Pension Fennia

2008

The Board of Directors' Report and Financial Statements

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The Board of Directors' Report for the Year 2008

Changes in the investment environment

The financial crisis that started in the US housing market in spring 2007 spread in 2008 into international distrust towards the financial markets. Early in the year, the problems of companies operating in the financial sector in particular became critical, when assumptions of credit losses increased. The slowing down of the economic growth first showed in the western industrialised countries, but it was the bankruptcy of the globally operating investment bank Lehman Brothers in the autumn that completely destroyed the trust in the global financial system.
As a result, the values of all asset items fell rapidly. The operations of the credit market in particular were paralysed. Credit risk margins rose to record high level, and availability of financing from the capital market weakened considerably.

In the latter half of the year, the financial crisis spread to all economic operators. The global economic growth slowed down heavily during the last three months of the year. The economic growth in the eurozone contracted on three consecutive quarters in 2008; the economic development in the USA was along the same lines. The economic growth of developing countries also slowed down significantly towards the end of the year.

The availability and price of financing became a problem for households as well as companies. The inflation rate slowed down quickly during the year, when the raw material prices collapsed when the demand decreased as a result of the weakening economic growth.

The sudden braking of the economy hampered the performance of companies considerably towards the end of the year. Companies have reacted to the decrease of cash flow financing in the same way all over the world; by laying off and dismissing employees. The predictability of business operations has weakened essentially as the crisis has expanded into an international economic recession.

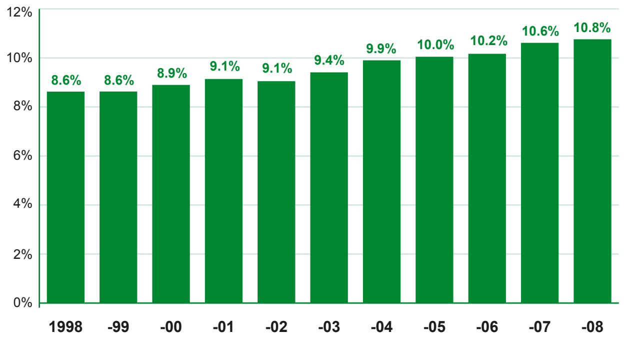
Despite the major interest rate cuts of the central banks the situation in the global economy did not change significantly late in the year, but the financial crisis expanded to other economic sectors. Real economy weakened in unparalleled manner in the final quarter.
The year 2008 ended in a situation in which the world economy was in its deepest vicious circle of contracting economy since the Second World War. Many countries have introduced economic recovery packages to stimulate the economy or dampen the slowing down of the economic growth. Implementing the recovery packages is not, however, problem-free, and their effects will be seen in 2009.

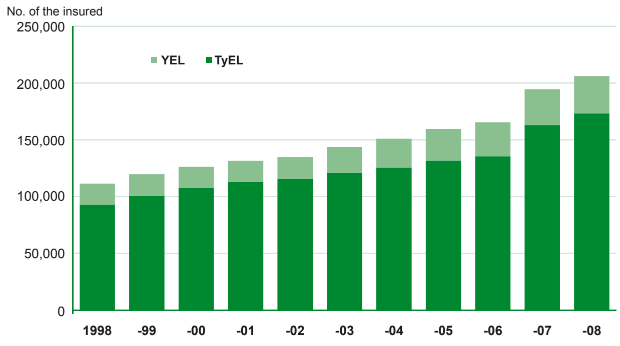
The Finnish economy came through the economic tumult of 2008 much better than the other western countries. The euro was reasonably stable, but strengthened against the pound and dollar during the year. The interest rate level was low especially late in the year. The indebtedness of the Finnish state is moderate, so it is possible to find funds for recovery.

Changes in the operating environment

The extremely instable situation in the investment market that characterised the year 2008 generated major losses to the investment operations within the earnings-related pension scheme. The Finnish Government reacted to the financial crisis by passing a bill on an exceptive law to the Parliament on 17 October 2008 (HE 180/2008 vp). The Government proposed that the provisions concerning the investment operations and solvency of pension institutions be amended temporarily. The purpose was to strengthen the solvency of the private sector employment pension institutions in such a way that the pension institutions would not have to sell e.g. their Finnish equity holdings in an unfavourable market situation. In the bill the amount of technical provisions linked to return on equities was proposed to be raised to 10 per cent of technical provisions in 2008–2010. Furthermore, pension funds would be complemented for 2008 only by the 3 per cent of the discount rate, and the clearing reserve included in the technical provisions would be temporarily equated with the solvency margin to support the solvency of pension institutions. The minimum amount of the solvency of pension institutions would be lowered and it would be made independent of the investment allocation of the pension institution. The Government proposal was passed into a law (853/2008) on 22 December 2008, and the exceptive law will be in force until the end of 2010.
In practice the exceptive law means that the income corresponding with the complementation of the pension liabilities for 2008 was exceptionally transferred to the solvency margin, and larger losses on equities were permitted to provision for bonuses linked to return on equities. Regarding the additions of the exceptive law

Pension Fennia's market share measured by premium income and those insured in Pension Fennia 31 Dec.





Pension Fennia's solvency ratio is estimated to have increased by around 8.6 percentage points.

The new Insurance Companies Act (VYL) and amendments to the Act on Employment Pension Insurance Companies (TVYL) entered into force on 1 October 2008. The VYL reform took into account the overall reform of the Companies Act that entered into force in 2006. The provisions of the Companies Act shall be applied to mutual insurance companies as far as possible. The new Insurance Companies Act also includes a set of regulations concerning the special characteristics of insurance business. These regulations concern the business licence, technical provisions, assets covering technical provisions, principle of fairness, solvency margin, solvency capital, life insurance, and supervision. The general Companies Act does not include provisions concerning these issues. For the purposes of the new law it has been checked that the normative power delegated to the Ministry of Social Affairs and Health and the Financial Supervision Authority is in compliance with the Constitution.

In connection with the overall reform of VYL, amendments were also made to the Act on Employment Pension Insurance Companies (TVYL). Many of the amendments were technical by nature. According to the law, the Board of Directors and the Managing Director of an employment pension company shall manage the company with expertise, and as per healthy and cautious business principles and principles concerning reliable administration. The management shall also take into account the principles of insurance company law, such as the principle of equality and duty of care, included in the act. Supervisory auditing has been given up, and the special duties of the supervisory auditor have been included in regular auditing.

The Act on the Financial Supervision Authority was passed by the Parliament on 3 December 2008 and the new supervisory authority started operations at the beginning of 2009. Operating in connection with the Bank of Finland, the Financial Supervision Authority took over the previous duties and authorities of the Financial Supervision and the Insurance Supervision Authority with some minor exceptions. In addition to the amendments related to the founding of the Financial Supervision Authority, the required amendments related to technical legislative procedure were made in other acts concerning the financial and insurance markets. The Director General and the members of the Board of the Financial Supervision Authority are appointed by the Parliamentary Supervisory Council.

Reaching the goals

Pension Fennia was successful in new business in 2008, but the premium income from transfer business produced a loss. Nevertheless, as the net result of the transfer rounds, the insurance portfolio increased by more than a hundred TyEL and YEL customers. Pension Fennia strengthened its position especially in the small business segment. After the market transition of the previous year, the transfer volumes of 2008 were lower.

More than 3,500 TyEL policies and nearly 4,200 YEL policies were gained through new customer prospecting. The said TyEL portfolio covers approximately 7,900 employees. Thanks to the strong local presence of Fennia Group and Local Insurance associations, the market share in new customer prospecting remained significantly higher than the relative market share.

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. In the extremely difficult financial market Pension Fennia's investment income was satisfactory. **Return** on invested capital at fair values before operating expenses stood at -12.0 per cent for the financial year. The amount of **solvency margin** was 2.6 times the solvency limit at the closing of accounts. Solvency margin decreased by 44 per cent, from € 1,156 million to € 646 million, and was 12.9 per cent of technical provisions.

Cost-efficiency was emphasised through the year in all operations. Administration cost surplus stood at € 12.7 million, or 25.8 per cent of the loading profit. The surplus was the biggest in the history of Pension Fennia. Pension Fennia's operating expenses mainly consist of two large items; personnel expenses and IT expenses. The optimisation of expenses has played a key role in improving efficiency.

Development of operations

The emphasis in the development of Pension Fennia's electronic services lay in the introduction of the new version of the Electronic Desktop offered to the partner network in May 2008. The Electronic Desktop allows the partners to better serve Pension Fennia's customers and thus ensure that the goals set for the quality and efficiency of the company's customer service are met. The new service has been very well received, and the use of the Electronic Desktop has multiplied during the year.

Electronic communication through the employers' Online service has become the key channel for TyEL annual, employment and monthly notifications. Building an electronic collection agency channel improved the efficiency of YEL insuring.

The year was a challenging one for Arek Oy, the joint information technology provider of employment insurance operators, as the Finnish Centre for Pensions transferred the majority of its systems to be managed by Arek. During the year, Arek also switched the operating service provider. The changes required active participation from Pension Fennia in the administration and management of Arek.

Marketing activities are characterised by increasingly close co-operation within Fennia Group and with Local Insurance Group. Online services were developed further, and the method of operation of the Account Manager network was reformed. The processes and tools of banking co-operation were standardised with the Finnish Savings Banks Group and Handelsbanken.

Legislation entered into force in 2008 that requires employment pension companies to send annually a pension record to those insured in the private sector. Pension Fennia sent pension records to 260,000 customers. Producing the pension records and the service related thereto required system changes, and the creation of a new service and operating model. Careful preparation showed as smooth production of pension records and handling of feedback.

An electronic management system for work queues and documents in the pension handling process was introduced in its entirety. New operating models were introduced together with the electronic pension handling process.

The project aimed at reforming the whole compensation system mapped out alternative methods of operation, and the mapping will continue. The new system will be introduced early in the next decade.

The personnel strategy was worked up for the first time into a common strategy for the whole Fennia Group. The work involved the human resources management of the Group and personnel representatives. From Pension Fennia's point of view the reform concerned specification of emphases. The personnel vision was formulated to read "top team for the customer's best". The vision includes a new element about teamwork and coaching management. The main emphasis of the personnel strategies for 2008 and 2009 is on the successful implementation of the salary discussion model.

In accordance with the collective agreement for the insurance industry, Pension Fennia introduced a salary discussion model in autumn 2008. Information events were arranged for the whole staff, and skills coaching was provided to supervisors. The salary policy was also reviewed, and it was ensured that everyone was aware of the company's salary policy before the salary discussions were started. The goal of the salary discussions is to link the employee's activities and development more clearly to the salary development. In the future the proportion of the discussed salary of the general raise will increase.

According to the personnel survey conducted in the company annually, the job satisfaction of Pension Fennia's personnel continued to increase, and the results clearly exceed the Finnish level for clerical employees and experts. The trend has been positive since 2005. Pension Fennia's strengths were considered to be working conditions, familiarisation with new tasks, support from supervisors to the employees' attempts to develop themselves, sufficient training, and the company's fairness as an employer. The assessment of supervisor work also developed in more positive direction.

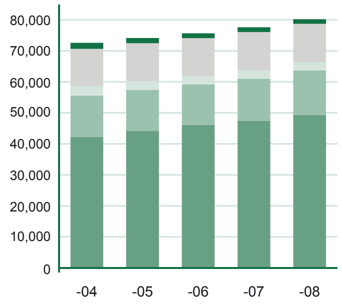
Pension Fennia invests in long-term development of supervisor work. The supervisors club, a discussion forum for the management, supervisors and HR, convened regularly and discussed e.g. the results of the personnel survey, the goal reward system, threatening situations with customers, and the salary discussion model.

Insurance portfolio and premiums written

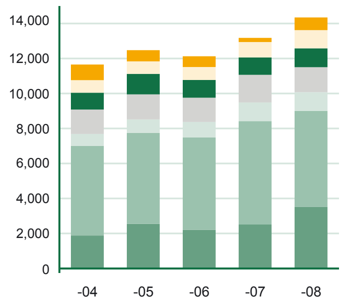
At year-end 2008, Pension Fennia was responsible for insuring 206,180 persons' pension provision. The number of TyEL insurances increased by about 1,600 policies to 21,800, and the number of the insured totalled 173,260. At the end of 2008, the number of insured employment relationships was around 10,300 higher than in the previous year. The number of YEL insured increased by about 1,300 entrepreneurs during the year and stood at 32,920 at the year-end.

Premiums written for the year 2008 stood at € 1,088.9 million. Of this amount, TyEL insurance accounted for € 976.5 million before deduction of credit losses and YEL insurances for € 118.3 million. Credit losses on premium

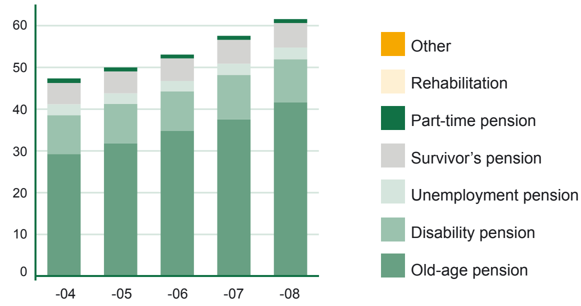
No. of pensioners



No. of pension applications handled



Pensions paid, € mill./month



receivables stood at € 5.9 million. The average premium was 20.8 per cent of salaries/reported earnings. The employee's share was on average 4.3 per cent.

Pensions and well-being at work

A total of 14,300 pension applications were handled during the year 2008, of which 7,800 were new pension applications. The total numbers of applications increased on the previous year. In 2008, the first age group of the baby boom generation reached the old-age retirement age, which showed as a clear increase in the number of old-age pension applications. The ageing of the working population has so far not showed in the number of disability pension applications. The number of rehabilitation applications seems to be increasing on the previous year.

Pension Fennia paid pensions to 80,200 persons at year-end 2008. A total of € 722 million was paid out in pensions.

The key area of pension advisory service in 2008 was producing pension records to our some 260,000 customers and handling the related advisory service and using the data on the records in customer service. The effect of staying at work on the pension provision was a key subject in the advisory work of the pension advisory services and customer information. In addition to pension records, around 7,300 other pension estimates were sent at request of customers; almost 75 per cent of them were estimates for old-age pension.

As a whole the handling of pension services has proceeded as planned, and the increasing workload and the additional challenges brought by the pension record have been well under control.

The goal of Efekti well-being at work services is to ease up the starting of well-being at work activities in client companies and enhance the actions already started. The customers are offered tools for the company's independent development of well-being at work. In addition, client companies have access to support from Pension Fennia's experts in projects related to well-being at work. Services are particularly actively offered to companies whose own disability pensions affect the earnings-related pension contribution in accordance with the contribution category model. The need and usefulness of well-being at work activities and rehabilitation co-operation are the greatest in client companies that have a higher than normal risk ratio.

In 2008, the development work of Efekti services focused on SMEs. Both printed and electronic tools were developed for the mapping of their well-being at work needs. The reform of the online services was prepared so as to open the expanded services to the customers in early 2009. Group training of several SMEs was also arranged to find the development needs of well-being at work and to start practical actions.

The most popular topic in company-specific training was training supervisors to early support. The goal is to observe the deterioration of the employees' working capacity early enough, so that the working capacity can be supported, for example, through arrangements at the workplace or vocational rehabilitation.

As for entrepreneurs, the most important co-operation project was the *Yrittäjien hyvinvointikilta* project started together by entrepreneur organisations and the Finnish Association for Mental Health that seeks functioning models to support the coping of entrepreneurs. Pension Fennia is involved in the steering and financing of the project. A representative of well-being at work services also participated in a number of projects for the development of well-being at work organised by local entrepreneurs.

Technical provisions and covering assets

Pension Fennia's technical provisions stood at € 5,381.7 million at the end of the year 2008. Technical provisions included € 570.2 million of liabilities accrued from employees' share of premium.

Technical provisions, € mill.	31 Dec. 2008	31 Dec. 2007
Premium reserve		
Future pensions	3,154.2	3,008.5
Provision for current bonuses	6.4	15.3
Provision for future bonuses	149.1	539.9
Provision linked to equity income	-205.6	1.1
	3,104.2	3,564.8
Claims reserve		
Current pensions	2,019.3	1,827.6
Equalisation provision	258.1	260.1
	2,277.5	2,087.7
Total	**5,381.7**	**5,652.5**

Claims reserve also includes equalisation provision which stood at € 258.1 million at the end of 2008, of which basic benefit accounted for € 252.2 million. The amount of the equalisation provision is securing. In 2008 the temporary lowering of the disability payment was continued, which reduced the amount of the disability loading of the equalisation provision from the previous year, and the result of the disability business was negative as expected. The results of old-age pension, unemployment pension and premium loss businesses were in accordance with the confirmed premium basis.

On the basis of the aforementioned exceptive law (853/2008) that entered into force on 22 December 2008, the weight of the technical provisions linked to return on equities was raised from 4 per cent to 10 per cent due to the effects of the international financial crisis. The average return on equities of the pension system to be transferred to the technical provisions was around -42 per cent on 31 December 2008, and due to these losses the amount of provision for bonuses linked to return on equities was around € -205.6 million on 31 December 2008.

The assets covering technical provisions meet the requirements of the Statute on Gross Margin and those of the Insurance Supervision Authority (as of 1 January 2009 the Financial Supervision Authority). Listed margin amounted to € 5,688 million, or 5.5 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 € 162 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 level of solvency margin, and the bonuses paid to the customers.

Total **investment income on invested capital stood** at -12.0 per cent before operating expenses and unallocated income and costs of investment operations. The technical rate of interest stood at 6.25 per cent until 30 June 2008 and at 4.75 per cent for the rest of the year. By virtue of the aforementioned exceptive law that entered into force on 22 December 2008 the pension funds were complemented in 2008 only by the amount of the discount rate, or 3 per cent.

The **net return on investment operations in the profit and loss account** stood at € -426.3 million. Capital losses were generated in equity, fixed-income and real estate investments; the total loss amounted to € 73.9 million. Value adjustments of € 340.9 million were made in equities and shares, € 119.7 million in bonds, and € 15.6 million in real estate. Value readjustments on equities, bonds and real estate stood at € 5.3 million. Valuation differences decreased by € -334.1 million during the financial year. The **net return on investment operations at fair values** stood at € -760.4 million.

In the table below equities also include hedge funds and capital funds. Derivatives are included in each asset category.

Investment assets at fair values	31 Dec. 2008 € mill.	%	31 Dec. 2007 € mill.	%
Equities and shares	1,283.7	23.8	2,848.1	47.0
Loans	380.7	7.1	235.7	3.9
Money-market instruments	2,957.0	54.8	2,282.0	37.6
Bonds	2,050.5	38.0	1,496.9	24.7
Fixed-income funds	74.2	1.4	350.1	5.8
Other	832.3	15.4	435.0	7.2
Real estate	771.2	14.3	698.2	11.5
Total	**5,392.6***	**100.0**	**6,064.1**	**100.0**

* Includes € 21.8 million of derivatives outside the balance sheet.

In the **equities market** the year was one of the worst in history due to the international financial crisis. The smallest losses came from trust investments outside Europe. Investments in listed equities and shares for 2008 yielded -40.1 per cent and those in unlisted equities and shares yielded -15.7 per cent. The amount of listed equities was successfully reduced in March–June and further in September before the biggest fall of the share prices. In addition to equity sales, the risk-corrected weight of equities was reduced during the year with equity derivatives. Private equity funds yielded -5.6 per cent. The yield of hedge funds was around zero in the summer, but September, October and November were extremely difficult for hedge funds. The weight of hedge funds was reduced during the year and they accounted for around 12 per cent of the investment allocation at the year-end. Yield from hedge funds, protected from exchange rate fluctuations, was -19.5 per cent.

In early 2008 the **interest rates** began to rise in Europe due to the increased inflation. In the summer the trend turned, and the quickly weakened economic situation kept the interest rates falling until the end of the year. Short interest rates fell faster than the long ones, and the interest rate curve steepened clearly. At the year-end the difference between German two-year and ten-year interest rates was 1.20 percentage points. The interest rate for two-year government loans fell by a total of 2.21 percentage points to 1.76 per cent and the ten-year interest fell by 1.36 percentage points to 2.95 per cent in 2008.

In early 2008, the duration of Pension Fennia's fixed-income portfolio was around five years, and it was decreased in spring. In the autumn, when the interest rates fell, the duration was increased again, and towards the end of the year, when the interest rates were at a low level, the duration was decreased considerably.

Credit risk margins continued to increase in 2008. Hence the return on bond investments with a credit risk was very poor. The increase of risk premiums also affected the return on bonds in developing markets which was negative. As a result of the fall of the general interest rate level the return on government loans was positive for the whole year.

The return on capital employed in bond investments, including derivatives and fixed-income funds, was -6.0 per cent. The return on the money market portfolio was 5.6 per cent. The modified duration of the bond portfolio on 31 December 2008 was 3.63 years, and the average credit rating was A.

Real estate investments was one of the few asset categories that provided a positive yield, although the weakening of the market was already visible as negative yield of indirect investments. In the future the rapid weakening of real economy will also affect the return on real estate investments. The degree of utilisation and rent level of premises were still good, but the expectation of the users of the premises on the future development already affected the renting negotiations towards the end of the year.

Indirect real estate investments suffered relatively most from the financial crisis. The values of listed real estate investments followed the steep fall of the values of equities. Due to the gearing effect of the debt-equity ratio the values of shares of unlisted real estate funds decreased more than the values of the real estate owned by them.

Pension Fennia's real estate investments increased by around € 73.0 million during the year. Sales totalled around € 14.3 million. The return on real estate investments calculated on invested capital stood at 6.4 per cent, compared with 11.1 per cent in the previous year. Real estate investments totalled € 771.2 million at the year-end.

Completed construction projects included a share of stage 3 of the shopping centre Sello in Espoo and care homes for the elderly in Turku and Ulvila. Stage 2 of Visio in Pasila, Helsinki is under construction and due for completion in early 2010. Some 60 per cent of these premises have already been rented.

Indirect real estate investments in European funds and listed and unlisted companies were increased so that they amounted to € 126.1 million at the year-end.

The availability of financing to companies weakened significantly on the market, and the demand for **corporate financing** loans increased. While the previously lively demand for financing packages needed for company acquisitions decreased, the applications for pension loans increased significantly. Premium lending is growing rapidly as the banks prefer granting loan guarantees to new loans. The financial crisis has tightened the financing options of companies, and at the moment the availability of long-term loans from banks is poor. The Finnish Government's decisions to strengthen Finnvera's opportunities to grant additional financing to companies were very welcome in the difficult market situation.

Investment, pension and capital loans totalled € 380.7 million at the year-end. Advance credit losses of € 2.1 million net were entered for the loans in the financial year. Return on capital employed after the above-mentioned credit losses was 4.2 per cent. The amount of unarranged loans stood at € 1.1 million at the year-end.

Total operating expenses and personnel

Total operating expenses for 2008 were € 49.0 million. Operating expenses covered with expense loading stood at € 36.8 million and operating expenses covered from the investment income at € 7.0 million. € 1.0 million of operating expenses related to working capacity maintenance were paid from the disability loading of the premium. Total operating expenses included € 4.6 million of statutory charges which are covered with a separate share of premium. Expense loading totalled € 48.4 million for the year and other income € 0.6 million. Loading profit stood at € 12.7 million, and 74.2 per cent of the loading profit was spent on operating expenses of insurance business.

The company employed an average of 250 persons in the year 2008. At year-end 2008, 251 people were permanently employed, and 11 had a fixed-term employment relationship. 9 people were on maternity or child care leave, 6 on part-time pension and 1 on partial disability pension. A total of 17 new employees were hired, and 9 fixed-term employments were made permanent. 21 employment relationships ended, 5 of them due to retirement.

Result and solvency

The required rate of return on technical provisions is determined on the basis of the discount rate used in the calculation of the technical provisions, supplementary coefficient for pension liabilities, and the average equity income of pension institutions. In 2007, equity income accounted for 2 per cent, and it was intended to increase gradually to 10 per cent from 2007–2011. By an exceptive law (853/2008) the share of equity income was increased to 10 per cent already in 2008. Furthermore, in 2008 the required rate of return corresponding to the supplementary coefficient was not included in the required rate of return on technical provisions, but a similar amount is used to support the solvency margin.

The **book net returns** on investment operations amounted to € -426.3 million. The share of the discount rate of the required rate of return on technical provisions was € 177.4 million, and the required rate of return was reduced by the change of the technical provisions linked to return on equities by € 206.7 million, so the required rate of return on technical provisions stood at € -29.3 million. Therefore the book result of investment operations was € -397.0 million. The valuation differences decreased by € 334.1 million. The **result of investment operations** at fair values including other interest items of the profit and loss account was € -730.4 million. **Loading profit** was € 12.7 million. The **profit on insurance business** stood at € -1.1 million. The combined **total result** of Pension Fennia was € -718.9 million.

Provision for future bonuses was cleared by € 390.8 million. Of that amount, € 6.3 million was used on premium discounts and € 384.5 million on covering investment losses. The technical provisions decreased in 2008 due to investment losses.

The **solvency margin** at the year-end amounted to € 645.5 million, or 12.9 per cent of the technical provisions. Valuation differences accounted for € 256.0 million of the solvency margin. Provision for future bonuses stood at € 149.1 million at the year-end. The minimum amount of solvency margin is € 100.2 million.

The effects of exceptive law 853/2008 including the share equated with the solvency margin have been taken into account in the figures reported above. The amount of the solvency margin without the share equated with the solvency margin is € 436.7 million, and the minimum amount of solvency margin without the effect of the exceptive law is € 174 million.

The profit and loss account shows a surplus of € 1,653,943.44.

Internal supervision and risk management

The Board of Directors evaluated that **internal supervision** has been appropriately arranged on the basis of a report drawn up by internal supervision. The Board was assisted by the Audit Committee whose tasks included e.g. monitoring the company's financial position, financial reporting, the sufficiency and appropriateness of internal supervision and risk management, as well handling the plans and reporting of internal supervision.

The Board of Directors has approved a risk management plan covering all operations of Pension Fennia; the plan is divided into two parts: **risk management plan for investment operations** to be approved in connection with the investment plan and **risk management plan for other operations**. The risk management process has been integrated into operations planning, and a key task of the process is to ensure the realisation of the company's strategic goals and other important projects related to operations. The Board receives annually a report on the progress of the measures in accordance with the risk management plan drawn up by the risk management unit which is independent of the risk-taking operations, and regarding investment operations a report on risks related to investments drawn up by the controller function.

The members of the Executive Group are responsible for ensuring in their own sectors that internal supervision is implemented and that the line-specific risk management processes are appropriate. Each line and, if necessary, unit draws up a risk management plan for operations. The most important operational risks are related to, for example, life and health risks, information systems, processes, safety and legal affairs. The risk management plans for operations are based on a method in which the risks related to operations are identified, their effect is assessed, the risk management means are determined, and means of supervision are agreed on to monitor the measures.

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 categories are continuously followed. While the exceptive law is in force, solvency should also be followed without the effect of the reliefs of the exceptive law.

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.

Risk management is described in more detail in the notes to the financial statements and on the company's website.

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 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 provided the Executive Group and the Board of Directors with an evaluation of internal supervision on an annual basis.

External auditing of operations is carried out by the auditors elected by the Annual General Meeting, in addition to which the company's operations are supervised by the Insurance Supervision Authority (as of 1 January 2009 the Financial Supervision Authority).

Administration

On 24 April 2008, the Annual General Meeting of Pension Fennia re-elected Jyrki Kaskinen and Kalevi Vuorisalo and elected Heikki Nikku as a new member until the close of the Annual General Meeting of 2010 to the Supervisory Board at the suggestion of central employer organisations, and re-elected Marjaana Valkonen and elected Pertti Porokari as a new member at the suggestion of central employee organisations. In addition, the following persons were re-elected to the Supervisory Board: Tauno Jalonen and Stefan Wentjärvi. Oiva Iisakka and Erkki Moisander were elected as new members. In addition, Tauno Maksniemi was elected as a new member until the close of the Annual General Meeting of 2009.

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 Ulla Nykky, Authorised Public Accountant, were elected deputy auditors.

In its meeting on 18 November 2008, the Supervisory Board of Pension Fennia re-elected Board members Heikki Kauppi, Antti Rinne, Heikki Ropponen and Pekka Sairanen. Eero Lehti was the Chairman of the Board of Directors in 2008, Pertti Parmanne the First Deputy Chairman and Seppo Riski the Second Deputy Chairman. The Board of Directors elected from among themselves Pekka Sairanen the Chairman, Pertti Parmanne the First Deputy Chairman and Seppo Riski the Second Deputy Chairman for the year 2009. The Appointment and Remuneration Committee of the Board of Directors was formed by the Chairman and Deputy Chairmen of the Board in 2008. Members of the Audit Committee of the Board of Directors in 2008 were Heikki Ropponen, Heikki Kauppi and Olavi Nieminen.

In 2008 Markku Koskenniemi was the Chairman of the Supervisory Board, Marjaana Valkonen the First Deputy Chairman, and Heimo Aho the Second Deputy Chairman. In its meeting on 18 November 2008, the Supervisory Board decided to elect Markku Koskenniemi the Chairman of the Supervisory Board, Marjaana Valkonen the First Deputy Chairman, and Heimo Aho the Second Deputy Chairman for the calendar year 2009.

Members suggested by the policyholders to the Election Committee in 2008 were from the Board of Directors of Pension Fennia Eero Lehti, and from the Supervisory Board Heimo Aho and Markku Koskenniemi. Members suggested by the insured to the Election Committee were from the Board of Directors of Pension Fennia Antti Rinne, and from the Supervisory Board Markku Markkula (until 24 April 2008), Pertti Porokari (from 24 April 2008) and Marjaana Valkonen. Markku Koskenniemi was elected the Chairman of the Election Committee and Marjaana Valkonen was elected the Deputy Chairman. By a decision made by the Supervisory Board on 18 November 2008, the aforementioned persons continue as members of the Election Committee for the calendar year 2009. Markku Koskenniemi continues as the Chairman of the Election Committee and Marjaana Valkonen as the Deputy Chairman.

The Board of Directors convened 12 times during the year, and the participation percentage was 97. The shareholders' general meeting convened once. The Supervisory Board and the Election Committee of the Supervisory Board convened twice each.

The Executive Group comprised the following persons: Lasse Heiniö, Managing Director; Matti Carpén, Director, Customer Relations, Insurance Services; Eeva Grannenfelt, Director, Chief Investment Officer; Irmeli Heino, Director, Finance and Human Resources; Mikko Karpoja, Director, Actuarial Services and Risk Management; and Mika Ahonen, Director, Legal Affairs, Planning and Communication. The Executive Group convenes in an extended form in connection with planning rounds or when otherwise summoned. In addition to the abovementioned, the extended Executive Group includes Sakari Kalske, Director of the IT Services and Development unit; Timo Stenius, Director, Customer Finance and Real Estates; and Seppo Mattila, Medical Director. The Investment Committee includes the Managing Director as the Chairman, and Eeva Grannenfelt, Timo Stenius and Irmeli Heino as members. Tarkko Jousi, Managing Director's Deputy and member of the Investment Committee retired on pension on 1 September 2008. Matti Carpén was appointed the Deputy Managing Director as of 1 January 2009.

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 2008, Pension Fennia group included 46 housing and real estate companies as subsidiaries. In addition, Pension Fennia group included HF-Asunnot Oy of which it holds 55 per cent. Pension Fennia owns 40 per cent of its associated undertaking Insurance Company Fennia Life.

Pension Fennia's capital and reserves and the Board of Directors' proposal on the disposal of profit

Pension Fennia's capital and reserves consist of restricted capital and reserves which includes guarantee capital of € 1,681,879.26 and initial fund of € 3,363,758.53, and non-restricted capital and reserves which includes contingency fund of € 635,750.36, contingency reserve of € 24,218,869.58, and retained earnings amounting to € 1,829,958.75.

The guarantee capital is divided into ten guarantee shares numbered from 1–10. An interest is paid on the guarantee capital annually decided by the shareholders' general meeting. The interest rate may not be higher than the guaranteed rate of interest applied in policies under the Employees' Pensions Act plus one percentage point. The repayment of the guarantee capital is made out of the value of the guarantee share which is obtained by dividing the amount of guarantee capital by the number of guarantee shares in the same proportion from the guarantee capital of each guarantee share owner.

The Board of Directors proposes that the € 1,653,943.23 surplus for the financial year be disposed as follows: € 10,000 be reserved for the public good or similar purpose, € 1,600,000.00 be transferred to the contingency reserve, and € 43,943.23 be retained in the profit and loss account. No interest is paid on the guarantee capital for the year 2008.

Significant events after the close of the financial year

The investment operations in the first months of 2009 have been characterised by the fluctuation of both share prices and long interest rates. As a general trend, however, the share prices have fallen and the interest rates have risen. Pension Fennia's risk-corrected equity weight considering the provision for bonuses linked to return on equities has been low in early 2009, which has decreased the effect of the equities market on the solvency margin. Pension Fennia's solvency margin is still at a securing level.

Future outlook

The core problem of the global financial crisis that emerged in autumn 2008 is indebtedness. The role of national economy as the economic regulator in society will change and grow as a result of the exceptional situation. The problems of the financial system are expected to continue in 2009 and 2010.

In making estimates for the future the key question is how deep and long the economic recession will be. In late 2008, it was forecasted that a turn in the economic growth, headed by the USA, would take place in the third quarter of 2009. The economic growth would then be slightly positive in the USA. In this scenario the equities market would yield a positive result in 2009. On the other hand, the losses of the banking system combined with the weakening global economic growth and further with the vicious circle of lowering prices of asset items have led to a negative spiral which is very difficult to stop. The central banks have lowered their rates to a record-low level. Only international co-operation to stimulate the economy and support the financial system can bring back the trust and, consequently, gradually recovering economic growth. As a whole the global economic growth in 2009 will be weak or may even shrink. By examining past economic crises it can be seen that it has taken years for national economies to recover from financial crises, and therefore it is likely that the economic growth will be at a low level for a long time.

The Finnish economy has so far done much better than many other western countries, but being an export-driven country our economic growth is expected to contract clearly during 2009. Following the fall of the oil price the Russian economic growth and the value of the rouble have also weakened considerably.

It can be seen already now that the year 2009 will be a busy one from the point of view of the employment pension system. The financial crisis alone means a challenge to employment pension investors, but it probably also means slower growth of the TyEL payroll. Increasing premium losses may also be realised.

The Ministry of Social Affairs and Health has expressed its willingness to found a working group to examine the needs for reforming the earnings-related pension scheme, taking into account the effects of the financial crisis that emerged in autumn 2008. The working group would evaluate e.g. the effects of fixed-term legislation and the consequences when the law would cease to be in force.

The labour market parties published on 21 January 2009 a collective labour agreement that commented on the pension policy and unemployment protection. According to the proposal the employers' KELA contribution will be abolished and the TyEL contribution will be increased gradually by 0.4 percentage point annually from 2011–2014. In 2010 the contribution would be the same as in 2009. The decision on the contribution level does not affect the temporary lowering of the TyEL contribution. At the same time the labour market parties proposed amendments e.g. to part-time pension and disability pension, especially due to the pension level lowering effect of the life expectancy coefficient.

The working group of the Ministry of Social Affairs and Health that was set up to examine the competition conditions will publish its final report in spring 2009.

The Pension Fennia Board of Directors wishes to thank all personnel and the operative management for a job well done in the financial year 2008.

Profit and Loss Account

EUR 1,000	Group 2008	Group 2007	Parent company 2008	Parent company 2007	Notes
Technical account					
Premiums written	1,088,870	968,078	1,088,870	968,078	1
Investment income	956,319	735,987	961,576	740,984	3
Claims incurred					
Claims paid	-899,718	-789,546	-899,718	-789,546	2
Change in claims paid					
Total change	-189,769	-266,500	-189,769	-266,500	
	-1,089,487	-1 056,046	-1,089,487	-1,056,046	
Change in premium reserve					
Total change	460,568	-116,292	460,568	-116,292	
Operating expenses	-32,004	-28,790	-32,004	-28,790	5
Investment expenses	-1,382,922	-502,230	-1,387,896	-506,346	4
Balance on technical account/margin	1,344	708	1,628	1,589	
Non-technical account					
Other income	13	18	13		
Appropriations					
Change in depreciation difference			12	48	
Income taxes					
Calculated tax	97	179			
	97	179			
Share of result of associated undertakings	-10,650	2,663			
Minority interest in the result for the financial year	-263	-274			
Profit/loss for the financial year	-8,932	3,842	1,654	1,636	

Balance Sheet

EUR 1,000	Group 2008	Group 2007	Parent company 2008	Parent company 2007	Notes
ASSETS					
Intangible assets					
Intangible rights	246	348	246	348	
Other long-term expenses		18		18	
	246	365	246	365	
Investments					
Investments in land and buildings					
Land and buildings	435,833	429,762	275,056	274,498	6
Loan receivables from group companies			230,450	218,884	
	435,833	429,762	505,506	493,382	
Investments in group companies and participating interests					
Shares and participations in associated companies	18,199	28,849	16,651	16,651	8
	18,199	28,849	16,651	16,651	
Other investments					
Equities and shares	1,317,566	2,760,542	1,316,284	2,759,260	9
Money-market instruments	2,903,009	1,909,862	2,903,009	1,909,862	
Loans guaranteed by mortgages	222,204	167,592	222,204	167,592	
Other loan receivables	219,918	125,801	158,467	68,109	
Deposits	28,500	55,100	28,500	55,100	
	4,691,197	5,018,897	4,628,463	4,959,922	
	5,145,229	5,477,508	5,150,620	5,469,955	
Debtors					
Direct insurance business					
Policyholders	71,577	68,646	71,577	68,646	
Other debtors					
Receivables from participating interests			1	3	
Receivables from associated undertakings	1	3			
Receivables from own real estate companies			2,242	5,035	
Receivables from partner companies	8	9	8	9	
Other debtors	153,823	121,336	152,940	120,624	
	153,833	121,347	155,192	125,670	
Other assets					
Tangible assets					
Furniture and fixtures	2,063	2,088	2,063	2,088	
Other tangible assets	353	353	353	353	
	2,417	2,441	2,417	2,441	
Money and cash at bank	5,862	9,441	5,608	9,154	
	8,279	11,882	8,024	11,595	

Prepayments and accrued income					
Accrued interest and rent	78,916	46,468	78,916	46,468	
Other prepayments and accrued income	18,128	9,106	17,826	8,705	
	97,044	55,573	96,742	55,172	
Total assets	5,476,208	5,735,322	5,482,400	5 731,404	

EUR 1,000	Group 2008	Group 2007	Parent company 2008	Parent company 2007	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	84	84			
	5,130	5,130	5,046	5,046	
Other reserves	25,118	23,518	24,855	23,255	
Profit/loss brought forward	-10,429	-12,661	176	150	
Profit/loss for the financial year	-8,932	3,842	1,654	1,636	
	5,757	14,699	26,685	25,041	
	10,887	19,828	31,730	30,086	11
Minority interest	12,617	12,350			
Accrued appropriations					
Depreciation difference			131	143	
			131	143	
Technical provisions					
Premium reserve	3,104,197	3,564,765	3,104,197	3,564,765	
Claims reserve	2,277,454	2,087,685	2,277,454	2,087,685	
	5,381,652	5,652,450	5,381,652	5,652,450	10
Creditors					
Direct insurance business	3,734	4,323	3,734	4,323	
Calculated tax debt	731	828			
Other creditors	25,892	33,773	25,300	33,175	
	30,357	38,924	29,034	37,498	
Accruals and deferred income	40,695	11,769	39,853	11,226	
Total liabilities	5,476,208	5,735,322	5,482,400	5,731,404	

Accounting Principles 2008

The financial statements have been drawn up in accordance with the Accounting Act and Accounting Decree, which regulate the bookkeeping and financial statements of earnings-related pension companies, the Companies Act and the Insurance Companies Act. The financial statements are in compliance with the regulations of 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 the regulations and guidelines issued by the Ministry of Social Affairs and Health and the Insurance Supervision Authority (as of 1 January 2009 the Financial Supervisory 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 2008, Pension Fennia group comprised as subsidiaries 46 real estate companies.

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.

Due to short-time holding, a proportion of the profit of the subsidiary HF-Asunnot Oy has been consolidated in accordance with the group's holding.

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 TyEL premium income is determined according to the total TyEL payroll and the payment percentage 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 and payment percentage.

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 2008.

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. However, value adjustments caused by a reason other than change in general interest rate level shall be entered in the profit and loss account.

Foreign currency denominated receivables have been converted into euro at the rate quoted by the European Central Bank on 31 December 2008. **Foreign currency denominated other investments** are entered at the rate of the acquisition date. The rates quoted on 31 December 2008 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 TyEL premium system premium receivables are grouped according to the strongest collection procedure of the insurance as follows: bankruptcy, debt recovery, debt restructuring and other.

Credit losses from YEL premium receivables are principally entered due to expiration.

Derivative contracts have been used by Pension Fennia for targeting at additional income, for 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, foreign currency derivatives and those interest and currency swap agreements to which hedging calculation is applied in the books are handled as derivatives that decrease the investment risk. Those equity and credit risk derivatives and interest derivatives to which hedging calculation is applied have not been handled in the calculation of the contribution margin and the solvency requirements as derivatives that decrease the investment risk. Regarding the counterpart risk, the rules on limiting risk concentration presented in the regulations and guidelines of the Insurance Supervision Authority have been followed.

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 and calculation principles

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. Other capitalised expenditure related to system projects shall be entered as annual expenses in accordance with section 5:5a of the Accounting Act.

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

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

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. Statutory payments have been included in the administrative costs.

Direct taxes and surplus for the financial year

The deferred tax determined on the basis of the taxable income for the financial year is € -2,037,415.81. Deferred tax receivable has not been entered in the balance sheet, because it cannot be utilised later.

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 TyEL insurance. Supplementary pension provision is arranged for part of the personnel through TEL supplementary pension insurance and for investment directors through voluntary pension arrangement. The Managing Director is 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. Furthermore, a pension rule is applied to the same group that compensates any decrease in the statutory supplementary pension due to increase of the basic pension if they work beyond the retirement age. A provision has been made for future payments in these financial statements. The amount of the provision is adjusted annually.

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 and a part of the technical provisions that depends on the equity income. In the balance sheet the technical provisions are presented in this form. In calculating the technical provisions for solvency, the provision for future bonuses, provision for unearned premiums under the Self-employed Persons' Pensions Act, and, while the exceptive law (853/2008) is in force, share of the technical provisions comparable with the solvency margin, shall be deducted from the liabilities.

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 must meet the requirements prescribed in the Act on Employment Pension Insurance Companies and the requirements of the exceptive law (853/2008) passed in autumn 2008. On the basis of section 3 of the exceptive law, in calculating solvency an item corresponding to approximately 4.2 per cent of the technical provisions for solvency shall be equated with the solvency margin.

Notes to the Profit and Loss Account

EUR 1,000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
1. PREMIUMS WRITTEN				
Direct insurance				
TyEL basic insurance				
Employer contribution	768,694	671,790	768,694	671,790
Employee contribution	201,524	184,005	201,524	184,005
	970,218	855,794	970,218	855,794
TEL supplementary pension insurance	1,663	1,881	1,663	1,881
YEL minimum coverage insurance	116,976	110,386	116,976	110,386
YEL supplementary pension insurance	13	17	13	17
Total premiums written	1,088,870	968,078	1,088,870	968,078
Items deducted from premiums written				
Credit loss on premiums				
TyEL	4,595	2,891	4,595	2,891
YEL	1,276	1,234	1,276	1,234
	5,871	4,125	5,871	4,125
2. CLAIMS PAID				
Direct insurance				
Paid to pensioners				
TyEL basic insurance	608,274	566,385	608,274	566,385
TEL supplementary pension insurance	15,493	15,682	15,493	15,682
YEL minimum coverage insurance	98,000	92,271	98,000	92,271
YEL supplementary insurance	635	606	635	606
	722,402	674,944	722,402	674,944
Paid/refunded clearing of PAYG pensions				
TyEL pensions	179,796	117,837	179,796	117,837
YEL pensions	24,872	21,174	24,872	21,174
Proportion of the insurance premiums of the Unemployment Insurance Fund and the division of costs for pension elements accrued on the basis of unsalaried periods	-27,491	-26,615	-27,491	-26,615
Government contribution of YEL	-9,871	-6,525	-9,871	-6,525
Compensation under the Act for parents receiving child home care allowance to care for a child aged less than 3 years at home and for students for periods of study (VEKL)	3	1	3	1
	167,308	105,872	167,308	105,872
	889,710	780,815	889,710	780,815
Claims administration costs	8,980	8,077	8,980	8,077
Working capacity maintenance expenses	1,028	653	1,028	653
Total claims paid	899,718	789,546	899,718	789,546

EUR 1,000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
NET INVESTMENT INCOME				
3. INVESTMENT INCOME				
Income from investments in group companies				
Dividend income			655	909
Income from real estate investments				
Interest income	3,151	2,734		
From group companies			11,452	11,088
Others			26	46
Other income	57,009	54,771	55,124	52,235
	60,159	57,505	66,603	63,370
Income from other investments				
Dividend income	44,316	61,090	44,316	61,090
Interest income	155,780	94,257	155,780	94,257
Other income	105,527	79,990	105,527	79,990
	305,623	235,337	305,623	235,337
Total	365,782	292,843	372,881	299,616
Value readjustments	5,300	20,794	5,300	20,794
Gains on realisation	585,236	422,350	583,395	420,574
Total	956,319	735,987	961,576	740,984
4. INVESTMENT EXPENSES				
Costs on real estate investments	-21,704	-24,325	-33,821	-35,900
Costs on other investments	-189,561	-47,324	-191,100	-48,736
Interest costs and expenses on other liabilities	-6,695	-8,551	-6,695	-8,551
	-217,960	-80,199	-231,616	-93,186
Value adjustments and depreciation				
Value adjustments	-486,954	-177,521	-485,740	-175,639
Planned depreciation on buildings	-8,307	-7,861	-838	-872
	-495,260	-185,382	-486,579	-176,511
Losses on realisation	-669,701	-236,649	-669,701	-236,649
Total	-1 382,922	-502,230	-1,387,896	-506,346
Net investment income before revaluations and their adjustment	-426,603	233,758	-426,320	234,639
Net investment income in the profit and loss account	-426,603	233,758	-426,320	234,639
5. PROFIT AND LOSS ACCOUNT ITEM OPERATING EXPENSES				
Insurance policy acquisition costs				
Direct insurance remunerations	1,914	2,279	1,914	2,279
Other insurance policy acquisition costs	7,748	7,463	7,748	7,463
	9,662	9,742	9,662	9,742

EUR 1,000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Insurance management costs	12,135	11,585	12,135	11,585
Administration costs				
The Finnish Centre for Pensions' share of costs	4,220	3,633	4,220	3,633
Judicial administration charge	245	283	245	283
Supervisory fee of the Insurance Supervision Authority	173	153	173	153
Other items		-2,153		-2,153
	4,637	1,917	4,637	1,917
Other administration costs	5,570	5,547	5,570	5,547
Total	32,004	28,790	32,004	28,790
Total operating expenses by operation				
Claims paid				
Expenses related to claims administration	8,980	8,077	8,980	8,077
Working capacity maintenance expenses	1,028	653	1,028	653
	10,008	8,731	10,008	8,731
Operating expenses	32,004	28,790	32,004	28,790
Investment expenses				
Costs on real estate investments	1,540	1,412	1,540	1,412
Costs on other investments	5,462	4,447	5,462	4,447
	7,002	5,859	7,002	5,859
Total	49,013	43,380	49,013	43,380
Personnel expenses				
Salaries and bonuses	13,969	13,263	13,969	13,263
Pension expenses	2,543	2,607	2,543	2,607
Other social security expenses	846	905	846	905
Total	17,358	16,775	17,358	16,775
Salaries and bonuses of the management				
Managing Director and Deputy Managing Director	500	523	500	523
Board of Directors	188	169	188	169
Supervisory Board	76	67	76	67
Total	764	758	764	758

Managing Director Lasse Heiniö's salary amounted to € 251,400 and fringe benefits to € 28,800. There are no pension commitments for members of the Supervisory Board and the Board of Directors. The Managing Director is 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 2008, Ernst & Young Oy was paid € 160,000 for auditing the accounts of Pension Fennia and the real estates owned by it. The fees paid for consultation amounted to € 39,700.

Average number of personnel during the financial year

	Group		Parent company	
Office personnel	221		221	
Sales personnel	23		23	
Real estate personnel	6		6	

Notes to the Balance Sheet

EUR 1,000	Remaining acquisition cost 2008	Book value 2008	Fair value 2008	Remaining acquisition cost 2007	Book value 2007	Fair value 2007
6. INVESTMENTS AT FAIR VALUE AND VALUATION DIFFERENCES, PARENT COMPANY						
Investments in land and buildings						
Land and buildings	40,810	42,371	51,355	33,991	35,552	42,714
Land and buildings in group companies	128,107	140,999	207,378	136,010	148,901	208,883
Other land and buildings	88,827	91,686	155,037	87,185	90,044	139,343
Loan receivables from group companies	230,450	230,450	230,450	218,884	218,884	218,884
Investments in participating interests						
Shares and participations	16,651	16,651	33,000	16,651	16,651	48,180
Other investments						
Equities and shares	1,316,284	1,316,284	1,437,081	2,759,254	2,759,260	3,205,736
Money-market instruments	2,903,009	2,903,009	2,846,498	1,909,862	1,909,862	1,874,214
Loans guaranteed by mortgages	222,204	222,204	222,204	167,592	167,592	167,592
Other loans	158,467	158,467	158,467	68,109	68,109	68,109
Deposits	28,500	28,500	28,500	55,100	55,100	55,101
	5,133,308	5,150,620	5,369,969	5,452,638	5,469,955	6,028,756
The remaining acquisition cost of money-market instruments includes						
The difference between the nominal value and acquisition cost, released or charged to interest income	-6,796			-5,683		
Book value includes						
Revaluations entered as income	17,312			17,318		
Valuation difference (difference between fair value and book value)			219,349			558,801

EUR 1,000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Other loan receivables itemised by guarantee				
Bank guarantee	55,060	10,510	55,060	10,510
Guarantee insurance	39,059	39,424	39,059	39,424
Insurance policy	837	1,443	837	1,443
Real estate share	622	1,234	622	1,234
Other guarantee	32,362	12,501	32,362	12,501
The remaining acquisition cost	127,942	65,112	127,942	65,112
Non-guarantee remaining acquisition cost total	30,525	2,997	30,525	2,997

EUR 1,000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Total pension loan receivables				
Other loans guaranteed by mortgages	1,587	1,956	1,587	1,956
Other loan receivables	38,706	9,020	38,706	9,020
The remaining acquisition cost	40,293	10,977	40,293	10,977
Non-hedging derivatives				
Other receivables				
Derivatives, book value			10,352	11,220
Other liabilities				
Derivatives, book value				13,777
Derivatives, changes in value			7,370	3,343
Other prepayments and accrued income and accruals and deferred income				
Derivatives			-18,560	-1,238
Hedging derivatives				
Other receivables				
Derivatives, book value				8,427
Derivatives, changes in value				-5,360

7. SHARES AND PARTICIPATIONS IN GROUP COMPANIES, PARENT COMPANY

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

8. 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

9. OTHER INVESTMENTS, PARENT COMPANY

EUR 1,000	Shares, %	Book value 31 Dec. 2008	Market value 31 Dec. 2008
FINNISH NON-LISTED EQUITIES AND SHARES			
3Step IT Group Oy	17.58	10,184	11,088
Aina-Group Oyj	14.89	6,578	6,578
Arek Oy	4.00	560	560
Avara-Suomi Oy	21.20	11,136	11,136
Esy Oy	4.00	188	188
Exilion Capital Oy	25.00	33	33
Fibrogen Europe	0.41	482	482
Garantia Vakuutusosakeyhtiö	18.00	5,748	5,748
Halikko Group Oy	15.07	141	141
Imatran Seudun Kehitysyhtiö	0.35	8	8
IWS International Oy	1.85	60	60
Midinvest Oy	8.38	505	555
Nethawk Oy	1.71	392	392
Sato Oyj	3.40	9,750	9,750
Sisu Axels Oy	9.59	842	1,467
Team Botnia Oy	0.93	2	2
Turun Puhelin Oy	0.00		
Vaasan Puhelin Oy	0.00	1	1
Wedeco Oy	8.89	956	1,168
Vivago Oy	14.75	1,207	1,207
FINNISH LISTED EQUITIES AND SHARES			
AffectoGenimap Oyj	2.79	1,278	1,278
Almamedia Oyj	0.21	792	792
Amanda Capital Oyj	0.88	358	358
Aspo Oyj	0.13	142	142
Cargotec Oyj	0.16	728	728
Electrobit Group Oyj	0.39	165	165
Elisa Oyj	0.17	3,407	3,407
Finnair Oyj	0.08	489	489
Fiskars Oyj	0.86	3,298	3,298
Fortum Oyj	0.11	14,697	14,697
Glaston Oyj	0.83	597	597
HKScan Oyj	0.17	251	251
Huhtamäki Oyj	0.35	1,632	1,632
Ilkka-Yhtymä Oyj	4.44	3,158	3,317
Kemira Oyj	0.23	1,723	1,723
Kesko Oyj	0.95	5,340	5,340
Kone Oyj	0.21	6,314	7,144
Konecranes Oyj	0.23	1,691	1,691
Lassila & Tikanoja Oyj	0.06	275	275
Lännen Tehtaat Oyj	2.45	2,091	2,091
Metso Oyj	0.21	2,556	2,556
M-Real Oyj	0.75	1,518	1,518
Neste Oil Oyj	0.17	4,605	4,605
Nokia Oyj	0.04	18,464	18,464
Nokian Renkaat Oyj	0.23	2,302	2,302
Oriola-KD Oyj	3.95	2,503	2,503
Orion Oyj	0.94	5,846	5,846
Outokumpu Oyj	0.18	2,716	2,716
Outokumpu Technology Oyj	0.26	1,188	1,188
Pohjola Pankki Oyj	0.11	1,755	1,755
Pöyry Oyj	0.20	938	938
Raisio Yhtymä Oyj	0.77	1,470	1,470
Ramirent Oyj	0.23	813	813
Rapala VMC Oyj	1.15	1,583	1,583
Rautaruukki Oyj	0.16	2,672	2,672
Sampo Oyj	0.21	15,226	15,226
SanomaWSOY Oyj	0.29	4,329	4,329

EUR 1,000	Shares, %	Book value 31 Dec. 2008	Market value 31 Dec. 2008
Stockmann Oyj	0.23	782	782
Stora Enso Oyj	0.22	7,571	7,571
Talentum Oyj	1.58	1,309	1,309
Teleste Oyj	1.24	493	493
Terveystalo Healthcare Oyj	1.66	726	726
Tietoenator Oyj	0.16	913	913
Trainers' House Oyj	1.47	550	550
UPM-Kymmene Oyj	0.19	9,032	9,032
Uponor Oyj	0.04	231	231
Vaahto Group A	1.24	131	131
Vacon Oyj	0.58	1,629	1,629
Wärtsilä Oyj	0.22	4,622	4,622
YIT Oyj	0.18	1,072	1,072
FOREIGN LISTED EQUITIES			
ABB Ltd	0.007	1,620	1,707
Aker ASA	0.041	422	422
Alfa Laval Ab	0.035	726	931
Allianz AG	0.001	203	203
Assa Abloy Ab	0.014	407	407
AstraZeneca Plc	0.009	3,598	3,724
Atlas Copco Ab	0.037	1,904	1,904
Axa SA	0.001	192	192
Barclays Plc	0.002	234	234
Bayer AG	0.007	1,751	2,140
Carlsberg A/S	0.017	459	460
Deutsche Bank AG	0.001	220	220
DnB NOR ASA	0.017	609	609
E.ON AG	0.001	611	611
FLSmidth & Co A/S	0.028	364	364
Fred Olsen Energy ASA	0.037	472	472
GlaxoSmithKline Plc	0.001	1,006	1,006
Hennes & Mauritz Ab	0.025	5,059	5,059
Infineon Technologies AG	0.034	247	247
Investor Ab	0.011	538	538
Koninklijke Philips Electronics N.V.	0.003	350	350
LM Ericsson Ab	0.017	2,732	2,732
Loomis Ab	0.101	316	316
Nordea Bank Ab	0.053	6,970	6,970
Novo Nordisk A/S	0.011	2,035	2,037
Oriflame Cosmetics SA	0.037	415	415
Orkla ASA	0.015	699	699
Petroleum Geo-Services ASA	0.039	199	199
PPR Group SA	0.011	648	648
Renewable Energy Corp AS	0.010	331	331
Roche Holding AG	0.001	924	1,018
Royal Bank of Scotland Group Plc	0.000	91	91
Sandvik Ab	0.019	1,037	1,037
Sanofi-Aventis SA	0.002	1,453	1,453
SAP AG	0.002	722	722
Seadrill Ltd	0.040	904	904
Securitas Ab	0.029	578	591
Sevan Marine ASA	0.178	266	266
Siemens AG	0.003	1,680	1,680
Skandinaviska Enskilda Banken Ab	0.024	894	894
Skanska Ab	0.038	1,069	1,069
SKF Ab	0.017	497	497
Software AG	0.062	671	704
SPDR Trust series 1	0.012	8,081	8,105
SSAB Svenska Stal Ab	0.029	438	438
Statoil ASA	0.004	1,577	1,577
Storebrand ASA	0.056	391	429

EUR 1,000	Shares, %	Book value 31 Dec. 2008	Market value 31 Dec. 2008
Svenska Cellulosa Ab	0.025	921	921
Svenska Handelsbanken Ab	0.021	1,507	1,507
TELE2 Ab	0.032	825	825
Telenor ASA	0.018	1,425	1,425
TeliaSonera Ab	0.055	8,703	8,703
Total SA	0.001	1,241	1,241
Unibail-Rodamco SA	0.070	6,390	6,390
Unilever N.V.	0.005	1,389	1,389
Vestas Wind Systems A/S	0.008	610	611
Vivendi	0.004	1,121	1,121
Volvo Ab	0.019	1,105	1,105
CAPITAL TRUSTS			
Aboa Venture II Ky		173	173
Access Capital LP		527	2,483
Access Capital LP II A		1,459	5,065
Access Capital LP II B		1,236	1,236
Aloitusrahasto Vera Oy		500	500
Amanda III Eastern Private Equity Ky		2,859	2,988
Auda Capital IV Co-Investement Fund LP		1,063	1,135
Auda Capital IV(Cayman)LP		3,684	3,894
Bio Fund Ventures I Jatkosijoitusrahasto Ky			151
Bio Fund Ventures I Ky		510	510
Bio Fund Ventures II Jatkosijoitusrahasto Ky		747	747
Bio Fund Ventures II Ky		3,246	3,246
Bio Fund Ventures III Ky		2,663	2,663
Conor Technology Fund I Ky		434	449
Eqvitec Technology Fund II Ky		1,849	1,849
Eqvitec Mezzanine Fund III Ky		181	181
Etelä-Pohjanmaan Rahasto Ky			25
European Fund Investments UK		1,534	1,534
Finnmezzanine III Ky		2,814	3,158
Finnmezzanine Rahasto II Ky		278	278
Finnventure Rahasto V Ky		149	1,397
Forenvia Venture I Ky		4	4
GrowHow Rahasto I Ky		885	939
Helmet SME Ventures Ky		68	68
Industri Kapital 2000 Ltd		2,934	3,845
Industri Kapital 2007 Ltd		4,776	4,793
Intera Fund I Ky		480	480
Kareliaventure Rahasto Ky		14	14
Lapin Rahasto I Ky		28	28
Macquarie European Infrastructure Fund II		3,848	3,902
MB Equity Fund III		2,453	2,656
MB Equity Fund IV Ky		553	553
Metal Fund Ky			89
Midinvest Fund I Ky			927
Midinvest Fund II Ky		945	945
Nordic Capital IV Ltd			53
Nordic Capital VII Ltd		5,787	5,787
Nordic Mezzanine Fund II LP		1,773	2,565
Nordic Mezzanine Fund III LP		518	518
Power Fund II Ky		214	214
Profita Fund I Ky		62	327
Profita Fund II Ky		406	484
Profita Fund III Ky		1,090	1,090
Promotion Capital I Ky		112	112
Promotion Equity I Ky		867	867
Savon Kasvurahasto I Ky		71	163
Sentica Kasvurahasto II Ky		1,574	2,509
Sentica Terveysteknologia I Ky		688	688
Teknoventure rahasto II Ky		533	1,278

EUR 1,000	Shares, %	Book value 31 Dec. 2008	Market value 31 Dec. 2008
Teknoventure rahasto III Ky		203	203
Terveysrahasto Oy		1,746	1,746
Terveysrahasto Oy Optio D 31.8.2009			
EQUITY FUNDS			
Aberdeen Global - Asia Pacific Fund		16,000	16,772
Aventum Aasia REIT Plus K		2,347	2,347
Aventum HR Suomi K		2,005	2,256
AXA Rosenberg Equity Alpha Trust - Pacific ex Japan		7,267	7,687
CapMan Public Market Fund FCP - SIF A1		82	82
Danske Kestävä Arvo Osake Kasvu-osuus		3,688	3,688
East Capital Lux - Russian Fund		3,509	3,509
Erikoissijoitusrahasto Populus B		1,877	1,877
Evli Greater Russia B		1,847	1,847
Fidelity Active Strategy - Europe Fund		38,546	38,546
Fidelity Active Strategy Sicav - Japan Fund		20,136	25,788
Fidelity Asian Special Situations		16,978	17,792
Fidelity European Dynamic Growth		7,488	7,488
Fondita Nordic Micro Cap B		6,004	6,004
FORTIS L FUND - China Equity Fund IC		3	3
FORTIS L Fund - Latin American Equity Fund IC		5,289	5,595
Fourton Hannibal A		2,270	2,270
Fourton Odysseus A		6,836	6,836
Fourton Stamina A		7,437	7,437
Handelsbanken Latinamerikafond		922	922
ICECAPITAL Africa Fund B		5,485	5,485
ICECAPITAL European Property Fund		257	257
ICECAPITAL Global Infrastructure Fund B		5,758	5,758
JPMorgan Investment Funds - US Select Equity Fund		12,280	13,010
T. Rowe Price -US Large Cap Growth Equity Fund		11,803	12,486
T. Rowe Price -US Large Cap Value Equity Fund		15,982	17,170
T. Rowe Price -US Smaller Companies Equity Fund		4,790	5,526
UBGlobe		927	927
UBS U.S. Allocation Fund Class Y		2,551	2,696
FIXED-INCOME FUNDS			
Aktia Inflation Bond+ D		40,294	42,180
Alcentra European Credit Fund		12,949	12,949
Ares Enhanced Credit Opportunities Offshore Fund Ltd, Class A		2,994	3,166
CypressTree Leveraged Alternative Income Fund		1,438	1,438
Highland Restoration Capital Partners Offshore L.P.		3,968	4,120
OCM European Credit Opportunities Fund (Cayman) Ltd		1,500	1,500
OCM Opportunities Fund VII		4,609	4,877
OCM Opportunities Fund VIIb		3,320	3,320
SP Pitkäkorko B		1,134	1,138
REAL ESTATE INVESTMENT FUNDS			
Archstone German Fund - Class A		13,055	13,870
Archstone German Fund - Lainaosuus		1,945	1,945
CapMan Hotels RE Ky		15,284	15,284
DOF Development Fund CV		29	60
EPI Russia I Ky		10,000	10,000
Exilion Real Estate I Ky		15,030	15,030
ICECAPITAL Housing Fund I Ky		8,388	8,388
Ing Dutch Office Fund II NV		14,125	14,125
Ing Property Fund Central and Eastern Europe		4,251	4,251
Prologis European Properties Fund II		4,036	4,036
Sponda Fund I Ky		11,364	12,764
Tishman Speyer European Core Fund, Sub-Fund A		7,280	7,280
Tishman Speyer European Strategic Office Fund Scots Feeder L.P.		6,134	6,568
UK Shopping Centre Feeder Fund Ltd		12,518	12,518

EUR 1,000	Shares, %	Book value 31 Dec. 2008	Market value 31 Dec. 2008
HEDGE FUNDS			
Archipelago Holdings Ltd., Class A		11,021	12,281
ATTICUS European Ltd., Class I		9,701	10,974
Black River Global Multi-Strategy Leveraged Fund Ltd.		9,181	10,428
Blue Mountain Credit Alternatives Fund Ltd., Series Q		18,126	20,193
Bluebay Emerging Market Total Return Fund Ltd.		1,169	1,236
Bluebay Value Recovery Fund		10,095	10,909
Canyon Value Realization Fund Ltd., Class B		7,803	8,522
Canyon Value Realization Fund Ltd., Class B DI		3,168	3,179
Capula Global Relative Value Fund Ltd,. Class C		24,455	29,121
Chestnut Fund Ltd.		160	160
Cheyne Special Situations Fund Inc., Class E-2		3,666	3,666
CQS Capital Structure Arbitrage Feeder Fund Ltd., Class A		7,383	7,808
CQS Asia Feeder Fund Ltd., Class B		7,669	8,111
CQS Convertible and Quantitative Strategies Feeder Fund Ltd., Class 2A-New		6,294	6,657
CQS Convertible and Quantitative Strategies Feeder Fund Ltd., Class 2A-Old		3,147	3,328
D.E.Shaw Oculus International Fund		14,679	20,828
Davidson Kempner International Ltd., Class C		13,525	15,316
Davidson Kempner International Ltd., Class S		563	565
Deephaven Global Multi-Strategy (Market Neutral) Fund Ltd., Class A1		8,935	9,448
DKR Soundshore Oasis Fund Ltd., Class A – Sub Class U		7,074	7,481
Drake Global Opportunities Fund Ltd., Series 1		2,923	3,091
Eton Park Overseas Fund Ltd., Class B1		35,609	37,666
Eton Park Overseas Fund Ltd., Class S		73	77
Farringdon Alpha One		15,000	16,437
FrontPoint Multi-Strategy Fund Ltd. 03/2006		4,076	4,765
FrontPoint Multi-Strategy Fund Series A Ltd., Class A		4,076	4,736
Frontpoint Offshore Strategic Credit Fund Ltd.		20,182	22,484
Glenview Capital Partners Ltd, Series AA/59		5,187	5,785
Goldentree Offshore Ltd., Series C/1		8,548	9,041
GSO Special Situations Overseas Fund, Class A		17,856	19,913
GSO Special Situations Overseas Fund, Class S		540	604
Highbridge Capital Corporation - Class I		10,009	10,587
Highbridge Long/Short Equity Fund, Ltd		20,086	22,819
Highland Crusader Fund II Ltd, Class D		2,431	2,571
Indus Asia Pacific Fund Ltd., Class A		11,757	13,318
King Street Capital Ltd., Class A		19,626	21,563
King Street Capital Ltd., Class S		36	41
Level Global Overseas Ltd., Class C		14,305	16,204
Marathon Overseas Fund Ltd.		1,304	1,379
Marathon Special Opportunity Fund Ltd. Class E1		10,623	12,066
Marathon Special Opportunity Fund Ltd. SP 2		1,947	2,211
Marathon Special Opportunity Fund Ltd. SP 4		1,026	1,165
Marathon Special Opportunity Fund Ltd. SP 6		601	601
NWI Explorer Global Fund, Ltd.		5,929	6,270
Orn Event Fund Ltd.		130	138
OZ Overseas Fund II / E Prime Shares		14,002	14,808
Paulson Advantage Ltd., Class A		14,056	30,123
Pershing Square International, Ltd., Class C		12,602	14,176
Polygon Global Opportunities Fund Ltd.,Class E		6,438	6,808
R2 Alpha Strategies PLC – R2 Crystal Fund – Euro Class 1		9,982	9,982
RAB Energy Fund Limited		2,283	2,283
RAB Octane Fund Limited		2,283	2,283
RAB Special Situations Fund Ltd.,Class G		1,787	1,787
Roy G. Niederhoffer Diversified Fund (Offshore), Ltd., Class A		19,893	26,289
Samlyn Offshore Ltd., Class As/65		14,278	16,812
Samlyn Offshore Ltd., Class S/65		268	316
SEB Alternative Investment - Institutional Portfolio		16,793	16,793
Shepherd Investments International Ltd., Class B-2		11,369	12,913
Shepherd Investments International Ltd., Class S, SP38		249	303
Shepherd Investments International Ltd., Class S, SP40		86	96
Shepherd Investments International Ltd., Class S, SP41		123	134
Shepherd Investments International Ltd., Class S, SP42		8	8
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-20)			
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-43)		40	45
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-45)		3	3
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-46)		1	1
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-48)		3	4
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-49)		1	3
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-51)		1	1
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-52)		1	1
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-53)		3	3
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-54)		8	9
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-55)		25	29
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-56)		7	7
Silver Point Capital Offshore Fund, Ltd. (Class D-272-H-272-57)		50	57
Silver Point Capital Offshore Fund, Ltd. (Class H-272)		9,965	11,307
Sloane Robinson Global FD Class B Asia		6	6
Taconic Opportunity O/S FD Class SP2 A/S 2NR		11	14
Taconic Opportunity Offshore Fund Ltd. SP-A SERIES 1-NR		5	7
Taconic Opportunity OS CLS SP-1A SER2		1	3
Taconic Opportunity OS FD CI SP-A SER1		11	15
Tisbury Fund Ltd., Euro Class		1,288	1,288
TPG-AXON Partners (Offshore) Ltd.		8,650	9,609
TPG-AXON Partners (Offshore) Ltd. S2		304	304
TPG-AXON Partners (Offshore) Ltd. S3		311	334
TPG-AXON Partners (Offshore) Ltd. S4		121	121
TPG-AXON Partners (Offshore) Ltd. S5		132	132
TPG-AXON Partners (Offshore) Ltd. S6		38	38
TPG-AXON Partners (Offshore) Ltd. S7		54	55
TPG-AXON Partners (Offshore) Ltd. S8		115	115
TPG-AXON Partners (Offshore) Ltd. S9		54	54
Treesdale Fixed Income Fund Ltd, Class B		6,414	6,784
Vicis Capital Fund (International)., Class A		19,020	25,332
Winton Futures Fund Ltd., Lead Series Class B		4,076	7,264
York Investment Limited, Class C		10,877	12,357
GUARANTEE CAPITAL			
Mutual Insurance Company Fennia		3,364	3,364
Other investments total		**1,316,284**	**1,437,081**

EUR 1,000	Parent company 2008	Parent company 2007
LIABILITIES		
Liabilities resulting from derivative contracts		
Non-hedging derivatives		
I Interest rate derivatives		
Option contracts		
Bought options		
Nominal value of underlying instruments		22,900
Fair value of contracts		690
Set options		
Nominal value of underlying instruments		113,900
Fair value of contracts		-3,460
Open future contracts		
Sold futures		
Nominal value of underlying instruments	300,000	
Fair value of contracts	-5,520	
Swaptions		
Set swaptions		
Nominal value of underlying instruments		50,000
Fair value of contracts		-768
The market value does not include the transferred interest for the financial year.		
II Currency derivatives		
Open forward and future contracts		
Nominal value of underlying instruments	743,174	726,262
Fair value of contracts	17,247	23,959
Closed forward and future contracts		
Nominal value of underlying instruments	49,939	18,190
Fair value of contracts	-1,918	226
Open option contracts		
Bought options		
Nominal value of underlying instruments		33,965
Fair value of contracts		738
Set options		
Nominal value of underlying instruments		67,930
Fair value of contracts		-511
III Share derivatives		
Option contracts		
Bought options		
Nominal value of underlying instruments		233,750
Fair value of contracts		4,934
Set options		
Nominal value of underlying instruments		495,000
Fair value of contracts		-2,602
IV Credit risk derivatives		
Bought hedging		
Nominal value of underlying instruments	300,000	150,000
Fair value of contracts	13,258	895
Sold hedging		
Nominal value of underlying instruments		25,000
Fair value of contracts		-35

EUR 1,000	Parent company 2008	Parent company 2007
Hedging derivatives		
I Interest rate derivatives		
Interest rate swaps		
Nominal value of underlying instruments		13,586
Fair value of contracts		1,037
II Currency derivatives		
Open currency exchange contracts		
Nominal value of underlying instruments		45,513
Fair value of contracts		8,873
Investment commitments		
Capital trusts	112,304	112,416
Real estate investment funds	13,928	28,890
Leasing and rent liabilities		
Leasing liabilities in the current financial year	31	50
Leasing liabilities in the future financial years	8	5
Other contingent liabilities		
Liability for the VAT debt of the tax liability group in accordance with Value Added Tax Act, Section 188	9,769	-553
Restitution liability for VAT deduction from new buildings and renovation of real estates	48	307

10. TECHNICAL PROVISIONS

Premium reserve		
Future pensions	3,154,243	3,008,499
Provision for future bonuses	149,103	539,934
Provision for current bonuses	6,439	15,277
Provision linked to equity income	-205,588	1,055
Total premium reserve	3,104,197	3,564,765
Claims reserve		
Current pensions	2,019,343	1,827,596
Equalisation amount	258,112	260,088
Total claims reserve	2,277,454	2,087,685
Total technical provisions	5,381,652	5,652,450

Solvency margin

Capital and reserves after the proposed distribution of profit	31,730	30,086
Accrued appropriations	131	143
Valuation difference between fair values of assets and book values of balance sheet items	256,000	590,065
Provision for future bonuses	149,103	539,934
Deferred acquisition costs and intangible assets	-246	-365
Other items		-3,604
Share of the clearing reserve equated with the solvency margin	208,793	
	645,511	1,156,259

EUR 1,000	Parent company 2008	Parent company 2007
Solvency margin required under the Act on Employment Pension Insurance Companies, Section 17	100,221	463,180
Equalisation provision included in the technical provisions for years with plenty of contingencies	258,112	260,088
Solvency margin in accordance with section 16 of the Act on Employment Pension Insurance Companies presented in such a way that it does not include the share of clearing reserve equated with the solvency margin	436,719	
The minimum amount of solvency margin for an employment pension company presented without the temporary discounts in accordance with act 853/2008 for the years 2008–2010	173,994	

11. CAPITAL AND RESERVES, PARENT COMPANY

EUR 1,000	Group 2008	Parent company 2008
Guarantee capital	1,682	1,682
Initial reserve	3,364	3,364
Construction reserve	30	
Revaluation reserve	84	
Loan amortisation reserve	233	
Non-restricted reserves	23,255	23,255
Transfer from retained earnings	1,600	1,600
Profit/loss from previous financial years	-8,819	1,786
Used during the financial year	-1,610	-1,610
Profit for the financial year	-8,932	1,654
Total capital and reserves	10,887	31,730

Guarantee capital	**Number**	**Nominal value**	**Book value**
Mutual Insurance Company Fennia	10	1,682	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	9,205	30,048
Total	10,887	31,730
Distributable profits		
Profit for the financial year	-8,932	1,654
Other distributable reserves		
Non-restricted reserves	24,855	24,855
Accumulated profit	-10,429	176
Capital and reserves of accumulated appropriations	257	
Total distributable profits	5,751	26,685

Disposal of profit

The Board of Directors proposes that the € 1,653,943.23 surplus for the financial year be disposed as follows:

to be transferred to the contingency reserve	EUR 1,600,000.00
to be transferred to the Board’s expense account	EUR 10,000.00
to be retained on the profit and loss account	EUR 43,943.23

Internal supervision and risk management

Internal supervision refers to a process the purpose of which is to ensure the reaching of the goals and objectives set, economical and efficient use of resources, sufficient management of risks related to operations, reliability and correctness of financial and other management information, compliance with laws, orders and instructions, and compliance with the decisions of the operational elements, internal plans, rules and methods of operation.

The **Board of Directors** is responsible for arranging internal supervision and determines the content of internal supervision and takes care of its organisation. The Board of Directors evaluates annually whether internal supervision is appropriately arranged. If necessary, the Board of Directors shall take corrective measures. The Board of Directors is assisted by the Audit Committee whose tasks include e.g. monitoring the company's financial position, financial reporting, the sufficiency and appropriateness of internal supervision and risk management, and handling the plans and reports of internal audit.

Risk management refers to identification, evaluation, limiting and supervision of risks resulting from business operations and those essentially related thereto. The Board of Directors approves all important principles concerning risk management. The aim is to identify all significant internal and external risks in order to be able to react to them appropriately and on time. The identification of risks is aimed to be carried out so comprehensively that all risks that essentially affect the reaching of the goals set can be reasonably identified. The significance of the effects of risks and the probability of their realisation are evaluated, so that appropriate operating principles and procedures can be developed for managing them. Furthermore, the Board of Directors shall ensure to a sufficient extent that Pension Fennia has a risk supervision function that is independent of the risk-taking function.

The Board of Directors approves annually a risk management plan covering all operations of Pension Fennia; the plan is divided into two parts: **risk management plan for investment operations** to be approved in connection with the investment plan and **risk management plan for other operations**.

Pension Fennia's risk management plan deals with the strategic goals of insurance business and investment operations and the risks related thereto, and determines the company's risk-bearing capacity and risk-taking willingness. The plan also handles insurance technique risks, risks related to market share and the development of operating expenses, operational risks, and external threats. Strategic goals related to insurance business have been set for the market share, efficiency and personnel. The strategic goals and risks of investment operations are related to yield and solvency.

A more detailed **risk management plan for investment operations** has been approved in connection with the investment plan. The investment plan verifies the trading limits, restrictions and decision-making authorities concerning investments. The **risk management plan for investment operations** includes descriptions for key investment risks (strategic risks, equity, interest rate, currency and credit risks, risks related to alternative investments and real estate investments, and operational risks) and their management.

In addition, each line and unit must draw up their own risk management plan for their operations. The risk management plan for investment operations serves as the risk management plan for operations of the Investment line. The risk management plan is based on a procedure in which the risks related to operations are identified, their effect is estimated, the means of risk management are defined, and the supervisory measures for monitoring the operations are agreed upon. 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. The Board of Directors annually receives a report drawn up by the risk management unit independent of the risk-taking parties on the progress of measures in accordance with the risk management plan. The Board of Directors annually evaluates, on the basis of a report drawn up by the company's internal audit, whether internal supervision has been appropriately organised.

The administration of Pension Fennia is handled by:

- **Executive Group** whose task is to support the Managing Director in steering the company.
- **Investment Committee** whose task is to support the Managing Director in making investment decisions. As of the beginning of 2009, a Work Committee has operated under the Investment Committee.

- **Operational Executive Group** which steers the operations.
- **Chief Actuary** whose task in the company is to take care of e.g. the appropriateness of actuarial methods.
- **Project Management** whose tasks include e.g. monitoring the risks related to development projects.

In addition, Pension Fennia has

- **Steering group** of the Investment line which acts as the preparatory organ of the Investment Committee and an internal meeting of the Investment line.
- **Financial risk group** whose tasks include developing the measurement and monitoring tools for investment risks.
- **Internal Audit** which is part of the internal supervision system. Internal Audit has an independent position in the organisation to ensure objective audit. Internal Audit has its own operating plan which is approved by the Board of Directors.
- **Independent risk supervision function**, which is not organised as a separate unit. Instead, independent risk supervision is carried out e.g. in the controller function, financial management, insurance technique, and the actuary and risk management unit. The actuary and risk management unit has a risk management director whose task is to co-ordinate the drawing up of the risk management plans.
- **Security group** whose task is to develop overall security and supervise the implementation of agreed tasks.

The members of the Executive Group are responsible for supervising in their own operations that internal supervision is realised and that the risk management processes are appropriate. Processes that concern several lines and units include process groups that support the operations across the lines and units.

Furthermore, the company has decided to introduce a reformed compliance operating model. The goal is to ensure as part of the company's internal supervision that the company complies with external regulation and internal procedural instructions, and thereby to prevent the realisation of legal risks.

Risk-bearing capacity and risk-taking willingness

Solvency margin is used for preparing for **investment operation risks**. Solvency margin 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 plus the amount equated with the solvency margin stood at € 646 million at the end of 2008. Solvency margin without the equated amount stood at € 437 million. Solvency margin decreased by € 510 million in 2008.

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 year 2008 was characterised by extreme instability of the investment markets, which caused major losses in Pension Fennia's investment assets. The situation also emphasised the importance of efficient risk management and up-to-date solvency reporting.

The regulations concerning the investment operations and solvency of pension institutions were temporarily amended by a law due to the international financial crisis (the act on the temporary amendment of the regulations concerning funding and solvency of pension institutions that run pension insurance operations 853/2008). The purpose was to strengthen the solvency of private-sector employment pension institutions in such a way that the pension institutions did not have to sell e.g. their Finnish equities in the unfavourable market situation. The exceptive law will be in force until the end of 2010. According to the law, the amount of technical provisions linked to return on equities was increased from 4 per cent in 2008 to 10 per cent of technical provisions in 2008–2010, i.e. the gradual introduction of the system responsibility for equity risk was given up. In addition, pension funds will be supplemented for the year 2008 only by the discount rate of 3 per cent, and the clearing reserve included in the technical provisions is temporarily equated with solvency margin to support the solvency of pension institutions. The minimum amount of solvency margin of pension institutions was decreased, and it was made independent of the investment allocation of the pension institution. As a result of the exceptive law Pension Fennia's solvency ratio increased by around 8.6 percentage points.

The company has prepared for **insurance business risks** with **equalisation provision and clearing reserve** included in the technical provisions. The equalisation provision buffers company-specific insurance technique risks while the clearing reserve buffers the insecurity factors related to the pensions for which the system is jointly responsible, and their financing. The clearing reserve has a system-specific lower limit but no company-specific lower limit. The equalisation provision has company-specific lower and upper limits. At the end of 2008, the company's equalisation provision stood at around € 258 million which is a securing amount.

Risks related to investment operations and their management

The selection of the investment strategy is regulated e.g. by the asset category-specific yield expectations and correlations on the market, 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.

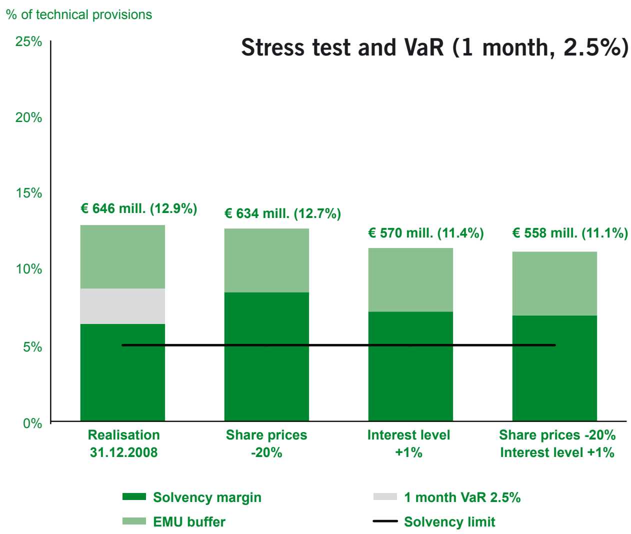
Risks by asset category are managed by following over- and under-weight proportioned to the comparison index which reflects the decentralisation inside the asset category. As a result of the exceptive law (853/2008) the share of technical provisions linked to return on equities increased to 10 per cent as of the beginning of 2008, and consequently over- and under-weight compared with neutral equity weight is emphasised. The neutral weight of equities is considered to be an amount of the technical provisions linked to return on equities that corresponds to the aforementioned 10 per cent.

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 by keeping the money-market portfolio big enough and by placing a sufficient proportion of investments in other asset categories 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 **corporate financing 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 has prepared a report on the requirements set by the nature and yield requirement of the technical provisions and maintaining solvency and liquidity to the Board of Directors for risk management and arranging investment operations. The investment plan includes a statement by the actuary on whether the company's investment plan meets the requirements set by the nature of the technical provisions to the company's investment operations. The Finance and HR unit has drawn up an estimate of the risks inherent in the investments and the company's risk-bearing capacity in the short and long term to the Board of Directors for the investment plan and the risk management plan of investment operations.

In addition to solvency position and solvency ratio, VaR (Value-at-Risk) calculation, optimisation of the investment portfolio, and stress tests 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. The Finance and HR unit reports about asset category-specific risks and income, including derivatives, monthly to the Board of Directors and weekly to the portfolio managers and members of the investment committee.

Stress tests estimate how a change in share prices or interest level would affect the company's solvency. The results of stress test calculations as at 31 December 2008 have been compiled in the graph. In addition, the graph shows VaR of the same day, 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** approved by the Board of Directors 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. A report on the total effect of applying the grounds of the use of derivative agreements on the solvency limit is annually given to the Board of Directors of the company.

Investment decisions are prepared and implemented in the Investment line. The market valuation of investment assets and reporting to support operations, official yield, solvency and profit margin reporting and limit monitoring are produced in the Finance and HR unit. Grounds approved by the Board of Directors of Pension Fennia are applied in the solvency rating of investments. The effect of applying the grounds on the company's solvency are followed weekly. A report on the application of the rating

INVESTMENT RISK DISTRIBUTION AND RISK FIGURES 2008

	Market value € mill.	Risk distribution € mill.	Return %	Volatility %
Fixed-income investments	**3,411.8**	**3,411.8**	**-2.0%**	
Loans	383.6	383.6	4.2%	
Bonds	2,178.6	1,804.0	-6.0%	4.7%
Other money-market instruments and deposits	849.6	1,224.2	5.6%	
Equity investments	**615.1**	**615.1**	**-36.9%**	
Listed equities	456.7	456.7	-40.1%	20.7%
Private equity investments	71.5	71.5	-5.6%	
Unlisted equity investments	86.9	86.9	-15.7%	
Real estate investments	**771.2**	**771.2**	**6.4%**	
Direct real estate investments	645.1	645.1	9.5%	
Real estate funds and joint investment companies	126.1	126.1	-9.8%	
Other investments	**669.8**	**669.8**	**-19.4%**	
Hedge fund investments	669.8	669.8	-19.4%	7.8%
Total investments	**5,467.9**	**5,467.9**	**-12.1%**	**5.2%**

Market value includes accrued interest.
Risk distribution = calculated according to the risk (adjusted with derivatives).
Return = return on invested capital calculated with a time and money-weighted formula (adapted Dietz).
Volatility = annualised mean deviation calculated from two years' monthly return.
The modified duration of bonds is 3.63 years.

grounds and its effect on the company's solvency position is annually given to the Board of Directors of the company for approval.

Risks related to insuring and their management

The key insurance risks are created in estimates on contingencies and other costs 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 poorer compared with the other companies due to e.g. different portfolio structure of the insured, for example, if the division of industries of the insured companies compared deviates significantly from the average division. 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. Co-operation between employment pension companies is compulsory according to the law.

The law also stipulates about the common technical rate of interest which is determined according to the average solvency margin level in the industry and partially according to the average equities yield. The technical rate of interest for 2008 is determined according to the exceptive law. 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 mutually jointly responsible for the pensions of a bankrupt pension institution. The amount of solvency margin in proportion to minimum amounts in accordance with the regulations must also be followed carefully.

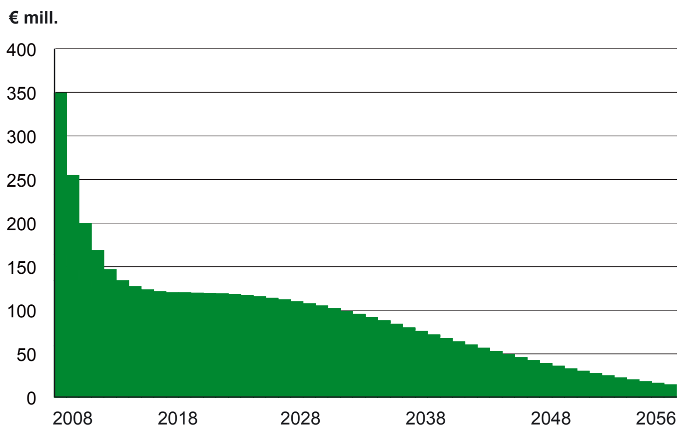
Fluctuations of the insurance business result have been prepared for with the **equalisation provision** included in the technical provisions. The positive results accrued to the unemployment loading of the equalisation provision have been used to lower the unemployment contribution of the TyEL (TEL) premium since the year 2002. Discounts will continue in 2009. The company's disability pension business result **for 2008 will be 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 that formed the basis of the financial statements liabilities on 31 December 2007 were divided into insurance premium and

	31 Dec. 2007
PREMIUM RESERVE	
TyEL insurance	3,029.7
TEL supplementary pension insurance	34.3
Supplementary insurance reserve	555.2
Provision linked to equity income	1.1
Total	3,619.2
YEL basic insurance	12.1
YEL supplementary pension insurance	2.9
Total	15.0
Total premium reserve	**3,634.2**

	31 Dec. 2007
CLAIMS RESERVE	
TyEL insurance	
Current pensions	1,712.1
Equalisation provision	256.4
Total	1,968.6
TEL supplementary insurance	
Current pensions	43.3
Equalisation provision	5.8
Total	49.0
TEL total	2,017.6
YEL basic insurance	0.0
YEL supplementary pension insurance	3.5
YEL total	3.5
Total claims reserve	**2,021.1**

Dissolution of liabilities into pensions



claims reserves as shown on the left. The equalisation provision stood at € 262 million on 31 December 2007, and its lower limit was around € 62 million and upper limit € 463 million. The diagrams also show the temporal dissolution of the technical provisions of TyEL basic insurance into pensions to be paid.

The companies have no choice of risk. 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 and follow-up of payment disruptions. 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 administrative cost in connection with TyEL and YEL premiums to cover operating costs. The share of insurance premium depending on the number of disability pension decisions is also included in the administrative cost. If the administrative cost is not sufficient for all operating expenses, part of the costs must be covered with investment income, and in that case the company's result declines.

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 have been strengthened through customer segment-specific measures and service models.

Pension Fennia is also driving through its own development programme whose key goals are to support the company's strategic goals. 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 persons responsible for the company's business operations have been closely committed to project steering.

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 lines. The key operational risks are related to, for example, **person risks, system and process risks and legal risks**.

The members of the Executive Group are responsible for drawing up risk management plans for their own areas of responsibility and for the risk identification, evaluation and management measures used as the basis of the plans. The progress of the measures is followed regularly during the year, and the realisation of the plans is reported to the risk management unit.

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. Process risks are administered e.g. by maintaining working instructions and process descriptions and by arranging regular meetings among those who participate in the processes. Attention has been paid to development of expertise and securing the continuity of operations both inside the lines and in the development projects 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. A reward system is used to support the reaching of goals.

Legal risks are administered as part of the company's compliance operating model. In accordance with the compliance model, persons responsible for compliance are named to the company's business processes and support units. These persons supervise the business processes and report about any deviations observed concerning legal risks (including e.g. external regulation and compliance with internal procedural instructions and contract risks) to those responsible for the business processes and the company's top management. The Legal Affairs unit participates in the co-ordination and supervision of the compliance model. If necessary, the company uses external expert services for the management and determining of legal risks when the task requires special expertise.

Outsourced operations

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, parts of the production of basic services have been outsourced. Such functions include e.g. operating centre services (Tieto), system work services (Tieto Esy and Arek), work station support services (TeliaSonera), office equipment environment (Xerox), and telephone systems (Merlin and TeliaSonera Finland).

The providers of outsourced services have been selected with emphasis on the their trustworthiness and reliability of delivery. The outsourcing agreements have been drawn up in compliance with the best current practices, including e.g. sanctioned quality level agreements. Contacts are continuously maintained with the service providers and any deviations in the services are acted on.

The concentration of the information technology service providers can be considered a risk for a balanced information technology market. Pension Fennia has aimed at decreasing this risk by decentralising key services to other providers.

Overall security and securing the continuation of business operations

The company continuously pays attention to the functioning of information systems, the level of data security, securing the continuation of operations and the development of overall security. The operating of the current information and telephone systems is a critical factor in customer service and their operating is strengthened through close co-operation. The introduction and utilisation of new systems and committing partners to new operating models is also in a key position. In 2008, the level of user rights administration was improved and the development work continues.

The duties of the security team operating in the company include evaluation of the status of different aspects of security, creation of development activities, follow-up of development projects, and continuous evaluation of security risks as part of the company's general risk management. The security team convenes regularly. Pension Fennia's security team also follows the maintenance of preparation plans concerning all operations. In 2008, the security team e.g. developed and arranged security training, updated the security manual and data security instructions, and followed the progress of the information criteria mappings carried out in the company.

Key Figures 2008

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	2008	2007	2006	2005	2004
Premiums written, € mill.	1,088.9	968.1	889.3	808.5	747.4
Pensions paid and other compensations, € mill. [1]	889.7	780.8	710.4	662.7	613.8
Net investment income at fair values, € mill.	-759.8	237.5	434.6	551.0	311.0
Yield on invested capital, %	-12.1	4.0	8.2	11.9	7.3
Turnover, € mill.	668.4	1,206.8	1,261.7	1,114.2	983.4
Total operating expenses, € mill.	49.0	43.4	53.6 [2]	41.9	38.0
% of turnover	7.3	3.6	4.2	3.8	3.9
Operating costs covered with expense loading of ins. premium, € mill.	36.8	35.4	42.4 [2]	31.5	28.1
% of TyEL payroll and YEL reported earnings	0.7	0.8	1.0	0.8	0.8
Total result, € mill.	-718.9	-24.4	148.3	360.5	155.7
Technical provisions, € mill.	5,381.7	5,652.5	5,269.7	4,772.5	4,364.9
Solvency margin, € mill. [3]	645.5	1,156.3	1,202.4	1,040.4	696.7
% of technical provisions [4]	12.9	22.7	25.7	24.4	17.7
Ratio to the solvency limit	2.6	1.7	1.7	2.1	2.1
Equalisation provision, € mill.	258.1	260.1	256.6	270.1	263.9
Pension assets, € mill. [5]	5,637.7	6,242.5	5,861.3	5,298.8	4,641.3
Transfer to client bonuses, % of TyEL payroll	0.14	0.38	0.20	0.33	0.24
Paid client bonuses, % of TyEL payroll	0.37	0.20	0.33	0.24	0.15
TyEL payroll, € mill.	4,522.7	4,047.1	3,636.2	3,316.9	3,069.2
YEL reported earnings, € mill.	607.3	565.6	517.4	465.2	410.8
No. of TEL policyholders [6]	21,810	20,250	18,900	18,640	17,860
No. of TEL insured [7]	173,260	162,940	135,450	131,820	125,660
No. of YEL policyholders	32,920	31,610	29,930	27,890	25,380
No. of pensioners	80,200	77,610	75,660	74,140	72,590

[1] Claims paid in the profit and loss account excluding administrative costs of claims handling and working capacity maintenance activities.
[2] Includes € 8.1 million of immediately written-off building costs of activated IT applications resulting from the change of calculation principles.
[3] In 2008 includes an item of € 208.8 million from technical provisions equated with solvency margin.
[4] Ratio calculated as percentage of the technical provisions used in the calculation of the solvency limit. In 2008 the item equated with solvency margin has been deducted from the technical provisions.
[5] Technical provisions + valuation differences.
[6] Insurances of employers that have made an insurance contract.
[7] From the year 2007 the number of the insured to whom earnings from work used as the basis of pension has been paid during the financial year.

INVESTMENT DISTRIBUTION (includes accumulated interest)	2008		2007		2006		2005		2004	
	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
Loans	383.6	7.0	237.7	3.9	243.1	4.3	246.9	4.7	260.0	5.7
Bonds	2,178.6	39.8	1,884.1	30.9	2,146.7	37.8	1,960.6	37.5	2,460.8	53.9
of which fixed-income funds	74.2		350.1		441.0		368.5		394.7	
Other money-market instruments and deposits	849.6	15.5	438.8	7.2	186.2	3.3	621.6	11.9	368.7	8.1
Equities and shares	1,284.9	23.5	2,847.5	46.6	2,457.8	43.3	1,795.2	34.3	909.5	19.9
Real estate	771.2	14.1	698.2	11.4	638.7	11.3	603.6	11.5	568.7	12.5
of which real estate investment funds	126.1		84.3		17.4		9.1		3.9	
Total investments	**5,467.9**		**6,106.3**		**5,672.4**		**5,227.9**		**4,567.7**	
Bond portfolio modified duration	3.63		5.88							

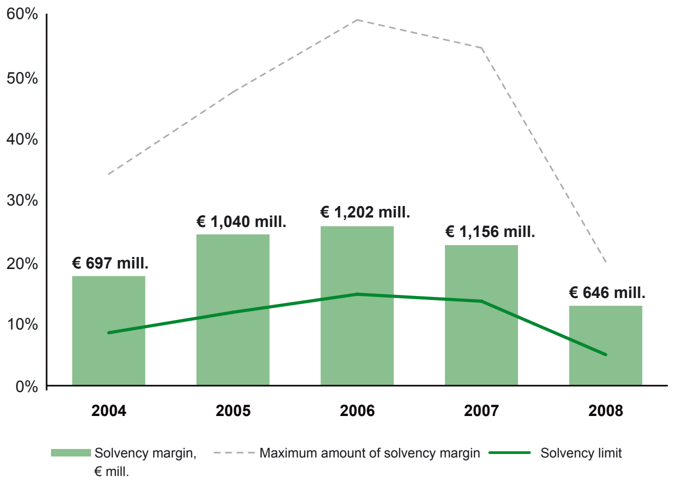
Investment income specification and result, € mill.	2008	2007	2006	2005	2004
Direct net income	**214.4**	**136.9**	**167.7**	**147.4**	**153.5**
Loans	14.2	9.9	10.3	10.3	10.8
Bonds	80.6	58.6	66.6	76.5	89.6
Other money-market instruments and deposits	32.7	12.0	15.6	6.2	6.6
Equities and shares	54.2	29.2	48.0	30.0	26.6
Real estate	38.1	29.7	31.2	27.7	25.0
Unallocated income, costs and operating expenses 1)	-5.3	-2.5	-4.0	-3.4	-5.1
Changes in book value 2)	**-640.1**	**102.2**	**201.5**	**153.7**	**76.6**
Equities and shares	-475.5	69.5	177.8	106.3	51.5
Bonds	-157.4	1.6	16.2	43.0	27.1
Real estate	-14.1	31.0	7.1	4.6	0.7
Other investments	6.9	0.1	0.3	-0.1	-2.8
Net investment income at book value	**-425.7**	**239.1**	**369.2**	**301.1**	**230.1**
Change in valuation differences	**-334.1**	**-1.6**	**65.4**	**249.9**	**80.9**
Equities and shares	-314.6	45.3	63.2	248.9	20.1
Bonds	-46.4	-51.5	-45.9	-11.1	54.3
Real estate	21.2	4.5	47.8	12.8	6.8
Other investments	5.7	0.1	0.2	-0.7	-0.3
Net investment income at fair values	**-759.8**	**237.5**	**434.6**	**551.0**	**311.0**
Yield requirement on the technical provisions 3)	**29.3**	**-272.4**	**-271.3**	**-199.8**	**-172.7**
Investment result at book value	**-396.4**	**-33.2**	**97.9**	**101.3**	**57.4**
Investment result at fair values	**-730.4**	**-34.8**	**163.2**	**351.2**	**138.3**
Proportion of derivatives in net investment income	-93.6	41.0	25.1	-46.6	

1) Includes such profit and loss account items that are not entered under investment income.
2) Realisation gains and losses and other changes in book value.
3) In 2008 the required interest return of € 98.8 mill. corresponding with the supplementary coefficient is not included in the yield requirement on the technical provisions.

NET INVESTMENT INCOME at fair values 1 Jan – 31 Dec 2008	Net investment income at fair values, € mill.	Invested capital, € mill.	Yield on invested capital, %	Yield on invested capital, %			
	2008	2008	2008	2007	2006	2005	2004
Loans	12.0	288.4	4.2	4.3	4.2	3.8	3.5
Bonds	-123.2	2 036.5	-6.0	0.5	2.0	4.9	7.5
of which fixed-income funds	-69.8	169.2	-41.3	0.6	6.6	10.3	11.4
Other money-market instruments and deposits	47.4	844.9	5.6	4.2	2.9	2.2	2.2
Equities and shares	-735.9	2 388.8	-30.8	5.0	13.9	28.8	10.5
Real estate	45.2	707.4	6.4	11.1	15.0	8.0	6.4
of which real estate investment funds	-11.2	113.4	-9.8	11.9	-13.5	8.0	36.6
Total investments	**-754.5**	**6 265.9**	**-12.0**	**4.1**	**8.3**	**11.9**	**7.5**
Unallocated income, costs and operating expenses from investment operations 1)	-5.3		-0.1	0.0	-0.1	-0.1	-0.1
Net investment income at fair values	**-759.8**		**-12.1**	**4.0**	**8.2**	**11.9**	**7.3**

1) Includes such profit and loss account 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)

	-08	-07	-06	-05	-04
Solvency limit	5.0	13.6	14.7	11.8	8.5
Minimum amount of solvency margin [1]	2.0	9.1	9.8	7.9	5.7
Maximum amount of solvency margin	20.0	54.5	59.0	47.4	34.1
Solvency margin [2]	12.9	22.7	25.7	24.4	17.7

[1] In 2008 the minimum amount according to the permanent law 3.3.
[2] In 2008 includes an item of € 208.8 mill. from clearing reserve equated with the solvency margin. Without the equation solvency margin 8.4.

Loading profit, € mill.	**2008**	**2007**	**2006**	**2005**	**2004**
Administration costs in insurance premium	46.8	39.2	39.6	33.4	32.0
Share of premium available to cover operating expenses resulting from compensation decisions	1.6	1.8			
Other income	0.6	0.5	0.7	1.1	0.6
Operating expenses by operation [1]	36.3	35.0	42.1	31.5	28.1
Loading profit	**12.7**	**6.6**	**-1.9**	**3.1**	**4.5**
Operating exp./loading profit, %	**74.2 %**	**84.1 %**	**104.6 %**	**91.2 %**	**86.1 %**

[1] Does not include the judicial administration charge or insurance supervision fee which were € 0.4 mill. for 2008. The effect of change of calculation principles in 2006 was € -8.1 mill.

Performance analysis, € mill.	**2008**	**2007**	**2006**	**2005**	**2004**
Sources of surplus					
Insurance business surplus	**-1.1**	**3.8**	**-13.1**	**6.3**	**12.9**
Investment surplus at fair values	**-730.4**	**-34.8**	**163.2**	**351.2**	**138.3**
+ Net investment income at fair values [1]	-759.8	237.5	434.6	551.0	311.0
- Yield requirement on technical provisions	29.3	-272.4	-271.3	-199.8	-172.7
Loading profit	**12.7**	**6.6**	**-1.9**	**3.1**	**4.5**
Total surplus	**-718.9**	**-24.4**	**148.3**	**360.5**	**155.7**
Distribution of surplus					
Change in solvency	**-725.2**	**-39.7**	**140.9**	**349.5**	**148.5**
Change in equalisation provision	**-2.0**	**3.4**	**-13.5**	**6.2**	**12.9**
Change in solvency margin	**-723.3**	**-43.1**	**154.3**	**343.3**	**135.5**
Change in provision for future bonuses	-390.8	-43.1	86.7	91.8	53.4
Change in valuation differences	-334.1	-1.6	65.4	249.9	80.9
Change in accrual of closing entries	0.0	0.0	-0.1	0.0	-0.1
Profit for the financial year	1.7	1.6	2.4	1.6	1.4
Transfer to client bonuses	**6.3**	**15.3**	**7.4**	**11.0**	**7.3**
Total	**-718.9**	**-24.4**	**148.3**	**360.5**	**155.7**

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

Guide to Key Figures

Client bonus reduces a contract employer's TyEL premium.

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.

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.

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.

Loading profit is calculated as follows: **expense loading**, collected for covering operating expenses, plus any other income, less operating expenses covered from the loading profit. The share of insurance premium depending on the number of disability pension decisions is also included in the expense loading. Statutory payments are not included in calculating the loading profit. Investment management expenses are covered from the investment income and the working capacity maintenance expenses from the disability loading.

Net investment income at fair values is calculated on investment classes corresponding to asset distribution. 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.

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

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.

Premiums written comprise TyEL 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.

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.

Provision linked to equity income is a part of premium reserve that serves as a buffer for part of the equity investments. This share of the technical provisions changes according to how equity income is realised in the pension system on average.

Pensions paid includes payments made to pensioners.

Required rate of return on technical provisions is determined on the basis of the discount rate (3%) used in the calculation of technical provisions, the supplement co-efficient of pension liabilities, and average equity income of pension institutions.

Solvency margin is the excess of company assets over liabilities at fair values. Liabilities include technical provision excluding provision for future bonuses. 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. On the basis of the exceptive law (853/2008) passed in December 2008, an amount corresponding to approximately 4.2 per cent of the technical provisions for solvency shall be equated with the solvency margin until the end of 2010.

Solvency requirements are based on the scrutinising of theoretical risks in investment assets. The central quantity in the scrutinising of solvency is the **solvency limit**. The riskier the company's asset distribution, the higher the solvency limit and the larger solvency margin it requires. The indicators of **solvency** are the proportion of solvency margin to the technical provisions and the proportion of solvency margin to the solvency limit. The item equated with the solvency margin shall then be taken into account. The minimum amount of solvency margin is two thirds of the solvency limit in normal conditions, but during the validity of the exceptive law it is 2 per cent of the technical provisions, and if the amount of the solvency margin exceeds the quadruple amount of the solvency limit (upper limit of the target zone) on a second year in a row, the company shall make an extra transfer to client bonuses.

Statutory payments comprise the share of costs of the Finnish Centre for Pensions which acts as the central body of the system, the judicial administration charge of the Pension Appeal Court and supervision charge of the Insurance Supervision Authority (as of 1 January 2009 the Financial Supervisory Authority).

Technical provisions or the company's liability resulting from insurance contracts comprises the premium and claims reserves. Technical provisions are also referred to as pension liability. The premium reserve is an estimate of the current value of the pension payments based on future occurrences of the insured events for which the company is responsible. The claims reserve is an estimate of the current value of the future compensations of contingencies that have already commenced. In addition, the provisions for current and future bonuses and provisions linked to equity income are included in the premium reserve, and the equalisation provision is included in the claims reserve. In calculating the technical provisions for solvency, the provision for future bonuses, provision for unearned premiums under the Self-employed Persons' Pensions Act, and, while the exceptive law (853/2008) is in force, share of the technical provisions comparable with the solvency margin, shall be deducted from the liabilities

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

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.

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

Board of Directors' Proposal on the Disposal of Profit

The Board of Directors proposes that the € 1,653,943.23 surplus for the financial year be disposed as follows: € 10,000 be reserved for the public good or similar purpose, € 1,600,000.00 be transferred to the contingency reserve, and € 43,943.23 be retained in the profit and loss account. No interest is paid on the guarantee capital for the year 2008.

Helsinki, 9 March 2009

BOARD OF DIRECTORS

Pekka Sairanen

Pertti Parmanne

Seppo Riski

Ernst Gylfe

Heikki Kauppi

Eero Lehti

Olavi Nieminen

Antti Rinne

Heikki Ropponen

Ralf Wickström

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

Auditor's report

To the Annual General Meeting 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 2008. The financial statements include consolidated and parent company balance sheet, profit and loss account, cash flow statement, and notes to the financial statements.

Liability of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for drawing up the financial statements and the Board of Directors' report and shall see to it that they provide correct and sufficient information in accordance with the valid Finnish regulations and orders concerning the drawing up of financial statements and Board of Directors' report. The Board of Directors is responsible for appropriate arrangement of supervision of accounting and asset management, and the Managing Director shall see to it that the accounting is in accordance with the law and that asset management has been arranged in a reliable manner.

Auditor's obligations

The auditor shall carry out the audit in accordance with Finnish standards on auditing, and on the basis of the audit give a statement on the financial statements, consolidated financial statements and the Board of Directors' report. Good accounting practice requires compliance with principles of professional ethics, and planning and performance of the audit in such a way as to assure that the financial statements or the Board of Directors' report do not contain any essential mistakes and that the members of the Supervisory Board and Board of Directors of the parent company and the Managing Director have complied with the Act on Employment Pension Insurance Companies, the Insurance Companies Act and the Companies Act.

The auditing process should ensure the correctness of the figures and other information in the financial statements and the Board of Directors' report. The choice of the actions is based on the auditor's consideration and estimates of risks that the financial statements contain an essential incorrectness caused by misuse or error. While planning the necessary auditing actions, the internal supervision related to the compiling and presentation of the financial statements shall also be evaluated. Furthermore, the general presentation style of the financial statements and the Board of Directors' report, accounting principles, and the estimates applied by the management in drawing up the financial statements shall be evaluated.

The audit has been carried out in accordance with Finnish standards on auditing. According to our understanding, we have performed a sufficient number of applicable audit procedures for our statement.

Statement

In our opinion, the financial statements and the Board of Directors' report give a true and fair view, in accordance with the valid Finnish regulations and orders concerning the drawing up of financial statements and Board of Directors' report, of the result of operations and of the financial position of the group and the parent company. The Board of Directors' report is consistent with the financial statements.

Helsinki, 20 March 2009

Ernst & Young Oy
Authorised Public Accountants

Per-Olof Johansson Authorised Public Accountant	Marja Tikka Authorised Public Accountant

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 1960s, 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 were originally based on the corporate governance recommendations for listed companies which entered into force on 1 July 2004 and have been followed either as such or as applicable to a TyEL company. The Board of Directors of Pension Fennia most recently approved changes to the said instructions on 26 January 2009 due to the amended corporate governance instructions for Finnish listed companies that entered into force on 1 January 2009.

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, 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 financial statements. 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 24 April 2008.

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 from among themselves a Chairman and a Deputy Chairmen one of whom shall be a person suggested by the representatives of the insured. The Supervisory Board may elect more than one Deputy Chairmen in which case one of the Deputy Chairmen shall be elected the First Deputy Chairman. If the person suggested by the representatives of the insured is not elected the Chairman of the Supervisory Board, he or she shall be elected the First Deputy Chairman.

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

The Supervisory Board supervises the company's administration by the Board of Directors and the Managing Director. The duties of the Supervisory Board are listed in the law and in the Articles of Association.

The Supervisory Board convened twice in 2008. On average 80 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 € 4,500, Deputy Chairmen € 3,000, and members € 1,800. Meeting fee was € 400 per meeting.

Election Committee of the Supervisory Board

The Supervisory Board elects for a calendar year at a time the Election Committee of the Supervisory Board which includes four members of the Supervisory Board and two members of the Board of Directors. Half of the members are elected from among persons suggested by the policyholders and half from among those suggested by the representatives of the insured in the Supervisory Board. The Supervisory Board elects a Chairman and Deputy Chairman for the Election Committee from among the members, and one of them shall be a person suggested by the representatives of the insured. The Supervisory Board decides on the fee paid to the members of the Election Committee. The task of the Election Committee is to prepare a proposal on the election and fees of the members of the Supervisory Board for the Annual General Meeting, and a proposal on the election and fees of the members of the Board of Directors for the Supervisory Board. More detailed orders on the Election Committee are given in the Articles of Association.

Members suggested by the policyholders re-elected to the Election Committee were from the Board of Directors of Pension Fennia Eero Lehti, Chairman of the Board, and from the Supervisory Board Heimo Aho, Chairman of the Board, and Markku Koskenniemi, Chairman of the Board. Members suggested by the insured re-elected to the Election Committee were from the Board of Directors of Pension Fennia Antti Rinne, Chairman, and from the Supervisory Board Markku Markkula, Director, and Marjaana Valkonen, Director. In its meeting held on 3 April 2008, the Supervisory Board elected Chairman Pertti Porokari to replace Markku Markkula in the Election Committee.

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 Board of Directors elects for one calendar year at a time the Chairman of the Board of Directors and a Deputy Chairman one of whom shall be a person suggested by the representatives of the insured. The Board of Directors may elect more than one Deputy Chairmen in which case one of the Deputy Chairmen shall be elected the First Deputy Chairman. If the person suggested by the representatives of the insured is not elected the Chairman of the Board of Directors, he or she shall be elected the First Deputy Chairman

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 good 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 report 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 and principles concerning reliable administration 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 and the Board of Directors' report
- 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 see to it that the company has sufficient internal supervision and sufficient risk management systems considering the nature and extent of its operations
- 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 12 times in 2008. On average 97 per cent of the members participated in the meetings. In accordance with a decision by the Supervisory Board, the annual remuneration to the members of the Board of Directors was as follows: Chairman € 17,000, Deputy Chairmen € 13,000, ordinary members € 8,000 and deputy members € 6,000. The meeting fee was € 400 per meeting to the Chairman and Deputy Chairmen of the Board, 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 2008, 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, and 100 per cent of the members participated in the meetings. In accordance with the decision of the Supervisory Board, the meeting fee for the Appointment and Remuneration Committee was € 400 per meeting to the Chairman of the Board and € 375 to Deputy Chairmen of the Board

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 2008, the Audit Committee was chaired by Deputy Managing Director Heikki Ropponen, and the members were Heikki Kauppi and Olavi Nieminen. The Audit Committee convened six times, and 100 per cent of the members participated in the meetings. In accordance with the decision of the Supervisory Board, the meeting fee for the Audit Committee was € 350 per meeting to the members of the Committee.

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. The deputy to the Managing Director in 2008 was Deputy Managing Director Tarkko Jousi until his retirement.

Executive Group and Investment Committee

The Executive Group that consists of directors appointed by the Board of Directors assists 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 by the Board of Directors is based on the written report. 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. 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.

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, Supervisory Board and Management

BOARD OF DIRECTORS 1 JANUARY 2009

Chairman:

Pekka Sairanen
Born 1957, M.Sc. (Econ. & Bus. Adm.)
Chairman of the Board, Domus Yhtiöt Oy
Member of the SME Committee of the Confederation of Finnish Industries EK, Deputy Chairman of Rakennustuoteteollisuus RTT, member of the Board of the Confederation of Finnish Construction Industries, Chairman of Puusepänteollisuus ry, member of the Board of Metsäteollisuus MT, Chairman of the Board of the Association for Finnish Work.
Term began 1 July 1998
Term expires 31 December 2011

Deputy Chairmen:

Pertti Parmanne
Born 1946, Master of Social Sciences
Director, Central Organization of Finnish Trade Unions
Representative of employee organisations
Term began 1 July 1998
Term expires 31 December 2009

Seppo Riski
Born 1943, Master of Laws, Senior Lawyer
Director, Industrial Relations, Confederation of Finnish Industries EK until 2008
Member of the Representatives of the Finnish Centre for Pension until 2008, Chairman (2007) and Deputy Chairman (2008) of the Supervisory Board of the Education Payments Fund, member of the Council for Labour Affairs until 2008, Chairman (2007) and Deputy Chairman (2008) of the Board of the Unemployment Insurance Fund.
Representative of employer organisations
Deputy member 1998–2003
Ordinary member from 1 January 2004
Term expires 31 December 2009

Other representatives of the labour market organisations:

Ernst Gylfe
Born 1944, Engineer
Chairman of the Board, Novita Oy
Representative of employer organisations
Term began 1 January 2004
Term expires 31 December 2009

Heikki Kauppi
Born 1955, M.Sc. (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.
Representative of employee organisations
Term began 1 July 1998
Term expires 31 December 2011

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 Finnish Confederation of Salaried Employees, Chairman of the Board of unemployment fund of the Union of Salaried Employees, Chairman of the Council of Finnish Industrial Unions (TP), member of the Board of VVO-yhtymä Oyj.
Representative of employee organisations
Term began 1 January 2006
Term expires 31 December 2011

Heikki Ropponen
Born 1948, Master of Laws, M.Sc. (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 Kauppiaitten yhdistys association, member of the Board of the Institute of Marketing, member of the Supervisory Board of the Education Payments Fund.
Representative of employer organisations
Term began 1 July 1998
Term expires 31 December 2011

Other members of the Board of Directors:

Eero Lehti
Born 1944, Master of Social Sciences, Doctor Honoris Causa (University of Vaasa)
Member of Parliament
Chairman of the Board of Taloustutkimus Oy, Chairman of the Board of Suomen Lehtiyhtymä Oy, Chairman of the Board of Fennia, Chairman of the Board of Fennia Life, member of the Board of Talentum

Group, Chairman of the Board of Eilakaisla Oy, Chairman of the Supervisory Board of Itella Oy, member of the Board of the Finnish Funding Agency for Technology and Innovation TEKES.
Term began 1 July 1998
Term expires 31 December 2009

Olavi Nieminen
Born 1952, Optician
Chairman of the Board, Piiloset by Finnsusp Oy
Chairman of the Labour Market Committee of the Federation of Finnish Enterprises, Chairman of Suomen Optisen Alan Tukkukauppiaat association.
Term began 1 July 1998
Term expires 31 December 2010

Ralf Wickström
Born 1949, Commercial Institute, diploma in insurance
Chairman of the Board, Federation of the Local Insurance Group
Chairman of the Board of Local Insurance Mutual Company.
Term began 1 January 2007
Term expires 31 December 2010

Deputy members:
Antti Kuljukka
Born 1961, Master of Social Sciences, eMBA
Managing Director, Fennia Mutual Insurance Company
Member of the Board of Fennia Life, member of the Board of the Federation of Finnish Financial Services, member of the Board of Federation of Finnish Enterprises, member of the delegation of the Helsinki Region Chamber of Commerce, member of the economic section of Kadettikunta association, member of the delegation of HelsinkiMissio, Chairman of the Finnish Motor Insurers' Centre.
Term began 1 January 2007
Term expires 31 December 2009

Reija Lilja
Born 1954, Ph.D., The London School of Economics and Political Science (Economics)
Research Director, Labour Institute for Economic Research
Docent at the Department of Economics in the Helsinki School of Economics 1991–, member of the Board of Taxpayers' Association of Finland 2001–, member of the high level follow-up group of the equal wage programme at the Ministry of Social Affairs and Health 2007–, member of the editorial committee of Kansantaloudellinen aikakausikirja 2007–, member of the taxation development group at the Ministry of Finance 2008–.
Term began 1 January 2007
Term expires 31 December 2010

Rauno Mattila
Born 1946
Chairman of the Board of Trafotek Oy and Teknopower Oy, member of the Board of Fennia, member of the Board of Family Business Network Finland.
Representative of employer organisations
Term began 1 January 2004
Term expires 31 December 2009

Timo Vallittu
Born 1953, elementary school
Chairman, Chemical Workers' Union
Member of the Board of the Central Organization of Finnish Trade Unions, deputy member of the Town Council of Hyvinkää.
Representative of employee organisations
Term began 1 January 2004
Term expires 31 December 2009

SUPERVISORY BOARD 1 JANUARY 2009

Chairman:
Markku Koskenniemi, born 1942
Chairman of the Board
Tammerneon Oy

Deputy Chairmen:
Marjaana Valkonen, born 1952
First Deputy Chairman
Director
Central Organization of Finnish Trade Unions

Heimo Aho, born 1949
Chairman of the Board
SKS Group Oy

Representatives of employer organisations:
Jyrki Kaskinen, born 1961
Managing Director
Raskone Oy

Heikki Nikku, born 1947
Managing Director
Logica Suomi Oy

Marja Rantanen, born 1943
Managing Director
Lahden Lounaspörssi Oy

Klaus Saarikallio, born 1955
Managing Director
Normek Oy

Jukka Tikka, born 1953
Managing Director
Länsi-Savo Oy

Kalevi Vuorisalo, born 1945
Managing Director
Teknikum Yhtiöt Oy

Representatives of employee organisations:

Anneli Myllärinen, born 1952
Member of the Board
Union of Salaried Employees TU

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

Tuula A. Paunonen, born 1955
Chief Accountant
Länsi-Savo Oy

Pertti Porokari, born 1964
Chairman
Union of Professional Engineers in Finland UIL

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

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

Other members of the Supervisory Board:

Kaj Ericsson, born 1943
Managing Director
Harry Schaumans Stiftelse

Pertti Hakala, born 1949
Chairman of the Board
Printal Oy

Oiva Iisakka, born 1956
Managing Director
Nooa Säästöpankki Oy

Tauno Jalonen, born 1945
Managing Director
Suomen Yrittäjien Sypoint Oy

Pentti Jussila, born 1949
Managing Director
Kuljetusliike I Lehtonen Oy

Jari Kostamo, born 1957
Managing Director
MDC Group Oy

Taisto Lehti, born 1954
Chairman of the Board
Oy Odensö Ab

Tauno Maksniemi, born 1959
Managing Director
RTK-Palvelu Oy

Erkki Moisander, born 1953
Managing Director
Federation of the Local Insurance Group

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

Stefan Wentjärvi, born 1967
Managing Director
Blue1 Oy

AUDITORS 1 JANUARY 2009

Auditors:

Per-Olof Johansson
Authorised Public Accountant

Marja Tikka
Authorised Public Accountant

Deputy auditors:

Tuija Korpelainen
Authorised Public Accountant

Ulla Nykky
Authorised Public Accountant

MANAGEMENT 1 JANUARY 2009

Executive Group:

Lasse Heiniö
Managing Director
Born 1951, Master of Science, Fellow of the Actuarial Society of Finland
Deputy member of the Board of Fennia, member of the Board of Fennia Life, member of the Board of the Finnish Pension Alliance TELA, member of the Board of AEIP.
Member of the Executive Group since 1998

Matti Carpén
Deputy Managing Director
Director, Customer Relations
Born 1960, Master of Science (Eng.)
Member of the Board of Aina Group Oyj.
Member of the Executive Group since 2004

Mika Ahonen
Director, Legal Affairs, Planning and Communication unit
Born 1967, Master of Laws
Member of the Executive Group since 2008

Eeva Grannenfelt
Director, Chief Investment Officer
Born 1958, Master of Science (Econ. & Bus.Adm.), CEFA
Deputy member of the Board of Fennia Life.
Member of the Executive Group since 2002

Irmeli Heino
Director, Finance and HR unit
Born 1951, Master of Science
Member of the Executive Group since 1998

Mikko Karpoja
Director, Actuarial Services and Risk Management
Born 1962, M.Sc., Fellow of the Actuarial Society of Finland
Member of the Executive Group since 2007

Extended Executive Group which in addition to the abovementioned includes:

Sakari Kalske
Born 1964, Bachelor of Social Services, eMBA
Director, IT Services and Development
Deputy member of the Board of Arek Oy, member of the Board of TietoEnator Esy Oy.

Seppo Mattila
Born 1943, D.Med.Sc.
Medical Director
Pension Decisions and Well-being at Work Services
Member of the consultative committee of employment pension rehabilitation at TELA.

Timo Stenius
Born 1956, Master of Science (Eng.)
Director, Investment: Customer Finance and Real Estates
Member of the Board of Avara Suomi Oy, member of the Board of Rakli.

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., M.Soc.Sc., Occupational Health Care Doctor, special qualifications in insurance medicine

Mikael Ojala
Consultant Physician
D.Med.Sc., Specialist in Neurology

Jyrki Varjonen
Consultant Physician

Chief Actuary:

Mikko Karpoja
M.Sc., Fellow of the Actuarial Society of Finland

Consultative Committees 1 January 2009

PENSIONS ADVISORY BOARD:

Chairman:
Seppo Mattila
Medical Director
Pension Fennia

Deputy Chairman:
Hans Fredriksson
Deputy Medical Director
Pension Fennia
Specialist member

Juri Aaltonen
Lawyer
Finnish Confederation of Salaried Employees

Ralf Forsèn
Master of Laws
The Finnish Association of Graduate Engineers TEK

Mikko Räsänen
Senior Advisor
Confederation of Finnish Industries EK

Hannu Saimanen
Director
Wood and Allied Workers' Unemployment Fund

Kari Vilkman
Occupational Safety Officer
The Finnish Metalworkers' Union

Markus Äimälä
Master of Laws
The Confederation of Finnish Industries EK

CONSULTATIVE COMMITTEE OF THE INSURED:

Chairman:
Arvi Tuomarmäki
Electrician
Hella Lighting Finland Oy

Senja Hakola
Airworthiness Engineer
Blue1 Oy

Sinikka Hyyppä
Warehouse employee
Kokkolan Halpa-Halli Oy

Esa Ikkelä
Project Manager
Are Oy

Jarkko Jokinen
Tester
Kemppi Oy

Saija Kavén
Ward nurse
Vantaan Vinkki

Minna Kettunen
Saleswoman
H&M Hennes & Mauritz Oy

Lassi Tapio Kirjavainen
Stonework employee
Tulikivi Corporation

Saila Lehtomäki
Regional Sales Manager
Kemppi Oy

Jouko Malinen
Senior Systems Analyst
WM-data Oy

Jukka Mandelin
Personnel Advisor
Kemppi 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
Production Director
SP-Paino Oy

Helena Saarinen
Printing plant employee
Libris Oy

Kauko Kalervo Sarha
Social therapist
A-Clinic Turku

Kai Välitalo
Glass warehouse employee
Domus Yhtiöt Oy

CONSULTATIVE COMMITTEE OF MAJOR ACCOUNTS:

Chairman

Antti Aho
Chairman of the Board
Helsingin Lääkärikeskus Oy

Deputy Chairman

Juha Valkamo
Managing Director
Oy Primula Ab

Raimo Anjala
CFO
Teknos Oy

Leif Enberg
Chairman of the Board
Oy Mapromec Ab

Kimmo Fischer
Managing Director
Sito Oy

Jarmo Halonen
Managing Director
Elecster Oyj

Pekka Hongisto
Managing Director
Oy Matkahuolto Ab

Leif Itäinen
Managing Director
Peltonen, Ruokonen & Itäinen, Attorneys-at-Law Ltd

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

Heimo Keskinen
Chairman of the Board
Ravintolakolmio-ryhmä

Björn Kolster
Chairman of the Board
Oy Kolster Ab

Kalle Kujanpää
CFO
MSK Group Oy

Markku Leppänen
Managing Director
Lomaliitto ry

Perttu Liukku
Managing Director
Avara Suomi Oy

Ulla Matsi-Koistinen
CFO
Taloustutkimus Oy

Kari Onniselkä
Managing Director
Talent Partners Oy

Rolf Paulow
Chairman of the Board
Finnkarelia Virke Oy

Martti Paunu
Managing Director
Väinö Paunu Oy

Tapio Pitkänen
Managing Director
Lujatalo Oy

Aki Puska
Managing Director
Are Oy

Juha Rostedt
Managing Director
Canncolor Oy

Tapio Rummukainen
President & CEO
Rocla Oyj

Harri Savolainen
CFO
Logica Oyj

Pentti J. Siikarla
Managing Director
Yrittäjien Oikeussuoja Oy

Kaj Ström
Chairman of the Board
Oy Motoral Ab

Timo Suominen
Managing Director
Empower Oy

Kimmo Suupohja
Managing Director
Hella Lighting Finland Oy

Seppo Suuriniemi
Chairman of the Board
Lojer Oy

Esko Torssonen
Managing Director
Suomen Kiitoautot Oy

Göran Weber
Managing Director
Selecta Oy

Olli Vilppunen
Managing Director
LSK Electrics Oy

Pentti Virtanen
Managing Director
FSP Finnish Steel Painting Oy

Pension Fennia

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