



FINANCIAL STATEMENTS
2016

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1 Profit and loss account 1 Jan – 31 Dec 2016

| | 2016 | | 2015 | |
|--|-----------------------|--------------------------|-----------------------|--------------------------|
| | EUR | | EUR | |
| Contribution income | | | | |
| Local government pension contributions ¹⁾ | | 4 965 903 509.01 | | 5 013 257 509.42 |
| Unemployment Insurance Fund contribution | | 185 227 059.26 | | 224 232 046.47 |
| Financial support | | 5 500 342.05 | | 6 111 772.16 |
| | | 5 156 630 910.32 | | 5 243 601 328.05 |
| Pension expenditure | | | | |
| Local government pension expenditure ²⁾ | | -4 738 050 985.47 | | -4 545 300 419.63 |
| Adjustments to pension expenditure ³⁾ | | 7 390 279.72 | | 7 157 471.66 |
| Financial support | | -5 391 701.30 | | -6 000 791.89 |
| Rehabilitation | | -17 931 942.39 | | -15 226 631.00 |
| | | -4 753 984 349.44 | | -4 559 370 370.86 |
| NET INCOME FROM FINANCIAL OPERATIONS | | 402 646 560.88 | | 684 230 957.19 |
| Net investment income ⁷⁾ | | 3 349 771 392.14 | | 2 030 210 986.42 |
| NET INCOME FROM FINANCIAL AND INVESTMENT OPERATIONS | | 3 752 417 953.02 | | 2 714 441 943.61 |
| Statutory net payments | | | | |
| Statutory payments | -8 233 763.09 | | -8 767 817.03 | |
| Payments received ¹⁰⁾ | 2 295 871.30 | -5 937 891.79 | <u>2 503 248.97</u> | -6 264 568.06 |
| Net operating costs | | | | |
| Operating costs | | | | |
| Personnel ^{8),9)} | -39 871 406.65 | | -40 544 656.75 | |
| Other operating costs ⁹⁾ | -33 875 499.24 | | <u>-40 923 813.95</u> | |
| | -73 746 905.89 | | -81 468 470.70 | |
| Depreciation ⁹⁾ | -5 883 520.70 | | -6 260 386.31 | |
| Payments received ^{9), 10)} | 19 214 824.83 | -60 415 601.76 | 22 434 733.73 | -65 294 123.28 |
| Other income and expenses | | -126 311.53 | | 194 348.53 |
| FUNDED RESULT | | 3 685 938 147.94 | | 2 643 077 600.80 |
| Decrease (+)/increase (-) in pension liability fund | | -3 685 938 147.94 | | -2 643 077 600.80 |
| RESULT | | 0.00 | | 0.00 |

The numbers ^{1),2),3)}, etc. refer to the corresponding entries in the notes to the financial statements.

2 Balance sheet at 31 Dec 2016

| ASSETS | 2016 EUR | 2015 EUR |
|--|--------------------------|--------------------------|
| Intangible assets | | |
| Intangible rights ¹²⁾ | 25 939 942.79 | 28 412 668.25 |
| Investments | | |
| Real estate investments | | |
| Real estate and shares in real estate ¹¹⁾ | 2 842 111 762.54 | 2 775 844 751.01 |
| Loans receivable from subsidiaries and associated companies ^{13), 19)} | 199 574 430.73 | 218 501 237.17 |
| | 3 041 686 193.27 | 2 994 345 988.18 |
| Other investments | | |
| Equities and shares ¹¹⁾ | 29 806 703 814.73 | 26 933 868 904.15 |
| Money market instruments ¹¹⁾ | 11 187 081 253.01 | 10 605 608 433.18 |
| Loans receivable ¹³⁾ | 386 098 045.94 | 455 902 371.85 |
| | 41 379 883 113.68 | 37 995 379 709.18 |
| Total investments ¹¹⁾ | 44 421 569 306.95 | 40 989 725 697.36 |
| Receivables | | |
| Contribution income receivable | 405 283 080.41 | 412 379 120.86 |
| Receivables from subsidiaries and associat- ed companies | 5 603 521.54 | 1 559 831.99 |
| Other receivables ¹⁴⁾ | 39 115 772.71 | 65 175 768.87 |
| | 450 002 374.66 | 479 114 721.72 |
| Other assets | | |
| Machinery and equipment ¹²⁾ | 2 566 108.45 | 3 048 454.28 |
| Other ¹²⁾ | 2 603 690.55 | 2 603 690.55 |
| Cash in hand and at bank | 4 407 051 290.99 | 3 660 697 716.65 |
| | 4 412 221 089.99 | 3 666 349 861.48 |
| Accrued income and prepayments | | |
| Prepayments ¹⁴⁾ | 26 705 623.47 | 352 814 953.94 |
| Accumulated interest | 93 458 496.42 | 108 870 694.80 |
| Other accrued income ¹⁵⁾ | 13 611 606.80 | 95 299 450.81 |
| | 133 775 726.69 | 556 985 099.55 |
| TOTAL ASSETS | 49 443 508 441.08 | 45 720 588 048.36 |

2 Balance sheet at 31 Dec 2016

| LIABILITIES | 2016 EUR | 2015 EUR |
|---|--------------------------|--------------------------|
| Pension liability fund ¹⁶⁾ | 48 634 701 204.28 | 44 948 763 056.34 |
| Liabilities | | |
| Liabilities to subsidiaries and associated companies ¹⁹⁾ | 853 206.61 | 1 105 305.11 |
| Other liabilities ¹⁷⁾ | 438 452 591.82 | 476 523 680.64 |
| | 439 305 798.43 | 477 628 985.75 |
| Accrued liabilities and deferred income | | |
| Accrued liabilities ¹⁸⁾ | 349 461 027.89 | 274 576 243.87 |
| Deferred income | 20 040 410.48 | 19 619 762.40 |
| | 369 501 438.37 | 294 196 006.27 |
| TOTAL LIABILITIES | 49 443 508 441.08 | 45 720 588 048.36 |

3 Source and application of funds 2016

| | 2016 | 2015 |
|---|-----------------------|--------------------------|
| | EUR | EUR |
| Decrease/increase in pension liability fund | 3 685 938 147.94 | 2 643 077 600.80 |
| Adjustments: | | |
| Changes in valuation | -2 661 025 060.97 | 1 872 199 724.72 |
| Depreciation | 5 883 520.70 | 6 260 386.31 |
| Gains and losses on disposal | -680 665 084.29 | -4 601 684 477.90 |
| Cash flow before change in working capital | 350 131 523.38 | -80 146 766.07 |
| Decrease (+)/increase (-) in receivables | 452 321 719.92 | 29 592 480.49 |
| Increase (+)/decrease (-) in liabilities | -57 309 237.44 | 185 560 583.43 |
| Cash flow from business operations | 745 144 005.86 | 135 006 297.85 |
| Assets bought (excl. cash assets) | -4 138 017.89 | -3 026 414 152.89 |
| Investments in intangible and tangible assets and investments in other assets and proceeds from disposals | 2 928 449.41 | 3 390 199.72 |
| Cash flow from investments | -1 209 568.48 | -3 023 023 953.17 |
| Change in cash assets | 746 353 574.34 | 3 158 030 251.02 |
| Cash in hand and at bank at 1 Jan | 3 660 697 716.65 | 502 667 465.63 |
| Cash in hand and at bank at 31 Dec | 4 407 051 290.99 | 3 660 697 716.65 |
| Change | 746 353 574.34 | 3 158 030 251.02 |

4 Accounting policies

Keva's accounting and financial statements are based on the Local Government Pensions Act, according to which the financial statements must be drawn up in compliance with the Accounting Act, as applicable. Keva's operations are monitored by the Ministry of Finance as well as by the Financial Supervisory Authority in respect of financial planning and investment operations. As regards the implementation of the State's pension provision, Keva's operations are also monitored by the National Audit Office of Finland and the Finnish Parliament's Audit Committee.

4.1 Consolidated financial statements

Under the Accounting Act, consolidated financial statements need not be prepared if consolidation is unnecessary in terms of giving a true and fair view of the financial performance of group activities and the group's financial position. Hence, no consolidated financial statements are prepared for the Keva group.

Most of the subsidiaries and associated companies are mutual real estate and housing companies, largely financed by the owners (mainly by Keva). The rental income from them is paid to the shareholders and the expenses are covered by maintenance charges collected from the shareholders. As the income and costs are included in Keva's financial statements, non-consolidation has minimal significance on the result, balance sheet and pension liability fund. The associated company Municipality Finance Plc engages in credit institution activity differing from that of Keva. The investment has no material effect on Keva's result and balance sheet. The other subsidiaries and associated companies are of minimal significance.

4.2 Financial result and transfer to the pension liability fund

The difference between annual income and expenses, i.e. the funded result in the profit and loss account, is added to/subtracted from the pension liability fund in the balance sheet. Following this transfer, the result for the financial year is zero.

The pension liability fund also includes the accumulated unrealised change in value between the acquisition cost and fair value of the investment assets entered in the profit and loss account.

4.3 Contribution income and pensions

Contributions under the Local Government Pensions Act consist of three parts: pay-based contribution, pension expenditure-based contribution and early retirement pension expenditure-based contribution. The pay-based contribution is recognised in the financial statements as the amount of advance contributions. The pension expenditure-based and early retirement pension expenditure-based contributions are booked and collected in the amount specified by the Council. The financial statements also include the difference between the pay-based advance and final contributions in the previous year.

Local government pension expenditure is booked in the financial accounts primarily on a cash basis.

The transfer of the assets required to pay State pensions has been decided in section 1 of Government Decree 784/2010. The transfer of the assets required to pay Evangelical-Lutheran Church and Social Insurance Institution Kela personnel pensions has been decided in section 1 of Government Decree 1299/2011. These payments have no impact on the result disclosed in Keva's financial statements. Gross pension payments are itemised in the notes to the financial statements.

The pension contributions of the State and Evangelical-Lutheran Church collected in the bank accounts of the State Pension Fund and the Central Church Fund have no impact on Keva's financial statements.

4.4 Valuation of investments

Pursuant to Chapter 5, section 2a of the Accounting Act, investment assets are entered in the financial statements at fair value. Financial instruments comprise the balance sheet item Investments, excluding investment properties, real estate in Keva's own use, and shares and holdings in housing and real estate companies.

Real estate investments are also valued at fair value with the exception of real estate in Keva's own use, which is valued at the acquisition price less planned depreciation, and the shares in housing and real estate companies in Keva's own use, which are valued at the lower of acquisition price or fair value.

Real estate investments are valued at fair value on an individual basis primarily using the income approach. External real estate assessors value individual properties at regular intervals and update the values on an annual basis. As a rule, the net asset values (NAV) at the balance sheet date reported by management companies are used as the fair values for real estate funds. If the said value at the balance sheet date is not available, the last available value adjusted by changes in capital in the fund in question subsequent to the valuation is used. In the event the net asset value is not available, the real estate fund part is valued at the remaining acquisition price.

The latest available closing price on the year is used as the fair value for listed equities. The fair value of other shares and holdings is their likely realisable value or, when this is not available, the acquisition cost. As a rule, the net asset values (NAV) at the balance sheet date reported by management companies are used as the fair value of shares in private equity funds. If the said value at the balance sheet date is not available, the last available value adjusted by changes in capital in the relevant fund subsequent to the valuation is used. In the event the net asset value is not available, the private equity fund part is valued at the remaining acquisition price. The latest notification by the management company of the value of a fund unit is used as the market value of a mutual fund.

The latest available closing price or likely selling price is used as the fair value for money market instruments. Fair value does not include accumulated interest that is included in prepayments and accrued income (clean price).

Hedge accounting is not applied to derivative contracts which, like other financial instruments, are recognised in the balance sheet at fair value, and value changes are booked through profit and loss. The publicly quoted market price at the balance sheet date or the reliable market price of a similar con-

tract, the likely selling price or a valuation given by an outside party are used as the market value of derivative contracts. The advance payments of option premiums are stated as part of the fair value of derivative contracts under investment assets. The fair value is the sum that would have been received or paid if the contracts had been closed with counter-contracts at the balance sheet date.

Loans receivable are entered at the lower of nominal value or likely value.

4.5 Net income from investments in the profit and loss account

All changes in the value of investments valued at fair value are booked through profit and loss. The net income from investments includes both realised income and expenses and the change in the valuation difference of investments during the financial year.

4.6 Securities lending

Information about securities assigned under securities lending agreements at the balance sheet date is given in the notes to the financial statements. Loaned securities are included in the balance sheet. The counterparty for the lending agreements outstanding at the balance sheet date is a clearing house with which the borrower has placed collateral for the loans.

4.7 Financial collateral

Cash and securities collateral given on behalf of commitments (e.g. derivative contracts) are included in the balance sheet and are valued at fair value in the financial statements. More detailed information about collateral given is shown in the notes to the financial statements.

4.8 Return on investments

The return percentage on investments in relation to capital employed is calculated separately for each type of investment and for the aggregate amount of investments, taking into consideration the cash flows time-weighted daily or monthly. The calculation uses the modified time- and money-weighted Dietz formula, in which capital employed is calculated by adding the cash flows during the period to the market value at the beginning of the period weighted by the relative share of the length of the entire period remaining from the event date or halfway through the event month to the end of the period.

4.9 Valuation of assets other than investments

The book value of intangible assets, machinery and equipment is the acquisition cost less planned depreciation and write-downs. The acquisition cost includes costs directly caused by the acquisition.

Contribution income receivable and other receivables are valued at the lower of nominal value or likely selling price.

Cash at bank and in hand is valued at nominal value.

4.10 Present value of benefits accrued under the local government pension system

The present value of the benefits accrued under the local government pension system is not shown in the balance sheet. Instead, it is presented in the notes to the financial statements as an estimate of the pension expenditure resulting from local government pensions to be paid and those unpaid pensions accrued by the end of the reporting period.

When calculating the estimate, the mortality rate based on Statistics Finland's population projection is used. A 3% discount rate is used in calculating the present value of pension expenditure.

4.11 Planned depreciation

The acquisition cost of fixed assets is booked as a cost during their effective period using a planned depreciation method and based on the following economic lives:

- buildings and structures 20–40 years
- technical equipment in buildings 15 years
- machinery and equipment 5 years
- other non-current costs 3–10 years

4.12 Foreign currency items

Business transactions in a foreign currency are booked in euro using the exchange rate at the transaction date. Receivables and liabilities denominated in a foreign currency in the financial statements and items to be valued at fair value have been valued at the European Central Bank's average exchange rate at the balance sheet date. Foreign exchange differences have been recognised through profit and loss.

4.13 Leases

Leasing contracts in respect of tangible assets have been treated as operational leasing contracts.

4.14 Operating costs and depreciation

Operating costs and depreciation are stated as separate items in the profit and loss account, adjusted with received payments. The division into the pension, investment and administrative functions is shown in the notes to the financial statements.

4.15 Payments for pension services provided

Since the beginning of 2011, Keva has been statutorily in charge of the implementation of the State pension system for employee customers and, since the beginning of 2012, the implementation of the pension system of the personnel of the Evangelical-Lutheran Church and Social Insurance Institution of Finland (Kela). The State has been reimbursing Keva for the costs arising from the implementation of the state pension system in accordance with section 2 of Government Decree 784/2010. The Evangelical-Lutheran Church and

Social Insurance Institution of Finland (Kela) have been reimbursing Keva for the costs arising from the implementation of their pension systems in accordance with section 2 of Government Decree 1299/2011. The amount of these payments has been calculated according to the absorption price as referred to in section 6 of the Act on Criteria for Charges Payable to the State (150/1992). Since the start of 2013, Keva has handled the statutory tasks related to the State pension insurance matters of State employers and the contract-based collection of the Evangelical-Lutheran Church's pension contributions.

Payments for these operating cost and depreciation expenses are shown on an accrual basis under 'Net operating expenses' in the profit and loss account, which also includes minor reimbursements for payment services relating to the member organisations' supplementary pensions, for example. Reimbursement of statutory payments is shown under 'Statutory net payments'.

4.16 Pension coverage of Keva personnel

Keva personnel are provided pension coverage under the Local Government Pensions Act.

5 Notes to the profit and loss account

5.1 Local government pension contributions ¹⁾

| Contribution type | 2016 EUR | 2015 EUR |
|--|-------------------------|-------------------------|
| Pay-based contributions | | |
| employers' contributions | 2 887 845 380.01 | 2 892 998 155.08 |
| employees' contributions | 1 045 266 309.57 | 1 041 009 590.29 |
| | 3 933 111 689.58 | 3 934 007 745.37 |
| Pension expenditure-based contributions | 880 000 000.00 | 946 000 000.00 |
| Early retirement pension expenditure-based contributions | 152 000 000.00 | 134 000 000.00 |
| Total local government pension contributions for the year | 4 965 111 689.58 | 5 014 007 745.37 |
| Total adjustments in previous years | 791 819.43 | -750 235.95 |
| Total local government pension contributions | 4 965 903 509.01 | 5 013 257 509.42 |

5.2 Local government pensions ²⁾

| Pension benefit | 2016 EUR | 2015 EUR |
|--|-------------------------|-------------------------|
| Old-age pension | 3 963 767 040.78 | 3 749 162 669.91 |
| Early old-age pension | 134 932 249.86 | 136 261 259.12 |
| Disability pension | 366 798 971.96 | 379 847 839.11 |
| Individual early retirement pension | 4 267.50 | 2 279.87 |
| Unemployment pension | 5 283.33 | 13 994.58 |
| Survivors' pension | 180 804 458.30 | 181 435 948.56 |
| Part-time pension | 35 343 062.95 | 42 811 101.57 |
| Cash rehabilitation benefit | 55 526 490.41 | 54 762 709.26 |
| Rehabilitation increment | 864 087.09 | 810 298.15 |
| | 4 738 045 912.18 | 4 545 108 100.13 |
| Compensation for transfer of EU pensions | 5 073.29 | 192 319.50 |
| Total | 4 738 050 985.47 | 4 545 300 419.63 |

5.3 Adjustments to pension expenditure ³⁾

| | 2016 EUR | 2015 EUR |
|-------------------|---------------------|---------------------|
| Returned pensions | 4 070 433.37 | 4 335 073.74 |
| Other adjustments | 3 319 846.35 | 2 822 397.92 |
| Total | 7 390 279.72 | 7 157 471.66 |

5.4 State pensions ⁴⁾

| | 2016 | 2015 |
|---|--------------------------|--------------------------|
| | EUR | EUR |
| Expenditure by benefit type | | |
| Old-age pension | 3 613 871 824.18 | 3 547 237 137.15 |
| Early old-age pension | 117 323 284.19 | 119 726 082.53 |
| Disability pension | 115 630 253.83 | 128 351 194.14 |
| Individual early retirement pension | 0.00 | 37.71 |
| Part-time pension | 12 314 798.06 | 15 390 360.88 |
| Unemployment pension | 6 580.60 | 0.00 |
| Survivors' pension | 315 932 533.47 | 322 776 093.59 |
| Rehabilitation allowance | 1 296 078.64 | 1 384 173.39 |
| Rehabilitation increment | 101 140.30 | 110 572.30 |
| Cash rehabilitation benefit | 10 324 393.97 | 10 829 630.79 |
| Compensation for rehabilitation and expenses | 195 308.88 | 132 439.14 |
| Total expenditure | 4 186 996 196.12 | 4 145 937 721.62 |
| Payments and refunds of cost divisions (net) ¹⁾ | 315 271 163.17 | 294 363 285.81 |
| Total expenditure | 4 502 267 359.29 | 4 440 301 007.43 |
| Income | | |
| Advance payments received | -4 495 011 000.00 | -4 472 526 000.00 |
| Refund/charge (+/-) | -7 256 359.29 | 32 224 992.57 |
| Total income | -4 502 267 359.29 | -4 440 301 007.43 |
| Impact on Keva's result | 0,00 | 0.00 |

¹⁾ The division of costs includes the items that need to be processed by the Finnish Centre for Pensions in conjunction with the different cost divisions, other pensions paid on behalf of the State by other pension providers, and transfers of EU pensions.

5.5 Evangelical Lutheran Church pensions ⁵⁾

| | 2016 | 2015 |
|--|------------------------|------------------------|
| | EUR | EUR |
| Expenditure by benefit type | | |
| Old-age pension | 182 063 133.76 | 172 664 597.83 |
| Early old-age pension | 8 525 769.89 | 8 766 281.07 |
| Disability pension | 11 124 529.97 | 11 381 939.40 |
| Individual early retirement pension | 17 580.12 | 19 929.64 |
| Part-time pension | 725 916.76 | 851 769.79 |
| Unemployment pension | 0.00 | 6.98 |
| Survivors' pension | 10 023 752.78 | 10 217 118.81 |
| Rehabilitation allowance | 415 236.92 | 282 578.97 |
| Rehabilitation increment | 22 722.44 | 16 385.34 |
| Cash rehabilitation benefit | 1 845 508.64 | 1 804 424.64 |
| Compensation for rehabilitation and expenses | 54 155.48 | 37 026.54 |
| Total expenditure | 214 818 306.76 | 206 042 059.01 |
| Payments and refunds of cost divisions (net)¹⁾ | -26 758 055.23 | -25 573 087.76 |
| Total expenditure | 188 060 251.53 | 180 468 971.25 |
| Income | | |
| Advance payments received | -187 050 564.00 | -184 417 272.00 |
| Refund / charge (+/-) | -1 009 687.53 | 3 948 300.75 |
| Total income | -188 060 251.53 | -180 468 971.25 |
| Impact on Keva's result | 0,00 | 0,00 |

¹⁾ The division of costs includes the items that need to be processed by the Finnish Centre for Pensions in conjunction with the different cost divisions, other pensions paid on behalf of the Evangelical Lutheran Church by other pension providers.

5.6 Pensions of Social Insurance Institution Kela employees ⁶⁾

| | 2016 | 2015 |
|--|-----------------------|-----------------------|
| | EUR | EUR |
| Expenditure by benefit type | | |
| Old-age pension | 84 684 912.43 | 81 742 729.38 |
| Early old-age pension | 5 064 699.56 | 5 074 608.88 |
| Disability pension | 4 371 258.93 | 4 526 539.24 |
| Part-time pension | 823 036.02 | 1 031 183.85 |
| Survivors' pension | 3 026 283.00 | 2 963 966.50 |
| Rehabilitation allowance | 107 330.82 | 69 161.04 |
| Rehabilitation increment | 4 989.55 | 1 364.18 |
| Cash rehabilitation benefit | 498 107.27 | 427 381.87 |
| Compensation for rehabilitation and expenses | 6 174.08 | 12 325.02 |
| Compensation for transfer of EU pensions | 0.00 | 3.21 |
| Total expenditure | 98 586 791.66 | 95 849 263.17 |
| Payments and refunds in cost divisions (net)¹⁾ | -2 563 878.85 | -2 975 114.84 |
| Total expenditure | 96 022 912.81 | 92 874 148.33 |
| Income | | |
| Advance payments received | -96 078 888.00 | -94 950 043.00 |
| Refund / charge (+/-) | 55 975.19 | 2 075 894.67 |
| Total income | -96 022 912.81 | -92 874 148.33 |
| Impact on Keva's result | 0.00 | 0.00 |

¹⁾ The division of costs includes the items that need to be processed by the Finnish Centre for Pensions in conjunction with the different cost divisions, other pensions paid on behalf of the Evangelical Lutheran Church by other pension companies and transfers of EU pensions.

5.7 Net investment income ⁷⁾

| | 2016 | 2015 |
|---|--------------------------|--------------------------|
| | EUR | EUR |
| Investment income | | |
| Interest income | 169 135 974.18 | 216 396 285.22 |
| Dividend income | 95 555 729.55 | 98 254 837.60 |
| Real estate income | 160 632 469.33 | 163 731 765.24 |
| Gains on disposal and other income | 3 235 028 865.19 | 7 672 273 823.07 |
| | 3 660 353 038.25 | 8 150 656 711.13 |
| Investment expenses | | |
| Real estate investment expenses | -63 227 323.49 | -65 564 673.52 |
| Losses on disposal and other expenses | -2 908 379 383.59 | -4 182 681 326.47 |
| | -2 971 606 707.08 | -4 248 245 999.99 |
| Change in valuation items | | |
| Equities and equity funds | 2 237 474 111.51 | -1 683 241 329.23 |
| Bonds | 242 954 707.78 | -795 628 530.08 |
| Short-term investments | 217 885.02 | 294 807.66 |
| Private equity funds | 148 547 219.40 | 125 897 361.80 |
| Hedge funds | 13 444 769.99 | 313 169 501.42 |
| Unlisted equities | 18 141 928.48 | 56 806 841.79 |
| Real estate | -27 497 035.81 | 66 202 182.38 |
| Other shares in subsidiaries and associated companies | 27 741 474.60 | 38 554 950.04 |
| Commodity investments | 0.00 | 5 744 489.50 |
| | 2 661 025 060.97 | -1 872 199 724.72 |
| Net investment income | 3 349 771 392.14 | 2 030 210 986.42 |

5.8 Personnel expenses ⁸⁾

| | 2016 | 2015 |
|--|----------------------|----------------------|
| | EUR | EUR |
| Salaries and remuneration | 30 690 450.86 | 31 354 813.05 |
| Pension costs | 6 089 772.16 | 6 305 507.12 |
| Other statutory social security expenses | 1 989 946.40 | 1 733 276.78 |
| Voluntary social security expenses | 1 101 237.23 | 1 151 059.80 |
| | 39 871 406.65 | 40 544 656.75 |

Salaries and remuneration paid to the CEO and Deputy CEOs

| | | |
|--|------------|------------|
| CEO Jukka Männistö 1 Jan 2016 - 8 Apr 2016 ^{*)} | | 232 504.34 |
| CEO Timo Kietäväinen 1 May 2016 - 31 Dec 2016 | 136 159.30 | |
| Acting CEO Tapani Hellstén 1 Jan 2016 - 30 Apr 2016 | 81 050.22 | |
| Deputy CEO Tapani Hellstén 1 May 2016 - 31 Dec 2016 | 136 145.18 | |
| Deputy CEO Kimmo Mikander | 204 469.79 | |

^{*)} Booked in the 2015 financial statements, included severance pay of 111 212.64 euro.

5.9 Operating costs and depreciation by operation ⁹⁾

| 2016 | Pensions | Investments | Administration | Total |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Type of cost | EUR | EUR | EUR | EUR |
| Personnel | -20 639 339.90 | -7 506 376.30 | -11 725 690.45 | -39 871 406.65 |
| IT | -14 761 224.62 | -3 189 107.14 | -2 582 763.03 | -20 533 094.79 |
| Services purchased | -1 763 354.81 | -3 451 619.71 | -2 148 576.40 | -7 363 550.92 |
| Other operating costs | -466 819.50 | -671 267.72 | -4 840 766.31 | -5 978 853.53 |
| External expenses | -37 630 738.83 | -14 818 370.87 | -21 297 796.19 | -73 746 905.89 |
| Internal income and expenses | -5 117 204.64 | -833 002.96 | 5 950 207.60 | 0.00 |
| Total operating costs | -42 747 943.47 | -15 651 373.83 | -15 347 588.59 | -73 746 905.89 |
| Depreciation | -4 104 729.17 | -109 996.80 | -1 668 794.73 | -5 883 520.70 |
| Total operating costs and depreciation | -46 852 672.64 | -15 761 370.63 | -17 016 383.32 | -79 630 426.59 |
| Payments received ¹⁰⁾ | 14 884 206.69 | 0.00 | 4 330 618.14 | 19 214 824.83 |
| Net operating costs | -31 968 465.95 | -15 761 370.63 | -12 685 765.18 | -60 415 601.76 |

| 2015 | Pensions | Investments | Administration | Total |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Type of cost | EUR | EUR | EUR | EUR |
| Personnel | -21 256 531.28 | -6 791 912.49 | -12 496 212.98 | -40 544 656.75 |
| IT | -18 857 605.06 | -3 089 374.62 | -3 024 624.11 | -24 971 603.79 |
| Services purchased | -1 428 123.58 | -7 090 000.61 | -1 844 094.66 | -10 362 218.85 |
| Other operating costs | -434 421.85 | -618 873.72 | -4 536 695.74 | -5 589 991.31 |
| External expenses | -41 976 681.77 | -17 590 161.44 | -21 901 627.49 | -81 468 470.70 |
| Internal income and expenses | -5 350 240.36 | -1 045 742.79 | 6 395 983.15 | 0.00 |
| Total operating costs | -47 326 922.13 | -18 635 904.23 | -15 505 644.34 | -81 468 470.70 |
| Depreciation | -4 159 238.23 | -102 324.48 | -1 998 823.60 | -6 260 386.31 |
| Total operating costs and depreciation | -51 486 160.36 | -18 738 228.71 | -17 504 467.94 | -87 728 857.01 |
| Payments received ¹⁰⁾ | 17 532 921.24 | 0.00 | 4 901 812.49 | 22 434 733.73 |
| Net operating costs | -33 953 239.12 | -18 738 228.71 | -12 602 655.45 | -65 294 123.28 |

5.10 Payments received ¹⁰⁾

| | 2016 | 2015 |
|-----------------------------------|----------------------|----------------------|
| | EUR | EUR |
| For statutory payments | | |
| State | 2 046 785.31 | 2 244 951.89 |
| Evangelical Lutheran Church | 170 206.42 | 178 087.01 |
| Social Insurance Institution Kela | 78 879.57 | 80 210.07 |
| | 2 295 871.30 | 2 503 248.97 |
| For operating costs | | |
| State | 16 086 770.92 | 18 920 355.58 |
| Evangelical-Lutheran Church | 1 958 222.35 | 2 248 758.74 |
| Social Insurance Institution Kela | 628 362.48 | 729 121.44 |
| Other | 541 469.08 | 536 497.97 |
| | 19 214 824.83 | 22 434 733.73 |
| Total payments received | 21 510 696,13 | 24 937 982.70 |

6 Notes to the balance sheet

6.1 Investments ¹¹⁾

| | 31 Dec 2016 | | 31 Dec 2015 | |
|--|---------------------------------|--------------------------|---------------------------------|--------------------------|
| | Book value, i.e. fair value EUR | Acquisition cost, EUR | Book value, i.e. fair value EUR | Acquisition cost, EUR |
| Real estate investments | | | | |
| In own use | | | | |
| Land and sites | 10 430 571.00 | 10 430 571.00 | 10 430 571.00 | 10 430 571.00 |
| Buildings *) | 28 780 243.60 | 28 780 243.60 | 29 908 992.69 | 29 908 992.69 |
| | 39 210 814.60 | 39 210 814.60 | 40 339 563.69 | 40 339 563.69 |
| Investment properties | | | | |
| Land and sites | 7 909 600.00 | 7 909 600.00 | 3 500 000.00 | 3 500 000.00 |
| Real estate shares | 2 045 202 631.95 | 1 991 856 089.09 | 1 968 885 302.68 | 1 917 483 951.69 |
| Other real estate investments | 749 788 715.99 | 805 718 424.93 | 763 119 884.64 | 790 060 780.40 |
| | 2 802 900 947.94 | 2 805 484 114.02 | 2 735 505 187.32 | 2 711 044 732.09 |
| Real estate and real estate shares | 2 842 111 762.54 | 2 844 694 928.62 | 2 775 844 751.01 | 2 751 384 295.78 |
| Loans receivable from real estate companies | 199 574 430.73 | 199 574 430.73 | 218 501 237.17 | 218 501 237.17 |
| Total real estate investments | 3 041 686 193.27 | 3 044 269 359.35 | 2 994 345 988.18 | 2 969 885 532.95 |
| Other investments | | | | |
| Equities and shares | | | | |
| Equities | 3 065 672 503.79 | 2 313 387 350.35 | 2 895 155 304.52 | 2 245 759 127.09 |
| Equity funds | 654 587.27 | 397 518.27 | 633 783.83 | 397 518.27 |
| Fixed-income funds | 763 993 466.75 | 421 231 617.93 | 738 020 324.67 | 467 554 908.71 |
| Foreign currency funds | 104 008 191.92 | 50 298 999.74 | 91 903 267.31 | 50 298 999.74 |
| Fund units | 19 725 742 728.07 | 17 066 977 935.52 | 17 576 147 013.16 | 17 049 530 386.15 |
| Unlisted equities | 212 740 677.41 | 141 015 881.14 | 208 090 761.64 | 154 507 893.85 |
| Private equity funds | 2 673 835 075.68 | 2 262 838 376.93 | 2 288 886 161.49 | 2 028 157 861.41 |
| Hedge funds | 3 031 872 029.33 | 2 235 844 503.47 | 2 934 589 207.62 | 2 188 018 799.31 |
| Other shares and holdings in subsidiaries and associated companies | 228 184 554.51 | 24 642 912.61 | 200 443 079.91 | 24 642 912.61 |
| | 29 806 703 814.73 | 24 516 635 095.96 | 26 933 868 904.15 | 24 208 868 407.14 |
| Money market instruments | | | | |
| Bonds | 10 508 085 828.53 | 9 733 601 432.43 | 9 855 484 858.54 | 9 298 074 520.16 |
| Money market investments | 678 995 424.48 | 678 407 240.68 | 750 123 574.64 | 749 753 275.86 |
| | 11 187 081 253.01 | 10 412 008 673.11 | 10 605 608 433.18 | 10 047 827 796.02 |
| Loans receivable from other than real estate companies | 386 098 045.94 | 386 098 045.94 | 455 902 371.85 | 455 902 371.85 |
| Total other investments | 41 379 883 113.68 | 35 314 741 815.01 | 37 995 379 709.18 | 34 712 598 575.01 |
| Total investments | 44 421 569 306.95 | 38 359 011 174.36 | 40 989 725 697.36 | 37 682 484 107.96 |
| *) The acquisition cost less depreciation has been used as the acquisition cost. | | | | |
| | 2016 | | 2015 | |
| Valuation difference between fair value and acquisition value | 6 062 558 132.59 | | 3 307 241 589.40 | |
| Negative valuation difference of derivatives | -331 088 761.38 | | -214 957 167.96 | |
| Total valuation difference | 5 731 469 371.21 | | 3 092 284 421.44 | |

6.2 Changes in tangible and intangible assets ¹²⁾

| | Intangible rights ^{*)} EUR | Land in own use ^{**)} EUR | Buildings in own use ^{**)} EUR | IT hardware EUR | Machinery and equipment EUR | Other EUR | Total EUR |
|-------------------------------|--|---------------------------------------|--|---------------------|--------------------------------|---------------------|----------------------|
| Completed 1 Jan 2016 | 23 123 474.78 | 10 430 571.00 | 29 908 992.69 | 2 139 999.89 | 908 454.39 | 2 603 690.55 | 69 115 183.30 |
| In progress 1 Jan 2016 | 5 289 193.47 | | | | | | 5 289 193.47 |
| Balance 1 Jan 2016 | 28 412 668.25 | 10 430 571.00 | 29 908 992.69 | 2 139 999.89 | 908 454.39 | 2 603 690.55 | 74 404 376.77 |
| Changes in 2016 | | | | | | | |
| Completed investments | 4 039 983.97 | | | 205 269.05 | 110 965.85 | | 4 356 218.87 |
| Investments in progress | -2 538 256.82 | | | | | | -2 538 256.82 |
| Disposals | | | | | -18 261.73 | | -18 261.73 |
| Planned depreciation | -3 974 452.61 | | -1 128 749.09 | -631 886.19 | -148 432.81 | | -5 883 520.70 |
| Change in year | -2 472 725.46 | | -1 128 749.09 | -426 617.14 | -55 728.69 | 0.00 | -4 083 820.38 |
| Completed at 31 Dec 2016 | 23 189 006.14 | 10 430 571.00 | 28 780 243.60 | 1 713 382.75 | 852 725.70 | 2 603 690.55 | 67 569 619.74 |
| In progress at 31 Dec 2016 | 2 750 936.65 | | | | | | 2 750 936.65 |
| Balance at 31 Dec 2016 | 25 939 942.79 | 10 430 571.00 | 28 780 243.60 | 1 713 382.75 | 852 725.70 | 2 603 690.55 | 70 320 556.39 |

^{*)} long-term IT expenses

^{**)} included in real estate investments items in the balance sheet

6.3 Loan portfolio by borrower ¹³⁾

| Borrowers | 31 Dec 2016 | | 31 Dec 2015 | |
|--|-----------------------|---------------|-----------------------|---------------|
| | Book value EUR | % | Book value EUR | % |
| Subsidiaries, associated companies and real estate companies | 199 574 430,73 | 34.1% | 218 501 237,17 | 32.4% |
| Other | | | | |
| Non-financial corporations excl. housing corporations, public | 139 110 062.90 | 23.8% | 154 060 797.40 | 22.8% |
| Non-financial corporations excl. housing corporations, Finnish private | 21 029 456.26 | 3.6% | 25 124 483.71 | 3.7% |
| Housing corporations | 30 312 940.84 | 5.2% | 30 511 801.50 | 4.5% |
| Municipalities | 126 041 878.19 | 21.5% | 168 412 276.32 | 25.0% |
| Joint municipal authorities | 46 098 896.73 | 7.9% | 51 636 081.59 | 7.7% |
| Åland Government | 13 074 746.69 | 2.2% | 14 123 818.44 | 2.1% |
| Employees | 7 055 161.99 | 1.2% | 7 899 562.27 | 1.2% |
| Non-profit institutions serving households | 3 374 902.34 | 0.6% | 4 133 550.62 | 0.6% |
| | 386 098 045.94 | 65.9% | 455 902 371.85 | 67.6% |
| Total loan portfolio | 585 672 476.67 | 100.0% | 674 403 609.02 | 100.0% |

6.4 Other receivables and prepayments¹⁴⁾

| Other receivables | 31 Dec 2016 | 31 Dec 2015 |
|--------------------------------|----------------------|----------------------|
| | EUR | EUR |
| Interest | 358 359.11 | 428 929.74 |
| Rent | 1 537 497.50 | 1 217 626.27 |
| Pension | 1 183 381.05 | 1 043 166.98 |
| Withholding tax on dividends | 7 488 369.24 | 8 450 269.42 |
| Sales of securities | 31 924 849.09 | 1 809 372.35 |
| Derivatives | 3 180 000.00 | 0.00 |
| Other | -6 556 683.28 | 52 226 404.11 |
| Total other receivables | 39 115 772.71 | 65 175 768.87 |

| Prepayments | 31 Dec 2016 | 31 Dec 2015 |
|---|----------------------|-----------------------|
| | EUR | EUR |
| Balancing payments to local government pensions | 825 601.88 | 328 960 954.58 |
| Balancing payments to Church pensions | 14 575 571.15 | 13 877 849.00 |
| Balancing payments to Kela pensions | 6 280 953.63 | 6 087 189.96 |
| Other prepayments | 5 023 496.81 | 3 888 960.40 |
| Total prepayments | 26 705 623.47 | 352 814 953.94 |

6.5 Other accrued income¹⁵⁾

| | 31 Dec 2016 | 31 Dec 2015 |
|-----------------------------------|----------------------|----------------------|
| | EUR | EUR |
| State | 7 260 532.22 | 89 368 628.00 |
| Evangelical Lutheran Church | 4 327 192.58 | 3 686 965.67 |
| Kela | 2 023 882.00 | 2 032 325.00 |
| Finnish Centre for Pensions | 0.00 | 211 532.14 |
| Total other accrued income | 13 611 606.80 | 95 299 450.81 |

6.6 Pension liability fund ¹⁶⁾

| | 2016 | 2015 |
|-------------------------------|--------------------------|--------------------------|
| | EUR | EUR |
| Fund capital at 1 Jan | 44 948 763 056.34 | 42 305 685 455.54 |
| Increase | 3 685 938 147.94 | 2 643 077 600,80 |
| Fund capital at 31 Dec | 48 634 701 204.28 | 44 948 763 056.34 |

6.7 Other liabilities ¹⁷⁾

| | 31 Dec 2016 | 31 Dec 2015 |
|--|-----------------------|-----------------------|
| | EUR | EUR |
| PAYE and social security contributions | 90 050 029.92 | 85 600 828.42 |
| State/PAYE | 89 212 973.23 | 87 892 530.18 |
| Evangelical-Lutheran Church/PAYE | 3 731 198.58 | 3 579 485.98 |
| Social Security Institution Kela/PAYE | 2 065 642.56 | 2 004 389.24 |
| Value-added tax | 4 409 407.27 | 3 233 606.27 |
| Trade payables | 1 764 460.46 | 1 833 044.00 |
| Purchases of securities | 30 000 000.00 | 0.00 |
| Collateral received for derivative contracts | 216 381 000.00 | 291 679 659.00 |
| Other liabilities | 837 879.80 | 700 137.55 |
| Total other liabilities | 438 452 591.82 | 476 523 680.64 |

6.8 Accrued liabilities and deferred income¹⁸⁾

| | 31 Dec 2016 | 31 Dec 2015 |
|--|-----------------------|-----------------------|
| | EUR | EUR |
| Negative market value of derivatives | 331 088 761.38 | 214 957 167.96 |
| Liability dispersion Finnish Centre for Pensions ETK | 3 793 131.97 | 8 299 193.21 |
| Wages, salaries and holiday pay | 8 994 794.62 | 9 353 892.65 |
| State | 2 736 957.16 | 34 472 726.79 |
| Evangelical-Lutheran Church | 333 441.22 | 4 273 165.44 |
| Social Security Institution Kela | 191 436.84 | 2 259 728.46 |
| Other accrued liabilities and deferred income | 2 322 504.70 | 960 369.36 |
| Total accrued liabilities and deferred income | 349 461 027.89 | 274 576 243.87 |

6.9 Receivables and liabilities, subsidiaries and associated companies ¹⁹⁾

| Receivables | 31 Dec 2016 EUR | 31 Dec 2015 EUR |
|---|----------------------------|----------------------------|
| Loans receivable from subsidiaries, associated companies and real estate companies ¹⁾ | 199 574 430.73 | 218 501 237.17 |
| Capital loans to other real estate companies ¹⁾ | 29 747 121.11 | 30 862 533.13 |
| Other receivables from real estate subsidiaries ²⁾ | 5 603 521.54 | 1 559 831.99 |
| Prepayments and accrued income from real estate subsidiaries and associated companies ³⁾ | 525 960.25 | 752 442.13 |
| Total receivables | 235 451 033.63 | 251 676 044.42 |

| Liabilities | 31 Dec 2016 EUR | 31 Dec 2015 EUR |
|--|----------------------------|----------------------------|
| Liabilities to real estate subsidiaries and associated companies ⁴⁾ | 853 206.61 | 1 105 305.11 |
| Total liabilities | 853 206.61 | 1 105 305.11 |

Stated in balance sheet item

¹⁾ Investments: real estate investments

²⁾ Receivables: receivables from subsidiaries and associated companies

³⁾ Prepayments and accrued income: interest

⁴⁾ Liabilities: liabilities to subsidiaries and associated companies

6.10 Real estate, real estate shares and other real estate investments ²⁰⁾

| 31 Dec 2016 | | | |
|---|-------------------|--|---------------------------------|
| Company name | Holding, % | Book value, i.e. fair value EUR | Acquisition cost EUR |
| Land and buildings in own use | | | |
| Unioninkatu 43 | 100.00% | 38 468 591.10 | 38 468 591.10 |
| Järsö course centre and cottages | 100.00% | 742 223.50 | 742 223.50 |
| | | 39 210 814.60 | 39 210 814.60 |
| Investment properties | | | |
| Land, sites and buildings | | | |
| Albertinkatu 34, site | 100.00% | 3 500 000.00 | 3 500 000.00 |
| Site, Kivistö | 100.00% | 4 409 600.00 | 4 409 600.00 |
| | | 7 909 600.00 | 7 909 600.00 |
| Real estate shares | | | |
| Real estate subsidiaries | | | |
| Asunto Oy Tampereen Pellavanlikka | 100.00% | 10 299 000.00 | 8 162 057.50 |
| Kiint. Oy Lintulahdenkulma | 100.00% | 8 404 000.00 | 24 172 109.93 |
| Kiinteistö Oy Abraham Wetterintie 6 | 100.00% | 85 094 000.00 | 95 999 336.39 |
| Kiinteistö Oy Albertinkatu 34 | 100.00% | 22 231 000.00 | 15 433 166.76 |
| Kiinteistö Oy Aurajoenranta | 100.00% | 35 092 000.00 | 25 393 423.32 |
| Kiinteistö Oy Espoon Itsehallintotie 2-4 | 100.00% | 10 723 000.00 | 8 242 314.32 |
| Kiinteistö Oy Espoon Keilasatama 5 | 100.00% | 47 567 669.65 | 51 762 615.43 |
| Kiinteistö Oy Espoon Komentajankatu 4 | 100.00% | 4 245 805.49 | 2 679 908.18 |
| Kiinteistö Oy Espoon Suviniitty | 100.00% | 4 888 000.00 | 5 215 650.81 |
| Kiinteistö Oy Gaselli | 100.00% | 64 092 000.00 | 46 119 422.09 |
| Kiinteistö Oy Hatanpään Elisa | 100.00% | 4 021 000.00 | 3 414 932.56 |
| Kiinteistö Oy Haukipurontie | 100.00% | 51 009 000.00 | 40 160 820.58 |
| Kiinteistö Oy Helsingin Apollonkatu 10 | 100.00% | 19 748 000.00 | 9 061 442.12 |
| Kiinteistö Oy Helsingin Auringonkehrä | 100.00% | 15 194 000.00 | 11 445 677.26 |
| Kiinteistö Oy Helsingin Hämeentie 17 a | 100.00% | 9 669 344.03 | 5 397 425.77 |
| Kiinteistö Oy Helsingin Kaivonkatsojantie 8 | 100.00% | 6 334 544.70 | 4 593 350.43 |
| Kiinteistö Oy Helsingin Kuparitalo | 100.00% | 20 304 000.00 | 23 564 712.39 |
| Kiinteistö Oy Helsingin Merikorttikuja 4 | 100.00% | 8 133 000.00 | 7 403 596.78 |
| Kiinteistö Oy Helsingin Pohjoinen Rautatiekatu 25 | 100.00% | 11 383 000.00 | 17 795 345.56 |
| Kiinteistö Oy Helsingin Rukkilantie 7-9 | 100.00% | 4 060 000.00 | 4 191 652.96 |
| Kiinteistö Oy Helsingin Strömberginaukio | 100.00% | 19 877 000.00 | 31 921 661.68 |
| Kiinteistö Oy Helsingin Suvilahdenkatu 6 | 100.00% | 8 139 471.58 | 5 378 815.66 |
| Kiinteistö Oy Helsingin Tapulikaupungintie 11 | 100.00% | 5 096 000.00 | 4 158 489.83 |
| Kiinteistö Oy Helsingin Tyynenmerenkatu 3 | 100.00% | 34 002 000.00 | 25 488 817.53 |
| Kiinteistö Oy Helsingin Työpajankatu 13 | 100.00% | 66 193 000.00 | 56 022 479.66 |
| Kiinteistö Oy Helsingin Valimotie 17-19 | 100.00% | 35 115 000.00 | 75 072 530.69 |
| Kiinteistö Oy Helsingin Veneentekijänranta | 100.00% | 7 043 000.00 | 5 172 079.95 |
| Kiinteistö Oy Hermannin Tuulensuuntori | 100.00% | 25 660 000.00 | 26 397 069.52 |
| Kiinteistö Oy Hermian Bitti | 100.00% | 16 535 000.00 | 32 806 859.25 |
| Kiinteistö Oy HTC Santa Maria | 100.00% | 17 131 000.00 | 22 410 850.14 |
| Kiinteistö Oy HTC Vega | 100.00% | 29 370 000.00 | 26 185 992.30 |
| Kiinteistö Oy Hämeenlinnakeskus | 100.00% | 97 225 274.52 | 94 553 941.40 |
| Kiinteistö Oy Jokiniementalo | 100.00% | 9 604 000.00 | 6 887 474.39 |
| Kiinteistö Oy Jyväskylän Isohovi | 100.00% | 1 641 000.00 | 1 346 364.70 |
| Kiinteistö Oy Jyväskylän Schaumanin Puistotie 11 | 100.00% | 3 670 000.00 | 2 837 202.36 |
| Kiinteistö Oy Kaapelipuisto | 100.00% | 12 229 000.00 | 6 651 487.61 |
| Kiinteistö Oy Kaarenmänty | 100.00% | 2 096 000.00 | 1 517 825.16 |
| Kiinteistö Oy Kaarenpetäjä | 100.00% | 2 711 328.81 | 2 047 044.72 |
| Kiinteistö Oy Kalliokrouvi | 100.00% | 4 220 000.00 | 3 766 303.52 |
| Kiinteistö Oy Karhu | 100.00% | 36 212 226.42 | 36 212 226.42 |
| Kiinteistö Oy Keilarannanpuisto | 100.00% | 36 428 000.00 | 56 689 636.06 |
| Kiinteistö Oy Kiirulankulma | 100.00% | 2 493 000.00 | 10 506 686.26 |

| | | | |
|---|---------|---------------|---------------|
| Kiinteistö Oy Kipparin Kruunu | 100.00% | 38 234 000.00 | 26 869 417.27 |
| Kiinteistö Oy Konalankuja 1-3 | 100.00% | 5 036 000.00 | 16 019 196.60 |
| Kiinteistö Oy Kotkan Kaivokaari | 100.00% | 7 644 000.00 | 6 302 075.15 |
| Kiinteistö Oy Kouvolan Hansakaari | 100.00% | 3 177 392.42 | 3 016 486.20 |
| Kiinteistö Oy Kulma-Sarvis | 100.00% | 13 711 000.00 | 16 090 780.91 |
| Kiinteistö Oy Kuopion Haapaniemenkatu 18 | 100.00% | 24 681 000.00 | 29 803 295.03 |
| Kiinteistö Oy Kuopion Kirkkokatu 1 | 100.00% | 3 098 000.00 | 7 223 582.20 |
| Kiinteistö Oy Kuopion Safiiri | 100.00% | 8 688 000.00 | 8 414 958.56 |
| Kiinteistö Oy Kuopion Särkiranta 6 | 100.00% | 2 045 000.00 | 2 118 519.69 |
| Kiinteistö Oy Kuopion Tulliportinkatu 3 | 100.00% | 2 311 000.00 | 1 881 905.54 |
| Kiinteistö Oy Käsityöläiskatu 18 | 100.00% | 10 440 000.00 | 9 523 536.77 |
| Kiinteistö Oy Lahden Laaksokatu 7 | 100.00% | 2 781 000.00 | 2 344 901.89 |
| Kiinteistö Oy Lahden Rauhankatu 5 | 100.00% | 4 535 346.10 | 4 122 599.33 |
| Kiinteistö Oy Lakelanportti | 100.00% | 5 921 000.00 | 4 214 651.48 |
| Kiinteistö Oy Lappeenrannan Porarinpolku 1 | 100.00% | 1 909 000.00 | 1 901 934.24 |
| Kiinteistö Oy Lappeenrannan Valtakatu 43 | 100.00% | 4 246 000.00 | 4 043 227.37 |
| Kiinteistö Oy Lielähtikeskus | 100.00% | 27 611 000.00 | 36 323 203.64 |
| Kiinteistö Oy Mastokoukku | 100.00% | 12 308 000.00 | 13 025 396.37 |
| Kiinteistö Oy Menuetto | 100.00% | 33 111 000.00 | 34 050 231.28 |
| Kiinteistö Oy Oulun Tullipuomi | 100.00% | 10 186 000.00 | 8 690 231.14 |
| Kiinteistö Oy Paciuksenkatu 21 | 100.00% | 20 132 000.00 | 24 399 333.20 |
| Kiinteistö Oy Piispanpuro | 100.00% | 731 097.95 | 731 097.95 |
| Kiinteistö Oy Porin Valta-Antti | 100.00% | 3 815 860.02 | 3 310 170.61 |
| Kiinteistö Oy Powergate Vaasa | 100.00% | 21 219 000.00 | 20 600 364.74 |
| Kiinteistö Oy Quartetto | 100.00% | 22 826 000.00 | 29 559 822.88 |
| Kiinteistö Oy Ratinanraitti | 100.00% | 13 823 000.00 | 12 729 682.97 |
| Kiinteistö Oy Rauman Kanalinparras | 100.00% | 3 045 000.00 | 2 839 542.08 |
| Kiinteistö Oy Riihentausta | 100.00% | 2 528 000.00 | 3 548 085.03 |
| Kiinteistö Oy Riihimäen Merkurius | 100.00% | 1 145 000.00 | 1 855 953.77 |
| Kiinteistö Oy Rovaniemen Ahjotie 30 | 100.00% | 19 408 000.00 | 23 159 728.60 |
| Kiinteistö Oy Rovaniemen Pohjanpuistikko | 100.00% | 16 621 000.00 | 12 776 044.87 |
| Kiinteistö Oy Ruoholahdenkatu 8 | 100.00% | 13 516 000.00 | 39 771 995.53 |
| Kiinteistö Oy Seinäjoen Alkionkatu 4 | 100.00% | 1 709 000.00 | 1 409 197.56 |
| Kiinteistö Oy Seinäjoen Torikatu 21 | 100.00% | 2 669 492.16 | 2 423 180.60 |
| Kiinteistö Oy Sofianlehdonkadun senioritalo | 100.00% | 10 792 000.00 | 7 687 403.47 |
| Kiinteistö Oy Spektrin Kvartti | 100.00% | 9 805 000.00 | 16 839 043.51 |
| Kiinteistö Oy Sörnäisten Rantatie 31 | 100.00% | 4 466 000.00 | 7 934 469.53 |
| Kiinteistö Oy Tampereen Hovi-Sarvis | 100.00% | 6 894 000.00 | 5 347 725.71 |
| Kiinteistö Oy Tampereen Hämeenkadunaukio | 100.00% | 21 274 000.00 | 15 980 768.70 |
| Kiinteistö Oy Tampereen Ilveshotelli | 100.00% | 58 586 000.00 | 41 644 594.06 |
| Kiinteistö Oy Tampereen Tarmontalo | 100.00% | 10 017 000.00 | 8 794 211.99 |
| Kiinteistö Oy Tampereen Tullinkulma | 100.00% | 6 281 000.00 | 6 163 151.15 |
| Kiinteistö Oy Tirkkosentalo | 100.00% | 9 228 000.00 | 9 019 315.27 |
| Kiinteistö Oy Turun Catharina | 100.00% | 441 000.00 | 1 840 034.52 |
| Kiinteistö Oy Turun Kaakelinna | 100.00% | 5 617 000.00 | 9 816 696.70 |
| Kiinteistö Oy Turun Pakkarinpuisto | 100.00% | 1 816 000.00 | 6 684 199.13 |
| Kiinteistö Oy Turun Panimonlinna | 100.00% | 6 596 000.00 | 13 427 725.04 |
| Kiinteistö Oy Turun Telakkaranta | 100.00% | 11 141 000.00 | 10 962 425.51 |
| Kiinteistö Oy Turun Väinämöinen | 100.00% | 11 433 000.00 | 10 596 060.19 |
| Kiinteistö Oy Turun Yliopistonkatu 22 | 100.00% | 19 335 740.33 | 19 648 288.03 |
| Kiinteistö Oy Tuusulan Kievarinkaari | 100.00% | 2 898 000.00 | 2 093 375.36 |
| Kiinteistö Oy Tuusulan Pakkasraitti 2A | 100.00% | 14 259 000.00 | 15 223 613.40 |
| Kiinteistö Oy Vaasan Pitkätatu 52 | 100.00% | 1 580 000.00 | 1 298 377.65 |
| Kiinteistö Oy Valimotie 15 | 100.00% | 6 720 000.00 | 23 789 463.13 |
| Kiinteistö Oy Vantaan Hakkilankaari 1 | 100.00% | 16 448 000.00 | 9 440 691.31 |
| Kiinteistö Oy Vantaan Kielotie 50 | 100.00% | 5 080 000.00 | 4 383 670.96 |
| Kiinteistö Oy Vantaan Lähettiläntie 7 | 100.00% | 7 527 000.00 | 6 699 596.98 |
| Kiinteistö Oy Vantaan Osmankäämintie | 100.00% | 18 259 718.71 | 20 865 901.08 |
| Kiinteistö Oy Vantaan Puutarharanta | 100.00% | 4 338 476.89 | 3 007 877.70 |
| Kiinteistö Oy Vantaan Puutellikuja | 100.00% | 4 799 267.52 | 4 799 267.52 |

| | | | |
|---|---------|-------------------------|-------------------------|
| Kiinteistö Oy Westport | 100.00% | 24 370 000.00 | 24 288 160.80 |
| Kiinteistö Oy Värehteankaatu 4 | 100.00% | 9 363 000.00 | 4 685 032.40 |
| Oy Kamppiparkki Ab | 100.00% | 88 270 000.00 | 65 359 482.90 |
| Kiinteistö Oy Tilkanhovi | 99.99% | 5 595 000.00 | 3 398 342.94 |
| Kiinteistö Oy Helsingin Kaarlenkatu 9 -11 | 99.55% | 13 259 000.00 | 10 966 006.14 |
| Kiinteistö-oy Rekipellonpuisto 1 | 98.93% | 6 653 000.00 | 7 360 527.42 |
| Kiinteistö Oy Kirkkonummen Kunnantalo | 95.00% | 27 798 000.00 | 24 483 307.14 |
| Kiinteistö Oy Lohjantähti | 86.46% | 8 647 000.00 | 31 657 089.98 |
| Kiinteistö Oy Mikonkatu 2 - Pohjoisesplanadi 35 | 84.18% | 46 476 000.00 | 36 661 660.65 |
| Kiinteistö Oy Rukavarri | 78.25% | 1 243 290.22 | 1 243 290.22 |
| Kiinteistö Oy Pohjoisesplanadi 37 | 68.98% | 36 974 000.00 | 24 667 506.42 |
| Kiinteistö Oy Tampereen Hämeenkatu 11 | 66.59% | 15 032 000.00 | 9 602 100.89 |
| Kiinteistö Oy Helsingin Liisankatu 14 | 55.87% | 15 183 000.00 | 13 925 957.68 |
| Total real estate subsidiaries | | 1 854 541 347.52 | 1 901 621 544.18 |

Shares in associated companies

| | | | |
|-----------------------------------|--------|-----------------------|----------------------|
| Kiinteistö Oy Kauppakeskus Sello | 49.00% | 145 810 173.53 | 56 045 114.59 |
| Leppävaaran Hotelliikiinteistö Oy | 49.00% | 6 860 000.00 | 4 239 834.28 |
| Asunto Oy Espoon Sellonhuippu | 49.00% | 7 585 200.00 | 5 605 993.40 |
| Kiinteistö Oy Selloparkki | 24.81% | 490 000.00 | 3 391 951.86 |
| Kiinteistö Oy Massun Parkki | 22.92% | 955 153.22 | 955 153.22 |
| Total associated companies | | 161 700 526.75 | 70 238 047.35 |

Other real estate shares

| | | | |
|---------------------------------------|--------|----------------------|---------------------|
| Asunto Oy Espoon Sellonkulma | 18.38% | 6 909 000.00 | 3 277 451.58 |
| Kiinteistö Oy Kluuvien Pysäköinti | 10.10% | 1 244 010.53 | 43 028.53 |
| Asunto Oy Mikonkatu 20 | 5.40% | 748 716.73 | 748 716.73 |
| P-Turkuparkki Oy | 4.71% | 652 649.04 | 656 336.00 |
| Asunto Oy Laivastokatu 8-10 | 3.31% | 1 151 631.38 | 1 151 631.38 |
| Bostadsaktiebolaget Semafor | 2.60% | 1 319 784.00 | 1 319 784.00 |
| Total other real estate shares | | 12 025 791.68 | 7 196 948.22 |

Shares in real estate investments, Sweden

| | | | |
|-------------------------|--------|----------------------|----------------------|
| Stadsrum Fastigheter AB | 98.00% | 16 934 966.00 | 12 799 549.34 |
|-------------------------|--------|----------------------|----------------------|

Total real estate shares

2 045 202 631.95 1 991 856 089.09

Other real estate investments**Holdings in real estate funds**

| | | | |
|--|--------|-----------------------|-----------------------|
| Exilion Real Estate I Ky | 37.39% | 79 241 368.00 | 64 305 617.00 |
| Fosca II, SCA | 27.03% | 69 300 000.00 | 49 871 074.60 |
| Capman Hotels Real Estate Ky | 18.05% | 62 784 599.00 | 56 394 116.96 |
| Rockspring TransEuropean V | 14.17% | 54 820 366.00 | 39 124 663.00 |
| Ares European IV | 8.35% | 47 561 538.00 | 46 715 559.00 |
| Rockspring TransEuropean Properties VI | 18.75% | 45 744 994.00 | 48 775 335.00 |
| Rockspring UK Value 2, L.P. | 14.62% | 44 544 564.23 | 56 741 536.51 |
| Sierra Portugal Fund | 16.67% | 35 757 150.00 | 46 144 419.00 |
| Aberdeen Property Finland I Ky | 26.60% | 31 926 839.00 | 39 499 999.99 |
| Aberdeen Asia III | 38.14% | 21 515 106.73 | 18 533 941.07 |
| Franklin Templeton Asian Real Estate Fund | 19.58% | 21 303 203.68 | 18 663 667.10 |
| CapMan RE II | 13.33% | 15 802 621.00 | 16 688 793.98 |
| EPI Russia I Ky | 27.16% | 15 047 563.80 | 38 383 701.19 |
| Grosvenor French Retail Investments S.A | 6.33% | 12 591 682.00 | 5 807 470.00 |
| AIPP Asia Select | 30.00% | 10 222 144.01 | 8 011 084.74 |
| Patron Capital GP V | 10.00% | 7 107 262.00 | 9 363 118.00 |
| AXA DV III | 6.15% | 6 616 278.00 | 8 533 809.11 |
| Franklin Templeton European Real Estate Fund | 19.09% | 6 432 395.00 | 26 454 249.49 |
| AXA European Logistics | 22.22% | 6 131 608.00 | 22 914 527.46 |
| | | 594 451 282.44 | 620 926 683.21 |

| | | | |
|---|--------|-------------------------|-------------------------|
| Other investments in real estate funds | | 125 590 312.44 | 154 189 439.08 |
| Total holdings in real estate funds | | 720 041 594.88 | 775 116 122.29 |
| Other real estate investments, capital loans | | | |
| Kiinteistö Oy Kluuvin Pysäköinti | 10.10% | 1 509 989.47 | 1 509 989.47 |
| Stadsrum Fastigheter AB | 98.00% | 28 237 131.64 | 29 092 313.17 |
| | | 29 747 121.11 | 30 602 302.64 |
| Total other real estate investments | | 749 788 715.99 | 805 718 424.93 |
| Total investment properties | | 2 802 900 947.94 | 2 805 484 114.02 |
| Total real estate and shares in real estate | | 2 842 111 762.54 | 2 844 694 928.62 |

6.11 Major shareholdings ²¹⁾

| 31 Dec 2016 | | | |
|--------------------------------|-------------------------|---------------------------------------|-----------------------------|
| Name | Number of shares | Book value i.e. fair value EUR | Acquisition cost EUR |
| Amer Sports OYJ | 5 477 261 | 138 465 158.08 | 75 583 135.33 |
| UPM-Kymmene OYJ | 4 121 749 | 96 201 621.66 | 43 326 643.68 |
| Sampo OYJ | 1 957 993 | 83 390 921.87 | 43 106 506.47 |
| Kone OYJ | 1 918 626 | 81 675 908.82 | 33 472 882.11 |
| Royal Dutch Shell PLC | 2 330 639 | 62 450 055.54 | 58 875 992.67 |
| Nordea Bank AB | 5 773 811 | 61 214 031.98 | 47 039 295.56 |
| Huhtamaki OYJ | 1 607 175 | 56 701 134.00 | 33 857 236.39 |
| Stora Enso OYJ | 5 251 101 | 53 613 741.21 | 33 848 714.02 |
| Novartis AG | 758 414 | 52 331 201.60 | 30 334 928.55 |
| Nokia OYJ | 10 848 538 | 49 773 092.34 | 46 908 081.89 |
| Wartsila OYJ | 1 107 327 | 47 260 716.36 | 26 620 711.28 |
| Roche Holding AG | 202 708 | 43 931 377.97 | 27 703 433.10 |
| Metso OYJ | 1 527 810 | 41 403 651.00 | 34 654 977.61 |
| Nestle SA | 565 233 | 38 448 897.15 | 19 816 502.43 |
| Fortum OYJ | 2 568 955 | 37 429 674.35 | 52 265 391.40 |
| Total SA | 708 376 | 34 512 078.72 | 31 579 700.37 |
| Swedish Match AB | 1 123 109 | 34 072 440.53 | 30 590 681.69 |
| Beiersdorf AG | 413 731 | 33 346 718.60 | 29 047 912.96 |
| BP PLC | 5 381 766 | 32 032 375.83 | 32 021 182.19 |
| BNP Paribas SA | 513 763 | 31 108 349.65 | 27 526 077.11 |
| Davide Campari-Milano SpA | 3 313 784 | 30 785 053.36 | 21 934 823.29 |
| Salvatore Ferragamo Italia SpA | 1 367 978 | 30 683 746.54 | 29 913 167.21 |
| Remy Cointreau SA | 365 000 | 29 572 300.00 | 26 808 897.70 |
| HSBC Holdings PLC | 3 617 837 | 27 757 680.92 | 30 493 096.05 |
| Siemens AG | 229 513 | 26 807 118.40 | 18 617 195.01 |
| Mead Johnson Nutrition Co | 394 131 | 26 457 366.06 | 24 362 773.26 |
| Sanofi | 337 901 | 25 984 586.90 | 17 829 327.03 |
| GlaxoSmithKline PLC | 1 403 021 | 25 596 472.73 | 27 947 976.59 |
| Finnair OYJ | 6 200 875 | 24 989 526.25 | 18 692 617.05 |
| Danske Bank A/S | 830 794 | 23 936 844.24 | 18 499 539.68 |
| SAP AG | 284 502 | 23 559 610.62 | 14 035 277.92 |
| Bayer AG | 236 742 | 23 468 234.46 | 20 584 119.86 |
| ING Groep NV | 1 689 617 | 22 590 179.29 | 17 110 764.71 |
| Intesa Sanpaolo SpA | 9 243 580 | 22 391 359.06 | 24 664 025.46 |
| BASF SE | 250 856 | 22 153 093.36 | 17 128 776.44 |
| Daimler AG | 297 995 | 21 074 206.40 | 12 385 154.95 |
| Valmet OYJ | 1 502 166 | 21 000 280.68 | 10 330 143.03 |
| Konecranes OYJ | 598 542 | 20 218 748.76 | 14 074 002.06 |
| Cargotec OYJ | 466 910 | 20 025 769.90 | 14 041 410.09 |
| AstraZeneca PLC | 361 136 | 18 717 337.48 | 13 565 474.20 |
| Novo Nordisk A/S | 533 928 | 18 292 190.57 | 5 514 094.56 |
| British American Tobacco PLC | 338 608 | 18 277 428.48 | 7 490 855.86 |
| Prudential PLC | 936 980 | 17 810 915.34 | 11 815 342.83 |
| Vodafone Group PLC | 7 520 676 | 17 554 802.71 | 24 956 324.51 |
| Verkkokauppa.com OYJ | 2 171 000 | 16 021 980.00 | 11 219 741.99 |
| St James's Place PLC | 1 338 400 | 15 851 078.04 | 18 559 356.28 |
| Koninklijke Philips Electronic | 541 691 | 15 709 039.00 | 12 033 093.05 |
| Anheuser-Busch InBev NV | 155 813 | 15 666 997.15 | 10 409 729.03 |
| Uponor OYJ | 940 833 | 15 533 152.83 | 14 300 380.54 |
| Boliden AB | 612 569 | 15 255 709.51 | 11 418 436.04 |
| Deutsche Telekom AG | 912 243 | 14 919 734.27 | 9 187 082.09 |
| Amadeus IT Group SA | 341 145 | 14 727 229.65 | 5 739 631.49 |
| Zurich Financial Services AG | 55 739 | 14 553 697.36 | 11 513 603.44 |
| Shire PLC | 260 999 | 14 278 765.17 | 8 005 906.03 |

| | | | |
|------------------------------------|------------|---------------|---------------|
| Renault SA | 167 217 | 14 131 508.67 | 6 419 159.42 |
| Deutsche Post AG | 440 070 | 13 745 586.45 | 10 503 739.10 |
| Atlas Copco AB | 470 486 | 13 443 267.66 | 8 055 128.57 |
| ASML Holding NV | 125 941 | 13 431 607.65 | 4 027 860.44 |
| Allianz SE | 82 802 | 12 999 914.00 | 6 331 156.89 |
| Skechers USA Inc | 550 000 | 12 825 158.90 | 13 867 552.81 |
| National Grid PLC | 1 148 737 | 12 767 620.47 | 8 857 966.28 |
| Banco Santander SA | 2 555 240 | 12 671 435.16 | 20 299 736.55 |
| Unilever NV | 310 696 | 12 152 874.04 | 6 723 844.17 |
| ENI SpA | 784 533 | 12 136 725.51 | 13 770 738.73 |
| Outotec OYJ | 2 425 120 | 12 106 199.04 | 19 913 605.05 |
| Legrand SA | 214 090 | 11 550 155.50 | 9 790 940.66 |
| ABN AMRO Group NV | 541 900 | 11 406 995.00 | 11 166 604.16 |
| Diageo PLC | 456 348 | 11 246 400.06 | 5 712 154.61 |
| Telefonica SA | 1 261 551 | 11 126 879.82 | 18 221 957.02 |
| Asiakastieto Group OYJ | 569 222 | 10 957 523.50 | 8 381 254.63 |
| BT Group PLC | 2 538 670 | 10 878 997.68 | 7 877 395.11 |
| Ocado Group PLC | 3 500 000 | 10 796 211.08 | 15 756 421.26 |
| Iberdrola SA | 1 697 043 | 10 579 366.06 | 6 066 140.28 |
| Metsä Board OYJ | 1 550 000 | 10 532 250.00 | 8 053 835.36 |
| UBS Group AG | 695 711 | 10 332 983.01 | 12 071 476.96 |
| Weir Group PLC | 465 396 | 10 273 522.39 | 9 967 805.62 |
| Volvo AB | 921 680 | 10 266 082.39 | 9 291 673.76 |
| Orion OYJ | 239 977 | 10 148 627.33 | 3 918 981.99 |
| KBC Groep NV | 170 728 | 10 043 928.24 | 6 652 757.48 |
| Reckitt Benckiser Group PLC | 124 517 | 10 014 530.38 | 4 669 797.20 |
| Vinci SA | 153 924 | 9 958 882.80 | 7 837 008.75 |
| Syngenta AG | 26 506 | 9 957 952.98 | 4 472 844.77 |
| France Telecom SA | 671 087 | 9 687 140.85 | 9 244 382.73 |
| LVMH Moët Hennessy Vuitton SE | 51 466 | 9 335 932.40 | 4 980 910.19 |
| Autoliv Inc | 86 700 | 9 330 290.50 | 10 010 031.18 |
| Enel SpA | 2 220 513 | 9 299 508.44 | 8 872 734.82 |
| Unilever PLC | 229 153 | 8 812 238.69 | 4 041 027.92 |
| APERAM | 201 000 | 8 736 465.00 | 6 141 463.91 |
| Fresenius SE & Co KGaA | 116 517 | 8 652 552.42 | 3 252 778.36 |
| AXA SA | 360 172 | 8 638 725.42 | 5 374 547.74 |
| Outokumpu OYJ | 1 000 000 | 8 505 000.00 | 7 193 408.10 |
| Lloyds Banking Group PLC | 11 497 239 | 8 394 174.24 | 12 800 070.90 |
| CRH PLC | 245 339 | 8 085 146.75 | 5 336 356.83 |
| L'Oreal SA | 45 532 | 7 895 248.80 | 3 637 821.82 |
| Linde AG | 50 100 | 7 820 610.00 | 6 957 360.16 |
| Air Liquide SA | 73 085 | 7 721 430.25 | 3 347 144.25 |
| Akzo Nobel NV | 128 722 | 7 644 799.58 | 7 162 531.87 |
| Imperial Brands PLC | 182 638 | 7 556 765.11 | 3 731 521.59 |
| Barclays PLC | 2 872 762 | 7 497 473.30 | 13 359 682.37 |
| Atlantia SpA | 335 309 | 7 463 978.34 | 7 722 020.21 |
| IMCD Group NV | 182 731 | 7 398 778.19 | 7 252 151.23 |
| ABB Ltd | 365 622 | 7 313 120.92 | 3 785 970.48 |
| Assa Abloy AB | 411 735 | 7 288 603.87 | 3 738 538.18 |
| Schneider Electric SE | 109 943 | 7 268 331.73 | 2 524 375.18 |
| Banco Bilbao Vizcaya Argentaria SA | 1 120 496 | 7 186 861.34 | 9 299 411.82 |
| Glencore PLC | 2 210 260 | 7 159 891.74 | 5 976 988.47 |
| Volkswagen AG | 53 131 | 7 108 733.85 | 8 402 828.51 |
| Topdanmark A/S | 293 500 | 7 078 520.12 | 6 730 436.10 |
| Danone SA | 112 460 | 6 770 092.00 | 4 676 891.70 |
| Inditex SA | 204 594 | 6 634 983.42 | 1 110 893.84 |
| Societe Generale SA | 135 663 | 6 341 566.94 | 6 100 567.18 |
| Actelion Ltd | 30 725 | 6 308 653.04 | 850 758.13 |
| Wolseley PLC | 108 347 | 6 279 261.53 | 4 265 828.36 |
| Cie Financiere Richemont SA | 99 006 | 6 218 413.91 | 2 807 789.52 |

| | | | |
|---|-----------|-------------------------|-------------------------|
| Bayerische Motoren Werke AG | 71 813 | 6 212 277.80 | 4 618 721.66 |
| Essilor International SA | 56 705 | 6 087 281.75 | 2 347 844.61 |
| Adidas AG | 40 497 | 6 080 624.55 | 771 223.60 |
| BHP Billiton PLC | 390 118 | 5 953 060.89 | 6 045 190.43 |
| Consti Yhtiot OYJ | 388 000 | 5 726 880.00 | 3 752 612.00 |
| Compass Group PLC | 319 683 | 5 604 477.83 | 1 224 461.10 |
| Engie SA | 459 689 | 5 571 430.68 | 14 725 015.67 |
| Statoil ASA | 313 226 | 5 460 418.26 | 6 546 466.41 |
| AIA Group Ltd | 1 000 000 | 5 351 616.49 | 4 696 100.54 |
| Swiss Re AG | 59 536 | 5 349 868.70 | 2 231 537.98 |
| Infineon Technologies AG | 321 753 | 5 312 142.03 | 2 273 947.85 |
| WPP PLC | 242 086 | 5 134 763.44 | 1 505 684.18 |
| Muenchener Rueckversicherungs-Gesellschaft AG | 28 435 | 5 108 347.75 | 4 252 454.25 |
| Scottish & Southern Energy PLC | 281 542 | 5 106 808.45 | 4 019 357.85 |
| Telefonaktiebolaget LM Ericsson | 896 839 | 5 022 861.71 | 7 580 344.86 |
| Fresenius Medical Care AG & Co | 62 019 | 4 989 428.55 | 2 259 616.60 |
| Covestro AG | 75 000 | 4 888 500.00 | 1 800 000.00 |
| Investor AB | 133 601 | 4 762 223.55 | 2 005 528.45 |
| Koninklijke Ahold Delhaize NV | 236 250 | 4 732 087.50 | 2 205 837.96 |
| Credit Suisse Group AG | 344 972 | 4 693 212.52 | 8 959 429.48 |
| Hennes & Mauritz AB | 175 730 | 4 661 605.02 | 6 462 218.70 |
| Deutsche Bank AG | 255 239 | 4 402 872.75 | 7 589 031.35 |
| Swedbank AB | 187 776 | 4 330 494.93 | 4 482 963.49 |
| Deutsche Boerse AG | 56 489 | 4 316 889.38 | 2 424 648.32 |
| Repsol SA | 317 820 | 4 265 144.40 | 4 763 275.91 |
| Cie de St-Gobain | 94 476 | 4 181 035.38 | 2 882 337.19 |
| Aviva PLC | 734 152 | 4 170 753.03 | 6 912 497.63 |
| Centrica PLC | 1 500 679 | 4 103 213.74 | 5 501 473.27 |
| Dassault Aviation SA | 3 825 | 4 060 620.00 | 3 820 059.96 |
| Unibail-Rodamco SE | 17 656 | 4 003 498.00 | 1 838 203.80 |
| | | 2 541 146 300.29 | 1 903 228 972.52 |
| Other | | 524 526 203.50 | 410 158 377.83 |
| Total | | 3 065 672 503.79 | 2 313 387 350.35 |

6.12 Equity funds ²²⁾

| 31 Dec 2016 | Book value i.e. fair value EUR | Acquisition cost EUR |
|----------------------------------|---|---------------------------------|
| Relational Investors XV L.P Fund | 654 587.27 | 397 518.27 |

6.13 Fund units ²³⁾

| 31 Dec 2016 | Book value i.e. fair value EUR | Acquisition cost EUR |
|----------------------------------|---|---------------------------------|
| Mercer Investment Fund 1 | 11 925 037 309.54 | 11 230 861 704.54 |
| Mercer Investment Fund 2 | 7 653 813 305.08 | 5 729 902 442.93 |
| ML UCITS Platform Sub-Fund – KA3 | 146 892 113.45 | 106 213 788.05 |
| | 19 725 742 728.07 | 17 066 977 935.52 |

The share of fair value of balanced funds classified as fixed-income investments based on yield totals 5 383 723 820 euro.

6.14 Major private equity investments ²⁴⁾

| 31 Dec 2016 | Book value i.e. fair value EUR | Acquisition cost EUR |
|---------------------------------------|---|---------------------------------|
| Keva Investments Ky | 284 209 080.73 | 214 693 897.47 |
| KCEAF I | 138 135 997.53 | 83 426 726.86 |
| Advent International GPE VII L.P. | 110 266 290.00 | 71 656 844.00 |
| Pine Brook II | 97 221 718.05 | 77 082 334.64 |
| Warburg Pincus Private Equity XI L.P. | 93 488 431.84 | 59 234 658.46 |
| EQT VI L.P | 80 067 623.00 | 60 534 577.26 |
| Crown Global Secondaries III Plc | 72 470 059.77 | 43 359 835.45 |
| MBK III | 68 940 614.74 | 47 041 312.31 |
| Keva Investments III L.P. | 63 419 277.11 | 59 546 158.82 |
| ACE II | 63 070 924.96 | 48 983 743.12 |
| SAIF Partners III, L.P. | 55 779 069.35 | 12 121 603.59 |
| CAP IV, L.P. | 55 551 290.20 | 48 612 396.31 |
| Cinven 5 | 54 336 844.00 | 45 228 718.41 |
| Crown Opportunities KY | 53 934 634.00 | 3 659 801.00 |
| Resolute Fund III | 51 349 718.24 | 34 325 959.07 |
| Advent International GPE-VI | 51 029 710.00 | 26 120 152.00 |
| Montagu IV, L.P. | 48 636 982.00 | 41 152 141.38 |
| Carlyle Partners VI L.P | 48 408 425.20 | 43 624 796.24 |
| Energy Capital III | 46 208 551.37 | 36 054 988.30 |
| Crescent Mezzanine VI L.P. | 45 832 902.00 | 35 550 887.48 |
| Intera Fund II Ky | 41 354 998.00 | 26 521 461.30 |
| Lindsay Goldberg III | 40 614 848.69 | 33 363 857.06 |
| Polish Enterprise Fund VI | 39 771 620.73 | 23 799 843.47 |
| ASF Peak Co-investment | 38 119 187.93 | 24 853 210.78 |
| Hitec Vision VI L.P | 35 093 368.75 | 34 088 099.48 |
| Hermes GPE GSF | 34 908 321.60 | 25 713 029.58 |
| EQT Infrastructure II | 33 719 094.84 | 36 715 066.39 |
| Lexington Capital Partners VIII | 33 341 942.70 | 31 680 686.83 |
| EQT VII L.P | 30 427 262.85 | 32 654 798.45 |
| Energy Capital II | 30 175 875.15 | 5 509 406.60 |
| EQT Yellow Maple CI | 29 998 881.00 | 25 000 000.00 |
| Triton Fund III | 27 929 973.90 | 30 886 205.00 |
| Bridgepoint Europe V | 27 924 258.00 | 28 131 028.04 |
| Nordic Mezzanine Fund III | 27 525 756.00 | 19 302 427.05 |
| Bowmark IV | 27 402 247.14 | 22 711 129.77 |
| Innova 5 L.P | 26 973 477.66 | 20 267 084.07 |
| Warburg Pincus Private Equity XII | 26 769 876.67 | 28 756 803.13 |
| Bridgepoint Europe IV A | 26 058 750.00 | 22 713 950.87 |
| HitecVision Asset Solutions | 24 703 538.56 | 16 381 538.39 |
| Wynnchurch Capital III L.P | 24 628 002.09 | 21 084 855.64 |
| MBKP 2015-3 | 23 683 322.27 | 22 026 470.07 |
| KCEAF II | 22 416 400.72 | 24 099 805.94 |
| HitecVision VII, L.P. | 21 705 891.28 | 20 797 067.07 |
| Centerbridge III L.P. | 21 440 091.07 | 18 059 673.93 |
| Element Co-Investment LP | 21 345 223.41 | 19 869 304.13 |
| Altor Fund III L.P. | 20 748 856.00 | 21 551 613.02 |
| Activa Capital Fund II FCPR | 19 161 905.20 | 26 104 292.73 |
| Lindsay Goldberg IV | 17 889 013.38 | 15 986 475.22 |
| Hitec Vision V L.P | 17 261 170.67 | 22 860 600.73 |
| Kasvurahastojen Rahasto Ky | 15 895 143.00 | 12 929 291.50 |
| ALTR FUND IV | 15 786 115.00 | 15 567 191.53 |
| Mid Europa Fund III. L.P. | 15 571 408.00 | 13 260 387.74 |
| MB Equity Fund IV KY | 15 508 971.00 | 10 636 202.68 |
| Bowmark V | 14 546 551.04 | 15 599 009.96 |
| Activa Capital Fund III FCPR | 14 225 137.00 | 16 160 000.00 |

| | | |
|---|-------------------------|-------------------------|
| CSSO | 13 705 175.98 | 11 052 424.50 |
| Affinity Asia Pasific Fund III, L.P. | 13 082 347.03 | 20 185 050.80 |
| Wynnchurch Capital IV, L.P. | 12 498 930.84 | 11 323 063.45 |
| Baring Vostok PE Fund IV, L.P. | 11 309 375.41 | 14 148 805.24 |
| Platinum IV | 10 362 293.90 | 10 340 610.99 |
| Crescent Mezzanine VII L.P. | 10 014 394.27 | 9 052 066.57 |
| Sponsor Fund IV Ky | 7 606 000.00 | 7 230 671.81 |
| Warburg Pincus Private Equity VIII | 7 311 544.45 | 4 894 083.62 |
| Wynnchurch Capital II L.P. | 6 838 951.71 | 8 595 006.74 |
| WLR Recovery Fund IV | 6 441 753.15 | 11 552 306.42 |
| Intera Fund III Ky | 5 941 747.90 | 6 288 000.00 |
| | 2 592 097 140.03 | 1 992 315 490.46 |
| Other private equity investments | 81 737 935.65 | 270 522 886.47 |
| Total private equity investments | 2 673 835 075.68 | 2 262 838 376.93 |

Investments in unlisted companies

| 31 Dec 2016 | Book value i.e. fair value EUR | Acquisition cost EUR |
|---|--------------------------------------|-------------------------|
| Suomi Power Networks SHL 8.17% | 116 156 283.08 | 116 156 283.08 |
| Suomi Power Networks TopCo B.V. | 96 411 720.33 | 21 462 950.06 |
| Other investments | 172 674.00 | 3 396 648.00 |
| Total unlisted | 212 740 677.41 | 141 015 881.14 |
| Total private equity investments | 2 886 575 753.09 | 2 403 854 258.07 |

6.15 Hedge funds ²⁵⁾

| 31 Dec 2016 | Book value i.e. fair value EUR | Acquisition cost EUR |
|---|---|---------------------------------|
| OZ Overseas Fund II | 384 606 955.88 | 214 370 096.81 |
| King Street A Series 1 | 328 744 450.75 | 219 662 600.48 |
| GoldenTree Master Fund | 291 318 691.17 | 203 967 653.54 |
| Blue Mountain Credit Alternatives Fund Ltd | 290 505 021.39 | 207 530 429.72 |
| Davidson Kempner International, Ltd - Class C | 262 859 531.45 | 183 292 491.29 |
| Mesirow Multimanager Fund II | 238 997 199.08 | 152 374 431.27 |
| Alyeska Fund | 181 615 004.61 | 181 293 509.84 |
| Citadel Kensington Global Strategies Fund | 169 023 337.44 | 164 442 773.91 |
| York European Distressed Credit Fund II | 150 527 923.41 | 124 614 511.25 |
| Taconic Opportunity Offshore Fund | 128 553 616.93 | 88 450 062.23 |
| MKP Credit Offshore | 124 500 553.95 | 102 597 178.54 |
| Davidson Kempner Long-Term Distressed Opportunities International III | 83 107 954.65 | 71 468 831.05 |
| Davidson Kempner Long-Term Distressed Opportunities International II | 80 774 343.04 | 48 001 314.90 |
| York European Distressed Credit Fund | 70 795 226.19 | 57 479 880.75 |
| Nektar Fund | 62 795 702.86 | 50 000 000.00 |
| H.I.G Bayside Loan Opportunity Feeder Fund III | 49 134 437.22 | 51 487 067.17 |
| BlueBay Direct Lending Fund II SLP | 46 911 912.10 | 43 932 735.18 |
| Ares Capital Europe III Feeder | 36 304 063.99 | 32 922 800.56 |
| H.I.G Bayside Loan Opportunity Feeder Fund IV | 25 876 849.74 | 29 568 140.59 |
| Davidson Kempner Long-Term Distressed Opportunities International | 18 636 612.27 | 6 202 111.80 |
| AllBlue Class A | 2 558 607.07 | 2 185 882.59 |
| | 3 028 147 995.19 | 2 235 844 503.47 |
| Other | 3 724 034.14 | 0.00 |
| Total | 3 031 872 029.33 | 2 235 844 503.47 |

6.16 Other shares in subsidiaries and associated companies ²⁶⁾

| 31 Dec 2016 | | Book value, i.e. | Acquisition |
|---------------------------------------|-----------------------|---------------------------|----------------------|
| Company name | Holding, % | fair value EUR | cost EUR |
| Subsidiaries | | | |
| Kuntakehitys KE Oy | 100.00% | 2 522.82 | 2 522.82 |
| Kuntakiinteistöt KE Oy | 100.00% | 2 522.82 | 2 522.82 |
| Kuntasijoitus KE Oy ¹⁾ | 100.00% | 8 409.40 | 8 409.40 |
| | | 13 455.04 | 13 455.04 |
| Shares in associated companies | | | |
| Kuntarahoitus Oyj ²⁾ | 30.66% | 228 137 471.27 | 24 595 829.37 |
| Exilion Capital Oy ³⁾ | 25.50% | 33 628.20 | 33 628.20 |
| | | 228 171 099.47 | 24 629 457.57 |
| Total | | 228 184 554.51 | 24 642 912.61 |

¹⁾ Operates as the general partner in Keva Investments Ky. Investments made through the latter are shown under private equity funds. Keva Investments Ky owns a share in two United States private equity funds, the book values, i.e. fair values of which are 230 054 443.60 and 54 154 637.13 euro and the acquisition costs of which are 141 582 627.92 and 73 111 269.55 euro.

²⁾ Equity according to the 2016 consolidated financial statements is 1 184 433 000 euro. *) Profit for the period is 139 367 000 euro *)

*) Proposal to the Annual General Meeting of Kuntarahoitus Oyj to be held on 23 March 2017.

³⁾ Acts as the general partner in Exilion Real Estate I Ky and the investment held through the latter is shown under real estate investment funds. Equity according to the 2016 financial statements is 198 872.44 euro. Profit for the period is 11 625.31 euro.

6.17 Major bond holdings by issuer ²⁷⁾

| 31 Dec 2016 | Book value, i.e. fair value EUR | Acquisition cost EUR |
|---------------------------------------|--|---------------------------------|
| Issuer | | |
| German Government | 1 652 670 723.19 | 1 563 956 347.12 |
| French Government | 1 294 002 900.24 | 1 292 177 866.70 |
| Finnish Government | 320 689 419.91 | 317 357 000.00 |
| United States | 285 401 850.00 | 257 701 016.34 |
| Belgian Government | 205 546 472.60 | 199 465 142.85 |
| Sparebanken Vest | 153 590 092.57 | 151 211 251.54 |
| DNB Boligkredit AS | 144 303 141.10 | 147 148 040.00 |
| Cie Finacement Foncier SA | 136 631 219.80 | 134 904 460.23 |
| Polish Government | 118 991 897.95 | 109 593 750.00 |
| Nationwide Building Society | 114 552 541.75 | 106 564 540.00 |
| Credit Suisse International | 108 035 618.50 | 104 797 350.00 |
| Nykredit Bank A/S | 92 577 398.10 | 90 881 420.00 |
| Santander UK PLC | 88 431 736.44 | 87 486 720.00 |
| Australian Government | 88 276 003.49 | 97 732 426.30 |
| Austrian Government | 86 973 408.22 | 84 189 000.00 |
| Jubilee CLO BV | 81 607 702.50 | 83 905 000.00 |
| Danske Bank A/S | 75 742 406.82 | 75 057 250.00 |
| Skandinaviska Enskilda Banken AB | 75 568 277.05 | 70 736 194.53 |
| BANK OF NOVA SCOTIA | 75 359 319.15 | 74 387 250.00 |
| Sampo OYJ | 74 809 379.18 | 73 896 280.00 |
| Banco Bilbao Vizcaya Argentaria SA | 69 357 268.43 | 70 032 400.00 |
| LLOYDS BANK PLC | 68 668 514.52 | 67 957 840.00 |
| TVO Teollisuuden voima OYJ | 64 369 740.66 | 65 722 220.00 |
| Banco Popular Espanol SA | 61 272 131.51 | 60 000 000.00 |
| German Postal Pensions | 60 657 729.17 | 49 524 000.00 |
| Suomen Hypoteekkiyhdistys | 59 397 436.02 | 58 988 490.00 |
| Royal Bank Of Canada Plc | 58 192 570.09 | 57 737 840.00 |
| Societe Generale SA | 57 221 673.42 | 52 833 230.00 |
| Terra Boligkredit AS | 55 529 709.01 | 49 791 000.00 |
| Neste Oil OYJ | 55 132 727.21 | 53 939 848.55 |
| Caisse Francaise de Financement Local | 54 986 325.34 | 54 925 750.00 |
| Kuntarahoitus OYJ | 108 643 786.30 | 100 000 000.00 |
| AT&T Inc | 51 812 562.47 | 48 818 910.00 |
| CaixaBank SA | 51 294 098.36 | 49 675 000.00 |
| Svenska Handelsbanken AB | 51 086 297.43 | 46 121 163.99 |
| Nordea Mortgage Bank PLC | 49 968 027.40 | 49 775 500.00 |
| Babson Euro CLO BV | 49 854 848.73 | 48 629 000.00 |
| Arion Banki HF | 49 605 200.82 | 47 896 295.00 |
| Archean SA | 49 368 695.84 | 50 000 000.00 |
| Finnvera OYJ | 48 920 673.70 | 48 563 410.00 |
| Dryden 35 Euro CLO BV | 48 626 886.64 | 48 269 500.00 |
| Van Lanschot NV | 48 149 804.25 | 47 811 840.00 |
| The Royal Bank of Scotland Plc | 47 378 993.73 | 49 631 250.00 |
| | 6 593 257 209.61 | 6 399 792 793.15 |
| Other | 3 914 828 618.92 | 3 333 808 639.28 |
| Total | 10 508 085 828.53 | 9 733 601 432.43 |

6.18 Fixed-income funds ²⁸⁾

| 31 Dec 2016 | Book value, i.e. fair value EUR | Acquisition cost EUR |
|--|--|---------------------------------|
| Pimco Distressed Senior Credit Opportunities Fund (DISCO) II | 491 901 795.09 | 236 944 778.49 |
| Pimco Bravo II | 251 849 971.60 | 173 946 983.01 |
| Pimco Bravo | 20 241 700.06 | 10 339 856.43 |
| | 763 993 466.75 | 421 231 617.93 |

6.19 Foreign currency funds ²⁹⁾

| 31 Dec 2016 | Book value, i.e. fair value EUR | Acquisition cost EUR |
|--------------------------|--|---------------------------------|
| IPM Global Currency Fund | 104 008 191.92 | 50 298 999.74 |
| | 104 008 191.92 | 50 298 999.74 |

7 Other notes to the financial statements

7.1 Derivative contracts

| | 31 Dec 2016 | 31 Dec 2015 |
|-------------------------------------|---------------|----------------|
| Equity derivatives | | |
| Forward and future contracts | | |
| Value of underlying instrument | -524 797 212 | -448 064 274 |
| Positive fair value | 3 546 665 | 0 |
| Negative fair value | -45 000 | -7 572 297 |
| Total net | 3 501 665 | -7 572 297 |
| Option contracts | | |
| Value of underlying instrument | 10 893 237 | 8 093 330 |
| Positive fair value | 31 588 450 | 2 932 457 |
| Negative fair value | -17 545 870 | -4 713 971 |
| Total net | 14 042 580 | -1 781 515 |
| Other equity derivatives | | |
| Value of underlying instrument | 712 682 402 | 705 252 116 |
| Positive fair value | 12 381 321 | 3 842 913 |
| Negative fair value | -2 535 671 | -8 626 478 |
| Total net | 9 845 650 | -4 783 565 |
| Interest rate derivatives | | |
| Forward and future contracts | | |
| Value of underlying instrument | 3 579 057 939 | 5 431 899 706 |
| Positive fair value | 9 962 500 | 0 |
| Negative fair value | -16 230 600 | -21 748 277 |
| Total net | -6 268 100 | -21 748 277 |
| Option contracts | | |
| Value of underlying instrument | -92 419 642 | -3 388 974 310 |
| Positive fair value | 182 465 707 | 157 434 763 |
| Negative fair value | -12 028 750 | -14 243 884 |
| Total net | 170 436 957 | 143 190 880 |
| Interest rate swaps | | |
| Value of underlying instrument | 7 805 436 062 | -9 844 769 |
| Positive fair value | 225 667 783 | 176 212 353 |
| Negative fair value | -125 774 147 | -97 558 728 |
| Total net | 99 893 636 | 78 653 625 |
| Credit risk swaps | | |
| Value of underlying instrument | 948 676 596 | 439 263 342 |
| Positive fair value | 0 | 0 |
| Negative fair value | 0 | -86 951 |
| Total net | 0 | -86 951 |

Currency derivatives**Forward contracts**

| | | |
|--------------------------------|---------------|---------------|
| Value of underlying instrument | 9 660 660 361 | 8 109 648 704 |
| Positive fair value | 70 764 967 | 63 747 299 |
| Negative fair value | -128 172 260 | -54 872 069 |
| Total net | -57 407 293 | 8 875 230 |

Option contracts**Purchased**

| | | |
|--------------------------------|-------------|-------------|
| Value of underlying instrument | 474 239 063 | -37 727 642 |
| Positive fair value | 44 861 322 | 19 024 954 |
| Negative fair value | 0 | -50 176 |
| Total net | 44 861 322 | 18 974 779 |

Option contracts**Written**

| | | |
|--------------------------------|-------------|-------------|
| Value of underlying instrument | 18 214 182 | 100 587 704 |
| Positive fair value | 0 | 81 649 |
| Negative fair value | -28 756 463 | -5 484 337 |
| Total net | -28 756 463 | -5 402 688 |

7.2 Liabilities

| | 31 Dec 2016 EUR | 31 Dec 2015 EUR |
|---|--------------------|--------------------|
| Securities lending | | |
| <p>Loaned securities are included in the balance sheet. The counterparty to the lending operations is the custodian bank, State Street Bank & Trust Company, with which borrowers place collateral. The collateral for the loans comprises cash or securities pledged to the counterparty. The collateral covers the changes in the value of securities being loaned and they may be used in situations where the transfer of loans is delayed. Securities loans can be interrupted at any time. The average maturity of the loans was 31 days in 2016.</p> | | |
| Equities | | |
| Fair value | 675 081 300.85 | 382 069 330.40 |
| Bonds | | |
| Fair value | 2 840 500 631.78 | 3 468 313 911.08 |
| Investment commitments | | |
| <p>Binding contracts that have not yet been drawn but to which a commitment has been made through valid contracts *)</p> | | |
| Private equity funds | 3 361 019 906.00 | 2 455 138 161.00 |
| Silent partner's private equity investment | 11 859 175.00 | 15 210 141.00 |
| Loans not taken up and offers given | 0.00 | 320 000.00 |
| Real estate investment funds | 479 865 530.00 | 359 393 569.00 |
| Real estate investments in subsidiaries and associated companies | 77 976 899.00 | 53 544 920.00 |
| *) Comparison year elaboration. | | |
| Rent liabilities | | |
| Under 1 year | 656 218.44 | 1 151 556.24 |
| 1 - 5 years | 1 859 285.58 | 4 414 298.92 |
| Other liabilities | 770 067.06 | 315 941.25 |
| Collateral given on own behalf | | |
| Collateral for derivatives transactions | | |
| Financial contribution | 153 147 978.48 | 95 359 231.32 |
| Cash collateral | 17 963 817.27 | 21 298 562.13 |

7.3 Present value of accrued benefits in Keva member organisations' pension system

The estimate of the present value of the accrued benefits in the pension system of Keva's member organisations has been calculated using a 3% discount rate. A low discount rate has been chosen according to the principle of prudence and the effect of future index increments on benefits has been taken into account when choosing the rate. The mortality used in the estimate is based on a population projection by Statistics Finland in 2015, which has been continued from 2065 onwards with the assumption that the mortality decrease rate will be reduced by half. For those on disability pension, the mortality rate used is based on estimates by the Finnish Centre for Pensions. The present value of accrued benefits in the pension system of Keva's member organisations includes an estimate of the share of Keva's member organisations' pension system of the costs of pension expenditure for unpaid periods in the whole earnings-based pension system.

The calculation is based on information obtained from the registers of Keva and the Finnish Centre for Pensions. The calculation is based on information from the end of 2015 as well as payroll and pension expenditure information from 2016. With regard to unpaid periods, the calculation is based on the forecast of pension expenditure and earnings accrued by the end of 2015 obtained from the Finnish Centre for Pensions. The calculation is based on the legislation in force at any given time, which means that the changes arising as a result of the pension reform in 2017 have been included.

When drawing up the calculation, it has been necessary to make several assumptions, such as the number of commencing pensions and amounts of pensions as well as their duration. The accrual of unpaid periods for 2016 has had to be estimated on the basis of the forecasts of the 2016 unemployment insurance contributions. Changes in the information base and the calculation premises, especially interest rate and mortality factors, can alter the assessment of the present value of the accrued benefits significantly. Although care has been taken in choosing the premises and drawing up the calculation, the final calculation result should always be considered as being mostly indicative.

Present value of benefits

| | 31 Dec 2016 | 31 Dec 2015 ^{*)} |
|--|--------------------|----------------------------------|
| | EUR | EUR |
| | 113 000 000 000.00 | 111 000 000 000.00 |

^{*)} This estimate is approximately EUR 6 billion higher than the earlier estimate owing to factors which include taking account of the mortality rate in Statistics Finland's new population forecast and the introduction of new register materials.

7.4 Key indicators

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------|---------|---------|---------|---------|
| Local government payroll, €m | 16 888 | 16 820 | 16 670 | 16 528 | 16 121 |
| Local government contribution income, €m | 4 966 | 5 013 | 4 971 | 4 890 | 4 696 |
| Number of insured local government employees at 31 Dec | 520 000 | 522 000 | 523 000 | 524 000 | 521 000 |
| Number of local government pension recipients at 31 Dec | 387 000 | 378 000 | 371 000 | 365 000 | 354 000 |
| Local government pensions paid, €m | 4 754 | 4 559 | 4 361 | 4 141 | 3 826 |
| Investments at fair value, €m | 48 524 | 44 214 | 41 548 | 37 819 | 34 359 |
| Return on investments at fair value | 7.4% | 4.8% | 8.7% | 7.5% | 12.9% |
| Annual real return on investments since funding started in 1988 | 4.2% | 4.0% | 4.0% | 3.8% | 3.7% |
| Operating costs, €m | 73.7 | 81.5 | 94.2 | 94.6 | 89.8 |
| Permanent personnel at 31 Dec | 520 | 530 | 534 | 537 | 519 |
| Number of State pension recipients at 31 Dec | 259 000 | 263 000 | 266 000 | 270 000 | 272 000 |
| State pensions paid, €m *) | 4 502 | 4 440 | 4 352 | 4 226 | 3 834 |
| Number of Church pension recipients at 31 Dec | 18 700 | 18 400 | 18 200 | 17 900 | 17 300 |
| Church pensions paid, €m*) | 188 | 180 | 176 | 166 | 170 |
| Number of Kela pensions paid at 31 Dec | 5 900 | 5 900 | 5 900 | 5 900 | 5 800 |
| Kela pensions paid, €m *) | 96 | 93 | 91 | 86 | 82 |

*) These payments do not impact on the result in Keva's financial statements.

7.5 Investment allocation (fair value)

| | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
|--|-----------------|-------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | €m | % | €m | % | €m | % | €m | % | €m | % |
| Loans receivable | 386.1 | 0.9% | 455.9 | 1.1% | 535.9 | 1.3% | 622.1 | 1.7% | 709.4 | 2.1% |
| Bonds | 16 759.8 | 40.9% | 15 382.3 | 37.5% | 15 618.9 | 37.7% | 13 935.3 | 38.2% | 13 809.4 | 41.2% |
| Short-term investments | 679.0 | 1.7% | 750.1 | 1.8% | 503.6 | 1.2% | 966.4 | 2.6% | 652.6 | 1.9% |
| Equities and equity funds | 17 408.4 | 42.5% | 15 775.1 | 38.5% | 17 080.5 | 41.3% | 14 791.3 | 40.5% | 12 981.2 | 38.7% |
| Private equity and hedge funds and commodity investments | 6 146.6 | 15.0% | 5 632.0 | 13.7% | 4 781.6 | 11.6% | 3 374.2 | 9.2% | 2 624.1 | 7.8% |
| Real estate | 3 041.7 | 7.4% | 2 994.3 | 7.3% | 2 865.6 | 6.9% | 2 813.9 | 7.7% | 2 751.6 | 8.2% |
| Total investments | 44 421.6 | 100% | 40 989.7 | 100.0% | 41 386.2 | 100.0% | 36 503.1 | 100.0% | 33 528.3 | 100.0% |
| Accumulated interest | 93.5 | | 108.9 | | 139.4 | | 143.6 | | 134.8 | |
| Other items | 4 008.8 | | 3 115.5 | | 22.0 | | 1 172.7 | | 696.1 | |
| Investments used in calculation of return | 48 523.8 | | 44 214.1 | | 41 547.7 | | 37 819.4 | | 34 359.2 | |

7.6 Net investment income on capital employed (fair value)

| | Net investment market value €m | Capital employed €m | Return on capital employed, % | Return on capital employed, % | Return on capital employed, % | Return on capital employed, % | Return on capital employed, % |
|---|--------------------------------------|---------------------------|--|--|--|--|--|
| | 2016 | | | 2015 | 2014 | 2013 | 2012 |
| Total fixed-income investments | 1340.5 | 20 780.6 | 6.5% | 0.4% | 4.9% | 0.4% | 11.5% |
| Loans receivable | 3.0 | 431.4 | 0.7% | 0.9% | 1.0% | 1.1% | 2.3% |
| Bonds | 1360.6 | 15 524.0 | 8.8% | 0.3% | 5.8% | 0.4% | 13.4% |
| Other money market instruments and deposits | -23.1 | 4 825.1 | -0.5% | 0.6% | 0.2% | 0.2% | 0.5% |
| Total equity investments | 1 763.4 | 18 336.9 | 9.6% | 10.2% | 13.7% | 16.5% | 16.5% |
| Listed equities | 1 372.6 | 15 649.9 | 8.8% | 8.7% | 12.5% | 16.6% | 17.2% |
| Private equity investments | 332.4 | 2 277.1 | 14.6% | 16.8% | 22.4% | 14.4% | 10.0% |
| Unlisted equities | 58.3 | 410.0 | 14.2% | 36.6% | 30.0% | 50.7% | 41.7% |
| Total real estate investments | 147.3 | 2 933.1 | 5.0% | 8.1% | 5.6% | 3.6% | 4.7% |
| Direct real estate investments | 102.9 | 2 217.5 | 4.6% | 6.0% | 3.9% | 3.1% | 4.9% |
| Real estate investment funds and co-investments | 44.4 | 715.5 | 6.2% | 15.3% | 11.1% | 5.0% | 4.0% |
| Other investments | 98.9 | 2 722.8 | 3.6% | -1.2% | 3.3% | 9.1% | 9.0% |
| Hedge fund investments | 98.9 | 2 722.8 | 3.6% | 1.1% | 6.2% | 11.8% | 10.4% |
| Commodity investments | | | | -30.1% | -36.0% | -3.6% | 5.2% |
| Total investments | 3 350.0 | 44 773.4 | 7.5% | 4.8% | 8.7% | 7.6% | 13.0% |
| Income, expenses and operating expenses not allocated to investment types | -0.3 | - | 0.0% | 0.0% | -0.1% | -0.1% | -0.1% |
| Net investment income at fair value | 3 349.8 | 44 773.4 | 7.4% | 4.8% | 8.7% | 7.5% | 12.9% |

Capital employed = Market value at start of reporting period + daily/monthly time-weighted cash flows

7.7 Return on investment assets and risk figures *)

| | Market value | | Distribution by risk | | Return | Risk | |
|---|---------------------------------|-----------------|----------------------|-----------------|-------------|--------------|---------------|
| | €m | % | €m | % | | Volatility | Mod. duration |
| | Fixed-income investments | 22 066.3 | 45.5% | 26 297.1 | | 54.2% | 6.5% |
| Loans receivable | 387.0 | 0.8% | 387.0 | 0.8% | 0.7% | | |
| Bonds | 16 621.0 | 34.3% | 20 022.4 | 41.3% | 8.8% | 3.7% | 5.8 |
| <i>Public sector bonds</i> | 6 523.5 | 13.4% | 8 979.0 | 18.5% | 5.9% | | |
| <i>Other bonds</i> | 10 097.4 | 20.8% | 11 043.4 | 22.8% | 10.8% | | |
| Other money market instruments and deposits | 5 058.3 | 10.4% | 5 887.7 | 12.1% | -0.5% | | |
| Equity investments | 20 461.1 | 42.2% | 20 647.5 | 42.6% | 9.6% | | |
| Listed equities | 17 351.7 | 35.8% | 17 538.1 | 36.1% | 8.8% | 13.6% | |
| Private equity investments | 2 666.1 | 5.5% | 2 666.1 | 5.5% | 14.6% | | |
| Unlisted equities | 443.3 | 0.9% | 443.3 | 0.9% | 14.2% | | |
| Real estate investments | 3 001.6 | 6.2% | 3 001.6 | 6.2% | 5.0% | | |
| Direct real estate investments | 2 281.6 | 4.7% | 2 281.6 | 4.7% | 4.6% | | |
| Real estate investment funds | 720.0 | 1.5% | 720.0 | 1.5% | 6.2% | | |
| Other investments | 2 994.8 | 6.2% | 2 994.8 | 6.2% | 3.6% | | |
| Hedge funds | 2 994.8 | 6.2% | 2 994.8 | 6.2% | 3.6% | 3.3% | |
| Commodity investments | | | | | | | |
| Other investments | | | | | | | |
| Total investments, % | | | 52 941.1 | 109.1% | | | |
| Effect of derivatives, % | | | -4 417.2 | -9.1% | | | |
| Total investments**) | 48 523.8 | 100% | 48 523.8 | 100% | 7.4% | 6.4% | |

*) The classification complies with the recommendations of the Finnish Pension Alliance's working group on the calculation of returns.

**) Total investments are the year-end market value of the investments used in the calculation.

Volatility is calculated from monthly logarithmised historical returns for two years.

8 Date and signatures to the financial statements and the report of the Board of Directors

Helsinki, 23 February 2017

| | |
|--------------------|-----------------|
| Anna-Kaisa Ikonen | Kari Nenonen |
| Sallamaari Muhonen | Harri Virta |
| Risto Kangas | Raimo Vistbacka |
| Heini Jalkanen | Markus Lohi |
| Timo Kietäväinen | |

9 Auditor's report

To Keva's Council

Audit of the financial statements

Opinion

We have audited the financial statements of Keva (business identity code 0119343-0) for the financial period 1 January to 31 December 2016. The financial statements comprise the balance sheet, profit and loss account, statement of source and application of funds, and notes to the financial statements.

In our opinion the financial statements give a true and fair view of the pension provider's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of Keva in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO for the financial statements

The Board of Directors and the CEO are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with the requirements of the laws, statutes and regulations concerning Keva. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing the pension provider's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the pension provider or cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the pension provider's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the pension provider's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the re-

lated disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the pension provider to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors and the CEO are responsible for the other information. The other information comprises information included in the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in of the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Supervisory audit under Keva's Standing Orders

As required under Keva's Standing Orders, we have issued two annual supervisory audit reports on the supervisory audit performed by us.

Helsinki, 23 February 2017

Ernst & Young Oy
Authorised Public Accounting Company

Harri Pärssinen
Authorised Public Accountant