Solvency and Financial Condition Report

2019

fennia

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The Solvency and Financial Condition Report based on solvency regulation describes Fennia Group's, Fennia Mutual Insurance Company's and Fennia Life Insurance Company's 2019 business operations, profitability, governance system, risk profile, valuation for solvency purposes and capital management. Information about Fennia Group and the Group's insurance companies is contained in a single, joint report.

The COVID-19 pandemic that broke out after the reporting period also has impacts on Fennia Group's operations. More detailed information about the estimated impacts can be found in the report under 'Any other information' in each section.

Business and performance

Fennia Group comprises the following companies: Fennia Mutual Insurance Company (Fennia), specialised in non-life insurance; Fennia Life Insurance Company (Fennia Life), which offers voluntary life, pension and savings insurance; Fennia Asset Management Ltd (Fennia Asset Management), which provides asset management services and alternative fund management services; Fennia Properties Ltd (Fennia Properties), which provides property management and development; Fennia-service Ltd, which offers ancillary services closely linked to risk management (Fennia-service) and eFennia Oy (eFennia), which maintains and develops non-life insurance IT systems. The Group's consolidated financial statements also include real estate companies.

The structure of Fennia Group changed in 2019 when the subsidiary Fennia Non-Life Insurance Ltd merged into the Group's parent company Fennia. Fennia Asset Management carried out a business transfer where all business that is not subject to an operating licence was transferred to the subsidiary Fennia Property Development Ltd whose name was changed to Fennia Properties Ltd. In connection with the business transfer, Fennia Asset Management carried out a stock trade, as a result of which it wholly owns Fennia Properties.

Fennia Group's premiums written totalled EUR 688.5 million (EUR 551.0 million) during the reporting period. The Group's result according to the consolidated financial statements before appropriations and taxes was EUR 122.0 million (EUR -17.0 million). The operating loss before the change in equalisation provision and bonuses and rebates was EUR 136.2 million (EUR -1.3 million). Non-life insurance business accounted for EUR 72.7 million (EUR -41.2 million) and life insurance business for EUR 49.2 million (EUR 24.2 million) of the result. Of the operating loss, the share of non-life insurance business was EUR -186.0 million (EUR -25.5 million) and the share of life insurance business was EUR 49.7 million (EUR 24.2 million). The result includes several items affecting comparability in 2019.

At the end of the reporting period, Fennia Group's investment assets at fair value amounted to EUR 2,710.3 million (EUR 2,597.6 million). In 2019, the net return on investments at fair value was EUR 232.1 million (EUR 15.7 million) and the return on invested capital was 9.5 per cent (0.7 %). In the beginning of 2019, Fennia Group adopted a new balance sheet management strategy, setting as a goal for investment operations the return on market-consistent equity, which measures change in Fennia Group's ability to meet its liabilities. Fennia Group's market-consistent equity return in 2019 was EUR 87.0 million, which includes EUR -145.1 million in market-consistent change in value in technical provisions. Based on the new balance sheet management model, Fennia Group's investment assets were divided into a hedging portfolio, investment portfolio and strategic portfolio during the first quarter of 2019.

System of governance

In accordance with the legal form of a mutual company of the parent company Fennia, the highest decision-making power at Fennia Group is exercised in the general meeting of shareholders by the policyholders, i.e. Fennia's clients. Fennia Group's governing bodies are the supervisory board, the boards of directors and the managing directors.

The Group's parent company has a supervisory board, which supervises the administration of the company, which is the responsibility of the board of directors and the managing director. As the Group's parent company, Fennia's Board of Directors is responsible for the appropriateness of the governance system at the Group level and ensures that the Group is governed as a whole. The subsidiaries' boards of directors oversee the administration and the appropriate organisation of the operations of the company that is under their responsibility. The parent company's board of directors is assisted by the nomination and remuneration committee. The audit committee is a joint committee of the boards of Fennia and Fennia Life.

Fennia Group companies each have a managing director, who is elected by the company's board of directors and whose terms and conditions of employment, salary and bonuses are determined by the board of directors. The parent company's managing director also functions as the Group CEO. The managing director oversees the company's day-to-day administration in line with the board of directors' guidelines and regulations. The managing directors are members of the Group's executive group, whose task is to implement the decisions made by the boards of directors concerning group-level matters.

Fennia Group complies with a common salary and remuneration policy. The starting point for remuneration is to provide encouraging, fair and reasonable remuneration to management and personnel that is in line with the short- and long-term interests of the Group and Group companies. In the Group, suitability and reliability (i.e. 'fit & proper') assessments are used to ensure that the persons responsible for the Group's and companies' management and key functions are suited to their tasks and that they are reliable.

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

The insurance companies' balance sheets are managed by the Group-level Asset-Liability Committee (ALCO), whose main tasks are to prepare a proposal on the investment strategy for the insurance companies' boards, to change the strategy if necessary without breaking the restrictions set by the boards of directors and to report on the balance sheet risks to the boards.

The steering model for Fennia Group's risk management system is based on three lines of defence, each with its own tasks. In the three-defence-line model, responsibility for risk and solvency management is allocated between various roles. More information about the three-defence-line model is given further on in the report.

The Group's risk management function comprises two units: the Risk Management unit and the Compliance & Operational Risks unit. Both units operate under the supervision of the Group's Chief Financial Officer as independent units and bring the risk management function's services to all Group companies that have a licence to engage in insurance operations or function as alternative fund managers. A central aim of the risk management system is to generate perspectives, analyses and assessments of the possible financial impacts of individual risks and combinations thereof in the short and long term as part of business planning and strategy implementation.

Own Risk and Solvency Assessment (ORSA) is a tool for the board of directors, managing director and other executive management to support capital management, business planning and product development. In own risk and solvency assessments, risks are identified, an understanding of the risks' capital needs is formed, and forecasts and scenarios are created on the company's financial future and the possible financial consequences if the risks are realised. Own risk and solvency assessment is part of the continuous risk management process, and as the outcome of which, a broad summary of the central future estimates and risks is produced at least once a year. This ORSA process includes an overall picture of the current situation and future outlook, in terms of business operations, strategic decisions and policies, risks and solvency.

The aim of internal control at Fennia Group is to ensure the appropriateness, efficiency and productivity of the operations, and the reliability of the financial data and reporting, as well as compliance with the regulations. The boards of directors of the companies belonging to the Group bear overall responsibility for the functioning of internal control. Executive management oversees the arrangement of internal control in practice.

The Group's compliance function, which monitors compliance with rules, has been organised partly into the Compliance & Operational Risks unit and partly into the subsidiaries or outsourced compliance service provider.

The internal audit is a function that is independent of the businesses and which supports Fennia Group and its senior management in achieving its strategy and targets by offering a systematic approach to the organisation's control, leadership and administrative processes and to the assessment and development of the functionality and efficiency of risk management.

The insurance companies' responsible actuaries are in charge of the actuarial operations of their own insurance company and they see to it that the actuarial methods applied in pricing and in calculating technical provisions are appropriate, and they set the level of the technical provisions. The actuarial functions' tasks are participating in the implementation of the risk management system, calculating the technical provisions, ensuring the appropriateness of tariffs, assessing the solvency level, reporting that serves business operations, participating in improving the quality of information and product development and supporting the insurance sales process.

Outsourcing means concluding a contract with an outside service provider on the performance of a process, service or task belonging to the companies' business sector that would otherwise be carried out by the company itself. At Fennia Group, outsourcing is arranged in such a way that the risks related to outsourcing are controlled, the operations continue uninterrupted and the regulatory requirements related to outsourcing are met.

Risk profile

In a market-consistent valuation environment, risk-taking capacity is illustrated by the difference between balance sheet assets and liabilities, in which the eligibility, replaceability and transferability of balance sheet items is taken into account at the Group level, i.e. the market-consistent amount of eligible own funds. The more own funds the Group has, the greater its risk-bearing capacity and the more freedom it has to decide which risks it will bear in its operations. From a quantitative perspective, risk-taking is illustrated by the solvency capital requirement required by the operations. The greater the risk, the higher the solvency capital requirement. A closer look at the solvency capital requirement can reveal the source of the balance sheet's risks. An understanding of the Group's risk profile is gained by analysing the eligible amount of own funds, the solvency capital requirement and the relationship between the two.

Fennia Group's solvency capital requirement excluding the dilutive effect of future bonuses and deferred tax, i.e. before dilutive items, was EUR 477.9 million at the close of the reporting period (EUR 507.0 million). Of that amount, the market risk share was EUR 347.0 million (EUR 381.2 million), the counterparty risk was EUR 45.8 million (EUR 52.7 million), the underwriting risk was EUR 145.7 million (EUR 141.4 million) and the operational risk was EUR 36.4 million (EUR 31.7 million). The capital requirement for other financial sectors was EUR 1.7 million (EUR 1.5 million). After loss-absorbing items, the solvency capital requirement amounted to EUR 405.5 million (EUR 401.4 million). With eligible own funds of EUR 897.9 million (EUR 839.8 million), the Group's relative solvency position was 221.4 per cent (209.2 %).

Underwriting risk is linked to the basic business, i.e. insurance, and is divided into three main classes, which are premium risk, reserve risk and catastrophe risk. The premium risk is a loss risk of future insurance compensation costs (including operating expenses) exceeding the insurance premiums gained from insurance. Reserve risk is caused by unfavourable value changes in technical provisions. The actuarial risk factors included in the reserve risk are, among other things, biometric risks (mortality, longevity, disability and similar risks), different lapse risks (e.g. the surrender risk in life insurance), the expense risk and the revision risk. Underwriting risk also includes catastrophe risk, i.e. large loss risk.

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

The solvency capital requirement for Fennia Group's underwriting risks was EUR 145.7 million (EUR 141.4 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 92.4 million (EUR 88.6 million), which is 19.3 per cent (17.5 %) of the solvency capital requirement before loss-absorbing items. Fennia Group's underwriting risk mainly consists of premium risk and reserve risk. Fennia Group's insurance portfolio does not include any significant unreinsured risk concentrations. More information about the underwriting risk is given further on in the report.

The market risks that affect Fennia Group, i.e. those that cause impacts on the Group's financial position due to impacts resulting from changes in the market values of assets and liabilities, are interest rate, spread, equity, real estate, currency and concentration risks. It is essential to examine market risks from the perspective of the entire balance sheet. Both sides of the balance sheet are valued in the solvency calculation on market terms, which means changes in risk factors simultaneously affect both assets and liabilities.

Changes in market risk factors affect solvency in two ways: as a change in both eligible own funds and in the solvency capital requirement. As market risks are realised, the eligible own funds shrink, which weakens the solvency position. Changes in assets and liabilities also often affect the solvency capital requirement.

Fennia Group's general risk appetite, risk tolerance and business targets guide investment operations and create preconditions for them. In investment operations and market risk management, the objective is to attain the set business targets without endangering the solvency targets. The cornerstones of market risk management are sufficient diversification of investments, the prudent person principle, and risk-mitigating techniques. Exposure to and the impacts of market risks are measured using asset class allocation, sensitivity analyses, and the solvency capital requirement arising from the market risk in question.

The solvency capital requirement for Fennia Group's market risks was EUR 347.0 million (EUR 381.2 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 68.2 per cent (71.1 %). The contribution of the equity risk to the market risks' solvency capital requirement was the largest, at 42.0 per cent (40.8 %).

Credit risk, i.e. counterparty risk, is the risk that the counterparties are not able to meet their obligations. In Fennia Group's solvency calculations, the counterparty risk mostly resulted from reinsurance contracts, cash assets and derivative contract counterparties and receivables from insurance customers. The starting point for managing counterparty risks is to ensure that the counterparties and related risks can be identified, measured, monitored, managed and reported on.

The solvency capital requirement for Fennia Group's counterparty risk was EUR 45.8 million (EUR 52.7 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 21.5 million (EUR 24.7 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 4.5 per cent (4.9 %).

A liquidity risk arises from the possibility of the company not being able to meet its payment obligations on time. The management of liquidity risk is divided into long- and short-term liquidity risk. Liquidity risk is not included in the standard formula solvency calculation nor does it result in a capital requirement, but it can have great significance, particularly in unfavourable market situations. This is why the management of liquidity risk requires close scrutiny to ensure that the risks do not materialise.

The management of operational risks is part of Fennia Group's overall risk management. Operational risks are defined at Fennia Group as risks resulting from internal processes, personnel, systems and external factors. The objective of operational risk management at Fennia Group is to, in a cost-effective manner, reduce the likelihood that risks will be realised and the impacts of the realised risks, support business and support functions to achieve the targets set for them using risk management, and help ensure that the Group's operations meet the requirements set by authorities and legislation.

The solvency capital requirement for Fennia Group's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 36.4 million (EUR 31.7 million). Its share of the solvency capital requirement before loss-absorbing items was 7.6 per cent (6.3 %).

Fennia Group is also subject to other risks that are not taken into account in solvency capital requirement calculations, and usually are very difficult to measure. These risks include risks linked to the strategy and business environment, risk linked to acquiring additional capital, reputation risk, group risks and entirely new types of risk that are difficult to identify or assess ahead of time.

Valuation for solvency purposes

The solvency calculation balance sheet is based on financial statements drawn up in accordance with Finnish Financial Accounting Standards (FAS) and adjusted in line with the solvency regulations. The valuation principles for solvency calculation are based on the IFRS standard. The objective is to define fair value in accordance with the arm's length principle. The most significant differences between capital and reserves in the financial statement and own funds in the solvency calculation stem from the difference in the valuation of investment assets, the valuation of technical provisions and the treatment of the equalisation provision.

Fennia Group's investments in the solvency calculation balance sheet at the close of the reporting period were EUR 2,783.9 million (EUR 2,508.0 million) and in the closing balance sheet EUR 2,489.7 million (EUR 2,284.4 million).

As Fennia Group has no internal reinsurance arrangements, the Group's technical provisions consist of Fennia's and Fennia Life's combined technical provisions. At the close of the reporting period, technical provisions under solvency calculation were altogether EUR 2,947.8 million (EUR 2,519.9 million) and the technical provisions according to the financial statements totalled EUR 3,392.2 million (EUR 3,270.9 million).

In determining Fennia Group's technical provisions, matching adjustment, volatility adjustment and transitional provisions were not used.

Capital management

The goal of managing own funds is to ensure the sufficiency of own funds to cover the regulatory solvency capital requirement and a sufficiently large surplus at all times, and to allocate capital to key risk areas efficiently in terms of risk-return ratio. The required minimum level of own funds determines the minimum level of own funds with which the Group can, with great probability, meet its obligations concerning the benefits of the insured. This amount of own funds is determined to be larger than the solvency capital requirement required by the solvency regulations and the solvency capital requirement defined according to the Group's own understanding of risk.

For unexpected stress factors, Fennia Group defines the amount of the capital buffer on top of the required minimum amount of own funds. The capital buffer allows time to adjust the risk position when sudden and unforeseen situations are realised, i.e. to modify the risk/return position and solvency position with careful consideration to a level that corresponds to the new situation. The risk and solvency assessment, carried out at least annually, defines the risk appetite and risk tolerance and allocates risky capital overall and across individual risks. The management of own funds and solvency is part of the risk management system.

Fennia Group's available own funds amounted to EUR 897.9 million (EUR 839.8 million) at the end of the reporting period and they belonged in their entirety to class 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement. Fennia Group does not apply the transitional provisions enabled by the regulation to its own funds.

Fennia Group's solvency capital requirement at the end of the reporting period was EUR 405.5 million (EUR 401.4 million) and the minimum consolidated group solvency capital requirement was EUR 115.7 million (EUR 119.3 million). The ratio of eligible own funds to the minimum consolidated group solvency capital requirement was 772.2 per cent (700.6 %). The Group does not use an internal model, company-specific parameters, simplified calculations or a duration-based equity risk sub-module to calculate the solvency capital requirement. The Group did not fall below its required regulatory level of the solvency capital requirement or minimum consolidated group solvency capital requirement during the reporting period.

Summary Fennia

Fennia Group's Solvency and Financial Condition Report based on solvency regulation includes information concerning Fennia Mutual Insurance Company's 2019 business operations, profitability, governance system, risk profile, valuation for solvency purposes and capital management.

The COVID-19 pandemic that broke out after the reporting period also has impacts on Fennia's operations. More detailed information about the estimated impacts can be found in the report under 'Any other information' in each section.

Business and performance

Fennia is an expert in insurance and related services, offering companies, entrepreneurs and households the insurance services they need. Fennia's line of business includes statutory and voluntary non-life insurance and reinsurance. Fennia engages in direct insurance business primarily in Finland.

Changes took place at Fennia Group in 2019 when Fennia Non-Life Insurance Ltd merged into the Group's parent company Fennia.

Fennia's premiums written totalled EUR 418.0 million (EUR 382.8 million) during the reporting period. The company's combined ratio, excluding unwinding of discount, was 168.5 per cent (99.7 %), with claims, i.e. risk ratio, accounting for 117.5 per cent (63.6 %) and operating expenses and claims handling expenses, i.e. operating expense ratio, for 51.0 per cent (36.0 %). The result included several items affecting comparability in 2019.

At the close of the reporting period, Fennia's investment assets at fair value amounted to EUR 1,997.4 million (EUR 1,721.4 million). In 2019, the return on investments at fair value was EUR 198.6 million (EUR 27.5 million) and the return on invested capital was 11.2 per cent (1.6 %). Fennia's market-consistent equity return in 2019 was EUR 105.5 million, which includes EUR -93.2 million in market-consistent change in value in technical provisions. In investment management, Fennia follows the group-level balance sheet management strategy, in which part of the investment assets have been segregated into a hedging portfolio that covers long-term technical provisions.

The objective of the hedging portfolio is to generate the cash flows from long-term technical provisions with a low market risk.

System of governance

In accordance with Fennia's legal form of a mutual company, the highest decision-making power at Fennia is exercised in the general meeting of shareholders by the policyholders, i.e. Fennia's clients. The company's governing bodies are the supervisory board, the board of directors and the managing director.

The supervisory board supervises the administration of the company, which is the responsibility of the board of directors and the managing director. Fennia's Board of Directors takes care of the administration of the company and the appropriate organisation of its operations. The board of directors is assisted by the nomination and remuneration committee. The audit committee is a joint committee of the boards of Fennia and Fennia Life.

Fennia has a managing director, who is elected by the company's board of directors and whose terms and conditions of employment, salary and bonuses are determined by the board of directors. The managing director oversees the company's day-to-day administration in line with the board of directors' guidelines and regulations. The managing director is the chairman of the Group's executive group, whose task is to implement the decisions made by the boards of directors concerning group-level matters.

Fennia Group complies with a common salary and remuneration policy. The starting point for remuneration is to provide encouraging, fair and reasonable remuneration to management and personnel that is in line with the short- and long-term interests of the Group and Group companies. In the Group, suitability and reliability (i.e. 'fit & proper') assessments are used to ensure that the persons responsible for the Group's and companies' management and key functions are suited to their tasks and that they are reliable.

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

The insurance companies' balance sheets are managed by the Group-level Asset-Liability Committee (ALCO), whose main tasks are to prepare a proposal on the investment strategy for the insurance companies' boards, to change the strategy if necessary without breaking the restrictions set by the boards of directors and to report on the balance sheet risks to the boards.

The steering model for Fennia Group's risk management system is based on three lines of defence, each with its own tasks. In the three-defence-line model, responsibility for risk and solvency management is allocated between various roles. More information about the three-defence-line model is given further on in the report.

The Group's risk management function comprises two units: the Risk Management unit and the Compliance & Operational Risks unit. Both units operate under the supervision of the Group's Chief Financial Officer as independent units and bring the risk management function's services to all Group companies that have a licence to engage in insurance operations or function as alternative fund managers. A central aim of the risk management system is to generate perspectives, analyses and assessments of the possible financial impacts of individual risks and combinations thereof in the short and long term as part of business planning and strategy implementation.

Own Risk and Solvency Assessment (ORSA) is a tool for the board of directors, managing director and other executive management to support capital management, business planning and product development. In own risk and solvency assessments, risks are identified, an understanding of the risks' capital needs is formed, and forecasts and scenarios are created on the company's financial future and the possible financial consequences if the risks are realised. Own risk and solvency assessment is part of the continuous risk management process, and as the outcome of which, a broad summary of the central future estimates and risks is produced at least once a year. This ORSA process includes an overall picture of the current situation and future outlook, in terms of business operations, strategic decisions and policies, risks and solvency.

The aim of internal control at Fennia Group is to ensure the appropriateness, efficiency and productivity of the operations, and the reliability of the financial data and reporting, as well as compliance with the regulations. The boards of directors of the companies belonging to the Group bear overall responsibility for the functioning of internal control. Executive management oversees the arrangement of internal control in practice.

Fennia's compliance function, which monitors compliance with rules, has been organised into the Group's Compliance & Operational Risks unit headed by the chief compliance officer.

The internal audit is a function that is independent of the businesses and which supports Fennia Group and its senior management in achieving its strategy and targets by offering a systematic approach to the organisation's control, leadership and administrative processes and to the assessment and development of the functionality and efficiency of risk management.

The insurance company's responsible actuary is in charge of the company's actuarial function and sees to it that the actuarial methods applied in pricing and in calculating technical provisions are appropriate, and sets the level of the technical provisions. The actuarial function's tasks are participating in the implementation of the risk management system, calculating the technical provisions, ensuring the appropriateness of tariffs, assessing the solvency level, reporting that serves business operations, participating in improving the quality of information and product development and supporting the insurance sales process.

Outsourcing means concluding a contract with an outside service provider on the performance of a process, service or task belonging to the company's business sector that would otherwise be carried out by the company itself. At Fennia Group, outsourcing is arranged in such a way that the risks related to outsourcing are controlled, the operations continue uninterrupted and the regulatory requirements related to outsourcing are met.

Risk profile

In a market-consistent valuation environment, risk-taking capacity is illustrated by the difference between balance sheet assets and liabilities, i.e. the eligible market-consistent amount of own funds. The more eligible own funds the company has, the greater its risk-bearing capacity and the more freedom it has to decide which risks it will bear in its operations. From a quantitative perspective, risk-taking is illustrated by the solvency capital requirement required by the operations. The greater the risk, the higher the solvency capital requirement. A closer look at the solvency capital requirement can reveal the source of the balance sheet's risks. An understanding of the company's risk profile is gained by analysing the amount of eligible own funds, the solvency capital requirement and the relationship between the two.

Fennia's solvency capital requirement before loss-absorbing items was EUR 404.5 million (EUR 391.6 million) at the close of the reporting period. Of that amount, the market risk share was EUR 300.7 million (EUR 308.8 million), the counterparty risk was EUR 34.0 million (EUR 31.4 million), the underwriting risk was EUR 118.3 million (EUR 97.9 million) and the operational risk was EUR 31.7 million (EUR 23.9 million). After loss-absorbing items, the solvency capital requirement amounted to EUR 336.7 million (EUR 313.3 million). With eligible own funds of EUR 866.1 million (EUR 876.7 million), the company's relative solvency position was 257.2 per cent (279.8 %).

Underwriting risk is linked to the basic business, i.e. insurance, and is divided into three main classes, which are premium risk, reserve risk and catastrophe risk. The premium risk is a loss risk of future insurance compensation costs (including operating expenses) exceeding the insurance premiums gained from insurance. Reserve risk is caused by unfavourable value changes in technical provisions. The actuarial risk factors included in the reserve risk are, among other things, biometric risks (mortality, longevity, disability and similar risks), different lapse risks, the expense risk and the revision risk. Underwriting risk also includes catastrophe risk, i.e. large loss risk.

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

The solvency capital requirement for Fennia's underwriting risks was EUR 118.3 million (EUR 97.9 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 73.6 million (EUR 58.3 million), which is 18.2 per cent (14.9 %) of the solvency capital requirement before loss-absorbing items. Fennia's underwriting risk mainly consists of premium risk and reserve risk. Fennia's insurance portfolio does not include any significant unreinsured risk concentrations. More information about the underwriting risk is given further on in the report.

The market risks that affect Fennia, i.e. those that cause impacts on the company's financial position due to impacts resulting from changes in the market values of assets and liabilities, are interest rate, spread, equity, real estate, currency risks and the concentration risk. It is essential to examine market risks from the perspective of the entire balance sheet. Both sides of the balance sheet are valued in the solvency calculation on market terms, which means changes in risk factors simultaneously affect both assets and liabilities.

Changes in market risk factors affect solvency in two ways: as a change in both own funds and in the solvency capital requirement. As market risks are realised, the own funds shrink, which weakens the company's solvency position. Changes in assets and liabilities also often affect the solvency capital requirement.

Fennia's general risk appetite, risk tolerance and business targets guide investment operations and create preconditions for them. In investment operations and market risk management, the objective is to attain the set business targets without endangering the solvency targets. The cornerstones of market risk management are sufficient diversification of investments and the prudent person principle, as well as risk-mitigating techniques. Exposure to and the impacts of market risks are measured using asset class allocation, sensitivity analyses, and the solvency capital requirement arising from the market risk in question.

The solvency capital requirement for Fennia's market risks was EUR 300.7 million (EUR 308.8 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 70.1 per cent (75.5 %). The contribution of the equity risk to the market risks' solvency capital requirement was the largest, at 52.4 per cent (56.0 %).

Credit risk, i.e. counterparty risk, is the risk that the counterparties are not able to meet their obligations. In Fennia's solvency calculations, the counterparty risk mostly resulted from reinsurance contracts, cash assets and derivative contract counterparties and receivables from insurance customers. The starting point for managing counterparty risks is to ensure that the counterparties and related risks can be identified, measured, monitored, managed and reported on.

The solvency capital requirement for Fennia's counterparty risk was EUR 34.0 million (EUR 31.4 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 15.6 million (EUR 13.8 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 3.9 per cent (3.5 %).

A liquidity risk arises from the possibility of the company not being able to meet its payment obligations on time. The management of liquidity risk is divided into long- and short-term liquidity risk. Liquidity risk is not included in the standard formula solvency calculation nor does it result in a capital requirement, but it can have great significance, particularly in unfavourable market situations. This is why the management of liquidity risk requires close scrutiny to ensure that the risks do not materialise.

The management of operational risks is part of Fennia Group's overall risk management. Operational risks are defined at Fennia Group as risks resulting from internal processes, personnel, systems and external factors. The objective of operational risk management at Fennia Group is to, in a cost-effective manner, reduce the likelihood that risks will be realised and the impacts of the realised risks, support business and support functions to achieve the targets set for them using risk management, and help ensure that the Group's operations meet the requirements set by authorities and legislation.

The solvency capital requirement for Fennia's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 31.7 million (EUR 23.9 million). Its share of the solvency capital requirement before loss-absorbing items was 7.8 per cent (6.1 %).

Fennia is also subject to other risks that are not taken into account in solvency capital requirement calculations, and usually are very difficult to measure. These risks include risks linked to the strategy and business environment, risk linked to acquiring additional capital, reputation risk, group risks and entirely new types of risk that are difficult to identify or assess ahead of time.

Valuation for solvency purposes

The solvency calculation balance sheet is based on financial statements drawn up in accordance with Finnish Financial Accounting Standards (FAS) and adjusted in line with the solvency regulations. The valuation principles for solvency calculation are based on the IFRS standard. The objective is to define fair value in accordance with the arm's length principle. The most significant differences between capital and reserves in the financial statement and own funds in the solvency calculation stem from the difference in the valuation of investment assets, the valuation of technical provisions and the treatment of the equalisation provision.

Fennia's investments in the solvency calculation balance sheet at the close of the reporting period were EUR 2,164.8 million (EUR 1,831.6 million) and in the closing balance sheet EUR 1,779.9 million (EUR 1,536.0 million).

In solvency calculation, the best estimate of the technical provisions calculated from insurance contracts is the expected current value of future cash flows related to the current insurance portfolio. The future cash flows from insurance contracts are discounted using the swap zero-coupon rate curve confirmed by the European Insurance and Occupational Pensions Authority (EIOPA). The technical provisions are the sum of the best estimate (actuarial expectation) and risk margin (safety loading).

At the close of the reporting period, the technical provisions according to solvency calculation amounted to EUR 1,131.6 million (EUR 849.0 million), of which the share of the best estimate was EUR 1,056.7 million (EUR 795.2 million) and the risk margin amounted to EUR 74.8 million (EUR 53.8 million). The technical provisions in accordance with the financial statements amounted to EUR 1,582.4 million (EUR 1,451.2 million).

In determining Fennia's technical provisions, matching adjustment, volatility adjustment and transitional provisions were not used.

Capital management

The goal of managing own funds is to ensure the sufficiency of own funds to cover the regulatory solvency capital requirement and a sufficiently large surplus at all times, and to allocate capital to key risk areas efficiently in terms of risk-return ratio. The required minimum level of own funds determines the minimum level of own funds with which the company can, with great probability, meet its obligations concerning the benefits of the insured. This amount of own funds is determined to be larger than the solvency capital requirement required by the solvency regulations and the solvency capital requirement defined according to the company's own understanding of risk.

For unexpected stress factors, Fennia defines the amount of capital buffer on top of the required minimum amount of own funds. The capital buffer allows time to adjust the risk position when sudden and unforeseen situations are realised, i.e. to modify the risk/return position and solvency position with careful consideration to a level that corresponds to the new situation. The risk and solvency assessment, carried out at least annually, defines the risk appetite and risk tolerance and allocates risky capital overall and across individual risks. The management of own funds and solvency is part of the risk management system.

Fennia's available own funds amounted to EUR 866.1 million (EUR 876.7 million) at the end of the reporting period, and they belonged in their entirety to class 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement. The company does not apply the transitional provisions enabled by the regulation to its own funds.

Fennia's solvency capital requirement at the end of the reporting period was EUR 336.7 million (EUR 313.3 million) and the minimum capital requirement was EUR 84.2 million (EUR 78.3 million). The ratio of eligible own funds to the minimum capital requirement was 1,028.8 per cent (1,119.4 %). The company does not use an internal model, company-specific parameters or a duration-based equity risk sub-module to calculate the solvency capital requirement. The company did not fall below its required regulatory level of the solvency capital requirement or minimum capital requirement during the reporting period.

Summary Fennia Life

Fennia Group's Solvency and Financial Condition Report based on solvency regulation includes information concerning Fennia Life Insurance Company Ltd's 2019 business operations, profitability, governance system, risk profile, valuation for solvency purposes and capital management.

The COVID-19 pandemic that broke out after the reporting period also has impacts on Fennia Life's operations. More detailed information about the estimated impacts can be found in the report under 'Any other information' in each section.

Business and performance

Fennia Life Insurance Company is a life insurance company owned by Fennia Mutual Insurance Company. Fennia Life specialises in voluntary life, pension and savings insurance. The company offers its customers insurance cover for permanent disability and death, voluntary individual and group pension insurance, savings life insurance, and capital redemption contracts. Fennia Life engages in insurance business only in Finland.

Fennia Life's premiums written totalled EUR 241.0 million (EUR 164.1 million) in the reporting period. Unit-linked insurance premiums accounted for 84.7 per cent (77.1 %) of the total premiums written on life insurance. Claims paid amounted to EUR 178.0 million (EUR 95.5 million). The risk result for life insurance amounted to EUR 8.7 million (EUR 8.7 million). Life insurance operating expenses (including claims settlement expenses) amounted to EUR 16.4 million (EUR 15.8 million). The expense ratio of expense loading (including provision rebates from the funds covering unit-linked contracts) was 89.5 per cent (90.2 %). Excluding the impact of the provision rebates, the expense ratio was 101.1 per cent (101.9 %). Fennia Life paid client bonuses amounting to EUR 2.1 million (EUR 0.9 million) in 2019.

Fennia Life's investment assets at fair value totalled EUR 821.7 million (EUR 761.4 million) at the close of the reporting period. In 2019, the return on investments at fair value was EUR 57.1 million (EUR 17.8 million) and the return on invested capital was 7.6 per cent (2.4 %). Fennia Life's market-consistent equity return in 2019 was EUR 5.1 million, which includes EUR -52.0 million in market-consistent change in value in technical provisions. In investment management, Fennia Life follows the group-level balance sheet management strategy, in which the majority of Fennia Life's investment assets have been segregated into a hedging portfolio that covers long-term technical provisions. The objective of the hedging portfolio is to generate the cash flows from long-term technical provisions with a low market risk.

System of governance

The highest decision-making power at Fennia Life is exercised by the shareholder Fennia through the annual general meeting. Fennia Life's governing bodies are the board of directors and the managing director. Fennia Life's board of directors takes care of the administration of the company and the appropriate organisation of its operations. The board of directors is assisted by the joint audit committee for Fennia's and Fennia Life's boards of directors.

Fennia Life has a managing director, who is elected by the company's board of directors and whose terms and conditions of employment, salary and bonuses are determined by the board of directors. The managing director oversees the company's day-to-day administration in line with the board of directors' guidelines and regulations. The managing director is a member of the Group's executive group, whose task is to implement the decisions made by the board of directors concerning group-level matters.

Fennia Group complies with a common salary and remuneration policy. The starting point for remuneration is to provide encouraging, fair and reasonable remuneration to management and personnel that is in line with the short- and long-term interests of the Group and Group companies. In the Group, suitability and reliability (i.e. 'fit & proper') assessments are used to ensure that the persons responsible for the Group's and companies' management and key functions are suited to their tasks and that they are reliable.

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

The insurance companies' balance sheets are managed by the Group-level Asset-Liability Committee (ALCO), whose main tasks are to prepare a proposal on the investment strategy for the insurance companies' boards, to change the strategy if necessary without breaking the restrictions set by the boards of directors and to report on the balance sheet risks to the boards.

The steering model for Fennia Group's risk management system is based on three lines of defence, each with its own tasks. In the three-defence-line model, responsibility for risk and solvency management is allocated between various roles. More information about the three-defence-line model is given further on in the report.

The Group's risk management function comprises two units: the Risk Management unit and the Compliance & Operational Risks unit. Both units operate under the supervision of the Group's Chief Financial Officer as independent units and bring the risk management function's services to all Group companies that have a licence to engage in insurance operations or function as alternative fund managers. A central aim of the risk management system is to generate perspectives, analyses and assessments of the possible financial impacts of individual risks and combinations thereof in the short and long term as part of business planning and strategy implementation.

Own Risk and Solvency Assessment (ORSA) is a tool for the board of directors, managing director and other executive management to support capital management, business planning and product development. In own risk and solvency assessments, risks are identified, an understanding of the risks' capital needs is formed, and forecasts and scenarios are created on the company's financial future and the possible financial consequences if the risks are realised. Own risk and solvency assessment is part of the continuous risk management process, and as the outcome of which, a broad summary of the central future estimates and risks is produced at least once a year. This ORSA process includes an overall picture of the current situation and future outlook, in terms of business operations, strategic decisions and policies, risks and solvency.

The aim of internal control at Fennia Group is to ensure the appropriateness, efficiency and productivity of the operations, and the reliability of the financial data and reporting, as well as compliance with the regulations. The boards of directors of the companies belonging to the Group bear overall responsibility for the functioning of internal control. Executive management oversees the arrangement of internal control in practice.

Fennia Life's compliance function, which monitors compliance with rules, has been organised into the Group's Compliance & Operational Risks unit headed by the chief compliance officer. During the reporting period, Fennia Life also had its own compliance officer, who collaborated closely with the chief compliance officer.

The internal audit is a function that is independent of the businesses and which supports Fennia Group and its senior management in achieving its strategy and targets by offering a systematic approach to the organisation's control, leadership and administrative processes and to the assessment and development of the functionality and efficiency of risk management.

The insurance company's responsible actuary is in charge of the company's actuarial function and sees to it that the actuarial methods applied in pricing and in calculating technical provisions are appropriate, and sets the level of the technical provisions. The actuarial function's tasks are participating in the implementation of the risk management system, calculating the technical provisions, ensuring the appropriateness of tariffs, assessing the solvency level, reporting that serves business operations, participating in improving the quality of information and product development and supporting the insurance sales process.

Outsourcing means concluding a contract with an outside service provider on the performance of a process, service or task belonging to the company's business sector that would otherwise be carried out by the company itself. At Fennia Group, outsourcing is arranged in such a way that the risks related to outsourcing are controlled, the operations continue uninterrupted and the regulatory requirements related to outsourcing are met.

Risk profile

In a market-consistent valuation environment, risk-taking capacity is illustrated by the difference between balance sheet assets and liabilities, i.e. the eligible market-consistent amount of own funds. The more eligible own funds the company has, the greater its risk-bearing capacity and the more freedom it has to decide which risks it will bear in its operations. From a quantitative perspective, risk-taking is illustrated by the solvency capital requirement required by the operations. The greater the risk, the higher the solvency capital requirement. A closer look at the solvency capital requirement can reveal the source of the balance sheet's risks. An understanding of the company's risk profile is gained by analysing the amount of eligible own funds, the solvency capital requirement and the relationship between the two.

Fennia Life's solvency capital requirement before loss-absorbing items was EUR 121.5 million (EUR 141.4 million) at the close of the reporting period. Of that amount, the market risk share was EUR 83.2 million (EUR 104.0 million), the counterparty risk was EUR 14.4 million (EUR 18.9 million), the underwriting risk was EUR 56.3 million (EUR 56.8 million) and the operational risk was EUR 4.7 million (EUR 4.0 million). After loss-absorbing items, the solvency capital requirement amounted to EUR 109.2 million (EUR 108.6 million). With eligible own funds of EUR 205.3 million (EUR 243.0 million), the company's relative solvency position was 188.0 per cent (223.7 %).

Underwriting risk is linked to the basic business, i.e. insurance, and is divided into three main classes, which are premium risk, reserve risk and catastrophe risk. The premium risk is the risk of loss caused by the cost (including operating expenses) of future insurance claims exceeding the insurance premiums gained from insurance policies. Reserve risk is caused by unfavourable value changes in technical provisions. The actuarial risk factors included in the reserve risk are, among other things, biometric risks (mortality, longevity, disability and similar risks), different lapse risks (e.g. the surrender risk in life insurance), the expense risk and the revision risk. Underwriting risk also includes catastrophe risk, i.e. large loss risk.

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

The solvency capital requirement for Fennia Life's underwriting risks was EUR 56.3 million (EUR 56.8 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 38.9 million (EUR 36.2 million), which is 32.0 per cent (25.6 %) of the solvency capital requirement before loss-absorbing items. Fennia Life's underwriting risk consists mainly of the lapse risk and the expense risk. Fennia Life's insurance portfolio does not include any significant risk concentrations. More information about the underwriting risk is given further on in the report.

The market risks that affect Fennia Life, i.e. those that cause impacts on the company's financial position due to impacts resulting from changes in the market values of assets and liabilities, are interest rate, spread, equity, real estate, currency risks and the concentration risk. It is essential to examine market risks from the perspective of the entire balance sheet. Both sides of the balance sheet are valued in the solvency calculation on market terms, which means changes in risk factors simultaneously affect both assets and liabilities.

Changes in market risk factors affect solvency in two ways: as a change in both eligible own funds and in the solvency capital requirement. As market risks are realised, the eligible own funds shrink, which weakens the solvency position. Changes in assets and liabilities also often affect the solvency capital requirement.

Fennia Life's general risk appetite, risk tolerance and business targets guide investment operations and create preconditions for them. In investment operations and market risk management, the objective is to attain the set business targets without endangering the solvency targets. The cornerstones of market risk management are sufficient diversification of investments, the prudent person principle, and risk-mitigating techniques. Exposure to and the impacts of market risks are measured using asset class allocation, sensitivity analyses, and the solvency capital requirement arising from the market risk in question.

The solvency capital requirement for Fennia Life's market risks was EUR 83.2 million (EUR 104.0 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 59.1 per cent (65.9 %). The contribution of the equity risk to the market risks' solvency capital requirement was the largest, at 44.6 per cent (47.5 %).

Credit risk, i.e. counterparty risk, is the risk that the counterparties are not able to meet their obligations. In Fennia Life's solvency calculation, the counterparty risk mostly resulted from cash assets and derivative contract counterparties and receivables from insurance customers. The starting point for managing counterparty risks is to ensure that the counterparties and related risks can be identified, measured, monitored, managed and reported on.

The solvency capital requirement for Fennia Life's counterparty risk was EUR 14.4 million (EUR 18.9 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 6.1 million (EUR 8.1 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 5.0 per cent (5.8 %).

A liquidity risk arises from the possibility of the company not being able to meet its payment obligations on time. The management of liquidity risk is divided into long- and short-term liquidity risk. Liquidity risk is not included in the standard formula solvency calculation nor does it result in a capital requirement, but it can have great significance, particularly in unfavourable market situations. This is why the management of liquidity risk requires close scrutiny to ensure that the risks do not materialise.

The management of operational risks is part of Fennia Group's overall risk management. Operational risks are defined at Fennia Group as risks resulting from internal processes, personnel, systems and external factors. The objective of operational risk management at Fennia Group is to, in a cost-effective manner, reduce the likelihood that risks will be realised and the impacts of the realised risks, support business and support functions to achieve the targets set for them using risk management, and help ensure that the Group's operations meet the requirements set by authorities and legislation.

The solvency capital requirement for Fennia Life's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 4.7 million (EUR 4.0 million). Its share of the solvency capital requirement before loss-absorbing items was 3.9 per cent (2.8 %).

Fennia Life is also subject to other risks that are not taken into account in solvency capital requirement calculations, and usually are very difficult to measure. These risks include risks linked to the strategy and business environment, risk linked to acquiring additional capital, reputation risk, group risks and entirely new types of risk that are difficult to identify or assess ahead of time.

Valuation for solvency purposes

The solvency calculation balance sheet is based on financial statements drawn up in accordance with Finnish Financial Accounting Standards (FAS) and adjusted in line with the solvency regulations. The valuation principles for solvency calculation are based on the IFRS standard. The objective is to define fair value in accordance with the arm's length principle. The most significant differences between capital and reserves in the financial statement and own funds in the solvency calculation stem from the difference in the valuation of investment assets and the valuation of technical provisions.

Fennia Life's investments in the solvency calculation balance sheet at the close of the reporting period totalled EUR 830.2 million (EUR 770.6 million) and in the closing balance sheet EUR 768.9 million (EUR 728.8 million).

In solvency calculation, the best estimate of the technical provisions calculated from insurance contracts is the expected current value of future cash flows related to the current insurance portfolio. The future cash flows from insurance contracts are discounted using the swap zero-coupon rate curve confirmed by the European Insurance and Occupational Pensions Authority (EIOPA). The technical provisions are the sum of the best estimate (actuarial expectation) and risk margin (safety loading).

At the close of the reporting period, Fennia Life's technical provisions in accordance with the solvency calculation amounted to EUR 1,816.2 million (EUR 1,529.4 million). Of that amount, the share of the best estimate was EUR 1,774.4 million (EUR 1,496.5 million) and the share of the risk margin was EUR 41.7 million (EUR 32.9 million). The share of unit-linked technical provisions amounted to EUR 1,235.3 million (EUR 1,010.6 million). The technical provisions in accordance with the financial statements amounted to EUR 1,809.8 million (EUR 1,629.6 million).

In determining Fennia Life's technical provisions, matching adjustment, volatility adjustment and transitional provisions were not used.

Capital management

The goal of managing own funds is to ensure the sufficiency of own funds to cover the regulatory solvency capital requirement and a sufficiently large surplus at all times, and to allocate capital to key risk areas efficiently in terms of risk-return ratio. The required minimum level of own funds determines the minimum level of own funds with which the company can, with great probability, meet its obligations concerning the benefits of the insured. This amount of own funds is determined to be larger than the solvency capital requirement required by the solvency regulations and the solvency capital requirement defined according to the company's own understanding of risk.

For unexpected stress factors, Fennia Life defines the amount of capital buffer on top of the required minimum amount of own funds. The capital buffer allows time to adjust the risk position when sudden and unforeseen situations are realised, i.e. to modify the risk/return position and solvency position with careful consideration to a level that corresponds to the new situation. The risk and solvency assessment, carried out at least annually, defines the risk appetite and risk tolerance and allocates risky capital overall and across individual risks. The management of own funds and solvency is part of the risk management system.

Fennia Life's available own funds amounted to EUR 205.3 million (EUR 243.0 million) at the end of the reporting period, and they belonged in their entirety to class 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement. The company does not apply the transitional provisions enabled by the regulation to its own funds.

Fennia Life's solvency capital requirement at the end of the reporting period was EUR 109.2 million (EUR 108.6 million) and the minimum capital requirement was EUR 31.5 million (EUR 28.7 million). The ratio of eligible own funds to the minimum capital requirement was 651.8 per cent (847.1 %). The company does not use an internal model, company-specific parameters, simplified calculations or a duration-based equity risk sub-module to calculate the solvency capital requirement. The company did not fall below its required regulatory level of the solvency capital requirement or minimum capital requirement during the reporting period.

Business and performance

Business

Fennia Group's structure is based on the structure of Fennia's consolidated financial statements. The Group's parent company is Fennia Mutual Insurance Company, a Finnish non-life insurance company established in 1882 that is owned by its customers.

Fennia Group comprises the following companies: the Group's parent company Fennia, specialised in non-life insurance; Fennia-service Ltd, which produces ancillary services closely linked to non-life insurance; eFennia Ltd, which maintains and develops non-life insurance IT systems; Fennia Life Insurance Company Ltd, which offers voluntary life, pension and savings insurance; Fennia Asset Management Ltd, which provides asset management services and alternative fund management services and Fennia Properties Ltd, which provides property management and development. The Group additionally comprises 19 real estate companies.

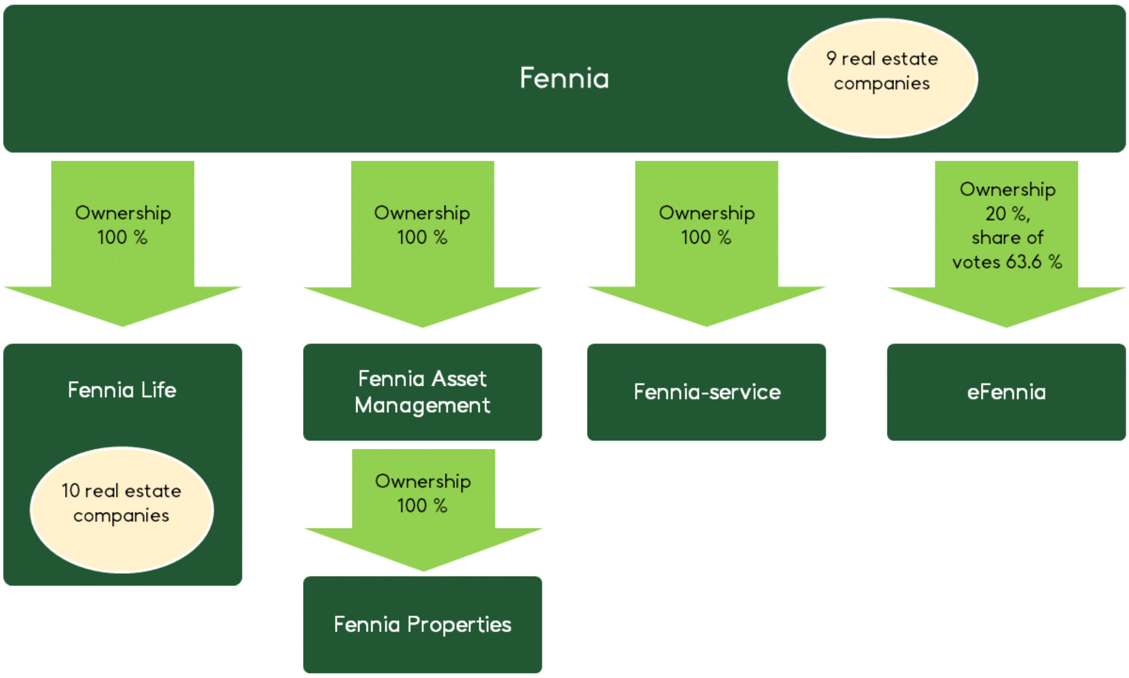
The structure of Fennia Group changed in 2019 when the wholly owned subsidiary Fennia Non-Life Insurance Ltd merged into the Group's parent company Fennia. Fennia Asset Management carried out a business transfer where all business that is not subject to an operating licence was transferred to the subsidiary Fennia Property Development Ltd. In connection with the business transfer, Fennia Asset Management Ltd carried out a stock trade as a result of which its holding in Fennia Property Development Ltd grew to 100 per cent. At the same time, Fennia Property Development Ltd's name was changed to Fennia Properties Ltd, which better reflects the new business entity.

Of Fennia Group companies, the parent company Fennia operates on a mutual basis, which means the customer is the owner of the company. The Group's other companies – Fennia-service, eFennia, Fennia Life, Fennia Asset Management and Fennia Properties are limited companies. The other Fennia Group companies included in the consolidated financial statements are real estate companies.

Fennia Group also has an extensive partner network that it co-operates closely with to benefit customers.

The Fennia Group companies are domiciled in Helsinki. The Group's operations are supervised by the Financial Supervisory Authority, Snellmaninkatu 6, P.O. Box 103, FI-00101 Helsinki.

Auditing is provided by the auditing firm KPMG Oy Ab, Töölönlahdenkatu 3, PL1037, 00101 Helsinki. Petri Kettunen was the auditor with principal responsibility for Fennia and Fennia Life in 2019.



Fennia's business

Fennia is an expert in insurance and related services, offering companies, entrepreneurs and households the insurance services they need. Fennia's line of business includes statutory and voluntary non-life insurance and reinsurance.

Fennia's shareholders are its policyholders that have valid insurance with the company and whose insurance has begun, at the latest, during the previous financial year. Taking out reinsurance does not, however, constitute ownership.

Fennia engages in direct insurance business primarily in Finland. In some, very limited, cases, Fennia insures customers' sites located abroad. Fennia also receives insurance cases located abroad through inward reinsurance. These cases also mostly relate to Finnish customers.

Fennia's subsidiary Fennia-service Ltd, produces ancillary services closely linked to non-life insurance and risk management for customers.

Fennia's partners in earnings-related pension insurance are Elo Mutual Pension Insurance Company and Veritas Pension Insurance Company.

Fennia Life's business

Fennia Life Insurance Company was established on 1 October 1998. Fennia Life specialises in voluntary life, pension and savings insurance.

The company offers its customers insurance cover for permanent disability and death, voluntary individual and group pension insurance, savings life insurance, and capital redemption contracts.

Fennia Life's customers are companies and other entities, entrepreneurs and private persons. Fennia Life engages in insurance business only in Finland.

Underwriting performance

Fennia Group's premiums written totalled EUR 688.5 million (EUR 551.0 million) during the reporting period.

The Group's result according to the consolidated financial statements before appropriations and taxes was EUR 122.0 million (EUR -17.0 million). The operating loss before the change in equalisation provision and bonuses and rebates was EUR 136.2 million (EUR -1.3 million). Non-life insurance business accounted for EUR 72.7 million (EUR -41.2 million) and life insurance business for EUR 49.2 million (EUR 24.2 million) of the result. Of the operating loss, the share of non-life insurance business was EUR -186.0 million (EUR -25.5 million) and the share of life insurance business was EUR 49.7 million (EUR 24.2 million). The result includes several items affecting comparability in 2019.

The Group's average number of personnel was 1,064 (1,009).

Fennia's underwriting performance

Fennia's premiums written totalled EUR 418.0 million (EUR 382.8 million) during the reporting period. The combined ratio was 168.5 per cent (99.7 %), with claims, i.e. risk ratio, accounting for 117.5 per cent (63.6 %) and operating expenses and claims handling expenses, i.e. operating expense ratio, for 51.0 per cent (36.0 %).

Fennia made several changes in the bases for calculating the technical provisions in 2019. Lowering the discount rate from 1.5 per cent to 0 per cent and other minor technical calculation changes increased the claims provision by EUR 227.8 million. Patient insurance technical provisions were decreased by EUR 18.0 million due to changes in the Patient Insurance Act that will enter into force in 2021. This had a lowering effect of approximately EUR 17.7 million on premiums written. In addition, the calculation of the provision for unearned premiums was specified, as a result of which the provision for unearned premiums decreased by EUR 3.2 million.

The operating combined ratio, with the changes in the calculation bases and the non-recurring items entered as operating costs eliminated, increased and stood at 102.7 per cent (99.4 %).

The entries for inward reinsurance lines mainly pertain to participation in the insurance pooling business, of which the domestic patient insurance pool makes up the largest part. Due to the small amount, the impact of reinsurance assumed on profit/loss is low.

In order to safeguard the result of non-life insurance, ceded reinsurance contracts were concluded. No significant losses affecting the outward reinsurance result occurred during the financial year.

Non-life insurance premiums written grew as a whole in the household segment. In corporate insurance, premiums written remained practically unchanged. The level of statutory accident insurance premiums, which has been declining for many years, continued to do so, but less sharply than before.

Statutory accident insurance premiums written increased to EUR 78.8 million (EUR 74.5 million) due to the merger. Correspondingly, the loss ratio rose to 226.6 per cent (73.4 %). The loss ratio without the changes in the bases for calculating the technical provisions was 78.4 per cent.

The motor vehicle insurance portfolio experienced solid growth throughout 2019. Motor liability insurance premiums written went up to EUR 76.3 million (EUR 65.2 million), and the loss ratio was 184.8 per cent (56.0 %). The loss ratio without the changes in the bases for calculating the technical provisions was 51.6 per cent. Premiums written for voluntary motor vehicle insurance grew to EUR 90.5 million (EUR 73.2 million). The loss ratio increased to 97.8 per cent (84.0 %). The loss ratio without the changes in the bases for calculating the technical provisions was 95.6 per cent. Premiums written on fire and other property insurances totalled EUR 92.3 million (EUR 80.8 million).

The most significant non-life insurance lines, including the balance on the technical account, are shown in the table below.

Balance on technical account by group of insurance class

Groups of insurance classes	Year	Gross premiums written before reinsurers' share	Gross premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before reinsurers' commissions and profit participation	Reinsurance balance	Balance on technical account before the change in collective item and equalisation provision
Statutory accident insurance (workers' compensation)	2019	78.8	86.0	-200.5	-18.8	-0.2	-133.4
	2018	74.5	74.6	-59.8	-12.6	-0.2	2.0
Non-statutory accident and health	2019	47.2	50.8	-50.3	-17.2	-0.1	-16.7
	2018	43.5	42.9	-39.8	-11.6	-0.1	-8.6
Motor liability	2019	76.3	75.3	-143.0	-29.4	1.6	-95.5
	2018	65.2	67.0	-39.6	-20.0	-0.1	7.2
Motor, other classes	2019	90.5	87.4	-85.4	-34.3	0.0	-32.4
	2018	73.2	73.2	-62.3	-22.0	0.0	-11.2
Fire and other damage to property	2019	92.3	92.3	-69.6	-34.4	-2.1	-13.8
	2018	80.8	80.4	-51.8	-21.7	-11.8	-4.9
General liability	2019	6.7	5.5	6.2	-8.5	-3.8	-0.6
	2018	22.0	20.6	-5.4	-5.5	-1.7	8.0
Other	2019	25.8	25.7	-21.1	-10.6	0.6	-5.3
	2018	23.1	23.1	-18.1	-6.9	0.8	-1.1
DIRECT INSURANCE TOTAL	2019	417.6	423.0	-563.7	-153.2	-4.0	-297.9
	2018	382.3	381.8	-276.8	-100.3	-13.1	-8.4

Groups of insurance classes	Year	Gross premiums written before reinsurers' share	Gross premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before reinsurers' commissions and profit participation	Reinsurance balance	Balance on technical account before the change in collective item and equalisation provision
Reinsurance	2019	0.5	0.4	0.4	-0.3	0.0	0.6
	2018	0.5	0.4	-0.2	-0.2	0.0	0.1
TOTAL	2019	418.0	423.4	-563.3	-153.5	-4.0	-297.4
	2018	382.8	382.2	-277.0	-100.5	-13.1	-8.4
Change in equalisation provision	2019						258.7
	2018						-24.5
BALANCE ON TECHNICAL ACCOUNT	2019						-38.7
	2018						-32.9

Excluding the unwinding of discount and non-recurring items related to technical provisions, the balance of statutory accident insurance was EUR -6.2 million (6.8 million) and that of motor vehicle liability insurance EUR 1.9 million (9.0 million).

Fennia Life's underwriting performance

Fennia Life's premiums written totalled EUR 241.0 million (EUR 164.1 million) in the reporting period. Premiums written were divided by insurance line as follows:

Written premiums (EUR million)	2019	2018
Savings insurance	132.7	81.8
Capital redemption policy	55.7	29.1
Individual pension insurance	8.8	9.4
Group pension insurance	23.5	24.8
Risk life insurance	14.6	13.7
Employees' group life insurance	5.7	5.3
Total	241.0	164.1

Reinsurers' share of total premiums written amounted to EUR 1.0 million (EUR 1.1 million).

Unit-linked insurance premiums accounted for 84.7 per cent (77.1 %) of the total premiums written on life insurance.

Claims paid amounted to EUR 178.0 million (EUR 95.5 million), divided as follows:

Claims paid (EUR million)	2019	2018
Repayment of benefits	3.4	3.1
Pension	39.7	37.8
Surrenders	123.5	44.8
Sum payable on death	6.9	5.0
Compensation for permanent incapacity	0.7	0.8
Other	3.8	4.1
Total	178.0	95.5

Reinsurers' share of claims paid amounted to EUR 0.3 million (EUR -0.0 million).

The increase in premium income and surrenders were influenced by customers' preparations for future tax reforms.

The risk result for life insurance amounted to EUR 8.7 million (EUR 8.7 million). The risk result consists of mainly the difference between the risk component included in risk life insurance (including employees' group life insurance) premiums and the risk life insurance claims paid on the basis of death and permanent disability.

Life insurance operating expenses (including claims settlement expenses) amounted to EUR 16.4 million (EUR 15.8 million). The expense ratio of expense loading (including provision rebates from the funds covering unit-linked contracts) was 89.5 per cent (90.2 %). Excluding the impact of the provision rebates, the expense ratio was 101.1 per cent (101.9 %).

The technical rate of interest on Fennia Life's insurance savings, which are linked to the interest rate result, is between 0 and 4.5 per cent. The technical rate of interest for new insurance contracts is 0–1 per cent. The company supplemented the technical provisions in previous financial statements by making transfers to the supplementary provision for the guaranteed interest rate. A minimum decrease plan has been drawn up for decreasing the supplementary provision for the guaranteed interest rate. Additionally, the company has made a transfer to the provision for future bonuses in an earlier version of the financial statements. This provision secures the continuity of the low-technical-rate-of-interest pension insurance bonuses. In 2019, the supplementary provision for the guaranteed interest rate was decreased according to plan. Due to the supplementary provisions that have been made, the minimum annual return requirement for investment operations in life insurance business is 1.0 per cent. The supplementary provision for the guaranteed interest rate in the financial statements amounted to EUR 105.2 million (EUR 114.7 million).

The provision for future bonuses in the financial statements amounted to EUR 2.7 million (EUR 3.3 million). Fennia Life paid client bonuses on risk life insurance contracts and on savings-type insurance contracts with a low technical rate of interest. Client bonuses granted totalled EUR 2.1 million (EUR 0.9 million), of which EUR 1.6 million was funded from the provision for future bonuses reserved earlier. The risk-free interest rate has remained low for both short-term 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 2019. 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 insurances has been higher than the interest credited on savings insurances.

Investment performance

In the beginning of 2019, Fennia Group adopted a new balance sheet management strategy, setting as a goal for investment operations the return on market-consistent equity, which measures the change in Fennia Group's ability to meet its liabilities. Fennia Group's market-consistent equity return in 2019 was EUR 87.0 million, which includes EUR -145.1 million in market-consistent change in value in technical provisions. In 2019, the net return on investments at fair value was EUR 232.1 million (EUR 15.7 million) and the return on invested capital was 9.5 per cent (0.7 %). Fennia Group's investment assets at fair value amounted to EUR 2,710.3 million (EUR 2,597.6 million).

Allocation of investment assets at market value (EUR million)	31.12.2019	%	31.12.2018	%
Fixed income investments	1,927.0	71.1 %	1,559.3	60.0 %
Equity investments	277.9	10.3 %	478.4	18.4 %
Real estate investments	494.2	18.2 %	545.4	21.0 %
Other investments	11.3	0.4 %	14.5	0.6 %
Total investments	2,710.3	100 %	2,597.6	100 %

Based on the new balance sheet management model, Fennia Group's investment assets were divided into a hedging portfolio, investment portfolio and strategic portfolio during the first quarter of 2019.

The hedging portfolio's objective is to generate the cash flows promised to customers with a low market risk while at the same time hedging against the interest rate risk arising from the technical provisions to the capital and reserves. The objective of the strategy is for the market-consistent returns on the hedging portfolio and the technical provisions to be equal, thus offsetting each other in the short, medium and long terms, although fluctuations in the interest rate level lead to large fluctuations in value in both. The hedging portfolio aims to keep the spread risk low by investing in short-term corporate bonds with an average duration of one year and with a good credit rating. The corporate bond return target is to exceed the Euribor rate by taking moderate spread risk. Interest rate swaps are used to swap the short-term Euribor rate for a fixed long-term rate corresponding to the duration of the liabilities.

The part exceeding the value of the best estimate for the long-term technical provisions has been invested in the investment portfolio, the objective of which is to generate an absolute long-term return with a good risk-return ratio. The investment portfolio must be able to cover short-term liabilities and the Group's capital requirement with a sufficient buffer also during market stress, which sets the investment portfolio's maximum risk-taking capacity. The investment portfolio's assets have mainly been invested in equity and fixed income investments, real estate investments and private equity funds.

In addition, the strategic portfolio contains the investments that also have another strategic goal besides return on investment.

Net income on invested capital from bearing of market risks (EUR million)	**Net investment returns 31.12.2019**	**Invested capital 31.12.2019**	**Return, % 31.12.2019**
Hedging activities			
Hedging portfolio	86.4	1,064.5	8.1 %
Hedged provisions	-79.8		
Hedging margin	**6.7**		
Non-hedged provisions	-65.4		
Result of hedging in total	**-58.7**		
Investment portfolio			
Equity investments	53.4	141.4	37.8 %
Fixed income investments	28.9	586.8	4.9 %
Real estate investments	27.9	494.5	5.6 %
Other investments	-0.1	59.3	-0.2 %
Investment portfolio in total	**110.2**	**1,281.9**	**8.6 %**
Strategic portfolio	22.6	150.3	15.0 %
Investments outside of revenue calculation	19.2		
Income, costs and operating expenses not allocated to asset classes	-6.2		
Return on own capital	**87.0**		

The return on the hedging portfolio's investments in 2019 amounted to EUR 86.4 million, which was generated as the interest rate level declined sharply. The hedging cover, which reflects the difference between the return on the hedging portfolio's investments and the change in value in the hedged technical provisions was EUR 6.7 million positive, influenced by the spread of the short-term corporate bond portfolio and a slight over-hedge in interest rate derivatives. In addition, the market-consistent return impact of the unhedged technical provisions was EUR -65.4 million. In calculating return, technical provisions are valued based on the market yield curve without the Solvency II yield curve modifications.

The return on the investment portfolio in 2019 amounted to EUR 110.2 million. About half of the result (EUR 53.4 million) was attributable to the strong performance of listed shares. Fixed income investments returned EUR 28.9 million with the declining interest rates and spreads and were the most efficient investment class in 2019 in terms of risk-return ratio. Of illiquid investments, real estate investments returned EUR 27.9 million.

The performance of strategic investments was also strong (EUR 22.6 million), mostly explained by the increase in value of the holding in Pihlajalinna. The return on investments outside the return calculation was substantially impacted by the merger of Folksam's investment assets into Fennia's balance sheet management model partway through the reporting period and the periodisation of the return impact of Fennia Life's previous interest rate swap portfolio.

Fennia's investment performance

Fennia's market-consistent equity return in 2019 was EUR 105.5 million, which includes EUR -93.2 million in market-consistent change in value in technical provisions. In 2019, the return on investments at fair value was EUR 198.6 million (EUR 27.5 million) and the return on invested capital was 11.2 per cent (1.6 %). Fennia's investment assets at fair value amounted to EUR 1,997.4 million (EUR 1,721.4 million).

Allocation of investment assets at market value (EUR million)	31.12.2019	%	31.12.2018	%
Fixed income investments	1,250.7	62.6 %	811.5	47.1 %
Equity investments	329.8	16.5 %	458.8	26.7 %
Real estate investments	405.6	20.3 %	442.0	25.7 %
Other investments	11.3	0.6 %	9.0	0.5 %
Total investments	**1,997.4**	**100.0 %**	**1,721.4**	**100.0 %**

In investment management, Fennia follows the group-level balance sheet management strategy, in which part of the investment assets have been segregated into a hedging portfolio that covers long-term technical provisions. The objective of the hedging portfolio is to generate the cash flows from long-term technical provisions with a low market risk. Fennia's long-term technical provisions include the claims outstanding on statutory insurance lines that include long-term pension liabilities.

Net income on invested capital from bearing of market risks (EUR million)	Net investment returns 31.12.2019	Invested capital 31.12.2019	Return, % 31.12.2019
Hedging activities			
Hedging portfolio	51.8	626.9	8.3 %
Hedged provisions	-47.7		
Hedging margin	**4.1**		
Non-hedged provisions	-45.5		
Result of hedging in total	**-41.4**		
Investment portfolio			
Equity investments	39.3	104.8	37.5 %
Fixed income investments	22.0	430.4	5.1 %
Real estate investments	20.9	400.7	5.2 %
Other investments	1.6	48.6	3.2 %
Investment portfolio in total	**83.8**	**984.5**	**8.5 %**
Strategic portfolio	20.3	138.9	14.6 %
Investments outside of revenue calculation	47.5		
Income, costs and operating expenses not allocated to asset classes	-4.7		
Return on own capital	**105.5**		

The return on the hedging portfolio's investments in 2019 amounted to EUR 51.8 million, which was generated as the interest rate level declined sharply. The hedging cover, which reflects the difference between the return on the hedging portfolio's investments and the change in value in the hedged technical provisions was EUR 4.1 million positive, influenced by the spread of the short-term corporate bond portfolio and a slight over-hedge in interest rate derivatives. In addition, the market-consistent return impact of the unhedged technical provisions was EUR -45.5 million. In calculating return, technical provisions are valued based on the market yield curve without the Solvency II yield curve modifications.

The return on the investment portfolio in 2019 amounted to EUR 83.8 million. About half of the result (EUR 39.3 million) was attributable to the strong performance of listed shares. Fixed income investments returned EUR 22.0 million with the declining interest rates and spreads and were the most efficient investment class in 2019 in terms of risk-return ratio. Of illiquid investments, real estate investments returned EUR 20.9 million.

The performance of strategic investments was also strong (EUR 20.3 million), mostly explained by the increase in value of the holding in Pihlajalinna. The return on investments outside Fennia's return calculation was substantially impacted by the merger of Folksam's investment assets into Fennia's balance sheet management model partway through the reporting period and the change in the value of the holding in Fennia Life (EUR 23.6 million).

Fennia Life’s investment performance

Fennia Life’s market-consistent equity return in 2019 was EUR 5.1 million, which includes EUR -52.0 million in market-consistent change in value in technical provisions. In 2019, the return on investments at fair value was EUR 57.1 million (EUR 17.8 million) and the return on invested capital was 7.6 per cent (2.4 %). Fennia Life’s investment assets at fair value stood at EUR 821.7 million (EUR 761.4 million).

Allocation of investment assets at market value (EUR million)	31.12.2019	%	31.12.2018	%
Fixed income investments	676.3	82.3 %	565.4	74.3 %
Equity investments	56.9	6.9 %	92.7	12.2 %
Real estate investments	88.6	10.8 %	97.9	12.9 %
Other investments	0.0	0.0 %	5.4	0.7 %
Total investments	**821.7**	**100.0 %**	**761.4**	**100.0 %**

In investment management, Fennia Life follows the group-level balance sheet management strategy, in which the majority of Fennia Life’s investment assets have been segregated into a hedging portfolio that covers long-term technical provisions. The objective of the hedging portfolio is to generate the cash flows from long-term technical provisions with a low market risk. Fennia Life’s long-term technical provisions include the guaranteed-return pension and savings insurances and risk insurances.

Net income on invested capital from bearing of market risks (EUR million)	Net investment returns 31.12.2019	Invested capital 31.12.2019	Return, % 31.12.2019
Hedging activities	34.7	437.6	7.9 %
Hedging portfolio	-32.1		
Hedged provisions	**2.6**		
Hedging margin	-19.9		
Result of hedging in total	**-17.3**		
Investment portfolio			
Equity investments	14.1	36.5	38.7 %
Fixed income investments	6.9	156.4	4.4 %
Real estate investments	7.0	93.8	7.5 %
Other investments	-1.7	10.7	-15.6 %
Investment portfolio in total	**26.4**	**297.4**	**8.9 %**
Strategic portfolio	2.3	11.4	20.1 %
Investments outside of revenue calculation	-4.7		
Income, costs and operating expenses not allocated to asset classes	-1.5		
Return on own capital	**5.1**		

The return on the hedging portfolio's investments in 2019 amounted to EUR 34.7 million, which was generated as the interest rate level declined sharply. The hedging cover, which reflects the difference between the return on the hedging portfolio's investments and the change in value in the hedged technical provisions was EUR 2.6 million positive, influenced by the spread of the short-term corporate bond portfolio and a slight over-hedge in interest rate derivatives. In addition, the market-consistent return impact of the unhedged technical provisions was EUR -19.9 million. In calculating return, technical provisions are valued based on the market yield curve without the Solvency II yield curve modifications.

The return on the investment portfolio in 2019 amounted to EUR 26.4 million. About half of the result (EUR 14.1 million) was attributable to the strong performance of listed shares. Fixed income investments returned EUR 6.9 million with the declining interest rates and spreads and were the most efficient investment class in 2019 in terms of risk-return ratio. Of illiquid investments, real estate investments returned EUR 7.0 million.

The return on strategic investments was EUR 2.3 million, mostly explained by the increase in value of the holding in Pihlajalinna. The return on investments outside Fennia Life's return calculation was substantially impacted by the periodisation of the previous interest rate swap portfolio's return impact.

Performance of other activities

In addition to insurance and investment operations, Fennia Group engages in alternative fund management and asset management. At the start of September, Fennia Asset Management executed a business transfer in which property management was transferred to the subsidiary Fennia Properties.

Fennia Asset Management's result decreased from the comparison period. Operating profit was lowered particularly by investments to further develop operations and the business transfer that took place at the start of September. The profit for the financial year, before taxes, was EUR 0.6 million (EUR 1.5 million). The company's solvency at the end of the financial period was good. The capital adequacy ratio was 20.9 per cent (22.3 %) and, in solvency calculation, the company's own funds amounted to EUR 4.6 million (EUR 4.1 million). The calculated minimum requirement for own funds was EUR 1.7 million (EUR 1.5 million). Fennia Properties' profit was EUR 0.1 million (EUR 0.0 million). The other companies belonging to the Group do not have a material impact on the Group's profit.

Any other information

The COVID-19 pandemic is causing uncertainty for Fennia Group's, Fennia's and Fennia Life's future business and its performance.

During the first quarter of the year, the impacts of the COVID-19 pandemic on Fennia Group's insurance business have been minor. The conditions in the investment markets have been very exceptional and dramatic, which has negatively affected the performance of investment activities. The negative impacts have, however, been moderate due to Fennia Group's conservative risk-taking.

The development of the financial markets and Finland's economic situation are currently very difficult to predict. Therefore, the predictability of Fennia Group's financial development has also weakened. At this point, it is difficult to estimate the impacts of the COVID-19 pandemic on Fennia Group's insurance and investment activities for the full year 2020. The continuation of the pandemic is likely to affect Fennia Group's business also beyond 2020.

There is no other material information about Fennia Group's, Fennia's and Fennia Life's business and profitability.

System of governance

General information on the system of governance

The system of governance section describes the joint governance system of the Group's parent company Fennia Mutual Insurance Company and its wholly owned subsidiaries Fennia Life Insurance Company and Fennia Asset Management.

Governing bodies of companies owned by Fennia Group

Supervisory Board

The Group's parent company has a supervisory board, which supervises the administration of the company, which is the responsibility of the board of directors and the managing director. The supervisory board's task is to elect members to Fennia's, i.e. to the Group's parent company's, board of directors and to confirm the remuneration paid to the board members. In addition, the supervisory board issues its statement on the financial statements, the report of the board of directors and the auditing report to the annual general meeting, and advises the board of directors in issues that are far-reaching or significant in principle. The supervisory board has two committees. The Chairman and the Deputy Chairman of the Supervisory Board are entitled to attend Fennia's board meetings.

Boards of directors

As the Group's parent company, Fennia's Board of Directors is responsible for the appropriateness of the governance system at the Group level and ensures that the Group is governed as a whole. The Board of Directors of the Group's parent company (Group Board of Directors)

- decides on the Group's targets and strategy
- decides on the organisational structure of the Group's governance system and top level
- decides on the business arrangements that are significant or unusual and far-reaching with respect to the Group
- monitors the adequacy and efficiency of the Group's internal control and governance system, including the risk management system

and

- annually approves the assessments concerning their appropriateness and adequacy
- approves the Group's risk management strategy and the Group's own risk and solvency assessment (ORSA) reports
- approves the public disclosure and supervisory reporting concerning the Group's solvency and financial condition

The subsidiaries' boards of directors oversee the administration and the appropriate organisation of the operations of the company that is under their responsibility. The boards of directors have rules of procedure, which state the key duties of the board of directors and the meeting procedures.

Assisting the parent company's board of directors is the nomination and remuneration committee, whose task is to prepare, plan and develop the remuneration and nomination matters concerning Fennia's Group CEO, his/her alternate and the deputy managing director, and the members of the executive group, and to prepare the entire company's remuneration scheme.

The audit committee is a joint committee of the boards of Fennia and Fennia Life. The audit committee's area of responsibility covers matters related to finances and solvency, as well as monitoring the sufficiency and appropriateness of internal control, including compliance, risk management and internal auditing. In addition, the audit committee performs its statutory tasks related to auditing.

Managing directors

Fennia Group companies each have a managing director, who is elected by the company's board of directors and whose terms and conditions of employment, salary and bonuses are determined by the board of directors. The managing director oversees the company's day-to-day administration in line with the board of directors' guidelines and regulations. The managing director's tasks include managing and monitoring the company's business operations, arranging risk and solvency management, and bearing responsibility for the development and co-ordination of the company's functions.

The managing directors are members of the Group's executive group, whose task is to implement the decisions made by the boards of directors concerning group-level matters. The parent company's managing director acts as the chairman of the Group's executive group.

Salary and remuneration policy

Fennia Group complies with a common salary and remuneration policy. The salary policy defines the principles for determining salaries and remuneration. The salary policy and remuneration principles describe the responsibilities related to remuneration matters, and state that every employee can, through personal development and by developing his/her work efforts, influence the development of his/her remuneration.

Although the overall package that makes up the salary and rewards of nearly all employees and management consists of both a fixed component and variable elements, the variable remuneration components have the greatest significance for sales personnel.

The starting point for remuneration is to provide encouraging, fair and reasonable remuneration to management and personnel that is in line with the short- and long-term interests of the Group and Group companies. In line with the remuneration principles, rewards have been built in such a way as to prevent unhealthy risk-taking. The reward system is based on annual bonuses. Some bonus targets may cover periods longer than a year. The remuneration scheme includes, for instance, pre-defined maximum bonus limits. The rules also include a force majeure clause, which gives the board of directors the right to amend the terms and conditions of the schemes during the period if the company's financial position is jeopardised or if the circumstances have otherwise changed considerably. Salary and 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. The Group's salary and remuneration policy and practices are adapted to the obligations concerning the management of conflicts of interest and risks linked to procedures and they define the principles concerning variable pay components and the relationship between fixed and variable pay components.

Related party transactions during the reporting period

The companies have no related party transactions conducted according to other than standard business practices. Information about related-party loans between Group companies and their related parties, as well as other material transactions, is published in the notes to the financial statements of each company.

Changes during the reporting period

No material changes in the governance system took place during the reporting period.

Assessment of the suitability of the company's governance system

In the course of 2019, the Group's boards of directors monitored the development of the company's insurance business and investment operations, as well as the reporting on risk management, compliance and the internal audit. The Group's boards additionally conduct a self-assessment annually to support the assessment of the governance system. On the basis of the received reports and the self-assessment, Fennia's Board of Directors has evaluated the suitability of both the Group's and the non-life insurance business's governance system. The boards of directors have also separately assessed that internal control is appropriately arranged and that the company's governance systems correspond to the regulatory requirements, are up to date and are efficient.

Management of investments

Fennia Group's Asset-Liability Committee (ALCO) creates a proposal on the investment strategy for the insurance companies' boards and changes the strategy if necessary without breaking the restrictions set by the boards of directors, and reports on the balance sheet risks to the boards. Fennia Group's asset-liability management is responsible for implementing the investment strategy and for the hedging portfolio's interest rate derivates that hedge the technical provisions. Fennia uses asset managers outside Fennia Group to manage the short-term corporate bond mandates that cover the technical provisions. In these mandates, the return target has been set to correspond to the short-term interest rate that is swapped, through interest rate swaps, for a fixed rate corresponding to the duration of Fennia Group's liabilities. The execution of the mandates is continuously monitored by Fennia Group's asset-liability management. When the mandate managers achieve a return that corresponds to the short-term interest rate market level in the long term, the hedging portfolio's total return together with the interest rate swaps fully covers the liabilities' cash flows and return requirement.

In addition, Fennia and Fennia Life have outsourced the management of the investment portfolio, i.e. the part of the liabilities that exceeds the best estimate. Fennia Group's Asset-Liability Committee sets the investment portfolio's neutral allocation and restrictions such that the investment portfolio can, with great certainty, cover Fennia Group's capital requirement and risk margin even during market stress. The return and risk level of the investment portfolio is also continuously monitored by Fennia Group's asset-liability management.

The objective of the asset managers is to achieve, after the portfolio's transaction costs, the set market return level at which Fennia's and Fennia Life's ability to meet their technical provision obligations remains at a high level. In practice, in short-term corporate bond mandates that cover long-term technical provisions, the investments are mostly held until maturity, which means that the portfolio's long-term turnover rate is annually 33–50 per cent but the sales do not entail transaction costs.

Fennia Group pays a fixed fee for the asset management service. The primary measure of the performance of investment activities is the return on market-consistent equity, which best measures Fennia's ability to meet its technical provision obligations. All asset management agreements for liquid assets are in force indefinitely, but they can be terminated with less than a month's notice. In real estate investments, the notice period is less than a year.

Fit and proper requirements

Fennia Group has common principles for assessing suitability and reliability. The purpose of the principles is to ensure that the persons responsible for the companies' management and key functions are suited to their tasks and that they are reliable. The subjects of the suitability and reliability assessments are the members of the governing bodies, the managing directors and the deputy managing directors. Other assessment subjects are also persons responsible for the internal audit, the risk management function, the compliance function and the actuarial function, as well as persons responsible for other key functions. Persons responsible for key outsourced functions on the service provider side also fall within the scope of suitability and reliability assessments.

Suitability assessments are used to determine whether an individual has sufficient qualifications, skills and experience to handle the tasks under his/her responsibility. Reliability assessments deal with the individual's honesty, possible material payment defaults and other financial irregularities, relevant criminal acts and disciplinary or administrative violations. Suitability and reliability assessments are always made when an individual is elected or appointed from outside or within the company to lead the company or to be in charge of a key function.

In selecting a member for the company's board of directors, regulations concerning collective suitability and FIN-FSA's regulations and guidelines are taken into account. An insurance company's board of directors must be represented by the degree of general knowledge of the insurance business that is considered necessary in terms of the nature and scope of the insurance company's activities. The composition of the board of directors must encompass sufficient knowledge and experience of the markets, business strategies and business models, the governance system and financial and actuarial analyses, as well as the legislative and regulatory framework. The intention is to also take into account the same areas of competence when assessing the CEO's professional qualifications, in addition to general knowledge of the insurance business. Special expertise is also required in the boards of directors' audit committee, where members must have sufficient knowledge of financial administration.

The report required to assess a person's suitability and reliability is compiled before the person is elected or an appointment decision is made. To ensure continuous monitoring, the details of individuals who fall within the scope of suitability and reliability assessments are reviewed regularly. Supervisors are responsible for continuously monitoring compliance with suitability, reliability and professional requirements. In addition, suitability and reliability assessments must always be carried out when an individual's suitability or reliability comes under question.

Risk management system including risk and solvency assessment

Risk management system

In Fennia Group, risk management means co-ordinated strategies, processes, principles and measures to identify, measure and report, as well as to monitor and manage, risks faced by the Group and the 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 essential risks.

Fennia's Board of Directors, in its capacity as the Board of Directors of the Group's parent company, is its highest decision-making body and 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.

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

Fennia Asset Management's Board of Directors is responsible for ensuring that the company abides by the principles of Fennia Group's risk management system to the extent where the company's special characteristics do not require deviations from it. Other Group companies abide by Fennia Group's risk and solvency management policy where applicable. Other Group companies are mostly real estate companies.

The audit committee monitors the effectiveness of the risk management system and reporting.

ALCO committee

A Group-level ALCO committee has been established for managing the insurance companies' balance sheets. The committee's tasks are to create a proposal on the investment strategy (ALM plan) for the insurance companies' boards, to change the strategy if necessary without breaking the restrictions set by the boards of directors and to report on the balance sheet risks to the boards. The committee is chaired by the managing director of Fennia.

Risk management system steering model

The steering of the risk management system is based on the following three-defence-line model, in which:

- 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.
- 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.
- 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 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 function

The risk management function has the primary responsibility for the tasks of the second defence line and is responsible for, among other things, the interpretation, development and planning of and reporting on risk and solvency management and guidelines and procedures. The task of the function is to maintain an overall picture of the Group's and Group companies' risk profile and to report on it to the company management. The function also supports the board of directors' and managing director's and business and support functions' risk and solvency management by, among other things, participating in the development of the risk management system, assessing its functioning and by drawing up analyses to support decision-making concerning the risk position.

- Compliance function

The compliance function, which belongs to the second defence line, is responsible for ensuring that 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 compliance function 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 is to monitor and assess the sufficiency, appropriateness and efficiency of the Group's internal control and other administration.

The risk management function and the compliance function have been integrated into Fennia Group's organisation in a manner that ensures their independence from the operational activities. The functions 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.

Risk management function

The Group's risk management function comprises two units: the Risk Management unit and the Compliance & Operational Risks unit. The Risk Management unit is responsible for quantitative risks, and the Compliance & Operational Risks unit is responsible for compliance risks, risks that are difficult to measure and qualitative risks, such as operational risks and reputation risk.

Both units operate under the supervision of the Group's Chief Financial Officer as independent units and bring the risk management function's services to all Group companies that have a licence to engage in insurance and investment service operations or to function as alternative fund managers. The operations take the regulations that apply to each company into account.

The Group's risk management director is in charge of the Risk Management unit, and the Group's chief compliance officer heads the Compliance & Operational Risks unit. Both report on their decisions and measures to the boards of directors' audit committee and, if necessary, to the boards of directors and managing directors of the group companies.

In order to predict operational risks, the risk management function has access to the action and development plans of the Group companies and units, as well as all other information necessary for its work. The risk management function has no part in making business decisions.

The principles of the risk management system are described in the policy documents. They define the risk management responsibility areas of functions and units. Key tasks that the risk management function is responsible for include the following:

- assisting the boards of directors, managing directors and business and support functions of the Group companies in developing and maintaining a strong risk management system
- assessing and monitoring the functioning of the risk management system
- assessing decision-making powers related to risk-taking and monitoring compliance therewith
- supporting the decision-making of group companies' boards of directors and executive management concerning risk and solvency position using risk and solvency analyses and monitoring the impacts of decisions
- maintaining an overall view of the Group's and the Group companies' risk profiles
- assessing processes related to identifying, measuring, monitoring, managing and reporting risks, and assessing the effectiveness thereof
- monitoring the assessment and development of risks related to valuation methods, especially solvency calculation balance sheet valuation methods
- assessing and monitoring the appropriateness, comprehensiveness and effectiveness of the solvency calculation in accordance with the standard formula

- identifying and assessing risks that could potentially have an impact on the Group in the future
- participating in the assessment of and monitoring the development of risks related to new ideas, such as products, services, investment instruments and processes
- co-ordinating the drawing up of the Own Risk and Solvency Assessment (ORSA).

The risk management function regularly assesses the structure and effectiveness of the risk management system and reports on its observations to the board of directors and, if needed, proposes development measures.

Risk management system targets

A central aim of the risk management system is to generate perspectives, analyses and assessments of the possible financial impacts of individual risks and combinations thereof in the short and long term for the senior management of individual companies and the Group and for the boards of directors as part of business planning and strategy implementation. Based on these matters, an own risk and solvency assessment is drawn up at least once a year for the Group and individual companies. The reports encompass the key observations, in terms of the company's management, on risks and solvency needs and targets, and on the risk-taking limits set that are set based on these.

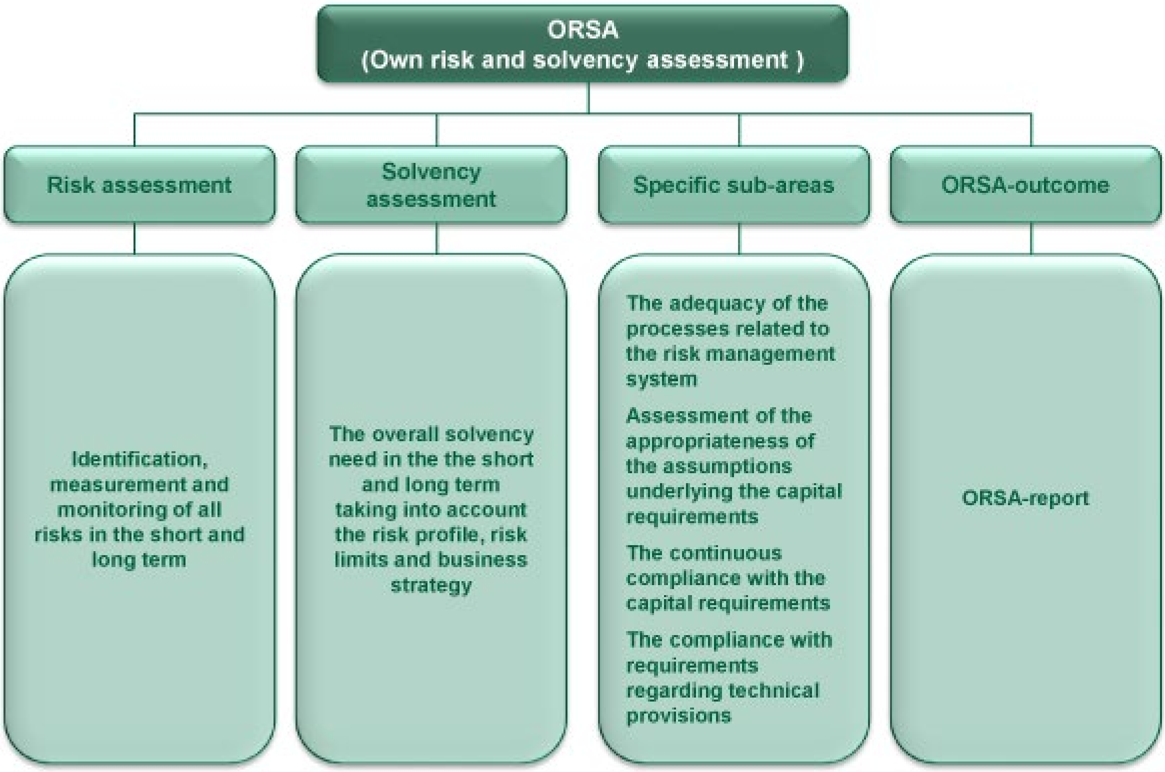
Risk and solvency assessment

Own Risk and Solvency Assessment (ORSA) is a tool for the board of directors, managing director and other executive management to support capital management, business planning and product development and planning. In own risk and solvency assessments, risks are identified, an understanding of the risks' capital needs in both the short and long term is formed, and forecasts and scenarios are created on the financial future and the possible financial consequences if the risks are realised. The long-term horizon of the forecasts is three years.

Own risk and solvency assessment is part of the continuous risk management process, and as the outcome of which, a broad summary of the central future estimates and risks is produced at least once a year. This summary, the ORSA report, is also, in accordance with the regulatory provisions, submitted to the supervisory authority. A significant proportion of the contents of the report is assessed and reported on regularly during the year. The report is updated if changes occur in its background assumptions, in the businesses, in the risk positions or in some other matter that has a substantial impact on financial position. This may encompass a so-called basic ORSA report, where only a part of the comprehensive ORSA report is updated. The ORSA report that is the outcome of the ORSA process includes an overall picture of the current situation and future outlook, in terms of business operations, strategic decisions and policies, risks and solvency.

The ORSA process includes both qualitative and quantitative areas. Quantitative areas refer to the kind of themes that can be reliably measured and whose monetary impacts can be estimated with great certainty and reliable measuring techniques. Qualitative areas are those where linear mathematical assessments cannot be created to assess their impacts, but instead are based on qualitative assessments made by management and experts. These are, for instance, impacts on the company's businesses caused by changes in the business environment.

The key areas of the ORSA process are described in the chart.



Fennia Group's various boards of directors review and approve the ORSA report, which is prepared at least once a year, to be submitted to the supervisory authority. It is the board of directors' responsibility to ensure that risk and solvency assessments are drawn up and applied to all strategic decisions. The board of directors actively participates in the ORSA process by, among other things, taking part in the strategic planning and, in particular, through audit committee work. The audit committee monitors and steers the processes and reporting linked to the management of risks and solvency.

The Group CFO is responsible for drawing up the ORSA reports and decides when the reports are presented to the audit committee and boards of directors. The managing director and executive management are responsible for integrating the ORSA process into business operations such that it is an integral part of the business strategy, and taken into consideration in strategic decisions. The risk management function co-ordinates the drawing up of ORSA reports. The reports are produced collaboratively by the business and support functions.

The company's own assessment of its current solvency need is based on the company's own assessment of its eligible funds and their minimum required level for the same confidence interval as that in the solvency calculation defined by regulations. Here we assess the key basic assumptions of regulation-based solvency calculation, the extent to which the company's own view deviates from them and the estimated impact on the solvency position.

The long-term solvency need is analysed by assessing the impacts of various harmful long-term scenarios on the solvency position under solvency regulation, taking into account the business strategies of the next few years. Based on the outcome of these scenarios, assessments are made of how much the solvency position can fluctuate unfavourably over a three-year period, and the extent to which capital is required to prepare for them.

Based on these assessments, the capital increment for the regulation-based solvency requirement is specified, resulting in a so-called ORSA limit.

The regulation-based solvency position is additionally subjected to a stress test in a risk-tolerance scenario, which the solvency position should always withstand, taking into account the above-mentioned ORSA limit.

Various limits have been devised for the solvency position, creating zones to describe the solvency level.

- Maximum limit

  The board of directors and executive management, for example, must consider raising the risk level, lowering premiums or refunding capital to owners, or they must justify maintaining a high solvency level.

- Target limit

  When above the limit, operations proceed as planned, but when below the limit, the board of directors and executive management must consider lowering the risk level or they must justify maintaining the solvency level below the target limit.

- ORSA limit

  The limit is the own assessment of the solvency need, and when below the limit, the board of directors and executive management must broadly consider various options for restoring the solvency position to the target level, and they must make appropriate decisions to improve the solvency position.

- Solvency capital requirement limit

  The limit is the level required by regulation, and when below the limit, the board of directors and the executive management must draw up a recovery plan and submit it to the supervisory authority for approval.

- Minimum consolidated group solvency capital requirement limit or minimum capital requirement limit

  The limit is the minimum level required by regulation, and when below the limit, the board of directors and the executive management must draw up a realistic financing plan and submit it to the supervisory authority for approval.

The process described above is linked to the capital management process, which is described further in the section ‘Objectives, policies and processes of managing own funds’.

Fennia Group’s ORSA report identifies the following factors in regulation-based solvency calculation which deviate from the own assessment and materially influence the own assessment of the need for solvency:

- extrapolation of the risk-free yield curve
- the capital requirement caused by low or negative interest rates in the interest rate risk module
- premium risk and technical provision risk for non-life insurance.

Fennia Group’s ORSA capital increment is estimated to be roughly 26 per cent of the solvency capital requirement, i.e. approx. EUR 106 million. The table shows Fennia Group’s solvency position calculated according to the regulation and with the ORSA capital increment.

Solvency 31.12.2019 (EUR million)	Statutory	Own assessment
Eligible own funds	897.9	829.9
Solvency Capital Requirement	405.5	443.5
Free own funds	492.4	386.4
Solvency ratio	221.4 %	187.1 %
ORSA level	126 %	-----

Fennia Group's regulation-based solvency has been estimated to be able to tolerate economic volatility also in the long term.

Fennia's risk and solvency assessment

Fennia's ORSA report identifies the following factors in regulation-based solvency calculation which deviate from the own assessment and materially influence the own assessment of the need for solvency:

- extrapolation of the risk-free yield curve
- the capital requirement caused by low or negative interest rates in the interest rate risk module
- Fennia Life's capital requirement
- premium risk and technical provision risk for non-life insurance.

Fennia's ORSA capital increment is estimated to be roughly 36 per cent of the solvency capital requirement, i.e. approx. EUR 120 million. The table shows Fennia's solvency position calculated according to the regulation and with the ORSA capital increment.

Solvency 31.12.2019 (EUR million)	Statutory	Own assessment
Eligible own funds	866.1	802.1
Solvency Capital Requirement	336.7	392.7
Free own funds	529.4	409.4
Solvency ratio	257.2 %	204.2 %
ORSA level	136 %	-----

Fennia's regulation-based solvency has been estimated to be able to tolerate economic volatility also in the long term.

Fennia Life's risk and solvency assessment

Fennia Life's ORSA report identifies the following factors in regulation-based solvency calculation which deviate from the own assessment and materially influence the own assessment of the need for solvency:

- extrapolation of the risk-free yield curve
- the capital requirement caused by low or negative interest rates in the interest rate risk module.

Fennia Life's ORSA capital increment is estimated to be roughly 43 per cent of the solvency capital requirement, i.e. approx. EUR 47 million. The table shows Fennia Life's solvency position calculated according to the regulation and with the ORSA capital increment.

Solvency 31.12.2019 (EUR million)	Statutory	Own assessment
Eligible own funds	205.3	188.3
Solvency Capital Requirement	109.2	139.2
Free own funds	96.1	49.1
Solvency ratio	188.0 %	135.3 %
ORSA level	143 %	-----

Fennia Life's regulation-based solvency has been estimated to be able to tolerate economic volatility also in the long term.

Internal control system

The aim of internal control at Fennia Group is to ensure the appropriateness, efficiency and productivity of the operations, and the reliability of the financial data and reporting, as well as compliance with the regulations. Well-functioning internal control calls for efforts from all employees, supervisors, executive management and governing bodies.

Fennia Group's internal control system is based on the broadly applied COSO standard, according to which the control system is evaluated through the following factors:

- control environment
- risk assessment
- control measures
- information and communication
- monitoring.

Control environment

The boards of directors of the companies belonging to the Group bear overall responsibility for the functioning of internal control. Executive management oversees the arrangement of internal control in practice.

To reinforce a good control environment, executive management and supervisors promote, as part of their day-to-day work, Fennia Group's values, good leadership, appropriate delegation of authority and responsibility, efficient organisation of operations and personnel development.

Personnel are encouraged to report any behaviour that is unethical or against the rules, and to develop both their own competence and the company's operations.

Risk assessment

The identification and management of risks is primarily the responsibility of the business and support functions, which are supported in this work by the risk management and compliance functions. Risks are assessed as part of day-to-day operations and with the help of regular risk charting. Management of operational risks is discussed further in the section ‘Risk profile’.

Control measures

Control measures are processes, procedures and guidelines aimed at ensuring that the organisation operates in accordance with the targets set by management. These include, e.g., various approvals, authorisations, authentications, reconciliations, operational audits, access rights management, asset-securing measures and the segregation of duties.

Most of the control measures are implemented as part of day-to-day operations and management. All Fennia personnel are responsible for the practical implementation of control measures, in which the continuous monitoring measures carried out by executive management and supervisors play an important role. Through the development of processes, Fennia Group strives to increase the use of automatic system controls.

Information and communication

At Fennia Group, the goal is to ensure that information to be distributed is up to date and relevant in terms of the organisation’s operations and decision-making and that it is reported in the correct format and in a timely manner. By steering operations, the goal is to achieve an open flow of communication, both vertically and horizontally, throughout the organisation.

Monitoring

Monitoring is divided into continuous monitoring and separate auditing, which are used to assess the functioning and quality of internal control. Continuous monitoring takes place in operational activities. It includes the executive management’s regular steering actions as well as control measures linked to supervisors’ and the entire personnel’s performance of tasks. Every employee is responsible for detecting possible deficiencies and development areas in internal control in their own work and reporting on these for the purpose of devising corrective measures. Monitoring also includes internal and external audits, as well as compliance audits. The organisation can also perform self-assessments.

An independent overall assessment of both the Group’s and individual companies’ governance system and written operating principles is carried out in Fennia Group companies annually, providing the boards of directors and executive management information about the functioning of internal control. The internal audit is responsible for the practical implementation of this independent assessment.

Compliance function

The Group’s compliance function, which monitors compliance with rules, has been organised partly into the Compliance & Operational Risks unit and partly into the subsidiaries or outsourced compliance service provider.

The compliance function follows group-level principles that are approved by the boards of directors, defining its tasks and position in the organisation. The function is responsible for ensuring that Fennia Group’s 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 compliance function 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.

The compliance function abides by objectivity and independence in its work. To ensure independence, the compliance officer does not have the authority to make business decisions nor is responsible for business and support functions. The compliance officer does not participate in the company's business and other functions which he/she monitors. The compliance function regularly reports on significant compliance risks to the boards of directors' audit committee, which reports to the boards of directors.

Internal audit function

Organisation, independence and neutrality

The internal audit is a function that is independent of the businesses and which supports Fennia Group and its senior management in achieving its strategy and targets by offering a systematic approach to the organisation's control, leadership and administrative processes and to the assessment and development of the functionality and efficiency of risk management.

Fennia Group's internal audit is responsible for producing internal auditing services for the companies belonging to the Group. The internal audit operates administratively under the Group's CFO, but reports on the outcome of its work directly to the joint audit committee of Fennia's and Fennia Life's boards of directors, and to the companies' boards of directors and managing directors.

In order to safeguard and ensure the independence of the audit and consultation operations, the internal audit has no operational responsibility for the functions that are being assessed, nor does it participate in the decisions made by those functions. The companies' boards of directors regularly monitor the implementation of independence.

Operating principles and responsibilities

The internal auditing function has group-level operating guidelines approved by the boards of directors which define the internal audit's purpose, authorisations and responsibilities, position in the organisation, operating area and right of access to information, and contents of the operations. The boards of directors annually approve the internal audit action plan.

The task of the internal audit is to monitor and assess the sufficiency and efficiency of the Group's internal control and 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 internal auditing function carries out its task in compliance with good internal auditing practice. Good auditing practice, and independent and objective internal operations are outlined by, among other things, the professional standards issued by the Institute of Internal Auditors, and by ethical rules.

Actuarial function

The actuarial function has a role in both the first and second defence lines.

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 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. The tasks of the actuarial function include calculating insurance technical provisions, ensuring the appropriateness of tariffs, and continuously assessing the solvency level. In addition to these tasks, the actuarial function produces reports that serve the business and participates in improving the quality of information and in product development, and supports the insurance sales process as needed.

Fennia Group's individual insurance companies have their own actuarial functions. Fennia's actuarial function operates administratively under the Group CEO and reports directly to the joint audit committee of Fennia's and Fennia Life's boards of directors, and to Fennia's board of directors and managing director. Fennia Life's actuarial function operates administratively under the managing director and reports directly to the joint audit committee of Fennia's and Fennia Life's boards of directors, and to Fennia Life's board of directors and managing director.

Outsourcing

Outsourcing means that a Fennia Group company concludes an agreement with an external service provider concerning the service provider performing a process, service or task within the companies' business sector that the company would otherwise perform itself.

Fennia Group has shared 'Outsourcing management principles', which are intended to ensure that outsourcing is arranged in such a way that the risks related to outsourcing are controlled, the operations continue uninterrupted and the regulatory requirements related to outsourcing are met.

Responsibility and decision-making for outsourcing is shared by the Group companies' boards of directors, business management and the Compliance & Operational Risks unit. The Compliance & Operational Risks unit is tasked with, among other things, supporting the business in drawing up the required reports and reporting to the supervising authority.

When making outsourcing decisions, an in-house outsourcing report is always prepared. If an outsourced function is estimated to be central to the company's operations, a more detailed analysis is carried out, paying closer attention to the service provider's ability to produce the service smoothly and its possibilities to transfer the function to another service provider or under its own management, if needed. In addition, the individuals responsible for the function on the service-provider side will be subject to the requirements of the suitability and reliability assessment.

Fennia Group has outsourced functions through internal service agreements such that Fennia Life and Fennia Asset Management have outsourced, among other functions, financial, risk management, and internal auditing services to the parent company. Fennia and Fennia Life have partially outsourced the management of investment operations to Fennia Asset Management. In addition, the companies have outsourced, e.g., operating, maintenance and support services for IT systems, as well as claims-support services. Outsourced functions are managed mainly within the European Union.

Any other information

The companies' boards of directors will discuss the impact of the COVID-19 pandemic on the company's solvency and operations in their meetings over the course of the spring. The impacts of the pandemic on the companies' business are assessed using drawn-up scenarios. Fennia's and Fennia Life's executive groups monitor the situation through more frequent meetings.

Due to the pandemic, outsourcing partners have been requested to provide information on how they have prepared for the situation, in addition to which they will be subject to enhanced monitoring as required.

There is no other material information about Fennia Group's, Fennia's and Fennia Life's governance system.

Risk profile

Risk profile

The risk profile is made up of quantitative and qualitative factors. The quantitative aspect of the risk profile is described by net asset value (difference between assets and liabilities), different capital requirements and the quality, replaceability and transferability of own funds required to cover them. The quantitative aspect of the risk profile most often describes factors that are very difficult to measure, such as reliable administration, internal control and risk management, and planning and monitoring of operations.

Insured benefits can be secured from the quantitative perspective in the best way possible when

- eligible own funds are at a sufficient level
- eligible own funds exceed the solvency capital requirement
- the risk position in relation to free capital (difference between eligible own funds and the solvency capital requirement) is not too high.

In a market-consistent valuation environment, risk-taking capacity is illustrated by the difference between balance sheet assets and liabilities, in which the eligibility, replaceability and transferability of balance sheet items is taken into account at the Group level, i.e. the market-consistent amount of eligible own funds. The more eligible own funds, the greater the risk-bearing capacity and the more freedom to decide which risks to bear in operations. From a quantitative perspective, risk-taking is illustrated by the solvency capital requirement required by the operations. The greater the risk, the higher the solvency capital requirement.

A closer look at the solvency capital requirement can reveal the source of the balance sheet's risks. An understanding of the risk profile can be gained by analysing the amount of eligible own funds and the solvency capital requirement and the relationship between the two (relative solvency position). Describing the risk profile thus requires identifying and understanding all of the above-mentioned factors. The relative solvency position (eligible own funds divided by the solvency capital requirement) is not alone sufficient to describe the risk profile because the same relative solvency position can be attained in a number of different ways.

The structure of Fennia Group's solvency capital requirement by risk area without the loss-absorbing effect of future bonuses and deferred taxes (before loss-absorbing items) at the end of the reporting period and at the end of the previous reporting period is presented below.

Solvency Capital Requirement (EUR million)	31.12.2019	Contribution	Share	31.12.2018	Contribution	Share	Change
Market risk	347.0	325.8	68.2 %	381.2	360.4	71.1 %	-34.3
Counterparty risk	45.8	21.5	4.5 %	52.7	24.7	4.9 %	-6.9
Underwriting risk	145.7	92.4	19.3 %	141.4	88.6	17.5 %	4.3
Intangible asset risk	0.0	0.0	0.0 %	0.0	0.0	0.0 %	0.0
Operational risk	36.4	36.4	7.6 %	31.7	31.7	6.3 %	4.7
Capital requirement for other financial sectors	1.7	1.7	0.4 %	1.5	1.5	0.3 %	0.3
Diversification	-98.7	-----	-----	-101.5	-----	-----	2.9
Solvency Capital Requirement before loss-absorbing items	**477.9**	**477.9**	**100.0 %**	**507.0**	**507.0**	**100.0 %**	**-29.1**

Fennia's risk profile

The structure of Fennia's solvency capital requirement by risk area without the loss-absorbing effect of deferred taxes (before loss-absorbing items) at the end of the reporting period and at the end of the previous reporting period is presented below.

Solvency Capital Requirement (EUR million)	31.12.2019	Contribution	Share	31.12.2018	Contribution	Share	Change
Market risk	300.7	283.5	70.1 %	308.8	295.7	75.5 %	-8.1
Counterparty risk	34.0	15.6	3.9 %	31.4	13.8	3.5 %	2.6
Underwriting risk	118.3	73.6	18.2 %	97.9	58.3	14.9 %	20.4
Intangible asset risk	0.0	0.0	0.0 %	0.0	0.0	0.0 %	0.0
Operational risk	31.7	31.7	7.8 %	23.9	23.9	6.1 %	7.8
Diversification	-80.2	-----	-----	-70.4	-----	-----	-9.8
Solvency Capital Requirement before loss-absorbing items	**404.5**	**404.5**	**100.0 %**	**391.6**	**391.6**	**100.0 %**	**12.9**

Fennia Life's risk profile

The structure of Fennia Life's solvency capital requirement by risk area without the loss-absorbing effect of future bonuses and deferred taxes (before loss-absorbing items) at the end of the reporting period and at the end of the previous reporting period is presented below.

Solvency Capital Requirement (EUR million)	31.12.2019	Contribution	Share	31.12.2018	Contribution	Share	Change
Market risk	83.2	71.8	59.1 %	104.0	93.1	65.9 %	-20.9
Counterparty risk	14.4	6.1	5.0 %	18.9	8.1	5.8 %	-4.5
Underwriting risk	56.3	38.9	32.0 %	56.8	36.2	25.6 %	-0.5
Intangible asset risk	0.0	0.0	0.0 %	0.0	0.0	0.0 %	0.0
Operational risk	4.7	4.7	3.9 %	4.0	4.0	2.8 %	0.7
Diversification	-37.1	-----	-----	-42.3	-----	-----	5.2
Solvency Capital Requirement before loss-absorbing items	**121.5**	**121.5**	**100.0 %**	**141.4**	**141.4**	**100.0 %**	**-19.9**

Underwriting risk

Underwriting risk is linked to the basic business, i.e. insurance and is divided into three main classes, which are premium risk, reserve risk and catastrophe risk.

Premium risk is linked to the insured's risk selection, sales steering and in particular to the pricing of the insured risk. It is thus a loss risk resulting from the costs arising from future claims, including operating expenses, exceeding the insurance premiums received.

Reserve risk is caused by unfavourable value changes in technical provisions. Reserve risk relates to the uncertainty of the assumptions made when calculating technical provisions and to unfavourable deviations of the estimated insurance premiums, claim amounts, operating expenses, fees and their cash flows from the actual income and expenses. The actuarial risk factors included in the reserve risk are, among other things, biometric risks (mortality, longevity, disability and similar risks), different lapse risks (e.g. the surrender risk in life insurance), the expense risk and the revision risk.

- Mortality and disability risks

  Mortality risks and disability risks are related mostly to risk life insurance. Insurance premiums and insurance terms and conditions are agreed on when the policy is written up. The risk is that the insurance premiums are not sufficient to cover the insurance claims.

- Longevity risk

  Pension and savings insurance can involve a longevity risk. The risk is that the mortality bonuses granted to insurance policies exceed the amount of insurance savings released in the event of a death. The longevity risk mainly concerns older group pension insurance policies and supplementary pension insurance policies, in which pension may be paid for a lifetime or where there is no pure life cover or it has an upper age limit.

The longevity risk also relates to pension-type compensation that appears, for instance, in motor liability insurance and workers' compensation insurance.

- Lapse risk

In life insurance, the policyholder may withdraw the insurance savings or a part thereof before the expiry date of the insurance contract, or he/she may interrupt the payment of insurance premiums. These events involve a surrender or expiry risk.

Savings insurance policies are, by nature, lump sum policies. As tax or other legislation changes or the general economic situation weakens, the risk of savings insurance surrenders increases significantly. The number of surrenders is dependent not only on the personal needs of the policyholder, but also on the return outlook of the alternative investments being offered.

The surrender right related to pension insurance policies is limited to certain pre-defined situations, for which reason the risk of surrenders is small. Greater uncertainty is related to future insurance premiums. An agreed payment plan is usually drawn up when an insurance policy begins. Insurance cover does not end even if a customer later does not pay his/her insurance premiums. The pension to be paid is determined based on the accrued savings. Changes in earnings-related pension and tax legislation are, however, often the reason behind a customer not abiding by the original payment plan. This is the case especially in individual pension insurance policies.

Risk life insurance is valid for as long as the customer pays his/her insurance premiums. The policyholder can terminate the insurance at any time. Among the reasons for terminating a policy are changes in the customer's financial situation, family circumstances, employment or entrepreneurial activities. Customers whose state of health is good may also take out a new insurance policy with another insurance company. In contrast, insured persons whose state of health has deteriorated often cannot get new insurance at the normal price, and thus remain insured with the company.

- Expense risk

All life insurance contracts involve an expense risk. This is the risk that the expense loading gained from insurance policies, including rebates from the funds covering unit-linked contracts, is insufficient to cover the operating expenses related to managing the insurance.

With life insurance products, it is typical that the management fees charged for insurance policies are agreed on when the policy is drawn up. The company has very few opportunities to modify these fees later. In unit-linked insurance, the expense loading is largely based on the market value of the investments. As market values decline, the expense loading correspondingly declines. In practice, however, it is generally not possible in the short term to adjust operating expenses to the lower expense loading; nor are operating expenses automatically increased as market values rise.

When agreeing on the insurance management fees, the company is usually unaware of the changes the company will have to make to its insurance systems in the coming years. Changes caused by amended legislation are especially difficult to predict. A concrete example of a risk of this kind is tax amendments affecting individual pension insurance. Policyholders and the insured must now be given more information than before on the contents of insurance cover and the development of the insurance savings, partly due to legislation and partly due to customers' needs. The constant increase in regulation is also increasing the company's administrative expenses.

In addition, a reserve for operating expenses related to non-life insurance liabilities must be included in the technical provisions.

- Revision risk

The revision risk relates to pension-type compensation that appears, for instance, in motor liability insurance and workers' compensation insurance and where the amount of pension to be paid may change.

Underwriting risk also includes catastrophe risk, i.e. large loss risk. Calamity risk means a possible loss event that leads to major financial impacts, takes place very rarely and remarkably deviates from accident statistics.

Management of underwriting risks

Insurance operations are based on taking underwriting risks, diversifying the risks within the insurance portfolio and managing underwriting risks. The most important instruments for managing underwriting risks 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. Risk matching requires accurate and adequate information as well as sufficiently detailed information about the insured target and benefit and their precise-enough market-consistent pricing. Only then can appropriate risk analyses be made and a sufficient level of insurance premiums and the insurance policy’s other preconditions 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 damages. In life insurance, legislation restricts the right of an insurance company to increase premiums or to alter the insurance terms and conditions during the validity of the insurance. If the assumptions prove to be insufficient, the granted benefits are too valuable from a money market perspective and the insurance premiums or terms and conditions cannot be changed, the Group is exposed to losses. 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 reserve risk. 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.

Quantitative methods always involve uncertainty, which can result in underestimated, or insufficient, technical provisions. Risk management of quantitative methods focuses especially on risks that are linked to mathematical theory, the quality of information, estimation and parametrisation, documentation, validation and processes related to calculation.

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 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 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 and 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.

Reinsurance is used to hedge against and manage major losses and loss events. The use of reinsurance implies ancillary risks, such as reinsurance adequacy, availability, price and counterparty risks.

Life insurance business has valid reinsurance contracts in case of catastrophic loss. Individual life insurance and disability cover are reinsured in case of major losses. For employees' group life insurance, reinsurance has been arranged through the sector's joint pool arrangement.

In the non-life insurance business, reinsurance cover must be found in particular for large insured risks and the risk must not exceed the Group's risk-taking capacity. The efficiency and retention limits of reinsurance are assessed annually. The peak risks included in the insurance portfolio are identified and assessed using processes maintained for this purpose.

Assessment of underwriting risks

The solvency capital requirement for Fennia Group's underwriting risks was EUR 145.7 million (EUR 141.4 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 92.4 million (EUR 88.6 million), which is 19.3 per cent (17.5 %) of the solvency capital requirement before loss-absorbing items.

The solvency capital requirement tied to underwriting risk consisted of different risk areas as follows:

Solvency Capital Requirement for Underwriting Risk (EUR million)	31.12.2019	Contribution	Share	31.12.2018	Contribution	Share	Change
Premium risk	60.1	47.2	32.4 %	60.8	48.3	34.1 %	-0.7
Reserve risk	97.9	89.6	61.5 %	95.3	87.3	61.8 %	2.6
Catastrophe risk	21.3	8.9	6.1 %	15.1	5.8	4.1 %	6.2
Diversification	-33.6	-----	-----	-29.9	-----	-----	-3.8
Total Solvency Capital Requirement	**145.7**	**145.7**	**100.0 %**	**141.4**	**141.4**	**100.0 %**	**4.3**

Fennia Group's underwriting risk mainly consists of premium risk and reserve risk. Their contribution to the underwriting risk's solvency capital requirement was 93.9 per cent (95.9 %). The relative share of reserve risk of the technical provisions' best estimate before the reinsurers' share was 3.5 per cent (3.9 %).

The table shows an estimate of a change in Fennia Group's solvency position if the technical provisions' best estimate rises by one per cent:

Sensitivity analysis (EUR million)	31.12.2019	Scenario, Technical provisions +1 %
Eligible own funds	897.9	874.6
Solvency Capital Requirement	405.5	408.7
Free own funds	492.4	465.9
Change in free own funds	-----	-26.5
Solvency ratio	221.4 %	214.0 %

Both the life insurance and non-life insurance portfolios are relatively well diversified.

In the risk insurance of life insurance, the reinsurance arrangements protect insurance amounts that exceed a specific deductible in euros, which restricts risk concentrations. In addition, reinsurance in case of catastrophes further reduces any risk concentrations.

In the non-life insurance business, major risks are reinsured individually to limit risk concentrations. Additionally, in non-life insurance, Fennia has reinsurance in case of catastrophes, which reduces the impacts of any risk concentrations. Fennia Group's insurance portfolio does not include any significant unreinsured risk concentrations.

Assessment of Fennia's underwriting risks

The solvency capital requirement for Fennia's underwriting risks was EUR 118.3 million (EUR 97.9 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 73.6 million (EUR 58.3 million), which is 18.2 per cent (14.9 %) of the solvency capital requirement before loss-absorbing items.

The solvency capital requirement tied to underwriting risk consisted of different risk areas as follows:

Solvency Capital Requirement for Underwriting Risk (EUR million)	31.12.2019	Contribution	Share	31.12.2018	Contribution	Share	Change
Premium risk	60.1	50.3	42.5 %	50.8	42.8	43.8 %	9.3
Reserve risk	68.3	59.5	50.3 %	57.3	50.2	51.2 %	11.0
Catastrophe risk	19.4	8.5	7.2 %	12.2	4.9	5.0 %	7.3
Diversification	-29.5	-----	-----	-22.4	-----	-----	-7.1
Total Solvency Capital Requirement	**118.3**	**118.3**	**100.0 %**	**97.9**	**97.9**	**100.0 %**	**20.4**

Fennia's underwriting risk mainly consists of premium risk and reserve risk. Their contribution to the underwriting risk's solvency capital requirement was 92.8 per cent (95.0 %).

The relative share of the premium risk of premiums earned was 13.4 per cent (13.3 %). The relative share of reserve risk of the technical provisions' best estimate before the reinsurers' share was 6.5 per cent (6.2 %).

The table shows an estimate of a change in the company's solvency position if the technical provisions' best estimate rises by one per cent and the premium level rises by one per cent.

Sensitivity analysis (EUR million)	31.12.2019	Scenario, Technical provisions +1 %	Scenario, Insurance premiums +1 %
Eligible own funds	866.1	845.7	869.8
Solvency Capital Requirement	336.7	335.9	337.0
Free own funds	529.4	509.8	532.8
Change in free own funds	-----	-19.6	3.4
Solvency ratio	257.2 %	251.8 %	258.1 %

Fennia's insurance portfolio is relatively well diversified. In order to limit its risk concentrations, Fennia reinsures major risks individually. In addition, Fennia has reinsurance in case of catastrophes, which reduces the impacts of any risk concentrations. Fennia's insurance portfolio does not include any significant unreinsured risk concentrations.

Assessment of Fennia Life's underwriting risks

The solvency capital requirement for Fennia Life's underwriting risks was EUR 56.3 million (EUR 56.8 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 38.9 million (EUR 36.2 million), which is 32.0 per cent (25.6 %) of the solvency capital requirement before loss-absorbing items.

The solvency capital requirement tied to underwriting risk consisted of different risk areas as follows:

Solvency Capital Requirement for Insurance Risk (EUR million)	31.12.2019	Contribution	Share	31.12.2018	Contribution	Share	Change
Reserve risk							
Mortality risk	8.1	1.5	2.7 %	7.0	1.3	2.3 %	1.1
Longevity risk	13.1	5.7	10.1 %	9.5	3.7	6.5 %	3.6
Disability-morbidity risk	0.7	0.1	0.3 %	0.7	0.1	0.3 %	0.0
Lapse risk	38.8	35.2	62.6 %	40.2	37.0	65.1 %	-1.4
Life expense risk	14.7	10.8	19.2 %	16.4	12.2	21.5 %	-1.7
Life catastrophe risk	7.2	2.9	5.2 %	6.3	2.5	4.3 %	0.9
Diversification	-26.2	-----	-----	-23.2	-----	-----	-3.0
Total Solvency Capital Requirement	**56.3**	**56.3**	**100.0 %**	**56.8**	**56.8**	**100.0 %**	**-0.5**

Fennia Life's underwriting risk consists mainly of the lapse risk and the expense risk. Their contribution to the underwriting risk's solvency capital requirement was 81.8 per cent (86.6 %).

The relative share of reserve risk of the technical provisions' best estimate before the reinsurers' share was 3.0 per cent (3.6 %).

The table shows an estimate of a change in the company's solvency position if the technical provisions' best estimate rises by one per cent:

Sensitivity analysis (EUR million)	31.12.2019	Scenario, Technical provisions +1 %
Eligible own funds	205.3	191.0
Solvency Capital Requirement	109.2	112.3
Free own funds	96.1	78.7
Change in free own funds	-----	-17.4
Solvency ratio	188.0 %	170.1 %

Fennia Life's insurance portfolio is relatively well diversified. In risk insurance, the reinsurance arrangements protect insurance amounts that exceed a specific deductible in euros, which restricts risk concentrations. In addition, reinsurance in case of catastrophes further reduces any risk concentrations. Fennia Life's insurance portfolio does not include any significant risk concentrations.

The use of reinsurance implies ancillary risks, such as reinsurance adequacy, availability, price and counterparty risk. In life insurance operations, the use of ceded reinsurance is minor and therefore concentrated on a few counterparties.

Market risk

Market risk means, in general, impacts on the financial position due to changes in the market values of assets and liabilities, in particular impacts on eligible own funds, income and solvency. The risk factors that have an impact are the interest rate, spread, equity, real estate, currency and concentration risk. Market risks can be examined simply from the perspective of investment assets, but it is most important to examine market risks from the perspective of the entire balance sheet. Both sides of the balance sheet are valued in the solvency calculation on market terms, and thus, changes in risk factors simultaneously affect both assets and liabilities.

Changes in market risk factors affect solvency in two ways: as a change in both eligible own funds and in the solvency capital requirement. As market risks are realised, the eligible own funds shrink, which weakens the solvency position. Changes in assets and liabilities also often affect the solvency capital requirement. When asset values fall, solvency capital requirements also decrease, which dilutes the impact of falling market values on the solvency position. This is particularly obvious when equity market risk is realised, in which case the symmetric adjustment reduces the capital requirement.

The return on unit-linked life insurance contracts consists mainly of the management fee based on the amount of assets covering the insurance contracts. A portion of the management fee is charged to the insurance contracts and the rest comes from funds covering insurance contracts as provision rebates. When the values of equities fall, for example, this impacts the assets being managed and thus also future returns. This risk results in a capital requirement, but its share of the market risks' total capital requirement is small. The solvency capital requirement resulting from the unit-linked insurance portfolio is included in the presented solvency capital requirement figures.

Management of market risks

General risk appetite, risk tolerance and business targets guide investment operations and create the preconditions for investment operations. In investment operations and market risk management, the objective is to attain the set business targets without endangering the solvency targets.

The cornerstones of market risk management are sufficient diversification of investments, the prudent person principle, and risk-mitigating techniques. These help to assure that assets are invested in a way that makes them as compatible with the nature of the technical provisions as possible, taking into account the pre-defined risk appetite and risk tolerance and the prevailing business environment.

Market risks are managed through, for instance, investment restrictions and limits prescribed by the boards of directors. Allocation restrictions are used to ensure that the investment assets have been allocated broadly enough and that the investment funds are not overly exposed to any individual market risks. In addition to asset-class-specific allocation restrictions, investment operations are steered by more detailed restrictions, which ensure sufficiently broad diversification also within asset classes and that no overly-large risk concentrations are formed.

Following the prudent person principle means, among other things, that assets can only be invested in products and instruments whose risks can be identified, measured, monitored, managed and reported. If new asset classes or instruments are linked to investments, before making the investment decision, it is essential to ensure that the specific processes related to following the prudent person principle have been carried out.

In addition to sufficient diversification and the prudent person principle, principles concerning risk mitigation have been specified. The risk mitigation technique means all arrangements with which a specific risk is transferred to another party, is adjusted or is eliminated either partly or fully. For market risks, risk mitigation techniques include the use of derivatives and various collateral and guarantee requirement arrangements. If the risk mitigation techniques do not meet the legality, risk identification, efficiency, risk monitoring and counterparty creditworthiness requirements, they are not included in solvency capital requirement calculations. Their protection effect thus only applies to eligible own funds.

Market risks linked to assets covering unit-linked insurances are managed passively and risk positions are not subject to special market insight or hedging strategies.

Assessment of market risks

Exposure to and the impacts of market risks are measured using asset class allocation, sensitivity analyses, and the solvency capital requirement arising from the market risk in question.

Asset class allocation at market value describes how much of the balance sheet is exposed to each market risk. However, allocation should always be calculated based on the look-through approach for funds because only then can the actual allocation be determined.

Asset class allocation can be supported through a sensitivity analysis, which estimates how much different market movements affect the value of assets and liabilities, and the value of eligible own funds. This leads to the analysis of the risk position of the entire balance sheet, which provides a great deal more information about the market risks and their impacts. The above-mentioned analyses are additionally supplemented with insight into the capital requirements caused by market risks (own risk and solvency assessment).

Sensitivity analysis examines the impact of the materialisation of all market risks (apart from concentration risk) on the solvency position. The scenarios used are a decline in swap rates of 50 basis points or 0.5 percentage points, a decline in equities of 20 per cent, a decline in the value of real estate of 20 per cent, an increase in spreads of 100 basis points, i.e. 1.0 percentage points, and a decline in exchange rates of 10 per cent.

Sensitivity analyses produce a good estimate of how different market risk scenarios affect the solvency position. Sensitivity calculations are made by risk area. In an equity scenario, the symmetric equity adjustment is reassessed after the equity shock and its impact is taken into account in the calculation of the solvency capital requirement. Within fixed income, the interest rate swap quotation is calculated up to a 20-year maturity in the amount of equity shock, after which the discounting curve is recalculated in the manner described in the regulations. In all scenarios, the market values of investments are re-evaluated in the post-scenario situation from both the perspective of the market value and solvency capital requirement.

Fennia Group's investments are allocated into different asset classes as follows:

2019

Type (EUR million)	Investment, market value 31.12.2019	Investment, share 31.12.2019	Unit-linked investment, market value 31.12.2019	Unit-linked investment, share 31.12.2019
Fixed income investments	1,977.8	71.1 %	388.5	31.4 %
Equity investments	276.4	9.9 %	850.1	68.6 %
Real estate investments	507.7	18.2 %	0.0	0.0 %
Other	20.7	0.7 %	0.0	0.0 %
Total	**2,782.5**	**100.0 %**	**1,238.6**	**100.0 %**

2018

Type (EUR million)	Investment, market value 31.12.2018	Investment, share 31.12.2018	Unit-linked investment, market value 31.12.2018	Unit-linked investment, share 31.12.2018
Fixed income investments	1,529.7	61.0 %	333.3	32.4 %
Equity investments	371.0	14.8 %	641.2	62.4 %
Real estate investments	560.5	22.4 %	0.0	0.0 %
Other	45.8	1.8 %	53.0	5.2 %
Total	**2,507.0**	**100.0 %**	**1,027.5**	**100.0 %**

In addition to the above-mentioned assets, Fennia Group's assets also included EUR 29.1 million (EUR 25.1 million) in expected rebates from the assets covering unit-linked contracts.

The solvency capital requirement for market risks was EUR 347.0 million (EUR 381.2 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 68.2 per cent (71.1 %).

The solvency capital requirement for market risks consists of different risk areas as follows.

Solvency Capital Requirement for Market Risk (EUR million)	31.12.2019	Contribution	Share	31.12.2018	Contribution	Share	Change
Interest rate risk	9.9	0.8	0.2 %	26.1	16.0	4.2 %	-16.2
Equity risk	155.4	145.7	42.0 %	166.7	155.4	40.8 %	-11.3
Property risk	112.7	94.8	27.3 %	126.2	107.5	28.2 %	-13.5
Spread risk	91.0	73.7	21.2 %	81.6	64.8	17.0 %	9.4
Currency risk	68.9	32.0	9.2 %	79.0	37.1	9.7 %	-10.1
Concentration risk	1.7	0.0	0.0 %	13.2	0.5	0.1 %	-11.4
Diversification	-92.6	-----	-----	-111.6	-----	-----	18.9
Total Solvency Capital Requirement	**347.0**	**347.0**	**100.0 %**	**381.2**	**381.2**	**100.0 %**	**-34.3**

The contribution of the equity risk to the market risks' solvency capital requirement was clearly the greatest, at 42.0 per cent (40.8 %). The second-highest contribution, 27.3 per cent (28.2 %), was that of the property risk. The contribution of the open interest rate risk was 0.2 per cent (4.2 %) of the solvency capital requirement for Fennia Group's market risks.

In the sensitivity analysis, the biggest impact on Fennia Group's solvency position comes from a scenario where the value of real estate declines. A 20-per-cent decline in the value of real estate reduces eligible own funds by EUR 81.2 million and causes the relative solvency position to weaken by 15.0 percentage points.

The impact of an equity decline scenario is also significant. A 20-per-cent decline in the value of equities reduces eligible own funds by EUR 46.5 million and free capital by EUR 7.8 million but causes the relative solvency position to improve by 10.7 percentage points. This is due to the symmetric equity adjustment reacting to a decline in equities by reducing the solvency capital requirement. When the decline in equities is larger, the symmetric equity adjustment term does not function as effectively, and the impacts begin to be seen more clearly also as a weakening of the solvency position.

This is why a decline in interest rates is a negative scenario from a solvency perspective. A decline of 50 basis points in interest rates reduces eligible own funds by EUR 28.9 million, and the relative solvency position declines by 13.4 percentage points. The interest rate risk resulting from technical provisions was partly hedged using interest rate swaps. This hedging was also taken into account when calculating the solvency capital requirement.

The widening of spreads by 100 basis points results in a decline of 8.2 percentage points in Fennia Group's relative solvency position. Currency risk is largely hedged using currency derivatives and a negative 10 per cent development results in a decline of 2.8 percentage points in Fennia Group's relative solvency position.

Should all of the above-mentioned scenarios occur simultaneously, the impact on Fennia Group's eligible own funds would be EUR -209.8 million, the impact on free capital would be EUR -184.3 million, and the relative solvency position would fall by 40.4 percentage points to 181.1 per cent.

Sensitivity analysis (EUR million)	31.12.2019	Scenario, interest rate -50 bp	Scenario, equity -20 %	Scenario, property -20 %	Scenario, spread + 100 bp	Scenario, currency -10 %	Scenario, combined scenario
Eligible own funds	897.9	868.9	851.3	816.6	867.8	875.1	688.1
Solvency Capital Requirement	405.5	417.6	366.7	395.5	406.9	400.1	380.0
Free own funds	492.4	451.3	484.6	421.1	460.9	474.9	308.1
Change in free own funds	-----	-41.1	-7.8	-71.3	-31.5	-17.5	-184.3
Solvency ratio	221.4 %	208.1 %	232.2 %	206.5 %	213.3 %	218.7 %	181.1 %

Assessment of Fennia's market risks

Fennia's investments were allocated into different asset classes as follows:

Type (EUR million)	Market value 31.12.2019	Share 31.12.2019	Market value 31.12.2018	Share
Fixed income investments	1,370.7	63.3 %	879.2	48.0 %
Equity investments	438.0	20.2 %	578.9	31.6 %
Real estate investments	337.5	15.6 %	340.3	18.6 %
Other	18.5	0.9 %	32.4	1.8 %
Total	**2,164.8**	**100.0 %**	**1,830.8**	**100.0 %**

The relatively high allocation of equity investments largely results from the ownership in Fennia Life Insurance Company (and in the previous year also in Fennia Non-Life Insurance Company). Their share of the investment assets was 10.0 per cent (17.0 %). The allocation of other equity investments was 10.2 per cent (14.6 %).

The solvency capital requirement for market risks was EUR 300.7 million (EUR 308.8 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 70.1 per cent (75.5 %).

The solvency capital requirement for market risks consists of different risk areas as follows.

Solvency Capital Requirement for Market Risk (EUR million)	31.12.2019	Contribution	Share	31.12.2018	Contribution	Share	Change
Interest rate risk	6.4	3.7	1.2 %	6.2	3.5	1.1 %	0.2
Equity risk	165.4	157.6	52.4 %	180.7	172.8	56.0 %	-15.3
Property risk	72.4	59.4	19.7 %	73.4	60.4	19.6 %	-1.0
Spread risk	67.1	54.4	18.1 %	56.8	45.3	14.7 %	10.3
Currency risk	52.6	22.8	7.6 %	55.5	24.2	7.8 %	-2.8
Concentration risk	29.3	2.9	0.9 %	28.0	2.5	0.8 %	1.3
Diversification	-92.6	-----	-----	-91.8	-----	-----	-0.8
Total Solvency Capital Requirement	**300.7**	**300.7**	**100.0 %**	**308.8**	**308.8**	**100.0 %**	**-8.1**

The contribution of the equity risk to the market risks' solvency capital requirement was clearly the greatest, at 52.4 per cent (56.0 %). The second-highest contribution, 19.7 per cent (19.6 %), was that of the property risk. The contribution of the open interest rate risk was 1.2 per cent (1.1 %) of the solvency capital requirement for Fennia's market risks.

In the sensitivity analysis, the greatest impact on the eligible own funds comes from a scenario in which real estate falls. A 20-per-cent decline in the value of real estate reduces eligible own funds by EUR 64.4 million and causes the relative solvency position to weaken by 14.1 percentage points.

The impact of an equity decline scenario is also significant. A 20-per-cent decline in the value of equities reduces eligible own funds by EUR 46.2 million and free capital by EUR 15.0 million but causes the relative solvency position to improve by 11.2 percentage points. This is due to the symmetric equity adjustment reacting to a decline in equities by reducing the solvency capital requirement. When the decline in equities is larger, the symmetric equity adjustment term does not function as effectively, and the impacts begin to manifest more clearly as a weakening of the solvency position.

This is why a decline in interest rates is a negative scenario from a solvency perspective. A decline of 50 basis points in interest rates reduces eligible own funds by EUR 23.7 million, and the relative solvency position declines by 7.8 percentage points. The interest rate risk resulting from technical provisions was partly hedged using interest rate swaps. This hedging was also taken into account when calculating the solvency capital requirement.

The widening of spreads by 100 basis points results in a decline of 8.7 percentage points in Fennia's relative solvency position. Currency risk is largely hedged using currency derivatives and a negative 10 per cent development results in a decline of 2.7 percentage points in Fennia's relative solvency position.

Should all of the above-mentioned scenarios occur simultaneously, the impact on Fennia's eligible own funds would be EUR -188.0 million, the impact on free capital would be EUR -160.2 million, and the relative solvency position would fall by 37.7 percentage points to 219.5 per cent.

Sensitivity analysis (EUR million)	31.12.2019	Scenario, interest rate -50 bp	Scenario, equity -20 %	Scenario, property -20 %	Scenario, spread +100 bp	Scenario, currency -10 %	Scenario, combined scenario
Eligible own funds	866.1	842.4	819.9	801.8	835.7	844.5	678.1
Solvency Capital Requirement	336.7	337.8	305.5	329.7	336.3	331.9	308.9
Free own funds	529.4	504.6	514.4	472.0	499.4	512.6	369.2
Change in free own funds	-----	-24.7	-15.0	-57.4	-29.9	-16.8	-160.2
Solvency ratio	257.2 %	249.4 %	268.4 %	243.1 %	248.5 %	254.5 %	219.5 %

Assessment of Fennia Life's market risks

Fennia Life's investments were allocated into different asset classes as follows:

Type (EUR million)	Investment, market value 31.12.2019	Investment, share 31.12.2019	Unit-linked investment, market value 31.12.2019	Unit-linked investment, share 31.12.2019	Investment, market value 31.12.2018	Investment, share 31.12.2018	Unit-linked investment, market value 31.12.2018	Unit-linked investment, share 31.12.2018
Fixed income investments	690.2	83.3 %	388.5	31.4 %	583.6	75.8 %	333.3	32.4 %
Equity investments	55.7	6.7 %	850.1	68.6 %	92.7	12.0 %	641.2	62.4 %
Real estate investments	80.9	9.8 %	0.0	0.0 %	81.0	10.5 %	0.0	0.0 %
Other	2.1	0.3 %	0.0	0.0 %	13.1	1.7 %	53.0	5.2 %
Total	**828.9**	**100.0 %**	**1,238.6**	**100.0 %**	**770.3**	**100.0 %**	**1,027.5**	**100.0 %**

In addition to the above-mentioned assets, Fennia Life's assets also included EUR 29.1 million (EUR 25.1 million) in expected rebates from the assets covering unit-linked contracts.

The solvency capital requirement for market risks was EUR 83.2 million (EUR 104.0 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 59.1 per cent (65.9 %).

The solvency capital requirement for market risks consists of different risk areas as follows.

Solvency Capital Requirement for Market Risk (EUR million)	31.12.2019	Contribution	Share	31.12.2018	Contribution	Share	Change
Interest rate risk	6.7	0.9	1.0 %	13.8	9.0	8.6 %	-7.2
Equity risk	39.6	37.1	44.6 %	52.8	49.4	47.5 %	-13.2
Property risk	17.9	14.1	17.0 %	18.0	14.3	13.7 %	-0.1
Spread risk	27.7	23.5	28.2 %	25.0	20.7	19.9 %	2.7
Currency risk	16.3	7.7	9.2 %	22.3	10.7	10.2 %	-6.0
Concentration risk	0.0	0.0	0.0 %	0.0	0.0	0.0 %	0.0
Diversification	-25.0	-----	-----	-27.9	-----	-----	2.9
Total Solvency Capital Requirement	**83.2**	**83.2**	**100.0 %**	**104.0**	**104.0**	**100.0 %**	**-20.9**

The contribution of the equity risk to the market risks' solvency capital requirement was clearly the greatest, at 44.6 per cent (47.5 %). The second-highest contribution, 28.2 per cent (19.9 %), was that of the spread risk. The contribution of the open interest rate risk was 1.0 per cent (8.6 %) of the solvency capital requirement for Fennia Life's market risks.

This is why a decline in interest rates is a negative scenario from a solvency perspective. A decline of 50 basis points in interest rates reduces eligible own funds by EUR 20.8 million, and the relative solvency position declines by 28.3 percentage points. The interest rate risk resulting from technical provisions was partly hedged using interest rate swaps. This hedging was also taken into account when calculating the solvency capital requirement.

A 20-per-cent decline in the value of equities reduces eligible own funds by EUR 11.2 million, but increases free capital by EUR 0.2 million and causes the relative solvency position to improve by 10.4 percentage points. This improvement is due to the symmetric equity adjustment reacting to a decline in equities by reducing the solvency capital requirement. When the decline in equities is larger, the symmetric equity adjustment term does not function as effectively, and the impacts begin to manifest more clearly as a weakening of the solvency position.

The widening of spreads by 100 basis points results in a decline of 10.7 percentage points in Fennia Life's relative solvency position. A 20-per-cent decline in the value of real estate causes the relative solvency position to weaken by 11.7 percentage points. Currency risk is largely hedged using currency derivatives and a negative 10 per cent development results in a decline of 3.6 percentage points in Fennia Life's relative solvency position.

Should all of the above-mentioned scenarios occur simultaneously, the impact on Fennia Life's eligible own funds would be EUR -61.9 million, the impact on free capital would be EUR -56.8 million, and the relative solvency position would fall by 50.2 percentage points to 137.8 per cent.

Sensitivity analysis (EUR million)	31.12.2019	Scenario, interest rate -50 bp	Scenario, equity - 20 %	Scenario, property - 20 %	Scenario, spread + 100 bp	Scenario, currency - 10 %	Scenario, combined scenario
Eligible own funds	205.3	184.5	194.1	192.4	196.1	199.5	143.4
Solvency Capital Requirement	109.2	115.6	97.8	109.1	110.6	108.2	104.1
Free own funds	96.1	69.0	96.3	83.2	85.5	91.3	39.3
Change in free own funds	-----	-27.1	0.2	-12.8	-10.6	-4.8	-56.8
Solvency ratio	188.0 %	159.7 %	198.4 %	176.3 %	177.3 %	184.3 %	137.8 %

Interest rate risk

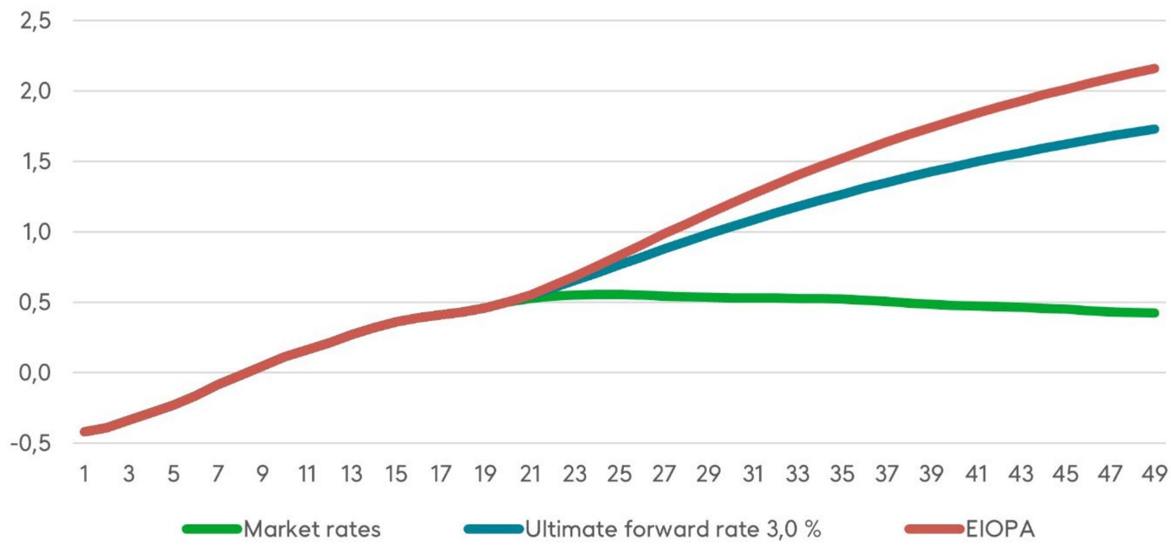
Interest rate risk means changes in eligible own funds and in the solvency position resulting from fluctuations in the interest rate level. Technical provisions involve an interest rate risk. In order to manage it, a significant portion of the investment assets should be invested in fixed income instruments. How much should be invested in fixed income investments, in other words, how much interest rate risk should be kept open, is one of the key decisions in terms of the market risk management and investment operations.

A change in the interest rate level impacts the market-consistent value of assets and liabilities. If the market-consistent value changes in fixed income investments and technical provisions differ considerably from one another when the interest rate level changes, the eligible own funds are exposed to interest rate risk. As the interest rate level changes, the change in the value of assets does not fully compensate the change in the value of the technical provisions, which has an impact on solvency by either weakening it or strengthening it.

Interest rate risk is managed and monitored using, among other things, a fixed income investment and technical provision cash flow analysis. The closer the cash flows from fixed income investments and technical provisions are to one another, the lower the interest rate risk resulting from the position. Interest rate risk is not eliminated simply by matching the duration and amount.

For negative interest rates and their maturities, no interest rate risk solvency capital requirement is formed. Where the yield curve is above zero, the declining interest rate level results in a smaller interest rate risk solvency capital requirement.

The solvency calculation framework uses the zero-coupon rate curve defined by the European Insurance and Occupational Pensions Authority (EIOPA) to discount the technical provisions' cash flows. This differs from the market-consistent yield curve, particularly after a maturity of 20 years, which is why the fully market-consistent value of the technical provisions and thus the value of eligible own funds differ from the value used in official calculations. If the market-consistent yield curve were used to define eligible own funds and relative solvency position, both would be impacted negatively. Similarly, the reduction of the ultimate forward rate of the yield curve would have a weakening impact on the solvency position.



Fennia Group's fixed income investments were allocated into different classes as follows:

Allocation of fixed income investments (EUR million)	Investment, market value 31.12.2019	Investment, share 31.12.2019	Investment, duration 31.12.2019	Unit-linked investment, market value 31.12.2019	Unit-linked investment, share 31.12.2019	Unit-linked investment, duration 31.12.2019
Money and deposits	119.2	6.0 %	0.0	61.9	15.9 %	0.0
Money market funds	0.0	0.0 %	-----	0.0	0.0 %	-----
Government bonds	81.5	4.1 %	8.1	0.0	0.0 %	0.0
Investment grade corporate bonds	1,136.6	57.5 %	1.7	129.5	33.3 %	3.9
High-yield corporate bonds	333.3	16.9 %	1.7	132.4	34.1 %	2.0
Covered bonds	8.0	0.4 %	6.4	0.1	0.0 %	0.2
Emerging market government bonds	33.2	1.7 %	6.3	0.0	0.0 %	0.0
Emerging market corporate bonds	119.6	6.0 %	2.5	1.4	0.4 %	2.2
Interest rate derivatives	84.4	4.3 %	-----	0.0	0.0 %	-----
Loans	59.4	3.0 %	1.1	0.0	0.0 %	0.0
Bond funds	0.0	0.0 %	-----	0.0	0.0 %	-----
Other fixed income investments	2.5	0.1 %	3.4	63.2	16.3 %	14.1
Total	1,977.8	100.0 %	1.9	388.5	100.0 %	4.3
Best estimate of technical provisions	1,608.0	-----	13.4	1,223.1	-----	10.5

Allocation of fixed income investments (EUR million)	Investment, market value 31.12.2018	Investment, share 31.12.2018	Investment, duration 31.12.2018	Unit-linked investment, market value 31.12.2018	Unit-linked investment, share 31.12.2018	Unit-linked investment, duration 31.12.2018
Money and deposits	156.7	10.2 %	0.0	65.9	19.8 %	0.0
Money market funds	0.0	0.0 %	-----	0.0	0.0 %	-----
Government bonds	107.5	7.0 %	12.6	0.0	0.0 %	0.0
Investment grade corporate bonds	384.1	25.1 %	2.1	126.9	38.1 %	3.0
High-yield corporate bonds	655.5	42.8 %	1.3	87.3	26.2 %	2.3
Covered bonds	4.9	0.3 %	5.1	0.1	0.0 %	0.9
Emerging market government bonds	33.7	2.2 %	6.5	0.0	0.0 %	0.0
Emerging market corporate bonds	126.7	8.3 %	2.4	1.2	0.4 %	2.4
Interest rate derivatives	5.7	0.4 %	-----	0.0	0.0 %	-----
Loans	51.7	3.4 %	5.2	0.0	0.0 %	0.0
Bond funds	0.1	0.0 %	-----	0.0	0.0 %	-----
Other fixed income investments	3.1	0.2 %	4.8	52.0	15.6 %	7.1
Total	1,529.7	100.0 %	2.6	333.3	100.0 %	3.9
Best estimate of technical provisions	1,422.2	-----	12.8	999.5	-----	11.4

The solvency capital requirement for Fennia Group's interest rate risk was EUR 9.9 million (EUR 26.1 million) and the contribution to the market risks' total solvency capital requirement was EUR 0.8 million (EUR 16.0 million). The interest rate risk's share of the market risks' total solvency capital requirement was 0.2 per cent (4.2 %).

The table below illustrates the impacts on Fennia Group's solvency position of switching to a market-consistent yield curve or a lower, ultimate forward rate.

Sensitivity analysis (EUR million)	31.12.2019	Scenario, market curve	Scenario, ultimate Forward Rate (UFR) 3.0 %
Eligible own funds	897.9	817.4	880.7
Solvency Capital Requirement	405.5	415.4	409.5
Free own funds	492.4	402.0	471.2
Change in free own funds	-----	-90.4	-21.2
Solvency ratio	221.4 %	196.8 %	215.1 %

The table presents the greatest counterparty concentrations in the investment assets from the interest rate risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment

Nordea Bank Abp	84.4	3.0 %
French Republic	29.9	1.1 %
Federal Republic of Germany	26.8	1.0 %
ING Bank Nederland N.V.	25.4	0.9 %
Daimler AG	19.7	0.7 %

Fennia's interest rate risk

Fennia's fixed income investments were allocated into different classes as follows:

	Market value 31.12.2019	Share 31.12.2019	Duration 31.12.2019	Market value 31.12.2018	Share 31.12.2018	Duration 31.12.2018
Money and deposits	71.0	5.2 %	0.0	66.0	7.5 %	0.0
Money market funds	0.0	0.0 %	-----	0.0	0.0 %	-----
Government bonds	63.2	4.6 %	8.1	35.3	4.0 %	19.4
Investment grade corporate bonds	700.0	51.1 %	1.8	64.0	7.3 %	3.2
High-yield corporate bonds	240.3	17.5 %	1.8	430.8	49.0 %	1.3
Covered bonds	6.1	0.4 %	6.3	4.4	0.5 %	5.0
Emerging market government bonds	25.4	1.9 %	6.3	27.5	3.1 %	7.5
Emerging market corporate bonds	82.8	6.0 %	2.7	94.1	10.7 %	2.6
Interest rate derivatives	50.7	3.7 %	-----	0.0	0.0 %	-----
Loans	129.3	9.4 %	1.9	154.3	17.6 %	3.4
Bond funds	0.0	0.0 %	-----	0.1	0.0 %	-----
Other fixed income investments	1.9	0.1 %	3.4	2.7	0.3 %	5.0
Total	1,370.7	100.0 %	2.1	879.2	100.0 %	2.8
Best estimate of technical provisions	1,056.7	-----	12.9	795.2	-----	13.0

The solvency capital requirement for Fennia's interest rate risk was EUR 6.4 million (EUR 6.2 million) and the contribution to the market risks' total solvency capital requirement was EUR 3.7 million (EUR 3.5 million). The interest rate risk's share of the market risks' total solvency capital requirement was 1.2 per cent (1.1 %).

The table below illustrates the impacts on Fennia's solvency position in transferring to using a market-consistent yield curve or a lower, ultimate forward rate.

	31.12.2019	Scenario, Market curve	Scenario, Ultimate Forward Rate (UFR) 3.0 %
Eligible own funds	866,1	790,2	849,9
Solvency Capital Requirement	336,7	334,5	336,8
Free own funds	529,4	455,7	513,1
Change in free own funds	-----	-73,7	-16,3
Solvency ratio	257,2 %	236,2 %	252,3 %

The table presents the greatest counterparty concentrations in the investment assets from the interest rate risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment
Fennia Mutual Insurance Company	75.5	3.5 %
Nordea Bank Oyj	5.1	2.3 %
French Republic	22.2	1.0 %
Federal Republic of Germany	20.8	1.0 %
ING Bank Nederland N.V.	16.0	0.7 %

Fennia Life's interest rate risk

Fennia Life's fixed income investments were allocated into different classes as follows:

Allocation of fixed income investments (EUR million)	Investments, market value 31.12.2019	Investments, share 31.12.2019	Investments, duration 31.12.2019	Unit-linked investments, market value 31.12.2019	Unit-linked investment, share 31.12.2019	Unit-linked investments, duration 31.12.2019
Money and deposits	48.2	7.0 %	0.0	61.9	15.9 %	0.0
Money market funds	0.0	0.0 %	-----	0.0	0.0 %	-----
Government bonds	18.3	2.7 %	8.2	0.0	0.0 %	0.0
Investment grade corporate bonds	436.6	63.3 %	1.4	129.5	33.3 %	3.9
High-yield corporate bonds	93.0	13.5 %	1.5	132.4	34.1 %	2.0
Covered bonds	1.9	0.3 %	6.4	0.1	0.0 %	0.2
Emerging market government bonds	7.8	1.1 %	6.4	0.0	0.0 %	0.0
Emerging market corporate bonds	36.8	5.3 %	2.1	1.4	0.4 %	2.2
Interest rate derivatives	33.7	4.9 %	-----	0.0	0.0 %	-----
Loans	13.3	1.9 %	7.0	0.0	0.0 %	0.0
Bond funds	0.0	0.0 %	-----	0.0	0.0 %	-----
Other fixed income investments	0.6	0.1 %	3.2	63.2	16.3 %	14.1
Total	**690.2**	**100.0 %**	**1.6**	**388.5**	**100.0 %**	**4.3**
Best estimate of technical provisions	551.3	-----	14.4	1,223.1	-----	10.5

Allocation of fixed income investments (EUR million)	Investments, market value 31.12.2018	Investments, share 31.12.2018	Investments, duration 31.12.2018	Unit-linked investment, market value 31.12.2018	Unit-linked investment, share 31.12.2018	Unit-linked investment, duration 31.12.2018
Money and deposits	71.3	12.2 %	0.0	65.9	19.8 %	0.0
Money market funds	0.0	0.0 %	-----	0.0	0.0 %	-----
Government bonds	19.2	3.3 %	19.1	0.0	0.0 %	0.0
Investment grade corporate bonds	223.1	38.2 %	1.3	126.9	38.1 %	3.0
High-yield corporate bonds	213.0	36.5 %	1.0	87.3	26.2 %	2.3
Covered bonds	0.3	0.0 %	3.7	0.1	0.0 %	0.9
Emerging market government bonds	0.5	0.1 %	1.9	0.0	0.0 %	0.0
Emerging market corporate bonds	31.3	5.4 %	1.6	1.2	0.4 %	2.4
Interest rate derivatives	5.7	1.0 %	-----	0.0	0.0 %	-----
Loans	18.9	3.2 %	4.7	0.0	0.0 %	0.0
Bond funds	0.1	0.0 %	-----	0.0	0.0 %	0.0
Other fixed income investments	0.4	0.1 %	3.8	52.0	15.6 %	7.1
Total	**583.6**	**100.0 %**	**1.7**	**333.3**	**100.0 %**	**2.8**
Best estimate of technical provisions	497.0	-----	12.6	999.5	-----	11.4

The solvency capital requirement for Fennia Life's interest rate risk was EUR 6.7 million (EUR 13.8 million) and the contribution to the market risks' total solvency capital requirement was EUR 0.9 million (EUR 9.0 million). The interest rate risk's share of the market risks' total solvency capital requirement was 1.0 per cent (8.6 %).

The table below illustrates the impacts on Fennia Life's solvency position in transferring to using a market-consistent yield curve or a lower, ultimate forward rate.

Sensitivity analysis (EUR million)	31.12.2019	Scenario, market curve	Scenario, ultimate Forward Rate (UFR) 3.0 %
Eligible own funds	205.3	182.3	200.3
Solvency Capital Requirement	109.2	114.9	109.8
Free own funds	96.1	67.4	90.5
Change in free own funds	-----	-28.7	-5.6
Solvency ratio	188.0 %	158.6 %	182.5 %

The table presents the greatest counterparty concentrations in the investment assets from the interest rate risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment
Nordea Bank Plc	34.3	4.1 %
BMW Holding B.V.	10.3	1.2 %
Cooperatieve Rabobank U.A.	10.3	1.2 %
Bank of America Corporation	10.2	1.2 %
ABN AMRO Bank NV	9.5	1.1 %

Spread risk

Significant amounts of spread risk are linked to fixed income investments. Investing in bonds creates exposure to changes in the issuer's spread. This is realised when the markets assess that changes have taken place in the creditworthiness of a credit instrument issuer, which have a weakening impact on the market value of the bonds. In solvency capital requirement calculations, the capital requirement caused by an investment's spread risk is defined by the market value and duration of the bonds and creditworthiness.

The tables illustrate Fennia Group's creditworthiness position.

Credit Rating 31.12.2019 (EUR million)	In-vest-ment 0–1	In-vest-ment 1–2	In-vest-ment 2–3	In-vest-ment 3–4	In-vest-ment 4–5	In-vest-ment > 5	Investment, total	Unit-linked investment, total
AAA	23.5	15.9	1.9	0.2	3.3	17.3	**62.1**	**0.0**
AA	36.6	45.4	23.5	1.5	0.5	13.1	**120.6**	**52.1**
A	263.9	194.1	65.5	8.7	5.7	27.3	**565.2**	**43.1**
BBB	164.4	177.8	78.3	19.1	21.6	63.1	**524.4**	**34.3**
BB	12.9	6.6	14.6	12.8	14.3	17.9	**79.1**	**32.8**
B	22.6	8.7	7.2	7.0	10.9	14.9	**71.2**	**1.6**
CCC	2.0	0.6	1.0	0.2	0.1	0.3	**4.2**	**0.0**
CC	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**0.0**
C or lower	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**0.0**
Not rated	229.3	20,5	33.4	18.0	16.9	29.2	**347.4**	**162.7**
Total	**755.1**	**469.7**	**225.5**	**67.4**	**73.4**	**183.2**	**1,774.2**	**326.6**

Credit Rating 31.12.2018 (EUR million)	Investment, 0–1	Investment, 1–2	Investment, 2–3	Investment, 3–4	Investment, 4–5	Investment, > 5	Investment, Total	Unit-linked investment, Total
AAA	8.4	13.3	8.4	14.8	17.3	76.5	138.6	0.0
AA	9.9	11.0	3.9	5.6	2.3	6.1	38.9	29.3
A	32.8	48.7	11.4	9.5	9.6	28.8	140.8	20.1
BBB	93.6	71.0	21.1	16.5	12.7	31.7	246.7	77.5
BB	30.7	26.6	15.7	9.2	10.1	14.6	106.9	18.0
B	42.1	14.3	9.9	6.8	12.3	15.3	100.7	0.6
CCC	3.3	1.2	0.6	0.2	0.0	0.1	5.4	0.0
CC	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.0
C or lower	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Not rated	358.6	155.0	21.3	15.4	14.7	24.0	589.0	122.0
Total	**579.6**	**341.3**	**92.4**	**77.9**	**79.0**	**197.1**	**1,367.2**	**267.4**

The solvency capital requirement for Fennia Group's spread risk was EUR 91.0 million (EUR 81.6 million) and the contribution to the market risks' total solvency capital requirement was EUR 73.7 million (EUR 64.8 million). The spread risk's share of the market risks' total solvency capital requirement was 21.2 per cent (17.0 %).

The investment assets' largest counterparty concentrations from the spread viewpoint at fair value are described in the interest rate risk section.

Fennia's spread risk

The tables illustrate Fennia's creditworthiness position.

Credit Rating 31.12.2019 (EUR million)	0–1	1–2	2–3	3–4	4–5	> 5	Total
AAA	12.5	9.9	1.5	0.1	2.6	13.3	39.8
AA	19.8	32.0	17.9	1.1	0.4	10.0	81.2
A	158.7	109.0	52.4	6.7	4.3	20.8	351.9
BBB	89.7	102.3	52.1	14.7	16.8	48.4	324.0
BB	10.4	5.0	11.1	10.0	11.0	13.5	61.1
B	17.4	6.4	5.5	5.4	8.5	11.6	54.9
CCC	1.5	0.5	0.7	0.1	0.1	0.3	3.2
CC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C or lower	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Not rated	169.6	59.6	22.6	14.9	44.0	22.2	332.9
Total	**479.7**	**324.7**	**163.9**	**53.1**	**87.6**	**140.1**	**1,249.0**

Credit Rating 31.12.2018 (EUR million)	0–1	1–2	2–3	3–4	4–5	> 5	Total
AAA	0.2	0.0	0.1	0.0	0.0	35.6	35.9
AA	1.1	1.3	0.1	0.8	1.2	1.1	5.7
A	4.1	10.4	4.0	4.0	2.7	22.8	48.0
BBB	13.1	15.7	8.7	8.6	5.4	16.5	68.0
BB	15.9	14.9	10.3	6.9	7.9	12.0	67.9
B	24.8	9.3	8.2	4.5	9.4	11.5	67.8
CCC	2.6	1.2	0.6	0.1	0.0	0.1	4.6
CC	0.0	0.1	0.0	0.0	0.0	0.0	0.2
C or lower	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Not rated	304.6	118.0	13.3	10.2	9.1	59.8	515.1
Total	**366.5**	**170.9**	**45.4**	**35.2**	**35.6**	**159.5**	**813.1**

The solvency capital requirement for Fennia's spread risk was EUR 67.1 million (EUR 56.8 million) and the contribution to the market risks' total solvency capital requirement was EUR 54.4 million (EUR 45.3 million). The spread risk's share of the market risks' total solvency capital requirement was 18.1 per cent (14.7 %).

The investment assets' largest counterparty concentrations from the spread viewpoint at fair value are described in the interest rate risk section.

Fennia Life's spread risk

The tables illustrate Fennia Life's creditworthiness position.

Credit Rating 31.12.2019 (EUR million)	Investment, 0-1	Investment, 1-2	Investment, 2-3	Investment, 3-4	Investment, 4-5	Investment, > 5	Investment, Total	Unit-linked investment, total
AAA	11.0	6.1	0.4	0.0	0.7	3.9	22.2	0.0
AA	16.8	13.3	5.6	0.4	0.1	3.1	39.3	52.1
A	105.1	85.1	13.1	2.0	1.4	6.6	213.3	43.1
BBB	74.8	75.5	26.2	4.4	4.9	14.7	200.4	34.3
BB	2.5	1.6	3.5	2.8	3.4	4.4	18.0	32.8
B	5.1	2.2	1.7	1.6	2.4	3.3	16.4	1.6
CCC	0.5	0.1	0.2	0.0	0.0	0.1	1.0	0.0
CC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C or lower	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Not rated	59.8	5.7	11.5	4.8	4.8	11.0	97.6	162.7
Total	**275.5**	**189.8**	**62.3**	**16.0**	**17.7**	**47.0**	**608.3**	**326.6**

	Investment, 0-1	Investment, 1-2	Investment, 2-3	Investment, 3-4	Investment, 4-5	Investment, > 5	Investment, Total	Unit-linked investment, Total
AAA	0.0	0.0	0.0	0.0	0.0	19.2	19.2	0.0
AA	2.2	7.6	0.0	2.1	0.0	0.0	11.9	29.3
A	27.6	32.5	2.9	2.2	2.7	1.0	68.9	20.1
BBB	78.5	52.8	8.8	4.7	6.2	3.7	154.7	77.5
BB	14.8	11.6	4.5	2.2	2.1	1.9	37.0	18.0
B	17.3	5.0	1.6	2.2	2.8	3.3	32.2	0.6
CCC	0.7	0.1	0.1	0.0	0.0	0.0	0.9	0.0
CC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C or lower	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Not rated	114.9	49.2	7.3	2.0	3.2	5.2	181.7	122.0
Total	256.0	158.8	25.1	15.5	16.9	34.2	506.5	267.4

The solvency capital requirement for Fennia Life's spread risk was EUR 27.7 million (EUR 25.0 million) and the contribution to the market risks' total solvency capital requirement was EUR 23.5 million (EUR 20.7 million). The spread risk's share of the market risks' total solvency capital requirement was 28.2 per cent (19.9 %).

The investment assets' largest counterparty concentrations from the spread viewpoint at fair value are described in the interest rate risk section.

Equity risk

The main source of equity risk is the balance sheet's equity investments. Equity risk is linked to any losses caused by changes to the equities' value and the unfavourable impact on solvency position.

Equity investments accounted for EUR 276.4 million (EUR 371.0 million) of Fennia Group's investment assets. This represents 9.9 per cent (14.8 %) of Fennia Group's total investment assets.

The table below shows the allocation of Fennia Group's equity investments.

2019

Allocation of equity investments (EUR million)	Investment, Market value 31.12.2019	Investment, Share 31.12.2019	Unit-linked investment, Market value 31.12.2019	Unit-linked investment, Share 31.12.2019
Listed equities	181.2	65.5 %	850.1	100.0 %
Unlisted equities	27.9	10.1 %	0.0	0.0 %
Equity funds	20.0	7.2 %	0.0	0.0 %
Private equity Funds	47.3	17.1 %	0.0	0.0 %
Equity derivatives	0.0	0.0 %	0.0	0.0 %
Total	**276.4**	**100.0 %**	**850.1**	**100.0 %**

2018

Allocation of equity investments (EUR million)	Investment, Market value 31.12.2018	Investment, Share 31.12.2018	Unit-linked investment, Market value 31.12.2018	Unit-linked investment, Share 31.12.2018
Listed equities	263.2	71.0 %	641.2	100.0 %
Unlisted equities	39.4	10.6 %	0.0	0.0 %
Equity funds	17.8	4.8 %	0.0	0.0 %
Private equity Funds	50.5	13.6 %	0.0	0.0 %
Equity derivatives	0.0	0.0 %	0.0	0.0 %
Total	**371.0**	**100.0 %**	**641.2**	**100.0 %**

Some other asset classes are also classified as or comparable to equity risk. These are typically linked to funds that use a high leverage or for whose content it is not possible to apply the look-through approach and to individual investments made in funds to which the look-through approach has been applied, for which there is not enough information available to carry out the appropriate solvency calculations.

2019

Equity risk placed investments (EUR million)	Investment, Market value 31.12.2019	Investment, Share 31.12.2019	Unit-linked investment, Market value 31.12.2019	Unit-linked investment, Share 31.12.2019
Hedge funds	11.3	14.6 %	0.0	0.0 %
Real Estate Funds	57.1	74.2 %	0.0	0.0 %
Debt funds	0.0	0.0 %	0.0	0.0 %
Other	8.6	11.2 %	0.0	100.0 %
Total	76.9	100.0 %	0.0	100.0 %

2018

Equity risk placed investments (EUR million)	Investment, Market value 31.12.2018	Investment, Share 31.12.2018	Unit-linked investment, Market value 31.12.2018	Unit-linked investment, Share 31.12.2018
Hedge funds	9.8	9.6 %	0.0	0.0 %
Real Estate Funds	55.8	54.3 %	0.0	0.0 %
Debt funds	0.1	0.1 %	0.0	0.0 %
Other	37.0	36.0 %	53.0	100.0 %
Total	102.7	100.0 %	53.0	100.0 %

The solvency capital requirement for Fennia Group's equity risk was EUR 155.4 million (EUR 166.7 million) and the contribution to the market risks' total solvency capital requirement was EUR 145.7 million (EUR 155.4 million). The equity risk's share of the market risks' total solvency capital requirement was 42.0 per cent (40.8 %).

The calculation of the solvency capital requirement for Fennia Group's equity risk does not apply the equity risk transitional provision.

The table presents the greatest counterparty concentrations in the investment assets from the equity risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment
Pihlajalinna Plc	34.6	1.2 %
Fennia Asset Management Ltd.	15.3	0.5 %
Kayne Anderson Capital Advisors, L.P.	9.9	0.4 %
Triton Investment Management Limited	8.2	0.3 %
Revenio Group Corporation	7.1	0.3 %

The direct listed equity investments in the investment assets were not exposed to any major concentration risk, as they were well diversified.

Fennia's equity risk

Equity investments accounted for EUR 438.0 million (EUR 578.9 million) of Fennia's investment assets. This represents 20.2 per cent (31.6 %) of Fennia's total investment assets.

The table below shows the allocation of Fennia's equity investments.

Allocation of equity investments (EUR million)	Market value 31.12.2019	Share 31.12.2019	Market value 31.12.2018	Share 31.12.2018
Listed equities	143.3	32.7 %	181.7	31.4 %
Unlisted equities	237.6	54.2 %	343.7	59.4 %
Equity funds	17.5	4.0 %	17.8	3.1 %
Private equity Funds	39.7	9.1 %	35.6	6.2 %
Equity derivatives	0.0	0.0 %	0.0	0.0 %
Total	**438.0**	**100.0 %**	**578.9**	**100.0 %**

Some other asset classes are also classified as or comparable to equity risk. These are typically linked to funds that use a high leverage or for whose content it is not possible to apply the look-through approach and to individual investments made in funds to which the look-through approach has been applied, for which there is not enough information available to carry out the appropriate solvency calculations.

Equity risk placed investments (EUR million)	Market value 31.12.2019	Share 31.12.2019	Market value 31.12.2018	Share 31.12.2018
Hedge funds	11.3	17.1 %	9.8	12.3 %
Real Estate Funds	47.8	72.6 %	46.8	58.5 %
Debt funds	0.0	0.0 %	0.1	0.1 %
Other	6.8	10.3 %	23.4	29.2 %
Total	**65.8**	**100.0 %**	**80.0**	**100.0 %**

The solvency capital requirement for Fennia's equity risk was EUR 165.4 million (EUR 180.7 million) and the contribution to the market risks' total solvency capital requirement was EUR 157.6 million (EUR 172.8 million). The equity risk's share of the market risks' total solvency capital requirement was 52.4 per cent (56.0 %).

The calculation of the solvency capital requirement for Fennia's equity risk does not apply the equity risk transitional provision.

The table presents the greatest counterparty concentrations in the investment assets from the equity risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment
Fennia Life Insurance Company Ltd.	217.3	10.0 %
Pihlajalinna Plc	30.5	1.4 %

Fennia Asset Management Ltd	15.3	0.7 %
Kayne Anderson Capital Advisors, L.P.	9.9	0.5 %
Revenio Group Corporation	7.1	0.3 %

The direct listed equity investments in the investment assets were not exposed to any major concentration risk, as they were well diversified.

Fennia Life's equity risk

Equity investments accounted for EUR 55.7 million (EUR 92.7 million) of Fennia Life's investment assets. This represents 6.7 per cent (12.0 %) of Fennia Life's total investment assets.

The table below shows the allocation of Fennia Life's equity investments.

Allocation of equity investments (EUR million)	Investment, Market value 31.12.2019	Investment, Share 31.12.2019	Unit-linked investment, Market value 31.12.2019	Unit-linked investment, Share 31.12.2019
Listed equities	37.9	68.1 %	850.1	100.0 %
Unlisted equities	7.6	13.6 %	0.0	0.0 %
Equity funds	2.5	4.5 %	0.0	0.0 %
Private equity Funds	7.7	13.8 %	0.0	0.0 %
Equity derivatives	0.0	0.0 %	0.0	0.0 %
Total	**55.7**	**100.0 %**	**850.1**	**100.0 %**

Allocation of equity investments (EUR million)	Investment, Market value 31.12.2018	Investment, Share 31.12.2018	Unit-linked investment, Market value 31.12.2018	Unit-linked investment, Share 31.12.2018
Listed equities	70.0	75.5 %	641.2	100.0 %
Unlisted equities	7.8	8.5 %	0.0	0.0 %
Equity funds	0.0	0.0 %	0.0	0.0 %
Private equity Funds	14.8	16.0 %	0.0	0.0 %
Equity derivatives	0.0	0.0 %	0.0	0.0 %
Total	**92.7**	**100.0 %**	**641.2**	**100.0 %**

Some other asset classes are also classified as or comparable to equity risk. These are typically linked to funds that use a high leverage or for whose content it is not possible to apply the look-through approach and to individual investments made in funds to which the look-through approach has been applied, for which there is not enough information available to carry out the appropriate solvency calculations.

2019

Equity risk placed investments (EUR million)	Investment, Market value 31.12.2019	Investment, Share 31.12.2019	Unit-linked investment, Market value 31.12.2019	Unit-linked investment, Share 31.12.2019
Hedge funds	0.0	0.0 %	0.0	0.0 %
Real Estate Funds	9.2	83.1 %	0.0	0.0 %
Debt funds	0.0	0.0 %	0.0	0.0 %
Other	1.9	16.9 %	0.0	100.0 %
Total	**11.1**	**100.0 %**	**0.0**	**100.0 %**

2018

Equity risk placed investments (EUR million)	Investment, Market value 31.12.2018	Investment, Share 31.12.2018	Unit-linked investment, Market value 31.12.2018	Unit-linked investment, Share 31.12.2018
Hedge funds	0.0	0.0 %	0.0	0.0 %
Real Estate Funds	9.0	40.3 %	0.0	0.0 %
Debt funds	0.1	0.4 %	0.0	0.0 %
Other	13.3	59.4 %	53.0	100.0 %
Total	**22.4**	**100.0 %**	**53.0**	**100.0 %**

The solvency capital requirement for Fennia Life's equity risk was EUR 39.6 million (EUR 52.8 million) and the contribution to the market risks' total solvency capital requirement was EUR 37.1 million (EUR 49.4 million). The equity risk's share of the market risks' total solvency capital requirement was 44.6 per cent (47.5 %).

The calculation of the solvency capital requirement for Fennia Life's equity risk does not apply the equity risk transitional provision.

The table presents the greatest counterparty concentrations in the investment assets from the equity risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment
Pihlajalinna Plc	4.0	0.5 %
Amplus Holding Ltd	3.6	0.4 %
Triton Investment Management Limited	2.7	0.3 %
Partners Group European Buyout	1.6	0.2 %
MB Equity Fund IV Ky	1.6	0.2 %

The direct listed equity investments in the investment assets were not exposed to any major concentration risk, as they were well diversified.

Currency risk

Currency risk results, for the most part, from non-euro-denominated investments. In terms of technical provisions, the commitments on insurance policies that are not unit-linked are euro-denominated, which means they do not especially present a currency risk. Unit-linked insurances are subject to currency risk to the extent that the assets that cover them are denominated in foreign currency. Their share of the currency risk solvency capital requirement is small, however.

The investment assets' currency risk is hedged and managed using currency derivatives. The open currency position in a liquid investment portfolio must not exceed the maximum amount approved by the board of directors. Hedging primarily covers major currencies. Low currency risks are generally unhedged because hedging them is expensive or they cannot be hedged in a sensible manner and because taking currency risks in these investments is often also based on foreign exchange rate insight. Currency positions that are reached through the look-through of funds are not hedged. Calculating the solvency capital requirement for currency risk is based on the assumption that currency derivatives are replaced with a new similar one.

The table below shows the currency positions of Fennia Group's investments.

Currency position 31.12.2019 (EUR million)	EUR	USD	SEK	GBP	CHF	NOK	DKK	Other currencies	Open foreign exchange exposure
Investments	2,476.1	183.0	30.6	26.2	24.3	8.5	3.0	31.0	306.4
Currency derivatives	-----	-39.1	0.0	0.0	0.0	0.0	0.0	0.0	-39.1
Net investment position	**2,476.1**	**143.9**	**30.6**	**26.2**	**24.3**	**8.5**	**3.0**	**31.0**	**267.4**
Unit-linked investment	891.4	146.3	70.9	27.0	14.1	15.6	14.1	59.2	347.2
Net position	**3,367.5**	**290.2**	**101.5**	**53.2**	**38.4**	**24.1**	**17.1**	**90.2**	**614.6**

Currency position 31.12.2018 (EUR million)	EUR	USD	SEK	GBP	CHF	NOK	DKK	Other currencies	Open foreign exchange exposure
Investments	1,943.2	439.0	45.8	25.2	17.9	13.6	6.8	15.4	563.7
Currency derivatives	-----	-23.,1	-24.4	0.0	0.0	0.0	0.0	0.0	-257.5
Net investment position	**1,943.2**	**205.9**	**21.4**	**25.2**	**17.9**	**13.6**	**6.8**	**15.4**	**306.2**
Unit-linked investment	773.6	108.6	18.7	48.0	1.7	7.3	10.5	59.1	253.8
Net position	**2,716.9**	**314.5**	**40.2**	**73.2**	**19.5**	**20.9**	**17.3**	**74.5**	**560.1**

The solvency capital requirement for Fennia Group's currency risk was EUR 68.9 million (EUR 79.0 million) and the contribution to the market risks' total solvency capital requirement was EUR 32.0 million (EUR 37.1 million). The currency risk's share of the market risks' total solvency capital requirement was 9.2 per cent (9.7 %).

Fennia's currency risk

The table below shows the currency position of Fennia's investments.

Currency position 31.12.2019 (EUR million)	EUR	USD	SEK	CHF	GBP	NOK	HKD	Other currencies	Open foreign exchange exposure
Investments	1,925.3	140.1	24.2	22.7	19.9	6.7	2.7	23.3	239.5
Currency derivatives	-----	-26.8	0.0	0.0	0.0	0.0	0.0	0.0	-26.8
Net investment position	**1,925.3**	**113.3**	**24.2**	**22.7**	**19.9**	**6.7**	**2.7**	**23.3**	**212.7**

Currency position 31.12.2018 (EUR million)	EUR	USD	GBP	INR	CHF	SEK	HKD	Other currencies	Open foreign exchange exposure
Investments	1,416.4	328.1	31.8	17.9	10.6	9.6	3.6	12.8	414.4
Currency derivatives	-----	-174.5	-16.3	0.0	0.0	0.0	0.0	0.0	-190.8
Net investment position	1,416.4	153.6	15.5	17.9	10.6	9.6	3.6	12.8	223.6

The solvency capital requirement for Fennia's currency risk was EUR 52.6 million (EUR 55.5 million) and the contribution to the market risks' total solvency capital requirement was EUR 22.8 million (EUR 24.2 million). The currency risk's share of the market risks' total solvency capital requirement was 7.6 per cent (7.8 %).

Fennia Life's currency risk

The table below shows the currency position of Fennia Life's investments.

Currency position 31.12.2019 (EUR million)	EUR	USD	SEK	GBP	NOK	CHF	DKK	Other currencies	Open foreign exchange exposure
Investments	761.9	42.9	6.4	6.3	1.8	1.6	0.7	7.2	66.9
Currency derivatives	-----	-12.3	0.0	0.0	0.0	0.0	0.0	0.0	-12.3
Net investment position	761.9	30.6	6.4	6.3	1.8	1.6	0.7	7.2	54.7
Unit-linked investment	891.4	146.3	70.9	27.0	15.6	14.1	14.1	59.2	347.2
Net position	**1,653.4**	**176.8**	**77.3**	**33.3**	**17.5**	**15.7**	**14.8**	**66.4**	**401.9**

Currency position 31.12.2018 (EUR million)	EUR	USD	SEK	GBP	CHF	NOK	DKK	Other currencies	Open foreign exchange exposure
Investments	626.5	109.7	13.0	13.0	3.4	2.8	1.5	0.4	143.8
Currency derivatives	-----	-58.6	-8.1	0.0	0.0	0.0	0.0	0.0	-66.7
Net investment position	626.5	51.1	4.9	13.0	3.4	2.8	1.5	0.4	77.1
Unit-linked investment	773.6	108.6	48.0	18.7	7.3	10.5	11.4	49.4	253.8
Net position	**1,400.1**	**159.7**	**52.9**	**31.7**	**10.7**	**13.3**	**12.9**	**49.8**	**331.0**

The solvency capital requirement for Fennia Life's currency risk was EUR 16.3 million (EUR 22.3 million) and the contribution to the market risks' total solvency capital requirement was EUR 7.7 million (EUR 10.7 million). The currency risk's share of the market risks' total solvency capital requirement was 9.2 per cent (10.2 %).

Property risk

Property risk is related to the impacts caused by changes in the values of real estate on eligible own funds and solvency position.

Fennia Group has a considerable real estate portfolio, which consists mainly of direct Finnish real estate investments. In addition to direct real estate investments, investments have also been made in real estate funds and debt investments in real estate companies. As investments are classified according to their real risk in solvency capital requirement calculations, some of the real estate investments have been equated with equity risk or interest rate risk or spread risk in the calculation of the solvency capital requirement.

Property risk can materialise as a decline in the values of real estate or in the properties' cash flows, i.e. leases. Usually a decline in cash flows is followed by a decline in price because the properties are valued based on future cash flows. The value of real estate can also decline due to a fall in the general price level.

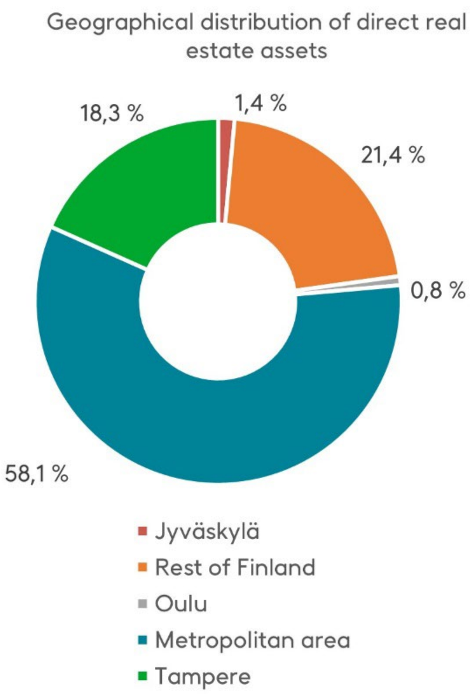
Real estate investments are illiquid by nature and there are no liquid derivatives available to hedge them, which means that the risk management of real estate investments focuses on careful analysis of the investment, the construction of the portfolio and its sufficient diversification. In real estate investments we favour the Helsinki Metropolitan Area and growth centres because the risks involved are smaller. In addition, diversification is sought through different types of real estate with different demand-supply dynamics and with downward and upward cycles caused by different factors. We also avoid focusing too much on individual sectors or uses.

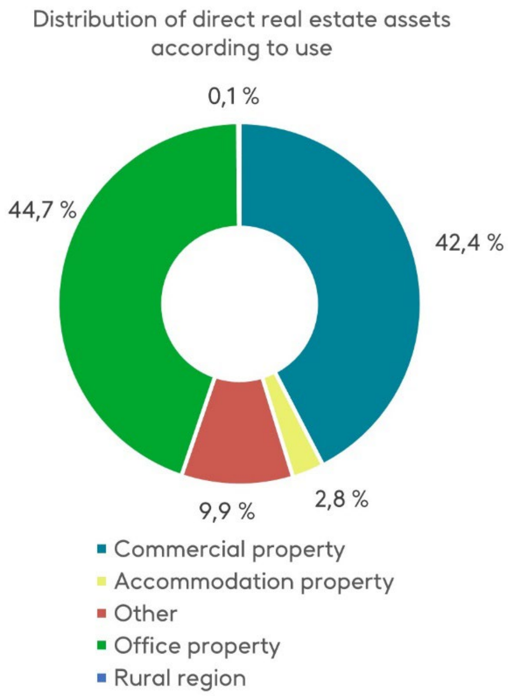
The investment assets' real estate investments are, on average, larger than individual equity or fixed income investments. This is why the largest risk concentrations often contain real estate investments. However, direct real estate investments have higher threshold limits than other asset classes, due to which direct real estate investments do not cause the same type of risk concentration capital requirement in solvency calculation.

The table illustrates the fair values of Fennia Group's direct real estate investments and real estate funds.

Allocation of real estate investments (EUR million)	**Investment, Market value 31.12.2019**	**Investment, Share 31.12.2019**	**Unit-linked investment, Market value 31.12.2019**	**Unit-linked investment, Share 31.12.2019**	**Investment, Market value 31.12.2018**	**Investment, Share 31.12.2018**	**Unit-linked investment, Market value 31.12.2018**	**Unit-linked investment, Share 31.12.2018**
Direct real estate investments	450.7	88.8 %	0.0	-----	504.7	90.0 %	0.0	-----
Real estate funds	57.1	11.2 %	0.0	-----	55.8	10.0 %	0.0	-----
Total	**507.7**	**100.0 %**	**0.0**	**-----**	**560.5**	**100.0 %**	**0.0**	**-----**

The figure presents the distribution of Fennia Group's real estate assets, both geographically and according to function.





The solvency capital requirement for Fennia Group's property risk was EUR 112.7 million (EUR 126.2 million) and the contribution to the market risks' total solvency capital requirement was EUR 94.8 million (EUR 107.5 million). The property risk's share of the market risks' total solvency capital requirement was 27.3 per cent (28.2 %).

The table presents the greatest counterparty concentrations in the investment assets from the property risk perspective, measured at fair value.

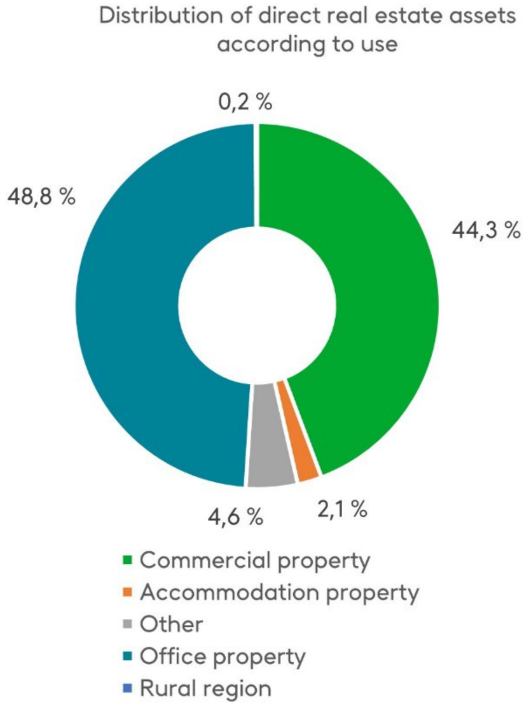
Counterparty (EUR million)	Market value 31.12.2019	% of investment
Kiinteistö Oy Televisiokatu 1-3	83.0	3.0 %
Hämeenkatu 4, Tampere	55.4	2.0 %
Kiinteistö Oy Kyllikinportti 2	47.9	1.7 %
Kauppakeskuskiinteistöt FEA Ky	42.0	1.5 %
Tripla Mall Ky	29.9	1.1 %

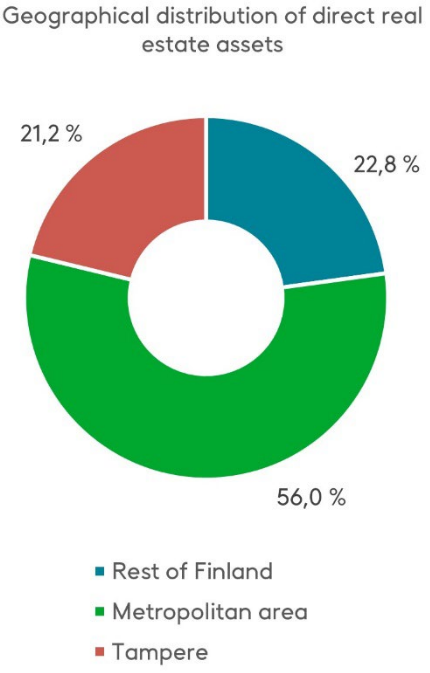
Fennia's property risk

The table illustrates the fair values of Fennia's direct real estate investments and real estate funds.

Allocation of real estate investments (EUR million)	Market value 31.12.2019	Share 31.12.2019	Market value 31.12.2018	Share 31.12.2018
Direct real estate investments	289.7	85.8 %	293.5	86.3 %
Real estate funds	47.8	14.2 %	46.8	13.7 %
Total	**337.5**	**100.0 %**	**340.3**	**100.0 %**

The figures present the distribution of Fennia's real estate assets, both geographically and according to function.





The solvency capital requirement for Fennia's property risk was EUR 72.4 million (EUR 73.4 million) and the contribution to the market risks' total solvency capital requirement was EUR 59.4 million (EUR 60.4 million). The property risk's share of the market risks' total solvency capital requirement was 19.7 per cent (19.6 %).

The table presents the greatest counterparty concentrations in the investment assets from the property risk perspective, measured at fair value.

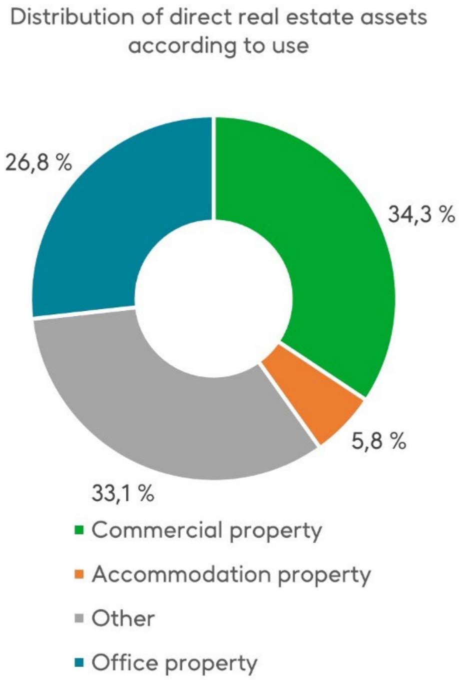
Counterparty (EUR million)	Market value 31.12.2019	% of investment
Kiinteistö Oy Televisiokatu 1-3	57.6	2.7 %
Hämeenkatu 4, Tampere	55.4	2.6 %
Kauppakeskuskiinteistöt FEA Ky	42.0	1.9 %
Tripla Mall Ky	29.9	1.4 %
Kiinteistö Oy Kyllikinportti 2	23.3	1.1 %

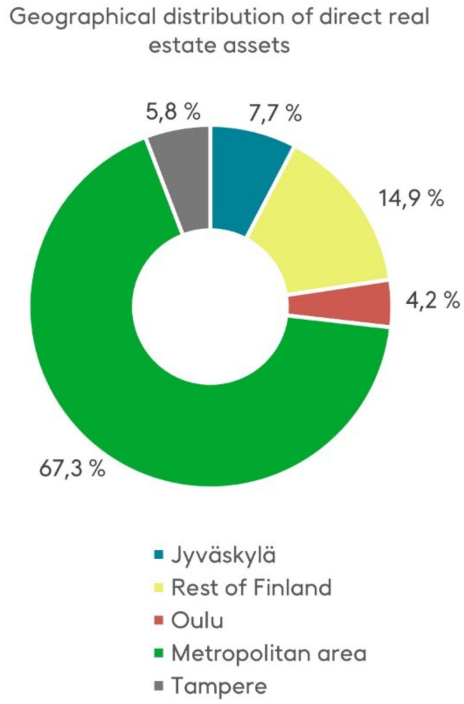
Fennia Life's property risk

The table illustrates the fair values of Fennia Life's direct real estate investments and real estate funds.

Allocation of real estate investments (million euros)	Investment, Market value 31.12.2019	Investment, Share 31.12.2019	Unit-linked investment, Market value 31.12.2019	Unit-linked investment, Share 31.12.2019	Investment, Market value 31.12.2018	Investment, Share 31.12.2018	Unit-linked investment, Market value 31.12.2018	Unit-linked investment, Share 31.12.2018
Direct real estate investments	71.6	88.6 %	0.00	-----	72.0	88.9 %	0.00	-----
Real estate funds	9.2	11.4 %	0.00	-----	9.0	11.1 %	0.00	-----
Total	**80.9**	**100.0 %**	**0.0**	**-----**	**81.0**	**100.0 %**	**0.00**	**-----**

The figures present the distribution of Fennia Life's real estate assets, both geographically and according to function.





The solvency capital requirement for Fennia Life's property risk was EUR 17.9 million (EUR 18.0 million) and the contribution to the market risks' total solvency capital requirement was EUR 14.1 million (EUR 14.3 million). The property risk's share of the market risks' total solvency capital requirement was 17.0 per cent (13.7 %).

The table presents the greatest counterparty concentrations in the investment assets from the property risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment
Munkinseudun Kiinteistö Oy	16.1	1.9 %
Kiinteistö Oy Teohypo	13.1	1.6 %
Kiinteistö Oy Gigahertsi	9.8	1.2 %
Kiinteistö Oy Sellukatu 5	4.7	0.6 %
Katinkullan Pallohalli Oy	4.4	0.5 %

Risk concentrations

Investment assets also generate solvency capital requirement when too large a share of the investment portfolio is invested in the shares, bonds or other investment instruments of a single issuer. In this case, a payment default, bankruptcy, change in creditworthiness or some other unfavourable event to one issuer could cause an unreasonably large impact on Fennia Group's own funds. The sufficient diversification of investments ensures that concentration risks do not manifest, reducing the impact of individual issuers on the whole. The concentration risk's solvency capital requirement is significantly impacted by the creditworthiness of the issuer, which means that monitoring creditworthiness is important in the management of concentration risk. This has been taken into account, for instance, with specifying issuer-specific limits and euro-denominated limits restricting the size of individual investments.

The threshold limits of the exposures generating solvency capital requirement in real estate investments are larger than in other investments, so that, although in absolute terms concentrations in direct real estate are high, they do not necessarily cause solvency capital requirement.

The table presents the greatest counterparty concentrations in Fennia Group's investment assets from the concentration risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment
Kiinteistö Oy Televisiokatu 1-3	83.0	3.0 %
Hämeenkatu 4, Tampere	55.4	2.0 %
Kiinteistö Oy Kyllikinportti 2	47.9	1.7 %
Kauppakeskuskiint. FEA Ky	42.0	1.5 %
Pihlajalinna Oyj	34.6	1.2 %

The solvency capital requirement for Fennia Group's concentration risk was EUR 1.7 million (EUR 13.2 million) and the contribution to the market risks' total solvency capital requirement was EUR 0.01 million (EUR 0.5 million). The concentration risk's share of the market risks' total solvency capital requirement was 0.003 per cent (0.1 %).

Fennia's risk concentrations

The table presents the greatest counterparty concentrations in Fennia's investment assets from the concentration risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment
Fennia Life Insurance Company Ltd.	217.3	10.0 %
Fennia Mutual Insurance Company	75.5	3.5 %
Kiinteistö Oy Televisiokatu 1-3	57.6	2.7 %
Hämeenkatu 4, Tampere	55.4	2.6 %
Kauppakeskuskiinteistöt FEA Ky	42.0	1.9 %

The solvency capital requirement for Fennia's concentration risk was EUR 29.3 million (EUR 28.0 million) and the contribution to the market risks' total solvency capital requirement was EUR 2.9 million (EUR 2.5 million). The concentration risk's share of the market risks' total solvency capital requirement was 0.9 per cent (0.8 %).

Fennia Life's risk concentrations

The table presents the greatest counterparty concentrations in Fennia Life' investment assets from the concentration risk perspective, measured at fair value.

Counterparty (EUR million)	Market value 31.12.2019	% of investment
Munkinseudun Kiinteistö Oy	16.1	1.9 %
Kiinteistö Oy Teohypo	13.1	1.6 %
BMW Holding B.V.	10.3	1.2 %
Cooperatieve Rabobank U.A.	10.3	1.2 %
ank of America Corporation	10.2	1.2 %

The solvency capital requirement for Fennia Life's concentration risks was EUR 0.0 million (EUR 0.0 million).

Credit risk

Credit risk, i.e. counterparty risk, is the risk that the counterparties are not able to meet their obligations. In investments, counterparty risk should not be confused with spread risk, in which the weakening of the creditworthiness of the counterparty or issuer results in a decline in the market value and thus a change in eligible own funds. The widening, i.e. rise, of the spread is the first symptom of an increase in counterparty risk, but only once insolvency occurs does the counterparty risk materialise. The widening of the spread will not necessarily ever lead to the materialisation of counterparty risk.

In addition to investments, counterparty risk results from reinsurance contracts, for example. It is possible that the counterparty in a reinsurance contract fails to meet their obligations.

Management of credit risk

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

To limit the counterparty risk, a minimum level has been determined for creditworthiness, collateral arrangements have been created and limits have been set for the open maximum liability per counterparty.

Assessment of credit risk

The solvency capital requirement for Fennia Group's counterparty risk was EUR 45.8 million (EUR 52.7 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 21.5 million (EUR 24.7 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 4.5 per cent (4.9 %).

In solvency calculation, counterparty risk resulted mostly from reinsurance contracts, cash assets and derivative contract counterparties (less the dilutive impacts of collateral arrangements) and receivables from insurance customers.

The table shows the largest risk concentrations for Fennia Group's counterparty risk.

Counterparty 31.12.2019 (EUR million)	Open exposure
OP Cooperative	25.7
Taaleri Plc.	20.1
Nordea Bank Plc	14.8
General Reinsurance	14.4
Danske Bank A/S	12.9

Assessment of Fennia's credit risk

The solvency capital requirement for Fennia's counterparty risk was EUR 34.0 million (EUR 31.4 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 15.6 million (EUR 13.8 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 3.9 per cent (3.5 %).

In solvency calculation, counterparty risk resulted mostly from reinsurance contracts, cash assets and derivative contract counterparties (less the dilutive impacts of collateral arrangements) and receivables from insurance customers.

The table shows the largest risk concentrations for Fennia's counterparty risk.

Counterparty 31.12.2019 (EUR million)	Open exposure
OP Cooperative	16.1
General Reinsurance	14.4
Hannover Re	9.7
Svenska Handelsbanken Ab	8.2
Sirius International Ab	7.7

Assessment of Fennia Life's credit risk

The solvency capital requirement for Fennia Life's counterparty risk was EUR 14.4 million (EUR 18.9 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 6.1 million (EUR 8.1 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 5.0 per cent (5.8 %).

In solvency calculation, counterparty risk resulted mostly from cash assets and derivative contract counterparties (less the dilutive impacts of collateral arrangements) and receivables from insurance customers.

The table shows the largest risk concentrations for Fennia Life's counterparty risk.

Counterparty 31.12.2019 (EUR million)	Open exposure
Taaleri Plc.	20.1

United Bankers Plc	9.9
OP Cooperative	9.5
Evli Bank Plc	9.0
S-Bank Ltd	7.4

Liquidity risk

A liquidity risk arises from the possibility of the company not being able to meet its payment obligations on time. This can result from the liquidation of assets or investments being too slow, considerable costs linked to the liquidation or if the liquidation cannot be carried out at all. Liquidity risk can also result from being unable to adapt the risk position quickly enough due to weak market liquidity when the market situation or solvency situation requires it.

Liquidity risk is also affected by the expected profits included in future insurance premiums. In solvency calculation, the calculation of technical provisions is based on future cash flows, where future insurance premiums and the expected profits and losses therefrom are also taken into account to a certain extent. Expected profits or losses included in future insurance premiums are a calculated estimate that is the difference between technical provisions, calculated without future insurance premiums and with future insurance premiums. Profits reduce the technical provisions, in which case they have a positive impact on own funds and reduce the long-term liquidity risk.Management of liquidity risk

The management of liquidity risk is divided into long- and short-term liquidity risk.

The long-term horizon is several years or even decades and is linked to the timely coordination of asset and liability cash flows. It is not directly managed as a separate risk, instead its management is combined with market-consistent valuation and the overall management of interest rate risk.

The horizon for short-term liquidity risk is four months and the resulting risk is managed using asset-class-specific limitations, asset classes' internal limits and principles pertaining to investment operations. Limitations linked to managing liquidity include the minimum allocation set for money market investments, management of the convertibility of investments to cash, defining counterparty limits and sufficient diversification, limitation of the amount of illiquid investments and the management of reinsurance contracts.

Assessment of liquidity risk

Liquidity risk is not included in the standard formula solvency calculation nor does it result in a capital requirement, but it can have great significance, particularly in unfavourable market situations. This is why the management of liquidity risk requires close scrutiny to ensure that the risks do not materialise.

The greatest impact on short-term liquidity risk and the liquidation of investments comes from the amount of illiquid investments in the investment assets and it needs to be evaluated before the funds' look-through approach, i.e. as so-called direct investments. Real estate investments, private equity funds, unlisted equities and specific unclassified bonds are by nature illiquid and liquidating them quickly without impacting the market price is difficult.

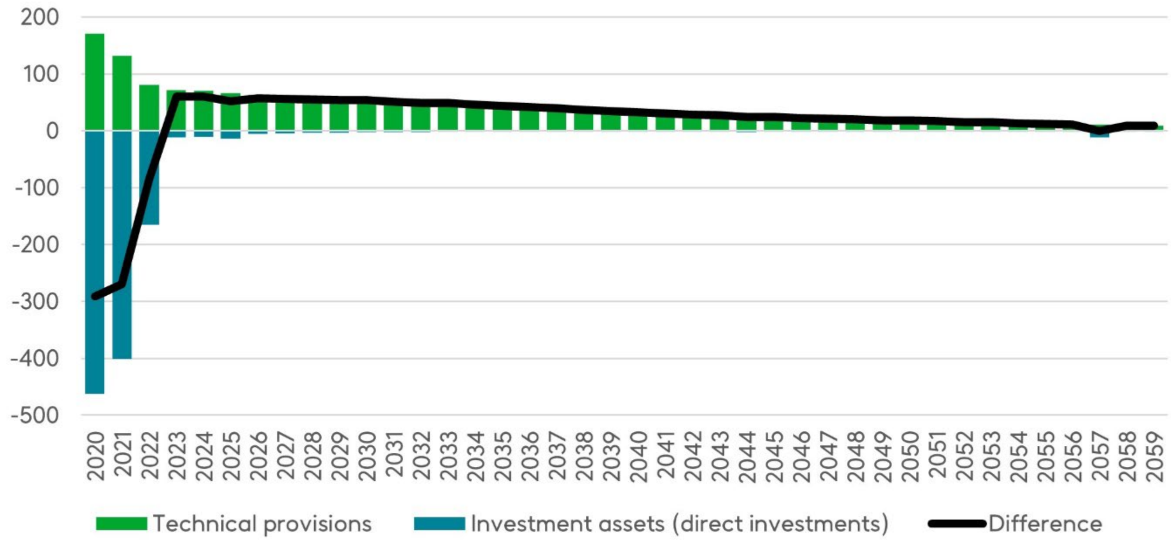
Just because the liquidity of the investment assets is good in normal market conditions does not necessarily mean that liquidity will remain excellent in a crisis scenario as well. Some corporate bond investments are much harder to liquidate when market conditions become significantly weaker. A similar risk is also inherent in alternative investments although, there too, strategies have been selected so that they are as liquid as possible and the redemption period is no more than a month. Equity investments on the other hand are quite liquid also in a poor market situation, mainly due to the fact that the size of individual investments is relatively small. The equity portfolio can also be effectively hedged with liquid derivatives, making it possible to quickly reduce market risk. Also, in a weak market situation, equity derivatives can be used to hedge more risky bond investments or even real estate investments.

The combined market value of illiquid investments at Fennia Group was EUR 763.4 million (EUR 860.5 million), and their share of the total investment assets' direct investments is 28.5 per cent (34.3 %). Of the remaining investment assets' direct investments, 57.4 per cent (51.1 %) can be liquidated during the same day in normal market conditions, 68.6 per cent (60.2 %) within a week and 71.5 per cent (65.6 %) in less than a month.

Liquidity 31.12.2019 (EUR million)	Interest rate investments	Equity investments	Property investments	Equity funds	Alternative investments	Total	Share
Realization during the same day	1,381.2	156.4	0.0	0.0	0.0	1,537.5	57.4 %
Realization over 1 day but less than 5 days	295.9	2.5	0.0	0.0	0.0	298.4	11.1 %
Realization over 5 days but less than 1 month	60.4	6.8	0.0	0.0	11.3	78.5	2.9 %
Realization over 1 month	156.9	55.6	497.8	53.0	0.0	763.4	28.5 %
Total	**1,894.4**	**221.3**	**497.8**	**53.0**	**11.3**	**2,677.7**	**100.0 %**

Liquidity 31.12.2018 (EUR million)	Interest rate investments	Equity investments	Property investments	Equity funds	Alternative investments	Total	Share
Realization during the same day	1,025.9	255.3	0.0	0.0	0.0	1,281.2	51.1 %
Realization over 1 day but less than 5 days	228.0	0.7	0.0	0.0	0.0	228.8	9.1 %
Realization over 5 days but less than 1 month	125.3	0.3	0.0	0.0	10.9	136.5	5.4 %
Realization over 1 month	183.9	65.6	560.5	50.5	0.0	860.5	34.3 %
Total	**1,563.1**	**321.9**	**560.5**	**50.5**	**10.9**	**2,507.0**	**100.0 %**

Long-term liquidity risk describes the future cash flows of the investment assets and technical provisions and their difference.



As the cash flows of assets and liabilities differ significantly from one another time-wise, Fennia Group was exposed to significant reinvestment risk.

Expected profits included in future insurance premiums amounted to EUR 121.9 million (EUR 202.5 million).

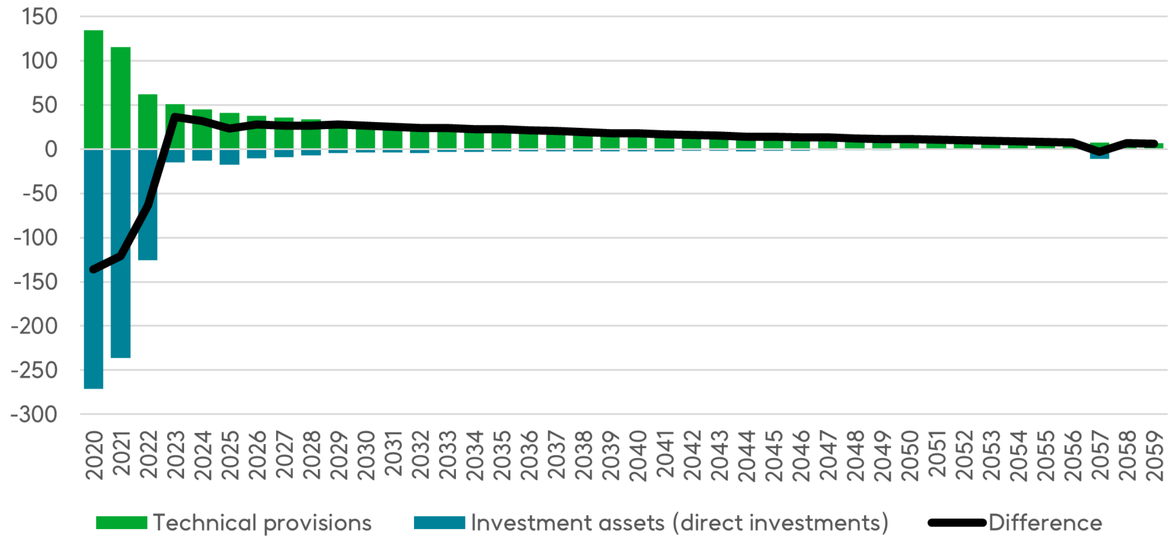
Assessment of Fennia's liquidity risk

The combined market value of illiquid investments at Fennia was EUR 844.7 million (EUR 1,005.1 million), and their share of the total investment assets' direct investments was 40.2 per cent (54.9 %). Of the remaining investment assets' direct investments, 48.5 per cent (39.5 %) can be liquidated during the same day in normal market conditions, 56.1 per cent (43.8 %) within a week and 59.8 per cent (45.2 %) in less than a month.

Liquidity 31.12.2019 (EUR million)	**Interest rate investments**	**Equity investments**	**Property investments**	**Equity funds**	**Alternative investments**	**Total**	**Share**
Realization during the same day	897.3	120.4	0.0	0.0	0.0	1,017.7	48.5 %
Realization over 1 day but less than 5 days	157.7	2.2	0.0	0.0	0.0	159.9	7.6 %
Realization over 5 days but less than 1 month	60.4	6.1	0.0	0.0	11.3	77.8	3.7 %
Realization over 1 month	129.5	266.6	405.6	43.0	0.0	844.7	40.2 %
Total	**1,244.8**	**395.3**	**405.6**	**43.0**	**11.3**	**2,100.0**	**100.0 %**

Liquidity 31.12.2018 (EUR million)	Interest rate investments	Equity investments	Property investments	Equity funds	Alternative investments	Total	Share
Realization during the same day	546.4	176.0	0.0	0.0	0.0	722.4	39.5 %
Realization over 1 day but less than 5 days	78.0	0.5	0.0	0.0	0.0	78.4	4.3 %
Realization over 5 days but less than 1 month	13.9	0.0	0.0	0.0	10.9	24.8	1.4 %
Realization over 1 month	261.6	367.6	340.3	35.6	0.0	1,005.1	54.9 %
Total	**899.8**	**544.1**	**340.3**	**35.6**	**10.9**	**1,830.8**	**100.0 %**

Long-term liquidity risk describes the future cash flows of the investment assets and technical provisions and their difference.



As the cash flows of assets and liabilities differ significantly from one another time-wise, Fennia was exposed to significant reinvestment risk.

Expected profits included in future insurance premiums amounted to EUR 109.9 million (EUR 98.2 million).

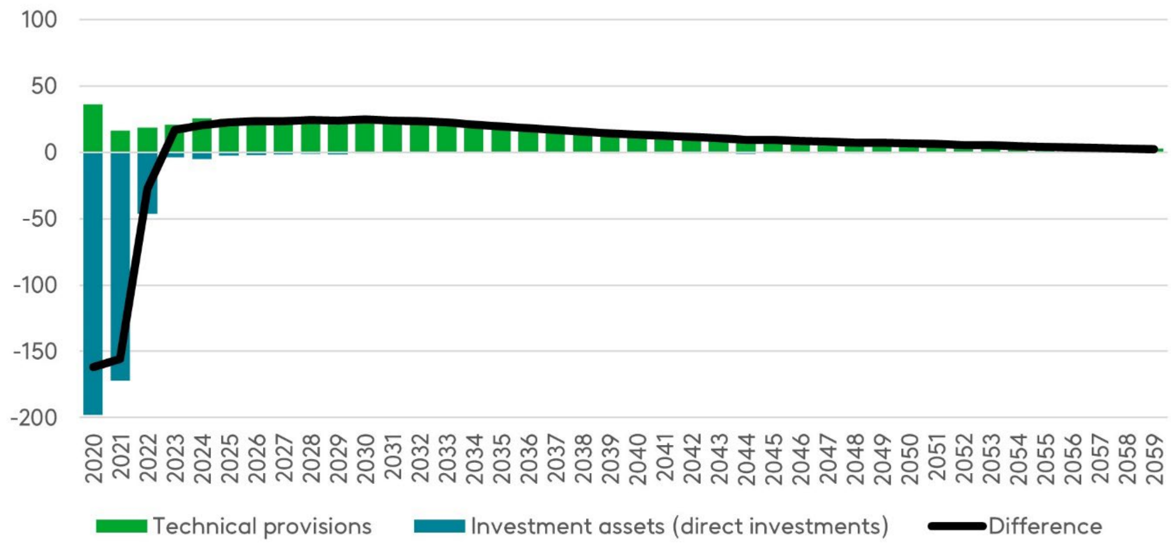
Assessment of Fennia Life's liquidity risk

The combined market value of illiquid investments at Fennia Life was EUR 136.0 million (EUR 143.1 million), and their share of the total investment assets' direct investments was 17.1 per cent (18.6 %). Of the remaining investment assets' direct investments, 65.4 per cent (56.1 %) can be liquidated during the same day in normal market conditions, 82.8 per cent (79.3 %) within a week and 82.9 per cent (81.4 %) in less than a month.

Liquidity 31.12.2019 (EUR million)	Interest rate investments	Equity investments	Property investments	Equity funds	Alternative investments	Total	Share
Realization during the same day	483.9	36.0	0.0	0.0	0.0	519.9	**65.4 %**
Realization over 1 day but less than 5 days	138.2	0.2	0.0	0.0	0.0	138.5	**17.4 %**
Realization over 5 days but less than 1 month	0.0	0.7	0.0	0.0	0.0	0.7	**0.1 %**
Realization over 1 month	27.4	6.4	92.1	10.0	0.0	136.0	**17.1 %**
Total	**649.6**	**43.3**	**92.1**	**10.0**	**0.0**	**795.0**	**100.0 %**

Liquidity 31.12.2018 (EUR million)	Interest rate investments	Equity investments	Property investments	Equity funds	Alternative investments	Total	Share
Realization during the same day	365.2	67.2	0.0	0.0	0.0	432.4	**56.1 %**
Realization over 1 day but less than 5 days	178.5	0.2	0.0	0.0	0.0	178.7	**23.2 %**
Realization over 5 days but less than 1 month	15.8	0.3	0.0	0.0	0.0	16.1	**2.1 %**
Realization over 1 month	37.1	10.1	81.0	14.8	0.0	143.1	**18.6 %**
Total	**596.7**	**77.8**	**81.0**	**14.8**	**0.0**	**770.3**	**100.0 %**

Long-term liquidity risk describes the future cash flows of the investment assets and technical provisions and their difference.



As the cash flows of assets and liabilities differ significantly from one another time-wise, Fennia Life was exposed to significant reinvestment risk.

Expected profits included in future insurance premiums amounted to EUR 12.0 million (EUR 105.6 million).

Operational risk

The management of operational risks is part of Fennia Group's overall risk management. Operational risks are defined at Fennia Group as risks resulting from internal processes, personnel, systems and external factors. Thereby, operational risks and their management impact all Fennia Group employees.

The objective of managing operational risks at Fennia Group 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
- help business and support functions to achieve the targets set for them by means of risk management
- help ensure that the Group's operations meet the requirements set for them by authorities and legislation.

Management of operational risks

Operational risk management at Fennia Group is steered by the operational risk management principles approved by the companies' boards of directors. The principles define, among other things, the roles and responsibilities linked to operational risk management and the Group's operational risk management process. In addition to these principles, Fennia Group also has principles linked to specific categories of operational risk, such as principles for preventing money laundering and the funding of terrorism, data security principles and principles for contingency planning.

Operational risk management is carried out at Fennia Group in collaboration with the risk management and compliance functions.

Fennia Group's operational risk management process covers the identification, evaluation, management, monitoring and reporting of risks. At the core of the process are regular risk assessments arranged in business and support functions, including the identification and assessment of risks based on their likelihood and impact, defining management methods and electing persons responsible. Risks are reported to the Group's management and the boards of directors. Recognising operational risks also covers compliance risks.

Part of the operational risk management of Fennia Group is the management of continuity, whose key factors are continuity and contingency plans for each function and practise supporting these. Ensuring the continuity of operations is also taken into account in agreements and in collaboration with external service providers.

In accordance with the three-defence-line model, business and support functions are primarily responsible for managing and monitoring operational risks. The Group's risk management function supports and monitors the business and support functions in this work, develops risk management processes and the related tools and produces reporting linked to operational risks.

Each Fennia Group employee has the opportunity and duty to report on any observed materialised risks and near misses through the reporting system in use in the Group. Using the system, risk data is collected from different parts of the organisation, which can then be used to develop operations.

Assessment of operational risks

The solvency capital requirement for Fennia Group's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 36.4 million (EUR 31.7 million). Its share of the solvency capital requirement before loss-absorbing items was 7.6 per cent (6.3 %).

In 2019, operational risk management was improved in the Group by, for example, developing unit-level monitoring of the interdependence between risks, updating contingency plans and holding continuity drills, and activating business units to manage risks on a more continuous basis.

Assessment of Fennia's operational risks

The solvency capital requirement for Fennia's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 31.7 million (EUR 23.9 million). Its share of the solvency capital requirement before loss-absorbing items was 7.8 per cent (6.1 %).

Fennia's most significant operational risks were related to, for example, competence and key personnel, the functioning and integration of key information and telecom systems, data protection and information management, the implementation of regulation and the management and development of operations.

Assessment of Fennia Life's operational risks

The solvency capital requirement for Fennia Life's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 4.7 million (EUR 4.0 million). Its share of the solvency capital requirement before loss-absorbing items was 3.9 per cent (2.8 %).

Fennia Life's most significant operational risks were related to, for example, implementation of regulation, the functioning of key information and telecom systems, data protection, key personnel, and the operations of processes and partners.

Other material risks

Fennia Group and an individual company belonging to Fennia Group are also subject to other risks that are not taken into account in solvency capital requirement calculations. They are usually difficult or even impossible to measure. These risks include risks linked to the strategy and business environment, risk linked to acquiring additional capital, reputation risk and entirely new types of risks that are difficult to identify let alone assess ahead of time.

Risks linked to the strategy and business environment

Risks linked to the strategy and business environment can be considered to be risks coming from either inside or outside Fennia Group. Strategic risk coming from inside can materialise if Fennia Group's or a Group company's business is not steered correctly or the strategy it has selected is wrong considering the competitive situation, valid legislation or market conditions. This may cause Fennia Group or an individual company belonging to the Group to lose its market position, or its profitability and solvency position can weaken significantly. The business can also be subject to external risks, which are often political or linked to political decision-making. Some examples of this type of risk are changes in the tax benefits of insurance contracts, social welfare and health care reform or any other legislative amendment that considerably alters the business environment and Fennia Group's or an individual company's ability to function in it. The consequences are the same as with strategic risks resulting from the Group's own operations.

The basis for the management of strategic risks is to identify the strategic risks of Fennia Group and each of the Group companies, 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.

Additional capital acquisition risk

When the solvency situation weakens significantly, the only way to repair the solvency position may be to seek outside capital. The additional capital acquisition risk can materialise if, when seeking new capital, it is either not available or the cost of it is much higher than anticipated. If additional capital is unavailable in a situation such as this, it may jeopardise Fennia Group's or an individual Group company's continuity. Overly expensive capital can, on the other hand, endanger Fennia Group's or an individual Group company's profitability and ability to produce added value.

Reputation risk

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

A good reputation is an essential component of insurance operations and of Fennia Group's entire business. Without a good reputation, working together with Fennia Group's stakeholders can become more difficult or impossible. It is difficult to regain trust after a loss of reputation, so Fennia Group must, in all of its operations, act towards all of its customers in a fair manner that inspires trust and with high moral values, in order to minimise reputation risk.

The starting point for the management of reputation risk is to identify the possible events that can negatively affect Fennia Group's or a Group company's reputation. Reputation risk differs in nature from other risks in that risk events can be based not only on real events, but also on events that fully or partly have no basis in reality, for example a baseless rumour.

Reputation risk is not managed as its own risk area, but as part of operational risks, which may often lead to reputation risks if they materialise. When the risks that may have reputation impacts have been identified, various risk-management measures can be implemented within the organisation. Reputation risks are best prevented through day-to-day professional work and by complying with the given policies and guidelines. An important part of managing reputation impacts that have materialised is clear, open and well-though-out internal and external communication.

Group risks

Fennia Group and individual Group companies are also exposed to the group risk. Group risks refer to risks arising from the parent company and its subsidiaries operating in the form of a Group.

The following types of risks are some examples:

- Transaction risks 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 area 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 if 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 can 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' governance systems can lead to co-ordination challenges and additional risks.

The management of group risks is 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 both Fennia Group companies' and the Group's perspective.

Any other information

The COVID-19 pandemic has not caused any material changes in Fennia Group's, Fennia's or Fennia Life's risk profile. Due to conservative risk-taking, there has been no need to make any major changes in investment operations.

Among operational risks, the exceptional circumstances resulting from the pandemic bring to the fore those related to key personnel and the availability of personnel, the functioning of systems and remote connections, phishing messages and the management of operations. Measures related to these have been dealt with in connection with regular risk surveys.

Due to the pandemic, the Group's continuity plans have been updated outside the normal cycle during spring 2020, in addition to which Fennia's insurance and claims services have drawn up their own new plan for the exceptional situation. The continuity drills in 2020 will focus on documenting the experiences gained from the pandemic situation.

There is no other material information about Fennia Group's, Fennia's and Fennia Life's risk profile.

Valuation for solvency purposes

The solvency calculation balance sheet is based on financial statements drawn up in accordance with Finnish Financial Accounting Standards (FAS) and adjusted in line with the solvency regulations. The financial statement figures are used as comparison data, but they are grouped according to the solvency calculation's balance sheet structure.

The valuation principles for solvency calculation are based on the IFRS standard. The objective is to define fair value in accordance with the arm's length principle. The most significant differences between capital and reserves in the financial statement and own funds in the solvency calculation stem from the difference in the valuation of investment assets, the valuation of technical provisions and the treatment of the equalisation provision.

Assets

Assets are categorised into classes for solvency purposes as required by regulation. The classification is based on the nature and risk classification of the assets.

The fair value of investment instruments is defined based on prices quoted on active markets. The instruments are valued at the stock price or latest trading price, if the stock price is not available, or the price source's stock exchange uses the auction process. If there is no public quote for the investment instruments as a whole, but there are active markets for its components, the fair value is determined based on the market prices of the components. If the markets are not active or the securities are not quoted, the fair value is determined using valuation methods that are generally approved on the markets. If it is not possible to determine the fair value of the asset belonging to the financial assets, the acquisition cost is considered to be a close enough estimate of the fair value. The amount of these types of assets in the Group's balance sheet is insignificant.

No changes were made to the valuation principles or assessment criteria during the reporting period. Any uncertainties linked to future assumptions and conclusions based on estimates are related mostly to the assessment of fair values for real estate.

Investments (EUR million)	Solvency II value 31.12.2019	Statutory accounts value 31.12.2019	Differ-ence 31.12.2019	Solvency II value 31.12.2018	Statutory accounts value 31.12.2018	Differ-ence 31.12.2018
Property, plant & equip-ment held for own use	42.9	7.9	35.0	44.9	9.8	35.1
Property (other than for own use)	407.8	327.4	80.4	459.8	372.2	87.5
Equities	152.3	113.2	39.1	253.1	199.1	54.0
Holdings in related un-dertakings, including participations	15.5	1.5	14.0	15.5	2.1	13.4
Bonds	975.2	966.7	8.5	581.1	564.4	16.7
Collective investments undertakings	955.0	917.1	38.0	969.0	937.8	31.2
Loans	59.4	58.4	1.0	51.7	64.4	-12.7
Cash	89.3	97.5	-8.2	126.0	133.4	-7.3
Deposits other than cash equivalents	0.1	0.1	0.0	1.2	1.2	0.0
Derivatives	86.5	0.0	86.5	5.7	0.0	5.7
Total investment	**2,783.9**	**2,489.7**	**294.2**	**2,508.0**	**2,284.4**	**223.6**

Fennia's assets

Investments (EUR million)	Solvency II value 31.12.2019	Statutory accounts value 31.12.2019	Differ-ence 31.12.2019	Solvency II value 31.12.2018	Statutory accounts value 31.12.2018	Differ-ence 31.12.2018
Property, plant & equip-ment held for own use	23.7	10.3	13.4	26.1	9.0	14.9
Property (other than for own use)	266.0	175.3	90.7	267.5	180.4	83.5
Equities	112.9	85.1	27.9	175.3	138.3	31.5
Holdings in related un-dertakings, including participations	232.8	68.5	164.3	327.5	174.5	215.9
Bonds	576.5	571.3	5.2	133.5	132.9	-0.7
Collective investments undertakings	722.4	690.1	32.3	701.6	679.6	32.0
Loans	129.3	129.4	-0.1	154.3	175.5	-11.7
Cash	49.9	49.9	0.0	44.7	44.7	0.0
Deposits other than cash equivalents	0.1	0.1	0.0	1.1	1.1	0.0
Derivatives	51.3	0.0	51.3	0.0	0.0	2.3
Total investment	**2,164.8**	**1,779.9**	**385.0**	**1,831.6**	**1,536.0**	**367.8**

Fennia Life's assets

Investments (EUR million)	Solvency II value 31.12.2019	Statutory accounts value 31.12.2019	Differ-ence 31.12.2019	Solvency II value 31.12.2018	Statutory accounts value 31.12.2018	Differ-ence 31.12.2018
Property, plant & equip-ment held for own use	0.5	0.5	0.0	0.3	0.6	-0.3
Property (other than for own use)	71.1	64.3	6.8	71.7	60.5	11.2
Equities	39.3	29.6	9.8	77.8	62.9	14.9
Holdings in related un-dertakings, including participations	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	398.7	395.4	3.3	286.0	282.8	3.2
Collective investments undertakings	232.6	227.0	5.6	247.8	239.9	7.8
Loans	13.3	12.7	0.5	18.9	19.7	-0.8
Cash	39.4	39.4	0.0	62.4	62.4	0.0
Deposits other than cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	35.3	0.0	35.3	5.7	0.0	5.7
Total investment	**830.2**	**768.9**	**61.3**	**770.6**	**728.8**	**41.8**

Valuation of assets for solvency purposes relative to valuation for financial statements

Intangible and tangible assets

Intangible and tangible assets are presented in the financial statements at acquisition cost less planned depreciation. If there are any signs that the value of these assets has declined, they are entered as impairment write-offs. Goodwill and other long-term expenses are valued at zero in the solvency calculation, because they have no market value. In the solvency calculation, the valuation of tangible assets according to the financial statements, i.e. the book value, is kept as a reasonable estimate of fair value.

Land and buildings and real estate shares

Buildings and structures are presented in the closing 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 in the balance sheet at the lower of acquisition cost or current value. The same fair values are used in the financial statements as in the solvency calculation, and the fair values are presented in the notes to the financial statements.

In the solvency calculation, real estate investments are valued at fair value. The fair values of real estate are assessed using the net present value rule based on future returns and market-consistent return expectations. The starting point for the assessment is the property-specific characteristics concerning, among other things, the property's location, condition and tenancy situation and market-driven comparison information concerning alternative rents and return requirement levels. An external property evaluator has participated in assessing the most significant real estate annually and, elsewhere, assessments have been carried out using the Group's in-house expertise.

Shares and participations

Shares and participations are presented at the lower of acquisition cost or fair value in the closing balance sheet. In solvency calculations, these investments are valued at their fair value. The fair values are presented in the notes to the financial statements.

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 fair value of the fund reported by the administrative company.

Bonds

Bonds are entered in the closing balance sheet at acquisition cost. The acquisition cost is calculated using the average price. The difference between their nominal value and acquisition cost is periodised 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. In solvency calculation, bonds are valued at fair value. The fair values are presented in the notes to the financial statements. In solvency calculation, transferred interest linked to investments is included in the fair value of the asset in question. In the closing balance sheet, the transferred interest of investments is included in the receivables group.

Loans

In the financial statements, client loans are valued at their nominal value. In solvency calculation, the loans are valued on market terms.

Derivatives

The negative difference between the fair value of the derivative contracts treated as non-hedging in the financial statements and a higher book value is entered as an expense. Unrealised income is not entered. Interest rate derivatives are used to hedge the interest rate risk of market-consistent technical provisions against future changes in value in accordance with the Group'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.

In solvency calculation, derivative contracts are valued at their fair value. The fair values of derivative contracts are determined based on the market quotations of contracts or, in their absence, cash flow forecasts derived from market instruments and on a risk-free interest rate derived from market instruments. The fair values are presented in the notes to the financial statements.

Loan receivables

Loan receivables are presented in the closing balance sheet at nominal value or at a permanently lower likely realisable value. In solvency calculation, client loans are valued based on mark-to-model valuation.

The valuation model is based on three key factors. Cash flows are forecast for the future, taking into account the nature of the loan and the repayment period. Cash flows are discounted with interest that takes into account the market-derived risk-free interest and the counterparty's risk premium that reflects the credit rating.

Funds and deposits

Funds and deposits are presented in the closing balance sheet at their nominal value. The interest accrued from deposits is recorded under receivables in the financial statements. There is no difference between the valuation in the solvency calculation and the valuation in the financial statements.

Premium receivables and other receivables

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. Receivables that, on the basis of experience from previous years, are likely to expire have been deducted from the par value of premium receivables, resulting in their probable value. Receivables that are likely to remain unsettled are entered as a credit loss. In solvency calculation, only mature receivables from policyholders are included in premium receivables. Valuations of other receivables in the financial statements are held as a reasonable estimate of fair value, and other receivables are valued in solvency calculation at book value according to the financial statements.

Assets covering unit-linked insurances

Assets covering unit-linked insurances are valued at their fair value in both the financial statements and solvency calculation.

Deferred tax receivables

Deferred tax receivables arising from timing differences between accounting and taxation are not entered in the annual accounts of the Group companies. In the consolidated financial statements, deferred receivables are entered up to the probable amount of taxable income that will be generated in the future, against which they can be booked. Deferred tax receivables arising from differences between the valuation principles for solvency calculation and financial statements are not entered in solvency calculation.

Technical provisions

In solvency calculation, the best estimate of the technical provisions calculated from insurance contracts is the expected current value of future cash flows related to the current insurance portfolio. The future cash flows from insurance contracts are discounted using the swap zero-coupon rate curve confirmed by the European Insurance and Occupational Pensions Authority

(EIOPA). The technical provisions are the sum of the best estimate and risk margin. The risk margin is calculated using the so-called cost of capital method, using a cost of capital assumption of six per cent.

To determine the amount of future cash flows, not only information linked to the current insurance portfolio's contracts, but also different types of assumptions linked to the life expectancy and behaviour of the insured are required. These types of assumptions are, among other things, assumptions on mortality, disability intensity, surrenders, pension period, new premiums, insurance savings investments, bonuses and operating expenses required to manage insurance.

As Fennia Group has no internal reinsurance arrangements, Fennia Group's technical provisions consist of Fennia's and Fennia Life's combined technical provisions, both in the financial statements and in solvency calculation.

Fennia Group's technical provisions according to the financial statements totalled EUR 3,392.2 million (EUR 3,270.9 million) and technical provisions according to solvency calculation amounted to EUR 2,947.8 million (EUR 2,519.9 million).

The technical provisions in ceded reinsurance in the financial statements totalled EUR 13.9 million (EUR 14.9 million) and in solvency calculation EUR 6.3 million (EUR 8.2 million).

Fennia's technical provisions

The financial statement technical provisions consisted of the provision for unearned premiums of EUR 155.7 (EUR 126.9 million), claims outstanding of EUR 1,312.9 million (EUR 988.1 million), and the equalisation provision of EUR 113.8 million (EUR 336.3 million), totalling EUR 1,582.4 million (EUR 1,451.2 million).

The technical provisions according to solvency calculation amounted to EUR 1,131.6 million (EUR 849.0 million), of which the share of the best estimate was EUR 1,056.7 million (EUR 795.2 million) and the risk margin amounted to EUR 74.8 million (EUR 53.8 million). Of the best estimate, the share of the provision for unearned premiums was EUR 14.9 million (EUR -52.5 million) and claims outstanding were EUR 1,041.9 million (EUR 795.2 million).

The technical provisions in ceded reinsurance in the financial statements totalled EUR 12.9 million (EUR 5.7 million) and in solvency calculation EUR 9.8 million (EUR 5.2 million).

The table below shows the division of technical provisions, in accordance with solvency calculation, into the best estimate and risk margin by insurance line. The figures are before ceded reinsurance, meaning the figures do not take into account cash flows related to ceded reinsurance contracts.

Line of business (EUR million)	Best estimate 31.12.2019	Risk margin 31.12.2019	Technical provisions 31.12.2019	Best estimate 31.12.2018	Risk margin 31.12.2018	Technical provisions 31.12.2018
Medical expense insurance and proportional reinsurance	49.9	4.2	54.1	18.3	2.9	21.2
Income protection insurance and proportional reinsurance	2.0	0.7	2.7	1.5	0.7	2.2
Workers' compensation insurance and proportional reinsurance	44.3	11.7	55.9	14.2	8.6	22.8
Motor vehicle liability insurance and proportional reinsurance	35.1	6.9	42.0	16.6	4.9	21.5

Other motor insurance and proportional reinsurance	47.8	6.9	54.7	22.4	4.5	27.0
Marine, aviation and transport insurance and proportional reinsurance	2.1	1.9	4.1	1.3	1.2	2.5
Fire and other damage to property insurance and proportional reinsurance	31.4	8.8	40.2	16.9	5.4	22.3
General liability insurance and proportional reinsurance	24.6	3.1	27.7	29.3	3.5	32.8
Credit and suretyship insurance and proportional reinsurance	1.6	0.3	1.9	3.8	0.5	4.4
Legal expenses insurance and proportional reinsurance	19.1	1.2	20.2	14.9	1.4	16.3
Assistance and proportional reinsurance	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous financial loss insurance and proportional reinsurance	-1.1	0.7	-0.5	0.1	0.6	0.8
Non-proportional health reinsurance	0.0	0.0	0.0	0.0	0.0	0.0
Non-proportional casualty reinsurance	0.0	0.0	0.0	0.0	0.0	0.0
Non-proportional marine, aviation and transport reinsurance	0.0	0.0	0.0	0.0	0.0	0.0
Non-proportional property reinsurance	0.0	0.0	0.0	0.0	0.0	0.0
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	489.7	18.9	508.7	398.9	12.9	411.8
Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	310.4	9.4	319.8	256.9	6.7	263.5
Total	**1,056.7**	**74.8**	**1,131.6**	**795.2**	**53.8**	**849.0**

The cash flows used in the calculation of the best estimate for the technical provisions in solvency calculation are defined using the simulation technique. For mortality and disability, the assumptions used by Fennia are based on research and analyses conducted in the insurance sector. In other respects, the assumptions used to calculate the technical provisions are based on the company's own insurance portfolio's behaviour history and current way of managing insurance policies. Market-consistent technical provisions are calculated by insurance contract and the total technical provisions are their sum.

Uncertainty about the level of technical provisions arises for the following, among other, reasons:

- The total loss estimates for losses reserved on a case-by-case basis are estimates of the total amount of losses and the final total loss amounts are determined once the losses are settled. Particularly the assessment of future pension-related compensation payments involves uncertainty on the part of the development of remaining life expectancies.

- The reserves for unknown and known losses that have not been reserved on a case-by-case basis, are based on estimates derived from claims history statistics on the size and settlement of the losses.
- The size of future compensation payments is impacted by the development of the costs compensated from the insurance lines. For example, in the case of motor vehicle damage, the development of the repair costs or in the case of medical expenses insurance, the development of the prices of treatment procedures and drugs impact the final amount of compensation. The size of future inflation is always uncertain and causes uncertainty also in the assessment of future compensation payments.

The most significant differences in the grounds, methods and key assumptions used in the valuation of technical provisions in accordance with solvency calculation and financial statements are as follows:

- The technical provisions calculated in the financial statements are undiscounted.
- In financial statements, the collective determination method is based on the traditional chain-ladder method calculated from loss triangles.

The following factors also cause differences in the valuation carried out by the company for solvency purposes and the valuation carried out for financial statements:

- Due to the determination difference, the provision for unearned premiums in the financial statements amounted to EUR 156 million, and in the solvency calculation to EUR 15 million.
- EUR 21 million in workers' compensation insurance pension capitals' subrogation receivables are not offset from the technical provisions in the financial statements but are offset in solvency calculation.
- The technical provisions for fully experience-rated patient insurance amounted to EUR 29 million in the financial statements, but in determining the solvency calculation technical provisions, indemnification and insurance premiums linked to this component of the technical provision offset each other in practice.
- There are differences in the concepts related to the expiry of contracts.
- There are differences in the calculation of margins.

Fennia Life's technical provisions

The technical provisions in accordance with the financial statements amounted to EUR 1,809.8 million (EUR 1,629.6 million). They consisted of, on the part of savings-type insurance, insurance savings of EUR 1,690.6 million (EUR 1,499.2 million,) and the supplementary provision for the guaranteed interest rate of EUR 105.2 million (EUR 114.7 million), altogether EUR 1,796.0 million (EUR 1,613.9 million). The share of unit-linked technical provisions amounted to EUR 1,237.9 million (EUR 1,027.0 million). Technical provisions for risk life insurance and other technical provisions amounted to EUR 13.8 million (EUR 15.6 million).

The technical provisions in accordance with the solvency calculation amounted to EUR 1,816.2 million (EUR 1,529.4 million). The technical provisions for savings-type insurance consisted of the best estimate, EUR 1,847.5 (EUR 1,557.2 million), and the risk margin, EUR 24.3 million (EUR 19.4 million), altogether EUR 1,871.8 million (EUR 1,576.6 million). The share of unit-linked technical provisions amounted to EUR 1,235.3 million (EUR 1,010.6 million). Technical provisions for risk life insurance amounted to -55.6 million (EUR -47.2 million).

The technical provisions in ceded reinsurance in the financial statements totalled EUR 0.0 million (EUR 0.0 million) and in solvency calculation EUR -3.5 million (EUR -3.9 million).

The table below shows the division of technical provisions, in accordance with solvency calculation, into the best estimate and risk margin by insurance line. The figures are before ceded reinsurance, meaning the figures do not take into account cash flows related to ceded reinsurance contracts.

Line of business (EUR million)	Best estimate 31.12.2019	Risk margin 31.12.2019	Technical provisions 31.12.2019	Best estimate 31.12.2018	Risk margin 31.12.2018	Technical provisions 31.12.2018
Savings insurance						
Technical interest rate	32.3	0.4	32.6	44.3	0.4	44.7
Unit-linked	770.1	3.8	773.9	655.6	4.3	659.9
Capital redemption policy						
Technical interest rate	6.7	0.0	6.7	7.2	0.0	7.2
Unit-linked	159.7	0.8	160.5	106.2	0.5	106.7
Individual pension insurance						
Technical interest rate	264.9	3.0	267.9	240.1	2.0	242.0
Unit-linked	129.9	1.7	131.7	107.7	1.5	109.2
Group pension insurance						
Technical interest rate	320.5	8.8	329.3	26.1	6.0	272.1
Unit-linked	163.5	5.8	169.3	130.0	4.8	134.8
Life risk insurance	-73.0	17.4	-55.6	-60.7	13.5	-47.2
Total	**1,774.4**	**41.7**	**1,816.2**	**1,496.5**	**32.9**	**1,529.4**
Technical interest rate	62.3	12.2	636.5	557.7	8.4	566.1
Unit-linked	1,223.1	12.2	1,235.3	999.5	11.1	1,010.6
Life risk insurance	-73.0	17.4	-55.6	-60.7	13.5	-47.2
Total	**1,774.4**	**41.7**	**1,816.2**	**1,496.5**	**32.9**	**1,529.4**

The cash flows used in the calculation of the best estimate for the technical provisions in solvency calculation are defined using the simulation technique and by contract.

Uncertainty about the level of technical provisions arises for the following, among other, reasons:

- Future cash flows are based on various estimates that are derived from historical statistics, for example, future mortality, disability and customer behaviour. Actual development will probably deviate from these estimates.
- The amount of future operating expenses is influenced by the estimated amount of future inflation. The actual inflation trend will also probably deviate from this estimate.

The most significant differences in the bases, methods and key assumptions used in the valuation of technical provisions in solvency calculation and financial statements are as follows:

- The amount of the guaranteed-return insurance portfolio's technical provisions, in accordance with solvency calculation, is particularly sensitive to the level of yield curve used in discounting. The low interest rate level on the markets has led to the technical provisions under solvency calculation exceeding the amount of insurance savings in recent years. In the financial statements' calculation of the technical provisions, the low interest rate level has been taken into account by carrying out transfers to the supplementary provision for the guaranteed interest rate, to be used to cover the future technical rate of interest.
- The markets' interest rate level has had a lower impact on the amount of unit-linked insurances' technical provisions in accordance with solvency calculation. For unit-linked insurances, assumptions on surrenders and operating expenses have a larger impact on technical provisions under solvency calculation than the interest rate level.
- For risk insurances, the financial statements' technical provisions consisted of the provision for unearned premiums, the provision for claims outstanding for known and unknown claims and the provisions for bonuses, in total EUR 11.1 million. The technical provisions according to solvency calculation for risk insurance were negative, altogether EUR -55.6 million because future premiums are expected to exceed the amount of operating expenses required to manage future claims and insurance. This effect is also seen in outward reinsurance, whose value in assets was negative. The amounts are particularly sensitive to the assumption that risk insurance will end.

Matching adjustment, volatility adjustment and transitional provisions

In determining Fennia Group's, Fennia's and Fennia Life's technical provisions, the equivalence adjustment, volatility adjustment and transitional provisions were not used.

Other liabilities

Fennia Group's, Fennia's and Fennia Life's other liabilities consist of fairly short-term indirect liabilities linked to taxation, purchase invoices and other operations. Other liabilities are presented in the balance sheet and taken into account in solvency calculation at nominal value.

Deferred tax liabilities arising from timing differences between accounting and taxation are not entered in the annual accounts of the Group companies. The deferred tax liabilities are entered in total in the consolidated financial statements. In solvency calculation, any deferred tax liabilities arising from differences in the valuation principles for solvency calculation and financial statements are additionally taken into account. Deferred tax is calculated according to the confirmed rate of tax on the date of closing the accounts.

Alternative methods for valuation

In connection with the valuation of assets, the transition to alternative valuation methods is carried out on a case-by-case basis and the transition's grounds are documented. For investment instruments for whom the alternative valuation method is the only option, documented valuation models must exist before the investment decision is made.

Any other information

The COVID-19 pandemic has not caused long-lasting problems in the valuation of listed investments. Valuation has continued to take place through the stock exchange, although some short-term disturbances have been observed. The valuation of certain illiquid investments, such as real estate, has become more difficult. There are very few transactions in the markets, and activity is at a low level. The valuation level of real estate is determined by an independent real estate assessor on a case-by-case basis. Relatively few other illiquid investments have been made outside the Group, and their impact on Fennia Group's, Fennia's or Fennia Life's solvency position is not significant.

There is no other material information about valuation for solvency purposes at Fennia Group, Fennia or Fennia Life.

Capital management

Own funds

Objectives, policies and processes of managing own funds

The goal of managing own funds is to ensure the sufficiency of own funds to cover the regulatory solvency capital requirement and a sufficiently large surplus at all times, and to allocate capital to key risk areas efficiently in terms of risk-return ratio. The above-mentioned surplus is determined by the understanding of risk in relation to the regulatory solvency capital requirement and preparing for sudden and unexpected disturbances.

The required minimum level of own funds determines the minimum level of own funds with which the obligations concerning the benefits of the insured can be met with great probability. This amount of own funds is the higher of the following two solvency capital requirements:

- solvency capital requirement required by solvency regulation
- solvency capital requirement defined according to the own understanding of risk (ORSA).

Both own funds and solvency capital requirement can change quickly as a result of open risk positions, in which case it might no longer be possible to practice business in a normal manner. For these types of sudden and unpredictable stress factors, a desired amount of capital buffer is defined on top of the required minimum amount of own funds. The purpose of capital buffers is to create time to adjust the risk position when sudden and unforeseen situations are realised, i.e. to modify the risk/return position and solvency position with careful consideration to a level that corresponds to the new operating situation.

The required amount of capital buffer is also assessed in the long term, in which case the assessment also includes qualitative perspectives and unmeasurable risks. These include, for example, risks and opportunities related to the business strategy set by the board of directors and the business environment.

The risk and solvency assessment, carried out at least once a year, updates and defines the risk appetite and risk tolerance and allocates risky capital overall and across individual risks. Risk limits and risk-taking limitations are set to correspond to the above-described strategic intent. The realisation of risk limits is monitored continuously, and risk-taking is adjusted and, if required, the management framework is updated quarterly to correspond to any changes in the business or investment environment.

The management of own funds and solvency is part of the risk management system. The managing director and senior management are responsible for drawing up a risk-taking plan and setting solvency targets. The board of directors approves the risk-taking plans and the set risk limits.

Classification and eligibility of own funds

Fennia Group's solvency is calculated using the consolidation-based method (Method 1).

The tables below detail the structure of Fennia Group's own funds and their amount at the end of the reporting period and the end of the previous reporting period.

Available own funds (EUR million)	31.12.2019	31.12.2018
Basic own funds		
Excess of assets over liabilities (net asset value)	897.9	909.0
Foreseeable dividends, distributions and charges	0.0	0.0
Subordinated liabilities	0.0	0.0
Other non-available own funds	0.0	69.2
Total	**897.9**	**839.8**
Ancillary own funds	0.0	0.0
Own funds (Basic own funds + Ancillary own funds)	**897.9**	**839.8**

Fennia's and Fennia Life's own funds were available in their entirety on the Group level at the close of the reporting period (in the previous year the surplus exceeding the maximum amount was EUR 69.2 million).

The tables below detail the quality of own funds at the end of the reporting period and the end of the previous reporting period and the items' eligibility as cover for the solvency capital requirement and the minimum solvency capital requirement.

Classification and eligibility of own funds 31.12.2019 (EUR million)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	897.9	897.9	893.3
Tier 1 - restricted	0.0	0.0	0.0
Tier 2	0.0	0.0	0.0
Tier 3	0.0	0.0	0.0
Total	**897.9**	**897.9**	**893.3**

Classification and eligibility of own funds 31.12.2018 (EUR million)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	839.8	839.8	835.6
Tier 1 - restricted	0.0	0.0	0.0
Tier 2	0.0	0.0	0.0
Tier 3	0.0	0.0	0.0
Total	**839.8**	**839.8**	**835.6**

Own funds available to Fennia Group belonged in their entirety to Tier 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement and minimum solvency capital requirement.

The detailed classification and distribution of own funds at the end of the reporting period can be found in Fennia Group's annex S.23.01.22.

Fennia Group does not apply the transitional provisions enabled by the regulation to its own funds.

The difference between the financial statements' capital and reserves and solvency calculations' net asset value at the end of the reporting period was EUR 472.4 million (EUR 601.7 million). The tables below provide a balance sheet summary that shows the key differences between the financial statements and the solvency calculation at the end of the reporting period and the previous reporting period.

Assets 31.12.2019 (EUR million)	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Goodwill	0.0	67.3	-67.3
Intangible assets	0.0	12.4	-12.4
Investments	2,783.9	2,489.7	294.2
Assets held for index-linked and unit-linked contracts	1,238.6	1,238.6	0.0
Reinsurance recoverables	6.3	13.9	-7.6
Provision rebates from funds covering unit-linked contracts	29.1	0.0	29.1
Deferred tax assets	3.3	3.3	0.0
Any other assets, not elsewhere shown	78.6	175.4	-96.8
Total assets	4,139.8	4,000.6	139.2
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	2,947.7	3,278.5	-330.7
Equalisation reserve	0.0	113.8	-113.8
Derivative liabilities	1.3	0.0	1.3
Deferred tax liabilities	126.5	7.6	118.9
Any other liabilities, not elsewhere shown	166.3	175.3	-9.0
Total liabilities	3,241.9	3,575.2	-333.2
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	897.9	425.5	472.4

Assets 31.12.2018 (EUR million)	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0.0	75.0	-75.0
Intangible assets	0.0	63.5	-63.5
Investments	2,508.0	2,284.4	223.6
Assets held for index-linked and unit-linked contracts	1,027.4	1,027.4	0.0
Reinsurance recoverables	8.2	14.9	-6.7
Provision rebates from funds covering unit-linked contracts	25.1	0.0	25.1
Any other assets, not elsewhere shown	96.9	189.9	-93.0
Total assets	3,665.6	3,655.1	10.5
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	2,519.9	2,898.4	-378.5
Equalisation reserve	0.0	372.5	-372.5
Derivative liabilities	1.1	1.1	0.0
Deferred tax liabilities	172.7	9.9	162.8
Any other liabilities, not elsewhere shown	63.0	66.0	-3.0
Total liabilities	2,756.6	3,347.8	-591.2
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	909.0	307.3	601.7

The assets' balance sheet differences are essentially linked to the fact that:

- Goodwill and intangible assets are reset in the solvency calculation balance sheet.
- In the financial statements, specific investments are valued at their acquisition price, revalued or impaired acquisition cost, nominal value or otherwise abiding by the prudent person principle, while in the solvency calculation balance sheet, investments are valued at market value or market-consistent value.
- In the closing balance sheet, the reinsurance receivables are valued using the principle of prudence and without discounting, while in the solvency calculation balance sheet, receivables are valued at market terms, taking into account the insurance liabilities covered by the contract boundary.
- The expected provision rebates from the funds covering unit-linked contracts are capitalised in the solvency calculation balance sheet.
- Future losses are not capitalised as deferred tax receivables in the solvency calculation balance sheet.

The liabilities' balance sheet differences are essentially linked to the fact that:

- In the solvency calculation balance sheet, the technical provisions are valued at market terms, while in the financial statements balance sheet they are valued using the surrender value or principle of prudence.
- The equalisation provision is included in the financial statements' technical provisions, but not in the solvency calculation.
- In the solvency calculation balance sheet, deferred tax liabilities are calculated for future profits.

The detailed grouping of the solvency calculation balance sheet at the end of the reporting period can be found in Fennia Group's annex S.02.01.02.

Fennia's own funds

The tables detail the structure of Fennia's own funds and their amount at the end of the reporting period and the end of the previous reporting period.

Available own funds (EUR million)	**31.12.2019**	**31.12.2018**
Basic own funds		
Excess of assets over liabilities (net asset value)	866.1	876.7
Foreseeable dividends, distributions and charges	0.0	0.0
Subordinated liabilities	0.0	0.0
Total	**866.1**	**876.7**
Ancillary own funds	0.0	0.0
Own funds (Basic own funds + Ancillary own funds)	866.1	876.7

The tables detail the quality of own funds at the end of the reporting period and the end of the previous reporting period and the items' eligibility as cover for the solvency capital requirement and minimum capital requirement.

Classification and eligibility of own funds 31.12.2019 (EUR million)	**Available**	**Eligible own funds to meet the SCR**	**Eligible own funds to meet the MCR**
Tier 1 - unrestricted	866.1	866.1	866.1
Tier 1 - restricted	0.0	0.0	0.0
Tier 2	0.0	0.0	0.0
Tier 3	0.0	0.0	0.0
Total	**866.1**	**866.1**	**866.1**

Classification and eligibility of own funds 31.12.2018 (EUR million)	**Available**	**Eligible own funds to meet the SCR**	**Eligible own funds to meet the MCR**
Tier 1 - unrestricted	876.7	876.7	876.7
Tier 1 - restricted	0.0	0.0	0.0
Tier 2	0.0	0.0	0.0
Tier 3	0.0	0.0	0.0
Total	**876.7**	**876.7**	**876.7**

Own funds available to the company belonged in their entirety to Tier 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement and minimum solvency capital requirement.

The detailed classification and distribution of own funds at the end of the reporting period can be found in Fennia's annex S.23.01.01.

The company does not apply the transitional provisions enabled by the regulation to its own funds.

The difference between the financial statements' capital and reserves and solvency calculation's net asset value at the end of the reporting period was EUR 538.9 million (EUR 622.6 million). The tables provide balance sheet summaries that show the key differences between the financial statements and the solvency calculation at the end of the reporting period and the previous reporting period.

Assets 31.12.2019 (EUR million)	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Goodwill	0.0	0.0	0.0
Intangible assets	0.0	79.2	-79.2
Investments	2,164.8	1,779.9	385.0
Assets held for index-linked and unit-linked contracts	0.0	0.0	0.0
Reinsurance recoverables	9.8	13.9	-4.2
Provision rebates from funds covering unit-linked contracts	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0
Any other assets, not elsewhere shown	74.9	153.7	-78.8
Total assets	2,249.5	2,026.7	222.9
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	1,131.6	1,468.6	-337.1
Equalisation reserve	0.0	113.8	-113.8
Derivative liabilities	0.0	0.0	0.0
Deferred tax liabilities	134.7	0.0	134.7
Any other liabilities, not elsewhere shown	117.1	117.1	0.0
Total liabilities	1,383.4	1,699.5	-316.1
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	866.1	327.2	538.9

Assets 31.12.2018 (EUR million)	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0.0	0.0	0.0
Intangible assets	0.0	56.9	-56.9
Investments	1,831.6	1,536.0	295.6
Assets held for index-linked and unit-linked contracts	0.0	0.0	0.0
Reinsurance recoverables	5.2	5.7	-0.5
Provision rebates from funds covering unit-linked contracts	0.0	0.0	0.0
Any other assets, not elsewhere shown	87.3	149.6	-62.3
Total assets	1,924.1	1,748.1	176.0

Liabilities	Solvency balance sheet	Statutory account balance sheet	Difference
Technical provisions	849.0	1,115.0	-266.0
Equalisation reserve	0.0	336.3	-336.3
Derivative liabilities	0.8	0.8	0.0
Deferred tax liabilities	155.6	0.0	155.6
Any other liabilities, not elsewhere shown	42.0	42.0	0.0
Total liabilities	1,047.4	1,494.0	-446.6

Excess of assets over liabilities	Solvency balance sheet	Statutory account balance sheet	Difference
Net asset value / Capital and reserves	876.7	254.1	622.6

The assets' balance sheet differences are essentially linked to the fact that:

- Goodwill and intangible assets are reset in the solvency calculation balance sheet.
- In the financial statements, specific investments are valued at their acquisition price, revalued or impaired acquisition cost, nominal value or otherwise abiding by the prudent person principle, while in the solvency calculation balance sheet, investments are valued at market value or market-consistent value.
- In the closing balance sheet, the reinsurance receivables are valued using the principle of prudence and without discounting, while in the solvency calculation balance sheet, receivables are valued at market terms, taking into account the insurance liabilities covered by the contract boundary.
- in other liabilities, a significant proportion of the insurance receivables and receivables from insurance representatives have been transferred to the technical provisions calculation.
- Future losses are not capitalised as deferred tax receivables in the solvency calculation balance sheet.

The liabilities' balance sheet differences are essentially linked to the fact that:

- In the solvency calculation balance sheet, the technical provisions are valued at market terms, while in the financial statements balance sheet they are valued using the principle of prudence.

- The equalisation provision is included in the financial statements' technical provisions, but not in the solvency calculation.
- In the solvency calculation balance sheet, deferred tax liabilities are calculated for future profits.

The detailed grouping of the solvency calculation balance sheet at the end of the reporting period can be found in Fennia's annex S.02.01.02.

Fennia Life's own funds

The tables below detail the structure of own funds and their amount at the end of the reporting period and the end of the previous reporting period.

Available own funds (EUR million)	**31.12.2019**	**31.12.2018**
Basic own funds		
Excess of assets over liabilities (net asset value)	217.3	249.0
Foreseeable dividends, distributions and charges	-12.0	-6.0
Subordinated liabilities	0.0	0.0
Total	**205.3**	**243.0**
Ancillary own funds	0.0	0.0
Own funds (Basic own funds + Ancillary own funds)	205.3	243.0

The tables below detail the quality of own funds at the end of the reporting period and the end of the previous reporting period and the items' eligibility as cover for the solvency capital requirement and the minimum capital requirement.

Classification and eligibility of own funds 31.12.2019 (EUR million)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	205.3	205.3	205.3
Tier 1 - restricted	0.0	0.0	0.0
Tier 2	0.0	0.0	0.0
Tier 3	0.0	0.0	0.0
Total	**205.3**	**205.3**	**205.3**

Classification and eligibility of own funds 31.12.2018 (EUR million)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	243.0	243.0	243.0
Tier 1 - restricted	0.0	0.0	0.0
Tier 2	0.0	0.0	0.0
Tier 3	0.0	0.0	0.0
Total	243.0	243.0	243.0

Own funds available to the company belonged in their entirety to Tier 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement and minimum solvency capital requirement.

The detailed classification and distribution of own funds at the end of the reporting period can be found in Fennia Life's annex S.23.01.01.

The company does not apply the transitional provisions enabled by the regulation to its own funds.

The difference between the financial statements' capital and reserves and solvency calculation's net asset value at the end of the reporting period was EUR 52.5 million (EUR 115.4 million). The tables below provide a balance sheet summary that shows the key differences between the financial statements and the solvency calculation at the end of the reporting period and the previous reporting period.

Assets 31.12.2019 (EUR million)	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Goodwill	0.0	1.2	-1.2
Intangible assets	0.0	3.9	-3.9
Investments	830.2	768.9	61.3
Assets held for index-linked and unit-linked contracts	1,238.6	1,238.6	0.0
Reinsurance recoverables	-3.5	0.0	-3.5
Provision rebates from funds covering unit-linked contracts	29.1	0.0	29.1
Deferred tax assets	0.0	0.0	0.0
Any other assets, not elsewhere shown	4.9	18.1	-13.2
Total assets	2,099.3	2,030.8	68.6
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	1,816.2	1,809.8	6.3
Equalisation reserve	0.0	0.0	0.0
Derivative liabilities	1.3	0.0	1.3
Deferred tax liabilities	13.1	0.0	13.1
Any other liabilities, not elsewhere shown	51.4	56.1	-4.7
Total liabilities	1,882.0	1,866.0	16.1
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	217.3	164.8	52.5

Assets 31.12.2018 (EUR million)	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0.0	1.4	-1.4
Intangible assets	0.0	4.3	-4.3
Investments	770.6	728.8	41.8
Assets held for index-linked and unit-linked contracts	1,027.4	1,027.4	0.0
Reinsurance recoverables	-3.9	0.0	-3.9
Provision rebates from funds covering unit-linked contracts	25.1	0.0	25.1
Any other assets, not elsewhere shown	3.3	16.8	-13.6
Total assets	1,822.5	1,778.8	43.7

Liabilities	Solvency balance sheet	Statutory account balance sheet	Difference
Technical provisions	1,529.4	1,629.6	-100.2
Equalisation reserve	0.0	0.0	0.0
Derivative liabilities	0.2	0.2	0.0
Deferred tax liabilities	28.8	0.0	28.8
Any other liabilities, not elsewhere shown	15.1	15.4	-0.4
Total liabilities	1,573.5	1,645.2	-71.7

Excess of assets over liabilities	Solvency balance sheet	Statutory account balance sheet	Difference
Net asset value / Capital and reserves	249.0	133.6	115.4

The assets' balance sheet differences are essentially linked to the fact that:

- Goodwill and intangible assets are reset in the solvency calculation balance sheet.
- In the financial statements, specific investments are valued at their acquisition price, revalued or impaired acquisition cost, nominal value or otherwise abiding by the prudent person principle, while in the solvency calculation balance sheet, investments are valued at market value or market-consistent value.
- In the closing balance sheet, the reinsurance receivables are zero, while in the solvency calculation, contracts are valued on market terms, taking into account the insurance liabilities covered by the contract boundary.
- The expected provision rebates from the funds covering unit-linked contracts are capitalised in the solvency calculation balance sheet.
- Future losses are not capitalised as deferred tax receivables in the solvency calculation balance sheet.

The liabilities' balance sheet differences are essentially linked to the fact that:

- In the solvency calculation balance sheet, the technical provisions are valued at market terms, while in the financial statements balance sheet they are valued using the surrender value or principle of prudence.
- In the solvency calculation balance sheet, deferred tax liabilities are calculated for future profits.

The detailed grouping of the solvency calculation balance sheet at the end of the reporting period can be found in Fennia Life's annex S.02.01.02.

Solvency capital requirement and minimum capital requirement

Fennia Group's solvency capital requirement at the end of the reporting period was EUR 405.5 million (EUR 401.4 million) and Fennia Group's consolidated minimum solvency capital requirement was EUR 115.7 million (EUR 119.3 million).

Fennia Group's solvency capital requirement divided into risk classes at the end of the reporting period and the previous reporting period was

Solvency capital requirement (EUR million)	**31.12.2019**	**31.12.2018**
Market risk	347.0	381.2
Counterparty default risk	45.8	52.7
Life underwriting risk	64.8	63.7
Health underwriting risk	74.2	67.8
Non-life underwriting risk	78.9	82.7
Diversification	-171.0	-174.4
Intangible asset risk	0.0	0.0
Basic solvency capital requirement	**439.7**	**473.8**
Calculation of Solvency capital requirement		
Operational risk	36.4	31.7
Loss-absorbing capacity of technical provisions	0.0	-5.6
Loss-absorbing capacity of deferred taxes	-72.4	-100.0
Capital requirement for other financial sectors	1.7	1.5
Solvency capital requirement excluding capital add-on	**405.5**	**401.4**
Capital add-on already set	0.0	0.0
Solvency capital requirement	**405.5**	**401.4**

In adjusting the loss-absorbing capacity of deferred taxes, the deferred tax receivables arising from the loss in the given scenario are not taken into account.

Fennia applies simplified calculation in standard formula natural catastrophe risk calculations. Except for the Finnish risk, the risk-zone-level information required for these calculations is simplified by grouping the information into each country's highest risk zone. The natural catastrophe risk outside Finland is very low, and the simplification is prudent. Fennia does not apply any other simplifications in standard formula calculations.

An itemisation of Fennia Group's solvency capital requirement can be found in Fennia Group's annex S.25.01.22.

The following are the key input data for calculating Fennia Group's consolidated minimum solvency capital requirement:

Insurance undertakings (EUR million)	31.12.2019	31.12.2018
Fennia Life Insurance Company Ltd - Minimum capital requirement	31.5	28.7
Fennia Mutual Insurance Company - Minimum capital requirement	84.2	78.3
Fennia Non-Life Insurance Company - Minimum capital requirement	-----	12.3
Minimum consolidated group solvency capital requirement	**115.7**	**119.3**

Fennia Group does not use

- an internal model to calculate the solvency capital requirement
- company-specific parameters to calculate the standard formula
- the duration-based equity risk sub-module to calculate the solvency capital requirement.

Fennia's solvency capital requirement and minimum capital requirement

Fennia's solvency capital requirement at the end of the reporting period was EUR 336.7 million (EUR 313.3 million) and the minimum capital requirement was EUR 84.2 million (EUR 78.3 million).

Fennia's solvency capital requirement divided into risk classes at the end of the reporting period and the previous reporting period was:

Solvency capital requirement (EUR million)	31.12.2019	31.12.2018
Market risk	300.7	308.8
Counterparty default risk	34.0	31.4
Life underwriting risk	16.2	13.0
Health underwriting risk	74.2	60.7
Non-life underwriting risk	78.9	67.9
Diversification	-131.3	-114.1
Intangible asset risk	0.0	0.0
Basic solvency capital requirement	**372.8**	**367.7**
Calculation of Solvency capital requirement		
Operational risk	31.7	23.9
Loss-absorbing capacity of technical provisions	0.0	0.0
Loss-absorbing capacity of deferred taxes	-67.8	-78.3
Solvency capital requirement excluding capital add-on	**336.7**	**313.3**
Capital add-on already set	0.0	0.0
Solvency capital requirement	**336.7**	**313.3**

An itemisation of Fennia's solvency capital requirement can be found in the Fennia's annex S.25.01.21.

The following are the key input data for calculating Fennia's minimum solvency capital requirement: Net figures after deductions for reinsurance/special purpose vehicles.

Input data to calculate Minimum capital requirement (EUR million)	Best estimate and technical provision calculated as a whole 31.12.2019	Written premiums in the last 12 months 31.12.2019	Best estimate and technical provision calculated as a whole 31.12.2018	Written premiums in the last 12 months 31.12.2018
Medical expense insurance and proportional reinsurance	49.9	44.5	18.3	39.1
Income protection insurance and proportional reinsurance	2.0	4.8	1.5	4.3
Workers' compensation insurance and proportional reinsurance	44.3	89.7	14.2	74.3
Motor vehicle liability insurance and proportional reinsurance	35.1	78.3	16.6	64.6
Other motor insurance and proportional reinsurance	47.8	94.4	22.4	72.9
Marine, aviation and transport insurance and proportional reinsurance	2.1	12.3	1.3	10.2
Fire and other damage to property insurance and proportional reinsurance	29.6	96.6	16.9	79.8
General liability insurance and proportional reinsurance	22.8	7.7	24.1	21.6
Credit and suretyship insurance and proportional reinsurance	1.6	0.5	3.8	0.4
Legal expenses insurance and proportional reinsurance	19.1	8.3	14.9	7.2
Assistance and proportional reinsurance	0.0	0.0	0.0	0.0
Miscellaneous financial loss insurance and proportional reinsurance	0.0	4.9	0.1	4.1
Non-proportional health reinsurance	0.0	0.0	0.0	0.0
Non-proportional casualty reinsurance	0.0	0.0	0.0	0.0
Non-proportional marine, aviation and transport reinsurance	0.0	0.0	0.0	0.0
Non-proportional property reinsurance	0.0	0.0	0.0	0.0

	Best estimate and technical provision calculated as a whole	Total capital at risk	Best estimate and technical provision calculated as a whole	Total capital at risk
Obligations with profit participation - guaranteed benefits	0.0	-----	0.0	-----
Obligations with profit participation - future discretionary benefits	0.0	-----	0.0	-----
Index-linked and unit-linked insurance obligations	0.0	-----	0.0	-----
Other life (re)insurance and health (re)insurance obligations	793.9	-----	655.7	-----
Total capital at risk for all life (re)insurance obligations	-----	0.0	-----	0.0

In adjusting the loss-absorbing capacity of deferred taxes, the deferred tax receivables arising from the loss in the given scenario are not taken into account.

Fennia applies simplified calculation in standard formula natural catastrophe risk calculations. Except for the Finnish risk, the risk-zone-level information required for these calculations is simplified by grouping the information into each country's highest risk zone. The natural catastrophe risk outside Finland is very low, and the simplification is prudent. Fennia does not apply any other simplifications in standard formula calculations.

A more detailed itemisation of Fennia's minimum solvency capital requirement at the end of the reporting period can be found in Fennia's annex S.28.01.01.

Fennia does not use

- an internal model to calculate the solvency capital requirement
- company-specific parameters to calculate the standard formula
- the duration-based equity risk sub-module to calculate the solvency capital requirement.

Fennia Life's solvency capital requirement and minimum capital requirement

Fennia Life's solvency capital requirement at the end of the reporting period was EUR 109.2 million (EUR 108.6 million) and the minimum capital requirement was EUR 31.5 million (EUR 28.7 million).

Fennia Life's solvency capital requirement divided into risk classes at the end of the reporting period and the previous reporting period was:

Solvency capital requirement (EUR million)	31.12.2019	31.12.2018
Market risk	83.2	104.0
Counterparty default risk	14.4	18.9
Life underwriting risk	56.3	56.8
Health underwriting risk	0.0	0.0
Non-life underwriting risk	0.0	0.0
Diversification	-37.1	-42.3
Intangible asset risk	0.0	0.0
Basic solvency capital requirement	**116.8**	**137.4**
Calculation of Solvency capital requirement		
Operational risk	4.7	4.0
Loss-absorbing capacity of technical provisions	0.0	-5.6
Loss-absorbing capacity of deferred taxes	-12.3	-27.1
Solvency capital requirement excluding capital add-on	**109.2**	**108.6**
Capital add-on already set	0.0	0.0
Solvency capital requirement	**109.2**	**108.6**

In adjusting the loss-absorbing capacity of deferred taxes, the deferred tax receivables arising from the loss in the given scenario are not taken into account.

An itemisation of the solvency capital requirement can be found in Fennia Life's annex S.25.01.21.

The following are the key input data for calculating Fennia Life's minimum solvency capital requirement. Net figures after deductions for reinsurance/special purpose vehicles.

Input data to calculate Minimum capital requirement (EUR million)	Best estimate and technical provision calculated as a whole 31.12.2019	Total capital at risk 31.12.2019	Best estimate and technical provision calculated as a whole 31.12.2018	Total capital at risk 31.12.2018
Obligations with profit participation - guaranteed benefits	604.9	-----	552.0	-----
Obligations with profit participation - future discretionary benefits	19.5	-----	5.6	-----
Index-linked and unit-linked insurance obligations	1,223.1	-----	999.5	-----
Other life (re)insurance and health (re)insurance obligations	0.0	-----	0.0	-----
Total capital at risk for all life (re)insurance obligations	-----	2,244.3	-----	2,220.5

A more detailed itemisation of Fennia Life's minimum solvency capital requirement at the end of the reporting period can be found in Fennia Life's annex S.28.01.01.

Fennia Life does not use

- an internal model to calculate the solvency capital requirement
- company-specific parameters to calculate the standard formula
- simplified calculations in the standard formula's risk modules or in its sub-modules
- the duration-based equity risk sub-module to calculate the solvency capital requirement.

Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

Fennia Group, Fennia or Fennia Life do not use the duration-based equity risk sub-module to calculate the solvency capital requirement.

Differences between the standard formula and any internal model used

Fennia Group, Fennia or Fennia Life do not use an internal model to calculate the solvency capital requirement.

Failure to meet the minimum solvency capital requirement and solvency capital requirement

Fennia Group, Fennia or Fennia Life did not fall below its required regulatory level of the solvency capital requirement, minimum solvency capital requirement or minimum capital requirement during the reporting period.

Any other information

The COVID-19 pandemic has had a negative impact on Fennia Group's, Fennia's and Fennia Life's solvency position. The solvency positions have, however, remained on a good level. Fennia Group, Fennia or Fennia Life have not fallen below its required regulatory level of the solvency capital requirement, minimum solvency capital requirement or minimum capital requirement in the early part of the year.

As per 31 March 2020, Fennia Group's, Fennia's and Fennia Life's solvency position was as follows:

Impact of the COVID-19 pandemic (EUR million)	Fennia-group 31.12.2019	Fennia-group 31.3.2020	Fennia 31.12.2019	Fennia, 31.3.2020	Fennia Life, 31.12.2019	Fennia Life, 31.3.2020
Eligible own funds	897.9	762.2	866.1	744.3	205.3	174.3
Solvency Capital Requirement	405.5	381.0	336.7	313.0	109.2	104.2
Free own funds	492.4	381.2	529.4	431.4	96.1	70.1
Change in free own funds	-----	-111.2	-----	-98.0	-----	-26.0
Solvency ratio	221.4 %	200.1 %	257.2 %	237.8 %	188.0 %	167.3 %

There is no other material information about Fennia Group's, Fennia's and Fennia Life's capital management.

ANNEXES

Quantitative tables

In the annexes, the figures for 2019 for the Fennia Group, Fennia, Fennia Life and Fennia Non-Life Insurance are presented in accordance with solvency regulation. In the tables, figures are presented in thousand euro.

Annex – Fennia Group

S.02.01.02: Balance sheet

Assets		Solvency II value
		C0010
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	3,308
Pension benefit surplus	**R0050**	0
Property, plant & equipement held for own use	**R0060**	42,883
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	2,592,264
Property (other than for own use)	**R0080**	407,774
Holdings in related undertakings, including participations	**R0090**	15,460
Equities	**R0100**	152,279
Equities - listed	**R0110**	139,848
Equities - unlisted	**R0120**	12,431
Bonds	**R0130**	975,184
Government Bonds	**R0140**	5,566
Corporate Bonds	**R0150**	969,618
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	955,041
Derivatives	**R0190**	86,525
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	1,238,628
Loans and mortgages	**R0230**	59,407
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	59,407
Reinsurance recoverables from:	**R0270**	6,304
Non-life and health similar to non-life	**R0280**	3,595
Non-life excluding health	**R0290**	3,595
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	2,709
Health similar to life	**R0320**	380
Life excluding health and index-linked and unit-linked	**R0330**	2,329
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	62
Insurance and intermediaries receivables	**R0360**	6,802
Reinsurance receivables	**R0370**	1,261
Receivables (trade, not insurance)	**R0380**	0
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	89,279
Any other assets, not elsewhere shown	**R0420**	99,603
Total assets	**R0500**	4,139,803

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	303,105
Technical provisions – non-life (excluding health)	R0520	190,377
TP calculated as a whole	R0530	0
Best Estimate	R0540	160,511
Risk margin	R0550	29,866
Technical provisions - health (similar to non-life)	R0560	112,728
TP calculated as a whole	R0570	0
Best Estimate	R0580	96,137
Risk margin	R0590	16,591
Technical provisions - life (excluding index-linked and unit-linked)	R0600	1,409,325
Technical provisions - health (similar to life)	R0610	508,675
TP calculated as a whole	R0620	0
Best Estimate	R0630	489,746
Risk margin	R0640	18,930
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	900,649
TP calculated as a whole	R0660	0
Best Estimate	R0670	861,630
Risk margin	R0680	39,019
Technical provisions – index-linked and unit-linked	R0690	1,235,303
TP calculated as a whole	R0700	0
Best Estimate	R0710	1,223,146
Risk margin	R0720	12,157
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	126,526
Derivatives	R0790	1,348
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	6,342
Reinsurance payables	R0830	2,011
Payables (trade, not insurance)	R0840	114,314
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	43,670
Total liabilities	R0900	3,241,944
Excess of assets over liabilities	R1000	897,859

S.05.01.02: Premiums, claims and expenses by line of business

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)

		Medical expense insurance C0010	Income protection insurance C0020	Workers' compensation insurance C0030	Motor vehicle liability insurance C0040	Other motor insurance C0050	Marine, aviation and transport insurance C0060	Fire and other damage to property insurance C0070	General liability insurance C0080	Credit and suretyship insurance C0090
Premiums written										
Gross - Direct Business	**R0110**	44,558	4,836	89,975	78,879	94,508	12,570	99,053	8,184	531
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	8	301	143	0
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**	27	0	334	478	78	39	3,812	625	0
Net	**R0200**	44,531	4,836	89,640	78,401	94,430	12,539	95,542	7,702	531
Premiums earned										
Gross - Direct Business	**R0210**	48,724	4,448	90,077	79,910	93,256	13,626	98,146	6,430	509
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	8	301	137	0
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**	27	0	334	478	78	39	3,812	39	0
Net	**R0300**	48,698	4,448	89,743	79,433	93,178	13,594	94,634	6,527	509
Claims incurred										
Gross - Direct Business	**R0310**	39,185	3,894	75,674	46,694	80,309	3,912	60,057	-7,342	159
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	0	-39	-376	0
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**	0	0	0	94	81	0	2,096	-3,779	0
Net	**R0400**	39,185	3,894	75,674	46,600	80,228	3,912	57,922	-3,939	159
Changes in other technical provisions										
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**									
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	26,064	1,060	38,236	43,159	45,689	6,539	49,220	10,560	536
Other expenses	**R1200**									
Total expenses	**R1300**									

S.05.01.02: Premiums, claims and expenses by line of business

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)

		Legal expenses insurance C0100	Assistance C0110	Miscellaneous financial loss C0120
Premiums written				
Gross - Direct Business	**R0110**	8,327	0	5,630
Gross - Proportional reinsurance accepted	**R0120**	0	0	0
Gross - Non-proportional reinsurance accepted	**R0130**			
Reinsurers' share	**R0140**	0	0	0
Net	**R0200**	8,327	0	5,630
Premiums earned				
Gross - Direct Business	**R0210**	7,695	0	5,175
Gross - Proportional reinsurance accepted	**R0220**	0	0	0
Gross - Non-proportional reinsurance accepted	**R0230**			
Reinsurers' share	**R0240**	0	0	0
Net	**R0300**	7,695	0	5,175
Claims incurred				
Gross - Direct Business	**R0310**	10,213	0	4,320
Gross - Proportional reinsurance accepted	**R0320**	0	0	0
Gross - Non-proportional reinsurance accepted	**R0330**			
Reinsurers' share	**R0340**	0	0	0
Net	**R0400**	10,213	0	4,320
Changes in other technical provisions				
Gross - Direct Business	**R0410**	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**			
Reinsurers'share	**R0440**	0	0	0
Net	**R0500**	0	0	0
Expenses incurred	**R0550**	4,349	0	2,319
Other expenses	**R1200**			
Total expenses	**R1300**			

Line of business for: accepted non-proportional reinsurance

		Health C0130	Casualty C0140	Marine, aviation, transport C0150	Property C0160
Premiums written					
Gross - Direct Business	**R0110**				
Gross - Proportional reinsurance accepted	**R0120**				
Gross - Non-proportional reinsurance accepted	**R0130**	0	0	0	0
Reinsurers' share	**R0140**	0	0	0	0
Net	**R0200**	0	0	0	0
Premiums earned					
Gross - Direct Business	**R0210**				
Gross - Proportional reinsurance accepted	**R0220**				
Gross - Non-proportional reinsurance accepted	**R0230**	0	0	0	0
Reinsurers' share	**R0240**	0	0	0	0
Net	**R0300**	0	0	0	0
Claims incurred					
Gross - Direct Business	**R0310**				
Gross - Proportional reinsurance accepted	**R0320**				
Gross - Non-proportional reinsurance accepted	**R0330**	0	0	0	0
Reinsurers' share	**R0340**	0	0	0	0
Net	**R0400**	0	0	0	0
Changes in other technical provisions					
Gross - Direct Business	**R0410**				
Gross - Proportional reinsurance accepted	**R0420**				
Gross - Non- proportional reinsurance accepted	**R0430**	0	0	0	0
Reinsurers'share	**R0440**	0	0	0	0
Net	**R0500**	0	0	0	0
Expenses incurred	**R0550**	0	0	0	0
Other expenses	**R1200**				
Total expenses	**R1300**				

Total

		Total C0200
Premiums written		
Gross - Direct Business	**R0110**	447,052
Gross - Proportional reinsurance accepted	**R0120**	452
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	5,393
Net	**R0200**	442,111
Premiums earned		
Gross - Direct Business	**R0210**	447,997
Gross - Proportional reinsurance accepted	**R0220**	446
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,808
Net	**R0300**	443,635
Claims incurred		
Gross - Direct Business	**R0310**	317,075
Gross - Proportional reinsurance accepted	**R0320**	-414
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-1,508
Net	**R0400**	318,168
Changes in other technical provisions		-
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	227,729
Other expenses	**R1200**	-258,699
Total expenses	**R1300**	-30,970

S.05.01.02

Premiums, claims and expenses by line of business

Line of Business for: life insurance obligations

		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
Premiums written							
Gross	**R1410**	0	20,769	205,107	21,848	0	0
Reinsurers' share	**R1420**	0	0	0	738	0	0
Net	**R1500**	0	20,769	205,107	21,109	0	0
Premiums earned							
Gross	**R1510**	0	20,769	205,107	21,848	0	0
Reinsurers' share	**R1520**	0	0	0	738	0	0
Net	**R1600**	0	20,769	205,107	21,109	0	0
Claims incurred							
Gross	**R1610**	0	33,814	147,898	6,360	112,152	90,884
Reinsurers' share	**R1620**	0	0	0	309	72	2,154
Net	**R1700**	0	33,814	147,898	6,051	112,080	88,730
Changes in other technical provisions							
Gross	**R1710**	0	0	0	0	0	0
Reinsurers' share	**R1720**	0	0	0	0	0	0
Net	**R1800**	0	0	0	0	0	0
Expenses incurred	**R1900**	0	2,820	8,897	4,678	0	0
Other expenses	**R2500**						
Total expenses	**R2600**						

Life reinsurance obligations

		Health reinsurance	Life-reinsurance
		C0270	**C0280**
Vakuutusmaksutulo			
Brutto	**R1410**	0	0
Jälleenvakuuttajien osuus	**R1420**	0	0
Netto	**R1500**	0	0
Vakuutusmaksutuotot			
Brutto	**R1510**	0	0
Jälleenvakuuttajien osuus	**R1520**	0	0
Netto	**R1600**	0	0
Korvauskulut			
Brutto	**R1610**	0	0
Jälleenvakuuttajien osuus	**R1620**	0	0
Netto	**R1700**	0	0
Muun vakuutusteknisen vastuuvelan muutokset			
Brutto	**R1710**	0	0
Jälleenvakuuttajien osuus	**R1720**	0	0
Netto	**R1800**	0	0
Aiheutuneet kulut	**R1900**	0	0
Muut kulut	**R2500**		
Kulut yhteensä	**R2600**		

Total

		Total **C0300**
Premiums written		
Gross	**R1410**	247,724
Reinsurers' share	**R1420**	738
Net	**R1500**	246,985
Premiums earned		
Gross	**R1510**	247,724
Reinsurers' share	**R1520**	738
Net	**R1600**	246,985
Claims incurred		
Gross	**R1610**	391,109
Reinsurers' share	**R1620**	2,535
Net	**R1700**	388,574
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	16,395
Other expenses	**R2500**	0
Total expenses	**R2600**	16,395

S.05.02.01

Premiums, claims and expenses by country

Home Country

		Home Country C0080
Premiums written		
Gross - Direct Business	**R0110**	447,052
Gross - Proportional reinsurance accepted	**R0120**	452
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	5,393
Net	**R0200**	442,111
Premiums earned		
Gross - Direct Business	**R0210**	447,997
Gross - Proportional reinsurance accepted	**R0220**	446
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,808
Net	**R0300**	443,635
Claims incurred		
Gross - Direct Business	**R0310**	317,075
Gross - Proportional reinsurance accepted	**R0320**	-414
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-1,508
Net	**R0400**	318,168
Changes in other technical provisions		
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	227,729
Other expenses	**R1200**	
Total expenses	**R1300**	

Top 5 countries (by amount of gross premiums written) - non-life obligations

		C0090	C0100	C0110	C0120	C0130
Premiums written						
Gross - Direct Business	**R0110**	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0130**	0	0	0	0	0
Reinsurers' share	**R0140**	0	0	0	0	0
Net	**R0200**	0	0	0	0	0
Premiums earned						
Gross - Direct Business	**R0210**	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0230**	0	0	0	0	0
Reinsurers' share	**R0240**	0	0	0	0	0
Net	**R0300**	0	0	0	0	0
Claims incurred						
Gross - Direct Business	**R0310**	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0330**	0	0	0	0	0
Reinsurers' share	**R0340**	0	0	0	0	0
Net	**R0400**	0	0	0	0	0
Changes in other technical provisions						
Gross - Direct Business	**R0410**	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**	0	0	0	0	0
Reinsurers'share	**R0440**	0	0	0	0	0
Net	**R0500**	0	0	0	0	0
Expenses incurred	**R0550**	0	0	0	0	0
Other expenses	**R1200**					
Total expenses	**R1300**					

Total Top 5 and home country

		Total Top 5 and home country C0140
Premiums written		
Gross - Direct Business	**R0110**	447,052
Gross - Proportional reinsurance accepted	**R0120**	452
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	5,393
Net	**R0200**	442,111
Premiums earned		
Gross - Direct Business	**R0210**	447,997
Gross - Proportional reinsurance accepted	**R0220**	446
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,808
Net	**R0300**	443,635
Claims incurred		
Gross - Direct Business	**R0310**	317,075
Gross - Proportional reinsurance accepted	**R0320**	-414
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-1,508
Net	**R0400**	318,168
Changes in other technical provisions		
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	227,729
Other expenses	**R1200**	-258,699
Total expenses	**R1300**	-30,970

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S.05.02.01

Premiums, claims and expenses by country

		Home Country C0220
Premiums written		
Gross	**R1410**	247,724
Reinsurers' share	**R1420**	738
Net	**R1500**	246,985
Premiums earned		
Gross	**R1510**	247,724
Reinsurers' share	**R1520**	738
Net	**R1600**	246,985
Claims incurred		
Gross	**R1610**	391,109
Reinsurers' share	**R1620**	2,535
Net	**R1700**	388,574
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	16,395
Other expenses	**R2500**	
Total expenses	**R2600**	

Total Top 5 and home country

		Total Top 5 and home country C0280
Premiums written		
Gross	**R1410**	247,724
Reinsurers' share	**R1420**	738
Net	**R1500**	246,985
Premiums earned		
Gross	**R1510**	247,724
Reinsurers' share	**R1520**	738
Net	**R1600**	246,985
Claims incurred		
Gross	**R1610**	391,109
Reinsurers' share	**R1620**	2,535
Net	**R1700**	388,574
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	16,395
Other expenses	**R2500**	0
Total expenses	**R2600**	16,395

S.22.01.22

Impact of long term guarantees and transitional measures

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	**C0030**	**C0050**	**C0070**	**C0090**
Technical provisions	**R0010**	2,947,732	0	0	0	0
Basic own funds	**R0020**	893,307	0	0	0	0
Eligible own funds to meet SCR	**R0050**	897,859	0	0	0	0
SCR	**R0090**	405,452	0	0	0	0

S.23.01.22

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0010	C0010	C0010	C0010
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	**R0010**	0	0		0	
Non-available called but not paid in ordinary share capital at group level	**R0020**	0	0		0	
Share premium account related to ordinary share capital	**R0030**	0	0		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	8,286	8,286		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Non-available subordinated mutual member accounts at group level	**R0060**	0		0	0	0
Surplus funds	**R0070**	0	0			
Non-available surplus funds at group level	**R0080**	0	0			
Preference shares	**R0090**	0		0	0	0
Non-available preference shares at group level	**R0100**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Non-available share premium account related to preference shares at group level	**R0120**	0		0	0	0
Reconciliation reserve	**R0130**	889,573	889,573			
Subordinated liabilities	**R0140**	0		0	0	0
Non-available subordinated liabilities at group level	**R0150**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
The amount equal to the value of net deferred tax assets not available at the group level	**R0170**	0				0
Other items approved by supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	**R0190**	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	**R0200**	0	0	0	0	0

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0010	C0010	C0010	C0010
Non-available minority interests at group level	**R0210**	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	0				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**	4,553	4,553	0	0	0
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**	4,553	4,553	0	0	
Deductions for participations where there is non-availability of information (Article 229)	**R0250**	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	**R0260**	0	0	0	0	0
Total of non-available own fund items	**R0270**	0	0	0	0	0
Total deductions	**R0280**	4,553	4,553	0	0	0
Total basic own funds after deductions	**R0290**	893,307	893,307	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	0			0	
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0			0	0

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0010	C0010	C0010	C0010
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0			0	0
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0			0	0
Non available ancillary own funds at group level	**R0380**	0			0	0
Other ancillary own funds	**R0390**	0			0	0
Total ancillary own funds	**R0400**	0			0	0
Own funds of other financial sectors	-					
Credit Institutions, investment firms, financial insitutions, alternative investment fund manager, financial institutions	**R0410**	4,553	4,553	0	0	
Institutions for occupational retirement provision	**R0420**	0	0	0	0	0
Non regulated entities carrying out financial activities	**R0430**	0	0	0	0	
Total own funds of other financial sectors	**R0440**	4,553	4,553	0	0	0
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**	0	0	0	0	0
Own funds aggregated when using the D&A and a combination of method net of IGT	**R0460**	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	893,307	893,307	0	0	
Total available own funds to meet the minimum consolidated group SCR	**R0530**	893,307	893,307	0	0	0
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	893,307	893,307	0	0	
Total-eligible own funds to meet the minimum consolidated group SCR	**R0570**	893,307	893,307	0	0	
Minimum consolidated Group SCR (Article 230)	**R0610**	115,685				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	772.2 %				

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0010	C0010	C0010	C0010
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	897,859	897,859	0	0	0
Group SCR	**R0680**	405,452		-	-	-
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	221.4 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	897,859
Own shares (included as assets on the balance sheet)	**R0710**	0
Forseeable dividends, distributions and charges	**R0720**	0
Other basic own fund items	**R0730**	8,286
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Other non available own funds	**R0750**	0
Reconciliation reserve before deduction for participations in other financial sector	**R0760**	889,573
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	109,873
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	11,982
Total EPIFP	**R0790**	121,855

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

-		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	346,961		Nothing
Counterparty default risk	R0020	45,816		
Life underwriting risk	R0030	64,767	Nothing	Nothing
Health underwriting risk	R0040	74,230	Nothing	Nothing
Non-life underwriting risk	R0050	78,944	Nothing	Nothing
Diversification	R0060	-170,968		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	439,749		

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	36,407
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-72,447
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	403,709
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	405,452
Other information on SCR		-
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Minimum consolidated group solvency capital requirement	R0470	115,685
Information on other entities		-
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	1,742
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	1,742
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non--regulated entities carrying out financial activities	R0530	0
Capital requirement for non-controlled participation requirements	R0540	0
Capital requirement for residual undertakings	R0550	0
Overall SCR		-
SCR for undertakings included via D and A	R0560	0
Solvency capital requirement	R0570	405,452

S.32.01.22: Undertakings in the scope of the group

Country C0010	Identification code of the undertaking C0020	Type of code of the ID of the undertaking C0030	Legal name of the undertaking C0040	Type of undertaking C0050	Legal form C0060	Category (mutual/non mutual) C0070	Supervisory Authority C0080
FI	2392951-7	2	Fennia Asset Management Ltd.	8	limited company	2	Finanssivalvonta
FI	743700IF63Q0466FN058	1	Fennia Life Insurance Company Ltd.	1	non-mutual insurance company	2	Finanssivalvonta
FI	7437003I83168NH5GN58	1	Fennia Mutual Insurance Company	2	mutual insurance company	1	Finanssivalvonta

S.32.01.22: Undertakings in the scope of the group

Criteria of influence

% capital share C0180	% used for the establishment of accounting consolidated accounts C0190	% voting rights C0200	Other criteria C0210	Level of influence C0220	Proportional share used for group solvency calculation C0230
100 %	100 %	100 %	No	1	100 %
100 %	100 %	100 %	No	1	100 %

Inclusion in the scope of group supervision

YES/NO C0240	Date of decision if art. 214 is applied C0250
1	
1	
1	

Group solvency calculation

Method used and under method 1, treatment of the undertaking C0260
4
1
1

Annex - Fennia

S.02.01.02: Balance Sheet

Assets		Solvency II value
		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipement held for own use	R0060	23,716
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,961,932
Property (other than for own use)	R0080	266,017
Holdings in related undertakings, including participations	R0090	232,775
Equities	R0100	112,931
Equities - listed	R0110	108,069
Equities - unlisted	R0120	4,862
Bonds	R0130	576,504
Government Bonds	R0140	5,056
Corporate Bonds	R0150	571,448
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	722,435
Derivatives	R0190	51,269
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	129,261
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	129,261
Reinsurance recoverables from:	R0270	9,775
Non-life and health similar to non-life	R0280	3,595
Non-life excluding health	R0290	3,595
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	6,180
Health similar to life	R0320	380
Life excluding health and index-linked and unit-linked	R0330	5,800
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	62
Insurance and intermediaries receivables	R0360	6,802
Reinsurance receivables	R0370	952
Receivables (trade, not insurance)	R0380	0
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	49,872
Any other assets, not elsewhere shown	R0420	67,174
Total assets	R0500	2,249,545

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	303,105
Technical provisions – non-life (excluding health)	R0520	190,377
TP calculated as a whole	R0530	0
Best Estimate	R0540	160,511
Risk margin	R0550	29,866
Technical provisions - health (similar to non-life)	R0560	112,728
TP calculated as a whole	R0570	0
Best Estimate	R0580	96,137
Risk margin	R0590	16,591
Technical provisions - life (excluding index-linked and unit-linked)	R0600	828,458
Technical provisions - health (similar to life)	R0610	508,675
TP calculated as a whole	R0620	0
Best Estimate	R0630	489,746
Risk margin	R0640	18,930
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	319,782
TP calculated as a whole	R0660	0
Best Estimate	R0670	310,355
Risk margin	R0680	9,428
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	134,737
Derivatives	R0790	18
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	5,981
Reinsurance payables	R0830	1,236
Payables (trade, not insurance)	R0840	76,358
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	33,539
Total liabilities	R0900	1,383,431
Excess of assets over liabilities	R1000	866,114

S.05.01.02: Premiums, claims and expenses by line of business

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)

		Medical expense insurance C0010	Income protection insurance C0020	Workers' compensation insurance C0030	Motor vehicle liability insurance C0040	Other motor insurance C0050	Marine, aviation and transport insurance C0060	Fire and other damage to property insurance C0070	General liability insurance C0080	Credit and suretyship insurance C0090
Premiums written										
Gross - Direct Business	**R0110**	42,320	4,836	78,816	76,251	90,524	12,096	92,319	6,711	531
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	8	301	143	0
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**	26	0	329	602	65	34	3,716	614	0
Net	**R0200**	42,294	4,836	78,487	75,648	90,459	12,070	88,904	6,240	531
Premiums earned										
Gross - Direct Business	**R0210**	46,367	4,448	86,024	75,311	87,361	12,968	92,295	5,510	509
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	8	301	137	0
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**	26	0	329	602	65	34	3,716	29	0
Net	**R0300**	46,341	4,448	85,696	74,709	87,296	12,942	88,880	5,618	509
Claims incurred										
Gross - Direct Business	**R0310**	37,770	3,894	74,160	43,880	74,455	3,625	56,604	-8,341	159
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	0	-39	-376	0
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**	0	0	0	94	81	0	2,096	-3,792	0
Net	**R0400**	37,770	3,894	74,160	43,786	74,374	3,625	54,469	-4,926	159
Changes in other technical provisions										
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**									
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	25,440	1,060	37,185	40,736	43,789	6,366	47,296	10,304	536
Other expenses	**R1200**									
Total expenses	**R1300**									

S.05.01.02: Premiums, claims and expenses by line of business

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)

		Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0100	C0110	C0120
Premiums written				
Gross - Direct Business	**R0110**	7,779	0	5,408
Gross - Proportional reinsurance accepted	**R0120**	0	0	0
Gross - Non-proportional reinsurance accepted	**R0130**			
Reinsurers' share	**R0140**	0	0	0
Net	**R0200**	7,779	0	5,408
Premiums earned				
Gross - Direct Business	**R0210**	7,205	0	5,017
Gross - Proportional reinsurance accepted	**R0220**	0	0	0
Gross - Non-proportional reinsurance accepted	**R0230**			
Reinsurers' share	**R0240**	0	0	0
Net	**R0300**	7,205	0	5,017
Claims incurred				
Gross - Direct Business	**R0310**	9,950	0	4,226
Gross - Proportional reinsurance accepted	**R0320**	0	0	0
Gross - Non-proportional reinsurance accepted	**R0330**			
Reinsurers' share	**R0340**	0	0	0
Net	**R0400**	9,950	0	4,226
Changes in other technical provisions				
Gross - Direct Business	**R0410**	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**			
Reinsurers'share	**R0440**	0	0	0
Net	**R0500**	0	0	0
Expenses incurred	**R0550**	4,280	0	2,271
Other expenses	**R1200**			
Total expenses	**R1300**			

Line of business for: accepted non-proportional reinsurance

		Health C0130	Casualty C0140	Marine, aviation, transport C0150	Property C0160
Premiums written					
Gross - Direct Business	**R0110**				
Gross - Proportional reinsurance accepted	**R0120**				
Gross - Non-proportional reinsurance accepted	**R0130**	0	0	0	0
Reinsurers' share	**R0140**	0	0	0	0
Net	**R0200**	0	0	0	0
Premiums earned					
Gross - Direct Business	**R0210**				
Gross - Proportional reinsurance accepted	**R0220**				
Gross - Non-proportional reinsurance accepted	**R0230**	0	0	0	0
Reinsurers' share	**R0240**	0	0	0	0
Net	**R0300**	0	0	0	0
Claims incurred					
Gross - Direct Business	**R0310**				
Gross - Proportional reinsurance accepted	**R0320**				
Gross - Non-proportional reinsurance accepted	**R0330**	0	0	0	0
Reinsurers' share	**R0340**	0	0	0	0
Net	**R0400**	0	0	0	0
Changes in other technical provisions					
Gross - Direct Business	**R0410**				
Gross - Proportional reinsurance accepted	**R0420**				
Gross - Non- proportional reinsurance accepted	**R0430**	0	0	0	0
Reinsurers'share	**R0440**	0	0	0	0
Net	**R0500**	0	0	0	0
Expenses incurred	**R0550**	0	0	0	0
Other expenses	**R1200**				
Total expenses	**R1300**				

Total

		Total C0200
Premiums written		
Gross - Direct Business	**R0110**	417,589
Gross - Proportional reinsurance accepted	**R0120**	452
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	5,386
Net	**R0200**	412,655
Premiums earned		
Gross - Direct Business	**R0210**	423,016
Gross - Proportional reinsurance accepted	**R0220**	446
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,800
Net	**R0300**	418,661
Claims incurred		
Gross - Direct Business	**R0310**	300,382
Gross - Proportional reinsurance accepted	**R0320**	-414
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-1,520
Net	**R0400**	301,488
Changes in other technical provisions		-
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	219,264
Other expenses	**R1200**	-258,699
Total expenses	**R1300**	-39,435

S.05.01.02: Premiums, claims and expenses by line of business

Line of Business for: life insurance obligations

		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance t	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
Premiums written							
Gross	**R1410**	0	0	0	0	0	0
Reinsurers' share	**R1420**	0	0	0	0	0	0
Net	**R1500**	0	0	0	0	0	0
Premiums earned							
Gross	**R1510**	0	0	0	0	0	0
Reinsurers' share	**R1520**	0	0	0	0	0	0
Net	**R1600**	0	0	0	0	0	0
Claims incurred							
Gross	**R1610**	0	0	0	0	111,628	91,386
Reinsurers' share	**R1620**	0	0	0	0	74	2,041
Net	**R1700**	0	0	0	0	111,554	89,345
Changes in other technical provisions							
Gross	**R1710**	0	0	0	0	0	0
Reinsurers' share	**R1720**	0	0	0	0	0	0
Net	**R1800**	0	0	0	0	0	0
Expenses incurred	**R1900**	0	0	0	0	0	0
Other expenses	**R2500**						
Total expenses	**R2600**						

Life reinsurance obligations

		Health reinsurance **C0270**	Life-reinsurance **C0280**
Premiums written			
Gross	**R1410**	0	0
Reinsurers' share	**R1420**	0	0
Net	**R1500**	0	0
Premiums earned			
Gross	**R1510**	0	0
Reinsurers' share	**R1520**	0	0
Net	**R1600**	0	0
Claims incurred			
Gross	**R1610**	0	0
Reinsurers' share	**R1620**	0	0
Net	**R1700**	0	0
Changes in other technical provisions			
Gross	**R1710**	0	0
Reinsurers' share	**R1720**	0	0
Net	**R1800**	0	0
Expenses incurred	**R1900**	0	0
Other expenses	**R2500**		
Total expenses	**R2600**		

Total

		Total **C0300**
Premiums written		
Gross	**R1410**	0
Reinsurers' share	**R1420**	0
Net	**R1500**	0
Premiums earned		
Gross	**R1510**	0
Reinsurers' share	**R1520**	0
Net	**R1600**	0
Claims incurred		
Gross	**R1610**	203,014
Reinsurers' share	**R1620**	2,115
Net	**R1700**	200,899
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	0
Other expenses	**R2500**	0
Total expenses	**R2600**	0

S.05.02.01

Premiums, claims and expenses by country

		Home Country
		C0080
Premiums written		
Gross - Direct Business	**R0110**	417,589
Gross - Proportional reinsurance accepted	**R0120**	452
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	5,386
Net	**R0200**	412,655
Premiums earned		
Gross - Direct Business	**R0210**	423,016
Gross - Proportional reinsurance accepted	**R0220**	446
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,800
Net	**R0300**	418,661
Claims incurred		
Gross - Direct Business	**R0310**	300,382
Gross - Proportional reinsurance accepted	**R0320**	-414
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-1,520
Net	**R0400**	301,488
Changes in other technical provisions		
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	219,264
Other expenses	**R1200**	
Total expenses	**R1300**	

		Home Country C0220
Premiums written		
Gross	**R1410**	0
Reinsurers' share	**R1420**	0
Net	**R1500**	0
Premiums earned		
Gross	**R1510**	0
Reinsurers' share	**R1520**	0
Net	**R1600**	0
Claims incurred		
Gross	**R1610**	203,014
Reinsurers' share	**R1620**	2,115
Net	**R1700**	200,899
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	0
Other expenses	**R2500**	
Total expenses	**R2600**	

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation
		C0020
Technical provisions calculated as a whole	**R0010**	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0
Technical provisions calculated as a sum of BE and RM		
Best Estimate		
Gross Best Estimate	**R0030**	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0
Risk Margin	**R0100**	0
Amount of the transitional on Technical Provisions		
Technical Provisions calculated as a whole	**R0110**	0
Best estimate	**R0120**	0
Risk margin	**R0130**	0
Technical provisions - total	**R0200**	0

Index-linked and unit-linked insurance

		Index-linked and unit-linked insurance	Contracts without options and guarantees	Contracts with options or guarantees
		C0030	C0040	C0050
Technical provisions calculated as a whole	**R0010**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0
Risk Margin	**R0100**	0		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	0		

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. UnitLinked)**
		C0090	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	310,355	0	310,355
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	5,800	0	5,800
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	304,555	0	304,555
Risk Margin	**R0100**	9,428	0	9,428
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	319,782	0	319,782

Health insurance (direct business)

		Health insurance (direct business)	Contracts without options and guarantees	Contracts with options or guarantees
		C0160	C0170	C0180
Technical provisions calculated as a whole	**R0210**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0
Risk Margin	**R0100**	0		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	0		

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0190	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0210**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	489,746	0	489,746
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	380	0	380
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	489,365	0	489,365
Risk Margin	**R0100**	18,930	0	18,930
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	508,675	0	508,675

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Non-life Technical Provisions

Direct business and accepted proportional reinsurance

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	**R0060**	14,259	447	-12,523	-412	25,341	-146	-7,936	-3,545	61	2,263	0	-2,927
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	0	0	0	0	0	0	2,263	0	-2,927
Net Best Estimate of Premium Provisions	**R0150**	14,259	447	-12,523	-412	25,341	-146	-7,936	-3,545	61	2,263	0	-2,927
Claims provisions													
Gross	**R0160**	35,592	1,577	56,784	35,516	22,432	2,277	39,324	28,148	1,513	16,811	0	1,790

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0	0	0	0	1,749	1,846	0	0	0	0
Net Best Estimate of Claims Provisions	**R0250**	35,592	1,577	56,784	35,516	22,432	2,277	37,575	26,302	1,513	16,811	0	1,790
Total Best estimate - gross	**R0260**	49,851	2,024	44,261	35,104	47,774	2,131	31,388	24,602	1,575	19,074	0	-1,137
Total Best estimate - net	**R0270**	49,851	2,024	44,261	35,104	47,774	2,131	29,640	22,756	1,575	19,074	0	-1,137
Risk margin	**R0280**	4,219	710	11,662	6,945	6,928	1,935	8,844	3,062	303	1,162	0	686
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total	**R0320**	0	0	0	0	0	0	1,749	1,846	0	20,237	0	-451
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	0	0	0	0	0	5,188	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	54,070	2,734	55,923	42,049	54,702	4,066	38,484	25,818	1,877	20,237	0	-451

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	1

Gross Claims Paid (non-cumulative, absolute amount)

		0	1	2	3	4	5	6	7	8	9	10 +	In Current year	Sum of years (cumulative)
	Year	**C0010**	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0170**	**C0180**
Prior	**R0100**											3,134	3,134	3,134
N-9	**R0160**	162,968	75,224	11,511	6,833	3,689	2,202	1,859	1,638	1,251	1,047		1,047	268,222
N-8	**R0170**	166,282	84,912	13,285	5,236	3,389	2,602	3,507	1,865	1,384			1,384	282,463
N-7	**R0180**	168,461	80,592	13,664	6,814	4,493	2,344	2,585	1,702				1,702	280,655
N-6	**R0190**	164,819	81,530	14,149	5,954	3,931	2,320	1,320					1,320	274,021
N-5	**R0200**	157,942	63,210	11,239	6,103	3,515	2,599						2,599	244,608
N-4	**R0210**	159,298	65,546	11,018	5,270	3,741							3,741	244,873
N-3	**R0220**	166,606	69,862	17,336	5,361								5,361	259,165
N-2	**R0230**	165,432	81,997	12,390									12,390	259,818
N-1	**R0240**	171,102	77,141										77,141	248,243
N	**R0250**	182,806											182,806	182,806
Total	**R0260**												292,624	2,548,007

Gross undiscounted Best Estimate Claims Provisions (absolute amount)

		0	1	2	3	4	5	6	7	8	9	10 +	Year end (discounted data)
	Year	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**	**C0360**
Prior	**R0100**											54,104	42,974
N-9	**R0160**	0	0	0	0	0	0	27,192	24,497	21,195	20,565		14,043
N-8	**R0170**	0	0	0	0	0	34,920	24,359	22,372	20,237			14,258
N-7	**R0180**	0	0	0	0	40,021	31,301	26,590	24,966				17,837
N-6	**R0190**	0	0	0	45,413	35,779	25,673	21,892					17,866
N-5	**R0200**	0	0	64,911	51,004	38,703	33,307						27,885
N-4	**R0210**	0	80,084	56,313	46,490	33,343							27,729
N-3	**R0220**	160,266	82,143	50,139	37,570								30,400
N-2	**R0230**	176,800	79,851	65,573									55,435
N-1	**R0240**	159,504	75,242										68,735
N	**R0250**	172,327											165,779
Total	**R0260**												482,941

S.22.01.21

Impact of long term guarantees and transitional measures

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	**R0010**	1,131,562	0	0	0	0
Basic own funds	**R0020**	866,114	0	0	0	0
Eligible own funds to meet SCR	**R0050**	866,114	0	0	0	0
SCR	**R0090**	336,734	0	0	0	0
Eligible own funds to meet MCR	**R0100**	866,114	0	0	0	0
Minimum Capital Requirement	**R0110**	84,183	0	0	0	0

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Own funds

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	0	0		0	
Share premium account related to ordinary share capital	**R0030**	0	0		0	
~~I~~initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	8,286	8,286		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0	0			
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	857,828	857,828			
Subordinated liabilities	**R0140**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0
Total basic own funds after deductions	R0290	866,114	866,114	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	866,114	866,114	0	0	0
Total available own funds to meet the MCR	R0510	866,114	866,114	0	0	
Total eligible own funds to meet the SCR	R0540	866,114	866,114	0	0	0
Total eligible own funds to meet the MCR	R0550	866,114	866,114	0	0	
SCR	R0580	336,734				
MCR	R0600	84,183				
Ratio of Eligible own funds to SCR	R0620	257.2 %				
Ratio of Eligible own funds to MCR	R0640	1,028.8 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	866,114
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	0
Other basic own fund items	**R0730**	8,286
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	857,828
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	0
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	11,982
Total Expected profits included in future premiums (EPIFP)	**R0790**	11,982

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement C0110	USP C0090	Simplifications C0100
Market risk	**R0010**	300,692		Nothing
Counterparty default risk	**R0020**	33,999		
Life underwriting risk	**R0030**	16,188	Nothing	Nothing
Health underwriting risk	**R0040**	74,230	Nothing	Nothing
Non-life underwriting risk	**R0050**	78,944	Nothing	Nothing
Diversification	**R0060**	-131,263		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	372,789		

		C0120
Calculation of Solvency Capital Requirement		
Operational risk	**R0130**	31,702
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	-67,758
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency capital requirement excluding capital add-on	**R0200**	336,734
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	336,734
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

		Yes/No C0109
Approach to tax rate		
Approach based on average tax rate	**R0590**	1

		LAC DT
		C0130
LAC DT	**R0640**	-67 758
LAC DT justified by reversion of deferred tax liabilities	**R0650**	-67 758
LAC DT justified by reference of probable future taxable profit	**R0660**	0
LAC DT justified by carry back, current year	**R0670**	0
LAC DT justified by carry back, future years	**R0680**	0
Maximum LAC DT	**R0690**	-80 898

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	56,536

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	49,851	44,480
Income protection insurance and proportional reinsurance	R0030	2,024	4,810
Workers' compensation insurance and proportional reinsurance	R0040	44,261	89,707
Motor vehicle liability insurance and proportional reinsurance	R0050	35,104	78,257
Other motor insurance and proportional reinsurance	R0060	47,774	94,371
Marine, aviation and transport insurance and proportional reinsurance	R0070	2,131	12,325
Fire and other damage to property insurance and proportional reinsurance	R0080	29,640	96,551
General liability insurance and proportional reinsurance	R0090	22,756	7,675
Credit and suretyship insurance and proportional reinsurance	R0100	1,575	531
Legal expenses insurance and proportional reinsurance	R0110	19,074	8,327
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	4,904
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	16,672

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	793,920	
Total capital at risk for all life (re)insurance obligations	R0250	-	0

Overall MCR calculation

		C0070
Linear MCR	R0300	73,208
SCR	R0310	336,734
MCR cap	R0320	151,530
MCR floor	R0330	84,183
Combined MCR	R0340	84,183
Absolute floor of the MCR	R0350	3,200
Minimum Capital Requirement	**R0400**	84,183

Annex – Fennia Life

S.02.01.02: Balance Sheet

Assets

		Solvency II value
		C0010
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipement held for own use	**R0060**	528
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	777,009
Property (other than for own use)	**R0080**	71,118
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	39,349
Equities - listed	**R0110**	31,779
Equities - unlisted	**R0120**	7,569
Bonds	**R0130**	398,680
Government Bonds	**R0140**	510
Corporate Bonds	**R0150**	398,170
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	232,606
Derivatives	**R0190**	35,256
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	1,238,628
Loans and mortgages	**R0230**	13,252
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	13,252
Reinsurance recoverables from:	**R0270**	-3,471
Non-life and health similar to non-life	**R0280**	0
Non-life excluding health	**R0290**	0
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-3,471
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	-3,471
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	0
Reinsurance receivables	**R0370**	309
Receivables (trade, not insurance)	**R0380**	0
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	39,408
Any other assets, not elsewhere shown	**R0420**	33,681
Total assets	**R0500**	2,099,344

Liabilities

		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	0
Technical provisions – non-life (excluding health)	**R0520**	0
TP calculated as a whole	**R0530**	0
Best Estimate	**R0540**	0
Risk margin	**R0550**	0
Technical provisions - health (similar to non-life)	**R0560**	0
TP calculated as a whole	**R0570**	0
Best Estimate	**R0580**	0
Risk margin	**R0590**	0
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	580,867
Technical provisions - health (similar to life)	**R0610**	0
TP calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	580,867
TP calculated as a whole	**R0660**	0
Best Estimate	**R0670**	551,276
Risk margin	**R0680**	29,591
Technical provisions – index-linked and unit-linked	**R0690**	1,235,303
TP calculated as a whole	**R0700**	0
Best Estimate	**R0710**	1,223,146
Risk margin	**R0720**	12,157
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	13,127
Derivatives	**R0790**	1,331
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	361
Reinsurance payables	**R0830**	774
Payables (trade, not insurance)	**R0840**	39,424
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in BOF	**R0860**	0
Subordinated liabilities in BOF	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	10,842
Total liabilities	**R0900**	1,882,029
Excess of assets over liabilities	**R1000**	217,316

S.05.01.02

Premiums, claims and expenses by line of business vakuutuslajeittain

Line of Business for: life insurance obligations

		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
Premiums written							
Gross	**R1410**	0	20,769	205,107	21,848	0	0
Reinsurers' share	**R1420**	0	0	0	738	0	0
Net	**R1500**	0	20,769	205,107	21,109	0	0
Premiums earned							
Gross	**R1510**	0	20,769	205,107	21,848	0	0
Reinsurers' share	**R1520**	0	0	0	738	0	0
Net	**R1600**	0	20,769	205,107	21,109	0	0
Claims incurred							
Gross	**R1610**	0	33,814	147,898	6,360	0	0
Reinsurers' share	**R1620**	0	0	0	309	0	0
Net	**R1700**	0	33,814	147,898	6,051	0	0
Changes in other technical provisions							
Gross	**R1710**	0	0	0	0	0	0
Reinsurers' share	**R1720**	0	0	0	0	0	0
Net	**R1800**	0	0	0	0	0	0
Expenses incurred	**R1900**	0	2,820	8,897	4,678	0	0
Other expenses	**R2500**						
Total expenses	**R2600**						

Life reinsurance obligations

		Health reinsurance **C0270**	Life-reinsurance **C0280**
Premiums written			
Gross	**R1410**	0	0
Reinsurers' share	**R1420**	0	0
Net	**R1500**	0	0
Premiums earned			
Gross	**R1510**	0	0
Reinsurers' share	**R1520**	0	0
Net	**R1600**	0	0
Claims incurred			
Gross	**R1610**	0	0
Reinsurers' share	**R1620**	0	0
Net	**R1700**	0	0
Changes in other technical provisions			
Gross	**R1710**	0	0
Reinsurers' share	**R1720**	0	0
Net	**R1800**	0	0
Expenses incurred	**R1900**	0	0
Other expenses	**R2500**		
Total expenses	**R2600**		

Total

		Total C0300
Premiums written		
Gross	**R1410**	247,724
Reinsurers' share	**R1420**	738
Net	**R1500**	246,985
Premiums earned		
Gross	**R1510**	247,724
Reinsurers' share	**R1520**	738
Net	**R1600**	246,985
Claims incurred		
Gross	**R1610**	188,073
Reinsurers' share	**R1620**	309
Net	**R1700**	187,764
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	16,395
Other expenses	**R2500**	0
Total expenses	**R2600**	16,395

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Premiums, claims and expenses by country

		Home Country C0220
Premiums written		
Gross	**R1410**	247,724
Reinsurers' share	**R1420**	738
Net	**R1500**	246,985
Premiums earned		
Gross	**R1510**	247,724
Reinsurers' share	**R1520**	738
Net	**R1600**	246,985
Claims incurred		
Gross	**R1610**	188,073
Reinsurers' share	**R1620**	309
Net	**R1700**	187,764
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	16,395
Other expenses	**R2500**	
Total expenses	**R2600**	

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Life and Health SLT Technical Provisions

		Insurance with profit participation C0020
Technical provisions calculated as a whole	**R0010**	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0
Technical provisions calculated as a sum of BE and RM		
Best Estimate		
Gross Best Estimate	**R0030**	624,319
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	624,319
Risk Margin	**R0100**	12,186
Amount of the transitional on Technical Provisions		
Technical Provisions calculated as a whole	**R0110**	0
Best estimate	**R0120**	0
Risk margin	**R0130**	0
Technical provisions - total	**R0200**	636,505

Index-linked and unit-linked insurance

		Index-linked and unit-linked insurance	Contracts without options and guarantees	Contracts with options or guarantees
		C0030	C0040	C0050
Technical provisions calculated as a whole	**R0010**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	1,223,146
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	1,223,146
Risk Margin	**R0100**	12,157		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	1,235,303		

Other life insurance

		Other life insurance	Contracts without options and guarantees	Contracts with options or guarantees
		C0060	C0070	C0080
Technical provisions calculated as a whole	**R0010**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	-73,043
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	-3,471
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	-69,572
Risk Margin	**R0100**	17,405		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	-55,638		

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
		C0090	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	0	0	1,774,422
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0	0	-3,471
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0	0	1,777,893
Risk Margin	**R0100**	0	0	41,748
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	0	0	1,816,170

Health insurance (direct business)

		Health insurance (direct business) C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180
Technical provisions calculated as a whole	**R0210**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0
Risk Margin	**R0100**	0		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	0		

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0190	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0210**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0	0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0	0	0
Risk Margin	**R0100**	0	0	0
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	0	0	0

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Impact of long term guarantees and transitional measures

		Amount with LTG measures and transitionals C0010	Impact of transitional on technical provisions C0030	Impact of transitional on interest rate C0050	Impact of volatility adjustment set to zero C0070	Impact of matching adjustment set to zero C0090
Technical provisions	**R0010**	1,816,170	0	0	0	0
Basic own funds	**R0020**	205,316	0	0	0	0
Eligible own funds to meet SCR	**R0050**	205,316	0	0	0	0
SCR	**R0090**	109,219	0	0	0	0
Eligible own funds to meet MCR	**R0100**	205,316	0	0	0	0
Minimum Capital Requirement	**R0110**	31,502	0	0	0	0

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	27,751	27,751		0	
Share premium account related to ordinary share capital	**R0030**	10,732	10,732		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	0	0		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0	0			
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	166,833	166,833			
Subordinated liabilities	**R0140**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	0				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	0
Total basic own funds after deductions	**R0290**	205,316	205,316	0	0	0
Ancillary own funds						

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	0			0	
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0			0	0
Other ancillary own funds	**R0390**	0			0	0
Total ancillary own funds	**R0400**	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	205,316	205,316	0	0	0
Total available own funds to meet the MCR	**R0510**	205,316	205,316	0	0	
Total eligible own funds to meet the SCR	**R0540**	205,316	205,316	0	0	0
Total eligible own funds to meet the MCR	**R0550**	205,316	205,316	0	0	
SCR	**R0580**	109,219				
MCR	**R0600**	31,502				
Ratio of Eligible own funds to SCR	**R0620**	188.0 %				
Ratio of Eligible own funds to MCR	**R0640**	651.8 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	217,316
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	12,000
Other basic own fund items	**R0730**	38,483
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	166,833
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	109,873
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	0
Total Expected profits included in future premiums (EPIFP)	**R0790**	109,873

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement C0110	USP C0090	Simplifications C0100
Market risk	R0010	83,173		Nothing
Counterparty default risk	R0020	14,421		
Life underwriting risk	R0030	56,276	Nothing	Nothing
Health underwriting risk	R0040	0	Nothing	Nothing
Non-life underwriting risk	R0050	0	Nothing	Nothing
Diversification	R0060	-37,086		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	116,784		

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	4,705
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-12,270
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	109,219
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	109,219
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

		Yes/No C0109
Approach to tax rate		
Approach based on average tax rate	R0590	1

		LAC DT C1030
LAC DT	**R0640**	-12 270
LAC DT justified by reversion of deferred tax liabilities	**R0650**	-12 270
LAC DT justified by reference of probable future taxable profit	**R0660**	0
LAC DT justified by carry back, current year	**R0670**	0
LAC DT justified by carry back, future years	**R0680**	0
Maximum LAC DT	**R0690**	-24 298

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Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	0	0
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} -Result	R0200	31,502

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	**R0210**	604,867	
Obligations with profit participation - future discretionary benefits	**R0220**	19,452	
Index-linked and unit-linked insurance obligations	**R0230**	1,223,146	
Other life (re)insurance and health (re)insurance obligations	**R0240**	0	
Total capital at risk for all life (re)insurance obligations	**R0250**	-	2,244,282

Overall MCR calculation

		C0070
Linear MCR	**R0300**	31,502
SCR	**R0310**	109,219
MCR cap	**R0320**	49,149
MCR floor	**R0330**	27,305
Combined MCR	**R0340**	31,502
Absolute floor of the MCR	**R0350**	3,200
-	-	**C0070**
Minimum Capital Requirement	**R0400**	31,502