

Nordea



Annual Report 2018

Nordea Insurance Finland Ltd



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Nordea Insurance Finland Ltd is part of the Nordea Group. We build strong and close relationship through our engagement with customers and society. Whenever people strive to their goals and realise their dreams, we are there to provide relevant financial solutions. We are the largest bank in the Nordic region and among the ten largest financial

groups in Europe in terms of total market capitalisation with around 11 million customers, 31,500 employees and 600 branch office locations. The Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges.

Annual Report 2018

The first year of Nordea Insurance Finland Ltd

Nordea Insurance Finland Ltd is an insurance company, which provides insurance covers for unemployment and short-term disability for the loan-cover customers of Nordea Bank. These covers are offered as a part of the Nordea MyLife insurance covers and Nordea Bank is the sales channel. Nordea Insurance Finland has outsourced nearly all the main operating functions to the parent company Nordea Life Assurance Finland Ltd.

During its first year of operation the company has focused on developing its insurance products and operating processes together with Nordea Life Assurance Finland. The aim was to renew and simplify Nordea loan-cover customers' service experience by offering these insurance covers by a non-life insurance company, which specializes in offering these covers. A customer survey was used to find out if there was a need for and willingness by the customers to buy the covers, and according to the results, these insurance covers add value for customers. This was also the result in an earlier survey by Nordea, in which the greatest fear for people with mortgage was the possibility of unemployment and illness. During the year a process for monitoring the company's outsourced functions was created and it was tested and further developed.

The insurance system was tested from June onwards when the covers were provided for a small amount of pilot customers. A need to develop some technical functionalities was found during the pilot and the issues were amended during the autumn. An online course, Skype trainings and Intranet material on the product and how to sell it were created to ensure sufficient knowledge for Nordea Bank personnel to sell the covers. Insurance covers were officially launched for the broader public on December 17th, 2018.

The company's first accounting year encompassed the period 28.7.2017-31.12.2018, which from here on out is referred to as 2018.

Premium income

The premium income for Nordea Insurance Finland Ltd was low, totaling at EUR 607.60 due to the late launch time in December.

Investments in 2018

The assets of the company are held on a bank account.

Claims

No claims were paid in 2018.

Expenses

The total expenses were EUR 405,040.29. The share of salaries and other personnel costs was EUR 190,337.99.

Personnel

The company's personnel consisted of two people during the accounting period (Chief Operating Officer and Chief Executive Officer). Women accounted for 50 per cent of the work force and men for 50 per cent.

Result

The balance on the technical account for 2018 before taxes was EUR -404,448.43. Investment costs amounted to EUR 16,885.44.

Technical provisions

The technical provision of Nordea Insurance Finland Ltd was EUR 30,631.50.

The provision for claims outstanding was EUR 30,029.54 and the change in equalization provision amounted to EUR 586.22.

Risk management

The risk management of the company has been outsourced to the mother company.

The objective of risk management is to identify, measure and manage the risks faced by the company.

At the company level, the most significant risks include the risks associated with the business strategy and business environment, investment activity risks, risks associated with the structure of the technical provisions, underwriting risks and operational risks.

The parent company Nordea Life Assurance Finland Ltd has a separate Risk Management Department, headed by the Chief Risk Officer (CRO). The CRO develops and directs the risk management practices of the company.

The risk management strategy is updated as necessary annually, at the very least. The strategy contains precisely defined principles according to which the risk management measures, follows up on and reports risks to the top executive management. The company has a contingency plan and a business continuity plan which are tested annually.

Group structure and ownership

Nordea Insurance Finland Ltd has 50,000 shares all of which have the same number of votes at the Annual General Meeting. The minimum share capital, as stated in the Articles of Association, is EUR 5,000,000.00 and the maximum EUR 20,000,000.00. The share capital can be increased or decreased within these limits without revising the Articles of Association. The shares do not have a nominal value and the minimum number of shares is 50,000 and the maximum 200,000. The parent company of Nordea Insurance Finland Ltd is Nordea Life Assurance Finland Ltd with a 100 per cent holding. Nordea Life Assurance Finland Ltd, in turn, is wholly-owned by Nordea Life Holding AB. Nordea Life Holding AB is wholly-owned by Nordea Bank Oyj.

The company's future

We believe that the company has a good base to grow its business. Bigger and longer loans together with the fact that long-term employments with the same employer are getting rarer, the temporarily unemployment increases the need for lenders to further prepare for periods in between jobs. Our customers also find it important to be prepared for the possibility of lower income during a long-term sick leave.

The sales support and promotion for insurance covers is outsourced to the parent company, which has added resources to support Nordea Bank better. Conversely Nordea Bank has reformed its' organization responsible for mortgage lending, aiming to grow its' market share in the Finnish market. The aforementioned factors create a good basis for the company's sales to grow and enable us to produce more modern and high-quality service concepts, which aim to further increase customer experience.

Administration and auditors of Nordea Insurance Finland Ltd

The Board of Directors of the company is composed of the following five members:

Pekka Luukkanen, Chairman of the Board, since 28.7.2017
Tiuku Nyberg, Vice-Chairman of the Board, since 28.7.2017
Lauri Hallberg, since 28.7.2017
Mikko Puranen, since 28.7.2017
Petra Särkkä, since 28.7.2017

The Managing Director of the company is Veli-Pekka Seppälä, M.Sc.

The Chief Actuary of the company is Sari Martikainen, M.Sc, actuary approved by the Ministry of Social Affairs and Health.

The audit firm of the company is PWC Oy with APA Juha Wahlroos acting as the principal auditor.

The Annual General Meeting is held on 2 April 2019.

Proposal of the Board of Directors for distribution of profit

The loss of first operating year for Nordea Insurance Finland Ltd was EUR 404,450.38.

The Board of Directors proposes the loss to be transferred to the retained earnings account.

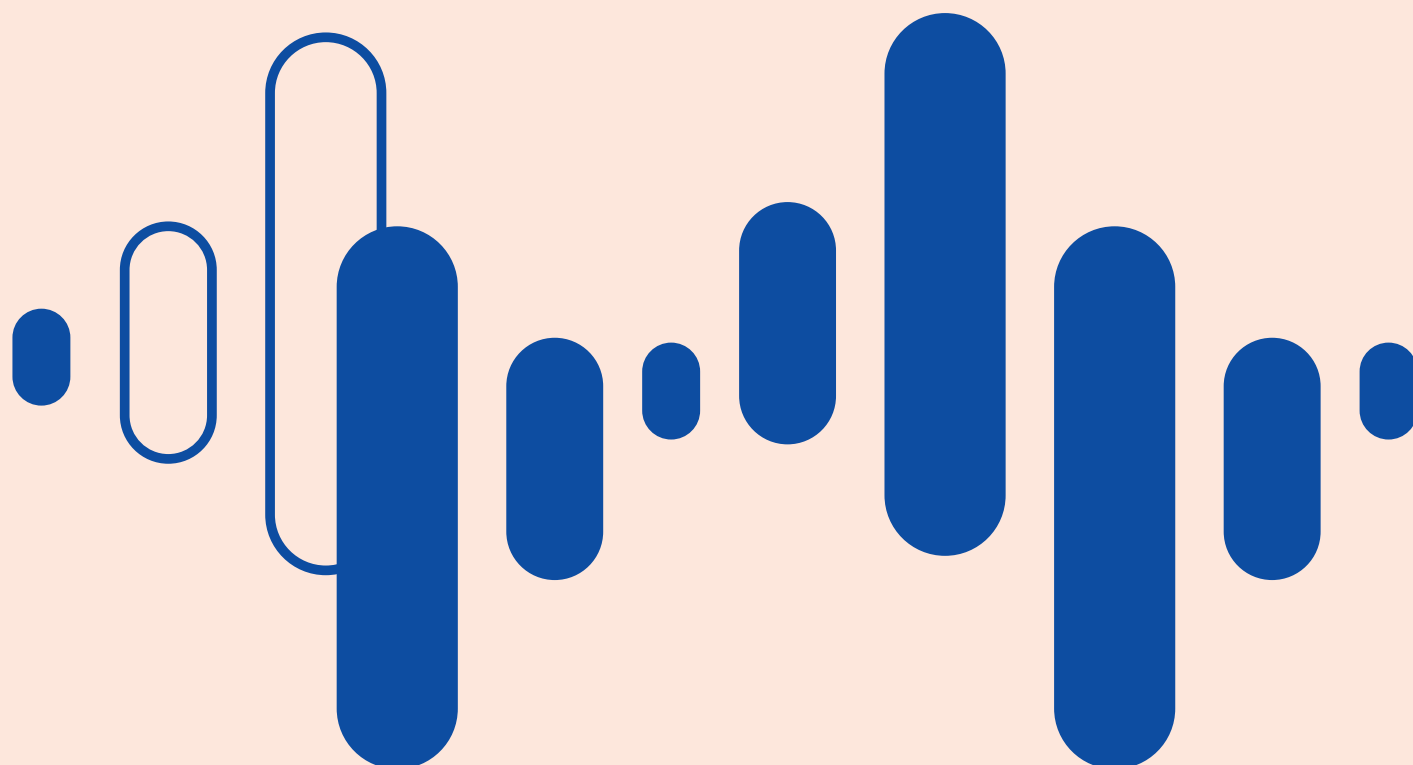
Events after the financial year

No significant events.

Financial Statements 2018

Nordea Insurance Finland Ltd

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Profit and loss account

Technical Account	28.7.2017–31.12.2018	
Premiums earned		
Premiums written	608	
Reinsurers' share	0	608
Change in the provision for unearned premiums	-16	
Reinsurers' share	0	-16
Claims		
Claims paid	0	
Change in the provision for outstanding claims	-30 030	
Reinsurers' share	0	-30 030
Net operating expenses		-357 539
Balance on technical account before the change in equalisation provision		
Change in equalisation provision		-586
Balance on technical account		-387 563
Non-technical account		
Investment income		0
Investment expenses		-16 885
Profit/loss on ordinary activities		-404 448
Profit/loss before appropriations and tax		-404 448
Direct taxes on ordinary operations		
Taxes for the year		-2
Result for the year		-404 450

Balance Sheet

ASSETS 28.7.2017–31.12.2018

Receivables

Arising from direct insurance operations

Representatives	123	
Policyholders	338	461

Other assets

Cash in hand and at bank		4 672 109
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Other receivables

Other receivables		9 865
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Prepayments and accrued income

Other		2 235
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4 684 670

LIABILITIES

Equity capital

Shareholders' equity	-5 000 000	
Profit for the year	404 450	-4 595 550

Technical account

Provisions for unearned premiums	-16	
Outstanding claims	-30 030	

-30 045

Equalisation provision, non-life insurance		-586
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Technical provisions		-30 632
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Creditors

Other creditors		-2 582
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Deferred income

-55 907

-4 684 670

Cash Flow Statement

CASH FLOW STATEMENT

28.7.2017-31.12.2018

Cash flow from operations

Insurance premiums gained	608
Reinsurers' share	0
Claims paid	0
Reinsurers' share	0
Interest income paid	0
Dividend	0
Other investment income received and other operational income	0
Personel expense related payments	-171 357
Payments on other operative expenses	-157 139
Cash flow from business operations before financial items and taxes	-327 889
Interest paid and payments on other financing expenses	-2
Direct taxes paid	0

Cash flow from operations

-327 891

Cash flow from investments

Net investments	0
Capital gains from investments (excl. cash assets)	0
Intangible and tangible assets	0
Other asset investments and income from sales	0

Cash flow from investments

0

Cash flow from financial activities

Issue of shares for cash	5 000 000
Acquisition of own shares	0
Disposal of own shares	0
Loans drawn down	0
Repaid loans	0
Dividends paid/Interest on guaranteed equity and other profit distribution	0

Cash flow from financial activities

5 000 000

Change in funds

4 672 109

Funds at the start of the year

0

Funds at the end of the year

4 672 109

Notes to Financial Statements

1. ACCOUNTING PRINCIPLES OF THE FINANCIAL STATEMENTS

The financial statements have been drafted in accordance with the current applicable corporate laws as well as the decisions, rules and regulations specified by the Ministry of Social Affairs and Health and the Financial Supervisory Authority

Book value of investments and book value of assets covering unit-linked technical provisions

Premium receivables are recognised on the balance sheet at the probable value and other receivables at the nominal value or at a permanently lower probable value.

Fair value of investments

The deposits are valued at fair value which equals to nominal value of deposits. The receivables are valued at fair value which equals to nominal value of receivables or the lower probable value.

Pension cover for employees

In compliance with the Employees' Pension Act, the company has taken out from Varma Mutual Pension Insurance Company statutory pension insurance for its employees. All insurance premiums paid for the said insurance in 2018 are entered in the 2018 results.

Calculation principles of technical provisions

There is no technical interest rate associated with policies

The amount of Equalisation Provision presented in the financial statements is an estimate. On December 31, 2018, the Financial Supervisory Authority had not yet approved the basis for calculating the Equalization Provision. In the case of transfer into the Equalisation Provision, the reserve is credited with interest, which is a five-year risk-free interest rate of the euro without a matching adjustment or volatility adjustment. The compensated interest rate at the end of the year was 0.17%.

Deferred tax liabilities and assets

The company has no material deferred tax liabilities or assets.

1. PREMIUM INCOME**28.7.2017–31.12.2018**

Direct insurance	
Domestic	608
Reinsurance	0
Gross premium income before outward reinsurance premiums	608
	608

No deductions made to the premium income.

2. BALANCE ON TECHNICAL ACCOUNT BY GROUP OF INSURANCE CLASS

		Gross premiums written before reinsurers' share	Gross premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Operating expenses before reinsurers' commissions and profit participation	Reinsurance balance	Balance on technical account before the change in collective item and equalisation provision
Non-statutory accident and health	2018	178	174	-7 509	-178 770	0	-186 105
Other	2018	429	418	-22 521	-178 770	0	-200 872
Ensivakuutus yhteensä	2018	608	592	-30 030	-357 539	0	-386 977
Reinsurance	2018	0	0	0	0	0	0
Total	2018	608	592	-30 030	-357 539	0	-386 977
Change in equalisation provision	2018						-586
Balance on technical account	2018						-387 563

3. OPERATING EXPENSES

28.7.2017–31.12.2018

3.1 Operation expenses by function

Claims paid	0
Operating expenses	357 539
Investment expenses	0
Other expenses	0
Total	357 539

3.2. Profit and loss account 'operating expenses'

Insurance acquisition expenses	
Direct insurance commissions	3 324
Other policy acquisition costs	0
Total	3 324
Insurance policy management expenses	30 283
Administrative expenses	323 932
Total operating expenses	357 539

3.3. Personnel**3.3.1 Personnel expenses**

Salaries and commissions	157 161
Pension expenses	22 952
Other indirect personnel costs	10 225
Total	190 338

3.3.2 Management's salaries, commissions and pension commitments

Managing director's salary and commissions **24 000**

There is no pension insurance for managing director.

The Board of Directors' salary and commissions

No salary or commissions are paid to the members of Nordea Insurance Ltd's Board of Directors.

3.3.3 Average number of personnel during the financial year

Personnel	1
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4. NET INVESTMENT INCOME

28.7.2017-31.12.2018

Investment income

Income from investments in Group companies	
Dividend income	0
Interest income	0
Income from real estate investments	
Interest income from Group companies	0
Other income from Group companies	0
Other income	0
Income from other investments	
Dividend income	0
Interest income	0
Other income	0
Total	0
Value readjustments	0
Realised gains on investments	0
Total	0

Investment expenses

Expenses arising from real estate investments	0
Expenses arising from other investments	-16 885
Interest and other expenses on liabilities	
To Group companies	0
To others	0
Total	-16 885
Value adjustments and depreciations	
Value adjustments	0
Depreciation according to plan on buildings	0
Realised losses on investments	
Total	0
Net investment income in profit and loss account	-16 885

5. MARKET VALUE AND VALUATION DIFFERENCE OF INVESTMENTS

Investments 31.12.2018	Remaining acquisition cost	Book value	Market value
Real estate investments	0	0	0
Investments in Group companies	0	0	0
Investments in associated companies	0	0	0
Other investments			
Deposits	4 672 109	4 672 109	4 672 109
Deposits with ceding undertakings	0	0	0

Other investments include cash in hand and at bank

6. STATEMENT OF CHANGES IN EQUITY CAPITAL**28.7.2017–31.12.2018**

Share capital 31.12.	5 000 000
Profit/loss for the year	-404 450
Equity capital in total	4 595 550

Nordea Insurance Finland Ltd has no distributable capital.

7. AUDITORS' FEES**28.7.2017-31.12.2018**

The auditors' fees per category were

Audit	
Mandates subject to section 1(2) of the Auditing Act	5 000
Tax consultation	0
Other services	0
Total	5 000

8. RECEIVABLES

No long-term receivables.

9. CREDITORS

No long-term creditors.

10. KEY FIGURES FOR GENERAL ECONOMIC DEVELOPMENT**2018**

Turnover	608
Premium income before the reinsurers' share + investment income and unrealised gains + other income	
Operating profit or loss	-403 862
Profit or loss before changes in equalisation provision, additional benefits, extraordinary items, appropriations and taxes	
Total profit or loss	
Operating profit or loss +/- changes in valuation differences, fair value and revaluation reserves	-403 862
Return on assets (%) (at market value)	
100 x (Operating profit or loss + interest and other financing expenses + calculated interest +/- revaluation/revaluation reversed in revaluation or fair value reserve +/- changes in valuation differences) / (total assets - technical provisions on unit-linked insurances +/- valuation differences on investments) (average at the beginning and the end of the year)	-8,6
Loss ratio %	
Claims incurred/premiums earned	5 073,8
Expense ratio %	
Operating expenses/premiums earned	60 409,4
Net investment income	-16 885

11. PROFIT ANALYSIS	2018
Premium income	592
Claims paid	-30 030
Net operating expenses	-357 539
Other technical underwriting income	0
Balance on technical account	-386 977
Investment income and expenses	-16 885
Other income	0
Share of associated undertaking's profit/loss	0
Operating profit/-loss	-403 862
Change in equalisation provision	-586
Profit/loss before closing entries and taxes	-404 448
Minority interests	0
Income tax and other direct taxes	-2
Loss for the year	-404 450

12. CALCULATION METHOD FOR TECHNICAL PROVISIONS

The calculations for technical provisions and premium income have been approved by the Board of Directors on 1 June 2018

Company has applied for approval to the basis for calculating the Equalization Provision from the Financial Supervisory Authority.

13. INFORMATION ABOUT CONSOLIDATED FINANCIAL STATEMENTS

Nordea Bank Abp prepares the consolidated financial statements of the highest entity in which Nordea Insurance Finland Ltd belongs. Nordea Bank Abp is domiciled in Helsinki. A copy of Nordea Bank Plc's consolidated financial statement can be found at www.nordea.com

Nordea Life Holding AB prepares the consolidated financial statements of the lowest entity in which Nordea Insurance Finland Ltd belongs as a subsidiary of Nordea Life Assurance Finland Ltd. Nordea Life Holding AB is fully owned by Nordea Bank Abp. Nordea Life Holding AB:n is domiciled in Stockholm. A copy of Nordea Life Holding's consolidated financial statement can be found from Swedish Companies Registration Office (www.bolagsverket.se)

Risk profile

The company is exposed to a variety of risks. These include underwriting, market, credit, liquidity, operational, business and strategic risks, of which the four first ones are directly quantified by the standard formula in the Solvency II regime.

Stress and scenario testing

The Solvency II regime outlines the principles for an effective risk management process. To that process belongs an effective governance around calculating the solvency position as well as an Own Solvency and Risk Assessment (ORSA). The company is producing an own ORSA-report that is submitted to the FI-FSA on an annual basis.

As part of the ORSA process the company performs various stress and scenario tests of which the most important ones relate to business risks.

Stress and scenario testing are discussed by the executive management and the Board.

Product structure

The company has one product that includes covers against unemployment and temporary disability. The product is part of the MyLife Personal Insurance in which Nordea Life Insurance Finland Ltd provides other insurance covers.

Insurance risk

Insurance risk is the risk of loss due to changes in the levels, trends, or variations of unemployment, temporary disability and lapse.

The most important ways to manage insurance risks are proper risk selection, including underwriting procedures, pricing, insurance terms, product approval process, reinsurance, stress tests, and risk reserves. Underwriting is governed by underwriting rules, actuarial methods in setting the tariffs, and statistical analysis of reported losses. The underwriting policy also define what risks can be insured and how much cover amount is allowed. The objective of the underwriting policy is to ensure the profitability of the insurance business. In limiting risk, the policy terms are essential - the terms and conditions of the insurance contract define the coverage of the policy and the limits of compensation.

Underwriting procedures

The Underwriting Policy, which the company's Board of Directors annually approves, describes the company's insurance policy. The policies are established to ensure strong underwriting processes and sound advice to customers.

Underwriting procedures ensure fair and ethical treatment of all new customers and the acceptance or rejection of individual risks on an informed basis. Sound underwriting ensures that the right products are offered to the customers

to meet their needs. Individual underwriting is used for life and health policies. Depending on the nature of the risk coverage and the level of benefits, underwriting may include a health assessment.

Reinsurance

The company's reinsurance strategy is approved by the Board of Directors. The strategy covers the selected risks either individually or on a company level. The company does not have any existing reinsurance arrangements because the risk arising from individual insurance is reasonably low.

The Actuarial Function offers an opinion yearly on the appropriateness of the company's reinsurance arrangement to the Board of Directors.

Product approval

The product approval process ensures that a new product will not create undue risk. It also assesses the profitability of the product and its suitability for risk taking.

Market risk

The market risk arises at the company mainly due to the mismatch between assets and liabilities and the sensitivity of the values of these assets and liabilities to changes in the level or in the volatility of the market prices or rates.

Measurement and analysis of market risk

All present assets of the company are placed as cash on Nordea accounts and hence they are exposed to counterpart risk that however is not a part of Market risk concept in the Solvency II setting.

In the future the company will invest a small part of the assets in equity funds. When this investment activity has started the market risk will be monitored in the same way as in the Life company, hence measured via the Solvency II standard formula, exposure measurement on investment assets, forward-looking balance sheet projections, and stress and sensitivity analysis. Furthermore, the market risks are monitored against the risk appetite and risk limits.

Stress and sensitivity analysis

The company regularly performs stress tests of the balance sheets and buffers to assess the impact of overnight stress.

As part of the capital management process, the company projects the development of the business including capital plans, and stress test it by using macroeconomic and business risk scenarios.

Operational risk

Operational risk means the risk of direct or indirect loss, or damaged reputation, resulting from inadequate or failed internal processes, or from people, systems or external events. Regarding capital requirements; operational risk also covers legal risk and compliance risk.

Operational risk is inherent in all activities within the organisation, in outsourced activities and in all interactions with external parties. Managing operational risks is the day-to-day responsibility of the business and is a proactive discipline, which emphasises training and risk awareness from all employees across the company.

Measurement of operational risk

Operational risk is measured through the operational risk appetite, incident reporting and stress and scenario testing.

Incident reporting

Incidents and security weaknesses are immediately handled in order to minimise damage. Upon detection of an incident, handling the incident has top priority. Unit managers are responsible for the proper handling, documentation and reporting of incidents. Incident reporting is a Nordea Group-wide process which is performed in the operational and compliance risk system. Aggregated incident information is included in regular risk reports to the Executive Management and the Board.

Stress testing and scenario analysis

As an extension of the Risk and Control Self-Assessment (RCSA) process a stress test of the material risks is performed. The stress test of operational risks is conducted as a scenario analysis, which tests selected key material risks considered to be highly important to investigate further. The objective is to challenge and extend the company's present understanding of its operational risk landscape by focusing on risks which could cause large financial losses or other significant impacts to the company

The RCSA also serves as input for scenarios to include in the continuity and contingency plans, which are tested annually to ensure learning and preparedness.

Management of operational risk

The management of operational risk is centred on the RCSA, Group Level Controls and change management processes.

RCSA

The RCSA is an annual self-assessment of operational risk in the business. The RCSA is designed to enhance awareness of risks in the operations, spot weaknesses in controls, and support prioritisation of mitigating actions related to these weaknesses.

The RCSA is focused on current risks that the business faces and also includes an analysis for emerging and anticipated operational risks, resulting from expected changes related to strategic initiatives.

Group Level Controls

Group Level Control (GLC) is an annual process in which the first and second lines of defence assess their compliance with the requirements as specified in Nordea Group Directives.

Managing material changes

The Change Risk Management and Approval process (The CRMA process) consists of an initial materiality assessment and a subsequent risk assessment. The CRMA process is executed by using the quality and risk assessment (QRA) methodology and tools as provided by Nordea Group Operational Risk (GOR). For material Changes, the CRMA process is more extensive and includes the involvement of a number of mandatory stakeholders. Approval process captures all material changes in a unified and disciplined manner. It is applicable to new or materially altered products, services, markets, processes, IT systems and major changes to the operations and organisation. The QRA is used to analyse risk and quality aspects related to material changes on a case by case basis, for example new programs, significant changes to organisations, processes and systems. The QRA is performed in order to limit new risks and to ensure disciplined change management. It aims to document decision-making regarding risk and quality aspects connected to changes, explicit responsibility for decisions and actions taken, and systematic follow-up. Conducting a QRA is mandatory as part of the change approval process and mandatory to use when a change or development is run within a programme or project.

Signatures of Report of the Board of Directors' and Annual Accounts

Helsinki, 4 March 2019



Tiuku Nyberg
Vice-Chairman of the Board of Directors



Mikko Puranen
Member of the Board of Directors



Lauri Hallberg
Member of the Board of Directors



Petra Särkkä
Member of the Board of Directors

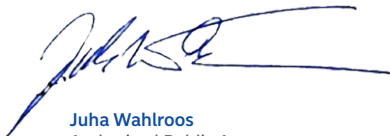


Veli-Pekka Seppälä
Managing Director

An auditor's report on the audit has been issued today.

Helsinki, 18 March 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants



Juha Wahlroos
Authorised Public Accountant

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Nordea Insurance Finland Ltd.

Report on the Audit of the Financial Statements

Opinion

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

Our opinion is consistent with the additional report to the Board of Directors.

What we have audited

We have audited the financial statements of Nordea Insurance Finland Ltd (business identity code 2868440-8) for the year ended 31 December, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. To the best of our knowledge and belief, the non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 7 to the Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Based on our professional judgement there are no Key Audit Matters with respect to the audit of the financial statements of the company due to that the business activities of the company are in the early phase.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the company financial statements.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the establishment meeting of the company on 28 July 2017. Our appointment represents a total period of uninterrupted engagement of 1 year.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 18 March 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants



Juha Wahlroos
Authorised Public Accountant (KHT)