

# LocalTapiola General Mutual Insurance Company

Report of the Board of Directors and fi-  
nancial statements for 2022

Business ID: 0211034-2

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# Report of the Board of Directors for 2022

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

As the leading parent company of LocalTapiola Group, LocalTapiola General prepares the consolidated financial statements to the extent determined for groups of insurance companies as defined in the Insurance Companies Act. LocalTapiola Group's business areas include non-life insurance, life insurance, asset management as well as motor vehicle finance and corporate lending.

## 1 Key information

- 2022 was an exceptional year, with Russia's war of aggression in Ukraine, the markedly increased energy prices, inflation that was fuelled to fierce levels and the heavily increased market interest rates all leading to major uncertainty in the financial markets and in the economy.
- Despite a challenging economic environment, LocalTapiola Group's **solvency** strengthened and our **operating result** was positive: EUR 194.0 million (in 2021: EUR 387.9 million). Strong growth continued in non-life insurance, term life insurance and motor vehicle finance.
- LocalTapiola Group's solid financial position brings stability to society and security to our owner-customers. Additionally, in alignment with our ownership intent, it also lays an excellent foundation to emphasise our customer-oriented approach and the increasing of customer benefit, as well as patient and sustainable business all over Finland.
- The strong investments we have made in system reforms, the digital element and automation continued throughout the year.
- Promoting the well-being of all Finland, our strategic responsibility goals guide the Group's donations and partnership activity. Among other areas, in 2022, the Group companies focused donations on institutes of higher education, on the promotion of mental health, and on climate change adaptation. We supported Ukraine with donations provided both to the crisis area and in Finland.

- In **non-life insurance**, we consolidated our market leader position in motor liability insurance. We are also the market leader in farm insurance. As for workers' compensation insurance, we boosted our position by transferring Alandia's workers' compensation insurance portfolio to LocalTapiola on 1 July 2022.
- In **life insurance**, we are Finland's largest term life insurer. We increased our customer benefits by lowering the insurance premiums for term life insurance with regard to new sales, as well as by raising our existing customers' level of insurance cover free of charge.
- LocalTapiola **Asset Management** Group was launched on 1 January 2022, when LocalTapiola Asset Management Ltd (parent company), Seligson & Co Fund Management Company Plc, LocalTapiola Real Estate Asset Management Ltd, LocalTapiola Alternative Investment Funds Ltd and their subsidiaries formed a group. At the same time LocalTapiola Group centralised the investment sales and customer service organisation with LocalTapiola Asset Management.
- LocalTapiola **Finance**'s finance portfolio increased to EUR 2.2 billion, and in motor vehicle finance we maintained our market share as Finland's third largest provider of auto finance.

## LocalTapiola Group

### Volume and profitability of insurance operations

	2022	2021
Non-life insurance, Premiums written in direct insurance, EUR m	1,307.7	1,267.5
Life insurance, Premiums written, EUR m	428.7	480.4
Combined ratio (excl. unwinding of discount expense), %	90.6	91.8
Risk ratio, %	60.4	64.1
Cost ratio, %	30.2	27.8

### Claims and customer benefits

Claims paid, non-life insurance, EUR m	816.2	760.4
Claims paid, life insurance, EUR m	365.9	348.0
Customer credits, non-life and life insurance, EUR m	99.4	95.3
S Bonus, EUR m	35.6	35.1
Return on insurance savings, EUR m	50.0	52.9

### Result and solvency

Operating profit, EUR m	194.0	387.9
Total result, EUR m	-469.9	773.9
Solvency ratio, %	211.0	183.4

Solvency ratio = amount of eligible own funds as compared to the Solvency Capital Requirement (Solvency II). Solvency calculation does not fall within the remit of statutory audit. The calculation of key figures is described in the financial statements. The comparative figures for the profit and loss account items and for the periodic key figures (shown in parentheses) are those reported for 1 January–31 December 2021. The comparative figures for the balance-sheet and other cross-sectional key figures (shown in parentheses) are those representing the situation on 31 December 2021.

## 2 Key events during the financial period

### 2.1 Non-life insurance business

#### 2.1.1 LocalTapiola Group's non-life insurance business

The Group's non-life insurance business comprises LocalTapiola General and the regional non-life insurance companies. LocalTapiola General's business includes workers' compensation insurance, insurance for large corporate customers, and reinsurance. The activity of our regional companies consists of insurance provided to private and farm customers, as well as to small and medium-sized enterprises.

Digital interaction continues its strong growth across society, while also assuming increasing emphasis in customer encounters. We strive for the best combination of personal and digital service in the sector. A key factor in achieving our goal is the multichannel system reform. By this comprehensive reform of our insurance systems, we seek straightforward and easy-to-use insurance products and services. We improved the working of our owner-customer online service, and today an increasing number of claim applications are being decided by automated means. Additionally, we are implementing improvements in the digital services provided to corporate customers, as well as developing corporate medical expenses insurance.

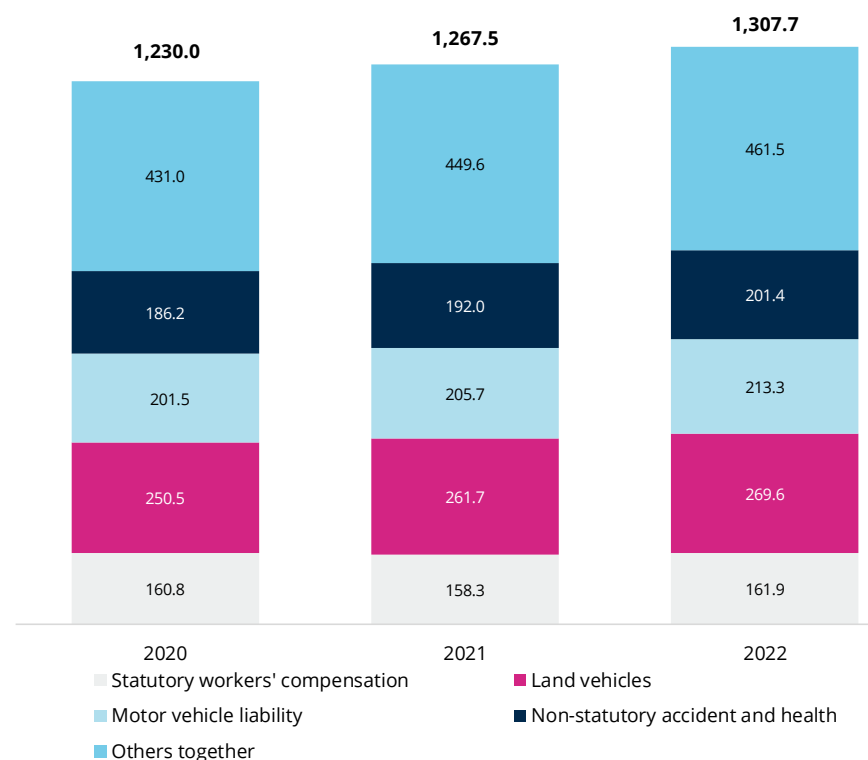
Direct premiums written in non-life insurance were EUR 1,307.7 million (in 2021: EUR 1,267.5 million), with year-on-year growth of 3.2 per cent. Direct premiums written by the regional companies totalled EUR 1,063.7 million (EUR 1,029.4 million). The growth in premiums written is supported by a high customer retention rate and the increased sales both online and in the personal service channels. In terms of our insurance lines, growth was strongest in voluntary personal insurance, where premiums written experienced a growth of 4.9 per cent. In the course of 2022, we consolidated our position as the motor liability insurance market leader. Measured by the number of insurance contracts, our market share at year-end was more than 33 per cent. We are also the market leader in farm insurance, with a market share of 66 per cent.



In the sector and at LocalTapiola Group, development of the premiums written for statutory workers' compensation insurance was rather neutral, and it remained at its customary level. LocalTapiola Group's premiums written for workers' compensation insurance increased 2.3 per cent. This growth was underpinned by successes made with the net customer transfer rate, as well as by the transfer of the Alandia workers' compensation and patient insurance portfolios to LocalTapiola as of 1 July 2022.

### LocalTapiola Group

#### Development of premiums written in direct insurance by insurance groups, EUR m





Claims incurred increased in 2022, and the risk ratio, which describes the profitability of the core insurance business, returned to the long-term average level after the pandemic. The restrictions introduced as a result of the COVID-19 pandemic were lifted in the spring, and increased social activity increased the volume of claims paid. Many insurance lines have already recovered back to the pre-pandemic levels. Additionally, the year 2022 saw an exceptionally large number of major claims, which reduce LocalTapiola General's results, in particular. Finally, high inflation increased the claims incurred late in the year.

LocalTapiola Group's claims incurred stood at EUR 872.9 million (EUR 899.6 million) and the risk ratio excluding the unwinding of discount rate at 60.4 per cent (64.1%). A total of 71 (69) claims for disasters worth at least EUR 300,000 were made in respect of property and business. Our gross claims expenditure for these claims was EUR 60.5 million (EUR 47.4 million). We paid customers a total of EUR 816.2 million (EUR 760.4 million) in non-life insurance claims. Additionally, we refunded EUR 93.7 million (EUR 89.8 million) in loyalty bonuses on insurance premiums and EUR 35.6 million (EUR 35.1 million) in S Group bonus.

The growth in non-life insurance volumes and the investments made in operational development, together with resumed social activity, affected our increased operating expenses. Non-life insurance operating expenses were EUR 384.3 million (EUR 343.6 million) and the cost ratio, which measures the efficiency of non-life insurance, stood at 30.2 per cent (27.8%).

Despite a challenging economic environment, our non-life insurance business has remained profitable. Balance on the technical account for non-life insurance before the change in the equalisation provision was EUR 110.0 million (EUR 84.8 million). The combined ratio excluding the unwinding of discount rate was 90.6 per cent (91.8%).

In non-life insurance, the premiums written, premiums earned and claims incurred contain non-recurring items, which relate to changes in the actuarial principles and the calculation method of technical provisions. The combined positive impact of these items on the balance on the technical account was EUR 62.2 million before the change in the equalisation provision. For a more detailed account of these changes, see the accounting principles of the financial statements.

## 2.1.2 LocalTapiola General

LocalTapiola General witnessed an exceptional year. The year saw an energy crisis brought about by Russia's war of aggression, as well as inflation and the resulting steep increases in interest rates. Furthermore, our insurance portfolio was affected by an exceptionally large number of claims for disasters, both in Finland and abroad, which weighed on the 2022 results. Direct premiums written increased 2.5 per cent, and growth was strongest in voluntary personal insurance and in legal expenses insurance. Total premiums written increased 1.6 per cent.

The general rise in costs started being reflected into activities late in the year and, owing to inflation, we made an additional provision, which increases the company's provision for claims outstanding by EUR 3.1 million. LocalTapiola General's solvency remained at a high level: the solvency ratio at the end of the financial period was 414%, and the company meets all regulatory requirements.

Non-life insurance sales recorded a good year. Launched at the start of 2023, the new wellbeing services counties put their insurance covers out to tender in autumn 2022, with several of them starting as our customer from 1 January 2023.

During the year, customer satisfaction among large customers developed extremely positively, and we are credited for our swift, high-quality and personal service. Our customers value expert knowledge and our competence in risk management and in the examination of claims.

Alandia's statutory accident and patient insurance portfolios were successfully transferred to LocalTapiola as of 1 July 2022. This portfolio transfer brought us new customers and personnel.

## LocalTapiola General

### Volume and profitability of insurance operations

	2022	2021
Premiums written in direct insurance, EUR m	244.0	238.1
Change %	2.5	3.6
Margin before change in equalisation provision, EUR m	7.7	4.6
Combined ratio (excl. unwinding of discount expense), %	95.5	95.5
Risk ratio, %	68.5	72.2
Cost ratio, %	27.0	23.3

## Claims

Claims paid, EUR m	169.7	153.0
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## Result and solvency

Operating profit, EUR m	18.0	145.4
Total result, EUR m	-122.0	257.7
Solvency ratio, %	414.0	322.7

## 2.2 Life insurance business

Taking care of the life insurance business at LocalTapiola Group, LocalTapiola Life's line of business covers individual life insurance, group life insurance, individual pension insurance and capital redemption contracts provided to individuals and companies, as well as corporate group pension insurance.

The year 2022 saw solvency strengthen further. We increased our customer benefits by lowering the insurance premiums for term life insurance with regard to new sales, as well as by raising our existing customers' level of insurance cover free of charge. Moreover, we launched a development project to reform our core systems, striving for considerable improvement of the customer experience through the provision of increasingly smoother services and by investing in making our services more understandable and relevant. Additionally, we want to help our customers prepare for the future through saving. Our widely diversified portfolios have been an excellent option to save up in an uncertain market situation. Launched in autumn 2021, the Real Estate investment portfolio also continued on a positive track.

LocalTapiola Life's total premiums written decreased 10.8 per cent following the development of the premiums written for savings, ending up at EUR 428.7 million (EUR 480.4 million). The good development of premiums written continued in term life insurance. Premiums written for term life insurance increased 5.3 per cent. The premiums written for savings fell 21.5 per cent, while the premiums written for group pension insurances declined 3.1 per cent.

LocalTapiola Life paid its customers EUR 365.9 million (EUR 348.0 million) in claims. A total of EUR 119.8 million (EUR 118.1 million) was paid in pensions, EUR 20.0 million (EUR 20.0 million) in reimbursement for medical expenses and disability benefits and EUR 41.3 million (EUR 37.7 million) in death benefits.

LocalTapiola Life's operating profit was EUR 63.8 million (EUR 92.3 million) and total result was EUR -165.9 million (EUR 170.6 million). Investment income at fair value stood at -5.9 per cent, EUR -197.6 million (EUR 206.5 million). No supplementary interest rate provisions were made in the 2022 financial statements (in 2021: EUR 88.8 million). Total expense loadings and bonus payments increased 4.5 per cent, and the risk result was good at EUR 40.6 million (EUR 45.2 million). The expense ratio in proportion to total expense loadings was 106 per cent (109%). The notes to the financial statements contain an account describing the application of Life's principle of reasonability, the objectives concerning the distribution of additional benefits and the implementation of the principle of reasonability in 2013–2022.

## 2.3 Investment market, and insurance companies' investment business

The purpose of the investment business is to generate value for our owner-customers, and investment income enables us to maintain solvency and to provide competitive services to our customers, also in the future.

Sentiment at the start of 2022 was uncertain. Russia's war of aggression, rising inflation, the energy crisis and tightening of the monetary policy all weakened the future prospects of economies and the financial markets. On the financial markets, in the period under review, the profit margins from equities and bonds were in the negative and the profit margins from fixed-income investments, in particular, were exceptionally poor. On the foreign exchange market, the dollar gained on the euro, improving returns on dollar investments measured in EUR.

The world's leading central banks started to raise policy rates in early 2022, continuing this till the year's end. Individual interest rate hikes were exceptionally high, following which monetary conditions have tightened considerably. Tightening monetary policy affects the real economy with a delay of some 6–18 months, which gives rise to a heightened likelihood for leading industrial countries to slump into recession in 2023. From the perspective of the investment market and the economic policy factors, the depth, duration and scope of the recession all have an impact on future decisions.

The general weakness of the investment market also reflected into the LocalTapiola Group insurance companies' investments, which as a whole recorded a negative return. LocalTapiola Group's non-life insurance net investment income for 2022 was EUR -21.1 million (EUR 168.3 million). In particular, quoted

equity and fixed-income investments generated poor returns. Illiquid investments, such as corporate lending, private equity and real estate investments, continued to record positive returns. The companies' solvency improved further during the year, and the size of own funds increased. Solvency development is described in more detail in a dedicated section.

The level of investment risk was kept low in relation to risk-bearing capacity throughout 2022. The most significant changes in the companies' investment portfolios were effected in the latter half of the year, allocating assets more to long-term fixed-income investments, following an increase in the market interest rates. Taken as a whole, the risk level of the companies' investment portfolios is moderate.

LocalTapiola General's net investment income at fair value for 2022 was -4.0 per cent (8.2%). Of all investments, more than 50% were equity investments. LocalTapiola General's average five-year annual investment income was 3.4 per cent (5.0%), and the average ten-year annual investment income was 3.8 per cent (5.0%).

## LocalTapiola General

### Investment activities

	2022	2021
Return on investment at current value, %	-4.0	8.2
Fixed-income investments	-10.2	-0.1
Equity investments	-0.7	14.1
Real estate investments	0.4	7.6
Other investments	-4.4	3.3
Investment allocation, %		
Fixed-income investments	31.4	30.9
Equity investments	50.8	53.5
Real estate investments	17.5	15.3
Other investments	0.3	0.2
Investment assets at current value, EUR m	3,130.9	3,242.7

The **regional companies** recorded a fair-value rate of return on investments of -6.2 per cent (6.9%).

**LocalTapiola Life's** investment income at fair value was -5.9 per cent (6.3%), or EUR -197.6 million (EUR 206.5 million). LocalTapiola Life's average five-year annual investment income was 2.2 per cent (4.4%).

### Asset management business

Apart from LocalTapiola Life, services for saving and investment are provided by the following companies: LocalTapiola Asset Management Ltd, serving as asset manager for the LocalTapiola funds and investment customers; Seligson & Co Fund Management Company Plc, which engages in the mutual funds business; alternative investment fund manager LocalTapiola Alternative Investment Funds Ltd and its subsidiaries; and real estate investment manager LocalTapiola Real Estate Asset Management Ltd and its subsidiaries. As of 1 January 2022, the above four companies and their subsidiaries formed LocalTapiola Asset Management Group, for which LocalTapiola Asset Management Ltd serves as the parent company.

LocalTapiola Group centralised the investment sales organisation with LocalTapiola Asset Management as of 1 January 2022. During the financial year, investments were made in a good customer experience by developing the digital services and the activities of the new sales organisation. Despite a challenging market situation, customers have remained calm, and the net sales achieved by the regional sales organisation and the net fund subscriptions were positive for the full year.

The 2022 global economic situation, and the challenges described above faced by the investment market, also reflected into the asset management business. Decreased asset values reflected into the results achieved by the asset management business, pushing net commissions from liquid asset classes below the previous year's level. However, net commissions from alternative asset classes went up 18.3% as a result of increased alternative investment fund capitals.

**LocalTapiola Asset Management Group's** turnover for 2022 was EUR 53.7 million and operating result was EUR -4.1 million. Operating result excluding consolidated goodwill stood at EUR 1.1 million. The (gross) assets under management by the LocalTapiola Asset Management Group companies totalled EUR 26.5 billion (on 1 January 2022: EUR 26.9 billion). Of these, EUR 11.8 billion was in assets in portfolio management, and EUR 9.8 billion was in fund capitals, EUR 1.7 billion in other contractually managed assets and EUR 3.1 billion in administered real estate.

The real estate investment market experienced a very mixed year, owing to the fluctuations in the global economy. After a busy early part of the year, real estate transactions were brought to a standstill and return requirements became higher in all sectors. In the year under review, LocalTapiola Real Estate Asset Management Group made a record total of EUR 620 million in real estate investments and EUR 20 million in sales. The LähiTapiola Yhteiskuntakiinteistöt Ky fund, LocalTapiola Investment Real Estate and LähiTapiola Aluekiinteistöt were supplemented with new sites, and new acquisitions increased the size of LocalTapiola Community Forest to 2,500 hectares.

As a continuum of the private equity fund business that began in 2015, the LocalTapiola Private Equity V LP fund concluded its successful raising of funds in December 2022, with the final fund size at EUR 380.7 million, measured by the contributions payable to the Partnership. The investment period of the LocalTapiola Private Debt II LP fund was concluded successfully, and the successor fund, LocalTapiola Private Debt III LP, was granted a marketing authorisation by the Financial Supervisory Authority. The LocalTapiola private equity and private debt funds raised a total of EUR 2.0 billion in capital from investors.

## 2.4 Finance business

Founded five years ago, LocalTapiola Finance Ltd did well on a challenging market. The war that Russia started, the related spillovers, the record-breaking increases in interest rates, the clear decline in motor vehicle sales and other unforeseen economic challenges made the year 2022 an exceptional one. We continued our efforts to boost external refinance. In early spring 2022 we carried out our second securitisation transaction, while in May Standard & Poor's upgraded LocalTapiola Finance's credit rating by one tier to BBB, and in early spring we successfully completed our third securitisation transaction to European investors. During the year, we increased our role in the Finnish motor vehicle finance market. In new sales in 2022, we progressed to become number two on the market and, in terms of the contract portfolio, measured by the number of cars owned, our market share climbed from just above 12% to over 15%. Our motivated and committed personnel, together with our digitalised processes, enabled the provision of swift and high-quality finance services to our customers and partners, increasing our new sales profitably to more than EUR 1.4 billion. The company's operating result exceeded the set targets, increasing to EUR 21.0 million (EUR 13.9 million).

The corporate lending and real estate financing portfolio remained at a good level qualitatively in 2022. However, the growth in corporate lending volumes during 2022 did not achieve the set target, partly because of cautious lending policy and a limited number of good financing projects. As regards new real estate financing projects, from autumn 2022 on, we have been exercising caution, most of all focusing on analysis of existing customers' best real estate financing projects. Until the end of 2022, LocalTapiola could take advantage of an EU EGF guarantee, designed to respond to the financing challenges faced by enterprises following the COVID-19 pandemic. LocalTapiola will continue cooperation with the EU guarantee programmes, and the aim is to take the new InvestEU credit guarantee programme into use in early 2023.

## 2.5 Ancillary activity

As well as providing services for saving and investment, LocalTapiola Group's ancillary activity includes insurance related services, such as registering claims and advising customers in the event of a claim, as well as comprising market-ing cooperation with risk management and loss prevention partners.

## 2.6 Credit rating

The credit rating agency Standard & Poor's has been performing a credit rat-ing evaluation on LocalTapiola Group since 2019.

Standard & Poor's on 21 October 2022 confirmed LocalTapiola General's 'A' rating with a stable outlook. This rating was affected by the Group's strong solvency and good performance development in recent years. The rating and the outlook are equivalent to the previous rating in October 2021. Standard & Poor's believes that LocalTapiola will continue to maintain its leading position on the Finnish insurance market.

# 3 Solvency, and risk position

## 3.1 Prudential management

LocalTapiola General serves as the leading parent company of an insurance and finance group, tasked with ensuring that LocalTapiola Group and the companies part of the Group fulfil all statutory prudential requirements. With regard to LocalTapiola Group and its insurance companies, solvency is calcu-lated by employing the Solvency II standard formula. Solvency calculation does not fall within the remit of statutory audit.

Prudential management is part of the Group's risk management and that of the Group companies. The starting point for prudential management is that the Group and the companies have sufficient solvency capital to meet their obligations, with due consideration of the expected and unexpected losses. It follows from operating as a group of mutual companies that prudential man-agement emphasises good solvency throughout the Group and its companies, so as to ensure the financial security of customers at all times.

## Solvency position in 2022

(% / EUR million)

	Solvency ratio	Own funds	Solvency Capital Requirement
General	414%	2,204.8	532.6
Regional companies	313%	2,143.2	684.0
Life	321%	1,474.2	460.0
LocalTapiola Group	211%	3,706.1	1,756.7

LocalTapiola General and the regional companies have concluded a Joint Lia-bility Agreement, with the aim of guaranteeing the solvency of the LocalTapi-ola Group companies. The Agreement defines the policy and decision-making procedures to be employed in the extraordinary situation that a Group com-pany's solvency is being or may be jeopardised. According to the Agreement, LocalTapiola General and the regional companies are obliged, where neces-sary, to capitalise another Group company, provided that the capitalising company's own solvency is at a sufficiently strong level and will remain so af-ter the capitalisation. The amount of capitalisation required under the Agree-ment is restricted in proportion to the capitalising company's assets.

The Joint Liability Agreement also contains terms whereby the solvency of Lo-calTapiola Mutual Life Insurance Company and of the Group's asset manage-ment companies (LocalTapiola Asset Management Ltd, LocalTapiola Real Es-tate Asset Management Ltd, LocalTapiola Alternative Investment Funds Ltd) can, where necessary, be supported under corresponding principles, in propor-tions commensurate with the guarantee capital holdings and share capital holdings. As applicable, the principles of the Joint Liability Agreement also apply to ensuring the solvency of LocalTapiola Finance Ltd. However, these companies are not parties to the Joint Liability Agreement, and consequently they cannot rely on the Agreement to demand additional capitalisation.

LocalTapiola Group's non-life insurance companies are among the most sol-vent companies in their sector in Finland. The solvency of all Group compa-nies is at a strong level, which is why the likelihood of any company needing to resort to capitalisation under the Joint Liability Agreement is very low. For more in-depth information about the Group's prudential management, see the reports on solvency and financial position at [www.lahitapiola.fi](http://www.lahitapiola.fi).



### 3.2 Solvency position

LocalTapiola General's solvency ratio at the end of the financial period (the company's eligible own funds as compared to the Solvency Capital Requirement) was 414 per cent (323%), while LocalTapiola Group's solvency ratio was 211 per cent (183%). Therefore, the company's and the Group's solvency can be considered strong.

The solvency ratios of LocalTapiola Group and of the companies part of it strengthened considerably during the financial period, for a significant part due to the steep increases in interest rates, which decreased the technical provisions in the companies' solvency calculation.

The liquidity position of the Group companies was at a good level during the financial period. Steps have been taken to prepare for any possible liquidity needs, by keeping an adequate amount of cash available and by ensuring that the investment assets contain enough liquid investments which are quickly convertible into cash.

### 3.3 Risk position

The key operational risks include insurance risks in the non-life insurance business, insurance risks in the life insurance business, market risks associated with the investment business, operational risks, and risks relating to the operating environment and the strategy.

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

The key insurance risks in the life insurance business include the risks associated with the technical provisions, as well as the customer behaviour related risks of termination of contracts and interruption of the payment of premiums.

Market risk is caused by fluctuations in the market values of assets, including fluctuation that is due to changes in the interest rates, share prices or foreign exchange rates.

Operational risks mean the risk of loss from inadequate or failed internal processes, personnel, systems and external factors. Legal risks are included in operational risks.

The risks relating to the operating environment and the strategy include the risks associated with the general operating environment; with changes in the

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

Following the military action launched by Russia in Ukraine, geopolitical risks emerged as a key issue in the operating environment. Overall, the situation remains very unpredictable, and it is possible that the war might escalate. These developments prompted Finland to seek membership in the North Atlantic Treaty Organization (NATO) in spring 2022. At the time of this review, the accession process is still ongoing. The economic sanctions and counter-sanctions undermine the prospects for the national economy, also creating uncertainty with regard to the non-life insurance business. Both for insurers and for the subject matters they insure, cyber attacks that affect insurers' operational functions have become increasingly likely. Additionally, the effects exercised by the COVID-19 pandemic also remain present in the national economy. In order to contain the impacts of the COVID-19 pandemic and the war in Ukraine, the operation of the business Management Groups and the special situation groups was continued at LocalTapiola. These groups were tasked with establishing a situational picture of how the risks and impacts of the above emergencies affect LocalTapiola, as well as with deciding on the necessary business policies, operational guidelines and orientation of communication.

Furthermore, risks in the operating environment are magnified by the deteriorated international economic outlook brought about by rising inflation, decreased asset values and increases in interest rates.

For more in-depth information about LocalTapiola Group's risk management and key risks, see the risk management notes to the financial statements and the report on solvency and financial position at [www.lahitapiola.fi](http://www.lahitapiola.fi).

## 4 Events after the financial period

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

From the start of 2023, General's and Life's investment business and asset and liability management will reorganise, combining the functions under a

single organisation at the Group parent company. In the same context, Life's management model will be renewed. These changes do not result in any redundancies.

## 5 Future prospects

### 5.1 Prospects for non-life insurance business

The non-life insurance market prospect is closely linked to the realities of the economy. With tightening of the monetary policy, the national economy is slipping into recession, with high inflation eating away at consumers' purchasing power. Decelerating growth also weakens the demand for insurance. The non-life insurance sector has proved to be crisis resilient and, where any recession of the national economy remains short-lived, the prospects for non-life insurance as a whole are stable. For its part, a high level of employment contributes positively to the development trend of non-life insurance.

In non-life insurance, the customer retention rate is expected to remain at a good level. Driven by technological development, the importance and relevance of being able to transact online, and expectations for the availability of digital services, keep increasing.

The development investments made in LocalTapiola's non-life insurance business focus on a comprehensive core system reform, as well as on improving the transaction and purchase options available to customers. We concentrate on increasing our owner-customers' lifelong security and benefit, in line with our strategy and ownership intent.

### 5.2 Prospects for life insurance business

Russia's attack against Ukraine creates uncertainty also for 2023. The direct impacts of the war on the life insurance business are limited, yet the increased uncertainty prevailing on the investment market is reflected not only into the results of the investment business but also, in particular, into the business area of saving.

In the longer term, prospects are positive. Longer lives and the pressure on social security emphasise the role of individual arrangements. This creates demand for savings products and term life insurance products. LocalTapiola Life strives to make preparing for the future through saving and insurance easy across all our service channels. This objective is also supported by the core system reform to be launched in 2023.

### 5.3 Prospects for investment business

Prospects for the investment business in 2023 are marked by uncertainty. The greatest single risk concerns the economic outlook. The OECD's leading indicators show that the outlook is potentially about to bottom out and new recovery could begin in the spring, in which case the hard economic facts would be changing for the better in autumn 2023.

However, the economic outlook is also facing other significant risks. Escalation of Russia's war of aggression, worsening of Europe's energy crisis and deepening stagflation would all increase downward risks. Additionally, prolonged inflation, monetary policy tightening taking place too rapidly and the situation with the Chinese real estate sector create uncertainty on the investment market.

In the light of these premises, the prospects for the LocalTapiola Group companies' investment business continue to be surrounded by an exceptionally high degree of uncertainty. Investment income has a major impact on insurers' results. With the good solvency level and the investments made in prudential management, LocalTapiola Group is well prepared for different movements to take place on the investment market.

## 6 LocalTapiola Group's governance, responsibility and sustainability

### 6.1 Structure of LocalTapiola Group

The insurance companies part of LocalTapiola Group are mutual companies, owned by policyholders and by the owners of the guarantee capital. As the leading parent company of LocalTapiola Group, LocalTapiola General prepares the consolidated financial statements, which consolidate LocalTapiola General's group of companies pursuant to the Accounting Act as well as the other companies that, in combination with LocalTapiola General's group of companies, constitute the LocalTapiola group of insurance companies within the meaning of Section 2 of Chapter 26 of the Insurance Companies Act. LocalTapiola Group's risk management reporting and prudential reporting is based on LocalTapiola Group's consolidated financial statements. However, preparing the financial statements to cover the entire group of insurance companies, as defined in the Solvency II Directive, does not extend LocalTapiola General's legal group structure determined by the Accounting Act.

The most significant companies consolidated into LocalTapiola Group are the 19 regional non-life insurance companies, LocalTapiola Life, LocalTapiola Asset Management Ltd Group, LocalTapiola Finance Ltd, LocalTapiola Services Ltd and Tieto-Tapiola Oy. Most of the other consolidated companies are housing and real estate companies. Turva Mutual Insurance Company is a subsidiary, of whose guarantee capital the LocalTapiola Group companies own 76 per cent; yet, in accordance with a statement by the Financial Supervisory Authority, it is not consolidated in LocalTapiola Group's consolidated financial statements.

### LocalTapiola Group's regional insurance companies and their network of offices cover entire Finland



## 6.2 LocalTapiola Group's governance

LocalTapiola Group and the companies part of the Group adhere to good corporate governance, which is based on legislation governing the insurance and financial sector, the regulations and guidelines issued by the Financial Supervisory Authority and also, where applicable to mutual insurance companies, the Finnish Corporate Governance Code for listed companies. LocalTapiola General provides a governance statement in a document that is separate from the report of the Board of Directors, in accordance with the recommendation laid down in the Finnish Corporate Governance Code (1 January 2020). LocalTapiola General's and LocalTapiola Life's governance statement is available at [www.lahitapiola.fi](http://www.lahitapiola.fi).

As the leading parent company of a group of insurance companies, LocalTapiola General is responsible for the organisation of reliable administration, prudential supervision, risk management, internal control and 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.

### 6.2.1 Annual General Meeting

LocalTapiola General's Annual General Meeting was held on 19 May 2022. The meeting approved the financial statements for 2021, decided on the use of the company's profit, discharged from liability the members of the Supervisory Board and Board of Directors as well as the Managing Director, and elected the company's auditor. The meeting also confirmed the number of members of the Supervisory Board and their remuneration, as well as electing the Supervisory Board's new members. Additionally, the meeting adopted an amendment of the Articles of Association, whereby the term of office of the Chair of the Board of Directors was changed to be for an indefinite period of time and it was determined that the Chair serves as CEO of LocalTapiola Group and not, as thus far, as the company's CEO. Additionally, certain technical specifications were introduced into the Supervisory Board's tasks, and the auditor's maximum age limit was removed.

### 6.2.2 Supervisory Board

LocalTapiola Group's governance model is strongly affected by the mutual status of the Group's insurance companies, which means that it is the policyholders who also own the insurance companies. There is thus a very large number of owners, 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 owners.

The salaries paid to and the commitments of the Supervisory Board are presented in note 'Management's salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as collateral and contingent liabilities' to the profit and loss account.

#### *6.2.2.1 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 company's Supervisory Board and Board of Directors. The Nomination Committee drafts the proposals regarding the selection of members to the Supervisory Board and to the Board of Directors, with the exception of the Chair and the Deputy Chair, with regard to whom all selection proposals are drafted by the Cooperation Committee of the Supervisory Boards.

#### *6.2.2.2 Cooperation Committee of the Supervisory Boards*

LocalTapiola General and LocalTapiola Life's Cooperation Committee of the Supervisory Boards drafts the decision proposals for the Supervisory Boards, as well as preparing the other business on the agenda of the meetings of the Supervisory Boards. The Cooperation Committee oversees the activities of the Board of Directors, CEO, Managing Directors and the entire Group, reporting on them to the Supervisory Boards.

#### *6.2.3 Board of Directors*

The Board of Directors is responsible for corporate governance and the appropriate organisation of operations at the company. It is also for the Board to ensure the appropriate arrangement of the control of the accounts and of asset management.

In the 1 January–31 December 2022 financial period, Juha Koponen (CEO) served as Chair of the Board of Directors, Jari Eklund (Group Director) served as Deputy Chair, and the members were Eeva Ahdekivi (board professional), Anu Kallio (Managing Director, Humana Finland), Sami Kulla (Managing Director, Heimland Invest Oy), Ulla-Maija Moisio (Senior Vice President, Legal Affairs, Industrial Power Corporation) and Timo Vuorinen (Managing Director, Avitux Oy). Minna Metsälä (Partner, Ocio Oy) served as a Member of the Board of Directors for 1 January–30 June 2022.

The composition of the Board of Directors remains unchanged for the financial period beginning on 1 January 2023.

The salaries paid to and the commitments of the Board of Directors are presented in note 'Management's salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as collateral and contingent liabilities' to the profit and loss account.

#### *6.2.3.1 Audit and Risk Management Committee of LocalTapiola General's and LocalTapiola Life's Boards*

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

The Committee assists the Boards of Directors with their statutory duties and with the matters provided for in the rules of procedure regarding the companies' and LocalTapiola Group's finances, accounts, solvency, risk management, auditing, internal control and internal audit.

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

According to its rules of procedure, the Committee consists of the Committee Chair and one Committee member elected by LocalTapiola General's Board of Directors from among its members, as well as no fewer than one member and no more than two members elected by LocalTapiola Life's Board of Directors from among its members. The Chair and the members must be Board members who are independent of LocalTapiola Group.

#### *6.2.3.2 Human Resources and Compensation Committee of LocalTapiola General's and LocalTapiola Life's Boards*

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

The Committee assists LocalTapiola General's and LocalTapiola Life's Boards of Directors in discharging their personnel and remuneration related duties, and it makes policy on matters associated with the development of LocalTapiola Group's management and personnel. The Committee examines and drafts matters relating to the remuneration and development of the management and personnel for the Boards of Directors to decide on them, and/or for

the purpose of establishing LocalTapiola Group's common policies and recommendations.

#### 6.2.4 Group's Management Group

Appointed by LocalTapiola General's Board of Directors, LocalTapiola Group's Management Group has broad representation from the various LocalTapiola Group companies and from the responsible managers of the most important Group-level functions. The Group's Management Group is responsible for the preparation of LocalTapiola Group's strategic and other Group-level matters, related decision-making and implementation, as well as for the overall control and development of the Group, within the authorisations granted to it by the Board of Directors that are in line with the Joint Agreement concluded between the LocalTapiola Group companies.

The Management Group was chaired by LocalTapiola Group CEO Juha Koponen, and the members were the managers of the Group's shared functions, Harri Aho, Pekka Antikainen, Jari Eklund and Vesa-Matti Kultanen, as well as Managing Directors Olli Aakula (LocalTapiola Varsinais-Suomi), Pasi Aakula (LocalTapiola Länsi-Suomi), Juha Antikainen (LocalTapiola Etelä-Pohjanmaa), Pasi Haarala (LocalTapiola Life) as of 1 August 2022, Hanna Hartikainen (LocalTapiola General), Minna Kohmo (LocalTapiola Life) up to 31 July 2022, Teemu Toivanen (LocalTapiola Keski-Suomi) and Erik Valros (LocalTapiola Uusimaa).

#### 6.2.5 Managing Director

LocalTapiola General's Managing Director in the 2022 financial period was Hanna Hartikainen (M.Sc (Econ.)), and temporary Managing Director was Mika Makkonen (LL.M., MBA).

The salaries paid to and the commitments of the Managing Director and the temporary Managing Director are presented in note 'Management's salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as collateral and contingent liabilities' to the profit and loss account.

#### 6.2.6 Auditor

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

#### 6.2.7 Supervisory authority

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

#### 6.2.8 Related parties

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

### 6.3 Personnel and remuneration

The total number of full-time equivalent personnel at LocalTapiola Group averaged 3,682 (3,639), and at LocalTapiola General it was 345 (348).

Incentive payment schemes form an integral part of LocalTapiola Group's special remuneration scheme, and their aim is to support the achievement of strategic and operative goals by incentivising and committing personnel. Incentive payment schemes comprise annual performance reward schemes and senior management's long-term incentive payment scheme. When confirming the special remuneration scheme, efforts are made to ensure that the scheme is aligned with the company's and LocalTapiola Group's business strategy, targets and values and that it works in the Group's long-term interests, is in harmony with the Group's principles of good and effective risk management and does not encourage excessive risk-taking.

The management's annual bonus is based on elements which affect the results achieved by the Group and by the companies, on employee experience and customer experience as well as on the targets of each bonus recipient's own business unit and duties. Primarily, the indicators are based on official key figures. The targets are derived from the Group's strategy, and they can be either Group- or company-specific. Management's long-term incentive bonus is based on the strategic objectives determined for the Group's customer experience, measured over a period of several years. Personnel at the investment organisations have in place their own incentive payment model whereby their bonus is determined, depending on the level of the relevant position, mainly on the basis of investment income calculated from different levels. Additionally, a profit bonus item, specified based on the targets achieved, is annually transferred to LocalTapiola Group's personnel funds. This bonus item is

determined on the basis of targets derived from the strategy. The personnel funds do not cover the employees of all companies. The criteria for determining the profit bonus are confirmed each year. All profit bonus transfers are deducted in accordance with preliminary estimates from the net income for the relevant financial periods.

The retirement age of LocalTapiola General's senior management is determined on the basis of employee pension legislation, unless a retirement age of 63 years is specifically agreed. LocalTapiola General has taken out supplementary pension insurance for its employees, which improves their pension cover. All those whose employment relationship with the Group commenced before 1 January 2013 are covered by this benefit. The employment relationships that began after this date are not eligible for the supplementary pension benefit. In addition, LocalTapiola General has taken out defined-contribution supplementary pension insurance for persons with an agreed retirement age that deviates from the statutory retirement age. The pension payable is based on the contributions paid by the employer and on the interest income accruing on them.

The salaries and other short-term benefits paid to the members of the company's Board of Directors and to the Managing Director and the temporary Managing Director during the 2022 financial period are shown in the notes to the financial statements. In addition, they and the remuneration principles are discussed in more detail in the remuneration report at [www.lahitapiola.fi](http://www.lahitapiola.fi).

## 6.4 Report on non-financial information

Operating more than 200 offices, LocalTapiola is a group of companies owned by 1.6 million customers. More than 3,700 staff work at the Group, approximately half of them at regional companies around Finland. Read more about our business operations in Section '2 Key events during the financial period'. The Group's structure is illustrated in Section '6.1 Structure of LocalTapiola Group'.

In deviation of the other sections of this report of the Board of Directors and the financial statements, LocalTapiola's report on non-financial information covers the following companies: LocalTapiola General and 19 regional non-life insurance companies, LocalTapiola Life, LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management, LocalTapiola Alternative Investment Funds, LocalTapiola Finance, and LocalTapiola Services. Seligson & Co Fund Management Company is included in the Group's carbon footprint calculation but not in the personnel figures.

### 6.4.1 Sustainability at LocalTapiola

For LocalTapiola, sustainability is an enabler of profitable and long-term business operations. One of the goals in our strategy is to be effectively sustainable across Finland. Customer ownership and our role in Finnish society are the pillars on which our sustainability efforts rest. Most importantly, our mission is to provide adequate and reasonably priced insurance cover – also in a world of evolving risks.

LocalTapiola's sustainability goals for the ongoing strategy period were approved in February 2022. These goals are based on LocalTapiola's role as a risk-management expert, a provider of sustainable and responsible services, and a responsible investor. We want to be the best partner for our customers in tackling safety, well-being and climate change related challenges. Our efforts to anticipate evolving risks and to prevent losses underscore our local expertise.

In 2022 we developed the Group's sustainability management model, promoted the implementation of the sustainability goals and took steps to prepare for the effects of the EU regulation of sustainable finance.

### 6.4.2 General policy framework

Our Code of Conduct describes the policies that we value and the actions of which we do not approve. LocalTapiola Group's Partner Code of Conduct brings together the policies and principles that we expect all our partners and stakeholders to follow. The Code applies to all Group companies, guiding the work of everyone working at LocalTapiola.

LocalTapiola adheres to good corporate governance, which is based on legislation governing the insurance and financial 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.

We as a Group are committed to the Principles for Sustainable Insurance created by the United Nations Environment Programme. These Principles determine the role which the insurance sector plays in implementing the goals of the Paris Agreement and the UN's Sustainable Development Goals. The LocalTapiola Asset Management Group companies are committed to the Principles for Responsible Investment (PRI) supported by the UN.

LocalTapiola Asset Management now participates in the international Net Zero Asset Managers initiative supporting investing aligned with net zero

emissions. LocalTapiola Real Estate Asset Management is committed to the Net Zero Carbon Buildings commitment for carbon-neutral energy consumption and construction of buildings. On an annual basis, Real Estate Asset Management also takes part in the Global Real Estate Sustainability Benchmark (GRESB) review.

### 6.4.3 Environmental issues

In accordance with LocalTapiola's sustainability goals, Code of Conduct and the Principles for Sustainable Insurance, we promote climate change mitigation and adaptation, while reducing the harmful climate and environmental impacts from our own operations. Our insurance products help combat the climate risks to which our owner-customers are exposed.

In this strategy period, our climate goal is to provide Finnish solutions for climate change adaptation and mitigation. We want to be a regional partner in climate change adaptation in order to prevent losses caused by climate change. An insurer and an investor, we want to be a strong partner in the green transition. Finally, LocalTapiola Group has agreed to bring the carbon dioxide emissions from insurance and from the Group's own investments to net zero by 2050 or sooner. With regard to our own operations, our goal is to be carbon neutral (Scope 1 and 2) in 2025.

#### 6.4.3.1 Group's carbon footprint

LocalTapiola Group's carbon footprint is calculated in accordance with the international Greenhouse Gas Protocol (GHG). LocalTapiola Group's most significant climate impact is generated by the investments made by the Group companies, as well as by investments in new construction and repair construction projects and by the products and services purchased. Our carbon footprint addresses all direct (Scope 1) and indirect (Scope 2) emissions from our own operations, as well as the other indirect emissions (Scope 3). Indirect emissions cover, for example, the products and services purchased, capital goods (inter alia, investments in new construction and repair construction projects), travel, in-service emissions from the real estate we rent out, and own investments administered by LocalTapiola Asset Management.

The Group's 2022 carbon footprint was 129,300 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Compared with 2021, total emissions went down 61,500 tCO<sub>2</sub>e (-32%). The reduction of emissions from the 2021 level is due, in particular, to a clear decrease of the carbon intensity of the Group companies' investments, as well as being affected by reduced emissions from new construction and repair construction of investment real estate.

The LocalTapiola carbon neutrality roadmap describes the goals and measures to achieve carbon neutrality with respect to our own operations (Scope 1 and 2). Our goal is to reduce direct carbon dioxide emissions (Scope 1), which are mainly due from company cars, by 35 per cent and indirect carbon dioxide emissions (Scope 2), mainly due from the delivered energy of commercial premises, by 60 per cent by 2025 from the 2021 level. These goals and measures are aligned with the Science Based Targets (SBT) initiative. The progress we make with the carbon neutrality goal is monitored on an annual basis through our carbon footprint.

#### 6.4.3.2 Investment business

The investment business plays a crucial role in the business operations of the Group companies. It is through the investment business that we guarantee that we can take care of the insurance reimbursements payable to customers. LocalTapiola's investment business is for the long term, as well as being diversified and risk based. One of our central sustainability goals in the ongoing strategy period is to strengthen the Group's position in leading the way in responsible investment.

The LocalTapiola companies make diversified investments in various asset classes, such as quoted equities and fixed income, real estate, private equity and debt, and corporate lending. We promote how sustainability factors are addressed in all asset classes, while taking account of the characteristics important for each asset class.

The Group's asset management companies and fund management companies form an asset management group, for which LocalTapiola Asset Management serves the parent company. This group also includes Seligson & Co Fund Management Company, as well as LocalTapiola Real Estate Asset Management and its subsidiary LocalTapiola Alternative Investment Funds. Of the group companies, LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management, in particular, address the relevant ESG factors comprehensively in their investment analysis, ahead of investment decisions and in ownership policy.

In summer 2021, as the first Finnish asset manager to do so, LocalTapiola Asset Management joined the Net Zero Asset Managers emission reduction initiative supporting net zero emissions from investment assets under management by 2050 or sooner. This spring the commitment was extended to cover all investment assets under management by LocalTapiola Asset Management Group.



An interim target of LocalTapiola Asset Management Group's first Net Zero initiative is to administer 46 per cent of the assets under management in compliance with the initiative's overall target by 2030 or sooner. This target corresponds to net assets under management of some EUR 6.6 billion. For LocalTapiola Asset Management's equity and corporate bond investments, the target is to halve the carbon footprint from investments in comparison with what it was at the end of 2019.

In respect of real estate investments, the emission reduction targets are based on recommendations by the Net Zero Carbon Buildings initiative, under which LocalTapiola is committed to carbon-neutral energy use for buildings and to zero emissions from construction by 2030. In line with the commitment, the target is also to minimise life-cycle emissions by investing in, among other things, the energy efficiency of buildings.

LocalTapiola Asset Management's portfolio managers analyse the measures taken by companies to mitigate and adapt to climate change, and they strive to find the best possible solutions in terms of investment. In the course of 2022, the company renewed portfolio managers' sustainability analysis portal to allow, ahead of investment decisions, the effects of company-specific sustainability factors to be addressed more comprehensively than thus far. Furthermore, LocalTapiola Asset Management encourages companies to report on climate risks in compliance with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

LocalTapiola Real Estate Asset Management's investment business is guided by the principles of sustainable real estate investment. The principles set out the environmental, social and governance factors to be observed, and the climate risks to be analysed, in investment activities. Additionally, for new construction projects, a specific sustainable construction guideline is in place.

The majority of the emissions generated by LocalTapiola Real Estate Asset Management is due to the in-service energy consumption of lease buildings as well as construction of new developments. In 2022 calculated emissions totalled 13,400 and 25,000 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Real Estate Asset Management is committed to achieving carbon neutrality in terms of emissions from the energy use of buildings and from construction by 2030 or sooner. For energy use, the company's carbon neutrality target is the year 2025.

LocalTapiola Real Estate Asset Management has long committed to systematically stepping up the energy efficiency of the investment real estate it administers. Starting from 2020, the electricity consumed at all investment real estate is emission-free electricity (wind or nuclear power). The company is committed to the energy efficiency agreements concluded in the real estate sector for 2017–2025. These agreements aim to reduce energy consumption by 7.5 per cent by 2025 from the 2015 baseline level. Total energy consumption at the real estate managed by Real Estate Asset Management in 2022 was 87,000MWh (megawatt hours) of district heat, 60,000MWh of electricity, 9,600MWh of district cooling and 683,000 cubic metres of water.

#### 6.4.4 Social responsibility and human resource perspectives

LocalTapiola's human resource strategy supports and promotes achievement of the Group-level strategic goals. The strategy priorities and themes cover development of the management culture and competence, recruitment, remuneration, social responsibility and employee experience.

Thriving personnel are a key enabler of our business; high employee experience makes high customer experience possible. We gauge employee experience in the ROIHU employee survey each year. In 2022 the Group's overall score was 77.8 out of one hundred (77.2). Achieving the best AAA level, the score continued to improve slightly over the previous year, clearly exceeding the normative benchmark for Finnish white-collar employees (69.5).

Success reviews ensure that we provide everyone working at LocalTapiola a good foundation to succeed and develop in their work. Conducted on a yearly basis, success reviews determine the performance targets and development targets. The average number of personnel training days in 2022 was 2.8 (3.9).

The Group companies have in place common principles to maintain working capacity, as well as for the use of various forms of employment relationship. With working capacity management, we strive to improve our employees' well-being, working capacity, health, safety and security. A key tool in our working capacity management is the Pidä Huolta (Take Care) policy, and to support working capacity management we employ the EsimiesKompassi (Supervisor Compass) tool. A total of 1,523 tasks (1,425 tasks) were completed in EsimiesKompassi in 2022 to support working capacity.

The absence due to illness percentage stood at 4.8 (3.4) in 2022. During the year, 49 (37) occupational accidents were recorded, of which 22 occurred on the commute. The number of days of sick leave from occupational accidents totalled 130 (7). Our equality and non-discrimination goals are recorded in

the equality and non-discrimination plan. We promote non-discrimination by developing work conditions and policies. With a survey on gender equality in different posts and with regard to pay, we monitor that equality is ensured. In 2022 the proportion of women in the Group's personnel remained unchanged: 66.0 per cent (66.0). In management, the proportion of women continued to grow slightly, and in 2022 it was 30.6 per cent (28.8).

#### 6.4.4.1 Human rights

In our Code of Conduct we commit to respecting human rights and to promoting non-discrimination, equality and diversity across our work communities. We also require that our partners, suppliers and investments respect human rights. We do not tolerate any harassment, discrimination or abuse. We treat our customers and personnel on a non-discriminatory basis. We ensure our customers' cyber security and privacy.

We do not create unfair inequality between people based on factors such as gender, age, health condition, nationality, sexual orientation, language or disability. We offer those working at LocalTapiola equal opportunities to develop their competences. We have elevated equality and the promotion of diversity among personnel and management into one of the development priorities in our sustainability work in the 2022–2026 strategy period.

#### 6.4.4.2 Impactful donations and partnerships

Nationally and regionally, LocalTapiola is a major donator. In 2022 the Group companies provided a total of EUR 2.6 million in support to various entities.

In 2022 we donated EUR 620,000 to institutes of higher education and to other educational institutions to enhance economic vitality and competence. Additionally, we contributed to enabling the foundation of a co-operatives professorship at the University of Turku, as well as facilitating a Kajaani University of Applied Sciences career project for people in temporary protection.

After the war in Ukraine started in February, the LocalTapiola Group companies quickly took the decision to donate EUR 300,000 to an emergency fundraising campaign organised by the Finnish Red Cross. Late in the year, we made a new medical supplies donation to Ukraine worth EUR 130,000. The Finland Chamber of Commerce was in charge of coordinating the delivery of this donation, in cooperation with the Embassy of Ukraine.

We enforce the impact of our sustainability efforts through partnerships. Our long-standing partners include the Red Cross, the Finnish National Rescue Association, and the Finnish Swimming Teaching and Lifesaving Federation. As

the main partner of the Football Association of Finland, we promote the sporting activities of children and young people. What's more, our regional companies support the sporting activities of children and young people locally in various sports.

#### 6.4.5 Anti-corruption and anti-bribery efforts

Our decision-making is based on objectivity and independence. We strive to prevent corruption and bribery in everything we do. Anti-corruption and anti-bribery efforts are included in LocalTapiola Group's Code of Conduct. The online course on our Code of Conduct was mandatory for all personnel in 2022. A total of 3,740 employees and insurance intermediaries completed the course, representing 91.4 per cent of the total number of personnel and intermediaries.

The LocalTapiola Investigation Services combats insurance and financial crime against the Group, and participates in investigating internal abuses.

##### 6.4.5.1 Preventing money laundering and countering terrorist financing

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

With training events we make sure that those working at LocalTapiola are familiar with all legal obligations and internal guidelines. All personnel complete online courses on the prevention of money laundering and countering of terrorist financing at least once. Those employees whose duties require them to be familiar with the provisions governing the prevention of money laundering and countering of terrorist financing complete the courses each year. Supervisors monitor that these courses are completed as required, and the Group's compliance function also oversees this on an annual basis.

LocalTapiola Group employs common operating procedures to detect suspicious transactions. We report all suspicions to the Financial Intelligence Unit and also investigate them internally. We cooperate with the relevant authorities and intra-Group parties. We develop ways for more effective monitoring of sanctions and for enhancing the effectiveness and automation of the control of fraud and financial flows.

#### 6.4.5.2 Conflicts of interest and internal abuses

Our common policies for identifying and preventing conflicts of interest cover guidelines on recusal, insider affairs, competing activities, management remuneration, gifts, hospitality and related party transactions. With a prudent decision-making process, defined responsibilities and guidelines on recusal and related party transactions, we ensure appropriate and independent decision-making. Monitoring compliance with the policies and guidelines is part of the work carried out by internal control. Superiors and the compliance function monitor compliance with the relevant principles and related guidelines, as well as reporting on any irregularities.

The Group has in use a whistleblowing channel to support the reporting of internal abuses and related suspicions. The whistleblowing channel makes anonymous reporting possible. Suspicions of abuse may also be reported through other means, including by email. Suspicions of abuse surface in connection with the work carried out by superiors as well as in the context of regular monitoring, such as that conducted by internal audit. Internal audit examines all suspicions of abuse on a confidential basis and monitors the implementation of corrective measures or consequences. The number and contextual allocation of suspicions of abuse are regularly reported to the management.

#### 6.4.6 Sustainable finance, and Taxonomy data

The European Union sustainable finance regulation package aims to implement the targets laid down in the European Green Deal – in particular, the green transition towards a climate-neutral Europe. The regulatory initiatives under the framework of sustainable finance exert a broad influence on the operations of businesses and their operational reporting.

At LocalTapiola Group, we report on sustainable finance to the extent required by the transition period of the requirements laid down in the Taxonomy Regulation. We assess the Group-level impacts which the upcoming sustainable finance regulation will have, and we will be extending the scope of reporting as the entry into force of the obligations progresses. The key regulatory initiatives that have or will have an impact on the business of LocalTapiola Group and the companies part of it are the Corporate Sustainability Reporting Directive, the Taxonomy Regulation, the Regulation on sustainability-related disclosures in the financial services sector, and the amendments concerning the Solvency II sustainability factors.

#### 6.4.6.1 Taxonomy data

We report the data set out in Article 8 of the Taxonomy Regulation and in the supplementing Delegated Regulation.

##### Non-life insurance premiums written

Some of our non-life insurance products cover natural phenomena related losses, such as those from storm, wildfire and flooding. The terms and conditions of our non-life insurances do not specifically exclude climate change related losses from coverage.

Of the premiums written for each non-life insurance category, we report as Taxonomy-eligible only the portion that we charge to cover losses that are due to one or several of the climate hazards set out in the relevant Annex to the Delegated Regulation. The premiums written for outwards and inwards reinsurance and for retrocession of inwards reinsurance are reported as Taxonomy-eligible according to the insurance category-specific portions of direct premiums written.

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Distribution of premiums written	EUR m	Proportion
Taxonomy-eligible premiums written for the non-life insurance business and the non-life reinsurance business	72.0	5.4%
Of which reinsured	4.7	0.4%
Of which due to reinsurance business	6.3	0.5%
Of which retroceded	0.7	0.05%
Non-Taxonomy-eligible premiums written	1,261.4	94.6%
Premiums written in the financial statements, total	1,333.5	100.0%

##### Investment business

For LocalTapiola Group's investment assets, we report the following data:

- exposure to Taxonomy-eligible activities, that is to say, to activities for which Taxonomy-compliant criteria have been determined;
- exposure to governments, central banks, certain transnational operators and derivative instruments;
- exposure to operators with no regulatory obligation to disclose non-financial data.

## LocalTapiola Group

### Investments

	EUR m*	Proportion of investments*	Proportion of balance sheet assets
Taxonomy-eligible investments	3,216.1	28.4%	25.2%
Governments, central banks, certain supra-national institutions, and derivative instruments	1,437.6	12.7%	11.3%
Operators with no regulatory obligation to disclose non-financial data	9,032.1	79.6%	70.9%

\*At fair value; investments include assets held to cover unit-linked insurance policies

Regulation does not allow for estimates to be used in the reporting of Taxonomy eligibility. For the time being, only limited data collected from operators under a disclosure obligation are available. Therefore, the reporting entails material inaccuracy.

#### 6.4.7 Management of sustainability risks

The purpose of our risk management efforts is to maintain the financial security of our owner-customers and to support us in reaching our operational goals. Risk management is guided by the risk management policy, approved by the Group companies' Boards of Directors, which sets out the general risk management principles, concepts, main areas and processes, as well as the implementation and monitoring responsibilities.

In 2022 we carried out sustainability risk mapping and defined risk management measures as part of the periodic operational risk mapping. In mapping the Group's sustainability risks, we defined the following key sustainability risks: transition risks to which the investment business is exposed when transitioning to a carbon-neutral economy; physical risks and damage to property (disaster risk); and data security risks and data protection risks (data use risk).

It is typical of sustainability risks that they do not constitute a specific risk category of their own, instead materialising through the existing risk categories. Sustainability risk means an environmental, social or governance event or condition that, if materialised, might have a negative impact on the value of an investment, the value of a liability, or the company's income or reputation.

In the ongoing strategy period, the Group companies are most notably affected by the transition risks posed by the transition to an emission-neutral economy. The LocalTapiola insurance companies have a significant amount of investments in sectors potentially exposed to climate change risks and transition risks. The Group's asset management companies have integrated ESG factors into their investment processes in all asset classes and investment models. The integration of ESG factors into the investment process, and related reporting, are being continuously developed.

In Finland, the physical effects of climate change are assumed to materialise in a more moderate form than in many other countries. Yet, claims that arise from natural phenomena are increasing the claims expenditure of non-life insurers, and there will be upward pressure on premiums over the long term. In particular, climate change affects forest insurance and buildings insurance, as flood and storm risks are anticipated to magnify in the future.

In 2022 we developed the processing of the sustainability factors and risks of the Group's and our companies' risk and solvency assessments (ORSA report), as well as analysis of the impacts of climate change. Especially, in the ORSA reports, we assessed the qualitative relevance of climate change risks for the Group's business operations. In our examination of the investment transition risk, in addition to an analysis of qualitative relevance, we investigated the investment category-specific quantitative exposure to transition risks, on a sectoral breakdown basis. In the insurance business, we focused on physical risks, with regard to which we carried out a climate change qualitative relevance analysis for the insurance lines with the highest premiums written.

LocalTapiola is also exposed to risks if it fails to organise its activities as required by legislation and regulation. It is paramount to ensure personnel competences in the prevention of money laundering and countering of terrorist financing, in anti-corruption and anti-bribery issues and in insider regulation. We prepare for data security risks and cyber risks with sufficient resourcing, partnerships, guidelines and training events.

Society and our customers have increasing expectations when it comes to sustainability and sustainable development. Not being able to meet these expectations may expose the Group to reputational risk. Furthermore, new emerging risks, such as geopolitical instability or a variety of security threats, have already and can in the future become more relevant to business. What is



typical of emerging risks is that assessing their impacts is uncertain, while being difficult to measure. Identification of emerging risks is connected to the process to map and report the Group's key risks.

We map risks associated with corporate social responsibility, personnel, human rights as well as anti-corruption and anti-bribery efforts on a regular basis as part of our operational risk mapping. Personnel risk includes the management of competences in a rapidly changing operating environment. Personnel risks are managed by employee surveys, work atmosphere surveys, training plans, competence tests and other means. Human rights risks may occur upon outsourcing and in long delivery chains. We manage these risks through contracting procedures, regular auditing and vetting as well as by measures that combat the grey economy.

For more information about LocalTapiola Group's risk management and key risks, see the risk management notes to the financial statements and the report on solvency and financial position, to be published at [www.lahitapiola.fi](http://www.lahitapiola.fi).

#### 6.4.8 Sustainability report

We discuss sustainability at LocalTapiola Group and our activities in 2022 in a separate sustainability report, to be published at [www.lahitapiola.fi](http://www.lahitapiola.fi).

## 7 Proposal for the use of profit

### Proposal by the Board of Directors

The Board of Directors proposes to LocalTapiola General's Annual General Meeting that the profit for the 2022 financial period, EUR 9,961,233.75, be transferred into the security reserve and, from there, EUR 200,000.00 into the contingency reserve.

If the Board's proposal for the use of the profit is adopted, the company's capital and reserves will thereafter be as shown in the table below.

#### Capital and reserves after the proposal:

Capital and reserves, EUR	1,699,408,420.25
Initial reserve	8,641,380.35
Revaluation reserve	85,090.31
Security reserve	1,685,737,609.88
Contingency reserve	4,944,339.71

# Financial statements 1 January–31 December 2022

## 8 Consolidated financial statements, LocalTapiola Group

### 8.1 Profit and loss account, LocalTapiola Group

TECHNICAL ACCOUNT - NON-LIFE INSURANCE		1.1.2022	-	31.12.2022	1.1.2021	-	31.12.2021
Premiums earned							
Premiums written	K1	1,333,483,936.06			1,293,860,070.79		
Reinsurers' share		<u>-47,886,933.19</u>		1,285,597,002.87	<u>-49,702,985.64</u>		1,244,157,085.15
Change in provision for unearned premiums							
Business transfer decrease		1,220,840.79			0.00		
Total change		<u>-15,417,699.00</u>		-14,196,858.21	<u>-10,184,631.00</u>		-10,184,631.00
Reinsurers' share							
Total change		<u>542,916.19</u>		542,916.19	<u>1,909,668.10</u>		1,909,668.10
Total premiums earned				1,271,943,060.85			1,235,882,122.25
Claims incurred							
Claims paid		-927,623,748.24			-871,591,285.81		
Reinsurers' share		<u>28,560,280.65</u>		-899,063,467.59	<u>25,221,663.59</u>		-846,369,622.22
Change in provision for outstanding claims							
Business transfer decrease		11,589,084.01			0.00		
Total change		<u>-3,330,931.41</u>		8,258,152.60	<u>-60,272,282.79</u>		-60,272,282.79
Reinsurers' share							
Business transfer decrease		-236,533.13			0.00		
Total change		<u>18,120,569.14</u>		17,884,036.01	<u>7,034,713.47</u>		7,034,713.47
Total claims incurred				-872,921,278.98			-899,607,191.54
Operating expenses	K3			-289,026,326.29			-251,425,236.65
<b>Balance on technical account before change in equalization provision</b>				<b>109,995,455.58</b>			<b>84,849,694.06</b>
Change in equalization provision							
Business transfer decrease		118,512.77			0.00		
Total change		<u>-5,514,659.00</u>		-5,396,146.23	<u>-2,543,286.00</u>		-2,543,286.00
<b>Balance on technical account</b>	K2			<b>104,599,309.35</b>			<b>82,306,408.06</b>
<b>TECHNICAL ACCOUNT - LIFE INSURANCE</b>							
Premiums written							
Premiums written	K1	428,743,202.24			480,445,129.44		
Reinsurers' share		<u>-3,586,617.84</u>		425,156,584.40	<u>-2,889,560.12</u>		477,555,569.32
Investment income	K4			196,332,388.48			254,141,940.12
Revaluations of investments	K4			21,284,874.96			297,059,552.12
Claims incurred							
Claims paid	K2	-370,962,814.49			-352,618,629.47		
Reinsurers' share		<u>1,314,274.63</u>		-369,648,539.86	<u>577,045.80</u>		-352,041,583.67
Change in provision for outstanding claims							
Total change		<u>2,141,423.00</u>		2,141,423.00	<u>-11,237,110.00</u>		-11,237,110.00
Total claims incurred				-367,507,116.86			-363,278,693.67
Change in provision for unearned premiums							
Total change		<u>333,357,279.95</u>		333,357,279.95	<u>-424,256,078.57</u>		-424,256,078.57
Operating expenses	K3			-52,483,784.15			-54,136,177.99
Investment charges	K4			-144,530,531.15			-69,194,770.28
Revaluation adjustments on investments	K4			-338,549,746.79			-33,769,971.30
<b>Balance on technical account before change in equalization provision</b>				<b>73,059,948.84</b>			<b>84,121,369.75</b>

## NON-TECHNICAL ACCOUNT

<b>Balance on technical account, non-life insurance</b>		<b>104,599,309.35</b>		<b>82,306,408.06</b>
<b>Balance on technical account, life insurance</b>		<b>73,059,948.84</b>		<b>84,121,369.75</b>
Investment income	K4	351,791,932.72		359,559,479.03
Investment charges	K4	<u>-372,860,340.70</u>	-21,068,407.98	<u>-191,234,670.37</u>
				168,324,808.66
Other income	K4			
Other		<u>126,984,919.32</u>	126,984,919.32	<u>116,315,838.50</u>
				116,315,838.50
Other expenses	K4			
Depreciation of consolidated goodwill		-3,988,249.34		-3,713,918.22
Other		<u>-79,088,433.32</u>	-83,076,682.66	<u>-71,767,203.61</u>
				-75,481,121.83
<b>Profit on ordinary activities</b>		<b>200,499,086.87</b>		<b>375,587,303.14</b>
Share of profit (loss) from group associated undertakings			-4,631,026.45	2,619,734.93
<b>Profit before appropriations and taxes</b>		<b>195,868,060.42</b>		<b>378,207,038.07</b>
Direct taxes on ordinary activities				
Taxes for the financial period		-44,392,511.12		-82,683,764.84
Change in deferred tax liabilities		<u>69,720.68</u>	-44,322,790.44	<u>70,257.71</u>
				-82,613,507.13
Minority interests			-10,646,165.24	-11,196,896.07
<b>Profit for the accounting period</b>		<b>140,899,104.74</b>		<b>284,396,634.87</b>

## 8.2 Balance sheet, LocalTapiola Group

ASSETS		31.12.2022		31.12.2021	
<b>Intangible assets</b>	K9				
Intangible rights		2,572,320.95		3,820,964.65	
Goodwill		800,000.00		0.00	
Goodwill on consolidation		11,653,178.32		14,365,508.34	
Other expenses with long-term effects		86,552,130.43		97,797,052.58	
Provisional premiums		<u>23,381,753.35</u>	124,959,383.05	<u>9,773,421.36</u>	125,756,946.93
<b>Investments</b>	K5				
Real estate investments	K6				
Real estate and shares in real estate		<u>1,304,833,021.84</u>	1,304,833,021.84	<u>1,273,187,963.32</u>	1,273,187,963.32
Investments in group companies and participating interests	K7				
Shares and holdings in group companies		7,097,056.07		7,097,056.07	
Shares and holdings in participating interests		45,432,878.00		51,695,812.25	
Debt securities and loans in participating interests		<u>21,721,011.01</u>	74,250,945.08	<u>26,951,011.01</u>	85,743,879.33
Other investments					
Shares and holdings	K7	4,395,356,545.67		4,416,486,361.44	
Debt securities	K7	1,342,016,553.87		1,561,304,797.04	
Loans guaranteed by mortgages		463,750,999.54		460,445,584.24	
Other loans	K8	323,531,095.90		265,981,691.66	
Deposits		3,000,000.00		0.00	
Other investments		<u>424,090.21</u>	6,528,079,285.19	<u>424,090.21</u>	6,704,642,524.59
Deposits with ceding undertakings			<u>637,683.90</u>		<u>604,029.89</u>
			7,907,800,936.01		8,064,178,397.13
<b>Assets covering unit linked policies</b>	K7				
	K10		2,683,318,734.47		2,906,775,354.42
<b>Debtors</b>	K15				
Arising out of direct insurance operations					
Policyholders			243,337,322.51		234,325,624.14
Arising out of reinsurance operations			14,622,351.33		16,953,850.16
Receivables from hire-purchase transactions			526,974,687.24		528,558,535.30
Other debtors			97,004,538.62		68,840,246.01
Deferred tax claim	K14		<u>2,015,504.54</u>		<u>2,015,504.54</u>
			883,954,404.24		850,693,760.15
<b>Other assets</b>					
Tangible assets					
Machinery and equipment	K9	10,783,649.37		13,033,510.18	
Other tangible assets		<u>88,766,691.36</u>	99,550,340.73	<u>49,830,777.17</u>	62,864,287.35
Cash at bank and in hand			662,658,379.49		564,834,387.84
Other assets			<u>298,083,138.61</u>		<u>305,824,847.09</u>
			1,060,291,858.83		933,523,522.28
<b>Prepayments and accrued income</b>					
Accrued interest and rent			14,900,774.75		13,296,945.36
Other prepayments and accrued income			<u>63,384,137.73</u>		<u>42,561,166.98</u>
			78,284,912.48		55,858,112.34
<b>Total assets</b>			<u><b>12,738,610,229.08</b></u>		<u><b>12,936,786,093.25</b></u>

LIABILITIES		31.12.2022		31.12.2021	
<b>Capital and reserves</b>	K11				
Initial fund			8,641,380.35		8,641,380.35
Revaluation reserve			1,432,326.43		1,432,326.43
Other reserves					
Other reserves		1,680,720,715.92		1,562,147,794.67	
The share of voluntary provisions and depreciation difference transferred to capital and reserves		<u>1,764,500.58</u>	1,682,485,216.50	<u>2,043,760.31</u>	1,564,191,554.98
Profit/loss for previous accounting periods			-49,118,388.94		-48,493,212.33
Profit for the accounting period		140,899,104.74		284,396,634.87	
Change in depreciation difference and voluntary provisions included in the profit for the accounting period		279,259.73		414,551.48	
Share of the other mutual insurance companies' result for the financial year included in the profit for the financial year		<u>-111,270,825.55</u>	29,907,538.92	<u>-166,490,441.81</u>	118,320,744.54
Capital and reserves of the other mutual insurance companies			<u>1,379,848,757.25</u>		<u>1,270,637,344.70</u>
			3,053,196,830.51		2,914,730,138.67
<b>Subordinated loans</b>			99,934,733.33		99,863,533.33
<b>Minority interests</b>			122,902,113.31		99,431,542.58
<b>Accumulated appropriations</b>	K11				
<b>Negative goodwill on consolidation</b>			4,600.00		4,600.00
<b>Technical provisions</b>					
Provision for unearned premiums in non-life insurance		460,182,301.01		444,764,602.01	
Reinsurers' share		<u>-11,963,550.13</u>	448,218,750.88	<u>-11,420,633.94</u>	433,343,968.07
Provision for unearned premiums in life insurance		1,540,152,415.02		1,640,155,221.97	
Reinsurers' share		<u>0.00</u>	1,540,152,415.02	<u>0.00</u>	1,640,155,221.97
Provision for outstanding claims in non-life insurance	K13	2,385,786,299.05		2,382,470,553.64	
Reinsurers' share		<u>-55,304,483.19</u>	2,330,481,815.86	<u>-37,199,100.05</u>	2,345,271,453.59
Provision for outstanding claims in life insurance		687,861,050.00		697,822,950.00	
Reinsurers' share		<u>0.00</u>	687,861,050.00	<u>0.00</u>	697,822,950.00
Equalization provision			<u>953,931,777.00</u>		<u>948,417,118.00</u>
			5,960,645,808.76		6,065,010,711.63
<b>Technical provisions for unit-linked policies</b>					
Technical provisions			2,680,106,903.00		2,905,640,899.00
<b>Obligatory provisions</b>					
Other obligatory provisions	K14		2,015,691.18		2,098,481.71
<b>Deposits received from reinsurers</b>			1,268,876.17		1,220,007.65
<b>Creditors</b>	K16				
Arising out of direct insurance operations			33,308,541.32		37,434,164.53
Arising out of reinsurance operations			9,720,692.85		6,900,481.81
Bonds			180,000,000.00		186,900,000.00
Loans from financial institutions			160,525,203.80		183,850,893.48
Other creditors			336,845,266.51		339,036,052.10
Deferred tax liabilities	K15		<u>619,519.36</u>		<u>689,240.04</u>
			721,019,223.84		754,810,831.96
<b>Accruals and deferred income</b>			97,515,448.98		93,975,346.72
<b>Total liabilities</b>			<u><b>12,738,610,229.08</b></u>		<u><b>12,936,786,093.25</b></u>

### 8.3 Indirect cash flow statement, LocalTapiola Group

	2022	2021
<b>Cash flow from operations</b>		
Profit from ordinary activities/profit before extraordinary items	151,545,269.98	295,593,530.94
Adjustments		
Changes in technical provisions	-317,206,994.43	499,549,006.79
Business transfer decrease	-12,691,904.44	0.00
Value adjustments and revaluation of investments	565,894,900.56	-333,690,800.59
Changes in other obligatory provisions	-82,790.53	-945,578.72
Depreciation according to plan	102,518,882.77	78,727,783.15
Other non-cash income and expenses	0.00	-1,303.72
Other adjustments	-13,511,777.53	-13,703,143.27
<i>Cash flow before change in working capital</i>	476,465,586.38	525,529,494.58
Change in working capital:		
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	-55,548,805.77	-25,920,843.47
Business transfer decrease	-138,638.46	0.00
Increase (-) / decrease (+) in non-interest-bearing short-term debts	-2,637.33	84,041,579.16
<i>Cash flow from operations before financial items and taxes</i>	420,775,504.82	583,650,230.27
Other financial income and expenses paid/received	-3,500,000.00	-3,500,000.08
Direct taxes paid	-44,392,511.12	-82,683,764.84
<b>Cash flow from operations</b>	<b>372,882,993.70</b>	<b>497,466,465.35</b>
<b>Cash flow from investments</b>		
Investments in assets (excl. cash and c. equivalents)	-210,411,479.91	-592,199,771.27
Capital gains from investments (excl. cash and c. equivalents)	61,404,288.41	99,886,908.40
Change in minority interest	12,824,405.85	16,818,087.16
Investments in tangible and intangible assets as well as other assets and capital gains (net)	-106,318,573.20	-192,613,739.01
<b>Cash flow from investments</b>	<b>-242,501,358.85</b>	<b>-668,108,514.72</b>
<b>Cash flow from financial</b>		
Loans raised	71,200.00	264,471,200.00
Repayment of debt	-30,200,000.00	-108,600,000.00
Interest on guarantee capital paid and other distribution of profit	-2,432,413.00	-2,392,539.56
<b>Cash flow from financial</b>	<b>-32,561,213.00</b>	<b>153,478,660.44</b>
<b>Change in cash and cash equivalents</b>	<b>97,820,421.85</b>	<b>-17,163,388.93</b>
<b>Cash and cash equivalents at the start of the year</b>	<b>564,837,957.64</b>	<b>581,997,776.77</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>662,658,379.49</b>	<b>564,834,387.84</b>

## 8.4 Key figures, LocalTapiola Group

	EUR million		
<b>General key figures describing financial development</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Operating profit	194.0	387.9	174.5
Total result	-469.9	773.9	244.1
Return on assets, %	-3.8	8.1	3.0
Average number of personnel during financial year	3,682	3,639	3,613
<b>Key figures describing the financial development of non-life insurance</b>			
Premium income	1,333.5	1,293.9	1,300.2
Loss ratio (excl. unwinding of discount expense), %	67.9	71.5	73.8
Loss ratio, %	68.6	72.8	75.5
Expense ratio, %	22.7	20.3	21.2
Combined ratio (excl. unwinding of discount expense), %	90.6	91.8	95.0
Combined ratio, %	91.4	93.1	96.7
Equalisation provision in reporting currency	953.9	948.4	945.9
<b>Key figures describing the financial development of life insurance</b>			
Premium income	428.7	480.4	434.0
Expense ratio, %	101.7	108.8	123.7

## 8.5 Notes, LocalTapiola Group

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

<b>K1. Premiums written</b>	<b>2022</b>	<b>2021</b>
<b>Non-life insurance</b>		
Direct insurance		
Finland	1,307,692,700.31	1,267,452,021.00
Direct insurance total	1,307,692,700.31	1,267,452,021.00
Reinsurance	25,791,235.75	26,408,049.79
<i>Total</i>	<u>1,333,483,936.06</u>	<u>1,293,860,070.79</u>
<b>Life-insurance</b>		
Direct insurance		
Finland	428,743,202.24	480,445,129.44
Direct insurance total	428,743,202.24	480,445,129.44
<i>Total</i>	<u>428,743,202.24</u>	<u>480,445,129.44</u>
<b>Gross premiums written before reinsurers' share</b>	<u>1,762,227,138.30</u>	<u>1,774,305,200.23</u>
<b>K1.1 Items depreciated from premiums written</b>	<b>2022</b>	<b>2021</b>
Credit loss on outstanding premiums	3,495,494.93	3,766,244.33
PAYG system fees	54,970,727.65	60,008,782.41
Premium tax	235,718,707.55	228,046,603.52
Fire brigade charge	3,594,434.22	3,520,341.54
Road safety charge	2,145,182.19	2,058,260.65
Labour protection charge	2,545,548.96	2,566,211.33
<i>Total</i>	<u>302,470,095.50</u>	<u>299,966,443.78</u>
<b>K1.2 Premiums written, life insurance</b>	<b>2022</b>	<b>2021</b>
Direct insurance		
Life-insurance		
Unit-linked individual life insurance	160,036,828.65	184,031,608.78
Other individual life insurance	25,839,128.15	36,315,684.63
Unit-linked capital redemption policy	37,849,981.31	57,743,803.30
Other redemption policy	171,112.47	1,199,502.82
Employees' group life insurance	14,200,627.38	15,142,083.93
Other group life insurance	90,697,770.25	83,144,413.93
<i>Total</i>	<u>328,795,448.21</u>	<u>377,577,097.39</u>
Pension insurance		
Unit-linked individual pension insurance	27,033,772.71	27,177,475.73
Other individual pension insurance	9,979,182.85	10,760,022.36
Unit-linked group pension insurance	36,454,600.09	32,401,566.26
Other group pension insurance	26,480,198.38	32,528,967.70
<i>Total</i>	<u>99,947,754.03</u>	<u>102,868,032.05</u>
Total direct premiums written	428,743,202.24	480,445,129.44
<b>Gross premiums written before reinsurers' share</b>	<u><b>428,743,202.24</b></u>	<u><b>480,445,129.44</b></u>
<i>Gross premiums written before reinsurers' share</i>		
Regular premiums	345,334,134.17	388,984,691.20
Single premiums	83,409,068.07	91,460,438.24
<i>Total</i>	<u><b>428,743,202.24</b></u>	<u><b>480,445,129.44</b></u>
Premiums from contracts entitled to bonuses	167,368,019.48	179,090,675.37
Premiums from unit-linked insurance	261,375,182.76	301,354,454.07
	<u><b>428,743,202.24</b></u>	<u><b>480,445,129.44</b></u>



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

	2022	2021
Rebates		
Life-insurance		
Other individual life insurance	4,363,219.34	4,888,139.59
Other redemption policy	385,122.68	492,014.33
Other group life insurance	1,227,240.00	1,714,603.00
<i>Total</i>	<u>5,975,582.02</u>	<u>7,094,756.92</u>
Pension insurance		
Other individual pension insurance	986,185.63	228,020.68
Other group pension insurance	660,874.19	599,053.69
<i>Total</i>	<u>1,647,059.82</u>	<u>827,074.37</u>
Rebates total	<u>7,622,641.84</u>	<u>7,921,831.29</u>
Discounts		
Life-insurance		
Unit-linked individual life insurance	90,489.00	107,071.00
Other individual life insurance	96,761.52	114,305.75
Other group life insurance	2,547,235.01	1,235,125.36
<i>Total</i>	<u>2,734,485.53</u>	<u>1,456,502.11</u>
Total discounts	<u>2,734,485.53</u>	<u>1,456,502.11</u>
<b>Rebates and discounts total</b>	<b><u>10,357,127.37</u></b>	<b><u>9,378,333.40</u></b>

**K2. Claims paid under life insurance and profit for insurance groups for non-life insurance****K2.1 Claims paid before reinsurers' share, life insurance**

	2022	2021
Direct insurance		
Life-insurance	243,950,298.02	223,605,882.20
Pension insurance	127,012,516.47	129,012,747.27
<i>Total</i>	<u>370,962,814.49</u>	<u>352,618,629.47</u>
Reinsurers' share	-1,314,274.63	-577,045.80
<b>Total claims paid</b>	<b><u>369,648,539.86</u></b>	<b><u>352,041,583.67</u></b>
Of which:		
Surrenders	151,109,455.61	134,890,446.94
Repayments of benefits	33,680,971.37	37,272,819.44
Other	186,172,387.51	180,455,363.09
	<u>370,962,814.49</u>	<u>352,618,629.47</u>
Share of unit-linked insurance of claims paid	159,141,502.02	145,769,810.86

## K2.2 Profit by insurance groups

		Premiums written before reinsurers' share	Premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before commissions for reinsurance and profit shares	Reinsurers' share	Balance on technical account before net investment income
Statutory workers' compensation	2022	161,940,181.26	160,484,704.05	-113,671,323.64	-27,428,593.56	-208,807.13	19,175,979.72
	2021	158,341,089.14	159,936,106.14	-131,469,181.54	-25,755,053.32	-210,705.72	2,501,165.56
	2020	160,782,631.68	160,253,627.68	-129,934,964.70	-24,620,743.72	-216,796.25	5,481,123.01
Non-statutory accident and health	2022	201,374,994.81	199,713,375.81	-140,788,975.73	-42,937,683.42	-233,069.24	15,753,647.42
	2021	192,023,539.95	189,680,414.95	-118,418,793.81	-37,913,459.01	-277,585.01	33,070,577.12
	2020	186,185,269.62	184,467,449.62	-128,130,569.72	-37,331,377.81	-241,599.50	18,763,902.59
Motor vehicle liability	2022	213,290,622.95	209,956,695.95	-71,148,667.91	-50,778,959.64	1,230,981.59	89,260,049.99
	2021	205,730,883.70	204,479,894.70	-163,380,748.80	-46,017,699.57	760,152.94	-4,158,400.73
	2020	201,519,833.25	200,236,723.25	-166,646,007.78	-47,173,771.42	5,002,991.61	-8,580,064.34
Land vehicles	2022	269,623,887.65	266,493,108.65	-215,798,264.35	-60,503,924.72	-315,277.40	-10,124,357.82
	2021	261,710,560.29	257,850,766.29	-197,436,707.82	-53,790,020.47	-211,608.57	6,412,429.43
	2020	250,457,821.14	244,986,954.14	-191,380,319.94	-52,945,934.85	-362,726.56	297,972.79
Marine, aviation, railway rolling stock and transport	2022	17,968,678.54	16,495,756.54	-8,168,259.82	-4,032,984.51	-51,053.95	4,243,458.26
	2021	14,937,523.92	14,175,177.92	-6,590,107.10	-3,588,832.47	-29,592.96	3,966,645.39
	2020	13,559,843.26	13,456,908.26	-6,237,387.29	-3,523,812.73	-38,164.85	3,657,543.39
Fire and other damage to property	2022	344,247,504.60	342,417,912.60	-255,739,517.17	-79,231,457.76	-7,323,827.47	123,110.20
	2021	337,343,344.55	335,466,022.55	-224,641,043.71	-72,205,177.83	-8,106,071.81	30,513,729.20
	2020	330,195,557.00	326,073,333.00	-234,211,081.25	-71,116,657.53	-4,843,255.11	15,902,339.11
General liability	2022	51,763,450.59	51,004,419.59	-27,030,103.93	-10,621,930.37	-376,050.03	12,976,335.26
	2021	51,307,273.85	50,762,343.85	-30,325,364.81	-9,437,898.39	220,712.47	11,219,793.12
	2020	44,391,792.01	44,466,207.01	-28,722,298.09	-9,559,663.97	-1,171,674.18	5,012,570.77
Credit and suretyship	2022	3,833,763.72	3,656,586.72	-106,179.15	-625,372.26	-748,505.40	2,176,529.91
	2021	5,103,578.86	3,295,667.86	-567,738.27	-582,323.05	-28,842.64	2,116,763.90
	2020	3,680,420.81	2,911,875.81	-231,379.99	-557,049.26	-220,204.42	1,903,242.14
Legal expenses	2022	29,790,946.32	29,255,522.32	-21,649,608.99	-6,525,551.55	0.00	1,080,361.78
	2021	27,321,266.68	26,885,015.68	-16,841,997.52	-5,651,333.52	0.00	4,391,684.64
	2020	26,001,642.91	25,611,935.91	-17,203,051.62	-5,762,192.21	0.00	2,646,692.08
Other	2022	13,858,669.87	13,719,008.87	-8,743,229.01	-2,983,788.77	-2,608,722.10	-616,731.01
	2021	13,632,960.06	13,455,265.06	-11,779,221.68	-2,625,520.68	-2,762,773.01	-3,712,250.31
	2020	13,175,213.44	13,157,650.44	-12,530,756.37	-2,792,735.82	-1,389,118.12	-3,554,959.87
<b>Direct insurance total</b>	2022	<b>1,307,692,700.31</b>	<b>1,293,197,091.10</b>	<b>-862,844,129.70</b>	<b>-285,670,246.56</b>	<b>-10,634,331.13</b>	<b>134,048,383.71</b>
	2021	<b>1,267,452,021.00</b>	<b>1,255,986,675.00</b>	<b>-901,450,905.06</b>	<b>-257,567,318.31</b>	<b>-10,646,314.31</b>	<b>86,322,137.32</b>
	2020	<b>1,229,950,025.12</b>	<b>1,215,622,665.12</b>	<b>-915,227,816.75</b>	<b>-255,383,939.32</b>	<b>-3,480,547.38</b>	<b>41,530,361.67</b>
Reinsurance	2022	25,791,235.75	26,089,986.75	-56,521,465.94	-8,847,051.82	15,225,602.88	-24,052,928.13
	2021	26,408,049.79	27,688,764.79	-30,412,663.54	-8,622,278.10	9,873,733.59	-1,472,443.26
	2020	70,238,028.18	69,903,522.18	-44,776,468.38	-19,629,493.35	-5,800,270.42	-302,709.97
<b>Total</b>	2022	<b>1,333,483,936.06</b>	<b>1,319,287,077.85</b>	<b>-919,365,595.64</b>	<b>-294,517,298.38</b>	<b>4,591,271.75</b>	<b>109,995,455.58</b>
	2021	<b>1,293,860,070.79</b>	<b>1,283,675,439.79</b>	<b>-931,863,568.60</b>	<b>-266,189,596.41</b>	<b>-772,580.72</b>	<b>84,849,694.06</b>
	2020	<b>1,300,188,053.30</b>	<b>1,285,526,187.30</b>	<b>-960,004,285.13</b>	<b>-275,013,432.67</b>	<b>-9,280,817.80</b>	<b>41,227,651.70</b>
Change in equalization provision	2022						-5,396,146.23
	2021						-2,543,286.00
	2020						5,277,271.00
<b>Balance on technical account</b>	2022						<b>104,599,309.35</b>
	2021						<b>82,306,408.06</b>
	2020						<b>46,504,922.70</b>

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

### K3.1 Total operating expenses by activity

	2022	2021
Claims management expenses	100,348,630.62	96,843,505.41
Operating expenses	341,510,110.44	305,561,414.64
Investment operating expenses	33,735,339.37	35,368,587.82
Other expenses	75,977,329.20	68,813,857.41
<b>Total</b>	<b>551,571,409.63</b>	<b>506,587,365.28</b>

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

	2022	2021
Insurance policy acquisition costs		
Commissions for direct insurance	37,155,968.96	31,708,027.65
Commissions for reinsurance assumed and profit shares	4,103,234.06	4,309,649.37
Other insurance policy acquisition costs	126,384,898.73	123,165,392.44
	167,644,101.75	159,183,069.46
Insurance policy management expenses	106,128,045.02	92,026,636.62
Administrative expenses	74,043,369.83	69,952,672.00
Commissions for reinsurance ceded and profit shares	-6,305,406.16	-15,600,963.41
<i>Total</i>	341,510,110.44	305,561,414.67

**K3.3 Notes concerning personnel and members of corporate bodies****K3.3.1 Personnel expenses**

	2022	2021
Salaries and remunerations	238,540,497.43	228,204,912.43
Pension expenses	47,328,946.95	46,368,637.86
Other personnel expenses	8,099,338.62	8,222,984.68
<i>Total</i>	293,968,783.00	282,796,534.97

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

Managing directors and deputy managing directors		
Salaries and remunerations	9,990,840.42	9,312,474.14
Pension commitments	The retirement age of the managing director and 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	4,911,165.37	4,496,439.11
Pension commitments	The retirement age/resignation age of a full time Board member is 63 years and the retirement age of the Chair and the other members is stated by law.	
Monetary loans and terms thereof	No monetary loans granted.	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted.	
Supervisory boards		
Salaries and remunerations	1,632,745.00	1,457,893.33
Pension commitments	No pension commitments.	
Monetary loans and terms thereof	No monetary loans granted.	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted.	

**K3.3.3 Average number of personnel during the financial year**

Office staff	3,682	3,639
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**K3.4 Auditor's fees by assignment category**

	2022	2021
Auditing	606,258.24	482,996.06
Tax advice	18,476.00	27,618.30
Other services	313,401.01	261,815.81
<i>Total</i>	938,135.25	772,430.17

## K4. Net investment income and other income and expenses

### K4.1 Specification of net investment income

Investment income	2022	2021
<b>Income from group companies</b>		
Dividend income	262,245.35	231,392.97
<i>Total</i>	262,245.35	231,392.97
<b>Income from participating interests</b>		
Dividend income	0.00	377,200.00
Interest income	1,244,949.87	1,039,148.31
<i>Total</i>	1,244,949.87	1,416,348.31
<b>Income from real estate investmets in other companies</b>		
Dividend income	0.00	-120,041.79
Interest income	37,625.58	45,475.78
Other income	83,742,946.36	75,845,256.83
<i>Total</i>	83,780,571.94	75,770,690.82
<b>Income from other investments</b>		
Dividend income	178,915,381.52	165,063,513.43
Interest income	61,781,179.70	29,064,030.19
Other income	32,704,596.02	24,503,073.81
<i>Total</i>	273,401,157.24	218,630,617.43
<b>Total</b>	<b>358,688,924.40</b>	<b>296,049,049.53</b>
Value readjustments	48,988,520.71	136,558,203.50
Realized gains	140,446,876.09	181,094,166.12
<b>Total investment income</b>	<b>548,124,321.20</b>	<b>613,701,419.15</b>
<b>Investment charges</b>	<b>2022</b>	<b>2021</b>
Expenses arising from real estate investments	-38,780,817.17	-41,765,995.19
Expenses arising from other investments	-35,665,570.34	-37,713,685.81
Interest paid and other expenses on liabilities		
From participating interests	0.00	-1,006,530.94
From other companies	-37,620,421.06	-8,588,568.86
<i>Total</i>	-37,620,421.06	-9,595,099.80
<b>Total</b>	<b>-112,066,808.57</b>	<b>-89,074,780.80</b>
Value adjustments and depreciation		
Value adjustments	-302,352,773.75	-67,026,557.04
Planned depreciation on buildings	-23,928,701.85	-23,120,845.09
<i>Total</i>	-326,281,475.60	-90,147,402.13
Realized losses	-79,042,587.68	-81,207,257.72
<b>Total investment charges</b>	<b>-517,390,871.85</b>	<b>-260,429,440.65</b>
<b>Net investment income before revaluations and revaluation adjustments</b>	<b>30,733,449.35</b>	<b>353,271,978.50</b>
Revaluations of investments	21,284,874.96	297,059,552.12
Revaluation adjustments on investments	-338,549,746.79	-33,769,971.30
	-317,264,871.83	263,289,580.82
<b>Net investment income in the profit and loss account</b>	<b>-286,531,422.48</b>	<b>616,561,559.32</b>

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

	2022	2021
Investment income	51,963,910.92	61,301,603.97
Investment charges	-9,504,419.54	-6,768,578.52
<b>Net investment income before revaluations and their adjustment as well as value adjustments and readjustments</b>	<b>42,459,491.38</b>	<b>54,533,025.45</b>
Revaluations of investments	21,284,874.96	297,059,552.12
Revaluation adjustments on investments	-338,549,746.79	-33,769,971.30
Value adjustments	-23,491,308.04	-832,078.83
Value readjustments	1,675,390.34	4,402,928.15
	<b>-339,080,789.53</b>	<b>266,860,430.14</b>
<b>Net investment income in the profit and loss account</b>	<b>-296,621,298.15</b>	<b>321,393,455.59</b>

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

Other income	2022	2021
Services sold to partner companies	63,875,909.15	65,805,878.40
Other other income	63,109,010.17	50,509,960.10
<b>Total</b>	<b>126,984,919.32</b>	<b>116,315,838.50</b>
<b>Other expenses</b>		
Depreciation of consolidated goodwill	-3,988,249.34	-3,713,918.22
Expenses for services sold	-78,088,834.58	-70,706,843.12
Other expenses	-999,598.74	-1,060,360.49
<b>Total</b>	<b>-83,076,682.66</b>	<b>-75,481,121.83</b>

## 8.5.2 Notes to the balance sheet, LocalTapiola Group

### K5.1 Current value of investments and difference in valuation as well as difference in valuation of derivatives

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

Investments	Remaining acquisition cost	2022	
		Book value	Current value
Real estate investments			
Real estate	1,099,008,909.38	1,121,294,287.04	1,551,818,819.67
Real estate shares in participating interests	1.00	1.00	1.00
Other real estate shares	183,538,733.99	183,538,733.99	232,606,334.26
	1,282,547,644.37	1,304,833,021.84	1,784,425,154.93
Investments in group companies			
Shares and holdings	7,097,056.07	7,097,056.07	7,097,056.15
	7,097,056.07	7,097,056.07	7,097,056.15
Investments in participating interests			
Shares and holdings	45,432,878.01	45,432,878.00	46,663,079.07
Loans receivable	21,721,011.01	21,721,011.01	21,721,011.01
	67,153,889.02	67,153,889.01	68,384,090.08
Other investments			
Shares and holdings	4,062,076,301.40	4,395,356,545.67	4,856,313,761.32
Debt securities	1,342,016,553.87	1,342,016,553.87	1,148,545,543.30
Loans guaranteed by mortgages	463,750,999.54	463,750,999.54	463,750,999.42
Other loans	323,531,095.90	323,531,095.90	323,531,095.91
Deposits	3,000,000.00	3,000,000.00	3,000,000.00
Other investments	424,090.21	424,090.21	564,875.82
	6,194,799,040.92	6,528,079,285.19	6,795,706,275.77
Deposits with ceding undertakings	637,683.90	637,683.90	637,683.90
	7,552,235,314.28	7,907,800,936.01	8,656,250,260.83
The remaining acquisition cost of debt securities includes:			2022
Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income			-6,349,415.58
Book value comprises			
Revaluations released to income			22,285,377.67
Difference in valuation (difference between current value and book value)			748,449,324.82

		2021	
Investments	Remaining acquisition cost	Book value	Current value
Real estate investments			
Real estate	1,075,166,397.85	1,097,451,775.52	1,536,461,745.05
Real estate shares in participating interests	1.00	1.00	1.00
Other real estate shares	175,736,187.00	175,736,187.00	226,254,321.11
	1,250,902,585.85	1,273,187,963.32	1,762,716,067.16
Investments in group companies			
Shares and holdings	7,097,056.09	7,097,056.07	7,097,057.07
	7,097,056.09	7,097,056.07	7,097,057.07
Investments in participating interests			
Shares and holdings	51,695,812.25	51,695,812.25	69,645,250.84
Loans receivable	26,951,011.01	26,951,011.01	26,951,011.01
	78,646,823.26	78,646,823.26	96,596,261.85
Other investments			
Shares and holdings	4,266,047,466.25	4,416,486,361.44	5,319,923,140.08
Debt securities	1,561,304,797.04	1,561,304,797.04	1,562,742,779.18
Loans guaranteed by mortgages	460,445,584.24	460,445,584.24	460,445,584.10
Other loans	265,981,691.66	265,981,691.66	265,981,691.71
Other investments	424,090.21	424,090.21	554,744.28
	6,554,203,629.40	6,704,642,524.59	7,609,647,939.35
Deposits with ceding undertakings	604,029.89	604,029.89	604,029.89
	7,891,454,124.49	8,064,178,397.13	9,476,661,355.32
The remaining acquisition cost of debt securities includes:			
Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income			-8,381,929.45
Book value comprises			
Revaluations released to income			22,285,377.67
Difference in valuation (difference between current value and book value)			1,412,482,958.19

## K5.2 Difference in valuation of derivatives

		2022	
Derivative contracts	Remaining acquisition cost	Book value	Current value
Other debtors			
Prepayments for option contracts	29,162,182.00	29,162,182.00	29,162,182.00
Assets pledged as security for derivatives	1,030,000.00	1,030,000.00	1,030,000.00
Other creditors			
Prepayments for option contracts	-27,369,607.00	-27,369,607.00	-27,369,607.00
Assets received as security for derivatives	-2,510,000.00	-2,510,000.00	-2,510,000.00
Other deferred income and credits			
Futures and forward contracts	-298,591.83	-298,591.83	660,376.35
	13,983.17	13,983.17	972,951.35
Difference in valuation (difference between current value and book value)			958,968.18

		2021	
Derivative contracts	Remaining acquisition cost	Book value	Current value
Other debtors			
Prepayments for option contracts	521,703.98	521,703.98	521,703.98
Assets pledged as security for derivatives	630,000.00	630,000.00	630,000.00
Other creditors			
Prepayments for option contracts	-860,574.64	-860,574.64	-860,574.64
Other deferred income and credits			
Futures and forward contracts	-107,612.25	-107,612.25	661,832.06
	183,517.09	183,517.09	952,961.40
Difference in valuation (difference between current value and book value)			769,444.31

## K6. Real estate investment

### Changes in real estate investments:

	2022
	Real estate and shares in real estate
Acquisition cost on 1 Jan.	1,497,612,402.53
Increase	110,784,874.05
Decrease	-28,595,563.59
Transfers between items	-27,045,785.79
Acquisition cost on 31 Dec.	1,552,755,927.20
Accumulated depreciation on 1 Jan.	-214,453,224.11
Accumulated depreciation related to deductions and transfers	-28,154.99
Depreciation for the financial year	-19,186,956.70
Accumulated depreciation on 31 Dec.	-233,668,335.80
Value adjustments on 1 Jan.	-32,256,592.77
Value adjustments for the financial year	-5,470,014.38
Value readjustments	1,186,659.92
Value adjustments on 31 Dec.	-36,539,947.23
Revaluations on 1 Jan.	22,285,377.67
Revaluations on 31 Dec.	22,285,377.67
Book value on 31 Dec.	1,304,833,021.84
<b>Real estate and shares in real estate occupied for own activities:</b>	
Remaining acquisition cost	48,890,158.75
Book value	48,929,272.52
Current value	50,689,983.62



**K7. Investments in group companies and participating interests**

<b>Shares and holdings in group companies</b>	<b>2022</b>	<b>2021</b>
Acquisition cost on 1 Jan.	7,097,056.07	7,097,056.07
Book value on 31 Dec.	<u>7,097,056.07</u>	<u>7,097,056.07</u>
<b>Shares and holdings in participating interests</b>		
Acquisition cost on 1 Jan.	53,351,185.31	233,881,896.91
Increase	529,107.44	6,332,631.72
Decrease	<u>-6,772,041.69</u>	<u>-186,863,343.32</u>
Acquisition cost on 31 Dec.	47,108,251.06	53,351,185.31
Value adjustments on 1 Jan.	-1,655,373.06	-70,547,700.57
Value adjustments related to deductions and transfers	0.00	68,892,327.51
Value adjustments for the financial year	<u>-20,000.00</u>	<u>0.00</u>
Value adjustments on 31 Dec.	-1,675,373.06	-1,655,373.06
Book value on 31 Dec.	<u>45,432,878.00</u>	<u>51,695,812.25</u>
<b>Debt securities issued by and loans to participating interests</b>		
Acquisition cost on 1 Jan.	28,701,011.01	10,480,000.00
Increase	3,000,000.00	26,221,011.01
Decrease	-9,000,000.00	-1,333,333.42
Transfers between items	<u>0.00</u>	<u>-6,666,666.58</u>
Acquisition cost on 31 Dec.	22,701,011.01	28,701,011.01
Value adjustments on 1 Jan.	-1,750,000.00	-840,000.00
Value adjustments for the financial year	-980,000.00	-910,000.00
Value readjustments	<u>1,750,000.00</u>	<u>0.00</u>
Value adjustments on 31 Dec.	-980,000.00	-1,750,000.00
Book value on 31 Dec.	<u>21,721,011.01</u>	<u>26,951,011.01</u>
<b>Total</b>	<u>74,250,945.08</u>	<u>85,743,879.33</u>

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

Shares and holdings		Domicile	Share of stocks %	Equity	Profit for the accounting period
Aura-Karelia Oy	1)	Espoo	100.0 %	147,839.04	0.00
Kauppakeskus Seppä Oy	2)	Espoo	100.0 %	67,981.06	12,527.32
Keskinäinen Vakuutusyhtiö Turva	4)	Tampere	76.0 %	55,595,426.54	-2,111,888.52
LTC-Otso Oy	2)	Helsinki	54.0 %	6,858,621.19	5,057,183.00
LähiTapiola Aluekiinteistöt Ky -group	3)	Espoo	96.2 %	26,200,887.41	84,135.24
LähiTapiola Core Kiinteistöt Ky -group	3)	Espoo	55.6 %	56,613,204.53	2,781,280.65
LähiTapiola Etelä-Keskinäinen Vakuutusyhtiö	3)	Salu	100.0 %	66,631,911.32	6,614,058.05
LähiTapiola Etelä-Pohjanmaa Keskinäinen Vakuutusyhtiö	3)	Seinäjo	100.0 %	55,299,231.07	2,154,910.88
LähiTapiola Etelärannikko Keskinäinen Vakuutusyhtiö	3)	Parainen	100.0 %	13,454,296.64	504,297.28
LähiTapiola Itä Keskinäinen Vakuutusyhtiö	3)	Iisalmi	100.0 %	75,731,977.93	5,823,871.18
LähiTapiola Kaakkois-Suomi Keskinäinen Vakuutusyhtiö	3)	Lappeenranta	100.0 %	70,923,359.87	6,398,048.33
LähiTapiola Kainuu-Koillismaa Keskinäinen Vakuutusyhtiö	3)	Kajaani	100.0 %	31,610,405.14	3,986,603.89
LähiTapiola Keskinäinen Henkivakuutusyhtiö	3)	Espoo	100.0 %	672,801,081.89	55,497,834.39
LähiTapiola Keski-Suomi Keskinäinen Vakuutusyhtiö	3)	Jyväskylä	100.0 %	55,642,873.93	4,883,872.17
LähiTapiola Kiinteistösijoitus I GP Oy	1)	Espoo	100.0 %	1,773.94	-60.00
LähiTapiola Kiinteistösijoitus I Ky	3)	Espoo	100.0 %	23,123,930.75	-1,043,015.18
LähiTapiola KR PK2 Ky -group	3)	Espoo	100.0 %	14,739,075.86	559,774.13
LähiTapiola Lappi Keskinäinen Vakuutusyhtiö	3)	Rovaniemi	100.0 %	24,369,461.49	2,422,614.15
LähiTapiola Loimi-Häme Keskinäinen Vakuutusyhtiö	3)	Loimaa	100.0 %	27,276,378.07	-2,439,627.96
LähiTapiola Länsi-Suomi Keskinäinen Vakuutusyhtiö	3)	Rauma	100.0 %	95,967,745.63	11,974,921.09
LähiTapiola Palvelut Oy	1)	Espoo	100.0 %	10,134,952.70	-1,668,054.89
LähiTapiola Pirkanmaa Keskinäinen Vakuutusyhtiö	3)	Tampere	100.0 %	48,834,090.60	-5,643,457.11
LähiTapiola Pohjanmaa Keskinäinen Vakuutusyhtiö	3)	Vaasa	100.0 %	68,439,057.47	7,110,266.14
LähiTapiola Pohjoinen Keskinäinen Vakuutusyhtiö	3)	Oulu	100.0 %	101,697,142.81	6,172,663.41
LähiTapiola Pääkaupunkiseutu Keskinäinen Vakuutusyhtiö	3)	Helsinki	100.0 %	69,048,443.17	2,545,186.45
LähiTapiola Pääomasijoitus GP Oy	3)	Espoo	100.0 %	423.21	-60.00
LähiTapiola Pääomasijoitus I Ky	3)	Espoo	87.6 %	74,445,938.82	17,468,894.53
LähiTapiola Pääomasijoitus II GP Oy	1)	Espoo	100.0 %	1,476.22	-60.00
LähiTapiola Pääomasijoitus II Ky	3)	Espoo	92.0 %	186,245,843.24	21,534,952.99
LähiTapiola Pääomasijoitus III GP Oy	1)	Espoo	100.0 %	1,673.94	-160.00
LähiTapiola Pääomasijoitus III Ky	3)	Espoo	97.2 %	93,847,895.35	11,001,250.93
LähiTapiola Pääomasijoitus IV Ky	3)	Espoo	83.1 %	164,503,965.63	2,815,849.24
LähiTapiola Pääomasijoitus V Ky	3)	Espoo	76.1 %	21,808,126.17	-4,872,039.19
LähiTapiola Rahoitus Oy	1)	Espoo	100.0 %	107,077,889.86	13,618,104.45
LähiTapiola Rahoitusyhtiö I Ky	3)	Espoo	99.1 %	551,747,792.31	5,764,282.09
LähiTapiola Savo Keskinäinen Vakuutusyhtiö	3)	Kuopio	100.0 %	49,680,468.12	1,953,755.17
LähiTapiola Savo-Karjala Keskinäinen Vakuutusyhtiö	3)	Mikkeli	100.0 %	36,093,699.78	1,749,272.65
LähiTapiola Tampereen Tornit Ky	3)	Espoo	95.6 %	47,615,243.60	-2,500,000.00
LähiTapiola Tontit GP I Oy	3)	Espoo	97.6 %	134,426.65	6,760.73
LähiTapiola Tontit GP II Oy	1)	Espoo	100.0 %	97,561.50	842.73
LähiTapiola Tontit I Ky	3)	Espoo	80.0 %	44,935,644.26	3,835,644.18
LähiTapiola Tontit II Ky	3)	Espoo	95.1 %	20,479,092.06	869,173.28
LähiTapiola Uusimaa Keskinäinen Vakuutusyhtiö	3)	Porvoo	100.0 %	55,981,267.26	1,441,863.35
LähiTapiola Varainhoito Oy -group	1)	Espoo	100.0 %	73,574,560.12	-5,505,027.51
LähiTapiola Varsinais-Suomi Keskinäinen Vakuutusyhtiö	3)	Turku	100.0 %	43,971,645.50	278,511.55
LähiTapiola Velkasijoitus I GP Oy	1)	Espoo	100.0 %	1,539.79	-60.00
LähiTapiola Velkasijoitus I Ky	3)	Espoo	98.5 %	167,595,317.69	6,751,228.69
LähiTapiola Velkasijoitus II Ky	3)	Espoo	93.5 %	153,676,220.42	2,166,665.38
LähiTapiola Vellamo Keskinäinen Vakuutusyhtiö	3)	Lahti	100.0 %	60,244,933.24	-2,008,816.87
LähiTapiola Yhteiset Kiinteistöt Ky	3)	Espoo	100.0 %	177,711,092.79	3,811,055.18
LähiTapiola Yritysrahoitus I GP Oy	1)	Espoo	100.0 %	6,579.93	-287.64
LähiTapiola Yritysrahoitus I Ky	3)	Espoo	100.0 %	622,194,921.27	17,846,342.89
Tieto-Tapiola Oy	1)	Espoo	100.0 %	4,798,935.68	190,947.13

Shares and holdings		Domicile	Share of stocks %	Equity	Profit for the accounting period
Tietotyö Oy	1)	Espoo	100.0 %	849,879.15	0.00
Vakuutusneuvonta Aura Oy	2)	Espoo	66.7 %	10,634.40	0.00
Vakuutusneuvonta Pohja Oy	2)	Espoo	66.7 %	10,577.17	0.00
Total				4,430,556,415.18	209,896,830.02

In addition, 61 (62) housing associations and real estate companies are integrated into the consolidated financial statements of LocalTapiola Group.

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

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

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

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

## K7.2 Investments in participating interests

Shares and holdings		Domicile	Share of stocks %	Equity	Profit for the accounting period
Noja Holding Oy	2)	Helsinki	22.1 %	3,886,160.61	-2,466,375.87
Noja Rahoitus Oy	2)	Turku	22.1 %	13,874,435.65	3,657,758.61
Pihlajalinna Oyj -group	3)	Tampere	23.8 %	124,000,000.00	9,500,000.00
Total				141,760,596.26	10,691,382.74

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

2) Participating interest

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

## K7.3 Other investments

Security	Share of stocks %	Number	Book value	Current value	Home country
<b>Finnish companies, listed</b>					
Kone Oy B	0.02	65,000.00	2,138,883.34	3,139,500.00	Finland
Loihde Oy	5.36	307,000.00	4,014,745.72	4,037,050.00	Finland
Neste Oy	0.02	152,600.00	5,514,960.15	6,564,852.00	Finland
Nokia Oy	0.01	826,000.00	3,574,102.00	3,574,102.00	Finland
Stora Enso R	0.07	166,600.00	1,597,663.90	2,190,790.00	Finland
Terveystalo Oy	2.05	2,600,000.00	16,250,000.00	16,250,000.00	Finland
UPM-Kymmene Oy	0.04	197,350.00	5,818,061.99	6,893,435.50	Finland
Vaisala Oy A	0.62	183,765.00	1,998,110.06	7,249,529.25	Finland
Wulff-Yhtiöt Oy	5.95	411,100.00	1,352,519.00	1,352,519.00	Finland
Other		1,311,795.00	3,997,893.14	5,092,009.90	
Total		6,221,210.00	46,256,939.30	56,343,787.65	
<b>Finnish companies, non-listed</b>					
Fundu Oy	18.45	77,511.00	883,625.40	883,625.40	Finland
GT Invest Oy	13.28	1,328.00	1,500,331.75	1,500,331.75	Finland
Gebwell Oy	13.56	1,122.00	6,009,036.02	6,009,036.02	Finland
GlucoModicum Oy B-osake	6.36	11,446.00	3,500,186.80	3,500,186.80	Finland
Hilla Group Oy A	14.88	32,000.00	608,000.00	608,000.00	Finland
Pohjan Voima Oy	11.16	314.00	1,004,800.00	1,004,800.00	Finland
Sofigate Group Oy	5.95	1,209,400.00	2,515,552.00	2,515,552.00	Finland
Sr Kalusto Oy		499.00	775,944.44	775,944.44	Finland
Other		224,360,537.49	210,751,286.40	207,088,266.42	
Total		225,694,157.49	227,548,762.81	223,885,742.83	

<b>Foreign companies, listed</b>	<b>%</b>	<b>Number</b>	<b>Book value</b>	<b>Current value</b>	<b>Home country</b>
ASML Holding NV	0.00	4,000.00	775,274.55	2,015,200.00	The Netherlands
AbbVie Inc	0.00	41,000.00	2,413,422.31	6,212,272.64	USA
Alcon Inc	0.01	55,000.00	2,767,945.69	3,528,892.05	Switzerland
Alphabet Inc Class C	0.00	24,000.00	1,161,049.97	1,996,549.78	USA
Amazon.com Inc	0.00	21,000.00	1,121,286.85	1,653,853.37	USA
Amundi SA	0.02	45,000.00	2,385,000.00	2,385,000.00	France
Assa Abloy Ab B	0.01	142,000.00	2,664,752.38	2,856,138.39	Sweden
AstraZeneca PLC	0.00	48,000.00	3,278,878.39	6,071,099.18	UK
Atlas Copco AB	0.01	270,000.00	2,988,455.10	2,988,455.10	Sweden
Automatic Data Processing Inc	0.00	15,000.00	1,399,957.04	3,359,178.70	USA
Axa Sa	0.01	255,000.00	5,221,174.05	6,644,025.00	France
Brenntag AG	0.03	39,000.00	1,878,555.68	2,329,080.00	Germany
Credit Agricole SA	0.01	220,000.00	2,135,905.60	2,162,820.00	France
DSV Panalpina A/S	0.01	21,000.00	2,139,683.37	3,096,416.32	Denmark
Dassault Systemes Sa	0.01	80,000.00	2,196,396.31	2,679,600.00	France
Deutsche Telekom AG	0.01	285,000.00	4,441,505.88	5,311,830.00	Germany
Epiroc AB	0.02	175,000.00	1,567,517.59	2,987,263.75	Sweden
Equinor ASA	0.00	130,000.00	3,934,124.04	4,349,902.03	Norway
Exelon Corp	0.01	65,000.00	2,420,252.24	2,634,492.78	USA
ING Groep NV	0.02	630,011.00	6,616,615.57	7,174,565.27	The Netherlands
Illinois Tool Works Inc	0.01	16,000.00	1,990,834.53	3,304,706.54	USA
Infineon Technologies AG	0.01	100,000.00	2,843,000.00	2,843,000.00	Germany
Kering	0.00	5,500.00	2,615,250.00	2,615,250.00	France
Linde PLC	0.00	9,500.00	1,777,591.71	2,901,775.00	UK
Lowe's Cos Inc	0.00	19,000.00	1,747,107.82	3,549,184.32	USA
Medtronic Inc	0.00	45,700.00	2,718,629.97	3,330,024.38	Ireland
Merck KGAA	0.02	30,000.00	2,630,960.08	5,427,000.00	Germany
Microsoft Corp	0.00	11,500.00	2,096,596.86	2,585,720.98	USA
Mondelez International Inc	0.01	75,000.00	3,109,773.57	4,686,621.04	USA
NIKE Inc	0.00	28,000.00	1,935,854.36	3,071,704.48	USA
National Grid PLC	0.01	520,832.00	5,173,548.97	5,857,033.11	UK
Nestle Sa	0.00	63,500.00	5,345,913.58	6,909,099.22	Switzerland
Novo-Nordisk A/S B	0.00	27,000.00	2,442,208.84	3,405,634.38	Denmark
PepsiCo Inc	0.00	38,000.00	2,727,606.44	6,436,414.78	USA
Procter & Gamble Co	0.00	35,000.00	2,644,573.27	4,973,373.33	USA
Roche Holding Ag	0.00	19,500.00	4,494,838.60	5,752,767.34	Switzerland
Schneider Electric Sa	0.00	24,001.00	1,819,295.83	3,137,410.72	France
Siemens Ag	0.00	24,000.00	3,111,360.00	3,111,360.00	Germany
Siemens Healthineers AG	0.01	84,062.00	2,743,102.06	3,928,217.26	Germany
Skandinaviska Enskilda Banken AB	0.03	620,000.00	5,697,532.95	6,686,777.32	Sweden
Swiss Re Ltd	0.02	71,000.00	5,754,372.66	6,235,482.89	Switzerland
TRANE TECHNOLOGIES PLC	0.01	23,500.00	1,479,871.68	3,703,464.28	Ireland
US Bancorp	0.01	97,000.00	3,966,032.25	3,966,032.25	USA
Visa Inc	0.00	18,500.00	1,640,287.56	3,603,562.72	USA
Other		2,500.00	399,487.98	1,259,500.00	
<b>Total</b>		<b>4,573,606.00</b>	<b>126,413,384.18</b>	<b>175,717,750.70</b>	
<b>Foreign companies, non-listed</b>					
European Alliance Partners Company AG	12.73	9,248.00	599,314.68	1,026,220.34	Switzerland
Other		204,057.00	2,204,570.24	45,682.72	
<b>Total</b>		<b>213,305.00</b>	<b>2,803,884.92</b>	<b>1,071,903.06</b>	

Mutual funds	Book value	Current value	Home country
AMUNDI PLANT EM GRN 1-SEURH	10,858,877.40	10,858,877.40	Luxembourg
AMUNDI PLANT EM GRN 1-SEURH	10,858,877.40	10,858,877.40	Luxembourg
Aktia Trade Finance Erikoissijoitusrahasto	1,714,105.66	1,714,105.66	Finland
Amundi ETF MSCI EM Asia UCITS ETF	6,601,849.62	6,723,039.64	France
BNP Paribas FPS FPE	5,571,147.82	5,571,147.82	France
BNP Paribas Global Senior Corporate Loans	2,563,742.12	2,563,742.12	France
BNP Paribas Global Senior Corporate Loans	41,466,082.31	41,466,082.31	France
Erikoissij.rahasto LähiTapiola AIF Eurooppa ESG	113,558,621.09	126,055,730.08	Finland
Erikoissij.rahasto LähiTapiola AIF Pitkäkorko ESG	179,380,700.93	179,380,700.93	Finland
Erikoissij.rahasto LähiTapiola AIF Yrityslaina ESG	268,326,831.19	268,326,831.19	Finland
Erikoissijoitusrahasto LähiTapiola AIF USA ESG	42,142,131.23	61,520,449.06	Finland
GS Emerging Markets Equity	8,920,934.53	8,920,934.53	Luxembourg
GS Emerging Markets Equity	2,393,872.32	2,393,872.32	Luxembourg
LähiTapiola Eurooppa Ilmastoindeksi A	3,955,316.43	4,746,744.42	Finland
LähiTapiola Eurooppa Ilmastoindeksi A	60,547,015.64	72,008,426.63	Finland
LähiTapiola Eurooppa Keskisuuret ESG A	38,456,515.74	41,459,326.26	Finland
LähiTapiola Eurooppa Keskisuuret ESG A	2,478,704.91	2,908,316.67	Finland
LähiTapiola High Yield A	6,397,616.64	6,397,616.64	Finland
LähiTapiola High Yield A	224,403,053.24	225,889,205.89	Finland
LähiTapiola Hyvinvointi ESG A	16,958,759.38	31,950,320.13	Finland
LähiTapiola Hyvinvointi ESG A	561,813.06	1,190,441.34	Finland
LähiTapiola Kasvu ESG A	14,867,775.17	22,394,866.95	Finland
LähiTapiola Kehittynyt Aasia ESG A	36,527,722.54	42,777,886.25	Finland
LähiTapiola Kehittynyt Aasia ESG A	1,169,236.26	1,586,996.38	Finland
LähiTapiola Kehittyvät Korkomarkkinat A	5,914,071.49	5,914,071.49	Finland
LähiTapiola Kehittyvät Korkomarkkinat A	168,307,997.55	168,307,997.55	Finland
LähiTapiola Kestävä Vaikuttajakorko A	2,947,240.49	2,947,240.49	Finland
LähiTapiola Kestävä Vaikuttajakorko A	165,738,940.40	165,738,940.40	Finland
LähiTapiola Kestävä Ympäristö A	18,733,530.00	28,376,663.12	Finland
LähiTapiola Kestävä Ympäristö A	557,426.93	985,938.98	Finland
LähiTapiola Korkomaailma A	1,195,702.41	1,239,892.06	Finland
LähiTapiola Korkomaailma A	32,428,687.61	34,343,455.05	Finland
LähiTapiola Kuluttaja ESG A	6,093,126.15	10,859,856.49	Finland
LähiTapiola Lyhytkorko ESG A	39,132,660.49	39,132,660.49	Finland
LähiTapiola Pitkäkorko ESG A	104,361,605.90	104,361,605.90	Finland
LähiTapiola Pitkäkorko ESG A	7,889,680.52	7,889,680.52	Finland
LähiTapiola Pohjoinen Yrityskorko ESG A	115,439,090.68	123,493,055.17	Finland
LähiTapiola Pohjoinen Yrityskorko ESG A	3,848,325.13	4,172,616.28	Finland
LähiTapiola Pohjoismaat ESG A	25,621,172.86	29,674,366.74	Finland
LähiTapiola Pohjoismaat ESG A	1,066,701.98	1,334,702.69	Finland
LähiTapiola Reaalikorko ESG A	125,184,771.46	125,184,771.46	Finland
LähiTapiola Reaalikorko ESG A	3,649,398.33	3,649,398.33	Finland
LähiTapiola Sijoituskiinteistöt A	52,804,740.74	61,834,351.38	Finland
LähiTapiola Suoja A	1,133,307.29	1,160,182.21	Finland
LähiTapiola Suoja A	22,972,945.27	24,284,734.66	Finland
LähiTapiola USA Ilmastoindeksi A	32,106,685.99	48,164,862.08	Finland
LähiTapiola USA Ilmastoindeksi A	1,542,152.36	2,510,725.35	Finland
LähiTapiola USA Keskisuuret ESG A	16,537,157.33	34,741,023.76	Finland
LähiTapiola Yrityskorko ESG A	193,323,856.02	197,338,913.97	Finland
LähiTapiola Yrityskorko ESG A	9,142,165.05	9,142,165.05	Finland
Mandatum Opportunistic Loan Strategy	14,589,189.74	14,589,189.74	Finland
PIMCO GIS Emerging Markets Bond ESG Fund	3,514,430.17	3,514,430.17	Ireland
PIMCO GIS Emerging Markets Bond ESG Fund	69,226,784.37	69,226,784.37	Ireland
Robeco QI Global Dynamic Duration I EUR	1,436,304.05	1,899,807.40	Luxembourg
S-Pankki Fenno Osake	1,898,057.97	3,029,527.06	Finland
S-Pankki Fenno Osake	25,841,125.23	39,699,504.36	Finland
S-Pankki High Yield Eurooppa ESG Korko	4,872,372.91	4,872,372.91	Finland
S-Pankki High Yield Eurooppa ESG Korko	4,872,372.91	4,872,372.91	Finland
S-Pankki Kehittyvät Markkinat ESG Osake	1,484,483.38	1,730,139.57	Finland
S-Pankki Kehittyvät Markkinat ESG Osake	34,580,381.19	40,582,049.51	Finland
S-Pankki Toimitila	5,000,000.00	5,146,212.56	Finland
S-Pankki Toimitila	5,000,000.00	5,146,212.56	Finland
Seligson & Co Euro Corporate Bond A	2,250,690.50	2,250,690.50	Finland
Seligson & Co Euro-obligaatio A	4,972,864.90	4,972,864.90	Finland
Seligson & Co Euro-obligaatio A	4,972,864.90	4,972,864.90	Finland

Seligson & Co Perheyhtiö A	7,500,000.00	9,105,894.04	Finland
Seligson & Co Perheyhtiö A	7,500,000.01	9,105,894.04	Finland
Seligson & Co Phoebeus A	7,500,000.00	9,313,391.50	Finland
Seligson & Co Phoebeus A	7,500,000.00	9,313,391.50	Finland
Sijoitusrahasto LähiTapiola Eurooppa HY ESG B	157,496,394.12	157,496,394.12	Finland
Sijoitusrahasto LähiTapiola Eurooppa HY ESG B	4,043,267.66	4,043,267.66	Finland
Xtrackers MSCI Emerging Markets UCITS ETF (Acc)	598,327.92	600,655.00	Luxembourg
Xtrackers MSCI Emerging Markets UCITS ETF (Acc)	12,841,393.61	12,841,466.00	Luxembourg
eQ Yhteiskuntakiinteistöt	1,630,565.47	1,962,805.44	Finland
iShares Core MSCI Emerging Markets IMI UCITS ETF	2,202,742.89	2,620,216.30	Germany
Ålandsbanken Asuntorahasto C	500,000.00	597,030.38	Finland
Ålandsbanken Tonttirahasto Erik.sij.rahasto A-laji	500,000.00	532,890.44	Finland
Ålandsbanken Tuulivoima C	1,999,999.99	1,999,999.99	Finland
Other	2,165,849.90	4,996,646.66	
<b>Total</b>	<b>2,656,844,906.85</b>	<b>2,847,483,376.18</b>	

<b>Capital mutual funds</b>	<b>Book value</b>	<b>Current value</b>	<b>Home country</b>
Altor Fund II (No. 1) Limited Partnership	966,244.28	966,244.28	Jersey
Altor Fund III (No. 2)	5,478,420.26	5,643,271.14	Jersey
Altor Fund IV (No.2) AB	10,779,986.40	13,882,678.64	Sweden
Altor Fund V (No. 2) AB	9,815,380.25	11,578,331.76	Sweden
Amanda V East L.P.	1,679,958.80	2,208,862.00	Finland
Apax IX L.P.	10,753,755.86	22,875,277.05	Guernsey
Apax VIII - A L.P.	6,079,395.94	6,079,395.94	Guernsey
Apax X L.P.	14,652,932.82	18,837,829.47	Guernsey
Arcmont Senior Loan Fund II (EUR) SLP	19,696,347.62	19,696,347.62	UK
Ares Private Credit Solutions II, L.P.	16,343,988.81	16,343,988.81	USA
Ares Private Credit Solutions, L.P.	13,012,544.67	14,945,112.78	Cayman Islands
Ares Special Opportunities Fund II	9,845,951.55	9,845,951.55	USA
Armada Mezzanine IV Ky	577,381.54	577,381.54	Finland
Arrow Credit Opportunities II SCSP, SICAV-RAIF	1,188,036.91	1,188,036.91	Luxembourg
AXA LBO Fund V Core	1,259,270.00	1,259,270.00	France
AXA LBO Fund V Supplementary	153,422.00	1,910,940.00	France
Beechbrook Mezzanine II L.P.	4,344,759.00	4,344,759.00	UK
Beechbrook Private Debt III L.P.	14,980,224.61	17,300,763.54	UK
Beechbrook UK SME Credit I L.P.	2,922,272.88	2,922,272.88	UK
Bowmark Capital Partners V, L.P.	4,386,655.10	4,386,655.10	UK
Bowmark Capital Partners VI, L.P.	14,985,995.81	15,933,060.11	UK
Bridgepoint Direct Lending II Unlevered SCSP	25,259,925.86	25,259,925.86	Luxembourg
Bridgepoint Europe III, L.P.	1,695,353.00	1,695,353.00	UK
Bridgepoint Europe IV F L.P.	3,077,714.00	3,077,714.00	UK
Bridgepoint Europe V C L.P.	6,213,711.04	12,341,316.58	UK
Bridgepoint Europe VI A L.P.	15,240,427.30	23,434,291.82	UK
CapMan Nordic Property Income Fund	984,201.65	984,201.65	Finland
Cheyne European Strategic Value Credit Fund II	11,250,000.00	11,816,987.51	Luxembourg
Cordet Direct Lending II SCSP	17,884,541.52	18,864,217.23	Luxembourg
Cordet Direct Lending SCSP	15,484,437.73	34,355,183.00	Luxembourg
Crescent Mezzanine Partners VI, L.P.	6,086,317.27	6,086,317.27	USA
Cross Ocean EUR ESS Fund IV Closed L.P.	19,500,001.00	20,228,416.00	Cayman Islands
Crown European Private Debt II SCSP	24,013,207.55	24,013,207.55	Luxembourg
Dasos Habitat Fund Ky	3,530,534.36	3,603,825.38	Finland
Dasos Kestävä Metsä ja Puu III	19,938,194.08	20,859,034.08	Finland
Dasos Timberland Fund II	15,993,629.72	25,176,133.95	Luxembourg
Dasos Timberland Fund II	10,389,200.39	14,967,975.00	Luxembourg
DEAS Property Fund Finland I Ky	30,129,403.49	30,560,586.17	Finland
DEAS Property Fund Finland I Ky	10,204,855.72	10,569,877.72	Finland
DWS European Direct Lending Fund	23,520,000.00	23,662,833.95	Germany
Dyal Capital Partners IV LP	5,441,676.16	8,059,322.15	Cayman Islands
Dyal Capital Partners V LP	3,828,017.58	3,978,597.00	Cayman Islands
eQ PE IX US Feeder (Erikoissijoitusrahasto)	1,354,676.90	1,968,180.20	Finland
eQ PE VIII North LP	4,253,006.20	4,889,379.00	Finland
eQ PE X North Feeder (Erikoissijoitusrahasto)	1,692,857.14	1,838,439.00	Finland
eQ PE XI US Feeder (Erikoissijoitusrahasto)	2,009,457.55	2,216,045.38	Finland
eQ PE XII North Feeder (Erikoissijoitusrahasto)	1,469,502.68	1,561,321.00	Finland
Eurazeo Private Debt VI SCSP SICAV-RAIF	18,686,907.75	18,686,907.75	Luxembourg

Euro Choice Secondary II L.P.	9,507,929.06	14,920,312.30	UK
Evli Residential II Ky	230,000.00	230,000.00	Finland
FIM Lapset ja nuoret I Ky	594,202.00	594,202.00	Finland
FPCI Indigo Capital	4,262,880.00	4,262,880.00	France
FSN Capital V L.P.	14,999,423.78	20,959,292.29	Jersey
FSN Capital VI L.P.	7,604,927.62	7,604,927.62	Jersey
Fundu Fund Ky	7,312,060.48	7,502,431.89	Finland
GreenOak Europe Secured Lending II SLP	11,615,291.00	11,615,291.00	UK
Hayfin DLF IV EUR SCSP	9,897,158.87	10,021,006.70	Luxembourg
HPT Feeder VIII (Luxembourg) SCSP	3,548,914.83	5,113,956.50	Luxembourg
ICECAPITAL Residential Property Fund I Ky	9,976,377.95	13,818,696.30	Finland
ICG Europe Fund V	1,822,434.84	1,822,434.84	Jersey
ICG Europe Fund VI	9,324,427.37	11,803,522.28	Jersey
ICG Europe Fund VII Feeder SCSP	18,622,561.54	23,311,884.71	Luxembourg
ICG Europe Fund VIII Feeder SCSP	5,716,378.88	5,904,701.99	Luxembourg
ICG Senior Debt Partners Fund 2	18,404,037.12	19,026,079.00	Luxembourg
ICG Senior Debt Partners Fund 3	20,062,946.31	21,060,790.00	Luxembourg
ICG Senior Debt Partners Fund 4	20,988,482.00	20,988,482.00	Luxembourg
IK Small Cap III DC Fund No.2 SCSP	1,685,271.17	1,685,271.17	Luxembourg
IK Small Cap III Fund No.2 SCSP	7,127,749.14	7,127,749.14	Luxembourg
Infranode I (No. 1) AB	18,932,486.46	18,932,486.46	Sweden
Juuri Rahasto I Ky	14,972,856.18	17,391,254.21	Finland
Juuri Rahasto II Ky	4,509,690.60	4,509,690.60	Finland
Kartesia Credit Opportunities V SCS	13,960,046.30	13,960,046.30	Luxembourg
Kartesia Credit Opportunities VI SCS	1,250,000.00	1,250,000.00	Luxembourg
Kartesia Senior Opportunities I SCS	20,410,121.55	20,410,121.55	Luxembourg
Kasvurahastojen Rahasto III Ky	5,678,042.53	6,971,157.09	Finland
Kasvurahastojen Rahasto IV Ky	1,285,348.00	1,285,348.00	Finland
Korona Fund III Ky	999,115.83	1,039,800.69	Finland
Luotsi Asuntorahasto Ky	5,218,729.79	5,218,729.79	Finland
LähiTapiola Asuntorahasto Prime Ky	11,666,881.31	12,693,570.14	Finland
LähiTapiola Asuntosijoitus Suomi Ky	49,203,467.12	63,921,616.66	Finland
LähiTapiola Keskustakiinteistöt Ky	75,656,350.13	75,656,350.13	Finland
LähiTapiola Yhteiskuntakiinteistöt Suomi Ky	63,000,000.00	63,239,071.12	Finland
MB Equity Fund IV Ky	681,866.00	681,866.00	Finland
MB Equity Fund V Ky	52,407.36	8,110,272.00	Finland
MB Equity Fund VI Ky	2,846,066.70	2,846,066.70	Finland
mcp Opportunity Secondary Program III, L.P.	4,908,903.07	9,458,979.42	UK
mcp Opportunity Secondary Program IV, L.P.	8,204,717.75	20,917,460.48	UK
mcp Opportunity Secondary Program V, S.L.P.	7,088,836.39	9,182,645.72	UK
NB Private Debt Fund II LP	11,545,456.60	11,545,456.60	USA
Nest Capital 2015 Fund Ky	2,282,002.41	5,560,132.55	Finland
New Mountain Partners VI	11,118,396.34	12,055,913.18	USA
Nordic Mezzanine Fund III Limited Partnership	686,451.00	686,451.00	UK
Oakley Capital V-B1 SCSP	3,217,763.00	3,217,763.00	Luxembourg
Partners Group Direct Equity IV (EUR) L.P. S.C.Sp	18,899,999.99	20,386,336.00	Luxembourg
Private Debt Co-Investor Fund II	6,494,856.25	6,494,856.25	Luxembourg
Rantum Capital GmbH & Co. Private Debt Fund I KG	8,961,597.38	11,365,866.00	Germany
Rantum Capital GmbH & Co. Private Debt Fund II KG	25,866,779.49	27,142,830.40	Germany
Rantum Capital GmbH & Co. Private Debt Fund III KG	11,909,974.16	12,080,576.88	Germany
Real Estate Debt & Secondaries Ky	414,563.46	414,563.46	Finland
Real Estate Fund of Funds II Ky	116,065.85	116,065.85	Finland
Saga VI EUR K/S	11,520,845.00	12,208,216.00	Denmark
Saga VI USD K/S	8,330,917.81	10,977,873.62	Denmark
Saga VII EUR K/S	4,873,042.00	5,657,567.00	Denmark
Saga VII USD K/S	6,919,175.23	8,532,720.80	Denmark
Sentica Buyout V Ky	5,321,554.00	5,321,554.00	Finland
Siguler Guff Small Business Credit Opportunities Fund II, LP	18,809,929.89	19,569,830.20	USA
Siguler Guff Small Business Credit Opportunities Fund LP	6,159,253.00	7,028,307.08	USA
StepStone Secondary Opportunities Fund IV, L.P.	10,001,391.12	14,328,330.21	Luxembourg
Tikehau Direct Lending III	2,811,905.74	2,811,905.74	Luxembourg
Tikehau Direct Lending IV	23,973,056.89	25,003,265.63	Luxembourg

Top Tier Venture Capital IV, L.P.	2,922,272.84	4,658,779.46	USA
TPG Partners VI, LP	2,607,978.62	2,607,978.62	USA
TPG Partners VII, L.P.	12,538,775.55	12,538,775.55	USA
TPG Partners VIII	20,194,689.55	26,320,086.26	USA
Tuohex Kiinteistörahasto I Ky	15,917,753.47	16,360,543.11	Finland
Vaaka Partners Buyout Fund III Ky	8,034,949.12	10,048,291.68	Finland
Vaaka Partners Buyout Fund IV Ky	2,021,560.00	2,021,560.00	Finland
VSS Structured Capital Parallel III, L.P.	16,178,151.46	25,960,421.90	USA
WasaGroup Fund II Ky	718,005.25	1,038,835.08	Finland
WasaGroup Fund III Ky	1,806,270.97	2,323,291.15	Finland
Other	95,449,214.39	110,893,792.53	
Total	1,335,488,667.61	1,551,811,200.90	
<b>Total other investments, shares and holdings</b>	<b>4,395,356,545.67</b>	<b>4,856,313,761.32</b>	



#### K7.4 Assets covering unit linked policies

Security	Current value	Book value	Home country
<b>Shares</b>			
Evli PLC	2,166,828.75	2,166,828.75	Finland
Fortum Oyj	1,058,553.72	1,058,553.72	Finland
KCI Konecranes Oyj	532,894.04	532,894.04	Finland
Kone Oyj B	1,369,353.30	1,369,353.30	Finland
Metso Outotec Oyj	932,075.64	932,075.64	Finland
Neste Oyj	1,117,702.62	1,117,702.62	Finland
Nokia Oyj	2,016,607.01	2,016,607.01	Finland
Nordea Bank Abp	2,145,316.70	2,145,316.70	Finland
Sampo Oyj A	1,438,237.20	1,438,237.20	Finland
Stockmann Oyj B	1,475,000.78	1,475,000.78	Finland
UPM-Kymmene Oyj	873,319.86	873,319.86	Finland
Valmet Corp	517,063.16	517,063.16	Finland
Wärtsilä Oyj B	896,031.44	896,031.44	Finland
Other	12,871,965.95	12,871,965.95	
Total	29,410,950.17	29,410,950.17	
<b>Mutual funds</b>			
Eaton Vance International Ireland - Emerging Marke	3,754,206.17	3,754,206.17	Ireland
iShares Core MSCI Emerging Markets IMI UCITS ETF	559,310.25	559,310.25	Ireland
iShares Core S&P 500 UCITS	3,816,652.83	3,816,652.83	Ireland
iShares MSCI EM ESG Enhanced U	6,937,470.08	6,937,470.07	Ireland
iShares MSCI USA ESG Enhanced	787,521.84	787,521.84	Ireland
Amundi ETF Stoxx Europe 50 UCITS ETF	3,686,546.70	3,686,546.70	Luxembourg
FUNDSMITH EQUITY FD SICAV-IA	1,345,770.20	1,345,770.20	Luxembourg
X-Trackers - MSCI World Financials UCITS ETF	3,503,418.18	3,503,418.18	Luxembourg
Slättö Core Plus AB	4,098,899.96	4,098,899.96	Sweden
Slättö VII AB- B Shares	3,443,358.90	3,443,358.90	Sweden
ALANDBANKEN EURO BOND-B	916,001.21	916,001.21	Finland
Alandsbanken Euro High Yield B	596,398.59	596,398.59	Finland
EAI Residential asuntorahasto 2015	1,678,179.60	1,678,179.60	Finland
EAI Residential asuntorahasto 2016	663,066.00	663,066.00	Finland
EAI Residential asuntorahasto 2018	735,273.00	735,273.00	Finland
EQ Eurooppa Osinko 1 K	1,856,381.30	1,856,381.30	Finland
EQ Pohjoismaat Pienyhtiö 2 K	895,373.90	895,373.90	Finland
EVLI EMERGING FRONTIER-B	6,428,786.91	6,428,786.91	Finland
EVLI EMERGING MKT CREDIT-B	11,823,237.55	11,823,237.55	Finland
EVLI EQTY FACTOR EUR -B ACC	5,888,490.14	5,888,490.14	Finland
EVLI EQUITY FACTOR USA-B	9,362,125.93	9,362,125.93	Finland
EVLI FINNISH SMALL CAP	5,475,315.08	5,475,315.08	Finland
EVLI GEM-B	4,861,298.43	4,861,298.43	Finland
EVLI NORTH AMERICA-B	8,672,881.16	8,672,881.16	Finland
EVLI PRIVATE DEBT FUND I KY	4,679,019.90	4,679,019.90	Finland
EVLI RENTAL YIELD AIF-A	15,027,833.06	15,027,833.06	Finland
Erikoissijoitusrahasto Elite	1,546,551.16	1,546,551.16	Finland
Erikoissijoitusrahasto UB Metsä A	551,477.44	551,477.44	Finland

Erikoissijoitusrahasto UB Nordic Property	1,333,268.52	1,333,268.52	Finland
Euro Choice VII Feeder voitonjakolaina	2,810,291.92	2,810,291.92	Finland
Evli Euro Likvidi B	9,648,975.36	9,648,975.36	Finland
Evli Eurooppa B	8,932,598.35	8,932,598.35	Finland
Evli European High Yield B	20,894,418.76	20,894,418.76	Finland
Evli Green Corporate Bond B	6,002,369.54	6,002,369.54	Finland
Evli Growth Partners I yhtiöosuus	9,000,966.00	9,000,966.00	Finland
Evli Growth Partners II yhtiöosuus	1,608,460.94	1,608,460.94	Finland
Evli Healthcare I yhtiöosuus	22,463,528.24	22,463,528.24	Finland
Evli Impact Forest Fund I	3,022,247.00	3,022,247.00	Finland
Evli Infrastructure Fund I Ky	6,022,164.22	6,022,164.22	Finland
Evli Lyhyt Yrityslaina B	25,793,467.59	25,793,467.59	Finland
Evli Maailma B	754,395.25	754,395.25	Finland
Evli Private Equity II yhtiöosuus	9,021,784.86	9,021,784.86	Finland
Evli Residential I yhtiöosuus (2020)	2,859,400.00	2,859,400.00	Finland
Evli Residential II yhtiöosuus	2,654,200.00	2,654,200.00	Finland
Evli Suomi Select B	4,869,542.31	4,869,542.31	Finland
Evli Swedish Small Cap B	3,914,003.99	3,914,003.99	Finland
Evli Takt.Alpha-Korko B	21,349,833.82	21,349,833.82	Finland
Evli Varainhoito 50 B	1,687,326.88	1,687,326.88	Finland
Evli leveraged loan fd-B	1,906,609.11	1,906,609.11	Finland
Harkitseva Varainhoito	2,414,081.09	2,414,081.09	Finland
Indeksivarainhoito 25	20,975,255.79	20,975,255.79	Finland
Indeksivarainhoito 50	49,151,428.24	49,151,428.24	Finland
Indeksivarainhoito 75	33,201,200.22	33,201,200.22	Finland
Kiinteistö-sijoitussalkku	194,114,308.03	194,114,308.03	Finland
Korkostrategia	1,520,324.52	1,520,324.52	Finland
Laaja Maltti	22,205,112.11	22,205,112.11	Finland
Laaja Rohkea	33,137,878.90	33,137,878.90	Finland
Laaja Tasapaino	54,054,042.77	54,054,042.77	Finland
LähiTapiola 2025 ESG A	181,392,295.59	181,392,295.59	Finland
LähiTapiola 2035 ESG A	97,279,801.44	97,279,801.44	Finland
LähiTapiola 2045 A	24,759,680.76	24,759,680.76	Finland
LähiTapiola Asuntosijoitus Prime	11,766,751.61	11,766,751.61	Finland
LähiTapiola Asuntosijoitus Suomi	5,843,981.71	5,843,981.71	Finland
LähiTapiola Eurooppa Ilmastoindeksi A	5,038,713.04	5,038,713.04	Finland
LähiTapiola Eurooppa Keskisuuret ESG A	22,740,015.33	22,740,015.33	Finland
LähiTapiola High Yield A	5,021,509.11	5,021,509.11	Finland
LähiTapiola Hyvinvointi ESG A	34,275,577.80	34,275,577.80	Finland
LähiTapiola Kasvu ESG A	16,413,367.46	16,413,367.46	Finland
LähiTapiola Kehittynyt Aasia ESG A	12,193,375.07	12,193,375.07	Finland
LähiTapiola Kehittävät Korkomarkkinat A	1,613,093.13	1,613,093.13	Finland
LähiTapiola Kestävä Ympäristö A	9,600,068.66	9,600,068.66	Finland
LähiTapiola Korkomaailma A	64,389,946.35	64,389,946.35	Finland
LähiTapiola Kuluttaja ESG A	23,871,857.39	23,871,857.39	Finland
LähiTapiola Lyhytkorko ESG A	12,812,954.93	12,812,954.93	Finland
LähiTapiola Maailma 20 A	19,696,751.25	19,696,751.25	Finland
LähiTapiola Maailma 50 A	78,441,173.56	78,441,173.56	Finland
LähiTapiola Maailma 80 A	79,666,417.12	79,666,417.12	Finland
LähiTapiola Metsäsijoitus	4,623,706.14	4,623,706.14	Finland
LähiTapiola Pitkäkorko ESG A	4,721,051.81	4,721,051.81	Finland
LähiTapiola Pohjoinen Yrityskorko ESG A	2,940,902.73	2,940,902.73	Finland
LähiTapiola Pohjoismaat ESG A	1,487,730.82	1,487,730.82	Finland
LähiTapiola Reaalikorko ESG A	733,525.15	733,525.15	Finland
LähiTapiola Suoja A	1,487,063.41	1,487,063.41	Finland
LähiTapiola Tapiolan Keskus	1,289,311.37	1,289,311.37	Finland
LähiTapiola USA Ilmastoindeksi A	14,261,709.52	14,261,709.52	Finland
LähiTapiola USA Keskisuuret ESG A	10,988,948.94	10,988,948.94	Finland

LähiTapiola Yrityskorko ESG A	2,850,970.75	2,850,970.75	Finland
Momentum-varainhoito	23,493,187.53	23,493,187.53	Finland
Project Third KY	1,000,000.00	1,000,000.00	Finland
Pääomasijoitukset-sij.salkku A	845,887.14	845,887.14	Finland
Reipas Varainhoito	6,768,771.51	6,768,771.51	Finland
Rohkea Varainhoito	13,065,365.00	13,065,365.00	Finland
S-Pankki Fenno Osake	18,172,768.96	18,172,768.96	Finland
S-Pankki Kehittyvät Markkinat ESG Osake	32,122,918.84	32,122,918.84	Finland
S-Sijoituskori Kohtuullinen	1,792,638.58	1,792,638.58	Finland
S-Sijoituskori Varovainen	1,806,302.13	1,806,302.13	Finland
Saari I Ky	691,244.05	691,244.05	Finland
Seligson & Co Aasia Indeksirahasto A	5,639,182.48	5,639,182.48	Finland
Seligson & Co Euro-obligaatio A	756,482.68	756,482.68	Finland
Seligson & Co Eurooppa Indeksirahasto A	9,100,700.96	9,100,700.96	Finland
Seligson & Co Global Top 25 Brands A	30,975,921.44	30,975,921.44	Finland
Seligson & Co Global Top 25 Pharmaceuticals A	26,925,755.62	26,925,755.62	Finland
Seligson & Co Kehittyvät Markkinat A	2,044,942.89	2,044,942.89	Finland
Seligson & Co OMX Helsinki 25 -indeksiosuus	795,829.44	795,829.44	Finland
Seligson & Co Perheyhtiö A	1,453,877.92	1,453,877.92	Finland
Seligson & Co Pharos A	1,376,329.85	1,376,329.85	Finland
Seligson & Co Phoebus A	4,969,606.30	4,969,606.30	Finland
Seligson & Co Pohjois-Amerikka Indeksirahasto A	7,483,648.23	7,483,648.23	Finland
Seligson & Co Rahamarkkinarahasto A	9,726,641.03	9,726,641.03	Finland
Seligson & Co Suomi Indeksirahasto A	17,113,315.02	17,113,315.02	Finland
Seligson & Co Tropico LatAm A	1,017,725.45	1,017,725.45	Finland
Sijoitusrahasto Evli USA Kasvu B	4,120,078.14	4,120,078.14	Finland
Strategia 10	7,076,446.88	7,076,446.88	Finland
Strategia 30	16,970,725.47	16,970,725.47	Finland
Strategia 50	14,009,407.80	14,009,407.80	Finland
Strategia 70	5,749,681.75	5,749,681.75	Finland
Suojavarainhoito 10	5,903,257.07	5,903,257.07	Finland
TOP-indeksivarainhoito 25	8,514,433.67	8,514,433.67	Finland
TOP-indeksivarainhoito 50	1,404,600.00	1,404,600.00	Finland
UB FINNISH PROPERTIES AIF-A	608,003.43	608,003.43	Finland
Vakaa Varainhoito	3,729,444.38	3,729,444.38	Finland
Varainhoito 100	51,809,345.67	51,809,345.67	Finland
Varainhoito 25	4,117,609.95	4,117,609.95	Finland
Varainhoito 50	11,802,708.80	11,802,708.80	Finland
Varainhoito 75	6,471,239.20	6,471,239.20	Finland
Varainhoito Eurooppa Plus	27,215,234.24	27,215,234.24	Finland
Varainhoito Maltillinen	109,477,024.27	109,477,024.27	Finland
Varainhoito Nordic Plus	19,549,145.44	19,549,145.44	Finland
Varainhoito Suomi Plus	32,586,270.75	32,586,270.75	Finland
Varainhoito Tasapainoinen	117,067,123.54	117,067,123.54	Finland
Varainhoito Tuottohakuinen	77,685,815.96	77,685,815.96	Finland
Varainhoito Varovainen	128,907,698.81	128,907,698.81	Finland
Varainhoitosalkku 10	16,551,063.05	16,551,063.05	Finland
Varainhoitosalkku 30	50,803,930.00	50,803,930.00	Finland
Varainhoitosalkku 50	31,583,246.50	31,583,246.50	Finland
Varainhoitosalkku 70	9,268,869.97	9,268,869.97	Finland
Yksilöllinen varainhoito 30	36,690,381.78	36,690,381.78	Finland
eQ Asunnot (Erikoissijoitusrahasto)	2,632,500.00	2,632,500.00	Finland
eQ Asunnot II (Erikoissijoitusrahasto)	546,000.00	546,000.00	Finland
eQ Euro Investment Grade	1,202,765.68	1,202,765.68	Finland
eQ Eurooppa Aktiivi 1 K	694,520.62	694,520.62	Finland
eQ Kehittyvät Markkinat Osinko 1 T	579,141.51	579,141.51	Finland
eQ Kehittyvät Markkinat Osinko 1K	2,350,739.11	2,350,739.11	Finland
eQ Kehittyvät Markkinat Pienyhtiö 1 K	766,175.21	766,175.21	Finland

eQ Liikekiinteistöt-1T	41,619,714.42	41,619,714.42	Finland
eQ Maailma 2 K	4,106,701.04	4,106,701.04	Finland
eQ Mandaatti-2K	604,408.57	604,408.57	Finland
eQ PE IX US Feeder	5,920,537.27	5,920,537.27	Finland
eQ PE SF IV (Erikoissijoitusrahasto)	1,751,185.50	1,751,185.50	Finland
eQ PE VIII North Ky	1,629,808.20	1,629,808.20	Finland
eQ PE X North Feeder	4,305,500.01	4,305,500.01	Finland
eQ PE XI US Feeder	948,615.23	948,615.23	Finland
eQ PE XII North Feeder (Erikoissijoitusrahasto)	1,038,448.56	1,038,448.56	Finland
eQ PE XIV North Feeder (Erikoissijoitusrahasto)	1,013,470.50	1,013,470.50	Finland
eQ Pikkujättiläiset 1 K	712,305.79	712,305.79	Finland
eQ Sininen Planeetta 1 K	1,923,333.74	1,923,333.74	Finland
eQ USA Indeksi 1 K	2,495,934.71	2,495,934.71	Finland
eQ USA Indeksi-1 T	626,311.65	626,311.65	Finland
eQ Yhteiskuntakiinteistöt	53,284,675.20	53,284,675.20	Finland
Ålandsbanken Asuntorahasto C	2,306,989.47	2,306,989.47	Finland
Ålandsbanken Cash Manager B	568,018.94	568,018.94	Finland
Ålandsbanken Europe Value B	829,485.39	829,485.39	Finland
Ålandsbanken Green Bond ESG C	513,556.69	513,556.69	Finland
Other	20,611,274.75	20,611,274.75	
<b>Total</b>	<b>2,617,510,529.08</b>	<b>2,617,510,529.07</b>	
<b>Debt securities</b>	<b>Current value</b>	<b>Book value</b>	<b>Home country</b>
Eurooppa Pankit Autocall 4/2018	1,245,469.72	1,245,469.72	France
Eurooppa High Yield Super Senior 12/2022	925,100.00	925,100.00	Finland
Outokumpu Oyj 5% 09.07.2025	501,500.01	501,500.01	Finland
Other	4,513,804.39	4,513,804.39	
<b>Total</b>	<b>7,185,874.12</b>	<b>7,185,874.12</b>	
<b>Total</b>	<b>2,654,107,353.37</b>	<b>2,654,107,353.36</b>	

## K8. Other investments

Other loans, itemised by type of security	2022	2021
Bank guarantee	7,575.02	14,829.02
Insurance policy	97,010.15	115,986.09
Other security	267,109,805.46	206,812,361.78
Remaining acquisition cost	267,214,390.63	206,943,176.89
Unsecured, total remaining acquisition cost	56,316,705.27	59,038,514.77
Other loan receivables, total	323,531,095.90	265,981,691.66

## K9. Changes in tangible and intangible assets

	Intangible rights and other expenses with long-term effects	Goodwill and goodwill on consolidation	Provisional premiums	Machinery and equipment	Other tangible assets
Acquisition cost on 1 Jan.	265,374,421.91	19,673,041.33	9,773,421.36	40,980,641.97	51,346,056.99
Increase	9,711,895.30	2,527,867.47	17,626,104.06	1,112,020.49	311,997,233.81
Decrease	-1,682,306.43	0.00	0.00	-1,147,395.97	-272,962,136.09
Transfers between items	4,017,772.07	0.00	-4,017,772.07	0.00	0.00
Acquisition cost on 31 Dec.	277,421,782.85	22,200,908.80	23,381,753.35	40,945,266.49	90,381,154.71
Accumulated depreciation on 1 Jan.	-163,756,404.68	-5,307,532.99	0.00	-27,947,131.79	-1,515,279.82
deductions and transfers	0.00	0.00	0.00	0.00	-28,584.98
Depreciation for the financial year	-24,540,926.79	-4,440,197.49	0.00	-2,214,485.33	-70,598.55
Accumulated depreciation on 31 Dec.	-188,297,331.47	-9,747,730.48	0.00	-30,161,617.12	-1,614,463.35
Book value on 31 Dec.	89,124,451.38	12,453,178.32	23,381,753.35	10,783,649.37	88,766,691.36

**K10. Assets covering unit linked policies**

	2022 Original acquisition cost	2022 Current value (= book value)	2021 Original acquisition cost	2021 Current value (= book value)
Shares and holdings	2,095,525,733.04	2,646,921,476.23	1,995,859,184.38	2,886,272,334.46
Debt securities	7,070,673.25	7,185,873.83	7,703,548.53	7,870,511.06
Recovery from insurance premium mediators	361,755.80	361,755.80	668,000.42	668,000.42
Cash at bank and in hand	28,807,491.92	28,807,491.92	11,910,685.33	11,910,685.33
Accrued interest	42,136.69	42,136.69	53,823.15	53,823.15
Total	2,131,807,790.70	2,683,318,734.47	2,016,195,241.81	2,906,775,354.42

**Investments corresponding to the technical provisions for unit linked insurance**

<b>2,131,807,790.70</b>	<b>2,683,318,734.47</b>	<b>2,016,195,241.81</b>	<b>2,906,775,354.42</b>
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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.

29,169,247.72	12,578,685.75
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**K11. Capital and reserves and itemization of revaluation reserve****K11.1 Changes in capital and reserves**

	1.1.2022	Increase	Decrease	31.12.2022
Initial fund	8,641,380.35	0.00	0.00	8,641,380.35
Initial fund, other mutual insurance companies	64,298,464.27			64,298,464.27
Revaluation reserve	1,432,326.43	0.00	0.00	1,432,326.43
Security reserve	1,559,430,454.98	116,545,921.23	0.00	1,675,976,376.21
Security reserve, other mutual insurance companies	1,031,409,833.27	161,307,940.30	0.00	1,192,717,773.57
Contingency reserve	2,717,339.71	2,400,000.00	-373,000.00	4,744,339.71
Contingency reserve, other mutual insurance companies	9,522,201.90	5,316,739.02	-2,059,413.00	12,779,527.92
The share of voluntary provisions and depreciation difference transferred to capital and reserves	2,043,760.34	0.00	-279,259.76	1,764,500.58
Profit/loss for previous accounting periods	-48,493,212.29	-625,176.65	0.00	-49,118,388.94
Profit/loss for previous accounting periods, other mutual insurance companies	-1,083,596.55	-134,237.51	0.00	-1,217,834.06
Profit for the accounting period	284,396,634.87	140,899,104.74	-284,396,634.87	140,899,104.74
Change in depreciation difference and voluntary provisions included in the profit for the accounting period	414,551.47	279,259.73	-414,551.47	279,259.73
Share of the other mutual insurance companies' result for the financial year included in the profit for the financial year	-166,490,441.81	-111,270,825.55	166,490,441.81	-111,270,825.55
Profit/loss for the accounting period, other mutual insurance companies	166,490,441.81	111,270,825.55	-166,490,441.81	111,270,825.55
<b>Total changes in capital and reserves</b>	<b>2,914,730,138.75</b>	<b>425,989,550.86</b>	<b>-287,522,859.10</b>	<b>3,053,196,830.51</b>
of which capital and reserves of the other mutual insurance companies	1,270,637,344.70	277,761,267.36	-168,549,854.81	1,379,848,757.25

**K11.2 Itemisation of revaluation reserve**

	2022
Revaluation of investment assets	0.00
Revaluation of fixed assets	1,432,326.43
Total	1,432,326.43

**K12. Accumulated appropriations**

<b>Depreciation difference</b>	<b>2022</b>	<b>2021</b>
Depreciation difference on 1 Jan.	3,446,200.21	3,949,562.03
Decrease	-364,545.88	-503,361.82
Depreciation difference on 31 Dec.	<u>3,081,654.33</u>	<u>3,446,200.21</u>
<b>Voluntary provisions</b>		
Transition provision 1 Jan.	14,827.52	0.00
Increase	1,114.96	14,827.52
Transition provision 31 Dec.	<u>15,942.48</u>	<u>14,827.52</u>
<b>Total voluntary provisions</b>	15,942.48	14,827.52
<b>Total accumulated appropriations</b>	<b><u>3,097,596.81</u></b>	<b><u>3,461,027.73</u></b>
<b>Divided into</b>		
Capital and reserves	2,471,339.04	2,762,555.04
Minority interest	6,738.41	6,267.15
Deferred tax liabilities	619,519.36	692,205.55
Tax base	20.00 %	20.00 %

**K13. Provision for claims outstanding**

	<b>2022</b>	<b>2021</b>
Uncontested recourse receivables deducted from provisions for claims outstanding		
Statutory workers' compensation	<u>42,540,909.00</u>	<u>40,802,422.00</u>

**K14. Other obligatory provisions**

	<b>2022</b>	<b>2021</b>
Provision for interest on late payments for unfinished claims	1,100,782.00	1,040,204.00
Provision for unemployment security deductible	245,596.75	222,970.36
Provision for ICT projects	669,312.43	435,307.35
Other obligatory provisions	0.00	400,000.00
	<u>2,015,691.18</u>	<u>2,098,481.71</u>

**K15. Deferred tax claim and deferred tax liabilities**

<b>K15.1 Deferred tax claim</b>	<b>2022</b>	<b>2021</b>
Deferred tax relating to the group adjustments	<u>2,015,504.54</u>	<u>2,015,504.54</u>

<b>K15.2 Deferred tax liabilities</b>	<b>2022</b>	<b>2021</b>
Deferred tax liabilities arising from the division of depreciation difference and provisions	<u>619,519.34</u>	<u>689,240.01</u>

**Off-balance-sheet deferred tax liabilities**

Tax liability calculated on the basis of timing differences and other temporary differences between taxable profit and accounting profit	891,492.99	891,492.99
Tax debt calculated based on valuation gains/losses that is deemed likely to become payable during the next year	38,243,800.00	39,687,706.00
	<u>39,135,292.99</u>	<u>40,579,198.99</u>

**K16. Receivables and liabilities**

<b>K16.1 Itemisation of receivables</b>	<b>2022</b>	<b>2021</b>
<b>Receivables from group companies</b>		
Other receivables	<u>341,263.52</u>	<u>36,118.02</u>

<b>K16.2 Itemisation of liabilities</b>	<b>2022</b>	<b>2021</b>
<b>Liabilities to group companies</b>		
Other liabilities	0.00	3,622.60
<b>Liabilities to participating interests</b>		
Trade creditors	0.00	52,176.27
<b>K16.3 Itemisation of accruals and deferred income</b>	<b>2022</b>	<b>2021</b>
Liabilities to personnel	63,234,147.33	59,599,429.45
Valuation loss on derivatives	298,591.83	107,612.25
Other accruals and deferred income	33,982,709.82	34,268,305.02
	<u>97,515,448.98</u>	<u>93,975,346.72</u>

## K17. Notes concerning guarantees and contingent liabilities

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

<b>Derivatives treated as accounting hedges</b>	<b>2022</b>	<b>2021</b>
<b>Interest derivatives</b>		
Interest rate swap		
Underlying instrument	40,000,000.00	0.00
Current value	-1,535,411.34	0.00
<b>Effects of hedge accountig on financial position and performance</b>		
Protection of market-based provisions		
Changes in current value of hedging derivatives	1,712,555.64	0.00
Change in the value of the hedged item used as a basis for the record protection against inefficiencies in the period	-1,411,056.51	0.00
Inefficiencies of the hedging shown in the income statement	298,591.83	0.00

	<b>Nominal value/remaining run time</b>			<b>Total</b>
	<b>&lt; 1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>	
<b>Interest derivatives</b>				
Interest rate swap	0.00	0.00	40,000,000.00	40,000,000.00
	<b>Current value</b>			
<b>Interest derivatives</b>	<b>Assets</b>	<b>Liabilities</b>		
Interest rate swap	15,715,521.20	17,250,932.55		
<b>Other derivative contracts</b>	<b>2022</b>			<b>2021</b>
<b>Interest derivatives</b>				
Forward and futures contracts, open				
Underlying instrument	15,200,000.00			16,300,000.00
<b>Currency derivatives</b>				
Forward and futures contracts, open				
Underlying instrument	-119,154,253.74			-110,235,039.36
Current value	2,195,787.69			661,832.06

	2022	2021
<b>Leasing liabilities</b>		
Amount to be paid in the current financial year	1,569,992.20	1,600,457.89
Amount to be paid in the coming years	1,423,257.92	1,608,317.72
	<u>2,993,250.12</u>	<u>3,208,775.61</u>
<b>Rent liabilities</b>		
Amount to be paid in the current financial year	5,683,292.28	6,717,990.81
Amount to be paid in the coming years	8,659,160.37	12,221,057.80
	<u>14,342,452.65</u>	<u>18,939,048.61</u>
<b>Value-added tax liabilities</b>		
Joint liability relating to collective value-added tax registration		
Group companies	33,686.35	37,818.44
Partner companies	1,603,256.12	-1,149,261.87
	<u>1,636,942.47</u>	<u>-1,111,443.43</u>
VAT liability with a positive sign = VAT debt		
VAT liability with a negative sign = VAT receivable		
Inspection responsibility of real estate investments under section 120 of the Value Added Tax Act		
Company	619,696.00	750,196.00
Other companies of the group	78,159,564.49	40,564,868.70
	<u>78,779,260.49</u>	<u>41,315,064.70</u>
<b>Other commitments</b>		
Investment commitments	836,290,488.04	806,344,486.24
Granted limit	331,149,543.92	144,400,922.17
Installment portfolio securitization	1,372,155,714.78	893,103,665.82
	<u>2,539,595,746.74</u>	<u>1,843,849,074.23</u>

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

## K18. Related party loans and transactions and subordinated loans

### K18.1 Related party loans and transactions

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

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

The company has not granted loans to related parties.

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



## K18.2 Subordinated loans

### Creditor

Multiple

### Loan capital

EUR 100,000,000

### Principal loan terms

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

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

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

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

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

The loan is unsecured.

The subordinated loan is administered by Euroclear Finland Oy.

### 8.5.3 Performance analysis, LocalTapiola Group

#### Performance analysis

	2022	2021	Change	€1,000 Change %
<b>Non-life insurance</b>				
Premiums earned	1,271,943	1,235,882	36,061	2.9 %
Claims incurred	-872,921	-899,607	26,686	-3.0 %
Operating expenses	-289,026	-251,425	-37,601	15.0 %
<b>Balance on technical account before change in equalization provision</b>	<b>109,995</b>	<b>84,850</b>	<b>25,146</b>	<b>29.6 %</b>
<b>Life insurance</b>				
Premium income	425,157	477,556	-52,399	-11.0 %
Investment income and expenses as well as revaluations and adjustments thereof	-265,463	448,237	-713,700	-159.2 %
Claims paid	-369,649	-352,042	-17,607	5.0 %
Change in technical provisions before change in customer benefits and equalization provision	328,193	-428,341	756,534	-176.6 %
Operating expenses	-52,484	-54,136	1,652	-3.1 %
<b>Balance on technical account before change in customer benefits and equalization provision</b>	<b>65,754</b>	<b>91,273</b>	<b>-25,520</b>	<b>-28.0 %</b>
Investment income and expenses as well as revaluations and adjustments thereof (non-life insurance)	-21,068	168,325	-189,393	-112.5 %
Other income and expenses	43,908	40,835	3,074	7.5 %
Share of profit/loss from group associated undertakings	-4,631	2,620	-7,251	-276.8 %
<b>Operating profit</b>	<b>193,958</b>	<b>387,902</b>	<b>-193,944</b>	<b>-50.0 %</b>
Change in equalization provision (non-life insurance)	-5,396	-2,543	-2,853	112.2 %
Change in equalization provision (life insurance)	10,274	10,274	0	0.0 %
Additional benefits (customer benefits)	-2,968	-17,426	14,458	-83.0 %
<b>Profit before extraordinary items</b>	<b>195,868</b>	<b>378,207</b>	<b>-182,339</b>	<b>-48.2 %</b>
Direct taxes	-44,323	-82,614	38,291	-46.3 %
Minority interest	-10,646	-11,197	551	-4.9 %
<b>Profit for the financial period</b>	<b>140,899</b>	<b>284,397</b>	<b>-143,498</b>	<b>-50.5 %</b>
Operating profit	193,958	387,902	-193,944	-50.0 %
Change in the difference between current and book values	-663,844	385,997	-1,049,841	-272.0 %
<b>Total result</b>	<b>-469,886</b>	<b>773,899</b>	<b>-1,243,785</b>	<b>-160.7 %</b>

## 8.5.4 Notes on additional benefits of life insurance

### 8.5.4.1 *Application of principle of reasonability and targets for distribution of additional benefits*

According to the principle of reasonability governing the additional benefits referred to in Section 2 of Chapter 13 of the Insurance Companies Act, an insurance company must, the company's solvency permitting, repay a reasonable part of any surplus in the form of additional benefits to those insurance policies that are entitled to additional benefits distributed on the basis of 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 aims to provide, on the insurance savings that are entitled to the distribution of surplus, over the long term a total return before taxes and expenses which, in the case of pension insurance, exceeds the interest rate level of eurozone government bonds with a minimum maturity of 10 years and, in the case of savings life insurance, exceeds the interest rate level of 5-year bonds. As for pure risk policies that feature a funded component, the target is for the real total interest rate to be positive.

In respect of pure risk policies, the principle of reasonability is followed in such a way that the proportion of any surplus not reserved to cover fluctuations in claims expenditure and in operating expenses is repaid to customers in the form of discounted premiums or free-of-charge increased risk benefits.

The total return target defined above collectively for all pension insurance and savings life insurance policies is applied to individual insurance contracts by taking account, when determining the bonuses, of the general interest rate level and the magnitude of the fluctuations in it, the company's success in the investment business, the technical rate of interest of each insurance, all policy management costs, the policy items needed to cover operating expenses, and the company's solvency. With regard to the level of the customer bonuses, for each line of insurance, account is taken of the need to prepare for significant future increases in claims expenditure that are due to factors such as mortality developments.

With regard to the level of the customer bonuses, the intention is for stability by levelling out fluctuations in investment income by allocating, in good investment years, a proportion of the surplus for distribution in later years.

As for solvency, the target is to achieve qualitative and quantitative solvency that does not restrict the

company's business or the payment to policyholders of the additional benefits determined by the targets set for the additional benefits.

The targets set for the additional benefits are not binding on the company, and they are in force until further notice. Each year, the company's Board of Directors decides on the additional benefits and on the changes that need to be made to the targets governing 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.

### 8.5.4.2 *Realisation of targets governing distribution of additional benefits by LocalTapiola Life, 2013–2022*

In respect of 2022, the company was able to pay all contract groups the total interest determined by the additional benefit target (excl. the Omavara risk insurance contracts that feature a funded component, owing to the high inflation in 2022). In all pension insurance and savings life insurance contract groups, the total interest paid in 2013–2022 exceeded the additional benefit target.

In 2013–2022, the interest rate used as the additional benefit target was the eurozone government bond yield index for maturities of 5 and 10 years, published by the European Central Bank. The annual returns are calculated as averages of daily or monthly quotes.

### 8.5.4.3 *LocalTapiola Life's report on total interest paid on insurance savings, by line of insurance, in 2013–2022*

#### *Individual pension insurance*

In 2022, the total interest paid on the insurance savings of individual pension insurance policies averaged 3.6 per cent (3.7). Depending on the product and the technical rate of interest, the total interest ranged from 1.7 per cent to 4.5 per cent. The total interest exceeded the target 10-year interest rate, which averaged 1.2 per cent in 2022.

#### *Savings life insurance and capital redemption contracts*

The total interest paid on the insurance savings of savings life insurance policies for 2022 averaged 2.4 per cent (2.5). Depending on the product and the technical rate of interest, the total interest ranged from 1.2 per cent to 4.5 per cent. The total interest exceeded the target 5-year interest rate, which averaged 1.0 per cent in 2022.

#### *Group pension insurance*

The total interest paid on the insurance savings of group pension insurance policies for 2022 averaged

2.9 per cent (3.0). In pension insurance, the total interest ranged from 1.7 per cent to 4.25 per cent. The total interest exceeded the target 10-year interest rate, which averaged 1.2 per cent in 2022.

#### *8.5.4.4 LocalTapiola Life's account of additional benefits provided in respect of pure risk policies*

In 2022, pure risk policies were paid EUR 2.3 million (1.4) in additional benefits as increased compensation amounts or reduced premiums. During 2022, the additional benefits provided in respect of term life insurance policies were increased. In pure risk policies, the additional benefits are confirmed in advance.

#### *8.5.4.5 LocalTapiola Life's account of use of provision for future additional benefits to cover loss from adjustment of actuarial principle*

The actuarial principle governing the provision for future additional benefits enables a liability to be used to cover a loss that has arisen from an adjustment made to the actuarial principle governing the technical provisions. In the 2022 financial statements, the provision for future additional benefits is not used to cover the loss arising from the adjustment of the actuarial principle.

The provision for future additional benefits stands at EUR 41.4 million, and the change in the provision for future additional benefits in the financial period totals EUR -7.4 million.

## 9 Parent company, LocalTapiola General

### 9.1 Profit and loss account, LocalTapiola General

TECHNICAL ACCOUNT	1.1.2022	-	31.12.2022	1.1.2021	-	31.12.2021
Premiums earned						
Premiums written	1	310,120,895.49		305,304,187.51		
Reinsurers' share		-40,906,338.95	269,214,556.54	-43,840,093.16	261,464,094.35	
Change in provision for unearned premiums						
Business transfer decrease		1,220,840.79		0.00		
Total change		-3,026,072.00	-1,805,231.21	1,768,220.02	1,768,220.02	
Reinsurers' share						
Total change		531,918.19	531,918.19	1,909,191.52	1,909,191.52	
Change in provision for unearned premiums, total			-1,273,313.02		3,677,411.54	
Total premiums earned			267,941,243.52		265,141,505.89	
Claims incurred						
Claims paid		-224,107,841.96		-217,356,174.81		
Reinsurers' share		21,751,223.91	-202,356,618.05	22,180,800.81	-195,175,374.00	
Change in provision for outstanding claims						
Business transfer decrease		11,589,084.01		0.00		
Total change		-40,840,239.30	-29,251,155.29	-32,586,186.91	-32,586,186.91	
Reinsurers' share						
Business transfer decrease		-236,533.13		0.00		
Total change		20,644,000.08	20,407,466.95	6,143,882.51	6,143,882.51	
Change in provision for outstanding claims, total			-8,843,688.34		-26,442,304.40	
Total claims incurred			-211,200,306.39		-221,617,678.40	
Operating expenses	3		-49,045,413.20		-38,973,026.99	
<b>Balance on technical account before change in equalization provision</b>			<b>7,695,523.93</b>		<b>4,550,800.50</b>	
Change in equalization provision						
Business transfer decrease		118,512.77		0.00		
Total change		-6,490,743.00	-6,372,230.23	0.00	0.00	
<b>Balance on technical account</b>	2		<b>1,323,293.70</b>		<b>4,550,800.50</b>	
<b>NON-TECHNICAL ACCOUNT</b>		<b>1.1.2022</b>	<b>-</b>	<b>31.12.2022</b>	<b>1.1.2021</b>	<b>-</b>
<b>Balance on technical account</b>				<b>1,323,293.70</b>		<b>4,550,800.50</b>
Investment income	4	183,454,627.85		207,640,498.95		
Investment charges	4	-174,436,579.60		-68,596,948.81		
Revaluation adjustments on investments	4	0.00	9,018,048.25	0.00	139,043,550.14	
Other income	4					
Other			15,423,630.88		15,199,683.97	
Other expenses	4					
Other			-14,170,733.62		-13,389,839.71	
<b>Profit on ordinary activities</b>			<b>11,594,239.21</b>		<b>145,404,194.90</b>	
<b>Profit before appropriations and taxes</b>			<b>11,594,239.21</b>		<b>145,404,194.90</b>	
Appropriations						
Change in depreciation difference		-12,195.60		-24,455.85		
Change in optional provision		0.00	-12,195.60	0.00	-24,455.85	
Direct taxes on ordinary activities						
Taxes for the financial period		-1,195,079.73		-26,111,239.25		
Taxes for previous financial periods		-425,730.13		-322,578.65		
Change in deferred tax liabilities		0.00	-1,620,809.86	0.00	-26,433,817.90	
<b>Profit for the accounting period</b>			<b>9,961,233.75</b>		<b>118,945,921.15</b>	

## 9.2 Balance sheet, LocalTapiola General

ASSETS		31.12.2022		31.12.2021	
<b>Intangible assets</b>					
Other expenses with long-term effects	9		10,326,771.74		9,754,272.72
<b>Investments</b>					
Real estate investments	6				
Real estate and shares in real estate		196,133,559.02		189,424,946.41	
Loans to group companies		75,518,855.75		68,568,722.34	
Loans to participating interests		<u>0.00</u>	271,652,414.77	<u>0.00</u>	257,993,668.75
Investments in group companies and participating interests	7				
Shares in group companies		1,089,016,879.55		976,284,690.63	
Shares and holdings in participating interests		30,548,478.87		45,718,144.44	
Debt securities and loans in participating interests		<u>9,101,011.01</u>	1,128,666,369.43	<u>8,551,011.01</u>	1,030,553,846.08
Other investments					
Shares and holdings	7	1,030,102,076.19		1,046,730,385.73	
Debt securities		282,286,222.74		378,979,864.61	
Loans guaranteed by mortgages		64,355,043.41		58,499,043.06	
Other loans	8	7,581,086.76		13,122,829.01	
Other investments		<u>0.00</u>	1,384,324,429.10	<u>0.00</u>	1,497,332,122.41
Deposits with ceding undertakings			637,683.90		604,029.89
			<u>2,785,280,897.20</u>		<u>2,786,483,667.13</u>
<b>Debtors</b>					
Arising out of direct insurance operations	15				
Policyholders		38,968,726.65		43,392,772.31	
Intermediaries		<u>0.00</u>	38,968,726.65	<u>0.00</u>	43,392,772.31
Arising out of reinsurance operations			12,196,977.84		17,060,330.56
Other debtors			<u>55,962,574.22</u>		<u>56,147,136.94</u>
			107,128,278.71		116,600,239.81
<b>Other assets</b>					
Tangible assets					
Machinery and equipment	9	845,583.64		1,050,048.94	
Other tangible assets		175,508.18		105,988.41	
Provisional premiums		<u>0.00</u>	1,021,091.82	<u>0.00</u>	1,156,037.35
Cash at bank and in hand			90,434,964.48		61,548,938.40
Other assets			<u>3,908,606.16</u>		<u>3,897,536.16</u>
			95,364,662.46		66,602,511.91
<b>Prepayments and accrued income</b>					
Accrued interest and rent			5,002,913.20		3,972,433.62
Other prepayments and accrued income			<u>15,015,458.66</u>		<u>2,118,264.76</u>
			20,018,371.86		6,090,698.38
<b>Total assets</b>			<b>3,018,118,981.97</b>		<b>2,985,531,389.95</b>

LIABILITIES		31.12.2022	31.12.2021
<b>Capital and reserves</b>	10		
Initial reserve		8,641,380.35	8,641,380.35
Revaluation reserve		85,090.31	85,090.31
Other reserves		1,680,720,715.84	1,562,147,794.69
Profit for the accounting period		9,961,233.75	118,945,921.15
		<u>1,699,408,420.25</u>	<u>1,689,820,186.50</u>
<b>Accumulated appropriations</b>	11		
Accumulated depreciation difference		170,889.01	158,693.41
		<u>170,889.01</u>	<u>158,693.41</u>
<b>Technical provisions</b>			
Provision for unearned premiums		41,916,955.00	38,890,883.00
Reinsurers' share		<u>-11,940,308.13</u>	<u>-11,408,389.94</u>
Provision for outstanding claims		1,084,239,546.22	1,043,414,492.92
Reinsurers' share		<u>-41,946,469.66</u>	<u>-21,317,655.58</u>
Equalization provision		175,506,072.00	169,015,329.00
		<u>1,247,775,795.43</u>	<u>1,218,594,659.40</u>
<b>Obligatory provisions</b>			
Other obligatory provisions	13	11,339,314.78	46,914.78
		<u>11,339,314.78</u>	<u>46,914.78</u>
<b>Deposits received from reinsurers</b>		0.00	1,642.06
<b>Creditors</b>	15		
Arising out of direct insurance operations		12,481,932.06	16,173,570.29
Arising out of reinsurance operations		17,395,464.48	18,217,267.06
Other creditors		<u>16,851,958.64</u>	<u>29,370,502.96</u>
		46,729,355.18	63,761,340.31
<b>Accruals and deferred income</b>	15	12,695,207.32	13,147,953.49
<b>Total liabilities</b>		<u><u>3,018,118,981.97</u></u>	<u><u>2,985,531,389.95</u></u>



### 9.3 Indirect cash flow statement, LocalTapiola General

<b>Cash flow from operations</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Profit from ordinary activities/profit before extraordinary items	11,594,239.21	145,404,194.90
Adjustments		
Changes in technical provisions	41,873,040.47	22,764,892.86
Business transfer decrease	-12,691,904.44	0.00
Value adjustments and revaluation of investments	101,253,700.69	-42,004,202.86
Unrealized exchange rate gain/-loss		
Changes in other obligatory provisions	11,292,400.00	-100,000.00
Depreciation according to plan	4,473,860.49	4,617,943.93
Other adjustments	-12,237,821.20	-25,915,519.41
<i>Cash flow before change in working capital</i>	145,557,515.22	104,767,309.42
Change in working capital:		
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	-4,317,073.92	3,966,112.26
Business transfer decrease	-138,638.46	0.00
Increase (-) / decrease (+) in non-interest-bearing short-term debts	-17,486,373.36	14,214,298.36
<i>Cash flow from operations before financial items and taxes</i>	123,615,429.48	122,947,720.04
Direct taxes paid	-1,620,809.86	-26,433,817.90
<b>Cash flow from operations</b>	<b>121,994,619.62</b>	<b>96,513,902.14</b>
<b>Cash flow from investments</b>		
Investments in assets (excl. cash and c. equivalents)	-100,155,151.24	-231,818,994.20
Capital gains from investments (excl. cash and c. equivalents)	12,237,821.20	25,915,519.41
Investments in tangible and intangible assets as well as other assets and capital gains (net)	-4,818,263.50	-1,881,816.23
<b>Cash flow from investments</b>	<b>-92,735,593.54</b>	<b>-207,785,291.02</b>
<b>Cash flow from financial</b>		
Interest on guarantee capital paid and other distribution of profit	-373,000.00	-555,000.00
<b>Cash flow from financial</b>	<b>-373,000.00</b>	<b>-555,000.00</b>
<b>Change in cash and cash equivalents</b>	<b>28,886,026.08</b>	<b>-111,826,388.88</b>
<b>Cash and cash equivalents at the start of the year</b>	<b>61,548,938.40</b>	<b>173,375,327.28</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>90,434,964.48</b>	<b>61,548,938.40</b>

## 9.4 Key figures, LocalTapiola General

EUR million

General key figures describing financial development	2022	2021	2020	2019	2018
Operating profit	18.0	145.4	50.9	135.5	66.9
Total result	-122.0	257.7	94.3	191.0	76.6
Return on capital employed (at current value), %	-4.0	8.2	3.5	7.0	2.1
Return on assets, %	-3.5	8.2	3.4	7.0	3.2
Average number of personnel during the financial year	345	348	338	331	333
Number of employees in relation to payroll	345	348	338	331	333
<b>Key figures describing the financial development of non-life insurance</b>					
Premium income	310.1	305.3	344.9	305.8	321.8
Loss ratio (excl. unwinding of discount expense), %	77.2	80.8	83.3	76.7	73.5
Loss ratio, %	78.8	83.6	86.4	80.7	77.2
Expense ratio, %	18.3	14.7	17.0	19.3	16.6
Combined ratio (excl. unwinding of discount expense), %	95.5	95.5	100.2	96.0	90.1
Combined ratio, %	97.1	98.3	103.3	100.0	93.8

## 9.5 Notes, LocalTapiola General

### 9.5.1 Notes to the profit and loss account, LocalTapiola General

1. Premiums written	2022	2021
Direct insurance		
Finland	244,007,765.51	238,090,288.96
Direct insurance total	244,007,765.51	238,090,288.96
Reinsurance	66,113,129.98	67,213,898.55
<b>Gross premiums written before reinsurers' share</b>	<b>310,120,895.49</b>	<b>305,304,187.51</b>
<b>1.1 Items depreciated from premiums written</b>	<b>2022</b>	<b>2021</b>
Credit loss on outstanding premiums	1,108,081.32	1,216,497.94
PAYG system fees	30,044,005.79	31,989,977.88
Premium tax	11,968,018.30	11,860,916.09
Fire brigade charge	343,784.05	347,126.76
Road safety charge	58,371.95	55,572.31
Labour protection charge	2,545,548.96	2,566,211.33
<b>Total</b>	<b>46,067,810.37</b>	<b>48,036,302.31</b>

## 2. Profit by insurance groups

		Premiums written before reinsurers' share	Premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before commissions for reinsurance and profit shares	Reinsurers' share	Balance on technical account before net investment income
Statutory workers' compensation	2022	161,940,181.26	160,484,704.05	-114,340,894.34	-28,958,523.06	-208,807.13	16,976,479.52
	2021	158,341,089.14	159,936,106.14	-132,020,887.97	-28,244,368.52	-210,705.72	-539,856.07
	2020	160,782,631.68	160,253,627.68	-130,456,644.98	-26,879,634.86	-216,796.25	2,700,551.59
Non-statutory accident and health	2022	20,646,532.89	20,676,962.89	-17,601,904.81	-2,964,666.87	-59,560.73	50,830.48
	2021	16,835,762.28	16,844,460.28	-13,961,159.25	-2,922,275.28	-99,078.86	-138,053.11
	2020	15,760,533.56	15,756,676.56	-14,089,885.72	-2,802,491.45	-49,079.22	-1,184,779.83
Motor vehicle liability	2022	5,804,731.13	5,795,840.13	-520,230.33	-1,160,202.44	611,966.71	4,727,374.07
	2021	5,554,192.79	5,513,128.79	-4,667,686.70	-1,139,510.30	278,511.29	-15,556.92
	2020	5,360,719.00	5,384,748.00	-3,488,909.61	-1,091,179.46	-241,924.08	562,734.85
Land vehicles	2022	8,219,685.26	8,118,057.26	-7,463,308.26	-2,279,228.89	-16,984.72	-1,641,464.61
	2021	7,673,396.10	7,594,952.10	-6,913,580.94	-2,239,559.88	-17,765.22	-1,575,953.94
	2020	7,152,510.37	7,191,533.37	-6,871,079.98	-2,152,008.08	-16,551.62	-1,848,106.31
Marine, aviation, railway rolling stock and transport	2022	2,164,536.06	2,120,478.06	-1,116,615.04	-1,036,446.69	-38,724.55	-71,308.22
	2021	1,821,361.02	1,796,075.02	-533,087.85	-1,006,775.64	-18,791.98	237,419.55
	2020	1,825,284.45	1,831,845.45	-507,611.58	-968,289.56	-27,843.22	328,101.09
Fire and other damage to property	2022	17,604,823.43	17,535,693.43	-18,198,635.24	-3,222,769.06	-1,563,390.32	-5,449,101.19
	2021	18,387,835.73	17,983,039.73	-12,682,111.97	-3,254,959.27	-4,249,614.34	-2,203,645.85
	2020	16,475,131.29	16,409,314.29	-11,368,151.87	-3,101,298.12	-3,603,282.06	-1,663,417.76
General liability	2022	16,483,092.66	16,242,576.66	-6,976,348.93	-2,893,236.29	-340,648.35	6,032,343.09
	2021	17,823,603.63	17,668,814.63	-13,193,126.37	-2,831,815.56	253,668.61	1,897,541.31
	2020	12,685,625.02	13,093,174.02	-13,464,661.46	-2,708,684.90	-1,149,546.90	-4,229,719.24
Credit and suretyship	2022	3,833,763.72	3,656,586.72	-111,437.53	-658,321.66	-748,505.40	2,138,322.13
	2021	5,103,578.86	3,295,667.86	-571,928.26	-635,433.24	-28,842.64	2,059,463.72
	2020	3,680,420.81	2,911,875.81	-233,547.64	-609,237.32	-220,204.42	1,848,886.43
Legal expenses	2022	2,549,941.39	2,539,417.39	-3,735,674.92	-538,477.57	0.00	-1,734,735.10
	2021	1,468,022.60	1,464,112.60	-1,145,622.76	-532,162.42	0.00	-213,672.58
	2020	1,384,055.33	1,375,999.33	-1,187,591.66	-509,738.31	0.00	-321,330.64
Other	2022	4,760,477.71	4,733,466.71	-2,988,118.31	-983,133.35	-2,050,245.83	-1,288,030.78
	2021	5,081,446.81	4,953,061.81	-8,051,457.36	-960,693.16	-2,350,210.83	-6,409,299.54
	2020	4,796,492.98	4,817,345.98	-6,029,468.06	-924,003.93	-1,376,059.54	-3,512,185.55
<b>Direct insurance total</b>	2022	<b>244,007,765.51</b>	<b>241,903,783.30</b>	<b>-173,053,167.71</b>	<b>-44,695,005.88</b>	<b>-4,414,900.32</b>	<b>19,740,709.39</b>
	2021	<b>238,090,288.96</b>	<b>237,049,418.96</b>	<b>-193,740,649.43</b>	<b>-43,767,553.27</b>	<b>-6,442,829.69</b>	<b>-6,901,613.43</b>
	2020	<b>229,903,404.49</b>	<b>229,026,140.49</b>	<b>-187,697,552.56</b>	<b>-41,746,565.99</b>	<b>-6,901,287.31</b>	<b>-7,319,265.37</b>
Reinsurance	2022	66,113,129.98	66,411,880.98	-80,305,829.54	-9,408,480.05	11,257,243.15	-12,045,185.46
	2021	67,213,898.55	70,022,988.57	-56,201,712.29	-9,584,965.53	7,216,103.18	11,452,413.93
	2020	114,956,840.35	114,704,373.33	-93,529,051.63	-21,151,459.81	-3,043,278.11	-3,019,416.22
<b>Total</b>	2022	<b>310,120,895.49</b>	<b>308,315,664.28</b>	<b>-253,358,997.25</b>	<b>-54,103,485.93</b>	<b>6,842,342.83</b>	<b>7,695,523.93</b>
	2021	<b>305,304,187.51</b>	<b>307,072,407.53</b>	<b>-249,942,361.72</b>	<b>-53,352,518.80</b>	<b>773,273.49</b>	<b>4,550,800.50</b>
	2020	<b>344,860,244.84</b>	<b>343,730,513.82</b>	<b>-281,226,604.19</b>	<b>-62,898,025.80</b>	<b>-9,944,565.42</b>	<b>-10,338,681.59</b>
Change in equalization provision	2022						-6,372,230.23
	2021						0.00
	2020						0.00
<b>Balance on technical account</b>	2022						<b>1,323,293.70</b>
	2021						<b>4,550,800.50</b>
	2020						<b>-10,338,681.59</b>

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

### 3.1 Total operating expenses by activity

	2022	2021
Claims management expenses	23,260,178.50	22,922,758.23
Operating expenses	49,045,413.20	38,973,026.99
Investment operating expenses	4,476,650.20	4,776,164.20
Other expenses	13,649,411.86	12,905,790.33
<b>Total</b>	<b>90,431,653.76</b>	<b>79,577,739.75</b>

**3.2 Profit and loss account item operating expenses**

	2022	2021
Insurance policy acquisition costs		
Commissions for direct insurance	2,222,095.93	2,194,283.40
Commissions for reinsurance assumed and profit shares	7,666,955.11	10,090,742.11
Other insurance policy acquisition costs	10,805,272.36	9,767,915.74
	<u>20,694,323.40</u>	<u>22,052,941.25</u>
Insurance policy management expenses	17,107,484.23	15,466,009.54
Administrative expenses	16,301,678.30	15,833,568.01
Commissions for reinsurance ceded and profit shares	-5,058,072.73	-14,379,491.81
<i>Total</i>	<u>49,045,413.20</u>	<u>38,973,026.99</u>

**3.3 Notes concerning personnel and members of corporate bodies****3.3.1 Personnel expenses**

	2022	2021
Salaries and remunerations	26,574,195.01	26,209,141.72
Pension expenses	4,988,972.30	6,858,126.44
Other personnel expenses	957,638.04	944,229.04
<i>Total</i>	<u>32,520,805.35</u>	<u>34,011,497.20</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	533,997.00	434,319.00
Pension commitments	The retirement age of the managing director and deputy managing director is stated by the law.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	
Board members and deputy board members		
Salaries and remunerations	1,712,290.00	1,593,739.00
Pension commitments	The retirement age/resignation age of a full time Board member is 63 years and the retirement age of the Chair and the other members is stated by law.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	
Supervisory board and deputy supervisory board members		
Salaries and remunerations	204,750.00	205,000.00
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**

Staff	345	348
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**3.4 Auditor's fees by assignment category**

	2022	2021
Auditing	49,788.48	49,692.48
Tax advice	4,340.00	15,835.20
Other services	74,027.55	68,556.75
<i>Total</i>	<u>128,156.03</u>	<u>134,084.43</u>

#### 4. Net investment income and other income and expenses

##### 4.1 Specification of net investment income

Investment income	2022	2021
<b>Income from group companies</b>		
Dividend income	39,250,481.97	20,851,157.10
Interest income	466,353.29	228,468.77
<i>Total</i>	39,716,835.26	21,079,625.87
<b>Income from participating interests</b>		
Dividend income	0.00	377,200.00
Interest income	946,439.02	292,030.09
<i>Total</i>	946,439.02	669,230.09
<b>Income from real estate investments in group companies</b>		
Interest income	2,764,711.89	2,450,979.82
Other income	61,235.05	90,115.61
<i>Total</i>	2,825,946.94	2,541,095.43
<b>Income from real estate investments in other companies</b>		
Interest income	22,921.39	21,047.65
Other income	27,180,951.00	25,727,428.82
<i>Total</i>	27,203,872.39	25,748,476.47
<b>Income from other investments</b>		
Dividend income	36,447,812.17	38,888,998.49
Interest income	8,595,448.26	5,125,519.70
Other income	7,801,873.20	4,427,291.92
<i>Total</i>	52,845,133.63	48,441,810.11
<b>Total</b>	<b>123,538,227.24</b>	<b>98,480,237.97</b>
Value readjustments	10,475,779.70	53,738,194.38
Realized gains	49,440,620.91	55,422,066.60
<b>Total investment income</b>	<b>183,454,627.85</b>	<b>207,640,498.95</b>
<b>Investment charges</b>		
Expenses arising from real estate investments		
From group companies	-9,029,983.99	-85,865,711.13
Other companies	-8,902,072.39	-10,199,066.09
<i>Total</i>	-17,932,056.38	-18,785,637.22
Expenses arising from other investments	-4,845,843.91	-5,007,393.53
Interest paid and other expenses on liabilities		
From group companies	-430.74	0.00
Participating interests	-6,824.65	-328,718.12
Other companies	-453,296.10	-391,681.07
<i>Total</i>	-460,551.49	-720,399.19
<b>Total</b>	<b>-23,238,451.78</b>	<b>-24,513,429.94</b>
Value adjustments and depreciation		
Value adjustments	-111,729,480.39	-11,733,991.52
Planned depreciation on buildings	-2,265,847.72	-2,842,980.16
<i>Total</i>	-113,995,328.11	-14,576,971.68
Realized losses	-37,202,799.71	-29,506,547.19
<b>Total investment charges</b>	<b>-174,436,579.60</b>	<b>-68,596,948.81</b>
<b>Net investment income before revaluations and revaluation adjustments</b>	<b>9,018,048.25</b>	<b>139,043,550.14</b>
<b>Net investment income in the profit and loss account</b>	<b>9,018,048.25</b>	<b>139,043,550.14</b>

## 4.2 Specification of other income and expenses

Other income	2022	2021
Services sold to partner companies	14,361,196.20	14,163,603.24
Other income	1,062,434.68	1,036,080.73
<b>Total</b>	<b>15,423,630.88</b>	<b>15,199,683.97</b>
Other expenses		
Expenses for services sold	-13,649,411.86	-12,905,790.33
Other expenses	-521,321.76	-484,049.38
<b>Total</b>	<b>-14,170,733.62</b>	<b>-13,389,839.71</b>

## 9.5.2 Notes to the balance sheet, LocalTapiola General

### 5. Current value of investments and difference between in valuation as well as difference in valuation of derivatives

Investments	2022 Remaining acquisition cost	2022 Book value	2022 Current value
Real estate investments			
Real estate	3,403,831.75	3,403,831.75	5,020,000.00
Real estate shares in group companies	122,754,933.53	125,912,936.95	245,833,199.73
Other real estate shares	66,816,790.32	66,816,790.32	102,001,941.83
Loans to group companies	75,518,855.75	75,518,855.75	75,518,855.76
	<b>268,494,411.35</b>	<b>271,652,414.77</b>	<b>428,373,997.32</b>
Investments in group companies			
Shares and holdings	1,089,016,879.55	1,089,016,879.55	1,160,588,798.68
	<b>1,089,016,879.55</b>	<b>1,089,016,879.55</b>	<b>1,160,588,798.68</b>
Investments in participating interests			
Shares and holdings	30,548,478.87	30,548,478.87	30,548,478.87
Loans receivable	9,101,011.01	9,101,011.01	9,101,011.01
	<b>39,649,489.88</b>	<b>39,649,489.88</b>	<b>39,649,489.88</b>
Other investments			
Shares and holdings	1,030,102,076.19	1,030,102,076.19	1,083,834,982.70
Debt securities	282,286,222.74	282,286,222.74	251,402,573.11
Loans guaranteed by mortgages	64,355,043.41	64,355,043.41	64,355,043.27
Other loans	7,581,086.76	7,581,086.76	7,581,086.77
	<b>1,384,324,429.10</b>	<b>1,384,324,429.10</b>	<b>1,407,173,685.85</b>
Deposits with ceding undertakings	637,683.90	637,683.90	637,683.90
	<b>2,782,122,893.78</b>	<b>2,785,280,897.20</b>	<b>3,036,423,655.63</b>
The remaining acquisition cost of debt securities includes:			
Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income			-388,211.40
Book value comprises			
Revaluations released to income		2,441,051.81	
Other revaluations		716,951.61	3,158,003.42
Difference in valuation (difference between current value and book value)			<b>251,142,758.43</b>

Investments	2021		
	Remaining acquisition cost	Book value	Current value
Real estate investments			
Real estate	3,508,052.23	3,508,052.23	5,020,000.00
Real estate shares in group companies	122,306,592.82	125,464,596.24	243,651,776.20
Other real estate shares	60,452,297.94	60,452,297.94	95,325,088.11
Loans to group companies	68,568,722.34	68,568,722.34	68,568,722.35
	254,835,665.33	257,993,668.75	412,565,586.66
Investments in group companies			
Shares and holdings	976,284,690.63	976,284,690.63	1,022,557,683.43
	976,284,690.63	976,284,690.63	1,022,557,683.43
Investments in participating interests			
Shares and holdings	45,718,144.44	45,718,144.44	45,718,144.44
Loans receivable	8,551,011.01	8,551,011.01	8,551,011.01
	54,269,155.45	54,269,155.45	54,269,155.45
Other investments			
Shares and holdings	1,046,730,385.73	1,046,730,385.73	1,236,229,800.79
Debt securities	378,979,864.61	378,979,864.61	380,388,561.77
Loans guaranteed by mortgages	58,499,043.06	58,499,043.06	58,499,042.92
Other loans	13,122,829.01	13,122,829.01	13,122,829.02
	1,497,332,122.41	1,497,332,122.41	1,688,240,234.50
Deposits with ceding undertakings	604,029.89	604,029.89	604,029.89
	2,783,325,663.71	2,786,483,667.13	3,178,236,689.93
The remaining acquisition cost of debt securities includes:			
Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income			-695,379.64
Book value comprises			
Revaluations released to income		2,441,051.81	
Other revaluations		716,951.61	3,158,003.42
Difference in valuation (difference between current value and book value)			391,753,022.80

## 5.2 Difference in valuation of derivatives

Derivative contracts	2022		
	Remaining acquisition cost	Book value	Current value
Other creditors			
Assets received as security for derivatives	-720,000.00	-720,000.00	-720,000.00
Other deferred income and credits			
Futures and forward contracts	0.00	0.00	806,136.26
	-720,000.00	-720,000.00	86,136.26
Difference in valuation (difference between current value and book value)			806,136.26

Derivative contracts	2021		
	Remaining acquisition cost	Book value	Current value
Other deferred income and credits			
Futures and forward contracts	-38,608.98	-38,608.98	88,442.12
	-38,608.98	-38,608.98	88,442.12
Difference in valuation (difference between current value and book value)			127,051.10



## 6. Real estate investments

Changes in real estate investments:	2022		
	Real estate and shares in real estate	Loans to group companies	Loans to participating interests
Acquisition cost on 1 Jan.	190,480,445.60	68,568,722.34	0.00
Increase	7,409,094.44	7,850,000.00	0.00
Decrease	-761,979.77	-899,866.59	0.00
Transfers between items	150,767.79	0.00	0.00
Acquisition cost on 31 Dec.	197,278,328.06	75,518,855.75	0.00
Accumulated depreciation on 1 Jan.	-1,305,788.27		
Depreciation for the financial year	-104,220.48		
Accumulated depreciation on 31 Dec.	-1,410,008.75		
Value adjustments on 1 Jan.	-2,907,714.34		
Value readjustments	14,950.63		
Value adjustments on 31 Dec.	-2,892,763.71		
Revaluations on 1 Jan.	3,158,003.42		
Revaluations on 31 Dec.	3,158,003.42		
Book value on 31 Dec.	196,133,559.02	75,518,855.75	0.00
<b>Real estate and shares in real estate occupied for own activities</b>			
Remaining acquisition cost	7,808,924.01		
Book value	7,808,924.01		
Current value	8,275,437.04		

## 7. Investments in group companies and participating interests

Shares in group companies	2022		2021
Acquisition cost on 1 Jan.	981,962,259.62		901,669,814.15
Increase	155,138,102.51		104,014,421.65
Decrease	-37,267,618.89		-23,721,976.18
Acquisition cost on 31 Dec.	1,099,832,743.24		981,962,259.62
Value adjustments on 1 Jan.	-5,677,568.99		-6,268,599.81
Value adjustments for the financial year	-5,532,561.16		-676,077.16
Value readjustments	394,266.46		1,267,107.98
Value adjustments on 31 Dec.	-10,815,863.69		-5,677,568.99
Book value on 31 Dec.	1,089,016,879.55		976,284,690.63
<b>Debt securities issued by and loans to companies in the same group</b>			
Acquisition cost on 1 Jan.	0.00		23,037,000.00
Increase	7,500,000.00		14,963,000.00
Decrease	-7,500,000.00		-38,000,000.00
Acquisition cost on 31 Dec.	0.00		0.00
Book value on 31 Dec.	0.00		0.00

**Shares and holdings in participating interests**

Acquisition cost on 1 Jan.	45,988,956.09	119,763,173.07
Increase	0.00	1,710,202.20
Decrease	0.00	-75,484,419.18
Acquisition cost on 31 Dec.	45,988,956.09	45,988,956.09
Value adjustments on 1 Jan.	-270,811.65	-35,060,276.96
Value adjustments related to deductions and transfers	0.00	23,439,315.65
Value adjustments for the financial year	-15,169,665.57	0.00
Value readjustments	0.00	11,350,149.66
Value adjustments on 31 Dec.	-15,440,477.22	-270,811.65
Book value on 31 Dec.	30,548,478.87	45,718,144.44

**Debt securities issued by and loans to participating interests**

Acquisition cost on 1 Jan.	10,301,011.01	3,500,000.00
Increase	300,000.00	8,801,011.01
Decrease	-1,500,000.00	-333,333.40
Transfers between items	0.00	-1,666,666.60
Acquisition cost on 31 Dec.	9,101,011.01	10,301,011.01
Value adjustments on 1 Jan.	-1,750,000.00	-840,000.00
Value adjustments for the financial year	0.00	-910,000.00
Value readjustments	1,750,000.00	0.00
Value adjustments on 31 Dec.	0.00	-1,750,000.00
Book value on 31 Dec.	9,101,011.01	8,551,011.01

**Total**

1,128,666,369.43	1,030,553,846.08
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## 7.1 Investments in companies belonging to the LocalTapiola Group's consolidated financial statements

Shares and holdings, fixed assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Aura-Karelia Oy	1)	Espoo	100.0	147,839.04	0.00
Keskinäinen Vakuutusyhtiö Turva	4)	Tampere	67.4	55,595,426.54	-2,111,888.52
LTC-Otso Oy	2)	Helsinki	36.0	6,858,621.19	5,057,183.00
LokalTapiola Sydkusten Ömsesidigt Försäkringsbolag	3)	Parainen	100.0	13,454,296.64	504,297.28
LähiTapiola Etelä Keskinäinen Vakuutusyhtiö	3)	Salo	100.0	66,631,911.32	6,614,058.05
LähiTapiola Etelä-Pohjanmaa Keskinäinen Vakuutusyhtiö	3)	Seinäjoki	100.0	55,299,231.07	2,154,910.88
LähiTapiola Itä Keskinäinen Vakuutusyhtiö	3)	Iisalmi	100.0	75,731,977.93	5,823,871.18
LähiTapiola Kaakkois-Suomi Keskinäinen Vakuutusyhtiö	3)	Lappeenranta	100.0	70,923,359.87	6,398,048.33
LähiTapiola Kainuu-Koillismaa Keskinäinen Vakuutusyhtiö	3)	Kajaani	100.0	31,610,405.14	3,986,603.89
LähiTapiola Keskinäinen Henkivakuutusyhtiö	3)	Espoo	66.7	672,801,081.89	55,497,834.39
LähiTapiola Keski-Suomi Keskinäinen Vakuutusyhtiö	3)	Jyväskylä	100.0	55,642,873.93	4,883,872.17
LähiTapiola Lappi Keskinäinen Vakuutusyhtiö	3)	Rovaniemi	100.0	24,369,461.49	2,422,614.15
LähiTapiola Loimi-Häme Keskinäinen Vakuutusyhtiö	3)	Loimaa	100.0	27,276,378.07	-2,439,627.96
LähiTapiola Länsi-Suomi Keskinäinen Vakuutusyhtiö	3)	Rauma	100.0	95,967,745.63	11,974,921.09
LähiTapiola Palvelut Oy	1)	Espoo	64.4	10,134,952.70	-1,668,054.89
LähiTapiola Pirkanmaa Keskinäinen Vakuutusyhtiö	3)	Tampere	100.0	48,834,090.60	-5,643,457.11
LähiTapiola Pohjanmaa Keskinäinen Vakuutusyhtiö	3)	Vaasa	100.0	68,439,057.47	7,110,266.14
LähiTapiola Pohjoinen Keskinäinen Vakuutusyhtiö	3)	Oulu	100.0	101,697,142.81	6,172,663.41
LähiTapiola Pääkaupunkiseutu Keskinäinen Vakuutusyhtiö	3)	Helsinki	100.0	69,048,443.17	2,545,186.45
LähiTapiola Rahoitus Oy	1)	Espoo	53.6	107,077,889.86	13,618,104.45
LähiTapiola Savo Keskinäinen Vakuutusyhtiö	3)	Kuopio	100.0	49,680,468.12	1,953,755.17
LähiTapiola Savo-Karjala Keskinäinen Vakuutusyhtiö	3)	Mikkeli	100.0	36,093,699.78	1,749,272.65
LähiTapiola Uusimaa Keskinäinen Vakuutusyhtiö	3)	Porvoo	100.0	55,981,267.26	1,441,863.35
LähiTapiola Varainhoito Oy -konserni	1)	Espoo	67.7	73,574,560.12	-5,505,027.51
LähiTapiola Varsinais-Suomi Keskinäinen Vakuutusyhtiö	3)	Turku	100.0	43,971,645.50	278,511.55
LähiTapiola Vellamo Keskinäinen Vakuutusyhtiö	3)	Lahti	100.0	60,244,933.24	-2,008,816.87
Tieto-Tapiola Oy	1)	Espoo	66.7	4,798,935.68	190,947.13
Tietotyö Oy	1)	Espoo	100.0	849,879.15	0.00
Vakuutusneuvonta Aura	2)	Espoo	33.3	10,634.40	0.00
Vakuutusneuvonta Pohja	2)	Espoo	33.3	10,577.17	0.00
Total				1,982,758,786.78	121,001,911.85

Shares and holdings, investment assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Kauppakeskus Seppä Oy	2)	Kuopio	30.0	67,981.06	12,527.32
LähiTapiola Aluekiinteistöt Ky -group	2)	Espoo	28.3	26,200,887.41	84,135.24
LähiTapiola Kiinteistösijoitus I GP Oy	1)	Espoo	100.0	1,773.94	-60.00
LähiTapiola Kiinteistösijoitus I Ky	2)	Espoo	30.0	23,123,930.75	-1,043,015.18
LähiTapiola KR PK2 Ky -group	3)	Espoo	9.3	14,739,075.86	559,774.13
LähiTapiola Pääomasijoitus GP Oy	3)	Espoo	12.9	423.21	-60.00
LähiTapiola Pääomasijoitus I Ky	3)	Espoo	12.9	74,445,938.82	17,468,894.53
LähiTapiola Pääomasijoitus II GP Oy	1)	Espoo	100.0	1,476.22	-60.00
LähiTapiola Pääomasijoitus II Ky	2)	Espoo	30.0	186,245,843.24	21,534,952.99
LähiTapiola Pääomasijoitus III GP Oy	1)	Espoo	100.0	1,673.94	-160.00
LähiTapiola Pääomasijoitus III Ky	3)	Espoo	12.5	93,847,895.35	11,001,250.93
LähiTapiola Pääomasijoitus IV Ky	2)	Espoo	31.1	164,503,965.63	2,815,849.24
LähiTapiola Pääomasijoitus V Ky	2)	Espoo	26.3	21,808,126.17	-4,872,039.19
LähiTapiola Rahoitusyhtiö I Ky	2)	Espoo	26.9	551,747,792.31	5,764,282.09
LähiTapiola Tampereen Tornit Ky	2)	Espoo	32.2	47,615,243.60	-2,500,000.00
LähiTapiola Tontit GP I Oy	3)	Espoo	7.3	134,426.65	6,760.73
LähiTapiola Tontit GP II Oy	1)	Espoo	100.0	97,561.50	842.73
LähiTapiola Tontit I Ky	3)	Espoo	7.3	44,935,644.26	3,835,644.18
LähiTapiola Tontit II Ky	3)	Espoo	16.2	20,479,092.06	869,173.28
LähiTapiola Velkasijoitus I GP Oy	1)	Espoo	100.0	1,539.79	-60.00
LähiTapiola Velkasijoitus I Ky	2)	Espoo	37.0	167,595,317.69	6,751,228.69
LähiTapiola Velkasijoitus II Ky	2)	Espoo	34.5	153,676,220.42	2,166,665.38
LähiTapiola Yhteiset Kiinteistöt Ky	3)	Espoo	3.0	177,711,092.79	3,811,055.18
LähiTapiola Yritysrahoitus I GP Oy	1)	Espoo	100.0	6,579.93	-287.64
LähiTapiola Yritysrahoitus I Ky	2)	Espoo	38.4	622,194,921.27	17,846,342.89
Total				2,391,184,423.87	86,113,637.52

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

1) Subsidiary

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

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

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

## 7.2 Investments in participating interests

Shares and holdings, fixed assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Pihlajalinna Oyj -group	3)	Helsinki	15.4	124,000,000.00	9,500,000.00
Total				124,000,000.00	9,500,000.00

Shares and holdings, investment assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Noja Holding Oy	2)	Helsinki	22.1	3,886,160.61	-2,466,375.87
Noja Rahoitus Oy	2)	Turku	22.1	13,874,435.65	3,657,758.61
Total				17,760,596.26	1,191,382.74

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

2) Participating interest

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

### 7.3 Other investments

Security	Share of stocks %	Number	Book value	Current value	Home country
<b>Finnish companies, listed</b>					
Kone Oyj B	0.02	41,000.00	1,563,124.41	1,980,300.00	Finland
Loihde Oyj	2.62	150,000.00	1,972,500.00	1,972,500.00	Finland
Neste Oyj	0.01	80,000.00	3,441,600.00	3,441,600.00	Finland
Nokia Oyj	0.01	503,000.00	2,176,481.00	2,176,481.00	Finland
Stora Enso R	0.05	105,000.00	1,063,004.40	1,380,750.00	Finland
Terveystalo Oy	2.05	2,600,000.00	16,250,000.00	16,250,000.00	Finland
UPM-Kymmene Oyj	0.02	115,000.00	3,581,325.77	4,016,950.00	Finland
Vaisala Oyj A	0.32	117,640.00	1,101,198.93	4,640,898.00	Finland
Wulff-Yhtiöt Oyj	4.11	283,900.00	934,031.00	934,031.00	Finland
Others		818,450.00	828,633.48	1,092,558.00	Finland
Total		4,813,990.00	32,911,898.99	37,886,068.00	
<b>Finnish companies, non-listed</b>					
Fundu Oy	18.45	77,511.00	883,625.40	883,625.40	Finland
Gebwell Oy	6.22	515.00	2,755,321.66	2,755,321.66	Finland
GlucModicum Oy B-osake	3.18	5,723.00	1,750,093.40	1,750,093.40	Finland
Pohjan Voima Oy	5.58	157.00	502,400.00	502,400.00	Finland
Sofigate Group Oy	2.98	604,700.00	1,257,776.00	1,257,776.00	Finland
Others		118,600,598.00	131,406,142.93	125,637,743.58	
Total		119,289,204.00	138,555,359.39	132,786,960.04	

**Foreign companies, listed**

ASML Holding NV	0.00	4,000.00	775,274.55	2,015,200.00	The Netherlands
AbbVie Inc	0.00	26,000.00	1,540,082.34	3,939,489.97	USA
Alcon Inc	0.01	35,000.00	1,795,528.82	2,245,658.58	Switzerland
Alphabet Inc Class C	0.00	16,000.00	774,772.39	1,331,033.19	USA
Amazon.com Inc	0.00	14,000.00	809,920.23	1,102,568.91	USA
Amundi SA	0.01	27,000.00	1,431,000.00	1,431,000.00	France
Assa Abloy Ab B	0.01	90,000.00	1,691,355.82	1,810,228.56	Sweden
AstraZeneca PLC	0.00	31,000.00	2,190,771.08	3,920,918.22	UK
Atlas Copco AB	0.01	170,000.00	1,881,619.88	1,881,619.88	Sweden
Automatic Data Processing Inc	0.00	9,500.00	947,396.42	2,127,479.84	USA
Axa Sa	0.01	175,000.00	3,605,237.52	4,559,625.00	France
Brenntag AG	0.02	26,000.00	1,253,287.91	1,552,720.00	Germany
Credit Agricole SA	0.00	120,000.00	1,165,039.42	1,179,720.00	France
DSV Panalpina A/S	0.01	13,000.00	1,438,515.03	1,916,829.15	Denmark
Dassault Systemes Sa	0.00	50,000.00	1,413,945.77	1,674,750.00	France
Deutsche Telekom AG	0.00	180,000.00	2,795,936.62	3,354,840.00	Germany
Epiroc AB	0.01	110,000.00	1,005,337.21	1,877,708.64	Sweden
Equinor ASA	0.00	90,000.00	2,723,658.54	3,011,470.64	Norway
Exelon Corp	0.00	40,000.00	1,489,402.55	1,621,226.33	USA
ING Groep NV	0.01	410,000.00	4,111,130.30	4,669,080.00	The Netherlands
Illinois Tool Works Inc	0.00	10,000.00	1,253,591.23	2,065,441.59	USA
Infineon Technologies AG	0.00	65,000.00	1,847,950.00	1,847,950.00	Germany
Kering	0.00	3,000.00	1,426,500.00	1,426,500.00	France
Linde PLC	0.00	6,000.00	1,178,601.26	1,832,700.00	UK
Lowe's Cos Inc	0.00	12,000.00	1,165,655.63	2,241,590.10	USA
Medtronic Inc	0.00	30,400.00	1,839,070.74	2,215,158.45	Ireland
Merck KGAA	0.02	20,000.00	1,786,574.93	3,618,000.00	Germany
Microsoft Corp	0.00	8,000.00	1,483,358.65	1,798,762.42	USA
Mondelez International Inc	0.00	50,000.00	2,108,302.65	3,124,414.03	USA
NIKE Inc	0.00	19,000.00	1,317,017.74	2,084,370.90	USA
National Grid PLC	0.01	340,000.00	3,398,341.35	3,823,481.00	UK
Nestle Sa	0.00	41,000.00	3,485,633.06	4,460,993.20	Switzerland
Novo-Nordisk A/S B	0.00	12,000.00	1,056,220.41	1,513,615.28	Denmark
PepsiCo Inc	0.00	24,000.00	1,674,270.14	4,065,104.07	USA
Procter & Gamble Co	0.00	23,000.00	1,851,129.13	3,268,216.76	USA
Roche Holding Ag	0.00	13,000.00	3,055,801.24	3,835,178.23	Switzerland
Schneider Electric Sa	0.00	15,000.00	1,178,319.19	1,960,800.00	France
Siemens Ag	0.00	15,000.00	1,944,600.00	1,944,600.00	Germany
Siemens Healthineers AG	0.01	56,779.00	1,869,774.34	2,653,282.67	Germany
Skandinaviska Enskilda Banken AB	0.02	400,000.00	3,664,614.00	4,314,049.88	Sweden
Swiss Re Ltd	0.01	45,000.00	3,657,352.92	3,952,066.62	Switzerland
TRANE TECHNOLOGIES PLC	0.01	15,000.00	964,601.37	2,363,913.37	Ireland
US Bancorp	0.00	57,000.00	2,330,555.03	2,330,555.03	USA
Visa Inc	0.00	12,000.00	1,078,925.83	2,337,446.09	USA
<b>Total</b>		<b>2,928,679.00</b>	<b>81,455,973.24</b>	<b>112,301,356.60</b>	

**Foreign companies, non-listed**

Sos International A/S	4.69	133,720.00	2,172,782.56	0.00	Denmark
Others		74,165.00	408,668.99	684,110.50	
<b>Total</b>		<b>207,885.00</b>	<b>2,581,451.55</b>	<b>684,110.50</b>	

## Mutual funds

AMUNDI PLANT EM GRN 1-SEURH	10,858,877.40	10,858,877.40	Luxembourg
Aktia Trade Finance Erikoissijoitusrahasto	857,052.83	857,052.83	Finland
BNP Paribas FPS FPE	835,660.57	835,660.57	France
BNP Paribas Global Senior Corporate Loans	1,916,405.77	1,916,405.77	France
Erikoissij.rahasto LähiTapiola AIF Eurooppa ESG	6,630,563.44	7,062,104.11	Finland
Erikoissij.rahasto LähiTapiola AIF Pitkäkorko ESG	68,580,276.90	68,580,276.90	Finland
Erikoissij.rahasto LähiTapiola AIF Yrityslaina ESG	68,773,132.35	68,773,132.35	Finland
Erikoissijoitusrahasto LähiTapiola AIF USA ESG	2,000,000.00	2,567,756.45	Finland
GS Emerging Markets Equity	8,920,934.53	8,920,934.53	Luxembourg
LähiTapiola High Yield A	90,206,719.87	90,206,719.87	Finland
LähiTapiola Hyvinvointi ESG A	2,905,403.32	4,028,004.37	Finland
LähiTapiola Kasvu ESG A	3,056,656.29	4,177,640.86	Finland
LähiTapiola Kehittynyt Aasia ESG A	12,117,235.47	12,780,742.94	Finland
LähiTapiola Kehittyvät Korkomarkkinat A	75,973,501.41	75,973,501.41	Finland
LähiTapiola Kestävä Vaikuttajakorko A	40,862,102.32	40,862,102.32	Finland
LähiTapiola Kestävä Ympäristö A	3,439,157.30	4,744,596.29	Finland
LähiTapiola Kuluttaja ESG A	753,685.55	1,033,057.49	Finland
LähiTapiola Lyhytkorko ESG A	1,734,750.41	1,734,750.41	Finland
LähiTapiola Pohjoinen Yrityskorko ESG A	53,531,216.78	53,659,449.75	Finland
LähiTapiola Reaalikorko ESG A	19,801,814.46	19,801,814.46	Finland
LähiTapiola Sijoituskiinteistöt A	5,541,983.27	6,489,662.41	Finland
LähiTapiola Yrityskorko ESG A	33,124,434.42	33,124,434.42	Finland
Mandatum Opportunistic Loan Strategy	7,294,594.87	7,294,594.87	Finland
PIMCO GIS Emerging Markets Bond ESG Fund	11,423,071.92	11,423,071.92	Ireland
S-Pankki High Yield Eurooppa ESG Korko	4,872,372.91	4,872,372.91	Finland
S-Pankki Kehittyvät Markkinat ESG Osake	6,331,114.73	6,783,808.04	Finland
S-Pankki Toimitila	5,000,000.00	5,146,212.56	Finland
Seligson & Co Euro-obligaatio A	4,972,864.90	4,972,864.90	Finland
Seligson & Co Perheyhtiö A	7,500,000.01	9,105,894.04	Finland
Seligson & Co Phoebus A	7,500,000.00	9,313,391.50	Finland
Sijoitusrahasto LähiTapiola Eurooppa HY ESG B	70,081,215.33	70,081,215.33	Finland
Others	33,318.89	37,164.16	
Total	637,430,118.22	648,019,268.14	



## Capital mutual funds

Altora Fund II (No. 1) Limited Partnership	966,244.28	966,244.28	Jersey
Altora Fund III (No. 2)	2,577,993.62	2,655,656.95	Jersey
Altora Fund IV (No.2) AB	5,389,993.20	6,941,339.32	Sweden
Amanda V East L.P.	1,679,958.80	2,208,862.00	Finland
Beechbrook Mezzanine II L.P.	2,172,378.00	2,172,378.00	UK
Beechbrook Private Debt III L.P.	7,490,112.31	8,650,381.77	UK
Beechbrook UK SME Credit I L.P.	1,461,136.44	1,461,136.44	UK
Bowmark Capital Partners V, L.P.	2,193,327.55	2,193,327.55	UK
Bridgepoint Europe III, L.P.	726,580.00	726,580.00	UK
Bridgepoint Europe IV F.L.P.	1,436,269.00	1,436,269.00	UK
Bridgepoint Europe V C L.P.	3,106,855.52	6,170,658.29	UK
Dasos Habitat Fund Ky	1,765,267.18	1,801,912.69	Finland
Dasos Kestävä Metsä ja Puu III	9,969,097.04	10,429,517.04	Finland
Dyal Capital Partners V LP	1,914,008.79	1,989,298.50	Cayman Islands
Fundu Fund Ky	5,000,000.01	5,173,833.04	Finland
ICG Senior Debt Partners Fund 2	10,224,465.17	10,570,043.00	Luxembourg
ICG-Longbow UK Real Estate Debt Investments III	99,269.46	99,269.46	Luxembourg
Infranode I (No. 1) AB	9,466,243.23	9,466,243.23	Sweden
Kasvurahastojen Rahasto IV Ky	642,674.00	642,674.00	Finland
LähiTapiola Asuntorahasto Prime Ky	1,182,038.00	1,288,667.32	Finland
LähiTapiola Asuntosijoitus Suomi Ky	2,804,996.25	3,644,047.67	Finland
LähiTapiola Keskustakiinteistöt Ky	3,757,665.00	3,757,665.00	Finland
LähiTapiola Yhteiskuntakiinteistöt Suomi Ky	25,000,000.00	25,094,869.49	Finland
NB Private Debt Fund II LP	5,772,728.30	5,772,728.30	USA
Siguler Guff Small Business Credit Opportunities	3,079,626.50	3,514,153.54	USA
TPG Partners VI, LP	1,387,430.15	1,387,430.15	USA
TPG Partners VII, L.P.	6,267,280.14	6,267,280.14	USA
Tikehau Direct Lending III	1,405,952.87	1,405,952.87	Luxembourg
Top Tier Venture Capital IV, L.P.	1,461,565.79	2,329,389.73	USA
Tuohex Kiinteistörahasto I Ky	5,895,464.26	6,059,460.41	Finland
VSS Structured Capital Parallel III, L.P.	8,089,075.73	12,980,210.95	USA
WasaGroup Fund III Ky	446,875.17	535,969.82	Finland
Others	2,334,704.17	2,363,769.47	
Total	137,167,275.93	152,157,219.42	

**Total other investments, shares and holdings** **127,239,758.00** **1,030,102,077.32** **1,083,834,982.70**

## 8. Other investments

### 8.1 Other loans, itemised by type of security

	2022	2021
Bank guarantee	7,575.02	14,829.02
Remaining acquisition cost	7,575.02	14,829.02
Unsecured, total remaining acquisition cost	7,573,511.75	13,108,000.00
	<u>7,581,086.77</u>	<u>13,122,829.02</u>

## 9. Changes in tangible and intangible assets

	Intangible rights and other expenses with long-term effects	Provisional premiums	Goodwill	Machinery and equipment
Acquisition cost on 1 Jan.	81,648,397.59	761,242.12	0.00	34,793,415.65
Increase	1,316,364.26	2,215,226.55	1,200,000.00	375,703.15
Decrease	-225,199.00	0.00	0.00	-298,307.21
Transfers between items	45,166.02	-45,166.02	0.00	0.00
Acquisition cost on 31 Dec.	82,784,728.87	2,931,302.65	1,200,000.00	34,870,811.59
Accumulated depreciation on 1 Jan.	-72,655,366.99	0.00	0.00	-33,743,366.71
Accumulated depreciation related to deductions and transfers	153,885.98	0.00	0.00	0.00
Depreciation for the financial year	-3,687,778.77	0.00	-400,000.00	-281,861.24
Accumulated depreciation on 31 Dec.	-76,189,259.78	0.00	-400,000.00	-34,025,227.95
Book value on 31 Dec.	<u>6,595,469.09</u>	<u>2,931,302.65</u>	<u>800,000.00</u>	<u>845,583.64</u>

## 10. Capital and reserves and itemization of revaluation reserve

### 10.1 Changes in capital and reserves

	1.1.2022	Increase	Decrease	31.12.2022
Initial reserve	8,641,380.35	0.00	0.00	8,641,380.35
Revaluation reserve	85,090.31	0.00	0.00	85,090.31
Security reserve	1,559,430,454.98	116,545,921.15	0.00	1,675,976,376.13
Contingency reserve	2,717,339.71	2,400,000.00	-373,000.00	4,744,339.71
Profit for the accounting period	118,945,921.15	9,961,233.75	-118,945,921.15	9,961,233.75
<i>Total changes in capital and reserves</i>	<i>1,689,820,186.50</i>	<i>128,907,154.90</i>	<i>-119,318,921.15</i>	<i>1,699,408,420.25</i>

### 10.2 Itemisation of revaluation reserve

	31.12.2022
Revaluation of fixed assets	85,090.31
<i>Total</i>	<i>85,090.31</i>

### 10.3 Account of distributable profits

	31.12.2022
Profit for the accounting period	9,961,233.75
+ Other unrestricted capital and reserves	
Security reserve	1,675,976,376.13
Contingency reserve	4,744,339.71
<i>Total distributable profits</i>	<i>1,690,681,949.59</i>

## 11. Accumulated appropriations

### Depreciation difference

	2022	2021
Depreciation difference on 1 Jan.	158,693.41	134,237.56
Increase	12,195.60	24,455.85
Depreciation difference on 31 Dec.	170,889.01	158,693.41
<b>Total accumulated appropriations</b>	<b>170,889.01</b>	<b>158,693.41</b>

## 12. Provision for outstanding claims

	2022	2021
Uncontested recourse receivables deducted from provisions for claims outstanding		
Statutory workers' compensation	42,540,909.00	40,802,422.00

## 13. Other obligatory provisions

	2022	2021
Provision for unemployment security deductible	46,914.78	46,914.78
Provision from other commitments	11,292,400.00	0.00
	11,339,314.78	46,914.78

## 14. Deferred tax liabilities

	2022	2021
Tax liability calculated on the basis of timing differences and other temporary differences between taxable profit and accounting profit	143,390.32	143,390.32
Tax debt calculated based on valuation gains/losses that is deemed likely to become payable during the next year	16,000,000.00	7,700,000.00
	16,143,390.32	7,843,390.32

## 15. Receivables and liabilities

### 15.1 Itemisation of receivables

	2022	2021
<b>Receivables from group companies</b>		
Other receivables	3,902,720.71	2,686,269.43
	3,902,720.71	2,686,269.43

**15.2 Itemisation of liabilities**

	2022	2021
<b>Liabilities to group companies</b>		
Trade creditors	1,498,391.62	1,279,772.18
Other liabilities	1,494,175.75	1,129,470.73
	<u>2,992,567.37</u>	<u>2,409,242.91</u>

**15.3 Itemisation of accruals and deferred income**

	2022	2021
Liabilities to personnel	9,464,355.85	9,977,634.82
Valuation loss on derivatives	0.00	38,608.98
Other accruals and deferred income	3,230,851.47	3,131,709.69
	<u>12,695,207.32</u>	<u>13,147,953.49</u>

**16. Notes concerning guarantees and contingent liabilities****Other derivative contracts**

	2022	2021
<b>Currency derivatives</b>		
Forward and futures contracts, open		
Underlying instrument	-44,209,272.50	-21,217,073.24
Current value	806,136.26	88,442.12

**Leasing liabilities**

Amount to be paid in the current financial year	155,290.75	174,724.08
Amount to be paid in the coming years	244,635.56	368,734.44
	<u>399,926.31</u>	<u>543,458.52</u>

**Rent liabilities**

Amount to be paid in the current financial year	3,415,297.16	9,083,208.20
Amount to be paid in the coming years	8,499,634.08	28,064,235.04
	<u>11,914,931.24</u>	<u>37,147,443.24</u>

**Value-added tax liabilities**

Joint liability relating to collective value-added tax registration		
Group companies	362,498.10	-389,419.50
Partner companies	1,603,256.12	-1,149,261.87
	<u>1,965,754.22</u>	<u>-1,538,681.37</u>

*VAT liability with a positive sign = VAT debt*

*VAT liability with a negative sign = VAT receivable*

Inspection responsibility of real estate investments under section 120 of the Value Added Tax Act

Company	619,696.00	750,196.00
Other companies of the group	78,159,564.49	40,564,868.70
	<u>78,779,260.49</u>	<u>41,315,064.70</u>

**Other commitments**

Investment commitments	395,560,609.86	512,010,277.55
Subscription commitments	0.00	3,574,668.04
Granted limit	155,140,205.77	22,243,799.01
Other commitments *	28,772,939.18	0.00
	<u>579,473,754.81</u>	<u>537,828,744.60</u>

\* LocalTapiola General has agreed to purchase in 2028 the portions held by the regional companies in the real estate fund that is wholly owned by LocalTapiola Group. The amount of liability is based on an agreement concluded between the partners, as well as on the investment net value.

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

## 17. Related party loans and transactions

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

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

The company has not granted loans to related parties.

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

### 9.5.3 Performance analysis and other notes, LocalTapiola General

#### PERFORMANCE ANALYSIS

	2022	2021	Change	€1,000 Change %
Premiums earned	267,941	265,142	2,800	1.1 %
Claims incurred	-211,200	-221,618	10,417	-4.7 %
Operating expenses	-49,045	-38,973	-10,072	25.8 %
<b>Balance on technical account before change in equalization provision</b>	<b>7,696</b>	<b>4,551</b>	<b>3,145</b>	<b>69.1 %</b>
Investment income and expenses as well as revaluations and adjustments thereof	9,018	139,044	-130,026	-93.5 %
Other income and expenses	1,253	1,810	-557	-30.8 %
<b>Operating profit</b>	<b>17,966</b>	<b>145,404</b>	<b>-127,438</b>	<b>-87.6 %</b>
<b>Profit before appropriations and taxes</b>	<b>11,594</b>	<b>145,404</b>	<b>-133,810</b>	<b>-92.0 %</b>
Appropriations	-12	-24	12	-50.1 %
Direct taxes	-1,621	-26,434	24,813	-93.9 %
<b>Profit for the accounting period</b>	<b>9,961</b>	<b>118,946</b>	<b>-108,985</b>	<b>-91.6 %</b>
Operating profit	17,966	145,404	-127,438	-87.6 %
Change in the difference between current and book values	-139,931	112,325	-252,257	-224.6 %
<b>Total result</b>	<b>-121,965</b>	<b>257,730</b>	<b>-379,694</b>	<b>-147.3 %</b>

## 9.5.4 Investment allocation at current value

### Investment allocation at current value 1 Jan. - 31 Dec. 2022

	Basic breakdown				Risk breakdown		
	31.12.2022		31.12.2021		31.12.2022		31.12.2021
	EUR million	%	EUR million	%	EUR million	%	%
<b>Fixed-income investments</b>	<b>984.4</b>	<b>31.4</b>	<b>1001.7</b>	<b>30.9</b>	<b>984.4</b>	<b>31.4</b>	<b>30.9</b>
Loan receivables <sup>1)</sup>	83.1	2.7	81.3	2.5	83.1	2.7	2.5
Bonds	809.3	25.8	848.4	26.2	809.3	25.8	26.2
Other money market instruments and deposits <sup>1) 2)</sup>	92.0	2.9	72.0	2.2	92.0	2.9	2.2
<b>Equities and shares</b>	<b>1591.6</b>	<b>50.8</b>	<b>1735.6</b>	<b>53.5</b>	<b>1591.6</b>	<b>50.8</b>	<b>53.5</b>
Listed equities and shares <sup>3)</sup>	250.4	8.0	498.6	15.4	250.4	8.0	15.4
Private equity investments <sup>4)</sup>	773.7	24.7	672.3	20.7	773.7	24.7	20.7
Unlisted equities and shares <sup>5)</sup>	567.4	18.1	564.8	17.4	567.4	18.1	17.4
<b>Real estate investments</b>	<b>546.8</b>	<b>17.5</b>	<b>497.5</b>	<b>15.3</b>	<b>546.8</b>	<b>17.5</b>	<b>15.3</b>
Direct real estate investments	428.4	13.7	412.6	12.7	428.4	13.7	12.7
Real estate funds and joint investments	118.4	3.8	84.9	2.6	118.4	3.8	2.6
<b>Other investments</b>	<b>8.2</b>	<b>0.3</b>	<b>7.8</b>	<b>0.2</b>	<b>8.2</b>	<b>0.3</b>	<b>0.2</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>	8.2	0.3	7.8	0.2	8.2	0.3	0.2
<b>Investments total</b>	<b>3130.9</b>	<b>100.0</b>	<b>3242.7</b>	<b>100.0</b>	<b>3130.9</b>	<b>100.0</b>	<b>100.0</b>
Effect of derivatives <sup>9)</sup>						<b>0.0</b>	<b>0.0</b>
<b>Investments at current value, total</b>	<b>3130.9</b>	<b>100.0</b>	<b>3242.7</b>	<b>100.0</b>	<b>3130.9</b>	<b>100.0</b>	<b>100.0</b>

### The modified duration of bond investments

4.62

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.

### 9.5.5 Net investment income on capital employed

Net investment income on capital employed 1 Jan. - 31 Dec. 2022

	Net investment income at current value <sup>a)</sup>	Capital employed	Return-% on capital employed				
			2022	2021	2020	2019	2018
	EUR million	EUR million	%	%	%	%	%
<b>Fixed-income investments</b>	<b>-117.6</b>	<b>1,156.9</b>	<b>-10.2</b>	<b>-0.1</b>	<b>1.1</b>	<b>5.1</b>	<b>-1.4</b>
Loan receivables <sup>1)</sup>	5.4	87.5	6.1	-4.1	0.7	3.3	3.3
Bonds	-122.6	984.7	-12.5	0.4	1.5	5.6	-1.7
Other money market instruments and deposits <sup>1) 2)</sup>	-0.3	84.7	-0.3	-0.2	-0.7	-0.3	-0.7
<b>Equities and shares</b>	<b>-10.6</b>	<b>1,622.7</b>	<b>-0.7</b>	<b>14.1</b>	<b>4.2</b>	<b>8.6</b>	<b>3.5</b>
Listed equities and shares <sup>3)</sup>	-75.7	381.4	-19.9	30.1	-0.9	33.5	-9.7
Private equity investments <sup>4)</sup>	44.6	687.9	6.5	12.2	2.6	4.5	6.7
Unlisted equities and shares <sup>5)</sup>	20.5	553.4	3.7	4.7	9.7	-1.3	9.9
<b>Real estate investments</b>	<b>1.9</b>	<b>520.2</b>	<b>0.4</b>	<b>7.6</b>	<b>7.6</b>	<b>7.1</b>	<b>7.6</b>
Direct real estate investments	14.0	414.4	3.4	8.6	8.7	9.2	8.1
Real estate funds and joint investments	-12.1	105.9	-11.4	2.5	1.7	-2.6	5.5
<b>Other investments</b>	<b>-0.4</b>	<b>8.7</b>	<b>-4.4</b>	<b>3.3</b>	<b>-23.1</b>	<b>11.8</b>	<b>-5.4</b>
Hedge fund investments <sup>6)</sup>	0.0	0.0	0.0	0.0	0.0	6.6	-1.3
Commodity investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments <sup>7)</sup>	-0.4	8.7	-4.4	3.3	-23.1	14.3	-6.5
<b>Investments total</b>	<b>-126.7</b>	<b>3,308.5</b>	<b>-3.8</b>	<b>8.4</b>	<b>3.6</b>	<b>7.2</b>	<b>2.2</b>
Unallocated return, costs and operating expenses	-4.2						
<b>Net investment income at current value</b>	<b>-130.9</b>	<b>3,308.5</b>	<b>-4.0</b>	<b>8.2</b>	<b>3.5</b>	<b>7.0</b>	<b>2.1</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

## 10 Accounting principles

LocalTapiola General Mutual Insurance Company's (LocalTapiola General) financial statements are prepared in accordance with the Accounting Act, the Limited Liability Companies Act and the Insurance Companies Act. In addition, compliance is ensured with the Decree of the Ministry of Social Affairs and Health on the financial statements and consolidated financial statements of insurance companies, with the provisions of the Accounting Decree as provided for in the above Decree, as well as with the decisions, regulations and instructions issued by the authorities regulating insurance companies – the Ministry of Social Affairs and Health and the Financial Supervisory Authority.

### 10.1 Composition of LocalTapiola Group

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

As the leading parent company of LocalTapiola Group, LocalTapiola General prepares the consolidated financial statements for LocalTapiola Group to the extent required from groups of insurance companies under the Insurance Companies Act. They are also necessary for the purposes of group supervision under the Insurance Companies Act, carried out by the Financial Supervisory Authority.

Despite the consolidated financial statements, LocalTapiola Group as a whole does not constitute a group within the meaning of the Accounting Act, mainly because the insurance companies are mutual companies. Mutual insurance companies are owned by the policyholders and, consequently, they do not fulfil the requirement, established in the Accounting Act's definition of 'group', that the parent company holds a majority stake in or a majority of the votes of the subsidiary. Neither does LocalTapiola General have the right to nominate a majority of the members of the Boards of Directors of the other LocalTapiola Group insurance companies, nor are there any contractual or other arrangements in force between the LocalTapiola Group companies for LocalTapiola General to exercise de facto control over the other mutual insurance companies part of LocalTapiola Group.

All Turva Mutual Insurance Company's guarantee share owners have signed an addendum to the agreement concluded between the guarantee share owners, according to which LocalTapiola General, should the company wish to exercise it, has the right to appoint the majority of Turva's Board of Directors. LocalTapiola Group owns 75.79 per cent of Turva's guarantee capital. In LocalTapiola Group's consolidated financial statements, Turva Mutual Insurance Company is reported as a subsidiary, yet Turva's financial statements data are not consolidated in LocalTapiola Group's consolidated financial statements on the basis of Section 3(1) of Chapter 6 of the Accounting Act, according to which the financial statements of a subsidiary may be excluded from consolidation if consolidation is not necessary in order to present a true and adequate picture of the Group's operational results and financial position. Owners of a mutual company's guarantee capital do not have a right to the company's assets other than to the guarantee capital and to any possible interest on the guarantee capital paid from retained earnings by decision of a General Meeting. In accordance with the Financial Supervisory Authority's statement, Turva is not consolidated into LocalTapiola Group.

#### 10.1.2 LocalTapiola Group's consolidated financial statements

The LocalTapiola General group of companies within the meaning of the Accounting Act, as well as the other companies part of a group of insurance companies within the meaning of Section 2 of Chapter 26 of the Insurance Companies Act, are consolidated in LocalTapiola Group's consolidated financial statements. LocalTapiola Group comprises LocalTapiola General, 19 regional non-life insurance companies, LocalTapiola Life as well as the other companies consolidated into LocalTapiola Group by way of their control or influence. The names of LocalTapiola Group's most significant companies are shown in the notes to the financial statements and in the report of the Board of Directors. The Group-related terms used in the financial statements refer to LocalTapiola Group.

LocalTapiola Group's consolidated financial statements are prepared as a combination of the profit and loss accounts, balance sheets and notes of LocalTapiola General and of the subsidiaries consolidated into LocalTapiola Group, from which the following are eliminated: receivables and liabilities between these companies, as well as income and expenses, profit distribution, Group-internal realised gains and losses, and mutual share ownership.

The shareholding and guarantee capital ownership internal to LocalTapiola Group's consolidated financial statements are eliminated using the acquisition cost method. Mutual companies credit a part of their retained earnings



from capital and reserves to the owner-customers in the form of customer bonuses. Capital and reserves show a separate 'Mutual insurance companies' capital and reserves' balance sheet item. The initial fund, security reserve and contingency reserve, as well as the retained earnings not paid as interest to the guarantee capital owners, of the mutual insurance companies consolidated as subsidiaries are shown under the 'Mutual insurance companies' capital and reserves' balance sheet item. LocalTapiola Group owns 100% of the guarantee capital of the mutual regional non-life insurance companies and of the guarantee capital of LocalTapiola Life. The profit and loss account items of the housing and real estate companies included in LocalTapiola Life Group are shown in the actuarial calculation of the life insurance business.

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

Associates, that is to say, the companies of whose shares or control LocalTapiola Group holds 20–50 per cent, are consolidated in LocalTapiola Group's consolidated financial statements using the equity method. However, mutual companies, such as limited liability housing companies, real estate companies and mutual funds, are not consolidated as associates in LocalTapiola Group's financial statements, even where the above thresholds for control and ownership are met on the closing of the accounts.

In LocalTapiola Group's consolidated financial statements, deferred tax liabilities and deferred tax assets are recognised in the balance sheet. Deferred tax liabilities and deferred tax assets deriving from consolidation measures are recognised in the balance sheet whenever their future tax implications are to be deemed probable for the companies which they concern. The change in taxation-based provisions and in the depreciation difference is distributed between the change in deferred tax liabilities and the profit. The corresponding balance sheet items are divided into deferred tax liabilities and capital and reserves, with due consideration of the minority interest.

With regard to housing and real estate companies, revaluations of shares of insurance-sector subsidiaries are allocated as revaluations in respect of the real estate of LocalTapiola Group's subsidiaries.

The positive consolidation difference arising from elimination is primarily allocated to the subsidiary's relevant asset items, with due consideration of the fair value of these items. This positive consolidation difference is amortised

according to plan, similarly to the corresponding item. Any unallocated consolidated goodwill is recorded in the balance sheet under intangible assets as a separate item, and it is amortised according to plan. Any negative consolidation difference is included in the balance sheet as a separate item under liabilities, and it is released to income from the company's retained earnings where possible.

The direct business internal to LocalTapiola Group's consolidated financial statements is not eliminated; internal reinsurance, with the exception of the equalisation provision, is eliminated.

## 10.2 Accounting principles

### 10.2.1 Valuation and allocation of intangible assets

#### Other long-term expenditure

Other capitalised long-term expenditure includes costs of renovation of apartments as well as design and software programming costs of ICT systems. They are shown in the balance sheet at acquisition cost net of planned depreciation.

### 10.2.2 Valuation and allocation of investments

#### Real estate and shares in real estate

Buildings and structures are shown in the balance sheet at acquisition cost net of planned depreciation or they are recognised at fair value, whichever is lower.

Shares in real estate are shown in the balance sheet at acquisition cost or they are recognised at fair value, whichever is lower. A revaluation may have been made on the values of real estate and shares in real estate, if their value at the end of the financial period was permanently and significantly higher than the original acquisition cost. The counter-item of any revaluation of real estate or shares in real estate classified as investment assets has been recognised as income in the profit and loss account since 1978, and all revaluations made before that are entered in the revaluation reserve under restricted capital and reserves. The counter-item of an investment classified as fixed assets is entered in the revaluation reserve under restricted capital and reserves.

If the fair value increases, any earlier impairment made in respect of investments is reversed (through profit or loss) up to the original acquisition cost.

## Shares and holdings

Shares and holdings are shown in the balance sheet at the lower of acquisition cost and fair value. Acquisition cost is calculated by employing the average price. Any previous impairment is reversed into the value of shares and holdings insofar as the fair value exceeds the book value.

Any securities lent are included in the balance sheet. Information on the securities lent is shown in the notes to the balance sheet.

## Debt securities

Debt securities include bonds and other money market instruments. Debt securities are shown in the balance sheet at acquisition cost. Acquisition cost is calculated by employing the average price. The difference between the nominal value and the acquisition cost of debt securities is amortised as interest income or as a decrease of that income through the expected life of the debt security in question. The counter-item is recognised as an increase or decrease of the acquisition cost of the debt security. Temporary changes in value from interest rate fluctuations and due to other reasons are not recognised. Impairment that is due to other reasons is recognised.

Similarly, write-backs are recognised if the fair value of a debt security, at a later date, exceeds the reduced acquisition cost, 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 at a permanently lower probable value. Temporary changes in value from interest rate fluctuations and due to other reasons are not recognised. Impairment that is due to other reasons is recognised.

Similarly, write-backs are recognised if the fair value, at a later date, exceeds the reduced acquisition cost, up to the original acquisition cost.

## Derivative contracts

Derivative contracts are employed as investments that operatively reduce investment risk. In addition to this, in the accounts, derivatives are also employed as hedging instruments, and hedging calculation is applied to these derivatives.

All income and losses generated during the financial period from the closing or lapsing of contracts are recognised as income or expense for the financial period. Interest allocated to the financial period is recognised in the interest income/expenses for the investment business.

## Operatively hedging contracts

Any negative difference between the fair value and a higher book value of an operatively hedging derivative contract, or a derivative contract treated as non-hedging, is recognised as expense. Uncollected revenues are not recognised.

## Hedging calculation

The link between a hedged item and the derivative instrument hedging it is documented in the manner described in the derivatives strategy, and the effectiveness of hedging is monitored on a continuous basis.

When employing hedging calculation, any negative change in the value of a derivative is not recognised as expense insofar as an increase in the value of the item hedged covers this. The portion of any negative change in the value of a derivative which exceeds the increase in the value of the hedged item is recognised as expense. If no change in value is recognised in the profit and loss account with regard to the hedged balance sheet item, no valuation income or expense from the hedging contract is recognised.

## 10.2.3 Determining fair values of investments

### Real estate investments

All real estate and shares in real estate are valued at market-based fair values. The valuation principles set out in the International Valuation Standards (IVS) and the good real estate valuation principles (known as the AKA criteria), as well as the requirements they impose on the valuation methods used, are applied in the valuation of real estate investments.

Residential real estate is primarily valued using the sales comparison approach based on comparable sales. The primary valuation method for commercial real estate is the cash flow method based on gross rentals. The values of special real estate are determined using a market-based evaluation method best suited for the real estate in question. The fair value for invest-

ment real estate funded by state housing loans is the assignment compensation 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 carried out, in accordance with the requirements of the Financial Supervisory Authority, by either external authorised property valuers or LocalTapiola Real Estate Asset Management Ltd's experts, instructed and audited by an external authorised property valuer.

#### Shares, holdings and debt securities

With regard to 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 fair value. For other investments, the likely transfer price, the book value or a substance-based value is used as the fair value. The fair value used for private equity funds is the acquisition cost or the management company's estimate of the fair value of the fund concerned.

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

The fair value used for loans receivable, deposits, and deposits with ceding undertakings is the nominal value, with due consideration of any reduction of the nominal value to the likely value required by the risk of a potential credit loss.

#### 10.2.4 Zillmerisation

Zillmerisation is not applied.

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

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

#### 10.2.6 Valuation of receivables

##### Premium receivables

Premium receivables are shown in the balance sheet at up to their likely value. From the nominal value of premium receivables, experience lapsing is subtracted, which yields their likely value. Receivables not likely to be settled are recognised as credit losses.

##### Foreign currency items

Receivables and liabilities in foreign currencies are converted into euros at the rate quoted by the European Central Bank on the day of the closing of

the accounts. For other investments, the lower of the rate valid at the moment of acquisition and the rate valid on the day of the closing of the accounts is used.

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

#### 10.2.7 Depreciation

The acquisition cost of buildings and their components, fleet, equipment, intangible rights and long-term expenditure is capitalised and depreciated according to plan over its expected useful life.

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

##### Intangible assets

- Renovations of apartments 3–10 yrs
- Design expenses of ICT system 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%

##### Fleet and equipment

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

The impact of essential renovations of buildings on their holding period is assessed separately. Revaluations recognised as income are depreciated according to the holding period of the item in question.

The accumulated difference in the accounts between write-offs and planned depreciation is recorded in the balance sheet under liabilities, under the 'Appropriations, depreciation difference' item, and any increase or decrease in the depreciation difference generated during the financial period is shown separately in the profit and loss account.

### 10.2.8 Appropriations

#### Depreciation difference

See "Depreciation".

#### Taxation-based provisions

Some provisions were made through profit or loss under fiscal and accountancy legislation.

### 10.2.9 Obligatory provisions

As obligatory pension provisions, pension expenditure and any possible unemployment pension expenditure, arising from obligations in the future and concerning the financial period ended or an earlier financial period, are deducted from income. As other provisions, provisions for interest on late payments in respect of unsettled claims are deducted from income.

### 10.2.10 Direct taxes

In the profit and loss account, direct taxes are shown on an accrual basis.

### 10.2.11 Deferred tax liabilities and tax assets

Deferred tax liabilities and tax assets pertaining to timing differences between taxable income and accounting profit, and those referring to other temporary differences, are shown in the notes to the financial statements. The notes show the deferred tax liability, calculated on the basis of valuation differences, that is deemed likely to materialise during the following year.

### 10.2.12 Other liabilities

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

### 10.2.13 Subordinated loan

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

### 10.2.14 Description of pension cover and allocation of pension expenditure

Personnel's statutory pension cover is arranged through TyEL (employer's pension) insurance.

Any possible supplementary pension cover, under which the benefits include an old-age pension, a disability pension, a survivors' pension, and a death benefit for family members, is arranged through insurance. As a general rule, the supplementary pension accrues a pension annually at a rate of 0.2 per cent of the pensionable annual income calculated under the Employees Pensions Act.

The retirement age of LocalTapiola General's Managing Director is determined on the basis of employee pension legislation. The retirement age of all full-time Board members in the employ of LocalTapiola General is determined on the basis of employee pension legislation, unless a retirement age of 63 years is specifically agreed. The retirement/resignation age of other managers is in accordance with the employment pension legislation in force from time to time.

Pension insurance contributions are amortised on an accrual basis.

### 10.2.15 Technical provisions, non-life insurance

#### Provision for unearned premiums

The provision for unearned premiums includes that portion of the premiums written accrued during the financial period and in previous years in respect of which the risk concerns time after the financial period. Similar allocation is also made with regard to the fees of inwards reinsurance. The amount of the provision for unearned premiums is calculated in accordance with the pro rata parte temporis principle. No insurance acquisition costs entered as an asset are deducted from the provision for unearned premiums, and the provision for unearned premiums does not include any provisions for unexpired risks.

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

#### Provision for claims outstanding

The provision for claims outstanding includes the claims outstanding payable by the company after the financial period which accrue from claims and other insured events that occur before or during the financial period. The provision for claims outstanding includes the equalisation provision. The equalisation provision is a buffer reserved for years in which there is a large number of claims, so as to secure the adequacy of the technical provisions also in the

event of unfavourable fluctuations in the factors which materially affect the technical provisions.

The Insurance Supervision Authority confirms the calculation rules for the equalisation provision on a company specific basis.

With regard to calculation of the provision for pension claims outstanding, including all unidentified claims, a technical rate of interest of 0.7 (in the 2021 financial statements, 0.5) per cent is applied.

Calculation of the provision for pension claims outstanding employs the non-life insurance reference mortality rate K2021, prepared in cooperation by the Finnish Workers' Compensation Center and the Insurance Centre.

## 10.2.16 Technical provisions, life insurance

### Technical provisions

The technical provisions comprise the provision for unearned premiums and the provision for claims outstanding. The equalisation provision is included in the provision for claims outstanding.

In respect of pure risk policies, the provision for unearned premiums is equal to the portion of the premiums written which concerns time after the closing of the accounts, net of any possible unpaid premiums.

With regard to savings-type insurance contracts, the provision for unearned premiums is calculated as the capital value of the future benefits, contract management fees and future premiums. Calculation of the capital value mainly employs the discount rate, mortality, and assumed operating expenses.

The provision for claims outstanding is the debt arising from the costs of claims and claim settlement 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.

The technical provisions contain risk provisions, which are used to adjust the mortality and morbidity estimates of insurance contracts to correspond to the level observed to deviate from the rating employed.

All decided customer bonuses are taken into account when calculating the technical provisions. The technical provisions include the liability for future additional benefits, which is primarily used for payment of future customer bonuses to ensure continuity.



### Discount rate for technical provisions

With regard to contracts other than unit-linked contracts, the discount rate for technical provisions is not higher than the interest rate used to rate the insurance. Policies feature savings with a guaranteed interest rate of 0–4.5 per cent. This insurance portfolio is subject to supplementary interest rate provisions, which reduce the discount rate for technical provisions to a level that is lower than the guaranteed interest rate credited to savings.

In respect of life insurance other than pension insurance, the provision for claims outstanding is not discounted.

As for unit-linked insurance contracts, the technical provisions are determined in accordance with the value development of the investment options linked to them.

## 10.3 Changes in accounting principles affecting comparability of result for financial period with result for previous financial period

### 10.3.1 Changes in calculation of non-life insurance technical provisions

The technical rate of interest was increased in 2022 from 0.5 per cent to 0.7 per cent, and the resulting impact is seen as a non-recurring decrease in the provision for claims outstanding. In the 2022 financial statements, the new technical rate of interest decreases the level of the provision for claims outstanding at LocalTapiola Group by a total of EUR 59.3 million, while at LocalTapiola General the non-recurring impact is EUR 24.8 million. The increase of the technical rate of interest is motivated by prudent longer-term investment income from the assets covering the technical provisions, as well as by the market return from well-rated long bonds.

In 2022 changes were introduced into the actuarial principles of public patient insurance, which had a non-recurring impact of EUR 2.6 million at LocalTapiola General. As public patient insurance is full-liability insurance, this change increased both the claims incurred and the direct premiums written. In 2022 an adjustment was also made to the actuarial principles of private patient insurance, which in turn decreased the provision for claims outstanding at LocalTapiola General by EUR 3.0 million on a non-recurring basis. Additionally, a change was introduced into the actuarial principles of the Finnish Motor Insurers' Centre, which increased the provision for claims outstanding



by a total of EUR 0.3 million at LocalTapiola Group, dividing between LocalTapiola General and the regional companies.

The actuarial principles governing the equalisation provision were updated in 2022 for some of the LocalTapiola Group regional companies. In addition to this, for some of the companies, the updates made to the actuarial principles that relate to determination of the provision for claims outstanding also affected the equalisation provision. The combined total impact of these changes at LocalTapiola Group in 2022 increased the equalisation provision by EUR 25.8 million, of which EUR 6.4 million was attributable to LocalTapiola General.

The technical rate of interest was also adjusted in 2021 from 1.0 per cent to 0.5 per cent, and the resulting impact was seen as a non-recurring total increase of EUR 152.7 million in the provision for claims outstanding at LocalTapiola Group, and at LocalTapiola General this was EUR 61.1 million. Determination of pension capitals adopted a new mortality model, K2021, which in 2021 decreased the amount of the provision for claims outstanding at LocalTapiola Group on a non-recurring basis by EUR 45.9 million, and at LocalTapiola General this was EUR 11.8 million. Additionally, in spring 2022, the Patient Insurance Centre updated the principle on the basis of which the so-called provision for child losses is determined, and it anticipated this in the 2021 financial statements through a collective provision, of which some EUR 3.8 million was attributed to LocalTapiola General. At LocalTapiola General, this update resulted in a non-recurring increase of both the claims incurred and the direct premiums written. In addition, in 2021, the other items affecting the comparability of the provision for claims outstanding for patient insurance totalled EUR 0.7 million. In 2021, a new mortality model was also introduced for the purpose of calculating the provisions for claims outstanding with regard to the pools of the Finnish Motor Insurers' Centre, of liability insurance and of workers' compensation insurance, and the technical rate of interest was adjusted from 1.0 per cent to 0.8 per cent.

### 10.3.2 Changes affecting comparability of life insurance business

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

## 10.4 Calculation of key figures

### 10.4.1 General key figures describing financial development

#### *Non-life insurance turnover*

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

#### *Life insurance turnover*

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

#### *Performance analysis*

##### **Non-life insurance business**

Premiums earned  
Claims incurred  
Operating expenses  
Other technical income and expenses

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*Balance on the technical account before change in equalisation provision*

##### **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 additional benefits (customer benefits) and change in equalisation provision<sup>1</sup>  
Operating expenses<sup>1</sup>  
Other technical income and expenses<sup>1</sup>

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*Technical result before (additional benefits) and change in equalisation provision<sup>1</sup>*

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

Other income and expenses  
Share of associates' profit and loss<sup>1</sup>

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**Operating profit or loss**

Change in equalisation provision, non-life insurance

Change in equalisation 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, fair 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 fair value)*

Net investment income at fair value in proportion 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.

Income for the period is calculated using the so-called modified Dietz method (a time- and money-weighted method) in such a way that the capital employed is calculated by adding to the market value at the start of the period the cash flows during the period, weighted by the relative proportion from 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.

### *Analysis of net investment income*

= Direct net investment income in accounting

+ Changes in value in accounting

+ Change in valuation differences

### *Investment allocation at fair value*

The investments of unit-linked policies are not included in the investment allocation. Of the fixed-income funds, long-term funds are included in bonds and short-term funds in money market investments.

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

The mathematical valuation differences included in derivative accruals, as well as the premiums included in provisional premiums, are allocated to the underlying asset item.

The ‘Other money-market instruments and deposits’ item of the report includes the ‘Cash at bank and in hand, settlement receivables and liabilities and collateral for derivatives’ balance sheet item.

### *Return on total assets without unit-linked policies, % (at fair value)*

Operating profit or loss

+ Interest expenses and other financial expenses

+ Unwinding of discount rate

+ Revaluation/reversal recognised in  
the revaluation reserve/fair value reserve

=  $\frac{\text{+ Change in valuation differences of investments}}{\text{Balance sheet total}} \times 100$

- Technical provisions for unit-linked insurance

+ Valuation differences of investments

The divisor for this key figure is calculated as the average of the balance sheet value for the financial period and for the previous financial period.

In non-life insurance, unwinding of the discount rate refers to the impact of the dissolution of the discounted provision for claims outstanding on the company’s claims incurred, when it discounts pensions in the nature of capital and/or any other possible items of the provision for claims outstanding. It is calculated by multiplying the discounted provision for claims outstanding at the beginning of the year by the technical rate of interest applied at the end of the previous year.

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

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

#### *Average no. of personnel during financial period*

This key 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 a wage or a salary during the financial period are included in personnel.

### 10.4.2 Financial development key figures, non-life insurance

#### *Premiums written*

= Premiums written before reinsurers' share

#### *Loss ratio*

Loss ratio, %

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

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

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

This key figure is calculated after reinsurers' share.

#### *Expense ratio*

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

#### *Combined ratio*

Combined ratio, %

= Loss ratio + Expense ratio

Combined ratio (excl. unwinding of the discount rate)

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

#### *Risk ratio (report of the Board of Directors)*

Risk ratio, %

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

#### *Risk ratio (excl. unwinding of the discount rate), %*

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

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

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

### 10.4.3 Financial development key figures, life insurance

#### *Premiums written*

= Premiums written before reinsurers' share

#### *Expense ratio, %*

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

The numerator is separately prorated to both total expense loadings and the balance sheet total. According to the accounting principles, total expense loadings is an item intended to cover operating expenses. Total expense loadings include all expense loadings. Operating expenses do not include any 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.



## 11 Notes on risk management

### 11.1 General information on the organisation of risk management

Risk management is active and proactive activity that identifies, assesses, limits, utilises and monitors hazards to business operations as well as new opportunities arising from evolving external and internal conditions or from LocalTapiola's own strategic intent. The aim is to promote the continuity of customers' financial security and to support the achievement of operational and financial targets. In accordance with the principles of responsible business conduct, the Group reliably manages and provides information on risks and risk management to customers and other stakeholders.

LocalTapiola's risk management is guided by the risk management policy, approved by the Boards of Directors of the LocalTapiola Group companies, which sets out the general principles that apply as permanent guidelines to the organisation of risk management. With regard to risk management, the policy specifies the concepts, main areas and processes, as well as the responsibilities for implementation and monitoring. The risk management policy is updated annually or whenever there are any significant changes in the business conditions.

In risk management, the main areas and risk categories are:

#### Financial risks

- Solvency management risk
- Market risks
- Credit risks
- Liquidity risks
- Concentration risks
- Insurance risks

#### Operational risks

- Business planning risks
- Process risks
- Systemic risks
- Personnel risks
- Legal risks
- Event and loss risks

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 competition and competitors
- Risks associated with strategic choices
- Group-level special risks

Sustainability risk mapping is linked as part of periodic operational risk mapping. It is typical of sustainability risks that they do not constitute a specific risk category of their own, instead materialising through the existing risk categories. Sustainability risk means an environmental, social or governance event or condition that, if materialised, might have a negative impact on the value of an investment, the value of a liability, or the company's income or reputation.

### 11.2 Organisation of risk management

The Board of Directors has 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. Additionally, on a regular basis, the Board also monitors the state of risk management and the development of key risks. The Board has established a separate Audit and Risk Management Committee, tasked with assisting the Board in risk management related matters, among other responsibilities.

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

The managing directors and other company executives constitute the first line of defence, and they are responsible for the practical preparation, implementation and monitoring of risk management. The rules of procedure of the companies' Management Groups and those of the various risk management related committees define the duties of these organs with respect to risk management and monitoring. The business units are responsible for identifying risks that relate to their own business operations, and for implementing the related risk management measures. All employees have an obligation to

report on any risks that they observe, and on any risk management areas that need improvement which they identify.

The second line of defence consists of the support and control functions. Risk management oversight 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 oversight. Furthermore, the finance function and the asset and liability management function also assist the Boards in the practical implementation of operational monitoring. As the third line of defence, internal audit supports supervisors in fulfilling their oversight duty by evaluating the state of internal control within the businesses and by producing to the management and to those in charge of the functions information and proposals for measures to step up oversight. In addition, the auditing function oversees the implementation of risk management.

As the Board of Directors of LocalTapiola Group's leading parent company, LocalTapiola General's Board of Directors is responsible for arranging and overseeing the Group's risk management and prudential management. The Group's Risk Management Committee plays a key role in drafting the Group's risk management operating principles, as well as in monitoring and overseeing the Group's risks. The Group's Asset and Liability Committee is a decision-making organ which manages, monitors and develops balance sheet risks, reporting 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 used efficiently. The Board of Directors appoints the Investment Management Group, which is responsible for the practical organisation of the investment business and for the operational oversight of market risks.

The risk management function is tasked with assisting the companies' Boards of Directors and other functions in order to ensure effective risk management. This function monitors the functioning of the risk management system and the companies' risk profile as a whole, as well as reporting on risk exposure. In addition, the function assists the Board of Directors with risk management issues.

### 11.3 Reporting

The accuracy of financial information is ensured through sufficiently up-to-date and frequent reporting, regular balancing routines, and extensive and

timely documentation on the accounting methods and systems used in reporting. In addition, the decision-making at and the reporting functions of the businesses are organisationally differentiated.

### 11.4 Insurance-business risk management

The Group's insurance-business risks include non-life insurance business risks, life insurance business risks, and market, counterparty and liquidity risks.

#### 11.4.1 Non-life insurance business risks

The most significant insurance risks in the non-life insurance business relate to the underwriting of insurance products, inflation, interest rate fluctuations, mortality rate changes, occupational diseases, and reinsurance covers.

**Pricing risk** means that insurance premiums are not enough to cover the claims payments and operating expenses arising from insurance contracts. The key pricing risks are associated with the adequacy of the risk premiums of the tariff models used, as well as with the profitability and claim monitoring processes and how these processes are taken into account in the pricing of insurances and in the underwriting policy.

The underwriting policy defines the permitted insurance risks. The Board of Directors approves the profitability targets for the insurance business, and the pricing strategy guides risk-based and fair pricing. The business units are responsible for achieving the targets that are set based on the underwriting policy and the pricing strategy. Risks connected with pricing and with the level of premiums are managed by continuously developing the reporting and calculation systems so as to enable any necessary changes to be made in the level of premiums more rapidly. Insurance risks which are particularly high are underwritten to a limited extent or not at all.

**Customer risks** are managed through application of customer selection instructions, monitoring of compliance with these instructions, use of the claims register and, for example, by taking advantage of the activities of insurance investigators. The impacts of large risk concentrations are minimised by reviewing these concentrations on a regular basis, carried out by risk experts. When striving for improved customer selection and risk-based pricing, one important tool are the underwriting and pricing authorisations maintained by the business units.

The Group's Investigation Team investigates, combats and prevents insurance crime against the insurance business. Checking the credit file and background information of all potential customers prior to customer selection, as

well as investigation of unclear claims, are some of the important elements of the Investigation Team's activities. More serious cases are handed over to the relevant authorities. Effective customer selection aims to keep credit losses and claims incurred at the desired level.

**Inadequate technical provisions risk** means that the amount reserved for the technical provisions is not adequate to settle the claims which become payable after the year in which the provision is made. Related subrisks include the inflation risk, interest rate risk, longevity risk, and occupational disease risk.

Claims involving long-term cash flows connected with the medical treatment and rehabilitation of bodily injuries imply **inflation risk**. This risk materialises if, due to inflation, the level of the claims paid exceeds the level assumed in pricing and in the calculation of the provision for claims outstanding, in which case the premiums and the provision for claims outstanding prove to be insufficient.

**Interest rate risk** and **longevity risk** mainly concern long-term compensation liabilities in the form of pensions under motor liability insurance and workers' compensation insurance. When calculating these liabilities, cash flows are discounted with the unwinding of discount rate. The interest rate risk materialises if, in the future, returns corresponding to the unwinding of discount rate, at a minimum, will not be achieved on the assets covering the liabilities. Longevity risk refers to the uncertainty connected with estimating the future mortality trends when determining the provision for claims outstanding. Longevity risk materialises if, in the coming years, the mortality rate proves to be lower than anticipated, in which case pensions must be paid out for a longer period of time than forecast.

**Occupational disease risk** only concerns workers' compensation insurance. Occupational disease means any of the employment relationship related health hazards laid down in the Workers' Compensation Act, usually caused as the result of long-term exposure to physical, chemical or biological agents and manifesting several years after exposure. Occupational disease risk materialises if more occupational diseases occur than is anticipated, in which case the premiums and the provision for claims outstanding prove to be insufficient.

In accounting, the actuarial principles governing the technical provisions set out the rules for establishing the technical provisions for the different insurance classes. The technical rate of interest (0.7%) employed to discount the provision for claims outstanding is determined in such a way that it is not to

exceed the level of prudent investment income from the assets which cover the liability over the estimated period during which the claims will be settled. The actuarial principles are prudent with respect to the interest rate, mortality and the other criteria on the basis of which they are determined. The adequacy of the technical provisions is monitored annually, and revisions are made when necessary. In solvency calculation, valuation of the technical provisions differs from valuation of the accounts. In solvency calculation, valuation of the technical provisions strives for market conformity, for example by discounting the technical provisions using the risk-free interest rate term structure.

In accounting, the provision for unearned premiums is determined as a 'deferred provision' by employing insurance class-specific coefficients derived in accordance with the pro rata rule. The provision for claims outstanding in the form of pensions is assessed by employing the 2021 mortality model jointly developed by the Workers' Compensation Center and the Insurance Centre, under which model pensioner mortality is affected by age, gender, year of birth, and insurance class. On a claim specific basis, funds are reserved in the provision for claims outstanding for large claims which exceed a defined EUR value. The provision for other known and unknown claims outstanding (a collective provision) is defined statistically using normal actuarial methods. To increase prudence, a security supplement is provided as part of the collective provision. The provision for medical treatment expenses made in respect of future claim handling fees is determined as a relative proportion of the actual amount of the provision for claims outstanding.

**Risks connected with reinsurance cover** concern the trustworthiness of reinsurers, the diversification principles applied in acquiring covers and the principles followed when subscribing major individual risk targets, especially with respect to securing reinsurance cover before subscribing direct insurance premium risk. Furthermore, evaluation errors associated with Estimated Maximum Loss (EML) evaluations may be detrimental if they materialise, which is why this risk is managed by means of the EML breakage protection included in the reinsurance structure.

Reinsurance cover risk is managed by employing the reinsurance programme and the reinsurance cover acquisition instructions confirmed by the Board of Directors. When planning the reinsurance covers and reinsurance programmes, account is taken of the structure of the insurance portfolio, the different volumes of each insurance class, any possible risk accumulation, and the solvency position. Based on these factors, excess points are set for each

insurance class that define the maximum amounts held at own risk with regard to individual risks.

Reinsurers are approved only if they are sufficiently solvent companies in terms of their credit rating. The majority of reinsurance is underwritten by companies with a Standard & Poor's credit rating of 'A' or better. Reinsurance covers are acquired in a diversified manner from a sufficiently large pool of reinsurance providers on the basis of the limits set by the Board of Directors. Steps are taken to prepare against risks connected with the availability of reinsurance and the imperviousness of the covers through close cooperation between direct insurance and reinsurance by implementing all the necessary changes to direct insurance contracts and offers in a timely manner.

#### 11.4.2 Life insurance risks

The key insurance risks in the life insurance business include the risks associated with the technical provisions, as well as the customer behaviour related risks of termination of contracts and interruption of the payment of premiums. The risks associated with the technical provisions include the following: the interest rate risk connected with the technical rate of interest and with surrenders, as well as the risks which relate to mortality, longevity and morbidity.

**Interest rate risk** is managed through the interest rate instruments of investment assets, by maintaining a sufficiently high solvency ratio, by lowering the imputed technical rate of interest of insurance portfolios through additions to liabilities, and through the use of sanctions for surrenders in products. Where necessary, the company can substantially reduce the interest rate risk to which the balance sheet is exposed by coordinating fixed-income investments to better match the maturity profile of the technical provisions and/or by employing interest rate derivatives.

**Risks related to mortality, longevity and morbidity** are managed through careful product planning and underwriting, as well as by reinsuring the liabilities which exceed the selected deductible and the accumulation of claims caused by catastrophes. Underwriting follows the generally employed life insurance underwriting guidelines, as well as the underwriting policy compiled and related guidelines. Where appropriate, financial underwriting is also carried out in order to confirm that there is an insurable interest. The rate and development of the insureds' observed mortality and morbidity are monitored annually, and liabilities are supplemented as needed. With regard to sickness

insurance, the option of raising premiums exists in order to cover any increase in claims expenditure.

In the technical provisions in accounting, the technical rate of interest used to calculate the with-profit technical provisions varies between 0.0 and 3.9%, when taking account of the supplementary interest rate provisions of the technical provisions. Pension insurance mortality assumptions are essential in view of the adequacy of the technical provisions. The mortality applied in defined-benefit pension insurance is based on the group pension mortality determined in life insurers' K2012 mortality study and on the mortality model applied in TyEL insurance. In defined-contribution pension insurance, the mortality criteria are based on the generational mortality applied in employment pension insurance and on the group pension mortality determined in life insurers' K2012 mortality study. For individual pension insurance, the mortality table used is the E87 from 1987, as well as employing the gender-independent mortality estimated based on the company's own portfolio.

#### 11.4.3 Market, counterparty and liquidity risks

Market risk means changes in the market values of assets and liabilities that are due to changes or fluctuations (volatility) in financial variables such as interest rates, exchange rates, share prices, or real estate values. Here concentration risks are treated as market risks, similarly to the Solvency II framework. Concentration risks arise due to excessive concentration of assets, for example, to individual counterparties, geographically or by sector. Credit and counterparty risks mean the risk of a counterparty of a loan, transaction, derivative contract or similar not being able to meet its contractual obligations. Liquidity risk refers to the funding liquidity risk or the market liquidity risk. The former relates to a time lag between funding needs and funding sources and the management thereof. The latter refers to the risk of failure to convert investment assets into cash quickly enough without affecting the market price level.

Approved by the company's Board of Directors, the investment plan sets out for the investment business the performance target, the solvency target, the target levels for market risk-taking, the limits of risk-taking, and the strategic allocation of investment assets with indication of range. The plan describes the control and reporting processes with regard to risk and prudential management, as well as the measures for ensuring that risk-taking and solvency remain within the limits set by the targets.



The solvency traffic light framework described in the Group's Joint Liability Agreement is a crucial tool for controlling the companies' solvency and investment business. The framework is based on authority model solvency, classified into traffic light zones for which measures to be taken by the management have been identified. The green zone means that solvency is at the desired level and the asset managers are operating within their mandates as normal. The light-green zone means that monitoring of solvency and market risks should be stepped up. In the yellow zone, it is not acceptable to actively increase any market risks. In the red and black zone, active measures are required to mitigate market risks and to boost solvency.

Each year or more frequently, or where necessary, the company's asset and liability management function prepares for the company's Board of Directors a proposal on the strategic allocation of investments with due consideration of the company's risk-bearing capacity, the requirements imposed by the type and structure of the technical provisions, as well as the situation on the capital markets. The suitability of the strategic allocation is tested by means of various types of stress testing focused on investments and liabilities. The asset and liability management function monitors the appropriateness of the strategic allocation and, where necessary, prepares an update proposal for the Board of Directors. Given that the strategic allocation represents long-term targets, it is updated only for sufficiently weighty reasons that may be related to factors such as changes that occur in the following: market environment, solvency, insurance portfolio, long-term expectations for investment performance and risks, the company's customer bonus policy or solvency strategy, etc.

Each year or more frequently, or where necessary, the company's mathematician-in-charge draws up for the company's Board of Directors a report on the requirements imposed by the technical provisions, liquidity and solvency on risk management and the investment business.

The Group's risk management function is responsible for identifying, measuring, monitoring and reporting on the market, credit, counterparty and liquidity risks. Risks are measured and monitored in accordance with the model used by the authorities for calculating solvency under Solvency II, as well as by employing widely-used methods including stress testing. Risks are managed by the limitations on investment and risk-taking laid down in the investment plan, which are also used to ensure adequate diversification of assets within

the asset classes in the strategic allocation. Where necessary, risks are mitigated by allocation changes, or they are hedged wholly or in part using derivative instruments.

Changes in the interest rates influence the market values of those investments, interest rate derivatives and liabilities that are sensitive to interest rate movements. This balance-sheet interest rate risk is managed by taking account of the structural interest rate risk of liabilities when drawing up the strategic allocation of investments, for example by aligning the cash flows of fixed-income investments with the cash flows of liabilities. In addition to cash instruments, LocalTapiola Life uses interest rate derivatives to manage interest rate risk.

Credit risk is managed through standard, comprehensive and careful analysis during the credit-granting process, collaterals and covenants included in the credit terms, continuous monitoring of the subject matters, and adequate diversification of the finance portfolio.

The use of bank counterparties is monitored and limited at Group level, with due consideration of factors such as the counterparty size and credit rating and in such a way as to ensure adequate diversification of all exposures. The counterparty risk from reinsurance is managed in accordance with the reinsurance programme.

Guaranteeing adequate liquidity, also in an unfavourable situation, both in the short and in the long term is one of the issues addressed when drawing up the strategic allocation of investments. Regular liquidity monitoring covers the insurance business and the investment business, while also considering both funding liquidity and market liquidity perspectives.

Derivatives may be used solely to mitigate risks or to improve effective investment-business portfolio management. Use of derivatives is based on the relevant derivatives strategy, examined at the Group's Asset and Liability Committee, which among other issues sets out the purpose for which derivatives are used as well as the related targets, limitations, accounting treatment, liquidity management, and monitoring process. The derivatives strategies are described in the investment plan or related appendices.

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

## 11.5 Operational risk management

Operational risk means the risk of loss from inadequate or failed internal processes, personnel, systems and external factors. Legal risks and event/loss risks are included in operational risks. Operational planning risks mean the risks inherent in target-setting and business transitions, as well as in the choices made during annual planning. The basic position in the management of operational risks is to attempt to prevent the materialisation of risks and to minimise the harm they can cause.

The main elements of operational risk management include comprehensive identification, assessment and reporting of risks in the different organisations and different risk areas, as well as ensuring the quality and correctness of all activities through oversight 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 is significantly affected. The risk management measures identified in this mapping are incorporated into the annual plans of the various business units. In addition, risk mapping is carried out separately for each initiative and project and significant change that occurs in business.

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

Operational continuity management is ensured by regularly updating and testing the continuity and emergency plans. The Group companies are responsible for organising their operations appropriately, for discharging the obligations involved in them and for managing operational continuity. This also applies to all operations they outsource.

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

- management of process risks
- management of system risks
- management of legal risks
- management of security risks
- management of cyber security risks

- management of project risks
- management of insurable risks (own insurance cover)

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

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

Risks associated with 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. In order to reduce identified risks and to exploit opportunities, the responsible parties plan and implement risk management measures to be implemented as part of the annual plans. The risk management work carried out in the context of strategic development projects is an essential component of strategic risk management. The risk situation is discussed on a regular basis at the meetings of project steering groups. Risks associated with the implementation of the strategy are managed by defining strategy indicators and through regular monitoring.

## 11.7 Risk management at Group's non-insurance companies

The Group's non-insurance companies follow the same risk management principles as the Group's insurance companies, insofar as they do not specifically relate to the business or sector of an insurance company. The companies' Boards of Directors bear the overall responsibility for risk management at their own company. Executive management is responsible for maintaining and developing the risk management process in collaboration with the Group's risk management function. The following is a more detailed description of risk management at LocalTapiola Asset Management Group.

Risk management at LocalTapiola Asset Management Group is based on current legislation and the regulations and guidelines issued pursuant to it. The group complies with LocalTapiola Group's risk and prudential management principles, and the group's risk management process is part of LocalTapiola Group's risk management process.

Asset Management's Board of Directors has overall responsibility for the organisation of the company's risk management. In the risk management plan approved annually, the Board of Directors defines the targets and limits for

risk-taking, and it is responsible for organising risk management, monitors the level and development of risk-taking on a regular basis and, where appropriate, decides on the necessary risk management measures. On an annual basis, Asset Management's risk management function submits to the company's Board of Directors a statement on the implementation of the risk management plan. As well as developing risk management capabilities, the risk management function supports business with efforts to implement the risk management process.

Asset Management's executive management and business units are responsible for ensuring that the management of operational risks complies with the law and the LocalTapiola risk management frameworks. Internal audit supports the management and the Board of Directors in developing monitoring and risk management.

The risk management process includes risk mapping that is carried out in the context of annual planning, which assesses the financial and operational risks to which the group may be exposed as well as the risks associated with the operating environment and the strategy. The risks assessed to have the greatest operational relevance are recorded in the risk management plan, and risk management measures are defined for them.

The LocalTapiola Asset Management Group prudential management process comprises Pillar I solvency calculation and reporting under the Investment Firms Regulation and Directive (IFR/IFD) as well as the group's own internal capital and risk assessment model (ICARA). The own risk assessment deepens the Pillar I calculation, taking account of the risks not covered by the Pillar I calculation which affect business operations. These include risks associated with the operating environment and with the changes taking place in it which may, through the group's results, exercise an impact on solvency. During annual planning, the Board of Directors determines the guidelines for Asset Management Group's risk appetite, by setting target levels for the relation between the own funds and the capital requirements, as well as for the quality of the own funds. Solvency calculation is carried out, and the results are reported, to the Board of Directors on a quarterly basis or more frequently, and as needed.

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

In Espoo, 8 March 2023

Juha Koponen  
Chair of the Board of Directors

Jari Eklund  
Deputy Chair of the Board of Directors

Eeva Ahdekivi

Anu Kallio

Sami Kulla

Ulla-Maija Moisio

Timo Vuorinen

Hanna Hartikainen  
Managing Director



## Auditor's note

A report has been issued today on the audit performed.

In Espoo, 20 March 2023

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 General Mutual Insurance Company

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of LocalTapiola General Mutual Insurance Company (business identity code 0211034-2) for the financial year 1 January–31 December 2022. 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 SIGNIFICANT ASSESSED RISKS OF MATERIAL MISSTATEMENT

#### AUDITOR'S RESPONSE TO THE RISKS

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

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

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

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

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

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

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

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

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

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

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

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

The calculation of technical provisions is based on complex actuarial calculation models and assumptions requiring management judgement, which

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

Our actuary has participated in the audit and evaluated the appropriateness of the assumptions and methods used. The evaluation included, for

are related, for example in pension-type insurance lines, to the life expectancy of the insured and to the discount interest rate used. The definition of the discount rate used in the calculation of provision for pension-type claims and the assessment of incidents of loss must be made securely.

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

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

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

example, assessing the rationale behind the calculation of key figures for collective provision and claims handling provisions as well as benchmarking the calculations of collective provisions. The calculation principles used and the appropriateness of calculation models have been evaluated to verify the adequacy of technical provisions.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud



is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

### **Other Reporting Requirements**

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

We were first appointed as auditors by the Annual General Meeting LocalTapiola General Mutual Insurance Company in 2013, and our appointment represents a total period of uninterrupted engagement of 10 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, 20 March 2023

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*Authorised Public Accountant, KHT*