



LocalTapiola Mutual Life Insurance Company

Report of the Board of Directors and
financial statements for 2023

Business ID: 0201319-8

Table of contents

Report of the Board of Directors for 2023.....	1
1 Key information.....	1
2 Key events during the financial period	2
3 Solvency, and risk position.....	4
4 Events after the financial period	4
5 Future prospects	5
6 Corporate governance, responsibility and sustainability.....	5
7 Proposal for the use of profit.....	9
Financial statements 1 January–31 December 2023.....	10
8 Financial statements, LocalTapiola Life	10
9 Accounting principles	42
10 Notes on risk management.....	47
Signatures for the report of the Board of Directors and financial statements	53
Auditor’s note	54

Report of the Board of Directors for 2023

LocalTapiola Mutual Life Insurance Company's (LocalTapiola Life) domicile is Espoo and business ID is O201319-8. LocalTapiola Mutual Life Insurance Company's (LocalTapiola Life) business covers individual life insurance, group life insurance, individual pension insurance and capital redemption contracts provided to individuals and businesses, as well as group pension insurance provided to businesses.

LocalTapiola Life is part of LocalTapiola Group, the leading parent company of which is LocalTapiola General Mutual Insurance Company (LocalTapiola General, business ID O211034-2). As the leading parent company, LocalTapiola General prepares LocalTapiola Group's consolidated financial statements to the extent determined for insurance groups as defined in the Insurance Companies Act. The financial statements are available at www.lahitapiola.fi.

1 Key information

LocalTapiola Life provides its customers with financial protection and develops services for lifelong security that support our customers' life and financial self-sufficiency.

- Our result for the year 2023 was good, following increased investment income and a stronger underwriting result.
- We are Finland's largest term life insurer. For 2024, we will increase our customer benefits by lowering term life insurance premiums for new sales, and by raising our existing customers' amount of insurance cover free of charge.
- We launched a development project to reform our core systems, striving for considerable improvement of the customer experience by providing increasingly smoother services and by investing in making our services more understandable and relevant.

Summary of results	2023	2022
Operating profit, EUR m	124.3	63.8
Total result, EUR m	150.4	-165.9
Result for the financial year, EUR m	73.9	55.5
Return on total assets, excluding unit-linked insurance, %	5.1	-4.8

Key figures	2023	2022
Claims paid, EUR m	370.3	365.9
Technical rate of interest paid to customers, EUR m	45.0	47.0
Bonuses paid to customers, EUR m	13.1	5.7
Net investment income at current value, %	3.3	-5.9
Total expense loadings, EUR m	61.1	57.4
Supplementary interest rate provisions, EUR m	0.0	0.0
Technical provisions, EUR m	2,126.5	2,228.0
Technical provisions for unit-linked insurance, EUR m	2,825.1	2,680.1
Capital and reserves, EUR m	745.4	672.8
Balance sheet total, EUR m	5,724.1	5,701.1
Solvency ratio, %	264.0	321.0

The comparative figures for the profit and loss account items and periodic key figures are those reported for the previous year's corresponding period. The comparative figures for the balance-sheet and other cross-sectional key figures are those representing the situation at the end of 2022. In the text, the figures for the comparison period or point in time are given in parentheses.

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.

2 Key events during the financial period

2.1 Life insurance

For us, a sound financial basis allows business development, to the benefit of our owner-customers. We want to help our customers prepare for the future by developing our products, processes and services. In support of these goals, we have launched a reform of our core systems. Both our system reform and our lifelong security strategy have been designed on the basis of providing our customers an excellent customer experience. A good employee experience is essential to an excellent customer experience. With the aim of developing employee experience, we also updated our Leadership Promises. These Promises represent a common promise made by all LocalTapiola superiors about what we understand to be the building blocks of good management and leadership. Our results of the Leadership Promises-themed employee survey were among the best at LocalTapiola Group.

In the first half of the year, we launched a long-awaited reform, when we expanded our digital application service, which has received excellent customer feedback, to also cover corporate risk insurance. What's more, our investor customers have long called for an investment mobile application to support the tracking and management of investment, and by building the LähiTapiola Sijoitukset (LocalTapiola Investments) mobile application we have now addressed this need. Collecting the customer's investments in one place, this updated application covers all the applicable investment products from pension savings to asset management contracts.

In the autumn, we expanded our range of investment options with the launch of the Seligson & Co Asset Management investment portfolios. The new investment concept supplements the range of options centred around tactical solutions. These portfolios are appropriate for customers seeking market returns while being mindful of costs.

In 2022, Life introduced a customer benefit that benefits both existing and new life customers. Existing customers get to enjoy this benefit in the form of either an increased sum insured or a discount on their premium, depending on the contract the customer has. For new customers, the benefit comes in the form of a reduced premium. For the year 2024, customer benefits were improved by increasing the premium discount to 25 (20) per cent and raising the increase of the sum insured to 35 (25) per cent.

LocalTapiola Life carried out an organisational reform at the start of 2023. This reform aimed at clarifying responsibilities and decision-making and improving our implementation capacity and the customer-first approach.

	2023	2022	Change, %
Premiums written			
Savings life insurance and capital redemption contracts, EUR m	91.4	201.6	-54.7
Term life insurance, EUR m	123.2	112.4	9.6
Group pension insurance, EUR m	68.1	62.9	8.2
Individual pension insurance, EUR m	36.8	37.6	-2.1
Employees' group life insurance, EUR m	13.9	14.2	-2.4
Total	333.4	428.7	-22.2

LocalTapiola Life's total premiums written decreased 22.2 per cent to EUR 333.4 million (EUR 428.7 million) as a result of the development of the premiums written for savings life insurance. The good development of premiums written continued in term life insurance and group pensions. In term life insurance, premiums written increased 8.3 per cent. The premiums written for savings life insurance fell 54.7 per cent, while the premiums written for group pension insurances increased 8.2 per cent.

LocalTapiola Life paid its customers EUR 370.3 million (EUR 365.9 million) in claims. A total of EUR 121.5 million (EUR 119.8 million) was paid in pensions, EUR 22.2 million (EUR 20.0 million) in reimbursement for medical expenses and disability benefits and EUR 47.1 million (EUR 41.3 million) in death benefits.

LocalTapiola Life's operating profit was EUR 124.3 million (EUR 63.8 million) and total result was EUR 150.4 million (EUR -165.9 million). Investment income at fair value amounted to 3.3 per cent, or EUR 100.9 million (-5.9%, or EUR -197.6 million). No supplementary interest rate provisions were made in the 2023 financial statements (0). The company's underwriting result developed well. Risk result amounted to EUR 48.7 million (EUR 40.6 million), and expense result totalled EUR 5.1 million (EUR 3.1 million). Expense result includes the items treated as expense charges.

Life's EUR 100 million subordinated loan was repaid on 23 November 2023.

2.2 The investment market and investments

Sentiment at the start of 2023 was uncertain. Russia's war of aggression, inflation and monetary policy tightening all weakened the prospects for economies and financial markets. In the second half of the year, the uncertainty abated as inflation slowed down and central banks ended their interest rate hikes. At the same time monetary conditions eased as a result of decreased interest rates, diminished risk premia of corporate bonds and revitalisation of the stock market. All in all, the final profit margins from equities and bonds turned out to be exceptionally strong. On the foreign exchange market, the euro gained against the dollar, reducing returns on dollar investments measured in EUR.

The world's leading central banks continued raising policy rates until the third quarter of the year. Despite exceptionally large individual rate hikes, economic growth in the United States has continued on a strong path. By contrast, the situation in the euro area is worrying, and China has recorded disappointing economic development. Tightening monetary policy affects the real economy with a delay of some 6–18 months, as a result of which the global economy may surprise on the downside in 2024. From the perspective of the investment market and economic policy factors, the depth, duration and scope of a possible recession are elements that will affect future decisions.

Investment activities

	2023	2022
Net investment income at current value, %	3.3	-5.9
Fixed-income investments	6.9	-11.0
Equity investments	5.9	0.9
Real estate investments	-7.0	2.4
Other investments	13.2	-4.4
Investment allocation, %		
Fixed-income investments	51.9	52.8
Equity investments	27.1	25.6
Real estate investments	20.7	21.4
Other investments	0.3	0.3
Investment assets at current value, EUR m	2,977.8	3,120.9

In the end, in terms of investment, 2023 was a good year for LocalTapiola Life, with the yield on both fixed-income and equity investments clearly in the positive. In 2023, the company achieved a net investment income of 3.3%. Equities recorded good performance at nearly 6%. Also for fixed-income investments, performance turned out to be good as a result of decreased long-term interest rates and the higher coupon income accrued over 2023 that was clearly better than in recent years. Illiquid investments, too, mainly performed well. Only in real estate was investment performance in the negative, with the cash flow income from real estate sites insufficient to compensate the delayed decreases in the fair values of buildings. During the year, the company's solvency remained strong in spite of repayment of the EUR 100 million subordinated loan.

The level of investment risk was kept low in relation to risk-bearing capacity throughout 2023. The most significant changes in the investment portfolio were made in the latter half of the year, when assets were allocated more to long-term fixed-income investments after increased market interest rates. Taken as a whole, the investment portfolio risk level is moderate.

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

The notes to the financial statements contain an account describing the application of Life's principle of reasonability, the targets for the distribution of additional benefits and the implementation of the principle of reasonability in 2014–2023.

2.3 Credit rating

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

Standard & Poor's on 17 October 2023 confirmed LocalTapiola General's 'A' rating with a stable outlook. This rating was affected by the Group's strong solvency and good performance in recent years. The rating and the outlook are equivalent to the previous rating in October 2022. Standard & Poor's believes that LocalTapiola will continue to maintain its leading position on the Finnish insurance market.

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

3 Solvency, and risk position

3.1 Prudential management

At LocalTapiola Group and its insurance companies, prudential supervision is based on the EU-level Solvency II regulatory regime. LocalTapiola Group and the insurance companies part of it calculate solvency using a standard formula determined by legislation. Solvency calculation does not fall within the remit of statutory audit. LocalTapiola Group also constitutes a financial and insurance group within the meaning of the Act on the Supervision of Financial and Insurance Conglomerates. LocalTapiola General serves as the Group's leading parent company, and it is tasked with ensuring that the Group and the companies part of the Group fulfil all legal prudential requirements.

Prudential management is part of the risk management undertaken by the Group and 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. LocalTapiola Life's solvency is good, and LocalTapiola Group's non-life insurance companies are among the most solvent companies in their sector in Finland. The Group's solvency is therefore built on a strong foundation, despite the economic uncertainty that prevails in the operating environment. It follows from operating as a group of mutual companies that prudential management emphasises good solvency throughout the Group and its companies, so as to ensure the financial security of customers at all times.

More detailed information on LocalTapiola Life's and LocalTapiola Group's prudential management is provided in the reports on the Group's solvency and financial position at www.lahitapiola.fi.

3.2 Solvency position

The solvency ratio, that is eligible own funds as compared to the Solvency Capital Requirement, was good at 264 per cent (321%). Eligible own funds totalled EUR 1,299 million (EUR 1,474 million). The company's own funds decreased as a result of repayment of the subordinated loan and due to the changed interest rate level.

The company's Solvency Capital Requirement (SCR) at the end of 2023 amounted to EUR 492 million (EUR 460 million). This growth in the SCR was largely due to increased life insurance-related and market risk-related capital requirements.

The company's solvency ratio without the transitional measure of technical provisions stood at 235 per cent (286%). The impact of the transitional measure of technical provisions on the company's solvency will decrease gradually, and it will end no later than in 2032.

3.3 Risk position

The most significant risks to which business is exposed include risks associated with investments, life insurance, operational decisions, changes in the operating environment, and strategic choices.

Market risk is caused by fluctuations in the market values of assets, including fluctuation that is due to changes in interest rates, share prices or foreign exchange rates. The key insurance risks to the life insurance business include customer behaviour related risks of termination of contracts, interruption of the payment of premiums and demographic risks. Operational risk means 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 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, 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 in the business environment, including digital transformation, consolidation, new types of operators and consortia, demographic change, internationalisation and climate change.

For more detailed information on LocalTapiola Life's risk management and key risks, please see the risk management notes to the financial statements and the report on solvency and financial position at www.lahitapiola.fi.

4 Events after the financial period

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

In 2024, LocalTapiola Group will be expanding into a new line of business by founding a remuneration services company within the Group. Information about this plan was published in February 2024. The new company will become LocalTapiola Life's wholly-owned subsidiary, with a focus on providing companies with remuneration solutions particularly in the form of personnel funds and remuneration schemes linked to them.

5 Future prospects

5.1 Prospects for life insurance

Russia's attack against Ukraine continues, creating uncertainty also for 2024. Although the direct impacts of the war on life insurance operations are limited, investment market uncertainty is reflecting not only into our investment performance but also into our saving and investment business operations.

In the long term, prospects are positive. LocalTapiola Life wants to make preparing for the future through saving, insurance and investment easy across all our service channels. This objective is also supported by the core system reform launched in 2023. Longer lives and the pressure on the social security system emphasise the role of individual arrangements, creating demand for savings products and term life insurance products. New sales for POP-lainaturva, a new life insurance product, will be launched during 2024.

5.2 Prospects for investment

Investment prospects for 2024 continue to be marked by uncertainty. The greatest risks relate to politics and geopolitics. With more than one half of the world's population going to the poll this year, the outcome of these elections may cause significant uncertainty in the business environment. The most important election will be held in the United States, with a new president to be chosen for the country. The geopolitical environment, too, is now more challenging than before: Russia's war of aggression continues, the Middle East crisis threatens to escalate and tensions in Taiwan are at risk of rising further.

By contrast, however, the economic outlook appears better than in the year before. While the OECD's leading indicators are already pointing to expectations of an economic recovery, escalation of Russia's war of aggression and of the situation in the Middle East, and the resulting new rise in raw material prices, would increase downward risks. In addition, excessive delay on the part of leading central banks to start monetary easing, 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 a high degree of uncertainty. Investment income has a major impact on insurers' results. With its 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 Corporate governance, responsibility and sustainability

6.1 Structure of LocalTapiola Group

Nearly all LocalTapiola Group insurance companies are mutual companies, owned by their policyholders and guarantee capital owners. LocalTapiola General serves as the leading parent company of LocalTapiola Group.

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 Life 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 for listed companies (1 January 2020). LocalTapiola General's and LocalTapiola Life's governance statement is available at www.lahitapiola.fi.

LocalTapiola Group constitutes an insurance group within the meaning of the Insurance Companies Act. As the Group's leading parent company, LocalTapiola General has responsibility extending to LocalTapiola Group for the organisation of reliable management, prudential supervision, risk management, internal control and the related regulatory reporting within the entire LocalTapiola Group and the 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 Life's Annual General Meeting was held on 10 May 2023. The meeting approved the financial statements for 2022, 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.

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. As there is therefore a very large number of owners, the companies' Supervisory Boards, 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 salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees 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 drafts decision proposals to 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 work of the Boards of Directors, CEO, Managing Directors and the entire Group, reporting on it 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 that the control of the accounts and of asset management is arranged appropriately.

In the 1 January–31 December 2023 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 Timo Laakso (Director of Administration and Finance, Turku and Kaarina Parish Union), Olli Latola (LL.M.), Mirel Leino-Haltia (Professor of Practice, Aalto University), Antti Pulkkanen (Managing Director, LocalTapiola Savo Mutual Insurance Company) and Kati Sulin (Managing Director, Heltti Oy). In the financial period beginning on 1 January 2024, the Board of Directors continues to sit with the same composition as before, except that Mikko Ayub (board professional) was elected a Board member beginning from 1 March 2024.

The salaries paid to and the commitments of the Board of Directors are presented in note 'Management salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees 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 Chair and members of this Committee must be members of Boards of Directors of companies that are independent of LocalTapiola Group.

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

Taking into account LocalTapiola General's role as the leading parent company of LocalTapiola Group (in accordance with chapter 26, section 3 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.

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.

6.2.3.3 *Investment and ALM Committee of LocalTapiola General's and LocalTapiola Life's Boards*

LocalTapiola General's and LocalTapiola Life's Boards of Directors are also assisted by the Investment and ALM Committee.

The Committee assists the Boards of Directors with the statutory matters, and the matters provided for in the rules of procedure, that concern the appropriate organisation of the companies' asset management and prudential supervision. The work of the Committee has particular focus on the companies' and LocalTapiola Group's investments and asset liability management (ALM).

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, for related decision-making and implementation, and 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 until 31 May 2023, Pekka Antikainen, Jari Eklund, Vesa-Matti Kultanen and as of 1 June 2023 Esa Tihilä, as well as Managing Directors Olli Aakula (LocalTapiola Varsinais-Suomi), Pasi Aakula

(LocalTapiola Länsi-Suomi), Juha Antikainen (LocalTapiola Etelä-Pohjanmaa), Pasi Haarala (LocalTapiola Life), Hanna Hartikainen (LocalTapiola General), Teemu Toivanen (LocalTapiola Keski-Suomi) and Erik Valros (LocalTapiola Uusimaa).

6.2.5 *Managing Director*

In the 2023 financial period, Pasi Haarala (M.Sc (Econ.)) served as LocalTapiola Life's Managing Director, and Petri Vilksa (MA, SHV Actuarial Qualification) served as temporary Managing Director.

The salaries paid to and the commitments of the Managing Director and the temporary Managing Director are presented in note 'Management salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees 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 Life's auditor, with Authorised Public Accountant Timo Nummi as the principal auditor appointed by KPMG Oy Ab.

6.2.7 *Supervisory authority*

LocalTapiola Life is a 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 of the companies that it supervises, as well as monitoring and assessing the management, supervision and risk management systems, operating prerequisites and changes in the operating environment of these companies.

6.2.8 *Related parties*

LocalTapiola Life'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 Life averaged 119 (108).

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 Group's and the companies' results, 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 team-specific or personal. 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. In addition, a profit bonus item, specified based on the targets achieved, is annually transferred to LocalTapiola Group's personnel funds. This bonus item is determined based on targets derived from the strategy. The personnel funds do not cover the employees of all companies. The criteria for determining the 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.

A retirement age has not been determined for all LocalTapiola Life senior managers. If no retirement age has been determined, the retirement age is determined by employee pension legislation or according to retirement. LocalTapiola Life 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 Life has taken out defined-contribution supplementary pension insurance for persons with an agreed retirement age that deviates from the statutory retirement age. The pension that becomes 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 2023 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.

6.4 Sustainability

At LocalTapiola, our sustainability work is guided by the LocalTapiola group strategy and Owner Intent. Our core businesses, insurance and investment, are the main instruments for our sustainability work. As an insurer, we strengthen the stability and safety of Finnish society. As a responsible investor, we leave our positive mark on the world.

For LocalTapiola, sustainability is an essential enabler of profitable and long-term business operations. Most importantly, our mission is to provide adequate and reasonably priced insurance cover also in a world of evolving risks. To improve our sustainability impact is one of the five objectives set out for LocalTapiola's 2022–2026 strategy period. We want to be a pioneer in impactful sustainability in our sector, across Finland.

The LocalTapiola sustainability programme 2022–2026 defines the Group's common sustainability goals and key actions. Approved by the Group's Management Group in September 2023, the sustainability programme bundles our sustainability goals, published in 2022, in a more accessible form, giving concrete shape to the steps we need to take in the next few years to achieve these goals.

The Group-level Sustainability Steering Group steers sustainability development and implementation of the goals, and it ensures proper anticipation of the applicable regulatory requirements. Sustainability management is lent support by the regularly convening sustainability working group, consisting of management representatives.

LocalTapiola Group is committed to the UN's Principles for Sustainable Insurance. These Principles lay down, for the insurance sector, the sustainable approaches that support the UN's Sustainable Development Goals and the goals of the Paris Agreement. LocalTapiola Asset Management Group is committed to the UN-supported Principles for Responsible Investment.

In 2023 we continued to pursue target-oriented development of our management culture and corporate culture, and we also introduced the LocalTapiola Leadership Promises. These Promises represent a common promise made by all superiors about what LocalTapiola understands to be the building blocks of good management and leadership. Last autumn, we also

began working on a set of Employee Promises, which concern everyone working at LocalTapiola.

Both nationally and regionally, LocalTapiola is a major donor. In 2023 the Group companies provided a total of EUR 3.2 million in support to various entities. In 2023 the Group companies donated a total of EUR 459,000 to initiatives that support mental well-being and to providers of low-threshold preventive services. EUR 445,000 was the sum the companies provided to projects improving the safety of everyday life in local communities and dispersed settlements, and to safeguarding voluntary rescue activity across Finland.

During the year, by way of donations, LocalTapiola Life supported causes such as cancer research, the helping of people who are facing economic hardship, and improvement of the financial literacy of young people. The EUR 50,000 donation provided to the Cancer Foundation was focused on a study mapping the impact of lifestyles on cancer risk. With EUR 20,000, the company supported the activity of Takuusäätio's debt helpline and chat. In addition, Life donated EUR 60,000 to the Yrityskylä activity run by Junior Achievement (JA) Finland. This support targeted the development of contents for a financial literacy game designed for 9th-graders.

A separate sustainability report, published at www.lahitapiola.fi, provides more information about LocalTapiola Group's sustainability and our activities in 2023.

7 Proposal for the use of profit

Proposal by the Board of Directors

The Board of Directors proposes to LocalTapiola Life's Annual General Meeting that the profit for the 2023 financial period, EUR 73,881,193.56, be transferred to the security reserve, from which an interest of 2.4 per cent, or EUR 901,450.00, be paid on the guarantee capital and EUR 1,500,000.00 be transferred to the contingency reserve. The interest paid on the guarantee capital corresponds to Life's investment income five-year average.

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

Capital and reserves after the proposal:

Capital and reserves, EUR	744,448,875.45
Initial reserve	4,482,208.24
Guarantee capital	37,585,505.12
Security reserve	697,015,523.86
Contingency reserve	5,365,638.23

Financial statements 1 January–31 December 2023

8 Financial statements, LocalTapiola Life

8.1 Profit and loss account, LocalTapiola Life

TECHNICAL ACCOUNT - LIFE INSURANCE	Note	1.1.2023 - 31.12.2023	1.1.2022 - 31.12.2022
Premiums written on own account			
Premiums written	1	333,412,040.77	428,743,202.24
Reinsurers' share		-3,701,610.75	-3,586,617.84
Total premiums written on own account		<u>329,710,430.02</u>	<u>425,156,584.40</u>
Investment income	4	235,024,509.30	197,675,383.93
Revaluations of investments		174,330,238.34	21,284,874.96
Claims incurred			
Claims paid	2	-376,410,030.31	-370,855,324.98
Reinsurers' share		467,149.53	1,314,274.63
Claims paid on own account		<u>-375,942,880.78</u>	<u>-369,541,050.35</u>
Change in provision for outstanding claims		21,493,540.00	2,141,423.00
Total change in provision for outstanding claims		<u>21,493,540.00</u>	<u>2,141,423.00</u>
Total claims incurred		-354,449,340.78	-367,399,627.35
Change in provision for unearned premiums			
Change in provision for unearned premiums		<u>-64,946,879.87</u>	<u>333,357,279.95</u>
Total change in provision for unearned premiums		-64,946,879.87	333,357,279.95
Net operating expenses	3	-55,124,733.83	-54,882,141.61
Investment charges	4	-107,049,182.09	-144,933,434.12
Revaluation adjustments on investments		-63,150,576.98	-338,549,746.79
Balance on technical account		94,344,464.11	71,709,173.37
NON-TECHNICAL ACCOUNT	Note	1.1.2023 - 31.12.2023	1.1.2022 - 31.12.2022
Balance on technical account of life insurance		94,344,464.11	71,709,173.37
Other income	4		
Other		581,075.34	561,885.00
Other expenses	4		
Other		-403,277.26	-1,123,545.56
Profit on ordinary activities		94,522,262.19	71,147,512.81
Appropriations			
Change in depreciation difference		196,959.95	187,278.30
Total appropriations		<u>196,959.95</u>	<u>187,278.30</u>
Direct taxes on ordinary activities			
Taxes for financial year		-18,686,235.84	-14,789,933.71
Taxes for previous financial years		-2,151,792.74	-1,047,023.01
Total direct taxes on ordinary activities		<u>-20,838,028.58</u>	<u>-15,836,956.72</u>
Profit/loss for the accounting period		<u><u>73,881,193.56</u></u>	<u><u>55,497,834.39</u></u>

8.2 Balance sheet, LocalTapiola Life

ASSETS	Note	31.12.2023	31.12.2022
Intangible assets			
Other expenses with long-term effects	9	27,070,070.32	12,405,361.83
Total intangible assets		27,070,070.32	12,405,361.83
Investments	5		
Real estate investments	6		
Real estate and shares in real estate		221,929,670.38	229,000,539.10
Loans to group companies		112,694,624.48	113,208,709.48
Real estate investments		334,624,294.86	342,209,248.58
Investments in group companies and participating interests	7		
Shares and holdings in group companies		499,144,714.15	447,255,524.71
Debt securities and loans in group companies		195,012,749.27	191,312,247.03
Shares and holdings in participating interests		13,353,178.10	16,114,600.20
Total investments in group companies and participating interests		707,510,641.52	654,682,371.94
Other investments			
Shares and holdings	7	739,990,378.53	661,299,541.80
Debt securities		824,883,334.81	1,032,193,676.45
Loans guaranteed by mortgages		82,074,264.97	108,955,232.69
Other loans	8	9,875,936.08	12,572,010.14
Total other investments		1,656,823,914.39	1,815,020,461.08
Total investments		2,698,958,850.77	2,811,912,081.60
Assets held to cover unit-linked insurance policies	10	2,855,617,571.47	2,683,318,734.47
Debtors	14		
Arising out of direct insurance operations			
Policyholders		1,359,708.04	660,442.79
Arising out of reinsurance operations		198,913.43	0.00
Other debtors		5,947,690.26	2,829,888.34
Total debtors		7,506,311.73	3,490,331.13
Other assets			
Tangible assets			
Machinery and equipment	9	444,940.51	222,291.13
Total tangible assets		444,940.51	222,291.13
Cash at bank and in hand		121,001,124.05	173,876,526.72
Other assets		1,067,204.41	1,067,204.41
Total other assets		122,513,268.97	175,166,022.26
Prepayments and accrued income			
Accrued interest and rent		5,971,075.00	5,831,835.46
Other prepayments and accrued income		6,492,365.28	9,003,698.85
Total prepayments and accrued income		12,463,440.28	14,835,534.31
TOTAL ASSETS		5,724,129,513.54	5,701,128,065.60

LIABILITIES	Note	31.12.2023	31.12.2022
Capital and reserves	11		
Initial reserve		4,482,208.24	4,482,208.24
Guarantee capital		37,585,505.12	37,585,505.12
Other reserves		629,401,418.53	575,235,534.14
Profit/loss for the accounting period		73,881,193.56	55,497,834.39
Total capital and reserves		<u>745,350,325.45</u>	<u>672,801,081.89</u>
Subordinated loans	16	0.00	99,934,733.33
Accumulated appropriations	12		
Accumulated depreciation difference		-214,757.54	-17,797.59
Total accumulated appropriations		<u>-214,757.54</u>	<u>-17,797.59</u>
Technical provisions			
Provision for unearned premiums		1,460,117,409.89	1,540,152,415.02
Total provision for unearned premiums		1,460,117,409.89	1,540,152,415.02
Provision for outstanding claims		666,384,883.00	687,861,050.00
Total provision for outstanding claims		<u>666,384,883.00</u>	<u>687,861,050.00</u>
Total technical provisions		<u>2,126,502,292.89</u>	<u>2,228,013,465.02</u>
Technical provisions for unit-linked policies			
Technical provisions		2,825,071,415.00	2,680,106,903.00
Total technical provisions for unit-linked policies		2,825,071,415.00	2,680,106,903.00
Obligatory provisions	13		
Other obligatory provisions		8,107.02	28,463.21
Total obligatory provisions		<u>8,107.02</u>	<u>28,463.21</u>
Deposits received from reinsurers		1,311,015.70	1,268,876.17
Creditors			
Arising out of direct insurance operations		1,350,065.99	1,312,215.56
Arising out of reinsurance operations		2,033,424.83	990,439.19
Other creditors	14	<u>15,409,894.38</u>	<u>9,945,801.63</u>
Total creditors		<u>18,793,385.20</u>	<u>12,248,456.38</u>
Accruals and deferred income	14	7,307,729.82	6,743,884.19
TOTAL LIABILITIES		<u><u>5,724,129,513.54</u></u>	<u><u>5,701,128,065.60</u></u>

8.3 Indirect cash flow statement, LocalTapiola Life

	2023	2022
Cash flow from operations		
Profit on ordinary activities	94,522,262.19	71,147,512.81
Adjustments		
Changes in technical provisions	43,453,339.87	-335,498,702.95
Value adjustments and revaluation of investments	-127,453,563.72	379,154,923.94
Changes in obligatory provisions	-20,356.19	-20,140.54
Depreciation according to plan	4,712,270.21	3,949,827.58
Other adjustments	-14,276,223.91	-25,605,613.01
<i>Cash flow before change in working capital</i>	937,728.45	93,127,807.83
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	-1,643,886.57	-1,963,912.20
Increase (+) / decrease (-) in non-interest-bearing short-term debts	7,150,913.98	-24,590,054.12
<i>Cash flow from operations before financial items and taxes</i>	6,444,755.86	66,573,841.51
Interest paid and other financial expenses	-3,126,027.40	-3,500,000.00
Direct taxes paid	-20,838,028.58	-15,836,956.72
Total cash flow from operations	-17,519,300.12	47,236,884.79
Cash flow from investments		
Investments in assets (excl. cash and c. equivalents)	67,669,996.51	-51,751,994.61
Capital gains from investments (excl. cash and c. equivalents)	17,402,251.31	29,105,613.01
Investments in tangible and intangible assets as well as other assets and capital gains (net)	-19,161,667.04	-6,985,792.78
Total cash flow from investments	65,910,580.78	-29,632,174.38
Cash flow from financial		
Loan funds raised	-99,934,733.33	71,200.00
Interest on guarantee capital paid	-826,950.00	-1,653,900.00
Other distribution of profit	-505,000.00	-185,000.00
Total cash flow from financial	-101,266,683.33	-1,767,700.00
Change in cash and cash equivalents	-52,875,402.67	15,837,010.41
Cash and cash equivalents at the start of the year	173,876,526.72	158,039,516.31
Cash and cash equivalents at the end of the year	121,001,124.05	173,876,526.72

8.4 Key figures, LocalTapiola Life

KEY FIGURES

	2023	2022	2021	2020	EUR million 2019
General key figures describing financial development					
Operating profit	124.3	63.8	92.3	51.7	32.3
Total result	150.4	-165.9	170.6	45.9	96.6
Return on capital employed (at current value), %	3.3	-5.9	6.3	2.2	6.3
Return on assets excluding unit-linked insurance, %	5.1	-4.8	7.8	2.7	7.5
Average number of personnel during financial year	119	108	133	140	146
Key figures describing the financial performance of life insurance					
Premium income	333.4	428.7	480.4	434.0	616.3
Expense ratio, %	102.1	105.7	109.2	120.9	124.5
Expense ratio, % of balance sheet total	1.2	1.1	1.2	1.2	1.4

8.5 Notes, LocalTapiola Life

8.5.1 Notes to the profit and loss account, LocalTapiola Life

1. Premium income	2023	2022
Direct insurance		
Life insurance		
Unit-linked individual life insurance	66,320,981.53	160,036,828.65
Other individual life insurance	25,065,780.51	25,839,128.15
Unit-linked capital redemption policy	22,286,235.09	37,849,981.31
Other capital redemption policy	29,085.98	171,112.47
Employees' group life insurance	13,861,010.79	14,200,627.38
Other group life insurance	101,486,314.89	90,697,770.25
<i>Total</i>	<u>229,049,408.79</u>	<u>328,795,448.21</u>
Pension insurance		
Unit-linked individual pension insurance	27,142,544.14	27,033,772.71
Other individual pension insurance	9,097,676.03	9,979,182.85
Unit-linked group pension insurance	41,968,321.90	36,454,600.09
Other group pension insurance	26,154,089.91	26,480,198.38
<i>Total</i>	<u>104,362,631.98</u>	<u>99,947,754.03</u>
Direct insurance total	333,412,040.77	428,743,202.24
Gross premiums written before reinsurers' share	<u>333,412,040.77</u>	<u>428,743,202.24</u>
<i>Premiums written before reinsurers' share</i>		
Regular premiums	294,890,516.08	345,334,134.17
Single premiums	38,521,524.69	83,409,068.07
Total	<u>333,412,040.77</u>	<u>428,743,202.24</u>
Premiums from contracts entitled to bonuses	175,693,958.11	167,368,019.48
Premiums from unit-linked insurance	<u>157,718,082.66</u>	<u>261,375,182.76</u>
	<u>333,412,040.77</u>	<u>428,743,202.24</u>

1.1 Impact of life insurance rebates and discounts on the result

	2023	2022
Rebates		
Life insurance		
Other individual life insurance	5,315,783.11	4,363,219.34
Other capital redemption policy	359,400.54	385,122.68
Other group life insurance	3,506,789.00	1,227,240.00
<i>Total</i>	<u>9,181,972.65</u>	<u>5,975,582.02</u>
Pension insurance		
Other individual pension insurance	1,507,871.62	986,185.63
Other group pension insurance	2,811,320.13	660,874.19
<i>Total</i>	<u>4,319,191.75</u>	<u>1,647,059.82</u>
Total rebates	<u>13,501,164.40</u>	<u>7,622,641.84</u>
Discounts		
Life insurance		
Unit-linked individual life insurance	0.00	90,489.00
Other individual life insurance	9,771.64	96,761.52
Other group life insurance	4,732,670.82	2,547,235.01
<i>Total</i>	<u>4,742,442.46</u>	<u>2,734,485.53</u>
Total discounts	<u>4,742,442.46</u>	<u>2,734,485.53</u>
Total rebates and discounts	<u>18,243,606.86</u>	<u>10,357,127.37</u>

2. Claims paid before reinsurers' share

	2023	2022
Direct insurance		
Life insurance	247,517,630.88	243,842,808.51
Pension insurance	128,892,399.43	127,012,516.47
<i>Total</i>	<u>376,410,030.31</u>	<u>370,855,324.98</u>
Reinsurers' share	-467,149.53	-1,314,274.63
Total	<u>375,942,880.78</u>	<u>369,541,050.35</u>
Of which:		
Surrenders	146,135,544.74	151,109,455.61
Repayments of benefits	30,749,385.39	33,680,971.37
Other	199,525,100.18	186,064,898.00
	<u>376,410,030.31</u>	<u>370,855,324.98</u>

Share of unit-linked insurance of claims paid 160,680,217.03 159,141,502.02

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

3.1 Total operating expenses by activity

	2023	2022
Claims paid	6,132,068.15	4,961,992.68
Operating expenses	55,124,733.83	54,882,141.61
Investment operating expenses	4,798,141.58	4,817,964.81
Other expenses	402,691.42	1,121,929.95
<i>Total</i>	<u>66,457,634.98</u>	<u>65,784,029.05</u>

3.2 Profit and loss account item operating expenses	2023	2022
Insurance policy acquisition cost		
Commissions for direct insurance	12,884,836.12	11,873,920.21
Other insurance policy acquisition costs	20,697,395.91	21,096,627.01
	<u>33,582,232.03</u>	<u>32,970,547.22</u>
Insurance policy management expenses	12,604,576.34	12,458,931.28
Administrative expenses	9,993,998.63	10,267,097.18
Commissions for reinsurance ceded and profit shares	-1,056,073.17	-814,434.07
<i>Total</i>	<u>55,124,733.83</u>	<u>54,882,141.61</u>

3.3 Notes concerning personnel and members of corporate bodies

3.3.1 Personnel expenses	2023	2022
Salaries and remunerations	10,662,766.02	10,882,580.01
Pension expenses	2,126,620.67	2,500,423.06
Other personnel expenses	380,022.76	377,822.84
<i>Total</i>	<u>13,169,409.45</u>	<u>13,760,825.91</u>

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

Managing director and deputy managing director		
Salaries and remunerations	488,556.00	737,604.00
Pension commitments	The retirement age/resignation age of Managing Director and that of the Deputy Managing Director is stated by law.	
Monetary loans and terms thereof	No monetary loans granted.	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted.	
Board members and deputy board members		
Salaries and remunerations	259,000.00	247,000.00
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		
Salaries and remunerations	208,000.00	202,000.00
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	119	108
-------	-----	-----

3.4 Auditor's fees by assignment category

	2023	2022
Auditing	51,993.21	49,440.54
Tax advice	0.00	14,136.00
Other services	262.50	107,549.91
<i>Total</i>	<u>52,255.71</u>	<u>171,126.45</u>

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

4.1 Specification of net investment income

Investment income	2023	2022
Income from group companies		
Dividend income	3,700.14	12,580.46
Interest income	9,163,910.14	5,427,889.45
Other income	25,194,424.33	23,322,947.08
<i>Total</i>	<u>34,362,034.61</u>	<u>28,763,416.99</u>
Income from real estate investments in group companies		
Interest income	4,416,811.36	4,384,917.49
Other income	592,944.99	401,821.56
<i>Total</i>	<u>5,009,756.35</u>	<u>4,786,739.05</u>
Income from real estate investments in other companies		
Interest income	13,567.61	5,565.99
Other income	29,760,977.59	26,919,539.43
<i>Total</i>	<u>29,774,545.20</u>	<u>26,925,105.42</u>
Income from other investments		
Dividend income	22,882,029.16	42,110,924.01
Interest income	20,537,087.12	577,842.50
Other income	16,075,200.46	16,406,145.21
<i>Total</i>	<u>59,494,316.74</u>	<u>59,094,911.72</u>
	128,640,652.90	119,570,173.18
Value readjustments	52,326,831.78	14,581,429.47
Realized gains	<u>54,057,024.62</u>	<u>63,523,781.28</u>
Total investment income	235,024,509.30	197,675,383.93

	2023	2022
Investment charges		
Expenses arising from real estate investments		
From group companies	-15,577,960.26	-14,820,105.29
Other companies	-3,221,665.19	-2,914,449.29
<i>Total</i>	<u>-18,799,625.45</u>	<u>-17,734,554.58</u>
Expenses arising from other investments	-9,675,226.19	-10,426,482.63
Interest paid and other expenses on liabilities		
From group companies	-3,218.09	0.00
Participating interests	0.00	-6,494.00
Other companies	-3,427,562.05	-4,223,082.65
<i>Total</i>	<u>-3,430,780.14</u>	<u>-4,229,576.65</u>
	-31,905,631.78	-32,390,613.86
Value adjustments and depreciation		
Value adjustments	-36,052,929.42	-76,471,481.58
Planned depreciation on buildings	-2,435,847.58	-1,653,170.41
<i>Total</i>	<u>-38,488,777.00</u>	<u>-78,124,651.99</u>
Realized losses	-36,654,773.31	-34,418,168.27
Total investment charges	<u>-107,049,182.09</u>	<u>-144,933,434.12</u>
Net investment income before revaluations and revaluation adjustments	127,975,327.21	52,741,949.81
Revaluations	174,330,238.34	21,284,874.96
Revaluation adjustments	-63,150,576.98	-338,549,746.79
	<u>111,179,661.36</u>	<u>-317,264,871.83</u>
Net investment income in the profit and loss account	<u>239,154,988.57</u>	<u>-264,522,922.02</u>

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

	2023	2022
Investment income	55,397,756.29	51,963,910.92
Investment charges	-13,285,287.98	-9,504,419.54
Net investment income before revaluations and their adjustment as well as value adjustments and readjustments	42,112,468.31	42,459,491.38
Revaluations of investments	174,330,238.34	21,284,874.96
Revaluation adjustments on investments	-63,150,576.98	-338,549,746.79
Value adjustments	-10,301,702.04	-23,491,308.04
Value readjustments	21,303,106.08	1,675,390.34
	<u>122,181,065.40</u>	<u>-339,080,789.53</u>
Net investment income in the profit and loss account	<u>164,293,533.71</u>	<u>-296,621,298.15</u>

4.3 Specification of other income and expenses

	2023	2022
Other income		
Income from ancillary operations	403,055.00	545,650.50
Other other income	178,020.34	16,234.50
<i>Total</i>	<u>581,075.34</u>	<u>561,885.00</u>
Other expenses		
Expenses for ancillary operations	402,691.42	1,121,929.95
Other other expenses	585.84	1,615.61
<i>Total</i>	<u>403,277.26</u>	<u>1,123,545.56</u>

8.5.2 Notes to the balance sheet, LocalTapiola Life

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

5.1 Current value of investments and difference in valuation

Investments	2023		
	Remaining acquisition cost	Book value	Current value
Real estate investments			
Real estate	6,028,089.18	10,655,879.62	19,000,000.00
Real estate shares in group companies	188,717,567.71	202,849,754.02	282,128,244.21
Other real estate shares	8,424,036.74	8,424,036.74	15,046,595.57
Loans to group companies	112,694,624.48	112,694,624.48	112,694,624.48
	<u>315,864,318.11</u>	<u>334,624,294.86</u>	<u>428,869,464.26</u>
Investments in group companies			
Shares and holdings	499,144,714.15	499,144,714.15	562,446,273.98
Loans	195,012,749.27	195,012,749.27	195,012,749.27
	<u>694,157,463.42</u>	<u>694,157,463.42</u>	<u>757,459,023.25</u>
Investments in participating interests			
Shares and holdings	13,353,178.10	13,353,178.10	13,353,178.10
	<u>13,353,178.10</u>	<u>13,353,178.10</u>	<u>13,353,178.10</u>
Other investments			
Shares and holdings	739,990,378.53	739,990,378.53	825,855,563.39
Debt securities	824,883,334.81	824,883,334.81	733,063,595.14
Loans guaranteed by mortgages	82,074,264.97	82,074,264.97	82,074,264.97
Other loans	9,875,936.08	9,875,936.08	9,875,936.09
	<u>1,656,823,914.39</u>	<u>1,656,823,914.39</u>	<u>1,650,869,359.59</u>
	<u>2,680,198,874.02</u>	<u>2,698,958,850.77</u>	<u>2,850,551,025.20</u>

5.1 Current value of investments and difference in valuation

2023

The remaining acquisition cost of debt securities includes:

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

-3,001,716.73

Book value comprises

Revaluations released to income

15,019,463.40

Other revaluations

3,740,513.35

18,759,976.75

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

151,592,174.43

Investments		2022	
	Remaining	Book value	Current value
	acquisition cost		
Real estate investments			
Real estate	6,466,050.22	11,093,840.66	19,700,000.00
Real estate shares in group companies	195,458,567.71	209,590,754.02	321,711,389.39
Other real estate shares	12,273,177.98	8,315,944.42	15,247,780.36
Loans to group companies	113,208,709.48	113,208,709.48	113,208,709.48
	<u>327,406,505.39</u>	<u>342,209,248.58</u>	<u>469,867,879.23</u>
Investments in group companies			
Shares and holdings	447,255,524.71	447,255,524.71	537,240,585.24
Loans	191,312,247.03	191,312,247.03	191,312,247.03
	<u>638,567,771.74</u>	<u>638,567,771.74</u>	<u>728,552,832.27</u>
Investments in participating interests			
Shares and holdings	16,114,600.20	16,114,600.20	16,114,600.20
	<u>16,114,600.20</u>	<u>16,114,600.20</u>	<u>16,114,600.20</u>
Other investments			
Shares and holdings	661,299,541.80	661,299,541.80	735,533,962.25
Debt securities	1,032,193,676.45	1,032,193,676.45	869,724,976.62
Loans guaranteed by mortgages	108,955,232.69	108,955,232.69	108,955,232.69
Other loans	12,572,010.14	12,572,010.14	12,572,010.15
	<u>1,815,020,461.08</u>	<u>1,815,020,461.08</u>	<u>1,726,786,181.71</u>
	<u>2,797,109,338.41</u>	<u>2,811,912,081.60</u>	<u>2,941,321,493.41</u>

5.1 Current value of investments and difference in valuation

2022

The remaining acquisition cost of debt securities includes:

Difference between the nominal value and acquisition cost released (+) or charged (-) to interest income	<u>-5,971,534.09</u>
--	----------------------

Book value comprises

Revaluations released to income	15,019,463.40
Other revaluations	<u>3,740,513.35</u>

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

129,409,411.81

5.2 Difference in valuation of derivatives

Derivative contracts	Remaining acquisition cost	2023 Book value	Current value
Other creditors			
Assets received as security for derivatives	-4,270,000.00	-4,270,000.00	-4,270,000.00
Other deferred income and credits			
Futures and forward contracts	-490,316.56	-490,316.56	3,558,511.97
	<u>-4,760,316.56</u>	<u>-4,760,316.56</u>	<u>-711,488.03</u>
Difference in valuation (difference between current value and book value)			<u><u>4,048,828.53</u></u>

5.2 Difference in valuation of derivatives

Derivative contracts	Remaining acquisition cost	2022 Book value	Current value
Other debtors			
Assets pledged as security for derivatives	1,030,000.00	1,030,000.00	1,030,000.00
Other creditors			
Assets received as security for derivatives	-1,120,000.00	-1,120,000.00	-1,120,000.00
Other deferred income and credits			
Futures and forward contracts	-298,591.83	-298,591.83	-145,759.91
	<u>-388,591.83</u>	<u>-388,591.83</u>	<u>-235,759.91</u>
Difference in valuation (difference between current value and book value)			<u><u>152,831.92</u></u>

6. Real estate investments

Changes in real estate investments:	2023 Real estate and shares in real estate	2023 Loans to group companies
Acquisition cost on 1 Jan.	229,142,688.31	113,208,709.48
Increase	100,000.00	0.00
Decrease	-3,846,535.36	-514,085.00
Acquisition cost on 31 Dec.	<u>225,396,152.95</u>	<u>112,694,624.48</u>
Accumulated depreciation on 1 Jan.	-13,943,378.01	
Depreciation for the financial year	-437,961.04	
Accumulated depreciation on 31 Dec.	<u>-14,381,339.05</u>	
Value adjustments on 1 Jan.	-6,217,535.06	
Value adjustments for the financial year	-3,170,000.00	
Value readjustments	283,627.68	
Value adjustments on 31 Dec.	<u>-9,103,907.38</u>	
Revaluations on 1 Jan.	20,018,763.86	
Revaluations on 31 Dec.	<u>20,018,763.86</u>	
Book value on 31 Dec.	<u><u>221,929,670.38</u></u>	<u><u>112,694,624.48</u></u>
Real estate and shares in real estate occupied for own activities		
Remaining acquisition cost	1,718,836.11	
Book value	1,718,836.11	
Current value	2,000,000.00	

7. Investments in group companies and participating interests

Shares and holdings in group companies	2023	2022
Acquisition cost on 1 Jan.	453,416,229.45	383,629,618.23
Increase	58,445,169.58	104,243,129.98
Decrease	-7,737,358.78	-34,456,518.76
Transfers between items	369,564.00	0.00
Acquisition cost on 31 Dec.	<u>504,493,604.25</u>	<u>453,416,229.45</u>
Value adjustments on 1 Jan.	-6,160,704.74	-685,819.97
Value adjustments for the financial year	-2,270,623.64	-5,608,646.54
Value readjustments	3,082,438.28	133,761.77
Value adjustments on 31 Dec.	<u>-5,348,890.10</u>	<u>-6,160,704.74</u>
Book value on 31 Dec.	<u><u>499,144,714.15</u></u>	<u><u>447,255,524.71</u></u>
Debt securities and loans in group companies		
Acquisition cost on 1 Jan.	191,312,247.03	192,711,744.79
Increase	4,500,000.00	5,900,000.00
Decrease	-799,497.76	-7,299,497.76
Acquisition cost on 31 Dec.	195,012,749.27	191,312,247.03
Book value on 31 Dec.	<u><u>195,012,749.27</u></u>	<u><u>191,312,247.03</u></u>
Shares and holdings in participating interests		
Acquisition cost on 1 Jan.	24,306,803.61	24,306,803.61
Acquisition cost on 31 Dec.	<u>24,306,803.61</u>	<u>24,306,803.61</u>
Value adjustments on 1 Jan.	-8,192,203.41	-399,697.21
Value adjustments for the financial year	-2,761,422.10	-7,792,506.20
Value adjustments on 31 Dec.	<u>-10,953,625.51</u>	<u>-8,192,203.41</u>
Book value on 31 Dec.	<u><u>13,353,178.10</u></u>	<u><u>16,114,600.20</u></u>
Total	<u><u>512,497,892.25</u></u>	<u><u>463,370,124.91</u></u>
Total investments in group companies and participating interests		
Book value on 31 Dec.	<u><u>707,510,641.52</u></u>	<u><u>654,682,371.94</u></u>

7.1 Investments in companies included in LocalTapiola Group's consolidated financial statements

Shares and holdings, fixed assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Keskinäinen Vakuutusyhtiö Turva	4)	Tampere	3.6	63,867,899.28	8,473,923.71
LTC-Otso Oy	2)	Helsinki	18.0	8,743,532.43	6,382,131.01
LähiTapiola Palvelut Oy	3)	Espoo	15.0	13,559,515.69	3,424,562.99
LähiTapiola Rahoitus Oy	3)	Espoo	11.8	108,584,461.58	1,506,571.72
LähiTapiola Varainhoito Oy -group	3)	Espoo	16.2	69,082,846.73	-4,491,713.39
Tieto-Tapiola Oy	2)	Espoo	33.3	5,068,576.94	269,641.26
Vakuutusneuvonta Aura	2)	Espoo	33.3	10,634.40	0.00
Vakuutusneuvonta Pohja	2)	Espoo	33.3	10,577.17	0.00
Total				268,928,044.22	15,565,117.30
Shares and holdings, investment assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Kauppakeskus Seppä Oy	2)	Kuopio	47.0	45,269.02	-22,712.04
LähiTapiola Aluekiinteistöt Ky	3)	Espoo	18.9	75,976,386.22	-5,960,983.43
LähiTapiola Core Kiinteistöt Ky -group	1)	Espoo	55.6	45,402,380.82	-11,210,823.71
LähiTapiola KR PK2 Ky -group	3)	Espoo	10.0	12,945,870.51	-1,793,205.35
LähiTapiola Pääomasijoitus GP Oy	2)	Espoo	43.1	354.71	-68.50
LähiTapiola Pääomasijoitus I Ky	3)	Espoo	30.7	69,149,885.83	5,403,947.01
LähiTapiola Pääomasijoitus II Ky	3)	Espoo	37.0	189,236,716.13	10,950,872.89
LähiTapiola Pääomasijoitus III Ky	3)	Espoo	47.2	74,314,628.14	3,196,732.79
LähiTapiola Pääomasijoitus IV Ky	3)	Espoo	31.1	210,501,815.28	4,878,641.78
LähiTapiola Pääomasijoitus V Ky	3)	Espoo	26.3	54,696,477.25	-4,321,879.67
LähiTapiola Rahoitusyhtiö I Ky	3)	Espoo	9.0	556,517,019.43	18,154,569.24
LähiTapiola Rahoitusyhtiö II Ky	3)	Espoo	50.0	534,087.37	891,684.86
LähiTapiola Tampereen Tornit Ky	3)	Espoo	32.2	41,683,912.15	-831,331.45
LähiTapiola Tontit GP I Oy	2)	Espoo	22.6	138,855.13	4,428.48
LähiTapiola Tontit I Ky	3)	Espoo	5.0	43,663,936.93	2,563,936.85
LähiTapiola Tontit II Ky	3)	Espoo	16.2	54,021,491.21	2,011,572.47
LähiTapiola Velkasijoitus I Ky	3)	Espoo	36.2	166,660,584.42	11,865,266.73
LähiTapiola Velkasijoitus II Ky	3)	Espoo	34.5	189,261,147.27	7,387,050.11
LähiTapiola Velkasijoitus III Ky	3)	Espoo	33.9	10,599,937.31	-294,273.25
Tapiola KR IV Ky -konserni	3)	Espoo	41.0	759,254.60	-91,183.26
Total				1,796,110,009.73	42,782,242.55

In addition, LocalTapiola Mutual Life Insurance Company has invested in 26 (26) housing associations and real estate companies that are integrated into the consolidated financial statements of LocalTapiola Group, out of which 17 (17) are its own subsidiaries.

1) Subsidiary

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

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

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

7.2 Investments in participating interests

Shares and holdings, fixed assets		Domicile	Share of stocks %	Equity	Profit for the accounting period
Pihlajalinna Oyj -group	3)	Helsinki	8.4	148,000,000.00	5,700,000.00
Total				148,000,000.00	5,700,000.00

2) Participating interest

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

7.3 Other investments

Security	Share of stocks %	Number	Book value	Current value	Home country
Finnish companies, listed					
Loihde Oyj	1.30	75,000.00	903,750.00	903,750.00	Finland
UPM-Kymmene Oyj	0.00	25,000.00	791,603.89	851,500.00	Finland
Vaisala Oyj A	0.18	66,125.00	896,911.13	2,625,162.50	Finland
Others		263,200.00	1,432,875.95	1,747,436.00	
Total		429,325.00	4,025,140.97	6,127,848.50	
Finnish companies, non-listed					
Gebwell oy	6.27	520.00	2,522,000.00	2,522,000.00	Finland
GlucoModicum Oy B-osake	3.18	5,723.00	1,750,093.40	1,750,093.40	Finland
GlucoModicum Oy C-osake	5.42	1,305.00	500,337.00	500,337.00	Finland
Sofigate Group Oy	2.98	604,700.00	2,029,392.63	3,023,500.00	Finland
Others		104,938,049.00	76,827,941.46	86,421,054.62	
Total		105,550,297.00	83,629,764.49	94,216,985.02	
Foreign companies, listed					
Air Liquide	0.00	4,000.00	704,480.00	704,480.00	France
Aker BP ASA	0.00	24,000.00	615,308.41	630,932.79	Norja
Apple Inc	0.00	3,400.00	592,400.00	592,400.00	USA
Assa Abloy Ab B	0.00	32,000.00	599,013.27	837,202.60	Sweden
AstraZeneca PLC	0.00	8,000.00	512,050.50	975,778.15	UK
Atlas Copco AB	0.00	55,000.00	634,515.99	860,242.43	Sweden
Axa Sa	0.00	39,000.00	787,769.06	1,150,110.00	France
Credit Agricole SA	0.00	60,000.00	627,148.57	771,120.00	France
Deutsche Telekom AG	0.00	40,000.00	626,883.53	870,000.00	Germany
Equinor ASA	0.00	21,000.00	601,854.90	601,854.90	Norja
Exelon Corp	0.00	25,000.00	812,217.19	812,217.19	USA
ING Groep NV	0.00	90,011.00	1,071,402.74	1,217,488.79	The Netherlands
LVMH Moet Hennessy Louis Vuitton Sa	0.00	1,200.00	880,320.00	880,320.00	France
Microsoft Corp	0.00	3,500.00	613,238.21	1,191,076.92	USA
National Grid PLC	0.00	90,832.00	891,687.63	1,105,808.14	UK
Nestle Sa	0.00	10,000.00	826,791.34	1,053,023.76	Switzerland
Roche Holding Ag	0.00	2,500.00	553,475.91	660,097.19	Switzerland
SAP Ag	0.00	4,500.00	627,660.00	627,660.00	Germany
Siemens Ag	0.00	4,000.00	524,508.13	679,680.00	Germany
Siemens Healthineers AG	0.00	17,283.00	553,228.13	909,085.80	Germany
Skandinaviska Enskilda Banken AB	0.00	60,000.00	554,432.44	750,540.74	Sweden
Swiss Re Ltd	0.00	10,000.00	806,546.05	1,021,166.31	Switzerland
Others		311,401.00	10,108,758.73	18,910,998.02	
Total		916,627.00	25,125,690.73	37,813,283.73	

Foreign companies, non-listed				
Others	3,083.00	190,645.69	363,796.50	
Total	3,083.00	190,645.69	363,796.50	
Mutual funds				
AMUNDI PLANT EM GRN 1-SEURH	11,114,508.81	11,114,508.81		Luxembourg
Aktia Trade Finance Erikoissijoitusrahasto	782,755.73	782,755.73		Finland
GS Emerging Markets Equity	7,399,004.74	7,429,784.27		Luxembourg
LähiTapiola Eurooppa HY ESG A	25,698,758.44	27,033,233.55		Finland
LähiTapiola Eurooppa Ilmastoindeksi A	10,000,000.00	10,288,378.20		Finland
LähiTapiola High Yield A	30,251,828.71	31,573,043.02		Finland
LähiTapiola Hyvinvointi ESG A	1,441,939.71	5,892,928.92		Finland
LähiTapiola Kasvu ESG A	1,870,064.31	5,196,079.00		Finland
LähiTapiola Kehittynyt Aasia ESG A	3,211,249.16	4,185,289.41		Finland
LähiTapiola Kehittyvät Korkomarkkinat A	1,386,369.62	1,386,369.62		Finland
LähiTapiola Kestävä Vaikuttajakorko A	43,588,206.18	43,588,206.18		Finland
LähiTapiola Kestävä Ympäristö A	2,480,985.19	4,893,082.63		Finland
LähiTapiola Korkomaailma A	659,964.80	673,760.63		Finland
LähiTapiola Kuluttaja ESG A	664,928.05	2,294,579.12		Finland
LähiTapiola Lyhytkorko ESG A	10,000,000.00	10,228,556.78		Finland
LähiTapiola Pitkäkorko ESG A	10,000,000.00	10,409,914.20		Finland
LähiTapiola Pohjoinen Yrityskorko ESG A	13,791,353.42	17,046,986.50		Finland
LähiTapiola Reaalikorko ESG A	39,914,510.29	39,914,510.29		Finland
LähiTapiola Suoja A	617,748.72	745,724.94		Finland
LähiTapiola USA Ilmastoindeksi A	10,000,000.00	10,847,650.69		Finland
LähiTapiola Yhteisö Eurooppa ESG IV B	6,175,630.25	8,004,684.87		Finland
LähiTapiola Yhteisö Pitkäkorko ESG IV B	59,000,000.00	59,694,072.89		Finland
LähiTapiola Yhteisö USA ESG IV B	3,900,000.00	5,039,471.80		Finland
LähiTapiola Yhteisö Yrityskorko ESG IV B	107,000,000.00	107,711,117.04		Finland
LähiTapiola Yrityskorko ESG A	14,438,178.86	19,903,356.67		Finland
Mandatum Opportunistic Loan Strategy	8,754,631.15	8,754,631.15		Finland
PIMCO GIS Emerging Markets Bond ESG Fund	6,210,360.60	6,210,360.60		Ireland
S-Pankki High Yield Eurooppa ESG Korko	5,000,000.00	5,395,937.17		Finland
S-Pankki Kehittyvät Markkinat ESG Osake	1,137,084.44	1,381,334.24		Finland
S-Pankki Toimitila	4,932,741.49	4,932,741.49		Finland
Seligson & Co Euro-obligaatio A	5,000,000.00	5,299,914.31		Finland
Total	446,422,802.67	477,852,964.72		

Capital mutual funds			
Altor Fund III (No. 2)	2,555,276.68	2,555,276.68	Jersey
Altor Fund IV (No.2) AB	5,680,618.66	6,580,942.70	Sweden
Beechbrook Mezzanine II L.P.	2,194,487.00	2,194,487.00	UK
Beechbrook Private Debt III L.P.	7,393,632.87	8,367,922.36	UK
Beechbrook UK SME Credit I L.P.	1,089,902.63	1,089,902.63	UK
Blue Owl GP Stakes IV LP	5,788,565.64	9,451,899.55	Cayman Islands
Blue Owl GP Stakes V LP	1,984,597.80	1,984,597.80	Cayman Islands
Bowmark Capital Partners V, L.P.	559,529.37	559,529.37	UK
Bridgepoint Europe IV F L.P.	1,690,267.55	1,690,267.55	UK
Bridgepoint Europe V C L.P.	2,761,571.30	5,208,466.96	UK
Dasos Habitat Fund Ky	1,765,267.18	2,025,020.00	Finland
Dasos Kestävä Metsä ja Puu III	9,925,292.69	11,241,216.68	Finland
Dasos Timberland Fund II	16,313,809.98	28,876,025.14	Luxembourg
ICG Senior Debt Partners Fund 2	6,136,048.00	6,136,048.00	Luxembourg
Infranode I (No. 1) AB	9,730,769.21	10,245,860.85	Sweden
KSK Redi Ky	627,500.00	627,500.00	Finland
Kasvurahastojen Rahasto IV Ky	1,081,623.21	1,081,623.21	Finland
LähiTapiola Asuntorahasto Prime Ky	1,651,813.47	1,651,813.47	Finland
LähiTapiola Asuntosijoitus Suomi Ky	4,634,483.00	4,634,483.00	Finland
LähiTapiola Keskustakiinteistöt Ky	32,333,577.29	32,333,577.29	Finland
LähiTapiola Yhteiskuntakiinteistöt Suomi Ky	19,856,204.95	19,856,204.95	Finland
NB Private Debt Fund II LP	3,417,284.16	3,417,284.16	USA
Siguler Guff Small Business Credit Opportunities Fund LP	2,898,579.63	3,613,500.33	USA
TPG Partners VII, L.P.	5,470,447.96	5,470,447.96	USA
The Triton Fund III L.P.	547,648.24	547,648.24	Jersey
Tikehau Direct Lending III	851,299.99	851,299.99	Luxembourg
Top Tier Venture Capital IV, L.P.	862,455.08	862,455.08	USA
Tuohex Kiinteistörahasto I Ky	9,104,203.17	9,104,203.17	Finland
VSS Structured Capital Parallel III, L.P.	7,379,678.58	10,308,324.89	USA
eQ PE IX US Feeder	1,320,978.47	2,103,208.91	Finland
eQ PE VIII North LP	3,667,680.11	4,255,810.00	Finland
eQ PE X North Feeder	1,992,857.14	2,507,379.00	Finland
eQ PE XI US Feeder	2,494,604.50	2,805,104.07	Finland
eQ PE XII North Feeder	1,919,502.68	2,137,773.00	Finland
Others	2,914,275.83	3,105,029.93	
Total	180,596,334.02	209,482,133.92	
Total	180,596,334.02	209,482,133.92	
Total other investments, shares and holdings	106,899,332.00	739,990,378.57	825,857,012.39

7.4 Assets held to cover unit-linked insurance policies

Security	Home country	Current value	Book value
Shares			
Evli PLC	Finland	2,817,592.50	2,817,592.50
Fortum Oyj	Finland	856,265.84	856,265.84
Kone Oyj B	Finland	1,276,808.68	1,276,808.68
Metso Oyj	Finland	689,969.14	689,969.14
Neste Oyj	Finland	959,052.75	959,052.75
Nokia Oyj	Finland	1,437,696.48	1,437,696.48
Nordea Bank Abp	Finland	2,381,753.07	2,381,753.07
Sampo Oyj A	Finland	1,002,370.66	1,002,370.66
Stockmann Oyj B	Finland	2,162,738.80	2,162,738.80
UPM-Kymmene Oyj	Finland	725,137.40	725,137.40
United Bankers Oyj	Finland	1,401,120.00	1,401,120.00
Valmet Corp	Finland	528,074.75	528,074.75
Wärtsilä Oyj B	Finland	1,203,654.38	1,203,654.38
Others		16,826,323.28	16,826,323.28
Total		34,268,557.73	34,268,557.73
Mutual funds			
Brown Advisory US Smaller Companies Fund Class \$B	Ireland	548,032.62	548,032.62
Vanguard FTSE All-World UCITS	Ireland	541,717.72	541,717.72
iShares Core S&P 500 UCITS	Ireland	4,780,848.99	4,780,848.99
iShares MSCI EM ESG Enhanced U	Ireland	4,022,528.54	4,022,528.54
iShares MSCI Europe ESG Enhanced UCITS ETF	Ireland	3,479,622.84	3,479,622.84
iShares MSCI Europe SRI UCITS ETF	Ireland	601,175.79	601,175.79
iShares MSCI USA ESG Enhanced	Ireland	9,239,147.04	9,239,147.04
Emerging Markets Debt Opportunities Fund	Luxembourg	5,849,677.39	5,849,677.39
FUNDSMITH EQUITY FD SICAV-IA	Luxembourg	1,527,946.42	1,527,946.42
Amundi ETF Stoxx Europe 50 UCITS ETF	France	3,281,074.92	3,281,074.92
Lyxor ETF MSCI Europe	France	625,318.14	625,318.14
Evli Swedish Small Cap B	Sweden	4,479,444.89	4,479,444.89
Slättö Core Plus AB	Sweden	3,955,016.12	3,955,016.12
Slättö VII AB- B Shares	Sweden	3,451,365.27	3,451,365.27
iShares Core MSCI Emerging Markets IMI UCITS ETF	Germany	963,867.73	963,867.73
ALANDSBANKEN EURO BOND-B	Finland	574,168.02	574,168.02
Alandsbanken Euro High Yield B	Finland	514,723.13	514,723.13
Alandsbanken Global Equity	Finland	530,375.29	530,375.29
EAB Private Equity Oy Project Fourth Ky	Finland	1,820,000.00	1,820,000.00
EAB Renewable Energy Infrastructure Fund II Ky	Finland	1,034,231.14	1,034,231.14
EAI Residential asuntorahasto 2015	Finland	1,607,677.20	1,607,677.20
EAI Residential asuntorahasto 2016	Finland	635,220.00	635,220.00
EAI Residential asuntorahasto 2018	Finland	706,095.50	706,095.50
EQ Eurooppa Indeksi-1 K	Finland	505,463.57	505,463.57
EQ Eurooppa Osinko 1 K	Finland	1,671,446.71	1,671,446.71
EQ Pohjoismaat Pienyhtiö 2 K	Finland	796,377.66	796,377.66
EVLI EMERGING FRONTIER-B	Finland	6,494,714.20	6,494,714.20
EVLI EMERGING MKT CREDIT-B	Finland	11,047,085.46	11,047,085.46

EVLI EQTY FACTOR EUR -B ACC	Finland	2,857,477.04	2,857,477.04
EVLI EQUITY FACTOR USA-B	Finland	7,281,167.45	7,281,167.45
EVLI FINNISH SMALL CAP	Finland	7,992,029.58	7,992,029.58
EVLI GEM-B	Finland	5,298,437.53	5,298,437.53
EVLI NORTH AMERICA-B	Finland	9,515,683.64	9,515,683.64
EVLI PRIVATE DEBT FUND I KY	Finland	5,722,780.95	5,722,780.95
EVLI RENTAL YIELD AIF-A	Finland	14,560,511.94	14,560,511.94
Erikoissijoitusrahasto Elite	Finland	1,608,951.85	1,608,951.85
Erikoissijoitusrahasto UB Metsä A	Finland	654,013.16	654,013.16
Erikoissijoitusrahasto UB Nordic Property	Finland	2,019,869.08	2,019,869.08
Euro Choice VII Feeder voitonjakolaina	Finland	3,432,703.53	3,432,703.53
Evli Euro Likvidi B	Finland	509,502.11	509,502.11
Evli Eurooppa B	Finland	8,093,937.98	8,093,937.98
Evli European High Yield B	Finland	21,392,119.59	21,392,119.59
Evli Green Corporate Bond B	Finland	8,465,010.50	8,465,010.50
Evli Growth Partners I yhtiöosuus	Finland	8,526,523.20	8,526,523.20
Evli Growth Partners II yhtiöosuus	Finland	2,294,449.72	2,294,449.72
Evli Healthcare I yhtiöosuus	Finland	22,483,206.60	22,483,206.60
Evli Impact Equity B	Finland	3,440,660.97	3,440,660.97
Evli Impact Forest Fund I	Finland	5,553,851.51	5,553,851.51
Evli Infrastructure Fund I Ky	Finland	8,146,227.20	8,146,227.20
Evli Infrastructure Fund II Ky	Finland	1,850,000.00	1,850,000.00
Evli Leveraged Loan Fund	Finland	628,000.97	628,000.97
Evli Lyhyt Yrityslaina B	Finland	11,974,802.86	11,974,802.86
Evli Maailma B	Finland	1,174,021.03	1,174,021.03
Evli Private Equity II yhtiöosuus	Finland	12,066,651.05	12,066,651.05
Evli Private Equity III yhtiöosuus	Finland	1,361,363.76	1,361,363.76
Evli Residential I yhtiöosuus (2020)	Finland	4,469,257.50	4,469,257.50
Evli Residential II yhtiöosuus	Finland	5,572,274.40	5,572,274.40
Evli Suomi Select B	Finland	7,502,652.50	7,502,652.50
Evli Takt.Alpha-Korko B	Finland	24,275,352.06	24,275,352.06
Evli Varainhoito 50 B	Finland	1,854,561.99	1,854,561.99
Evli leveraged loan fd-B	Finland	3,195,214.36	3,195,214.36
Harkitseva Varainhoito	Finland	2,891,684.68	2,891,684.68
Kiinteistö-sijoitussalkku	Finland	161,688,730.70	161,688,730.70
Korkostrategia	Finland	2,151,611.44	2,151,611.44
Laaja Maltti	Finland	23,778,424.04	23,778,424.04
Laaja Rohkea	Finland	40,673,250.28	40,673,250.28
Laaja Tasapaino	Finland	61,640,224.24	61,640,224.24
LähiTapiola 2025 ESG A	Finland	193,433,336.68	193,433,336.68
LähiTapiola 2035 ESG A	Finland	114,588,836.70	114,588,836.70
LähiTapiola 2045 A	Finland	29,374,455.43	29,374,455.43
LähiTapiola Asuntosijoitus Prime	Finland	10,614,049.84	10,614,049.84
LähiTapiola Asuntosijoitus Suomi	Finland	5,142,669.99	5,142,669.99
LähiTapiola Eurooppa HY ESG A	Finland	630,272.83	630,272.83
LähiTapiola Eurooppa Ilmastoindeksi A	Finland	9,064,388.25	9,064,388.25
LähiTapiola Eurooppa Keskiuuret ESG A	Finland	22,673,112.19	22,673,112.19
LähiTapiola High Yield A	Finland	4,442,043.04	4,442,043.04
LähiTapiola Hyvinvointi ESG A	Finland	31,891,024.89	31,891,024.89
LähiTapiola Kasvu ESG A	Finland	16,984,588.27	16,984,588.27
LähiTapiola Kehittynyt Aasia ESG A	Finland	13,413,012.00	13,413,012.00
LähiTapiola Kehittävät Korkomarkkinat A	Finland	997,231.75	997,231.75
LähiTapiola Kestävä Ympäristö A	Finland	9,683,565.40	9,683,565.40
LähiTapiola Korkomaailma A	Finland	59,035,677.36	59,035,677.36
LähiTapiola Kuluttaja ESG A	Finland	24,484,554.87	24,484,554.87
LähiTapiola Lyhytkorko ESG A	Finland	36,985,976.63	36,985,976.63
LähiTapiola Lyhytkorko ESG VI A	Finland	1,010,199.89	1,010,199.89
LähiTapiola Maailma 20 A	Finland	25,562,816.02	25,562,816.02

LähiTapiola Maailma 50 A	Finland	97,877,491.45	97,877,491.45
LähiTapiola Maailma 80 A	Finland	92,877,482.96	92,877,482.96
LähiTapiola Metsäsijoitus	Finland	5,211,444.73	5,211,444.73
LähiTapiola Pitkäkorko ESG A	Finland	4,499,134.49	4,499,134.49
LähiTapiola Pohjoinen Yrityskorko ESG A	Finland	21,226,363.54	21,226,363.54
LähiTapiola Pohjoinen Yrityskorko ESG VI A	Finland	1,275,824.07	1,275,824.07
LähiTapiola Pohjoismaat ESG A	Finland	1,717,813.61	1,717,813.61
LähiTapiola Suoja A	Finland	5,504,835.01	5,504,835.01
LähiTapiola Tapiolan Keskus	Finland	1,225,190.77	1,225,190.77
LähiTapiola USA Ilmastoindeksi A	Finland	24,808,586.93	24,808,586.93
LähiTapiola USA Keskisuuret ESG A	Finland	11,699,287.65	11,699,287.65
LähiTapiola Yrityskorko ESG A	Finland	3,120,966.35	3,120,966.35
Momentum-varainhoito	Finland	19,222,507.11	19,222,507.11
Project Third KY	Finland	1,000,000.00	1,000,000.00
Pääomasijoitukset-sij.salkku A	Finland	6,463,628.57	6,463,628.57
Reipas Varainhoito	Finland	8,868,109.95	8,868,109.95
Rohkea Varainhoito	Finland	18,605,503.06	18,605,503.06
S-Pankki Fenno Osake	Finland	17,985,936.20	17,985,936.20
S-Pankki Kehittyvät Markkinat ESG Osake	Finland	32,193,949.29	32,193,949.29
S-Sijoituskori Kohtuullinen	Finland	1,714,847.42	1,714,847.42
S-Sijoituskori Varovainen	Finland	1,693,134.17	1,693,134.17
Saari I Ky	Finland	768,220.16	768,220.16
Seligson & Co Aasia Indeksirahasto A	Finland	7,539,544.49	7,539,544.49
Seligson & Co Euro Corporate Bond A	Finland	752,192.97	752,192.97
Seligson & Co Euro-obligaatio A	Finland	858,812.76	858,812.76
Seligson & Co Eurooppa Indeksirahasto A	Finland	12,126,778.46	12,126,778.46
Seligson & Co Global Top 25 Brands A	Finland	41,750,113.41	41,750,113.41
Seligson & Co Global Top 25 Pharmaceuticals A	Finland	27,178,243.86	27,178,243.86
Seligson & Co Kehittyvät Markkinat A	Finland	2,871,989.48	2,871,989.48
Seligson & Co OMX Helsinki 25 -indeksiosuus	Finland	1,084,321.48	1,084,321.48
Seligson & Co Perheyhtiö A	Finland	1,628,762.32	1,628,762.32
Seligson & Co Pharos A	Finland	2,342,166.20	2,342,166.20
Seligson & Co Phoebus A	Finland	6,780,454.95	6,780,454.95
Seligson & Co Pohjois-Amerikka Indeksirahasto A	Finland	12,875,725.05	12,875,725.05
Seligson & Co Rahamarkkinarahasto A	Finland	8,746,205.56	8,746,205.56
Seligson & Co Suomi Indeksirahasto A	Finland	19,357,631.48	19,357,631.48
Seligson & Co Tropico LatAm A	Finland	1,088,766.70	1,088,766.70
Seligson & Co Varainhoito 100	Finland	10,457,000.00	10,457,000.00
Seligson & Co Varainhoito 25	Finland	23,772,385.75	23,772,385.75
Seligson & Co Varainhoito 50	Finland	76,912,558.23	76,912,558.23
Seligson & Co Varainhoito 75	Finland	50,818,478.62	50,818,478.62
Sijoitusrahasto Evli USA Kasvu B	Finland	8,180,829.17	8,180,829.17
Strategia 10	Finland	6,304,086.41	6,304,086.41
Strategia 30	Finland	18,265,603.48	18,265,603.48
Strategia 50	Finland	15,850,847.80	15,850,847.80
Strategia 70	Finland	6,576,436.37	6,576,436.37
TOP-indeksivarainhoito 25	Finland	9,874,025.40	9,874,025.40
TOP-indeksivarainhoito 50	Finland	1,536,600.00	1,536,600.00
UB NORDIC FOREST FUND III KY	Finland	563,144.39	563,144.39
Vakaa Varainhoito	Finland	5,087,607.26	5,087,607.26
Varainhoito 100	Finland	58,927,821.39	58,927,821.39
Varainhoito Eurooppa Plus	Finland	30,070,921.80	30,070,921.80
Varainhoito Maltillinen	Finland	102,636,098.17	102,636,098.17
Varainhoito Nordic Plus	Finland	20,049,788.60	20,049,788.60
Varainhoito Suomi Plus	Finland	33,807,032.73	33,807,032.73
Varainhoito Tasapainoinen	Finland	115,251,546.33	115,251,546.33
Varainhoito Tuottohakuinen	Finland	76,253,398.48	76,253,398.48

Varainhoito Varovainen	Finland	110,378,559.35	110,378,559.35
Varainhoitosalkku 10	Finland	15,862,825.81	15,862,825.81
Varainhoitosalkku 30	Finland	48,189,861.54	48,189,861.54
Varainhoitosalkku 50	Finland	29,636,620.01	29,636,620.01
Varainhoitosalkku 70	Finland	7,707,632.09	7,707,632.09
Yksilöllinen varainhoito 30	Finland	39,731,495.18	39,731,495.18
eQ Asunnot (Erikoissijoitusrahasto)	Finland	4,207,500.00	4,207,500.00
eQ Asunnot II (Erikoissijoitusrahasto)	Finland	1,992,000.00	1,992,000.00
eQ Euro Investment Grade	Finland	531,129.23	531,129.23
eQ Eurooppa Aktiivi 1 K	Finland	715,393.85	715,393.85
eQ Kehittyvät Markkinat Osinko 1 T	Finland	621,180.21	621,180.21
eQ Kehittyvät Markkinat Osinko 1K	Finland	1,972,029.35	1,972,029.35
eQ Kehittyvät Markkinat Pienyhtiö 1 K	Finland	801,997.56	801,997.56
eQ Liikekiinteistöt-1T	Finland	33,688,871.68	33,688,871.68
eQ Maailma 2 K	Finland	4,573,662.73	4,573,662.73
eQ Mandaatti-2K	Finland	1,861,279.11	1,861,279.11
eQ PE IX US Feeder	Finland	6,386,155.97	6,386,155.97
eQ PE SF IV (Erikoissijoitusrahasto)	Finland	4,305,600.00	4,305,600.00
eQ PE VIII North Ky	Finland	1,458,083.43	1,458,083.43
eQ PE X North Feeder	Finland	5,859,000.01	5,859,000.01
eQ PE XI US Feeder	Finland	1,216,031.89	1,216,031.89
eQ PE XII North Feeder (Erikoissijoitusrahasto)	Finland	1,471,618.72	1,471,618.72
eQ PE XIII US Feeder	Finland	685,520.36	685,520.36
eQ PE XIV North Feeder (Erikoissijoitusrahasto)	Finland	2,940,000.00	2,940,000.00
eQ Pikkujättiläiset 1 K	Finland	915,923.73	915,923.73
eQ Rahamarkkina 1 K	Finland	2,919,068.36	2,919,068.36
eQ Sininen Planeetta 1 K	Finland	1,720,919.08	1,720,919.08
eQ Sininen Planeetta 1 T	Finland	521,140.68	521,140.68
eQ USA Indeksi 1 K	Finland	2,531,908.49	2,531,908.49
eQ USA Indeksi-1 T	Finland	728,068.36	728,068.36
eQ VC (Erikoissijoitusrahasto)	Finland	1,239,366.52	1,239,366.52
eQ Vaihtuva Korko 1 K	Finland	818,436.51	818,436.51
eQ Yhteiskuntakiinteistöt	Finland	39,276,527.45	39,276,527.45
Ålandsbanken Asuntorahasto C	Finland	1,846,300.17	1,846,300.17
Ålandsbanken Europe Value B	Finland	964,069.97	964,069.97
Ålandsbanken Green Bond ESG C	Finland	731,293.51	731,293.51
Others		17,800,125.48	17,800,125.48
Total		2,800,438,740.75	2,800,438,740.75
Debt securities			
Eurooppa Pankit Autocall 4/2018	France	1,042,698.64	1,042,698.64
Eurooppa High Yield Super Senior 12/2022	Finland	1,050,300.00	1,050,300.00
Europe High Yield Super Senior 1/23	Finland	715,750.00	715,750.00
Evli Eurooppa High Yield 9/2023	Finland	633,880.00	633,880.00
Luottosertifikaatti iTraxx Europe CO s30	Finland	512,200.00	512,200.00
Others		4,541,576.91	4,541,576.91
Total		8,496,405.55	8,496,405.55
Total		2,843,203,704.03	2,843,203,704.03

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

8.1 Other loans, itemised by type of security

	2023	2022
Insurance policy	75,936.09	97,010.15
Remaining acquisition cost	75,936.09	97,010.15
Unsecured, total remaining acquisition cost	9,800,000.00	12,474,999.99
	9,875,936.09	12,572,010.14

9. Changes in tangible and intangible assets

			2023
	Intangible rights and other expenses with long-term effects	Provisional premiums	Machinery and equipment
Acquisition cost on 1 Jan.	50,897,816.60	7,916,256.42	3,707,928.14
Increase	3,041,620.51	15,749,083.66	576,962.87
Decrease	0.00	0.00	-206,000.00
Transfers between items	4,820,192.68	-4,820,192.68	0.00
Acquisition cost on 31 Dec.	<u>58,759,629.79</u>	<u>18,845,147.40</u>	<u>4,078,891.01</u>
Accumulated depreciation on 1 Jan.	-46,408,711.21	0.00	-3,485,637.01
Depreciation for the financial year	-4,125,995.68	0.00	-148,313.49
Accumulated depreciation on 31 Dec.	<u>-50,534,706.89</u>	<u>0.00</u>	<u>-3,633,950.50</u>
Book value on 31 Dec.	<u><u>8,224,922.90</u></u>	<u><u>18,845,147.40</u></u>	<u><u>444,940.51</u></u>

10. Assets held to cover unit-linked insurance policies

	2023		2022	
	Original acquisition cost	Current value (=book value)	Original acquisition cost	Current value (=book value)
<i>Assets held to cover unit-linked insurance policies</i>				
Shares and holdings	2,161,521,586.46	2,834,707,294.17	2,095,525,733.04	2,646,921,476.23
Debt securities	7,892,834.59	8,496,405.26	7,070,673.25	7,185,873.83
Recovery from insurance premium mediators	20,000.65	20,000.65	361,755.80	361,755.80
Cash at bank and in hand	12,343,155.57	12,343,155.57	28,807,491.92	28,807,491.92
Accrued interest	50,715.82	50,715.82	42,136.69	42,136.69
<i>Total</i>	<u>2,181,828,293.09</u>	<u>2,855,617,571.47</u>	<u>2,131,807,790.70</u>	<u>2,683,318,734.47</u>
<i>Investments acquired in advance</i>	24,760,025.06	15,992,097.58	0.00	0.00
Investments corresponding to the technical provisions for unit-linked insurance	<u>2,157,068,268.03</u>	<u>2,839,625,473.89</u>	<u>2,131,807,790.70</u>	<u>2,683,318,734.47</u>

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

12,363,156.22	29,169,247.72
---------------	---------------

11. Changes in capital and reserves

11.1 Changes in capital and reserves

	1.1.2023	Increase	Decrease	31.12.2023
Initial reserve	4,482,208.24	0.00	0.00	4,482,208.24
Guarantee capital	37,585,505.12	0.00	0.00	37,585,505.12
Security reserve	571,974,895.91	54,387,834.39	0.00	626,362,730.30
Contingency reserve	3,260,638.23	1,110,000.00	-505,000.00	3,865,638.23
Profit for the financial year *)	55,497,834.39	73,881,193.56	-55,497,834.39	73,881,193.56
Total changes in capital and reserves	<u>672,801,081.89</u>	<u>129,379,027.95</u>	<u>-56,002,834.39</u>	<u>746,177,275.45</u>

*) Includes the paid guarantee capital interest EUR 826,950.00.

11.2 Account of distributable profits

	31.12.2023
Profit for financial year	73,881,193.56
+ Other unrestricted capital and reserves	
Security reserve	626,362,730.30
Contingency reserve	3,865,638.23
Total distributable profits	<u><u>704,109,562.09</u></u>

12. Accumulated appropriations	2023		2022	
Depreciation difference				
Depreciation difference on 1 Jan.	-17,797.59		169,480.71	
Decrease	-196,959.95		-187,278.30	
Depreciation difference on 31 Dec.	<u>-214,757.54</u>		<u>-17,797.59</u>	
13. Other obligatory provisions	2023		2022	
Provision for unemployment security deductible	8,107.02		28,463.21	
	<u>8,107.02</u>		<u>28,463.21</u>	
14. Deferred tax liabilities	2023		2022	
Tax liability calculated on the basis of timing differences and other temporary differences between taxable profit and accounting profit	748,102.67		748,102.67	
Tax debt calculated based on valuation gains/losses that is deemed likely to become payable during the next year.	5,000,000.00		8,000,000.00	
	<u>5,748,102.67</u>		<u>8,748,102.67</u>	
15. Receivables and liabilities				
15.1 Itemisation of receivables	2023		2022	
Receivables from group companies				
Other receivables	1,867,148.29		486,118.07	
	<u>1,867,148.29</u>		<u>486,118.07</u>	
15.2 Itemisation of liabilities	2023		2022	
Liabilities to group companies				
Accounts payable	2,768,631.60		1,380,217.53	
Other liabilities	90,915.01		228,395.85	
	<u>2,859,546.61</u>		<u>1,608,613.38</u>	
15.3 Itemisation of accruals and deferred income	2023		2022	
Liabilities to personnel	4,368,761.67		4,004,301.00	
Valuation loss on derivatives	490,316.56		298,591.83	
Other accruals and deferred income	2,448,651.59		2,440,991.36	
	<u>7,307,729.82</u>		<u>6,743,884.19</u>	
16. Notes concerning guarantees and contingent liabilities				
16.1 Security	2023	2023	2022	2022
	Security/pledges/ guarantees and other commitments	Amount of liability	Security/pledges/ guarantees and other commitments	Amount of liability
As security for own debts				
Real estate mortgages	0.00	0.00	22,298,480.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>22,298,480.00</u>	<u>0.00</u>

16. Off-balance-sheet guarantees and contingent liabilities

Derivatives treated as accounting hedges	2023		2022
Interest derivatives			
Interest rate swap			
Underlying instrument	80,000,000.00		40,000,000.00
Current value	3,382,545.15		-1,535,411.34
Effects of hedge accountig on financial position and performance			
Protection of market-based provisions			
Changes in current value of hedging derivatives	5,049,597.09		-1,535,411.34
Change in the value of the hedged item used as a basis for the record protection against inefficiencies in the period	-6,800,312.83		1,411,056.51
Inefficiencies of the hedging shown in the income statement	-191,724.73		-298,591.83
	Nominal value/remaining run time		Total
Interest derivatives	< 1 year	1 - 5 years	> 5 years
Interest rate swap	0.00	0.00	80,000,000.00
	Current value		
Interest derivatives	Assets		Liabilities
Interest rate swap	26,561,972.47	23,179,427.32	
Other derivative contracts	2023		2022
Interest derivatives			
Forward and futures contracts, open			
Underlying instrument	27,600,000.00		15,200,000.00
Currency derivatives			
Forward and futures contracts, open			
Underlying instrument	-22,562,158.19		-74,944,981.24
Current value	175,966.82		1,389,651.43
Leasing liabilities			
Amount to be paid in the current financial year	7,788.00		0.00
Amount to be paid in the coming years	27,258.00		0.00
	<u>35,046.00</u>		<u>0.00</u>
Rent liabilities			
Amount to be paid in the current financial year	659,802.36		396,140.40
Amount to be paid in the coming years	2,545,164.66		1,588,805.28
	<u>3,204,967.02</u>		<u>1,984,945.68</u>
Value-added tax liabilities			
Joint liability relating to collective value-added tax registration			
Group companies	-135,760.71		164,751.11
Partner companies	2,204,566.88		1,603,256.12
	<u>2,068,806.17</u>		<u>1,768,007.23</u>
<i>VAT liability with a positive sign = VAT debt</i>			
<i>VAT liability with a negative sign = VAT receivable</i>			
<i>Obligation to return value-added tax deductions pursuant to section 33 of Value-Added Tax Act</i>			
Company	1,192,151.00		920,732.00
Other companies of the group	65,680,155.53		77,858,528.49
	<u>66,872,306.53</u>		<u>78,779,260.49</u>
Other commitments			
Investment commitments	527,191,288.46		403,500,006.08
Granted limit	4,996,957.23		67,858,675.71
	<u>532,188,245.69</u>		<u>471,358,681.79</u>

17. Related party loans and transactions and subordinated loans

17.1 Related party loans and transactions

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

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

Loans to related parties, liabilities and contingent liabilities

Loans granted to parties in the related parties register 2,300,000.00

Market-based credit terms are applied to related party loans. The loan period is 5-10 years and the loans have a floating interest rate, which is tied to commonly used interest quotations.

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

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

17.2 Subordinated loans

The subordinated loan taken out in 2018 has been fully repaid on 23rd November 2023.

After that, LocalTapiola Life Insurance Company has no subordinated loans.

8.5.3 Performance analysis and other notes, LocalTapiola Life

Performance analysis

	2023	2022	Change	EUR 1 000 Change %
Premium income	329,710	425,157	-95,446	-22.4
Investment income and expenses as well as revaluations and adjustments thereof	239,155	-264,523	503,678	-190.4
Claims paid	-375,943	-369,541	-6,402	1.7
Change in technical provisions before change in customer benefits and equalization provision	-13,659	335,582	-349,241	-104.1
Operating expenses	-55,125	-54,882	-243	0.4
Balance on technical account before change in customer benefits and equalization provision	124,139	64,403	59,736	92.8
Other income and expenses	178	-562	739	-131.7
Operating profit	124,317	63,841	60,475	94.7
Change in equalization provision	10,274	10,274	0	0.0
Additional benefits (customer benefits)	-40,069	-2,968	-37,101	1,250.1
Profit before appropriations and taxes	94,522	71,148	23,375	32.9
Appropriations	197	187	10	5.2
Income taxes and other direct taxes	-20,838	-15,837	-5,001	31.6
Profit for the accounting period	73,881	55,498	18,383	33.1
Operating profit	124,317	63,841	60,475	94.7
Change in the difference between current and book values	26,079	-229,744	255,823	-111.4
Total result	150,396	-165,903	316,298	-190.7

8.5.4 Investment allocation at current value

Investment allocation at current value 1 Jan. - 31 Dec. 2023

	Basic breakdown				Risk breakdown ⁸⁾		
	31.12.2023		31.12.2022		31.12.2023		31.12.2022
	EUR million	%	EUR million	%	EUR million	%	%
Fixed-income investments	1,544.3	51.9	1,648.3	52.8	1,575.0	52.4	53.6
Loan receivables ¹⁾	287.7	9.7	313.3	10.0	287.7	9.6	9.9
Bonds	1,128.4	37.9	1,150.9	36.9	1,240.2	41.2	37.9
Other money market instruments and deposits ^{1) 2)}	128.2	4.3	184.0	5.9	47.2	1.6	4.5
Equities and shares	806.6	27.1	797.7	25.6	806.6	26.8	25.1
Listed equities and shares ³⁾	123.5	4.1	142.8	4.6	123.5	4.1	4.5
Private equity investments ⁴⁾	548.3	18.4	526.8	16.9	548.3	18.2	16.6
Unlisted equities and shares ⁵⁾	134.9	4.5	128.1	4.1	134.9	4.5	4.0
Real estate investments	617.4	20.7	666.7	21.4	617.4	20.5	21.0
Direct real estate investments	428.9	14.4	469.9	15.1	428.9	14.3	14.8
Real estate funds and joint investments	188.5	6.3	196.8	6.3	188.5	6.3	6.2
Other investments	9.5	0.3	8.2	0.3	9.5	0.3	0.3
Hedge fund investments ⁶⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodity investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments ⁷⁾	9.5	0.3	8.2	0.3	9.5	0.3	0.3
Total investments	2,977.8	100.0	3,120.9	100.0	3,008.6	100.0	100.0
Effect of derivatives ⁹⁾					31		
Investments at current value, total	2,977.8	100.0	3,120.9	100.0	2,977.8	100.0	100.0

The modified duration of bond investments 6.9

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.

8.5.5 Net investment income on capital employed

Net investment income at current value 1.1. – 31.12.2023

	Net investment income at current value ⁸⁾	Capital employed ⁹⁾	Return-% on capital employed	Return-% on capital employed	Return-% on capital employed	Return-% on capital employed	Return-% on capital employed
	31.12.2023		31.12.2022	31.12.2021	31.12.2020	31.12.2019	
Return € / / % on capital employed	EUR million	EUR million	%	%	%	%	%
Fixed-income investments	107.4	1,561.1	6.9	-11.0	-0.5	1.3	3.7
Loan receivables ¹⁾	13.2	289.9	4.6	2.7	1.2	2.3	2.4
Bonds	92.3	1,162.8	7.9	-15.3	-0.9	1.2	4.3
Other money market instruments and deposits ^{1) 2)}	1.9	108.5	1.7	0.4	-0.3	-0.8	-0.4
Equities and shares	46.9	792.7	5.9	0.9	25.6	5.3	15.1
Listed equities and shares ³⁾	11.6	147.7	7.9	-15.8	33.2	-1.6	31.5
Private equity investments ⁴⁾	28.2	517.4	5.5	9.3	25.6	5.8	9.3
Unlisted equities and shares ⁵⁾	7.1	127.6	5.6	-4.3	13.9	19.9	-6.4
Real estate investments	-46.4	664.4	-7.0	2.4	6.9	2.6	4.1
Direct real estate investments	-21.0	462.0	-4.6	3.1	6.5	5.2	7.6
Real estate funds and joint investments	-25.4	202.4	-12.5	0.6	8.0	-4.4	-4.1
Other investments	1.1	8.3	13.2	-4.4	3.3	-23.1	11.8
Hedge fund investments ⁶⁾	0.0	0.0	0.0	0.0	0.0	0.0	6.6
Commodity investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments ⁷⁾	1.1	8.3	13.2	-4.4	3.3	-23.1	14.3
Total investments	109.0	3,026.5	3.6	-5.6	6.6	2.5	6.5
Unallocated return, costs and operating expenses	-8.1						
Net investment income at current value	100.9	3,026.5	3.3	-5.9	6.3	2.2	6.3

1) Accrued interest included

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

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

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

5) Includes also unlisted real estate investment companies

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

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

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

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

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

☒

8.5.6 Notes on the additional benefits of life insurance

8.5.6.1 Application of the principle of reasonability, and targets for the distribution of additional benefits

According to the principle of reasonability concerning additional benefits referred to in chapter 13, section 2 of the Insurance Companies Act, an insurance company must, the company's solvency permitting, return a reasonable portion of 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 in such a way that it spends its surplus mainly on additional benefits and on boosting solvency and pays market-based returns to risk capital subscribers.

By its nature the company's additional benefits target is a long-term target, that is to say, it is necessary to examine its implementation over a period of several years. In individual years, the company may fall short of the targets.

Over the long term, LocalTapiola Mutual Life Insurance Company aims to provide, on the insurance savings that are entitled to the distribution of surplus, a total return before taxes and expenses which, in the case of pension insurance, exceeds the interest rate level of euro-area 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 portion of surplus not reserved to cover fluctuations in claims expenditure and in operating expenses is returned to customers in the form of reduced premiums or free-of-charge increase of 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 investment success, 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. The level of customer bonuses takes account, on an insurance line specific basis, of the need to prepare for significant increases

in claims expenditure in the future that are due to factors such as mortality developments.

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

The solvency target is to achieve qualitative and quantitative solvency that does not restrict the company's business or the payment to policyholders of additional benefits that are aligned with the additional benefits targets.

The additional benefits targets 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 necessary changes to the targets that concern 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 benefits targets.

8.5.6.2 Realisation of the targets that concern distribution of LocalTapiola Life's additional benefits, 2014–2023

For 2023, the company was able to pay all contract groups a total interest that was in line with the additional benefits target, with the exception of the Omavara risk insurance contracts that feature a funded component owing to the high inflation in 2023, and in respect of the so-called Interest Bonus that was decided for 2023 in advance in 2022, owing to the high inflation that continued in 2023. Non-achievement of the target reduced the amount of the additional benefits provided by EUR 1.9 million and EUR 1.5 million, respectively. Examining, over the long term, the five-year sliding averages for the lowest total interest rates and for the targets, total interest rates exceeded the additional benefits target in all pension and savings life insurance contract groups in 2014–2023, and for pure risk policies that feature a funded component they exceeded the additional benefits target in 2014–2022. It can therefore be said that, in the longer term, the company has achieved its additional benefits target.

In 2014–2023, the interest rate used as the additional benefits target was the euro-area government bond yield index, published by the European Central Bank, for maturities of 5 and 10 years. The annual returns are calculated as averages of daily or monthly quotes.

8.5.6.3 LocalTapiola Life's report on the total interest paid on insurance savings, by line of insurance, in 2014–2023

Individual pension insurance

For 2023, the total interest paid on the insurance savings of individual pension insurance policies averaged 3.8 per cent (3.6%). Depending on the product and the technical rate of interest, the total interest ranged from 2.7 per cent to 4.5 per cent. The total interest exceeded the target 10-year interest rate, which averaged 2.5 per cent in 2023.

Savings life insurance and capital redemption contracts

For 2023, the total interest paid on the insurance savings of savings life insurance policies averaged 2.7 per cent (2.4%). 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 2.5 per cent in 2023 (excl. contracts receiving Interest Bonus. The Interest Bonus is confirmed in advance.).

Group pension insurance

For 2023, the total interest paid on the insurance savings of group pension insurance policies averaged 3.2 per cent (2.9%). In group pension insurance, the total interest ranged from 2.7 per cent to 4.25 per cent. The total interest exceeded the target 10-year interest rate, which averaged 2.5 per cent in 2023.

8.5.6.4 LocalTapiola Life's report on the additional benefits provided in respect of pure risk policies

In 2023, pure risk policies were paid EUR 6.0 million (EUR 2.3 million) in additional benefits in the form of increased compensation amounts or reduced premiums. During 2023, the additional benefits provided in respect of term life insurance policies were increased. For pure risk policies, the additional benefits are confirmed in advance.

8.5.6.5 LocalTapiola Life's report on the use of the provision for future additional benefits to cover loss arising as a result of changing the actuarial basis

The actuarial basis used for calculating the provision for future additional benefits allows a liability to be used to cover a loss that has arisen as a result of changing the actuarial basis used for calculating the technical provisions. In the 2023 financial statements, the provision for future additional benefits is not used to cover any loss arising as a result of changing of the actuarial basis.

The provision for future additional benefits amounts to EUR 63.2 million, and the change in the provision for future additional benefits in the financial period totals EUR 21.8 million. The additional benefits had a EUR -40.1 million impact on the result for the financial period.

9 Accounting principles

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

LocalTapiola General Mutual Insurance Company (business ID O211034-2, domicile Espoo) serves as the leading parent company of LocalTapiola Group. LocalTapiola General's financial statements are available at www.lahitapiola.fi.

9.1 Accounting principles

Measurement and recognition of intangible assets

Other expenses with long-term effects

Other capitalised expenses with long-term effects include the costs of renovation of apartments and the design and software programming costs of ICT systems. They are shown in the balance sheet at acquisition cost net of planned depreciation.

Measurement and recognition of investments

Land and buildings

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

Real estate shares are shown in the balance sheet at the lower of acquisition cost and fair value. Values of land and buildings may have been revalued if their value at the end of the financial period was permanently and significantly higher than the original acquisition cost. The counter-item of a revaluation of land or buildings 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 participations

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

Any securities lent are included in the balance sheet. The details of lent securities are 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 using the average price. The difference between the nominal value and the acquisition cost of debt securities is recognised as interest income or as a decrease of that income over the expected life of the debt security in question. The counter-item is recorded as an addition or reduction of the acquisition cost of the debt security. Temporary changes in value that are due to interest rate fluctuations and other reasons are not recorded. Impairments that are due to other reasons are recorded.

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

Loans, deposits, and deposits with ceding undertakings

Loans, 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 that are due to interest rate fluctuations and other reasons are not recorded. Impairments that are due to other reasons are recorded.

Similarly, write-backs are recorded 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 recorded as income or expense for the financial period. Interest allocated to the financial period is recorded in investment interest income/expenses.

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 recorded as expense. Unrealised gains are not recorded.

Hedging calculation

The link between a hedged item and the hedging derivative instrument 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 recorded as expense insofar as an increase in the value of the hedged item covers this. That portion of the negative change in the value of a derivative which exceeds the increase in the value of the hedged item is recorded as expense. If no change in value is recorded in the profit and loss account with regard to the hedged balance sheet item, no valuation income or expense is recorded from the hedging contract.

Determining the fair values of investments

Investments in land and buildings

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

Residential sites are primarily valued using the sales comparison approach based on comparable sales. The primary valuation method for commercial sites is the cash flow method based on gross rentals. The values of special

sites are determined using a market-based valuation method best suited for the site in question. 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) is treated as the fair value of investments in land and buildings funded by state housing loans.

In accordance with the requirements of the Financial Supervisory Authority, valuations are carried out 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, participations 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, deposits, and deposits with ceding undertakings

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

Zillmerisation

Zillmerisation is not applied.

Investments covering unit-linked insurance

Investments covering unit-linked insurance are measured at fair value in the balance sheet.

Measurement 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 is subtracted experience lapsing, 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, cash 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.

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 'Accumulated appropriations, accumulated 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.

Accumulated appropriations

Accumulated depreciation difference

See "Depreciation".

Taxation-based provisions

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

Obligatory provisions

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

Direct taxes

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

Deferred taxes and deferred tax liabilities

Deferred taxes and deferred tax liabilities 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 taxes, calculated based on valuation differences, that are deemed likely to materialise during the following year.

Other liabilities

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

Subordinated loan

Subordinated loans are recognised in the balance sheet at acquisition cost under liabilities. 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.

Description of pension cover and how pension expenditure is recognised

The 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 cover 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 Life's Managing Director is determined on the basis of employee pension legislation. The retirement/resignation age of full-time Board members and other managers is in accordance with the employment pension legislation in force from time to time or lower, if it is agreed that the employment relationship will expire before the statutory retirement age.

Pension insurance contributions are amortised on an accrual basis.

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.

For 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.

For 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 have been 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 provision for future additional benefits, which is primarily used for paying future customer bonuses to ensure continuity.

Discount rate for technical provisions

With regard to contracts other than unit-linked contracts, the maximum discount rate for technical provisions is limited to 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.

9.2 Changes in the accounting principles that affect the comparability of the result for the financial period with the result for the previous financial period

In terms of the calculation of technical provisions, no changes affecting comparability were made to the accounting principles.

Starting from the 2023 financial period, LocalTapiola Life will no longer prepare consolidated financial statements for its own sub-group.

9.3 Calculation of key figures

9.3.1 General key figures describing financial development

Life insurance turnover

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

Performance analysis

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

Technical result before (additional benefits) and change in the equalisation provision

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 of the start of the period the cash flows during the period, weighted by the relative proportion in 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 current value

The investments of unit-linked insurance 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 land, buildings and real estate undertakings are included under investments in land and buildings.

The mathematical valuation differences included in derivative accruals, as well as the premia 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 entered in the revaluation reserve/current value reserve
 - + Change in the valuation differences of investments
-
- = $\frac{\text{Balance sheet total}}{\text{Balance sheet total}} \times 100$
- Technical provisions for unit-linked insurance
 - + Valuation differences of investments

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

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 possible part-time nature of employment of the persons employed is taken into account in the number of personnel. All persons receiving a wage or salary during the financial period are included in personnel.

9.3.2 Financial development key figures, life insurance

Premiums written

= Premiums written before reinsurers' share

Expense ratio, %

$$= \frac{\text{Operating expenses before change in deferred acquisition costs} + \text{Claim settlement costs}}{\text{Loading income (and balance sheet total)}} \times 100$$

The numerator is separately prorated both to loading income and to balance sheet total. According to the accounting principles, loading income is an item intended for covering operating expenses. Loading income includes 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.

10 Notes on risk management

10.1 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 risks 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 LocalTapiola Group companies' Boards of Directors, which sets out the general principles that apply as permanent guidelines to the organisation of risk management. The policy specifies the concepts, main areas and processes, as well as the responsibilities for the implementation and supervision, of risk management. 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 / compliance risks
- Event and loss risks

Risks associated with the operating environment and the 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.

10.2 Organisation and responsibilities 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 supervision principles. The Board annually confirms the risk management plans, and it ensures that they are taken into account in the operational plans. The Board also monitors the implementation of and compliance with the 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 for example with assisting the Board in risk management related matters.

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 involved entity, 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 the rules of procedure of the various risk management related committees, define the duties of these organs with respect to risk management and supervision. 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 any risks that they observe and any risk management areas that need improvement which they identify.

The second line of defence consists of the support and control functions. Risk management supervision is always the responsibility of an entity other than the one responsible for the operational activities. The actuarial, risk management and compliance functions assist the Board of Directors and management in risk management supervision.

As the third line of defence, internal audit supports superiors in fulfilling their supervision duty by evaluating the state of internal control within the business functions and by producing to the management and to those in charge of the functions information and proposals for measures to make supervision more effective. 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 supervising 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 policies and in monitoring and supervising the Group's risks. The Group's ALM Committee is a decision-making organ which manages, monitors and develops asset liability risks, reporting directly to the Board of Directors. The Committee is responsible for ensuring that asset/liability 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 supervision 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, as a whole, the companies' risk profile and how the risk management system functions, as well as reporting on risk exposure. In addition, the function assists the Board of Directors with risk management issues.

10.3 Reporting

The accuracy of financial information is ensured by sufficiently up-to-date and frequent reporting, regular balancing routines, and comprehensive and timely documentation on the accounting methods and systems used in reporting. In addition, decision-making at and the reporting functions of the business functions are organisationally differentiated.

10.4 Insurance-business risk management

LocalTapiola Life's insurance-business risks include life insurance risks and market, counterparty and liquidity risks.

10.4.1 Life insurance risks

In life insurance, the key insurance risks include the risks associated with technical provisions and the customer behaviour related risks of termination of contracts and interruption of the payment of premiums. The risks associated with technical provisions include the following: the interest rate risk connected to the technical rate of interest and to surrenders; and the risks relating to mortality, longevity and morbidity.

Interest rate risk is managed by employing interest rate instruments for investment assets, by maintaining a sufficiently high solvency ratio, by lowering the imputed technical rate of interest of insurance portfolios by supplementing provisions, 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.

Mortality, longevity and morbidity risks 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 applies the generally employed life insurance underwriting guidelines, as well as the underwriting policy 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 provisions are supplemented as needed. With regard to sickness insurance, the option exists to increase premiums to reflect the increased claims expenditure.

In the accounting technical provisions, the technical rate of interest used to calculate the with-profit technical provisions varies between 0.0 and 4.5%, when taking the discount rate reserve into account. Pension insurance mortality assumptions are essential in view of the adequacy of 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. Individual pension insurance uses the E87 mortality from 1987 and the gender-independent mortality estimated based on the company's own portfolio.

10.4.2 Market, counterparty and liquidity risks

Market risk means changes in the values of assets and liabilities that are due to changes in financial variables such as interest rates, exchange rates, share prices or prices of immovable property. Under the Solvency II framework, concentration risks are treated as market risks. 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 means funding liquidity risk or market liquidity risk. The former is due to mismatch between the funding needs and funding sources, while the latter refers to the risk of failure to convert investment assets into cash quickly enough without affecting the market price.

At least on an annual basis, and whenever necessary, the company's Board of Directors reviews the company investment plan, in which it determines the objectives of the investment business, the target levels of market risk-taking and the risk-taking limits, with due consideration of the company's solvency and strategic goals, the economic environment and the requirements imposed on the investment business by insurance liabilities. Investment risk-taking takes concrete shape in the strategic allocation of investments, which includes the asset class-specific neutral weighting of the investment assets and the allowed margins for this weighting. In addition, the plan also describes the other restrictions on investment and on investment risk-taking, and it sets out the risk and prudential management control and reporting processes and the measures for ensuring that risk-taking and solvency remain within limits determined by the targets.

The traffic light framework described in the company's risk management plan is a crucial tool for steering the company's solvency and investment activity. The framework is based on authority-model solvency, classified into traffic light zones for which measures to be taken by the management have been determined. 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 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 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 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 weighty reasons that may relate to factors such as changes that occur in the following: the economic environment, solvency, insurance portfolio, long-term investment performance and risk expectations, 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, supervising and reporting on market, credit, counterparty and liquidity risks. Risks are measured and monitored in accordance with the Solvency II authority model, as well as by 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 included in the strategic allocation. Where necessary, risks are mitigated by allocation changes, or they are hedged wholly or in part using derivative instruments in line with the derivatives strategy.

Changes in interest rates influence the values of 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 creating the strategic allocation

of investments. 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, and by means of collaterals and covenants included in the credit terms. It is also managed by continuous monitoring of the subject matters and by adequate diversification of the credit portfolio.

The use of bank counterparties is monitored and restricted at Group level, with due consideration of factors such as the counterparties' 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.

The guaranteeing of 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 both 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 portfolio management. Derivatives use is based on the relevant derivatives strategy that has been examined by the Group's ALM Committee, and the strategy sets out, among other issues, the purpose for which derivatives are used and the related targets, limitations, accounting treatment, liquidity management and monitoring process. The derivatives strategies are described in the investment plan or its 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.

10.5 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 comprehensively identifying, assessing and reporting on risks in the different organisations and different risk areas. In addition, they also include ensuring the quality and correctness of all activities through supervision and control measures.

Using a standard risk mapping methodology, operational risks are identified as part of the annual planning process and whenever the risk situation 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 supervision (control) measures included in the processes help ensure the correctness and quality of these activities. As part of operational risk management, 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, discharging the obligations inherent in them and 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)

10.6 Management of risks associated with the operating environment and the 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.

10.7 Risk management at the 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 an insurance company's operations or line of business. 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 current legislation. 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 operational risk management complies with the law and the LocalTapiola risk management frameworks. Internal audit supports the management and the Board of Directors with developing supervision and risk management.

The risk management process includes risk mapping, 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.

LocalTapiola Asset Management Group's prudential management process comprises Pillar I solvency calculation and reporting under the Investment Firms Regulation and Directive (IFR/IFD), as well as consisting of 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 that may, by way of the Group's results, exercise an impact on solvency. In the course of annual planning, the Board of Directors determines the guidelines for LocalTapiola Asset Management Group's risk appetite, by setting target levels for the ratio of own funds to the capital requirements, as well as for the quality of 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, 5 March 2024

Juha Koponen
Chair of the Board of Directors

Jari Eklund
Deputy Chair of the Board of Directors

Mikko Ayub

Timo Laakso

Olli Latola

Mirel Leino-Haltia

Antti Pulkkanen

Kati Sulin

Pasi Haarala
Managing Director

Auditor's note

A report has been issued today on the audit performed.

In Espoo, 18 March 2024

KPMG Oy Ab

Timo Nummi

Authorised Public Accountant



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

Telephone +358 20 760 3000
www.kpmg.fi

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

Auditor's Report

To the Annual General Meeting of LocalTapiola Mutual Life Insurance Company

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LocalTapiola Mutual Life Insurance Company (business identity code 0201319-8) for the year ended 31 December, 2023. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of 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 Financial Statements* section of our report.

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

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

Materiality

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

Most significant assessed risks of material misstatement

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

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



MOST SIGNIFICANT ASSESSED RISKS OF MATERIAL MISSTATEMENT

AUDITOR'S RESPONSE TO THE RISKS

1 Valuation of investments (accounting principles pp. 42–43)

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

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

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

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

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

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

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

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

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

2 Technical provisions (accounting principles p. 45)

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

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

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

The calculation of technical provisions is based on data produced by and combined from several different information systems. The databases are extensive, and the systems process a large amount of data. Furthermore, the calculation involves assumptions including management judgement and complex actuarial calculation models.

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

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

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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director are responsible for assessing the company'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 company 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 company'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 Managing Director'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 company'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 company 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.

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

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting of LocalTapiola Mutual Life Insurance Company in 2013, and our appointment represents a total period of uninterrupted engagement of 11 years.

Other Information

The Board of Directors and the Managing Director 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, 18 March 2024

KPMG OY AB

TIMO NUMMI

Authorised Public Accountant, KHT