

LocalTapiola General Mutual Insurance Company

Report of the Board of Directors and financial statements for 2020

Business ID: 0211034-2



LÄHITAPIOLA

Table of contents

Report of the Board of Directors 2020	1
LocalTapiola Group in 2020	1
Significant events in each business sector during the financial period.....	2
Customers and customer benefits	5
Report on non-financial information.....	6
Credit rating.....	9
Operating environment	9
Solvency and risk management.....	10
LocalTapiola Group's structure and corporate governance	12
Structure of LocalTapiola Group.....	12
Corporate governance, personnel and remuneration	14
Events after the financial year	19
Future prospects.....	19
Proposal for distribution of profit	20
Financial statements 1 January–31 December 2020.....	21
Consolidated financial statements, LocalTapiola Group	21
Profit and loss account, LocalTapiola Group	21
Balance sheet, LocalTapiola Group.....	23
Indirect cash flow statement, LocalTapiola Group.....	25
Key figures, LocalTapiola Group	26
Notes, LocalTapiola Group.....	27
LocalTapiola General	55
Profit and loss account, LocalTapiola General.....	55
Balance sheet, LocalTapiola General	56
Indirect cash flow statement, LocalTapiola General	58
Key figures, LocalTapiola General.....	58
Notes, LocalTapiola General	59
Accounting principles	76
Notes on risk management	84
Signatures to the report of the Board of Directors and financial statements.....	90
Auditor's note	91

Report of the Board of Directors 2020

LocalTapiola General Mutual Insurance Company's (LocalTapiola General) domicile is Espoo, and its business ID is 0211034-2. LocalTapiola General's line of business covers all types of voluntary and statutory non-life insurance.

LocalTapiola General prepares consolidated financial statements (LocalTapiola Group) to the extent determined in the Insurance Companies Act for groups of insurance companies. LocalTapiola Group includes the Group's leading parent company LocalTapiola General, 19 regional non-life insurance companies and LocalTapiola Mutual Life Insurance Company (LocalTapiola Life), as well as the other companies consolidated into the Group by virtue of being owned by these LocalTapiola companies. The financial statements are available at [www.lahitapiola.fi / en / Information on LocalTapiola / Financial Data](http://www.lahitapiola.fi/en/Information%20on%20LocalTapiola/Financial%20Data).

LocalTapiola Group in 2020

- LocalTapiola Group's lifelong security strategy means that our customers are provided with comprehensive, proactive service in the areas of security, finance and health.
- Despite the coronavirus (COVID-19) pandemic, LocalTapiola Group's solvency and result remained good.
- LocalTapiola Group's total result was EUR 244.1 million (in 2019, EUR 560.1 million).
- In non-life insurance, we are the market leader for instance in motor liability insurance and farm insurance. In occupational accident insurance, we have increased our market share in a number of years.
- LocalTapiola Finance's growth continued to be strong despite the COVID-19 pandemic, and the finance portfolio exceeded one billion euros in the autumn.
- In life insurance, we are Finland's largest term life insurer. The growth of premiums written in term life insurance exceeded four per cent and the number of leaving customers fell.
- In savings, our customers' trust remained over the COVID-19 pandemic and surrenders remained at a moderate level. However, the pandemic weakened the demand for savings products in early 2020.
- The acquisition of a majority shareholding in Seligson & Co Fund Management Ltd (Seligson & Co), carried out in late 2020, supports LocalTapiola Group's finance business growth strategy.
- In the 2020 corporate responsibility report, our themes are proactive lifelong security, personnel experience and work community, data and data security, the impacts of climate change, and responsible policies.

LocalTapiola Group

Summary of results	2020	2020 comparable	2019	2019 comparable
Non-life insurance *)				
premiums written, EUR m	1,230.0	1,233.2	1,155.5	1,185.5
Non-life insurance,				
claims paid to customers, EUR m	743.4		765.6	
Life insurance *)				
premiums written, EUR m	434.0		616.3	
Life insurance,				
claims paid to customers, EUR m	391.8		521.2	
Operating profit, EUR m	174.5	223.6	235.5	274.0
Result for the financial year, EUR m	163.7	191.6	194.9	208.0
Total result, EUR m	244.1	293.1	560.1	598.5

*) direct insurance

LocalTapiola Group

Key figures	2020	2020 comparable	2019	2019 comparable
Risk ratio, %*)	66.5	62.7	66.7	63.7
Cost ratio, %*)	28.5	28.4	30.2	30.0
Combined ratio, %*)	95.0	91.1	96.9	93.7
Balance sheet total, EUR m	11,888.3		11,405.2	
Solvency ratio, %	175.2		176.3	

*) excluding unwinding of discount expense

The calculation of key figures is described in the notes to the financial statements.

Solvency ratio = amount of eligible own funds as compared to the Solvency Capital Requirement (Solvency II).

Significant events in each business sector during the financial period

2020 was an exceptional year due to the global COVID-19 pandemic. The values of risky asset classes fell heavily in the spring as a result of the strong shock in investment markets caused by the pandemic, but they rebounded strongly thanks to vigorous recovery measures taken by central banks and governments. Financial activity in Finland wound down significantly in the spring. In the insurance business, this caused the number of claims to decrease, notably in personal and vehicle insurance. Considering the events that took place in the real world, LocalTapiola Group's result in 2020 was good and the Group's solvency remained strong.

LocalTapiola Group's total result was EUR 244.1 million (in 2019, EUR 560.1 million). The positive total result was affected by the growth in investment returns especially in late 2020 and the strong result of the insurance business.

With the overall reform of LocalTapiola Group's insurance systems, we aim at clearer and more user-friendly insurance packages and services. The first phases of the system reform were introduced in autumn 2020. We also focus on finance services, comprising life insurance, asset management and financial services to private and corporate customers.

The comparative figures for the profit and loss account items and periodic key figures are those reported for the previous year's corresponding period. The comparative figures for the balance sheet and other cross-sectional key figures are those representing the situation at the end of 2019. In the text, the figures for the comparison period are given in parentheses.

Non-life Insurance

The non-life insurance operations comprise the combined result of LocalTapiola General and the regional non-life insurance companies. In the 2020 financial statements, the number of regional companies decreased from twenty to nineteen, as LocalTapiola Lännen and LocalTapiola Satakunta merged into LocalTapiola Länsi-Suomi Mutual Insurance Company. The merger of the LocalTapiola Group companies operating in the Western Finland economic area strives for improved customer experience and a more extensive service network. At

the same time, it also creates new opportunities for employees' professional development.

In non-life insurance, non-recurring items are included in premiums written, premiums earned and claims incurred, relating to changes in the calculation basis and calculation method of technical provisions and to the amendment of the Patient Insurance Act. For 2020 and 2019, comparable figures are also presented where the figures have materially changed. More detailed information on the changes is given in the accounting principles.

LocalTapiola Group's non-life insurance **balance on the technical account** stood at EUR 46.5 million (EUR 30.5 million). **Premiums written in direct non-life insurance** were EUR 1,230.0 million (EUR 1,155.5 million) and growth over the previous year was 4.0 per cent in comparable terms. Growth remained especially strong in voluntary personal insurance, where premiums written increased by 6.4 per cent over the previous year. Premiums written in occupational accident insurance decreased by 0.2 per cent. Among other things, the decrease was affected by the negative development of payroll totals and the falling number of claims by special-rate customers caused by the COVID-19 pandemic. However, good results were achieved in the net customer transfer rate, which had a positive impact on the development of premiums written. Vehicle insurance also experienced a year of strong growth. In addition to the growth in premiums written, our market share in motor liability insurance increased for the second consecutive year. With a 32 per cent market share we are the market leader in terms of the number of insurance contracts, and we have over one million comprehensive motor vehicle insurance policies in our insurance portfolio. We are also the market leader in farm insurance, with a market share of 66 per cent (67%).

The extraordinarily low financial activity, which was due to the COVID-19 pandemic, and the mild late winter with little snow experienced in most parts of Finland reduced the number of claims in 2020. LocalTapiola Group's non-life insurance **claims incurred** were EUR 940.9 million (EUR 901.5 million), **risk ratio** excluding the unwinding of discount expense was 66.5 per cent (66.7%), and the comparable risk ratio for 2020 stood at 62.7 per cent (63.7%). LocalTapiola General and the regional non-life insurance companies paid out EUR 743.4

million (EUR 765.6 million) in claims to their customers. In 2020, there were 46 (71) claims in excess of EUR 300,000 for loss or damage to property and business. The gross claims expenditure for these claims was EUR 34.5 million (EUR 39.8 million). The efficiency of our claims handling operations continued to rise, thanks to developments in automation and software robotics. Operating expenses were EUR 355.4 million (EUR 358.3 million) and the cost ratio, which measures the efficiency of non-life insurance, improved to 28.5 per cent (30.2%). **Combined ratio** excluding the unwinding of discount expense was 95.0 per cent (96.9%). Without the aforementioned impacts of non-recurring items, it would have been 91.1 per cent (93.7%).

LocalTapiola General

Summary of results	2020	2020	2019	2019
	comparable		comparable	
Non-life insurance *)				
Premiums written, EUR m	229.9	233.1	198.2	228.2
Operating profit, EUR m	50.9	67.5	135.5	159.7
Result for the financial year, EUR m	50.0	63.3	107.0	115.7
Total result, EUR m	94.3	110.8	191.0	215.2

*) direct insurance

LocalTapiola General's result was strong despite the exceptional year. Premiums written in direct insurance increased by 2.2 per cent in comparable terms and total premiums written by 3.7 per cent. Especially, premiums written in accident insurance and health insurance as well as for fire and other property damage experienced good growth. The comparable combined ratio was 94.9 per cent (88.4%).

LocalTapiola General

Key figures	2020	2020	2019	2019
	comparable		comparable	
Risk ratio, %*)	76.1	71.1	68.8	63.9
Cost ratio, %*)	24.1	23.9	27.2	24.5
Combined ratio, %*)	100.2	94.9	96.0	88.4
Investment net income at current value, %	3.5		7.0	
Balance sheet total, EUR m	2,830.2		2,720.7	
Solvency ratio, %	311.5		304.9	

*) excluding unwinding of discount expense

Investment activities aim to generate value for our owner-customers. Investment income makes it

possible for us to maintain solvency and provide competitive services to our customers.

With our long-term investment policy, we succeeded well in investment activities in 2020. **LocalTapiola Group's** non-life insurance **net investment income** was EUR 39.7 million (EUR 179.8 million).

LocalTapiola General

Investment activities	2020	2019
Return on investment at current value, %	3.5	7.0
Fixed-income investments	1.1	5.1
Equity investments	4.2	8.6
Real estate investments	7.6	7.1
Other investments	-23.1	11.8
Investment allocation, %		
Fixed-income investments	33.0	32.5
Equity investments	52.0	52.9
Real estate investments	15.0	14.4
Other investments	0.0	0.1
Investment assets at current value, EUR m	2,969.6	2,814.7

LocalTapiola General's result was substantially boosted by investment income. Return on investment at current value stood at 3.5 per cent (7.0%).

LocalTapiola General's average five-year annual investment income was 4.2 per cent (4.5%) and the average ten-year income 4.5 per cent (4.7%). The regional companies had an average rate of return on investment at current value of 2.0 per cent (7.5%).

The loan capital in corporate financing increased despite the challenging year dominated by the pandemic. An extremely small amount of write-offs was recognised but, on the other hand, more initial credit loss provisions were made than in previous years. In real estate financing, the customer base was broadened with new customer relationships.

In the spring, we tested the liquidity of our investment portfolios, when despite the extremely weak market we were able to realise listed assets at good market values and to increase our liquidity.

In November 2019, Mehiläinen announced it had made a public offer on Pihlajalinna. In autumn 2020, the Finnish Competition and Consumer Authority proposed to the Market Court that the corporate transaction be prohibited. LocalTapiola continues as a key owner in both companies, and our cooperation with the companies continues normally.

Life Insurance

LocalTapiola Life has continued to invest in the implementation of the lifelong security strategy and in its transformation from a life insurance company to a lifelong security company for its owner-customers.

With a decrease in interest rate levels and investment market volatility, the COVID-19 pandemic has had an accentuated impact on life insurance companies and pension insurance companies, especially. The pandemic also dominated the development of LocalTapiola Life's business in 2020. The pandemic sensitised our customers to think about their own security and that of their loved ones, which was evident in increased online sales and a reduced number of leaving customers. LocalTapiola Life has remained a strong lifelong security partner for its customers.

The company's good solvency position has played an important role during the COVID-19 pandemic. In recent years, preparations have been made for investment market volatility by strengthening the company's solvency, which has indeed remained at a good level during the COVID-19 pandemic. In 2020, we have focused on improving solvency management and liquidity management further.

LocalTapiola Life's total premiums written decreased with the development of premiums written in savings by 17 per cent in comparable terms and ended up at EUR 434.0 million (EUR 616.3 million).

The good development of premiums written continued in term life insurance and in group pension insurance. In term life insurance, premiums written grew by 4.4 per cent and in group pension by 6.0 per cent. In savings, premiums written decreased by 29.6 per cent in comparable terms.

LocalTapiola Life paid out EUR 391.8 million (EUR 521.2 million) in claims to its customers.

Total premiums written and claims incurred increased in 2019 in part due to the transfers of savings from old contracts to new ones, brought about by the changes in taxation practices effected at the beginning of 2020.

LocalTapiola Life's **operating profit** was EUR 51.7 million (EUR 32.3 million) and total result was EUR 45.9 million (EUR 96.6 million). Return on investment at current value was 2.2 per cent, or EUR 72.2 million (EUR 189.5 million). A supplementary interest rate provision of EUR 35.8 million (EUR

139.4 million) was made due to decreasing interest rate levels. Total expense loadings and bonus payments increased by 2 per cent, and the result for risk premiums collected was on a good level. The expense ratio in proportion to total expense loadings was 121 per cent (125%).

Asset management and other business

The most important other business operations in LocalTapiola Group's consolidated financial statements are the services provided by LocalTapiola Asset Management Ltd, Seligson & Co Fund Management Ltd, LocalTapiola Real Estate Asset Management Ltd, LocalTapiola Alternative Investment Funds Ltd and LocalTapiola Finance Ltd.

LocalTapiola Asset Management serves as the asset manager of the LocalTapiola Group companies, of LocalTapiola funds and for external investors. LocalTapiola Asset Management supplements LocalTapiola Group's lifelong security strategy with its finance services in offering customers extensive and cost-efficient asset management solutions.

LocalTapiola Asset Management's turnover amounted to EUR 20.6 million (EUR 21.7 million), and its operating profit was EUR 0.7 million (EUR 1.4 million).

In early 2020, LocalTapiola Asset Management received two outstanding recognitions for investment success. Fund rating company Lipper Thomson Reuters ranked LocalTapiola Asset Management the best asset manager in the small companies category.

Fund rating company Morningstar awarded the LocalTapiola World 50 fund as the best hybrid fund in Finland and, in addition, LocalTapiola won Morningstar's award for the best fund company in terms of the entire portfolio. The awarding is based on the best five-year risk-adjusted income.

LocalTapiola Asset Management received excellent scores for the implementation of responsible investment from the UN-supported Principles for Responsible Investment organisation.

The highest possible grade, A+, which LocalTapiola Asset Management received for its approach to ESG Strategy and Governance for the third consecutive year, was awarded to only 29 per cent of the asset managers who are signatories to the PRI.

For a long time now, LocalTapiola Asset Management has been a pioneer in responsible investment practice. Preparations were made in 2020 for the responsible investment regulation taking effect in March 2021. We discuss responsible investment

in more detail in section Report on non-financial information and in a separate Corporate responsibility report.

During the financial period, practices to prevent money laundering and terrorism have been promoted and reporting processes improved, including transaction reporting to authorities based on discussions held with the Financial Supervisory Authority.

Seligson & Co is a fund management company serving institutions and private investors in Finland and Sweden, the majority shareholding of which LocalTapiola Group acquired in autumn 2020. Seligson & Co strives to produce cost-efficient mutual funds for long-term investors. With the purchase, LocalTapiola Group reinforces its long-term savings and investment services.

Seligson & Co's turnover was EUR 9.1 million (EUR 8.4 million), and operating profit was EUR 3.1 million (EUR 2.5 million).

LocalTapiola Real Estate Asset Management Group achieved excellent real estate investment returns for its customers, and its funds as a whole were successful despite the year dominated by the pandemic, even though a significant write-down was recorded in 2020 on LähiTapiola Keskustakinteistöt Ky's real estate investment in shopping centre Ainoa.

The funds managed by LocalTapiola Real Estate Asset Management Group in spring 2020 increased their holding in the major Tampere Deck and Arena project, in REDI Shopping Centre and in Kaisaniemenkatu 1 in Helsinki. LocalTapiola Real Estate Asset Management Group's turnover amounted to EUR 16.0 million (EUR 15.0 million) and its operating profit was EUR 2.5 million (EUR 2.3 million).

LocalTapiola Alternative Investment Funds is LocalTapiola Group's alternative funds manager. LocalTapiola Group opened its first private equity funds, LocalTapiola Private Equity IV LP and LocalTapiola Private Debt II LP, to external investors in late 2020. In addition, our service offering includes the new LocalTapiola Star Asset Management special mutual funds and the LocalTapiola Investment Real Estate special mutual fund, which invests in real estate in a widely diversified fashion.

LocalTapiola Finance provides instalment, financial leasing and consignment services through car dealerships in connection with car purchases.

Despite a difficult year, LocalTapiola Finance's finance portfolio continued to grow profitably. Our

receivables base reached over one billion in autumn, and our market share of all vehicles financed rose to nearly 10 per cent. In new sales, we stabilised our position as Finland's third largest finance company. Despite the uncertainty prevalent in the financial markets, we strongly reinforced the share of external financing in our funding. At the end of 2020, the share of external funding in our financing rose to the 70 per cent level. Our digital services and extremely motivated and professional staff ensured quick and high-quality services to customers and partners, also during the COVID-19 pandemic.

In 2020, instalment and leasing sales totalled EUR 779.4 million (EUR 657.4 million). The company's operating profit was EUR 5.2 million (EUR 3.3 million).

Customers and customer benefits

The special situation group, set up at LocalTapiola Group at the start of the COVID-19 pandemic, worked actively to implement safe customer contacts and COVID-19 restrictions. Under changing COVID-19 situations, it instructed LocalTapiola Group on the various ways to implement safe customer contacts and on employees' work arrangements. In addition, we addressed the difficulties caused to customers by the COVID-19 pandemic in the form of rent payment reductions and flexibility with the repayment of loans. TerveysHelppi and claims services assisted our customers in health questions.

During the year, we especially focused on actively helping our existing customers and on developing customer service models, and the customer satisfaction of large corporations remained at a good level despite the exceptional year.

The surplus of LocalTapiola Group's operations is used for the benefit of owner-customers in the form of discounted premiums, customer bonuses and service development. Some of the profit is used to strengthen the company's solvency, thereby safeguarding customers' interests in the future.

We paid a total of EUR 743 million (EUR 766 million) to customers in **compensation under non-life insurance**. Additionally, we paid EUR 78 million (EUR 73 million) in insurance premium loyalty bonuses and EUR 33 million (31) in S Group bonuses. Under **life insurance**, our customers were paid a total of EUR 392 million (EUR 521 million) in **compensation** and EUR 57 million (EUR 61 million) as

returns on insurance savings. Of these, customer bonuses accounted for EUR 8 million (EUR 9 million).

The notes to the financial statements contain a report on the application of Life's principle of reasonability, the objectives related to the distribution of additional benefits and the implementation of the principle of reasonability between 2011 and 2020.

Report on non-financial information

LocalTapiola Group is a group of companies based on the mutual company form and owned by 1.6 million customers. We serve private, farm, entrepreneur, corporate and institutional customers. Our services cover life and non-life insurance, voluntary pension insurance, investment and savings services as well as finance services.

LocalTapiola has an extensive network of partnerships. In claims operations, our customers are served by vehicle and hospital/clinic partners, among others. S Group serves as our strategic partner, while Elo Mutual Pension Insurance Company is our pension insurance partner and Mehiläinen our partner in health and well-being.

General principles

Through our nationwide and local operations, we want to increase the security and well-being of our customers and of entire society. Our shared responsibility themes and goals apply to all companies. These themes are proactive lifelong security, personnel experience and work community, data and data security, the impacts of climate change, and responsible policies.

Our Code of Conduct describes the policies we value and the actions we do not approve of. The principles apply to all Group companies, and they guide the work of everyone working at LocalTapiola. We adhere to good corporate governance, which is based on legislation applicable to the insurance and finance sector, the regulations and guidelines issued by the Financial Supervisory Authority and, where applicable to mutual insurance companies, the Finnish Corporate Governance Code for listed companies. In autumn, we as a group became a signatory to the UN's principles for sustainable insurance: we are committed to promoting responsibility and sustainable development in all our insurance operations. In investment operations, we adhere to the principles for responsible investment. LocalTapiola Asset Management and

LocalTapiola Real Estate Asset Management are committed to the UN's principles for responsible investment. The companies report on adherence to the principles on an annual basis.

Risk management

We identify responsibility risks as part of the risk management process. Non-financial risks and compliance are monitored by the risk management, actuarial and compliance functions. Risk management and key risks are described in more detail in the note to the financial statements on risk management and in a separate report on solvency and financial position.

LocalTapiola may face risks from the extreme weather phenomena brought about by climate change. Climate change may also pose a risk to product development and investment activities, if the impacts it creates are not addressed in the long term. The ageing of population, novel needs for services and increasing use of health insurance policies may pose a risk to the profitability of insurance business.

Personnel risk includes the management of competences in a rapidly changing operating environment. We manage personnel risks through leadership, work atmosphere surveys and competency mapping. Human rights risks may occur upon outsourcing and in long delivery chains. We manage these risks through contracting procedures, regular auditing and vetting as well as measures combating the grey economy.

For corporate governance, risks may be brought about by organising operations such that they meet all legal and regulatory requirements. It is paramount to ensure the personnel's competence in the prevention of money laundering and countering of terrorist financing, in anti-corruption and anti-bribery matters and in insider regulation. We prepare for data security and information security risks with sufficient resourcing, guidelines and training events.

Environmental matters

The most significant impacts of our own operations on the environment and climate are caused by energy consumption. Indirectly, investment activities and preventive risk management play a major role for the environment. With proactive prevention work, the materialisation of environmental risks and undesirable impacts on the climate can be prevented.

LocalTapiola Real Estate Asset Management is committed to the energy efficiency agreements for commercial real estate and rental housing associations for 2017–2025. The agreements aim to reduce energy consumption by 7.5 per cent by 2025 from the 2015 comparison level. In the commercial real estate and residential buildings managed by Real Estate Asset Management, a total of 67,000 megawatt hours of heat (MWh, weather-adjusted), 29,000MWh of electricity, 7,500MWh of district cooling and 420,000 cubic metres of water were consumed in 2020. The combined savings effect of the energy efficiency measures taken in 2020 was some 700MWh in commercial real estate, and in residential buildings it was approximately 280MWh. In residential buildings, water-saving measures totalling some 2,300 cubic metres were also implemented. From the start of 2020, Real Estate Asset Management transitioned to using origin-guaranteed wind power, which reduces the carbon footprint of our real estate by some 30 per cent, or 7,000 tonnes annually.

LocalTapiola Asset Management evaluates environmental effects in its investment decisions and sustainability analysis. In portfolios based on the equity and corporate bond selection model, Asset Management invests, in carbon-intensive sectors, in those that have the best carbon footprint or in improvers while strictly complying with the responsibility and investment criteria. In addition, investments are avoided in companies of whose turnover over 25 per cent comes from the production of coal, lignite or peat used in energy production or of whose energy production at least 25 per cent is based on these raw materials, and the company does not have a credible plan in place to reduce the use of coal.

On an annual basis, LocalTapiola Asset Management calculates the carbon footprints of LocalTapiola General and LocalTapiola Life's direct investments. In addition, the company publishes on its website the carbon footprints of the LocalTapiola funds investing in equities and corporate bonds for the funds of whose investments (companies) over 50 per cent have reported their emission figures.

LocalTapiola Finance offsets the CO₂ emissions of the cars it finances and LocalTapiola insures without extra cost to the customer. The offsetting applies to all consumer-customers' cars financed by the company, insured by LocalTapiola or Turva and with emissions of under 200g/km. Emissions

are offset via the Clean Development Mechanism project under the UN's climate deal.

[Social responsibility and human resource perspectives](#)

LocalTapiola employs a total of 3,562 staff all over Finland (situation on 31 December 2020). Our personnel strategy covers questions related to competences, remuneration, equality, personnel experience and work community. The entire Group has in place shared principles to maintain working capacity and for the use of various forms of employment relationship.

In 2020, we took forward the complex of the personnel strategy revised the previous year, personnel surveys and goal dialogues. We also continued the development of work capacity management. Other focus areas included talent management, role change support, streamlining HR processes and knowledge-based management.

The goal of our personnel strategy is high personnel experience. We measure personnel experience using the ROIHU employee survey introduced in 2019. The survey, carried out every year, has been tailored for LocalTapiola based on Eezy Spirit's People Power concept. ROIHU measures how good a place to work LocalTapiola is perceived to be. In 2020, the survey scored 77.1 (in 2019, 77.0) out of one hundred. The score improved slightly despite a challenging year and clearly exceeded the normative benchmark for Finnish white-collar employees.

Goal dialogues are used to ensure a high-quality and uniform management style. The skills mappings carried out in 2020 found that self-management, systems expertise and competences related to lifelong security products and services were the priorities in skills development. The average number of training days in 2020 was 4.4 (5.5 days) per person. The figure includes contract staff and insurance agents, for whose skills development we are responsible as required by the law.

Our working capacity management work strives for a uniform and active policy. To support working capacity situations, we employ the Esimies-Kompassi (SupervisorCompass) tool. A total of 1,427 tasks (944 tasks) were completed in EsimiesKompassi in 2020 to support working capacity.

The absence due to illness percentage was 3.3 (3.3) in 2020. During the year, 48 occupational accidents (81 occupational accidents) were recorded,

of which 60 per cent occurred on the way to or from work. The injury rate, or the number of occupational accidents as compared to the number of work hours completed (number of occupational accidents x 1,000,000 hours / work hours completed in the time-recording system), was 7.94 (15.42). Days of absence due to illness resulting from occupational accidents totalled 105 (264).

The equality and non-discrimination goals are recorded in the equality and non-discrimination plan. We promote non-discrimination by developing work conditions and policies. We monitor that equality is ensured with a survey on gender equality in different posts and with regard to pay. In 2020, women accounted for 66.3 per cent (66.3%) of the Group's personnel and men accounted for 33.7 per cent (33.7%). In management, women accounted for 24.7 per cent (20.4%) of positions and men accounted for 75.3 per cent (79.6%).

Human rights

We respect human rights and require the same from our partners, suppliers and investments. We do not tolerate harassment, discrimination or abuse. We treat our customers and personnel on an equal basis. We use shared policies to ensure our customers' information security and privacy.

We do not create unfair inequality between people based on gender, age, health condition, nationality, sexual orientation, language or disability, for instance. We offer those working at LocalTapiola equal opportunities to develop their competences. We have elevated a higher level of diversity among staff and administration to a key priority in the development of responsibility work.

Donations and partnerships

In 2020, the LocalTapiola Group companies donated a total of one million euros from the contingency reserves of the Boards of Directors to anti-COVID-19 work. The majority of the aid was directed to the Finnish Red Cross for an extensive COVID-19 relief operation covering the entire country. In addition, the companies donated funds to causes of public interest which promote the well-being and security of communities and the environment.

Together with our partners, we enhance the security and well-being of people, communities and the environment. Our nationwide partners include the Finnish Red Cross, the Cancer Foundation, the Finnish Swimming Teaching and Lifesaving Federation, and the Finnish National Rescue Association.

We have trained nearly one hundred thousand first-aid heroes together with Punainen Risti Ensipuu Oy since 2017. In 2020, trainers from the Red Cross taught resuscitation skills to nearly 10,000 fifth-graders across Finland.

Anti-corruption and anti-bribery efforts

Our decision-making is based on objectivity and independence. We strive to prevent corruption and bribery in all our operations. Relevant for us are the prevention of money laundering and countering of terrorist financing, combating the grey economy and insurance crime, and the management of conflicts of interest.

Preventing money laundering and countering terrorist financing

With our operations, we combat the grey economy and close down the space in which serious and organised crime operates. We are committed to preventing money laundering and countering terrorist financing, and we comply with the regulation governing this theme. We identify and know our customers as required by regulation and follow the customer selection criteria in risk management. We monitor and comply with international financial sanctions as well as national decisions to freeze funds.

With continuous and up-to-date training, we make sure that all working at LocalTapiola know the legal obligations and internal guidelines. All personnel complete online courses on the prevention of money laundering and countering of terrorist financing on an annual basis.

Combating insurance crime

LocalTapiola Group employs joint operating procedures to detect suspicious transactions. We report suspicions to the Financial Intelligence Unit and also investigate them internally. We work in close and transparent cooperation with authorities and intra-Group parties. We continuously develop ways for more effective monitoring of sanctions and to enhance the effectiveness and automation of the control of fraud and financial flows.

LocalTapiola Group's investigation services combat the insurance and financial crime targeting the Group. Investigation services report to the management at regular intervals and also participate in the investigation of internal abuses. We train people working at LocalTapiola to combat fraud and other abuse, to detect suspicious transactions and money laundering, to identify customers and to ascertain their authorisation. Hundreds

of people at LocalTapiola take part in the training events every year.

Conflicts of interest and internal abuses

Our shared operating principles to identify and prevent conflicts of interest cover guidelines on recusal, insider affairs, competing activities, management remuneration, gifts, hospitality and related party transactions. We strive to ensure good and independent decision-making with a prudent decision-making process, definition of responsibilities and guidelines on recusal and related party transactions. Monitoring compliance with the operating principles and guidelines is part of the work of internal control. Supervisors and the compliance function monitor compliance with the principles and related guidelines and report on any irregularities.

The Group has in use a technical tool to support the reporting of internal abuses and suspicions. A whistleblowing channel makes anonymous reporting possible. Suspicions of abuse may also be reported through other means, such as via email. Suspicions of abuse surface in connection with supervisory work or regular monitoring, such as that conducted by internal control. Internal control processes all suspicions of abuse on a confidential basis and monitors the realisation of corrective measures and consequences. The number and contextual allocation of suspicions of abuse are regularly reported to the management.

Corporate responsibility report

We discuss corporate responsibility at LocalTapiola Group and the activities of 2020 in a separate corporate responsibility report to be published at www.lahitapiola.fi.

Credit rating

The credit rating agency Standard & Poor's performed a credit rating evaluation on LocalTapiola Group for the first time in 2019.

The 'A' rating with a stable outlook given by Standard & Poor's to LocalTapiola General on 5 November 2020 was affected by the Group's strong solvency and good profit development. Standard & Poor's believes that LocalTapiola will continue to maintain its leading position on the Finnish insurance market.

The credit rating is required in business if demanded by a customer or a partner. From the viewpoints of corporate image and reputation, a good rating increases reliability and respect.

Operating environment

Non-life Insurance

In 2020, Finland and the entire world faced an unforeseeable global pandemic. The Finnish economy survived the year dominated by the COVID-19 pandemic better than anticipated. Industry performed well, while employment remained at a good level and domestic consumer demand was stable. In Finland, the decrease in the national economy was among the smallest in Europe in 2020.

The better than expected trend of the national economy was evident in the increase in non-life insurance premiums written. The pandemic exerted a two-way impact. First, early in the year compensation was paid for a somewhat larger number of pandemic-related claims, and the conditions for the growth of premiums written deteriorated considerably. On the other hand, in the second quarter of the year the impacts of markedly slowed activity were felt at that time as a significant drop in claims. Later in the year, the numbers levelled back to normal, but all in all the number of claims in 2020 fell short of normal.

The biggest impact of the pandemic was seen in the operations of corporate customers. As a consequence of COVID-19 restrictions, turnover in many sectors fell and companies rationalised their operations by reducing the sums insured.

Typical of times of crisis, there was growth in the demand for security and health related insurance policies. Already strong in previous years, the demand for health and well-being insurance products and services by private and corporate customers alike remained high. Increased working at multiple locations resulted in a growing demand by companies to take out insurances for their personnel.

Investment income fell heavily early in the year but rebounded quickly during the rest of the year.

The COVID-19 pandemic also had positive impacts on the non-life insurance business. It was not possible to meet customers face-to-face as often as before, resulting in stronger significance of digital interaction tools and services than previously.

Life Insurance

The COVID-19 pandemic has exerted a heavy influence on 2020. Rapidly increasing public debt and a falling employment rate depress Finns' purchasing power. However, the digital leap brought about by

the COVID-19 pandemic may be viewed as a positive development in our society.

The life insurance sector has weathered well the market disturbance caused by the COVID-19 pandemic, even though premiums written have decreased over the previous year and the decreasing interest rate levels have weakened the solvency capitals of companies.

At the beginning of 2020, changes were effected in taxation practices, due to which the amount of transfers of savings increased in late 2019, increasing premiums written in savings. Then, 2020 was affected by the COVID-19 pandemic, and in spring 2020 the amount of surrenders increased momentarily and premiums written in savings decreased.

The number of pure risk policies is small in Finland, by international comparison. The need for life insurance is high in Finland, but premiums written for pure risk policies have not increased materially in the sector in recent years. The COVID-19 pandemic has led to an increasing interest in pure risk insurance.

The expected returns on investments are becoming lower and the birth rate is falling, which increases the pressure on the pension system. Individual arrangements are therefore becoming more common, opening up opportunities for life insurance solutions which supplement statutory pension cover. According to Finance Finland, nearly three in four parents of under-18-year-olds are saving up for their child, adding to the child's security when growing up.

Investment operations

Sentiment at the start of 2020 was hopeful. Growth was accelerating, with stock markets going up, and sentiment was generally high. However, in February the global COVID-19 pandemic struck, as a result of which economies slipped into recession and the financial markets into chaos. Without the vigorous and determined intervention by central banks, an extremely damaging situation might have evolved.

Central banks succeeded in stabilising the financial markets with their extensive liquidity operations. Ensuring the stability of the financial system is one of the key duties of central banks, and in that central bankers did exceedingly well this time. The lessons learned from past crises have been put into practise in an accomplished fashion.

With easing monetary policy, governments also launched various aid and stimulus packages to avoid bankruptcies and mass unemployment. Together these major economic policy interventions were able to rebuild confidence, as a result of which prices in the financial markets rebounded strongly in April. As a whole, 2020 was ultimately a moderately good year for investors.

With other economies, the Finnish economy also slipped into recession in spring 2020, but so far the economic contraction has been clearly smaller than in the eurozone and in the United States. The Finnish economy is forecast to contract in 2020 by an average of three per cent, which is clearly less than what was anticipated in spring and in summer.

Solvency and risk management

Solvency management

Solvency monitoring within LocalTapiola Group and its insurance companies is based on the EU-level Solvency II regulatory regime. LocalTapiola Group and its insurance companies calculate solvency using a standard formula. Solvency calculation does not fall within the remit of statutory audit. LocalTapiola Group also constitutes a financial and insurance conglomerate as referred to in the Act on the Supervision of Financial and Insurance Conglomerates. LocalTapiola General acts as the Group's leading parent company, which is tasked with ensuring that the Group and its companies fulfil the legal requirements relating to solvency.

LocalTapiola Group's non-life insurance companies are among the most solvent companies in their sector in Finland. The Group's solvency is therefore built on a strong foundation despite the economic uncertainty that prevails in the operating environment.

Solvency management is part of the Group's risk management and that of its companies. The starting point for solvency management is that the Group and the companies have sufficient solvency capital to meet their obligations, taking expected and unexpected losses into account. As LocalTapiola Group is a mutual company, its solvency management focuses on good solvency throughout the Group and its companies so as to ensure the financial security of customers at all times.

A joint liability agreement was concluded between LocalTapiola General and the regional com-

panies with the aim of securing the solvency of LocalTapiola Group's companies. The agreement defines the operating principles and decision-making procedures to be used in extraordinary circumstances, such as if a Group company's solvency has been jeopardised or is at risk. According to the agreement, LocalTapiola General and the regional companies are obliged to capitalise the Group's other companies, provided that the company's own solvency is sufficiently strong and will remain so after the capitalisation. The amount of capitalisation required by the agreement is restricted in proportion to the assets of the capitalising company.

The joint liability agreement also contains terms stating that the solvency of LocalTapiola Mutual Life Insurance Company and the Group's asset management companies (LocalTapiola Asset Management Ltd, LocalTapiola Real Estate Asset Management Ltd and LocalTapiola Alternative Investment Funds Ltd) can be supported using equivalent principles in proportion to guarantee and share capital shareholdings if necessary. The applicable principles of the joint liability agreement also apply to the solvency assurance measures concerning LocalTapiola Finance Ltd. However, these companies are not parties to the joint liability agreement, nor can they demand additional capitalisation on the grounds of the agreement. S-Bank Ltd is not covered by the joint liability agreement.

The solvency of all Group companies is currently strong, so the likelihood of any companies resorting to capitalisation under the joint liability agreement is very low. LocalTapiola Group's solvency calculations take the impact of the joint liability agreement into account.

Further information on the Group's solvency management is provided in the reports on the Group's solvency and financial position at www.lahitapiola.fi. The report for 2020 will be published by 8 April 2021.

Solvency position

LocalTapiola General's solvency ratio (the company's own eligible funds as compared to the Solvency Capital Requirement) was 312 per cent (305%), while LocalTapiola Group's solvency ratio was 175 per cent (176%). Therefore, the solvency of the company and of the Group can be considered strong. The table below lists the solvency ra-

tios of LocalTapiola General, the regional companies (on average), LocalTapiola Life, and LocalTapiola Group:

(% / EUR million)	Solvency ratio	Own funds	Solvency Capital Requirement
General	312%	1,801.1	578.1
Regional companies	235 %	1,678.2	714.5
Life	184 %	1,001.8	544.4
LocalTapiola Group	175 %	3,330.2	1,900.4

Due to the COVID-19 pandemic, the monitoring of the solvency position and liquidity position of the Group and of the regional companies was increased during 2020.

The impact of the COVID-19 pandemic on the solvency of LocalTapiola Group and of the insurance companies included in it has been moderate. Despite the Group's and the companies' own funds decreasing especially in the first half of 2020 as a result of changes in the value of investments and in the interest rate level, the Group's solvency ratio and that of most of the companies remained at the same level as at the end of 2019. In late 2020, the own funds of the Group and of most of the companies increased thanks to investment income developing positively in the latter half of the year. Therefore, the Group's solvency remains at a strong level, and the solvency of all the Group's insurance companies is at least at a good level in the situation at the end of 2020.

The liquidity position of the Group companies has been at a good level during 2020. Preparations were made for any liquidity needs by increasing the amount of cash and by ensuring that the investment assets contain enough liquid investments which are quickly convertible into cash.

Risk position

The most significant risks to operations are insurance risks related to non-life insurance, insurance risks related to life insurance, market risks associated with investments, operational risks, and risks related to the operating environment and the strategy.

The key insurance risks in non-life insurance relate to the pricing of insurance products, inflation, changes in mortality, occupational diseases and reinsurance cover.

The key insurance risks in life insurance are risks associated with technical provisions and the customer-related risks of termination of contracts and payment of premiums.

Market risk is caused by fluctuations in the market values of assets, including fluctuations resulting from changes in interest rates, share prices and foreign exchange rates.

Operational risks refer to the risk of loss caused by insufficient or failed internal processes, personnel, systems and external factors. Legal risks are included in operational risks.

Risks related to the operating environment and the strategy include risks associated with the general operating environment, changes in the markets and customer behaviour, the competitive situation and competitors, and the content and implementation of the strategy. In the insurance sector, risks associated with the operating environment and the strategy are heightened by the simultaneous uncertainty about economic development and the ever-increasing pace of change: digital transformation, consolidation, new operators and consortia, demographic change, internationalisation and climate change.

Because of the COVID-19 pandemic, LocalTapiola Group organised a special situation group focusing on the management of the emergency. The special situation group was tasked with establishing a situational picture of the risks and impacts of the emergency on LocalTapiola and deciding on the necessary operational guidelines and the orientation of communications. The work carried out by the special situation group made the evaluation of risks and impacts, and leadership in the emergency, more effective. In the risks brought about by the COVID-19 pandemic, potential impacts on the personnel's and customers' health, on safeguarding the continuity of operational functions and on the solvency position and liquidity position were accentuated.

Further information on the Group's risk management and key risks is provided in the note to the financial statements on risk management and in the report on solvency and the financial position at www.lahitapiola.fi.

LocalTapiola Group's structure and corporate governance

Structure of LocalTapiola Group

As the leading parent company in LocalTapiola Group, LocalTapiola General prepares consolidated financial statements to the extent intended by the Insurance Companies Act for groups of insurance

companies. LocalTapiola Group includes LocalTapiola General, 19 regional non-life insurance companies and LocalTapiola Life, as well as the other companies consolidated into the Group by virtue of being owned by these LocalTapiola companies. LocalTapiola Group's financial statements consolidate LocalTapiola General's group of companies defined in the Accounting Act as well as the other companies that, together with LocalTapiola General's group, constitute LocalTapiola's group of insurance companies as defined in Chapter 26, Section 2 of the Insurance Companies Act.

In addition to LocalTapiola General, the most important companies consolidated are:

LocalTapiola Mutual Life Insurance Company
LocalTapiola Etelä Mutual Insurance Company
LocalTapiola Etelä-Pohjanmaa Mutual Insurance Company
LocalTapiola Etelärannikko Mutual Insurance Company
LocalTapiola Itä Mutual Insurance Company
LocalTapiola Keski-Suomi Mutual Insurance Company
LocalTapiola Kaakkois-Suomi Mutual Insurance Company
LocalTapiola Kainuu-Koillismaa Mutual Insurance Company
LocalTapiola Lappi Mutual Insurance Company
LocalTapiola Loimi-Häme Mutual Insurance Company
LocalTapiola Länsi-Suomi Mutual Insurance Company
LocalTapiola Pirkanmaa Mutual Insurance Company
LocalTapiola Pohjanmaa Mutual Insurance Company
LocalTapiola Pohjoinen Mutual Insurance Company
LocalTapiola Pääkaupunkiseutu Mutual Insurance Company
LocalTapiola Savo Mutual Insurance Company
LocalTapiola Savo-Karjala Mutual Insurance Company
LocalTapiola Uusimaa Mutual Insurance Company
LocalTapiola Varsinais-Suomi Mutual Insurance Company
LocalTapiola Vellamo Mutual Insurance Company
LocalTapiola Real Estate Asset Management Ltd
LocalTapiola Alternative Investment Funds Ltd
LocalTapiola Asset Management Ltd
Seligson & Co Fund Management Ltd
LocalTapiola Services Ltd
LocalTapiola Finance Ltd
Tapiola Data Ltd

In addition, 75 (in 2019, 73) housing and real estate companies and 46 (41) other companies are consolidated into LocalTapiola Group. The associated undertakings are S-Bank Ltd Group, Pihlajalinna Plc Group, two (2) housing and real estate companies and three (2) other companies. Turva Mutual Insurance Company is a subsidiary. The companies of LocalTapiola Group own 76 per cent of its guarantee capital, but in accordance with the Financial Supervisory Authority's statement, it is not consolidated into LocalTapiola Group's consolidated financial statements.

LocalTapiola Group's risk management and solvency reporting is based on LocalTapiola Group's

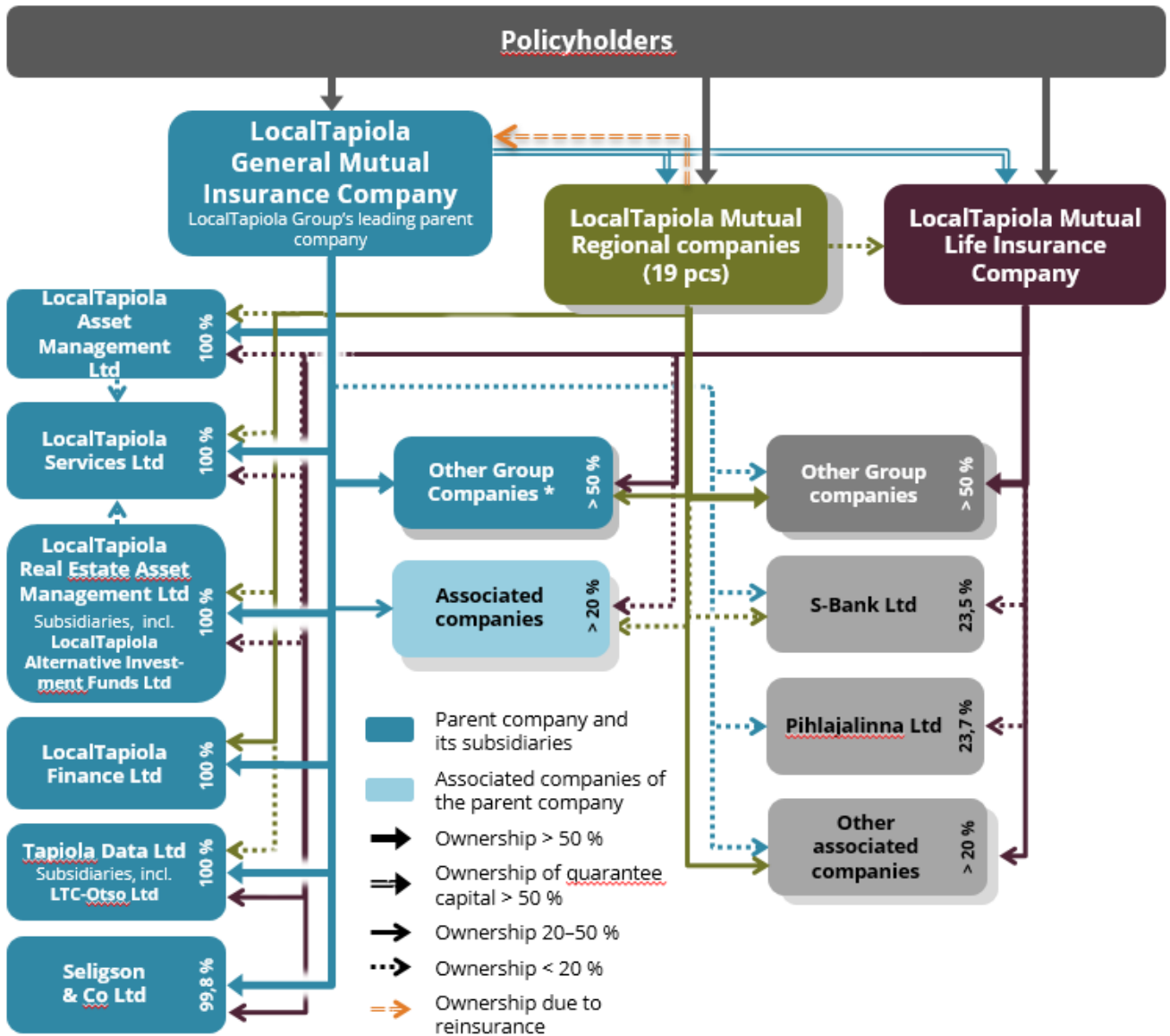
consolidated financial statements. However, preparing the financial statements to cover the entire insurance group as defined in the Solvency II directive does not extend the legal liability of LocalTapiola General's Board of Directors beyond the Group structure specified in the Accounting Act.

LocalTapiola Group also constitutes a conglomerate as referred to in the Act on the Supervision of

Financial and Insurance Conglomerates. The insurance and financial conglomerate includes the companies in LocalTapiola's insurance group. The Financial Supervisory Authority is the coordinating supervisory authority of the conglomerate.

LocalTapiola Group's insurance companies are mutual companies, owned by policyholders and by the owners of the guarantee capital.

Structure of LocalTapiola Group on 31 December 2020



The percentages refer to the ownership of the entire LocalTapiola Group. The figure only shows the most significant companies of LocalTapiola Group.

* Turva is a subsidiary of LocalTapiola General Mutual Insurance company, but it is not consolidated into LocalTapiola-group

Corporate governance, personnel and remuneration

LocalTapiola Group's corporate governance and management system

LocalTapiola Group and the Group companies adhere to good corporate governance, which is based on legislation applicable to the insurance and finance sector, the regulations and guidelines issued by the Financial Supervisory Authority and, where applicable to mutual insurance companies, the Finnish Corporate Governance Code for listed companies.

LocalTapiola Group's governance model is strongly affected by the mutual status of the insurance companies, meaning that policyholders are also shareholders in the insurance companies. There is thus a very large number of shareholders, and the companies' supervisory boards and boards of directors, in addition to having legal duties, play a major role in the corporate governance of the insurance companies and as a channel for interaction between the companies and their shareholders.

LocalTapiola Group forms an insurance group referred to in the Insurance Companies Act, and LocalTapiola General is the group's leading parent company as specified in said Act. In this role, LocalTapiola General is responsible for reliable management, solvency monitoring, risk management, internal control and organisation of related regulatory reporting within the entire LocalTapiola Group and all Group companies.

The LocalTapiola Group companies have concluded intra-Group agreements on their mutual responsibilities and division of duties. LocalTapiola Group's Management Group, appointed by LocalTapiola General's Board of Directors, has broad representation from the various LocalTapiola Group companies and the most important shared functions.

Annual General Meeting

LocalTapiola General's Annual General Meeting was held on 24 April 2020. The meeting approved the financial statements for 2019, decided on the use of the company's profit, discharged the Supervisory Board and Board members and the Managing Director from liability, and elected the company's auditor. The meeting also confirmed the number of members of the Supervisory Board and their remuneration and elected the Supervisory Board's new members.

Supervisory Board

The Annual General Meeting confirmed that the regional companies of LocalTapiola Group had elected from among their outgoing representatives the following to continue as members of the Supervisory Board: **Hannes Heiskala** (LL.M., entrepreneur, Lakitoimisto Hannes Heiskala, representative of LocalTapiola Satakunta), **Mikko Koivisto** (Sales and Marketing Director, Rauma, Tukimet Oy, representative of LocalTapiola Länsi), **Jyrki Mattinen** (farm entrepreneur, entrepreneur, Lappeenranta, T:mi Jomserving, representative of LocalTapiola Kaakkois-Suomi), **Mikko Mäkimattila** (Managing Director, Loimaa, Dometal Oy, representative of LocalTapiola Loimi-Häme), **Yrjö Ojaniemi** (Executive Director, Lapua, Central Union of Agricultural Producers and Forest Owners MTK Etelä-Pohjanmaa, representative of LocalTapiola Etelä-Pohjanmaa) and **Ann-Mari Pihlajamäki** (Managing Director, Kokkola, Passiflora Oy, representative of LocalTapiola Pohjanmaa), all for a three-year term until the 2023 Annual General Meeting.

Of the other outgoing members of LocalTapiola General's Supervisory Board, **Jouni Huttunen** (Group Treasurer, Helsinki, Fortum Corporation), **Jorma Mikkonen** (Director, Corporate Relations and Responsibility, Vantaa, Lassila & Tikanoja Plc), **Markus Oksa** (Managing Director, Vantaa, Bravedo Oy), **Mari Onkamo** (Managing Director, Espoo, Wildea Oy), **Katja Taimela** (Member of Parliament, Salo, Parliament of Finland) and **Pertti Yliniemi** (Chairman of the Board of Directors, Muonio, North European Invest Oy) were re-elected, all for a three-year term until the 2023 Annual General Meeting.

The following were elected as new members of the Supervisory Board: **Turkka Kuusisto** (President and CEO, Vihti, Posti Group Corporation) for a three-year term until the 2023 Annual General Meeting and **Tom Ekman** (EVP, Mustasaari, YIT Finland Ltd) to replace Mika Kovero for the remainder of his term until the 2021 Annual General Meeting.

LocalTapiola General's Supervisory Board held its organising meeting via email on 13–15 May 2020. The meeting elected the Chair and Deputy Chairs to the Supervisory Board. The elected Chairman of the Supervisory Board was **Jussi Huttunen**, holder of the Finnish honorary title of maakunta-

neuvos. **Juha Marttila**, Chairman of the Central Union of Agricultural Producers and Forest Owners MTK, was elected First Deputy Chair of the Supervisory Board. The elected Second Deputy Chair was **Anu Ojala**.

The Supervisory Board convened three times. On average, 88.4 per cent of the members attended the meetings. The salaries paid to and the commitments of the Supervisory Board members are presented in the section "Management's salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities" of the notes to the profit and loss account.

Nomination Committee of the Supervisory Board

The purpose of the Nomination Committee of the Supervisory Board is to ensure diversity and transparency in the preparation of appointment proposals when electing members to the Supervisory Board and to the Board of Directors.

The Nomination Committee comprises the Chair of the Supervisory Board and three members elected by the Supervisory Board from among its members who are not chairpersons. The Chair of the Supervisory Board also serves as the Chair of the Committee. A member's term is one year, lasting from the Supervisory Board's organising meeting, held after the Annual General Meeting, to the organising meeting of the following year, provided that the member continues to be a member of the Supervisory Board.

In 2020, the Nomination Committee was chaired by **Jussi Huttunen**, Chair of the Supervisory Board, and the members were **Sanna Leivo**, **Heikki J. Perälä** and until 15 May 2020 **Anssi Keinänen** and from 15 May 2020 on **Yrjö Ojaniemi**.

The Nomination Committee convened three times, and 100 per cent of the members attended the meetings.

Cooperation Committee of the Supervisory Boards

The Cooperation Committee, which comprises the Chairs and Deputy Chairs of the Supervisory Boards of LocalTapiola General and LocalTapiola Life, held its organising meeting on 27 May 2020.

The Cooperation Committee prepares draft decisions to the Supervisory Boards and other matters to be processed at the meetings of the Supervisory Boards. The Cooperation Committee monitors the operations of the Board of Directors, CEO,

Managing Directors and the entire Group, and reports on them to the Supervisory Boards.

The Cooperation Committee was chaired until 24 April 2020 by **Timo U. Korhonen** and from 27 May 2020 on by **Jussi Huttunen**. In 2020, **Totti Salko** served as Deputy Chair, and the members were **Juha Marttila**, **Päivi Uusitalo**, **Jukka Hertti** and from 15 May 2020 on **Anu Ojala**.

The Cooperation Committee convened six times, in addition to which it held one meeting by email. 100 per cent of the members attended the meetings.

Board of Directors

The Board of Directors is responsible for corporate governance and the appropriate organisation of operations. It must also ensure the appropriate arrangement of the control of accounting and asset management.

In the 1 January–31 December 2020 term, the Board of Directors was chaired by **Juha Koponen** (CEO), Deputy Chair was **Jari Eklund** (Group Director), and the members were **Timo Hiltunen** (Chairman of the Board of Directors, Tietokeskus), **Anu Kallio** (Managing Director, Humana Finland), **Sami Kulla** (Digital Strategist, Heimland Invest Oy), **Minna Metsälä** (Partner, Ocio Oy), **Ulla-Maija Moisio** (Senior Vice President, Legal Affairs, Industrial Power Corporation) and **Hannu Niilekselä** (MSc (Econ.), authorised public accountant).

The Board convened 13 times, in addition to which it held three meetings by email. The average attendance rate at the actual meetings was 96 per cent. The salaries paid to and the commitments of the Board of Directors are presented in the section "Management's salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities" of the notes to the profit and loss account.

Audit and Risk Management Committee of the Boards of LocalTapiola General and LocalTapiola Life

The Audit and Risk Management Committee assists the Boards of LocalTapiola General and LocalTapiola Life.

The Committee assists the Boards with their statutory duties and matters defined in the rules of procedure regarding the finances, accounting, solvency, risk management, auditing, internal control

and internal audit of the companies and LocalTapiola Group.

Considering LocalTapiola General's role as the leading parent company of LocalTapiola Group (Insurance Companies Act, Chapter 26, Section 3), the Committee's activities also involve matters pertaining to LocalTapiola's regional companies and other companies in the Group to the extent that they qualify as Group-level matters for which the company is responsible.

In accordance with its rules of procedure, the Committee consists of the Committee Chair and one Committee member elected by the Board of LocalTapiola General from among its members, and no fewer than one member and no more than two members elected by the Board of LocalTapiola Life from among its members. The Chair and the members must be members of the Board of Directors independent of LocalTapiola Group.

In 2020, the Committee was chaired by **Hannu Niilekselä** (LocalTapiola General), and the members were **Ulla-Maija Moisio** (LocalTapiola General), **Olli Latola** and **Mirel Leino-Haltia** (LocalTapiola Life).

The Committee held seven meetings. The attendance rate was 100 per cent.

[Human Resources and Compensation Committee of the Boards of LocalTapiola General and LocalTapiola Life](#)

The Human Resources and Compensation Committee assists the Boards of LocalTapiola General and LocalTapiola Life.

The Committee assists the Boards of LocalTapiola General and LocalTapiola Life in processing matters related to the personnel and remuneration, and it makes policy on matters related to the development of the management and personnel of LocalTapiola Group. The Committee addresses and prepares matters related to the remuneration and development of the management and personnel for the Boards to decide on, and/or to establish policies and recommendations that concern entire LocalTapiola Group.

The Committee consists of the Chair of the Board of LocalTapiola General Mutual Insurance Company, who serves as Chair of the Committee, and two to four other Board members independent of LocalTapiola Group, some of whom are elected from among the members of the Board of

LocalTapiola General and some from among the members of the Board of LocalTapiola Life.

In 2020, the Committee was chaired by **Juha Koponen**, and the members were **Anu Kallio**, **Sami Kulla**, **Olli Latola** and **Kati Sulin**.

The Committee held six meetings. The attendance rate was 100 per cent.

[The Group's Management Group](#)

The Group's Management Group is responsible for the preparation of LocalTapiola Group's strategic and other Group-level matters, related decision-making and implementation, as well as for the overall control and development of the Group, within the authorisations granted to it by the Board of Directors that are in line with the joint agreement signed by and between the LocalTapiola Group companies.

The Management Group was chaired by **Juha Koponen** (CEO) as of 1 July 2020, and the members were **Jari Sundström** (Managing Director, LocalTapiola General) until 31 October 2020 (in addition, Chair until 30 June 2020), **Mika Makkonen** (Deputy Managing Director, LocalTapiola General) as of 1 November 2020, **Minna Kohmo** (Managing Director, LocalTapiola Mutual Life Insurance Company), **Pekka Antikainen** (Managing Director, LocalTapiola Services Ltd), **Pasi Haarala** (Managing Director, LocalTapiola Pohjanmaa), **Ari Lagerström** (Managing Director, LocalTapiola Etelä), **Jukka Kinunen** (Managing Director, LocalTapiola Pääkaupunkiseutu), **Jussi Seppälä** (Managing Director, LocalTapiola Lännen), **Veli Rajakangas** (Managing Director, LocalTapiola Pohjoinen), **Jari Eklund** (Group Director), **Harri Aho** (Development Director), **Vesa-Matti Kultanen** (Director in charge of insurance business Group-level services) as of 1 August 2020, **Tom Liljeström** (Managing Director, LocalTapiola Asset Management) until 9 March 2020, **Mikko Vastela** (CIO) until 9 March 2020, **Olli-Pekka Pohjanmäki** (Marketing Director) until 9 March 2020, **Tomi Sinisaari** (Personnel Director) until 9 March 2020 and **Timo Laakso** (CFO) until 30 September 2020.

As a rule, the Group's Management Group convened every two weeks.

[Managing Director](#)

LocalTapiola General's Managing Director was LL.M. **Jari Sundström** until 31 October 2020, and Deputy Managing Director was LL.M., MBA **Mika Makkonen**. On 27 October 2020, M.Sc. (Econ.)

Hanna Hartikainen was elected the company's new Managing Director starting on 1 May 2021.

The salaries and perquisites paid to the Managing Director totalled EUR 1,111,448 (in 2019, EUR 508,956), including EUR 183,746 (EUR 147,888) in performance-related bonus. EUR 35,497 of the performance-related bonus was earned in 2016, EUR 37,780 in 2017, EUR 35,110 in 2018, and EUR 75,359 in 2019.

Of the performance-related bonus, EUR 212,640 has been deferred for payment at a later time, of which EUR 34,159 was earned in 2017, EUR 65,443 in 2018, and EUR 113,038 in 2019. Performance-related bonus for senior managers is based on the meeting of annual targets.

The Managing Director's retirement age was 63 years, but the employment contract included an option to retire from the contract at the age of 60. The agreed compensation for premature termination of the employment relationship was a sum corresponding to 12 months' salary increased by 50%, of the maximum bonus level of the applicable bonus scheme valid at the time.

Related parties

LocalTapiola General's related parties are described in the notes to the financial statements.

Auditor

The Annual General Meeting elected KPMG Oy Ab to continue as LocalTapiola General's auditor, and the principal auditor, appointed by KPMG Oy Ab, is Timo Nummi, Authorised Public Accountant.

Supervisory authority

LocalTapiola General is a non-life insurance company subject to public supervision by the Financial Supervisory Authority (FIN-FSA). The FIN-FSA ensures that insurance companies comply with legislation and sound insurance practices, and that they apply appropriate methods in their operations. It monitors and assesses the financial position, the management, supervision and risk management systems, operating prerequisites and changes in the operating environment of the companies it supervises.

Personnel

Average number of personnel during the financial period:

LocalTapiola Group, total 3,620 (3,537)

LocalTapiola General 338 (331)

Compensation

The aim of the special compensation scheme is to incentivise good performance and to boost the motivation and commitment of personnel. LocalTapiola General's remuneration policy is based on the strategy of the Group and its companies, and the targets set on the basis of the strategy. Remuneration is based on the person's good work performance in relation to the targets set. The bonus scheme is part of employees' overall compensation and it is based on annual bonuses, although some bonus targets may measure periods that are longer than one year. The special compensation scheme covers senior managers and all personnel.

When confirming the special compensation scheme, the company strives to ensure that the scheme is in line with the business strategies, objectives and values of the company and LocalTapiola Group as a whole, that it works in the Group's long-term interests, that it is compatible with the Group's principles of good and effective risk management, and that it does not encourage excessive risk-taking.

LocalTapiola General's salary systems and remuneration schemes are planned and prepared in collaboration between the human resources, finance, compliance and risk management services and the companies' administration and management. The Cooperation Committee of the Supervisory Boards of LocalTapiola General and LocalTapiola Life decides upon the compensation paid to the CEO and the full-time members of the Board of Directors. The company's Supervisory Board decides upon the compensation paid to those members of the Board who are not full-time. The decisions concerning the other members of the management are made by the companies' Boards of Directors.

The Cooperation Committee develops the compensation scheme for Board members. The Human Resources and Compensation Committee of the Boards of LocalTapiola General and LocalTapiola Life monitors the development of the compensation scheme for the entire LocalTapiola Group's management and personnel.

The Annual General Meeting decides on the compensation paid to the members of the Supervisory Board. The remuneration paid to the management comprises the following elements:

- Salary
- Perquisites (car, lunch and telephone)
- Annual performance-related bonuses

- Supplementary pension arrangements, if applicable

The management's salaries are based on comparative data for the insurance sector obtained from Korn Ferry job evaluations and scales.

The **management's** annual bonus is based on elements affecting the Group's and the companies' results, personnel and customer experience, as well as each individual's own targets in terms of the business unit and the job. The indicators are primarily based on official key figures. The bonus is determined as the product of the outcome rate of the aforementioned elements, the maximum remuneration percentage based on the position level, and the annual salary. The maximum performance-related bonus available to the Group's management varies between 30–100 per cent of the individual's annual salary. The regional companies may have different maximums.

The maximum performance-related bonus available to **office personnel** is 7 per cent of the employee's annual salary, with the exception of some experts whose maximum bonus may be up to 30 per cent of the annual salary. The targets are determined based on the Group's strategy and can be either team-specific or personal. The achievement of the targets is evaluated at performance review discussions. Personnel working for the regional companies may have different maximum bonus levels.

Personnel belonging to investment organisations have their own performance-related bonus model whereby the bonus is determined on the basis of return on investments calculated for different levels depending on the position. Compensation levels vary annually between 10–83 per cent of the annual salary.

The implementation of performance-related bonuses is regularly monitored and payment of such bonuses is subject to a decision by the Cooperation Committee and the Board of Directors following the end of the bonus-earning period each year. The Board of Directors may decide not to pay performance-related bonuses if the company's financial position has deteriorated substantially. Similarly, the payment of performance-related bonuses may be withheld if it is detected that the targets have been reached by taking a risk that is realised before the bonus is paid. Performance-related bonuses may be reclaimed if it becomes clear after payment that the recipient of the bonus has acted

in breach of regulations, official decrees or instructions binding on the company or the company's operating principles, or if the bonus has been paid without justification.

Payments of performance-related bonuses to those members of LocalTapiola General's senior management and investment organisation whose professional activities have a material impact on the company's risk profile and whose performance-related bonus for the earning period exceeds EUR 50,000 are deferred as follows: the first instalment of the bonus – amounting to 40 per cent – is paid by the salary payment date in June following the end of the earning period. The remaining 60 per cent will be paid one, two and three years after this date in three separate instalments of equal amount. The value of the deferred bonuses will change in the manner of a financial instrument as referred to in applicable legislation in accordance with the ratio of the total result to the balance sheets of LocalTapiola General Mutual Insurance Company and LocalTapiola Mutual Life Insurance Company (total result / balance sheet at current value (excluding unit-linked life insurance premiums), weighted in proportion to the balance sheets of the aforementioned companies) from the end of the earning period to the end of the year preceding the date on which the bonus is paid.

Additionally, an annual bonus item is also paid to LocalTapiola Group's **personnel funds** in line with the targets reached. This bonus item is determined based on targets derived from the strategy. The personnel funds do not cover the employees of all companies. The criteria for determining the amount of the bonus are confirmed annually. The bonus transfers are deducted from the net profits for the financial periods in accordance with preliminary estimates.

LocalTapiola General's senior managers' **retirement age** is determined based on employee pension legislation. LocalTapiola General has improved its employees' pension cover by taking out a supplementary pension insurance policy, which accrues at least 0.2 per cent of supplementary pension annually, subject to certain conditions. This benefit applies to all personnel whose employment relationships with the Group began before 1 January 2013. There is no supplementary pension benefit for employment relationships that began after this date. In addition, LocalTapiola General has taken out a defined-contribution supplementary

pension insurance cover for persons who have agreed on a retirement age deviating from the statutory retirement age. The pension payable is based on premiums paid by the employer and the interest income accrued on them.

Reporting in compliance with the Corporate Governance Code

LocalTapiola General reports on its corporate governance in a document that is separate from the report of the Board of Directors, in accordance with the recommendation concerning the corporate governance of Finnish listed companies (1 January 2020). More information on the corporate governance of LocalTapiola General and LocalTapiola Life is available at [www.lahitapiola.fi / en / Information on LocalTapiola / Financial Data](http://www.lahitapiola.fi/en/Information-on-LocalTapiola/Financial-Data).

Events after the financial year

After the end of the financial period, business has continued largely in line with expectations.

Future prospects

Non-life Insurance

Prospects for 2021 are uncertain in non-life insurance, despite the international and domestic operating environment appearing more stable than the previous year.

Growth in financial activity is expected to increase the number of claims, thereby hampering the profitability of non-life insurance. In non-life insurance, price competition is expected to become fiercer and customer interactions are increasingly taking place online, which highlights the importance of easy-to-use and quick digital transacting more than before.

In the long term, the problems Finland faces remain the same. The low level of investment by companies, increasing public debt and an ageing population have a negative impact on the future prospects of non-life insurance over the long term. Better than before, non-life insurance must be able to anticipate the impacts of crises and extreme phenomena on the daily lives of customers. Crises have often been followed by social change, which challenges the traditional operating models both in the public and private sector.

The development measures in LocalTapiola Group's non-life insurance focus on the needs for

change anticipated in the taking care of our customers' lifelong security, and they concern the product range as well as the service process.

Life Insurance

In life insurance, prospects for 2021 are positive. The role of individual arrangements is expected to grow in society as a result of longer lives, the pressure on social security, societal change and the COVID-19 pandemic. This creates demand for savings products and term life insurance products.

To meet changing customer demand, we will continue to develop our digital services in 2021. The development of multi-channel transacting plays a key role so as to be able to meet the growing demand for individual arrangements. LocalTapiola Life expects an upward trend in sales and in the number of customers in all business sectors in 2021.

Investment income has a major impact on Life's result. With the good solvency level and the investments made in solvency management, LocalTapiola Life is well prepared for different movements to take place in the investment markets.

Investment operations

Finnish research and forecast institutions expect the Finnish economy to grow in 2021 by an average of three per cent.

According to the OECD's Composite Leading Indicators, a broad-based recovery of the international economy is ongoing. In addition, positive vaccine news – despite the related uncertainty – support a more positive outlook for the future for the first time during the COVID-19 pandemic.

In the light of these aspects, the outlook of the investment operations of the LocalTapiola Group companies is improving. However, the projections are surrounded by an exceptionally high degree of uncertainty.

Proposal for distribution of profit

Proposal of the Board of Directors

The Board of Directors proposes to LocalTapiola General's Annual General Meeting that, of the EUR 50,029,144.50 profit for the 2020 financial period, EUR 49,829,144.50 be transferred into the security reserve and EUR 200,000.00 be transferred into the contingency reserve.

If the Board's proposal for the distribution of profit is adopted, the company's capital and reserves will stand as described in the table below:

Capital and reserves after the proposal:

Capital and reserves, EUR	1,571,429,265.35
Initial reserve	8,641,380.35
Revaluation reserve	85,090.31
Security reserve	1,559,430,454.98
Contingency reserve	3,272,339.71

Financial statements 1 January–31 December 2020

Consolidated financial statements, LocalTapiola Group

Profit and loss account, LocalTapiola Group

TECHNICAL ACCOUNT - NON-LIFE INSURANCE	1.1.2020	-	31.12.2020	1.1.2019	-	31.12.2019
Premiums earned						
Premiums written	K1		1,300,188,053.30			1,220,782,564.78
Reinsurers' share			<u>-39,696,503.41</u>			<u>-35,716,571.79</u>
Change in provision for unearned premiums						1,185,065,992.99
Total change			-14,661,866.00			-1,835,083.04
Reinsurers' share						
Total change			<u>603,209.75</u>			<u>1,168,638.01</u>
Total premiums earned			<u>1,246,432,893.64</u>			<u>1,184,399,547.96</u>
Claims incurred						
Claims paid			-875,690,691.10			-891,352,680.04
Reinsurers' share			<u>15,444,551.88</u>			<u>14,563,729.33</u>
Change in provision for outstanding claims						-876,788,950.71
Total change			-84,313,594.02			-27,003,411.13
Reinsurers' share						
Total change			<u>3,672,207.65</u>			<u>2,307,235.62</u>
Total claims incurred			<u>-940,887,525.59</u>			<u>-901,485,126.22</u>
Operating expenses	K3		-264,317,716.34			-270,196,951.10
Balance on technical account before change in equalization provision			<u>41,227,651.70</u>			<u>12,717,470.64</u>
Change in equalization provision			5,277,271.00			17,737,054.00
Balance on technical account	K2		<u>46,504,922.70</u>			<u>30,454,524.64</u>
TECHNICAL ACCOUNT - LIFE INSURANCE			1.1.2020	-		31.12.2020
						1.1.2019
						31.12.2019
Premiums written						
Premiums written	K1		433,952,462.85			616,312,225.79
Reinsurers' share			<u>-2,557,018.17</u>			<u>-3,806,808.37</u>
Investment income	K4		218,070,277.93			289,146,183.26
Revaluations of investments	K4		83,243,686.06			265,557,101.10
Claims incurred						
Claims paid	K2		-396,477,122.54			-525,570,072.71
Reinsurers' share			<u>290,424.38</u>			<u>833,228.67</u>
Change in provision for outstanding claims						-524,736,844.04
Total change			<u>20,987,373.00</u>			<u>-24,077,442.00</u>
Reinsurers' share						
Total claims incurred			<u>-375,199,325.16</u>			<u>-548,814,286.04</u>
Change in provision for unearned premiums						
Total change			<u>-56,681,436.68</u>			<u>-392,368,515.53</u>
Operating expenses	K3		-57,613,519.04			-59,369,298.94
Investment charges	K4		-103,329,260.44			-121,993,969.32
Revaluation adjustments on investments	K4		-64,198,154.94			-28,184,622.81
Balance on technical account before change in equalization provision			<u>75,687,712.41</u>			<u>16,478,009.14</u>

NON-TECHNICAL ACCOUNT

Balance on technical account, non-life insurance		46,504,922.70		30,454,524.64
Balance on technical account, life insurance		75,687,712.41		16,478,009.14
Investment income	K4	218,363,164.17		328,885,760.97
Investment charges	K4	-178,653,706.46		-149,721,567.46
Revaluation adjustments on investments	K4	<u>-40,827.64</u>	39,668,630.07	<u>-156,036.63</u>
				179,008,156.88
Other income	K4			
Other		<u>94,642,020.55</u>	94,642,020.55	<u>86,410,698.17</u>
				86,410,698.17
Other expenses	K4			
Depreciation of consolidated goodwill		-560,239.65		-36,535.94
Other		<u>-52,941,449.12</u>	-53,501,688.77	<u>-49,600,258.52</u>
				-49,636,794.46
Profit on ordinary activities			203,001,596.97	262,714,594.37
Share of profit (loss) from group associated undertakings			3,380,573.49	2,489,101.32
Profit before appropriations and taxes			206,382,170.46	265,203,695.69
Direct taxes on ordinary activities				
Taxes for the financial period		-35,408,436.83		-62,245,657.12
Change in deferred tax liabilities		<u>71,096.25</u>	-35,337,340.58	<u>-3,768.43</u>
				-62,249,425.55
Other direct taxes			0.00	0.00
Minority interests			-7,365,014.62	-8,081,837.96
Profit for the accounting period			163,679,815.26	194,872,432.18

Balance sheet, LocalTapiola Group

ASSETS		31.12.2020	31.12.2019
Intangible assets	K9		
Intangible rights		4,391,642.52	2,552,615.87
Goodwill on consolidation		17,848,878.39	1,078,130.41
Other expenses with long-term effects		91,643,384.15	54,376,955.96
Provisional premiums		<u>19,253,956.68</u>	<u>46,952,920.44</u>
		133,137,861.74	104,960,622.68
Investments	K5		
Real estate investments	K6		
Real estate and shares in real estate		<u>1,206,741,099.34</u>	<u>1,114,449,277.36</u>
Investments in group companies and participating interests		1,206,741,099.34	1,114,449,277.36
Shares and holdings in group companies	K7	7,097,056.07	7,097,056.07
Shares and holdings in participating interests		163,334,196.33	164,057,647.70
Debt securities and loans in participating interests		<u>9,640,000.00</u>	<u>13,500,000.00</u>
Other investments		180,071,252.40	184,654,703.77
Shares and holdings	K7	3,977,079,557.31	3,907,481,345.86
Debt securities	K7	1,529,433,736.14	1,463,070,446.22
Loans guaranteed by mortgages		474,641,791.35	496,708,033.74
Other loans	K8	272,893,968.14	287,826,951.59
Deposits		0.00	10,746,309.23
Other investments		<u>424,090.21</u>	<u>424,090.21</u>
Deposits with ceding undertakings		6,254,473,143.15	6,166,257,176.85
		<u>404,001.19</u>	<u>636,421.94</u>
		7,641,689,496.08	7,465,997,579.92
Assets covering unit linked policies	K7		
	K10	2,420,990,727.43	2,416,333,935.50
Debtors	K15		
Arising out of direct insurance operations			
Policyholders		226,552,683.30	222,451,886.60
Arising out of reinsurance operations		19,770,495.59	16,062,807.20
Receivables from hire-purchase transactions		502,996,754.86	574,609,358.39
Other debtors		73,758,591.83	87,811,226.73
Deferred tax claim	K14	<u>2,070,622.30</u>	<u>2,113,017.84</u>
		825,149,147.88	903,048,296.76
Other assets			
Tangible assets			
Machinery and equipment	K9	9,736,063.87	9,102,437.36
Other tangible assets		<u>39,167,026.21</u>	<u>34,912,696.02</u>
Cash at bank and in hand		48,903,090.08	44,015,133.38
Other assets		581,997,776.77	334,670,058.18
		<u>180,902,129.86</u>	<u>67,520,379.36</u>
		811,802,996.71	446,205,570.92
Prepayments and accrued income			
Accrued interest and rent		22,858,850.96	19,465,048.63
Other prepayments and accrued income		<u>32,623,030.18</u>	<u>49,224,190.11</u>
		55,481,881.14	68,689,238.74
Total assets		<u>11,888,252,110.98</u>	<u>11,405,235,244.52</u>

LIABILITIES		31.12.2020	31.12.2019
Capital and reserves	K11		
Initial fund		8,641,380.35	8,641,380.35
Revaluation reserve		1,433,630.15	8,710,584.50
Other reserves			
Other reserves		1,512,673,650.22	1,407,221,192.78
The share of voluntary provisions and depreciation difference transferred to capital and reserves		<u>2,458,311.81</u>	<u>2,732,880.01</u>
Profit/loss for previous accounting periods		1,515,131,962.03	1,409,954,072.76
Profit for the accounting period		-43,053,341.23	-21,923,104.99
Change in depreciation difference and voluntary provisions included in the profit for the accounting period		163,679,815.26	194,872,432.18
Share of the other mutual insurance companies' result for the financial year included in the profit for the financial year		284,385.00	17,516.12
Capital and reserves of the other mutual insurance companies		<u>-119,374,926.90</u>	<u>-109,021,703.60</u>
		44,589,273.36	85,868,244.70
		<u>1,105,984,442.45</u>	<u>988,768,553.49</u>
		2,632,727,347.11	2,480,019,730.81
Subordinated loans		99,792,333.33	99,729,133.33
Minority interests		71,416,559.10	60,506,682.34
Accumulated appropriations	K11		
Negative goodwill on consolidation		4,600.00	4,600.00
Technical provisions			
Provision for unearned premiums in non-life insurance		434,579,971.01	419,918,105.01
Reinsurers' share		<u>-9,510,965.84</u>	<u>-8,907,756.09</u>
Provision for unearned premiums in life insurance		1,699,221,562.40	1,706,384,124.72
Reinsurers' share		<u>0.00</u>	<u>0.00</u>
Provision for outstanding claims in non-life insurance	K13	2,322,198,270.85	2,237,884,676.83
Reinsurers' share		<u>-30,164,386.58</u>	<u>-26,492,178.93</u>
Provision for outstanding claims in life insurance		690,729,493.00	716,556,986.00
Reinsurers' share		<u>0.00</u>	<u>0.00</u>
Equalization provision		945,873,832.00	951,151,103.00
		<u>6,052,927,776.84</u>	<u>5,996,495,060.54</u>
Technical provisions for unit-linked policies			
Technical provisions		2,418,174,827.00	2,349,490,708.00
Obligatory provisions			
Other obligatory provisions	K14	3,044,060.43	3,398,860.43
Deposits received from reinsurers		1,171,535.29	1,130,011.58
Creditors	K16		
Arising out of direct insurance operations		32,662,728.49	24,600,191.62
Arising out of reinsurance operations		4,824,340.41	5,354,433.33
Loans from financial institutions		100,260,716.00	100,260,716.00
Other creditors		264,855,058.15	208,194,322.46
Deferred tax liabilities	K15	<u>798,149.85</u>	<u>866,791.87</u>
		518,400,992.90	339,276,455.28
Accruals and deferred income		90,592,078.98	75,184,002.21
Total liabilities		<u>11,888,252,110.98</u>	<u>11,405,235,244.52</u>

Indirect cash flow statement, LocalTapiola Group

	2020	2019
Cash flow from operations		
Profit from ordinary activities/profit before extraordinary items	171,044,829.89	202,954,270.14
Adjustments		
Changes in technical provisions	125,116,835.30	427,007,711.18
Value adjustments and revaluation of investments	46,340,801.94	-256,066,256.49
Changes in other obligatory provisions	-354,800.00	-611,952.10
Depreciation according to plan	61,358,623.78	39,781,825.84
Other non-cash income and expenses	-7,276,954.35	0.00
Other adjustments	-46,396,136.20	-91,558,609.33
<i>Cash flow before change in working capital</i>	349,833,200.36	321,506,989.24
Change in working capital:		
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	91,106,506.48	-443,097,169.30
Increase (-) / decrease (+) in non-interest-bearing short-term debts	194,574,138.08	213,305,619.24
<i>Cash flow from operations before financial items and taxes</i>	635,513,844.92	91,715,439.18
Other financial income and expenses paid/received	-3,501,999.88	-3,728,722.60
Direct taxes paid	-35,408,436.83	-65,375,413.37
Cash flow from operations	596,603,408.21	22,611,303.21
Cash flow from investments		
Investments in assets (excl. cash and c. equivalents)	-249,902,666.59	-92,549,434.25
Capital gains from investments (excl. cash and c. equivalents)	82,955,815.85	165,649,359.60
Change in minority interest	10,909,876.91	8,081,837.97
Investments in tangible and intangible assets as well as other assets and capital gains (net)	-190,825,377.85	-120,870,380.50
Cash flow from investments	-346,862,351.68	-39,688,617.18
Cash flow from financial		
Loans raised	63,200.00	-6,928,800.00
Interest on guarantee capital paid and other distribution of profit	-2,476,537.94	-1,073,149.55
Cash flow from financial	-2,413,337.94	-8,001,949.55
Change in cash and cash equivalents	247,327,718.59	-25,079,263.52
Cash and cash equivalents at the start of the year	334,670,058.18	359,749,321.70
Cash and cash equivalents at the end of the year	581,997,776.77	334,670,058.18

Key figures, LocalTapiola Group

EUR million

General key figures describing financial development	2020	2019	2018
Operating profit	174.5	235.5	259.1
Total result	244.1	560.1	112.0
Return on assets, %	3.0	7.6	2.2
Average number of personnel during financial year	3,613	3,534	3,428
Key figures describing the financial development of non-life insurance			
Premium income	1,300.2	1,220.8	1,196.0
Loss ratio (excl. unwinding of discount expense), %	73.8	74.1	71.5
Loss ratio, %	75.5	76.1	73.6
Expense ratio, %	21.2	22.8	22.4
Combined ratio (excl. unwinding of discount expense), %	95.0	96.9	93.9
Combined ratio, %	96.7	98.9	96.0
Equalisation provision in reporting currency	945.9	951.2	968.8
Key figures describing the financial development of life insurance			
Premium income	434.0	616.3	449.8
Expense ratio, %	123.7	129.1	129.5

Notes, LocalTapiola Group

Notes to the profit and loss account, LocalTapiola Group

K1. Premiums written

	2020	2019
Non-life insurance		
Direct insurance		
Finland	1,229,950,025.12	1,155,547,444.97
Direct insurance total	1,229,950,025.12	1,155,547,444.97
Reinsurance	70,238,028.18	65,235,119.81
<i>Total</i>	<u>1,300,188,053.30</u>	<u>1,220,782,564.78</u>
Life-insurance		
Direct insurance		
Finland	433,952,462.85	616,312,225.79
Direct insurance total	433,952,462.85	616,312,225.79
<i>Total</i>	<u>433,952,462.85</u>	<u>616,312,225.79</u>
Gross premiums written before reinsurers' share	<u>1,734,140,516.15</u>	<u>1,837,094,790.57</u>

K1.1 Items depreciated from premiums written

	2020	2019
Credit loss on outstanding premiums	3,820,183.06	4,366,747.57
PAYG system fees	60,879,466.75	62,678,061.91
Premium tax	218,096,213.41	205,324,222.96
Fire brigade charge	3,428,516.99	3,276,439.27
Road safety charge	2,024,963.08	1,976,138.97
Labour protection charge	2,663,049.34	2,753,886.37
<i>Total</i>	<u>290,912,392.63</u>	<u>280,375,497.05</u>

K1.2 Premiums written, life insurance

	2020	2019
Direct insurance		
Life-insurance		
Unit-linked individual life insurance	149,443,855.65	282,535,845.94
Other individual life insurance	63,753,490.48	99,679,960.43
Unit-linked capital redemption policy	26,976,635.75	42,607,898.49
Other redemption policy	7,559,903.63	11,735,713.88
Employees' group life insurance	12,328,108.60	12,162,634.53
Other group life insurance	78,130,322.33	73,396,182.11
<i>Total</i>	<u>338,192,316.44</u>	<u>522,118,235.38</u>
Pension insurance		
Unit-linked individual pension insurance	26,408,129.08	27,455,306.74
Other individual pension insurance	11,814,963.14	12,476,804.47
Unit-linked group pension insurance	24,020,152.88	18,720,769.90
Other group pension insurance	33,516,901.31	35,541,109.30
<i>Total</i>	<u>95,760,146.41</u>	<u>94,193,990.41</u>
Total direct premiums written	433,952,462.85	616,312,225.79
Gross premiums written before reinsurers' share	<u>433,952,462.85</u>	<u>616,312,225.79</u>
<i>Gross premiums written before reinsurers' share</i>		
Regular premiums	495,888,284.44	558,641,357.99
Single premiums	-61,935,821.59	57,670,867.80
<i>Total</i>	<u>433,952,462.85</u>	<u>616,312,225.79</u>
Premiums from contracts entitled to bonuses	207,103,689.49	244,992,404.72
Premiums from unit-linked insurance	226,848,773.36	371,319,821.07
	<u>433,952,462.85</u>	<u>616,312,225.79</u>

K1.3 Impact of life insurance rebates and discounts on the result

	2020	2019
Rebates		
Life-insurance		
Unit-linked individual life insurance		
Other individual life insurance	6,234,723.61	6,210,495.45
Other redemption policy	647,436.48	567,023.55
Other group life insurance	345,601.00	147,165.00
<i>Total</i>	<u>7,227,761.09</u>	<u>6,924,684.00</u>
Pension insurance		
Unit-linked individual pension insurance		
Other individual pension insurance	1,436,303.74	1,667,371.07
Other group pension insurance	1,283,358.19	1,583,016.24
<i>Total</i>	<u>2,719,661.93</u>	<u>3,250,387.31</u>
Rebates total	<u>9,947,423.02</u>	<u>10,175,071.31</u>
Discounts		
Life-insurance		
Unit-linked individual life insurance	107,181.00	112,046.00
Other individual life insurance	128,545.16	131,243.11
Other group life insurance	1,219,643.97	1,280,766.09
	<u>1,455,370.13</u>	<u>1,524,055.20</u>
Rebates and discounts total	<u>11,402,793.15</u>	<u>11,699,126.51</u>

K2. Claims paid under life insurance and profit for insurance groups for non-life insurance

K2.1 Claims paid before reinsurers' share, life insurance

	2020	2019
Direct insurance		
Life-insurance	269,422,785.81	399,744,571.26
Pension insurance	127,054,336.72	125,825,501.45
<i>Total</i>	<u>396,477,122.53</u>	<u>525,570,072.71</u>
Reinsurers' share	-290,424.38	-833,228.67
Total claims paid	<u>396,186,698.15</u>	<u>524,736,844.04</u>
Of which:		
Surrenders	173,107,151.01	317,830,681.03
Repayments of benefits	39,944,880.63	36,078,967.24
Other	183,425,090.89	171,660,424.44
	<u>396,477,122.53</u>	<u>525,570,072.71</u>
Share of unit-linked insurance of claims paid	166,541,201.71	310,158,067.23

K2.2 Profit by insurance groups

		Premiums written before reinsurers' share	Premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before commissions for reinsurance and profit shares	Reinsurers' share	Balance on technical account before net investment income
Statutory workers' compensation	2020	160,782,631.68	160,253,627.68	-129,934,964.70	-24,620,743.72	-216,796.25	5,481,123.01
	2019	161,173,429.86	159,813,212.86	-133,856,342.19	-22,021,271.66	-282,891.54	3,652,707.47
	2018	152,143,538.59	152,872,772.59	-105,088,787.58	-24,623,355.34	-292,518.95	22,868,110.72
Non-statutory accident and health	2020	186,185,269.62	184,467,449.62	-128,130,569.72	-37,331,377.81	-241,599.50	18,763,902.59
	2019	175,026,591.25	172,290,092.90	-128,683,216.63	-36,114,276.64	-250,858.24	7,241,741.39
	2018	158,769,242.49	155,439,351.49	-122,114,840.71	-31,251,324.03	-163,475.12	1,909,711.63
Motor vehicle liability	2020	201,519,833.25	200,236,723.25	-166,646,007.78	-47,173,771.42	5,002,991.61	-8,580,064.34
	2019	197,158,503.48	200,859,946.48	-164,272,742.25	-50,566,052.78	180,479.67	-13,798,368.88
	2018	194,050,431.99	197,182,495.99	-149,521,588.92	-49,702,991.42	1,415,385.16	-626,699.19
Land vehicles	2020	250,457,821.14	244,986,954.14	-191,380,319.94	-52,945,934.85	-362,726.56	297,972.79
	2019	234,400,477.51	234,342,342.51	-187,739,024.67	-52,707,975.76	-359,116.48	-6,463,774.40
	2018	219,464,069.74	216,386,596.74	-176,781,243.36	-50,084,359.52	-364,494.24	-10,843,500.38
Marine, aviation, railway rolling stock and transport	2020	13,559,843.26	13,456,908.26	-6,237,387.29	-3,523,812.73	-38,164.85	3,657,543.39
	2019	13,293,086.81	13,302,770.81	-5,212,908.93	-3,297,215.10	-54,266.65	4,738,380.13
	2018	12,975,526.92	13,120,905.92	-6,567,858.94	-3,644,678.10	-312,698.14	2,595,670.74
Fire and other damage to property	2020	330,195,557.00	326,073,333.00	-234,211,081.25	-71,116,657.53	-4,843,255.11	15,902,339.11
	2019	315,542,418.50	315,626,206.81	-224,347,993.14	-73,283,920.00	-4,825,968.01	13,168,325.66
	2018	306,524,480.30	305,456,402.30	-206,427,711.48	-72,437,489.36	-10,946,082.63	15,645,118.83
General liability	2020	44,391,792.01	44,466,207.01	-28,722,298.09	-9,559,663.97	-1,171,674.18	5,012,570.77
	2019	18,427,435.13	18,156,294.13	-2,155,398.26	-9,329,761.45	-3,113,703.37	3,557,431.05
	2018	48,944,041.79	49,009,138.79	-35,607,756.18	-9,540,342.76	-1,052,564.60	2,808,475.25
Credit and suretyship	2020	3,680,420.81	2,911,875.81	-231,379.99	-557,049.26	-220,204.42	1,903,242.14
	2019	3,146,556.91	2,616,975.91	228,662.61	-345,351.40	-306,270.37	2,194,016.75
	2018	3,747,735.26	2,888,948.26	-428,228.68	-344,345.11	202,538.14	2,318,912.61
Legal expenses	2020	26,001,642.91	25,611,935.91	-17,203,051.62	-5,762,192.21	0.00	2,646,692.08
	2019	24,555,503.36	24,279,937.36	-16,617,009.02	-5,553,348.43	0.00	2,109,579.91
	2018	23,327,370.95	23,111,168.95	-14,959,611.60	-5,372,982.92	0.00	2,778,574.43
Other	2020	13,175,213.44	13,157,650.44	-12,530,756.37	-2,792,735.82	-1,389,118.12	-3,554,959.87
	2019	12,823,442.16	12,701,493.16	-5,254,163.11	-2,390,777.88	17,678.37	5,074,230.54
	2018	12,355,134.36	12,535,962.36	-8,172,370.70	-3,067,316.00	3,777,735.71	5,074,011.37
Direct insurance total	2020	1,229,950,025.12	1,215,622,665.12	-915,227,816.75	-255,383,939.32	-3,480,547.38	41,530,361.67
	2019	1,155,547,444.97	1,153,989,272.93	-867,910,135.59	-255,609,951.10	-8,994,916.62	21,474,269.62
	2018	1,132,301,572.39	1,128,003,743.39	-825,669,998.15	-250,069,184.56	-7,736,174.67	44,528,386.01
Reinsurance	2020	70,238,028.18	69,903,522.18	-44,776,468.38	-19,629,493.35	-5,800,270.42	-302,709.97
	2019	65,235,119.81	64,958,208.81	-50,445,955.58	-22,452,516.21	-816,536.00	-8,756,798.98
	2018	63,740,834.34	61,925,180.34	-42,029,747.59	-17,695,261.70	37,799.40	2,237,970.45
Total	2020	1,300,188,053.30	1,285,526,187.30	-960,004,285.13	-275,013,432.67	-9,280,817.80	41,227,651.70
	2019	1,220,782,564.78	1,218,947,481.74	-918,356,091.17	-278,062,467.31	-9,811,452.62	12,717,470.64
	2018	1,196,042,406.73	1,189,928,923.73	-867,699,745.74	-267,764,446.26	-7,698,375.27	46,766,356.46
Change in equalization provision	2020						5,277,271.00
	2019						17,737,054.00
	2018						1,812,891.00
Balance on technical account	2020						46,504,922.70
	2019						30,454,524.64
	2018						48,579,247.46

K3. Operating expenses and notes concerning personnel and members of corporate bodies

K3.1 Total operating expenses by activity

	2020	2019
Claims management expenses	95,775,163.17	92,459,473.46
Operating expenses	321,931,235.38	329,566,250.01
Investment operating expenses	34,119,929.47	26,752,721.38
Other expenses	50,836,185.92	48,200,284.00
<i>Total</i>	<u>502,662,513.94</u>	<u>496,978,728.85</u>

K3.2 Profit and loss account item operating expenses

	2020	2019
Insurance policy acquisition costs		
Commissions for direct insurance	36,440,458.71	34,193,052.26
Commissions for reinsurance assumed and profit shares	15,436,437.25	14,521,976.56
Other insurance policy acquisition costs	126,207,708.30	129,686,809.70
	<u>178,084,604.26</u>	<u>178,401,838.52</u>
Insurance policy management expenses	92,137,732.56	88,933,993.95
Administrative expenses	63,251,790.25	70,842,108.87
Commissions for reinsurance ceded and profit shares	-11,542,891.65	-8,611,691.28
<i>Total</i>	<u>321,931,235.42</u>	<u>329,566,250.06</u>

K3.3 Notes concerning personnel and members of corporate bodies

K3.3.1 Personnel expenses

	2020	2019
Salaries and remunerations	222,511,004.23	209,632,900.32
Pension expenses	37,707,255.80	43,743,925.72
Other personnel expenses	7,212,304.83	6,046,755.76
<i>Total</i>	<u>267,430,564.86</u>	<u>259,423,581.80</u>

K3.3.2 Managements' salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities

Managing directors and deputy managing directors		
Salaries and remunerations	9,703,040.77	9,109,130.10
Pension commitments	The pension age/retirement age of the Managing Director and Deputy Managing Director is the age prescribed in the established employee pension legislation or a lower age if the employment has been agreed to expire before the pension age prescribed in the law.	
Monetary loans and terms thereof	No monetary loans granted.	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted.	
Board members and deputy board members		
Salaries and remunerations	3,741,970.99	3,910,803.20
Pension commitments	The pension age/retirement age of the board members and board deputy members employed by the company is the age prescribed in the established employee pension legislation or a lower age if the employment has been agreed to expire before the pension age prescribed in the law.	
Monetary loans and terms thereof	No monetary loans granted.	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted.	
Supervisory boards		
Salaries and remunerations	1,294,229.14	1,113,981.50
Pension commitments	No pension commitments.	
Monetary loans and terms thereof	No monetary loans granted.	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted.	

K3.3.3 Average number of personnel during the financial year

Office staff	3,620	3,537
--------------	-------	-------

K3.4 Auditor's fees by assignment category

	2020	2019
Auditing	487,811.81	583,769.62
Assignments referred to in section 1, subsection 1, paragraph 2 of the Auditing Act	2,852.00	6,005.32
Tax advice	4,935.20	66,045.16
Other services	357,566.17	285,603.69
<i>Total</i>	<u>853,165.18</u>	<u>941,423.79</u>

K4. Net investment income and other income and expenses

K4.1 Specification of net investment income

Investment income	2020	2019
Income from group companies		
Dividend income	250,092.10	211,257.51
<i>Total</i>	<u>250,092.10</u>	<u>211,257.51</u>
Income from participating interests		
Interest income	-558,382.66	-303,227.87
<i>Total</i>	<u>-558,382.66</u>	<u>-303,227.87</u>
Income from real estate investments in other companies		
Dividend income	858.21	1,458.24
Interest income	25,561.60	50,150.40
Other income	72,488,792.91	70,675,527.42
<i>Total</i>	<u>72,515,212.72</u>	<u>70,727,136.06</u>
Income from other investments		
Dividend income	93,001,333.84	132,758,414.14
Interest income	54,534,243.46	47,526,239.53
Other income	25,742,510.40	30,777,402.81
<i>Total</i>	<u>173,278,087.70</u>	<u>211,062,056.48</u>
Total	245,485,009.86	281,697,222.18
Value readjustments	47,140,641.81	127,803,307.73
Realized gains	143,807,790.43	208,531,414.32
Total investment income	436,433,442.10	618,031,944.23

Investment charges	2020	2019
Expenses arising from real estate investments	-35,781,266.74	-46,785,425.47
Expenses arising from other investments	-40,243,891.01	-44,495,835.50
Interest paid and other expenses on liabilities		
From participating interests	-85,583.75	0.00
From other companies	-8,357,179.24	-3,692,838.39
<i>Total</i>	<u>-8,442,762.99</u>	<u>-3,692,838.39</u>
Total	-84,467,920.74	-94,974,099.36
Value adjustments and depreciation		
Value adjustments	-113,449,915.03	-108,953,492.90
Planned depreciation on buildings	-23,213,156.55	-24,905,889.81
<i>Total</i>	<u>-136,663,071.58</u>	<u>-133,859,382.71</u>
Realized losses	-60,851,974.58	-42,882,054.72
Total investment charges	-281,982,966.90	-271,715,536.78
Net investment income before revaluations and revaluation adjustments	154,450,475.20	346,316,407.45
Revaluations of investments	83,243,686.06	265,557,101.10
Revaluation adjustments on investments	-64,238,982.58	-28,340,659.44
	<u>19,004,703.48</u>	<u>237,216,441.66</u>
Net investment income in the profit and loss account	<u>173,455,178.68</u>	<u>583,532,849.11</u>
K4.2 Investment income for unit-linked insurance policies		
	2020	2019
Investment income	55,422,396.48	61,467,129.43
Investment charges	-12,792,697.66	-8,705,347.58
Net investment income before revaluations and their adjustment as well as value adjustments and readjustments	42,629,698.82	52,761,781.85
Revaluations of investments	83,243,686.06	265,557,101.10
Revaluation adjustments on investments	-70,508,547.23	-28,184,622.81
Value adjustments	-3,450,607.91	-2,204,087.90
Value readjustments	1,561,653.49	13,987,492.67
	<u>10,846,184.41</u>	<u>249,155,883.06</u>
Net investment income in the profit and loss account	<u>53,475,883.23</u>	<u>301,917,664.91</u>
K4.3 Specification of other income and expenses		
Other income	2020	2019
Services sold to partner companies	71,573,062.75	67,773,387.32
Other other income	23,068,957.80	18,637,310.85
<i>Total</i>	<u>94,642,020.55</u>	<u>86,410,698.17</u>
Other expenses		
Depreciation of consolidated goodwill	-560,239.65	-36,535.94
Expenses for services sold	-51,608,881.10	-48,482,920.96
Other expenses	-1,332,568.03	-1,117,337.56
<i>Total</i>	<u>-53,501,688.78</u>	<u>-49,636,794.46</u>

K5. Current value and valuation difference of investments and valuation difference of non-hedging derivatives

K5.1 Current value and valuation difference of investments

Investments	Remaining acquisition cost	2020	Current value
		Book value	
Real estate investments			
Real estate	998,972,547.28	1,021,259,228.67	1,394,675,576.20
Real estate shares in participating interests	35,322.65	35,322.65	71,984.43
Other real estate shares	185,446,548.22	185,446,548.22	228,709,073.08
	<u>1,184,454,418.14</u>	<u>1,206,741,099.35</u>	<u>1,623,456,633.71</u>
Investments in group companies			
Shares and holdings	7,097,056.12	7,097,056.07	7,097,056.07
	<u>7,097,056.12</u>	<u>7,097,056.07</u>	<u>7,097,056.07</u>
Investments in participating interests			
Shares and holdings	163,334,196.34	163,334,196.34	171,859,790.09
Debt securities	8,000,000.00	8,000,000.00	8,000,000.00
Loans receivable	1,640,000.00	1,640,000.00	1,640,000.00
	<u>172,974,196.34</u>	<u>172,974,196.34</u>	<u>181,499,790.09</u>
Other investments			
Shares and holdings	3,942,841,636.72	3,977,079,557.30	4,541,839,042.10
Debt securities	1,529,433,736.14	1,529,433,736.14	1,564,448,989.20
Loans guaranteed by mortgages	474,641,791.35	474,641,791.35	474,641,791.16
Other loans	272,893,968.14	272,893,968.14	272,893,968.14
Other investments	424,090.21	424,090.21	548,797.09
	<u>6,220,235,222.56</u>	<u>6,254,473,143.14</u>	<u>6,854,372,587.69</u>
Deposits with ceding undertakings	404,001.19	404,001.19	404,001.19
	<u>7,585,164,894.35</u>	<u>7,641,689,496.09</u>	<u>8,666,830,068.75</u>

2020

The remaining acquisition cost of debt securities includes:

Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income

-5,084,366.97

Book value comprises

Revaluations released to income

22,286,681.39

Difference in valuation (difference between current value and book value)

1,025,140,572.66

Investments	2019		
	Remaining acquisition cost	Book value	Current value
Real estate investments			
Real estate	936,070,865.34	960,643,164.67	1,270,280,379.95
Real estate shares in participating interests	37,176.94	37,176.94	71,984.43
Other real estate shares	153,768,935.94	153,768,935.94	193,779,647.26
	<u>1,089,876,978.21</u>	<u>1,114,449,277.36</u>	<u>1,464,132,011.64</u>
Investments in group companies			
Shares and holdings	7,097,056.12	7,097,056.07	7,097,056.07
	<u>7,097,056.12</u>	<u>7,097,056.07</u>	<u>7,097,056.07</u>
Investments in participating interests			
Shares and holdings	164,057,647.70	164,057,647.70	203,214,638.81
Debt securities	12,000,000.00	12,000,000.00	12,000,000.00
Loans receivable	1,500,000.00	1,500,000.00	1,500,000.00
	<u>177,557,647.70</u>	<u>177,557,647.70</u>	<u>216,714,638.81</u>
Other investments			
Shares and holdings	3,904,964,721.11	3,907,481,345.86	4,456,268,705.69
Debt securities	1,463,070,446.22	1,463,070,446.22	1,482,453,846.16
Loans guaranteed by mortgages	496,708,033.74	496,708,033.74	496,708,033.74
Other loans	287,826,951.59	287,826,951.59	287,826,951.59
Deposits	10,746,309.23	10,746,309.23	10,746,309.23
Other investments	424,090.21	424,090.21	530,267.19
	<u>6,163,740,552.10</u>	<u>6,166,257,176.85</u>	<u>6,734,534,113.60</u>
Deposits with ceding undertakings	636,421.94	636,421.94	636,421.94
	<u>7,438,908,656.07</u>	<u>7,465,997,579.92</u>	<u>8,423,114,242.06</u>
The remaining acquisition cost of debt securities includes:			
Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income			-5,746,005.94
Book value comprises			
Revaluations released to income			24,572,299.33
Difference in valuation (difference between current value and book value)			<u>957,116,662.14</u>

K5.2 Valuation difference of non-hedging derivatives

Derivative contracts	2020		
	Remaining acquisition cost	Book value	Current value
Other debtors			
Assets pledged as security for derivatives	1,180,000.00	1,180,000.00	1,180,000.00
Other creditors			
Assets received as security for derivatives	-3,260,000.00	-3,260,000.00	-3,260,000.00
Other deferred income and credits			
Futures and forward contracts	0.00	0.00	2,115,239.24
	<u>-2,080,000.00</u>	<u>-2,080,000.00</u>	<u>35,239.24</u>
Difference in valuation (difference between current value and book value)			<u>2,115,239.24</u>

Derivative contracts	2019		
	Remaining acquisition cost	Book value	Current value
Other debtors			
Assets pledged as security for derivatives	190,000.00	190,000.00	190,000.00
Other deferred income and credits			
Futures and forward contracts	-395,974.60	-395,974.60	199,282.34
	<u>-205,974.60</u>	<u>-205,974.60</u>	<u>389,282.34</u>
Difference in valuation (difference between current value and book value)			<u>595,256.94</u>

K6. Real estate investment

Changes in real estate investments:

	2020
	Real estate and shares in real estate
Acquisition cost on 1 Jan.	1,298,571,419.28
Increase	202,503,494.63
Decrease	-95,502,116.37
Transfers between items	2,289,572.02
Acquisition cost on 31 Dec.	<u>1,407,862,369.56</u>
Accumulated depreciation on 1 Jan.	-185,878,967.75
Accumulated depreciation related to deductions and transfers	86,792.61
Depreciation for the financial year	-14,305,530.96
Accumulated depreciation on 31 Dec.	<u>-200,097,706.10</u>
Value adjustments on 1 Jan.	-22,815,473.50
Value adjustments related to deductions and transfers	1,190,940.53
Value adjustments for the financial year	-2,295,435.55
Value readjustments	609,723.02
Value adjustments on 31 Dec.	<u>-23,310,245.50</u>
Revaluations on 1 Jan.	24,572,299.33
Decrease	-2,285,617.94
Revaluations on 31 Dec.	<u>22,286,681.39</u>
Book value on 31 Dec.	<u>1,206,741,099.35</u>
Real estate and shares in real estate occupied for own activities:	
Remaining acquisition cost	52,131,553.31
Book value	52,191,237.10
Current value	52,191,237.10

K7. Investments in group companies and participating interests

Shares and holdings in group companies	2020	2019
Acquisition cost on 1 Jan.	7,097,056.07	7,097,056.07
Book value on 31 Dec.	<u>7,097,056.07</u>	<u>7,097,056.07</u>
Shares and holdings in participating interests		
Acquisition cost on 1 Jan.	234,187,850.07	234,344,497.80
Increase	4,417,924.57	3,010,493.57
Decrease	-1,775,885.71	-1,217,133.16
Transfers between items	-2,947,992.02	-1,950,008.14
Acquisition cost on 31 Dec.	<u>233,881,896.91</u>	<u>234,187,850.07</u>
Value adjustments on 1 Jan.	-70,130,202.37	-76,511,202.88
Value adjustments related to deductions and transfers	112,344.67	1,666,688.14
Value adjustments for the financial year	-1,655,373.06	-1,666,688.14
Value readjustments	<u>1,125,530.19</u>	<u>6,381,000.51</u>
Value adjustments on 31 Dec.	<u>-70,547,700.57</u>	<u>-70,130,202.37</u>
Book value on 31 Dec.	<u>163,334,196.34</u>	<u>164,057,647.70</u>
Debt securities issued by and loans to participating interests		
Acquisition cost on 1 Jan.	13,500,000.00	13,500,000.00
Increase	980,000.00	0.00
Decrease	<u>-4,000,000.00</u>	<u>0.00</u>
Acquisition cost on 31 Dec.	<u>10,480,000.00</u>	<u>13,500,000.00</u>
Book value on 31 Dec.	<u>9,640,000.00</u>	<u>13,500,000.00</u>
Total	<u><u>180,071,252.41</u></u>	<u><u>184,654,703.77</u></u>

K7.1 Investments in companies included in LocalTapiola Group's consolidated financial statements

Shares and holdings		Domicile	Share of stocks %	Equity	Profit for the accounting period
Akapo-Leasing Oy	1)	Espoo	100.0 %	11,832.49	-20.00
Aura-Karelia Oy	1)	Espoo	100.0 %	147,839.04	-95.00
Kauppakeskus Seppä Oy	2)	Espoo	100.0 %	8,662.39	4,374.89
Keskinäinen Vakuutusyhtiö Turva	4)	Tampere	76.0 %	50,373,230.31	1,791,792.53
LTC-Otso Oy	2)	Helsinki	54.0 %	8,203,838.92	5,745,886.96
LähiTapiola Aluekiinteistöt Ky -group	3)	Espoo	96.2 %	8,827,032.85	-224,042.21
LähiTapiola Core Kiinteistöt Ky -group	3)	Espoo	67.1 %	44,768,250.18	455,362.38
LähiTapiola Etelä Keskinäinen Vakuutusyhtiö	3)	Salo	100.0 %	55,541,048.39	6,486,709.20
LähiTapiola Etelä-Pohjanmaa Keskinäinen Vakuutusyhtiö	3)	Seinäjoki	100.0 %	49,875,983.31	2,426,857.82
LähiTapiola Etelärannikko Keskinäinen Vakuutusyhtiö	3)	Parainen	100.0 %	11,887,937.29	1,152,323.71
LähiTapiola Itä Keskinäinen Vakuutusyhtiö	3)	Iisalmi	100.0 %	65,006,210.16	4,948,008.32
LähiTapiola Kaakkois-Suomi Keskinäinen Vakuutusyhtiö	3)	Lappeenranta	100.0 %	56,409,032.63	5,910,550.97
LähiTapiola Kainuu-Koillismaa Keskinäinen Vakuutusyhtiö	3)	Kajaani	100.0 %	26,256,412.83	1,122,539.89
LähiTapiola Keskinäinen Henkivakuutusyhtiö	3)	Espoo	100.0 %	553,811,831.43	63,282,010.73
LähiTapiola Keski-Suomi Keskinäinen Vakuutusyhtiö	3)	Jyväskylä	100.0 %	46,242,883.88	2,998,376.95
LähiTapiola Kiinteistösijoitus I GP Oy	1)	Espoo	100.0 %	1,977.40	-222.80
LähiTapiola Kiinteistösijoitus I Ky	3)	Espoo	100.0 %	23,238,514.33	-516,642.89
LähiTapiola Kiinteistövarainhoito Oy -group	1)	Espoo	100.0 %	12,080,979.42	1,876,934.14
LähiTapiola KR PK2 Ky -group	3)	Espoo	100.0 %	13,893,242.06	204,832.32
LähiTapiola Lappi Keskinäinen Vakuutusyhtiö	3)	Rovaniemi	100.0 %	19,774,131.81	-437,317.07
LähiTapiola Loimi-Häme Keskinäinen Vakuutusyhtiö	3)	Loimaa	100.0 %	26,565,976.04	1,948,799.52
LähiTapiola Lännen Keskinäinen Vakuutusyhtiö	3)	Rauma	100.0 %	76,254,248.40	2,260,807.33
LähiTapiola Palvelut Oy	1)	Espoo	100.0 %	12,855,674.90	1,834,778.13
LähiTapiola Pirkanmaa Keskinäinen Vakuutusyhtiö	3)	Tampere	100.0 %	49,446,300.72	3,874,626.37
LähiTapiola Pohjanmaa Keskinäinen Vakuutusyhtiö	3)	Vaasa	100.0 %	55,563,417.18	4,598,817.25
LähiTapiola Pohjoinen Keskinäinen Vakuutusyhtiö	3)	Oulu	100.0 %	87,579,327.59	6,240,907.23
LähiTapiola Pääkaupunkiseutu Keskinäinen Vakuutusyhtiö	3)	Helsinki	100.0 %	58,406,953.34	6,615,992.32
LähiTapiola Pääomasijoitus GP Oy	3)	Espoo	100.0 %	455.89	-155.00
LähiTapiola Pääomasijoitus I Ky	3)	Espoo	87.6 %	113,474,670.13	7,697,282.38
LähiTapiola Pääomasijoitus II GP Oy	1)	Espoo	100.0 %	1,800.78	-226.00
LähiTapiola Pääomasijoitus II Ky	3)	Espoo	92.0 %	139,890,449.24	1,162,509.98
LähiTapiola Pääomasijoitus III GP Oy	1)	Espoo	100.0 %	1,977.40	-222.80
LähiTapiola Pääomasijoitus III Ky	3)	Espoo	97.2 %	133,698,300.20	8,098,284.52
LähiTapiola Pääomasijoitus IV GP Oy	1)	Espoo	100.0 %	3,857.98	0.00
LähiTapiola Pääomasijoitus IV Ky	3)	Espoo	91.6 %	19,924,028.17	-3,196,344.25
LähiTapiola Rahoitus Oy	1)	Espoo	100.0 %	55,046,413.40	2,775,571.89
LähiTapiola Rahoitusyhtiö I Ky	3)	Espoo	99.1 %	322,683,432.31	3,767,219.70
LähiTapiola Savo Keskinäinen Vakuutusyhtiö	3)	Kuopio	100.0 %	43,700,568.62	1,673,982.68
LähiTapiola Savo-Karjala Keskinäinen Vakuutusyhtiö	3)	Mikkeli	100.0 %	31,404,060.87	2,231,286.06
LähiTapiola Tampereen Tornit Ky	3)	Espoo	95.6 %	51,526,076.93	0.00
LähiTapiola Tontit GP I Oy	3)	Espoo	97.6 %	122,699.66	5,745.58
LähiTapiola Tontit GP II Oy	1)	Espoo	100.0 %	96,455.37	152.56
LähiTapiola Tontit I Ky	3)	Espoo	97.6 %	44,403,110.88	3,303,110.80
LähiTapiola Tontit II Ky	3)	Espoo	95.1 %	6,478,661.53	368,742.74
LähiTapiola Uusimaa Keskinäinen Vakuutusyhtiö	3)	Porvoo	100.0 %	49,519,879.54	3,419,255.01
LähiTapiola Varainhoito Oy	1)	Espoo	100.0 %	22,596,506.59	548,484.90
LähiTapiola Varsinais-Suomi Keskinäinen Vakuutusyhtiö	3)	Turku	100.0 %	39,201,268.91	219,742.58
LähiTapiola Velkasijoitus I GP Oy	1)	Espoo	100.0 %	1,864.35	-226.00
LähiTapiola Velkasijoitus II GP Oy	1)	Espoo	100.0 %	2,500.00	0.00
LähiTapiola Velkasijoitus I Ky	3)	Espoo	99.3 %	156,526,391.78	5,041,091.88
LähiTapiola Velkasijoitus II Ky	3)	Espoo	97.1 %	17,092,643.87	-1,054,766.44
LähiTapiola Vellamo Keskinäinen Vakuutusyhtiö	3)	Lahti	100.0 %	54,644,860.89	5,552,892.64
LähiTapiola Yhteiset GP Oy	1)	Espoo	68.2 %	2,534.70	0.00
LähiTapiola Yhteiset Kiinteistöt Ky	3)	Espoo	100.0 %	184,448,255.67	3,294,989.87
LähiTapiola Yhteiskuntakiinteistöt GP Oy	1)	Espoo	100.0 %	2,500.00	0.00
LähiTapiola Yritysrahoitus I GP Oy	1)	Espoo	100.0 %	7,114.79	-241.66
LähiTapiola Yritysrahoitus I Ky	3)	Espoo	100.0 %	618,563,694.14	11,348,149.13

Shares and holdings		Domicile	Share of stocks %	Equity	Profit for the accounting period
LähiTapiola Omaisuudenhoito Holding Oy	1)	Espoo	100.0 %	4,207,090.20	-188,523.16
Seligson & Co Rahastoyhtiö Oyj	2)	Helsinki	99.8 %	13,938,942.33	2,457,825.46
Tieto-Tapiola Oy	1)	Espoo	100.0 %	4,480,638.51	100,993.64
Tietotyö Oy	1)	Espoo	100.0 %	849,879.15	-95.00
Vakuutusneuvonta Aura Oy	2)	Espoo	66.7 %	10,634.40	-95.00
Vakuutusneuvonta Pohja Oy	2)	Espoo	66.7 %	10,577.17	-95.00
Total				3,541,597,565.64	183,229,272.68

In addition, 61 (61) housing associations and real estate companies are integrated into the consolidated financial statements of LocalTapiola Group.

1) A subsidiary belonging to the consolidated financial statements of LocalTapiola Group

2) A subsidiary, which belongs to the consolidated financial statements of LocalTapiola Group, and is a participating interest for the group in accordance with the Accounting Act.

3) A subsidiary, which belongs to the consolidated financial statements of LocalTapiola Group, and is classified as other investment in the group in accordance with the Accounting Act.

4) A subsidiary in accordance with the Accounting Act, not consolidated

K7.2 Investments in participating interests

Shares and holdings		Domicile	Share of stocks %	Equity	Profit for the accounting period
LähiRahoitus Oy	2)	Turku	24.9 %	4,689,376.05	3,118,592.38
Pihlajalinna Oyj -group	3)	Tampere	23.8 %	109,800,000.00	8,700,000.00
Project-IT Oy	2)	Lohja	25.0 %	3,099,152.14	1,335,102.67
S-Pankki Oy -group	3)	Helsinki	23.5 %	488,643,973.81	15,669,742.17
Total				603,416,889.34	25,965,628.95

In addition, 2 (2) housing associations and real estate companies are integrated into the consolidated financial statements of LocalTapiola Group.

2) Participating interest

3) A participating interest, which belongs to the consolidated financial statements of LocalTapiola Group, and is classified as other investment in the group in accordance with the Accounting Act.

K7.3 Other investments

Security	Share of stocks %	Number	Book value	Current value	Home country
Finnish companies, listed					
Fortum Oyj	0.00	35,680.00	601,886.03	702,896.00	Finland
Huhtamäki Oyj	0.20	212,300.00	7,330,865.62	8,971,798.00	Finland
Kone Oyj B	0.03	114,000.00	2,983,997.80	7,576,440.00	Finland
NoHo Partners Oyj	0.33	62,500.00	500,450.00	503,750.00	Finland
Nokia Oyj	0.03	1,656,000.00	5,218,056.00	5,218,056.00	Finland
Stora Enso R	0.12	711,600.00	6,863,424.26	11,132,982.00	Finland
Vaisala Oyj A	0.73	216,258.00	2,438,841.01	8,726,010.30	Finland
Wulff-Yhtiöt Oyj	5.95	411,100.00	1,331,964.00	1,331,964.00	Finland
Other		1,304,835.00	3,597,118.29	6,924,118.85	
Total		4,724,273.00	30,866,603.01	51,088,015.15	

	%	Number	Book value	Current value	Home country
Finnish companies, non-listed					
GT Invest Oy	13.28	1,328.00	1,500,331.75	1,500,331.75	Finland
Keski-Pohjanmaan Kirjapaino Oyj A	14.88	32,000.00	607,999.77	608,000.00	Finland
Sofigate Group Oy	5.95	1,209,400.00	1,693,160.00	1,693,160.00	Finland
Viria Oyj	5.69	306,600.00	5,116,672.76	5,150,880.00	Finland
Other		223,771,797.99	201,845,723.26	214,301,961.22	
Total		225,321,125.99	210,763,887.54	223,254,332.97	
Foreign companies, listed					
ASML Holding NV	0.01	29,000.00	4,629,938.97	11,528,950.00	The Netherlands
AbbVie Inc	0.01	112,000.00	6,585,659.86	9,779,806.05	USA
Alcon Inc	0.03	130,000.00	6,411,719.63	7,081,281.24	Switzerland
Alphabet Inc Class C	0.00	3,000.00	2,897,081.87	4,282,976.12	USA
Alphabet Inc Class C	0.00	3,500.00	3,389,629.22	4,996,805.48	USA
Amazon.com Inc	0.00	1,900.00	2,198,354.88	5,042,919.89	USA
Amazon.com Inc	0.00	1,500.00	1,334,428.39	3,981,252.55	USA
Assa Abloy Ab B	0.04	383,000.00	7,186,238.62	7,729,238.71	Sweden
AstraZeneca PLC	0.01	127,000.00	8,336,109.39	10,346,128.61	UK
Automatic Data Processing Inc	0.01	54,000.00	4,966,588.15	7,753,891.29	USA
Axa Sa	0.02	536,000.00	10,458,432.00	10,458,432.00	France
Brenntag AG	0.08	122,000.00	5,875,519.47	7,727,480.00	Germany
Carlsberg A/S	0.05	53,000.00	6,068,142.26	6,946,148.99	Denmark
DSV Panalpina A/S	0.02	41,000.00	3,943,832.87	5,620,287.87	Denmark
Dassault Systemes Sa	0.02	59,000.00	7,935,432.46	9,802,850.00	France
Deutsche Telekom AG	0.02	738,000.00	11,036,790.00	11,036,790.00	Germany
Epiroc AB	0.07	570,000.00	5,160,288.99	8,500,891.94	Sweden
ING Groep NV	0.03	1,147,000.00	8,764,227.00	8,764,227.00	The Netherlands
Illinois Tool Works Inc	0.01	39,000.00	4,849,241.96	6,479,765.30	USA
Linde PLC	0.01	32,000.00	5,761,049.49	6,816,000.00	Ireland
Lowe's Cos Inc	0.01	47,000.00	3,913,925.15	6,147,803.77	USA
Medtronic Inc	0.01	79,700.00	4,709,304.64	7,608,229.16	Ireland
Merck & Co Inc	0.00	84,000.00	4,082,715.86	5,599,543.64	USA
Merck KGAA	0.07	96,000.00	8,365,279.69	13,473,600.00	Germany
Microsoft Corp	0.00	23,000.00	4,029,851.14	4,168,902.29	USA
Mondelez International Inc	0.01	148,000.00	6,093,070.71	7,052,041.40	USA
NIKE Inc	0.00	59,000.00	4,077,430.50	6,801,996.58	USA
National Grid PLC	0.02	715,832.00	6,887,363.94	6,887,363.94	UK
Nestle Sa	0.00	124,000.00	9,686,059.88	11,968,376.23	Switzerland
PepsiCo Inc	0.00	66,000.00	4,763,077.36	7,976,367.05	USA
Procter & Gamble Co	0.00	61,000.00	4,342,854.17	6,916,746.80	USA
Relx N.V.	0.01	230,000.00	4,347,003.14	4,606,900.00	The Netherlands
Roche Holding Ag	0.00	34,000.00	7,540,767.87	9,725,976.67	Switzerland
Rockwell Automation Inc/DE	0.03	37,000.00	5,593,966.87	7,562,521.39	USA
SAP Ag	0.01	86,000.00	7,947,923.56	9,220,920.00	Germany
SGS SA	0.04	3,100.00	6,778,305.27	7,662,469.91	Switzerland
Schneider Electric Sa	0.01	66,000.00	4,690,337.24	7,807,800.00	France
Siemens Healthineers AG	0.02	218,062.00	7,092,287.20	9,154,242.76	Germany
Swiss Re Ltd	0.04	121,000.00	9,335,437.89	9,335,437.89	Switzerland
TRANE TECHNOLOGIES PLC	0.02	59,000.00	3,690,870.51	6,979,414.88	Ireland
Tesco PLC	0.02	1,800,000.00	4,632,993.34	4,632,993.34	UK
Unilever NV	0.01	242,000.00	9,556,977.92	11,994,730.00	The Netherlands
Visa Inc	0.00	51,000.00	4,507,397.61	9,090,726.10	USA
salesforce.com Inc	0.01	47,000.00	5,618,540.65	8,523,274.39	USA
Other		2,336.00	27,919.36	42,281.60	
Total		8,681,930.00	260,100,366.95	345,616,782.83	

	%	Number	Book value	Current value	Home country
Foreign companies, non-listed					
European Alliance Partners Company AG	12.73	9,248.00	599,314.68	908,321.86	Switzerland
Sos International A/S	4.69	133,720.00	1,437,322.07	1,437,322.07	Denmark
Other		68,001.00	3,868.32	3,868.32	
Total		210,969.00	2,040,505.07	2,349,512.25	
Mutual funds					
			Book value	Current value	Home country
AMUNDI PLANT EM GRN 1-SEURH			21,568,484.06	22,093,799.22	Luxembourg
Aktia Trade Finance Erikoissijoitusrahasto			2,022,543.54	2,022,543.54	Finland
Amundi ETF MSCI EM Asia UCITS ETF			8,451,279.83	10,043,983.37	France
Amundi ETF MSCI Emerging Markets UCITS ETF			2,198,114.30	3,005,628.40	France
BNP Paribas FPS FPE			17,649,261.31	17,649,261.31	France
BNP Paribas Global Senior Corporate Loans			60,548,296.66	60,548,296.66	France
GS Emerging Markets Equity			12,787,070.31	16,130,741.86	Luxembourg
Ishares Barclays Capital Euro Corp Bond ex-Financ			4,255,270.83	4,524,995.36	Ireland
LähiTapiola AIF Eurooppa			132,144,674.24	145,138,138.96	Finland
LähiTapiola AIF High Yield			84,463,589.07	86,584,354.91	Finland
LähiTapiola AIF Pitkäkorko			96,116,247.83	98,907,388.60	Finland
LähiTapiola AIF USA			40,997,949.34	60,647,616.16	Finland
LähiTapiola AIF Yrityslaina			295,926,645.06	303,709,740.74	Finland
LähiTapiola Eurooppa Markkina A			80,650,632.87	82,380,166.14	Finland
LähiTapiola High Yield A			189,149,233.66	210,776,380.48	Finland
LähiTapiola High Yield B			3,423,283.76	3,618,680.65	Finland
LähiTapiola Kehittyvät Korkomarkkinat A			119,993,336.54	128,996,312.17	Finland
LähiTapiola Kehittyvät Korkomarkkinat B			2,373,253.97	2,373,253.97	Finland
LähiTapiola Korkomaailma A			42,388,287.67	50,313,496.77	Finland
LähiTapiola Korkomaailma B			3,584,687.73	3,624,891.22	Finland
LähiTapiola Pitkäkorko A			54,267,496.49	60,085,662.40	Finland
LähiTapiola Pitkäkorko B			4,622,012.94	4,868,466.97	Finland
LähiTapiola Reaalikorko A			56,710,012.04	59,077,997.28	Finland
LähiTapiola Sijoituskiinteistöt A			52,804,740.74	55,022,539.87	Finland
LähiTapiola Suoja A			33,529,026.15	37,289,368.56	Finland
LähiTapiola Tähtivarainhoito 50			2,929,512.31	3,108,505.50	Finland
LähiTapiola Tähtivarainhoito 75			1,378,960.89	1,486,519.84	Finland
LähiTapiola USA Markkina A			34,648,857.06	49,059,014.28	Finland
LähiTapiola Vastuullinen Eurooppa Keskisuuret A			43,898,499.16	52,440,635.15	Finland
LähiTapiola Vastuullinen Eurooppa Keskisuuret B			727,502.72	832,014.08	Finland
LähiTapiola Vastuullinen Hyvinvointi A			23,658,294.60	39,311,350.88	Finland
LähiTapiola Vastuullinen Hyvinvointi B			767,589.40	1,330,830.44	Finland
LähiTapiola Vastuullinen Kasvu A			21,220,892.57	43,409,872.03	Finland
LähiTapiola Vastuullinen Kasvu B			696,133.28	928,138.73	Finland
LähiTapiola Vastuullinen Kehittynyt Aasia A			37,218,132.44	46,324,271.05	Finland
LähiTapiola Vastuullinen Kehittynyt Aasia B			748,834.56	911,104.03	Finland
LähiTapiola Vastuullinen Kehittyvät Markkinat A			33,466,614.94	40,626,110.31	Finland
LähiTapiola Vastuullinen Kehittyvät Markkinat B			712,563.71	721,610.80	Finland
LähiTapiola Vastuullinen Kuluttaja A			13,972,583.73	24,525,408.27	Finland
LähiTapiola Vastuullinen Lyhytkorko A			71,613,698.12	71,735,978.48	Finland
LähiTapiola Vastuullinen Osinko Suomi A			25,842,507.35	39,680,702.90	Finland
LähiTapiola Vastuullinen Osinko Suomi B			1,211,109.36	1,530,610.61	Finland
LähiTapiola Vastuullinen Pohjoinen Yrityskorko A			98,109,181.72	113,868,337.92	Finland
LähiTapiola Vastuullinen Pohjoinen Yrityskorko B			2,865,862.26	2,865,862.26	Finland
LähiTapiola Vastuullinen Skandinavia A			35,286,922.32	46,803,765.74	Finland
LähiTapiola Vastuullinen USA Keskisuuret A			17,707,733.18	36,741,450.94	Finland
LähiTapiola Vastuullinen USA Keskisuuret B			502,691.64	918,098.55	Finland
LähiTapiola Vastuullinen Vaikuttajakorko A			136,425,099.18	142,667,705.71	Finland
LähiTapiola Vastuullinen Ympäristö A			31,357,630.16	52,107,729.05	Finland
LähiTapiola Vastuullinen Yrityskorko A			230,420,427.69	272,504,535.23	Finland
LähiTapiola Vastuullinen Yrityskorko B			15,109,919.18	15,973,141.85	Finland

	Book value	Current value	Home country
LähiTapiola Tähtivarainhoito 25	4,063,381.99	4,226,323.61	Finland
PIMCO GIS Emerging Markets Bond ESG Fund	65,656,079.31	79,370,138.47	Ireland
Robeco QI Global Dynamic Duration I EUR	1,436,304.05	2,327,217.70	Luxembourg
SEB Global High Yield B	501,819.37	943,483.11	Finland
Seligson Euro Corporate Bond	2,437,312.54	2,670,664.58	Finland
Seligson OMX Helsinki 25 -indeksiosuus	505,694.48	1,001,324.00	Finland
Seligson Phoebus - A	15,000,000.00	16,116,541.30	Finland
Seligson Phoenix A	15,000,000.00	16,261,138.38	Finland
X-Trackers iBoxx Sovereigns Eurozone Ind. ETF	1,803,400.32	1,912,931.82	Germany
X-trackers MSCI EM UCITS ETF	16,119,275.36	18,104,421.60	Luxembourg
eQ Hoivakiinteistöt	1,453,737.61	1,698,782.39	Finland
iShares Barclays Capital Euro Corporate Bond	1,108,983.32	1,176,967.50	Ireland
iShares Core MSCI Emerging Markets IMI UCITS ETF	2,136,452.71	2,927,751.80	Germany
Ålandsbanken Asuntorahasto C	500,000.00	573,889.37	Finland
Ålandsbanken Tonttirahasto Erik.sij.rahasto A-laji	500,000.00	519,666.86	Finland
Other	1,772,412.19	3,331,894.78	
Total	2,435,118,037.72	2,785,010,147.47	
Capital mutual funds	Book value	Current value	Home country
Aberdeen Property Fund Finland I Ky	9,250,692.78	9,250,692.78	Finland
Aberdeen Property Fund Finland I Ky	19,086,709.37	19,086,709.37	Finland
Altor Fund II (No. 1) Limited Partnership	1,377,007.00	1,377,007.00	Jersey
Altor Fund III	5,150,754.67	5,955,475.71	Jersey
Altor Fund IV (No.2) AB	11,898,610.52	14,911,170.50	Sweden
Altor Fund V AB	485,802.69	485,802.69	Sweden
Amanda V East L.P.	3,631,058.80	4,142,054.00	Finland
Apax IX L.P.	17,960,651.37	28,560,345.11	Guernsey
Apax VIII - A L.P.	10,553,313.81	10,553,313.81	Guernsey
Apax X L.P.	0.00	-112,196.00	Guernsey
Ares Private Credit Solutions, L.P.	17,114,273.26	17,114,273.26	Cayman Islands
Armada Mezzanine IV Ky	2,427,572.44	2,867,257.32	Finland
AXA LBO Fund V Core	4,798,303.87	4,798,303.87	France
AXA LBO Fund V Supplementary	153,422.00	1,895,766.01	France
BE VI A L.P.	7,105,143.01	7,105,143.01	UK
Beechbrook Mezzanine II L.P.	4,407,248.00	4,407,248.00	UK
Beechbrook Private Debt III L.P.	18,461,531.46	18,461,531.46	UK
Beechbrook UK SME Credit I L.P.	6,667,808.14	6,667,808.14	UK
BlackRock Europe Property Fund III	767,012.00	767,012.00	UK
Bowmark Capital Partners IV, L.P.	3,543,561.40	3,543,561.40	UK
Bowmark Capital Partners V, L.P.	6,411,436.78	6,411,436.78	UK
Bowmark Capital Partners VI, L.P.	8,342,876.21	8,342,876.21	UK
Bridgepoint Direct Lending II Unlevered SCSp	19,519,501.25	19,519,501.25	Luxembourg
Bridgepoint Europe III, L.P.	1,780,235.00	1,780,235.00	UK
Bridgepoint Europe IV F L.P.	2,832,190.00	2,832,190.00	UK
Bridgepoint Europe V C L.P.	14,805,497.90	18,093,787.32	UK
Cordet Direct Lending SCSp	20,026,799.97	24,635,936.23	Luxembourg
Crescent Mezzanine Partners VI, L.P.	11,031,046.37	11,031,046.37	USA
Crown European Private Debt II SCSp	20,101,030.88	20,101,030.88	Luxembourg
Dasos Habitat Fund Ky	1,945,678.00	1,945,678.00	Finland
Dasos Timberland Fund II	10,025,368.00	12,170,296.82	Luxembourg
Dasos Timberland Fund II	15,381,663.63	20,470,439.26	Luxembourg
DWS European Direct Lending Fund	11,420,000.00	11,561,599.55	Germany
Dyal Capital Partners IV LP	2,454,634.66	2,454,634.66	Cayman Islands
eQ PE IX US Feeder	894,575.01	894,575.01	Finland
eQ PE VIII North LP	4,527,914.00	4,527,914.00	Finland
eQ PE X North LP	792,593.00	792,593.00	Finland
Euro Choice Secondary II L.P.	9,125,753.93	10,436,196.36	UK
FPCI Indigo Capital	6,852,108.69	6,852,108.69	France
FSN Capital V L.P.	13,130,309.60	15,606,940.63	Jersey
FSN Capital VI L.P.	29,914.00	29,914.00	Jersey
Fundu Fund Ky	5,352,997.32	5,460,531.11	Finland
GreenOak Europe Secured Lending II SLP	4,856,065.00	4,856,065.00	UK
GreenOak UK Secured Lending LP	-188,451.95	195,692.02	Jersey
ICECAPITAL Residential Property Fund I Ky	9,976,377.95	13,546,073.37	Finland

	Book value	Current value	Home country
ICG Europe Fund V	8,304,921.15	8,304,921.15	Jersey
ICG Europe Fund VI	26,500,099.60	33,336,286.24	Jersey
ICG Europe Fund VII	12,680,208.53	15,877,706.80	Luxembourg
ICG Senior Debt Partners Fund 2	22,108,699.00	22,108,699.00	Luxembourg
ICG Senior Debt Partners Fund 3	22,668,937.00	22,668,937.00	Luxembourg
ICG Senior Debt Partners Fund 4	3,519,440.00	3,747,718.00	Luxembourg
ICG-Longbow UK Real Estate Debt Investments III S.á.r.l.	9,538,896.66	9,538,896.66	Luxembourg
Infranode I (No. 1) AB	13,933,923.24	13,933,923.24	Sweden
Juuri Rahasto I Ky	14,192,144.02	14,192,144.02	Finland
Juuri Rahasto II Ky	1,451,485.28	1,451,485.28	Finland
Kartesia Credit Opportunities V SCS	6,530,479.45	7,138,049.00	Luxembourg
Kartesia Senior Opportunities I SCS	12,000,000.00	12,000,000.00	Luxembourg
Kasvurahastojen Rahasto III Ky	2,456,082.00	2,456,082.00	Finland
Korona Fund III Ky	1,863,978.62	1,863,978.62	Finland
KSK Parking I Ky	140,580.00	140,580.00	Finland
KSK Redi Ky	210,869.00	210,869.00	Finland
Luotsi Asuntorahasto Ky	5,387,118.15	5,387,118.15	Finland
LähiTapiola Asuntorahasto Prime Ky	11,666,881.31	12,355,918.21	Finland
LähiTapiola Asuntosijoitus Suomi Ky	49,203,467.12	64,087,147.04	Finland
LähiTapiola Keskustakiinteistöt Ky	73,475,789.22	73,475,789.22	Finland
M&G Real Estate Debt Fund II, L.P.	1,510,044.34	1,510,044.34	Guernsey
MB Equity Fund IV Ky	6,278,220.00	6,278,220.00	Finland
MB Equity Fund V Ky	11,566,888.76	11,566,888.76	Finland
mcp Opportunity Secondary Program III, L.P.	8,249,683.06	9,116,445.57	UK
mcp Opportunity Secondary Program IV, L.P.	7,045,279.89	9,632,811.09	UK
NB Private Debt Fund II LP	19,252,090.30	19,252,090.30	USA
Nest Capital 2015 Fund Ky	12,268,254.95	14,489,161.39	Finland
Nexit INFOCOM II L.P.	3,872,138.72	5,915,361.30	Guernsey
Nordic Mezzanine Fund III Limited Partnership	3,510,035.43	6,921,246.00	UK
Partners Group U.S. Venture 2004, L.P.	801,397.79	801,397.79	USA
Private Debt Co-Investor Fund II	6,666,867.72	6,666,867.72	Luxembourg
Rantum Capital GmbH & Co. Private Debt Fund I KG	8,961,597.38	10,831,927.98	Germany
Rantum Capital GmbH & Co. Private Debt Fund II KG	25,192,749.57	25,827,238.65	Germany
Real Estate Debt & Secondaries Ky	801,782.59	801,782.59	Finland
Real Estate Debt & Secondaries Ky	801,782.59	801,782.59	Finland
Real Estate Fund of Funds II Ky	253,449.51	253,449.51	Finland
Saga VI EUR K/S	9,953,357.00	11,405,183.00	Denmark
Saga VI USD K/S	7,428,808.21	8,389,620.24	Denmark
Saga VII EUR K/S	1,214,000.00	1,214,000.00	Denmark
Saga VII USD K/S	1,800,179.28	1,800,179.28	Denmark
Sentica Buyout V Ky	2,960,946.00	2,960,946.00	Finland
Siguler Guff Small Business Credit Opportunities Fund II, LP	5,094,253.12	5,094,253.12	USA
Siguler Guff Small Business Credit Opportunities Fund LP	10,069,976.15	10,069,976.15	USA
StepStone Secondary Opportunities Fund IV, L.P.	2,112,366.72	2,378,084.92	Luxembourg
The Triton Fund III L.P.	7,191,889.34	7,191,889.34	Jersey
Tikehau Direct Lending III	9,347,261.64	9,347,261.64	Luxembourg
Tikehau Direct Lending IV	26,953,242.05	26,953,242.05	Luxembourg
Top Tier Venture Capital III, L.P.	1,000,659.07	1,000,659.07	USA
Top Tier Venture Capital IV, L.P.	3,712,775.76	5,074,714.28	USA
TPG Partners VI, LP	6,205,860.04	6,205,860.04	USA
TPG Partners VII, L.P.	18,933,933.40	20,444,786.90	USA
TPG Partners VIII	2,370,133.65	2,370,133.65	USA
Vaaka Partners Buyout Fund III Ky	6,598,219.40	6,912,310.00	Finland
Verdane ETF III SPV K/S	805,054.00	805,054.00	Denmark
VSS Structured Capital Parallel III, L.P.	16,018,295.44	16,194,528.56	USA
WasaGroup Fund I Ky	969,940.47	1,535,498.17	Finland
WasaGroup Fund II Ky	2,759,505.25	3,354,517.66	Finland
WasaGroup Fund III Ky	9,086,069.82	10,757,459.99	Finland
Other	124,468,577.47	131,729,558.20	
Total	1,038,190,157.02	1,134,520,251.43	
Total other investments, shares and holdings	3,977,079,557.31	4,541,839,042.10	

K7.4 Assets covering unit linked policies

Security	Current value	Book value	Home country
Shares			
PowerCell Sweden AB	1,020,878.39	1,020,878.39	Sweden
Telia Ab	531,167.00	531,167.00	Sweden
Evli Bank PLC	1,376,489.40	1,376,489.40	Finland
Fortum Oyj	848,656.30	848,656.30	Finland
Metso Outotec Oyj	744,701.63	744,701.63	Finland
Neste Oyj	1,525,263.12	1,525,263.12	Finland
Nokia Oyj	1,562,845.58	1,562,845.58	Finland
Nokian Renkaat Oyj	502,764.90	502,764.90	Finland
Nordea Bank Abp	1,683,285.56	1,683,285.56	Finland
Sampo Oyj A	1,012,002.18	1,012,002.18	Finland
Stora Enso R	557,838.13	557,838.12	Finland
UPM-Kymmene Oyj	654,891.71	654,891.71	Finland
Other	14,338,419.14	14,338,419.14	
Total	26,359,203.04	26,359,203.03	

Mutual funds	Current value	Book value	Home country
FUNDSMITH EQUITY FD SICAV-IA	1,259,336.40	1,259,336.40	Luxembourg
JPM Emerging Markets Opportunities I Acc EUR	5,534,110.80	5,534,110.80	Luxembourg
MORGAN ST-US ADVANTAGE-ZUSD	2,718,618.27	2,718,618.27	Luxembourg
X-Trackers DJ Stoxx 600 Index ETF	660,689.00	660,689.00	Luxembourg
X-trackers Russell 2000 UCITS	1,804,956.30	1,804,956.30	Luxembourg
iShares Core MSCI Emerging Markets IMI UCITS ETF	8,249,660.28	8,249,660.28	Luxembourg
iShares Core S&P 500 UCITS	12,049,688.00	12,049,688.00	Luxembourg
iShares Emer.Mark.Gov.Bond Ind.I2 hed.EUR	5,844,555.64	5,844,555.64	Luxembourg
Slättö Bostäder Invest AB	996,581.72	996,581.72	Sweden
Slättö Core Plus AB	3,438,689.63	3,438,689.63	Sweden
Slättö IV AB	3,019,225.82	3,019,225.82	Sweden
Slättö VII AB- B Shares	3,816,544.15	3,816,544.15	Sweden
ALANDESBANKEN EURO BOND-B	744,166.08	744,166.08	Finland
Alandsbanken Euro High Yield B	651,033.18	651,033.18	Finland
Alandsbanken Global Equity	600,160.67	600,160.67	Finland
EAI Residential asuntorahasto 2015	1,543,752.00	1,543,752.00	Finland
EAI Residential asuntorahasto 2016	605,925.00	605,925.00	Finland
EAI Residential asuntorahasto 2018	659,285.00	659,285.00	Finland
EQ Eurooppa Kiinteistö-1 K	1,363,786.49	1,363,786.49	Finland
EQ Eurooppa Osinko 1 K	1,023,977.00	1,023,977.00	Finland
EQ Pohjoismaat Pienyhtiö 2 K	1,184,430.40	1,184,430.40	Finland
EVLI EMERGING FRONTIER-B	6,806,368.28	6,806,368.28	Finland
EVLI EMERGING MKT CREDIT-B	10,733,069.10	10,733,069.10	Finland
EVLI EQTY FACTOR EUR -B ACC	10,234,275.80	10,234,275.80	Finland
EVLI EQUITY FACTOR USA-B	5,562,581.63	5,562,581.63	Finland
EVLI FINNISH SMALL CAP	9,508,519.15	9,508,519.15	Finland
EVLI GEM-B	3,624,580.32	3,624,580.32	Finland
EVLI RENTAL YIELD AIF-A	11,191,858.56	11,191,858.56	Finland
Erikoissijoitusrahasto Elite	1,543,758.91	1,543,758.91	Finland
Erikoissijoitusrahasto UB Nordic Property	704,000.09	704,000.09	Finland
Euro Choice VII Feeder voitonjakolaina	1,169,580.44	1,169,580.44	Finland
Evli Euro Likvidi B	6,268,573.94	6,268,573.94	Finland
Evli Eurooppa B	8,770,197.19	8,770,197.19	Finland
Evli European High Yield B	34,410,389.03	34,410,389.03	Finland
Evli European Investment Grade B	10,760,428.16	10,760,428.16	Finland
Evli Green Corporate Bond B	5,503,358.84	5,503,358.84	Finland
Evli Growth Partners I yhtiöosuus	3,174,775.50	3,174,775.50	Finland
Evli Healthcare I yhtiöosuus	25,287,778.88	25,287,778.88	Finland
Evli Infrastructure Fund I Ky	1,002,000.00	1,002,000.00	Finland
Evli Lyhyt Yrityslaina B	15,279,338.22	15,279,338.22	Finland
Evli Pohjoismaat B	610,358.61	610,358.61	Finland
Evli Private Equity II yhtiöosuus	851,922.99	851,922.99	Finland
Evli Residential I yhtiöosuus (2020)	1,250,000.00	1,250,000.00	Finland
Evli Suomi Select B	2,820,322.90	2,820,322.90	Finland
Evli Swedish Small Cap B	5,403,292.92	5,403,292.92	Finland
Evli Takt.Alpha-Korko B	23,201,583.50	23,201,583.50	Finland
Evli Varainhoito 50 B	2,010,466.18	2,010,466.18	Finland
Harkitseva Varainhoito	1,564,099.39	1,564,099.39	Finland
Indeksivarainhoito 25	13,520,218.59	13,520,218.59	Finland
Indeksivarainhoito 50	20,260,666.34	20,260,666.34	Finland
Indeksivarainhoito 75	6,245,875.05	6,245,875.05	Finland
Kiinteistö-sijoitussalkku	66,400,983.73	66,400,983.73	Finland
LähiTapiola 2020 A	80,349,238.76	80,349,238.76	Finland

	Current value	Book value	Home country
LähiTapiola 2025 A	194,755,015.81	194,755,015.81	Finland
LähiTapiola 2035 A	95,356,436.52	95,356,436.52	Finland
LähiTapiola 2045 A	24,089,855.27	24,089,855.27	Finland
LähiTapiola Asuntosijoitus	1,964,042.79	1,964,042.79	Finland
LähiTapiola Asuntosijoitus Prime	11,803,995.30	11,803,995.30	Finland
LähiTapiola Asuntosijoitus Suomi	5,722,932.08	5,722,932.08	Finland
LähiTapiola Eurooppa Markkina A	2,081,347.26	2,081,347.26	Finland
LähiTapiola High Yield A	7,050,570.15	7,050,570.15	Finland
LähiTapiola Kehittyvät Korkomarkkinat A	3,143,160.96	3,143,160.96	Finland
LähiTapiola Korkomaailma A	16,648,551.77	16,648,551.77	Finland
LähiTapiola Maailma 20 A	22,084,277.33	22,084,277.33	Finland
LähiTapiola Maailma 50 A	79,598,834.96	79,598,834.96	Finland
LähiTapiola Maailma 80 A	83,656,352.16	83,656,352.16	Finland
LähiTapiola Metsäsijoitus	4,019,946.16	4,019,946.16	Finland
LähiTapiola Pitkäkorko A	7,649,594.08	7,649,594.08	Finland
LähiTapiola Suoja A	1,377,635.42	1,377,635.42	Finland
LähiTapiola Tapiolan Keskus	1,189,330.00	1,189,330.00	Finland
LähiTapiola USA Markkina A	4,331,377.17	4,331,377.17	Finland
LähiTapiola Vastuullinen Eurooppa Keskisuuret A	25,617,502.89	25,617,502.89	Finland
LähiTapiola Vastuullinen Hyvinvointi A	31,938,378.59	31,938,378.59	Finland
LähiTapiola Vastuullinen Kasvu A	20,977,596.09	20,977,596.09	Finland
LähiTapiola Vastuullinen Kehittynyt Aasia A	12,384,433.35	12,384,433.35	Finland
LähiTapiola Vastuullinen Kehittyvät Markkinat A	34,761,131.03	34,761,131.03	Finland
LähiTapiola Vastuullinen Kuluttaja A	24,311,916.29	24,311,916.29	Finland
LähiTapiola Vastuullinen Lyhytkorko A	16,519,669.03	16,519,669.03	Finland
LähiTapiola Vastuullinen Osinko Suomi A	18,651,587.19	18,651,587.19	Finland
LähiTapiola Vastuullinen Pohjoinen Yrityskorko A	2,618,845.49	2,618,845.49	Finland
LähiTapiola Vastuullinen Skandinavia A	1,363,864.21	1,363,864.21	Finland
LähiTapiola Vastuullinen USA Keskisuuret A	9,555,992.83	9,555,992.83	Finland
LähiTapiola Vastuullinen Vaikuttajakorko A	701,063.17	701,063.17	Finland
LähiTapiola Vastuullinen Ympäristö A	8,569,579.43	8,569,579.43	Finland
LähiTapiola Vastuullinen Yrityskorko A	3,984,055.76	3,984,055.76	Finland
Momentum-varainhoito	49,069,076.54	49,069,076.54	Finland
Private Banking Korkostrategia	2,101,479.43	2,101,479.43	Finland
Private Banking Strategia 10	7,366,219.25	7,366,219.25	Finland
Private Banking Strategia 30	15,798,183.35	15,798,183.35	Finland
Private Banking Strategia 50	10,104,753.00	10,104,753.00	Finland
Private Banking Strategia 70	3,686,821.38	3,686,821.38	Finland
Reipas Varainhoito	2,148,372.58	2,148,372.58	Finland
Rohkea Varainhoito	2,842,875.66	2,842,875.66	Finland
S-Sijoituskori Kohtuullinen	2,122,869.52	2,122,869.52	Finland
S-Sijoituskori Varovainen	2,691,812.31	2,691,812.31	Finland
SELIGSON PHAROS-A	919,621.66	919,621.66	Finland
Seligson & Co Tropic LatAm (EUR)	1,166,051.28	1,166,051.28	Finland
Seligson Aasia A	4,114,116.62	4,114,116.62	Finland
Seligson Euro-obligaatio	1,319,532.26	1,319,532.26	Finland
Seligson Eurooppa -indeksirahasto A	7,809,328.48	7,809,328.48	Finland
Seligson Glb Top 25 Brands -A	21,924,883.91	21,924,883.91	Finland
Seligson Global Top 25 Pharmaceuticals A	14,747,158.00	14,747,158.00	Finland
Seligson Kehittyvät markkinat	829,717.87	829,717.87	Finland
Seligson OMX Helsinki 25 -indeksiosuus	583,256.76	583,256.76	Finland
Seligson Phoebus - A	3,217,772.13	3,217,772.13	Finland
Seligson Phoenix A	934,021.25	934,021.25	Finland
Seligson Pohjois-Amerikka -indeksirahasto A	3,466,413.47	3,466,413.47	Finland
Seligson Rahamarkkina AAA	3,826,200.85	3,826,200.85	Finland
Seligson Russian Pros Euro A	8,770,699.76	8,770,699.76	Finland
Seligson Suomi-indeksirahasto	13,994,485.36	13,994,485.36	Finland

	Current value	Book value	Home country
Suojavarainhoito 10	7,158,319.45	7,158,319.45	Finland
TOP-indeksivarainhoito 25	7,390,176.87	7,390,176.87	Finland
TOP-indeksivarainhoito 50	1,460,640.00	1,460,640.00	Finland
Vakaa Varainhoito	1,429,525.88	1,429,525.88	Finland
Varainhoito 100	44,746,307.27	44,746,307.27	Finland
Varainhoito 25	5,007,067.79	5,007,067.79	Finland
Varainhoito 50	11,892,692.32	11,892,692.32	Finland
Varainhoito 75	6,284,861.44	6,284,861.44	Finland
Varainhoito Eurooppa Plus	18,815,675.34	18,815,675.34	Finland
Varainhoito Maltillinen	121,463,038.60	121,463,038.60	Finland
Varainhoito Nordic Plus	22,649,972.96	22,649,972.96	Finland
Varainhoito Suomi Plus	28,732,456.38	28,732,456.38	Finland
Varainhoito Tasapainoinen	124,029,802.68	124,029,802.68	Finland
Varainhoito Tuottohakuinen	73,531,656.76	73,531,656.76	Finland
Varainhoito Varovainen	147,314,855.86	147,314,855.86	Finland
Varainhoitosalkku 10	25,900,211.94	25,900,211.94	Finland
Varainhoitosalkku 30	76,856,134.07	76,856,134.07	Finland
Varainhoitosalkku 50	39,361,336.90	39,361,336.90	Finland
Varainhoitosalkku 70	10,212,752.19	10,212,752.19	Finland
Yksilöllinen varainhoito 30	56,301,810.71	56,301,810.71	Finland
Yksilöllinen varainhoito 50	2,531,000.00	2,531,000.00	Finland
eQ Euro Investment Grade	511,948.28	511,948.28	Finland
eQ Euro Investment Grade 1 T	539,394.82	539,394.82	Finland
eQ Eurooppa Aktiivi 1 K	1,619,163.75	1,619,163.75	Finland
eQ Hoivakiinteistöt	41,826,903.60	41,826,903.60	Finland
eQ Kehittyvät Markkinat Osinko 1 T	678,277.51	678,277.51	Finland
eQ Kehittyvät Markkinat Osinko 1K	4,002,375.18	4,002,375.18	Finland
eQ Kehittyvät Markkinat Pienyhtiö 1 K	2,079,801.54	2,079,801.54	Finland
eQ Liikekiinteistöt-1T	33,770,333.36	33,770,333.36	Finland
eQ Mandaatti-2K	1,024,212.51	1,024,212.51	Finland
eQ PE IX US Feeder	3,011,979.46	3,011,979.46	Finland
eQ PE VIII North Ky	1,650,199.75	1,650,199.75	Finland
eQ PE X North Feeder	1,965,348.00	1,965,348.00	Finland
eQ Pikkujättiläiset 1 K	775,764.93	775,764.93	Finland
eQ Rahamarkkina 1 K	169,640.58	169,640.58	Finland
eQ Sininen Planeetta 1 K	3,654,502.56	3,654,502.56	Finland
eQ USA Indeks 1 K	2,298,253.94	2,298,253.94	Finland
eQ USA Indeks-1 T	570,766.66	570,766.66	Finland
Ålandsbanken Asuntorahasto C	3,053,141.51	3,053,141.51	Finland
Ålandsbanken Europe Value B	745,038.36	745,038.36	Finland
Other	19,797,734.51	19,797,734.51	
Total	2,374,643,302.27	2,374,643,302.27	

Debt securities	Current value	Book value	Home country
Eurooppa Pankit Autocall 4/2018	907,609.81	907,609.81	France
Other	7,584,670.89	7,584,670.89	
Total	8,492,280.70	8,492,280.70	

Total **2,409,494,786.01** **2,409,494,786.00**

K8. Other investments

Other loans, itemised by type of security

	2020	2019
Bank guarantee	157,803.37	186,639.90
Other security	190,986,447.14	197,751,692.60
Remaining acquisition cost	191,144,250.51	197,938,332.50
Unsecured, total remaining acquisition cost	81,749,717.63	89,888,619.09
Other loan receivables, total	272,893,968.14	287,826,951.59

K9. Changes in tangible and intangible assets

2020

	Intangible rights and other expenses with long-term effects	Goodwill on consolidation	Provisional premiums	Machinery and equipment	Other tangible assets
Acquisition cost on 1 Jan.	194,719,566.02	1,826,601.82	46,952,920.44	68,715,099.36	36,258,826.22
Increase	10,337,275.52	18,756,350.78	30,444,058.61	4,232,234.61	117,633,864.69
Decrease	-615,998.56	-1,192,406.59	-1,742,028.30	-1,119,503.37	-113,297,012.20
Transfers between items	53,753,596.51	0.00	-56,400,994.07	456,996.69	0.00
Acquisition cost on 31 Dec.	258,194,439.49	19,390,546.01	19,253,956.68	72,284,827.29	40,595,678.71
Accumulated depreciation on 1 Jan.	-137,789,994.19	-748,471.41	0.00	-59,612,662.00	-1,346,130.20
deductions and transfers	0.00	0.00	0.00	0.00	-4,201.62
Depreciation for the financial year	-24,369,418.63	-793,196.21	0.00	-2,936,101.42	-78,320.68
Accumulated depreciation on 31 Dec.	-162,159,412.82	-1,541,667.62	0.00	-62,548,763.42	-1,428,652.50
Book value on 31 Dec.	96,035,026.67	17,848,878.39	19,253,956.68	9,736,063.87	39,167,026.21

K10. Assets covering unit linked policies

	2020		2019	
	Original acquisition cost	Current value (= book value)	Original acquisition cost	Current value (= book value)
Shares and holdings	1,775,739,878.20	2,401,002,502.27	1,786,872,257.37	2,400,036,767.42
Debt securities	10,092,822.31	8,492,280.41	11,790,542.18	11,411,462.40
Recovery from insurance premium mediators	364,000.50	364,000.50	1,516,813.16	1,516,813.16
Cash at bank and in hand	11,024,441.20	11,024,441.20	3,259,845.73	3,259,845.73
Accrued interest	107,503.05	107,503.05	109,046.79	109,046.79
Total	1,797,328,645.26	2,420,990,727.43	1,803,548,505.23	2,416,333,935.50
Investments acquired in advance	3,094,098.48	0.00	52,054,012.73	62,118,257.54
Investments corresponding to the technical provisions for unit linked insurance	1,794,234,546.78	2,420,990,727.43	1,751,494,492.50	2,354,215,677.96

Cash at bank and in hand, and other debtors includes net premiums for paid insurance policies valid at the closing of the accounts that have not yet been invested.

11,388,441.70 4,776,658.89

K11. Capital and reserves and itemization of revaluation reserve

K11.1 Changes in capital and reserves

	1.1.2020	Increase	Decrease	31.12.2020
Initial fund	8,641,380.35	0.00	0.00	8,641,380.35
Initial fund, other mutual insurance companies	64,298,464.27	0.00	0.00	64,298,464.27
Revaluation reserve	8,710,584.50	0.00	-7,276,954.35	1,433,630.15
Security reserve	1,404,331,353.08	106,498,484.56	-1,228,527.12	1,509,601,310.51
Security reserve, other mutual insurance companies	807,058,606.22	111,202,069.69	0.00	918,260,675.91
Contingency reserve	2,889,839.71	500,000.01	-317,500.00	3,072,339.71
Contingency reserve, other mutual insurance companies	8,389,779.40	2,950,000.00	-2,159,037.94	9,180,741.46
The share of voluntary provisions and depreciation difference transferred to capital and reserves	2,732,880.01	0.00	-274,568.20	2,458,311.81
Profit/loss for previous accounting periods	-21,923,104.99	-21,130,236.24	0.00	-43,053,341.23
Profit/loss for previous accounting periods, other mutual insurance companies	0.00	-5,130,366.09	0.00	-5,130,366.09
Profit for the accounting period	194,872,432.18	163,679,815.26	-194,872,432.18	163,679,815.26
Change in depreciation difference and voluntary provisions included in the profit for the accounting period	17,516.12	284,385.00	-17,516.12	284,385.00
Share of the other mutual insurance companies' result for the financial year included in the profit for the financial year	-109,021,703.60	-119,374,926.90	109,021,703.60	-119,374,926.90
Profit/loss for the accounting period, other mutual insurance companies	109,021,703.60	119,374,926.90	-109,021,703.60	119,374,926.90
Total changes in capital and reserves	2,480,019,730.82	358,854,152.18	-206,146,535.90	2,632,727,347.11
of which capital and reserves of mutual insurance companies	988,768,553.49	228,396,630.50	-111,180,741.54	1,105,984,442.45

K11.2 Itemisation of revaluation reserve

	2020
Revaluation of investment assets	0.00
Revaluation of fixed assets	1,433,630.15
Total	<u>1,433,630.15</u>

K12. Accumulated appropriations

	2020	2019
Depreciation difference		
Depreciation difference on 1 Jan.	4,292,772.31	4,645,368.99
Decrease	<u>-343,210.28</u>	<u>-352,596.68</u>
Depreciation difference on 31 Dec.	<u>3,949,562.03</u>	<u>4,292,772.31</u>
Voluntary provisions		
Transition provision 1 Jan.	40,737.27	40,737.27
Decrease	<u>-40,737.27</u>	<u>0.00</u>
Transition provision 31 Dec.	<u>0.00</u>	<u>40,737.27</u>
Total voluntary provisions	0.00	40,737.27
Total accumulated appropriations	<u>3,949,562.03</u>	<u>4,333,509.58</u>
Divided into		
Capital and reserves	3,159,649.62	3,119,829.69
Minority interest	0.00	346,977.97
Deferred tax liabilities	789,912.41	866,701.92
Tax base	20.00 %	20.00 %

K13. Provision for claims outstanding

	2020	2019
Uncontested recourse receivables deducted from provisions for claims outstanding		
Statutory workers' compensation	<u>37,263,615.00</u>	<u>36,910,387.00</u>

K14. Other obligatory provisions

	2020	2019
Provision for interest on late payments for unfinished claims	1,442,514.00	1,347,383.00
Provision for unemployment security deductible	176,530.92	154,470.69
Provision for ICT projects	1,225,015.51	1,897,006.74
Other obligatory provisions	<u>200,000.00</u>	<u>0.00</u>
	<u>3,044,060.43</u>	<u>3,398,860.43</u>

K15. Deferred tax claim and deferred tax liabilities

K15.1 Deferred tax claim

	2020	2019
Deferred tax relating to the group adjustments	<u>2,070,622.30</u>	<u>2,113,017.84</u>
	<u>2,070,622.30</u>	<u>2,113,017.84</u>

K15.2 Deferred tax liabilities

	2020	2019
Deferred tax liabilities arising from the division of depreciation difference and provisions	798,149.82	866,791.87
Off-balance-sheet deferred tax liabilities		
Tax liability calculated on the basis of timing differences and other temporary differences between taxable profit and accounting profit	891,492.99	899,657.92
Tax debt calculated based on valuation gains/losses that is deemed likely to become payable during the next year	32,794,579.00	32,682,509.17
	<u>33,686,071.99</u>	<u>33,582,167.09</u>

K16. Receivables and liabilities

K16.1 Itemisation of receivables

	2020	2019
Receivables from group companies		
Other receivables	25,875.40	286,145.85
	<u>25,875.40</u>	<u>286,145.85</u>

K16.2 Itemisation of liabilities

	2020	2019
Liabilities to group companies		
Trade creditors	15,145.47	0.00
	<u>15,145.47</u>	<u>0.00</u>
Liabilities to participating interests		
Trade creditors	26,101.91	0.00
	<u>26,101.91</u>	<u>0.00</u>

K16.3 Itemisation of accruals and deferred income

	2020	2019
Liabilities to personnel	54,683,404.27	50,504,003.37
Valuation loss on derivatives	0.00	395,974.60
Other accruals and deferred income	35,908,674.71	24,284,024.24
	<u>90,592,078.98</u>	<u>75,184,002.21</u>

K17. Notes concerning guarantees and contingent liabilities

Off-balance-sheet guarantees and contingent liabilities

	2020	2019
Derivative contracts		
Currency derivatives		
Forward and futures contracts, open		
Underlying instrument	-102,462,267.50	-69,205,878.80
Current value	2,115,239.24	199,282.34

Leasing liabilities		
Amount to be paid in the current financial year	1,892,041.86	1,573,978.36
Amount to be paid in the coming years	2,084,961.20	1,450,341.16
	<u>3,977,003.06</u>	<u>3,024,319.52</u>
Rent liabilities		
Amount to be paid in the current financial year	6,394,053.59	5,377,805.23
Amount to be paid in the coming years	11,707,956.04	11,634,943.37
	<u>18,102,009.63</u>	<u>17,012,748.60</u>
Financing expenses liabilities during construction time		
Amount to be paid in the current financial year	0.00	60,760.00
	<u>0.00</u>	<u>60,760.00</u>
Value-added tax liabilities		
Joint liability relating to collective value-added tax registration		
Group companies	28,931.68	25,599.10
Partner companies	903,615.99	1,941,043.52
	<u>932,547.67</u>	<u>1,966,642.62</u>
VAT liability with a positive sign = VAT debt		
VAT liability with a negative sign = VAT receivable		
Inspection responsibility of real estate investments under section 120 of the Value Added Tax Act		
Company	835,200.00	789,170.00
Other companies of the group	39,963,741.88	41,687,948.25
	<u>40,798,941.88</u>	<u>42,477,118.25</u>
Other commitments		
Investment commitments	746,055,750.35	771,500,496.42
Granted limit	114,190,783.32	90,981,159.93
Installment portfolio securitization	432,749,684.29	0.00
	<u>1,292,996,217.96</u>	<u>862,481,656.35</u>

A joint liability agreement concluded between LocalTapiola General Mutual Insurance Company and regional mutual insurance companies of the LocalTapiola group determines the principles for ensuring the solvency of the companies in the group. More information regarding the joint liability agreement can be found in the Report of the Board of Directors, section Solvency and risk management.

K18.1 Related party loans and transactions

The related parties register of the company has been compiled in accordance with the related parties definition in the Insurance Companies Act.

The company has not carried out related party transactions involving any other than conventional commercial terms and conditions.

Loans to related parties, liabilities and contingent liabilities

Loans granted to parties belonging to the insider register of LocalTapiola General Mutual Insura 5,000,000.00

Loans granted to related parties are subject to market-based credit conditions. The loan period is 5-10 years and the floating rate of the loans is bound to commonly used rates.

The company has not granted loans to related parties.

Information on contingent liability relating to group registration of VAT can be found in appendix 16.

K18.2 Subordinated loans

Creditor

Multiple

Loan capital

EUR 100.000.000

Principal loan terms

The loan contract is valid until Nov 23, 2043. The loan can be repaid at the earliest on Nov 23, 2023 after which it is possible to repay the loan on any interest payment date (Nov 23) if the debtor fulfils the solvency requirements set in legislation.

Until the date preceding the first repayment date, the annual interest rate of the loan is 3,5 %. If the debtor does not repay the loan on the first repayment date, the interest rate is revised. After the first repayment date, the interest rate is determined on the basis of the interest rate for Euro 5-y Mid-Swap Rate plus a margin of 3,25 %.

The capital can be returned and interest can be paid only to the extent that, at the time of payment, the sum of the company's distributable capital and reserves and all of the subordinated loans exceeds the amount of losses reported on the balance sheet of the financial statements for the last complete financial year, or newer.

If no interest can be paid, it will be postponed to be repaid at the earliest after the first such financial statements on the basis of which interest payment can be made. In addition, the company may not end up in a situation after the return of the capital where the company's eligible own funds are below the capital requirement set by the authorities.

The terms of the subordinated loan agreement can only be changed with the approval of the Financial Supervisory Authority.

The loan is unsecured.

The subordinated loan is administered by Euroclear Finland Oy.

Performance analysis

	2020	2019	Change	€1,000 Change %
Non-life insurance				
Premiums earned	1,246,433	1,184,400	62,033	5.2 %
Claims incurred	-940,888	-901,485	-39,402	4.4 %
Operating expenses	-264,318	-270,197	5,879	-2.2 %
Balance on technical account before change in equalization provision	41,228	12,717	28,510	224.2 %
Life insurance				
Premium income	431,395	612,505	-181,110	-29.6 %
Investment income and expenses as well as revaluations and adjustments thereof	133,787	404,525	-270,738	-66.9 %
Claims paid	-396,187	-524,737	128,550	-24.5 %
Change in technical provisions before change in customer benefits and equalization provision	-62,277	-428,376	366,099	-85.5 %
Operating expenses	-57,614	-59,369	1,756	-3.0 %
Balance on technical account before change in customer benefits and equalization provision	49,105	4,547	44,557	979.8 %
Investment income and expenses as well as revaluations and adjustments thereof (non-life insurance)	39,669	179,008	-139,340	-77.8 %
Other income and expenses	41,140	36,774	4,366	11.9 %
Share of profit/loss from group associated undertakings	3,381	2,489	891	35.8 %
Operating profit	174,522	235,536	-61,014	-25.9 %
Change in equalization provision (non-life insurance)	5,277	17,737	-12,460	-70.2 %
Change in equalization provision (life insurance)	10,274	10,274	0	0.0 %
Additional benefits (customer benefits)	16,309	1,656	14,653	884.6 %
Profit before extraordinary items	206,382	265,204	-58,822	-22.2 %
Direct taxes	-35,337	-62,249	26,912	-43.2 %
Minority interest	-7,365	-8,082	717	-8.9 %
Profit for the financial period	163,680	194,872	-31,193	-16.0 %
Operating profit	174,522	235,536	-61,014	-25.9 %
Change in the difference between current and book values	69,544	324,541	-254,997	-78.6 %
Total result	244,066	560,077	-316,011	-56.4 %

[Notes on additional benefits of life insurance](#)

[Application of the principle of reasonability and targets for the distribution of additional benefits](#)

According to the principle of reasonability governing additional benefits as defined in Chapter 13, Section 2 of the Insurance Companies Act, an insurance company must return, if the company's solvency allows it, a reasonable part of the surplus in the form of additional benefits to those insurance policies that are entitled to additional benefits distributed based on surplus.

LocalTapiola Mutual Life Insurance Company applies the principle of reasonability by allocating most of its surplus to additional benefits and to boosting solvency and by paying market-based income to risk capital subscribers.

LocalTapiola Mutual Life Insurance Company's goal is to offer over the long term an overall return on insurance savings entitled to the distribution of surplus, before taxes and expenses, which, in the case of pension insurance, exceeds the interest rates of eurozone government bonds with a minimum maturity of 10 years and, in the case of savings life insurance, exceeds the interest rates of 5-year bonds. The goal for pure risk policies featuring a funded component is that the real overall interest rate is positive.

The additional benefit target expressed as a target for overall return on insurance savings is not applied to unit-linked insurance policies or pure risk policies with no savings amassed. In pure risk policies, the principle of reasonability is followed in such a way that the portion of risk premium surplus not reserved for risk premium fluctuations is returned to customers as premium rebates or free-of-charge extra risk benefits.

The total return target defined above collectively for all pension and savings life insurance policies is applied to individual insurance contracts in such a way that the general interest rate level and the strength of its fluctuations, the company's success in investment operations, the technical rate of interest of each insurance policy, all insurance management costs, insurance items used to finance operating expenses and the company's solvency are taken into account when determining the bonuses. The need to prepare for the fact that, in the future, claims expenses will significantly increase due to changes in mortality, for instance, is

taken into account in the level of customer bonuses for each line of insurance.

Efforts are made to maintain stability in the level of customer bonuses by levelling out fluctuations in investment returns through the allocation of a proportion of the investment returns in good investment years for distribution in later years.

As for solvency, the target is to achieve a quality and level that does not restrict the company's operations or the payment to policyholders of additional benefits in line with the targets.

The additional benefit targets are not binding on the company and are in force until further notice. The company's Board of Directors decides every year on the additional benefits and the changes that have to be made to the targets concerning the distribution of additional benefits.

In addition to this report, the company publishes on its website a more detailed report on the realisation of the additional benefit targets.

[Realisation of the targets for the distribution of additional benefits by LocalTapiola Life, 2011–2020](#)

For 2020, it can be said that the company was able to pay all contract groups overall interest in line with the additional benefit target. The overall interest paid between 2011 and 2020 clearly exceeded the additional benefit target in all contract groups.

[The interest rates for the additional interest target have been defined as follows:](#)

In 2011–2020, the interest rate used as the additional benefit target was the Euro area 5- and 10-year government bond yield index published by the European Central Bank. The annual returns have been calculated as mean values of daily or monthly quotes.

[LocalTapiola Life's report on the overall interest rates on insurance savings for each line of insurance in 2011–2020](#)

[Individual pension insurance policies](#)

In 2020, the overall interest rate paid on insurance savings under individual pension insurance policies averaged 3.8 per cent (3.9). Depending on the product and the technical rate of interest, the overall interest rate ranged from 2.2 to 4.5 per cent, while the technical rates of interest varied between 1.5 per cent and 4.5 per cent. The overall interest paid on all products exceeded the target

10-year interest rate, which averaged -0.5 per cent in 2020.

[Savings life insurance policies and capital redemption contracts](#)

The overall interest rate paid on insurance savings in savings life insurance policies for 2020 averaged 2.5 per cent (2.9). Depending on the product and the technical rate of interest, the overall interest rate ranged from 1.5 to 4.5 per cent, while the technical rates of interest varied between zero per cent and 4.5 per cent. The overall interest paid on all products exceeded the target 5-year interest rate, which averaged -0.7 per cent in 2020.

The customer bonus for zero-interest-linked insurance savings, the so-called Interest Bonus, which is an investment in wide-asset-class-allocation asset management portfolios and available as an independent investment in the Korukoetu product, is 1.5 per cent in 2021, as decided in 2020. The customer bonus paid in 2020 was 1.5 per cent, as decided in 2019.

[Group pension insurance policies](#)

The overall interest rate paid on insurance savings in group pension insurance policies for 2020 averaged 3.1 per cent (3.3). In pension insurance policies, the overall interest rate ranged from 2.2 per cent to 4.25 per cent, while the technical rates of interest varied between 1.0 per cent and 4.5 per cent. The overall interest paid on all products exceeded the target 10-year interest rate, which averaged -0.4 per cent in 2020.

[LocalTapiola Life's account of additional benefits provided for pure risk policies in 2020](#)

In pure risk policies entitled to distribution of profit, the principle of reasonability is applied for death covers in the form of increased amounts of benefit or premium rebates. The increase in the amount of the benefit and the level of the premium rebate vary depending on the policy commencement date and the insured's age and gender.

In 2020, additional benefits paid for pure risk policies amounted to EUR 1.6 million. Additional benefits for pure risk policies are confirmed in advance. The benefits confirmed for 2021 are the same as those for 2020.

[LocalTapiola Life's report on the use of provisions for future bonuses to cover the loss caused by the change in the calculation basis](#)

The calculation basis for provisions for future additional benefits allows for the liability to be used to cover a loss that has arisen from changing the calculation basis for technical provisions. The supplementary interest rate provision made in the financial statements increased the technical provisions by EUR 35.8 million.

In 2020, EUR 7.7 million of the provision for future additional benefits was used for the supplementary interest rate provision of individual pension insurance policies, EUR 7.0 million was used for the supplementary interest rate provision of group pension insurance policies, EUR 0.93 million was used for the supplementary interest rate provision of the individual life insurance policies entitled to the distribution of surplus for unit-linked insurance, and EUR 1.63 million was used for the supplementary interest rate provision of flexible-premium life insurance policies.

The provision for future additional benefits for individual pension insurance policies is EUR 1.8 million, the provision for future additional benefits for group pension insurance policies is EUR 7.0 million, the provision for future additional benefits for individual life insurance policies entitled to the distribution of surplus for unit-linked insurance is EUR 15.0 million, and the provision for future additional benefits for flexible-premium life insurance policies is EUR 0. The change in the provision for future additional benefits totalled EUR -27.7 million in the financial period.

LocalTapiola General

Profit and loss account, LocalTapiola General

TECHNICAL ACCOUNT		1.1.2020	-	31.12.2020		1.1.2019	-	31.12.2019
Premiums earned								
Premiums written	1	344,860,244.84				305,755,835.27		
Reinsurers' share		-34,247,481.35		310,612,763.49		-30,097,615.88		275,658,219.39
Change in provision for unearned premiums								
Total change		-1,129,731.02		-1,129,731.02		-3,865,820.00		-3,865,820.00
Reinsurers' share								
Total change		591,442.33		591,442.33		1,168,638.01		1,168,638.01
Change in provision for unearned premiums, total				-538,288.69				-2,697,181.99
Total premiums earned				310,074,474.80				272,961,037.40
Claims incurred								
Claims paid		-231,508,468.60				-234,671,416.65		
Reinsurers' share		14,635,923.30		-216,872,545.30		14,066,641.74		-220,604,774.91
Change in provision for outstanding claims								
Total change		-49,718,135.59		-49,718,135.59		-1,448,728.02		-1,448,728.02
Reinsurers' share								
Total change		-1,253,336.77		-1,253,336.77		1,858,552.74		1,858,552.74
Change in provision for outstanding claims, total				-50,971,472.36				409,824.72
Total claims incurred				-267,844,017.66				-220,194,950.19
Operating expenses	3			-52,569,138.73				-52,640,700.97
Balance on technical account before change in equalization provision				-10,338,681.59				125,386.24
Balance on technical account	2			-10,338,681.59				125,386.24
NON-TECHNICAL ACCOUNT		1.1.2020	-	31.12.2020		1.1.2019	-	31.12.2019
Balance on technical account				-10,338,681.59				125,386.24
Investment income	4	139,643,459.29				212,819,413.09		
Investment charges	4	-81,836,561.18				-79,955,942.81		
Revaluation adjustments on investments	4	0.00		57,806,898.11		-156,036.63		132,707,433.65
Other income	4							
Other				15,628,293.78				21,305,926.40
Other expenses	4							
Other				-12,176,789.13				-18,674,047.41
Profit on ordinary activities				50,919,721.17				135,464,698.88
Profit before appropriations and taxes				50,919,721.17				135,464,698.88
Appropriations								
Change in depreciation difference		-3,416.76				-50,676.45		
Change in optional provision		0.00		-3,416.76		0.00		-50,676.45
Direct taxes on ordinary activities								
Taxes for the financial period		-3,365,630.69				-20,021,379.32		
Taxes for previous financial periods		2,478,470.78				-8,394,158.52		
Change in deferred tax liabilities		0.00		-887,159.91		0.00		-28,415,537.84
Profit for the accounting period				50,029,144.50				106,998,484.59

Balance sheet, LocalTapiola General

ASSETS		31.12.2020	31.12.2019
Intangible assets			
Other expenses with long-term effects	9	12,953,990.07	15,821,433.74
Investments			
Real estate investments	6		
Real estate and shares in real estate		182,504,533.29	167,489,687.18
Loans to group companies		61,543,805.01	62,742,258.57
Loans to participating interests		0.00	0.00
		<u>244,048,338.30</u>	<u>230,231,945.75</u>
Investments in group companies and participating interests	7		
Shares in group companies		895,401,214.34	835,047,116.21
Debt securities and loans of companies in same group		23,037,000.00	0.00
Shares and holdings in participating interests		84,702,896.11	95,631,334.45
Debt securities and loans in participating interests		2,660,000.00	5,500,000.00
		<u>1,005,801,110.45</u>	<u>936,178,450.66</u>
Other investments			
Shares and holdings	7	857,515,746.44	851,529,548.15
Debt securities		333,624,739.97	411,915,524.28
Loans guaranteed by mortgages		53,690,072.64	59,008,404.64
Other loans	8	17,685,973.80	16,161,120.46
Deposits		0.00	5,121,210.68
Other investments		0.00	0.00
		<u>1,262,516,532.85</u>	<u>1,343,735,808.21</u>
Deposits with ceding undertakings		404,001.19	636,421.94
		<u>2,512,769,982.79</u>	<u>2,510,782,626.56</u>
Debtors	15		
Arising out of direct insurance operations			
Policyholders		41,470,383.44	42,074,364.04
Intermediaries		0.00	0.00
		<u>41,470,383.44</u>	<u>42,074,364.04</u>
Arising out of reinsurance operations		19,878,721.69	16,152,869.69
Other debtors		57,865,131.87	65,794,331.40
		<u>119,214,237.00</u>	<u>124,021,565.13</u>
Other assets			
Tangible assets			
Machinery and equipment	9	902,494.80	1,103,383.82
Other tangible assets		120,440.18	98,360.18
Provisional premiums		0.00	0.00
		<u>1,022,934.98</u>	<u>1,201,744.00</u>
Cash at bank and in hand		173,375,327.28	58,986,950.80
Other assets		3,457,536.16	3,457,536.16
		<u>177,855,798.42</u>	<u>63,646,230.96</u>
Prepayments and accrued income			
Accrued interest and rent		5,549,550.56	4,563,498.21
Other prepayments and accrued income		1,893,262.89	1,866,221.76
		<u>7,442,813.45</u>	<u>6,429,719.97</u>
Total assets		<u>2,830,236,821.73</u>	<u>2,720,701,576.36</u>

LIABILITIES		31.12.2020	31.12.2019
Capital and reserves	10		
Initial reserve		8,641,380.35	8,641,380.35
Revaluation reserve		85,090.31	85,090.31
Other reserves		1,512,673,650.19	1,407,221,192.72
Profit for the accounting period		<u>50,029,144.50</u>	<u>106,998,484.59</u>
		1,571,429,265.35	1,522,946,147.97
Accumulated appropriations	11		
Accumulated depreciation difference		<u>134,237.56</u>	<u>130,820.80</u>
		134,237.56	130,820.80
Technical provisions			
Provision for unearned premiums		40,659,103.02	39,529,372.00
Reinsurers' share		<u>-9,499,198.42</u>	<u>-8,907,756.09</u>
Provision for outstanding claims		1,010,828,306.01	961,110,170.42
Reinsurers' share		<u>-15,173,773.07</u>	<u>-16,427,109.84</u>
Equalization provision		169,015,329.00	169,015,329.00
		1,195,829,766.54	1,144,320,005.49
Obligatory provisions			
Other obligatory provisions	13	<u>146,914.78</u>	<u>46,914.78</u>
		146,914.78	46,914.78
Deposits received from reinsurers		1,617.92	1,425.83
Creditors	15		
Arising out of direct insurance operations		12,854,931.20	7,775,602.03
Arising out of reinsurance operations		17,109,224.48	15,191,925.41
Other creditors		<u>21,085,433.24</u>	<u>18,149,734.59</u>
		51,049,588.92	41,117,262.03
Accruals and deferred income	15	<u>11,645,430.66</u>	<u>12,138,999.46</u>
Total liabilities		<u>2,830,236,821.73</u>	<u>2,720,701,576.36</u>

Indirect cash flow statement, LocalTapiola General

Cash flow from operations	31.12.2020	31.12.2019
Profit from ordinary activities/profit before extraordinary items	50,919,721.17	135,464,698.88
Adjustments		
Changes in technical provisions	51,509,761.05	2,287,357.27
Value adjustments and revaluation of investments	11,989,172.90	-24,498,270.71
Unrealized exchange rate gain/-loss		
Changes in other obligatory provisions	100,000.00	-79,880.14
Depreciation according to plan	5,619,161.84	6,228,406.70
Other adjustments	-108,096.30	-44,660,846.08
<i>Cash flow before change in working capital</i>	120,029,720.66	74,741,465.92
Change in working capital:		
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	3,794,234.65	40,046,049.81
Increase (-) / decrease (+) in non-interest-bearing short-term debts	9,438,950.18	3,168,569.48
<i>Cash flow from operations before financial items and taxes</i>	133,262,905.49	117,956,085.21
Direct taxes paid	-887,159.91	-28,415,537.84
Cash flow from operations	132,375,745.58	89,540,547.37
Cash flow from investments		
Investments in assets (excl. cash and c. equivalents)	-14,094,408.37	-121,369,241.31
Capital gains from investments (excl. cash and c. equivalents)	-1,120,430.82	44,660,846.08
Investments in tangible and intangible assets as well as other assets and capital gains (net)	-2,455,029.91	-2,953,570.39
Cash flow from investments	-17,669,869.10	-79,661,965.62
Cash flow from financial		
Interest on guarantee capital paid and other distribution of profit	-317,500.00	-200,850.00
Cash flow from financial	-317,500.00	-200,850.00
Change in cash and cash equivalents	114,388,376.48	9,677,731.75
Cash and cash equivalents at the start of the year	58,986,950.80	49,309,219.05
Cash and cash equivalents at the end of the year	173,375,327.28	58,986,950.80

Key figures, LocalTapiola General

	EUR million				
General key figures describing financial development	2020	2019	2018	2017	2016
Operating profit	50.9	135.5	66.9	174.4	182.9
Total result	94.3	191.0	76.6	129.9	174.4
Return on capital employed (at current value), %	3.5	7.0	2.1	4.0	4.4
Return on assets, %	3.4	7.0	3.2	4.4	5.1
Average number of personnel during the financial year	338	331	333	372	408
Number of employees in relation to payroll	338	331	333	372	408
Key figures describing the financial development of non-life insurance					
Premium income	344.9	305.8	321.8	410.7	509.4
Loss ratio (excl. unwinding of discount expense), %	83.3	76.7	73.5	75.3	70.7
Loss ratio, %	86.4	80.7	77.2	79.9	76.2
Expense ratio, %	17.0	19.3	16.6	20.8	22.0
Combined ratio (excl. unwinding of discount expense), %	100.2	96.0	90.1	96.1	92.6
Combined ratio, %	103.3	100.0	93.8	100.8	98.2

Notes, LocalTapiola General

Notes to the profit and loss account, LocalTapiola General

1. Premiums written

	2020	2019
Direct insurance		
Finland	229,903,404.49	198,239,283.64
Direct insurance total	229,903,404.49	198,239,283.64
Reinsurance	114,956,840.35	107,516,551.63
Gross premiums written before reinsurers' share	344,860,244.84	305,755,835.27

1.1 Items depreciated from premiums written

	2020	2019
Credit loss on outstanding premiums	1,126,861.01	1,879,534.64
PAYG system fees	32,443,151.17	35,445,822.19
Premium tax	11,150,616.18	9,827,994.91
Fire brigade charge	306,179.48	263,930.15
Road safety charge	53,856.98	52,021.39
Labour protection charge	2,663,049.34	2,753,886.37
Total	47,743,714.16	50,223,189.65

2. Profit by insurance groups

		Premiums written before reinsurers' share	Premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before commissions for reinsurance and profit shares	Reinsurers' share	Balance on technical account before net investment income
Statutory workers' compensation	2020	160,782,631.68	160,253,627.68	-130,456,644.98	-26,879,634.86	-216,796.25	2,700,551.59
	2019	161,173,429.86	159,813,212.86	-134,344,915.97	-23,193,744.46	-282,891.54	1,991,660.89
	2018	152,143,538.59	152,872,772.59	-105,480,547.08	-26,249,936.53	-292,518.95	20,849,770.03
Non-statutory accident and health	2020	15,760,533.56	15,756,676.56	-14,089,885.72	-2,802,491.45	-49,079.22	-1,184,779.83
	2019	12,228,347.60	12,356,413.60	-11,629,060.16	-2,192,191.77	-62,186.20	-1,527,024.53
	2018	10,368,128.10	10,381,153.10	-8,306,804.05	-540,658.66	14,431.59	1,548,121.98
Motor vehicle liability	2020	5,360,719.00	5,384,748.00	-3,488,909.61	-1,091,179.46	-241,924.08	562,734.85
	2019	5,189,102.60	5,138,530.60	-6,255,225.57	-1,687,005.20	79,750.22	-2,723,949.95
	2018	4,888,510.37	4,794,858.37	-4,414,618.97	-992,628.59	1,474,932.12	862,542.93
Land vehicles	2020	7,152,510.37	7,191,533.37	-6,871,079.98	-2,152,008.08	-16,551.62	-1,848,106.31
	2019	6,663,724.17	6,581,185.17	-6,747,300.14	-1,531,880.89	-15,541.16	-1,713,537.02
	2018	6,107,771.73	6,174,520.73	-5,740,471.54	-1,957,389.38	-22,191.27	-1,545,531.46
Marine, aviation, railway rolling stock and transport	2020	1,825,284.45	1,831,845.45	-507,611.58	-968,289.56	-27,843.22	328,101.09
	2019	1,779,315.34	1,752,869.34	314,354.82	-511,708.02	-41,413.56	1,514,102.58
	2018	1,601,478.19	1,808,322.19	-1,295,672.24	-1,066,099.15	-302,340.54	-855,789.74
Fire and other damage to property	2020	16,475,131.29	16,409,314.29	-11,368,151.87	-3,101,298.12	-3,603,282.06	-1,663,417.76
	2019	14,124,160.11	14,127,313.11	-10,921,489.98	-3,863,547.90	-271,247.03	-928,971.80
	2018	13,776,875.87	14,059,342.87	-9,386,606.20	-2,465,309.89	-6,273,978.97	-4,066,552.19
General liability	2020	12,685,625.02	13,093,174.02	-13,464,661.46	-2,708,684.90	-1,149,546.90	-4,229,719.24
	2019	-11,939,256.46	-11,943,894.46	11,458,645.69	-2,432,190.14	-3,091,958.63	-6,009,397.54
	2018	19,999,726.06	20,032,987.06	-18,491,762.34	-3,292,262.23	-1,024,133.60	-2,775,171.11
Credit and suretyship	2020	3,680,420.81	2,911,875.81	-233,547.64	-609,237.32	-220,204.42	1,848,886.43
	2019	3,146,556.91	2,616,975.91	225,700.18	-365,345.25	-306,270.37	2,171,060.47
	2018	3,747,735.26	2,888,948.26	-428,677.24	-367,090.72	202,538.14	2,295,718.44
Legal expenses	2020	1,384,055.33	1,375,999.33	-1,187,591.66	-509,738.31	0.00	-321,330.64
	2019	1,226,834.91	1,215,673.91	-1,953,184.76	-206,541.08	0.00	-944,051.93
	2018	1,147,157.42	1,153,005.42	-1,073,746.89	-464,769.36	0.00	-385,510.83
Other	2020	4,796,492.98	4,817,345.98	-6,029,468.06	-924,003.93	-1,376,059.54	-3,512,185.55
	2019	4,647,068.60	4,602,508.60	-363,249.47	-396,706.85	242,744.07	4,085,296.35
	2018	4,312,232.14	4,428,897.14	-4,137,362.32	-1,207,816.13	3,989,140.31	3,072,859.00
Direct insurance total	2020	229,903,404.49	229,026,140.49	-187,697,552.56	-41,746,565.99	-6,901,287.31	-7,319,265.37
	2019	198,239,283.64	196,260,788.64	-160,215,725.36	-36,380,861.56	-3,749,014.20	-4,084,812.48
	2018	218,093,153.73	218,594,807.73	-158,756,268.87	-38,603,960.64	-2,234,121.17	19,000,457.05
Reinsurance	2020	114,956,840.35	114,704,373.33	-93,529,051.63	-21,151,459.81	-3,043,278.11	-3,019,416.22
	2019	107,516,551.63	105,629,226.63	-75,904,419.31	-23,766,310.52	-1,748,298.08	4,210,198.72
	2018	103,745,260.72	101,929,606.72	-83,052,983.07	-18,666,354.48	-1,078,174.20	-867,905.03
Total	2020	344,860,244.84	343,730,513.82	-281,226,604.19	-62,898,025.80	-9,944,565.42	-10,338,681.59
	2019	305,755,835.27	301,890,015.27	-236,120,144.67	-60,147,172.08	-5,497,312.28	125,386.24
	2018	321,838,414.45	320,524,414.45	-241,809,251.94	-57,270,315.12	-3,312,295.37	18,132,552.02
Change in equalization provision	2020						0.00
	2019						0.00
	2018						-6,119,528.00
Balance on technical account	2020						-10,338,681.59
	2019						125,386.24
	2018						12,013,024.02

3. Operating expenses and notes concerning personnel and members of corporate bodies

3.1 Total operating expenses by activity

	2020	2019
Claims management expenses	22,296,491.06	21,623,039.54
Operating expenses	52,569,138.73	52,640,700.97
Investment operating expenses	3,961,200.64	3,929,029.59
Other expenses	11,725,394.24	16,404,636.29
<i>Total</i>	<u>90,552,224.67</u>	<u>94,597,406.39</u>

3.2 Profit and loss account item operating expenses

	2020	2019
Insurance policy acquisition costs		
Commissions for direct insurance	2,258,776.73	2,379,925.57
Commissions for reinsurance assumed and profit shares	20,837,331.00	18,667,639.06
Other insurance policy acquisition costs	9,530,385.68	9,488,363.00
	<u>32,626,493.41</u>	<u>30,535,927.63</u>
Insurance policy management expenses	15,578,011.37	14,793,476.91
Administrative expenses	14,693,521.02	14,817,767.54
Commissions for reinsurance ceded and profit shares	-10,328,887.07	-7,506,471.11
<i>Total</i>	<u>52,569,138.73</u>	<u>52,640,700.97</u>

3.3 Notes concerning personnel and members of corporate bodies

3.3.1 Personnel expenses

	2020	2019
Salaries and remunerations	25,492,360.86	24,807,300.71
Pension expenses	3,966,601.88	5,871,583.95
Other personnel expenses	837,024.96	789,951.19
<i>Total</i>	<u>30,295,987.70</u>	<u>31,468,835.85</u>

3.3.2 Managements' salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities

Managing director and deputy managing director		
Salaries and remunerations	1,362,611.00	745,180.00
Pension commitments	The retirement age of the managing director is 63 and that of the deputy managing director is stated by the law.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	
Board members and deputy board members		
Salaries and remunerations	1,403,818.00	1,813,740.00
Pension commitments	The agreed pensionable age of board members and deputy board members is 63.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	
Supervisory board and deputy supervisory board members		
Salaries and remunerations	170,250.00	197,250.00
Pension commitments	No pension commitments	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	

3.3.3 Average number of personnel during the financial year

Staff	338	331
-------	-----	-----

3.4 Auditor's fees by assignment category

	2020	2019
Auditing	48,402.16	58,655.34
Tax advice	0.00	10,919.57
Other services	54,833.39	0.00
<i>Total</i>	<u>103,235.55</u>	<u>69,574.91</u>

4. Net investment income and other income and expenses

4.1 Specification of net investment income

Investment income	2020	2019
Income from group companies		
Dividend income	35,669,921.82	15,861,257.60
Interest income	105,262.17	0.00
<i>Total</i>	<u>35,775,183.99</u>	<u>15,861,257.60</u>
Income from participating interests		
Dividend income	289,430.40	482,365.52
Interest income	-143,526.57	40,187.79
<i>Total</i>	<u>145,903.83</u>	<u>522,553.31</u>
Income from real estate investments in group companies		
Interest income	2,408,241.33	2,333,280.28
Other income	114,047.58	9,492.81
<i>Total</i>	<u>2,522,288.91</u>	<u>2,342,773.09</u>
Income from real estate investmets in other companies		
Interest income	14,064.37	19,949.63
Other income	25,918,474.16	25,530,574.56
<i>Total</i>	<u>25,932,538.53</u>	<u>25,550,524.19</u>
Income from other investments		
Dividend income	20,591,685.63	31,788,518.67
Interest income	8,821,325.38	11,119,402.28
Other income	4,992,729.17	6,733,191.74
<i>Total</i>	<u>34,405,740.18</u>	<u>49,641,112.69</u>
Total	98,781,655.44	93,918,220.88
Value readjustments	19,410,611.48	58,854,517.33
Realized gains	21,451,192.37	60,046,674.88
Total investment income	139,643,459.29	212,819,413.09
Investment charges		
Expenses arising from real estate investments		
From group companies	-8,365,159.67	-7,778,636.22
Other companies	-10,511,962.35	-10,863,999.11
<i>Total</i>	<u>-18,877,122.02</u>	<u>-18,642,635.33</u>
Expenses arising from other investments	-5,170,267.36	-7,890,288.17
Interest paid and other expenses on liabilities		
From group companies	-4,417.53	0.00
Other companies	-342,614.54	-168,806.78
<i>Total</i>	<u>-347,032.07</u>	<u>-168,806.78</u>
Total	-24,394,421.45	-26,701,730.28
Value adjustments and depreciation		
Value adjustments	-31,399,784.38	-34,200,209.99
Planned depreciation on buildings	-3,470,732.16	-3,668,173.74
<i>Total</i>	<u>-34,870,516.54</u>	<u>-37,868,383.73</u>
Realized losses	-22,571,623.19	-15,385,828.80
Total investment charges	-81,836,561.18	-79,955,942.81
Net investment income before revaluations and revaluation adjustments	57,806,898.11	132,863,470.28
Revaluation adjustments on investments	0.00	-156,036.63
	<u>0.00</u>	<u>-156,036.63</u>
Net investment income in the profit and loss account	57,806,898.11	132,707,433.65

4.2 Specification of other income and expenses

Other income	2020	2019
Services sold to partner companies	14,182,658.44	19,864,980.87
Other income	1,445,635.34	1,440,945.53
Total	15,628,293.78	21,305,926.40
Other expenses		
Expenses for services sold	-11,725,394.24	-16,404,636.29
Other expenses	-451,394.89	-2,269,411.12
Total	-12,176,789.13	-18,674,047.41

Notes to the balance sheet, LocalTapiola General

5. Current value and valuation difference of investments and valuation difference of non-hedging derivatives

5.1 Current value and valuation difference of investments

Investments	Remaining acquisition cost	2020 Book value	Current value
Real estate investments			
Real estate	3,637,156.49	3,637,156.49	5,060,000.00
Real estate shares in group companies	114,603,062.06	117,761,065.48	219,111,042.08
Other real estate shares	61,106,311.32	61,106,311.32	89,801,343.58
Loans to group companies	61,543,805.01	61,543,805.01	61,543,805.02
	240,890,334.88	244,048,338.30	375,516,190.68
Investments in group companies			
Shares and holdings	895,401,214.34	895,401,214.34	918,477,212.23
Loans receivable	23,037,000.00	23,037,000.00	23,037,000.00
	918,438,214.34	918,438,214.34	941,514,212.23
Investments in participating interests			
Shares and holdings	84,702,896.11	84,702,896.11	89,514,699.28
Debt securities	2,000,000.00	2,000,000.00	2,000,000.00
Loans receivable	660,000.00	660,000.00	660,000.00
	87,362,896.11	87,362,896.11	92,174,699.28
Other investments			
Shares and holdings	857,515,746.44	857,515,746.44	968,720,165.27
Debt securities	333,624,739.97	333,624,739.97	342,469,278.80
Loans guaranteed by mortgages	53,690,072.64	53,690,072.64	53,690,072.50
Other loans	17,685,973.80	17,685,973.80	17,685,973.81
	1,262,516,532.85	1,262,516,532.85	1,382,565,490.38
Deposits with ceding undertakings	404,001.19	404,001.19	404,001.19
	2,509,611,979.37	2,512,769,982.79	2,792,174,593.76
The remaining acquisition cost of debt securities includes:			
Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income			-334,045.91
Book value comprises			
Revaluations released to income		2,441,051.81	
Other revaluations		716,951.61	3,158,003.42
Difference in valuation (difference between current value and book value)			279,404,610.97

Investments	2019		
	Remaining acquisition cost	Book value	Current value
Real estate investments			
Real estate	3,754,152.85	3,754,152.85	5,060,000.00
Real estate shares in group companies	99,078,833.53	102,236,836.95	182,093,640.16
Other real estate shares	61,498,697.38	61,498,697.38	89,414,521.86
Loans to group companies	62,742,258.57	62,742,258.57	62,742,258.58
	<u>227,073,942.33</u>	<u>230,231,945.75</u>	<u>339,310,420.60</u>
Investments in group companies			
Shares and holdings	835,047,116.21	835,047,116.21	846,499,550.76
	<u>835,047,116.21</u>	<u>835,047,116.21</u>	<u>846,499,550.76</u>
Investments in participating interests			
Shares and holdings	95,631,334.45	95,631,334.45	107,586,832.53
Debt securities	4,000,000.00	4,000,000.00	4,000,000.00
Loans receivable	1,500,000.00	1,500,000.00	1,500,000.00
	<u>101,131,334.45</u>	<u>101,131,334.45</u>	<u>113,086,832.53</u>
Other investments			
Shares and holdings	851,529,548.15	851,529,548.15	949,268,223.81
Debt securities	411,915,524.28	411,915,524.28	417,886,380.80
Loans guaranteed by mortgages	59,008,404.64	59,008,404.64	59,008,404.50
Other loans	16,161,120.46	16,161,120.46	16,161,120.47
Deposits	5,121,210.68	5,121,210.68	5,121,210.68
	<u>1,343,735,808.21</u>	<u>1,343,735,808.21</u>	<u>1,447,445,340.26</u>
Deposits with ceding undertakings	636,421.94	636,421.94	636,421.94
	<u>2,507,624,623.14</u>	<u>2,510,782,626.56</u>	<u>2,746,978,566.09</u>

The remaining acquisition cost of debt securities includes:

Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income	-1,234,235.10
--	---------------

Book value comprises

Revaluations released to income	2,441,051.81
Other revaluations	716,951.61
	<u>3,158,003.42</u>

Difference in valuation (difference between current value and book value)

236,195,939.53

5.2 Difference in valuation of non-hedging derivatives

Derivative contracts	2020		
	Remaining acquisition cost	Book value	Current value
Other deferred income and credits			
Futures and forward contracts	0.00	0.00	150,070.27
	<u>0.00</u>	<u>0.00</u>	<u>150,070.27</u>
Difference in valuation (difference between current value and book value)			<u>150,070.27</u>

Derivative contracts	2019		
	Remaining acquisition cost	Book value	Current value
Other debtors			
Assets pledged as security for derivatives	90,000.00	90,000.00	90,000.00
Other deferred income and credits			
Futures and forward contracts	-193,833.72	-193,833.72	-193,833.72
	<u>-103,833.72</u>	<u>-103,833.72</u>	<u>-103,833.72</u>
Difference in valuation (difference between current value and book value)			<u>0.00</u>

6. Real estate investments

Changes in real estate investments:	2020		
	Real estate and shares in real estate	Loans to group companies	Loans to participating interests
Acquisition cost on 1 Jan.	171,124,969.80	62,742,258.57	0.00
Increase	15,371,026.90	0.00	0.00
Decrease	-350,348.08	-1,198,453.56	0.00
Acquisition cost on 31 Dec.	186,145,648.62	61,543,805.01	0.00
Accumulated depreciation on 1 Jan.	-1,243,394.09		
Depreciation for the financial year	-117,879.24		
Accumulated depreciation on 31 Dec.	-1,361,273.33		
Value adjustments on 1 Jan.	-5,549,891.95		
Value adjustments for the financial year	-200,000.00		
Value readjustments	312,046.53		
Value adjustments on 31 Dec.	-5,437,845.42		
Revaluations on 1 Jan.	3,158,003.42		
Revaluations on 31 Dec.	3,158,003.42		
Book value on 31 Dec.	182,504,533.29	61,543,805.01	0.00
Real estate and shares in real estate occupied for own activities			
Remaining acquisition cost	7,983,094.96		
Book value	7,983,094.96		
Current value	8,275,437.04		

7. Investments in group companies and participating interests

Shares in group companies	2020		2019	
Acquisition cost on 1 Jan.	840,395,241.06		743,991,016.75	
Increase	145,541,509.08		132,439,807.75	
Decrease	-86,959,795.86		-36,035,583.39	
Transfers between items	2,692,859.87		-0.05	
Acquisition cost on 31 Dec.	901,669,814.15		840,395,241.06	
Value adjustments on 1 Jan.	-5,348,124.85		-4,704,160.97	
Value adjustments related to deductions and transfers	0.00		0.05	
Value adjustments for the financial year	-967,522.41		-5,348,124.79	
Value readjustments	47,047.45		4,704,160.86	
Value adjustments on 31 Dec.	-6,268,599.81		-5,348,124.85	
Book value on 31 Dec.	895,401,214.34		835,047,116.21	
Debt securities issued by and loans to companies in the same group				
Acquisition cost on 1 Jan.	0.00		0.00	
Increase	23,037,000.00		0.00	
Acquisition cost on 31 Dec.	23,037,000.00		0.00	
Book value on 31 Dec.	23,037,000.00		0.00	

Shares and holdings in participating interests

Acquisition cost on 1 Jan.	119,597,578.75	121,047,578.75
Increase	1,811,257.36	500,008.14
Transfers between items	-1,645,663.04	-1,950,008.14
Acquisition cost on 31 Dec.	<u>119,763,173.07</u>	<u>119,597,578.75</u>
Value adjustments on 1 Jan.	-23,966,244.30	-40,949,465.94
Value adjustments related to deductions and transfers	0.00	1,666,688.14
Value adjustments for the financial year	-11,620,961.31	-1,666,688.14
Value readjustments	526,928.65	16,983,221.64
Value adjustments on 31 Dec.	<u>-35,060,276.96</u>	<u>-23,966,244.30</u>
Book value on 31 Dec.	<u>84,702,896.11</u>	<u>95,631,334.45</u>

Debt securities issued by and loans to participating interests

Acquisition cost on 1 Jan.	5,500,000.00	5,500,000.00
Decrease	-2,000,000.00	0.00
Acquisition cost on 31 Dec.	<u>3,500,000.00</u>	<u>5,500,000.00</u>
Value adjustments on 1 Jan.	0.00	0.00
Value adjustments for the financial year	-840,000.00	0.00
Value adjustments on 31 Dec.	<u>-840,000.00</u>	<u>0.00</u>
Book value on 31 Dec.	<u>2,660,000.00</u>	<u>5,500,000.00</u>

Total

<u>1,005,801,110.45</u>	<u>936,178,450.66</u>
-------------------------	-----------------------

7.1 Investments in companies belonging to the LocalTapiola Group's consolidated financial statements

Shares and holdings, fixed assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Akapo-Leasing Oy	1)	Espoo	66.7	11,832.49	-20.00
Aura-Karelia Oy	1)	Espoo	100.0	147,839.04	-95.00
LTC-Otso Oy	2)	Helsinki	36.0	8,203,838.92	5,745,886.96
Keskinäinen Vakuutusyhtiö Turva	4)	Tampere	67.4	50,373,230.31	1,791,792.53
LokalTapiola Sydskusten Ömsesidigt Försäkringsbolag	3)	Parainen	100.0	11,887,937.29	1,152,323.71
LähiTapiola Etelä Keskinäinen Vakuutusyhtiö	3)	Salo	100.0	55,541,048.39	6,486,709.20
LähiTapiola Etelä-Pohjanmaa Keskinäinen Vakuutusyhtiö	3)	Seinäjoki	100.0	49,875,983.31	2,426,857.82
LähiTapiola Itä Keskinäinen Vakuutusyhtiö	3)	Iisalmi	100.0	65,006,210.16	4,948,008.32
LähiTapiola Kaakkois-Suomi Keskinäinen Vakuutusyhtiö	3)	Lappeenranta	100.0	56,409,032.63	5,910,550.97
LähiTapiola Kainuu-Koillismaa Keskinäinen Vakuutusyhtiö	3)	Kajaani	100.0	26,256,412.83	1,122,539.89
LähiTapiola Keskinäinen Henkivakuutusyhtiö	3)	Espoo	66.7	553,811,831.43	63,282,010.73
LähiTapiola Keski-Suomi Keskinäinen Vakuutusyhtiö	3)	Jyväskylä	100.0	46,242,883.88	2,998,376.95
LähiTapiola Kiinteistövarainhoito Oy -group	1)	Espoo	68.2	12,080,979.42	1,876,934.14
LähiTapiola Lappi Keskinäinen Vakuutusyhtiö	3)	Rovaniemi	100.0	19,774,131.81	-437,317.07
LähiTapiola Loimi-Häme Keskinäinen Vakuutusyhtiö	3)	Loimaa	100.0	26,565,976.04	1,948,799.52
LähiTapiola Lännen Keskinäinen Vakuutusyhtiö	3)	Rauma	100.0	76,254,248.40	2,260,807.33
LähiTapiola Omaisuudenhoito Holding Oy	1)	Espoo	100.0	4,207,090.20	-188,523.16
LähiTapiola Palvelut Oy	1)	Espoo	64.4	12,855,674.90	1,834,778.13
LähiTapiola Pirkanmaa Keskinäinen Vakuutusyhtiö	3)	Tampere	100.0	49,446,300.72	3,874,626.37
LähiTapiola Pohjanmaa Keskinäinen Vakuutusyhtiö	3)	Vaasa	100.0	55,563,417.18	4,598,817.25
LähiTapiola Pohjoinen Keskinäinen Vakuutusyhtiö	3)	Oulu	100.0	87,579,327.59	6,240,907.23
LähiTapiola Pääkaupunkiseutu Keskinäinen Vakuutusyhtiö	3)	Helsinki	100.0	58,406,953.34	6,615,992.32
LähiTapiola Rahoitus Oy	1)	Espoo	56.9	55,046,413.40	2,775,571.89
LähiTapiola Savo Keskinäinen Vakuutusyhtiö	3)	Kuopio	100.0	43,700,568.62	1,673,982.68
LähiTapiola Savo-Karjala Keskinäinen Vakuutusyhtiö	3)	Mikkeli	100.0	31,404,060.87	2,231,286.06
LähiTapiola Uusimaa Keskinäinen Vakuutusyhtiö	3)	Porvoo	100.0	49,519,879.54	3,419,255.01
LähiTapiola Varainhoito Oy	1)	Espoo	67.6	22,596,506.59	548,484.90
LähiTapiola Varsinais-Suomi Keskinäinen Vakuutusyhtiö	3)	Turku	100.0	39,201,268.91	219,742.58
LähiTapiola Vellamo Keskinäinen Vakuutusyhtiö	3)	Lahti	100.0	54,644,860.89	5,552,892.64
Seligson & Co Rahastoyhtiö Oyj	2)	Helsinki	20.7	13,938,942.33	2,457,825.46
Tieto-Tapiola Oy	1)	Espoo	66.7	4,480,638.51	100,993.64
Tietotyö Oy	1)	Espoo	100.0	849,879.15	-95.00
Vakuutusneuvonta Aura	2)	Espoo	33.3	10,634.40	-95.00
Vakuutusneuvonta Pohja	2)	Espoo	33.3	10,577.17	-95.00
Total				1,641,906,410.66	143,470,514.00

Shares and holdings, investment assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Kauppakeskus Seppä Oy	2)	Espoo	30.0	8,662.39	4,374.89
LähiTapiola Aluekiinteistöt Ky -group	2)	Espoo	28.3	8,827,032.85	-224,042.21
LähiTapiola Kiinteistösijoitus I GP Oy	1)	Espoo	100.0	1,977.40	-222.80
LähiTapiola Kiinteistösijoitus I Ky	2)	Espoo	30.0	23,238,514.33	-516,642.89
LähiTapiola KR PK2 Ky -group	2)	Espoo	32.4	13,893,242.06	204,832.32
LähiTapiola Pääomasijoitus GP Oy	3)	Espoo	12.9	455.89	-155.00
LähiTapiola Pääomasijoitus I Ky	3)	Espoo	12.9	113,474,670.13	7,697,282.38
LähiTapiola Pääomasijoitus II GP Oy	1)	Espoo	100.0	1,800.78	-226.00
LähiTapiola Pääomasijoitus II Ky	2)	Espoo	30.0	139,890,449.24	1,162,509.98
LähiTapiola Pääomasijoitus III GP Oy	1)	Espoo	100.0	1,977.40	-222.80
LähiTapiola Pääomasijoitus III Ky	3)	Espoo	12.5	133,698,300.20	8,098,284.52
LähiTapiola Pääomasijoitus IV Ky	2)	Espoo	31.9	19,924,028.17	-3,196,344.25
LähiTapiola Rahoitusyhtiö I Ky	2)	Espoo	26.9	322,683,432.31	3,767,219.70
LähiTapiola Tampereen Tornit Ky	2)	Espoo	32.2	51,526,076.93	0.00
LähiTapiola Tontit GP I Oy	3)	Espoo	7.3	122,699.66	5,745.58
LähiTapiola Tontit GP II Oy	1)	Espoo	100.0	96,455.37	152.56
LähiTapiola Tontit I Ky	3)	Espoo	7.3	44,403,110.88	3,303,110.80
LähiTapiola Tontit II Ky	3)	Espoo	16.2	6,478,661.53	368,742.74
LähiTapiola Velkasijoitus I GP Oy	1)	Espoo	100.0	1,864.35	-226.00
LähiTapiola Velkasijoitus I Ky	2)	Espoo	37.2	156,526,391.78	5,041,091.88
LähiTapiola Velkasijoitus II Ky	2)	Espoo	35.8	17,092,643.87	-1,054,766.44
LähiTapiola Yhteiset Kiinteistöt Ky	3)	Espoo	3.0	184,448,255.67	3,294,989.87
LähiTapiola Yritysrahoitus I GP Oy	1)	Espoo	100.0	7,114.79	-241.66
LähiTapiola Yritysrahoitus I Ky	2)	Espoo	38.4	618,563,694.14	11,348,149.13
Total				1,854,911,512.12	39,303,396.30

In addition, LocalTapiola General Mutual Insurance Company has invested in 34 (33) housing associations and real estate companies that are integrated into the consolidated financial statements of LocalTapiola Group, out of which 13 (13) are its own subsidiaries.

1) Subsidiary

2) A subsidiary, which belongs to the consolidated financial statements of LocalTapiola Group, and is a participating interest for the reporting entity.

3) A subsidiary, which belongs to the consolidated financial statements of LocalTapiola Group, and is classified as other investment in the reporting entity.

4) A subsidiary, which belongs to the consolidated financial statements of LocalTapiola Group, and is not consolidated.

7.2 Investments in participating interests

Shares and holdings, fixed assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Pihlajalinna Oyj -group	3)	Helsinki	15.4	109,800,000.00	8,700,000.00
S-Pankki Oy -group	3)	Helsinki	10.0	488,643,973.81	15,669,742.17
Total				7,591,920,147.84	389,917,677.77

Shares and holdings, investment assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Project-IT Oy	2)	Espoo	25.0	3,099,152.14	1,335,102.67
Total				3,099,152.14	1,335,102.67

In addition, LocalTapiola General Mutual Insurance Company has invested in 0 (0) housing associations and real estate companies that are integrated into the consolidated financial statements of LocalTapiola Group as participating interests.

2) Participating interest

3) A participating interest, which belongs to the consolidated financial statements of LocalTapiola Group, and is classified as other investment in the reporting entity.

7.3 Other investments

Security	Share of stocks %	Number	Book value	Current value	Home country
Finnish companies, listed					
Huhtamäki Oyj	0.12	128,000.00	4,539,221.86	5,409,280.00	Finland
Stora Enso R	0.07	405,000.00	4,100,159.83	6,336,225.00	Finland
Others		2,298,990.00	7,874,111.34	14,390,057.00	
Total		2,831,990.00	16,513,493.03	26,135,562.00	
Finnish companies, non-listed					
Others		99,563,194.00	105,855,011.61	112,050,000.30	
Total		99,563,194.00	105,855,011.61	112,050,000.30	
Foreign companies, listed					
ASML Holding NV	0.00	16,000.00	2,552,601.47	6,360,800.00	The Netherlands
AbbVie Inc	0.00	64,000.00	3,790,971.93	5,588,460.60	USA
Amazon.com Inc	0.00	1,900.00	2,198,354.88	5,042,919.89	USA
AstraZeneca PLC	0.01	75,000.00	5,007,781.14	6,109,918.47	UK
Axa Sa	0.01	326,000.00	6,360,912.00	6,360,912.00	France
Dassault Systemes Sa	0.01	35,000.00	4,805,630.29	5,815,250.00	France
Deutsche Telekom AG	0.01	432,000.00	6,460,560.00	6,460,560.00	Germany
ING Groep NV	0.02	775,000.00	5,921,775.00	5,921,775.00	The Netherlands
Merck KGAA	0.04	53,000.00	4,734,423.55	7,438,550.00	Germany
Nestle Sa	0.00	76,000.00	6,006,424.15	7,335,456.40	Switzerland
Roche Holding Ag	0.00	20,000.00	4,441,302.79	5,721,162.75	Switzerland
SAP Ag	0.00	52,000.00	4,807,327.43	5,575,440.00	Germany
Siemens Healthineers AG	0.01	121,779.00	4,010,272.27	5,112,282.42	Germany
Swiss Re Ltd	0.02	79,000.00	6,095,037.96	6,095,037.96	Switzerland
Unilever NV	0.01	141,000.00	5,764,915.60	6,988,665.00	The Netherlands
Visa Inc	0.00	29,000.00	2,607,404.10	5,169,236.41	USA
Others		2,826,600.00	78,410,848.86	103,478,287.58	
Total		5,123,279.00	153,976,543.42	200,574,714.48	
Foreign companies, non-listed					
Others		207,885.00	1,845,991.06	2,042,837.76	
Total		207,885.00	1,845,991.06	2,042,837.76	
Mutual funds					
AMUNDI PLANT EM GRN 1-SEURH			10,784,242.03	11,046,899.61	Luxembourg
GS Emerging Markets Equity			10,026,385.22	12,648,169.44	Luxembourg
LähiTapiola AIF Eurooppa			7,000,000.00	7,833,079.04	Finland
LähiTapiola AIF High Yield			23,933,589.07	23,933,589.07	Finland
LähiTapiola AIF Yrityslaina			62,275,956.48	63,839,174.70	Finland
LähiTapiola High Yield A			86,183,045.91	88,875,925.92	Finland
LähiTapiola Kehittyvät Korkomarkkinat A			22,909,411.61	23,248,164.77	Finland
LähiTapiola Reaalikorko A			15,149,962.59	15,757,630.05	Finland
LähiTapiola Sijoituskiinteistöt A			5,541,983.27	5,774,746.57	Finland
LähiTapiola Vastuullinen Hyvinvointi A			8,283,389.05	10,440,085.38	Finland
LähiTapiola Vastuullinen Kasvu A			7,017,872.09	12,945,099.12	Finland
LähiTapiola Vastuullinen Kehittynyt Aasia A			10,936,407.84	12,228,326.70	Finland
LähiTapiola Vastuullinen Kehittyvät Markkinat A			6,616,477.93	7,124,043.05	Finland
LähiTapiola Vastuullinen Kuluttaja A			5,698,938.00	7,653,407.24	Finland
LähiTapiola Vastuullinen Pohjoinen Yrityskorko A			35,023,238.55	37,140,192.07	Finland
LähiTapiola Vastuullinen Vaikuttajakorko A			33,253,370.26	34,702,139.12	Finland
LähiTapiola Vastuullinen Ympäristö A			11,596,430.81	17,142,323.23	Finland
LähiTapiola Vastuullinen Yrityskorko A			35,710,296.35	38,979,175.78	Finland
PIMCO GIS Emerging Markets Bond ESG Fund			17,927,773.10	19,970,109.39	Ireland
Seligson Phoebus - A			7,500,000.00	8,058,270.65	Finland
Seligson Phoenix A			7,500,000.00	8,130,569.19	Finland
Others			10,863,639.72	11,507,816.55	
Total			441,732,409.88	478,978,936.64	

Capital mutual funds

Altor Fund IV (No.2) AB	5,949,305.26	7,455,585.25	Sweden
Beechbrook Private Debt III L.P.	9,230,765.73	9,230,765.73	UK
Bridgepoint Europe V C L.P.	7,402,748.95	9,046,893.66	UK
ICG Senior Debt Partners Fund 2	12,282,610.00	12,282,610.00	Luxembourg
Infranode I (No. 1) AB	6,966,961.62	6,966,961.62	Sweden
NB Private Debt Fund II LP	9,626,045.15	9,626,045.15	USA
Siguler Guff Small Business Credit Opportunities	5,034,988.07	5,034,988.07	USA
TPG Partners VII, L.P.	9,466,966.70	10,221,219.95	USA
VSS Structured Capital Parallel III, L.P.	8,009,147.72	8,097,264.28	USA
Others	63,622,758.22	70,975,780.31	
Total	137,592,297.42	148,938,114.02	

Total other investments, shares and holdings **107,726,348.00** **857,515,746.42** **968,720,165.20**

8. Other investments

8.1 Other loans, itemised by type of security

	2020	2019
Bank guarantee	17,833.52	20,424.66
Remaining acquisition cost	17,833.52	20,424.66
Unsecured, total remaining acquisition cost	17,668,140.29	16,140,695.81
	17,685,973.81	16,161,120.47

9. Changes in tangible and intangible assets

		2020	
	Intangible rights and other expenses with long-term effects	Provisional premiums	Machinery and equipment
Acquisition cost on 1 Jan.	77,354,469.54	2,161,510.34	34,195,871.42
Increase	411,368.10	1,932,743.06	377,572.64
Decrease	-11,103.89	0.00	-277,630.00
Transfers between items	3,718,420.92	-3,718,420.92	0.00
Acquisition cost on 31 Dec.	81,473,154.67	375,832.48	34,295,814.06
Accumulated depreciation on 1 Jan.	-63,694,546.14	0.00	-33,092,487.60
Depreciation for the financial year	-5,200,450.94	0.00	-300,831.66
Accumulated depreciation on 31 Dec.	-68,894,997.08	0.00	-33,393,319.26
Book value on 31 Dec.	12,578,157.59	375,832.48	902,494.80

10. Capital and reserves and itemization of revaluation reserve

10.1 Changes in capital and reserves

	1.1.2020	Increase	Decrease	31.12.2020
Initial reserve	8,641,380.35	0.00	0.00	8,641,380.35
Revaluation reserve	85,090.31	0.00	0.00	85,090.31
Security reserve	1,404,331,353.01	106,498,484.59	-1,228,527.12	1,509,601,310.48
Contingency reserve	2,889,839.71	500,000.00	-317,500.00	3,072,339.71
Profit for the accounting period	106,998,484.59	50,029,144.50	-106,998,484.59	50,029,144.50
Total changes in capital and reserves	1,522,946,147.97	157,027,629.09	-108,544,511.71	1,571,429,265.35

10.2 Itemisation of revaluation reserve

	31.12.2020
Revaluation of fixed assets	85,090.31
Total	85,090.31

10.3 Account of distributable profits

	31.12.2020
Profit for the accounting period	50,029,144.50
+ Other unrestricted capital and reserves	
Security reserve	1,509,601,310.48
Contingency reserve	3,072,339.71
Total distributable profits	1,562,702,794.69

11. Accumulated appropriations

	2020	2019
Depreciation difference		
Depreciation difference on 1 Jan.	130,820.80	80,144.35
Increase	3,416.76	50,676.45
Depreciation difference on 31 Dec.	<u>134,237.56</u>	<u>130,820.80</u>
Total accumulated appropriations	<u>134,237.56</u>	<u>130,820.80</u>

12. Provision for outstanding claims

	2020	2019
Uncontested recourse receivables deducted from provisions for claims outstanding		
Statutory workers' compensation	<u>37,263,615.00</u>	<u>36,910,387.00</u>

13. Other obligatory provisions

	2020	2019
Provision for interest on late payments for unfinished claims	100,000.00	0.00
Provision for unemployment security deductible	46,914.78	46,914.78
	<u>146,914.78</u>	<u>46,914.78</u>

14. Deferred tax liabilities

	2020	2019
Tax liability calculated on the basis of timing differences and other temporary differences between taxable profit and accounting profit	143,390.32	143,390.32
Tax debt calculated based on valuation gains/losses that is deemed likely to become payable during the next year	4,100,000.00	6,654,416.07
	<u>4,243,390.32</u>	<u>6,797,806.39</u>

15. Receivables and liabilities

15.1 Itemisation of receivables

	2020	2019
Receivables from group companies		
Other receivables	4,860,086.60	2,164,065.15
	<u>4,860,086.60</u>	<u>2,164,065.15</u>

15.2 Itemisation of liabilities

	2020	2019
Liabilities to group companies		
Trade creditors	1,166,281.00	1,307,525.32
Other liabilities	1,213,524.76	1,319,361.23
	<u>2,379,805.76</u>	<u>2,626,886.55</u>

15.3 Itemisation of accruals and deferred income

	2020	2019
Liabilities to personnel	8,742,170.64	9,165,807.77
Valuation loss on derivatives	0.00	193,833.72
Other accruals and deferred income	2,903,260.02	2,779,357.97
	<u>11,645,430.66</u>	<u>12,138,999.46</u>

16. Notes concerning guarantees and contingent liabilities

Off-balance-sheet guarantees and contingent liabilities

Derivative contracts	2020	2019
Interest derivatives		
Forward and futures contracts, open		
Underlying instrument	3,700,000.00	0.00
Current value	0.00	0.00
Currency derivatives		
Forward and futures contracts, open		
Underlying instrument	-14,618,359.00	-16,490,147.26
Current value	150,070.27	-193,833.72
Leasing liabilities		
Amount to be paid in the current financial year	122,688.70	77,858.99
Amount to be paid in the coming years	173,809.02	176,952.25
	<u>296,497.72</u>	<u>254,811.24</u>
Rent liabilities		
Amount to be paid in the current financial year	3,867,622.48	4,081,767.21
Amount to be paid in the coming years	12,269,436.68	14,099,122.56
	<u>16,137,059.16</u>	<u>18,180,889.77</u>
Value-added tax liabilities		
Joint liability relating to collective value-added tax registration		
Group companies	-483,859.89	-2,664,962.68
Partner companies	903,615.99	1,941,043.52
	<u>419,756.10</u>	<u>-723,919.16</u>
<i>VAT liability with a positive sign = VAT debt</i>		
<i>VAT liability with a negative sign = VAT receivable</i>		
Inspection responsibility of real estate investments under section 120 of the Value Added Tax Act		
Company	835,200.00	789,170.00
Other companies of the group	39,963,741.88	41,687,948.25
	<u>40,798,941.88</u>	<u>42,477,118.25</u>
Other commitments		
Investment commitments	485,455,130.96	398,636,065.83
Granted limit	5,477,480.00	3,390,540.00
	<u>490,932,610.96</u>	<u>402,026,605.83</u>

A joint liability agreement concluded between LocalTapiola General Mutual Insurance Company and regional mutual insurance companies of the LocalTapiola group determines the principles for ensuring the solvency of the companies in the group. More information regarding the joint liability agreement can be found in the Report of the Board of Directors, section Solvency and risk management.

17. Related party loans and transactions

The related parties register of the company has been compiled in accordance with the related parties definition in the Insurance Companies Act.

The company has not carried out related party transactions involving any other than conventional commercial terms and conditions.

Loans to related parties, liabilities and contingent liabilities

Loans granted to parties in the related parties register

5,000,000.00

Loans granted to related parties are subject to market-based credit conditions. The loan period is 5-10 years and the floating rate of the loans is bound to commonly used rates.

Information on contingent liability relating to group registration of VAT can be found in appendix 16.

Other notes, LocalTapiola General

PERFORMANCE ANALYSIS

	2020	2019	Change	€1,000 Change %
Premiums earned	310,074	272,961	37,113	13.6 %
Claims incurred	-267,844	-220,195	-47,649	21.6 %
Operating expenses	-52,569	-52,641	72	-0.1 %
Balance on technical account before change in equalization provision	-10,339	125	-10,464	-8345.5 %
Investment income and expenses as well as revaluations and adjustments thereof	57,807	132,707	-74,901	-56.4 %
Other income and expenses	3,452	2,632	820	31.1 %
Operating profit	50,920	135,465	-84,545	-62.4 %
Profit before appropriations and taxes	50,920	135,465	-84,545	-62.4 %
Appropriations	-3	-51	47	-93.3 %
Direct taxes	-887	-28,416	27,528	-96.9 %
Profit for the financial period	50,029	106,998	-56,969	-53.2 %
Operating profit	50,920	135,465	-84,545	-62.4 %
Change in the difference between current and book values	43,359	55,517	-12,158	-21.9 %
Total result	94,278	190,981	-96,703	-50.6 %

Investment allocation at current value

Investment allocation at current value 1 Jan. - 31 Dec. 2020

	Basic breakdown				Risk breakdown ⁸⁾		
	31.12.2020		31.12.2019		31.12.2020		31.12.2019
	EUR million	%	EUR million	%	EUR million	%	%
Fixed-income investments	979.4	33.0	916.2	32.5	983.3	33.1	32.5
Loan receivables ¹⁾	96.6	3.3	78.1	2.8	96.6	3.3	2.8
Bonds	708.8	23.9	759.0	27.0	712.7	24.0	27.0
Other money market instruments and deposits ^{1) 2)}	174.0	5.9	79.1	2.8	174.0	5.9	2.8
Equities and shares	1544.8	52.0	1489.7	52.9	1544.8	52.0	52.9
Listed equities and shares ³⁾	369.4	12.4	388.5	13.8	369.4	12.4	13.8
Private equity investments ⁴⁾	606.6	20.4	586.0	20.8	606.6	20.4	20.8
Unlisted equities and shares ⁵⁾	568.8	19.2	515.2	18.3	568.8	19.1	18.3
Real estate investments	444.4	15.0	406.6	14.4	444.4	14.9	14.4
Direct real estate investments	375.5	12.6	339.3	12.1	375.5	12.6	12.1
Real estate funds and joint investments	68.9	2.3	67.3	2.4	68.9	2.3	2.4
Other investments	1.0	0.0	2.2	0.1	1.0	0.0	0.1
Hedge fund investments ⁶⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodity investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments ⁷⁾	1.0	0.0	2.2	0.1	1.0	0.0	0.1
Investments total	2969.6	100.0	2814.7	100.0	2973.5	100.0	100.0
Effect of derivatives ⁹⁾						0.0	
Investments at current value, total	2969.6	100.0	2814.7	100.0	2973.5	100.0	100.0

The modified duration of bond investments 4.4

1) Accrued interest included

2) Includes cash at bank and in hand and purchase money claims and purchase money obligations

3) Includes also mixed funds if those can't set elsewhere

4) Includes fixed assets and mezzanine funds as well as infrastructure investments

5) Includes also unlisted real estate investment companies

6) Includes all types of hedge fund investments regardless of the strategy of the fund

7) Includes items that can not be included in other investments classes

8) Risk breakdown can be shown from reference periods as the knowledge cumulates (not with retroactive effect).

If the numbers are shown from reference periods and the periods are not completely comparable, it must be informed.

9) Includes derivatives effect on difference between risk and basic allocation. The effect of derivatives can be +/-.

After the difference correction the total sum of the risk allocation tallies with the basic allocation.

10) The ratio is calculated by using the total sum of the row "Investments at current value, total" as divisor.

Net investment income on capital employed (at current value)

Net investment income on capital employed 1 Jan. - 31 Dec. 2020

	Net investment income at current value ⁹⁾	Capital employed ⁹⁾	Return-% on capital employed				
			2020	2019	2018	2017	2016
	EUR million	EUR million	%	%	%	%	%
Fixed-income investments	10.5	940.0	1.1	5.1	-1.4	1.9	3.9
Loan receivables ¹⁾	0.5	78.2	0.7	3.3	3.3	3.1	3.3
Bonds	10.9	737.1	1.5	5.6	-1.7	2.0	4.4
Other money market instruments and deposits ^{1) 2)}	-0.9	124.8	-0.7	-0.3	-0.7	-0.8	-0.4
Equities and shares	63.9	1,537.9	4.2	8.6	3.5	5.7	4.5
Listed equities and shares ³⁾	-3.3	384.5	-0.9	33.5	-9.7	2.4	3.1
Private equity investments ⁴⁾	16.4	627.4	2.6	4.5	6.7	6.2	7.3
Unlisted equities and shares ⁵⁾	50.8	526.0	9.7	-1.3	9.9	8.4	4.5
Real estate investments	31.5	413.3	7.6	7.1	7.6	8.5	7.1
Direct real estate investments	30.3	347.8	8.7	9.2	8.1	8.4	8.3
Real estate funds and joint investments	1.1	65.5	1.7	-2.6	5.5	8.9	4.1
Other investments	-0.4	1.6	-23.1	11.8	-5.4	-5.4	-0.6
Hedge fund investments ⁶⁾	0.0	0.0	0.0	6.6	-1.3	23.5	0.0
Commodity investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments ⁷⁾	-0.4	1.6	-23.1	14.3	-6.5	-5.7	-0.6
Investments total	105.5	2,892.7	3.6	7.2	2.2	4.2	4.6
Unallocated return, costs and operating expenses	-4.4						
Net investment income at current value	101.2	2,892.7	3.5	7.0	2.1	4.0	4.4

1) Accrued interest included

2) Includes cash at bank and in hand and purchase money claims and purchase money obligations

3) Includes also mixed funds if those can't set elsewhere

4) Includes fixed assets and mezzanine funds as well as infrastructure investments

5) Includes also unlisted real estate investment companies

6) Includes all types of hedge fund investments regardless of the strategy of the fund

7) Includes items that can not be included in other investments classes

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

By cash flow is meant the difference between sales/profits and purchases/expenses.

9) Capital employed = Market value at the beginning of the period + daily/monthly time-weighted cash flows

Accounting principles

LocalTapiola General Mutual Insurance Company's (LocalTapiola General) financial statements have been prepared in accordance with the Accounting Act, the Limited Liability Companies Act and the Insurance Companies Act. In addition, the Decree of the Ministry of Social Affairs and Health on the financial statements and consolidated financial statements of insurance companies and the provisions of the Accounting Decree, as prescribed in the above Decree, are complied with. Finally, the decisions, regulations and instructions issued by the authorities regulating insurance companies – the Ministry of Social Affairs and Health and the Financial Supervisory Authority – are adhered to.

Grounds for the scope of LocalTapiola Group's consolidated financial statements

As the leading parent company in LocalTapiola Group, LocalTapiola General prepares the consolidated financial statements for LocalTapiola Group in accordance with the scope defined under the Insurance Companies Act for groups of insurance companies. Group-level consolidated financial statements provide customers and stakeholders with a better and more extensive picture of the Group's financial position than the financial statements of individual companies. It is also necessary to prepare consolidated financial statements for the Financial Supervisory Authority to exercise group supervision under the Insurance Companies Act.

Despite issuing consolidated financial statements, LocalTapiola Group as a whole does not constitute a group referred to in the Accounting Act, mainly due to the insurance companies being mutual companies. The owners of mutual insurance companies are the policyholders and, as such, the companies do not meet the Accounting Act's definition of a group, as the parent company does not hold a majority stake in or exercise control over the subsidiary. Neither is LocalTapiola General entitled to nominate the majority of the members of the Boards of Directors of the other insurance companies in LocalTapiola Group, nor are there any valid contractual or other arrangements in place between LocalTapiola Group's companies

that could lead to LocalTapiola General exercising de facto control over the other mutual insurance companies in LocalTapiola Group.

All Turva Mutual Insurance Company guarantee share owners have signed an addendum to the mutual guarantee share owner agreement stating that LocalTapiola General has the right to appoint the majority of Turva's Board of Directors, should the company wish to exercise this right. Turva Mutual Insurance Company is reported as a subsidiary in LocalTapiola Group's consolidated financial statements, based on a 75.79 per cent holding in the guarantee capital. Turva's financial statements data have not been consolidated into LocalTapiola Group's consolidated financial statements based on the Accounting Act, Chapter 6, Section 3(1). The act lays down that consolidation of the financial statements of a subsidiary is not compulsory if consolidation is not necessary in order to offer a correct and adequate depiction of the results of the operations and the financial position of the Group. Owners of guarantee shares in a mutual company do not have any right to the company's other assets except the guarantee capital and the guarantee capital interest paid from retained earnings based on a decision by the general meeting. In accordance with the Financial Supervisory Authority's statement, Turva is not consolidated into LocalTapiola Group.

LocalTapiola Group's consolidated financial statements

LocalTapiola Group's financial statements consolidate LocalTapiola General's group of companies defined in the Accounting Act as well as the other companies that constitute a group of insurance companies as defined in Chapter 26, Section 2 of the Insurance Companies Act. LocalTapiola Group includes LocalTapiola General, 19 regional non-life insurance companies and LocalTapiola Life, as well as the other companies consolidated into LocalTapiola Group by virtue of being under the control or influence of these LocalTapiola companies. The subsidiaries and participating interests consolidated into LocalTapiola Group's consolidated financial statements are listed in the notes. The group-related terms used in the financial statements refer to LocalTapiola Group.

LocalTapiola Group's consolidated financial statements were prepared as a combination of the profit and loss accounts, balance sheets and notes

of the Group's leading company and the subsidiaries consolidated. The following are eliminated from the consolidated financial statements: intra-Group receivables and liabilities, income and expenses, profit distribution, Group-internal realized gains and losses, and mutual share ownership.

The intra-Group share and guarantee capital ownership in LocalTapiola Group's consolidated financial statements has been eliminated using the acquisition cost method. In mutual companies, capital and reserves is used to distribute part of retained earnings as customer bonuses to owner-customers. Capital and reserves contains a separate balance sheet item presenting "Capital and reserves of mutual insurance companies". The initial fund, security reserve, contingency reserve and retained earnings of the mutual insurance companies consolidated as subsidiaries not paid to the owners of guarantee capital in the form of interest are presented under the balance sheet item "Capital and reserves of mutual insurance companies". LocalTapiola Group owns 100% of the guarantee capital of the mutual regional companies and LocalTapiola Life. The profit and loss account items of the housing and real estate companies included in LocalTapiola Life Group are presented in the technical account of life insurance business. The merger of LocalTapiola Lännen and LocalTapiola Satakunta into LocalTapiola Länsi-Suomi was concluded on 31 December 2020, which is why it has been noted as a LocalTapiola Group-internal event in the consolidation for 2020.

Minority interest in capital and reserves and in profit is shown as a separate item in the profit and loss account and the balance sheet. Subsidiaries acquired during the financial period are consolidated as of the acquisition date and subsidiaries sold during the period up to the moment of sale.

Associated undertakings, or those companies in which LocalTapiola Group holds 20–50% of the shares or votes, have been consolidated into LocalTapiola Group's consolidated financial statements using the equity method. However, mutual companies, such as housing companies, real estate companies and mutual funds, are not consolidated as associated undertakings in LocalTapiola Group's financial statements even when the above-mentioned requirements for control and ownership were met on the closing of the accounts.

Deferred tax liabilities and deferred tax assets are recognised in LocalTapiola Group's consolidated financial statements in the balance sheet. Deferred tax assets and liabilities resulting from consolidation measures are shown in the balance sheet when their future tax effects must be deemed probable for the companies they concern. The change in voluntary provisions and in depreciation difference has been divided between the change in deferred tax liabilities and profit. The corresponding balance sheet items have been divided into deferred tax liabilities and capital and reserves, taking minority interest into account.

The revaluations of the housing and real estate subsidiaries' shares in the insurance sector have been entered as revaluations of LocalTapiola Group's subsidiaries' real estate.

The positive consolidation difference arising from the elimination has been allocated primarily to the subsidiary's relevant asset items, taking into account their current value. The positive consolidation difference will be amortised according to plan, just as the corresponding item. Unallocated goodwill on consolidation is recorded in the balance sheet under "Intangible assets" as a separate item and will be amortised according to plan. Negative consolidation difference is included in the balance sheet under "Liabilities" as a separate item and recognised as income from the company's retained earnings if possible.

Intra-Group direct insurance business has not been eliminated in LocalTapiola Group's consolidated financial statements; intra-Group reinsurance, excluding the equalisation provision, has been eliminated.

[Valuation and allocation of intangible assets](#)

[Other expenses with long-term effects](#)

Other expenses with long-term effects includes the capitalised costs of renovations in apartments, and design and software programming costs of ICT systems. These are shown in the balance sheet at acquisition cost less planned depreciation.

[Valuation and allocation of investments](#)

[Real estate and shares in real estate](#)

Buildings and other structures are shown in the balance sheet at acquisition cost less planned depreciation or they are recognised at a lower current value.

Shares in real estate are shown in the balance sheet at acquisition cost or they are recognised at a lower current value. Revaluations may have been made on the values of real estate and shares in real estate if the values were permanently significantly higher than the original acquisition cost at the end of the financial period. The counter-item of a revaluation of real estate or shares in real estate classified as investment has been recognised as income since 1978, and earlier revaluations have been entered in the revaluation reserve in restricted capital and reserves. The counter-item of an investment classified as fixed assets has been recognised in the revaluation reserve of restricted capital and reserves.

Previous value adjustments of investments are reversed (through profit or loss) no more than up to acquisition cost if the current value rises.

Shares and holdings

Shares and holdings are shown in the balance sheet at the lower of acquisition cost and current value. Acquisition cost is calculated using the average price method. Previous impairments of shares and holdings are reversed to the extent that the current value exceeds the book value.

Securities given as loan are included in the balance sheet. Information on securities given as loan is presented in the notes to the balance sheet.

Debt securities

Debt securities include bonds and other money market instruments. Debt securities are shown at acquisition cost in the balance sheet. Acquisition cost is calculated using the average price method. The difference between the nominal value and the acquisition cost of debt securities is released or charged to interest income during the expected life of the debt security. The counter-item is recognised as an increase or decrease of the acquisition cost of the debt security. Temporary value changes and those owing to interest rate fluctuations are not recognised. Write-downs due to other reasons are recognised.

Similarly, value readjustments are recognised, if the current value of a debt security has at a later date exceeded the adjusted acquisition cost, at most up to the original acquisition cost.

Loans receivable, deposits and deposits with ceding undertakings

Loans receivable, deposits and deposits with ceding undertakings are shown in the balance sheet at nominal value or a permanently lower, likely realisable value. Temporary value changes and those owing to interest rate fluctuations are not recognised. Write-downs due to other reasons are recognised.

Similarly, value readjustments are recognised, if the current value has at a later date exceeded the adjusted acquisition cost, at most up to the original acquisition cost.

Derivative contracts

Derivative contracts are mainly used for hedging investment portfolios. However, in accounting derivatives are primarily treated as non-hedging, even though they are effective for hedging purposes.

Gains and losses incurred during the financial period from the closing or lapsing of contracts are recognised as income or expenses for the financial period.

Non-hedging derivatives

A negative difference between the current value and a higher book value of a non-hedging derivative or a derivative treated as non-hedging is recognised as an expense. Unrealised gains are not recognised.

Application of hedging calculation

When using hedging calculation, a decrease in the value of a derivative is not recognised to the extent that an increase in the value of the hedged item covers the change. Any loss exceeding the increase in the value of the hedged item is recognised as an expense. The difference between the current value and the lower book value of a derivative is recognised as income from the hedged balance sheet item up to the amount recognised as an expense. If no value change is recognised in the profit and loss account for the hedged balance sheet item, no valuation income or expense arising from the hedging derivative is recognised.

Definition of current values of investments

Real estate investments

Real estate and shares in real estates are shown at market-based current value. The valuation principles and practices as set out in the International Valuation Standards (IVS) and good real estate valuation practices (known as the AKA criteria) are applied in the valuation of real estate investments.

Residential buildings are primarily valued using the sales value method based on reference sales. The primary valuation method for commercial premises is the cash flow method based on the income approach. Special items are valued using a market-based evaluation method deemed best suited for the item. The current value of real estate funded by state housing loans is the assignment price as defined in Section 10 of the Act on the Use, Assignment and Redemption of State-Subsidised (ARAVA) Rental Dwellings and Buildings (1190/1993).

Valuations are either conducted by external authorised property valuers or LocalTapiola Real Estate Asset Management Ltd's experts, instructed and audited by an external authorised property valuer in accordance with the requirements of the Financial Supervisory Authority.

Shares, holdings and debt securities

For quoted securities and securities for which there is a market, the latest trading price or, if this is not available, the bid price, is used as the current value. The current value of other investments is the likely realisable value, book value or value based on substance. The current value of private equity funds is the acquisition cost or the management company's estimate of the fund's current value.

Loans receivable, deposits and deposits with ceding undertakings

The current value of loans receivable, deposits and deposits with ceding undertakings is the nominal value, taking into consideration any reduction of the nominal value to the likely value required by the risk of potential credit loss.

Zillmerisation

Zillmerisation is not applied.

Assets held to cover unit-linked insurance policies

Assets held to cover unit-linked insurance policies are shown at current value in the balance sheet.

Valuation of receivables

Outstanding premiums

Outstanding premiums are shown in the balance sheet at their maximum likely realisable value. Lapsed contracts have been deducted from the nominal value of outstanding premiums based on experience, which gives the likely realisable value. Receivables that are not likely to be settled are recognised as credit losses.

Foreign currency items

Receivables and liabilities in foreign currencies have been translated into euros at the rates quoted by the European Central Bank on the day of the closing of the accounts. The rate used for other investments is the rate at the moment of acquisition or on the day of the closing of the accounts, whichever is lower.

Exchange rate differences are allocated as adjustments of the income and expenses concerned. Exchange rate differences concerning cash at bank and in hand and deposits, as well as items that cannot be allocated directly as adjustments of income or expenses, are recognised as exchange gains or losses from investment activities.

Depreciation

The acquisition cost of buildings and their components, machinery and equipment, intangible rights and expenses with long-term effects have been capitalised and are recognised as expenses under planned depreciation over their expected useful lives.

The estimated average depreciation periods of the various commodity groups are as follows:

Intangible assets

- Renovations in apartments 3–10 yrs
- ICT system design expenses 5–10 yrs

Real estate

- Residential, office and hotel buildings 40–50 yrs
- Department store buildings and other store buildings 30–40 yrs
- Industrial buildings, warehouses and similar buildings 20–30 yrs
- Building components, reducing balance method 25%

Machinery and equipment

- Office machinery, equipment, etc., reducing balance method 25%

The effect of renovations in buildings on their holding period is assessed separately. For revaluations recognised as income, depreciation has been carried out according to the holding period of the item in question.

The accumulated difference between write-offs in the accounts and depreciation according to plan is recorded in the balance sheet under liabilities, in the item "Appropriations, depreciation difference", and the increase or decrease during the financial period is shown in the profit and loss account as a separate item.

Appropriations

Depreciation difference

See "Depreciation".

Voluntary provisions

Provisions have been made that must be recognised in profit or loss under fiscal and accountancy legislation.

Obligatory provisions

Pension and unemployment pension expenditure arising from future obligations that concerns the most recently or previously ended financial period has been deducted from income as obligatory pension provisions. Provisions for interest on late payments for unfinished claims have been deducted from income as other provisions.

Direct taxes

Direct taxes are entered in the profit and loss account on an accrual basis.

Deferred tax liabilities and tax assets

Deferred tax liabilities and tax assets pertaining to timing differences between taxable profit and accounting profit and to other temporary differences are shown in the notes to the financial statements. The notes show the deferred tax liability calculated based on the valuation difference that is deemed likely to become payable during the following year.

Other liabilities

Liabilities other than technical provisions are shown in the balance sheet at nominal value.

Subordinated loan

The subordinated loan is recognised as a liability in the balance sheet at acquisition cost. The difference between the nominal value and the acquisition cost of the loan is deferred as an interest expense and the counter-item is recognised as an addition to the loan acquisition cost.

Account of pension cover and of the allocation of pension expenditure

The personnel's statutory pension cover has been arranged through TyEL insurance.

Any supplementary pension cover has been arranged through insurance. The benefits include old-age, disability and survivors' pension, as well as death benefit for family members. As a rule, the supplementary pension increases the pension annually by 0.2 per cent of the annual income on which the pension defined under the Employees Pensions Act is based.

LocalTapiola General's Managing Director's retirement age is 63 years. Full-time Board members in the employ of LocalTapiola General and LocalTapiola Life have a retirement age of 63. The retirement/resignation age of other senior managers is in accordance with the applicable employment pension legislation or lower, if the employment relationship is agreed to expire before the statutory retirement age.

Pension insurance contributions have been recognised on an accrual basis.

Technical provisions, non-life insurance

Provision for unearned premiums

The provision for unearned premiums includes the proportion of premiums written accrued during the financial period or in previous years, for which the risk may be realised after the financial period. The same amortisation is also made for future reinsurance commissions. The amount of the provision for unearned premiums is calculated in accordance with the pro rata parte temporis principle. Activated insurance acquisition costs have not been deducted from the provision for unearned premiums, and the provision for unearned premiums does not include provisions for unexpired risks.

Compounding is applied only in the calculation of the provision for unearned premiums for perpetual forest and perpetual fire insurance, with a technical rate of interest of 4.5 per cent.

Provision for claims outstanding

The provision for claims outstanding includes the claims outstanding to be paid by the company after the current accounting period that have been accrued from claims and other insured events that have occurred before or during the accounting period. The provision for claims outstanding includes the equalisation provision. The equalisation provision is a buffer reserved for years of large numbers of claims so as to secure the adequacy of technical provisions in the event of unfavourable fluctuations of factors materially affecting technical provisions.

The Insurance Supervision Authority confirms the calculation methods for each company's equalisation provision.

A technical rate of interest of 1.0 per cent (1.2 per cent in the 2019 financial statements) is applied to calculations of the provision for pension claims outstanding, including unidentified claims.

The provision for pension claims outstanding is calculated using the non-life insurance reference mortality rate K2016, prepared by the Workers' Compensation Center and the Insurance Centre.

Technical provisions, life insurance

Technical provisions

Technical provisions are composed of the provision for unearned premiums and the provision for claims outstanding. The provision for claims outstanding includes the equalisation provision.

The provision for unearned premiums of pure risk policies is the share of the premiums written into the period after the balance sheet date, less any unearned premiums.

The provision for unearned premiums of savings insurance policies is calculated as the capital value of future benefits, contract management costs and future insurance premiums. In calculating the capital value, pricing interest, mortality and estimated operating expenses are primarily used.

The provision for claims outstanding is the debt arising from the claims and settlement costs of known or unknown insured events that have already occurred. The provision for claims outstanding consists of both case-specific claims outstanding and claims outstanding statistically.

Technical provisions include risk supplements that have been used to change the mortality or

morbidity estimate of insurance contracts to match the observed level deviating from pricing.

Established customer bonuses are taken into account when calculating technical provisions. Technical provisions include liability for future additional benefits, primarily used to pay future customer bonuses to ensure continuity.

Discount rate for technical provisions

The maximum discount rate for technical provisions of contracts other than unit-linked contracts is the interest rate used for pricing the insurance. In insurances savings with a guaranteed interest rate is between 0 per cent and 4.5 per cent. This insurance portfolio is subject to supplementary interest rate provisions which have reduced the discount rate for technical provisions to a level lower than the guaranteed interest rate credited to savings.

The provision for claims outstanding for life insurance other than pension insurance is not discounted.

For unit-linked insurance contracts, the technical provisions are determined in accordance with the value development of the investments linked to them.

Changes in accounting principles affecting the comparability of the results for the financial period with those of the previous financial period

Changes in the calculation of non-life insurance technical provisions

The technical rate of interest was changed in 2020 from 1.2 per cent to 1.0 per cent, and the resulting impact was seen as a non-recurring increase in the provision for claims outstanding. In the 2020 financial statements, the change in the technical rate of interest increased the amount of the provision for claims outstanding at LocalTapiola Group by a total of EUR 57.7 million. In LocalTapiola General, the non-recurring impact in 2020 was EUR 23.3 million. The decrease in the technical rate of interest is primarily due to the general fall in interest rate levels which has taken place in recent years. In 2020, the collective additional provision coefficient of survivors' pensions was abandoned in occupational accident and disease insurance. The non-recurring impact on the actual amount of the provision for claims outstanding for which LocalTapiola General is liable was some EUR -7.3 million. In addition,

other minor adjustments were made to the calculation bases. With the amendment of the Patient Insurance Act, LocalTapiola General's liabilities for patient insurance decreased by EUR 3.2 million, which reduced the claims incurred and the direct insurance premiums written on a non-recurring basis in 2020.

The changes made in 2019 to the calculation bases had a non-recurring impact on the comparability of year 2019. In 2019, the technical rate of interest was adjusted from 1.4 per cent to 1.2 per cent, which increased the amount of the provision for claims outstanding at LocalTapiola Group by a total of EUR 56.1 million and at LocalTapiola General by EUR 21.4 million. In 2019, the calculation of the provision for unearned premiums was adjusted to account for the impact of insurance contracts with terms of under one year on the amount of the provision for unearned premiums. At LocalTapiola Group, the non-recurring increase in gross premiums written for non-life insurance in 2019 was EUR 20.5 million, and at LocalTapiola General the impact was not material. With the amendment of the Patient Insurance Act, LocalTapiola General's liabilities for patient insurance decreased by EUR 29.9 million, which reduced the claims incurred and the direct insurance premiums written in 2019. In 2020, the non-recurring impacts of the change in the calculation of the provision for unearned premiums and the amendment of the Patient Insurance Act have been taken into consideration in the comparable figure for 2019.

LocalTapiola Länsi-Suomi, merger on 31 December 2020

LocalTapiola Lännen and LocalTapiola Satakunta merged on 31 December 2020 into LocalTapiola Länsi-Suomi. Upon completion of the merger, the accounts of the company acquired and those of the acquiring company have been combined. The balance sheet of the company acquired, LocalTapiola Satakunta, has been consolidated into the balance sheet of the acquiring company, LocalTapiola Länsi-Suomi (formerly LocalTapiola Lännen) on 31 December 2020. Assets and liabilities have been transferred into the balance sheet of the acquiring company at book value excluding the mutual receivables and liabilities of the parties, which have been eliminated in the merger. The difference of the net amount of the assets and liabilities transferred in the merger has been recognised into the

capital and reserves of the acquiring company. Profit and loss account items have not been consolidated into the financial statements of the acquiring company. In LocalTapiola Group's consolidated financial statements, the merger is noted as a LocalTapiola Group-internal event in the 2020 financial period, and it thus has no impact on comparability.

Changes affecting the comparability of life insurance operations

No changes affecting comparability have taken place in LocalTapiola Life's accounting principles.

Total premiums written and claims incurred increased in 2019 in part due to the transfers of savings from old contracts to new ones, brought about by the changes in taxation practices effected at the beginning of 2020. The comparable growth in premiums written and claims expenditure has been described in the report of the Board of Directors, with consideration to the above.

Calculation of key figures

General key figures describing financial development

Non-life insurance turnover

= Premiums earned before reinsurers' share
 + Net investment income in the profit and loss account
 + Other income

Life insurance turnover

= Premiums written before reinsurers' share
 + Net investment income in the profit and loss account
 + Other income

Performance analysis

Non-life insurance

Premiums earned
 Claims incurred
 Operating expenses
 Other technical income and expenses

Balance on technical account before change in equalization provision

Life insurance ¹

Premiums written ¹
 Investment income and expenses as well as revaluations, adjustments thereof and changes in value ¹

Claims paid ¹
Change in technical provisions before change in customer benefits and equalization provision ¹
Operating expenses ¹
Other technical income and expenses ¹
<hr/>
<i>Technical result before bonuses and change in equalization provision¹</i>

Non-life insurance investment income and expenses as well as revaluations, adjustments thereof and changes in value

Other income and expenses
Share of profit and loss from group associated undertakings ¹

Operating profit or loss

Change in equalization provision, non-life insurance
Change in equalization provision, life insurance ¹
Additional benefits (customer benefits) ^{1 and 2}
<hr/>
<i>Profit or loss before appropriations and taxes</i>

Appropriations
Income taxes and other direct taxes
Minority interests ¹

Profit or loss for the financial period

¹ Applies to the consolidated financial statements

² Additional benefits include interest in excess of the guaranteed interest rate

Total result

= Operating profit or loss
+ Change in off-balance-sheet valuation differences, current value reserve and revaluation reserve

The report of the Board of Directors uses the term ‘operating result’ to refer to operating profit (loss), and the term ‘result for the financial period’ to describe the profit (loss) for the financial period.

Net investment income on capital employed (at current value)

Net investment income at current value as compared to capital employed is calculated for each type of investment and for the entire investment portfolio taking into account the cash flows during the period.

Yield for the period is calculated using the so-called modified Dietz method (a time- and money-weighted method) such that capital employed is calculated by adding the cash flows of the period to the market value at the start of the period, weighted by the relative share of the length of the

entire period that remains from the transaction date or from the middle of the transaction month to the end of the period.

Itemisation of net investment income

= Direct net investment income in accounting
+ Changes in book values
+ Change in the difference between current and book values

Investment allocation at current value

The investments covering unit-linked insurance are not included in the investment allocation. Long-term fixed-income funds are included in bonds and short-term funds in money market investments.

Investments in mutual funds and comparable undertakings for collective investment that invest in real estate and real estate undertakings are included in real estate investments.

Estimated differences between the current value and the book value when adjusting items for derivatives and premiums for provisional premiums are allocated to the underlying asset.

The section of the report entitled “Other money-market instruments and deposits” includes the balance sheet item “Cash at bank and in hand, purchase price receivables and debts and collateral for derivatives”.

Return on total assets, excluding unit-linked insurance in percentage terms (at current value)

Operating profit or loss
+ Interest paid and other financial expenses
+ Unwinding of discount expense
+ Revaluation/reversal entered in revaluation reserve/current value reserve
+ Change in the difference between current and book values of investments
<hr/>
= $\frac{\text{Balance sheet total}}{\text{Balance sheet total}} \times 100$
- Technical provisions for unit-linked insurance
+ Unrealised gains/losses from investments

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

In non-life insurance, technical rate of interest expense refers to the impact of the dissolution of the discounted provision for claims outstanding on the company’s claims incurred when the company discounts pensions in the nature of capital and/or any other provision for claims outstanding items. 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.

In life insurance, unwinding of discount expense refers to the technical rate of interest credited to insurance policies during the year, plus/minus any changes in the provision for decreasing the technical interest rate.

In this key figure, other financial expenses include items due to liabilities other than interest expenses, such as exchange gains and losses for interest-bearing liabilities recognised in the profit and loss account.

Average number of personnel during the financial period

The figure is calculated as the average of the number of personnel at the end of each calendar month. Any part-time employees are taken into account in the number of personnel. All persons receiving salary during the financial period are included in personnel.

Key figures describing the financial performance of non-life insurance

Premiums written

= Premiums written before reinsurers' share

Loss ratio

Loss ratio, %

$$= \frac{\text{Claims incurred}}{\text{Premiums earned}} \times 100$$

Loss ratio (excl. unwinding of discount expense), %

$$= \frac{\text{Claims incurred (excl. unwinding of discount expense)}}{\text{Premiums earned (excl. unwinding of discount expense)}} \times 100$$

The key figure is calculated after the reinsurers' share.

Expense ratio

$$= \frac{\text{Operating expenses}}{\text{Premiums earned}} \times 100$$

Combined ratio

Combined ratio, %

= Loss ratio + Expense ratio

Combined ratio (excl. unwinding of discount expense)

= Loss ratio (excl. unwinding of discount expense) + Expense ratio

Risk ratio (report of the Board of Directors)

Risk ratio, %

$$= \frac{\text{Claims incurred (excl. claims management expense)}}{\text{Premiums earned}} \times 100$$

Risk ratio (excl. unwinding of discount expense), %

$$= \frac{\text{Claims incurred (excl. claims management expense, excl. unwinding of discount expense)}}{\text{Premiums earned (excl. unwinding of discount expense)}} \times 100$$

Cost ratio, % (report of the Board of Directors)

$$= \frac{\text{Operating expenses + claims management expense}}{\text{Premiums earned}} \times 100$$

Key figures describing the financial performance of life insurance

Premiums written

= Premiums written before reinsurers' share

Expense ratio, %

$$= \frac{\text{Operating expenses before change in deferred acquisition costs of policies} + \text{Claims settlement costs}}{\text{Total expense loadings (and balance sheet total)}} \times 100$$

The numerator is separately prorated to the total expense loadings and the balance sheet total. According to the calculation bases, total expense loadings is an item intended to cover operating expenses. Total expense loadings include all expense loadings. Operating expenses do not include commissions on reinsurance.

Operating expenses are total operating expenses in relation to the balance sheet total. Balance sheet total is the opening balance sheet total.

Notes on risk management

General details on the organisation of risk management

Risk management refers to active and proactive operations that aim to identify, assess, limit, utilise and monitor business threats and new opportunities arising from changing external and internal conditions or LocalTapiola's strategic intent. The aim is to promote the continuity of customers' financial security and support reaching of the Group's operational and financial targets. In accordance with the principles of corporate responsibility, the Group manages its risks and provides reliable information on risks and risk management to customers and other stakeholders.

LocalTapiola's risk management is steered by the risk management policy, which is approved by the Boards of Directors of LocalTapiola Group companies and which describes the general principles that apply as permanent guidelines for the organisation of risk management. The policy specifies the concepts, main areas, processes and responsibilities for the implementation and monitoring of risk management. The risk management policy is updated annually, and whenever significant changes occur in the business conditions.

Key areas of risk management and risk categories:

Financial risks

- Risk relating to solvency management
- Market risks
- Credit risks
- Liquidity risks
- Concentration risks
- Insurance risks

Operational risks

- Risks relating to business planning
- Process risks
- Systemic risks
- Personnel risks
- Legal risks
- Risks of damage

Risks associated with the operating environment and strategy

- Risks associated with the general operating environment
- Risks associated with changes in the markets and customer behaviour
- Risks caused by the nature of competition and by competitors
- Risks related to strategic choices
- Group-level special risks

Organisation of risk management

The Board of Directors has the overall responsibility for organising risk management. The Board defines the risk management targets, risk appetite, limits of risk-taking, responsibilities, metrics and monitoring principles. The Board annually confirms the plans that discuss risk management, ensures that they are taken into account in the operational plans and monitors the implementation of and compliance with these plans. The Board also monitors the status of risk management and the development of key risks on a regular basis. The Board of Directors has established a separate Audit and Risk Management Committee, which assists the Board in matters related to risk management, among other things.

The delegation of risk management responsibility and the duties of various parties can be described with the help of three lines of defence. Every line of defence and every party involved has a role to play in the risk management system.

The managing directors and other executives of the companies are the first line of defence, and they are responsible for the practical preparation, implementation and monitoring of risk management. The rules of procedure of the companies' Management Groups and various committees related to risk management define the duties of

these organs in risk management and supervision. The business units are responsible for identifying risks related to their own operations and taking the required risk management measures. All employees have the obligation to report on any risks observed or areas for improvement identified in risk management.

The second line of defence consists of the support and control functions. Risk management supervision is always the responsibility of a party other than the one responsible for operational activities. The actuarial, risk management and compliance functions assist the Board of Directors and management in risk management supervision. The finance and balance sheet management functions also assist the Boards in the practical implementation of business monitoring. Internal audit, which is the third line of defence, supports supervisors in fulfilling their duties of control by evaluating the status of internal control within the businesses and by providing the management and people responsible for the functions with information and proposals of measures for enhancing control. The auditing function also supervises the implementation of risk management.

As the Board of LocalTapiola Group's leading parent company, LocalTapiola General's Board of Directors is responsible for arranging and monitoring the Group's risk and solvency management. The Group's Risk Management Committee plays a key role in drafting the operating principles for the Group's risk management, as well as in monitoring and supervising the Group's risks. The Group's Asset and Liability Committee is a decision-making organ for managing, monitoring and reviewing balance sheet risks, and it reports directly to the Board of Directors. The Committee is responsible for ensuring that balance sheet risk management is organised in an appropriate manner and that capital is efficiently used. The Board of Directors appoints an Investment Management Group, which is responsible for the practical organisation of investment operations and the operational supervision of market risks.

The risk management function is tasked with assisting the companies' Boards of Directors and other functions in ensuring effective risk management. The function monitors the functionality of the risk management system and the companies' risk profiles as a whole, and it reports on risk exposure. In addition, the function advises the Board of

Directors on matters concerning risk management, and it identifies and assesses developing risks.

Reporting

The accuracy of financial information is ensured through sufficiently up-to-date and frequent reporting, regular balancing routines, and extensive and up-to-date documentation on the calculation methods and systems used in reporting. In addition, the decision-making and reporting functions of businesses are organisationally separate.

Risk management in insurance operations

The Group's insurance risks are life insurance risks, non-life insurance risks and investment risks.

Non-life insurance risks

The major insurance risks in non-life insurance relate to the pricing of insurance products and risk selection, inflation, interest rate fluctuations, changes in the mortality rate, occupational diseases, and reinsurance covers.

Pricing risk refers to insurance premiums being too low to cover the claims and the operating expenses arising from insurance contracts. The major pricing risks are connected with the adequacy of risk payments for the tariff models used as well as profitability and claim supervision processes and taking these processes into account in insurance pricing and underwriting policies.

The underwriting policy defines the permitted insurance risks. The Board of Directors approves the profitability targets for the insurance business and the pricing strategy is used to guide the person in charge of risks and to guarantee fair pricing. The business units are responsible for reaching the targets set out in the underwriting policy and in the pricing strategy. Risks connected with pricing and the level of insurance premiums are managed by continuously developing the reporting and calculation methods to enable any necessary changes to be made to the premium level more rapidly. Particularly high insurance risks are underwritten to a limited extent or not at all.

Customer risks are managed by using customer selection instructions, by monitoring adherence to these instructions, by using a register of claims and by using insurance investigators. The impacts of large risk concentrations are minimised by the risk experts reviewing the concentrations on a regular basis. When striving for improved selection of customers and pricing that correlates with the risks,

important means include the underwriting and pricing authorisations maintained by the business units.

The Group's Research Team investigates, combats and prevents insurance-related crime. Checking potential customers' credit and background information prior to selecting customers and studying unclear claims are important aspects of the Research Team's operations. More serious cases are handed over to the authorities. Effective customer selection strives to keep credit losses and claims incurred at the desired level.

Inadequate technical provision risk means that the amount reserved for technical provisions is not sufficient to pay the compensation that the company is committed to and that becomes payable after the year of provision. The subrisks include inflation risk, interest rate risk, longevity risk and occupational disease risk.

Inflation risk is related to long-term compensation in terms of cash flow in relation to matters such as medical care and rehabilitation for bodily injuries. This risk is realised if, due to inflation, the level of compensation paid exceeds the level assumed when determining prices and the provision for claims outstanding, and the premiums and the provision for claims outstanding prove insufficient.

Interest rate risk and **longevity risk** mainly apply to long-term pension-like compensation liabilities under motor liability and occupational accident insurance. When calculating liabilities, cash flows are discounted using unwinding of discount expense. Interest rate risk is realised if returns corresponding to at least the unwinding of discount expense are not obtained for the assets covering these liabilities. Longevity risk refers to uncertainty connected with estimating future mortality trends when determining the provision for claims outstanding. Longevity risk is realised if the mortality rate in the following years proves to be lower than expected, in which case pensions must be paid out for a longer period than had been expected.

Occupational disease risk only applies to occupational accident insurance. In accordance with the Occupational Accident and Disease Act, occupational disease refers to adverse health effects related to an employment relationship, usually caused as the result of long-term exposure to physical, chemical or biological factors and appearing several years after exposure. Occupational disease risk is realised if more occupational diseases occur

than were expected, in which case insurance premiums and the provision for claims outstanding prove insufficient.

The calculation bases for technical provisions in accounting set out the principles for determining the technical provisions for different insurance classes. The technical rate of interest used to discount the provision for claims outstanding (1.0%) is determined such that it does not exceed the level of investment income defined as secure over the estimated period for the settlement of damages. The definitions are prudent with respect to interest rate and mortality as well as other definition principles. The adequacy of technical provisions is monitored annually and revisions are made to the definitions when necessary. The valuation of technical provisions in solvency calculation differs from the valuation in accounting. In solvency calculation, the intention is to value technical provisions on market terms by means such as discounting the technical provisions using the risk-free interest rate curve.

The provision for unearned premiums in accounting is determined as a 'deferred provision' using coefficients defined for each insurance class derived in accordance with the pro rata rule. Provisions for pension-like claims outstanding are assessed using a mortality model jointly developed by the Workers' Compensation Center and the Insurance Centre. Under this model, the pensioner's mortality is affected by age, gender and the year of birth. Funds are reserved for large claims exceeding a certain EUR-denominated value from the provision for claims outstanding. The provision for other known and unknown claims outstanding (the collective provision) is defined statistically using normal actuarial methods. To increase coverage, a security supplement is made as part of the collective provision. The policy management expense provision made for future management expenses of claims is determined as a relative proportion of the actual amount of the provision for claims outstanding.

Risks connected with reinsurance cover concern the trustworthiness of reinsurers, the diversification principles to be followed in acquiring cover and the principles followed for individual major risk targets, especially with respect to securing reinsurance cover before stating direct insurance premium risks. Furthermore, evaluation errors connected with Estimated Maximum Loss (EML) evaluations may be detrimental if realised, and the risk

is managed using the EML breakage protection included in the reinsurance structure.

The risks related to reinsurance cover are managed using a reinsurance programme and instructions that apply to procuring reinsurance cover confirmed by the Board of Directors. The structure of the insurance portfolio, the different volumes of each insurance class, any accumulation of risks and the solvency position are taken into consideration when planning reinsurance cover and programmes. Based on these factors, excess points are set for each insurance class that define the maximum amount to be held at own risk for single risks.

Reinsurers are approved only if they are companies of sufficient solvency in terms of their credit rating. The majority of the reinsurance is underwritten by companies with a Standard & Poor's credit rating of 'A' or better. Reinsurance cover is procured in a diversified manner from a sufficiently large number of reinsurance providers on the basis of the limits set by the Board of Directors. Preparations are made for risks connected with the availability of reinsurance and adequate coverage through close cooperation between direct insurance and reinsurance by making all necessary revisions to direct insurance contracts and tenders in good time.

Life insurance risks

The key insurance risks in life insurance are risks associated with technical provisions and the customer-related risks of termination of contracts and payment of premiums. The risks associated with the technical provisions include the interest rate risk related to the technical rate of interest and surrenders as well as the risks related to mortality, longevity and morbidity.

The interest rate risk is managed by hedging investment portfolios with derivatives; by changing the investment portfolio's maturity structure or the company's entire strategic allocation in unstable market conditions; by maintaining sufficiently high solvency; by lowering the technical rate of interest of insurance portfolios through additions to liability; by using sanctions for surrenders; and by using a safe and low technical rate of interest in new products. If necessary, the company can substantially reduce the interest rate risk to the balance sheet by combining fixed-income investments to better match the maturity profile of the technical provisions or by using interest rate derivatives.

Risks related to mortality, longevity and morbidity are managed through careful product planning and risk selection, and by reinsuring liabilities exceeding the selected deductible and the damage accumulation arising from catastrophes. Risks are selected using the risk guidelines generally in use in life insurance, the insurance recording policy compiled and related instructions. If required, financial underwriting is also performed in order to confirm that there is an insurable interest. The mortality and morbidity rates of the insured are monitored annually and liabilities are supplemented as needed. With regard to health insurance policies, there is also the option of raising premiums to cover any increase in claims expenses.

The technical rate of interest used in accounting to calculate the technical provisions with guaranteed return varies between 0 and 3.5 per cent, taking the supplementary interest rate provisions of technical provisions into consideration. The mortality expectations in pension insurance policies are essential in view of the adequacy of the technical provisions. The mortality table applied in defined-benefit pension insurance is based on the group pension mortality as determined in life insurance companies' K2012 mortality study and the mortality model applied in TyEL insurance. In defined-contribution pension insurance, the mortality criteria are based on generational mortality as applied in employment pension insurance. The mortality table used for individual pension insurance is the E87 from 1987.

Investment risks

Investment risks include market risks, credit and counterparty risks, and liquidity risks. Market risks are changes in the market values of assets and liabilities resulting from changes or fluctuations (volatility) in financial variables such as interest rates, exchange rates, share prices or real estate values. Credit and counterparty risk refers to the risk of a counterparty of a loan, derivative contract, transaction or similar being unable to meet its contractual obligations. Liquidity risk refers to funding liquidity risk or market liquidity risk. The former is related to mismatched funding needs and funding sources and the management thereof, while the latter refers to risk whereby it is not possible to convert investment assets into cash quickly enough without affecting the market price level.

The investment plan approved by the Board of Directors sets out the target return on investment,

the solvency target, the strategic allocation of investment assets with indication of range, and the target levels and limits for investment risk-taking. The plan describes the steering and reporting processes for investment risks and solvency management and the measures to ensure that risk-taking and solvency remain within set limits.

The balance sheet management function prepares to the company's Board of Directors a proposal on strategic allocation, taking into consideration the company's risk-bearing capacity, the nature and structure of technical provisions and the risk appetite defined by the Board of Directors. The suitability of the strategic allocation is tested using various types of stress testing targeting investments and the balance sheet. The balance sheet management function monitors the appropriateness of the strategic allocation and prepares an amendment proposal to the Board of Directors, where required. Given that the strategic allocation represents long-term objectives, it is only modified for sufficiently weighty reasons that may be related to factors such as changes in solvency, the insurance portfolio, the expected long-term return on investment, risk expectations, the company's customer bonus policy or the solvency strategy.

The risk management function is responsible for the monitoring of investment risks and for reporting on investment activities. Investment risks are measured and monitored in accordance with the model used by the authorities for calculating solvency under Solvency II, as well as widely-used methods. Risks are managed by the limits on investing and on investment risk-taking set in the investment plan, as well as by ensuring sufficient diversification. Where necessary, risks are mitigated by allocation adjustments, or they are hedged in full or in part using derivative instruments.

The solvency traffic light framework described in the Group's joint liability agreement is a crucial tool for steering the solvency and investment activities of the companies. The framework is based on solvency in line with the model used by the authorities, which is based on traffic light zones with predetermined actions. The green zone means that solvency is at the desired level and that the asset managers are operating within their mandates in a normal fashion. The light-green zone means that the monitoring of solvency and investment risks should be enhanced. In the yellow zone, it is not acceptable to actively increase investment risks. In

the red and black zone, active measures are required to mitigate investment risks and to boost solvency.

The impact of long-term market scenarios on the company's solvency is reviewed in the Own Risk and Solvency Assessment (ORSA), prepared annually, and in quarterly internal solvency reporting.

Operational risk management

Operational risks refer to the risk of loss caused by insufficient or failed internal processes, personnel, systems and external factors. Legal risks and risks of damage are included in operational risks. Operational planning risks are related to the risks in the choices made in annual planning, in the setting of strategic objectives, and in business changes. The basic position in the management of operational risks is to attempt to prevent the realisation of risks and to minimise the harm they can cause.

The main features of the management of operational risks are comprehensively identifying, assessing and reporting on risks in different organisations and different risk areas, as well as ensuring the quality and correctness of operations through supervision and control measures.

Using a standard risk mapping methodology, operational risks are identified as part of the annual planning process and whenever the risk situation changes significantly. The risk management measures identified in these assessments are incorporated into the annual plans of the various business units. In addition, risk assessment is carried out separately for each venture, project and significant change in business operations.

The supervision measures (control measures) included in processes help to ensure the correctness and quality of operations. As part of operational risk management, all realised risks and close calls are logged into the risk event register, along with any further measures required. Any losses caused by disruptions of and errors in business operations and by operational risks are reported to the authorities in accordance with the requirements set.

Operational continuity management is verified by regularly updating and testing the continuity and preparedness plans. The Group's companies are responsible for organising their operations appropriately, discharging the corresponding obligations and managing operational continuity. This also applies to all operations they outsource.

In addition, there are separate procedures and guidelines in place for managing operational risks, including the following:

- Process risks
- System risks
- Legal risks
- Security risks
- Information security risks
- Project risks
- Insurable risks (own insurance cover)

Risk management of Group non-insurance companies

The Group's non-insurance companies follow the same risk management principles as the Group's insurance companies, insofar as they are not specifically related to the insurance company's business or sector. The companies' Boards of Directors bear the overall responsibility for each company's risk management. The executive management is responsible for maintaining and developing the risk management process in collaboration with the Group's risk management function.

Management of risks associated with the operating environment and strategy

Risks related to the operating environment and strategic intent include risks associated with the general operating environment, changes in the markets and customer behaviour, competition and competitors, own strategic choices, operating as a Group, and group investments.

Risks related to the operating environment and strategic intent are identified and their significance is evaluated annually in conjunction with the annual planning process. This is undertaken through self-assessment. To reduce the risks that have been identified and to exploit opportunities, the responsible bodies plan and implement risk management measures implemented as part of the annual plans. The risk management work conducted in conjunction with strategic development projects is an essential part of strategic risk management. The risk situation is regularly discussed at meetings of project steering groups. The risks related to strategy implementation are managed by defining strategy indicators and by regular monitoring.

Signatures to the report of the Board of Directors and financial statements

In Espoo, 10 March 2021

Juha Koponen
Chairman of the Board of Directors

Jari Eklund

Timo Hiltunen

Anu Kallio

Sami Kulla

Minna Metsälä

Ulla-Maija Moisio

Hannu Niilekselä

Mika Makkonen
Deputy Managing Director

Auditor's note

A report has been issued today on the audit performed.

In Espoo, 22 March 2021

KPMG Oy Ab

Timo Nummi

Authorised Public Accountant



KPMG Oy Ab
Töölönlahdenkatu 3 A
PO Box 1037
00101 Helsinki, FINLAND

Telephone +358 20 760 3000
www.kpmg.fi

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 LocalTapiola General Mutual Insurance Company

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LocalTapiola General Mutual Insurance Company (business identity code 0211034-2) for the financial year 1 January–31 December 2020. The financial statements comprise the balance sheets, profit and loss accounts, cash flow statements and notes for the group as well as for the parent company.

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

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 3.4 to the consolidated financial statements.

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

Materiality

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

Most significant assessed risks of material misstatement

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

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



MOST SIGNIFICANT ASSESSED RISKS OF MATERIAL MISSTATEMENT

AUDITOR'S RESPONSE TO THE RISKS

1 Valuation of investments (accounting principles pp. 76–78)

The investment assets of the group, including assets held to cover unit-linked insurance policies, form the most significant share of the balance sheet assets.

Assets held to cover unit-linked insurance policies are stated at current value. Other investments are, as a rule, stated at historical cost or, as with real estate, at acquisition value from which intended depreciations have been deducted, or at a market value below the aforementioned.

The appendices of the financial statements describe the investment book value as well as the current value of investments and the net investment income at current value.

The current value of assets is based on either market quotation or current values defined by commonly accepted principles. The definition of current value of investments requires discretion especially for those assets and instruments for which a market value from public market quotations is not available; examples of such include private equity investments and real estate investments.

Because of the discretion associated with the significant book value of investment assets and its valuation, investment assets and its presentation has for the purposes of audit been defined as an item that entails a risk of material misstatement.

We have assessed the appropriateness of the accounting principles and valuation methods employed by the company.

We have tested the internal controls related to the valuation process and the recording of securities and real estate assets.

In conjunction with the audit, we have compared the current values used for valuation of investment assets with external price quotations and results yielded by other applied valuation methods, as well as assessed the appropriateness of the company's own valuation methods.

In addition, we have assessed the accuracy of the notes concerning investment assets.

2 Technical provisions (accounting principles pp. 79–80)

As per Chapter 9 of the Insurance Companies Act, technical provisions form the most significant item of the liabilities.

The calculation of technical provisions is based on complex actuarial calculation models and assumptions requiring management judgement, which are related, for example in pension-type insurance lines, to the life expectancy of the insured and to the discount interest rate used. The definition of the discount rate used in the calculation of provision for pension-type claims and the assessment of incidents of loss must be made securely.

The group's mutual life insurance company's own risk has guaranteed interest rate of pension and savings life insurances with promised technical rate of interest. Promised technical rate of interest involves an investment returns risk. The interest used for calculating technical provisions must be selected securely.

The calculation of technical provisions is based on data produced by and combined from several different information systems. The databases are extensive and the systems process a large amount of data.

Based on these factors, technical provisions have been assessed in the audit to be an item entailing a risk of material misstatement.

We have assessed the principles and calculation bases for the recognition and calculation of technical provisions.

Our actuary has participated in the audit and evaluated the appropriateness of the assumptions and methods used. The evaluation included, for example, assessing the rationale behind the calculation of key figures for collective provision and claims handling provisions as well as benchmarking the calculations of collective provisions. The calculation principles used and the appropriateness of calculation models have been evaluated to verify the adequacy of technical provisions.

We have also examined the appropriateness of transfer of technical provisions and assessed the accuracy of the notes regarding technical provisions.

Responsibilities of the Board of Directors and the CEO for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting LocalTapiola General Mutual Insurance Company in 2013, and our appointment represents a total period of uninterrupted engagement of 8 years.



Other Information

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

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

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

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

Espoo, 22 March 2021

KPMG OY AB

TIMO NUMMI

Authorised Public Accountant, KHT