

LocalTapiola
Mutual
Life Insurance Company

Report of the Board of Directors and
financial statements for 2018
Business ID: 0201319-8



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REPORT OF THE BOARD OF DIRECTORS

LocalTapiola Mutual Life Insurance Company (LocalTapiola Life) offers life insurance products for private individuals: individual life insurance policies, group life insurance policies and individual pension insurance policies; life insurance products for companies: individual life insurance policies, group life insurance policies, individual pension insurance policies, and group pension insurance policies; and capital redemption contracts granted to private individuals and companies. LocalTapiola Life Group is part of LocalTapiola Group, headed by LocalTapiola General Mutual Insurance Company (LocalTapiola General, Business ID 0211034-2). The report of the Board of Directors and financial statements of LocalTapiola General are available at www.lahitapiola.fi.

LocalTapiola Life in 2018

LocalTapiola Life develops meaningful services for its customers' lifelong security, helping them to live longer in good health with more self-sufficient finances. Key events in 2018 include:

- We introduced a digital application service for term life insurance, making us the first company in Finland to offer this service. Alongside improving the customer experience, the service significantly boosts the efficiency of the sales process and risk selection work.
- We renewed the Smart Life Insurance well-being service to meet today's customer expectations.
- We further developed our investment services, which make the benefits of a major insurance company's investment activities available to all of our customers. The service has already been adopted by 18,000 customers.
- LocalTapiola Life renewed its group pension insurance in November. The pricing of the insurance was renewed, and the new range of investments also enables group pension customers to take advantage

of LocalTapiola's investment expertise and the benefits of large investors.

- Premiums written continued to increase in term life insurance and group pension insurance. Investment services acquired new customers.
- The net profit was good thanks to the 2.1 percent return on investment and several years of sustained growth in the insurance portfolio. Solvency strengthened.

	LocalTapiola Life 2018	LocalTapiola Life 2017
Summary of the results		
Operating profit (EUR million)	63.3	48.4
Profit for the financial year (EUR million)	46.7	51.7
Total result (EUR million)	33.0	64.0
Return on total assets, excluding unit-linked insurance (%)	3.0	5.1

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

Key figures	LocalTapiola Life 2018	LocalTapiola Life 2017
Claims paid (EUR million)	353.4	323.4
Technical rate of interest paid to customers (EUR million)	55.2	57.4
Bonuses paid to customers (EUR million)	8.0	7.5
Net investment income at current value (%)	2.1	5.3
Total expense loadings (EUR million)	48.2	46.8
Technical provisions (EUR million)	2,289.1	2,276.4
Technical provisions for unit-linked insurance (EUR million)	2,066.9	2,112.4
Capital and reserves (EUR million)	457.0	412.2
Balance sheet total (EUR million)	4,970.5	4,929.8
Solvency position (%)	214.8	191.5

Solvency position = amount of eligible own funds in relation to the solvency capital requirement.

Business sectors

Comparative figures are presented in brackets. The comparative figures for profit and loss account items and periodic key figures are those for the corresponding period of the previous year. The comparative figures for balance sheet and other cross-sectional key figures are those for the end of 2017.

LocalTapiola Life Group

LocalTapiola Life is included in LocalTapiola Group's consolidated financial statements. LocalTapiola Group is headed by LocalTapiola General.

LocalTapiola Life Group consists of the parent company and 28 (22) housing and real estate companies and one (1) other company. Associated companies include the Tapiola Data Ltd Group, LocalTapiola Private Equity GP Ltd, and LähiTapiola Tontit GP I Oy. Furthermore, the associated companies include one (1) real estate company and three (3) other companies.

The report of the Board of Directors focuses mainly on describing the business of the parent company of the Group, LocalTapiola Life. In matters pertaining to the Group as a whole, the report specifically mentions the Group.

The figures concerning the insurance business of LocalTapiola Life Group do not differ from those for LocalTapiola Life. LocalTapiola Life Group's operating profit for the financial period was EUR 46.7 million (EUR 42.0 million) and the balance sheet total was EUR 4,967.8 million (EUR 4,927.3 million €).

Life Insurance

Premiums written	LocalTapiola Life 2018	LocalTapiola Life 2017	Change, %
Savings life insurance and capital redemption contracts (EUR million)	252.3	329.3	-23%
Term life insurance (EUR million)	93.2	90.1	3%
Group pension insurance (EUR million)	50.2	40.0	26%
Individual pension insurance (EUR million)	42.6	45.1	-5%
Employees' group life insurance (EUR million)	11.6	11.6	0%
Total	449.8	516.0	-13%

Premiums written continued to increase in term life insurance and group pension insurance. Investment services acquired new customers. Total premiums written fell as sales of savings services to Private Customers decreased.

Claims paid amounted to EUR 353 million (EUR 323 million). Pensions paid came to EUR 117 million (EUR 117 million), compensation for medical expenses and disability to EUR 20 million (EUR 22 million), and death benefits to EUR 26 million (EUR 30 million).

Total expense loadings and bonus payments showed a good increase of 7 per cent, and the result for risk premiums collected also improved year-on-year. The expense ratio in proportion to total expense loadings decreased year-on-year, standing at 117 per cent (127 per cent). The expense ratio is 104 per cent (117 per cent) if we include the soft commissions from unit-linked products used to finance operating expenses, which are not included in key figures. The operating expense ratio continued to decline in 2018, standing at 51.3 per cent (53.3 per cent). The operating expense ratio compares the operating expenses from management, administration, claims handling, and investment activities to total expense loadings and soft commissions.

Total technical provisions remained at EUR 4.4 billion. Provisions for unit-linked insurance accounted for 47 per cent (48 per cent) of technical provisions. A more detailed account of the breakdown of and changes in technical provisions is provided in the note on risk management.

The financial statements include an interest rate supplement of EUR 37.7 million and a loss provision of EUR 9.6 million for medical treatment expenses, which reduced the operating profit and the total result. However, the operating profit and total result were good thanks to investment income and several years of sustained growth in the insurance portfolio. Solvency strengthened.

Investment activities

	LocalTapiola Life 2018	LocalTapiola Life 2017
Net investment income at current value (%)	2.1	5.3
Fixed-income investments	-0.4	2.3
Equity investments	7.4	10.7
Real estate investments	5.0	9.7
Other investments	-5.4	-5.4
Investment allocation (%)		
Fixed-income investments	57.7	53.1
Equity investments	23.4	26.6
Real estate investments	18.2	19.5
Other investments	0.8	0.8
Investment assets at current value (EUR million)	3,055.9	3,005.7

LocalTapiola Life's investment operations aim to generate value for our owner-customers. Investment income enables us to maintain solvency, pay out competitive returns on guaranteed-return insurance savings and provide services for our customers.

LocalTapiola Life has kept its investment portfolio simple enough to enable comprehensive risk management. We invest with a long-term view and always plan our operations using a time horizon of at least five years, based on the requirements of our insurance portfolio and the views of our economists as to future market developments. The key objective of systematic investment activities is to manage investment assets in an efficient, target-oriented, process-like, disciplined, and risk-conscious manner. The assets of insurance companies and our customers are thus invested securely and profitably.

Net investment income at current value was 2.1 per cent (5.3 per cent), or EUR 62.2 million (EUR 153.1 million). LocalTapiola Life's average five-year annual return on investment was 4.3 per cent (5.0 per cent).

The weightings assigned to risk-bearing investment classes were reduced during the second half of the year as a consequence of our less optimistic outlook on the market, and this was reflected in an increase in the weighting assigned to fixed-income investments. Under equity investments, the weighting assigned to unlisted shares increased due to an additional investment in

Mehiläinen, a health services company. In addition, a few significant real estate investments were sold off in the second half of 2018.

Significant events during the financial year

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. We develop meaningful services for our customers' lifelong security, helping them to live longer in good health with more self-sufficient finances.

LocalTapiola Life introduced a digital application service for term life insurance, making it the first company in Finland to offer this service. Alongside improving the customer experience, the service significantly boosts the efficiency of the sales process and risk selection work.

We renewed the Smart Life Insurance well-being service to meet today's customer expectations. Smart Life Insurance is Finland's first well-being service package that combines the economic security provided by insurance and helps our customers to live more healthily.

We increased our holding in the health care service provider Mehiläinen. With a holding of nearly 20 percent, we are the major Finnish owner of the company. Our cooperation with Mehiläinen is strategic. The parties bring together the expertise of their core businesses and combine services into meaningful entities for customers, one example being the highly popular Terveysterveys service. In addition, we cooperate in health services with Pihlajalinna, where we also increased our holding.

LocalTapiola Life renewed its group pension insurance in November. The pricing of the insurance was renewed, and the new range of investments also enables group pension customers to take advantage of LocalTapiola's investment expertise and the benefits of large investors. Group pension insurance is an effective way of engaging and rewarding staff comprehensively.

LocalTapiola Life has a contingency reserve that enables the Boards of Directors to make charitable donations to worthy causes, particularly those aiming to improve financial skills and promote health in Finland. In addition, LocalTapiola Group supports local and national projects related to sustainable development, the promotion of well-being and security, environmental diversity, culture, the mobility of children and young people and top-level sport, as well as multi-year partners. The targets and partners are described in more detail in the "Corporate social responsibility" section and in a separate report on non-financial information.

Changes in the regulation of insurance supply were taken into account in the product management systems and principles of LocalTapiola Group's product management policy. We actively tested the status of corporate security and supported it with development

measures. The EU's General Data Protection Regulation (GDPR), which took effect in 2018, required some changes to the way the Group processes customer data. These changes were implemented and, in October 2018, procedures were introduced for insurance sales and product management as called for in the Insurance Distribution Directive (IDD).

We increased our holdings in the health care service providers Mehiläinen and Pihlajalinna.

We rolled over our subordinated loan by issuing a Tier 2 subordinated loan with a private placement structure worth EUR 100 million. At the same time, we redeemed our existing subordinated loan for a total of EUR 93 million.

Customers and customer benefits

The surplus generated by LocalTapiola Life'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 make the investment instruments and benefits of a large investor available to our customers to enable them to save. We invest our customers' assets in the same instruments that LocalTapiola Life invests in. We also bear some of the risks of the investments by confirming a fixed interest rate for some customer savings for a year ahead. The interest rate for 2019 is 2.2 per cent.

Smart Life Insurance combines the financial security provided by life insurance with well-being services such as self-coaching programmes, as well as well-being tips and monitoring.

We offer our customers the TerveysHelppi service, which provides quick and easy access to advice in the event of any health concerns. Our customers with medical expenses insurance also have access to remote doctor services on the TerveysHelppi app.

We paid our customers a total of EUR 353 million in compensation and we passed on EUR 62 million in returns on insurance savings. Of this, EUR 8 million were customer bonuses.

The application of the principle of reasonability, the objectives related to the distribution of additional benefits and the implementation of the principle of reasonability between 2009 and 2018 have been clarified in the notes to the financial statements.

Operating environment

Premiums written by life insurance companies fell slightly from the previous year as a result of lower unit-linked savings premiums written.

One of the effects of the current low interest rate environment, together with Solvency II requirements, was the pressure to change the return on savings life insurance from technical-rate to unit-linked insurance policies where policyholders, insured persons and beneficiaries themselves bear the investment risk.

The Government's proposals to the Parliament on the share savings account and the legislation on income tax on the share savings account and on the reform of the taxation of certain insurance products were introduced on 5 December 2018. In accordance with the proposals, the amendments will come into force from 1 January 2020. As a whole, the Government's policies regarding the tax treatment of investments are positive. The new share savings account will bring a new form of indirect investment to small investors.

The tax changes in non-tax deductible pension insurance are unlikely to revive the market for individual pension savings. However, private preparedness creates new business opportunities for life insurance companies. By international comparison, the number of life insurance policies is low in Finland. According to the financial sector, only just over a third of the people have taken out insurance for death. The need for life insurance is high in Finland, but premiums written for term life insurance have not increased significantly in recent years.

Investment activities

The peak of the global economic cycle occurred in early 2018 when the equity markets experienced momentarily strong fluctuations, but the actual fall in share prices did not start until the last quarter of the year. The fall in prices was strong and extensive, which resulted in traditional asset classes not providing much diversification benefits. Of the main asset classes, only European government bonds offered positive returns as interest rates fell. Overall, the year was the weakest since the great global financial crisis of 2007–2009.

Of the major central banks, the US Federal Reserve continued to raise interest rates, while the European Central Bank (ECB) and the Bank of Japan (BoJ) continued to pursue light monetary policies. In the United States, the key interest rate has already risen close to the long-term equilibrium rate of the economy.

The annual return on global equity markets, measured in local currencies, was negative. The strengthening of the dollar and the yen improved the return from the point of view of euro investors, but the change was not enough to lead to positive returns. The

strongest fall in share prices was seen in emerging markets.

European real estate investment markets continued to be active in 2018, with the volume likely to rise close to the record high of 2017. In 2018, Finland's transaction volume is estimated to rise to more than nine billion euros, the second highest ever. Property values rose to record levels both in Europe and in Finland. Improved economic growth increased prime office space rents especially in the centre of Helsinki. However, the rise in rents did not take place in properties whose quality or location do not match current demand. Demand for rental accommodation continued to be strong in growth centres, where housing rents continue to grow moderately.

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 specified in the legislation. LocalTapiola Group also constitutes a financial and insurance group 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 legal requirements relating to solvency.

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

Further information on the solvency management of LocalTapiola Group and LocalTapiola Life is provided in reports on the Group's solvency and financial position at www.lahitapiola.fi. The report for 2018 will be published by 3 June 2019.

Solvency position

LocalTapiola Life's solvency strengthened in 2018.

LocalTapiola Life's eligible own funds, given by the excess of the insurance company's assets over its liabilities and other comparable commitments, totalled EUR 1,099 million (EUR 1,144 million). The company's Solvency Capital Requirement (SCR) at the end of 2018 was EUR 510 million (EUR 598 million). The solvency position, which is the amount of eligible own funds as a multiple of the SCR, was 2.15 (1.92). Without the application of the transitional measure on technical provisions, the company's solvency position was 1.69 (1.44) times the requirement. The transitional measure's effect on the company's solvency will decrease gradually and end by 2032.

Risk position

The most significant risks in operations are associated with investments, life insurance, operational decisions, changes in the operating environment and strategic choices.

Market risks are caused by fluctuations in market values, including fluctuations resulting from changes in interest rates, share prices, and exchange rates. The most significant insurance risks in life insurance are connected with customer behaviour, encompassing the risks of termination of contracts and premium payments, as well as demographic risks. Operational risks refer to the risk of losses caused by insufficient or failed internal processes, staff, systems and external factors. Legal risks are included in operational risks. Risks related to the operating environment and 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 strategy are heightened by concurrent uncertainty about economic development and the ever-increasing pace of change: digital transformation, consolidation, new operators and consortia, migration, demographic change, internationalisation, and climate change.

Further information on LocalTapiola Life's risk management and the most significant risks is provided in the note on risk management and in the report on solvency and financial position at www.lahitapiola.fi.

Corporate governance, staff 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 company form of the insurance companies, meaning that policyholders are also shareholders. There is thus a large number of shareholders, and the 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 Finnish Insurance Companies Act, and LocalTapiola General is the leading parent company of the group, as specified in the said Act. In this role, LocalTapiola General is responsible for reliable management, solvency, the organisation of risk management, internal control and the organisation of related regulatory reporting within the entire LocalTapiola Group and all Group companies.

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

Annual General Meeting

LocalTapiola Life's Annual General Meeting was held on 15 May 2018. The meeting approved the financial statements for 2017, decided on the use of the company's profit, discharged Supervisory Board and Board members and the CEO from liability, and elected the company's auditor. The meeting also confirmed the number of members of the Supervisory Board and the remuneration for the members of the Supervisory Board, and the new members were elected.

The meeting also approved the proposal to amend sections 3 and 16 of the company's Articles of Association.

Tiina Brandt (Adjunct Professor, Tampere, Tampere University of Applied Sciences), Marianne Heikkilä (Executive Director, Helsinki, Martha Organisation), Heikki Hämäläinen (Managing Director, Mikkeli, Osuuskauppa Suur-Savo), Minna Metsälä (Managing Director, Tampere, Turva Mutual Insurance Company), Marjut Nordström (Managing Director, Asikkala, EL-Kori Oy), Taru Tujunen (Managing Director, Porvoo, Ellun Kanat Oy) and Päivi Uusitalo (Head of Financial Control, Salo, Caruna Networks Oy) all reached the ends of their terms of office on LocalTapiola Life's Supervisory Board and were re-elected for three-year terms until the Annual General Meeting in 2021, and Juha Paaanen (agriculture and forestry entrepreneur, Savonlinna) replaced Minna Talvio for the remainder of her term of office, which is due to end at the Annual General Meeting in 2020.

Jukka Hertti (holder of the honorary Finnish title of vakuutusneuvos, Lahti), Suvi Honkanen (HR Director, Kuopio, Osuuskauppa PeeÄssä), Jari-Vesa Isokotamäki (Occupational Health Physician, Tampere, Pihlajalinna), Jarkko Mettala (Sales Director, Kajaani, Tietopalvelu Group Oy) and Markku Äijälä (Managing Director, Jokioinen, Boreal Plant Breeding Ltd) were elected as new members of the Supervisory Board for three-year terms until the Annual General Meeting in 2021.

KPMG Oy Ab was elected as auditor, and the nominated principal auditor is Mikko Haavisto, Authorised Public Accountant.

Supervisory Board

LocalTapiola Life's Supervisory Board held its organising meeting on 31 May 2018. The meeting elected the Chair and Deputy Chairs to the Supervisory Board. Totti Salko was elected as Chair of the Supervisory Board, Päivi Uusitalo was elected as the First Deputy Chair and Jukka Hertti was elected as the Second Deputy Chair.

The supervisory board convened three times. On average, 81,5% of the members participated in the meetings. The salaries and remuneration paid to the Supervisory Board members, their pension commitments, monetary loans and terms thereof, as well

as guarantees and contingent liabilities, are presented in section 3.3.2 of the notes to the profit and loss account.

Committees of the Supervisory Board

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 the Board of Directors.

The Nomination Committee is comprised of 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 is also the Chair of the Nomination Committee. The term of the members is one year, lasting from the organising meeting of the Supervisory Board, held after the AGM, to the subsequent organising meeting, provided that each member continues to be a member of the Supervisory Board.

In 2018, the Nomination Committee was chaired by Totti Salko, Chair of the Supervisory Board, and the members were Tiina Brandt, Vesa Ekroos and Marjut Nordström, who are also members of the Supervisory Board.

The Nomination Committee convened six times in 2018, and 100% of the members were present.

Cooperation Committee

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 31 May 2018.

The Cooperation Committee prepares draft decisions to the Supervisory Board and other matters to be handled at the meetings of the Supervisory Board. The Cooperation Committee monitors the operations of the Board of Directors, President, CEOs and the entire Group, and presents reports to the Supervisory Board.

In 2018, the Cooperation Committee was chaired by Timo U. Korhonen and the Deputy Chair was Totti Salko.

The other members of the Cooperation Committee in 2018 were Juha Marttila, Ulla-Maija Moisio and Päivi Uusitalo, as well as Ralf Wickström until 31 May 2018 and Jukka Hertti from 31 May 2018.

The Cooperation Committee convened six times. On average, 97% of the members participated in the meetings.

At its meeting on 13 November 2018, the Supervisory Board updated its chairing: Anneli Karhula began serving as a Deputy Chair of the Supervisory Board and as

a member of the Cooperation Committee as of the beginning of 2019, when Ulla-Maija Moisio was nominated as a member of LocalTapiola Life's Board of Directors.

The Cooperation Committee's Compensation Committee

The Compensation Committee has been tasked with assisting the Cooperation Committee of the Supervisory Boards in matters relating to compensation for the Group's senior management in accordance with its rules of procedure.

The duties of the Compensation Committee have included preparing proposals for the remuneration and benefits of the full-time members of the Boards of Directors of LocalTapiola General and LocalTapiola Life and for matters relating to their employment, to be decided by the Chairs and Deputy Chairs of the Supervisory Boards, as well as developing compensation for the members of the Boards of Directors and monitoring the development of the compensation scheme for LocalTapiola Group's management and staff.

Timo U. Korhonen (Chair until 31 May 2018) and Ulla-Maija Moisio, as well as Ralf Wickström until 31 May 2018 and Totti Salko from 31 May 2018 (Chair from 31 May 2018) were members of the Cooperation Committee's Compensation Committee.

The Compensation Committee met five (3) times. On average, 100% of the members participated in the meetings.

The Cooperation Committee decided at its meeting on 24 October 2018 to discontinue the Compensation Committee and address matters under its responsibility directly at meetings of the Cooperation Committee. Responsibility for monitoring and developing Group-level remuneration has been transferred in large part to the joint Human Resources and Compensation Committee of the Boards of LocalTapiola General and LocalTapiola Life, which began operating at the beginning of 2018.

Board of Directors

The Board of Directors is responsible for corporate governance and the appropriate organisation of operations. It must also ensure that the accounts and asset management are arranged appropriately.

Members of the Board of Directors for the term from 1 January 2016 to 31 December 2018:

- Erkki Moisander, President, Chair
- Jari Eklund, Group Director, Deputy Chairman
- Janne Kaippio, Actuarial Director (LocalTapiola General)
- Timo Laakso, Finance Director (LocalTapiola General)
- Olli Latola, LLB, Master in Law trained on the bench
- Lauri Riekkola, Managing Director (LocalTapiola Loimi-Häme)
- Kati Sulin, Chief Digital Officer (DNA Plc)

The Board convened 12 times, in addition to which two meetings were held by email. The average attendance

rate at the actual meetings was 93%. The salaries and remuneration paid to the members of the Board of Directors, their pension commitments, money loans and terms thereof, as well as guarantees and contingent liabilities, are specified in Section 3.3.2 of the Notes to the profit and loss account.

In its meeting held on 15 November 2018, the Supervisory Board elected the Board of Directors for the term beginning on 1 January 2019. Erkki Moisander will continue as Chair of the Board, Jari Eklund as Deputy Chair, and Janne Kaippio, Olli Latola, Lauri Riekkola and Kati Sulin as members. Mirel Leino (Partner, Member of the Board, Exit Consulting Oy) was elected as a new member of the Board of Directors.

The Group's Management Group

The Group's Management Group is tasked with preparing Group-level matters and the joint matters of the LocalTapiola Group companies as well as related decision-making and implementation.

The Management Group was chaired by Erkki Moisander (President) and the members were Jari Sundström (CEO of LocalTapiola General), Minna Kohmo (CEO of LocalTapiola Mutual Life Insurance Company), Pekka Antikainen (CEO of LocalTapiola Services Ltd), Tom Liljeström (CEO of LocalTapiola Asset Management, from 12 February), Pasi Haarala (CEO of LocalTapiola Pohjanmaa), Ahti Haataja (CEO of LocalTapiola Vellamo, until 30 October 2018), Ari Lagerström (CEO of LocalTapiola Etelä, from 1 November 2018), Jukka Kinnunen (CEO of LocalTapiola Pääkaupunkiseutu), Pentti Kuusela (CEO of LocalTapiola Pirkanmaa, until 31 May 2018), Jussi Seppälä (CEO of LocalTapiola Länken, from 1 June 2018), Veli Rajakangas (CEO of LocalTapiola Pohjoinen), Jari Eklund (Director responsible for Group administrative control), Timo Laakso (CFO), Mikko Vastela (CIO), Olli-Pekka Pohjanmäki (Marketing Director), Harri Aho (Development Director), Harri Lauslahti (Innovation Director, until 11 February 2018) and Nina Gros.

As a rule, the Management Group meets every two weeks.

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. At their meetings in December 2017, the Boards of Directors of the companies decided that the Audit and Risk Management Committee, which was previously acting only as a committee of the Board of LocalTapiola

General, will also act as a committee of the Board of LocalTapiola Life from the beginning of 2018.

The purpose of the committee is to assist the Boards with their statutory duties and matters provided for in its rules of procedure regarding the finances, accounts, solvency, risk management, auditing, internal control and internal audit of the companies and LocalTapiola Group.

Considering the company'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 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, as well as one member 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 2018, the Committee was chaired by Hannu Niilekselä, and the members were Pirkko Rantanen-Kervinen and Olli Latola.

The Committee held five meetings in 2018. The attendance rate was 100%.

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 decisions on its establishment were made by the Boards in February 2018.

The purpose of the Committee is to assist the Boards of LocalTapiola General and LocalTapiola Life in handling matters related to personnel and remuneration and to outline 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 management and staff for the decisions of the Boards and/or for common policies and recommendations of LocalTapiola Group.

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

In 2018, the Committee was chaired by Erkki Moisander, and the members were Philip Aminoff, Olli Latola, Kati Partanen and Kati Sulin.

The Committee held three meetings in 2018. The attendance rate was 100%.

Managing Director

Minna Kohmo, MSc (Economics & Business Administration), acted as the Managing Director of LocalTapiola Life, and Samu Anttila, eMBA, SHV Actuarial Qualification, served as the Deputy Managing Director.

The salaries and perquisites paid to the Managing Director totalled EUR 356,328, including EUR 81,802 in performance-related pay. EUR 12,799 of the performance-related pay was earned in 2014, EUR 8,675 in 2015, EUR 10,313 in 2016, and EUR 50,015 in 2017.

Performance-related pay has been deferred for subsequent payment in the amount of EUR 202,580, of which EUR 7,857 was earned in 2015, EUR 119,700 was earned in 2016, and EUR 75,023 was earned in 2017. Performance-related pay for senior managers is based on annual targets.

The Managing Director's retirement age is 63 years. The agreed compensation for premature termination of the employment relationship is a sum corresponding to 12 months' salary.

Related parties

Information on LocalTapiola Life's related parties is provided in the notes to the financial statements.

Auditor

LocalTapiola Life's auditor is KPMG Oy Ab, and the principal auditor, appointed by KPMG Oy Ab, is Mikko Haavisto, Authorised Public Accountant.

Supervisory authority

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

Staff

Average number of staff during the financial period:

- LocalTapiola Life 146 (132)
- LocalTapiola Life Group total 146 (132)

Compensation

The aim of the special compensation system is to incentivise good performance and to boost the motivation and commitment of personnel. LocalTapiola Life's remuneration policy is based on the strategy of the Group and its companies, and the targets set on the basis of the strategy. Special compensation is based on good work performance in relation to targets. The bonus system is a 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 system is for senior managers and all staff.

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

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

The Cooperation Committee develops the compensation system for Board members. The Human Resources and Compensation Committee, established by the Boards of LocalTapiola General and LocalTapiola Life, monitors the development of the compensation system for all of LocalTapiola Group's management and staff.

The Annual General Meeting decides on the compensation payable to members of the Supervisory Board.

The special compensation for LocalTapiola Life's management comprises the following elements:

- Salary
- Perquisites (car, lunch and telephone)
- Annual performance-related bonuses
- Supplementary pension arrangements (for employment relationships that began prior to 1 January 2013)

The salaries of the management are based on comparative data for the finance sector that has been obtained from Hay 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 based primarily on official key figures. The bonus is established 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% 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. Objectives are determined on the basis of the Group's strategy and can be either team-specific or personal. The achievement of 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 in which 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% of the annual salary.

The implementation of performance-related bonuses is regularly monitored and payment of such bonuses is subject to the decision of 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 found that the targets have been reached by taking a risk that is realised before the bonus is paid. Performance-related bonuses can be clawed back 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 members of LocalTapiola Life'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% – 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 amounts. The value of 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, annual bonus payments are also made to LocalTapiola Group's personnel funds in accordance with targets. This bonus item is mainly determined by the companies' profits and efficiency in accordance with the Act on Personnel Funds. The personnel funds do not cover the employees of all companies. The criteria for determining the amount of profit-sharing bonus are confirmed annually. The bonus transfers are deducted from the net profits for the financial periods in accordance with preliminary estimates.

The retirement age for senior managers of LocalTapiola Life is 63. LocalTapiola Life 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 of the 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.

Reporting in compliance with the Corporate Governance Code

LocalTapiola Life has reported on its corporate governance in a separate document from the Board of Directors' report, in accordance with the recommendation concerning the corporate governance of Finnish listed companies (10/2015). More extensive information on LocalTapiola's corporate governance is available on the company's website at www.lahitapiola.fi.

Corporate social responsibility

LocalTapiola Group aims to offer its customers a safer and healthier life. In keeping with our lifelong security strategy, the promotion of the safety, finances and health of our customers is also a key part of our responsibility

work. In practice, responsibility is translated into local and national actions to promote sustainable development and cooperation with our partners.

LocalTapiola's investment activities comply with responsible investment principles. Economic responsibility is based on the company's solvency. Prevention of damage and financial preparedness are emphasised in providing holistic lifelong security to the customer. Customer satisfaction and experience are measured and monitored on a regular basis. Owner-customers participate in developing products, services and operations by means such as surveys, the product development process, testing and administration.

During the year 2018, the values of the LocalTapiola Group were renewed and progress was made in the Group's strategy work. The staff were extensively involved in defining values and in the strategy process. In addition, LocalTapiola began renewing its human resources strategy. Succeeding at work emerged as the strategic theme, and the focus areas include strengthening of expertise, leadership and diversity. LocalTapiola was once again awarded the Great Place to Work certificate. During the year, special attention was paid to staff competence and the training of supervisors. As of the beginning of 2018, occupational health care services were transferred to our partner Mehiläinen.

Extensive collaboration is undertaken with corporate responsibility partners to promote security and well-being in our customers' local habitats and in society. Among our important partners are the Finnish Red Cross, the Finnish National Rescue Association, the Finnish Swimming Teaching and Lifesaving Federation, the Cancer Foundation and the national sports federations.

LocalTapiola aims to decrease its negative effects on the environment and climate. The investment activities consider environmental aspects in accordance with responsible investment principles. LocalTapiola is committed to using responsible and environmentally friendly operating models in real estate operations throughout the life cycle of the managed properties. LocalTapiola cooperates with the Finnish Association for Nature Conservation and the Keep the Archipelago Tidy Association to improve the condition of local environments and to promote the diversity of Finnish nature.

In 2018, LocalTapiola's contribution to the development of Finnish society included support for education within the framework of the Government's match-funding programme for universities of applied sciences. A total of EUR 1.4 million was directed to 19 universities of applied sciences across Finland. In addition, other donations were made during the year to promote well-being, culture and sustainable development in Finland.

LocalTapiola Group's social responsibility and responsibility work are described in more detail in a

separate report on non-financial information. This is available at www.lahitapiola.fi / Information on LocalTapiola / Financial Data.

Events after the financial year

Since the end of the financial year, business has continued largely in line with expectations, and no significant special events or deviations have occurred.

Future prospects

Life Insurance

LocalTapiola Life offers life insurance, saving and investment, and pension insurance services, combined with proactive services enhancing the customer experience, for all customer groups from private customers to large companies. Our aim is to invest in our customers' well-being by helping them feel better and prepare financially for future needs. This means the continuous development of our services to ensure their relevance to our customers.

Personal preparations are important due to longer lives, the pressure on social security and the societal change. We expect that people in Finland will increasingly need savings and insurance to make preparations for the future. In the long term, demand for proactive, livelihood and well-being enhancing services is expected to increase.

The societal importance of insurance for serious personal risks is increasing. We want to continue to provide our customers with the best term life insurance services in the industry, combining them with well-being services that improve customer experience. With the growing need for savings, we continue to develop investment and pension insurance services, which make the benefits of a major insurance company's investment activities available to all of our customers.

In 2019, tax changes related to the products of LocalTapiola Life will be implemented. We actively monitor customer needs and are ready to bring new products and services to our customers when needed.

In 2019, we will continue to develop our digital services to improve our customer experience. Our goal is to be a forerunner in customer experience in personal insurance.

LocalTapiola Life expects an upward trend in sales and the number of customers in all business sectors in 2019.

Investment activities

The economic outlook for the world economy is weakening, and growth is expected to slow down in 2019 from the previous year and to fall below its potential growth path.

There are currently a number of political risks associated with the economic outlook. The UK's decisions to withdraw from the European Union cause uncertainty, the US protectionist trade policy creates tensions, and the new Italian populist government is on a collision course with the European Commission.

In addition to political risks, a fall in asset values, rising interest rates and escalating volatility in emerging market currencies may slow the growth of the global economy more than expected.

On the investment market, the identified risks associated with the 2019 outlook are largely the same as in the previous year. A sudden economic slowdown could lead to a decline in share prices and other risk-bearing assets. Historical experience has shown that a weakening real economy and tightening monetary economy have generally been a challenging investment environment for risk-bearing asset classes.

In Europe, real estate business continues to be brisk. Significant amounts of capital are being invested in the real estate market from several continents, and financial conditions support trading. There is also a positive tone in many places in the rental market, and rents are projected to rise slightly in Europe. The real estate market is expected to be calm somewhat in 2019, but no significant changes in the values of the best properties are predicted. A stronger global economic downturn than expected or an increase in interest rates would turn the European and Finnish real estate markets to a decline.

Proposal for distribution of profit

Proposal of the Board of Directors

The Board of Directors proposes that the profit for the 2018 financial period of EUR 46,738,033.77 be used as follows: a guarantee capital interest payment of 4.5 per cent – amounting to EUR 1,691,347.73 – a transfer of EUR 44,546,686.04 to the security reserve and a transfer of EUR 500,000.00 to 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

Capital and reserves (EUR)	455,327,635.18
Initial reserve	4,482,208.24
Guarantee capital	37,585,505.12
Security reserve	410,926,783.59
Contingency reserve	2,333,138.23

FINANCIAL STATEMENTS FOR 2018

LocalTapiola Life Group

Profit and loss account, LocalTapiola Life Group

TECHNICAL ACCOUNT

		1.1.2018	-	31.1.2018		1.1.2017	-	31.1.2017
Premiums written								
Premiums written	K1	449 839 234,89				516 017 481,77		
Reinsurers' share		<u>-3 819 536,59</u>		446 019 698,30		<u>-2 837 556,37</u>		513 179 925,40
Investment income	K4			259 357 804,38				232 257 056,08
Revaluations of investments	K4			11 242 640,16				109 299 080,65
Claims incurred								
Claims paid		-357 667 761,69				-327 201 715,78		
Reinsurers' share		<u>1 267 301,68</u>		<u>-356 400 460,01</u>		<u>1 473 851,83</u>		<u>-325 727 863,95</u>
Change in provision for outstanding claims		4 955 054,00				-24 143 537,00		
Reinsurers' share		<u>0,00</u>		<u>4 955 054,00</u>		<u>0,00</u>		<u>-24 143 537,00</u>
Total claims incurred				-351 445 406,01				-349 871 400,95
Change in provision for unearned premiums								
Change in provision for unearned premiums		27 798 886,95				-303 383 721,53		
Reinsurers' share		<u>0,00</u>		<u>27 798 886,95</u>		<u>0,00</u>		<u>-303 383 721,53</u>
Operating expenses	K3			-51 527 020,27				-55 353 572,34
Investment charges	K4			-122 159 755,69				-71 082 533,81
Revaluation adjustments on investments	K4			<u>-148 542 224,80</u>				<u>-21 988 675,30</u>
Balance on technical account before change in equalization provision				70 744 623,02				53 056 158,20

NON-TECHNICAL ACCOUNT

Balance on technical account of life insurance

		70 744 623,02	53 056 158,20
Other income	K4		
Other		2 435 212,47	2 435 212,47
Other expenses	K4		
Depreciation of goodwill on consolidation		0,00	0,00
Other		-2 937 122,40	-2 937 122,40
Share of profit (loss) from group associated undertakings after taxes		90 174,03	543 602,26
Profit on ordinary activities		70 332 887,12	51 419 059,89
Direct taxes on ordinary activities			
Taxes for the financial period		-23 761 488,81	-9 322 951,12
Change in deferred tax liabilities		102 441,31	18 023,77
Minority interest in the profit for the financial year		61 077,38	-120 727,94
Profit for the accounting period		46 734 917,00	41 993 404,60

Balance sheet, LocalTapiola Life Group

ASSETS		31.12.2018	31.12.2017
Intangible assets	K9		
Intangible rights		228 227,78	187 339,29
Goodwill on consolidation		8 237,44	8 237,44
Other expenses with long-term effects		13 995 260,61	14 278 379,55
Provisional premiums		<u>692 031,00</u>	<u>1 670 885,63</u>
		14 923 756,83	16 144 841,91
Investments	K5		
Real estate investments	K6		
Real estate and shares in real estate		331 586 537,83	318 635 772,86
Loans to group companies		<u>33 266 324,98</u>	<u>38 387 757,69</u>
		364 852 862,81	357 023 530,55
Investments in group companies and participating interests	K7		
Shares and holdings in group companies		152 020 834,23	145 495 397,93
Debt securities and loans of companies in same group		89 247 827,02	79 980 249,35
Shares and holdings in participating interests		35 149 900,29	37 373 323,83
Debt securities and loans in participating interests		<u>4 000 000,00</u>	<u>4 000 000,00</u>
		280 418 561,54	266 848 971,11
Other investments			
Shares and holdings	K7	837 380 533,53	913 587 470,13
Debt securities	K7	1 010 111 618,32	790 089 820,64
Loans guaranteed by mortgages		147 286 360,81	217 981 116,58
Other loans	K8	81 969 199,78	107 263 446,94
Deposits		<u>5 105 991,25</u>	<u>10 097 123,11</u>
		2 081 853 703,69	2 052 900 077,40
		2 727 125 128,04	2 676 772 579,06
Assets covering unit-linked policies	K7		
	K10	2 107 976 333,40	2 135 773 963,88
Debtors	K15		
Arising out of direct insurance operations			
Policyholders		1 014 056,93	1 009 218,80
Arising out of reinsurance operations		<u>58 778,43</u>	<u>116 864,10</u>
		1 072 835,36	1 126 082,90
Other debtors		3 514 483,28	3 586 266,20
Deferred tax claim	K14	<u>1 042 305,94</u>	<u>1 042 305,94</u>
		5 629 624,58	5 754 655,04
Other assets			
Tangible assets			
Machinery and equipment	K9	<u>837 056,09</u>	<u>685 449,33</u>
		837 056,09	685 449,33
Cash at bank and in hand		89 816 636,94	60 187 763,83
Other assets		<u>767 204,41</u>	<u>767 204,41</u>
		91 420 897,44	61 640 417,57
Prepayments and accrued income			
Accrued interest and rent		9 742 438,05	10 099 548,12
Other prepayments and accrued income		<u>11 012 560,82</u>	<u>21 119 464,24</u>
		20 754 998,87	31 219 012,36
Total assets		<u>4 967 830 739,16</u>	<u>4 927 305 469,82</u>

LIABILITIES		31.12.2018	31.12.2017
Capital and reserves	K11		
Initial reserve		4 482 208,24	4 482 208,24
Guarantee capital		37 585 505,12	37 585 505,12
Revaluation reserve		9 087 707,83	9 162 367,08
Other reserves			
Muut rahastot		368 213 235,84	318 412 870,18
Share of voluntary provisions and depreciation difference transferred to capital and reserves		511 466,96	921 232,27
Profit/loss for previous accounting periods		-29 208 315,46	-19 582 124,25
Profit for the accounting period		46 734 917,00	41 993 404,60
Change in depreciation difference and voluntary provisions included in the profit for the accounting period		409 765,24	105 044,86
		437 816 490,55	393 080 508,11
Minority interests		5 449 684,52	3 475 034,63
Subordinated loans		106 649 933,33	99 857 016,67
Technical provisions			
Provision for unearned premiums		1 593 928 064,19	1 573 620 327,14
Reinsurers' share		0,00	0,00
Provision for outstanding claims		695 170 646,00	702 742 289,00
Reinsurers' share		0,00	0,00
		2 289 098 710,19	2 276 362 616,14
Provision for unit-linked policies			
Technical provisions		2 066 887 151,00	2 112 377 186,00
Obligatory provisions			
Other obligatory provisions	K13	0,00	88 676,16
Deposits received from reinsurers		1 051 311,43	522 682,50
Creditors	K15		
Arising out of direct insurance operations		1 159 282,35	1 303 193,80
Arising out of reinsurance operations		853 393,95	259 236,85
Other creditors		49 985 613,49	29 344 545,60
Deferred tax liabilities	K14	211 854,14	314 295,47
		52 210 143,93	31 221 271,72
Accruals and deferred income		8 667 314,21	10 320 477,89
Total liabilities		4 967 830 739,16	4 927 305 469,82

Indirect consolidated cash flow statement, LocalTapiola Life Group

Cash flow from operations	2018	2017
Profit from ordinary activities	46 520 990,46	42 114 132,40
Adjustments		
Changes in technical provisions	-32 753 940,95	327 527 258,53
Value adjustments and revaluation of investments	173 253 654,91	-105 988 713,62
Changes in other obligatory provisions	-88 676,16	-95 576,17
Depreciation according to plan	17 041 810,37	10 562 924,09
Other non-cash income and expenses	-74 659,25	0,00
Other adjustments	-82 830 864,63	-27 687 979,13
<i>Cash flow before change in working capital</i>	<i>121 068 314,75</i>	<i>246 432 046,10</i>
Change in working capital:		
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	10 589 043,95	-8 991 262,65
Increase (-) / decrease (+) in non-interest-bearing short-term debts	19 864 337,24	4 171 656,68
<i>Cash flow from operations before financial items and taxes</i>	<i>151 521 695,94</i>	<i>241 612 440,13</i>
Other financial income and expenses paid/received	-6 891 896,85	-3 625 000,00
Direct taxes paid	-23 761 488,81	-22 277 034,47
Cash flow from operations	120 868 310,28	215 710 405,66
Cash flow from investments		
Investments in assets (excl. cash and c. equivalents)	-203 622 169,44	-267 716 691,97
Capital gains from investments (excl. cash and c. equivalents)	114 209 481,82	53 587 835,42
Minority interest increase/decrease	-61 077,37	125 479,67
Investments in tangible and intangible assets as well as other assets and capital gains (net)	-6 634 313,84	-6 219 202,72
Cash flow from investments	-96 108 078,83	-220 222 579,60
Cash flow from financial		
Loans raised	6 792 916,66	74 600,00
Interest on guarantee capital paid	-1 879 275,00	-2 179 959,00
Other distribution of profit	-45 000,00	-115 000,00
Cash flow from financial	4 868 641,66	-2 220 359,00
Change in cash and cash equivalents	29 628 873,11	-6 732 532,94
Cash and cash equivalents at the start of the year	60 187 763,83	66 920 296,77
Cash and cash equivalents at the end of the year	89 816 636,94	60 187 763,83

Consolidated key figures, LocalTapiola Life Group

	2018				Eur Mill
	2018	2017	2016	2015	2014
General key figures describing financial development					
Operating profit	63,2	38,9	63,0	101,4	86,9
Total result	37,7	61,6	63,4	63,3	77,9
Return on assets, %	3,2	5,0	5,5	5,2	3,9
Average number of personnel during financial year 1)	146	132	132	134	2
Number of employees in relation to payroll 1)	-	-	-	-	268
Key figures describing the financial development of life insurance					
Premium income	446,0	513,2	419,6	421,5	389,1
Expense ratio, % of total expense loadings	116,9	127,1	119,5	120,7	122,9
Expense ratio, % of total assets	1,3	1,5	1,2	1,2	1,5
Minority interest	5,4	3,5	3,2	2,9	1,3

1) Until year 2014 personnel were contracted by both LocalTapiola General and LocalTapiola Life Insurance Companies

Notes concerning financial statements, LocalTapiola Life Group

Notes concerning profit and loss account items, LocalTapiola Life Group

K1. Premium income

	2018	2017
Direct insurance		
Life-insurance		
Unit-linked individual life insurance	172 821 908,86	248 834 647,72
Other individual life insurance	65 284 384,69	52 876 421,80
Unit-linked capital redemption policy	35 042 200,14	51 413 665,22
Other redemption policy	4 034 208,29	1 394 622,12
Employees' group life insurance	11 594 872,02	11 596 818,95
Other group life insurance	69 078 207,22	65 304 723,19
<i>Total</i>	<u>357 855 781,22</u>	<u>431 420 899,00</u>
Pension insurance		
Unit-linked individual pension insurance	28 084 857,34	29 303 657,45
Other individual pension insurance	13 718 994,36	15 339 656,81
Unit-linked group pension insurance	15 562 683,90	11 025 947,97
Other group pension insurance	34 616 918,07	28 927 320,54
<i>Total</i>	<u>91 983 453,67</u>	<u>84 596 582,77</u>
Total premiums written from direct insurance	449 839 234,89	516 017 481,77
Reinsurance	0,00	0,00
Premiums written before reinsurers' share	<u>449 839 234,89</u>	<u>516 017 481,77</u>
<i>Premiums written before reinsurers' share</i>		
Regular premiums	486 613 960,06	396 749 060,15
Single premiums	-36 774 725,17	119 268 421,62
<i>Total</i>	<u>449 839 234,89</u>	<u>516 017 481,77</u>
Premiums from contracts entitled to bonuses	198 327 584,65	175 439 563,41
Premiums from unit-linked insurance	251 511 650,24	340 577 918,36
	<u>449 839 234,89</u>	<u>516 017 481,77</u>

K1.1 Impact of life insurance rebates and discounts on the result

	2018	2017
Rebates		
Life-insurance		
Unit-linked individual life insurance		
Other individual life insurance	4 182 343,37	2 210 904,75
Other redemption policy	212 708,77	46 001,79
Other group life insurance	131 767,00	229 204,00
<i>Total</i>	<u>4 526 819,14</u>	<u>2 486 110,54</u>
Pension insurance		
Other individual pension insurance	2 228 399,66	2 065 098,81
Other group pension insurance	2 220 818,09	1 796 275,07
<i>Total</i>	<u>4 449 217,75</u>	<u>3 861 373,88</u>
Total rebates	8 976 036,89	6 347 484,42
Discounts		
Life-insurance		
Unit-linked individual life insurance	145 671,00	292 186,00
Other individual life insurance	146 439,32	176 124,54
Other group life insurance	1 367 694,46	1 490 810,42
<i>Total</i>	<u>1 659 804,78</u>	<u>1 959 120,96</u>
Total rebates and discounts	<u>10 635 841,67</u>	<u>8 306 605,38</u>

K2. Claims paid before reinsurers' share

	2018	2017
Direct insurance		
Life-insurance	232 038 243,12	201 901 617,08
Pension insurance	125 629 518,57	125 300 098,70
<i>Total</i>	<u>357 667 761,69</u>	<u>327 201 715,78</u>
Reinsurers' share	-1 267 301,68	-1 473 851,83
Total	<u>356 400 460,01</u>	<u>325 727 863,95</u>
Of which:		
Surrenders	149 135 961,31	109 634 242,95
Repayments of benefits	40 147 463,49	43 633 853,58
Other	168 384 336,89	173 933 619,25
	<u>357 667 761,69</u>	<u>327 201 715,78</u>
Share of unit-linked insurance of claims paid	148 801 209,88	117 007 189,69

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

K3.1 Total operating expenses by activity

	2018	2017
Claims paid	4 272 481,99	3 826 841,13
Operating expenses	51 527 020,27	55 353 572,34
Investment operating expenses	4 696 651,99	5 714 851,66
Other expenses	2 366 435,22	2 641 529,01
Total	62 862 589,47	67 536 794,14

K3.2 Profit and loss account item operating expenses

	2018	2017
Insurance policy acquisition costs		
Commissions for direct insurance	12 552 977,92	18 442 534,64
Other insurance policy acquisition costs	20 733 280,13	19 608 787,81
	33 286 258,05	38 051 322,45
Insurance policy management expenses	8 616 619,54	7 704 815,15
Administrative expenses	10 226 110,61	9 847 363,88
Commissions for reinsurance ceded and profit shares	-601 967,93	-249 929,14
Total	51 527 020,27	55 353 572,34

K3.3 Notes concerning personnel and members of corporate bodies

	2018	2017
3.3.1 Personnel expenses		
Salaries and remunerations	12 189 020,14	10 965 953,10
Pension expenses	1 941 761,50	2 033 272,01
Other personnel expenses	332 140,43	344 076,70
Total	14 462 922,07	13 343 301,81

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	535 646,00	472 973,00
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	161 500,00	144 000,00
Pension commitments	The agreed pensionable age of board members and deputy board members is 60-63.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	
Supervisory board		
Salaries and remunerations	171 500,00	170 250,00
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

Office staff	146	132
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K3.4 Auditor's fees by assignment category

	2018	2017
Auditing	46 367,84	31 130,05
Tax advice	0,00	15 175,29
Other services	79 608,00	86 231,60
<i>Total</i>	<u>125 975,84</u>	<u>132 536,94</u>

K4. Specification of net investment income, net income for unit-linked insurance policies, and specification of other income and expenses

K4.1 Specification of net investment income

	2018	2017
Investment income		
Income from group companies		
Dividend income	5 484 542,09	3 022 725,49
Interest income	2 596 556,76	2 446 086,49
<i>Total</i>	<u>8 081 098,85</u>	<u>5 468 811,98</u>
Income from participating interests		
Dividend income	212 092,08	87 708,24
Interest income	19 084,47	59 296,62
<i>Total</i>	<u>231 176,55</u>	<u>147 004,86</u>
Income from real estate investments in group companies		
Interest income	1 936 482,29	1 589 094,02
<i>Total</i>	<u>1 936 482,29</u>	<u>1 589 094,02</u>
Income from real estate investments in other companies		
Dividend income	858,21	858,21
Interest income	60 814,43	65 107,57
Other income	32 584 593,25	28 328 322,37
<i>Total</i>	<u>32 646 265,89</u>	<u>28 394 288,15</u>
Income from other investments		
Dividend income	38 561 233,81	49 303 219,37
Interest income	19 034 337,01	29 086 139,09
Other income	9 252 339,91	9 703 167,56
<i>Total</i>	<u>66 847 910,73</u>	<u>88 092 526,02</u>
	109 742 934,31	123 691 725,03
Value readjustments	20 550 049,47	38 814 978,19
Realized gains	129 064 820,60	69 750 352,86
Total investment income	<u>259 357 804,38</u>	<u>232 257 056,08</u>

Investment charges	2018	2017
Expenses arising from real estate investments	-15 486 189,94	-13 852 407,76
Expenses arising from other investments	-18 605 467,89	-10 426 609,25
Interest paid and other expenses on liabilities		
Other companies	-7 431 256,36	-4 351 694,63
	-41 522 914,19	-28 630 711,64
Value adjustments and depreciation		
Value adjustments	-56 054 119,74	-20 136 669,92
Planned depreciation on buildings	-9 355 944,17	-6 152 634,81
Total	-65 410 063,91	-26 289 304,73
Realized losses	-15 226 777,59	-16 162 517,44
Total investment charges	-122 159 755,69	-71 082 533,81
Net investment income before revaluations and revaluation adjustments	137 198 048,69	161 174 522,27
Revaluations	11 242 640,16	109 299 080,65
Revaluation adjustments on investments	-148 542 224,80	-21 988 675,30
	-137 299 584,64	87 310 405,35
Net investment income in the profit and loss account	-101 535,95	248 484 927,62

K4.2 Investment income and expenses for unit-linked insurance policies (included in K4.1. investment specification)

	2018	2017
Investment income	59 897 452,15	38 625 964,58
Investment charges	-5 080 313,02	-4 134 551,98
Net investment income before revaluations and their adjustment as well as value adjustments and readjustments	54 817 139,13	34 491 412,60
Revaluations	11 242 640,16	109 299 080,65
Revaluation adjustments on investments	-151 547 332,17	-19 605 190,30
Value adjustments	-15 185 087,26	-1 158 651,74
Value readjustments	1 918 745,94	242 587,92
	-153 571 033,33	88 777 826,53
Net investment income in the profit and loss account	-98 753 894,20	123 269 239,13

K4.3 Specification of other income and expenses

Other income	2018	2017
Services sold to partner companies	2 409 505,96	2 667 880,00
Other other income	25 706,51	29 446,22
Total	2 435 212,47	2 697 326,22
Other expenses		
Expenses for services sold	-2 348 293,22	-2 641 529,01
Transfer to personnel fund	-3 799,96	-145 397,87
Other expenses	-585 029,22	-2 091 099,91
Total	-2 937 122,40	-4 878 026,79

Notes concerning balance sheet items, LocalTapiola Life Group

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

K5.1 Current value of investments and difference between in valuation

Investments	Remaining acquisition cost	2018 Book value	Current value
Real estate investments			
Real estate	268 949 592,40	299 543 755,13	385 818 048,80
Real estate shares in group companies	18 928 701,30	18 928 701,30	29 782 687,96
Real estate shares in participating interests	15 068,34	15 068,34	71 984,43
Other real estate shares	13 099 013,06	13 099 013,06	18 757 619,60
Loans to group companies	33 266 324,98	33 266 324,98	33 266 324,98
	<u>334 258 700,08</u>	<u>364 852 862,81</u>	<u>467 696 665,77</u>
Investments in group companies			
Shares and holdings	152 020 834,23	152 020 834,23	177 823 283,65
Loans receivable	89 247 827,02	89 247 827,02	89 247 827,02
	<u>241 268 661,25</u>	<u>241 268 661,25</u>	<u>267 071 110,67</u>
Investments in participating interests			
Shares and holdings	35 149 900,09	35 149 900,29	34 522 061,34
Debt securities	4 000 000,00	4 000 000,00	4 000 000,00
	<u>39 149 900,09</u>	<u>39 149 900,29</u>	<u>38 522 061,34</u>
Other investments			
Shares and holdings	837 380 533,53	837 380 533,53	961 625 866,63
Debt securities	1 010 111 618,32	1 010 111 618,32	1 011 707 439,23
Loans guaranteed by mortgages	147 286 360,81	147 286 360,81	147 286 360,81
Other loans	81 969 199,78	81 969 199,78	81 969 199,79
Deposits	5 105 991,25	5 105 991,25	5 105 991,25
	<u>2 081 853 703,69</u>	<u>2 081 853 703,69</u>	<u>2 207 694 857,71</u>
	<u>2 696 530 965,11</u>	<u>2 727 125 128,04</u>	<u>2 980 984 695,49</u>

2018

The remaining acquisition cost of debt securities includes:

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

-5 872 451,02

Book value comprises

Revaluations released to income
Other revaluations

30 594 162,73

0,00

30 594 162,73

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

253 859 567,45

Investments	Remaining acquisition cost	2017	Current value
		Book value	
Real estate investments			
Real estate	258 187 519,74	283 153 585,98	361 027 171,80
Real estate shares in group companies	22 238 781,56	22 238 781,56	31 336 663,71
Real estate shares in participating interests	14 209,52	14 209,52	71 984,43
Other real estate shares	13 156 013,06	13 229 195,80	16 489 417,64
Loans to group companies	38 387 757,69	38 387 757,69	38 387 757,69
	<u>331 984 281,57</u>	<u>357 023 530,55</u>	<u>447 312 995,27</u>
Investments in group companies			
Shares and holdings	145 495 397,93	145 495 397,93	155 884 750,52
Loans receivable	79 980 249,35	79 980 249,35	79 980 249,35
	<u>225 475 647,28</u>	<u>225 475 647,28</u>	<u>235 864 999,87</u>
Investments in participating interests			
Shares and holdings	37 373 323,83	37 373 323,83	38 054 779,60
Debt securities	4 000 000,00	4 000 000,00	4 000 000,00
Loans receivable	0,00	0,00	0,00
	<u>41 373 323,83</u>	<u>41 373 323,83</u>	<u>42 054 779,60</u>
Other investments			
Shares and holdings	913 587 470,13	913 587 470,13	1 072 285 365,10
Debt securities	790 089 820,64	790 089 820,64	810 457 538,31
Loans guaranteed by mortgages	217 981 116,58	217 981 116,58	217 981 116,62
Other loans	107 263 446,94	107 263 446,94	107 263 446,94
Deposits	10 097 123,11	10 097 123,11	10 097 123,11
Other investments	13 881 100,00	13 881 100,00	13 347 500,00
	<u>2 052 900 077,40</u>	<u>2 052 900 077,40</u>	<u>2 231 432 090,08</u>
	<u>2 651 733 330,08</u>	<u>2 676 772 579,06</u>	<u>2 956 664 864,82</u>

2017

The remaining acquisition cost of debt securities includes:

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

-3 495 954,20

Book value comprises

Revaluations released to income
Other revaluations

8 720 335,01

16 318 913,97

25 039 248,98

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

279 892 285,76

K5.2 Current value of non-hedging derivatives and difference in valuation

Derivative contracts	Remaining acquisition cost	2018	Current value
		Book value	
Other debtors			
Assets pledged as security for derivatives	1 190 000,00	1 190 000,00	1 190 000,00
Other deferred income and credits			
Futures and forward contracts	0,00	0,00	565 399,19
	1 190 000,00	1 190 000,00	1 755 399,19
Difference in valuation (difference between current value and book value)			565 399,19
Derivative contracts	Remaining acquisition cost	2017	Current value
		Book value	
Other debtors			
Assets pledged as security for derivatives	770 000,00	770 000,00	770 000,00
Other deferred income and credits			
Futures and forward contracts	-377 320,22	-377 320,22	-325 033,17
	392 679,78	392 679,78	444 966,83
Difference in valuation (difference between current value and book value)			52 287,05

K6. Real estate investments

Changes in real estate investments:

	2018 Real estate and shares in real estate	2018 Loans to group companies
Acquisition cost on 1 Jan.	334 965 338,96	38 387 757,69
Increase	62 781 916,07	0,00
Decrease	-84 875 422,81	-5 121 432,71
Transfers between items	76 917 278,09	0,00
Acquisition cost on 31 Dec.	389 789 110,31	33 266 324,98
Accumulated depreciation on 1 Jan.	-31 469 043,94	
Accumulated depreciation related to deductions and transfers	-56 651 605,24	
Depreciation for the financial year	9 602 557,55	
Accumulated depreciation on 31 Dec.	-78 518 091,63	
Value adjustments on 1 Jan.	-9 899 771,14	
Value adjustments for the financial year	-3 161 000,00	
Value readjustments	2 782 127,56	
Value adjustments on 31 Dec.	-10 278 643,58	
Revaluations on 1 Jan.	25 039 248,98	
Increase	84 093,96	
Decrease	-5 209 113,54	
Transfers between items	10 679 933,33	
Revaluations on 31 Dec.	30 594 162,73	
Book value on 31 Dec.	331 586 537,83	33 266 324,98

Real estate and shares in real estate occupied for own activities

	2018
Remaining acquisition cost	2 000 365,92
Book value	2 000 365,92
Current value	2 000 365,92

K7. Investments in group companies and participating interests

	2018	2017
Shares and holdings in group companies		
Acquisition cost on 1 Jan.	145 309 776,57	41 196 168,12
Increase	51 685 555,32	118 987 221,37
Decrease	-43 745 935,14	-14 884 003,88
Transfers between items	0,00	10 390,96
Acquisition cost on 31 Dec.	153 249 396,75	145 309 776,57
Value adjustments on 1 Jan.	185 621,36	-32 689,78
Value adjustments related to deductions and transfers	-662 558,39	0,00
Value adjustments for the financial year	-1 171 699,14	-202 784,83
Value readjustments	420 073,65	421 095,97
Value adjustments on 31 Dec.	-1 228 562,52	185 621,36
Book value on 31 Dec.	152 020 834,23	145 495 397,93
Debt securities issued by and loans to companies in the same group		
Acquisition cost on 1 Jan.	79 980 249,35	73 973 000,01
Increase	29 836 000,00	6 018 300,00
Decrease	-25 568 422,33	-11 050,66
Transfers between items	5 000 000,00	0,00
Acquisition cost on 31 Dec.	89 247 827,02	79 980 249,35
Book value on 31 Dec.	89 247 827,02	79 980 249,35
Shares and holdings in participating interests		
Acquisition cost on 1 Jan.	47 565 937,78	50 907 472,51
Increase	5 348 986,72	2 423 336,38
Decrease	0,00	-5 764 871,11
Acquisition cost on 31 Dec.	52 914 924,50	47 565 937,78
Value adjustments on 1 Jan.	-10 192 613,95	-10 650 316,09
Value adjustments related to deductions and transfers	662 558,39	0,00
Value adjustments for the financial year	-8 234 968,65	0,00
Value readjustments	0,00	457 702,14
Value adjustments on 31 Dec.	-17 765 024,21	-10 192 613,95
Book value on 31 Dec.	35 149 900,29	37 373 323,83
Debt securities issued by and loans to participating interests		
Acquisition cost on 1 Jan.	4 000 000,00	4 000 000,00
Acquisition cost on 31 Dec.	4 000 000,00	4 000 000,00
Book value on 31 Dec.	4 000 000,00	4 000 000,00
Investments in group companies and participating interests, total		
Book value on 31 Dec.	280 418 561,54	266 848 971,11

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	2) Espoo	33,3 %	11 862,49	0,00
Kauppakeskus Seppä Oy	2) Kuopio	47,0 %	-1 357,91	-2 334,17
Keskinäinen Vakuutusyhtiö Turva	4) Tampere	3,6 %	43 593 201,98	6 470 362,29
LTC-Otso Oy	2) Helsinki	20,0 %	8 369 736,57	4 806 958,31
LähiTapiola Core Kiinteistöt Ky -konserni	1) Espoo	100,0 %	30 265 466,45	-642 627,36
LähiTapiola Kiinteistövarainhoito Oy -konserni	3) Espoo	15,9 %	10 147 566,49	2 321 941,75
LähiTapiola KR PK2 Ky -konserni	3) Espoo	10,0 %	16 101 505,92	-177 949,75
LähiTapiola Palvelut Oy	3) Espoo	15,0 %	10 455 714,95	-1 385 152,13
LähiTapiola Pääomasijoitus GP Oy	2) Espoo	43,1 %	671,94	447,90
LähiTapiola Pääomasijoitus I Ky	2) Espoo	43,1 %	103 307 021,99	12 171 833,66
LähiTapiola Pääomasijoitus II Ky	2) Espoo	45,0 %	32 796 047,39	-1 117 343,25
LähiTapiola Pääomasijoitus III Ky	2) Espoo	50,0 %	137 281 391,14	20 122 104,17
LähiTapiola Rahoitusyhtiö I Ky	3) Espoo	50,0 %	165 062 933,85	62 933,85
LähiTapiola Tampereen Tornit Ky	2) Espoo	32,2 %	13 929 166,67	0,00
LähiTapiola Tontit GP I Oy	2) Espoo	22,6 %	109 386,91	4 125,35
LähiTapiola Tontit I Ky	3) Espoo	5,0 %	43 851 718,70	2 751 718,62
LähiTapiola Tontit II Ky	3) Espoo	16,2 %	5 443 562,44	305 400,90
LähiTapiola Varainhoito Oy	3) Espoo	16,2 %	22 269 954,42	1 607 664,86
LähiTapiola Velkasijoitus I Ky	2) Espoo	37,2 %	65 966 648,01	1 570 923,48
Tieto-Tapiola Oy	2) Espoo	33,3 %	4 117 752,98	267 866,19
Vakuutusneuvonta Aura Oy	2) Espoo	33,3 %	10 729,40	0,00
Vakuutusneuvonta Pohja Oy	2) Espoo	33,3 %	10 672,17	0,00
Total			713 101 354,95	49 138 874,67

In addition, LocalTapiola Life Group has invested in 25 (25) 0 20 (19)

1) Subsidiary

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

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

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

K7.2 Investments in participating interests

Shares and holdings	Domicile	Share of stocks %	Equity	Profit for the accounting period
Pihlajalinna Oyj	3) Tampere	8,4 %	121 900 000,00	3 800 000,00
Seligson & Co Oyj	3) Helsinki	19,6 %	11 999 000,00	2 127 000,00
S-Pankki Oy	3) Helsinki	3,5 %	441 841 909,26	6 681 948,16
Total			575 740 909,26	12 608 948,16

In addition, LocalTapiola Life Group has invested in 1 (1) housing associations and real estate companies that are integrated into the consolidated financial statements of LocalTapiola Group.

2) Participating interest

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

K7.3 Other investments

Security	Share of stocks %	Number	Book value	Current value	Home country
Finnish companies, listed					
Amer- Sports Oyj	0,12	134 164,00	1 584 676,09	5 147 872,68	Finland
Huhtamäki Oyj	0,12	130 000,00	3 519 100,00	3 519 100,00	Finland
Kone Oyj B	0,02	93 000,00	2 231 065,87	3 872 520,00	Finland
Nokia Oyj	0,02	863 000,00	4 340 890,00	4 340 890,00	Finland
Stora Enso R	0,04	235 000,00	1 875 960,17	2 369 975,00	Finland
Vaisala Oyj A	0,79	235 158,00	3 189 653,37	3 880 107,00	Finland
Others		507 191,00	215 120,00	215 120,00	
Total		2 197 513,00	16 956 465,50	23 345 584,68	
Finnish companies, non-listed					
CAP-Group Oy	6,67	793,00	1 270 376,61	1 538 420,00	Finland
Sofigate Group Oy	2,98	604 700,00	2 029 392,63	2 122 496,74	Finland
Verso Food Oy	8,08	240 442,00	1 680 335,28	1 680 335,28	Finland
Viria Oyj	2,79	150 000,00	3 048 000,00	3 048 000,00	Finland
Others		112 748 208,59	63 776 313,20	98 903 376,59	
Total		113 744 143,59	71 804 417,72	107 292 628,61	

Security	Share of stocks %	Number	Book value	Current value	Home country
Foreign companies, listed					
AbbVie Inc	0,00	54 000,00	2 926 779,24	4 347 825,33	USA
Alphabet Inc Class C	0,00	3 400,00	3 075 173,80	3 075 173,80	USA
Amazon.com Inc	0,00	2 600,00	1 906 575,05	3 410 586,90	USA
Anheuser-Busch InBev NV	0,00	55 000,00	3 173 500,00	3 173 500,00	Belgium
Assa Abloy Ab B	0,02	225 000,00	3 469 960,41	3 469 960,41	Sweden
AstraZeneca PLC	0,01	77 000,00	4 759 337,25	5 055 403,40	UK
Automatic Data Processing Inc	0,01	30 000,00	2 468 512,45	3 435 458,52	USA
Axa Sa	0,01	303 000,00	5 713 974,00	5 713 974,00	France
BASF SE	0,01	48 000,00	2 899 200,00	2 899 200,00	Germany
Banco Bilbao Vizcaya Argentaria SA	0,01	680 000,00	3 152 140,00	3 152 140,00	Spain
Brenntag AG	0,04	60 000,00	2 262 000,00	2 262 000,00	Germany
Carl Zeiss Meditec AG	0,06	51 759,00	979 060,25	3 535 139,70	Germany
Danaher Corp	0,00	25 000,00	2 109 378,95	2 251 528,38	USA
Deutsche Telekom AG	0,01	326 000,00	4 831 320,00	4 831 320,00	Germany
Henkel KgaA -Vorzug	0,03	60 000,00	5 724 000,00	5 724 000,00	Germany
ING Groep NV	0,01	432 000,00	4 065 120,00	4 065 120,00	The Netherlands
Illinois Tool Works Inc	0,01	30 000,00	3 319 388,65	3 319 388,65	USA
Ingersoll-Rand PLC	0,02	42 000,00	3 048 702,12	3 346 427,95	USA
Lowe's Cos Inc	0,00	33 000,00	2 571 436,91	2 661 903,93	USA
Medtronic Inc	0,00	43 300,00	2 261 291,07	3 439 797,38	Ireland
Merck & Co Inc	0,00	54 000,00	2 421 531,56	3 603 615,72	USA
Merck KGAA	0,05	67 000,00	5 544 315,50	6 028 660,00	Germany
Mondelez International Inc	0,00	60 000,00	2 097 641,92	2 097 641,92	USA
NIKE Inc	0,00	35 000,00	2 266 288,21	2 266 288,21	USA
National Grid PLC	0,01	475 832,00	4 065 048,84	4 065 048,84	UK
Nestle Sa	0,00	55 000,00	3 894 755,52	3 894 755,52	Switzerland
PepsiCo Inc	0,00	36 000,00	2 356 674,75	3 473 606,99	USA
Procter & Gamble Co	0,00	45 000,00	2 975 415,52	3 612 576,42	USA
RELX PLC	0,01	160 000,00	2 889 314,53	2 891 350,77	UK
Roche Holding Ag	0,00	17 000,00	3 616 116,17	3 671 843,11	Switzerland
Rockwell Automation Inc/DE	0,02	26 000,00	3 417 013,10	3 417 013,10	USA
SAP Ag	0,00	56 000,00	4 868 080,00	4 868 080,00	Germany
Schlumberger Ltd	0,00	50 000,00	1 575 545,85	1 575 545,85	Curaçao
Schneider Electric Sa	0,01	50 000,00	2 986 000,00	2 986 000,00	France
Siemens Healthineers AG	0,01	123 283,00	3 632 519,06	4 505 377,24	Germany
Swiss Re Ltd	0,02	77 000,00	6 157 813,47	6 157 813,47	Switzerland
Total Sa	0,00	120 000,00	5 470 594,35	5 541 600,00	France
US Bancorp	0,00	67 000,00	2 674 148,47	2 674 148,47	USA
UniCredit SpA	0,01	250 000,00	2 473 500,00	2 473 500,00	Italy
Unilever Nv -CVA	0,01	141 000,00	5 068 509,27	6 686 220,00	The Netherlands
Verizon Communications Inc	0,00	56 000,00	2 704 210,90	2 749 624,45	USA
Visa Inc	0,00	38 000,00	2 842 531,21	4 378 794,76	USA
Vodafone Group Plc	0,01	1 625 000,00	2 777 575,93	2 777 575,93	UK
salesforce.com Inc	0,00	32 000,00	3 726 929,94	3 827 982,53	USA
Total		6 297 174,00	147 218 924,22	163 394 511,65	
Foreign companies, non-listed					
Others	4,24	3 083,00	246 923,08	344 974,08	
Total		3 083,00	246 923,08	344 974,08	

Security	Number	Book value	Current value	Home country
Mutual funds				
AMUNDI PLANT EM GRN 1-SEURH		9 580 140,00	9 580 140,00	Luxembourg
Aktia Trade Finance Erikoissijoitusrahasto		5 993 776,20	6 003 985,54	Finland
BNP Paribas Global Senior Corporate Loans		13 925 855,26	13 925 855,26	France
GS Emerging Markets Equity		4 090 904,19	4 090 904,19	Luxembourg
ISAM Systematic Trend (Class Q)		3 638 257,21	3 638 257,21	Cayman Islands
Lynx Fund		4 206 538,35	4 206 538,35	Sweden
LähiTapiola AIF Yrityslaina		39 612 511,21	39 612 511,21	Finland
LähiTapiola High Yield A		20 300 644,76	30 672 196,01	Finland
LähiTapiola Hyvinvointi A		2 411 482,49	7 149 394,31	Finland
LähiTapiola Infra A		4 119 933,59	5 606 136,35	Finland
LähiTapiola Kasvu A		3 290 075,10	6 302 463,18	Finland
LähiTapiola Kehittynyt Aasia A		8 446 741,94	10 698 092,19	Finland
LähiTapiola Kehittyvät Korkomarkkinat A		93 989 425,19	93 989 425,19	Finland
LähiTapiola Kehittyvät Markkinat A		20 229 028,60	21 539 625,48	Finland
LähiTapiola Korkomaailma A		5 801 278,29	5 801 278,29	Finland
LähiTapiola Kuluttaja A		2 033 913,95	5 008 258,74	Finland
LähiTapiola Osinko A		3 778 474,04	5 211 021,37	Finland
LähiTapiola Pohjoinen Yrityskorko A		25 335 010,63	30 211 049,65	Finland
LähiTapiola Reaalikorko A		9 832 000,00	9 832 000,00	Finland
LähiTapiola Suoja A		5 002 636,36	5 506 604,75	Finland
LähiTapiola USA Keskisuuret A		2 587 106,29	5 308 240,07	Finland
LähiTapiola Yrityskorko A		21 099 401,42	29 059 429,93	Finland
Natixis Loomis Sayles Senior Loan Fund		10 000 000,00	10 659 591,54	Luxembourg
Pimco Socially Responsible EM Bond Fund I-EUR HA		20 000 000,00	20 944 855,76	Ireland
Transtrend Fund Alliance - OmniTrend (EUR)		4 509 920,54	4 509 920,54	Luxembourg
Winton Diversified Fund (UCITS) EUR I-2 Shares		5 097 452,81	5 097 452,81	Ireland
Total		348 912 508,42	394 165 227,92	

Security	Number	Book value	Current value	Home country
Capital mutual funds				
AXA LBO Fund IV FCPR		0,00	1 633 449,00	France
AXA Secondary Fund V L.P.		0,00	958 715,28	Jersey
Altor Fund III		4 224 797,89	6 366 050,73	Jersey
Altor Fund IV (No.2) AB		4 918 342,07	5 978 324,59	Sweden
Apax Europe VII - B, L.P.		1 933 240,73	1 933 240,73	UK
Armada Mezzanine IV Ky		2 275 020,87	2 507 843,91	Finland
Beechbrook Mezzanine II L.P.		4 373 665,44	4 373 665,44	UK
Beechbrook Private Debt III L.P.		5 404 491,00	5 478 568,95	UK
Beechbrook UK SME Credit I L.P.		7 529 945,50	7 529 945,50	UK
Bowmark Capital Partners IV, L.P.		3 008 283,68	3 008 283,68	UK
Bowmark Capital Partners V, L.P.		3 752 770,73	3 752 770,73	UK
Bridgepoint Europe III, L.P.		1 088 194,00	1 088 194,00	UK
Bridgepoint Europe IV F L.P.		3 023 268,57	3 469 234,81	UK
Bridgepoint Europe V C L.P.		8 374 639,39	9 482 080,00	UK
Capvis Equity III L.P.		1 641 656,00	1 641 656,00	Jersey
Capvis Equity IV LP		2 743 062,00	2 743 062,00	Jersey
Dasos Timberland Fund II		14 519 582,76	17 096 593,10	Luxembourg
ICG Senior Debt Partners Fund		1 411 459,34	1 411 459,34	Luxembourg
ICG Senior Debt Partners Fund 2		10 793 432,99	11 170 214,12	Luxembourg
ICG-Longbow UK Real Estate Debt Investments III		6 243 075,76	6 243 075,76	Luxembourg
Infranode I (No. 1) AB		4 066 865,33	4 186 338,50	Sweden
KSK Parking I Ky		7 200 000,00	7 200 000,00	Finland
KSK Redi Ky		10 800 000,00	10 800 000,00	Finland
Lindsay Goldberg III L.P.		665 196,51	665 196,51	USA
LähiTapiola Asuntorahasto Prime Ky		3 769 315,81	4 021 016,53	Finland
LähiTapiola Asuntosijoitus Suomi Ky		4 744 079,52	5 540 713,30	Finland
M&G Real Estate Debt Fund II, L.P.		5 647 190,97	5 647 190,97	Guernsey
NB Private Debt Fund II LP		7 972 175,55	7 972 175,55	USA
Nexit INFOCOM II L.P.		885 467,33	2 904 629,91	Guernsey
Nordic Mezzanine Fund III Limited Partnership		2 278 778,63	3 015 960,05	UK
PBW II Real Estate Fund S.A.		1 830 323,18	1 830 323,18	Luxembourg
Partners Group U.S. Venture 2004, L.P.		524 935,37	524 935,37	USA
Real Estate Debt & Secondaries Ky		1 689 546,77	1 689 546,77	Finland
Siguler Guff Small Business Credit Opportunities		5 402 010,42	5 402 010,42	USA
TPG Partners VI, LP		6 874 483,84	6 874 483,84	USA
TPG Partners VII, L.P.		8 611 196,70	10 735 395,63	USA
Tapiola KR I Ky		22 265 242,54	22 265 242,54	Finland
Tapiola KR III Ky		44 085 067,05	44 085 067,05	Finland
The Triton Fund III L.P.		3 524 850,00	3 863 733,54	Jersey
Tikehau Direct Lending III		8 254 103,74	9 607 991,65	Luxembourg
Top Tier Venture Capital III, L.P.		1 091 399,76	1 091 399,76	USA
Top Tier Venture Capital IV, L.P.		2 101 356,04	3 865 654,10	USA
VSS Structured Capital Parallel III, L.P.		3 720 117,03	3 720 117,03	USA
eQ PE VIII North LP		3 066 773,84	3 066 773,84	Finland
Others		3 911 889,94	4 640 615,98	
Total		252 241 294,59	273 082 939,69	
Total other investments, shares and holdings	122 241 913,59	837 380 533,53	961 625 866,63	

K7.4 Assets held to cover unit-linked insurance policies

Security	Home country	Current value	Book value
Shares			
Amer- Sports Oyj	Finland	650 870,31	650 870,31
Aspo Oyj	Finland	530 534,00	530 534,00
Bittium Oyj	Finland	544 099,78	544 099,78
Evli Bank PLC	Finland	540 882,16	540 882,16
Fortum Oyj	Finland	1 376 804,40	1 376 804,40
Ilkka-Yhtymä Oyj II	Finland	561 137,50	561 137,50
KCI Konecranes Oyj	Finland	611 139,62	611 139,62
Kone Oyj B	Finland	561 765,24	561 765,24
Neste Oyj	Finland	842 606,24	842 606,24
Nokia Oyj	Finland	3 789 345,47	3 789 345,47
Nokian Renkaat Oyj	Finland	784 029,06	784 029,06
Nordea Bank AB	Finland	509 088,43	509 088,43
Nordea Bank Abp	Finland	2 769 266,59	2 769 266,59
Outokumpu Oyj	Finland	541 919,94	541 919,93
PowerCell Sweden AB	Sweden	514 588,29	514 588,29
Sampo Oyj A	Finland	1 403 155,71	1 403 155,71
Stora Enso R	Finland	534 636,11	534 636,11
TeliaSonera Ab	Sweden	1 115 237,28	1 115 237,28
UPM-Kymmene Oyj	Finland	1 066 899,05	1 066 899,05
Others		16 415 996,74	16 415 996,74
Total		35 664 001,92	35 664 001,91
Mutual funds			
Amundi ETF MSCI EM Asia UCITS ETF	France	686 043,67	686 043,67
Amundi MSCI Nordic Ucits ETF	France	1 501 955,10	1 501 955,10
BGF-EUROPEAN VALUE-I2 EUR	Luxembourg	562 422,72	562 422,72
BLACKROCK GIF I EMMKT EQ-F2E	Luxembourg	730 937,89	730 937,89
DB X-Trackers - DJ EURO STOXX 50 ETF	Germany	4 558 640,45	4 558 640,45
DB X-Trackers DJ Stoxx 600 Index ETF	Germany	821 080,65	821 080,65
EAI Residential asuntorahasto 2015	Finland	1 285 200,00	1 285 200,00
EAI Residential asuntorahasto 2016	Finland	504 450,00	504 450,00
EAI Residential asuntorahasto 2018	Finland	550 000,00	550 000,00
eQ CO2 1 K	Finland	1 023 497,49	1 023 497,49
eQ Euro Investment Grade 1 T	Finland	525 093,03	525 093,03
EQ Eurooppa Indeksi-1 K	Finland	510 811,26	510 811,26
EQ Eurooppa Kiinteistö-1 K	Finland	1 144 698,89	1 144 698,89
EQ Eurooppa Osinko 1 K	Finland	998 560,85	998 560,85
eQ High Yield Bond 1 K	Finland	612 498,13	612 498,13
eQ High Yield Bond 1 T	Finland	552 406,20	552 406,20
eQ Hoivakiinteistöt	Finland	25 176 267,08	25 176 267,08
Eq Kasvava Aasia 1 K	Finland	897 061,75	897 061,75
eQ Kehittyvät Markkinat Osinko 1 T	Finland	620 766,43	620 766,43
eQ Kehittyvät Markkinat Osinko 1K	Finland	2 217 735,92	2 217 735,92
eQ Kehittyvät Markkinat Pienyhtiö 1 K	Finland	1 045 391,71	1 045 391,71
eQ Liikekiinteistöt-1T	Finland	31 045 930,65	31 045 930,65
eQ Mandaatti-2K	Finland	1 399 542,11	1 399 542,11
eQ PE VIII North Ky	Finland	1 047 726,86	1 047 726,86
EQ Pohjoismaat Pienyhtiö 2 K	Finland	624 324,39	624 324,39
eQ Rahamarkkina 1 K	Finland	919 704,11	919 704,11
eQ USA Indeksi 1 K	Finland	2 046 527,12	2 046 527,12
Erikoissijoitusrahasto Elite	Finland	1 092 507,78	1 092 507,78

Erikoissijoitusrahasto UB Nordic Property	Finland	519 307,72	519 307,72
EVLI EMERGING FRONTIER-B	Finland	3 981 844,46	3 981 844,46
EVLI EMERGING MKT CREDIT-B	Finland	9 407 724,28	9 407 724,28
EVLI EQTY FACTOR EUR -B ACC	Finland	10 735 838,58	10 735 838,58
EVLI EQUITY FACTOR USA-B	Finland	8 456 068,80	8 456 068,80
Evli Euro Likvidi B	Finland	11 733 680,03	11 733 680,03
Evli Eurooppa B	Finland	8 175 882,95	8 175 882,95
Evli European High Yield B	Finland	27 940 262,65	27 940 262,65
Evli European Investment Grade B	Finland	1 643 854,05	1 643 854,05
EVLI FINNISH SMALL CAP	Finland	5 570 465,86	5 570 465,86
EVLI GEM-B	Finland	6 739 348,08	6 739 348,08
Evli Healthcare I Ky	Finland	23 922 000,00	23 922 000,00
Evli Lyhyt Yrityslaina B	Finland	37 704 328,85	37 704 328,85
Evli Maailma B	Finland	640 495,73	640 495,73
EVLI NORTH AMERICA-B	Finland	760 616,96	760 616,96
Evli Pohjoismaat B	Finland	3 987 407,50	3 987 407,50
EVLI RENTAL YIELD AIF-A	Finland	8 236 181,41	8 236 181,41
Evli Suomi Select B	Finland	2 778 903,13	2 778 903,13
Evli Takt.Alpha-Korko B	Finland	23 589 183,95	23 589 183,95
Evli Varainhoito 30 B	Finland	596 123,63	596 123,63
Evli Varainhoito 50 B	Finland	1 936 471,74	1 936 471,74
FUNDSMITH EQUITY FEEDER-TI	Luxembourg	516 592,25	516 592,25
Harkitseva Varainhoito	Finland	996 510,00	996 510,00
Ib Ålandsbanken Bostadsfond Specialp. A	Finland	505 939,42	505 939,42
Indeksivarainhoito 25	Finland	5 306 850,00	5 306 850,00
Indeksivarainhoito 50	Finland	6 225 661,38	6 225 661,38
iShares Core MSCI Emerging Markets IMI UCITS ETF	Luxembourg	4 341 219,96	4 341 219,96
iShares Core S&P 500 UCITS	Luxembourg	8 806 528,00	8 806 528,00
JPM Emerging Markets Opportunities I Acc EUR	Luxembourg	2 599 829,98	2 599 829,98
Kiinteistö-sijoitusalkku	Finland	61 097 474,22	61 097 474,22
Kiinteistö-sijoitusalkku A	Finland	1 699 514,60	1 699 514,60
Korkovarainhoitosalkku	Finland	2 532 072,05	2 532 072,05
LähiTapiola 2020 A	Finland	83 248 496,27	83 248 496,27
LähiTapiola 2025 A	Finland	154 262 582,44	154 262 582,44
LähiTapiola 2035 A	Finland	69 290 118,06	69 290 118,06
LähiTapiola 2045 A	Finland	17 364 510,00	17 364 510,00
LähiTapiola Asuntosijoitus	Finland	4 065 906,00	4 065 906,00
LähiTapiola Asuntosijoitus Prime	Finland	23 614 446,47	23 614 446,47
LähiTapiola Asuntosijoitus Suomi	Finland	5 310 687,17	5 310 687,17
LähiTapiola Eurooppa Keskiuuret A	Finland	23 779 725,26	23 779 725,26
LähiTapiola High Yield A	Finland	6 785 787,48	6 785 787,48
LähiTapiola Hyvinvointi A	Finland	27 236 331,45	27 236 331,45

LähiTapiola Infra A	Finland	4 687 977,94	4 687 977,94
LähiTapiola Kasvu A	Finland	12 914 663,34	12 914 663,34
LähiTapiola Kehittynyt Aasia A	Finland	11 809 784,69	11 809 784,69
LähiTapiola Kehittyvät Korkomarkkinat A	Finland	2 705 109,77	2 705 109,77
LähiTapiola Kehittyvät Markkinat A	Finland	31 573 604,40	31 573 604,40
LähiTapiola Korkomaailma A	Finland	25 773 781,20	25 773 781,20
LähiTapiola Kuluttaja A	Finland	21 519 368,89	21 519 368,89
LähiTapiola Lyhytkorko A	Finland	11 237 209,53	11 237 209,53
LähiTapiola Maailma 20 A	Finland	22 763 866,38	22 763 866,38
LähiTapiola Maailma 50 A	Finland	65 334 113,34	65 334 113,34
LähiTapiola Maailma 80 A	Finland	70 366 638,12	70 366 638,12
LähiTapiola Metsäsijoitus	Finland	3 589 968,44	3 589 968,44
LähiTapiola Osinko A	Finland	1 186 302,26	1 186 302,26
LähiTapiola Osinko Suomi A	Finland	14 321 013,47	14 321 013,47
LähiTapiola Pitkäkorko A	Finland	11 268 613,97	11 268 613,97
LähiTapiola Pohjoinen Yrityskorko A	Finland	4 981 107,60	4 981 107,60
LähiTapiola Skandinavia A	Finland	1 032 995,18	1 032 995,18
LähiTapiola Suoja A	Finland	1 234 283,21	1 234 283,21
LähiTapiola Tapiolan Keskus	Finland	2 102 210,66	2 102 210,66
LähiTapiola Toimitila	Finland	716 571,14	716 571,14
LähiTapiola USA Keskisuuret A	Finland	7 965 618,16	7 965 618,16
LähiTapiola Viisas	Finland	20 517 556,53	20 517 556,53
LähiTapiola Yrityskorko A	Finland	5 383 597,17	5 383 597,17
Momentum-varainhoito	Finland	94 473 539,52	94 473 539,52
Old Mutual North American Equity I EUR	UK	790 686,48	790 686,48
Osakevarainhoitosalkku	Finland	742 193,14	742 193,14
Private Banking Korkostrategia	Finland	1 005 060,00	1 005 060,00
Private Banking Strategia 10	Finland	5 949 272,44	5 949 272,44
Private Banking Strategia 30	Finland	15 220 934,51	15 220 934,51
Private Banking Strategia 50	Finland	7 627 153,71	7 627 153,71
Private Banking Strategia 70	Finland	2 260 094,75	2 260 094,75
Pääomasijoitukset-sij.salkku A	Finland	1 228 816,17	1 228 816,17
Reipas Varainhoito	Finland	993 850,00	993 850,00
Rohkea Varainhoito	Finland	989 880,00	989 880,00
Seligson & Co Tropico LatAm (EUR)	Finland	701 325,67	701 325,67
Seligson Aasia A	Finland	3 135 243,78	3 135 243,78
Seligson Euro-obligaatio	Finland	908 382,82	908 382,82
Seligson Eurooppa -indeksirahasto A	Finland	6 356 481,78	6 356 481,78
Seligson Glb Top 25 Brands -A	Finland	15 052 891,18	15 052 891,18
Seligson Global Top 25 Pharmaceuticals A	Finland	12 342 358,96	12 342 358,96
Seligson Phoebus - A	Finland	1 853 061,66	1 853 061,66
Seligson Phoenix A	Finland	935 971,63	935 971,63
Seligson Pohjois-Amerikka -indeksirahasto A	Finland	2 188 236,28	2 188 236,28
Seligson Rahamarkkina AAA	Finland	1 940 936,63	1 940 936,63
Seligson Russian Pros Euro A	Finland	7 565 390,22	7 565 390,22
Seligson Suomi-indeksirahasto	Finland	10 095 323,37	10 095 323,37
Slättö Bostäder Invest AB	Sweden	975 153,10	975 153,10
Slättö IV AB	Sweden	3 436 965,93	3 436 965,93
Slättö VII AB- B Shares	Sweden	3 216 990,38	3 216 990,38
S-Sijoituskori Kohtuullinen	Finland	3 090 292,56	3 090 292,56
S-Sijoituskori Varovainen	Finland	5 003 470,36	5 003 470,36
Suojavarainhoito 10	Finland	8 114 031,56	8 114 031,56
Suojavarainhoito 15	Finland	2 988 826,99	2 988 826,99
Suojavarainhoito 25	Finland	1 128 168,15	1 128 168,15
Suojavarainhoito 5	Finland	520 126,49	520 126,49
Suomi Plus -sijoitussalkku	Finland	32 929 411,52	32 929 411,52
TOP-indeksivarainhoito 25	Finland	2 380 785,45	2 380 785,45
TOP-indeksivarainhoito 50	Finland	1 240 452,00	1 240 452,00

UB FIXED INC PLUS FD-UB B PL	Finland	1 184 776,36	1 184 776,36
UB SMART FUND-A	Finland	545 201,69	545 201,69
Vakaa Varainhoito	Finland	996 490,00	996 490,00
Varainhoito 100	Finland	29 819 579,03	29 819 579,03
Varainhoito 25	Finland	2 709 005,16	2 709 005,16
Varainhoito 50	Finland	9 994 842,02	9 994 842,02
Varainhoito 75	Finland	5 634 291,19	5 634 291,19
Varainhoito Eurooppa Plus	Finland	2 768 840,92	2 768 840,92
Varainhoito Maltillinen	Finland	63 123 855,26	63 123 855,26
Varainhoito Nordic Plus	Finland	34 679 901,06	34 679 901,06
Varainhoito Tasapainoinen	Finland	45 801 767,27	45 801 767,27
Varainhoito Tuottohakuinen	Finland	17 756 404,35	17 756 404,35
Varainhoito Varovainen	Finland	70 506 099,77	70 506 099,77
Varainhoitosalkku 10	Finland	38 313 129,06	38 313 129,06
Varainhoitosalkku 30	Finland	114 528 185,70	114 528 185,70
Varainhoitosalkku 50	Finland	57 079 071,88	57 079 071,88
Varainhoitosalkku 70	Finland	14 023 125,94	14 023 125,94
Vauras 100	Finland	883 793,28	883 793,28
Vauras 25	Finland	40 384 234,43	40 384 234,43
Vauras 50	Finland	21 126 981,72	21 126 981,72
Vauras 75	Finland	3 073 001,97	3 073 001,97
Yksilöllinen varainhoito 30	Finland	46 877 307,99	46 877 307,99
Yksilöllinen varainhoito 50	Finland	2 073 320,00	2 073 320,00
Ålandsbanken Asuntorahasto C	Finland	3 320 944,47	3 320 944,47
Others		18 983 112,06	18 983 112,06
Total		2 053 899 532,22	2 053 899 532,22
Debt securities			
Eurooppa Pankit Autocall 4/2018	France	897 100,44	897 100,44
Others		11 811 029,95	11 811 029,95
Total		12 708 130,39	12 708 130,39
Total		2 102 271 664,53	2 102 271 664,52

K8. Other investments

K8.1 Other loans, itemised by type of security

	2018	2017
Insurance policy	203 551,24	287 534,04
Other security	55 588 141,49	59 016 576,64
Remaining acquisition cost	55 791 692,73	59 304 110,68
Unsecured, total remaining acquisition cost	26 177 507,05	47 959 336,26
Total other loan receivables	81 969 199,78	107 263 446,94

K9. Changes in tangible and intangible assets

	Intangible rights and other expenses with long-term effects	Goodwill	Provisional premium	Machinery and equipment
Acquisition cost on 1 Jan.	38 621 801,79	36 218,44	1 670 885,63	3 850 423,46
Increase	2 209 174,98	0,00	4 123 363,20	297 222,33
Decrease	0,00	0,00	0,00	-473 644,42
Transfers between items	5 102 217,83	0,00	-5 102 217,83	3 417 858,29
Acquisition cost on 31 Dec.	45 933 194,60	36 218,44	692 031,00	7 091 859,66
Accumulated depreciation on 1 Jan.	-24 156 082,95	-27 981,00	0,00	-3 164 974,13
Accumulated depreciation related to deductions and transfers	0,00	0,00	0,00	-3 350 638,29
Depreciation for the financial year	-7 553 623,26	0,00	0,00	260 808,85
Accumulated depreciation on 31 Dec.	-31 709 706,21	-27 981,00	0,00	-6 254 803,57
Book value on 31 Dec.	14 223 488,39	8 237,44	692 031,00	837 056,09

K10. Assets held to cover unit-linked insurance policies

	2018 Original acquisition cost	2018 Current value (= book value)	2017 Original acquisition cost	2017 Current value (= book value)
Assets held to cover unit-linked insurance policies				
Shares and holdings	1 724 257 461,04	2 089 563 531,05	1 608 417 048,22	2 118 277 860,97
Debt securities	14 425 199,45	12 708 130,10	12 910 794,36	13 064 815,53
Recovery from insurance premium mediators	851 823,75	851 823,75	121 080,94	121 080,94
Cash at bank and in hand	4 682 605,09	4 682 605,09	4 189 488,72	4 189 488,72
Accrued interest	170 243,41	170 243,41	120 717,72	120 717,72
Total	1 744 387 332,74	2 107 976 333,40	1 625 759 129,96	2 135 773 963,88
Investments acquired in advance	46 178 884,23	48 997 723,84	20 205 779,80	17 423 561,95
Investments corresponding to the technical provisions for unit-linked insurance	1 698 208 448,51	2 058 978 609,56	1 605 553 350,16	2 118 350 401,93

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.

5 534 428,84 4 310 569,66

K11. Changes in capital and reserves and itemisation of revaluation reserve

K11.1 Changes in capital and reserves

	1.1.2018	Increase	Decrease	31.12.2018
Initial reserve	4 482 208,24	0,00	0,00	4 482 208,24
Guarantee capital	37 585 505,12	0,00	0,00	37 585 505,12
Revaluation reserve	9 162 367,08	0,00	-74 659,25	9 087 707,83
Security reserve	316 934 731,95	49 445 365,66	0,00	366 380 097,61
Contingency reserve	1 478 138,23	400 000,00	-45 000,00	1 833 138,23
Share of voluntary provisions and depreciation difference transferred to capital and reserves	921 232,27	0,00	-409 765,31	511 466,96
Profit/loss for previous accounting periods	-19 582 124,25	42 098 449,46	-51 724 640,67	-29 208 315,46
Profit for the accounting period	41 993 404,60	46 734 917,00	-41 993 404,60	46 734 917,00
Change in depreciation difference and voluntary provisions included in the profit for the accounting period	105 044,86	409 765,25	-105 044,86	409 765,24
	42 098 449,46	47 144 682,25	-42 098 449,46	47 144 682,24
Total changes in capital and reserves	393 080 508,11	139 088 497,37	-94 352 514,69	437 816 490,55

K11.2 Itemisation of revaluation reserve

	31.12.2018
Revaluation reserve 1.1.	9 162 367,08
Revaluations reversed	-74 659,25
Revaluation reserve 31.12.	9 087 707,83
Total	9 087 707,83

K12. Accumulated appropriations

	2018	2017
Accumulated depreciation difference		
Depreciation difference on 1 Jan.	1 522 530,33	1 653 836,40
Decrease	-140 767,74	-131 306,07
Depreciation difference on 31 Dec.	1 381 762,59	1 522 530,33
Total accumulated appropriations	1 381 762,59	1 522 530,33
Divided into		
Capital and reserves	-994 402,27	-1 107 016,46
Minority interest	-111 007,80	-111 007,80
Deferred tax liabilities	-276 352,52	-304 506,07
Tax base	20,00 %	20,00 %

K13. Other obligatory provisions

	2018	2017
Provision for unemployment security deductible	0,00	88 676,16
	0,00	88 676,16

K14. Other obligatory provisions

K14.1 Deferred tax assets

	2018	2017
Temporary differences between taxable profit and accounting profit	1 042 305,94	1 042 305,94

K14.2 Deferred tax liabilities

	2018	2017
Deferred tax liabilities arising from the division of depreciation difference and provisions	276 352,52	304 506,07

K15. Receivables and liabilities

K15.1 Itemisation of receivables

	2018	2017
Receivables from group companies		
Other receivables	200 008,49	131 723,72
	<u>200 008,49</u>	<u>131 723,72</u>

K15.2 Itemisation of liabilities

	2018	2017
Liabilities to group companies		
Trade creditors	232 336,49	1 511 356,91
Other creditors	67 128,80	51 144,68
	<u>299 465,29</u>	<u>1 562 501,59</u>

K16. Notes concerning guarantees and contingent liabilities

	2018 Security/pledges /guarantees and other commitments	2018 Amount of liability	2017 Security/pledges /guarantees and other commitments	2017 Amount of liability
K16.1 Security				
As security for own debts				
Real estate mortgages	21 672 170,80	7 675 519,64	21 672 170,80	7 946 679,03
	<u>21 672 170,80</u>	<u>7 675 519,64</u>	<u>21 672 170,80</u>	<u>7 946 679,03</u>

K16.2 Off-balance-sheet guarantees and contingent liabilities

Derivative contracts	2018	2017
Currency derivatives		
<i>Forward and futures contracts, open</i>		
Underlying instrument	-41 397 720,75	-61 089 377,22
Current value	565 399,19	-325 033,17
Rent liabilities		
Amount to be paid in the current financial year	906 913,08	1 548 895,35
Amount to be paid in the coming years	3 782 076,48	3 369 714,24
	<u>4 688 989,56</u>	<u>4 918 609,59</u>
Value-added tax liabilities		
<i>Joint liability relating to collective value-added tax registration</i>		
Group companies	-86 466,35	226 192,35
Partner companies	1 846 176,42	2 369 617,10
	<u>1 759 710,07</u>	<u>2 595 809,45</u>
<i>Inspection responsibility of real estate investments under section 120 of the Value Added Tax Act</i>		
Company	120 612,00	1 474 849,86
Other companies of the group	49 929 906,60	44 718 475,09
	<u>50 050 518,60</u>	<u>46 193 324,95</u>
Other commitments		
Investment commitments	14 511 069,10	1 756 638,60
Subscription commitments	515 333 156,19	482 891 191,96
Granted limit	80 536 525,35	42 306 881,86
	<u>610 380 750,64</u>	<u>525 198 073,82</u>

K17. Related party loans and transactions (Insurance Companies Act, Chapter 8, section 11 and Accounting Ordinance, Chapter 2, section 7b)

K17.1 Related party loans and transactions (Insurance Companies Act, Chapter 8, section 11 and Accounting Ordinance, Chapter 2, section 7b)

LocalTapiola Mutual Life Insurance Company's related parties comprise the companies belonging, according to the Accounting Act, to the Group as well as the other companies in which LocalTapiola Life has significant influence (further information concerning the companies is provided in Appendices 7.1 and 7.2 as well as in section LocalTapiola Group structure of the board's annual report). In addition to these companies, members of LocalTapiola Life's supervisory board and board of directors, its managing director and acting managing director as well as members of the management group and persons responsible for functions of corporate governance and key functions of group governance as well as their close family members and companies where these persons exercise significant voting powers, are considered as related parties.

Loans granted to parties belonging to the insider register of LocalTapiola Mutual Life Insurance Company	
Subsidiaries	146 524 648,20
Associated undertakings and joint ventures	330 138,69
Key persons who are part of an organisation's or its parent company's management	0,00
Other parties who are insiders	0,00
	<hr/>
	146 854 786,89

Normal credit terms are applied to related party loans. As a rule, the loan period is 10-40 years and the interest rate is fixed.

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

The guarantees and contingent liabilities of LocalTapiola Mutual Life Insurance Company in favour of LocalTapiola Group companies are presented in Appendix 16. No guarantees and contingent liabilities have been granted to other related parties.

Management's salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities, are reported in Appendix 3.

K17.2 Subordinated loans

Creditor	Multiple
Loan capital	EUR 100.000.000
Principal loan terms	<p>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.</p> <p>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 %.</p> <p>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.</p> <p>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.</p> <p>The terms of the subordinated loan agreement can only be changed with the approval of the Financial Supervisory Authority. The loan is unsecured.</p> <p>The subordinated loan is administered by Euroclear Finland Oy.</p>

Creditor
Loan capital

Multiple
EUR 7.000.000

Principal loan terms

The loan contract is valid until Nov 26, 2024. The loan can be repaid at the earliest on Nov 26, 2019 after which it is possible to repay the loan on any interest payment date (Nov 26) 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 3,625 %. 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.

Other notes, LocalTapiola Life Group

PERFORMANCE ANALYSIS

€1 000

	2018	2017	Change	Change %
Premium income	446 020	513 180	-67 160	-13,1 %
Investment income and expenses as well as revaluations and adjustments thereof	-102	248 485	-248 586	-100,0 %
Claims paid	-356 400	-325 728	-30 673	9,4 %
Changes in technical provisions before change in bonuses and equalization provision	25 631	-340 066	365 697	-107,5 %
Operating expenses	-51 527	-55 354	3 827	-6,9 %
Technical result before change in bonuses and equalization provision	63 621	40 517	23 104	57,0 %
Other income and expenses	-502	-2 181	1 679	-77,0 %
Share of profit/loss from group associated undertakings	90	544	-453	-83,4 %
Operating profit	63 209	38 880	24 329	62,6 %
Change in equalization provision	10 274	10 274	0	0,0 %
Bonuses	-3 151	2 265	-5 415	-239,1 %
Profit before appropriations and taxes	70 333	51 419	18 914	36,8 %
Direct taxes	-23 659	-9 305	-14 354	154,3 %
Minority interest	61	-121	182	-150,6 %
Profit for the accounting period	46 735	41 993	4 742	11,3 %
Operating profit	63 209	38 880	24 329	62,6 %
Change in the difference between current and book values	-25 520	22 709	-48 228	-212,4 %
Total result	37 690	61 589	-23 899	-38,8 %

LocalTapiola Life

Profit and loss account, LocalTapiola Life

TECHNICAL ACCOUNT - LIFE INSURANCE

		1.1.2018	-	31.12.2018		1.1.2017	-	31.12.2017
Premiums written								
Premiums written	1	449 839 234,89				516 017 481,77		
Reinsurers' share		-3 819 536,59		446 019 698,30		-2 837 556,37		513 179 925,40
Investment income	4			264 724 691,60				239 984 197,82
Revaluations of investments				11 242 640,16				109 299 080,65
Claims incurred								
Claims paid	2	-357 667 761,69				-327 201 715,78		
Reinsurers' share		1 267 301,68		-356 400 460,01		1 473 851,83		-325 727 863,95
Change in provision for outstanding claims		4 955 054,00				-24 143 537,00		
Reinsurers' share		0,00		4 955 054,00		0,00		-24 143 537,00
Korvauskulut yhteensä				-351 445 406,01				-349 871 400,95
Change in provision for unearned premiums								
Change in provision for unearned premiums		27 798 886,95				-303 383 721,53		
Reinsurers' share		0,00		27 798 886,95		0,00		-303 383 721,53
Net operating expenses	3			-51 528 326,11				-55 354 816,14
Investment charges	4			-124 384 052,56				-71 017 441,30
Revaluation adjustments on investments				-151 547 332,17				-19 605 190,30
Balance on technical account				70 880 800,16				63 230 633,65

NON-TECHNICAL ACCOUNT

Balance on technical account of life insurance				70 880 800,16				63 230 633,65
Other income	4							
Other		2 435 212,47		2 435 212,47		2 697 326,22		2 697 326,22
Other expenses	4							
Other		-2 938 550,56		-2 938 550,56		-5 037 328,51		-5 037 328,51
Profit on ordinary activities				70 377 462,07				60 890 631,36
Appropriations								
Change in depreciation difference		140 767,74		140 767,74		131 306,07		131 306,07
Direct taxes on ordinary activities								
Taxes for financial year		-18 440 920,18				-6 567 683,65		
Taxes for previous financial years		-5 339 275,86		-23 780 196,04		-2 729 613,12		-9 297 296,77
Profit/loss for the accounting period				46 738 033,77				51 724 640,66

Balance sheet, LocalTapiola Life

Assets		31.12.2018		31.12.2017
Intangible assets				
Other expenses with long-term effects	9	14 752 453,61	14 752 453,61	16 067 602,69
				16 067 602,69
Investments	5			
Real estate investments	6			
Real estate and shares in real estate		157 133 417,07		172 792 509,66
Loans to group companies		157 138 636,78	314 272 053,85	187 693 867,40
				360 486 377,06
Investments in group companies and participating interests	7			
Shares and holdings in group companies		180 547 341,71		151 565 447,07
Debt securities and loans in group companies		111 986 790,54		79 980 249,35
Shares and holdings in participating interests		34 324 504,20		37 299 801,32
Debt securities and loans in participating interests		4 000 000,00	330 858 636,45	4 000 000,00
				272 845 497,74
Other investments				
Shares and holdings	7	837 380 533,53		913 587 470,13
Debt securities		1 010 111 618,32		790 089 820,64
Loans guaranteed by mortgages		157 636 360,81		217 981 116,58
Other loans	8	81 969 199,78		107 263 446,94
Deposits		5 105 991,25		10 097 123,11
Other investments		0,00	2 092 203 703,69	13 881 100,00
			2 737 334 393,99	2 052 900 077,40
				2 686 231 952,20
Assets covering unit-linked policies	10		2 107 976 333,40	
				2 135 773 963,88
Debtors	14			
Arising out of direct insurance operations				
Policyholders		1 014 056,93		1 009 218,80
Arising out of reinsurance operations		58 778,43	1 072 835,36	116 864,10
				1 126 082,90
Other debtors			3 801 933,84	3 124 632,34
			4 874 769,20	4 250 715,24
Other assets				
Tangible assets				
Machinery and equipment	9	346 214,50	346 214,50	332 237,57
Cash at bank and in hand			84 228 224,16	55 624 736,64
Other assets			767 204,41	767 204,41
			85 341 643,07	56 724 178,62
Prepayments and accrued income				
Accrued interest and rent		9 902 958,72		9 955 480,78
Other prepayments and accrued income		10 364 132,67	20 267 091,39	20 810 077,39
				30 765 558,17
Total assets			4 970 546 684,66	4 929 813 970,80

Liabilities		31.12.2018	31.12.2017
Capital and reserves	11		
Initial reserve		4 482 208,24	4 482 208,24
Guarantee capital		37 585 505,12	37 585 505,12
Other reserves		368 213 235,78	318 412 870,12
Profit/loss for the accounting period		<u>46 738 033,77</u>	<u>51 724 640,66</u>
		457 018 982,91	412 205 224,14
Subordinated loans	16	106 649 933,33	99 857 016,67
Accumulated appropriations	12		
Accumulated depreciation difference		<u>669 196,31</u>	<u>809 964,05</u>
		669 196,31	809 964,05
Technical provisions			
Provision for unearned premiums		1 593 928 064,19	1 573 620 327,14
Reinsurers' share		<u>0,00</u>	<u>0,00</u>
		1 593 928 064,19	1 573 620 327,14
Provision for outstanding claims		695 170 646,00	702 742 289,00
Reinsurers' share		<u>0,00</u>	<u>0,00</u>
		695 170 646,00	702 742 289,00
		<u>2 289 098 710,19</u>	<u>2 276 362 616,14</u>
Technical provisions for unit-linked policies			
Technical provisions		2 066 887 151,00	2 112 377 186,00
Reinsurers' share		<u>0,00</u>	<u>0,00</u>
		2 066 887 151,00	2 112 377 186,00
Obligatory provisions	13		
Other obligatory provisions		<u>0,00</u>	<u>88 676,16</u>
		0,00	88 676,16
Deposits received from reinsurers		<u>1 051 311,43</u>	<u>522 682,50</u>
		1 051 311,43	522 682,50
Creditors			
Arising out of direct insurance operations		1 159 282,35	1 300 420,81
Arising out of reinsurance operations		853 393,95	259 236,85
Other creditors	14	<u>39 890 179,46</u>	<u>15 729 792,48</u>
		41 902 855,76	17 289 450,14
Accruals and deferred income	14	<u>7 268 543,73</u>	<u>10 301 155,00</u>
Total liabilities		<u>4 970 546 684,66</u>	<u>4 929 813 970,80</u>

Indirect cash flow statement, LocalTapiola Life

Cash flow from operations	2018	2017
Profit on ordinary activities	70 377 462,07	60 890 631,36
Adjustments		
Changes in technical provisions	-32 753 940,95	327 527 258,53
Value adjustments and revaluation of investments	173 606 135,06	-109 450 320,99
Changes in obligatory provisions	-88 676,16	-95 576,17
Depreciation according to plan	12 670 234,10	6 438 660,28
Other adjustments	-106 578 171,65	-56 297 347,07
<i>Cash flow before change in working capital</i>	117 233 042,47	229 013 305,94
Change in working capital:		
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	9 874 412,82	-8 961 052,25
Increase (+) / decrease (-) in non-interest-bearing short-term debts	22 109 423,28	59 879,95
<i>Cash flow from operations before financial items and taxes</i>	149 216 878,57	220 112 133,64
Interest paid and other financial expenses	-6 891 896,85	-3 625 000,00
Direct taxes paid	-23 780 196,04	-9 297 296,77
Cash flow from operations	118 544 785,68	207 189 836,87
Cash flow from investments		
Investments in assets (excl. cash and c. equivalents)	-201 912 152,33	-263 853 046,89
Capital gains from investments (excl. cash and c. equivalents)	113 470 068,50	59 922 347,07
Investments in tangible and intangible assets as well as other assets and capital gains (net)	-6 367 855,99	-5 890 932,93
Cash flow from investments	-94 809 939,82	-209 821 632,75
Cash flow from financial		
Loan funds raised	6 792 916,66	74 600,00
Interest on guarantee capital paid	-1 879 275,00	-2 179 959,00
Other distribution of profit	-45 000,00	-115 000,00
Cash flow from financial	4 868 641,66	-2 220 359,00
Change in cash and cash equivalents	28 603 487,52	-4 852 154,88
Cash and cash equivalents at the start of the year	55 624 736,64	60 476 891,52
Cash and cash equivalents at the end of the year	84 228 224,16	55 624 736,64

Key figures, LocalTapiola Life

	2018	2017	2016	2015	M€ 2014
General key figures describing financial development					
Operating profit	63,3	48,4	63,4	98,9	85,6
Total result	33,0	64,0	72,7	51,7	79,1
Return on capital employed (at current value), %	2,1	5,3	5,0	4,8	5,3
Return on assets excluding unit-linked insurance, %	3,0	5,1	5,8	4,8	4,0
Average number of personnel during financial year 1)	146	132	132	134	2
Number of employees in relation to payroll 1)					268
Key figures describing the financial performance of life insurance					
Premium income	449,8	516,0	421,7	423,0	389,1
Expense ratio, %	116,9	127,1	119,5	120,7	120,2
Expense ratio, % of balance sheet total	1,3	1,5	1,4	1,4	1,5

1) Until year 2014 personnel were contracted by both LocalTapiola General and LocalTapiola Life Insurance Companies.

Notes concerning financial statements, LocalTapiola Life

Notes concerning profit and loss account items, LocalTapiola Life

1. Premium income

	2018	2017
Direct insurance		
Life insurance		
Unit-linked individual life insurance	172 821 908,86	248 834 647,72
Other individual life insurance	65 284 384,69	52 876 421,80
Unit-linked capital redemption policy	35 042 200,14	51 413 665,22
Other capital redemption policy	4 034 208,29	1 394 622,12
Employees' group life insurance	11 594 872,02	11 596 818,95
Other group life insurance	69 078 207,22	65 304 723,19
<i>Total</i>	<u>357 855 781,22</u>	<u>431 420 899,00</u>
Pension insurance		
Unit-linked individual pension insurance	28 084 857,34	29 303 657,45
Other individual pension insurance	13 718 994,36	15 339 656,81
Unit-linked group pension insurance	15 562 683,90	11 025 947,97
Other group pension insurance	34 616 918,07	28 927 320,54
<i>Total</i>	<u>91 983 453,67</u>	<u>84 596 582,77</u>
Direct insurance total	449 839 234,89	516 017 481,77
Reinsurance	0,00	0,00
Gross premiums written before reinsurers' share	<u>449 839 234,89</u>	<u>516 017 481,77</u>
<i>Premiums written before reinsurers' share</i>		
Regular premiums	486 613 960,06	396 749 060,15
Single premiums	-36 774 725,17	119 268 421,62
<i>Total</i>	<u>449 839 234,89</u>	<u>516 017 481,77</u>
Premiums from contracts entitled to bonuses	198 327 584,65	175 439 563,41
Premiums from unit-linked insurance	251 511 650,24	340 577 918,36
	<u>449 839 234,89</u>	<u>516 017 481,77</u>

1.1 Impact of life insurance rebates and discounts on the result

	2018	2017
Rebates		
Life insurance		
Unit-linked individual life insurance		
Other individual life insurance	4 182 343,37	2 210 904,75
Other capital redemption policy	212 708,77	46 001,79
Other group life insurance	131 767,00	229 204,00
<i>Total</i>	<u>4 526 819,14</u>	<u>2 486 110,54</u>
Pension insurance		
Unit-linked individual pension insurance		
Other individual pension insurance	2 228 399,66	2 065 098,81
Other group pension insurance	2 220 818,09	1 796 275,07
<i>Total</i>	<u>4 449 217,75</u>	<u>3 861 373,88</u>
Total rebates	<u>8 976 036,89</u>	<u>6 347 484,42</u>
Discounts		
Life insurance		
Unit-linked individual life insurance	145 671,00	292 186,00
Other individual life insurance	146 439,32	176 124,54
Other group life insurance	1 367 694,46	1 490 810,42
<i>Yhteensä</i>	<u>1 659 804,78</u>	<u>1 959 120,96</u>
Pension insurance		
<i>Total</i>	<u>0,00</u>	<u>0,00</u>
Total discounts	<u>1 659 804,78</u>	<u>1 959 120,96</u>
Total rebates and discounts	<u>10 635 841,67</u>	<u>8 306 605,38</u>

2. Claims paid before reinsurers' share

	2018	2017
Direct insurance		
Life insurance	232 038 243,12	201 901 617,08
Pension insurance	125 629 518,57	125 300 098,70
<i>Total</i>	<u>357 667 761,69</u>	<u>327 201 715,78</u>
Reinsurers' share	<u>-1 267 301,68</u>	<u>-1 473 851,83</u>
Total	<u>356 400 460,01</u>	<u>325 727 863,95</u>
Of which:		
Surrenders	149 135 961,31	109 634 242,95
Repayments of benefits	40 147 463,49	43 633 853,58
Other	168 384 336,89	173 933 619,25
	<u>357 667 761,69</u>	<u>327 201 715,78</u>
Share of unit-linked insurance of claims paid	148 801 209,88	117 007 189,69

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

3.1 Total operating expenses by activity

	2018	2017
Claims paid	4 272 481,99	3 826 841,13
Operating expenses	51 528 326,11	55 354 816,14
Investment operating expenses	4 696 651,99	5 714 851,66
Other expenses	2 367 543,18	2 642 686,36
<i>Total</i>	<u>62 865 003,27</u>	<u>67 539 195,29</u>

3.2 Profit and loss account item operating expenses

	2018	2017
Insurance policy acquisition cost		
Commissions for direct insurance	12 552 977,92	18 442 534,64
Commissions on reinsurance assumed and profit shares	0,00	0,00
Other insurance policy acquisition costs	20 734 585,97	19 610 031,61
	<u>33 287 563,89</u>	<u>38 052 566,25</u>
Insurance policy management expenses	8 616 619,54	7 704 815,15
Administrative expenses	10 226 110,61	9 847 363,88
Commissions for reinsurance ceded and profit shares	-601 967,93	-249 929,14
<i>Total</i>	<u>51 528 326,11</u>	<u>55 354 816,14</u>

3.3 Notes concerning personnel and members of corporate bodies

3.3.1 Personnel expenses

	2018	2017
Salaries and remunerations	12 189 020,14	10 965 953,10
Pension expenses	1 941 761,50	2 033 272,01
Other personnel expenses	332 140,43	344 076,70
<i>Total</i>	<u>14 462 922,07</u>	<u>13 343 301,81</u>

3.3.2 Management 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	535 646,00	472 973,00
Pension commitments	The retirement age of Managing Director is 63 and that of the Deputy Managing Director as defined by 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	161 500,00	144 000,00
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		
Salaries and remunerations	171 500,00	170 250,00
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

Office staff	146	132
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3.4 Auditor's fees by assignment category

	2018	2017
Auditing	36 356,17	29 642,05
Assignments referred to in section 1, subsection 1, paragraph 2 of the Auditing Act	0,00	0,00
Tax advice	0,00	15 175,29
Other services	79 608,00	0,00
<i>Total</i>	<u>115 964,17</u>	<u>44 817,34</u>

4. Specification of net investment income and specification of other income and expenses

4.1 Specification of net investment income

Investment income	2018	2017
Income from group companies		
Dividend income	1 127 320,49	2 196 520,62
Interest income	2 825 922,25	2 446 086,49
Other income	4 357 221,60	826 204,87
<i>Total</i>	<u>8 310 464,34</u>	<u>5 468 811,98</u>
Income from participating interests		
Dividend income	212 092,08	87 708,24
Interest income	19 084,47	59 296,62
<i>Total</i>	<u>231 176,55</u>	<u>147 004,86</u>
Income from real estate investments in group companies		
Interest income	10 647 175,06	9 836 403,46
Other income	56 294,74	55 991,50
<i>Total</i>	<u>10 703 469,80</u>	<u>9 892 394,96</u>
Income from real estate investments in other companies		
Dividend income	858,21	858,21
Interest income	58 789,14	58 943,62
Other income	29 229 000,12	26 295 962,44
<i>Total</i>	<u>29 288 647,47</u>	<u>26 355 764,27</u>
Income from other investments		
Dividend income	38 561 233,81	49 303 219,37
Interest income	19 130 464,16	29 086 139,09
Other income	9 252 339,91	9 171 669,26
<i>Total</i>	<u>66 944 037,88</u>	<u>87 561 027,72</u>
	115 477 796,04	129 425 003,79
Value readjustments	20 550 049,47	39 934 402,56
Realized gains	<u>128 696 846,09</u>	<u>70 624 791,47</u>
Total investment income	264 724 691,60	239 984 197,82

Investment charges	2018	2017
Expenses arising from real estate investments		
From group companies	-20 868 461,71	-19 605 246,02
Other companies	-3 729 404,62	-4 249 010,30
<i>Total</i>	<u>-24 597 866,33</u>	<u>-23 854 256,32</u>
Expenses arising from other investments	-18 605 467,89	-10 426 609,25
Interest paid and other expenses on liabilities		
Other companies	-7 101 242,27	-3 728 235,88
<i>Total</i>	<u>-7 101 242,27</u>	<u>-3 728 235,88</u>
	-50 304 576,49	-38 009 101,45
Value adjustments and depreciation		
Value adjustments	-53 851 492,52	-20 177 971,92
Planned depreciation on buildings	-5 001 205,96	-2 127 923,53
<i>Total</i>	<u>-58 852 698,48</u>	<u>-22 305 895,45</u>
Realized losses	-15 226 777,59	-10 702 444,40
Total investment charges	<u>-124 384 052,56</u>	<u>-71 017 441,30</u>
Net investment income before revaluations and revaluation adjustments	140 340 639,04	168 966 756,52
Revaluations	11 242 640,16	109 299 080,65
Revaluation adjustments	-151 547 332,17	-19 605 190,30
	<u>-140 304 692,01</u>	<u>89 693 890,35</u>
Net investment income in the profit and loss account	<u>35 947,03</u>	<u>258 660 646,87</u>

4.2 Investment income and expenses for unit-linked insurance policies (included in 4.1. investment specification)

	2018	2017
Investment income	59 897 452,15	38 625 964,58
Investment charges	-5 080 313,02	-4 134 551,98
Net investment income before revaluations and their adjustment as well as value adjustments and readjustments	<u>54 817 139,13</u>	<u>34 491 412,60</u>
Revaluations of investments	11 242 640,16	109 299 080,65
Revaluation adjustments on investments	-151 547 332,17	-19 605 190,30
Value adjustments	-15 185 087,26	-1 158 651,74
Value readjustments	1 918 745,94	242 587,92
	<u>-153 571 033,33</u>	<u>88 777 826,53</u>
Net investment income in the profit and loss account	<u>-98 753 894,20</u>	<u>123 269 239,13</u>

4.3 Specification of other income and expenses

Other income	2018	2017
Income from ancillary operations	2 409 505,96	2 667 880,00
Other other income	25 706,51	29 446,22
<i>Total</i>	<u>2 435 212,47</u>	<u>2 697 326,22</u>
Other expenses		
Expenses for ancillary operations	2 349 401,18	2 642 686,36
Transfer to personnel fund	3 799,96	145 397,87
Other other expenses	585 349,42	2 231 102,28
<i>Total</i>	<u>2 938 550,56</u>	<u>5 019 186,51</u>

Notes concerning balance sheet items, LocalTapiola Life

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

5.1 Current value of investments and difference in valuation

Investments	Remaining acquisition cost	2018 Book value	Current value
Real estate investments			
Real estate	7 714 890,98	12 342 681,42	19 000 000,00
Real estate shares in group companies	117 997 526,19	136 612 201,53	193 566 331,66
Real estate shares in participating interests	71 927,75	71 927,75	71 984,43
Other real estate shares	10 183 839,93	8 106 606,37	14 538 387,08
Loans to group companies	157 138 636,78	157 138 636,78	157 138 636,78
	<u>293 106 821,63</u>	<u>314 272 053,85</u>	<u>384 315 339,95</u>
Investments in group companies			
Shares and holdings	180 547 341,71	180 547 341,71	206 528 619,15
Loans	111 986 790,54	111 986 790,54	111 986 790,54
	<u>292 534 132,25</u>	<u>292 534 132,25</u>	<u>318 515 409,69</u>
Investments in participating interests			
Shares and holdings	34 324 504,20	34 324 504,20	34 522 061,34
Debt securities and loans	4 000 000,00	4 000 000,00	4 000 000,00
	<u>38 324 504,20</u>	<u>38 324 504,20</u>	<u>38 522 061,34</u>
Other investments			
Shares and holdings	837 380 533,53	837 380 533,53	961 625 866,63
Debt securities	1 010 111 618,32	1 010 111 618,32	1 011 707 439,23
Loans guaranteed by mortgages	157 636 360,81	157 636 360,81	157 636 360,81
Other loans	81 969 199,78	81 969 199,78	81 969 199,79
Deposits	5 105 991,25	5 105 991,25	5 105 991,25
	<u>2 092 203 703,69</u>	<u>2 092 203 703,69</u>	<u>2 218 044 857,71</u>
	<u>2 716 169 161,77</u>	<u>2 737 334 393,99</u>	<u>2 959 397 668,69</u>
The remaining acquisition cost of debt securities includes:			
Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income			<u>-5 872 451,02</u>
Book value comprises			
Revaluations released to income		19 501 952,43	
Other revaluations		<u>3 740 513,35</u>	<u>23 242 465,78</u>
Difference in valuation (difference between current value and book value)			<u><u>222 063 274,70</u></u>

Investments	Remaining acquisition cost	2017 Book value	Current value
Real estate investments			
Real estate	7 738 169,02	12 365 959,46	18 585 171,80
Real estate shares in group companies	127 648 050,63	152 117 833,34	200 658 528,01
Real estate shares in participating interests	71 927,75	71 927,75	71 984,43
Other real estate shares	10 257 022,67	8 236 789,11	13 931 417,64
Loans to group companies	187 693 867,40	187 693 867,40	187 693 867,40
	<u>333 409 037,47</u>	<u>360 486 377,06</u>	<u>420 940 969,28</u>
Investments in group companies			
Shares and holdings	151 565 447,07	151 565 447,07	162 843 448,52
Loans	79 980 249,35	79 980 249,35	79 980 249,35
	<u>231 545 696,42</u>	<u>231 545 696,42</u>	<u>242 823 697,87</u>
Investments in participating interests			
Shares and holdings	37 299 801,32	37 299 801,32	39 838 229,04
Debt securities and loans	4 000 000,00	4 000 000,00	4 000 000,00
	<u>41 299 801,32</u>	<u>41 299 801,32</u>	<u>43 838 229,04</u>
Other investments			
Shares and holdings	913 587 470,13	913 587 470,13	1 072 285 365,10
Debt securities	790 089 820,64	790 089 820,64	810 457 538,31
Loans guaranteed by mortgages	217 981 116,58	217 981 116,58	217 981 116,62
Other loans	107 263 446,94	107 263 446,94	107 263 446,93
Deposits	10 097 123,11	10 097 123,11	10 097 123,11
Other investments	13 881 100,00	13 881 100,00	13 347 500,00
	<u>2 052 900 077,40</u>	<u>2 052 900 077,40</u>	<u>2 231 432 090,07</u>
	<u>2 659 154 612,61</u>	<u>2 686 231 952,20</u>	<u>2 939 034 986,26</u>
The remaining acquisition cost of debt securities includes:			
Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income			<u>-3 495 954,20</u>
Book value comprises			
Revaluations released to income		24 458 784,09	
Other revaluations		<u>4 711 971,80</u>	<u>29 170 755,89</u>
Difference in valuation (difference between current value and book value)			<u>252 803 034,06</u>

5.2 Current value of non-hedging derivatives and difference in valuation

Derivative contracts	Remaining acquisition cost	2018	Current value
		Book value	
Other debtors			
Assets pledged as security for derivatives	1 190 000,00	1 190 000,00	1 190 000,00
Other deferred income and credits			
Futures and forward contracts	0,00	0,00	565 399,19
	1 190 000,00	1 190 000,00	1 755 399,19
Difference in valuation (difference between current value and book value)			565 399,19
Derivative contracts	Remaining acquisition cost	2017	Current value
		Book value	
Other debtors			
Assets pledged as security for derivatives	770 000,00	770 000,00	770 000,00
Other deferred income and credits			
Futures and forward contracts	-377 320,22	-377 320,22	-325 033,17
	392 679,78	392 679,78	444 966,83
Difference in valuation (difference between current value and book value)			52 287,05

6. Real estate investments

Changes in real estate investments:	2018	Loans to group companies
	Real estate and shares in real estate	
Acquisition cost on 1 Jan.	161 031 708,38	187 693 867,40
Increase	1 400 961,83	16 470 000,00
Decrease	-17 342 903,60	-39 825 230,62
Acquisition cost on 31 Dec.	149 711 518,21	157 138 636,78
Accumulated depreciation on 1 Jan.	-11 683 590,10	
Depreciation for the financial year	-467 739,87	
Accumulated depreciation on 31 Dec.	-12 151 329,97	
Value adjustments on 1 Jan.	-6 985 151,62	
Value adjustments for the financial year	-725 000,00	
Value readjustments	2 782 127,56	
Value adjustments on 31 Dec.	-4 928 024,06	
Revaluations on 1 Jan.	30 429 543,00	
Decrease	-5 928 290,11	
Revaluations on 31 Dec.	24 501 252,89	
Book value on 31 Dec.	157 133 417,07	157 138 636,78
Real estate and shares in real estate occupied for own activities		
Remaining acquisition cost	2 000 365,92	
Book value	2 000 365,92	
Current value	2 000 000,00	

7. Investments in group companies and participating interests

Shares and holdings in group companies

	2018	2017
Acquisition cost on 1 Jan.	152 309 776,57	41 196 168,12
Increase	73 712 828,05	125 987 221,37
Decrease	-43 745 935,14	-14 884 003,88
Transfers between items	0,00	10 390,96
Acquisition cost on 31 Dec.	182 276 669,48	152 309 776,57
Value adjustments on 1 Jan.	-744 329,50	-911 595,84
Value adjustments related to deductions and transfers	0,00	-9 742,80
Value adjustments for the financial year	-1 405 071,92	-244 086,83
Value readjustments	420 073,65	421 095,97
Value adjustments on 31 Dec.	-1 729 327,77	-744 329,50
Book value on 31 Dec.	180 547 341,71	151 565 447,07

Debt securities and loans

in participating interests

Acquisition cost on 1 Jan.	79 980 249,35	73 973 000,01
Increase	42 679 067,54	6 018 300,00
Decrease	-34 584 883,51	-11 050,66
Transfers between items	23 912 357,16	0,00
Acquisition cost on 31 Dec.	111 986 790,54	79 980 249,35
Book value on 31 Dec.	111 986 790,54	79 980 249,35

Shares and holdings in participating interests

Acquisition cost on 1 Jan.	46 613 509,21	44 937 109,21
Increase	5 259 671,53	1 676 400,00
Acquisition cost on 31 Dec.	51 873 180,74	46 613 509,21
Value adjustments on 1 Jan.	-9 313 707,89	-9 771 410,03
Value adjustments for the financial year	-8 234 968,65	0,00
Value readjustments	0,00	457 702,14
Value adjustments on 31 Dec.	-17 548 676,54	-9 313 707,89
Book value on 31 Dec.	34 324 504,20	37 299 801,32

Debt securities and loans

in participating interests

Acquisition cost on 1 Jan.	4 000 000,00	4 000 000,00
Acquisition cost on 31 Dec.	4 000 000,00	4 000 000,00
Book value on 31 Dec.	4 000 000,00	4 000 000,00

Total investments in group companies and participating interests

Book value on 31 Dec.	330 858 636,45	272 845 497,74
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7.1 Investments in companies included in LocalTapiola Group's consolidated financial statements

Shares and holdings, fixed assets	Domicile	Share of stocks %	Equity	Profit for the accounting period
Akapo-Leasing Oy	2) Espoo	33,3	11 862,49	0,00
Keskinäinen Vakuutusyhtiö Turva	4) Tampere	3,6	43 593 201,98	6 470 362,29
LTC-Otso Oy	2) Helsinki	20,0	8 369 736,57	4 806 958,31
LähiTapiola Kiinteistövarainhoito Oy -konserni	3) Espoo	15,9	10 147 566,49	2 321 941,75
LähiTapiola Palvelut Oy	3) Espoo	15,0	10 455 714,95	-1 385 152,13
LähiTapiola Varainhoito Oy	3) Espoo	16,2	22 269 954,42	1 607 664,86
Tieto-Tapiola Oy	2) Espoo	33,3	4 117 752,98	267 866,19
Vakuutusneuvonta Aura	2) Espoo	33,3	10 729,40	0,00
Vakuutusneuvonta Pohja	2) Espoo	33,3	10 672,17	0,00
Total			98 987 191,45	14 089 641,27

Shares and holdings, investment assets	Domicile	Share of stocks %	Equity	Profit for the accounting period
Kauppakeskus Seppä Oy	2) Kuopio	47,0	-1 357,91	-2 334,17
LähiTapiola Core Kiinteistöt Ky -konserni	1) Espoo	100,0	30 265 466,45	-642 627,36
LähiTapiola KR PK2 Ky -konserni	3) Espoo	10,0	16 101 505,92	-177 949,75
LähiTapiola Pääomasijoitus GP Oy	2) Espoo	43,1	671,94	447,90
LähiTapiola Pääomasijoitus I Ky	2) Espoo	43,1	103 307 021,99	12 171 833,66
LähiTapiola Pääomasijoitus II Ky	2) Espoo	45,0	32 796 047,39	-1 117 343,25
LähiTapiola Pääomasijoitus III Ky	2) Espoo	50,0	137 281 391,14	20 122 104,17
LähiTapiola Rahoitusyhtiö I Ky	3) Espoo	5,0	165 062 933,85	62 933,85
LähiTapiola Tampereen Tornit Ky	2) Espoo	32,2	13 929 166,67	0,00
LähiTapiola Tontit GP I Oy	2) Espoo	22,6	109 386,91	4 125,35
LähiTapiola Tontit I Ky	3) Espoo	5,0	43 851 718,70	2 751 718,62
LähiTapiola Tontit II Ky	3) Espoo	16,2	5 443 562,44	305 400,90
LähiTapiola Velkasijoitus I Ky	2) Espoo	37,2	65 966 648,01	1 570 923,48
Total			614 114 163,50	35 049 233,40

In addition, LocalTapiola Mutual Life Insurance Company has invested in 25 (25) housing associations and real estate companies that are integrated into the consolidated financial statements of LocalTapiola Group, out of which 20 (19) are its own subsidiaries.

1) Subsidiary

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

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

4) A subsidiary in the consolidated financial statements of LocalTapiola Group, which 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 -konserni	3) Helsinki	8,4	121 900 000,00	3 800 000,00
S-Pankki Oy -konserni	3) Helsinki	3,5	441 841 909,26	6 681 948,16
Total			563 741 909,26	10 481 948,16
Shares and holdings, investment assets	Domicile	Share of stocks %	Equity	Profit for the accounting period
Seligson & Co Oyj -konserni	3) Helsinki	19,6	11 999 000,00	2 127 000,00
Total			11 999 000,00	2 127 000,00

In addition, LocalTapiola Mutual Life Insurance Company has invested in 1 (1) 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 in the consolidated financial statements of LocalTapiola Group, which is treated 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					
Amer- Sports Oyj	0,12	134 164,00	1 584 676,09	5 147 872,68	Finland
Huhtamäki Oyj	0,12	130 000,00	3 519 100,00	3 519 100,00	Finland
Kone Oyj B	0,02	93 000,00	2 231 065,87	3 872 520,00	Finland
Nokia Oyj	0,02	863 000,00	4 340 890,00	4 340 890,00	Finland
Stora Enso R	0,04	235 000,00	1 875 960,17	2 369 975,00	Finland
Vaisala Oyj A	0,79	235 158,00	3 189 653,37	3 880 107,00	Finland
Other		507 191,00	215 120,00	215 120,00	
Total		2 197 513,00	16 956 465,50	23 345 584,68	
Finnish companies, non-listed					
CAP-Group Oy	6,67	793,00	1 270 376,61	1 538 420,00	Finland
Sofigate Group Oy	2,98	604 700,00	2 029 392,63	2 122 496,74	Finland
Verso Food Oy	8,08	240 442,00	1 680 335,28	1 680 335,28	Finland
Viria Oyj	2,79	150 000,00	3 048 000,00	3 048 000,00	Finland
Other		112 748 208,59	63 776 313,20	98 903 376,59	
Total		113 744 143,59	71 804 417,72	107 292 628,61	

Foreign companies, listed

AbbVie Inc	0,00	54 000,00	2 926 779,24	4 347 825,33	USA
Alphabet Inc Class C	0,00	3 400,00	3 075 173,80	3 075 173,80	USA
Amazon.com Inc	0,00	2 600,00	1 906 575,05	3 410 586,90	USA
Anheuser-Busch InBev NV	0,00	55 000,00	3 173 500,00	3 173 500,00	Belgium
Assa Abloy Ab B	0,02	225 000,00	3 469 960,41	3 469 960,41	Sweden
AstraZeneca PLC	0,01	77 000,00	4 759 337,25	5 055 403,40	UK
Automatic Data Processing Inc	0,01	30 000,00	2 468 512,45	3 435 458,52	USA
Axa Sa	0,01	303 000,00	5 713 974,00	5 713 974,00	France
BASF SE	0,01	48 000,00	2 899 200,00	2 899 200,00	Germany
Banco Bilbao Vizcaya Argentaria SA	0,01	680 000,00	3 152 140,00	3 152 140,00	Spain
Brenntag AG	0,04	60 000,00	2 262 000,00	2 262 000,00	Germany
Carl Zeiss Meditec AG	0,06	51 759,00	979 060,25	3 535 139,70	Germany
Danaher Corp	0,00	25 000,00	2 109 378,95	2 251 528,38	USA
Deutsche Telekom AG	0,01	326 000,00	4 831 320,00	4 831 320,00	Germany
Henkel KgaA -Vorzug	0,03	60 000,00	5 724 000,00	5 724 000,00	Germany
ING Groep NV	0,01	432 000,00	4 065 120,00	4 065 120,00	The Netherlands
Illinois Tool Works Inc	0,01	30 000,00	3 319 388,65	3 319 388,65	USA
Ingersoll-Rand PLC	0,02	42 000,00	3 048 702,12	3 346 427,95	USA
Lowe's Cos Inc	0,00	33 000,00	2 571 436,91	2 661 903,93	USA
Medtronic Inc	0,00	43 300,00	2 261 291,07	3 439 797,38	Ireland
Merck & Co Inc	0,00	54 000,00	2 421 531,56	3 603 615,72	USA
Merck KGAA	0,05	67 000,00	5 544 315,50	6 028 660,00	Germany
Mondelez International Inc	0,00	60 000,00	2 097 641,92	2 097 641,92	USA
NIKE Inc	0,00	35 000,00	2 266 288,21	2 266 288,21	USA
National Grid PLC	0,01	475 832,00	4 065 048,84	4 065 048,84	UK
Nestle Sa	0,00	55 000,00	3 894 755,52	3 894 755,52	Switzerland
PepsiCo Inc	0,00	36 000,00	2 356 674,75	3 473 606,99	USA
Procter & Gamble Co	0,00	45 000,00	2 975 415,52	3 612 576,42	USA
RELX PLC	0,01	160 000,00	2 889 314,53	2 891 350,77	UK
Roche Holding Ag	0,00	17 000,00	3 616 116,17	3 671 843,11	Switzerland
Rockwell Automation Inc/DE	0,02	26 000,00	3 417 013,10	3 417 013,10	USA
SAP Ag	0,00	56 000,00	4 868 080,00	4 868 080,00	Germany
Schlumberger Ltd	0,00	50 000,00	1 575 545,85	1 575 545,85	Curaçao
Schneider Electric Sa	0,01	50 000,00	2 986 000,00	2 986 000,00	France
Siemens Healthineers AG	0,01	123 283,00	3 632 519,06	4 505 377,24	Germany
Swiss Re Ltd	0,02	77 000,00	6 157 813,47	6 157 813,47	Switzerland
Total Sa	0,00	120 000,00	5 470 594,35	5 541 600,00	France
US Bancorp	0,00	67 000,00	2 674 148,47	2 674 148,47	USA
UniCredit SpA	0,01	250 000,00	2 473 500,00	2 473 500,00	Italy
Unilever Nv -CVA	0,01	141 000,00	5 068 509,27	6 686 220,00	The Netherlands
Verizon Communications Inc	0,00	56 000,00	2 704 210,90	2 749 624,45	USA
Visa Inc	0,00	38 000,00	2 842 531,21	4 378 794,76	USA
Vodafone Group Plc	0,01	1 625 000,00	2 777 575,93	2 777 575,93	UK
salesforce.com Inc	0,00	32 000,00	3 726 929,94	3 827 982,53	USA
Total		6 297 174,00	147 218 924,22	163 394 511,65	

Foreign companies, non-listed

Other	4,24	3 083,00	246 923,08	344 974,08
Total		3 083,00	246 923,08	344 974,08

Mutual funds

AMUNDI PLANT EM GRN 1-SEURH		9 580 140,00	9 580 140,00	Luxembourg
Aktia Trade Finance Erikoissijoitusrahasto		5 993 776,20	6 003 985,54	Finland
BNP Paribas Global Senior Corporate Loans		13 925 855,26	13 925 855,26	France
GS Emerging Markets Equity		4 090 904,19	4 090 904,19	Luxembourg
ISAM Systematic Trend (Class Q)		3 638 257,21	3 638 257,21	Cayman Islands
Lynx Fund		4 206 538,35	4 206 538,35	Sweden
LähiTapiola AIF Yrityslaina		39 612 511,21	39 612 511,21	Finland
LähiTapiola High Yield A		20 300 644,76	30 672 196,01	Finland
LähiTapiola Hyvinvointi A		2 411 482,49	7 149 394,31	Finland
LähiTapiola Infra A		4 119 933,59	5 606 136,35	Finland
LähiTapiola Kasvu A		3 290 075,10	6 302 463,18	Finland
LähiTapiola Kehittynyt Aasia A		8 446 741,94	10 698 092,19	Finland
LähiTapiola Kehittyvät Korkomarkkinat A		93 989 425,19	93 989 425,19	Finland
LähiTapiola Kehittyvät Markkinat A		20 229 028,60	21 539 625,48	Finland
LähiTapiola Korkomaailma A		5 801 278,29	5 801 278,29	Finland
LähiTapiola Kuluttaja A		2 033 913,95	5 008 258,74	Finland
LähiTapiola Osinko A		3 778 474,04	5 211 021,37	Finland
LähiTapiola Pohjoinen Yrityskorko A		25 335 010,63	30 211 049,65	Finland
LähiTapiola Reaalikorko A		9 832 000,00	9 832 000,00	Finland
LähiTapiola Suoja A		5 002 636,36	5 506 604,75	Finland
LähiTapiola USA Keskisuuret A		2 587 106,29	5 308 240,07	Finland
LähiTapiola Yrityskorko A		21 099 401,42	29 059 429,93	Finland
Natixis Loomis Sayles Senior Loan Fund		10 000 000,00	10 659 591,54	Luxembourg
Pimco Socially Responsible EM Bond Fund I-EUR HA		20 000 000,00	20 944 855,76	Ireland
Transtrend Fund Alliance - OmniTrend (EUR)		4 509 920,54	4 509 920,54	Luxembourg
Winton Diversified Fund (UCITS) EUR I-2 Shares		5 097 452,81	5 097 452,81	Ireland
Total		348 912 508,42	394 165 227,92	

Capital mutual funds

AXA LBO Fund IV FCPR	0,00	1 633 449,00	France
AXA Secondary Fund V L.P.	0,00	958 715,28	Jersey
Altor Fund III	4 224 797,89	6 366 050,73	Jersey
Altor Fund IV (No.2) AB	4 918 342,07	5 978 324,59	Sweden
Apax Europe VII - B, L.P.	1 933 240,73	1 933 240,73	UK
Armada Mezzanine IV Ky	2 275 020,87	2 507 843,91	Finland
Beechbrook Mezzanine II L.P.	4 373 665,44	4 373 665,44	UK
Beechbrook Private Debt III L.P.	5 404 491,00	5 478 568,95	UK
Beechbrook UK SME Credit I L.P.	7 529 945,50	7 529 945,50	UK
Bowmark Capital Partners IV, L.P.	3 008 283,68	3 008 283,68	UK
Bowmark Capital Partners V, L.P.	3 752 770,73	3 752 770,73	UK
Bridgepoint Europe III, L.P.	1 088 194,00	1 088 194,00	UK
Bridgepoint Europe IV F L.P.	3 023 268,57	3 469 234,81	UK
Bridgepoint Europe V C L.P.	8 374 639,39	9 482 080,00	UK
Capvis Equity III L.P.	1 641 656,00	1 641 656,00	Jersey
Capvis Equity IV LP	2 743 062,00	2 743 062,00	Jersey
Dasos Timberland Fund II	14 519 582,76	17 096 593,10	Luxembourg
ICG Senior Debt Partners Fund	1 411 459,34	1 411 459,34	Luxembourg
ICG Senior Debt Partners Fund 2	10 793 432,99	11 170 214,12	Luxembourg
ICG-Longbow UK Real Estate Debt Investments III S.á.r.l.	6 243 075,76	6 243 075,76	Luxembourg
Infranode I (No. 1) AB	4 066 865,33	4 186 338,50	Sweden
KSK Parking I Ky	7 200 000,00	7 200 000,00	Finland
KSK Redi Ky	10 800 000,00	10 800 000,00	Finland
Lindsay Goldberg III L.P.	665 196,51	665 196,51	USA
LähiTapiola Asuntorahasto Prime Ky	3 769 315,81	4 021 016,53	Finland
LähiTapiola Asuntosijoitus Suomi Ky	4 744 079,52	5 540 713,30	Finland
M&G Real Estate Debt Fund II, L.P.	5 647 190,97	5 647 190,97	Guernsey
NB Private Debt Fund II LP	7 972 175,55	7 972 175,55	USA
Nexit INFOCOM II L.P.	885 467,33	2 904 629,91	Guernsey
Nordic Mezzanine Fund III Limited Partnership	2 278 778,63	3 015 960,05	UK
PBW II Real Estate Fund S.A.	1 830 323,18	1 830 323,18	Luxembourg
Partners Group U.S. Venture 2004, L.P.	524 935,37	524 935,37	USA
Real Estate Debt & Secondaries Ky	1 689 546,77	1 689 546,77	Finland
Siguler Guff Small Business Credit Opportunities Fund LP	5 402 010,42	5 402 010,42	USA
TPG Partners VI, LP	6 874 483,84	6 874 483,84	USA
TPG Partners VII, L.P.	8 611 196,70	10 735 395,63	USA
Tapiola KR I Ky	22 265 242,54	22 265 242,54	Finland
Tapiola KR III Ky	44 085 067,05	44 085 067,05	Finland
The Triton Fund III L.P.	3 524 850,00	3 863 733,54	Jersey
Tikehau Direct Lending III	8 254 103,74	9 607 991,65	Luxembourg
Top Tier Venture Capital III, L.P.	1 091 399,76	1 091 399,76	USA
Top Tier Venture Capital IV, L.P.	2 101 356,04	3 865 654,10	USA
VSS Structured Capital Parallel III, L.P.	3 720 117,03	3 720 117,03	USA
eQ PE VIII North LP	3 066 773,84	3 066 773,84	Finland
Other	3 911 889,94	4 640 615,98	
Total	252 241 294,59	273 082 939,69	
Total other investments, shares and holdings	122 241 913,59	837 380 533,53	961 625 866,63

7.4 Assets held to cover unit-linked insurance policies

Security	Home country	Current value	Book value
Shares			
Amer- Sports Oyj	Finland	650 870,31	650 870,31
Aspo Oyj	Finland	530 534,00	530 534,00
Bittium Oyj	Finland	544 099,78	544 099,78
Evli Bank PLC	Finland	540 882,16	540 882,16
Fortum Oyj	Finland	1 376 804,40	1 376 804,40
Ilkka-Yhtymä Oyj II	Finland	561 137,50	561 137,50
KCI Konecranes Oyj	Finland	611 139,62	611 139,62
Kone Oyj B	Finland	561 765,24	561 765,24
Neste Oyj	Finland	842 606,24	842 606,24
Nokia Oyj	Finland	3 789 345,47	3 789 345,47
Nokian Renkaat Oyj	Finland	784 029,06	784 029,06
Nordea Bank AB	Finland	509 088,43	509 088,43
Nordea Bank Abp	Finland	2 769 266,59	2 769 266,59
Outokumpu Oyj	Finland	541 919,94	541 919,93
PowerCell Sweden AB	Sweden	514 588,29	514 588,29
Sampo Oyj A	Finland	1 403 155,71	1 403 155,71
Stora Enso R	Finland	534 636,11	534 636,11
TeliaSonera Ab	Sweden	1 115 237,28	1 115 237,28
UPM-Kymmene Oyj	Finland	1 066 899,05	1 066 899,05
Other		16 415 996,74	16 415 996,74
Total		35 664 001,92	35 664 001,91
Mutual funds			
Amundi ETF MSCI EM Asia UCITS ETF	France	686 043,67	686 043,67
Amundi MSCI Nordic Ucits ETF	France	1 501 955,10	1 501 955,10
BGF-EUROPEAN VALUE-I2 EUR	Luxembourg	562 422,72	562 422,72
BLACKROCK GIF I EMMKT EQ-F2E	Luxembourg	730 937,89	730 937,89
DB X-Trackers - DJ EURO STOXX 50 ETF	Germany	4 558 640,45	4 558 640,45
DB X-Trackers DJ Stoxx 600 Index ETF	Germany	821 080,65	821 080,65
EAI Residential asuntorahasto 2015	Finland	1 285 200,00	1 285 200,00
EAI Residential asuntorahasto 2016	Finland	504 450,00	504 450,00
EAI Residential asuntorahasto 2018	Finland	550 000,00	550 000,00
eQ CO2 1 K	Finland	1 023 497,49	1 023 497,49
eQ Euro Investment Grade 1 T	Finland	525 093,03	525 093,03
EQ Eurooppa Indeks-1 K	Finland	510 811,26	510 811,26
EQ Eurooppa Kiinteistö-1 K	Finland	1 144 698,89	1 144 698,89
EQ Eurooppa Osinko 1 K	Finland	998 560,85	998 560,85
eQ High Yield Bond 1 K	Finland	612 498,13	612 498,13
eQ High Yield Bond 1 T	Finland	552 406,20	552 406,20
eQ Hoivakiinteistöt	Finland	25 176 267,08	25 176 267,08
Eq Kasvava Aasia 1 K	Finland	897 061,75	897 061,75
eQ Kehittyvät Markkinat Osinko 1 T	Finland	620 766,43	620 766,43
eQ Kehittyvät Markkinat Osinko 1K	Finland	2 217 735,92	2 217 735,92
eQ Kehittyvät Markkinat Pienyhtiö 1 K	Finland	1 045 391,71	1 045 391,71
eQ Liikekiinteistöt-1T	Finland	31 045 930,65	31 045 930,65
eQ Mandaatti-2K	Finland	1 399 542,11	1 399 542,11
eQ PE VIII North Ky	Finland	1 047 726,86	1 047 726,86
EQ Pohjoismaat Pienyhtiö 2 K	Finland	624 324,39	624 324,39
eQ Rahamarkkina 1 K	Finland	919 704,11	919 704,11
eQ USA Indeks-1 K	Finland	2 046 527,12	2 046 527,12
Erikoissijoitusrahasto Elite	Finland	1 092 507,78	1 092 507,78

Erikoissijoitusrahasto UB Nordic Property	Finland	519 307,72	519 307,72
EVLI EMERGING FRONTIER-B	Finland	3 981 844,46	3 981 844,46
EVLI EMERGING MKT CREDIT-B	Finland	9 407 724,28	9 407 724,28
EVLI EQTY FACTOR EUR -B ACC	Finland	10 735 838,58	10 735 838,58
EVLI EQUITY FACTOR USA-B	Finland	8 456 068,80	8 456 068,80
Evli Euro Likvidi B	Finland	11 733 680,03	11 733 680,03
Evli Eurooppa B	Finland	8 175 882,95	8 175 882,95
Evli European High Yield B	Finland	27 940 262,65	27 940 262,65
Evli European Investment Grade B	Finland	1 643 854,05	1 643 854,05
EVLI FINNISH SMALL CAP	Finland	5 570 465,86	5 570 465,86
EVLI GEM-B	Finland	6 739 348,08	6 739 348,08
Evli Healthcare I Ky	Finland	23 922 000,00	23 922 000,00
Evli Lyhyt Yrityslaina B	Finland	37 704 328,85	37 704 328,85
Evli Maailma B	Finland	640 495,73	640 495,73
EVLI NORTH AMERICA-B	Finland	760 616,96	760 616,96
Evli Pohjoismaat B	Finland	3 987 407,50	3 987 407,50
EVLI RENTAL YIELD AIF-A	Finland	8 236 181,41	8 236 181,41
Evli Suomi Select B	Finland	2 778 903,13	2 778 903,13
Evli Takt.Alpha-Korko B	Finland	23 589 183,95	23 589 183,95
Evli Varainhoito 30 B	Finland	596 123,63	596 123,63
Evli Varainhoito 50 B	Finland	1 936 471,74	1 936 471,74
FUNDSMITH EQUITY FEEDER-TI	Luxembourg	516 592,25	516 592,25
Harkitseva Varainhoito	Finland	996 510,00	996 510,00
Ib Ålandsbanken Bostadsfond Specialp. A	Finland	505 939,42	505 939,42
Indeksivarainhoito 25	Finland	5 306 850,00	5 306 850,00
Indeksivarainhoito 50	Finland	6 225 661,38	6 225 661,38
iShares Core MSCI Emerging Markets IMI UCITS ETF	Luxembourg	4 341 219,96	4 341 219,96
iShares Core S&P 500 UCITS	Luxembourg	8 806 528,00	8 806 528,00
JPM Emerging Markets Opportunities I Acc EUR	Luxembourg	2 599 829,98	2 599 829,98
Kiinteistö-sijoitusalkku	Finland	61 097 474,22	61 097 474,22
Kiinteistö-sijoitusalkku A	Finland	1 699 514,60	1 699 514,60
Korkovarainhoitosalkku	Finland	2 532 072,05	2 532 072,05
LähiTapiola 2020 A	Finland	83 248 496,27	83 248 496,27
LähiTapiola 2025 A	Finland	154 262 582,44	154 262 582,44
LähiTapiola 2035 A	Finland	69 290 118,06	69 290 118,06
LähiTapiola 2045 A	Finland	17 364 510,00	17 364 510,00
LähiTapiola Asuntosijoitus	Finland	4 065 906,00	4 065 906,00
LähiTapiola Asuntosijoitus Prime	Finland	23 614 446,47	23 614 446,47
LähiTapiola Asuntosijoitus Suomi	Finland	5 310 687,17	5 310 687,17
LähiTapiola Eurooppa Keskiuuret A	Finland	23 779 725,26	23 779 725,26
LähiTapiola High Yield A	Finland	6 785 787,48	6 785 787,48
LähiTapiola Hyvinvointi A	Finland	27 236 331,45	27 236 331,45
LähiTapiola Infra A	Finland	4 687 977,94	4 687 977,94
LähiTapiola Kasvu A	Finland	12 914 663,34	12 914 663,34
LähiTapiola Kehittynyt Aasia A	Finland	11 809 784,69	11 809 784,69
LähiTapiola Kehittyvät Korkomarkkinat A	Finland	2 705 109,77	2 705 109,77
LähiTapiola Kehittyvät Markkinat A	Finland	31 573 604,40	31 573 604,40
LähiTapiola Korkomaailma A	Finland	25 773 781,20	25 773 781,20
LähiTapiola Kuluttaja A	Finland	21 519 368,89	21 519 368,89
LähiTapiola Lyhytkorko A	Finland	11 237 209,53	11 237 209,53
LähiTapiola Maailma 20 A	Finland	22 763 866,38	22 763 866,38
LähiTapiola Maailma 50 A	Finland	65 334 113,34	65 334 113,34
LähiTapiola Maailma 80 A	Finland	70 366 638,12	70 366 638,12
LähiTapiola Metsäsijoitus	Finland	3 589 968,44	3 589 968,44
LähiTapiola Osinko A	Finland	1 186 302,26	1 186 302,26
LähiTapiola Osinko Suomi A	Finland	14 321 013,47	14 321 013,47
LähiTapiola Pitkäkorko A	Finland	11 268 613,97	11 268 613,97
LähiTapiola Pohjoinen Yrityskorko A	Finland	4 981 107,60	4 981 107,60

LähiTapiola Skandinavia A	Finland	1 032 995,18	1 032 995,18
LähiTapiola Suoja A	Finland	1 234 283,21	1 234 283,21
LähiTapiola Tapiolan Keskus	Finland	2 102 210,66	2 102 210,66
LähiTapiola Toimitila	Finland	716 571,14	716 571,14
LähiTapiola USA Keskiuureet A	Finland	7 965 618,16	7 965 618,16
LähiTapiola Viisas	Finland	20 517 556,53	20 517 556,53
LähiTapiola Yrityskorko A	Finland	5 383 597,17	5 383 597,17
Momentum-varainhoito	Finland	94 473 539,52	94 473 539,52
Old Mutual North American Equity I EUR	UK	790 686,48	790 686,48
Osakevarainhoitosalkku	Finland	742 193,14	742 193,14
Private Banking Korkostrategia	Finland	1 005 060,00	1 005 060,00
Private Banking Strategia 10	Finland	5 949 272,44	5 949 272,44
Private Banking Strategia 30	Finland	15 220 934,51	15 220 934,51
Private Banking Strategia 50	Finland	7 627 153,71	7 627 153,71
Private Banking Strategia 70	Finland	2 260 094,75	2 260 094,75
Pääomasijoitukset-sij.salkku A	Finland	1 228 816,17	1 228 816,17
Reipas Varainhoito	Finland	993 850,00	993 850,00
Rohkea Varainhoito	Finland	989 880,00	989 880,00
Seligson & Co Tropico LatAm (EUR)	Finland	701 325,67	701 325,67
Seligson Aasia A	Finland	3 135 243,78	3 135 243,78
Seligson Euro-obligaatio	Finland	908 382,82	908 382,82
Seligson Eurooppa -indeksirahasto A	Finland	6 356 481,78	6 356 481,78
Seligson Glb Top 25 Brands -A	Finland	15 052 891,18	15 052 891,18
Seligson Global Top 25 Pharmaceuticals A	Finland	12 342 358,96	12 342 358,96
Seligson Phoebus - A	Finland	1 853 061,66	1 853 061,66
Seligson Phoenix A	Finland	935 971,63	935 971,63
Seligson Pohjois-Amerikka -indeksirahasto A	Finland	2 188 236,28	2 188 236,28
Seligson Rahamarkkina AAA	Finland	1 940 936,63	1 940 936,63
Seligson Russian Pros Euro A	Finland	7 565 390,22	7 565 390,22
Seligson Suomi-indeksirahasto	Finland	10 095 323,37	10 095 323,37
Slättö Bostäder Invest AB	Sweden	975 153,10	975 153,10
Slättö IV AB	Sweden	3 436 965,93	3 436 965,93
Slättö VII AB- B Shares	Sweden	3 216 990,38	3 216 990,38
S-Sijoituskori Kohtuullinen	Finland	3 090 292,56	3 090 292,56
S-Sijoituskori Varovainen	Finland	5 003 470,36	5 003 470,36
Suojavarainhoito 10	Finland	8 114 031,56	8 114 031,56
Suojavarainhoito 15	Finland	2 988 826,99	2 988 826,99
Suojavarainhoito 25	Finland	1 128 168,15	1 128 168,15
Suojavarainhoito 5	Finland	520 126,49	520 126,49
Suomi Plus -sijoitussalkku	Finland	32 929 411,52	32 929 411,52
TOP-indeksivarainhoito 25	Finland	2 380 785,45	2 380 785,45
TOP-indeksivarainhoito 50	Finland	1 240 452,00	1 240 452,00
UB FIXED INC PLUS FD-UB B PL	Finland	1 184 776,36	1 184 776,36
UB SMART FUND-A	Finland	545 201,69	545 201,69
Vakaa Varainhoito	Finland	996 490,00	996 490,00
Varainhoito 100	Finland	29 819 579,03	29 819 579,03
Varainhoito 25	Finland	2 709 005,16	2 709 005,16
Varainhoito 50	Finland	9 994 842,02	9 994 842,02
Varainhoito 75	Finland	5 634 291,19	5 634 291,19
Varainhoito Eurooppa Plus	Finland	2 768 840,92	2 768 840,92
Varainhoito Maltillinen	Finland	63 123 855,26	63 123 855,26
Varainhoito Nordic Plus	Finland	34 679 901,06	34 679 901,06
Varainhoito Tasapainoinen	Finland	45 801 767,27	45 801 767,27
Varainhoito Tuottohakuinen	Finland	17 756 404,35	17 756 404,35
Varainhoito Varovainen	Finland	70 506 099,77	70 506 099,77
Varainhoitosalkku 10	Finland	38 313 129,06	38 313 129,06
Varainhoitosalkku 30	Finland	114 528 185,70	114 528 185,70
Varainhoitosalkku 50	Finland	57 079 071,88	57 079 071,88

Varainhoitosalkku 70	Finland	14 023 125,94	14 023 125,94
Vauras 100	Finland	883 793,28	883 793,28
Vauras 25	Finland	40 384 234,43	40 384 234,43
Vauras 50	Finland	21 126 981,72	21 126 981,72
Vauras 75	Finland	3 073 001,97	3 073 001,97
Yksilöllinen varainhoito 30	Finland	46 877 307,99	46 877 307,99
Yksilöllinen varainhoito 50	Finland	2 073 320,00	2 073 320,00
Ålandsbanken Asuntorahasto C	Finland	3 320 944,47	3 320 944,47
Other		18 983 112,06	18 983 112,06
Total		2 053 899 532,22	2 053 899 532,22
Debt securities			
Eurooppa Pankit Autocall 4/2018	France	897 100,44	897 100,44
Other		11 811 029,95	11 811 029,95
Total		12 708 130,39	12 708 130,39
Total		2 102 271 664,53	2 102 271 664,52

8. Other investments, other loan receivables, itemisation by type of security

	2018	2017
Insurance policy	203 551,24	287 534,04
Other security	55 588 141,50	59 016 576,64
Remaining acquisition cost	55 791 692,74	59 304 110,68
Unsecured, total remaining acquisition cost	26 177 507,05	47 959 336,26
	81 969 199,79	107 263 446,94

9. Changes in tangible and intangible assets

	Intangible rights and other expenses with long-term effects	Provisional premiums	2018 Machinery and equipment
Acquisition cost on 1 Jan.	38 552 800,01	1 670 885,63	3 348 747,72
Increase	2 115 110,98	4 123 363,20	192 390,06
Decrease	0,00	0,00	-63 008,25
Transfers between items	5 102 217,83	-5 102 217,83	0,00
Acquisition cost on 31 Dec.	45 770 128,82	692 031,00	3 478 129,53
Accumulated depreciation on 1 Jan.	-24 156 082,95	0,00	-3 016 510,15
Depreciation for the financial year	-7 553 623,26	0,00	-115 404,88
Accumulated depreciation on 31 Dec.	-31 709 706,21	0,00	-3 131 915,03
Book value on 31 Dec.	14 060 422,61	692 031,00	346 214,50

14. Deferred tax liabilities

	2018	2017
Tax liability calculated on the basis of timing differences and other temporary differences between taxable profit and accounting profit	748 102,67	942 394,36
Tax debt calculated based on valuation gains/losses that is deemed likely to become payable during the next year.	10 600 000,00	7 600 000,00
	<u>11 348 102,67</u>	<u>8 542 394,36</u>

15. Receivables and liabilities

15.1 Itemisation of receivables

	2018	2017
Receivables from group companies		
Other receivables	534 008,49	490 947,92
	<u>534 008,49</u>	<u>490 947,92</u>

15.2 Itemisation of liabilities

	2018	2017
Liabilities to group companies		
Accounts payable	1 475 446,64	2 119 550,21
Other liabilities	67 128,80	51 144,68
	<u>1 542 575,44</u>	<u>2 170 694,89</u>

16. Notes concerning guarantees and contingent liabilities

16.1 Security

	2018 Security/pledges/ guarantees and other commitments	2018 Amount of liability	2017 Security/pledges/ guarantees and other commitments	2017 Amount of liability
As security for own debts				
Real estate mortgages	23 396 480,00	2 390 828,34	23 396 480,00	14 255 888,00
	23 396 480,00	2 390 828,34	23 396 480,00	14 255 888,00

16.2 Off-balance-sheet guarantees and contingent liabilities

	2018	2017
Derivative contracts		
Currency derivatives		
<i>Forward and futures contracts, open</i>		
Underlying instrument	-41 397 720,75	-61 089 377,22
Current value	565 399,19	-325 033,17
Rent liabilities		
Amount to be paid in the current financial year	906 913,08	1 548 895,35
Amount to be paid in the coming years	3 782 076,48	3 369 714,24
	4 688 989,56	4 918 609,59
Value-added tax liabilities		
<i>Joint liability relating to collective value-added tax registration</i>		
Group companies	-134 414,46	-244 324,56
Partner companies	1 846 176,42	2 369 617,10
	1 711 761,96	2 125 292,54
<i>Obligation to return value-added tax deductions pursuant to section 33 of Value-Added Tax Act</i>		
Company	120 612,00	1 474 849,86
Other companies of the group	49 929 906,60	44 718 475,09
	50 050 518,60	46 193 324,95
Other commitments		
Investment commitments	14 511 069,10	1 756 638,60
Subscription commitments	537 805 883,46	515 891 191,96
Granted limit	80 536 525,35	42 306 881,86
	618 342 408,81	558 198 073,82

17. Related party loans and transactions

17.1 Related party loans and transactions (Insurance Companies Act, Chapter 8, section 11 and Accounting Ordinance, Chapter 2, section 7b)

LocalTapiola Mutual Life Insurance Company's related parties comprise the companies belonging, according to the Accounting Act, to the Group as well as the other companies in which LocalTapiola Life has significant influence (further information concerning the companies is provided in Appendices 7.1 and 7.2 as well as in section LocalTapiola Group structure of the board's annual report). In addition to these companies, members of LocalTapiola Life's supervisory board and board of directors, its managing director and acting managing director as well as members of the management group and persons responsible for functions of corporate governance and key functions of group governance as well as their close family members and companies where these persons exercise significant voting powers, are considered as related parties.

Loans granted to parties belonging to the insider register of LocalTapiola Mutual Life Insurance Company

Subsidiaries	146 524 648,20
Associated undertakings and joint ventures	330 138,69
Key persons who are part of an organisation's or its parent company's management	
Other parties who are insiders	
	<hr/>
	146 854 786,89

Normal credit terms are applied to related party loans. As a rule, the loan period is 10-40 years and the interest rate is fixed.

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

The guarantees and contingent liabilities of LocalTapiola Mutual Life Insurance Company in favour of LocalTapiola Group companies are presented in Appendix 16. No guarantees and contingent liabilities have been granted to other related parties.

Management's salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities, are reported in Appendix 3.

17.2 Subordinated loans

Creditor	Multiple
Loan capital	EUR 100.000.000
Principal loan terms	<p>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.</p> <p>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 %.</p> <p>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.</p> <p>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.</p> <p>The terms of the subordinated loan agreement can only be changed with the approval of the Financial Supervisory Authority.</p> <p>The loan is unsecured.</p> <p>The subordinated loan is administered by Euroclear Finland Oy.</p>

Creditor
Loan capital

Multiple
EUR 7.000.000

Principal loan terms

The loan contract is valid until Nov 26, 2024. The loan can be repaid at the earliest on Nov 26, 2019 after which it is possible to repay the loan on any interest payment date (Nov 26) 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 3,625 %. 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.

Other notes, LocalTapiola Life

Performance analysis

	Realization 1-12/2018	Realization 1-12/2017	Change	EUR 1 000 Change %
Premium income	446 020	513 180	-67 160	-13,1
Investment income and expenses as well as revaluations and adjustments thereof	36	258 661	-258 625	-100,0
Claims paid	-356 400	-325 728	-30 673	9,4
Change in technical provisions before change in customer benefits and equalization provision	25 631	-340 066	365 697	-107,5
Operating expenses	-51 528	-55 355	3 826	-6,9
Balance on technical account before change in customer benefits and equalization provision	63 757	50 692	13 066	25,8
Other income and expenses	-503	-2 340	1 837	-78,5
Operating profit	63 254	48 352	14 902	30,8
Change in equalization provision	10 274	10 274	0	0,0
Additional benefits (customer benefits)	-3 151	2 265	-5 415	-239,1
Profit before appropriations and taxes	70 377	60 891	9 487	15,6
Appropriations	141	131	9	7,2
Income taxes and other direct taxes	-23 780	-9 297	-14 483	155,8
Total result	46 738	51 725	-4 987	-9,6
Operating profit	63 254	48 352	14 902	30,8
Change in the difference between current and book values	-30 227	15 610	-45 837	-293,6
Total result	33 027	63 962	-30 935	-48,4

Investment allocation at current value 1 Jan. - 31 Dec. 2018

	Basic breakdown				Risk breakdown ⁸⁾		
	31.12.2018		31.12.2017		31.12.2018		31.12.2017
	EUR million	%	EUR million	%	EUR million	%	%
Fixed-income investments	1 762,5	57,7	1 595,8	53,1	1 762,5	57,7	53,1
Loan receivables ¹⁾	353,3	11,6	406,8	13,5	353,3	11,6	13,5
Bonds	1 317,9	43,1	1 121,6	37,3	1 317,9	43,1	37,3
Other money market instruments and deposits ^{1) 2)}	91,3	3,0	67,5	2,2	91,3	3,0	2,2
Equities and shares	713,8	23,4	800,8	26,6	713,8	23,4	26,6
Listed equities and shares ³⁾	279,5	9,1	444,0	14,8	279,5	9,1	14,8
Private equity investments ⁴⁾	297,5	9,7	287,3	9,6	297,5	9,7	9,6
Unlisted equities and shares ⁵⁾	136,8	4,5	69,5	2,3	136,8	4,5	2,3
Real estate investments	556,2	18,2	586,1	19,5	556,2	18,2	19,5
Direct real estate investments	384,4	12,6	434,7	14,5	384,4	12,6	14,5
Real estate funds and joint investments	171,7	5,6	151,3	5,0	171,7	5,6	5,0
Other investments	23,5	0,8	22,9	0,8	23,5	0,8	0,8
Hedge fund investments ⁶⁾	5,1	0,2	5,2	0,2	5,1	0,2	0,0
Commodity investments	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other investments ⁷⁾	18,4	0,6	17,8	0,6	18,4	0,6	0,8
Investments total	3 055,9	100,0	3 005,7	100,0	3 055,9	100,0	100,0
Effect of derivatives ⁹⁾					0	0	0
Investments at fair value, total	3 055,9	100,0	3 005,7	100,0	3 055,9	100,0	100,0

The modified duration of bond investments

3,6

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 current value in total" as divisor.

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 current value in total" as divisor.

Net investment income at current value 1.1. – 31.12.2018

	Net investment income at current value ⁸⁾	Capital employed ⁹⁾	Return-% on capital employed	Return-% on capital employed	Return-% on capital employed	Return-% on capital employed	Return-% on capital employed
	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014		
Return € / % on capital employed	EUR million	EUR million	%	%	%	%	%
Fixed-income investments	-6,4	1 660,7	-0,4	2,3	4,1	0,9	4,1
Loan receivables ¹⁾	9,8	390,4	2,5	2,6	3,1	4,2	4,4
Bonds	-15,8	1 190,3	-1,3	2,4	4,6	0,6	4,3
Other money market instruments and deposits ^{1) 2)}	-0,4	80,0	-0,6	-1,5	-0,6	-0,4	1,0
Equities and shares	53,5	723,8	7,4	10,7	6,5	18,4	12,1
Listed equities and shares ³⁾	-21,4	356,4	-6,0	8,9	5,2	18,7	8,3
Private equity investments ⁴⁾	38,5	285,5	13,5	10,7	7,9	19,0	18,0
Unlisted equities and shares ⁵⁾	36,4	81,9	44,4	28,2	11,5	13,6	21,6
Real estate investments	28,9	574,0	5,0	9,7	7,6	5,6	3,1
Direct real estate investments	24,1	419,9	5,7	9,7	9,6	6,4	4,3
Real estate funds and joint investments	4,8	154,1	3,1	9,8	3,6	3,9	-0,4
Other investments	-1,3	24,7	-5,4	-5,4	4,0	0,0	0,0
Hedge fund investments ⁶⁾	-0,1	5,2	-1,3	23,5	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⁾	-1,3	19,6	-6,5	-5,7	4,0	0,0	0,0
Investments total	74,6	2 983,3	2,5	5,6	5,3	5,1	5,6
Unallocated return, costs and operating expenses	-12,4						
Net investment income at current value	62,2	2 983,3	2,1	5,3	5,0	4,8	5,3

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

Notes concerning 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 as per 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 for those insurance policies that, based on the surplus, are entitled to the additional benefits to be distributed.

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

The long-term goal of LocalTapiola Mutual Life Insurance Company is to offer an overall return on insurance savings entitled to distribution of surplus, before taxes and expenses, which exceeds the interest rates of eurozone government bonds with a minimum maturity of 10 years in the case of pension insurance and the interest rates of 5-year bonds in the case of continuous savings life insurance. The goal for risk insurance policies with a funded component is that the real overall interest rate is positive. The target for additional benefits expressed as a target for overall return on insurance savings is not applied to unit-linked insurance policies or pure risk insurance policies with no savings amassed. In risk insurance 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 the customers as premium reductions or free-of-charge extra risk benefits.

The total return target defined above for all pension and savings life insurance policies is applied to individual insurance contracts in such a way that the general interest rate and the strength of its fluctuations, the company's success in investment operations, the technical interest rate 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, for example, to changes occurring in mortality is taken into account for each line of insurance in the level of customer bonuses.

The overall interest on customers' insurance savings consists of the technical interest rate and any customer bonuses granted.

The following factors affect the overall interest paid on contracts:

- a lower technical interest rate or an increase in the share to be used to cover operating expenses may raise the overall interest rate
- the overall interest rate for long-term linked savings products, such as pension insurance policies, is higher than for insurance policies that can be freely surrendered.

In certain contracts, the overall interest rate may be lower than the maximum applicable technical interest rate.

Efforts are made to obtain 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 activities or the payment of targeted additional benefits to policyholders.

Publishing the targets for additional benefits in this form is required by the Insurance Companies Act, and the targets describe the distribution of surplus between capital, reserves and technical provisions resulting from insurance contracts.

The targets for additional benefits do not correspond to the information that, according to the Insurance Contracts Act, must be provided to the policyholder in connection with a single insurance contract. Therefore, they are not part of any single insurance contract.

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

The targets and a study on their implementation are published on the company's website and in the financial statements.

Realisation of the targets for the distribution of additional benefits by LocalTapiola Life, 2009–2018

The company's target for additional benefits is a long-term goal and its implementation must be reviewed for periods of several years. In some years, the benefits may remain below the target.

Due to this, the realisation of the target has been reviewed below for the period between 2009 and 2018, and not just for 2018. As regards 2018, it can be stated that the company was able to pay the overall interest according to the target for additional benefits for all contract groups. The overall interest paid between 2009 and 2018 clearly exceeded the target for additional benefits in all contract groups.

The interest rates selected as the target for additional benefits have been defined as follows:

In 2009–2018, the interest rate used as the target for additional benefits was the eurozone government bond yield index with maturities of 5 and 10 years published by the European Central Bank. The annual returns have been calculated as mean values of daily or monthly quotes.

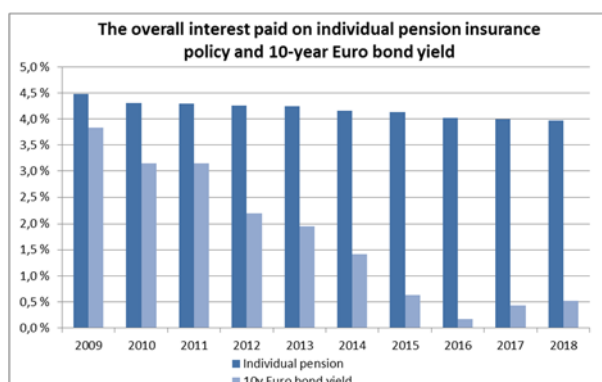
The overall interest rate levels for each line of insurance and contract group for 2018 and between 2009 and 2018 are itemised below. It should be noted that, due to the large number of different contract types, this is not a fully comprehensive account of overall interest rates from the perspective of each single insurance contract. The annual bulletins sent to the policyholders clarify in detail the level of the technical rate of interest and customer bonuses of each contract.

LocalTapiola Life's report on overall interest rates on insurance savings for each line of insurance in 2009–2018

Individual pension insurance policies

In 2018, the overall interest paid on insurance savings under individual pension insurance policies averaged 4.0% and ranged from 2.5 to 4.5 per cent, depending on the product and technical rate of interest. The overall interest paid on all products exceeded the target 10-year interest rate, which averaged 0.5% in 2018.

Technical rate of interest	Customer bonus	Overall interest
4.5 %	0.0 %	4.5 %
3.5 %	0.0 %	3.5 %
2.5 %	0.0 %	2.5 %
1.5 %	1.6 %	3.1 %



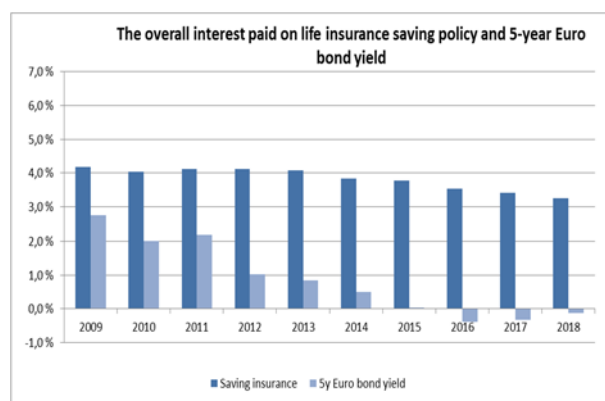
The following image shows the overall interest rate of individual pension insurance policies in relation to the target between 2009 and 2018. The overall interest rate exceeded the target rate every year.

Savings life insurance policies and capital redemption contracts

In 2018, the overall interest paid on insurance savings under savings life insurance policies averaged 3.2% and ranged from 2.2 to 4.5 per cent depending on the product and technical rate of interest. The overall interest paid on all products exceeded the target 5-year interest rate, which averaged -0.1 per cent in 2018.

Technical rate of interest	Customer bonus	Overall interest
4.5 %	0.0 %	4.5 %
3.5 %	0.0 %	3.5 %
2.5 %	0.0 %	2.5 %
1.5 %	1.2 %	2.7 %
0.0 %	2.2 – 2.7 %	2.2 – 2.7 %

The customer bonus for zero-interest-linked insurance savings associated with wide asset class allocation asset management portfolios, the so-called Interest Bonus, is 2.2% in 2019. The customer bonus paid in 2018 was 2.2%. Customers can add wide asset class allocation asset management portfolios to the investment insurance policies LocalTapiola Investment Insurance and LocalTapiola Capital Redemption Contract.



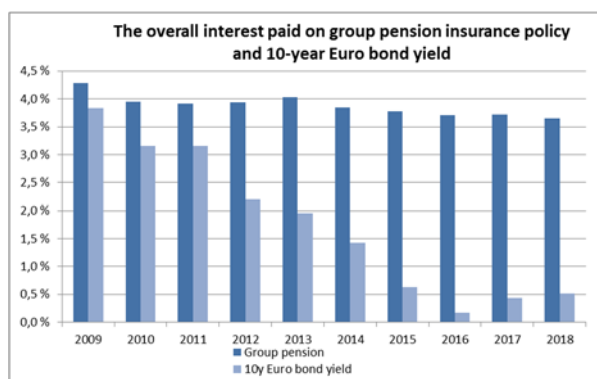
The customer bonus for zero-interest-linked insurance savings associated with wide asset class allocation asset management portfolios, the so-called Interest Bonus, is 2.2% in 2019. The customer bonus paid in 2018 was 2.2%. Customers can add wide asset class allocation asset management portfolios to the investment insurance policies LocalTapiola Investment Insurance and LocalTapiola Capital Redemption Contract.

Group pension insurance policies

The overall interest rate paid for insurance savings in group pension insurance policies for 2018 averaged 3.6 per cent. The overall interest on Etueläke insurance policies ranged from 2.9 per cent to 4.25 per cent and on TOP pension insurance policies from 3.3 per cent to 3.5 per cent. The overall interest paid on all products

exceeded the target 10-year interest rate, which averaged 0.5 per cent in 2018.

Technical rate of interest	Customer bonus	Overall interest
4.25 %	0.0 %	4.25 %
3.5 %	0.0 %	3.5 %
2.5 %	0.4 – 0.8 %	2.9 – 3.3 %
1.5 %	1.4 – 1.9 %	2.9 – 3.4 %
1.0 %	2.4 %	3.4 %



The following image shows the overall interest rate of group pension insurance policies in relation to the target between 2009 and 2018. On average, the overall interest exceeded the target 10-year interest rate in all years.

LocalTapiola Life's account of additional benefits provided for risk insurance policies in 2018

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

In 2018, additional benefits paid for risk insurance policies amounted to EUR 1.5 million. Additional benefits for risk insurance policies are confirmed in advance. The benefits confirmed for 2019 are the same as those for 2018.

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 bonuses allows for the liability to be used to cover a loss that has arisen from changing the calculation basis for technical provisions. The interest rate supplement made in the financial statements increased the technical provisions by EUR 37.7 million.

In 2018, EUR 7.9 million of the provision for future additional benefits was used for the interest rate

supplement of individual pension insurance policies, EUR 2.4 million for the interest rate supplement of individual life insurance policies participating in the distribution of unit-linked insurance surpluses, and EUR 1.5 million for the interest rate supplement of fixed-sum life insurance policies.

The provision for future additional benefits for individual pension insurance is EUR 16.6 million, the provision for future additional benefits for individual life insurance policies participating in the distribution of unit-linked insurance surpluses is EUR 22.7 million, and there is no provision for future additional benefits for fixed-sum life insurance after the changes.

Accounting principles

The financial statements of LocalTapiola Mutual Life Insurance Company (LocalTapiola Life) have been prepared in accordance with the Accountancy Act, the 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. LocalTapiola Mutual Life Insurance Company is included in LocalTapiola Group's consolidated financial statements.

General information

LocalTapiola Group is headed by LocalTapiola General Mutual Insurance Company (LocalTapiola General, Business ID 0211034-2). LocalTapiola Life prepares consolidated financial statements for its own subgroup. LocalTapiola Group's financial statements are available at www.lahitapiola.fi / Information on LocalTapiola / Financial Data.

Valuation and allocation of intangible assets

Other long-term expenditure

Other long-term expenditure includes capitalised costs of renovations in apartments, and design and programming costs of ICT systems. These are stated 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 constructions are stated at acquisition cost less planned depreciation or at current value, whichever is lower.

Shares in real estate are stated on the balance sheet at the lower of acquisition cost and current value. Revaluations may have been made on the values of real estate and shares in real estate if the values were significantly higher over a long period of time than the historical acquisition cost at the end of the financial year. The counter-item of the revaluation of real estate or shares in real estate classified as investments 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 entered in the revaluation reserve of restricted capital and reserves.

Previous value adjustments of investments are reversed in the profit and loss account at most up to the acquisition cost if the current value rises.

Shares and holdings

Shares and holdings are stated on the balance sheet at the lower of acquisition cost and current value. Acquisition cost is calculated using the average price method. Previous write-downs of shares and holdings are reversed to the extent that the current value exceeds the book value.

Loaned securities are included in the balance sheet. Information on loaned securities is presented in the notes to the balance sheet.

Debt securities

Debt securities include bonds and other money market instruments. Debt securities are stated at acquisition cost in the balance sheet. Acquisition cost is calculated using the average price method. The difference between the nominal value and acquisition cost of debt instruments is released or charged to interest income during the term to maturity. The counter-item has been entered as an increase or decrease of the acquisition cost of the debt security. Temporary value adjustments and those owing to interest rate fluctuations have not been recognised. Write-downs arising for other reasons have been recognised.

Similarly, value readjustments have been 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 stated on the balance at nominal value or a permanently lower, likely realisable value. Temporary value adjustments and those owing to interest rate fluctuations have not been recognised. Write-downs arising for other reasons have been recognised.

Similarly, value readjustments have been 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. In the accounts, however, derivatives are primarily treated as non-hedging, even though they are effective for hedging purposes.

Gains and losses incurred during the financial year from the closing or lapsing of contracts have been entered as income or expenses for the financial year.

Non-hedging derivatives

A negative difference between the current value and higher book value of a non-hedging derivative or a derivative treated as non-hedging is entered 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 entered 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 entered as an expense. The difference between the current value and the lower book value of a derivative is entered as income from the hedged balance sheet item up to the amount entered as an expense. If no value change is entered 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 value of investments

Real estate investments

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

Residential buildings are primarily valued using a sales value method based on reference sales.

The primary valuation method for commercial premises is the cash flow method based on the income approach. Values of special items are defined using a market-based evaluation method deemed best suited for the item. The current value of real estate investments 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 appraisers or LocalTapiola Real Estate Asset Management's experts, instructed and audited by an external authorised property appraiser in accordance with the requirements of the Financial Supervisory Authority.

Shares, holdings and debt securities

As regards 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 loan receivables, deposits and deposits with ceding undertakings is the nominal value, taking into consideration any reduction in the nominal value to the likely value required by the risk of potential credit losses.

Zillmerisation

Zillmerisation is not applied.

Assets held to cover unit-linked insurance policies

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

Valuation of receivables

Premiums receivable

Premiums receivable are stated on the balance sheet at their maximum likely realisable value. Lapsed contracts have been deducted from the nominal value of premiums receivable 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 closing of the accounts. The rate used for other investments is that of the moment of acquisition or of the day of closing of the accounts, whichever is lower.

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

Depreciation

The acquisition costs of buildings and their components, machinery and equipment, intangible rights and long-term expenditure have been capitalised and are entered 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 years
ICT system design expenses	5–10 years

Real estate

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

Machinery and equipment

Office machinery, equipment, etc., reducing balance method	25%
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The effect of renovations in buildings on their lifetime is assessed separately. As regards revaluations released to income, depreciation has been carried out according to the expected useful life 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 “Accumulated appropriations, depreciation difference”,

and the increase or decrease during the financial year is stated in the profit and loss account as a separate item.

Accumulated appropriations

Accumulated depreciation difference

See “Depreciation”

Voluntary provisions

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

Obligatory provisions

Pension and unemployment pension expenditure arising from future obligations that concerns the most recently or previously ended financial year 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 have been entered in the profit and loss account on an accrual basis.

Deferred tax assets and liabilities

Deferred tax assets and liabilities 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 include deferred tax liability calculated based on the valuation difference between the current and book values that is deemed likely to become payable during the next year.

Subordinated loan

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

Other liabilities

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

Account of the pension cover and 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% of the annual income on which the pension as defined in the Employees Pensions Act is based.

The retirement age of LocalTapiola General's CEO is 63 years. Full-time members of the Board of Directors who are employed by LocalTapiola General and LocalTapiola Life have a retirement age of 63. The retirement/resignation age of other senior managers is in accordance with or lower than the applicable employment pension legislation if the employment relationship is agreed to expire before the statutory retirement age.

Pension insurance contributions have been recorded on an accrual basis.

Technical provisions, life insurance

Technical provisions

Contracts are recorded when the company becomes obliged to pay compensation in the event of a potential insured event. Technical provisions contain provisions for unearned premiums and provisions for claims outstanding. Life insurance provisions for unearned premiums are a net debt arising from the expected future compensation of outstanding remaining periods of existing contracts and the deduction of operating costs. Provisions for claims outstanding are a debt arising from the costs of compensation and settlement of known or unknown insured events that have already occurred. The provision for claims outstanding includes the equalisation provision.

The portion of premiums written for term life insurance policies for the period after the balance sheet date, less any unearned premiums, is recognised as a provision for unearned premiums in the balance sheet.

The provision for unearned premiums for 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 expected operating expenses are primarily used.

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.

Provision for outstanding claims consists of both case-specific outstanding claims and statistically outstanding claims.

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.

Expected return

In accordance with the Insurance Companies Act, the maximum discount rate for technical provisions other than unit-linked contracts is the interest used for pricing the insurance. The interest may not exceed the expected return on the assets covering the liability or the level prescribed by the regulations of the authorities. The company is liable for savings with a guaranteed interest rate between 0% and 4.5%. In addition, this insurance portfolio is subject to interest rate additions which have reduced the discount rate for technical provisions to a level lower than the interest rate guarantee which is credited to savings. The provision for outstanding claims for life insurance other than pension insurance is not discounted.

The key assumption in the valuation of technical provisions for unit-linked insurance contracts is that the insurance will be credited the market-based return on assets covering the technical provisions.

Account of the pension cover and 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% of the annual income on which the pension as defined in the Employees Pensions Act is based.

The retirement age of LocalTapiola General's CEO is 63 years. Full-time members of the Board of Directors who are employed by LocalTapiola General and LocalTapiola Life have a retirement age of 63. The retirement/resignation age of other senior managers is in accordance with or lower than the applicable employment pension legislation if the employment relationship is agreed to expire before the statutory retirement age.

Pension insurance contributions have been recorded on an accrual basis.

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

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

Consolidated financial statements

LocalTapiola Life Group is included in LocalTapiola Group's consolidated financial statements as a sub-group. This section describes LocalTapiola Life Group's accounting principles.

The Insurance Companies Act stipulates that limited companies and other comparable companies in which the parent company holds more than half of the voting rights either directly or indirectly must be included in the consolidated accounts. The companies included in the Group, and the Group structure, are described in the annual report.

The consolidated financial statements are a combination of the profit and loss accounts, balance sheets and notes to the statements of the parent company and its subsidiaries. The following are eliminated in these consolidated statements: intra-Group receivables and liabilities, income and expenses, profit distribution, internal gains and losses, and mutual share ownership. Share ownership within the Group has been eliminated using the acquisition cost method. Minority interest in capital and reserves and profit is shown as a separate item in the profit and loss account and balance sheet. Subsidiaries acquired during the financial year are included in the consolidated statements as of the acquisition date, and subsidiaries sold during the period up to the moment of sale.

Associated companies – companies in which the Group holds 20–50 per cent of the shares or votes – have been included in the consolidated statements using the equity method. Housing and mutual real estate companies are not combined as associated companies in the consolidated financial statements even when the requirements for votes and ownership are met. Non-mutual real estate associated undertakings have been consolidated as associated corporations.

Deferred tax liabilities are stated in the consolidated financial statements and deferred tax assets in the balance sheet. Deferred tax assets and liabilities resulting from combining measures are stated in the balance sheet when their future tax effects must be deemed probable for the Group companies they relate to. The change in taxation-based provisions and 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 into account the minority interest.

The revaluations of the housing and real estate subsidiaries' shares have been entered as revaluations of the subsidiaries' real estate.

The consolidation goodwill arising from the elimination has been allocated primarily to the subsidiary's assets, taking into account their current value. The consolidation goodwill will be amortised according to plan, in line with other assets. Unallocated consolidated goodwill is recorded in the balance sheet under "Intangible assets" as a separate item and will be amortised according to plan. The Group reserve is included in the balance sheet under "Liabilities" as a separate item and released to income from earnings if possible.

Intra-Group direct insurance business has not been eliminated.

Calculation of key figures

General key figures describing financial development

Life insurance turnover

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

Life insurance company's performance analysis

Premiums written
Investment income and expenses as well as revaluations, adjustments thereof and changes in value
Claims paid
Change in technical provisions before additional benefits (customer bonuses) and change in equalisation provision
Operating expenses
Other technical income and expenses

Balance on the technical account before (additional benefits) and change in equalisation provision
Other income and expenses
Share in profit/loss of associated undertakings ¹

Operating profit or loss

Change in equalisation provision
Additional benefits (customer bonuses) ²

Profit or loss before appropriations and taxes
Appropriations
Income taxes and other direct taxes
Minority interests ¹

Profit or loss for the financial year

¹ Applies to the consolidated financial statements

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

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 year” to describe the profit (loss) for the financial period.

Total result

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

Net investment income on capital employed (at current value)

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

Yield for the financial period is calculated using a so-called modified Dietz formula (a time- and money-weighted formula) such that capital employed is calculated by adding the cash flows during 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 similar undertakings for collective investments in transferable securities that invest in real estate and real estate undertakings are included in real estate investments.

Estimated differences between current and 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
= $\frac{+ \text{Change in unrealised gains/losses from investments}}{\text{Balance sheet total} - \text{Technical provisions for unit-linked insurance} + \text{Unrealised gains/losses from investments}} \times 100$

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

In life insurance, unwinding of discount expense means the technical interest rate 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, e.g., exchange gains and losses for interest-bearing liabilities entered in the profit and loss account.

Average number of personnel during the financial year

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. Everyone who is paid a salary during the financial period is included in the personnel.

Key figures describing the financial performance of life insurance

Premiums written

= Premiums written before reinsurers' share

Expense ratio, %

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

The numerator is separately prorated to the expense loading 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 concerning risk management

General risk management principles

Basis for 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.

Key areas of risk management and risk categories:

Financial risks	Risks 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 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 overall responsibility for organising risk management. The Board defines risk management targets, risk appetite, limits of risk-taking, responsibilities, metrics and monitoring principles. The Board annually confirms plans associated with 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 Boards of Directors of LocalTapiola General and, as of the start of 2018, LocalTapiola Life have an Audit and Risk Management Committee, which assists the Boards in statutory and procedural matters related to the finances, accounting, solvency, risk management, auditing, internal control and internal auditing of the companies and of LocalTapiola Group. The Managing Director and the senior managers are responsible for the practical preparation and implementation of risk management and for monitoring the implementation. The business units are responsible for identifying risks related to their own operations and taking the required risk management measures. Supervisors are responsible for ensuring that business processes are monitored sufficiently and that reliable and up-to-date information on supervision results is always available. All employees have the obligation to report on any risks observed or areas for improvement identified in risk management.

Risk management supervision is always the responsibility of a party other than the one responsible for operational activities. The actuarial, risk management, financial, controller, compliance, and balance sheet management functions, as well as internal audit, assist the Board of Directors and management in the practical implementation of risk management supervision and risk monitoring. The auditing function also supervises the implementation of risk management.

As the Board of LocalTapiola Group's leading 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 (ALCO) is an expert 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. LocalTapiola General's 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.

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 accounting methods and systems used in reporting. In addition, the decision-making and reporting functions of businesses are organisationally separate.

Risk management in life insurance

Risks associated with life insurance

The most significant insurance risks in life insurance are risks associated with technical provisions and the customer-related risks of termination of contracts and premium payments. The risks associated with technical provisions include the following: interest rate risk related to the technical interest rate and surrenders as well as the risks related to mortality, longevity, and morbidity.

The *interest rate risk* can be managed in several ways: by hedging investment portfolios with derivatives; by changing the interest portfolio's maturity structure or the company's entire strategic allocation in unstable market conditions; by maintaining sufficiently high solvency; by lowering the technical interest rate of insurance portfolios through additions to liability; by using sanctions for surrenders; and by using a safe and low technical interest rate in new products. The company can, if necessary, substantially reduce the interest rate risk on the balance sheet by replicating changes in the company's technical provisions in the difference between net investment income and interest requirements regarding technical provisions in part of its investment portfolio, using either derivatives or the so-called replicating portfolio.

Risks related to mortality, longevity and morbidity can be managed through careful product planning and risk selection, and by reinsuring liabilities exceeding the selected deductible and cumulative damage arising from catastrophes. Risks are selected using generally accepted guidelines for life insurance, the insurance recording policy 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 added as needed. With regard to sickness insurance, there is also the option of raising premiums to cover any increase in claims expenses.

The technical interest rate used to calculate the technical reserves with guaranteed return varies between 0 and 3.5 per cent, taking additional technical reserves into consideration. The mortality table used for life insurance and individual pension insurance is the E87 from 1987 for contracts issued by 20 December 2012. New equal mortality rates, which are based on the mortality assessed on the basis of LocalTapiola Life's own insurance portfolio, are used as the mortality table when calculating technical provisions for equalised contracts that entered into force on or after 21 December 2012.

Investment risks

The Board of Directors sets return targets and risk-taking limits for investment operations, with the aim of securing solvency and liquidity in all market conditions.

Market risks are changes in the market values of assets and liabilities that are the result of changes or fluctuations (volatility) in financial variables, such as interest rates, exchange rates, share prices, or real estate values.

Investment risks also include credit/counterparty and liquidity risks. Credit/counterparty risk is the risk that the counterparty of a derivative contract, transaction, loan or similar is unable to meet its obligations or its ability to meet obligations changes. Liquidity risk refers to funding liquidity or market liquidity risk. The former is related to mismatched funding needs and sources and the management thereof. The latter refers to a situation in which it is not possible to sell investment assets quickly enough without affecting the market price level.

The investment plan approved by the Board of Directors describes the target return on investment, the solvency target, the strategic allocation of investment assets, the limits for investment risks, indicators describing the risk and solvency position, investment steering and reporting processes, and measures to safeguard solvency.

The main task of balance sheet management is to define a strategic allocation presented to the Board of Directors so that solvency remains at the required level with a sufficient probability over a five-year time horizon and is designed considering the company's individual risk-taking capability and willingness.

The formation of the strategic allocation takes into account, in particular, fluctuations in the company's capital and reserves resulting from a change in interest rates and the resulting risk to the company's balance sheet.

Balance sheet management continuously monitors the appropriateness of the strategic allocation and prepares an amendment proposal to the Board of Directors as required. Given that the strategic allocation represents long-term objectives, it is only modified for sufficiently serious reasons related to changes in solvency, insurance portfolio, long-term return on investment and risk expectations, the company's customer bonus policy, or solvency strategy. The objective of balance sheet management is to ensure the efficient and effective use of capital allocated in market risks in the LocalTapiola Group and to ensure the continuity of operations.

Market, credit and liquidity risks are measured and monitored continuously with widely-used methods. Risks are managed using limits and diversification.

Investment traffic lights are a key tool for monitoring solvency. A green light refers to a situation where asset managers are able to operate within the normal investment plan limits. A yellow light indicates a situation

in which increasing investment risks or maintaining a neutral investment allocation within the investment plan are no longer acceptable in view of the risk content of the balance sheet. A red light indicates that the balance sheet risks are too high and active risk reduction measures are needed. In the yellow and red light risk positions, stricter limits are defined for investment risks, as well as any applicable risk reduction measures.

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

Operational risk management

Operational risks refer to the risk of losses caused by insufficient or failed internal processes, staff, systems and external factors. Legal risks and risks of damage are included in operational risks. Operational planning risks are related to the risks inherent in the choices made for annual planning, targets, and business changes. In principle, operational risks are managed by attempting to prevent the realisation of risks and minimising the harm they can cause.

The key means of managing 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 by taking supervision and control measures. Using a standard risk mapping methodology, operational risks are mapped 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 for the various business units. 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 in the risk event register, along with any further measures required. Any losses caused by disruptions and errors in operations and by operational risks are reported to the authorities in accordance with set requirements. Operational continuity management is verified by regularly assessing, testing and updating the continuity and preparedness plans. In addition, risk assessment is carried out separately for each initiative, project, and significant change in business operations. The Group's companies are responsible for organising their operations appropriately, discharging the corresponding obligations and managing operational continuity. This also applies to all of the operations they outsource.

In addition, there are separate procedures and guidelines 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)

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, the nature of competition and competitors, own strategic choices and 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, which are implemented as part of the annual plans of the various parts of the organisation. 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. Report of the Board of Directors and financial statements for 2018

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

In Espoo, 26 March 2019

Erkki Moisander
Chairman of the Board

Jari Eklund

Janne Kaippio

Mirel Leino

Olli Latola

Lauri Riekkola

Kati Sulin

Minna Kohmo
CEO

Auditor's note

A report has been issued today on the audit performed.

In Espoo, 8 April 2019

KPMG Oy Ab

Mikko Haavisto
Authorised Public Accountant



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 Mutual Life Insurance Company

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LocalTapiola Mutual Life Insurance Company (business identity code 0201319-8) for the financial year 1 January–31 December 2018. 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 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.

**MOST SUBSTANTIAL RISKS OF MATERIAL
MISSTATEMENT**

**MEASURES WE HAVE TAKEN BASED ON
THESE RISKS**

1 Valuation of investments (accounting principles pp. 85–86)

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

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, derivatives 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 p. 88)

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

The 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. Furthermore, The calculation involves assumptions including management judgement and complex actuarial calculation models.

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

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

Our actuary has participated in the auditing and evaluated the appropriateness of the assumptions and methods used by, for example, assessing especially the rationale behind the calculation of key figures for collective provision and claims handling 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 of LocalTapiola Mutual Life Insurance Company in 2013, and our appointment represents a total period of uninterrupted engagement of 6 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, 8 April 2019

KPMG OY AB

MIKKO HAAVISTO

Authorised Public Accountant, KHT