Annual Report and Financial Statements **2020**

Fennia Life

Contents

Managing Director’s Review

In 2020, Fennia Life celebrated its 22nd year of operations. The company's business covers voluntary life, pension and savings insurance products as part of the Fennia Group's service offering.

The year was marked by the continuing Covid-19 pandemic, which caused uncertainty in the operations of both our self-employed customers and the company. Fennia Life's business nevertheless developed favourably. The company's premiums written amounted to EUR 160 million (EUR 240 million), a return to the level of the previous years, as expected. The comparison year 2019 was exceptional, as the tax reform applied to investment insurance resulted in a one-time spike in premiums written. Of the company's businesses, sales of both life insurance and pension solutions grew, whereas sales of investment insurances were clearly weaker than they were compared to the previous peak year.

Measured in terms of expense loading, operating income grew to EUR 18.6 million (EUR 18.3 million). The company's expense ratio (including fund fees) improved yet again to the best level in its operating history and was 82.6 per cent (89.5 %). The company's result in 2020 was EUR 14.2 million (EUR 37.2 million), which can be considered reasonable.

The return on investments was 6.0 per cent (7.6 %). The capital markets experienced major ups and downs in 2020, and the return was clearly positive thanks to successful investment operations and massive stimulus measures implemented by the central banks. The interest rate level remained at a historically low level. The insurance savings of Fennia Life's customers grew by more than 11 per cent, due to both the performance of the capital markets and positive net sales (more new sales than surrenders).

The company's solvency is at a good level, and according to preliminary calculations, the SCR ratio describing the company's solvency was 191.2 per cent (188.0 %) at the turn of the year. The company does not apply transitional provisions.

Fennia Life's development in 2020 was consistent with the targets of the company's strategy period for 2018–2022, in spite of the pandemic. The main goals during the strategy period are to increase business volume and improve the expense ratio, which is intended as a means of safeguarding the company's future cost-competitiveness. In terms of the company's product offering, risk life insurance was renewed and insurance cover in case of serious illness was developed as a new feature of life insurance. The main focus of the company's investments continues to be on digitalising operations and on digital customer channels while at the same time improving and boosting our business processes.

Fennia Life's outlook for 2021 is cautiously positive but at the same time uncertain due to the pandemic. The central banks' massive stimulus measures are predicted to continue, and they will support both the weakened economic growth and, in particular, the already high valuation levels of the investment markets. The company's solvency position is nevertheless relatively good. Stability is supported by the investment portfolio's low level of risk-taking and hedging the technical provisions in accordance with the ALM operating model.

In conclusion, I extend tremendous thanks to our customers – their needs are the reason we exist. Our vision is to provide the best customer experience in the industry, and in that we have our work cut out for us. Thanks also to our personnel and our administration for their excellent work contribution and co-operation in a challenging year.

Alexander Schoschkoff
Managing Director, Fennia Life

Report of the Board of Directors

Fennia Life Insurance Company

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

Fennia Life's result for 2020 was reasonably good, considering the prevailing coronavirus pandemic. The company's expense ratio improved from the comparison year and the company's business developed positively.

Fennia Life is a wholly owned subsidiary of Fennia Mutual Insurance Company. At the end of the financial year, the Fennia Life Group comprised six (9) real estate companies wholly owned by the company and one (1) real estate company in which the company's holding was 88 per cent.

At the end of 2020, Fennia Life did not engage in ancillary activities referred to in the Insurance Companies Act.

Most significant events during the year

2020 was marked by the global Covid-19 pandemic and the negative impacts it had on economic development and the capital markets. As a consequence of the pandemic, demand for risk life insurance products grew, especially in the second quarter of the year. Pension insurance sales increased slightly from the previous year, and the development of premiums written on investment insurances was weaker than in the comparison year. The company's premiums written developed exceptionally strongly during the comparison year, as customers were preparing for the tax reform that entered into force. After the exceptional year, this situation returned to a more normal level.

Insurance claims were lower than in the previous year, despite the pandemic, and no coronavirus-related claims were paid during the year.

Insurance business

Fennia Life's total premium income, after the reinsurers' share, was EUR 159.9 million (EUR 240.0 million). Of the company's total premium income, life insurance accounted for EUR 128.3 million (EUR 208.7 million) and pension insurance for EUR 32.7 million (EUR 32.3 million).

Premiums written on unit-linked insurances amounted to EUR 123.0 million (EUR 204.1 million), accounting for 76.4 per cent (84.7 %) of the company's total premium income. Premiums written on regular premium contracts stood at EUR 55.4 million (EUR 53.4 million), accounting for 34.4 per cent (22.2 %) of total premiums written.

Claims paid totalled EUR 105.6 million (EUR 177.7 million). Surrenders amounted to EUR 46.1 million (EUR 123.5 million). The repayment of benefits amounted to EUR 4.9 million (EUR 3.4 million). Pensions were paid in the amount of EUR 40.1 million (EUR 39.7 million) and death and disability benefits in the amount of EUR 10.9 million (EUR 7.8 million).

Operating expenses totalled EUR 14.6 million (EUR 15.6 million). The company's expense ratio was 82.6 per cent (89.5 %), taking into account the fee and commission income from funds which form the investments of the unit-linked insurance.

The total return on with-profit insurance savings varied between 0.6 and 4.5 per cent in 2020, depending on the line of insurance. Client bonuses granted totalled EUR 2.0 million, of which EUR 1.6 million was funded from the provisions for future bonuses reserved earlier.

According to preliminary calculations, Fennia Life's solvency ratio was 191.2 per cent (188.0 %). Fennia Life does not apply transitional provisions in calculating the technical provisions.

Life Insurance Key Figures

		2020	2019	2018
Premiums written	M€	159.9	240.0	163.1
Expense ratio (of expense loading)	%	93.9	101.1	101.9
Operating profit/loss	M€	19.7	47.9	23.1
Total result	M€	57.4	63.3	24.2
Average number of personnel		52	53	52

Investments

The company's return on investments at current values amounted to EUR 48.6 million (EUR 57.1 million), i.e. 6.0 per cent (7.6 %) on the invested capital. The company's net investment income was EUR 78.3 million (EUR 181.3 million), of which unit-linked insurances accounted for EUR 68.0 million (EUR 140.2 million) of the net result. Gains on the realisation of investments were EUR 54.0 million lower than in the previous year. Compared to last year, the larger impairments, smaller reversals of impairments and revaluations also lowered the result by EUR 45.1 million.

At year-end, the current value of the investments was EUR 854.5 million (EUR 821.7 million). Bonds and long-term fund investments accounted for 62.3 per cent (66.9 %) of the investment portfolio, and money market investments and deposits for 13.4 per cent (10.7 %). Equities, equity fund investments and private equity funds accounted for 7.3 per cent (6.9 %), real estate investments for 8.9 per cent (10.8 %) and loan receivables and other investments for 8.1 per cent (4.7 %). Assets covering unit-linked insurances grew to EUR 1,369 million (EUR 1,238 million).

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

These interest rate hedges have been implemented as hedging instruments in accounting. Changes in the value of derivatives are not entered through profit or loss when the hedge is within the limits defined by the efficiency calculation. The hedges were efficient throughout 2020. The market-consistent hedge rate was kept at 80 per cent throughout 2020. Derivative contracts were implemented with counterparties with a good credit rating. In derivative contracts, variation margin is exchanged daily against changes in market value.

Life Insurance Key Figures

		2020	2019	2018
Return on assets	%	7.1	8.3	3.5
Net investment income at current value	M€	48.6	57.1	17.8
Return on invested capital	%	6.0	7.6	2.4

Result

The Group's operating profit was EUR 19.8 million (EUR 48.7 million), and the company's operating profit was EUR 19.7 million (EUR 47.9 million). The company decreased the interest rate supplement reserved previously by EUR 9.4 million (EUR 9.5 million) and the reserve for future bonuses by EUR 1.6 million (EUR 1.6 million). At year-end, the supplementary provision for the guaranteed interest rate stood at EUR 95.8 million (EUR 105.2 million).

Administration and staff

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

The Board of Directors held a total of 10 meetings during the year under review. The attendance rate of the members was 95 per cent.

Alexander Schoschkoff acted as the company's Managing Director.

The company employed an average of 52 people (53) in 2020.

Remuneration

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

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

Group Structure

At the end of the financial year, the Fennia Life Group comprised six (9) real estate companies wholly owned by the company and one (1) real estate company in which the company's holding was 88 per cent. Three (2) real estate companies were sold during the year.

Risk and solvency management

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

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

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

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

Solvency and Financial Condition Report

Fennia Life's Solvency and Financial Condition Report will be published at the latest on 8 April 2021 on Fennia's website.

Outlook for the current year

2021 began on a cautiously optimistic note, along with the start of Covid-19 vaccinations. The vaccinations will presumably, as the current societal restrictions to limit the spread of the virus are lifted, accelerate economic growth. We expect sales of risk insurances to grow further along with the revamped product offering and the launch of new insurance cover in case of serious illness. The company's result will depend on the development of the capital markets, as some of the company's fee and commission income is tied to the value of the insurance savings. Investment returns are subject to uncertainty during the current year.

Board of Directors' proposal on the disposal of profit

Fennia Life's distributable profits totalled EUR 128,490,174.57. The company's profit for the financial year was EUR 14,158,318.11. The Board of Directors proposes to the annual general meeting that the profit for the financial year be used such that EUR 4,000,000 be paid in dividends and EUR 10,158,318.11 be transferred to retained earnings.

Financial Statements

Profit and Loss Account

The figures are in thousands of euros.

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Technical Account				
Premiums written				
Premiums written	160,941	240,966	160,941	240,966
Reinsurers' share	-1,073	-1,022	-1,073	-1,022
	159,868	239,945	159,868	239,945
Investment income	60,919	119,049	62,071	121,055
Revaluations on investments	91,584	94,712	91,584	94,712
Claims incurred				
Claims paid	-105,814	-178,025	-105,814	-178,025
Reinsurers' share	166	309	166	309
	-105,648	-177,716	-105,648	-177,716
Change in the provision for outstanding claims				
Total change in the provision for outstanding claims	-3,168	-8,326	-3,168	-8,326
	-3,168	-8,326	-3,168	-8,326
Claims incurred in total	-108,815	-186,042	-108,815	-186,042
Change in the provision for unearned premiums				
Total change in the provision for unearned premiums	-96,328	-171,926	-96,328	-171,926
	-96,328	-171,926	-96,328	-171,926
Net operating expenses	-14,572	-15,566	-14,572	-15,566
Investment charges	-68,294	-31,236	-69,369	-32,471
Revaluation adjustments on investments	-5,886	-1,263	-5,886	-1,263
Balance on technical account	18,475	47,672	18,551	48,443
Non-Technical Account				
Other income				
Other	-	1	-	1
	-	1	-	1
Other charges				
Depreciation on goodwill	-241	-241	-241	-241
Other	-13	0	-13	-
	-241	-241	-246	-1,624
Profit on ordinary activities	18,221	47,433	18,298	48,198
Appropriations				
Change in depreciation difference	-9	-5		
Tax on profit				
Tax for the financial year	-3,453	-10,132	-3,453	-10,132
Tax from previous periods	-601	-52	-601	-52
Deferred tax			590	-572
	-4,054	-10,184	-3,463	-10,756
Minority interests			8	16
Profit for the financial year	14,158	37,244	14,843	37,457

Balance Sheet

Assets

The figures are in thousands of euros.

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Intangible assets				
Other long-term expenses	3,274	3,035	3,274	3,035
Goodwill	963	1,203	963	1,203
Advance payments	1,283	872	1,283	872
	5,520	5,111	5,520	5,111
Investments				
Real estate investments				
Land and buildings and real estate shares	57,298	64,569	51,652	63,980
Real estate investment funds	8,337	8,353	8,337	8,353
Investment loans to affiliated undertakings	3,379	8,201		
Loans to associated undertakings	2,448	1,843	2,448	1,843
	71,462	82,967	62,437	74,177
Other investments				
Shares and participations	249,354	248,195	249,354	248,195
Debt securities	397,680	395,414	397,680	395,414
Loans guaranteed by mortgages	800	2,697	800	2,697
	647,834	646,306	647,834	646,306
Investments in total	719,296	729,273	710,271	720,483
Investments covering unit-linked insurances	1,367,340	1,235,561	1,367,340	1,235,561
Debtors				
Arising out of direct insurance operations				
Policyholders	958	138	958	138
Arising out of reinsurance operations	172	309	172	309
Other debtors	13,787	18,938	13,782	18,711
	14,917	19,384	14,912	19,158
Other assets				
Tangible assets				
Machinery and equipment	234	248	234	248
Other tangible assets	12	12	12	12
	246	261	246	261
Cash at bank and in hand	37,796	32,006	38,048	32,029
	38,042	32,267	38,294	32,289
Prepayments and accrued income				
Interest and rents	6,175	6,542	6,179	6,544
Other	2,786	2,632	2,792	2,717
	8,961	9,174	8,970	9,261
	2,154,076	2,030,770	2,145,307	2,021,863

Liabilities

The figures are in thousands of euros.

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Capital and reserves				
Subscribed capital	27,751	27,751	27,751	27,751
Premium fund	10,723	10,723	10,723	10,723
At the disposal of the Board	8	8	8	8
Profit brought forward	114,323	89,079	101,059	75,602
Profit for the financial year	14,158	37,244	14,843	37,457
	166,964	164,806	154,385	151,542
Appropriations				
Accumulated depreciation difference	76	66		
Minority interests			360	369
Technical provisions				
Provision for unearned premiums	388,015	421,455	388,015	421,455
Claims outstanding	152,530	150,473	152,530	150,473
	540,545	571,928	540,545	571,928
Technical provisions for unit-linked insurances				
Technical provisions	1,368,781	1,237,902	1,368,781	1,237,902
Creditors				
Arising out of reinsurance operations	756	774	756	774
Deferred tax			3,580	4,170
Other creditors	72,284	44,157	72,189	43,975
	73,040	44,931	76,525	48,919
Accruals and deferred income	4,670	11,137	4,711	11,203
	2,154,076	2,030,770	2,145,307	2,021,863

Parent Company Cash Flow Statement

Indirect cash flow statement

The figures are in thousands of euros.

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Cash flow from business operations				
Profit on ordinary activities before extraordinary items	14,168	37,249	14,835	37,442
Adjustments:				
Change in technical provisions	99,496	180,252	99,496	180,252
Value adjustments and revaluations on investments	-56,770	-101,912	-57,373	-102,463
Depreciation according to plan	703	942	2,816	3,212
Other	9,628	-38,356	8,080	-39,401
Cash flow before change in net working capital	67,225	78,174	67,854	79,042
Change in net working capital				
Increase/decrease in non-interest-earning receivables	4,655	173	4,510	15
Increase in non-interest-earning payables	28,289	35,835	28,352	30,161
Cash flow from business operations before financial items and taxes	100,169	114,182	100,716	109,218
Interest paid on other financial expenses from operations	-127	-18	-127	-127
Taxes	-10,701	-2,092	-10,701	-2,092
Cash flow from business operations	89,341	112,071	89,888	106,999
Cash flow from capital expenditures				
Capital expenditure on investments (excl. funds)	-65,006	-174,794	-66,281	-171,478
Capital gain from investments (excl. funds)	-5,447	48,558	-4,490	50,284
Investments and income from the sale of tangible and intangible assets and other assets (net)	-1,098	-280	-1,098	-280
Cash flow from capital expenditures	-71,551	-126,516	-71,869	-121,474
Cash flow from financing				
Dividends paid	-12,000	-6,000	-12,000	-6,000
Cash flow from financing	-12,000	-6,000	-12,000	-6,000
Change in funds	5,790	-20,444	6,019	-20,475
Funds on 1 Jan.	32,006	52,450	32,029	52,503
Funds on 31 Dec.	37,796	32,006	38,048	32,029
	5,790	-20,444	6,019	-20,475

Notes to the accounts

Accounting principles

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

Book value of investments

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

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

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

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

Value adjustments that have been made earlier on investments are re-adjusted with impact on the result up to the original acquisition cost if the current value increases.

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

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

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

Book value of assets other than investments

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

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

Depreciation according to plan

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

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

Revaluations on investments

Revaluations and revaluation adjustments on investments in the nature of investment assets and on investments covering unit-linked insurances are entered with impact on the result.

Current value of investments

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

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

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

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

Foreign currency items

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

Staff pension schemes

Pension insurance cover has been arranged with Elo Mutual Pension Insurance. Pension expenditure during the financial year is entered on the accrual basis as an expense. All company personnel are also included in the defined contribution supplementary insurance policy, which has been taken out with Fennia Life Insurance Company.

Appropriations and treatment of deferred tax

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

Technical provisions in life insurance

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

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

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

In order to fulfil the technical interest rate requirement, the technical provisions have been supplemented in previous financial statements. The supplementary provision for the guaranteed interest rate as of 31 December 20120 is approximately EUR 95.8 million. As a result of the supplementary provision, the minimum annual return requirement for investment operations on the part of policies based on technical provisions is 1.0 per cent.

Principle of Fairness

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

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

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

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

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

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

The Principle of Fairness can be applied in risk life insurances, on the part of death cover and disability cover, to specified insurance groups in the form of increased compensation.

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

Implementation of the Principle of Fairness in 2020

Fennia Life's bonuses in 2020 correspond to the targets set by the company in its Principle of Fairness. The return to be distributed to insurance policies is determined based on the company's long-term net income on investments. The goal in the level of bonuses is continuity. The company's solvency position and the level of interest rates are taken into account when distributing bonuses.

In response to the extremely low interest rate level that has continued for some time, the company has in earlier years transferred part of its result to the supplementary provision for the guaranteed interest rate in order to cover the cost of the technical rate of interest in the coming years. At the closing of the accounts on 31 December 2020, no such transfer was made. The supplementary provision for the guaranteed interest rate was decreased according to plan.

The technical rate of interest for new pension insurance contracts has remained low (0–1 per cent) for several years. In order to ensure continuity in the level of bonuses paid, EUR 3.8 million was transferred from the result for 2017 to the provision for future bonuses to be used to cover the cost of the bonuses on pension insurance contracts with a technical rate of interest of 0 or 1 per cent. The bonuses paid 2020 were funded from provisions for bonuses reserved earlier.

The risk-free interest rate has remained low for both short-term and long-term government bonds since 2009. Between 2009 and 2020, the total interest credited by Fennia Life has clearly exceeded the risk-free interest rate of the corresponding investment period. When distributing bonuses, not only the contract's technical rate of interest, but also the surrender right and the duration of the insurance have been taken into account. For that reason, the total interest credited on pension insurance has been higher than the interest credited on savings insurance. The table below indicates the total interest credited by Fennia Life in 2020:

Total annual interest on with-profit policies in 2020

Technical rate of interest	Individual savings insurance	Individual pension insurance	Group pension insurance	Capital redemption contract
4.50 %	4.50 %	4.50 %		
3.50 %	3.50 %	3.50 %	3.50 %	
2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
2.00 %			2.00 %	
1.50 %	1.50 %			1.50 %
1.00 %	1.00 %	1,70 %	1,70 %	1.00 %
0.00 %			1,70 %	0.60 %

The surplus from risk life insurance is paid out as extra sums to risk life insurance policies in connection with loss events the extra sums paid in 2020, amounting to EUR 977,261 were funded from provisions for bonuses reserved in the previous financial statement. Further, provisions for extra sums were increased by EUR 1,469,932.

Consolidated Financial Statements

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

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

At the end of the financial year, the group comprised six (9) real estate companies wholly owned by the company and one (1) real estate company in which the company's holding was 88 per cent. Two (2) real estate companies were sold during the year.

Group companies 31 Dec. 2020

The following subsidiaries are included in the consolidated financial statements:

- Kiinteistö Oy Espoon Niittyrinne 1
- Kiinteistö Oy Koivuhaanportti 1-5
- Kiinteistö Oy Mikkelin Hallituskatu 1
- Kiinteistö Oy Sellukatu 5
- Kiinteistö Oy Teohypo
- Kiinteistö Oy Vasaraperän Liikekeskus
- Munkinseudun Kiinteistö Oy
- Kiinteistö Oy Konalan Ristipellontie 25 (sold 18 Dec. 2020)
- Kiinteistö Oy Vaajakosken Varaslahdentie 6 (sold 17 Dec. 2020)
- Kiinteistö Oy Vasaramestari (sold 18 Dec. 2020)

Calculation methods for the key figures

Premiums written = premiums written before reinsurers' share

Expense ratio (% of expense loading) =

+ operating expenses before change in deferred acquisition costs
<u>+ claims settlement expenses</u>
expense loading

Expense ratio (% of Balance Sheet total) =

<u>+ total operating expenses</u>
opening Balance Sheet total

Total result = operating profit (loss) +/- change in off-balance sheet valuation differences

Return on assets at current values (%) =

+/- operating profit or loss
\+ financial expenses
\+ unwinding of discount
<u>+/- change in valuation differences on investments</u>
\+ Balance Sheet total
\- technical provisions for unit-linked insurances
+/- valuation differences on investments

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

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

Net investment income on invested capital at current values (%)

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

Average number of employees = Average number of employees at the end of each calendar month.

Financial Statements' Key Figures

	2020	2019	2018	2017	2016
Analysis of Results					
Premiums written	159,868	239,945	163,079	165,728	205,881
Investment income (net), revaluations and revaluation adjustments on investments	78,399	182,032	-40,465	68,353	88,475
Claims paid	-105,648	-177,716	-95,551	-104,219	-90,301
Change in technical provisions before bonuses and rebates and change in equalisation provision	-98,022	-179,771	11,038	-94,911	-180,322
Net operating expenses	-14,572	-15,566	-14,826	-14,806	-14,046
Technical underwriting result before bonuses and rebates and change in equalisation provision	20,025	48,924	23,276	20,144	9,688
Other income (net)	-253	-245	-133	281	550
Operating profit	19,772	48,679	23,143	20,425	10,238
Bonuses and rebates	-1,474	-481	0	-4,439	-1,800
Profit before untaxed reserves and tax	18,298	48,198	23,143	15,986	8,438
Taxes	-3,463	-10,756	-1,283	-2,145	-676
Minority interests	8	16	6	1	-10
Group's profit for the financial year	14,843	37,457	21,865	13,842	7,753
Gross premiums written	160,941	240,966	164,142	166,687	207,062
Expense ratio of expense loading	93.9 %	101.1 %	101.9 %	103.6 %	105.6 %
Expense ratio of Balance Sheet total	0.8 %	1.0 %	1.0 %	1.0 %	1.1 %
Total result	57,357	63,328	23,036	30,877	14,170
Return on assets	7.1 %	8.3 %	3.5 %	4.5 %	5.1 %

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

Investment portfolio at current values

	Basic distribution				Risk distribution		
	31 Dec. 2020		31. Dec. 2019		31. Dec. 2020		2019
	EUR million	%	EUR million	%	EUR million	%	%
Fixed-income investments, total	**650.1**	**76.1**	**642.4**	**78.2**	**650.1**	**76.1**	**78.2**
Loans[1]	3.5	0.4	4.7	0.6	3.5	0.4	0.6
Bonds	532.1	62.3	550.0	66.9	532.1	62.3	66.9
Other money market instru-ments and deposits[1] [2]	114.5	13.4	87.7	10.7	114.5	13.4	10.7
Equity investments, total	**62.8**	**7.3**	**56.9**	**6.9**	**62.8**	**7.3**	**6.9**
Listed equities [3]	40.6	4.8	40.5	4.9	40.6	4.8	4.9
Private equity [4]	9.3	1.1	8.8	1.1	9.3	1.1	1.1
Unlisted equities [5]	12.8	1.5	7.6	0.9	12.8	1.5	0.9
Real estate investments, total	**75.7**	**8.9**	**88.6**	**10.8**	**75.7**	**8.9**	**10.8**
Direct real estate	75.1	8.8	88.0	10.7	75.1	8.8	10.7
Real estate funds and UCITS	0.5	0.1	0.5	0.1	0.5	0.1	0.1
Other investments	**66.0**	**7.7**	**33.9**	**4.1**	**66.0**	**7.7**	**4.1**
Hedge funds [6]	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments [7]	66.0	7.7	33.9	4.1	66.0	7.7	4.1
Investments in total	**854.5**	**100.0**	**821.7**	**100.0**	**854.5**	**100.0**	**100.0**
Effect of derivatives [8]	-						
Total investments at fair value	**854.5**	**100.0**	**821.7**	**100.0**	**821.7**	**100.0**	**100.0**
Modified duration of the bond portfolio	**1.4**		**1.4**				

Explanations of the table:

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

Net investment income on invested capital

	Market value of net investment returns [8]	Invested capital [9]	Yield, % on invested capital				
	2020	2020	2020	2019	2018	2017	2016
	EUR million	EUR million	%	%	%	%	%
Fixed-income investments, total	**2.3**	**637.8**	**0.4**	**1.5**	**0.5**	**0.2**	**1.0**
Loans[1]	-1.8	5.2	-34.6	2.7	3.7	3.7	1.4
Bonds	4.2	530.6	0.8	1.7	0.5	0.1	1.4
Other money market instruments and deposits[1] [2]	-0.1	102.0	-0.1	0.9	0.5	0.3	0.5
Equity investments, total	**8.9**	**54.8**	**16.3**	**25.2**	**7.6**	**11.3**	**5.0**
Listed equities [3]	0.8	39.9	2.0	41.2	-9.5	7.5	3.1
Private equity [4]	1.3	8.3	15.2	-14.7	19.9	32.3	12.9
Unlisted equities [5]	6.9	6.5	105.1	5.0	-	5.8	2.4
Real estate investments, total	**2.1**	**87.3**	**2.4**	**7.6**	**6.7**	**5.4**	**14.6**
Direct real estate	2.1	86.8	2.4	7.6	6.7	5.6	18.1
Real estate funds and UCITS	0.0	0.5	8.8	4.9	7.1	3.8	4.9
Other investments	**36.5**	**30.3**	**120.5**	**4292.4**	**113.9**	**1025.2**	**42.1**
Hedge funds [6]	0.0	0.0	0.0	0.0	-99.3	-10.7	-4.7
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments [7]	36.5	30.3	120.5	4292.4	114.0	-739.9	-163.9
Investments in total	**49.8**	**810.1**	**6.2**	**7.8**	**2.5**	**3.5**	**4.5**
Sundry income, charges and operating expenses	-1.2	0.0					
Net investment income at current value	**48.6**	**810.1**	**6.0**	**7.6**	**2.4**	**3.3**	**4.3**

Explanations of the table:

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

Risks and Management of Risks and Solvency

1 Risk and solvency management in general

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

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

2 Organisation of risk and solvency management

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

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

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

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

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

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

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

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

- Managing director

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

- Business and support functions

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

- Actuarial function

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

- Risk management

  The Fennia Group's risk management function is organised under the risk management, compliance and data protection unit. 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's management. The function also supports the board of directors', the managing director's and the 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

  The compliance function, which belongs to the second defence line, is organised under the risk management, compliance and data protection unit. Compliance ensures that operations abide by regulations, financial sector self-regulation and the Group's internal guidelines, and that customer relationships are managed according to the appropriate procedures. The unit also identifies and assesses the impacts of regulatory changes and the risks related to regulatory non-compliance, as well as the sufficiency of measures taken to prevent and rectify possible shortcomings in regulatory compliance. In addition, the unit 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 and efficiency of the Group's internal control and other administration in the following areas, among others:

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

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

3 Risk management

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

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

1. Risk identification

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

2. Risk measurement

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

3. Risk management

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

4. Risk monitoring

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

5. Risk reporting

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

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

- insurance risks
- financial market risks
- counterparty risks
- operational risks
- risks inherent in quantitative methods
- concentration risks
- liquidity risk
- strategic risks
- reputation risk
- group risks
- sustainability risks.

3.1 Insurance risks

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

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

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

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

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

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

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

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

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

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

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

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

3.2 Financial market risks

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

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

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

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

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

- Hedging portfolio

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

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

- Investment portfolio

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

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

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

- Strategic portfolio

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

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

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

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

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

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

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

Fixed income investments	Interest rate +1 percentage point	EUR - 72 million
Equity investments	Change in value -20 %	EUR - 8 million
Real estate investments	Change in value -10 %	EUR - 9 million

3.3 Counterparty risks

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

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

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

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

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

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

3.4 Operational risks

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

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

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

The objective of managing operational risks at Fennia is to

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

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

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

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

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

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

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

3.5 Risks inherent in quantitative methods

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

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

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

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

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

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

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

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

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

3.6 Concentration risks

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

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

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

3.7 Liquidity risk

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

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

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

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

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

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

3.8 Strategic risks

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

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

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

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

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

3.9 Reputation risk

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

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

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

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

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

3.10 Group risks

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

- transaction risks
- contagion risks
- conflict of interest risks
- concentration risks
- risks related to administration.

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

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

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

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

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

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

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

3.11 Sustainability risks

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

4 Solvency management

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

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

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

Notes to the Profit and Loss Account and Balance Sheet

The figures are in thousands of euros.

Premiums written

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Direct insurance				
Finland	160,941	240,966	160,941	240,966
Gross premiums written before reinsurers' share	160,941	240,966	160,941	240,966
Items deducted from premiums written				
Credit loss on outstanding premiums	15	11	15	11

Direct insurance premiums written

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Life insurance				
Unit-linked individual life insurance	66,370	132,421	66,370	132,421
Other individual life insurance	1,761	2,354	1,761	2,354
Unit-linked capital redemption policy	39,541	55,435	39,541	55,435
Other capital redemption policy	51	253	51	253
Employees' group life insurance	6,444	5,658	6,444	5,658
Other group life insurance	14,114	12,565	14,114	12,565
	128,282	208,686	128,282	208,686
Pension insurance				
Unit-linked individual pension insurance	4,451	4,449	4,451	4,449
Other individual pension insurance	3,950	4,318	3,950	4,318
Unit-linked group pension insurance	12,647	11,792	12,647	11,792
Other group pension insurance	11,611	11,722	11,611	11,722
	32,659	32,281	32,659	32,281
	160,941	240,966	160,941	240,966
Regular premiums	55,381	53,445	55,381	53,445
Single premiums	105,561	187,521	105,561	187,521
	160,941	240,966	160,941	240,966
Premiums from with-profit policies	37,932	36,870	37,932	36,870
Premiums from unit-linked insurance	123,009	204,097	123,009	204,097
	160,941	240,966	160,941	240,966

Claims paid

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Direct insurance				
Life insurance	60,241	134,629	60,241	134,629
Pension insurance	45,573	43,396	45,573	43,396
	105,814	178,025	105,814	178,025
Reinsurance	-	-	-	-
Claims paid in total	105,814	178,025	105,814	178,025
Of which:				
Surrenders	46,079	123,546	46,079	123,546
Repayment of benefits	4,871	3,380	4,871	3,380
Other	54,864	51,099	54,864	51,099
	105,814	178,025	105,814	178,025
Share of unit-linked insurances of claims paid	66,318	135,436	66,318	135,436
Life insurance: bonuses and rebates				
Impact of bonuses and rebates attached to life insurance policies on the balance on technical account	1,474	481	1,474	481
Change in provisions for future bonuses for the financial year	-662	-606	-662	-606

Of the technical rate of interest in 2020, EUR 9,070,037 was funded from supplementary provisions for the guaranteed interest rate. Of the client bonuses in 2020, totalling EUR 1665,248, EUR 661,537 was funded from provisions for bonuses reserved earlier. For risk life insurance, extra sums paid amounted to EUR 977,261 and were funded entirely from provisions made for the extra sums. Further, provisions for extra sums were increased by EUR 1,469,932. Client bonuses paid in 2020 complied with the bonus objectives for the financial year. At the closing of the accounts, an additional non-recurring extra bonus, EUR 315,797, was paid to a part of the group pension insurances. It was funded from supplementary provisions for the guaranteed interest rate.

Of the technical rate of interest in 2019, EUR 9,511,477 was funded from supplementary provisions for the guaranteed interest rate. Of the client bonuses in 2019, totalling EUR 1,086,741, EUR 605,515 was funded from provisions for bonuses reserved earlier. For risk life insurance, extra sums paid amounted to EUR 1,022,510 and were funded entirely from provisions made for the extra sums. Client bonuses paid in 2019 complied with the bonus objectives for the financial year.

Net Investment income

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Investment income				
Income from investments in associated undertakings				
Interest income				
From other undertakings	151	564	151	564
	151	564	151	564
Income from investments in land and buildings				
Dividend income	486	478	486	478
Interest income				
Affiliated undertakings	69	193		
From other undertakings	192	147	192	147
	261	340	192	147
Other income	7,302	7,045	7,079	6,861
	7,564	7,385	7,271	7,487
Income from other investments				
Dividend income	13,793	18,155	14,279	18,633
Interest income	11,161	9,930	11,161	9,930
Other income	1,801	1,985	1,801	1,985
	26,754	30,070	27,241	30,548
Total	34,955	38,497	35,149	38,598
Value readjustments	4,795	23,218	4,795	23,396
Gains on realisation of investments	21,169	57,334	22,126	59,060
Total	60,919	119,049	62,071	121,055
Investment charges				
Charges arising from investments in land and buildings				
To affiliated undertakings	-1,736	-2,283		
To other undertakings	-2,196	-1,443	-3,497	-2,954
	-3,931	-3,725	-3,497	-2,954
Charges arising from other investments	-3,897	-3,962	-3,897	-3,962
Interest and other expenses on liabilities	-127	-18	-127	-127
Total	-7,956	-7,705	-7,521	-7,043
Value adjustments and depreciations				
Value adjustments on investments	-33,722	-14,755	-33,120	-14,383
Depreciation according to plan for buildings	-	-	-2,112	-2,270
	-33,722	-14,755	-35,232	-16,653
Losses on realisation of investments	-26,616	-8,776	-26,616	-8,776
Total	-68,294	-31,236	-69,369	-32,471
Net investment income before revaluations and revaluation adjustments	-7,376	87,813	-7,299	88,583
Revaluations on investments	91,584	94,712	91,584	94,712
Revaluation adjustments on investments	-5,886	-1,263	-5,886	-1,263
	85,698	93,449	85,698	93,449
Net investment income on the Profit and Loss Account	78,322	181,262	78,399	182,032

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

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Investment income	28,912	47,658	28,912	47,658
Investment charges	-23,121	-6,256	-23,121	-6,256
Net investment income before revaluations and revaluation adjustments and value adjustments and readjustments	5,791	41,402	5,791	41,402
Revaluations on investments	91,584	94,712	91,584	94,712
Revaluation adjustments on investments	-5,886	-1,263	-5,886	-1,263
Value adjustments on investments	-27,580	-13,099	-27,580	-13,099
Value readjustments	4,129	18,484	4,129	18,484
Net investment income on the Profit and Loss Account	68,037	140,236	68,037	140,236

Operating expenses

Operating expenses in the Profit and Loss Account

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Policy acquisition costs				
Direct insurance commissions	2,580	2,678	2,580	2,678
Other policy acquisition costs	4,832	4,729	4,832	4,729
Total policy acquisition costs	7,412	7,407	7,412	7,407
Policy management expenses	5,400	6,204	5,400	6,204
Administrative expenses	1,946	2,104	1,946	2,104
Commissions on reinsurance ceded	-187	-148	-187	-148
Total	14,572	15,566	14,572	15,566

Total operating expenses by activity

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Claims paid	780	828	780	828
Net operating expenses	14,572	15,566	14,572	15,566
Investment charges	1,615	1,753	1,615	1,753
Total	16,967	18,148	16,967	18,148

Depreciation according to plan by activity

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Claims paid	152	181	152	181
Net operating expenses	551	760	551	760
Investment charges	0	0	0	0
Total	703	942	703	942

Staff expenses, personnel and executives

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Staff expenses				
Salaries and commissions	4,067	3,932	4,067	3,932
Pension expenses	962	1,190	962	1,190
Other social expenses	175	233	175	233
Total	5,204	5,356	5,204	5,356
Executives' salaries and commissions				
Board of Directors and Managing Director	318	298	318	298
Average number of personnel during the financial year	52	53	52	53
Auditors' commissions				
Audit	48	30	55	34
	-	-	-	-

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

Current value and valuation difference on investments

	Investments 31 Dec. 2020 Remaining acqui- sition cost	Book value	Current value	Investments 31 Dec. 2019 Remaining acqui- sition cost	Book value	Current value
Real estate investments						
Real estate shares in affiliated undertakings	39,510	39,510	45,296	47,361	47,361	54,190
Real estate shares in associated undertakings	16,213	16,213	16,926	15,633	15,633	15,633
Real estate investment funds	1,575	1,575	1,575	1,575	1,575	1,575
Other real estate shares	8,337	8,337	8,337	8,353	8,353	8,730
Investment loans to affiliated undertakings	3,379	3,379	3,379	8,201	8,201	8,201
Loans to associated undertakings	2,448	2,448	2,448	1,843	1,843	1,843
Other investments						
Shares and participations	249,354	249,354	271,300	248,195	248,195	264,361
Debt securities	397,680	397,680	398,419	395,414	395,414	395,681
Loans guaranteed by mortgages	800	800	800	2,697	2,697	2,697
	719,296	719,296	748,481	729,273	729,273	752,911
The remaining acquisition cost of debt securities comprises the difference between the amount payable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (-)	-4,157			-5,741		
Valuation difference (difference between current value and book value)			29,185			23,638
Current value and valuation difference of derivatives						
Hedging derivatives			62,857			30,498
Non-hedging derivatives						244
Valuation difference (difference between current value and book value)			62,857			30,741
Valuation difference, total			92,042			54,380

Current value and valuation difference on investments Group

	Investments 31 Dec. 2020			Investments 31 Dec. 2019		
	Remaining acqui-sition cost	Book value	Current value	Remaining acqui-sition cost	Book value	Current value
Real estate investments						
Real estate	33,864	33,864	46,052	46,772	46,772	62,100
Real estate shares in associated undertakings	16,213	16,213	16,751	15,633	15,633	15,633
Other real estate shares	1,575	1,575	1,575	1,575	1,575	1,575
Real estate investment funds	8,337	8,337	8,337	8,353	8,353	8,730
Loans to associated undertakings	2,448	2,448	2,448	1,843	1,843	1,843
Other investments						
Shares and participations	249,354	249,354	271,300	248,195	248,195	264,361
Debt securities	397,680	397,680	398,419	395,414	395,414	395,681
Loans guaranteed by mortgages	800	800	800	2,697	2,697	2,697
	710,271	710,271	745,683	720,483	720,483	752,620
The remaining acquisition cost of debt securities comprises the difference between the amount repayable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (-)	-4,157			-5,741		
Valuation difference (difference between current value and book value)			35,412			32,137
Current value and valuation difference of derivatives						
Hedging derivatives			62,857			30,498
Non-hedging derivatives						244
Valuation difference (difference between current value and book value)			62,857			30,741
Valuation difference, total			98,269			62,878

Real estate investments

Changes in investments in land and buildings

	Parent company 1 Jan. 2020 – 31 Dec. 2020			Group 1 Jan. 2020- 31 Dec. 2020	
	Land and buildings and real estate shares	Loan receivables in affiliated undertakings	Loan receivables in associated undertakings	Land and buildings and real estate shares	Loan receivables in associated undertakings
Acquisition cost, 1 Jan.	71,982	8,201	1,843	93,275	1,843
Increase	1,119	115	3,053	1,487	3,053
Decrease	-8,199	-4,937	-2,448	-15,546	-2,448
Acquisition cost, 31 Dec.	64,902	3,379	2,448	79,217	2,448
Accumulated depreciation, 1 Jan.				-25,241	
Accumulated depreciation related to decreases and transfers				4,863	
Depreciation for the financial year				-2,112	
Accumulated depreciation, 31 Dec.				-22,491	
Value adjustments, 1 Jan.	-7,413			-4,054	
Accumulated value adjustments related to decreases	2,006			129	
Value readjustments	15			1,382	
Value adjustments during the financial year	-2,212			-2,531	
Value adjustments, 31 Dec.	-7,604			-5,074	
Book value, 31 Dec.	57,298	3,379	2,448	51,652	2,448
Land and buildings and real estate shares occupied for own activities					
Remaining acquisition cost	280				
Book value	280				
Current value	280				
Debtors					
Other debtors					
Affiliated undertakings	5				

Investments covering unit-linked insurances

31 Dec. 2019, Parent company

	Original acquisition cost 2020	Current value 2020	Original acquisition cost 2019	Current value 2019
Shares and participations	977,795	1,145,247	906,026	1,029,250
Debt securities	178,172	165,831	151,097	147,467
Cash at bank and in hand	56,262	56,262	58,844	58,844
Total	1,212,228	1,367,340	1,115,967	1,235,561
Investments covering unit-linked insurances corresponding to technical provisions	1,212,228	1,367,340	1,115,967	1,235,561
Cash at bank and in hand, and other debtors include net insurance premiums that have not yet been invested		2,403		3,067

The Group figures are consistent with the parent company.

Investments in group companies and affiliated undertakings

	Holding, per cent
Subsidiaries	
Kiinteistö Oy Espoon Niittyrinne 1	100
Kiinteistö Oy Koivuhaanportti 1-5	100
Kiinteistö Oy Konalan Ristipellontie 25	88.19
Kiinteistö Oy Mikkelin Hallituskatu 1	100
Kiinteistö Oy Sellukatu 5	100
Kiinteistö Oy Teohypo	100
Kiinteistö Oy Vaajakosken Varaslahdentie 6	100
Affiliated undertakings	
Tyvene Oy	25
Kiinteistö Oy Sähkötie 14-16	33
Kiinteistö Oy Gigahertsi	33

Significant share holdings, other investments

Shares

	Holding per cent	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, groupi
Domestic shares					
Amplus Holding Oy	19.97 %	1,831	9,226	1,831	9,226
Fingrid Oyj , sarja B	1.17 %	2,476	2,476	2,476	2,476
Holiday Club Resorts Oy	13.22 %	1,063	1,355	1,063	1,355
Uudenmaan Pääomarahasto Oy	0.18 %	203	1,237	203	1,237
Other		629	1,276	629	1,276
		6,203	15,570	6,203	15,570
Foreign shares					
Sweden					
K III Sweden		433	507	433	507
Other		59	76	59	76
		492	583	492	583

Unit trusts

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
Unit trusts, domestic				
Aktia Emerging Market Local Currency Bond+ Class D	2,997	3,085	2,997	3,085
Aktia Emerging Markets Bond+	3,024	3,241	3,024	3,241
FIM Emerging Markets ESG	4,000	4,610	4,000	4,610
FIM Euro	3,500	3,546	3,500	3,546
FIM Eurooppa Sijoitusrahasto	700	755	700	755
FIM European HY ESG	1,000	1,065	1,000	1,065
FIM Fenno	1,750	2,033	1,750	2,033
FIM IG Green ESG	2,000	2,025	2,000	2,025
FIM Kehittyvä Korko	2,000	2,053	2,000	2,053
FIM Passive USA ESG	1,707	1,857	1,707	1,857
FIM USA	2,361	2,588	2,361	2,588
Nordea AAA Government Bond Fund Class I	2,873	2,940	2,873	2,940
Nordea Moderate Yield Fund Class S Acc	8,623	8,637	8,623	8,637
Nordea Pro Euro Bond Class A K Acc	21,077	21,988	21,077	21,988
S-Pankki Toimitila C	8,337	8,337	8,337	8,337
Other	650	705	650	705

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
	66,598	69,465	66,598	69,465
Unit trusts, foreign				
Ireland				
BlackRock ICS Euro Liquid Environmentally Aware	3,752	3,752	3,752	3,752
BlackRock ICS Euro Liquidity Fund Premier Acc	583	583	583	583
BlackRock ICS Ultra Short Bond Fund Premier Acc	29,163	29,163	29,163	29,163
db x-trackers MSCI USA Index UCITS ETF DR - 1C	3,420	3,436	3,420	3,436
iShares Core MSCI Emerging Markets IMI UCITS ETF	2,016	2,074	2,016	2,074
iShares MSCI EM SRI UCITS ETF	2,553	2,617	2,553	2,617
iShares MSCI Europe SRI UCITS ETF	5,847	6,851	5,847	6,851
iShares MSCI USA SRI UCITS ETF	1,195	1,309	1,195	1,309
M&G European Loan Fund Class C EUR Acc	5,455	5,725	5,455	5,725
Muzinich EM Short Duration HDGE EUR Acc A	2,802	2,880	2,802	2,880
Luxembourg				
Aberdeen EM Corp Bond Class I HDGE EUR Acc A	8,267	8,505	8,267	8,505
BNP Paribas InstiCash EUR 1D Class I	9,867	9,867	9,867	9,867
BNP Paribas InstiCash Money 3M EUR Class I	17,507	17,507	17,507	17,507
M&G European Credit Investment Fund Class E	22,916	24,932	22,916	24,932
M&G European High Yield Credit Investment Class E	4,000	4,269	4,000	4,269
NN L Liquid - Euribor 3M	15,480	15,480	15,480	15,480
ODDO BHF Euro Corporate Bond Class CI-EUR	5,567	5,867	5,567	5,867
ODDO BHF Euro High Yield Bond Class CI-EUR	6,489	6,980	6,489	6,980
SLI Emerging Market LC Debt Class D	935	935	935	935
SLI European Corporate Bond Fund Class D	6,300	6,461	6,300	6,461
XTRACKERS MSCI EUROPE UCITS ETF	1,587	1,707	1,587	1,707
France				
ODDO BHF Jour Class CI EUR	16,486	16,486	16,486	16,486
Germany				
iShares STOXX Europe 600 ETF	5,424	6,750	5,424	6,750
	177,611	184,135	177,611	184,135

Capital trusts

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
Capital trusts, domestic				
MB Equity Fund IV Ky	1,670	3,243	1,670	3,243
WasaGroup Fund I	351	521	351	521
Other	103	362	103	362
	2,125	4,126	2,125	4,126
Capital trusts, foreign				
Great Britain				
Euro Choice IV GB Limited	710	1,759	710	1,759
Guernsey				
The Triton Fund III L.P.	2,517	2,517	2,517	2,517
Partners Group European Buyout	734	734	734	734
Partners Group European Mezzanine	473	519	473	519
Other	228	228	228	228
	4,662	5,757	4,662	5,757

Investments covering unit-linked insurances

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
Domestic shares				
Ahlstrom-Munksjo Oyj	4,466	4,466	4,466	4,466
Aktia Bank OYJ	591	591	591	591
Cargotec Oyj	5,611	5,611	5,611	5,611
Citycon OYJ	761	761	761	761
Consti Yhtiot Oyj	2,270	2,270	2,270	2,270
EAB Group Oyj	605	605	605	605
Fortum OYJ	10,183	10,183	10,183	10,183
Huhtamaki OYJ	551	551	551	551
Kemira OYJ	1,120	1,120	1,120	1,120
Kesko OYJ	1,135	1,135	1,135	1,135
Kone OYJ	2,706	2,706	2,706	2,706
Konecranes OYJ	626	626	626	626
Metsa Board OYJ	564	564	564	564
Neste Oyj	3,135	3,135	3,135	3,135
Nokia OYJ	5,364	5,364	5,364	5,364
Nokian Renkaat OYJ	1,399	1,399	1,399	1,399
Nordea Bank Abp	5,483	5,483	5,483	5,483
Oriola Oyj	4,924	4,924	4,924	4,924
Orion Oyj	917	917	917	917
Outokumpu OYJ	3,086	3,086	3,086	3,086

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
Outotec OYJ	2,620	2,620	2,620	2,620
Revenio Group OYJ	1,905	1,905	1,905	1,905
Sampo Oyj	6,386	6,386	6,386	6,386
Sanoma OYJ	680	680	680	680
Stora Enso OYJ	3,369	3,369	3,369	3,369
Suominen OYJ	706	706	706	706
Taaleri Oyj	13,815	13,815	13,815	13,815
Terveystalo Oyj	752	752	752	752
Tieto OYJ	2,038	2,038	2,038	2,038
Tokmanni Group Corp	1,361	1,361	1,361	1,361
UPM-Kymmene OYJ	6,685	6,685	6,685	6,685
Uponor OYJ	6,974	6,974	6,974	6,974
Valmet OYJ	558	558	558	558
Wartsila OYJ Abp	1,173	1,173	1,173	1,173
YIT OYJ	750	750	750	750
Other	8,641	8,641	8,641	8,641
	113,912	113,912	113,912	113,912
Foreign shares				
Spain				
Edp Renovaveis Sa	1,140	1,140	1,140	1,140
Iberdrola S.A.	1,063	1,063	1,063	1,063
Great Britain				
Unilever Plc	1,171	1,171	1,171	1,171
Norway				
Europris Asa	1,269	1,269	1,269	1,269
France				
L'Oreal Sa	1,216	1,216	1,216	1,216
Sweden				
Boliden Ab	1,117	1,117	1,117	1,117
Coor Service Management	867	867	867	867
Eltel Ab	12,301	12,301	12,301	12,301
Endomines Ab	1,239	1,239	1,239	1,239
Essity Aktiebolag-B	1,340	1,340	1,340	1,340
Instalco Intressenter Ab	15,459	15,459	15,459	15,459
Sotkamo Silver Ab	503	503	503	503
Ssab Ab - B Shares (Helsinki)	608	608	608	608
Teliasonera Ab Shs (Sweden)	1,929	1,929	1,929	1,929
Volvo Ab B-Shs	773	773	773	773
Germany				
Beiersdorf Ag	1,135	1,135	1,135	1,135
Denmark				
Bavarian Nordic A/S	509	509	509	509
Dong Energy A/S	1,186	1,186	1,186	1,186
Iss A/S	3,551	3,551	3,551	3,551
United States				
At&T Inc	576	576	576	576
Twitter Inc	551	551	551	551
Other	14,361	14,361	14,361	14,361
	63,864	63,864	63,864	63,864

Unit trusts

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
Unit trusts, domestic				
AJ EAB Value Hedge A	1,274	1,274	1,274	1,274
Alfred Berg - Optimaalivarainhoito	684	684	684	684
Danske Institutional Liquidity Fund	1,036	1,036	1,036	1,036
Danske Invest China K	792	792	792	792
EAB Aktiivinen Fokus A	1,186	1,186	1,186	1,186
EAB Eurooppa Fokus A Kasvu	1,129	1,129	1,129	1,129
EAB Korko A	7,349	7,349	7,349	7,349
EAB Korko C	8,453	8,453	8,453	8,453
EAB Korko E	771	771	771	771
EAB Optimaalivarainhoito A Kasvu	1,586	1,586	1,586	1,586
EAB Osake A	5,905	5,905	5,905	5,905
EAB Osake C	8,437	8,437	8,437	8,437
EAB Suomi Fokus A Kasvu	1,756	1,756	1,756	1,756
EAB VASTLLST SIJOITUKSET A1	2,273	2,273	2,273	2,273
EAB Vuokratuotto A	22,540	22,540	22,540	22,540
EAB Vuokratuotto D	4,950	4,950	4,950	4,950
Elite ALF Kiinteistökehitys II Syöttörahasto IV Ky	4,684	4,684	4,684	4,684
Elite Alfred Berg Aktiivinen Fokus	583	583	583	583
Elite Alfred Berg Optimaalivarainhoito	10,797	10,797	10,797	10,797
Elite Alfred Berg Optimaalivarainhoito A	8,258	8,258	8,258	8,258
Elite Alfred Berg Suomi Fokus A	1,965	1,965	1,965	1,965
Elite Alfred Berg Vastuulliset sijoitukset A2	1,229	1,229	1,229	1,229
Elite Aurinkotuotto I Ky	22,540	22,540	22,540	22,540
Elite Aurinkotuotto II Ky	4,950	4,950	4,950	4,950
Elite Finland Value Added Fund II Syöttörahasto II	4,684	4,684	4,684	4,684
Elite Kiinteistökehitys II Syöttörahasto III Ky	583	583	583	583
Elite Kiinteistökehitysrahasto I Syöttörahasto II	10,797	10,797	10,797	10,797
Elite Osake Sijoitusrahasto	8,258	8,258	8,258	8,258
Elite Rental Yield Fund non-UCITS	1,965	1,965	1,965	1,965
Elite Älyenergia I Ky	1,229	1,229	1,229	1,229
eQ Hoivakiinteistöt T	5,224	5,224	5,224	5,224
eQ Liikekiinteistöt 1 T	3,060	3,060	3,060	3,060
eQ Mandaatti	14,912	14,912	14,912	14,912
eQ Pohjoismaat Pienyhtiö 2K	18,378	18,378	18,378	18,378
Erikoissijoitusrahasto Taaleri Impakti	3,458	3,458	3,458	3,458
Erikoissijoitusrahasto Taaleri Kiinteistoet	502	502	502	502
Erikoissijoitusrahasto Taaleri Maltillinen Omistaj	3,449	3,449	3,449	3,449
Erikoissijoitusrahasto Taaleri Rohkea Omistaja	2,864	2,864	2,864	2,864

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
Erikoissijoitusrahasto Taaleri Uusi Eurooppa	10,246	10,246	10,246	10,246
Erikoissijoitusrahasto Taaleri Vaihtoehtoiset	4,701	4,701	4,701	4,701
Erikoissijoitusrahasto Taaleri Varovainen Omistaja	3,842	3,842	3,842	3,842
Evli - Emerging Frontier Fund	613	613	613	613
Evli Corporate Bond B	1,379	1,379	1,379	1,379
Evli Emerging Markets Credit Class B	3,148	3,148	3,148	3,148
EVLI Equity Factor USA Fund	3,292	3,292	3,292	3,292
Evli Euro Government Bond B	2,351	2,351	2,351	2,351
Evli Euro Likvidi	4,117	4,117	4,117	4,117
Evli Europe B	1,755	1,755	1,755	1,755
Evli European High Yield	2,697	2,697	2,697	2,697
Evli European Investment Grade Class B	1,926	1,926	1,926	1,926
Evli Finland Select B	2,439	2,439	2,439	2,439
Evli Finnish Small Cap	3,748	3,748	3,748	3,748
Evli GEM	8,078	8,078	8,078	8,078
Evli Global B	8,018	8,018	8,018	8,018
Evli Green Corporate Bond Fund	19,928	19,928	19,928	19,928
Evli Japan B	7,506	7,506	7,506	7,506
Evli Nordic Corporate Bond Class B	19,321	19,321	19,321	19,321
Evli Nordic Dividend B	11,877	11,877	11,877	11,877
Evli North America B	17,206	17,206	17,206	17,206
Evli Osakefaktori B	29,571	29,571	29,571	29,571
Evli Rental Yield Fund	6,908	6,908	6,908	6,908
Evli Short Corporate Bond	1,709	1,709	1,709	1,709
Evli Swedish Small Cap B	2,156	2,156	2,156	2,156
Evli Varainhoito 50 B	1,835	1,835	1,835	1,835
Evli Wealth Manager B	16,884	16,884	16,884	16,884
FIM Asset Management 100	2,735	2,735	2,735	2,735
FIM Asuntotuotto A	1,254	1,254	1,254	1,254
FIM Asuntotuotto C	3,271	3,271	3,271	3,271
FIM Brands	1,567	1,567	1,567	1,567
FIM Emerging Markets ESG	11,399	11,399	11,399	11,399
FIM Euro	1,570	1,570	1,570	1,570
FIM Eurooppa Sijoitusrahasto	989	989	989	989
FIM European HY ESG	4,348	4,348	4,348	4,348
FIM Fenno	634	634	634	634
FIM Forest Non-UCITS Fund	16,526	16,526	16,526	16,526
FIM Forest Non-UCITS Fund Class C	8,766	8,766	8,766	8,766
FIM Fossil Free Europe ESG	5,066	5,066	5,066	5,066
FIM Frontier Fund C	13,162	13,162	13,162	13,162
FIM IG Green ESG	10,934	10,934	10,934	10,934
FIM Kehittyvä Korko	5,584	5,584	5,584	5,584
FIM Korko Optimaattori K	4,114	4,114	4,114	4,114
FIM Lyhyt Korko (Kasvuosuus)	4,957	4,957	4,957	4,957
FIM Passive Europe ESG	1,086	1,086	1,086	1,086
FIM Passive USA ESG	5,021	5,021	5,021	5,021

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
FIM USA	3,072	3,072	3,072	3,072
Innovestor Kasvurahasto II Ky	1,164	1,164	1,164	1,164
Nordea Eurooppalaiset Tähdet A	7,940	7,940	7,940	7,940
Nordea Global High Yield/Finland	3,976	3,976	3,976	3,976
Nordea Global Index Fund B kasvu	1,598	1,598	1,598	1,598
Nordea Investment Fund - China Fund	657	657	657	657
Nordea Kehittyvät Osakemarkkinat Kasvu	2,774	2,774	2,774	2,774
Nordea Lyhyt Korko B Kasvu	11,555	11,555	11,555	11,555
Nordea Maailma Fund	8,939	8,939	8,939	8,939
Nordea Nordic Small Cap K/100	536	536	536	536
Nordea North America	761	761	761	761
Nordea Savings 25 Fund	1,940	1,940	1,940	1,940
Nordea Savings 50	827	827	827	827
Nordea Savings 75	599	599	599	599
Nordea Savings Fixed Income Fund	539	539	539	539
Nordea Suomi	11,311	11,311	11,311	11,311
Nordea Vakaa Tuotto Kasvu A	794	794	794	794
Open Ocean Fund 2015 Ky	1,249	1,249	1,249	1,249
PYN Elite A	975	975	975	975
Seligson & Co Eurooppa-indeksirahasto A	2,683	2,683	2,683	2,683
Seligson & Co Global Top 25 Brands A	7,029	7,029	7,029	7,029
Seligson & Co OMX Helsinki 25-indeksiosuus ETF	5,981	5,981	5,981	5,981
Seligson & Co Pohjois-Amerikka-indeksirahasto A	714	714	714	714
Seligson & Co Rahamarkkinarahasto AAA	1,218	1,218	1,218	1,218
Seligson & Co Suomi-indeksirahasto A	1,383	1,383	1,383	1,383
Sijoitusrahasto Taaleri Allokaatio 50	925	925	925	925
Sijoitusrahasto Titanium Kasvuosinko	1,203	1,203	1,203	1,203
S-Pankki Toimitila A	2,926	2,926	2,926	2,926
S-Pankki Toimitila B	4,474	4,474	4,474	4,474
S-Pankki Tontti B	754	754	754	754
S-Saastorahasto Varovainen	4,271	4,271	4,271	4,271
S-Säästörahasto Rohkea	866	866	866	866
Säästöpankki Eurooppa B (Kasvu)	2,746	2,746	2,746	2,746
Säästöpankki Itämeri B (Kasvu)	6,179	6,179	6,179	6,179
Säästöpankki Kotimaa B (Kasvu)	1,424	1,424	1,424	1,424
Säästöpankki Ryhti B (Kasvu)	46,176	46,176	46,176	46,176
Taaleri Afrikka Rahasto I KY	12,184	12,184	12,184	12,184
Taaleri Aktiivi (Kasvu) Erikoissijoitusrahasto	2,839	2,839	2,839	2,839
Taaleri Allokaatio 100 Kasvu	549	549	549	549
Taaleri Allokaatio 25 Kasvu	2,001	2,001	2,001	2,001
Taaleri Arvo Markka A (Kasvu)	2,062	2,062	2,062	2,062
Taaleri Arvo Rein Osake Class A (kasvu)	1,958	1,958	1,958	1,958
Taaleri Asuntorahasto VI Ky	2,988	2,988	2,988	2,988
Taaleri European Cash Machines Equity Fund	1,370	1,370	1,370	1,370

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
Taaleri Global Fixed Income Fund	5,002	5,002	5,002	5,002
Taaleri Kiinteistöt tuotto A raha	1,071	1,071	1,071	1,071
Taaleri Korkeammat Korot (Kasvu)	6,427	6,427	6,427	6,427
Taaleri Korko Allokaatio (kasvu)	1,076	1,076	1,076	1,076
Taaleri Mikro Markka Osake K	3,796	3,796	3,796	3,796
Taaleri Mikro Rein Osake A (kasvu)	27,991	27,991	27,991	27,991
Taaleri Parkki (kasvu)	4,910	4,910	4,910	4,910
Taaleri Short Bond Fund	5,775	5,775	5,775	5,775
Taaleri Tonttirahasto Ky I B	982	982	982	982
Taaleri Tonttirahasto Ky II B 16.09.2015	574	574	574	574
Taaleri Tonttirahasto Ky III A 16.12.2015	7,810	7,810	7,810	7,810
Taaleri Tonttirahasto Ky III B 16.12.2015	2,779	2,779	2,779	2,779
Taaleri Tuulitehdas II Ky	9,246	9,246	9,246	9,246
Taalerit Arvo Kruunu Osake	11,464	11,464	11,464	11,464
Taaleritehtaan Linnainmaankulma Ky	1,658	1,658	1,658	1,658
UB HIGH YIELD	1,034	1,034	1,034	1,034
UB LYHYT KORKO	850	850	850	850
UB NORDIC PROBERTY A-Sarja	805	805	805	805
UB POHJOISMAISET LIIKEKIINTEISTÖT I	2,329	2,329	2,329	2,329
UB Smart	1,931	1,931	1,931	1,931
UB Timberland Fund AIF	814	814	814	814
WS Solar Energy Fund I Ky	743	743	743	743
Other	21,704	21,704	21,704	21,704
	781,593	781,593	781,593	781,593

Unit trusts, foreign				
Ireland				
db x-trackers S&P 500 Equal Weight UCITS ETF DR -	11,525	11,525	11,525	11,525
iShares Core MSCI Emerging Markets IMI UCITS ETF	1,175	1,175	1,175	1,175
iShares Core S&P 500 UCITS ETF	985	985	985	985
iShares Edge MSCI Europe Quality Factor UCITS ETF	897	897	897	897
iShares Edge MSCI USA Value Factor UCITS ETF	794	794	794	794
iShares MSCI EMU Mid Cap UCITS ETF	738	738	738	738
iShares MSCI Europe SRI UCITS ETF	613	613	613	613
iShares MSCI Europe UCITS ETF Acc	608	608	608	608
iShares MSCI USA Small Cap UCITS ETF	574	574	574	574
Source Physical Gold P-ETC	539	539	539	539
SPDR Barclays Euro Corporate Bond UCITS ETF	526	526	526	526
SPDR Bloomberg Barclays 0-3 Year U.S. Corporate Bo	512	512	512	512
SPDR S&P Euro Dividend Aristocrats UCITS ETF	504	504	504	504
UBS Irl ETF plc - S&P 500 ESG UCITS ETF	502	502	502	502

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
Luxembourg				
Parvest Equity USA Growth (USD)	15,663	15,663	15,663	15,663
Titanium Hoivakiinteistö Erikoissijoitusrahasto	8,782	8,782	8,782	8,782
BNP Paribas Funds US Value Multi-Factor Equity	7,950	7,950	7,950	7,950
Parvest Bond Euro Government	7,594	7,594	7,594	7,594
DB X-trackers MSCI Emerging Market TRN Index ETF	4,211	4,211	4,211	4,211
Parvest Equity Europe Small Cap	3,993	3,993	3,993	3,993
Carnegie Worldwide Healthcare Select	3,522	3,522	3,522	3,522
db x-trackers II Iboxx Euro High Yield Bond UCITS	3,171	3,171	3,171	3,171
Carnegie WorldWide (Kasvu)	3,158	3,158	3,158	3,158
Threadneedle Lux - American Fund	3,018	3,018	3,018	3,018
Ossiam Shiller Barclays CAPE US Sector Value TR 1C	2,670	2,670	2,670	2,670
M&G European Credit Investment Fund Class E	2,666	2,666	2,666	2,666
Franklin K2 Electron Global UCITS Fund	2,464	2,464	2,464	2,464
Amundi Index Euro Agg Corporate Sri - Ucits Etf Dr	2,338	2,338	2,338	2,338
AGCM Fund - Asia Growth Sub-Fund	2,032	2,032	2,032	2,032
Eleva UCITS Fund - Eleva European Selection Fund	2,021	2,021	2,021	2,021
BNP EQT US GROWTH-CLACC EUR	2,003	2,003	2,003	2,003
OSSIAM Stoxx Europe 600 Equal Weight NR	1,983	1,983	1,983	1,983
BlackRock Global Index Funds - iShare Emerging Mar	1,921	1,921	1,921	1,921
Carnegie Nordic Markets (Kasvu)	1,811	1,811	1,811	1,811
BNP ASIA EX-JAPAN EQ-CC EUR	2,338	2,338	2,338	2,338
JPMorgan Funds - Emerging Markets Opportunities	2,032	2,032	2,032	2,032
Erikoissijoitusrahasto Titanium Asunto	2,021	2,021	2,021	2,021
BNP CHINA EQUITY-C-E	2,003	2,003	2,003	2,003
Jupiter JGF - European Growth	1,983	1,983	1,983	1,983
BNP Paribas InstiCash EUR 1D Class I	1,921	1,921	1,921	1,921
Lyxor MSCI EM ESG Trend Leaders UCITS ETF	1,811	1,811	1,811	1,811
Carnegie Worldwide Stable Equity EUR	1,728	1,728	1,728	1,728
Nordea 1 SICAV - Climate and Environment Equity Fu	1,711	1,711	1,711	1,711
Morgan Stanley U.S. Advantage Z Acc EUR	1,621	1,621	1,621	1,621
Morgan Stanley Investment Funds - US Advantage Fun	1,548	1,548	1,548	1,548
BNP INDIA EQUITY-CCAPEUR	1,351	1,351	1,351	1,351
Carnegie Worldwide Emerging Mark.Eq EUR	1,310	1,310	1,310	1,310

	Book value, 31 Dec. 2020, parent company	Current value, 31 Dec. 2020, parent company	Book value, 31 Dec. 2020, group	Current value, 31 Dec. 2020, group
AMUNDI ETF MSCI NORDIC	1,142	1,142	1,142	1,142
Blackrock Global Funds - ESG Emerging Markets Bond	1,139	1,139	1,139	1,139
NORDEA 1 SICAV - Global Stable Equity Fund - Euro	672	672	672	672
DWS Invest ESG Euro Bonds Short	610	610	610	610
BNP Paribas Funds Climate Impact	596	596	596	596
Amundi ETF S&P Global Luxury	552	552	552	552
BNP EMERGING EQ-C ACC EU	529	529	529	529
Lyxor Euro Corporate Bond UCITS ETF	525	525	525	525
Accendo Capital	524	524	524	524
Global Evolution Funds - Frontier Markets	521	521	521	521
Norway				
Nordea Savings 10 Fund	887	887	887	887
Denmark				
iShares STOXX Europe 600 Food & Beverage UCITS ETF	537	537	537	537
France				
Amundi ETF Nasdaq-100 UCITS ETF	2,045	2,045	2,045	2,045
Sweden				
Carnegie Rysslandsfond	1,704	1,704	1,704	1,704
United States				
iShares MSCI USA Size Factor ETF	1,296	1,296	1,296	1,296
Other	21,892	21,892	21,892	21,892
	185,878	185,878	185,878	185,878

Changes in intangible and tangible assets, parent company

	Intangible rights and other long-term expenses	Goodwill	Advance payments	Equipment	Total
Acquisition cost, 1 Jan. 2020	6,557	2,407	872	388	10,224
Increase	872	-	1,283	136	2,292
Decrease	-	-	-872	-179	-1,051
Acquisition cost, 31 Dec. 2020	7,429	2,407	1,283	346	11,465
Accumulated depreciation, 1 Jan. 2020	-2,361	-1,203	-	-140	-3,704
Accumulated depreciation related to decreases and transfers	-	-		98	98
Depreciation for the financial year	-634	-241		-70	-944
Accumulated depreciation, 31 Dec. 2020	-2,995	-1,444		-112	-4,551
Value adjustments, 1 Jan. 2020	-1,160				-1,160
Value adjustments during the financial year	-				-
Value adjustments, 31 Dec. 2020	-1,160				-1,160
Book value, 31 Dec. 2020	3,274	963	1,283	234	5,754

The Group figures are consistent with the parent company.

Capital and reserves

	Parent Company 2020	Group 2020
Restricted		
Subscribed capital 1 Jan./31 Dec.	27,751	27,751
Premium Fund, 1 Jan./31 Dec.	10,723	10,723
Restricted in total	38,474	38,474
Non-restricted		
At the disposal of the Board 1 Jan./31 Dec.	8	8
Profit brought forward, 1 Jan.	89,079	75,602
Profit for the previous financial year	37,244	37,457
Dividend pay-out	-12,000	-12,000
Profit brought forward, 31 Dec.	114,323	101,059
Profit for the financial year	14,158	14,843
Non-restricted in total	128,490	115,911
Capital and reserves in total	166,964	154,385

Distributable profit, 31 Dec. 2020

	Parent company 2020
Profit for the financial year	14,158
At the disposal of the Board	8
Profit brought forward	114,323
Distributable profit	128,490

Creditors and solvency

Creditors

	Parent company 2020	Parent company 2019
Other creditors		
To affiliated undertakings	506	549

Technical provisions for unit-linked insurances

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Provision for unearned premiums	1,331,667	1,201,899	1,331,667	1,201,899
Claims outstanding	37,114	36,003	37,114	36,003
	1,368,781	1,237,902	1,368,781	1,237,902

Deferred tax liabilities

	Group 2020	Group 2019
Allocation of consolidation difference	3,170	3,727
Deferred tax resulting from the Group's depreciation difference	15	13
Difference resulting from the amortisation of derivatives	395	430
	3,580	4,170

Guarantee and liability commitments

For the company itself

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Liabilities from derivative contracts				
Non-hedging				
Currency derivatives				
Forward and futures contracts				
Open				
Value of underlying instrument	-	12,262	-	12,262
Current value	-	244	-	244
Hedging				
Interest rate derivative				
Interest rate swap				
Open				
Value of underlying instrument	428,480	406,280	428,480	406,280
Current value	62,857	30,498	62,857	30,498

The result of closed and matured non-hedging derivatives is entered in full with impact on the result.

The realised result of closed and matured hedging derivatives is accrued in the result over the original life of the derivative contract. The realised net result of matured hedging interest rate derivatives closed in the financial year was EU R 5,062,062.71, of which EUR 533,445.73 was allocated to the financial year. From the results of hedging interest rate derivatives closed in previous financial years, losses of EUR 654,267.22 were allocated to the financial year.

From the results of hedging interest rate derivatives closed in previous financial years, income of EUR 643,337.57 and losses of EUR 654,267.22 were allocated to the financial year.

Negative valuation differences in non-hedging derivative contracts are charged against the profit.

Securities received in derivatives trading

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Danske Bank A/S	4,610	2,470	4,610	2,470
Nordea Bank Abp	60,880	34,300	60,880	34,300

Securities and liabilities

	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Leasehold commitments			1,036	1,106
Value-added tax liabilities				
As regards group registering for VAT taxation, the company is responsible for the value-added tax payable by the group jointly with the other members of the value-added tax liability group of Fennia Mutual Insurance Company.				
For the company itself	96	88	96	88
For other companies	192	789	192	789
Adjustment liability of real estate investments according to Section 120 of the Value Added Tax Act			31	276
Investment commitments				
Commitment to invest in equity funds	5,224	5,559	5,224	5,559
Outstanding instalments of contract price for unfinished construction projects.	-	348	-	348
Collateral security for rent payment				
Mortgages			206	206

Loans to related parties and related party transactions

The company has no loans, liabilities or contingent liabilities to related parties.

The company has no related party transactions conducted according to other than standard business practices.

Notes concerning the Group

Fennia Life Insurance Company's parent company is Fennia Mutual Insurance Company. The domicile of the company is Helsinki.

Copies of Fennia's Consolidated Financial Statements are available at the parent company's headquarters, Kyllikinportti 2, Helsinki.

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

Helsinki, 19 March 2021

Antti Kuljukka

Simo Sarvamaa

Juha-Pekka Kallunki

Harri Pärssinen

Alexander Schoschkoff
Managing Director

Auditor's note

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

Helsinki, 19 March 2021

KPMG OY AB

MIkko Haavisto

KHT

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fennia Life Insurance Company Ltd (business identity code 1496059-8) for the year ended 31 December, 2020. The financial statements comprise the balance sheets, profit and loss accounts, cash flow statements and notes for the group as well as for the parent company.

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

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

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Materiality

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

Most significant assessed risks of material misstatement

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

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

Valuation of investment assets (Accounting Principles pages 10-12)

Most significant assessed risks of material misstatement

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

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

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

Auditor's response to the risks

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

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

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

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

Calculation of technical provisions (Accounting Principles page 13-15)

Most significant assessed risks of material misstatement

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

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

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

Auditor's response to the risks

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

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

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

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

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on the year 2007, and our appointment represents a total period of uninterrupted engagement of 14 years.

Other Information

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

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

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

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

Helsinki 19 March 2021
KPMG Oy Ab

Mikko Haavisto
Authorised Public Accountant, KHT

Board of Directors and Management

Board of Directors

1.1.2021

Chairman

Antti Kuljukka

Group CFO
Fennia Group
Helsinki

Board Members

Juha-Pekka Kallunki

Professor of Accounting
University of Oulu, Aalto University School of Business and Stockholm School of Economics

Harri Pärssinen

M.Sc. (Econ.), CPA
Helsinki

Simo Sarvamaa

Chief Transformation Officer
Fennia Mutual Insurance Company
Naantali

Secretary to the Board

Sanna Elg

Chief Legal Officer
Fennia Mutual Insurance Company
Espoo

Auditors

KPMG Oy Ab

Mikko Haavisto

KHT

Deputy Auditors

KPMG Oy Ab

Fredrik Westerholm

KHT

Fennia Life’s Board of Directors and Management

1.1.2021

Alexander Schoschkoff

Managing Director

Johanna Ahvenainen

Director, Corporate Counsel, Compliance Officer

Juha-Pekka Kurttila

Director, Sales Managers

Ari Koskinen

Director, Service and Product Development, IT

Anssi Puranen

Chief Actuary

Kari Wilén

Director, Sales and Account Management

Physicians

1.1.2021

Lauri Keso

Doctor of Medical Science, Specialist in Internal Medicine and Rheumatology