



VERITAS PENSION INSURANCE

Annual Accounts 2016

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Profit and Loss Account

Parent company, 1 000 €	2016	2015
Technical account		
Premiums earned		
Premiums written	508 871	489 488
Investment income	196 531	323 587
Claims incurred		
Claims paid	-491 745	-469 188
Change in provision for outstanding claims	-80 535	-61 087
Claims incurred total	-572 280	-530 275
Change in provision for unearned premiums		
Change in provision for unearned premiums	-23 874	-132 631
Operating expenses	-14 321	-14 187
Investment expenses	-93 902	-134 706
Technical result	1 024	1 276
Non-technical account		
Direct taxes		
Taxes for the accounting period and from previous periods	0	-34
Result on ordinary activities after taxes	1 024	1 242
Appropriations		
Change in accelerated depreciation	30	-9
Result for the accounting period	1 054	1 234



Balance Sheet - Assets

Parent company, 1 000 €	2016	2015
Intangible assets		
Intangible rights	3 319	3 651
Other capitalized expenditure	73	0
Advanced payments	183	96
	3 575	3 747
Investments		
Investments in real estate		
Real estate and shares in real estate	159 058	103 716
Loans to Group companies	74 978	43 917
	234 036	147 633
Other investments		
Stocks and shares	1 544 922	1 511 599
Debt securities	439 155	463 865
Loan receivables guaranteed by mortgages	3 339	17 159
Other loan receivables	19 179	23 117
	2 006 595	2 015 740
Investments total	2 240 631	2 163 373
Debtors		
Arising out of direct insurance operations		
Policyholders	42 513	41 391
Intermediaries	1 410	2 700
	43 923	44 091
Other debtors	9 354	14 725
	53 277	58 816
Other assets		
Tangible assets		
Furniture and fixtures	642	600
Other tangible assets	1 798	1 798
	2 440	2 399
Cash at banks and in hand	213 448	177 152
	215 888	179 551
Accrued income		
Interests and rents	5 828	6 328
Other accrued income	35 523	25 913
	41 351	32 241
Total assets	2 554 721	2 437 728



Balance Sheet - Liabilities

Parent company, 1 000 €	2016	2015
Capital and reserves		
Share capital	14 272	14 272
Share premium fund	372	372
Non-restricted funds	3 667	3 281
Result for the accounting period	1 054	1 234
	19 365	19 159
Accumulated appropriations		
Depreciation difference	1 757	1 787
Technical provisions		
Provisions for unearned premiums - statutory pension insurance	1 341 406	1 317 532
Provision for outstanding claims - statutory pension insurance	1 151 947	1 071 412
Technical provisions total	2 493 353	2 388 944
Creditors		
Direct insurance creditors	464	386
Other creditors	26 452	13 535
	26 915	13 920
Accrued liabilities and deferred income	13 331	13 917
Total liabilities	2 554 721	2 437 728



Notes to Profit and Loss Account

Parent company, 1 000 €	2016	2015
Premiums written - statutory employment pension insurance		
Direct insurance		
Basic insurance under the Employees Pensions Act (TyEL)		
Employer contribution	335 341	319 112
Employee contribution	111 696	107 447
Additional pension insurance under the Employees Pensions Act (TEL)	310	330
Minimum cover under the Self-employed Persons' Pensions Act (YEL)	61 524	62 599
Premiums written	508 871	489 488
Credit loss on premiums due (-)		
Employees Pensions Act (TyEL)	2 870	4 262
Self-employed Persons' Pensions Act (YEL)	643	658
	3 513	4 920
Claims paid - statutory pension insurance		
Direct insurance		
Paid to pensioners		
Basic insurance under the Employees Pensions Act (TyEL)	353 828	337 622
Additional pension insurance under the Employees Pensions Act (TEL)	3 897	3 906
Minimum cover under the Self-employed Persons' Pensions Act (YEL)	64 666	61 893
Additional pension insurance under the Self-employed Persons' Pensions Act (YEL)	1 186	1 121
	423 577	404 542
Remuneration paid / received for liability distribution		
Pensions paid under the Employees Pensions Act (TyEL)	89 953	86 221
Pensions paid under the Self-employed Persons' Pension Act (YEL)	241	1 579
Share of the unemployment insurance fund insurance contribution	-19 767	-23 324
Self-employed Persons' Pension Act (YEL) state share	-7 830	-5 211
State compensation pursuant to VEKL	-53	-43
	62 543	59 222
Direct insurance total	486 120	463 764
Payout management expenses	5 030	4 874
Working capacity maintenance expenses	594	550
Total claims paid	491 745	469 188



Notes to the Balance Sheet

Investments 31.12.2016 Parent company, 1 000 €	Residual acquisition cost	Book value	Current value
Current value of investments and valuation difference			
Real estate investments			
Real estate	13 522	13 522	20 535
Shares in group companies	129 344	130 107	188 551
Shares in participating interests	11 993	11 993	16 300
Other shares in real estate	3 374	3 374	4 281
Acquisition costs of leasehold on real estate	63	63	63
Loans to group companies	74 978	74 978	74 978
Other investments			
Shares and holdings	1 544 922	1 544 922	1 951 483
Debt securities	439 252	439 155	446 639
Loans guaranteed by mortgages	3 339	3 339	3 339
Other loan receivables	19 179	19 179	19 179
	2 239 964	2 240 631	2 725 347
The remaining acquisition cost of debt securities includes the difference (+/-) between the nominal value and acquisition price which is allocated to interest income (+) or deducted from it (-)			
	-97		
The book value consists of			
Revaluations entered as income		132	
Other revaluations		632	
		763	
Difference between the current and book values			484 717



Notes to the Balance Sheet

Parent company, 1 000 €	2016	2015
Changes in equity		
Share capital		
Share capital I.I.	14 272	14 272
31.12. Number of shares 52 615	14 272	14 272
Share premium account		
Share premium account I.I.	372	372
31.12.	372	372
Other equity		
Contingency fund I.I.	3 224	2 874
Acquisition of own shares, 2016: 0 share - 2015: 10 shares	0	-3
Transferred from profits from previous years	382	353
31.12.	3 606	3 224
Non-restricted reserve to be used by the Board of Directors I.I.	57	53
Transferred from profits from previous years	10	10
Used for generally beneficial purposes	-6	-6
31.12.	61	57
Profit for the previous year	1 234	1 047
Transferred to the contingency fund	-382	-353
Dividends to shareholders	-842	-684
Transferred to the Board's non-restricted reserve	-10	-10
Result for the year	1 054	1 234
31.12.	1 054	1 234
Total other equity 31.12.	4 721	4 515
Total equity 31.12.	19 365	19 159
The company has 11 redeemed own share on 31.12.2016.		
Profit available for distribution 31.12.		
Non-restricted equity, total 31.12.	4 721	4 515
Distributable earnings, total 31.12.	4 721	4 515
Key figures pertaining to solvency		
Solvency capital		
Capital and reserves after proposed profit distribution	16 874	18 250
Voluntary provisions and accelerated depreciations	1 757	1 787
Valuation difference between current value and book value of assets on the balance sheet	490 655	409 320
Unallocated additional benefits provision	51 382	61 928
Equalisation provision ¹⁾	124 463	129 037
Intangible assets (-)	-3 575	-3 747
	681 557	616 574
Minimum solvency capital required under the Employee Pension Insurance Companies Act (TVYL), sector 17	87 239	91 940

1) Excluding the TEL supplementary pension insurance equalisation provision, which was transferred to the provision for pooled claims 31.12.2016.



Notes to the Balance Sheet

Key figures and analyses Parent company, M €	2016	2015	2014	2013	2012
Premiums written	508,9	489,5	470,2	452,8	458,2
Pension payments made ¹⁾	486,1	463,8	454,8	432,0	402,8
Net investment income at fair value	184,2	151,4	159,4	169,2	229,5
ROCE, %	6,6 %	5,8 %	6,5 %	7,4 %	11,3 %
Turnover	615,0	683,3	536,9	536,6	569,8
Total operating expenses	26,7	25,8	23,3	22,3	22,4
% of turnover	4,3 %	3,8 %	4,3 %	4,2 %	3,9 %
Total operating expenses less investment management charges and work capacity maintenance costs, % from Employees Pension Act (TyEL) and Self-Employed Persons Pensions' Act (YEL) payroll	0,9 %	0,9 %	0,8 %	0,9 %	0,8 %
Total profit	79,0	29,3	61,7	52,1	149,9
Technical provisions	2 493,4	2 388,9	2 195,2	2 137,8	2 058,8
Solvency capital ²⁾	681,6	616,6	595,9	541,1	452,7
% of technical provisions ³⁾	29,5 %	28,1 %	28,9 %	27,6 %	24,1 %
in relation to solvency limit	2,6	2,2	2,2	2,1	2,4
Equalisation provision	124,5	129,0	124,2	116,2	124,2
Pension assets ⁴⁾	2 984,0	2 798,3	2 643,1	2 489,3	2 320,1
Transfer to bonuses and rebates	7,1	6,1	6,1	5,6	4,8
% of Employees Pensions Act (TyEL) payroll	0,38%	0,34%	0,35%	0,32%	0,27%
Employees Pensions Act (TyEL) payroll	1 692,5	1 627,7	1 597,3	1 601,1	1 618,4
Self-Employed Persons' Pensions Act (YEL) payroll	252,5	256,5	255,1	252,1	249,4
Employees Pensions Act (TyEL) policies ⁵⁾	7 134	7 041	6 931	6 791	6 991
Insured under Employees Pensions Act (TyEL)	56 503	53 503	53 817	53 339	54 331
Self-Employed Persons Pensions Act (YEL) policies	10 457	10 735	10 739	10 870	11 290
Pension recipients	30 351	29 560	28 673	28 424	27 581

1) Payments made and recorded in the income statement, without management charges and work capacity maintenance expenses

2) Until year 2012 solvency capital was calculated according to the regulations in force at the time (other solvency key figures follows same principles)

3) The ratio was calculated as a percentage of the technical provisions used in calculating the solvency border

4) Technical provisions + differences between current and book value

5) Insurance policies of employers that have concluded insurance contracts



Notes to the Balance Sheet

Key figures and analyses Parent company, M €	2016	2015	2014	2013	2012
Performance analysis					
Sources of profit					
Underwriting result	1,7	8,3	8,8	-6,8	6,0
Investment result at current value	75,6	19,7	51,2	57,2	142,1
+ Net investment income at current value + other interest items	184,2	151,4	159,4	169,2	229,5
- Yield requirement on technical provisions	-108,6	-131,7	-108,2	-112,0	-87,4
Loading profit	1,6	1,4	1,7	1,6	1,8
Profits, total	79,0	29,3	61,7	52,1	149,9
Disposal of profits					
Increase/ decrease solvency (+/ -)	0,1	21,3	55,1	45,4	144,3
Equalisation provision (+/ -)	71,8	5,2	7,7	-6,1	3,3
Change in provision for future bonuses	-10,5	53,4	-50,1	-39,6	19,2
Change in difference between current and book value	81,3	-38,5	96,3	90,1	120,8
Change in accumulated appropriations	0,0	0,0	0,1	0,0	0,0
Profit for the financial year	1,1	1,2	1,0	1,0	1,0
Change in TEL supplementary pension insurance equalisation provision	0,0	0,2	-	-	-
Transfer to bonuses and rebates	6,2	5,4	5,4	4,9	4,2
Transfer to bonuses and rebates (coassurance)	0,9	2,4	1,2	1,7	1,4
Total	79,0	29,3	61,7	52,1	149,9
Solvency					
Solvency capital and limits					
(% of the technical provisions used in calculating the solvency border)					
Solvency border	11,3 %	12,6 %	13,0 %	13,2 %	10,1 %
Maximum amount of solvency capital ¹⁾	45,2 %	50,3 %	52,0 %	52,7 %	40,3 %
Solvency capital ²⁾	24,1 %	22,2 %	22,9 %	21,7 %	-
Solvency capital (solvency ratio) ³⁾	29,5 %	28,1 %	28,9 %	27,6 %	24,1 %

1) Maximum solvency capital until year 2012

2) Reported since year 2013

3) Until year 2012 solvency capital was calculated according to the regulations in force at the time (other solvency key figures follows same principles)



Key figures and analyses

Investment Allocation at Fair Value Parent company	Market value				Risk position									
	31.12.2016		31.12.2015		31.12.2016		31.12.2015		31.12.2014		31.12.2013		31.12.2012	
	M €	%	M €	%	M €	% ⁸	M €	% ⁸	M €	% ⁸	M €	% ⁸	M €	% ⁸
Fixed-income investments	1 300,7	44,4	1 287,8	46,7	1 202,7	41,1	1 273,9	46,2	1 119,4	43,1	1 023,8	41,8	1 105,0	48,6
Loan receivables 1)	22,7	0,8	40,8	1,5	22,7	0,8	40,8	1,5	15,9	0,6	26,4	1,1	34,0	1,5
Bonds 1)	1 038,4	35,5	1 062,2	38,5	920,8	31,4	1 048,3	38,0	1 037,5	39,9	918,6	37,5	989,5	43,5
Other money market instruments and deposits 1) 2)	239,6	8,2	184,7	6,7	259,2	8,9	184,7	6,7	66,0	2,5	78,8	3,2	81,4	3,6
Equity investments	942,4	32,2	964,6	35,0	967,5	33,0	974,4	35,4	893,9	34,4	886,3	36,2	678,2	29,8
Listed equities	778,6	26,6	793,6	28,8	803,7	27,4	803,4	29,2	726,7	28,0	758,4	31,0	573,8	25,2
Private equity 3)	121,1	4,1	112,8	4,1	121,1	4,1	112,8	4,1	107,3	4,1	80,4	3,3	61,5	2,7
Unlisted equities 4)	42,7	1,5	58,2	2,1	42,7	1,5	58,2	2,1	59,9	2,3	47,5	1,9	43,0	1,9
Real estate investments	377,5	12,9	304,3	11,0	377,5	12,9	304,3	11,0	418,4	16,1	426,9	17,4	367,0	16,1
Direct real estates	304,7	10,4	198,6	7,2	304,7	10,4	198,6	7,2	365,9	14,1	366,1	15,0	305,6	13,4
Real estate funds	72,8	2,5	105,6	3,8	72,8	2,5	105,6	3,8	52,5	2,0	60,8	2,5	61,4	2,7
Other investments	307,5	10,5	199,1	7,2	307,5	10,5	199,1	7,2	168,0	6,5	48,4	2,0	59,9	2,6
Hedge funds 5)	150,8	5,1	135,8	4,9	150,8	5,1	135,8	4,9	112,1	4,3	0,0	0,0	9,9	0,4
Commodities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,9	0,1
Other investments 6)	156,8	5,4	63,4	2,3	156,8	5,4	63,4	2,3	55,9	2,1	48,4	2,0	47,1	2,1
Total investments	2 928,1	100,0	2 755,8	100,0	2 855,2	97,5	2 751,7	99,9	2 599,7	100,0	2 385,3	97,5	2 210,2	97,1
Effect of derivatives 7)					72,9	2,5	4,1	0,1	0,0	0,0	61,4	2,5	64,9	2,9
Investment allocation at fair value					2 928,1	100,0	2 755,8	100,0	2 599,7	100,0	2 446,6	100,0	2 275,0	100,0
Modified duration of bond investments	2,9													

1) Includes accrued interest

2) Includes cash and bank balance and receivables & debt relating to trading in securities

3) Includes private equity funds and mezzanine funds

4) Includes unlisted real estate investment companies

5) Includes all types of hedge fund units despite of the fund's strategy

6) Includes items that cannot be allocated to other investment groups

7) Includes the effect of derivatives on the difference between risk position and market value. The effect may be positive or negative (+/-). After the correction of the effect of derivatives the risk position and the market value equals.

8) The relative share is calculated using the total of the "Investment allocation at fair value" line as the divisor



Key figures and analyses

Net Investment Income at Fair value Parent company	Net Investment Income at fair value ^e		Capital employed ^f	ROCE %			
	M €	1.1.-31.12.2016		1.1.-31.12.2015	1.1.-31.12.2014	1.1.-31.12.2013	1.1.-31.12.2012
		M €	%				
Fixed-income investments	64,9	1 298,4	5,0 %	0,4 %	5,3 %	1,5 %	11,7 %
Loan receivables ¹⁾	1,0	38,2	2,6 %	-0,6 %	3,3 %	2,8 %	3,6 %
Bonds	63,9	1 014,0	6,3 %	0,5 %	5,9 %	1,6 %	12,5 %
Other money market instrument and deposits ¹⁾²⁾	0,1	246,2	0,0 %	0,1 %	0,2 %	0,4 %	0,8 %
Equity investments	83,4	927,6	8,9 %	12,3 %	9,1 %	16,7 %	13,9 %
Listed equities	66,6	768,4	8,6 %	10,8 %	9,0 %	18,3 %	15,4 %
Private equities ³⁾	6,1	114,7	5,4 %	20,9 %	9,1 %	7,0 %	7,0 %
Unlisted equities ⁴⁾	10,7	44,4	24,1 %	16,1 %	9,9 %	8,9 %	1,7 %
Real estate investments	32,5	300,2	10,8 %	10,3 %	5,7 %	5,9 %	7,9 %
Direct real estates	29,2	224,7	13,0 %	7,8 %	5,5 %	5,8 %	6,7 %
Real estate funds	3,3	75,6	4,5 %	25,6 %	6,7 %	5,9 %	13,6 %
Other investments	8,6	260,8	3,3 %	3,1 %	3,2 %	8,4 %	3,6 %
Hedge funds ⁵⁾	4,9	142,0	3,5 %	1,5 %	0,5 %	-5,3 %	-7,1 %
Commodities	-	-	-	-	-	-	-9,8 %
Other investments ⁶⁾	3,7	118,8	3,1 %	7,0 %	4,9 %	9,8 %	7,6 %
Total investments	189,5	2 787,0	6,8 %	5,9 %	6,6 %	7,5 %	11,4 %
Unallocated income, costs and operating expenses	-5,5		-0,2 %	-0,2 %	-0,1 %	-0,1 %	-0,1 %
Net investment income at fair value, total	184,0		6,6 %	5,8 %	6,5 %	7,4 %	11,3 %

1) Includes accrued interest

2) Includes cash and bank balance and receivables & debt relating to trading in securities

3) Includes private equity funds and mezzanine funds

4) Includes unlisted real estate investment companies

5) Includes all types of hedge fund units despite of the fund's strategy

6) Includes items that cannot be allocated to other investment groups

7) Change in market value between the beginning and the end of the reporting period less cash flows during the period.

Cash flow = difference between sales/revenues and purchases/costs

8) Capital employed = market value in the beginning of the accounting period + daily/monthly time weighted cash flows



Key figures and analyses

Parent company, M €	2016	2015	2014	2013	2012
Loading profit					
Expense loading components	19,0	18,3	17,6	17,4	17,4
Premium components available to be used to cover operating expenses resulting from claims settlements	0,7	0,7	0,7	0,7	0,6
Other income	0,2	0,2	0,2	0,2	0,2
Total loading income	19,8	19,2	18,5	18,3	18,2
Activity-based operating expenses ¹⁾	-18,2	-17,8	-16,7	-16,7	-16,4
Other expenses	0,0	0,0	0,0	0,0	0,0
Total operating expenses	-18,2	-17,8	-16,7	-16,7	-16,4
Loading profit, total	1,6	1,4	1,7	1,6	1,8
Operating expenses as a percentage of loading income	91,7 %	92,9 %	90,6 %	91,0 %	89,9 %
1) Excluding operating expenses related to investments and working capacity maintenance and statutory charges					
Management of the disability risk					
Premiums written; the administrative cost component of the disability risk	0,5	0,5	0,5	0,5	0,5
Claims incurred; expenses for maintenance of working capacity	0,6	0,6	0,5	0,4	0,5
Expenses for the administration of the disability risk included in the operating expenses and are covered by the loading profit	0,0	-	-	-	-
Expenses for maintenance of working capacity / the administrative cost component of the disability risk, %	110,2 %	106,1 %	106,9 %	73,3 %	92,3 %

2) As of 2016, does not include personnel expenses related to the management of the disability risk of the company's own personnel