Aktia Life Insurance Ltd

Financial statement and Report by the Board of Directors

Unofficial translation

Aktia

Report by the Board of Directors 2023

Aktia Life Insurance Ltd (hereafter the company) is responsible for the production of customer-friendly life insurance solutions for private persons, entrepreneurs and companies in Finland. The company has approximately 66,900 private customers, 6,400 corporate customers and several partners in the financial sector. The most important sales channels are Aktia Bank Plc, Pohjantähti Mutual Insurance Company, JEPPIS Invest Oy Ab, Finlands Företagarskydd Ab, The Mortgage Society of Finland, Aaland Mutual Insurance Company and the POP Banks. The product offering includes life and health insurance, voluntary pension insurances, savings and investment insurances and capitalisation agreements.

Aktia Life Insurance Ltd has carried on life insurance business since 1921 and has been operating in its current form since 1994.

Market environment

Despite having been a turbulent year, the investment year of 2023 was significantly better than the previous year. The increase in interest rates slowed down and, towards the end of the year, market rates started to decrease slightly. The high inflation decreased but still had a strong impact on the real economy. The returns from different asset classes were generally positive with the exception of real estate investments whose valuations are affected by increased return requirements as interest rates increased.

The high inflation resulting in an increase in the costs of living contributed to reduce the sale of investment-linked insurance policies as households had less money left for savings. The sale of risk insurance was not that significantly affected by the market environment and remained at a very good level.

The most important events in 2023

2023 was an action-packed year for the company. During the year, great efforts were made to prepare the company for the digital transformation and for an improved customer, sales and employee experience. A great deal of regulatory projects and improvements also kept us occupied.

In June, the company signed a contract for a new insurance system with Sapiens, a major international system supplier. In the autumn, the company began planning the first phase of the system change project with the supplier. The new system will replace the two existing insurance systems of the company. The project is expected to take several years and is the largest project in the company's history.

The company initiated several changes and system projects in order to improve the customer experience and streamline customer service processes. As a step towards ensuring the success of the projects, the company's IT function shifted to more agile working methods. A new Customer Relationship Management system (CRM) was introduced at the end of the year and facilitates future integration with other systems. The system is a joint one with Aktia Bank and facilitates customer service for shared customers. The project to implement an automated system for the granting of insurances continued and is expected to significantly simplify the granting process. The telephone system was also replaced during the year and, thanks to the greater flexibility, the new system is more user-friendly and supports a smoother customer service process.

Customer service and sales continued to be the focus of attention during the year. A separate sales team for the company was set up in the autumn with the aim of better offering the company's services to existing and potential customers of the Aktia Group. The team will also support the company's sales channels. The good cooperation with the sales channels continued and several joint events and training sessions were organised during the year. The satisfaction of customers and sales channels was measured several times during the year with so-called NPS surveys and the positive results were in line with the company's expectations.

Insurance sales continued to increase. In particular, risk insurance sales increased for the fifth consecutive year thanks to good sales by the company's sales agents. The company's newest investment product Aktia Avara was also well received by the sales personnel and our customers.

Efforts in employee training and satisfaction continued and a number of training, information and recreational sessions were organised throughout the year. The Employee Net Promoter Score (eNPS), which measures the employees' willingness to recommend their employer to their acquaintances, increased during the year and the organised events received a good rating from participants. To ensure the flow of information, staff were regularly briefed on topical issues.

On the regulatory side, the implementation of IFRS 17 led to new procedures and processes. The new accounting standard, which is similar in nature to Solvency II, let to a great deal of extra work for the company's actuaries. The transition to the new standard went smoothly and the company calculates its performance under the new standard on a monthly basis as part of the overall performance of the Aktia Group. As part of IFRS 17, the technical provisions of the company are marked to market. The interest rate derivatives entered into by the company to protect the IFRS result cause a great deal of volatility in the FAS result.

The project to terminate the company's medical expense insurance policies has run as planned. Despite many customer contacts, most customers have been happy to receive an offer of a new medical expense insurance policy without a health declaration with one of the company's partners. The project will continue in the first quarter of 2024 and a total of nearly 17,000 medical expense insurance policies will be terminated.

After several turbulent years on the investment market, 2023 was a calmer year. The investment portfolio developed positively with the exception of individual real estate valuations affected by the rising interest rates. During the year, no major reallocations were made to the portfolio, but some of the real estate companies' loans were paid off because soaring interest rates made them unprofitable. As a result of the loan payments, the net value of the properties increased during the year.

During the year, a dividend of EUR 6.3 million was paid to the parent company.

Profit

The financial statement of Aktia Life Insurance Ltd is prepared in accordance with the Finnish accounting standards (FAS). In the financial statement of the Aktia Group, the profit of the life insurance business is consolidated in accordance with the IFRS accounting standards. The financial statement (FAS) of Aktia Life Insurance Ltd shows a profit of EUR 10.7 (loss of EUR 6.7) million. Of the profit, EUR 7.9 (-24.0) million is attributable to the company's interest rate hedging, the function of which is hedging the technical provisions.

The Board's proposal for payment of dividend

The distributable unrestricted equity Aktia Life Insurance Ltd amounted to EUR 66,355,070.43 on 31 December 2023, including a profit of EUR 10,658,879.63 for the financial period. The Board of Directors proposes that the General Meeting mandates the Board of Directors to decide whether a dividend of up to EUR 34 per share is paid for the financial year 2023.

Solvency[1]

The solvency of the company has decreased slightly over the course of the year but remains at a good level. The solvency has mainly been affected by the decision to invest in a new insurance system, changes in models and dividend payments to the parent company. From 1 January 2016, the company reports its solvency in accordance with Solvency II. The company's acceptable solvency capital amounted to EUR 180.1 (183.2) million, while the Solvency Capital Requirement (SCR) was EUR 93.9 (75.2) million. The solvency ratio was 191.7% (243.5%). To guarantee the company's solvency and to enable growth, the company took out a capital loan of EUR 56 million on 26 November 2021. The loan maturity is 10 years and the interest rate is 3%. Further information regarding the solvency situation and financial position of the company is available in the SFCR Report, which is published on the website www.aktia.fi/sv/solvens no later than 8 April 2024.

Premiums written

The premiums written in 2023 increased by 5% compared to the previous year, amounting to EUR 148.7 (141.2) million. The increase is mainly due to a slightly higher inflow to savings insurances and capitalisation agreements. The strategic policy of directing sales towards investment-linked insurance and risk insurance continued. Of the premium volume for savings insurance and voluntary pension insurance, investment-linked insurance accounted for 96% (96%).

Claim costs

Insurance claims paid out excluding the share of operating expenses amounted to EUR 120.1 (114.9) million. Policies surrendered amounted to EUR 50.7 (43.9) million, savings matured or paid as death benefits amounted to EUR 24.8 (26.0) million, paid pensions amounted to EUR 33.5 (34.2) million, and risk benefits, including medical expense benefits and death benefits, amounted to EUR 11.1 (10.8) million. The loss ratio for risk insurance remained at the same level as before, amounting to 57% (56%).

Operating expenses

The cost-effectiveness remained on a good level. The increase in operating expenses is mainly attributable to the increase in commission expenses and staff costs. The company has a strong growth strategy which causes higher costs.

The total operating expenses before allocation between functions were EUR 21.0 (20.4) million. Staff costs amounted to EUR 5.5 (5.5) million. Other expenses amounted to EUR 15.5 (14.9) million.

The expense ratio increased to 111.3% (108%).

Technical provisions and customer compensation

Technical provisions amounted to EUR 1,483.7 (1,375.0) million, of which the technical provisions for investment-

[1]The company's solvency information has not been audited.

linked insurance were 76% (73%). The investment-linked technical provisions amounted to EUR 1,133.1 (1,001.8) million and the interest-linked technical provisions to EUR 350.6 (373.2) million. Customers with interest-linked insurance policies who are entitled to additional benefits will receive a total return of between 2.0% and 4.5% for 2023, comprising the technical interest rate and any potential customer compensation. The interest-linked technical provisions include an interest reserve of EUR 12.5 million to decrease future interest requirements as well as a client compensation reserve of EUR 2.0 million to fund future client compensation.

According to the amendment of the Insurance Companies Act, which entered into force on 1 January 2016, life insurance companies may no longer implement an equalisation provision. In the company's technical provisions on 31 December 2016, the equalisation provision amounted to EUR 9.6 million. The company's Board of Directors has decided that the equalisation provision shall be dissolved over 9 years by EUR 0.1 million per month. During the year, EUR 1.2 million was dissolved and the technical provisions on 31 December 2022 include an equalisation provision of EUR 1.2 million.

Investment activities

The return on the company's investments based on market value was 5.4% (-10.2%) and the book net income from investment activities amounted to EUR 111.4 (-193.9) million in the income statement. The fluctuation in the book net income is mainly due to the value change in the investment-linked savings and is balanced by a corresponding change in the investment-linked technical provisions.

The company's investment portfolio valued at market value, including accrued interest, amounted to EUR 505.1 (514.8) million, not including investments of EUR 1,133.6 (1,001.6) million that covers the investment-linked insurances. At the end of the accounting period, 75.0% (78.7%) of the investment portfolio consisted of fixed-income instruments including interest rate derivatives, 2.0% (2.4%) of shares and participations, 5.3% (5.4%) of alternative investments, and 17.8% (13.5%) of real estate.

Sustainability

Sustainability is an integral part of Aktia's strategy and supports value creation for its stakeholders. To Aktia, sustainability means both corporate responsibility and the integration of ESG into business operations. On a higher level, the objectives of our sustainability programme are to enable sustainable prosperity as well as skilled employees with good health who can influence their own work and who feel the work is meaningful. Furthermore, the objectives are to ensure reliable and transparent operations and to work towards carbon neutrality.

In 2023, Aktia reported for the first time in accordance with the requirements of the UN Principles for Responsible Banking. The Principles for Responsible Banking is the leading framework for ensuring that banks' strategies and practices are aligned with the UN Sustainable Development Goals and the Paris climate agreement. Aktia thus joined the world's largest banking community.

At the beginning of 2023, Aktia developed its own reference framework for green and sustainability-linked loans. In the fourth quarter, Aktia launched its first lending product based on this framework, a green mortgage. Climate change mitigation is one of the six environmental objectives of the EU's classification system for sustainable economic activities, namely the taxonomy. Aktia's green mortgage can be granted if the apartment to be purchased with the mortgage meets the requirements of the taxonomy as regards the energy efficiency of the building, and contributes significantly to the environmental objective of climate change mitigation. The customer can obtain a green mortgage from Aktia for the purchase of apartments or detached houses. For a mortgage to qualify as green, there must be a valid building energy certificate for the apartment to be purchased that meets requirements for energy efficiency. An item with energy class A always meets the criteria for a green mortgage and the criteria can also be met if the energy class is B. Aktia's range of green financial products will be completed in 2024.

Loss of biodiversity, that is nature loss, poses risks to investors at system level, as well as climate change. Climate change is one of the main drivers of biodiversity loss, and at the same time the biodiversity loss also speeds up climate change. One of the methods of active ownership is corporate influence, which can be carried out independently or jointly with other investors. Aktia has extensive experience of global investor initiatives, particularly related to climate change, such as Climate Action 100+, the first phase of which was recently completed. As a natural continuation to the work, Aktia joined the recent Nature Action 100 investor initiative. Nature Action 100 is the first global investor initiative to address the acute nature and biodiversity loss crisis. The initiative was launched by sending letters to 100 companies calling for urgent and necessary measures to protect and restore nature and ecosystems, thereby reducing economic risks. Aktia has also itself investigated the dependency of its funds on natural capital and ecosystem services and reported on the impact of its activities on biodiversity. This work will continue determinedly in the future.

Aktia joined the public supporters of Transition Pathway Initiative (TPI) in June 2023. TPI operates under the Grantham Research Institute on Climate Change and the Environment which is a part of the London School of Economics and Political Science. TPI Global Climate Transition Centre (TPI Centre) is an independent source of research and information on financial and corporate progress in the transition to a low-carbon economy. Aktia has already used TPI's data as part of wealth management in order to identify transition companies that are on the right track in the transition to a low-carbon economy.

Aktia expanded its family of funds that make sustainable investments by launching two new funds that comply with sustainability-related disclosure in accordance with article 9 of the Sustainable Finance Disclosure Regulation (SFDR). During the first quarter, Aktia launched the fund Aktia SolarWind III. The fund offers private investors an opportunity to invest effectively in increasing the production of renewable energy. Later in the year, the renewed Aktia Sustainable Government Bond fund was launched by amending the fund’s statutes in such a way that its objective now is to make sustainable investments in order to promote environmental and social objectives, and not cause significant damage to other sustainability indicators.

Aktia will continue its determined efforts on sustainability in 2024.

Aktia Life Insurance is included in the sustainability report of the parent company Aktia Bank Plc, place of registered office Helsinki. The report is published on www.aktia.com under “Sustainability”.

Risk management

The Board of Directors of Aktia Bank Plc, the parent company of Aktia Life Insurance Ltd, lays down guidelines for Aktia Group’s internal control and ensures compliance with these principles in all subsidiaries within Aktia Group. The Board of Directors of Aktia Life Insurance Ltd is responsible for organizing the company's internal control.

The risk management is presented in more detail in the note concerning risk management in the financial statement.

Staff

The company’s average number of employees when converted into full-time employments was 69 (71).

The company complies with Aktia Group's wage policy. Some of the employees participate in Aktia Group’s voluntary share savings programme AktiaUna. A few key persons belong to the Group's short-term and long-term incentive scheme.

Administration

The Board of Directors of Aktia Life Insurance Ltd in 2023 consisted of the following persons:

Juha Hammarén, chairman of the Board

Outi Henriksson, member of the Board

Anssi Huhta, member of the Board

Karri Varis, member of the Board
Pekka Hietala, member of the Board as of 1 September 2023

Riikka Luukko has been the company’s CEO.

The Board of Directors has met 15 times during the period.

The Operative Executive Committee of Aktia Life Insurance Ltd has consisted of:

Riikka Luukko
Seppo Sibakov
Tommi Lindqvist
Anu Koskenvuo until 22 January 2023
Mari Järvinen as of 2 May 2023
Ville Niiranen
Ville Hemmilä
Eva Sourander, staff representative
Johanna Sariola, deputy staff representative
Cristel Gustafsson has been the secretary of the Operative Executive Committee.
The company’s auditor for the financial period of 2023 was KPMG Oy Ab with Petter Westerback, APA, as auditor-in-charge.
The company is a wholly-owned subsidiary to Aktia Bank Plc. The number of shares is 175,698. Aktia Bank Plc is a Finnish-owned financial group, whose shares are listed on Nasdaq Helsinki.
The Aktia Life Insurance Ltd group consisted of the following as of 31 December 2023:
Aktia Life Insurance Ltd parent company
Keskinäinen Kiinteistö Oy Areenakatu
wholly-owned subsidiary
Keskinäinen Kiinteistö Oy Tikkurilantie 141
wholly-owned subsidiary
Asunto Oy Helsingin Tuulensuoja associated company
Kiinteistö Oy Helsingin Gigahertsi associated company
Kiinteistö Oy Lempäälän Rajamäentie associated company
Kiinteistö Oy Skanssinkatu associated company

Events after the end of the accounting period

There have been no material events after the end of the accounting period.

Outlook for 2024

The company’s operational profitability is estimated to remain at a good level in 2024, subject to effects on the result from the company’s interest rate hedging and risks associated with individual investments. The company’s financial results are affected by many factors, of which the most important are the general economic situation, fluctuations in interest rates, and the competitive situation. The investment in profitable risk products is expected to increase the risk result, while a naturally diminishing investment portfolio decreases the investment income.

Income statement

Income statement, EUR	1 Jan.–31 Dec. 2023		1 Jan.–31 Dec. 2022	
Technical account				
Premiums written				
Premiums written	149,903,163.70		142,189,114.68	
Reinsurers' share	-1,204,703.69	**148,698,460.01**	-999,224.67	**141,189,890.01**
Income from investments		**37,973,372.01**		**32,977,485.15**
Unrealised increases in value of investments				
Investments that cover unit-linked insurances		**87,044,848.34**	22,956.60	**22,956.60**
Claims incurred				
Claims paid	-122,259,262.76		-117,003,584.68	
Reinsurers' share	252,564.00	-122,006,698.76	390,331.00	-116,613,253.68
Change in provision for outstanding claims		22,601,961.00		2,885,791.00
Total claims incurred		**-99,404,737.76**		**-113,727,462.68**
Change in provision for unearned premiums		**-131,281,596.00**		**181,720,739.00**
Operating expenses		**-18,011,817.99**		**-17,370,197.28**
Expenses from investments		**-13,267,317.73**		**-60,251,631.72**
Unrealised decreases in value of investments				
Investments covering unit-linked insurances		**-387,246.65**		**-166,676,080.67**
Actuarially calculated result		**11,363,964.23**		**-2,114,301.59**
Change in the depreciation difference		**-14,460.08**		**0.00**
Income taxes				
Taxes for the financial year and previous financial years		**-690,624.52**		**-4,546,118.87**
Profit for the financial year		**10,658,879.63**		**-6,660,420.46**

Balance sheet

Assets, EUR	31 December 2023		31 December 2022	
Intangible assets				
Immaterial rights	134,442.22		0.00	
Advance payments	2,383,035.11	**2,517,477.33**	1,546,462.70	**1,546,462.70**
Investments				
Real estate investments				
Real estate and shares in real estate		62,980,238.68		37,662,864.71
Investments in group companies and participating interest companies				
Financial market instruments and other debt instruments issued by, and receivables from, group companies		0.00		14,843,108.35
Other investments				
Shares and participations	137,715,831.52		158,150,858.36	
Financial market instruments	200,647,908.95		224,751,635.84	
Other loans receivable	60,000,000.00	398,363,740.47	60,000,000.00	442,902,494.20
Total investments		**461,343,979.15**		**495,408,467.26**
Investments covering unit-linked insurances		**1,133,590,698.08**		**1,001,595,068.28**
Receivables				
Arising from reinsurance operations	208,759.43		194,069.59	
Other receivables	20,245,427.07	**20,454,186.50**	28,821,944.68	**29,016,014.27**
Other assets				
Tangible assets				
Machinery and equipment	105,490.88		134,362.64	
Other tangible assets	8,197.40	113,688.28	8,197.40	142,560.04
Cash and bank		26,835,982.37		14,767,695.95
		26,949,671.25		**14,910,255.99**
Prepayments and accrued income				
Accrued interest and rental income	4,313,210.79		3,108,993.41	
Other prepayments and accrued income	4,330,708.07	**8,643,918.86**	3,486,025.40	**6,595,018.81**
Total assets		**1,653,499,931.17**		**1,549,071,287.31**

Shareholders' equity, provisions and liabilities, EUR	31 December 2023		31 December 2022	
Shareholders' equity				
Share capital	21,751,412.40		21,751,412.40	
Share premium reserve	1,473,369.70		1,473,369.70	
Other reserves	8,989,141.28		8,989,141.28	
Retained earnings from previous years	46,707,049.52		59,692,597.98	
Profit for the financial year	10,658,879.63	**89,579,852.53**	-6,660,420.46	**85,246,100.90**
Appropriations				
Depreciation difference		**14,460.08**		**0.00**
Capital loans		**56,000,000.00**		**56,000,000.00**
Technical provisions				
Provision for unearned premiums		236,493,295.00		234,703,879.00
Provision for outstanding claims		114,127,442.00		138,506,767.00
		350,620,737.00		**373,210,646.00**
Technical provision for unit-linked insurances				
Technical provisions		**1,133,068,943.00**		**1,001,799,399.00**
Liabilities				
Arising from reinsurance operations	940,670.38		510,213.34	
Other liabilities	17,714,114.99	**18,654,785**	25,608,442.49	**26,118,655.83**
Accruals and deferred income		**5,561,153.19**		**6,696,485.58**
Total shareholders' equity, provisions and liabilities		**1,653,499,931.17**		**1,549,071,287.31**

Cash flow statement

Cash flow statement, EUR	31 December 2023	31 December 2022
Cash flow from operating activities		
Profit on ordinary activities/profit before extraordinary items	11,363,964.23	-2,114,301.59
Adjustments		
Changes in technical provisions	108,679,635.00	-184,606,530.00
Value adjustments and revaluation of investments or unrealised value changes	-93,589,759.57	200,356,037.27
Depreciation according to plan	46,808.92	20,665.06
Other income and expenses not giving rise to payments	-1,081,380.59	-14,864,105.85
Other adjustments	179,313.47	-142,198.69
Cash flow before change in working capital	25,598,581.46	-1,350,433.80
Change in working capital		
Increase (-)/decrease (+) in non-interest-bearing short-term receivables	6,112,623.84	-28,613,336.82
Increase (+)/decrease (-) in non-interest-bearing short-term debts	5,910,610.03	2,992,213.35
Cash flow from operating activities before financial items and taxes	37,621,815.33	-26,971,557.27
Interest paid and other financial expenses from operating activities	-4,525,124.12	-1,773,758.38
Direct taxes paid	-2,258,660.93	-2,776,757.01
Cash flow from operating activities	**30,838,030.28**	**-31,522,072.66**
Cash flow from investing activities		
Investments in assets (excluding cash and cash equivalents)	-192,905,709.74	-210,682,788.51
Capital gains from investments (excluding cash and cash equivalents)	181,450,046.27	245,933,704.76
Investments in tangible, intangible and other assets and capital gains (net)	-988,951.79	-697,108.93
Cash flow from investing activities	**-12,444,615.26**	**34,553,807.32**
Cash flow from financing activities		
Loan funds raised		0.00
Dividends paid/interest on guarantee capital paid and other distribution of profit	-6,325,128.00	-35,000,000.00
Cash flow from financing activities	**-6,325,128.00**	**-35,000,000.00**
Change in cash and cash equivalents	**12,068,287.02**	**-31,968,265.34**
Cash and cash equivalents at the start of the year	14,767,695.95	46,735,961.29
Cash and cash equivalents at the end of the year	26,835,982.97	14,767,695.95

Accounting principles

Basic company information

Aktia Life Insurance Ltd carries on life insurance activities in Finland.

The company is part of Aktia Group, whose parent company is Aktia Bank Plc, place of registered office Helsinki. A copy of the consolidated financial statement is available at Aktia Bank Plc, Arkadiankatu 4–6, 00100 Helsinki, or at www.aktia.com. According to the Accounting Act (chapter 6, section 1, subsection 4), the company is exempted from the obligation to prepare consolidated financial statements, as the company and its subsidiaries are included in the consolidated financial statement of Aktia Bank Plc.

Accounting principles

The financial statement is prepared in accordance with the regulations of the Insurance Companies Act, the Limited Liability Companies Act, the Accounting Act and Accounting Ordinance, the decree of the Ministry of Social Affairs and Health on the annual accounts and consolidated accounts of insurance companies, and the Financial Supervisory Authority's regulations and guidelines.

Credit losses

Such receivables, which are unlikely to be recovered, are recognised as credit losses. Credit losses reported by investments are recognised as impairments.

Items in foreign currency

Receivables in foreign currency have been converted into euros using the average rate of exchange on the day the accounts were closed. Any exchange differences arising have been treated as other income/expenses from investments and are reported separately in the note concerning income and expenses from investments.

Valuation of assets in the balance sheet

Immaterial rights and long-term expenditures are recognised in the balance sheet at their original acquisition value reduced by the linear depreciation according to plan.

Real estate is recognised at the acquisition cost reduced by the depreciation according to plan. If the probable selling price is permanently lower than the book value, the real estate is recognised at the lower value. Real estate shares are recognised at the acquisition cost or the lower probable selling price.

Shares and participations are recognised according to the average value principle and recognised at the equivalent acquisition cost or the lower fair value. Past impairments are reversed to the extent that the fair value exceeds the impaired book value.

Shares relating to fixed assets are valued at the original acquisition value or the lower probable selling price. Financial market instruments are recognised at the original acquisition value adjusted by the difference compared to the nominal value during the maturity of the security.

Index-linked financial market instruments have, to the extent that the position is linked, been recognised as income and as an increase in the acquisition value. To the extent that the fair value is lower than the book value and the decline is not due to changes in the general level of interest rates, the value of these financial market instruments has been impaired to fair value. The decline that has been deemed a result of fluctuations in the general level of interest rates has not been impaired.

Outstanding loans and other receivables are recognised at original value or the lower probable value.

Investments that cover unit-linked insurance are valued at fair value.

Hedge accounting is not used in the recognition of derivative instruments, regardless of whether the derivative transaction is hedging or not. The book value of derivative instruments consists of the acquisition cost or the lower fair value. Thus, unrealised positive value changes are not recognised. The result of closed or matured derivative contracts has been recognised in full in profit and loss.

Definition of fair value

The fair value of real estate is produced annually. Fair value means the probable selling price that is expected to be obtained from a sale on the free market between independent parties.

Fair value for listed shares and financial market instruments is the latest listed purchase price at the end of the accounting period. For shares for which there is no listed purchase price at the end of the accounting period, the latest listed closing price is used. For unlisted share holdings, the fair value is in general the original acquisition cost or the lower probable selling price. For some unlisted share holdings, the fair value is calculated based on substance or share transactions that have been carried out. The fair value of participations in private equity investments is generally an estimation of the value of the shares, which is made by the manager in accordance with the conventional valuation principles of the sector. The fair value of unlisted financial market instruments corresponds to the balance sheet value.

The fair value of derivative instruments is the market value.

Function-specific expenses

Operating expenses and depreciations are reported in the income statement according to function, which is based on annual assessments. This means that operating expenses are allocated to the income statement items Claims incurred, Expenses from investments and Operating expenses. Under Claims incurred, expenses pertaining to the claims handling are reported. Under Expenses from investments, expenses pertaining to the management of investment activities are reported. Under Operating expenses, expenses pertaining to the acquisition and handling of insurances as well as administrative expenses are reported.

Pension plans

The statutory pension plan for the staff has been arranged through statutory employment pension insurance (TyEL). In addition, some supplementary pension plans have been arranged. Pension expenses are recognised on an accrual basis.

Unamortised selling costs (Zillmerisation)

The company has not capitalised prepaid acquisition costs.

Depreciations according to plan

The company's depreciation plans are prepared in accordance with uniform principles and based on the estimated useful life of the assets. The original acquisition cost is generally the basis for depreciations. The following periods of useful life have been used:

Intangible assets	
Immaterial rights	5 years
Other long-term expenditures	5–10 years

Investments	
Industrial, commercial and office properties	7% per year

Tangible assets	
Office equipment	5 years
IT equipment	3 years
Other equipment	5 years

The difference between depreciations according to plan and tax depreciations is reported in the income statement.

Taxes

The taxes reported in the income statement include, in addition to the calculated tax (tax rate 20%) for the accounting period, potential adjustments pertaining to taxes for previous years.

Technical provisions

The technical interest rate used to calculate the technical provisions for the interest-bearing insurances varies between 1% and 4.5% and is on average 3.2%. When calculating the average interest rate, 0% interest items, such as provision for outstanding claims and premium transports, are also included.

Report on the total return on insurance savings 2023

The principle of equity and the company’s long-term objectives for the total return

In accordance with the Insurance Companies Act, life insurance companies must follow the so-called principle of equity regarding insurance policies that, according to the contract terms, are entitled to additional benefits. The company's profit is used to strengthen the company’s equity, pay dividend to the shareholders and additional benefits to customers. The company’s target level for the additional benefits is valid for an indefinite period. The Board of Directors of Aktia Life Insurance Ltd has the right to change the targets and principles based on current legislation concerning insurance companies. The implementation the principle of equity and the distribution of additional benefits is not a part of the insurance contracts.

Savings and pension insurances

The company’s Board of Directors determines the level of the additional benefits (customer compensation) on an annual basis. The level of the customer compensations is affected by the general interest rate level and the return on the company’s investment portfolio. When determining the level of the customer compensations, the aim is continuity.

The long-term objective of Aktia Life Insurance Ltd is to, in a long-term perspective, provide a total return comparable to the yield on the Finnish government bonds for insurance policies eligible for supplementary benefits. Total return refers to the sum of the technical interest rate and the annually determined customer compensations before costs and taxes. The aim of the company is to ensure that the total return on the interest-linked pension insurance savings is higher than the yield on the Finnish ten-year government bond, and that the total return on the interest-linked savings insurance savings is on the same level as the yield on the Finnish five-year government bond.

The target for the total return on interest-linked pension insurances has been linked to the yield on the Finnish ten-year government bond, as a period of 10 years corresponds to the average maturity of the pension insurance stock. The maturity of interest-linked savings insurances in the company is shorter and corresponds to the Finnish five-year government bond. The interest rate on the Finnish ten-year government bond has historically been higher than the interest rate on the Finnish five-year government bond. Pension savings are generally more long-term and have limited surrender rights compared to savings insurances, which can also be withdrawn before maturity. The company’s objective is to support long-term savings, and the company considers it reasonable to pay a higher total return on pension savings than on savings insurances with a corresponding technical interest rate.

Risk insurances

The surplus from risk insurances is passed on to customers in coming years through investments in digital services and an improved customer experience.

Total return on insurance savings in 2023

Investment activities, solvency and general interest rate levels in 2023

The return on the investment portfolio at fair value in 2023 was +5.4%, a significant improvement from 2022 when the return was -10.2%. No significant changes were made to the allocation during the year and the overall level of risk in the investment portfolio was kept moderate to allow for stable long-term investment returns and to meet solvency requirements. Fixed income investments and real estate investments were the main sources of market risk in the portfolio.

In the end, 2023 was an excellent investment year, but the journey there was winding.

At the beginning of 2023, the market sentiment was very frightening. Central banks were still hiking rates, inflation was still a problem and investors were still licking their wounds from the turbulence in 2022. Initially, the atmosphere of fear contributed to a strong market sentiment with increasing share prices. However, the early gains were erased in February and March when the historical series of rate hikes contributed to the bankruptcy of a number of banks. With total assets over USD 500 billion, First Republic, Silicon Valley and Signature Bank became among the largest bankruptcies of banks in the history of United States. Soon a crisis of confidence spread to Credit Suisse, which was forcibly sold to UBS only a few working days later.

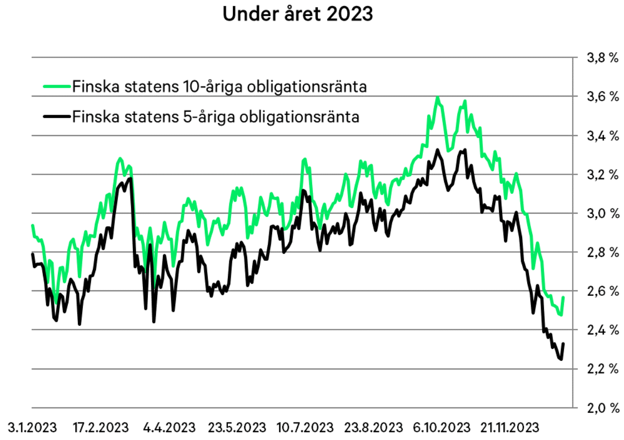
During the summer, the economy showed its strength in full. The talk of recession, which intensified during the bankruptcies, gave way to the idea of a soft landing. News about positive economic developments helped the markets go up until the good news became signs of overheating and bad for the markets. From late summer, bond yields were on the rise, and when the 10-year U.S. Treasury yield topped 4%, global markets began to suffer, resulting in three negative months. In particular, bonds and dividend-paying shares were hit hard by the increasing market rates.

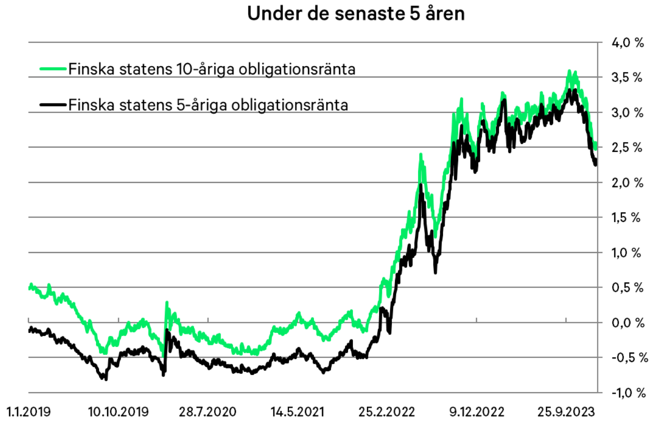
As bond yields started to decrease again, thanks to softer economic data and a reduction in issuance volumes, the market reacted positively. Bond and share prices rose sharply and credit spreads also decreased significantly, leading to even stronger returns in parts of the portfolio.

The total return on the investment portfolio was relatively constant, with all asset classes except real estate investments having positive returns during the year. The return on fixed income investments was +6.9% (-15.1%) and the return on equity investments was +7.3% (-4.9%). The real estate return of -2.4% (+21.8%) is burdened by impairments for both direct investments and real estate funds. The sharp increase in rates can be seen in the real estate market as an increase in return requirements and financing expenses, which contributes to lower property values. The average yield in 2023 for Finnish government bonds, calculated on a daily basis, was:

- 3.05% for 10-year bonds and
- 2.85% for 5-year bonds.

The graphs to the right show the yields of Finnish 10-year and 5-year government bonds over the full year of 2023 and over a 5-year period.





Approved additional benefits for 2023

The table shows the total return on insurances for 2023, divided according to the technical interest rate of the insurances. Total return refers to the fixed technical interest rate and a possible additional benefit in the form of customer compensation.

The company's objective for additional benefits is long-term and the level of customer compensations is assessed over a longer period of time.

Total returns for 2023 for insurances entitled to additional benefits

Individual pension insurances by technical interest rate	Technical interest rate	Customer compensation	Total return
4.5%	4.5%	0.0%	4.5%
3.5%	3.5%	0.0%	3.5%
2.5%	2.5%	0.0%	2.5%
1.0%	1.0%	1.0%	2.0%

Group pension insurances by technical interest rate	Technical interest rate	Customer compensation	Total return
3.5%	3.5%	0.0%	3.5%
2.5%	2.5%	0.0%	2.5%
1.0%	1.0%	1.0%	2.0%

Savings insurances by technical interest rate	Technical interest rate	Customer compensation	Total return
4.5%	4.5%	0.0%	4.5%
3.5%	3.5%	0.0%	3.5%
2.5%	2.5%	0.0%	2.5%

The average total return on insurances over a five-year period is presented in the table below.

Average total return over a five-year period

Individual pension insurances by technical interest rate	5 year average customer compensation	5 year average total return	5 year average yield on Finnish 10 year government bonds
4.5%	0.0%	4.5%	0.9%
3.5%	0.0%	3.5%	0.9%
2.5%	0.0%	2.5%	0.9%
1.0%	0.2%	1.2%	0.9%

Group pension insurances by technical interest rate	5 year average customer compensation	5 year average total return	5 year average yield on Finnish 10 year government bonds
3.5%	0.0%	3.5%	0.9%
2.5%	0.0%	2.5%	0.9%
1.0%	1.0%	2.0%	0.9%

Savings insurances by technical interest rate	5 year average customer compensation	5 year average total return	Average yield on Finnish 5 year government bonds for 5 years
4.5%	0.0%	4.5%	0.5%
3.5%	0.0%	3.5%	0.5%
2.5%	0.0%	2.5%	0.5%

Risk management

General

Life insurance activities are based on bearing and managing the risk of loss or damage, as well as the financial risks associated with assets and liabilities. In addition to operational risks, insurance activities include business risks, contractual risks and actuarial risks. Volatility in the performance and solvency of the life insurance company is mainly attributable to market risks in the investment activities, the interest rate risk in technical provisions, and changes in mortality and other injuries or damages. The policyholder bears the market risk of the investments that cover investment-linked insurance policies, while the company bears the risk of the part of the investment portfolio that covers technical provisions for interest-linked insurance policies.

Risk management in the Aktia Group

In providing financial solutions to its customers, Aktia Group is exposed to various risks. Risks and risk management are thus a substantial part of Aktia's operating environment and business activities. The term risk management refers to all activities related to risk taking, risk reduction, analysis, measurement, control and monitoring.

The Group strategy governs all risk-taking and the Group's Board of Directors is ultimately responsible for the Group's risk-taking. Every year, the Group's Board of Directors lays down instructions and limits for the administration of the business operations to the CEO of the Group. Risk exposure and limits are reported to the Group's Board of Directors at least once every quarter. The Group's Board of Directors has appointed a committee to draw up general risk-related matters for the Board's consideration and to make individual decisions in accordance with the principles and limits laid down by the Board. In the life insurance business, decisions regarding the company's interest rate hedging and reinsurance are made by the company's Board of Directors. The line organisation responsible for the business area bears the primary responsibility for each individual transaction, including (among other things) assessment, monitoring, pricing and settlement of its own risk positions. High competence and appropriate control and reporting mechanisms constitute central elements in the Group's risk management system.

The risk control function of the Group is organized so that it is independent of the business operations. The function controls and monitors the business area's risk management and is responsible for maintaining an appropriate limit structure, as well as models for e.g. measurement, analysis, stress testing, reporting and follow-up of risks. The purpose of the Compliance function is to ensure compliance with rules in the Group's activities.

The Group CEO is responsible for organising the risk management processes, and the Group's Executive Committee handles matters relating to internal capital allocation and further delegation of risk mandates. The Group CEO has appointed special committees to follow up on and develop the risk management of credit and market risks. Within the set limits, the role of the committees is to make decisions pertaining to the Group's risk management, prepare matters for decisions by higher bodies, and develop the risk management processes in general. The committees are staffed by Executive Committee members with line responsibility, risk control representatives, and other experts. The risk control function does not take part in decision-making involving risk-taking.

The Board of Directors of Aktia Life Insurance Ltd is ultimately responsible for organising the internal control of Aktia Life Insurance Ltd. The task of the Board of Directors is to define what the internal control comprises and to ensure that a risk management plan is drawn up. The Annual General Meeting and the Board of Directors are the decision-making and administering bodies of Aktia Life Insurance Ltd. Under the Limited Liability Companies Act, the Board of Directors shall see to the administration of the company and the appropriate

organisation of its operations. The CEO shall see to the executive management of the company in accordance with the instructions and orders given by the Board of Directors.

The internal audit is organised at group level at Aktia. The internal audit provides an independent evaluation of the Group's risk management system, and reports its findings to the Group's Board of Directors and to the company CEO and the company's Board of Directors. In addition, the company's head actuary and the external auditors supplement the internal control with their observations.

In Aktia Life Insurance Ltd, the actuarial function of the company acts as an independent monitor of the insurance business mainly in terms of principles, policies and methods for various calculations. The actuarial function reports to the company's Board of Directors.

Capital adequacy and solvency[2]

The solvency of the company is calculated in accordance with the Insurance Companies Act, which complies with the EU Solvency II regulations. The financial statement is prepared in accordance with the Finnish accounting standards (FAS). The company's acceptable solvency capital amounted to EUR 180.1 (183.2) million, while the Solvency Capital Requirement (SCR) was EUR 93.9 (75.2) million. The solvency ratio was 191.7% (243.5%). Without

[2] The company's solvency information has not been audited.

transitional measures, the acceptable solvency capital was EUR 152.1 (152.2) million and the SCR was EUR 101.9 (84.2) million. The solvency ratio without transitional measures was 149.3% (180.8%).

Solvency II capital adequacy is calculated using two different models. Firstly, by taking into account the final capital requirements that enter into force after the last of the transitional measures and, secondly, by using transitional measures. Aktia Life Insurance Ltd has applied for and been granted permission by the Financial Supervisory Authority to use the transitional measures for adjusting the technical provisions in its calculations, subject to the same limitations as those imposed on other Finnish companies that have applied for permission to implement the measures. In addition to this, a volatility adjustment to the interest rate curve is applied.

The year was characterised by many improvements in the calculation of the technical provision. These include changes in the technical provision model itself, such as the mortality model, the pension deferral model and the surrender model, and interpretations concerning, for example, the contract boundaries (the implementation of which started in 2022). In addition, the expenses for the company's ongoing large-scale IT project LIPAS have been invoiced in the expense cash flows. These changes have affected both capital requirements and the available capital in different directions, but the end-of-quarter sum effect throughout 2023 has turned out to be a decrease in the solvency ratio, thus showing a declining trend in 2023.

The consequence of the above-mentioned circumstances is that, despite the fact that 2023 has been an excellent year in terms of the result and sales, the capital has not increased during the year (see above), while the actuarial (life insurance) risk component of the capital requirement, mainly affected by the model changes, has grown and at year-end stood at 58.5 (45.8). By contrast, the much smaller health insurance component has decreased further, to EUR 1.5 (1.9) million, as the company continued to terminate unprofitable health insurance policies.

The market risk component has also increased over the year, reaching EUR 69.1 (62.6) million. The increase is mainly due to increased equity and currency risks, but for these very risks the company's own portfolio has not undergone any significant changes: the holdings have de facto been reduced and the change in the allocation to more foreign shares alone does not explain the appreciation in the exchange rate. Instead, the increase in risk can mainly account for the growth of the investment-linked portfolio by around 130 million since the previous year's end, and the increase of the parameter for the countercyclical equity buffer of the SCR calculation by almost 4,5%.

Management of funding and liquidity risks

The funding and liquidity risk refers to the risk that the company will not be able to meet its payment obligations, or that it could only do so at a high cost. The risk is measured through the availability and cost of refinancing, as well as differences in maturity between assets and liabilities. Financing risks also occur if funding is largely concentrated in individual counterparties, instruments or markets. The management of refinancing risks ensures that the company can meet its financial obligations.

Liquidity risk is defined as the availability of assets for paying out insurance claims from the various types of risk insurance, as well as savings and surrenders from savings insurances, and surrenders and pensions from voluntary pension policies. The availability of liquidity is planned based on these needs, and on the basis of the liquidity needed for investment activities to manage the investment portfolio effectively and optimally.

The decrease in medium and long-term interest rates during the year has made the company's derivative position less negative than at the end of 2022, thus reducing the need for liquidity for the collateral exchange. At the end of the year, the company’s outstanding collateral with the derivative counterparties amounted to EUR 18.1 (26.8) million. In order to secure immediate liquidity needs, a limit has been set so that the amount of cash and current accounts cannot be less than EUR 5 million. If the amount falls below EUR 10 million, the investment manager shall be notified of the situation. Any unforeseen significant need for liquidity is taken care of through realisations of assets.

The company has external financing for a value of EUR 56 million in the form of a Tier 2 capital loan. The loan is due for payment in November 2031 and has a call option in November 2026. The company has plans of refinancing at the first call in 2026, and has begun to prepare for a forthcoming new issue.

Management of market, balance sheet and counterparty risks

Market and asset and liability management (ALM) risks

On a yearly basis, Aktia Group’s Board of Directors, after preparation by the Group Executive Committee, the risk committee of the Group’s Board of Directors, and the company’s Board of Directors, adopts investment strategies and plans and defines limits for managing market risks in both the investment portfolio and the interest-linked technical provisions. The Group’s Asset and Liability Committee (ALCO) is responsible for the operational management of the Group’s internal investment assets within predetermined guidelines and limits. The Asset Management of the parent company Aktia Bank Plc has a mandate for the fixed income and equity investments of Aktia Life Insurance Ltd, and a named portfolio manager is responsible for the operational management. The Board of Directors is responsible for the strategic and property investments. The company’s investment manager in the ALM unit of the Group is responsible for overall planning of the portfolio and risk-taking. The Group’s independent risk control unit monitors risk positions and the follow-up of limits.

The policyholder bears the investment risk of the investments that cover investment-linked insurance policies. The insurance company bears the risk of the other investments that are made to cover the interest-linked technical provisions. Thus, there is a certain degree of risk-taking in the investment activities of the insurance company.

Within the company, the aim is for the portfolio of assets that covers the technical provisions to be built taking into account the risk-bearing capacity of the insurance business, its return requirements, and possibilities to convert the assets into cash. The biggest risks pertaining to the investment activities are a decline in the market value of the assets due to fluctuating interest rates, credit premiums (spread), share prices, real estate prices, and exchange rates, and the risk that illiquid assets cannot be sold at the rate required by the decreasing technical provisions. For a long time, insufficient returns in relation to the requirements of the technical provisions have also been a significant risk, but the increased interest rates have relieved the situation on the investment market.

Allocation of the investment portfolio of Aktia Life Insurance Ltd:

EUR million	Q4/2023		Q4/2022	
Equity investments	**10.1**	**2.0%**	**12.8**	**2.5%**
Finland	0.5	0.1%		
Europe	1.5	0.3%	8.6	1.7%
USA	6.9	1.4%	4.2	0.8%
Japan	0.6	0.1%		
Emerging markets	0.6	0.1%		
Fixed income investments	**316.7**	**62.7%**	**327.7**	**63.6%**
Government bonds	88.7	17.6%	90.9	17.7%
Financial bonds	29.4	5.8%	31.7	6.2%
Other corporate bonds	139.7	27.7%	143.7	27.9%
Emerging markets (funds)	34.1	6.8%	37.2	7.2%
High yield (funds)	22.8	4.5%	21.5	4.2%
Trade Finance (funds)	1.7	0.3%	2.3	0.5%
Mixed funds	0.4	0.1%	0.4	0.1%
Alternative investments	**27.1**	**5.4%**	**28.7**	**5.6%**
Private Equity etc.	22.6	4.5%	21.5	4.2%
Infrastructure funds	4.6	0.9%	7.2	1.4%
Real estate	**91.9**	**18.2%**	**72.7**	**14.1%**
Directly owned	72.7	14.4%	48.7	9.5%
Real estate funds	19.2	3.8%	24.0	4.7%
Money market	**25.8**	**5.1%**	**55.3**	**10.7%**
Derivatives	**-12.2**	**-2.4%**	**-23.9**	**-4.6%**
Receivables from CSA collateral exchange	**18.1**	**3.6%**	**26.9**	**5.2%**
Cash and bank	**27.5**	**5.4%**	**14.7**	**2.9%**
Total	**505.1**	**100.0%**	**514.8**	**100.0%**

Interest rate risk

Interest rate risk is the most significant market risk connected with the technical provisions of the company and affects profitability as a result of return requirements on guaranteed interest rates, and capital adequacy as a result of the market valuation of assets and liabilities. Since the portfolio's fixed income instruments generally have an opposite risk to the technical provisions and the company also uses hedging interest rate derivatives, the overall interest rate risk has nevertheless been reduced. Today, interest rate risk is one of the company's smaller market risks, regarding both the Solvency II capital requirement and the internal capital requirement.

However, the managing of the interest rate risk requires active follow-up of technical provisions and portfolio development. The hedging derivatives have been made through interest rate swaps, in part for the technical provisions as a whole, and in part for certain individual holdings of interest instruments, such as the company’s Tier 2 capital loan.

At the product level, interest rate risk is considerable, in particular when it comes to interest-bearing savings and pension insurances. Technical provisions include an interest

reserve of EUR 12.5 (13.5) million, which can be used to cover the future interest rate requirement.
While interest rates rose throughout most of 2023, the end of the year saw a marked decline in medium and long-term rates in particular: euro swap rates with a maturity of 1 year or more fell by an average of 87 basis points in the final quarter. Calculated for the full year, however, the decline was not quite as large, amounting to a decline of about 36 basis points. The overall effect on the balance sheet was thus still positive for the year, both from a Solvency II and IFRS point of view.

Credit spread risk

The size of the credit spread risk depends on the prospects for the counterparty, the instrument's seniority, and whether or not the investment has collateral. With regard to contracts with an active market (as for most investment instruments), the market is constantly valuing the risk, making credit spread a component of the instrument's market price, and is thus usually regarded as a part of the market risk.
Fixed income investments still dominated the company's portfolio, but the decrease has been significant during the year, which is due to the fact that the portfolio decreases in line with the technical provisions, and that divestments for liquidity needs mainly have been made in the fixed income portfolio. In particular, the share of money market instruments has decreased, and now amounted to EUR 25.8 (55.3) million. Fixed income investments amounted to EUR 342.5 (383.0) million, constituting 68% (78%) of the portfolio. The share of fixed income funds remains significant and the direct fixed income investments amounted to EUR 252.2 (281.5) million at the end of the year.

Rating distribution (excluding investments in fixed income funds, real estate, equity and alternative means):

EUR million	31 December 2023 252	31 December 2022 281
Aaa	3.8%	5.8%
Aa1–Aa3	27.3%	26.4%
A1–A3	15.7%	13.3%
Baa1–Baa3	23.3%	22.2%
Ba1–Ba3	0.0%	0.0%
Alandia Capital loan	23.2%	20.4%
Other, no rating	6.7%	11.9%
Total	**100.0%**	**100.0%**

The credit risk has increased despite the decline in fixed income investments both in absolute terms and in relation to the entire portfolio. This is mainly due to the fact that the lower interest rates increase the value of fixed income investments, thereby increasing their credit risk. At year-end, the total credit risk amounted to EUR 18.2 (18.4) million within the Solvency Capital Requirement and to EUR 23.0 (20.2) within the internal model. The comparative figure on 31 December 2022 is calculated using the model parameters calibrated for 2023.

Equity risk

Equity risk occurs if share prices and market prices of comparable holdings fall. Listed shareholdings in the portfolio decreased to EUR 10.1 (12.8) million during the year. All listed share holdings are in the form of investment funds. Holdings in private equity funds decreased to EUR 27.1 (28.7) million due to divestments. These also include Pohjantähti Mutual Insurance Company guarantee capital holdings, as well as infrastructure funds.
Most of the equity risk, however, arises from investment-linked insurance policies. This portfolio has increased by more than EUR 130 million to EUR 1,135.5 million during the year, and is for the most part exposed to equity risk. Despite the company only bearing a very small part of the risk, the large volume makes this part of the risk significant.
Furthermore, the parameter for the countercyclical equity buffer of the SCR calculation increased by almost 4.5% during the year. At year-end, the equity risk amounted to EUR 24.1 (19.0) million within the Solvency Capital Requirement and to EUR 35.2 (32.2) within the internal model. The comparative figure on 31 December 2022 is calculated using the model parameters calibrated for 2023.

Real estate risk

Real estate risk arises when the prices on the real estate market or rent levels fall and thus provide lower returns on real estate investments.
The company's real estate risk arises through investments in indirect real estate instruments, such as unlisted real estate funds and shares in real estate companies, or in direct real estate. At year-end, the total real estate investments amounted to EUR 91.9 (72.7) million. The increase is partly due to the call for capital in the Espoon Erica new build, but mostly due to the lower loan-to-value ratio in the real estate portfolio as the loan share in Asunto Oy Helsingin Tuulensuoja and Kiinteistö Oy Helsingin Gigahertsi has been repaid. The risk has remained unchanged, but the net value of the investments has increased.
The real estate risk applies the same model for the Solvency Capital Requirement and the internal capital requirement, and amounted to EUR 25.9 (25.6) million at year-end.

Currency risk

Currency risk occurs due to changes in exchange rates against one another, especially due to changes in foreign currencies against the euro, as the company and the Group report in euros. The technical provisions consist entirely of liabilities in euros, and currency risk is taken only for investment purposes.
The currency risk of the company relates to holdings in funds that invest in fixed income securities or equities,

where the underlying investments are issued in other currencies. This risk is present in the interest-linked portfolio and in the investment-linked insurance portfolios. At year-end, the currency risk amounted to EUR 17.0 (12.4) million within the Solvency Capital Requirement and to EUR 22.2 (20.1) million within the internal model. The comparative figure on 31 December 2022 is calculated using the model parameters calibrated for 2023.

Managing insurance risks

The insurance risk may be divided into risks arising from the selection of exposures (underwriting risk) and risks arising from the adequacy of the technical provisions. The latter are generally referred to as actuarial risks. Insurance risk thus refers to the risk that the claims paid out to policy holders and other costs associated with technical provisions exceed the calculated claims, while the expected income is lower than anticipated. Underwriting risk is caused by losses due to, for example, incorrect pricing, risk concentrations, inadequate reinsurance or an unexpectedly high frequency of claims.

The company's product offering includes life and health insurance, voluntary pension insurances, savings and investment insurances and capitalisation agreements. Due to the regulations of the Insurance Contracts Act, the company is very limited in its ability to influence premiums, and terms and conditions for old policies that are still in effect. Premium adequacy is followed up annually. For new policies, the company is free to set the premium levels itself. This is decided by the Board of Directors, at the proposal of the head actuary. Reinsurance is used to limit compensation liabilities on the company's own account so that the company's solvency capital is adequate, and the profit level does not fluctuate too much. In the Group's capital and risk management process, and in the company's Board of Directors, limits have been set for the risks that the company can bear itself without mitigating the risk by using reinsurance.

The principal risks associated with risk insurance are biometric risks connected to mortality, compensation for healthcare costs, long-term inability to work and daily compensation in the event of illness. The most important methods used to manage risk associated with risk insurance are risk selection, tariff classification, re-insuring of risks and the monitoring of compensation costs. With respect to health insurance, the company can increase policy premiums, within certain limits, to cover the increasing compensation paid out in the event of ill health.

In the solvency calculation, the company applies the standard formula of the regulatory framework for the calculation of the Solvency Capital Requirement and its sub-risks. A large part of the actuarial risks according to that calculation relate to life insurance obligations, as they are often long-term by nature. At year-end, the total solvency actuarial risks of the life insurance obligations amounted to EUR 58.5 (45.8) million, with the mass cancellation risk being the most significant single actuarial sub-risk. At year-end, the corresponding actuarial risks for sickness obligations amounted to EUR 1.5 (1.9) million.

Managing operational risks

Operational risks refer to risk of loss arising from unclear or incomplete instructions, activities carried out against instructions, unreliable information, deficient systems or actions taken by staff members. The losses incurred due to these risks may be direct or indirect, financial losses or ones that tarnish the corporate image to the extent that the Group's credibility on the market suffers.

The Group's policy on managing operational risks has been established by the Board of Directors. According to the policy, regular risk assessments shall be conducted in the Group functions, including outsourced functions. The risk assessment concludes with a probability and consequence evaluation, after which the competent decision-making body decides on how to manage the risks. In addition to regular risk assessments, adequate instructions are prepared as a preventive measure in order to reduce operational risks in central and high risk areas. The instructions shall cover (among other things) legal risks, personnel risks and principles for continuity planning.

Incidents with considerable economic, operational, reputational or other negative consequences, including close calls, are registered and reported, and failures in e.g. processes, systems, know-how or internal checks that caused the incident are dealt with systematically.

The aim is also a rapid and proactive management of any customer impact. The Group's risk control unit analyses incident information systematically and develops action plans for mitigation measures at a process or Group level. The risk control unit is also responsible for regular reporting to the Board of Directors.

The responsibility for managing the operational risks is carried by the business areas and the line organisation. Risk management includes continual development of the quality of the internal processes and the internal control within the whole organisation. The management of each business area is responsible for ensuring that the processes and procedures are adapted to the goals established by the Group Executive Committee, and that the instructions are sufficient. Where necessary, process descriptions are drawn up.

Each manager is responsible for full compliance with the instructions within the area managed. The internal audit analyses the processes at regular intervals and evaluates the reliability of the units' internal controls. The internal audit reports directly to the Board of Directors.

In addition to the preventive work aimed at avoiding operational risks, efforts are also made within the Group to maintain adequate insurance cover for damage that occurs, for instance, as a result of irregularities, hacking and other criminal activities.

Managing legal risks

Legal risk refers to risk of loss due to an invalid contract or incomplete documentation and the risk of sanctions and loss of goodwill due to non-compliance with laws or official regulations. The Group seeks to manage the risk of inadequate contract documentation by basing its contractual relationships within the day-to-day activities upon standard terms drawn up for banking and insurance activities. When finalising non-standard contracts, branch offices and business units must consult the Group's legal services. Where necessary, external experts are consulted. The Group has special expert resources allocated to supporting compliance within the Group, especially when providing investment services.

Notes to the income statement

Life insurance premiums written	31 December 2023		31 December 2022	
Direct insurance				
From Finland		149,903,163.70		142,189,114.68
Premiums written before reinsurers' share		149,903,163.70		142,189,114.68
Life insurance premiums written and claims paid				
Direct insurance premiums written before credit losses and reinsurers' share				
Life insurance				
Unit-linked individual life insurance	86,039,962.85		60,952,100.23	
Other individual life insurance	17,882,978.18		16,181,657.54	
Other capitalisation agreement	23,157,716.30		42,221,179.55	
Employees' group life insurance	959,423.48		1,069,964.20	
Other group life insurance	7,967,334.60	**136,007,415.41**	8,372,069.89	**128,796,971.41**
Pension insurance				
Unit-linked individual pension insurance	4,169,419.19		4,498,482.86	
Other individual pension insurance	1,667,819.88		1,965,258.25	
Unit-linked group pension insurance	5,850,901.58		4,604,146.65	
Other group pension insurance	2,207,607.65	**13,895,748.30**	2,324,255.51	**13,392,143.27**
Total		**149,903,163.71**		**142,189,114.68**
Regular premiums	75,786,163.71		82,825,114.68	
Single premiums	74,117,000.00	**149,903,163.71**	59,364,000.00	**142,189,114.68**
Premiums from contracts entitled to bonuses	30,685,163.78		29,913,205.39	
Premiums from unit-linked insurance	119,217,999.92	**149,903,163.70**	112,275,909.29	**142,189,114.68**
Claims paid before reinsurers' share				
Direct insurance				
Life insurance	87,049,478.47		79,371,059.89	
Pension insurance	35,209,784.29	**122,259,262.76**	37,632,524.79	**117,003,584.68**
Of which:				
Surrenders	50,972,763.23		44,105,879.83	
Repayment of savings	1,541,750.79		2,585,346.41	
Other	69,744,748.74	**122,259,262.76**	70,312,358.44	**117,003,584.68**
Share of unit-linked insurance of claims paid		**71,684,507.28**		**65,788,155.08**
Life insurance additional benefits				
Result including rebates and discounts		10,658,879.63		-6,660,420.46
Result excluding rebates and discounts		12,774,777.63		-4,575,970.46
Impact of rebates and discounts on the result		**-2,115,898.00**		**-2,084,450.00**
Itemisation of net income from investments				
Income from investments				
Income from investments in Group companies				
Interest income		**674,920.47**		**50,899.20**
Income from real estate investments				
Other income		**3,645,573.11**		**3,203,699.61**
Other income, in Group companies		**1,028,890.84**		**946,301.33**
Income from other investments				
Dividend income	117,405.00		117,405.00	
Interest income	9,221,746.02		7,893,480.71	
Other income	2,184,319.21	**11,523,470.23**	2,786,226.40	**10,797,112.11**
Total		**16,872,854.65**		**14,998,012.25**
Impairments reversed		14,407,280.12		225,883.91
Sales profits		6,693,237.24		17,753,588.99
Total		**37,973,372.01**		**32,977,485.15**

Expenses from investments	31 December 2023	31 December 2022
Expenses from real estate investments	3,321,497.90	2,379,986.30
Expenses from other investments	944,349.73	933,105.50
Interest paid and other expenses from liabilities	4,525,124.12	1,773,758.38
Total	**8,790,971.75**	**5,086,850.18**
Impairments	3,864,611.60	41,201,476.64
Realised losses	611,734.38	13,963,304.90
Total	**13,267,317.73**	**60,251,631.72**
Net income from investments before revaluations and revaluation adjustments	**24,706,054.28**	**-27,274,146.57**
Revaluations	87,044,848.34	22,956.60
Revaluation adjustments on investments	-387,246.65	-166,676,080.67
Net income from investments before unrealised value changes in investments	**111,363,655.97**	**-193,927,270.64**
Net income from investments in the income statement	**111,363,655.97**	**-193,927,270.64**
Net income from unit-linked insurance investments		
Income from investments	8,605,861.09	1,604,156.55
Expenses from investments	-442,843.53	-19,917,895.32
Net income from investments before unrealised value changes in investments	**8,163,017.56**	**-18,313,738.77**
Unrealised increases in value of investments	87,044,848.34	22,956.60
Unrealised decreases in value of investments	-387,246.65	-166,676,080.67
Net income from investments in the income statement	**94,820,619.25**	**-184,966,862.84**
'Operating expenses' in the income statement		
Insurance policy acquisition costs		
Commissions for direct insurance	2,668,595.06	1,869,662.39
Other insurance policy acquisition costs	1,228,403.83	1,102,962.54
	3,896,998.89	**2,972,624.93**
Insurance policy management expenses	8,085,341.88	8,288,405.86
Administrative expenses	6,029,477.22	6,109,166.49
Total	**18,011,817.99**	**17,370,197.28**
Total operating expenses by function		
Claims paid	2,162,004.14	2,117,217.73
Operating expenses	18,011,817.99	17,370,197.28
Expenses from investments	868,208.56	875,058.06
Total	21,042,030.69	**20,362,473.07**
Notes concerning personnel and members of administrative bodies		
Staff costs		
Salaries and remunerations	4,488,899.57	4,454,096.84
Pension expenses	848,419.77	775,326.63
Other personnel expenses	206,992.43	222,657.60
Total	**5,544,311.77**	**5,452,081.07**
Salaries and remunerations of the Board of Directors, the Managing Director and the Deputy Managing Director		
Salaries and remunerations	**327,367**	**346,554**
The average number of personnel		
Average number of personnel during the financial year	**69**	**71**

Managements' pension commitments and monetary loans

The Deputy Managing Director is included in the company's supplementary pension cover, in which the pension accrued is 0.2% higher than in the statutory pension cover.

The company has not granted monetary loans to Board members, the Managing Director or the Deputy Managing Director.

Notes on auditor's fees

KPMG Oy Ab, firm of authorised public accountants

auditing	48,822.86	46,104.90
tax advice	822.82	2,587.50
Total	**49,645.68**	**48,692.40**

Notes to the balance sheet

Fair value of investments and difference in valuation

31 December 2023	Remaining acquisition cost	Book value	Fair value
Real estate investments			
Real estate shares in Group companies	13,258,568.27	13,258,568.27	18,950,000.00
Real estate shares in participating interest companies	40,316,490.41	40,316,490.41	44,331,916.67
Other real estate shares	9,405,180.00	9,405,180.00	9,405,180.00
Investments in Group companies			
Financial market instruments	0.00	0.00	0.00
Other investments			
Shares and participations	137,715,831.52	137,715,831.52	146,761,070.13
Financial market instruments	207,886,021.16	200,647,908.95	191,118,300.66
Other loans receivable, capital loans receivable from Alandia due between 2035 and 2055.	60,000,000.00	60,000,000.00	57,769,000.00
	468,582,091.36	**461,343,979.15**	**468,335,467.46**
In the remaining acquisition cost for financial market instruments, the difference between the nominal value and the acquisition cost is included, periodised as interest income or as a decrease in these.	**-7,238,112.21**		
Difference in valuation (difference between fair value and book value)			**6,991,488.31**

Changes in real estate investments

31 December 2023	Real estate and shares in real estate	Loans to Group companies	Loans to participating interest companies
Acquisition cost on 1 Jan.	38,881,570.32	0.00	
Increase	28,298,359.40	5,164,941.92	
Decrease	-5,164,941.92	-267,652.10	
Acquisition cost on 31 Dec.	**62,014,987.80**	**4,897,289.82**	
Accumulated depreciation on 31 Dec.			
Impairments on 1 Jan.	-1,218,705.61		
Impairments related to deductions and transfers			
Impairments during the financial year	-2,713,333.33		
Impairments reversed			
Impairments on 31 Dec.	**-3,932,038.94**		
Revaluations on 31 Dec.			
Book value on 31 Dec.	**58,082,948.86**	**4,897,289.82**	

Investments covering unit-linked insurances

31 December 2023	Original acquisition cost	Fair value = book value
Shares and participations	926,542,740.38	1,132,350,158.68
Cash and bank	1,240,539.40	1,240,539.40
Total	**927,783,279.78**	**1,133,590,698.08**
Investments acquired in advance (-)	-521,755.08	-521,755.08
Investments corresponding to the technical provisions for unit-linked insurance	**927,261,524.70**	**1,133,068,943.00**
Shares and participations include the parent company's shares	0.00	0.00

Changes in intangible and tangible assets

31 December 2023	Immaterial rights and long-term expenditures	Machinery and equipment	Other tangible assets	Total
Acquisition cost on 1 Jan.	6,412,754.49	144,358.56	8,197.40	6,565,310.45
Increase	152,379.38			152,379.38
Decrease				
Acquisition cost on 31 Dec.	**6,565,133.87**	**144,358.56**	**8,197.40**	**6,717,689.83**
Accumulated depreciation on 1 Jan.	-6,412,754.49	-9,995.92	0.00	-6,422,750.41
Depreciation during the financial year	-17,937.16	-28,871.76		-46,808.92
Accumulated depreciation on 31 Dec.	**-6,430,691.65**	**-38,867.68**	**0.00**	**-6,469,559.33**
Book value on 31 Dec.	**134,442.22**	**105,490.88**	**8,197.40**	**248,130.50**

Fair value of investments and difference in valuation

Investments 31 December 2022	Remaining acquisition cost	Book value	Fair value
Real estate investments			
Real estate shares in group companies	13,526,220.37	13,526,220.37	18,600,000.00
Real estate shares in participating interest companies	21,453,464.34	21,453,464.34	27,413,240.60
Other real estate shares	2,683,180.00	2,683,180.00	2,683,180.00
Investments in group companies			
Financial market instruments	14,843,108.35	14,843,108.35	14,843,443.98
Other investments			
Shares and participations	158,150,858.35	158,150,858.35	167,003,903.74
Financial market instruments	231,148,795.07	224,751,635.82	206,794,576.43
Other loans receivable, capital loans receivable from Alandia due between 2035 and 2055.	60,000,000.00	60,000,000.00	56,726,000.00
	501,805,626.48	**495,408,467.23**	**494,064,344.75**
In the remaining acquisition cost for financial market instruments, the difference between the nominal value and the acquisition cost is included, periodised as interest income or as a decrease in these.	**-6,454,891.99**		
Difference in valuation (difference between fair value and book value)			**-1,344,122.48**

Changes in real estate investments

31 December 2022	Real estate and shares in real estate	Loans to Group companies	Loans to participating interest companies
Acquisition cost on 1 Jan.	40,734,533.18		
Increase	2,280,000.00		
Decrease	-4,132,962.86		
Acquisition cost on 31 Dec.	**38,881,570.32**		
Accumulated depreciation on 31 Dec.	0.00		
Impairments on 1 Jan.	-205,372.28		
Impairments related to deductions and transfers			
Impairments during the financial year	-1,013,333.33		
Impairments reversed			
Impairments on 31 Dec.	**-1,218,705.61**		
Revaluations on 31 Dec.	0.00		
Book value on 31 Dec.	**37,662,864.71**		

Investments covering unit-linked insurances

31 December 2022	Original acquisition cost	Fair value = book value
Shares and participations	876,626,569.67	1,001,413,465.34
Cash and bank	181,602.94	181,602.94
Total	876,808,172.61	1,001,595,068.28
Investments acquired in advance (-)	204,330.72	204,330.72
Investments corresponding to the technical provisions for unit-linked insurance	**877,012,503.33**	**1,001,799,399.00**
Shares and participations include the parent company's shares	0.00	0.00

Changes in intangible and tangible assets

31 December 2022	Immaterial rights and long-term expenditures	Machinery and equipment	Other tangible assets	Total
Acquisition cost on 1 Jan.	6,412,754.49	0.00	8,197.40	6,420,951.89
Increase		144,358.56		144,358.56
Decrease				0.00
Acquisition cost on 31 Dec.	**6,412,754.49**	**144,358.56**	**8,197.40**	**6,565,310.45**
Accumulated depreciation on 1 Jan.	-6,402,085.35	0.00	0.00	-6,402,085.35
Depreciation during the financial year	-10,669.14	-9,995.92		-20,665.06
Accumulated depreciation on 31 Dec.	**-6,412,754.49**	**-9,995.92**	**0.00**	**-6,422,750.41**
Book value on 31 Dec.	**0.00**	**134,362.64**	**8,197.40**	**142,560.04**

Shares and participations

31 December 2023	Country	Book value EUR	Fair value EUR
Other investments			
Investment funds			
Aktia America A	Finland	3,743,474.81	3,743,474.81
Investment basket Aktia Residential Plus	Finland	1,824,330.48	1,824,330.48
Aktia Capital A	Finland	500,000.00	530,897.04
Aktia EM Local Currency Bond R	Luxembourg	5,000,000.00	5,034,740.09
Aktia EM Local Currency Frontier Bond+, C	Finland	20,254,082.08	20,946,736.51
Aktia Emerging Market Bond+, C	Finland	3,973,122.17	3,973,122.17
Aktia Emerging Market Corporate Bond+, C	Finland	4,163,680.05	4,163,680.05
Aktia Europe A	Finland	1,451,759.10	1,451,759.10
Aktia European High Yield Bond+, C	Finland	14,148,811.98	14,148,811.98
Aktia Short-Term Corporate Bond D	Finland	5,000,000.00	5,011,139.80
Aktia Opportunistic Credit I	Finland	7,978,425.21	9,108,988.76
Aktia Sustainable Corp Bond IX	Luxembourg	8,974,286.56	9,472,808.20
Aktia Sustainable Corp Bond R Eur	Luxembourg	1,000,000.00	1,061,000.00
Aktia Commercial Properties I	Finland	7,319,869.82	7,693,376.45
Investment basket Aktia Toimitilat	Finland	4,103,460.44	4,103,460.44
Aktia Trade Finance, C	Finland	1,695,707.20	1,695,707.20
Aktia Stable Yield	Finland	15,513,500.02	15,801,991.86
Barings European Loan Fund	Ireland	8,648,609.24	8,648,609.24
Capman Hotels Real Estate Ky	Finland	3,544,335.90	5,543,712.00
HL Large Buyout Club Fund II SA RAIF	Luxembourg	6,660,408.14	9,898,408.06
Pohjantähti Pääomaosuus	Finland	2,609,000.00	2,609,000.00
Power Fund 2 Ky	Finland	629,814.63	781,912.00
Storebrand Emerging Markets A	Sweden	600,000.00	622,893.80
Storebrand Global All Countries A	Sweden	2,743,175.94	3,172,894.60
Storebrand Japan A	Sweden	500,000.00	581,637.74
Taaleri Aurinkotuuli II	Finland	4,559,098.11	4,559,098.11
Total		**137,138,952**	**146,184,190**
Other shares and participations		**576,880**	**576,880**
Total shares and participations in other investments 31 December 2023		**137,715,832**	**146,761,070**
Investments that cover unit-linked insurances			
Unit-linked funds			
Aktia America B	Finland	11,091,180.09	11,091,180.09
Aktia Aurinkotuuli III Sijoittajat 100 Ky:n voitonjakolaina	Finland	721,663.70	721,663.70
Aktia Capital B	Finland	38,475,303.57	38,475,303.57
Aktia Capital X	Finland	2,028,112.37	2,028,112.37
Aktia Corporate Bond+ B	Finland	2,648,823.05	2,648,823.05
Aktia Corporate Bond+ X	Finland	5,220,096.36	5,220,096.36
Aktia Emerging Market Bond+ X	Finland	2,532,064.91	2,532,064.91
Aktia Emerging Market Equity Select B	Finland	3,876,630.03	3,876,630.03
Aktia Emerging Market Local Curr Bond+ B	Finland	1,145,149.88	1,145,149.88
Aktia Emerging Market Local Curr Bond+ X	Finland	3,160,348.98	3,160,348.98
Aktia Emerging Market Local Curr Frontier Bond+ B	Finland	677,182.16	677,182.16
Aktia Emerging Market Local Curr Frontier Bond+ X	Finland	1,611,950.87	1,611,950.87
Aktia Europe B	Finland	24,241,120.88	24,241,120.88
Aktia Europe Small Cap B	Finland	1,091,327.69	1,091,327.69
Aktia European High Yield Bond+ B	Finland	730,887.22	730,887.22
Aktia European High Yield Bond+ X	Finland	4,797,221.33	4,797,221.33
Aktia Global B	Finland	27,801,519.75	27,801,519.75
Aktia Bond Allocation B	Finland	9,260,338.89	9,260,338.89
Aktia Bond Allocation X	Finland	1,818,176.16	1,818,176.16
Aktia Short-Term Corporate Bond+ B	Finland	2,829,312.58	2,829,312.58
Aktia Short-Term Corporate Bond+ D	Finland	1,523,798.99	1,523,798.99
Aktia Short-Term Corporate Bond+ X	Finland	5,902,699.03	5,902,699.03
Aktia Nordic B	Finland	19,905,367.69	19,905,367.69

Investments that cover unit-linked insurances (continues)

Aktia Nordic Micro Cap B	Finland	2,130,832.44	2,130,832.44
Aktia Nordic Micro Cap X	Finland	552,630.02	552,630.02
Aktia Nordic Small Cap B	Finland	4,376,360.93	4,376,360.93
Aktia Nordic X	Finland	1,322,692.28	1,322,692.28
Aktia Equity Allocation B	Finland	7,740,087.70	7,740,087.70
Aktia Passive Europe IX (Storebrand)	Finland	1,746,550.75	1,746,550.75
Aktia Passive Japan IX (Storebrand)	Finland	1,676,742.53	1,676,742.53
Aktia Passive Emerging Markets IX (Storebrand)	Finland	1,088,701.51	1,088,701.51
Aktia Passive USA IX (Storebrand)	Finland	4,926,315.97	4,926,315.97
Aktia Secura B	Finland	27,415,972.96	27,415,972.96
Aktia Secura F	Finland	910,860.30	910,860.30
Aktia Solida B	Finland	25,346,485.44	25,346,485.44
Aktia Sustainable Government Bond B	Finland	897,339.12	897,339.12
Aktia Sustainable Government Bond X	Finland	2,014,241.43	2,014,241.43
Aktia Wealth Allocation 25 B	Finland	6,120,736.30	6,120,736.30
Aktia Wealth Allocation 50 B	Finland	14,157,038.33	14,157,038.33
Aktia Wealth Allocation 75 B	Finland	10,288,708.33	10,288,708.33
Allianz Europe Equity Growth RT EUR	Luxembourg	3,555,607.27	3,555,607.27
BNP Paribas Funds China Equity	Luxembourg	1,171,057.22	1,171,057.22
BNP Paribas Funds India Equity	Finland	1,717,297.53	1,717,297.53
BNP Paribas Funds Latin America Equity	Finland	1,922,157.33	1,922,157.33
BNP Paribas Funds Sustainable Asia ex-Japan Equity	Luxembourg	944,795.99	944,795.99
Carnegie Asia	Sweden	978,345.63	978,345.63
Carnegie Indienfond	Sweden	850,738.17	850,738.17
CASH	Finland	1,240,539.40	1,240,539.40
DOORDASH INC - A	United States	1,164,571.07	1,164,571.07
DWS Invest ESG European Small/Mid Cap IC	Luxembourg	1,372,771.08	1,372,771.08
ISHARES CORE EM IMI ACC	Ireland	615,397.57	615,397.57
iShares S&P 500 - B UCITS ETF	Ireland	1,924,675.56	1,924,675.56
LYXOR CORE EURSTX 600 DR	Luxembourg	1,077,747.10	1,077,747.10
LYXOR CORE MSCI JAPAN DR	Luxembourg	551,445.50	551,445.50
Neuberger Berman European High Yield Bond Y Acc	Ireland	2,037,548.22	2,037,548.22
Nordea Bank Abp	Finland	559,481.41	559,481.41
PineBridge Asia ex Japan Small Cap Eq R1	Ireland	897,514.70	897,514.70
POP Sijoituskori 1	Finland	918,799.87	918,799.87
POP Sijoituskori 2	Finland	23,745,535.69	23,745,535.69
POP Sijoituskori 3	Finland	27,930,449.42	27,930,449.42
POP Sijoituskori 4	Finland	9,178,041.34	9,178,041.34
POP Sijoituskori 5	Finland	3,421,010.57	3,421,010.57
Sampo Oyj A	Finland	536,200.57	536,200.57
Schroder ISF Emerging Asia IZ Acc EUR	Luxembourg	968,953.11	968,953.11
Sijoituskori 1	Finland	11,370,612.59	11,370,612.59
Sijoituskori 2	Finland	106,393,142.03	106,393,142.03
Sijoituskori 3	Finland	95,231,493.47	95,231,493.47
Sijoituskori 4	Finland	35,562,688.76	35,562,688.76
Sijoituskori 5	Finland	11,683,302.94	11,683,302.94
Sijoituskori Salkku Maltillinen	Finland	94,252,178.91	94,252,178.91
Sijoituskori Salkku Rohkea	Finland	1,975,233.25	1,975,233.25
Sijoituskori Salkku Tasapainoinen	Finland	284,920,775.38	284,920,775.38
Sijoituskori Salkku Tuottohakuinen	Finland	90,446,078.53	90,446,078.53
Sijoituskori Salkku Varovainen	Finland	1,585,997.57	1,585,997.57
Swedbank Robur Asienfond A	Sweden	1,229,955.78	1,229,955.78
Swedbank Robur Technology A	Sweden	3,763,283.81	3,763,283.81
UI I-Montrusco Bolton US Equity Fund	Luxembourg	3,227,705.38	3,227,705.38
UPM-Kymmene Oyj	Finland	570,947.78	570,947.78
Total		**1,117,296,650.02**	**1,117,296,650.02**
Other unit-linked investments		**16,294,048**	**16,294,048**
Total investments that cover unit-linked insurances		**1,133,590,698**	**1,133,590,698**

Holdings of more than EUR 0.5 million (fair value) have been specified.

Holdings in Group companies and participating interest companies

31 December 2023	Registered office	Ownership interest	Equity, EUR	Profit, EUR
Group companies				
Keskinäinen Kiinteistö Oy Areenakatu	Turku	100%	1,763,055.12	0.00
Keskinäinen Kiinteistö Oy Tikkurilantie 141	Turku	100%	185,329.06	0.00
Participating interest companies				
Asunto Oy Helsingin Tuulensuoja	Helsinki	50.00%	23,786,775.45	0.00
Kiinteistö Oy Helsingin Gigahertsi	Helsinki	33.33%	46,700,085.59	29.47
Kiinteistö Oy Lempäälän Rajamäentie	Turku	49.95%	2,513,634.31	0.00
Kiinteistö Oy Skanssinkatu	Turku	49.95%	3,387,507.41	0.00

Notes to the balance sheet

	31 December 2023	31 December 2022
Intra-group receivables and liabilities		
Intra-group receivables		
Other receivables	**1,392,477.77**	**1,540,951.90**
Intra-group liabilities		
Other liabilities	**252,957.27**	**227,955.61**
Itemisation of other prepayments and accrued income		
Prepaid pensions	1,852,135.14	1,876,403.83
Periodised purchase invoices	466,641.61	160,237.83
VAT receivable	210,195.00	55,465.89
Receivables from sold unit-linked participations	651,375.43	637,437.19
Other prepayments and accrued income	1,150,360.89	756,480.66
	4,330,708.07	**3,486,025.40**
Changes in shareholders' equity		
Share capital		
Share capital on 1 Jan.	21,751,412.40	21,751,412.40
31 Dec.	**21,751,412.40**	**21,751,412.40**
Share premium reserve		
Share premium reserve on 1 Jan.	1,473,369.70	1,473,369.70
Share premium reserve on 31 Dec.	**1,473,369.70**	**1,473,369.70**
Other shareholders' equity		
Security reserve 1 Jan.	8,989,141.28	8,989,141.28
31 Dec.	**8,989,141.28**	**8,989,141.28**
Retained earnings on 1 Jan.	53,032,177.52	94,692,597.98
Dividend paid	-6,325,128.00	-35,000,000.00
Profit for the financial year	10,658,879.63	-6,660,420.46
31 Dec.	**57,365,929.15**	**53,032,177.52**
Total shareholders' equity on 31 Dec.	**89,579,852.53**	**85,246,100.90**
Distributable earnings		
Account of distributable earnings		
Profit for the financial year	10,658,879.63	-6,660,420.46
+ Other unrestricted equity		
Retained earnings from previous years	46,707,049.52	59,692,597.98
Security reserve	8,989,141.28	8,989,141.28
Total distributable earnings	**66,355,070.43**	**62,021,318.80**
Technical provisions		
In the calculation of technical provisions, unamortised acquisition costs (Zillmerisation) have not been deducted		
Technical provisions for unit-linked insurance		
Provision for unearned premiums	1,123,481,059.00	993,988,879.00
Provision for outstanding claims	9,587,884.00	7,810,520.00
Total	**1,133,068,943.00**	**1,001,799,399.00**
Itemisation of accruals and deferred income		
Advance premiums from various lines of insurance	775,775.74	1,183,580.60
Trade creditors	615,037.36	132,737.29
Unpaid holiday pay	515,417.29	553,335.49
Withholding tax liabilities	1,115,272.75	974,311.24
Tax liabilities	400,304.66	1,968,340.68
Commission liabilities Liv-Alandia	1,000,000.00	1,000,000.00
Interest liabilities from capital loans	165,245.90	165,698.63
Other accruals and deferred income	974,099.49	718,481.65
	5,561,153.19	**6,696,485.58**
Collateral and contingent liabilities		
Investment commitments		
Commitments to invest in venture capital companies and real estate funds	**10,727,005.19**	**17,312,391.55**
Rental liabilities	**767,408.88**	**189,616.68**
Joint liability for the outstanding VAT of a group of companies pursuant to Article 13 a of the Value Added Tax Act	**0.00**	**0.00**
Derivative contracts		
Non-hedging		
Interest rate derivatives, Interest rate swaps		
Nominal value	**949,000,000.00**	**642,000,000.00**

Fair value	**-13,211,983.76**	**-23,795,034.00**

The negative fair value of derivative contracts has been recognised as an expense in the income statement.

Capital loans raised 26 November 2021

ISIN	Loan capital	Maturity	Interest rate
FI4000513692	56000000	10 years	3.0%

Creditor: Multiple

Principal loan terms:

The loan reaches maturity on 26 November 2031. The loan can be repaid at the earliest on 26 November 2026, and subsequently, on any interest payment date until the loan reaches maturity, if the debtor fulfils the requirements for repayment laid down by law.

The interest rate of the loan is 3.0% until the first repayment date. If the loan is not repaid on the first repayment date, the interest rate is revised and determined on the basis of the current 6-month Euribor plus a margin of 3.138%.

The capital and interest may only be paid to the extent that the sum of the company's unrestricted equity and all capital loans at the time of payment exceeds the number of losses reported on the balance sheet for the last complete financial year, or the balance sheet of a newer financial statement. If the interest on a capital loan cannot be paid, the payment is postponed to be paid after the first financial statement on the basis of which interest payment can be made.

The loan is unsecured.

The loan is administered by Euroclear Finland Oy.

Summary of key figures

EUR million	2023	2022	2021	2020	2019
Premium income (before reinsurers' share)	149.9	142.2	152.7	106.2	118.6
Operating expenses before change in capitalised insurance acquisition costs (+)	18.0	17.4	16.7	13.3	11.0
Claims handling expenses (+)	2.2	2.1	1.6	1.3	1.1
Expense loadings	18.1	18.1	18.5	16.6	16.4
Expense ratio of expense loadings	111.3%	108.0%	98.9%	88.0%	73.9%
Expense ratio of total assets	1.8%	1.3%	1.0%	1.0%	0.9%
Operating profit (+) or loss (-)	12.3	-1.2	11.9	10.9	11.2
Change in off-balance sheet valuation differences, the fund at fair value and the revaluation reserve (+/-)	8.3	-50.6	-3.2	11.5	-1.3
Total result (+/-)	20.6	-51.8	8.8	22.4	9.9
Interest paid and other financial expenses (+)	-4.5	-1.8	-0.5	0.0	0.0
Technical interest rate expenses (+)	10.7	1.1	10.3	10.6	23.9
Return on total assets excl. unit-linked insurance (at fair value, +/-)	6.7%	-8.2%	3.0%	5.7%	6.1%
Investment return on capital employed (at fair value, +/-)	5.4%	-10.2%	1.3%	3.9%	3.9%
Equalisation provision	1.2	2.4	3.6	4.8	6.0
Average number of personnel during the financial year	69	71	68	66	65

Performance analysis, life insurance

EUR million	2023	2022	2021	2020	2019
Premium income	150.5	142.8	153.3	106.5	118.9
Income and expenses from investments as well as revaluations and adjustments thereof (+/-)	111.4	-193.9	138.5	89.1	144.6
Claims paid (-)	-122.0	-116.6	-99.6	-120.6	-138.0
Changes in technical provisions before additional benefits (customer benefits) and change in equalization provision (-/+)	-109.6	183.9	-163.6	-50.9	-103.2
Operating expenses (-)	-18.0	-17.4	-16.7	-13.3	-11.0
Other technical income and expenses (+/-)	0.0	0.0	0.0	0.0	0.0
Actuarially calculated result before additional benefits (customer benefits) and change in equalization provision (+/-)	**12.3**	**-1.2**	**11.9**	**10.9**	**11.2**
Operating profit (+) or loss (-)	**12.3**	**-1.2**	**11.9**	**10.9**	**11.2**
Change in equalization provision (+/-)	1.2	1.2	1.2	1.2	1.2
Additional benefits (customer benefits) (-)	-2.1	-2.1	-1.6	-1.3	-1.9
Profit (+) or loss (-) before appropriations and taxes	**11.4**	**-2.1**	**11.5**	**10.9**	**10.5**
Income taxes and other direct taxes (-/+)	-0.7	-4.5	-2.3	-2.2	-1.8
Profit (+) or loss (-) for the financial year	**10.7**	**-6.7**	**9.3**	**8.7**	**8.7**

Investment allocation at fair value

	Basic allocation				**Risk allocation[7]**					
	31 December 2023		**31 December 2022**		**31 December 2023**		**31 December 2022**	**31 December 2021**	**31 December 2020**	**31 December 2019**
	EUR million	%	EUR million	%	EUR million	%[9]				
Fixed-income investments	**387.7**	**75.0%**	**424.1**	**78.7%**	**375.6**	**74.4%**	**77.7%**	**81.1%**	**85.2%**	**86.2%**
Loan receivables[1]	58.4	11.3%	57.4	10.7%	58.4	11.6%	11.1%	11.4%	13.1%	0.0%
Bonds[1]	257.9	49.9%	269.8	50.1%	517.4	102.4%	57.9%	58.6%	62.8%	74.7%
Other financial market instruments and deposits[1, 2]	71.4	13.8%	96.9	18.0%	-200.2	-39.6%	8.7%	11.1%	9.3%	11.5%
Equity investments	**37.6**	**7.3%**	**41.9**	**7.8%**	**37.6**	**7.5%**	**8.1%**	**5.2%**	**2.0%**	**1.2%**
Listed equities and shares[3]	10.1	2.0%	12.8	2.4%	10.1	2.0%	2.5%	**1.3%**		
Private equity investments[4]	24.9	4.8%	26.5	4.9%	24.9	4.9%	5.1%	3.5%	2.0%	1.2%
Unlisted equities and shares	2.6	0.5%	2.6	0.5%	2.6	0.5%	0.5%	0.4%		
Real estate investments	91.9	**17.8%**	**72.7**	**13.5%**	**91.9**	**18.2%**	**14.1%**	**13.7%**	**12.9%**	**12.6%**
Direct real estate investments	72.7	14.1%	48.7	9.0%	72.7	14.4%	9.5%	7.3%	6.7%	7.8%
Real estate funds and joint investments	19.2	3.7%	24.0	4.5%	19.2	3.8%	4.7%	6.4%	6.2%	4.8%
Other investments										
Hedge fund investments[5]										
Commodity investments										
Other investments[6]										
Total investments	517.2	**100.0%**	**538.8**	**100.0%**	**505.1**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Effect of derivatives[8]	-12.2		-23.9							
Investments at fair value, total	505.1	**100.0%**	**514.8**	**100.0%**	**505.1**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The modified duration of bond investments 4.46

[1] Accrued interest included.
[2] Includes cash and bank and purchase money claims and purchase money obligations.
[3] Includes mixed funds if these cannot be reported under any other item.
[4] Includes fixed assets and mezzanine funds as well as infrastructure investments.
[5] Includes all types of hedge fund investments regardless of the strategy of the fund.
[6] Includes items that cannot be included in other investments classes.
[7] Risk allocation can be reported for the reference periods as the knowledge cumulates (not with retroactive effect).
If the numbers are reported for reference periods and the periods are not completely comparable, this must be mentioned.
[8] Includes derivatives' effect on the difference between risk and basic allocation. The effect of derivatives can be +/-.
After the difference correction, the total sum of the risk allocation tallies with the basic allocation.
[9] The ratio is calculated by using the total sum of the row "Investments at fair value, total" as divisor.

Net income from investments on capital employed

	Net income from investments at market value [8]	Capital employed[9]	Return-% on capital employed				
	31 December 2023 EUR million	31 December 2023 EUR million	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Fixed-income investments	**26.5**	**383.8**	**6.91%**	**-15.11%**	**-0.72%**	**4.73%**	**2.95%**
Loan receivables [1]	3.0	56.2	5.39%	-19.34%	-5.00%	52.79%	0.00%
Bonds	21.5	238.9	9.00%	-20.05%	-0.04%	1.08%	3.22%
Other financial market instruments and deposits [1),2)]	2.0	88.7	2.24%	-0.23%	0.16%	0.28%	0.14%
Equity investments	**2.6**	**36.4**	**7.27%**	**-4.86%**	**24.88%**	**-1.94%**	**-2.28%**
Listed equities and shares [3]	1.8	8.4	21.45%	-20.82%	22.89%		
Private equity investments [4]	0.7	25.5	2.90%	5.34%	26.62%	-1.94%	-2.28%
Unlisted equities and shares [5]							
Real estate investments	**-1.8**	**74.1**	**-2.39%**	**21.77%**	**10.70%**	**0.17%**	**14.01%**
Direct real estate investments	-2.5	53.1	-4.62%	2.94%	17.25%	-4.41%	19.98%
Real estate funds and joint investments	0.7	21.0	3.26%	57.49%	3.65%	7.07%	6.43%
Other investments							
Hedge fund investments [6]							
Commodity investments							
Other investments [7]							
Total investments	**27.4**	**494.3**	**5.54%**	**-10.03%**	**1.54%**	**4.07%**	**4.16%**
Unallocated income, costs and operating expenses	-0.9	494.3	-0.18%	-0.16%	-0.26%	-0.22%	-0.27%
Net income from investments at fair value	**26.5**	**494.3**	**5.36%**	**-10.19%**	**1.28%**	**3.85%**	**3.90%**

1) Accrued interest included.

2) Includes cash and bank and purchase money claims and purchase money obligations.

3) Includes mixed funds if these cannot be reported under any other item.

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

5) Includes unlisted real estate investment companies.

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

7) Includes items that cannot be included in other investments classes.

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

Cash flow refers to the difference between sales/income and purchases/expenses.

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

Rules and principles for calculating for calculating and reporting key figures

Net income from investments on capital employed (at fair value)

Net income from investments at fair value as compared to capital employed is calculated for each type of investment and for the entire investment portfolio, taking into account the cash flows time-weighted by day or month.

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

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

+/- operating profit and loss
+ interest paid and other financial expenses
+ technical interest rate expenses
+/- revaluation/reversal entered in the revaluation reserve
+/- change in investment valuation differences
––– x 100
+ balance sheet total
- provisions for unit-linked policies
+/- investment valuation differences

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

The average number of personnel during the financial year

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

Expense ratio of expense loadings

+ operating expenses before change in the capitalised insurance acquisition costs

+ claims handling expenses

––– x 100

expense loadings

Expense loadings refers to an item that, according to the basis of calculation, should cover the costs.
The operating expenses do not include the reinsurers' commissions. The total expense loadings include all payment items.

Expense ratio of total assets

+ operating expenses before change in capitalised insurance acquisition costs

+ claims handling expenses

––– x 100

balance sheet total

Balance sheet total refers to the balance sheet total of the opening balance sheet.

List of the company’s books of accounts, systems and registers 31 December 2023

Books of accounts	
General ledger	electronic
General journal	electronic
Balance sheet itemisation	electronic

Systems	
Accounting system (Sonet) voucher series	
General accounts	
15 Memo voucher	electronic
17 Aktistock memo	electronic
Purchase ledger	
20 Purchase invoice payment	electronic
Fixed assets and depreciation	
AT Fixed assets, depreciation	electronic
Insurance production systems, from which accounting transactions are automatically transferred to the general accounts	
Life insurance system (IISI) voucher series	
31 Returns group life insurance	paper
32 Returns individual life insurance	paper
33 Returns individual pension and group pension insurance	paper
51 Group pension insurance, death benefits	electronic
74 Death benefits	electronic
75 Health insurance compensation	electronic
76 Savings compensation	paper
85 Premium payment, life insurance	paper
92 Pension payment, individual pension insurance	electronic
Life Savings insurance system (LiSa) voucher series	
41 Surrenders	electronic
44 Compensation, death benefits	electronic
46 Compensation, savings insurance	electronic
47 Premium payment	electronic
94 Pension payment	electronic
28 Returns	electronic
29 Returns undo	electronic
Group pension insurance system (REV) voucher series	
39 Surrenders group pension insurance	electronic
93 Pension payment (group pension insurance)	paper
Commission system voucher series	
66 Management fees	paper
68 Subscription fees	paper
Other administrative systems, from which accounting transactions are automatically transferred to the general accounts	
Payment system (Nomentia) voucher series	
30 Bank account transactions	electronic
Electronic invoice management system (eOffice) voucher series	
82 Purchase invoices from eOffice, domestic	electronic
84 Travel and expense reporting eOffice	electronic
Salary application voucher series	
65 Salary payments	electronic
Investment system (Finance Kit) voucher series	
71 Investment system	electronic

Registers

Register for paid compensations for illness
Register for paid savings
Register for paid death benefits
Register for paid pensions

The Board’s proposal for payment of dividend

The distributable unrestricted equity of Aktia Life Insurance Ltd on 31 December 2023 amounted to EUR 66,355,070.43, including a profit of EUR 10,658,2879.63 for the financial period.

The Board of Directors proposes that the Annual General Meeting mandates the Board of Directors to decide whether a dividend of EUR 34 per share is paid for the financial year 2023.

Helsinki, 6 February 2024

Juha Hammarén
Chair

Outi Henriksson

Pekka Hietala

Anssi Huhta

Karri Varis

Riikka Luukko
CEO

A report has been issued today on the audit performed.

Helsinki, ___________ 2024

KPMG Oy Ab

Petter Westerback
CGR

Contact information

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Online services: www.aktia.fi
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Business ID: 0937006–7

Aktia Life Insurance Ltd is a wholly-owned subsidiary to Aktia

Bank Plc. The financial statement of Aktia Life Insurance Ltd is prepared in accordance with the Finnish accounting standards (FAS). In the financial statement of the Aktia Group, the profit of the life insurance business is consolidated in accordance with the IFRS accounting standards. Aktia's financial statement for the year 2023 is published on **www.aktia.com**.

Financial calendar

Aktia Group's Annual General Meeting.................................3 April 2024
Interim report January-March 2024.....................................30 April 2023
Half-year report January-June 2024..................................2 August 2024
Interim report January-September 2024..................6 November 2024