

Nordea



Annual Report 2021

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 2021

The fourth 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) for the customers of Nordea Bank Abp. The covers are offered as a part of the Nordea MyLife insurance brand and Nordea Bank Abp's and Nordea Life Assurance Finland Ltd.'s sales organization act as the sales channel.

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 fourth year of operation the company has focused on growing its insurance sales. The second Covid 19 year increased the customers' interest in protection products and this had a positive impact on MyLife sales. Investments made with the parent company on digitalization continued focusing on the improvement of customers' experience in different channels. Covid 19 did not have a negative impact on the company's solvency.

The company is committed to development. As a sign of commitment, the company was granted its own quality certification as part of the parent company's ISO 9001 certificate.

Premium income

The premium income for Nordea Insurance Finland Ltd was EUR 19.7 (29.5) million. An update of the calculation basis for the technical provisions during 2020 created a one-off increase of the premium income by EUR 8.3 million for the comparison year 2020.

Investments in 2020

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. In 2021, the portfolio performed well relative to its risk level. Equity investments provided the best return while increase in interest rate level impacted negatively to performance of fixed income assets.

At the end of the year, fixed income investments accounted for 80,8 (84,9) per cent, equities and equity-type investments for 16,0 (10,0) per cent and the share of cash 3,2 (5,1) per cent.

Claims

Total amount of EUR 3,365,444.91 in claims was paid in 2021.

Expenses

The total expenses were EUR 4,399,663.17 (3,507,369.98). The share of salaries and other personnel costs was EUR 275,453.68 (272,304.30).

Personnel

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

Result

The balance on the technical account for 2021 before taxes was EUR 11,076,712.09 (12,052,458.26). Investment costs amounted to EUR 431,095.38 (355,918.90).

Technical provisions

The technical provision of Nordea Insurance Finland Ltd was EUR 19,178,093.86 (18,684,891.62).

The provision for unearned premiums was EUR 10,152,160.04 (10,422,327.81). The provision for claims outstanding was EUR 6,963,063.47 (7,693,049.22) and the equalization provision amounted to EUR 2,062,870.35 (569,514.59).

Solvency

The company's solvency is strong. Equity used in solvency calculation exceeds the equity ratio requirement by a ratio of 5.35.

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

We believe that the company has a good basis to grow its business. During the year 2022 the aim is to grow the number of the company's customers via an active promotion and sales support of MyLife product and further develop business. 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

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

Pekka Luukkanen, Chairman of the Board
Lauri Hallberg, Vice-Chairman of the Board
Petra Särkkä
Raimo Voutilainen
Martti Paajanen (since 24 March 2021)

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 PWC Oy with APA Martin Grandell acting as the principal auditor.

The Annual General Meeting was held on 24 March 2021.

Proposal of the Board of Directors for distribution of profit

The result for the fourth operating year for Nordea Insurance Finland Ltd was EUR 8,859,001.27. The distributable equity capital of Nordea Insurance Finland Ltd totals EUR 21,291,785.00.

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

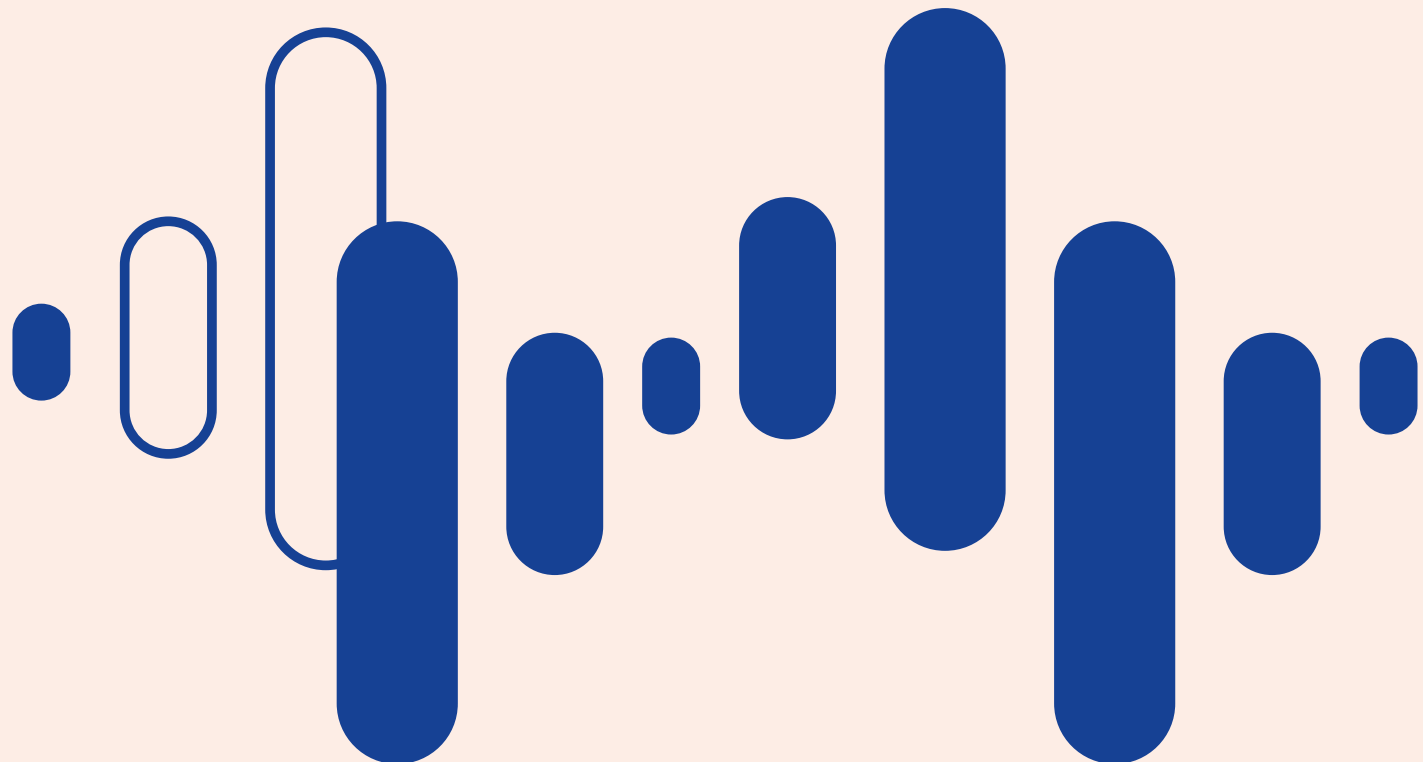
Events after the financial year

No significant events.

Financial Statements 2021

Nordea Insurance Finland Ltd

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Profit and loss account

Technical Account	1.1.–31.12.2021		1.1.–31.12.2020	
Premiums earned				
Premiums written	19 749 888		29 541 194	
Reinsurers' share	-107 131	19 642 756	-134 521	29 406 672
Change in the provision for unearned premiums	270 168		-9 346 227	
From which portfolio transfer	0		0	
Reinsurers' share	0	270 168	0	-9 346 227
Claims				
Claims paid	-3 365 445		-4 172 198	
Change in the provision for outstanding claims	729 986		241 639	
From which portfolio transfer	0		0	
Reinsurers' share	0	-2 635 459	0	-3 930 559
Net operating expenses		-4 399 663		-3 480 370
Balance on technical account before the change in equalisation provision		12 877 802		12 649 517
Change in equalisation provision		-1 493 356		-373 547
Balance on technical account		11 384 446		12 275 969
Non-technical account				
Investment income		123 361		35 727
Investment expenses		-397 676		-355 255
Value readjustments		0		96 681
Investment depreciations		-33 419		-664
Profit/loss on ordinary activities		11 076 712		12 052 458
Profit/loss before appropriations and tax		11 076 712		12 052 458
Direct taxes on ordinary operations				
Taxes for the year		-2 217 711		-2 413 492
Result for the year		8 859 001		9 638 967

Balance Sheet

ASSETS	31.12.2021		31.12.2020	
Investments				
Other investments				
Shares and participations	1 001 574		779 474	
Debt securities	6 966 204	7 967 778	6 974 751	7 754 225
Receivables				
Arising from direct insurance operations	9 440 609		9 812 611	
Policyholders	1 652 590		1 692 465	
Intermediaries	25 000	11 118 199	27 000	11 532 076
Other assets				
Cash in hand and at bank		26 351 088		16 996 252
Other receivables				
Other receivables		2 017		1 639
Prepayments and accrued income				
		187 658		10 699
		45 626 740		36 294 891
LIABILITIES				
Equity capital				
Shareholders' equity	-5 000 000		-5 000 000	
Reserve for invested unrestricted equity	-300 000		-300 000	
Retained earnings	-12 132 784		-2 493 817	
Profit for the year	-8 859 001	-26 291 785	-9 638 967	-17 432 784
Technical account				
Provisions for unearned premiums	-10 152 160		-10 422 328	
Outstanding claims	-6 963 063	-17 115 224	-7 693 049	-18 115 377
Equalisation provision, non-life insurance		-2 062 870		-569 515
Technical provisions		-19 178 094		-18 684 892
Creditors				
Arising from reinsurance operations		-107 000		-112 000
Other creditors		-9 768		-7 306
Deferred income				
		-40 093		-57 910
		-45 626 740		-36 294 891

Cash Flow Statement

CASH FLOW STATEMENT	1.1.-31.12.2021	1.1.-31.12.2020
Cash flow from operations		
Insurance premiums gained	20 086 995	20 214 990
Reinsurers' share	-131	-22 521
Claims paid	-2 846 945	-3 772 299
Reinsurers' share	0	0
Interest income paid	0	0
Dividend	0	0
Other investment income received and other operational income	0	0
Personel expense related payments	-268 847	-272 652
Payments on other operative expenses	-5 042 467	-3 943 394
Cash flow from business operations before financial items and taxes	11 928 605	12 204 124
Interest paid and payments on other financing expenses	0	0
Direct taxes paid	-2 405 368	-2 424 190
Cash flow from operations	9 523 236	9 779 934
Cash flow from investments		
Net investments	-4 321 930	-780 500
Capital gains from investments (excl. cash assets)	4 153 530	725 127
Intangible and tangible assets	0	0
Transfer of business	0	0
Other asset investments and income from sales	0	0
Cash flow from investments	-168 400	-55 373
Cash flow from financial activities		
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
Cash flow from financial activities	0	0
Change in funds	9 354 836	9 724 560
Funds at the start of the year	16 996 252	7 271 692
Funds at the end of the year	26 351 088	16 996 252

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 2021 are entered in the 2021 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 2021 that affected the financial statement

seuraava: The accounting treatment of profit share paid from reinsurance contracts has been changed. The profit share is booked against operating expenses. The profit share was previously booked as investment income. Due to the change, the comparison figures for the aforementioned profit and loss statement items will be corrected.

1. PREMIUM INCOME	1.1.-31.12.2021	1.1.-31.12.2020
Direct insurance		
Domestic	19 749 888	29 541 194
Reinsurance	0	0
Gross premium income before outward reinsurance premiums	19 749 888	29 541 194

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	2021	19 074 513	19 455 765	-2 455 496	-4 273 356	-82 131	12 644 782
	2020	28 986 998	19 879 413	-3 782 435	-3 441 571	-107 521	12 547 886
	2019	5 340 955	5 532 889	-772 293	-421 640	-554	4 338 402
Other	2021	675 375	564 291	-179 963	-151 308	0	233 020
	2020	554 195	315 554	-148 124	-65 799	0	101 631
	2019	96 975	93 967	-74 368	-421 640	0	-402 042
Direct insurance total	2021	19 749 888	20 020 056	-2 635 459	-4 424 663	-82 131	12 877 802
	2020	29 541 194	20 194 967	-3 930 559	-3 507 370	-107 521	12 649 517
	2019	5 437 930	5 626 856	-846 661	-843 280	-554	3 936 360
Reinsurance	2021	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Total	2021	19 749 888	20 020 056	-2 635 459	-4 424 663	-82 131	12 877 802
	2020	29 541 194	20 194 967	-3 930 559	-3 507 370	-107 521	12 649 517
	2019	5 437 930	5 626 856	-846 661	-843 280	-554	3 936 360
Change in equalisation provision	2021						-1 493 356
	2020						-373 547
	2019						-195 381
Balance on technical account	2021						11 384 446
	2020						12 275 969
	2019						3 740 979

3. OPERATING EXPENSES	1.1.-31.12.2021	1.1.-31.12.2020
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3.1 Operation expenses by function

Claims paid	518 500	399 899
Operating expenses	4 399 663	3 480 370
Investment expenses	282 312	268 339
Other expenses	0	0
Total	5 200 476	4 148 608

3.2. Profit and loss account 'operating expenses'

Insurance acquisition expenses		
Direct insurance commissions	2 222 415	1 870 420
Other policy acquisition costs	0	0
Total	2 222 415	1 870 420
Insurance policy management expenses	1 056 070	881 452
Administrative expenses	-25 000	-27 000
Total operating expenses	4 399 663	3 480 370

3.3. Personnel**3.3.1 Personnel expenses**

Salaries and commissions	235 082	235 062
Pension expenses	34 426	32 832
Other indirect personnel costs	5 946	4 410
Total	275 454	272 304

3.3.2 Management's salaries, commissions and pension commitments

Managing director's salary and commissions	27 900	13 916
There is no pension insurance for managing director		
The Board of Directors' salary and commissions	12 000	2 400

3.3.3 Average number of personnel during the financial year

Personnel	3	3
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4. NET INVESTMENT INCOME	1.1.-31.12.2021	1.1.-31.12.2020
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	-883	0
Other income	22 753	19 809
Total	21 870	19 809
Value readjustments	0	96 681
Realised gains on investments	101 491	15 918
Total	101 491	112 599
Total	123 361	132 408
Investment expenses		
Expenses arising from real estate investments	0	0
Expenses arising from other investments	-374 757	-308 429
Interest and other expenses on liabilities		
To Group companies	0	0
To others	0	0
Total	-374 757	-308 429
Value adjustments and depreciations		
Value adjustments	-33 419	-664
Depreciation according to plan on buildings	0	0
Realised losses on investments	-22 919	-46 826
Total	-431 095	-355 919
Net investment income in profit and loss account	-307 734	-223 511

5. MARKET VALUE AND VALUATION DIFFERENCE OF INVESTMENTS

Investments 31.12.2020	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	1 001 574	1 001 574	1 383 010
Debt securities	7 000 388	6 966 204	6 978 075
Other investments	26 351 088	26 351 088	26 351 088
Deposits with ceding undertakings	0	0	0

Other investments include cash in hand and at bank

Investments 31.12.2019	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	779 474	779 474	851 148
Debt securities	6 975 639	6 974 751	7 198 764
Other investments	16 996 252	16 996 252	16 996 252
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.-31.12.2021	1.1.-31.12.2020
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.	12 132 784	2 493 817
Retained earnings 31.12.	12 132 784	2 493 817
Profit/loss for the year	8 859 001	9 638 967
Preliminary dividend	0	0
Equity capital in total	26 291 785	17 432 784

The distributable equity capital in Nordea Insurance Finland Ltd is in total EUR 21 291 785 (12 432 784).

7. EQUALIZATION PROVISION

The equalization provision is 2 062 870,35 € and its target amount is 7 496 993,67 € on 31 December 2021.

8. INVESTMENTS

Funds	Domicile	Book value	Fair value
Nordea Moderate Yield B growth	Suomi	722 541	722 541
Nordea Sustainable Equities Global Fund A growth	Suomi	779 474	1 109 221
Nordea 1 - Global Climate and Envir. Fd BI-EUR	Luxemburg	222 100	273 789
Nordea Corporate Bond I growth	Suomi	1 752 461	1 759 328
Nordea 1 - European Covered Bd Opp BI - EUR	Luxemburg	1 735 257	1 735 257
Nordea Pro Euro Bond I growth	Suomi	1 475 377	1 475 377
Nordea 1 - US Corporate Bond Fund HBIE-EUR	Luxemburg	1 280 568	1 285 572
Total		7 967 778	8 361 085
Cash at bank and in hand			
Bank accounts	Finland	26 351 088	26 351 088
Total		26 351 088	26 351 088

9. AUDITORS' FEES	1.1.-31.12.2021	1.1.-31.12.2020
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The auditors' fees per category were

Audit		
Mandates subject to section 1(2) of the Auditing Act	57 438	40 072
Tax consultation	0	0
Other services	0	0
Total	57 438	40 072

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	2021	2020
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Turnover	19 712 321	19 971 456
Premium income before the reinsurers' share + investment income and unrealised gains + other income		
Operating profit or loss	12 877 802	12 649 517
Profit or loss before changes in equalisation provision, additional benefits, extraordinary items, appropriations and taxes		
Total profit or loss	13 271 108	12 945 204
Operating profit or loss +/- changes in valuation differences, fair value and revaluation reserves		
Return on assets (%) (at market value)	29,1	35,7
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	19 749 888	29 541 194
Premium income before the reinsurers' share		
Loss ratio %	13,2	19,6
Claims incurred/premiums earned		
Expense ratio %	22,1	17,3
Operating expenses/premiums earned		
Combined ratio	35,3	36,9
Loss ratio + expense ratio		
Net investment income	-307 734	-223 511

		2021		2020	
		Income-%	Net investment income at market value	Income-%	Net investment income at market value
Net investment income on invested capital					
Bonds		-3.06%	-242 009	3.97%	248 583
Shares		21.34%	219 421	-10.09%	-103 730
Money market investments		-31.95%	-184 182	-0.81%	-102 130
Alternative investments		0.00%	0	22.35%	6 327
Net investment income at market values		-0.77%	-206 770	0.25%	49 049
Investment allocation at market values					
Shares and participations			1 383 010	3.98%	851 148
Money market investments			6 978 075	20.10%	7 198 764
Cash in hand and at bank			26 351 088	75.91%	16 996 252
			34 712 173	100.00%	25 046 164

14. PROFIT ANALYSIS

	2021	2020
Premium income	19 912 924	20 060 446
Claims paid	-2 635 459	-3 930 559
Net operating expenses	-4 399 663	-3 480 370
Other technical underwriting income	0	0
Balance on technical account	12 877 802	12 649 517
Investment income and expenses	-307 734	-223 511
Other income	0	0
Share of associated undertaking's profit/loss	0	0
Operating profit/-loss	12 570 068	12 426 005
Change in equalisation provision	-1 493 356	-373 547
Profit/loss before closing entries and taxes	11 076 712	12 052 458
Minority interests	0	0
Income tax and other direct taxes	-2 217 711	-2 413 492
Loss for the year	8 859 001	9 638 967

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 2021.

The calculation basis for the technical provisions were updated on 31 December 2021. The update did not have material impact on the technical provisions.

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

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)

Riskprofile

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:

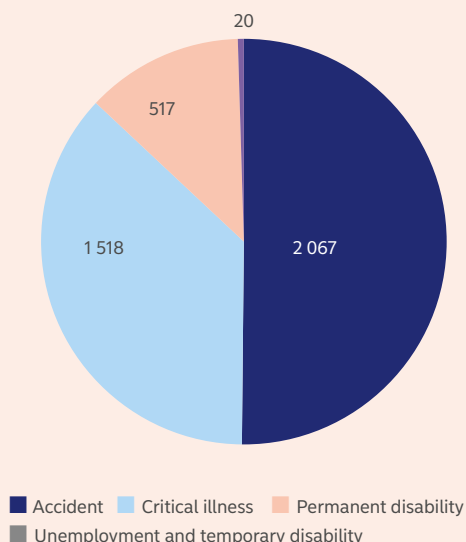
- Overnight stress and scenario tests
- Reverse stress tests
- Business risk scenarios
- Macro-economic scenarios investigating emerging trends and stresses testing the resilience of the company to historical and potential future macro crises

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 for new sales.

Insured risk sums 31 December 2021 (EUR millions)



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 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 company is continuously analysing the insurance risks and the underwriting policy is reviewed at least annually.

Reinsurance

The company's reinsurance programme is approved annually by the Board. 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, catastrophes and pandemics.

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.

Fixed income holdings by rating for the investment portfolio at 31 December 2021

AAA	17 %
AA	13 %
A	16 %
BBB	47 %
BB	6 %
B	0 %
CCC or below	0 %
Not rated	1 %
Yhteensä	100 %

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 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

The precautionary principle, the consideration of the risk-profit relation and responsible investing form the foundation of the company's investment process. These principles are applied to all investment portfolios as a whole, as well as to the individual investments within the portfolios. This is done to ensure that the combination of assets is reasonable and in line with the objective of each investment portfolio. As per the precautionary principle, the company only invests in investment objects, for which the risks can adequately be identified, measured, monitored, managed, controlled and reported on. The precautionary principle also entails that excess complexity is averted in the company's investment process, as it can impair the transparency of risks and add costs.

Responsible investing is an essential part of the company's investment process. Responsible investing means integration of environmental, social or governance related sustainability metrics into the investment decision process.

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, stress and scenario testing 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.

Stress testing and scenario analysis

As an extension of the Risk and Control Self-Assessment (RCSA) process mentioned below 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.

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, resulting from expected changes related to strategic initiatives.

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.

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.

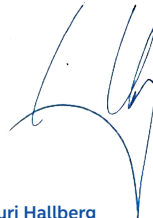
The QRA is performed in order to limit new risks and to ensure disciplined change management. It aims to document decision-making regarding risk and quality aspects connected to changes, explicit responsibility for decisions and actions taken, and systematic follow-up. The CRMA is mandatory as part of the change approval process.

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

Helsinki 11 February 2022



Pekka Luukkanen
Chairman of the Board of Directors



Lauri Hallberg
Vice-Chairman 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

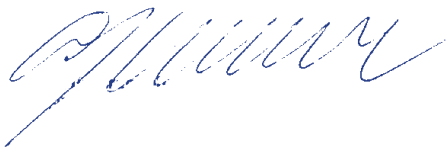


Ari Sivonen
Managing Director

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

Helsinki 22 February 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants



Martin Grandell
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, 2021. 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 to 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 1 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 value 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 also included assessments of applied methods, models and assumptions used in calculating the provisions. We have on a sample basis performed recalculations of the provisions. The audit was carried out by a PwC actuary.

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 4 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 22 February 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants



Martin Grandell
Authorised Public Accountant