



Pension Fennia

The Board of Directors' Report and
Financial Statements 2005

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The Board of Directors' Report

Economic development

The year 2005 was a good one for the world economy. Global growth increased in 2005 to around 4.5 per cent from 4.1 per cent in the previous year. The growth rate accelerated particularly in developing countries. In developed countries the growth of industrial production slowed down. On the other hand, consumer demand increased 3.5 per cent in the United States, 2 per cent in Japan, and 1.3 per cent in Europe. Economic growth in Europe finally turned to a rise towards the end of the year. Economic growth of the Nordic countries continued at the favourable rate of 3 per cent, although Finland's economic growth was reduced by the paper industry strike in the summer. The differences in consumer demand kept up the unbalance particularly between the United States and the rest of the world, which has been a cause of concern for a long time.

The strengthened growth in the world economy was seen in increased prices of energy and raw materials, which in turn increased the consumer price inflation in the United States from 2.7 per cent to 3.5 per cent. The consumer price inflation of Europe stood at 2.2 per cent and that of Japan at -0.3 per cent, and consequently, the inflation rate did not increase very much in these areas. The trend of opening international trade and labour markets kept the basic inflation in the OECD countries at a very moderate level, under 2 per cent, despite the price pressure of the intermediate product stage.

The US Federal Reserve Bank raised its central bank rate during 2005 from 2.25 per cent to 4.25 per cent to neutralise too loose monetary policy. The European Central Bank raised its central bank rate in December to 2.25 per cent, and the Japanese Central Bank is preparing to carefully tighten its very loose monetary policy.

The moderate inflation expectations, reserve investments of the central banks of Asia and the developing countries, as well as the investment needs of insurance and pension companies kept long-term interest rates almost unchanged at an exceptionally low level despite the tightening of the monetary policy. As a result of performance development of companies that exceeded expectations, the credit margins also remained low, and share prices rose particularly in Asia and Europe.

Development of the statutory earnings-related pension scheme

The bill on combining and clarifying private sector employment pension acts was given to the Parliament on 21 April 2005. According to the bill, employees'

pensions acts TEL, LEL and TaEL will be combined into Employees Pensions Act TyEL in such a way that the employer can handle the pension insurance of all employees under one insurance policy. The Self-employed Persons' Pensions Act YEL is also planned to be reformed in such a way that the structure and regulations of YEL would be as consistent with TyEL as possible. The objective is that TyEL and reformed YEL would enter into force on 1 January 2007, which is when LEL and TaEL industries will be subjected to competition.

Changes were also made in the determination bases of the insurance premium. The deductible technique for disability pensions for large-scale employers was abolished at the beginning of 2006 and replaced with premium category technique in which the employers' disability expenses are determined according to the risk of illness of its employees. If the risk of illness is higher than is expected from people of the same age, the employer is placed in a higher premium category. Correspondingly, if there are no contingencies, the employer is placed in a lower premium category. Therefore the technique encourages maintaining working capacity.

Like the year before, 2005 was characterised by the implementation of the pension reform that entered into force at the beginning of the year. One of the key goals of the pension reform is to extend the retirement age by 2–3 years from the current 59 years and adapt the pension system to the continuous increase of the average lifetime. Experience from the first year of the pension reform suggests that the opportunity to retire on old-age pension at the age of 63 has been used more moderately than was expected. According to statistics, it can be estimated that approximately every fourth person used the opportunity provided by the reform to retire at 63. In addition to the pension reform, the Self-employed Persons' pensions Act (YEL) was amended from the beginning of 2005 in such a way that self-employed persons can now change their YEL income more flexibly.

The thoughts of the pension negotiation group of the labour market organisations concerning the means for employment pension institutions to reduce the pressure to raise the employment pension contributions by moderately increasing the investment risk were also discussed in public. At the same time there was talk about Finnish ownership, opportunities to support employment conditions in SMEs, and the role of the statutory earnings-related pensions scheme in this work. In connection with the investment survey the reform of coverage and solvency regulations was also discussed.

The regulations have been partially overlapping, and the coverage regulations in particular have been difficult to interpret. A consistent base of statutes was the aim of coverage and solvency classification. The development of the supervision framework of solvency was also aimed at.

The package concerning the overall reform of the Companies Act is being handled by the Parliament, and the law is expected to enter into force on 1 September 2006. The work on the reform of the Insurance Companies Act is also underway, but the preparation has been delayed. The act will not enter into force at the same time as the reform of the Companies Act.

The overall reform of the Companies Act and the Insurance Companies Act also requires a reform of the Act on Employment Pension Companies. This cannot be completed until the content of the Companies Act and the Insurance Companies Act is known.

Appointed by the Ministry of Social Affairs and Health, Matti Louekoski, Deputy Governor of the Bank of Finland, has been preparing the legislative changes on the basis of the negotiation result of the pension negotiation group of the labour market organisations, as well as a proposal for reforming the coverage and solvency regulations. Furthermore, Mr Louekoski has prepared amendments to the regulations concerning the administration of employment pension companies and the Act on Employment Pension Companies. These amendments are intended to become effective as of the beginning of 2007.

Reaching the goals in the year 2005

Pension Fennia's market share among start-up companies and self-employed persons remained at a high level of 20 per cent, which meant more than 2,400 new TEL and more than 4,000 new YEL customers in

2005. Measured by the number of policies, Pension Fennia was clearly number one in the four annual transfer rounds and came in the second place measured by premium income. The net increase of Pension Fennia's TEL and YEL customers as a result of the transfer rounds was more than 1,300 customers. The end of the co-operation with the OP Bank Group late in the year was not reflected in the sales results of the year.

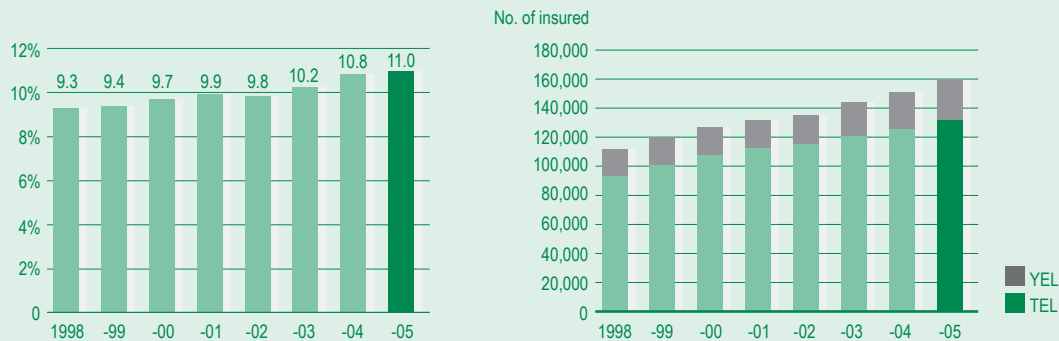
The key goal of investment operations is to use the solvency margin efficiently in order to reach the best return on investment in all market situations. Pension Fennia succeeded very well in reaching that goal in 2005. Return on invested capital at fair values before operating expenses stood at 11.9 per cent for the financial year, while in the previous year it was 7.5 per cent. The amount of solvency margin was 2.1 times the solvency limit at the closing of accounts. Solvency margin grew by 49 per cent, from € 696.7 million to € 1,040.4 million, and was 24.4 per cent of technical provisions.

Development of operations

In order to ensure cost-efficient development and maintenance of the basic information systems of employment insurance, Pension Fennia and other owners of Esy Oy (Varma, Veritas and Sampo Life) made a co-operation agreement with TietoEnator Corporation. The strong technology, expertise and resource base of the new joint venture TietoEnator Esy Oy enables cost-efficient system work service also in future development projects that utilise new technology. The new common earnings system will be built by Arek Oy, while the rest of the basic information system work needed by Pension Fennia will be the responsibility of Tietoenator Esy.

Preparing for the unification of the private sector

Pension Fennia's market share measured by premium income and those insured in Pension Fennia



pension acts into one Employees Pensions Act TyEL at the beginning of 2007 was one of the key task areas of last year. In addition to the new basic system solutions, preparations are underway for the increasing sales opportunities. They will emerge particularly in contracting, tourism and restaurant businesses, as well as other fields that use temporary employees. Commercial success in the new market is built on the operation of partner channels and strong conceptualised service models. Extensive training concerning the reform ensured expertise of the staff in the new situation. The extent of the projects and a tight schedule have presented challenges to the Pension Fennia employees who have participated in the work.

The key focal areas of 2005 were process development and system projects aimed at deepening the customer-oriented way of working. The goal is to allocate the services better according to the size and expectations of client companies on the basis of three-way segmentation. The customer system project started during the year enables further systemising and enhancing of sales and customer service in 2006.

The measures directed at promoting electronic communication continued as partial outsourcing of the storage processes of employment contract and annual notifications, and as a new version of the electronic desktop offered to the partner network. Self service accounted for nearly 40 per cent of the notifications traffic, and the share of Pension Fennia Online customer relations increased especially in small client companies.

The project of electronic pension handling was forwarded, and preparations were made for the production of the first phase of the project. Alongside the system development work the pension line was also reorganised and a new division of functions was introduced. The pension services were also employed by participation in the preparation of the implementation of the TyEL legislation of 2007, as well as starting up system development work and related training.

As for personnel strategy, Pension Fennia focused on management of expertise, as well as development of supervisory tasks and reward systems. Started in 2004, the management of expertise project continued in 2005 as piloting projects. Their goal was to put the management of expertise process into practise.

Renewing leadership training was commenced already in late 2004 to develop the supervisory tasks. In addition to top management, all those working in supervisory tasks participated in the training. Objectives include e.g. promoting the strategy-orientation and goal-orientation of leadership as well as creating a

uniform and consistent management culture and ways of working for Pension Fennia. The training will continue until May 2006.

Pension Fennia's incentive reward system was evaluated in 2005 together with the Laboratory of Work and Organizational Psychology of the Helsinki University of Technology. The results yielded a number of ideas for improvement. The development team appointed by the Executive Group completed a proposal for the new goal reward system late in the year.

Insurance portfolio and premiums written

At the year-end 2005, Pension Fennia was responsible for insuring 159,710 persons' pension provision. The number of TEL basic insurances increased by about 800 policies to 18,600, and the number of insured totalled 131,820. At the end of 2005, the number of insured employment relationships was over 6,000 higher than in the previous year. The number of YEL insured increased by about 2,500 entrepreneurs during the year and stood at 27,890 at the year-end.

Premiums written for the year 2005 stood at € 808.5 million. Of this amount, TEL insurance accounted for € 720.0 million before deduction of credit losses and YEL insurances for € 94.9 million. Credit losses on premium receivables stood at € 6.5 million.

The average premium of TEL insurance was 21.6 per cent of salaries, of which the employee's share was 4.8 per cent. The YEL premium was 21.6 per cent of reported earnings.

Pensions and well-being at work

A total of 12,500 pension applications were handled during the year 2005, of which 6,760 were new pension applications. As expected, the growth was greatest in the number of old-age pension applications. As a result of the amendment that entered into force at the beginning of 2005, three age classes were granted the right to retire on old-age pension at the age of 63 in 2005, which increased the number of applications by 34 per cent. The number of early old-age pensions decreased significantly, and more and more people entitled to this pension seem to continue at work at least to the age of 63.

The number of disability pension applications remained at the level of 2004, and the number of rehabilitation applications also seems to have stabilised at the level following the amendment of 2004. 21 per cent of the pension applicants had also worked at the service of the state or a municipality during their working career. In accordance with the principle of last institution

their pension issues were handled by Pension Fennia also in terms of their public sector earnings.

Pension Fennia paid pensions to 74,140 persons at year-end 2005. A total of € 596 million was paid out in pensions to 39 different countries.

The pension reform and the effect of staying at work on the pension provision were the key subjects in the advisory work of the pension advisory services and customer information. More than 11,000 pension estimates were sent at request of customers; most of them were estimates for old-age pension or part-time pension. In addition, pension estimates were sent to self-employed persons, those approaching the flexible retirement age, selected age groups, and those with a supplementary insurance, totalling nearly 43,000.

Efekti well-being at work services were specified, and expert resources and know-how was added during 2005. The Efekti project provided Pension Fennia's Account Managers with a strong toolbox for promoting the working capacity in client companies. The website at www.elake-fennia.fi/efekti was expanded to include new tools, as well as new services to all users and exclusively to customers. The site offers means for anticipating development and managing of well-being at work risks. Pension Fennia's expert services were tailored for each customer. Our medical, financial, pension and vocational rehabilitation experts were at our customers' disposal.

Networking continued with external service providers. For customers it means improved opportunities to get good partners for the development of well-being at work. At best producing well-being at work is part of joint success between companies. Customer feedback helped to develop the services.

Technical provisions and covering assets

Pension Fennia's technical provisions stood at € 4,772.5 million at the end of the year 2005. Technical provisions included € 377.2 million of liabilities accrued from employees' share of premium.

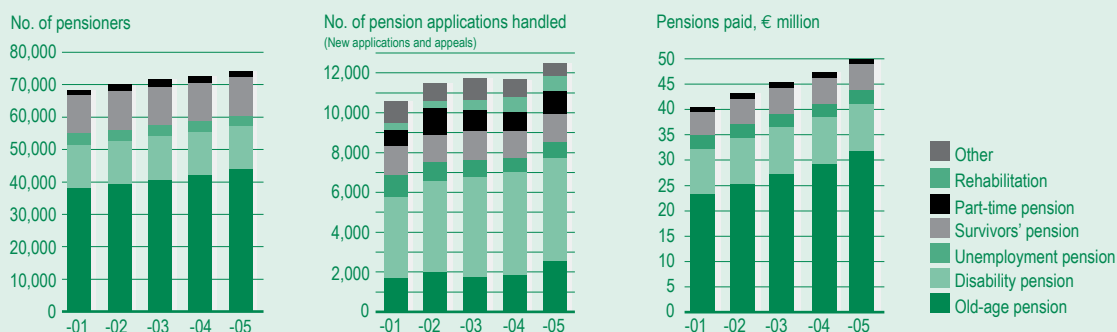
Technical provisions, € mill.	31.12.2005	31.12.2004
Premium reserve		
Future pensions	2,684.4	2,473.3
Provision for current bonuses	11.0	7.4
Provision for future bonuses	496.4	404.6
	3,191.8	2,885.2
Claims reserve		
Current pensions	1,310.5	1,215.8
Equalisation provision	270.1	263.9
	1,580.6	1,479.7
Total	4,772.5	4,364.9

The assets covering technical provisions meet the requirements of the Statute on Gross Margin and those of the Insurance Supervision Authority. Listed margin amounted to € 5,311.7 million, or 11.2 per cent more than the technical provisions to be covered. Pension Fennia's open foreign exchange position, or assets not hedged against exchange rate fluctuations amounted to € 465 million.

Investment operations

The goal of investment operations is to achieve as high real returns in the long term as possible, keeping the solvency margin in efficient use and the risks at the level confirmed by the Board of Directors. This ensures the yield requirement of technical provisions, sufficient

No. of pensioners and pension applications handled and pensions paid (€ million) 31 Dec.



level of solvency margin, and the bonuses paid to the customers.

Pension Fennia's investment operations succeeded very well in the year 2005. Total *investment income on invested capital* stood at 11.9 per cent before operating expenses and unallocated income and costs of investment operations. The technical rate of interest stood at 4.75 per cent until 1 July 2005 and at 5.5 per cent for the rest of the year.

Investment assets at fair values	31.12.2005		31.12.2004	
	€ mill.	%	€ mill.	%
Equities and shares	1,795.8	34.6	909.5	20.1
Loans	244.4	4.7	257.2	5.7
Money-market instruments	2,545.9	49.1	2,784.5	61.6
Bonds	1,558.3	30.0	2,021.6	44.7
Fixed-income funds	368.5	7.1	394.7	8.7
Other	619.1	11.9	368.2	8.1
Real estate	603.5	11.6	568.7	12.6
Total	5,189.6*	100.0	4,519.9	100.0

* Includes € -8.1 million derivatives not included in the balance sheet.

The *net return on investment operations in the profit and loss account* stood at € 298.8 million. Capital gains were obtained in equity, fixed-income and real estate investments; the total gain amounted to € 145.4 million. Value adjustments of € 4.1 million were made in equities and shares, € 5.5 million in bonds, and € 2.5 million in real estate. Value readjustments on equities, bonds and real estate stood at € 21.4 million. Valuation differences increased by € 249.9 million during the financial year. The *net return on investment operations at fair values* stood at € 548.7 million.

The excellent result of investment operations was above all based on successful allocation between asset classes. The most significant change was the increase in the proportion of listed equities from under 20 per cent to just under 30 per cent during the year. The proportion of hedge funds was increased to about 5 per cent to decentralise the risk. As the weight of equities and hedge funds increased, the weight of fixed-income investments decreased during the year. The proportion of money-market investments of the fixed-income portfolio grew at the end of the year.

The development of the equities market and result of *equities investments* were excellent in 2005. The return on invested capital of Pension Fennia's whole equities portfolio was 28.8 per cent. In addition to listed and unlisted equities, the equities portfolio includes derivatives, hedge funds and private equity funds.

The return on listed shares stood at 33.6 per cent for the year 2005. During the year, derivatives were used to administer the equity risk, which decreased the return on equities by about 0.5 per cent. Because listed Finnish equities still accounted for a large part of the listed equities investments, the diversification of investments was continued geographically, in different investment types and parts of the market. The best returns were obtained from developing equities markets.

The year 2005 was a good one for *fixed-income investments*. Long interest rates (over 5 years) fell and at the same time short-term interest rates rose in such a way that the interest curve became significantly gentler. Consequently, the weighting of the portfolio in different maturities of the interest curve was important for the result in addition to the total interest risk position (duration). During the year, the duration was on average shorter than the market duration, because the return/risk ratio obtained from the interest rate risk was considered insufficient.

The weight of loans with credit rating AAA accounted for about 35 per cent of the fixed-income investments. The proportion of corporate loans was decreased towards the end of the year. Despite the fact that the return on government loans was higher than that of corporate loans denominated in euro in 2005, Pension Fennia yielded a higher than market return in its bond investments with a credit risk. Investments in loans in developing markets and loans with a credit rating below the investment class were successful. Investments in convertible bonds continued, and their amount was slightly increased during the year.

The return on bond investments calculated on invested capital, including derivatives and fixed-income funds, was 4.9 per cent. The return on the market money portfolio was around 2.2 per cent. The modified duration of the bond portfolio on 31 December 2005 was 5.3 years, and the average credit rating was A.

Real estate as an investment type attracted lots of interest, and the market can be said to be over-liquid. Demand exceeded supply in both Finland and the whole of Europe. The required return on good items continued to fall, and the resulting increase in value was an important part of the generally achieved total returns. Indirect forms of investment increased their share of the market, and money flowed to real estate funds and to the rise of share prices of real estate investment companies.

In the rental market residences and business premises found their users, but the underutilisation rate remained high in terms of office space. Although rentals

of offices increased, it was characterised by the users moving to new or renovated premises. The total need for premises did not really grow, and that little was fulfilled by new buildings.

Pension Fennia's real estate investments increased by around € 34.8 million during the year, and the growth resulted almost completely from new buildings. The most significant new items were shopping centre Jumbo in Vantaa and shopping centre Sello in Espoo.

Furthermore, residential flats were built for about € 10.5 million in Kartanonkoski in Vantaa, Leppävaara in Espoo, and in the centre of Kerava. Sales totalled around € 19.9 million and mainly consisted of smaller real estates and individual flats. The diversification of real estate investments to Europe through funds continued moderately, and these investments amounted to around € 9.1 million at the year-end.

The return on real estate investments calculated on invested capital stood at 8.0 per cent, compared with 6.4 per cent in the previous year. The net rent income of completed real estate items owned through the year was 6.8 per cent, calculated on the real estate portfolio at the year-end. Real estate investments totalled € 603.6 million at the year-end.

Investment, pension and capital loans of *client financing* totalled € 246.9 million at the year-end. The amount of unarranged loans increased from € 3.1 million in the previous year to € 4.7 million. Value adjustments amounting to € 0.9 million were entered due to bankruptcies and non-securing guarantees during the financial year.

Total operating expenses and personnel

Total operating expenses for the year 2005 stood at € 38.3 million, including operating expenses of well-being at work activities. Personnel and information management expenses including depreciation accounted for 73 per cent of the total operating expenses. A total of € 7.5 million of activated IT system expenses are included in the balance sheet as at 31 December 2005.

Operating expenses covered with expense loading stood at € 31.5 million. Operating expenses covered from the investment income stood at € 6.5 million. € 0.4 million of operating expenses related to working capacity maintenance were paid from the disability loading of the premium. Expense loading included in the premium for covering operating expenses totalled € 33.4 million for the year and other income € 1.1 million. Loading profit stood at € 3.1 million.

The company employed an average of 245 persons in the year 2005. At the year-end 2005, 245 people were permanently employed, and 6 had a fixed-term employment relationship. 5 people were on maternity or child care leave, and 12 people were on a permanent part-time employment; 10 of these were on part-time pension and 2 on partial disability pension. A total of 16 new employees were hired or fixed-term employments made permanent. 12 employment relationships ended, 3 of them due to retirement.

Result and solvency

The *book net returns* on investment operations, € 298.8 million, exceeded the required return, € 199.8 million, by € 99.0 million. The valuation differences of investments increased by € 249.9 million. Therefore the *result of investment operations* after the required return compensated on technical provisions was € 351.2 million. The *profit on insurance business* stood at € 6.3 million, and *loading profit* was € 3.1 million. The combined *total result* of Pension Fennia was € 360.5 million. The total result grew by € 204.7 million, or 131.5 per cent compared with the previous year.

A total of € 91.8 million was transferred from the total result to the provision for future bonuses and € 11.0 million to be returned to customers as reduced insurance premiums. In addition, 10 per cent of the supplement made from the provision for future bonuses to the provision for current bonuses was returned.

The *solvency margin* at the year-end amounted to € 1,040.4 million, or 24.4 per cent of the technical provisions. Valuation differences accounted for € 526.3 million of the solvency margin. Provision for future bonuses stood at € 496.4 million at the year-end.

The profit and loss account shows a surplus of € 1,570,100.79.

Internal supervision, risk management, internal and external auditing

Pension Fennia Board of Directors has approved a *risk management plan* that covers all operations. The risk management process has been integrated into operations planning, and a key task of the risk management process is to ensure the realisation of the company's strategic goals and other important projects related to operations. The Board has followed the progress of measures in accordance with the risk management plan during the year. The Board has also assessed the appropriateness of internal supervision.

The line directors acting as members of the Executive Group are responsible for ensuring in their own fields that internal supervision is implemented and that the line-specific risk management processes are appropriate. The Executive Group follows the progress of actions, combined effects of central risks, and their relationship to the company's risk-bearing capacity.

As part of the investment plan the Board of Directors confirms the *principles of internal supervision and risk management concerning investment operations* and approves the principles for the use of derivatives. Identifying, assessing and measuring the risks related to investment operations as well as administrative measures are included in the risk management plan for investment operations.

Solvency margin is used for preparing for *investment risks*. The key figures used in the follow-up and evaluation of the total risk position of investment operations are the ratio of solvency margin to technical provisions and to the solvency limit in accordance with the statutes. Solvency margin, solvency position and the risk key figures of different asset classes are continuously followed.

Insurance business risks are related to the sufficiency of insurance premium and technical provisions in the short and long term. The risk management of insurance business is based on premium bases and bases for technical provisions that meet the security requirements, which are the same for all companies. The company has prepared for *fluctuations of insurance business* with the *equalisation provision* included in the technical provisions. According to stipulations, the company has appointed an actuary whose task inside the company is to see, for example, that the actuarial methods are appropriate.

The *operational risks* related to business have been identified in connection with the drawing up of the risk management plans, and their administrative measures have been recorded in the risk management plans of functions. The most important operational risks are related to, for example, person risks, dangerous work combinations, defective skills, management, legal affairs, information systems and safety.

Risk management is described in more detail in the notes to the financial statements.

Internal and external auditing

The task of Pension Fennia's internal auditing is to evaluate the sufficiency, appropriateness and efficiency of internal supervision. Internal auditing annually draws

up an operating plan that is introduced to the Executive Group and approved by the Board of Directors.

Observations are reported to the Executive Group, and a report is annually drawn up for the Board of Directors. Internal auditing has annually drawn up an evaluation on internal supervision and a report on the progress of the measures in accordance with the risk management plan to the Board of Directors and the Executive Group.

External auditing of operations is carried out by the authorised auditors elected by the Annual General Meeting and the Insurance Supervision Authority.

Administration

On 27 April 2005, the Annual General Meeting of Pension Fennia re-elected Kalevi Vuorisalo to the Supervisory Board at the suggestion of central employer organisations, and elected Jyrki Kaskinen as a new member, and re-elected Markku Markkula and Marjaana Valkonen at the suggestion of central employee organisations. In addition, the following persons were re-elected to the Supervisory Board: Tauno Jalonen, Harri Kainulainen, Mirja-Leena Kullberg and Mikael Silvennoinen. Mikael Silvennoinen resigned from the Supervisory Board on 15 November 2005.

The Annual General Meeting elected Per-Olof Johansson, Authorised Public Accountant, auditor and the supervisory auditor and Marja Tikka, Authorised Public Accountant, auditor and the deputy supervisory auditor. Tuija Korpelainen, Authorised Public Accountant, and Arto Tenhula, Authorised Public Accountant, were elected deputy auditors.

In its meeting on 15 November 2005, the Supervisory Board of Pension Fennia re-elected Board members Heikki Kauppi, Heikki Ropponen and Pekka Sairanen, and elected Antti Rinne as a new member.

Eero Lehti was elected Chairman of the Board for the year 2005, and Pertti Parmanne and Seppo Riski were elected Deputy Chairmen. Markku Koskeniemi was elected Chairman of the Supervisory Board, and Harri Kainulainen and Eino Rajamäki were elected Deputy Chairmen.

The Board of Directors convened 10 times during the year, and the participation percentage was 98. The Supervisory Board convened twice and the shareholder's general meeting once.

Pension Fennia and the group

Pension Fennia is a mutual insurance company, and decisions at the Annual General Meeting are made by policyholders, the insured and the guarantee capital

owner as prescribed in the Articles of Association. The policyholders hold about 80 per cent and the insured about 20 per cent of the votes.

At year-end 2005, Pension Fennia group included 61 housing and real estate companies as subsidiaries. In addition, Pension Fennia group included Feva-kiinteistöt Oy. Pension Fennia owns 40 per cent of its associated undertaking Insurance Company Fennia Life.

Significant events after the close of the financial year

The company's result has developed favourably in early 2006 especially as a result of good returns on both equities investments and alternative investments. The interest rates of bonds have risen slightly, and hence their return early in the year has been modest.

In January 2006, Palace Sello hotel was completed in Leppävaara of which pension Fennia owns 25.5 per cent. Also in January, a lease agreement on an aircraft servicing hall to be built in the Helsinki-Vantaa airport was signed with Blue 1. The construction has commenced, and the 12,400 square metre facilities are due for completion in spring 2007.

Pension Fennia's solvency margin stood at € 1,156 million, or 26.8 per cent of the technical provisions as at 22 February 2006. The proportion of the solvency margin to the solvency limit was 2.1.

Future outlook

The economic expectations for the first half of the year are positive due to the growth in the developing markets and the expected growth in the United States. The economic situation in Europe and Japan seems to be improving as well. The expectations concerning the second half of the year are, however, more pessimistic, because the consumer demand of households in the United States is expected to decrease due to rising interest rates and energy prices.

The ageing of the population and the decreasing amount of labour force will lead to heavy increase of pension expenses. The report published by the pension negotiation group of the labour market organisations at the beginning of 2006 proposes reforms, the goal of which is to improve the return on employment pension funds and therefore reduce the pressure to rise the employment pension contribution in the long term. According to the proposal, the investment risk-bearing

capacity of employment pension insurers would be strengthened with a new buffer that balances the investment risk resulting from the fluctuation of the share prices.

Amendments are being prepared for the legislation concerning the operations of employment pension companies. The most important one is the study on the reform of the Act on Employment Pension Companies (TVYL) by Matti Louekoski which is also linked to the reforms of the Companies Act and the Insurance Companies Act. During the just under 10 years that TVYL has been in force, the operating environment of employment pension companies has changed, and it is justifiable to adjust the law to match these changes. Pension Fennia actively follows the progress of Mr Louekoski's work and will start to prepare the changes required by the entry into force of the law as soon as the proposals are sufficiently specified and are submitted to the Parliament.

The year 2006 is strongly characterised by preparing for the Employees Pensions Act (TyEL) that will enter into force at the beginning of 2007. As of the beginning of next year insuring according to field of work will end, and all private sector pension institutions may insure private sector work of all fields. This means that a new employment pension company will enter the market and the competition between pension companies will increase. Pension Fennia is getting ready for the new competitive situation by changing and developing the ways of working, and through system projects. The definition work of the new pension handling and compensation system project will probably be commenced in the first half of 2006.

Pension Fennia focuses strongly on developing customer service. The year 2006 will continue to be dominated by development and system projects that support a customer-oriented way of working.

Special attention is also paid to the staff's coping at work and adaptation in the continuously changing operating environment. Pension Fennia is running a management of expertise project concerning all personnel, and the systematic training of supervisors will continue.

The Pension Fennia Board of Directors wishes to thank all personnel and the operative management for a job well done in the financial year 2005.

Profit and Loss Account

EUR thousand	Group 2005	Group 2004	Parent company 2005	Parent company 2004	Notes
Technical account					
Premiums written	808,462	747,416	808,462	747,416	1
Investment income	477,345	406,768	484,013	409,487	3
Revaluations on investments					
Claims incurred					
Claims paid	-669,475	-619,961	-669,475	-619,961	2
Change in claims paid					
Total change	-100,945	-127,229	-100,945	-127,229	
Portfolio transfer	-217	1,534	-217	1,534	
	-770,637	-745,656	-770,637	-745,656	
Change in premium reserve					
Total change	-306,641	-210,022	-306,641	-210,022	
Portfolio transfer	-115	3,902	-115	3,902	
Statutory charges	-3,623	-3,624	-3,623	-3,624	
Operating expenses	-25,123	-22,280	-25,123	-22,280	5
Investment expenses	-181,014	-175,251	-185,212	-176,186	4
Other technical underwriting expenses		402		402	
Balance on technical account/margin	-1,347	1,655	1,124	3,439	
Non-technical account					
Other income	455	87	455	87	
Appropriations					
Change in depreciation difference			-8	94	
Change in optional reserves					
Income taxes					
Taxes for the financial year and previous financial years	98	-2,214		-2,214	
Calculated tax	29	156			
	127	-2,059			
Share of result of associated undertakings	3,371	3,678			
Minority interest in the result for the financial year	-230	-258			
Profit/loss for the financial year	2,837	3,620	1,570	1,406	

Balance Sheet

EUR thousand	Group 2005	Group 2004	Parent company 2005	Parent company 2004	Notes
ASSETS					
Intangible assets					
Intangible rights	266	527	266	527	
Other long-term expenses	7,250	7,997	7,250	7,997	
	7,516	8,524	7,516	8,524	
Investments					
Investments in land and buildings					
Land and buildings	476,575	475,059	278,856	277,467	6
Loan receivables from group companies			237,302	232,572	
	476,575	475,059	516,158	510,039	
Investments in group companies and participating interests					
Shares and participations in group companies			8	8	8
Shares and participations in associated companies	23,792	20,429	16,651	16,651	9
	23,792	20,429	16,659	16,659	
Other investments					
Equities and shares	1,754,092	1,147,950	1,752,741	1,146,873	10
Money-market instruments	2,118,421	2,308,067	2,118,421	2,308,067	
Loans guaranteed by mortgages	150,072	138,432	150,072	138,432	
Other loan receivables	129,917	140,375	94,304	118,719	
Deposits	16,300	4,900	16,300	4,900	
	4,168,802	3,739,725	4,131,838	3,716,992	
	4,669,169	4,235,212	4,664,654	4,243,690	
Debtors					
Direct insurance business					
Policyholders	54,579	67,566	54,579	67,566	
Other debtors					
Receivables from participating interests			3	71	
Receivables from associated undertakings	3	71			
Receivables from own real estate companies			11,831	1,505	
Receivables from partner companies	31	71	31	71	
Portfolio transfer receivable		4,282		4,282	7
Other debtors	71,079	54,514	71,079	53,510	
	71,112	58,938	82,944	59,439	
Other assets					
Tangible assets					
Furniture and fixtures	2,468	2,134	2,468	2,134	
Other tangible assets	353	399	353	399	
	2,822	2,533	2,822	2,533	
Money and cash at bank	4,621	4,053	4,379	3,519	
	7,442	6,586	7,201	6,052	
Prepayments and accrued income					
Accrued interest and rent	41,609	50,168	41,609	50,168	
Other prepayments and accrued income	3,069	5,737	2,415	5,037	
	44,677	55,905	44,024	55,205	
Total assets	4,854,497	4,432,732	4,860,918	4,440,475	

EUR thousand	Group 2005	Group 2004	Parent company 2005	Parent company 2004	Notes
LIABILITIES					
Capital and reserves					
Initial fund	3,364	3,364	3,364	3,364	
Guarantee capital	1,682	1,682	1,682	1,682	
Revaluation reserve	336	344			
	5,382	5,390	5,046	5,046	
Other reserves	19,445	18,065	19,415	18,035	
Profit/loss brought forward	-15,294	-17,514	94	88	
Profit/loss for the financial year	2,837	3,620	1,570	1,406	
	6,988	4,171	21,079	19,529	
	12,370	9,561	26,124	24,574	12
Minority interest	7,348	7,590			
Accrued appropriations					
Depreciation difference			258	250	
Optional reserves					
			258	250	
Technical provisions					
Premium reserve	3,191,819	2,885,178	3,191,819	2,885,178	
Claims reserve	1,580,648	1,479,704	1,580,648	1,479,704	
	4,772,468	4,364,882	4,772,468	4,364,882	11
Obligatory provisions					
Obligatory provisions					
Creditors					
Direct insurance business	2,087	2,260	2,087	2,260	
Loans from financial institutions		2		2	
Calculated tax debt	758	887			
Other creditors	25,851	22,690	26,882	24,086	
	28,695	25,838	28,969	26,348	
Accruals and deferred income	33,616	24,861	33,099	24,422	
Total liabilities	4,854,497	4,432,732	4,860,918	4,440,475	

Accounting Principles 2005

In addition to the Accounting Act and Accounting Decree, the bookkeeping and financial statements of an employment pension company are regulated by the Companies Act and the Insurance Companies Act. Orders relating to the matter are also found in the Act on Employment Pension Insurance Companies, the statutes of the Ministry of Social Affairs and Health on financial statements and consolidated financial statements of insurance companies, as well as in the regulations and guidelines issued by the Ministry of Social Affairs and Health and the Insurance Supervision Authority.

Consolidated financial statements

Those subsidiaries in which Pension Fennia holds more than half of the votes have been consolidated in the consolidated financial statements. In 2005, Pension Fennia group comprised as subsidiaries 61 real estate companies and Feva Kiinteistöt Oy.

The consolidated financial statements have been compiled as combinations of the profit and loss accounts and balance sheets of the parent company and its subsidiaries. Intra-group income and charges, profit distribution, amounts due to or from group companies and cross-shareholdings have been eliminated. Subsidiaries acquired during the financial year have been consolidated as from the day of acquisition. Subsidiaries sold during the financial year have been consolidated until the day of transfer. Minority interests in the profit or loss for the financial year and in capital and reserves are shown as separate items.

Intra-group cross-shareholdings have been eliminated using the acquisition method. The resulting consolidation difference is allocated to the subsidiaries' asset items within the limits permitted by their fair values. The consolidation difference is depreciated in accordance with the planned depreciations of the corresponding asset item. Previous revaluations in group shares are shown in the consolidated balance sheet as a revaluation of real estate owned by a subsidiary.

Copies of the consolidated financial statements are available at the parent company head office, address Kansakoulukuja 1, 00100 Helsinki.

Investments in participating interests

Insurance Company Fennia Life, Pension Fennia's 40 per cent owned associated undertaking, has been consolidated in the consolidated financial statements using the equity method. Housing and real estate

companies have not been treated as associated undertakings in the consolidated financial statements, because their effect on group profit and non-restricted capital and reserves is minimal.

Premiums written

The TEL premium income is determined according to the total TEL payroll of the insured. The advance premium based on the payroll estimate and collected during the financial year has been adjusted using the adjustment premium estimate in the financial statements. The differences caused by the estimated and realised adjustment payments of the previous year are also entered in the premiums for the financial year.

The YEL premium income is determined according to the self-employed person's reported income.

Claims incurred

Claims incurred consist of the pensions paid to the pensioners, rehabilitation costs, clearing of PAYG pensions, operating expenses of claims handling, and the change in the provision for claims.

Valuation of investments and receivables in the balance sheet and determining the fair values

Investments in land and buildings are entered at the lower of acquisition cost less depreciation, plus revaluation or fair value. The fair values of land and buildings and real estate shares are determined by item in the manner required by the Insurance Supervision Authority. Statements of an external, authorised real estate assessor have mainly served as the basis for determining the fair values.

The value adjustments made on real estate are entered in the profit and loss account under value adjustments. Value readjustments with effect on profit have been made on the sold real estate before entering the capital gain. No revaluations on book values of real estate were made in the financial year 2005.

Equities and shares are entered in the balance sheet at the lower of acquisition cost or fair value. Previous value adjustments on equities are entered in the profit and loss account as value readjustments for the part that the fair value exceeds the book value, but not in amount exceeding the value adjustments made earlier. Equities and shares are entered in the books using the average price principle. Fixed asset shares are valued in the balance sheet at the acquisition cost, because that is considered to correspond to their fair value. The last available closing prices of the financial year are used as

fair values for listed equities and shares. The fair value of unlisted equities and shares is the acquisition cost or the probable net realisable value. The fair value used for Fennia Life is the market value calculated by an external assessor.

Money-market instruments include bonds and money-market instruments. The balance sheet value of money-market instruments is the acquisition cost, adjusted with the difference between the nominal value and the acquisition cost. The difference between the nominal value and the acquisition cost is matched as a deduction or addition in interest income over the maturity of the debt instrument. The amount of matching entries entered under acquisitions is presented in the notes to the balance sheet.

Foreign currency denominated receivables have been converted into Finnish currency at the rate quoted by the European Central Bank on 31 December. *Foreign currency denominated other investments* are entered at the rate of the acquisition date. The rates quoted on 31 December have been used to calculate the fair values. If the fair value on the date of closing the accounts is lower than the acquisition cost, the values of the investments have been adjusted. The unallocated rate differences that have arisen during the financial year are entered under other income and expenses from investments, and allocated rate differences have been handled as adjustments of the relevant income and expenses.

Loans, other receivables and deposits are valued at the lower of nominal value or probable value.

Premium receivables consist of the adjustment premium estimate and the due insurance premiums unpaid at the close of the financial year. The due insurance premiums that have been stated disqualified for payment, as well as receivables from companies that have been declared bankrupt are entered as credit losses. Furthermore, reduced receivables from confirmed business restructuring are entered in credit losses.

In the TEL premium system premium receivables are grouped according to the strongest collection procedure of the insurance as follows: bankruptcy, debt recovery, debt restructuring and other.

Derivative contracts have been used by Pension Fennia for targeting at additional income, allocation changes, enhancing portfolio management, and hedging purposes.

Hedging calculation is only applied to those derivative contracts that meet the requirements set in the

regulations and guidelines of the Insurance Supervision Authority. Derivative contracts for hedging purposes are valued together with the hedged item. If no change in value has been entered in the profit and loss account for the hedged balance sheet item, no entry has been recorded in the profit and loss account for the hedging contract, unless the negative value change exceeds the positive value change in the hedging contract. When a value readjustment has been entered for the hedged item, the value change of the derivative used is entered in its entirety as an expense. The income and expenses resulting from a derivative contract are principally entered in the same profit and loss account item as the income and expenses from the hedged balance sheet item or position.

The negative value changes of other derivative contracts are entered in the profit and loss account. The profits and losses resulting from the termination or expiration of contracts during the financial year are entered as income or expenses for the financial year.

In calculating the contribution margin, capital and reserves, and the solvency requirements, those derivatives that have a specific hedging target and are handled as hedging in the books are handled as hedging derivatives. Furthermore, in calculating the cover for technical provisions, such foreign currency derivatives that fulfil the definition of the regulations and guidelines of the Insurance Supervision Authority on operationally hedging foreign currency derivatives are entered as hedging derivatives. Regarding the counterpart risk, the rules on limiting risk concentration presented in the regulations and guidelines of the Insurance Supervision Authority have been followed.

The option share of *index-bound loans* is entered in other receivables and valued at the lower of acquisition cost or probable fair value. A zero coupon bond is entered in the acquisition estimate, adjusted with the matched difference between the nominal value and the acquisition value. The financial year's proportion of the matching is entered as interest income.

Provisions and tax liabilities

No calculated tax liabilities are presented on valuation differences of investments which are shown in the notes. The revaluations entered as income are taxable income. In the consolidated financial statements, the accrued depreciation difference and voluntary provisions are divided into calculated change in tax liabilities and result for the financial year, as well as into calculated tax liabilities, and capital and reserves.

Depreciation

The acquisition cost of depreciable assets is capitalised and entered as depreciation according to plan under expenses during its economic useful life. Revaluations on depreciable assets entered as income are also depreciated according to plan. Software licenses are shown as intangible rights, and software design and programming costs as other long-term expenses. The straight-line depreciation on the original acquisition cost is applied using the following economic useful lives:

Residential, office and business premises	50 years
Industrial premises and warehouses	40 years
Technical equipment in buildings	10 years
Intangible rights	5 years
Motor vehicles	5 years
Computer hardware and software	4 years
Furniture and fixtures	10 years
Office machines	7 years
Other long-term expenses	5 years and 10 years

The maximum depreciation allowed under the Act on the Taxation of Business Profits has been made in the case of some buildings.

The amount of unfinished computer software capitalised in the balance sheet is € 75,285.59, which is not included in the notes under changes in intangible and tangible assets.

Operating expenses

The operating expenses of the company have been divided into different functions according to the instructions issued by the Insurance Supervision Authority as shown in the notes. Long-term software design and programming costs have been entered in other long-term expenses.

Direct taxes and surplus for the financial year

The deferred tax determined on the basis of the result for the financial year is € -2,605,781.27. Deferred tax receivable has not been entered in the balance sheet, because the company does not have temporary differences subject to tax, and there is no reason to assume that the company would have taxable income in the future.

Pension Fennia's surplus for the financial year is determined according to the calculation bases applied for by Pension Fennia and confirmed by the Ministry of Social Affairs and Health.

Pension arrangements

The statutory pension provision for the personnel is arranged through TEL insurance. Supplementary pension provision is arranged for part of the personnel through TEL supplementary pension insurance. The Managing Director and his deputy are entitled to retire on old age pension at the age of 60 years on the basis of the TEL supplementary pension insurance. Pension premiums are entered on an accrual basis. In accordance with the decision of the Board of Directors, supplementary pension to TEL supplementary cover will be bought as one-off payment to those directors appointed by the Board of Directors whose target pension in accordance with their employment contract is not fulfilled at the time of their retirement. No provision has been made for that purpose in these financial statements.

Technical provisions

The liability resulting from insurance contracts is entered as technical provisions. It comprises the premium and claims reserves. The technical provisions are calculated according to the calculation bases confirmed by the Ministry of Social Affairs and Health. The premium reserve includes the provision for future bonuses which is included in the solvency margin.

Solvency margin

The solvency margin of an insurance company consists of the difference between assets and liabilities at fair values. In this case, the provision for future bonuses is not included in the technical provisions. The solvency margin and capital and reserves must meet the requirements prescribed in the Act on Employment Pension Insurance Companies. For non-hedging derivatives, the possible maximum loss that equals loss at probability of 2.5 per cent during one day has been deducted from the solvency margin. The deduction does not concern operationally hedging foreign currency derivatives.

Notes

Notes to the Profit and Loss Account

EUR thousand	Group 2005	Group 2004	Parent company 2005	Parent company 2004
1. Premiums written				
Direct insurance				
TEL basic insurance				
Employer contribution	552,897	519,724	552,897	519,724
Employee contribution	159,443	143,208	159,443	143,208
	712,340	662,932	712,340	662,932
TEL supplementary pension insurance	2,498	2,624	2,498	2,624
YEL minimum coverage insurance	93,535	81,798	93,535	81,798
YEL supplementary pension insurance	89	63	89	63
Transition premium to the State Pension Fund				
Total Premiums written	808,462	747,416	808,462	747,416
Items deducted from premiums written				
Credit loss on premiums				
TEL	5,155	3,295	5,155	3,295
YEL	1,299	1,538	1,299	1,538
	6,455	4,833	6,455	4,833
2. Claims paid				
Direct insurance				
Paid to pensioners				
TEL basic insurance	496,846	471,436	496,846	471,436
TEL supplementary pension insurance	15,861	16,112	15,861	16,112
YEL minimum coverage insurance	82,678	79,480	82,678	79,480
YEL supplementary insurance	584	584	584	584
	595,969	567,612	595,969	567,612
Paid/refunded clearing of PAYG pensions				
TEL pensions	84,762	67,115	84,762	67,115
YEL pensions	16,617	8,398	16,617	8,398
Proportion of the insurance premiums of the unemployment insurance fund	-26,552	-20,929	-26,552	-20,929
Government contribution of YEL	-8,060	-8,394	-8,060	-8,394
	66,768	46,190	66,768	46,190
Paid/refunded joint liability claims		16		16
	662,737	613,818	662,737	613,818
Claims administration costs	6,370	5,815	6,370	5,815
Working capacity maintenance expenses	368	328	368	328
Total claims paid	669,475	619,961	669,475	619,961

Notes to the Profit and Loss Account

EUR thousand	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Net investment income				
3. Investment income				
Income from investments in group companies				
Dividend income			476	224
Income from real estate investments				
Interest income				
From group companies			11,321	8,122
Others	2,027	1,390	29	24
Other income	52,944	48,854	49,377	44,963
	54,971	50,243	60,726	53,109
Income from other investments				
Dividend income	35,124	25,406	35,124	25,182
Interest income	97,918	112,495	98,898	113,616
Other income	35,151	45,664	35,151	45,664
	168,193	183,566	169,173	184,463
Total	223,164	233,809	230,375	237,796
Value readjustments	21,355	3,362	21,355	3,362
Gains on realisation	232,826	169,596	232,283	168,328
Total	477,345	406,768	484,013	409,487
4. Investment expenses				
Costs on real estate investments	-19,347	-18,525	-32,292	-27,468
Costs on other investments	-49,721	-29,698	-51,044	-30,944
Interest costs and expenses on other liabilities	-9,330	-3,766	-9,330	-3,766
	-78,398	-51,990	-92,666	-62,178
Value adjustments and depreciation				
Value adjustments	-13,920	-30,821	-13,028	-30,192
Planned depreciation on buildings	-10,070	-9,254	-892	-629
	-23,990	-40,075	-13,920	-30,821
Losses on realisation	-78,626	-83,186	-78,626	-83,186
Total	-181,014	-175,251	-185,212	-176,186
Net investment income before revaluations and their adjustment	296,331	231,517	298,802	233,301
Revaluation on investments				
Net investment income in the profit and loss account	296,331	231,517	298,802	233,301

EUR thousand	Group 2005	Group 2004	Parent company 2005	Parent company 2004
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5. Profit and loss account item operating expenses

Insurance policy acquisition costs				
Direct insurance remunerations	355	608	355	608
Other insurance policy acquisition costs	7,570	6,905	7,570	6,905
	7,925	7,513	7,925	7,513
Insurance management costs	10,716	9,091	10,716	9,091
Administration costs	6,483	5,676	6,483	5,676
Total	25,123	22,280	25,123	22,280

Total operating expenses by operation

Claims paid				
Expenses related to claims administration	6,370	5,815	6,370	5,815
Working capacity maintenance expenses	351	319	351	319
	6,721	6,134	6,721	6,134
Operating expenses	25,123	22,280	25,123	22,280
Investment expenses				
Costs on real estate investments	1,324	1,246	1,324	1,246
Costs on other investments	5,154	4,681	5,154	4,681
	6,478	5,927	6,478	5,927
Total	38,322	34,340	38,322	34,340

Personnel expenses

Salaries and bonuses	12,274	11,219	12,274	11,219
Pension expenses	2,641	2,589	2,641	2,589
Other social security expenses	1,037	943	1,037	943
Total	15,951	14,751	15,951	14,751

Salaries and bonuses of the management

Managing Director and Deputy Managing Director	436	350	436	350
Board of Directors	171	105	171	105
Supervisory Board	81	55	81	55
Total	689	510	689	510

Managing Director Lasse Heiniö's salary amounted to € 210,500 and fringe benefits totalled € 25,800. There are no pension commitments for members of the Supervisory Board and the Board of Directors, except the Managing Director and his deputy who are entitled to retire at the age of 60 on the basis of a supplementary pension arrangement in accordance with TEL or other corresponding system. No money loans or guarantees have been granted to members of the Supervisory Board and the Board of Directors.

Fees paid to the auditors

In 2005, Ernst & Young Oy was paid € 95,300 for auditing the accounts of Pension Fennia and the real estates owned by it. The fees paid for consultation amounted to € 21,900.

Average number of personnel during the financial year

Office personnel	222	210	222	210
Sales personnel	17	19	17	19
Real estate personnel	6	6	6	6

Notes to the Balance Sheet

	Remaining acquisition cost 2005	Book value 2005	Fair value 2005	Remaining acquisition cost 2004	Book value 2004	Fair value 2004
EUR thousand						

6. Investments at fair value and valuation differences, parent company

Investments in land and buildings

Land and buildings	22,724	24,285	29,880	23,208	24,769	29,236
Land and buildings in group companies	143,681	159,432	218,845	143,390	159,140	206,501
Other land and buildings	92,279	95,139	97,590	90,744	93,558	96,956
Loan receivables from group companies	237,302	237,302	237,302	232,572	232,572	232,572

Investments in group companies

Shares and participations	8	8	8	8	8	8
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Investments in participating interests

Shares and participations	16,651	16,651	35,200	16,651	16,651	26,304
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Other investments

Equities and shares	1,752,735	1,752,741	2,142,901	1,146,864	1,146,873	1,274,057
Money-market instruments	2,105,363	2,105,363	2,151,312	2,295,613	2,295,613	2,366,459
Loans guaranteed by mortgages	150,072	150,072	150,072	138,432	138,432	138,432
Other loans	94,304	94,304	94,304	118,719	118,719	118,719
Deposits	16,300	16,300	16,300	4,900	4,900	4,900
Option share of an index-bound loan	13,058	13,058	13,211	12,454	12,454	13,217
	4,644,477	4,664,654	5,186,924	4,223,555	4,243,690	4,507,360

The remaining acquisition cost of
money-market instruments includes

The difference between the nominal value and acquisition cost, released or charged to interest income	-7,824			-5,696		
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Income from index-bound
loans

	4,833			4,228		
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Book value includes

Revaluations entered as income	20,177			20,135		
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Valuation difference

(difference between fair value and book value)			522,270			263,670
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EUR thousand	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Other loan receivables itemised by guarantee				
Bank guarantee	22,857	30,161	22,857	30,161
Guarantee insurance	45,067	40,238	45,067	40,238
Insurance policy	4,488	6,042	4,488	6,042
Real estate share	3,610	2,605	3,610	2,605
Other guarantee	12,937	28,010	12,937	28,010
The remaining acquisition cost	88,958	107,056	88,958	107,056

Total pension loan receivables

Other loans guaranteed by mortgages	3,936	6,875	3,936	6,875
Other loan receivables	24,876	37,119	24,876	37,119
The remaining acquisition cost	28,812	43,994	28,812	43,994

Receivables from group companies

Other receivables				
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7. Portfolio transfer receivables

Joint liability receivables	1,099	1,099
Receivables from special receivership's estate	3,183	3,183
Total portfolio transfer receivables	4,282	4,282

8. Shares and participations in group companies, parent company

Shares and participations		
Original acquisition cost, 1 Jan.	8	8
Increase		
Transfers		
The remaining acquisition cost, 31 Dec.	8	8

Shares and participations	Holding of all shares, %	Holding of all votes, %	Book value
Feva Kiinteistöt Oy	100.0	100.0	8
Total shares and participations			8

9. Shares and participations in participating interests

Shares and participations		
Original acquisition cost, 1 Jan.	16,651	16,651
Increase		
Transfers		
The remaining acquisition cost, 31 Dec.	16,651	16,651

Shares and participations	Holding of all shares, %	Holding of all votes, %	Book value
Fennia Life Insurance Company	40.0	40.0	16,651
Total shares and participations			16,651

EUR thousand	Shares, %	Book value 31 Dec. 2005	Market value 31 Dec. 2005
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10. Other investments, parent company**Finnish equities and shares**

AffectoGenimap Plc	1.62	762	875
Alma Media Oyj	0.58	2,829	3,299
Amanda Capital Plc	3.25	1,256	1,702
Amer Sports Corporation	0.32	2,804	3,574
Arek Oy	4.00	280	280
Cargotec Corporation	0.25	2,731	4,013
Electrobit Group	0.38	928	928
Elisa Corporation	0.19	3,833	4,974
Elcoteq Group	0.26	891	1,078
Esy Oy	4.00	188	188
Etteplan Oyj	3.45	1,294	1,583
Exel Oyj	1.97	2,201	2,951
Fibrogen Europe E	1.01	482	482
Finnair Plc	0.13	1,039	1,359
Fiskars Corporation	0.24	618	1,260
F-Secure Corporation	1.62	4,330	5,104
Fortum Corporation	0.33	30,535	45,552
HK Ruokatalo Group Oyj	0.34	928	986
Honkarakenne Oyj	2.33	341	409
Huhtamäki Oyj	0.81	10,657	11,737
Ilkka-Yhtymä Group	5.24	3,688	5,283
Imatra Region Development Company	0.35	8	8
International Security Technology Oy	11.80	568	568
IWS International Oy	2.97	717	717
KCI Konecranes International Abp	0.14	701	854
Kesko Corporation	0.27	4,972	6,280
Kemira GrowHow Oyj	0.61	2,007	2,084
Kone Corporation	0.54	10,725	19,616
Kemira Oyj	0.34	4,415	5,775
Kyro Corporation	0.28	913	913
Larox Corporation	0.79	366	447
Lassila & Tikanoja Plc	1.09	5,982	6,223
Metso Corporation	0.41	7,826	13,388
Marimekko Corporation	1.86	2,300	2,434
Midinvest Oy	10.87	505	505
M-Real Corporation	0.44	6,035	6,035
Neste Oil Oyj	0.35	15,011	21,253
Nethawk Oy	1.79	3,418	3,418
Nokia Corporation	0.06	36,602	43,833
Nokian Tyres Plc	0.17	2,130	2,130
OP Bank Group	0.29	4,309	5,339
Orion Corporation	0.38	6,869	8,274
Outokumpu Oyj	0.33	6,961	7,414
Ramirent Group	0.82	2,949	5,412
Rapala VMC Corporation	1.61	3,372	3,783
Rocla Oy	0.21	57	91
Raisio Plc	1.46	4,174	4,295
Rautaruukki Corporation	0.36	7,757	10,275
Sampo plc	0.51	29,465	42,921
Satama Interactive Oyj	2.49	986	1,040
Scanfil plc	0.06	172	172

EUR thousand	Shares, %	Book value 31 Dec. 2005	Market value 31 Dec. 2005
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Stora Enso Oyj	0.32	28,545	29,693
Stockmann Plc	1.04	12,812	18,352
SanomaWSOY Corporation	0.72	18,830	22,275
Sisu Axels Oy	11.24	842	842
Sysopen Plc	1.95	1,584	1,664
Talentum Group	4.43	7,032	7,252
Tamfelt Oyj Abp	0.63	1,396	1,396
Team Botnia Oy	0.93	2	2
Teleste Corporation	1.73	1,999	2,235
Tietoenator Corporation	0.34	6,617	8,379
Tulikivi Corporation	0.79	353	436
Turun Puhelin Oy	0.00	0	0
Uponor Oyj	0.34	3,267	4,603
UPM-Kymmene Corporation	0.37	30,820	31,898
Vaasan Puhelin Oy	0.00	1	1
Vaaho Group Plc Oyj	0.90	155	155
Vacon Oyj	0.46	1,042	1,225
Garantia Insurance Company	3.70	1,521	1,521
Wärtsilä Corporation	0.53	8,017	12,482
YIT Corporation	0.66	7,325	14,936

Foreign non-euro zone equities denominated in euro**Sweden**

Nordea Bank AB (Publ)	0.037	6,596	8,830
TeliaSonera AB (Oy)	0.056	11,859	11,859

Germany

Dow Jones Euro Stoxx 50 EX fund	0.382	10,485	11,262
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Estonia

Tallink Group Ltd	0.147	990	990
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Foreign euro zone equities denominated in euro**France**

Atos Origin SA	0.125	4,675	4,675
Vivendi Universal	0.016	4,763	4,763
Sanofi-Aventis SA	0.009	8,054	8,880

Germany

Adidas-Salomon AG	0.084	6,115	6,784
Allianz AG	0.010	4,334	5,118
Basf AG	0.016	5,012	5,371
Deutsche Bank AG	0.012	4,967	5,324
Deutsche Telekom	0.009	5,491	5,491
E.ON AG	0.009	4,830	5,419
Siemens AG	0.009	4,973	5,647
Software AG	0.233	2 478	2 675

EUR thousand Shares, % Book value Market value
31 Dec. 2005 31 Dec. 2005

Foreign equities not denominated in euro**Great Britain**

Royal Bank of Scotland Group Plc	0.007	5,021	5,506
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Sweden

ABB Ltd	0.003	421	574
Addtech Ab -B	0.210	480	517
Alfa Laval Ab	0.054	919	1,099
Assa Abloy Ab -B	0.029	1,072	1,331
Atlas Copco Ab -A	0.011	495	848
AstraZeneca Plc (Swedish ADR)	0.003	1,756	2,276
Elektro Ab -B	0.044	470	503
Electrolux Ab -B	0.033	1,850	2,199
ForeningsSparbanken Ab -A	0.011	1,042	1,326
Gambro Ab -B	0.106	829	921
Hakon Invest Ab	0.030	197	239
Hemtex Ab	0.385	688	897
Hexagon Ab -B	0.035	286	593
Hennes & Mauritz Ab B aktie	0.013	2,449	2,732
Holmen AB - B osuudet	0.040	658	699
IBS Ab -B	0.262	269	522
Investor Ab - B	0.022	1,133	1,481
Lindex Ab	0.029	624	955
Ericsson LM-B	0.016	5,996	6,833
Lundin Petroleum Ab	0.039	874	895
Micronic Laser Systems Ab	0.268	708	1,258
Modern Times Group B aktie	0.098	1,316	1,765
Munters Ab	0.183	873	1,050
Nordea Bank AB (Publ) Sweden	0.015	3,045	3,603
New Wave Group Ab -B	0.098	307	390
Partnertech Ab	0.169	115	220
Q-Med Ab	0.121	621	800
RaySearch Laboratories AB	0.278	356	377
Retail and Brands Ab	0.494	449	764
Rottneros Ab	0.332	436	441
Svenska Cellulosa Ab -B	0.025	1,463	1,582
Scania Ab -B	0.060	1,694	1,837
Skandia Försäkring Ab	0.020	690	1,014
Skandinaviska			
Enskilda Banken Ab -A	0.018	1,707	2,090
Securitas Ab -B	0.032	1,385	1,589
Svenska Handelsbanken Ab -A	0.011	1,272	1,469
Skanska Ab -B	0.031	1,099	1,547
SKF Ab	0.015	648	713
Teleca Ab B	0.211	482	494
TeliaSonera AB	0.019	3,755	4,093
Trelleborg Ab -B	0.046	560	675
Transcom Worldwide S.A. -B	0.477	1,111	1,205
Volvo Ab -B	0.021	2,182	2,393

Norway

Norske Skogindustrier	0.047	1,103	1,209
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Switzerland

Adecco SA Reg	0.084	5,880	6,118
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EUR thousand Shares, % Book value Market value
31 Dec. 2005 31 Dec. 2005

United States

iShares MSCI Japan Index Fund	0.387	35,893	43,149
iShares Russell 1000 Growth Index Fund	0.352	15,999	15,999
SPDR Trust series 1	0.091	43,261	44,856

Capital trusts denominated in euro

Aboa Venture II Ky	257	257
Access Capital LP II A	3,634	3,634
Access Capital LP II B	964	964
Access Capital LP	5,696	5,696
Bio Fund Ventures I Ky	1,177	1,177
Bio Fund Ventures I Jatkosijoitusrahasto Ky	243	243
Bio Fund Ventures II Ky	4,434	4,434
Bio Fund Ventures II Jatkosijoitusrahasto Ky	607	607
Bio Fund Ventures III Ky	2,099	2,099
Ecvitec Technology Funde II Ky	2,575	2,575
Etelä-Pohjanmaan Rahasto Ky	165	165
European Fund Investments UK	2,006	2,006
Finnmezzanine Rahasto I Ky	403	429
Finnmezzanine Rahasto II Ky	630	636
Finnmezzanine III Ky	7,438	7,635
Finnventure Rahasto III Ky	274	296
Finnventure Rahasto V Ky	4,365	8,424
Forenvia Venture I Ky	187	187
GrowHow Rahasto I Ky	1,285	1,285
Helmet SME Ventures Ky	1,059	2,454
Industri Kapital 2000 Ltd	7,174	7,609
Kareliaventure Rahasto Ky	62	62
Lapin Rahasto I Ky	135	135
MB Equity Fund III	2,305	10,164
Metal Fund Ky	264	264
Midinvest Fund I Ky	972	972
Nordic Mezzanine Fund I Ky	623	1,087
Nordic Mezzanine Fund II LP	786	1,072
Profita Fund II Ky	2,435	2,456
Profita Fund I Ky	496	608
Promotion Capital I Ky	825	888
Promotion Equity I Ky	631	631
Savon Kasvurahasto I Ky	282	282
SFK 99 Rahasto Ky	1,286	1,286
Teknoventure rahasto II Ky	615	615
Telecomia Venture I	382	382

EUR thousand	Shares, %	Book value 31 Dec. 2005	Market value 31 Dec. 2005
Capital trusts not denominated in euro			
Nordic Capital IV Ltd		3,659	3,660
Equity funds			
Aberdeen Int Plc - Asia Pacific Fund		37,208	52,975
Aberdeen Int Plc			
- Asian Smaller Companies Fund		18,769	24,503
Aberdeen Int Plc - China Opportunities Fund		18	23
ABN AMRO Altern Inv			
-AsiaPacific MultiStrategyFund		5,000	5,617
ABN AMRO Eastern Europe Equity Fund		7,480	11,070
ABN AMRO Global Multi Strategy Fund I (Eur)		20,000	21,054
ABN AMRO Latin American Equity Fund		5,602	10,319
AIG - Japan New Horizon - Y		16,953	18,933
AIG Japan Small Companies Fund plc		7,486	10,815
Auda Global Feeder Fund		10,015	10,280
AXA Rosenberg Equity Alpha Trust			
- Japan Equity Alpha Fund		59,078	78,302
AXA Rosenberg Equity Alpha Trust			
- Pacific ex Japan		11,046	13,159
Blackstone Fifth Avenue Offshore Fund Ltd		29,777	35,527
Carnegie Fund - European Equity		18,578	22,837
Carnegie Fund III			
- Worldwide Long-Short Fund		5,000	6,149
Celeres HR Suomi		2,005	2,898
D.E.Shaw Oculus International Fund		5,014	5,997
Elite erikoissijoitusrahasto B		2,072	2,757
eQ Arvonkasvattajat A		3,399	4,344
eQ Pikkujättiläiset		2,689	4,906
eQ Superosakkeet A		5,112	5,235
er Umbrella Fund Ltd -E		5,000	5,275
Evli Greater Russia B Sijoitusrahasto		20,083	28,538
Fidelity European Aggressive Fund		7,304	10,988
Fidelity European Growth Fund		52,594	87,970
Fidelity European Mid Cap Fund		10,761	13,048
FIM Emerging Europe Sijoitusrahasto		6,497	10,508
FIM Mondo Kasvurahasto		19,058	21,892
FIM Russia Sijoitusrahasto		17,522	24,672
FIM Visio Sijoitusrahasto		4,711	6,656
Fondita Nordic Small Cap B		5,940	12,707
Fourton Odysseus rahasto		4,349	5,336
Fourton Stamina rahasto		4,821	5,811
Griffin Eastern European Fund		9,906	16,392
ICECAPITAL European Property Fund		2,003	2,741
ING Multi-Strategies Fund - Topaz B		20,000	20,666
JPMorgan Fleming Fund			
- Europe Strategic Growth Fund		29,185	36,391
JPMorgan Fleming Fund			
- Europe Strategic ValueFund		4,149	5,573
Nordea European Equity Hedge		10,000	10,546
Nordea European Value Fund		6,803	8,273
OP Delta A		11,171	12,339
Opstock Equity Hedge		5,000	5,175

EUR thousand	Shares, %	Book value 31 Dec. 2005	Market value 31 Dec. 2005
PW Tactical Allocation Fund Y		3,781	4,366
R2 Alpha Strategies PLC, I-Fund		10,000	10,302
SA Fund tranche 1		5,081	7,930
Seligson & Co Russian Prosperity Fund Euro		10,000	11,123
Swiss Capital Long/Short Equity Fund		5,005	5,403
T. Rowe Price -US large cap growth eq fund		53,179	62,646
T. Rowe Price -US large cap value eq		19,202	26,855
T. Rowe Price -US sml co eq		5,128	8,961
UBS Global Alpha Strategies (Feeder)			
- EUR class B - Series 1		30,000	31,536
Fixed-income funds			
Ashmore SICAV Emerging			
Markets Debt Fund		11,948	14,323
BlueBay Emerging Market Bond Fund		24,000	24,694
PAM (L) Bonds Higher Yield -C		47,371	59,308
CLAM Obli Haut Rendement FCP 3 DEC		20,246	21,357
CAAM Global Emergents		15,056	15,831
Convertible Fund - Convertible International		20,000	22,008
Finisterre Sovereign Debt Fund			
EUR, Class C - Series 2		5,000	5,186
FrontPoint Multi-Strategy Fund		4,946	5,272
GLG Investments plc			
- Global Convertible UCITS s.N		20,000	23,105
GLB Market Neutral Fund - Convertible		20,101	20,455
HVB Alternative Program Tapestry Fund		19,315	21,510
ING (L) Renta Fund Emerging Markets Debt		15,202	17,759
ING (L) Renta Fund Emerging			
Markets Debt (Local ccy)		54,404	64,661
Lehman Brothers Diversified			
Arbitrage Fund - Class B-3		10,000	10,283
Oaktree SICAV II			
- Non-US Convertible Securities Fund		30,000	33,938
Oaktree SICAV I			
- OCM Euro High Yield Credit Fund		20,125	20,125
Winton Futures Fund Ltd		4,959	5,114
Sydinvest Engros Emerging Market Bonds		28,822	31,410
Sydinvest Engros			
Emerging Market Local Currency Bonds		19,990	19,990
Real estate investment funds			
Tishman Speyer European			
Strategic Office Fund Scots Feeder L.P.		6,324	6,324
Guarantee capital			
Mutual Insurance Company Fennia		3,364	3,364
Other investments total		1,752,741	2,142,901

EUR thousand	Parent company 2005	Parent company 2004
Liabilities		
Open derivative contracts		
I Interest rate derivatives		
Option contracts		
Bought options		
Nominal value of underlying instruments	650,000	550,000
Fair value of contracts	340	2,890
Set options		
Nominal value of underlying instruments	1,000,000	450,000
Fair value of contracts	-790	-1,415
Interest rate swaps		
Nominal value	36,953	34,683
Fair value	1,742	2,704
The market value does not include the transferred interest for the financial year.		
II Currency derivatives		
Forward and future contracts		
Nominal value of underlying instruments	204,628	195,701
Fair value of contracts	-4,014	9,804
Closed forward and future contracts		
Nominal value of underlying instruments		22,025
Fair value of contracts		981
Open option contracts		
Bought options		
Nominal value of underlying instruments	93,199	66,708
Market value of contracts	905	1,233
Set options		
Nominal value of underlying instruments	186,398	133,416
Fair value of contracts	-1,696	-929
Open currency exchange contracts		
Nominal value of underlying instruments	56,794	49,189
Fair value of contracts	-2,904	5,497
III Share derivatives		
Forward and future contracts		
Nominal value of underlying instruments	97,401	
Fair value of contracts	794	
Option contracts		
Bought options		
Nominal value of underlying instruments	393,682	65,579
Fair value of contracts	2,829	1,828
Sold options		
Nominal value of underlying instruments	-644,207	59,025
Fair value of contracts	-5,305	-760

EUR thousand	Parent company 2005	Parent company 2004
Investment commitments		
Capital trusts	27,534	38,050
Real estate investment funds	3,420	8,358
Leasing and rent liabilities		
Leasing liabilities in the current financial year	304	266
Leasing liabilities in the future financial years	84	643
Other contingent liabilities		
Liability for the VAT debt of the tax liability group in accordance with Value Added Tax Act, Section 188	4,268	5,629
Restitution liability for VAT deduction from new buildings and renovation of real estates	716	106
11. Technical provisions		
Premium reserve		
Future pensions	2,684,428	2,473,253
Provision for future bonuses	496,368	404,560
Provision for current bonuses	11,024	7,364
Total premium reserve	3,191,819	2,885,178
Claims reserve		
Current pensions	1,310,547	1,215,812
Equalisation amount	270,102	263,892
Total claims reserve	1,580,648	1,479,704
Total technical provisions	4,772,468	4,364,882
Bonuses		
Provision for current bonuses, 1 Jan.	7,364	4,301
Client bonuses paid during the financial year	-7,329	-4,199
Transfer to provision for current bonuses	10,988	7,262
Provision for current bonuses, 31 Dec.	11,024	7,364
Solvency margin		
Capital and reserves after the proposed distribution of profit	26,124	24,574
Accrued appropriations	258	250
Valuation difference between fair values of assets and book values of balance sheet items	526,290	276,404
Provision for future bonuses	496,368	404,560
Deferred acquisition costs and intangible assets	-7,516	-8,524
Other items	-1,157	-565
	1,040,367	696,699
Solvency margin required under the Act on Employment Pension Insurance Companies, Section 17	336,488	224,300

EUR thousand	Parent company 2005	Parent company 2004
Solvency ratio, %	24.40	17.67
The realised solvency margin/technical provisions used in calculating solvency		
Solvency limit, %	11.84	8.53
Lower limit of the target zone, %		
2 x solvency limit	23.68	17.06
Upper limit of the target zone, %		
4 x solvency limit	47.35	34.13
EUR thousand	Group 2005	Parent company 2005

12. Capital and reserves

Guarantee capital	1,682	1,682
Initial reserve	3,364	3,364
Construction reserve	30	
Revaluation reserve	336	
Non-restricted reserves	18,035	18,035
Profit from the year 2004	1,380	1,380
Profit/loss brought forward	-13,894	1,494
Used during the financial year	-1,400	-1,400
Profit for the financial year	2,837	1,570
Total capital and reserves	12,370	26,124

	Number	Book value	Number	Book value
Guarantee capital				
Mutual Insurance Company Fennia	10	1,682	10	1,682

Capital and reserves after proposed profit distribution

Holders of guarantee capital:		
Guarantee capital	1,682	1,682
Proposed distribution to holders of guarantee capital		
Policyholders after proposed distribution	10,688	24,443
Total	12,370	26,124

Distributable profits

Profit for the financial year	2,837	1,570
Other distributable reserves		
Other reserves	19,415	19,415
Accumulated profit	-15,294	94
Capital and reserves of accumulated appropriations	-1,066	
Total distributable profits	5,892	21,079

Disposal of profit

The Board of Directors proposes that the € 1,570,100.79 surplus for the financial year be disposed as follows:

to be transferred to the contingency reserve	EUR 1,540,000.00
to be transferred to the Board's expense account	EUR 20,000.00
to be retained on the profit and loss account	EUR 10,100.79

Internal Supervision and Risk Management

The task of *internal supervision and risk management* is to promote the profitability, efficiency and appropriateness of Pension Fennia's operations, keep up the reliability and integrity of financial and operational information, ensure compliance with laws, regulations and agreements, as well as securing the company's assets.

The Board of Directors of Pension Fennia has approved a *risk management plan that covers all operations*. The risk management plan is based on eliminating the identified weaknesses inside the company and reducing the risks that affect the operations of the company. The risk management process is integrated into operational planning, and a key task of the process is to ensure the realisation of the company's strategic goals and other key tasks related to operations. During the year, the Board of Directors has followed the progress of measures in accordance with the risk management plan and also evaluated the appropriateness of internal supervision.

As part of the investment plan the Board of Directors confirms *the principles of internal auditing concerning investment operations and risk management and approves the principles for the use of derivatives*. The investment plan includes confirmed limits for different instruments and the decision-making power. Solvency margin, solvency position and the key risk figures of different asset categories are continuously followed. The investment committee, the preparatory meeting for the investment committee and capital markets are supported in the company by the *financial risk group* whose task is to develop tools for measuring the risks, and the *securities process group* which supports the operations of investment processes across lines.

Line directors are in their own field of operations responsible for ensuring that internal supervision is implemented and that line-specific risk management processes are appropriate. The Executive Group follows the progress of measures, joint effect of key risks, and their relationship to the company's risk-bearing capacity. Pension Fennia has organised a *project management system* whose tasks include e.g. following the risks related to development projects. In addition, the company has a *security group* whose task is to develop different areas of overall security and supervise the implementation of the agreed tasks.

According to chapter 18, section 8 of the Insurance Companies Act, an employment pension company shall have an Actuary whose task inside the company is, among other things, to take care of the *appropriateness of the actuarial methods*.

Risk-bearing capacity and risk-taking willingness

Solvency margin is used for preparing for *investment operation risks*, and it needs to be large enough, so that it can at sufficient probability cover the expected fluctuations of the values and yield of asset items covering the technical provisions. The need for solvency margin depends directly on the risk content of the investment assets. Pension Fennia's solvency margin stood at € 1,040 million at the end of 2005.

The most important key figures in evaluating the company's *total risk position* and the *risk-bearing capacity* are the amount of solvency margin in proportion to the technical provisions (solvency ratio) and the amount of solvency margin in proportion to the solvency limit in accordance with the regulations (solvency position). The Board of Directors has confirmed the *risk-taking willingness* for the company's investment operations by setting a control limit for the solvency position within which the risk-taking is regulated.

The company has prepared for *insurance business risks* with *equalisation provision and clearing reserve* included in the technical provisions. Equalisation provision buffers company-specific insurance technique risks while clearing reserve buffers the insecurity factors related to the pensions for which the system is jointly responsible, and their financing. At the end of 2005, the company's equalisation provision stood at € 270 million which is a securing amount.

Risks related to investment operations and their management

The selection of the investment strategy is regulated by the amount of the company's solvency margin, solvency position, profit margin, and the interest rate required for the liabilities. *Optimal return-risk ratio is targeted* through versatile decentralisation both between and inside asset categories.

Risks by asset category are managed by following over- and under-weight proportioned to the comparison index which reflects the decentralisation inside the asset category. The *price risk of equity investments* is managed by decentralising the investments geographically, to different parts of markets, different investment types and funds. The *interest rate risk* is managed by following and changing the duration of investments. *Liquidity risk* is managed in such a way that the money-market portfolio is big enough and a sufficient proportion of investments in other asset categories is also in liquid items. *Credit risk* is

managed by decentralising investments to different lines of business and credit classes, and geographically. Protection against *direct currency risk* is mainly achieved and the risk managed by following the currency position and hedging degree by asset category and by currency. Asset category-specific risks are also managed by using derivatives. Company analyses, customer monitoring and follow-up of loan securities are carried out in connection with *client loans*. In *real estate investments*, attention is paid to geographical distribution, division of rent income by line of business, timing of acquisitions, and division of types of use.

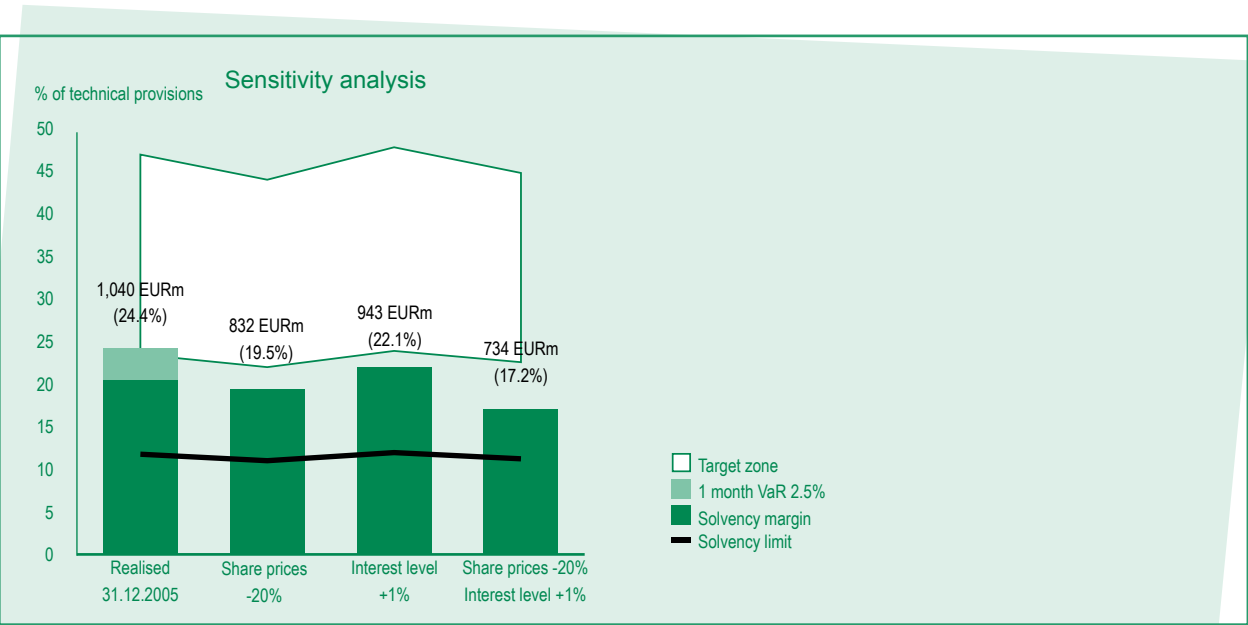
The company's Actuary gives a report on the requirements of the technical provisions to investment operations for the investment plan, and a statement on the investment plan. For the risk management plan, an estimate of the risks inherent in the investments and the company's risk-bearing capacity in the short and long term is also drawn up for the Board of Directors.

In addition to solvency position and solvency ratio, VaR (Value-at-Risk) calculation, optimisation of the investment portfolio, sensitivity analysis on the sufficiency of the solvency margin, and stress test of solvency are used in making allocation decisions and following the company's total risk position. In addition,

the development of realised returns compared with the company's yield requirement is monitored. The investment unit follows the development of risk and income on a daily basis. Asset category-specific risk and income, including derivatives, are reported monthly to the Board of Directors and weekly to the portfolio managers and members of the investment committee.

Stress tests estimate the biggest possible change in share prices or the basket without going below the control limit confirmed by the Board of Directors, and sensitivity analyses estimate how a change in share prices or interest level would affect the total risk position. The sensitivity analysis includes VaR (1 month, 2.5%) figure as at 31 December 2005. It expresses the amount of loss in euro, and the probability that the loss exceeds that sum is 2.5 per cent in one month.

In addition to hedging of assets, derivatives are used for making allocation changes. The *principles on the use of derivatives* describe by asset category those types of derivatives and derivative strategies that may be used. The effect of derivatives is presented in the income and risk figures and asset distribution reported to the Board of Directors. New derivative agreements are also regularly reported.



Pension Fennia's
return and risk
reporting table

	Key figures 31.12.2005				
	NAV (€ mill.)	Division EXP (€ mill.)	Income MWR %	Vola %	Risk Mod dur
Fixed-income investments	2,829.1	2,780.4	4.5		
Loans	246.9	246.9	3.8		
Bonds	1,960.6	1,850.9	4.9	2.1	5.3
Other money-market instruments and deposits	621.6	682.6	2.2		
Equity investments	1,555.9	1,604.6	33.2		
Listed equities	1,431.4	1,480.1	33.6	10.5	
Private equity investments	77.4	77.4	33.4		
Unlisted equity investments	47.1	47.1	23.3		
Real estate	603.6	603.6	8.0		
Direct real estate investments	594.5	594.5	8.0		
Real estate investment funds and joint investment companies	9.1	9.1	8.1		
Other investments	239.4	239.4	4.6		
Hedge fund investments	239.4	239.4	4.6	4.7	
Total investments	5,227.9	5,227.9	11.9	3.1	

NAV = Calculated according to fair values (includes accrued interest)
EXP = Calculated according to the risk (adjusted with derivatives)
MWR = Yield calculated using time- and money-weighted formula (adapted Dietz)
Vola = Volatility calculated from two year's history, annualised

Investment decisions are prepared and implemented in investment sections. The market valuation of investment assets and reporting to support operations are the responsibility of securities administration which is part of the investment section. The official yield, solvency and profit margin reporting and limit monitoring is produced in the financial section.

Risks related to insuring and their management

The key insurance risks are created in estimates of contingencies used in determining the premium, and in estimates on the life expectancy in the long term used in determining the bases for technical provisions. The bases for premium and technical provisions that meet the securing requirements are the same to all employment pension companies and they are confirmed by the Ministry of Social Affairs and Health. The common bases include a risk that an individual company's result may in theory be systematically worse compared with the other companies due to, for example, different age structure of the insured or different division of industries of the insured companies compared with the other companies. The structure of the insurance

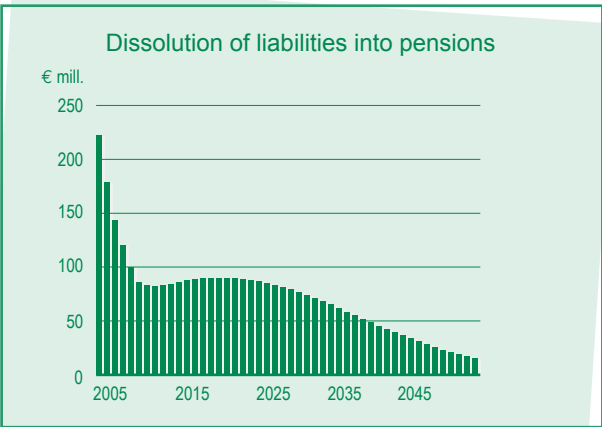
portfolio may also lead to a similar situation regarding the expense loading of the common premium.

Pension institutions prepare and apply for the bases for the insurance premium, technical provisions and technical rate of interest together. Pension Fennia participates in the preparation of the calculation bases under supervision of their Actuary together with the insurance technique unit.

The law also stipulates about the common technical rate of interest which is determined according to the average solvency margin level in the industry. The company's solvency margin in proportion to the average of the system must be followed carefully, because a long-lasting essential deviation below the industry average may become a risk for reaching the yield target. Pension institutions are jointly responsible for the pension liabilities of a bankrupt pension institution.

Fluctuations of the insurance business result have been prepared for with the equalisation provision included in the technical provisions. The positive results accrued to the unemployment loading of the equalisation provision have been used to lower the unemployment contribution of the TEL premium since the year 2002. Discounts will continue in 2006. The company's insurance business result for 2005 will be zero or negative. Solutions offered by expert support of well-being at work for promoting working capacity and reducing the disability expenses aim at affecting the pension expenditure.

Pension Fennia's technical provisions on 31 December 2004 were divided into insurance premium and claims reserves as follows. The diagrams also show the temporal dissolution of the technical provisions of TEL basic insurance into pensions to be paid.



31.12.2004

Premium reserve

TEL basic insurance	2,390.9
TEL supplementary pension insurance	35.5
Supplementary insurance reserve	411.9
Total	2,838.3

YEL basic insurance	12.6
YEL supplementary pension insurance	3.3
Total	16.0
Total premium reserve	2,854.3

Claims reserve

TEL basic insurance	
Current pensions	1,202.4
Equalisation provision	260.8
Total	1,463.2

TEL supplementary insurance	
Current pensions	42.2
Equalisation provision	6.6
Total	48.9

TEL total	1,512.0
YEL supplementary pension insurance	3.5
Total claims reserve	1,515.5

The companies have no choice of risk, because the system is statutory. In its active insurance sales, Pension Fennia avoids companies with disruptions in payments. The amount of credit losses can also be affected through efficient collection. Because the level of pension provision must be secured in all situations, the equalisation provision includes a part that the company uses to prepare for unpaid premiums.

The company charges an expense loading in connection with TEL and YEL premiums to cover operating costs. If the administrative cost is not sufficient for all operating expenses, the company's result declines. The expense loading has shown a surplus.

Risks related to the acquisition and handling of insurances and their management

Key risks related to the customer base are market, customer and partner risks. When realised, the risks have a declining effect on the growth goals and the market share in the employment pension market.

The company prepares for changes in the market and the operating environment both with marketing activities and by developing the technical readiness. Technical readiness aims at facilitating the sales and handling of insurances. Co-operation with the partners is further strengthened by ensuring the right emphasis on different customer segments from the point of view of all. Operations in the customer interface are strengthened through customer segment-specific measures and service models.

The changes in the competition legislation and the regulations of the new TyEL legislation concerning co-operation may limit the collaboration inside the industry. When realised, the limitations of co-operation will increase the need for resources and increase costs. The limitation regulations that will change with the new TyEL legislation will significantly increase the liability to inform and investigate. Cost-efficient arranging of work in such a way that the service level and quality remain is a major challenge. The company has set up an internal project reaching across operational borders to make preparations.

The preparation of the earnings-related pension scheme for the new TyEL legislation requires major changes in information systems of all actors, which are aimed to be implemented as cost-efficiently as possible. Arek Oy will be responsible for building a new common earnings system for the actors. In order to ensure cost-efficient development and maintenance operations of the basic information systems with the pension insurance operations, a co-operation agreement was made with TietoEnator Corporation. TietoEnator Esy will be responsible for the other work on the basic information systems needed by Pension Fennia. The scope and schedule of the projects is challenging. The risks involved therein are the same to Pension Fennia as they are to the other shareholders of TietoEnator Esy.

Another challenge of the system development work is the start-up of the new claims system project and the progress of the electronic pensions handling projects. The project for electronic pensions handling is followed with particular care, because delay would cause a risk in managing the growing amount of work.

Pension Fennia is also driving through its own development programme whose key goals are to support the growth goals in accordance with the company's strategy. The project programme has been

drawn up in such a way that, if required, it can be adapted to the available resources. The company uses a project control method which concerns all key projects of the company. The goal is to ensure the sensible use of the company's personnel resources and take care of directing the development activities in accordance with the company's strategy.

Risks related to outsourced operations and their management

Because the company's own personnel resources are scarce, and it is not possible to prepare its own personnel for the continuous changes of the competence requirements caused by the rapidly developing environment, carefully selected parts of the production of basic services have been outsourced. Selection criteria have included trustworthiness and reliability of delivery. The agreements have been drawn up in compliance with the best current practices, including e.g. sanctioned quality level agreements. In order to ensure the price and quality level of purchased services, the services have been decentralised.

Management of operational risks related to business

The operational risks related to business have been identified while drawing up risk management plans, and their administration measures have been recorded in the risk management plans of functions. The key operational risks are related to, for example, person risks, dangerous work combinations, insufficient skills, leadership, legal issues, information systems and privacy protection. In investment operations the effect of operational risks is emphasised more, as the investment operations become more diverse, fast-paced and international.

Operational risks are administered, for example, by separating operations and job descriptions so that *dangerous work combinations are not created*. As for person risks, an efficient *system of substitutes* has been developed. Work instructions and process descriptions are maintained. Legal risks are managed either by company lawyers or experts hired from outside. The *functioning* of the current information and telephone systems is a critical factor in customer service, and their functioning is ensured through close co-operation. The introduction and utilisation of new systems and committing partners to the new operating models is also important.

In addition, attention has been paid to supervisors' work, and the entire management has participated in the 1.5-year *management development programme*. Both legislative and IT expertise have been increased through versatile long-term *training*, both internal and external. Attention has been paid to *development of expertise* and securing the continuity of operations both inside each line and by participating in the development projects on the responsibility of the company's HR function. Working capacity maintenance activities are checked annually according to the operating plan for occupational safety and well-being at work. The *reward system* for supporting the reaching of goals has been improved.

The company has a *security team* whose tasks comprise assessing the state of different areas of security, development activities and continuous evaluation as part of the company's general risk management. Pension Fennia's security team has started continuity and readiness planning at the company level concerning all operations.

Key Figures

Key figures of financial development

The terms used in the key figures tables are the same as those in the profit and loss account and the balance sheet, unless otherwise stated. The figures have been rounded to the nearest five; thus the figures do not necessarily sum up to the total given.

Key figures	2005	2004	2003	2002	2001
Premiums written, € mill.	808.5	747.4	679.1	630.3	612.8
Pensions paid and other compensations, € mill. ¹⁾	662.7	613.8	569.5	532.0	482.1
Net investment income at fair values, € mill.	548.7	312.0	262.7	62.1	4.6
Yield on invested capital, %	11.8	7.4	6.7	1.6	0.1
Turnover, € mill.	1,114.2	983.4	887.8	666.1	806.1
Total operating expenses, € mill.	38.3	34.3	29.6	26.8	23.7
% of turnover	3.4	3.5	3.3	4.0	2.9
% of TEL payroll and YEL reported earnings ²⁾	0.8	0.8	0.7	0.7	0.7
Total result, € mill.	360.5	155.7	141.1	-83.4	-135.3
Technical provisions, € mill.	4,772.5	4,364.9	4,027.6	3,741.0	3,638.3
Solvency margin, € mill.	1,040.4	696.7	560.1	437.5	550.2
% of technical provisions	24.4	17.7	15.3	12.7	17.3
Ratio to the solvency limit	2.1	2.1	1.9	2.0	2.1
Equalisation provision, € mill.	270.1	263.9	251.0	239.3	223.0
Pension assets, € mill.	5,298.8	4,641.3	4,223.2	3,877.7	3,743.7
Transfer to client bonuses, % of TEL payroll ³⁾	0.33	0.24	0.15	0.17	0.25
Paid client bonuses, % of TEL payroll	0.24	0.15	0.18	0.62	0.78
TEL payroll, € mill.	3,316.9	3,069.2	2,857.9	2,671.1	2,574.6
YEL reported earnings, € mill.	465.2	410.8	366.5	312.9	300.4
No. of TEL policyholders	18,640	17,860	16,900	15,920	14,760
No. of TEL insured	131,820	125,660	120,660	115,460	112,800
No. of YEL policyholders	27,890	25,380	23,220	19,380	18,840
No. of pensioners	74,140	72,590	71,590	70,040	68,300

¹⁾ Claims paid in the profit and loss account excluding administrative costs of claims handling and working capacity maintenance activities.

²⁾ Calculation of the ratio includes total operating expenses without administration costs from investment operations and working capacity maintenance activities.

³⁾ Does not include supplement to the provision for current bonuses.

Investment operations

Investment distribution

(includes accumulated interest)

	2005		2004		2003		2002		2001	
	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
Loans	246.9	4.7	260.0	5.7	259.1	6.2	259.2	6.8	263.1	7.1
Bonds	1,960.6	37.5	2,460.8	53.9	1,933.6	46.4	2,195.5	57.2	2,157.3	58.5
of which fixed-income funds	368.5		394.7		92.5		-		154.0	
Other money-market instruments and deposits	621.6	11.9	368.7	8.1	612.4	14.7	328.1	8.6	95.1	2.6
Equities and share	1,795.2	34.3	909.5	19.9	866.9	20.8	592.3	15.4	743.3	20.2
Real estate	603.6	11.5	568.7	12.5	495.6	11.9	459.9	12.0	427.3	11.6
of which real estate investment funds	9.1		3.9		-		-		-	
Total investments	5,227.9		4,567.7		4,167.5		3,835.1		3,686.1	
Bond portfolio modified duration	5.3									

Investment income specification and result, € mill.	2005	2004	2003	2002	2001
Direct net income	145.1	154.5	145.2	157.9	159.9
Loans	10.3	10.8	11.7	12.5	14.2
Bonds	76.5	89.6	90.6	98.3	96.3
Other money-market instruments and deposits	6.2	6.6	11.0	10.0	8.3
Equities and shares	30.0	26.6	11.8	15.8	19.2
Real estate	27.7	25.0	23.5	21.8	23.7
Unallocated income, costs and operating expenses	-5.7	-4.0	-3.4	-0.6	-1.7
Changes in book value ¹⁾	153.7	76.6	58.6	-127.0	28.3
Equities and shares	106.3	51.5	17.9	-118.1	-10.0
Bonds	43.0	27.1	45.1	-0.6	39.0
Real estate	4.6	0.7	-4.2	-6.3	0.3
Other investments	-0.1	-2.8	-0.1	-2.0	-1.0
Net investment income at book value	298.8	231.1	203.8	30.9	188.2
Change in valuation differences	249.9	80.9	58.9	31.2	-183.6
Equities and shares	248.9	20.1	80.0	-45.2	-155.2
Bonds	-11.1	54.3	-27.6	73.7	-33.1
Real estate	12.8	6.8	6.7	2.3	4.8
Other investments	-0.7	-0.3	-0.3	0.4	-0.1
Net investment income at fair values	548.7	312.0	262.7	62.1	4.6
Other interest items ²⁾	2.3	-1.0	3.8	-0.4	2.7
Yield requirement on the technical provisions	-199.8	-172.7	-141.3	-165.2	-165.5
Investment result at book value	101.3	57.4	66.3	-134.6	25.5
Investment result at fair values	351.2	138.3	125.2	-103.4	-158.1
Proportion of derivatives in net investment income	-46.6				

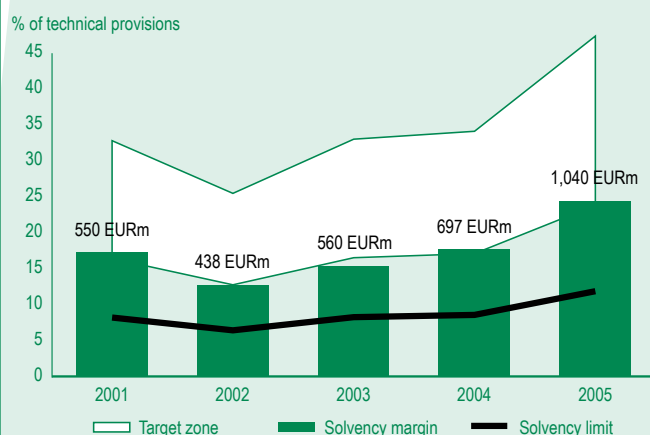
¹⁾ Realisation gains and losses and other changes in book value.

²⁾ Includes such profit and loss account items that are not entered under investment income.

Net investment income at fair values 1.1–31.12.2005	Net investment income at fair values, € mill. 2005	Invested capital, € mill. 2005	Yield on invested capital, % 2005	2004	Yield on invested capital, %			2001
					2003	2002		
Loans	9.4	251.5	3.8	3.5	4.5	4.5		4.9
Bonds	108.4	2,208.3	4.9	7.5	5.2	8.4		5.5
of which fixed-income funds	35.4	342.2	10.3	11.4	14.8	-		-
Other money-market instruments and deposits	6.3	282.1	2.2	2.2	2.6	3.7		5.0
Equities and shares	385.2	1,338.6	28.8	10.5	16.4	-19.1		-17.3
Real estate	45.0	560.1	8.0	6.4	5.6	4.3		7.4
of which real estate investment funds	0.4	5.3	8.0	36.6	-	-		-
Total investments	554.4	4,640.6	11.9	7.5	6.8	1.7		0.2
Unallocated income, costs and operating expenses from investment operations ¹⁾	-5.7		-0.1	-0.1	-0.1	0.0		-0.1
Net investment income at fair values	548.7		11.8	7.4	6.7	1.6		0.1

¹⁾ Includes e.g. such profit and loss account interest items that are not entered under investment income.

Solvency margin and its limits



Solvency margin and its limits, %

(as percentage of the technical provisions used in the calculation of the solvency limit)

	2005	2004	2003	2002	2001
Solvency limit	11.8	8.5	8.2	6.4	8.2
Lower limit of the target zone	23.7	17.1	16.5	12.7	16.4
Upper limit of the target zone	47.4	34.1	33.0	25.5	32.8
Solvency margin	24.4	17.7	15.3	12.7	17.3

Loading profit, € mill.	2005	2004	2003	2002	2001
Administration costs in insurance premium	33.4	32.0	27.2	23.4	22.1
Operating expenses by operation	31.5	28.1	24.0	21.5	19.0
Other income	1.1	0.6	0.9	0.5	0.7
Loading profit	3.1	4.5	4.1	2.4	3.9
Operating exp./loading profit, %	91.2	86.1	85.5	90.0	83.1

Performance analysis, € mill.	2005	2004	2003	2002	2001
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Sources of surplus

Insurance business surplus	6.3	12.9	11.9	17.6	19.0
Investment surplus at fair values	351.2	138.3	125.2	-103.4	-158.1
+ Net investment income at fair values	548.7	312.0	262.7	62.1	4.6
+ Other interest items ¹⁾	2.3	-1.0	3.8	-0.4	2.7
- Yield requirement on technical provisions	-199.8	-172.7	-141.3	-165.2	-165.5
Loading profit	3.1	4.5	4.1	2.4	3.9
Total surplus	360.5	155.7	141.1	-83.4	-135.3

Distribution of surplus

Change in solvency	349.5	148.5	137.0	-92.5	-141.6
Change in equalisation provision	6.2	12.9	11.7	16.2	19.0
Change in solvency margin	343.3	135.5	125.3	-108.7	-160.6
Change in provision for future bonuses	91.8	53.4	65.4	-141.2	28.1
Change in valuation differences	249.9	80.9	58.9	31.2	-183.6
Change in accrual of closing entries	0.0	-0.1	0.0	0.1	-6.4
Profit for the financial year	1.6	1.4	1.0	1.2	1.2
Transfer to client bonuses	11.0	7.3	4.2	4.5	6.3
Complementing provision for current bonuses	-	-	-	4.5	-
Total	360.5	155.7	141.1	-83.4	-135.3

¹⁾ Includes such interest items that are not entered under investment income.

On 31 December 2005, there was € 3.2 million of supplement to the provision of current bonuses paid in 2002 left to be amortised.

Guide to Key Figures

Valuation difference is the difference between the fair value and book value of assets.

Client bonuses are determined by the mutual proportion of the company's solvency margin and solvency ratio. Client bonus is granted to TEL policyholders as a reduction of the insurance premium.

Pension assets = The technical provisions in the balance sheet + valuation differences of assets.

Loading profit is calculated as follows: expense loading, collected for covering operating expenses, plus any other income, less operating expenses, excluding investment management expenses and working capacity maintenance expenses. Investment management expenses are covered from the investment income. Therefore the bases for the determination of the expense loading also affect the loading profit.

Total operating expenses comprise operating expenses of insurance business, investment operations and working capacity maintenance.

Total result comprises the profit on insurance, loading profit and result of investment operations at fair values.

Turnover = premiums written before credit losses and reinsurers' share + book net investment income + other returns.

Pensions paid includes payments made to pensioners.

Provision for current bonuses comprises assets that have been transferred to be used for client bonuses granted to policyholders.

Provision for future bonuses is a part of the company's solvency margin and serves as a buffer against investment yield fluctuations. Part of the total result is transferred to provision for future bonuses.

Premiums written comprise TEL and YEL premium income less credit losses.

Profit on insurance business for the pensions on the company's responsibility is calculated by subtracting the pension expenditure on the company's responsibility from the profit on equalisation provision and the premium's risk elements.

Investment distribution at fair values includes derivatives allocated to the asset item below. Investments do not include acquisition price receivables and liabilities.

Investment surplus at book value is calculated as follows: net return on investment and book value adjustment plus the interest items that are included in other items in the profit and loss account less the required rate of return on technical provisions.

Investment surplus at fair values is calculated as follows: book value of investment surplus plus change in valuation differences of assets.

Net investment income at fair values is calculated on investment classes corresponding to asset distribution, time- and money-

weighted. Derivatives are taken into account according to their nature by asset class. In addition, net investment income takes into account the unallocated income and expenses entered under investment income, as well as operating expenses.

Invested capital is calculated by adding to the market value, at the beginning of the period, the cash flow for the period weighted with the relative proportion of the whole period which is left from the event date to the end of the period.

Equalisation provision serves as a buffer against insurance business fluctuations and is part of the technical provisions. The annual profit on insurance business is added to the equalisation provision and the loss is covered from the equalisation provision.

Solvency margin is the excess of company assets over liabilities at fair values. The provision for future bonuses is not included in liabilities in this case. The solvency margin comprises the company's capital and reserves, difference between fair value and book value of assets, provision for future bonuses, and depreciation difference less intangible assets and maximum loss from non-hedging derivatives.

Performance analysis describes the sources and distribution of surplus. The surplus comprises insurance business surplus, loading profit and investment surplus at fair values. The surplus is used for the change of solvency which consists of the change in the equalisation provision and solvency margin, and for transfer to client bonuses.

Solvency and the follow-up of its adequacy are based on the scrutinising of theoretical risks. The central quantity is the *solvency limit*. The operations of an employment pension company are not limited by supervisory measures of the authorities, if the solvency margin is *above the solvency limit*, although a separate target zone has also been determined for solvency margin. The *lower limit of the target zone* (early warning) is twice and the upper limit four times the solvency limit. The *minimum amount of the solvency margin* is two thirds of the solvency limit. The solvency limit and the limits of the target zone are defined as percentages of the company's technical provisions. The riskier the company's asset distribution, the higher the solvency limit and the larger solvency margin it requires.

Technical provisions or the company's liability resulting from insurance contracts comprises the premium and claims reserves. The premium reserve is an estimate of the capital value of the pension payments based on future occurrences of the insured events less the capital value of the expected income. The claims reserve in the financial statements contains the future compensations of contingencies that have already commenced. The provisions for current and future bonuses are included in the premium reserve, and the equalisation provision is included in the claims reserve.

Required rate of return on technical provisions is the minimum interest paid on technical provisions. It is determined by the technical rate of interest that is confirmed by the Finnish Ministry of Social Affairs and Health.

The Board of Directors’ Proposal on the Disposal of Profit

The Board of Directors proposes that the € 1,570,100.79 surplus for the financial year be disposed as follows: € 20,000 be reserved for the public good or similar purpose, € 1,540,000.00 be transferred to the contingency reserve, and € 10,100.79 be retained in the profit and loss account. Pension Fennia group’s distributable assets for the financial year amount to € 5,892,247.45. No interest is paid on the guarantee capital for the year 2005.

Helsinki 7 March 2006

Eero Lehti

Pertti Parmanne

Lasse Heiniö
Managing Director

Seppo Riski

Ernst Gylfe

Heikki Kauppi

Olavi Nieminen

Antti Rinne

Heikki Ropponen

Pekka Sairanen

Mikko Karpoja, SHV
Fellow of the Actuarial Society of Finland,
Actuary in accordance with Chapter 18,
Section 8 of the Insurance Companies Act

Auditors' Report

To the Shareholders of Mutual Insurance Company Pension Fennia

We have audited the accounting records, the financial statements, the Board of Directors' report and the administration of Mutual Insurance Company Pension Fennia for the financial year 1 January – 31 December 2005. The Board of Directors and the Managing Director have prepared the Board of Directors' report and the financial statements, which include consolidated and parent company balance sheet, profit and loss account, statement of source and application of funds, and notes to the financial statements. Based on our audit we submit the following statement on the financial statements, the Board of Directors' report and the administration of the company.

The undersigned Per-Olof Johansson, Authorised Public Accountant, has been responsible for scrutinising the accounts and administration during the financial year and after the end of the year and has submitted a separate report thereon.

We have conducted the audit in accordance with good auditing practice. The accounts and the accounting principles, contents and mode of presentation have been examined to an extent sufficient to establish that the essential parts of the financial statements have been correctly drawn up. The purpose of the audit of administration has been to examine the compliance of the operations of the Supervisory Board, the Board of Directors and the Managing Director with the provisions of the Act on Employment Pension Insurance Companies, the Insurance Companies Act and the Companies Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements and the Board of Directors' report. The financial statements and the Board of Directors' report give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, and of their financial position. The Board of Directors' report is consistent with the financial statements. We recommend that the financial statements, including the consolidated financial statements, can be adopted, and the Supervisory Board, the Board of Directors and Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors on the disposal of the surplus is in compliance with the Insurance Companies Act.

Helsinki, 21 March 2006

Per-Olof Johansson, Authorised Public Accountant

Marja Tikka, Authorised Public Accountant

Statement by the Supervisory Board

The Supervisory Board of Mutual Insurance Company Pension Fennia has handled the company's financial statements and consolidated financial statements for the year 2005, and the auditors' report. The Supervisory Board has found no cause for criticism concerning them.

The Supervisory Board proposes to the Annual General Meeting that the financial statements and the consolidated financial statements be adopted, and the Board of Directors' proposal for the disposal of the surplus for the financial year be accepted.

Helsinki 4 April 2006

On behalf of the Supervisory Board

Markku Koskenniemi
Chairman of the Supervisory Board

Official financial statements

The company's official financial statements and consolidated financial statements can be viewed at Pension Fennia's head office, address Kansakoulukuja 1, 00100 Helsinki.

Corporate Governance

Pension Fennia is an employment pension insurance company, and in addition to the Act on Employment Pension Insurance Companies its administration and supervision are governed by the Insurance Companies Act and the Companies Act, as well as statutes, regulations and instructions given by virtue thereof.

The company's operational elements are the Annual General Meeting, the Supervisory Board, the Board of Directors and the Managing Director. When the employment pension acts were passed in the early 1960's, the labour market organisations played a key role, and they still have statutory representation in the administration of employment pension companies.

The Board of Directors of Pension Fennia approved the instructions concerning the company's corporate governance and good administrative practice on 25 August 2004. The instructions are based on the corporate governance regulations for listed companies which are followed either as such or as applicable to a TEL company.

Owners

Pension Fennia is a mutual insurance company whose owners are the policyholders with a valid insurance in the company in accordance with the Employees' Pensions Act or Self-employed Persons' Pensions Act. Furthermore, owners are the insured covered by each policy under the Employees' Pensions Act as a collective group, and owners of the guarantee capital.

Annual General Meeting

The absolute power of decision in Pension Fennia is exercised by the owners in the shareholder's meeting. In the Annual General Meeting the policyholders and owners of the guarantee capital are entitled to vote. In addition, an elected representative of the insured under each TEL policy has the right to vote.

Detailed information on the division of the voting rights can be found in Pension Fennia's Articles of Association that can be viewed on the company's website at www.elake-fennia.fi.

The Annual General Meeting elects the members of the Supervisory Board and the auditors, and decides on confirming the profit and loss account and balance sheet. The Annual General Meeting decides on granting discharge from liability to the members of the Board of Directors and the Supervisory Board and the Managing Director, as well as deciding on other matters mentioned in the notice of the meeting.

The notice of the Annual General Meeting shall be published no later than two weeks before the meeting

in at least two newspapers published in Helsinki, one of which shall be Swedish-speaking, and on the company's website at www.elake-fennia.fi.

Pension Fennia's Annual General Meeting was lastly held on 27 April 2005.

Supervisory Board

Pension Fennia has a Supervisory Board in accordance with the Act on Employment Pension Insurance Companies.

The Annual General Meeting elects 28 members to the Supervisory Board for three years at a time, so that a maximum of ten members resign each year. Seven members are elected from among candidates named by major employer organisations and seven from among candidates named by major employee organisations. The Supervisory Board elects a Chairman and one or more Deputy Chairmen from among themselves. The duties of the Supervisory Board are listed in the law and in the Articles of Association.

The operating procedure of the Supervisory Board describes the composition of the Supervisory Board, its duties, the issues related to arranging a meeting of the Supervisory Board, as well as the composition and tasks of the Labour Committee.

The Supervisory Board supervises the company's administration by the Board of Directors and the Managing Director. Other duties of the Supervisory Board are

- To elect the members and deputy members of the Board of Directors
- To elect Chairman of the Board of Directors and one or more Deputy Chairmen for one calendar year at a time
- To confirm the remuneration to the Chairman, Deputy Chairmen, members and deputy members of the Board of Directors
- To submit its statement to the Annual General Meeting concerning financial statements, consolidated financial statements and the auditors' report
- To confirm the principles for drawing up the company's investment plan annually.

In addition, the Supervisory Board may advise the Board of Directors in matters of great importance.

The Supervisory Board convened twice in 2005. On average 78.5 per cent of the members participated in the meetings. According to a decision of the Annual General Meeting, the annual fees paid to the members of the Supervisory Board were as follows: Chairman € 3,339.72, Deputy Chairmen € 2,071.78, and members

€ 1,607.67. Meeting fee was € 260 for the meeting held on 5 April 2005, and € 300 for the meeting held on 15 November 2005.

Labour Committee of the Supervisory Board

The Supervisory Board is assisted by an annually elected Labour Committee that comprises of the Chairman of the Supervisory Board, two Deputy Chairmen and four other members. Two of the members of the Labour Committee shall represent employer organisations and two shall represent employee organisations. The tasks of the Labour Committee include the following.

- To make a proposal on appointing freely elected members and deputy members of the Board of Directors
- To make a proposal on appointing the Chairman and Deputy Chairmen of the Board of Directors and the Supervisory Board
- To make a proposal on remuneration to the Chairmen, members and deputy members of the Board of Directors
- To review the Board of Directors' proposal on the principles for drawing up the company's investment plan and to make a proposal on confirming them.

In 2005, the Labour Committee of the Supervisory Board comprised of Markku Koskenniemi (Chairman of the Supervisory Board), Eino Rajamäki (Deputy Chairman of the Supervisory Board) and Harri Kainulainen (Deputy Chairman of the Supervisory Board). Employer organisations were represented by Lars Gästgivars and Tapio Liinamaa, and employee organisations were represented by Tuovi Orpana and Marjaana Valkonen.

Board of Directors

Pension Fennia Board of Directors comprises of ten ordinary members and four deputy members. The Supervisory Board elects the members and deputy members of the Board of Directors for three years at a time so that a maximum of four ordinary members resign annually. Three ordinary members and one deputy member of the Board of Directors are elected from among candidates suggested by major employer organisations and three ordinary members and one deputy member from among those suggested by major employee organisations. The Supervisory Board elects the Chairman of the Board of Directors and one or more Deputy Chairmen for one calendar year at a time.

According to the law, members of the Board of Directors must be people with a good reputation who have sufficient knowledge of the employment pension

insurance business. There must also be sufficient knowledge of investment operations in the Board of Directors.

The Board of Directors convenes by invitation of the Chairman usually once a month and constitutes a quorum when more than half of the members are present.

The Board of Directors is assisted by the Appointment and Remuneration Committee and Audit Committee. The committees make proposals and reports to the Board of Directors about tasks appointed to them. The committees hold no power of decision.

The Board of Directors shall manage the company with professional skill and according to cautious business principles together with the Managing Director. The Board of Directors' general task is to take care of the company's administration and appropriate arrangement of operations. In principle, the Board of Directors is responsible for all the tasks that are not directed to other operational elements of the company or that do not belong to the authority of other operational elements due to their nature.

The operating procedure of the Board of Directors describes and instructs practical working of the Board of Directors. The operating procedure describes the meeting practices of the Board of Directors, tasks and compositions of the committees, and the reports and reviews to be handled in the meetings of the Board of Directors.

The Articles of Association and the operating procedure of the Board of Directors list the tasks of the Board of Directors in addition to those mentioned above. These include:

- To appoint and give notice to the Managing Director and Deputy Managing Director, Actuary, directors and deputy directors
- To decide on convening the shareholders' general meeting
- To decide on the company's goals and strategy
- To decide on the general structure of the company's organisation
- To draw up the financial statements
- To make a proposal to the Supervisory Board on the principles for drawing up the company's investment plan
- To decide on the company's investment plan and the power of decision related thereto
- To decide on the company's investment operations for the part that has not been delegated
- To approve the risk management plan concerning all operations of the company

- To assess annually whether the company's internal supervision is appropriately arranged
- To decide on reward systems of the personnel
- To decide on confirming the rules of the company's consultative committees, election of members and remuneration to the members.

The Board of Directors evaluates its own operations and ways of working once a year with the goal to develop and improve the work of the Board of Directors.

Pension Fennia Board of Directors convened ten times in 2005. On average 98 per cent of the members participated in the meetings. In accordance with a decision by the Supervisory Board, the annual remuneration to members not employed by the company was as follows: Chairman € 12,000, Deputy Chairmen € 8,000, ordinary members € 7,000 and deputy members € 4,000. The meeting fee was € 400 per meeting to the Chairman of the Board, € 375 to the Deputy Chairmen, and € 350 to members and deputy members of the Board.

Committees of the Board of Directors

Appointment and Remuneration Committee

The Appointment and Remuneration Committee and Audit Committee make proposals to the Board of Directors on tasks ordered for them. The committees do not have power of decision.

The Appointment and Remuneration Committee is formed by the Chairman and Deputy Chairmen of the Board of Directors. The task of the committee is to appoint the Managing Director and his deputy and to prepare, plan and develop the remuneration and appointment issues of directors appointed by the Board of Directors. The proposals of the Appointment and Remuneration Committee are decided on by the Board of Directors. In 2005, the Appointment and Remuneration Committee was chaired by Eero Lehti, Chairman of the Board of Directors of Pension Fennia, and the members were Deputy Chairmen of the Board of Directors Pertti Parmanne and Seppo Riski. The Appointment and Remuneration Committee convened four times.

Audit Committee

The Audit Committee comprises of three members of the Board of Directors elected from among themselves; one of them is elected from the members representing employer organisations and one from members representing employee organisations and one from other members of the Board of Directors. The Board of Directors appoints the Chairman of the committee. The

task of the Audit Committee is to monitor the company's financial situation, financial reporting, the sufficiency and appropriateness of internal supervision and risk management, and to handle the plans and reports of internal auditing. The committee reports to the Board of Directors. In 2005, the Audit Committee was chaired by Heikki Ropponen, and the members were Heikki Kauppi and Olavi Nieminen. The Audit Committee convened eight times.

Management

Managing Director and his deputy

The Managing Director and his deputy are appointed by the Board of Directors. The Managing Director takes care of the company's current administration according to the advice and instructions by the Board of Directors. The Managing Director's deputy acts as the Managing Director, when the Managing Director is prevented from attending to his duties. The Managing Director of Pension Fennia is Lasse Heiniö, and his deputy is Deputy Managing Director Tarkko Jousi.

Executive Group and Investment Committee

The Executive Group that consists of directors appointed by the Board of Directors and a personnel representative assist the Managing Director in the company's operative management and planning of operations. The Executive Group is involved in preparing for the Board of Directors, for example, the issues related to the company's strategy, budgeting and organisation.

The Investment Committee handles the important investment issues to be decided on by the Managing Director and prepares the investment proposals and the investment plan to be decided on by the Board of Directors.

Internal supervision and risk management, internal auditing

Internal supervision aims at ensuring among other things

- the reaching of the goals and objectives set, as well as economical and efficient use of the resources
- reliability and correctness of financial and other management information
- compliance with the laws, stipulations and instructions, as well as compliance with the decisions of the operational elements, internal plans, rules and ways of working.

The Board of Directors of Pension Fennia evaluates annually whether internal supervision in the company

has been properly arranged. The evaluation is based on the report drawn up by internal auditing which assures the operating of the descriptions of management systems in all lines of the company. Furthermore, the Board of Directors hears an external auditor annually about the state of internal supervision.

Risk management is part of internal supervision, and it means identifying, evaluation, limiting and supervision of risks resulting from and essentially linked to business operations.

The Board of Directors of Pension Fennia approves the risk management plan that covers all operations of the company and takes a stand on the administration of risks. The Board of Directors and management of Pension Fennia bear the primary responsibility for arranging internal supervision and risk management. In addition, each line director of Pension Fennia is responsible for the implementation of internal supervision and risk management in their own operations.

Pension Fennia's key risks are related to investment operations, insurance technique risks, and operative risks. The Board of Directors annually approves the risk management plan in connection with approving the company's investment plan.

Pension Fennia's internal auditing evaluates the company's internal supervision and risk management. Internal auditing comprises independent and objective evaluation, assurance and consultation operations.

Internal auditing is administratively subordinate to the Managing Director. The Board of Directors of Pension Fennia annually approves the operating plan of internal auditing.

Insider administration

Pension Fennia follows instructions on insider trading approved by the Pension Fennia Board of Directors. The instructions on insider trading are based on the recommendations of the Federation of Finnish Insurance Companies. In drawing up the instructions of the Federation of Finnish Insurance Companies, the instructions on insider trading of the Helsinki Exchanges and the Finnish Association of Securities Dealers and stipulations of the Financial Supervision were taken into account.

Pension Fennia's instructions on insider trading include instructions for temporary and project-specific insiders, organising of insider administration, and the methods to be used. Pension Fennia's permanent insiders include all the persons who act directly with investment operations, as well as the persons who, according to their job description, have an opportunity to receive insider information regularly.

The instructions on insider trading explain e.g. the prohibition to abuse insider information, and they also set a prohibition of short-term trading.

Pension Fennia's insider register is maintained by the company's Legal Affairs function.

Instructions on good insurance practice

Pension Fennia Board of Directors approved the instructions on good insurance practice on 20 December 2005. The instructions apply to the principles followed in business transactions and contractual relationships between Pension Fennia and the policyholders.

Anti-bribery principles

In autumn 2005, Pension Fennia reformed and simplified the instructions on giving and receiving different gifts, and providing and receiving different travels as well as food and drink, with special attention on anti-bribery. The instructions concern all personnel, and their purpose is to ensure that the employees of the company or persons acting otherwise on behalf of the company do not offer, demand or take in any unlawful benefits while acting with the authorities or other companies. The instructions outline what Pension Fennia considers ordinary and acceptable contacts to other companies and the authorities.

The compliance with the instructions is controlled as part of the company's internal supervision. In addition to consequences in accordance with the law, the instructions define sanctions for violating the instructions in force.

Board of Directors 1 January 2006

Chairman:

Eero Lehti ⁽¹⁾

Born 1944, Master of Social Sciences

Chairman of the Board

Taloustutkimus Oy

Chairman of the Board of Fennia, Chairman of the Board of Fennia Life, Chairman of the Federation of Finnish Enterprises, member of the Supervisory Board of OKO Bank Group, member of the Economic Council, member of the Board of the National Technology Agency of Finland TEKES, member of the European Economic and Social Committee

Term began 1 July 1998

Term expires 31 December 2006

Deputy Chairmen:

Pertti Parmanne ⁽¹⁾

Born 1946, Master of Social Sciences

Director, Central Organization of Finnish Trade Unions

Chairman of the Board of Social Insurance Institute, Deputy

Chairman of the Board of the Unemployment Insurance Fund,

Chairman of the Labour Institute for Economic Research,

member of the economic committee of the Evangelical

Lutheran Church

Term began 1 July 1998

Term expires 31 December 2006

Seppo Riski ⁽¹⁾

Born 1943, Master of Laws, Senior Lawyer

Director, Industrial Relations, Confederation of Finnish

Industries EK

Member of the Representatives of the Finnish Centre for

Pensions, member of the ILO Consultative Committee, member

of the Supervisory Board of the Education Payments Fund,

member of the Council for Labour Affairs, member of the Board

of the Unemployment Insurance Fund

Deputy member 1998–2003

Ordinary member from 1 January 2004

Term expires 31 December 2006

Other representatives of the labour market organisations:

Ernst Gylfe

Born 1944, Engineer

Chairman of the Board, Helsingin Villakehräämö Oy

Member of the Board of Fennia, Deputy Chairman of the Board

of Julius Tallberg-Kiinteistöt Oy

Term began 1 January 2004

Term expires 31 December 2006

Heikki Kauppi ⁽²⁾

Born 1955, Master of Science (Eng.)

Director, the Finnish Association of Graduate Engineers TEK

Deputy Chairman of the Board of the Confederation of Unions

for Academic Professionals in Finland, Deputy Chairman of the

Board of YTN, deputy member of the Board of POHTO

Term began 1 July 1998

Term expires 31 December 2008

Antti Rinne

Born 1962, Master of Laws

Chairman, Union of Salaried Employees TU

Deputy Chairman of the Finnish Confederation of Salaried

Employees, member of the Board of the Finnish Confederation of Salaried Employees, member of the Labour Committee of the Board of the the Finnish Confederation of Salaried Employees, Chairman of the Educational Board of the Municipality of Mäntsälä

Term began 1 January 2006

Term expires 31 December 2008

Heikki Ropponen ⁽²⁾

Born 1948, Master of Laws, Master of Science

(Econ. & Bus. Adm.)

Deputy Managing Director, Federation of Finnish Trade

Member of the Representatives of the Finnish Centre for

Pensions, member of the Supervisory Board of Finnvera plc,

Chairman of Helsingin Kauppiainien yhdistys association,

member of the training board of the Finnish Employers'

Management Development Institute, member of the

Supervisory Board of the Education Payments Fund

Term began 1 July 1998

Term expires 31 December 2008

Other members of the Board of Directors:

Lasse Heiniö

Born 1951, Master of Science, Fellow of the Actuarial Society of Finland

Managing Director, Pension Fennia Mutual Insurance Company

Member of the Board of the Finnish Pension Alliance TELA,

deputy member of the Board of Fennia, member of the Board

of Fennia Life

Term began 1 June 2001

Term expires 31 December 2007

Olavi Nieminen ⁽²⁾

Born 1952, Optician

Managing Director, Oy Finnsusp Ab

Member of the SME Committee of the Federation of Finnish

Enterprises, Chairman of the Board of Suomen Optisen Alan

Tiedotuskeskus

Term began 1 July 1998

Term expires 31 December 2007

Pekka Sairanen

Born 1957, Master of Science (Econ. & Bus. Adm.)

Managing Director, Domus Yhtiöt Oy

Member of the Board of the Confederation of Finnish

Industries EK, member of Enterprise Policy Group, member

of the Board of Family Business Network Finland, Deputy

Chairman of Rakennustuoteteollisuus RTT, Chairman of

Puusepänteollisuus ry

Term began 1 July 1998

Term expires 31 December 2008

Deputy members:

Tarkko Jousi

Born 1947, Licentiate of Laws, Senior Lawyer

Deputy Managing Director, Pension Fennia Mutual Insurance

Company

Term began 1 January 2002

Term expires 31 December 2007

Hannu Ketola

Born 1947, Master of Social Sciences
Managing Director, Fennia Mutual Insurance Company
Member of the Board of Fennia Life, deputy member of the Board of Fennia, deputy member of the Board of the Federation of Finnish Insurance Companies
Term began 1 January 2003
Term expires 31 December 2006

Rauno Mattila

Born 1946, Electronics Technician
Trafotek Oy
Member of the Board of Fennia, member of the Board of Family Business Network Finland, member of the Board of Technology Industries of Finland, member of the Supervisory Board of Finpro
Term began 1 January 2004
Term expires 31 December 2006

Timo Vallittu

Born 1953, elementary school
Chairman, Chemical Workers' Union
Member of the Representatives of the Finnish Centre for Pensions, member of the Supervisory Board of OP Bank Group
Term began 1 January 2004
Term expires 31 December 2006

¹⁾ Member of the Appointment and Remuneration Committee

²⁾ Member of the Audit Committee

Management 1 April 2006

Lasse Heiniö ⁽¹⁾

Managing Director
Born 1951, Master of Science, Fellow of the Actuarial Society of Finland
Member of the Board of Pension Fennia, deputy member of the Board of Fennia, member of the Board of Fennia Life, and member of the Board of the Finnish Pension Alliance TELA

Tarkko Jousi ⁽¹⁾

Deputy Managing Director, Managing Director's deputy
Born 1947, Licentiate of Laws, Senior Lawyer
Strategic partnerships, corporate administration, legal affairs, communication and planning
Deputy member of the Board of Pension Fennia

Matti Carpén

Director
Born 1960, Master of Science (Eng.)
Customer sector: Customer and Partner Relations, Customer Services, Marketing, Electronic Channels and Services

Eeva Grannenfelt ⁽¹⁾

Director
Born 1958, Master of Science (Econ. & Bus.Adm.), CEFA
Investment: Capital Markets
Deputy member of the Board of Fennia Life, the Finnish Pension Alliance TELA: member of the Consultative Committee of Investment Affairs, member of Social Partners' Committee of Investment Affairs

Irmeli Heino ⁽¹⁾

Director
Born 1951, Master of Science
Insurance Technique, Controller Operations, Financial Services

Sakari Kalske (From 1 April 2006)

Director
Born 1964, Bachelor of Social Services
IT Services and Development
Member of the Board of Arek Oy, Member of the Board of Tietoenator Esy Oy

Seppo Mattila

Medical Director
Born 1943, D.Med.Sc., Specialist in Internal Medicine, special qualifications in insurance medicine
Pension sector: Pension services, Well-being at Work Services, consultant physicians
Member of the Board of the Finnish Centre for Pensions

Timo Stenius ⁽¹⁾

Director
Born 1956, Master of Science (Eng.)
Investment: Customer Finance and Real Estates

Jukka Vainio (Until 30 April 2006)

Director
Born 1946, Master of Social Sciences
IT Services and Development, Personnel and Internal Services
Deputy chairman of the Board of Tietoenator ESY Oy

¹⁾ Member of the investment Committee

Consultant Physicians:

Seppo Mattila

Medical Director
D.Med.Sc., Specialist in Internal Medicine, special qualifications in insurance medicine

Hans Fredriksson

Deputy Medical Director
D.Med.Sc., Specialist in General Practice, Occupational Health Care and Psychiatry, special qualifications in insurance medicine

Timo Honkanen

Consultant Physician
Lic.Med., Specialist in Internal Medicine, special qualifications in insurance medicine

Tapio Ropponen

Consultant Physician
Lic.Med., Master of Social Sciences, Occupational Health Care Doctor, special qualifications in insurance medicine

Supervisory Board 1 January 2006

Chairman:

Markku Koskenniemi, born 1942
Chairman of the Board
Tammerneon Oy

Deputy Chairmen:

Harri Kainulainen, born 1947
Local Insurance Mutual Company

Eino Rajamäki, born 1939
Chairman of the Board
Seinäjoen Varaosakeskus Oy

Representatives of
employer organisations:

Lars Gästgivers, born 1946
Oy Vallonia Ab

Jyrki Kaskinen, born 1961
Managing Director
Raskone Oy

Tapio Liinamaa, born 1945
Managing Director
Härnäs Kuntokeskus ry

Seppo Matikainen, born 1947
Managing Director
WM-data Oy

Arto Pohto, born 1956
Managing Director
Pellonpaja Oy

Jukka Tikka, born 1953
Managing Director
Länsi-Savo Oy

Kalevi Vuorisalo, born 1945
Managing Director
Teknikum Oy

Representatives of
employee organisations:

Sirpa Järvinen, born 1948
Digital printing employee
Metrix Tähtityöt Oy

Markku Markkula, born 1950
Director
TKK Dipoli

Håkan Nystrand, born 1955
Chairman
METO – Forestry Experts' Association

Tuovi Orpana, born 1954
Negotiations Manager
Union of Salaried Employees TU

Matti Putkonen, born 1950
Communication Manager
The Finnish Metalworkers' Union

Marjaana Valkonen, born 1952
Director
Central Organization of Finnish Trade
Unions

Anssi Vuorio, 1965
1st deputy Chairman
Service Union United PAM

Other members of the
Supervisory Board:

Heimo Aho, born 1949
Chairman of the Board
SKS-tekniikka Oy

Kaj Ericsson, born 1943
Managing Director
Harry Schaumans Stiftelse

Tauno Jalonen, born 1945
Managing Director
Suomen Yrittäjien Syypoint Oy

Pentti Jussila, born 1949
Managing Director
Kuljetusliike Ilmari Lehtonen Oy

Tapio Juusela, born 1947
Managing Director
RTK-Palvelu Oy

Mirja-Leena Kullberg, born 1962
Managing Director
Artek Oy

Lasse Murto, born 1943
Managing Director
A-Clinic Foundation

Heikki Rinta-Rahko, born 1949
Managing Director
Kurikan Keskus-Optiikka Ky

Lasse Savonen, born 1951
Managing Director
AstraZeneca Oy

Antti Tiitola, born 1967
Managing Director
LIDL Suomi Ky

Consultative Committees 1 January 2006

PENSIONS ADVISORY BOARD

Chairman:

Jukka Vainio

Director
Pension Fennia

Deputy Chairman:

Seppo Mattila

Medical Director
Pension Fennia
Specialist member

Jesper Eiskonen

Master of Laws
Finnish Confederation of Salaried
Employees

Ralf Forsén

Master of Laws
The Finnish Association of Graduate
Engineers TEK

Raimo Kärnä

Industrial Safety Officer
The Finnish Metalworkers' Union

Mikko Räsänen

Senior Advisor
Employers' Confederation of Services
industries in Finland

Hannu Saimanen

Director
Wood and Allied Workers' Unemployment
Fund

Markus Äimälä

Master of Laws
The Confederation of Finnish Industries EK

THE CONSULTATIVE COMMITTEE OF THE INSURED

Chairman:

Arvi Tuomarmäki

Electrician
Hella Lighting Finland Oy

Esa Ikkela

Project Manager
Are Oy

Senja Hakola

Airworthiness Engineer
Blue1 Oy

Sinikka Hyyppä

Warehouse employee
Kokkolan Halpa-Halli Oy

Helena Joenkoski

Product assembler
Kempfi Oy

Toivo Juntunen

Purchasing Manager
Kempfi Oy

Saija Kaven

Ward nurse
Vantaan Vinkki

Minna Kettunen

Saleswoman
H&M Hennes & Mauritz Oy

Lassi Tapio Kirjavainen

Stonework employee
Tulikivi Corporation

Maija Levonpää

Woodwork employee
Domus Yhtiöt Oy

Jouko Malinen

Senior Systems Analyst
WM-data Oy

Jukka Mandelin

Personnel advisor
Kempfi Oy

Marja Mielonen

Dressmaker
Pola Oy

Heli Mäkinen

Baker
Primulan Leipomot Oy

Kirsi Palvanen

Payroll calculator
Foxconn Oy

Raimo Rautanen

Lorry driver
Suomen Kiitoautot Oy

Seppo Rosendahl

Supervisor
Uusimaa Oy

Helena Saarinen

Printing plant employee
Libris Oy

Kauko Kalervo Sarha

Social therapist
A-Clinic Turku

CONSULTATIVE COMMITTEE OF MAJOR ACCOUNTS

Chairman:

Juhani Enkovaara
Managing Director
Eho Oy

Deputy Chairman:

Antti Aho
Managing Director
Helsingin Lääkärikeskus Oy

Martti Ala-Härkönen
Director
WM-data Oy

Raimo Anjala
Managing Director
Teknos Group Oy

Paavo Aro
Chairman of the Board
Aro Yhtiöt Oy

Stefan Björkman
Managing Director
Turvatiimi Oyj

Leif Enberg
Chairman of the Board
Oy Mapromec Ab

Rabbe Grönlom
Chairman of the Board
Kotipizza Oyj

Jarmo Halonen
Managing Director
Elecster Oyj

Björn Hartman
Managing Director
Oy C.J. Hartman Ab

Eero Holma
Managing Director
Viktor Ek Oy Ab

Pekka Hongisto
Managing Director
Matkahuolto Oy Ab

Reijo Jokela
Managing Director
Suomen Broiler Oy

Tuomo Järvinen
Chairman of the Board
Esski Oy

Erkki Kaijasilta
Managing Director
T-Drill Oy

Jouko Karttunen
Managing Director
Tiliaktiiva Oy

Esko Keskinen
Director
Technology Industries of Finland

Björn Kolster
Chairman of the Board
Oy Kolster Ab

David Lindström
Deputy Managing Director
Blue1 Oy

Ulla Matsi-Koistinen
CFO
Taloustutkimus Oy

Esko Miikkulainen
Managing Director
Salon Seudun Puhelin Oy

Jussi Muikku
Managing Director
Rocla Oyj

Martti Paunu
Managing Director
Väinö Paunu Oy

Jussi Piipponen
Managing Director
Are Oy

Vesa Pollari
Managing Director
Selecta Oy

Markku Pulliainen
Managing Director
Exel Logistics Oy

Lauri Ranki
Managing Director
Dunlop Hiflex Oy

Olavi Rantala
Managing Director
Hella Lighting Finland Oy

Juha Rostedt
Managing Director
Canncolor Oy

Irmeli Rytkönen
Managing Director
Gigantti Oy

Klaus Saarikallio
Managing Director
Normek Oy

J. Pentti Siikarla
Managing Director
Yrittäjien Oikeussuoja Oy

Kaj Ström
Managing Director
Oy Motala Ab

Petri Suuperko
Managing Director
Lujatalo Oy

Seppo Suuriniemi
Managing Director
Vammalan Konepaja Oy

Esko Torssonen
Managing Director
Suomen Kiitoautot Oy

Juha Valkamo
Managing Director
Oy Primula Ab

Olli Vilppunen
Managing Director
LSK Electrics Oy



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