

# Nordea



## **Financial statements and the Board of Directors' Report 2023**

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. The Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges.

# The Board of Directors' Report 2023

## The sixth year of Nordea Insurance Finland Ltd

Nordea Insurance Finland Ltd is a non-life insurance company, which provides non-life insurance covers (class 1, 2 and 16) mainly for the customers of Nordea Bank Abp. The covers are offered as a part of the Nordea MyLife insurance brand. Nordea Bank Abp and Nordea Life Assurance Finland Ltd's sales organization act as the sales channels, together with the digital channel where also non-Nordea customers can purchase insurance.

Nordea Insurance Finland Ltd has outsourced the operating functions to the parent company Nordea Life Assurance Finland Ltd and Nordea Bank Abp. The outsourced functions were monitored according to the monitoring process during the year.

During its year of operation the company has focused on growing its insurance sales. The economic and political uncertainty was reflected in the increased interest in personal insurance and this supported the sales of MyLife. Investments made with the parent company on digitalization continued focusing on the improvement of customers' experience in different channels.

### Premium income

The premium income for Nordea Insurance Finland Ltd was EUR 20.0 (20.1) million.

### Investments in 2022

The strategy of the company is to keep the total risk of its investment portfolio relatively low. The low risk level of the investment portfolio has been achieved by comprehensively diversifying the portfolio into different asset classes and by selecting investments for the portfolio that would react independently of one another in various market situations. The year 2023 turned out to be surprisingly good for investment assets. Especially the strong development of equity markets and decrease in rates at the end of the year supported both equity and fixed income markets. The company's investment portfolio performed very well taking into account portfolio's risk level and all asset classes developed positively.

At the end of the year, fixed income investments accounted for 75.1 (76.3) per cent, equities and equity-type investments for 19.4 (15.1) per cent, alternative investments for 4.0 (4.6) percent and the share of cash 1.5 (3.9) per cent of the company's investments.

### Claims

Total amount of EUR 4,204,559.01 (3,142,556.42) in claims was paid in 2023.

### Expenses

The total expenses were EUR 5.2 (5.3) million. The share of salaries and other personnel costs was EUR 0.3 (0.3) million.

### Personnel

The company's personnel consisted of three people during the year. Women accounted for 100 per cent of the work force.

### Result

The insurance result for 2023 before taxes was EUR 10,977,033.12 (11 430 030,38). The investment result was EUR 1,979,241.10 (-2 974 573,65).

### Technical provisions

The technical provision of Nordea Insurance Finland Ltd was EUR 20,376,736.62 (20,096,698.55).

The provision for unearned premiums was EUR 10,014,861.32 (9,911,859.64).

The provision for claims outstanding was EUR 8,264,836.34 (8,118,790.67) and the equalization provision amounted to EUR 2,097,038.96 (2,066,048.24).

### Solvency

The company's solvency is strong. Equity used in solvency calculation exceeds the equity ratio requirement by a ratio of 5.55.

### 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 53,000 (53,000) 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 Abp.

### The company's future

The current economic situation does bring some uncertainty, but the company has a good basis to grow its business. During the year 2024 the aim is to grow the number of the company's customers via an active promotion and sales support of MyLife product. Also further develop the business and extend the product offering are in the focus. The financial solidity and profitability of the company establish a solid basis for the growth of the company.

### Administration and auditors of Nordea Insurance Finland Ltd

Pekka Luukkanen, Chairman of the Board  
Lauri Hallberg, Vice-Chairman of the Board  
Petra Särkkä  
Raimo Voutilainen  
Martti Paajanen  
Laura Oksama (starting 28.3.2023)

The Managing Director of the company is Ari Sivonen, M.Sc. (Econ.).

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

The audit firm of the company is PricewaterhouseCoopers Oy with APA Niklas Nyman acting as the principal auditor.

The Annual General Meeting was held on 28 March 2023.

### Proposal of the Board of Directors for distribution of profit

The result for the fifth operating year for Nordea Insurance Finland Ltd was EUR 10,364,596.56. The distributable equity capital of Nordea Insurance Finland Ltd totals EUR 38,418,825.00.

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

### Events after the financial year

No significant events.

# Financial Statements 2023

Nordea Insurance Finland Ltd

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# Profit and loss account

Technical Account	1.1.–31.12.2023		1.1.–31.12.2022	
Premiums earned				
Premiums written	19,991,537		20,072,368	
Reinsurers' share	-62,275	19,929,262	-64,975	20,007,393
Change in the provision for unearned premiums	-103,002		240,300	
Reinsurers' share	0	-103,002	0	240,300
Claims				
Claims paid	-4,204,559		-3,142,556	
Change in the provision for outstanding claims <sup>1</sup>	-146,046		-1,155,727	
Reinsurers' share	0	-4,350,605	0	-4,298,284
Net operating expenses		-4,467,632		-4,516,201
Balance on technical account before the change in equalisation provision		11,008,024		11,433,208
Change in equalisation provision		-30,991		-3,178
Balance on technical account		10,977,033		11,430,030
<b>Non-technical account</b>				
Investment income		251,693		89,574
Investment expenses		-239,881		-123,735
Value readjustments		1,967,429		6,191
Investment depreciations		0		-2,946,604
Profit/loss on ordinary activities		12,956,274		8,455,457
Profit/loss before appropriations and tax		12,956,274		8,455,457
Direct taxes on ordinary operations				
Taxes for the year		-2,591,678		-1,693,013
<b>Result for the year</b>		<b>10,364,597</b>		<b>6,762,443</b>

<sup>1</sup>The share of Non-statutory accident and health is EUR -25,344 and the share of Other is EUR -171,389 in change in the provision for outstanding claims.

# Balance Sheet

ASSETS		31.12.2023	31.12.2022
<b>Investments</b>			
Other investments			
Shares and participations	9,182,174		5,892,123
Debt securities	31,109,637		32,036,118
Deposits	9,500,000	49,791,811	37,928,241
<b>Receivables</b>			
Arising from direct insurance operations	10,196,761		9,785,585
Policyholders	1,430,306		1,511,220
Intermediaries	11,900	11,638,967	15,000
			11,311,805
<b>Other,assets</b>			
Cash in hand and at bank		3,278,982	3,475,486
<b>Other receivables</b>			
Other receivables		109,349	10,377
<b>Prepayments,and,accrued,income</b>			
		0	721,800
		<b>64,819,110</b>	<b>53,447,709</b>
<b>LIABILITIES</b>			
<b>Equity capital</b>			
Shareholders' equity	-5,000,000		-5,000,000
Reserve for invested unrestricted equity	-300,000		-300,000
Retained earnings	-27,754,228		-20,991,785
Profit for the year	-10,364,597	-43,418,825	-6,762,443
			-33,054,228
<b>Technical,account</b>			
Provisions for unearned premiums	-10,014,861		-9,911,860
Outstanding claims	-8,264,836	-18,279,698	-8,118,791
			-18,030,650
Equalisation provision non-life insurance		-2,097,039	-2,066,048
Technical provisions		-20,376,737	-20,096,699
<b>Creditors</b>			
Arising from reinsurance operations		-46,500	-63,000
Other creditors		-535,495	-166,416
<b>Deferred income</b>			
		-441,554	-67,366
		<b>-64,819,110</b>	<b>-53,447,709</b>



# Cash Flow Statement

CASH FLOW STATEMENT	1.1.–31.12.2023	1.1.–31.12.2022
<b>Cash flow from operations</b>		
Insurance premiums gained	20,248,912	19,919,917
Reinsurers' share	-78,775	-1,975
Claims paid	-3,519,853	-2,442,142
Reinsurers' share	0	0
Interest income paid	32,285	0
Dividend	0	0
Other investment income received and other operational income	117,062	0
Personel expense related payments	-297,493	-278,546
Payments on other operative expenses	-4,986,633	-5,022,718
Cash flow from business operations before financial items and taxes	11,515,505	12,174,535
Interest paid and payments on other financing expenses	0	0
Direct taxes paid	-2,218,292	-2,414,814
<b>Cash flow from operations</b>	<b>9,297,213</b>	<b>9,759,722</b>
<b>Cash flow from investments</b>		
Net investments	-27,620,499	-33,887,400
Capital gains from investments (excl. cash assets)	18,126,782	1,252,076
Intangible and tangible assets	0	0
Transfer of business	0	0
Other asset investments and income from sales	0	0
<b>Cash flow from investments</b>	<b>-9,493,717</b>	<b>-32,635,324</b>
<b>Cash flow from financial activities</b>		
Issue of shares for cash	0	0
Acquisition of own shares	0	0
Disposal of own shares	0	0
Loans drawn down	0	0
Repaid loans	0	0
Dividends paid/Interest on guaranteed equity and other profit distribution	0	0
<b>Cash flow from financial activities</b>	<b>0</b>	<b>0</b>
<b>Change in funds</b>	<b>-196,504</b>	<b>-22,875,602</b>
<b>Funds at the start of the year</b>	<b>3,475,486</b>	<b>26,351,088</b>
<b>Funds at the end of the year</b>	<b>3,278,982</b>	<b>3,475,486</b>

# Notes to the 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

Shares and participations in other investments were valued on the balance sheet at the acquisition cost or at the lower probable transfer price. The impact on the result of this valuation is entered as depreciation and return on depreciation.

Fixed income funds that are listed among debt securities are valued on the balance sheet at acquisition cost.

Premium receivables are recognised on the balance sheet at the probable value. The amount corresponding the expected cancellation is deducted from the nominal value of premium receivables. Other receivables are valued at the nominal value or at a permanently lower probable value.

### Fair value of investments

The fair value of the equity and fixed income fund investments is obtained using the last available Net Asset Value of the fund on the end date of the financial year or, if none is available, the most recent available Net Asset Value from the date preceding this date.

The deposits are valued at fair value which equals to the 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 2023 are entered in the 2023 results.

### Calculation principles of technical provisions

The calculation basis for technical provisions were updated on December 31st, 2021. The technical provisions consist of provision for unearned premiums and outstanding claims. The provision for unearned premiums stands for the upcoming insurance events on effective policies. Outstanding claims stands for unpaid claims from the insured events occurred and the Equalization Provision.

The Financial Supervisory Authority approved the basis for calculating the Equalization Provision on December 18th, 2019. 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.

There is no technical interest rate associated with policies.

### Deferred tax liabilities and assets

The company has no material deferred tax liabilities or assets.

### Changes in 2023 that affected the financial statement

There were no material changes that affected in the financial statements.

1. PREMIUM INCOME	1.1.-31.12.2023	1.1.-31.12.2022
Direct insurance		
Domestic	19,991,537	20,072,368
Reinsurance	0	0
Gross premium income before outward reinsurance premiums	19,991,537	20,072,368

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	2023	18,916,635	18,940,237	-3,967,266	-4,239,132	-49,894	10,683,944
	2022	19,193,495	19,527,680	-4,107,475	-4,333,070	-49,694	11,037,441
	2021	19,074,513	19,455,765	-2,455,496	-4,273,356	-82,131	12,644,782
Other	2023	1,074,902	948,299	-383,338	-240,881	0	324,080
	2022	878,873	784,988	-190,809	-198,412	0	395,767
	2021	675,375	564,291	-179,963	-151,308	0	233,020
<b>Direct insurance total</b>	<b>2023</b>	<b>19,991,537</b>	<b>19,888,536</b>	<b>-4,350,605</b>	<b>-4,480,013</b>	<b>-49,894</b>	<b>11,008,024</b>
	<b>2022</b>	<b>20,072,368</b>	<b>20,312,668</b>	<b>-4,298,284</b>	<b>-4,531,482</b>	<b>-49,694</b>	<b>11,433,208</b>
	<b>2021</b>	<b>19,749,888</b>	<b>20,020,056</b>	<b>-2,635,459</b>	<b>-4,424,663</b>	<b>-82,131</b>	<b>12,877,802</b>
Reinsurance	2023	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2021	0	0	0	0	0	0
<b>Total</b>	<b>2023</b>	<b>19,991,537</b>	<b>19,888,536</b>	<b>-4,350,605</b>	<b>-4,480,013</b>	<b>-49,894</b>	<b>11,008,024</b>
	<b>2022</b>	<b>20,072,368</b>	<b>20,312,668</b>	<b>-4,298,284</b>	<b>-4,531,482</b>	<b>-49,694</b>	<b>11,433,208</b>
	<b>2021</b>	<b>19,749,888</b>	<b>20,020,056</b>	<b>-2,635,459</b>	<b>-4,424,663</b>	<b>-82,131</b>	<b>12,877,802</b>
Change in equalisation provision	2023						-30,991
	2022						-3,178
	2021						-1,493,356
<b>Balance on technical account</b>	<b>2023</b>						<b>10,977,033</b>
	<b>2022</b>						<b>11,430,030</b>
	<b>2021</b>						<b>11,384,446</b>

<b>3. OPERATING EXPENSES</b>	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
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**3.1 Operation expenses by function**

Claims paid	684,706	700,414
Operating expenses	4,467,632	4,516,201
Investment expenses	94,937	74,963
Other expenses	0	0
<b>Total</b>	<b>5,247,276</b>	<b>5,291,579</b>

**3.2. Profit and loss account 'operating expenses'**

Insurance acquisition expenses		
Direct insurance commissions	2,067,820	2,089,881
Other policy acquisition costs	0	0
<b>Total</b>	<b>2,067,820</b>	<b>2,089,881</b>
Insurance policy management expenses	1,201,566	1,187,165
Administrative expenses	1,210,626	1,254,436
Fees and profit share for reinsurance ceded	-12,381	-15,281
<b>Total operating expenses</b>	<b>4,467,632</b>	<b>4,516,201</b>

**3.3. Personnel****3.3.1 Personnel expenses**

Salaries and commissions	251,925	261,230
Pension expenses	42,328	44,986
Other indirect personnel costs	5,270	4,975
<b>Total</b>	<b>299,524</b>	<b>311,191</b>

**3.3.2 Management's salaries, commissions and pension commitments**

<b>Managing director's salary and commissions</b>	31,560	28,078
There is no pension insurance for managing director		
<b>The Board of Directors' salary and commissions</b>	27,000	24,000

**3.3.3 Average number of personnel during the financial year**

Personnel	3	3
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#### 4. NET INVESTMENT INCOME 1.1.-31.12.2023 1.1.-31.12.2022

##### Investment income

Income from investments in Group companies		
Dividend income	0	0
Interest income	0	0
Income from real estate investments		
Dividend income	0	0
Interest income	0	0
Other income	0	0
Income from other investments		
Dividend income	0	0
Interest income	130,763	0
Other income	117,062	89,074
<b>Total</b>	<b>247,825</b>	<b>89,074</b>
Value readjustments		
	1,967,429	6,191
Realised gains on investments	3,867	500
<b>Total</b>	<b>1,971,297</b>	<b>6,691</b>
<b>Total</b>	<b>2,219,122</b>	<b>95,765</b>

##### Investment expenses

Expenses arising from real estate investments		
	0	0
Expenses arising from other investments	-121,437	-102,012
Interest and other expenses on liabilities		
To Group companies	0	0
To others	0	0
<b>Total</b>	<b>-121,437</b>	<b>-102,012</b>
Value adjustments and depreciations		
Value adjustments	0	-2,946,604
Depreciation according to plan on buildings	0	0
Realised losses on investments	-118,443	-21,722
<b>Total</b>	<b>-239,881</b>	<b>-3,070,339</b>
Net investment income in profit and loss account	1,979,241	-2,974,574

#### 5. MARKET VALUE AND VALUATION DIFFERENCE OF INVESTMENTS

Investments 31.12.2023	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			
Shares and participations	9,182,174	9,182,174	10,073,646
Debt securities	32,110,541	31,109,637	31,549,266
Deposits	9,500,000	9,500,000	9,598,478
Other investments	3,278,982	3,278,982	3,278,982
Deposits with ceding undertakings	0	0	0

Other investments include cash in hand and at bank

## 5. MARKET VALUE AND VALUATION DIFFERENCE OF INVESTMENTS

Investments 31.12.2022	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			
Shares and participations	6,335,974	5,892,123	6,059,103
Debt securities	34,561,627	32,036,118	32,415,181
Other investments	3,475,486	3,475,486	3,475,486
Deposits with ceding undertakings	0	0	0

Other investments include cash in hand and at bank

## 6. STATEMENT OF CHANGES IN EQUITY CAPITAL

	1.1.-31.12.2023	1.1.-31.12.2022
Share capital 31.12.	5,000,000	5,000,000
Reserve for invested unrestricted capital 31.12	300,000	300,000
Retained earnings 1.1.	20,991,785	12,132,784
Retained earnings 31.12.	27,754,228	20,991,785
Profit/loss for the year	10,364,597	6,762,443
Preliminary dividend	0	0
<b>Equity capital in total</b>	<b>43,418,825</b>	<b>33,054,228</b>
Profit for the year	10,364,597	6,762,443
Reserve for invested unrestricted capital	300,000	300,000
Retained earnings	27,754,228	20,991,785
Losses as indicated by the balance sheet	0	0
Initial expenses activated to the balance sheet	0	0
Research and development expenses activated to the balance sheet	0	0
Amount transferred to the ordinary reserve according to the by-laws or otherwise not distributed	0	0
Amount by which the fair value reserve in total is negative	0	0
Unrealized gains from investments booked to the profit of the period or retained earnings	0	0
Other non-distributable funds	0	0
Other	0	0
<b>Distributable equity capital in total</b>	<b>38,418,825</b>	<b>28,054,228</b>

## 7. EQUALIZATION PROVISION

The equalization provision is EUR 2,097,038.96 and its target amount is EUR 6,044,361.39 on 31 December 2023.

## 8. INVESTMENTS

Funds	Domicile	Book value	Fair value
Nordea Moderate Yield B growth	Finland	4,176,731	4,324,391
Nordea Sustainable Equities Global Fund A growth	Finland	7,758,474	8,591,020
Nordea 1 - Global Climate and Envir. Fd BI-EUR	Luxembourg	1,423,700	1,482,626
Nordea Corporate Bond I growth	Finland	10,385,170	10,428,928
Nordea Pro Euro Bond I growth	Finland	7,419,822	7,419,822
Nordea 1 - US Corporate Stars Bond Fund HBI-EUR	Luxembourg	7,304,915	7,304,915
NDIF SIF - European Rates Opp Fund BX - EUR	Luxembourg	1,823,000	2,071,210
<b>Total</b>		<b>40,291,811</b>	<b>41,622,912</b>
<b>Deposits</b>			
DEP 2650012 EUR Nordea Bank Finland Plc RECALLABLE	Finland	9,500,000	9,598,478
<b>Total</b>		<b>9,500,000</b>	<b>9,598,478</b>
<b>Cash at bank and in hand</b>			
Bank accounts	Finland	3,278,982	3,278,982
<b>Total</b>		<b>3,278,982</b>	<b>3,278,982</b>

**9. AUDITORS' FEES**

1.1.-31.12.2023

1.1.-31.12.2022

The auditors' fees per category were

Audit		
Mandates subject to section 1(2) of the Auditing Act	69,628	62,886
Tax consultation	0	0
Other services	0	0
<b>Total</b>	<b>69,628</b>	<b>62,886</b>

**10. RECEIVABLES**

No long-term receivables.

**11. CREDITORS**

No long-term creditors.

**12. OFF-BALANCE SHEET COMMITMENTS**

Regarding VAT group registration, Nordea Insurance Finland Ltd is, with the other members of the Nordea Bank Finland Plc tax liability group, jointly and severally liable for the value added tax to be rendered in the accounts in accordance with section 188 of the Value Added Tax Act.

**13. KEY FIGURES FOR GENERAL ECONOMIC DEVELOPMENT**

2023

2022

2021

2020

2019

Turnover	21,867,777	17,338,095	19,712,321	19,998,456	5,407,599
Premium income before the reinsurers' share + investment income and unrealised gains + other income					
Operating profit or loss	11,008,024	11,433,208	12,877,802	12,622,517	3,936,360
Profit or loss before changes in equalisation provision, additional benefits, extraordinary items, appropriations and taxes					
Total profit or loss	11,891,560	11,585,945	13,271,108	12,918,204	3,986,487
Operating profit or loss +/- changes in valuation differences, fair value and revaluation reserves					
Return on assets (%) (at market value)	20.1	23.4	29.1	35.6	22.5
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)					
Premium income	19,991,537	20,072,368	19,749,888	29,541,194	5,437,930
Premium income before the reinsurers' share					
Loss ratio %	21.9	21.2	13.2	19.6	15.0
Claims incurred/premiums earned					
Expense ratio %	22.5	22.3	22.1	17.5	15.0
Operating expenses/premiums earned					
Combined ratio	44.5	43.5	35.3	37.1	30.0
Loss ratio + expense ratio					
Net investment income	1,979,241	-2,974,574	-307,734	-196,511	-219,257

		2023		2022
			Net investment	Net investment
			income at	income at
			market value	market value
Net investment income on invested capital	Income-%		Income-%	
Bonds	4.87%	1,102,403	-8.84%	-2,099,801
Shares	20.18%	1,148,348	-14.42%	-669,403
Money market investments	9.53%	612,026	-1.53%	-52,633
Alternative investments	0.00%	0	0.00%	0
Net investment income at market values	6.43%	2,862,777	-8.33%	-2,821,837
Investment allocation at market values				
Shares and participations		10,073,646	18.48%	6,059,103
Money market investments		31,549,266	57.89%	32,415,181
Deposits		9,598,478	17.61%	0
Cash in hand and at bank		3,278,982	6.02%	3,475,486
		54,500,373	100.00%	41,949,770

#### 14. PROFIT ANALYSIS

	2023	2022
Premium income	19,826,261	20,247,693
Claims paid	-4,350,605	-4,298,284
Net operating expenses	-4,467,632	-4,516,201
Other technical underwriting income	0	0
<b>Balance on technical account</b>	<b>11,008,024</b>	<b>11,433,208</b>
Investment income and expenses	1,979,241	-2,974,574
Other income	0	0
Share of associated undertaking's profit/loss	0	0
<b>Operating profit/-loss</b>	<b>12,987,265</b>	<b>8,458,635</b>
Change in equalisation provision	-30,991	-3,178
<b>Profit/loss before closing entries and taxes</b>	<b>12,956,274</b>	<b>8,455,457</b>
Minority interests	0	0
Income tax and other direct taxes	-2,591,678	-1,693,013
<b>Loss for the year</b>	<b>10,364,597</b>	<b>6,762,443</b>

#### 15. CALCULATION METHOD FOR TECHNICAL PROVISIONS

The calculation basis for the Equalization Provision has been approved by the Financial Supervisory Authority on 18 December 2019 and no changes were made to it during 2023.

The calculation basis for the technical provisions has been updated on 31 December 2021 and no changes were made to it during 2023.

#### 16. 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](http://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](http://www.bolagsverket.se))



# Risk Profile

The company is exposed to a variety of risks. These include underwriting, market, credit, operational, liquidity, 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 FIN-FSA on an annual basis.

As part of the ORSA process the company performs various stress and scenario tests including:

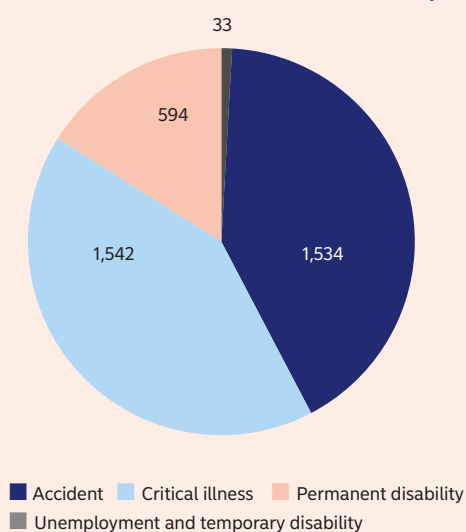
- Overnight stress and scenario tests
- Reverse stress tests
- Business risk scenarios
- Macroeconomic scenarios investigating emerging trends and stresses testing the resilience of the company to historical and potential future macro crises

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

## Product structure

The company has one product Nordea MyLife Personal Insurance, which includes covers against unemployment and temporary disability, critical illness, permanent disability, accidental death or accidental permanent disability, and death. The death cover is granted by the parent company Nordea Life Assurance Finland Ltd. In addition, the company has accidental covers, which are no longer actively sold.

Insured risk sums 31 December 2023 (EUR millions)



## Insurance risk

Insurance risk is the risk of loss due to changes in the levels, trends, or variations of unemployment, 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 setting the reserves prudently considering the risks.

Underwriting is governed by underwriting rules, actuarial methods in setting the tariffs, and statistical analysis of reported losses. The underwriting policy also defines 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 policy is established to ensure strong underwriting processes and sound advice to customers.

Underwriting procedures ensure the acceptance or rejection of individual risks on an informed basis. Sound underwriting enables the company to pool risk efficiently, offer fair premiums to customers and establish robust reserves and capital to ensure the claim payments. Individual underwriting is used for the policies. Depending on the nature of the risk coverage and the sum insured, underwriting may include a health assessment or financial underwriting.

The Actuarial Function and the Risk Management Function are continuously analysing the insurance risks and the actuarial function prepares a statement to the Board of Directors regarding the underwriting procedures on an annual basis. The underwriting policy is reviewed at least annually.

### Reinsurance

The company's reinsurance programme is approved annually by the Board of Directors. It specifies the company's risk appetite for individual risk retention and aggregate (catastrophe) risks. The aim of the reinsurance programme is to minimise claims volatility and stabilise annual results and solvency by protecting the company from underwriting risk concentrations and catastrophes.

The Actuarial Function gives an opinion on the appropriateness of the company's reinsurance arrangement to the Board of Directors at least annually.

### Product approval

The company has implemented an overall approach to the management of changes which is further described in the section on Operational Risk. As part of this, a product

approval process is in place for new products. This includes the assessment of the target market and the potential profitability as well as fit within the company's risk appetite.

## 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

Market risks are 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.

### Solvency II standard formula

When measuring market risk in accordance with the Solvency II standard formula the equity risk, credit spread risk and interest rate risk dominate. The credit rating distribution of fixed income investments in the investment portfolio is shown in the table below.

#### Fixed income holdings by rating for the investment portfolio at 31 December 2023

AAA	31 %
AA	15 %
A	16 %
BBB	32 %
BB	2 %
B	0 %
CCC or below	0 %
Not rated	4 %
<b>Total</b>	<b>100 %</b>

### Exposure measurement on investment assets

The investment portfolio is monitored in terms of exposure to different asset classes to ensure proper diversification. The company's investment guidelines and limits determine the strategic asset allocation target as well as the tactical asset allocation limits for the investment portfolio as set by the Board.

### Stress and sensitivity analysis

The company regularly performs stress tests of the own funds, solvency, balance sheet 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.

## Management of market risk

The company manages market risk by balancing short-term and long-term perspectives, competitiveness, legal requirements, profitability, liquidity, customer and capital considerations. In addition, market risks are monitored regularly against the risk appetite and risk limits.

### The investment process and the Prudent Person Principle

Sustainability is an essential part of the company's investment process. Responsible investing means taking environmental, social or governance related sustainability metrics into account in the investment decision process. Sustainability metrics are included together with other more traditional financial factors, such as risk and return characteristics, in portfolio construction and monitoring. Environmental, social and governance related matters are taken into account when making investment decisions, and these are relevant for both the asset manager and the investment itself. Through regular follow up of responsible investing the company strives to ensure the fulfilment of its sustainability targets.

## Operational risk

Operational risk means the risk of direct or indirect loss resulting from inadequate or failed internal processes or systems.

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 the Solvency II standard formula.

### Incident reporting

Incidents and security weaknesses are immediately handled in order to avoid and minimise further damages. 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 and aggregated incident information is included in regular risk reports to the Executive Management and to the Board.

### Management of operational risk

The management of operational risk is centred on the RCSA, Business Continuity Management and change management processes.

### Risk and Control Self-Assessment (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.

The RCSA also serves as input for scenarios to include in the continuity and contingency plans.

### ***Business Continuity Management***

Business Continuity management (BCM) is the overall risk management and execution process under which Nordea ensures building and maintaining the appropriate levels of resiliency and readiness for a wide range of expected and unexpected operational and financial risk events. The BCM also enables the company to safeguard its employees, the interests of the customers and stakeholders of Nordea, its reputation and the ability to continue activities, processes and services, should an extraordinary event occur. The process ensures that crisis events are identified, escalated and managed to minimize impact on the organisation. Business Continuity plans are tested annually.

This has been seen as an effective method to safeguard the interests of key stakeholders, reputation, the Nordea brand and value creating activities that guide the company on how to respond, recover and restore to a predefined level of operation following a disruption.

### ***Managing material changes***

The Change Risk Management and Approval process (the CRMA process) is a Nordea Group-wide change approval process which 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.

The 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 to the organisation.

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. The CRMA is mandatory as part of the change approval process.

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

Helsinki, 14 March 2024

**Pekka Luukkanen**  
Chairman of the Board of Directors

**Lauri Hallberg**  
Member of the Board of Directors

**Petra Särkkä**  
Member of the Board of Directors

**Raimo Voutilainen**  
Member of the Board of Directors

**Martti Paajanen**  
Member of the Board of Directors

**Laura Oksama**  
Member of the Board of Directors

**Ari Sivonen**  
Managing Director

## The Auditor's Note

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

Helsinki, 26 March 2024

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

**Niklas Nyman**  
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, 2023. 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 9 to the Financial Statements.

#### Most significant assessed risks of material misstatement

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

### Significant risks of material misstatement referred to in EU regulation No 537/2014, point (c) of Article 10 (2) relating to the company's financial statements

#### Actuarial assumptions

Refer to the notes Accounting principles of the financial statements, 2 Result by insurance product group, 7 Equalisation provision, 15 Change in calculation method for technical provisions, Risk profile to the financial statements.

Technical provisions involves subjective judgments over uncertain future outcomes. The valuation of technical provisions is based on models where significant judgment is applied in setting economic assumptions, actuarial assumptions as well as customer behavior. Changes in these assumptions can materially impact the valuation of technical provisions.

#### How our audit addressed the risk

We assessed the design and tested operating effectiveness of the controls over the process for calculating provisions.

Our audit included assessment of applied methods, models and assumptions used in calculating the provisions. In addition we have performed audit procedures related to input data used in calculating technical provision and reconciled the output of the technical provision calculation to general ledger. We have involved PwC actuary in our audit.

We have also assessed the disclosures related to valuation of technical provision.

#### 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.

## Other Reporting Requirements

### Appointment

We were first appointed as auditors by the annual general meeting on 28 July 2017. Our appointment represents a total period of uninterrupted engagement of 6 years.

### Other Information

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

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 26 February 2024

### PricewaterhouseCoopers Oy

Authorised Public Accountants

### Niklas Nyman

Authorised Public Accountant (KHT)