

# LocalTapiola Mutual Life Insurance Company

## Report of the Board of Directors and financial statements for 2020

Business ID: 0201319-8



# LÄHITAPIOLA

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## Report of the Board of Directors

LocalTapiola Mutual Life Insurance Company (LocalTapiola Life) offers individual life insurance policies, group life insurance policies, individual pension insurance policies and capital redemption contracts to private individuals and companies, and group pension insurance policies to companies.

LocalTapiola Life Group is part of LocalTapiola Group, headed by LocalTapiola General Mutual Insurance Company (LocalTapiola General, business ID 0211034-2). The financial statements are available at [www.lahitapiola.fi](http://www.lahitapiola.fi).

### LocalTapiola Life in 2020

LocalTapiola Life provides financial cover to its customers and develops meaningful services for their lifelong security, helping them to live longer in good health and with more financial self-sustainability. We strive for genuine and active partnership with our customers.

- The COVID-19 pandemic sensitised our customers to think about their own security and that of their loved ones, which was evident in increased online sales and a reduced number of leaving customers. In 2020, we expanded the range of products sold online and streamlined and expedited purchasing processes.
- In savings, our customers' trust remained over the COVID-19 pandemic and surrenders remained at a moderate level. However, the COVID-19 pandemic weakened the demand for savings products in early 2020.
- According to a customer satisfaction survey by Taloustutkimus, corporate customers rank LocalTapiola Life the best life insurance company.
- LocalTapiola Life's total result was good despite a decrease in investment income. Additionally, the profitability of insurance operations remained good.
- LocalTapiola Life's solvency position remained at a good level. The COVID-19 pandemic has affected life insurance companies with investment market turbulence and decreasing interest rate levels. Life has continued to invest in solvency management in 2020.

Summary of results		
	2020	2019
Operating profit, MEUR	51.7	32.3
Total result, MEUR	45.9	96.6
Result for the financial year, MEUR	63.3	37.4
Return on total assets, excluding unit-linked insurance, %	2.7	7.5

Key figures	2020	2019
Claims paid, MEUR	391.8	521.2
Technical rate of interest paid to customers, MEUR	51.2	53
Bonuses paid to customers, MEUR	7.9	9.4
Net investment income at current value, %	2.2	6.3
Total expense loadings, MEUR	51.0	49.9
Supplementary interest rate provisions, MEUR	35.8	139.4
Technical provisions, MEUR	2,390.0	2,422.9
Technical provisions for unit-linked insurance, MEUR	2,418.2	2,349.5
Capital and reserves, MEUR	553.8	492.6
Balance sheet total, MEUR	5,513.7	5,393.4

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

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

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

### Significant events during the financial period

#### LocalTapiola Life Group

LocalTapiola Life is consolidated into LocalTapiola Group's consolidated financial statements. LocalTapiola General is the leading parent company of LocalTapiola Group.

LocalTapiola Life Group consists of the parent company and 27 (29) housing and real estate companies and one (1) other company. The associated undertakings are Tapiola Data Ltd Group and six (6) other companies.

The report of the Board of Directors focuses mainly on describing the business of the Group's

parent company, LocalTapiola Life. In matters pertaining to the Group as a whole, the report specifically mentions the Group.

The figures concerning LocalTapiola Life Group's insurance business do not differ from those of LocalTapiola Life. LocalTapiola Life Group's profit for the financial period was EUR 68.0 million (EUR 34.7 million) and the balance sheet total was EUR 5,528.4 million (EUR 5,398.8 million).

#### Life Insurance

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

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

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

LocalTapiola Life remains Finland's largest term life insurer, and it has succeeded in increasing its market share in 2020. In 2020, we made available to our customers a completely revamped digital service for purchasing life insurance policies. The service offers pure life insurance, serious illness insurance and joint cover life insurance available for purchase. In addition, we expedited the distance selling process by streamlining the identification of customers' personal security. We continue the development of omnichannel transacting to make transacting from home more widely and readily available in future.

According to a customer satisfaction survey made in the spring by Taloustutkimus, corporate

customers rank LocalTapiola Life the best life insurance company. This satisfaction is also evident in increased demand. LocalTapiola Life's premiums written in group pension have increased by 60 per cent over a 4-year period.

The demand for savings products weakened in early 2020, but the level of surrenders remained moderate. We are extremely pleased that our customers' trust in Life has stayed strong over the exceptional year.

Premiums written	2020	2019	Change, %
Savings life insurance and capital redemption contracts, MEUR	223.6	412.3	-45.8
Term life insurance, MEUR	101.5	96.9	4.8
Group pension insurance, MEUR	57.5	54.3	6.0
Individual pension insurance, MEUR	38.9	40.7	-4.3
Employees' group life insurance, MEUR	12.3	12.2	1.4
Total	434.0	616.3	-29.6

LocalTapiola Life's total premiums written decreased with the development of premiums written in savings by 17 per cent in comparable terms and ended up at EUR 434.0 million (EUR 616.3 million). The good development of premiums written continued in term life insurance and in group pension insurance. In term life insurance, premiums written grew by 4.4 per cent and in group pension by 6.0 per cent. In savings, premiums written decreased with the weakening demand brought about by the COVID-19 pandemic by 29.6 per cent in comparable terms. Total premiums written and claims incurred increased in 2019 in part due to the transfers of savings from old contracts to new ones, brought about by the changes in taxation practices effected at the beginning of 2020.

LocalTapiola Life paid out EUR 391.8 million (EUR 521.2 million, and EUR 426.5 million in comparable terms) in claims to its customers. Pensions paid came to EUR 117.9 million (EUR 118.0 million), compensation for medical expenses and disability to EUR 21.0 million (EUR 21.6 million), and death benefits to EUR 39.7 million (EUR 27.7 million).

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

139.4 million) was made due to decreasing interest rate levels. Total expense loadings and bonus payments increased by 2 per cent, and the result for risk premiums collected was on a good level (EUR 33.4 million). The expense ratio in proportion to total expense loadings was 121 per cent (125%).

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

Investment activities	2020	2019
Net investment income at current value, %	2.2	6.3
Fixed-income investments	1.3	3.7
Equity investments	5.3	15.1
Real estate investments	2.6	4.1
Other investments	-23.1	11.8
Investment allocation, %		
Fixed-income investments	59.5	57.9
Equity investments	23.4	24.7
Real estate investments	17.1	17.2
Other investments	0.0	0.1
Investment assets at current value, MEUR	3,340.6	3,223.0

Net investment income at current value was 2.2 per cent (6.3%), or EUR 72.2 million (EUR 189.5 million). LocalTapiola Life's average five-year annual return on investment was 4.2 per cent (4.7%).

For investments, 2020 eventually turned out to be a good year, especially when considering the events that took place in the real world. Risky asset classes fell heavily in the spring as a result of the strong shock in investment markets caused by the COVID-19 pandemic, but they rebounded strongly thanks to vigorous recovery measures taken by central banks and governments. The decrease in interest rate levels, which influenced the good investment returns, increased the technical provisions in solvency calculation, thereby contributing to the decrease in solvency capital. The development of solvency is described in more detail in a separate section.

LocalTapiola Life is a substantial co-owner in both Pihlajalinna Plc and Mehiläinen, two major private Finnish healthcare companies. The value of Pihlajalinna's share fell clearly during 2020 due to a

failed purchase offer, but a revaluation was made on the value of Mehiläinen at the end of the year as a result of the company's good profit development. As a whole, the health sector holdings improved net investment income.

The amount of investment risk was lowered slightly during the last quarter of the year as a consequence of an increase in market pricing. In the investment allocation, this can be seen as a decrease in the weighting of equities and an increase in the weighting of fixed-income investments.

### 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.

In savings, we make the investment instruments and benefits of a large investor available to all our customers. We invest our customers' assets in the same investments as LocalTapiola Life does.

Smart Life Insurance combines the financial security provided by life insurance with well-being services such as self-coaching programmes, well-being tips and monitoring of well-being. The Smart Life Insurance well-being services are available for our customers' use as part of the popular Terveysterveys application, which provides answers to customers' health concerns in a quick and easy manner. The service also features telemedicine services.

Term life insurance claims and pensions paid out and payouts on savings have supported our customers in a difficult financial environment. In 2020, a total of EUR 391.8 million was paid out in claims.

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

### Corporate social responsibility

LocalTapiola proactively safeguards the lives and activity of its owner-customers. Responsibility is based on mutuality, and it is embodied in both national and local actions. Our goal is to increase the

security and well-being of our customers and entire society.

The responsibility themes defined in LocalTapiola Group's responsibility roadmap also guide Life's responsibility work. Our responsibility themes are proactive lifelong security, personnel experience and work community, data and data security, the impacts of climate change, and responsible policies.

In 2020, we as a group became a signatory to the UN's principles for sustainable insurance: we are committed to promoting responsibility and sustainable development in all our insurance operations. In our investment operations, we adhere to the principles for responsible investment. With the real estate that we own, we apply responsible and environmentally friendly operating models throughout the life cycle of the real estate.

The cornerstone of LocalTapiola's personnel strategy is leadership making the lifelong security culture possible. The personnel strategy strives for high personnel experience, measured by the ROIHU employee survey. In 2020, the Group-level survey score remained at the level of the previous year's measurement (77.1 out of one hundred), clearly exceeding the normative benchmark for Finnish white-collar employees. ROIHU measures how good a place to work LocalTapiola is perceived to be. The survey has been tailored for LocalTapiola based on the Group's lifelong security strategy, values and the People Power concept of our partner, Eezy Spirit.

In 2020, the LocalTapiola Group companies donated a total of one million euros from the contingency reserves of the Boards of Directors to anti-COVID-19 work. The majority of the aid was directed to the Finnish Red Cross for an extensive COVID-19 relief operation covering the entire country. Life's share of the aid was EUR 200,000. In addition, the company's Board of Directors made charitable donations to causes promoting health and well-being, helping people with financial difficulties and supporting families. LocalTapiola Group's responsibility and actions in 2020 are described in more detail in a separate responsibility report.

### Credit rating

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



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

For Life, as part of the credit rating positive attention was paid to the long-term preparations made to lower the future investment return requirement for interest-linked insurance policies. Additionally, being the market leader in pure risk insurance was considered to strongly support the company's financial position. No liquidity risks were seen either, on account of the company's strong liquidity position, as was also the case for the entire Group.

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

## Operating environment

### Life Insurance

The COVID-19 pandemic has exerted a heavy influence on 2020. Rapidly increasing public debt and a falling employment rate depress Finns' purchasing power. However, the digital leap brought about by the COVID-19 pandemic may be viewed as a positive development in our society.

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

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

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

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

## Investment operations

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

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

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

With other economies, the Finnish economy also slipped into recession in spring 2020, but so far the economic contraction has been clearly smaller than in the eurozone and in the United States. The Finnish economy is forecast to contract in 2020 by an average of 3 per cent, which is clearly less than what was anticipated in spring and in summer.

## Solvency and risk management

### Solvency management

Solvency monitoring within LocalTapiola Group and its insurance companies is based on the EU-level Solvency II regulatory regime. LocalTapiola Group and its insurance companies calculate solvency us-

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

LocalTapiola Life's solvency is strong, and LocalTapiola Group's non-life insurance companies are among the most solvent ones 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 Life and LocalTapiola Group is provided in reports on the Group's solvency and financial position at [www.lahitapiola.fi](http://www.lahitapiola.fi). The report for 2020 will be published by 8 April 2021.

### Solvency position

Due to the COVID-19 pandemic, the monitoring of the company's solvency position and liquidity position was increased during 2020. The solvency position and the liquidity position remained good throughout the exceptional year.

LocalTapiola Life's solvency ratio remained nearly at the same level as at the 2019 year-end, even though the company's own funds decreased especially in the first half of 2020 as a result of changes in the value of investments and in the interest rate level. The solvency ratio, or the amount of eligible own funds as compared to the Solvency Capital Requirement, was good at 184 per cent (190%).

The company's eligible own funds totalled EUR 1,002 million (EUR 1,089 million). The decreasing interest rate levels increased the technical provisions in solvency calculation, thereby contributing to the decrease in own funds. This impact was partially offset by investment income.

The company's Solvency Capital Requirement at the end of 2020 was EUR 544 million (EUR 573 million). The decrease in the capital requirement was

for the most part due to the decrease in the market risk capital requirement.

Excluding the transitional measure on technical provisions, the company's solvency ratio was 149 per cent (154 per cent). The impact of the transitional measure on the company's solvency will decrease gradually and will end no later than in 2032.

### Risk position

The most significant operational risks are those relating to investment activities, life insurance, operational decisions, changes in the operating environment and strategic choices.

Market risk is caused by fluctuations in the market values of assets, including fluctuations resulting from changes in interest rates, share prices and foreign exchange rates. 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 loss caused by insufficient or failed internal processes, personnel, systems and external factors. Legal risks are included in operational risks. Risks related to the operating environment and the strategy include risks associated with the general operating environment, changes in the markets and customer behaviour, the competitive situation and competitors, and the content and implementation of the strategy.

In the insurance sector, risks associated with the operating environment and 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 key risks is provided in the note to the financial statements on risk management and in the report on solvency and financial position at [www.lahitapiola.fi](http://www.lahitapiola.fi).

### Corporate governance, personnel and remuneration

#### LocalTapiola Group's corporate governance and management system

LocalTapiola Group and the Group companies adhere to good corporate governance, which is based



on legislation applicable to the insurance and finance sector, the regulations and guidelines issued by the Financial Supervisory Authority and, where applicable to mutual insurance companies, the Finnish Corporate Governance Code for listed companies.

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

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

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

### Annual General Meeting

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

### Supervisory Board

Of the outgoing members of LocalTapiola Life's Supervisory Board, **Jari Bachmann** (Chairman of the Board of Directors, Helsinki, Kaso Oy), **Juha Hakkarainen** (Forest Director, Espoo, The Central Union of Agricultural Producers and Forest Owners

MTK), **Pekka Ilmivalta** (SVP, Legal Affairs and CSR, Espoo, Veikkaus Ltd), **Merja Lehtonen** (Home economics teacher, Riihimäki, City of Riihimäki), **Juha Paajanen** (Agriculture and forestry entrepreneur, Savonlinna), **Saara Perho** (CEO, Helsinki, Citrus Solutions Oy), **Totti Salko** (Managing Director, Helsinki, Merle Oy), **Harri Tuomi** (Managing Director, Rusko, Satakunnan Osuuskauppa) and **Satu Ylisiurua-Hemminki** (Chief Legal Officer, Seinäjoki, 2 M-IT Oy) were re-elected at the Meeting, all for a three-year term until the 2023 Annual General Meeting. Pekka Ilmivalta resigned from the Supervisory Board on 1 September 2020.

The following were elected as new members of the Supervisory Board: **Eija Koivuranta** (Managing Director, Espoo, Väestöliitto, the Family Federation of Finland), **Tiina Palosaari** (Retail Manager, Vaasa, JYSK Finland) and **Hanne Pitkänen** (Managing Director, Orivesi, Encore Digital Marketing Oy), all for a three-year term until the 2023 Annual General Meeting.

LocalTapiola Life's Supervisory Board held its organising meeting as an email meeting on 13–15 May 2020. The meeting elected the Chair and Deputy Chairs to the Supervisory Board. **Totti Salko** was elected Chair of the Supervisory Board, **Päivi Uusitalo** was elected First Deputy Chair and **Jukka Hertti** was elected Second Deputy Chair.

The Supervisory Board convened three times. On average, 72.2 per cent of the members attended the meetings. The salaries paid to and the commitments of the Supervisory Board members are presented in the section "Management's salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities" of the notes to the profit and loss account.

### Nomination Committee of the Supervisory Board

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

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

organising meeting of the following year, provided that the member continues to be a member of the Supervisory Board.

In 2020, the Nomination Committee was chaired by **Totti Salko**, Chair of the Supervisory Board, and the members were Supervisory Board members **Tiina Brandt**, **Marjut Nordström** and until 24 April 2020 **Vesa Ekroos** and from 15 May 2020 on **Juha Paajanen**.

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

#### Cooperation Committee of the Supervisory Boards

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

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

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

The Cooperation Committee convened 6 times, in addition to which it held one (1) meeting by email. The attendance rate was 100 per cent.

#### Board of Directors

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

In the 1 January–31 December 2020 term, the Board was chaired by **Juha Koponen** (CEO), Deputy Chair was **Jari Eklund** (Group Director) and the members were **Janne Kaipio**, **Olli Latola**, **Lauri Riekkola**, **Kati Sulin** and **Mirel Leino-Haltia**.

The Board convened 13 times, in addition to which it held 3 meetings by e-mail. The average attendance rate at the actual meetings was 99 per cent. The salaries paid to and the commitments of the Board of Directors are presented in the section

“Management’s salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities” of the notes to the profit and loss account.

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

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

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

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

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

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

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

#### Human Resources and Compensation Committee of the Boards of LocalTapiola General and LocalTapiola Life

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

The Committee assists the Boards of LocalTapiola General and LocalTapiola Life in processing

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

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

In 2020, the Committee was chaired by **Juha Koponen**, and the members were **Anu Kallio**, **Sami Kulla**, **Olli Latola** and **Kati Sulin**. The Committee held six meetings. The attendance rate was 100 per cent.

#### The Group's Management Group

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

The Management Group was chaired by Juha Koponen (CEO) as of 1 July 2020, and the members were Jari Sundström (Managing Director, LocalTapiola General) until 31 October 2020 (in addition, Chair until 30 June 2020), Mika Makkonen (Deputy Managing Director, LocalTapiola General) as of 1 November 2020, Minna Kohmo (Managing Director, LocalTapiola Mutual Life Insurance Company), Pekka Antikainen (Managing Director, LocalTapiola Services Ltd), Pasi Haarala (Managing Director, LocalTapiola Pohjanmaa), Ari Lagerström (Managing Director, LocalTapiola Etelä), Jukka Kinnunen (Managing Director, LocalTapiola Pääkaupunkiseutu), Jussi Seppälä (Managing Director, LocalTapiola Lännen), Veli Rajakangas (Managing Director, LocalTapiola Pohjoinen), Jari Eklund (Group Director), Harri Aho (Development Director), Vesa-Matti Kultanen (Director in charge of insurance business Group-level services) as of 1 August 2020,

Tom Liljeström (Managing Director, LocalTapiola Asset Management) until 9 March 2020, Mikko Vastela (CIO) until 9 March 2020, Olli-Pekka Pohjanmäki (Marketing Director) until 9 March 2020, Tomi Sinisaari (Personnel Director) until 9 March 2020 and Timo Laakso (CFO) until 30 September 2020.

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

#### Managing Director

LocalTapiola Life's Managing Director is MSc (Econ.) Minna Kohmo. Samu Anttila (Master of Arts, EMBA, SHV Actuarial Qualification) served as Deputy Managing Director until the end of November 2020. As of 1 January 2021, Petri Vilska (Master of Arts, SHV Actuarial Qualification) has served as Deputy Managing Director.

The salaries and perquisites paid to the Managing Director totalled EUR 360,869 (in 2019, EUR 343,686), including EUR 76,610 in performance-related pay. EUR 11,407 of the performance-related pay was earned in 2016, EUR 27,658 in 2017 and EUR 37,545 in 2019.

Of the performance-related pay, EUR 25,008, which was earned in 2017, has been deferred for payment at a later time. The performance-related pay for senior managers is based on the meeting of annual targets.

The Managing Director's retirement age is 63 years. The agreed compensation for any 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

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

#### Supervisory authority

LocalTapiola Life is a non-life insurance company subject to public supervision by the Financial Supervisory Authority (FIN-FSA). The FIN-FSA ensures that insurance companies comply with legislation and sound insurance practices, and that they apply appropriate methods in their operations. It moni-

tors and assesses the financial position, the management, supervision and risk management systems, operating prerequisites and changes in the operating environment of the companies it supervises.

### Personnel

Average number of personnel during the financial period:

LocalTapiola Life 140 (146)

LocalTapiola Life Group in total 140 (146)

### Compensation

The aim of the special compensation scheme 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. Remuneration is based on the person's good work performance in relation to the targets set. The bonus scheme is part of employees' overall compensation and it is based on annual bonuses, although some bonus targets may measure periods that are longer than one year. The special compensation scheme covers senior managers and all personnel.

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

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

The Cooperation Committee develops the compensation scheme for Board members. The Human Resources and Compensation Committee of the

Boards of LocalTapiola General and LocalTapiola Life monitors the development of the compensation scheme for the entire LocalTapiola Group's management and personnel.

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

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

- Salary
- Perquisites (car, lunch and telephone)
- Annual performance-related bonuses
- Supplementary pension arrangements, if applicable

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

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

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

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



The implementation of performance-related bonuses is regularly monitored and payment of such bonuses is subject to a decision by the Cooperation Committee and the Board of Directors following the end of the bonus-earning period each year. The Board of Directors may decide not to pay performance-related bonuses if the company's financial position has deteriorated substantially. Similarly, the payment of performance-related bonuses may be withheld if it is detected that the targets have been reached by taking a risk that is realised before the bonus is paid. Performance-related bonuses may be reclaimed if it becomes clear after payment that the recipient of the bonus has acted in breach of regulations, official decrees or instructions binding on the company or the company's operating principles, or if the bonus has been paid without justification.

Payments of performance-related bonuses to those members of LocalTapiola 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 per cent – is paid by the salary payment date in June following the end of the earning period. The remaining 60 per cent will be paid one, two and three years after this date in three separate instalments of equal amount. The value of the deferred bonuses will change in the manner of a financial instrument as referred to in applicable legislation in accordance with the ratio of the total result to the balance sheets of LocalTapiola General Mutual Insurance Company and LocalTapiola Mutual Life Insurance Company (total result / balance sheet at current value (excluding unit-linked life insurance premiums), weighted in proportion to the balance sheets of the aforementioned companies) from the end of the earning period to the end of the year preceding the date on which the bonus is paid.

Additionally, annual bonus payments are also made to LocalTapiola Group's personnel funds in line with the targets reached. This bonus item is determined based on targets derived from the strategy. The personnel funds do not cover the employees of all companies. The criteria for determining the amount of the bonus are confirmed annually. The bonus transfers are deducted from the

net profits for the financial periods in accordance with preliminary estimates.

The retirement age for senior managers of LocalTapiola Life is 63 years, and the retirement age of Deputy Managing Director is determined based on employee pension legislation. 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 personnel whose employment relationships with the Group began before 1 January 2013. There is no supplementary pension benefit for employment relationships that began after this date. In addition, LocalTapiola Life has taken out a defined-contribution supplementary pension insurance cover for persons who have agreed a retirement age deviating from the statutory retirement age. The pension payable is based on premiums paid by the employer and the interest income accrued on them.

#### [Reporting in compliance with the Corporate Governance Code](#)

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

#### [Events after the financial year](#)

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

#### [Future prospects](#)

##### [Life Insurance](#)

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

The growing importance of digital transacting is also reflected in life insurance, and customers' expectations for multi-channel transacting are increasing constantly. To meet customer demand, we will continue to develop our digital services in 2021. The development of multi-channel transacting plays a key role so as to be able to meet the growing demand for individual arrangements.

Investment income has a major impact on Life's result. The uncertainty relating to the development of the COVID-19 pandemic, for instance, weakens the predictability of Life's profit development in 2021. With the good solvency level and the investments made in solvency management, Life is well prepared for different movements to take place in the investment markets.

LocalTapiola Life expects an upward trend in sales and in the number of customers in all business sectors in 2021.

#### Investment operations

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

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

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

#### Proposal for distribution of profit

##### Proposal of the Board of Directors

The Board of Directors proposes to the Annual General Meeting of LocalTapiola Life that, of the EUR 63,282,010.73 profit for the 2020 financial period, EUR 63,082,010.73 be transferred to the security reserve, of which 4.2% – amounting to EUR 1,578,591.22 – be paid as interest on the guarantee capital, and EUR 200,000.00 be transferred to the contingency reserve. The interest to be paid on the guarantee capital corresponds to the five-year average of Life's investment income.

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

#### Capital and reserves after the proposal:

Capital and reserves, EUR	552,233,240.21
Initial reserve	4,482,208.24
Guarantee capital	37,585,505.12
Security reserve	507,544,888.62
Contingency reserve	2,620,638.23



# Financial statements 1 January–31 December 2020

## Consolidated financial statements, LocalTapiola Life Group

### Profit and loss account, LocalTapiola Life Group

TECHNICAL ACCOUNT		1.1.2020	-	31.1.1900	1.1.2019	-	31.1.1900
Premiums written							
Premiums written	K1	433,952,462.85			616,312,225.79		
Reinsurers' share		<u>-2,557,018.17</u>		431,395,444.68	<u>-3,806,808.37</u>		612,505,417.42
Investment income	K4			233,176,850.47			314,109,694.54
Revaluations of investments	K4			83,243,686.06			265,557,101.10
Claims incurred							
Claims paid		-396,541,972.80			-525,402,129.17		
Reinsurers' share		<u>290,424.38</u>		-396,251,548.42	<u>833,228.67</u>		-524,568,900.50
Change in provision for outstanding claims		20,987,373.00			-24,077,442.00		
Reinsurers' share		<u>0.00</u>		20,987,373.00	<u>0.00</u>		-24,077,442.00
Total claims incurred				-375,264,175.42			-548,646,342.50
Change in provision for unearned premiums							
Change in provision for unearned premiums		-56,681,436.68			-392,368,515.53		
Reinsurers' share		<u>0.00</u>		-56,681,436.68	<u>0.00</u>		-392,368,515.53
Operating expenses	K3			-56,118,537.69			-57,219,561.49
Investment charges	K4			-112,061,324.20			-124,245,055.16
Revaluation adjustments on investments	K4			-64,198,154.94			-28,184,622.81
<b>Balance on technical account before change in equalization provision</b>				<b>83,492,352.28</b>			<b>41,508,115.57</b>
<b>NON-TECHNICAL ACCOUNT</b>							
<b>Balance on technical account of life insurance</b>				<b>83,492,352.28</b>			<b>41,508,115.57</b>
Other income	K4						
Other		<u>2,142,960.20</u>		2,142,960.20	<u>2,158,881.82</u>		2,158,881.82
Other expenses	K4						
Depreciation of goodwill on consolidation		339,210.43			0.00		
Other		<u>-2,017,417.95</u>		-1,678,207.52	<u>-2,182,037.44</u>		-2,182,037.44
Share of profit (loss) from group associated undertakings after taxes				-911,464.40			87,786.31
<b>Profit on ordinary activities</b>				<b>83,045,640.56</b>			<b>41,572,746.26</b>
Direct taxes on ordinary activities							
Taxes for the financial period		-15,161,644.12			-7,054,556.47		
Change in deferred tax liabilities		<u>33,337.60</u>		-15,128,306.52	<u>31,166.86</u>		-7,023,389.61
Minority interest in the profit for the financial year				51,085.96			164,635.55
<b>Profit for the accounting period</b>				<b>67,968,420.00</b>			<b>34,713,992.20</b>

## Balance sheet, LocalTapiola Life Group

ASSETS		31.12.2020	31.12.2019
<b>Intangible assets</b>	K9		
Intangible rights		1,072,493.29	358,481.67
Goodwill on consolidation		8,237.44	8,237.44
Other expenses with long-term effects		10,370,521.67	11,536,891.66
Provisional premiums		<u>457,793.02</u>	<u>1,924,022.99</u>
		11,909,045.42	13,827,633.76
<b>Investments</b>	K5		
Real estate investments	K6		
Real estate and shares in real estate		440,283,217.60	393,102,111.48
Loans to group companies		<u>12,576,952.98</u>	<u>12,626,952.98</u>
		452,860,170.58	405,729,064.46
Investments in group companies and participating interests	K7		
Shares and holdings in group companies		290,749,206.17	214,749,330.95
Debt securities and loans of companies in same group		74,129,217.20	82,603,541.63
Shares and holdings in participating interests		34,265,633.19	44,189,657.52
Debt securities and loans in participating interests		<u>2,000,000.00</u>	<u>4,000,000.00</u>
		401,144,056.56	345,542,530.10
Other investments			
Shares and holdings	K7	689,331,678.05	877,444,784.78
Debt securities	K7	1,179,112,629.28	1,024,206,108.82
Loans guaranteed by mortgages		135,456,916.54	162,441,788.78
Other loans	K8	41,960,261.75	47,331,141.87
Deposits		<u>0.00</u>	<u>5,121,266.67</u>
		2,045,861,485.62	2,116,545,090.92
		<u>2,899,865,712.77</u>	<u>2,867,816,685.48</u>
<b>Assets covering unit-linked policies</b>	K7		
	K10	2,420,990,727.43	2,416,333,935.50
<b>Debtors</b>	K15		
Arising out of direct insurance operations			
Policyholders		909,192.61	958,757.80
Arising out of reinsurance operations		<u>29,124.14</u>	<u>82,357.01</u>
		938,316.75	1,041,114.81
Other debtors		10,521,459.54	8,390,692.16
Deferred tax claim	K14	<u>999,910.40</u>	<u>1,042,305.94</u>
		12,459,686.69	10,474,112.91
<b>Other assets</b>			
Tangible assets			
Machinery and equipment	K9	<u>1,376,909.83</u>	<u>1,238,312.89</u>
Cash at bank and in hand		161,383,313.63	55,970,937.30
Other assets		<u>1,067,204.41</u>	<u>1,067,204.41</u>
		163,827,427.87	58,276,454.60
<b>Prepayments and accrued income</b>			
Accrued interest and rent		10,923,426.94	9,307,016.87
Other prepayments and accrued income		<u>8,437,479.68</u>	<u>22,728,845.53</u>
		19,360,906.62	32,035,862.40
<b>Total assets</b>		<u><b>5,528,413,506.80</b></u>	<u><b>5,398,764,684.65</b></u>

LIABILITIES		31.12.2020		31.12.2019	
<b>Capital and reserves</b>	K11				
Initial reserve			4,482,208.24		4,482,208.24
Guarantee capital			37,585,505.12		37,585,505.12
Revaluation reserve			1,810,753.48		9,087,707.83
Other reserves					
Other reserves		448,462,107.40		413,164,921.88	
Share of voluntary provisions and depreciation difference transferred to capital and reserves		263,265.87	448,725,373.27	386,799.51	413,551,721.39
Profit/loss for previous accounting periods			-31,344,210.86		-28,801,667.22
Profit for the accounting period		67,968,419.80		34,713,992.20	
Change in depreciation difference and voluntary provisions included in the profit for the accounting period		133,350.40	68,101,770.20	124,667.45	34,838,659.65
			529,361,399.47		470,744,134.87
<b>Minority interests</b>			18,312,841.86		10,241,732.82
<b>Subordinated loans</b>	K17		99,792,333.33		99,721,133.33
<b>Technical provisions</b>					
Provision for unearned premiums		1,699,221,562.40		1,706,384,124.72	
Reinsurers' share		0.00	1,699,221,562.40	0.00	1,706,384,124.72
Provision for outstanding claims		690,729,493.00		716,556,986.00	
Reinsurers' share		0.00	690,729,493.00	0.00	716,556,986.00
			2,389,951,055.40		2,422,941,110.72
<b>Provision for unit-linked policies</b>					
Technical provisions			2,418,174,827.00		2,349,490,708.00
<b>Obligatory provisions</b>					
Other obligatory provisions	K13		17,072.89		10,010.36
<b>Deposits received from reinsurers</b>			1,169,917.37		1,128,585.75
<b>Creditors</b>	K15				
Arising out of direct insurance operations			1,343,807.72		972,546.83
Arising out of reinsurance operations			1,297,601.95		1,593,747.80
Other creditors			57,302,694.51		32,546,389.82
Deferred tax liabilities	K14		149,803.87		180,687.27
			60,093,908.05		35,293,371.72
<b>Accruals and deferred income</b>			11,540,151.43		9,193,897.07
<b>Total liabilities</b>			<b>5,528,413,506.80</b>		<b>5,398,764,684.64</b>

## Indirect cash flow statement, LocalTapiola Life Group

<b>Cash flow from operations</b>	<b>2020</b>	<b>2019</b>
Profit from ordinary activities	67,917,333.85	34,549,356.51
Adjustments		
Changes in technical provisions	35,694,063.68	416,445,957.53
Value adjustments and revaluation of investments	5,608,005.55	-255,744,727.25
Changes in other obligatory provisions	7,062.53	10,010.36
Depreciation according to plan	10,535,839.49	10,766,016.34
Other non-cash income and expenses	-7,276,954.35	0.00
Other adjustments	-50,352,038.60	-80,024,841.13
<i>Cash flow before change in working capital</i>	62,133,312.15	126,001,772.36
Change in working capital:		
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	10,689,382.00	-16,125,351.86
Increase (-) / decrease (+) in non-interest-bearing short-term debts	27,188,122.26	-16,312,914.95
<i>Cash flow from operations before financial items and taxes</i>	100,010,816.41	93,563,505.55
Other financial income and expenses paid/received	-3,501,999.88	-3,728,722.60
Direct taxes paid	-15,161,644.12	-7,054,556.47
<b>Cash flow from operations</b>	<b>81,347,172.41</b>	<b>82,780,226.48</b>
<b>Cash flow from investments</b>		
Investments in assets (excl. cash and c. equivalents)	-48,262,133.32	-197,420,978.71
Capital gains from investments (excl. cash and c. equivalents)	69,076,586.40	94,106,217.58
Minority interest increase/decrease	8,071,109.08	-164,635.56
Investments in tangible and intangible assets as well as other assets and capital gains (net)	-2,807,539.50	-4,431,381.70
<b>Cash flow from investments</b>	<b>26,078,022.66</b>	<b>-107,910,778.39</b>
<b>Cash flow from financial</b>		
Loans raised	71,200.00	-6,928,800.00
Interest on guarantee capital paid	-1,766,518.74	-1,691,347.73
Other distribution of profit	-317,500.00	-95,000.00
<b>Cash flow from financial</b>	<b>-2,012,818.74</b>	<b>-8,715,147.73</b>
<b>Change in cash and cash equivalents</b>	<b>105,412,376.33</b>	<b>-33,845,699.64</b>
<b>Cash and cash equivalents at the start of the year</b>	<b>55,970,937.30</b>	<b>89,816,636.94</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>161,383,313.63</b>	<b>55,970,937.30</b>

## Key figures, LocalTapiola Life Group

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	2020	2019	2018	2017	2016
<b>General key figures describing financial development</b>					
Operating profit	56.5	29.6	63.2	38.9	63.0
Total result	59.1	104.3	37.7	61.6	63.4
Return on assets, %	3.0	7.6	3.2	5.0	5.5
Average number of personnel during financial year	140	146	146	132	132
<b>Key figures describing the financial development of life insurance</b>					
Premium income	431.4	612.5	446.0	513.2	419.6
Expense ratio, % of total expense loadings	120.9	124.5	116.9	127.1	119.5
Expense ratio, % of total assets	1.2	1.4	1.3	1.5	1.2
Minority interest	18.3	10.2	5.4	3.5	3.2

## Notes, LocalTapiola Life Group

### Notes to the profit and loss account, LocalTapiola Life Group

#### K1. Premium income

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

#### K1.1 Impact of life insurance rebates and discounts

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



**K2. Claims paid before reinsurers' share**

	2020	2019
Direct insurance		
Life-insurance	269,487,636.08	399,576,627.72
Pension insurance	127,054,336.72	125,825,501.45
<i>Total</i>	<b>396,541,972.80</b>	<b>525,402,129.17</b>
Reinsurers' share	-290,424.38	-833,228.67
<b>Total</b>	<b>396,251,548.42</b>	<b>524,568,900.50</b>
Of which:		
Surrenders	173,107,151.01	317,830,681.03
Repayments of benefits	39,944,880.63	36,078,967.24
Other	183,489,941.16	171,492,480.90
	<b>396,541,972.80</b>	<b>525,402,129.17</b>
Share of unit-linked insurance of claims paid	166,541,201.71	310,158,067.23

**K3. Operating expenses and notes concerning personnel and members of corporate bodies****K3.1 Total operating expenses by activity**

	2020	2019
Claims paid	4,754,934.27	4,200,410.59
Operating expenses	56,118,537.69	57,219,561.49
Investment operating expenses	4,145,222.85	4,675,042.86
Other expenses	2,018,147.11	2,175,599.48
<i>Total</i>	<b>67,036,841.92</b>	<b>68,270,614.42</b>

**K3.2 Profit and loss account item operating expenses**

	2020	2019
Insurance policy acquisition costs		
Commissions for direct insurance	14,670,133.63	16,836,950.16
Other insurance policy acquisition costs	22,450,712.38	20,799,621.45
	<b>37,120,846.01</b>	<b>37,636,571.61</b>
Insurance policy management expenses	10,940,988.81	10,274,671.49
Administrative expenses	8,903,878.19	10,054,493.46
Commissions for reinsurance ceded and profit shares	-847,175.32	-746,175.07
<i>Total</i>	<b>56,118,537.69</b>	<b>57,219,561.49</b>

### K3.3 Notes concerning personnel and members of corporate bodies

	2020	2019
<b>3.3.1 Personnel expenses</b>		
Salaries and remunerations	13,418,230.66	12,198,504.77
Pension expenses	2,333,785.77	2,862,469.24
Other personnel expenses	327,117.90	504,827.21
<i>Total</i>	<u>16,079,134.33</u>	<u>15,565,801.22</u>

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

Managing director and deputy managing director		
Salaries and remunerations	550,158.00	559,781.00
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	175,500.00	166,500.00
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	174,000.00	162,000.00
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	140	146
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### K3.4 Auditor's fees by assignment category

	2020	2019
Auditing	52,308.51	71,731.11
Assignments referred to in section 1, subsection 1, paragraph 2 of the Auditing Act	0.00	1,432.20
Tax advice	0.00	4,672.80
Other services	101,883.44	1,767.00
<i>Total</i>	<u>154,191.95</u>	<u>79,603.11</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

	2020	2019
<b>Investment income</b>		
<b>Income from group companies</b>		
Dividend income	15,642,482.41	24,744,142.56
Interest income	2,491,867.50	2,687,963.30
<i>Total</i>	<u>18,134,349.91</u>	<u>27,432,105.86</u>
<b>Income from participating interests</b>		
Dividend income	292,540.80	197,465.04
Interest income	-236,481.84	-89,830.15
<i>Total</i>	<u>56,058.96</u>	<u>107,634.89</u>
<b>Income from real estate investments in group companies</b>		
Interest income	496,425.08	511,822.68
Other income	419,011.29	34,944.14
<i>Total</i>	<u>915,436.37</u>	<u>546,766.82</u>
<b>Income from real estate investments in other companies</b>		
Dividend income	858.21	858.21
Interest income	11,125.56	30,009.25
Other income	29,043,205.19	28,501,381.00
<i>Total</i>	<u>29,055,188.96</u>	<u>28,532,248.46</u>
<b>Income from other investments</b>		
Dividend income	25,207,667.58	38,586,286.88
Interest income	23,493,995.83	16,966,939.53
Other income	14,038,146.75	15,330,679.77
<i>Total</i>	<u>62,739,810.16</u>	<u>70,883,906.18</u>
	<b>110,900,844.36</b>	<b>127,502,662.21</b>
Value readjustments	19,832,684.67	66,239,308.30
Realized gains	102,443,321.44	120,367,724.03
<b>Total investment income</b>	<u><b>233,176,850.47</b></u>	<u><b>314,109,694.54</b></u>
<b>Investment charges</b>	<b>2020</b>	<b>2019</b>
Expenses arising from real estate investments	-13,380,526.60	-26,121,597.30
Expenses arising from other investments	-10,380,759.06	-14,067,713.58
Interest paid and other expenses on liabilities		
From participating interests	-22,554.45	0.00
Other companies	-4,476,219.12	-3,987,410.12
	<u><b>-28,260,059.23</b></u>	<u><b>-44,176,721.00</b></u>
Value adjustments and depreciation		
Value adjustments	-44,486,221.34	-47,867,059.34
Planned depreciation on buildings	-5,948,308.59	-5,939,768.37
<i>Total</i>	<u>-50,434,529.93</u>	<u>-53,806,827.71</u>
Realized losses	-33,366,735.04	-26,261,506.45
<b>Total investment charges</b>	<u><b>-112,061,324.20</b></u>	<u><b>-124,245,055.16</b></u>
<b>Net investment income before revaluations and revaluation adjustments</b>	<b>121,115,526.27</b>	<b>189,864,639.38</b>
Revaluations	83,243,686.06	265,557,101.10
Revaluation adjustments on investments	-64,198,154.94	-28,184,622.81
	<u>19,045,531.12</u>	<u>237,372,478.29</u>
<b>Net investment income in the profit and loss account</b>	<u><b>140,161,057.39</b></u>	<u><b>427,237,117.67</b></u>

#### K4.2 Investment income for unit-linked insurance policies

	2020	2019
Investment income	55,422,396.48	61,467,129.43
Investment charges	-12,792,697.66	-8,705,347.58
<b>Net investment income before revaluations and their adjustment as well as value adjustments and readjustments</b>	<b>42,629,698.82</b>	<b>52,761,781.85</b>
Revaluations	83,243,686.06	265,557,101.10
Revaluation adjustments on investments	-70,508,547.23	-28,184,622.81
Value adjustments	-3,450,607.91	-2,204,087.90
Value readjustments	1,561,653.49	13,987,492.67
	10,846,184.41	249,155,883.06
<b>Net investment income in the profit and loss account</b>	<b>53,475,883.23</b>	<b>301,917,664.91</b>

#### K4.3 Specification of other income and expenses

Other income	2020	2019
Services sold to partner companies	2,120,544.02	2,143,786.22
Other other income	22,416.18	15,095.60
<b>Total</b>	<b>2,142,960.20</b>	<b>2,158,881.82</b>
<b>Other expenses</b>		
Depreciation of goodwill on consolidation	339,210.43	0.00
Expenses for services sold	-2,018,147.11	-2,175,599.48
Other expenses	729.16	-6,437.96
<b>Total</b>	<b>-1,678,207.52</b>	<b>-2,182,037.44</b>

## 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	2020 Book value	Current value
Real estate investments			
Real estate	362,463,733.74	390,897,200.13	543,621,692.93
Real estate shares in group companies	36,461,617.70	36,461,617.70	48,174,699.84
Real estate shares in participating interests	16,785.89	16,785.89	71,984.43
Other real estate shares	12,907,613.88	12,907,613.88	18,825,917.00
Loans to group companies	12,576,952.98	12,576,952.98	12,576,952.98
	424,426,704.19	452,860,170.58	623,271,247.18
Investments in group companies			
Shares and holdings	290,749,206.17	290,749,206.17	312,088,735.60
Loans receivable	74,129,217.20	74,129,217.20	74,129,217.20
	364,878,423.37	364,878,423.37	386,217,952.80
Investments in participating interests			
Shares and holdings	34,265,633.01	34,265,633.19	34,265,633.13
Debt securities	2,000,000.00	2,000,000.00	2,000,000.00
	36,265,633.01	36,265,633.19	36,265,633.13
Other investments			
Shares and holdings	689,331,678.05	689,331,678.05	799,358,302.45
Debt securities	1,179,112,629.28	1,179,112,629.28	1,207,078,632.00
Loans guaranteed by mortgages	135,456,916.54	135,456,916.54	135,456,916.53
Other loans	41,960,261.75	41,960,261.75	41,960,261.75
Deposits	0.00	0.00	0.00
	2,045,861,485.62	2,045,861,485.62	2,183,854,112.73
	2,871,432,246.19	2,899,865,712.77	3,229,608,945.84

### 2020

The remaining acquisition cost of debt securities includes:

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

-4,774,246.60

Book value comprises

Revaluations released to income

28,433,466.39

Other revaluations

0.00

28,433,466.39

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

329,743,233.07

Investments	Remaining acquisition cost	2019 Book value	Current value
Real estate investments			
Real estate	311,892,026.08	342,570,282.77	469,364,454.08
Real estate shares in group companies	37,679,617.70	37,679,617.70	51,458,605.42
Real estate shares in participating interests	15,927.12	15,927.12	71,984.43
Other real estate shares	12,836,283.89	12,836,283.89	19,877,661.66
Loans to group companies	12,626,952.98	12,626,952.98	12,626,952.98
	<u>375,050,807.77</u>	<u>405,729,064.46</u>	<u>553,399,658.57</u>
Investments in group companies			
Shares and holdings	214,749,330.95	214,749,330.95	233,339,363.96
Loans receivable	82,603,541.63	82,603,541.63	82,603,541.63
	<u>297,352,872.58</u>	<u>297,352,872.58</u>	<u>315,942,905.59</u>
Investments in participating interests			
Shares and holdings	44,189,657.37	44,189,657.52	48,897,316.06
Debt securities	4,000,000.00	4,000,000.00	4,000,000.00
	<u>48,189,657.37</u>	<u>48,189,657.52</u>	<u>52,897,316.06</u>
Other investments			
Shares and holdings	877,444,784.78	877,444,784.78	1,021,762,213.43
Debt securities	1,024,206,108.82	1,024,206,108.82	1,037,441,651.14
Loans guaranteed by mortgages	162,441,788.78	162,441,788.78	162,441,788.78
Other loans	47,331,141.87	47,331,141.87	47,331,141.88
Deposits	5,121,266.67	5,121,266.67	5,121,266.67
	<u>2,116,545,090.92</u>	<u>2,116,545,090.92</u>	<u>2,274,098,061.90</u>
	<u>2,837,138,428.64</u>	<u>2,867,816,685.48</u>	<u>3,196,337,942.12</u>

## 2019

The remaining acquisition cost of debt securities includes:

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

-4,496,529.17

Book value comprises

Revaluations released to income

30,678,256.69

Other revaluations

0.00

30,678,256.69

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

328,521,256.64



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

Derivative contracts	Remaining acquisition cost	2020	Current value
		Book value	
Other debtors			
Assets pledged as security for derivatives	1,180,000.00	1,180,000.00	1,180,000.00
Other creditors			
Assets received as security for derivatives	3,260,000.00	3,260,000.00	3,260,000.00
Other deferred income and credits			
Futures and forward contracts	0.00	0.00	1,965,168.97
	4,440,000.00	4,440,000.00	6,405,168.97
Difference in valuation (difference between current value and book value)			1,965,168.97

  

Derivative contracts	Remaining acquisition cost	2019	Current value
		Book value	
Other debtors			
Assets pledged as security for derivatives	100,000.00	100,000.00	100,000.00
Other deferred income and credits			
Futures and forward contracts	-202,140.88	-202,140.88	393,116.06
	-102,140.88	-102,140.88	493,116.06
Difference in valuation (difference between current value and book value)			595,256.94

## K6. Real estate investments

Changes in real estate investments:	2020	2020
	Real estate and shares in real estate	Loans to group companies
Acquisition cost on 1 Jan.	455,174,174.13	12,626,952.98
Increase	110,341,638.97	0.00
Decrease	-60,909,193.76	-50,000.00
Acquisition cost on 31 Dec.	504,606,619.34	12,576,952.98
Accumulated depreciation on 1 Jan.	-82,634,675.76	
Accumulated depreciation related to deductions and transfers	12,270.88	
Depreciation for the financial year	-1,487,798.94	
Accumulated depreciation on 31 Dec.	-84,110,203.82	
Value adjustments on 1 Jan.	-10,115,643.58	
Value adjustments related to deductions and transfers	1,501,979.29	
Value adjustments for the financial year	-123,000.00	
Value readjustments	90,000.00	
Value adjustments on 31 Dec.	-8,646,664.29	
Revaluations on 1 Jan.	30,678,256.69	
Decrease	-2,244,790.30	
Revaluations on 31 Dec.	28,433,466.39	
Book value on 31 Dec.	440,283,217.60	12,576,952.98

### Real estate and shares in real estate occupied for own activities

	2020
Remaining acquisition cost	1,890,350.37
Book value	1,890,350.37
Current value	1,890,350.37

## K7. Investments in group companies and participating interests

	2020	2019
<b>Shares and holdings in group companies</b>		
Acquisition cost on 1 Jan.	215,022,713.50	153,249,396.75
Increase	106,542,375.18	72,764,450.10
Decrease	-31,432,736.38	-10,991,133.35
Transfers between items	1,302,328.98	0.00
Acquisition cost on 31 Dec.	291,434,681.28	215,022,713.50
Value adjustments on 1 Jan.	-273,382.55	-1,228,562.52
Value adjustments for the financial year	-443,457.54	-489,730.17
Value readjustments	31,364.98	1,444,910.14
Value adjustments on 31 Dec.	-685,475.11	-273,382.55
Book value on 31 Dec.	290,749,206.17	214,749,330.95
<b>Debt securities issued by and loans to companies in the same group</b>		
Acquisition cost on 1 Jan.	82,603,541.63	89,247,827.02
Increase	992,775.00	3,825,000.00
Decrease	-9,467,099.43	-10,469,285.39
Acquisition cost on 31 Dec.	74,129,217.20	82,603,541.63
Book value on 31 Dec.	74,129,217.20	82,603,541.63
<b>Shares and holdings in participating interests</b>		
Acquisition cost on 1 Jan.	53,001,851.80	52,914,924.50
Increase	47,905.22	86,927.30
Decrease	-2,288,236.83	0.00
Transfers between items	-1,302,328.98	0.00
Acquisition cost on 31 Dec.	49,459,191.21	53,001,851.80
Value adjustments on 1 Jan.	-8,812,194.28	-17,765,024.21
Value adjustments for the financial year	-6,565,612.31	0.00
Value readjustments	184,248.57	8,952,829.93
Value adjustments on 31 Dec.	-15,193,558.02	-8,812,194.28
Book value on 31 Dec.	34,265,633.19	44,189,657.52
<b>Debt securities issued by and loans to participating interests</b>		
Acquisition cost on 1 Jan.	4,000,000.00	4,000,000.00
Decrease	-2,000,000.00	0.00
Acquisition cost on 31 Dec.	2,000,000.00	4,000,000.00
Book value on 31 Dec.	2,000,000.00	4,000,000.00
<b>Investments in group companies and participating interests, total</b>		
Book value on 31 Dec.	401,144,056.56	345,542,530.10

## K7.1 Investments in companies belonging to the 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 %	11,832.49	-20.00
Kauppakeskus Seppä Oy	2)	Espoo	47.0 %	8,662.39	4,374.89
Keskinäinen Vakuutusyhtiö Turva	4)	Tampere	3.6 %	50,373,230.31	1,791,792.53
LTC-Otso Oy	3)	Helsinki	18.0 %	8,203,838.92	5,745,886.96
LähiTapiola Aluekiinteistöt Ky -konserni	3)	Espoo	18.9 %	8,827,032.85	-224,042.21
LähiTapiola Core Kiinteistöt Ky -group	1)	Espoo	67.1 %	44,768,250.18	455,362.38
LähiTapiola Kiinteistövarainhoito Oy -group	3)	Espoo	15.9 %	12,080,979.42	1,876,934.14
LähiTapiola KR PK2 Ky -group	3)	Espoo	10.0 %	13,893,242.06	204,832.32
LähiTapiola Palvelut Oy	3)	Espoo	15.0 %	12,855,674.90	1,834,778.13
LähiTapiola Pääomasijoitus GP Oy	2)	Espoo	43.1 %	455.89	-155.00
LähiTapiola Pääomasijoitus I Ky	3)	Espoo	30.7 %	113,474,670.13	7,697,282.38
LähiTapiola Pääomasijoitus II Ky	3)	Espoo	37.0 %	139,890,449.24	1,162,509.98
LähiTapiola Pääomasijoitus III Ky	3)	Espoo	47.2 %	133,698,300.20	8,098,284.52
LähiTapiola Pääomasijoitus IV Ky	3)	Espoo	38.3 %	19,924,028.17	-3,196,344.25
LähiTapiola Rahoitusyhtiö I Ky	3)	Espoo	9.0 %	322,683,432.31	3,767,219.70
LähiTapiola Tampereen Tornit Ky	3)	Espoo	32.2 %	51,526,076.93	0.00
LähiTapiola Tontit GP I Oy	2)	Espoo	22.6 %	122,699.66	5,745.58
LähiTapiola Tontit I Ky	3)	Espoo	5.0 %	44,403,110.88	3,303,110.80
LähiTapiola Tontit II Ky	3)	Espoo	16.2 %	6,478,661.53	368,742.74
LähiTapiola Varainhoito Oy	3)	Espoo	16.2 %	22,596,506.59	548,484.90
LähiTapiola Velkasijoitus I Ky	3)	Espoo	37.2 %	156,526,391.78	5,041,091.88
LähiTapiola Velkasijoitus II GP Oy	3)	Espoo	15.9 %	2,500.00	0.00
LähiTapiola Velkasijoitus II Ky	3)	Espoo	35.8 %	17,092,643.87	-1,054,766.44
LähiTapiola Yhteiset GP Oy	3)	Espoo	15.9 %	2,534.70	0.00
Seligson & Co Fund Management Company Plc	3)	Helsinki	9.7 %	13,938,942.33	2,457,825.46
Tieto-Tapiola Oy	2)	Espoo	33.3 %	4,480,638.51	100,993.64
Vakuutusneuvonta Aura Oy	2)	Espoo	33.3 %	10,634.40	-95.00
Vakuutusneuvonta Pohja Oy	2)	Espoo	33.3 %	10,577.17	-95.00
Yhteiskuntakiinteistöt GP Oy	3)	Espoo	15.9 %	2,500.00	0.00
<b>Total</b>				<b>1,197,888,497.81</b>	<b>39,989,735.03</b>

In addition, LocalTapiola Life Group has invested in 27 (29) housing associations and real estate companies that are integrated into the consolidated financial statements of LocalTapiola Group, out of which 18 (20) are its own subsidiaries.

1) Subsidiary

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

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

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

## K7.2 Investments in participating interests

Shares and holdings		Domicile	Share of stocks %	Equity	Profit for the accounting period
Pihlajalinna Oyj -group	3)	Tampere	8.4 %	109,800,000.00	8,700,000.00
S-Pankki Oy -group	3)	Helsinki	3.5 %	488,643,973.81	15,669,742.17
<b>Total</b>				<b>598,443,973.81</b>	<b>24,369,742.17</b>

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

### K7.3 Other investments

Security	Share of stocks %	Number	Book value	Current value	Home country
<b>Finnish companies, listed</b>					
Huhtamäki Oyj	0.07	80,000.00	2,732,472.53	3,380,800.00	Finland
Kone Oyj B	0.01	48,000.00	1,151,517.87	3,190,080.00	Finland
Nokia Oyj	0.01	643,000.00	2,026,093.00	2,026,093.00	Finland
Stora Enso R	0.04	295,000.00	2,683,422.27	4,615,275.00	Finland
Vaisala Oyj A	0.33	98,618.00	1,337,642.08	3,979,236.30	Finland
Others		127,200.00	412,128.00	412,128.00	
<b>Total</b>		<b>1,291,818.00</b>	<b>10,343,275.75</b>	<b>17,603,612.30</b>	
<b>Finnish companies, non-listed</b>					
Sofigate Group Oy	2.98	604,700.00	846,580.00	846,580.00	Finland
Viria Oyj	2.79	150,000.00	2,520,000.00	2,520,000.00	Finland
Others		124,195,063.00	97,435,314.26	103,469,936.37	Finland
<b>Total</b>		<b>124,949,763.00</b>	<b>100,801,894.26</b>	<b>106,836,516.37</b>	

Security	Share of stocks %	Number	Book value	Current value	Home country
<b>Foreign companies, listed</b>					
ASML Holding NV	0.00	13,000.00	2,077,337.50	5,168,150.00	The Netherlands
AbbVie Inc	0.00	48,000.00	2,794,687.93	4,191,345.45	USA
Alcon Inc	0.01	50,000.00	2,431,042.18	2,723,569.71	Switzerland
Alphabet Inc Class C	0.00	3,000.00	2,897,081.87	4,282,976.12	USA
Amazon.com Inc	0.00	1,500.00	1,334,428.39	3,981,252.55	USA
Assa Abloy Ab B	0.01	155,000.00	2,901,470.53	3,128,020.89	Sweden
AstraZeneca PLC	0.00	52,000.00	3,328,328.25	4,236,210.14	UK
Automatic Data Processing Inc	0.01	24,000.00	1,974,809.96	3,446,173.91	USA
Axa Sa	0.01	210,000.00	4,097,520.00	4,097,520.00	France
Brenntag AG	0.03	50,000.00	2,404,876.01	3,167,000.00	Germany
Carlsberg A/S	0.02	20,000.00	2,239,134.37	2,621,188.30	Denmark
DSV Panalpina A/S	0.01	15,000.00	1,314,690.64	2,056,202.88	Denmark
Dassault Systemes Sa	0.01	24,000.00	3,129,802.17	3,987,600.00	France
Deutsche Telekom AG	0.01	306,000.00	4,576,230.00	4,576,230.00	Germany
Epiroc AB	0.03	260,000.00	2,283,388.34	3,877,599.83	Sweden
ING Groep NV	0.01	372,000.00	2,842,452.00	2,842,452.00	The Netherlands
Illinois Tool Works Inc	0.01	16,000.00	1,965,982.12	2,658,365.25	USA
Linde PLC	0.00	12,000.00	2,053,681.53	2,556,000.00	Ireland
Lowe's Cos Inc	0.00	22,000.00	1,827,421.19	2,877,695.38	USA
Medtronic Inc	0.00	37,300.00	2,144,284.92	3,560,689.43	Ireland
Merck & Co Inc	0.00	39,000.00	1,881,814.48	2,599,788.12	USA
Merck KGAA	0.03	43,000.00	3,630,856.14	6,035,050.00	Germany
Microsoft Corp	0.00	10,000.00	1,752,109.19	1,812,566.21	USA
Mondelez International Inc	0.00	70,000.00	2,804,118.58	3,335,424.99	USA
NIKE Inc	0.00	22,000.00	1,512,711.74	2,536,337.71	USA
National Grid PLC	0.01	275,832.00	2,653,912.33	2,653,912.33	UK
Nestle Sa	0.00	48,000.00	3,679,635.73	4,632,919.83	Switzerland
PepsiCo Inc	0.00	29,000.00	2,181,910.90	3,504,767.34	USA
Procter & Gamble Co	0.00	26,000.00	1,719,128.97	2,948,121.59	USA
Relx N.V.	0.01	100,000.00	1,879,433.87	2,003,000.00	The Netherlands
Roche Holding Ag	0.00	14,000.00	3,099,465.08	4,004,813.92	Switzerland
Rockwell Automation Inc/DE	0.01	16,000.00	2,392,932.87	3,270,279.52	USA
SAP Ag	0.00	34,000.00	3,140,596.13	3,645,480.00	Germany
SGS SA	0.02	1,400.00	3,054,429.17	3,460,470.28	Switzerland
Schneider Electric Sa	0.00	28,000.00	1,993,928.02	3,312,400.00	France
Siemens Healthineers AG	0.01	96,283.00	3,082,014.93	4,041,960.34	Germany
Swiss Re Ltd	0.01	42,000.00	3,240,399.93	3,240,399.93	Switzerland
TRANE TECHNOLOGIES PLC	0.01	28,000.00	1,697,361.02	3,312,264.69	Ireland
Tesco PLC	0.01	800,000.00	2,059,108.15	2,059,108.15	UK
Unilever NV	0.00	101,000.00	3,792,062.32	5,006,065.00	The Netherlands
Visa Inc	0.00	22,000.00	1,899,993.51	3,921,489.69	USA
salesforce.com Inc	0.00	20,000.00	2,329,331.21	3,626,925.27	USA
<b>Total</b>		<b>3,556,315.00</b>	<b>106,095,904.17</b>	<b>144,999,786.75</b>	
<b>Foreign companies, non-listed</b>					
Others		3,083.00	190,645.69	302,806.17	
<b>Total</b>		<b>3,083.00</b>	<b>190,645.69</b>	<b>302,806.17</b>	

Security	Number	Book value	Current value	Home country
<b>Mutual funds</b>				
AMUNDI PLANT EM GRN 1-SEURH		10,784,242.03	11,046,899.61	Luxembourg
Aktia Trade Finance Erikoissijoitusrahasto		1,011,271.77	1,011,271.77	Finland
BNP Paribas Global Senior Corporate Loans		13,972,640.45	13,972,640.45	France
GS Emerging Markets Equity		2,760,685.09	3,482,572.42	Luxembourg
LähiTapiola AIF Eurooppa		7,000,000.00	7,833,079.04	Finland
LähiTapiola AIF Pitkäkorko		15,000,000.00	15,419,019.32	Finland
LähiTapiola AIF USA		2,000,000.00	2,455,940.24	Finland
LähiTapiola AIF Yrityslaina		79,000,000.00	80,777,397.29	Finland
LähiTapiola High Yield A		3,617,432.54	5,145,462.55	Finland
LähiTapiola Kehittyvät Korkomarkkinat A		34,922,947.36	37,090,246.80	Finland
LähiTapiola Korkomaailma A		659,964.80	702,155.60	Finland
LähiTapiola Reaalikorko A		10,000,000.00	10,402,000.00	Finland
LähiTapiola Suoja A		617,748.72	727,945.85	Finland
LähiTapiola Tähtivarainhoito 50		1,879,512.31	1,994,350.50	Finland
LähiTapiola Vastuullinen Hyvinvointi A		1,441,939.71	5,309,309.13	Finland
LähiTapiola Vastuullinen Kasvu A		2,268,898.01	7,392,910.89	Finland
LähiTapiola Vastuullinen Kehittynyt Aasia A		1,262,493.26	1,876,288.68	Finland
LähiTapiola Vastuullinen Kehittyvät Markkinat A		1,137,084.44	1,359,597.65	Finland
LähiTapiola Vastuullinen Kuluttaja A		1,862,383.18	5,558,008.07	Finland
LähiTapiola Vastuullinen Pohjoinen Yrityskorko A		8,791,353.42	11,258,965.05	Finland
LähiTapiola Vastuullinen Vaikuttajakorko A		45,000,000.00	47,094,185.24	Finland
LähiTapiola Vastuullinen Ympäristö A		4,423,631.97	8,780,444.84	Finland
LähiTapiola Vastuullinen Yrityskorko A		14,438,178.86	21,681,462.60	Finland
LähiTapiola Tähtivarainhoito 25		3,013,381.99	3,134,218.61	Finland
PIMCO GIS Emerging Markets Bond ESG Fund		6,217,965.64	7,622,611.96	Ireland
Seligson Phoebus - A		7,500,000.00	8,058,270.65	Finland
Seligson Phoenix A		7,500,000.00	8,130,569.19	Finland
Others		328,960.89	354,619.84	
<b>Total</b>		<b>288,412,716.44</b>	<b>329,672,443.84</b>	



Security	Number	Book value	Current value	Home country
<b>Capital mutual funds</b>				
Altor Fund III		2,726,956.62	3,152,899.55	Jersey
Altor Fund IV (No.2) AB		5,949,305.26	7,455,585.25	Sweden
Armada Mezzanine IV Ky		1,213,786.22	1,433,628.66	Finland
Beechbrook Mezzanine II L.P.		2,203,624.00	2,203,624.00	UK
Beechbrook Private Debt III L.P.		9,230,765.73	9,230,765.73	UK
Beechbrook UK SME Credit I L.P.		3,333,904.07	3,333,904.07	UK
Bowmark Capital Partners IV, L.P.		1,771,780.70	1,771,780.70	UK
Bowmark Capital Partners V, L.P.		3,205,718.39	3,205,718.39	UK
Bridgepoint Europe III, L.P.		1,017,277.00	1,017,277.00	UK
Bridgepoint Europe IV F L.P.		1,510,499.00	1,510,499.00	UK
Bridgepoint Europe V C L.P.		7,402,748.95	9,046,893.66	UK
Dasos Habitat Fund Ky		972,839.00	972,839.00	Finland
Dasos Timberland Fund II		15,381,663.63	20,470,439.26	Luxembourg
Dyal Capital Partners IV LP		2,454,634.66	2,454,634.66	Cayman Islands
ICG Senior Debt Partners Fund 2		9,826,089.00	9,826,089.00	Luxembourg
ICG-Longbow UK Real Estate Debt Investments III		4,769,448.33	4,769,448.33	Luxembourg
Infranode I (No. 1) AB		6,966,961.62	6,966,961.62	Sweden
LähiTapiola Asuntorahasto Prime Ky		2,041,124.31	2,140,985.54	Finland
LähiTapiola Asuntosijoitus Suomi Ky		4,965,095.02	6,467,036.41	Finland
LähiTapiola Keskustakiinteistöt Ky		32,972,846.31	32,972,846.31	Finland
NB Private Debt Fund II LP		9,626,045.15	9,626,045.15	USA
Nexit INFOCOM II L.P.		1,936,069.38	2,957,680.65	Guernsey
Nordic Mezzanine Fund III Limited Partnership		1,962,279.59	3,691,330.87	UK
Real Estate Debt & Secondaries Ky		801,782.59	801,782.59	Finland
Siguler Guff Small Business Credit Opportunities		5,034,988.08	5,034,988.08	USA
TPG Partners VI, LP		2,904,692.02	2,904,692.02	USA
TPG Partners VII, L.P.		9,466,966.70	10,223,566.95	USA
The Triton Fund III L.P.		3,595,945.68	3,595,945.68	Jersey
Tikehau Direct Lending III		4,673,630.82	4,673,630.82	Luxembourg
Top Tier Venture Capital III, L.P.		555,922.16	555,922.16	USA
Top Tier Venture Capital IV, L.P.		1,855,837.21	2,537,357.14	USA
VSS Structured Capital Parallel III, L.P.		8,009,147.72	8,097,264.28	USA
WasaGroup Fund II Ky		731,337.16	822,582.38	Finland
WasaGroup Fund III Ky		2,247,879.36	2,439,018.81	Finland
eQ PE IX US Feeder		894,575.01	894,575.01	Finland
eQ PE VIII North LP		4,527,914.00	4,527,914.00	Finland
eQ PE X North LP		792,593.00	792,593.00	Finland
Others		3,952,568.29	5,362,391.29	
<b>Total</b>		<b>183,487,241.74</b>	<b>199,943,137.02</b>	
<b>Total other investments, shares and holdings</b>	<b>129,800,979.00</b>	<b>689,331,678.05</b>	<b>799,358,302.45</b>	

## K7.4 Assets covering unit-linked policies

Security	Home country	Current value	Book value
<b>Shares</b>			
PowerCell Sweden AB	Sweden	1,020,878.39	1,020,878.39
Telia Ab	Sweden	531,167.00	531,167.00
Evli Bank PLC	Finland	1,376,489.40	1,376,489.40
Fortum Oyj	Finland	848,656.30	848,656.30
Metso Outotec Oyj		744,701.63	744,701.63
Neste Oyj	Finland	1,525,263.12	1,525,263.12
Nokia Oyj	Finland	1,562,845.58	1,562,845.58
Nokian Renkaat Oyj	Finland	502,764.90	502,764.90
Nordea Bank Abp	Finland	1,683,285.56	1,683,285.56
Sampo Oyj A	Finland	1,012,002.18	1,012,002.18
Stora Enso R	Finland	557,838.13	557,838.13
UPM-Kymmene Oyj	Finland	654,891.71	654,891.71
Others		14,338,419.14	14,338,419.14
<b>Total</b>		<b>26,359,203.04</b>	<b>26,359,203.03</b>
<b>Mutual funds</b>			
FUNDSMITH EQUITY FD SICAV-IA	Luxembourg	1,259,336.40	1,259,336.40
JPM Emerging Markets Opportunities I Acc EUR	Luxembourg	5,534,110.80	5,534,110.80
MORGAN ST-US ADVANTAGE-ZUSD	Luxembourg	2,718,618.27	2,718,618.27
X-Trackers DJ Stoxx 600 Index ETF	Luxembourg	660,689.00	660,689.00
X-trackers Russell 2000 UCITS	Luxembourg	1,804,956.30	1,804,956.30
iShares Core MSCI Emerging Markets IMI UCITS ETF	Luxembourg	8,249,660.28	8,249,660.28
iShares Core S&P 500 UCITS	Luxembourg	12,049,688.00	12,049,688.00
iShares Emer.Mark.Gov.Bond Ind.I2 hed.EUR	Luxembourg	5,844,555.64	5,844,555.64
Slättö Bostäder Invest AB	Sweden	996,581.72	996,581.72
Slättö Core Plus AB	Sweden	3,438,689.63	3,438,689.63
Slättö IV AB	Sweden	3,019,225.82	3,019,225.82
Slättö VII AB- B Shares	Sweden	3,816,544.15	3,816,544.15
ALANDSBANKEN EURO BOND-B	Finland	744,166.08	744,166.08
Alandsbanken Euro High Yield B	Finland	651,033.18	651,033.18
Alandsbanken Global Equity	Finland	600,160.67	600,160.67
EAI Residential asuntorahasto 2015	Finland	1,543,752.00	1,543,752.00
EAI Residential asuntorahasto 2016	Finland	605,925.00	605,925.00
EAI Residential asuntorahasto 2018	Finland	659,285.00	659,285.00
EQ Eurooppa Kiinteistö-1 K	Finland	1,363,786.49	1,363,786.49
EQ Eurooppa Osinko 1 K	Finland	1,023,977.00	1,023,977.00
EQ Pohjoismaat Pienyhtiö 2 K	Finland	1,184,430.40	1,184,430.40
EVLI EMERGING FRONTIER-B	Finland	6,806,368.28	6,806,368.28
EVLI EMERGING MKT CREDIT-B	Finland	10,733,069.10	10,733,069.10
EVLI EQTY FACTOR EUR -B ACC	Finland	10,234,275.80	10,234,275.80
EVLI EQUITY FACTOR USA-B	Finland	5,562,581.63	5,562,581.63
EVLI FINNISH SMALL CAP	Finland	9,508,519.15	9,508,519.15
EVLI GEM-B	Finland	3,624,580.32	3,624,580.32
EVLI RENTAL YIELD AIF-A	Finland	11,191,858.56	11,191,858.56
Erikoissijoitusrahasto Elite	Finland	1,543,758.91	1,543,758.91
Erikoissijoitusrahasto UB Nordic Property	Finland	704,000.09	704,000.09

Euro Choice VII Feeder voitonjakolaina	Finland	1,169,580.44	1,169,580.44
Evli Euro Likvidi B	Finland	6,268,573.94	6,268,573.94
Evli Eurooppa B	Finland	8,770,197.19	8,770,197.19
Evli European High Yield B	Finland	34,410,389.03	34,410,389.03
Evli European Investment Grade B	Finland	10,760,428.16	10,760,428.16
Evli Green Corporate Bond B	Finland	5,503,358.84	5,503,358.84
Evli Growth Partners I yhtiöosuus	Finland	3,174,775.50	3,174,775.50
Evli Healthcare I yhtiöosuus	Finland	25,287,778.88	25,287,778.88
Evli Infrastructure Fund I Ky	Finland	1,002,000.00	1,002,000.00
Evli Lyhyt Yrityslaina B	Finland	15,279,338.22	15,279,338.22
Evli Pohjoismaat B	Finland	610,358.61	610,358.61
Evli Private Equity II yhtiöosuus	Finland	851,922.99	851,922.99
Evli Residential I yhtiöosuus (2020)	Finland	1,250,000.00	1,250,000.00
Evli Suomi Select B	Finland	2,820,322.90	2,820,322.90
Evli Swedish Small Cap B	Finland	5,403,292.92	5,403,292.92
Evli Takt.Alpha-Korko B	Finland	23,201,583.50	23,201,583.50
Evli Varainhoito 50 B	Finland	2,010,466.18	2,010,466.18
Harkitseva Varainhoito	Finland	1,564,099.39	1,564,099.39
Indeksivarainhoito 25	Finland	13,520,218.59	13,520,218.59
Indeksivarainhoito 50	Finland	20,260,666.34	20,260,666.34
Indeksivarainhoito 75	Finland	6,245,875.05	6,245,875.05
Kiinteistö-sijoitussalkku	Finland	66,400,983.73	66,400,983.73
LähiTapiola 2020 A	Finland	80,349,238.76	80,349,238.76
LähiTapiola 2025 A	Finland	194,755,015.81	194,755,015.81
LähiTapiola 2035 A	Finland	95,356,436.52	95,356,436.52
LähiTapiola 2045 A	Finland	24,089,855.27	24,089,855.27
LähiTapiola Asuntosijoitus	Finland	1,964,042.79	1,964,042.79
LähiTapiola Asuntosijoitus Prime	Finland	11,803,995.30	11,803,995.30
LähiTapiola Asuntosijoitus Suomi	Finland	5,722,932.08	5,722,932.08
LähiTapiola Eurooppa Markkina A	Finland	2,081,347.26	2,081,347.26
LähiTapiola High Yield A	Finland	7,050,570.15	7,050,570.15
LähiTapiola Kehittyvät Korkomarkkinat A	Finland	3,143,160.96	3,143,160.96
LähiTapiola Korkomaailma A	Finland	16,648,551.77	16,648,551.77
LähiTapiola Maailma 20 A	Finland	22,084,277.33	22,084,277.33
LähiTapiola Maailma 50 A	Finland	79,598,834.96	79,598,834.96
LähiTapiola Maailma 80 A	Finland	83,656,352.16	83,656,352.16
LähiTapiola Metsäsijoitus	Finland	4,019,946.16	4,019,946.16
LähiTapiola Pitkäkorko A	Finland	7,649,594.08	7,649,594.08
LähiTapiola Suoja A	Finland	1,377,635.42	1,377,635.42
LähiTapiola Tapiolan Keskus	Finland	1,189,330.00	1,189,330.00
LähiTapiola USA Markkina A	Finland	4,331,377.17	4,331,377.17
LähiTapiola Vastuullinen Eurooppa Keskisuuret A	Finland	25,617,502.89	25,617,502.89

LähiTapiola Vastuullinen Hyvinvointi A	Finland	31,938,378.59	31,938,378.59
LähiTapiola Vastuullinen Kasvu A	Finland	20,977,596.09	20,977,596.09
LähiTapiola Vastuullinen Kehittynyt Aasia A	Finland	12,384,433.35	12,384,433.35
LähiTapiola Vastuullinen Kehittyvät Markkinat A	Finland	34,761,131.03	34,761,131.03
LähiTapiola Vastuullinen Kuluttaja A	Finland	24,311,916.29	24,311,916.29
LähiTapiola Vastuullinen Lyhytkorko A	Finland	16,519,669.03	16,519,669.03
LähiTapiola Vastuullinen Osinko Suomi A	Finland	18,651,587.19	18,651,587.19
LähiTapiola Vastuullinen Pohjoinen Yrityskorko A	Finland	2,618,845.49	2,618,845.49
LähiTapiola Vastuullinen Skandinavia A	Finland	1,363,864.21	1,363,864.21
LähiTapiola Vastuullinen USA Keskiuudet A	Finland	9,555,992.83	9,555,992.83
LähiTapiola Vastuullinen Vaikuttajakorko A	Finland	701,063.17	701,063.17
LähiTapiola Vastuullinen Ympäristö A	Finland	8,569,579.43	8,569,579.43
LähiTapiola Vastuullinen Yrityskorko A	Finland	3,984,055.76	3,984,055.76
Momentum-varainhoito	Finland	49,069,076.54	49,069,076.54
Private Banking Korkostrategia	Finland	2,101,479.43	2,101,479.43
Private Banking Strategia 10	Finland	7,366,219.25	7,366,219.25
Private Banking Strategia 30	Finland	15,798,183.35	15,798,183.35
Private Banking Strategia 50	Finland	10,104,753.00	10,104,753.00
Private Banking Strategia 70	Finland	3,686,821.38	3,686,821.38
Reipas Varainhoito	Finland	2,148,372.58	2,148,372.58
Rohkea Varainhoito	Finland	2,842,875.66	2,842,875.66
S-Sijoituskori Kohtuullinen	Finland	2,122,869.52	2,122,869.52
S-Sijoituskori Varovainen	Finland	2,691,812.31	2,691,812.31
SELIGSON PHAROS-A	Finland	919,621.66	919,621.66
Seligson & Co Tropic LatAm (EUR)	Finland	1,166,051.28	1,166,051.28
Seligson Aasia A	Finland	4,114,116.62	4,114,116.62
Seligson Euro-obligaatio	Finland	1,319,532.26	1,319,532.26
Seligson Eurooppa -indeksirahasto A	Finland	7,809,328.48	7,809,328.48
Seligson Glb Top 25 Brands -A	Finland	21,924,883.91	21,924,883.91
Seligson Global Top 25 Pharmaceuticals A	Finland	14,747,158.00	14,747,158.00
Seligson Kehittyvät markkinat	Finland	829,717.87	829,717.87
Seligson OMX Helsinki 25 -indeksiosuus	Finland	583,256.76	583,256.76
Seligson Phoebus - A	Finland	3,217,772.13	3,217,772.13
Seligson Phoenix A	Finland	934,021.25	934,021.25
Seligson Pohjois-Amerikka -indeksirahasto A	Finland	3,466,413.47	3,466,413.47
Seligson Rahamarkkina AAA	Finland	3,826,200.85	3,826,200.85
Seligson Russian Pros Euro A	Finland	8,770,699.76	8,770,699.76
Seligson Suomi-indeksirahasto	Finland	13,994,485.36	13,994,485.36
Suojavarainhoito 10	Finland	7,158,319.45	7,158,319.45
TOP-indeksivarainhoito 25	Finland	7,390,176.87	7,390,176.87
TOP-indeksivarainhoito 50	Finland	1,460,640.00	1,460,640.00
Vakaa Varainhoito	Finland	1,429,525.88	1,429,525.88
Varainhoito 100	Finland	44,746,307.27	44,746,307.27
Varainhoito 25	Finland	5,007,067.79	5,007,067.79
Varainhoito 50	Finland	11,892,692.32	11,892,692.32
Varainhoito 75	Finland	6,284,861.44	6,284,861.44
Varainhoito Eurooppa Plus	Finland	18,815,675.34	18,815,675.34
Varainhoito Maltillinen	Finland	121,463,038.60	121,463,038.60
Varainhoito Nordic Plus	Finland	22,649,972.96	22,649,972.96
Varainhoito Suomi Plus	Finland	28,732,456.38	28,732,456.38
Varainhoito Tasapainoinen	Finland	124,029,802.68	124,029,802.68
Varainhoito Tuottohakuinen	Finland	73,531,656.76	73,531,656.76
Varainhoito Varovainen	Finland	147,314,855.86	147,314,855.86
Varainhoitosalkku 10	Finland	25,900,211.94	25,900,211.94
Varainhoitosalkku 30	Finland	76,856,134.07	76,856,134.07
Varainhoitosalkku 50	Finland	39,361,336.90	39,361,336.90
Varainhoitosalkku 70	Finland	10,212,752.19	10,212,752.19
Yksilöllinen varainhoito 30	Finland	56,301,810.71	56,301,810.71

Yksilöllinen varainhoito 50	Finland	2,531,000.00	2,531,000.00
eQ Euro Investment Grade	Finland	511,948.28	511,948.28
eQ Euro Investment Grade 1 T	Finland	539,394.82	539,394.82
eQ Eurooppa Aktiivi 1 K	Finland	1,619,163.75	1,619,163.75
eQ Hoivakiinteistöt	Finland	41,826,903.60	41,826,903.60
eQ Kehittyvät Markkinat Osinko 1 T	Finland	678,277.51	678,277.51
eQ Kehittyvät Markkinat Osinko 1K	Finland	4,002,375.18	4,002,375.18
eQ Kehittyvät Markkinat Pienyhtiö 1 K	Finland	2,079,801.54	2,079,801.54
eQ Liikekiinteistöt-1T	Finland	33,770,333.36	33,770,333.36
eQ Mandaatti-2K	Finland	1,024,212.51	1,024,212.51
eQ PE IX US Feeder	Finland	3,011,979.46	3,011,979.46
eQ PE VIII North Ky	Finland	1,650,199.75	1,650,199.75
eQ PE X North Feeder	Finland	1,965,348.00	1,965,348.00
eQ Pikkujätiläiset 1 K	Finland	775,764.93	775,764.93
eQ Rahamarkkina 1 K	Finland	169,640.58	169,640.58
eQ Sininen Planeetta 1 K	Finland	3,654,502.56	3,654,502.56
eQ USA Indeks 1 K	Finland	2,298,253.94	2,298,253.94
eQ USA Indeks-1 T	Finland	570,766.66	570,766.66
Ålandsbanken Asuntorahasto C	Finland	3,053,141.51	3,053,141.51
Ålandsbanken Europe Value B	Finland	745,038.36	745,038.36
Others		19,797,734.51	19,797,734.51
<b>Total</b>		<b>2,374,643,302.27</b>	<b>2,374,643,302.27</b>
<b>Debt securities</b>			
Eurooppa Pankit Autocall 4/2018	France	907,609.81	907,609.81
Others		7,584,670.89	7,584,670.89
<b>Total</b>		<b>8,492,280.70</b>	<b>8,492,280.70</b>
<b>Total</b>		<b>2,409,494,786.01</b>	<b>2,409,494,786.01</b>

## K8. Other investments

### K8.1 Other loans, itemised by type of security

	2020	2019
Insurance policy	139,969.86	166,215.24
Other security	24,187,204.21	24,689,926.63
Remaining acquisition cost	24,327,174.07	24,856,141.87
Unsecured, total remaining acquisition cost	17,633,087.68	22,475,000.00
Total other loan receivables	41,960,261.75	47,331,141.87

## 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.	48,271,205.54	36,218.44	1,924,022.99	7,657,440.05
Increase	1,149,303.99	0.00	1,447,033.30	443,527.12
Decrease	-27,459.19	0.00	0.00	-115,012.73
Transfers between items	2,913,263.27	0.00	-2,913,263.27	0.00
Acquisition cost on 31 Dec.	52,306,313.61	36,218.44	457,793.02	7,985,954.44
Accumulated depreciation on 1 Jan.	-36,375,832.21	-27,981.00	0.00	-6,419,127.16
Accumulated depreciation related to deductions and transfers	0.00	0.00	0.00	-4,201.62
Depreciation for the financial year	-4,487,466.44	0.00	0.00	-185,715.83
Accumulated depreciation on 31 Dec.	-40,863,298.65	-27,981.00	0.00	-6,609,044.61
Book value on 31 Dec.	11,443,014.96	8,237.44	457,793.02	1,376,909.83

## K10. Assets covering unit-linked policies

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

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

11,388,441.70 4,776,658.89

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

### K11.1 Changes in capital and reserves

	1.1.2020	Increase	Decrease	31.1.1900
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	9,087,707.83	0.00	-7,276,954.35	1,810,753.48
Security reserve	410,926,783.65	35,114,685.52	0.00	446,041,469.17
Contingency reserve	2,238,138.23	500,000.00	-317,500.00	2,420,638.23
Share of voluntary provisions and depreciation difference transferred to capital and reserves	386,799.51	0.00	-123,533.64	263,265.87
Profit/loss for previous accounting periods	-28,801,667.22	34,838,660.64	-37,381,204.28	-31,344,210.86
Profit for the accounting period *)	34,713,992.20	67,968,419.80	-34,713,992.20	67,968,419.80
Change in depreciation difference and voluntary provisions included in the profit for the accounting period	124,667.46	133,350.40	-124,667.46	133,350.40
	34,838,659.66	68,101,770.20	-34,838,659.66	68,101,770.20
<b>Total changes in capital and reserves</b>	<b>470,744,134.88</b>	<b>138,555,116.36</b>	<b>-79,937,851.93</b>	<b>529,361,399.47</b>

### K11.2 Itemisation of revaluation reserve

	31.1.1900
Revaluation reserve 1.1.	9,087,707.83
Revaluations reversed	-7,276,954.35
Revaluation reserve 31.12.	1,810,753.48
<b>Total</b>	<b>1,810,753.48</b>

## K12. Accumulated appropriations

	2020	2019
<b>Accumulated depreciation difference</b>		
Depreciation difference on 1 Jan.	854,489.37	1,381,762.59
Decrease	-154,417.13	-527,273.22
Depreciation difference on 31 Dec.	700,072.24	854,489.37
<b>Total accumulated appropriations</b>	<b>700,072.24</b>	<b>854,489.37</b>
<b>Divided into</b>		
Capital and reserves	-449,049.99	-572,583.70
Minority interest	-111,007.80	-111,007.80
Deferred tax liabilities	-140,014.45	-170,897.87
Tax base	20.00 %	20.00 %

## K13. Other obligatory provisions

	2020	2019
Provision for unemployment security deductible	17,072.89	10,010.36
	17,072.89	10,010.36

#### K14. Deferred tax assets and tax liabilities

##### K14.1 Deferred tax claim

	2020	2019
Temporary differences between taxable profit and accounting profit	999,910.40	1,042,305.94

##### K14.2 Deferred tax liabilities

	2020	2019
Deferred tax liabilities arising from the division of depreciation difference and provisions	140,014.45	170,897.87

#### K15. Receivables and liabilities

##### K15.1 Itemisation of receivables

	2020	2019
Receivables from group companies		
Other receivables	756,694.33	486,305.27
	<u>756,694.33</u>	<u>486,305.27</u>

##### K15.2 Itemisation of liabilities

	2020	2019
Liabilities to group companies		
Trade creditors	1,058,599.50	1,660,912.71
Other creditors	104,456.85	85,862.81
	<u>1,163,056.35</u>	<u>1,746,775.52</u>

##### K15.3 Itemisation of accruals and deferred income

	2020	2019
Liabilities to personnel	3,542,294.69	3,181,990.72
Valuation loss on derivatives	0.00	202,140.88
Other accruals and deferred income	7,997,856.74	5,809,765.47
	<u>11,540,151.43</u>	<u>9,193,897.07</u>



## K16. Notes concerning guarantees and contingent liabilities

	2020 Security/pledges/ guarantees and other commitments	2020 Amount of liability	2019 Security/pledges/ guarantees and other commitments	2019 Amount of liability
<b>K16.1 Security</b>				
<b>As security for own debts</b>				
Real estate mortgages	21,716,962.80	12,990,489.64	21,716,962.80	13,191,939.64
	21,716,962.80	12,990,489.64	21,716,962.80	13,191,939.64

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

	2020	2019
<b>Derivative contracts</b>		
<b>Interest derivatives</b>		
<i>Forward and futures contracts, open</i>		
Underlying instrument	15,800,000.00	0.00
<b>Currency derivatives</b>		
<i>Forward and futures contracts, open</i>		
Underlying instrument	-87,843,908.50	-52,715,731.54
Current value	1,965,168.97	393,116.06
<b>Rent liabilities</b>		
Amount to be paid in the current financial year	828,954.84	889,130.70
Amount to be paid in the coming years	3,315,819.36	3,608,650.08
	<u>4,144,774.20</u>	<u>4,497,780.78</u>
<b>Value-added tax liabilities</b>		
<i>Joint liability relating to collective value-added tax registration</i>		
Group companies	640,114.76	-2,690,870.12
Partner companies	903,615.99	1,941,043.52
	<u>1,543,730.75</u>	<u>-749,826.60</u>
<i>VAT liability with a positive sign = VAT debt</i>		
<i>VAT liability with a negative sign = VAT receivable</i>		
<i>Inspection responsibility of real estate investments under section 120 of the Value Added Tax Act</i>		
Company	179,520.00	100,535.00
Other companies of the group	40,619,421.88	42,376,583.25
	<u>40,798,941.88</u>	<u>42,477,118.25</u>
<b>Other commitments</b>		
Investment commitments	480,598,396.54	444,560,794.25
Granted limit	5,425,605.00	12,079,575.79
	<u>486,024,001.54</u>	<u>456,640,370.04</u>

## K17. Related party loans and transactions (Insurance Companies Act, Chapter 8, section 11 and Accounting Ordinance, Chapter

### K17.1 Related party loans and transactions (Insurance Companies Act, Chapter 8, section 11 and Accounting Ordinance, Chapter

The company's related parties register has been compiled in accordance with the definition of 'related party' laid down in the Insurance Companies

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

The company has not granted any loans to related parties.

Information on the contingent liability relating to value-added tax category identification can be found in Appendix 16.

## K17.2 Subordinated loans

### Creditor

Multiple

### Loan capital

EUR 100.000.000

### Principal loan terms

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

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

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

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

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

The loan is unsecured.

The subordinated loan is administered by Euroclear Finland Oy.

PERFORMANCE ANALYSIS

€1,000

	2020	2019	Change	Change %
Premium income	431,395	612,505	-181,110	-29.6 %
Investment income and expenses as well as revaluations and adjustments thereof	140,161	427,237	-287,076	-67.2 %
Claims paid	-396,252	-524,569	128,317	-24.5 %
Changes in technical provisions before change in bonuses and equalization provision	-62,277	-428,376	366,099	-85.5 %
Operating expenses	-56,119	-57,220	1,101	-1.9 %
<b>Technical result before change in bonuses and equalization provision</b>	<b>56,909</b>	<b>29,578</b>	<b>27,332</b>	<b>92.4 %</b>
Other income and expenses	465	-23	488	-2107.1 %
Share of profit/loss from group associated undertakings	-911	88	-999	-1138.3 %
<b>Operating profit</b>	<b>56,462</b>	<b>29,642</b>	<b>26,820</b>	<b>90.5 %</b>
Change in equalization provision	10,274	10,274	0	0.0 %
Bonuses	16,309	1,656	14,653	884.6 %
<b>Profit before appropriations and taxes</b>	<b>83,046</b>	<b>41,573</b>	<b>41,473</b>	<b>99.8 %</b>
Direct taxes	-15,128	-7,023	-8,105	115.4 %
Minority interest	51	165	-114	-69.0 %
<b>Profit for the accounting period</b>	<b>67,968</b>	<b>34,714</b>	<b>33,254</b>	<b>95.8 %</b>
Operating profit	56,462	29,642	26,820	90.5 %
Change in the difference between current and book values	2,592	74,692	-72,100	-96.5 %
<b>Total result</b>	<b>59,054</b>	<b>104,334</b>	<b>-45,280</b>	<b>-43.4 %</b>

## LocalTapiola Life

### Profit and loss account, LocalTapiola Life

TECHNICAL ACCOUNT - LIFE INSURANCE		1.1.2020 - 31.12.2020		1.1.2019 - 31.12.2019	
Premiums written					
Premiums written	1	433,952,462.85		616,312,225.79	
Reinsurers' share		-2,557,018.17	431,395,444.68	-3,806,808.37	612,505,417.42
Investment income	4		232,448,386.94		312,822,997.52
Revaluations of investments			83,243,686.06		265,557,101.10
Other technical income			0.00		0.00
Claims incurred					
Claims paid	2	-396,541,972.80		-525,402,129.17	
Reinsurers' share		290,424.38	-396,251,548.42	833,228.67	-524,568,900.50
Change in provision for outstanding claims		20,987,373.00		-24,077,442.00	
Reinsurers' share		0.00	20,987,373.00	0.00	-24,077,442.00
Total claims incurred			-375,264,175.42		-548,646,342.50
Change in provision for unearned premiums					
Change in provision for unearned premiums		-56,681,436.68		-392,368,515.53	
Reinsurers' share		0.00	-56,681,436.68	0.00	-392,368,515.53
Net operating expenses	3		-56,119,945.17		-57,221,122.02
Investment charges	4		-110,358,308.36		-115,689,557.05
Revaluation adjustments on investments			-70,508,547.23		-32,667,111.84
<b>Balance on technical account</b>			<b>78,155,104.82</b>		<b>44,292,867.10</b>
<b>NON-TECHNICAL ACCOUNT</b>					
<b>Balance on technical account of life insurance</b>			<b>78,155,104.82</b>		<b>44,292,867.10</b>
Other income	4				
Other		2,142,960.20	2,142,960.20	2,158,881.82	2,158,881.82
Other expenses	4				
Other		-2,019,217.86	-2,019,217.86	-2,177,004.67	-2,177,004.67
<b>Profit on ordinary activities</b>			<b>78,278,847.16</b>		<b>44,274,744.25</b>
Appropriations					
Change in depreciation difference		166,688.01	166,688.01	155,834.32	155,834.32
Direct taxes on ordinary activities					
Taxes for financial year		-14,800,699.53		-1,118,435.32	
Taxes for previous financial years		-362,824.91	-15,163,524.44	-5,930,938.99	-7,049,374.31
<b>Profit/loss for the accounting period</b>			<b>63,282,010.73</b>		<b>37,381,204.26</b>

## Balance sheet, LocalTapiola Life

Assets		31.12.2020		31.12.2019	
<b>Intangible assets</b>					
Other expenses with long-term effects	9	10,819,305.22	10,819,305.22	13,476,380.46	13,476,380.46
<b>Investments</b>					
Real estate investments	6				
Real estate and shares in real estate		213,551,238.69		201,365,251.10	
Loans to group companies		104,596,423.78	318,147,662.47	108,223,499.78	309,588,750.88
Investments in group companies and participating interests	7				
Shares and holdings in group companies		321,022,334.45		247,882,101.19	
Debt securities and loans in group companies		107,629,217.20		119,413,541.63	
Shares and holdings in participating interests		34,265,633.13		43,277,334.13	
Debt securities and loans in participating interests		2,000,000.00	464,917,184.78	4,000,000.00	414,572,976.95
Other investments					
Shares and holdings	7	689,331,678.05		877,444,784.78	
Debt securities		1,179,112,629.28		1,024,206,108.82	
Loans guaranteed by mortgages		202,402,195.54		193,649,710.47	
Other loans	8	41,960,261.75		47,331,141.87	
Deposits		0.00		5,121,266.67	
Other investments		0.00	2,112,806,764.62	0.00	2,147,753,012.61
			2,895,871,611.87		2,871,914,740.44
<b>Assets covering unit-linked policies</b>					
	10		2,420,990,727.43		2,416,333,935.50
<b>Debtors</b>					
Arising out of direct insurance operations	14				
Policyholders		909,192.61		958,757.80	
Arising out of reinsurance operations		29,124.14	938,316.75	82,357.01	1,041,114.81
Other debtors			8,665,495.18		7,430,088.26
			9,603,811.93		8,471,203.07
<b>Other assets</b>					
Tangible assets					
Machinery and equipment	9	273,726.12	273,726.12	336,461.37	336,461.37
Cash at bank and in hand			155,868,819.42		49,848,317.11
Other assets			1,067,204.41		1,067,204.41
			157,209,749.95		51,251,982.89
<b>Prepayments and accrued income</b>					
Accrued interest and rent		10,952,710.95		9,349,930.39	
Other prepayments and accrued income		8,219,878.43	19,172,589.38	22,647,931.04	31,997,861.43
<b>Total assets</b>		<b>5,513,667,795.78</b>		<b>5,393,446,103.79</b>	

<b>Liabilities</b>		<b>31.12.2020</b>		<b>31.12.2019</b>	
<b>Capital and reserves</b>	11				
Initial reserve		4,482,208.24		4,482,208.24	
Guarantee capital		37,585,505.12		37,585,505.12	
Other reserves		448,462,107.34		413,164,921.82	
Profit/loss for the accounting period		<u>63,282,010.73</u>	<u>553,811,831.43</u>	<u>37,381,204.26</u>	<u>492,613,839.44</u>
<b>Subordinated loans</b>	16		99,792,333.33		99,721,133.33
<b>Accumulated appropriations</b>	12				
Accumulated depreciation difference		<u>346,673.98</u>	<u>346,673.98</u>	<u>513,361.99</u>	<u>513,361.99</u>
<b>Technical provisions</b>					
Provision for unearned premiums		1,699,221,562.40		1,706,384,124.72	
Reinsurers' share		<u>0.00</u>	<u>1,699,221,562.40</u>	<u>0.00</u>	<u>1,706,384,124.72</u>
Provision for outstanding claims		690,729,493.00		716,556,986.00	
Reinsurers' share		<u>0.00</u>	<u>690,729,493.00</u>	<u>0.00</u>	<u>716,556,986.00</u>
			2,389,951,055.40		2,422,941,110.72
<b>Technical provisions for unit-linked policies</b>					
Technical provisions		2,418,174,827.00		2,349,490,708.00	
<b>Obligatory provisions</b>	13				
Other obligatory provisions		<u>17,072.89</u>	<u>17,072.89</u>	<u>10,010.36</u>	<u>10,010.36</u>
<b>Creditors</b>					
Arising out of direct insurance operations		1,343,807.72		972,546.83	
Arising out of reinsurance operations		1,297,601.95		1,593,747.80	
Other creditors	14	<u>37,124,356.39</u>	<u>39,765,766.06</u>	<u>15,783,387.64</u>	<u>18,349,682.27</u>
<b>Accruals and deferred income</b>	14		<u>10,638,318.32</u>		<u>8,677,671.93</u>
<b>Total liabilities</b>			<u><b>5,513,667,795.78</b></u>		<u><b>5,393,446,103.79</b></u>

## Indirect cash flow statement, LocalTapiola Life

<b>Cash flow from operations</b>	<b>2020</b>	<b>2019</b>
Profit on ordinary activities	78,278,847.16	44,274,744.25
Adjustments		
Changes in technical provisions	35,694,063.68	416,445,957.53
Value adjustments and revaluation of investments	10,020,397.84	-248,826,402.00
Changes in obligatory provisions	7,062.53	10,010.36
Depreciation according to plan	5,028,395.18	5,235,000.52
Other adjustments	-64,326,356.84	-90,377,494.98
<i>Cash flow before change in working capital</i>	<i>64,702,409.55</i>	<i>126,761,815.68</i>
Change in working capital:		
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	11,692,663.19	-15,327,203.91
Increase (+) / decrease (-) in non-interest-bearing short-term debts	23,418,061.80	-22,066,770.97
<i>Cash flow from operations before financial items and taxes</i>	<i>99,813,134.54</i>	<i>89,367,840.80</i>
Interest paid and other financial expenses	-3,501,999.88	-3,728,722.60
Direct taxes paid	-15,163,524.44	-7,049,374.31
<b>Cash flow from operations</b>	<b>81,147,610.22</b>	<b>78,589,743.89</b>
<b>Cash flow from investments</b>		
Investments in assets (excl. cash and c. equivalents)	-39,083,864.58	-194,568,267.23
Capital gains from investments (excl. cash and c. equivalents)	67,828,356.72	94,106,217.58
Investments in tangible and intangible assets as well as other assets and capital gains (net)	-1,858,781.31	-3,792,453.56
<b>Cash flow from investments</b>	<b>26,885,710.83</b>	<b>-104,254,503.21</b>
<b>Cash flow from financial</b>		
Loan funds raised	71,200.00	-6,928,800.00
Interest on guarantee capital paid	-1,766,518.74	-1,691,347.73
Other distribution of profit	-317,500.00	-95,000.00
<b>Cash flow from financial</b>	<b>-2,012,818.74</b>	<b>-8,715,147.73</b>
<b>Change in cash and cash equivalents</b>	<b>106,020,502.31</b>	<b>-34,379,907.05</b>
<b>Cash and cash equivalents at the start of the year</b>	<b>49,848,317.11</b>	<b>84,228,224.16</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>155,868,819.42</b>	<b>49,848,317.11</b>



## Key figures, LocalTapiola Life

	2020	2019	2018	2017	M€ 2016
<b>General key figures describing financial development</b>					
Operating profit	51.7	32.3	63.3	48.4	63.4
Total result	45.9	96.6	33.0	64.0	72.7
Return on capital employed (at current value), %	2.2	6.3	2.1	5.3	5.0
Return on assets excluding unit-linked insurance, %	2.7	7.5	3.0	5.1	5.8
Average number of personnel during financial year 1)	140	146	140	132	132
<b>Key figures describing the financial performance of life insurance</b>					
Premium income	434.0	616.3	449.8	516.0	421.7
Expense ratio, %	120.9	124.5	116.9	127.1	119.5
Expense ratio, % of balance sheet total	1.2	1.4	1.3	1.5	1.4

## Notes, LocalTapiola Life

### Notes to the profit and loss account, Life

#### 1. Premium income

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

#### 1.1 Impact of life insurance rebates and discounts on the result

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

## 2. Claims paid before reinsurers' share

	2020	2019
Direct insurance		
Life insurance	269,487,636.08	399,576,627.72
Pension insurance	127,054,336.72	125,825,501.45
<i>Total</i>	<u>396,541,972.80</u>	<u>525,402,129.17</u>
Reinsurers' share	-290,424.38	-833,228.67
<b>Total</b>	<b><u>396,251,548.42</u></b>	<b><u>524,568,900.50</u></b>
Of which:		
Surrenders	173,107,151.01	317,830,681.03
Repayments of benefits	39,944,880.63	36,078,967.24
Other	183,489,941.16	171,492,480.90
	<u>396,541,972.80</u>	<u>525,402,129.17</u>
Share of unit-linked insurance of claims paid	166,541,201.71	310,158,067.23

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

### 3.1 Total operating expenses by activity

	2020	2019
Claims paid	4,754,934.27	4,200,410.59
Operating expenses	56,119,945.17	57,221,122.02
Investment operating expenses	4,145,222.85	4,675,042.86
Other expenses	2,019,208.81	2,176,493.57
<i>Total</i>	<u>67,039,311.10</u>	<u>68,273,069.04</u>

### 3.2 Profit and loss account item operating expenses

	2020	2019
Insurance policy acquisition cost		
Commissions for direct insurance	14,579,142.25	16,746,801.58
Other insurance policy acquisition costs	22,543,111.24	20,891,330.56
	<u>37,122,253.49</u>	<u>37,638,132.14</u>
Insurance policy management expenses	10,940,988.81	10,274,671.49
Administrative expenses	8,903,878.19	10,054,493.46
Commissions for reinsurance ceded and profit shares	-847,175.32	-746,175.07
<i>Total</i>	<u>56,119,945.17</u>	<u>57,221,122.02</u>

### 3.3 Notes concerning personnel and members of corporate bodies

#### 3.3.1 Personnel expenses

	2020	2019
Salaries and remunerations	13,509,222.04	12,288,653.35
Pension expenses	2,333,785.77	2,862,469.24
Other personnel expenses	327,117.90	504,827.21
<i>Total</i>	<u>16,170,125.71</u>	<u>15,655,949.80</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	550,158.00	559,781.00
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	175,500.00	166,500.00
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	174,000.00	162,000.00
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	140	146
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#### 3.4 Auditor's fees by assignment category

	2020	2019
Auditing	44,640.00	57,213.82
Assignments referred to in section 1, subsection 1, paragraph 2 of the Auditing Act	0.00	1,432.20
Tax advice	0.00	4,672.80
Other services	101,883.44	1,767.00
<i>Total</i>	<u>146,523.44</u>	<u>65,085.82</u>

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

##### 4.1 Specification of net investment income

Investment income	2020	2019
<b>Income from group companies</b>		
Dividend income	548,910.45	658,460.38
Interest income	3,036,352.85	3,179,781.19
Other income	15,093,571.96	24,085,682.18
<i>Total</i>	<u>18,678,835.26</u>	<u>27,923,923.75</u>
<b>Income from participating interests</b>		
Dividend income	292,540.80	197,465.04
Interest income	-236,481.84	-89,830.15
<i>Total</i>	<u>56,058.96</u>	<u>107,634.89</u>
<b>Income from real estate investments in group companies</b>		
Interest income	4,289,868.60	4,357,680.97
Other income	476,479.91	91,876.72
<i>Total</i>	<u>4,766,348.51</u>	<u>4,449,557.69</u>
<b>Income from real estate investments in other companies</b>		
Dividend income	858.21	858.21
Interest income	10,075.91	28,956.11
Other income	22,606,392.79	24,596,663.91
<i>Total</i>	<u>22,617,326.91</u>	<u>24,626,478.23</u>
<b>Income from other investments</b>		
Dividend income	25,207,667.58	38,586,286.88
Interest income	24,305,099.25	17,352,724.79
Other income	14,038,146.75	15,330,679.77
<i>Total</i>	<u>63,550,913.58</u>	<u>71,269,691.44</u>
	<b>109,669,483.22</b>	<b>128,377,286.00</b>
Value readjustments	20,382,684.67	64,077,987.49
Realized gains	<u>102,396,219.05</u>	<u>120,367,724.03</u>
<b>Total investment income</b>	<b>232,448,386.94</b>	<b>312,822,997.52</b>

<b>Investment charges</b>	<b>2020</b>	<b>2019</b>
Expenses arising from real estate investments		
From group companies	-12,910,500.88	-17,695,280.68
Other companies	-3,354,910.96	-3,370,248.79
<i>Total</i>	<u>-16,265,411.84</u>	<u>-21,065,529.47</u>
Expenses arising from other investments	-10,380,759.06	-14,067,713.58
Interest paid and other expenses on liabilities		
Other companies	-3,779,341.09	-3,921,261.42
<i>Total</i>	<u>-3,779,341.09</u>	<u>-3,921,261.42</u>
	<b>-30,425,511.99</b>	<b>-39,054,504.47</b>
Value adjustments and depreciation		
Value adjustments	-43,138,221.34	-48,141,574.75
Planned depreciation on buildings	-2,226,712.70	-2,231,971.38
<i>Total</i>	<u>-45,364,934.04</u>	<u>-50,373,546.13</u>
Realized losses	-34,567,862.33	-26,261,506.45
<b>Total investment charges</b>	<b><u>-110,358,308.36</u></b>	<b><u>-115,689,557.05</u></b>
<b>Net investment income before revaluations and revaluation adjustments</b>	<b>122,090,078.58</b>	<b>197,133,440.47</b>
Revaluations	83,243,686.06	265,557,101.10
Revaluation adjustments	-70,508,547.23	-32,667,111.84
	<u>12,735,138.83</u>	<u>232,889,989.26</u>
<b>Net investment income in the profit and loss account</b>	<b><u>134,825,217.41</u></b>	<b><u>430,023,429.73</u></b>

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

	<b>2020</b>	<b>2019</b>
Investment income	55,422,396.48	61,467,129.43
Investment charges	-12,792,697.66	-8,705,347.58
<b>Net investment income before revaluations and their adjustment as well as value adjustments and readjustments</b>	<u>42,629,698.82</u>	<u>52,761,781.85</u>
Revaluations of investments	83,243,686.06	265,557,101.10
Revaluation adjustments on investments	-70,508,547.23	-28,184,622.81
Value adjustments	-3,450,607.91	-2,204,087.90
Value readjustments	1,561,653.49	13,987,492.67
	<u>10,846,184.41</u>	<u>249,155,883.06</u>
<b>Net investment income in the profit and loss account</b>	<b><u>53,475,883.23</u></b>	<b><u>301,917,664.91</u></b>

#### 4.3 Specification of other income and expenses

<b>Other income</b>	<b>2020</b>	<b>2019</b>
Income from ancillary operations	2,120,544.02	2,143,786.22
Other other income	22,416.18	15,095.60
<i>Total</i>	<u>2,142,960.20</u>	<u>2,158,881.82</u>
<b>Other expenses</b>		
Expenses for ancillary operations	2,019,208.81	2,176,493.57
Other other expenses	9.05	511.10
<i>Total</i>	<u>2,019,217.86</u>	<u>2,177,004.67</u>

## 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	2020 Book value	Current value
Real estate investments			
Real estate	7,351,574.20	11,979,364.64	20,900,000.00
Real estate shares in group companies	178,496,815.57	192,629,001.88	284,436,712.72
Real estate shares in participating interests	71,927.75	71,927.75	71,984.43
Other real estate shares	11,338,177.98	8,870,944.42	15,780,248.71
Loans to group companies	104,596,423.78	104,596,423.78	104,596,423.78
	<u>301,854,919.28</u>	<u>318,147,662.47</u>	<u>425,785,369.64</u>
Investments in group companies			
Shares and holdings	321,022,334.45	321,022,334.45	354,347,281.51
Loans	107,629,217.20	107,629,217.20	107,629,217.20
	<u>428,651,551.65</u>	<u>428,651,551.65</u>	<u>461,976,498.71</u>
Investments in participating interests			
Shares and holdings	34,265,633.13	34,265,633.13	34,265,633.13
Debt securities and loans	2,000,000.00	2,000,000.00	2,000,000.00
	<u>36,265,633.13</u>	<u>36,265,633.13</u>	<u>36,265,633.13</u>
Other investments			
Shares and holdings	689,331,678.05	689,331,678.05	799,358,302.45
Debt securities	1,179,112,629.28	1,179,112,629.28	1,207,078,632.00
Loans guaranteed by mortgages	202,402,195.54	202,402,195.54	202,402,195.53
Other loans	41,960,261.75	41,960,261.75	42,100,231.62
	<u>2,112,806,764.62</u>	<u>2,112,806,764.62</u>	<u>2,250,939,361.60</u>
	<u>2,879,578,868.68</u>	<u>2,895,871,611.87</u>	<u>3,174,966,863.08</u>
The remaining acquisition cost of debt securities includes:			
Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income			<u>-4,774,246.60</u>
Book value comprises			
Revaluations released to income		15,019,463.40	
Other revaluations		<u>3,740,513.35</u>	<u>18,759,976.75</u>
Difference in valuation (difference between current value and book value)			<u>279,095,251.21</u>

Investments	Remaining acquisition cost	2019	Current value
		Book value	
Real estate investments			
Real estate	7,275,377.58	11,903,168.02	20,400,000.00
Real estate shares in group companies	166,448,855.59	180,581,041.90	263,140,518.72
Real estate shares in participating interests	71,927.75	71,927.75	71,984.43
Other real estate shares	11,276,346.99	8,809,113.43	16,495,732.03
Loans to group companies	108,223,499.78	108,223,499.78	108,223,499.78
	293,296,007.69	309,588,750.88	408,331,734.96
Investments in group companies			
Shares and holdings	247,882,101.19	247,882,101.19	272,249,836.76
Loans	119,413,541.63	119,413,541.63	119,413,541.63
	367,295,642.82	367,295,642.82	391,663,378.39
Investments in participating interests			
Shares and holdings	43,277,334.13	43,277,334.13	48,897,316.06
Debt securities and loans	4,000,000.00	4,000,000.00	4,000,000.00
	47,277,334.13	47,277,334.13	52,897,316.06
Other investments			
Shares and holdings	877,444,784.78	877,444,784.78	1,021,762,213.43
Debt securities	1,024,206,108.82	1,024,206,108.82	1,037,441,651.14
Acquisition costs pertaining to lease of real estate	0.00	0.00	0.00
Loans guaranteed by mortgages	193,649,710.47	193,649,710.47	193,649,710.47
Other loans	47,331,141.87	47,331,141.87	47,331,141.88
Deposits	5,121,266.67	5,121,266.67	5,121,266.67
	2,147,753,012.61	2,147,753,012.61	2,305,305,983.59
	2,855,621,997.25	2,871,914,740.44	3,158,198,413.00

## 5.1 Current value of investments and difference in valuation

2019

The remaining acquisition cost of debt securities includes:

Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income	-4,496,529.17
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Book value comprises

Revaluations released to income	15,019,463.40
Other revaluations	3,740,513.35

Difference in valuation (difference between current value and book value)	286,283,672.56
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## 5.2 Difference in valuation of non-hedging derivatives

Derivative contracts	Remaining acquisition cost	2020 Book value	Current value
Other debtors			
Assets pledged as security for derivatives	1,180,000.00	1,180,000.00	1,180,000.00
Other creditors			
Assets received as security for derivatives	3,260,000.00	3,260,000.00	3,260,000.00
Other deferred income and credits			
Futures and forward contracts	0.00	0.00	1,965,168.97
	4,440,000.00	4,440,000.00	6,405,168.97
Difference in valuation (difference between current value and book value)			1,965,168.97

Derivative contracts	Remaining acquisition cost	2019 Book value	Current value
Other debtors			
Assets pledged as security for derivatives	100,000.00	100,000.00	100,000.00
Other deferred income and credits			
Futures and forward contracts	-202,140.88	-202,140.88	393,116.06
	-102,140.88	-102,140.88	493,116.06
Difference in valuation (difference between current value and book value)			595,256.94

## 6. Real estate investments

Changes in real estate investments:	2020 Real estate and shares in real estate	2020 Loans to group companies
Acquisition cost on 1 Jan.	201,430,072.95	108,223,499.78
Increase	14,500,760.99	0.00
Decrease	-3,609,970.02	-3,627,076.00
Acquisition cost on 31 Dec.	212,320,863.92	104,596,423.78
Accumulated depreciation on 1 Jan.	-12,608,050.65	
Depreciation for the financial year	-449,803.38	
Accumulated depreciation on 31 Dec.	-13,057,854.03	
Value adjustments on 1 Jan.	-7,475,535.06	
Value adjustments for the financial year	-100,000.00	
Value readjustments	1,845,000.00	
Value adjustments on 31 Dec.	-5,730,535.06	
Revaluations on 1 Jan.	20,018,763.86	
Revaluations on 31 Dec.	20,018,763.86	
Book value on 31 Dec.	213,551,238.69	104,596,423.78

### Real estate and shares in real estate occupied for own activities

Remaining acquisition cost	1,890,350.37
Book value	1,890,350.37
Current value	2,000,000.00

## 7. Investments in group companies and participating interests

<b>Shares and holdings in group companies</b>	<b>2020</b>	<b>2019</b>
Acquisition cost on 1 Jan.	248,381,574.21	182,276,669.48
Increase	110,934,295.72	77,096,038.08
Decrease	-38,684,298.88	-10,991,133.35
Transfers between items	1,302,328.98	0.00
Acquisition cost on 31 Dec.	321,933,900.03	248,381,574.21
Value adjustments on 1 Jan.	-499,473.02	-1,729,327.77
Value adjustments for the financial year	-443,457.54	-489,734.58
Value readjustments	31,364.98	1,719,589.33
Value adjustments on 31 Dec.	-911,565.58	-499,473.02
Book value on 31 Dec.	321,022,334.45	247,882,101.19
<b>Debt securities and loans in group companies</b>		
Acquisition cost on 1 Jan.	119,413,541.63	111,986,790.54
Increase	1,759,495.00	40,228,991.08
Decrease	-13,543,819.43	-32,802,239.99
Acquisition cost on 31 Dec.	107,629,217.20	119,413,541.63
Book value on 31 Dec.	107,629,217.20	119,413,541.63
<b>Shares and holdings in participating interests</b>		
Acquisition cost on 1 Jan.	51,873,180.74	51,873,180.74
Decrease	-1,328,008.28	0.00
Transfers between items	-1,302,328.98	0.00
Acquisition cost on 31 Dec.	49,242,843.48	51,873,180.74
Value adjustments on 1 Jan.	-8,595,846.61	-17,548,676.54
Value adjustments for the financial year	-6,565,612.31	0.00
Value readjustments	184,248.57	8,952,829.93
Value adjustments on 31 Dec.	-14,977,210.35	-8,595,846.61
Book value on 31 Dec.	34,265,633.13	43,277,334.13
<b>Debt securities and loans in participating interests</b>		
Acquisition cost on 1 Jan.	4,000,000.00	4,000,000.00
Decrease	-2,000,000.00	0.00
Acquisition cost on 31 Dec.	2,000,000.00	4,000,000.00
Book value on 31 Dec.	2,000,000.00	4,000,000.00
<b>Total investments in group companies and participating interests</b>		
Book value on 31 Dec.	464,917,184.78	414,572,976.95

## 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	11,832.49	-20.00
Keskinäinen Vakuutusyhtiö Turva	4)	Tampere	3.6	50,373,230.31	1,791,792.53
LTC-Otso Oy	3)	Helsinki	18.0	8,203,838.92	5,745,886.96
LähiTapiola Kiinteistövarainhoito Oy -group	3)	Espoo	15.9	12,080,979.42	1,876,934.14
LähiTapiola Palvelut Oy	3)	Espoo	15.0	12,855,674.90	1,834,778.13
LähiTapiola Varainhoito Oy	3)	Espoo	16.2	22,596,506.59	548,484.90
Seligson & Co Rahastoyhtiö Oyj	3)	Helsinki	9.7	13,938,942.33	2,457,825.46
Tieto-Tapiola Oy	2)	Espoo	33.3	4,480,638.51	100,993.64
Vakuutusneuvonta Aura	2)	Espoo	33.3	10,634.40	-95.00
Vakuutusneuvonta Pohja	2)	Espoo	33.3	10,577.17	-95.00
Total				124,562,855.04	14,356,485.76

Shares and holdings, investment assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Kauppakeskus Seppä Oy	2)	Espoo	47.0	8,662.39	4,374.89
LähiTapiola Core Kiinteistöt Ky -group	1)	Espoo	67.1	44,768,250.18	455,362.38
LähiTapiola KR PK2 Ky -group	3)	Espoo	10.0	13,893,242.06	204,832.32
LähiTapiola Pääomasijoitus GP Oy	2)	Espoo	43.1	455.89	-155.00
LähiTapiola Pääomasijoitus I Ky	2)	Espoo	30.7	113,474,670.13	7,697,282.38
LähiTapiola Pääomasijoitus II Ky	2)	Espoo	37.0	139,890,449.24	1,162,509.98
LähiTapiola Pääomasijoitus III Ky	2)	Espoo	47.2	133,698,300.20	8,098,284.52
LähiTapiola Pääomasijoitus IV Ky	2)	Espoo	38.3	19,924,028.17	-3,196,344.25
LähiTapiola Rahoitusyhtiö I Ky	3)	Espoo	9.0	322,683,432.31	3,767,219.70
LähiTapiola Tampereen Tornit Ky	2)	Espoo	32.2	51,526,076.93	0.00
LähiTapiola Tontit GP I Oy	2)	Espoo	22.6	122,699.66	5,745.58
LähiTapiola Tontit I Ky	3)	Espoo	5.0	44,403,110.88	3,303,110.80
LähiTapiola Tontit II Ky	3)	Espoo	16.2	6,478,661.53	368,742.74
LähiTapiola Velkasijoitus I Ky	2)	Espoo	37.2	156,526,391.78	5,041,091.88
LähiTapiola Velkasijoitus II Ky	2)	Espoo	35.8	17,092,643.87	-1,054,766.44
Total				1,064,491,075.22	25,857,291.48

In addition, LocalTapiola Mutual Life Insurance Company has invested in 27 (20) housing associations and real estate companies that are integrated into the consolidated financial statements of LocalTapiola Group, out of which 18 (20) are its own subsidiaries.

1) Subsidiary

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

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

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

## 7.2 Investments in participating interests

Shares and holdings, fixed assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Pihlajalinna Oyj -group	3)	Helsinki	8.4	109,800,000.00	8,700,000.00
S-Pankki Oy -group	3)	Helsinki	3.5	488,643,973.81	15,669,742.17
Total				598,443,973.81	24,369,742.17
Total				2,870,429,771.70	92,999,439.99

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

### 7.3 Other investments

Security	Share of stocks %	Number	Book value	Current value	Home country
<b>Finnish companies, listed</b>					
Huhtamäki Oyj	0.07	80,000.00	2,732,472.53	3,380,800.00	Finland
Kone Oyj B	0.01	48,000.00	1,151,517.87	3,190,080.00	Finland
Nokia Oyj	0.01	643,000.00	2,026,093.00	2,026,093.00	Finland
Stora Enso R	0.04	295,000.00	2,683,422.27	4,615,275.00	Finland
Vaisala Oyj A	0.33	98,618.00	1,337,642.08	3,979,236.30	Finland
Muut		127,200.00	412,128.00	412,128.00	Finland
<b>Total</b>		<b>1,291,818.00</b>	<b>10,343,275.75</b>	<b>17,603,612.30</b>	
<b>Finnish companies, non-listed</b>					
Sofigate Group Oy	2.98	604,700.00	846,580.00	846,580.00	Finland
Viria Oyj	2.79	150,000.00	2,520,000.00	2,520,000.00	Finland
Muut		124,195,063.00	97,435,314.26	103,469,936.26	Finland
<b>Total</b>		<b>124,949,763.00</b>	<b>100,801,894.26</b>	<b>106,836,516.26</b>	
<b>Foreign companies, listed</b>					
ASML Holding NV	0.00	13,000.00	2,077,337.50	5,168,150.00	Netherlands
AbbVie Inc	0.00	48,000.00	2,794,687.93	4,191,345.45	USA
Alcon Inc	0.01	50,000.00	2,431,042.18	2,723,569.71	Switzerland
Alphabet Inc Class C	0.00	3,000.00	2,897,081.87	4,282,976.12	USA
Amazon.com Inc	0.00	1,500.00	1,334,428.39	3,981,252.55	USA
Assa Abloy Ab B	0.01	155,000.00	2,901,470.53	3,128,020.89	Sweden
AstraZeneca PLC	0.00	52,000.00	3,328,328.25	4,236,210.14	Great Britain
Automatic Data Processing Inc	0.01	24,000.00	1,974,809.96	3,446,173.91	USA
Axa Sa	0.01	210,000.00	4,097,520.00	4,097,520.00	France
Brenntag AG	0.03	50,000.00	2,404,876.01	3,167,000.00	Germany
Carlsberg A/S	0.02	20,000.00	2,239,134.37	2,621,188.30	Denmark
DSV Panalpina A/S	0.01	15,000.00	1,314,690.64	2,056,202.88	Denmark
Dassault Systemes Sa	0.01	24,000.00	3,129,802.17	3,987,600.00	France
Deutsche Telekom AG	0.01	306,000.00	4,576,230.00	4,576,230.00	Germany
Epiroc AB	0.03	260,000.00	2,283,388.34	3,877,599.83	Sweden
ING Groep NV	0.01	372,000.00	2,842,452.00	2,842,452.00	Netherlands
Illinois Tool Works Inc	0.01	16,000.00	1,965,982.12	2,658,365.25	USA
Linde PLC	0.00	12,000.00	2,053,681.53	2,556,000.00	Ireland
Lowe's Cos Inc	0.00	22,000.00	1,827,421.19	2,877,695.38	USA
Medtronic Inc	0.00	37,300.00	2,144,284.92	3,560,689.43	Ireland
Merck & Co Inc	0.00	39,000.00	1,881,814.48	2,599,788.12	USA

Merck KGAA	0.03	43,000.00	3,630,856.14	6,035,050.00	Germany
Microsoft Corp	0.00	10,000.00	1,752,109.19	1,812,566.21	USA
Mondelez International Inc	0.00	70,000.00	2,804,118.58	3,335,424.99	USA
NIKE Inc	0.00	22,000.00	1,512,711.74	2,536,337.71	USA
National Grid PLC	0.01	275,832.00	2,653,912.33	2,653,912.33	Great Britain
Nestle Sa	0.00	48,000.00	3,679,635.73	4,632,919.83	Switzerland
PepsiCo Inc	0.00	29,000.00	2,181,910.90	3,504,767.34	USA
Procter & Gamble Co	0.00	26,000.00	1,719,128.97	2,948,121.59	USA
Relx N.V.	0.01	100,000.00	1,879,433.87	2,003,000.00	Netherlands
Roche Holding Ag	0.00	14,000.00	3,099,465.08	4,004,813.92	Switzerland
Rockwell Automation Inc/DE	0.01	16,000.00	2,392,932.87	3,270,279.52	USA
SAP Ag	0.00	34,000.00	3,140,596.13	3,645,480.00	Germany
SGS SA	0.02	1,400.00	3,054,429.17	3,460,470.28	Switzerland
Schneider Electric Sa	0.00	28,000.00	1,993,928.02	3,312,400.00	France
Siemens Healthineers AG	0.01	96,283.00	3,082,014.93	4,041,960.34	Germany
Swiss Re Ltd	0.01	42,000.00	3,240,399.93	3,240,399.93	Switzerland
TRANE TECHNOLOGIES PLC	0.01	28,000.00	1,697,361.02	3,312,264.69	Ireland
Tesco PLC	0.01	800,000.00	2,059,108.15	2,059,108.15	Great Britain
Unilever NV	0.00	101,000.00	3,792,062.32	5,006,065.00	Netherlands
Visa Inc	0.00	22,000.00	1,899,993.51	3,921,489.69	USA
salesforce.com Inc	0.00	20,000.00	2,329,331.21	3,626,925.27	USA
<b>Total</b>		<b>3,556,315.00</b>	<b>106,095,904.17</b>	<b>144,999,786.75</b>	

#### Foreign companies, non-listed

Muut		3,083.00	190,645.69	302,806.17	
<b>Total</b>		<b>3,083.00</b>	<b>190,645.69</b>	<b>302,806.17</b>	

#### Mutual funds

AMUNDI PLANT EM GRN 1-SEURH			10,784,242.03	11,046,899.61	Luxemburg
Aktia Trade Finance Erikoissijoitusrahasto			1,011,271.77	1,011,271.77	Finland
BNP Paribas Global Senior Corporate Loans			13,972,640.45	13,972,640.45	France
GS Emerging Markets Equity			2,760,685.09	3,482,572.42	Luxemburg
LähiTapiola AIF Eurooppa			7,000,000.00	7,833,079.04	Finland
LähiTapiola AIF Pitkäkorko			15,000,000.00	15,419,019.32	Finland
LähiTapiola AIF USA			2,000,000.00	2,455,940.24	Finland
LähiTapiola AIF Yrityslaina			79,000,000.00	80,777,397.29	Finland
LähiTapiola High Yield A			3,617,432.54	5,145,462.55	Finland
LähiTapiola Kehittyvät Korkomarkkinat A			34,922,947.36	37,090,246.80	Finland
LähiTapiola Korkomaailma A			659,964.80	702,155.60	Finland
LähiTapiola Reaalikorko A			10,000,000.00	10,402,000.00	Finland
LähiTapiola Suoja A			617,748.72	727,945.85	Finland
LähiTapiola Tähtivarainhoito 50			1,879,512.31	1,994,350.50	Finland
LähiTapiola Vastuullinen Hyvinvointi A			1,441,939.71	5,309,309.13	Finland
LähiTapiola Vastuullinen Kasvu A			2,268,898.01	7,392,910.89	Finland
LähiTapiola Vastuullinen Kehittynyt Aasia A			1,262,493.26	1,876,288.68	Finland
LähiTapiola Vastuullinen Kehittyvät Markkinat A			1,137,084.44	1,359,597.65	Finland
LähiTapiola Vastuullinen Kuluttaja A			1,862,383.18	5,558,008.07	Finland
LähiTapiola Vastuullinen Pohjoinen Yrityskorko A			8,791,353.42	11,258,965.05	Finland
LähiTapiola Vastuullinen Vaikuttajakorko A			45,000,000.00	47,094,185.24	Finland
LähiTapiola Vastuullinen Ympäristö A			4,423,631.97	8,780,444.84	Finland
LähiTapiola Vastuullinen Yrityskorko A			14,438,178.86	21,681,462.60	Finland
LähiTapiola Tähtivarainhoito 25			3,013,381.99	3,134,218.61	Finland
PIMCO GIS Emerging Markets Bond ESG Fund			6,217,965.64	7,622,611.96	Ireland
Seligson Phoebus - A			7,500,000.00	8,058,270.65	Finland
Seligson Phoenix A			7,500,000.00	8,130,569.19	Finland
Muut			328,960.89	354,619.84	
<b>Total</b>			<b>288,412,716.44</b>	<b>329,672,443.84</b>	

## Capital mutual funds

Altor Fund III	2,726,956.62	3,152,899.55	Jersey
Altor Fund IV (No.2) AB	5,949,305.26	7,455,585.25	Sweden
Armada Mezzanine IV Ky	1,213,786.22	1,433,628.66	Finland
Beechbrook Mezzanine II L.P.	2,203,624.00	2,203,624.00	Great Britain
Beechbrook Private Debt III L.P.	9,230,765.73	9,230,765.73	Great Britain
Beechbrook UK SME Credit I L.P.	3,333,904.07	3,333,904.07	Great Britain
Bowmark Capital Partners IV, L.P.	1,771,780.70	1,771,780.70	Great Britain
Bowmark Capital Partners V, L.P.	3,205,718.39	3,205,718.39	Great Britain
Bridgepoint Europe III, L.P.	1,017,277.00	1,017,277.00	Great Britain
Bridgepoint Europe IV F L.P.	1,510,499.00	1,510,499.00	Great Britain
Bridgepoint Europe V C L.P.	7,402,748.95	9,046,893.66	Great Britain
Dasos Habitat Fund Ky	972,839.00	972,839.00	Finland
Dasos Timberland Fund II	15,381,663.63	20,470,439.26	Luxemburg
Dyal Capital Partners IV LP	2,454,634.66	2,454,634.66	Cayman Islands
ICG Senior Debt Partners Fund 2	9,826,089.00	9,826,089.00	Luxemburg
ICG-Longbow UK Real Estate Debt Investments III S.á.r.l.	4,769,448.33	4,769,448.33	Luxemburg
Infranode I (No. 1) AB	6,966,961.62	6,966,961.62	Sweden
LähiTapiola Asuntorahasto Prime Ky	2,041,124.31	2,140,985.54	Finland
LähiTapiola Asuntosijoitus Suomi Ky	4,965,095.02	6,467,036.41	Finland
LähiTapiola Keskustakiinteistöt Ky	32,972,846.31	32,972,846.31	Finland
NB Private Debt Fund II LP	9,626,045.15	9,626,045.15	USA
Nexit INFOCOM II L.P.	1,936,069.38	2,957,680.65	Guernsey
Nordic Mezzanine Fund III Limited Partnership	1,962,279.59	3,691,330.87	Great Britain
Real Estate Debt & Secondaries Ky	801,782.59	801,782.59	Finland
Siguler Guff Small Business Credit Opportunities Fund LP	5,034,988.08	5,034,988.08	USA
TPG Partners VI, LP	2,904,692.02	2,904,692.02	USA
TPG Partners VII, L.P.	9,466,966.70	10,223,566.95	USA
The Triton Fund III L.P.	3,595,945.68	3,595,945.68	Jersey
Tikehau Direct Lending III	4,673,630.82	4,673,630.82	Luxemburg
Top Tier Venture Capital III, L.P.	555,922.16	555,922.16	USA
Top Tier Venture Capital IV, L.P.	1,855,837.21	2,537,357.14	USA
VSS Structured Capital Parallel III, L.P.	8,009,147.72	8,097,264.28	USA
WasaGroup Fund II Ky	731,337.16	822,582.38	Finland
WasaGroup Fund III Ky	2,247,879.36	2,439,018.81	Finland
eQ PE IX US Feeder	894,575.01	894,575.01	Finland
eQ PE VIII North LP	4,527,914.00	4,527,914.00	Finland
eQ PE X North LP	792,593.00	792,593.00	Finland
Muut	3,952,568.29	5,362,391.29	
<b>Total</b>	<b>183,487,241.74</b>	<b>199,943,137.02</b>	

## Total other investments, shares and holdings

129,800,979.00 689,331,678.05 799,358,302.34

## 7.4 Assets held to cover unit-linked insurance policies

Security	Home country	Current value	Book value
<b>Shares</b>			
PowerCell Sweden AB	Sweden	1,020,878.39	1,020,878.39
Telia Ab	Sweden	531,167.00	531,167.00
Evli Bank PLC	Finland	1,376,489.40	1,376,489.40
Fortum Oyj	Finland	848,656.30	848,656.30
Metso Outotec Oyj	Finland	744,701.63	744,701.63
Neste Oyj	Finland	1,525,263.12	1,525,263.12
Nokia Oyj	Finland	1,562,845.58	1,562,845.58
Nokian Renkaat Oyj	Finland	502,764.90	502,764.90
Nordea Bank Abp	Finland	1,683,285.56	1,683,285.56
Sampo Oyj A	Finland	1,012,002.18	1,012,002.18
Stora Enso R	Finland	557,838.13	557,838.12
UPM-Kymmene Oyj	Finland	654,891.71	654,891.71
Multiple		14,338,419.14	14,338,419.14
<b>Total</b>		<b>26,359,203.04</b>	<b>26,359,203.04</b>
<b>Mutual funds</b>			
FUNDSMITH EQUITY FD SICAV-IA	Luxemburg	1,259,336.40	1,259,336.40
JPM Emerging Markets Opportunities I Acc EUR	Luxemburg	5,534,110.80	5,534,110.80
MORGAN ST-US ADVANTAGE-ZUSD	Luxemburg	2,718,618.27	2,718,618.27
X-Trackers DJ Stoxx 600 Index ETF	Luxemburg	660,689.00	660,689.00
X-trackers Russell 2000 UCITS	Luxemburg	1,804,956.30	1,804,956.30
iShares Core MSCI Emerging Markets IMI UCITS ETF	Luxemburg	8,249,660.28	8,249,660.28
iShares Core S&P 500 UCITS	Luxemburg	12,049,688.00	12,049,688.00
iShares Emer.Mark.Gov.Bond Ind.I2 hed.EUR	Luxemburg	5,844,555.64	5,844,555.64
Slättö Bostäder Invest AB	Sweden	996,581.72	996,581.72
Slättö Core Plus AB	Sweden	3,438,689.63	3,438,689.63
Slättö IV AB	Sweden	3,019,225.82	3,019,225.82
Slättö VII AB- B Shares	Sweden	3,816,544.15	3,816,544.15
ALANDSBANKEN EURO BOND-B	Finland	744,166.08	744,166.08
Alandsbanken Euro High Yield B	Finland	651,033.18	651,033.18
Alandsbanken Global Equity	Finland	600,160.67	600,160.67
EAI Residential asuntorahasto 2015	Finland	1,543,752.00	1,543,752.00
EAI Residential asuntorahasto 2016	Finland	605,925.00	605,925.00
EAI Residential asuntorahasto 2018	Finland	659,285.00	659,285.00
EQ Eurooppa Kiinteistö-1 K	Finland	1,363,786.49	1,363,786.49
EQ Eurooppa Osinko 1 K	Finland	1,023,977.00	1,023,977.00
EQ Pohjoismaat Pieniyhtiö 2 K	Finland	1,184,430.40	1,184,430.40
EVLI EMERGING FRONTIER-B	Finland	6,806,368.28	6,806,368.28
EVLI EMERGING MKT CREDIT-B	Finland	10,733,069.10	10,733,069.10
EVLI EQTY FACTOR EUR -B ACC	Finland	10,234,275.80	10,234,275.80
EVLI EQUITY FACTOR USA-B	Finland	5,562,581.63	5,562,581.63
EVLI FINNISH SMALL CAP	Finland	9,508,519.15	9,508,519.15
EVLI GEM-B	Finland	3,624,580.32	3,624,580.32
EVLI RENTAL YIELD AIF-A	Finland	11,191,858.56	11,191,858.56

Erikoissijoitusrahasto Elite	Finland	1,543,758.91	1,543,758.91
Erikoissijoitusrahasto UB Nordic Property	Finland	704,000.09	704,000.09
Euro Choice VII Feeder voitonjakolaina	Finland	1,169,580.44	1,169,580.44
Evli Euro Likvidi B	Finland	6,268,573.94	6,268,573.94
Evli Eurooppa B	Finland	8,770,197.19	8,770,197.19
Evli European High Yield B	Finland	34,410,389.03	34,410,389.03
Evli European Investment Grade B	Finland	10,760,428.16	10,760,428.16
Evli Green Corporate Bond B	Finland	5,503,358.84	5,503,358.84
Evli Growth Partners I yhtiöosuus	Finland	3,174,775.50	3,174,775.50
Evli Healthcare I yhtiöosuus	Finland	25,287,778.88	25,287,778.88
Evli Infrastructure Fund I Ky	Finland	1,002,000.00	1,002,000.00
Evli Lyhyt Yrityslaina B	Finland	15,279,338.22	15,279,338.22
Evli Pohjoismaat B	Finland	610,358.61	610,358.61
Evli Private Equity II yhtiöosuus	Finland	851,922.99	851,922.99
Evli Residential I yhtiöosuus (2020)	Finland	1,250,000.00	1,250,000.00
Evli Suomi Select B	Finland	2,820,322.90	2,820,322.90
Evli Swedish Small Cap B	Finland	5,403,292.92	5,403,292.92
Evli Takt.Alpha-Korko B	Finland	23,201,583.50	23,201,583.50
Evli Varainhoito 50 B	Finland	2,010,466.18	2,010,466.18
Harkitseva Varainhoito	Finland	1,564,099.39	1,564,099.39
Indeksivarainhoito 25	Finland	13,520,218.59	13,520,218.59
Indeksivarainhoito 50	Finland	20,260,666.34	20,260,666.34
Indeksivarainhoito 75	Finland	6,245,875.05	6,245,875.05
Kiinteistö-sijoitussalkku	Finland	66,400,983.73	66,400,983.73
LähiTapiola 2020 A	Finland	80,349,238.76	80,349,238.76
LähiTapiola 2025 A	Finland	194,755,015.81	194,755,015.81
LähiTapiola 2035 A	Finland	95,356,436.52	95,356,436.52
LähiTapiola 2045 A	Finland	24,089,855.27	24,089,855.27
LähiTapiola Asuntosijoitus	Finland	1,964,042.79	1,964,042.79
LähiTapiola Asuntosijoitus Prime	Finland	11,803,995.30	11,803,995.30
LähiTapiola Asuntosijoitus Suomi	Finland	5,722,932.08	5,722,932.08
LähiTapiola Eurooppa Markkina A	Finland	2,081,347.26	2,081,347.26
LähiTapiola High Yield A	Finland	7,050,570.15	7,050,570.15
LähiTapiola Kehittyvät Korkomarkkinat A	Finland	3,143,160.96	3,143,160.96
LähiTapiola Korkomaailma A	Finland	16,648,551.77	16,648,551.77
LähiTapiola Maailma 20 A	Finland	22,084,277.33	22,084,277.33
LähiTapiola Maailma 50 A	Finland	79,598,834.96	79,598,834.96
LähiTapiola Maailma 80 A	Finland	83,656,352.16	83,656,352.16
LähiTapiola Metsäsijoitus	Finland	4,019,946.16	4,019,946.16
LähiTapiola Pitkäkorko A	Finland	7,649,594.08	7,649,594.08
LähiTapiola Suoja A	Finland	1,377,635.42	1,377,635.42
LähiTapiola Tapiolan Keskus	Finland	1,189,330.00	1,189,330.00
LähiTapiola USA Markkina A	Finland	4,331,377.17	4,331,377.17
LähiTapiola Vastuullinen Eurooppa Keskisuuret A	Finland	25,617,502.89	25,617,502.89
LähiTapiola Vastuullinen Hyvinvointi A	Finland	31,938,378.59	31,938,378.59
LähiTapiola Vastuullinen Kasvu A	Finland	20,977,596.09	20,977,596.09
LähiTapiola Vastuullinen Kehittynyt Aasia A	Finland	12,384,433.35	12,384,433.35
LähiTapiola Vastuullinen Kehittyvät Markkinat A	Finland	34,761,131.03	34,761,131.03
LähiTapiola Vastuullinen Kuluttaja A	Finland	24,311,916.29	24,311,916.29
LähiTapiola Vastuullinen Lyhytkorko A	Finland	16,519,669.03	16,519,669.03
LähiTapiola Vastuullinen Osinko Suomi A	Finland	18,651,587.19	18,651,587.19
LähiTapiola Vastuullinen Pohjoinen Yrityskorko A	Finland	2,618,845.49	2,618,845.49
LähiTapiola Vastuullinen Skandinavia A	Finland	1,363,864.21	1,363,864.21
LähiTapiola Vastuullinen USA Keskisuuret A	Finland	9,555,992.83	9,555,992.83
LähiTapiola Vastuullinen Vaikuttajakorko A	Finland	701,063.17	701,063.17
LähiTapiola Vastuullinen Ympäristö A	Finland	8,569,579.43	8,569,579.43
LähiTapiola Vastuullinen Yrityskorko A	Finland	3,984,055.76	3,984,055.76
Momentum-varainhoito	Finland	49,069,076.54	49,069,076.54



Private Banking Korkostrategia	Finland	2,101,479.43	2,101,479.43
Private Banking Strategia 10	Finland	7,366,219.25	7,366,219.25
Private Banking Strategia 30	Finland	15,798,183.35	15,798,183.35
Private Banking Strategia 50	Finland	10,104,753.00	10,104,753.00
Private Banking Strategia 70	Finland	3,686,821.38	3,686,821.38
Reipas Varainhoito	Finland	2,148,372.58	2,148,372.58
Rohkea Varainhoito	Finland	2,842,875.66	2,842,875.66
S-Sijoituskori Kohtuullinen	Finland	2,122,869.52	2,122,869.52
S-Sijoituskori Varovainen	Finland	2,691,812.31	2,691,812.31
SELIGSON PHAROS-A	Finland	919,621.66	919,621.66
Seligson & Co Tropico LatAm (EUR)	Finland	1,166,051.28	1,166,051.28
Seligson Aasia A	Finland	4,114,116.62	4,114,116.62
Seligson Euro-obligaatio	Finland	1,319,532.26	1,319,532.26
Seligson Eurooppa -indeksirahasto A	Finland	7,809,328.48	7,809,328.48
Seligson Glb Top 25 Brands -A	Finland	21,924,883.91	21,924,883.91
Seligson Global Top 25 Pharmaceuticals A	Finland	14,747,158.00	14,747,158.00
Seligson Kehittyvät markkinat	Finland	829,717.87	829,717.87
Seligson OMX Helsinki 25 -indeksiosuus	Finland	583,256.76	583,256.76
Seligson Phoebus - A	Finland	3,217,772.13	3,217,772.13
Seligson Phoenix A	Finland	934,021.25	934,021.25
Seligson Pohjois-Amerikka -indeksirahasto A	Finland	3,466,413.47	3,466,413.47
Seligson Rahamarkkina AAA	Finland	3,826,200.85	3,826,200.85
Seligson Russian Pros Euro A	Finland	8,770,699.76	8,770,699.76
Seligson Suomi-indeksirahasto	Finland	13,994,485.36	13,994,485.36
Suojavarainhoito 10	Finland	7,158,319.45	7,158,319.45
TOP-indeksivarainhoito 25	Finland	7,390,176.87	7,390,176.87
TOP-indeksivarainhoito 50	Finland	1,460,640.00	1,460,640.00
Vakaa Varainhoito	Finland	1,429,525.88	1,429,525.88
Varainhoito 100	Finland	44,746,307.27	44,746,307.27
Varainhoito 25	Finland	5,007,067.79	5,007,067.79
Varainhoito 50	Finland	11,892,692.32	11,892,692.32
Varainhoito 75	Finland	6,284,861.44	6,284,861.44
Varainhoito Eurooppa Plus	Finland	18,815,675.34	18,815,675.34
Varainhoito Maltillinen	Finland	121,463,038.60	121,463,038.60
Varainhoito Nordic Plus	Finland	22,649,972.96	22,649,972.96
Varainhoito Suomi Plus	Finland	28,732,456.38	28,732,456.38
Varainhoito Tasapainoinen	Finland	124,029,802.68	124,029,802.68
Varainhoito Tuottohakuinen	Finland	73,531,656.76	73,531,656.76
Varainhoito Varovainen	Finland	147,314,855.86	147,314,855.86
Varainhoitosalkku 10	Finland	25,900,211.94	25,900,211.94
Varainhoitosalkku 30	Finland	76,856,134.07	76,856,134.07
Varainhoitosalkku 50	Finland	39,361,336.90	39,361,336.90
Varainhoitosalkku 70	Finland	10,212,752.19	10,212,752.19
Yksilöllinen varainhoito 30	Finland	56,301,810.71	56,301,810.71
Yksilöllinen varainhoito 50	Finland	2,531,000.00	2,531,000.00
eQ Euro Investment Grade	Finland	511,948.28	511,948.28
eQ Euro Investment Grade 1 T	Finland	539,394.82	539,394.82
eQ Eurooppa Aktiivi 1 K	Finland	1,619,163.75	1,619,163.75
eQ Hoivakiinteistöt	Finland	41,826,903.60	41,826,903.60
eQ Kehittyvät Markkinat Osinko 1 T	Finland	678,277.51	678,277.51
eQ Kehittyvät Markkinat Osinko 1K	Finland	4,002,375.18	4,002,375.18
eQ Kehittyvät Markkinat Pienyhtiö 1 K	Finland	2,079,801.54	2,079,801.54
eQ Liikekiinteistöt-1T	Finland	33,770,333.36	33,770,333.36
eQ Mandaatti-2K	Finland	1,024,212.51	1,024,212.51
eQ PE IX US Feeder	Finland	3,011,979.46	3,011,979.46
eQ PE VIII North Ky	Finland	1,650,199.75	1,650,199.75
eQ PE X North Feeder	Finland	1,965,348.00	1,965,348.00
eQ Pikujättiläiset 1 K	Finland	775,764.93	775,764.93

eQ Rahamarkkina 1 K	Finland	169,640.58	169,640.58
eQ Sininen Planeetta 1 K	Finland	3,654,502.56	3,654,502.56
eQ USA Indeks 1 K	Finland	2,298,253.94	2,298,253.94
eQ USA Indeks-1 T	Finland	570,766.66	570,766.66
Ålandsbanken Asuntorahasto C	Finland	3,053,141.51	3,053,141.51
Ålandsbanken Europe Value B	Finland	745,038.36	745,038.36
Multiple		19,797,734.51	19,797,734.51
<b>Total</b>		<b>2,374,643,302.27</b>	<b>2,374,643,302.27</b>

#### Debt securities

Eurooppa Pankit Autocall 4/2018	France	907,609.81	907,609.81
Multiple		7,584,670.89	7,584,670.89
<b>Total</b>		<b>8,492,280.70</b>	<b>8,492,280.70</b>

<b>Total</b>		<b>2,409,494,786.01</b>	<b>2,409,494,786.01</b>
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#### 8. Other investments, other loan receivables, itemisation by type of security

	2020	2019
Insurance policy	139,969.86	166,215.24
Other security	24,187,204.22	24,689,926.63
Remaining acquisition cost	24,327,174.08	24,856,141.87
Unsecured, total remaining acquisition cost	17,633,087.68	22,475,000.00
	41,960,261.76	47,331,141.87

#### 9. Changes in tangible and intangible assets

	Intangible rights and other expenses with long-term effects	Provisional premiums	2020 Machinery and equipment
Acquisition cost on 1 Jan.	47,928,189.68	1,924,022.99	3,580,530.24
Increase	410,700.38	1,447,033.30	103,006.82
Decrease	-27,459.19	0.00	-74,500.00
Transfers between items	2,913,263.27	-2,913,263.27	0.00
Acquisition cost on 31 Dec.	51,224,694.14	457,793.02	3,609,037.06
Accumulated depreciation on 1 Jan.	-36,375,832.21	0.00	-3,244,068.87
Depreciation for the financial year	-4,487,349.73	0.00	-91,242.07
Accumulated depreciation on 31 Dec.	-40,863,181.94	0.00	-3,335,310.94
Value adjustments on 1 Jan.	0.00	0.00	0.00
Value adjustments on 31 Dec.	0.00	0.00	0.00
Book value on 31 Dec.	10,361,512.20	457,793.02	273,726.12

## 10. Assets held to cover unit-linked insurance policies

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

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

11,388,441.70 4,776,658.89

## 11. Changes in capital and reserves

### 11.1 Changes in capital and reserves

	1.1.2020	Increase	Decrease	31.12.2020
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
Security reserve	410,926,783.59	35,114,685.52	0.00	446,041,469.11
Contingency reserve	2,238,138.23	500,000.00	-317,500.00	2,420,638.23
Profit for the financial year *)	37,381,204.26	63,282,010.73	-37,381,204.26	63,282,010.73
<b>Total changes in capital and reserves</b>	<u>492,613,839.44</u>	<u>98,896,696.25</u>	<u>-37,698,704.26</u>	<u>553,811,831.43</u>

\*) Includes the paid guarantee capital interest EUR 1,766,518.74.

### 11.2 Account of distributable profits

	31.12.2020
Profit for financial year	63,282,010.73
+ Other unrestricted capital and reserves	
Security reserve	446,041,469.11
Contingency reserve	2,420,638.23
<b>Total distributable profits</b>	<u>511,744,118.07</u>

## 12. Accumulated appropriations

	2020	2019
<b>Depreciation difference</b>		
Depreciation difference on 1 Jan.	513,361.99	669,196.31
Increase	-240,770.18	0.00
Decrease	74,082.17	-155,834.32
<b>Depreciation difference on 31 Dec.</b>	<u>346,673.98</u>	<u>513,361.99</u>

## 13. Other obligatory provisions

	2020	2019
Provision for unemployment security deductible	17,072.89	10,010.36
	<u>17,072.89</u>	<u>10,010.36</u>

## 14. Deferred tax liabilities

	2020	2019
Tax liability calculated on the basis of timing differences and other temporary differences between taxable profit and accounting profit	748,102.67	748,102.67
Tax debt calculated based on valuation gains/losses that is deemed likely to become payable during the next year.	11,900,000.00	10,038,811.54
	<u>12,648,102.67</u>	<u>10,786,914.21</u>

## 15. Receivables and liabilities

### 15.1 Itemisation of receivables

	2020	2019
<b>Receivables from group companies</b>		
Other receivables	791,694.33	516,305.27
	<u>791,694.33</u>	<u>516,305.27</u>

### 15.2 Itemisation of liabilities

	2020	2019
<b>Liabilities to group companies</b>		
Accounts payable	1,067,480.11	1,919,750.82
Other liabilities	104,456.85	3,085,862.81
	<u>1,171,936.96</u>	<u>5,005,613.63</u>

### 15.3 Itemisation of accruals and deferred income

	2020	2019
Liabilities to personnel	5,002,318.55	3,181,990.72
Valuation loss on derivatives	0.00	202,140.88
Other accrued expenses	5,635,999.77	5,293,540.33
	<u>10,638,318.32</u>	<u>8,677,671.93</u>

## 16. Notes concerning guarantees and contingent liabilities

### 16.1 Security

	2020	2020	2019	2019
	Security/pledges/ guarantees and other commitments	Amount of liability	Security/pledges/ guarantees and other commitments	Amount of liability
<b>As security for own debts</b>				
Real estate mortgages	23,396,480.00	2,340,818.34	23,396,480.00	2,390,828.34
	<u>23,396,480.00</u>	<u>2,340,818.34</u>	<u>23,396,480.00</u>	<u>2,390,828.34</u>

## 16.2 Off-balance-sheet guarantees and contingent liabilities

Derivative contracts	2020	2019
<b>Interest derivatives</b>		
<i>Forward and futures contracts, open</i>		
Underlying instrument	15,800,000.00	0.00
<b>Currency derivatives</b>		
<i>Forward and futures contracts, open</i>		
Underlying instrument	-87,843,908.50	-52,715,731.54
Current value	1,965,168.97	393,116.06
<b>Rent liabilities</b>		
Amount to be paid in the current financial year	828,954.84	889,130.70
Amount to be paid in the coming years	3,315,819.36	3,608,650.08
	4,144,774.20	4,497,780.78
<b>Value-added tax liabilities</b>		
<i>Joint liability relating to collective value-added tax registration</i>		
Group companies	-682,287.59	-3,013,893.56
Partner companies	903,615.99	1,941,043.52
	221,328.40	-1,072,850.04
<i>VAT liability with a positive sign = VAT debt</i>		
<i>VAT liability with a negative sign = VAT receivable</i>		
<i>Obligation to return value-added tax deductions pursuant to section 33 of Value-Added Tax Act</i>		
Company	179,520.00	100,535.00
Other companies of the group	40,619,421.88	42,376,583.25
	40,798,941.88	42,477,118.25
<b>Other commitments</b>		
Investment commitments	492,999,177.79	464,301,933.54
Granted limit	10,089,641.43	52,487,492.76
	503,088,819.22	516,789,426.30

## 17. Related party loans and transactions

The company's related parties register has been compiled in accordance with the definition of 'related party' laid down in the Insurance Companies Act.

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

The company has not granted any loans to related parties.

Information on the contingent liability relating to value-added tax category identification can be found in Appendix 16.

## 17.2 Subordinated loans

**Creditor** Multiple  
**Loan capital** EUR 100.000.000

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

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

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

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

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

The loan is unsecured.

The subordinated loan is administered by Euroclear Finland Oy.

# Performance analysis

	Realization 1-12/2020	Realization 1-12/2019	Change	EUR 1 000 Change %
Premium income	431,395	612,505	-181,110	-29.6
Investment income and expenses as well as revaluations and adjustments thereof	134,825	430,023	-295,198	-68.6
Claims paid	-396,252	-524,569	128,317	-24.5
Change in technical provisions before change in customer benefits and equalization provision	-62,277	-428,376	366,099	-85.5
Operating expenses	-56,120	-57,221	1,101	-1.9
<b>Balance on technical account before change in customer benefits and equalization provision</b>	<b>51,572</b>	<b>32,362</b>	<b>19,210</b>	<b>59.4</b>
Other income and expenses	124	-18	142	-782.8
<b>Operating profit</b>	<b>51,696</b>	<b>32,344</b>	<b>19,351</b>	<b>59.8</b>
Change in equalization provision	10,274	10,274	0	0.0
Additional benefits (customer benefits)	16,309	1,656	14,653	884.6
<b>Profit before appropriations and taxes</b>	<b>78,279</b>	<b>44,275</b>	<b>34,004</b>	<b>76.8</b>
Appropriations	167	156	11	7.0
Income taxes and other direct taxes	-15,164	-7,049	-8,114	115.1
<b>Profit for the accounting period</b>	<b>63,282</b>	<b>37,381</b>	<b>25,901</b>	<b>69.3</b>
Operating profit	51,696	32,344	19,351	59.8
Change in the difference between current and book values	-5,819	64,250	-70,069	-109.1
<b>Total result</b>	<b>45,877</b>	<b>96,594</b>	<b>-50,717</b>	<b>-52.5</b>

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

	Basic breakdown				Risk breakdown <sup>a)</sup>		
	31.12.2020		31.12.2019		31.12.2020		31.12.2019
	EUR million	%	EUR million	%	EUR million	%	%
<b>Fixed-income investments</b>	<b>1,987.1</b>	<b>59.5</b>	<b>1,867.5</b>	<b>57.9</b>	<b>2,003.8</b>	<b>59.7</b>	<b>57.9</b>
Loan receivables <sup>1)</sup>	354.6	10.6	362.8	11.3	354.6	10.6	11.3
Bonds	1,478.0	44.2	1,430.5	44.4	1,494.7	44.5	44.4
Other money market instruments and deposits <sup>1) 2)</sup>	154.5	4.6	74.2	2.3	154.5	4.6	2.3
<b>Equities and shares</b>	<b>782.7</b>	<b>23.4</b>	<b>797.6</b>	<b>24.7</b>	<b>782.7</b>	<b>23.3</b>	<b>24.7</b>
Listed equities and shares <sup>3)</sup>	246.8	7.4	341.8	10.6	246.8	7.4	10.6
Private equity investments <sup>4)</sup>	397.0	11.9	333.1	10.3	397.0	11.8	10.3
Unlisted equities and shares <sup>5)</sup>	139.0	4.2	122.8	3.8	139.0	4.1	3.8
<b>Real estate investments</b>	<b>569.8</b>	<b>17.1</b>	<b>555.6</b>	<b>17.2</b>	<b>569.8</b>	<b>17.0</b>	<b>17.2</b>
Direct real estate investments	425.8	12.7	408.3	12.7	425.8	12.7	12.7
Real estate funds and joint investments	144.0	4.3	147.3	4.6	144.0	4.3	4.6
<b>Other investments</b>	<b>1.0</b>	<b>0.0</b>	<b>2.2</b>	<b>0.1</b>	<b>1.0</b>	<b>0.0</b>	<b>0.1</b>
Hedge fund investments <sup>6)</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodity investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments <sup>7)</sup>	1.0	0.0	2.2	0.1	1.0	0.0	0.1
<b>Investments total</b>	<b>3,340.6</b>	<b>100.0</b>	<b>3,223.0</b>	<b>100.0</b>	<b>3,357.3</b>	<b>100.0</b>	<b>100.0</b>
Effect of derivatives <sup>9)</sup>					16.7		
<b>Investments at current value, total</b>	<b>3,340.6</b>	<b>100.0</b>	<b>3,223.0</b>	<b>100.0</b>	<b>3,357.3</b>	<b>100.0</b>	<b>100.0</b>

The modified duration of bond investments

5.0

1) Accrued interest included

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

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

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

5) Includes also unlisted real estate investment companies

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

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

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

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

9) Includes derivatives effect on difference between risk and basic allocation.

The effect of derivatives can be +/- . After the difference correction the total sum of the risk allocation tallies with the basic allocation.

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



## Net investment income at current value 1.1. – 31.12.2020

	Net investment income at current value <sup>a)</sup>	Capital employed <sup>a)</sup>	Return-% on capital employed	Return-% on capital employed	Return-% on capital employed	Return-% on capital employed	Return-% on capital employed
	31.12.2020		31.12.2019	31.12.2018	31.12.2017	31.12.2016	
	EUR million	EUR million	%	%	%	%	%
<b>Return € / % on capital employed</b>							
<b>Fixed-income investments</b>	<b>24.5</b>	<b>1,895.8</b>	<b>1.3</b>	<b>3.7</b>	<b>-0.4</b>	<b>2.3</b>	<b>4.1</b>
Loan receivables <sup>1)</sup>	8.0	355.6	2.3	2.4	2.5	2.6	3.1
Bonds	17.5	1,404.7	1.2	4.3	-1.3	2.4	4.6
Other money market instruments and deposits <sup>1) 2)</sup>	-1.0	135.5	-0.8	-0.4	-0.6	-1.5	-0.6
<b>Equities and shares</b>	<b>41.5</b>	<b>784.2</b>	<b>5.3</b>	<b>15.1</b>	<b>7.4</b>	<b>10.7</b>	<b>6.5</b>
Listed equities and shares <sup>3)</sup>	-4.4	285.1	-1.6	31.5	-6.0	8.9	5.2
Private equity investments <sup>4)</sup>	22.1	378.7	5.8	9.3	13.5	10.7	7.9
Unlisted equities and shares <sup>5)</sup>	23.9	120.4	19.9	-6.4	44.4	28.2	11.5
<b>Real estate investments</b>	<b>14.6</b>	<b>558.3</b>	<b>2.6</b>	<b>4.1</b>	<b>5.0</b>	<b>9.7</b>	<b>7.6</b>
Direct real estate investments	21.2	408.7	5.2	7.6	5.7	9.7	9.6
Real estate funds and joint investments	-6.6	149.6	-4.4	-4.1	3.1	9.8	3.6
<b>Other investments</b>	<b>-0.4</b>	<b>1.6</b>	<b>-23.1</b>	<b>11.8</b>	<b>-5.4</b>	<b>-5.4</b>	<b>4.0</b>
Hedge fund investments <sup>6)</sup>	0.0	0.0	0.0	6.6	-1.3	23.5	0.0
Commodity investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments <sup>7)</sup>	-0.4	1.6	-23.1	14.3	-6.5	-5.7	4.0
<b>Investments total</b>	<b>80.3</b>	<b>3,239.8</b>	<b>2.5</b>	<b>6.5</b>	<b>2.5</b>	<b>5.6</b>	<b>5.3</b>
Unallocated return, costs and operating expenses	-8.0						
<b>Net investment income at current value</b>	<b>72.2</b>	<b>3,239.8</b>	<b>2.2</b>	<b>6.3</b>	<b>2.1</b>	<b>5.3</b>	<b>5.0</b>

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 on additional benefits of life insurance

### Application of the principle of reasonability and targets for the distribution of additional benefits

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Individual pension insurance policies

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

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

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

The overall interest paid on insurance savings in savings life insurance policies for 2020 averaged 2.5 per cent (2.9). Depending on the product and the technical rate of interest, the overall interest rate ranged from 1.5 to 4.5 per cent, while the technical rates of interest varied between 0 per cent and 4.5 per cent. The overall interest paid on all products exceeded the target 5-year interest rate, which averaged -0.7 per cent in 2020.

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

#### [Group pension insurance policies](#)

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

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

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

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

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

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

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

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

## Accounting principles

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

### General information

LocalTapiola General Mutual Insurance Company (LocalTapiola General, Business ID 0211034-2) is the leading parent company of LocalTapiola Group. LocalTapiola Life prepares consolidated financial statements for its own subgroup. The financial statements are available on the company's website at [www.lahitapiola.fi / en / Information on LocalTapiola / Financial Data](http://www.lahitapiola.fi/en/Information-on-LocalTapiola/Financial-Data).

### Valuation and allocation of intangible assets

#### Other expenses with long-term effects

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

### Valuation and allocation of investments

#### Real estate and shares in real estate

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

Shares in real estate are shown in the balance sheet at acquisition cost or they are recognised at a lower current value. Revaluations may have been made on the values of real estate and shares in real estate if the values were permanently significantly higher than the original acquisition cost at

the end of the financial period. The counter-item of a revaluation of real estate or shares in real estate classified as investment has been recognised as income since 1978, and earlier revaluations have been entered in the revaluation reserve in restricted capital and reserves. The counter-item of an investment classified as fixed assets has been recognised in the revaluation reserve of restricted capital and reserves.

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

### Shares and holdings

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

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

### Debt securities

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

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

### Loans receivable, deposits and deposits with ceding undertakings

Loans receivable, deposits and deposits with ceding undertakings are shown in the balance sheet at nominal value or a permanently lower, likely realisable value. Temporary value changes and those

owing to interest rate fluctuations are not recognised. Write-downs due to other reasons are recognised.

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

#### Derivative contracts

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

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

#### Non-hedging derivatives

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

#### Application of hedging calculation

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

#### Definition of current values of investments

##### Real estate investments

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

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

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

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

#### Shares, holdings and debt securities

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

#### Loans receivable, deposits and deposits with ceding undertakings

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

#### Zillmerisation

Zillmerisation is not applied.

#### Assets held to cover unit-linked insurance policies

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

#### Valuation of receivables

##### Outstanding premiums

Outstanding premiums are shown in the balance sheet at their maximum likely realisable value. Lapsed contracts have been deducted from the nominal value of outstanding premiums based on experience, which gives the likely realisable value.



Receivables that are not likely to be settled are recognised as credit losses.

#### Foreign currency items

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

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

#### Depreciation

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

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

##### Intangible assets

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

##### Real estate

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

##### Machinery and equipment

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

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

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

#### Appropriations

##### Depreciation difference

See “Depreciation”

##### Voluntary provisions

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

##### Obligatory provisions

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

#### Direct taxes

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

#### Deferred tax assets and tax 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 show the deferred tax liability calculated based on the valuation difference that is deemed likely to become payable during the following year.

#### Other liabilities

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

#### Subordinated loan

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

#### Account of pension cover and of the allocation of pension expenditure

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

Any supplementary pension cover has been arranged through insurance. The benefits include old-age, disability and survivors’ pension, as well as death benefit for family members. As a rule, the

supplementary pension increases the pension annually by 0.2 per cent of the annual income on which the pension defined under the Employees Pensions Act is based.

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

Pension insurance contributions have been recognised on an accrual basis.

### Technical provision

#### Technical provisions

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

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

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

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

Technical provisions include risk supplements that have been used to change the mortality or morbidity estimate of insurance contracts to match the observed level deviating from pricing.

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

#### Discount rate for technical provisions

The maximum discount rate for technical provisions of contracts other than unit-linked contracts

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

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

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

### Consolidated financial statements

LocalTapiola Life Group is consolidated into 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 liability companies and other comparable companies in which the parent company holds more than half of the voting rights either directly or indirectly must be consolidated into the consolidated financial statements. The companies included in the Group, and the Group structure, are described in the report of the Board of Directors.

The consolidated financial statements are a combination of the profit and loss accounts, balance sheets and notes to the financial statements of the parent company and of its subsidiaries. The following are eliminated in these consolidated statements: intra-Group receivables and liabilities, income and expenses, profit distribution, Group-internal realized 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 in profit is shown as a separate item in the profit and loss account and the balance sheet. Subsidiaries acquired during the financial period are consolidated as of the acquisition date and subsidiaries sold during the period up to the moment of sale.

Associated undertakings – companies in which the Group holds 20–50 per cent of the shares or votes – have been consolidated using the equity method. Housing and mutual companies are not consolidated as associated undertakings even when the vote and ownership requirement is met.

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

For housing and real estate subsidiaries, the revaluations of shares have been recognised as revaluations of the real estate of the subsidiaries.

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

Intra-group direct insurance business has not been eliminated.

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

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

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

*Calculation of key figures*

*General key figures describing financial development*

*Life insurance turnover*

= Premiums written before reinsurers'

share

+ Net investment income in the profit and loss account

+ Other income

*Performance analysis*

**Life insurance**<sup>1</sup>

Premiums written<sup>1</sup>

Investment income and expenses as well as revaluations, adjustments thereof and changes in value<sup>1</sup>

Claims paid<sup>1</sup>

Change in technical provisions before change in customer benefits and equalization provision<sup>1</sup>

Operating expenses<sup>1</sup>

Other technical income and expenses<sup>1</sup>

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*Technical result before bonuses and change in equalization provision*<sup>1</sup>

Other income and expenses

Share of profit and loss from group associated undertakings<sup>1</sup>

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**Operating profit or loss**

Change in equalization provision, life insurance<sup>1</sup>

Additional benefits (customer benefits)<sup>1 and 2</sup>

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*Profit or loss before appropriations and taxes*

Appropriations

Income taxes and other direct taxes

Minority interests<sup>1</sup>

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**Profit or loss for the financial period**

<sup>1</sup> Applies to the consolidated financial statements

<sup>2</sup> Additional benefits include interest in excess of the guaranteed interest rate

*Total result*

= Operating profit or loss

+ Change in off-balance-sheet valuation differences, current value reserve and revaluation reserve

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

*Net investment income on capital employed (at current value)*

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



Yield for the period is calculated using the so-called modified Dietz method (a time- and money-weighted method) such that capital employed is calculated by adding the cash flows of the period to the market value at the start of the period, weighted by the relative share of the length of the entire period that remains from the transaction date or from the middle of the transaction month to the end of the period.

#### *Itemisation of net investment income*

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

#### *Investment allocation at current value*

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

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

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

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

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

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

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

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

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

#### *Average number of personnel during the financial period*

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

#### *Key figures describing the financial performance of life insurance*

##### *Premiums written*

= Premiums written before reinsurers' share

##### *Expense ratio, %*

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

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

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

## Notes on risk management

### General 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

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

##### Operational risks

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

##### Risks associated with the operating environment and strategy

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

#### Organisation of risk management

The Board of Directors has the overall responsibility for organising risk management. The Board defines the risk management targets, risk appetite, limits of risk-taking, responsibilities, metrics and monitoring principles. The Board annually confirms the plans that discuss risk management, ensures that they are taken into account in the operational plans and monitors the implementation of and compliance with these plans. The Board also monitors the status of risk management and the development of key risks on a regular basis. The Board

of Directors has established a separate Audit and Risk Management Committee, which assists the Board in matters related to risk management, among other things. The 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. 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 and compliance functions assist the Board of Directors and management in risk management supervision. The finance and balance sheet management functions also assist the Boards in the practical implementation of business monitoring. Internal Control and Auditing also supervise the implementation of risk management.

As the Board of LocalTapiola Group's leading parent company, LocalTapiola General's Board of Directors is responsible for arranging and monitoring the Group's risk and solvency management. The Group's Risk Management Committee plays a key role in drafting the operating principles for the Group's risk management, as well as in monitoring and supervising the Group's risks. The Group's Asset and Liability Committee (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. The Board of Directors appoints an Investment Management Group, which is responsible for the practical organisation of investment operations and the operational supervision of market risks.

#### Reporting

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

## Life insurance risks

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

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

**Risks related to mortality, longevity and morbidity** are managed through careful product planning and risk selection, and by reinsuring liabilities exceeding the selected deductible and the damage accumulation arising from catastrophes. Risks are selected using the risk guidelines generally in use in life insurance, the insurance recording policy compiled and related instructions. If required, financial underwriting is also performed in order to confirm that there is an insurable interest. The mortality and morbidity rates of the insured are monitored annually and liabilities are supplemented as needed. With regard to sickness insurance and disability cover, there is also the option of raising premiums to cover any increase in claims expenses. The technical rate of interest used in accounting to calculate the technical provisions with guaranteed return varies between 0 and 3.5 per cent, taking the supplementary interest rate provisions of technical provisions into consideration. The mortality expectations in pension insurance policies are essential in view of the adequacy of the technical provisions. The mortality table applied in defined-benefit pension insurance is based on the group pension mortality as determined in life insurance

companies' K2012 mortality study and the mortality model applied in TyEL insurance. In defined-contribution pension insurance, the mortality criteria are based on generational mortality as applied in employment pension insurance. The mortality table used for individual pension insurance is the E87 from 1987.

## Investment risks

Investment risks consist of market risks, credit/counterparty risks and liquidity risks. Market risks are changes in the market values of assets and liabilities resulting from changes or fluctuations (volatility) in financial variables such as interest rates, exchange rates, share prices or real estate values. Credit/counterparty risk refers to the risk of counterparty of a loan, derivative contract, transaction or similar being unable to meet its obligations. Liquidity risk refers to funding liquidity risk or market liquidity risk. The former is related to mismatched funding needs and funding sources and the management thereof. The latter refers to a situation where 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 target level and limits for investment risks, the indicators used to monitor the risk and solvency position, investment steering and reporting processes, and measures to safeguard solvency.

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 rate levels and the resulting risk to the company's balance sheet. Given that the strategic allocation represents long-term objectives, it is only modified for sufficiently weighty reasons that are related to factors such as changes in solvency, the insurance portfolio, the expected long-term return on investment, risk expectations, the company's customer bonus policy or the solvency strategy.

Investment risks are measured and monitored in accordance with the model used by the authorities for calculating solvency, as well as widely-used methods. Risks are monitored by setting limits on

investments and investment risks, as well as by assuring sufficient diversification. If necessary, risks are hedged in whole or in part using derivative instruments.

The traffic light framework for solvency is a key tool for monitoring solvency. The framework is based on solvency in line with the model used by the authorities, which is based on traffic light zones with predetermined actions. The green zone means that solvency is at the desired level and that the asset managers are operating within their mandates in a normal fashion. The light-green zone means that the monitoring of solvency and investment risks should be enhanced. In the yellow zone, it is not acceptable to actively increase investment risks. In the red and black zone, active measures are required to mitigate investment risks and to boost solvency.

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

#### Operational risk management

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

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

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

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

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

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

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

#### Management of risks associated with the operating environment and strategy

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

Risks related to the operating environment and strategic intent are identified and their significance is evaluated annually in conjunction with the annual planning process. This is undertaken through self-assessment. To reduce the risks that have been identified and to exploit opportunities, the responsible bodies plan and implement risk management measures implemented as part of the annual plans. The risk management work conducted in conjunction with strategic development projects is an essential part of strategic risk management.

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

In Espoo, 9 March 2021

Juha Koponen  
Chairman of the Board of Directors

Jari Eklund

Timo Laakso

Mirel Leino-Haltia

Olli Latola

Antti Pulkkanen

Kati Sulin

Minna Kohmo  
Managing Director

## Auditor's note

A report has been issued today on the audit performed.

**In Espoo, 22 March 2021**

KPMG Oy Ab

Timo Nummi

Authorised Public Accountant



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*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 2020. The financial statements comprise the balance sheets, profit and loss accounts, cash flow statements and notes for the group as well as for the parent company.

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

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

### **Basis for Opinion**

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

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

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

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

### **Materiality**

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

### **Most significant assessed risks of material misstatement**

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

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





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**MOST SUBSTANTIAL RISKS OF MATERIAL  
MISSTATEMENT**

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

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**1 Valuation of investments (accounting principles pp. 72–73)**

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

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

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

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

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

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

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

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

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



## **2 Technical provisions (accounting principles p. 74–75)**

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As per Chapter 9 of the Insurance Companies Act, 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, technical provisions have been assessed in the audit to be an item entailing a risk of material misstatement.

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

Our actuary has participated in the audit and evaluated the appropriateness of the assumptions and methods used, by for example, reviewing calculation principles used and by evaluating the appropriateness of calculation models to verify the adequacy of technical provisions.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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



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

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

### **Other Reporting Requirements**

#### **Information on our audit engagement**

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



### **Other information**

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

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

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

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

Espoo, 22 March 2021

KPMG OY AB

TIMO NUMMI

*Authorised Public Accountant, KHT*