



**REPORT OF THE BOARD OF DIRECTORS AND  
FINANCIAL STATEMENTS 2019**

# Content

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*In addition to the Board of Directors' Report and financial statements, Elo publishes a separate Annual and Responsibility Report, available at [www.elo.fi](http://www.elo.fi).*

# Report of the Board of Directors of Elo 2019

## Economic operating environment

Global economic growth slowed down in 2019 from 3.6 per cent to 3.0 per cent in line with forecasts. The main reason for this was the industrial downturn in key industrial countries, which was strongly linked to the weakening of China's investment-driven growth and the trade conflict between the United States and China. In particular, the trade conflict between the United States and China weakened the view on return on investments of companies, and weakened the global investment cycle. A strong decrease in automotive production left its own mark on the downturn of European industry. It was due to a generally weaker economic outlook, but also consumers' uncertainty over car choices, which increased due to the expected tightening of pollution and environmental standards.

Towards the end of 2019, expectations of a new strengthening of global growth increased with the stabilisation of economic surveys of industrial cycles and short-term outlook. The United States and China reached a first-phase agreement in their trade conflict and new tariff increases were avoided, which increased the positive expectations. However in terms of trade policy, the situation remains unclear in many respects at the beginning of 2020, as other trade obstacles besides tariffs continue to be a key source of uncertainty to businesses when deciding on the geographical location of their production chains and new investments.

The threat of recession, still considered to be a key risk a year ago, decreased significantly during the year, with central banks returning to a stimulating monetary policy at a very early phase. The United States Federal Reserve (Fed) lowered the federal funds rate a total of three times and the European Central Bank (ECB) lowered the interest rate on the deposit facility once and restarted asset purchases. All in all, these measures by central banks have clearly lightened the financing conditions, which has contributed to the economic growth outlook for 2020 in general.

## Development of the Finnish economy

The Finnish economy remained more favourable than that of key competing countries in 2019, and an industrial downturn similar to that in Germany, a key country for export, was not seen in Finland. Finland's exports being stronger than those of key competing countries can probably be attributed to order books still remaining strong in early 2019 and the special features of the structure of exports. Overall, the structure of economic growth became more balanced, driven by both foreign trade and domestic demand.

The maturing of the upturn and increasing scarcity of production resources were reflected in 2019 in that GDP growth remained clearly slower than in 2016–2017, at approximately 1.5 per cent. This is however higher than Finland's long-term growth. Lowering of labour

reserve, visible from corporate surveys of the economic cycle and near-term outlook, in part indicates that the production gap, or the difference between actual and potential production, has been closed. Nevertheless, inflation remained at a very moderate rate of approximately 1 per cent.

The growth in private consumption was surprisingly weak in Finland in 2019, less than one per cent on average during the first three quarters. This was a surprise, especially considering that the employment rate continued to grow at quite a rapid rate and the growth of disposable household income accelerated considerably. In fact, consumers' expectations of the Finnish economy were gloomier than the actual economy throughout the year, and the savings rate increased. The growth in investments weakened clearly as the construction cycle matured and companies' investments in machinery and equipment decreased, mainly due to uncertainty relating to global demand.

Even though the favourable economic cycle has improved the state of Finland's public economy in recent years, the public-sector economy still did not reach an equilibrium in 2019, with state and municipal finances still showing a significant deficit. There is, in fact, a structural imbalance between income and expenditure in the public-sector economy, with the ageing population increasing the pension expenditure and a future increase in ageing-related treatment and care expenditure.

## Development of the employment pension system

The report on separate pension systems of a joint working group of the Ministry of Social Affairs and Health and the Ministry of Finance was published in February 2019. The report estimated whether the two separate pensions systems, one for the municipal and one for private sector, could be abolished in the Finnish employment pension scheme. The working group considered that it would be possible and appropriate to join the pension systems.

According to Elo's view, 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. Elo also emphasised these factors in its statement to the Ministry of Social Affairs and Health.

Labour market organisations agreed on the follow-up measures to the 2017 pension reform. The agreement will result in changes in family pensions, among others, and work to amend the legislation was begun. The eligibility for orphan's pension will be extended, surviving spouse's pension will be changed to have a fixed term, with cohabiting widows also being eligible subject to certain conditions going forward. The lower age limit of the right to benefit extensions for people receiving unemployment security will

be increased. The agreement also included proposals for pension policy guidelines in the government programme of the next government and several further investigations into e.g. the development of disability pensions, rehabilitation and the structure of the pension contribution.

Prime Minister Rinne's Government was formed following the parliamentary election of 2019. The Government Programme published in June 2019, "Inclusive and competent Finland – a socially, economically and ecologically sustainable society", also included guidelines on the development of the employment pension system. According to the Government Programme, the main objectives of employment pension policy are sustainable economic dependency ratio, sufficient level of pensions, sustainable financing, and just division of resources between generations. The Government will prepare amendments to the employee pension legislation on a tripartite basis.

The Government Programme prescribed an increase in national pension and guarantee pension and starting a review on how to improve the status of pensioners with the lowest earnings-based pensions within the employment pension system. The Government also decided to continue the preparations of the merger of municipal and private sector pension systems in line with the view of labour market organisations. Representatives of Elo were involved in several working groups relating to the topic.

Prime Minister Marin's Government appointed in December 2019 will continue the implementation of the "Inclusive and competent Finland" Government Programme.

In the spring, the Finnish Centre for Pensions updated its long-term calculation of the development of statutory pensions based on Statistics Finland's 2018 population projection, among others. Should it continue, lower birth rates will have impacts on the sustainability of the pension system in the very long term, and this has been the subject of a lot of public discussion.

Employment pension insurance companies' disability risk management measures have also been a topic of public debate. The Financial Supervisory Authority has been proactive in the matter, and published a supervision release on the matter towards the end of the year. Elo's disability risk management has been based on legislation, as well as guidelines and regulations issued by the authorities.

The development of the entrepreneurs' pension system will continue in 2020. Elo finds it important to increase the trust of entrepreneurs in the pension system. Currently, entrepreneurs still do not have enough knowledge on 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.

In 2019, customers received bonuses in accordance with the new company-specific model for the first time. Elo's bonuses are competitive, and Elo distributes the bonuses with the aim of fairness. Surplus is allocated based on the generation of surplus.

During the year under review, Elo commissioned a report on competition law and economic perspectives on the Finnish statutory earnings-related pensions system from Avance Attorneys, and it was published in Avance's Insights & Reports series.

Customers' reporting of payroll data to the employment pension insurance company and tax authority changed with the adoption of the national incomes register on 1 January 2019. The incomes register is an electronic database, used for reporting income data in real time. Early in the year, the changes in the procedure caused difficulties for those reporting the data, but reporting routine was already evident towards the end of the year.

### **Result and solvency**

The amount of solvency capital increased during the year by EUR 1,146.7 million, amounting to EUR 5,081.8 million (EUR 3,935.1 million) by the end of the year. The ratio of pension assets to technical provisions, i.e. the solvency ratio, was 124.4 per cent (120.6 per cent) at the end of 2019. The solvency capital was 1.6 (1.6) times the solvency limit at the end of the year. The minimum solvency capital was EUR 1,077.8 million (EUR 810.4 million).

The net return on investment operations at fair values was EUR 2,915.7 million (EUR –331.9 million). The return credited in technical provisions for the same period was EUR 1,708.7 million (EUR 495.5 million), of which technical provisions linked to equity income accounted for EUR 921.0 million (EUR –315.5 million). The 2019 result of investment operations at current value was thus EUR –1,207.0 million (EUR –827.4 million). The

loading profit came to EUR 35.2 million (EUR 31.8 million). The insurance business surplus was EUR –17.8 million (EUR –14.2 million) and other income EUR 5.5 million (EUR 3.6 million). Elo's combined total result at current value was EUR 1,229.9 million (EUR –806.2 million).

Based on the solvency capital and loading profit, a total of EUR 86.9 million (EUR 71.9 million) was allocated to customer bonuses at the end of 2019. This represents 0.61 per cent (0.54 per cent) of the policyholder payroll.

### **Insurance business**

Elo is the 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 2019, Elo administered 46,295 (45,814) TyEL and 83,345 (83,724) YEL insurance policies. The total number of self-employed persons and employees insured by Elo at the end of the year was close to half a million, 493,600 (523,900).

In 2019, the premiums written by Elo for insurance under the Employees' Pensions Act (TyEL insurance) amounted to EUR 3,558.1 million (EUR 3,223.9 million) and the TyEL policyholders' payroll amounted to EUR 14,326.7 million (EUR 13,312.7 million). The premiums written for insurance under the Self-Employed Persons' Pensions Act (YEL insurance) was EUR 410.4 million (EUR 415.9 million), and the YEL confirmed income was EUR 1,767.0 million (EUR 1,783.7 million). EUR 21.4 million (EUR 25.6 million) was entered as credit losses on insurance premiums in 2019.

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 negative in 2019 as a whole. In accordance with the new statistics method, Elo gained a net total of 416 (68) YEL insurance policies. The net loss of TyEL insurance policy transfers was -80 (-327) insurance policies. The premiums written for TyEL insurance policies decreased by EUR -69 million (EUR 36 million positive) as the result of transfers. During the reporting period, Elo gained 6,068 (5,475) TyEL and 8,472 (8,609) 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 helped Elo to reinforce its position as an employment pension insurer for companies and self-employed persons.

The national incomes register was adopted in January 2019. The adoption of the national incomes register represented a major change for our customers as well as Elo. Elo's aim was to manage the transition to the incomes register so that the customers will continue to be given the best customer service in the industry as well as the best information possible about the impact of the incomes register on their operations. Based on our performance indicators and customer feedback, we achieved our goal. For instance, the

number of incomes register error notifications and related customer service calls was low.

The development of Elo's electronic services continued. New features introduced in the online service for managing TyEL and YEL insurance include a Work community indicator, a tool for monitoring the development of TyEL payments and information on the company's average age of retirement on old-age pension. The new tools support our customers in the planning and development of their operations. The number of e-invoicing customers continued to increase. A total of 44.3 (36.5) per cent of TyEL customers and 32.5 (24.4) per cent of YEL customers have chosen e-invoicing.

The telephone service of Elo's insurance services repeated its victory in the Customer's Voice competition in May. The Customer's Voice index was excellent at 84.96. The previous year's index score was 84.10. The Customer's Voice index has a strong correlation with the NPS. In fact, an excellent score of 86.6 was achieved for 2019 in the NPS measurement of the customer experience; 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 2019 was 26,000 (25,200). The number of old-age pension decisions issued on the basis of an application was 7,598 (7,844). The number of partial early old-age pensions increased, with 2,132 (1,913) decisions issued on the basis of an application, which is 11.5 per cent more

than the previous year. The growth in applications for disability pension, which has been seen throughout the employment pension sector, was also visible at Elo. In 2019, we made 12,105 (11,502) disability pension decisions by application, which is over 5 per cent more than in 2018.

Each month, approximately 240,900 (237,900) pensioners were paid their pension by Elo, amounting to a monthly total of about EUR 284.4 million (EUR 272.1 million). Old-age and disability pensions are the two largest items in claims expenditure. A total of EUR 2,872.1 million (EUR 2,741.4 million) was paid in old-age pensions, and EUR 304.9 million (EUR 303.3 million) in disability pensions during the year.

### Pensions paid

| Type of pension               | pcs.           | EUR million  |
|-------------------------------|----------------|--------------|
| Old-age pension               | 182,378        | 2,872        |
| Disability pension            | 23,841         | 305          |
| Survivors' pension            | 30,465         | 200          |
| Part-time pension             | 76             | 1            |
| Partial early old-age pension | 4,181          | 35           |
| Part-time pension             | 1              | 0            |
| <b>Total</b>                  | <b>240,942</b> | <b>3,413</b> |

Pension decisions were done quickly and they were high-quality. In 2019, pension decisions were made 9 days (8), or 25 (20) per cent faster, than the overall average for other employment pension companies. The Pension Appeal Board changed 10 (8.8) per cent of Elo's disability pension decisions appealed by Elo's customers. For all pension institutions, the corresponding figure was 13 per cent.

Of the customers responding to the pension services customer satisfaction survey, 88 per cent (86 per cent) gave an excellent grade for the service. The customer call response time was very short, averaging about 11 (10) seconds, and the call response rate was 99.5 (99.5) per cent. The NPS for pension telephone services was 70. Investments in online service development could be seen in good customer feedback. The customer satisfaction NPS for the insurance and pension customers' online service was 59 (55.2). Customer experience remained at an excellent level despite the major pension processing changes introduced by the incomes register.

We look after our customers by continuously developing our services. We deployed new online services, and now our customers can apply for surviving spouse's pension and foreign pension electronically, allowing them to receive the pension decision considerably faster. We made use of analytics in identifying customer needs while also continuing and expanding our practice of contacting customers for the purpose of keeping in touch and looking after them. The rehabilitation service provider process was revised to ensure that our customers receive high-quality and consistent service related to rehabilitation.

### Disability risk management

Elo offers its customer companies support in work capacity management, the purpose of which is to extend careers, lower disability risk and prevent incapacity for work. With risk-based activity, Elo aims to lower a company's work capacity risks and the costs deriving

from disabilities. The guidelines and reporting regulations on the management of disability risk related to disability by employment pension insurers issued by the Financial Supervisory Authority guide the development and offering of our services.

In October 2019, the Financial Supervisory Authority issued guidelines on disability risk management to employment pension insurance companies, and Elo began the preparations for implementing the changes brought about by the new guidelines. The work requires interval investigations and evaluations, as well as finding solutions that work.

In accordance with the requirements of the Financial Supervisory Authority, we developed the tools relating to surveying risks and monitoring effectiveness during 2019.

Working capacity management measures must be effective and help reduce disability risk. Elo's aim is to ensure that customers' working capacity management programmes partly funded by Elo support extending careers, thereby lowering disability pensions.

A key part of the development of working capacity management 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.

### Technical provisions

At the end of 2019, Elo's technical provisions totalled EUR 21,876.6 million (EUR 20,431.7 million). The technical provisions included approximately EUR 3,504.6 million (EUR 3,158.2 million) accrued from employee contributions.

### Technical provisions

| EUR million  | 2019     | 2018     |
|--|----------|----------|
| Provision for unearned premiums                              |          |          |
| Future pensions  | 10,570.6 | 10,047.0 |
| Provision for current bonuses                                | 87.4     | 72.3     |
| Provision for future bonuses                                 | 1,037.4  | 1,312.1  |
| Supplementary insurance liability tied to income from shares | 787.6    | -144.6   |
|  | 12,482.9 | 11,286.9 |
| Provision for claims outstanding                             |          |          |
| Current pensions   | 9,393.8  | 9,144.8  |
| Technical provisions total                                   | 21,876.6 | 20,431.7 |

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. The actual purpose of the provision for bonuses linked to return on equities is to increase old-age pension reserves through investment income. The insurance business surplus for 2019 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 25.2 per cent (-8.4 per cent) on 31 December 2019, and the amount of provision for bonuses linked to return on equities was EUR 787.6 million (EUR -144.6 million) on 31 December 2019. The required return, amounting to a total of EUR 1,708.7 million (EUR 495.5 million), has been credited in technical provisions. The net investment income at current value was EUR 1,207.0 million greater than the required return, as a result of which the euro-denominated solvency capital increased.

### Investment operations

In 2019, the investment market generated excellent results. In addition to good return on equity, the return on fixed income investments also reached a high level. Above all, the reason for this was that the risk of a potential economic downturn ceded with central banks succeeding in lightening the financing conditions after the tightening of late 2018 and early 2019. Interest rates declined, from the beginning of 2019 until October, to a historically low level in October, which increased investors' risk appetite in the equity market. Return on equity increased to a high level in almost all markets.

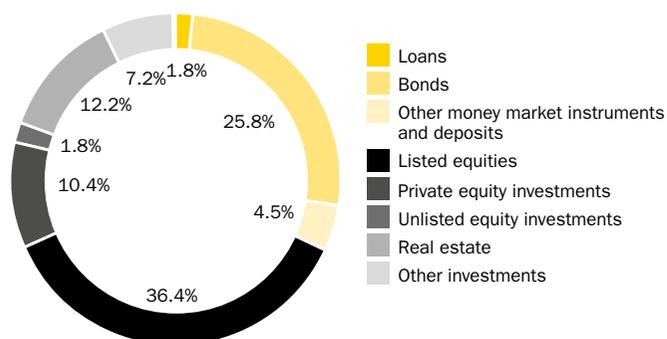
2019 was the best year of the decade for Elo in terms of investments. The returns of almost all asset classes increased to a historically high level during the year, also relative to the market. Elo's return on investments was 13.0 per cent for 2019, and investment assets increased to EUR 25.3 billion. The investment assets have increased by EUR 10.7 billion since 2010. The excellent returns were based on successful choices in asset allocation. Underlying the good

investment returns in 2019 was that the risk level of Elo's investment assets was increased in early 2019 and was kept sufficiently high throughout the year. In addition, Elo succeeded in the duration management of fixed income and currency hedging. The management of currency exposures played a key role during the year. Elo's return on direct real estate investments also increased to an excellent level of 10.2 per cent.

Equity investments generated an excellent return in 2019, 21.2 (-4.7) per cent. Following the correction in late 2018, the equity market experienced a rapid upturn globally during the first months of the year. The equity market developed well throughout the year, even though the upswing of the market levelled off and volatility increased. The development of the equity market was supported by central banks restarting their stimulus measures and the lack of investment alternatives. The US and European equity markets generated the best returns during the year. The euro-denominated return on the US equity market was more than 30 per cent and in the European market the return was close to 30 per cent. In Finland, Japan and emerging markets, the equity market generated a return of around 20 per cent.

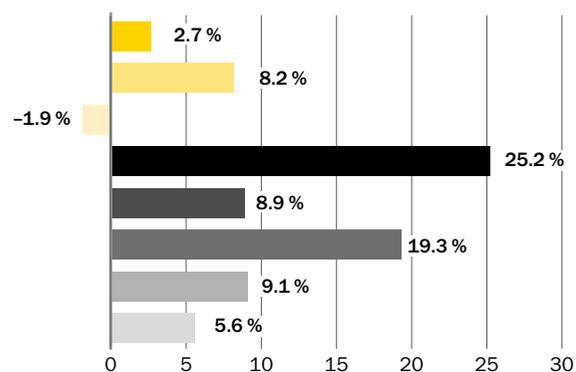
Elo's listed equities generated a return of 25.2 per cent (-10.2 per cent). The return on the private equity investments classified under equity investments was 8.9 per cent (16.0 per cent). Elo reached better average market returns with regard to European and emerging market equity investments. Unlisted equity investments generated a return of 19.3 per cent (10.6 per cent). The diversification

## Investment asset allocation



The impact of derivatives has been taken into account in the item "Other money market instruments and deposits".

## Return on investments



## Asset allocation and investment income 31.12.2019

|   | Basic allocation by market value |              | Actual risk position |              | Return %    | Volatility % |
|---|----------------------------------|--------------|----------------------|--------------|-------------|--------------|
|   | milj. e                          | %            | milj. e              | %            |             |              |
| <b>Fixed-income investments</b>   | <b>8,178.7</b>                   | <b>32.3</b>  | <b>9,953.1</b>       | <b>39.3</b>  | <b>6.2</b>  |              |
| Loans   | 456.0                            | 1.8          | 456.0                | 1.8          | 2.7         |              |
| Bonds   | 6,429.4                          | 25.4         | 6,531.5              | 25.8         | 8.2         | 3.4          |
| Bonds of public corporations  | 3,202.0                          | 12.6         | 3,395.0              | 13.4         | 7.5         |              |
| Bonds of other corporations   | 3,227.4                          | 12.7         | 3,136.5              | 12.4         | 8.9         |              |
| Other money market instruments and deposits inc. any receivables and liabilities related to investments | 1,293.3                          | 5.1          | 2,965.7              | 11.7         | -1.9        |              |
| <b>Equities</b>   | <b>12,264.4</b>                  | <b>48.4</b>  | <b>12,288.9</b>      | <b>48.5</b>  | <b>21.2</b> |              |
| Listed equities   | 9,186.9                          | 36.3         | 9,211.4              | 36.4         | 25.2        | 11.5         |
| Private equity investments  | 2,631.0                          | 10.4         | 2,631.0              | 10.4         | 8.9         |              |
| Unlisted equity investments   | 446.4                            | 1.8          | 446.4                | 1.8          | 19.3        |              |
| <b>Real estate</b>  | <b>3,097.2</b>                   | <b>12.2</b>  | <b>3,097.2</b>       | <b>12.2</b>  | <b>9.1</b>  |              |
| Direct real estate investments  | 2,405.9                          | 9.5          | 2,405.9              | 9.5          | 10.2        |              |
| Real estate funds and joint investment companies  | 691.3                            | 2.7          | 691.3                | 2.7          | 5.5         |              |
| <b>Other investments</b>  | <b>1,793.5</b>                   | <b>7.1</b>   | <b>1,812.1</b>       | <b>7.2</b>   | <b>5.6</b>  |              |
| Hedge fund investments  | 1,793.4                          | 7.1          | 1,793.4              | 7.1          | 5.5         | 3.5          |
| Commodity investments   | 0.0                              | 0.0          | 18.6                 | 0.1          | -           |              |
| Other investments   | 0.1                              | 0.0          | 0.1                  | 0.0          | -           |              |
| <b>Total investments</b>  | <b>25,333.8</b>                  | <b>100.0</b> | <b>27,151.4</b>      | <b>107.2</b> | <b>13.0</b> | <b>4.2</b>   |
| Effect of derivatives   |                                  |              | -1,817.6             | -7.2         |             |              |
| <b>Total</b>  | <b>25,333.8</b>                  | <b>100.0</b> | <b>25,333.8</b>      | <b>100.0</b> |             |              |

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 5,3 years. The open currency exposure is 27,4% of market value.

of Elo's equity investments portfolio was effective.

Elo's return on corporate bonds was 8.9 per cent (-1.5 per cent). The corporate bond market generated a good return during 2019. Margins decreased slightly in investment grade corporate bonds and significantly in high-yield corporate bonds. Interest rates decreased for most of the year. The decreased interest rates increased the returns on investments. High-yield corporate bonds and USD-denominated corporate bonds generated the highest return. The number of actual bankruptcies was still low.

The interest rates of sovereign bonds of western countries decreased for most of the year. Interest rates began to decrease globally at the very beginning of the year, and this development continued until October. During the last months of the year, interest rates took to a slight increase. A significant theme in investments during the year was the strong return of central banks' stimulating measures.

Diversification of sovereign bond investments outside the euro zone was profitable during 2019. In particular, Australian and US government bonds surprised positively, with the local interest rates decreasing more than the euro zone interest rates.

In emerging market sovereign bonds, market returns developed excellently in 2019. For a euro-denominated investor, both bonds denominated in USD and local currencies generated excellent returns of more than 10 per cent on average.

The weight of the hedge fund portfolio was kept at the same level as in the previous year. The risk level of the portfolio was only

moderately increased. Overall, hedge fund investments generated clearly better returns than the previous year. The return from Elo's hedge fund investments in 2019 was 5.5 (1.7) per cent.

Particular attention was paid to the currency risk of Elo's assets under management in 2019. Elo was active with regard to the US dollar, English sterling and Japanese yen throughout the year. With regard to other currencies, the measures were clearly more moderate. A euro-denominated asset owner's returns were significantly impacted by hedging costs relating to investments in foreign currencies. Hedging costs were decreased through active portfolio management. The management of the open currency position succeeded well in 2019.

In the Finnish market, the demand for real estate investments continued to be strong and the volume of transactions remained at a high level for the fourth consecutive year. In addition, international investors' interest in the Finnish real estate market continued in office and residential investments in particular. Low interest rates and strong demand have been decreasing yield requirements for several years, and the demand for real estate investments is expected to continue in the investment market.

In Finland, the outlook for the office rental market is positive, and the increase in office rents in prime locations and decrease in vacancy rates is estimated to continue. In the business premises market, the expectations are more moderate due to the growth in the premises volume and uncertain outlook for the retail trade. The increase in housing rents is expected to continue in large cities in spite of increased supply of housing stock.

In Elo's direct real estate investments, favourable development of rental income and occupancy rates continued. In spite of the tightening competitive situation, also shopping centres owned by Elo retained their position well. The most significant investment made during 2019 was the transaction that merged the Jumbo Shopping Centre and Flamingo Entertainment Centre. The biggest individual divestment was the sale of Probus Holding Oy together with the co-investor. Direct real estate investments returned 10.2 per cent (5.7 per cent) and real estate investment funds 5.5 per cent (6.3 per cent).

Measures to develop the current portfolio were continued in Finnish real estate investments in accordance with the strategy. A total of 200 new apartments were added to Elo's direct housing stock during the year.

Investments in infrastructure increased during the year. Investments in renewable energy increased the most. Infrastructure investments continued to provide an excellent return, 13.9 per cent (10.9 per cent).

During the first months of the year, the demand for the financing of companies slowed down compared to the previous year and continued to be moderate until late August, but increased clearly towards the end of the year. 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 financing to companies from both public entities and banks continued to be active. Return on loans was 2.7 per cent (2.8 per cent). In the good economic situation, credit losses were minor.

Private equity investments generated a return of 8.9 per cent (16.0 per cent). The

number of new commitments to private equity and loan funds increased. 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 have become an increasingly significant part of private equity investments.

### **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, be systematic and develop continuously.

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

As an employment pension insurance company, Elo's most significant risk is related to the management of solvency. Solvency is influenced by many individual factors, but return on investment has the biggest individual impact. The relative solvency compared to competitors is also influenced by technical provisions, which weakens Elo's solvency compared to competitors. 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 strengthens, 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 strengthened clearly in 2019, with the returns on investment considerably exceeding the yield requirement concerning the technical provisions. Elo's solvency ratio was very strong at the end of the year. The risk level of the investment allocation was increased during the year by e.g. increasing equity investments and opening currency risk. Measured by the solvency limit, the overall risk level was higher at the end of 2019 than in the previous financial statements.

Besides solvency, other strategic risks concerned changes in the operating environment, partnerships, competition mechanisms and operating expense efficiency, among others.

The most significant operating risks in 2019 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 operational risks materialised in 2019. During the year, development of operative risk management involved increasing the level of data security, surveying dangerous work combinations and further analysis of incidents and identified risks. Recovery drills continued, and the company took part in the financial sector's joint exercise (FATO2019).

The company's risk management plan and own risk and solvency assessment, or ORSA, pursuant to the Employment Pension Companies Act were prepared and approved by the Board of Directors. 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 2019 amounted to EUR 138.0 million (EUR 133.3 million). Operating expenses covered by the expense loading totalled EUR 97.1 million (EUR 94.8 million), and operating expenses covered by investment income came to EUR 30.3 million (EUR 28.1 million). Operating expenses of

EUR 2.6 million (EUR 2.8 million) related to disability risks maintenance were paid from the disability loading of the premium. Total operating expenses included EUR 8.0 million (EUR 7.6 million) in statutory charges, which are covered by a separate share of the premium.

Personnel costs accounted for 30.3 per cent (29.7 per cent) of the total operating expenses. Expense loading totalled EUR 132.3 million (EUR 126.6 million) for the year. The loading profit was EUR 35.2 million (EUR 31.8 million). Operating expenses were 73.4 per cent (74.9 per cent) of the premium expense loading.

### **Personnel**

Elo had an average of 532 (514) employees in 2019 and the average amount of work performed was 487 (466) person-years. Of the total employees, 91 per cent (90 per cent) were employed on a permanent basis and 9 per cent (10 per cent) on a fixed-term basis. The average age of employees was 45 (45). Women accounted for 65 per cent (65 per cent) of employees and men for 35 per cent (35 per cent).

Elo annually conducts a personnel survey, and 85 per cent of Elo employees responded to it in 2019. The PeoplePower index for the survey as a whole was 72.8, winning us the Most Inspiring Workplaces in Finland recognition. Positive development continued for the sixth consecutive year; in 2018, the index was 71.1. In Elo's first survey in early 2014, the index was 61.6.

In addition to online and webinar training, Elo employees used on average 2.5 days per year on training. In 2019, the focus areas in competence development were customer

insight development, technology and data analytics expertise as well as leadership. By constantly anticipating competence needs and supporting our personnel in the business transformation, we ensure Elo's competitiveness in the future.

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.

In 2019, the performance bonus system for personnel covered 78 per cent of all employees, while the performance bonus system for the investment management members and the investment unit covered 9 per cent, the performance bonus system for management 4 per cent, the performance bonus system for sales 4 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](http://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 2019, the Board of Directors comprised twelve ordinary members and four deputy members. In 2019, Antti Aho was Chair of the Board and Ann Selin and Susa Nikula were Deputy Chairs. The other Board members were Minna Helle, Jari Karlson, Antti Kuljukka, Jorma Malinen, Janne Makkula, Marjo Matikainen-Kallström, Erkki Moisander, Olavi Nieminen and Niklas Sonkin. The deputy Board members were Jouko Liimatainen, Esa Neuvonen, Sinikka Näätsaari and Penna Urrila.

In 2019, the members of the Appointment and Remuneration Committee included Antti Aho, Ann Selin and Susa Nikula. 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 2019, Klaus Saarikallio served as Chair of the Supervisory Board, and Pekka Kampman and Ilkka Brotherus as Deputy Chairs.

During 2019, 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 Pekka Kampman, Mika Varjonen (until 19 June 2019) and Jaana Ylitalo. Klaus Saarikallio served as Chair of the Election Committee and Jaana Ylitalo as Deputy Chair.

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 29 April 2018, Elo's general meeting decided the number of Supervisory Board members to be 42. The following were elected as members of the Supervisory Board:

- with regard to those whose term ended, Pekka Metsi, Harri Miettinen, Heikki Pesu, Katariina Poskiparta, Ansu Saarela, Klaus Saarikallio (EK), Tapio Volanen (EK) and Janne Ylinen were re-elected for the term 2019–2022.
- Stefan Borgman (STTK), Juha Hakkarainen, Ulla Hopponen (SAK), Matti Huutola (SAK), Heidi Jaara and Mats Nyman (AKAVA) were elected as new members for the term 2019–2022.

- Millariikka Rytönen (STTK) and Mikko Salo (AKAVA) were elected as new members for the term 2019–2021.

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 2019, 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 million (EUR 63,705,786.46 million), a contingency reserve of EUR 29,107,193.30 (EUR 29,101,618.90) 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 5,194.13 (EUR 5,574.40).

The Board of Directors proposes that the financial year surplus of EUR 5,194.13 be transferred to the contingency fund.

### **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 2019, the parent company's group included 93 housing and real estate companies as subsidiaries. The Group also

included four other companies (names given in the notes) and Tammi-Kodit GB Oy and Exilion Real Estate Ky as affiliated groups. The Group includes 11 affiliated companies.

### **Future outlook**

The situation of the global economy seems more positive than a year ago, with both confidence surveys and "hard financial data" having stabilised or slightly recovered in key economies. Poor visibility into longer-term returns on investments remains a key problem for companies. This is largely the result of the on-going change in global trade policy, threatening to change the structures of global trade and multinational supply chains due to increased obstacles to trade. The uncertainty has already impaired the global investment cycle, and instead of industry, consumers and the service sector have driven employment and national economies on the whole in key economies.

The consumer-driven economic growth can be attributed to sufficiently strong economic growth having continued to create new jobs. In fact, unemployment rates have already decreased to below the level preceding the financial crisis in most economies. Nevertheless, inflation has remained low, which has allowed central banks to support economic growth through stimulating monetary policy. The stimulating global monetary policy has in fact succeeded in stabilising general growth and inflation expectations. This has corrected the downward trend of early 2019 in long-term interest rates and supported the increase in share prices. Because inflation and inflation expectations still seem to be anchored at a relatively low level, the global monetary policy

is not expected to significantly tighten over the next 12–24 months.

The expected global economic growth for 2020 is 3.1 per cent, or slightly higher than the growth seen in 2019. Of the main economic areas, the weakest growth expectation for 2020 is in the euro zone, only one per cent, while the growth seen in 2019 was 1.2 per cent. Economic growth in the US is expected to be clearly higher than in the euro zone, but slow down to 1.8 per cent. Growth in large emerging economies, the BRIC countries, is expected to remain unchanged at 5.1 per cent.

According to most forecasts, Finland's economic growth, which has traditionally been sensitive to cyclical fluctuations in Europe, is slowing down to approximately one per cent from last year's growth of approximately 1.5 per cent. Our growth outlook is shadowed by the subdued global industrial cycle affecting our export demand and investments by companies. This is also the key risk to the domestic market, as prolonged weakening of export demand has normally also spread to domestic consumption through weaker employment rates. On the other hand, the lighter global financing conditions also allow for a more positive outcome than expected for Finland.

The number of building permits and construction project start-ups are a relatively reliable indicator of the construction cycle dwindling. Investments on the whole are not estimated to increase much in Finland this year. Consumption will continue to depend on continued growth in employment and increasing real earnings. The importance of consumption as a cornerstone of economic

growth is emphasised as foreign trade and investment growth become weaker.

As a result of the maturing of the cycle, the fastest growth phase in employment and employment rate is probably behind, but due to the constriction of the working-age population, even a relatively small increase in employment can slightly increase the employment rate, provided that the economic cycle remains favourable. The level of employment that would secure the sustainability of the financial basis of the Finnish public sector economy is difficult to reach without structural changes in the labour market.

The financial and market risks of 2020 are still associated with global trade policy and China balancing between economic growth objective and curbing the increase in indebtedness. China's growth also plays a key role for emerging economies due to the high raw material intensity of China and China-oriented production chains. In fact, risks to China's growth are strongly reflected in the growth expectations of all entire emerging markets. In addition to this, the possibility of the United Kingdom's unfavourable departure from the EU without an agreement is not fully excluded. Moreover, 2020 is a year of US presidential elections, and therefore turbulence may be expected in the United States' political and, above all, trade relations.

Above all, it is positive from the point of view of the economic outlook that key central banks are committed to keeping their monetary policy stimulating and support growth through new measures, if necessary. In case of a new recession, however, the impacts of monetary policy are generally considered to be quite marginal, and therefore eyes have commonly turned to financial policy-related

measures, especially in countries in which indebtedness is not too high to compromise the impact of such stimulus measures.

The starting point of 2020 is naturally more challenging following the excellent returns on investments in 2019. Companies' profit performance plays an increasingly central role in the generation of return on equity, and the general increase in costs due to the maturing of the economic cycle creates difficulties in this. The realisation of the moderate growth expectations for the global economy and even some level of stabilisation of global trade and geopolitics are also seen as key drivers of investment income in 2020.

The Elo Board of Directors would like to thank the company's personnel and management for all their good work during 2019.

## **NON-FINANCIAL INFORMATION**

### **Description of the business model**

Elo's basic mission of safeguarding current and future pensions includes major social responsibility. Elo influences the society and the day-to-day lives of its customers by carrying out its own task of enforcing statutory employment pensions efficiently and by looking after its customers, developing the customer experience. Elo contributes to laying down the foundation for keeping people at work in a changing world. The measures available to an employment pension insurance company for this include disability risk management and employment pension rehabilitation. Long and intact work careers are of benefit to individuals and society. Our responsible investment operations safeguard

pensions and lay down a foundation for a sustainable future across generations.

Elo's investment assets amount to over EUR 25.3 billion. Elo is responsible for the future pensions of more than 493,600 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 240,900 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 so that there will be no unnecessary interruptions in their livelihood. Pension decisions were done quickly and they were high-quality. In 2019, pension decisions by Elo were made 9 days or 25 per cent faster than the overall average for other employment pension companies.

Through working capacity management 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, but these points of view are also taken into consideration in Elo's other activities.

Elo's Board of Directors approved Elo's strategy until 2022 in late 2019. The strategy starts with our basic mission. Elo's mission statement is as follows: "Taking care of customers' pension interests responsibly." Elo's strategic themes are responsibly competitive, customer experience as a competitive advantage and reforming competence.

In the distributed employment pension system, the justification of our existence is that we continuously develop our expertise, solvency and operational efficiency. Responsibility is integrated into our operations, and it is associated with all of our strategic themes: competitiveness, customer experience and reforming competence. In conjunction with our strategy work, we analysed our operating environment; in terms of responsibility, its key change factors included climate change, transformation of work, change in customer needs and digitalisation of society. Based on these, we will begin to develop our new responsibility programme during 2020.

Elo's annual and responsibility report to be published in March 2020 will provide more detailed information about Elo's responsibility as part of its business operations. The GRI framework is used in the reporting.

### **Personnel responsibility**

Elo's HR work is guided by the personnel strategy, and the personnel vision is: "We want to be an appreciated and developing work community where everyone can experience success." We develop Elo with a thriving personnel that is committed to development and ready for change, as well as through goal-oriented management. Reforming competence is a key theme in the strategy.

Elo has prepared for risks related to the competence of personnel, such as the availability of skilled employees and increasing competence demands. In 2019, the focus areas in competence development are customer insight development, technology and data analytics expertise as well as leadership. By constantly anticipating competence needs and supporting our personnel in the business transformation, we ensure Elo's competitiveness in the future.

The "Elossa 2030" programme launched last year was continued. The purpose of the programme is to awake individuals and functions to consider the changes that the transformation of working life will introduce to our tasks and competence requirements, as well as how we can prepare for the changes. 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 survey. In 2019, 85 per cent of Elo employees responded to the personnel survey. The PeoplePower index for the survey as a whole was 72.8, winning us the Most Inspiring Workplaces in Finland recognition. Positive development continued for the sixth consecutive year; in 2018, the index was 71.1.

### **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 2019. 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 2019, the focus of occupational safety and health activities was on psychosocial stress factors and musculoskeletal disorders.

### **Equality**

Elo has an equality plan updated once every two years. The next update will take place in 2020. 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 65.2 per cent of employees in clerical and specialist positions in 2019, men for 34.8 per cent. Women accounted for 67.3 per cent of employees in managerial positions, men for 32.7 per cent. Women accounted for 56.0 per cent of employees in executive positions, men for 44.0 per cent.

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 five times during 2019.

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. 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.

During 2019, Elo launched a diversity and equality project to promote equality. The areas covered by the project include impartiality of the recruitment process, multicultural work community, recruitment of young people with special needs, employment of unemployed job-seekers, employment of people with reduced working capacity and trial work.

### **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 2019.

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. No reports were received via the

whistleblower channel in 2019. The Compliance Officer received five reports directly.

### **Anti-corruption guidelines and insider guidelines**

Elo's anti-corruption guidelines and insider guidelines are published on the Elo website. Elo prepared an online course on the principles for training purposes; it is mandatory for all employees and will be deployed in early 2020. In accordance with the principle, Elo uses a gift register in which all gifts given and received are recorded. No cases of bribery were identified at Elo during 2019. The anti-corruption guidelines include separate guidelines on sponsorship and joint projects. Elo's partnerships and donations to charity in 2019 are 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. Elo's own business operations and supply chains 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 of investments is assessed on the basis of environmental responsibility, social responsibility and good corporate governance, or the so-called ESG aspects. Responsible investment is guided by Elo's strategy and investment plan, the principles of responsible investments and ownership policy, approved by the Board of Directors. Elo's climate strategy supplements responsible investment. The objective of the climate strategy is to ensure sustainable returns for investments, taking into account the challenges that climate change imposes on the financial markets and our investments.

The Executive Group of investments is responsible for preparing and updating the principles and strategies guiding responsible investment. It is supported by the steering groups for responsible investment and ownership steering.

Elo's responsible investment strategy is made up 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 influence.

In March 2019, Elo published updated principles of responsible investing. The principles sharpen Elo's strategy of responsible investing and emphasise the significance of engagement as a way for an active owner to promote responsibility in investments. We updated our exclusion list with regard to coal and, going forward, we will exclude companies that generate more than 25 per cent of their net sales from business concerning coal production or the use of coal in energy production without a clear strategy for reducing the use of coal. The principles also address companies that are subject to critical monitoring.

In June, Elo published an updated ownership policy. The policy highlights the significance of responsibility in increasing shareholder value.

### **Environmental responsibility in investing**

Taking climate change into consideration is related to the assessment of the environmental responsibility for investments. Elo's climate strategy aims at a comprehensive assessment of the climate risks and to exploit the investment opportunities introduced by climate change. The objectives of Elo's climate strategy can be divided into three categories: assessment and reduction of carbon risk, influence and engagement and utilising opportunities.

Elo publicly supports the TCFD's recommendations for climate reporting. For 2019, Elo will report 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 2020. Elo's TCFD reporting will be developed and expanded in 2020.

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 relating to the transition to low-carbon society, and system 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 goal is that, by 2025, more than one half of the direct equity and corporate bond investments and infrastructure and real estate investments would have a measurable positive impact on the environment or society. In 2019, 47 per cent of the companies included in Elo's direct equity investments, 59 per cent of the corporate bond investment companies and 48 per cent of the infrastructure and real estate 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.

In 2019, the carbon footprint of Elo's listed equity investments was 147 (tCO<sub>2</sub>/MUSD invested), and it decreased by 18 per cent year-on-year. The carbon intensity of listed equity investments was 208 (tCO<sub>2</sub>/MUSD of turnover), and it decreased by 3 per cent compared to 2018. The weighted carbon intensity of listed equity investments was 203

(tCO<sub>2</sub>/MUSD of turnover), and it decreased by 7 per cent compared to 2018.

The weighted carbon intensity of Elo's listed corporate bonds was 192 (tCO<sub>2</sub>/MUSD of turnover) and it decreased by 15 per cent year-on-year.

The carbon footprint of Elo's direct real estate investments normalised by investment assets was 9 (tCO<sub>2</sub>/MEUR) during the year under review, while it was 17 the previous year. 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 14 per cent in 2019 to an estimated 250,000 tCO<sub>2</sub>.

Engagement is a key means of exercising responsibility, and is particularly effective from the point of view of climate change. Elo prefers engagement projects involving a significant number of other investors, as influencing the investment companies' operations is generally more effective this way. Elo continued its cooperation with collaborative forums of institutional investors, such as IIGCC (the Institutional Investor Group on Climate Change). Elo was one of the signatories to the IIGCC's joint letter to EU leaders, emphasising the achievement of the target for carbon neutrality in Europe by 2050 and aligning all essential EU regulations with the Paris Agreement.

# Accounting policies 2019

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, directly or indirectly, more than 50 per cent. In 2019, 93 housing and real estate corporations and 4 other companies (names given in the notes), as well as the Tammi-Kodit GB Oy and Exilion Real Estate 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. Following the deployment of the incomes register, the premium based on reported salaries is final. Insurance premiums for 2019 that will only fall due during 2020 are recognised as the adjustment premium estimate. Furthermore, 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 2019 financial year.

Due to the update of the Finnish Financial Supervisory Authority regulations and guidelines, chapter 12 section Balance sheet (16), real estate funds were transferred from the balance sheet item Other investments to Real estate investments, and from the balance sheet items Shares and holdings in Group companies and participating interests to the balance sheet item Real estate shares in Group companies and participating interests. The transfers between items are reported in note Changes in real estate investment for Elo and the Group. The comparison figures for the previous year have been adjusted in Elo's and consolidated balance sheet, profit and loss account and the notes Investments at current value and valuation differences and Net investment income.

### 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, daily 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 insurance premiums allocated to the financial year that will not fall due until the following year 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 yrs |
| Industrial property and warehouses   | 40 yrs |
| Hotels   | 50 yrs |
| Intangible rights  | 5 yrs  |
| Motor vehicles   | 5 yrs  |
| AV hardware  | 3 yrs  |
| Equipment  | 10 yrs |
| Other long-term expenses   | 5 yrs  |
| Other tangible assets  | 10 yrs |
| 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 2019.

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 has not been 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, comprised of unpaid insurance premiums, 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<br>2019 | Parent company<br>2018 | Group<br>2019 | Group<br>2018 |
|--|---|------------------------|------------------------|---------------|---------------|
| <b>Technical account</b>                                       |   |                        |                        |               |               |
| Premiums written   | 1 | 3,968,493              | 3,639,773              | 3,968,493     | 3,639,773     |
| Investment income  | 3 | 2,910,549              | 2,911,175              | 2,900,743     | 2,974,097     |
| Claims incurred  |   |                        |                        |               |               |
| Claims paid  | 2 | -3,940,939             | -3,661,151             | -3,940,939    | -3,661,151    |
| Change in provision for claims outstanding                     |   | -248,993               | -313,951               | -248,993      | -313,951      |
| Change in premium reserve                                      |   | -1,195,968             | 17,009                 | -1,195,968    | 17,009        |
| Operating expenses   | 4 | -82,077                | -78,696                | -82,077       | -78,696       |
| Investment management expenses                                 | 3 | -1,402,268             | -2,505,422             | -1,442,129    | -2,549,508    |
| <b>Balance on technical account</b>                            |   | 8,797                  | 8,737                  | -40,869       | 27,572        |
| <b>Non-technical account</b>                                   |   |                        |                        |               |               |
| Other result   |   | 662                    | 633                    | 244           | 215           |
| Other expenses   |   |                        |                        |               |               |
| Goodwill amortisation  |   |                        |                        | -1,481        | -106          |
| Other  |   | -15                    | -22                    | -15           | -22           |
| Share of the profit/loss of associate companies                |   |                        |                        | 11,047        | 1,923         |
| Accumulated appropriations                                     |   |                        |                        |               |               |
| Change in depreciation difference                              |   | 39                     | -17                    |               |               |
| Income taxes   |   |                        |                        |               |               |
| Taxes from this and earlier financial years                    |   | -9,478                 | -9,326                 | -10,169       | -16,979       |
| Deferred taxes   |   |                        |                        | -410          | 2,451         |
| <b>Profit (loss) from ordinary activities</b>                  |   | 5                      | 6                      | -41,652       | 15,054        |
| Minority interest as part of the profit for the financial year |   |                        |                        | -2,670        | -3,791        |
| <b>Profit for the accounting period</b>                        |   | 5                      | 6                      | -44,322       | 11,263        |

# Balance sheet

| EUR 1,000  |    | Parent company<br>2019 | Parent company<br>2018 | Group<br>2019 | Group<br>2018 |
|--|----|------------------------|------------------------|---------------|---------------|
| <b>ASSETS</b>  |    |                        |                        |               |               |
| <b>Intangible assets</b>                                   | 13 |                        |                        |               |               |
| Intangible rights  |    | 382                    | 2,468                  | 382           | 2,531         |
| Goodwill   |    |                        |                        | 13,004        | 757           |
| Other long-term expenses                                   |    | 7,116                  | 9,330                  | 7,116         | 9,330         |
| Projects in progress                                       |    | 894                    | 1,962                  | 894           | 1,962         |
| Provisional premiums                                       |    | 3,353                  | 2,517                  | 3,353         | 2,517         |
|  |    | 11,745                 | 16,277                 | 24,749        | 17,097        |
| <b>Investments</b>   | 6  |                        |                        |               |               |
| Real estate investments                                    | 8  |                        |                        |               |               |
| Real estate investments                                    |    | 1,179,629              | 926,078                | 1,707,006     | 1,583,024     |
| Loan receivables from Group companies                      |    | 540,628                | 546,957                |               |               |
| Loan receivables from participating interests              |    | 59,397                 | 66,397                 | 59,397        | 66,397        |
| Loans to real estate companies                             |    |                        | 1,069                  |               | 1,069         |
|  |    | 1,779,654              | 1,540,500              | 1,766,403     | 1,650,490     |
| Investments in Group companies and participating interests |    |                        |                        |               |               |
| Shares and holdings in Group companies                     | 9  | 15,024                 | 32,881                 |               |               |
| Loan receivables from Group companies                      |    | 320                    | 48,866                 |               |               |
| Shares and holdings in participating interests             | 9  | 24,733                 | 25,533                 | 38,741        | 41,756        |
| Loan receivables from participating interests              |    | 2,949                  | 2,949                  | 2,949         | 2,949         |
|  |    | 43,026                 | 110,228                | 41,690        | 44,705        |
| Other investments  |    |                        |                        |               |               |
| Shares and holdings  | 10 | 13,402,369             | 11,575,623             | 13,408,642    | 11,584,675    |
| Financial market instruments                               |    | 4,384,699              | 4,813,858              | 4,384,699     | 4,813,858     |
| Loans guaranteed by mortgages                              | 6  | 119,815                | 128,629                | 119,815       | 128,629       |
| Other loans  | 11 | 330,328                | 407,414                | 330,328       | 407,414       |
| Other investments  |    |                        |                        |               | 2,119         |
|  |    | 18,237,211             | 16,925,524             | 18,243,484    | 16,936,695    |
|  |    | 20,059,890             | 18,576,253             | 20,051,576    | 18,631,889    |
| <b>Debtors</b>   |    |                        |                        |               |               |
| Arising out of direct insurance operations                 |    |                        |                        |               |               |
| Policyholders  |    | 456,244                | 281,824                | 456,244       | 281,824       |
| Other debtors  |    |                        |                        |               |               |
| Other debtors  |    | 285,338                | 470,064                | 271,014       | 460,780       |
| Deferred tax assets  |    |                        |                        | 1,163         | 2,353         |
|  |    | 741,582                | 751,888                | 728,421       | 744,957       |
| <b>Other assets</b>  |    |                        |                        |               |               |
| Tangible assets  | 13 |                        |                        |               |               |
| Machinery and equipment                                    |    | 3,211                  | 3,979                  | 3,211         | 3,980         |
| Other tangible assets                                      |    | 380                    | 380                    | 380           | 380           |
|  |    | 3,591                  | 4,359                  | 3,591         | 4,360         |
| Cash at bank and in hand                                   |    | 1,240,139              | 1,398,557              | 1,257,437     | 1,427,738     |
|  |    | 1,243,730              | 1,402,917              | 1,261,028     | 1,432,098     |
| <b>Prepayments and accrued income</b>                      |    |                        |                        |               |               |
| Accrued interest and rent                                  |    | 50,472                 | 55,011                 | 50,472        | 54,897        |
| Other prepayments and accrued income                       | 14 | 37,134                 | 73,323                 | 37,675        | 74,967        |
|  |    | 87,607                 | 128,335                | 88,147        | 129,864       |
| <b>Total assets</b>  |    | 22,144,554             | 20,875,670             | 22,153,921    | 20,955,906    |

| <b>EUR 1,000</b>                           |    | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|--|----|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>LIABILITIES</b>                         |    |                                |                                |                       |                       |
| <b>Capital and reserves</b>                | 15 |                                |                                |                       |                       |
| Initial fund                               |    | 6,694                          | 6,694                          | 6,694                 | 6,694                 |
| Guarantee fund                             |    |                                |                                | 88                    | 88                    |
| Loan amortisation reserve                  |    |                                |                                | 84                    | 84                    |
| Revaluation reserve                        |    |                                |                                | 84                    | 185                   |
| Other reserves                             |    | 92,813                         | 92,807                         | 92,813                | 93,035                |
| Profit brought forward                     |    | 1,842                          | 1,842                          | -6,324                | -17,046               |
| Profit for the accounting period           |    | 5                              | 6                              | -44,322               | 11,263                |
|  |    | 101,354                        | 101,349                        | 49,117                | 94,303                |
| <b>Minority interest</b>                   |    |                                |                                | 27,882                | 45,383                |
| <b>Accrued appropriations</b>              |    |                                |                                |                       |                       |
| Depreciation difference                    |    | 789                            | 828                            |                       |                       |
| <b>Group reserve</b>                       |    |                                |                                | 4,531                 | 1,221                 |
| <b>Technical provisions</b>                | 16 |                                |                                |                       |                       |
| Premium reserve                            |    | 12,482,872                     | 11,286,904                     | 12,482,872            | 11,286,904            |
| Provision for claims outstanding           |    | 9,393,776                      | 9,144,783                      | 9,393,776             | 9,144,783             |
|  |    | 21,876,648                     | 20,431,687                     | 21,876,648            | 20,431,687            |
| <b>Mandatory provisions</b>                |    |                                |                                |                       | 1,436                 |
| <b>Creditors</b>                           |    |                                |                                |                       |                       |
| Arising out of direct insurance operations |    | 18,133                         | 20,503                         | 18,133                | 20,503                |
| Deferred tax liabilities                   |    |                                |                                | 7,083                 | 8,807                 |
| Other liabilities                          |    | 95,802                         | 277,547                        | 118,350               | 301,581               |
|  |    | 113,935                        | 298,050                        | 143,566               | 330,891               |
| <b>Accruals and deferred income</b>        | 14 | 51,828                         | 43,757                         | 52,177                | 50,985                |
| <b>Total liabilities</b>                   |    | 22,144,554                     | 20,875,670                     | 22,153,921            | 20,955,906            |

# Cash flow statement

| EUR 1,000   | Parent company<br>2019 | Parent company<br>2018 | Group<br>2019 | Group<br>2018 |
|---|------------------------|------------------------|---------------|---------------|
| <b>Cash flow from operating activities</b>  |                        |                        |               |               |
| Profit (loss) from ordinary activities  | 8,797                  | 8,737                  | -40,869       | 27,572        |
| Adjustments   |                        |                        |               |               |
| Changes in technical provisions   | 1,444,961              | 297,233                | 1,444,961     | 297,233       |
| Value adjustments and revaluation of investments  | -122,282               | 502,435                | -122,282      | 502,435       |
| Depreciation according to plan  | 6,779                  | 8,374                  | 49,898        | 48,242        |
| Sales gains and losses  | -882,656               | -602,260               | -832,985      | -607,421      |
| Cash flow before change in working capital  | 455,599                | 214,520                | 498,724       | 268,062       |
| Change in working capital:  |                        |                        |               |               |
| Non-interest-bearing short-term receivables increase(-)/decrease(+)                     | 51,035                 | -24,314                | 57,064        | -43,330       |
| Non-interest-bearing short-term debt increase(+)/decrease(-)                            | -176,044               | 75,018                 | -185,845      | 77,422        |
| Cash flow from operations before financial items and taxes                              | 330,591                | 265,225                | 369,943       | 302,155       |
| Direct taxes paid   | -9,478                 | -9,326                 | -10,169       | -16,979       |
| Cash flow from other business items   | 647                    | 611                    | 229           | 193           |
| Cash flow from operating activities   | 321,760                | 256,510                | 360,003       | 285,368       |
| <b>Cash flow from investing activities</b>  |                        |                        |               |               |
| Investment in assets  | -478,700               | 327,209                | -473,524      | 345,493       |
| Investments in tangible and intangible assets as well as other assets and capital gains | -1,478                 | -3,669                 | -56,781       | -43,429       |
| Cash flow from investing activities   | -480,178               | 323,540                | -530,305      | 302,064       |
| <b>Change in cash and cash equivalents</b>  | -158,418               | 580,050                | -170,302      | 587,432       |
| <b>Cash and cash equivalents at the start of the year</b>                               | 1,398,557              | 818,507                | 1,427,738     | 840,307       |
| <b>Cash and cash equivalents at the end of the year</b>                                 | 1,240,139              | 1,398,557              | 1,257,437     | 1,427,738     |

# Notes to the profit and loss account

| EUR 1,000  | Parent company<br>2019 | Parent company<br>2018 | Group<br>2019 | Group<br>2018 |
|--|------------------------|------------------------|---------------|---------------|
| <b>1. PREMIUMS WRITTEN</b>   |                        |                        |               |               |
| Direct insurance   |                        |                        |               |               |
| TyEL pension insurance   |                        |                        |               |               |
| Employers' contribution  | 2,525,223              | 2,339,604              | 2,525,223     | 2,339,604     |
| Employees' contribution  | 1,032,898              | 884,307                | 1,032,898     | 884,307       |
|  | 3,558,121              | 3,223,911              | 3,558,121     | 3,223,911     |
| YEL minimum coverage insurance   | 410,372                | 415,862                | 410,372       | 415,862       |
| Premiums written   | 3,968,493              | 3,639,773              | 3,968,493     | 3,639,773     |
| Items deducted from premiums written   |                        |                        |               |               |
| Credit losses on insurance premiums  |                        |                        |               |               |
| TyEL   | 16,731                 | 20,763                 | 16,731        | 20,763        |
| YEL  | 4,641                  | 4,788                  | 4,641         | 4,788         |
|  | 21,372                 | 25,550                 | 21,372        | 25,550        |
| <b>2. CLAIMS PAID</b>  |                        |                        |               |               |
| Direct insurance   |                        |                        |               |               |
| Paid to pensioners   |                        |                        |               |               |
| TyEL basic insurance   | 2,957,285              | 2,827,587              | 2,957,285     | 2,827,587     |
| Supplementary TEL insurance  | 28,974                 | 29,509                 | 28,974        | 29,509        |
| YEL minimum coverage insurance   | 425,124                | 406,421                | 425,124       | 406,421       |
| YEL supplementary pension cover  | 1,666                  | 1,686                  | 1,666         | 1,686         |
|  | 3,413,048              | 3,265,203              | 3,413,048     | 3,265,203     |
| Paid/refunded division of cost compensations   |                        |                        |               |               |
| TyEL pensions  | 647,211                | 480,052                | 647,211       | 480,052       |
| YEL pensions   | 74,509                 | 83,020                 | 74,509        | 83,020        |
| 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          | -101,796               | -91,620                | -101,796      | -91,620       |
| Government contribution of YEL   | -116,436               | -101,029               | -116,436      | -101,029      |
| 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) | -1,242                 | -994                   | -1,242        | -994          |
|  | 502,246                | 369,430                | 502,246       | 369,430       |
|  | 3,915,294              | 3,634,633              | 3,915,294     | 3,634,633     |
| Claims administration costs  | 23,076                 | 23,697                 | 23,076        | 23,697        |
| Costs from disability risk management  | 2,568                  | 2,821                  | 2,568         | 2,821         |
| Total claims paid  | 3,940,939              | 3,661,151              | 3,940,939     | 3,661,151     |

| <b>EUR 1,000</b>   | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|--|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>3. NET INVESTMENT INCOME</b>  |                                |                                |                       |                       |
| <b>Investment income</b>   |                                |                                |                       |                       |
| Income from investments in Group companies                             |                                |                                |                       |                       |
| Interest income  | 686                            | 1,964                          |                       |                       |
|  | 686                            | 1,964                          |                       |                       |
| Income from investments in participating interests                     |                                |                                |                       |                       |
| Dividend income  | 414                            | 1,577                          |                       | 940                   |
| Interest income  | 236                            |                                | 236                   |                       |
|  | 650                            | 1,577                          | 236                   | 940                   |
| Income from real estate investments                                    |                                |                                |                       |                       |
| Dividend income  |                                |                                |                       |                       |
| From Group companies   | 9,183                          | 12,130                         |                       |                       |
| Others   | 4,643                          | 3,485                          |                       | 3,485                 |
| Interest income  |                                |                                |                       |                       |
| From Group companies   | 11,195                         | 11,447                         |                       |                       |
| Others   | 119                            | 451                            | 417                   | 748                   |
| Other income   |                                |                                |                       |                       |
| Others   | 124,594                        | 130,208                        | 186,485               | 211,488               |
|  | 149,733                        | 157,722                        | 186,902               | 215,721               |
| Income from other investments  |                                |                                |                       |                       |
| Dividend income  | 482,576                        | 457,358                        | 482,576               | 457,358               |
| Interest income  | 152,234                        | 132,126                        | 152,234               | 132,232               |
| Other income   | 657,940                        | 883,451                        | 661,738               | 885,708               |
|  | 1,292,749                      | 1,472,935                      | 1,296,547             | 1,475,298             |
| <b>Total</b>   | <b>1,443,818</b>               | <b>1,634,199</b>               | <b>1,483,685</b>      | <b>1,691,959</b>      |
| Value readjustments  | 356,724                        | 167,507                        | 356,724               | 167,507               |
| Gains on realisation   | 1,110,006                      | 1,109,469                      | 1,060,334             | 1,114,630             |
| <b>Total</b>   | <b>2,910,549</b>               | <b>2,911,175</b>               | <b>2,900,743</b>      | <b>2,974,097</b>      |
| <b>Investment management expenses</b>                                  |                                |                                |                       |                       |
| Costs on real estate investments                                       | -78,989                        | -81,001                        | -77,099               | -84,815               |
| Costs on other investments   | -702,133                       | -1,100,196                     | -702,228              | -1,100,246            |
| Interest costs and expenses on other liabilities                       | -159,353                       | -147,074                       | -159,371              | -147,535              |
|  | -940,476                       | -1,328,271                     | -938,699              | -1,332,595            |
| Value adjustments and depreciation                                     |                                |                                |                       |                       |
| Value adjustments  | -232,141                       | -667,622                       | -232,141              | -667,622              |
| Planned depreciation on buildings                                      | -2,301                         | -2,321                         | -43,939               | -42,083               |
|  | -234,443                       | -669,942                       | -276,080              | -709,704              |
| Losses on realisation  | -227,349                       | -507,209                       | -227,349              | -507,209              |
| <b>Total</b>   | <b>-1,402,268</b>              | <b>-2,505,422</b>              | <b>-1,442,129</b>     | <b>-2,549,508</b>     |
| <b>Net investment income before revaluations and their adjustments</b> | <b>1,508,281</b>               | <b>405,753</b>                 | <b>1,458,615</b>      | <b>424,588</b>        |
| <b>Net investment income in the profit and loss account</b>            | <b>1,508,281</b>               | <b>405,753</b>                 | <b>1,458,615</b>      | <b>424,588</b>        |

| <b>EUR 1,000</b>  | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|---|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>4. PROFIT AND LOSS ACCOUNT ITEM OPERATING EXPENSES</b> |                                |                                |                       |                       |
| Insurance policy acquisition costs                        |                                |                                |                       |                       |
| Direct insurance remunerations                            | 12,073                         | 11,497                         | 12,073                | 11,497                |
| Other insurance policy acquisition costs                  | 11,140                         | 9,426                          | 11,140                | 9,426                 |
|   | 23,212                         | 20,923                         | 23,212                | 20,923                |
| Insurance management costs                                | 36,610                         | 35,740                         | 36,610                | 35,740                |
| Administration costs                                      |                                |                                |                       |                       |
| Statutory charges   |                                |                                |                       |                       |
| The Finnish Centre for Pensions' share of costs           | 6,859                          | 6,299                          | 6,859                 | 6,299                 |
| Judicial administration charge                            | 719                            | 806                            | 719                   | 806                   |
| Supervisory fee of the Financial Supervisory Authority    | 466                            | 464                            | 466                   | 464                   |
|   | 8,044                          | 7,569                          | 8,044                 | 7,569                 |
| Other administration costs                                | 14,210                         | 14,464                         | 14,210                | 14,464                |
| Total   | 82,077                         | 78,696                         | 82,077                | 78,696                |
| <b>TOTAL OPERATING EXPENSES BY OPERATION</b>              |                                |                                |                       |                       |
| Claims paid   |                                |                                |                       |                       |
| Claims administration costs                               | 23,076                         | 23,697                         | 23,076                | 23,697                |
| Costs from disability risk management                     | 2,568                          | 2,821                          | 2,568                 | 2,821                 |
|   | 25,645                         | 26,518                         | 25,645                | 26,518                |
| Operating expenses  | 82,077                         | 78,696                         | 82,077                | 78,696                |
| Investment management expenses                            |                                |                                |                       |                       |
| Costs on real estate investments                          | 5,659                          | 5,657                          | 7,839                 | 9,758                 |
| Costs on other investments                                | 24,638                         | 22,416                         | 24,638                | 22,416                |
|   | 30,297                         | 28,073                         | 32,477                | 32,173                |
| Other expenses  | 15                             | 22                             | 15                    | 22                    |
| Operating expenses, total                                 | 138,034                        | 133,309                        | 140,214               | 137,410               |

| <b>EUR 1,000</b>   | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|--|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>5. NOTES CONCERNING PERSONNEL AND MEMBERS OF THE OPERATIONAL ELEMENTS</b>   |                                |                                |                       |                       |
| <b>Personnel expenses</b>  |                                |                                |                       |                       |
| Salaries and bonuses   | 36,977                         | 32,776                         | 36,979                | 32,782                |
| Pension expenses   | 6,206                          | 5,702                          | 6,207                 | 5,703                 |
| Other social security expenses   | 981                            | 1,137                          | 982                   | 1,138                 |
| <b>Total</b>   | <b>44,164</b>                  | <b>39,616</b>                  | <b>44,168</b>         | <b>39,623</b>         |
| <b>Salaries and bonuses</b>  |                                |                                |                       |                       |
| Chief Executive Officer  | 876                            | 771                            | 880                   | 776                   |
| Members and deputy members of the Board of Directors   | 374                            | 321                            | 374                   | 321                   |
| Supervisory Board  | 71                             | 74                             | 71                    | 74                    |
| <b>Total</b>   | <b>1,321</b>                   | <b>1,166</b>                   | <b>1,325</b>          | <b>1,171</b>          |
| The salary and fringe benefits paid to CEO Satu Huber totalled EUR 583,588.28.   |                                |                                |                       |                       |
| 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 2019 was EUR 33,583.38. |                                |                                |                       |                       |
| No pension commitments, money loans or guarantees have been given to members of the Supervisory Board and the Board of Directors.  |                                |                                |                       |                       |
| <b>Average number of personnel during the financial year</b>   |                                |                                |                       |                       |
|  | 487                            | 466                            | 487                   | 466                   |
| <b>Fees paid to the auditors</b>   |                                |                                |                       |                       |
| Fees paid to Ernst & Young Oy  |                                |                                |                       |                       |
| Audit  | 342                            | 317                            | 404                   | 392                   |
| Tax consultation   | 21                             | 37                             | 21                    | 37                    |
| Other services   |                                | 11                             |                       | 15                    |

# Notes to the balance sheet

| EUR 1,000   | Remaining<br>acquisition cost<br>2019 | Book value<br>2019 | Current value<br>2019 | Remaining<br>acquisition cost<br>2018 | Book value<br>2018 | Current value<br>2018 |
|---|---------------------------------------|--------------------|-----------------------|---------------------------------------|--------------------|-----------------------|
| <b>6. INVESTMENTS AT CURRENT VALUE AND VALUATION DIFFERENCES, PARENT COMPANY</b>                            |                                       |                    |                       |                                       |                    |                       |
| Real estate investments   |                                       |                    |                       |                                       |                    |                       |
| Real estate   | 52,019                                | 52,019             | 77,429                | 53,075                                | 53,075             | 71,259                |
| Real estate shares in Group companies   | 599,687                               | 607,302            | 1,141,478             | 622,529                               | 630,144            | 1,076,432             |
| Real estate shares in participating interests   | 495,704                               | 495,704            | 542,373               | 216,384                               | 219,244            | 396,861               |
| Other real estate shares  | 24,604                                | 24,604             | 28,830                | 23,614                                | 23,614             | 29,848                |
| Loan receivables from Group companies   | 540,628                               | 540,628            | 540,628               | 546,957                               | 546,957            | 546,957               |
| Loan receivables from participating interests   | 59,397                                | 59,397             | 59,397                | 66,397                                | 66,397             | 66,397                |
| Loans to real estate companies  |                                       |                    |                       | 1,069                                 | 1,069              | 1,069                 |
| Investments in Group companies  |                                       |                    |                       |                                       |                    |                       |
| Shares and holdings   | 15,024                                | 15,024             | 15,024                | 32,881                                | 32,881             | 159,865               |
| Loan receivables  | 320                                   | 320                | 320                   | 48,866                                | 48,866             | 48,866                |
| Investments in participating interests  |                                       |                    |                       |                                       |                    |                       |
| Shares and holdings   | 24,733                                | 24,733             | 28,707                | 25,533                                | 25,533             | 27,473                |
| Loan receivables  | 2,949                                 | 2,949              | 2,949                 | 2,949                                 | 2,949              | 2,949                 |
| Other investments   |                                       |                    |                       |                                       |                    |                       |
| Shares and holdings   | 13,402,369                            | 13,402,369         | 16,463,190            | 11,575,623                            | 11,575,623         | 13,251,608            |
| Financial market instruments  | 4,384,699                             | 4,384,699          | 4,593,652             | 4,813,858                             | 4,813,858          | 4,829,678             |
| Loans guaranteed by mortgages   | 119,815                               | 119,815            | 119,815               | 128,629                               | 128,629            | 128,629               |
| Other loans   | 330,328                               | 330,328            | 330,328               | 407,414                               | 407,414            | 407,414               |
|   | 20,052,275                            | 20,059,890         | 23,944,119            | 18,565,778                            | 18,576,253         | 21,045,304            |
| The remaining acquisition cost of financial market instruments includes:                                    |                                       |                    |                       |                                       |                    |                       |
| The difference between the nominal value and acquisition cost released (+) or charged(-) to interest income | -17,244                               |                    |                       | -27,390                               |                    |                       |
| The book value comprises  |                                       |                    |                       |                                       |                    |                       |
| Revaluations released as income   | 7,616                                 |                    |                       | 10,475                                |                    |                       |
| Valuation difference (difference between current value and book value)                                      |                                       |                    | 3,884,228             |                                       |                    | 2,469,051             |

| <b>EUR 1,000</b>   | <b>Remaining<br/>acquisition cost<br/>2019</b> | <b>Book value<br/>2019</b> | <b>Current value<br/>2019</b> | <b>Remaining<br/>acquisition cost<br/>2018</b> | <b>Book value<br/>2018</b> | <b>Current value<br/>2018</b> |
|--|--|----------------------------|-------------------------------|--|----------------------------|-------------------------------|
| <b>6. INVESTMENTS AT CURRENT VALUE AND VALUATION DIFFERENCES, GROUP</b>                                      |  |                            |                               |  |                            |                               |
| Real estate investments  |  |                            |                               |  |                            |                               |
| Real estate  | 1,162,920                                      | 1,170,536                  | 1,775,299                     | 1,318,780                                      | 1,326,396                  | 1,905,471                     |
| Real estate shares in participating interests  | 503,912  | 503,912                    | 550,581                       | 216,640  | 219,499                    | 397,116                       |
| Other real estate shares   | 32,559   | 32,559                     | 36,785                        | 37,123   | 37,123                     | 43,357                        |
| Loan receivables from participating interests  | 59,397   | 59,397                     | 59,397                        | 66,397   | 66,397                     | 66,397                        |
| Loans to real estate companies   |  |                            |                               | 1,069  | 1,069                      | 1,069                         |
| Investments in participating interests   |  |                            |                               |  |                            |                               |
| Shares and holdings  | 38,741   | 38,741                     | 42,714                        | 41,762   | 41,762                     | 43,703                        |
| Loan receivables   | 2,949  | 2,949                      | 2,949                         | 2,949  | 2,949                      | 2,949                         |
| Other investments  |  |                            |                               |  |                            |                               |
| Shares and holdings  | 13,408,642                                     | 13,408,642                 | 16,469,463                    | 11,584,675                                     | 11,584,675                 | 13,260,660                    |
| Financial market instruments   | 4,384,699                                      | 4,384,699                  | 4,593,652                     | 4,813,858                                      | 4,813,858                  | 4,829,678                     |
| Loans guaranteed by mortgages  | 119,815  | 119,815                    | 119,815                       | 128,629  | 128,629                    | 128,629                       |
| Other loans  | 330,328  | 330,328                    | 330,328                       | 407,414  | 407,414                    | 407,414                       |
| Other investments  |  |                            |                               | 2,119  | 2,119                      | 2,119                         |
|  | 20,043,961                                     | 20,051,576                 | 23,980,982                    | 18,621,414                                     | 18,631,889                 | 21,088,560                    |
| The remaining acquisition cost of financial market instruments includes:                                     |  |                            |                               |  |                            |                               |
| the difference between the nominal value and acquisition cost released (+) or charged (-) to interest income | -17,244  |                            |                               | -27,390  |                            |                               |
| The book value comprises   |  |                            |                               |  |                            |                               |
| Revaluations released as income  | 7,616  |                            |                               | 10,475   |                            |                               |
| Valuation difference (difference between current value and book value)                                       |  |                            | 3,929,406                     |  |                            | 2,456,671                     |

| <b>EUR 1,000</b>   | <b>Book value<br/>2019</b> | <b>Current value<br/>2019</b> | <b>Valuation<br/>difference<br/>2019</b> | <b>Book value<br/>2018</b> | <b>Current value<br/>2018</b> | <b>Valuation<br/>difference<br/>2018</b> |
|--|----------------------------|-------------------------------|--|----------------------------|-------------------------------|--|
| <b>7. DERIVATIVES, PARENT COMPANY</b>                              |                            |                               |  |                            |                               |  |
| <b>Non-hedging derivatives</b>                                     |                            |                               |  |                            |                               |  |
| Other debtors  |                            |                               |  |                            |                               |  |
| Derivatives  | 2,199                      | 2,938                         | 739                                      | 194,042                    | 197,501                       | 3,459                                    |
| Other liabilities  |                            |                               |  |                            |                               |  |
| Derivatives  | -7,333                     | -1,146                        | 6,187                                    | -156,267                   | -146,654                      | 9,612                                    |
| Other prepayments and accrued income, accruals and deferred income |                            |                               |  |                            |                               |  |
| Derivatives  | -5,554                     | 57,319                        | 62,873                                   | -4,511                     | 50,496                        | 55,007                                   |
| Total  | -10,687                    | 59,111                        | 69,799                                   | 33,264                     | 101,343                       | 68,079                                   |
| <b>7. DERIVATIVES, GROUP</b>                                       |                            |                               |  |                            |                               |  |
| <b>Non-hedging derivatives</b>                                     |                            |                               |  |                            |                               |  |
| Other debtors  |                            |                               |  |                            |                               |  |
| Derivatives  | 2,199                      | 2,938                         | 739                                      | 194,042                    | 197,501                       | 3,459                                    |
| Other liabilities  |                            |                               |  |                            |                               |  |
| Derivatives  | -7,333                     | -1,146                        | 6,187                                    | -156,267                   | -146,654                      | 9,612                                    |
| Other prepayments and accrued income, accruals and deferred income |                            |                               |  |                            |                               |  |
| Derivatives  | -5,554                     | 57,319                        | 62,873                                   | -4,511                     | 50,496                        | 55,007                                   |
| Total  | -10,687                    | 59,111                        | 69,799                                   | 33,264                     | 101,343                       | 68,079                                   |

| <b>EUR 1,000</b>   | <b>Real estate and<br/>real estate shares<br/>2019</b> | <b>Loan receivables from<br/>Group companies<br/>2019</b> | <b>Loans receivables from<br/>real estate companies<br/>2019</b> | <b>Loans receivables from<br/>participating interests<br/>2019</b> |
|--|--|---|--|--|
| <b>8. REAL ESTATE INVESTMENTS, PARENT COMPANY</b>            |  |   |  |  |
| <b>Changes in real estate investments</b>                    |  |   |  |  |
| Acquisition cost, 1 Jan                                      | 806,651  | 430,554   | 1,069  | 66,397   |
| Increase   | 456,666  | 226,605   |  |  |
| Decrease   | -193,070   | -116,531  | -1,069   | -7,000   |
| Transfers from shares and holdings                           | 237,128  |   |  |  |
| Acquisition cost, 31 Dec                                     | 1,307,375  | 540,628   |  | 59,397   |
| Accumulated depreciations on 1 Jan                           |  |   |  |  |
| Accumulated depreciation related to deductions and transfers | -24,937  |   |  |  |
| Depreciation for the financial year                          | 1,146  |   |  |  |
| Accumulated depreciations on 31 Dec                          | -2,301   |   |  |  |
| Value adjustments, 1 Jan                                     |  |   |  |  |
| Value adjustments of deductions and transfers                | -103,162   |   |  |  |
| Value adjustments during financial year                      | 3,563  |   |  |  |
| Value readjustments  | -11,361  |   |  |  |
| Transfers from shares and holdings                           | 1,767  |   |  |  |
| Value adjustments, 31 Dec                                    | -77  |   |  |  |
| Revaluations, 1 Jan  |  |   |  |  |
| Decrease   | 10,475   |   |  |  |
| Revaluations, 31 Dec   | -2,859   |   |  |  |
| Book value on 31 Dec   | 7,616  |   |  |  |
|  | 1,179,629  | 540,628   |  | 59,397   |

| <b>EUR 1,000</b>   | <b>Parent company<br/>2019</b> |
|--|--------------------------------|
| <b>REAL ESTATE AND SHARES IN REAL ESTATE OCCUPIED FOR OWN ACTIVITIES</b> |                                |
| Remaining acquisition cost   | 23,085                         |
| Book value   | 23,085                         |
| Current value  | 23,963                         |

| <b>EUR 1,000</b>   | <b>Real estate and<br/>real estate shares<br/>2019</b> | <b>Loans receivables from<br/>real estate companies<br/>2019</b> | <b>Loans receivables from<br/>participating interests<br/>2019</b> |
|--|--|--|--|
| <b>8. REAL ESTATE INVESTMENTS, GROUP</b>                                 |  |  |  |
| <b>Changes in real estate investments</b>                                |  |  |  |
| Acquisition cost, 1 Jan  | 1,987,521  | 1,069  | 66,397   |
| Increase   | 274,013  |  |  |
| Decrease   | -260,347   | -1,069   | -7,000   |
| Transfers from shares and holdings                                       | 221,902  |  |  |
| Acquisition cost, 31 Dec   | 2,223,087  |  | 59,397   |
|  |  |  |  |
| Accumulated depreciations on 1 Jan                                       | -381,190   |  |  |
| Accumulated depreciation related to deductions and transfers             | 34,388   |  |  |
| Depreciation for the financial year                                      | -40,504  |  |  |
| Accumulated depreciations on 31 Dec                                      | -387,307   |  |  |
|  |  |  |  |
| Value adjustments, 1 Jan   | -153,092   |  |  |
| Value adjustments of deductions and transfers                            | 10,556   |  |  |
| Value adjustments during financial year                                  | -10,671  |  |  |
| Value readjustments  | 1,767  |  |  |
| Transfers from shares and holdings                                       | -77  |  |  |
| Value adjustments, 31 Dec  | -151,518   |  |  |
|  |  |  |  |
| Revaluations, 1 Jan  | 25,703   |  |  |
| Decrease   | -2,960   |  |  |
| Revaluations, 31 Dec   | 22,743   |  |  |
|  |  |  |  |
| Book value on 31 Dec   | 1,707,006  |  | 59,397   |
|  |  |  |  |
| <b>EUR 1,000</b>   | <b>Group<br/>2019</b>                                  |  |  |
| <b>REAL ESTATE AND SHARES IN REAL ESTATE OCCUPIED FOR OWN ACTIVITIES</b> |  |  |  |
| Remaining acquisition cost   | 23,085   |  |  |
| Book value   | 23,085   |  |  |
| Current value  | 23,963   |  |  |

| EUR 1,000  | Parent company 2019 |
|--|---------------------|
| <b>9. SHARES AND HOLDINGS IN GROUP COMPANIES AND PARTICIPATING INTERESTS</b> |                     |
| <b>Shares and holdings in Group companies, parent company</b>                |                     |
| Acquisition cost, 1 Jan  | 165,851             |
| Increase   | 15,024              |
| Decrease   | -32,881             |
| Transfers between items  | -132,970            |
| Acquisition cost, 31 Dec   | 15,024              |

| Name  | Domicile | Holding | Book value |
|---|----------|---------|------------|
| <b>Shares and holdings in Group companies, parent company</b> |          |         |            |
| Elop Holding Oy   | Espoo    | 100.00% | 15,024     |
| <b>Real estate shares in Group companies, parent company</b>  |          |         |            |
| Exilion Capital Oy  | Helsinki | 100.00% | 112        |
| Exilion Real Estate I Ky                                      | Helsinki | 100.00% | 91,059     |
| Tammi-kodit GP Oy   | Espoo    | 100.00% | 3          |
| Tammi-Kodit Ky  | Espoo    | 100.00% | 39,828     |
|   |          |         | 131,002    |
| Housing and real estate companies                             |          |         | 476,300    |

| EUR 1,000   | Parent company 2019 | Group 2019 |
|---|---------------------|------------|
| <b>Shares and holdings in participating interests</b> |                     |            |
| Acquisition cost, 1 Jan                               | 4,681               | 20,906     |
| Increase  | 1,601               | 2,267      |
| Decrease  | -2,400              | -5,282     |
| Transfers between items                               | 20,852              | 20,850     |
| Acquisition cost, 31 Dec                              | 24,733              | 38,741     |

| Name  | Domicile | Holding | Book value |
|---|----------|---------|------------|
| <b>Shares and holdings in participating interests, parent company</b> |          |         |            |
| Amplus Holding Oy   | Helsinki | 49.12%  | 2,458      |
| Avara Oy  | Helsinki | 34.28%  | 199        |
| Exilion Tuuli GP Oy   | Helsinki | 40.00%  | 1          |
| Exilion Tuuli Ky  | Helsinki | 40.00%  | 21,055     |
| Suomen Metsäsijoitus Oy   | Espoo    | 25.00%  | 1,011      |
| Tyvene Oy   | Helsinki | 40.00%  | 3          |
| Vakuutusneuvonta Aura Oy  | Espoo    | 33.33%  | 3          |
| Vakuutusneuvonta Pohja Oy   | Espoo    | 33.33%  | 3          |
|   |          |         | 24,733     |

| Name   | Domicile | Holding | Book value |
|--|----------|---------|------------|
| <b>Shares and holdings in participating interests, Group</b> |          |         |            |
| Amplus Holding Oy  | Helsinki | 49.12%  | 8,627      |
| Avara Oy   | Helsinki | 34.28%  | 7,263      |
| Exilion Tuuli GP Oy  | Helsinki | 40.00%  | 1          |
| Exilion Tuuli Ky   | Helsinki | 40.00%  | 21,187     |
| Suomen Metsäsijoitus Oy                                      | Espoo    | 25.00%  | 1,283      |
| Tyvene Oy  | Helsinki | 40.00%  | 372        |
| Vakuutusneuvonta Aura Oy                                     | Espoo    | 33.33%  | 4          |
| Vakuutusneuvonta Pohja Oy                                    | Espoo    | 33.33%  | 4          |
|  |          |         | 38,741     |

| Name   | Domicile | Holding | Book value |
|--|----------|---------|------------|
| <b>Real estate shares in participating interests, parent company</b> |          |         |            |
| Agore Kiinteistöt GP Oy  | Helsinki | 49.89%  | 1          |
| Agore Kiinteistöt Ky   | Helsinki | 49.89%  | 53,975     |
| Exilion Asemahotellit GP Oy  | Helsinki | 40.00%  | 1          |
| Exilion Asemahotellit Ky   | Helsinki | 40.00%  | 37,350     |
| Vantaan Valo GP Oy   | Helsinki | 50.00%  | 1          |
| Vantaan Valo Ky  | Helsinki | 50.00%  | 315,665    |
| Vierumäen Hotellikiinteistö Ky                                       | Helsinki | 50.00%  | 5,750      |
| Vierumäki Hotelli GP Oy  | Helsinki | 50.00%  | 1          |
|  |          |         | 412,745    |
| Housing and real estate companies                                    |          |         | 82,958     |

| EUR 1,000   | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|---|--------------------------------|---------------------------|-----------------------------|---------------------|
| <b>10. OTHER INVESTMENTS, PARENT COMPANY</b>                  |                                |                           |                             |                     |
| <b>Finnish and foreign unlisted shares and holdings</b>       |                                |                           |                             |                     |
| 3Step IT Group Oy   | 17.64                          | 6,199                     | 24,138                      | Finland             |
| Bravedo Oy  | 2.50                           | 3,833                     | 3,833                       | Finland             |
| Fingrid Oyj   | 4.51                           | 34                        | 250                         | Finland             |
| Futurice Oy   | 17.33                          | 4,916                     | 7,742                       | Finland             |
| HappySpace Oy   | 10.04                          | 1,200                     | 10,205                      | Finland             |
| Turva Mutual Insurance Company                                | 6.63                           | 702                       | 702                         | Finland             |
| Keski-Pohjanmaan Kirjapaino Oyj                               | 3.31                           | 315                       | 358                         | Finland             |
| Kotkamills Group Oy   | 9.58                           | 1,403                     | 5,289                       | Finland             |
| Midinvest Oy  | 7.93                           | 673                       | 720                         | Finland             |
| Oy Wedeco Ab  | 10.22                          | 956                       | 1,378                       | Finland             |
| Prefere Luxembourg I S.a r.l.                                 | 12.66                          | 9,999                     | 13,232                      | Luxembourg          |
| Ropo Holding 1 Oy   | 5.55                           | 4,302                     | 4,302                       | Finland             |
| Sato Oyj  | 12.89                          | 52,760                    | 166,723                     | Finland             |
| S-Pankki Oyj  | 1.50                           | 6,584                     | 6,584                       | Finland             |
| Sponfyr Oy  | 15.75                          | 2,582                     | 2,582                       | Finland             |
| Suomi Power Networks TopCo B.V.                               | 7.50                           | 12,878                    | 91,977                      | Netherlands         |
| TA-Yhtymä Oy  | 14.53                          | 566                       | 566                         | Finland             |
| Teknikum-Yhtiot Oy  | 19.60                          | 2,470                     | 2,470                       | Finland             |
| Other Finnish and foreign unlisted shares and holdings        |                                | 202                       | 202                         |                     |
| <b>Finnish and foreign unlisted shares and holdings total</b> |                                | <b>112,574</b>            | <b>343,254</b>              |                     |
| <b>Finnish listed shares and holdings</b>                     |                                |                           |                             |                     |
| Ahlstrom-Munksjo Oy   | 0.94                           | 14,851                    | 15,615                      | Finland             |
| Alma Media Oyj  | 2.58                           | 7,620                     | 16,917                      | Finland             |
| Asiakastieto Group Oyj  | 1.92                           | 6,731                     | 14,507                      | Finland             |
| Aspo Oyj  | 0.19                           | 419                       | 457                         | Finland             |
| Atria Yhtymä Oyj  | 0.66                           | 1,268                     | 1,268                       | Finland             |
| Bittium Oyj   | 1.40                           | 901                       | 3,250                       | Finland             |
| Cargotec Oyj B  | 0.91                           | 15,241                    | 15,241                      | Finland             |
| Caverion Corp   | 1.19                           | 9,663                     | 11,879                      | Finland             |
| Citycon Oyj   | 0.11                           | 1,873                     | 1,873                       | Finland             |
| Componenta Oyj  | 3.75                           | 997                       | 997                         | Finland             |
| Digitalist Group Oyj  | 0.23                           | 68                        | 68                          | Finland             |
| Elisa Oyj   | 0.89                           | 48,114                    | 72,939                      | Finland             |
| Fortum Oyj  | 0.51                           | 73,821                    | 99,660                      | Finland             |
| F-Secure Oyj  | 3.16                           | 10,126                    | 15,269                      | Finland             |
| Gofore Oyj  | 0.87                           | 770                       | 910                         | Finland             |

| EUR 1,000                   | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|-----------------------------|--------------------------------|---------------------------|-----------------------------|---------------------|
| Heeros Oyj                  | 7.47                           | 754                       | 754                         | Finland             |
| HKScan Oyj A                | 2.56                           | 6,604                     | 6,604                       | Finland             |
| Ilkka-Yhtymä Oyj            | 1.97                           | 1,465                     | 1,465                       | Finland             |
| Ilkka-Yhtymä Oyj 1          | 2.22                           | 366                       | 366                         | Finland             |
| Kamux Corp                  | 8.50                           | 23,816                    | 25,181                      | Finland             |
| Kemira OYJ                  | 0.61                           | 12,563                    | 12,563                      | Finland             |
| Kesko Oyj B                 | 0.94                           | 25,645                    | 40,495                      | Finland             |
| Kojamo Oyj                  | 0.65                           | 22,293                    | 25,845                      | Finland             |
| Kone Oyj B                  | 0.38                           | 49,320                    | 100,737                     | Finland             |
| Konecranes Oyj              | 1.03                           | 22,358                    | 22,358                      | Finland             |
| Lassila & Tikanoja Oyj      | 3.67                           | 18,118                    | 22,435                      | Finland             |
| Lehto Group Oyj             | 0.81                           | 1,116                     | 1,116                       | Finland             |
| Metso Oyj                   | 0.98                           | 47,127                    | 51,926                      | Finland             |
| Metsä Board B               | 1.06                           | 18,163                    | 20,413                      | Finland             |
| Neste Oyj                   | 0.46                           | 47,826                    | 110,431                     | Finland             |
| NoHo Partners Oyj           | 1.43                           | 1,249                     | 2,797                       | Finland             |
| Nokia Oyj                   | 0.57                           | 106,016                   | 106,016                     | Finland             |
| Nokian Renkaat Oyj          | 0.81                           | 28,936                    | 28,936                      | Finland             |
| Nordea Bank Abp             | 0.40                           | 116,877                   | 116,877                     | Finland             |
| Oma Saastopankki Oyj        | 2.66                           | 5,520                     | 7,001                       | Finland             |
| Orion Oyj                   | 0.81                           | 4,073                     | 11,990                      | Finland             |
| Orion Oyj B                 | 1.08                           | 32,890                    | 47,016                      | Finland             |
| Outokumpu Oyj               | 1.01                           | 11,827                    | 11,827                      | Finland             |
| Outotec Oyj                 | 0.68                           | 6,432                     | 7,198                       | Finland             |
| Pihlajalinna Oyj            | 5.60                           | 19,046                    | 19,362                      | Finland             |
| Raisio PLC                  | 1.48                           | 6,255                     | 6,744                       | Finland             |
| Rapala VMC Oyj              | 0.40                           | 429                       | 429                         | Finland             |
| Relais Group Oy             | 2.45                           | 2,936                     | 3,274                       | Finland             |
| Robit Oyj                   | 7.46                           | 4,563                     | 4,563                       | Finland             |
| Rovio Entertainment Oy      | 1.54                           | 5,520                     | 5,520                       | Finland             |
| Sampo Oyj A                 | 0.53                           | 97,966                    | 114,368                     | Finland             |
| Sanoma Oyj                  | 0.54                           | 8,371                     | 8,407                       | Finland             |
| Silli Solutions Oyj         | 9.93                           | 5,139                     | 6,338                       | Finland             |
| Solteq Oyj                  | 10.36                          | 2,200                     | 2,980                       | Finland             |
| Soprano OYJ                 | 9.53                           | 478                       | 478                         | Finland             |
| SSH Communications Security | 4.01                           | 1,610                     | 1,610                       | Finland             |
| Stora Enso R                | 1.29                           | 102,540                   | 102,540                     | Finland             |
| Suominen Oyj                | 5.19                           | 6,987                     | 6,987                       | Finland             |

| EUR 1,000                                       | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|---|--------------------------------|---------------------------|-----------------------------|---------------------|
| Terveystalo Oy                                  | 4.09                           | 49,723                    | 58,504                      | Finland             |
| TietoEVRY Oyj                                   | 1.00                           | 29,144                    | 32,829                      | Finland             |
| Tikkurila Oyj                                   | 0.25                           | 1,375                     | 1,606                       | Finland             |
| Tokmanni Group Corp                             | 8.58                           | 40,392                    | 63,731                      | Finland             |
| Tulikivi Oyj                                    | 9.03                           | 764                       | 764                         | Finland             |
| UPM-Kymmene Oyj                                 | 0.69                           | 52,601                    | 113,139                     | Finland             |
| Uponor Oyj                                      | 0.56                           | 3,870                     | 4,770                       | Finland             |
| Uutechnic Group Oyj                             | 0.05                           | 10                        | 10                          | Finland             |
| Valmet Corp                                     | 2.47                           | 39,849                    | 79,032                      | Finland             |
| Vincit Oyj                                      | 5.42                           | 3,272                     | 3,272                       | Finland             |
| Wulff-Yhtiöt Oyj                                | 5.07                           | 620                       | 620                         | Finland             |
| Wärtsilä Oyj B                                  | 1.08                           | 63,040                    | 63,040                      | Finland             |
| YIT Oyj   | 1.74                           | 21,900                    | 21,900                      | Finland             |
| <b>Finnish listed shares and holdings total</b> |                                | <b>1,374,419</b>          | <b>1,780,015</b>            |                     |
| <b>Foreign listed equities</b>                  |                                |                           |                             |                     |
| 3i Group PLC                                    | 0.04                           | 3,557                     | 4,692                       | United Kingdom      |
| A2A SpA   | 0.02                           | 1,155                     | 1,245                       | Italy               |
| Aalberts NV                                     | 0.05                           | 2,041                     | 2,303                       | Netherlands         |
| ABB Ltd   | 0.03                           | 10,645                    | 12,357                      | Switzerland         |
| ABN AMRO Group NV                               | 0.02                           | 2,560                     | 2,560                       | Netherlands         |
| Acciona SA                                      | 0.02                           | 1,164                     | 1,202                       | Spain               |
| Accor SA  | 0.02                           | 1,736                     | 1,806                       | France              |
| Ackermans & van Haaren NV                       | 0.03                           | 1,187                     | 1,217                       | Belgium             |
| ACS Actividades de Construccion y Servicios SA  | 0.05                           | 5,249                     | 5,333                       | Spain               |
| Adecco SA                                       | 0.06                           | 5,465                     | 5,593                       | Switzerland         |
| Adidas AG                                       | 0.03                           | 9,833                     | 18,825                      | Germany             |
| Admiral Group PLC                               | 0.02                           | 1,637                     | 1,968                       | United Kingdom      |
| Adyen NV  | 0.01                           | 1,796                     | 1,824                       | Netherlands         |
| Aegon NV  | 0.03                           | 2,703                     | 2,703                       | Netherlands         |
| Aena SME S.A.                                   | 0.02                           | 5,228                     | 5,661                       | Spain               |
| AerCap Holdings NV                              | 0.02                           | 1,347                     | 1,674                       | Ireland             |
| Aeroports de Paris                              | 0.01                           | 1,136                     | 1,283                       | France              |
| Ageas   | 0.03                           | 2,936                     | 3,541                       | Belgium             |
| Aggreko PLC                                     | 0.07                           | 1,606                     | 1,704                       | United Kingdom      |
| Aier Eye Hospital Group Co Ltd                  | 0.06                           | 5,416                     | 9,015                       | China               |
| Air Liquide                                     | 0.04                           | 16,772                    | 21,699                      | France              |
| Akzo Nobel NV                                   | 0.04                           | 6,416                     | 7,867                       | Netherlands         |
| Alcon Inc                                       | 0.02                           | 4,037                     | 5,795                       | Switzerland         |

| EUR 1,000                    | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|------------------------------|--------------------------------|---------------------------|-----------------------------|---------------------|
| Alfa Laval AB                | 0.03                           | 2,311                     | 2,753                       | Sweden              |
| Alibaba Group Holding Ltd    | 0.00                           | 7,625                     | 11,970                      | China               |
| Allianz SE                   | 0.04                           | 27,476                    | 34,288                      | Germany             |
| Alstom SA                    | 0.06                           | 4,690                     | 5,265                       | France              |
| Alten                        | 0.03                           | 791                       | 1,033                       | France              |
| Amadeus IT Holding SA        | 0.03                           | 7,200                     | 10,427                      | Spain               |
| Amundi SA                    | 0.01                           | 1,502                     | 1,556                       | France              |
| Andritz AG                   | 0.03                           | 1,048                     | 1,048                       | Austria             |
| Anglo American PLC           | 0.04                           | 8,460                     | 11,643                      | United Kingdom      |
| Anheuser-Busch InBev NV      | 0.01                           | 17,732                    | 17,732                      | Belgium             |
| Anhui Conch Cement Co Ltd    | 0.03                           | 2,364                     | 2,792                       | China               |
| Antofagasta PLC              | 0.01                           | 1,209                     | 1,427                       | United Kingdom      |
| AP Moller - Maersk A/S A     | 0.02                           | 2,633                     | 2,991                       | Denmark             |
| ArcelorMittal                | 0.02                           | 2,549                     | 2,549                       | Luxembourg          |
| Argenx SE                    | 0.02                           | 1,098                     | 1,493                       | Netherlands         |
| Arkema                       | 0.04                           | 2,380                     | 2,564                       | France              |
| Aroundtown SA                | 0.03                           | 2,598                     | 2,725                       | Germany             |
| Ashtead Group PLC            | 0.04                           | 4,219                     | 5,433                       | United Kingdom      |
| ASM International NV         | 0.03                           | 802                       | 1,322                       | Netherlands         |
| ASML Holding NV              | 0.03                           | 20,975                    | 39,060                      | Netherlands         |
| ASR Nederland NV             | 0.04                           | 1,756                     | 1,756                       | Netherlands         |
| Assa Abloy Ab B              | 0.04                           | 7,272                     | 7,998                       | Sweden              |
| Assicurazioni Generali SpA   | 0.03                           | 6,127                     | 7,438                       | Italy               |
| Associated British Foods PLC | 0.02                           | 4,467                     | 4,767                       | United Kingdom      |
| AstraZeneca PLC              | 0.03                           | 28,579                    | 40,796                      | United Kingdom      |
| Atea ASA                     | 0.09                           | 1,293                     | 1,293                       | Norway              |
| Atlantia SpA                 | 0.01                           | 2,527                     | 2,527                       | Italy               |
| Atlas Copco AB A             | 0.02                           | 2,802                     | 5,250                       | Sweden              |
| Atlas Copco AB B             | 0.07                           | 6,714                     | 8,463                       | Sweden              |
| Atos Origin SA               | 0.02                           | 1,615                     | 1,751                       | France              |
| Attendo AB                   | 2.97                           | 24,788                    | 24,788                      | Sweden              |
| Auto Trader Group PLC        | 0.03                           | 1,010                     | 1,610                       | United Kingdom      |
| Aviva PLC                    | 0.04                           | 7,087                     | 7,087                       | United Kingdom      |
| Axa Sa                       | 0.03                           | 15,833                    | 17,960                      | France              |
| Axfood Ab                    | 0.06                           | 2,006                     | 2,422                       | Sweden              |
| Axis Bank Ltd                | 0.01                           | 2,509                     | 2,509                       | India               |
| B&M European Value Retail SA | 0.02                           | 903                       | 1,064                       | Luxembourg          |
| Bajaj Finance Ltd            | 0.07                           | 5,591                     | 21,547                      | India               |
| Baloise Holding AG           | 0.04                           | 2,538                     | 2,878                       | Switzerland         |

| EUR 1,000                            | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|--------------------------------------|--------------------------------|---------------------------|-----------------------------|---------------------|
| Banco Bilbao Vizcaya Argentaria SA   | 0.04                           | 12,296                    | 12,296                      | Spain               |
| Banco BPM SpA                        | 0.04                           | 1,051                     | 1,164                       | Italy               |
| Banco de Sabadell SA                 | 0.04                           | 2,216                     | 2,216                       | Spain               |
| Banco Santander Central Hispano Sa   | 0.04                           | 22,977                    | 22,977                      | Spain               |
| Bank of Ireland Group PLC            | 0.03                           | 1,699                     | 1,699                       | Ireland             |
| Bank Rakyat Indonesia Persero Tbk PT | 0.01                           | 3,482                     | 4,232                       | Indonesia           |
| Bankinter SA                         | 0.03                           | 1,606                     | 1,606                       | Spain               |
| Barclays PLC                         | 0.04                           | 12,399                    | 13,452                      | United Kingdom      |
| Barratt Developments PLC             | 0.06                           | 3,459                     | 4,955                       | United Kingdom      |
| Barry Callebaut AG                   | 0.01                           | 1,221                     | 1,462                       | Switzerland         |
| BASF SE                              | 0.04                           | 22,488                    | 22,867                      | Germany             |
| Bayer AG                             | 0.03                           | 22,214                    | 22,214                      | Germany             |
| Bayerische Motoren Werke AG Com      | 0.00                           | 1,765                     | 1,765                       | Germany             |
| Bayerische Motoren Werke AG Pref     | 0.23                           | 7,172                     | 7,172                       | Germany             |
| Beazley PLC                          | 0.04                           | 1,178                     | 1,291                       | Ireland             |
| Beiersdorf AG                        | 0.02                           | 4,145                     | 4,622                       | Germany             |
| Bellway PLC                          | 0.08                           | 3,155                     | 4,302                       | United Kingdom      |
| Berkeley Group Holdings PLC          | 0.05                           | 2,585                     | 3,762                       | United Kingdom      |
| BHP Group PLC                        | 0.04                           | 16,957                    | 18,720                      | United Kingdom      |
| BNP Paribas                          | 0.03                           | 21,247                    | 22,018                      | France              |
| Boliden AB                           | 0.03                           | 2,140                     | 2,140                       | Sweden              |
| Bouygues SA                          | 0.03                           | 3,804                     | 4,330                       | France              |
| BP PLC                               | 0.04                           | 41,669                    | 41,669                      | United Kingdom      |
| Bravida Holding AB                   | 0.07                           | 1,211                     | 1,305                       | Sweden              |
| Brenntag AG                          | 0.05                           | 3,666                     | 3,709                       | Germany             |
| British Land Co Plc                  | 0.04                           | 2,245                     | 2,498                       | United Kingdom      |
| Britvic Plc                          | 0.05                           | 1,316                     | 1,344                       | United Kingdom      |
| BT Group PLC                         | 0.03                           | 6,967                     | 6,967                       | United Kingdom      |
| Bucher Industries AG                 | 0.08                           | 2,478                     | 2,686                       | Switzerland         |
| Bunzl PLC                            | 0.04                           | 3,519                     | 3,519                       | United Kingdom      |
| Burberry Group PLC                   | 0.04                           | 2,937                     | 3,686                       | United Kingdom      |
| Bureau Veritas SA                    | 0.02                           | 2,104                     | 2,295                       | France              |
| CaixaBank SA                         | 0.02                           | 3,749                     | 3,749                       | Spain               |
| Capgemini SA                         | 0.03                           | 5,740                     | 6,373                       | France              |
| Carl Zeiss Meditec AG                | 0.01                           | 776                       | 1,123                       | Germany             |
| Carlsberg A/S                        | 0.04                           | 4,790                     | 5,790                       | Denmark             |
| Carnival PLC                         | 0.03                           | 2,321                     | 2,321                       | United Kingdom      |
| Carrefour SA                         | 0.02                           | 2,171                     | 2,171                       | France              |
| Castellum Ab                         | 0.04                           | 1,682                     | 2,079                       | Sweden              |

| EUR 1,000  | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|--|--------------------------------|---------------------------|-----------------------------|---------------------|
| Cellnex Telecom SA                               | 0.02                           | 1,500                     | 2,359                       | Spain               |
| Cembra Money Bank AG                             | 0.03                           | 833                       | 1,012                       | Switzerland         |
| Centrica PLC                                     | 0.02                           | 1,465                     | 1,465                       | United Kingdom      |
| China Construction Bank Corp                     | 0.00                           | 3,462                     | 3,462                       | China               |
| China International Travel Service Corp Ltd      | 0.02                           | 4,057                     | 5,118                       | China               |
| China Mengniu Dairy Co Ltd                       | 0.03                           | 3,881                     | 4,501                       | Hong Kong           |
| Christian Hansen Holding A/S                     | 0.02                           | 1,813                     | 1,838                       | Denmark             |
| Cia de Distribucion Integral Logista Holdings SA | 0.05                           | 1,251                     | 1,284                       | Spain               |
| Cie de Saint-Gobain                              | 0.04                           | 6,996                     | 6,996                       | France              |
| Close Brothers Group Plc                         | 0.04                           | 906                       | 1,017                       | United Kingdom      |
| CNH Industrial NV                                | 0.02                           | 2,353                     | 2,439                       | United Kingdom      |
| CNP Assurances                                   | 0.01                           | 1,138                     | 1,138                       | France              |
| Coca-Cola European Partners PLC                  | 0.01                           | 2,157                     | 2,640                       | United Kingdom      |
| Coca-Cola HBC AG                                 | 0.03                           | 2,640                     | 2,927                       | Switzerland         |
| Cofinimmo  | 0.04                           | 1,079                     | 1,191                       | Belgium             |
| Coloplast A/S                                    | 0.02                           | 3,954                     | 5,071                       | Denmark             |
| Colruyt SA                                       | 0.03                           | 2,239                     | 2,239                       | Belgium             |
| Commerzbank AG                                   | 0.03                           | 2,020                     | 2,020                       | Germany             |
| Compagnie Financiere Richemont SA                | 0.04                           | 11,944                    | 12,936                      | Switzerland         |
| Compagnie Generale des Etablissements Michelin   | 0.04                           | 7,387                     | 7,419                       | France              |
| Compass Group PLC                                | 0.04                           | 12,444                    | 14,176                      | United Kingdom      |
| Continental Ag                                   | 0.01                           | 3,111                     | 3,111                       | Germany             |
| Countryside Properties PLC                       | 0.04                           | 935                       | 1,056                       | United Kingdom      |
| Covestro AG                                      | 0.02                           | 1,772                     | 1,772                       | Germany             |
| Covivio  | 0.02                           | 1,601                     | 1,751                       | France              |
| Credit Agricole SA                               | 0.01                           | 5,451                     | 5,589                       | France              |
| Credit Suisse Group AG                           | 0.04                           | 11,340                    | 11,456                      | Switzerland         |
| CRH PLC  | 0.04                           | 8,920                     | 10,248                      | Ireland             |
| Croda International                              | 0.03                           | 2,082                     | 2,476                       | United Kingdom      |
| CTS Eventim AG & Co KGaA                         | 0.03                           | 1,056                     | 1,486                       | Germany             |
| CYBG PLC   | 0.03                           | 950                       | 1,014                       | United Kingdom      |
| Dabur India Ltd                                  | 0.05                           | 4,433                     | 5,145                       | India               |
| Daily Mail & General Trust                       | 0.07                           | 1,510                     | 1,513                       | United Kingdom      |
| Daimler Ag                                       | 0.03                           | 14,958                    | 14,958                      | Germany             |
| Danone SA  | 0.03                           | 15,832                    | 17,070                      | France              |
| Danske Bank A/S                                  | 0.03                           | 3,502                     | 3,502                       | Denmark             |
| Dassault Systemes Sa                             | 0.01                           | 4,203                     | 5,792                       | France              |
| Davide Campari-Milano SpA                        | 0.01                           | 1,015                     | 1,160                       | Italy               |
| DCC PLC  | 0.04                           | 2,957                     | 2,957                       | Ireland             |

| EUR 1,000                                      | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|--|--------------------------------|---------------------------|-----------------------------|---------------------|
| Delivery Hero SE                               | 0.01                           | 1,082                     | 1,951                       | Germany             |
| Derwent London Plc                             | 0.03                           | 1,384                     | 1,796                       | United Kingdom      |
| Deutsche Bank Ag-Registered                    | 0.03                           | 4,980                     | 4,980                       | Germany             |
| Deutsche Boerse AG                             | 0.04                           | 7,018                     | 9,826                       | Germany             |
| Deutsche Post AG                               | 0.03                           | 10,973                    | 12,253                      | Germany             |
| Deutsche Telekom AG                            | 0.03                           | 18,113                    | 18,432                      | Germany             |
| Deutsche Wohnen AG                             | 0.04                           | 4,542                     | 4,787                       | Germany             |
| Diageo Plc                                     | 0.04                           | 26,247                    | 32,833                      | United Kingdom      |
| Dialog Semiconductor PLC                       | 0.05                           | 1,245                     | 1,719                       | Germany             |
| Diploma PLC                                    | 0.04                           | 650                       | 1,032                       | United Kingdom      |
| Direct Line Insurance Group PLC                | 0.04                           | 1,867                     | 1,867                       | United Kingdom      |
| DNB ASA  | 0.02                           | 5,492                     | 5,862                       | Norway              |
| DS SMITH PLC                                   | 0.02                           | 1,476                     | 1,517                       | United Kingdom      |
| DSV A/S  | 0.02                           | 3,416                     | 5,688                       | Denmark             |
| Dufry AG                                       | 0.03                           | 1,454                     | 1,454                       | Switzerland         |
| E.ON Ag  | 0.02                           | 4,912                     | 5,626                       | Germany             |
| Edenred  | 0.03                           | 1,832                     | 2,961                       | France              |
| Eiffage SA                                     | 0.05                           | 3,404                     | 4,520                       | France              |
| Electricite De France                          | 0.00                           | 1,467                     | 1,467                       | France              |
| Electrolux Ab B                                | 0.02                           | 1,297                     | 1,297                       | Sweden              |
| Elekta AB                                      | 0.02                           | 1,030                     | 1,068                       | Sweden              |
| EMS-Chemie Holding AG                          | 0.02                           | 2,596                     | 2,795                       | Switzerland         |
| Enagas SA                                      | 0.04                           | 2,231                     | 2,231                       | Spain               |
| Enav SpA                                       | 0.06                           | 1,672                     | 1,678                       | Italy               |
| Endesa SA                                      | 0.01                           | 2,736                     | 3,015                       | Spain               |
| Enel SpA                                       | 0.03                           | 13,830                    | 20,605                      | Italy               |
| Energias de Portugal SA                        | 0.02                           | 2,903                     | 3,383                       | Portugal            |
| Engie SA                                       | 0.02                           | 7,564                     | 8,123                       | France              |
| ENI SpA  | 0.03                           | 13,933                    | 13,933                      | Italy               |
| Epiroc AB                                      | 0.11                           | 3,504                     | 4,508                       | Sweden              |
| Equinor ASA                                    | 0.01                           | 8,297                     | 8,752                       | Norway              |
| Erste Bank der Oesterreichischen Sparkassen AG | 0.03                           | 3,598                     | 3,743                       | Austria             |
| EssilorLuxottica SA                            | 0.02                           | 9,931                     | 11,884                      | France              |
| Essity AB                                      | 0.03                           | 5,055                     | 6,159                       | Sweden              |
| Eurofins Scientific SE                         | 0.02                           | 1,338                     | 1,391                       | Luxembourg          |
| Euronext NV                                    | 0.03                           | 1,297                     | 1,545                       | Netherlands         |
| Evonik Industries AG                           | 0.02                           | 2,606                     | 2,606                       | Germany             |
| Evrax PLC                                      | 0.02                           | 1,327                     | 1,327                       | United Kingdom      |
| Exor NV  | 0.02                           | 2,411                     | 2,780                       | Netherlands         |

| <b>EUR 1,000</b>                    | <b>Proportion of<br/>all shares, %</b> | <b>Book value<br/>31 Dec 2019</b> | <b>Market value<br/>31 Dec 2019</b> | <b>Country of domicile</b> |
|-------------------------------------|--|-----------------------------------|-------------------------------------|----------------------------|
| Experian Group Ltd                  | 0.03                                   | 6,635                             | 9,176                               | Ireland                    |
| Fabege Ab                           | 0.03                                   | 1,215                             | 1,396                               | Sweden                     |
| Fastighets AB Balder                | 0.02                                   | 1,190                             | 1,589                               | Sweden                     |
| Ferguson PLC                        | 0.03                                   | 3,388                             | 4,580                               | Switzerland                |
| Ferrari NV                          | 0.02                                   | 2,448                             | 4,594                               | Italy                      |
| Ferrovial SA                        | 0.02                                   | 2,366                             | 3,254                               | Spain                      |
| Fiat Chrysler Automobiles NV        | 0.03                                   | 5,293                             | 5,976                               | United Kingdom             |
| FincoBank Banca Finco SpA           | 0.04                                   | 2,194                             | 2,388                               | Italy                      |
| Flughafen Zurich AG                 | 0.02                                   | 1,163                             | 1,208                               | Switzerland                |
| Flutter Entertainment PLC           | 0.03                                   | 1,842                             | 2,129                               | Ireland                    |
| Forbo Holding AG                    | 0.06                                   | 1,438                             | 1,534                               | Switzerland                |
| Fresenius Medical Care AG & Co KGaA | 0.02                                   | 3,500                             | 3,500                               | Germany                    |
| Fresenius SE & Co KGaA              | 0.02                                   | 5,136                             | 5,136                               | Germany                    |
| Galapagos NV                        | 0.02                                   | 975                               | 1,994                               | Belgium                    |
| Galp Energia SGPS SA                | 0.04                                   | 4,723                             | 4,767                               | Portugal                   |
| Gaztransport Et Technigaz SA        | 0.06                                   | 1,830                             | 1,847                               | France                     |
| GEA Group AG                        | 0.02                                   | 1,175                             | 1,175                               | Germany                    |
| Geberit AG                          | 0.04                                   | 5,820                             | 7,807                               | Switzerland                |
| Gecina Sa                           | 0.02                                   | 2,331                             | 2,739                               | France                     |
| Genmab A/S                          | 0.02                                   | 1,900                             | 3,159                               | Denmark                    |
| Georg Fischer AG                    | 0.06                                   | 1,831                             | 2,095                               | Switzerland                |
| Getlink                             | 0.02                                   | 1,297                             | 1,779                               | France                     |
| Givaudan SA                         | 0.03                                   | 5,895                             | 8,062                               | Switzerland                |
| Gjensidige Forsikring ASA           | 0.01                                   | 1,210                             | 1,357                               | Norway                     |
| GlaxoSmithKline Plc                 | 0.04                                   | 32,554                            | 38,804                              | United Kingdom             |
| Glencore International PLC          | 0.03                                   | 9,787                             | 9,787                               | Switzerland                |
| GN Store Nord                       | 0.02                                   | 1,347                             | 1,424                               | Denmark                    |
| Go-Ahead Group PLC                  | 0.12                                   | 1,113                             | 1,355                               | United Kingdom             |
| Grifols SA                          | 0.02                                   | 1,796                             | 2,300                               | Spain                      |
| Groupe Bruxelles Lambert SA         | 0.02                                   | 2,586                             | 2,815                               | Belgium                    |
| GVC Holdings PLC                    | 0.02                                   | 1,302                             | 1,410                               | Isle of Man                |
| H Lundbeck A/S                      | 0.02                                   | 1,552                             | 1,552                               | Denmark                    |
| Halma PLC                           | 0.03                                   | 2,281                             | 3,126                               | United Kingdom             |
| Hannover Rueckversicherung AG       | 0.02                                   | 2,653                             | 3,820                               | Germany                    |
| Hargreaves Lansdown PLC             | 0.02                                   | 2,151                             | 2,358                               | United Kingdom             |
| Hays PLC                            | 0.07                                   | 2,060                             | 2,184                               | United Kingdom             |
| HDFC Bank Ltd                       | 0.02                                   | 11,509                            | 17,644                              | India                      |
| HDFC Life Insurance Co Ltd          | 0.01                                   | 1,356                             | 1,561                               | India                      |
| HeidelbergCement AG                 | 0.03                                   | 4,428                             | 4,428                               | Germany                    |

| <b>EUR 1,000</b>                  | <b>Proportion of<br/>all shares, %</b> | <b>Book value<br/>31 Dec 2019</b> | <b>Market value<br/>31 Dec 2019</b> | <b>Country of domicile</b> |
|-----------------------------------|--|-----------------------------------|-------------------------------------|----------------------------|
| Heineken Holding NV               | 0.02                                   | 4,064                             | 4,133                               | Netherlands                |
| Heineken Nv                       | 0.02                                   | 7,358                             | 8,571                               | Netherlands                |
| Helvetia Holding AG               | 0.03                                   | 1,409                             | 1,606                               | Switzerland                |
| Henkel AG & Co KGaA Com           | 0.05                                   | 10,030                            | 10,030                              | Germany                    |
| Henkel AG & Co KGaA Pref          | 0.01                                   | 2,079                             | 2,079                               | Germany                    |
| Hennes & Mauritz Ab B             | 0.02                                   | 4,941                             | 5,924                               | Sweden                     |
| Hera SpA                          | 0.02                                   | 723                               | 1,093                               | Italy                      |
| Hermes International              | 0.01                                   | 6,744                             | 8,041                               | France                     |
| Hexagon AB                        | 0.02                                   | 2,686                             | 3,213                               | Sweden                     |
| Hikma Pharmaceuticals PLC         | 0.02                                   | 1,153                             | 1,282                               | United Kingdom             |
| Hiscox Ltd                        | 0.04                                   | 1,814                             | 1,830                               | Bermuda                    |
| Hochtief AG                       | 0.03                                   | 2,609                             | 2,609                               | Germany                    |
| Homeserve PLC                     | 0.02                                   | 868                               | 1,112                               | United Kingdom             |
| Howden Joinery Group PLC          | 0.05                                   | 1,797                             | 2,596                               | United Kingdom             |
| HSBC Holdings PLC                 | 0.04                                   | 51,916                            | 51,916                              | United Kingdom             |
| Hugo Boss AG                      | 0.05                                   | 1,467                             | 1,467                               | Germany                    |
| Husqvarna Ab B                    | 0.05                                   | 1,597                             | 1,597                               | Sweden                     |
| Iberdrola SA                      | 0.03                                   | 14,507                            | 19,298                              | Spain                      |
| Ibstock PLC                       | 0.12                                   | 1,354                             | 1,772                               | United Kingdom             |
| ICA Gruppen AB                    | 0.02                                   | 1,515                             | 1,696                               | Sweden                     |
| ICADE                             | 0.02                                   | 957                               | 1,139                               | France                     |
| ICICI Bank Ltd                    | 0.01                                   | 3,680                             | 5,376                               | India                      |
| IG Group Holdings PLC             | 0.04                                   | 1,066                             | 1,172                               | United Kingdom             |
| IMCD NV                           | 0.02                                   | 846                               | 1,004                               | Netherlands                |
| IMI Plc                           | 0.07                                   | 2,381                             | 2,633                               | United Kingdom             |
| Industria de Diseno Textil SA     | 0.01                                   | 13,244                            | 14,392                              | Spain                      |
| Industrivarden AB C               | 0.04                                   | 1,232                             | 1,300                               | Sweden                     |
| Infineon Technologies AG          | 0.03                                   | 5,877                             | 6,690                               | Germany                    |
| Informa PLC                       | 0.03                                   | 3,392                             | 3,743                               | Switzerland                |
| ING Groep Nv -CVA                 | 0.04                                   | 15,405                            | 15,405                              | Netherlands                |
| Ingenico                          | 0.02                                   | 1,235                             | 1,425                               | France                     |
| Inmobiliaria Colonial SA          | 0.02                                   | 902                               | 1,015                               | Spain                      |
| Intercontinental Hotels Group PLC | 0.04                                   | 4,167                             | 4,723                               | United Kingdom             |
| Intermediate Capital Group PLC    | 0.04                                   | 1,377                             | 1,988                               | United Kingdom             |
| Intertek Group PLC                | 0.04                                   | 3,028                             | 4,114                               | United Kingdom             |
| InterXion Holding NV              | 0.02                                   | 930                               | 1,313                               | Netherlands                |
| Intesa Sanpaolo SpA               | 0.03                                   | 8,280                             | 12,917                              | Italy                      |
| Investec PLC                      | 0.04                                   | 1,295                             | 1,295                               | United Kingdom             |
| Investor AB                       | 0.04                                   | 6,689                             | 8,214                               | Sweden                     |

| EUR 1,000                       | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|---------------------------------|--------------------------------|---------------------------|-----------------------------|---------------------|
| Italgas SpA                     | 0.02                           | 1,081                     | 1,101                       | Italy               |
| ITV PLC                         | 0.03                           | 2,125                     | 2,125                       | United Kingdom      |
| J Sainsbury PLC                 | 0.02                           | 1,168                     | 1,168                       | United Kingdom      |
| JD Sports Fashion PLC           | 0.01                           | 452                       | 1,054                       | United Kingdom      |
| Jeronimo Martins SGPS SA        | 0.02                           | 1,924                     | 1,924                       | Portugal            |
| Jiangsu Hengrui Medicine Co Ltd | 0.01                           | 3,773                     | 5,935                       | China               |
| John Laing Group PLC            | 0.09                           | 1,948                     | 1,989                       | United Kingdom      |
| Johnson Matthey PLC             | 0.02                           | 1,672                     | 1,672                       | United Kingdom      |
| Julius Baer Group Ltd           | 0.04                           | 3,556                     | 3,855                       | Switzerland         |
| Just Eat PLC                    | 0.02                           | 1,173                     | 1,477                       | United Kingdom      |
| KBC Groep NV                    | 0.02                           | 5,995                     | 6,187                       | Belgium             |
| Kering                          | 0.02                           | 10,170                    | 15,631                      | France              |
| Kerry Group PLC                 | 0.03                           | 4,344                     | 5,526                       | Ireland             |
| Kingfisher Plc                  | 0.03                           | 1,881                     | 1,881                       | United Kingdom      |
| Kingspan Group Plc              | 0.02                           | 1,500                     | 2,047                       | Ireland             |
| Kinnevik Investment AB          | 0.04                           | 1,857                     | 1,946                       | Sweden              |
| KION Group AG                   | 0.01                           | 1,070                     | 1,070                       | Germany             |
| Klepierre                       | 0.02                           | 2,533                     | 2,556                       | France              |
| Knorr-Bremse AG                 | 0.02                           | 2,244                     | 2,244                       | Germany             |
| Koninklijke Ahold Delhaize NV   | 0.04                           | 10,458                    | 11,030                      | Netherlands         |
| Koninklijke DSM NV              | 0.04                           | 5,847                     | 7,682                       | Netherlands         |
| Koninklijke KPN NV              | 0.03                           | 3,465                     | 3,465                       | Netherlands         |
| Kuehne + Nagel International AG | 0.02                           | 3,816                     | 4,395                       | Switzerland         |
| Kweichow Moutai Co Ltd          | 0.00                           | 3,800                     | 6,946                       | China               |
| L E Lundbergforetagen AB        | 0.02                           | 911                       | 1,082                       | Sweden              |
| LafargeHolcim Ltd               | 0.03                           | 7,962                     | 8,840                       | Switzerland         |
| Land Securities Group Plc       | 0.04                           | 2,759                     | 3,067                       | United Kingdom      |
| Lanxess AG                      | 0.02                           | 1,276                     | 1,276                       | Germany             |
| LEG Immobilien AG               | 0.03                           | 2,320                     | 2,493                       | Germany             |
| Legal & General Group PLC       | 0.04                           | 6,471                     | 7,901                       | United Kingdom      |
| Legrand SA                      | 0.04                           | 6,424                     | 7,837                       | France              |
| Li Ning Co Ltd                  | 0.04                           | 1,589                     | 2,936                       | China               |
| Lindt & Spruengli AG PART       | 0.12                           | 7,646                     | 8,558                       | Switzerland         |
| Lloyds Tsb Group Plc            | 0.04                           | 18,147                    | 19,046                      | United Kingdom      |
| Logan Property Holdings Co Ltd  | 0.03                           | 2,481                     | 2,832                       | China               |
| Logitech International SA       | 0.04                           | 2,029                     | 2,813                       | Switzerland         |
| London Stock Exchange Group PLC | 0.03                           | 5,366                     | 10,545                      | United Kingdom      |
| Longfor Properties Co Ltd       | 0.02                           | 3,232                     | 4,173                       | China               |
| Lonza Group Ag-Reg              | 0.03                           | 3,994                     | 6,192                       | Switzerland         |

| <b>EUR 1,000</b>                              | <b>Proportion of<br/>all shares, %</b> | <b>Book value<br/>31 Dec 2019</b> | <b>Market value<br/>31 Dec 2019</b> | <b>Country of domicile</b> |
|---|--|-----------------------------------|-------------------------------------|----------------------------|
| Loomis AB                                     | 0.04                                   | 949                               | 1,076                               | Sweden                     |
| Loreal Sa                                     | 0.02                                   | 16,456                            | 25,090                              | France                     |
| Lundin Petroleum AB                           | 0.03                                   | 1,747                             | 2,224                               | Sweden                     |
| LVMH Moet Hennessey Louis Vuitton Sa          | 0.02                                   | 24,332                            | 41,542                              | France                     |
| M&G PLC                                       | 0.04                                   | 2,534                             | 2,696                               | United Kingdom             |
| Man Group PLC                                 | 0.04                                   | 998                               | 1,103                               | United Kingdom             |
| Marks & Spencer Group PLC                     | 0.02                                   | 1,201                             | 1,201                               | United Kingdom             |
| Mediaset Espana Comunicacion SA               | 0.06                                   | 1,108                             | 1,108                               | Spain                      |
| Mediobanca SpA                                | 0.03                                   | 2,018                             | 2,298                               | Italy                      |
| Meggitt PLC                                   | 0.03                                   | 1,224                             | 1,635                               | United Kingdom             |
| Meituan Dianping                              | 0.01                                   | 3,038                             | 3,145                               | China                      |
| Merck KGaA                                    | 0.03                                   | 4,007                             | 4,330                               | Germany                    |
| Merlin Properties Socimi SA                   | 0.03                                   | 1,429                             | 1,612                               | Spain                      |
| Micro Focus International PLC                 | 0.03                                   | 1,078                             | 1,078                               | United Kingdom             |
| Moncler SpA                                   | 0.02                                   | 1,442                             | 1,751                               | Italy                      |
| Mondi PLC                                     | 0.05                                   | 5,551                             | 5,551                               | United Kingdom             |
| Moneysupermarket.com Group PLC                | 0.11                                   | 2,268                             | 2,268                               | United Kingdom             |
| Morgan Advanced Materials PLC                 | 0.10                                   | 986                               | 1,089                               | United Kingdom             |
| Mowi ASA                                      | 0.03                                   | 3,301                             | 3,959                               | Norway                     |
| MTU Aero Engines AG                           | 0.03                                   | 2,695                             | 4,265                               | Germany                    |
| Muenchener Rueckversicherungs AG              | 0.04                                   | 10,662                            | 14,071                              | Germany                    |
| National Express Group PLC                    | 0.09                                   | 2,075                             | 2,642                               | United Kingdom             |
| National Grid PLC                             | 0.04                                   | 14,329                            | 14,329                              | United Kingdom             |
| Natixis                                       | 0.01                                   | 1,338                             | 1,338                               | France                     |
| Naturgy Energy Group SA                       | 0.02                                   | 3,346                             | 3,346                               | Spain                      |
| Nestle Sa                                     | 0.04                                   | 70,562                            | 106,493                             | Switzerland                |
| New Oriental Education & Technology Group Inc | 0.03                                   | 4,193                             | 5,397                               | China                      |
| Next PLC                                      | 0.03                                   | 2,355                             | 3,537                               | United Kingdom             |
| Nibe Industrier AB                            | 0.02                                   | 797                               | 1,189                               | Sweden                     |
| NN Group NV                                   | 0.03                                   | 3,850                             | 3,850                               | Netherlands                |
| Norsk Hydro Asa                               | 0.02                                   | 1,092                             | 1,092                               | Norway                     |
| NOS SGPS SA                                   | 0.06                                   | 1,487                             | 1,487                               | Portugal                   |
| Novartis Ag                                   | 0.03                                   | 56,867                            | 68,190                              | Switzerland                |
| Novo-Nordisk A/S B                            | 0.04                                   | 23,190                            | 34,664                              | Denmark                    |
| Novozymes A/S B                               | 0.03                                   | 2,457                             | 3,361                               | Denmark                    |
| NXP Semiconductors NV                         | 0.02                                   | 6,174                             | 7,726                               | Netherlands                |
| OC Oerlikon Corp AG                           | 0.06                                   | 1,955                             | 2,007                               | Switzerland                |
| Ocado Group PLC                               | 0.02                                   | 1,233                             | 1,680                               | United Kingdom             |
| Oesterreichische Post AG                      | 0.06                                   | 1,307                             | 1,389                               | Austria                    |

| EUR 1,000                               | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|---|--------------------------------|---------------------------|-----------------------------|---------------------|
| OMV AG                                  | 0.03                           | 4,041                     | 4,556                       | Austria             |
| Orange SA                               | 0.03                           | 9,501                     | 9,501                       | France              |
| Orkla Asa                               | 0.04                           | 3,591                     | 3,865                       | Norway              |
| Orpea                                   | 0.02                           | 999                       | 1,268                       | France              |
| Orsted A/S                              | 0.01                           | 3,113                     | 5,078                       | Denmark             |
| Pagegroup PLC                           | 0.07                           | 1,338                     | 1,482                       | United Kingdom      |
| Pandora A/S                             | 0.03                           | 1,047                     | 1,047                       | Denmark             |
| Pargesa Holding SA                      | 0.02                           | 968                       | 1,032                       | Switzerland         |
| Partners Group Ag                       | 0.03                           | 3,109                     | 5,645                       | Switzerland         |
| Pearson PLC                             | 0.03                           | 2,028                     | 2,028                       | United Kingdom      |
| Pennon Group PLC                        | 0.02                           | 902                       | 1,243                       | United Kingdom      |
| Pernod-Ricard SA                        | 0.03                           | 10,598                    | 12,296                      | France              |
| Pershing Square Holdings Ltd.           | 0.67                           | 19,756                    | 23,285                      | Guernsey            |
| Persimmon PLC                           | 0.05                           | 4,163                     | 5,023                       | United Kingdom      |
| Peugeot SA                              | 0.03                           | 5,348                     | 5,783                       | France              |
| Philips Electronics Nv                  | 0.04                           | 11,880                    | 14,739                      | Netherlands         |
| Phoenix Group Holdings                  | 0.03                           | 1,538                     | 1,790                       | Jersey              |
| Ping An Insurance Group Co of China Ltd | 0.01                           | 4,784                     | 7,744                       | China               |
| Porsche Automobil Holding SE            | 0.04                           | 3,433                     | 3,852                       | Germany             |
| Poste Italiane SpA                      | 0.02                           | 1,588                     | 2,006                       | Italy               |
| Prosus NV                               | 0.01                           | 6,650                     | 7,350                       | Netherlands         |
| Proximus SADP                           | 0.03                           | 2,827                     | 2,930                       | Belgium             |
| Prudential PLC                          | 0.04                           | 14,698                    | 16,343                      | United Kingdom      |
| Prysmian SpA                            | 0.02                           | 1,053                     | 1,266                       | Italy               |
| PSP Swiss Property AG                   | 0.03                           | 1,508                     | 1,886                       | Switzerland         |
| PTT Exploration & Production PCL        | 0.03                           | 3,842                     | 4,098                       | Thailand            |
| Publicis Groupe                         | 0.04                           | 3,442                     | 3,442                       | France              |
| Puma Ag                                 | 0.01                           | 884                       | 1,385                       | Germany             |
| Qiagen NV                               | 0.03                           | 1,618                     | 1,725                       | Netherlands         |
| Quilter PLC                             | 0.04                           | 1,136                     | 1,344                       | United Kingdom      |
| Raiffeisen Bank International AG        | 0.02                           | 1,341                     | 1,341                       | Austria             |
| Randstad NV                             | 0.05                           | 4,155                     | 4,538                       | Netherlands         |
| Rational Ag                             | 0.01                           | 861                       | 1,055                       | Germany             |
| Reckitt Benckiser Group PLC             | 0.04                           | 18,245                    | 18,440                      | United Kingdom      |
| Recordati SpA                           | 0.02                           | 1,851                     | 1,958                       | Italy               |
| Red Electrica Corp SA                   | 0.04                           | 4,265                     | 4,265                       | Spain               |
| Redrow PLC                              | 0.08                           | 1,593                     | 2,415                       | United Kingdom      |
| Reliance Industries Ltd                 | 0.01                           | 8,869                     | 13,517                      | India               |
| RELX NV                                 | 0.01                           | 4,932                     | 5,392                       | Netherlands         |

| EUR 1,000                        | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|----------------------------------|--------------------------------|---------------------------|-----------------------------|---------------------|
| RELX PLC                         | 0.03                           | 9,163                     | 11,087                      | United Kingdom      |
| Renault Sa                       | 0.02                           | 1,989                     | 1,989                       | France              |
| Rentokil Initial Plc             | 0.02                           | 1,782                     | 2,408                       | United Kingdom      |
| Repsol SA                        | 0.04                           | 7,900                     | 7,900                       | Spain               |
| Rheinmetall AG                   | 0.03                           | 1,296                     | 1,452                       | Germany             |
| Rhi Magnesita NV                 | 0.05                           | 1,148                     | 1,148                       | Netherlands         |
| Rightmove PLC                    | 0.04                           | 2,252                     | 2,912                       | United Kingdom      |
| Rio Tinto PLC                    | 0.04                           | 19,590                    | 24,115                      | United Kingdom      |
| Roche Holding Ag                 | 0.04                           | 51,683                    | 76,380                      | Switzerland         |
| Rotork Plc                       | 0.04                           | 1,171                     | 1,344                       | United Kingdom      |
| Royal Bank of Scotland Group PLC | 0.01                           | 4,973                     | 5,010                       | United Kingdom      |
| Royal Dutch Shell NA             | 0.03                           | 29,060                    | 29,459                      | Netherlands         |
| Royal Dutch Shell Plc A GBP      | 0.05                           | 49,925                    | 49,925                      | Netherlands         |
| Royal Dutch Shell Plc B          | 0.00                           | 1,612                     | 1,612                       | Netherlands         |
| Royal Unibrew A/S                | 0.03                           | 672                       | 1,029                       | Denmark             |
| RSA Insurance Group PLC          | 0.04                           | 2,484                     | 2,536                       | United Kingdom      |
| RTL Group SA                     | 0.03                           | 2,001                     | 2,001                       | Luxembourg          |
| Rubis SCA                        | 0.03                           | 1,425                     | 1,584                       | France              |
| Sage Group Plc                   | 0.05                           | 4,124                     | 4,506                       | United Kingdom      |
| Salmar ASA                       | 0.02                           | 841                       | 1,049                       | Norway              |
| Samsung Electronics Co Ltd       | 0.00                           | 6,464                     | 7,221                       | Republic of Korea   |
| Samsung SDI Co Ltd               | 0.03                           | 3,277                     | 3,277                       | Republic of Korea   |
| Sandvik Ab                       | 0.04                           | 6,422                     | 8,290                       | Sweden              |
| Sanofi                           | 0.03                           | 32,429                    | 38,000                      | France              |
| SAP Ag                           | 0.03                           | 32,608                    | 42,546                      | Germany             |
| Sartorius AG                     | 0.02                           | 1,109                     | 1,665                       | Germany             |
| Sartorius Stedim Biotech         | 0.01                           | 620                       | 1,002                       | France              |
| SBI Life Insurance Co Ltd        | 0.01                           | 1,429                     | 1,619                       | India               |
| SCA Ab B                         | 0.02                           | 1,111                     | 1,351                       | Sweden              |
| Schindler Holding AG PART        | 0.01                           | 962                       | 1,235                       | Switzerland         |
| Schindler Holding AG REG         | 0.04                           | 5,103                     | 5,493                       | Switzerland         |
| Schneider Electric Sa            | 0.04                           | 14,974                    | 19,475                      | France              |
| SCHRODERS PLC                    | 0.02                           | 1,727                     | 1,820                       | United Kingdom      |
| SCOR SE                          | 0.03                           | 2,142                     | 2,197                       | France              |
| Scottish & Southern Energy PLC   | 0.04                           | 5,641                     | 6,147                       | United Kingdom      |
| Scout24 AG                       | 0.02                           | 1,130                     | 1,556                       | Germany             |
| Securitas AB                     | 0.06                           | 3,136                     | 3,298                       | Sweden              |
| Segro PLC                        | 0.04                           | 3,025                     | 4,190                       | United Kingdom      |
| SES SA                           | 0.02                           | 1,117                     | 1,117                       | Luxembourg          |

| <b>EUR 1,000</b>                          | <b>Proportion of<br/>all shares, %</b> | <b>Book value<br/>31 Dec 2019</b> | <b>Market value<br/>31 Dec 2019</b> | <b>Country of domicile</b> |
|---|--|-----------------------------------|-------------------------------------|----------------------------|
| Severn Trent PLC                          | 0.02                                   | 1,345                             | 1,720                               | United Kingdom             |
| SGS SA                                    | 0.03                                   | 5,042                             | 5,872                               | Switzerland                |
| Siemens Ag                                | 0.03                                   | 28,718                            | 31,982                              | Germany                    |
| Siemens Healthineers AG                   | 0.01                                   | 2,395                             | 2,732                               | Germany                    |
| Signify NV                                | 0.08                                   | 2,696                             | 2,924                               | Netherlands                |
| Sika Ag -Bearer                           | 0.03                                   | 4,021                             | 6,192                               | Switzerland                |
| SK Hynix Inc                              | 0.01                                   | 3,054                             | 3,267                               | Republic of Korea          |
| Skandinaviska Enskilda Banken AB          | 0.03                                   | 5,050                             | 5,050                               | Sweden                     |
| Skanska AB                                | 0.03                                   | 2,066                             | 2,139                               | Sweden                     |
| SKF AB                                    | 0.05                                   | 3,392                             | 4,041                               | Sweden                     |
| Smith & Nephew PLC                        | 0.04                                   | 5,893                             | 7,464                               | United Kingdom             |
| Smiths Group PLC                          | 0.02                                   | 1,698                             | 1,926                               | United Kingdom             |
| Smurfit Kappa Group PLC                   | 0.02                                   | 1,583                             | 1,894                               | Ireland                    |
| Snam Rete Gas SpA                         | 0.02                                   | 3,130                             | 3,531                               | Italy                      |
| Societe BIC SA                            | 0.08                                   | 2,274                             | 2,274                               | France                     |
| Societe Generale                          | 0.04                                   | 9,286                             | 9,286                               | France                     |
| Sodexo                                    | 0.03                                   | 4,390                             | 4,436                               | France                     |
| Sofina SA                                 | 0.02                                   | 981                               | 1,124                               | Belgium                    |
| Software AG                               | 0.05                                   | 1,213                             | 1,213                               | Germany                    |
| Solvay SA                                 | 0.02                                   | 2,498                             | 2,673                               | Belgium                    |
| Sonova Holding AG                         | 0.03                                   | 3,732                             | 4,183                               | Switzerland                |
| Spirax-Sarco Engineering PLC              | 0.03                                   | 1,875                             | 2,330                               | United Kingdom             |
| St James's Place PLC                      | 0.04                                   | 2,472                             | 2,671                               | United Kingdom             |
| Standard Chartered PLC                    | 0.03                                   | 8,038                             | 8,430                               | United Kingdom             |
| Standard Life Aberdeen PLC                | 0.04                                   | 3,473                             | 3,473                               | United Kingdom             |
| STMicroelectronics NV                     | 0.02                                   | 2,551                             | 4,016                               | Switzerland                |
| Storebrand ASA                            | 0.04                                   | 1,120                             | 1,237                               | Norway                     |
| Straumann Holding AG                      | 0.02                                   | 2,408                             | 3,176                               | Switzerland                |
| Suez Environnement SA                     | 0.02                                   | 1,495                             | 1,495                               | France                     |
| Sunrise Communications Group AG           | 0.05                                   | 1,641                             | 1,648                               | Switzerland                |
| Swedbank AB                               | 0.03                                   | 4,487                             | 4,487                               | Sweden                     |
| Svenska Handelsbanken A                   | 0.03                                   | 5,173                             | 5,443                               | Sweden                     |
| Swiss Life Holding AG                     | 0.04                                   | 3,751                             | 5,586                               | Switzerland                |
| Swiss Prime Site AG                       | 0.04                                   | 2,172                             | 2,931                               | Switzerland                |
| Swiss Re Ltd                              | 0.03                                   | 9,398                             | 10,934                              | Switzerland                |
| Swisscom AG                               | 0.02                                   | 4,604                             | 5,169                               | Switzerland                |
| Symrise Ag                                | 0.02                                   | 1,729                             | 2,960                               | Germany                    |
| TAG Immobilien AG                         | 0.03                                   | 949                               | 1,001                               | Germany                    |
| Taiwan Semiconductor Manufacturing Co Ltd | 0.00                                   | 5,362                             | 7,079                               | Taiwan                     |

| <b>EUR 1,000</b>                   | <b>Proportion of<br/>all shares, %</b> | <b>Book value<br/>31 Dec 2019</b> | <b>Market value<br/>31 Dec 2019</b> | <b>Country of domicile</b> |
|------------------------------------|--|-----------------------------------|-------------------------------------|----------------------------|
| Tata Consultancy Services Ltd      | 0.01                                   | 7,573                             | 8,222                               | India                      |
| Tate & Lyle PLC                    | 0.10                                   | 3,617                             | 4,104                               | United Kingdom             |
| Taylor Wimpey PLC                  | 0.06                                   | 3,722                             | 4,379                               | United Kingdom             |
| Tele2 AB                           | 0.03                                   | 2,144                             | 2,447                               | Sweden                     |
| Telecom Italia SpA                 | 0.01                                   | 1,060                             | 1,060                               | Italy                      |
| Telecom Italia SpA Savings         | 0.03                                   | 914                               | 1,009                               | Italy                      |
| Telecom Plus PLC                   | 0.09                                   | 1,172                             | 1,310                               | United Kingdom             |
| Telefonaktiebolaget LM Ericsson    | 0.04                                   | 7,513                             | 8,623                               | Sweden                     |
| Telefonica Sa                      | 0.03                                   | 10,935                            | 10,935                              | Spain                      |
| Telekom Austria AG                 | 0.03                                   | 1,312                             | 1,312                               | Austria                    |
| Telenor Asa                        | 0.02                                   | 4,848                             | 4,848                               | Norway                     |
| Teleperformance                    | 0.02                                   | 1,918                             | 3,082                               | France                     |
| Telia Company Ab                   | 0.10                                   | 15,300                            | 15,300                              | Sweden                     |
| Temenos Group AG                   | 0.02                                   | 2,043                             | 2,254                               | Switzerland                |
| Tenaris SA                         | 0.01                                   | 1,164                             | 1,164                               | Luxembourg                 |
| Tencent Holdings Ltd               | 0.00                                   | 5,916                             | 9,404                               | China                      |
| Terna Rete Elettrica Nazionale SpA | 0.02                                   | 2,426                             | 2,987                               | Italy                      |
| Tesco PLC                          | 0.03                                   | 7,123                             | 8,583                               | United Kingdom             |
| Tgs Nopec Geophysical Co Asa       | 0.03                                   | 1,034                             | 1,090                               | Norway                     |
| The Swatch Group Ag Bearer         | 0.02                                   | 1,543                             | 1,543                               | Switzerland                |
| The Swatch Group AG REG            | 0.08                                   | 4,402                             | 4,402                               | Switzerland                |
| ThyssenKrupp AG                    | 0.02                                   | 1,287                             | 1,287                               | Germany                    |
| Titan Co Ltd                       | 0.06                                   | 6,534                             | 8,444                               | India                      |
| Total Sa                           | 0.04                                   | 44,239                            | 45,764                              | France                     |
| Travis Perkins PLC                 | 0.02                                   | 1,013                             | 1,165                               | United Kingdom             |
| Trelleborg AB                      | 0.04                                   | 1,361                             | 1,497                               | Sweden                     |
| Tritax Big Box REIT PLC            | 0.04                                   | 1,064                             | 1,144                               | United Kingdom             |
| TRYGVESTA AS                       | 0.01                                   | 1,082                             | 1,192                               | Denmark                    |
| TUI AG                             | 0.02                                   | 1,217                             | 1,217                               | Germany                    |
| UBISOFT Entertainment              | 0.02                                   | 1,263                             | 1,263                               | France                     |
| UBS Group AG                       | 0.04                                   | 15,831                            | 16,051                              | Switzerland                |
| UCB SA                             | 0.03                                   | 4,553                             | 4,553                               | Belgium                    |
| Umicore SA                         | 0.02                                   | 1,760                             | 2,228                               | Belgium                    |
| Unibail-Rodamco-Westfield          | 0.04                                   | 7,259                             | 7,259                               | France                     |
| UniCredit SpA                      | 0.03                                   | 9,654                             | 9,654                               | Italy                      |
| Unilever NV                        | 0.03                                   | 21,572                            | 26,179                              | Netherlands                |
| Unilever PLC                       | 0.04                                   | 23,405                            | 25,440                              | United Kingdom             |
| Unione di Banche Italiane SCPA     | 0.03                                   | 956                               | 1,058                               | Italy                      |
| Uniper SE                          | 0.02                                   | 2,246                             | 2,493                               | Germany                    |

| EUR 1,000                                   | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|---|--------------------------------|---------------------------|-----------------------------|---------------------|
| Unite Group Plc                             | 0.03                           | 1,107                     | 1,498                       | United Kingdom      |
| United Utilities Plc                        | 0.02                           | 1,635                     | 1,855                       | United Kingdom      |
| Valeo SA                                    | 0.02                           | 1,842                     | 1,842                       | France              |
| Weir Group Plc/The                          | 0.02                           | 1,073                     | 1,073                       | United Kingdom      |
| Wendel                                      | 0.02                           | 1,200                     | 1,200                       | France              |
| Veolia Environnement                        | 0.03                           | 3,172                     | 3,986                       | France              |
| Vestas Wind Systems A/S                     | 0.02                           | 3,003                     | 4,195                       | Denmark             |
| WH Group Ltd                                | 0.02                           | 2,761                     | 2,761                       | Hong Kong           |
| WH Smith PLC                                | 0.04                           | 1,116                     | 1,358                       | United Kingdom      |
| Whitbread PLC                               | 0.03                           | 1,770                     | 1,912                       | United Kingdom      |
| Victrex PLC                                 | 0.05                           | 1,104                     | 1,222                       | United Kingdom      |
| Wienerberger AG                             | 0.06                           | 1,460                     | 1,914                       | Austria             |
| Vifor Pharma AG                             | 0.02                           | 1,184                     | 1,817                       | Switzerland         |
| Vinci SA                                    | 0.03                           | 12,975                    | 18,459                      | France              |
| Wirecard Ag                                 | 0.02                           | 2,935                     | 3,096                       | Germany             |
| Vistry Group PLC                            | 0.05                           | 1,385                     | 1,832                       | United Kingdom      |
| Vivendi                                     | 0.03                           | 6,930                     | 8,174                       | France              |
| Wiwynn Corp                                 | 0.08                           | 2,037                     | 2,640                       | Taiwan              |
| WM Morrison Supermarkets PLC                | 0.04                           | 2,053                     | 2,053                       | United Kingdom      |
| Vodafone Group PLC                          | 0.03                           | 15,998                    | 15,998                      | United Kingdom      |
| Volkswagen AG Com                           | 0.00                           | 1,237                     | 1,382                       | Germany             |
| Volkswagen AG Pref                          | 0.03                           | 11,033                    | 12,074                      | Germany             |
| Wolters Kluwer NV                           | 0.04                           | 5,631                     | 7,198                       | Netherlands         |
| Volvo AB                                    | 0.03                           | 7,005                     | 8,253                       | Sweden              |
| Vonovia SE                                  | 0.03                           | 7,582                     | 9,074                       | Germany             |
| Worldline SA/France                         | 0.01                           | 1,302                     | 1,560                       | France              |
| WPP PLC                                     | 0.03                           | 4,983                     | 4,983                       | United Kingdom      |
| Yara International Asa                      | 0.02                           | 1,613                     | 1,613                       | Norway              |
| Zalando SE                                  | 0.01                           | 1,288                     | 1,532                       | Germany             |
| Zardoya Otis SA                             | 0.05                           | 1,508                     | 1,591                       | Spain               |
| Zurich Insurance Group AG                   | 0.04                           | 15,809                    | 20,214                      | Switzerland         |
| Other foreign listed equities               |                                | 129,433                   | 143,915                     |                     |
| <b>Foreign listed equities total</b>        |                                | <b>2,876,426</b>          | <b>3,407,024</b>            |                     |
| <b>Equity funds</b>                         |                                |                           |                             |                     |
| BlackRock EM Equity Strategies Fund X2 USD  |                                | 19,949                    | 20,447                      | Luxembourg          |
| Fidelity FAST Asia Fund                     |                                | 17,004                    | 21,462                      | Luxembourg          |
| Hermes Global Emerging Markets Fund USD ACC |                                | 35,163                    | 39,314                      | Ireland             |
| iShares Core MSCI Emerging Markets ETF USD  |                                | 190,078                   | 213,528                     | United States       |
| iShares Core MSCI Japan IMI UCITS ETF       |                                | 124,228                   | 124,228                     | Ireland             |

| <b>EUR 1,000</b>  | <b>Proportion of<br/>all shares, %</b> | <b>Book value<br/>31 Dec 2019</b> | <b>Market value<br/>31 Dec 2019</b> | <b>Country of domicile</b> |
|---|--|-----------------------------------|-------------------------------------|----------------------------|
| iShares Core S&P 500 ETF (USD)                                |  | 294,303                           | 431,600                             | United States              |
| iShares Edge MSCI Min Vol Emerging Markets ETF                |  | 135,817                           | 139,679                             | United States              |
| iShares Edge MSCI USA Min Vol                                 |  | 119,005                           | 160,292                             | United States              |
| iShares Edge MSCI USA Value Weighted Index                    |  | 44,252                            | 53,828                              | United States              |
| iShares Emerging Markets Index Fund                           |  | 83,247                            | 92,616                              | Ireland                    |
| iShares FTSE A50 China Index ETF                              |  | 29,949                            | 32,226                              | Hong Kong                  |
| iShares Japan Index Fund (IE) Flexible Class JPY              |  | 275,272                           | 314,809                             | Ireland                    |
| iShares MSCI Brazil ETF                                       |  | 52,514                            | 61,034                              | United States              |
| iShares MSCI South Korea ETF                                  |  | 15,949                            | 16,220                              | United States              |
| iShares MSCI Taiwan Capped ETF                                |  | 36,201                            | 39,065                              | United States              |
| iShares MSCI USA Momentum Factor                              |  | 116,927                           | 161,002                             | United States              |
| iShares Russell 2000 ETF                                      |  | 59,215                            | 69,312                              | United States              |
| LähiTapiola Hyvinvointi A                                     |  | 20,058                            | 48,001                              | Finland                    |
| Mandatum Life Slim Tail Equity Fund B2 USD                    |  | 20,225                            | 22,199                              | Luxembourg                 |
| Morgan Stanley Asia Opportunity Fund Z EUR                    |  | 9,871                             | 9,977                               | Luxembourg                 |
| Nomura Nikkei 225 ETF   |  | 196,597                           | 222,200                             | Japan                      |
| Nomura TOPIX ETF  |  | 195,510                           | 213,627                             | Japan                      |
| Nordea 2 Emerging Markets Enhanced Equity Fund B I USD        |  | 50,094                            | 54,623                              | Luxembourg                 |
| Rockefeller Global ESG Equity UCITS Fund Class F              |  | 14,673                            | 16,335                              | Ireland                    |
| Schroder ISF Emerging Asia Class 1                            |  | 20,777                            | 21,685                              | Luxembourg                 |
| SPDR S&P 500 Index Trust Series 1                             |  | 222,980                           | 265,590                             | United States              |
| SSGA Enhanced Emerging Markets Equity Fund I USD              |  | 85,815                            | 103,995                             | Luxembourg                 |
| T. Rowe Price Funds SICAV - US Smaller Companies Equity I USD |  | 30,116                            | 86,216                              | Luxembourg                 |
| UB Aasia REIT Plus K  |  | 10,000                            | 22,382                              | Finland                    |
| UBS Global Emerging Markets Opportunity Fund                  |  | 40,044                            | 45,125                              | Ireland                    |
| Vanguard Emerging Markets Stock Index(Ins) USD                |  | 138,504                           | 171,509                             | Ireland                    |
| Vanguard REIT ETF   |  | 2,549                             | 2,705                               | United States              |
| Vanguard S&P 500 Index Fund ETF Class (USD)                   |  | 313,702                           | 432,799                             | United States              |
| Vanguard Total Stock Market ETF                               |  | 128,916                           | 145,647                             | United States              |
| Vanguard Value ETF  |  | 100,728                           | 105,682                             | United States              |
| <b>Equity funds total</b>                                     |  | <b>3,250,233</b>                  | <b>3,980,960</b>                    |                            |
| <b>Fixed income funds</b>                                     |  |                                   |                                     |                            |
| Aktia Emerging Market Local Currency Bond+ D                  |  | 97,761                            | 117,206                             | Finland                    |
| Aktia Emerging Market Local Currency Frontier Bond+           |  | 116,191                           | 127,562                             | Finland                    |
| Alcentra European Loan Fund Class IIA EUR                     |  | 11,117                            | 14,050                              | Luxembourg                 |
| Ashmore Emerging Markets Local Currency Bond Fund I EUR       |  | 103,136                           | 104,356                             | Luxembourg                 |

| EUR 1,000  | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|--|--------------------------------|---------------------------|-----------------------------|---------------------|
| Aviva Global High Yield Bond Fund I USD  |                                | 29,274                    | 32,460                      | Luxembourg          |
| Barings Capital Global Loan Fund Tranche A USD Acc                                     |                                | 12,011                    | 22,528                      | Ireland             |
| Barings Emerging Markets Local Debt Fund   |                                | 99,273                    | 112,527                     | Ireland             |
| Barings Emerging Markets Sovereign DebtFund AA EUR                                     |                                | 30,989                    | 31,177                      | Ireland             |
| Barings Global Senior Secured Bond D USD   |                                | 33,093                    | 36,043                      | Ireland             |
| BlackRock Emerging Markets Bond Fund X2 EUR Hedged                                     |                                | 16,147                    | 16,297                      | Luxembourg          |
| BlackRock Global Funds - Emerging Markets Corporate Bond X2 USD                        |                                | 22,531                    | 39,828                      | Luxembourg          |
| BlackRock Global Funds - Global High Yield Bond I2 USD                                 |                                | 27,095                    | 31,592                      | Luxembourg          |
| BlueBay Investment Grade Bond I Fund   |                                | 14,623                    | 15,926                      | Luxembourg          |
| Evli High Yield Yrityslaina B  |                                | 7,057                     | 9,406                       | Finland             |
| Fidelity European High Yield Fund I-ACC-EUR  |                                | 41,727                    | 43,886                      | Luxembourg          |
| GAM Multibond Local Emerging Bond Fund C EUR Unhedged                                  |                                | 53,815                    | 67,188                      | Luxembourg          |
| Global Evolution Funds Frontier Markets I EUR  |                                | 61,420                    | 65,912                      | Luxembourg          |
| GMO Emerging Country Debt Investment Fund  |                                | 51,681                    | 63,099                      | Ireland             |
| iShares Core Euro Corporate Bond UCITS ETF (EUR)                                       |                                | 1,264                     | 1,343                       | Ireland             |
| iShares Euro High Yield Corporate Bond UCITS ETF                                       |                                | 16,845                    | 16,894                      | Ireland             |
| iShares iBoxx \$ Investment Grade Corporate Bond ETF                                   |                                | 87,474                    | 96,819                      | United States       |
| iShares iBoxx USD High Yield Corporate Bond ETF  |                                | 8,611                     | 8,611                       | United States       |
| M&G European Loan Fund C EUR   |                                | 11,880                    | 11,880                      | Ireland             |
| Man GLG Global Emerging Markets Local Currency Rates Fund I C EUR                      |                                | 44,263                    | 47,260                      | Ireland             |
| Muzinich Bondyield ESG Fund Institutional Hedged EUR Acc                               |                                | 5,540                     | 7,786                       | Ireland             |
| Neuberger Berman Emerging Markets Debt -Hard Currency Fund- EUR I2 Acc                 |                                | 79,574                    | 79,813                      | Ireland             |
| Neuberger Berman Emerging Markets Debt -Local Currency Fund- EUR I2 Unhedged Acc Class |                                | 47,012                    | 60,106                      | Ireland             |
| NN L US Credit I Cap USD   |                                | 114,046                   | 132,049                     | Luxembourg          |
| Nomura Funds - US High Yield Bond I - USD  |                                | 10,715                    | 12,011                      | Ireland             |
| Nordea 1 SICAV - US Corporate Bond Fund -BI USD  |                                | 117,025                   | 132,588                     | Luxembourg          |
| Nordea 1 SICAV European High Yield Bond Fund X EUR                                     |                                | 40,384                    | 50,594                      | Luxembourg          |
| Nordea 1 SICAV US High Yield Bond Fund X USD   |                                | 43,620                    | 47,644                      | Luxembourg          |
| Pimco Diversified Income Duration Hedged Fund Inst USD A                               |                                | 17,685                    | 20,121                      | Ireland             |
| Pimco Emerging Markets Corporate Bond Fund Inst USD Acc                                |                                | 14,282                    | 16,647                      | Ireland             |
| Pimco Global High Yield Bond Fund Institution Acc                                      |                                | 38,643                    | 51,372                      | Ireland             |
| Pimco US High Yield Bond Fund USD Inst Acc   |                                | 53,228                    | 66,751                      | Ireland             |
| Schroder International Euro Corporate Bond Fund I Acc                                  |                                | 12,150                    | 14,492                      | Luxembourg          |
| T. Rowe Price Funds SICAV - Global High Yield Bond I USD                               |                                | 35,597                    | 51,140                      | Luxembourg          |
| <b>Fixed income funds total</b>  |                                | <b>1,628,780</b>          | <b>1,876,963</b>            |                     |
| <b>Private equity funds</b>  |                                |                           |                             |                     |
| Adelis Equity Partners Fund II AB  |                                | 8,749                     | 8,749                       | Sweden              |
| Advent International GPE IX-A SCSP   |                                | 5,639                     | 5,639                       | Luxembourg          |

| <b>EUR 1,000</b>                           | <b>Proportion of<br/>all shares, %</b> | <b>Book value<br/>31 Dec 2019</b> | <b>Market value<br/>31 Dec 2019</b> | <b>Country of domicile</b> |
|--|--|-----------------------------------|-------------------------------------|----------------------------|
| Advent International GPE VII               |  | 11,636                            | 16,123                              | United States              |
| Advent International GPE VIII              |  | 40,163                            | 51,170                              | Cayman Islands             |
| Aino Holdingyhtiö Ky                       |  | 18,556                            | 18,556                              | Finland                    |
| AlbaCore Partners II Feeder ICAV           |  | 33,600                            | 35,397                              | Ireland                    |
| Altor Fund II (No. 1) Limited Partnership  |  | 1,453                             | 1,453                               | Jersey                     |
| Altor Fund III (No. 2) Limited Partnership |  | 6,753                             | 6,753                               | Jersey                     |
| Altor Fund IV (No. 2) AB                   |  | 12,953                            | 13,940                              | Sweden                     |
| Amanda III Eastern Private Equity Ky       |  | 2,757                             | 2,757                               | Finland                    |
| American Securities Partners VI, L.P       |  | 5,968                             | 22,127                              | United States              |
| American Securities Partners VII, L.P      |  | 44,903                            | 44,903                              | United States              |
| Antin Infrastructure Partners III L.P      |  | 16,350                            | 18,505                              | United Kingdom             |
| Apax Europe VII - B, L.P                   |  | 616                               | 616                                 | United Kingdom             |
| Apax IX EUR L.P                            |  | 44,744                            | 59,248                              | Guernsey                   |
| Apax VIII - A L.P                          |  | 30,482                            | 30,482                              | Guernsey                   |
| Ardian LBO Fund VI A                       |  | 34,992                            | 39,224                              | France                     |
| Ares Capital Europe IV (E) Unlevered       |  | 31,540                            | 32,227                              | Luxembourg                 |
| Armada Fund V Ky                           |  | 5,503                             | 5,503                               | Finland                    |
| Armada Mezzanine Fund IV L.P               |  | 3,046                             | 3,503                               | Finland                    |
| Auda Capital IV (Cayman) LP (USD)          |  |                                   | 738                                 | Cayman Islands             |
| AXA LBO Fund IV FCPR                       |  |                                   | 4,350                               | France                     |
| AXA LBO Fund IV Supplementary FCPR         |  |                                   | 1,441                               | France                     |
| AXA LBO Fund V Core                        |  | 108                               | 8,364                               | France                     |
| AXA LBO Fund V Supplementary               |  | 2,152                             | 6,226                               | France                     |
| AXA Secondary Fund V L.P                   |  | 210                               | 987                                 | United Kingdom             |
| AXA Secondary Fund VII L.P                 |  | 19,618                            | 26,554                              | United Kingdom             |
| Barings Global Credit Fund (LUX) SCsp      |  | 22,616                            | 23,264                              | Luxembourg                 |
| Berkshire Fund IX, L.P                     |  | 23,541                            | 23,541                              | United States              |
| Berkshire Fund VIII-A L.P                  |  | 16,606                            | 18,445                              | United States              |
| Bowmark Capital Partners IV, L.P           |  | 4,822                             | 4,822                               | United Kingdom             |
| Bowmark Capital Partners V, L.P            |  | 11,427                            | 11,427                              | United Kingdom             |
| Bowmark Capital Partners VI, L.P           |  | 5,667                             | 5,667                               | United Kingdom             |
| Bridgepoint Europe III E, L.P              |  | 2,242                             | 2,242                               | United Kingdom             |
| Bridgepoint Europe IV F L.P                |  | 2,590                             | 2,590                               | United Kingdom             |
| Bridgepoint Europe V C L.P                 |  | 31,208                            | 35,458                              | United Kingdom             |
| Bridgepoint Europe VI, L.P                 |  | 5,226                             | 5,226                               | United Kingdom             |
| Butterfly Venture Fund III Ky              |  | 511                               | 555                                 | Finland                    |
| Capvis Equity III L.P                      |  | 6,953                             | 6,953                               | Jersey                     |
| Capvis Equity IV L.P                       |  | 12,124                            | 12,124                              | Jersey                     |

| <b>EUR 1,000</b>   | <b>Proportion of<br/>all shares, %</b> | <b>Book value<br/>31 Dec 2019</b> | <b>Market value<br/>31 Dec 2019</b> | <b>Country of domicile</b> |
|--|--|-----------------------------------|-------------------------------------|----------------------------|
| Capvis III Co-Investors Arena L.P.                                       |  | 11,103                            | 18,394                              | Jersey                     |
| Cheyne European Strategic Value Credit Fund                              |  | 16,000                            | 16,427                              | Luxembourg                 |
| Comvest Capital IV (Luxembourg) Feeder Fund, SCSp                        |  | 45,486                            | 45,806                              | Luxembourg                 |
| Comvest Credit Partners V (Luxembourg) Feeder Fund, SCSp                 |  | 7,566                             | 7,566                               | Luxembourg                 |
| Cross Ocean EUR ESS Fund III L.P.  |  | 20,737                            | 20,737                              | Cayman Islands             |
| Crown Opportunities Fund Ky  |  |                                   | 5,128                               | Finland                    |
| Dasos FS Partnership SCSp  |  | 10,000                            | 20,507                              | Luxembourg                 |
| Dasos LT Partnership SCSp  |  | 19,405                            | 19,405                              | Luxembourg                 |
| Dasos Timberland Fund II   |  | 26,437                            | 32,762                              | Luxembourg                 |
| Dover Street IX Cayman L.P.  |  | 30,796                            | 39,934                              | Cayman Islands             |
| Dover Street VIII L.P.   |  | 13,930                            | 20,101                              | United States              |
| EQT Infrastructure III SCSp  |  | 9,763                             | 12,171                              | Luxembourg                 |
| EQT VII (No. 2) L.P.   |  | 31,779                            | 37,359                              | United Kingdom             |
| EQT VIII (No. 1) SCSp  |  | 25,948                            | 26,107                              | Luxembourg                 |
| Equistone Partners Europe Fund VI  |  | 9,603                             | 9,603                               | Luxembourg                 |
| First State Investments European Diversified Infrastructure FCP-SIF      |  | 16,560                            | 20,412                              | Luxembourg                 |
| First State Investments European Diversified Infrastructure Fund II SCSp |  | 50,000                            | 51,383                              | Luxembourg                 |
| Folmer Equity Fund II, Ky  |  | 571                               | 617                                 | Finland                    |
| Freeport Financial IV Lux SCSp   |  | 16,885                            | 16,885                              | Luxembourg                 |
| FSN Capital IV L.P.  |  | 12,949                            | 12,949                              | Jersey                     |
| FSN Capital V L.P.   |  | 15,787                            | 15,787                              | Jersey                     |
| Genstar Capital Partners IX, L.P.  |  | 8,087                             | 8,087                               | United States              |
| Genstar Capital Partners VIII, L.P.                                      |  | 21,705                            | 28,123                              | United States              |
| Genstar IX Opportunities Fund I (EU), L.P.                               |  | 7,959                             | 7,959                               | United States              |
| Genstar VIII Opportunities Fund I (EU), L.P.                             |  | 11,662                            | 15,766                              | United States              |
| GHO Capital Fund I L.P.  |  | 20,248                            | 20,248                              | Cayman Islands             |
| GHO Capital Fund II L.P.   |  | 5,634                             | 5,634                               | Cayman Islands             |
| Glennmont Clean Energy Fund Europe III SCSp                              |  | 14,245                            | 14,245                              | Luxembourg                 |
| GTCR FUND XII L.P.   |  | 12,876                            | 12,876                              | United States              |
| H.I.G. Whitehorse Offshore Loan Feeder Fund                              |  | 26,992                            | 26,992                              | Cayman Islands             |
| Hayfin Special Opportunities Fund II                                     |  | 42,105                            | 44,487                              | Cayman Islands             |
| Hellman & Friedman Capital Partners VIII, L.P.                           |  | 32,167                            | 38,947                              | United States              |
| Hermes GPE Global Secondary Feeder I LP                                  |  | 4,491                             | 8,136                               | United Kingdom             |
| Hermes GPE Global Secondary Feeder II LP                                 |  | 7,131                             | 8,553                               | United Kingdom             |
| HgCapital 7E L.P.  |  | 14,109                            | 29,790                              | United Kingdom             |
| HgCapital 8 E L.P.   |  | 11,136                            | 13,284                              | United Kingdom             |
| HPS Specialty Loan Fund IV, L.P.   |  | 43,194                            | 44,332                              | Cayman Islands             |
| Icebreaker Fund I Ky   |  | 619                               | 801                                 | Finland                    |
| ICG Senior Debt Partners Fund - ICG SDP 2                                |  | 25,917                            | 26,594                              | Luxembourg                 |

| EUR 1,000   | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|---|--------------------------------|---------------------------|-----------------------------|---------------------|
| ICG Senior Debt Partners Fund - ICG SDP 3                             |                                | 34,306                    | 35,145                      | Luxembourg          |
| iCON Infrastructure Partners IV, L.P.                                 |                                | 16,929                    | 18,811                      | Guernsey            |
| Industrie & Finance Investissements 2 FCPR                            |                                | 433                       | 1,315                       | France              |
| Intera Fund II Ky   |                                | 5,740                     | 14,654                      | Finland             |
| Intera Fund III Ky  |                                | 15,359                    | 17,045                      | Finland             |
| Inventure III Ky  |                                | 913                       | 913                         | Finland             |
| Juuri Rahasto I Ky  |                                | 13,905                    | 13,905                      | Finland             |
| Kasvurahastojen Rahasto II Ky   |                                | 7,077                     | 8,730                       | Finland             |
| Kasvurahastojen Rahasto III Ky  |                                | 1,449                     | 1,449                       | Finland             |
| Kasvurahastojen Rahasto Ky  |                                | 5,179                     | 8,027                       | Finland             |
| Kayne Anderson Senior Credit Fund                                     |                                | 55,492                    | 57,689                      | Ireland             |
| Kayne Senior Credit IV European Fund ICAV                             |                                | 8,902                     | 8,902                       | Ireland             |
| L&C Timberlands L.P.  |                                | 47,681                    | 54,969                      | United States       |
| Levine Leichtman Capital Partners V, L.P.                             |                                | 26,514                    | 32,788                      | United States       |
| Levine Leichtman Capital Partners VI-A, L.P.                          |                                | 17,130                    | 17,346                      | United States       |
| Lexington Capital Partners VIII                                       |                                | 36,560                    | 38,122                      | United States       |
| Lifeline Ventures Fund III Ky   |                                | 3,492                     | 4,340                       | Finland             |
| Lindsay Goldberg IV L.P.  |                                | 27,347                    | 35,715                      | United States       |
| LT Fund Investments   |                                | 51,000                    | 79,387                      | Luxembourg          |
| Macquarie European Infrastructure Fund II                             |                                | 1,639                     | 1,987                       | United Kingdom      |
| Maki.vc Fund I Ky   |                                | 631                       | 646                         | Finland             |
| MB Equity Fund IV Ky  |                                | 11,386                    | 11,386                      | Finland             |
| MB Equity Fund V Ky   |                                | 15,403                    | 15,403                      | Finland             |
| Monroe Capital Private Credit Fund II (Ireland) ICAV Unleveraged Fund |                                | 32,666                    | 32,666                      | Ireland             |
| Nexit Infocom II L.P.   |                                | 665                       | 6,359                       | Guernsey            |
| Nordic Mezzanine Fund II Limited Partnership                          |                                | 799                       | 1,271                       | United Kingdom      |
| Nordic Mezzanine Fund III Limited Partnership                         |                                | 3,887                     | 9,459                       | United Kingdom      |
| Open Ocean Fund 2015 Ky   |                                | 1,146                     | 1,529                       | Finland             |
| Open Ocean Opportunity Fund I Ky                                      |                                | 521                       | 521                         | Finland             |
| Palvelurahasto I Ky   |                                | 256                       | 1,503                       | Finland             |
| Partners Group Direct Mezzanine 2011 S.C.A. SICAR                     |                                | 10,461                    | 13,907                      | Luxembourg          |
| Partners Group Secondary 2011 (EUR) L.P Inc                           |                                | 8,566                     | 11,325                      | Guernsey            |
| Partners Group U.S. Venture 2004, L.P.                                |                                | 1,721                     | 1,721                       | United States       |
| Platinum Equity Capital Partners III, L.P.                            |                                | 15,580                    | 15,580                      | United States       |
| Platinum Equity Capital Partners IV, L.P.                             |                                | 40,674                    | 51,577                      | United States       |
| Power Fund II Ky  |                                | 1,534                     | 1,534                       | Finland             |
| Proventus Capital Partners IV B AB                                    |                                | 8,000                     | 8,147                       | Sweden              |
| Rocket Internet Capital Partners SCS                                  |                                | 21,437                    | 31,022                      | Luxembourg          |
| Saari Partners Fund I KY  |                                | 670                       | 670                         | Finland             |

| EUR 1,000  | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile |
|--|--------------------------------|---------------------------|-----------------------------|---------------------|
| Saffron Co-invest LP                                   |                                | 9,818                     | 9,818                       | United Kingdom      |
| Saga V (USD - A) K/S                                   |                                | 6,053                     | 8,343                       | Denmark             |
| Saga V New (USD - A) K/S                               |                                | 7,619                     | 7,619                       | Denmark             |
| Saga VII (EUR) K/S                                     |                                | 566                       | 566                         | Denmark             |
| Sentica Buyout IV Ky                                   |                                | 3,530                     | 3,530                       | Finland             |
| Sentica Buyout V Ky                                    |                                | 6,240                     | 6,240                       | Finland             |
| Silverfleet Capital Partners II LP                     |                                | 32,868                    | 35,175                      | United Kingdom      |
| Sponsor Fund IV  |                                | 9,186                     | 10,921                      | Finland             |
| Stonepeak Infrastructure Fund III                      |                                | 21,150                    | 22,687                      | Cayman Islands      |
| Superhero Venture Fund 2015 Ky                         |                                | 562                       | 743                         | Finland             |
| Thoma Bravo Fund XIII-A, L.P.                          |                                | 22,144                    | 22,144                      | United States       |
| Top Tier Venture Capital III, L.P.                     |                                | 1,310                     | 1,310                       | United States       |
| Top Tier Venture Capital IV, L.P.                      |                                | 3,130                     | 5,433                       | United States       |
| TPG Partners VI, LP                                    |                                | 10,336                    | 10,336                      | United States       |
| TPG Partners VII, L.P.                                 |                                | 51,420                    | 65,993                      | United States       |
| TSG 7 A L.P.   |                                | 21,016                    | 25,227                      | United States       |
| TSG 7 B L.P.   |                                | 3,778                     | 3,778                       | United States       |
| Vaaka Partners Buyout Fund III Ky                      |                                | 6,149                     | 8,261                       | Finland             |
| Waterland Private Equity Fund VI C.V.                  |                                | 13,918                    | 24,281                      | Netherlands         |
| Waterland Private Equity Fund VII C.V.                 |                                | 10,440                    | 10,440                      | Netherlands         |
| Vendep Capital Fund II Ky                              |                                | 792                       | 792                         | Finland             |
| Wind Power Central Norway SCS                          |                                | 43,536                    | 51,093                      | Luxembourg          |
| Vista Equity Partners Fund IV, L.P.                    |                                | 11,269                    | 22,371                      | United States       |
| Vista Equity Partners Fund V-A                         |                                | 38,658                    | 55,375                      | Cayman Islands      |
| Vista Equity Partners Fund VI-A, L.P.                  |                                | 56,207                    | 66,671                      | Cayman Islands      |
| Vitruvian Investment Partnership III L.P.              |                                | 17,345                    | 18,659                      | United Kingdom      |
| Other private equity funds                             |                                | 9,887                     | 14,825                      |                     |
| <b>Private equity funds total</b>                      |                                | <b>2,201,589</b>          | <b>2,602,838</b>            |                     |
| <b>Real estate investment funds</b>                    |                                |                           |                             |                     |
| Aberdeen Property Funds SICAV Pan-Nordic               |                                | 232                       | 232                         | Luxembourg          |
| Avara Asuinkiinteistörahassto I Ky                     |                                | 4,560                     | 4,642                       | Finland             |
| BlackRock Europe Property Fund III                     |                                | 540                       | 540                         | United Kingdom      |
| Blackstone Real Estate Debt Strategies High-Grade L.P. |                                | 44,079                    | 46,413                      | United States       |
| Capman Hotels II FCP-RAIF                              |                                | 50,000                    | 50,000                      | Luxembourg          |
| CBRE European Industrial Fund CV                       |                                | 28,465                    | 28,465                      | Netherlands         |
| CBRE Office Fund The Netherlands                       |                                | 13                        | 13                          | Netherlands         |
| DOF Development Fund CV                                |                                | 27                        | 27                          | Luxembourg          |
| Erikoissijoitusrahasto Fennica Toimitilat I            |                                | 9,930                     | 9,930                       | Finland             |

| EUR 1,000   | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile    |
|---|--------------------------------|---------------------------|-----------------------------|------------------------|
| Erikoissijoitusrahasto Fennica Tontit                           |                                | 10,000                    | 10,448                      | Finland                |
| European Added Value Fund, L.P.                                 |                                | 128                       | 128                         | United Kingdom         |
| Henderson Central London Office Fund II LP                      |                                |                           | 1,284                       | United Kingdom         |
| Herbert Park ICAV   |                                | 24,220                    | 24,348                      | Ireland                |
| ICG-Longbow UK Real Estate Debt Investments III S.a.r.l.        |                                | 12,048                    | 12,048                      | Luxembourg             |
| ICG-Longbow UK Real Estate Debt Investments V SCSp              |                                | 17,254                    | 18,236                      | Luxembourg             |
| LähiTapiola Asuntorahasto Prime Ky                              |                                | 10,333                    | 10,733                      | Finland                |
| Morgan Stanley Prime Property Fund, LLC.                        |                                | 53,808                    | 64,790                      | United States          |
| Nordika II Fastigheter AB                                       |                                | 9,667                     | 16,853                      | Sweden                 |
| PBW II Real Estate Fund S.A.                                    |                                | 623                       | 623                         | Luxembourg             |
| Prologis European Logistics Fund FCP-FIS                        |                                | 49,652                    | 56,526                      | Luxembourg             |
| Real Estate Debt & Secondaries Ky                               |                                | 5,364                     | 5,364                       | Finland                |
| Rockspring Peripheral Europe Limited Partnership                |                                |                           | 159                         | United Kingdom         |
| Scandinavian Property Fund - Unleveraged                        |                                | 41,563                    | 44,047                      | Luxembourg             |
| Sentinel Real Estate Fund, LP                                   |                                | 49,403                    | 57,882                      | United States          |
| Standard Life Investments UK Shopping Centre Feeder Fund L.P.   |                                | 12,035                    | 12,035                      | Jersey                 |
| Tapiola KR III Ky   |                                | 63,397                    | 63,627                      | Finland                |
| Tapiola KR IV Ky  |                                |                           | 1,666                       | Finland                |
| Tishman Speyer European Core Fund FCP-SIF                       |                                | 39,269                    | 42,567                      | Luxembourg             |
| Tishman Speyer European Strategic Office Fund Scots Feeder L.P. |                                |                           | 475                         | United Kingdom         |
| TT Holdings SCSp  |                                | 30,016                    | 36,732                      | Luxembourg             |
| UBS Trumbull Property Fund LP                                   |                                | 45,421                    | 45,421                      | United States          |
| UK Property Income Fund II                                      |                                | 18,951                    | 18,951                      | United Kingdom         |
| <b>Real estate investment funds total</b>                       |                                | <b>630,998</b>            | <b>685,204</b>              |                        |
| <b>Hedge fund investments</b>                                   |                                |                           |                             |                        |
| Anchorage Capital Partners Offshore Ltd Class K                 |                                | 89,431                    | 101,392                     | Cayman Islands         |
| BFAM Asian Opportunities Fund Ltd Class D USD                   |                                | 25,281                    | 28,330                      | Cayman Islands         |
| Brevan Howard Global Volatility Fund Ltd A3 EUR                 |                                | 6,094                     | 6,094                       | Cayman Islands         |
| Brevan Howard Global Volatility Fund Ltd A5 EUR                 |                                | 15,500                    | 15,500                      | Cayman Islands         |
| Capula Global Relative Value Fund Ltd Class E                   |                                | 84,852                    | 119,474                     | Cayman Islands         |
| Elliot International Ltd Class B                                |                                | 73,082                    | 123,929                     | Cayman Islands         |
| Field Street Offshore Fund Holdback                             |                                | 4,131                     | 4,198                       | Cayman Islands         |
| GoldenTree Offshore Fund Ltd. Class C                           |                                | 352                       | 785                         | Cayman Islands         |
| GoldenTree Offshore Ltd SidePocket MGMT Series 242              |                                | 2,128                     | 2,128                       | Cayman Islands         |
| High Restoration Capital Partners Offshore L.P.                 |                                | 2,531                     | 3,689                       | United States          |
| IPM Systematic Macro Fund Class C EUR                           |                                | 36,787                    | 39,149                      | Cayman Islands         |
| Kepos Alpha Fund Ltd. Class A                                   |                                | 80,590                    | 97,870                      | Cayman Islands         |
| King Street Capital Ltd Holdback                                |                                | 1,256                     | 1,256                       | British Virgin Islands |

| EUR 1,000   | Proportion of<br>all shares, % | Book value<br>31 Dec 2019 | Market value<br>31 Dec 2019 | Country of domicile    |
|---|--------------------------------|---------------------------|-----------------------------|------------------------|
| King Street Capital Ltd. Class A                    |                                | 544                       | 583                         | British Virgin Islands |
| Man AHL Thorium Limited                             |                                | 181,865                   | 222,561                     | Cayman Islands         |
| Marathon Special Opportunities Fund Holdback        |                                | 1,594                     | 1,616                       | Cayman Islands         |
| Marshall Wace Market Neutral TOPS Fund Class B EUR  |                                | 78,599                    | 98,206                      | Ireland                |
| Marshall Wace TOPS China A Share UCITS Fund H EUR   |                                | 25,000                    | 32,091                      | Ireland                |
| Millennium International Ltd. Class EE              |                                | 72,287                    | 121,763                     | Cayman Islands         |
| Old Peak Asia Fund Ltd Class A USD                  |                                | 16,014                    | 16,014                      | Cayman Islands         |
| Pharo Gaia Fund Ltd. Class B Series 13 EUR          |                                | 25,000                    | 26,720                      | Cayman Islands         |
| Pharo Gaia Fund Ltd. Class B Series 8 EUR           |                                | 70,000                    | 91,040                      | Cayman Islands         |
| Pharo Macro Fund Ltd. Class B                       |                                | 65,916                    | 87,367                      | Cayman Islands         |
| Pine River Fund Ltd. Class A                        |                                | 1,934                     | 2,985                       | United States          |
| Prudence Enhanced Income Fund                       |                                | 25,281                    | 27,099                      | Cayman Islands         |
| Samlyn Offshore Ltd. Class AS                       |                                | 82,492                    | 107,185                     | Cayman Islands         |
| Silver Point Capital Offshore Fund Ltd.             |                                | 70,410                    | 97,327                      | Cayman Islands         |
| The Children's Investment Fund Class G1 EUR         |                                | 20,000                    | 27,228                      | Cayman Islands         |
| Two Sigma Absolute Return Cayman Fund Ltd. Class A1 |                                | 109,764                   | 180,119                     | Cayman Islands         |
| Viking Global Equities III Ltd Class H-E Series 01  |                                | 54,464                    | 98,410                      | Cayman Islands         |
| Other hedge fund investments                        |                                | 4,173                     | 4,824                       |                        |
| <b>Hedge fund investments total</b>                 |                                | <b>1,327,350</b>          | <b>1,786,931</b>            |                        |
| <b>Elo's other investments total:</b>               |                                | <b>13,402,369</b>         | <b>16,463,190</b>           |                        |
| <b>Other investments, subsidiaries</b>              |                                |                           |                             |                        |
| <b>Finnish unlisted shares and holdings</b>         |                                |                           |                             |                        |
| 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                |
| Kiinteistö Oy Uusi Maapohja                         |                                | 109                       | 109                         | Finland                |
| Other equities                                      |                                | 5                         | 5                           | Finland                |
| <b>Subsidiaries' other investments, total:</b>      |                                | <b>6,273</b>              | <b>6,273</b>                |                        |
| <b>Total:</b>                                       |                                | <b>13,408,642</b>         | <b>16,469,463</b>           |                        |

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

| <b>EUR 1,000</b>                                | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|---|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>11. LOAN RECEIVABLES</b>                     |                                |                                |                       |                       |
| <b>Loan receivables itemised by guarantee</b>   |                                |                                |                       |                       |
| Bank guarantee                                  | 9,738                          | 62,501                         | 9,738                 | 62,501                |
| Insurance policy                                | 31,527                         | 39,597                         | 31,527                | 39,597                |
| Other guarantee                                 | 45,784                         | 71,565                         | 45,784                | 71,565                |
| Remaining acquisition cost                      | 87,050                         | 173,663                        | 87,050                | 173,663               |
| Non-guarantee remaining acquisition cost, total | 243,278                        | 233,751                        | 243,278               | 233,751               |
| <b>Total pension loan receivables</b>           |                                |                                |                       |                       |
| Other loans guaranteed by mortgages             | 299                            | 321                            | 299                   | 321                   |
| Other loans                                     | 42,937                         | 105,280                        | 42,937                | 105,280               |
| Remaining acquisition cost, total               | 43,235                         | 105,601                        | 43,235                | 105,601               |
| <b>Loans to related parties</b>                 |                                |                                |                       |                       |
| Loans granted to Group companies                | 540,948                        | 595,823                        |                       |                       |
| Loans granted to participating interests        | 62,346                         | 69,346                         | 62,346                | 69,346                |
| Other loans to related parties                  | 63,404                         | 122,605                        | 63,404                | 122,605               |

The original loan period of loans is no more than 20 years.

The loans either have fixed interest or are linked to the market rate.

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.

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.

| <b>EUR 1,000</b>                         | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|--|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>12. OPEN SECURITY LOAN AGREEMENTS</b> |                                |                                |                       |                       |
| <b>Borrowed securities</b>               |                                |                                |                       |                       |
| Quantity                                 | 1,229,775                      | 88,055                         | 1,229,775             | 88,055                |
| Current value                            | 764,182                        | 167,898                        | 764,182               | 167,898               |
| Remaining acquisition cost               | 707,587                        | 164,188                        | 707,587               | 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.

| <b>EUR 1,000</b>   | <b>Intangible rights<br/>2019</b> | <b>Other long-term<br/>expenses<br/>2019</b> | <b>Projects in progress<br/>of long-term expenses<br/>2019</b> | <b>Provisional<br/>premiums<br/>2019</b> | <b>Machinery and<br/>equipment<br/>2019</b> | <b>Other tangible<br/>assets<br/>2019</b> |
|--|-----------------------------------|--|--|--|---|---|
| <b>13. CHANGES IN TANGIBLE AND INTANGIBLE ASSETS, PARENT COMPANY</b> |                                   |  |  |  |   |   |
| Acquisition cost, 1 Jan  | 13,279                            | 31,320                                       | 1,962  | 2,517                                    | 7,023                                       | 380                                       |
| Items written off in the previous year                               | -2,073                            | -8,690                                       |  |  | -532  |   |
| Increase   | 34                                | 142  | 311  | 1,057                                    | 337   |   |
| Decrease   |                                   |  |  | -220                                     | -535  |   |
| Transfers between items  |                                   | 1,380  | -1,380   |  |   |   |
| Acquisition cost, 31 Dec   | 11,240                            | 24,152                                       | 894  | 3,353                                    | 6,293                                       | 380                                       |
| Accumulated depreciations on 1 Jan                                   | -10,811                           | -21,990                                      |  |  | -3,044                                      |   |
| Items written off in the previous year                               | 2,073                             | 8,690  |  |  | 532   |   |
| Accumulated depreciation related to deductions and transfers         |                                   |  |  |  | 314   |   |
| Depreciation for the financial year                                  | -2,120                            | -3,736                                       |  |  | -884  |   |
| Accumulated depreciations on 31 Dec                                  | -10,858                           | -17,036                                      |  |  | -3,082                                      |   |
| Book value on 31 Dec   | 382                               | 7,116  | 894  | 3,353                                    | 3,211                                       | 380                                       |

| <b>EUR 1,000</b>   | <b>Intangible rights<br/>2019</b> | <b>Other long-term<br/>expenses<br/>2019</b> | <b>Projects in progress<br/>of long-term expenses<br/>2019</b> | <b>Provisional<br/>premiums<br/>2019</b> | <b>Machinery and<br/>equipment<br/>2019</b> | <b>Other tangible<br/>assets<br/>2019</b> |
|--|-----------------------------------|--|--|--|---|---|
| <b>13. CHANGES IN TANGIBLE AND INTANGIBLE ASSETS, GROUP</b>  |                                   |  |  |  |   |   |
| Acquisition cost, 1 Jan                                      | 13,342                            | 31,320                                       | 1,962  | 2,517                                    | 7,024                                       | 380                                       |
| Items written off in the previous year                       | -2,073                            | -8,690                                       |  |  | -532  |   |
| Increase   | 34                                | 142  | 311  | 1,057                                    | 337   |   |
| Decrease   | -63                               |  |  | -220                                     | -535  |   |
| Transfers between items                                      |                                   | 1,380  | -1,380   |  |   |   |
| Acquisition cost, 31 Dec                                     | 11,240                            | 24,152                                       | 894  | 3,353                                    | 6,293                                       | 380                                       |
| Accumulated depreciations on 1 Jan                           | -10,811                           | -21,990                                      |  |  | -3,044                                      |   |
| Items written off in the previous year                       | 2,073                             | 8,690  |  |  | 532   |   |
| Accumulated depreciation related to deductions and transfers |                                   |  |  |  | 314   |   |
| Depreciation for the financial year                          | -2,120                            | -3,736                                       |  |  | -885  |   |
| Accumulated depreciations on 31 Dec                          | -10,858                           | -17,036                                      |  |  | -3,082                                      |   |
| Book value on 31 Dec   | 382                               | 7,116  | 894  | 3,353                                    | 3,211                                       | 380                                       |

| <b>EUR 1,000</b>  | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|---|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>14. OTHER PREPAYMENTS AND ACCRUED INCOME, ACCRUALS AND DEFERRED INCOME</b> |                                |                                |                       |                       |
| <b>Other prepayments and accrued income</b>                                   |                                |                                |                       |                       |
| Receivables from funds  |                                | 585                            |                       | 585                   |
| Dividends from foreign investments  | 14,617                         | 10,457                         | 14,617                | 10,457                |
| Receivables from division of cost   | 9,812                          | 49,514                         | 9,812                 | 49,514                |
| Open purchase money claims  | 9,621                          | 9,734                          | 9,621                 | 9,734                 |
| Other prepayments and accrued income  | 3,084                          | 3,033                          | 3,624                 | 4,677                 |
| <b>Total</b>  | <b>37,134</b>                  | <b>73,323</b>                  | <b>37,675</b>         | <b>74,967</b>         |
| <b>Accruals and deferred income</b>   |                                |                                |                       |                       |
| Accruals and deferred income from derivatives                                 | 12,424                         | 19,861                         | 12,424                | 19,861                |
| Debt from division of cost  | 14,161                         | 3,245                          | 14,161                | 3,245                 |
| Other accruals and deferred income  | 25,243                         | 20,650                         | 25,592                | 27,879                |
| <b>Total</b>  | <b>51,828</b>                  | <b>43,757</b>                  | <b>52,177</b>         | <b>50,985</b>         |

| EUR 1,000   | 1 Jan 2019     | Increase  | Decrease  | 31 Dec 2019    |
|---|----------------|-----------|-----------|----------------|
| <b>15. CAPITAL AND RESERVES, PARENT COMPANY</b>                                       |                |           |           |                |
| <b>Changes in capital and reserves</b>  |                |           |           |                |
| Initial fund  | 6,694          |           |           | 6,694          |
| Other reserves  | 92,807         | 6         |           | 92,813         |
| Profit brought forward  | 1,842          |           |           | 1,842          |
| Profit for the accounting period  | 6              | 5         | -6        | 5              |
| <b>Total</b>  | <b>101,349</b> | <b>11</b> | <b>-6</b> | <b>101,354</b> |
| <b>Distribution of capital and reserves after the proposed distribution of profit</b> |                |           |           |                |
| Share of policyholders after the proposed distribution                                | 101,354        |           |           |                |
| <b>Distributable profits</b>  |                |           |           |                |
| Profit for the year   | 5              |           |           |                |
| Other distributable reserves  |                |           |           |                |
| Other reserves  | 92,813         |           |           |                |
| Accumulated profit  | 1,842          |           |           |                |
| <b>Total distributable profits</b>  | <b>94,660</b>  |           |           |                |

| EUR 1,000   | 1 Jan 2019    | Increase      | Decrease       | 31 Dec 2019   |
|---|---------------|---------------|----------------|---------------|
| <b>15. CAPITAL AND RESERVES, GROUP</b>  |               |               |                |               |
| <b>Changes in capital and reserves</b>  |               |               |                |               |
| Initial fund  | 6,694         |               |                | 6,694         |
| Guarantee fund  | 88            |               |                | 88            |
| Revaluation reserve   | 185           |               | -101           | 84            |
| Loan amortisation reserve   | 84            |               |                | 84            |
| Other reserves  | 93,035        | 6             | -228           | 92,813        |
| Profit brought forward  | -17,046       | 11,263        | -541           | -6,324        |
| Profit for the accounting period  | 11,263        |               | -55,584        | -44,322       |
| <b>Total</b>  | <b>94,303</b> | <b>11,269</b> | <b>-56,454</b> | <b>49,117</b> |
| <b>Distribution of capital and reserves after the proposed distribution of profit</b> |               |               |                |               |
| Share of policyholders after the proposed distribution                                | 49,117        |               |                |               |
| <b>Distributable profits</b>  |               |               |                |               |
| Profit for the year   | -44,322       |               |                |               |
| Other distributable reserves  |               |               |                |               |
| Other reserves  | 92,813        |               |                |               |
| Accumulated profit  | -6,324        |               |                |               |
| <b>Total distributable profits</b>  | <b>42,167</b> |               |                |               |

| <b>EUR 1,000</b>                       | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|--|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>16. TECHNICAL PROVISIONS</b>        |                                |                                |                       |                       |
| Premium reserve                        |                                |                                |                       |                       |
| Future pensions                        | 10,570,568                     | 10,047,032                     | 10,570,568            | 10,047,032            |
| Provision for future bonuses           | 1,037,351                      | 1,312,093                      | 1,037,351             | 1,312,093             |
| Provision for current bonuses          | 87,395                         | 72,328                         | 87,395                | 72,328                |
| Provision linked to equity income      | 787,558                        | -144,550                       | 787,558               | -144,550              |
| Total premium reserve                  | 12,482,872                     | 11,286,904                     | 12,482,872            | 11,286,904            |
| Provision for claims outstanding       |                                |                                |                       |                       |
| Current pensions                       | 9,393,776                      | 9,144,783                      | 9,393,776             | 9,144,783             |
| Total provision for claims outstanding | 9,393,776                      | 9,144,783                      | 9,393,776             | 9,144,783             |
| Total technical provisions             | 21,876,648                     | 20,431,687                     | 21,876,648            | 20,431,687            |

| EUR 1,000  | Parent company<br>2019 | Parent company<br>2018 | Group<br>2019 | Group<br>2018 |
|--|------------------------|------------------------|---------------|---------------|
| <b>17. COLLATERAL AND CONTINGENT LIABILITIES</b>       |                        |                        |               |               |
| <b>COLLATERAL GIVEN ON OWN BEHALF</b>                  |                        |                        |               |               |
| Pledges given as security for derivatives trading      | 10,548                 | 19,513                 | 10,548        | 19,513        |
| Mortgages given as security for external loans         |                        |                        | 26,500        | 26,500        |
| <b>LIABILITIES RESULTING FROM DERIVATIVE CONTRACTS</b> |                        |                        |               |               |
| <b>NON-HEDGING DERIVATIVES</b>                         |                        |                        |               |               |
| <b>Interest rate derivatives</b>                       |                        |                        |               |               |
| <b>Forward and future contracts, open</b>              |                        |                        |               |               |
| Value of underlying instruments                        | 1,774,477              | -2,000,275             | 1,774,477     | -2,000,275    |
| Current value  |                        |                        |               |               |
| <b>Option contracts, open</b>                          |                        |                        |               |               |
| 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          |
| <b>Interest rate swaps, open</b>                       |                        |                        |               |               |
| Value of underlying instruments                        | -91,234                | 125,159                | -91,234       | 125,159       |
| Fair value   | -442                   | 1,235                  | -442          | 1,235         |
| <b>Foreign currency derivatives</b>                    |                        |                        |               |               |
| <b>Forward contracts, open</b>                         |                        |                        |               |               |
| Value of underlying instruments                        | -6,200,730             | -6,341,880             | -6,200,730    | -6,341,880    |
| Current value  | 57,761                 | 49,261                 | 57,761        | 49,261        |
| <b>Option contracts, open</b>                          |                        |                        |               |               |
| Options bought   |                        |                        |               |               |
| Value of underlying instruments                        | -1,330,100             | -661,379               | -1,330,100    | -661,379      |
| Current value  | 2,938                  | 7,392                  | 2,938         | 7,392         |
| Options sold   |                        |                        |               |               |
| Value of underlying instruments                        | -302,942               | 90,415                 | -302,942      | 90,415        |
| Current value  | -1,142                 | -3,121                 | -1,142        | -3,121        |

| <b>EUR 1,000</b>  | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|---|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>Equity-linked derivatives</b>  |                                |                                |                       |                       |
| <b>Forward and future contracts, open</b>   |                                |                                |                       |                       |
| Value of underlying instruments   | 24,266                         | 186,674                        | 24,266                | 186,674               |
| Current value   |                                |                                |                       |                       |
| <b>Option contracts, open</b>   |                                |                                |                       |                       |
| Options bought  |                                |                                |                       |                       |
| Value of underlying instruments   |                                | -2,070,980                     |                       | -2,070,980            |
| Current value   |                                | 167,676                        |                       | 167,676               |
| Options sold  |                                |                                |                       |                       |
| Value of underlying instruments   | -12,340                        | -987,344                       | -12,340               | -987,344              |
| Current value   | -4                             | -137,986                       | -4                    | -137,986              |
| <b>Credit risk derivatives</b>  |                                |                                |                       |                       |
| <b>Credit risk swaps, open</b>  |                                |                                |                       |                       |
| Value of underlying instruments   |                                | -83,913                        |                       | -83,913               |
| Current value   |                                | -4,849                         |                       | -4,849                |
| <b>Other derivatives</b>  |                                |                                |                       |                       |
| <b>Forward and future contracts, open</b>   |                                |                                |                       |                       |
| Value of underlying instruments   | 18,631                         | -12,210                        | 18,631                | -12,210               |
| Current value   |                                |                                |                       |                       |
| 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.   |                                |                                |                       |                       |
| <b>COLLATERAL RECEIVED</b>  |                                |                                |                       |                       |
| Collateral for derivatives trade  | 18,550                         | 52,370                         | 18,550                | 52,370                |
| Collateral received for securities borrowing  |                                |                                |                       |                       |
| Current value of pledges  | 800,098                        | 174,941                        | 800,098               | 174,941               |
| <b>INVESTMENT CONTRACTS</b>   |                                |                                |                       |                       |
| Private equity funds  | 2,227,904                      | 1,936,983                      | 2,227,904             | 1,936,983             |
| Fund investments  | 14,421                         | 42,445                         | 14,421                | 42,445                |
| Real estate funds   | 250,883                        | 289,027                        | 250,883               | 289,027               |

| <b>EUR 1,000</b>  | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|---|--------------------------------|--------------------------------|-----------------------|-----------------------|
| <b>LEASE AND RENT LIABILITY</b>   |                                |                                |                       |                       |
| Lease liability for the current financial year  | 179                            | 131                            | 179                   | 131                   |
| Lease liability for future financial years  | 136                            | 451                            | 136                   | 451                   |
| <b>OTHER CONTINGENT LIABILITIES</b>   |                                |                                |                       |                       |
| Liability for the VAT debt of the tax liability group in accordance with section 188 of the Value Added Tax Act                       | -462                           | 2,396                          | -462                  | 2,396                 |
| Refund liability for the real estate investments of the tax liability group in accordance with section 120 of the Value Added Tax Act | 42,477                         | 50,051                         | 42,477                | 50,051                |
| Guarantees on behalf of Group companies   |                                |                                |                       | 318                   |
| <b>MORTGAGES ON REAL ESTATE AND RIGHT OF LEASE</b>  |                                |                                |                       |                       |
| Mortgaged debentures  |                                |                                |                       | 189                   |
| <b>OTHER SECURITY</b>   |                                |                                |                       |                       |
| Deposits  |                                |                                |                       | 297                   |
| <b>MORTGAGES ON LEASE PLOTS</b>   |                                |                                |                       |                       |
|   |                                |                                | 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.

| <b>EUR 1,000</b>  | <b>Parent company<br/>2019</b> | <b>Parent company<br/>2018</b> |
|---|--------------------------------|--------------------------------|
| <b>18. SOLVENCY CAPITAL, PARENT COMPANY</b>   |                                |                                |
| Capital and reserves after the proposed distribution of profit                                | 101,354                        | 101,349                        |
| Accrued appropriations  | 789                            | 828                            |
| Valuation difference between current values of assets and book values of balance sheet items  | 3,954,027                      | 2,537,130                      |
| Provision for future bonuses  | 1,037,351                      | 1,312,093                      |
| Intangible assets   | -11,745                        | -16,277                        |
|   | 5,081,777                      | 3,935,123                      |
| Minimum amount of solvency capital under section 17 of the Act on Pension Insurance Companies | 1,077,797                      | 810,429                        |

| <b>EUR 1,000</b>  | <b>Group<br/>2019</b> | <b>Group<br/>2018</b> |
|---|-----------------------|-----------------------|
| <b>18. LONG-TERM LOANS, GROUP</b>   |                       |                       |
| Long-term liabilities to non-Group Companies maturing later than within 5 years | 19,422                | 21,522                |

# Group structure 31 Dec 2019

The Group comprises the following subsidiaries:

Asunto Oy Asematie 13  
Asunto Oy Bulevardi 32  
Asunto Oy Espoon Kalaonnetie 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 Suurus pääntie 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 Kulonpohja  
Asunto Oy Vantaan Lammassrinne 2  
Asunto Oy Vantaan Lähettilääntie 1  
Asunto Oy Vantaan Martinteeri  
Asunto Oy Vantaan Neilikkatie 15  
Asunto Oy Vantaan Tikkurilan Verso  
Dynamo Business Park Oy  
Elop Holding Oy  
Exilion Capital Oy  
Exilion Real Estate I Ky  
    Kiinteistö Oy Elielin liikerakennus  
    Kiinteistö Oy Itämerentori  
    Kiinteistö Oy Kluuvikatu 8  
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 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 Robert Huberin tie 7  
Kiinteistö Oy Tampereen Hämeenkatu 7  
Kiinteistö Oy Tampereen Tornihotelli  
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 Verkko  
Kokkokallion Pysäköinti Oy  
Lappeenrannan Kulmatalo Oy  
Lehmus-Kodit Oy  
Simonkentän Hotelliikiinteistö Oy  
Tammi-Kodit GP Oy  
Tammi-Kodit Ky  
    Asunto Oy Kangasalan Finnentie 15  
    Asunto Oy Nokian Hinttalankatu 12  
    Asunto Oy Raision Kruunuvoudinkatu  
    Asunto Oy Raision 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 Vaakonraitti 8  
Asunto Oy Tampereen Vestonkatu 59  
Asunto Oy Tampereen Vestonkatu 67  
Asunto Oy Ylöjärven Asemantie 10

## Companies consolidated as affiliated companies:

Agore Kiinteistöt GP Oy  
Agore Kiinteistöt Ky  
Amplus Holding Oy  
Avara Oy  
Exilion Asemahotellit GP Oy  
Exilion Asemahotellit Ky  
Exilion Tuuli GP Oy  
Exilion Tuuli Ky  
Suomen Metsäsijoitus Oy  
Tyvene Oy  
Vakuutusneuvonta Aura Oy  
Vakuutusneuvonta Pohja Oy  
Vantaan Valo GP Oy  
Vantaan Valo Ky  
Vierumäen Hotelliikiinteistöt GP Oy  
Vierumäen Hotelliikiinteistöt Ky

# 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 comprehensive and systematic, 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 areas associated with the management of assets and liabilities, investments, solvency, concentration risk, operational risks, strategic risk, reputation, the cumulative effect of individual risks, and external risks.

## Risk management process



Risk-bearing capacity is the amount of risk that the company can take to achieve strategic and 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 improve the company's possibilities of taking risks.

Risk appetite is the amount of risk that the company is willing to take to achieve its strategic and business objectives. Diverse risks are taken within the limits specified by the Board of Directors and they are dimensioned so that the risks will 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.

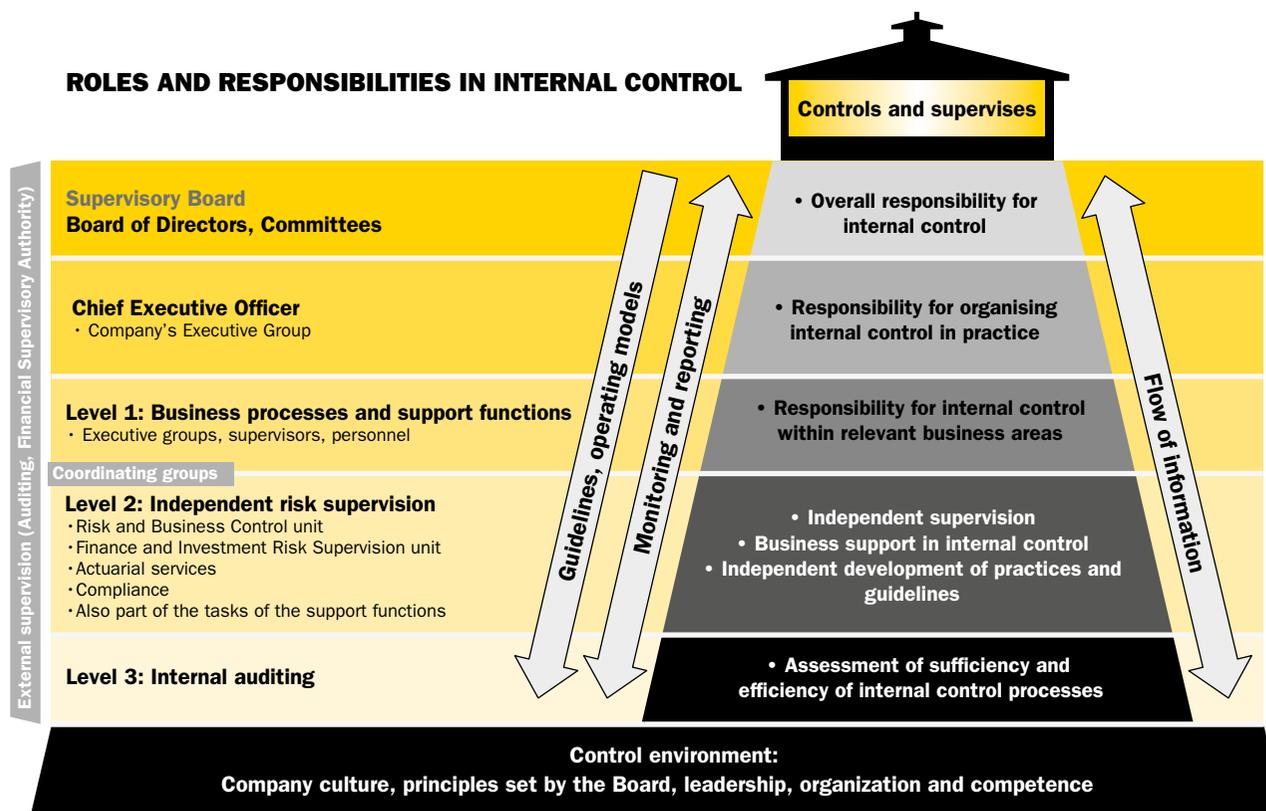
## Organisation of risk management

The responsibilities for Elo's risk management and the duties of the different parties are described using three internal control levels, or "three lines of defense".

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 at least two times a month. 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 Risk and Business Control unit 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 monitoring in certain areas of risks. The monitoring and reporting of solvency and investment risks is carried out by the Finance and Investment Risk Supervision function. 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 and issues recommendations and development proposals for improving them.

To implement risk management, the company has risk management coordination groups in the fields of overall risk management, solvency and investment risk management, data security 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 compromised 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 an integral part of the company's 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 basis of Elo's risk management is to secure the company's solvency and liquidity in all circumstances.

### **Financial risks**

#### **Solvency**

In a pension insurance 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 restrained 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 pension insurance company's investment assets and insurance business. The basis 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 to keep the solvency capital in proportion to solvency requirement at a safe level also if the risks realise.

A pension insurance 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.

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.

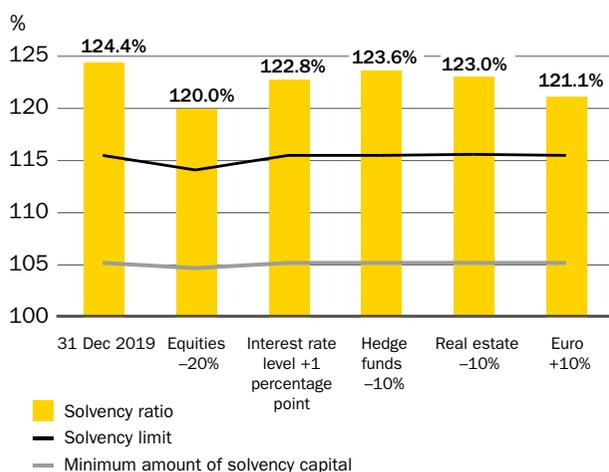
Elo's solvency is monitored with the solvency framework specified by the authorities. The key reported solvency figures are solvency capital, solvency ratio and solvency position.

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 capital at the end of 2019 was EUR 5,081.8 million and its ratio to the technical provisions used in solvency calculations was 124.4%. The solvency limit was EUR 3,233.4 million. The solvency capital was 1.6 times the solvency limit.

## Solvency sensitivity analysis 31 December 2019



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 or risk management 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 to deviate in the basic allocation
- Key investment-related risks, such as market, credit and liquidity risk

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

## Breakdown and return from investment operations 31 December 2019

|   | Basic allocation by market value |              | Actual risk position |              | Return      | Volatility |
|---|----------------------------------|--------------|----------------------|--------------|-------------|------------|
|   | EUR million                      | %            | EUR million          | %            | %           | %          |
| <b>Fixed-income investments</b>   | <b>8,178.7</b>                   | <b>32.3</b>  | <b>9,953.1</b>       | <b>39.3</b>  | <b>6.2</b>  |            |
| Loans   | 456.0                            | 1.8          | 456.0                | 1.8          | 2.7         |            |
| Bonds   | 6,429.4                          | 25.4         | 6,531.5              | 25.8         | 8.2         | 3.4        |
| Bonds of public corporations  | 3,202.0                          | 12.6         | 3,395.0              | 13.4         | 7.5         |            |
| Bonds of other corporations   | 3,227.4                          | 12.7         | 3,136.5              | 12.4         | 8.9         |            |
| Other money market instruments and deposits inc. any receivables and liabilities related to investments | 1,293.3                          | 5.1          | 2,965.7              | 11.7         | -1.9        |            |
| <b>Equities</b>   | <b>12,264.4</b>                  | <b>48.4</b>  | <b>12,288.9</b>      | <b>48.5</b>  | <b>21.2</b> |            |
| Listed equities   | 9,186.9                          | 36.3         | 9,211.4              | 36.4         | 25.2        | 11.5       |
| Private equity investments  | 2,631.0                          | 10.4         | 2,631.0              | 10.4         | 8.9         |            |
| Unlisted equity investments   | 446.4                            | 1.8          | 446.4                | 1.8          | 19.3        |            |
| <b>Real estate</b>  | <b>3,097.2</b>                   | <b>12.2</b>  | <b>3,097.2</b>       | <b>12.2</b>  | <b>9.1</b>  |            |
| Direct real estate investments  | 2,405.9                          | 9.5          | 2,405.9              | 9.5          | 10.2        |            |
| Real estate funds and joint investment companies  | 691.3                            | 2.7          | 691.3                | 2.7          | 5.5         |            |
| <b>Other investments</b>  | <b>1,793.5</b>                   | <b>7.1</b>   | <b>1,812.1</b>       | <b>7.2</b>   | <b>5.6</b>  |            |
| Hedge fund investments  | 1,793.4                          | 7.1          | 1,793.4              | 7.1          | 5.5         | 3.5        |
| Commodity investments   | 0.0                              | 0.0          | 18.6                 | 0.1          | -           |            |
| Other investments   | 0.1                              | 0.0          | 0.1                  | 0.0          | -           |            |
| <b>Total investments</b>  | <b>25,333.8</b>                  | <b>100.0</b> | <b>27,151.4</b>      | <b>107.2</b> | <b>13.0</b> | <b>4.2</b> |
| Effect of derivatives   |                                  |              | -1,817.6             | -7.2         |             |            |
| <b>Total</b>  | <b>25,333.8</b>                  | <b>100.0</b> | <b>25,333.8</b>      | <b>100.0</b> |             |            |

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 5.3 years. The open currency exposure is 27.4% of market value.

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.

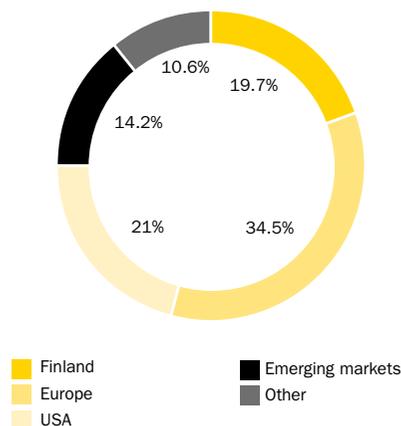
The risks of Elo's investments are continuously monitored by a party independent of investment operations. Market risks are managed by regular stress tests and return calculations in different scenarios and maximum loss calculations, among other measures. Regular reporting and monitoring also includes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

### Geographical distribution of listed equity investments 31 December 2019

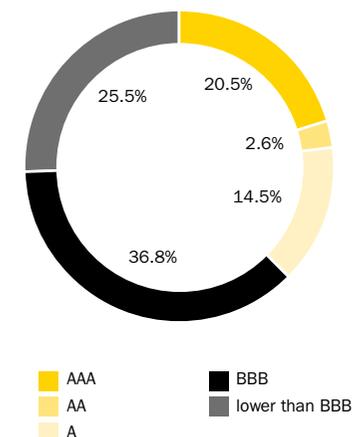


basis division and its subgroups. The law requires cooperation between companies in developing the calculation bases. Each company annually prepares adequacy analyses of risk bases. The common bases involve the risk of an individual company's result theoretically being systematically worse than that 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.

Elo's insurance business is comprised of pension insurance policies under the Employees' Pensions Act (TyEL), self-employed persons' pension insurance (YEL) policies and supplementary pension insurance policies under TEL and YEL.

### Credit rating distribution of bonds 31 December 2019



Of these, only TyEL is under the company's own responsibility, the other policies are under the joint responsibility of pension institutions.

### 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 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 Elo'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. 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.

#### **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 TEL**

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

#### **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 and a yield requirement for the equalisation provision.

#### **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 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, model risk and compliance risks are also addressed in connection with operational risks.

It is not possible or appropriate to hedge against all operational risks. A comprehensive and systematic risk management system reduces the probabilities or impacts of operational risks and ensures the continuity of business operations.

Elo's most significant operational risks are associated with information systems, personnel resources and external services. 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 group 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. The model risk is related to the models used in decision-making. Model risk is managed, among other things, by testing the results with different data and assumptions and with systematic evaluation and validation of the models to obtain adequate understanding of the structure and the assumptions of the models.

Elo is subject to a statutory obligation to prepare for different circumstances to ensure the continuity of operations. The company's different functions have a continuity plan that describes procedures in case of disruptions of the availability of resources or data communication disruptions, for example. 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. To ensure the continuity of operations, Elo organises internal continuity drills, in addition to which Elo 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 assessments (advance identification and assessment of risks) and monitoring of incidents (actual cases and near misses). In risk assessments facilitated by the Risk and Business 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 group and risk management coordination group. In addition, an incident analysis is reported to the Board of Directors approximately 3–4 times a year as part of the operational risk report. The results of risk assessments 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 2019, Elo's most significant strategic risks were related to investment operations and solvency management, potential changes in competition mechanisms, cooperation with partners and the company's operating expenses. The own risk and solvency assessment (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 Directors' Proposal on the Disposal of Profit

The Board of Directors proposes that the financial year surplus of EUR 5,194.13 be transferred to the contingency fund. Elo has no guarantee capital.

Signatures for the Board of Directors' report and financial statements 31 December 2019

Espoo, 24 February 2020

BOARD OF DIRECTORS

Antti Aho

Marjo Matikainen-Kallström

Minna Helle

Jari Karlson

Juha Koponen

Antti Kuljukka

Janne Makkula

Jorma Malinen

Susa Nikula

Sinikka Näätäsaari

Ann Selin

Niklas Sonkin

Satu Huber  
CEO

Mikko Karpoja, Fellow of the Actuarial Society of Finland Actuary in accordance with Chapter 6, section 19 of the Insurance Companies Act

# Key figures

| Summary of key figures  | 2019     | 2018     | 2017     | 2016     | 2015     |
|---|----------|----------|----------|----------|----------|
| Premiums written, EUR million   | 3,968.5  | 3,639.8  | 3,510.8  | 3,321.5  | 3,157.1  |
| Pensions paid and other compensations <sup>1)</sup>                                       | 3,915.3  | 3,634.6  | 3,444.2  | 3,310.7  | 3,146.8  |
| Net investment income at current value, EUR million                                       | 2,915.7  | -331.9   | 1,607.6  | 1,147.4  | 990.1    |
| Net investment income on capital employed, %  | 13.0%    | -1.4 %   | 7.4%     | 5.6%     | 5.0%     |
| Turnover, EUR million   | 5,489.3  | 4,062.4  | 5,174.8  | 4,116.3  | 4,041.2  |
| Total operating expenses, EUR million   | 138.0    | 133.3    | 134.6    | 129.9    | 126.3    |
| Total operating expenses % of turnover  | 2.5%     | 3.3 %    | 2.6%     | 3.2%     | 3.1%     |
| Operating expenses covered by expense loading % of TyEL payroll and YEL reported earnings | 0.6%     | 0.6 %    | 0.7%     | 0.7%     | 0.7%     |
| Total result, EUR million   | 1,229.9  | -806.2   | 608.5    | 333.8    | 29.9     |
| Technical provisions, EUR million   | 21,876.6 | 20,431.7 | 20,134.5 | 18,527.4 | 17,849.7 |
| Solvency capital, EUR million <sup>2)</sup>   | 5,081.8  | 3,935.1  | 4,815.5  | 4,270.9  | 4,042.1  |
| i förhållande till solvensgränsen   | 1.6      | 1.6      | 1.6      | 1.8      | 2.0      |
| Pension assets, EUR million <sup>3)</sup>   | 25,886.0 | 23,017.9 | 23,443.9 | 21,825.3 | 20,772.1 |
| % av ansvarsskulden <sup>3)</sup>   | 124.4%   | 120.6%   | 125.9%   | 124.3%   | 124.1%   |
| Transfer to client bonuses (%), % of TyEL payroll <sup>4)</sup>                           | 0.61%    | 0.54%    | 0.57%    | 0.49%    | 0.52%    |
| TyEL payroll, EUR million   | 14,326.7 | 13,312.7 | 12,717.0 | 11,943.7 | 11,258.1 |
| Confirmed YEL income, EUR million   | 1,767.0  | 1,783.7  | 1,824.2  | 1,861.6  | 1,888.0  |
| No. of TyEL insurance policies <sup>5)</sup>  | 46,295   | 45,814   | 45,061   | 45,149   | 46,015   |
| No. of TyEL insurance policyholders   | 410,232  | 440,154  | 424,461  | 407,622  | 398,217  |
| No. of YEL insurance policies   | 83,345   | 83,724   | 83,978   | 84,578   | 85,054   |
| No. of pension recipients   | 240,942  | 237,904  | 227,212  | 219,725  | 216,769  |

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

<sup>2)</sup> Calculated in accordance with the provisions in force at the time

<sup>3)</sup> 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.

<sup>4)</sup> Rounded to the nearest two decimal places

<sup>5)</sup> Insurances of employers that have made an insurance contract

## INVESTMENT DISTRIBUTION

### Investment distribution at current value

|   | Basic distribution |              |                 |              | Risk distribution <sup>8)</sup> |                  |                  |                  |                  |                  |
|---|--------------------|--------------|-----------------|--------------|---------------------------------|------------------|------------------|------------------|------------------|------------------|
|   | 31.12.2019         |              | 31.12.2018      |              | 31.12.2019                      |                  | 31.12.2018       | 31.12.2017       | 31.12.2016       | 31.12.2015       |
|   | EUR million        | %            | EUR million     | %            | EUR million                     | % <sup>10)</sup> |
| <b>Fixed-income investments, total</b>                        | <b>8,178.7</b>     | <b>32.3</b>  | <b>8,441.9</b>  | <b>37.4</b>  | <b>9,953.1</b>                  | <b>39.3</b>      | <b>27.9</b>      | <b>35.6</b>      | <b>37.4</b>      | <b>39.1</b>      |
| Loan receivables <sup>1)</sup>                                | 456.0              | 1.8          | 560.2           | 2.5          | 456.0                           | 1.8              | 2.5              | 2.4              | 2.2              | 2.9              |
| Bonds   | 6,429.4            | 25.4         | 6,435.1         | 28.5         | 6,531.5                         | 25.8             | 28.0             | 31.4             | 33.8             | 33.9             |
| Other money market instruments and deposits <sup>1), 2)</sup> | 1,293.3            | 5.1          | 1,446.6         | 6.4          | 2,965.7                         | 11.7             | -2.6             | 1.7              | 1.5              | 2.4              |
| <b>Equity investments, total</b>                              | <b>12,264.4</b>    | <b>48.4</b>  | <b>9,251.4</b>  | <b>40.9</b>  | <b>12,288.9</b>                 | <b>48.5</b>      | <b>41.2</b>      | <b>43.8</b>      | <b>38.0</b>      | <b>35.9</b>      |
| Listed equities <sup>3)</sup>                                 | 9,186.9            | 36.3         | 6,802.4         | 30.1         | 9,211.4                         | 36.4             | 30.3             | 35.4             | 30.5             | 29.5             |
| Private equity investments <sup>4)</sup>                      | 2,631.0            | 10.4         | 2,067.4         | 9.1          | 2,631.0                         | 10.4             | 9.1              | 6.9              | 6.0              | 5.0              |
| Unlisted equities and shares <sup>5)</sup>                    | 446.4              | 1.8          | 381.7           | 1.7          | 446.4                           | 1.8              | 1.7              | 1.5              | 1.5              | 1.4              |
| <b>Real estate investments</b>                                | <b>3,097.2</b>     | <b>12.2</b>  | <b>3,002.8</b>  | <b>13.3</b>  | <b>3,097.2</b>                  | <b>12.2</b>      | <b>13.3</b>      | <b>12.2</b>      | <b>13.3</b>      | <b>13.7</b>      |
| Direct real estate investments                                | 2,405.9            | 9.5          | 2,284.4         | 10.1         | 2,405.9                         | 9.5              | 10.1             | 9.0              | 9.9              | 10.5             |
| Real estate funds and joint investments                       | 691.3              | 2.7          | 718.4           | 3.2          | 691.3                           | 2.7              | 3.2              | 3.2              | 3.4              | 3.2              |
| <b>Other investments</b>                                      | <b>1,793.5</b>     | <b>7.1</b>   | <b>1,899.2</b>  | <b>8.4</b>   | <b>1,812.1</b>                  | <b>7.2</b>       | <b>8.4</b>       | <b>9.8</b>       | <b>14.7</b>      | <b>14.7</b>      |
| Hedge fund investments <sup>6)</sup>                          | 1,793.4            | 7.1          | 1,860.8         | 8.2          | 1,793.4                         | 7.1              | 8.2              | 9.5              | 13.3             | 13.3             |
| Commodity investments   | 0.0                | 0.0          | 0.0             | 0.0          | 18.6                            | 0.1              | -0.1             | 0.0              | 0.0              | 0.0              |
| Other investments <sup>7)</sup>                               | 0.1                | 0.0          | 38.4            | 0.2          | 0.1                             | 0.0              | 0.2              | 0.3              | 1.4              | 1.4              |
| <b>Investments, total</b>                                     | <b>25,333.8</b>    | <b>100.0</b> | <b>22,595.3</b> | <b>100.0</b> | <b>27,151.4</b>                 | <b>107.2</b>     | <b>90.7</b>      | <b>101.4</b>     | <b>103.4</b>     | <b>103.3</b>     |
| Effect of derivatives <sup>9)</sup>                           |                    |              |                 |              | -1,817.6                        | -7.2             | 9.3              | -1.4             | -3.4             | -3.3             |
| <b>Investments at current value, total</b>                    | <b>25,333.8</b>    | <b>100.0</b> | <b>22,595.3</b> | <b>100.0</b> | <b>25,333.8</b>                 | <b>100.0</b>     | <b>100.0</b>     | <b>100.0</b>     | <b>100.0</b>     | <b>100.0</b>     |
| <b>Modified duration of bond portfolio</b>                    | <b>5.3</b>         |              |                 |              |                                 |                  |                  |                  |                  |                  |

<sup>1)</sup> Includes accrued interest

<sup>2)</sup> Includes cash at bank and in hand and purchase money claims and purchase money obligations

<sup>3)</sup> Includes also mixed funds if these cannot be allocated elsewhere

<sup>4)</sup> Includes private equity funds, mezzanine funds and also infrastructure investments

<sup>5)</sup> Includes also unlisted real estate investment companies

<sup>6)</sup> Includes all types of hedge fund investments regardless of the strategy of the fund

<sup>7)</sup> Includes items that cannot be included in other investment classes

<sup>8)</sup> 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.

<sup>9)</sup> 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.

<sup>10)</sup> 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

|   | Net return from<br>investment<br>operations market<br>value <sup>8)</sup> | Capital<br>employed <sup>9)</sup> | Return, % on<br>capital<br>employed |
|---|---|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Return EUR / % on capital employed                            | EUR million   | 31.12.2019<br>EUR million         | %                                   | 31.12.2018<br>%                     | 31.12.2017<br>%                     | 31.12.2016<br>%                     | 31.12.2015<br>%                     |
| <b>Fixed-income investments, total</b>                        | <b>486.9</b>  | <b>7,822.1</b>                    | <b>6.2</b>                          | <b>-0.8</b>                         | <b>1.4</b>                          | <b>3.6</b>                          | <b>0.0</b>                          |
| Loan receivables <sup>1)</sup>                                | 15.4  | 567.9                             | 2.7                                 | 2.8                                 | 2.6                                 | 2.9                                 | 3.5                                 |
| Bonds   | 494.8   | 6,056.1                           | 8.2                                 | -1.2                                | 1.5                                 | 4.1                                 | -0.3                                |
| Other money market instruments and deposits <sup>1), 2)</sup> | -23.3   | 1,198.1                           | -1.9                                | -0.5                                | 0.5                                 | 0.0                                 | 0.1                                 |
| <b>Equity investments, total</b>                              | <b>2,083.2</b>  | <b>9,823.1</b>                    | <b>21.2</b>                         | <b>-4.7</b>                         | <b>16.6</b>                         | <b>9.3</b>                          | <b>13.0</b>                         |
| Listed equities <sup>3)</sup>                                 | 1,807.0   | 7,180.8                           | 25.2                                | -10.2                               | 17.0                                | 9.0                                 | 11.1                                |
| Private equity investments <sup>4)</sup>                      | 202.1   | 2,259.4                           | 8.9                                 | 16.0                                | 14.9                                | 9.6                                 | 20.4                                |
| Unlisted equities and shares <sup>5)</sup>                    | 74.0  | 382.9                             | 19.3                                | 10.6                                | 14.4                                | 14.6                                | 26.2                                |
| <b>Real estate investments</b>                                | <b>275.7</b>  | <b>3,029.2</b>                    | <b>9.1</b>                          | <b>5.8</b>                          | <b>7.6</b>                          | <b>6.4</b>                          | <b>6.9</b>                          |
| Direct real estate investments                                | 236.4   | 2,312.4                           | 10.2                                | 5.7                                 | 7.4                                 | 6.5                                 | 5.3                                 |
| Real estate funds and joint investments                       | 39.3  | 716.7                             | 5.5                                 | 6.3                                 | 8.2                                 | 6.3                                 | 13.1                                |
| <b>Other investments</b>                                      | <b>97.3</b>   | <b>1,749.3</b>                    | <b>5.6</b>                          | <b>1.6</b>                          | <b>1.9</b>                          | <b>2.5</b>                          | <b>2.5</b>                          |
| Hedge fund investments <sup>6)</sup>                          | 95.4  | 1,749.7                           | 5.5                                 | 1.7                                 | 1.9                                 | 1.9                                 | 1.6                                 |
| Commodity investments   | 0.5   | -0.1                              | -                                   | -                                   | -                                   | -                                   | -                                   |
| Other investments <sup>7)</sup>                               | 1.5   | -0.3                              | -                                   | -                                   | -                                   | -                                   | -                                   |
| <b>Investments, total</b>                                     | <b>2,943.2</b>  | <b>22,423.7</b>                   | <b>13.1</b>                         | <b>-1.3</b>                         | <b>7.5</b>                          | <b>5.6</b>                          | <b>5.1</b>                          |
| Unallocated return, expenses and operating expenses           | -27.5   | 22,423.7                          | -0.1                                | -0.1                                | -0.1                                | -0.1                                | -0.1                                |
| <b>Net investment income at current value</b>                 | <b>2,915.7</b>  | <b>22,423.7</b>                   | <b>13.0</b>                         | <b>-1.4</b>                         | <b>7.4</b>                          | <b>5.6</b>                          | <b>5.0</b>                          |

<sup>1)</sup> Includes accrued interest

<sup>2)</sup> Includes cash at bank and in hand and purchase money claims and purchase money obligations

<sup>3)</sup> Includes also mixed funds if these cannot be allocated elsewhere

<sup>4)</sup> Includes private equity funds, mezzanine funds and also infrastructure investments

<sup>5)</sup> Includes also unlisted real estate investment companies

<sup>6)</sup> Includes all types of hedge fund investments regardless of the strategy of the fund

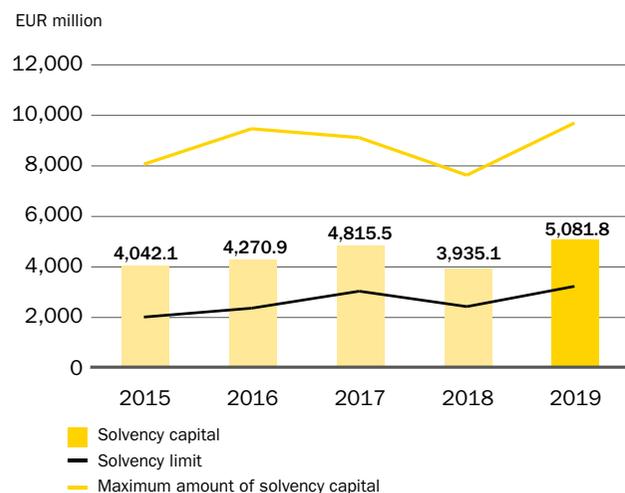
<sup>7)</sup> Includes items that cannot be included in other investment classes

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

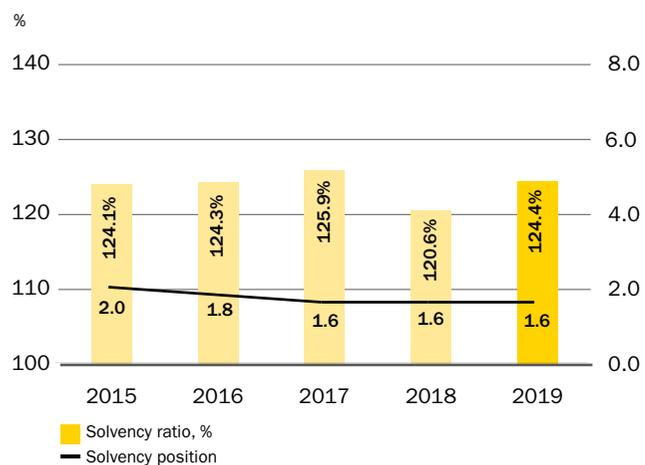
Cash refers to the difference between sales/returns and purchases/expenses

<sup>9)</sup> 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

|   | 2019    | 2018    | 2017    | 2016    | 2015    |
|---|---------|---------|---------|---------|---------|
| Solvency limit, EUR million                     | 3,233.4 | 2,431.3 | 3,040.2 | 2,367.6 | 2,016.6 |
| Maximum amount of solvency capital, EUR million | 9,700.2 | 7,633.1 | 9,120.6 | 9,470.6 | 8,066.2 |
| Solvency capital, EUR million                   | 5,081.8 | 3,935.1 | 4,815.5 | 4,270.9 | 4,042.1 |
| Solvency ratio % <sup>1)</sup>                  | 124.4%  | 120.6%  | 125.9%  | 124.3%  | 124.1%  |
| Solvency position <sup>2)</sup>                 | 1.6     | 1.6     | 1.6     | 1.8     | 2.0     |

<sup>1)</sup> 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.

<sup>2)</sup> Solvency capital in relation to solvency limit

## PERFORMANCE ANALYSIS

| EUR million   | 2019           | 2018          | 2017         | 2016         | 2015        |
|---|----------------|---------------|--------------|--------------|-------------|
| <b>Creation of result</b>   |                |               |              |              |             |
| Insurance business surplus/shortfall <sup>1)</sup>                | -17.8          | -14.2         | -13.3        | -47.7        | -1.5        |
| Result of investment operations at current value                  | 1,207.0        | -827.4        | 592.7        | 349.3        | -4.8        |
| + Net investment income at current value <sup>2)</sup>            | 2,915.7        | -331.9        | 1,607.6      | 1,147.4      | 990.1       |
| - Required return for technical provisions                        | -1,708.7       | -495.5        | -1,014.9     | -798.1       | -994.8      |
| Loading profit <sup>3)</sup>                                      | 35.2           | 31.8          | 23.3         | 29.1         | 36.2        |
| Other income  | 5.5            | 3.6           | 5.8          | 3.2          |             |
| <b>Total result</b>   | <b>1,229.9</b> | <b>-806.2</b> | <b>608.5</b> | <b>333.8</b> | <b>29.9</b> |
| <b>Use of result</b>  |                |               |              |              |             |
| For change in solvency  | 1,143.1        | -878.0        | 536.4        | 275.1        | -28.4       |
| For change in equalisation provision included in solvency capital | 0.0            | 0.0           | 0.0          | -48.2        | -1.6        |
| For change in provision for future bonuses                        | -273.8         | -149.8        | 568.9        | -52.3        | -158.5      |
| For change in valuation differences                               | 1,416.9        | -728.3        | -32.5        | 375.5        | 131.6       |
| For accumulated appropriations                                    | 0.0            | 0.0           | 0.1          | 0.0          | 0.1         |
| For profit for the year   | 0.0            | 0.0           | 0.0          | 0.0          | 0.0         |
| For change in equalisation provision                              | 0.0            | 0.0           | 0.0          | 0.5          | 0.2         |
| For transfer into customer bonuses                                | 86.9           | 71.9          | 72.1         | 58.3         | 58.2        |
| <b>Total</b>  | <b>1,229.9</b> | <b>-806.2</b> | <b>608.5</b> | <b>333.8</b> | <b>29.9</b> |

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

<sup>2)</sup> Result of investment operations at current value is reported in a separate table

<sup>3)</sup> Loading profit is reported in a separate table

## Insurance business surplus/shortfall

| EUR million   | 2019         | 2018         | 2017         | 2016         | 2015        |
|---|--------------|--------------|--------------|--------------|-------------|
| Premiums written of business under the company's responsibility               | 633.0        | 596.0        | 564.7        | 410.1        | 423.0       |
| Technical provisions of business under the company's responsibility           | 507.6        | 472.6        | 431.6        | 419.3        | 405.2       |
| Insurance business surplus  | 1,140.7      | 1,068.6      | 996.2        | 829.3        | 828.2       |
| Paid pension assets   | 633.4        | 587.1        | 540.2        | 516.4        | 490.4       |
| Credit losses on premiums   | 18.0         | 21.1         | 18.8         | 18.4         | 15.8        |
| Change in technical provisions of business under the company's responsibility | 507.0        | 474.6        | 450.4        | 392.0        | 323.5       |
| Total claims expenditure  | 1,158.4      | 1,082.8      | 1,009.5      | 926.8        | 829.7       |
| for old-age pension liabilities (so-called supplement to the mortality basis) |              |              |              | 49.8         |             |
| <b>Insurance business surplus/shortfall</b>                                   | <b>-17.8</b> | <b>-14.2</b> | <b>-13.3</b> | <b>-47.7</b> | <b>-1.5</b> |

## Loading profit

| EUR million  | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|--------------|--------------|--------------|--------------|--------------|
| Expense loading  | 125.3        | 120.1        | 116.2        | 118.2        | 118.9        |
| Share of premium available to cover operating expenses resulting from claims decisions | 6.4          | 5.9          | 5.1          | 5.6          | 5.7          |
| Other income   | 0.7          | 0.6          | 0.7          | 0.9          | 2.0          |
| <b>Loading profit, total</b>   | <b>132.3</b> | <b>126.6</b> | <b>121.9</b> | <b>124.6</b> | <b>126.5</b> |
| Operating expenses by operation <sup>1)</sup>  | -97.1        | -94.8        | -98.7        | -95.6        | -90.3        |
| Other expenses   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Operating expenses, total</b>   | <b>-97.1</b> | <b>-94.8</b> | <b>-98.7</b> | <b>-95.6</b> | <b>-90.3</b> |
| <b>Loading profit</b>  | <b>35.2</b>  | <b>31.8</b>  | <b>23.3</b>  | <b>29.1</b>  | <b>36.2</b>  |
| <b>Operating expenses/loading profit, %</b>  | <b>73.4%</b> | <b>74.9%</b> | <b>80.9%</b> | <b>76.7%</b> | <b>71.4%</b> |

<sup>1)</sup> Excluding operating expenses for investment operations and disability risk management and statutory charges

## Disability risk management

| EUR million   | 2019         | 2018         | 2017         | 2016         | 2015          |
|---|--------------|--------------|--------------|--------------|---------------|
| Premiums written; disability risk management  | 4.1          | 3.8          | 3.6          | 3.4          | 3.2           |
| Expenses covered by disability management and entered under claims incurred                         | 2.6          | 2.8          | 2.1          | 2.6          | 5.5           |
| Expenses from disability risk management covered by expense loading entered as business expenses 2) | 0.0          | 0.0          | 0.9          | 0.9          | 0.0           |
| <b>Expenses covered by disability management / Disability management, %</b>                         | <b>62.7%</b> | <b>74.4%</b> | <b>58.4%</b> | <b>76.7%</b> | <b>174.4%</b> |

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

# Guide to key figures

**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

In calculating the loading profit, also the change in the liability relating to the expense loading is taken into account in the premium expense loading. Loading profit is distributed in full to customers during the year following the financial statements in the form of a decrease in contributions.

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. The calculation concerns the number of TyEL policyholders 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 has been 20% since the beginning of 2018.

# Auditor's report

(translation of the Finnish original)

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, 2019. 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 6 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 and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual

Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Espoo 24.2.2020

Ernst & Young Oy  
Authorized Public Accountant Firm

**Ulla Nykky**  
Authorized Public Accountant



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