



# Interim report 1 January – 30 September 2023

24 October 2023



# Summary of January–September

- The return on Veritas' investments in January-September was **2.3 per cent**.
- In the third quarter, the return on investments was slightly negative and stood at **-0.2 per cent**.
- Veritas' solvency remained at a secure level and was **1.5 times** the solvency limit at the end of September.
- Premiums written are expected to grow by **5.5 per cent** in 2023.
- The TyEL payroll is estimated to increase by approximately the same percentage.



**2.3%**

Return on investments



**4.3bn**

Value of investments



**121.6%**

Solvency ratio



**1.5**

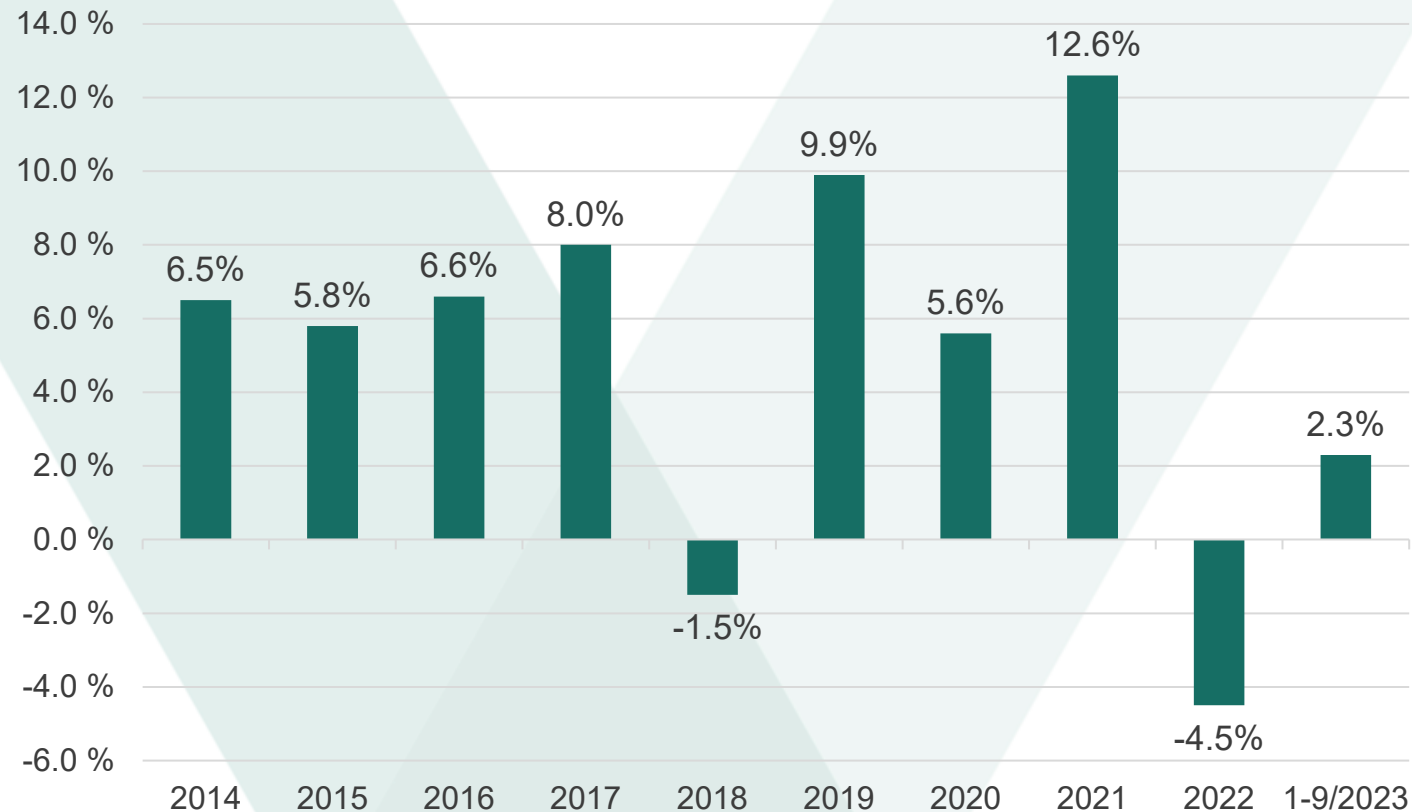
Solvency position



# Investments

# Investments returned 2.3 per cent

## Investment returns



- The return on Veritas' investments was **-0.2** per cent in the third quarter of 2023.
- In January-September, the return on investments was **2.3** per cent.
- The return on fixed income investments was **3.7** per cent, equity investments **3.2** per cent, real estate investments **-2.5** per cent and other investments **3.3** per cent.

# The cumulative investment return for a 10-year period is 67.2 per cent



The return is calculated from 1 October 2013 to 30 September 2023.

## Nominal return

10 years  
**5.3%**

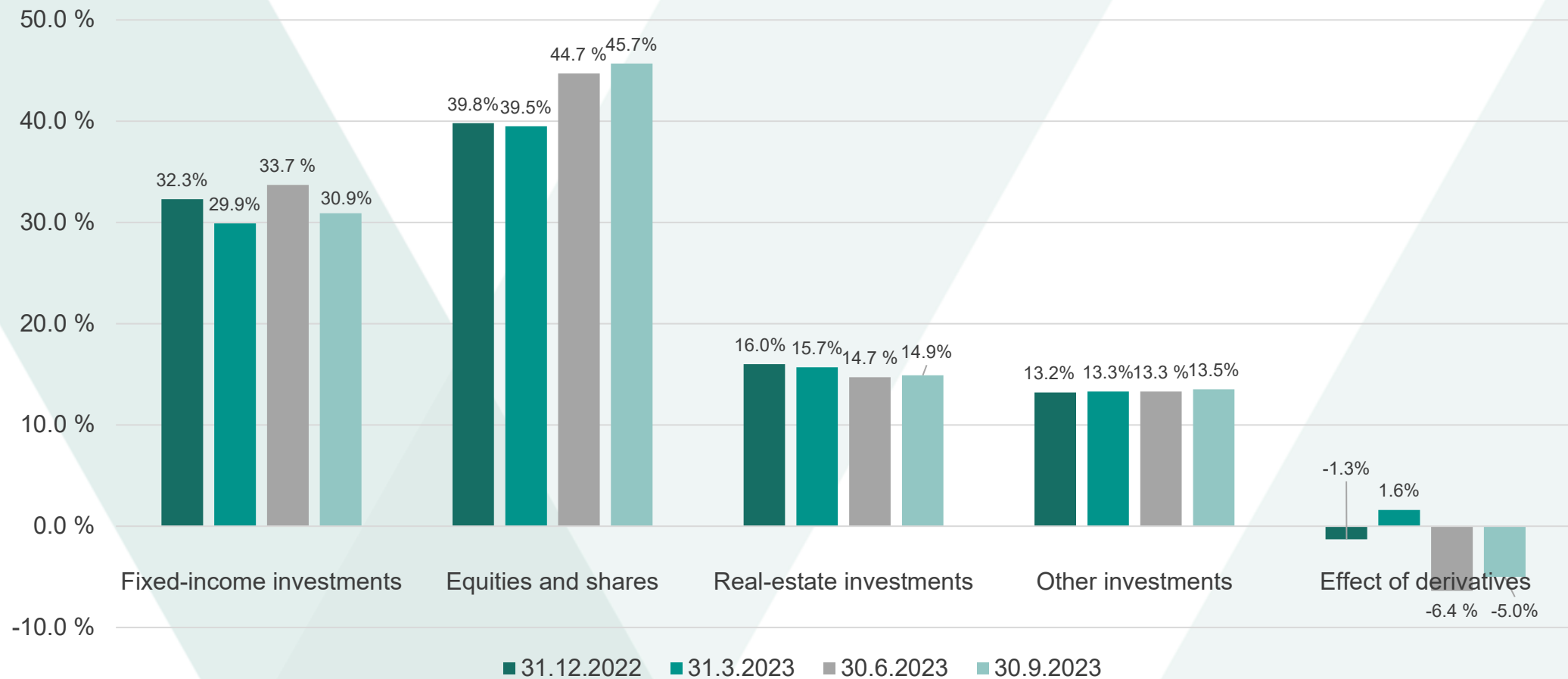
5 years  
**4.4%**

## Real return

10 years  
**3.2%**

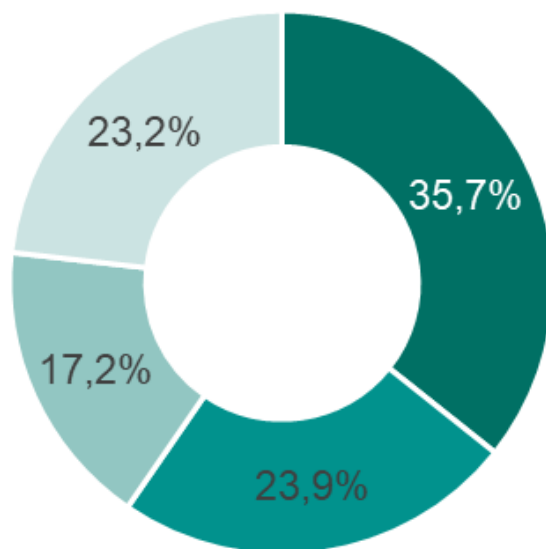
5 years  
**1.0%**

# The share of equity investments was increased



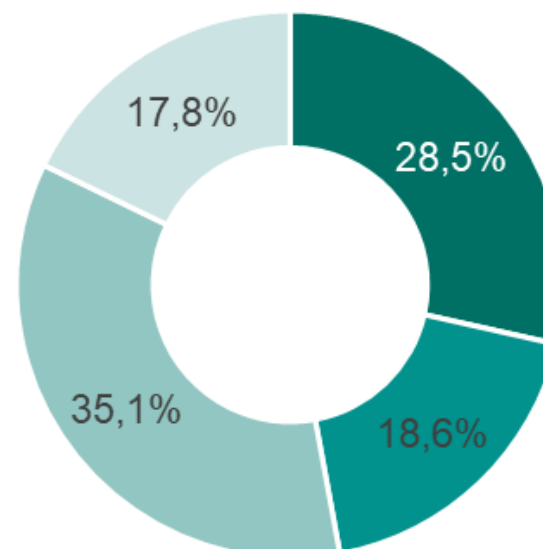
# Geographical distribution of investments

## All investments



■ Finland ■ Europe ■ North-America ■ Others

## Listed equities



■ Finland ■ Europe ■ North-America ■ Others

# Breakdown of investments at fair value

	Basic breakdown		Risk-adjusted breakdown		Return	
	30 Sep 2023		30 Sep 2023		1-9/2023	
	milj. €	%	milj. €	% <sup>8</sup>		%
<b>Fixed-income investments</b>	<b>1 218,7</b>	<b>28,5</b>	<b>1 318,6</b>	<b>30,9</b>		<b>3,7</b>
Loan receivables <sup>1</sup>	58,9	1,4	58,9	1,4		3,3
Bonds <sup>1</sup>	1 040,4	24,4	1 140,4	26,7		4,1
Government bonds	639,8	15,0	739,7	17,3		2,0
Other bonds	400,6	9,4	400,6	9,4		7,0
Other money market instruments and deposits <sup>1 2</sup>	119,3	2,8	119,3	2,8		1,5
<b>Equity investments</b>	<b>1 836,8</b>	<b>43,0</b>	<b>1 952,3</b>	<b>45,7</b>		<b>3,2</b>
Listed equities	1 361,9	31,9	1 477,4	34,6		2,1
Private equity investments <sup>3</sup>	410,5	9,6	410,5	9,6		6,6
Unlisted equities <sup>4</sup>	64,4	1,5	64,4	1,5		5,9
<b>Real estate investments</b>	<b>636,3</b>	<b>14,9</b>	<b>636,3</b>	<b>14,9</b>		<b>-2,5</b>
Direct real estate investments	512,5	12,0	512,5	12,0		-3,7
Real estate funds	123,8	2,9	123,8	2,9		2,7
<b>Other investments</b>	<b>578,4</b>	<b>13,5</b>	<b>578,4</b>	<b>13,5</b>		<b>3,3</b>
Hedge fund investments <sup>5</sup>	459,1	10,8	459,1	10,8		2,1
Other investments <sup>6</sup>	119,2	2,8	119,2	2,8		7,5
<b>Total investments</b>	<b>4 270,1</b>	<b>100,0</b>	<b>4 485,6</b>	<b>105,0</b>		<b>2,3</b>
Effect of derivatives <sup>7</sup>			-215,5	-5,0		
<b>Total investments at fair value</b>			<b>4 270,1</b>	<b>100,0</b>		
Modified duration of the bond portfolio			4,4			
Open currency position, % of the market value of investments			27,7			

<sup>1</sup> Includes accrued interest.

<sup>2</sup> Includes cash and bank balance as well as settlement receivables and liabilities.

<sup>3</sup> Includes private equity and mezzanine funds.

<sup>4</sup> Includes unlisted real estate investment companies.

<sup>5</sup> Includes all types of hedge fund shares, regardless of the fund's strategy.

<sup>8</sup> Includes items that cannot be allocated to other investment groups

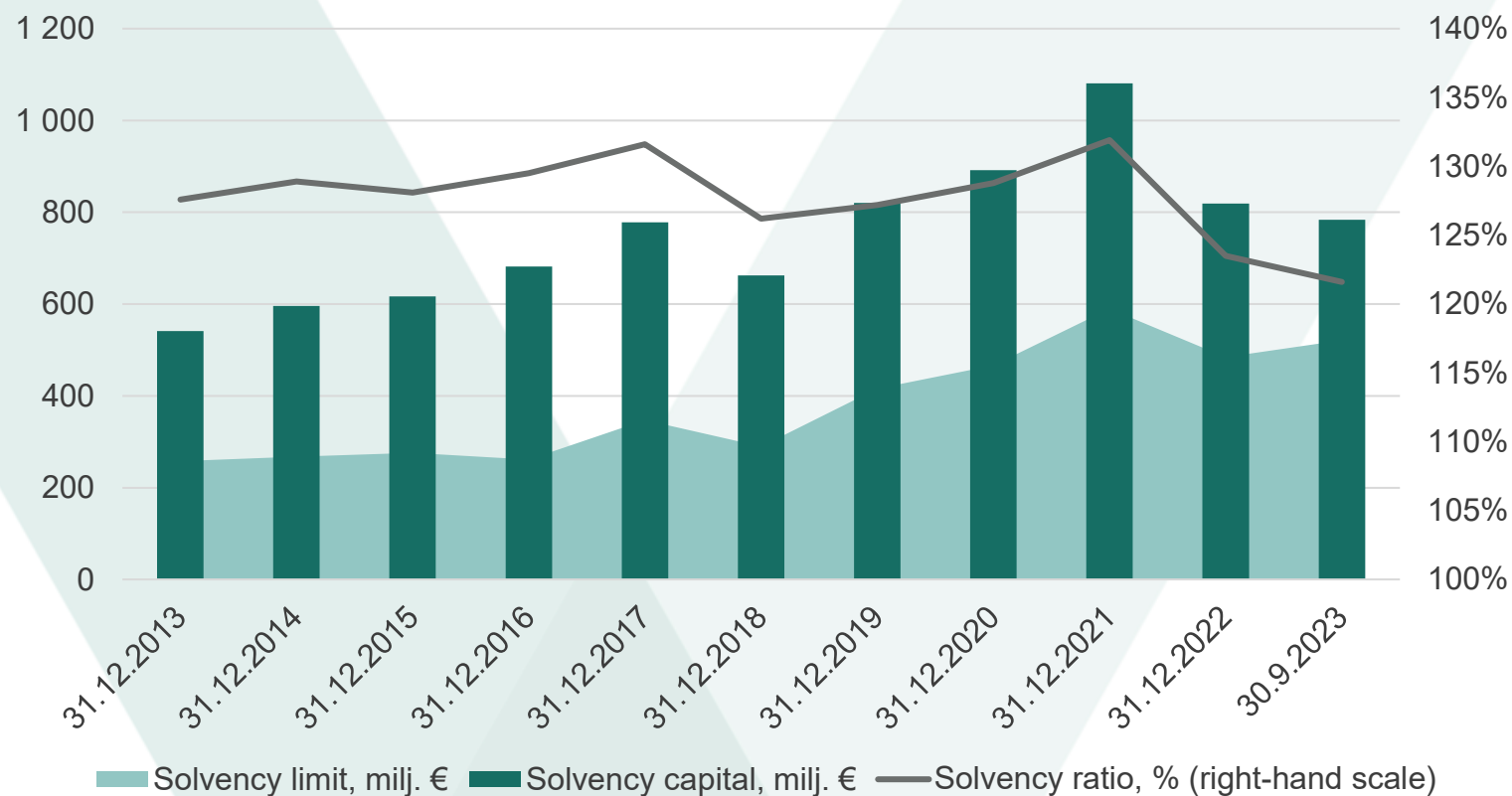
<sup>7</sup> Includes the effect of derivatives on the difference between risk-adjusted breakdown and basic breakdown. The effect may be positive or negative (+/-). When the effect is taken into account, the sums of the risk-adjusted breakdown and the basic breakdown are equal.

<sup>6</sup> The relative proportion is calculated using the total of the line 'Total investments at fair value' as the divisor.

The table has been compiled according to the guidelines of the Finnish Pension Alliance Tela.



# Veritas' solvency stands at a secure level



- The solvency ratio was **121.6** per cent at the end of September 2023.
- The solvency position was **1.5** times the solvency limit.
- The solvency capital stood at EUR **783.4** million.

1) Veritas Pension Insurance and Pensions-Alandia merged on 1 January 2019. The figures for the previous years are Veritas figures before the merger.

# **Pensions and insurance**

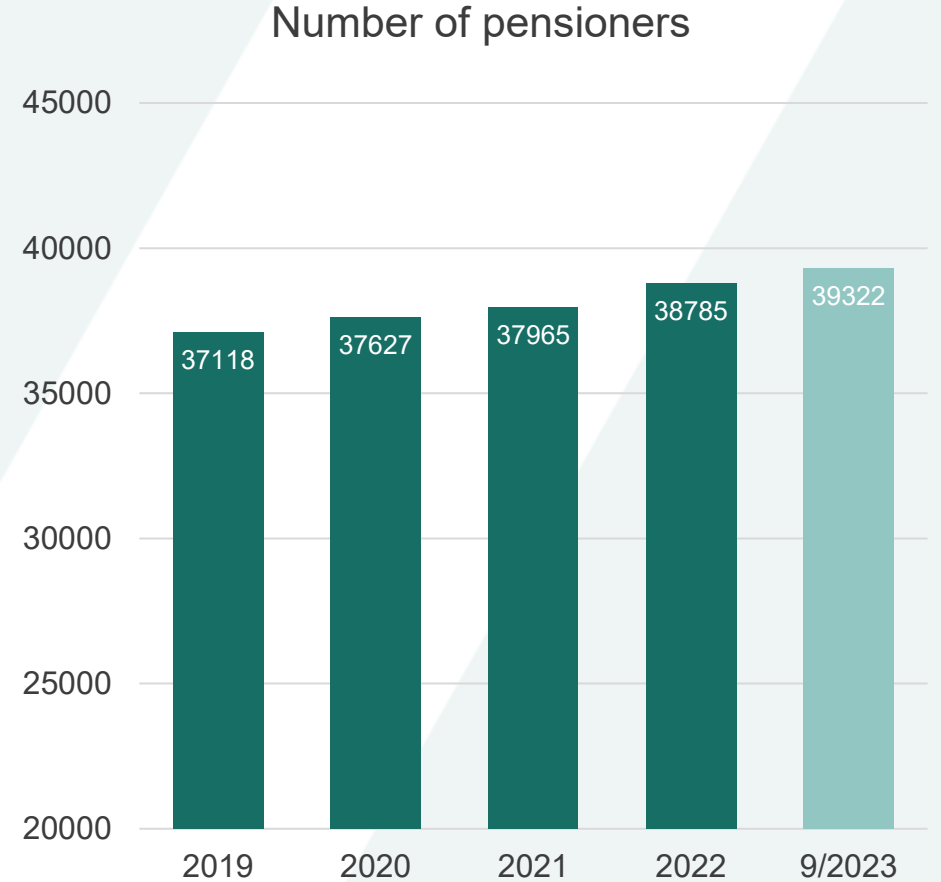
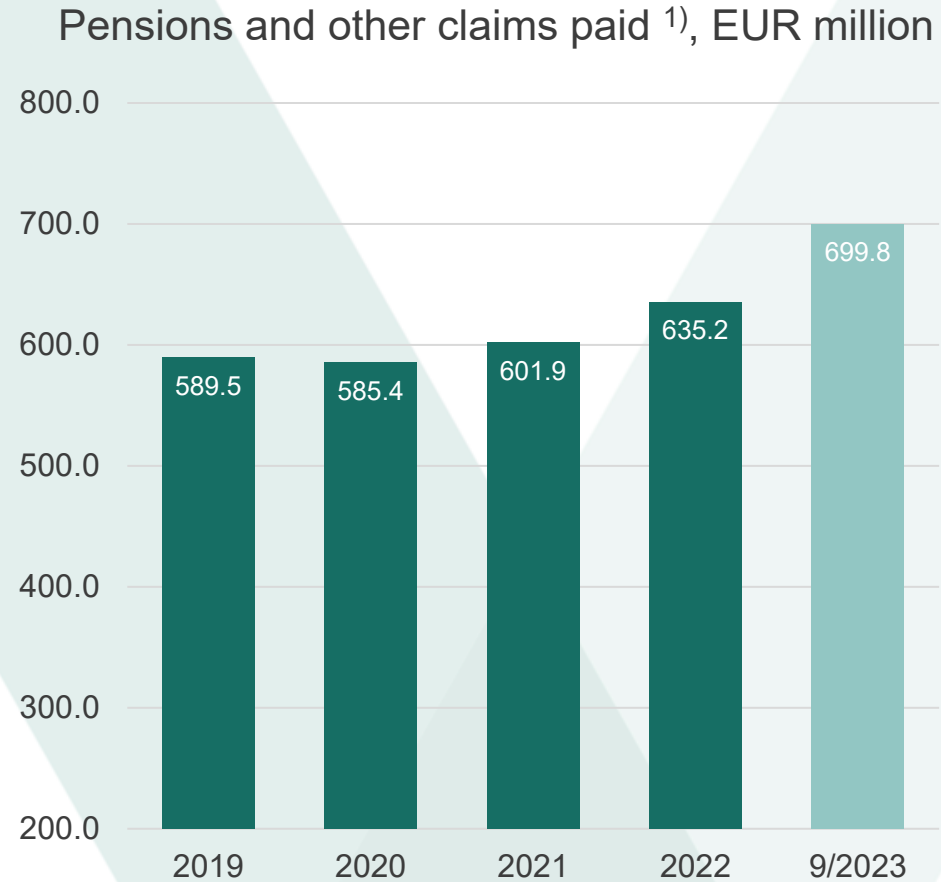
# Finnish pension system sixth in international pension comparison

- Finland ranked sixth in the international Global Pension Index comparison.
- The international comparison included 47 countries.
- For the tenth time in a row, Finland received the highest index value in the integrity sub-index (reliable and transparent governance).
- In assessing the integrity of a pension scheme, the index emphasizes, among other things, that the pension scheme is well-governed, that customer communication is clear and that the administrative expenses are reasonable.
- The areas of development for Finland include increasing the funded component of pension contributions and the minimum level of support.

# Current information on pensions

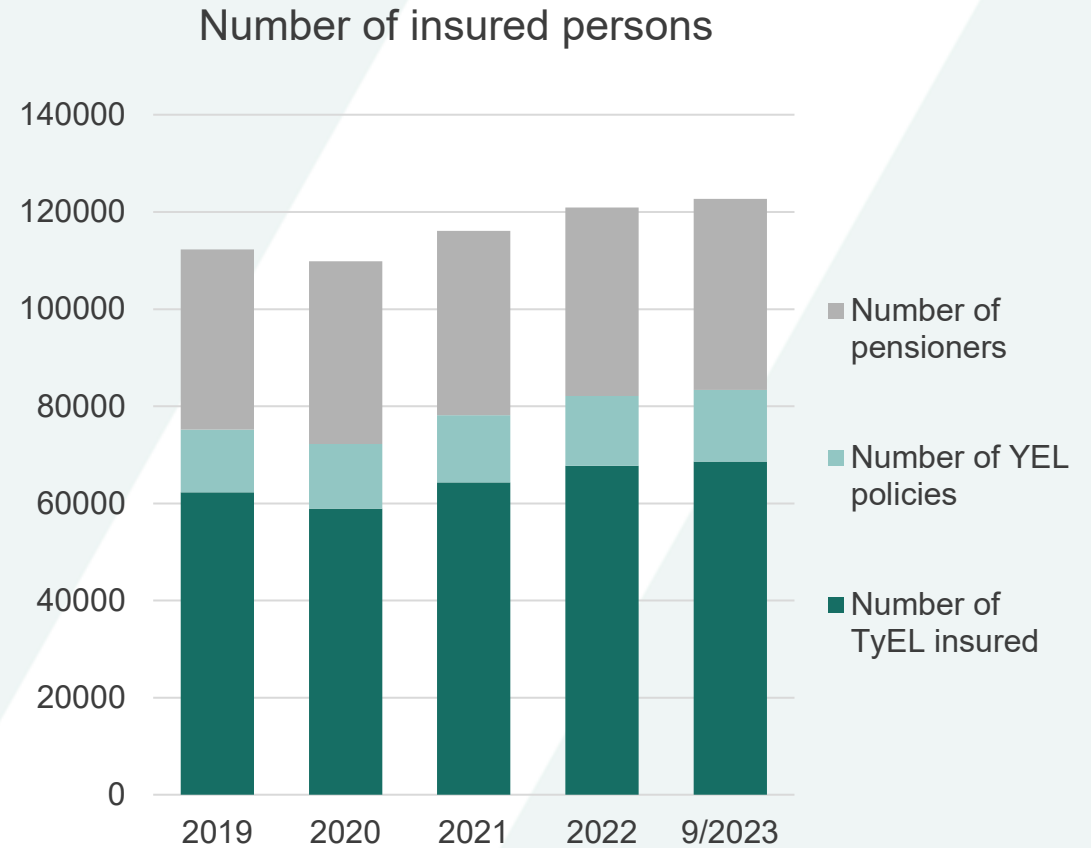
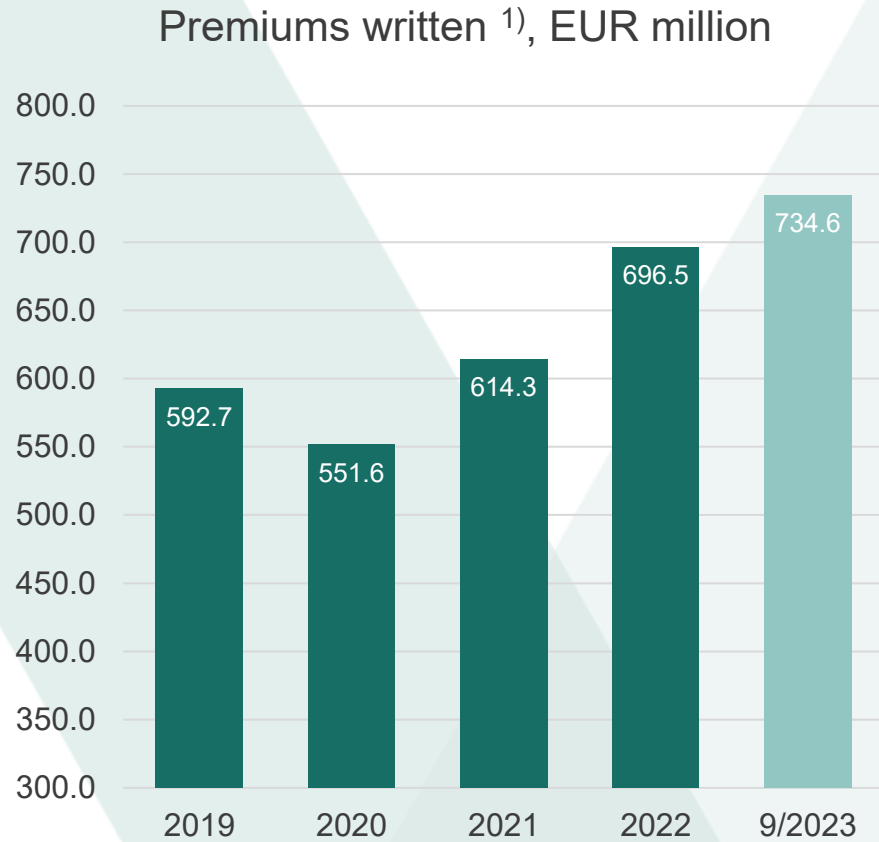
- Earnings-related pensions will increase by more than 5 per cent at the turn of the year.
- According to the calculation of the Finnish Centre for Pensions, the earnings-related pension will increase pensions in payment by **5.7 per cent** at the turn of the year.
- The wage coefficient will increase pensions by **5.1 per cent**. The wage coefficient is used when determining the amount of a starting earnings-related pension. The accrued pension is increased by the wage coefficient to the level of the first year of retirement.
- The difference between the indexes is rather small. Thus, the timing of the retirement does not much affect the pension amount.
- The Ministry of Social Affairs and Health will confirm earnings-related pension indexes for 2024 at the end of October.

# Veritas pays out EUR 700 million in pensions



1) Pensions and other claims paid 9/2023 is an estimate for the whole year 2023.

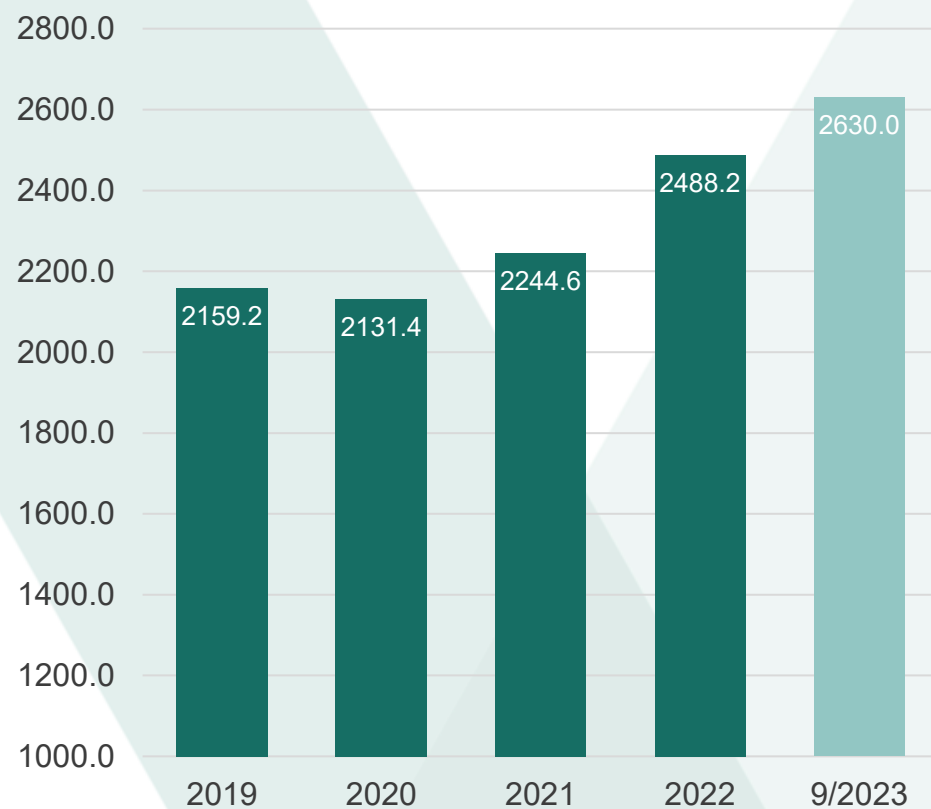
# Premiums written are expected to grow by 5.5 per cent



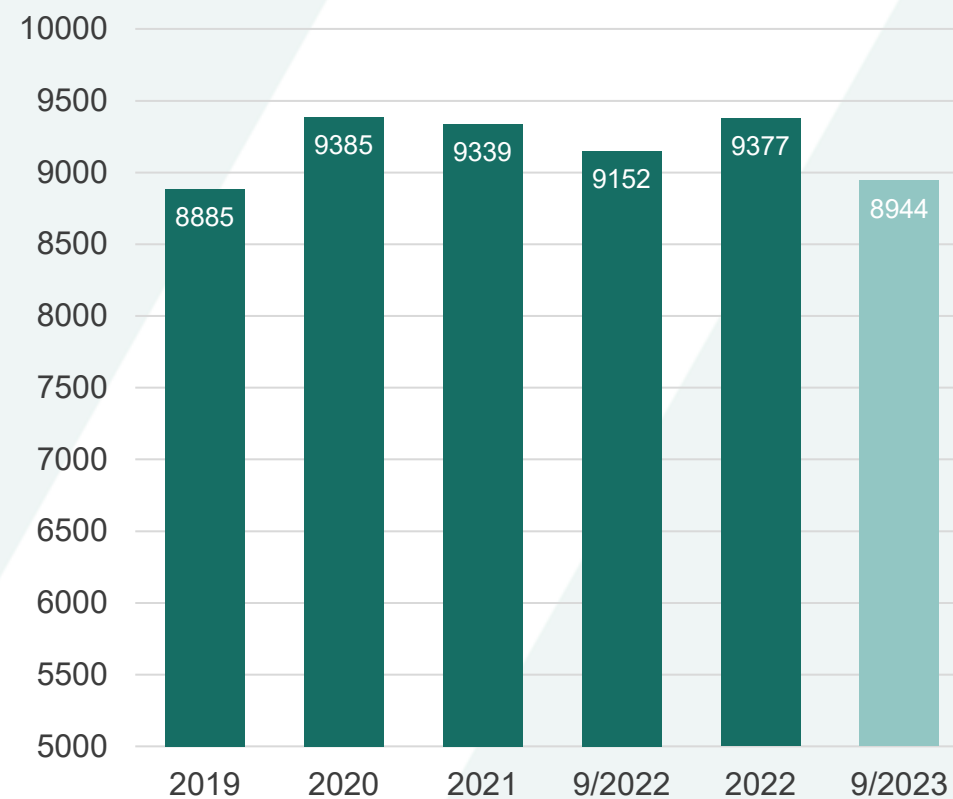
1) Premiums written 9/2023 is an estimate of the whole year 2023.

# Customers' payroll grows steadily

TyEL payroll <sup>1)</sup>, EUR million

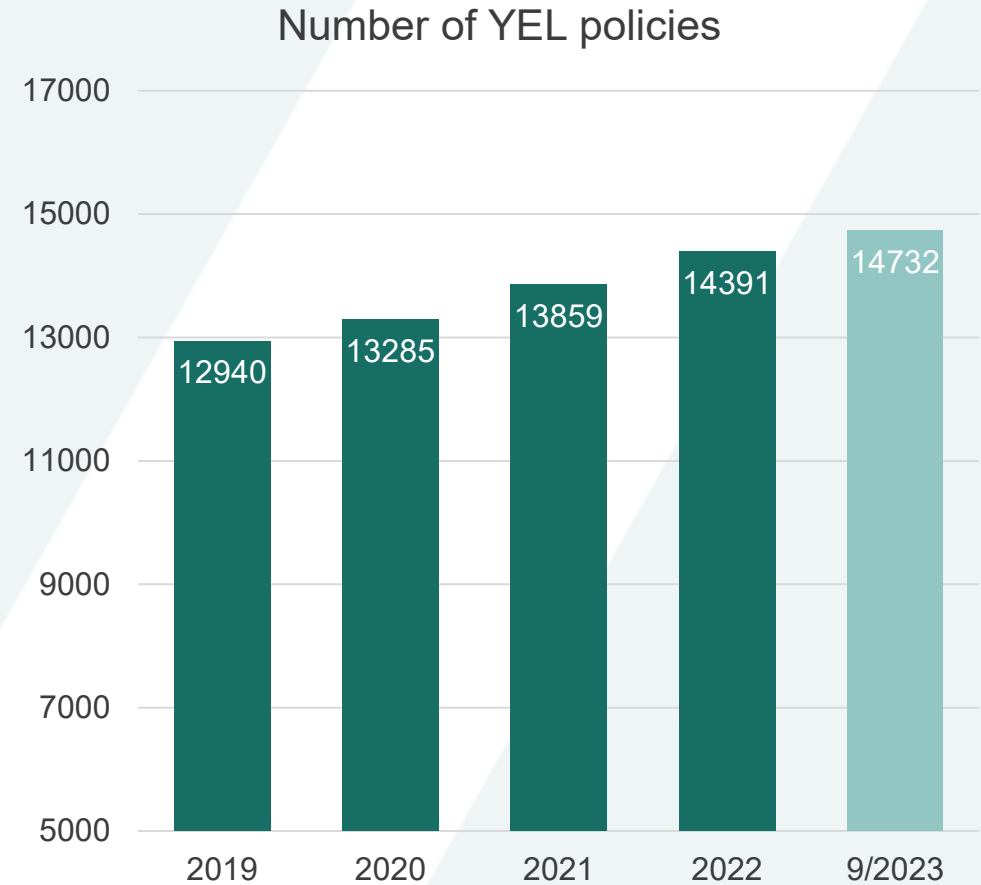
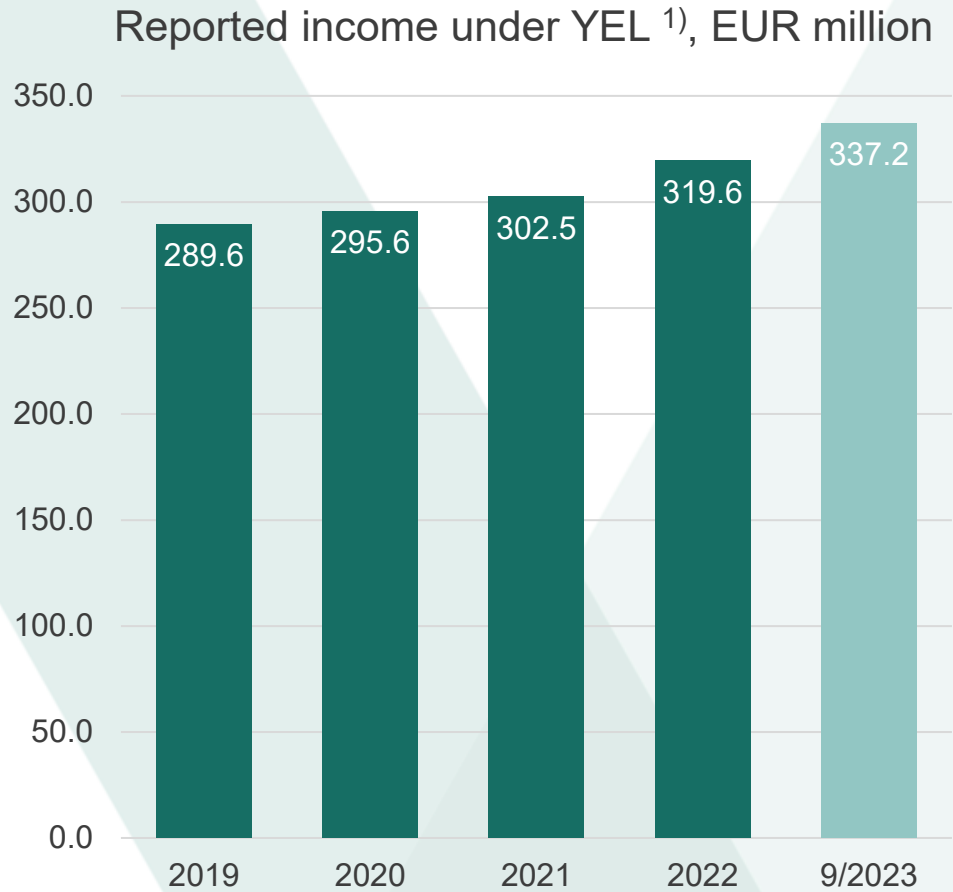


Number of TyEL policies



1) TyEL payroll 9/2023 is an estimate for the whole year 2023.

# Strong growth in YEL insurance policies continues



1) Reported income under YEL 9/2023 is an estimate for the whole year 2023.



# Result

<b>Result analysis, EUR million</b>	<b>1-9/2023</b>	<b>1-9/2022</b>	<b>2022</b>
Technical underwriting result	-1.1	16.4	11.0
Return on investments at fair value	-33.1	-276.3	-263.9
+ Net return on investments at fair value	96.3	-273.1	-198.7
- Return requirement on technical provisions	-129.4	-3.2	-65.3
Loading profit	0.5	0.4	-7.4
Other profit	0.3	0.7	0.9
<b>Total result</b>	<b>-33.4</b>	<b>-258.8</b>	<b>-259.5</b>
Operating income covered by expense loading component, EUR million	12.7	14.2	26.8
Number of employees (average)	132	151	146



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PENSION INSURANCE

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