

Formulas for key figures and ratios

Return on equity (ROE), %	=	$\frac{\text{Profit for the financial year}}{\text{Equity capital (average of the beginning and end of year)}} \times 100$
Return on equity at fair value, %	=	$\frac{\text{Total comprehensive income for the financial year}}{\text{Equity capital (average of the beginning and end of year)}} \times 100$
Return on assets (ROA), %	=	$\frac{\text{Profit for the financial year}}{\text{Balance sheet total (average of the beginning and end of year)}} \times 100$
Equity ratio, %	=	$\frac{\text{Equity capital}}{\text{Balance sheet total}} \times 100$
Cost/income ratio, %	=	$\frac{\text{Personnel costs} + \text{Other administrative expenses} + \text{Other operating expenses}}{\text{Net interest income} + \text{net income from Non-life Insurance operations} + \text{net income from Life Insurance} + \text{net commissions and fees} + \text{net trading income} + \text{net investment income} + \text{other operating income} + \text{share of associates' profits/losses}} \times 100$
Core Tier 1 ratio, %	=	$\frac{\text{Total Tier 1 capital, excl. hybrid capital and shortfall of Tier 2 capital covered by hybrid capital}}{\text{Total minimum capital requirement}} \times 8$
Common Equity Tier 1 capital ratio, % (CET1)*	=	$\frac{\text{Common Equity Tier 1 (CET1)}}{\text{Total risk exposure amount}} \times 100$

*) Common Equity Tier 1 capital (CET1) as defined in Article 26 of EU Regulation 575/2103 and total risk exposure amount as defined in Article 92.

$$\text{Tier 1 ratio, \%} = \frac{\text{Tier 1 capital}}{\text{Total minimum capital requirement}} \times 8$$

$$\text{Capital adequacy ratio, \%} = \frac{\text{Total capital}}{\text{Total minimum capital requirement}} \times 8$$

$$\text{Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates} = \frac{\text{Conglomerate's total capital base}}{\text{Conglomerate's total minimum capital base}}$$

In addition, the following key ratios appear elsewhere in the Report by the Executive Board:

Non-life insurance:

Combined ratio
(excl. unwinding of discount), %

Loss ratio + expense ratio
Risk ratio + cost ratio

$$\text{Loss ratio (excl. unwinding of discount), \%} = \frac{\text{Claims and loss adjustment expenses}}{\text{Net insurance premium revenue}} \times 100$$

$$\text{Expense ratio, \%} = \frac{\text{Operating expenses + Amortisation/adjustment of intangible assets related to company acquisition}}{\text{Net insurance premium revenue}} \times 100$$

$$\text{Risk ratio (excl. unwinding of discount), \%} = \frac{\text{Claims excl. loss adjustment expenses}}{\text{Net insurance premium revenue}} \times 100$$

Operating combined ratio

Operating loss ratio + operating expense ratio
Operating risk ratio + Operating cost ratio

Operating risk ratio (excl. unwinding of discount), %	=	$\frac{\text{Claims excl. loss adjustment expenses and changes in calculation bases}}{\text{Insurance premium revenue, excl. net changes in calculation bases}} \times 100$
Operating loss ratio, %	=	$\frac{\text{Claims incurred excl. changes in calculation bases}}{\text{Insurance premium revenue, excl. net changes in calculation bases}} \times 100$
Operating expense ratio, %	=	$\frac{\text{Operating expenses}}{\text{Insurance premium revenue, excl. net changes in calculation bases}} \times 100$
Cost ratio, %	=	$\frac{\text{Operating expenses and loss adjustment expenses}}{\text{Net insurance premium revenue}} \times 100$
Operating cost ratio, %	=	$\frac{\text{Operating expenses and loss adjustment expenses}}{\text{Net insurance premium revenue, excl. net changes in calculation bases}} \times 100$
Solvency ratio, %	=	$\frac{\text{Solvency capital}}{\text{Insurance premium revenue}} \times 100$
Life insurance:		
Operating cost ratio, %	=	$\frac{\text{Operating expenses before change in deferred acquisitions costs + loss adjustment expenses}}{\text{Total expense loadings}} \times 100$