



**Report of the Board of Directors
and Financial Statements**

2018

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In addition to the Board of Directors' Report and financial statements, Elo publishes a separate Annual and Responsibility Report, and Corporate Governance Statement, both available at www.elo.fi.

Report of the Board of Directors of Elo 2018

Economic operating environment

Finland's economic growth continued in 2018, even though it was slightly weaker than the previous year, amounting to approximately 2.4 per cent. However, the rate of economic growth in 2018 was for the third consecutive year higher than the long-term sustainable average of the Finnish economy. Declines in global growth impaired the growth in exports towards the end of the year. Construction volume was at a record-high level but turned to a decline in Finland. The rate of increase in consumer prices accelerated to approximately 1.1 per cent last year.

Private consumption strengthened by a percentage point in Finland in 2018. This can be considered moderate, considering the improved employment situation and relatively good wage development. The increase in investments also fell short of the previous year in 2018, amounting to 2.5 per cent. The employment rate increased further to approximately 72 per cent in Finland. Estimates suggest that the production gap, i.e. the difference between actual and potential production, has been closed in Finland. Therefore, growth prospects increasingly depend on the development of productivity.

Global economic growth during the year matched the expectations at the beginning of the year, remaining at an estimated 3.7 per cent in 2018. Contrary to expectations, however, economic growth began to take divergent paths in different countries. Economic growth of almost 3 per cent in the US was a strong driver of global growth as a result of

stimulating financial policy. Negative growth surprises came in the euro zone (1.9 per cent) and Japan (0.8 per cent). Economic growth in China slowed down during the year due to trade disputes and reduced lending. Nevertheless, the total growth of emerging economies remained roughly at the previous year's level of almost 5 per cent due to lower energy prices, among other reasons.

The mid-term global economic outlook has remained a concern. Global indebtedness has increased further, and it seems that it is difficult for central banks to normalise the exceptionally stimulating monetary policy of recent years. Globalisation and technological structural change cause pressure on the labour market. This has caused problems related to income distribution and social problems, which have been visible as unpredicted election results in many countries, for example. Demographic trends are beginning to be challenging over the long term, and with the poor development of productivity, potential economic growth seems to have weakened in the longer term.

Development of the employment pension system

The pension reform that entered into force at the beginning of 2017 has now been in effect for two years. Among other things, the reform will gradually raise the retirement age as of 2019. The reform encourages people to remain in employment for longer, but it also incorporates arrangements that allow reduced working through the partial early old-age pension and, in cases of strenuous work, allows individuals

to retire early through the new career pension. Statistics Finland published a new population projection in late 2018. There has been public debate on the decrease in the birthrate in particular. This decrease may also have effects on the sustainability of the pension system over the long term.

In 2019, customers will receive bonuses in accordance with the new company-specific model for the first time. Elo will distribute the bonuses with the aim of fairness; surplus will be allocated based on the generation of surplus. Elo offers competitive bonuses, and customer satisfaction has been reflected in good transfer results.

The national income register was adopted on 1 January 2019. The income register is an electronic database of income information and, following its adoption, payroll data will be reported in real time to the income register. The project will advance and extend into reporting benefit and pension data in 2020. The income register will result in several changes for the employment pension sector. In particular, the reporting of customers' payroll data to the employment pension insurer will change, but there will also be changes in the payment of premiums.

The potential merging of the public pension system with the private employment pension system was investigated during 2018. Based on the investigations, merging the pension systems and Keva changing into an employment pension company would clarify the pension system and address changes in the society. The change is possible, provided

that it will not compromise the funding and key principles of employment pensions. Distributed execution and the insurance principle are an integral part of the employment pension system. Following the merger, the operators need to have the same rules.

The development of the entrepreneurs' pension system was also investigated during 2018. Elo finds it important to increase the trust of entrepreneurs in the pension system. Currently, there is not enough knowledge of the cover provided by insurance. Reforming the YEL system is necessary, as underinsurance is commonplace and not all work is included in the scope of insurance.

Following the reform, the amount of reported earnings should increase and underinsurance decrease. Insurance should be made possible for new forms of entrepreneurship. During the year, Elo investigated the experiences and opinions of the YEL system among the users of invoicing services in cooperation with Uusi työ ry.

Result and solvency

The amount of solvency capital decreased during the year by EUR 880.4 million, amounting to EUR 3,935.1 million (EUR 4,815.5 million) by the end of the year. The ratio of pension assets to technical provisions, i.e. the solvency ratio, was 120.6 per cent (125.9 per cent) at the end of 2018. The solvency capital was 1.6 (1.6) times the solvency limit at the end of the year. The minimum solvency capital was EUR 810.4 million (EUR 1,013.4 million).

The net return on investment operations at fair values was EUR -331.9 million

(EUR 1,607.6 million). The return credited in technical provisions for the same period was EUR 495.5 million (EUR 1,014.9 million), of which technical provisions linked to equity income accounted for EUR –315.5 million (EUR 238.4 million). The 2018 result of investment operations at current value was thus EUR –827.4 million (EUR 592.7 million). The loading profit came to EUR 31.8 million (EUR 23.3 million). The insurance business surplus was EUR –14.2 (EUR –13.3 million) and other income EUR 3.6 million (EUR 5.8 million). Elo's combined total result at current value was EUR –806.2 million (EUR 608.5 million).

Based on the solvency capital and loading profit, a total of EUR 71.9 million (EUR 72.1 million) was allocated to customer bonuses at the end of 2018. This represents 0.54 per cent (0.57 per cent) of the policyholder payroll.

Insurance business

Elo is still the clear market leader in YEL pension insurance in terms of the number of policies. One in three employer companies are insured by Elo. At the end of 2018, Elo administered 45,814 TyEL (45,061) and 83,724 (83,978) YEL insurance policies. The total number of self-employed persons and employees insured by Elo at the end of the year was 523,900 (508,400), or over half a million.

In 2018, the premiums written by Elo for insurance under the Employees' Pensions Act (TyEL insurance) increased to EUR 3,244.7 million (EUR 3,105.2 million) and the TyEL policyholders' payroll amounted to EUR 13,312.7 million (EUR 12,717.0 million). The premiums written for insurance under the Self-Employed Persons' Pensions Act (YEL insurance) was EUR 420.7 million (EUR 428.8 million), and the YEL confirmed income was EUR 1,783.7

million (EUR 1,824.2 million). EUR 25.6 million (EUR 23.2 million) was entered as credit losses on insurance premiums in 2018.

Policyholders are free to transfer their pension cover to another pension insurance company on four dates every year, provided they have waited one year from the previous transfer. The result from transfer business was positive in 2018 as a whole. In accordance with the annual statistics method, Elo gained a net total of –327 (261) TyEL and 68 (630) YEL insurance policies. The premiums written for TyEL insurance policies grew by almost EUR 35.9 million (EUR 2.7 million) as the result of transfers. During the year, Elo gained 5,475 (5,299) TyEL and 8,609 (8,430) YEL insurance policies through new customer prospecting.

Elo works in close co-operation with Fennia, LocalTapiola and Turva and serves as the employment pension partner for all three companies. Elo's services are available locally everywhere in Finland through our partners' service networks. Successful and effective collaboration with the partners has significantly helped Elo to reinforce its position as an employment pension insurer for companies and self-employed persons.

During 2018, the focus was especially on the adoption of the national income register. We exerted influence through the employment pension sector's joint working groups, modified and updated our systems, trained our customers, personnel and partners, as well as actively communicated through several channels to our customers about upcoming changes. We also invested strongly in increasing the share of e-invoicing. With regard to both TyEL and YEL invoices, the share

of e-invoicing in fact increased significantly, exceeding the goals set.

In May 2018, Elo's insurance services won the category of Bisnode's Customer's Voice competition that measures the quality of customer calls. The category is focused on customer service functions with fewer than one hundred customer service agents. The development of the quality of customer telephone service was continued further by way of the Excellent Customer Experience project. In fact, an excellent score of 84.0 was achieved for 2018 in the measurement of the customer experience (NPS); in addition, over 92 per cent of our customers were able to resolve their case with a single phone call. The call response rate continued to be high, almost 98 per cent.

Pension services

The number of pension decisions issued on the basis of an application in 2018 was 25,200 (26,100). Earlier during the year, there was a lull in applying for old-age pension due to the increase in the pensionable age, and the number of old-age pension decisions issued on the basis of an application was lower than in the previous years, 7,844 (9,101). In addition, the popularity of partial early old-age pensions levelled off from the previous year. Nevertheless, the new pension type remained a popular form of pension. The number of partial early old-age pension decisions issued was 1,913 (2,393). The growth in applications for disability pension, which has been seen throughout the employment pension sector, was also visible at Elo. In 2018, we made 11,502 (10,767) disability pension decisions by application, which is approximately 7 per cent more than in 2017.

Each month, approximately 237,900 (227,200) pensioners were paid their pension by Elo, amounting to a monthly total of about EUR 272.1 million (EUR 261.3 million). Old-age and disability pensions are the two largest items in claims expenditure. A total of EUR 2,741.4 million (EUR 2,620.3 million) was paid in old-age pensions, and EUR 303.3 million (EUR 306.2 million) in disability pensions.

Pensions paid

Type of pension	pcs.	EUR million
Old-age pension	179,857	2,733
Disability pension	24,130	303
Survivors' pension	30,387	191
Part-time pension	230	4
Partial early old-age pension	3,300	25
Years-of-service pension	0	0
Total	237,904	3,255

The pension decision activity was fast and high-quality. In 2018, pension decisions were made in 8 (11) days on average, which is 20 (25) per cent faster than the overall average for other employment pension companies. The Pension Appeal Board changed 8.8 (11.8) per cent of Elo's disability pension decisions appealed by Elo's customers. For all pension institutions, the corresponding figure was 13.6 per cent.

Pension services continued to invest in the development of a multichannel customer service. Among other things, Elo expanded the coverage of electronic services and adopted SMS for reporting on the progress of processing of pensions. In addition, paperless service was expanded into pension decisions

and pension recipients' customer letters, and a model for taking care of rehabilitation customers was adopted.

Of the customers responding to the pension services customer satisfaction survey, 86 per cent (86 per cent) gave an excellent grade for the service. The customer call response time at Elo was very short, averaging about 10 (9) seconds, and the call response rate was 99.5 (99.6) per cent. The NPS for telephone service was 72.5. Investments in online service development can be seen in good customer feedback. The customer satisfaction NPS for the insurance and pension customers' online service was 55.2. Key factors highlighted in customer feedback are competent and easy-to-reach customer service, fast and high-quality pension processing and easy-to-use electronic services.

The year 2018 saw the development and expansion of Elo's online service helping Elo's customers' human resources foresee, prevent and manage risks related to incapacity to work and the resulting costs. In addition, rehabilitation and disability risk management services and service model for employer customers were developed further.

Disability risk management

Elo offers its customer companies support in work capacity management, the purpose of which is to extend careers, improve the quality of working life and prevent incapacity for work. Elo aims to help companies to improve their management and working capacity management processes. The goal of pre-emptive activity is to lower a company's work capacity risks and the costs deriving from sickness absences and disabilities. The guidelines and reporting regulations on the management

of risks related to disability by employment pension insurers issued by the Financial Supervisory Authority guide our development and offering of well-being at work services in part.

The well-being at work measures must be effective and help reduce disability risk. Elo's aim is to ensure that customers' working capacity programmes partly funded by Elo support extending careers, thereby lowering disability pensions. Working capacity management also supports the personnel's ability to work towards the company's goals.

An essential part of the development of well-being at work services concerns Elo's online services. By using the online service, Elo's customers gain an overview of the state of working capacity management at the company and are able to better monitor and forecast the costs of disability pensions.

The work community indicator used by Elo was adopted in 2017. The survey has already been used by approximately 250 customer organisations, most of which conduct the survey regularly at an interval of 1–2 years to monitor the development of well-being at work in the work community. So far, approximately 16,000 people have responded to the survey.

A total of 35 workplace well-being training events or webinars that were available for all customers were arranged in 11 localities. The customers considered the well-being at work training to be high-quality and inspiring. The attendees gave the training a score of 4.4 on a scale of 1–5. Of the attendees, 94.3 per cent would recommend it.

Elo wants to ensure that the effectiveness of projects and measures is strongly emphasised in working capacity management services. During 2018, Elo continued close

cooperation with the Finnish Institute of Occupational Health to provide workplaces with research-based working capacity management tools. Elo also took part in S Group's three-year "Nuori Mieli Työssä" ("Young Minds at Work") programme, surveying young people's expectations and wishes regarding working capacity and well-being at work in the retail sector. Elo conducted a survey to investigate the state of well-being at work among Finnish entrepreneurs together with the Federation of Finnish Enterprises.

Technical provisions

At the end of 2018, Elo's technical provisions totalled EUR 20,431.7 million (EUR 20,134.5 million). The technical provisions included approximately EUR 3,158.2 million (EUR 2,815.0 million) accrued from employee contributions.

Technical provisions

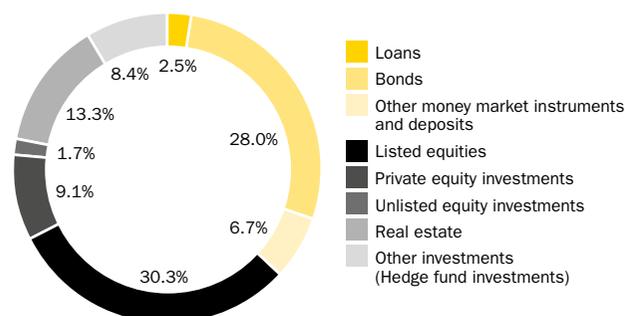
EUR million	2018	2017
Provision for unearned premiums		
Future pensions	10,047.0	9,350.6
Provision for current bonuses	72.3	72.5
Provision for future bonuses	1,312.1	1,468.8
Supplementary insurance liability tied to income from shares	-144.6	412.0
	11,286.9	11,303.8
Provision for claims outstanding		
Current pensions	9,144.8	8,830.6
Total	20,431.7	20,134.5

The premium reserve covers the company's responsibility for insured future events. The premium reserve also includes three additional provisions, of which the provision for future bonuses does not only cover investment risk but also the insurance business surplus. The provision for current bonuses is used for preparing for the payment of customer bonuses and the provision linked to equity income buffers equity risk. At the end of 2017, there was excess provision linked to equity income for additional funding of old-age pensions for the second time. The insurance business surplus for 2018 was negative on the whole, which was mainly due to the disability business.

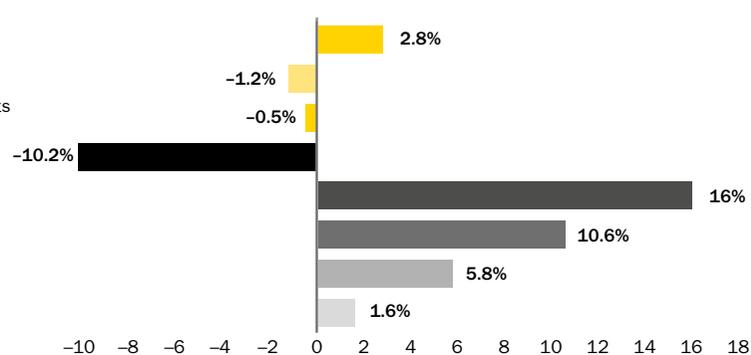
The provision for claims outstanding covers the responsibility for insured events which have already taken place. The provision for claims outstanding also includes a pay-as-you-go system buffer, the "clearing reserve" that also includes the EMU buffer.

The average return on equities of the pension system to be transferred to the technical provisions was -8.4 per cent (9.6 per cent) on 31 December 2018, and the amount of provision for bonuses linked to return on equities was EUR -144.6 million (EUR 412.0 million) on 31 December 2018. The required return, amounting to a total of EUR 495.5 million (EUR 1,014.9 million), has been credited in technical provisions. The net investment income at current value was EUR 827.4 million lower than the required return, as a result of which the euro-denominated solvency capital decreased.

Asset allocation Basic distribution



Return on investments



Asset allocation and investment income 31.12.2018

	Basic allocation by market value		Actual risk position		Return %	Volatility %
	EUR million	%	EUR million	%		
Fixed-income investments	8,441.9	37.4	6,302.0	27.9	-0.8	
Loans	560.2	2.5	560.2	2.5	2.8	
Bonds	6,435.1	28.5	6,327.4	28.0	-1.2	2.6
Bonds of public corporations	3,221.1	14.3	3,160.5	14.0	-0.9	
Bonds of other corporations	3,214.0	14.2	3,166.9	14.0	-1.5	
Other money market instruments and deposits inc. any receivables and liabilities related to investments	1,446.6	6.4	-585.5	-2.6	-0.5	
Equities	9,251.4	40.9	9,303.7	41.2	-4.7	
Listed equities	6,802.4	30.1	6,854.7	30.3	-10.2	9.2
Private equity investments	2,067.4	9.1	2,067.4	9.1	16.0	
Unlisted equity investments	381.7	1.7	381.7	1.7	10.6	
Real estate	3,002.8	13.3	3,002.8	13.3	5.8	
Direct real estate investments	2,284.4	10.1	2,284.4	10.1	5.7	
Real estate funds and joint investment companies	718.4	3.2	718.4	3.2	6.3	
Other investments	1,899.2	8.4	1,887.0	8.4	1.6	
Hedge fund investments	1,860.8	8.2	1,860.8	8.2	1.7	3.6
Commodity investments	0.0	0.0	-12.2	-0.1	-	
Other investments	38.4	0.2	38.4	0.2	-	
Total investments	22,595.3	100.0	20,495.6	90.7	-1.4	3.1
Effect of derivatives			2,099.8	9.3		
Total	22,595.3	100.0	22,595.3	100.0		

The return on foreign currency derivatives is estimated for asset classes in proportion to the average foreign currency-denominated assets during the reporting period. The total return includes returns, expenses and operating expenses not allocated to investment classes. The modified duration of bonds is 3,7 years. The open currency exposure is 20,6 % of market value.

Investment operations

Basic distribution and returns on investments

Elo's return on investments was -1.4 per cent for 2018. Nervousness and high volatility were characteristic of the equity market throughout the year. Returns on securities were low throughout the year. With regard to unlisted investments, the asset class which generated the highest return was private equity fund investments, and return from real estate investments continued to be stable. There were significant geographical differences in returns between equity markets during the year. In spite of the volatility and challenging situation in the investment market, the determined long-term development of investment strategies and operations continued.

For a company that diversifies its assets extensively into many different asset classes and invests in the global market, like a pension insurance company does, the years after the 2008 financial crisis have mainly generated good returns. The central banks have exercised highly stimulative monetary policy with interest rates and asset purchase programmes. At the same time, the companies' results have improved and been historically high in relation to the GDP. Thanks to the expansive monetary policy, a great deal of money has flowed into different asset classes and the return expected returns for risk-bearing asset classes seem to be low. Considering the development after the financial crisis, one should be prepared for an era of clearly lower returns.

After the financial crisis in the investment market, the boost from the central banks in the form of the expansive monetary policy

levelled off during 2018 and started to decrease. As a result of the above, Elo began to decrease risks particularly by divesting investments in emerging markets and decreasing the share of equities before the summer.

The corporate bond market weakened in 2018. The margins of European investment grade corporate bonds increased by approximately 0.7 per cent and the margins of higher-risk corporate bonds by approximately 2.2 per cent. The number of actual bankruptcies was still low, but uncertainty increased during the fourth quarter. Italy's budget negotiations, Brexit, trade negotiations between the United States and China as well as the end of the ECB's purchase programme were factors causing uncertainty. The ECB's net purchases ended, but the current holdings and interest will continue to be invested in the market in 2019. The uncertainties will continue in 2019. Elo's return from corporate bonds was -1.5 per cent (3.5 per cent).

Western sovereign bond interest rates developed inconsistently during 2018. Interest rates began to decrease already during the spring in Europe and, towards the end of the year, also in the United States. The US Federal Reserve (Fed) increased interest rates evenly once every quarter. US market rates increased almost throughout the year, with November and December being exceptions. The European Central Bank ECB announced well in advance that it will end its current asset purchase programme at the end of 2018. Even so, German government bond interest rates and European interest rate swap interest rates decreased during the year.

The budget crisis in Italy and challenges in the UK's Brexit deal negotiations shook local interest rates particularly strongly during the year. The Swedish central bank increased its interest rate in December for the first time in seven years.

Allocating government bond investments outside the euro zone and avoiding fixed income investments in the fringe countries of the euro zone was profitable during 2018. Australian government bonds in particular were a positive surprise, with a return exceeding 4 per cent.

Market returns on emerging market bonds varied on the basis of the currency the investment was nominated. The development of the return from loans weakened dramatically after mid-April. Unfortunately, the slow recovery that began after the bottom was hit in early September did not manage to make the returns positive again. USD-denominated "hard currency" loans provided returns of -4.3 per cent at the index level. The return from bonds denominated in local currencies was -1.5 per cent for a euro-denominated investor and 6.2 per cent for a USD-denominated investor. Elo's USD-denominated loan investments were particularly successful, exceeded the index by almost 3 percentage points.

Equity income fluctuated strongly during the year and turned to a steep decline at the end of the year. Finnish equities performed the best, with Elo exceeded average market returns despite the difficult market situation. The lowest return was from developed market equities, even though the development of these markets levelled off towards the end of the year.

The general mood in the equity market became cautious towards the end of the year. Share prices decreased strongly in October, and another strong market decline was experienced again in several markets in December. The main drivers were the tightening of the monetary policy together with the lowered liquidity of the US dollar, as well as trade disputes. Within markets, concerns were seen the strongest in small companies, the share prices of which saw a significant decline both in the United States and Europe. Share prices have decreased in the equity market, but so have profit forecasts. Uncertainty has increased with regard to both economic and profit growth.

The weight of the hedge fund portfolio was decreased further in the investment allocation while the risk level of the portfolio was increased in a controlled way. Elo's hedge fund investments provided a clearly higher return than the benchmark index focusing on the same hedge fund strategies. In general, the past year was a difficult one for the hedge fund market. The return from hedge fund investments in 2018 was 1.7 (1.9) per cent.

Particular attention was paid to the currency risk of Elo's managed assets in 2018. In particular, the approach with regard to the US dollar was active throughout the year. Costs relating to currency investments are a significant part of the result, and they were successfully decreased through active portfolio management. The management of the open currency position worked well in 2018. Elo was also active with regard to other currencies.

The transaction volume of Finnish real estate investments continued to be high for

the third consecutive year. In particular, international investors' interest was strong, and new international investors also entered the housing market. The steep increase in prices caused by high investment demand in recent years came to end, and prices only increased slightly in 2018. The prices increased the most in the centre of Helsinki and best logistics sites. Investments in new rental housing production continued to increase, and the volume of new housing construction projects was at a record-high level. The moderate positive growth in rents continued in growth centres, but increased supply in business premises and changes in consumer behaviour will pose challenges in the future. In spite of this, the visitor counts and sales of shopping centres owned by Elo remained unchanged. The divergence of the market between better and worse sites and areas continued, both in rentals and the valuations of investments.

Rents continued to rise in general in the euro zone, and return requirements decreased. In Britain, Brexit is causing uncertainty, and returns remained modest there. In international real estate investments, the amount of new fund commitments given were slightly over EUR 100 million, and the size of the portfolio increased by approximately EUR 40 million.

Measures to develop the current portfolio were continued in Finnish real estate investments in accordance with the strategy. Direct real estate investments in Finland totalled approximately EUR 200 million and divestments approximately EUR 50 million. The biggest individual investment was the purchase of stakes in Exilion Real Estate 1 Ky. A total of 200 new apartments were added

to Elo's direct housing stock during the year. In addition, additional investments totalling approximately EUR 40 million were made in real estate funds in Finland. The return of direct real estate investments funding 5.7 per cent (7.4 per cent) and real estate investment funds 6.3 per cent (8.2 per cent).

Infrastructure investments increased by over EUR 100 million. The most significant additional investment was made in two existing wind farms in Finland. The purchased farms are included in the scope of the state's feed-in tariff and provide steady moderate annual returns in the long term. Infrastructure investments provided a return of 10.9 per cent (10.4 per cent). The production of renewable energy will be increased significantly in Finland due to environmental reasons in the next couple of years, and Elo's objective is to find good investment targets in the industry.

Demand for funding for businesses was high in the positive economic situation early in the year, but diminished slightly towards the end of the year as economic uncertainty increased. The demand for financing mainly concerned mergers and acquisitions and the needs for working capital funding brought about by growth, as well as companies' investments to some extent. The supply of funding to companies from both public entities and banks continued to be active. The amount of guarantees and direct funding issued by the European Investment Bank EIB increased as part of companies' financing arrangements. Elo's loan portfolio somewhat increased. Return on loans was 2.8 per cent (2.6 per cent), which was moderate in the current low interest rate environment. In the good economic situation, credit losses were minor.

Returns from private equity investment developed strongly throughout the year. Significant exits and the robust profit performance of the companies invested in increased the returns to an excellent level. M&A activity has remained high globally and the volume was higher than the previous year. The proliferation of loan funds provides high-return secured funding for small and medium-sized companies in select markets. Loan funds are a good cornerstone of the private equity investment portfolio, and they already account for almost 20 per cent of private equity investments. The amount of new commitments to private equity and loan funds remained on a par with 2017.

Risk management and risk monitoring

Elo aims at comprehensive risk management that supports the implementation of the company's strategy and business objectives and safeguards the continuity of operations. According to the company's risk management policy, risk management must cover all functions and risk types and be systematic.

From the point of view of risk management, Elo's fifth year of operations can be considered successful, similar to previous years.

For employment pension companies, the most significant risk is related to the management of solvency. Solvency is influenced by many individual factors, but the realisation of investment risks has the biggest individual impact. The relative solvency compared to competitors is also influenced by technical provisions, and their effect on the solvency difference was investigated during 2018. By accepting market risk the company seeks a return that exceeds the return requirement for technical provisions. If the return from

investments exceeds the return requirement, the company's solvency ratio improves, and if the return on investments falls short of the return requirement, solvency is impaired. The risk level of investments is primarily regulated by a framework of solvency rules set by the authorities, under which Elo's Board of Directors authorises its investment function to operate. The Board of Directors sets the company's risk appetite and general goals for sufficiency, diversification and liquidity through the company's investment plan. The investment plan defines the annual targets with regard to risk and return for the investment function, as well as the authorisations for risk taking within the framework authorised by the Board of Directors and executive management.

Elo employs a solvency management model developed by the company. Solvency is analysed using the internal models and scenario and stress tests available to the company. The solvency management model sets a risk exposure level that accounts for the prevailing market conditions, investment views and solvency. The solvency management model incorporates roles for the Board of Directors and the management, and for the investment, reporting and monitoring functions.

Elo's solvency ratio decreased clearly in 2018 compared to the level at the end of 2017, as return on investments fell considerably short of the return requirement concerning the technical provisions. In particular, the return on investments was impaired by the decline in the equity market beginning in the fourth quarter and investments involving credit risk. The solvency ratio

and the risk-taking opportunities were still at a moderate level at the end of the year. The risks of investments were decreased considerably during the year, and the risk level was at a moderate level in proportion to risk appetite at the end of 2018. The overall risk level was clearly lower than at the time of the previous financial statements.

Besides solvency, other strategic risks concerned changes in the operating environment, partnerships, competition mechanisms, performance or competence, among others.

The most significant operating risks in 2018 involved ensuring staff competence in a continuously changing operating environment, external services and data security. Information system risks are also significant, but stable. According to Elo's internal incident classification, no significant risks materialised in 2018, and the most terms were moderate at the most. During the year, development of operative risk management involved surveying dangerous work combinations, analysis of incidents, recovery drills and increasing the awareness of the personnel in diverse ways.

The company's risk management plan was drafted similar to previous years, and the Board of Directors approved it. As part of risk management and strategic decision, an own risk and solvency assessment, or ORSA, pursuant to the Employment Pension Companies Act was prepared in 2018 for the Board of Directors to approve. The ORSA assesses the impact of material risks on the company's operations and the required measures.

The company's risk management is described in more detail in the note to the Report of the Board of Directors, Elo's risk management.

Total operating expenses

Total operating expenses for 2018 amounted to EUR 133.3 million (EUR 134.6 million). Operating expenses covered by the expense loading totalled EUR 94.8 million (EUR 98.7 million), and operating expenses covered by investment income came to EUR 28.1 million (EUR 25.8 million). Operating expenses of EUR 2.8 million (EUR 2.1 million) related to disability risks maintenance were paid from the disability loading of the premium. Total operating expenses included EUR 7.6 million (EUR 8.0 million) in statutory charges, which are covered by a separate share of the premium.

Personnel costs accounted for 29.7 per cent (27.5 per cent) of the total operating expenses. Expense loading totalled EUR 126.6 million (EUR 121.9 million) for the year. The loading profit was EUR 31.8 million (EUR 23.3 million). Operating expenses were 74.9 per cent (80.9 per cent) of the premium expense loading.

Personnel

Elo had an average of 514 (506) employees in 2016 and the average amount of work performed was 466 (462) person-years. Of the total employees, 90 per cent (89 per cent) were employed on a permanent basis and 10 per cent (11 per cent) on a fixed-term basis. The average age of employees was 45 (44). Women accounted for 65 per cent (67 per cent) of employees and men for 35 per cent (33 per cent).

Elo's sixth personnel survey was conducted in autumn 2018. The PeoplePower index, which indicates the personnel's commitment and the prerequisites for it, further improved to 71.1, compared with 69.8 a year earlier

and 61.6 in the first survey. Elo's score is higher than the Finnish norm for specialist companies. In addition to the personnel survey, a survey of psychosocial stress factors was conducted, and a survey measuring equality was conducted in conjunction with the personnel survey.

Elo employees used on average 2.5 days per year on training. In 2018, the focus of training was on preparing for the change in working life, providing the best customer experience, adoption of GDPR and preparation for the income register.

Elo uses a reward system covering the entire personnel, the Hay job evaluation system. The aim of rewarding is to facilitate the achievement of Elo's strategic goals. The forms of monetary remuneration over and above basic salaries are the performance bonus system defined on a uniform basis for the different personnel groups, and the separate 'one-off' bonuses. Remuneration is viewed as an integrated whole, where monetary remuneration is supplemented with comprehensive personnel benefits and immaterial remuneration, such as training and development opportunities.

A salary discussion round pursuant to the collective labour agreement was conducted at Elo during 2018. The salary discussion item amounted to 1.4 per cent of the payroll. The salary discussion round was conducted as planned, and a total of 448 Elo employees attended a two-part salary discussion with their supervisors.

In 2018, the performance bonus system for personnel covered 76 per cent of all employees, while the performance bonus system for the investment management members and the investment unit covered

10 per cent, the performance bonus system for management 4 per cent, the performance bonus system for sales 5 per cent, and the performance bonus system for independent risk management and reporting 5 per cent of the personnel. Employees can be covered by one bonus system at a time. The performance bonuses are usually paid once a year, after the actual results for predetermined targets have been ascertained.

Elo's remuneration statement gives more detailed information on the remuneration system at Elo and the criteria involved. The statement is available on Elo's website at www.elo.fi.

Corporate governance

Elo's Board of Directors comprises representatives of the central labour market organisations, as well as of the customers and stakeholders. In 2018, the Board of Directors was comprised of twelve ordinary members and four deputy members. In 2018, Eeva-Liisa Inkeroinen was Chair of the Board and Ann Selin and Antti Aho were Deputy Chairs. The other Board members were Jari Karlson, Antti Kuljukka, Jorma Malinen, Janne Makkula, Marjo Matikainen-Kallström, Erkki Moisander, Olavi Nieminen, Susa Nikula and Niklas Sonkin. The deputy Board members were Jouko Liimatainen, Sinikka Näätsaari, Penna Urrila and Daniela Yrjö-Koskinen.

In 2018, the members of the Appointment and Remuneration Committee included Eeva-Liisa Inkeroinen, Ann Selin and Antti Aho. The Board's Audit Committee members were Jari Karlson, Marjo Matikainen-Kallström and Niklas Sonkin.

The members of Elo's Supervisory Board are elected by the Annual General Meeting. In 2018, Klaus Saarikallio served as Chair of the

Supervisory Board, and Håkan Nystrand and Ilkka Brotherus as Deputy Chairs.

During 2018, the Supervisory Board's Election Committee included Ilkka Brotherus, Klaus Saarikallio and Harri Miettinen as members who had been nominated by the policyholders. The Election Committee members proposed by the insured included Håkan Nystrand, Mika Varjonen and Jaana Ylitalo. Klaus Saarikallio served as Chairman of the Election Committee and Håkan Nystrand as Deputy Chairman.

The CEO of Elo is Satu Huber. Elo has not appointed a deputy or substitute managing director.

In addition to Satu Huber, Elo's Executive Group comprised Mika Ahonen (Legal Affairs, Communications and PR, Compliance), Matti Carpén (Customer Relations and Customer Channels, ICT), Hanna Hiidenpalo (Investments), Mikko Karpoja (Actuarial Services, Appointed Actuary), Erja Ketko (Risk and Business Control), Sarianne Kirvesmäki (Finance and Investment Risk Supervision), Hilikka Malinen (Human Resources), Jonna Ryhänen (Securities), Jouni Seppänen (Insurance Policies and Pensions) and Timo Stenius (Unlisted Investments).

In addition to the Executive Group, matters are also dealt with under the CEO's supervision in the executive groups responsible for the Customer business, investments and governance.

In its meeting on 23 April 2018, Elo's general meeting decided the number of Supervisory Board members to be 44. The following were elected as members of the Supervisory Board:

- with regard to those whose term ended, Ilkka Brotherus (EK), Antti Hakala (STTK), Maija Hjelt, Sauli Huikuri, Kalle Kujanpää, Veli-Matti Kuntonen (SAK), Timo Mäki-Ul-lakko, Jukka Tikka (EK), Pentti Virtanen (EK), Jaana Ylitalo (SAK) and Satu Yrjänä were re-elected for the term 2018–2021.
- Lasse Laurikainen (AKAVA) and Antti Rantalainen were elected as new members for the term 2018–2021
- to replace members who resigned during their term, for the term 2018–2020 Nanna Hietala and Tommi Sova and for the term 2018–2021 Esa Neuvonen.

The Annual General Meeting appointed the firm of authorised public accountants Ernst & Young Oy as Elo's auditor, with Ulla Nykky, APA, as the auditor with principal responsibility.

Elo will issue a separate corporate governance statement in connection with the publication of its financial statements and the Board of Directors' report.

Elo's capital and reserves and surplus

On 31 December 2018, Elo's capital and reserves consisted of restricted capital and reserves that included an initial fund of EUR 6,693,879.47 (EUR 6,693,879.47) and of non-restricted capital and reserves that included a contingency fund of EUR 63,705,786.46 (EUR 63,705,786.46), a contingency reserve of EUR 29,101,618.90 (EUR 29,096,550.26) and retained earnings amounting to EUR 1,841,728.24 (EUR 1,841,728.24). Elo has no guarantee capital.

The surplus for the financial year totalled EUR 5,574.40 (EUR 5,068.64).

The Board of Directors proposes that the financial year surplus of EUR 5,574.40 be transferred to the contingency reserve.

Elo Group

Elo is a mutual insurance company whose voting rights at Annual General Meetings are exercised by policyholders and the insured.

At the end of 2018, the parent company's group included 104 housing and real estate companies as subsidiaries. The Group also includes three other companies (names given in the notes) and Probus Holding Ltd, Tammi-Kodit Ky and Exilion Real Estate Ky as affiliated groups. The Group includes nine affiliated companies.

Future outlook

At the beginning of 2019, the expectations for economic development are still quite positive, but the risks of growth slowing down have increased more than predicted. Consumer confidence is still quite high worldwide, and indicators measuring companies' outlooks, in spite of their decline, also suggest that the favourable economic cycle will continue. In the United States and the euro zone, it seems that the core inflation is finally rising closer to the target levels of the central banks due to slightly faster wage development. However, market inflation expectations for the next couple of years remain very low.

The expected global economic growth for 2019 is 3.5 per cent, or slightly lower than the growth seen in 2018. Growth in the euro zone is expected to slow down slightly to 1.5 per cent, and also US growth is expected to somewhat weaken to 2.5 per cent. Growth in large emerging economies, the BRICS countries, seems to remain unchanged at approximately 5 per cent.

Similar to the euro zone, Finland's economic growth is also expected to wane, and the estimated Finnish economic growth for 2019 is 1.9 per cent. However, the expectations can be currently too positive, as the prospects of international demand for exports is weakening and the slowing down of growth in Asia in particular would be visible in Finland's exports, which focus on capital goods, and the growth in exports could be below 3 per cent in 2019. Growth in investments cannot be expected to support growth in 2019; public investments are expected to come to a full halt in 2019, while the growth outlook for private investments is below 1 per cent. Furthermore, the peak of construction was passed in 2018. Growth in consumption demand is expected to remain at slightly over one percentage point in 2019, similar to the previous year. Due to weakened growth, the employment rate, which is essential to closing the sustainability gap, will probably hardly improve from its current level of approximately 72 per cent.

Sustainable growth in the euro zone and Finland is estimated to be under 1.5 per cent per year, so the current growth forecast is expected to improve the employment rate further. With better growth and decisions on economic policy, the growth of the public sector's gross debt in proportion to the national economy has been brought to an end, which will contribute to supporting our economy over the long term.

The post-financial crisis growth has already continued for nine years. In major industrial countries, such as the United States, Germany and Japan, the production capacity of the economies is beginning to come fully into use, but the pay and inflation pressure typical of

this phase of the cycle have remained in fact very moderate. Therefore, central banks can normalise the highly stimulating monetary policy calmly.

The risks to economies and markets in 2019 have increased, and they are mainly related to the efforts of emerging economies, especially China, to control their indebtedness without compromising growth. With regard to OECD economies, the most significant economic risks are associated with on-going trade disputes, instability of the energy market, global political uncertainty, the EU's economic and political problems and market reactions to central banks' tightened monetary policy.

The economic development during the first months of the year has matched the full-year expectations. However, the beginning of the year has been strong in the investment market, which is probably largely attributable to the recovery of the market from the exceptional market decline at the end of 2018. Economic growth has been slowing down in general, and particularly in Europe. However, economic decision-makers globally have begun to react to the threats to the economy. In China, the economy is stimulated by easing private business' access to loans and measures aiming for growth in private consumption demand. The Fed has clearly softened its previously published policies on rate hikes and balance sheet reduction. On the other hand, trade disputes and many political uncertainties may still affect the development of the economic outlook. It may be that achieving favourable economic development will require better international coordination of economic policy and ultimately more active financial policy in the OECD area.

The Elo Board of Directors would like to thank the company's personnel and management for all their good work during 2018.

NON-FINANCIAL INFORMATION

Description of the business model

Elo's basic mission of safeguarding current and future pensions includes major responsibility. Elo influences the society by carrying out its own task of enforcing statutory employment pensions efficiently, investing employment pension assets in a safe and profitable way and by responsibly and equally looking after its customers, developing the customer experience. These aspects are included in Elo's strategic main targets: solvency, performance and growth.

Elo's investment assets amount to over EUR 22.5 billion. Elo is responsible for the future pensions of more than 520,000 employees and self-employed persons. The aim is that using Elo's services is as effortless and flawless as possible and that customers are treated equally and fairly. Elo provides current pensions to about 238,000 pension recipients, for example. Retiring means a unique and major change in a person's life, and therefore it is important for the customers to receive expert and swift service in support of their pension solutions.

Through the management of risk of incapacity for work and rehabilitation, Elo is involved in lengthening working careers, which is important for the individual and society. Management of risk of incapacity for work measures, such as prevention of sickness absence and maintaining the capacity for work, also help the customer companies to prevent resulting costs.

Elo's responsibility is reflected in the form of responsibly managing employment pension assets and good customer experience, looking after the personnel and careful management of administration. With regard to environmental responsibility and human rights, Elo's investment operations have the most extensive impacts.

Towards the end of 2018, Elo launched the drafting of a corporate responsibility programme. Elo will publish its annual and responsibility report in March 2019, providing more detailed information about Elo's responsibility as part of its business operations. The GRI standards are used as the reporting framework.

Personnel responsibility

Elo's HR work is guided by the personnel strategy. In accordance with its personnel vision, Elo wants to be an appreciated and developing work community where everyone can experience success. There are four focal areas in the implementation of the vision: reforming competence, responsible and inspiring leadership, personnel committed to development and prepared to change, as well as flexible resourcing.

Elo has prepared for risks related to the competence of personnel, such as the availability of skilled employees and increasing competence demands. In 2018, the focus of training was on preparing for the change in working life, providing the best customer experience, adoption of GDPR and preparation for the income register.

Elo launched the Elossa 2030 programme, aiming to prepare the personnel for changes in working life and future working life skills, during 2018. Elo's first Talent programme,

with 15 talented and motivated Elo employees from different parts of the organisation taking part, was completed at the end of 2018. The competence of the entire personnel was increased by adding proprietary online course offering. All Elo employees must complete courses on Elo's Code of Conduct, data security, safety, continuity management, Hay job evaluation system and protection of personal data.

Elo annually conducts a personnel satisfaction survey. In 2018, 87.5 per cent of Elo employees responded to the personnel survey. The PeoplePower index of overall satisfaction was 71.1 (69.8). Elo's score is slightly higher than the average for Finnish specialist companies. The aim is to achieve a score that clearly exceeds the norm for specialist companies. For the first time, Elo also conducted separate surveys measuring psychosocial stress factors and the realisation of equality. The results of the survey of psychosocial stress factors will be utilised in e.g. the assessment of risks and hazards, which is a review of occupational safety and health risks based on the Occupational Safety and Health Act and carried out once every three years at Elo.

Workplace well-being and work capacity

Elo aims to look after its employees' well-being at work and working capacity so that employees of different ages perceive their work as meaningful and retain their work motivation and working capacity at a high level throughout their careers. The different areas of well-being at work are developed and monitored in cooperation involving the occupational safety and health committee, HR

services, occupational healthcare services and other cooperation groups.

The development of occupational safety and health and well-being at work is coordinated by the occupational safety and health committee, which convened five times during 2018. In addition to representatives of employees and the employer, occupational healthcare specialists take part in the activities of the occupational safety and health committee. Occupational safety and health activities cover all of Elo's personnel. In 2018, the focus of occupational safety and health activities was on psychosocial stress factors, musculoskeletal disorders and support for working capacity management.

Equality

At least once every two years, Elo prepares an equality plan. The plan was updated for 2018. Elo's executives and managers are responsible for the implementation of the equality plan, but it is prepared in cooperation with the employees. The aim is to develop equality and gender equality over the long term.

At Elo, men and women are equally represented in positions at different levels. Women accounted for 66 per cent of employees in clerical and specialist positions in 2018, men for 34 per cent. Women accounted for 60 per cent of employees in managerial positions, men for 40 per cent. Women accounted for 58 per cent of employees in executive positions, men for 42 per cent.

Elo has prepared a guideline on investigating cases of bullying, and it is available to all employees on the intranet. Elo has zero tolerance for bullying and harassment. The guideline on investigating cases of bullying and the equality-related practices were reviewed during the autumn, both by the entire company's

Executive Group and the unit-specific Executive Groups.

Elo does not accept pay differentials due to age, gender or other discriminatory grounds. All employees are covered by a single common reward system, and Elo uses the Hay job evaluation system for the entire personnel.

Elo conducted an equality survey in autumn 2018 for the first time. At Elo, matters pertaining to equality are felt to be at a good level in general, as the averages for all questions were over 3 on a scale of 1–5.

Elo's *cooperation forum* monitors the implementation of the equality plan. Its key tasks include various personnel issues when they concern all or the majority of employees. The cooperation forum convened four times during 2018.

Elo's corporate governance system

Elo's corporate governance system is based on legislation. Elo's corporate governance guidelines are based on the recommendations of the Finnish Corporate Governance Code for listed companies 2015, which Elo observes where applicable to employment pension companies. Elo's corporate governance system and associated guidelines are approved by its Board of Directors. Elo's Corporate Governance Statement is published on Elo's website.

Compliance activities

Compliance activities are part of Elo's internal control. Its starting point is to comply with the regulations issued by the authorities and general best practices of internal control. Compliance activities are also part of Elo's risk management, where its purpose is to support business operations especially in identifying and managing legal and compliance risks as

well as to oversee and report on them to the Audit Committee and senior management.

Elo has a Compliance Officer responsible for managing Elo's compliance organisation. In addition to the Compliance Officer, the compliance organisation comprises unit-specific people responsible for compliance. Compliance activities begin from the senior management, i.e. the CEO and the Board of Directors, who are responsible for the lawfulness of the company's operations.

Elo has a ratified process for processing identified compliance risks based on their degree of severity. The Compliance Officer has primary responsibility for reviewing risks, reporting on the situations to the Board of Directors and CEO. With regard to critical risks, the reporting takes place immediately. Elo has a compliance board with three members in addition to the CEO. The board is tasked with handling observations that are critical or otherwise significant to Elo's operations and severe compliance situations and making decisions on them. There were no critical compliance risks in 2018.

Elo has a whistleblower channel, aimed at allowing the reporting of concerns and abuse related to the Code of Conduct anonymously. The reports submitted are processed by the Compliance Officer, who submits the matter to the compliance board to decide on, if necessary. One report was received via the whistleblower channel in 2018.

Anti-corruption guidelines and insider guidelines

The new anti-corruption guidelines entered into force in 2018. All of Elo's business operations and related corruption risks were assessed during spring 2018 based on the

new guidelines. Separate trainings in the anti-corruption principles were organised for Elo's business units. A separate online training course on the subject will be launched in 2019. No cases of bribery were identified at Elo during 2018.

The guidelines on sponsorship and joint projects were revised during 2018 as part of the anti-corruption principles. In the future, Elo's partnerships will be annually published on Elo's website.

Elo follows an insider guideline pursuant to the Act on Employment Pension Insurance Companies. The insider regulations are applicable to Elo's investment activities and any securities transactions being executed by personnel belonging to the company's sphere of insiders. Individuals are included among the permanent insiders by virtue of their position or responsibilities. The insider regulations are also applicable to temporary insiders who may receive project-specific insider information.

Elo's Code of Conduct

Elo's Code of Conduct specifies how Elo acts in different situations. It is based on the cornerstones and operating models of Elo's corporate culture. The Code of Conduct addresses, among other things, good corporate governance, data protection, corruption, working life and human rights. Each Elo employee has an obligation to comply with the Code of Conduct and report any suspected breaches of the operating procedures. Elo's principles of responsible investment also include monitoring the implementation of human rights.

Elo assessed human rights risks as part of the risk surveys across all functions, and a company-level summary of the risks

was prepared. During 2019, the likelihood and mitigation measures of the risks will be assessed in more detail in the different business functions. Elo's own business operations and supply chain are mainly in Finland, and Elo has not reported risks related to violations of human rights.

Responsibility for investments

Responsible investment is an integral part of Elo's investment operations and the assessment of investments. The responsibility for investments is assessed using the ESG factors (Environment, Social, Governance), and investment operations are guided by the principles of responsible investment approved by the Board of Directors. The Executive Group of investments is responsible for preparing and updating the principles. It is supported by the responsible investment steering group.

Elo's objective is to ensure sustainable returns for investments, taking into account the challenges that climate change imposes on the financial markets and our investments. Because of this, Elo has prepared a climate strategy supplementing responsible investments.

Elo's principles of responsible investment consists of the following areas: responsible operating methods, compliance with international norms, the assessment of responsibility as part of the analysis, decision-making and monitoring related to investments, as well as ownership steering and other means of engagement.

Environmental responsibility in investing

Taking climate change into consideration is related to the assessment of the environmental

responsibility for investments. Elo's climate strategy strives to comprehensively assess the climate risks and to benefit from the investment opportunities emerging due to climate change.

Elo has publicly supported the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). A joint global disclosure framework provides the necessary understanding of climate risks and opportunities. What is essential in the TCFD's disclosure recommendations is the effort to recognise the risks caused by climate change to business by using scenario analyses. For 2018, Elo will report on its responsible investment in accordance the four TCFD main themes, namely governance, strategy, risk management and metrics and targets, in the annual and responsibility report published in March 2019.

As an ongoing goal, Elo strives to ensure that investments do not involve excessive climate risk. Climate risk refers to the risk to the company's business and society at large due to the effects of climate change. From the investor's point of view, the risks can be at least divided into the physical effects of climate change, transition risk, or the transition to low-carbon society, and systematic risk of the financial market. Elo's objective is to ensure sustainable returns for investments, taking into account the challenges that climate change imposes on the financial markets and our investments.

Elo's objective is that, by 2025, more than 50 per cent of the direct equity and corporate bond investments and infrastructure and real investments would have a measurable positive impact on the environment or society. In 2018, 45 per cent of the companies included

in Elo's direct equity investments, 53 per cent of the corporate bond investments and 44 per cent of the infrastructure and real investments produced solutions for the environment or society.

As a signatory to the Montréal Pledge, Elo publicly discloses the carbon footprint of investments on an annual basis.

The carbon footprint of Elo's equity investments was, by all indicators, slightly more than 10 per cent lower than the benchmark index. In 2018, the carbon footprint of Elo's listed equity investments was 180 (tCO₂/MUSD invested), and it increased by 17 per cent year-on-year. The carbon intensity of listed equity investments was 215 (tCO₂/MUSD of sales), and it decreased by 7 per cent compared to 2017. The weighted carbon intensity of listed equity investments was 219 (tCO₂/MUSD of sales), and it decreased by 14 per cent compared to 2017.

The weighted carbon intensity of Elo's listed corporate bonds was 225 (tCO₂/MUSD of sales) and it decreased by 27 per cent year-on-year.

The carbon footprint of Elo's direct real estate investments normalised by assets under management was 17 (tCO₂/MEUR of sales), while the previous year it was 16. In real estate, the trend in weather-adjusted energy consumption was declining with regard to both heat and electricity.

The carbon footprint calculation covers 48 per cent of Elo's investment assets.

The positive impact from the annual growth of Elo's forest investments, i.e. carbon sink, increased by 26 per cent in 2018 to an estimated 220,000 tCO₂.

Engagement with our investments is a key means of exercising responsibility. Elo prefers

engagement projects involving a significant number of other investors, as engaging the companies is commonly more effective this way. Elo was involved in several engagement initiatives in 2018, including the Institutional Investor Group on Climate Change initiatives.

At the end of August, Elo decided to join CDP's (Carbon Disclosure Project) Investor Action Request, which provides investors with a greater visibility into how the companies in their portfolio manage carbon emissions and energy efficiency.

Human rights and active ownership

In determining the responsibility of investments, international standards, such as the UN Global Compact Initiative, which includes human rights, are taken into consideration. The Global Compact corporate responsibility standard includes 10 principles on the environment, human rights and labour. The monitoring of the corporate responsibility aspects of investments include monitoring the human rights-related principles arising from the Global Compact. Taking human rights into consideration is part of the social responsibility of investments, and it is assessed as part of assessing the responsibility of investments. Human rights violations are not part of sustainable business, and considering human rights as part of responsible investment is important from the human and investment risk management points of view.

If an investment does not meet our responsibility principles, we can launch or participate in an engagement process to change the activities of the investment. Elo uses a process to monitor norm violations, using MSCI as the service provider. The monitoring of norm violations covers 85 per

cent of listed equity investments and 87 per cent of corporate bond investments, and 40 per cent of Elo's total investment assets.

Elo's ownership policy was revised during 2018. The need for the revision arose from the European Commission's new ownership steering directive (SHRD II), which the Member States are required to implement by June 2019. The ownership policy published in 2019 also incorporate aspects of corporate responsibility. Elo considers it important for companies to not only report financial data, but also their governance and remuneration in accordance with the currently valid corporate governance code, as well as material information about the realisation and objectives of corporate responsibility. We recommend reporting on climate matters in accordance with the TCFD reporting recommendations, including an assessment of the impacts of climate change on business operations. It is also recommended for companies to report how they contribute to the achievement of the UN Sustainable Development Goals through their business operations.

Elo implemented active ownership by participating in Finnish listed companies' nomination committees and attending general meetings. Elo has an annually changing theme and development area in responsible investment. An internal seminar is arranged around this theme, for example. In 2018 the theme was corporate governance.

Additional information about the aspects of corporate responsibility and the results for 2018 is provided in Elo's annual and responsibility report. Elo's Board of Directors signs the corporate responsibility disclosures as part of financial statements reporting annually.

Accounting policies 2018

The financial statements have been prepared in accordance with the Accounting Act and Decree, the Limited Liability Companies Act, the Pension Insurance Companies Act and the Insurance Companies Act. The financial statements comply with the Act on the Calculation of the Pension Provider's Solvency Limit and the Covering of Technical Provisions, the Ministry of Social Affairs and Health decree on the financial statements and consolidated financial statements of insurance companies, the calculation bases adopted by the Ministry of Social Affairs and Health and the regulations and guidelines issued by the Ministry of Social Affairs and Health and the Financial Supervisory Authority.

Consolidated financial statements

Elo's consolidated financial statements include the subsidiaries in which the Group's share of votes is more than 50 per cent. In 2018, 104 housing and real estate corporations and 4 other companies (names given in the notes), as well as the Probus Holding Ltd and Tammi-Kodit Ky affiliated groups, were consolidated with the Elo Group as subsidiaries.

The consolidated financial statements have been prepared, in accordance with the accounting principles observed by the parent company, as combinations of the parent company's and the subsidiaries' profit and loss accounts and balance sheets. Intra-group income and expenses, profit distribution, receivables, liabilities and cross-holdings have been eliminated. Subsidiaries acquired during the financial year are consolidated as of their

time of acquisition, and divested subsidiaries are consolidated until their time of sale.

Minority interests in the financial result and in the capital and reserves have been reported as separate items.

Intra-group cross-holdings have been eliminated using the acquisition method. The resulting consolidation difference has been allocated to the subsidiaries' assets within the limits allowed by their current values. When the current value is exceeded, the difference has been entered as goodwill. The consolidation difference is depreciated in accordance with the planned depreciation of the related asset. Goodwill is depreciated over 10 years. Revaluations of group shares in earlier financial years are reported in the consolidated balance sheet as revaluations of real estate owned by the subsidiary.

Associate companies that are included in the notes and in which the Group holds 20 to 50 per cent of the votes have been consolidated in the consolidated financial statements using the equity method. Elo Group does not include affiliated companies consolidated based on considerable influence. The housing and real estate corporations that are participating interests have not been included in the consolidated financial statements because their impact on the consolidated result and on non-restricted capital and reserves is minor.

Copies of the consolidated financial statements are available at Revontulentie 7, Espoo.

Premiums written

TyEL (Employees' Pensions Act) premiums written is determined by the total TyEL payroll and the contribution percentage. The provisional premium based on the payroll estimate and collected during the financial year has been adjusted in the financial statements using the adjustment premium estimate. The premiums written for the financial year also include the difference between the estimated and actual adjustment payments for the previous year.

The YEL premiums written is determined according to self-employed persons' confirmed income and contribution percentage.

Claims incurred

Claims incurred consist of pensions paid to pension recipients, rehabilitation costs, clearing of division of costs, operating expenses from working capacity maintenance and claims handling, and the change in the provision for claims outstanding.

Book value of investments

Real estate investments

Buildings and structures are reported in the balance sheet at the lower of acquisition cost less planned depreciation and current value.

The value adjustments and readjustments made on real estate are entered in the profit and loss account. Value readjustments with effect on profit have been made on divested real estate before entering capital gains. No

revaluations were made on the book values of real estate during the 2018 financial year.

Shares and holdings

Shares and holdings have been entered in the balance sheet at the lower of acquisition cost and current value. The amount corresponding to the increase in value from value readjustment of shares and holdings carried out in previous years has been entered in the profit and loss account at acquisition cost. Shares and holdings have been recorded using the average price principle.

Financial market instruments

Financial instruments include bonds and money market instruments. The balance sheet value of financial instruments is their acquisition cost, calculated using the average price. Value adjustments due to changes in interest rates are not entered, however. The acquisition cost is adjusted by the amortised difference between the nominal value and the acquisition value. The difference between the nominal value and the acquisition value is amortised as a decrease or increase in interest income over the maturity of the financial instrument. The amount of matching entries included under acquisition cost is presented in the notes to the balance sheet.

Loans, other receivables and deposits

Loans, other receivables and deposits have been valued at the lower of their nominal value and probable value.

Derivative contracts

Elo uses derivatives to reduce investment risk and for hedging, increasing market risk and enhancing the efficiency of investment operations. Elo used equity, fixed income, credit risk, commodity, volatility and foreign currency derivatives during the financial year.

Profit and loss from the termination or expiration of contracts during the financial year have been entered under income or expenses for the year.

Hedging calculation is applied only to derivative contracts that meet the requirements set in the guidelines of the Financial Supervisory Authority. Derivative contracts to which hedge calculation has been applied have been valued together with the hedged item. Derivative contracts made for hedging purposes are valued together with the hedged balance sheet item. If no change in value is entered on the hedged balance sheet item, no entry is made on the hedging contract under profit and loss unless its negative value change exceeds the positive value change of the hedged balance sheet item. If a readjustment is entered on the hedged item, the entire value change of the derivative used is entered as an expense. Hedge calculation has not been applied in bookkeeping.

The unrealised loss from derivative contracts (excluding exchange-traded derivatives) made for purposes other than hedging is entered as an expense in the profit and loss account in its entirety. Unrealised profits are not entered under income. For non-hedging derivatives, change of collateral realises the profit or loss, based on which profit and loss have been entered under income or expenses for the year.

Premium receivables

Premium receivables consist of the adjustment premium estimate and overdue insurance premiums unpaid at the close of the financial year. Premium receivables are entered in the balance sheet at the lower of their nominal value and their probable value.

Overdue insurance premiums that have been deemed disqualified for payment or that are receivables from companies that have been declared bankrupt are entered as credit losses. In addition, reduced receivables from confirmed business restructuring and receivables the collection of which has been discontinued due to the small sum of the receivable have also been entered under credit losses. Credit losses have been entered on major business restructuring that is incomplete at the turn of the year on the basis of appraisal. Credit losses on YEL premium receivables are primarily entered due to expiration.

Depreciation and calculation principles – general

The acquisition cost of depreciable assets has been capitalised and is entered as depreciation according to plan under expenses during its useful economic life. Revaluations on depreciable assets entered as income have also been depreciated according to plan.

Software licences presented as intangible rights, and other long-term costs associated with software system projects have been capitalised and entered as depreciation according to plan under expenses during their useful economic life.

Straight-line depreciation is carried out on the original acquisition cost according to the following useful economic lives:

Residential, office and commercial premises	50 y
Industrial property and warehouses	40 y
Hotels	50 y
Intangible rights	5 y
Motor vehicles	5 y
Computer hardware	3 y
Equipment	10 y
Office machines	3 y
Other long-term expenses	3 and 5 y

Depreciation of the original acquisition cost is calculated using reducing balance depreciation: Technical equipment in buildings, machinery and equipment 20%.

Current value of investments

Real estate investments

The values of direct real estate investments have been assessed in their entirety by an independent authorised property valuator, with the exception of a few separate buildings and also new buildings completed and sites undergoing modernisation in 2018. The evaluations of all real estate investments have been made on the valuation date 31 December 2018.

Business premises have been valued using the income approach and applying a 10-year cash flow method. Properties undergoing modernisation and new buildings have been valued using the cost value method. Plots and associated project plans have been valued together, taking into account the value of building rights and work in progress capitalised in bookkeeping.

Residential properties (owned directly by the parent or subsidiary) have been valued both on a cash-flow basis using the income approach and using the comparable sales

method, taking overall value adjustment into account so that the market value is determined as an average of the values derived from these methods. The market value of a residential property may not exceed the market value determined using the comparable sales method.

Shares and holdings

The trade quotation used as the current value of listed shares and such securities for which there is an existing market is the closing rate determined by the closing auction of the equity in question. If a share is not traded in the closing auction, the closing rate is the last actual trade quotation.

The current value of non-listed shares and holdings is the probable transfer price, acquisition price or net asset value.

Fixed asset shares have been valued in the balance sheet at their acquisition cost as this is considered to correspond to their current value.

In the case of equity and fixed income funds, quotations are primarily based on the value of the fund unit indicated by the fund management company in a public price monitoring system.

In the case of private equity funds, the acquisition cost or the current value estimate of the fund indicated by the fund management company has been used as the current value.

The current value used for hedge funds is the market value based on the fund valuation received from the fund's custodian.

Financial market instruments

The current value of financial market instruments – bonds and money market instruments – is based primarily on market prices.

If no market price is available or if the current value of the investment cannot be reliably determined, valuations issued by external parties are used or the current value is calculated using commonly accepted models for calculating market prices or the amortised acquisition price is used as the current value.

Derivative contracts

The current value of exchange-listed derivative contracts is primarily the closing rate based on the closing auction or the latest price quotation. The current values of derivative contracts, liabilities and collateral received and given on derivative trades are presented in the notes. The current value of OTC derivatives is calculated using generally accepted valuation models.

Foreign-currency denominated receivables and debt

Foreign-currency denominated receivables and debt have been converted into euros at the exchange rate quoted by the European Central Bank on the closing date.

For other investments, the lower of the acquisition date exchange rate and the closing date exchange rate has been used, adjusted by the change in the market price of the security. Where the closing date value is lower than the original acquisition price, a value readjustment has been made.

Allocated exchange rate differences have been treated as adjustments of the associated income and expenses.

Unallocated exchange rate differences that have arisen during the financial year have been entered under other results and expenses from investment operations.

Operating expenses and depreciation by operation

The company's operating expenses have been allocated in accordance with the regulations of the Financial Supervisory Authority as indicated in the notes. Depreciation of equipment and long-term costs are included in the profit and loss account of the relevant operation. Claims administration and disability management have been included under claims paid in the profit and loss account. Investment management expenses and planned depreciation expenses from buildings have been included in investment management expenses. Expenses from acquiring, processing and managing insurance have been presented as operating expenses.

Statutory charges have been included in administrative expenses.

Direct taxes

Direct taxes from the financial year and previous financial years have been entered in the profit and loss account on an accrual basis.

Provisions and tax liabilities

Because their realisation is unlikely, deferred tax liabilities and assets have not been presented on valuation differences of investments, which are presented in the notes. In the consolidated financial statements, accrued depreciation difference and taxation-based provisions have been divided into change in the deferred tax liabilities and result for the financial year, and into deferred tax liabilities and capital and reserves.

Other liabilities

Other liabilities than technical provisions have been entered at nominal value in the balance sheet.

Pension arrangements

Statutory pension provision for personnel has been arranged through TyEL insurance. Some members of the personnel are provided with a supplementary pension benefit, which is determined on the basis of when the employment relationship started, its duration and the employment history. One of the directors has been provided with a supplementary pension benefit through a voluntary pension arrangement. The retirement age of the Chief Executive Officer is 64. The Chief Executive Officer has supplementary pension insurance with an annual pension accrual of 0.2 per cent. Pension expenses for the year have been entered on an accrual basis.

Technical provisions

Liability resulting from insurance contracts has been entered as technical provisions. Technical provisions are calculated in accordance with calculation principles approved by the Ministry of Social Affairs and Health. Technical provisions comprise the premium reserve and the provision for claims outstanding.

The premium reserve comprises the provision for future pensions, provision for current bonuses, which includes the amount reserved for bonuses granted to policyholders, and the provision for future bonuses, which is included in the solvency capital. The premium reserve also includes a provision linked to equity income, the amount of which depends on the average return of pension providers' equity investments.

The provision for claims outstanding comprises the provision for current pensions and the clearing reserve.

When calculating the technical provisions for solvency, the provision for future bonuses and the premium reserve under the Self-Employed Persons' Pensions Act are deducted.

Solvency capital

Solvency capital is the amount by which the company's assets at current value exceed its liabilities. The equalisation provision included in the solvency capital acts as a buffer primarily against changes in the insurance business, and the rest is intended for covering investment risks. The solvency capital less the equalisation provision comprises the company's capital and reserves, the difference between the current and the book values of its assets, the provision for future bonuses included in its technical provisions and any depreciation difference less intangible assets in the balance sheet.

Profit for the year

Elo's profit for the financial year is determined in accordance with calculation principles approved in advance by the Ministry of Social Affairs and Health.

Key indicators and analysis

The key performance indicators and analyses have been calculated and presented in accordance with the Financial Supervisory Authority's regulations on notes to the financial statements.

The definitions and calculation methods of the most important indicators are presented in the notes in the Guide to key figures.

Profit and loss account

EUR 1,000		Parent company 2018	Parent company 2017	Group 2018	Group 2017
Technical account					
Premiums written	1	3,639,773	3,510,803	3,639,773	3,510,803
Investment income	3	2,911,175	3,203,739	2,974,097	3,251,580
Claims incurred					
Claims paid	2	-3,661,151	-3,474,133	-3,661,151	-3,474,133
Change in provision for claims outstanding					
Total change		-313,951	-194,155	-313,951	-194,155
Transfer of liability			1,722		1,722
Change in premium reserve					
Total change		17,009	-1,412,928	17,009	-1,412,928
Transfer of liability			6,777		6,777
Operating expenses	4	-78,696	-78,796	-78,696	-78,796
Investment management expenses	3	-2,505,422	-1,556,637	-2,549,508	-1,595,423
Balance on technical account		8,737	6,392	27,572	15,446
Non-technical account					
Other result		633	688	215	247
Other expenses		-22	-12		
Goodwill amortisation				-106	-108
Other				-22	-12
Share of the profit/loss of associate companies				1,923	2,874
Accumulated appropriations					
Change in depreciation difference		-17	-63		
Income taxes					
Taxes from this and earlier financial years		-9,326	-7,000	-16,979	-7,891
Deferred taxes				2,451	-89
Profit (loss) from ordinary activities		6	5	15,054	10,466
Minority interest as part of the profit for the financial year				-3,791	533
Profit for the accounting period		6	5	11,263	10,999

Balance sheet

EUR 1,000		Parent company 2018	Parent company 2017	Group 2018	Group 2017
ASSETS					
Intangible assets	13				
Intangible rights		2,468	4,767	2,531	4,830
Goodwill				757	865
Other long-term expenses		9,330	14,098	9,330	14,098
Projects in progress		1,962	143	1,962	143
Provisional premiums		2,517	1,857	2,517	1,857
		16,277	20,865	17,097	21,793
Investments	6				
Real estate investments	8				
Real estate investments		689,027	702,459	1,478,942	1,395,848
Loan receivables from Group companies		430,554	445,069		
Loan receivables from participating interests		66,397	66,397		
Loans to real estate companies		1,069	1,109	1,069	1,109
Loans to properties				66,397	59,397
		1,187,046	1,215,034	1,546,407	1,456,354
Investments in Group companies and participating interests					
Shares and holdings in Group companies	9	165,851	74,877		
Shares and holdings in participating interests	9	4,681	4,756	20,906	19,718
Loan receivables from Group companies		165,269	101,578		
Loan receivables from participating interests		2,949	2,949	2,949	2,949
		338,750	184,160	23,855	22,667
Other investments					
Shares and holdings	10	11,700,556	12,216,635	11,709,607	12,224,807
Financial market instruments		4,813,858	4,667,142	4,813,858	4,667,142
Loans guaranteed by mortgages	11	128,629	154,977	128,629	154,977
Other loans	11	407,414	365,688	407,414	372,688
Other investments				2,119	2,117
		17,050,456	17,404,442	17,061,627	17,421,731
		18,576,253	18,803,637	18,631,889	18,900,752
Receivables					
Arising out of direct insurance operations					
Policyholders		281,824	326,220	281,824	326,220
Other debtors		470,064	442,412		
Other debtors				460,780	413,934
Deferred tax assets				2,353	2,444
		751,888	768,631	744,957	742,598
Other assets					
Tangible assets	13				
Machinery and equipment		3,979	4,097	3,980	4,097
Other tangible assets		380	380	380	380
		4,359	4,477	4,360	4,477
Cash at bank and in hand		1,398,557	818,507	1,427,738	840,307
		1,402,917	822,984	1,432,098	844,784
Prepayments and accrued income					
Accrued interest and rent		55,011	54,366	54,897	53,896
Other prepayments and accrued income	14	73,323	32,912	74,967	35,088
		128,335	87,278	129,864	88,985
Total assets		20,875,670	20,503,395	20,955,906	20,598,912

EUR 1,000		Parent company 2018	Parent company 2017	Group 2018	Group 2017
LIABILITIES					
Capital and reserves	15				
Initial fund		6,694	6,694	6,694	6,694
Guarantee fund				88	88
Loan amortisation reserve				84	84
Revaluation reserve				185	185
Other reserves		92,807	92,802	93,035	93,030
Profit brought forward		1,842	1,842	-17,046	-8,546
Profit for the accounting period		6	5	11,263	10,999
		101,349	101,343	94,303	102,534
Minority interest				45,383	55,734
Accrued appropriations					
Depreciation difference		828	811		
Group reserve				1,221	300
Technical provisions	16				
Premium reserve		11,286,904	11,303,849	11,286,904	11,303,849
Provision for claims outstanding		9,144,783	8,830,605	9,144,783	8,830,605
		20,431,687	20,134,453	20,431,687	20,134,453
Mandatory provisions				1,436	2,179
Creditors					
Arising out of direct insurance operations		20,503	15,115	20,503	15,115
Deferred tax liabilities				8,807	11,326
Other liabilities		277,547	171,779	301,581	194,612
		298,050	186,894	330,891	221,052
Accruals and deferred income	14	43,757	79,894	50,985	82,659
Total liabilities		20,875,670	20,503,395	20,955,906	20,598,912

Cash flow statement

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
Cash flow from operating activities				
Profit (loss) from ordinary activities	8,737	6,392	27,572	15,446
Adjustments				
Changes in technical provisions	297,233	1,607,084	297,233	1,607,084
Value adjustments and revaluation of investments	502,435	291,966	502,435	291,966
Depreciation according to plan	8,374	9,499	48,242	50,996
Sales gains and losses	-602,260	-811,767	-607,421	-823,932
Cash flow before change in working capital	214,520	1,103,174	268,062	1,141,560
Change in working capital:				
Non-interest-bearing short-term receivables increase(-)/decrease(+)	-24,314	-138,051	-43,330	-141,874
Non-interest-bearing short-term debt increase(+)/decrease(-)	75,018	28,945	77,422	32,901
Cash flow from operations before financial items and taxes	265,225	994,068	302,155	1,032,587
Direct taxes paid	-9,326	-7,000	-16,979	-7,891
Cash flow from other business items	611	676	193	236
Cash flow from operating activities	256,510	987,744	285,368	1,024,932
Cash flow from investing activities				
Investment in assets	327,209	-538,443	345,493	-540,195
Investments in tangible and intangible assets as well as other assets and capital gains	-3,669	-2,775	-43,429	-44,164
Cash flow from investing activities	323,540	-541,218	302,064	-584,359
Change in cash and cash equivalents	580,050	446,526	587,432	440,573
Cash and cash equivalents at the start of the year	818,507	371,981	840,307	399,734
Cash and cash equivalents at the end of the year	1,398,557	818,507	1,427,738	840,307

Notes to the profit and loss account

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
1. PREMIUMS WRITTEN				
Direct insurance				
TyEL pension insurance				
Employers' contribution	2,339,604	2,266,215	2,339,604	2,266,215
Employees' contribution	884,307	820,850	884,307	820,850
	3,223,911	3,087,065	3,223,911	3,087,065
Supplementary TEL insurance		10		10
YEL minimum coverage insurance	415,862	423,728	415,862	423,728
Premiums written	3,639,773	3,510,803	3,639,773	3,510,803
Items deducted from premiums written				
Credit losses on insurance premiums				
TyEL	20,763	18,167	20,763	18,167
YEL	4,788	5,049	4,788	5,049
	25,550	23,216	25,550	23,216
2. CLAIMS PAID				
Direct insurance				
Paid to pensioners				
TyEL basic insurance	2,827,587	2,711,999	2,827,587	2,711,999
Supplementary TEL insurance	29,509	30,045	29,509	30,045
YEL minimum coverage insurance	406,421	390,802	406,421	390,802
YEL supplementary pension cover	1,686	1,705	1,686	1,705
	3,265,203	3,134,552	3,265,203	3,134,552
Paid/refunded division of cost compensations				
TyEL pensions	480,052	429,901	480,052	429,901
YEL pensions	83,020	81,538	83,020	81,538
Proportion of the insurance premiums of the Unemployment Insurance Fund and the division of costs for pension elements accrued on the basis of unsalaried periods	-91,620	-126,083	-91,620	-126,083
Government contribution of YEL	-101,029	-74,967	-101,029	-74,967
Compensation under the Act for parents receiving child home care allowance to care for a child aged less than 3 years at home and for students for periods of study (VEKL)	-994	-783	-994	-783
	369,430	309,606	369,430	309,606
	3,634,633	3,444,158	3,634,633	3,444,158
Claims administration costs	23,697	27,868	23,697	27,868
Costs from disability risk management	2,821	2,107	2,821	2,107
Total claims paid	3,661,151	3,474,133	3,661,151	3,474,133

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
3. NET INVESTMENT INCOME				
Investment income				
Income from investments in Group companies				
Dividend income	12,130			
Interest income	4,214	2,642		
	16,344	2,642		
Income from investments in participating interests				
Dividend income	637	878		-878
Income from real estate investments				
Interest income				
From Group companies	9,198	10,184		
Others	451	478	748	775
Other income				
Others	130,208	137,277	211,488	185,498
	139,857	147,938	212,236	186,273
Income from other investments				
Dividend income	461,783	351,138	461,783	351,965
Interest income	132,126	127,109	132,232	127,367
Other income	883,451	1,537,394	885,708	1,537,474
	1,477,361	2,015,640	1,479,723	2,016,806
Total	1,634,199	2,167,098	1,691,959	2,202,201
Value readjustments	167,507	103,328	167,507	103,328
Gains on realisation	1,109,469	933,313	1,114,630	946,051
Total	2,911,175	3,203,739	2,974,097	3,251,580
Investment management expenses				
Costs on real estate investments	-81,001	-80,938	-84,815	-77,748
Costs on other investments	-1,100,196	-816,424	-1,100,246	-816,438
Interest costs and expenses on other liabilities	-147,074	-142,434	-147,535	-142,435
	-1,328,271	-1,039,796	-1,332,595	-1,036,621
Value adjustments and depreciation				
Value adjustments	-667,622	-392,924	-667,622	-395,519
Planned depreciation on buildings	-2,321	-2,371	-42,083	-41,164
	-669,942	-395,294	-709,704	-436,683
Losses on realisation	-507,209	-121,546	-507,209	-122,119
Total	-2,505,422	-1,556,637	-2,549,508	-1,595,423
Net investment income before revaluations and their adjustments	405,753	1,647,103	424,588	1,656,156
Net investment income in the profit and loss account	405,753	1,647,103	424,588	1,656,156

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
4. PROFIT AND LOSS ACCOUNT ITEM OPERATING EXPENSES				
Insurance policy acquisition costs				
Direct insurance remunerations	11,497	10,427	11,497	10,427
Other insurance policy acquisition costs	9,426	10,346	9,426	10,346
	20,923	20,773	20,923	20,773
Insurance management costs	35,740	38,400	35,740	38,400
Administration costs				
Statutory charges				
The Finnish Centre for Pensions' share of costs	6,299	6,808	6,299	6,808
Judicial administration charge	806	770	806	770
Supervisory fee of the Financial Supervisory Authority	464	424	464	424
	7,569	8,002	7,569	8,002
Other administration costs	14,464	11,622	14,464	11,622
Total	78,696	78,796	78,696	78,796
TOTAL OPERATING EXPENSES BY OPERATION				
Claims paid				
Claims administration costs	23,697	27,868	23,697	27,868
Costs from disability risk management	2,821	2,107	2,821	2,107
	26,518	29,975	26,518	29,975
Operating expenses	78,696	78,796	78,696	78,796
Investment management expenses				
Costs on real estate investments	5,657	4,981	9,758	7,178
Costs on other investments	22,416	20,800	22,416	20,800
	28,073	25,781	32,173	27,978
Other expenses	22	12	22	12
Operating expenses, total	133,309	134,564	137,410	136,761

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
5. NOTES CONCERNING PERSONNEL AND MEMBERS OF THE OPERATIONAL ELEMENTS				
Personnel expenses				
Salaries and bonuses	32,776	30,280	32,782	30,280
Pension expenses	5,702	5,395	5,703	5,395
Other social security expenses	1,137	1,356	1,138	1,356
Total	39,616	37,031	39,623	37,031
Salaries and bonuses				
Chief Executive Officer	771	750	776	750
Members and deputy members of the Board of Directors	321	360	321	365
Supervisory Board	74	69	74	69
Total	1,166	1,180	1,171	1,184
The salary and fringe benefits paid to CEO Satu Huber totalled EUR 536,834.25.				
The Chief Executive Officer is entitled to retire at the age of 64. The Chief Executive Officer has supplementary pension insurance inherited from Elo's predecessor company with an annual pension accrual of 0.2 per cent. The cost of the supplementary pension insurance for 2018 was EUR 33,371.43.				
No pension commitments, money loans or guarantees have been given to members of the Supervisory Board and the Board of Directors.				
Average number of personnel during the financial year				
	466	462	466	462
Fees paid to the auditors				
Fees paid to Ernst & Young Oy				
Audit	317	253	392	298
Tax consultation	37	82	37	82
Other services	11	29	15	29

Notes to the balance sheet

EUR 1,000	Remaining acquisition cost 2018	Book value 2018	Current value 2018	Remaining acquisition cost 2017	Book value 2017	Current value 2017
6. INVESTMENTS AT CURRENT VALUE AND VALUATION DIFFERENCES, PARENT COMPANY						
Real estate investments						
Real estate	53,075	53,075	71,259	53,961	53,961	70,799
Real estate shares in Group companies	491,140	498,756	893,761	501,258	508,874	881,027
Real estate shares in participating interests	127,712	130,571	307,259	128,018	130,878	305,922
Other real estate shares	6,625	6,625	12,180	8,747	8,747	11,896
Loan receivables from Group companies	430,554	430,554	430,554	445,069	445,069	445,069
Loan receivables from participating interests	66,397	66,397	66,397	66,397	66,397	66,397
Loans to real estate companies	1,069	1,069	1,069	1,109	1,109	1,109
Investments in Group companies						
Shares and holdings	165,851	165,851	344,118	74,877	74,877	179,776
Loan receivables	165,269	165,269	165,269	101,578	101,578	101,578
Investments in participating interests						
Shares and holdings	4,681	4,681	6,621	4,756	4,756	6,696
Loan receivables	2,949	2,949	2,949	2,949	2,949	2,949
Other investments						
Shares and holdings	11,700,556	11,700,556	13,378,148	12,216,635	12,216,635	14,632,608
Financial market instruments	4,813,858	4,813,858	4,829,678	4,667,142	4,667,142	4,747,792
Loans guaranteed by mortgages	128,629	128,629	128,629	154,977	154,977	154,977
Other loans	407,414	407,414	407,414	365,688	365,688	365,688
	18,565,778	18,576,253	21,045,304	18,793,162	18,803,637	21,974,283
The remaining acquisition cost of financial market instruments includes:						
The difference between the nominal value and acquisition cost released (+) or charged (-) to interest income	-27,390			-33,216		
The book value comprises						
Revaluations released as income	10,475			10,475		
Valuation difference (difference between current value and book value)			2,469,051			3,170,647

EUR 1,000	Remaining acquisition cost 2018	Book value 2018	Current value 2018	Remaining acquisition cost 2017	Book value 2017	Current value 2017
6. INVESTMENTS AT CURRENT VALUE AND VALUATION DIFFERENCES, GROUP						
Real estate investments						
Real estate	1,326,396	1,326,396	1,905,471	1,210,758	1,218,374	1,649,818
Real estate shares in participating interests	127,712	130,571	307,259	128,018	130,878	305,922
Other real estate shares	21,975	21,975	27,530	46,597	46,597	49,746
Loan receivables from participating interests	66,397	66,397	66,397	66,397	66,397	66,397
Loans to real estate companies	1,069	1,069	1,069	1,109	1,109	1,109
Investments in participating interests						
Shares and holdings	20,906	20,906	22,847	19,718	19,718	21,658
Loan receivables	2,949	2,949	2,949	2,949	2,949	2,949
Other investments						
Shares and holdings	11,709,607	11,709,607	13,387,199	12,224,807	12,224,807	14,640,781
Financial market instruments	4,813,858	4,813,858	4,829,678	4,667,142	4,667,142	4,747,792
Loans guaranteed by mortgages	128,629	128,629	128,629	154,977	154,977	154,977
Other loans	407,414	407,414	407,414	365,688	365,688	365,688
Other investments	2,119	2,119	2,119	2,117	2,117	2,117
	18,629,030	18,631,889	21,088,560	18,890,278	18,900,752	22,008,954
The remaining acquisition cost of financial market instruments includes:						
the difference between the nominal value and acquisition cost released (+) or charged (-) to interest income				-33,216		
The book value comprises						
Revaluations released as income		10,475		10,475		
Valuation difference (difference between current value and book value)						
			2,456,671			3,108,202

EUR 1,000	Book value 2018	Current value 2018	Valuation difference 2018	Book value 2017	Current value 2017	Valuation difference 2017
7. DERIVATIVES, PARENT COMPANY						
Non-hedging derivatives						
Other debtors						
Derivatives	194,042	197,501	3,459	63,937	69,249	5,312
Other liabilities						
Derivatives	-156,267	-146,654	9,612	-78,670	-68,225	10,445
Other prepayments and accrued income, accruals and deferred income						
Derivatives	-4,511	50,496	55,007	-10,799	68,207	79,006
Total	33,264	101,343	68,079	-25,532	69,230	94,763
7. DERIVATIVES, GROUP						
Non-hedging derivatives						
Other debtors						
Derivatives	194,042	197,501	3,459	63,937	69,249	5,312
Other liabilities						
Derivatives	-156,267	-146,654	9,612	-78,670	-68,225	10,445
Other prepayments and accrued income, accruals and deferred income						
Derivatives	-4,511	50,496	55,007	-10,799	68,207	79,006
Total	33,264	101,343	68,079	-25,532	69,230	94,763

EUR 1,000	Real estate and real estate shares 2018	Loan receivables from Group companies 2018	Loans receivables from real estate companies 2018	Loans receivables from participating interests 2018
8. REAL ESTATE INVESTMENTS, PARENT COMPANY				
Changes in real estate investments				
Acquisition cost, 1 Jan	832,018	504,466		
Increase	39,853	102,734	1,069	
Decrease	-31,445	-117,249		
Transfers between items	-33,775	-59,397		66,397
Acquisition cost, 31 Dec	806,651	430,554	1,069	66,397
Accumulated depreciations on 1 Jan				
Depreciation for the financial year	-22,564			
Transfers between items	-2,321			
Transfers between items	-52			
Accumulated depreciations on 31 Dec	-24,937			
Value adjustments, 1 Jan				
Value adjustments during financial year	-117,470			
Value readjustments	-23,784			
Transfers between items	4,265			
Transfers between items	33,827			
Value adjustments, 31 Dec	-103,162			
Revaluations, 1 Jan				
Revaluations, 1 Jan	10,475			
Revaluations, 31 Dec	10,475			
Book value on 31 Dec	689,027	430,554	1,069	66,397

EUR 1,000	Parent company 2018
REAL ESTATE AND SHARES IN REAL ESTATE OCCUPIED FOR OWN ACTIVITIES	
Remaining acquisition cost	23,087
Book value	23,087
Current value	23,150

EUR 1,000	Real estate and real estate shares 2018	Loans receivables from real estate companies 2018	Loans receivables from participating interests 2018
8. REAL ESTATE INVESTMENTS, GROUP			
Changes in real estate investments			
Acquisition cost, 1 Jan	1,864,570	59,397	
Increase	230,949		
Decrease	-107,999		
Transfers between items		-58,328	66,397
Acquisition cost, 31 Dec	1,987,521	1,069	66,397
Accumulated depreciations on 1 Jan	-360,857		
Accumulated depreciation related to deductions and transfers	18,990		
Depreciation for the financial year	-39,323		
Accumulated depreciations on 31 Dec	-381,190		
Value adjustments, 1 Jan	-133,568		
Value adjustments during financial year	-23,789		
Value readjustments	4,265		
Value adjustments, 31 Dec	-153,092		
Revaluations, 1 Jan	25,703		
Revaluations, 31 Dec	25,703		
Book value on 31 Dec	1,478,942	1,069	66,397

EUR 1,000	Group 2018
REAL ESTATE AND SHARES IN REAL ESTATE OCCUPIED FOR OWN ACTIVITIES	
Remaining acquisition cost	23,087
Book value	23,087
Current value	23,150

EUR 1,000	Parent company 2018
9. SHARES AND HOLDINGS IN GROUP COMPANIES AND PARTICIPATING INTERESTS	
Shares and holdings in Group companies, parent company	
Acquisition cost, 1 Jan	74,877
Increase	91,168
Decrease	-270
Transfers between items	75
Acquisition cost, 31 Dec	165,851

Name	Domicile	Holding
Shares and holdings in Group companies, parent company		
Exilion Capital Oy	Helsinki	100.00%
Exilion Real Estate I Ky	Helsinki	100.00%
Probus Holding Oy	Helsinki	79.47%
Tammi-kodit GP Oy	Espoo	100.00%
Tammi-Kodit Ky	Espoo	100.00%

EUR 1,000	Parent company 2018	Group 2018
Shares and holdings in participating interests		
Acquisition cost, 1 Jan	4,756	19,718
Increase		1,264
Transfers between items	-75	-75
Acquisition cost, 31 Dec	4,681	20,906

Name	Domicile	Holding
Shares and holdings in participating interests, parent company and group		
Amplus Holding Oy	Helsinki	49.12%
Avara Oy	Helsinki	49.12%
Agore Kiinteistöt GP Oy	Helsinki	49.89%
Exilion Pasilan Asemahotelli GP Oy	Helsinki	40.00%
Vierumäki Hotelli GP Oy	Helsinki	50.00%
Suomen Metsäsijoitus Oy	Espoo	25.00%
Tyvene Oy	Helsinki	40.00%
Vakuutusneuvonta Aura Oy	Espoo	33.33%
Vakuutusneuvonta Pohja Oy	Espoo	33.33%

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
10. OTHER INVESTMENTS, PARENT COMPANY				
Finnish and foreign unlisted shares and holdings				
3Step IT Group Oy	17.64	6,199	19,311	Finland
BraveDo Oy	2.50	2,891	2,891	Finland
CAP-Group Oy	17.96	3,556	3,556	Finland
CPEC Prefere Luxembourg I S.a r.l.	12.66	2,902	2,902	Luxembourg
ER Prefere Luxembourg I S.a r.l.	12.66	7,091	7,091	Luxembourg
Fingrid Oyj	4.51	34	250	Finland
Futurice Oy	19.02	4,916	7,742	Finland
HappySpace Oy	10.04	1,200	2,479	Finland
Turva Mutual Insurance Company	6.63	702	702	Finland
Keski-Pohjanmaan Kirjapaino A	3.31	306	417	Finland
Kotkamills Group Oy A	9.58	1,403	1,403	Finland
Midinvest Oy	7.93	673	781	Finland
OS_Sponfy Oy	15.75	2,799	2,799	Finland
Oy Wedeco Ab	8.89	956	1,998	Finland
Sato Oyj	12.89	52,760	156,755	Finland
S-Pankki Oyj	1.50	6,584	6,584	Finland
Suomi Power Networks TopCo B.V.	7.50	12,878	68,930	Netherlands
TA-Yhtymä Oy B	14.53	566	566	Finland
Teknikum-Yhtiot Oy	19.60	2,470	2,470	Finland
Other Finnish and foreign unlisted shares and holdings		228	232	
Finnish and foreign unlisted shares and holdings total		111,114	289,859	
Finnish listed shares and holdings				
Alma Media Oyj	2.06	4,994	9,418	Finland
Amer Sports Oyj	1.20	13,338	53,718	Finland
Asiakastieto Group Oyj	1.71	5,561	10,099	Finland
Aspo Oyj	0.19	419	477	Finland
Atria Yhtymä Oyj	0.66	831	831	Finland
Bittium Oyj	1.40	901	3,805	Finland
Cargotec Oyj B	0.58	8,550	8,550	Finland
Caverion Corp	0.76	5,395	5,395	Finland
Citycon Oyj	0.11	1,615	1,615	Finland
Componenta Oyj	5.02	1,333	1,333	Finland
Digitalist Group Oyj	0.23	71	71	Finland
DNA Oy	1.44	17,100	32,452	Finland

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Elisa Oyj	0.35	11,201	21,395	Finland
Fit Biotech Oy	0.02			Finland
Fortum Oyj	0.50	68,669	84,422	Finland
F-Secure Oyj	3.78	11,868	13,890	Finland
Gofore Oyj	0.93	770	1,025	Finland
Heeros Oyj	7.47	657	657	Finland
HKScan Oyj A	2.30	1,625	1,625	Finland
Ilkka-Yhtymä Oyj	1.97	1,469	1,469	Finland
Ilkka-Yhtymä Oyj 1	2.22	372	372	Finland
Kamux Corp	6.95	15,111	15,111	Finland
Kesko Oyj B	0.44	6,472	14,175	Finland
Kone Oyj B	0.41	48,374	77,325	Finland
Konecranes Oyj	0.57	11,876	11,876	Finland
Kotipizza Oyj	8.08	3,212	11,701	Finland
Lassila & Tikanoja Oyj	3.17	15,170	18,387	Finland
Lehto Group Oyj	0.72	1,773	1,773	Finland
Metso Oyj	0.40	13,740	13,740	Finland
Metsä Board B	0.71	11,607	11,607	Finland
Neste Oyj	0.55	49,965	94,237	Finland
NoHo Partners Oyj	1.44	1,249	2,352	Finland
Nokia Oyj	0.30	86,013	86,013	Finland
Nokian Renkaat Oyj	0.29	10,728	10,728	Finland
Nordea Bank Abp	0.35	102,325	102,325	Finland
Oma Saastopankki Oyj	2.66	5,519	5,519	Finland
Orion Oyj	0.79	4,073	8,872	Finland
Orion Oyj B	1.19	34,614	37,373	Finland
Outokumpu Oyj	0.60	7,988	7,988	Finland
Pihlajalinna Oyj	5.60	10,923	10,923	Finland
Pöyry Oyj	3.23	12,557	20,800	Finland
Raisio PLC	1.80	5,619	5,619	Finland
Rapala VMC Oyj	0.40	473	473	Finland
Robit Oyj	7.46	2,581	2,581	Finland
Rovio Entertainment Oy	1.51	4,584	4,584	Finland
Sampo Oyj A	0.45	80,213	95,833	Finland
Silli Solutions Oyj	9.93	5,139	5,630	Finland
Silmaasema Oyj	4.42	2,737	2,737	Finland
Solteq Oyj	10.36	2,200	2,600	Finland
Soprano OYJ	9.67	433	433	Finland

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
SSH Communications Security	3.87	2,520	2,520	Finland
Stora Enso R	0.76	47,198	47,198	Finland
Suominen Oyj	5.19	6,201	6,201	Finland
Terveystalo Oy	4.00	41,112	41,112	Finland
Tieto Oyj	1.09	19,051	19,100	Finland
Tokmanni Group Corp	8.07	34,105	34,105	Finland
Tulikivi Oyj	9.03	441	441	Finland
UPM-Kymmene Oyj	0.71	48,104	83,417	Finland
Uutechnic Group Oyj	0.05	10	10	Finland
Valmet Corp	2.40	37,610	64,620	Finland
Vincit Oyj	5.70	3,363	3,363	Finland
Wulff-Yhtiöt Oyj	5.07	592	592	Finland
Wärtsilä Oyj B	0.87	53,020	71,559	Finland
YIT Oyj	1.33	14,309	14,309	
Finnish listed shares and holdings total		1,021,642	1,324,479	
Foreign listed equities				
3i Group PLC	0.03	2,877	2,877	United Kingdom
3SBio Inc	0.08	2,239	2,239	China
888 Holdings PLC	0.20	1,419	1,439	Gibraltar
A2A SpA	0.07	3,106	3,365	Italy
ABB Ltd	0.02	6,150	6,150	Switzerland
Abcam PLC	0.05	1,242	1,288	United Kingdom
ABN AMRO Group NV	0.01	1,748	1,748	Netherlands
Accor SA	0.01	1,404	1,404	France
Acerinox SA	0.06	1,438	1,438	Spain
ACS Actividades de Construccion y Servicios SA	0.05	4,980	4,980	Spain
Adecco SA	0.04	2,747	2,747	Switzerland
Adidas AG	0.02	5,154	8,637	Germany
Aegon NV	0.04	3,033	3,033	Netherlands
Aena SME S.A.	0.01	1,843	1,843	Spain
Ageas	0.04	3,093	3,093	Belgium
Air Liquide	0.02	9,425	10,621	France
Akka Technologies	0.12	1,109	1,109	Belgium
Akzo Nobel NV	0.02	3,309	3,577	Netherlands
ALD SA	0.04	1,572	1,572	France
Alfa Laval AB	0.01	1,092	1,092	Sweden
Alibaba Group Holding Ltd	0.00	7,590	7,590	China

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Allianz SE	0.03	23,660	24,391	Germany
Alstom SA	0.01	947	1,103	France
Alten	0.06	1,596	1,596	France
Altri SGPS SA	0.18	2,175	2,175	Portugal
Amadeus IT Holding SA	0.02	3,390	5,370	Spain
AMG Advanced Metallurgical Group NV	0.15	1,314	1,314	Netherlands
Amundi SA	0.01	1,113	1,113	France
Anglo American PLC	0.02	4,720	5,759	United Kingdom
Anheuser-Busch InBev NV	0.01	10,621	10,621	Belgium
Antofagasta PLC	0.03	2,188	2,188	United Kingdom
AP Moller - Maersk A/S A	0.02	1,917	1,917	Denmark
APERAM	0.07	1,349	1,349	Luxembourg
ArcelorMittal	0.02	4,005	4,005	Luxembourg
Arkema	0.07	3,965	3,965	France
Aroundtown SA	0.01	1,057	1,057	Germany
ARRIS International PLC	0.11	5,184	5,184	United States
Ashtead Group PLC	0.04	3,392	3,392	United Kingdom
ASML Holding NV	0.02	12,916	14,115	Netherlands
Aspen Insurance Holdings Ltd	0.24	5,115	5,362	Bermuda
Assa Abloy Ab B	0.02	3,109	3,109	Sweden
Assicurazioni Generali SpA	0.03	6,320	6,320	Italy
Associated British Foods PLC	0.01	1,637	1,637	United Kingdom
AstraZeneca PLC	0.03	20,197	22,801	United Kingdom
athenahealth Inc	0.11	5,218	5,218	United States
Atlantia SpA	0.01	1,801	1,801	Italy
Atlas Copco AB A	0.02	3,256	3,687	Sweden
Atlas Copco AB B	0.03	1,995	1,995	Sweden
Atos Origin SA	0.02	1,366	1,366	France
Attendo AB	2.97	26,067	36,837	Sweden
Austevoll Seafood ASA	0.07	1,268	1,544	Norway
Aviva PLC	0.02	3,379	3,379	United Kingdom
Axa Sa	0.03	12,146	12,146	France
Axfood Ab	0.04	1,370	1,370	Sweden
Bajaj Finance Ltd	0.08	6,618	16,024	India
Baloise Holding AG	0.02	1,179	1,179	Switzerland
Banco Bilbao Vizcaya Argentaria SA	0.02	6,217	6,217	Spain
Banco de Sabadell SA	0.05	2,655	2,655	Spain
Banco Santander Central Hispano Sa	0.03	21,284	21,284	Spain

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Barclays PLC	0.03	9,940	9,940	United Kingdom
Barratt Developments PLC	0.08	4,027	4,027	United Kingdom
BASF SE	0.03	15,390	15,390	Germany
Bayer AG	0.03	15,554	15,554	Germany
Bayerische Motoren Werke AG Com	0.01	3,000	3,000	Germany
Bayerische Motoren Werke AG Pref	0.07	2,379	2,379	Germany
BE Semiconductor Industries NV	0.19	2,856	2,856	Netherlands
Bechtle AG	0.05	1,415	1,415	Germany
Beiersdorf AG	0.01	3,149	3,284	Germany
Bellway PLC	0.08	2,815	2,815	United Kingdom
Berkeley Group Holdings PLC	0.11	5,632	5,632	United Kingdom
Betsson AB	0.38	3,333	3,333	Sweden
BHP Group PLC	0.02	7,593	8,126	United Kingdom
Bilia AB	0.21	1,707	1,707	Sweden
BNP Paribas	0.03	14,639	14,639	France
Bobst Group SA	0.13	1,290	1,290	Switzerland
Boliden AB	0.05	2,473	2,473	Sweden
Bouygues SA	0.01	1,381	1,381	France
Bovis Homes Group PLC	0.22	2,815	2,815	United Kingdom
BP PLC	0.03	31,514	31,514	United Kingdom
bpost SA	0.07	1,129	1,129	Belgium
Brenntag AG	0.02	1,172	1,172	Germany
British Land Co Plc	0.02	1,120	1,120	United Kingdom
BT Group PLC	0.02	5,872	5,872	United Kingdom
BTG PLC	0.15	5,289	5,289	United Kingdom
Bunzl PLC	0.02	1,677	1,790	United Kingdom
Burberry Group PLC	0.04	2,887	2,943	United Kingdom
CaixaBank SA	0.01	2,284	2,284	Spain
Capgemini SA	0.02	2,800	2,800	France
Carlsberg A/S	0.02	1,997	1,997	Denmark
Carnival PLC	0.02	1,525	1,525	United Kingdom
Carrefour SA	0.01	1,742	1,742	France
CECONOMY AG	0.10	1,143	1,143	Germany
Centamin PLC	0.11	1,527	1,527	Jersey
Centrica PLC	0.04	3,206	3,206	United Kingdom
China Construction Bank Corp	0.00	3,242	3,242	China
China International Travel Service Corp Ltd	0.02	3,439	3,439	China
China Mengniu Dairy Co Ltd	0.03	3,401	3,401	Hong Kong

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
China Petroleum & Chemical Corp	0.02	3,927	3,927	China
Christian Hansen Holding A/S	0.02	1,259	1,536	Denmark
Cie de Saint-Gobain	0.03	4,284	4,284	France
Cineworld Group PLC	0.04	1,611	1,669	United Kingdom
CNH Industrial NV	0.02	1,607	1,607	United Kingdom
CNOOC Ltd	0.00	2,968	2,968	China
CNP Assurances	0.01	1,855	1,855	France
Coca-Cola European Partners PLC	0.01	1,488	1,758	United Kingdom
Coca-Cola HBC AG	0.01	1,116	1,116	Switzerland
Coloplast A/S	0.01	1,695	1,936	Denmark
Commerzbank AG	0.04	2,551	2,551	Germany
Compagnie Financiere Richemont SA	0.02	5,870	5,870	Switzerland
Compagnie Generale des Etablissements Michelin	0.03	4,346	4,346	France
Compass Group PLC	0.02	5,616	5,875	United Kingdom
Computacenter PLC	0.18	2,289	2,289	United Kingdom
Continental Ag	0.01	2,672	2,672	Germany
Covestro AG	0.05	4,227	4,227	Germany
Credit Agricole SA	0.02	4,219	4,219	France
Credit Suisse Group AG	0.02	4,927	4,927	Switzerland
Crest Nicholson Holdings plc	0.27	2,548	2,548	United Kingdom
CRH PLC	0.02	3,904	3,904	Ireland
Croda International	0.02	1,221	1,387	United Kingdom
CSPC Pharmaceutical Group Ltd	0.06	4,582	4,582	China
CTS Eventim AG & Co KGaA	0.04	1,403	1,403	Germany
Dabur India Ltd	0.05	4,433	4,861	India
Daimler Ag	0.02	9,704	9,704	Germany
Danone SA	0.02	8,359	8,359	France
Danske Bank A/S	0.03	4,840	4,840	Denmark
Dassault Systemes Sa	0.02	3,779	4,193	France
DCC PLC	0.02	1,322	1,322	Ireland
Deutsche Bank Ag-Registered	0.02	2,751	2,751	Germany
Deutsche Boerse AG	0.03	6,152	6,637	Germany
Deutsche Lufthansa AG	0.04	3,250	3,954	Germany
Deutsche Post AG	0.02	4,748	4,748	Germany
Deutsche Telekom AG	0.02	13,388	13,577	Germany
Deutsche Wohnen AG	0.02	2,298	2,853	Germany
Deutz Ag	0.19	1,190	1,190	Germany
Diageo Plc	0.03	18,304	20,594	United Kingdom

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Dialog Semiconductor PLC	0.09	1,022	1,466	Germany
DiaSorin SpA	0.03	1,267	1,293	Italy
D'ieteren SA/NV	0.09	1,650	1,650	Belgium
Dignity PLC	0.30	1,169	1,169	United Kingdom
Direct Line Insurance Group PLC	0.05	2,437	2,437	United Kingdom
Dixons Carphone PLC	0.07	1,102	1,102	United Kingdom
DNB ASA	0.02	5,190	5,190	Norway
DNO ASA	0.22	2,998	2,998	Norway
DS SMITH PLC	0.03	1,482	1,482	United Kingdom
DSV A/S	0.02	1,952	2,175	Denmark
Dunelm Group PLC	0.19	2,350	2,350	United Kingdom
E.ON Ag	0.02	3,533	3,819	Germany
Edenred	0.02	1,139	1,520	France
EI Group PLC	0.18	1,644	1,644	United Kingdom
Eiffage SA	0.04	2,621	2,648	France
Electricite De France	0.00	1,335	1,625	France
Electro Scientific Industries Inc	0.64	5,421	5,751	United States
Electrocomponents PLC	0.05	1,316	1,316	United Kingdom
Electrolux Ab B	0.07	3,655	3,655	Sweden
Elia System Operator SA/NV	0.05	1,698	1,856	Belgium
EMS-Chemie Holding AG	0.02	1,935	1,935	Switzerland
Enagas SA	0.05	2,788	2,788	Spain
Ence Energia y Celulosa SA	0.11	1,465	1,465	Spain
Endesa SA	0.02	4,425	4,592	Spain
Enel SpA	0.02	9,008	10,661	Italy
Energias de Portugal SA	0.01	1,523	1,570	Portugal
Engie SA	0.02	4,601	4,601	France
ENI SpA	0.02	8,960	8,960	Italy
Epiroc AB	0.04	1,084	1,084	Sweden
Equinor ASA	0.01	5,108	5,947	Norway
Eramet	0.08	1,226	1,226	France
Erste Bank der Oesterreichischen Sparkassen AG	0.03	3,583	3,583	Austria
EssilorLuxottica SA	0.02	7,653	7,833	France
Essity AB	0.02	2,588	2,588	Sweden
Esterline Technologies Corp	0.17	5,283	5,420	United States
Europris ASA	0.67	2,563	2,593	Norway
Eutelsat Communications	0.10	3,866	3,866	France
Evolution Gaming Group AB	0.07	1,279	1,279	Sweden

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Evonik Industries AG	0.02	2,299	2,299	Germany
Exor NV	0.01	1,031	1,031	Netherlands
Experian Group Ltd	0.02	3,329	3,933	Ireland
Faurecia	0.04	1,699	1,699	France
Ferguson PLC	0.02	2,621	2,621	Switzerland
Ferrari NV	0.02	2,859	3,464	Italy
Ferrexpo PLC	0.36	4,650	4,650	Switzerland
Ferrovial SA	0.01	1,764	1,764	Spain
Fiat Chrysler Automobiles NV	0.01	2,170	2,750	United Kingdom
Fielmann Ag	0.03	1,427	1,427	Germany
Forbo Holding AG	0.06	1,325	1,325	Switzerland
Fraport AG Frankfurt Airport Services Worldwide	0.04	2,135	2,200	Germany
Freenet AG	0.06	1,404	1,404	Germany
Fresenius Medical Care AG & Co KGaA	0.01	2,457	2,457	Germany
Fresenius SE & Co KGaA	0.02	5,051	5,051	Germany
Fuchs Petrolub AG	0.07	1,863	1,863	Germany
G4S PLC	0.06	2,214	2,214	United Kingdom
G5 Entertainment AB	1.04	1,149	1,149	Sweden
Galliford Try PLC	0.25	1,909	1,909	United Kingdom
Galp Energia SGPS SA	0.03	3,055	3,055	Portugal
Games Workshop Group PLC	0.20	1,796	2,261	United Kingdom
Geberit AG	0.02	2,527	2,527	Switzerland
Gecina Sa	0.06	5,266	5,266	France
Gemalto NV	0.11	5,070	5,195	Netherlands
Genmab A/S	0.02	1,349	1,767	Denmark
Getlink	0.02	936	1,103	France
Givaudan SA	0.02	3,391	3,751	Switzerland
GlaxoSmithKline Plc	0.03	23,973	23,973	United Kingdom
Glencore International PLC	0.02	9,687	9,687	Switzerland
Go-Ahead Group PLC	0.19	1,410	1,410	United Kingdom
Godrej Consumer Products Ltd	0.07	5,386	7,597	India
Grafton Group PLC	0.09	1,542	1,542	Ireland
Grifols SA	0.01	1,374	1,374	Spain
Groupe Bruxelles Lambert SA	0.01	1,235	1,235	Belgium
H Lundbeck A/S	0.03	2,120	2,120	Denmark
Hamburger Hafen und Logistik AG	0.17	2,013	2,013	Germany
Hammerson Plc	0.14	4,031	4,031	United Kingdom
Hannover Rueckversicherung AG	0.02	3,035	3,110	Germany

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Hargreaves Lansdown PLC	0.01	1,092	1,183	United Kingdom
Hays PLC	0.06	1,307	1,307	United Kingdom
HDFC Bank Ltd	0.02	11,509	14,798	India
HeidelbergCement AG	0.02	1,598	1,598	Germany
Heineken Holding NV	0.01	1,709	1,709	Netherlands
Heineken Nv	0.01	3,806	4,025	Netherlands
Henkel AG & Co KGaA Com	0.01	2,724	2,724	Germany
Henkel AG & Co KGaA Pref	0.01	2,494	2,494	Germany
Hennes & Mauritz Ab B	0.01	2,166	2,166	Sweden
Hera SpA	0.07	2,554	2,703	Italy
Hermes International	0.01	4,487	4,506	France
Hexagon AB	0.01	2,070	2,070	Sweden
Hochtief AG	0.03	2,167	2,167	Germany
Howden Joinery Group PLC	0.05	1,361	1,361	United Kingdom
HSBC Holdings PLC	0.03	44,906	44,906	United Kingdom
Iberdrola SA	0.02	10,005	11,126	Spain
ICICI Bank Ltd	0.01	3,614	3,614	India
Inchcape Plc	0.12	3,025	3,025	United Kingdom
Indivior PLC	0.17	1,573	1,573	United Kingdom
IndusInd Bank Ltd	0.10	11,735	11,735	India
Industria de Diseno Textil SA	0.01	6,136	6,136	Spain
Infineon Technologies AG	0.03	5,384	5,384	Germany
Informa PLC	0.02	1,772	1,772	Switzerland
Infosys Ltd	0.01	4,959	4,959	India
ING Groep Nv -CVA	0.03	12,417	12,417	Netherlands
Intercontinental Hotels Group PLC	0.02	1,726	1,726	United Kingdom
Interpump Group SpA	0.06	1,193	1,744	Italy
Intertek Group PLC	0.02	1,306	1,742	United Kingdom
Intesa Sanpaolo SpA	0.03	7,229	9,967	Italy
Investec PLC	0.04	1,304	1,304	United Kingdom
Investor AB	0.02	3,358	3,358	Sweden
Ipsen SA	0.02	2,111	2,243	France
IPSOS	0.25	2,320	2,320	France
Iren SpA	0.07	1,492	1,909	Italy
Italgas SpA	0.05	1,771	1,855	Italy
ITV PLC	0.04	2,232	2,232	United Kingdom
J D Wetherspoon PLC	0.13	1,404	1,691	United Kingdom
J Sainsbury PLC	0.02	1,047	1,047	United Kingdom

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Jardine Lloyd Thompson Group PLC	0.11	5,136	5,136	United Kingdom
JD Sports Fashion PLC	0.07	2,756	2,756	United Kingdom
Jenoptik AG	0.09	1,217	1,217	Germany
Jeronimo Martins SGPS SA	0.03	1,926	1,926	Portugal
Jiangsu Hengrui Medicine Co Ltd	0.01	2,960	2,960	China
JM AB	0.26	3,048	3,048	Sweden
John Laing Group PLC	0.10	1,759	1,767	United Kingdom
Johnson Matthey PLC	0.02	1,218	1,218	United Kingdom
Jubilant Foodworks Ltd	0.27	5,404	5,653	India
Julius Baer Group Ltd	0.02	1,399	1,399	Switzerland
Jungheinrich Ag	0.11	1,155	1,155	Germany
Kambi Group PLC	0.22	855	1,219	Malta
KBC Groep NV	0.01	2,863	2,863	Belgium
Kering	0.02	6,127	8,106	France
Kerry Group PLC	0.02	2,457	2,760	Ireland
Kindred Group PLC	0.15	2,703	2,703	Malta
Kingfisher Plc	0.02	1,001	1,001	United Kingdom
Kingspan Group Plc	0.02	1,197	1,197	Ireland
Kinnevik Investment AB	0.04	1,765	1,765	Sweden
Klepierre	0.01	1,108	1,108	France
Koninklijke Ahold Delhaize NV	0.03	6,339	7,237	Netherlands
Koninklijke DSM NV	0.02	2,607	2,607	Netherlands
Koninklijke KPN NV	0.02	1,731	1,731	Netherlands
Korian SA	0.07	1,713	1,797	France
Kuehne + Nagel International AG	0.02	2,527	2,527	Switzerland
Kweichow Moutai Co Ltd	0.00	3,440	3,440	China
LafargeHolcim Ltd	0.02	3,510	3,510	Switzerland
Land Securities Group Plc	0.09	5,747	5,747	United Kingdom
Legal & General Group PLC	0.04	5,715	5,715	United Kingdom
Legrand SA	0.02	2,646	2,646	France
Lindt & Spruengli AG PART	0.04	2,337	2,463	Switzerland
Lloyds TSB Group Plc	0.03	14,070	14,070	United Kingdom
Logitech International SA	0.03	1,353	1,353	Switzerland
London Stock Exchange Group PLC	0.03	4,729	4,745	United Kingdom
Lonza Group Ag-Reg	0.02	2,950	3,385	Switzerland
Loomis AB	0.09	1,740	1,740	Sweden
Loreal Sa	0.01	8,514	13,305	France
LVMH Moet Hennessy Louis Vuitton Sa	0.02	16,830	20,668	France

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
M6-Metropole Television	0.16	2,896	2,896	France
Mahindra & Mahindra Ltd	0.02	2,117	2,117	India
Maire Tecnimont SpA	0.14	1,437	1,437	Italy
Mapfre SA	0.02	1,631	1,631	Spain
Mediaset Espana Comunicacion SA	0.07	1,281	1,281	Spain
Mediobanca SpA	0.04	2,379	2,379	Italy
Meggitt PLC	0.06	2,395	2,395	United Kingdom
Melexis NV	0.07	1,362	1,362	Belgium
Merck KGaA	0.02	2,339	2,339	Germany
Merlin Properties Socimi SA	0.10	4,882	4,882	Spain
Micro Focus International PLC	0.02	1,357	1,357	United Kingdom
Mitchells & Butlers PLC	0.13	1,627	1,627	United Kingdom
Moncler SpA	0.03	2,420	2,420	Italy
Mondi PLC	0.06	4,311	4,311	United Kingdom
Moneysupermarket.com Group PLC	0.08	1,318	1,318	United Kingdom
Morgan Advanced Materials PLC	0.20	1,638	1,638	United Kingdom
Mowi ASA	0.02	1,424	1,561	Norway
MTU Aero Engines AG	0.02	1,271	1,657	Germany
Muenchener Rueckversicherungs AG	0.02	5,419	5,731	Germany
Mycronic AB	0.15	1,442	1,637	Sweden
National Express Group PLC	0.08	1,614	1,614	United Kingdom
National Grid PLC	0.02	5,767	5,767	United Kingdom
Naturgy Energy Group SA	0.01	1,463	1,568	Spain
NCC AB	0.12	1,510	1,510	Sweden
Neopost SA	0.28	2,295	2,295	France
Nestle Sa	0.03	54,753	65,899	Switzerland
NetEnt AB	0.18	1,328	1,328	Sweden
Nevsun Resources Ltd	0.45	5,151	5,182	Canada
Next PLC	0.04	2,412	2,412	United Kingdom
NN Group NV	0.04	4,158	4,158	Netherlands
Nobia AB	0.16	1,303	1,303	Sweden
Nolato AB	0.16	1,337	1,337	Sweden
Norddeutsche Affinerie AG	0.06	1,215	1,215	Germany
Norsk Hydro Asa	0.03	2,441	2,441	Norway
Novartis Ag	0.03	47,811	47,811	Switzerland
Novo-Nordisk A/S B	0.03	15,645	20,582	Denmark
Novozymes A/S B	0.03	1,946	3,064	Denmark
NXP Semiconductors NV	0.02	4,422	4,422	Netherlands

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
NxStage Medical Inc	0.17	2,451	2,842	United States
Oesterreichische Post AG	0.06	1,316	1,316	Austria
OMV AG	0.03	3,964	3,964	Austria
Orange SA	0.02	5,680	5,680	France
Oriflame Cosmetics SA	0.25	2,710	2,710	Luxembourg
Orkla Asa	0.02	1,121	1,121	Norway
Orsted A/S	0.01	1,839	2,220	Denmark
Pacific Biosciences of California Inc	0.53	5,106	5,106	United States
Paddy Power Betfair PLC	0.02	1,220	1,220	Ireland
Pagegroup PLC	0.26	4,248	4,248	United Kingdom
Pandora A/S	0.08	2,955	2,955	Denmark
Partners Group Ag	0.02	2,281	3,127	Switzerland
Peab AB	0.17	3,195	3,195	Sweden
Pearson PLC	0.02	1,426	1,647	United Kingdom
Pernod-Ricard SA	0.02	5,004	6,120	France
Pershing Square Holdings Ltd.	0.63	15,429	15,429	Guernsey
Persimmon PLC	0.08	5,519	5,519	United Kingdom
Pets at Home Group Plc	0.39	2,508	2,508	United Kingdom
Peugeot SA	0.02	3,567	3,639	France
Pfeiffer Vacuum Technology AG	0.12	1,306	1,306	Germany
Philips Electronics Nv	0.02	5,632	5,854	Netherlands
Ping An Insurance Group Co of China Ltd	0.01	4,784	5,672	China
Playtech Plc	0.09	1,270	1,270	Isle,of,Man
Porsche Automobil Holding SE	0.02	1,590	1,590	Germany
PostNL NV	0.12	1,148	1,148	Netherlands
ProSiebenSat.1 Media AG	0.06	1,994	1,994	Germany
Prudential PLC	0.02	8,170	8,170	United Kingdom
Prysmian SpA	0.06	2,659	2,659	Italy
PTT Exploration & Production PCL	0.03	3,370	3,370	Thailand
PTT Global Chemical PCL	0.04	3,518	3,518	Thailand
Publicis Groupe	0.03	3,524	3,524	France
Puma Ag	0.03	2,087	2,087	Germany
Qiagen NV	0.02	1,237	1,352	Netherlands
QinetiQ Group PLC	0.08	1,465	1,465	United Kingdom
Radico Khaitan Ltd	0.45	3,014	3,014	India
Raiffeisen Bank International AG	0.03	1,874	1,874	Austria
Randgold Resources Ltd	0.02	1,389	1,389	Jersey
Randstad NV	0.03	2,368	2,368	Netherlands

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Rational Ag	0.02	1,393	1,393	Germany
Reckitt Benckiser Group PLC	0.02	10,760	10,760	United Kingdom
Red Electrica Corp SA	0.02	1,468	1,697	Spain
Red Hat Inc	0.02	5,142	5,142	United States
Redrow PLC	0.15	3,030	3,030	United Kingdom
Reliance Industries Ltd	0.01	8,869	10,068	India
RELX NV	0.01	2,409	2,409	Netherlands
RELX PLC	0.01	4,993	5,050	United Kingdom
REN - Redes Energeticas Nacionais SGPS SA	0.11	1,798	1,798	Portugal
Renault Sa	0.02	3,425	3,425	France
Renishaw PLC	0.04	1,535	1,535	United Kingdom
Repsol SA	0.02	3,848	3,857	Spain
Rio Tinto PLC	0.03	14,644	14,963	United Kingdom
Roche Holding Ag	0.03	34,356	41,773	Switzerland
Rockwool International A/S	0.05	1,200	1,341	Denmark
Royal Bank of Scotland Group PLC	0.01	2,344	2,344	United Kingdom
Royal Dutch Shell NA	0.02	23,685	23,829	Netherlands
Royal Dutch Shell Plc A GBP	0.04	41,042	41,042	Netherlands
Royal Mail PLC	0.06	1,713	1,713	United Kingdom
Royal Unibrew A/S	0.04	961	1,357	Denmark
RSA Insurance Group PLC	0.02	1,185	1,185	United Kingdom
RTL Group SA	0.02	1,667	1,667	Luxembourg
RWE Ag	0.02	1,960	1,977	Germany
Sacyr SA	0.15	1,436	1,436	Spain
Sage Group Plc	0.02	1,465	1,465	United Kingdom
Salmar ASA	0.03	844	1,315	Norway
Samsung Electronics Co Ltd	0.00	5,149	5,149	Republic of Korea
Samsung SDI Co Ltd	0.03	3,085	3,085	Republic of Korea
Sandvik Ab	0.03	4,187	4,187	Sweden
Sanofi	0.02	23,355	23,355	France
SAP Ag	0.02	23,103	23,412	Germany
Saras SpA	0.09	1,394	1,394	Italy
SAS AB	0.22	1,672	1,672	Sweden
Schaeffler AG	0.13	1,651	1,651	Germany
Schindler Holding AG PART	0.03	2,444	2,444	Switzerland
Schindler Holding AG REG	0.01	1,067	1,067	Switzerland
Schneider Electric Sa	0.02	6,561	6,561	France
SCHRODERS PLC	0.02	1,313	1,313	United Kingdom

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
SCOR SE	0.02	1,165	1,292	France
Scottish & Southern Energy PLC	0.02	2,469	2,469	United Kingdom
Segro PLC	0.02	1,292	1,339	United Kingdom
SES SA	0.02	1,224	1,224	Luxembourg
Severn Trent PLC	0.05	2,561	2,561	United Kingdom
SGS SA	0.02	3,499	3,499	Switzerland
Shimao Property Holdings Ltd	0.04	3,263	3,263	Hong Kong
Shire Ltd	0.02	10,562	10,976	Ireland
Siemens Ag	0.02	19,874	19,874	Germany
Siemens Healthineers AG	0.00	1,064	1,103	Germany
Signify NV	0.11	2,928	2,928	Netherlands
Sika Ag -Bearer	0.03	3,717	4,344	Switzerland
Siltronic AG	0.20	4,331	4,331	Germany
SimCorp A/S	0.06	1,339	1,517	Denmark
Sixt SE	0.07	1,500	1,500	Germany
Skandinaviska Enskilda Banken AB	0.03	5,231	5,231	Sweden
Smith & Nephew PLC	0.02	2,536	2,879	United Kingdom
Smiths Group PLC	0.02	1,214	1,214	United Kingdom
Smurfit Kappa Group PLC	0.05	2,698	2,698	Ireland
Snam Rete Gas SpA	0.03	3,461	3,482	Italy
Societa Iniziative Autostradali e Servizi SpA	0.06	1,693	1,693	Italy
Societe BIC SA	0.08	3,369	3,369	France
Societe Generale	0.02	4,295	4,295	France
Societe Television Francaise 1	0.10	1,465	1,465	France
SodaStream International Ltd	0.18	5,198	5,265	Israel
Sodexo	0.01	1,629	1,629	France
Software AG	0.05	1,221	1,221	Germany
Solvay SA	0.03	2,907	2,907	Belgium
Sonova Holding AG	0.02	1,484	1,592	Switzerland
Sopra Steria Group	0.08	1,359	1,359	France
Spectris PLC	0.05	1,393	1,393	United Kingdom
Ssab Svenskt Stal AB	0.15	1,391	1,391	Sweden
St James's Place PLC	0.02	1,123	1,123	United Kingdom
Standard Chartered PLC	0.02	3,847	3,847	United Kingdom
Standard Life Aberdeen PLC	0.03	2,362	2,362	United Kingdom
STMicroelectronics NV	0.03	3,146	3,146	Switzerland
Straumann Holding AG	0.01	1,138	1,138	Switzerland
Suez Environnement SA	0.03	2,388	2,388	France

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Swedbank AB	0.03	6,469	6,469	Sweden
Swedish Orphan Biovitrum AB	0.03	1,354	1,354	Sweden
Svenska Handelsbanken A	0.03	5,613	5,628	Sweden
Swiss Life Holding AG	0.04	3,815	4,550	Switzerland
Swiss Prime Site AG	0.02	1,078	1,078	Switzerland
Swiss Re Ltd	0.02	4,908	4,908	Switzerland
Swisscom AG	0.01	2,101	2,172	Switzerland
Symrise Ag	0.02	962	1,600	Germany
Tata Consultancy Services Ltd	0.01	7,242	7,242	India
Tate & Lyle PLC	0.04	1,354	1,386	United Kingdom
Taylor Wimpey PLC	0.08	3,925	3,925	United Kingdom
Tecan Group AG	0.07	1,333	1,333	Switzerland
Technogym SpA	0.07	1,382	1,382	Italy
Tele2 AB	0.02	1,015	1,106	Sweden
Telecom Italia SpA Savings	0.05	1,179	1,179	Italy
Telefonaktiebolaget LM Ericsson	0.02	3,550	4,695	Sweden
Telefonica Sa	0.02	6,970	6,970	Spain
Telenor Asa	0.02	3,938	4,014	Norway
Teleperformance	0.02	1,509	1,622	France
Telia Company Ab	0.01	2,167	2,317	Sweden
Temenos Group AG	0.02	1,271	1,271	Switzerland
Tencent Holdings Ltd	0.00	10,914	14,146	China
Terna Rete Elettrica Nazionale SpA	0.03	3,017	3,191	Italy
TESARO Inc	0.15	5,317	5,317	United States
Tesco PLC	0.02	4,182	4,182	United Kingdom
The Navigator Company S.A.	0.09	2,446	2,446	Portugal
The Swatch Group Ag Bearer	0.02	1,578	1,578	Switzerland
ThyssenKrupp AG	0.01	1,313	1,313	Germany
Titan Co Ltd	0.06	6,534	6,656	India
Total Sa	0.03	32,827	32,827	France
TransMontaigne Partners LP	0.90	5,174	5,174	United States
Tribune Media Co	0.11	3,814	3,872	United States
TUI AG	0.02	1,439	1,439	Germany
UBISOFT Entertainment	0.01	1,060	1,107	France
u-blox Holding AG	0.27	1,342	1,342	Switzerland
UBS Group AG	0.02	8,417	8,417	Switzerland
UCB SA	0.01	1,629	1,813	Belgium
Umicore SA	0.02	1,405	1,469	Belgium

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Unibail-Rodamco-Westfield	0.02	3,766	3,766	France
UniCredit SpA	0.03	7,043	7,043	Italy
Unilever NV	0.02	10,863	14,742	Netherlands
Unilever PLC	0.04	21,718	21,718	United Kingdom
United Utilities PLC	0.02	1,129	1,129	United Kingdom
Valeo SA	0.04	2,656	2,656	France
Veolia Environnement	0.04	3,610	3,610	France
Vestas Wind Systems A/S	0.02	2,455	2,590	Denmark
Vesuvius PLC	0.11	1,544	1,666	United Kingdom
Whitbread PLC	0.02	1,643	1,890	United Kingdom
Victrex PLC	0.06	1,215	1,215	United Kingdom
William Hill PLC	0.09	1,306	1,306	United Kingdom
Vinci SA	0.02	7,821	9,495	France
Wirecard Ag	0.02	2,322	3,136	Germany
Vivendi	0.02	4,121	4,452	France
WM Morrison Supermarkets PLC	0.02	1,073	1,073	United Kingdom
Vodafone Group Plc	0.02	10,635	10,635	United Kingdom
Volkswagen AG Pref	0.02	5,186	5,186	Germany
Wolters Kluwer NV	0.02	2,393	3,017	Netherlands
Volvo AB	0.04	6,602	6,602	Sweden
Vonovia SE	0.02	3,322	3,866	Germany
WPP PLC	0.03	3,831	3,831	United Kingdom
Yara International Asa	0.01	1,197	1,197	Norway
Zurich Insurance Group AG	0.03	12,908	13,315	Switzerland
Other foreign listed equities		114,079	116,566	
Foreign listed equities total		2,252,350	2,380,655	
Equity funds				
Capman Public Market Fund FCP-SIF CA1	36.03		70	Luxembourg
Evli Eurooppa B	0.10	56,276	65,798	Finland
Evli GEM B USD	0.16	26,780	26,780	Finland
Fidelity FAST Asia Fund	0.09	89,072	92,927	Luxembourg
Fondita Nordic Micro Cap B	0.03	3,814	9,797	Finland
iShares China Large-Cap ETF (USD)	0.05	68,433	68,433	United States
iShares Core MSCI Emerging Markets ETF USD	3.66	138,092	140,915	United States
iShares Core S&P 500 ETF (USD)	0.34	201,743	252,709	United States
iShares Edge MSCI Min Vol Emerging Markets ETF	0.07	163,462	163,462	United States
iShares Edge MSCI USA Min Vol	0.03	155,216	167,497	United States
iShares Edge MSCI USA Value Weighted Index	0.11	157,182	157,182	United States

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
iShares Emerging Markets Index Fund	0.05	57,823	57,823	Ireland
iShares Japan Index Fund (IE) Flexible Class JPY	0.28	45,349	45,349	Ireland
iShares MSCI Brazil ETF	0.01	38,200	38,200	United States
iShares MSCI South Korea ETF	0.01	15,936	15,936	United States
iShares MSCI Taiwan Capped ETF	0.01	13,532	13,532	United States
iShares MSCI USA Momentum Factor	0.05	151,059	166,321	United States
iShares Russell 2000 ETF	0.00	58,472	58,472	United States
LähiTapiola Hyvinvointi A	0.53	20,058	36,134	Finland
Mandatum Life Slim Tail Equity Fund B2 USD	0.00	20,225	20,418	Luxembourg
Nomura Nikkei 225 ETF	0.00	159,440	159,440	Japan
Nomura TOPIX ETF	0.00	216,039	216,039	Japan
SPDR S&P 500 Index Trust Series 1	0.00	235,732	235,732	United States
SSGA Enhanced Emerging Markets Equity Fund I USD	0.57	114,784	116,611	Luxembourg
T. Rowe Price Funds SICAV - US Smaller Companies Equity I USD	0.15	48,758	100,064	Luxembourg
UB Aasia REIT Plus K	0.19	10,000	18,780	Finland
UBS Global Emerging Markets Opportunity Fund	0.03	88,250	88,250	Ireland
Vanguard Emerging Markets Stock Index(Ins) USD	0.01	162,824	167,412	Ireland
Vanguard REIT ETF	0.00	2,133	2,133	United States
Vanguard S&P 500 Index Fund ETF Class (USD)	0.00	222,376	253,895	United States
Vanguard Total Stock Market ETF	0.00	111,467	111,467	United States
Equity funds total		2,852,525	3,067,577	
Fixed income funds				
Aktia Emerging Market Local Currency Bond+ D	9.25	97,618	104,690	Finland
Aktia Emerging Market Local Currency Frontier Bond+	11.97	76,191	78,876	Finland
Ashmore Emerging Markets Local Currency Bond Fund I EUR	0.02	101,087	101,087	Luxembourg
Aviva Global High Yield Bond Fund I USD	0.00	27,688	27,688	Luxembourg
Barings Capital Global Loan Fund Tranche A USD Acc	0.00	21,686	36,910	Luxembourg
Barings Capital Global Loan Fund Tranche B USD Acc	0.00	17,505	21,197	Ireland
Barings Emerging Markets Local Debt Fund	0.10	107,127	107,127	Ireland
Barings Emerging Markets Sovereign Debt Fund A USD	0.22	8,565	8,781	Ireland
Barings Global Senior Secured Bond D USD	0.07	23,362	23,362	Ireland
BlackRock Global Funds - Emerging Markets Bond X2 USD	0.08	36,781	38,602	Ireland
BlackRock Global Funds - Emerging Markets Corporate Bond X2 USD	1.40	22,531	33,789	Luxembourg
BlackRock Global Funds - Global High Yield Bond I2 USD	0.09	42,832	42,832	Luxembourg
BlueBay Investment Grade Absolute Return Bond Fund - I - EUR	0.02	50,752	50,752	Luxembourg
BlueBay Investment Grade Bond I Fund	0.01	49,186	49,689	Luxembourg

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Clareant European Loan Fund Class IIA EUR	0.00	19,314	23,499	Luxembourg
Evli High Yield Yrityslaina B	0.01	22,142	27,438	Luxembourg
Fidelity European High Yield Fund I-ACC-EUR	0.00	11,698	12,020	Luxembourg
GAM Multibond Local Emerging Bond Fund C EUR Unhedged	0.01	53,815	59,373	Luxembourg
Global Evolution Funds Frontier Markets I USD	0.04	79,969	79,969	Luxembourg
GMO Emerging Country Debt Investment Fund	0.05	51,633	54,489	Luxembourg
iShares Core Euro Corporate Bond UCITS ETF (EUR)	0.00	1,264	1,277	Finland
iShares Euro High Yield Corporate Bond UCITS ETF	0.00	1,000	1,000	Luxembourg
iShares iBoxx \$ Investment Grade Corporate Bond ETF	0.00	985	985	Luxembourg
iShares iBoxx USD High Yield Corporate Bond ETF	0.00	708	708	Luxembourg
M&G European Loan Fund C EUR	0.01	26,111	26,111	Luxembourg
Man GLG Global Emerging Markets Debt Total Return I US	0.03	97,845	97,845	Ireland
Man GLG Global Emerging Markets Local Currency Rates Fund I C EUR	0.20	43,019	43,019	Ireland
Muzinich Bondyield ESG Fund Institutional Hedged EUR Acc	0.07	16,745	21,898	Ireland
Neuberger Berman Emerging Market Debt - Hard Currency Fund USD I2 Acc	0.48	66,246	67,208	United States
Neuberger Berman Emerging Markets Debt -Local Currency Fund- EUR I2 Unhedged Acc Class	0.19	47,012	51,788	United States
NN L US Credit I Cap USD	0.00	17,512	17,512	Ireland
Nomura Funds - US High Yield Bond I - USD	0.00	10,484	10,484	Ireland
Nordea 1 SICAV - US Corporate Bond Fund -BI USD	0.15	44,606	44,606	Ireland
Nordea 1 SICAV European High Yield Bond Fund X EUR	0.02	20,384	27,275	Ireland
Nordea 1 SICAV US High Yield Bond Fund X USD	0.16	25,257	25,257	Ireland
Pimco Diversified Income Duration Hedged Fund Inst USD A	0.34	49,439	49,915	Ireland
Pimco Emerging Markets Corporate Bond Fund Inst USD Acc	0.56	14,259	14,510	Luxembourg
Pimco Global High Yield Bond Fund Institution Acc	0.04	38,643	43,729	Ireland
Pimco US High Yield Bond Fund USD Inst Acc	0.06	35,172	41,558	Luxembourg
Schroder International Euro Corporate Bond Fund I Acc	0.02	48,927	53,115	Luxembourg
T. Rowe Price Funds SICAV - Global High Yield Bond I USD	0.11	38,263	51,441	Luxembourg
Fixed income funds total		1,565,366	1,673,413	
Private equity funds				
Adelis Equity Partners Fund II AB		3,978	3,978	Sweden
Advent International GPE VII		13,285	22,960	United States
Advent International GPE VIII		29,205	33,011	United Kingdom
Aino Holdingyhtiö Ky		18,678	18,678	Finland
Altor Fund II (No. 1) Limited Partnership		1,510	1,510	Jersey
Altor Fund III (No. 2) Limited Partnership		9,622	12,732	Jersey
Altor Fund IV (No. 2) AB		10,929	13,285	Sweden
Amanda III Eastern Private Equity Ky		3,800	3,800	Finland

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
American Securities Partners VI, L.P.		6,020	19,024	United States
American Securities Partners VII, L.P.		35,760	35,760	United States
Antin Infrastructure Fund III L.P.		14,259	14,259	United Kingdom
Apax Europe VII - B, L.P.		5,782	5,782	United Kingdom
Apax IX EUR L.P.		21,722	26,002	Guernsey
Apax VIII - A L.P.		35,263	38,332	Guernsey
Ardian LBO Fund VI A		24,028	24,582	France
Ares Capital Europe IV (E) Unlevered		9,681	9,810	Luxembourg
Armada Mezzanine Fund IV L.P.		4,442	5,049	Finland
Auda Capital IV (Cayman) LP (USD)			887	Cayman Islands
AXA LBO Fund IV FCPR			4,537	France
AXA LBO Fund IV Supplementary FCPR			1,340	France
AXA LBO Fund V Core			10,012	France
AXA LBO Fund V Supplementary		4,665	7,658	France
AXA Secondary Fund V L.P.		210	12,463	United Kingdom
AXA Secondary Fund VII L.P.		17,225	23,256	United Kingdom
Barings Global Credit Fund (LUX) SCSp		28,390	28,735	Luxembourg
Berkshire Fund IX, L.P.		17,177	17,177	United States
Berkshire Fund VIII-A L.P.		14,599	14,599	United States
Bowmark Capital Partners IV, L.P.		5,993	5,993	United Kingdom
Bowmark Capital Partners V, L.P.		12,108	12,290	United Kingdom
Bridgepoint Europe III E, L.P.		2,176	2,176	United Kingdom
Bridgepoint Europe IV F L.P.		5,519	8,803	United Kingdom
Bridgepoint Europe V C L.P.		33,499	37,928	United Kingdom
Capvis Equity III L.P.		4,925	4,925	Jersey
Capvis Equity IV L.P.		16,458	16,458	Jersey
Capvis III Co-Investors Arena L.P.		11,103	14,289	Jersey
Cheyne European Strategic Value Credit Fund		3,750	3,774	United Kingdom
Comvest Capital IV (Luxembourg) Feeder Fund, SCSp		27,131	27,652	Luxembourg
Conor Technology Fund I Ky		461	993	Finland
Crown Opportunities Fund Ky			7,889	Finland
Danske Private Equity Partners V (USD - A) K/S		6,480	8,816	Denmark
Danske Private Equity Partners V New (USD - A) K/S		8,015	8,015	Denmark
Dasos FS Partnership SCSp		10,000	16,711	Luxembourg
Dasos LT Partnership SCSp		20,000	20,000	Luxembourg
Dasos Timberland Fund II		25,897	30,493	Luxembourg
Dover Street IX Cayman L.P.		24,727	28,439	United States
Dover Street VIII L.P.		15,691	20,789	United States

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
EQT Infrastructure III SCSp		6,718	7,481	Luxembourg
EQT VII (No. 2) L.P.		31,344	34,879	United Kingdom
Equistone Partners Europe Fund VI		2,482	2,482	Luxembourg
E-Tuuli Ky		20,856	20,856	Finland
First State Investments European Diversified Infrastructure FCP-SIF		18,237	22,432	Luxembourg
First State Investments European Diversified Infrastructure Fund II SCSp		50,000	51,457	Luxembourg
Folmer Equity Fund II, Ky		529	529	Finland
FSN Capital IV L.P.		13,954	13,954	Jersey
FSN Capital V L.P.		4,267	4,267	Jersey
Genstar Capital Partners VIII, L.P.		11,967	14,186	United States
Genstar VIII Opportunities Fund I (EU), L.P.		10,993	12,402	United States
GHO Capital Fund I L.P.		25,700	29,965	Cayman Islands
GTCR FUND XII L.P.		8,206	8,206	United States
H.I.G. Whitehorse Offshore Loan Feeder Fund		33,938	34,262	United States
Hayfin Special Opportunities Fund II		31,473	33,066	United Kingdom
Hellman & Friedman Capital Partners VIII, L.P.		25,262	29,633	United States
Hermes GPE Global Secondary Feeder I LP		5,442	9,853	United Kingdom
Hermes GPE Global Secondary Feeder II LP		8,131	10,359	United Kingdom
HgCapital 7E L.P.		22,993	29,609	United Kingdom
HPS Specialty Loan Fund IV, L.P.		22,192	23,108	United, States
ICG Senior Debt Partners II		27,090	28,904	Luxembourg
ICG Senior Debt Partners III		11,987	12,448	Luxembourg
iCON Infrastructure Partners IV, L.P.		9,678	9,678	Guernsey
Industri Kapital 2007 Limited Partnership		777	777	United Kingdom
Industrie & Finance Investissements 2 FCPR		1,527	2,438	France
Intera Fund II Ky		4,784	17,850	Finland
Intera Fund III Ky		13,239	13,800	Finland
Juuri Rahasto I Ky		9,771	9,771	Finland
Kasvurahastojen Rahasto II Ky		5,991	6,065	Finland
Kasvurahastojen Rahasto III Ky		753	753	Finland
Kasvurahastojen Rahasto Ky		5,445	7,433	Finland
Kayne Senior Credit Fund III		42,767	44,704	Luxembourg
L&C Timberlands L.P.		47,770	53,061	United States
Levine Leichtman Capital Partners V, L.P.		29,996	33,471	United States
Levine Leichtman Capital Partners VI-A, L.P.		9,446	9,909	United States
Lexington Capital Partners VIII		30,958	35,806	United States
Lifeline Ventures Fund III Ky		2,312	2,335	Finland
Lindsay Goldberg III L.P.			3,710	United States

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Lindsay Goldberg IV L.P.		24,460	34,304	United States
LT Fund Investments		60,000	75,648	Luxembourg
Macquarie European Infrastructure Fund II		1,663	2,031	United Kingdom
MB Equity Fund IV Ky		13,765	15,601	Finland
MB Equity Fund V Ky		7,711	7,711	Finland
Monroe Capital Private Credit Fund II		33,219	33,725	Ireland
Nexit Infocom II L.P.			5,684	Guernsey
Nordic Capital VII Alpha, L.P.		2,591	2,591	Jersey
Nordic Mezzanine Fund II Limited Partnership		832	1,209	United Kingdom
Nordic Mezzanine Fund III Limited Partnership		4,934	9,986	United Kingdom
Open Ocean Fund 2015 Ky		883	883	Finland
Open Ocean Opportunity Fund One Ky		522	522	Finland
Palvelurahasto I Ky		33	1,079	Finland
Partners Group Direct Mezzanine 2011 S.C.A. SICAR		13,459	17,470	Luxembourg
Partners Group Secondary 2011 (EUR) L.P. Inc		9,347	14,256	Guernsey
Partners Group U.S. Venture 2004, L.P.		2,362	2,362	United States
Platinum Equity Capital Partners III, L.P.		14,518	15,766	United States
Platinum Equity Capital Partners IV, L.P.		31,003	32,653	United States
Power Fund II Ky		1,577	1,577	Finland
Proventus Capital Partners IV B AB		2,000	2,000	Sweden
Rocket Internet Capital Partners Growth Fund		13,296	19,741	Luxembourg
Sentica Buyout IV		7,722	7,941	Finland
Sentica Buyout V Ky		5,797	6,490	Finland
Silverfleet Capital Partners II LP		23,411	23,411	United Kingdom
Sponsor Fund IV		9,014	9,406	Finland
Stonepeak Infrastructure Fund III		3,623	3,623	United States
Top Tier Venture Capital III, L.P.		2,183	2,183	United States
Top Tier Venture Capital IV, L.P.		3,729	7,734	United States
TPG Partners VI, LP		14,975	15,951	United States
TPG Partners VII, L.P.		43,129	53,674	United States
TSG 7 A L.P.		18,453	20,122	United States
TSG 7 B L.P.		1,515	1,515	United States
Vaaka Partners Buyout Fund III Ky		4,012	4,256	Finland
Waterland Private Equity Fund VI		18,022	24,580	Netherlands
Waterland Private Equity Fund VII		1,807	1,807	Netherlands
Wind Power Central Norway SCS		43,536	45,368	Luxembourg

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Vista Equity Partners Fund IV, L.P		11,485	30,850	United States
Vista Equity Partners Fund V-A		47,074	62,537	Cayman Islands
Vista Equity Partners Fund VI-A, L.P		46,768	49,509	Cayman Islands
Vitruvian Investment Partnership III		7,002	7,002	United Kingdom
Other private equity funds		12,215	21,082	
Private equity funds total		1,736,785	2,067,392	
Real estate investment funds				
Aberdeen Property Funds SICAV Pan-Nordic		921	921	Luxembourg
Agore Kiinteistöt Ky		53,975	54,905	Finland
Avara Asuinkiinteistörahasto I Ky		2,297	2,297	Finland
BlackRock Europe Property Fund III		542	542	United Kingdom
Blackstone Real Estate Debt Strategies High-Grade L.P		22,523	23,626	United States
Capman Hotels RE Ky		23,671	31,705	Finland
CBRE European Industrial Fund CV		26,041	26,041	Netherlands
CBRE Office Fund The Netherlands		12	12	Netherlands
DOF Development Fund CV		27	27	Luxembourg
Erikoissijoitusrahasto Fennica Toimitilat I		9,649	9,649	Finland
Erikoissijoitusrahasto Fennica Tontit		10,000	10,288	Finland
European Added Value Fund, L.P		154	154	United Kingdom
Exilion Asemahotellit Ky		29,203	29,203	Finland
Henderson Central London Office Fund II LP		1,801	8,292	United Kingdom
Herbert Park ICAV		4,532	4,532	Ireland
ICG-Longbow UK Real Estate Debt Investments III S.a.r.l.		13,152	13,152	Luxembourg
ICG-Longbow UK Real Estate Debt Investments V SCSp		9,805	9,828	Luxembourg
Kauppakeskus Hansa Ky		15,140	15,818	Finland
LähiTapiola Asuntorahasto Prime Ky		19,183	20,785	Finland
Morgan Stanley Prime Property Fund, LLC.		53,808	62,260	United States
Nordika II Fastigheter AB		9,667	15,212	Sweden
PBW II Real Estate Fund S.A.		4,568	4,568	Luxembourg
Prologis European Logistics Fund FCP-FIS		27,162	30,278	Luxembourg
Real Estate Debt & Secondaries Ky		8,440	8,440	Finland
Rockspring Peripheral Europe Limited Partnership			230	United Kingdom
Scandinavian Property Fund - Unleveraged		43,251	43,615	Luxembourg
Sentinel Real Estate Fund, LP		49,403	55,105	United States
Standard Life Investments UK Shopping Centre Feeder Fund L.P		15,099	15,099	Jersey
Tapiola KR III Ky		60,118	62,426	Finland
Tapiola KR IV Ky			1,763	Finland

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Tishman Speyer European Core Fund FCP-SIF		39,269	42,064	Luxembourg
Tishman Speyer European Strategic Office Fund Scots Feeder L.P.			2,491	United Kingdom
TT Holdings SCSp		30,016	33,713	Luxembourg
UBS Trumbull Property Fund LP		46,687	47,523	United States
UK Property Income Fund II		21,669	21,669	United Kingdom
Vierumäen Hotelliikiinteistö Ky		5,750	5,750	Finland
Real estate investment funds total		657,536	713,981	
Hedge fund investments				
Anchorage Capital Partners Offshore Ltd Class K		89,431	100,852	Cayman Islands
BFAM Asian Opportunities Fund Ltd Class D USD		25,281	27,140	Cayman Islands
Blue Mountain Credit Alternatives Fund Ltd		6,704	10,798	Cayman Islands
Brevan Howard Global Volatility Fund Ltd A3 EUR		7,000	7,235	Cayman Islands
Canyon Value Realization Fund (Cayman) Ltd Holdbac		3,439	3,495	Cayman Islands
Capula Global Relative Value Fund Ltd Class E		118,555	158,183	Cayman Islands
Davidson Kempner International C3 Holdback		7,309	7,458	British Virgin Islands
Elliot International Ltd Class B		44,368	87,112	Cayman Islands
Field Street Offshore Fund Ltd Class A2 Main		79,802	79,802	Cayman Islands
GoldenTree Offshore Fund Ltd. Class C		2,200	4,687	Cayman Islands
GoldenTree Offshore Ltd C Series 242 Holdback		768	777	Cayman Islands
GoldenTree Offshore Ltd C Series 266 holdback		1,525	1,542	Cayman Islands
GoldenTree Select Offshore Ltd A Series 1 Holdback		943	958	Cayman Islands
HBK Multi-Strategy Offshore Fund Ltd. Class A		15,079	16,134	Cayman Islands
High Restoration Capital Partners Offshore L.P.		2,793	8,692	United States
Hudson Bay International Fund Ltd. Holdback		2,204	2,241	Ireland
IPM Systematic Macro Fund Class C EUR		106,199	119,332	Cayman Islands
Kepos Alpha Fund Ltd. Class A		75,169	75,169	Cayman Islands
King Street Capital Ltd. Class A		12,867	13,275	British Virgin Islands
King Street Capital Ltd. Class S series 185		632	632	British Virgin Islands
Man AHL Thorium Limited		172,972	186,168	Cayman Islands
Marathon Special Opportunities Fund Holdback		1,585	1,585	Cayman Islands
Marshall Wace Market Neutral TOPS Fund Class B EUR		78,599	96,049	Ireland
Marshall Wace TOPS China A Share UCITS Fund H EUR		7,508	7,508	Ireland
Millennium International Ltd. Class EE		82,464	130,204	Cayman Islands
Old Peak Asia Fund Ltd Class A USD		23,562	23,562	Cayman Islands
Pharo Gaia Fund Ltd. Class B Series 13 EUR		25,000	25,041	Cayman Islands
Pharo Gaia Fund Ltd. Class B Series 8 EUR		70,000	85,167	Cayman Islands
Pharo Macro Fund Ltd. Class B		65,916	84,969	Cayman Islands

EUR 1,000	Proportion of all shares, %	Book value 31 Dec 2018	Market value 31 Dec 2018	Country of domicile
Pine River Fund Ltd. Class A		4,614	5,427	United States
Prudence Enhanced Income Fund		24,661	24,661	Cayman Islands
Samlyn Offshore Ltd. Class AS		82,492	88,868	Cayman Islands
Silver Point Capital Offshore Fund Ltd.		70,410	92,080	Cayman Islands
The Children's Investment Fund Class G1 EUR		19,903	19,903	Cayman Islands
Two Sigma Absolute Return Cayman Fund Ltd. Class A1		109,764	172,754	Cayman Islands
Wexford Offshore Spectrum Fund		2,118	4,677	Cayman Islands
Viking Global Equities III Ltd. Class H		54,464	80,979	Cayman Islands
Other hedge fund investments		4,940	5,675	
Hedge fund investments total		1,503,238	1,860,792	
Elo's other investments total:		11,700,556	13,378,148	
Other investments, subsidiaries				
Finnish unlisted shares and holdings				
Soittokunnanpolun Pysäköinti Oy		414	414	Finland
Herttoniemen Pysäköinti Oy		9	9	Finland
Ruukinpuiston Pysäköinti Oy		134	134	Finland
Kiinteistö Oy Espoon Biiliparkki		3,449	3,449	Finland
Vaneritorin Parkki Oy		83	83	Finland
Nelikkokujan autopaikoitus Oy		355	355	Finland
Jätkäsaaren Pysäköinti Oy		771	771	Finland
Jätkäsaaren jätteen putkikeräys Oy		945	945	Finland
Stella Business Park Oy		1,415	1,415	Finland
Stella Park		1,363	1,363	Finland
Kiinteistö Oy Uusi Maapohja		109	109	Finland
Other equities		5	5	Finland
Subsidiaries' other investments, total:		9,051	9,051	
Total:		11,709,607	13,387,199	

Holdings with a book value of over EUR 1,000 have been specified.

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
11. LOAN RECEIVABLES				
Loan receivables itemised by guarantee				
Bank guarantee	62,501	67,096	62,501	67,096
Insurance policy	39,597	55,205	39,597	55,205
Other guarantee	71,565	34,421	71,565	34,421
Remaining acquisition cost	173,663	156,723	173,663	156,723
Non-guarantee remaining acquisition cost, total	233,751	220,024	233,751	220,024
Total pension loan receivables				
Other loans guaranteed by mortgages	321	345	321	345
Other loans	105,280	120,507	105,280	120,507
Remaining acquisition cost, total	105,601	120,852	105,601	120,852
Loans to related parties				
Loans granted to Group companies	595,823	546,647		
Loans granted to participating interests	69,346	114,346	69,346	114,346
<p>The original loan period of loans is no more than 20 years.</p> <p>The loans either have fixed interest or are linked to the market rate.</p> <p>Securities for loans consist of mortgages on property or mortgages on an installation on the property of a third party, unless the loan in question is a subordinated loan.</p>				
Other loans to related parties	122,605	156,556	122,605	156,556

The original loan period of loans is no more than 10 years.

The interest basis of the loans is the TyEL loan interest rate and the Euribor rate.

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
12. OPEN SECURITY LOAN AGREEMENTS				
Borrowed securities				
Quantity	88,055		88,055	
Current value	167,898		167,898	
Remaining acquisition cost	164,188		164,188	

The borrowed securities are comprised of both listed shares and bonds.

The loan period of all loans is under 1 year.

The current value of the assets pledged collateral for the borrowing is presented in the note on collateral and contingent liabilities.

EUR 1,000	Intangible rights 2018	Other long-term expenses 2018	Projects in progress of long-term expenses 2018	Provisional premiums 2018	Machinery and equipment 2018	Other tangible assets 2018
13. CHANGES IN TANGIBLE AND INTANGIBLE ASSETS, PARENT COMPANY						
Acquisition cost, 1 Jan	14,529	32,817	143	1,857	6,608	380
Items written off in the previous year	-1,480	-1,553			-207	
Increase	230	55	1,819	822	1,215	
Decrease				-162	-594	
Transfers between items		1				
Acquisition cost, 31 Dec	13,279	31,320	1,962	2,517	7,023	380
Accumulated depreciations on 1 Jan	-9,762	-18,719			-2,511	
Items written off in the previous year	1,480	1,553			207	
Accumulated depreciation related to deductions and transfers		-1			301	
Depreciation for the financial year	-2,528	-4,823			-1,040	
Accumulated depreciations on 31 Dec	-10,811	-21,990			-3,044	
Book value on 31 Dec	2,468	9,330	1,962	2,517	3,979	380

EUR 1,000	Intangible rights 2018	Other long-term expenses 2018	Projects in progress of long-term expenses 2018	Provisional premiums 2018	Machinery and equipment 2018	Other tangible assets 2018
13. CHANGES IN TANGIBLE AND INTANGIBLE ASSETS, GROUP						
Acquisition cost, 1 Jan	14,592	32,817	143	1,857	6,608	380
Items written off in the previous year	-1,480	-1,553			-207	
Increase	230	55	1,819	822	1,216	
Decrease				-162	-594	
Transfers between items		1				
Acquisition cost, 31 Dec	13,342	31,320	1,962	2,517	7,024	380
Accumulated depreciations on 1 Jan	-9,762	-18,719			-2,511	
Items written off in the previous year	1,480	1,553			207	
Accumulated depreciation related to deductions and transfers		-1			301	
Depreciation for the financial year	-2,528	-4,823			-1,040	
Accumulated depreciations on 31 Dec	-10,811	-21,990			-3,044	
Book value on 31 Dec	2,531	9,330	1,962	2,517	3,980	380

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
14. OTHER PREPAYMENTS AND ACCRUED INCOME, ACCRUALS AND DEFERRED INCOME				
Other prepayments and accrued income				
Receivables from funds	585	2,724	585	2,724
Dividends from foreign investments	10,457	7,550	10,457	7,550
Receivables from division of cost	49,514	9,646	49,514	9,646
Open purchase money claims	9,734	10,000	9,734	10,000
Other prepayments and accrued income	3,033	2,992	4,677	5,168
Total	73,323	32,912	74,967	35,088
Accruals and deferred income				
Accruals and deferred income from derivatives	19,861	18,739	19,861	18,739
Debt from division of cost	3,245	41,433	3,245	41,433
Other accruals and deferred income	20,650	19,723	27,879	22,487
Total	43,757	79,894	50,985	82,659

EUR 1,000	1 Jan 2018	Increase	Decrease	31 Dec 2018
15. CAPITAL AND RESERVES, PARENT COMPANY				
Changes in capital and reserves				
Initial fund	6,694			6,694
Other reserves	92,802	5		92,807
Profit brought forward	1,842			1,842
Profit for the accounting period	5	6	-5	6
Total	101,343	11	-5	101,349
Distribution of capital and reserves after the proposed distribution of profit				
Share of policyholders after the proposed distribution	101,349			
Distributable profits				
Profit for the year	6			
Other distributable reserves				
Other reserves	92,807			
Accumulated profit	1,842			
Total distributable profits	94,655			

EUR 1,000	1 Jan 2018	Increase	Decrease	31 Dec 2018
15. CAPITAL AND RESERVES, GROUP				
Changes in capital and reserves				
Initial fund	6,694			6,694
Guarantee fund	88			88
Revaluation reserve	185			185
Loan amortisation reserve	84			84
Other reserves	93,030	5		93,035
Profit brought forward	-8,546	10,999	-19,500	-17,046
Profit for the accounting period	10,999	11,263	-10,999	11,263
Total	102,534	22,267	-30,499	94,303
Distribution of capital and reserves after the proposed distribution of profit				
Share of policyholders after the proposed distribution	94,303			
Distributable profits				
Profit for the year	11,263			
Other distributable reserves				
Other reserves	93,035			
Accumulated profit	-17,046			
Total distributable profits	87,252			

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
16. TECHNICAL PROVISIONS				
Premium reserve				
Future pensions	10,047,032	9,350,580	10,047,032	9,350,580
Provision for future bonuses	1,312,093	1,468,802	1,312,093	1,468,802
Provision for current bonuses	72,328	72,483	72,328	72,483
Provision linked to equity income	-144,550	411,984	-144,550	411,984
Total premium reserve	11,286,904	11,303,849	11,286,904	11,303,849
Provision for claims outstanding				
Current pensions	9,144,783	8,830,605	9,144,783	8,830,605
Total provision for claims outstanding	9,144,783	8,830,605	9,144,783	8,830,605
Total technical provisions	20,431,687	20,134,453	20,431,687	20,134,453

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
17. COLLATERAL AND CONTINGENT LIABILITIES				
COLLATERAL GIVEN ON OWN BEHALF				
Pledges given as security for derivatives trading	19,513	75,770	19,513	75,770
Mortgages given as security for external loans			26,500	26,500
LIABILITIES RESULTING FROM DERIVATIVE CONTRACTS				
NON-HEDGING DERIVATIVES				
Interest rate derivatives				
Forward and future contracts, open				
Value of underlying instruments	-2,000,275	-637,490	-2,000,275	-637,490
Current value		-3		-3
Option contracts, open				
Options bought				
Value of underlying instruments	389,839		389,839	
Current value	22,434		22,434	
Options sold				
Value of underlying instruments	-1,123,864		-1,123,864	
Current value	-699		-699	
Interest rate swaps, open				
Value of underlying instruments	125,159	96,227	125,159	96,227
Fair value	1,235	-82	1,235	-82
Foreign currency derivatives				
Forward contracts, open				
Value of underlying instruments	-6,341,880	-6,958,355	-6,341,880	-6,958,355
Current value	49,261	69,398	49,261	69,398
Option contracts, open				
Options bought				
Value of underlying instruments	-661,379	215,611	-661,379	215,611
Current value	7,392	3,453	7,392	3,453
Options sold				
Value of underlying instruments	90,415	-1,524	90,415	-1,524
Current value	-3,121	-493	-3,121	-493

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
Equity-linked derivatives				
Forward and future contracts, open				
Value of underlying instruments	186,674	700,395	186,674	700,395
Current value		-1,141		-1,141
Option contracts, open				
Options bought				
Value of underlying instruments	-2,070,980	-878,689	-2,070,980	-878,689
Current value	167,676	65,795	167,676	65,795
Options sold				
Value of underlying instruments	-987,344	-928,678	-987,344	-928,678
Current value	-137,986	-53,126	-137,986	-53,126
Credit risk derivatives				
Credit risk swaps, open				
Value of underlying instruments	-83,913	-134,807	-83,913	-134,807
Current value	-4,849	-14,607	-4,849	-14,607
Other derivatives				
Forward and future contracts, open				
Value of underlying instruments	-12,210	503	-12,210	503
Current value		35		35
As of the financial statements for 2018, we are reporting the current values of derivative contracts as “clean values”, without accumulated interest. The comparison figures have also been adjusted.				
The result of closed and expired derivatives has been entered in full in the profit and loss account.				
COLLATERAL RECEIVED				
Collateral for derivatives trade	52,370	25,610	52,370	25,610
Collateral received for securities borrowing				
Current value of pledges	174,941		174,941	
INVESTMENT CONTRACTS				
Private equity funds	1,936,983	1,801,919	1,936,983	1,801,919
Fund investments	42,445		42,445	
Real estate funds	289,027	130,963	289,027	130,963

EUR 1,000	Parent company 2018	Parent company 2017	Group 2018	Group 2017
LEASE AND RENT LIABILITY				
Lease liability for the current financial year	131	76	131	76
Lease liability for future financial years	451	282	451	282
OTHER CONTINGENT LIABILITIES				
Liability for the VAT debt of the tax liability group in accordance with section 188 of the Value Added Tax Act	2,396	2,741	2,396	2,741
Refund liability for the real estate investments of the tax liability group in accordance with section 120 of the Value Added Tax Act	50,051	44,718	50,051	44,718
Guarantees on behalf of Group companies			318	396
MORTGAGES ON REAL ESTATE AND RIGHT OF LEASE				
Mortgaged debentures				18,729
MORTGAGES ISSUED IN EXCHANGE FOR RIGHT OF LEASE				
Mortgaged debentures			189	343
OTHER SECURITY				
Deposits			297	297
MORTGAGES ON LEASE PLOTS				
			148	148
The company has no liabilities or contingent liabilities to parties related to the insurance company.				
The company has not engaged in related-party transactions other than those conducted under normal commercial terms.				

EUR 1,000	Parent company 2018	Parent company 2017
18. SOLVENCY CAPITAL, PARENT COMPANY		
Capital and reserves after the proposed distribution of profit	101,349	101,343
Accrued appropriations	828	811
Valuation difference between current values of assets and book values of balance sheet items	2,537,130	3,265,410
Provision for future bonuses	1,312,093	1,468,802
Deferred acquisition costs and intangible assets	-16,277	-20,865
	3,935,123	4,815,500
Minimum amount of solvency capital under section 17 of the Act on Pension Insurance Companies	810,429	1,013,399

EUR 1,000	Group 2018	Group 2017
18. LONG-TERM LOANS, GROUP		
Long-term liabilities to non-Group Companies maturing later than within 5 years	21,522	19,590

Group structure 31 dec 2018

The Group comprises the following companies:

Asunto Oy Asematie 13
Asunto Oy Bulevardi 32
Asunto Oy Espoon Kalaonnentie 3
Asunto Oy Espoon Moodi
Asunto Oy Espoon Nelikkokuja 5
Asunto Oy Espoon Puistopiha
Asunto Oy Espoon Punakaneli
Asunto Oy Espoon Ratsukatu 4
Asunto Oy Espoon Viirikuja 1
Asunto Oy Helsingin Aleksis Kiven katu 11
Asunto Oy Helsingin Henrikintie 5
Asunto Oy Helsingin Kerttulipuisto
Asunto Oy Helsingin Kokkokalliontie 1
Asunto Oy Helsingin Kokkokalliontie 3
Asunto Oy Helsingin Kokkokalliontie 5
Asunto Oy Helsingin Kokkokalliontie 9
Asunto Oy Helsingin Konalantie 7
Asunto Oy Helsingin Konalantie 9
Asunto Oy Helsingin Linnankoskenkatu 4
Asunto Oy Helsingin Puuskakuja 23
Asunto Oy Helsingin Puuskarinne 7
Asunto Oy Helsingin Yliskyläntie 2
Asunto Oy Jyväskylän Schaumanin Puistotie 19
Asunto Oy Jyväskylän Suuruspääntie 8
Asunto Oy Järvenpään Kartanontie 15
Asunto Oy Järvenpään Paja
Asunto Oy Järvenpään Sahankaari 13
Asunto Oy Keravan Lintulammenkatu 5 A
Asunto Oy Keravan Palokorvenkatu 9
Asunto Oy Keravan Solina
Asunto Oy Kotkan Kirkkokatu 4
Asunto Oy Lahden Purserinsaari
Asunto Oy Lappeenrannan Pikisaarenranta
Asunto Oy Oulun Hallituskatu 25
Asunto Oy Pitäjänmäentie 35
Asunto Oy Rovaniemen Lapintapiola

Asunto Oy Slottsveden Helsinki
Asunto Oy Tampereen Lapinkaari 18
Asunto Oy Tampereen Lapinniemen Majakka
Asunto Oy Tampereen Sammonkatu 66
Asunto Oy Tampereen Sarvijaakonkatu 13 ja 19
Asunto Oy Tampereen Sarvijaakonkatu 14
Asunto Oy Tampereen Sarvijaakonkatu 15–17
Asunto Oy Tapiolan Caritas, Oulu
Asunto Oy Tervatori
Asunto Oy Turun Itäinen Rantakatu 68
Asunto Oy Turun Purseripuisto
Asunto Oy Turun Merimiehenkatu 7
Asunto Oy Vantaan Kilterinkuja 4
Asunto Oy Vantaan Kilterinkuja 6
Asunto Oy Vantaan Kilterinkuja 8
Asunto Oy Vantaan Kilterinkuja 10
Asunto Oy Vantaan Kulonpohja
Asunto Oy Vantaan Lammasrinne 2
Asunto Oy Vantaan Lähettilääntie 1
Asunto Oy Vantaan Martinteeri
Asunto Oy Vantaan Neilikkatie 15
Asunto Oy Vantaan Tikkurilan Verso
Dynamo Business Park Oy
Jalava-Kodit Oy
Kampintalo Oy
Kiinteistö Oy Annankatu 32
Kiinteistö Oy Dynamo
Kiinteistö Oy Espoon Revontulentie 7
Kiinteistö Oy Espoon Swing Plus A
Kiinteistö Oy Espoon Swing Plus C
Kiinteistö Oy Espoon Tietäjätie 14
Kiinteistö Oy Haapaniemenkatu 5
Kiinteistö Oy Hauki
Kiinteistö Oy Helsingin Erottajankulma
Kiinteistö Oy Helsingin Paperitie 7
Kiinteistö Oy Hotelli Keurusselkä
Kiinteistö Oy Järvenkynny

Kiinteistö Oy Kaartinkaupungin Helmi
Kiinteistö Oy Kampinmäki
Kiinteistö Oy Kasarmintorin Kauppakeskus
Kiinteistö Oy Kouvolan Tapiola
Kiinteistö Oy Kuparitalo 1
Kiinteistö Oy Kyttälän Keskus
Kiinteistö Oy Linnanrakentajantie 4
Kiinteistö Oy Martinsillantie 2 a
Kiinteistö Oy Oulun Cinematori
Kiinteistö Oy Oulun Hotellitori
Kiinteistö Oy Pendoliino
Kiinteistö Oy Pitkäsillanranta 3
Kiinteistö Oy Rauman Hakunintie 12
Kiinteistö Oy Rauman Hakunintie 26
Kiinteistö Oy Robert Huberin tie 7
Kiinteistö Oy Stella Nova
Kiinteistö Oy Stella Solaris
Kiinteistö Oy Tampereen Hämeenkatu 7
Kiinteistö Oy Tampereen Tornihotelli
Kiinteistö Oy Tapiolankynny
Kiinteistö Oy Turun Ovakonkatu 2
Kiinteistö Oy Valimontie 27
Kiinteistö Oy Vantaan Hakintie 7
Kiinteistö Oy Vantaan Rajatorpantie 8
Kiinteistö Oy Vantaan Kilterinkaari 8
Kiinteistö Oy Vantaan Kilterinkujanparkki
Kiinteistö Oy Vantaanportin Maamerkki
Kiinteistö Oy Vantaanportin Seisake
Kiinteistö Oy Verkko
Kokkokallion Pysäköinti Oy
Lappeenrannan Kulmatalo Oy
Lehmus-Kodit Oy
Exilion Capital Oy
Exilion Real Estate I Ky
Kiinteistö Oy Elielin liikerakennus
Kiinteistö Oy Itämerentori
Kiinteistö Oy Kluuvikatu 8

Probus Holding Oy
Asunto Oy Helsingin Hiekkalaituri
Asunto Oy Sodankylän Kaivola
Asunto Oy Vuohelmi Helsinki
Avara Anterius Oy
Avara Aptus Oy
Avara Artus Oy
Avara Domus Oy
Avara Orientis Oy
Avara Probus Oy
Kiinteistö Oy Levin Kätkänkiisa
Kiinteistö Oy Ollinrinne
Simonkentän Hotelliikiinteistö Oy
Tammi-Kodit GP Oy
Tammi-Kodit Ky
Asunto Oy Kangasalan Finnentie 15
Asunto Oy Nokian Hinttalankatu 12
Asunto Oy Raison Kerttulantie 18
Asunto Oy Raison Kruunuvoudinkatu
Asunto Oy Raison Martinkatu 5 ja 7
Asunto Oy Tampereen Aapelinraitti 3
Asunto Oy Tampereen Aapelinraitti 5
Asunto Oy Tampereen Aapelinraitti 7
Asunto Oy Tampereen Alasniitynkatu 23
Asunto Oy Tampereen Hussankatu 31
Asunto Oy Tampereen Insinöörikatu 80
Asunto Oy Tampereen Junailijankatu 1
Asunto Oy Tampereen Melakatu 5
Asunto Oy Tampereen Oraskuja
Asunto Oy Tampereen Peltovainionkatu 16
Asunto Oy Tampereen Uittotunnelinkatu
Asunto Oy Tampereen Vaakonraitti 8
Asunto Oy Tampereen Vestonkatu 59
Asunto Oy Tampereen Vestonkatu 67
Asunto Oy Ylöjärven Asemantie 10

Elo's risk management

Risk management as part of internal control

Elo's risk management is part of the company's internal control. The purpose of internal control is to provide a sufficient certainty that the company

- operates economically, efficiently and profitably;
- achieves the established objectives and goals;
- complies with legislation, regulations, policies, decisions of the administrative organs, internal plans, rules and procedures;
- manages operational risks; and
- that reporting and other management information is reliable

The arrangement of Elo's risk management is based on compliance with the regulations issued by the authorities and the aim of developing towards the best European practices of risk management, where applicable. Risk management ensures the continuity of operations in different situations and supports the company in achieving the operational objectives and competitive edge.

In accordance with Elo's principles, comprehensive risk management should cover all risk types and parts of the organisation. Similarly, risk management processes shall be systematic and continuous, as well as continuously evolve. A comprehensive risk management process comprises the following phases: risk identification, risk measurement and assessment, procedures to change the risk position and prepare for risks and prevent risks, and monitoring, supervision and reporting of risks.

In particular, risk management must cover the risks associated with the management of assets and liabilities, investments, solvency, concentration risk, operational risks, strategic risk, reputation risk, interaction of individual risks, and external risks.

Risk-bearing capacity is the amount of risk that the company can take to implement the strategy and achieve the



business objectives. The key indicator of risk-bearing capacity is the company's solvency, which prepares for both investment risks and actuarial risks for which the company is liable. The company's risk-bearing capacity is also influenced by the quality of the company's management system and risk management. High-quality and reliable governance, internal control and risk management increase the company's risk-bearing capacity and enable higher risk-taking.

Risk appetite is the amount of risk that the company is willing to take to meet its business objectives. Diverse risks are taken within the limits specified by the Board of Directors and they are dimensioned so as to not compromise the company's operations or stability. The most essential selection regarding the company's risk appetite concerns the risk exposure of the company's investments and solvency management.

Organisation of risk management

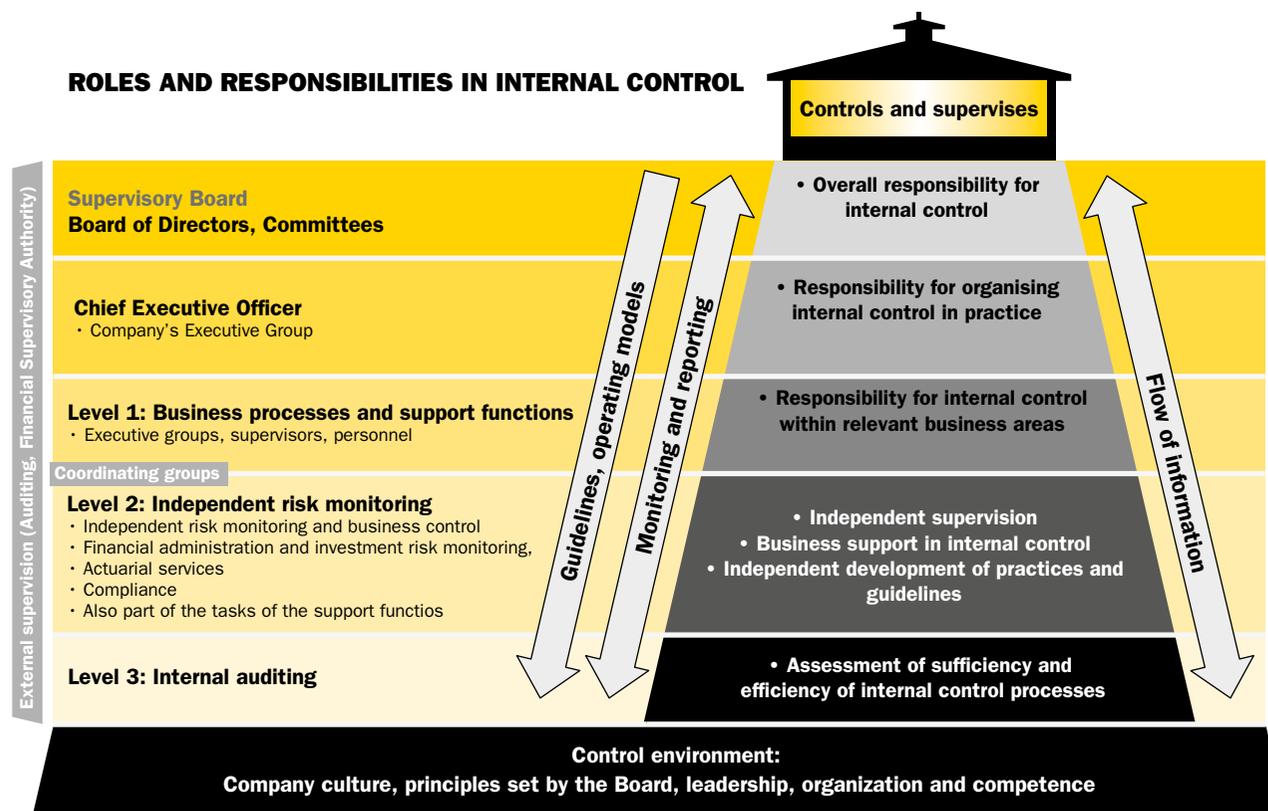
The Board of Directors decides on the company's strategy and business objectives. Elo's Board of Directors bears overall responsibility for the organisation of risk management. The Board of Directors confirms the general risk management principles, allocation of responsibilities and key policies. The Board of Directors annually confirms the risk-related objectives and restrictions in more detail in the risk management plan and, with regard to investments, in the investment plan. As part of the risk management and strategy work, Elo annually prepares an own risk and solvency assessment (ORSA). The risk and solvency assessment compiles different estimates and analyses of the risks with material impacts on the company's operations and their management. The ORSA is part of the company's strategic decision-making, risk management system and preparation of the investment plan, and thereby it supports the decision-making of the Board of Directors.

Business objectives can also include risk-related objectives, indicators and restrictions. Matters relating to risk management are also reviewed by the Audit Committee of the Board of Directors.

The Board of Directors regularly monitors the state of the company's risk management and the development of key risks. Solvency and investment risks are reported to the Board of Directors in a standard format each month, with somewhat more extensive reports submitted quarterly. Operational risks are reported on to the Board of Directors approximately once a quarter. The company's overall risk position is assessed annually and a risk management plan is prepared for the Board of Directors to confirm, in addition to which the overall situation of risks and risk management is reported half-yearly.

The company's CEO answers to the Board of Directors for the operations of the company, including the company's risks and organisation of risk management.

At the first level of risk management, the directors of business functions are responsible towards the CEO for the business and operational risks of their area of responsibility and the implementation of the required risk management measures, compliance with the company's risk management policy, risk management plan and risk management guidelines, as well as for monitoring risks.



The second level of risk management comprises independent risk monitoring functions. The company's central independent risk monitoring function is the Risk and Business Control unit, which assesses the state of the company's risks and risk management as a whole, supports the development of risk management and, among other things, prepares the company's risk management plan for the Board of Directors to approve. In addition, there are separate functions carrying out independent control in certain areas of risks. The monitoring and reporting of solvency and investment risks is carried out by the Finance and Investment Risk Supervision unit. Actuarial Services monitor actuarial risks and, for its own part, solvency.

The duties of the Compliance function include independent monitoring of compliance with legislation and other external

and internal rules pertaining to operations, as well as supporting the Board of Directors in organising reliable administration. The Compliance function cooperates closely with both the management and the business functions, providing e.g. support, information and training in matters pertaining to legal risks.

The third level comprises internal auditing. Internal auditing assesses the adequacy and efficiency of the risk management processes by issuing recommendations for improving them and by consulting in their development.

To implement risk management, the company has risk management coordination groups in the fields of overall risk management, solvency and investment risk management and security.

Classification and general principles of risk management

Elo's risk management planning and documentation uses a three-fold classification for risks

- strategic risks
- financial risks
- operational risks

Strategic risks include risks associated with the choices of strategic intent or changes in the market position, competitive situation or customer behaviour, as well as risks associated with general economic development. Depending on the situation, a financial or operational risk can become a strategic risk. Financial risks are most essentially connected to solvency and risks of investment operations, risk concentrations, the company's business expenses, liquidity and risks of insurance operations. Operational risks refer to risks arising from processes, personnel, information systems, external factors or data security. Legal risks and compliance risks are also addressed in connection with operational risks.

In accordance with the risk management principles, Elo pursues a corporate culture in which internal control and risk management are part of all operations, management system and day-to-day decision-making. The corporate culture based on the company's openness and trust also supports risk management. The starting point in all situations is to safeguard the company's solvency and liquidity.

Financial risks

Solvency

In an employment pension company, the most significant risk in terms of impact concerns a considerable impairment of solvency, which can happen if the investment risks are realised or if investment returns fall significantly short of the yield requirement concerning the technical provisions. Elo aims to invest profitably and responsibly and to safeguard solvency. Investment operations are guided with principles included in the investment plan. The risks of investment operations are analysed within the solvency framework set by the authorities and using the company's internal risk models. The riskiness of the investments influences the required amount

of solvency capital. Investment operations are also burdened by the investment plan's risk distributing constraints, yield requirement concerning the technical provisions and the requirement for safeguarding solvency.

Solvency capital is used for buffering against fluctuations in the employment pension company's investment assets and insurance business. The starting point in the management of investment risks is that the company's solvency is safeguarded with sufficient probability. The solvency capital must be high enough to cover expected fluctuations in the values and returns of the assets covering the technical provisions. The overall risk is dimensioned so as to keep the solvency capital in proportion to solvency requirement at a safe level also if the risks materialise.

An employment pension company is responsible for both current and future pensions. The liabilities are long-term, and therefore investment operations must have a long-term perspective and be safe. Returns require taking risks, and the company dimensions its risk appetite according to the risk-bearing capacity at each time.

Solvency capital, primarily the unallocated collective buffer fund and investment valuation items, is intended to function as a buffer in case of any losses from investment operations, but the unallocated provision for future bonuses is also used as a buffer for the risk result of insurance operations. If the returns from investment operations exceed the return required for the technical provisions, the excess part increases the solvency capital. If the returns from investment operations fall short of the required return, a corresponding amount of accrued solvency capital is reversed. Correspondingly, if the risk result payments exceed the corresponding expenses, the unallocated provision for future bonuses increases and vice versa.

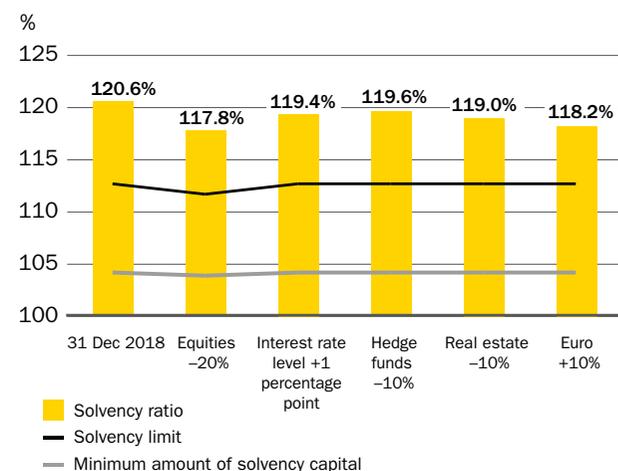
Elo's solvency is monitored with the solvency framework specified by the authorities. The key reported solvency figures are solvency capital, solvency ratio and solvency position.

Solvency is also monitored using models developed by the company, intended to illustrate the actual risk of the investments in more detail than the official framework. The models are used for making solvency sensitivity analyses, monitoring the development of risk figures and assessing the future development of solvency utilising diverse economic scenarios.

The scenario model used at Elo, which supports risk management and supplements solvency management, is based on actual economic indicators and their mutual connections. The Finnish private sector employment pension system's solvency framework is implemented in the model, and it aims to consider the actuarial special features of the system. The scenario model is based on a comprehensive analysis of historic parameters, which aims to create possible and essential scenarios impacting solvency.

Elo's solvency position at the end of 2018 was EUR 3,935.1 million and its ratio to the technical provisions used in solvency calculations was 120.6%. The solvency limit was EUR 2,431.3 million. The solvency capital was 1.6 times the solvency limit.

Solvency sensitivity analysis 31 December 2018



The stress reviews the impact of individual risk components on solvency. The returns of asset classes other than those stressed are assumed to remain unchanged.

Investment risks

Managing the risks of investment operations is part of Elo's core processes and an essential part of the investment strategy. Constraints and allocation goals describing the company's investment strategy and objectives are set for the risks so that the company's solvency will not be compromised at an acceptable solvency level.

The investment plan annually confirmed by the Board of Directors specifies, among other things,

- Principles and strategic objectives of the company's investment operations
- Risk management-related objectives and risk appetite, constraints concerning, for example, allocation and liquidity
- Principles of use of derivative instruments
- The basic allocation (breakdown of investments by asset class), the return objectives and authorisations can deviate in the basic allocation
- Key investment-related risks, such as market, credit and liquidity risk
- Principles of use of derivative instruments

The limits and decision-making authorisations included in the investment plan aim to ensure the sufficient distribution of the risks of investments and avoid concentration risks.

Investment reports and monitoring of limits are realised regardless of the investment function.

Elo uses an in-house analysis model that includes expected returns, deviations and interdependencies of investment types in decision-making relating to investment classes and planning the allocation of asset classes. The general development of solvency in the employment pension insurance sector is also taken into consideration in the calculation. The model is used for reviewing diverse allocations and market situations so that the best return facilitated by the company's solvency can be probably achieved during the period under review. Markets and the investment environment are continuously monitored and risk-taking opportunities are considered every time when determining the risk appetite.

The key risks from the point of view of investment operations are market risks, credit and counterparty risks, liquidity risk and operational risks. Market risks refer to the possibility of losses from investments due to changes in market prices or volatility. Market risks include risks arising from changes in

the value of shares, interest rates, exchange rates, commodities and real estate.

The market risk of equity investments arises from changes in share prices and volatility in the market. This "systematic" share risk can emerge due to changes in the general economic situation and sudden market disruptions. The risk of shares not depending on the market, such as risk inherent in an individual company or industry, is unsystematic risk. The unsystematic risk of shares can be decreased by allocating investments to several investments, different industries and several geographical areas. In addition to divesting investments, the risk inherent in shares can be limited by hedging share and share index derivatives.

Interest risk arises from the effect of general interest rates on fixed income investments. Interest risk is managed by changing the allocation of investments on the interest curve within the investment limits and with cash investments and derivatives. Credit risk is managed by allocating investments to different industries, credit ratings and geographically. The credit risk of bonds is managed both by limiting individual investments by credit rating and the combined share of a specific credit rating of the bond portfolio. To manage the counterparty risk of OTC derivatives, Elo uses ISDA-approved standard contracts and limits the amount of open counterparty risk by a collateral procedure.

Breakdown and return from investment operations 31 December 2018

	Basic allocation by market value		Actual risk position		Return	Volatility
	EUR million	%	EUR million	%	%	%
Fixed-income investments	8,441.9	37.4	6,302.0	27.9	-0.8	
Loans	560.2	2.5	560.2	2.5	2.8	
Bonds	6,435.1	28.5	6,327.4	28.0	-1.2	2.6
Bonds of public corporations	3,221.1	14.3	3,160.5	14.0	-0.9	
Bonds of other corporations	3,214.0	14.2	3,166.9	14.0	-1.5	
Other money market instruments and deposits inc. any receivables and liabilities related to investments	1,446.6	6.4	-585.5	-2.6	-0.5	
Equities	9,251.4	40.9	9,303.7	41.2	-4.7	
Listed equities	6,802.4	30.1	6,854.7	30.3	-10.2	9.2
Private equity investments	2,067.4	9.1	2,067.4	9.1	16.0	
Unlisted equity investments	381.7	1.7	381.7	1.7	10.6	
Real estate	3,002.8	13.3	3,002.8	13.3	5.8	
Direct real estate investments	2,284.4	10.1	2,284.4	10.1	5.7	
Real estate funds and joint investment companies	718.4	3.2	718.4	3.2	6.3	
Other investments	1,899.2	8.4	1,887.0	8.4	1.6	
Hedge fund investments	1,860.8	8.2	1,860.8	8.2	1.7	3.6
Commodity investments	0.0	0.0	-12.2	-0.1	-	
Other investments	38.4	0.2	38.4	0.2	-	
Total investments	22,595.3	100.0	20,495.6	90.7	-1.4	3.1
Effect of derivatives			2,099.8	9.3		
Total	22,595.3	100.0	22,595.3	100.0		

The return on foreign currency derivatives is estimated for asset classes in proportion to the average foreign currency-denominated assets during the reporting period. The total return includes returns, expenses and operating expenses not allocated to investment classes. The modified duration of bonds is 3,7 years. The open currency exposure is 20,6% of market value.

The risks of Elo's investments are continuously monitored by a party independent of investment operations. Market risks are managed by regular stress tests and return calculations in different scenarios and maximum loss calculations, among other measures. Regular reporting and monitoring also includes reviewing risk indicators typical of an asset class or investment.

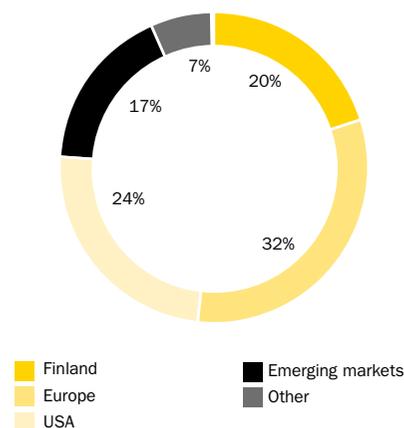
Insurance risks

The insurance contributions and the technical provisions include a component corresponding to business under the company's own responsibility, the "risk result", and a component corresponding to business under the joint responsibility of pension institutions.

Key insurance risks emerge from deviations in the forecasts used in determining the contributions from the actual expenditure, especially with regard to new pensions granted and other similar expenses. In determining the grounds of technical provisions, key insurance risks arise from the duration of pensions deviating from the forecasts in the long term. The bases of contributions and technical provisions meeting the securing requirements are the same for all employment pension insurers, and they are ratified by the Ministry of Social Affairs and Health. Their appropriateness is examined by the Finnish Pension Alliance Tela's calculation basis division and its subgroups. The law requires cooperation between companies in developing the calculation bases. Each company annually prepares adequacy analyses of risk bases. The common bases involve the risk of an individual company's result theoretically being systematically worse than that of other companies, for example due to the sector breakdown of the company's insured companies differing from other companies. The structure of the insurance portfolio can also lead to a similar situation with regard to the expense loading of the pooled premiums.

Employment pension companies jointly prepare and apply for the bases of the insurance contributions, technical provisions and return requirement. Elo takes part in the preparation of the calculation bases under the supervision of the Appointed Actuary. Cooperation between employment pension insurers is statutory.

Geographical distribution of quoted equity investments 31 December 2018



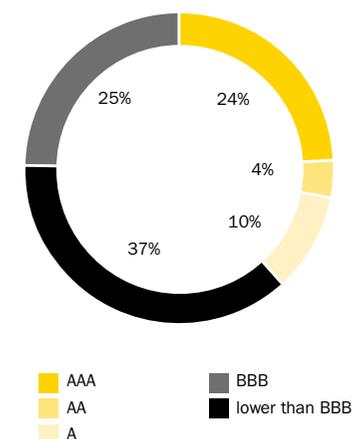
Pension insurance pursuant to the TyEL insurance accounted for the majority of the underwriting result for which Elo is liable. In addition, the company had supplementary pension insurance policies under the Employees' Pensions Act (TEL) and self-employed persons' pension insurance (YEL) policies.

Pension insurance under TyEL

In pension insurance under TyEL, the company's risks are connected to old-age pensions, disability pensions and credit losses from insurance contributions. Family pensions and partial old-age pensions do not have a component for which the company is liable.

The company's old-age pension risk is in the insured and pensioners living longer than assumed in the calculation bases. However, the risk is significantly decreased by the fact that the basis amendments associated with the general

Credit rating distribution of bonds 31 December 2018



increase in life expectations being under joint responsibility and compensated for from the equalisation provision.

The risks in the disability pension business are related to the adequacy of the premiums written to meet the expenses of pension cases. If the expected expenditure of disability pensions increases, the next calculation basis will be adjusted upwards. However, the company is liable for the risk deviating from the average. The pricing for large employers depends on their contribution category, and the company's risk lies in the years on which the pricing is based, with a delay of several years, being no longer indicative of the policyholder's actual disability risk. An additional risk is that if the contribution category increases, the policyholder moves to another company, in which case the provisions remaining with the company must be sufficient to cover future disability expenditure.

The company is liable for the credit losses relating to unpaid contributions. Insurance contributions include a

contribution loss component intended to cover this risk. Here, too, the company's risk is related to how well the contribution loss component reflects the actual risk of the insurance.

Risks related to the insurance business are prepared for with the solvency capital and equalisation provision. The company-specific risk result has a direct impact on the solvency capital. A positive pooled underwriting result is added to the equalisation provision, while a negative result is covered from it. The company does not have a need for reinsuring risks.

An employment pension company cannot influence old-age pensions granted. Instead, the company promotes activities to promote working capacity. The aim is to take care of working capacity preventively so that it will not be necessary to grant disability pensions. The aim is to avoid unpaid contribution losses, even though the company cannot refuse granting an insurance policy applied for. With regard to existing insurance policies, effective debt collection aims to reduce unpaid contribution losses.

Supplementary pension insurance under TEL

In supplementary pension insurance under TEL, the company has an operational responsibility, and funding is organised through the pay-as-you-go system.

Basic insurance under YEL

Elo has liabilities for basic insurance under YEL only with regard to the operational component. The business is under pooled responsibility, and the state of Finland is ultimately liable for pensions.

Supplementary pension insurance under YEL

Also in supplementary pension insurance under TEL, the company has an operational responsibility, and funding is organised through the pay-as-you-go system.

Pooled pension expenditure

The pension institutions are jointly responsible for the unfunded pension expenditure. The share of the pooled pension expenditure being paid out each year is financed by an annually collected pooled component contained in the TyEL contribution and provision for pooled claims. The annual

pension expenditure is buffered through the provision for pooled claims included in the company's technical provisions. The financing of pooled pensions does not cause risks to an individual pension institution; the risk inherent in financing them is carried out by the insured and policyholders. However, the company has operational responsibility for pooled pensions.

Other financial risks

Liquidity risk refers to the weakening of the company's own liquidity and the insufficiency of liquid assets to cover expenditure. The management of liquidity risk is based on forecasting incoming and outgoing payments over different time spans and considering the liquidity requirement in the structure of the investment portfolio. Liquidity management is made easier by accurate forecasting of monthly payments of pensions.

The model risk is related to the models used in decision-making, which are very simplified descriptions of reality. Model risk is managed, among other things, by testing the results with different data and assumptions and the systematic evaluation and validation of the models to obtain a sufficiently deep and extensive understanding of the structure of the models and the assumptions.

The company's efficiency and operating expenses involve a risk of managing the company's operating expenses. The management of operating expenses is included in the management and supervision of the company's operations in projects as well as day-to-day business.

Concentration risk may be caused by extensive transactions with a single counterparty or investments in a single industry. The risk is managed by limiting concentrations, such as through investment allocation objectives.

Operational risks

Operational risk refers to the risk caused by failed operations. At Elo, operational risks are classified into process, personnel and information system risks and risks caused by external factors, based on the cause. Data security risks, legal risks, reputation risks and compliance risks are also addressed in connection with operational risks.

It is not possible or appropriate to hedge against all operational risks. The aim is to create a comprehensive and systematic risk management system that can reduce the probabilities or impacts of operational risks and ensure the continuity of business operations.

Elo's most significant operational risks are associated with information systems and competence of personnel. Among other things, correct and timely payment of pensions and securing investment operations and solvency are critical processes for an employment pension insurer, requiring flawless operation of information systems and extensive expertise of employees. Deviations are monitored and addressed immediately. Information system risks are regularly monitored by e.g. the project and information management coordination team that comprises representatives of Elo's different processes and units. Personnel risk is managed through coordinated personnel planning, including deputy planning, investments in managerial work and competence surveys, among other things. No significant operational risks materialised in 2018.

Elo is subject to a statutory obligation to prepare for different circumstances to ensure the continuity of operations. The company's different functions are subject to a continuity plan that describes procedures in case of a blackout or data communication disruption. A back-up premise plan addresses incidents concerning the office building. Recovery plans have been drafted for the key information systems, and they are regularly updated. Elo also takes part in joint exercises with other companies in the industry. The purpose of continuity planning is to create the preconditions for managing special situations and as controlled and fluent recovery as possible. In particular, continuity planning aims to ensure that citizens' livelihood, i.e. the payment and financing of pensions, is secured in all circumstances.

Key processes of operational risk management include risk surveys (advance identification and assessment of risks) and monitoring of incidents (actual cases and near misses). In risk surveys facilitated by the independent risk control unit twice a year, the business identifies the operational risks related to its activities, assesses their impact and specifies adequate control and management measures whose implementation is regularly monitored. The methods of recording

and monitoring incidents (realised risk or near miss situation) are well-established. Incidents are regularly monitored by the executive groups, project and information management coordination team and risk management coordination team. In addition, an incident analysis is reported to the Board of Directors approximately quarterly as part of risk reporting. The results of risk surveys and incident monitoring are utilised in operational planning of processes and units as well as in preparing the company's risk management plan.

Strategic risks

Elo's strategic risks and required measures are assessed in connection with Elo's operational planning (strategic or annual planning) and related risk management planning. The identification of strategic risks and planning of risk management methods are based on

the managerial experience of the company's management. In 2018, Elo's most significant strategic risks were related to investment operations and solvency management, the competitive situation and cooperation with partners. The risk and solvency estimate (ORSA) confirmed by the Board of Directors is a central part of the company's strategy and risk management process.

Outsourced functions

Elo is responsible for the risks of its outsourced services towards its customers in the same way as for the risks of in-house services. Key external service providers include ICT suppliers (such as Otso and Tieto) and strategic distribution channel partners (LocalTapiola and Fennia). The risk management of outsourced services considers, e.g., the clarity and transparency of the client-supplier model, clear agreement of responsibilities and service content and ensuring the services. The outsourcing principles confirmed by Elo's Board of Directors are followed in outsourcing.

Board of Director's Proposal on the Disposal of Profit

The Board of Directors proposes that the financial year surplus of 5,574.40 euro be transferred to the contingency fund. Elo has no guarantee capital.

Signatures for the Board of Directors' report and financial statements 31 December 2018

Espoo 25. FEBRUARY 2019

BOARD OF DIRECTORS

Antti Aho

Ann Selin

Susa Nikula

Minna Helle

Jari Karlson

Antti Kuljukka

Janne Makkula

Jorma Malinen

Marjo Matikainen-Kallström

Erkki Moisander

Olavi Nieminen

Niklas Sonkin

Satu Huber
Chief Executive Officer

Mikko Karpoja
Fellow of the Actuarial Society of Finland,
Actuary in accordance with Chapter 18,
Section 8 of the Insurance
Companies Act

Key figures

Key performance indicators

Elo Mutual Pension Insurance Company was established on 1 January 2014, when Mutual Insurance Company Pension Fennia was merged with LocalTapiola Mutual Pension Insurance Company.

The concepts in the key figure tables are the same as in the profit and loss account and

balance sheet, unless otherwise specified. As each of the figures is separately rounded, they will not necessarily add up to the final sum given. In the asset class-specific returns, the return from foreign currency derivatives is estimated for asset classes in proportion to the average foreign currency-denominated assets. The return for 2017 has been adjusted according to the current calculation method.

Summary key figures	2018	2017	2016	2015	2014
Premiums written, EUR million	3,639.8	3,510.8	3,321.5	3,157.1	3,022.9
Pensions paid and other compensations ¹⁾	3,634.6	3,444.2	3,310.7	3,146.8	3,057.0
Net investment income at current value, EUR million	-331.9	1,607.6	1,147.4	990.1	1,163.8
Net investment income on capital employed, %	-1.4%	7.4%	5.6%	5.0%	6.2%
Turnover, EUR million	4,062.4	5,174.8	4,116.3	4,041.2	4,067.0
Total operating expenses, EUR million	133.3	134.6	129.9	126.3	128.3
Total operating expenses % of turnover	3.3%	2.6%	3.2%	3.1%	3.2%
Operating expenses covered by expense loading % of TyEL payroll and YEL reported earnings	0.6%	0.7%	0.7%	0.7%	0.7%
Total result, EUR million	-806.2	608.5	333.8	29.9	362.5
Technical provisions, EUR million	19,082.8	18,628.4	18,527.4	17,849.7	17,078.6
Solvency capital, EUR million ²⁾	3,935.1	4,815.5	4,270.9	4,042.1	4,084.0
ratio to the solvency limit	1.6	1.6	1.8	2.0	2.1
Pension assets, EUR million ³⁾	23,017.9	23,443.9	21,825.3	20,772.1	19,869.4
% of technical provisions ³⁾	120.6%	125.9%	124.3%	124.1%	125.8%
Transfer to client bonuses (%), % of TyEL payroll ⁴⁾	0.54%	0.57%	0.49%	0.52%	0.51%
TyEL payroll, EUR million	13,312.7	12,717.0	11,943.7	11,258.1	11,025.9
Confirmed YEL income, EUR million	1,783.7	1,824.2	1,861.6	1,888.0	1,937.1
No. of TyEL insurance policies ⁵⁾	45,814	45,061	45,149	46,015	46,103
No. of TyEL insurance policyholders	440,154	424,461	407,622	398,217	398,079
No. of YEL insurance policies	83,724	83,978	84,578	85,054	87,350
No. of pension recipients	237,904	227,212	219,725	216,769	217,443

¹⁾ Claims paid as shown in the income statement without expense loading components available for claims and working ability maintenance

²⁾ Calculated in accordance with the provisions in force at the time

³⁾ Technical provisions pursuant to section 11, paragraph 10 of the Ministry of Social Affairs and Health's Decree (614/2008) + solvency capital. Until 2016, technical provisions + valuation differences.

⁴⁾ Rounded to the nearest two decimal places

⁵⁾ Insurances of employers that have made an insurance contract

INVESTMENT DISTRIBUTION

Investment distribution at current value

	Basic distribution				Risk distribution ⁸⁾					
	31.12.2018		31.12.2017		31.12.2018		31.12.2017	31.12.2016	31.12.2015	31.12.2014
	EUR million	%	EUR million	%	EUR million	% ¹⁰⁾				
Fixed-income investments, total	8,441.9	37.4	8,834.2	38.3	6,302.0	27.9	35.6	37.4	39.1	42.3
Loan receivables ¹⁾	560.2	2.5	553.7	2.4	560.2	2.5	2.4	2.2	2.9	3.0
Bonds	6,435.1	28.5	7,189.5	31.2	6,327.4	28.0	31.4	33.8	33.9	34.7
Other money market instruments and deposits ^{1), 2)}	1,446.6	6.4	1,091.0	4.7	-585.5	-2.6	1.7	1.5	2.4	4.6
Equity investments, total	9,251.4	40.9	9,142.8	39.7	9,303.7	41.2	43.8	38.0	35.9	35.3
Listed equities ³⁾	6,802.4	30.1	7,208.1	31.3	6,854.7	30.3	35.4	30.5	29.5	30.0
Private equity investments ⁴⁾	2,067.4	9.1	1,584.0	6.9	2,067.4	9.1	6.9	6.0	5.0	3.9
Unlisted equities and shares ⁵⁾	381.7	1.7	350.8	1.5	381.7	1.7	1.5	1.5	1.4	1.4
Real estate investments	3,002.8	13.3	2,811.8	12.2	3,002.8	13.3	12.2	13.3	13.7	13.7
Direct real estate investments	2,284.4	10.1	2,064.8	9.0	2,284.4	10.1	9.0	9.9	10.5	11.0
Real estate funds and joint investments	718.4	3.2	747.0	3.2	718.4	3.2	3.2	3.4	3.2	2.7
Other investments	1,899.2	8.4	2,263.9	9.8	1,887.0	8.4	9.8	14.7	14.7	10.2
Hedge fund investments ⁶⁾	1,860.8	8.2	2,198.3	9.5	1,860.8	8.2	9.5	13.3	13.3	10.3
Commodity investments	0.0	0.0	0.0	0.0	-12.2	-0.1	0.0	0.0	0.0	0.0
Other investments ⁷⁾	38.4	0.2	65.6	0.3	38.4	0.2	0.3	1.4	1.4	-0.1
Investments, total	22,595.3	100.0	23,052.8	100.0	20,495.6	90.7	101.4	103.4	103.3	101.5
Effect of derivatives ⁹⁾					2,099.8	9.3	-1.4	-3.4	-3.3	-1.5
Investments at current value, total	22,595.3	100.0	23,052.8	100.0	22,595.3	100.0	100.0	100.0	100.0	100.0
Modified duration of bond portfolio	3.7									

¹⁾ Includes accrued interest

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

³⁾ Includes also mixed funds if these cannot be allocated elsewhere

⁴⁾ Includes private equity funds, mezzanine funds and also 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 cannot be included in other investment classes

⁸⁾ Risk breakdown can be shown from reference periods as the knowledge accumulates (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 the effect of derivatives on the difference between the risk distribution and the basic distribution. The effect of derivatives can be +/-.

After the adjustment, the final sum of the risk distribution will equal that of the basic distribution.

¹⁰⁾ The proportion is calculated by using the total amount of the line "Total investments at current value" as the divisor.

Net investment income on capital employed

Return EUR / % on capital employed	Net return form investment operations market value ⁸⁾	Capital employed ⁹⁾	Return, % on capital employed				
	EUR million	31.12.2018 EUR million	%	31.12.2017 %	31.12.2016 %	31.12.2015 %	31.12.2014 %
Fixed-income investments, total	-75.0	9,056.3	-0.8	1.4	3.6	0.0	3.8
Loan receivables ¹⁾	14.6	523.0	2.8	2.6	2.9	3.5	3.1
Bonds	-81.1	6,961.2	-1.2	1.5	4.1	-0.3	4.5
Other money market instruments and deposits ^{1),2)}	-8.5	1,572.1	-0.5	0.5	0.0	0.1	0.2
Equity investments, total	-435.0	9,290.9	-4.7	16.6	9.3	13.0	9.8
Listed equities ³⁾	-740.8	7,263.7	-10.2	17.0	9.0	11.1	8.0
Private equity investments ⁴⁾	269.3	1,683.8	16.0	14.9	9.6	20.4	18.9
Unlisted equities and shares ⁵⁾	36.4	343.4	10.6	14.4	14.6	26.2	26.0
Real estate investments	170.8	2,923.7	5.8	7.6	6.4	6.9	5.4
Direct real estate investments	128.5	2,250.1	5.7	7.4	6.5	5.3	4.7
Real estate funds and joint investments	42.3	673.6	6.3	8.2	6.3	13.1	8.6
Other investments	31.1	1,997.2	1.6	1.9	2.5	2.5	7.1
Hedge fund investments ⁶⁾	34.4	1,993.8	1.7	1.9	1.9	1.6	7.2
Commodity investments	-2.4	0.3	-	-	-	-	-
Other investments ⁷⁾	-0.9	3.1	-	-	-	-	-
Investments, total	-308.1	23,268.1	-1.3	7.5	5.6	5.1	6.3
Unallocated return, expenses and operating expenses	-23.7	23,268.1	-0.1	-0.1	-0.1	-0.1	-0.1
Net investment income at current value	-331.9	23,268.1	-1.4	7.4	5.6	5.0	6.2

¹⁾ Includes accrued interest

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

³⁾ Includes also mixed funds if these cannot be allocated elsewhere

⁴⁾ Includes private equity funds, mezzanine funds and also 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

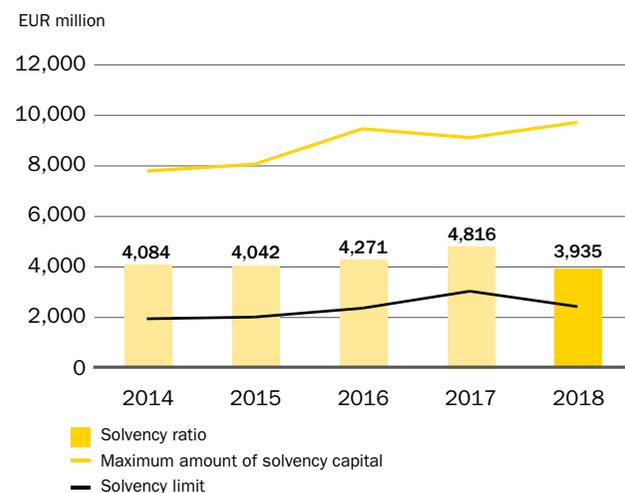
⁷⁾ Includes items that cannot be included in other investment classes

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

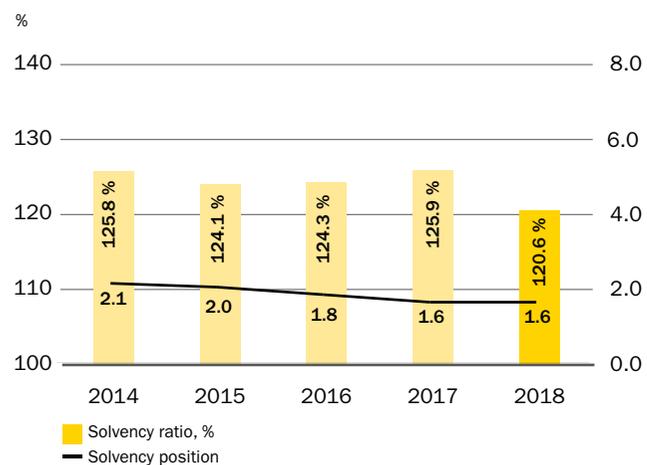
Cash refers to the difference between sales/returns and purchases/expenses

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

Solvency capital and its limits



Development of solvency figures



Solvency capital and its limits

	2018	2017	2016	2015	2014
Solvency limit, EUR million	2,431.3	3,040.2	2,367.6	2,016.6	1,949.2
Maximum amount of solvency capital, EUR million	9,725.2	12,160.8	9,470.6	8,066.2	7,796.9
Solvency capital, EUR million	3,935.1	4,815.5	4,270.9	4,042.1	4,084.0
Solvency ratio % ¹⁾	120.6%	125.9%	124.3%	124.1%	125.8%
Solvency position ²⁾	1.6	1.6	1.8	2.0	2.1

¹⁾ Pension assets in relation to technical provisions as referred to in Section 11, item 10, of the Ministry of Social Affairs and Health's decree 614/2008. All years are presented according to the new presentation method.

²⁾ Solvency capital in relation to solvency limit

PERFORMANCE ANALYSIS

EUR million	2018	2017	2016	2015	2014
Creation of result					
Insurance business surplus/shortfall ¹⁾	-14.2	-13.3	-47.7	-1.5	-11.3
Result of investment operations at current value	-827.4	592.7	349.3	-4.8	342.0
+ Net investment income at current value ²⁾	-331.9	1,607.6	1,147.4	990.1	1,163.8
- Required return for technical provisions	-495.5	-1,014.9	-798.1	-994.8	-821.8
Loading profit ³⁾	31.8	23.3	29.1	36.2	31.8
Other income	3.6	5.8	3.2		
Total result	-806.2	608.5	333.8	29.9	362.5
Use of result					
For change in solvency	-878.0	536.4	275.1	-28.4	306.2
For change in equalisation provision included in solvency capital	0.0	0.0	-48.2	-1.6	-12.3
For change in provision for future bonuses	-149.8	568.9	-52.3	-158.5	163.5
For change in valuation differences	-728.3	-32.5	375.5	131.6	151.7
For accumulated appropriations	0.0	0.1	0.0	0.1	0.3
For profit for the year	0.0	0.0	0.0	0.0	2.9
For change in equalisation provision	0.0	0.0	0.5	0.2	
For transfer into customer bonuses	71.9	72.1	58.3	58.2	56.4
Total	-806.2	608.5	333.8	29.9	362.5

¹⁾ Insurance business surplus/shortfall is reported in a separate table

²⁾ Result of investment operations at current value is reported in a separate table

³⁾ Loading profit is reported in a separate table

Insurance business surplus/shortfall

EUR million	2018	2017	2016	2015	2014
Premiums written of business under the company's responsibility	596.0	564.7	410.1	423.0	424.8
Technical provisions of business under the company's responsibility	472.6	431.6	419.3	405.2	387.4
Insurance business surplus	1,068.6	996.2	829.3	828.2	812.1
Paid pension assets	587.1	540.2	516.4	490.4	453.0
Credit losses on premiums	21.1	18.8	18.4	15.8	17.2
Change in technical provisions of business under the company's responsibility	474.6	450.4	392.0	323.5	353.3
Total claims expenditure	1,082.8	1,009.5	926.8	829.7	823.4
for old-age pension liabilities (so-called supplement to the mortality basis)			49.8		
Insurance business surplus/shortfall	-14.2	-13.3	-47.7	-1.5	-11.3

Loading profit

EUR million	2018	2017	2016	2015	2014
Expense loading	120.1	116.2	118.2	118.9	117.7
Share of premium available to cover operating expenses resulting from claims decisions	5.9	5.1	5.6	5.7	5.4
Other income	0.6	0.7	0.9	2.0	1.0
Loading profit, total	126.6	121.9	124.6	126.5	124.1
Operating expenses by operation ¹⁾	-94.8	-98.7	-95.6	-90.3	-92.2
Other expenses	0.0	0.0	0.0	0.0	0.0
Operating expenses, total	-94.8	-98.7	-95.6	-90.3	-92.2
Loading profit	31.8	23.3	29.1	36.2	31.8
Operating expenses/loading profit, %	74.9%	80.9%	76.7%	71.4%	74.3%

¹⁾ Excluding operating expenses for investment operations and disability risk management and statutory charges

Disability risk management

EUR million	2018	2017	2016	2015	2014
Premiums written; disability risk management	3.8	3.6	3.4	3.2	3.1
Expenses covered by disability management and entered under claims incurred	2.8	2.1	2.6	5.5	4.8
Expenses from disability risk management covered by expense loading entered as business expenses ²⁾	0.0	0.9	0.9	0.0	0.0
Expenses covered by disability management / Disability management, %	74.4%	58.4%	76.7%	174.4%	154.0%

²⁾ Does not include personnel expenses related to the management of the disability risk of own employed personnel as of 2016

Guide to key figures

Elo Mutual Pension Insurance Company was established on 1 January 2014, when Mutual Insurance Company Pension Fennia was merged with LocalTapiola Mutual Pension Insurance Company. The figures for the comparison periods comply with the legislation in force during the year in question.

Valuation difference is the difference between the current value and book value of investments.

The customer bonus reduces a contract employer's TyEL pension insurance premium.

Pension assets are the sum of solvency capital and technical provisions.

Loading profit =

- + Expense loading
- + Share of premium available to cover operating expenses resulting from claims decisions
- + Other income
- Operating expenses for each operation, excluding operating expenses for investment activities and working capacity maintenance and statutory charges
- Other expenses

Loading profit is distributed in full to customers during the year following the financial statements.

Costs from disability risk management covered by the expense loading are shown separately in the itemisation of disability risk management. Investment management expenses are covered by investment income, and disability risk management maintenance expenses are covered by the disability loading.

Total operating expenses comprise the operating expenses for each business, which consist of the investment and disability risk management expenses, and statutory charges and other expenses.

Total result comprises the insurance business surplus, the loading profit, other income and the result of investment operations at current value.

Statutory charges comprise the share of costs of the Finnish Centre for Pensions, the judicial administration charge of the Pension Appeal Board and the supervision charge of the Financial Supervisory Authority.

Turnover = premiums written before credit losses and reinsurers' share + book net investment income + other income.

Claims paid =

- + Pensions paid to pension recipients
- + Paid/refunded division of cost compensations
- + Share of the Unemployment Insurance Fund insurance contribution and division of the costs of pension components accrued on the basis of unsalaried periods
- + Claims handling expenses
- + Costs from disability risk management

Other income includes other income and expenses, fixed income items form the uneven distribution of premiums, cost division compensation and share of the costs of the Finnish Centre for Pensions, interests included in YEL premiums and transfer fees written off, and the income from statutory charges.

Provision linked to equity income is a part of the premium reserve that serves as a buffer for part of the equity investments. This share of the technical provisions changes depending on how equity income is realised in the pension system on average.

Provision for current bonuses comprises assets that have been transferred to be used for client bonuses granted to policyholders.

Provision for future bonuses is part of the company's solvency capital, and serves as a buffer against investment return fluctuations and insurance risks. Part of the total result is transferred to the provision for future bonuses.

Report on investment distribution at current value

Basic distribution refers to the combined market value of cash investments and derivatives.

Risk distribution refers to the combined total of the delta-adjusted values of the underlying assets of cash investments and derivatives (the underlying assets of futures or forward contracts, or of options multiplied by the delta of the option, i.e. the risk effect of derivatives). The risk distribution shows on a separate line the effect of derivatives on the difference between the risk distribution and the basic distribution. After the adjustment, the final sum of the risk distribution will equal that of the basic distribution.

Net investment income on capital employed (at current value) is calculated for each type of investment and for the whole investment portfolio, taking into account daily or monthly time-weighted cash flows. The return for the financial period is calculated using a so-called modified Dietz formula (a time- and money-weighted formula) such that capital employed is calculated by adding the cash flows during the period to the market value at the start of the period, weighted by the relative share of the length of the entire period that remains from the transaction date or from the middle of the transaction month to the end of the period. When calculating capital employed, cash in hand and at banks is taken into account, as well as purchase price receivables and liabilities. In the reported asset class-specific returns, the return on foreign currency derivatives is estimated for asset classes in proportion to the average foreign currency-denominated assets during the reporting period.

Result of investment operations at current value is calculated by subtracting the return requirement on technical provisions from the net investment income at current value. Net investment income at current value is obtained by adding together the net investment income in the profit and loss account and the change in valuation differences.

Performance analysis describes the sources and use of the surplus. The surplus comprises the insurance business surplus, the loading profit, the result of investment operations at current value and other income.

The surplus is used for the change of solvency and for transfer to client bonuses. The change of solvency comprises the changes in the provision for future bonuses, in accrued valuation differences and in accumulated appropriations, and the transfer to the profit for the financial year.

Disability risk management is an employee well-being service provided by the pension company to its customers and is concerned with coping at work and extending careers. It can include various forms of consulting, mentoring and tools. Authorised pension providers must report the amount of working capacity maintenance expenses recorded in claims incurred and the amount of disability risk management included in the premiums written for the financial year, along with the ratio of these items. In addition, a pension company must report costs from disability risk management covered by the expense loading entered as business expenses.

Requirements for solvency capital are based on the examination of theoretical risks. The main variable in the examination of solvency is the solvency limit. The riskier a company's investment distribution is, the higher its solvency limit is, and the more solvency capital it requires. The solvency limit is also affected by insurance risk. All material risks of investment operations and insurance risks are taken into consideration in the calculation of the solvency limit. The limit is reported in euros. The indicators of solvency are the ratio of solvency capital to the technical provisions

or the solvency ratio, and the ratio of solvency capital to the solvency limit or the solvency position. The minimum amount of solvency capital is one third of the solvency limit. The maximum amount of solvency capital is three times the solvency limit, however not less than 40% of pension liabilities less provision for future bonuses and items not taken into consideration in the premium reserve under section 139, subsection 2 of the Self-Employed Persons' Pensions Act. If the amount of solvency capital exceeds the maximum amount for a second consecutive year, the company must make an additional transfer to client bonuses.

Insurance business surplus for the pensions within the company's responsibility is calculated by subtracting the pension expenditure under the company's responsibility from the premium's risk elements. The insurance business surplus is transferred to the provision for future bonuses.

Numbers of insurance policies, insurance policyholders and pension recipients are as at the time of closing the accounts. In the case of TyEL policyholders whose information is submitted monthly to the pension insurance company, the calculation concerns the number of persons who have had earnings during the last month. However, each person is only calculated once. For survivors' pension, the number of pension recipients will always be one, regardless of the number of beneficiaries.

Return requirement on technical provisions is determined on the basis of the discount rate (3%) used in the calculation of the technical provisions, the supplementary coefficient for pension liabilities, the requirement for the technical rate of interest and the average equity income of authorised pension providers. The amount of technical provisions linked to equity income increased from 15% at the beginning of 2018 to 20%.

Auditor's report

To the Annual General Meeting of Elo Mutual Pension Insurance Company

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Elo Mutual Pension Insurance Company (business identity code 0201103-7) for the year ended 31 December, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes for the group as well as for the parent company.

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

Our opinion is consistent with the additional report submitted to the Audit Committee.

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 parent company and of the group companies in accordance with the ethical

requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Most significant assessed risks of material misstatement

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures provide the basis for our audit opinion on the accompanying financial statements.

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.

As for the financial statements there are no significant risks of material misstatements referred to in Article 10 section 2c of regulation (EU) 537/2014.

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other reporting requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 23.4.2014, and our appointment represents a total period of uninterrupted engagement of 5 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 information and, in doing so, consider whether the 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 25.2.2019

Ernst & Young Oy
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