Fennia Group

Solvency and Financial Condition Report 2018

Contents

Summary 1
Summary Fennia Group 1
Summary Fennia 9
Summary Fennia Life 17
Summary Fennia Non-Life Insurance 25

Business and performance 31
Business 31
Underwriting performance 33
Investment performance 42
Performance of other activities 50
Any other information 50

System of governance 51
General information on the system of governance 51
Fit and proper requirements 54
Risk management system including the own risk and solvency assessment 55
Internal control system 66
Internal audit function 68
Outsourcing 70
Any other information 71

Risk profile 72
Risk profile 72
Underwriting risk 75
Market risk 83
Credit risk 125
Liquidity risk 128
Operational risk 134
Other material risks 137
Any other information 139

Valuation for solvency purposes 140

Valuation for solvency purposes 140
Assets 140
Technical provisions 146
Other liabilities 155
Alternative methods for valuation 155
Any other information 155

Capital management **156**
Own funds 156
Solvency capital requirement and minimum capital requirement 169
Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement 176
Differences between the standard formula and any internal model used 176
Non-compliance with the minimum capital requirement and non- compliance with the solvency capital requirement 177
Any ther information 177

ANNEXES **178**
Quantitative tables 178

Summary

Summary Fennia Group

The Solvency and Financial Condition Report based on solvency regulation describes the Fennia Group's, Fennia Mutual Insurance Company's, Fennia Life Insurance Company's and Fennia Non-Life Insurance Company's 2018 business operations, profitability, governance system, risk profile, valuation for solvency purposes and capital management. Information about the Fennia Group and the Group's insurance companies is contained in a single, joint report.

Business and performance

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

The structure of Fennia Group changed during 2018 when Fennia Group's parent company acquired Fennia Asset Management from Fennia Life through an intra-Group transaction and acquired the entire share capital of Folksam Non-Life Insurance. Folksam Non-Life Insurance's name was changed to Fennia Non-Life Insurance Company Ltd on 27 February 2019. In accordance with the decision of the general meeting of shareholders, Fennia Non-Life Insurance merged with Fennia Group's parent company on 1 May 2019. In addition, Fennia established Fennia-service Ltd, which produces ancillary services closely linked to non-life insurance and risk management for customers. During the year, Fennia Asset Management Ltd also established Fennia Property Development Ltd.

Fennia Group's premiums written totalled EUR 551.0 million (EUR 560.4 million) during the reporting period. The Group's operating loss according to the consolidated financial statements amounted to EUR 1.3 million (operating profit EUR 81.7 million), of which non-life insurance business accounted for EUR −25.5 million (EUR 61.1 million) and life insurance business for EUR 24.2 million (EUR 20.7 million).

At the end of the reporting period, Fennia Group's investment assets at fair value amounted to EUR 2,597.6 million (EUR 2,625.2 million). In 2018, the net return on investments at fair value was EUR 15.7 million (EUR 102.2 million) and the return on invested capital was 0.7 per cent (4.3 %). The Fennia Group's result was supported by real estate investments, unlisted equity investments and fixed income investments. The dramatic decline in the prices of equities and credit risk investments in the final quarter of 2018 weakened the overall result.

System of governance

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

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

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

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

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

A Group-level ALCO committee has been established for managing the insurance companies' balance sheets. The committee's tasks are to create a proposal on the investment strategy for the insurance companies' boards, to change the strategy if necessary without breaking the restrictions set by the boards of directors and to report on the balance sheet risks to the boards. A risk management executive group operates within the Group to prepare, steer and co-ordinate tasks related to risk and solvency management and to communicate related information. In Fennia Asset Management, these topics are addressed by the company's extended executive group.

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

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

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

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

The compliance function, which monitors compliance with the rules, comprises the Group's chief compliance officer and the responsible compliance officers of Fennia Group companies. The Group's compliance function is organised into the Compliance & Operational Risks unit. The Group's chief compliance officer, who also co-ordinates the Group's compliance monitoring, functions as the parent company's responsible compliance officer

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

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

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

Risk profile

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

Fennia Group's solvency capital requirement excluding the dilutive effect of future bonuses and deferred tax, i.e. before dilutive items, was EUR 507.0 million at the close of the reporting period (EUR 585.9 million). Of that amount, the market risk share was EUR 381.2 million (EUR 474.7 million), the counterparty risk was EUR 52.7 million (EUR 36.9 million), the underwriting risk was EUR 141.4 million (EUR 145.2 million) and the operational risk was EUR 31.7 million (EUR 28.4 million).The capital requirement for other financial sectors was EUR 1.5 million (EUR 1.0 million). After loss-absorbing items, the solvency capital requirement amounted to EUR 401.4 million (EUR 463.8 million). With eligible own funds of EUR 839.8 million (EUR 980.0 million), the Group's relative solvency position was 209.2 per cent (211.3 %).

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

Insurance operations are based on taking underwriting risks, diversifying the risks within the insurance portfolio and managing underwriting risks. The most important instruments for managing underwriting risks are appropriate risk selection, pricing, insurance terms and conditions, and the acquisition of reinsurance cover. Underwriting risk pricing aims to achieve risk matching. The solvency capital requirement for the Fennia Group's underwriting risks was EUR 141.4 million (EUR 145.2 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 88.6 million (EUR 82.8 million), which is 17.5 per cent (14.1 %) of the solvency capital requirement before loss-absorbing items. The Fennia Group's underwriting risk mainly consists of premium risk and reserve risk. The amount of underwriting risks has declined slightly compared to the situation a year earlier. The Fennia Group's insurance portfolio does not include any significant unreinsured risk concentrations. More information about the underwriting risk is given further on in the report.

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

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

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

The solvency capital requirement for the Fennia Group's market risks was EUR 381.2 million (EUR 474.7 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 71.1 per cent (78.3 %). The amount and the contribution decreased compared to the situation a year earlier. The contribution of the equity risk to the market risks' solvency capital requirement was clearly the greatest, at 40.8 per cent (52.5 %). The second-highest contribution, 28.2 per cent (21.3 %), was that of the property risk. The contribution of the open interest rate risk was 4.2 (4.6 %) per cent of the solvency capital requirement for Fennia Group's market risks.

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

The solvency capital requirement for the Fennia Group's counterparty risk was EUR 52.7 million (EUR 36.9 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 24.7 million (EUR 15.0 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 4.9 per cent (2.6 %).

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

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

The solvency capital requirement for the Fennia Group's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 31.7 million (EUR 28.4 million). Its share of the solvency capital requirement before loss-absorbing items was 6.3 per cent (4.8 %).

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

Valuation for solvency purposes

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

The Fennia Group's investments in the solvency calculation balance sheet at the close of the reporting period were EUR 2,508.0 million (EUR 2,426.1 million) and in the closing balance sheet EUR 2,284.4 million (EUR 2,217.8 million).

As the Fennia Group has no internal reinsurance arrangements, the Group's technical provisions consist of Fennia's, Fennia Life's and Fennia Non-Life Insurance's combined technical provisions. At the close of the reporting period, technical provisions defined by the solvency calculation technique were altogether EUR 2,519.9 million (EUR 2,366.3 million) and the financial statements' technical provisions EUR 3,270.9 million (EUR 3,102.3 million).

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

Capital management

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

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

The Fennia Group's available own funds amounted to EUR 839.8 million (EUR 980.0 million) at the end of the reporting period and belonged in their entirety to class 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement and minimum solvency capital requirement. The Fennia Group does not apply the transitional measures enabled by the regulation to its own funds.

The Fennia Group's solvency capital requirement at the end of the reporting period was EUR 401.4 million (EUR 463.8 million) and the minimum consolidated group solvency capital requirement was EUR 119.3 million (EUR 125.9 million). The ratio of eligible own funds to the minimum consolidated group solvency capital requirement was 700.6 per cent (775.9 %). The Group does not use an internal model, company-specific parameters, simplified calculations or a duration-based equity risk sub- module to calculate the solvency capital requirement. The Group did not fall below its required regulatory level of the solvency capital requirement or minimum consolidated group solvency capital requirement during the reporting period.

Summary Fennia

The Fennia Group's Solvency and Financial Condition Report based on solvency regulation includes information concerning Fennia Mutual Insurance Company's 2018 business operations, profitability, governance system, risk profile, valuation for solvency purposes and capital management.

Business and performance

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

During 2018, changes occurred within the Fennia Group when Fennia acquired Fennia Asset Management from Fennia Life through an intra-Group transaction and acquired the entire share capital of Folksam Non-Life Insurance. Folksam Non-Life Insurance's name was changed to Fennia Non-Life Insurance Company Ltd on 27 February 2019 and Fennia Non-Life Insurance merged with Fennia on 1 May 2019 in accordance with the general meeting of shareholders' decision. In addition, Fennia established Fennia-service Ltd, which produces ancillary services closely linked to non-life insurance and risk management for customers.

Fennia's premiums written totalled EUR 382.8 million (EUR 393.7 million) during the reporting period. The company's combined ratio, excluding unwinding of discount, was 99.7 per cent (96.6 %), with claims, i.e. risk ratio, accounting for 63.6 per cent (61.1 %) and operating expenses and claims handling expenses, i.e. operating expense ratio, for 36.0 per cent (35.5 %).

At the close of the reporting period, Fennia's investment assets at fair value amounted to EUR 1,721.4 million (EUR 1,706.0 million).In 2018, the net return on investments at fair value was EUR 27.5 million (EUR 78.9 million) and the return on invested capital was 1.6 per cent (4.7 %). Although the return on investments was clearly below that of the previous year's, the return can still be considered good, considering the market conditions. The final quarter of the year was weak in terms of the development of the return on risky asset classes and the dramatic plunge in equities and credit risk investments ate into a large portion of the entire year's returns. This was partly offset by risk-free fixed income investments and the stable return on real estate investments and the good return on unlisted equities. The return on fixed income investments rose considerably from the previous year. Both equity and real estate investments yielded less than in the previous year, but the return was still clearly positive.

System of governance

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

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

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

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

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

A Group-level ALCO committee has been established for managing the insurance companies' balance sheets. The committee's tasks are to create a proposal on the investment strategy for the insurance companies' boards, to change the strategy if necessary without breaking the restrictions set by the boards of directors and to report on the balance sheet risks to the boards. A risk management executive group operates within the Group to prepare, steer and co-ordinate tasks related to risk and solvency management and to communicate related information.

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

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

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

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

The compliance function, which monitors compliance with the rules, comprises the Group's chief compliance officer and the responsible compliance officers of Fennia

Group companies. The Group's compliance function is organised into the Compliance & Operational Risks unit. The Group's chief compliance officer, who also co-ordinates the Group's compliance monitoring, functions as the parent company's responsible compliance officer

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

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

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

Risk profile

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

Fennia's solvency capital requirement before loss-absorbing items was EUR 391.6 million (EUR 465.9 million) at the close of the reporting period. Of that amount, the market risk share was EUR 308.8 million (EUR 384.2 million), the counterparty risk was EUR 31.4 million (EUR 28.1 million), the underwriting risk was EUR 97.9 million (EUR 103.7 million) and the operational risk was EUR 23.9 million (EUR 24.6 million). After loss-absorbing items, the solvency capital requirement amounted to EUR

313.3 million (EUR 372.8 million). With eligible own funds of EUR 876.7 million (EUR 953.7 million), the company's relative solvency position was 279.8 per cent (255.8 %).

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

Insurance operations are based on taking underwriting risks, diversifying the risks within the insurance portfolio and managing underwriting risks. The most important instruments for managing underwriting risks are appropriate risk selection, pricing, insurance terms and conditions, and the acquisition of reinsurance cover. Underwriting risk pricing aims to achieve risk matching. The solvency capital requirement for Fennia's underwriting risks was EUR 97.9 million (EUR 103.7 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 58.3 million (EUR 57.4 million), which is 14.9 per cent (12.3 %) of the solvency capital requirement before loss-absorbing items. Fennia's underwriting risk consists mainly of premium risk and reserve risk. The amount of underwriting risks has declined compared to the situation a year earlier. Fennia's insurance portfolio does not include any significant unreinsured risk concentrations. More information about the underwriting risk is given further on in the report.

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

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

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

The solvency capital requirement for market risks was EUR 308.8 million (EUR 384.2 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 75.5 per cent (80.0 %). The amount and the contribution decreased compared to the situation a year earlier. The contribution of the equity risk to the market risks' solvency capital requirement was clearly the greatest, at 56.0 per cent (60.8 %). The second-highest contribution, 14.7 per cent (15.4 %), was that of the spread risk. The contribution of the open interest rate risk was 1.1 (2.8 %) per cent of the solvency capital requirement for Fennia's market risks.

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

The solvency capital requirement for Fennia's counterparty risk was EUR 31.4 million (EUR 28.1 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 13.8 million (EUR 11.3 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 3.5 per cent (2.4 %).

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

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

The solvency capital requirement for Fennia's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 23.9 million (EUR 24.6 million). Its share of the solvency capital requirement before loss- absorbing items was 6.1 per cent (5.3 %).

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

Valuation for solvency purposes

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

Fennia's investments in the solvency calculation balance sheet at the close of the reporting period were EUR 1,831.6 million (EUR 1,913.7 million) and in the closing balance sheet EUR 1,536.0 million (EUR 1,546.1 million).

The technical provisions for insurance contracts used in solvency calculations are the present value of the cash flows linked to the current insurance portfolio. Cash flows are discounted using the swap zero-coupon rate curve confirmed by the European Insurance and Occupational Pensions Authority (EIOPA). The technical provisions are the sum of the best estimate (actuarial expectation) and risk margin (safety loading).

Fennia's technical provisions defined by the solvency calculation technique at the close of the reporting period totalled EUR 849.0 million (EUR 873.0 million). Of that amount, the share of the best estimate was EUR 795.2 million (EUR 819.0 million) and the share of the risk margin was EUR 53.8 million (EUR 53.9 million). The technical provisions in accordance with the financial statements amounted to EUR 1,451.2 million (EUR 1,461.7 million).

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

Capital management

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

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

Fennia's available own funds amounted to EUR 876.7 million (EUR 953.7 million) at the end of the reporting period and belonged in their entirety to class 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement and the minimum capital requirement. The company does not apply the transitional measures enabled by the regulation to its own funds.

Fennia's solvency capital requirement at the end of the reporting period was EUR 313.3 million (EUR 372.8 million) and the minimum capital requirement was EUR 78.3 million (EUR 93.2 million). The ratio of eligible own funds to the minimum capital requirement was 1,119.4 per cent (1,023.4 %). The company does not use an internal model, company-specific parameters, simplified calculations or a duration-based equity risk sub-module to calculate the solvency capital requirement. The company did not fall below its required regulatory level of the solvency capital requirement or minimum capital requirement during the reporting period.

Summary Fennia Life

The Fennia Group's Solvency and Financial Condition Report based on solvency regulation includes information concerning Fennia Life Insurance Company Ltd's 2018 business operations, profitability, governance system, risk profile, valuation for solvency purposes and capital management.

Business and performance

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

Fennia Life's premiums written totalled EUR 164.1 million (EUR 166.7 million) in the reporting period. Unit-linked insurance premiums accounted for 77.1 per cent (76.2 %) of the total premiums written on life insurance. Claims paid amounted to EUR 95.5 million (EUR 104.4 million). The risk result for life insurance amounted to EUR 8.7 million (EUR 9.8 million). Life insurance operating expenses (including claims settlement expenses) amounted to EUR 15.8 million (EUR 15.6 million). The expense ratio of expense loading (including provision rebates from the funds covering unit-linked contracts) was 90.2 per cent (92.1 %). Excluding the impact of the provision rebates, the expense ratio was 101.9 per cent (103.6 %). Fennia Life paid client bonuses amounting to EUR 0.9 million (EUR 1.2 million) in 2018.

Fennia Life's investment assets totalled EUR 761.4 million (EUR 767.2 million) at the close of the reporting period. In 2018, the net return on investments at fair value was EUR 17.8 million (EUR 24.8 million) and the return on invested capital was 2.4 per cent (3.3 %). Despite the difficult market conditions, return on investments were only a little below the previous year's level.

The final quarter of the year was weak in terms of the development of the return on risky asset classes and the dramatic plunge in equities and credit risk investments ate into a large portion of the year's total returns. The total return on equity investments was still good but below the previous year's level. Land and buildings continued to bring excellent returns. The return on risk-free fixed income investments offset the negative return on risky asset classes, particularly late in the year.

System of governance

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

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

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

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

A Group-level ALCO committee has been established for managing the insurance companies' balance sheets. The committee's tasks are to create a proposal on the investment strategy for the insurance companies' boards, to change the strategy if necessary without breaking the restrictions set by the boards of directors and to report on the balance sheet risks to the boards. A risk management executive group operates within the Group to prepare, steer and co-ordinate tasks related to risk and solvency management and to communicate related information.

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

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

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

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

The compliance function, which monitors compliance with the rules, comprises the Group's chief compliance officer and the responsible compliance officers of Fennia Group companies. The Group's compliance function is organised into the Compliance & Operational Risks unit. The function is responsible for ensuring that Fennia Group's operations comply with regulations, financial sector self-regulation and the Group's internal guidelines, and that customer relationships are managed according to the appropriate procedures.

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

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

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

Risk profile

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

Fennia Life's solvency capital requirement before loss-absorbing items was EUR 141.4 million (EUR 169.9 million) at the close of the reporting period. Of that amount, the market risk share was EUR 104.0 million (EUR 127.3 million), the counterparty risk was EUR 18.9 million (EUR 10.2 million), the underwriting risk was EUR 56.8 million (EUR 74.3 million) and the operational risk was EUR 4.0 million (EUR 3.8 million). After loss-absorbing items, the solvency capital requirement amounted to EUR 108.6 million (EUR 130.8 million). With eligible own funds of EUR 243.0 million (EUR 265.9 million), the company's relative solvency position was 223.7 per cent (203.3 %).

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

Insurance operations are based on taking underwriting risks, diversifying the risks within the insurance portfolio and managing underwriting risks. The most important instruments for managing underwriting risks are appropriate risk selection, pricing, insurance terms and conditions, and the acquisition of reinsurance cover. Underwriting risk pricing aims to achieve risk matching. The solvency capital requirement for Fennia Life's underwriting risks was EUR 56.8 million (EUR 74.3 million).

Taking diversification benefits into account, the underwriting risk's contribution was EUR 36.2 million (EUR 48.6 million), which is 25.6 per cent (28.6 %) of the solvency capital requirement before loss-absorbing items. Fennia Life's underwriting risk consists mainly of the lapse risk and the expense risk. The amount of underwriting risks has declined compared to the situation a year earlier. Fennia Life's insurance portfolio does not include any significant risk concentrations. More information about the underwriting risk is given further on in the report.

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

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

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

The solvency capital requirement for market risks was EUR 104.0 million (EUR 127.3 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 65.9 per cent (66.9 %). The amount and the contribution decreased compared to the situation a year earlier. The contribution of the equity risk to the market risks' solvency capital requirement was clearly the greatest, at 47.5 per cent (58.3 %). The second-highest contribution, 19.9 per cent (16.2 %), was that of the spread risk. The contribution of the open interest rate risk was 8.6 (7.7 %) per cent of the solvency capital requirement for Fennia Life's market risks.

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

The solvency capital requirement for Fennia Life's counterparty risk was EUR 18.9 million (EUR 10.2 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 8.1 million (EUR 3.7 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 5.8 per cent (2.2 %).

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

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

The solvency capital requirement for Fennia Life's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 4.0

million (EUR 3.8 million). Its share of the solvency capital requirement before loss-absorbing items was 2.8 per cent (2.2 %).

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

Valuation for solvency purposes

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

Fennia Life's investments in the solvency calculation balance sheet at the close of the reporting period totalled EUR 770.6 million (EUR 768.4 million) and in the closing balance sheet EUR 728.8 million (EUR 722.6 million).

The technical provisions for insurance contracts used in solvency calculations are the present value of the cash flows linked to the current insurance portfolio. Cash flows are discounted using the swap zero-coupon rate curve confirmed by the European Insurance and Occupational Pensions Authority (EIOPA). The technical provisions are the sum of the best estimate (actuarial expectation) and risk margin (safety loading).

Fennia Life's technical provisions defined by the solvency calculation technique at the closing of the reporting period totalled EUR 1,529.4 million (EUR 1,493.4 million).Of that amount, the share of the best estimate was EUR 1,496.5 million (EUR 1,446.6 million) and the share of the risk margin was EUR 32.9 million (EUR 46.8 million). The share of unit-linked technical provisions amounted to EUR 1,010.6 million (EUR 987.2 million). The technical provisions in accordance with the financial statements amounted to EUR 1,629.6 million (EUR 1,640.6 million).

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

Capital management

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

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

Fennia Life's available own funds amounted to EUR 243.0 million (EUR 265.9 million) at the end of the reporting period and belonged in their entirety to class 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement and minimum capital requirement. The company does not apply the transitional measures enabled by the regulation to its own funds.

Fennia Life's solvency capital requirement at the end of the reporting period was EUR 108.6 million (EUR 130.8 million) and the minimum capital requirement was EUR 28.7 million (EUR 32.7 million). The ratio of eligible own funds to the minimum capital requirement was 847.1 per cent (813.1 %). The company does not use an internal model, company-specific parameters, simplified calculations or a duration-based equity risk sub-module to calculate the solvency capital requirement. The company did not fall below its required regulatory level of the solvency capital requirement or minimum capital requirement during the reporting period.

Summary Fennia Non-Life Insurance

The Fennia Group's Solvency and Financial Condition Report based on solvency regulation includes information concerning Fennia Non-Life Insurance Ltd's 2018 business operations, profitability, governance system, risk profile, valuation for solvency purposes and capital management.

Business and performance

Fennia Non-Life Insurance Ltd was an expert in insurance and related services, offering companies, entrepreneurs and households the insurance services they needed. Fennia Non-Life Insurance's line of business included statutory and voluntary non-life insurance. Fennia Non-Life Insurance engaged in the direct insurance business only in Finland. During 2018, Fennia Group's parent company acquired the entire share capital of Folksam Non-Life Insurance. Folksam Non-Life Insurance's name was changed to Fennia Non-Life Insurance Company Ltd on 27 February 2019. In accordance with the decision of the general meeting of shareholders, Fennia Non-Life Insurance Ltd merged with Fennia Group's parent company on 1 May 2019.

Fennia Non-Life Insurance's premiums written totalled EUR 75.6 million (EUR 76.4 million) during the reporting period. The company's combined ratio, excluding unwinding of discount, was 117.6 per cent (96.5 %), with claims, i.e. risk ratio, accounting for 78.8 per cent (59.6 %) and operating expenses and claims handling expenses, i.e. operating expense ratio, for 38.8 per cent (36.9 %).

At the closing of the reporting period, Fennia Non-Life Insurance's investment assets at fair value was EUR 205.7 million (EUR 211.1 million). In 2018, the net return on investments at fair value was EUR −1.7 million (EUR 1.0 million) and the return on invested capital was −0.8 per cent (0.5 %).

2018 was a challenging year in terms of investment operations. The return on risky investments was mostly negative and risk- free or low-risk investments brought in insufficient returns. Only government bonds yielded returns, largely due to a decline in the interest rate level. The weakest performing asset classes were equities, which suffered from the markets' risk aversion, especially in the last quarter. The real estate portfolio's return was stable and positive.

System of governance

Fennia Non-Life Insurance's governance system has been combined with the governance system of the parent company Fennia Mutual Insurance Company as a result of the merger on 1 May 2019. As a result, this report describes only Fennia Group's joint governance system. The highest decision-making power at Fennia Non-Life Insurance was exercised by the shareholder Fennia through the annual general meeting. Fennia Non-Life Insurance's governing bodies were the board of directors and managing director. The board of directors took care of the administration of the company and the appropriate organisation of its operations.

Fennia Non-Life Insurance had a managing director, who was elected by the company's board of directors and whose terms and conditions of employment, salary and bonuses were determined by the board of directors. The managing director oversaw the company's day-to-day administration in line with the board of directors' guidelines and regulations.

Risk profile

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

Fennia Non-Life Insurance's solvency capital requirement before loss-absorbing items was EUR 34.1 million (EUR 29.7 million) at the close of the reporting period. Of that amount, the market risk share was EUR 13.3 million (EUR 14.7 million), the counterparty risk was EUR 2.6 million (EUR 1.5 million), the underwriting risk was EUR 21.5 million (EUR 20.2 million) and the operational risk was EUR 3.9 million (EUR 2.3 million). After loss-absorbing items, the solvency capital requirement amounted to EUR 27.3 million (EUR 25.9 million). With eligible own funds of EUR 63.1 million (EUR 75.3 million), the company's relative solvency position was 231.5 per cent (291.1 %).

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

Insurance operations are based on taking underwriting risks, diversifying the risks within the insurance portfolio and managing underwriting risks. The most important instruments for managing underwriting risks are appropriate risk selection, pricing, insurance terms and conditions, and the acquisition of reinsurance cover. Underwriting risk pricing aims to achieve risk matching. The solvency capital requirement for Fennia Non-Life Insurance's underwriting risks was EUR 21.5 million (EUR 20.2 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 19.2 million (EUR 15.2 million), which is 56.4 per cent (51.2 %) of the solvency capital requirement before loss-absorbing items. Fennia Non-Life Insurance's underwriting risk mainly consists of premium risk and reserve risk. More information about the underwriting risk is given further on in the report.

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

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

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

The solvency capital requirement for market risks was EUR 13.3 million (EUR 14.7 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 27.7 per cent (38.3 %). The amount and the contribution decreased compared to the situation a year earlier. The contribution of the spread risk to the market risks' solvency capital requirement was the largest, at 37.5 per cent (32.8 %). The second-highest contribution, 25.6 per cent (30.8 %), was that of the equity risk. The contribution of the open interest rate risk was 25.2 (25.7 %) per cent of the solvency capital requirement for Fennia Non-Life Insurance's market risks.

Credit risk, i.e. counterparty risk, is the risk that the counterparties are not able to meet their obligations. In Fennia Non-Life Insurance's solvency calculations, the counterparty risk mostly resulted from reinsurance contracts, cash assets and receivables from insurance customers. The starting point for managing counterparty risks is to ensure that the counterparties and related risks can be identified, measured, monitored, managed and reported on. The solvency capital requirement for Fennia Non-Life Insurance's counterparty risk was EUR 2.6 million (EUR 1.5 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 1.5 million (EUR 0.8 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 4.5 per cent (2.8 %).

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

The management of operational risks is part of the Fennia Group's overall risk management. Operational risks are defined at the Fennia Group as risks resulting from internal processes, personnel, systems and external factors. Operational risks and the management thereof thus impact all Fennia Group employees. The objective of operational risk management at the Fennia Group is to, in a cost-effective manner, reduce the likelihood that risks will be realised and the impacts of the realised risks, support business and support functions to achieve the targets set for them using risk management, and help ensure that the Group's operations meet the requirements set by authorities and legislation. The solvency capital requirement for Fennia Non- Life Insurance's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 3.9 million (EUR 2.3 million). Its share of the solvency capital requirement before loss-absorbing items was 11.4 per cent (7.8 %).

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

Valuation for solvency purposes

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

Fennia Non-Life Insurance's investments in the solvency calculation balance sheet at the close of the reporting period totalled EUR 206.3 million (EUR 211.8 million) and in the closing balance sheet EUR 189.9 million (EUR 192.1 million).

The technical provisions for insurance contracts used in solvency calculations are the present value of the cash flows linked to the current insurance portfolio. Cash flows are discounted using the swap zero-coupon rate curve confirmed by the European Insurance and Occupational Pensions Authority (EIOPA). The technical provisions are the sum of the best estimate (actuarial expectation) and risk margin (safety loading).

Fennia Non-Life Insurance's technical provisions defined by the solvency calculation technique at the close of the reporting period totalled EUR 141.5 million (EUR 129.8 million). Of that amount, the share of the best estimate was EUR 130.0 million (EUR 122.3 million) and the share of the risk margin was EUR 11.5 million (EUR 7.6 million). The technical provisions in accordance with the financial statements amounted to EUR 190.1 million (EUR 189.2 million).

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

Capital management

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

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

Fennia Non-Life Insurance's available own funds amounted to EUR 63.1 million (EUR 75.3 million) at the end of the reporting period and belonged in their entirety to class 1, which can be used without limitation and can be used as they stand to cover the solvency capital requirement and minimum capital requirement. The company does not apply the transitional measures enabled by the regulation to its own funds.

Fennia Non-Life Insurance's solvency capital requirement at the end of the reporting period was EUR 27.3 million (EUR 25.9 million) and the minimum capital requirement was EUR 12.3 million (EUR 11.6 million). The ratio of eligible own funds to the minimum capital requirement was 514.4 per cent (646.9 %). The company does not use an internal model, company-specific parameters, simplified calculations or a duration-based equity risk sub-module to calculate the solvency capital requirement. The company did not fall below its required regulatory level of the solvency capital requirement or minimum capital requirement during the reporting period.

Business and performance

Business

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

The Fennia Group comprises the following companies: the Group's parent company Fennia and Fennia Non-Life Insurance Ltd, specialised in non-life insurance; Fennia-service Ltd, which produces ancillary services closely linked to non-life insurance; Fennia Life Insurance Company Ltd, which offers voluntary life, pension and savings insurance; Fennia Asset Management Ltd, which provides asset management services and alternative fund management services and Fennia Property Development Ltd. The Group additionally comprises 26 real estate companies.

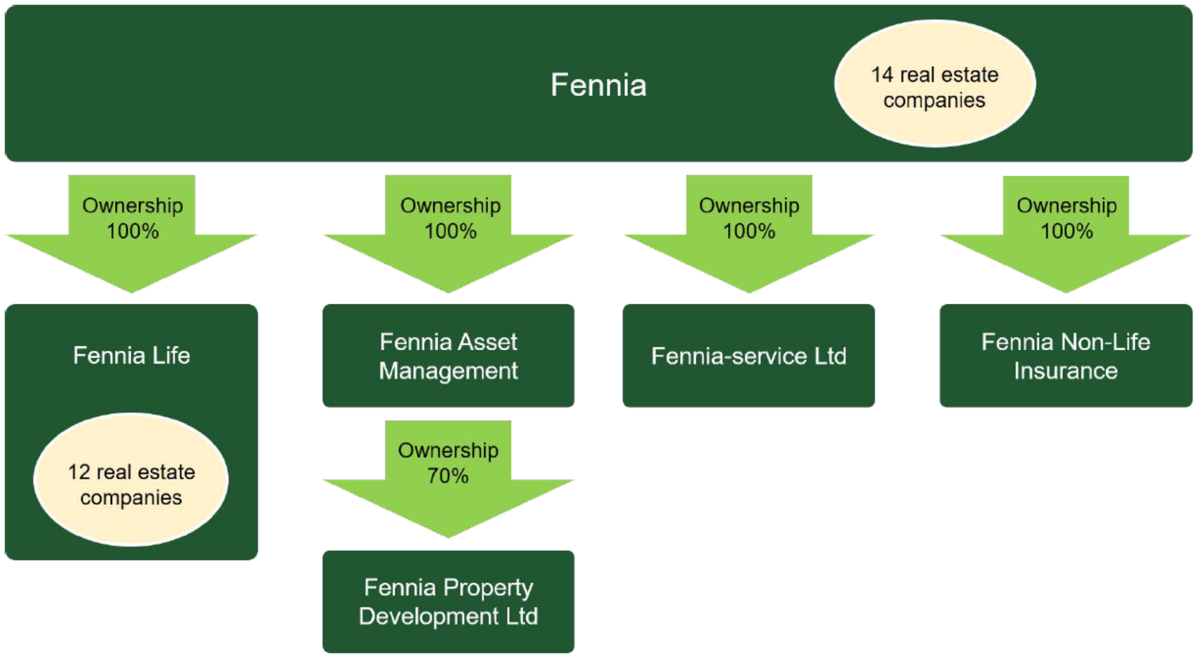
The structure of the Group changed during 2018 when the Group's parent company Fennia acquired Fennia Asset Management Ltd from Fennia Life through an intra-Group transaction and acquired the entire share capital of Folksam Non- Life Insurance. Folksam Non-Life Insurance's name was changed to Fennia Non-Life Insurance Company Ltd on 27 February 2019. In accordance with the decision of the general meeting of shareholders, Fennia Non-Life Insurance Ltd merged with Fennia Group's parent company on 1 May 2019. In addition to these, the parent company Fennia established Fennia-service Ltd, which produces ancillary services linked closely to non-life insurance and risk management for customers. Fennia Asset Management Ltd established Fennia Property Development Ltd. The primary task of Fennia Property Development is to produce investment opportunities for Fennia Asset Management's customers through property development.

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

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

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

Auditing is provided by the auditing firm KPMG Oy Ab, Töölönlahdenkatu 3, PL1037, 00101 Helsinki. Petri Kettunen is the auditor with principal responsibility for Fennia and Fennia Life and Petter Westerback for Fennia Non-Life Insurance.



Fennia's business

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

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

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

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

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

Fennia Life's business

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

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

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

Fennia Non-Life Insurance's business

Fennia Non-Life Insurance was an expert in insurance and related services, offering companies, entrepreneurs and households the insurance services they needed. Fennia Non-Life Insurance's line of business included statutory and voluntary non-life insurance.

Fennia Non-Life Insurance engaged in the direct insurance business only in Finland.

Fennia Non-Life Insurance's partner in earnings-related pension insurance was Veritas Pension Insurance Company.

Underwriting performance

Fennia Group's premiums written totalled EUR 551.0 million (EUR 560.4 million) during the reporting period.

The Group's operating loss according to the consolidated financial statements amounted to EUR 1.3 million (operating profit EUR 81.7 million), of which non-life insurance business accounted for EUR −25.5 million (EUR 61.1 million) and life insurance business for EUR 24.2 million (EUR 20.7 million).

The Group's average number of personnel was 1,009 (1,012).

Fennia Non-Life Insurance's financial statement information is included in Fennia's consolidated financial statements for one month.

Fennia's underwriting performance

Fennia's premiums written totalled EUR 382.8 million (EUR 393.7 million) during the reporting period.

The company's combined ratio, excluding unwinding of discount, was 99.7 per cent (96.6 %), with claims, i.e. risk ratio, accounting for 63.6 per cent (61.1 %) and operating expenses and claims handling expenses, i.e. operating expense ratio, for 36.0 per cent (35.5 %).

Fennia made a change in the bases for technical provisions for the provision for claims settlement costs. As a result, the technical provisions grew by EUR 2.2 million. In addition, the collective provision for motor liability insurance was reduced by EUR 1.0 million. These changes in the bases for calculating the technical provisions weakened the company-level risk and loss ratio by 0.3 percentage points for the financial period.

The operating combined ratio, excluding unwinding of discount and bases for calculating the technical provisions, was 99.4 per cent (93.6 %).

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

In order to safeguard the result of non-life insurance, ceded reinsurance contracts were concluded. The most extensive fire damage in our history, which took place in 2017, affected the financial year's ceded reinsurance result. The lower-than- expected amount of claims resulting from this damage weakened the ceded reinsurance result. Similarly, the direct insurance result improved.

Premiums written on non-life insurance decreased, especially in corporate insurance. Despite the improved economic outlook for business activities, growth in premiums written was not achieved. In accident insurance, for example, payroll growth no longer affects premium income growth to the same extent as before, because pricing systems react faster than before to changes taking place in claims incurred. Thus, the long-term decline in the risk level has resulted in a lower insurance premium. The reduction in premium income from insurance of the person was mostly the result of a decline in the motor liability insurance premium level.

Statutory accident insurance premiums written decreased to EUR 74.5 million (EUR 82.0 million). Correspondingly, the loss ratio remained almost unchanged at 73.9 per cent (73.4 %).

Motor liability insurance premiums written decreased to EUR 65.2 million (EUR 67.1 million). The strong decline in premium income can be especially attributed to the competition for bonuses in the markets. In October, the company launched a new motor liability insurance product with the highest maximum bonus in the market. This new product launch clearly spruced up motor liability insurance sales. Despite the increased competition, the insurance line's loss ratio continued to be very good, at 56 per cent (55 %). Premiums written for voluntary motor vehicle insurance grew to EUR 73.2 million (EUR 71.4 million). In contrast to motor liability insurance, the result for motor vehicle insurance was weak. The loss ratio decreased to 84 per cent (77 %).

Premiums written on fire and other property insurance totalled EUR 80.8 million (EUR 84.2 million). The drop in premiums written was more dramatic for corporate clients.

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

Balance on technical account by group of insurance class

Groups of insurance classes	Year	Gross premiums written before reinsurers' share	Gross premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before reinsurers' commissions and profit participation	Reinsurance balance	Balance on technical account before the change in collective item and equalisation provision
Statutory accident insurance (workers' compensation)	2018	74,5	74,6	-59,8	-12,6	-0,2	2,0
	2017	82,0	81,9	-53,0	-12,8	-0,2	15,9
Non-statutory accident and health	2018	43,5	42,9	-39,8	-11,6	-0,1	-8,6
	2017	44,2	44,7	-29,6	-11,8	-0,1	3,3
Motor liability	2018	65,2	67,0	-39,6	-20,0	-0,1	7,2
	2017	67,1	72,4	-65,7	-20,4	-0,3	-13,9
Motor, other classes	2018	73,2	73,2	-62,3	-22,0	0,0	-11,2
	2017	71,4	73,9	-55,8	-21,2	0,0	-3,1
Fire and other damage to property	2018	80,8	80,4	-51,8	-21,7	-11,8	-4,9
	2017	84,2	85,2	-82,9	-22,1	15,5	-4,3
General liability	2018	22,0	20,6	-5,4	-5,5	-1,7	8,0
	2017	20,7	20,0	-12,3	-5,4	0,3	2,6
Other	2018	23,1	23,1	-18,1	-6,9	0,8	-1,1
	2017	23,6	23,7	-15,6	-6,8	-0,6	0,7
DIRECT INSURANCE TOTAL	2018	382,3	381,8	-276,8	-100,3	-13,1	-8,4
	2017	393,3	401,9	-314,8	-100,4	14,6	1,3
Reinsurance	2018	0,4	0,4	-0,2	-0,2	0,0	0,1
	2017	0,4	0,4	-0,1	-0,2	0,0	0,1
Total	2018	382,7	382,2	-277,0	-100,5	-13,1	-8,4
	2017	393,7	402,3	-314,9	-100,6	14,6	1,4
Change in equalisation provision	2018						-24,5
	2017						-30,5
BALANCE ON TECHNICAL ACCOUNT	2018						-32,9
	2017						-29,1

Excluding the unwinding of discount and non-recurring items, the balance of statutory accident insurance was EUR 6.8 million (8.9 million) and that of motor vehicle liability insurance EUR 9.0 million (12.0 million).

Fennia Life's underwriting performance

Fennia Life's premiums written totalled EUR 164.1 million (EUR 166.7 million) in the reporting period. Premiums written are divided by insurance line as follows:

Written premiums (million euros)	**2018**	**2017**
Savings insurance	81,8	93,3
Capital redemption policy	29,1	20,2
Individual pension insurance	9,4	9,7
Group pension insurance	24,8	24,7
Risk life insurance	13,7	13,5
Employees' group life insurance	5,3	5,3
Total	**164,1**	**166,7**

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

Unit-linked insurance premiums accounted for 77.1 per cent (76.2 %) of the total premiums written on life insurance. Claims paid amounted to EUR 95.5 million (EUR 104.4 million), divided as follows:

Claims paid (million euros)	**2018**	**2017**
Repayment of benefits	3,1	5,5
Pension	37,8	36,2
Surrenders	44,8	47,4
Sum payable on death	5,0	11,1
Compensation for permanent incapacity	0,8	0,4
Other	4,1	3,8
Total	**95,5**	**104,4**

Reinsurers' share of claims paid amounted to EUR −0.0 million (EUR 0.2 million).

The risk result for life insurance amounted to EUR 8.7 million (EUR 9.8 million). The risk result consists of mainly the difference between the risk component included in risk life insurance (including employees' group life insurance) premiums and the risk life insurance claims paid on the basis of death and permanent disability.

Life insurance operating expenses (including claims settlement expenses) amounted to EUR 15.8 million (EUR 15.6 million). The expense ratio of expense loading (including provision rebates from the funds covering unit-linked contracts) was 90.2 per cent (92.1 %). Excluding the impact of the provision rebates, the expense ratio was 101.9 per cent (103.6 %).

The technical rate of interest on Fennia Life's insurance savings, which are linked to the interest rate result, is between 0 and per cent. The technical rate of interest for new insurance contracts is 0–1 per cent. The investment result for 2018 was reasonable. The company supplemented the technical provisions in previous financial statements by making transfers to the supplementary provision for the guaranteed interest rate. A minimum decrease plan has been drawn up for decreasing the supplementary provision for the guaranteed interest rate. Additionally, the company has made a transfer to the provision for future bonuses in an earlier version of the financial statements. This provision secures the continuity of the low-technical-rate- of-interest pension insurance bonuses. In 2018, the supplementary provision for the guaranteed interest rate was decreased according to plan. Due to the supplementary provisions that have been made, the minimum annual return requirement for investment operations in life insurance business is 1.0 per cent. The supplementary provision for the guaranteed interest rate in the financial statements amounted to EUR 114.7 million (EUR 125.1 million). Additional interest credited in 2018 was funded from provisions for future bonuses. Provisions for future bonuses in the financial statements amounted to EUR 3.3 million (EUR 3.8 million).

Fennia Life paid client bonuses on risk life insurance contracts and on savings-type insurance contracts with a low technical rate of interest. Client bonuses granted totalled EUR 0.9 million (EUR 1.2 million), of which EUR 0.9 million was funded from provisions for future bonuses reserved earlier. The risk-free interest rate has remained low for both short-term and long-term government bonds since 2009. The total interest credited by Fennia Life has clearly exceeded the risk-free interest rate of the corresponding investment period from 2009 to 2018. 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.

Fennia Non-Life Insurance's underwriting performance

The premiums written before reinsurers' share of Fennia Non-Life Insurance, which was acquired by Fennia Group in the reporting period 2018, amounted to EUR 75.6 million (EUR 76.4 million).

The company's combined ratio, excluding unwinding of discount, was 117.6 per cent (96.5 %), with claims, i.e. risk ratio, accounting for 78.8 per cent (59.6 %) and operating expenses and claims handling expenses, i.e. operating expense ratio, for 38.8 per cent (36.9 %).

Fennia Non-Life Insurance lowered the rate of interest used in the discounting of technical provisions to 1.5 per cent (2.0 %). As a result, claims incurred grew by EUR 6.2 million. A change in the bases for the provision for unearned premiums was also carried out, which reduced the premiums earned by EUR 1.5 million. Additionally, a change was made to the method of deducting premiums receivables on the basis of experience from previous years, which increased premium income and premium earnings by EUR 0.9 million. These technical changes weakened the company-level risk ratio by 9.2 percentage points and loss ratio by 9.3 percentage points for the financial period.

The operating combined ratio, excluding unwinding of discount and bases for calculating the technical provisions, was 108.0 per cent (96.5 %).

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

In order to safeguard the result of non-life insurance, the company was covered by Folksam Sak Group's joint reinsurance cover. To complement this cover, the company had made an internal reinsurance contract with the parent company. One incident in particular, involving the most extensive fire damage in our history, affects the financial year's ceded reinsurance result, and Fennia Non-Life Insurance has reinsurance receivables for the portion that exceeds the deductible.

Premiums written on non-life insurance decreased in both corporate and private customers' insurance. The company's target was growth despite a challenging market situation. This was achieved in voluntary motor vehicle insurance and motor liability insurance. However, online competition in easy-to-compare motor liability products reduced the market's average price so that, for motor liability insurance, the development of premiums written was negative. The growth in volume in these lines was focussed outside the company's traditional operating areas, which can be seen as a strategically successful breakthrough. On the other hand, the focus of growth on large cities brought with it plenty of frequency losses and higher average losses, as a result of which especially the risk ratio of motor vehicle insurance was extremely poor at 91 per cent (73 %) and the risk ratio of motor liability insurance became an unsatisfactory 71 per cent (51 %).

A factor reducing especially premiums written for home insurance and agricultural insurance was the ending of the sales collaboration with the Aktia channel in August. Although a significant share of Aktia's customers were converted directly into Fennia Non-Life Insurance customers, the ending of the collaboration can still be seen as a 3 per cent decline in premiums written. Home and agricultural insurance customers' risk ratios remained good.

In boat insurance, the company launched an online calculator and the product's premiums written increased 3 per cent. The risk ratio of boat insurance grew 89 per cent (27 %) due to, not only the previous year's delay in processing and increase in provisions, but especially due to a weak claims trend.

Balance on technical account by group of insurance class

Groups of insurance classes	Year	Gross premiums written before reinsurers' share	Gross premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before reinsurers' commissions and profit participation	Reinsurance balance	Balance on technical account before the change in collective item and equalisation provision
Statutory accident insurance (workers' compensation)	2018	10,8	10,7	-11,0	-2,3	-0,1	-2,6
	2017	11,0	11,0	-8,8	-2,2	-0,3	-0,3
Non-statutory accident and health	2018	6,0	5,9	-4,5	-1,3	-0,2	-0,1
	2017	6,0	5,9	-4,0	-1,2	-0,1	0,5
Motor liability	2018	14,6	14,4	-15,9	-5,4	0,1	-6,8
	2017	15,5	16,5	-13,0	-5,7	0,5	-1,6
Motor, other classes	2018	18,2	17,3	-17,2	-4,9	-0,2	-4,9
	2017	17,4	17,0	-13,7	-4,7	-0,1	-1,6
Fire and other damage to property	2018	17,7	17,1	-14,1	-4,3	-0,2	-1,4
	2017	18,2	18,5	-12,2	-4,4	-0,8	1,1
Other	2018	8,4	8,3	-4,9	-1,5	-0,1	1,9
	2017	8,2	8,2	-3,8	-1,4	0,0	3,0
DIRECT INSURANCE TOTAL	2018	75,6	73,7	-67,5	-19,5	-0,6	-13,9
	2017	76,4	77,2	-55,4	-19,7	-0,9	1,2
Reinsurance	2018	0,0	0,0	0,0	-0,1	0,0	-0,1
	2017	0,0	0,0	-0,1	-0,1	0,0	-0,2
Total	2018	75,6	73,7	-67,6	-19,6	-0,6	-14,1
	2017	76,4	77,2	-55,5	-19,7	-0,9	1,1
Change in equalisation provision	2018						8,7
	2017						0,0
BALANCE ON TECHNICAL ACCOUNT	2018						-5,3
	2017						1,1

Investment performance

Fennia Non-Life Insurance became part of the Fennia Group in November 2018 when Fennia acquired its entire share capital. Fennia Non-Life Insurance was part of the Fennia Group in the period under review for just one month, due to which its impact on the Fennia Group's investment operations is marginal. The following presents the profitability of the Fennia Group's investment operations so that the return for Fennia Non-Life Insurance is presented on one line and the return is not divided into asset classes as for the rest of the Group. The figures for Fennia Non-Life Insurance are, however, included in Fennia Group's allocation and its comparison figures.

Allocation of investment assets at market value (million euros)	31.12.2018	Share	31.12.2017	Share
Fixed income investments	1 559,3	60,0 %	1 561,3	59,5 %
Equity investments	478,4	18,4 %	509,5	19,4 %
Real estate investments	545,4	21,0 %	537,7	20,5 %
Other investments	14,5	0,6 %	16,8	0,6 %
Total investments	**2 597,6**	**100 %**	**2 625,2**	**100 %**

The Fennia Group's net investment result at fair value was EUR 15.7 million (EUR 102.2 million). The return on invested capital was 0.7 per cent (4.3 %). The Fennia Group's investment assets at fair value amounted to EUR 2,597.6 million (EUR 2,625.2 million). The Fennia Group's result was supported by real estate investments, unlisted equity investments and fixed income investments. The dramatic decline in the prices of equities and credit risk investments in the final quarter of 2018 weakened the overall result. The return on other investments was also negative.

Net investment income on invested capital (million euros)	31.12.2018, net investment returns	31.12.2018, invested capital	31.12.2018, return, per cent	31.12.2017, net investment returns	31.12.2017, invested capital	31.12.2017, return, per cent
Fixed income investments	13,4	1 426,9	0,9 %	1,3	1 406,3	0,1 %
Equity investments	-2,0	418,9	-0,5 %	46,0	424,5	10,8 %
Real estate investments	24,1	528,8	4,6 %	32,9	550,9	6,0 %
Other investments	-14,4	18,4	-78,3 %	27,7	2,9	942,0 %
Total investments	**21,1**	**2 393,0**	**0,9 %**	**107,9**	**2 384,7**	**4,5 %**
Profit and losses not allocated to asset classes	-5,0			-5,7		
Total	**16,1**	**2 393,0**	**0,7 %**	**102,2**	**2 384,7**	**4,3 %**

	Net investment returns	Invested capital	Return, per cent
Fennia Group Investments	21,1	2 393,0	0,9 %
Fennia Non-Life Insurance	-0,3	17,1	-2,0 %
Total Investments	**20,8**	**2 410,1**	**0,9 %**
Profit and losses not allocated to asset classes	-5,0		
Total	**15,7**	**2 410,1**	**0,7 %**

In the period under review, the return on fixed income investments was marked by the same problems as in the previous year: the interest rate level has remained historically low, which makes it difficult to achieve positive returns from risk-free fixed income investments and money market investment alike. On the other hand, the prolonged unusual situation has pushed the spread and fixed income investments' total return levels so low that also the return outlook on some risky fixed income investments has been modest. Despite a difficult interest rate environment, the total return on fixed income investments was positive. The net return on fixed income investments was EUR 13.4 million (EUR 1.3 million) and the return on invested capital was 0.9 per cent (0.1 %). The interest rate level, which had risen early on in the year, took a somewhat surprising downward track in the final half of the year, improving the return on government bond investments especially. The return on credit risk investments was negative despite the decline in the interest rate as the widening of the spread in the latter part of the year diminished their total returns.

All in all, equity investments yielded −0.5 per cent, but within the equity portfolio, returns were divided. Private equity investments (15.9 %) and unlisted equities (80.8 %) performed very well while the return on listed equities was clearly negative (9.9 %). The return on private equity investments has continued to be good for quite a while due to a positive economic cycle but unlisted equities' return received a boost from sales proceeds resulting from a non-recurring transaction. The return on listed equities plummeted due to the decline in the global equity markets in December.

Traditionally, real estate investments have returned well in the Fennia Group's investment portfolio and the past year was no exception. Net return, EUR 24.1 million (EUR 32.9 million), fell on the previous year, however, as did the return on invested capital, 4.6 per cent (6.0 %). The return was largely made up of a steady rental cash flow, and non-recurring sales proceeds did not add to the return on real estate investments.

The net return on other investments, EUR −14.4 million, resulting mainly from the negative return on currency derivatives and the positive return resulting from rate swaps.

The returns on currency derivatives had a strong impact on the returns on other investments, even though in total they even out the valuation changes caused by exchange-rate movements in the entire Fennia Group's investment portfolio. This is because the returns on currency derivatives show in other investments, but the valuation changes caused by the exchange-rate movements of currency-denominated investments to be hedged are included in the returns of the asset classes. During the period under review, the currency risk of USD- and GBP- denominated investments was hedged. With the weakening of the euro against the US dollar, the return on currency derivatives hedging the dollar were negative. The pound, on the other hand, weakened against the euro, which yielded a positive return on the derivatives hedging pound risk. Total positions in dollar-denominated investments were, however, manifold compared to pound investments, which is why they dominated currency derivative returns.

The contribution of Fennia Non-Life Insurance's return to the entire Group's return was marginal in the period under review. While it was part of the Fennia Group, its return was EUR 0.3 million negative. The main factor behind the negative returns was the losses resulting from the equity market decline in December, which were, however, fairly moderate overall due to a low equity weight.

Fennia's investment performance

Fennia's net investment result at fair value was EUR 27.5 million (EUR 78.9 million). The return on invested capital was 1.6 per cent (4.7 %). Fennia's investment assets at fair value amounted to EUR 1,721.4 million (EUR 1,706.0 million).

Allocation of investment assets at market value (million euros)	**31.12.2018**	**Share**	**31.12.2017**	**Share**
Fixed income investments	811,5	47,1 %	847,4	49,7 %
Equity investments	458,8	26,7 %	410,2	24,0 %
Real estate investments	442,0	25,7 %	433,0	25,4 %
Other investments	9,0	0,5 %	15,4	0,9 %
Total investments	**1 721,4**	**100,0 %**	**1 706,0**	**100,0 %**

Although the return on investments was clearly below that of the previous year's, a return of 1.6 per cent can still be considered a good achievement considering the market conditions. The final quarter of the year was weak in terms of the development of the return on risky asset classes and the dramatic plunge in equities and credit risk investments ate into a large portion of the entire year's returns. This was partly offset by risk-free fixed income investments and the stable return on real estate investments and the good return on unlisted equities. Fixed income investments returned surprisingly well taking into consideration the interest rate level and spread development and the return rose quite a bit on the previous year. Both equity and real estate investments yielded less than in the previous year, but the return was still clearly positive. The return on other investments was clearly negative, diminishing the total returns on investment operations. The return on these investments was mainly affected by the returns on currency derivatives, which were significant during the period under review.

Net investment income on invested capital (million euros)	31.12.2018, net investment returns	31.12.2018, invested capital	31.12.2018, return, per cent	31.12.2017, net investment returns	31.12.2017, invested capital	31.12.2017, return, per cent
Fixed income investments	10,6	875,7	1,2 %	0,5	876,0	0,1 %
Equity investments	19,6	375,2	5,2 %	33,1	357,2	9,3 %
Real estate investments	17,8	434,7	4,1 %	27,5	450,3	6,1 %
Other investments	-16,2	16,7	-97,0 %	21,7	2,4	921,3 %
Total investments	**31,7**	**1 702,3**	**1,9 %**	**82,8**	**1685,9**	**4,9 %**
Profit and losses not allocated to asset classes	-4,2			-3,9		
Total	**27,5**	**1 702,3**	**1,6 %**	**78,9**	**1 685,9**	**4,7 %**

The net return on fixed income investments in 2018 was EUR 10.6 million and the return on invested capital was 1.2 per cent.Behind this positive return was a decline in the interest rate level and the positive development of short-duration credit risk investments. The development of riskier corporate bonds (high yield) and good quality corporate bonds (investment grade) was weaker, however, with the year ending with a strong widening of the spread. In 2018, the return on fixed income investments was marked by the same problems as in the previous year: the interest rate level has remained historically low, which makes it difficult to achieve positive returns from either risk-free fixed income investments and money market investment alike. On the other hand, the prolonged unusual situation has pushed the spread and fixed income investments' total return levels so low that also the return outlook on some risky fixed income investments has been modest. Many investors have sought additional returns from unlisted fixed income investments, but at Fennia their share of fixed income investments is negligible.

The net return on equity investments at fair values was EUR 19.6 million and the return on invested capital was 5.2 per cent. A significant impact on the return came from the return on unlisted equities (EUR 41.2 million, 47.6 %), which contained, among other things, the subsidiary Fennia Life's revaluation. The private equity funds' contribution to the equity investment return was also positive (13.6 %) but the return on listed equities (−10.0 %) was clearly negative. The return on listed equities fell into the red in the final quarter of the year and culminated in December's equity market plummet. As a result of the decline, all of the main indices' returns fell clearly in local currencies year-on-year but thanks to the appreciation of the US dollar, the return on US equities was only slightly negative in euros.

The excellent return development in real estate investments continued in 2018. Net return amounted to EUR 17.8 million. This was approximately EUR 10 million less than in the previous year, but the return on invested capital nevertheless remained good (4.1 %). In 2017, the net return on real estate increased the sales proceeds on real estate sales, of which there were none in the period under review.

The return on other investments amounted to EUR 16.2 million negative in the period under review, and their impact on the total return was significant. The return consisted mainly of returns on derivatives used to hedge currency-denominated investments' currency risk (EUR −15.1 million). During the period under review, the currency risk of USD- and GBP- denominated investments was hedged. The currency-denominated return on these investments is included in the return figures for each asset class. A small portion of the investment returns consisted of hedge fund returns (EUR −1.2 million).

Sundry income and charges grew slightly compared to the previous year and amounted to EUR −4.2 million (EUR −3.9 million) in the period under review.

Fennia Life's investment performance

Fennia Life's net investment result at fair value was EUR 17.8 million (EUR 24.8 million). The return on invested capital was 2.4 per cent (3.3 %). Fennia Life's investment assets at fair value was EUR 761.4 million (EUR 767.2 million).

Allocation of investment assets at market value (million euros)	31.12.2018	Share	31.12.2017	Share
Fixed income investments	565,4	74,3 %	520,5	67,8 %
Equity investments	92,7	12,2 %	145,8	19,0 %
Real estate investments	97,9	12,9 %	99,5	13,0 %
Other investments	5,4	0,7 %	1,4	0,2 %
Total investments	**761,4**	**100,0 %**	**767,2**	**100,0 %**

Despite the difficult market conditions, return on investments was only a little below the previous year's level and a 2.4-per-cent total return can be considered a good result. The final quarter of the year was weak in terms of the development of the return on risky asset classes and the dramatic plunge in equities and credit risk investments ate into a large portion of the year's total returns.

The total return on equity investments (7.6 %) was still good but below the previous year's level. Real estate, on the other hand, yielded excellent returns and their return actually grew on the previous year. The return on risk-free fixed income investments offset the negative return on risky asset classes, particularly late in the year. Additionally, short-duration credit risk investments yielded higher returns than long-duration credit risk investments. As a result, the fixed income portfolio's returns were 0.5 per cent positive. The return on other investments was also positive, and consisted largely of returns on currency and interest rate derivatives.

Net investment income on invested capital (million euros)	**31.12.2018, net investment returns**	**31.12.2018, invested capital**	**31.12.2018, return, per cent**	**31.12.2017, net investment returns**	**31.12.2017, invested capital**	**31.12.2017, return, per cent**
Fixed income investments	2,8	556,9	0,5 %	0,8	530,3	0,2 %
Equity investments	7,6	100,3	7,6 %	14,3	127,4	11,2 %
Real estate investments	6,3	94,2	6,7 %	5,4	100,6	5,4 %
Other investments	1,9	1,6	113,8 %	6,0	0,6	1025,2 %
Total investments	**18,6**	**753,0**	**2,5 %**	**26,6**	**758,9**	**3,5 %**
Profit and losses not allocated to asset classes	-0,8			-1,7		
Total	**17,8**	**753,0**	**2,4 %**	**24,8**	**758,9**	**3,3 %**

A considerable share of Fennia Life's investments is invested in fixed income instruments, which makes their impact on the total return substantial. The positive return on fixed income investments (0.5 %) in 2018 was impacted by a decline in interest rates, which raised the return on government bond investments. The development of riskier corporate bonds (high-yield) and good quality corporate bonds (investment grade) was weaker, however, with the year ending with a widening of the spread. In 2018, the return on fixed income investments was marked by the same problems as in the previous year: the interest rate level has remained historically low, which makes it difficult to achieve positive returns from either risk-free fixed income investments and money market investment alike. On the other hand, the prolonged unusual situation has pushed the spread and total return levels so low that also the return outlook on some risky fixed income investments are modest. Many investors have sought additional returns from unlisted fixed income investments, but at Fennia Life their share of fixed income investments is negligible.

The net return on equity investments was half of the previous year's at EUR 7.6 million. Return on invested capital (7.6 %) was excellent, however, although the return development of the equity markets was clearly negative. A positive impact on the return came from the return on unlisted equities (EUR 12.0 million), which included sales proceeds resulting from the sale of Fennia Asset Management. The private equity funds' contribution to the equity investment return was also positive (19.9 %) but the return on listed equities (−9.5 %) was clearly negative. The return on listed equities fell into the red in the final quarter of the year and culminated in December's equity market plummet. As a result of the decline all of the main indices' annual returns fell clearly in local currencies, but thanks to the appreciation of the US dollar, the return on US equities was only slightly negative in euros.

The return development of real estate investments (6.7 %) continued to be excellent in 2018. The net return on real estate investments, EUR 6.3 million (EUR 5.4 million), grew by close to one million euros on the previous year. As in 2017, only a few transactions were carried out in the real estate portfolios. This means that returns were not impacted by the sales proceeds gained from the sale of real estate; instead, they consisted mostly of steady rental cash flows. The majority of the net return consists of direct real estate investments where rental income has remained good. The significance of fund-type investments has declined, but their return development has also been stable.

The return on other investments in the period under review was EUR 1.9 million (EUR 6.0 million). The return consisted mainly of returns on derivatives used to hedge currency-denominated investments' currency risk (EUR −4.8 million) and returns on rate swaps hedging the interest rate risk of technical provisions (EUR 6.4 million). During the period under review, the currency risk of USD- and GBP-denominated investments was hedged. With the weakening of the euro against the US dollar, the return on currency derivatives hedging the dollar were negative. The pound, on the other hand, weakened against the euro, which yielded a positive return on the derivatives hedging pound risk. Returns on asset classes resulting from currency movements are included in the assets classes' (equity, fixed income) returns.

Fennia Life has used interest rate derivatives to hedge part of the company's interest rate risk. When measuring net return at fair values, the return on these interest rate derivatives is calculated at market value, but because they are treated as hedging instruments in accounting, the returns and expenses they incur are periodised in accounting over the original life of the contract. The loss on closed derivatives during the financial period was EUR 1.0 million. EUR 0.6 million of these and derivatives closed in previous financial periods is recognised in profit or loss during the financial year.

Sundry income and charges fell by half compared to the previous year and amounted to EUR −0.8 million (EUR −1.7 million).

Fennia Non-Life Insurance's investment performance

Fennia Non-Life Insurance's net investment result at fair value was EUR −1.7 million (EUR 1.0 million). Return on invested capital at fair value was −0.8 per cent (0.5 %). Fennia Non-Life Insurance's investment assets at fair value were EUR 205.7 million (EUR 211.1 million).

Allocation of investment assets at market value (million euros)	31.12.2018	Share	31.12.2017	Share
Fixed income investments	188,1	91,4 %	193,4	91,6 %
Equity investments	12,1	5,9 %	12,4	5,9 %
Real estate investments	5,5	2,7 %	5,3	2,5 %
Other investments	0,1	0,0 %	0,1	0,0 %
Total investments	**205,7**	**100,0 %**	**211,1**	**100,0 %**

2018 was a challenging year in terms of investment operations. The return on risky investments was mostly negative and risk- free or low-risk investments brought in insufficient returns. Equity market returns were negative as were riskier (high yield) and good quality (investment grade) corporate bond returns in fixed income. The return on European government bonds was positive but their running yield was extremely low due to the low interest rate level.

Net investment income on invested capital (million euros)	31.12.2018, net investment returns	31.12.2018, invested capital	31.12.2018, return, per cent	31.12.2017, net investment returns	31.12.2017, invested capital	31.12.2017, return, per cent
Fixed income investments	-0,3	194,4	-0,2 %	0,3	200,7	0,1 %
Equity investments	-1,6	13,1	-12,2 %	0,4	7,4	5,5 %
Real estate investments	0,3	5,2	4,8 %	0,2	5,1	4,0 %
Other investments	0,0	0,1	1,2 %	0,0	0,1	-3,2 %
Total investments	**-1,7**	**212,8**	**-0,8 %**	**0,9**	**213,3**	**0,4 %**
Profit and losses not allocated to asset classes	0,0			0,1		
Total	**-1,7**	**212,8**	**-0,8 %**	**1,0**	**213,3**	**0,5 %**

The entire portfolio's return at fair value was negative. Only government bonds yielded returns, largely due to a decline in the interest rate level. Covered bonds and high-quality corporate bonds yielded losses due to a significant rise in risk premiums in both groups of securities. This resulted not only from a decline in general risk appetite, but also from concerns that the European Central Bank's purchase programme will end. The programme has supported both groups of securities in recent years. The weakest performing fixed income securities were dollar-denominated emerging market government bonds. A considerable share of Fennia Non-Life Insurance's investments is invested in fixed income instruments, which makes their impact on the total return substantial. The weakest performing asset class was equities, which suffered from the markets' risk aversion, particularly in the final quarter of the year. The real estate portfolio's return was stable and positive.

Performance of other activities

In addition to insurance and investment operations, the Fennia Group engages in alternative fund management and asset management. Fennia Asset Management has behind it its first full year of operations under the current operating model, which saw the Group's investment unit merged with the operations of Fennia Asset Management. The company succeeded in growing its client assets under management, its commission income and customer numbers during the period under review.

Fennia Asset Management's profit for the financial year grew in 2018 and was EUR 1.5 million before taxes. Profit after taxes was EUR 1.3 million (EUR 1.0 million). The company's capital and reserves developed well, and at the end of the financial year stood at EUR 4.4 million (EUR 3.1 million). Fennia Asset Management's capital adequacy ratio at the end of the financial period was 22.3 per cent and, in solvency calculation, the company's own funds amount to EUR 4.1 million (the minimum requirement for own funds is EUR 1.5 million).

Any other information

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

System of governance

General information on the system of governance

The system of governance section describes the joint governance system of the Group's parent company Fennia Mutual Insurance Company and its wholly owned subsidiaries Fennia Life Insurance Company and Fennia Asset Management. Fennia Non-Life Insurance's governance system has been combined with the governance system of the parent company Fennia Mutual Insurance Company as a result of the merger which took place on 1 May 2019 and will not be described separately here.

Governing bodies of companies owned by Fennia Group

Supervisory Board

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

Boards of Directors

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

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

and

- annually approves the assessments concerning their appropriateness and adequacy
- approves the Group's risk management strategy and the Group's own risk and solvency assessment (ORSA) reports
- approves the Group's official reports concerning the Group's solvency and financial state.

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

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

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

Managing Directors

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

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

Salary and remuneration policy

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

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

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

Related party transactions during the reporting period

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

Changes during the reporting period

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

Assessment of the suitability of the company's system of governance

In the course of 2018, the Group's boards of directors monitored the development of the company's insurance business and investment operations, as well as the reporting on risk management, compliance and the internal audit. The Group's boards additionally conduct a self-assessment annually to support the assessment of the governance system. On the basis of the received reports and the self-assessment, Fennia's Board of Directors has evaluated the suitability of both the Group's and the non-life insurance business's governance system. The boards of directors have also separately assessed that internal control is appropriately arranged and that the company's governance systems correspond to the regulatory requirements, are up to date and are efficient.

Fit and proper requirements

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

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

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

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

Risk management system including the own risk and solvency assessment

Risk management system

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

Solvency management, on the other hand, means strategies, processes, principles and measures to determine and steer the Group's and the Group companies' risk-bearing capacity, risk appetite, risk tolerance and restrictions of essential risks.

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

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

Fennia Asset Management's Board of Directors is responsible for ensuring that the company abides by the principles of Fennia Group's risk management system to the extent where the company's special characteristics do not require deviations from it.

Other Group companies abide by the Fennia Group's risk and solvency management policy where applicable. Other Group companies are mostly real estate companies.

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

ALCO committee

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

Risk management executive group

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

In Fennia Asset Management, these types of issues are addressed by the company's extended executive group. It is chaired by the managing director of Fennia Asset Management.

Risk management system steering model

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

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 various roles:

- Managing director

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

- Business and support functions

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

- Actuarial function

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

- Risk management function

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

- Compliance function

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

- Internal audit

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

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

Risk management function

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

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

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

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

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

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

- co-ordinating the drawing up of the Own Risk and Solvency Assessment (ORSA).

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

Risk management system targets

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

Risk and solvency assessment

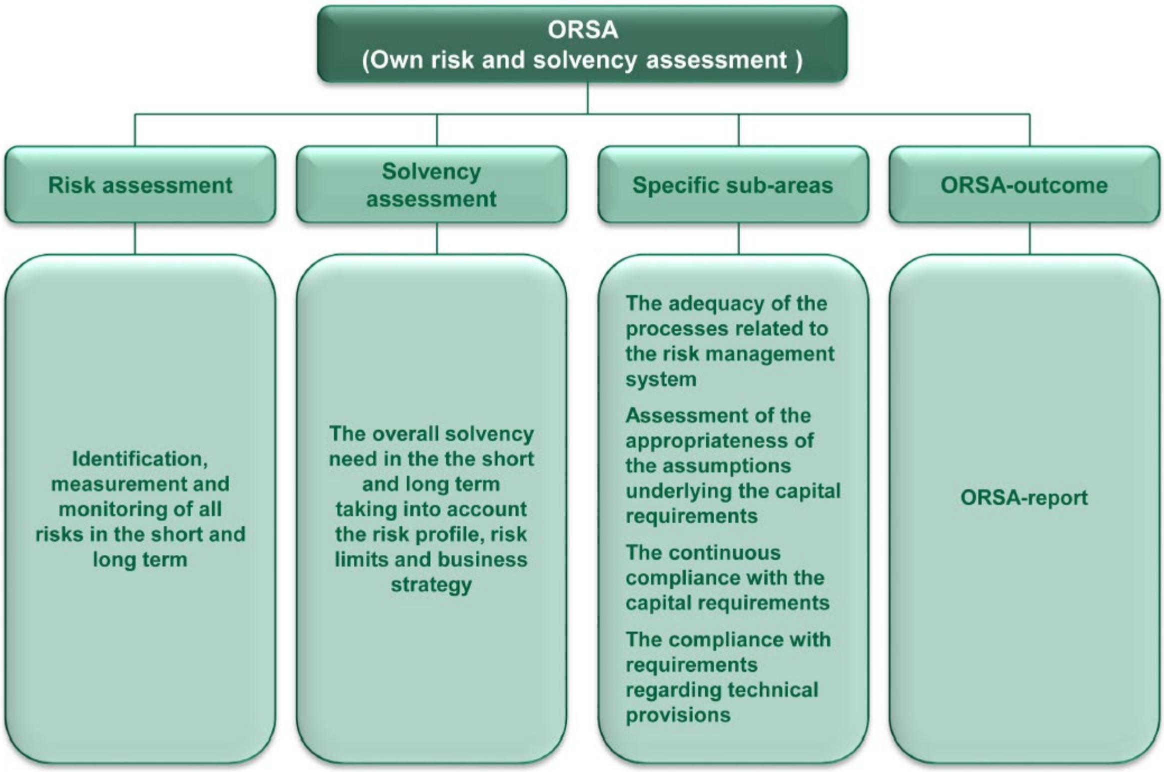
Own Risk and Solvency Assessment (ORSA) is a tool for the board of directors, managing director and other executive management to support capital management, business planning and product development and planning. In own risk and solvency assessments, risks are identified, an understanding of the risks'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

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

The ORSA process includes both qualitative and quantitative areas. Quantitative areas refer to the kind of themes that can be reliably measured and whose monetary impacts can be estimated with great certainty and reliable measuring techniques.

Qualitative areas are those where linear mathematical assessments cannot be created to assess their impacts, but instead are based on qualitative assessments made by management and experts. These are, for instance, impacts on the company's businesses caused by changes in the business environment.

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



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

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

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

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

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

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

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

- Maximum limit

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

- Target limit

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

- ORSA limit

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

- Solvency capital requirement limit

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

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

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

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

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

- extrapolation of the risk-free yield curve
- the capital requirement caused by low or negative interest rates in the interest rate risk module
- equity risk transitional measure
- currency risk
- premium risk and technical provision risk for non-life insurance
- cost of capital (CoC level).

Fennia Group's ORSA capital increment is estimated to be roughly 40 per cent of the solvency capital requirement, i.e. approx. EUR 160.5 million. The table shows the Fennia Group's solvency position calculated according to the regulation and with the ORSA capital increment.

Solvency 31.12.2018 (EUR million)	Statutory	Own assessment
Eligible own funds	839,8	839,8
Solvency Capital Requirement	401,4	561,9
Free own funds	438,4	277,8
Solvency ratio	209,2 %	149,4 %
ORSA level	125,0 %	-----

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

Fennia's risk and solvency assessment

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

- extrapolation of the risk-free yield curve
- the capital requirement caused by low or negative interest rates in the interest rate risk module
- equity risk transitional measure
- currency risk
- Fennia Life's capital requirement
- premium risk and technical provision risk for non-life insurance
- cost of capital (CoC level).

Fennia's ORSA capital increment is estimated to be roughly 60 per cent of the solvency capital requirement, i.e. approx. EUR 187.9 million. The table shows the Fennia's solvency position calculated according to the regulation and with the ORSA capital increment.

Solvency 31.12.2018 (EUR million)	Statutory	Own assessment
Eligible own funds	876,7	876,7
Solvency Capital Requirement	313,3	501,2
Free own funds	563,4	375,4
Solvency ratio	279,8 %	174,9 %
ORSA level	140,0 %	-----

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

Fennia Life's risk and solvency assessment

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

- extrapolation of the risk-free yield curve
- the capital requirement caused by low or negative interest rates in the interest rate risk module
- equity risk transitional measure
- currency risk
- cost of capital (CoC level).

Fennia Life's ORSA capital increment is estimated to be roughly 42 per cent of the solvency capital requirement, i.e. approx. EUR 45.6 million. The table shows Fennia Life's solvency position calculated according to the regulation and with the ORSA capital increment.

Solvency 31.12.2018 (EUR million)	**Statutory**	**Own assessment**
Eligible own funds	243,0	243,0
Solvency Capital Requirement	108,6	154,2
Free own funds	134,4	88,8
Solvency ratio	223,7 %	157,6 %
ORSA level	130,0 %	-----

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

Fennia Non-Life Insurance's risk and solvency assessment

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

- spread risk
- premium risk and technical provision risk for non-life insurance.

Fennia Non-Life Insurance's ORSA capital increment is estimated to be roughly 18 per cent of the solvency capital requirement, i.e. approx. EUR 5.0 million. The table shows Fennia Non-Life Insurance's solvency position calculated according to the regulation and with the ORSA capital increment.

Solvency 31.12.2018 (EUR million)	Statutory	Own assessment
Eligible own funds	63,1	63,1
Solvency Capital Requirement	27,3	32,3
Free own funds	35,9	30,9
Solvency ratio	231,5 %	195,6 %
ORSA level	140,0 %	-----

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

Internal control system

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

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

- control environment
- risk assessments
- control functions
- information and communication
- monitoring.

Control environment

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

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

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

Risk assessment

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

Management of operational risks is discussed further in the section 'Risk profile'.

Control functions

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

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

Information and communication

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

Monitoring

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

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

Compliance function

The compliance function, which monitors compliance with the rules, comprises the Group's chief compliance officer and the responsible compliance officers of Fennia Group companies. The Group's compliance function operates administratively under the Group's Chief Financial Officer in the Compliance & Operational Risks unit. The Group's chief compliance officer, who also co-ordinates the Group's compliance monitoring, functions as the parent company's responsible compliance officer

The compliance function follows Group-level principles that are approved by the boards of directors, defining its tasks and position in the organisation. The function is responsible for ensuring that Fennia Group's operations comply with regulations, financial sector self-regulation and the Group's internal guidelines, and that customer relationships are managed according to the appropriate procedures.

The compliance function also identifies and assesses the impacts of regulatory changes and the risks related to regulatory non-compliance, as well as the sufficiency of measures taken to prevent and rectify possible shortcomings in regulatory compliance. In addition, the compliance function promotes compliance by providing proactive advice and develops internal procedures with which compliance can be monitored effectively and appropriately.

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

Internal audit function

Organisation, independence and neutrality

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

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

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

Operation principles and responsibilities

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

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

- achievement of the company's strategy and targets
- scope and reliability of the solvency management process
- effectiveness of risk management
- cost-effectiveness and appropriateness of the use of resources
- compliance with laws and regulations and internal operating principles, plans and guidelines
- the correctness, sufficiency and appropriateness of the information
- the securing of assets.

The internal auditing function carries out its task in compliance with good internal auditing practice. Good auditing practice, and independent and objective internal operations are outlined by, among other things, the professional standards issued by the Institute of Internal Auditors, and by ethical rules.

Actuarial function

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

The insurance company's responsible actuary is in charge of the actuarial function and sees to it that the actuarial methods applied in pricing and in calculating technical provisions are appropriate. The responsible actuary also determines the level of technical provisions.

The actuarial function participates in the efficient implementation of the risk management system, in the creation of risk management methods in particular, but also in the implementation of the company's own risk and solvency assessment. The tasks of the actuarial function include calculating insurance technical provisions, ensuring the appropriateness of tariffs, and continuously assessing the solvency level. In addition to these tasks, the actuarial function produces reports that serve the business and participates in improving the quality of information and in product development, and supports the insurance sales process as needed.

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

Outsourcing

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

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

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

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

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

All of the outsourced functions are managed within the European Union.

Any other information

On 1 April 2018, Fennia acquired the entire share capital of Fennia Asset Management Ltd. from Fennia Life in an intra-group transaction. On 2 October 2018, Fennia signed a trade agreement on the share capital of Folksam Non-Life Insurance.

Folksam Non-Life Insurance's name was changed to Fennia Non-Life Insurance Company Ltd on 27 February 2019. Fennia Non-Life Insurance merged with the parent company on 1 May 2019.

Risk profile

Risk profile

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

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

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

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

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

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

Solvency Capital Requirement (million euros)	31.12.2018	Contri-bution	Share	31.12.2017	Contri-bution	Share	Change
Market risk	381,2	360,4	71,1 %	474,7	458,6	78,3 %	-93,5
Counterparty risk	52,7	24,7	4,9 %	36,9	15,0	2,6 %	15,8
Underwriting risk	141,4	88,6	17,5 %	145,2	82,8	14,1 %	-3,8
Intangible asset risk	0,0	0,0	0,0 %	0,0	0,0	0,0 %	0,0
Operational risk	31,7	31,7	6,3 %	28,4	28,4	4,8 %	3,4
Capital requirement for other financial sectors	1,5	1,5	0,3 %	1,0	1,0	0,2 %	0,5
Diversification	-101,5	-----	-----	-100,4	-----	-----	-1,1
Solvency Capital Requirement before loss-absorbing items	**507,0**	**507,0**	**100,0 %**	**585,9**	**585,9**	**100,0 %**	**-78,9**

Fennia's risk profile

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

Solvency Capital Requirement (million euros)	31.12.2018	Contri-bution	Share	31.12.2017	Contri-bution	Share	Change
Market risk	308,8	295,7	75,5 %	384,2	372,7	80,0 %	-75,4
Counterparty risk	31,4	13,8	3,5 %	28,1	11,3	2,4 %	3,4
Underwriting risk	97,9	58,3	14,9 %	103,7	57,4	12,3 %	-5,8
Intangible asset risk	0,0	0,0	0,0 %	0,0	0,0	0,0 %	0,0
Operational risk	23,9	23,9	6,1 %	24,6	24,6	5,3 %	-0,7
Diversification	-70,4	-----	-----	-74,6	-----	-----	4,2
Solvency Capital Requirement before loss-absorbing items	**391,6**	**391,6**	**100,0 %**	**465,9**	**465,9**	**100,0 %**	**-74,4**

Fennia Life's risk profile

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

Solvency Capital Requirement (million euros)	31.12.2018	Contribution	Share	31.12.2017	Contribution	Share	Change
Market risk	104,0	93,1	65,9 %	127,3	113,7	66,9 %	-23,2
Counterparty risk	18,9	8,1	5,8 %	10,2	3,7	2,2 %	8,7
Underwriting risk	56,8	36,2	25,6 %	74,3	48,6	28,6 %	-17,6
Intangible asset risk	0,0	0,0	0,0 %	0,0	0,0	0,0 %	0,0
Operational risk	4,0	4,0	2,8 %	3,8	3,8	2,2 %	0,2
Diversification	-42,3	-----	-----	-45,7	-----	-----	3,4
Solvency Capital Requirement before loss-absorbing items	**141,4**	**141,4**	**100,0 %**	**169,9**	**169,9**	**100,0 %**	**-28,5**

Fennia Non-Life Insurance's risk profile

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

Solvency Capital Requirement (million euros)	31.12.2018	Contribution	Share	31.12.2017	Contribution	Share	Change
Market risk	13,3	9,4	27,7 %	14,7	11,4	38,3 %	-1,4
Counterparty risk	2,6	1,5	4,5 %	1,5	0,8	2,8 %	1,1
Underwriting risk	21,5	19,2	56,4 %	20,2	15,2	51,2 %	1,3
Intangible asset risk	0,0	0,0	0,0 %	0,0	0,0	0,0 %	0,0
Operational risk	3,9	3,9	11,4 %	2,3	2,3	7,8 %	1,6
Diversification	-7,2	-----	-----	-8,9	-----	-----	1,8
Solvency Capital Requirement before loss-absorbing items	**34,1**	**34,1**	**100,0 %**	**29,7**	**29,7**	**100,0 %**	**4,4**

Underwriting risk

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

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

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

- Mortality and disability risks

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

- Longevity risk

  A longevity risk may be linked to pension and savings insurance. The risk is that the mortality bonuses granted to insurance policies exceed the amount of insurance savings released in the event of a death. The longevity risk mainly concerns older group pension insurance policies and supplementary pension insurance policies, in which pension may be paid for a lifetime or where there is no pure life cover or it has an upper age limit.
  The longevity risk also relates to pension-type compensation that appears, for instance, in motor liability insurance and workers' compensation insurance.

- Lapse risk

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

Savings insurance policies are, by nature, lump sum policies. As tax or other legislation changes or the general economic situation weakens, the risk of savings insurance surrenders increases significantly. The number of surrenders is dependent not only on the personal needs of the policyholder, but also on the return outlook of the alternative investments being offered.
The surrender right related to pension insurance policies is limited to certain predefined situations, for which reason the risk of surrenders is small. Greater uncertainty is related to future insurance premiums. An agreed payment plan is usually drawn up when an insurance policy begins. Insurance cover does not end even if a customer later does not pay his/her insurance premiums. The pension to be paid is determined based on the accrued savings. Changes in earnings- related pension and tax legislation are, however, often the reason behind a customer not abiding by the original payment plan. This is the case especially in individual pension insurance policies.
Risk life insurance is valid for as long as the customer pays his/her insurance premiums. The policyholder can terminate the insurance at any time. Among the reasons for terminating a policy are changes in the customer's financial situation, family circumstances, employment or entrepreneurial activities. Customers whose state of health is good may also take out a new insurance policy with another insurance company. In contrast, insured persons whose state of health has deteriorated often cannot get new insurance at the normal price, and thus remain insured with the company.

- Expense risk

All life insurance contracts involve an expense risk. This is the risk that the expense loading gained from insurance policies, including rebates from the funds covering unit-linked contracts, is insufficient to cover the operating expenses related to managing the insurance.
With life insurance products, it is typical that the management fees charged for insurance policies are agreed on when the policy is drawn up. The company has very few opportunities to modify these fees later. In unit-linked insurance, the expense loading is largely based on the market value of the investments. As market values decline, the expense loading correspondingly declines. In practice, however, it is generally not possible in the short term to adjust operating expenses to the lower expense loading; nor are operating expenses automatically increased as market values rise.
When agreeing on the insurance management fees, the company is usually unaware of the changes the company will have to make to its insurance systems in the coming years. Changes caused by amended legislation are especially difficult to predict. A concrete example of a risk of this kind is tax amendments affecting individual pension insurance. Policyholders and the insured must now be given more information

than before on the contents of insurance cover and the development of the insurance savings, partly due to legislation and partly due to customers' needs. The constant increase in regulation is also increasing the company's administrative expenses.
In addition, a reserve for operating expenses related to non-life insurance liabilities must be included in the technical provisions.

- Revision risk

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

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

Management of underwriting risks

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

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

The objective of underwriting risk pricing is to achieve the desired risk matching: the bigger the risk, the higher the price and vice versa. Risk matching requires accurate and adequate information as well as sufficiently detailed information about the insured target and benefit and their precise-enough market-consistent pricing. Only then can appropriate risk analyses be made and a sufficient level of insurance premiums and the insurance policy's other preconditions be decided on.

Insurance terms and conditions play a significant role in limiting the underwriting risk. They determine, for example, the scope of the insurance cover and the restrictions on compensable damages. In life insurance, legislation restricts the right of an insurance company to increase premiums or to alter the insurance terms and conditions during the validity of the insurance. If the assumptions prove to be insufficient, the granted benefits are too valuable from a money market perspective and the insurance premiums or terms and conditions cannot be changed, the Group is exposed to losses. In managing underwriting risk, it is important to exclude undesired risks or to limit them by way of agreements to a desired level.

In calculating the technical provisions, different quantitative methods are used, which play a key role in the management of the reserve risk. A quantitative method refers to the creation of numerical estimates by applying statistical, economic, financial or other mathematical theories and methods. Quantitative methods also include methods which aim to produce a numerical outcome, and which are partly or fully based on subjective expert appraisal.

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

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

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

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

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

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

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

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

Assessment of underwriting risks

The solvency capital requirement for the Fennia Group's underwriting risks was EUR 141.4 million (EUR 145.2 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 88.6 million (EUR 82.8 million), which is 17.5 per cent (14.1 %) of the solvency capital requirement before loss-absorbing items.

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

Solvency Capital Requirement for Underwriting Risk (million euros)	31.12.2018	Contribution	Share	31.12.2017	Contribution	Share	Change
Premium risk	60,8	48,3	34,1 %	52,6	39,7	27,3 %	8,2
Reserve risk	95,3	87,3	61,8 %	106,2	99,6	68,6 %	-10,8
Catastrophe risk	15,1	5,8	4,1 %	15,5	5,9	4,1 %	-0,4
Diversification	-29,9	-----	-----	-29,0	-----	-----	-0,8
Total Solvency Capital Requirement	**141,4**	**141,4**	**100,0 %**	**145,2**	**145,2**	**100,0 %**	**-3,8**

The Fennia Group's underwriting risk mainly consists of premium risk and reserve risk. Their contribution to the underwriting risk's solvency capital requirement was 95.9 per cent (95.9 %). The relative share of reserve risk of the technical provisions' best estimate before the reinsurers' share was 2.3 per cent (2.5 %).

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

Sensitivity analysis (million euros)	31.12.2018	Scenario, technical provisions +1 per cent
Eligible own funds	839,8	820,0
Solvency Capital Requirement	401,4	402,5
Free own funds	438,4	417,5
Change in free own funds	-----	-20,9
Solvency ratio	209,2 %	203,7 %

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

In the non-life insurance business, major risks are reinsured individually to limit risk concentrations. Additionally, in non-life insurance, Fennia has reinsurance in case of catastrophes, which reduces the impacts of any risk concentrations.

The Fennia Group's insurance portfolio does not include any significant unreinsured risk concentrations.

Assessment of Fennia's underwriting risks

The solvency capital requirement for Fennia's underwriting risks was EUR 97.9 million (EUR 103.7 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 58.3 million (EUR 57.4 million), which is 14.9 per cent (12.3 %) of the solvency capital requirement before loss-absorbing items.

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

Solvency Capital Requirement for Underwriting Risk (million euros)	**31.12.2018**	**Contribution**	**Share**	**31.12.2017**	**Contribution**	**Share**	**Change**
Premium risk	50,8	42,8	43,8 %	52,6	44,0	42,5 %	-1,8
Reserve risk	57,3	50,2	51,2 %	62,0	54,7	52,7 %	-4,7
Catastrophe risk	12,2	4,9	5,0 %	12,5	5,0	4,8 %	-0,3
Diversification	-22,4	-----	-----	-23,5	-----	-----	1,1
Total Solvency Capital Requirement	**97,9**	**97,9**	**100,0 %**	**103,7**	**103,7**	**100,0 %**	**-5,8**

Fennia's underwriting risk mainly consists of premium risk and reserve risk. Their contribution to the underwriting risk's solvency capital requirement was 95.0 per cent (95.2 %).

The relative share of the premium risk of premiums earned was 6.7 per cent (6.1 %). The relative share of reserve risk of the technical provisions' best estimate before the reinsurers' share was 3.8 per cent (3.7 %).

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

Sensitivity analysis (million euros)	31.12.2018	Scenario, technical provisions +1 per cent	Scenario, Insurance premiums +1 %
Eligible own funds	876,7	870,0	879,7
Solvency Capital Requirement	313,3	313,9	313,5
Free own funds	563,4	556,1	566,3
Change in free own funds	-----	-7,3	2,9
Solvency ratio	279,8 %	277,2 %	280,6 %

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

Assessment of Fennia Life's underwriting risks

The solvency capital requirement for Fennia Life's underwriting risks was EUR 56.8 million (EUR 74.3 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 36.2 million (EUR 48.6 million), which is 25.6 per cent (28.6 %) of the solvency capital requirement before loss-absorbing items.

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

Solvency Capital Requirement for Insurance Risk (million euros)	31.12.2018	Contribution	Share	31.12.2017	Contribution	Share	Change
Reserve risk							
Mortality risk	7,0	1,3	2,3 %	6,9	1,3	1,8 %	0,0
Longevity risk	9,5	3,7	6,5 %	9,2	3,2	4,3 %	0,3
Disability-morbidity risk	0,7	0,1	0,3 %	7,0	2,1	2,8 %	-6,3
Lapse risk	40,2	37,0	65,1 %	50,9	45,8	61,6 %	-10,7
Life expense risk	16,4	12,2	21,5 %	23,7	18,7	25,2 %	-7,4
Life catastrophe risk	6,3	2,5	4,3 %	7,8	3,1	4,2 %	-1,5
Diversification	-23,2	-----	-----	-31,1	-----	-----	8,0
Total Solvency Capital Requirement	**56,8**	**56,8**	**100,0 %**	**74,3**	**74,3**	**100,0 %**	**-17,6**

Fennia Life's underwriting risk consists mainly of the lapse risk and the expense risk. Their contribution to the underwriting risk's solvency capital requirement was 86.6 per cent (86.8 %).

The relative share of reserve risk of the technical provisions' best estimate before the reinsurers' share was 2.3 per cent (3.2 %).

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

Sensitivity analysis (million euros)	31.12.2018	Scenario, technical provisions +1 per cent
Eligible own funds	243,0	230,7
Solvency Capital Requirement	108,6	110,4
Free own funds	134,4	120,3
Change in free own funds	-----	-14,1
Solvency ratio	223,7 %	208,9 %

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

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

Assessment of Fennia Non-Life Insurance's underwriting risks

The solvency capital requirement for Fennia Non-Life Insurance's underwriting risks was EUR 21.5 million (EUR 20.2 million). Taking diversification benefits into account, the underwriting risk's contribution was EUR 19.2 million (EUR 15.2 million), which is 56.4 per cent (51.2 %) of the solvency capital requirement before loss-absorbing items.

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

Solvency Capital Requirement for Underwriting Risk (million euros)	31.12.2018	Contribution	Share	31.12.2017	Contribution	Share	Change
Premium risk	10,1	8,0	37,3 %	10,8	9,2	45,5 %	-0,7
Reserve risk	9,4	7,4	34,3 %	11,1	9,5	47,3 %	-1,7
Catastrophe risk	9,3	6,1	28,4 %	3,3	1,5	7,2 %	6,0
Diversification	-7,3	-----	-----	-5,1	-----	-----	-2,2
Total Solvency Capital Requirement	**21,5**	**21,5**	**100,0 %**	**20,2**	**20,2**	**100,0 %**	**1,3**

Fennia Non-Life Insurance's underwriting risk mainly consists of premium risk and reserve risk. Their contribution to the underwriting risk's solvency capital requirement was 71.6 per cent (92.8 %). The change on the previous year is related to reinsurance arrangements and their coordination with Fennia.

The relative share of the premium risk of premiums earned was 9.7 per cent (9.0 %). The relative share of reserve risk of the technical provisions' best estimate before the reinsurers' share was 5.1 per cent (5.9 %).

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

Sensitivity analysis (million euros)	31.12.2018	Scenario, technical provisions +1 per cent	Scenario, Insurance premiums +1 %
Eligible own funds	63,1	62,1	63,7
Solvency Capital Requirement	27,3	27,4	27,3
Free own funds	35,9	34,7	36,4
Change in free own funds	-----	-1,2	0,5
Solvency ratio	231,5 %	226,6 %	233,1 %

Fennia Non-Life Insurance's insurance portfolio is relatively well diversified and the reinsurance programme follows Fennia's structure.

Market risk

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

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

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

Management of market risks

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

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

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

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

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

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

Assessment of market risks

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

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

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

Sensitivity analysis examines the impact of the materialisation of all market risks (apart from concentration risk) on the solvency position. The scenarios used are a decline in swap rates of 25 basis points or 0.25 percentage points, a decline in equities of 10 per cent, a decline in the value of real estate of 10 per cent, an increase in spreads of 50 basis points, i.e. 0.5 percentage points, and a decline in exchange rates of 5 per cent.

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

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

Type (million euros)	31.12.2018, investment, market value	31.12.2018, investment, share	31.12.2018, unit-linked investment, market value	31.12.2018, unit-linked investment, share	31.12.2017, investment, market value	31.12.2017, investment, share	31.12.2017, unit-linked investment, market value	31.12.2017, unit-linked investment, share
Fixed income investments	1 529,7	61,0 %	333,3	32,4 %	1 313,9	54,2 %	273,0	26,8 %
Equity investments	371,0	14,8 %	641,2	62,4 %	494,6	20,4 %	714,2	70,2 %
Real estate investments	560,5	22,4 %	0,0	0,0 %	549,0	22,6 %	0,0	0,0 %
Other	45,8	1,8 %	53,0	5,2 %	68,2	2,8 %	30,9	3,0 %
Total	**2 507,0**	**100,0 %**	**1 027,5**	**100,0 %**	**2 425,7**	**100,0 %**	**1 018,1**	**100,0 %**

In addition to the above-mentioned assets, the Fennia Group's assets also included EUR 23.3 million (EUR 25.1 million) in expected rebates from the assets covering unit-linked contracts.

The solvency capital requirement for market risks was EUR 381.2 million (EUR 474.7 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 71.1 per cent (78.3 %).

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

Solvency Capital Requirement for Market Risk (million euros)	31.12.2018	Contribution	Share	31.12.2017	Contribution	Share	Change
Interest rate risk	26,1	16,0	4,2 %	36,0	22,0	4,6 %	-9,9
Equity risk	166,7	155,4	40,8 %	260,7	249,0	52,5 %	-94,0
Property risk	126,2	107,5	28,2 %	121,1	101,4	21,3 %	5,0
Spread risk	81,6	64,8	17,0 %	85,8	68,6	14,4 %	-4,1
Currency risk	79,0	37,1	9,7 %	78,5	33,8	7,1 %	0,5
Concentration risk	13,2	0,5	0,1 %	4,9	0,0	0,0 %	8,3
Diversification	-111,6	-----	-----	-112,2	-----	-----	0,7
Total Solvency Capital Requirement	**381,2**	**381,2**	**100,0 %**	**474,7**	**474,7**	**100,0 %**	**-93,5**

The contribution of the equity risk to the market risks' solvency capital requirement was clearly the greatest, at 40.8 per cent (52.5 %). The second-highest contribution, 28.2 per cent (21.3 %), was that of the property risk. The contribution of the open interest rate risk was 4.2 (4.6 %) per cent of the solvency capital requirement for Fennia Group's market risks.

In the sensitivity analysis, the biggest impact on the Fennia Group's solvency position comes from a scenario where the value of real estate declines. A 10-per-cent decline in the value of real estate reduces eligible own funds by EUR 54.2 million and causes the relative solvency position to weaken by 8.7 percentage points.

The impact of an equity decline scenario is also significant. A 10-per-cent decline in the value of equities reduces eligible own funds by EUR 41.2 million and free capital by EUR 23.6 million and the relative solvency position to weaken by 1.1 percentage points. A change in the solvency figure does not have such a large impact on the solvency figure because the symmetric equity adjustment reacts to a decline in equities by reducing the solvency capital requirement. When the decline in equities is larger, the symmetric equity adjustment term does not function as effectively, and the impacts begin to be seen more clearly also as a weakening of the solvency position.

The duration and market value of fixed income investment assets are lower than those of technical provisions. This is why, from the perspective of the Fennia Group's solvency, a decline in interest rates is a negative scenario. A decline of 25 basis points in interest rates reduces eligible own funds by EUR 27.3 million. As the solvency capital requirement for interest rate risk is already low due to a low interest rate level, the solvency capital requirement will remain almost unchanged in a negative interest rate scenario. In addition, the interest rate risk resulting from technical provisions was partly hedged using interest rate swaps. This protection was also taken into account when calculating the solvency capital requirement.

The widening of spreads by 50 basis points results in a decline of 3.5 percentage points in the Fennia Group's relative solvency position. Currency risk is largely hedged using currency derivatives and a negative 5 per cent development results in a decline of 2.5 percentage points in the Fennia Group's relative solvency position.

Should all of the above-mentioned scenarios occur simultaneously, the impact on the Fennia Group's eligible own funds would be EUR –156.4 million, the impact on free capital would be EUR –126.4 million, and the relative solvency position would fall by 25.2 percentage points to 184.0 per cent.

Sensitivity analysis (million euros)	31.12.2018	Scenario, interest rate -25kp	Scenario, equity -10 per cent	Scenario, property -10 per cent	Scenario, spread +50kp	Scenario, currency -5 per cent	Scenario, combined scenario
Eligible own funds	839,8	812,5	798,5	785,6	824,6	823,5	683,4
Solvency Capital Requirement	401,4	402,0	383,8	391,7	400,8	398,3	371,3
Free own funds	438,4	410,5	414,8	393,9	423,8	425,2	312,0
Change in free own funds	-----	-27,9	-23,6	-44,5	-14,6	-13,2	-126,4
Solvency ratio	209,2 %	202,1 %	208,1 %	200,6 %	205,7 %	206,7 %	184,0 %

Assessment of Fennia's market risks

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

Type (million euros)	31.12.2018, market value	31.12.2018, share	31.12.2017, market value	31.12.2017, share
Fixed income investments	879,2	48,0 %	914,1	47,8 %
Equity investments	578,9	31,6 %	618,0	32,3 %
Real estate investments	340,3	18,6 %	323,4	16,9 %
Other	32,4	1,8 %	58,2	3,0 %
Total	**1 830,8**	**100,0 %**	**1 913,7**	**100,0 %**

The relatively high allocation of equity investments results mostly from the ownership in Fennia Life Insurance Company and Fennia Non-Life Insurance Company. Their share of the investment assets was 17.0 per cent (14.1 %). The allocation of other equity investments was 14.6 per cent (18.2 %).

The solvency capital requirement for market risks was EUR 308.8 million (EUR 384.2 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 75.5 per cent (80.0 %).

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

Solvency Capital Requirement for Market Risk (million euros)	31.12.2018	Contribution	Share	31.12.2017	Contribution	Share	Change
Interest rate risk	6,2	3,5	1,1 %	18,3	10,7	2,8 %	-12,1
Equity risk	180,7	172,8	56,0 %	242,1	233,7	60,8 %	-61,4
Property risk	73,4	60,4	19,6 %	67,2	54,0	14,1 %	6,2
Spread risk	56,8	45,3	14,7 %	72,8	59,1	15,4 %	-16,0
Currency risk	55,5	24,2	7,8 %	58,9	24,4	6,3 %	-3,4
Concentration risk	28,0	2,5	0,8 %	29,9	2,3	0,6 %	-2,0
Diversification	-91,8	-----	-----	-105,0	-----	-----	13,2
Total Solvency Capital Requirement	**308,8**	**308,8**	**100,0 %**	**384,2**	**384,2**	**100,0 %**	**-75,4**

The contribution of the equity risk to the market risks' solvency capital requirement was clearly the greatest, at 56.0 per cent (60.8 %). The second-highest contribution, 14.7 per cent (15.4 %), was that of the spread risk. The contribution of the open interest rate risk was 1.1 (2.8 %) per cent of the solvency capital requirement for Fennia's market risks.

In the sensitivity analysis, the greatest impact on the eligible own funds comes from a scenario in which real estate falls. A 10- per-cent decline in the value of real estate reduces eligible own funds by EUR 32.9 million and causes the relative solvency position to weaken by 4.2 percentage points.

The scenario of a decline in the value of equities also has a significant impact on Fennia's eligible own funds. A 10-per-cent decline in the value of equities reduces eligible own funds by EUR 27.3 million and free capital by EUR 14.3 million but causes the relative solvency position to improve by 3.0 percentage points. This improvement is due to the symmetric equity adjustment reacting to a decline in equities by reducing the solvency capital requirement. When the decline in equities is larger, the symmetric equity adjustment term does not function as effectively, and the impacts begin to manifest more clearly as a weakening of the solvency position.

The duration and market value of fixed income investment assets are lower than those of technical provisions. This is why, from the perspective of Fennia's solvency, a decline in interest rates is a negative scenario. A decline of 25 basis points in interest rates reduces eligible own funds by EUR 25.3 million. As the solvency capital requirement for interest rate risk is already low due to a low interest rate level, the solvency capital requirement will remain almost unchanged in a negative interest rate scenario.

The widening of spreads by 50 basis points results in a decline of 3.8 percentage points in Fennia's relative solvency position. Currency risk is largely hedged using currency derivatives and a negative 5 per cent development results in a decline of 1.9 percentage points in Fennia's relative solvency position.

Should all of the above-mentioned scenarios occur simultaneously, the impact on Fennia's eligible own funds would be EUR – 115.3 million, the impact on free capital would be EUR −89.6 million, and the relative solvency position would fall by 15.1 percentage points to 264.8 per cent.

Sensitivity analysis (million euros)	31.12.2018	Scenario, interest rate -25kp	Scenario, equity -10 per cent	Scenario, property -10 per cent	Scenario, spread +50kp	Scenario, currency -5 per cent	Scenario, combined scenario
Eligible own funds	876,7	851,3	849,4	843,8	860,8	863,1	761,4
Solvency Capital Requirement	313,3	311,8	300,3	306,0	311,8	310,5	287,6
Free own funds	563,4	539,6	549,1	537,7	549,0	552,5	473,8
Change in free own funds	-----	-23,9	-14,3	-25,7	-14,4	-10,9	-89,6
Solvency ratio	279,8 %	273,1 %	282,8 %	275,7 %	276,1 %	277,9 %	264,8 %

Assessment of Fennia Life's market risks

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

Type (million euros)	31.12.2018, investment, market value	31.12.2018, investment, share	31.12.2018, unit-linked investment, market value	31.12.2018, unit-linked investment, share	31.12.2017, investment, market value	31.12.2017, investment, share	31.12.2017, unit-linked investment, market value	31.12.2017, unit-linked investment, share
Fixed income investments	583,6	75,8 %	333,3	32,4 %	530,5	69,1 %	273,0	26,8 %
Equity investments	92,7	12,0 %	641,2	62,4 %	145,5	18,9 %	714,2	70,2 %
Real estate investments	81,0	10,5 %	0,0	0,0 %	82,1	10,7 %	0,0	0,0 %
Other	13,1	1,7 %	53,0	5,2 %	10,0	1,3 %	30,9	3,0 %
Total	**770,3**	**100,0 %**	**1 027,5**	**100,0 %**	**768,0**	**100,0 %**	**1 018,1**	**100,0 %**

In addition to the above-mentioned assets, Fennia Life's assets also included EUR 23.3 million (EUR 25.1 million) in expected rebates from the assets covering unit-linked contracts.

The solvency capital requirement for market risks was EUR 104.0 million (EUR 127.3 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 65.9 per cent (66.9 %).

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

Solvency Capital Requirement for Market Risk (million euros)	31.12.2018	Contribution	Share	31.12.2017	Contribution	Share	Change
Interest rate risk	13,8	9,0	8,6 %	15,5	9,8	7,7 %	-1,6
Equity risk	52,8	49,4	47,5 %	77,3	74,2	58,3 %	-24,5
Property risk	18,0	14,3	13,7 %	18,1	14,4	11,3 %	-0,1
Spread risk	25,0	20,7	19,9 %	25,1	20,6	16,2 %	0,0
Currency risk	22,3	10,7	10,2 %	19,6	8,2	6,5 %	2,7
Concentration risk	0,0	0,0	0,0 %	0,0	0,0	0,0 %	0,0
Diversification	-27,9	-----	-----	-28,2	-----	-----	0,4
Total Solvency Capital Requirement	**104,0**	**104,0**	**100,0 %**	**127,3**	**127,3**	**100,0 %**	**-23,2**

The contribution of the equity risk to the market risks' solvency capital requirement was clearly the greatest, at 47.5 per cent (58.3 %). The second-highest contribution, 19.9 per cent (16.2 %), was that of the spread risk. The contribution of the open interest rate risk was 8.6 (7.7 %) per cent of the solvency capital requirement for Fennia Life's market risks.

In the sensitivity analysis, the greatest impact on the eligible own funds comes from a scenario in which interest rates fall. The duration and market value of fixed income investment assets are lower than those of technical provisions. This is why, from the perspective of Fennia Life's solvency, a decline in interest rates is a negative scenario. A decline of 25 basis points in interest rates reduces eligible own funds by EUR 9.7 million. As the solvency capital requirement for interest rate risk is already low due to a low interest rate level, the solvency capital requirement will remain almost unchanged in a negative interest rate scenario. In addition, the interest rate risk resulting from technical provisions is partly hedged using interest rate swaps. This protection has also been taken into account in calculating the solvency capital requirement. For that reason, in a scenario where interest rates decline, the impact on free capital and on the solvency capital requirement is almost equal to the change in eligible own funds.

A 10-per-cent decline in the value of equities reduces eligible own funds by EUR 7.8 million and free capital by EUR 1.4 million but causes the relative solvency position to improve by 6.4 percentage points. This improvement is due to the symmetric equity adjustment reacting to a decline in equities by reducing the solvency capital requirement. When the decline in equities is larger, the symmetric equity adjustment term does not function as effectively, and the impacts begin to manifest more clearly as a weakening of the solvency position.

The widening of spreads by 50 basis points results in a decline of 3.2 percentage points in Fennia Life's relative solvency position. A 10-per-cent decline in the value of real estate also causes the relative solvency position to weaken by 3.4 percentage points. Currency risk is largely hedged using currency derivatives and a negative 5 per cent development results in a decline of 2.4 percentage points in Fennia Life's relative solvency position.

Should all of the above-mentioned scenarios occur simultaneously, the impact on Fennia Life's eligible own funds would be EUR −33.5 million, the impact on free capital would be EUR −27.6 million, and the relative solvency position would fall by 19.8 percentage points to 204.0 per cent.

Sensitivity analysis (million euros)	31.12.2018	Scenario, interest rate -25kp	Scenario, equity -10 per cent	Scenario, property -10 per cent	Scenario, spread +50kp	Scenario, currency -5 per cent	Scenario, combined scenario
Eligible own funds	243,0	233,2	235,2	236,5	238,9	237,5	209,4
Solvency Capital Requirement	108,6	108,2	102,2	107,3	108,3	107,3	102,7
Free own funds	134,4	125,0	133,0	129,1	130,6	130,2	106,7
Change in free own funds	-----	-9,3	-1,4	-5,2	-3,8	-4,2	-27,6
Solvency ratio	223,7 %	215,6 %	230,2 %	220,3 %	220,6 %	221,3 %	204,0 %

Assessment of Fennia Non-Life Insurance's market risks

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

Type (million euros)	31.12.2018, market value	31.12.2018, share	31.12.2017, market value	31.12.2017, share
Fixed income investments	188,4	91,3 %	193,4	91,6 %
Equity investments	11,6	5,6 %	12,4	5,9 %
Real estate investments	6,0	2,9 %	5,3	2,5 %
Other	0,3	0,1 %	0,1	0,0 %
Total	**206,3**	**100,0 %**	**211,1**	**100,0 %**

The solvency capital requirement for market risks was EUR 13.3 million (EUR 14.7 million). Taking diversification benefits into account, the market risks' contribution to the total capital requirement was 27.7 per cent (38.3 %).

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

Solvency Capital Requirement for Market Risk (million euros)	31.12.2018	Contribution	Share	31.12.2017	Contribution	Share	Change
Interest rate risk	4,4	3,4	25,2 %	4,9	3,8	25,7 %	-0,5
Equity risk	3,9	3,4	25,6 %	5,1	4,5	30,8 %	-1,2
Property risk	1,5	1,1	8,3 %	1,5	1,1	7,5 %	0,0
Spread risk	5,6	5,0	37,5 %	5,5	4,8	32,8 %	0,1
Currency risk	1,2	0,5	3,4 %	1,3	0,5	3,2 %	-0,1
Concentration risk	0,0	0,0	0,0 %	0,0	0,0	0,0 %	0,0
Diversification	-3,3	-----	-----	-3,6	-----	-----	0,3
Total Solvency Capital Requirement	**13,3**	**13,3**	**100,0 %**	**14,7**	**14,7**	**100,0 %**	**-1,4**

The contribution of the spread risk to the market risks' solvency capital requirement was the largest, at 37.5 per cent (32.8 %). The second-highest contribution, 25.6 per cent (30.8 %), was that of the equity risk. The contribution of the open interest rate risk was 25.2 (25.7 %) per cent of the solvency capital requirement for Fennia Non-Life Insurance's market risks.

In the sensitivity analysis, the greatest impact on the eligible own funds comes from a scenario in which spread falls. The widening of spreads by 50 basis points reduces eligible own funds by EUR 2.7 million and free capital by EUR 2.6 million and causes the relative solvency position to weaken by 9.5 percentage points.

The scenario of a decline in interest rates also has a relatively significant impact on Fennia Non-Life Insurance's eligible own funds. The duration and market value of fixed income investment assets are lower than those of technical provisions. This is why, from the perspective of Fennia Non-Life Insurance's solvency, a decline in interest rates is a negative scenario. A decline of 25 basis points in interest rates reduces eligible own funds by EUR 1.7 million. As the solvency capital requirement for interest rate risk is already low due to a low interest rate level, the solvency capital requirement will remain almost unchanged in a negative interest rate scenario.

A 10-per-cent decline in the value of equities reduces eligible own funds by EUR 0.9 million and free capital by EUR 0.5 million and has little impact on the relative solvency position. This is partly due to the symmetric equity adjustment reacting to a decline in equities by reducing the solvency capital requirement. When the decline in equities is larger, the symmetric equity adjustment term does not function as effectively, and the impacts begin to manifest more clearly as a weakening of the solvency position.

A 10-per-cent decline in the value of real estate causes the relative solvency position to weaken by 1.2 percentage points. Changes in foreign exchange rates do not have a very big impact on Fennia Non-Life Insurance's solvency, since the assets and liabilities are mainly denominated in euros.

Should all of the above-mentioned scenarios occur simultaneously, the impact on Fennia Non-Life Insurance's eligible own funds would be EUR −6.0 million, the impact on free capital would be EUR −5.8 million, and the relative solvency position would fall by 20.4 percentage points to 211.1 per cent.

Sensitivity analysis (million euros)	**31.12.2018**	**Scenario, interest rate -25kp**	**Scenario, equity -10 per cent**	**Scenario, property -10 per cent**	**Scenario, spread +50kp**	**Scenario, currency -5 per cent**	**Scenario, combined scenario**
Eligible own funds	63,1	61,4	62,2	62,7	60,5	62,9	57,1
Solvency Capital Requirement	27,3	27,6	26,9	27,2	27,2	27,2	27,1
Free own funds	35,9	33,8	35,3	35,4	33,2	35,7	30,1
Change in free own funds	-----	-2,0	-0,5	-0,4	-2,6	-0,2	-5,8
Solvency ratio	231,5 %	222,7 %	231,4 %	230,2 %	221,9 %	231,0 %	211,1 %

Interest rate risk

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

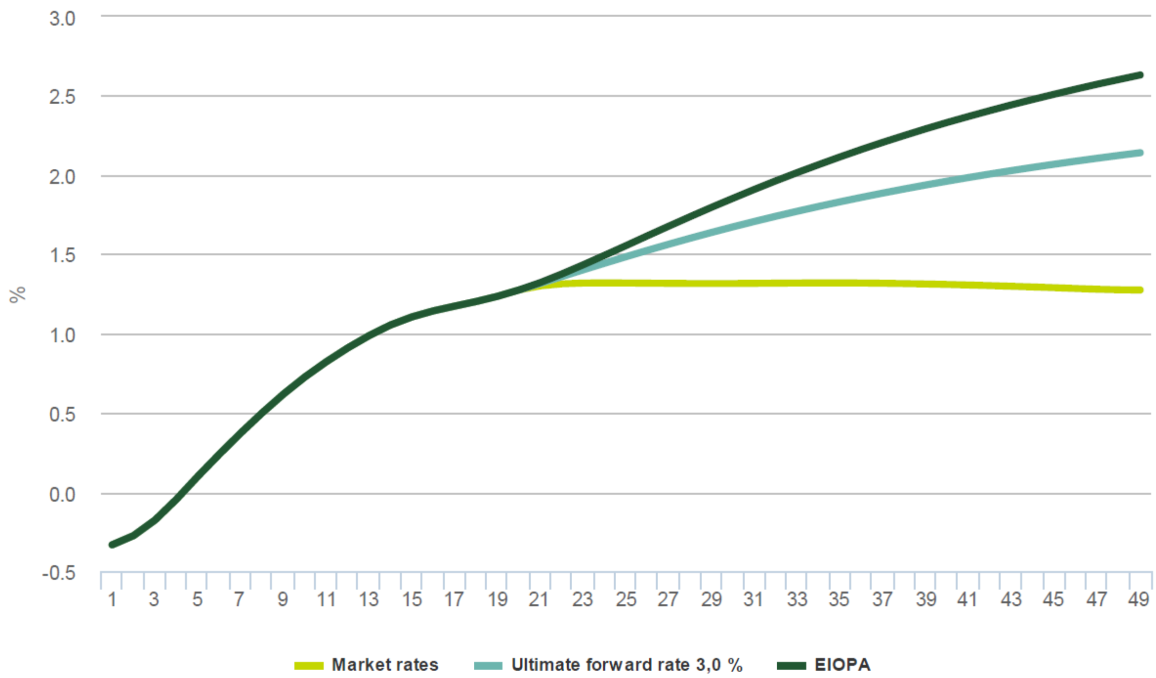
A change in the interest rate level impacts the market-consistent value of assets and liabilities. If the market-consistent value changes in fixed income investments and technical provisions differ considerably from one another when the interest rate level changes, the eligible own funds are exposed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

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

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

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

Zero-coupon rate curve



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

Allocation of fixed income investments 31.12.2018 (million euros)	**Investment, market value**	**Investment, share**	**Investment, duration**	**Unit-linked investment, market value**	**Unit-linked investment, share**	**Unit-linked investment, duration**
Money and deposits	156,7	10,2 %	0,0	65,9	19,8 %	0,0
Money market funds	0,0	0,0 %	-----	0,0	0,0 %	-----
Government bonds	107,5	7,0 %	12,6	0,0	0,0 %	0,0
Investment grade corporate bonds	384,1	25,1 %	2,1	126,9	38,1 %	3,0
High-yield corporate bonds	655,5	42,8 %	1,3	87,3	26,2 %	2,3
Covered bonds	4,9	0,3 %	5,1	0,1	0,0 %	0,9
Emerging market government bonds	33,7	2,2 %	6,5	0,0	0,0 %	0,0
Emerging market corporate bonds	126,7	8,3 %	2,4	1,2	0,4 %	2,4
Interest rate derivatives	5,7	0,4 %	-----	0,0	0,0 %	-----
Loans	51,7	3,4 %	5,2	0,0	0,0 %	0,0
Bond funds	0,1	0,0 %	-----	0,0	0,0 %	-----
Other fixed income investments	3,1	0,2 %	4,8	52,0	15,6 %	7,1
Total	**1 529,7**	**100,0 %**	**2,6**	**333,3**	**100,0 %**	**3,9**
Best estimate of technical provisions	1 422,2	-----	12,8	999,5	-----	11,4

Allocation of fixed income investments 31.12.2017 (million euros)	Invest-ment, market value	Invest-ment, share	Invest-ment, du-ration	Unit-linked in-vestment, market value	Unit-linked in-vestment, share	Unit-linked in-vestment, duration
Money and deposits	142,6	10,9 %	0,0	42,2	15,5 %	0,0
Money market funds	12,8	1,0 %	-----	0,0	0,0 %	-----
Government bonds	51,2	3,9 %	19,4	0,0	0,0 %	0,0
Investment grade corporate bonds	368,8	28,1 %	1,8	92,4	33,8 %	5,1
High-yield corporate bonds	480,0	36,5 %	1,4	93,1	34,1 %	2,6
Covered bonds	10,1	0,8 %	5,6	0,1	0,0 %	1,5
Emerging market government bonds	45,2	3,4 %	5,9	0,0	0,0 %	0,0
Emerging market corporate bonds	125,5	9,6 %	2,7	0,9	0,3 %	2,6
Interest rate derivatives	0,7	0,1 %	-----	0,0	0,0 %	-----
Loans	67,4	5,1 %	5,5	0,0	0,0 %	0,0
Bond funds	3,6	0,3 %	-----	0,0	0,0 %	-----
Other fixed income investments	6,0	0,5 %	3,7	44,3	16,2 %	8,0
Total	**1 313,9**	**100,0 %**	**2,6**	**273,0**	**100,0 %**	**3,9**
Best estimate of technical provisions	1 293,6	-----	12,7	972,0	-----	13,1

The solvency capital requirement for the Fennia Group's interest rate risk was EUR 26.1 million (EUR 36.0 million) and the contribution to the market risks' total solvency capital requirement was EUR 16.0 million (EUR 22.0 million). The interest rate risk's share of the market risks' total solvency capital requirement was 4.2 per cent (4.6 %).

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

Sensitivity analysis (million euros)	31.12.2018	Scenario, market curve	Scenario, ultimate forward rate (UFR) 3 per cent
Eligible own funds	839,8	793,8	824,6
Solvency Capital Requirement	401,4	400,8	401,4
Free own funds	438,4	393,1	423,2
Change in free own funds	-----	-----	-----
Solvency ratio	209,2 %	198,1 %	205,4 %

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Federal Republic of Germany	74,2	3,0 %
SATO Corporation	21,0	0,8 %
Fortum Corportation	19,2	0,8 %
United Mexican States	18,8	0,8 %
Credit Suisse Group AG	18,8	0,7 %

Fennia's interest rate risk

Fennia’s fixed income investments are allocated into different classes as follows:

Allocation of fixed income investments (million euros)	31.12.2018, market value	31.12.2018, share	31.12.2018, duration	31.12.2017, market value	31.12.2017, share	31.12.2017, duration
Money and deposits	66,0	7,5 %	0,0	93,7	10,3 %	0,0
Money market funds	0,0	0,0 %	-----	12,7	1,4 %	-----
Government bonds	35,3	4,0 %	19,4	32,9	3,6 %	19,6
Investment grade corporate bonds	64,0	7,3 %	3,2	111,7	12,2 %	2,9
High-yield corporate bonds	430,8	49,0 %	1,3	329,5	36,0 %	1,6
Covered bonds	4,4	0,5 %	5,0	9,2	1,0 %	5,9
Emerging market government bonds	27,5	3,1 %	7,5	43,5	4,8 %	6,1
Emerging market corporate bonds	94,1	10,7 %	2,6	94,3	10,3 %	3,1
Interest rate derivatives	0,0	0,0 %	-----	0,0	0,0 %	-----
Loans	154,3	17,6 %	3,4	177,2	19,4 %	6,4
Bond funds	0,1	0,0 %	-----	3,6	0,4 %	-----
Other fixed income investments	2,7	0,3 %	5,0	5,7	0,6 %	3,7
Total	**879,2**	**100,0 %**	**2,8**	**914,1**	**100,0 %**	**3,6**
Best estimate of technical provisions	795,2	-----	13,0	819,0	-----	12,7

The solvency capital requirement for Fennia’s interest rate risk was EUR 6.2 million (EUR 18.3 million) and the contribution to the market risks’ total solvency capital requirement was EUR 3.5 million (EUR 10.7 million). The interest rate risk’s share of the market risks’ total solvency capital requirement was 1.1 per cent (2.8 %).

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

Sensitivity analysis (million euros)	31.12.2018	Scenario, market curve	Scenario, ultimate forward rate (UFR) 3 per cent
Eligible own funds	876,7	832,7	861,8
Solvency Capital Requirement	313,3	310,0	312,3
Free own funds	563,4	522,7	549,5
Change in free own funds	-----	-40,7	-13,9
Solvency ratio	279,8 %	268,6 %	275,9 %

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Fennia Mutual Insurance Company	102,0	5,6 %
Federal Republic of Germany	35,9	2,0 %
United Mexican States	18,3	1,0 %
BNP Paribas SA	11,5	0,6 %
Credit Suisse Group AG	11,0	0,6 %

Fennia Life's interest rate risk

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

Allocation of fixed income investments 31.12.2018 (million euros)	**Invest-ment, market value**	**Invest-ment, share**	**Invest-ment, du-ration**	**Unit-linked in-vestment, market value**	**Unit-linked in-vestment, share**	**Unit-linked in-vestment, duration**
Money and deposits	71,3	12,2 %	0,0	65,9	19,8 %	0,0
Money market funds	0,0	0,0 %	-----	0,0	0,0 %	-----
Government bonds	19,2	3,3 %	19,1	0,0	0,0 %	0,0
Investment grade corporate bonds	223,1	38,2 %	1,3	126,9	38,1 %	3,0
High-yield corporate bonds	213,0	36,5 %	1,0	87,3	26,2 %	2,3
Covered bonds	0,3	0,0 %	3,7	0,1	0,0 %	0,9
Emerging market government bonds	0,5	0,1 %	1,9	0,0	0,0 %	0,0
Emerging market corporate bonds	31,3	5,4 %	1,6	1,2	0,4 %	2,4
Interest rate derivatives	5,7	1,0 %	-----	0,0	0,0 %	-----
Loans	18,9	3,2 %	4,7	0,0	0,0 %	0,0
Bond funds	0,1	0,0 %	-----		0,0 %	
Other fixed income investments	0,4	0,1 %	3,8	52,0	15,6 %	7,1
Total	**583,6**	**100,0 %**	**1,7**	**333,3**	**100,0 %**	**2,8**
Best estimate of technical provisions	497,0	-----	12,6	999,5	-----	11,4

Allocation of fixed income investments 31.12.2017 (million euros)	Invest-ment, market value	Invest-ment, share	Invest-ment, du-ration	Unit-linked in-vestment, market value	Unit-linked in-vestment, share	Unit-linked in-vestment, duration
Money and deposits	48,9	9,2 %	0,0	42,2	15,5 %	0,0
Money market funds	0,0	0,0 %	-----	0,0	0,0 %	-----
Government bonds	18,3	3,5 %	19,1	0,0	0,0 %	0,0
Investment grade corporate bonds	257,1	48,5 %	1,4	92,4	33,8 %	5,1
High-yield corporate bonds	150,5	28,4 %	1,1	93,1	34,1 %	2,6
Covered bonds	0,9	0,2 %	2,4	0,1	0,0 %	1,5
Emerging market government bonds	1,7	0,3 %	2,1	0,0	0,0 %	0,0
Emerging market corporate bonds	31,2	5,9 %	1,5	0,9	0,3 %	2,6
Interest rate derivatives	0,7	0,1 %	-----	0,0	0,0 %	-----
Loans	20,8	3,9 %	5,9	0,0	0,0 %	0,0
Bond funds	0,0	0,0 %	-----	0,0	0,0 %	-----
Other fixed income investments	0,3	0,0 %	4,8	44,3	16,2 %	8,0
Total	**530,5**	**100,0 %**	**2,0**	**273,0**	**100,0 %**	**3,9**
Best estimate of technical provisions	474,6	-----	12,7	972,0	-----	13,1

The solvency capital requirement for Fennia Life's interest rate risk was EUR 13.8 million (EUR 15.5 million) and the contribution to the market risks' total solvency capital requirement was EUR 9.0 million (EUR 9.8 million). The interest rate risk's share of the market risks' total solvency capital requirement was 8.6 per cent (7.7 %).

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

Sensitivity analysis (million euros)	31.12.2018	Scenario, market curve	Scenario, ultimate forward rate (UFR) 3 per cent
Eligible own funds	243,0	231,0	239,0
Solvency Capital Requirement	108,6	107,8	108,1
Free own funds	134,4	123,2	130,9
Change in free own funds	-----	-11,2	-3,5
Solvency ratio	223,7 %	214,2 %	221,0 %

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Federal Republic of Germany	19,2	1,1 %
Asunto Oy Tampereen Vuoreksen Puistokatu 76	13,6	0,8 %
SATO Corporation	9,2	0,5 %
Credit Suisse Group AG	7,8	0,4 %
Central Bank of Savings Banks Finland Plc	7,1	0,4 %

Fennia Non-Life Insurance's interest rate risk

Fennia Life's fixed income investments are allocated into different classes as follows (there is no comparable data for the previous year):

Allocation of fixed income investments (million euros)	31.12.2018, market value	31.12.2018, share	31.12.2018, duration
Money and deposits	19,4	10,3 %	0,0
Money market funds	0,0	0,0 %	-----
Government bonds	53,0	28,1 %	5,7
Investment grade corporate bonds	97,0	51,5 %	3,2
High-yield corporate bonds	11,7	6,2 %	3,2
Covered bonds	0,3	0,1 %	7,8
Emerging market government bonds	5,8	3,1 %	1,9
Emerging market corporate bonds	1,3	0,7 %	7,2
Interest rate derivatives	0,0	0,0 %	-----
Loans	0,0	0,0 %	0,0
Bond funds	0,0	0,0 %	-----
Other fixed income investments	0,0	0,0 %	0,0
Total	**188,4**	**100,0 %**	**3,6**
Best estimate of technical provisions	130,0	-----	11,9

The solvency capital requirement for Fennia Non-Life Insurance's interest rate risk was EUR 4.4 million (EUR 4.9 million) and the contribution to the market risks' total solvency capital requirement was EUR 3.4 million (EUR 3.8 million). The interest rate risk's share of the market risks' total solvency capital requirement was 25.2 per cent (25.7 %).

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

Sensitivity analysis (million euros)	31.12.2018	Scenario, market curve	Scenario, ultimate forward rate (UFR) 3 per cent
Eligible own funds	63,1	57,6	61,3
Solvency Capital Requirement	27,3	27,6	27,4
Free own funds	35,9	30,0	33,9
Change in free own funds	-----	-5,8	-2,0
Solvency ratio	231,5 %	208,9 %	223,8 %

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Federal Republic of Germany	19,2	9,3 %
Fortum Corportation	6,3	3,1 %
BPCE SA	5,6	2,7 %
Proximus Plc	5,4	2,6 %
Groupe ADP	5,2	2,5 %

Spread risk

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

The tables illustrate the Fennia Group's creditworthiness position.

Credit Rating 31.12.2018 (million euros)	Invest-ment, 0-1	Invest-ment, 1-2	Invest-ment, 2-3	Invest-ment, 3-4	Invest-ment, 4-5	Invest-ment, >5	Invest-ment, total	Unit-linked invest-ment, total
AAA	8,4	13,3	8,4	14,8	17,3	76,5	**138,6**	**0,0**
AA	9,9	11,0	3,9	5,6	2,3	6,1	**38,9**	**29,3**
A	32,8	48,7	11,4	9,5	9,6	28,8	**140,8**	**20,1**
BBB	93,6	71,0	21,1	16,5	12,7	31,7	**246,7**	**77,5**
BB	30,7	26,6	15,7	9,2	10,1	14,6	**106,9**	**18,0**
B	42,1	14,3	9,9	6,8	12,3	15,3	**100,7**	**0,6**
CCC	3,3	1,2	0,6	0,2	0,0	0,1	**5,4**	**0,0**
CC	0,0	0,1	0,0	0,0	0,0	0,0	**0,2**	**0,0**
C or lower	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**	**0,0**
Not rated	358,6	155,0	21,3	15,4	14,7	24,0	**589,0**	**122,0**
Total	**579,6**	**341,3**	**92,4**	**77,9**	**79,0**	**197,1**	**1 367,2**	**267,4**

Credit Rating 31.12.2017 (million euros)	Invest-ment, 0-1	Invest-ment, 1-2	Invest-ment, 2-3	Invest-ment, 3-4	Invest-ment, 4-5	Invest-ment, >5	Invest-ment, total	Unit-linked invest-ment, total
AAA	0,0	1,6	0,6	0,5	0,0	50,7	**53,4**	**0,0**
AA	0,1	0,2	1,2	0,3	2,7	0,4	**4,8**	**0,0**
A	25,1	20,7	13,3	8,6	4,3	13,0	**85,1**	**0,0**
BBB	147,7	86,1	32,2	33,9	14,9	38,4	**353,3**	**0,9**
BB	28,3	33,1	25,2	15,5	6,8	17,3	**126,2**	**0,9**
B	46,8	14,7	9,4	7,9	11,3	11,2	**101,3**	**1,4**
CCC	3,3	1,6	1,6	0,4	0,2	0,4	**7,4**	**0,0**
CC	0,3	0,0	0,0	0,0	0,0	0,0	**0,3**	**0,0**
C or lower	0,0	0,1	0,0	0,0	0,0	0,0	**0,1**	**0,0**
Not rated	243,1	42,3	34,1	41,5	27,1	34,2	**422,3**	**227,5**
Total	**494,8**	**200,3**	**117,5**	**108,6**	**67,5**	**165,5**	**1 154,2**	**230,8**

The solvency capital requirement for the Fennia Group's spread risk was EUR 81.6 million (EUR 85.8 million) and the contribution to the market risks' total solvency capital requirement was EUR 64.8 million (EUR 68.6 million). The spread risk's share of the market risks' total solvency capital requirement was 17.0 per cent (14.4 %).

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

Fennia's spread risk

The tables illustrate Fennia's creditworthiness position.

Credit Rating 31.12.2018 (million euros)	0-1	1-2	2-3	3-4	4-5	>5	Total
AAA	0,2	0,0	0,1	0,0	0,0	35,6	**35,9**
AA	1,1	1,3	0,1	0,8	1,2	1,1	**5,7**
A	4,1	10,4	4,0	4,0	2,7	22,8	**48,0**
BBB	13,1	15,7	8,7	8,6	5,4	16,5	**68,0**
BB	15,9	14,9	10,3	6,9	7,9	12,0	**67,9**
B	24,8	9,3	8,2	4,5	9,4	11,5	**67,8**
CCC	2,6	1,2	0,6	0,1	0,0	0,1	**4,6**
CC	0,0	0,1	0,0	0,0	0,0	0,0	**0,2**
C or lower	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**
Not rated	304,6	118,0	13,3	10,2	9,1	59,8	**515,1**
Total	**366,5**	**170,9**	**45,4**	**35,2**	**35,6**	**159,5**	**813,1**

Credit Rating 31.12.2017 (million euros)	0-1	1-2	2-3	3-4	4-5	>5	Total
AAA	0,0	1,6	0,6	0,5	0,0	32,6	**35,3**
AA	0,1	0,1	0,7	0,2	0,6	0,4	**2,1**
A	7,4	7,4	7,9	6,0	2,6	9,4	**40,6**
BBB	29,8	19,9	17,6	20,3	10,4	31,4	**129,4**
BB	17,2	20,0	16,5	11,3	5,8	16,8	**87,6**
B	30,5	10,1	6,8	7,0	10,9	11,2	**76,5**
CCC	3,2	1,5	1,6	0,4	0,2	0,4	**7,2**
CC	0,3	0,0	0,0	0,0	0,0	0,0	**0,3**
C or lower	0,0	0,1	0,0	0,0	0,0	0,0	**0,1**
Not rated	161,6	59,9	30,4	31,5	26,6	114,9	**424,9**
Total	**250,1**	**120,6**	**82,1**	**77,2**	**57,2**	**217,0**	**804,1**

The solvency capital requirement for Fennia's spread risk was EUR 56.8 million (EUR 72.8 million) and the contribution to the market risks' total solvency capital requirement was EUR 45.3 million (EUR 59.1 million). The spread risk's share of the market risks' total solvency capital requirement was 14.7 per cent (15.4 %).

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

Fennia Life's spread risk

The tables illustrate Fennia Life's creditworthiness position.

Credit Rating 31.12.2018 (million euros)	Invest-ment, 0-1	Invest-ment, 1-2	Invest-ment, 2-3	Invest-ment, 3-4	Invest-ment, 4-5	Invest-ment, >5	Invest-ment, total	Unit-linked invest-ment, total
AAA	0,0	0,0	0,0	0,0	0,0	19,2	**19,2**	**0,0**
AA	2,2	7,6	0,0	2,1	0,0	0,0	**11,9**	**29,3**
A	27,6	32,5	2,9	2,2	2,7	1,0	**68,9**	**20,1**
BBB	78,5	52,8	8,8	4,7	6,2	3,7	**154,7**	**77,5**
BB	14,8	11,6	4,5	2,2	2,1	1,9	**37,0**	**18,0**
B	17,3	5,0	1,6	2,2	2,8	3,3	**32,2**	**0,6**
CCC	0,7	0,1	0,1	0,0	0,0	0,0	**0,9**	**0,0**
CC	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**	**0,0**
C or lower	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**	**0,0**
Not rated	114,9	49,2	7,3	2,0	3,2	5,2	**181,7**	**122,0**
Total	**256,0**	**158,8**	**25,1**	**15,5**	**16,9**	**34,2**	**506,5**	**267,4**

Credit Rating 31.12.2017 (million euros)	Invest-ment, 0-1	Invest-ment, 1-2	Invest-ment, 2-3	Invest-ment, 3-4	Invest-ment, 4-5	Invest-ment, >5	Invest-ment, total	Unit-linked invest-ment, total
AAA	0,0	0,0	0,0	0,0	0,0	18,1	**18,1**	**0,0**
AA	0,0	0,1	0,5	0,0	2,1	0,0	**2,7**	**0,0**
A	17,7	13,3	5,4	2,7	1,7	3,6	**44,4**	**0,0**
BBB	117,9	66,1	14,6	13,7	4,5	6,9	**223,9**	**0,9**
BB	11,2	13,0	8,7	4,2	1,0	0,5	**38,6**	**0,9**
B	16,3	4,6	2,6	0,9	0,5	0,0	**24,8**	**1,4**
CCC	0,1	0,1	0,0	0,0	0,0	0,0	**0,2**	**0,0**
CC	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**	**0,0**
C or lower	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**	**0,0**
Not rated	81,5	8,4	14,9	11,4	3,2	8,7	**128,1**	**227,5**
Total	**244,7**	**105,6**	**46,8**	**32,8**	**13,0**	**37,8**	**480,8**	**230,8**

The solvency capital requirement for Fennia Life's spread risk was EUR 25.0 million (EUR 25.1 million) and the contribution to the market risks' total solvency capital requirement was EUR 20.7 million (EUR 20.6 million). The spread risk's share of the market risks' total solvency capital requirement was 19.9 per cent (16.2 %).

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

Fennia Non-Life Insurance's spread risk

The table illustrates Fennia Non-Life Insurance's creditworthiness position (there is no comparable data for the previous year).

Credit Rating 31.12.2018 (million euros)	0-1	1-2	2-3	3-4	4-5	>5	Total
AAA	8,2	13,3	8,3	14,7	17,3	21,7	**83,5**
AA	6,6	2,1	3,8	2,7	1,1	5,0	**21,3**
A	1,0	5,8	4,6	3,2	4,2	5,0	**23,8**
BBB	2,0	2,4	3,6	3,2	1,2	11,5	**24,0**
BB	0,0	0,1	0,9	0,1	0,2	0,6	**1,9**
B	0,0	0,0	0,0	0,1	0,1	0,5	**0,8**
CCC	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**
CC	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**
C or lower	0,0	0,0	0,0	0,0	0,0	0,0	**0,0**
Not rated	2,5	0,1	1,6	3,1	4,7	1,7	**13,7**
Total	**20,4**	**23,8**	**22,8**	**27,2**	**28,8**	**46,0**	**169,0**

The solvency capital requirement for Fennia Non-Life Insurance's spread risk was EUR 5.6 million (EUR 5.5 million) and the contribution to the market risks' total solvency capital requirement was EUR 5.0 million (EUR 4.8 million). The spread risk's share of the market risks' total solvency capital requirement was 37.5 per cent (32.8 %).

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

Equity risk

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

Equity investments accounted for EUR 371.0 million (EUR 494.6 million) of the Fennia Group's investment assets. This represents 14.8 per cent (20.4 %) of Fennia Group's total investment assets.

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

Allocation of equity investments (million euros)	31.12.2018, investment, market value	31.12.2018, investment, share	31.12.2018, unit-linked investment, market value	31.12.2018, unit-linked investment, share	31.12.2017, investment, market value	31.12.2017, investment, share	31.12.2017, unit-linked investment, market value	31.12.2017, unit-linked investment, share
Listed equities	263,2	71,0 %	641,2	100,0 %	407,4	82,4 %	714,2	100,0 %
Unlisted equities	39,4	10,6 %	0,0	0,0 %	18,2	3,7 %	0,0	0,0 %
Equity funds	17,8	4,8 %	0,0	0,0 %	17,5	3,5 %	0,0	0,0 %
Private equity Funds	50,5	13,6 %	0,0	0,0 %	51,6	10,4 %	0,0	0,0 %
Equity derivatives	0,0	0,0 %	0,0	0,0 %	0,0	0,0 %	0,0	0,0 %
Total	**371,0**	**100,0 %**	**641,2**	**100,0 %**	**494,6**	**100,0 %**	**714,2**	**100,0 %**

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

Equity risk placed investments (million euros)	31.12.2018, investment, market value	31.12.2018, investment, share	31.12.2018, unit-linked investment, market value	31.12.2018, unit-linked investment, share	31.12.2017, investment, market value	31.12.2017, investment, share	31.12.2017, unit-linked investment, market value	31.12.2017, unit-linked investment, share
Hedge funds	9,8	9,6 %	0,0	0,0 %	13,2	9,0 %	0,0	0,0 %
Real Estate Funds	55,8	54,3 %	0,0	0,0 %	64,2	44,0 %	0,0	0,0 %
Debt funds	0,1	0,1 %	0,0	0,0 %	16,3	11,2 %	0,0	0,0 %
Other	37,0	36,0 %	53,0	100,0 %	52,2	35,8 %	30,9	100,0 %
Total	**102,7**	**100,0 %**	**53,0**	**100,0 %**	**146,0**	**100,0 %**	**30,9**	**100,0 %**

The solvency capital requirement for the Fennia Group's equity risk was EUR 166.7 million (EUR 260.7 million) and the contribution to the market risks' total solvency capital requirement was EUR 155.4 million (EUR 249.0 million). The equity risk's share of the market risks' total solvency capital requirement was 40.8 per cent (52.5 %).

The transitional measure for equity risk is applied to the calculation of the solvency capital requirement for Fennia Group's equity risk and a significant proportion of Fennia Group's equity portfolio consisted of direct equity investments utilising this transitional measure. Therefore, in addition to the loss risk inherent in the Fennia Group's equity markets, the gradual rise in the transitional measure's solvency capital requirement also affects the Fennia Group's solvency. If all of the Fennia Group's equity investments were to be excluded from the scope of the transitional measures, the Fennia Group's relative solvency position would fall by 4.3 percentage points.

Sensitivity analysis (million euros)	31.12.2018	Scenario, without transitional measure on equity risk
Eligible own funds	839,8	847,6
Solvency Capital Requirement	401,4	413,6
Free own funds	438,4	434,0
Change in free own funds	-----	-4,4
Solvency ratio	209,2 %	204,9 %

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Muzinich & Co., Inc.	20,0	0,8 %
Pihlajalinna Plc	19,5	0,8 %
Fennia Asset Management Ltd.	15,3	0,6 %
SOS - International A/S	11,2	0,4 %
Kayne Anderson Capital Advisors, L.P.	7,6	0,3 %

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

Fennia's equity risk

Equity investments accounted for EUR 578.9 million (EUR 618.0 million) of Fennia's investment assets. This represents 31.6 per cent (32.3 %) of Fennia's total investment assets.

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

Allocation of equity investments (million euros)	31.12.2018, market value	31.12.2018, share	31.12.2017, market value	31.12.2017, share
Listed equities	181,7	31,4 %	295,1	47,8 %
Unlisted equities	343,7	59,4 %	275,5	44,6 %
Equity funds	17,8	3,1 %	17,5	2,8 %
Private equity Funds	35,6	6,2 %	29,9	4,8 %
Equity derivatives	0,0	0,0 %	0,0	0,0 %
Total	**578,9**	**100,0 %**	**618,0**	**100,0 %**

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

Equity risk placed investments (million euros)	31.12.2018, market value	31.12.2018, share	31.12.2017, market value	31.12.2017, share
Hedge funds	9,8	12,3 %	13,2	10,4 %
Real Estate Funds	46,8	58,5 %	54,6	43,0 %
Debt funds	0,1	0,1 %	16,3	12,8 %
Other	23,4	29,2 %	42,9	33,8 %
Total	**80,0**	**100,0 %**	**127,0**	**100,0 %**

The solvency capital requirement for Fennia's equity risk was EUR 180.7 million (EUR 242.1 million) and the contribution to the market risks' total solvency capital requirement was EUR 172.8 million (EUR 233.7 million). The equity risk's share of the market risks' total solvency capital requirement was 56.0 per cent (60.8 %).

The transitional measure for equity risk is applied to the calculation of the solvency capital requirement for Fennia's equity risk and a significant proportion of Fennia's equity portfolio consisted of direct equity investments utilising this transitional measure. Therefore, in addition to the loss risk inherent in the equity markets, the gradual rise in the transitional measure's solvency capital requirement also affects solvency. If all of Fennia's equity investments were to be excluded from the scope of the transitional measures, Fennia's relative solvency position would fall by 7.0 percentage points.

Sensitivity analysis (million euros)	31.12.2018	Scenario, without transitional measure on equity risk
Eligible own funds	876,7	876,7
Solvency Capital Requirement	313,3	321,3
Free own funds	563,4	555,3
Change in free own funds	-----	-8,1
Solvency ratio	279,8 %	272,8 %

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Fennia Life Insurance Company Ltd.	249,0	13,6 %
Fennia Non-Life Insurance Company Ltd	63,1	3,4 %
Pihlajalinna Plc	17,2	0,9 %
Fennia Asset Management Ltd.	15,3	0,8 %
SOS - International A/S	11,2	0,6 %

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

Fennia Life's equity risk

Equity investments accounted for EUR 92.7 million (EUR 145.5 million) of Fennia Life's investment assets. This represents 12.0 per cent (18.9 %) of Fennia Life's total investment assets.

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

Allocation of equity investments (million euros)	31.12.2018, investment, market value	31.12.2018, investment, share	31.12.2018, unit-linked investment, market value	31.12.2018, unit-linked investment, share	31.12.2017, investment, market value	31.12.2017, investment, share	31.12.2017, unit-linked investment, market value	31.12.2017, unit-linked investment, share
Listed equities	70,0	75,5 %	641,2	100,0 %	112,2	77,2 %	714,2	100,0 %
Unlisted equities	7,8	8,5 %	0,0	0,0 %	11,6	8,0 %	0,0	0,0 %
Equity funds	0,0	0,0 %	0,0	0,0 %	0,0	0,0 %	0,0	0,0 %
Private equity Funds	14,8	16,0 %	0,0	0,0 %	21,6	14,9 %	0,0	0,0 %
Equity derivatives	0,0	0,0 %	0,0	0,0 %	0,0	0,0 %	0,0	0,0 %
Total	**92,7**	**100,0 %**	**641,2**	**100,0 %**	**145,5**	**100,0 %**	**714,2**	**100,0 %**

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

Equity risk placed investments (million euros)	31.12.2018, investment, market value	31.12.2018, investment, share	31.12.2018, unit-linked investment, market value	31.12.2018, unit-linked investment, share	31.12.2017, investment, market value	31.12.2017, investment, share	31.12.2017, unit-linked investment, market value	31.12.2017, unit-linked investment, share
Hedge funds	0,0	0,0 %	0,0	0,0 %	0,0	0,0 %	0,0	0,0 %
Real Estate Funds	9,0	40,3 %	0,0	0,0 %	9,6	50,4 %	0,0	0,0 %
Debt funds	0,1	0,4 %	0,0	0,0 %	0,0	0,2 %	0,0	0,0 %
Other	13,3	59,4 %	53,0	100,0 %	9,4	49,3 %	30,9	100,0 %
Total	**22,4**	**100,0 %**	**53,0**	**100,0 %**	**19,0**	**100,0 %**	**30,9**	**100,0 %**

The solvency capital requirement for Fennia Life's equity risk was EUR 52.8 million (EUR 77.3 million) and the contribution to the market risks' total solvency capital requirement was EUR 49.4 million (EUR 74.2 million). The equity risk's share of the market risks' total solvency capital requirement was 47.5 per cent (58.3 %).

The transitional measure for equity risk is applied to the calculation of the solvency capital requirement for Fennia Life's equity risk and a significant proportion of Fennia Life's equity portfolio consisted of direct equity investments utilising this transitional measure. Therefore, in addition to the loss risk inherent in the equity markets, the gradual rise in the transitional measure's solvency capital requirement also affects solvency. If all of Fennia Life's equity investments were to be excluded from the scope of the transitional measures, Fennia Life's relative solvency position would fall by 7.5 percentage points.

Sensitivity analysis (million euros)	31.12.2018	Scenario, without transitional measure on equity risk
Eligible own funds	243,0	243,0
Solvency Capital Requirement	108,6	112,4
Free own funds	134,4	130,6
Change in free own funds	-----	-3,8
Solvency ratio	223,7 %	216,2 %

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Muzinich & Co., Inc.	9,8	1,3 %
Amplus Holding Ltd	3,6	0,5 %
MB Equity Fund IV Ky	3,4	0,4 %
Euro Choice IV LP	3,2	0,4 %
Triton Investment Management Limited	3,0	0,4 %

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

Fennia Non-Life Insurance's equity risk

Equity investments accounted for EUR 11.6 million of Fennia Non-Life Insurance's investment assets (there is no comparable data for the previous year). This represents 5.6 per cent of Fennia's total investment assets (there is no comparable data for the previous year).

The table illustrates the allocation of Fennia Non-Life Insurance's equity investments (there is no comparable data for the previous year).

Allocation of equity investments (million euros)	31.12.2018, market value	31.12.2018, share
Listed equities	11,5	99,8 %
Unlisted equities	0,0	0,0 %
Equity funds	0,0	0,0 %
Private equity Funds	0,0	0,2 %
Equity derivatives	0,0	0,0 %
Total	**11,6**	**100,0 %**

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

Equity risk placed investments (million euros)	31.12.2018, market value	31.12.2018, share
Hedge funds	0,0	0,0 %
Real Estate Funds	0,0	0,0 %
Debt funds	0,0	0,0 %
Other	0,3	100,0 %
Total	**0,3**	**100,0 %**

The solvency capital requirement for Fennia Non-Life Insurance's equity risk was EUR 3.9 million (EUR 5.1 million) and the contribution to the market risks' total solvency capital requirement was EUR 3.4 million (EUR 4.5 million). The equity risk's share of the market risks' total solvency capital requirement was 8.3 per cent (7.5 %).

The calculation of the solvency capital requirement of Fennia Non-Life Insurance's equity risk does not apply the equity risk transitional measure.

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Novo Nordisk A/S	0,3	0,2 %
Nokia Corporation	0,3	0,2 %
Amer Sports Corporation	0,3	0,1 %
Aktia Bank Plc	0,3	0,1 %
Nordea Bank Plc	0,3	0,1 %

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

Currency risk

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

The investment assets' currency risk is hedged and managed using currency derivatives. Calculating the solvency capital requirement for currency risk is based on the assumption that derivatives are replaced with a new similar one. As a general rule, the currency risk resulting from direct investments is hedged unless the parent company Fennia's board of directors is in favour of expanding the currency risk. If the currency risk caused by direct investments is negligible, the currency risk for these currencies is left unhedged. Due to the fixed income investments of certain emerging countries, currency risks may arise from more exotic currencies. Low and indirect currency risks are generally unhedged because hedging them is expensive or they cannot be hedged in a sensible manner and because taking currency risks in these investments is often also based on foreign exchange rate insight. Currency positions that are reached through the look-through of funds are not hedged.

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

Currency position 31.12.2018 (million euros)	**EUR**	**USD**	**GBP**	**SEK**	**MXN**	**CHF**	**NOK**	**Other curren-cies**	**Open foreign exchange exposure**
Investments	1 943,2	439,0	45,8	25,2	17,9	13,6	6,8	15,4	563,7
Currency derivatives	-----	-233,1	-24,4	0,0	0,0	0,0	0,0	0,0	-257,5
Net investment position	**1 943,2**	**205,9**	**21,4**	**25,2**	**17,9**	**13,6**	**6,8**	**15,4**	**306,2**
Unit-linked investment	773,6	108,6	18,7	48,0	1,7	7,3	10,5	59,1	253,8
Net position	**2 716,9**	**314,5**	**40,2**	**73,2**	**19,5**	**20,9**	**17,3**	**74,5**	**560,1**

Currency position 31.12.2017 (million euros)	**EUR**	**USD**	**GBP**	**CHF**	**INR**	**SEK**	**HKD**	**Other curren-cies**	**Open foreign exchange exposure**
Investments	1 816,7	357,8	76,7	23,4	22,5	16,1	15,3	97,2	609,0
Currency derivatives	-----	-278,2	-26,6	0,0	0,0	0,0	0,0	0,0	-304,8
Net investment position	**1 816,7**	**79,6**	**50,1**	**23,4**	**22,5**	**16,1**	**15,3**	**97,2**	**304,2**
Unit-linked investment	740,3	124,9	22,0	9,6	6,1	43,2	1,4	72,0	279,2
Net position	**2 557,0**	**204,5**	**72,2**	**33,0**	**28,5**	**59,3**	**16,8**	**169,2**	**583,5**

The solvency capital requirement for the Fennia Group's currency risk was EUR 79.0 million (EUR 78.5 million) and the contribution to the market risks' total solvency capital requirement was EUR 37.1 million (EUR 33.8 million). The currency risk's share of the market risks' total solvency capital requirement was 9.7 per cent (7.1 %).

Fennia's currency risk

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

Currency position 31.12.2018 (million euros)	EUR	USD	GBP	SEK	MXN	CHF	NOK	Other curren-cies	Open foreign exchange exposure
Investments	1 416,4	328,1	31,8	17,9	10,6	9,6	3,6	12,8	414,4
Currency derivatives	-----	-174,5	-16,3	0,0	0,0	0,0	0,0	0,0	-190,8
Net investment position	**1 416,4**	**153,6**	**15,5**	**17,9**	**10,6**	**9,6**	**3,6**	**12,8**	**223,6**

Currency position 31.12.2017 (million euros)	EUR	USD	GBP	INR	CHF	SEK	HKD	Other curren-cies	Open foreign exchange exposure
Investments	1 441,0	270,5	54,9	18,4	16,8	12,9	12,2	87,1	472,7
Currency derivatives	-----	-213,1	-17,7	0,0	0,0	0,0	0,0	0,0	-230,8
Net investment position	**1 441,0**	**57,4**	**37,2**	**18,4**	**16,8**	**12,9**	**12,2**	**87,1**	**241,9**

The solvency capital requirement for Fennia's currency risk was EUR 55.5 million (EUR 58.9 million) and the contribution to the market risks' total solvency capital requirement was EUR 24.2 million (EUR 24.4 million). The currency risk's share of the market risks' total solvency capital requirement was 7.8 per cent (6.3 %).

Fennia Life's currency risk

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

Currency position 31.12.2018 (million euros)	EUR	USD	SEK	GBP	CHF	NOK	DKK	Other curren-cies	Open foreign exchange exposure
Investments	626,5	109,7	13,0	13,0	3,4	2,8	1,5	0,4	143,8
Currency derivatives	-----	-58,6	-8,1	0,0	0,0	0,0	0,0	0,0	-66,7
Net investment position	**626,5**	**51,1**	**4,9**	**13,0**	**3,4**	**2,8**	**1,5**	**0,4**	**77,1**
Unit-linked investment	773,6	108,6	48,0	18,7	7,3	10,5	11,4	49,4	253,8
Net position	**1 400,1**	**159,7**	**52,9**	**31,7**	**10,7**	**13,3**	**12,9**	**49,8**	**331,0**

Currency position 31.12.2017 (million euros)	EUR	USD	GBP	CHF	INR	SEK	HKD	Other curren-cies	Open foreign exchange exposure
Investments	631,7	87,3	21,8	6,6	4,1	3,3	3,1	10,1	136,3
Currency derivatives	-----	-65,1	-8,9	0,0	0,0	0,0	0,0	0,0	-74,0
Net investment posi-tion	**631,7**	**22,2**	**12,9**	**6,6**	**4,1**	**3,3**	**3,1**	**10,1**	**62,3**
Unit-linked investment	740,3	124,9	22,0	9,6	6,1	43,2	1,4	72,0	279,2
Net position	**1 372,0**	**147,1**	**35,0**	**16,2**	**10,2**	**46,4**	**4,5**	**82,1**	**341,6**

The solvency capital requirement for Fennia Life's currency risk was EUR 22.3 million (EUR 19.6 million) and the contribution to the market risks' total solvency capital requirement was EUR 10.7 million (EUR 8.2 million). The currency risk's share of the market risks' total solvency capital requirement was 10.2 per cent (6.5 %).

Fennia Non-Life Insurance's currency risk

The table illustrates the currency positions of Fennia Non-Life Insurance's investments (there is no comparable data for the previous year).

Currency position 31.12.2018 (million euros)	EUR	USD	GBP	INR	CHF	SEK	HKD	Other curren-cies	Open foreign exchange exposure
Investments	200,8	1,6	1,2	1,1	0,7	0,5	0,4	0,0	5,5
Currency derivatives	-----	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net investment position	**200,8**	**1,6**	**1,2**	**1,1**	**0,7**	**0,5**	**0,4**	**0,0**	**5,5**

The solvency capital requirement for Fennia Non-Life Insurance's currency risk was EUR 1.2 million (EUR 1.3 million) and the contribution to the market risks' total solvency capital requirement was EUR 0.5 million (EUR 0.5 million). The currency risk's share of the market risks' total solvency capital requirement was 3.4 per cent (3.2 %).

Property risk

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

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

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

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

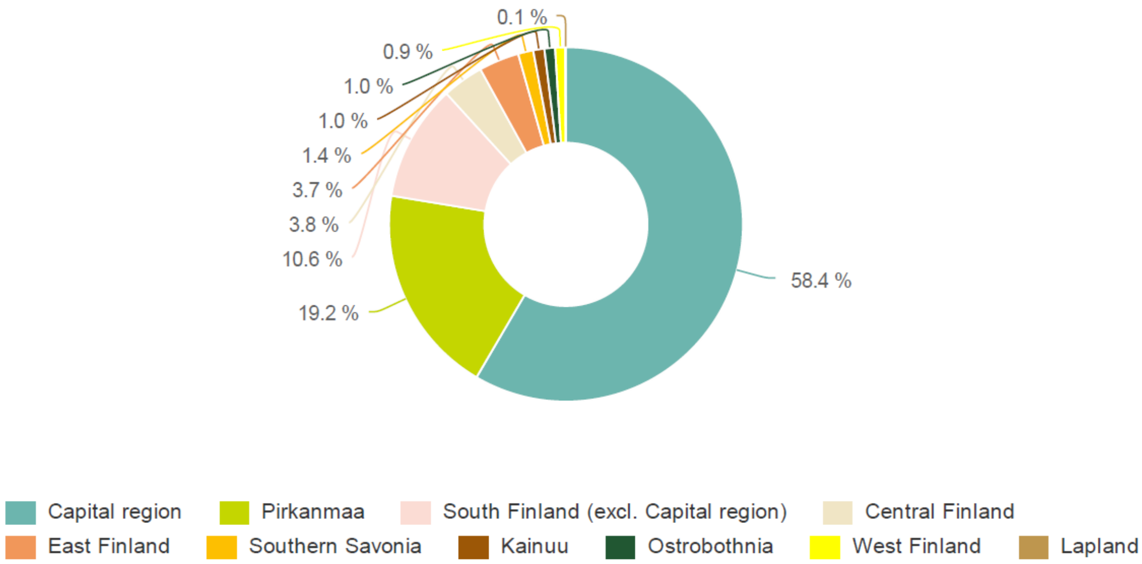
The investment assets' real estate investments are, on average, larger than individual equity or fixed income investments. This is why the largest risk concentrations often contain real estate investments. However, direct real estate investments have higher threshold limits than other asset classes,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

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

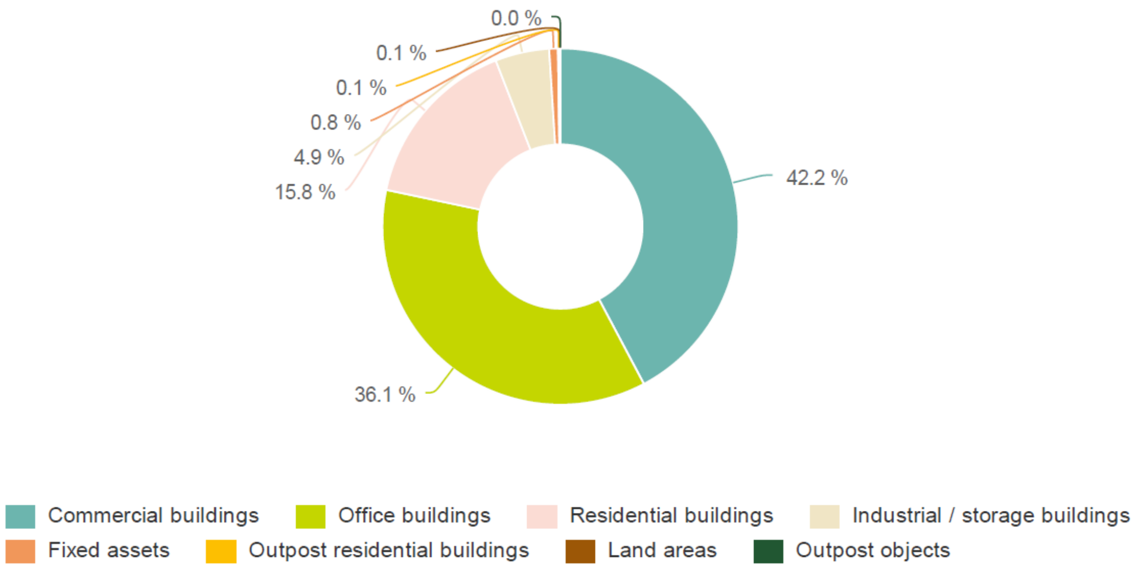
Allocation of real estate investments (million euros)	31.12.2018, investment, market value	31.12.2018, investment, share	31.12.2018, unit-linked investment, market value	31.12.2018, unit-linked investment, share	31.12.2017, investment, market value	31.12.2017, investment, share	31.12.2017, unit-linked investment, market value	31.12.2017, unit-linked investment, share
Direct real estate investments	504,7	90,0 %	0,0	-----	484,8	88,3 %	0,0	-----
Real estate funds	55,8	10,0 %	0,0	-----	64,2	11,7 %	0,0	-----
Total	**560,5**	**100,0 %**	**0,0**	**-----**	**549,0**	**100,0 %**	**0,0**	**-----**

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

Geographical distribution of direct real estate assets



Distribution of direct real estate assets according to use



The solvency capital requirement for the Fennia Group's property risk was EUR 126.2 million (EUR 121.1 million) and the contribution to the market risks' total solvency capital requirement was EUR 107.5 million (EUR 101.4 million). The property risk's share of the market risks' total solvency capital requirement was 28.2 per cent (21.3 %).

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Kiinteistö Oy Televisiokatu 1-3	77,9	3,1 %
Hämeenkatu 4, Tampere	60,3	2,4 %
Kiinteistö Oy Kyllikinportti 2	47,7	1,9 %
Kauppakeskuskiinteistöt Fea Ky	41,5	1,7 %
Tripla Mall Ky	22,6	0,9 %

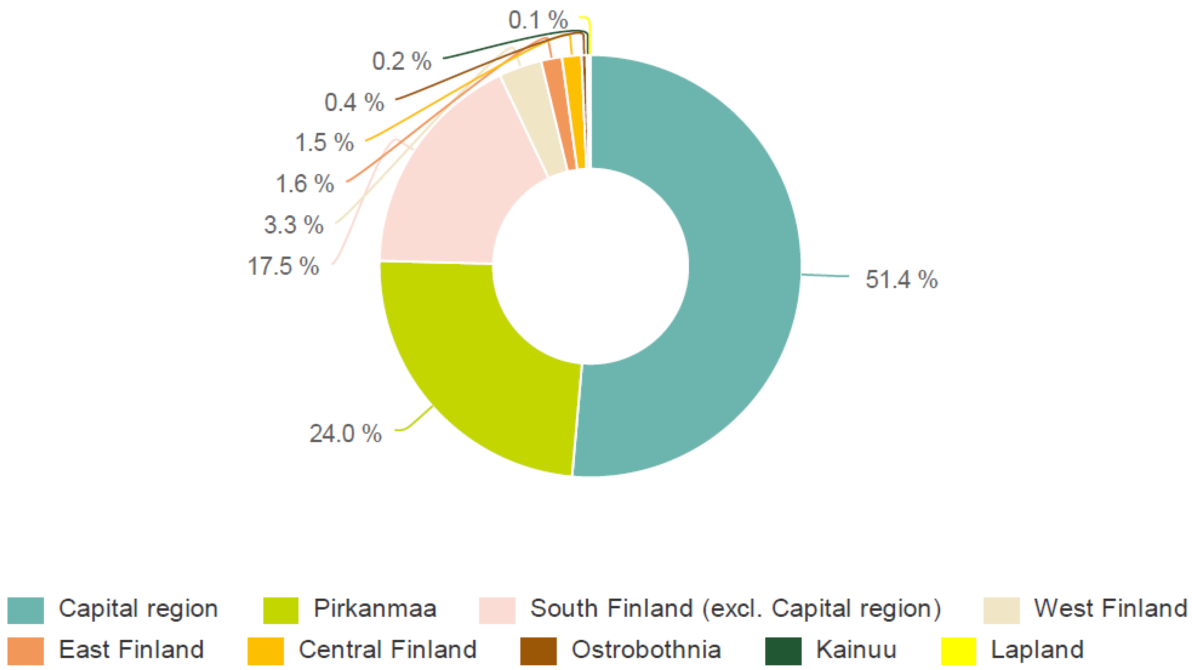
Fennia's property risk

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

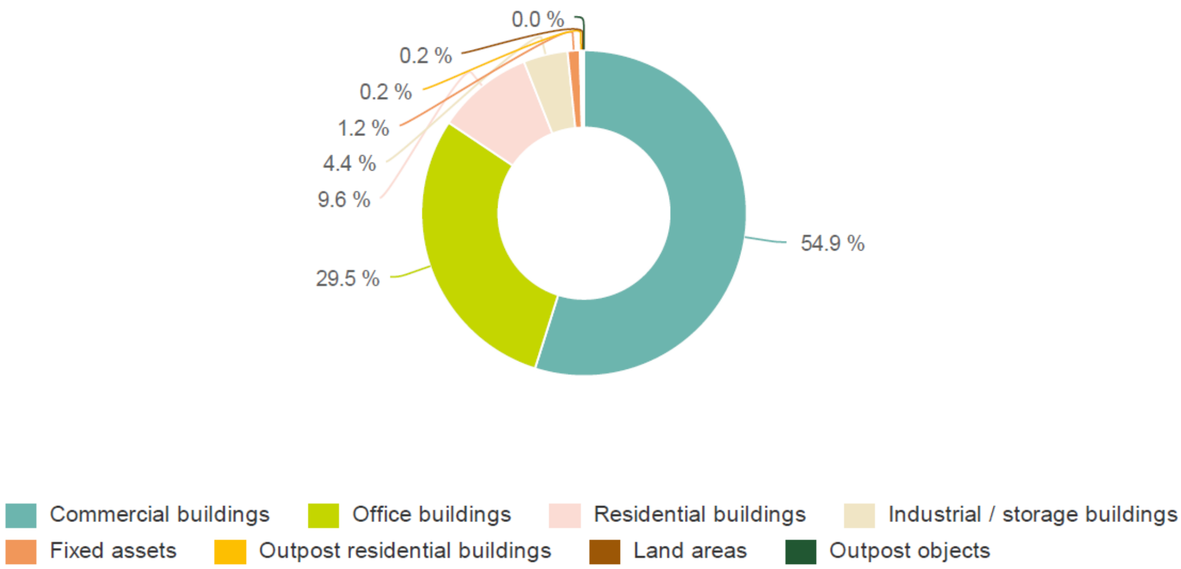
Allocation of real estate investments (million euros)	31.12.2018, market value	31.12.2018, share	31.12.2017, market value	31.12.2017, share
Direct real estate investments	293,5	86,3 %	268,8	83,1 %
Real estate funds	46,8	13,7 %	54,6	16,9 %
Total	**340,3**	**100,0 %**	**323,4**	**100,0 %**

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

Geographical distribution of direct real estate assets



Distribution of direct real estate assets according to use



The solvency capital requirement for Fennia's property risk was EUR 73.4 million (EUR 67.2 million) and the contribution to the market risks' total solvency capital requirement was EUR 60.4 million (EUR 54.0 million). The property risk's share of the market risks' total solvency capital requirement was 19.6 per cent (14.1 %).

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

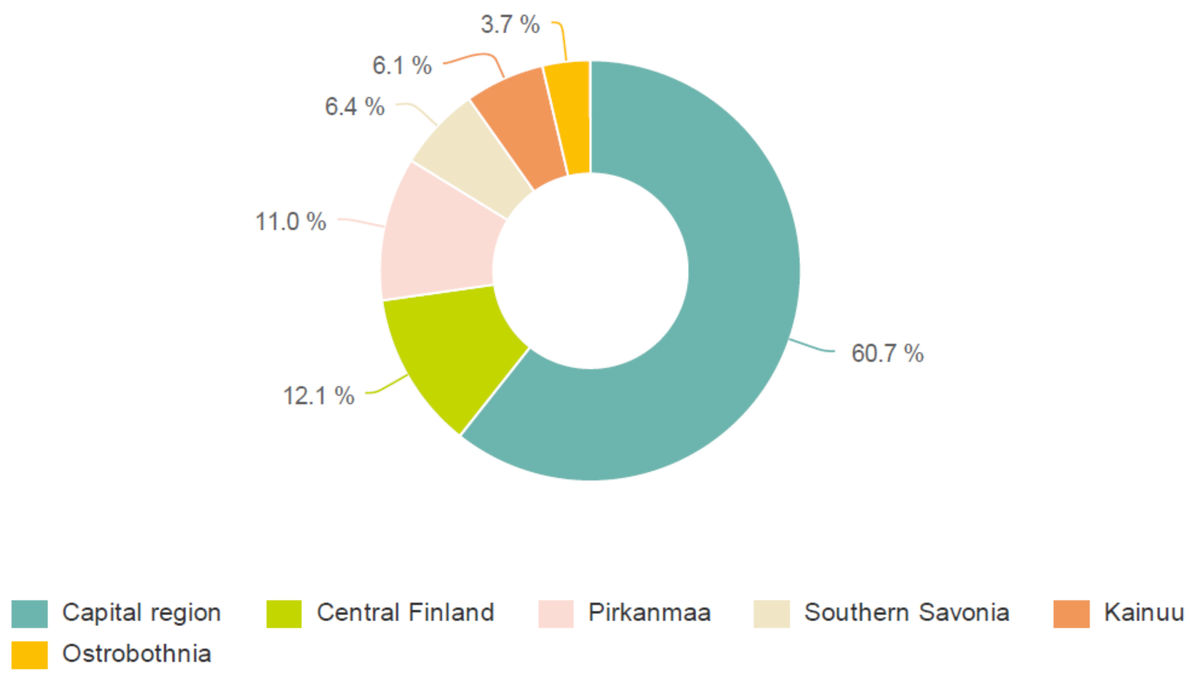
Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Hämeenkatu 4, Tampere	60,3	3,3 %
Kiinteistö Oy Televisiokatu 1-3	49,6	2,7 %
Kauppakeskuskiinteistöt FEA Ky	41,5	2,3 %
Tripla Mall Ky	22,6	1,2 %
Kiinteistö Oy Kyllikinportti 2	22,2	1,2 %

Fennia Life's property risk

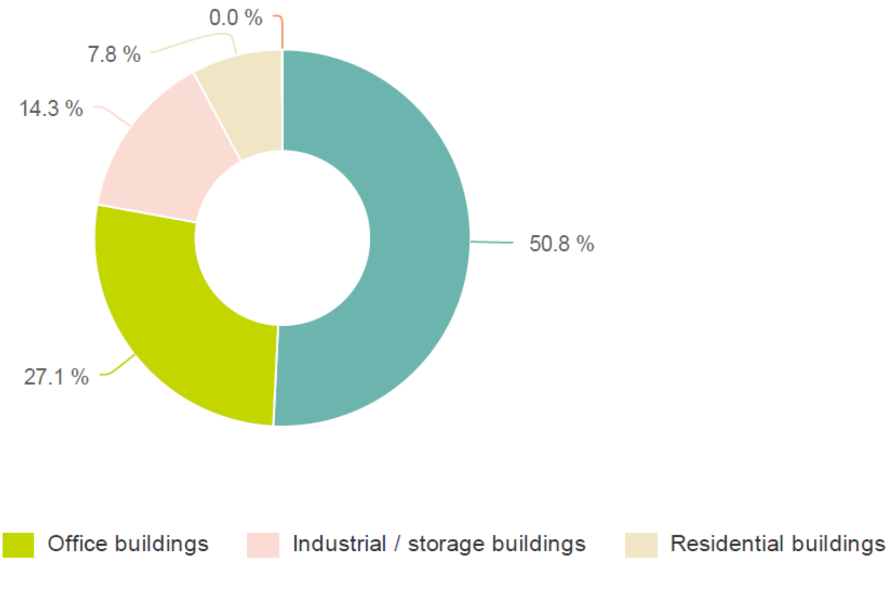
The table illustrates the fair values of Fennia Life's direct real estate investments and real estate funds.

Allocation of real estate investments (million euros)	31.12.2018, investment, market value	31.12.2018, investment, share	31.12.2018, unit-linked investment, market value	31.12.2018, unit-linked investment, share	31.12.2017, investment, market value	31.12.2017, investment, share	31.12.2017, unit-linked investment, market value	31.12.2017, unit-linked investment, share
Direct real estate investments	72,0	88,9 %	0,00	-----	72,5	88,3 %	0,00	-----
Real estate funds	9,0	11,1 %	0,00	-----	9,6	11,7 %	0,00	-----
Total	**81,0**	**100,0 %**	**0,0**	**-----**	**82,1**	**100,0 %**	**0,00**	**-----**

Geographical distribution of direct real estate assets



Distribution of direct real estate assets according to use



The solvency capital requirement for Fennia Life's property risk was EUR 18.0 million (EUR 18.1 million) and the contribution to the market risks' total solvency capital requirement was EUR 14.3 million (EUR 14.4 million). The property risk's share of the market risks' total solvency capital requirement was 13.7 per cent (11.3 %).

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Munkinseudun Kiinteistö Oy	16,1	0,9 %
Kiinteistö Oy Teohypo	12,9	0,7 %
Kiinteistö Oy Sellukatu 5	4,8	0,3 %
Kiinteistö Oy Helsingin Gigahertsi	4,6	0,3 %
Kiinteistö Oy Mikkelin Hallituskatu 1	4,6	0,3 %

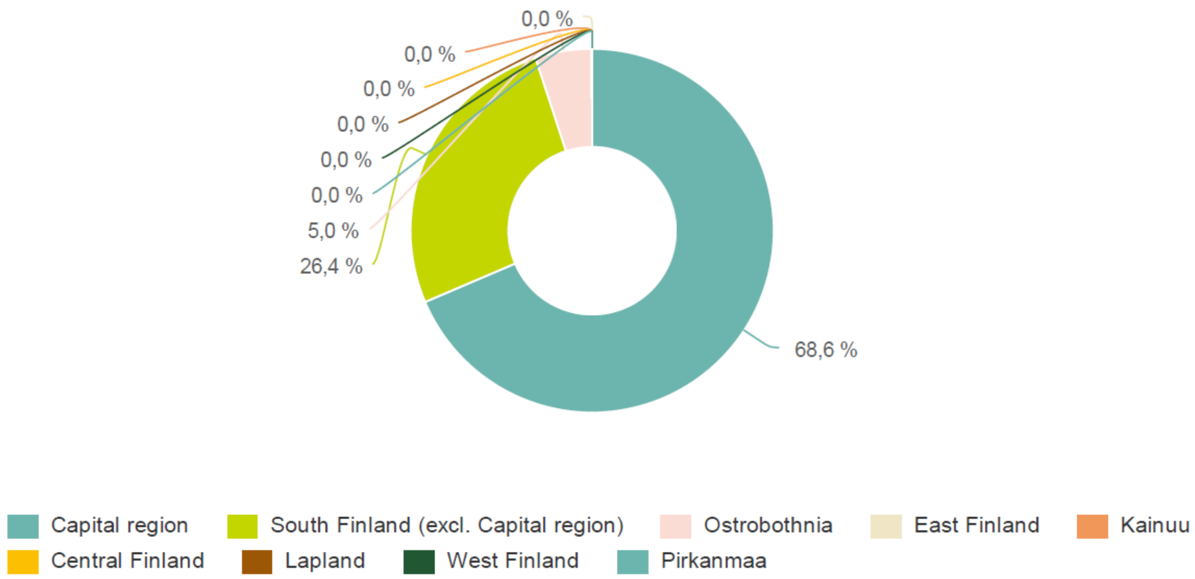
Fennia Non-Life Insurance's property risk

The table illustrates the fair values of Fennia Non-Life Insurance's direct real estate investments and real estate funds (no comparable data for the previous year).

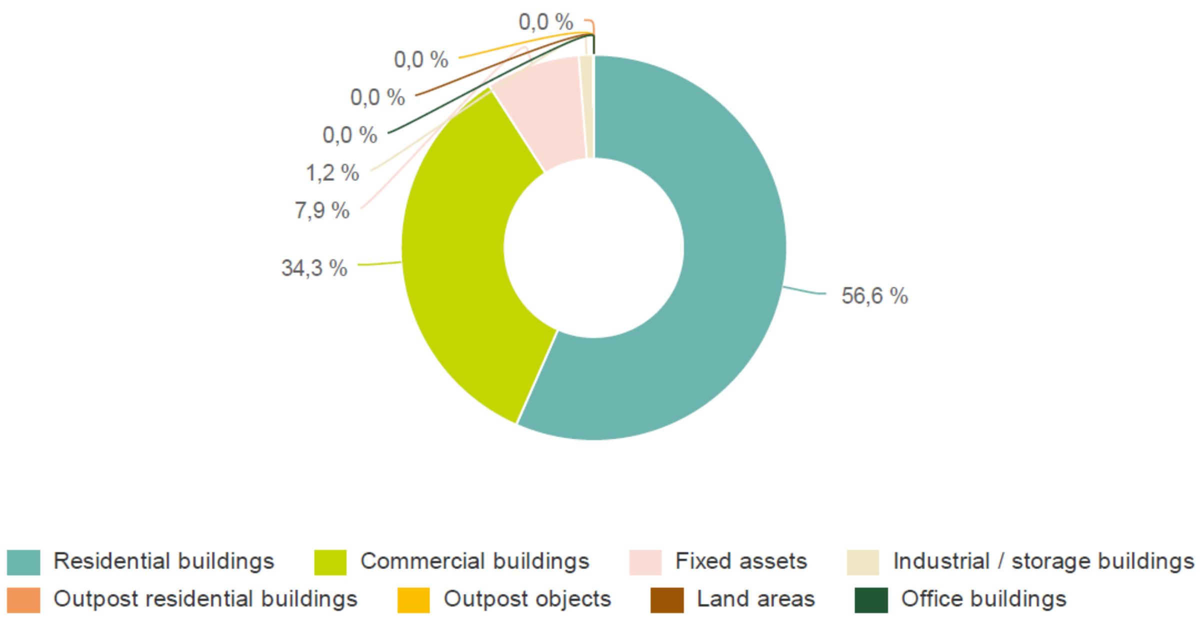
Allocation of real estate investments (million euros)	31.12.2018, market value	31.12.2018, share
Direct real estate investments	6,0	100,0 %
Real estate funds	0,0	0,0 %
Total	**6,0**	**100,0 %**

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

Geographical distribution of direct real estate assets



Distribution of direct real estate assets according to use



The solvency capital requirement for Fennia Non-Life Insurance's property risk was EUR 1.5 million (EUR 1.5 million) and the contribution to the market risks' total solvency capital requirement was EUR 1.1 million (EUR 1.1 million).

The property risk's share of the market risks' total solvency capital requirement was 8.3 per cent (7.5 %).

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Kiinteistö Oy Luna	1,9	0,9 %
Asunto-Osakeyhtiö Antinkatu 17	1,5	0,7 %
Asunto Oy Porvoon Pariomiehentie 3	0,9	0,4 %
Asunto-osakeyhtiö Perustalo 20	0,4	0,2 %
Bostads Ab Ystadsgatan 10 i Ekenäs Asunto Oy	0,3	0,2 %

Risk concentrations

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

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

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Kiinteistö Oy Televisiokatu 1-3	77,9	3,1 %
Federal Republic of Germany	74,2	3,0 %
Hämeenkatu 4, Tampere 10	60,3	2,4 %
Kiinteistö Oy Kyllikinportti 2	47,7	1,9 %
Kauppakeskuskiint. FEA Ky	41,5	1,7 %

The solvency capital requirement for the Fennia Group's concentration risk was EUR 13.2 million (EUR 4.9 million) and the contribution to the market risks' total solvency capital requirement was EUR 0.5 million (EUR 0.05 million). The concentration risk's share of the market risks' total solvency capital requirement was 0.1 per cent (0.01 %).

Fennia's risk concentrations

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Fennia Life Insurance Company Ltd.	254,8	13,9 %
Fennia Mutual Insurance Company	102,0	5,6 %
Fennia Non-Life Insurance Company Ltd	63,1	3,4 %
Hämeenkatu 4, Tampere	60,3	3,3 %
Kiinteistö Oy Televisiokatu 1-3	49,6	2,7 %

The solvency capital requirement for Fennia's concentration risk was EUR 28.0 million (EUR 29.9 million) and the contribution to the market risks' total solvency capital requirement was EUR 2.5 million (EUR 2.3 million). The concentration risk's share of the market risks' total solvency capital requirement was 0.8 per cent (0.6 %).

Fennia Life's risk concentrations

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Federal Republic of Germany	19,2	1,1 %
Munkinseudun Kiinteistö Oy	16,1	0,9 %
Asunto Oy Tampereen Vuoreksen Puistokatu 76	13,6	0,8 %
Kiinteistö Oy Teohypo	12,9	0,7 %
Muzinich & Co., Inc.	9,8	0,5 %

The solvency capital requirement for Fennia Life's concentration risk was EUR 0.0 million (EUR 0.04 million) and the contribution to the market risks' total solvency capital requirement was EUR 0.0 million (EUR 0.0 million). The concentration risk's share of the market risks' total solvency capital requirement was 0.0 per cent (0.0 %).

Fennia Non-Life Insurance's risk concentrations

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

Counterparty (million euros)	Market value 31.12.2018	Per cent of investment
Federal Republic of Germany	19,2	9,3 %
Fortum Corportation	6,4	3,1 %
Cie de Financement Foncier SA	5,6	2,7 %
Belgacom Sa De Droit Public Belgium	5,4	2,6 %
Groupe ADP	5,2	2,5 %

The solvency capital requirement for Fennia Non-Life Insurance's concentration risk was EUR 0.02 million (EUR 0.0 million) and the contribution to the market risks' total solvency capital requirement was EUR 0.00 million (EUR 0.0 million). The concentration risk's share of the market risks' total solvency capital requirement was 0.0 per cent (0.0 %).

Credit risk

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

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

Management of credit risk

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

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

Assessment of credit risk

The solvency capital requirement for the Fennia Group's counterparty risk was EUR 52.7 million (EUR 36.9 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 24.7 million (EUR 15.0 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 4.9 per cent (2.6 %).

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

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

Counterparty 31.12.2018 (million euros)	Open exposure
Nordea Bank Oyj	29,3
OP Cooperative	26,2
Taaleri Plc.	19,8
Svenska Handelsbanken AB	18,5
Evli Bank Plc	15,4

Assessment of Fennia's credit risk

The solvency capital requirement for Fennia's counterparty risk was EUR 31.4 million (EUR 28.1 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 13.8 million (EUR 11.3 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 3.5 per cent (2.4 %).

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

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

Counterparty 31.12.2018 (million euros)	Open exposure
Nordea Bank Plc	10,7
Svenska Handelsbanken AB	10,1
Terrieri Kiinteistöt Ky	10,0
OP Cooperative	8,8
Fennia Avainrahasto Ky	7,9

Assessment of Fennia Life's credit risk

The solvency capital requirement for Fennia Life's counterparty risk was EUR 18.9 million (EUR 10.2 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 8.1 million (EUR 3.7 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 5.8 per cent (2.2 %).

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

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

Counterparty 31.12.2018 (million euros)	Open exposure
Taaleri Plc.	19,8
Evli Bank Plc	15,1
S-Bank Ltd	14,3
Nordea Bank Plc	13,8
OP Cooperative	11,6

Assessment of Fennia Non-Life Insurance's credit risk

The solvency capital requirement for Fennia Non-Life Insurance's counterparty risk was EUR 2.6 million (EUR 1.5 million) and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 1.5 million (EUR 0.8 million). The counterparty risk's share of the solvency capital requirement before loss-absorbing items was 4.5 per cent (2.8 %).

In solvency calculations, the counterparty risk resulted mostly from reinsurance contracts and cash assets and receivables from insurance customers.

The table shows the largest risk concentrations for Fennia Non-Life Insurance's counterparty risk

Counterparty 31.12.2018 (million euros)	Open exposure
Aktia Bank Plc	10,9
OP Cooperative	5,8
Hannover Rueck SE	3,5
Swiss Re Europe S.A.	2,4
SCOR Global P&C SE	1,7

Liquidity risk

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

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

Management of liquidity risk

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

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

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

Assessment of liquidity risk

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

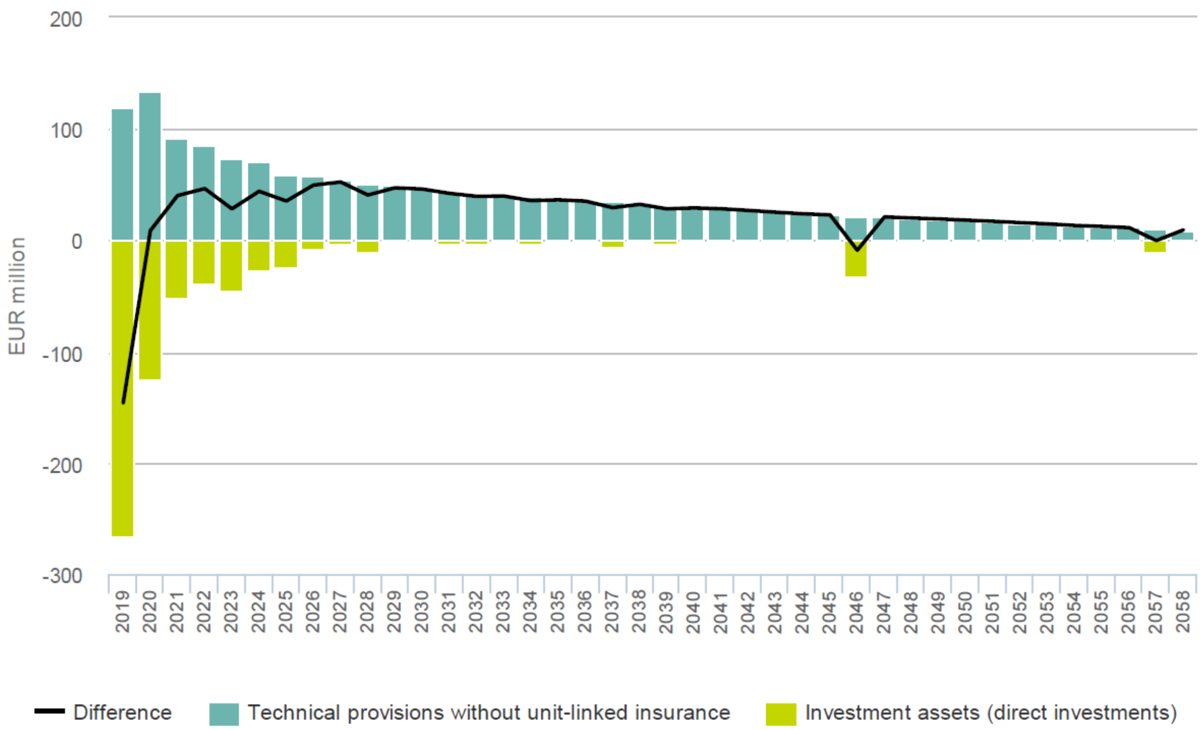
The greatest impact on short-term liquidity risk and the liquidation of investments comes from the amount of illiquid investments in the investment assets and it needs to be evaluated before the funds' look-through approach, i.e. as so-called direct investments. Real estate investments, private equity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

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

The combined market value of illiquid investments in the Fennia Group was EUR 860.5 million (EUR 673.0 million), and their share of the total investment assets' direct investments is 34.3 per cent (27.7 %). Of the remaining investment assets' direct investments, 51.1 per cent (51.2 %) can be liquidated during the same day in normal market conditions, 60.2 per cent (65.9 %) within a week and 65.6 per cent (72.3 %) in less than a month.

Liquidity 31.12.2018 (million euros)	**Interest rate invest-ments**	**Equity invest-ments**	**Prop-erty invest-ments**	**Equity funds**	**Alterna-tive invest-ments**	**Total**	**Share**
Realization during the same day	1 025,9	255,3	0,0	0,0	0,0	1 281,2	**51,1 %**
Realization over 1 day but less than 5 days	228,0	0,7	0,0	0,0	0,0	228,8	**9,1 %**
Realization over 5 days but less than 1 month	125,3	0,3	0,0	0,0	10,9	136,5	**5,4 %**
Realization over 1 month	183,9	65,6	560,5	50,5	0,0	860,5	**34,3 %**
Total	**1 563,1**	**321,9**	**560,5**	**50,5**	**10,9**	**2 507,0**	**100,0 %**

Liquidity 31.12.2017 (million euros)	Interest rate invest-ments	Equity invest-ments	Prop-erty invest-ments	Equity funds	Alterna-tive invest-ments	Total	Share
Realization during the same day	834,4	408,2	0,0	0,0	0,0	1 242,6	**51,2 %**
Realization over 1 day but less than 5 days	356,1	0,5	0,0	0,0	0,0	356,6	**14,7 %**
Realization over 5 days but less than 1 month	108,6	31,8	0,0	0,0	13,2	153,6	**6,3 %**
Realization over 1 month	67,4	5,0	549,0	51,6	0,0	673,0	**27,7 %**
Total	**1 366,4**	**445,5**	**549,0**	**51,6**	**13,2**	**2 425,7**	**100,0 %**



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

Expected profits included in future insurance premiums amounted to EUR 202.5 million (EUR 225.5 million).

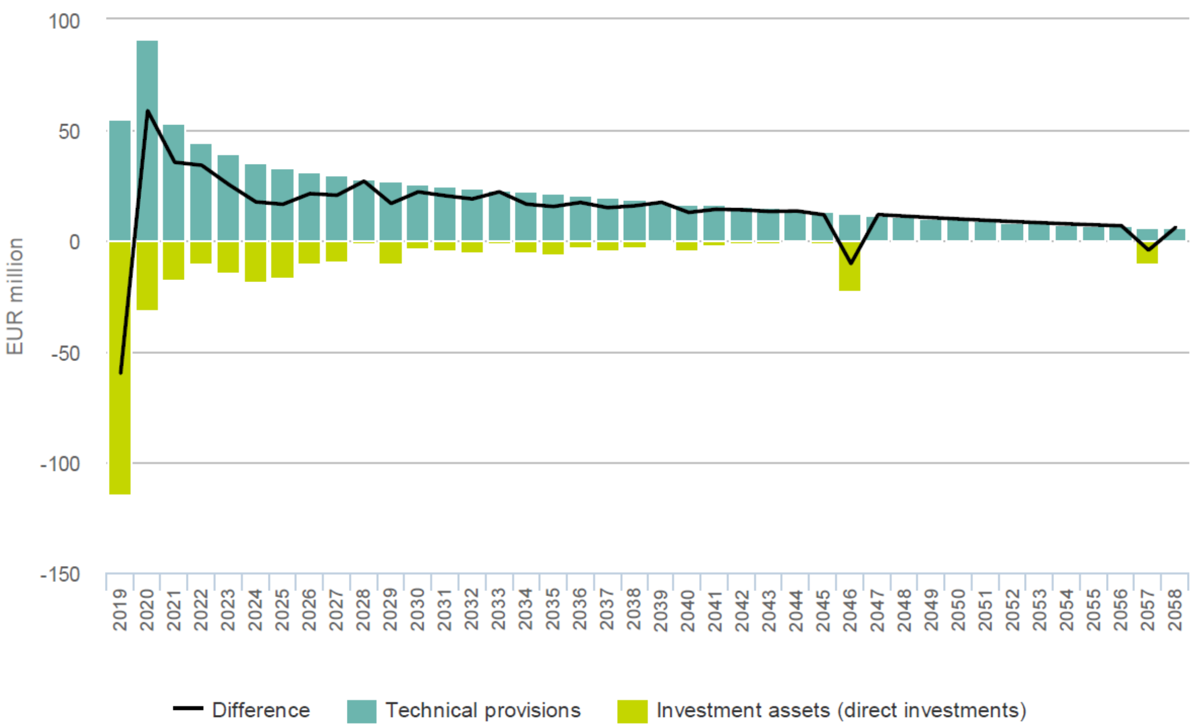
Assessment of Fennia's liquidity risk

The combined market value of illiquid investments at Fennia was EUR 1,005.1 million (EUR 806.0 million), and their share of the total investment assets' direct investments was 54.9 per cent (42.1 %). Of the remaining investment assets' direct investments, 39.5 per cent (48.9 %) can be liquidated during the same day in normal market conditions, 43.8 per cent (55.3 %) within a week and 45.2 per cent (57.9 %) in less than a month.

Liquidity 31.12.2018 (million euros)	Interest rate invest-ments	Equity invest-ments	Prop-erty invest-ments	Equity funds	Alterna-tive invest-ments	Total	Share
Realization during the same day	546,4	176,0	0,0	0,0	0,0	722,4	**39,5 %**
Realization over 1 day but less than 5 days	78,0	0,5	0,0	0,0	0,0	78,4	**4,3 %**
Realization over 5 days but less than 1 month	13,9	0,0	0,0	0,0	10,9	24,8	**1,4 %**
Realization over 1 month	261,6	367,6	340,3	35,6	0,0	1 005,1	**54,9 %**
Total	**899,8**	**544,1**	**340,3**	**35,6**	**10,9**	**1 830,8**	**100,0 %**

Liquidity 31.12.2017 (million euros)	Interest rate invest-ments	Equity invest-ments	Prop-erty invest-ments	Equity funds	Alterna-tive invest-ments	Total	Share
Realization during the same day	653,3	281,8	0,0	0,0	0,0	935,1	**48,9 %**
Realization over 1 day but less than 5 days	122,5	0,5	0,0	0,0	0,0	123,0	**6,4 %**
Realization over 5 days but less than 1 month	21,9	14,4	0,0	0,0	13,2	49,5	**2,6 %**
Realization over 1 month	177,2	275,5	323,4	29,9	0,0	806,0	**42,1 %**
Total	**974,9**	**572,2**	**323,4**	**29,9**	**13,2**	**1 913,6**	**100,0 %**

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



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

Expected profits included in future insurance premiums amounted to EUR 98.2 million (EUR 103.1 million).

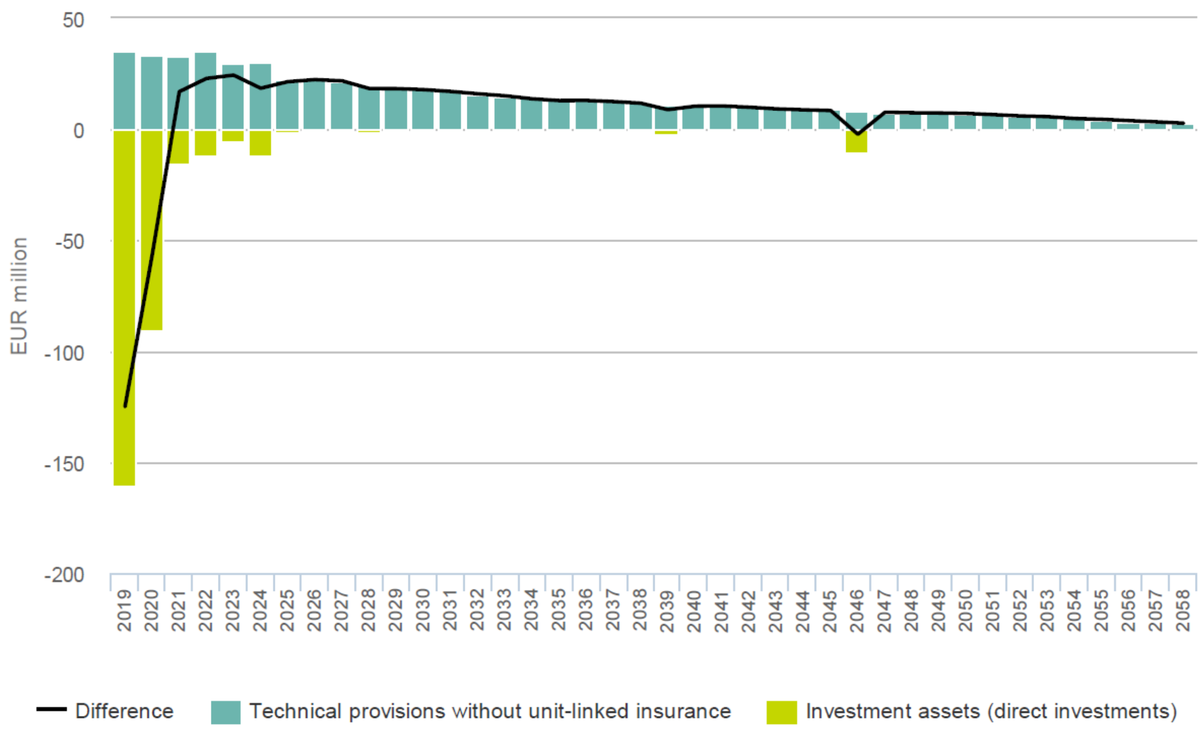
Assessment of Fennia Life's liquidity risk

The combined market value of illiquid investments at Fennia Life was EUR 143.1 million (EUR 136.1 million), and their share of the total investment assets' direct investments was 18.6 per cent (17.7 %). Of the remaining investment assets' direct investments, 56.1 per cent (49.9 %) can be liquidated during the same day in normal market conditions, 79.3 per cent (80.4 %) within a week and 81.4 per cent (82.3 %) in less than a month.

Liquidity 31.12.2018 (million euros)	**Interest rate invest-ments**	**Equity invest-ments**	**Prop-erty invest-ments**	**Equity funds**	**Alterna-tive invest-ments**	**Total**	**Share**
Realization during the same day	365,2	67,2	0,0	0,0	0,0	432,4	**56,1 %**
Realization over 1 day but less than 5 days	178,5	0,2	0,0	0,0	0,0	178,7	**23,2 %**
Realization over 5 days but less than 1 month	15,8	0,3	0,0	0,0	0,0	16,1	**2,1 %**
Realization over 1 month	37,1	10,1	81,0	14,8	0,0	143,1	**18,6 %**
Total	**596,7**	**77,8**	**81,0**	**14,8**	**0,0**	**770,3**	**100,0 %**

Liquidity 31.12.2017 (million euros)	**Interest rate invest-ments**	**Equity invest-ments**	**Prop-erty invest-ments**	**Equity funds**	**Alterna-tive invest-ments**	**Total**	**Share**
Realization during the same day	275,2	108,3	0,0	0,0	0,0	383,5	**49,9 %**
Realization over 1 day but less than 5 days	233,6	0,1	0,0	0,0	0,0	233,6	**30,4 %**
Realization over 5 days but less than 1 month	10,5	4,2	0,0	0,0	0,0	14,7	**1,9 %**
Realization over 1 month	20,8	11,6	82,1	21,6	0,0	136,1	**17,7 %**
Total	**540,1**	**124,2**	**82,1**	**21,6**	**0,0**	**768,0**	**100,0 %**

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



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

Expected profits included in future insurance premiums amounted to EUR 105.6 million (EUR 122.4 million).

Assessment of Fennia Non-Life Insurance's liquidity risk

The combined market value of illiquid investments at Fennia Non-Life Insurance was EUR 6.1 million, and their share of the total investment assets' direct investments was 2.9 per cent. Of the remaining investment assets' direct investments, 82.2 per cent can be liquidated during the same day in normal market conditions, 90.9 per cent within a week and 97.1 per cent in less than a month. There is no comparable data for the previous year.

Liquidity 31.12.2018 (million euros)	**Interest rate investments**	**Equity investments**	**Property investments**	**Equity funds**	**Alternative investments**	**Total**	**Share**
Realization during the same day	149,9	19,6	0,0	0,0	0,0	169,5	**82,2 %**
Realization over 1 day but less than 5 days	18,0	0,0	0,0	0,0	0,0	18,0	**8,7 %**
Realization over 5 days but less than 1 month	12,7	0,0	0,0	0,0	0,0	12,7	**6,2 %**
Realization over 1 month	0,0	0,0	6,0	0,0	0,0	6,1	**2,9 %**
Total	**180,6**	**19,6**	**6,0**	**0,0**	**0,0**	**206,3**	**100,0 %**

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

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

Expected profits/losses included in future insurance premiums amounted to EUR –1.2 million (EUR 0.01 million).

Operational risk

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

The objective of managing operational risks at Fennia Group is to:

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

Management of operational risks

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

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

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

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

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

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

Assessment of operational risks

The solvency capital requirement for the Fennia Group's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 31.7 million (EUR 28.4 million). Its share of the solvency capital requirement before loss-absorbing items was 6.3 per cent (4.8 %).

In 2018, operational risk management was improved in the Group by, for example, developing data protection processes, updating contingency plans and holding continuity drills and further developing the reporting of operational risks.

Assessment of Fennia's operational risks

The solvency capital requirement for Fennia's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 23.9 million (EUR 24.6 million). Its share of the solvency capital requirement before loss- absorbing items was 6.1 per cent (5.3 %).

Fennia's most significant operational risks were related to, for example, competence and key personnel, changes caused by digitalisation, the functioning and integration of key information and telecom systems, data protection, the operations of partners, the implementation of regulation and the quality and scheduling of reporting.

Assessment of Fennia Life's operational risks

The solvency capital requirement for Fennia Life's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 4.0 million (EUR 3.8 million). Its share of the solvency capital requirement before loss-absorbing items was 2.8 per cent (2.2 %).

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

Assessment of Fennia Non-Life Insurance's operational risks

The solvency capital requirement for Fennia Non-Life Insurance's operational risks and the contribution to the total solvency capital requirement before loss-absorbing items was EUR 3.9 million (EUR 2.3 million). Its share of the solvency capital requirement before loss-absorbing items was 11.4 per cent (7.8 %).

Fennia Non-Life Insurance's most significant operational risks were related to, for example, the implementation of regulation, the functioning of key information and telecom systems, data protection, key personnel, changes caused by digitalisation, the operations of partners and the quality and scheduling of reporting.

Other material risks

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

Risks linked to strategy and business environment

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

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

Additional capital acquisition risk

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

Reputation risk

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

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

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

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

Group risks

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

The following types of risks are some examples:

- Transaction risks relate to intra-Group transactions, for example appropriate pricing.
- Contagion risks include situations in which the problems faced or the risks taken by one company spread to the other Group companies or to the whole Group. This area also includes moral hazard risks, referring to situations in which a risk intentionally and immorally taken by one company and the resulting loss are

transferred to be borne by the parent company or other companies either in part or in full.
- Conflict of interest risks arise if the interests of some Group companies or those of the entire Group collide.
- Concentration risks arise if a single counterparty becomes too significant on the Group level, even though the risk remains within the permitted limits for single companies.
- Risks related to administration can result from the fact that some of the operations are organised on the Group level and some on the level of individual companies. The differences in the companies' administrative systems can lead to co-ordination challenges and additional risks.

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

Any other information

There is no other material information about Fennia Group's, Fennia's, Fennia Life's or Fennia Non-Life Insurance's risk profile.

Valuation for solvency purposes

Valuation for solvency purposes

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

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

Assets

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

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

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

Investments (EUR million)	31.12.2018, Solvency II value	31.12.2018, Statutory accounts value	31.12.2018, Difference	31.12.2017, Solvency II value	31.12.2017, Statutory accounts value	31.12.2017, Difference
Property, plant & equipment held for own use	44,9	9,8	35,1	43,7	8,6	35,0
Property (other than for own use)	459,8	372,2	87,5	441,2	362,0	79,2
Equities	253,1	199,1	54,0	261,5	210,3	51,1
Holdings in related undertakings, including participations	15,5	2,1	13,4	3,6	2,1	1,5
Bonds	581,1	564,4	16,7	492,6	488,4	4,2
Collective investments undertakings	969,0	937,8	31,2	1 005,1	962,6	42,4
Loans	51,7	64,4	-12,7	67,4	71,8	-4,4
Cash	126,0	133,4	-7,3	106,3	110,9	-4,6
Deposits other than cash equivalents	1,2	1,2	0,0	1,0	1,0	0,0
Derivatives	5,7	0,0	5,7	3,9	0,0	3,9
Total investment	**2 508,0**	**2 284,4**	**223,6**	**2 426,1**	**2 217,8**	**208,4**

Fennia's assets

Investments (EUR million)	31.12.2018, Solvency II value	31.12.2018, Statutory accounts value	31.12.2018, Difference	31.12.2017, Solvency II value	31.12.2017, Statutory accounts value	31.12.2017, Difference
Property, plant & equipment held for own use	26,1	9,0	14,9	22,8	8,0	14,9
Property (other than for own use)	267,5	180,4	83,5	245,9	162,4	83,5
Equities	175,3	138,3	31,5	173,1	141,6	31,5
Holdings in related undertakings, including participations	327,5	174,5	215,9	269,1	53,2	215,9
Bonds	133,5	132,9	-0,7	193,3	194,0	-0,7
Collective investments undertakings	701,6	679,6	32,0	764,6	732,6	32,0
Loans	154,3	175,5	-11,7	177,2	188,9	-11,7
Cash	44,7	44,7	0,0	64,4	64,4	0,0
Deposits other than cash equivalents	1,1	1,1	0,0	1,0	1,0	0,0
Derivatives	0,0	0,0	2,3	2,3	0,0	2,3
Total investment	**1 831,6**	**1 536,0**	**367,8**	**1 913,7**	**1 546,1**	**367,7**

Fennia Life's assets

Investments (EUR million)	31.12.2018, Solvency II value	31.12.2018, Statutory accounts value	31.12.2018, Difference	31.12.2017, Solvency II value	31.12.2017, Statutory accounts value	31.12.2017, Difference
Property, plant & equipment held for own use	0,3	0,6	-0,3	0,6	0,6	0,0
Property (other than for own use)	71,7	60,5	11,2	71,9	60,8	11,1
Equities	77,8	62,9	14,9	88,4	70,8	17,6
Holdings in related undertakings, including participations	0,0	0,0	0,0	3,4	3,4	0,0
Bonds	286,0	282,8	3,2	299,3	294,4	4,8
Collective investments undertakings	247,8	239,9	7,8	240,5	230,1	10,4
Loans	18,9	19,7	-0,8	20,8	20,6	0,2
Cash	62,4	62,4	0,0	41,9	41,9	0,0
Deposits other than cash equivalents	0,0	0,0	0,0	0,0	0,0	0,0
Derivatives	5,7	0,0	5,7	1,7	0,0	1,7
Total investment	**770,6**	**728,8**	**41,8**	**768,4**	**722,6**	**45,8**

Fennia Non-Life Insurance's assets

Investments (EUR million)	31.12.2018, Solvency II value	31.12.2018, Statutory accounts value	31.12.2018, Difference	31.12.2017, Solvency II value	31.12.2017, Statutory accounts value	31.12.2017, Difference
Property, plant & equipment held for own use	1,2	1,0	0,2	1,3	1,1	0,2
Property (other than for own use)	4,8	3,0	1,8	4,7	3,0	1,6
Equities	0,0	0,0	0,0	0,0	0,0	0,0
Holdings in related undertakings, including participations	0,0	0,0	0,0	0,0	0,0	0,0
Bonds	161,7	148,7	13,0	166,1	150,3	15,8
Collective investments undertakings	19,7	18,3	1,4	20,2	18,2	2,0
Loans	0,0	0,0	0,0	0,0	0,0	0,0
Cash	18,9	18,9	0,0	19,5	19,5	0,0
Deposits other than cash equivalents	0,1	0,1	0,0	0,1	0,1	0,0
Derivatives	0,0	0,0	0,0	0,0	0,0	0,0
Total investment	**206,3**	**189,9**	**16,4**	**211,8**	**192,1**	**19,7**

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

Intangible and tangible assets

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

Land and buldings and real estate shares

Buildings and structures are presented in the closing balance sheet at the lower of acquisition cost less the planned depreciation or current value. Real estate shares and land and water areas are presented in the balance sheet at the lower of acquisition cost or current value. The same fair values are used in the financial statements as in the solvency calculation, and the fair values are presented in the notes to the financial statements.

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

Shares and participations

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

Quoted securities and securities that are otherwise subject to public trading are valued at the last bid price in continuous trading on the balance sheet date or, if this is not available, at the latest trading price.

Unlisted securities are valued at the estimated market price, the undepreciated portion of acquisition cost or a value based on net asset value. Private equity investment fund shares are valued at the estimated fair value of the fund reported by the administrative company.

Bonds

Bonds are entered in the closing balance sheet at acquisition cost. The acquisition cost is calculated using the average price. The difference between their nominal value and acquisition cost is periodised as interest income, or interest payable, over the life of the debt security instrument, and entered as an increase or decrease in their acquisition cost. Changes in value arising from the variation in interest rates are not entered. Value adjustments relating to the issuer's creditworthiness are entered at profit or loss. In solvency calculation, bonds are valued at fair value. The fair values are presented in the notes to the financial statements.

Derivatives

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

When employing hedge accounting, the negative change in the value of derivatives is not entered as an expense insofar as it is covered by the change in the value of the position being hedged, and provided that the hedging is effective. However, if the negative change in the value of the hedging interest rate derivatives is greater than the positive change in the value of the market-consistent technical provisions to be hedged, the excess value is entered under value adjustments on investments.

The interest for the financial period from the interest rate derivatives is entered as income or expenses for the financial year based on the contract. Profit or loss arising in connection with the closing of interest rate derivatives treated as hedging instruments in accounting are periodised over the life of each derivative contract.

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

Loan receivables

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

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

Funds and deposits

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

Premium receivables and other receivables

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

Assets covering unit-linked insurances

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

Material differences in valuation principles

There are no material differences in the valuation methods used in the solvency calculation and in the drawing up of the financial statements, with the exception of the following holdings.

- In solvency calculation, transferred interest linked to investments is included in the fair value of the asset in question. In the closing balance sheet, the transferred interest of investments is included in the receivables group.
- In the financial statements, client loans are valued at their nominal value. In solvency calculation, the loans are valued on market terms.

Technical provisions

In solvency calculation, the best estimate of the technical provisions calculated from insurance contracts is the expected current value of future cash flows related to the current insurance portfolio. The future cash flows of insurance contracts are discounted using the swap zero-coupon rate curve confirmed by the European Insurance and Occupational Pensions Authority (EIOPA). The technical provisions are the sum of the best estimate and risk margin. The risk margin is calculated using the so- called cost of capital method, using a cost of capital assumption of 6 per cent.

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

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

The Fennia Group's technical provisions according to the financial statements totalled EUR 3,270.9 million (EUR 3,102.3 million) and technical provisions according to solvency calculation amounted to EUR 2,519.9 million (EUR 2,366.3 million).

The technical provisions in ceded reinsurance in the financial statements totalled EUR 14.9 million (EUR 28.9 million) and in solvency calculation EUR 8.2 million (EUR 21.0 million).

Fennia's technical provisions

The financial statement technical provisions consisted of the provision for unearned premiums of EUR 126.9 (EUR 126.6 million), claims outstanding of EUR 988.1 million (EUR 1,023.6 million), and the equalisation provision of EUR 336.3 million (EUR 311.8 million), totalling EUR 1,451.2 million (EUR 1,461.7 million).

The technical provisions according to solvency calculation amounted to EUR 849.0 million (EUR 873.0 million), of which the share of the best estimate was EUR 795.2 million (EUR 819.0 million) and the risk margin amounted to EUR 53.8 million (EUR 53.9 million). Of the best estimate, the share of the provision for unearned premiums was EUR −52.5 million (EUR −54.4 million) and claims outstanding were EUR 795.2 million (EUR 873.5 million).

The technical provisions in ceded reinsurance in the financial statements totalled EUR 5.7 million (EUR 28.9 million) and in solvency calculation EUR 5.2 million (EUR 27.4 million).

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

Line of business (million euros)	31.12.2018, Best estimate	31.12.2018, Risk margin	31.12.2018, Technical provisions	31.12.2017, Best estimate	31.12.2017, Risk margin	31.12.2017, Technical provisions
Medical expense insurance and proportional reinsurance	18,3	2,9	21,2	23,3	6,1	29,4
Income protection insurance and proportional reinsurance	1,5	0,7	2,2	1,6	0,8	2,4
Workers' compensation insurance and proportional reinsurance	14,2	8,6	22,8	-1,0	7,7	6,7
Motor vehicle liability insurance and proportional reinsurance	16,6	4,9	21,5	13,5	4,7	18,3
Other motor insurance and proportional reinsurance	22,4	4,5	27,0	19,0	4,1	23,1
Marine, aviation and transport insurance and proportional reinsurance	1,3	1,2	2,5	1,4	1,2	2,6
Fire and other damage to property insurance and proportional reinsurance	16,9	5,4	22,3	45,6	5,6	51,2
General liability insurance and proportional reinsurance	29,3	3,5	32,8	40,3	3,7	44,0
Credit and suretyship insurance and proportional reinsurance	3,8	0,5	4,4	0,0	0,1	0,1
Legal expenses insurance and proportional reinsurance	14,9	1,4	16,3	14,3	1,2	15,5
Assistance and proportional reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Miscellaneous financial loss insurance and proportional reinsurance	0,1	0,6	0,8	-0,9	0,5	-0,3
Non-proportional health reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Non-proportional casualty reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Non-proportional marine, aviation and transport reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Non-proportional property reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	398,9	12,9	411,8	403,6	12,0	415,5
Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	256,9	6,7	263,5	258,3	6,2	264,5
Total	**795,2**	**53,8**	**849,0**	**819,0**	**53,9**	**873,0**

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

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

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

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

- The technical provisions calculated in the financial statements are only discounted on the part of known pension- related compensation. The interest rate is a fixed 1.5 per cent.
- In financial statements, the collective determination method is based on the traditional chain-ladder method calculated from loss triangles.

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

- Due to the determination difference, the provision for unearned premiums in the financial statements amounted to EUR 127 million, and in the solvency calculation to negative EUR 68 million.

- EUR 17 million in workers' compensation insurance pension capitals' subrogation receivables are not offset from the technical provisions in the financial statements but are offset in solvency calculation.
- The technical provisions for fully experience-rated patient insurance amounted to EUR 41 million in the financial statements, but in determining the solvency calculation technical provisions, indemnification and insurance premiums linked to this component of the technical provision offset each other in practice.
- There are differences in the concepts related to the expiry of contracts.
- There are differences in the calculation of margins.

Fennia Life's technical provisions

The technical provisions in accordance with the financial statements amounted to EUR 1,629.6 million (EUR 1,640.6 million). They consisted of, on the part of savings-type insurance, insurance savings of EUR 1,499.2 million (EUR 1,498.9 million,) and the supplementary provision for the guaranteed interest rate of EUR 114.7 million (EUR 125.1 million), altogether EUR 1,613.9 million (EUR 1,624.0 million). The share of unit-linked technical provisions amounted to EUR 1,027.0 million (EUR 1,017.8 million). Technical provisions for risk life insurance and other technical provisions amounted to EUR 15.6 million (EUR 16.6 million).

The technical provisions in accordance with the solvency calculation amounted to EUR 1,529.4 million (EUR 1,493.4 million). The technical provisions for savings-type insurance consisted of the best estimate, EUR 1,557.2 (EUR 1,534.5 million), and the risk margin, EUR 19.4 million (EUR 24.5 million), altogether EUR 1,576.6 million (EUR 1,559.0 million). The share of unit-linked technical provisions amounted to EUR 1,010.6 million (EUR 987.2 million). Technical provisions for risk life insurance amounted to −47.2 million (EUR −65.6 million).

The technical provisions in ceded reinsurance in the financial statements totalled EUR 0.0 million (EUR 0.0 million) and in solvency calculation EUR −3.9 million (EUR −6.4 million).

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

Line of business (million euros)	31.12.2018, Best estimate	31.12.2018, Risk margin	31.12.2018, Technical provisions	31.12.2017, Best estimate	31.12.2017, Risk margin	31.12.2017, Technical provisions
Savings insurance						
Technical interest rate	44,3	0,4	44,7	46,8	0,2	47,0
Unit-linked	655,6	4,3	659,9	644,4	6,2	650,6
Capital redemption policy						
Technical interest rate	7,2	0,0	7,2	7,5	0,0	7,5
Unit-linked	106,2	0,5	106,7	86,6	0,5	87,1
Individual pension insurance						
Technical interest rate	240,1	2,0	242,0	247,7	2,2	249,9
Unit-linked	107,7	1,5	109,2	115,0	2,0	117,0
Group pension insurance						
Technical interest rate	266,1	6,0	272,1	260,4	6,9	267,3
Unit-linked	130,0	4,8	134,8	125,9	6,4	132,3
Life risk insurance	-60,7	13,5	-47,2	-87,9	22,3	-65,6
Total	**1 496,5**	**32,9**	**1 529,4**	**1 446,4**	**46,7**	**1 493,1**
Technical interest rate	557,7	8,4	566,1	562,5	9,3	571,8
Unit-linked	999,5	11,1	1010,6	972,0	15,2	987,2
Life risk insurance	-60,7	13,5	-47,2	-87,9	22,3	-65,6
Total	**1 496,5**	**32,9**	**1 529,4**	**1 446,6**	**46,8**	**1 493,4**

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

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

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

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

- The amount of the guaranteed-return insurance portfolio's technical provisions, in accordance with solvency calculation, is particularly sensitive to the level of yield curve used in discounting. The low interest rate level on the markets has led to the technical provisions under solvency calculation exceeding the amount of insurance savings in recent years. In the financial statements' calculation of the technical provisions, the low interest rate level has been taken into account by carrying out transfers to the supplementary provision for the guaranteed interest rate in previous years, to be used to cover the future technical rate of interest.

- The markets' interest rate level has had a lower impact on the amount of unit-linked insurances' technical provisions in accordance with solvency calculation. For unit-linked insurances, assumptions on surrenders and operating expenses have a larger impact on technical provisions under solvency calculation than the interest rate level.
- For risk insurance, the financial statements' technical provisions consisted of the provision for unearned premiums, the provision for claims outstanding for known and unknown claims and the provisions for bonuses, in total EUR 12.4 million. The technical provisions according to solvency calculation for risk insurance were negative, altogether EUR – 47.2 million because future premiums are expected to exceed the amount of operating expenses required to manage future claims and insurance. This effect is also seen in ceded reinsurance, whose value in assets was negative. The amounts are particularly sensitive to the assumption that risk insurance will end.

Fennia Non-Life Insurance's technical provisions

The financial statement technical provisions consisted of the provision for unearned premiums of EUR 29.8 (EUR 27.9 million), claims outstanding of EUR 124.1 million (EUR 116.4 million), and the equalisation provision of EUR 36.2 million (EUR 44.9 million), totalling EUR 190.1 million (EUR 189.2 million).

The technical provisions according to solvency calculation amounted to EUR 141.5 million (EUR 129.8 million), of which the share of the best estimate was EUR 130.0 million (EUR 122.3 million) and the risk margin amounted to EUR 11.5 million (EUR 7.6 million). Of the best estimate, the share of the provision for unearned premiums was EUR 13.9 million (EUR 13.6 million) and claims outstanding were EUR 116.2 million (EUR 108.7 million).

The technical provisions in ceded reinsurance in the financial statements totalled EUR 9.2 million (EUR 7.9 million) and in solvency calculation EUR 6.9 million (EUR 7.5 million).

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

Line of business (million euros)	31.12.2018, Best estimate	31.12.2018, Risk margin	31.12.2018, Technical provisions	31.12.2017, Best estimate	31.12.2017, Risk margin	31.12.2017, Technical provisions
Medical expense insurance and proportional reinsurance	4,4	0,8	5,3	4,5	0,2	4,7
Income protection insurance and proportional reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Workers' compensation insurance and proportional reinsurance	6,7	1,9	8,6	7,1	1,2	8,3
Motor vehicle liability insurance and proportional reinsurance	17,6	2,1	19,7	17,3	2,4	19,7
Other motor insurance and proportional reinsurance	8,2	1,2	9,3	7,4	0,4	7,8
Marine, aviation and transport insurance and proportional reinsurance	1,3	0,3	1,6	1,1	0,1	1,2
Fire and other damage to property insurance and proportional reinsurance	11,8	1,8	13,6	11,2	0,4	11,6
General liability insurance and proportional reinsurance	7,8	0,9	8,8	3,0	0,2	3,2
Credit and suretyship insurance and proportional reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Legal expenses insurance and proportional reinsurance	1,9	0,2	2,1	1,9	0,1	2,0
Assistance and proportional reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Miscellaneous financial loss insurance and proportional reinsurance	0,1	0,1	0,1	0,1	0,0	0,1
Non-proportional health reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Non-proportional casualty reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Non-proportional marine, aviation and transport reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Non-proportional property reinsurance	0,0	0,0	0,0	0,0	0,0	0,0
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	41,5	1,4	42,9	39,9	1,6	41,5
Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	28,7	0,8	29,5	28,8	0,9	29,7
Total	**130,0**	**11,5**	**141,5**	**122,3**	**7,6**	**129,8**

The cash flows used in the calculation of the best estimate for the technical provisions in solvency calculation are point estimates, based on the adjusted financial statement estimate of the claims outstanding using the latest data on the settlement factors. The settlement factors are based on line-specific information on reporting and processing delays derived from Fennia Non-Life Insurance's documentation or on settlement probabilities based on research carried out in the insurance sector.

Depending on the financial statement technical provisions, the estimates are calculated either line-specifically or at the claims level.

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

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

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

- The technical provisions calculated in the financial statements are only discounted on the part of known pension- related compensation. The interest rate is a fixed 1.5 per cent.
- In the collective calculation of the provision for unearned premiums, an expert assessment has been used in the calculation of future compensation cash flow, the claims cash flow is based on the claims provision settlement factors and, in deviation from the financial statements, the cash flow for future premiums is not zero.
- Compensation payments and insurance premiums linked to the component of the technical provision of the fully experience-rated patient insurance offset each other in practice. Despite this, this item was included in the 2018 calculation due to the related risk profile effects.
- There are differences in the calculation of margins.

Matching adjustment, volatility adjustment and transitional measures

In determining the Fennia Group's, Fennia's, Fennia Life's and Fennia Non-Life Insurance's technical provisions, matching adjustment, volatility adjustment and transitional measures were not used.

Other liabilities

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

Alternative methods for valuation

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

Any other information

There is no other material information about valuation for solvency purposes in the Fennia Group, Fennia, Fennia Life or Fennia Non-Life Insurance.

Capital management

Own funds

Objectives, policies and processes of managing own funds

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

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

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

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

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

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

The management of own funds and solvency is part of the risk management system. The managing director and senior management are responsible for drawing up a risk-taking plan and setting solvency targets. The risk management director is responsible for ensuring that comprehensive and varied analyses on risks, future scenarios and financial impacts resulting from the realisation of risk positions are available for drawing up risk-taking plans and solvency targets. The board of directors approves the risk-taking plans and the set risk limits.

Classification and eligibility of own funds

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

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

Available own funds (million euros)	**31.12.2018**	**31.12.2017**
Basic own funds		
Excess of assets over liabilities (net asset value)	909,0	980,0
Foreseeable dividends, distributions and charges	0,0	0,0
Subordinated liabilities	0,0	0,0
Other non-available own funds	69,2	0,0
Total	**839,8**	**980,0**
Ancillary own funds	0,0	0,0
Own funds (Basic own funds + Ancillary own funds)	**839,8**	**980,0**

The insurance companies belonging to the Fennia Group have their own asset items, which have a reduced capacity to fully dilute losses at the Group level. The most significant of these is the equalisation provision, which cannot be transferred to other companies due to restrictions. At the end of the reporting period, the above-mentioned items exceeded their calculated maximum amounts by altogether EUR 69.2 million (EUR 0.0 million). Fennia's and Fennia Non-Life Insurance's own funds were not fully available at the Group level at the end of the reporting period.

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

Classification and eligibility of own funds 31.12.2018 (million euros)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	839,8	839,8	835,6
Tier 1 - restricted	0,0	0,0	0,0
Tier 2	0,0	0,0	0,0
Tier 3	0,0	0,0	0,0
Total	**839,8**	**839,8**	**835,6**

Classification and eligibility of own funds 31.12.2017 (million euros)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	980,0	980,0	976,8
Tier 1 - restricted	0,0	0,0	0,0
Tier 2	0,0	0,0	0,0
Tier 3	0,0	0,0	0,0
Total	**980,0**	**980,0**	**976,8**

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

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

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

The difference between the financial statements' capital and reserves and solvency calculations' net asset value at the end of the reporting period was EUR 601.7 million (EUR 641.3 million). The tables below provide a balance sheet summary that shows the key differences between the financial statements and the solvency calculation at the end of the reporting period and the previous reporting period.

31.12.2018 (million euros) Assets	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0,0	75,0	-75,0
Intangible assets	0,0	63,5	-63,5
Investments	2 508,0	2 284,4	223,6
Assets held for index-linked and unit-linked contracts	1 027,4	1 027,4	0,0
Reinsurance recoverables	8,2	14,9	-6,7
Provision rebates from funds covering unit-linked contracts	25,1	0,0	25,1
Any other assets, not elsewhere shown	96,9	189,9	-93,0
Total assets	3 665,6	3 655,1	10,5
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	2 519,9	2 898,4	-378,5
Equalisation reserve	0,0	372,5	-372,5
Derivative liabilities	1,1	1,1	0,0
Deferred tax liabilities	172,7	9,9	162,8
Any other liabilities, not elsewhere shown	63,0	66,0	-3,0
Total liabilities	2 756,6	3 347,8	-591,2
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	909,0	307,3	601,7

31.12.2017 (million euros) Assets	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0,0	1,7	-1,7
Intangible assets	0,0	58,5	-58,5
Investments	2 426,1	2 217,8	208,4
Assets held for index-linked and unit-linked contracts	1 018,1	1 018,1	0,0
Reinsurance recoverables	21,0	28,9	-7,9
Provision rebates from funds covering unit-linked contracts	25,1	0,0	25,1
Any other assets, not elsewhere shown	94,3	175,2	-81,0
Total assets	3 584,6	3 500,2	84,4
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	2 366,3	2 790,5	-424,2
Equalisation reserve	0,0	311,8	-311,8
Derivative liabilities	0,4	0,1	0,3
Deferred tax liabilities	188,9	7,4	181,5
Any other liabilities, not elsewhere shown	49,0	51,7	-2,7
Total liabilities	2 604,7	3 161,5	-556,9
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	980,0	338,7	641,3

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

- Goodwill and intangible assets are reset in the solvency calculation balance sheet.

- In the financial statements, specific investments are valued at their acquisition price, revalued or impaired acquisition cost, nominal value or otherwise abiding by the prudent person principle, while in the solvency calculation balance sheet, investments are valued at market value or market-consistent value.
- In the closing balance sheet, the reinsurance receivables are valued using the principle of prudence and without discounting, while in the solvency calculation balance sheet, receivables are valued at market terms, taking into account the insurance liabilities covered by the contract boundary.
- The expected provision rebates from the funds covering unit-linked contracts are activated in the solvency calculation balance sheet.

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

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

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

Fennia's own funds

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

Available own funds (million euros)	**31.12.2018**	**31.12.2017**
Basic own funds		
Excess of assets over liabilities (net asset value)	876,7	953,7
Foreseeable dividends, distributions and charges	0,0	0,0
Subordinated liabilities	0,0	0,0
Total	876,7	953,7
Ancillary own funds	0,0	0,0
Own funds (Basic own funds + Ancillary own funds)	876,7	953,7

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

Classification and eligibility of own funds 31.12.2018 (million euros)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	876,7	876,7	876,7
Tier 1 - restricted	0,0	0,0	0,0
Tier 2	0,0	0,0	0,0
Tier 3	0,0	0,0	0,0
Total	**876,7**	**876,7**	**876,7**

Classification and eligibility of own funds 31.12.2017 (million euros)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	953,7	953,7	953,7
Tier 1 - restricted	0,0	0,0	0,0
Tier 2	0,0	0,0	0,0
Tier 3	0,0	0,0	0,0
Total	**953,7**	**953,7**	**953,7**

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

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

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

The difference between the financial statements' capital and reserves and solvency calculations' net asset value at the end of the reporting period was EUR 622.6 million (EUR 667.1 million). The tables provide a balance sheet summary that shows the key differences between the financial statements and the solvency calculation at the end of the reporting period and the previous reporting period.

31.12.2018 (million euros) Assets	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0,0	0,0	0,0
Intangible assets	0,0	56,9	-56,9
Investments	1 831,6	1 536,0	295,6
Assets held for index-linked and unit-linked contracts	0,0	0,0	0,0
Reinsurance recoverables	5,2	5,7	-0,5
Provision rebates from funds covering unit-linked contracts	0,0	0,0	0,0
Any other assets, not elsewhere shown	87,3	149,6	-62,3
Total assets	1 924,1	1 748,1	176,0
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	849,0	1 115,0	-266,0
Equalisation reserve	0,0	336,3	-336,3
Derivative liabilities	0,8	0,8	0,0
Deferred tax liabilities	155,6	0,0	155,6
Any other liabilities, not elsewhere shown	42,0	42,0	0,0
Total liabilities	1 047,4	1 494,0	-446,6
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	876,7	254,1	622,6

31.12.2017 (million euros) Assets	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0,0	0,0	0,0
Intangible assets	0,0	54,9	-54,9
Investments	1 913,8	1 546,1	367,7
Assets held for index-linked and unit-linked contracts	0,0	0,0	0,0
Reinsurance recoverables	27,4	28,9	-1,5
Provision rebates from funds covering unit-linked contracts	0,0	0,0	0,0
Any other assets, not elsewhere shown	94,6	160,7	-66,1
Total assets	2 035,8	1 790,6	245,2
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	873,0	1 149,9	-276,9
Equalisation reserve	0,0	311,8	-311,8
Derivative liabilities	0,1	0,1	0,0
Deferred tax liabilities	166,8	0,0	166,8
Any other liabilities, not elsewhere shown	42,3	42,3	0,0
Total liabilities	1 082,2	1 504,1	-421,9
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	953,6	286,5	667,1

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

- Goodwill and intangible assets are reset in the solvency calculation balance sheet.

- In the financial statements, specific investments are valued at their acquisition price, revalued or impaired acquisition cost, nominal value or otherwise abiding by the prudent person principle, while in the solvency calculation balance sheet, investments are valued at market value or market-consistent value.
- In the closing balance sheet, the reinsurance receivables are valued using the principle of prudence and without discounting, while in the solvency calculation balance sheet, receivables are valued at market terms, taking into account the insurance liabilities covered by the contract boundary.
- In other liabilities, a significant proportion of the insurance receivables and receivables from insurance representatives have been transferred to the technical provisions calculation.

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

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

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

Fennia Life's own funds

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

Available own funds (million euros)	**31.12.2018**	**31.12.2017**
Basic own funds		
Excess of assets over liabilities (net asset value)	249,0	268,9
Foreseeable dividends, distributions and charges	-6,0	-3,0
Subordinated liabilities	0,0	0,0
Total	**243,0**	**265,9**
Ancillary own funds	0,0	0,0
Own funds (Basic own funds + Ancillary own funds)	243,0	265,9

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

Classification and eligibility of own funds 31.12.2018 (million euros)	**Available**	**Eligible own funds to meet the SCR**	**Eligible own funds to meet the MCR**
Tier 1 - unrestricted	243,0	243,0	243,0
Tier 1 - restricted	0,0	0,0	0,0
Tier 2	0,0	0,0	0,0
Tier 3	0,0	0,0	0,0
Total	**243,0**	**243,0**	**243,0**

Classification and eligibility of own funds 31.12.2017 (million euros)	**Available**	**Eligible own funds to meet the SCR**	**Eligible own funds to meet the MCR**
Tier 1 - unrestricted	265,9	265,9	265,9
Tier 1 - restricted	0,0	0,0	0,0
Tier 2	0,0	0,0	0,0
Tier 3	0,0	0,0	0,0
Total	**265,9**	**265,9**	**265,9**

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

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

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

The difference between the financial statements' capital and reserves and solvency calculations' net asset value at the end of the reporting period was EUR 115.4 million (EUR 155.0 million). The tables below provide a balance sheet summary that shows the key differences between the financial statements and the solvency calculation at the end of the reporting period and the previous reporting period.

31.12.2018 (million euros) Assets	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0,0	1,4	-1,4
Intangible assets	0,0	4,3	-4,3
Investments	770,6	728,8	41,8
Assets held for index-linked and unit-linked contracts	1 027,4	1 027,4	0,0
Reinsurance recoverables	-3,9	0,0	-3,9
Provision rebates from funds covering unit-linked contracts	25,1	0,0	25,1
Any other assets, not elsewhere shown	3,3	16,8	-13,6
Total assets	1 822,5	1 778,8	43,7
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	1 529,4	1 629,6	-100,2
Equalisation reserve	0,0	0,0	0,0
Derivative liabilities	0,2	0,2	0,0
Deferred tax liabilities	28,8	0,0	28,8
Any other liabilities, not elsewhere shown	15,1	15,4	-0,4
Total liabilities	1 573,5	1 645,2	-71,7
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	249,0	133,6	115,4

31.12.2017 (million euros) Assets	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0,0	1,7	-1,7
Intangible assets	0,0	3,6	-3,6
Investments	768,4	722,6	45,8
Assets held for index-linked and unit-linked contracts	1 018,1	1 018,1	0,0
Reinsurance recoverables	-6,4	0,0	-6,4
Provision rebates from funds covering unit-linked contracts	25,1	0,0	25,1
Any other assets, not elsewhere shown	4,8	17,6	-12,7
Total assets	1 810,0	1 763,5	46,5
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	1 493,4	1 640,6	-147,2
Equalisation reserve	0,0	0,0	0,0
Derivative liabilities	0,3	0,0	0,3
Deferred tax liabilities	38,7	0,0	38,7
Any other liabilities, not elsewhere shown	8,7	8,9	-0,2
Total liabilities	1 541,1	1 649,6	-108,4
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	268,9	113,9	155,0

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

- Goodwill and intangible assets are reset in the solvency calculation balance sheet.

- In the financial statements, specific investments are valued at their acquisition price, revalued or impaired acquisition cost, nominal value or otherwise abiding by the prudent person principle, while in the solvency calculation balance sheet, investments are valued at market value or market-consistent value.
- In the closing balance sheet, the reinsurance receivables are zero, while in the solvency calculation, contracts are valued on market terms, taking into account the insurance liabilities covered by the contract boundary.
- The expected provision rebates from the funds covering unit-linked contracts are activated in the solvency calculation balance sheet.

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

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

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

Fennia Non-Life Insurance's own funds

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

Available own funds (million euros)	**31.12.2018**	**31.12.2017**
Basic own funds		
Excess of assets over liabilities (net asset value)	63,1	75,3
Foreseeable dividends, distributions and charges	0,0	0,0
Subordinated liabilities	0,0	0,0
Total	63,1	75,3
Ancillary own funds	0,0	0,0
Own funds (Basic own funds + Ancillary own funds)	63,1	75,3

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

Classification and eligibility of own funds 31.12.2018 (million euros)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	63,1	63,1	63,1
Tier 1 - restricted	0,0	0,0	0,0
Tier 2	0,0	0,0	0,0
Tier 3	0,0	0,0	0,0
Total	**63,1**	**63,1**	**63,1**

Classification and eligibility of own funds 31.12.2017 (million euros)	Available	Eligible own funds to meet the SCR	Eligible own funds to meet the MCR
Tier 1 - unrestricted	75,3	75,3	75,3
Tier 1 - restricted	0,0	0,0	0,0
Tier 2	0,0	0,0	0,0
Tier 3	0,0	0,0	0,0
Total	**75,3**	**75,3**	**75,3**

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

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

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

The difference between the financial statements' capital and reserves and solvency calculations' net asset value at the end of the reporting period was EUR 37.8 million (EUR 46.3 million). The tables provide a balance sheet summary that shows the key differences between the financial statements and the solvency calculation at the end of the reporting period and the previous reporting period.

31.12.2018 (million euros) Assets	Solvency balance sheet	Statutory account balance sheet	Difference
Goodwill	0,0	0,0	0,0
Intangible assets	0,0	2,3	-2,3
Investments	206,3	189,9	16,4
Assets held for index-linked and unit-linked contracts	0,0	0,0	0,0
Reinsurance recoverables	6,9	9,2	-2,3
Provision rebates from funds covering unit-linked contracts	0,0	0,0	0,0
Any other assets, not elsewhere shown	8,7	21,7	-13,0
Total assets	221,9	223,1	-1,2
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	141,5	153,9	-12,3
Equalisation reserve	0,0	36,2	-36,2

Derivative liabilities	0,0	0,0	0,0
Deferred tax liabilities	9,5	0,0	9,5
Any other liabilities, not elsewhere shown	7,7	7,7	0,0
Total liabilities	158,7	197,8	-39,1
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	63,1	25,3	37,8

31.12.2017 (million euros) Assets	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Goodwill	0,0	0,0	0,0
Intangible assets	0,0	3,6	-3,6
Investments	190,9	173,5	17,4
Assets held for index-linked and unit-linked contracts	0,0	0,0	0,0
Reinsurance recoverables	7,5	0,0	7,5
Provision rebates from funds covering unit-linked contracts	0,0	0,0	0,0
Any other assets, not elsewhere shown	30,3	40,6	-10,2
Total assets	228,8	217,7	11,1
Liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Technical provisions	116,8	136,4	-19,6
Equalisation reserve	0,0	44,9	-44,9
Derivative liabilities	0,0	0,0	0,0
Deferred tax liabilities	11,6	0,0	11,6
Any other liabilities, not elsewhere shown	25,1	7,4	17,7
Total liabilities	153,5	188,7	-35,2
Excess of assets over liabilities	**Solvency balance sheet**	**Statutory account balance sheet**	**Difference**
Net asset value / Capital and reserves	75,3	29,0	46,3

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

- Goodwill and intangible assets are reset in the solvency calculation balance sheet.
- In the financial statements, specific investments are valued at their acquisition price, revalued or impaired acquisition cost, nominal value or otherwise abiding by the prudent person principle, while in the solvency calculation balance sheet, investments are valued at market value or market-consistent value.
- In the closing balance sheet, the reinsurance receivables are valued using the principle of prudence and without discounting, while in the solvency calculation balance sheet, receivables are valued at market terms, taking into account the insurance liabilities covered by the contract boundary.
- In other liabilities, a significant proportion of the insurance receivables and receivables from insurance representatives have been transferred to the technical provisions calculation.

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

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

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

Solvency capital requirement and minimum capital requirement

The Fennia Group's solvency capital requirement at the end of the reporting period was EUR 401.4 million (EUR 463.8 million) and the Fennia Group's consolidated minimum solvency capital requirement was EUR 119.3 million (EUR 125.9 million).

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

Solvency capital requirement (EUR million)	**31.12.2018**	**31.12.2017**
Market risk	381,2	474,7
Counterparty default risk	52,7	36,9
Life underwriting risk	63,7	80,0
Health underwriting risk	67,8	64,2
Non-life underwriting risk	82,7	70,1
Diversification	-174,4	-169,5
Intangible asset risk	0,0	0,0
Basic solvency capital requirement	**473,8**	**556,5**
Calculation of Solvency capital requirement		
Operational risk	31,7	28,4
Loss-absorbing capacity of technical provisions	-5,6	-6,4
Loss-absorbing capacity of deferred taxes	-100,0	-115,7
Capital requirement for other financial sectors	1,5	1,0
Solvency capital requirement excluding capital add-on	**401,4**	**463,8**
Capital add-on already set	0,0	0,0
Solvency capital requirement	**401,4**	**463,8**

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

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

Insurance undertakings (EUR million)	31.12.2018	31.12.2017
Fennia Life Insurance Company Ltd - Minimum capital requirement	28,7	32,7
Fennia Mutual Insurance Company - Minimum capital requirement	78,3	93,2
Fennia Non-Life Insurance Company - Minimum capital requirement	12,3	-----
Minimum consolidated group solvency capital requirement	**119,3**	**125,9**

The Fennia Group does not use

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

Fennia's solvency capital requirement and minimum capital requirement

Fennia's solvency capital requirement at the end of the reporting period was EUR 313.3 million (EUR 372.8 million) and the minimum capital requirement was EUR 78.3 million (EUR 93.2 million).

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

Solvency capital requirement (EUR million)	31.12.2018	31.12.2017
Market risk	308,8	384,2
Counterparty default risk	31,4	28,1
Life underwriting risk	13,0	13,1
Health underwriting risk	60,7	64,2
Non-life underwriting risk	67,9	70,1
Diversification	-114,1	-118,3
Intangible asset risk	0,0	0,0
Basic solvency capital requirement	**367,7**	**441,4**
Calculation of Solvency capital requirement		
Operational risk	23,9	24,6
Loss-absorbing capacity of technical provisions	0,0	0,0
Loss-absorbing capacity of deferred taxes	-78,3	-93,2
Solvency capital requirement excluding capital add-on	**313,3**	**372,8**
Capital add-on already set	0,0	0,0
Solvency capital requirement	**313,3**	**372,8**

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

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

Input data to calculate Minimum capital requirement (million euros)	**31.12.2018, best estimate and technical provision calculated as whole**	**31.12.2018, written provision premiums in the last 12 months**	**31.12.2017, best estimate and technical provision calculated as whole**	**31.12.2017, written provision premiums in the last 12 months**
Medical expense insurance and proportional reinsurance	18,3	39,1	23,3	39,8
Income protection insurance and proportional reinsurance	1,5	4,3	1,6	4,3
Workers' compensation insurance and proportional reinsurance	14,2	74,3	0,0	81,7
Motor vehicle liability insurance and proportional reinsurance	16,6	64,6	13,5	66,5
Other motor insurance and proportional reinsurance	22,4	72,9	19,0	71,2
Marine, aviation and transport insurance and proportional reinsurance	1,3	10,2	1,4	10,9
Fire and other damage to property insurance and proportional reinsurance	16,9	79,8	24,7	81,1
General liability insurance and proportional reinsurance	24,1	21,6	33,8	20,4
Credit and suretyship insurance and proportional reinsurance	3,8	0,4	0,0	0,4
Legal expenses insurance and proportional reinsurance	14,9	7,2	14,3	7,4
Assistance and proportional reinsurance	0,0	0,0	0,0	0,0
Miscellaneous financial loss insurance and proportional reinsurance	0,1	4,1	0,0	4,2
Non-proportional health reinsurance	0,0	0,0	0,0	0,0
Non-proportional casualty reinsurance	0,0	0,0	0,0	0,0
Non-proportional marine, aviation and transport reinsurance	0,0	0,0	0,0	0,0
Non-proportional property reinsurance	0,0	0,0	0,0	0,0

	31.12.2018, best estimate and technical provision calculated as whole	**31.12.2018, total capital at risk**	**31.12.2017, best estimate and technical provision calculated as whole**	**31.12.2017, total capital at risk**
Obligations with profit participation - guaranteed benefits	0,0	-----	0,0	-----
Obligations with profit participation - future discretionary benefits	0,0	-----	0,0	-----
Index-linked and unit-linked insurance obligations	0,0	-----	0,0	-----
Other life (re)insurance and health (re)insurance obligations	655,7	-----	661,8	-----
Total capital at risk for all life (re)insurance obligations	-----	0,0	-----	0,0

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

Fennia does not use

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

Fennia Life's solvency capital requirement and minimum capital requirement

Fennia Life's solvency capital requirement at the end of the reporting period was EUR 108.6 million (EUR 130.8 million) and the minimum capital requirement was EUR 28.7 million (EUR 32.7 million).

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

Solvency capital requirement (EUR million)	**31.12.2018**	**31.12.2017**
Market risk	104,0	127,3
Counterparty default risk	18,9	10,2
Life underwriting risk	56,8	74,3
Health underwriting risk	0,0	0,0
Non-life underwriting risk	0,0	0,0
Diversification	-42,3	-45,7
Intangible asset risk	0,0	0,0
Basic solvency capital requirement	**137,4**	**166,1**
Calculation of Solvency capital requirement		
Operational risk	4,0	3,8
Loss-absorbing capacity of technical provisions	-5,6	-6,4
Loss-absorbing capacity of deferred taxes	-27,1	-32,7
Solvency capital requirement excluding capital add-on	**108,6**	**130,8**
Capital add-on already set	0,0	0,0
Solvency capital requirement	**108,6**	**130,8**

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

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

Input data to calculate Minimum capital requirement (EUR million)	31.12.2018, best estimate and technical provision calculated as whole	31.12.2018, total capital at risk	31.12.2017, best estimate and technical provision calculated as whole	31.12.2017, total capital at risk
Obligations with profit participation - guaranteed benefits	552,0	-----	556,1	-----
Obligations with profit participation - future discretionary benefits	5,6	-----	6,4	-----
Index-linked and unit-linked insurance obligations	999,5	-----	972,0	-----
Other life (re)insurance and health (re)insurance obligations	0,0	-----	0,0	-----
Total capital at risk for all life (re)insurance obligations	-----	2 220,5	-----	2 185,7

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

Fennia Life does not use

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

Fennia Non-Life Insurance's solvency capital requirement and minimum capital requirement

Fennia Non-Life Insurance's solvency capital requirement at the end of the reporting period was EUR 27.3 million (EUR 25.9 million) and the minimum capital requirement was EUR 12.3 million (EUR 11.6 million).

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

Solvency capital requirement (EUR million)	**31.12.2018**	**31.12.2017**
Market risk	13,3	14,7
Counterparty default risk	2,6	1,5
Life underwriting risk	1,5	1,4
Health underwriting risk	9,9	7,9
Non-life underwriting risk	18,5	15,5
Diversification	-15,6	-13,5
Intangible asset risk	0,0	0,0
Basic solvency capital requirement	**30,2**	**27,4**
Calculation of Solvency capital requirement		
Operational risk	3,9	2,3
Loss-absorbing capacity of technical provisions	0,0	0,0
Loss-absorbing capacity of deferred taxes	-6,8	-3,8
Solvency capital requirement excluding capital add-on	**27,3**	**25,9**
Capital add-on already set	0,0	0,0
Solvency capital requirement	**27,3**	**25,9**

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

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

Input data to calculate Minimum capital requirement (million euros)	**31.12.2018, best estimate and technical provision calculated as whole**	**31.12.2018, written provision premiums in the last 12 months**	**31.12.2017, best estimate and technical provision calculated as whole**	**31.12.2017, written provision premiums in the last 12 months**
Medical expense insurance and proportional reinsurance	4,4	5,8	4,5	5,9
Income protection insurance and proportional reinsurance	0,0	0,0	0,0	0,0
Workers' compensation insurance and proportional reinsurance	6,7	10,5	7,1	10,9
Motor vehicle liability insurance and proportional reinsurance	17,6	13,9	17,3	15,3
Other motor insurance and proportional reinsurance	8,2	18,0	7,4	17,3
Marine, aviation and transport insurance and proportional reinsurance	1,3	2,1	1,1	1,4
Fire and other damage to property insurance and proportional reinsurance	10,5	18,0	10,9	18,0
General liability insurance and proportional reinsurance	7,8	3,2	2,5	3,0
Credit and suretyship insurance and proportional reinsurance	0,0	0,0	0,0	0,0
Legal expenses insurance and proportional reinsurance	1,9	1,7	1,9	1,6
Assistance and proportional reinsurance	0,0	0,0	0,0	0,0
Miscellaneous financial loss insurance and proportional reinsurance	0,1	0,6	0,1	0,6
Non-proportional health reinsurance	0,0	0,0	0,0	0,0
Non-proportional casualty reinsurance	0,0	0,0	0,0	0,0
Non-proportional marine, aviation and transport reinsurance	0,0	0,0	0,0	0,0
Non-proportional property reinsurance	0,0	0,0	0,0	0,0

	31.12.2018, best estimate and technical provision calculated as whole	31.12.2018, total capital at risk	31.12.2017, best estimate and technical provision calculated as whole	31.12.2017, total capital at risk
Obligations with profit participation - guaranteed benefits	0,0	-----	0,0	-----
Obligations with profit participation - future discretionary benefits	0,0	-----	0,0	-----
Index-linked and unit-linked insurance obligations	0,0	-----	0,0	-----
Other life (re)insurance and health (re)insurance obligations	64,6	-----	61,9	-----
Total capital at risk for all life (re)insurance obligations	-----	0,0	-----	0,0

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

Fennia Non-Life Insurance does not use

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

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

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

Differences between the standard formula and any internal model used

The Fennia Group, Fennia, Fennia Life and Fennia Non-Life Insurance do not use an internal model to calculate the solvency capital requirement.

Non-compliance with the minimum capital requirement and non- compliance with the solvency capital requirement

Fennia Group, Fennia, Fennia Life and Fennia Non-Life Insurance did not fall below their required regulatory level of the solvency capital requirement, minimum solvency capital requirement or minimum capital requirement during the reporting period.

Any ther information

There is no other material information about Fennia Group's, Fennia's, Fennia Life's or Fennia Non-Life Insurance's capital management.

ANNEXES

Quantitative tables

In the annexes, the figures for 2018 for the Fennia Group, Fennia, Fennia Life and Fennia Non-Life Insurance are presented in accordance with solvency regulation. In the tables, figures are presented in thousand euro.

Annex – Fennia Group

S.02.01.02: Balance sheet

Assets		Solvency II value
		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipement held for own use	R0060	44,937
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	2,285,297
Property (other than for own use)	R0080	459,757
Holdings in related undertakings, including participations	R0090	15,460
Equities	R0100	253,115
Equities - listed	R0110	229,136
Equities - unlisted	R0120	23,979
Bonds	R0130	581,140
Government Bonds	R0140	112,148
Corporate Bonds	R0150	468,565
Structured notes	R0160	0
Collateralised securities	R0170	427
Collective Investments Undertakings	R0180	969,042
Derivatives	R0190	5,680
Deposits other than cash equivalents	R0200	1,104
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	1,027,448
Loans and mortgages	R0230	51,674
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	51,674
Reinsurance recoverables from:	R0270	8,150
Non-life and health similar to non-life	R0280	6,430
Non-life excluding health	R0290	6,430
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	1,720
Health similar to life	R0320	352
Life excluding health and index-linked and unit-linked	R0330	1,369
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	82
Insurance and intermediaries receivables	R0360	11,941
Reinsurance receivables	R0370	594
Receivables (trade, not insurance)	R0380	0
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	126,020
Any other assets, not elsewhere shown	R0420	109,493
Total assets	R0500	3,665,636

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	242,789
Technical provisions – non-life (excluding health)	R0520	182,759
TP calculated as a whole	R0530	0
Best Estimate	R0540	154,134
Risk margin	R0550	28,626
Technical provisions - health (similar to non-life)	R0560	60,029
TP calculated as a whole	R0570	0
Best Estimate	R0580	45,112
Risk margin	R0590	14,917
Technical provisions - life (excluding index-linked and unit-linked)	R0600	1,266,575
Technical provisions - health (similar to life)	R0610	454,681
TP calculated as a whole	R0620	0
Best Estimate	R0630	440,355
Risk margin	R0640	14,325
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	811,894
TP calculated as a whole	R0660	0
Best Estimate	R0670	782,556
Risk margin	R0680	29,338
Technical provisions – index-linked and unit-linked	R0690	1,010,559
TP calculated as a whole	R0700	0
Best Estimate	R0710	999,505
Risk margin	R0720	11,054
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	172,687
Derivatives	R0790	1,050
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	9,894
Reinsurance payables	R0830	2,786
Payables (trade, not insurance)	R0840	29,232
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	21,064
Total liabilities	R0900	2,756,634
Excess of assets over liabilities	R1000	909,002

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

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

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	**R0110**	39,549	4,331	75,252	66,202	74,391	10,864	81,939	22,208	404
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	9	335	113	0
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**	39	0	350	680	146	7	2,695	491	0
Net	**R0200**	39,510	4,331	74,902	65,522	74,245	10,866	79,580	21,829	404
Premiums earned										
Gross - Direct Business	**R0210**	39,129	4,258	75,427	68,080	74,490	10,799	81,764	20,816	550
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	9	335	101	0
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**	40	0	351	683	147	7	2,691	491	0
Net	**R0300**	39,090	4,258	75,077	67,398	74,343	10,801	79,408	20,426	550
Claims incurred										
Gross - Direct Business	**R0310**	32,090	3,222	39,056	31,566	58,935	4,069	45,822	4,578	1,704
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	0	12	167	0
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**	0	0	0	392	217	0	-9,255	-1,187	0
Net	**R0400**	32,090	3,222	39,056	31,174	58,717	4,069	55,089	5,932	1,704

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Changes in other technical provisions										
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**									
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	16,348	672	23,898	27,175	28,881	4,154	30,683	6,714	323
Other expenses	**R1200**									
Total expenses	**R1300**									

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

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

		Legal expenses insurance C0100	Assistance C0110	Miscellaneous financial loss C0120
Premiums written				
Gross - Direct Business	**R0110**	7,341	0	4,799
Gross - Proportional reinsurance accepted	**R0120**	0	0	0
Gross - Non-proportional reinsurance accepted	**R0130**			
Reinsurers' share	**R0140**	0	0	4
Net	**R0200**	7,341	0	4,796
Premiums earned				
Gross - Direct Business	**R0210**	7,351	0	4,766
Gross - Proportional reinsurance accepted	**R0220**	0	0	0
Gross - Non-proportional reinsurance accepted	**R0230**			
Reinsurers' share	**R0240**	0	0	4
Net	**R0300**	7,351	0	4,762
Claims incurred				
Gross - Direct Business	**R0310**	9,094	0	2,006
Gross - Proportional reinsurance accepted	**R0320**	0	0	0
Gross - Non-proportional reinsurance accepted	**R0330**			
Reinsurers' share	**R0340**	0	0	0
Net	**R0400**	9,094	0	2,006
Changes in other technical provisions				
Gross - Direct Business	**R0410**	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**			
Reinsurers'share	**R0440**	0	0	0
Net	**R0500**	0	0	0
Expenses incurred	**R0550**	2,756	0	1,480
Other expenses	**R1200**			
Total expenses	**R1300**			

Line of business for: accepted non-proportional reinsurance

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

Total

		Total C0200
Premiums written		
Gross - Direct Business	**R0110**	387,281
Gross - Proportional reinsurance accepted	**R0120**	457
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	4,412
Net	**R0200**	383,326
Premiums earned		
Gross - Direct Business	**R0210**	387,430
Gross - Proportional reinsurance accepted	**R0220**	445
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,412
Net	**R0300**	383,463
Claims incurred		
Gross - Direct Business	**R0310**	232,143
Gross - Proportional reinsurance accepted	**R0320**	180
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-9,832
Net	**R0400**	242,154
Changes in other technical provisions		-
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	143,084
Other expenses	**R1200**	15,727
Total expenses	**R1300**	158,811

S.05.01.02

Premiums, claims and expenses by line of business

Line of Business for: life insurance obligations

		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260
Premiums written							
Gross	**R1410**	0	19,129	125,707	19,805	0	0
Reinsurers' share	**R1420**	0	0	0	643	0	0
Net	**R1500**	0	19,129	125,707	19,162	0	0
Premiums earned							
Gross	**R1510**	0	19,129	125,707	19,805	0	0
Reinsurers' share	**R1520**	0	0	0	643	0	0
Net	**R1600**	0	19,129	125,707	19,162	0	0
Claims incurred							
Gross	**R1610**	0	29,400	63,650	5,712	15,014	7,268
Reinsurers' share	**R1620**	0	0	0	-32	167	500
Net	**R1700**	0	29,400	63,650	5,744	14,847	6,768
Changes in other technical provisions							
Gross	**R1710**	0	0	0	0	0	0
Reinsurers' share	**R1720**	0	0	0	0	0	0
Net	**R1800**	0	0	0	0	0	0
Expenses incurred	**R1900**	0	5,386	6,977	5,086	0	0
Other expenses	**R2500**						
Total expenses	**R2600**						

Life reinsurance obligations

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

Total

		Total **C0300**
Premiums written		
Gross	**R1410**	164,641
Reinsurers' share	**R1420**	643
Net	**R1500**	163,998
Premiums earned		
Gross	**R1510**	164,641
Reinsurers' share	**R1520**	643
Net	**R1600**	163,998
Claims incurred		
Gross	**R1610**	121,043
Reinsurers' share	**R1620**	635
Net	**R1700**	120,409
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	17,450
Other expenses	**R2500**	0
Total expenses	**R2600**	17,450

S.05.02.01

Premiums, claims and expenses by country

Home Country

		Home Country C0080
Premiums written		
Gross - Direct Business	**R0110**	387,281
Gross - Proportional reinsurance accepted	**R0120**	457
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	4,412
Net	**R0200**	383,326
Premiums earned		
Gross - Direct Business	**R0210**	387,430
Gross - Proportional reinsurance accepted	**R0220**	445
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,412
Net	**R0300**	383,463
Claims incurred		
Gross - Direct Business	**R0310**	232,143
Gross - Proportional reinsurance accepted	**R0320**	180
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-9,832
Net	**R0400**	242,154
Changes in other technical provisions		
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	143,084
Other expenses	**R1200**	
Total expenses	**R1300**	

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

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

Total Top 5 and home country

		Total Top 5 and home country C0140
Premiums written		
Gross - Direct Business	**R0110**	387,281
Gross - Proportional reinsurance accepted	**R0120**	457
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	4,412
Net	**R0200**	383,326
Premiums earned		
Gross - Direct Business	**R0210**	387,430
Gross - Proportional reinsurance accepted	**R0220**	445
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,412
Net	**R0300**	383,463
Claims incurred		
Gross - Direct Business	**R0310**	232,143
Gross - Proportional reinsurance accepted	**R0320**	180
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-9,832
Net	**R0400**	242,154
Changes in other technical provisions		
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	143,084
Other expenses	**R1200**	15,727
Total expenses	**R1300**	158,811

S.05.02.01

Premiums, claims and expenses by country

		Home Country C0220
Premiums written		
Gross	**R1410**	164,641
Reinsurers' share	**R1420**	643
Net	**R1500**	163,998
Premiums earned		
Gross	**R1510**	164,641
Reinsurers' share	**R1520**	643
Net	**R1600**	163,998
Claims incurred		
Gross	**R1610**	121,043
Reinsurers' share	**R1620**	635
Net	**R1700**	120,409
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	17,450
Other expenses	**R2500**	
Total expenses	**R2600**	

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

		0230	0240	0250	0260	0270
Premiums written						
Gross	**R1410**					
Reinsurers' share	**R1420**					
Net	**R1500**					
Premiums earned						
Gross	**R1510**					
Reinsurers' share	**R1520**					
Net	**R1600**					
Claims incurred						
Gross	**R1610**					
Reinsurers' share	**R1620**					
Net	**R1700**					
Changes in other technical provisions						
Gross	**R1710**					
Reinsurers' share	**R1720**					
Net	**R1800**					
Expenses incurred	**R1900**					
Other expenses	**R2500**					

Total expenses	**R2600**	

Total Top 5 and home country

		Total Top 5 and home country
		C0280
Premiums written		
Gross	**R1410**	164,641
Reinsurers' share	**R1420**	643
Net	**R1500**	163,998
Premiums earned		
Gross	**R1510**	164,641
Reinsurers' share	**R1520**	643
Net	**R1600**	163,998
Claims incurred		
Gross	**R1610**	121,043
Reinsurers' share	**R1620**	635
Net	**R1700**	120,409
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	17,450
Other expenses	**R2500**	0
Total expenses	**R2600**	17,450

S.22.01.22

Impact of long term guarantees and transitional measures

		Amount with LTG measures and transi-tionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	**C0030**	**C0050**	**C0070**	**C0090**
Technical provisions	**R0010**	2,519,922	0	0	0	0
Basic own funds	**R0020**	835,617	0	0	0	0
Eligible own funds to meet SCR	**R0050**	839,753	0	0	0	0
SCR	**R0090**	401,371	0	0	0	0

S.23.01.22

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	**R0010**	0	0		0	
Non-available called but not paid in ordinary share capital at group level	**R0020**	0	0		0	
Share premium account related to ordinary share capital	**R0030**	0	0		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	8,286	8,286		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Non-available subordinated mutual member accounts at group level	**R0060**	0		0	0	0
Surplus funds	**R0070**	0	0			
Non-available surplus funds at group level	**R0080**	0	0			
Preference shares	**R0090**	0		0	0	0
Non-available preference shares at group level	**R0100**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Non-available share premium account related to preference shares at group level	**R0120**	0		0	0	0
Reconciliation reserve	**R0130**	831,467	831,467			
Subordinated liabilities	**R0140**	0		0	0	0
Non-available subordinated liabilities at group level	**R0150**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
The amount equal to the value of net deferred tax assets not available at the group level	**R0170**	0				0
Other items approved by supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	**R0190**	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	**R0200**	0	0	0	0	0

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Non-available minority interests at group level	**R0210**	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	0				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**	4,137	4,137	0	0	0
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**	4,137	4,137	0	0	
Deductions for participations where there is non-availability of information (Article 229)	**R0250**	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	**R0260**	0	0	0	0	0
Total of non-available own fund items	**R0270**	0	0	0	0	0
Total deductions	**R0280**	4,137	4,137	0	0	0
Total basic own funds after deductions	**R0290**	835,617	835,617	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	0			0	
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0			0	0

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0			0	0
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0			0	0
Non available ancillary own funds at group level	**R0380**	0			0	0
Other ancillary own funds	**R0390**	0			0	0
Total ancillary own funds	**R0400**	0			0	0
Own funds of other financial sectors	-					
Credit Institutions, investment firms, financial insitutions, alternative investment fund manager, financial institutions	**R0410**	4,137	4,137	0	0	
Institutions for occupational retirement provision	**R0420**	0	0	0	0	0
Non regulated entities carrying out financial activities	**R0430**	0	0	0	0	
Total own funds of other financial sectors	**R0440**	4,137	4,137	0	0	0
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**	0	0	0	0	0
Own funds aggregated when using the D&A and a combination of method net of IGT	**R0460**	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	835,617	835,617	0	0	
Total available own funds to meet the minimum consolidated group SCR	**R0530**	835,617	835,617	0	0	0
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	835,617	835,617	0	0	
Total-eligible own funds to meet the minimum consolidated group SCR	**R0570**	835,617	835,617	0	0	
Minimum consolidated Group SCR (Article 230)	**R0610**	119,274				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	700.6 %				

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	839,753	838,059	0	0	0
Group SCR	**R0680**	401,371	-	-	-	-
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	209.2 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	909,002
Own shares (included as assets on the balance sheet)	**R0710**	0
Forseeable dividends, distributions and charges	**R0720**	0
Other basic own fund items	**R0730**	8,286
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Other non available own funds	**R0750**	69,248
Reconciliation reserve before deduction for participations in other financial sector	**R0760**	831,467
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	105,552
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	96,975
Total EPIFP	**R0790**	202,527

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

-		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	381,221		Nothing
Counterparty default risk	R0020	52,708		
Life underwriting risk	R0030	63,691	Nothing	Nothing
Health underwriting risk	R0040	67,790	Nothing	Nothing
Non-life underwriting risk	R0050	82,719	Nothing	Nothing
Diversification	R0060	-174,356		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	473,774		

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	31,736
Loss-absorbing capacity of technical provisions	R0140	-5,647
Loss-absorbing capacity of deferred taxes	R0150	-99,973
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	399,890
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	401,371
Other information on SCR		-
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Minimum consolidated group solvency capital requirement	R0470	119,274
Information on other entities		-
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	1,481
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	1,481
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	0
Capital requirement for non-controlled participation requirements	R0540	0
Capital requirement for residual undertakings	R0550	0
Overall SCR		-
SCR for undertakings included via D and A	R0560	0
Solvency capital requirement	R0570	401,371

S.32.01.22: Undertakings in the scope of the group

Country C0010	Identification code of the undertaking C0020	Type of code of the ID of the undertaking C0030	Legal name of the undertaking C0040	Type of undertaking C0050	Legal form C0060	Category (mutual/non mutual) C0070	Supervisory Authority C0080
FI	743700TP18T4KGLEN274	1	Fennia Varainhoito Oy	8		2	Finanssivalvonta
FI	743700K5A5FLMO2MQW07	1	Folksam Vahinkovakuutus Oy	2	vakuutusosakeyhtiö	1	Finanssivalvonta
FI	743700IF63Q0466FN058	1	Vakuutusosakeyhtiö Henki-Fennia	1	vakuutusosakeyhtiö	2	Finanssivalvonta
FI	7437003I83168NH5GN58	1	Keskinäinen Vakuutusyhtiö Fennia	2	keskinäinen vakuutusyhtiö	1	Finanssivalvonta

S.32.01.22: Undertakings in the scope of the group

Criteria of influence

% capital share C0180	% used for the establishment of accounting consolidated accounts C0190	% voting rights C0200	Other criteria C0210	Level of influence C0220	Proportional share used for group solvency calculation C0230
100 %	100 %	100 %	No	1	100 %
100 %	100 %	100 %	No	1	100 %
100 %	100 %	100 %	No	1	100 %

Inclusion in the scope of group supervision

YES/NO C0240	Date of decision if art. 214 is applied C0250
1	
1	
1	
1	

Group solvency calculation

Method used and under method 1, treatment of the undertaking C0260
4
1
1
1

Annex - Fennia

S.02.01.02: Balance Sheet

Assets		Solvency II value
		C0010
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipement held for own use	**R0060**	26,058
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	1,606,477
Property (other than for own use)	**R0080**	267,485
Holdings in related undertakings, including participations	**R0090**	327,548
Equities	**R0100**	175,273
Equities - listed	**R0110**	159,138
Equities - unlisted	**R0120**	16,135
Bonds	**R0130**	133,452
Government Bonds	**R0140**	35,974
Corporate Bonds	**R0150**	97,051
Structured notes	**R0160**	0
Collateralised securities	**R0170**	427
Collective Investments Undertakings	**R0180**	701,596
Derivatives	**R0190**	19
Deposits other than cash equivalents	**R0200**	1,104
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	154,322
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	154,322
Reinsurance recoverables from:	**R0270**	5,188
Non-life and health similar to non-life	**R0280**	5,188
Non-life excluding health	**R0290**	5,188
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	0
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	0
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	24
Insurance and intermediaries receivables	**R0360**	5,868
Reinsurance receivables	**R0370**	544
Receivables (trade, not insurance)	**R0380**	0
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	44,733
Any other assets, not elsewhere shown	**R0420**	80,898
Total assets	**R0500**	1,924,111

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	173,676
Technical provisions – non-life (excluding health)	R0520	127,507
TP calculated as a whole	R0530	0
Best Estimate	R0540	105,442
Risk margin	R0550	22,065
Technical provisions - health (similar to non-life)	R0560	46,169
TP calculated as a whole	R0570	0
Best Estimate	R0580	33,973
Risk margin	R0590	12,197
Technical provisions - life (excluding index-linked and unit-linked)	R0600	675,304
Technical provisions - health (similar to life)	R0610	411,797
TP calculated as a whole	R0620	0
Best Estimate	R0630	398,889
Risk margin	R0640	12,908
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	263,507
TP calculated as a whole	R0660	0
Best Estimate	R0670	256,852
Risk margin	R0680	6,655
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	155,648
Derivatives	R0790	827
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	7,601
Reinsurance payables	R0830	422
Payables (trade, not insurance)	R0840	16,018
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	17,933
Total liabilities	R0900	1,047,429
Excess of assets over liabilities	R1000	876,682

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

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

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**
Premiums written													
Gross - Direct Business	**R0110**	39,159	4,331	74,549	65,231	73,198	10,695	80,783	21,992	404	7,234	0	4,760
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	9	335	113	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0130**												
Reinsurers' share	**R0140**	21	0	331	615	133	3	2,620	487	0	0	0	0
Net	**R0200**	39,138	4,331	74,218	64,616	73,065	10,701	78,499	21,618	404	7,234	0	4,760
Premiums earned													
Gross - Direct Business	**R0210**	38,678	4,258	74,602	66,952	73,166	10,604	80,449	20,566	550	7,227	0	4,720
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	9	335	101	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0230**												
Reinsurers' share	**R0240**	21	0	331	615	133	3	2,620	487	0	0	0	0
Net	**R0300**	38,656	4,258	74,271	66,337	73,033	10,610	78,165	20,180	550	7,227	0	4,720
Claims incurred													
Gross - Direct Business	**R0310**	31,448	3,222	39,006	29,954	56,070	3,801	43,510	4,284	1,704	8,948	0	1,990
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	0	12	167	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0330**												
Reinsurers' share	**R0340**	0	0	0	392	217	0	-8,607	-1,187	0	0	0	0
Net	**R0400**	31,448	3,222	39,006	29,561	55,852	3,801	52,129	5,638	1,704	8,948	0	1,990

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**
Changes in other technical provisions													
Gross - Direct Business	**R0410**	0	1	2	3	4	5	6	7	8	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**												
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	16,125	672	23,494	26,397	28,229	4,090	30,026	6,589	323	2,720	0	1,460
Other expenses	**R1200**												
Total expenses	**R1300**												

Line of business for: accepted non-proportional reinsurance

		Health	Casualty	Marine, aviation, transport	Property
		C0130	C0140	C0150	C0160
Premiums written					
Gross - Direct Business	**R0110**				
Gross - Proportional reinsurance accepted	**R0120**				
Gross - Non-proportional reinsurance accepted	**R0130**	0	0	0	0
Reinsurers' share	**R0140**	0	0	0	0
Net	**R0200**	0	0	0	0
Premiums earned					
Gross - Direct Business	**R0210**				

Gross - Proportional reinsurance accepted	**R0220**				
Gross - Non-proportional reinsurance accepted	**R0230**	0	0	0	0
Reinsurers' share	**R0240**	0	0	0	0
Net	**R0300**	0	0	0	0
Claims incurred					
Gross - Direct Business	**R0310**				
Gross - Proportional reinsurance accepted	**R0320**				
Gross - Non-proportional reinsurance accepted	**R0330**	0	0	0	0
Reinsurers' share	**R0340**	0	0	0	0
Net	**R0400**	0	0	0	0
Changes in other technical provisions					
Gross - Direct Business	**R0410**				
Gross - Proportional reinsurance accepted	**R0420**				
Gross - Non- proportional reinsurance accepted	**R0430**	0	0	0	0
Reinsurers'share	**R0440**	0	0	0	0
Net	**R0500**	0	0	0	0
Expenses incurred	**R0550**	0	0	0	0
Other expenses	**R1200**				
Total expenses	**R1300**				

Total

		Total **C0200**
Premiums written		
Gross - Direct Business	**R0110**	382,338
Gross - Proportional reinsurance accepted	**R0120**	457
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	4,209
Net	**R0200**	378,586
Premiums earned		
Gross - Direct Business	**R0210**	381,772
Gross - Proportional reinsurance accepted	**R0220**	445
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,209
Net	**R0300**	378,007
Claims incurred		
Gross - Direct Business	**R0310**	223,935
Gross - Proportional reinsurance accepted	**R0320**	180
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-9,184
Net	**R0400**	233,299
Changes in other technical provisions		-
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	140,125
Other expenses	**R1200**	24,474
Total expenses	**R1300**	164,599

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

Line of Business for: life insurance obligations

		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance t	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
Premiums written							
Gross	**R1410**	0	0	0	0	0	0
Reinsurers' share	**R1420**	0	0	0	0	0	0
Net	**R1500**	0	0	0	0	0	0
Premiums earned							
Gross	**R1510**	0	0	0	0	0	0
Reinsurers' share	**R1520**	0	0	0	0	0	0
Net	**R1600**	0	0	0	0	0	0
Claims incurred							
Gross	**R1610**	0	0	0	0	12,260	4,796
Reinsurers' share	**R1620**	0	0	0	0	0	0
Net	**R1700**	0	0	0	0	12,260	4,796
Changes in other technical provisions							
Gross	**R1710**	0	0	0	0	0	0
Reinsurers' share	**R1720**	0	0	0	0	0	0
Net	**R1800**	0	0	0	0	0	0
Expenses incurred	**R1900**	0	0	0	0	0	0
Other expenses	**R2500**						
Total expenses	**R2600**						

Life reinsurance obligations

		Health reinsurance C0270	Life-reinsurance C0280
Premiums written			
Gross	**R1410**	0	0
Reinsurers' share	**R1420**	0	0
Net	**R1500**	0	0
Premiums earned			
Gross	**R1510**	0	0
Reinsurers' share	**R1520**	0	0
Net	**R1600**	0	0
Claims incurred			
Gross	**R1610**	0	0
Reinsurers' share	**R1620**	0	0
Net	**R1700**	0	0
Changes in other technical provisions			
Gross	**R1710**	0	0
Reinsurers' share	**R1720**	0	0
Net	**R1800**	0	0
Expenses incurred	**R1900**	0	0
Other expenses	**R2500**		
Total expenses	**R2600**		

Total

		Total C0300
Premiums written		
Gross	**R1410**	0
Reinsurers' share	**R1420**	0
Net	**R1500**	0
Premiums earned		
Gross	**R1510**	0
Reinsurers' share	**R1520**	0
Net	**R1600**	0
Claims incurred		
Gross	**R1610**	17,056
Reinsurers' share	**R1620**	0
Net	**R1700**	17,056
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	0
Other expenses	**R2500**	0
Total expenses	**R2600**	0

S.05.02.01

Premiums, claims and expenses by country

		Home Country C0080
Premiums written		
Gross - Direct Business	**R0110**	382,338
Gross - Proportional reinsurance accepted	**R0120**	457
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	4,209
Net	**R0200**	378,586
Premiums earned		
Gross - Direct Business	**R0210**	381,772
Gross - Proportional reinsurance accepted	**R0220**	445
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	4,209
Net	**R0300**	378,007
Claims incurred		
Gross - Direct Business	**R0310**	223,935
Gross - Proportional reinsurance accepted	**R0320**	180
Gross - Non-proportional reinsurance accepted	**R0330**	0
Reinsurers' share	**R0340**	-9,184
Net	**R0400**	233,299
Changes in other technical provisions		
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	140,125
Other expenses	**R1200**	
Total expenses	**R1300**	

		Home Country C0220
Premiums written		
Gross	**R1410**	0
Reinsurers' share	**R1420**	0
Net	**R1500**	0
Premiums earned		
Gross	**R1510**	0
Reinsurers' share	**R1520**	0
Net	**R1600**	0
Claims incurred		
Gross	**R1610**	17,056
Reinsurers' share	**R1620**	0
Net	**R1700**	17,056
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	0
Other expenses	**R2500**	
Total expenses	**R2600**	

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation
		C0020
Technical provisions calculated as a whole	**R0010**	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0
Technical provisions calculated as a sum of BE and RM		
Best Estimate		
Gross Best Estimate	**R0030**	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0
Risk Margin	**R0100**	0
Amount of the transitional on Technical Provisions		
Technical Provisions calculated as a whole	**R0110**	0
Best estimate	**R0120**	0
Risk margin	**R0130**	0
Technical provisions - total	**R0200**	0

Index-linked and unit-linked insurance

		Index-linked and unit-linked insurance	Contracts without options and guarantees	Contracts with options or guarantees
		C0030	C0040	C0050
Technical provisions calculated as a whole	**R0010**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0
Risk Margin	**R0100**	0		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	0		

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations C0090	Accepted reinsurance C0100	**Total (Life other than health insurance, incl. UnitLinked) C0150**
Technical provisions calculated as a whole	**R0010**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	256,852	0	256,852
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0	0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	256,852	0	256,852
Risk Margin	**R0100**	6,655	0	6,655
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	263,507	0	263,507

Health insurance (direct business)

		Health insurance (direct business) C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180
Technical provisions calculated as a whole	**R0210**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0
Risk Margin	**R0100**	0		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	0		

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0190	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0210**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	398,889	0	398,889
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0	0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	398,889	0	398,889
Risk Margin	**R0100**	12,908	0	12,908
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	411,797	0	411,797

S.17.01.02

Non-life Technical Provisions

Direct business and accepted proportional reinsurance

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	**R0060**	-12,071	223	-36,862	-10,120	8,479	-382	-12,534	-3,412	39	1,065	0	-2,444
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	0	0	0	0	0	0	0	0	0
Net Best Estimate of Premium Provisions	**R0150**	-12,071	223	-36,862	-10,120	8,479	-382	-12,534	-3,412	39	1,065	0	-2,444

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**
Claims provisions													
Gross	**R0160**	30,395	1,267	51,020	26,760	13,965	1,673	29,414	32,700	3,799	13,847	0	2,594
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0	0	0	0	0	5,188	0	0	0	0
Net Best Estimate of Claims Provisions	**R0250**	30,395	1,267	51,020	26,760	13,965	1,673	29,414	27,512	3,799	13,847	0	2,594
Total Best estimate - gross	**R0260**	18,325	1,490	14,158	16,640	22,444	1,290	16,880	29,288	3,839	14,912	0	149
Total Best estimate - net	**R0270**	18,325	1,490	14,158	16,640	22,444	1,290	16,880	24,100	3,839	14,912	0	149
Risk margin	**R0280**	2,888	664	8,644	4,870	4,509	1,210	5,414	3,539	523	1,372	0	627
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total	**R0320**	21,213	2,154	22,802	21,510	26,953	2,501	22,294	32,827	4,362	16,284	0	776
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	0	0	0	0	0	5,188	0	0	0	0

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	21,213	2,154	22,802	21,510	26,953	2,501	22,294	27,639	4,362	16,284	0	776

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	1

Gross Claims Paid (non-cumulative, absolute amount)

		0	1	2	3	4	5	6	7	8	9	10 +	In Current year	Sum of years (cumulative)
	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											2,475	2,475	2,475
N-9	R0160	112,100	47,771	8,592	5,150	2,899	1,602	1,702	1,115	834	674		674	182,440
N-8	R0170	130,687	61,001	9,723	5,358	2,976	1,851	1,651	1,372	1,124			1,124	215,744
N-7	R0180	137,119	69,386	11,526	4,694	3,221	2,478	3,406	1,787				1,787	233,616
N-6	R0190	137,894	68,424	12,090	5,605	3,689	2,274	2,420					2,420	232,396
N-5	R0200	134,902	70,589	12,752	5,552	3,829	2,218						2,218	229,842
N-4	R0210	129,927	54,036	9,903	5,431	3,299							3,299	202,596
N-3	R0220	133,040	56,518	10,156	4,988								4,988	204,701
N-2	R0230	138,351	60,252	16,373									16,373	214,976
N-1	R0240	137,983	71,765										71,765	209,748
N	R0250	140,907											140,907	140,907
Total	R0260												248,029	2,069,443

Gross undiscounted Best Estimate Claims Provisions (absolute amount)

		0	1	2	3	4	5	6	7	8	9	10 +	Year end (discounted data)
	Year	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**	**C0360**
Prior	**R0100**											46,629	34,277
N-9	**R0160**	0	0	0	0	0	0	0	12,670	9,857	6,586		5,287
N-8	**R0170**	0	0	0	0	0	0	26,317	23,836	20,436			12,505
N-7	**R0180**	0	0	0	0	0	33,900	23,528	21,611				15,007
N-6	**R0190**	0	0	0	0	37,831	29,221	24,148					16,430
N-5	**R0200**	0	0	0	43,429	34,030	24,007						18,800
N-4	**R0210**	0	0	61,809	48,634	36,240							28,816
N-3	**R0220**	0	74,076	53,637	44,262								35,876
N-2	**R0230**	136,095	76,471	46,420									37,348
N-1	**R0240**	154,527	72,491										59,969
N	**R0250**	134,674											127,047
Total	**R0260**												391,362

S.22.01.21

Impact of long term guarantees and transitional measures

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	**C0030**	**C0050**	**C0070**	**C0090**
Technical provisions	**R0010**	848,980	0	0	0	0
Basic own funds	**R0020**	876,682	0	0	0	0
Eligible own funds to meet SCR	**R0050**	876,682	0	0	0	0
SCR	**R0090**	313,270	0	0	0	0
Eligible own funds to meet MCR	**R0100**	876,682	0	0	0	0
Minimum Capital Requirement	**R0110**	78,318	0	0	0	0

S.23.01.01

Own funds

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	0	0		0	
Share premium account related to ordinary share capital	**R0030**	0	0		0	
~~I~~initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	8,286	8,286		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0	0			
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	868,396	868,396			
Subordinated liabilities	**R0140**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	0				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	0
Total basic own funds after deductions	**R0290**	876,682	876,682	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	0			0	
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0			0	0

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0			0	0
Other ancillary own funds	**R0390**	0			0	0
Total ancillary own funds	**R0400**	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	876,682	876,682	0	0	0
Total available own funds to meet the MCR	**R0510**	876,682	876,682	0	0	
Total eligible own funds to meet the SCR	**R0540**	876,682	876,682	0	0	0
Total eligible own funds to meet the MCR	**R0550**	876,682	876,682	0	0	
SCR	**R0580**	313,270				
MCR	**R0600**	78,318				
Ratio of Eligible own funds to SCR	**R0620**	279.8 %				
Ratio of Eligible own funds to MCR	**R0640**	1,119.4 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	876,682
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	0
Other basic own fund items	**R0730**	8,286
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	868,396
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	0
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	98,219
Total Expected profits included in future premiums (EPIFP)	**R0790**	98,219

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement C0110	USP C0090	Simplifications C0100
Market risk	**R0010**	308,805		Nothing
Counterparty default risk	**R0020**	31,444		
Life underwriting risk	**R0030**	13,010	Nothing	Nothing
Health underwriting risk	**R0040**	60,679	Nothing	Nothing
Non-life underwriting risk	**R0050**	67,936	Nothing	Nothing
Diversification	**R0060**	-114,141		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	367,733		

		C0120
Calculation of Solvency Capital Requirement		
Operational risk	**R0130**	23,855
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	-78,318
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency capital requirement excluding capital add-on	**R0200**	313,270
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	313,270
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	42,850

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	18,325	39,082
Income protection insurance and proportional reinsurance	R0030	1,490	4,306
Workers' compensation insurance and proportional reinsurance	R0040	14,158	74,300
Motor vehicle liability insurance and proportional reinsurance	R0050	16,640	64,616
Other motor insurance and proportional reinsurance	R0060	22,444	72,913
Marine, aviation and transport insurance and proportional reinsurance	R0070	1,290	10,243
Fire and other damage to property insurance and proportional reinsurance	R0080	16,880	79,778
General liability insurance and proportional reinsurance	R0090	24,100	21,593
Credit and suretyship insurance and proportional reinsurance	R0100	3,839	404
Legal expenses insurance and proportional reinsurance	R0110	14,912	7,234
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	149	4,096
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	13,771

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	655,741	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation

		C0070
Linear MCR	R0300	56,620
SCR	R0310	313,270
MCR cap	R0320	140,972
MCR floor	R0330	78,318
Combined MCR	R0340	78,318
Absolute floor of the MCR	R0350	3,200
Minimum Capital Requirement	R0400	78,318

Annex – Fennia Life

S.02.01.02: Balance Sheet

Assets

		Solvency II value
		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipement held for own use	R0060	283
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	689,029
Property (other than for own use)	R0080	71,714
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	77,840
Equities - listed	R0110	69,997
Equities - unlisted	R0120	7,843
Bonds	R0130	286,037
Government Bonds	R0140	19,173
Corporate Bonds	R0150	266,864
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	247,777
Derivatives	R0190	5,661
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	1,027,448
Loans and mortgages	R0230	18,853
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	18,853
Reinsurance recoverables from:	R0270	-3,913
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-3,913
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	-3,913
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	0
Reinsurance receivables	R0370	50
Receivables (trade, not insurance)	R0380	0
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	62,395
Any other assets, not elsewhere shown	R0420	28,350
Total assets	**R0500**	1,822,494

Liabilities

		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	0
Technical provisions – non-life (excluding health)	**R0520**	0
TP calculated as a whole	**R0530**	0
Best Estimate	**R0540**	0
Risk margin	**R0550**	0
Technical provisions - health (similar to non-life)	**R0560**	0
TP calculated as a whole	**R0570**	0
Best Estimate	**R0580**	0
Risk margin	**R0590**	0
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	518,840
Technical provisions - health (similar to life)	**R0610**	0
TP calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	518,840
TP calculated as a whole	**R0660**	0
Best Estimate	**R0670**	496,965
Risk margin	**R0680**	21,875
Technical provisions – index-linked and unit-linked	**R0690**	1,010,559
TP calculated as a whole	**R0700**	0
Best Estimate	**R0710**	999,505
Risk margin	**R0720**	11,054
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	28,847
Derivatives	**R0790**	223
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	649
Reinsurance payables	**R0830**	720
Payables (trade, not insurance)	**R0840**	11,270
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in BOF	**R0860**	0
Subordinated liabilities in BOF	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	2,434
Total liabilities	**R0900**	1,573,542
Excess of assets over liabilities	**R1000**	248,952

S.05.01.02

Premiums, claims and expenses by line of business vakuutuslajeittain

Line of Business for: life insurance obligations

		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260
Premiums written							
Gross	**R1410**	0	19,129	125,707	19,805	0	0
Reinsurers' share	**R1420**	0	0	0	643	0	0
Net	**R1500**	0	19,129	125,707	19,162	0	0
Premiums earned							
Gross	**R1510**	0	19,129	125,707	19,805	0	0
Reinsurers' share	**R1520**	0	0	0	643	0	0
Net	**R1600**	0	19,129	125,707	19,162	0	0
Claims incurred							
Gross	**R1610**	0	29,400	63,650	5,712	0	0
Reinsurers' share	**R1620**	0	0	0	-32	0	0
Net	**R1700**	0	29,400	63,650	5,744	0	0
Changes in other technical provisions							
Gross	**R1710**	0	0	0	0	0	0
Reinsurers' share	**R1720**	0	0	0	0	0	0
Net	**R1800**	0	0	0	0	0	0
Expenses incurred	**R1900**	0	5,386	6,977	5,086	0	0
Other expenses	**R2500**						
Total expenses	**R2600**						

Life reinsurance obligations

		Health reinsurance C0270	Life-reinsurance C0280
Premiums written			
Gross	**R1410**	0	0
Reinsurers' share	**R1420**	0	0
Net	**R1500**	0	0
Premiums earned			
Gross	**R1510**	0	0
Reinsurers' share	**R1520**	0	0
Net	**R1600**	0	0
Claims incurred			
Gross	**R1610**	0	0
Reinsurers' share	**R1620**	0	0
Net	**R1700**	0	0
Changes in other technical provisions			
Gross	**R1710**	0	0
Reinsurers' share	**R1720**	0	0
Net	**R1800**	0	0
Expenses incurred	**R1900**	0	0
Other expenses	**R2500**		
Total expenses	**R2600**		

Total

		Total C0300
Premiums written		
Gross	**R1410**	164,641
Reinsurers' share	**R1420**	643
Net	**R1500**	163,998
Premiums earned		
Gross	**R1510**	164,641
Reinsurers' share	**R1520**	643
Net	**R1600**	163,998
Claims incurred		
Gross	**R1610**	98,761
Reinsurers' share	**R1620**	-32
Net	**R1700**	98,793
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	17,450
Other expenses	**R2500**	0
Total expenses	**R2600**	17,450

S.05.02.01

Premiums, claims and expenses by country

		Home Country
		C0220
Premiums written		
Gross	**R1410**	164,641
Reinsurers' share	**R1420**	643
Net	**R1500**	163,998
Premiums earned		
Gross	**R1510**	164,641
Reinsurers' share	**R1520**	643
Net	**R1600**	163,998
Claims incurred		
Gross	**R1610**	98,761
Reinsurers' share	**R1620**	-32
Net	**R1700**	98,793
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	17,450
Other expenses	**R2500**	
Total expenses	**R2600**	

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation C0020
Technical provisions calculated as a whole	**R0010**	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0
Technical provisions calculated as a sum of BE and RM		
Best Estimate		
Gross Best Estimate	**R0030**	557,668
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	557,668
Risk Margin	**R0100**	8,386
Amount of the transitional on Technical Provisions		
Technical Provisions calculated as a whole	**R0110**	0
Best estimate	**R0120**	0
Risk margin	**R0130**	0
Technical provisions - total	**R0200**	566,054

Index-linked and unit-linked insurance

		Index-linked and unit-linked insurance	Contracts without options and guarantees	Contracts with options or guarantees
		C0030	**C0040**	**C0050**
Technical provisions calculated as a whole	**R0010**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	999,505
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	999,505
Risk Margin	**R0100**	11,054		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	1,010,559		

Other life insurance

		Other life insurance	Contracts without options and guarantees	Contracts with options or guarantees
		C0060	C0070	C0080
Technical provisions calculated as a whole	**R0010**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	-60,703
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	-3,913
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	-56,790
Risk Margin	**R0100**	13,489		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	-47,214		

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
		C0090	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	0	0	1,496,470
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0	0	-3,913
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0	0	1,500,383
Risk Margin	**R0100**	0	0	32,929
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	0	0	1,529,399

Health insurance (direct business)

		Health insurance (direct business) C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180
Technical provisions calculated as a whole	**R0210**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0
Risk Margin	**R0100**	0		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	0		

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0190	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0210**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0	0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0	0	0
Risk Margin	**R0100**	0	0	0
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	0	0	0

S.22.01.21

Impact of long term guarantees and transitional measures

		Amount with LTG measures and transitionals C0010	Impact of transitional on technical provisions C0030	Impact of transitional on interest rate C0050	Impact of volatility adjustment set to zero C0070	Impact of matching adjustment set to zero C0090
Technical provisions	**R0010**	1,529,399	0	0	0	0
Basic own funds	**R0020**	242,952	0	0	0	0
Eligible own funds to meet SCR	**R0050**	242,952	0	0	0	0
SCR	**R0090**	108,587	0	0	0	0
Eligible own funds to meet MCR	**R0100**	242,952	0	0	0	0
Minimum Capital Requirement	**R0110**	28,682	0	0	0	0

S.23.01.01

Own funds

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	27,751	27,751		0	
Share premium account related to ordinary share capital	**R0030**	10,732	10,732		0	
~~I~~initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	0	0		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0	0			
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	204,469	204,469			

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0
Total basic own funds after deductions	R0290	242,952	242,952	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	242,952	242,952	0	0	0

		Total	Tier 1 - unrest-ricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total available own funds to meet the MCR	**R0510**	242,952	242,952	0	0	
Total eligible own funds to meet the SCR	**R0540**	242,952	242,952	0	0	0
Total eligible own funds to meet the MCR	**R0550**	242,952	242,952	0	0	
SCR	**R0580**	108,587				
MCR	**R0600**	28,682				
Ratio of Eligible own funds to SCR	**R0620**	223.7 %				
Ratio of Eligible own funds to MCR	**R0640**	847.1 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	248,952
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	6,000
Other basic own fund items	**R0730**	38,483
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	204,469
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	105,552
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	0
Total Expected profits included in future premiums (EPIFP)	**R0790**	105,552

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement C0110	USP C0090	Simplifications C0100
Market risk	**R0010**	104,044	-	Nothing
Counterparty default risk	**R0020**	18,911	-	-
Life underwriting risk	**R0030**	56,766	Nothing	Nothing
Health underwriting risk	**R0040**	0	Nothing	Nothing
Non-life underwriting risk	**R0050**	0	Nothing	Nothing
Diversification	**R0060**	-42,321	-	-
Intangible asset risk	**R0070**	0	-	-
Basic Solvency Capital Requirement	**R0100**	137,400	-	-

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	**R0130**	3,981
Loss-absorbing capacity of technical provisions	**R0140**	-5,647
Loss-absorbing capacity of deferred taxes	**R0150**	-27,147
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency capital requirement excluding capital add-on	**R0200**	108,587
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	108,587
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	0	0
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L -Result	**R0200**	28,682

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	**R0210**	552,021	
Obligations with profit participation - future discretionary benefits	**R0220**	5,647	
Index-linked and unit-linked insurance obligations	**R0230**	999,505	
Other life (re)insurance and health (re)insurance obligations	**R0240**	0	
Total capital at risk for all life (re)insurance obligations	**R0250**		2,220,534

Overall MCR calculation

		C0070
Linear MCR	**R0300**	28,682
SCR	**R0310**	108,587
MCR cap	**R0320**	48,864
MCR floor	**R0330**	27,147
Combined MCR	**R0340**	28,682
Absolute floor of the MCR	**R0350**	3,200
-	-	**C0070**
Minimum Capital Requirement	**R0400**	28,682

Annex – Fennia Non-Life Insurance

S.02.01.02: Balance sheet

Assets

		Solvency II value C0010
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	113
Property, plant & equipement held for own use	**R0060**	1,192
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	186,160
Property (other than for own use)	**R0080**	4,838
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	2
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	2
Bonds	**R0130**	161,651
Government Bonds	**R0140**	57,001
Corporate Bonds	**R0150**	104,650
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	19,669
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	0
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	6,876
Non-life and health similar to non-life	**R0280**	1,242
Non-life excluding health	**R0290**	1,242
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	5,634
Health similar to life	**R0320**	352
Life excluding health and index-linked and unit-linked	**R0330**	5,282
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	58
Insurance and intermediaries receivables	**R0360**	6,073
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	2,408
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	18,892
Any other assets, not elsewhere shown	**R0420**	80
Total assets	**R0500**	221,852

Liabilities

		Solvency II value C0010
Technical provisions – non-life	**R0510**	69,113
Technical provisions – non-life (excluding health)	**R0520**	55,253
TP calculated as a whole	**R0530**	0
Best Estimate	**R0540**	48,692
Risk margin	**R0550**	6,561
Technical provisions - health (similar to non-life)	**R0560**	13,860
TP calculated as a whole	**R0570**	0
Best Estimate	**R0580**	11,140
Risk margin	**R0590**	2,720
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	72,431
Technical provisions - health (similar to life)	**R0610**	42,884
TP calculated as a whole	**R0620**	0
Best Estimate	**R0630**	41,466
Risk margin	**R0640**	1,418
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	29,547
TP calculated as a whole	**R0660**	0
Best Estimate	**R0670**	28,740
Risk margin	**R0680**	808
Technical provisions – index-linked and unit-linked	**R0690**	0
TP calculated as a whole	**R0700**	0
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	9,457
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	1,643
Reinsurance payables	**R0830**	0
Payables (trade, not insurance)	**R0840**	2,755
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in BOF	**R0860**	0
Subordinated liabilities in BOF	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	3,316
Total liabilities	**R0900**	158,715
Excess of assets over liabilities	**R1000**	63,137

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

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

		Medical expense insurance C0010	Income protection insurance C0020	Workers' compensation insurance C0030	Motor vehicle liability insurance C0040	Other motor insurance C0050	Marine, aviation and transport insurance C0060	Fire and other damage to property insurance C0070	General liability insurance C0080	Credit and suretyship insurance C0090	Legal expenses insurance C0100	Assistance C0110	Miscellaneous financial loss C0120
Premiums written													
Gross - Direct Business	**R0110**	5,970	0	10,751	14,852	18,236	2,577	17,681	3,294	0	1,635	0	608
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0130**												
Reinsurers' share	**R0140**	195	0	208	720	145	47	831	44	0	0	0	41
Net	**R0200**	5,775	0	10,543	14,132	18,092	2,530	16,850	3,250	0	1,635	0	567
Premiums earned													
Gross - Direct Business	**R0210**	5,888	0	10,750	14,701	17,251	2,539	17,132	3,263	0	1,612	0	597
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0230**												
Reinsurers' share	**R0240**	195	0	208	720	145	47	759	44	0	0	0	41
Net	**R0300**	5,693	0	10,542	13,982	17,106	2,492	16,372	3,220	0	1,612	0	556
Claims incurred													
Gross - Direct Business	**R0310**	3,644	0	2,214	10,368	15,749	1,405	12,558	1,319	0	796	0	33
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0330**												
Reinsurers' share	**R0340**	0	0	0	0	-17	0	638	-21	0	0	0	0
Net	**R0400**	3,644	0	2,214	10,368	15,766	1,405	11,921	1,340	0	796	0	33

		Medical expense insurance C0010	Income protection insurance C0020	Workers' compensation insurance C0030	Motor vehicle liability insurance C0040	Other motor insurance C0050	Marine, aviation and transport insurance C0060	Fire and other damage to property insurance C0070	General liability insurance C0080	Credit and suretyship insurance C0090	Legal expenses insurance C0100	Assistance C0110	Miscellaneous financial loss C0120
Changes in other technical provisions													
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**												
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	2,098	0	3,780	7,506	6,363	597	6,277	1,166	0	353	0	194
Other expenses	**R1200**												
Total expenses	**R1300**												

Line of business for: accepted non-proportional reinsurance

		Health	Casualty	Marine, aviation, transport	Property
		C0130	C0140	C0150	C0160
Premiums written					
Gross - Direct Business	**R0110**				
Gross - Proportional reinsurance accepted	**R0120**				
Gross - Non-proportional reinsurance accepted	**R0130**	0	0	0	0
Reinsurers' share	**R0140**	0	0	0	0
Net	**R0200**	0	0	0	0
Premiums earned					
Gross - Direct Business	**R0210**				
Gross - Proportional reinsurance accepted	**R0220**				
Gross - Non-proportional reinsurance accepted	**R0230**	0	0	0	0
Reinsurers' share	**R0240**	0	0	0	0
Net	**R0300**	0	0	0	0
Claims incurred					
Gross - Direct Business	**R0310**				
Gross - Proportional reinsurance accepted	**R0320**				
Gross - Non-proportional reinsurance accepted	**R0330**	0	0	0	15
Reinsurers' share	**R0340**	0	0	0	0
Net	**R0400**	0	0	0	15
Changes in other technical provisions					
Gross - Direct Business	**R0410**				
Gross - Proportional reinsurance accepted	**R0420**				
Gross - Non- proportional reinsurance accepted	**R0430**	0	0	0	0
Reinsurers'share	**R0440**	0	0	0	0
Net	**R0500**	0	0	0	0
Expenses incurred	**R0550**	0	0	0	0
Other expenses	**R1200**				
Total expenses	**R1300**				

Total

		Total C0200
Premiums written		
Gross - Direct Business	**R0110**	75,605
Gross - Proportional reinsurance accepted	**R0120**	0
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	2,230
Net	**R0200**	73,375
Premiums earned		
Gross - Direct Business	**R0210**	73,733
Gross - Proportional reinsurance accepted	**R0220**	0
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	2,158
Net	**R0300**	71,575
Claims incurred		
Gross - Direct Business	**R0310**	48,087
Gross - Proportional reinsurance accepted	**R0320**	0
Gross - Non-proportional reinsurance accepted	**R0330**	15
Reinsurers' share	**R0340**	600
Net	**R0400**	47,502
Changes in other technical provisions		-
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	28,334
Other expenses	**R1200**	0
Total expenses	**R1300**	28,334

S.05.01.02

Premiums, claims and expenses by line of business

Line of Business for: life insurance obligations

		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
Premiums written							
Gross	**R1410**	0	0	0	0	0	0
Reinsurers' share	**R1420**	0	0	0	0	0	0
Net	**R1500**	0	0	0	0	0	0
Premiums earned							
Gross	**R1510**	0	0	0	0	0	0
Reinsurers' share	**R1520**	0	0	0	0	0	0
Net	**R1600**	0	0	0	0	0	0
Claims incurred							
Gross	**R1610**	0	0	0	0	7,402	3,777
Reinsurers' share	**R1620**	0	0	0	0	151	822
Net	**R1700**	0	0	0	0	7,252	2,955
Changes in other technical provisions							
Gross	**R1710**	0	0	0	0	0	0
Reinsurers' share	**R1720**	0	0	0	0	0	0
Net	**R1800**	0	0	0	0	0	0
Expenses incurred	**R1900**	0	0	0	0	0	0
Other expenses	**R2500**						
Total expenses	**R2600**						

Life reinsurance obligations

		Health reinsurance **C0270**	Life reinsurance **C0280**
Premiums written			
Gross	**R1410**	0	0
Reinsurers' share	**R1420**	0	0
Net	**R1500**	0	0
Premiums earned			
Gross	**R1510**	0	0
Reinsurers' share	**R1520**	0	0
Net	**R1600**	0	0
Claims incurred			
Gross	**R1610**	0	0
Reinsurers' share	**R1620**	0	0
Net	**R1700**	0	0
Changes in other technical provisions			
Gross	**R1710**	0	0
Reinsurers' share	**R1720**	0	0
Net	**R1800**	0	0
Expenses incurred	**R1900**	0	0
Other expenses	**R2500**		
Total expenses	**R2600**		

Total

		Yhteensä C0300
Premiums written		
Gross	**R1410**	0
Reinsurers' share	**R1420**	0
Net	**R1500**	0
Premiums earned		
Gross	**R1510**	0
Reinsurers' share	**R1520**	0
Net	**R1600**	0
Claims incurred		
Gross	**R1610**	11,179
Reinsurers' share	**R1620**	973
Net	**R1700**	10,206
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	0
Other expenses	**R2500**	0
Total expenses	**R2600**	0

S.05.02.01

Premiums, claims and expenses by country

		Home Country C0080
Premiums written		
Gross - Direct Business	**R0110**	75,605
Gross - Proportional reinsurance accepted	**R0120**	0
Gross - Non-proportional reinsurance accepted	**R0130**	0
Reinsurers' share	**R0140**	2,230
Net	**R0200**	73,375
Premiums earned		
Gross - Direct Business	**R0210**	73,733
Gross - Proportional reinsurance accepted	**R0220**	0
Gross - Non-proportional reinsurance accepted	**R0230**	0
Reinsurers' share	**R0240**	2,158
Net	**R0300**	71,575
Claims incurred		
Gross - Direct Business	**R0310**	48,087
Gross - Proportional reinsurance accepted	**R0320**	0
Gross - Non-proportional reinsurance accepted	**R0330**	15
Reinsurers' share	**R0340**	600
Net	**R0400**	47,502
Changes in other technical provisions		
Gross - Direct Business	**R0410**	0
Gross - Proportional reinsurance accepted	**R0420**	0
Gross - Non- proportional reinsurance accepted	**R0430**	0
Reinsurers'share	**R0440**	0
Net	**R0500**	0
Expenses incurred	**R0550**	28,334
Other expenses	**R1200**	
Total expenses	**R1300**	

		Home Country C0220
Premiums written		
Gross	**R1410**	0
Reinsurers' share	**R1420**	0
Net	**R1500**	0
Premiums earned		
Gross	**R1510**	0
Reinsurers' share	**R1520**	0
Net	**R1600**	0
Claims incurred		
Gross	**R1610**	11,179
Reinsurers' share	**R1620**	973
Net	**R1700**	10,206
Changes in other technical provisions		
Gross	**R1710**	0
Reinsurers' share	**R1720**	0
Net	**R1800**	0
Expenses incurred	**R1900**	0
Other expenses	**R2500**	
Total expenses	**R2600**	

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation C0020
Technical provisions calculated as a whole	**R0010**	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0
Technical provisions calculated as a sum of BE and RM		
Best Estimate		
Gross Best Estimate	**R0030**	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0
Risk Margin	**R0100**	0
Amount of the transitional on Technical Provisions		
Technical Provisions calculated as a whole	**R0110**	0
Best estimate	**R0120**	0
Risk margin	**R0130**	0
Technical provisions - total	**R0200**	0

Index-linked and unit-linked insurance

		Index-linked and unit-linked insurance	Contracts without options and guarantees	Contracts with options or guarantees
		C0030	**C0040**	**C0050**
Technical provisions calculated as a whole	**R0010**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0
Risk Margin	**R0100**	0		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	0		

Other life insurance

		Other life insurance	Contracts without options and guarantees	Contracts with options or guarantees
		C0060	**C0070**	**C0080**
Technical provisions calculated as a whole	**R0010**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0
Risk Margin	**R0100**	0		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	0		

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
		C0090	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	28,740	0	28,740
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	5,282	0	5,282
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	23,458	0	23,458
Risk Margin	**R0100**	808	0	808
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	29,547	0	29,547

Health insurance (direct business)

		Health insurance (direct business) C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180
Technical provisions calculated as a whole	**R0210**	0		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0		
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0
Risk Margin	**R0100**	0		
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0		
Best estimate	**R0120**		0	0
Risk margin	**R0130**	0		
Technical provisions - total	**R0200**	0		

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0190	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0210**	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0	0	0
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**	41,466	0	41,466
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	352	0	352
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	41,114	0	41,114
Risk Margin	**R0100**	1,418	0	1,418
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**	0	0	0
Best estimate	**R0120**	0	0	0
Risk margin	**R0130**	0	0	0
Technical provisions - total	**R0200**	42,884	0	42,884

S.17.01.02

Non-life Technical Provisions,

Direct business and accepted proportional reinsurance

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	**R0060**	1,619	0	-217	1,511	4,976	705	4,386	513	0	329	0	52
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	0	0	0	480	0	0	0	0	0
Net Best Estimate of Premium Provisions	**R0150**	1,619	0	-217	1,511	4,976	705	3,906	513	0	329	0	52
Claims provisions		0	0	0	0	0	0	0	0	0			

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**
Gross	**R0160**	2,825	0	6,912	16,106	3,189	597	7,389	7,315	0	1,600	0	23
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0	0	0	0	760	2	0	0	0	0
Net Best Estimate of Claims Provisions	**R0250**	2,825	0	6,912	16,106	3,189	597	6,630	7,314	0	1,600	0	23
Total Best estimate - gross	**R0260**	4,445	0	6,695	17,617	8,165	1,302	11,776	7,828	0	1.928	0	75
Total Best estimate - net	**R0270**	4,445	0	6,695	17,617	8,165	1,302	10,535	7,827	0	1,928	0	75
Risk margin	**R0280**	809	0	1,911	2,113	1,166	293	1,779	947	0	194	0	70
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a whole	**R0320**	5,254	0	8,606	19,730	9,330	1,596	13,554	8,775	0	2,123	0	144
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0330**	0	0	0	0	0	0	1,240	2	0	0	0	0

		Medical expense insurance C0020	Income protection insurance C0030	Workers' compensation insurance C0040	Motor vehicle liability insurance C0050	Other motor insurance C0060	Marine, aviation and transport insurance C0070	Fire and other damage to property insurance C0080	General liability insurance C0090	Credit and suretyship insurance C0100	Legal expenses insurance C0110	Assistance C0120	Miscellaneous financial loss C0130
Technical provisions calculated as a sum of BE and RM	**R0340**	5,254	0	8,606	19,730	9,330	1,596	12,314	8,774	0	2,123	0	144

Total

		Total Non-Life obligation
		C0180
Technical provisions calculated as a whole	**R0010**	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**	0
Technical provisions calculated as a sum of BE and RM		
Best estimate		
Premium provisions		
Gross	**R0060**	13,875
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	480
Net Best Estimate of Premium Provisions	**R0150**	13,394
Claims provisions		
Gross	**R0160**	45,957
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	761
Net Best Estimate of Claims Provisions	**R0250**	45,195
Total Best estimate - gross	**R0260**	59,831
Total Best estimate - net	**R0270**	58,589
Risk margin	**R0280**	9,281
Amount of the transitional on Technical Provisions		
Technical Provisions calculated as a whole	**R0290**	0
Best estimate	**R0300**	0
Risk margin	**R0310**	0
Technical provisions - total	**R0320**	69,113
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	1,242
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	67,871

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	1

Gross Claims Paid (non-cumulative, absolute amount)

		0	1	2	3	4	5	6	7	8	9	10 +	In Current year	Sum of years (cumulative)
	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											2,865	2,865	2,865
N-9	R0160	32,968	10,925	1,038	632	461	274	285	262	170	166		166	47,183
N-8	R0170	32,281	14,223	1,788	1,475	713	350	208	266	127			127	51,431
N-7	R0180	29,163	15,526	1,759	542	167	124	101	78				78	47,462
N-6	R0190	30,568	12,168	1,574	1,209	803	70	166					166	46,557
N-5	R0200	29,916	10,941	1,397	402	101	102						102	42,859
N-4	R0210	28,016	9,174	1,336	671	217							217	39,413
N-3	R0220	26,257	9,029	862	282								282	36,430
N-2	R0230	28,255	9,610	963									963	38,828
N-1	R0240	27,448	10,232										10,232	37,680
N	R0250	30,195											30,195	30,195
Total	R0260												45,393	420,903

Gross undiscounted Best Estimate Claims Provisions (absolute amount)

		0	1	2	3	4	5	6	7	8	9	10 +	Year end (discounted data)
	Year	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**	**C0360**
Prior	**R0100**											5,787	4,619
N-9	**R0160**	0	0	0	0	0	0	0	1,105	964	1,123		1,017
N-8	**R0170**	0	0	0	0	0	0	875	661	760			607
N-7	**R0180**	0	0	0	0	0	1,020	831	761				665
N-6	**R0190**	0	0	0	0	2,190	2,079	2,443					1,930
N-5	**R0200**	0	0	0	1,984	1,749	1,666						1,367
N-4	**R0210**	0	0	3,102	2,369	2,463							2,078
N-3	**R0220**	0	6,008	2,676	2,228								1,780
N-2	**R0230**	24,170	5,672	3,720									3,115
N-1	**R0240**	22,273	7,360										6,341
N	**R0250**	24,830											22,464
Total	**R0260**												45,981

S.22.01.21

Impact of long term guarantees and transitional measures

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	**C0030**	**C0050**	**C0070**	**C0090**
Technical provisions	**R0010**	141,544	0	0	0	0
Basic own funds	**R0020**	63,137	0	0	0	0
Eligible own funds to meet SCR	**R0050**	63,137	0	0	0	0
SCR	**R0090**	27,276	0	0	0	0
Eligible own funds to meet MCR	**R0100**	63,137	0	0	0	0
Minimum Capital Requirement	**R0110**	12,274	0	0	0	0

S.23.01.01

Own funds

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	4,000	4,000		0	
Share premium account related to ordinary share capital	**R0030**	174	174		0	
I~~i~~nitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	0	0		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0	0			
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	58,963	58,963			
Subordinated liabilities	**R0140**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	0				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	0
Total basic own funds after deductions	**R0290**	63,137	63,137	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	0			0	
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0			0	0

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0			0	0
Other ancillary own funds	**R0390**	0			0	0
Total ancillary own funds	**R0400**	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	63,137	63,137	0	0	0
Total available own funds to meet the MCR	**R0510**	63,137	63,137	0	0	
Total eligible own funds to meet the SCR	**R0540**	63,137	63,137	0	0	0
Total eligible own funds to meet the MCR	**R0550**	63,137	63,137	0	0	
SCR	**R0580**	27,276				
MCR	**R0600**	12,274				
Ratio of Eligible own funds to SCR	**R0620**	231.5 %				
Ratio of Eligible own funds to MCR	**R0640**	514.4 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	63,137
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	0
Other basic own fund items	**R0730**	4,174
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	58,963
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	0
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	-1,244
Total Expected profits included in future premiums (EPIFP)	**R0790**	-1,244

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement C0110	USP C0090	Simplifications C0100
Market risk	**R0010**	13,298		Nothing
Counterparty default risk	**R0020**	2,564		
Life underwriting risk	**R0030**	1,507	Nothing	Nothing
Health underwriting risk	**R0040**	9,898	Nothing	Nothing
Non-life underwriting risk	**R0050**	18,507	Nothing	Nothing
Diversification	**R0060**	-15,581		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	30,194		

		C0120
Calculation of Solvency Capital Requirement		
Operational risk	**R0130**	3,901
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	-6,819
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency capital requirement excluding capital add-on	**R0200**	27,276
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	27,276
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	11,156

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	4,445	5,775
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	6,695	10,540
Motor vehicle liability insurance and proportional reinsurance	R0050	17,617	13,865
Other motor insurance and proportional reinsurance	R0060	8,165	18,000
Marine, aviation and transport insurance and proportional reinsurance	R0070	1,302	2,050
Fire and other damage to property insurance and proportional reinsurance	R0080	10,535	18,000
General liability insurance and proportional reinsurance	R0090	7,827	3,235
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	1,928	1,650
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	75	600
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	1,356

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	64,572	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation

		C0070
Linear MCR	R0300	12,512
SCR	R0310	27,276
MCR cap	R0320	12,274
MCR floor	R0330	6,819
Combined MCR	R0340	12,274
Absolute floor of the MCR	R0350	3,200
Minimum Capital Requirement	R0400	12,274