difference on investments Group

	Remaining acquisition cost, 31 Dec. 2021	Book value, 31 Dec. 2021	Current value, 31 Dec. 2021	Remaining acquisition cost, 31 Dec. 2020	Book value, 31 Dec. 2020	Current value, 31 Dec. 2020
Real estate investments						
Real estate	28,569	28,569	42,900	33,864	33,864	46,052
Real estate shares in associated undertakings	14,914	14,914	14,914	16,213	16,213	16,751
Other real estate shares	1,575	1,575	1,575	1,575	1,575	1,575
Real estate investment funds	9,219	9,219	9,848	8,337	8,337	8,337
Loans to associated undertakings	4,271	4,271	4,271	2,448	2,448	2,448
Other investments						
Shares and participations	223,025	223,025	247,815	249,354	249,354	271,300
Debt securities	398,669	398,669	398,573	397,680	397,680	398,419
Loans guaranteed by mortgages	800	800	800	800	800	800
Deposits	-	-	-	-	-	-
	681,043	681,043	720,696	710,271	710,271	745,683
The remaining acquisition cost of debt securities comprises the difference between the amount repayable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (-)	-5,212			-4,157		
Valuation difference (difference between current value and book value)			39 653			35,412
Current value and valuation difference of derivatives						
Hedging derivatives	0	0	31,583	0	0	62,857
Non-hedging derivatives	0	114	169	0	0	0
Valuation difference (difference between current value and book value)			31,638			62,857
Valuation difference, total			71,291			98,269

Real estate investments

Changes in investments in land and buildings

	Land and buildings and real estate shares, Parent Company 2021	Real estate investment trusts, Parent company 2021	Loan receivables in affiliated undertakings, Parent Company 2021	Loan receivables in associated undertakings, Parent Company 2021	Land and buildings and real estate shares, Group 2021	Real estate investment trusts, Group 2021	Loan receivables in associated undertakings, Group 2021
Acquisition cost, 1 Jan.	64,902	8,353	3,379	2,448	79,217	8,353	2,448
Increase	0	867	54	1,823	209	867	1,823
Decrease	-4,691	0	-546	0	-6,771	0	0
Transfers	0	0	0	0	-2,069	0	0
Acquisition cost, 31 Dec.	60,211	9,219	2,887	4,271	70,585	9,219	4,271
Accumulated depreciation, 1 Jan.					-22,491		
Accumulated depreciation related to decreases and transfers					-1,598		
Depreciation for the financial year					2,480		
Transfers					2,069		
Accumulated depreciation, 31 Dec.					-19,539		
Value adjustments, 1 Jan.	-7,604	-17			-5,074	-17	
Accumulated value adjustments related to decreases	-	0			-	0	
Value readjustments	578	17			-914	17	
Value adjustments during the financial year	-1,071	0			-	0	
Value adjustments, 31 Dec.	-8,097	0			-5,988	0	
Book value, 31 Dec.	52,114	9,219	2,887	4,271	45,059	9,219	4,271
Land and buildings and real estate shares occupied for own activities							

Remaining acquisition cost	280	
Book value	280	
Current value	280	
Debtors		
Other debtors		
Affiliated undertakings	17	

Investments covering unit-linked insurances

31 Dec. 2021, parent company

	Original acquisition cost 2021	Current value 2021	Original acquisition cost 2020	Current value 2020
Shares and participations	1,072,491	1,360,253	977,795	1,145,247
Debt securities	189,536	191,610	178,172	165,831
Cash at bank and in hand	79,414	79,414	56,262	56,262
Total	1,341,441	1,631,277	1,212,228	1,367,340
Investments covering unit-linked insurances corresponding to technical provisions	1,341,441	1,631,277	1,212,228	1,367,340
Cash at bank and in hand, and other debtors include net insurance premiums that have not yet been invested		2,984		2,403

The Group figures are consistent with the parent company.

Investments in group companies and affiliated undertakings

	Holding, per cent
Subsidiaries	
Kiinteistö Oy Espoon Niittyrinne 1	100
Kiinteistö Oy Koivuhaanportti 1–5	100
Kiinteistö Oy Mikkelin Hallituskatu 1	88,19
Kiinteistö Oy Teohypo	100
Kiinteistö Oy Vasaraperän Liikekeskus	100
Munkinseudun Kiinteistö Oy	100
Affiliated undertakings	
Tyvene Oy	25
Kiinteistö Oy Gigahertsi	33

Significant share holdings, other investments

Shares

	Holding per cent	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Domestic shares					
Amplus Holding Oy	19.97 %	130	10,400	130	10,400
Evli Bank PLC	0.53 %	228	887	228	887
Fingrid Oyj , sarja B	13.22 %	203	1,500	203	1,500
Pihlajalinna Oyj	1,17 %	3,337	3,337	3,337	3,337
Other		358	928	358	928
		4,257	17,051	4,257	17,051
Foreign shares					
Other		59	332	59	332
		59	332	59	332

Unit trusts

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Unit trusts, domestic				
S-Bank Emerging Markets ESG Equity A	1,499	1,700	1,499	1,700
S-Bank Emerging Markets Yield A	2,000	2,015	2,000	2,015
S-Bank Euro Government Bond Yield A	2,989	2,989	2,989	2,989
S-Bank Europe Equity A	1,988	2,401	1,988	2,401
S-Bank Fenno Equity A	1,088	1,502	1,088	1,502
S-Bank High Yield Europe ESG Yield A	1,000	1,166	1,000	1,166
S-Bank Passive Europe ESG Equity A	1,434	1,739	1,434	1,739
S-Bank Passive USA ESG Equity A	1,525	2,188	1,525	2,188
S-Bank USA Equity A	2,042	2,839	2,042	2,839
S-Pankki Toimitila A	713	756	713	756
S-Pankki Toimitila C	8,353	8,930	8,353	8,930
Other	153	162	153	162
	24,785	28,387	24,785	28,387
Unit trusts, foreign				
Ireland				
BlackRock ICS Euro Liquid Environmentally Aware	738	738	738	738
BlackRock ICS Euro Liquidity Fund Premier Acc	579	579	579	579
BlackRock ICS Ultra Short Bond Fund Premier Acc	13,258	13,258	13,258	13,258
db x-trackers MSCI USA Index UCITS ETF DR - 1C	1,328	1,713	1,328	1,713
Granahan US Focused Growth Fund	1,964	1,964	1,964	1,964

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
iShares Core MSCI Emerging Markets IMI UCITS ETF	2,875	2,935	2,875	2,935
iShares MSCI EM SRI UCITS ETF	1,127	1,202	1,127	1,202
iShares MSCI Europe ESG Enhanced UCITS ETF	999	1,011	999	1,011
iShares MSCI Europe SRI UCITS ETF	2,702	4,020	2,702	4,020
iShares MSCI USA ESG Enhanced UCITS ETF	753	775	753	775
iShares MSCI USA SRI UCITS ETF	935	1,382	935	1,382
M&G European Loan Fund Class C EUR Acc	5,455	5,942	5,455	5,942
Muzinich EM Short Duration HDGE EUR Acc A	10,955	10,955	10,955	10,955
Luxembourg				
Ashmore SICAV - EM LC Bond Fund Class IH EUR ACC	8,982	8,982	8,982	8,982
BNP Paribas InstiCash Money 3M EUR Class I	22,459	22,459	22,459	22,459
db x-trackers MSCI EUR SM CP ETF	2,460	2,884	2,460	2,884
db x-trackers MSCI EUROPE UCITS ETF	3,038	3,675	3,038	3,675
Fidelity Funds - EM Corporate Debt Fund Class I	2,939	2,939	2,939	2,939
iShares EM Government Bond Index Fund	4,507	4,507	4,507	4,507
JPMorgan Funds - EU Government Bond	22,071	22,071	22,071	22,071
M&G European Credit Investment Fund Class E	33,139	34,799	33,139	34,799
M&G European High Yield Credit Investment Class E	6,200	6,596	6,200	6,596
NN L Liquid - EUR	6,994	6,994	6,994	6,994
NN L Liquid - Euribor 3M	11,411	11,411	11,411	11,411
ODDO BHF Euro Corporate Bond Class CI-EUR	12,168	12,307	12,168	12,307
ODDO BHF Euro High Yield Bond Class CI-EUR	5,749	6,360	5,749	6,360
Robeco Capital Growth Funds - Euro Government Bond	12,775	12,775	12,775	12,775
XTRACKERS MSCI EUROPE UCITS ETF	243	243	243	243
	198,805	205,476	198,805	205,476

Capital trusts

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Capital trusts, domestic				
Avara Vuokrakodit I Ky	1,003	1,003	1,003	1,003
WasaGroup Fund I	351	535	351	535
Other	0	547	0	547
	1,355	2,084	1,355	2,084
Capital trusts, foreign				
Great Britain				
Euro Choice IV GB Limited	104	1 081	104	1 081
Guernsey				
The Triton Fund III L.P.	609	609	609	609
Partners Group European Buyout	1,535	1,782	1,535	1,782
Other	737	861	737	861
	2,985	4,333	2,985	4,333

Investments covering unit-linked insurances

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Domestic shares				
Aktia Bank OYJ	539	539	539	539
Anora Group Oyj	720	720	720	720
Cargotec Oyj	6,606	6,606	6,606	6,606
Citycon OYJ	778	778	778	778
Consti Yhtiot Oyj	6,298	6,298	6,298	6,298
EAB Group Oyj	578	578	578	578
Elisa OYJ	961	961	961	961
Fortum OYJ	13,819	13,819	13,819	13,819
Huhtamaki OYJ	776	776	776	776
Kemira OYJ	892	892	892	892
Kesko OYJ	1,177	1,177	1,177	1,177
Kone OYJ	2,760	2,760	2,760	2,760
Konecranes OYJ	803	803	803	803
Metsa Board OYJ	549	549	549	549
Neste Oyj	2,833	2,833	2,833	2,833
Nokia OYJ	7,796	7,796	7,796	7,796
Nokian Renkaat OYJ	1,184	1,184	1,184	1,184
Nordea Bank Abp	9,564	9,564	9,564	9,564
Oriola Oyj	8,442	8,442	8,442	8,442
Orion Oyj	1 123	1 123	1 123	1 123
Outokumpu OYJ	4,783	4,783	4,783	4,783

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Outotec OYJ	1,813	1,813	1,813	1,813
Pihlajalinna Oyj	729	729	729	729
Puuilo Oyj	561	561	561	561
Revenio Group OYJ	2,140	2,140	2,140	2,140
Sampo Oyj	10,983	10,983	10,983	10,983
Sanoma OYJ	857	857	857	857
Stockmann OYJ Abp	1,063	1,063	1,063	1,063
Stora Enso OYJ	3,112	3,112	3,112	3,112
Suominen OYJ	518	518	518	518
Taaleri Oyj	16,591	16,591	16,591	16,591
Terveystalo Oyj	868	868	868	868
Tieto OYJ	3,031	3,031	3,031	3,031
Tokmanni Group Corp	1,481	1,481	1,481	1,481
UPM-Kymmene OYJ	8,733	8,733	8,733	8,733
Uponor OYJ	7,738	7,738	7,738	7,738
Valmet OYJ	827	827	827	827
Wartsila OYJ Abp	1,272	1,272	1,272	1,272
YIT OYJ	730	730	730	730
Muut	9,441	9,441	9,441	9,441
	145,466	145,466	145,466	145,466

Foreign shares				
Netherlands				
Ing Groep Nv	671	671	671	671
Nn Group Nv	546	546	546	546
Unilever Nv-Cva	1,142	1,142	1,142	1,142
Marshal Islands				
Star Bulk Carriers Corp	721	721	721	721
Norway				
Europris Asa	1,830	1,830	1,830	1,830
Sweden				
Cibus Nordic Real Estate Ab	1,045	1,045	1,045	1,045
Eltel Ab	8,853	8,853	8,853	8,853
Endomines Ab	2,007	2,007	2,007	2,007
Enea Ab	770	770	770	770
Essity Aktiebolag-B	601	601	601	601
Instalco Intressenter Ab	23,538	23,538	23,538	23,538
Ssab Ab - B Shares (Helsinki)	1,324	1,324	1,324	1,324
Teliasonera Ab Shs (Ruotsi)	2,112	2,112	2,112	2,112
Volvo Ab B-Shs	893	893	893	893
United States	0	0	0	0
Abbvie Inc	592	592	592	592
Cisco Systems Inc.	595	595	595	595
Pfizer Inc	809	809	809	809
Other	20,694	20,694	20,694	20,694
	68,743	68,743	68,743	68,743

Unit trusts

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Unit trusts, domestic				
Aj Eab Value Hedge A	1,984	1,984	1,984	1,984
Aj Eab Value Hedge C	589	589	589	589
Aktia A100 (A)	9,803	9,803	9,803	9,803
Aktia A25 Kasvu (A)	648	648	648	648
Aktia A50 (A)	6,512	6,512	6,512	6,512
Aktia Arvo Rein A	33,912	33,912	33,912	33,912
Aktia Asunnot+ (A)	1,341	1,341	1,341	1,341
Aktia Asunnot+ (E)	3,294	3,294	3,294	3,294
Aktia Asunnot+ Tuotto A Raha	794	794	794	794
Aktia Asunnot+ Tuotto E Raha	988	988	988	988
Aktia Asunnot+ Tuotto I Raha	584	584	584	584
Aktia Capital L	5,926	5,926	5,926	5,926
Aktia Corporate Bond+	2,442	2,442	2,442	2,442
Aktia Emerging Market Local Currency Frontier Bond	3,819	3,819	3,819	3,819
Aktia Euroopan Kassakoneet (A)	9,572	9,572	9,572	9,572
Aktia Europe Small Cap	4,240	4,240	4,240	4,240
Aktia Impakti (A)	1,902	1,902	1,902	1,902
Aktia Likvida+ B	4,258	4,258	4,258	4,258
Aktia Likvida+ D	2,596	2,596	2,596	2,596
Aktia Maltillinen Omistaja (A)	3,565	3,565	3,565	3,565
Aktia Mikro Markka (A)	15,204	15,204	15,204	15,204
Aktia Mikro Rein (A)	9,972	9,972	9,972	9,972
Aktia Nordic High Yield (A)	8,523	8,523	8,523	8,523
Aktia Nordic Micro Cap Fund	6,940	6,940	6,940	6,940
Aktia Nordic/Finland	12,591	12,591	12,591	12,591
Aktia Rohkea Omistaja (A)	3,489	3,489	3,489	3,489
Aktia Short-Term Corporate Bond+	1,211	1,211	1,211	1,211
Aktia Vaihtoehtoiset (A)	2,471	2,471	2,471	2,471
Aktia Vakaa Korko (A)	2,091	2,091	2,091	2,091
Aktia Varovainen Omistaja (A)	2,897	2,897	2,897	2,897
Alfred Berg - Optimaalivarainhoito	716	716	716	716
Danske Institutional Liquidity Fund	913	913	913	913
Danske Invest China K	825	825	825	825
Danske Invest High Yield K	636	636	636	636
Eab Aktiivinen Fokus A	1,239	1,239	1,239	1,239
Eab Eurooppa Fokus A Kasvu	1,340	1,340	1,340	1,340
Eab Korko A	6,295	6,295	6,295	6,295
Eab Korko C	9,203	9,203	9,203	9,203
Eab Korko E	731	731	731	731
Eab Optimaalivarainhoito A Kasvu	1,805	1,805	1,805	1,805
Eab Osake A	7,117	7,117	7,117	7,117
Eab Osake C	12,209	12,209	12,209	12,209
Eab Pääomarahastot I Ky	563	563	563	563
Eab Suomi Fokus A Kasvu	2,367	2,367	2,367	2,367
Eab Value Added Fund Iii Sr Ii Ky	4,580	4,580	4,580	4,580
Eab Vastllst Sijoitukset A1	1,432	1,432	1,432	1,432

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Eab Vuokratuotto A	25,660	25,660	25,660	25,660
Eab Vuokratuotto D	4,990	4,990	4,990	4,990
Elite Alf Kiinteistökehitys Ii Syöttörahasto Iv Ky	4,677	4,677	4,677	4,677
Elite Alfred Berg Optimaalivarainhoito	15,048	15,048	15,048	15,048
Elite Alfred Berg Optimaalivarainhoito A	7,641	7,641	7,641	7,641
Elite Alfred Berg Suomi Fokus A	2,681	2,681	2,681	2,681
Elite Alfred Berg Uusiutuva Energia Ii Sr Ii Ky	660	660	660	660
Elite Alfred Berg Vastuulliset Sijoitukset A2	1,158	1,158	1,158	1,158
Elite Aurinkotuotto I Ky	5,199	5,199	5,199	5,199
Elite Aurinkotuotto Ii Ky	3,060	3,060	3,060	3,060
Elite Finland Value Added Fund Ii Syöttörahasto Ii	14,753	14,753	14,753	14,753
Elite Kiinteistökehitys Ii Syöttörahasto Iii Ky	18,198	18,198	18,198	18,198
Elite Osake Sijoitusrahasto	853	853	853	853
Elite Rental Yield Fund Non-Ucits	3,899	3,899	3,899	3,899
Elite Älyenergia I Ky	2,760	2,760	2,760	2,760
Eq Liikekiinteistöt 1 T	5,529	5,529	5,529	5,529
Eq Mandaatti	4,130	4,130	4,130	4,130
Eq Pohjoismaat Pienyhtiö 2K	736	736	736	736
Eq Yhteiskuntakiinteistöt T	13,709	13,709	13,709	13,709
Evli - Emerging Frontier Fund	1,854	1,854	1,854	1,854
Evli Corporate Bond B	2,284	2,284	2,284	2,284
Evli Emerging Markets Credit Class B	3,942	3,942	3,942	3,942
Evli Equity Factor Usa Fund	11,669	11,669	11,669	11,669
Evli Euro Government Bond B	5,576	5,576	5,576	5,576
Evli Euro Likvidi	16,743	16,743	16,743	16,743
Evli Europe B	14,375	14,375	14,375	14,375
Evli European High Yield	17,585	17,585	17,585	17,585
Evli European Investment Grade Class B	12,678	12,678	12,678	12,678
Evli Finland Select B	22,402	22,402	22,402	22,402
Evli Finnish Small Cap	36,139	36,139	36,139	36,139
Evli Gem	2,547	2,547	2,547	2,547
Evli Global B	3,700	3,700	3,700	3,700
Evli Green Corporate Bond Fund	1,826	1,826	1,826	1,826
Evli Impact Forest Fund	896	896	896	896
Evli Infrastructure Fund I Ky Limited Partnership	1,036	1,036	1,036	1,036
Evli Japan B	4,579	4,579	4,579	4,579
Evli Nordic Corporate Bond Class B	12,578	12,578	12,578	12,578
Evli Nordic Dividend B	3,223	3,223	3,223	3,223
Evli North America B	3,512	3,512	3,512	3,512
Evli Osakefaktori B	3,754	3,754	3,754	3,754
Evli Rental Yield Fund	1,781	1,781	1,781	1,781
Evli Short Corporate Bond	12,663	12,663	12,663	12,663
Evli Swedish Small Cap B	1,945	1,945	1,945	1,945

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Evli Varainhoito 50 B	1,077	1,077	1,077	1,077
Evli Wealth Manager B	4,966	4,966	4,966	4,966
Fondita Nord. Small Cap B	540	540	540	540
Fondita Nordic Micro Cap B	582	582	582	582
Innovestor Kasvurahasto Ii Ky	856	856	856	856
Innovestor Technology Fund Ky	672	672	672	672
Nordea Eurooppalaiset Tähdet A	875	875	875	875
Nordea Global High Yield/Finland	1,757	1,757	1,757	1,757
Nordea Global Index Fund B Kasvu	1,463	1,463	1,463	1,463
Nordea Kehittyvät Osakemarkkinat Kasvu	596	596	596	596
Nordea Lyhyt Korko B Kasvu	10,933	10,933	10,933	10,933
Nordea Maailma Fund	1,142	1,142	1,142	1,142
Nordea Nordic Small Cap K/100	1,560	1,560	1,560	1,560
Nordea North America	1,381	1,381	1,381	1,381
Nordea Savings 30 Fund	2,945	2,945	2,945	2,945
Nordea Savings 50	7,862	7,862	7,862	7,862
Nordea Savings 75	7,116	7,116	7,116	7,116
Nordea Savings Fixed Income Fund	680	680	680	680
Nordea Suomi	1,308	1,308	1,308	1,308
Nordea Vakaa Tuotto Kasvu A	1,612	1,612	1,612	1,612
Open Ocean Fund 2015 Ky	1,079	1,079	1,079	1,079
Project First Ky	1,000	1,000	1,000	1,000
Pyn Elite A	1,768	1,768	1,768	1,768
S-Bank Asset Management 100 A	3,665	3,665	3,665	3,665
S-Bank Asset Management 30 A Growth	1,014	1,014	1,014	1,014
S-Bank Brands Equity A	7,353	7,353	7,353	7,353
S-Bank Emerging Markets Esg Equity A	14,929	14,929	14,929	14,929
S-Bank Emerging Markets Yield A	8,292	8,292	8,292	8,292
S-Bank Euro Government Bond Yield A	13,812	13,812	13,812	13,812
S-Bank Europe Equity A	7,893	7,893	7,893	7,893
S-Bank Fenno Equity A	7,950	7,950	7,950	7,950
S-Bank Fixed-Income Asset Management A Growth	2,734	2,734	2,734	2,734
S-Bank Forest A	3,711	3,711	3,711	3,711
S-Bank Forest C	7,390	7,390	7,390	7,390
S-Bank Fossil Free Europe Esg Equity Fund	3,775	3,775	3,775	3,775
S-Bank Frontier Markets Equity A	700	700	700	700
S-Bank Global Private Assets B	2,182	2,182	2,182	2,182
S-Bank Global Private Assets C	1,071	1,071	1,071	1,071
S-Bank Green Corporate Bond Esg Yield A	11,185	11,185	11,185	11,185
S-Bank High Yield Europe Esg Yield A	5,669	5,669	5,669	5,669
S-Bank Housing A	19,030	19,030	19,030	19,030
S-Bank Passive Europe Esg Equity A	4,594	4,594	4,594	4,594
S-Bank Passive Usa Esg Equity A	17,278	17,278	17,278	17,278
S-Bank Short-Term Bond A	4,672	4,672	4,672	4,672
S-Bank Top Yield A	904	904	904	904
S-Bank Usa Equity A	14,331	14,331	14,331	14,331

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Seligson & Co Eurooppa-Indeksirahasto A	3,604	3,604	3,604	3,604
Seligson & Co Global Top 25 Brands A	6,742	6,742	6,742	6,742
Seligson & Co Omx Helsinki 25-Indeksiosuus Etf	1,362	1,362	1,362	1,362
Seligson & Co Pohjois-Amerikka-Indeksirahasto A	6,742	6,742	6,742	6,742
Seligson & Co Rahamarkkinarahasto Aaa	593	593	593	593
Seligson & Co Suomi-Indeksirahasto A	3,900	3,900	3,900	3,900
Sijoitusrahasto Titanium Kasvuosinko	2,306	2,306	2,306	2,306
S-Pankki Asunto C	16,419	16,419	16,419	16,419
S-Pankki Toimitila A	42,096	42,096	42,096	42,096
S-Pankki Toimitila B	10,255	10,255	10,255	10,255
S-Pankki Tontti B	9,358	9,358	9,358	9,358
Säästöpankki Eurooppa B (Kasvu)	2,339	2,339	2,339	2,339
Säästöpankki Itämeri B (Kasvu)	2,324	2,324	2,324	2,324
Säästöpankki Kotimaa B (Kasvu)	3,570	3,570	3,570	3,570
Säästöpankki Ryhti B (Kasvu)	1,480	1,480	1,480	1,480
Taaleri Afrikka Rahasto I Ky	5,151	5,151	5,151	5,151
Taaleri Tonttirahasto Ky I B	2,983	2,983	2,983	2,983
Taaleri Tonttirahasto Ky Ii B 16.09.2015	680	680	680	680
Taaleri Tonttirahasto Ky Iii A 16.12.2015	755	755	755	755
Taaleri Tonttirahasto Ky Iii B 16.12.2015	604	604	604	604
Taaleri Tuulitehdas Ii Ky	4,894	4,894	4,894	4,894
Titanium Baltia Kiinteistö Erikoissijoitusrahasto	974	974	974	974
Ub High Yield	800	800	800	800
Ub Lyhyt Korko	553	553	553	553
Ub Nordic Proberty A-Sarja	1,277	1,277	1,277	1,277
Ub Pohjoismaiset Liikekiinteistöt I	2,652	2,652	2,652	2,652
Ub Smart	2,225	2,225	2,225	2,225
Ub Timberland Fund Aif	1,056	1,056	1,056	1,056
Wip Technology Fund Aif	1,254	1,254	1,254	1,254
Ws Solar Energy Fund I Ky	691	691	691	691
Muut	26,689	26,689	26,689	26,689
	934,993	934,993	934,993	934,993

Unit trusts, foreign				
Ireland				
db x-trackers MSCI World Health Care Index UCITS E	3,345	3,345	3,345	3,345
Fidelity MSCI Japan Index Fund	1,072	1,072	1,072	1,072
First Trust Cloud Computing UCITS ETF	826	826	826	826
Hermes Global Emerging Markets Fund	1,256	1,256	1,256	1,256
iShares Automation & Robotics UCITS ETF	703	703	703	703
iShares Core MSCI Emerging Markets IMI UCITS ETF	1,204	1,204	1,204	1,204

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
iShares Core MSCI Japan IMI UCITS ETF	7,380	7,380	7,380	7,380
Ishares Core S&P 500 UCITS ETF	17,221	17,221	17,221	17,221
iShares Edge MSCI Europe Quality Factor UCITS ETF	2,515	2,515	2,515	2,515
iShares Edge MSCI USA Value Factor UCITS ETF	2,889	2,889	2,889	2,889
iShares EUR High Yield Corp Bond UCITS ETF	605	605	605	605
iShares MSCI EMU Mid Cap UCITS ETF	621	621	621	621
iShares MSCI Europe ESG Enhanced UCITS ETF	1,976	1,976	1,976	1,976
iShares MSCI Europe SRI UCITS ETF	3,254	3,254	3,254	3,254
iShares MSCI USA ESG Enhanced UCITS ETF	6,057	6,057	6,057	6,057
iShares MSCI USA ESG Screened UCITS USD ETF	1,605	1,605	1,605	1,605
iShares MSCI USA Small Cap UCITS ETF	956	956	956	956
Polen Capital Investment Funds plc - Focus US Grow	665	665	665	665
SPDR MSCI EM Asia ETF	1,203	1,203	1,203	1,203
SPDR S&P 500 UCITS ETF	1,117	1,117	1,117	1,117
UBS Irl ETF plc - S&P 500 ESG UCITS ETF	1,892	1,892	1,892	1,892
Xtrackers ESG MSCI Japan UCITS ETF	2,864	2,864	2,864	2,864
Xtrackers EUR Corporate Green Bond UCITS ETF	700	700	700	700
Xtrackers MSCI Emerging Markets ESG UCITS ETF	1,093	1,093	1,093	1,093
Luxembourg				
Accendo Capital	762	762	762	762
AGCM Fund - Asia Growth Sub-Fund	1,747	1,747	1,747	1,747
AMUNDI ETF BBB EURO CORPORATE INVESTMENT GRADE UCI	586	586	586	586
AMUNDI ETF MSCI NORDIC	1,432	1,432	1,432	1,432
Amundi Index Euro Agg Corporate Sri - Ucits Etf Dr	2,749	2,749	2,749	2,749
Amundi Msci Europe Quality Factor UCITS ETF	1,172	1,172	1,172	1,172
BNP ASIA EX-JAPAN EQ-CC EUR	1,551	1,551	1,551	1,551
BNP CHINA EQUITY-C-E	1,079	1,079	1,079	1,079
BNP EMERGING EQ-C ACC EU	520	520	520	520
BNP EQT US GROWTH-CLACC EUR	2,750	2,750	2,750	2,750
BNP INDIA EQUITY-CCAPEUR	1,118	1,118	1,118	1,118
BNP Paribas Funds Climate Impact	1,968	1,968	1,968	1,968
BNP Paribas Funds US Value Multi-Factor Equity	11,946	11,946	11,946	11,946
Carnegie Nordic Markets (Kasvu)	2,068	2,068	2,068	2,068
Carnegie WorldWide (Kasvu)	3,821	3,821	3,821	3,821

	Book value, 31 Dec. 2021, parent company	Current value, 31 Dec. 2021, parent company	Book value, 31 Dec. 2021, group	Current value, 31 Dec. 2021, group
Carnegie Worldwide Emerging Mark.Eq EUR	1,015	1,015	1,015	1,015
Carnegie Worldwide Healthcare Select	3,687	3,687	3,687	3,687
Carnegie Worldwide Stable Equity EUR	1,336	1,336	1,336	1,336
db x-trackers MSCI EUR SM CP ETF	526	526	526	526
db x-trackers MSCI EUROPE UCITS ETF	565	565	565	565
DWS Invest ESG Euro Bonds Short	1,007	1,007	1,007	1,007
DWS Invest ESG European Small/Mid Cap	1,887	1,887	1,887	1,887
Eleva UCITS Fund - Eleva European Selection Fund	3,712	3,712	3,712	3,712
Global Evolution Funds - Frontier Markets	577	577	577	577
Hamilton Lane Global Private Assets Fund/Luxembour	651	651	651	651
JPMorgan Funds - Emerging Markets Opportunities	1,105	1,105	1,105	1,105
Lyxor MSCI EM ESG Trend Leaders UCITS ETF	732	732	732	732
Morgan Stanley Investment Funds - US Advantage Fun	602	602	602	602
Nordea 1 SICAV - Climate and Environment Equity Fu	2,299	2,299	2,299	2,299
NORDEA 1 SICAV - Global Stable Equity Fund - Euro	814	814	814	814
Parvest - Aqua	2,352	2,352	2,352	2,352
Parvest Bond Euro Government	7,253	7,253	7,253	7,253
Parvest Equity Energy World Classic Cap (EUR)	3,115	3,115	3,115	3,115
Parvest Equity Europe Small Cap	4,605	4,605	4,605	4,605
Parvest Equity USA Growth (USD)	20,966	20,966	20,966	20,966
Threadneedle Lux - American Fund	5,738	5,738	5,738	5,738
Titanium Asunto Erikoissijoitusrahasto	1,634	1,634	1,634	1,634
Titanium Hoivakiinteistö Erikoissijoitusrahasto	8,942	8,942	8,942	8,942
Xtrackers II Eurozone Government Bond UCITS ETF	842	842	842	842
Xtrackers II US Treasuries UCITS ETF	796	796	796	796
Norway				
Nordea Savings 10 Fund	835	835	835	835
ODIN Norden C EUR	589	589	589	589
ODIN Global C (EUR)	510	510	510	510
France				
Amundi ETF Nasdaq-100 UCITS ETF	2,928	2,928	2,928	2,928
Sweden				
Carnegie Rysslandsfond	1,820	1,820	1,820	1,820
Other	29,322	29,322	29,322	29,322
	211,051	211,051	211,051	211,051

Changes in intangible and tangible assets, parent company

	Intangible rights and other long-term expenses	Goodwill	Advance payments	Equipment	Total
Acquisition cost, 1 Jan. 2021	7,429	2,407	1,283	346	11,465
Increase	1,283	-	871	-	2,154
Decrease	-	-	-1,283	-40	-1,323
Acquisition cost, 31 Dec. 2021	8,712	2,407	871	306	12,296
Accumulated depreciation, 1 Jan. 2021	-2,995	-1,444	0	-112	-4,551
Accumulated depreciation related to decreases and transfers	-	-		24	24
Depreciation for the financial year	-855	-241		-56	-1,152
Accumulated depreciation, 31 Dec. 2021	-3,850	-1,685		-144	-5,679
Value adjustments, 1 Jan. 2021	-1,160				-1,160
Value adjustments during the financial year	-				0
Value adjustments, 31 Dec. 2021	-1,160				-1,160
Book value, 31 Dec. 2019	3,702	722	871	162	5,457

The Group figures are consistent with the parent company.

Capital and reserves

	Parent Company 2021	Group 2021
Restricted		
Subscribed capital 1 Jan./31 Dec.	27,751	27,751
Premium Fund, 1 Jan./31 Dec.	10,723	10,723
Restricted in total	38,474	38,474
Non-restricted		
At the disposal of the Board 1 Jan./31 Dec.	8	8
Profit brought forward, 1 Jan.	114,323	101,059
Profit for the previous financial year	14,158	14,843
Dividend pay-out	-4,000	-4,000
Profit brought forward, 31 Dec.	124,482	111,902
Profit for the financial year	23,259	22,334
Non-restricted in total	147,749	134,245
Capital and reserves in total	186,223	172,719

Distributable profit, 31 Dec. 2021

	Emoyhtiö 2021
Profit for the financial year	23,259
At the disposal of the Board	8
Profit brought forward	124,482
Distributable profit	147,749

Creditors and solvency

Creditors

	Parent company 2021	Parent company 2021
Other creditors		
To affiliated undertakings	875	506

Technical provisions for unit-linked insurances

	Parent company 2021	Parent company 2020	Group 2021	Group 2020
Provision for unearned premiums	1,585,376	1,331,667	1,585,376	1,331,667
Claims outstanding	46,778	37,114	46,778	37,114
	1,632,154	1,368,781	1,632,154	1,368,781

Deferred tax liabilities

	Group 2021	Group 2020
Allocation of consolidation difference	3,018	3,170
Deferred tax resulting from the Group's depreciation difference	13	15
Difference resulting from the amortisation of derivatives	353	395
	3,384	3,580

Guarantee and liability commitments

For the company itself

	Parent company 2021	Parent company 2020	Group 2021	Group 2020
Liabilities from derivative contracts				
Non-hedging				
Currency derivatives				
Forward and futures contracts				
Open				
Value of underlying instrument	234	-	234	-
Current value	234	-	234	-
Sold put options				
Value of underlying instrument	-120	-	-120	-
Fair value	-65	-	-65	-
Hedging				
Interest rate derivative				
Interest rate swap				
Open				
Value of underlying instrument	452,880	428,480	452,880	428,480
Current value	31,583	62,857	31,583	62,857

The realised result of closed and matured hedging derivatives is accrued in the result over the original life of the derivative contract.

During previous financial periods, the accrued return from the closed interest rate derivatives for the financial period was EUR 610,411.40 and the respective loss was EUR 816,500.90.

Negative valuation differences from non-hedging derivative contracts are measured through profit and loss.

Securities received in derivatives trading

	Parent company 2021	Parent company 2020	Group 2021	Group 2020
Danske Bank A/S	2,360	4,610	2,360	4,610
Nordea Bank Abp	33,020	60,880	33,020	60,880

Securities and liabilities

	Parent company 2021	Parent company 2020	Group 2021	Group 2020
Leasehold commitments			958	1 036
Value-added tax liabilities				
As regards group registering for VAT taxation, the company is responsible for the value-added tax payable by the group jointly with the other members of the value-added tax liability group of Fennia Mutual Insurance Company.				
For the company itself	35	96	35	96
For other companies	720	192	720	192
Adjustment liability of real estate investments according to Section 120 of the Value Added Tax Act			36	31
Investment commitments				
Commitment to invest in equity funds	5,927	5,224	5,927	5,224
Commitment to invest in equity funds for unit-linked insurances	11,971	-	11,971	-
Collateral security for rent payment				
Mortgages			206	206

Loans to related parties and related party transactions

The company has no loans, liabilities or contingent liabilities to related parties. The company has no related party transactions conducted according to other than standard business practices.

Notes concerning the Group

Fennia Life Insurance Company's parent company is Fennia Mutual Insurance Company. The domicile of the company is Helsinki. Copies of Fennia's Consolidated Financial Statements are available at the parent company's headquarters, Kyllikinportti 2, Helsinki.

Signatures for the Report by the Board of Directors and the Financial Statements

Helsinki, 16 March 2022

Tomi Yli-Kyyny

Simo Sarvamaa

Juha-Pekka Kallunki

Harri Pärssinen

Alexander Schoschkoff
Managing Director

Auditor's note

For the audit, an Auditor's Report was submitted today.

Helsinki, 16 March 2022

KPMG OY AB

MIkko Haavisto

KHT

Auditor’s Report to the Annual General Meeting of Fennia Life Insurance Company Ltd.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fennia Life Insurance Company Ltd (business identity code 1496059-8) for the year ended 31 December, 2021. The financial statements comprise the balance sheets, profit and loss accounts, 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.

Our opinion is consistent with the additional report submitted to the Audit Committee.

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.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note Auditors’ commissions to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Most significant assessed risks of material misstatement

Below we have described our assessment of the most significant risks of material misstatement, including risks of material misstatement due to fraud, and presented a summary of our response to those risks.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Valuation of investment assets (Accounting Principles)

Most significant assessed risks of material misstatement

The investment assets of the Group including investments covering unit-linked insurance contracts constitute the most significant component of assets in the balance sheet.

In general, investment assets are valued at acquisition cost or as real estate properties at the lower of acquisition cost less depreciations according to plan or the lower fair value of the aforementioned. Investment assets covering unit-linked insurance contracts are measured at fair value. In addition, the fair values of the investments and the net income of the investments at fair value are disclosed in the notes to the financial statements.

Fair values of the investment assets are based either on market quotations or on estimates determined in accordance with the general fair value principles. For those assets for which market value is not available from public markets, the determination of fair value may require management judgement. Such investments include, for example, unlisted capital investments and real estate investments.

Auditor's response to the risks

We assessed the appropriateness of the accounting principles and valuation methods applied.

We tested the internal controls over posting and valuation process of securities, derivatives and real estate properties.

We compared the values used in measurement of investment assets to external quotations and to results generated by other valuation methods applied as well as assessed the appropriateness of the company’s own valuation procedures.

In addition, we considered the appropriateness of the notes on investment assets.

Calculation of technical provisions (Accounting Principles)

Most significant assessed risks of material misstatement

Technical provisions, as specified in the Chapter 9 of the Insurance Companies Act, form the most significant balance sheet liability item of both the parent company and the Group.

The company has a portfolio of savings and pension insurance policies that have a guaranteed interest rate (technical rate). The promised technical rate of interest involves risk of return on investments, which will be partly managed by the interest rate fulfillment in the technical provision. The discount rate applied in calculation of technical provisions shall be chosen conservatively.

Due to the significant book value, related assumptions involving management judgement and complexity of the actuarial models, technical provision has been identified as an item containing risk of material misstatement.

Auditor's response to the risks

Our audit procedures included the assessment of the recognition and calculation principles and processes in respect of the technical provisions.

We involved our own actuary who evaluated the appropriateness of the assumptions and methods used, by assessing the technical bases applied and considering the appropriateness of the calculation models to verify sufficiency of the technical provisions, among others.

In addition, we considered the accuracy of the technical provisions from the accounting perspective and assessed the accuracy of the notes concerning the technical provisions.

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 parent company or the group 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

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on the year 2007, and our appointment represents a total period of uninterrupted engagement of 15 years.

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 accordance with the applicable laws and regulations.

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 accordance with the applicable laws and regulations.

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 16 March 2022

KPMG Oy Ab

Mikko Haavisto
Authorised Public Accountant, KHT

Board of Directors and Management

Board of Directors

1.1.2022

Chairman

Tomi Yli-Kyyny

toimitusjohtaja
Caruna
Helsinki

Board Members

Juha-Pekka Kallunki

Professor of Accounting

University of Oulu, Aalto University School of Business

Harri Pärssinen

M.Sc. (Econ.), CPA

Helsinki

Simo Sarvamaa

Chief Transformation Officer
Fennia Mutual Insurance Company

Naantali

Secretary to the Board

Sanna Elg

Chief Legal Officer

Fennia Mutual Insurance Company

Espoo

Auditors

KPMG Oy Ab

Mikko Haavisto

KHT

Deputy Auditors

KPMG Oy Ab

Fredrik Westerholm

KHT

Fennia Life's Board of Directors and Management

1.1.2022

Alexander Schoschkoff

Managing Director

Johanna Ahvenainen

Director, Corporate Counsel, Compliance Officer

Ari Koskinen

Director, Service and Product Development, IT

Juha-Pekka Kurttila

Director, Sales Managers

Anssi Puranen

Chief Actuary

Antti Romppainen

Director, Products

Kari Wilén

Director, Sales and Account Management

Physicians

1.1.2022

Lauri Keso

Doctor of Medical Science, Specialist in Internal Medicine and Rheumatology