Fennia

Annual Report and Financial Statements 2015

Contents

Profitable year for Fennia

The development of the company's underwriting result was positive and the combined ratio fell. The company's operating profit equalled EUR 88 million. Premiums written for non-life insurance before the reinsurers' share amounted to EUR 429 million and the company's combined ratio fell to 98.5 per cent. The comparable combined ratio fell to 96.7 per cent. The numbers show that Fennia employees have worked hard for many years to develop the basic business.

We have built up our services and profitability in a number of ways. Private customers already take care of many of their daily matters conveniently online and, for the most part, wish to manage their insurance and financial services electronically. That is why we have developed the Oma Fennia ("My Fennia") web service for companies and households. Automation can reduce the need for manual work processes, leaving more time for customer contacts.

As a non-life insurance company, we constantly strive to improve our customers' experience at the "moment of truth" by providing them with information and ensuring the competence of Fennia's employees and our partners when it is needed most. Through our partnerships, we aim to achieve smooth, high-quality customer experiences.

As an example of a partnership forged last year, the core competence of our partner Dextra is an optimal treatment chain and satisfied patients. Their expertise and services are quickly and effortlessly available to our customers.

During the year in progress, Fennia has focused on the same issues as our customers: social decision-making, local agreements, corporate financing, challenges linked to changes in ownership, exports, global threats, travel safety and economic uncertainty.

We at Fennia are, however, happy that self-employed persons' perceptions concerning economic development in the near future have strengthened in the early part of the year and optimism is on the rise. Support for entrepreneurship and entrepreneurs is strong among Finns, with more than 80 per cent of the Finnish population standing behind it. The brighter outlook for self-employed persons radiates into society, bringing positive things for everyone.

Dear customer, I would like to thank you for helping us improve our operations through your messages and feedback. According to the EPSI Rating, we are the most recommended insurance company among companies and the self-employed. According to a survey of households, we are in the top three. We will continue our improvement of a competitive Fennia in order to meet your expectations of good service – also in the future.

A warm thank you to our customers, employees and partners for their positive co-operation.

Antti Kuljukka
Managing Director

Report of the board of directors

2015 was a good year for Fennia Mutual Insurance Company. The development of the company's underwriting result was positive and the combined ratio fell.

Insurance business

Premiums written for non-life insurance before the reinsurers' share amounted to EUR 429 million (EUR 430 million). Premiums written for the comparison year included a one-off item of patient insurance premiums equalling EUR 16 million. Premiums written for direct insurance increased to EUR 429.0 million (EUR 413.6 million), with comparable growth at four per cent. Premiums written for reinsurance assumed came to EUR 0.4 million (EUR 0.4 million). Credit losses amounted to EUR 2.3 million (EUR 1.8 million).

The company lowered the technical rate of interest used in the discounting of technical provisions to 2.4 per cent (2.5 per cent). As a result, technical provisions grew by EUR 7 million and increased the company-level loss ratio and combined ratio by 1.7 percentage points. Claims incurred during the comparison year included EUR 17 million in non-recurring growth in technical provisions for patient insurance, which in turn increased the premiums written for fully experience-rated public sector insurance to EUR 16 million. These items did not have a significant impact on the loss ratio and combined ratio for the comparison year.

The company's combined ratio fell, amounting to 98.5 per cent. The comparable combined ratio was 96.7 per cent (99.3%), claims accounting for 65.9 per cent (68.0%) and operating expenses and claims handling expenses for 30.9 per cent (31.2%). The company's loss ratio declined to 73.9 per cent (75.5%). The decline resulted from the profitability measures implemented by the company in recent years.

Premiums written for statutory accident insurance remained unchanged at EUR 89 million. The loss ratio for the line grew to 90 per cent (85%). Premiums written for other accident and health insurances increased 10 per cent to EUR 44 million (EUR 40 million). As a result, the loss ratio for the insurance line fell considerably to 82 per cent (92%). The result was impacted by systematic pricing that targets a level corresponding to the risk.

Premiums written on traffic insurance were EUR 82 million (EUR 78 million). The profitability of this insurance line improved. The loss ratio was 65 per cent (68%). Premiums written for voluntary motor vehicle insurance increased 7 per cent to EUR 76 million (EUR 71 million). In recent years, the company has taken factors affecting the line's risk premium into closer account and the line's loss ratio has developed favourably and is now 69 per cent (75%).

Premiums written for fire and other property insurance for companies remained unchanged at EUR 47 million for the third consecutive year. Premiums written for home insurance, including liability and legal components, increased 5 per cent to EUR 49 million. The claims incurred by households and the private sector were moderate.

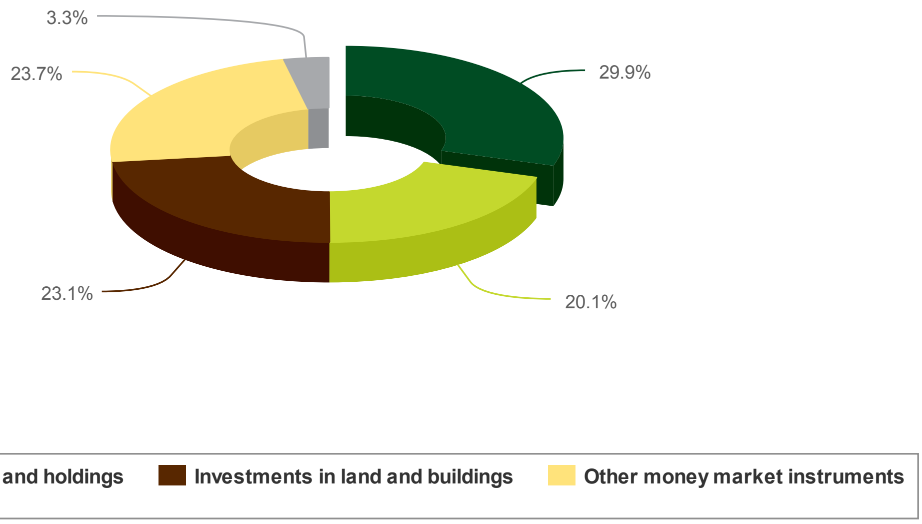
Investments

The company's return on investments at current values amounted to EUR 59 million (EUR 89 million), i.e. 3.9 per cent (6.2%) on the invested capital. The company's net income from investments was EUR 95 million (EUR 84 million).

At year-end, the current value of Fennia's investments stood at EUR 1,561 million (EUR 1,496 million). Bonds and long-term fund investments accounted for 30 per cent of the investment portfolio, and money market investments and deposits for 24 per cent. Shares, equity fund investments and private equity funds accounted for 20 per cent, real estate investments for 23 per cent and other investments for 3 per cent.

Fennia, parent company investment portfolio 31.12.2015 EUR 1.561 million (EUR 1.496 million)

Return on investments 3.9% (6.2%)



Result and solvency

Fennia's operating profit was EUR 88 million (EUR 74 million). The technical underwriting result continued to develop favourably.

The company's equalisation provision grew by EUR 44 million and stood at EUR 268 million (EUR 224 million) at year-end. The company's solvency margin amounted to EUR 330 million (EUR 335 million), and solvency capital rose to EUR 599 million (EUR 559 million). The solvency ratio, i.e. the solvency ratio in relation to the premiums earned stood at 143.5 per cent (133.8%).

Administration and staff

During the year under review, the members of Fennia's Board of Directors were Managing Director Mikael Ahlbäck (Chairman); Matti Pörhö (Vice Chairman); Managing Director Jussi Järventaus; Managing Director Lars Koski; Professor Eva Liljeblom; CEO Timo Salli; and CEO Paul Stucki.

The Board of Directors held a total of 9 meetings during the year under review. The attendance rate of the members was 95 per cent.

Antti Kuljukka acted as Managing Director.

In the Annual General Meeting on 20 April 2015, Chairman of the Board Risto Finne, Chairman of the Board Matti Kurttio, CEO Raimo Puustinen and CEO Risto Tornivaara were elected as new members to the Supervisory Board.

The company employed an average of 1,043 people (1,077) in 2015.

Remuneration

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

In line with the pay policy, rewards have been built in such a way as to prevent unhealthy risk-taking. Fennia's remuneration schemes include, among other things, pre-defined maximum amounts of remuneration and a force majeure clause, which gives the Board of Directors the right to amend the schemes during the period if the company's financial position is jeopardised or if the circumstances have otherwise changed considerably. Remuneration decisions are made according to the 'one above' principle; i.e. the person making the decision is the supervisor of the supervisor of the employee in question.

Group Structure

The Consolidated Financial Statements of the Fennia Mutual Insurance Company include Fennia Life Insurance Company, in which the Company has a 100 per cent holding, on the basis of the sub-group financial statements.

eFennia was consolidated to the Consolidated Financial Statements. Fennia owns 20 per cent of the company and holds 63.6 per cent of the voting rights. The Group also includes Fennia Asset Management Ltd, which is wholly owned by Fennia Life.

At the end of 2015, the Group also included 29 real estate companies, 13 of which belonged to the Fennia Life sub-group. The associated undertaking Uudenmaan Pääomarahasto Oy was also consolidated to the Group.

Consolidated Financial Statement

The Group's life insurance business's operating profit was EUR 3 million (EUR 9 million). Life insurance premiums written grew strongly for the second consecutive year, amounting to EUR 200 million (EUR 153 million). Claims paid came totalled EUR 83 million (EUR 78 million). Operating expenses for life insurance were EUR 13 million (EUR 12 million). The expense ratio (of expense loading) was 112.0 per cent (120.4 %).

Fennia Life continued to increase the technical provisions, which will help prepare for the costs brought by the technical interest rate that will be credited to life insurance. An interest rate supplement of EUR 70 million (EUR 14 million) was transferred from the result to the technical provisions.

The profitability of Fennia Asset Management improved during the year and the company recorded a profit for the financial year. The amount of client assets managed by the company grew and equalled EUR 234 million (EUR 193 million) at the end of the year.

The Group's operating profit was EUR 87 million (EUR 82 million). Net investment income amounted to EUR 212 million (EUR 146 million), of which unit-linked insurances accounted for EUR 47 million (EUR 35 million). The Group's valuation difference fell to EUR 140 million (EUR 216 million).

The Group's non-restricted capital and reserves stood at EUR 293 million (EUR 255 million), and solvency capital was EUR 646 million (EUR 656 million).

Risk management and solvency management

The risk management and solvency management principles that are approved by the Boards of Directors of the Group companies serve as the foundation for the Fennia Group's risk management and solvency management. In the Fennia Group, risk management means co-ordinated strategies, processes, principles and measures to identify, measure, monitor, manage and report risks faced by the Group and the Group companies. Solvency management, on the other hand, means strategies, processes, principles and measures to steer and determine the Group's and the Group companies' risk-bearing capacity, risk appetite, risk tolerance and restrictions of their essential risks.

The steering of the risk management system is based on a three-defence-line model, which is described in more detail in the note concerning risk management. A risk management committee has been set up for the Group's insurance companies to prepare, steer and co-ordinate tasks related to risk and solvency management and to communicate information.

Investment activities are based on the investment plans approved by the Boards of Directors, which determine, among other things, the allocation of investments and the rights and responsibilities of those involved in investment activities. The companies' risk-bearing capacity is taken into account in determining investment allocation.

A Note to the Financial Statements concerning risks and the management of risks and solvency has been drawn up, detailing the Fennia Group's most significant risks and general principles concerning risks and solvency management.

Outlook for the current year

The uncertainty in the investment markets will continue also during the current year. This presents challenges to achieving investment returns in line with the targets.

Fennia will continue developing its basic business and process automation. The company's goal is to achieve and maintain solid profitability. Good partnerships have helped to enable positive growth in the customer base. The company will continue and deepen its operations in these areas. Fennia will strive to be the most recommended insurance company in Finland also in the future.

Profit and Loss Account

1,000 €	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014	Note
Technical Account					2
Non-life insurance					
Premiums earned					
Premiums written	429,429	430,042	429,429	430,042	1
Reinsurers' share	-5,182	-6,173	-5,182	-6,173	
	424,247	423,869	424,247	423,869	
Change in the provision for unearned premiums	-7,099	-5,896	-7,099	-5,896	
Premiums earned in total	417,148	417,972	417,148	417,972	
Claims incurred in total					
Claims paid	-282,899	-293,666	-282,899	-293,666	
Reinsurers' share	951	2,368	951	2,368	
	-281,948	-291,298	-281,948	-291,298	
Change in the provision for outstanding claims	-46,274	-34,755	-46,274	-34,755	
Reinsurers' share	-568	-2,473	-568	-2,473	
	-46,843	-37,228	-46,843	-37,228	
Claims incurred in total	-328,791	-328,526	-328,791	-328,526	
Net operating expenses	-95,333	-99,461	-95,333	-99,461	4
Balance on technical account before the change in equalisation provision	-6,976	-10,015	-6,976	-10,015	
Change in equalisation provision	-44,150	-43,519	-44,150	-43,519	
Balance on technical account	-51,125	-53,534	-51,125	-53,534	
Technical Account					
Life insurance					
Premiums written					
Premiums written	199,823	152,544			
Reinsurers' share	-877	-1,131			
Premiums written in total	198,946	151,413			
Share of net investment income	121,673	63,064			
Other technical underwriting income		156			
Claims incurred in total					
Claims paid	-83,172	-77,481			
Reinsurers' share	50				
Change in the provision for outstanding claims	-3,373	-4,796			
Portfolio transfer	5,025				
Claims incurred in total	-81,469	-82,278			
Change in the provision for unearned premiums	-278,895	-113,336			
Portfolio transfer	59,222				
Net operating expenses	-13,304	-11,707			
Balance on technical account	6,173	7,311			

Non-Technical Account					
Balance on technical account, non-life insurance	-51,125	-53,534			
Balance on technical account, life insurance	6,173	7,311			
Investment income	271,653	176,812	149,017	118,647	6
Revaluations on investments	39,896	35,838			
Investment charges	-97,399	-64,558	-54,271	-34,996	6
Revaluation adjustments on investments	-2,295	-2,231			
	211,856	145,862	94,746	83,651	
Transfer of part of net investment income	-121,673	-63,064			
Other income					
Investment income	2,212	1,789			
Other	1,623	1,538	28	46	
	3,835	3,327	28	46	
Other charges					
Investment charges	-1,931	-1,771			
Other	-1,161	-323	108	236	
	-3,092	-2,095	108	236	
Share of associated undertakings' loss/profit	7	-614			
Tax on profit on ordinary activities					
Tax for the financial year	-9,094	-8,649	-7,884	-6,827	
Tax from previous periods	212	-953	122	-450	
Deferred tax	506	237			
	-8,376	-9,364	-7,762	-7,277	
Profit on ordinary activities	37,605	27,830	35,995	23,122	
Minority interests	-413	-429			
Appropriations					
Change in depreciation difference			227	378	
Profit for the financial year	37,192	27,401	36,222	23,500	

Balance Sheet

1,000 €	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014	Note
ASSETS					
Intangible assets					
Other long-term expenses	54,211	50,963	50,781	47,247	13
Goodwill	2,166				
Advance payments	17,505	15,847	16,132	14,960	13
	73,882	66,810	66,914	62,207	
Investments					7
Real estate investments					
Land and buildings and real estate shares	338,179	336,698	132,953	128,841	8
Investment loans to affiliated undertakings			99,037	103,920	8
Loans to associated undertakings	1,843	2,098			
	340,023	338,797	231,990	232,761	
Investments in affiliated and associated undertakings					
Shares and participations in affiliated undertakings			53,229	53,229	9
Shares and participations in associated undertakings	3,389	3,381			9
	3,389	3,381	53,229	53,229	
Other investments					
Shares and participations	819,671	1,010,495	574,286	646,055	12
Debt securities	845,284	504,985	511,566	349,637	
Loans guaranteed by mortgages	15,003	12,939	12,052	9,938	
Other loans	19,499	20,841	18,738	20,095	10
Deposits	6,000		3,000		
	1,705,458	1,549,260	1,119,643	1,025,726	
Deposits with ceding undertakings	30	23	30	23	
Total investments	2,048,899	1,891,461	1,404,892	1,311,739	
Investments covering unit-linked insurances	721,071	509,441			
Debtors					
Arising out of direct insurance operations					
Policyholders	79,713	72,026	79,089	71,399	
Arising out of reinsurance operations	664	461	614	461	
Other debtors	75,864	64,496	75,803	61,309	
Deferred tax receivables	556	507			
	156,797	137,490	155,506	133,169	
Other assets					
Tangible assets					
Machinery and equipment	7,751	7,447	7,333	7,041	13
Stocks	306	305	294	292	
	8,057	7,751	7,627	7,333	
Cash at bank and in hand	55,880	33,059	34,249	18,014	
	63,937	40,811	41,876	25,347	
Prepayments and accrued income					
Interest and rents	10,344	9,463	5,625	6,767	
Other	11,972	11,051	8,053	8,731	
	22,316	20,515	13,678	15,498	
	3,086,901	2,666,528	1,682,865	1,547,960	

1,000 €	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014	Note
LIABILITIES					
Capital and reserves					16
Initial fund	7,703	7,703	7,703	7,703	
Guarantee capital			885	885	
Revaluation reserve	885	885	228,120	204,619	
Security reserve	228,120	204,619	59	59	
At the disposal of the Board	59	59			
Profit brought forward	27,281	23,381			
Profit for the financial year	37,192	27,401	36,222	23,500	
	301,239	264,047	272,988	236,766	
Appropriations					
Accumulated depreciation difference			1,100	1,327	
Minority interests	1,786	1,545			
Technical provisions					
Non-life insurance: Provision for unearned premiums	134,703	127,603	134,703	127,603	
Life insurance: Provision for unearned premiums	485,125	412,631			
Non-life insurance: Claims outstanding	960,653	914,379	960,653	914,379	
Reinsurers' share	-6,430	-6,999	-6,430	-6,999	
	954,223	907,380	954,223	907,380	
Life insurance: Claims outstanding	151,699	154,071			
Equalisation provision, non-life insurance	268,324	224,174	268,324	224,174	
Technical provisions in total	1,994,074	1,825,859	1,357,249	1,259,158	
Technical provisions for unit-linked insurances	722,320	510,175			
Creditors					
Arising out of reinsurance operations	1,573	1,651	1,031	1,020	
Other creditors	23,915	15,800	21,405	14,709	
Deferred tax	8,759	9,217			
	34,248	26,667	22,436	15,729	
Accruals and deferred income	33,234	38,234	29,091	34,980	
	3,086,901	2,666,528	1,682,865	1,547,960	

Parent Company Cash Flow Statement

Indirect cash flow statement

1,000 €	2015	2014
Cash flow from business operations		
Profit on ordinary activities	35,995	23,122
Adjustments		
Change in technical provisions	98,091	86,643
Value adjustments and revaluations on investments	10,282	4,063
Depreciation according to plan	16,617	15,925
Other	-66,059	-51,439
Cash flow before change in net working capital	94,926	78,315
Change in net working capital:		
Increase/decrease in non-interest-earning receivables	-20,593	-1,131
Increase/decrease in non-interest-earning payables	359	-4,248
Cash flow from business operations before financial items and taxes	74,692	72,936
Interest paid on other financial expenses from operations	-208	-206
Taxes	-12,801	-1,318
Cash flow from business operations	61,683	71,412
Cash flow from capital expenditures		
Capital expenditure on investments (excl. funds)	-100,375	-104,270
Capital gain from investments (excl. funds)	74,030	58,922
Investments and income from the sale of tangible and intangible assets and other assets (net)	-19,104	-17,468
Cash flow from capital expenditures	-45,449	-62,816
Cash flow from financing		
Dividends paid/Interest paid on guarantee capital and other profit distribution	-	-
Change in funds	16,235	8,596
Funds on 1 Jan.	18,014	9,419
Funds on 31 Dec.	34,249	18,014
	16,235	8,596

Notes to the accounts

ACCOUNTING PRINCIPLES

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

Book value of investments

Buildings and structures are presented in the Balance Sheet at the lower of acquisition cost less the planned depreciation or current value. Real estate shares and land and water areas are presented at the lower of acquisition cost or current value. Planned depreciation is made on revaluations entered as income arising from buildings.

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

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

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

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

Derivative contracts are mainly used for hedging investment portfolios. In accounting terms, however, they are treated as non-hedging instruments. The profits and losses resulting from the termination or expiry of contracts are entered as income or expenses for the financial year. The negative difference between the current value of the derivative contracts treated as non-hedging and a higher book value/contract rate is entered as an expense. Unrealised income is not entered.

Investments covering the unit-linked insurances are valued at their current value.

Book value of assets other than investments

Other long-term expenses which have been capitalised are basic renovation expenses for real estate and planning expenses for information systems and, in addition, goodwill has been capitalised in the Balance Sheet during the financial year. Those expenses, as well as equipment, are entered in the Balance Sheet at acquisition cost less planned depreciation. Impairment write-offs have also been recorded on the capitalisation of information systems.

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.

Depreciation according to plan

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

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

Vehicles and computer hardware	3–5 years
Office machinery and equipment	7 years

Revaluations on investments

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

Revaluations on investments in the nature of fixed assets and their reversals are entered in the revaluation reserve under restricted capital and reserves. Planned depreciation is made on revaluations entered as income arising from buildings.

Current value of investments

The value of real estate and shares in real estate is entered at values not exceeding market-based current values. The investments are evaluated by an external authorised real-estate appraiser using the net present value rule based on cash flow.

The current value of shares and participations in a life insurance company, which is a subsidiary, are valued at the price of the acquisition of a block of shares carried out in 2013. The company has not considered it to be necessary to alter the valuation at this time.

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. Unquoted 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 funds are valued at acquisition cost or at the estimated current value of the fund reported by the administrative company.

Derivative contracts are valued at their current value on the date of closing the accounts. The possible maximum loss on non-hedging derivatives is deducted from the solvency margin.

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

Foreign currency items

Transactions in foreign currency are entered at the exchange rate of the transaction date. In the annual closing of the accounts, currency-denominated receivables and liabilities and current values of investments have been translated into euro using the European Central Bank’s rate on the date of closing the accounts. Exchange rate gains and losses arising during the financial period and the closing of the accounts are entered as adjustments to the income and expenses concerned or as investment income and charges, if they are related to financing operations. Currency conversion differences on the technical account have not been transferred to the investment income/charges on the profit and loss account. This has no impact on the profit and loss account, giving a true and fair view of the results.

Staff pension schemes

Pension insurance cover has been arranged for the staff of the Group companies by means of TyEL insurance with Elo Mutual Pension Insurance and Etera Mutual Pension Insurance Company. Pension insurance premiums are entered in the profit and loss account on the accrual basis.

Appropriations and treatment of deferred tax

Finnish legislation allows certain optional untaxed reserves and depreciation above plan to be made in the final accounts. In the final accounts of the Group companies, deferred tax is not deducted from appropriations, revaluations transferred to reserves and valuation differences on investments. Revaluations entered as income are taxable income. Deferred tax receivables arising from timing differences between accounting and taxation are not entered in the annual accounts of the Group companies, and the Group companies have no corresponding deferred tax liabilities. The deferred tax liabilities and deferred tax receivables resulting from consolidation measures, as well as revaluations transferred to reserves and timing differences are entered in the consolidated accounts.

In the consolidated accounts, the depreciation difference is divided into the change in deferred tax and share of profit/loss for the financial year, and deferred tax and share of capital and reserves. The rate of tax used is 20 per cent.

Non-life insurance: Claims outstanding

Claims outstanding include the claims payable by the company after the financial year, arising from major losses and other insured events that have occurred during or before the financial year.

Due to the decreased interest rate level, the company lowered the technical rate of interest used in the discounting of technical provisions to 2.4 per cent. Increase in the provision for claims outstanding by line of insurance was as follows:

statutory accident insurance	EUR 4 million
motor liability insurance	EUR 3 million

The provision for outstanding claims pertaining to annuities is calculated by discounting, applying an interest rate of 2.4 per cent (2.5%). Discounting is not applied to other parts of the provision for outstanding claims.

In calculating pension provisions, the company uses the 2011 mortality model that is generally applied by insurance companies with a confidence level of 75 per cent.
Fennia uses the Finnish Patient Insurance Centre's technical provisions estimate as it stands. The Finnish Patient Insurance Centre has adjusted the reservation basis of assisted living and this had a significant impact on the increase made on the provision for claims outstanding for the comparison year.

The provision for claims outstanding also includes the equalisation provision, which must be shown separately in the Balance Sheet. The equalisation provision is a buffer for years when large numbers of losses occur. The amount of the equalisation provision is determined in accordance with the calculation bases prescribed for the company by the Finnish Financial Supervisory Authority, to which the company applied for and received an adjustment for the years 2014 and 2015. The new base for the equalisation provision strengthens the transfer to the equalisation provision.

Technical provisions in life insurance

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

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

– For individual life and pension insurance, the technical rate of interest applied is between 1 and 4.5 per cent, depending on the starting date of the insurance. For new insurance contracts, the technical rate of interest is 1 per cent.

– For capital redemption contracts, the technical rate of interest applied is between 0 and 2.5 per cent, depending on the starting date and the target group of the contract.

– The technical interest rate for group pension insurance is 0 to 3.5 per cent. The technical interest rate for new group pension insurance is 1 per cent.

In order to fulfil the technical interest rate requirement for pension and savings insurance policies that have a technical interest rate of 2.0 to 4.5 per cent, the technical provisions have been supplemented both during the reporting year and in previous financial statements. The supplementary provision for the guaranteed interest rate as of 31 December 2015 is approximately EUR 127.0 million. As a result of the supplementary provision, the minimum annual return requirement for investment operations on the part of these policies is 1.0 per cent for a period of more than 15 years.

Principle of Fairness

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

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

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

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

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

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

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

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

Implementation of the Principle of Fairness in 2015

Fennia Life's bonuses in 2015 correspond to the targets set by the company in its Principle of Fairness. The yield to be distributed to insurance policies is determined based on the company's long-term net income on investments. The goal in the level of bonuses is continuity. The company's solvency position is taken into account when distributing bonuses.

The company's return on investments in 2015 was moderate. In response to the extremely low interest rate level that has continued for some time, EUR 70 million was transferred to the supplementary provision for the guaranteed interest rate in order to cover the cost of the technical interest rate in the coming years. This will be used to secure the company's ability to cover the high technical interest rate also in future. Part of the bonuses granted in 2015 were financed from the provision for bonuses reserved during previous years. The supplementary provision for the guaranteed interest rate was decreased according to plan.

The risk-free interest rate has remained low for both short-term and long-term government bonds since 2009. Between 2009 and 2015, the total interest credited by Fennia Life has clearly exceeded the risk-free interest rate of the corresponding investment period. When distributing bonuses, not only the contract's technical rate of interest, but also the surrender right and the duration of the insurance have been taken into account. For that reason, the total interest credited on pension insurance has been higher than the interest credited on savings insurance. The table below indicates the total interest credited by Fennia Life in 2015:

Total annual interest on with-profit policies in 2015

Technical interest rate	Individual savings insurance	Individual pension insurance	Group pension insurance	Capital redemption policy
4.50%	4.50%	4.50%		
3.50%	3.50%	3.50%	3.50%	
2.50%	2.50%	3.60%	3.60%	2.50%
2.00%			3.60%	
1.50%	2.60%			2.40%
1.00%	2.60%	3.60%	3.60%	2.40%
0,00%			3.60%	2.40%

Consolidated Financial Statements

Fennia's Consolidated Financial Statements include the Parent Company and all the subsidiaries in which the Parent Company either directly or indirectly holds more than half of the voting rights. Fennia Life Insurance Company Ltd belongs to the Fennia Group as a subsidiary. The financial statements of Fennia Life and its subsidiaries are consolidated with the Group's financial statements on the basis of the Consolidated Financial Statements of the Fennia Life sub-group. eFennia Oy (holding 20 per cent, voting rights 63.6 per cent) is a subsidiary of Fennia and Fennia Asset

Management Ltd is a subsidiary of Fennia Life (holding 100 per cent). The other subsidiaries included in the consolidated accounts are real estate companies. At the end of 2015, the Group had 29 real estate companies, 13 of which belonged to the Fennia Life sub-group.

The Consolidated Financial Statements have been drawn up as combinations of the profit and loss accounts, balance sheets and notes of the Parent Company and the subsidiaries. Amounts due to or from Group companies, internal gains and losses, profit distribution and mutual share ownership have been eliminated. Minority interests in results and in capital and reserves are presented as separate items. Mutual share ownership is eliminated using the acquisition method. The consolidation difference is entered under the fixed asset items concerned and depreciated according to their depreciation plan. The unallocated part of goodwill on consolidation has been written off.

In the accounts of the real estate subsidiaries, the revaluations at the time of acquisition have been reversed, as they have affected the acquisition price of the shares.

The companies in which the Group holds 20–50 per cent of the voting rights have been included in the Consolidated Financial Statements as associated undertakings using the equity method of accounting. However, holdings (20–50 per cent) in mutual real estate undertakings and property companies are not included. This has no significant impact on the Group’s results and capital and reserves.

Fennica Properties I real estate fund was launched by Eufex Fund Administration Ltd on 31 December 2013, into which real estate from Fennia, Fennia Life and Etera Mutual Pension Insurance Company was transferred as a distribution in kind at the establishment date. The transfer of the real estate was recorded in the Group’s result for 2013 as EUR 12 million in capital gains. The transfer of the real estate had little impact on the solvency of the companies and Group, however. Eufex Fund Administration Ltd (now Elite Asset Management Ltd) has outsourced the portfolio management of the Fennica Properties I real estate fund to Fennia Asset Management. Fennia and Fennia Life have not made any further subscriptions to the fund since its establishment. The current value of the units of Fennica Properties I real estate fund in the Consolidated Financial Statements was EUR 56 million. Fennia Group’s participating interest in the fund after the subscriptions made by 31 December 2015, which are included in the fund’s value calculation on 31 March 2016, was 37 per cent. The fund has not been consolidated to the Consolidated Financial Statements as an associated undertaking. The profit sharing based on the 2014 result, paid in 2015, EUR 2.6 million, is entered in the companies’ investment income at the moment of payment. The Group’s participating interest in the fund is included in the Balance Sheet as real estate fund units at purchase price and the valuation difference between their current value and purchase price is included in the valuation differences for the Group’s investments. The consolidation would not bring added value to the Group’s financial statements information nor would it have material significance from the solvency viewpoint.

Group companies

The following subsidiaries are included in the consolidated financial statements

eFennia Oy
Emmelia Oy
Asunto Oy Espoon Myllynkivi
Asunto Oy Helsingin Vattuniemenkuja 8
Asunto Oy Helsingin Viikinportti
Asunto Oy Keravan Jaakonkulma
Asunto Oy Oulun Alppilan Ruusu
Kiinteistö Oy Eagle Lahti
Kiinteistö Oy Joensuun Metropol
Kiinteistö Oy Kyllikinportti 2
Kiinteistö Oy Ornant
Kiinteistö Oy Ruosilantie 4–6
Kiinteistö Oy Ruosilantie 11
Kiinteistö Oy Televisiokatu 1
Kiinteistö Oy Televisiokatu 3

New subsidiaries

Kiinteistö Oy Tampereen Rautatienkatu 21
Kiinteistö Oy Tampereen Ratapihan kulma
Asunto Oy Tampereen Posteljooninpuisto

Fennia Life Insurance Company

Subsidiaries

Fennia Asset Management Ltd.
Kiinteistö Oy Teohypo
Kiinteistö Oy Espoon Niittyrinne 1
Kiinteistö Oy Itämerenkatu 5
Kiinteistö Oy Vaajakosken Varaslahdentie 6
Kiinteistö Oy Sellukatu 5
Kiinteistö Oy Vasaraperän Liikekeskus
Kiinteistö Oy Koivuhaanportti 1–5
Kiinteistö Oy Mikkelin Hallituskatu 1
Kiinteistö Oy Vasaramestari
Kiinteistö Oy Konalan Ristipellontie 25
Asunto Oy Jyväskylän Jontikka 2
Asunto Oy Tampereen Vuoreksen Puistokatu 76
Munkinseudun Kiinteistö Oy

Associated undertakings included in the consolidated financial statements

Uudenmaan Pääomarahasto Oy

Notes to the Accounts, Parent Company

Notes to the Profit and Loss Account and Balance Sheet

1. Premiums written

EUR 1,000	2015	2014
Non-life insurance		
Direct insurance		
Finland	429,024	429,611
Reinsurance	405	430
Gross premiums written before reinsurers' share	429,429	430,042

2. Balance on technical account by group of insurance class, Parent Company

Group of insurance class	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)	2015	88,750	88,851	-91,313	-11,724	-328	-14,513
	2014	88,823	89,041	-83,257	-12,217	-205	-6,638
	2013	93,318	93,081	-65,458	-11,799	-209	15,614
Non-statutory accident and health	2015	43,612	41,888	-34,223	-10,924	-118	-3,377
	2014	39,524	38,045	-34,636	-11,072	-213	-7,876
	2013	36,499	34,841	-40,228	-10,542	-189	-16,118
Motor liability	2015	81,695	80,207	-60,787	-20,482	-510	-1,573
	2014	77,909	76,127	-56,957	-21,669	-414	-2,914
	2013	74,533	73,259	-74,028	-21,024	-504	-22,297
Motor, other classes	2015	76,385	74,488	-51,252	-19,243	-245	3,748
	2014	71,183	69,092	-51,318	-20,061	-424	-2,712
	2013	66,338	64,758	-46,775	-18,521	-329	-867
Fire and other damage to property	2015	87,941	86,577	-56,028	-21,349	-2,150	7,050
	2014	85,530	85,133	-54,413	-22,159	-2,041	6,519
	2013	81,568	80,237	-67,482	-21,451	-3,470	-12,165
General liability	2015	26,107	25,717	-21,564	-5,061	-477	-1,384
	2014	42,358	42,021	-32,460	-5,330	-1,293	2,938
	2013	26,763	26,025	-20,319	-5,014	4,209	4,901
Other	2015	24,534	24,191	-13,529	-6,633	-732	3,297
	2014	24,284	24,253	-14,885	-6,993	-1,483	893
	2013	23,508	23,163	-16,105	-6,323	-316	420
DIRECT INSURANCE TOTAL	2015	429,024	421,919	-328,696	-95,416	-4,559	-6,752
	2014	429,611	423,713	-327,927	-99,501	-6,073	-9,788
	2013	402,528	395,364	-330,393	-94,674	-809	-30,512
Reinsurance	2015	405	411	-477	-158		-224
	2014	430	433	-494	-165		-227
	2013	526	522	-812	-182		-472
TOTAL	2015	429,429	422,330	-329,173	-95,574	-4,559	-6,976
	2014	430,042	424,145	-328,421	-99,666	-6,073	-10,015
	2013	403,054	395,886	-331,205	-94,856	-809	-30,984
Change in equalisation provision	2015						-44,150
	2014						-43,519
	2013						-17,059
BALANCE ON TECHNICAL ACCOUNT	2015						-51,125
	2014						-53,534
	2013						-48,043

3. Items deducted from premiums written

EUR 1,000	2015	2014
Credit loss on outstanding premiums	2,299	1,798
Pay-as-you-go premiums	24,854	23,825
Premium tax	69,427	66,872
Fire brigade charge	947	928
Traffic safety charge	799	718
Industrial safety charge	1,545	1,503
	99,871	95,645

4. Operating expenses

EUR 1,000	2015	2014
Total operating expenses by activity		
Claims paid	33,392	31,146
Net operating expenses	95,333	99,461
Investment charges	4,454	3,690
Other charges	-110	-286
Total	133,068	134,012
Depreciation according to plan by activity		
Claims paid	4,492	4,229
Net operating expenses	9,040	9,300
Investment charges	571	598
Total	14,103	14,127
Operating expenses in the Profit and Loss Account		
Policy acquisition costs		
Direct insurance commissions	11,112	8,129
Commissions on reinsurance assumed and profit sharing	48	55
Other policy acquisition costs	34,303	36,486
	45,463	44,670
Policy management expenses	30,758	33,421
Administrative expenses	19,352	21,574
Commissions on reinsurance ceded and profit sharing	-240	-204
Total	95,333	99,461

5. Staff expenses, personnel and executives

EUR 1,000	2015	2014
Staff expenses		
Salaries and commissions	54,146	55,683
Pension expenses	11,447	10,666
Other social expenses	5,041	5,092
Total	70,634	71,441
Executives' salaries and commissions		
Managing Director and substitute for the Managing Director	799	698
Board of Directors	211	177
Supervisory Board	156	109
	1,166	984
The age of retirement of the Managing Director is defined according to TyEL		
Average number of personnel during the financial year		
Office personnel	549	560
Sales personnel	494	517
	1,043	1,077
Auditors' commissions		
Audit	62	64
Tax consulting	6	12
Other services	12	13
	80	89

6. Net investment income

EUR 1,000	2015	2014
Investment income		
Income from investments in affiliated undertakings		
Dividend income	3,520	595
Interest income		11
Income from investments in land and buildings	3,520	606
Interest income		
From affiliated undertakings	2,167	2,862
Other income		
From affiliated undertakings	279	512
From other undertakings	21,584	21,335
	24,030	24,709
Income from other investments		
Dividend income	9,608	7,494
Interest income	11,222	11,250
Other income	3,938	2,636
	24,768	21,380
Total	52,318	46,695
Value readjustments	4,980	4,537
Gains on realisation of investments	91,719	67,415
TOTAL	149,017	118,647
Investment charges		
Charges arising from investments in land and buildings		
To affiliated undertakings	-10,206	-9,713
To other undertakings	-2,173	-2,252
	-12,380	-11,965
Charges arising from other investments	-6,218	-3,933
Interest and other expenses on liabilities		
To other undertakings	-208	-206
	-208	-206
Total	-18,806	-16,104
Value adjustments and depreciations		
Value adjustments on investments	-15,262	-8,600
Planned depreciation on buildings	-2,514	-1,798
	-17,775	-10,398
Losses on realisation of investments	-17,690	-8,493
TOTAL	-54,271	-34,996
Net investment income on the Profit and Loss Account	94,746	83,651

7. Current value and valuation difference on investments

	Investments 31 Dec. 2015			Investments 31 Dec. 2014		
EUR 1,000	**Remaining acquisition cost**	**Book value**	**Current value**	**Remaining acquisition cost**	**Book value**	**Current value**
Real estate investments						
Real estate	19,798	29,749	72,136	21,470	31,874	73,276
Real estate shares in affiliated undertakings	85,958	85,958	120,333	83,249	83,249	112,182
Real estate shares in associated undertakings	10,274	10,325	12,891	6,716	6,767	8,946
Other real estate shares	6,753	6,921	7,709	6,783	6,951	7,799
Investment loans to affiliated undertakings	99,037	99,037	99,037	103,920	103,920	103,920
Investments in affiliated undertakings						
Shares and participations	53,229	53,229	69,008	53,229	53,229	69,008
Loans	-	-	-	-	-	-
Other investments						
Shares and participations	574,286	574,286	601,257	646,055	646,055	706,185
Debt securities	511,566	511,566	511,599	349,637	349,637	359,697
Loans guaranteed by mortgages	12,052	12,052	12,052	9,938	9,938	9,938
Other loans	18,738	18,738	18,738	20,095	20,095	20,095
Deposits	3,000	3,000	3,000	-	-	-
Deposits with ceding undertakings	30	30	30	23	23	23
	1,394,722	1,404,892	1,527,790	1,301,116	1,311,739	1,471,071
The remaining acquisition cost of debt securities comprises the difference						
between the amount repayable at						
maturity and purchase price, which has						
been released to interest income (+) or charged to interest income (-)	-7,722			-15,431		
Book value comprises						
Revaluations entered as income		9,184			9,637	
Other revaluations		986			986	
		10,170			10,623	
Valuation difference (difference between current value and book value)			122,898			159,332

8. Real estate investments

EUR 1,000	Changes in investments in land and buildings Land and buildings and real estate shares	Investment loans in affiliated undertakings
Acquisition cost, 1 Jan.	146,554	103,920
Increase	6,588	50
Decrease	-1,562	-4,933
Acquisition cost, 31 Dec.	151,581	99,037
Accumulated depreciation, 1 Jan.	-32,950	
Depreciation for the financial year	-2,514	
Accumulated depreciation, 31 Dec.	-35,464	
Value adjustments, 1 Jan.	-6,173	
Value adjustments related to decreases and transfers	188	
Value adjustments during the financial year	-481	
Value readjustments	1,891	
Value adjustments, 31 Dec.	-4,574	
Revaluations, 1 Jan./31 Dec.	21,410	
Book value, 31 Dec.	132,953	99,037

Land and buildings and real estate shares occupied for own activities:	
Remaining acquisition cost	16,147
Book value	16,578
Current value	22,939

9. Investments in affiliated undertakings

EUR 1,000	Changes in investments in affiliated undertakings 1 Jan. 2015–31 Dec. 2015
	Shares and participations in affiliated undertakings
Acquisition cost, 1 Jan./31 Dec.	53,229

10. Other investments

EUR 1,000	2015	2014
Other loans by security		
Other security	18,738	20,095

11. Debtors

EUR 1,000	2015	2014
Other debtors		
Affiliated undertakings	3,582	968

12. Shares and participations in other companies

EUR 1,000	Holding %	Book value 31.12.2015	Current value 31.12.2015
Domestic shares and participations			
Aloitusrahasto Vera Oy	0.6791	500	500
Amplus Holding Oy			
Evli Bank Plc	1.0671	457	554
Fingrid Oyj, Series B			
Holiday Club Resorts Oy	0.0639	1,097	1,097
Kehitysyhtiö Tulevaisuus Oy (SVOP)		900	900
Kytäjä Golf Oy	5.0000	600	600
Matkailunkehitys Nordia Oy	19.5246	1,679	1,679
Panostaja Oyj	6.7048	3,417	3,417
Pihlajalinna Oyj	2.7730	9,010	9,402
Revenio Group Corporation Oyj Shs	1.1322	282	2,572
Uudenmaan Pääomarahasto Oy	13.7094	2,000	2,000
Foreign shares and participations			
Cayman Islands			
Candlewood Structured Credit Fund Ltd	0.6561	4,768	5,432
Sweden			
K III Sweden AB - C	3.0800	631	631
Unit trusts			
Aberdeen Global - Emerging Markets Corporate Bond		5,346	5,437
Aberdeen Indirect Property Partners		708	708
Aktia Em Mrkt Local Currency Bond+ D		15,531	15,531
Aktia Emerging Market Local Currency Bond+		1,288	1,288
Aktia Likvida+ D		30,070	30,130
Aviva Investors - Global Short Duration High Yield		2,942	2,942
BlackRock Global Funds - US Dollar High Yield Bond			
Bluebay Investment Grade Bond R		3,983	3,983
BNP Paribas InstiCash Money 3M EUR		24,131	24,136
Brummer & Partners Lynx Fund		2,004	2,488
Cassiopeia Fund/The		4,000	4,018
Cumulus Energy Fund		3,548	3,548
Danske Invest - Global Emerging Markets		2,710	2,903
Danske Invest Eurooppa Osake K (Kasvu)		3,372	3,850
Danske Invest Finland Opportunities Fund Non UCITS		1,794	1,810
Danske Invest North America Enhanced Index Fund		2,579	3,608
Danske Invest Money Market K		50,978	50,978
Danske Invest SICAV - Emerging Markets Debt Hard C		17,226	17,226
Danske Invest Yhteisökorko Plus Kasvu		10,054	10,364
ESR Fennica Toimitilat I		31,000	33,163
Evli Emerging Markets Credit B		2,558	2,650
Evli Euro Liquidity B		7,440	7,558
Evli Europe B			
Evli European High Yield B		4,355	4,707
Evli European Investment Grade B		2,358	2,389
Evli North America B			
FIM Likvidi		6,652	6,659
Fondita Nordic Micro Cap B		2,600	5,781
Golden China Fund		1,934	3,558

ING L Liquid - Euribor 3M	25,998	25,998
iShares MSCI USA Minimum Volatility Index Fund	11,286	11,521
iShares STOXX Europe 600 ETF	5,540	5,540
Kauppakeskuskiinteistöt FEA Ky	19,496	19,496
Muzinich Short Duration High Yield Fund R	1,599	1,599
Nordea Korko S Kasvu (Moderate Yield Fund)	30,994	30,996
Omakylä Asuntorahasto Ky		
Pictet Emerging Local Currency Debt I	6,821	6,821
SEB Euro Bond B	2,660	2,841
Seligson & Co Global Top 25 Brands A	1,901	3,096
Seligson & Co Rahamarkkinarahasto AAA	10,029	10,047
Taaleri Sicav - Taaleri Rhein Value Equity	4,692	6,664
TPKM Pysäköintilaitos Ky		
WasaGroup Fund I		
WestLB Euro High Yield Bond A	8,137	8,219
WestLB Mellon Compass Fund - Euro Corporate Bond	14,327	15,506
Capital trusts		
MB Equity Fund IV Ky	2,190	3,065
Duke Street Capital VI LP	1,306	1,306
The Triton Fund II L.P.	646	646
The Triton Fund III L.P.	2,804	2,804
Permira Europe IV LP2	785	1,004
Fennia Avainrahasto Ky	1,990	1,990
Teknoventure Rahasto III Ky	1,298	1,503
Selected Private Equity Funds I Ky	2,894	3,515
Partners Group European Buyout	2,815	3,654
Partners Group European Mezzanine	2,521	2,777
Wedeco Fund IV Ky	483	483
Selected Mezzanine Funds I Ky	2,895	4,054
Euro Choice IV GB Limited	3,311	4,705
Other	138,364	141,213
	574,286	601,257

13. Changes in intangible and tangible assets

EUR 1,000	Other long-term expenses	Advance payments	Equip-ment	Total
Acquisition cost, 1 Jan. 2015	81,971	14,960	18,439	115,369
Fully depreciated in the previous financial year	-5,012		-707	-5,719
Increase	15,096	16,050	3,398	34,544
Decrease	-	-14,877	-1,321	-16,198
Acquisition cost, 31 Dec. 2015	92,055	16,132	19,808	127,995
Accumulated depreciation, 1 Jan. 2015	-34,724		-11,398	-46,121
Fully depreciated in the previous financial year	5,012		707	5,719
Accumulated depreciation related to decreases and transfers	-		814	814
Depreciation for the financial year	-9,992		-2,599	-12,591
Accumulated depreciation, 31 Dec. 2015	-39,704		-12,475	-52,179
Value adjustments, 1 Jan. 2015				
Value adjustments during the financial year	-1,570			-1,570
Value adjustments, 31 Dec. 2015	-1,570			-1,570
Book value, 31 Dec. 2015	50,781	16,132	7,333	74,247

14. Key figures pertaining to solvency

EUR 1,000	2015	2014
Solvency margin		
Capital and reserves after proposed profit distribution	272,988	236,766
Appropriations	1,100	1,327
Valuation difference between current value and Balance Sheet book value of assets	123,099	159,332
Capitalised intangibles	-66,914	-62,207
Other items	-	-175
	330,273	335,043
Minimum solvency margin required under the Finnish Insurance Companies Act, Chapter 11, Section 7	79,881	79,881
Equalisation provision for years with large numbers of losses included in technical provisions	268,324	224,174
Equalisation provision to its full value (%)	58 %	48 %
Solvency ratio (%)		
Solvency margin and equalisation provision to premiums earned from the preceding 12 months		
- for the year 2015	144 %	
- for the year 2014	134 %	
- for the year 2013	126 %	
- for the year 2012	129 %	
- for the year 2011	117 %	

15. Creditors

EUR 1,000	2015	2014
Other creditors		
To affiliated undertakings	1,329	989

16. Capital and reserves

EUR 1,000	2015
Restricted	
Initial fund 1 Jan./31 Dec.	7,703
Revaluation reserve 1 Jan./31 Dec.	885
Restricted in total	8,587
Non-restricted	
Security reserve, 1 Jan.	204,619
Transfer from profit brought forward	23,500
Security reserve, 31 Dec.	228,120
At the disposal of the Board 1 Jan./31 Dec.	59
Profit brought forward	-
Profit for the previous financial year	23,500
Transfer to contingency fund	-23,500
Profit brought forward	-
Profit for the financial year	36,222
Non-restricted in total	264,401
Capital and reserves in total	272,988
Revaluation reserve, 31 Dec. 2014	
Revaluations on investments	470
Revaluations on fixed assets	414
	885
Distributable profit, 31 Dec. 2015	
Profit for the financial year	36,222
Security reserve	228,120
At the disposal of the Board	59
	264,401

17. Guarantee and liability commitments

EUR 1,000	2015	2014
Own liabilities		
Liabilities from derivative contracts		
Currency derivatives		
Forward and futures contracts		
Open		
Value of underlying instrument	147,432	-
Current value	-520	-
Equity derivatives		
Option contracts		
Acquired		
Value of underlying instrument	-	399
Current value	-	-224
Negative valuation differences in non-hedging derivative contracts are charged against the profit		
Securities given as collateral for derivatives trade	51	1,551
Leasing and leasehold commitments	9,426	7,187
Other liabilities		
As regards group registering for VAT taxation, the company is responsible for the value-added tax payable by the group jointly with the other members of the value-added tax liability group of Fennia Mutual Insurance Company.		
Affiliated undertakings	553	355
Other undertakings	205	282
Adjustment liability of real estate investments according to Section 120 of the Value Added Tax Act	33	44
Investment commitments		
Commitment to invest in equity funds	28,338	20,510

18. Loans to related parties and related party transactions

The company has granted a total of EUR 2,523,466.00 in loans to related parties.

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

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

Notes concerning the Group

Copies of Fennia's Consolidated Financial Statements are available at the company's headquarters, Televisiokatu 1, Helsinki.

Group analysis of results (EUR million)

	2011	2012	2013	2014	2015
Non-life insurance					
Premiums earned	349	366	390	418	417
Claims incurred	-360	-314	-326	-329	-329
Net operating expenses	-86	-88	-95	-99	-95
Other technical underwriting income (net)	-	-	-	-	0
Balance on technical account before the change in equalisation provision	**-97**	**-37**	**-31**	**-10**	**-7**
Investment income (net) and revaluations	29	70	52	83	90
Other income (net)	1	2	2	1	1
Share of associated undertakings'	0	0	0	-1	0
Operating profit/loss	**-67**	**35**	**22**	**73**	**84**
Change in equalisation provision	60	-7	-17	-44	-44
Non-life insurance profit/loss before extraordinary items	**-7**	**29**	**5**	**30**	**40**
Life insurance					
Premiums written	79	90	94	151	199
Investment income (net), revaluations and revaluation adjustments on investments	-27	63	88	63	122
Claims paid	-62	-64	-84	-77	-83
Change in technical provisions before bonuses and rebates and change in equalisation provision	23	-66	-84	-117	-221
Net operating expenses	-10	-11	-10	-12	-13
Other technical underwriting income	-	-	-	-	-
Technical underwriting result before bonuses and rebates and change in equalisation provision	**3**	**13**	**3**	**9**	**3**
Other income (net)	-1	-1	-1	-	-
Operating profit	**2**	**12**	**2**	**9**	**3**
Change in equalisation provision	-1	-1	-1	-1	9
Bonuses and rebates	2	-1	6	-1	-5
Life insurance profit/loss before extraordinary items	**4**	**10**	**7**	**7**	**6**
Extraordinary income	-	-	-	-	-
Extraordinary charges	-	-	-	-	-
Profit before appropriations and tax	**-3**	**39**	**12**	**37**	**46**
Income tax and other direct tax	-1	-9	-1	-9	-8
Minority interests	-1	-3	0	0	0
Group's profit/loss for the financial year	**-5**	**27**	**10**	**27**	**37**

Key figures

		2011	2012	2013	2014	2015
Group Key Figures						
Turnover	EUR million	442	603	636	728	840
Premiums written	EUR million	439	467	498	583	629
Operating profit/loss	EUR million	-65	48	24	82	87
Profit/loss before extraordinary items, untaxed reserves and tax	EUR million	-3	39	12	37	46
Total result	EUR million	-95	116	30	109	12
Solvency capital	EUR million	478	573	561	656	646
Average number of personnel		1,238	1,270	1,262	1,263	1,157
Non-life Insurance Key Figures						
Premiums written	EUR million	359	376	403	430	429
Loss ratio,	%	103.1	85.9	83.7	78.6	78.8
Loss ratio excl. unwinding of discount	%	99.7	82.1	80.1	75.5	75.6
Expense ratio,	%	24.8	24.2	24.3	23.8	22.9
Combined ratio,	%	127.9	110.1	108.0	102.4	101.8
Combined ratio excl. unwinding of discount	%	124.5	106.3	104.4	99.3	98.5
Operating profit/loss	EUR million	-67	35	22	73	84
Total result	EUR million	-87	80	34	80	52
Return on assets	%	-5	6.3	3.1	5.6	3.7
Net investment income at current value	EUR million	10	116	65	89	59
income on invested capital	%	1	9.1	5.2	6.2	3.9
Solvency margin	EUR million	253	310	310	335	330
Equalisation provision	EUR million	157	164	181	224	268
Solvency capital	EUR million	410	473	491	559	599
of technical provisions	%	45	49.8	49.5	54.0	55.0
Solvency ratio	%	117	129.4	125.9	133.8	143.5
Average number of personnel		1,039	1,067	1,067	1,077	1,043
Life Insurance Key Figures						
Premiums written	EUR million	79	91	94	153	200
Expense ratio (of expense loading)	%	113.4	117.4	114.5	120.4	112.0
Operating profit	EUR million	2	12	2	9	3
Total result	EUR million	-9	36	1	30	-38
Return on assets	%	1.9	9.5	5.6	7.8	5.5
Net investment income at current value	EUR million	7	58	33	50	35
income on invested capital	%	1	9.3	5.2	7.4	5.0
Solvency margin	EUR million	98	130	129	152	114
Equalisation provision	EUR million	6	7	8	9	0
Solvency capital	EUR million	105	137	137	161	114
Solvency ratio	%	17.4	21.8	21.0	23.4	14.0
Average number of personnel		47	48	50	50	54

*Key figures according to the consolidated accounts

Investment portfolio at current values

	Basic distribution								Risk distribution				
	2015		2014		2013		2012		2015		2014	2013	2012
	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%	%	%	%
Fixed-income investments, total	**872.9**	**55.9**	**802.1**	**53.6**	**705.0**	**51.0**	**743.7**	**55.1**	**872.9**	**55.9**	**53.6**	**51.0**	**55.1**
Loans [1]	37.1	2.4	36.3	2.4	41.7	3.0	36.4	2.7	37.1	2.4	2.4	3.0	2.7
Bonds	466.5	29.9	656.3	43.9	519.7	37.6	565.6	41.9	466.5	29.9	43.9	37.6	41.9
Other money market instruments and deposits [1] [2]	369.3	23.7	109.5	7.3	143.7	10.4	141.6	10.5	369.3	23.7	7.3	10.4	10.5
Equity investments, total	**314.5**	**20.1**	**327.6**	**21.9**	**325.0**	**23.5**	**283.2**	**21.0**	**314.5**	**20.1**	**21.7**	**23.2**	**21.0**
Listed equities [3]	198.1	12.7	205.5	13.7	210.3	15.2	194.8	14.4	198.1	12.7	13.6	14.9	14.4
Private equity [4]	32.8	2.1	36.0	2.4	34.8	2.5	39.2	2.9	32.8	2.1	2.4	2.5	2.9
Unlisted equities [5]	83.7	5.4	86.1	5.8	79.8	5.8	49.2	3.6	83.7	5.4	5.8	5.8	3.6
Real estate investments, total	**360.6**	**23.1**	**353.9**	**23.7**	**340.8**	**24.6**	**318.1**	**23.6**	**360.6**	**23.1**	**23.7**	**24.6**	**23.6**
Direct real estate	306.4	19.6	300.5	20.1	294.9	21.3	292.2	21.7	306.4	19.6	20.1	21.3	21.7
Real estate funds and UCITS	54.1	3.5	53.4	3.6	45.9	3.3	25.9	1.9	54.1	3.5	3.6	3.3	1.9
Other investments	**13.3**	**0.9**	**12.4**	**0.8**	**12.0**	**0.9**	**4.4**	**0.3**	**13.6**	**0.9**	**0.8**	**0.9**	**0.3**
Hedge funds [6]	13.6	0.9	11.1	0.7	10.6	0.8	4.2	0.3	13.6	0.9	0.7	0.8	0.3
Other investments [7]	-0.3	0.0	1.3	0.1	1.4	0.1	0.2	0.0	0.0	0.0	0.1	0.1	0.0
Total investments	**1,561.3**	**100.0**	**1,496.0**	**100.0**	**1,382.8**	**100.0**	**1,349.4**	**100.0**	**1,561.6**	**100.0**	**99.8**	**99.6**	**100.0**
Effect of derivatives [8]									-0.3	0.0	0.2	0.4	
Total investments at fair value	**1,561.3**	**100.0**	**1,496.0**	**100.0**	**1,382.8**	**100.0**	**1,349.4**	**100.0**	**1,561.3**	**100.0**	**100.0**	**100.0**	**100.0**
Modified duration of the bond portfolio	**2.5**		**4.2**		**4.2**								

1) Includes accrued interests

2) Including cash at bank and in hand and settlement receivables and settlement liabilities

3) Including mixed funds, if these cannot be allocated elsewhere

4) Including private equity funds, mezzanine funds, and infrastructure investments

5) Including unlisted real-estate investment companies

6) Including all types of hedge fund shares, regardless of the fund's strategy

7) Including items that cannot be allocated to other investment types

8) Includes the effect of derivatives on the difference between risk-adjusted breakdown and basic breakdown.

The effect of derivatives can be +/-. After the difference is adjusted the final sum of the risk distribution is the same as the basic distribution.

Net investment income on invested capital

Return €/ % on inv. capital	Market value of net investment returns [8] 2015 EUR million	Invested capital [9] 2015 EUR million	Yield, % on invested capital 2015 %	2014 %	2013 %	2012 %	2011 [10] %
Fixed-income investments, total	**7.4**	**895.6**	**0.8**	**4.3**	**-0.1**	**9.2**	
Loans [1]	2.4	37.3	6.4	-7.0	1.3	6.1	7.4
Bonds	-1.9	570.9	-0.3	5.2	-0.4	12.4	2.4
Other money market instruments and deposits [1) 2)]	6.8	287.4	2.4	2.9	0.8	1.9	1.7
Equity investments, total	**32.6**	**252.1**	**12.9**	**9.1**	**14.4**	**12.8**	**-9.7**
Listed equities [3]	26.3	133.9	19.6	12.4	17.2	16.6	
Private equity [4]	4.2	33.3	12.5	11.2	5.2	12.3	
Unlisted equities [5]	2.2	84.9	2.5	0.7	10.1	0.1	
Real estate investments, total	**21.9**	**348.1**	**6.3**	**9.0**	**9.2**	**6.7**	**7.9**
Direct real estate	18.4	296.4	6.2	8.8	10.6	5.9	
Real estate funds and UCITS	3.5	51.7	6.8	10.0	-2.6	16.7	
Other investments	**0.3**	**13.0**	**2.3**	**10.1**	**20.8**	**-6.2**	**-14.9**
Hedge funds [6]	0.6	12.9	4.5	8.6	3.3	10.0	
Other investments [7]	-0.3	0.1					
Total investments	**62.2**	**1,508.8**	**4.1**	**6.4**	**5.4**	**9.3**	**1.0**
Sundry income, charges and operating expenses	-3.7						
Net investment income at current value	**58.5**	**1,508.8**	**3.9**	**6.2**	**5.2**	**9.1**	**0.8**

1) Includes accrued interests

2) Including cash at bank and in hand and settlement receivables and settlement liabilities

3) Including mixed funds, if these cannot be allocated elsewhere

4) Including private equity funds, mezzanine funds, and infrastructure investments

5) Including unlisted real-estate investment companies

6) Including all types of hedge fund shares, regardless of the fund's strategy

7) Including items that cannot be allocated to other investment types

8) Change in the market values between the end and beginning of the reporting period – cash flows during the period.

Cash flows refers to the difference between sales/profits and purchases/costs

9) Invested capital = Market value at the beginning of the reporting period + daily/monthly time-weighted cash flows

10) The data for 2011 is not entirely comparable with 2012–2015

Calculation methods for the key figures

KEY FIGURES

Turnover =

Non-life insurance turnover
+ premiums earned before reinsurers' share
+ net investment income on the profit and loss account
+ other income

Life insurance turnover
+ premiums written before reinsurers' share
+ net investment income on the profit and loss account
+ other income

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

Return on assets at current values (%) =
+/- operating profit or loss
+ financial expenses
+ unwinding of discount
+/- change in valuation differences on investments
+ Balance Sheet total
- technical provisions for unit-linked insurances
+/- valuation differences on investments

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

In life insurance, 'unwinding of discount' refers to the technical interest credited to insurances during the year plus/minus any changes in the supplementary liability of the interest.

In non-life insurance, 'unwinding of discount' refers to the effect of the process of unwinding the discounted claims outstanding on the claims incurred, when discounting the capital value of pension liabilities. The rate is calculated by multiplying the discounted provision for claims outstanding at the beginning of the year by the effective technical rate of interest at the end of the previous year.

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

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

NON-LIFE INSURANCE

Premiums written = premiums written before reinsurers' share

Loss ratio % =
claims incurred
premiums earned

Loss ratio (excl. unwinding of discount) % =
claims incurred (excl. unwinding of discount) %
premiums earned

Expense ratio % =
operating expenses
premiums earned

Key figures are calculated after reinsurers' share.

Combined ratio % = loss ratio + expense ratio

Combined ratio (excl. unwinding of discount) % =
loss ratio (excl. unwinding of discount) + expense ratio

Solvency margin =
+ capital and reserves after proposed profit distribution
+ appropriations
+/- valuation differences on investments
+/- deferred tax
- intangible assets
+/- other statutory items

Solvency capital = solvency margin + equalisation provision + minority interest

Solvency capital, % of technical provisions =
solvency capital
+ technical provisions
- equalisation provision

Technical provisions are calculated after reinsurers' share.

Solvency ratio % =
solvency capital
premiums earned

Premiums earned are calculated for the previous twelve months after reinsurers' share.

LIFE INSURANCE

Premiums written = premiums written before reinsurers' share

Expense ratio (% of expense loading) =
+ operating expenses before change in deferred acquisition costs
+ claims settlement expenses
expense loading

Solvency margin =
+ capital and reserves after proposed profit distribution
+ appropriations
+/- valuation differences on investments
+/- deferred tax
- intangible assets
+/- other statutory items

Solvency capital = solvency margin + equalisation provision + minority interest

Solvency ratio (%) =
solvency capital
+ technical provisions
- equalisation provision
- 75% of technical provisions for unit-linked insurances

Technical provisions are calculated after reinsurers' share.

Risks and management of risks and solvency

1 Risk and solvency management in general

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

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

2 Organisation of risk and solvency management

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

The Board of Directors of Fennia Life is responsible for ensuring that the company consistently abides by the Group's risk and solvency management policy. It is responsible 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.

The Board of Directors of Fennia Asset Management is responsible for ensuring that the company abides by the Fennia Group's risk management policy 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.

A risk management committee has been set up for the Group's insurance companies to prepare, steer and co-ordinate tasks related to risk and solvency management and to communicate information. The primary task of this risk management committee is to support Fennia's and Fennia Life's Managing Directors in issues related to risk and solvency management. The committee is chaired by Fennia's Managing Director, and Fennia Life's Managing Director is a member of the committee.

A separate risk management committee has been set up for Fennia Asset Management. It is chaired by the Managing Director of Fennia Asset Management.

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

1. The first defence line, i.e. business and support functions, has the primary responsibility for daily risk management and reporting in accordance with the agreed policy.

2. The second defence line is the owner of the risk management framework and 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 first defence line's implementation of the risk and solvency management processes.

3. The third defence line is in charge of ensuring the effectiveness and efficiency of internal control and risk and solvency management.

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

- Managing Director

  Assisted by the Acting Management, the Managing Director bears overall responsibility for the appropriate preparation and implementation of risk and solvency management in accordance with the Board of Directors' decisions.

- Business and support functions

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

- Actuarial function

  The insurance company's responsible actuary is in charge of the Actuarial function and sees to it that the actuarial methods applied in pricing and in calculating technical provisions are appropriate. The responsible actuary also determines the level of technical provisions. The Actuarial function has a role as an operator of 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. The task of the function is to maintain an overall picture of the Group's and Group companies' risk profile. 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 and efficiency of the Group's internal control and other administration in the following areas, among others:

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

The Risk Management function and the Compliance function have been integrated into the Fennia Group's organisation to ensure their independence from the operational activities, which means that 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.

3 Risk management

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

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

1. Risk identification

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

2. Risk measurement

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

3. Risk monitoring

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

4. Risk management

During the management process, the risks are prioritised and management measures are planned to control or limit the risks. The first defence line, as the risk owner, carries out appropriate risk management and plans the management measures. The second defence line supports, monitors and assesses the management actions undertaken by the first defence line, but, in order to ensure independence, does not participate in making operational decisions. The management instruments used in the various risk areas are described in more detail in sections 3.1 – 3.10.

5. Risk reporting

The materialisation of risks and their effects as well as near-miss situations are reported within the Group in accordance with the agreed reporting process. The Risk Management and Compliance functions report the risks to the risk management committees and to the relevant Boards of Directors as part of the functions' regular reporting.

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

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

3.1 Insurance risks

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

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

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

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

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

Insurance operations are based on taking insurance risks, diversifying the risks within the insurance portfolio and managing the risks. The most important instruments for managing the risk inherent in unearned premiums 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 insurance risk pricing is to achieve the desired risk matching: the bigger the risk, the higher the price and vice versa. Pricing requires accurate and adequate information as well as sufficient knowledge about the insured target. Only then can appropriate risk analyses be made and a sufficient level of insurance premiums be decided on.

The importance of insurance terms and conditions is essential when it comes to controlling insurance risks. They determine, for example, the scope of the insurance cover and the restrictions on compensable damages. In managing insurance risk, it is important to exclude undesired risks or to limit them by way of agreements to a desired level..

Certain non-life insurance lines, such as statutory accident insurance and motor liability insurance, are subject to specific legislation, which determines the scope of the insurance cover, preventing any alterations to the insurance terms and conditions in this respect. Certain provisions applicable to statutory accident insurance and motor liability insurance also restrict the insurance company’s liability. In claims pertaining to annuities, the inflation risk and the long-term compensation risks related to medical expenses have been transferred to the pay-as-you-go pool under the joint responsibility of the companies operating in the insurance sector.

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

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

Reinsurance is used to hedge against and manage major losses and loss events. In managing major loss risks, it is important for the structure of the outward reinsurance and the portion of risks/losses remaining under the company’s responsibility to be dimensioned according to the solvency and the insurance liabilities to ensure efficient risk transfer.

The use of reinsurance implies ancillary risks, such as reinsurance availability, price and counterparty risks. In non-life insurance, the reinsurance risk and the related counterparty risk are reduced by only accepting companies with a sufficiently high financial strength rating as reinsurers. Moreover, limits are set on the maximum share of a single reinsurer in any reinsurance programme. In life insurance operations, the use of outward reinsurance is minor and therefore concentrated on a few counterparties.

Quantitative data on risk variables for technical provisions in non-life insurance financial statements

	Impact of change on Fennia’s solvency capital	
Discount interest	Decrease of 0.1 percentage point	EUR -10 million
Inflation risk	Increase of 1%	EUR -6 million
Mortality	Average age increase of 1 yr	EUR -10 million

3.2 Financial market risks

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

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

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

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

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

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

Quantitative data on risk variables in Fennia's investment portfolio

	Impact of change on Fennia's solvency capital	
Fixed income investments	Interest rate +1 percentage point	EUR -20 million
Equity investments	Change in value -20%	EUR -40 million
Real estate investments	Change in value -10%	EUR -31 million

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

	Impact of change on Fennia's solvency capital	
Fixed income investments	Interest rate +1 percentage point	EUR -10 million
Equity investments	Change in value -20%	EUR -19 million
Real estate investments	Change in value -10%	EUR -11 million

3.3 Counterparty risks

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

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

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

- • derivative contract counterparties, in which case only the possible positive market value of the contracts is exposed to the risk;
- outstanding reinsurance receivables and the reinsurers' portion of the claims outstanding;
- receivables from insurance customers and
- customer financing.

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

In managing the counterparty risk in reinsurance operations, the counterparty risk has been limited by setting requirements on, among other things, the credit ratings of reinsurers and the maximum amount of liability per reinsurer. As with the derivative contract counterparty risk, the ratings given by credit rating agencies are used as a tool in assessing the creditworthiness of reinsurers.

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

The objective of managing the customer financing counterparty risk is to limit the negative impacts of counterparty risks arising from customer and other liabilities on profit and loss to an acceptable level. The credit process plays a key role in managing these counterparty risks. In managing the credit process, it is important to ensure the reliability of the counterparties by assessing risks and by categorising the counterparty thereafter according to the internally developed model. Customer financing counterparty risks are reduced by determining customer-specific security and covenant terms and conditions.

3.4 Operational risks

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

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

Legal risks are included in operational risks. Strategic and reputation risks have been excluded from operational risks.

The objective of managing operational risks is to reduce the probability of unexpected losses by taking preventive risk management measures. The most effective risk-management measures are targeted at the most serious operational risks, meaning risks that are unlikely to materialise but when they do, they have a major impact on operations.

The Fennia Group's operational risk management framework is based on collecting data on operational risks from various sources, which include, for example, internal and Compliance audits, risk indicators, scenario-based estimates, data on internal occurrences of damage and near-miss situations, and internal risk mapping. The scenario-based estimates in particular play a key role in the proactive assessment of operational risks. The business and support functions hold primary responsibility for collecting data on operational risks and reporting it to the Risk Management and Compliance functions.

On the basis of the data collected from various sources, a risk profile is created for the operational risks and the necessary reports are produced for the Board of Directors and other internal purposes. In the longer term, systematic risk assessment improves the level of risk management and helps business and support functions to understand and manage operational risks.

Preparedness and contingency plans have been drawn up for the key business and support functions to ensure that key functions can be continued in the event of a crisis.

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

- internal malpractices,
- personnel risks,
- legal risks,
- problems and business interruption losses related to information, telecommunications and telephone systems,
- risks related to customers, products and business practices,
- risks related to processes, and
- risks related to the activities of external operators.

3.5 Risks inherent in quantitative methods

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

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

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

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

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

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

The management of risks inherent in quantitative methods is based on the structure, mathematical theory and logic of each method being well documented and supported as much as possible by scientific research and/or best practices of the insurance sector. In order to be able to identify a method's strengths and weaknesses, it is important that the mathematical simplifications, numerical methods 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.

3.6 Concentration risks

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

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

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

Especially in customer financing within investments operations, the investment and insurance operations are assessed from a holistic perspective prior to granting credit in order to be able to assess the joint risk concentrations.

3.7 Liquidity risk

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

Liquidity risk is divided into short- and long-term risk. Short-term liquidity risk refers to risks that are related to asset and liability cash flows lasting less than 4 months (cash management risks). Long-term liquidity risk refers to asset and liability matching risks spanning several years, even decades into the future.

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

- a minimum allocation is given to money market investments,
- convertibility into cash is required of equity and fixed income investments,
- money market investments are diversified and counterparty limits are set for them,
- the amount of non-liquid investments in the portfolio is limited, and
- liquidity conditions are included in significant reinsurance contracts where necessary.

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

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

3.8 Strategic risks

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

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

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

- • strategic macro risks, which are related for example to changes in demographic, social security and culture trends, changes in regulation, authority supervision and policy or changes in climate and geopolitical trends,

- • sector-specific strategic risks that relate to changes in competition in the insurance or financial sector and in the demand of policyholders or investors, and

- • strategic risks inherent in internal operations, such as, for example, risks related to expansion or to internal development or to the availability of additional capitalisation.

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

3.9 Reputation risk

Reputation risk refers to a risk of damage to the 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 and/or operating principles differ from those of the Fennia Group.

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

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

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

Successful reputation risk management is partly based on clear and well-thought-out external communications. It is important for the message to be correct and communicated to the right recipient by the right emitter.

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

3.10 Group risks

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

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

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

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

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

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

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

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

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

4 Solvency management

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

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

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

Board of Directors' Proposal on the Disposal of Profit

Fennia's distributable profits were EUR 264,400,633.75. The company's profit for the financial year was EUR 36,222,096.50. The Board of Directors proposes that the profit for the financial year be transferred to the security reserve.

Helsinki, 8 March 2016

Mikael Ahlbäck	Matti Pörhö	Antti Kuljukka Managing director
Jussi Järventaus	Lars Koski	Eva Liljeblom
Timo Salli	Paul Stucki	

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

Auditor's report

To the Annual General Meeting of Fennia Mutual Insurance Company

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Fennia Mutual Insurance Company for the year ended 31 December, 2015. The financial statements comprise the consolidated balance sheet, income statement and cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of financial statements and report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Insurance Companies Act, the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 21 March 2016
KPMG OY AB

Petri Kettunen	Alex Wahlroos
Authorized Public Accountant	*Authorized Public Accountant*

Statement of the supervisory board

The Supervisory Board of Fennia Mutual Insurance Company has examined the Company's Financial Statements for the year 2015 and the Consolidated Finan-cial Statements as well as the Auditors' Report. We have no objections concerning them.

The Supervisory Board proposes that the Annual General Meeting to be convened on 27 April 2016 approve the Financial Statements and the Consolidated Financial Statements and adopt the proposal of the Board of Directors for the allocation of the result for the financial year.

Helsinki, 22 March 2016

On behalf of the Supervisory Board

Janne Ylinen
Chairman of the Supervisory Board

Supervisory Board

Chairman

Janne Ylinen
Managing Director
Kokkolan Halpa-Halli Oy
Kokkola

Vice Chairmen

Jukka Tikka
Managing Director
Länsi-Savo Oy
Mikkeli

Seppo Kukkola
Managing Director, Engineering Counsellor (Finnish honorary title)
Kukkola-Yhtiöt Oy
Rovaniemi

Board Members

Antti Aho
Managing Director
Lääkärikeskus Aava Oy
Helsinki

Pekka Auramaa
Managing Director
Kuljetusliike Y. Auramaa Oy
Eura

Risto Finne
Chairman of the Board
Kuopion Konepaja Oy
Kuopio

Jarmo Halonen
Managing Director
Elecster Oyj
Toijala

Ilkka Jalonen
Chairman
Ilja Consulting Oy
Espoo

Juha Järvi
Managing Director
Ka-Mu Oy
Karstula

Marianne Kaasalainen
Managing Director
Oy Patrol Trading Ab
Espoo

Jouko Kauhanen
Chairman of the Board
Actiw Oy

Naarajärvi

Pia Kauma
Member of City Board
Espoo

Hannu Kekäläinen
Chairman of the Board
Check Point Finland Oy
Piikkiö

Matti Koskenkorva
Counsellor of Entrepreneurship (Finnish honorary title)
Tampere

Jaana Kotro
Managing Director
Teknopower Oy
Turku

Pekka Kuivalainen
Managing Director
Pisla Oy
Viitasaari

Matti Kurttio
Chairman of the Board
Tormets Oy
Tornio

Mervi Kuutti
Sales Assistant
Yrittäjäin Fennian Kenttä ry
Järvenpää

Maunu Lehtimäki
Managing Director
Evli Bank Plc
Helsinki

Markus Lindblom
Managing Director
RTV-Yhtymä Oy
Riihimäki

Vesa Luhtanen
Managing Director
L-Fashion Group Oy
Lahti

Hannu Löytönen
Industrial Counsellor (Finnish honorary title)
Managing Director
Betset Oy
Kyyjärvi

Tauno Maksniemi
Managing Director
G4S Suomi
Helsinki

Martti Paunu
Managing Director

Väinö Paunu Oy
Tampere

Ari Penttilä
Managing Director
Matkapojat Oy
Tampere

Tapio Pitkänen
Managing Director
Omatalo Oy
Sonkajärvi

Raimo Puustinen
Managing Director
Pohjois-Karjalan Kirjapaino Oyj
Joensuu

Pekka Rantamäki
CEO
Teknos Group Oy
Helsinki

Ari Rinta-Jouppi
Managing Director
Rinta-Joupin Autoliike Oy
Tervajoki

Meliina Ruokonen
Chairman of the Board
Aarikka Oy
Helsinki

Ali U. Saadetdin
Chairman of the Board
Solteq Oyj
Tampere

Seppo Saajos
Chairman of the Board
Saajos Group
Lohja

Kaj Ström
Chairman of the Board
Motoral Oy
Helsinki

Risto Tornivaara
Managing Director
Danske Bank Oyj
Helsinki

Markus Tötterman
Chairman of the Board
Oy Arwidson Ab
Tuusula

Heikki Vauhkonen
Managing Director
Tulikivi Corporation
Helsinki

Rauno Vennola
Managing Director
Terra-Team Ltd
Espoo

Jarkko Wuorinen
Managing Director
Ahlman & Wuorinen Development AWD Oy
Savonlinna

Jens Österberg
Managing Director
Oy Petsmo Products Ab
Vaasa

Fennia's Board of Directors and Management 1 January 2016

Board of Directors

Chairman

Mikael Ahlbäck
Managing Director
Ab Rani Plast Oy
Teerijärvi

Vice Chairman

Matti Pörhö
Commercial Counsellor (Finnish honorary title), CEO
Pörhön Autoliike Oy
Oulu

Board Members

Jussi Järventaus
Managing Director
Suomen Yrittäjät
Helsinki

Lars Koski
Managing Director
Laihian Mallas Oy
Laihia

Eva Liljeblom
Professor, Rector
Hanken School of Economics, Helsinki
Helsinki

Timo Salli
Managing Director
Katsa Oy
Tampere

Paul Stucki
Managing Director
Orfer Oy
Orimattila

Secretary to the Board

Sanna Elg
General Counsel
Fennia
Espoo

Fennia's Board of Directors and Management 1 January 2016

Auditors

KPMG OY AB

Petri Kettunen
Authorised Public Accountant

Alex Wahlroos
Authorised Public Accountant

Deputy Auditors

KPMG OY AB

Tiia Kataja
Authorised Public Accountant

Marcus Tötterman
Authorised Public Accountant

Fennia's Board of Directors and Management 1 January 2015

Management

Management group

Antti Kuljukka
Managing Director

Eero Eriksson
Deputy Managing Director,
Investments and Customer Financing
and Internal Services

Kimmo Kilpinen
Deputy Managing Director,
Substitute for the Managing Director,
Field Director

Timo Ahvonen
Group Services and Development

Pasi Karppi
IT Management Director

Vesa-Matti Kultanen
Director, Claims

Timo Parkkisenniemi
Director, Insurance Services and Reinsurance

Sanna Elg
General Counsel
Secretary of Management group

Actuarial function

Risto Heimo
Appointed Actuary

Fennia's Board of Directors and Management 1 January 2016

Physicians

Mikael Hedenborg
Doctor of Medical Science
Specialist in Occupational Health
Chief Physician
Special competence in insurance medicine

Lauri Keso
Doctor of Medical Science
Specialist in Internal Medicine and Rheumatology
Special competence in insurance medicine

Juha Liira
Doctor of Medical Science
Specialist in Occupational Health and Medicine
Special competence in insurance medicine

Teemu Paatela
Licentiate of Medicine
Specialist in Orthopaedics

Mika Paavola
Doctor of Medical Science
Specialist in Orthopaedics and Traumatology

Timo Yrjönen
Doctor of Medical Science
Specialist in Orthopaedics

Heikki Österman
Licentiate of Medicine
Specialist in Orthopaedics and Traumatology

Fennia’s Board of Directors and Management 1 January 2016