Fennia

2008

Annual Report and

Financial Statements 2008

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MANAGING DIRECTOR'S REVIEW

Fennia saw increased profitability and market share

Fennia Mutual Insurance Company has expanded its market share for the sixth consecutive year. The company's premiums written for non-life insurance amounted to EUR 347 million, an increase of five per cent compared to the previous year. Our profitability increased significantly as a result of the good technical underwriting result. However, the downturn caused by the financial crisis resulted in a negative investment result and a negative result for the company. Despite the sharp decline in equity prices, the return on investment for the entire year reached a good level compared to our competitors. Net investment income on invested capital was -3.8 per cent. Without the investment market collapse, Fennia's result for the year 2008 would have been excellent. All figures pertaining to the actual insurance operations have improved from last year.

In addition to the financial statement, we are pleased with the results of our personnel satisfaction survey. The results are positive and personnel satisfaction is at a high level in our company. The response rate exceeded 85 per cent of a total of almost one thousand participants. This gives a good indication of our employees' desire to influence our operations and work atmosphere. All of us at Fennia share a dynamic team spirit.

The results of Fennia's customer satisfaction surveys also make for a positive reading experience. We are able to compete with our competitors in both corporate and household operations.

Fennia's headquarters and our field organisations near Helsinki moved to a new building, Pasilan Visio, at the beginning of 2009. The building, designed by head architect Mauri Tommila, is the first landmark in the new Keski-Pasila area, now under development. The planning of the building was based on the principles of openness, timelessness and the use of modern technology and space adaptability. The first-class result will endure over time, giving the building a coherent and modern appearance.

Early 2009 has been coloured by the decline of the financial markets that began last autumn, but Fennia's core business – non-life insurance – will hold its ground even in challenging times. As in previous years, our objective for this year is to outclass our competitors in terms of growth. Preliminary information indicates that our market share at the end of last year was 10.6 per cent. Although our objective is still some distance away, the positive trend has now continued for six years.

The whole of Fennia's organisation has set its course forward for the year 2009 with our objectives clear in our minds. Fennia will continue to actively develop the company and its insurance products despite the trying times. We will do our utmost to provide our customers with first-rate expert services. Foremost among the cornerstones that guide our operations is "The customer is number one." It is a promise that we will keep.

Fennia has confidence in the future and wants to make the most out of it together with our customers. Insurance specialist Fennia wants to be a part of the daily lives of our current and future customers!

Antti Kuljukka
Managing Director

Board of Directors' Report

Fennia Mutual Insurance Company's technical underwriting result improved significantly on the previous year. The effect of the financial crisis could be seen in the company's investment result, causing operating losses, and the company's relative solvency decreased.

Insurance operations

Premiums written for non-life insurance amounted to EUR 347 million (EUR 330 million). Direct insurance premiums written were EUR 346 million (EUR 329 million), or an increase of 5.0 per cent. Preliminary information indicates that the company's market share still continued to rise, ending at 10.6 per cent (10.5%). Assumed reinsurance premiums written equalled less than one million euro. There were significantly fewer major losses than during the previous year, both in numbers and euro. The loss ratio, excluding unwinding of discount, increased to 81.0 per cent (87.8%). Credit losses decreased to EUR 3 million (EUR 5 million).

Operating expenses were EUR 68 million (EUR 65 million). Fennia's expense ratio remained at the previous year's level, 20.4 per cent. As a result of a favourable development in claims and implemented risk management measures, the company's combined ratio, excluding unwinding of discount, improved from the previous year to 101.4 per cent (108.3%), claims accounting for 73.3 per cent (80.9%) and operating expenses and claims handling expenses for 28.1 per cent (27.4%).

Premiums written for statutory accident insurance totalled EUR 88 million, of which 7.3 per cent is growth. The loss ratio decreased to 95 per cent (85%). The premiums written for other accident and life insurance increased by 17 per cent to EUR 22 million, with growth especially in the medical expenses insurance purchased by companies for their employees. The development of this insurance line's loss ratio was altogether unsatisfactory, equalling 116 per cent (104%).

Premiums written for motor liability insurance were EUR 70 million (EUR 69 million). The loss ratio took a significant downturn, equalling 89 per cent (114%). The result for this insurance line was satisfactory. Premiums written for voluntary motor vehicle insurance rose to EUR 61 million (EUR 59 million). The insurance line's result developed positively and the loss ratio decreased to 83 per cent (89%).

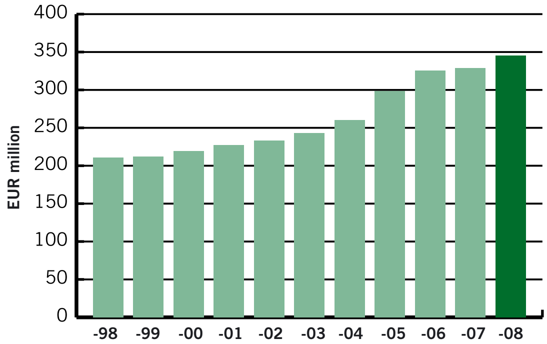
Premiums written for fire and other damage to property in the company segment increased by 5 per cent to just under EUR 41 million. In the private household segment, premiums written totalled EUR 33 million, an increase of slightly less than 7 per cent. The loss ratios of both the company and private household segments improved.

Investments

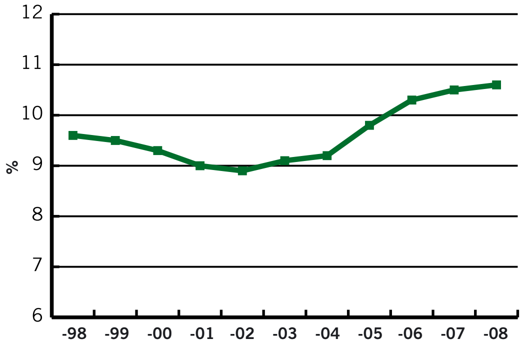
The company's net investment income at current value amounted to EUR -44 million (EUR 48 million). Net investment income on invested capital was -3.8 per cent (4.3%).

At year-end, Fennia's investment assets at current values (incl. accrued interests) stood at EUR 1,066 million (EUR 1,094 million). Bonds and long-term fund investments accounted for 52 per cent of the investment portfolio and money market investments and deposits for

Development of premiums written



Development of market share



19 per cent. Shares, equity fund investments and capital trusts accounted for 10 per cent, real estate investments for 13 per cent and other investments for 6 per cent.

Result and solvency

Fennia's operating loss was EUR 30 million (operating profit EUR 10 million). The technical underwriting result improved significantly but the investment result was negative as a result of the financial crisis.

The company's equalisation provision grew by EUR 3 million to EUR 185 million (EUR 182 million). Due to the exceptional circumstances in the investment markets, the company's solvency margin decreased to EUR 153 million (EUR 218 million), causing its solvency capital to decrease to EUR 338 million (EUR 400 million). The solvency ratio, which describes the company's solvency, fell to 101 per cent (126%).

Administration and staff

During the year under review, the members of the Fennia Board of Directors were Eero Lehti (Chairman); Esko Penttilä (Vice Chairman); Jouko Kemppi, Managing Director; Lasse Koski, Managing Director; Eva Liljeblom, Professor; Rauno Mattila, Industrial Counsellor (Finnish honorary title); Antti Vaahto, Managing Director and Juha Valkamo, Managing Director. Deputy member of the Board of Directors was Lasse Heiniö.

The Board of Directors held a total of nine meetings during the year under review. The attendance rate of the full members was 85 per cent and that of the deputy members 89 per cent.

Antti Kuljukka has acted as Managing Director.

At the Annual General Meeting on 24 April 2008, Juha Gröhn, Managing Director; Nanna Hietala, Managing Director; Jarmo Murtonen, Managing Director and Rauno Vennola, Managing Director, were appointed to the Supervisory Board as new members.

The Company employed an average of 954 people (910) in 2008.

Group structure

The Consolidated Financial Statements of Fennia Mutual Insurance Company include Fennia Life Insurance Company on the basis of the subgroup's Consolidated Financial Statements. Fennia has a 60 per cent holding in Fennia Life. Mutual Insurance Company Pension Fennia, which belongs to the Fennia Group, owns 40 per cent of Fennia Life.

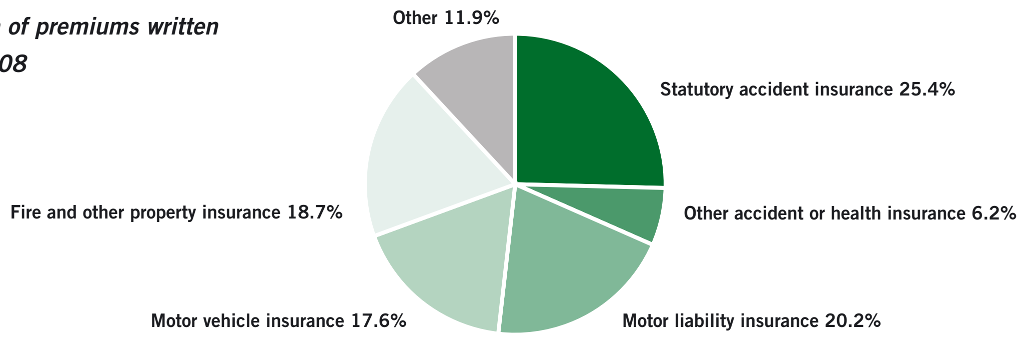
The Consolidated Financial Statements also include eFennia Oy. Fennia owns 20 per cent of the company and has 63.6 per cent of the voting rights.

At the end of 2008, the Group also included 17 real estate companies, 12 of which belonged to the Fennia Life subgroup. During the year under review, Fennia Life acquired one new real estate company: Kiinteistö Oy Mikkelin Hallituskatu 1. During the year under review, Fennia acquired the following real estate companies: Kiinteistö Oy Eagle Lahti and Asunto Oy Oulun Alppilan Ruusu. During the year, Fennia sold Kiinteistö Oy Keravan Kultasepänkatu 7. In addition, the associated undertakings Suomen Vahinkotarkastus Oy and Uudenmaan Pääomarahasto Oy, as well as Fennia Life's associated company HF-Asunnot Oy, were consolidated to the Group.

Consolidated accounts

The development of the Group's life insurance business was unsatisfactory due to the difficult investment market situation, and the solvency ratio in life insurance weakened. Life insurance premiums written before reinsurers' share amounted to EUR 55 million (EUR 63 million). Claims paid rose to EUR 76 million (EUR 55 million). Operating expenses for life insurance were EUR 7 million. The expense ratio (of expense loading) was 90.0 per cent (89.6%).

Distribution of premiums written by type, 2008



The Group's investment result at current value amounted to EUR -127 million (EUR 77 million), of which unit-linked insurances accounted for EUR -70 million (EUR 8 million). The total amount of value adjustments impacting the result was EUR -162 million (EUR 21 million). The Group's valuation difference decreased to EUR 40 million (EUR 71 million).

The operating loss of the Group was EUR 55 million (operating profit EUR 37 million). The Group's non-restricted capital and reserves stood at EUR 122 million (EUR 175 million).

The Group's solvency capital decreased to EUR 362 million (EUR 451 million).

Risk management

Risk management in the Fennia Group is based on the risk management plan, which is reviewed annually by the Boards of Directors. Risk management is co-ordinated and supervised by an executive team for risk management appointed by the Managing Director. The adequacy of internal control is assessed by internal audits, which are independent of business activities.

Insurance operations are based on taking risks and managing them in a controlled way. The most important risks relate to risk selection and pricing, acquisition of reinsurance cover and the adequacy of technical provisions. The risk pertaining to risk selection is managed by carrying out risk analyses and complying with approved risk selection guidelines. Product-specific loss frequencies and the development of claims expenditure are continuously monitored.

Investment activities are based on the investment plans approved by the Boards of Directors, which determine, among other things, the allocation of investments and the rights and responsibilities of those involved in investment activities. The companies' ability to carry risks is taken into account in determining the allocation of investments.

The management of operational risks aims at ensuring that no risks relating to processes, personnel, information systems, security or legal issues arise that could jeopardise the operations of the company. The responsibility for the management of operational risks in practice lies with the business units. The company carries out risk surveys regularly and updates its business contingency plan on a continuous basis.

Outlook

The outlook for the global economy has weakened quickly and Finland's economy is also expected to enter into a recession in 2009. There is significant uncertainty linked to the economic outlook and operational environment.

The significant and sudden weakening of the economic outlook will cause increasing credit losses in insurance premiums as well as in client financing loans and guarantee insurance. Especially the performance bonds and latent defects insurance of smaller construction companies may cause losses over the coming years. Credit losses may also result from corporate bonds.

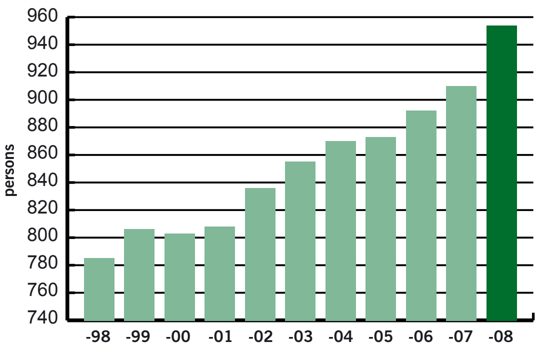
The company's more efficient profitability measures produced results in 2008 and the main focus areas for the current year, in addition to a cautious investment policy, include risk management and the continuation of the profitability measures.

Recent developments

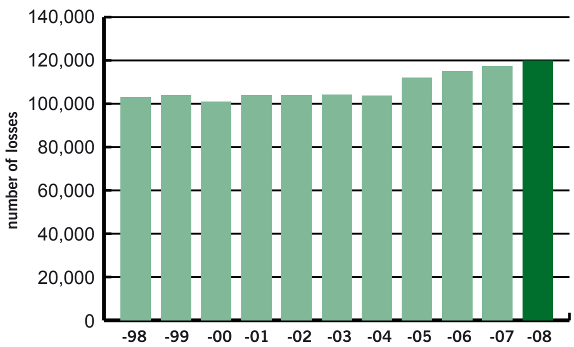
In 2009, the operations of Fennia Group's head offices transferred to new facilities in the Business Centre Pasilan Visio. The move went well and work was started efficiently in bright, modern facilities directly after Twelfth Day.

Fennia Life's Board of Directors has decided to apply for additional capitalisation from the shareholders in order to ensure a return on investments according to investment objectives.

Development of number of personnel



Development of number of losses



Profit and Loss Account 1 Jan. 2008–31 Dec. 2008

EUR 1,000	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007	Notes
Technical Account					2
Non-life Insurance					
Premiums earned					
Premiums written	346,522	329,968	346,522	329,968	1
Reinsurers' share	-10,419	-10,873	-10,419	-10,873	
	336,103	319,095	336,103	319,095	
Change in the provision for unearned premiums	-1,440	-2,557	-1,440	-2,557	
Premiums earned in total	334,663	316,537	334,663	316,537	
Claims incurred					
Claims paid	-263,594	-245,235	-263,594	-245,235	
Reinsurers' share	10,130	6,856	10,130	6,856	
	-253,464	-238,380	-253,464	-238,380	
Change in the provision for outstanding claims	-28,229	-56,819	-28,229	-56,819	
Reinsurers' share	-2,741	5,073	-2,741	5,073	
	-30,970	-51,746	-30,970	-51,746	
Claims incurred in total	-284,434	-290,126	-284,434	-290,126	
Change in collective guarantee item	-468	-450	-468	-450	
Net operating expenses	-68,261	-64,705	-68,261	-64,705	4
Balance on technical account before the change in equalisation provision	-18,501	-38,743	-18,501	-38,743	
Change in equalisation provision	-3,363	13,086	-3,363	13,086	
Balance on technical account	-21,863	-25,657	-21,863	-25,657	

EUR 1,000	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007	Notes
Technical Account					
Life Insurance					
Premiums written					
Premiums written	54,719	63,157			
Reinsurers' share	-512	-457			
Premiums written in total	54,207	62,699			
Share of net investment income	-83,756	39,917			
Other technical income	-	8,000			
Claims incurred					
Claims paid	-75,963	-55,178			
Total change in the provision for outstanding claims	-11,842	-16,421			
Portfolio transfer	-	542			
	-11,842	-15,879			
Claims incurred in total	-87,805	-71,057			
Change in the provision for unearned premiums					
Total change in the provision for unearned					
premiums	98,065	-81,651			
Portfolio transfer	-	58,198			
	98,065	-23,453			
Net operating expenses	-6,721	-6,975			
Balance on technical account	-26,010	9,132			

EUR 1,000	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007	Notes
Non-Technical Account					
Balance on technical account, non-life insurance	-21,863	-25,657			
Balance on technical account, life insurance	-26,010	9,132			
Investment income	100,976	132,484	59,076	76,699	6
Revaluations on investments	1,181	9,298			
Investment charges	-174,659	-47,043	-70,774	-27,404	6
Revaluation adjustments on investments	-23,745	-5,956			
	-96,247	88,783	-11,697	49,295	
Transfer of part of net investment income	83,756	-39,917			
Other income					
Other	2,089	1,362	122	126	
Other charges					
Muut	-1,465	-763	-354	-284	
Share of associated undertakings' profits	142	38			
Tax on profit on ordinary activities					
Tax for the financial year	-351	-8,884	-78	-6,320	
Tax from previous periods	225	532	37	261	
Deferred tax	-663	144			
	-790	-8,209	-41	-6,060	
Profit/loss on ordinary activities	-60,389	24,770	-33,834	17,420	
Appropriations					
Change in depreciation difference			-415	515	
Change in optional reserves			332		
Minority interests	10,024	-3,161			
Profit/loss for the financial year	-50,365	21,609	-33,917	17,935	

Balance Sheet 31 Dec. 2008

EUR 1,000	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007	Notes
ASSETS					
Intangible assets					
Other long-term expenses	17,099	16,906	15,787	15,997	13
Advance payments	5,124	3,767	2,904	3,478	13
	22,222	20,673	18,692	19,475	
Investments					7
Investments in land and buildings					
Land and buildings	152,856	136,761	82,571	74,938	8
Loans to affiliated undertakings			17,596	15,752	8
Loans to associated undertakings	195	90			
	153,051	136,851	100,167	90,690	
Investments in affiliated and associated undertakings					
Equities and holdings in affiliated undertakings			25,179	25,179	9
Equities and holdings in associated undertakings	3,615	601	422	422	9
	3,615	601	25,601	25,601	
Other investments					
Equities and holdings	427,073	497,279	279,215	295,671	12
Debt securities	949,035	938,910	597,912	591,346	
Loans guaranteed by mortgages	737	800	737	800	
Other loans	4,077	1,842	4,077	1,842	10
Deposits with credit institutions	14,810	15,480	9,200	5,700	
	1,395,732	1,454,312	891,141	895,360	
Deposits with ceding undertakings	49	60	49	60	
Investments in total	1,552,446	1,591,823	1,016,958	1,011,710	
Investments covering unit-linked insurances	154,148	225,588			
Debtors					
Arising out of direct insurance operations					
Policyholders	63,183	62,672	62,849	62,319	
Arising out of reinsurance operations	2,078	3,490	2,078	3,490	
Other debtors	35,941	48,930	32,291	32,636	
Deferred tax receivables	295	-			
	101,496	115,091	97,218	98,445	

EUR 1,000	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007	Notes
Other assets					
Tangible assets					
Equipment	7,691	4,851	7,379	4,625	13
Stocks	235	183	223	171	
	7,926	5,034	7,602	4,796	
Cash at bank and in hand	6,223	9,301	3,433	3,180	
	14,149	14,335	11,035	7,976	
Prepayments and accrued income					
Interest and rents	15,030	16,623	9,776	10,936	
Other	7,490	5,303	5,717	3,507	
	22,520	21,926	15,493	14,442	
	1,866,983	1,989,437	1,159,395	1,152,049	

Balance Sheet 31 Dec. 2008

EUR 1,000	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007	Notes
LIABILITIES					
Capital and reserves					15
Initial fund	4,339	4,339	4,339	4,339	
Guarantee capital	3,364	3,364	3,364	3,364	
Revaluation reserve	885	885	885	885	
Security reserve	155,709	137,774	155,709	137,774	
At the disposal of the Board	59	59	59	59	
Profit brought forward	16,600	15,919			
Profit/loss for the financial year	-50,365	21,609	-33,917	17,935	
	130,591	183,948	130,439	164,355	
Appropriations					
Accumulated depreciation difference			2,028	1,613	
Optional reserves			-	332	
			2,028	1,945	
Minority interests	18,023	30,329			
Technical provisions					
Non-life insurance: Provision for unearned premiums	102,016	100,576	102,016	100,576	
Life-insurance: Provision for unearned premiums	404,539	430,625			
Non-life insurance: Claims outstanding	692,212	663,983	692,212	663,983	
Reinsurers' share	-3,803	-6,544	-3,803	-6,544	
	688,409	657,438	688,409	657,438	
Life insurance: Claims outstanding	121,297	110,039			
Equalisation provision, non-life insurance	184,977	181,615	184,977	181,615	
Collective guarantee item, non-life insurance	12,158	11,691	12,158	11,691	
Technical provisions in total	1,513,396	1,491,984	987,560	951,320	
Technical provisions for unit-linked insurances	155,581	226,976			
Creditors					
Arising out of reinsurance operations	2,027	2,296	1,764	2,082	
Other creditors	20,423	32,388	18,633	12,960	
Deferred tax	6,250	498			
	28,701	35,182	20,397	15,042	
Accruals and deferred income	20,692	21,019	18,971	19,386	
	1,866,983	1,989,437	1,159,395	1,152,049	

Parent Company Cash Flow Statement

EUR 1,000	2008	2007
Indirect cash flow statement		
Cash flow from business operations		
Profit/loss on ordinary activities	-33,834	17,420
Adjustments		
Change in technical provisions	36,240	41,667
Value adjustments and revaluations on investments	49,426	4,751
Depreciation according to plan	7,389	6,699
Other	-66	-6,616
Cash flow before change in net working capital	59,156	63,921
Change in net working capital:		
Increase/decrease in non-interest-earning receivables	2,904	-18,667
Increase in non-interest-earning payables	7,436	3,402
Cash flow from business operations before financial items and taxes	69,496	48,656
Interest paid on other financial expenses from operations	-333	-265
Taxes	-4,192	-6,334
Cash flow from business operations	64,971	42,057
Cash flow from capital expenditures		
Capital expenditure on investments (excl. funds)	-57,715	-47,403
Capital gain from investments (excl. funds)	440	12,941
Investments and income from the sale of tangible and intangible assets and other assets (net)	-7,444	-6,565
Cash flow from capital expenditures	-64,718	-41,027
Change in funds	253	1,030
Funds on 1 Jan.	3,180	2,150
Funds on 31 Dec.	3,433	3,180
	253	1,030

Accounting Principles

The Financial Statements have been compiled in accordance with the Finnish Accounting Act, Companies Act and Insurance Companies Act as well as decisions, instructions and regulations of the Ministry of Social Affairs and Health and the Insurance Supervision Authority.

Book value of investments

The variable expenses arising from acquisition are included in acquisition costs.

Buildings and structures are presented in the Balance Sheet at the lower of acquisition cost less planned depreciation or current value. Real estate shares and land and water areas are presented at the lower of acquisition cost or current value. Planned depreciation is made on revaluations entered as income arising from buildings.

Stocks and shares in the nature of investments are presented at the lower of acquisition cost or current value. Stocks and shares in the nature of fixed assets are entered at the lower of acquisition cost or current value, if the value adjustment is considered permanent. The acquisition cost is calculated using the average price.

Debt securities are entered in the Balance Sheet at acquisition cost. The difference between par value and acquisition cost is accrued as interest income, or interest payable, over the life of the debt security instrument, and is entered as an increase or decrease of their acquisition cost. The acquisition cost is calculated using the average price. Changes in value arising from the variation in interest rates are not entered. The value adjustments connected to the issuer's creditworthiness are entered as profit or loss.

Value adjustments that have been made earlier are readjusted to the original acquisition cost and entered with the impact on the result if the current value increases.

Derivative contracts are mainly used for hedging investment portfolios. In accounting terms, however, they are handled as non-hedging instruments. The profits and losses resulting from the termination or expiry of contracts are entered as income or expenses for the financial year. The negative difference between the current value of non-hedging derivative contracts and a higher book value/contract rate is entered as an expense. Unrealised income is not entered.

Investments covering unit-linked insurances are valued at their current value.

Book value of other assets than investments

Intangible assets and equipment are entered in the Balance Sheet at acquisition cost less planned depreciation. The variable expenses arising from acquisition are included in acquisition costs.

Premium receivables are presented in the Balance Sheet at probable value and other receivables at their par value, or at a probable value permanently lower than this. Receivables that, on the basis of experience from previous years, are likely to expire have been deducted from the par value of premium receivables, resulting in their probable value. However, receivables that are likely to remain unsettled are entered as credit loss.

Depreciation according to plan

Depreciation according to plan is calculated as a straight-line depreciation on the acquisition cost based on the estimated economic life of the asset. The average estimated depreciation times are as follows:

Intangible rights (computer software)	3–7 years
IT systems work expenses	7 years
Other long-term expenses	10 years
Business and industrial premises and offices	30–40 years
Components in buildings	10–15 years
Vehicles and computer hardware	3–5 years
Office machinery and equipment	7 years

Revaluations on investments

Revaluations and revaluation adjustments on investments in the nature of investment assets and on investments covering unit-linked insurances are entered with impact on the result. Revaluations on investments in the nature of fixed assets and their reversals are entered in the revaluation reserve under restricted capital and reserves. Planned depreciation is made on revaluations entered as income arising from buildings.

Current value of investments

The current values of real estate are defined by site. The current values of a significant part of real estate are assessed every few years. The assessments are carried out by a Finnish company specialising in real estate assessment in addition to its other operations. The current values of the real estate are defined on the basis of the assessments of each site. The current value of other real estate is determined annually by the Group's own experts mainly on the basis of regional market value statistics. Due to the economic situation, prudent valuation has been used in the Financial Statements and the current value has been increased only for such objects whose earlier current value was significantly lower than the current values according to the new assessments.

Shares and participations in a life insurance company, which is a subsidiary, are valued at the cautiously estimated market price, which is based on the subsidiary's net asset value.

Quoted securities and securities that are otherwise subject to public trading are valued at the last bid price in continuous trading on the Balance Sheet date or, if this is not available, at the latest trading price. Unquoted securities are valued at the estimated market price, the undepreciated portion of acquisition cost or a value based on net asset value.

Derivative contracts are valued at their current value on the date of closing the accounts. The non-hedging derivatives' possible maximum loss is deducted from the solvency margin.

Receivables are valued at the lower of par value or probable value.

Foreign currency items

Transactions in foreign currency are entered at the exchange rate of the transaction date. In the annual closing of the accounts, currency-denominated receivables and liabilities and current values of investments have been translated into euro using the European Central Bank's average rate on the date of closing the accounts.

Exchange rate gains and losses arising during the financial period and the closing of the accounts are entered as adjustments to income and expenses concerned or as investment income and charges, if they are related to financing operations. Currency conversion differences on the technical account have not been transferred to the investment income/charges on the profit and loss account. This has no impact on the profit and loss account, giving a true and fair view of the results.

Staff pension schemes

Pension insurance cover has been arranged for the staff of the Group companies by means of TyEL insurance with Mutual Insurance Company Pension-Fennia. Pension insurance premiums are entered in the profit and loss account on the accrual basis.

Appropriations and treatment of deferred tax

Finnish legislation allows certain optional untaxed reserves and depreciation above plan to be made in the final accounts. In the final accounts of the Group companies, deferred tax is not deducted from appropriations, revaluations transferred to reserves and valuation differences on investments. Revaluations entered as income are taxable income. Deferred tax receivables arising from timing differences between accounting and taxation are not presented in the final accounts of the Group companies in accordance with the principle of prudence, and the Group companies have no corresponding deferred tax liabilities. The deferred tax liabilities and deferred tax receivables resulting from consolidation measures, revaluations transferred to reserves and timing differences are entered in the consolidated accounts.

In the consolidated accounts, optional reserves and depreciation difference are divided into the change in deferred tax and share of profit/loss for the financial year, and deferred tax and share of capital and reserves. The rate of tax used is 26 per cent.

Non-life insurance: Claims outstanding

Claims outstanding include the claims payable by the company after the financial year, arising from major losses and other insured events that have occurred during or before the financial year.

The provision for outstanding claims pertaining to annuities is calculated by discounting, applying an interest rate of 3.5 per cent. Discounting is not applied to other parts of the provision for outstanding claims.

The provision for claims outstanding includes the equalisation provision, which has to be shown separately in the Balance Sheet. The equalisation provision is a buffer for years when large numbers of losses occur. The amount of the equalisation provision is determined on the calculation bases prescribed for the company by the Insurance Supervisory Authority. The regulations for the year 2008 were changed so that the interest rate for the equalisation provision at year beginning is now 1.5 per cent instead of the earlier 4 per cent.

Technical provisions in life insurance

The calculation of technical provisions complies with the provisions and instructions of the Insurance Companies Act, the Ministry of Social Affairs and Health and the Insurance Supervisory Authority.

No technical rate of interest is applied to unit-linked insurances. For other insurances, technical provisions are calculated separately for each insurance and the technical rate of interest applied varies as follows:

In individual life and pension insurance, including capital redemption insurance, the interest rate applied is 4.5 per cent for contracts that have commenced before 1 January 1999 and 3.5 per cent for contracts that have commenced after this, and 2.5 per cent for contracts that have commenced after 1 March 2003. In some redemption contracts, the interest rate applied is 2 per cent.

In insurance for unregistered supplementary group pension, the interest rate is 3.5 per cent. For technical provisions accrued before 1 January 1999, the impact of the change in the interest rate (from 4.25% to 3.5%) has been capitalised under technical provisions and will be written off through straight-lined depreciation over a period of 15 years.

In order to lower the technical interest rate requirement for individual pension insurance contracts that have commenced before 1 January 1999, technical provisions were increased by EUR 10 million in 2007, resulting in a return requirement for these contracts of approximately 3.6 per cent.

Deferred acquisition costs have been deducted from the premium reserve in individual life and pension insurance. The amortisation period of this zillmerisation is insurance-specific and at maximum 7 years. The zillmerisation has been planned in such a manner that the future expense loading will suffice to cover related amortisation.

Principle of Fairness

According to the Insurance Companies Act, Chapter 13, Section 2, a so-called Principle of Fairness must be observed in life insurance with respect to such policies which, according to the insurance contract, entitle to bonuses and rebates granted on the basis of any surplus yielded by the policies. This principle requires that a reasonable part of the surplus has to be returned to these policies as bonuses, if the solvency requirements do not prevent it.

Fennia Life's Principle of Fairness and bonus objectives were adjusted beginning 1 January 2009. The present market situation, continuity in the level of bonuses as well as the company's solvency goal and the goal for return on capital and reserves, as specified by the owners, are considered in the new objectives. In addition, the rules for distributing bonuses are clarified between the different types of insurance and the undertaken technical interest rates.

Fennia Life aims at giving a long-term gross return according to at least a riskless interest rate on policyholders' with-profit insurance savings. The duration of the insurance and the surrender right are taken into account in distributing bonuses. The yield to be distributed to clients is determined based on the company's long-term net income on investments.

The total interest rate consists of the technical interest rate and additional interest rate on the insurance contract in question. The level of technical interest for the contract is taken into account in the amount of additional interest to be paid on the insurance. When the company's net income from investments is low, the level of distributed bonuses is reduced. Thus the total interest rate of insurance policies with lower technical interest rates may remain below the highest technical interest rate. When the net income from investments is high, insurance policies with lower technical interest rates may be credited a higher total interest rate than insurance policies with higher technical interest rates.

The aim is to retain continuity in the level of bonuses paid, as a result of which the surplus from returns on investments can be accrued as distributable bonuses for the group of insured in question for the coming years.

The company's aim is to achieve competitive bonuses in comparison with other insurance companies and other low-risk forms of investment.

The level of bonuses is limited by the owners' requirements for return on capital, as well as the company's solvency goal. The solvency goal is set so that all of the solvency limits set by legislation are exceeded and so that the company is able to take risks in its investment operations to the extent that the investment plan requires in order to achieve the annually targeted return.

Fennia Life's Board of Directors confirms the amount of additional interest rate on a quarterly basis in advance. However, the amount of future bonuses can be changed in the middle of a quarter if necessitated by the company's solvency or the general market situation.

In risk life insurances, the Principle of Fairness can be applied, on the part of death covers, to specified insurance groups in the form of increased compensation.

Bonus objectives are not binding and are not part of the insurance contract between the company and the policyholder. The bonus objectives are in force until further notice and the company reserves the right to alter the bonus objectives.

Consolidated accounts

Fennia's consolidated accounts include the Parent Company and all the subsidiaries in which the Parent Company either directly or indirectly holds more than half of the voting rights. Fennia Life Insurance Company Ltd belongs to the Group as a subsidiary. The accounts of Fennia Life and its subsidiaries are consolidated with the Group's accounts on the basis of the consolidated accounts of the Fennia Life sub-group. eFennia Oy is a subsidiary of Fennia (holding 20%, voting rights 63.6%). The other subsidiaries included in the consolidated accounts are real estate companies. At the end of 2008, the Group had 17 real estate companies, 12 of which belonged to the Fennia Life sub-group. The planned depreciations made in the accounts of the real estate subsidiaries differ from those made in the Parent Company in terms of depreciation times. In the subsidiaries the depreciation time for buildings is 20–75 years and for building components 10–20 years.

The consolidated accounts have been drawn up as combinations of the profit and loss accounts, balance sheets and notes of the Parent Company and the subsidiaries. Amounts due to or from group companies, internal gains and losses, profit distribution and intra-group cross-shareholdings have been eliminated. Minority interests in results and in capital and reserves are presented as separate items. Intra-group cross-shareholdings are eliminated by using the acquisition method. The consolidation difference is entered under the fixed asset items concerned and depreciated according to their depreciation plan. The unallocated part of goodwill on consolidation has been written off.

In the accounts of the real estate subsidiaries, the revaluations at the time of acquisition have been reversed, as they have affected the acquisition price of the shares.

The companies in which the Group holds 20–50 per cent of the voting rights have been included in the consolidated accounts as associated companies by using the equity method of accounting. However, holdings (20–50%) in mutual real estate companies and property companies are not included. This has no significant impact on the Group's results and capital and reserves.

Notes to the Accounts, Parent Company

NOTES TO THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET

EUR 1,000	2008	2007
1. Premiums written		
Non-life Insurance		
Direct insurance		
Finland	345,609	329,074
Reinsurance	912	893
Gross premiums written before reinsurers' share	346,522	329,968

2. Balance on technical account by group of insurance class

Group of insurance class EUR 1,000	Year	Premiums written before reinsurers' share	Gross premiums earned before reinsurers' share	Gross claims incurred before reinsurers' share	Gross operating expenses before reinsurers' commissions and profit participation	Reinsurance balance	Balance on technical account before change in guarantee item and equalisation provision
Statutory accident insurance	2008	87,785	87,836	-83,168	-8,424	-408	-4,164
(workers' compensation)	2007	81,841	81,871	-69,996	-7,822	-351	3,702
	2006	89,412	89,362	-73,380	-9,979	-290	5,714
Non-statutory accident	2008	21,569	20,315	-23,488	-6,692	-78	-9,944
and health	2007	18,402	17,470	-18,178	-5,880	-72	-6,660
	2006	16,424	16,022	-14,757	-6,800	-83	-5,618
Motor	2008	69,730	71,952	-62,981	-16,592	-444	-8,065
liability	2007	68,736	71,170	-79,497	-16,341	-368	-25,035
	2006	72,522	68,707	-67,326	-12,656	-667	-11,942
Motor,	2008	60,866	59,879	-50,709	-13,614	1,249	-3,194
other classes	2007	59,479	57,476	-51,609	-12,794	78	-6,849
	2006	52,632	52,481	-42,164	-9,362	-89	866
Fire and other	2008	64,750	64,000	-49,068	-16,132	-2,134	-3,334
damage to property	2007	61,240	60,201	-54,834	-15,231	1,989	-7,875
	2006	57,505	55,969	-47,356	-17,288	-2,297	-10,971
General liability	2008	20,653	20,071	-11,096	-3,315	634	6,295
	2007	19,888	19,185	-11,830	-3,078	171	4,448
	2006	19,209	17,932	-15,224	-3,211	-744	-1,247
Other	2008	20,257	20,108	-10,517	-4,989	-204	4,397
	2007	19,488	19,163	-15,309	-4,829	1,035	61
	2006	18,027	17,654	-10,879	-5,139	-532	1,104
Direct insurance	2008	345,609	344,161	-291,027	-69,757	-1,385	-18,008
total	2007	329,074	326,536	-301,252	-65,974	2,482	-38,208
	2006	325,732	318,127	-271,085	-64,434	-4,702	-22,095
Reinsurance	2008	912	921	-796	-150		-25
	2007	893	874	-802	-157		-86
	2006	862	856	-283	-141	-2	430
TOTAL	2008	346,522	345,082	-291,824	-69,907	-1,385	-18,033
	2007	329,968	327,410	-302,054	-66,132	2,482	-38,294
	2006	326,594	318,984	-271,369	-64,576	-4,704	-21,665
Change in collective	2008						-468
guarantee item	2007						-450
	2006						-432
Change in equalisation	2008						-3,363
provision	2007						13,086
	2006						-4,715
Balance on	2008						-21,863
technical account	2007						-25,657
	2006						-26,813

EUR 1,000	2008	2007
3. Items deducted from premiums written		
Credit loss on outstanding premiums	2,958	5,035
Pay-as-you-go premiums	22,163	21,351
Premium tax	52,271	49,728
Fire brigade charge	730	701
Traffic safety charge	785	740
Industrial safety charge	1,598	1,477
	80,505	79,032
4. Operating expenses		
Total operating expenses by activity		
Claims paid	25,860	21,906
Net operating expenses	68,261	64,705
Investment charges	2,162	2,278
Other charges	255	162
Total	96,539	89,051
Depreciation according to plan by activity		
Claims paid	2,091	1,750
Net operating expenses	3,173	2,760
Investment charges	156	161
Total	5,421	4,672
Operating expenses in Profit and Loss Account		
Policy acquisition costs		
Direct insurance commissions	3,447	2,992
Commissions on reinsurance assumed and profit sharing	30	37
Other policy acquisition costs	29,317	26,306
Total	32,794	29,335
Policy management expenses	24,039	21,922
Administrative expenses	13,074	14,875
Commissions on reinsurance ceded and profit sharing	-1,646	-1,426
Total	68,261	64,705

EUR 1,000	2008	2007
5. Staff expenses, personnel and executives		
Staff expenses		
Salaries and commissions	42,222	40,782
Pension expenses	7,172	6,987
Other social expenses	4,034	4,424
Total	53,428	52,193
Executives' salaries and commissions		
Managing Director and substitute for the Managing Director	499	500
Board of Directors	128	171
Supervisory Board	145	81
	772	753

No loans have been granted to the Managing Director or to the Board of Directors.

There are no guarantee or liability commitments affecting the Managing Director or the Board of Directors.

The age of retirement of the Managing Director is 63.

	2008	2007
Average number of personnel during the financial year		
Office personnel	412	377
Sales personnel	542	533
	954	910
Auditors' commissions		
Audit	46	
Tax consulting	4	
	51	

Related party transactions

Mutual Insurance Company Pension Fennia is a related party.

The transactions have been conducted according to standard business practices.

EUR 1,000	2008	2007
6. Net investment income		
Investment income		
Income from investments in affiliated undertakings		
Dividend income	120	114
Income from investments in land and buildings		
Interest income		
From affiliated undertakings	679	336
Other income		
From affiliated undertakings	-	25
From other undertakings	10,151	9,263
	10,830	9,624
Income from other investments		
Dividend income	3,995	10,826
Interest income	28,505	26,018
Other income	1,250	3,790
	33,750	40,634
Total	44,699	50,373
Value readjustments	1,710	1,738
Gains on realisation of investments	12,668	24,589
TOTAL	59,076	76,699
Investment charges		
Charges arising from investments in land and buildings		
To affiliated undertakings	-675	-636
To other undertakings	-2,599	-2,889
	-3,274	-3,524
Charges arising from other investments	-1,835	-3,450
Interest and other expenses on liabilities		
To other undertakings	-333	-265
	-333	-265
Total	-5,442	-7,240
Value adjustments and depreciations		
Value adjustments on investments	-51,136	-6,489
Planned depreciation on buildings	-1,969	-2,028
	-53,104	-8,516
Losses on realisation of investments	-12,228	-11,648
TOTAL	-70,774	-27,404
Net investment income on the Profit and Loss Account	-11,697	49,295

	Investments 31 Dec. 2008			Investments 31 Dec. 2007		
EUR 1,000	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
7. Current value and valuation difference on investments						
Investments in land and buildings						
Real estate	25,773	38,894	63,652	26,781	40,354	56,652
Real estate shares in affiliated undertakings	36,449	36,449	38,698	27,298	27,298	29,303
Real estate shares in associated undertakings	3,821	3,871	6,051	3,771	3,821	6,051
Other real estate shares	3,065	3,358	4,559	3,171	3,464	4,689
Loans from affiliated undertakings	17,596	17,596	17,596	15,752	15,752	15,752
Investments in affiliated undertakings						
Equities and holdings	25,179	25,179	32,675	25,179	25,179	45,694
Investments in associated undertakings						
Equities and holdings	422	422	422	422	422	422
Other investments						
Equities and holdings	279,215	279,215	289,760	295,671	295,671	333,025
Debt securities	597,912	597,912	588,627	591,346	591,346	582,988
Loans guaranteed by mortgages	737	737	737	800	800	800
Other loans	4,077	4,077	4,077	1,842	1,842	1,842
Deposits with credit institutions	9,200	9,200	9,200	5,700	5,700	5,700
Deposits with ceding undertakings	49	49	49	60	60	60
	1,003,494	1,016,958	1,056,102	997,794	1,011,710	1,082,976
The remaining acquisition cost of debt securities comprises the difference between the amount repayable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (-)	3,822			991		
Book value comprises						
Revaluations entered as income		12,478			12,931	
Other revaluations		986			986	
		13,464			13,916	
Valuation difference (difference between current value and book value)			39,145			71,266
Valuation difference on non-hedging derivatives			298			-

EUR 1,000	Land and buildings and real estate shares	Loans to affiliated undertakings
8. Investments in land and buildings		
Acquisition cost, 1 Jan.	87,251	15,752
Increase	10,557	3,410
Decrease	-4,383	-1,566
Acquisition cost, 31 Dec.	93,425	17,596
Accumulated depreciation, 1 Jan.	-27,497	
Depreciation for the financial year	-1,969	
Accumulated depreciation, 31 Dec.	-29,465	
Value adjustments, 1 Jan.	-6,351	
Value adjustments related to decreases and transfers	3,427	
Value adjustments, 31 Dec.	-2,923	
Revaluations, 1 Jan.	21,535	
Revaluations, 31 Dec.	21,535	
Book value, 31 Dec.	82,571	17,596
Land and buildings and real estate shares occupied for own activities:		
Remaining acquisition cost	5,050	
Book value	5,767	
Current value	7,028	

EUR 1,000	Equities and holdings in affiliated undertakings	Equities and holdings in associated undertakings
9. Investments in affiliated and associated undertakings		
Acquisition cost, 1 Jan.	25,179	422
Acquisition cost, 31 Dec.	25,179	422
Book value, 31 Dec.	25,179	422

10. Other investments	**2008**	**2007**
Other loans by security		
Other security	4,077	1,842
	4,077	1,842

11. Debtors		
Other debtors		
Affiliated undertakings	20	640

EUR 1,000	Holding %	Book value 31 Dec. 2008	Current value 31 Dec. 2008
12. Equities and holdings in other companies			
Other investments			
Domestic equities and holdings			
Aloitusrahasto Vera Oy	0.6791	500	500
Mutual Insurance Company Pension-Fennia		1,689	1,689
F-Musiikki Oy		553	553
Kytäjä Golf Oy	2.8750	575	575
Panostaja Oyj	8.0950	2,398	2,534
Uudenmaan Pääomarahasto Oy	17.3483	2,000	2,000
Unit trusts			
Aberdeen Indirect Property Partners		1,136	1,136
Aberdeen International Asia Pacific Fund A2		689	713
Aktia America B		648	648
Aktia Inflation Bond+ D		4,002	4,314
Avenir B		1,976	3,030
BGF European Fund A2		833	833
Bluebay Emerging Market Bond Fund R		29,500	29,500
Bluebay High Yield Bond Fund R		34,497	34,497
Brevan Howard Fund Class B		1,800	2,657
Cognis I Fund Class B Series 1		1,491	1,491
CQS Capital Structure Arbitrage Feeder Fund A		1,625	1,625
Eaton Vance Emerald – US Value Fund A2		1,757	1,757
EPI Baltic I Oy		561	561
eQ Arvonkasvattajat 2 K		1,000	1,168
eQ Eurooppa Osinko 1 K		659	659
eQ Pikkujättiläiset 2 K		1,933	2,203
Evli Alpha Bond B		2,833	2,833
Fidelity Active Strategy – Europe Fund		677	677
Fidelity Funds – European High Yield Fund A Acc		2,578	2,578
FIM Brazil Sijoitusrahasto		556	556
FIM Euro High Yield Erikoissijoitusrahasto		5,373	5,373
FIM Fenno Sijoitusrahasto		575	575
FIM Korko Optimaattori Erikoissijoitusrahasto K		995	995
FIM Unioni Sijoitusrahasto		2,154	2,154
FIM Visio Sijoitusrahasto		965	965
Fourton Odysseus		1,021	1,089
Franklin U.S. Opportunities Fund		801	801
GLG European Long-Short Fund I		1,200	1,210
Global Advantage Emerging Markets High Value Subfund		628	628
Goldman Sachs Global Emerging Markets Debt Portfolio		9,900	10,997
Handelsbanken Euro-Obligaatio A/1000		6,722	7,205
Icecapital Euro Floating Rate B		1,819	1,819

EUR 1,000	Holding %	Book value 31 Dec. 2008	Current value 31 Dec. 2008
Icecapital European Stock Index B		1,332	1,332
Icecapital Global Utilities & Energy B		1,500	2,290
iShares Russell 1000 Growth Fund ETF		666	666
JPMorgan Funds – Emerging Markets Equity A (acc) – USD		1,884	1,884
JPMorgan Funds – Europe Dynamic Mega Cap A (acc) – EUR		3,281	3,281
JPMorgan Funds – US Select 130/30 A acc-USD		2,324	2,324
Kauppakeskuskiinteistöt FEA Ky		13,936	13,936
O'Connor Market Neutral Long/Short M1		1,800	2,374
Odin Finland		581	581
OMXH25-indeksiosuus		1,286	1,286
OP-High Yield -sijoitusrahasto A		1,855	1,855
Pictet Funds (LUX) Emerging Markets-P Cap-EUR		1,334	1,334
Pictet Funds (LUX) Global Emerging Debt HP Cap		5,000	5,450
Pictet Funds (LUX) – US Equity Selection-P Cap-USD		999	999
SEB Gyllenberg European Equity Value B		2,288	2,288
SEB Gyllenberg Money Manager A		31,386	31,386
SEB Gyllenberg Money Manager Plus BI		15,300	15,406
SEB Hedge Fund of Funds Moderate (€) Sarja I		8,070	8,863
SEB Lux (F) Europafond		1,544	1,544
Seligson & Co Rahamarkkinarahasto A		9,845	10,193
Sponda Kiinteistörahasto I Ky		6,364	6,364
SPY Standard & Poors Depository 500 Index Series 1		1,861	1,861
T.Rowe Price US Large Cap Growth A		1,569	1,569
UBS Neutral Alpha Strategies (Euro) Ltd - Class B Series 1		5,000	5,207
XACT FTSE RAFI Fundamental Euro ETF		518	518
XMTCH (Lux) FCP – XMTCH (Lux) on MSCI EMU Large Cap Units		929	929
Capital trusts			
Access Capital LP		395	2,483
Auda Capital III L.P.		2,126	2,126
Duke Street Capital VI LP		1,567	1,567
Fennia Avainrahasto Ky		772	772
MB Equity Fund III Ky		701	759
Midinvest Fund II Ky		709	709
Nexit Infocom 2000 Fund Limited Partnership		730	730
Nokia Venture Partners II L.P.		734	734
Partners Group European Buyout		1,097	1,097
Permira Europe II LP2		1,225	1,225
Permira Europe IV LP2		529	529
The First European Fund Investments UK Ltd Partnership		1,534	1,534
The Triton Fund II L.P.		1,579	1,579
Other		12,446	13,100
		279,215	289,760

EUR 1,000	Other long-term expenses	Advance payments	Equipment	Total
13. Changes in intangible and tangible assets				
Acquisition cost, 1 Jan. 2008	23,235	3,478	12,946	39,659
Increase	3,413	1,968	4,804	10,185
Decrease	-	-2,541	-3,400	-5,941
Acquisition cost, 31 Dec. 2008	26,648	2,904	14,350	43,903
Accumulated depreciation, 1 Jan. 2008	-7,238	-	-8,321	-15,559
Accumulated depreciation related to decreases and transfers	-	-	3,147	3,147
Depreciation for the financial year	-3,623	-	-1,798	-5,421
Accumulated depreciation, 31 Dec. 2008	-10,861	-	-6,972	-17,832
Book value, 31 Dec. 2008	15,787	2,904	7,379	26,071

EUR 1,000	2008	2007
14. Key figures pertaining to solvency		
Solvency margin		
Capital and reserves after proposed profit distribution	130,439	164,355
Accumulated appropriations	2,028	1,945
Valuation difference between current value and Balance Sheet book value of assets	39,443	71,266
Capitalised intangibles	-18,692	-19,475
	153,218	218,092
Minimum solvency margin required under the Finnish Insurance Companies Act, Chapter 11, Section 7	67,366	63,937
Equalisation provision for years with large numbers of losses included in technical provisions	184,977	181,615
Equalisation provision to its full value (%)	48%	51%
Solvency ratio (%)		
Solvency margin and equalisation provision to premiums earned from the preceding 12 months		
– for the year 2008	101%	
– for the year 2007	126%	
– for the year 2006	127%	
– for the year 2005	134%	
– for the year 2004	135%	

EUR 1,000	2008
15. Capital and reserves	
Restricted	
Initial fund, 1 Jan. / 31 Dec.	4,339
Guarantee capital, 1 Jan. / 31 Dec.	3,364
Revaluation reserve, 1 Jan. / 31 Dec.	885
Restricted in total	8,587
Non-restricted	
Security reserve, 1 Jan. 2008	137,774
Transfer from profit brought forward	17,935
Security reserve, 31 Dec. 2008	155,709
At the disposal of the Board, 1 Jan. / 31 Dec.	59
Profit brought forward	-
Profit for financial year	17,935
Transfer to security reserve	-17,935
Profit brought forward	-
Loss for the financial year	-33,917
Non-restricted in total	121,851
Capital and reserves in total	130,439
Revaluation reserve, 31 Dec. 2008	
Revaluations on investments	458
Revaluations on fixed assets	426
	885
Distributable profit, 31 Dec. 2008	
Loss for the financial year	-33,917
Security reserve	155,709
At the disposal of the Board	59
	121,851

EUR 1,000	2008	2007
16. Creditors		
Other creditors		
Affiliated undertakings	785	1,389
17. Guarantee and liability commitments		
Own liabilities		
Liabilities from derivative contracts		
Currency derivatives		
Forward and futures contracts		
Value of underlying instrument	13,293	-
Current value	298	-
Leasing and leasehold commitments	5,902	6,900
Other liabilities		
As regards VAT group registration, the company is responsible for the value-added tax payable by the group jointly with the other members of the value-added tax liability group of Varma Mutual Pension Insurance Company		
Affiliated undertakings	235	151
Other undertakings	9,534	-704
Adjustment liability of real estate investment VAT according to Section 120	314	518
Investment commitments		
Commitment to invest in equity funds	28,156	35,132

Key Figures

GROUP ANALYSIS OF RESULTS (EUR million)	2004	2005	2006	2007	2008
Non-life Insurance					
Premiums earned	251	286	314	317	335
Claims incurred	-217	-239	-271	-290	-284
Net operating expenses	-54	-60	-65	-65	-68
Other technical underwriting income (net)	0	0	0	0	0
Balance on technical account before the change in equalisation provision	**-20**	**-14**	**-22**	**-39**	**-19**
Investment income (net), revaluations	43	45	48	49	-12
Other income (net)	0	1	0	1	1
Share of associated undertakings' profit	0	0	0	0	0
Operating profit/loss	**22**	**32**	**27**	**11**	**-30**
Change in equalisation provision	-14	-20	-5	13	-3
Non-life insurance profit/loss before extraordinary items	**9**	**12**	**22**	**24**	**-34**
Life Insurance					
Premiums written	68	63	70	63	54
Investment income (net), revaluations and					
revaluation adjustments on investments	37	65	57	40	-84
Claims paid	-19	-33	-74	-55	-76
Change in technical provision before bonuses and					
rebates and change in equalisation provision	-71	-73	-31	-22	87
Net operating expenses	-5	-6	-7	-7	-7
Other technical income				8	
Technical underwriting result before bonuses and rebates					
and change in equalisation provision	**11**	**17**	**15**	**26**	**-25**
Other income (net)	0	0	0	0	0
Operating profit/loss	**11**	**17**	**15**	**26**	**-25**
Change in equalisation provision	0	0	-1	-1	-1
Bonuses and rebates	-1	-5	-7	-16	0
Life insurance profit/loss before extraordinary items	**9**	**11**	**8**	**9**	**-26**
Extraordinary income	-	-	-	-	-
Extraordinary charges	-	-	-	-	-
Profit/loss before appropriations and tax	**18**	**23**	**30**	**33**	**-60**
Income tax and other direct tax	0	-4	-7	-8	-1
Minority interests	-4	-4	-3	-3	10
Group's profit/loss for the financial year	**14**	**16**	**20**	**22**	**-50**

KEY FIGURES		2004	2005	2006	2007	2008
Group Key Figures						
Turnover	EUR million	409	468	497	486	309
Premiums written	EUR million	331	360	397	393	401
Operating profit/loss	EUR million	33	49	41	37	-55
Profit/loss before extraordinary items,						
untaxed reserves and tax	EUR million	18	23	30	33	-60
Total result	EUR million		77	42	25	-87
Solvency capital	EUR million	369	432	454	451	362
Average number of personnel		921	945	962	990	1 038
Non-life Insurance Key Figures						
Premiums written	EUR million	262	297	327	330	347
Loss ratio	%	86.3	83.7	86.4	91.7	85.0
Loss ratio excl. unwinding of discount	%		79.8	82.7	87.8	81.0
Expense ratio	%	21.6	21.0	20.5	20.4	20.4
Combined ratio	%	107.9	104.8	106.9	112.1	105.4
Combined ratio excl. unwinding of discount	%		100.9	103.2	108.3	101.4
Operating profit/loss *	EUR million	22	32	27	11	-30
Total result	EUR million		48	27	9	-62
Return on assets	%		5.7	3.6	1.8	-4.1
Net investment income at current value	EUR million		62.8	49.3	48.2	-43.5
income on invested capital	%		6.6	4.7	4.3	-3.8
Solvency margin	EUR million	170	192	204	218	153
Equalisation provision	EUR million	170	190	195	182	185
Solvency capital	EUR million	340	382	399	400	338
of technical provisions	%	55.3	57.8	55.8	51.9	42.1
Solvency ratio	%	135.1	133.7	126.9	126.3	101.1
Average number of personnel		870	873	892	910	954
Life Insurance Key Figures						
Premiums written	EUR million	69	64	70	63	55
Expense ratio (of expense loading) *	%	112.9	99.6	102.1	89.6	90.0
Operating profit/loss *	EUR million	11	17	15	26	-25
Total result	EUR million		27	13	21	-38
Return on assets	%		8.6	5.5	6.4	-3.5
Net investment income at current value	EUR million		38	25	27	-27
income on invested capital	%		8.0	4.9	4.6	-4.4
Solvency margin	EUR million	66	85	89	91	48
Solvency capital	EUR million	68	87	93	95	52
Solvency ratio	%	15.5	18.1	18.2	16.1	9.4
Average number of personnel		24	25	26	27	29

* Key figures according to the consolidated accounts

Investment portfolio at current values	2008 EUR million	%	2007 EUR million	%	2006 EUR million	%	2005 EUR million	%
Loans [1]	22.4	2.1	18.4	1.7	20.5	1.9	18.2	1.9
Bonds [1), 2)]	556.1	52.2	605.6	55.4	589.4	55.9	553.0	56.2
**includes fixed-income funds*	107.4	10.1	96.8	8.8	81.7	7.8	77.5	7.9
Other money market investments and deposits [1), 2), 3)]	201.9	18.9	112.5	10.3	69.3	6.6	86.8	8.8
**includes fixed-income funds*	57.0	5.3	39.8	3.6	32.3	3.1	70.1	7.1
Equities and holdings	109.8	10.3	171.7	15.7	197.5	18.7	173.1	17.6
Investments in land and buildings [4]	135.0	12.7	109.0	10.0	113.2	10.7	113.1	11.5
**includes unit trusts and UCITS*	22.0	2.1	12.3	1.1	4.1	0.4	0.6	0.1
Other investments	40.6	3.8	76.6	7.0	64.1	6.1	40.6	4.1
Investments in total	**1,065.8**	**97.4**	**1,093.8**	**100.0**	**1,054.0**	**100.0**	**984.7**	**100.0**
Modified duration of the bond portfolio	**3.83**		**4.01**		**4.05**		**4.03**	

1) Includes accrued interests.

2) Of fixed-income funds, long-term funds are included in bonds and short-term funds are included in other money market investments.

3) Includes deposits included in Investments in the Balance Sheet.

4) Includes investments in those unit trusts and comparable UCITS that invest in real estate and real estate undertakings.

Net investment income	2008 EUR million	2007 EUR million	2006 EUR million	2005 EUR million
Direct net income	**39.3**	**43.1**	**35.5**	**26.7**
Loans	1.1	0.4	0.4	0.4
Bonds	22.5	21.2	16.6	16.2
Other money market investments and deposits	6.7	4.4	2.3	2.3
Equities and holdings	2.1	9.8	10.9	7.5
Investments in land and buildings	8.4	6.9	5.2	4.1
Other investments	-0.4	1.9	1.7	-2.3
Sundry income, charges and operating expenses	-1.1	-1.4	-1.6	-1.4
Changes in value in the accounts [1]	**-51.0**	**6.2**	**13.1**	**19.0**
Equities and holdings	-26.9	11.6	12.1	7.0
Bonds	-19.4	-9.0	0.9	13.1
Investments in land and buildings	-4.9	3.9	0.1	-1.8
Other investments	0.2	-0.4	0.0	0.7
Net investment income at book value	**-11.7**	**49.3**	**48.7**	**45.7**
Change in valuation differences [2]	**-31.8**	**-1.1**	**0.6**	**17.1**
Equities and holdings	-29.5	-2.0	5.3	18.2
Bonds	-3.7	-2.6	-8.6	-3.7
Investment in land and buildings	8.6	-1.9	1.3	0.8
Other investments	-7.2	5.4	2.6	1.9
Net investment income at current value	**-43.5**	**48.2**	**49.3**	**62.8**
Share of net investment income accounted for by derivatives	-1.1	1.0	1.5	-3.6

1) Gains and losses on realisation of investments and other changes in value in the accounts.

2) Off-balance sheet changes in value.

Net investment income on invested capital 1 Jan.–31 Dec. 2008

	Net investment income at current values 1) EUR million	Invested capital 2) EUR million	Yield, % on invested capital			
	2008	2008	2008	2007	2006	2005
Loans	1.1	20.7	5.4	2.1	1.9	2.4
Bonds 3)	-0.4	605.7	-0.1	1.8	1.5	4.9
**of which fixed-income funds*	-18.9	101.1	-18.7	2.2	6.7	12.3
Other money market investments and deposits 3)	8.8	188.7	4.6	3.9	2.8	2.2
**of which fixed-income funds*	1.9	73.2	2.5	3.6	2.9	2.2
Equities and holdings	-54.4	166.5	-32.6	10.6	15.1	22.0
Real estate 4)	12.1	116.4	10.4	8.7	6.0	2.7
**of which unit trusts and UCITS*	-2.8	17.7	-16.1	8.8	4.0	3.7
Other investments	-9.6	59.6	-16.2	7.3	8.9	0.5
Investments in total	**-42.4**	**1,157.7**	**-3.7**	**4.5**	**4.9**	**6.7**
Sundry income, charges and operating expenses	-1.1					
Net investment income at current values	**-43.5**	**1,157.7**	**-3.8**	**4.3**	**4.7**	**6.6**

1) Net investment income at current values = Changes in the market values between the end and beginning of the review period – cash flows. Cash flow is the difference between purchases/costs and sales/income.
2) Invested capital = Market value at the beginning of the review period + daily/monthly time-weighted cash flows.
3) Includes income from fixed-income funds recorded in the investments in question.
4) Includes income from unit trusts and UCITS recorded in investments in real estate.

Calculation Methods for the Key Figures

KEY FIGURES

Turnover =

Non-life insurance turnover
+ premiums earned before reinsurers' share
+ net investment income on the profit and loss account
+ other income

Life insurance turnover
+ premiums written before reinsurers' share
+ net investment income on the profit and loss account
+ other income

Total result = operating profit (loss)
+/-change in off-balance sheet valuation differences

Return on assets at current values (%) =
+/-operating profit or loss
+ financial expenses
+ unwinding of discount, non-life insurance
+ technical interest credited to insurances during the year, life insurance
+/-change in valuation differences on investments
+ balance sheet total
- technical provisions for unit-linked insurances
+/-valuation differences on investments

The divisor of the key figure is calculated as an average of values on the Balance Sheet for the current and previous financial period.

Net investment income on invested capital at current values (%)
Net investment income at current values in relation to invested capital is calculated by type of investment and for the total amount of investments with reference to cash flows during the period.

Average number of employees = Average number of employees at the end of each calendar month.

NON-LIFE INSURANCE

Premiums written = premiums written before reinsurers' share

Loss ratio % =
claims incurred
premiums earned

Loss ratio (excl. unwinding of discount) % =
claims incurred (excl. unwinding of discount) % =
premiums earned

Expense ratio % =
operating expenses
premiums earned

Key figures are calculated after reinsurers' share.

Combined ratio % = loss ratio + expense ratio

Combined ratio (excl. unwinding of discount) % =
loss ratio (excl. unwinding of discount) + expense ratio

Solvency margin see calculation in the Notes

Solvency capital = solvency margin + equalisation provision + minority interest

Solvency capital, % of technical provisions =
solvency capital
+ technical provisions
- equalisation provision

Technical provisions are calculated after reinsurers' share.

Solvency ratio % =
solvency capital
premiums earned

Premiums earned are calculated for the previous twelve months after reinsurers' share.

LIFE INSURANCE

Premiums written = premiums written before reinsurers' share.

Expense ratio (% of expense loading) =
+ operating expenses before change in deferred acquisition costs
+ claims settlement expenses

expense loading

Solvency margin see calculation in the Notes

Solvency capital = solvency margin + equalisation provision + minority interest

Solvency ratio (%) =

solvency capital

+ technical provisions
- equalisation provision
- 75% of technical provisions for unit-linked insurances

Technical provisions are calculated after reinsurers' share.

Risks and Risk Management

General principles of risk management

Fennia's risk management is based on the risk management policy approved by the Board of Directors.

Risk management as an element of internal control refers to the identification, assessment, limitation and supervision of the risks arising from and inherently related to the business. The task of risk management is to identify the risks and opportunities that affect the implementation of Fennia's strategy. The aim of risk management is to ensure the achievement of the objectives set out in the strategy and action plans and to make sure that the risks taken by the companies are in proportion to the risk-bearing capacity.

A risk refers to any incident that is likely to affect the company's financial performance negatively. In Fennia's classification risks are divided into one-sided and two-sided risks. One-sided risks are those that only involve a danger of loss and that companies try to avoid or minimise, such as operational risks and factors constituting an external threat. Two-sided risks are those that companies take to achieve a good result, such as insurance and investment risks and strategic risks.

Risk management organisation

The Board of Directors is responsible for arranging internal control. Risk management in Fennia is based on the risk management plan, which is reviewed annually by the Boards of Directors. The executive team for risk management co-ordinates and steers risk management maintenance and development. Internal audits, which are independent of business activities, are used to monitor and assess the adequacy of internal control and risk management.

On the level of the Fennia Group, the joint impacts of risks shared by Fennia and Fennia Life must be allowed for. In determining Fennia's annual risk limits, the joint impacts of both insurance and investment risks for the past two years are taken into consideration. Together with the reinsurance unit, the company's actuary draws up a proposal for the executive team for risk management, concerning the deployment of the company's risk bearing capacity. The final proposal is discussed and approved by the Board of Directors.

The executive team for risk management handles issues such as the company's and the business units' risk management plans, major concentrations of risks, the management of single and comprehensive risks and the company's insurance cover. In addition, the executive team develops and assesses the risk strategy, the efficiency of capital deployment and the allocation of risk capital.

The business units identify and analyse the risks that threaten their operations and objectives, in the context of both the annual planning process and daily operative activities. The importance of anticipating and being prepared for risks is assessed by analysing the probability of the risk materialising and the potential costs thereby incurred.

Non-life insurance risks

Insurance business is based on risk-taking and risk management. The main risks in non-life insurance operations relate to the choice and pricing of risks insured, the acquisition of reinsurance cover and the adequacy of technical provisions. The objective is profitable business, and correct pricing of risks plays a key role in the conclusion of insurance contracts. Capital must also be correctly dimensioned to ensure the company's risk-bearing capacity.

The risk pertaining to risk selection is controlled by statistical study of previous losses, which provides the basis for rating the risks. It is vital that the data on which the rating is based is accurate. Insurance terms and conditions are an essential tool for controlling risks. The risk pertaining to risk selection is also controlled by carrying out risk analyses and by complying with risk selection guidelines specifying the types of risks that can be insured and the maximum permitted sums insured. Major losses are reported and analysed immediately.

Insurance companies hedge against major losses or loss events by reinsurance. In Fennia, the share retained is dimensioned appropriately to match the company's financial strength. The Board of Directors confirms the reinsurance programme annually. Risks relating to the procurement of reinsurance cover include availability and price. The risk involved in reinsurance and the related credit risk are reduced by only accepting as reinsurers companies that have a sufficiently high financial strength rating. Moreover, there are limits on the maximum share of a single reinsurer in any reinsurance programme.

A technical provisions risk arises when insufficient provisions are available to cover claims outstanding for costs arising from losses that have occurred but are not yet indemnified. A technical provisions risk arises particularly in those insurance lines that have a long claims settlement period. The adequacy of technical provisions is monitored regularly, as are reservations of losses entailing continuous indemnification. It is the responsibility of the non-life insurance actuary to draw up guidelines and evaluate the adequacy of technical provisions. The actuarial function is also responsible for the development and maintenance of the various systems and methods required to calculate technical provisions, in order to avoid under-provision.

The technical provision risk is increased by inflation risk, mortality risk and interest rate. Inflation risk concerns losses that have a long-term impact on cash flow, in particular outstanding claims pertaining to statutory annuities. The risk arising from fluctuations in interest rates is also related to outstanding claims pertaining to annuities. When calculating the claims provision, the long-term cash flows resulting from these claims are discounted using the technical interest rate. If the future return on the assets that cover pension liability is not at least equal to the technical interest rate, the risk will materialise. Mortality risk refers to the uncertainty related to the assessment of claims expenditure, which results from the uncertainty of assessing the future mortality rate. In non-life insurance, the mortality risk mainly concerns the pension liability for statutory insurance.

Actuarial assumptions and models used in non-life insurance

An insurance company must have solid calculation bases for determining technical provisions in order to ensure that it can meet its liabilities under all circumstances. The technical provision is calculated according to the calculation bases, which must be submitted to the Insurance Supervisory Authority before the end of the financial period.

The provision for unearned premiums is calculated for each contract by a method proportioned to the duration of the insurance period.

The provision for outstanding claims pertaining to annuities is calculated by discounting them using an interest rate of 3.5 per cent. Discounting is not applied to other parts of the provision for outstanding claims. Pension liabilities are determined using the mortality model drawn up by the Federation of Accident Insurance Institutions and the Finnish Motor Insurers' Centre, which is generally applied in the industry.

In the case of single major losses, provisions are made for compensation payable for each loss on the basis of reports from claims departments concerned. All pension costs and major material damages and liability losses are provided for in each case of loss or damage according to the instructions provided by the company's actuary. The provision for minor losses and IBNR losses is based on statistics.

A provision for expense loading is made on the provision for claims outstanding for the future handling of losses that have occurred before the date of closing the accounts. The provision for expense loading is calculated as a proportional share of the total premium income of each class of insurance.

Quantitative data on risk variables for technical provisions in non-life insurance

		Impact of change on Fennia's solvency capital
Discount rate	Decreases 0.1 percentage points	EUR -4 million
Inflation risk	Increase of 1%	EUR -6 million
Mortality	Average age increase of 1 yr	EUR -10 million

Life insurance risks

The main risk pertaining to technical provisions in life insurance is the interest rate risk related to the guaranteed technical interest rate. The technical provisions also include a surrender risk, which is most significant in insurance based on technical interest. In pension policies, surrenders are only possible in exceptional cases, and therefore the risk relating to surrenders is highest in savings policies and capital redemption contracts. This risk is decreased by sanctions included in the first years of the contracts.

Of the technical risks relating to life insurance, the most significant are death and disability. These risks are limited by risk selection and by defining upper limits for the cover to be granted. Risk and cost equivalent rating are of crucial importance. Major single claims are limited by means of reinsurance. Of the technical risks relating to pension insurance, the most significant is the longevity risk.

Actuarial assumptions and models in life insurance

The technical interest rate used in the calculation of technical provisions with guaranteed return varies between 2.0 and 4.5 per cent, and the average rate for the entire technical provisions with guaranteed return is approximately 3.3 per cent. The mortality assumptions applied in life and pension insurance are those generally applied in the industry.

Investment risks relating to insurance

The Fennia Group's investment operations are aimed at achieving the highest possible returns at acceptable levels of risk, so as to ensure that Fennia and Fennia Life exceed the required solvency ratio and that their investment assets are sufficient and structurally appropriate to cover the companies' technical provisions. The biggest risks threatening investment performance are decreases in the value of investments, and returns that fall below the level required by the technical provisions. To limit these risks, the investment portfolio is diversified as far as possible. The Boards of Directors of the companies annually approve their investment plans, which define the targeted allocation of the investment portfolio and the minimum and maximum limits by asset class, the organisation of investment operations and executive and decision-making powers.

Quantitative data on the risk variables of the investment portfolio of Fennia's Parent Company

		Impact of change on Fennia's solvency capital
Fixed income investments	Interest rate +1 percentage point	EUR -22 million
Equity investments	Change in value -20%	EUR -12 million
Real estate investments	Change in value -10%	EUR -13 million

Quantitative data on risk variables affecting the investment portfolio of Fennia Life

		Impact of change on Fennia Life's solvency capital
Fixed income investments	Interest rate +1 percentage point	EUR -12 million
Equity investments	Change in value -20%	EUR -3 million
Real estate investments	Change in value -10%	EUR -7 million

Market risks

Market risks consist of the impacts of interest rates, currency and equity prices, volatilities, or the impacts of other changes in market prices on the companies' result and financial strength. The market risk affecting the entire portfolio is assessed and measured using risk factors derived from the long-term volatility of each investment grade.

The monitoring of market risk is divided into interest, equity, property, capital fund and hedge fund risks. Currency and credit risks are quantified and taken into account separately when setting the level of the overall risk. The interest rate risk of fixed-income portfolios is monitored by the modified duration method.

When determining the risk level, the requirements set by technical provisions for investment allocation and yield are taken into account. To predict investment market trends, calculations are made on the basis of various scenarios. The main method used in market risk management is investment allocation reporting, including the associated key figures and the value change risk/risk-bearing capacity ratio.

The risk profile is in practice determined as a target allocation by asset class, also including the minimum and maximum limits by asset class. The investment risk, calculated on the basis of fixed risk parameters by asset class, is proportioned according to the non-restricted solvency margin, which represents the risk-bearing capacity. A maximum limit has also been determined for the ratio between these. The risk ratio is reported weekly.

Credit risk

In securities investments and client financing, the credit risk consists of the borrower's ability to meet their liabilities. Credit risk is usually determined by the borrower's creditworthiness rating. The risk of a fall in the credit rating constitutes part of the credit risk.

In investment securities, the credit risk often affects bonds and money-market instruments by issuer and as a so-called counterparty risk, for example, in derivative commitments. The credit risks affecting a loan portfolio are identified and measured on the basis of credit rating and degree of diversification. The credit risk is managed by limits on the degree of portfolio diversification, credit rating and choice of instrument, and, in the case of commercial papers, by borrower-specific limitations.

Liquidity risk

A liquidity risk implies that the company is unable to meet its payment obligations. The risk may arise from the company's inability to anticipate liquidity needs or inability to sell invested assets within the required time frame.

The company's liquidity requirements are taken into account when building the investment portfolio. No liquidity risk is expected to materialise in the current conditions.

Operational risk

Operational risks are defined as losses attributable to inadequate or ineffective internal processes, personnel or IT systems. Potential losses may also be due to changes in the operating or juridical environment.

The persons responsible for the company's business areas review the risks in conjunction with annual operational planning, by conducting risk analyses for each function. This review is followed by an assessment of the impacts of the risks on the business and risk materialisation probabilities.

All operations are conducted in compliance with the legislation currently in force, and regulations and guidelines issued by authorities. For the most important business areas, contingency plans are drawn up to ensure that key functions can be continued in the event of a crisis.

Board of Directors' Proposal on the Allocation of the Result

The distributable capital and reserves of the Fennia Group stood at EUR 120,446,922.84 and that of the Parent Company at EUR 121,851,185.17.

The Parent Company's loss for the financial year was EUR 33,916,806.19. The Board of Directors proposes that the loss for the financial year be covered by reducing the security reserve and that no interest on guarantee capital be paid.

Helsinki, 9 March 2009

Eero Lehti

Esko Penttilä

Antti Kuljukka
Managing Director

Jouko Kemppi

Lasse Koski

Eva Liljeblom

Rauno Mattila

Juha Valkamo

Auditors' Report

To the Annual General Meeting of Fennia Life Insurance Company Ltd

We have audited the accounting records, the Financial Statements, the Board of Directors' Report, and the administration of Fennia Life Insurance Company Ltd for the year ended on 31 December, 2008. The Financial Statements comprise the Consolidated Balance Sheet, the Profit and Loss Account, Cash Flow Statement and Notes to the Consolidated Financial Statements, as well as the Parent Company's Balance Sheet, Profit and Loss Account, Cash Flow Statement and Notes to the Financial Statements.

The responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the Financial Statements and the Board of Directors' Report in accordance with the laws and regulations governing the preparation of the Financial Statements and Board of Directors' Report in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's Financial Statements, on the Consolidated Financial Statements and on the Board of Directors' Report based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements and the Board of Directors' Report are free from material misstatement and whether the members of the Board of Directors and the Managing Director of the Parent Company have complied with the rules of the Insurance Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Board of Directors' Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements and the Board of Directors' Report.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement

In our opinion, the Financial Statements and the Board of Directors' Report give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the Financial Statements and the Board of Directors' Report in Finland. The information in the Board of Directors' Report is consistent with the information in the Financial Statements.

Helsinki, 19 March 2009

KPMG OY AB

Nils Blummé, KHT	Sirpa Eriksson
Authorized Public Accountant	Authorized Public Accountant

Statement of the Supervisory Board

The Supervisory Board of Fennia Mutual Insurance Company has examined the Company's Financial Statements for the year 2008 and the Consolidated Financial Statements as well as the Auditors' Report. We have no objections concerning them.

The Supervisory Board proposes that the Annual General Meeting to be convened on 20 April 2009 adopt the Financial Statements and the Consolidated Financial Statements as well as the proposal of the Board of Directors for the allocation of the result for the financial year.

Helsinki, 30 March 2009

On behalf of the Supervisory Board

Matti Pörhö
Chairman of the Supervisory Board

Board of Directors, Management and Supervisory Board 1 Jan. 2009

BOARD OF DIRECTORS

Chairman:
Eero Lehti
Commercial Counsellor
(Finnish honorary title)
Chairman of the Board
Taloustutkimus Oy
Helsinki

Vice Chairman:
Esko Penttilä
Traffic Counsellor
(Finnish honorary title)
Chairman of the Board
Matkapojat Oy
Vammala

Board Members:
Jouko Kemppi
Chairman of the Board
Kemppi Oy
Lahti

Lasse Koski
Managing Director
Laihian Mallas Oy
Laihia

Eva Liljeblom
Professor
Hanken School of Economics
Helsinki

Rauno Mattila
Industrial Counsellor
(Finnish honorary title)
Trafotek Oy
Turku

Antti Vaahto
Managing Director
Vaahto Group PLC Oyj
Hollola

Juha Valkamo
Managing Director
Oy Primula Ab
Helsinki

Deputy member:
Lasse Heiniö
Managing Director
Pension Fennia
Helsinki

Secretary to the Board:
Heimo Äikäs
General Counsel
Fennia
Helsinki

AUDITORS

KPMG OY AB

Auditors:

Nils Blummé
Authorised Public Accountant

Sirpa Eriksson
Authorised Public Accountant

Deputy Auditors:

Riitta Pyykkö
Authorised Public Accountant

Jari Nurmi
Authorised Public Accountant

MANAGEMENT

Antti Kuljukka
Managing Director

Kimmo Kilpinen
Deputy Managing Director
Substitute for the Managing Director
Customer relations

Eero Eriksson
Deputy Managing Director
Investments and client financing

Sirkku Ikäheimo
Marketing Director

Pasi Karppi
Information Management Director

Jussi Kauma
Director
Development and reinsurance

Outi Kaivo-oja
HR Director

Pirjo Liinamo
Project Director

Timo Parkkisenniemi
Director
Insurances and claims

Pia Pohja
Communication Director

Sirkku Rahkola
Finance Director

Heimo Äikäs
General Counsel

Risto Heimo
Actuary Approved by the Ministry of
Social Affairs and Health

PHYSICIANS

Mikael Hedenborg
Doctor of Medical Science
Specialist in Occupational Health
Chief Physician

Pekka Paavolainen
Professor
Doctor of Medical Science
Specialist in Orthopaedics and
Traumatology

Mika Paavola
Doctor of Medical Science
Specialist in Orthopaedics and
Traumatology

Lauri Keso
Doctor of Medical Science
Specialist in Internal Medicine and
Rheumatology

Juha Liira
Doctor of Medical Science
Specialist in Occupational Health and
Occupational Medicine

Heikki Österman
Licentiate of Medicine
Specialist in Orthopaedics and
Traumatology

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