



# Interim report

## 1 January – 30 September 2020

# Summary of January–September

- The financial market recovery from the corona crisis has been surprisingly strong
- The return on investments was 3.3 per cent in the third quarter of the year
- Veritas' solvency has remained at a good level throughout the corona crisis
- The premiums written will fall this year due to a decline in employment and the temporary discount granted on employers' pension contributions
- The number of YEL insurance policies has continued to increase



**-1.1%**

Return on investments



**3.6bn**

Value of investments



**124.3%**

Solvency ratio



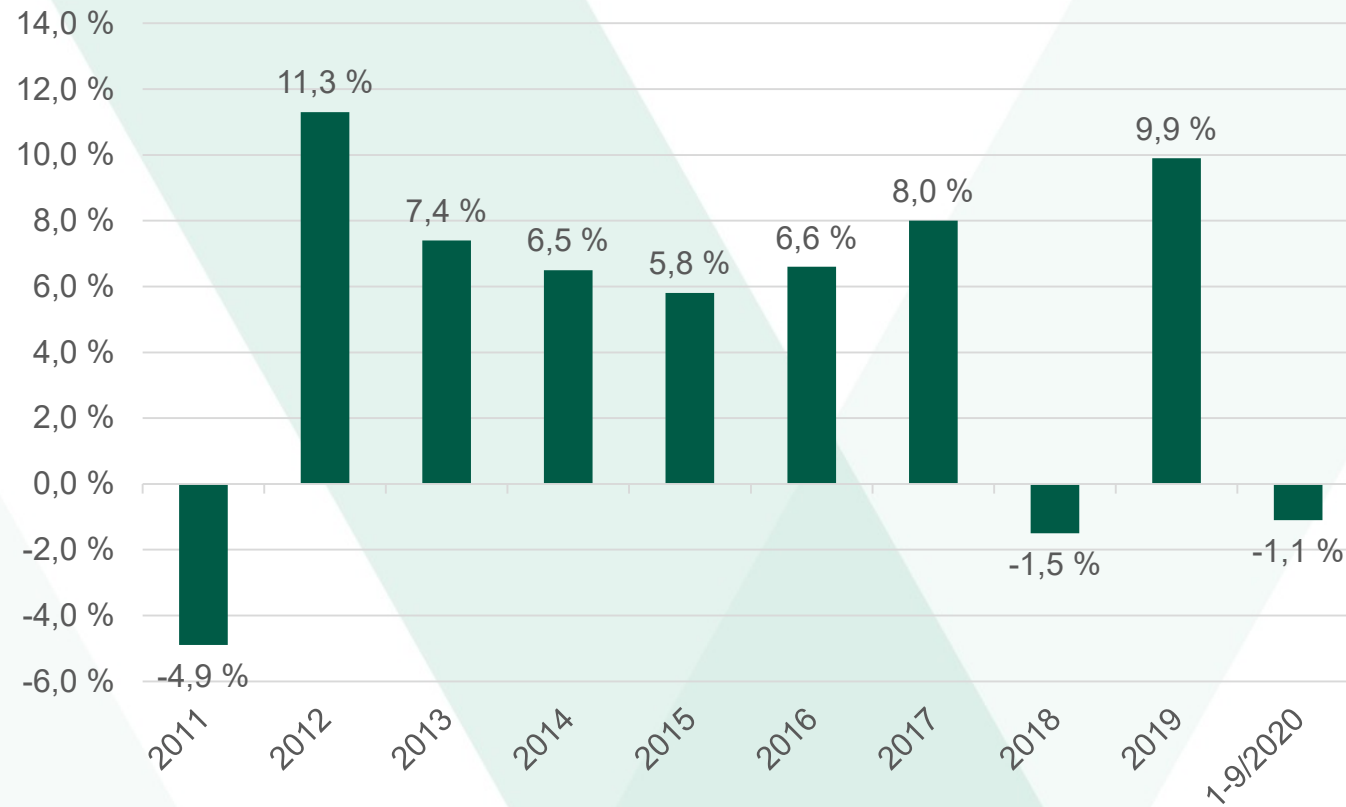
**1.8**

Solvency position



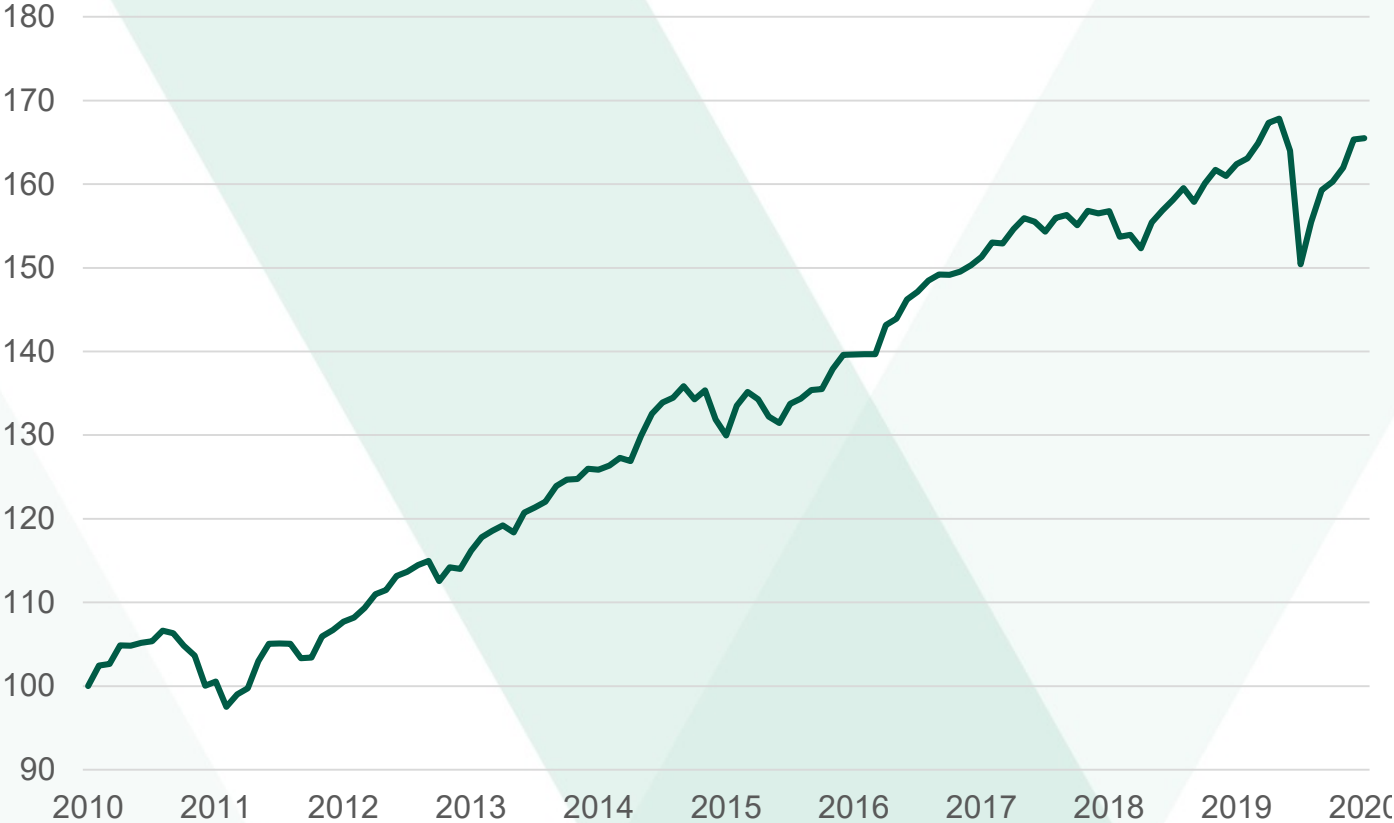
# Investments

# The return on investments continued to recover during the third quarter



- The return on Veritas' investments was -1.1 per cent in January-September.
- In January-June, the return on investments was -4.2 per cent.
- In the third quarter, the return was 3.3 per cent.

# The cumulative return on investments for a 10-year period is 65.5 per cent

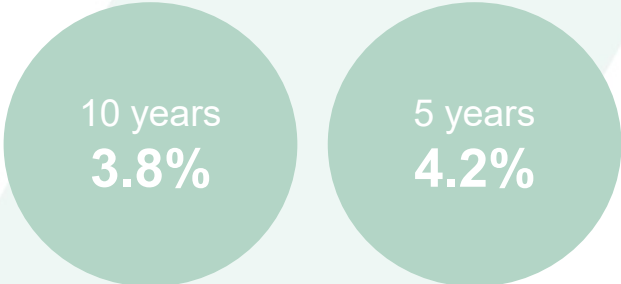


The return is calculated from 1 October 2010 to 30 June 2020.

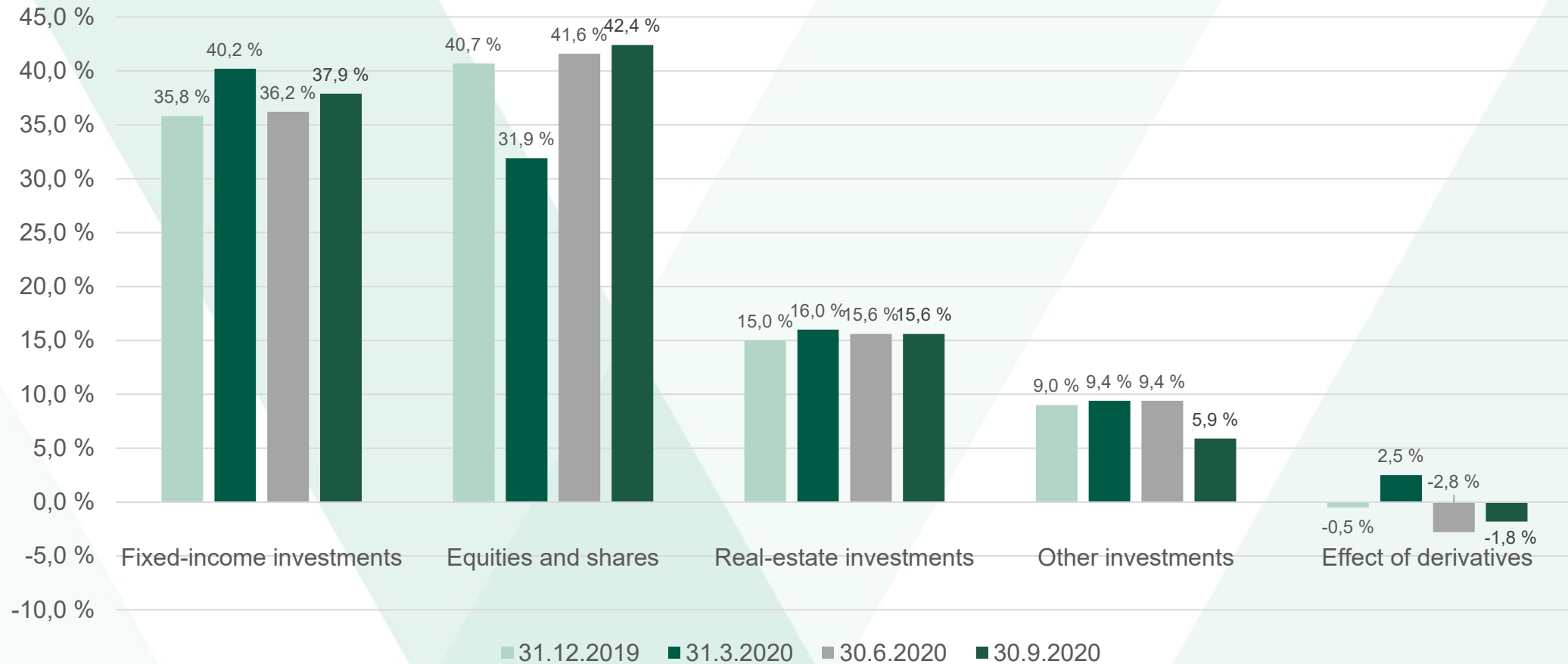
## Nominal return



## Real return



# Investments were shifted from alternative investments toward traditional asset classes



# Breakdown of investments at fair value

	Basic breakdown		Risk-adjusted breakdown		Return	
	30 Sept 2020		30 Sept 2020		1-9/2020	
	milj. €	%	milj. €	% <sup>8</sup>		%
<b>Fixed-income investments</b>	<b>1 376,5</b>	<b>38,1</b>	<b>1 358,4</b>	<b>37,6</b>		<b>1,2</b>
Loan receivables <sup>1</sup>	35,3	1,0	35,3	1,0		1,6
Bonds <sup>1</sup>	1 150,1	31,8	1 131,9	31,3		1,5
Government bonds	612,9	16,9	594,7	16,4		3,7
Other bonds	537,2	14,9	537,2	14,9		-1,1
Other money market instruments and deposits <sup>1 2</sup>	191,2	5,3	191,2	5,3		-0,3
<b>Equity investments</b>	<b>1 460,0</b>	<b>40,4</b>	<b>1 542,8</b>	<b>42,7</b>		<b>-3,5</b>
Listed equities	1 192,1	33,0	1 274,9	35,2		-4,6
Private equity investments <sup>3</sup>	237,0	6,6	237,0	6,6		1,2
Unlisted equities <sup>4</sup>	30,8	0,9	30,8	0,9		2,4
<b>Real estate investments</b>	<b>565,4</b>	<b>15,6</b>	<b>565,4</b>	<b>15,6</b>		<b>3,5</b>
Direct real estate investments	458,4	12,7	458,4	12,7		4,0
Real estate funds	107,0	3,0	107,0	3,0		1,4
<b>Other investments</b>	<b>215,0</b>	<b>5,9</b>	<b>215,0</b>	<b>5,9</b>		<b>-5,1</b>
Hedge fund investments <sup>5</sup>	146,9	4,1	146,9	4,1		-6,0
Other investments <sup>6</sup>	68,1	1,9	68,1	1,9		-1,5
<b>Total investments</b>	<b>3 616,9</b>	<b>100,0</b>	<b>3 681,6</b>	<b>101,8</b>		<b>-1,1</b>
Effect of derivatives <sup>7</sup>			-64,7	-1,8		
<b>Total investments at fair value</b>			<b>3 616,9</b>	<b>100,0</b>		
Modified duration of the bond portfolio			5,7			
Open currency position, % of the market value of investments			16,4			

<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.

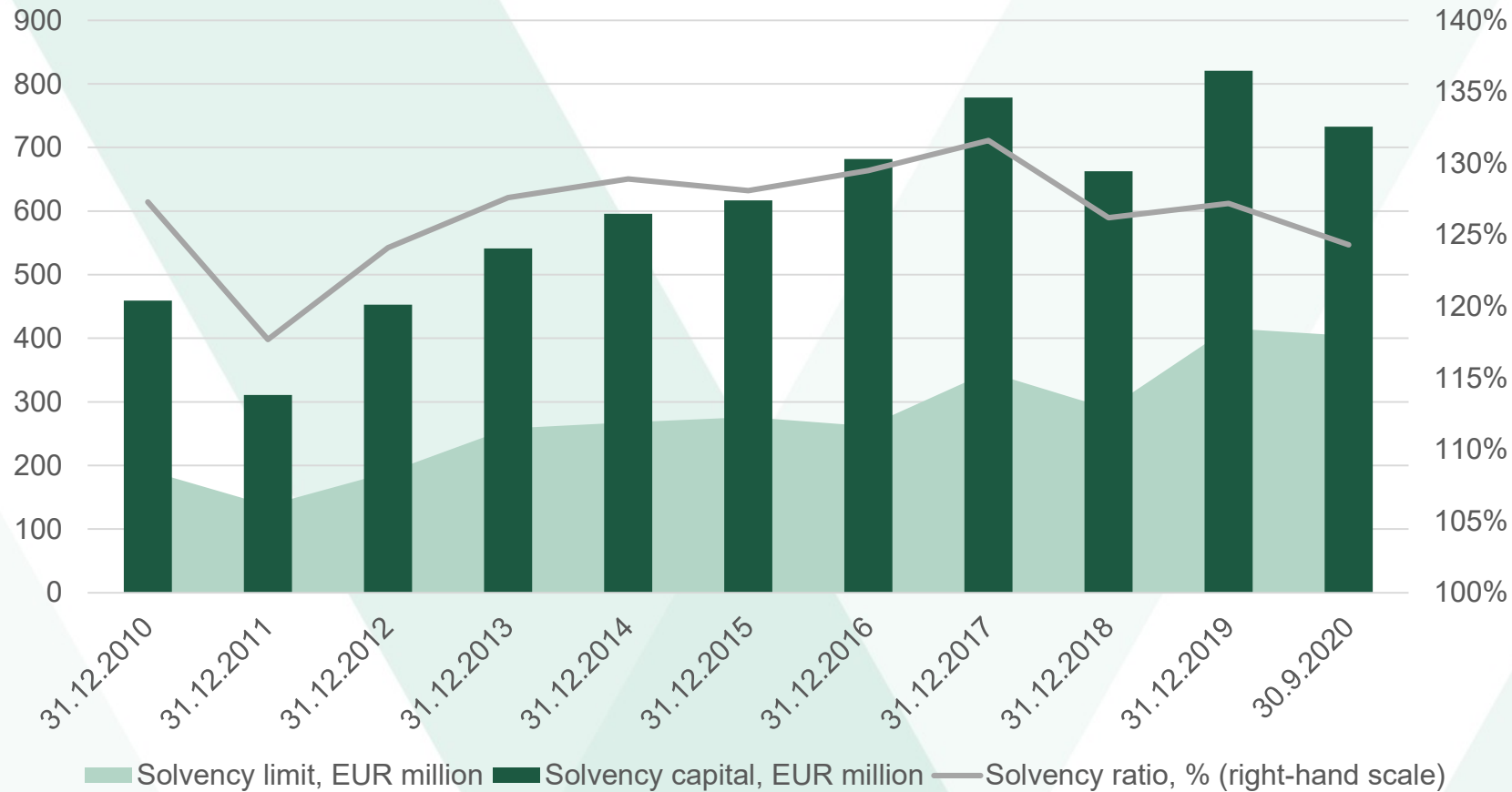
<sup>6</sup> Includes items that cannot be allocated to other investment groups

<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>8</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.

# Solvency has remained at a good level throughout the corona crisis



- Veritas' solvency ratio increased to 124.3 percent during the third quarter of the year.
- The solvency position was 1.8 at the end of September.
- The solvency capital stood at EUR 732.8 million at the end of September.

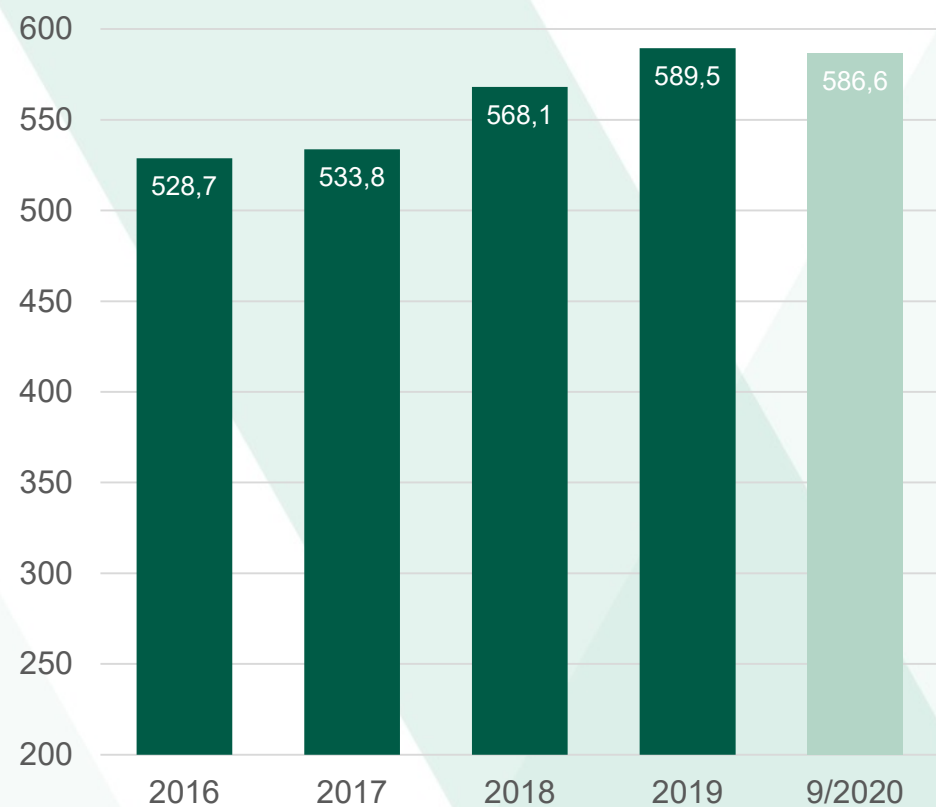
1) Veritas Pension Insurance and Pensions-Alandia merged on 1 January 2019. The figures for the previous years are Veritas figures before the merger.  
 2) The figures for 2010–2012 include the provision for pooled claims equated with solvency capital, which was EUR 70.1 million in 2010, EUR 73.3 million in 2011 and EUR 78.3 million in 2012.



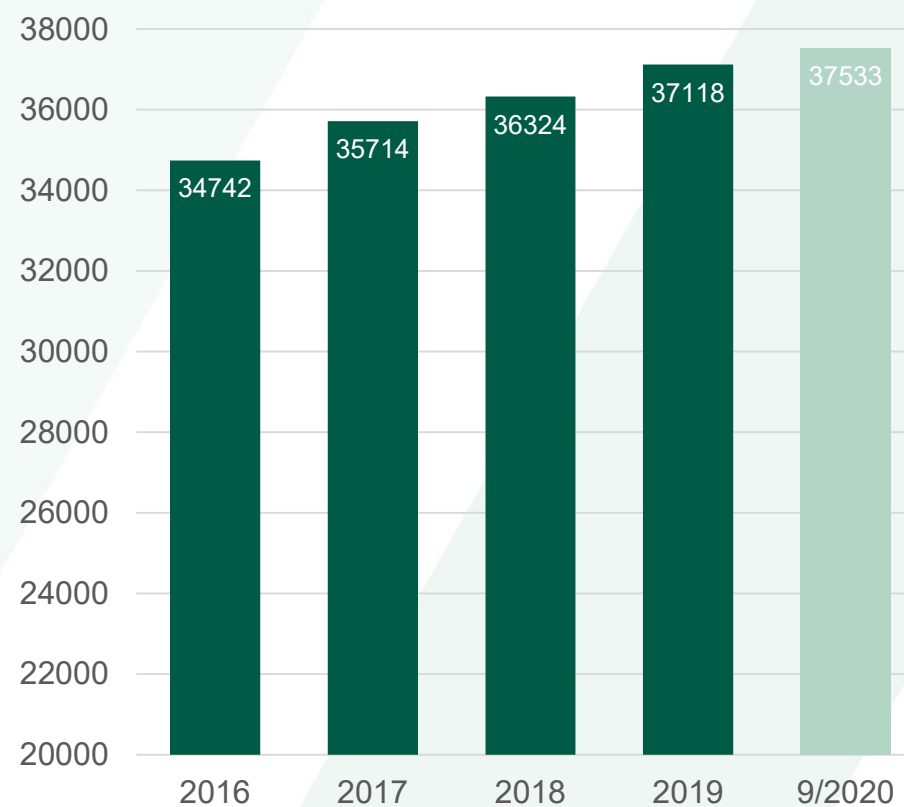
# **Pensions and insurance**

# Pension expenditure and the number of pensioners

Pensions and other claims paid <sup>1, 2)</sup>, EUR million



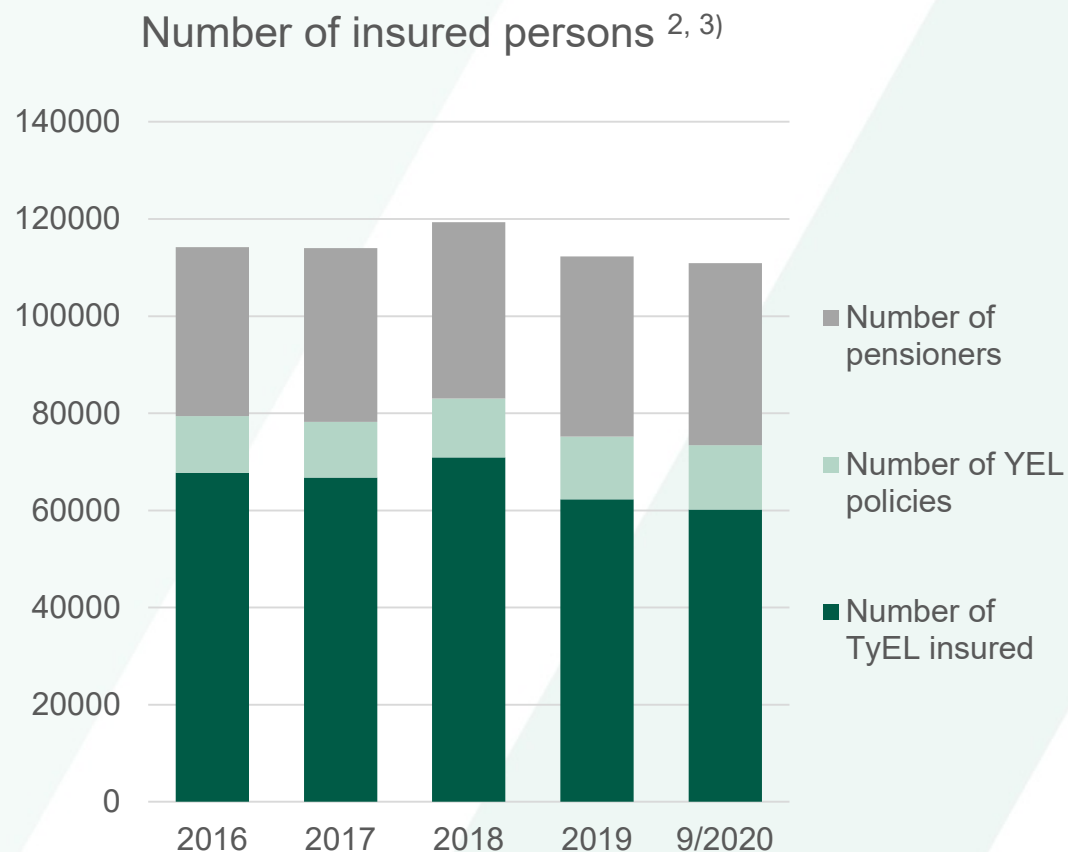
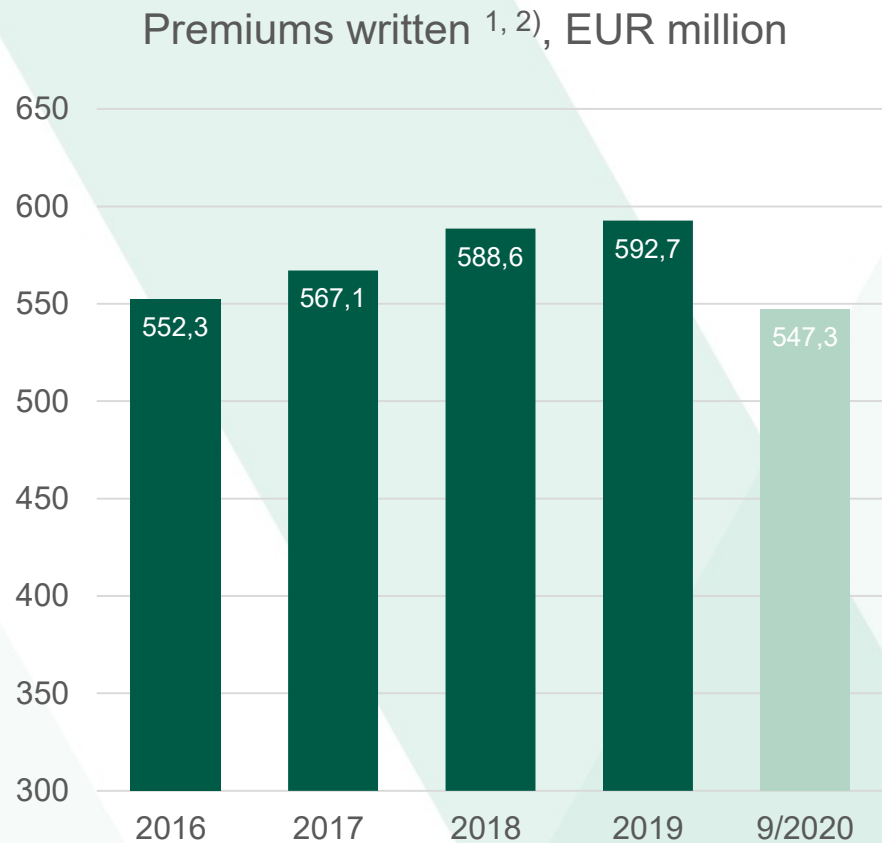
Number of pensioners <sup>2)</sup>



1) Pensions and other claims paid 9/2020 is an estimate for the whole year 2020.

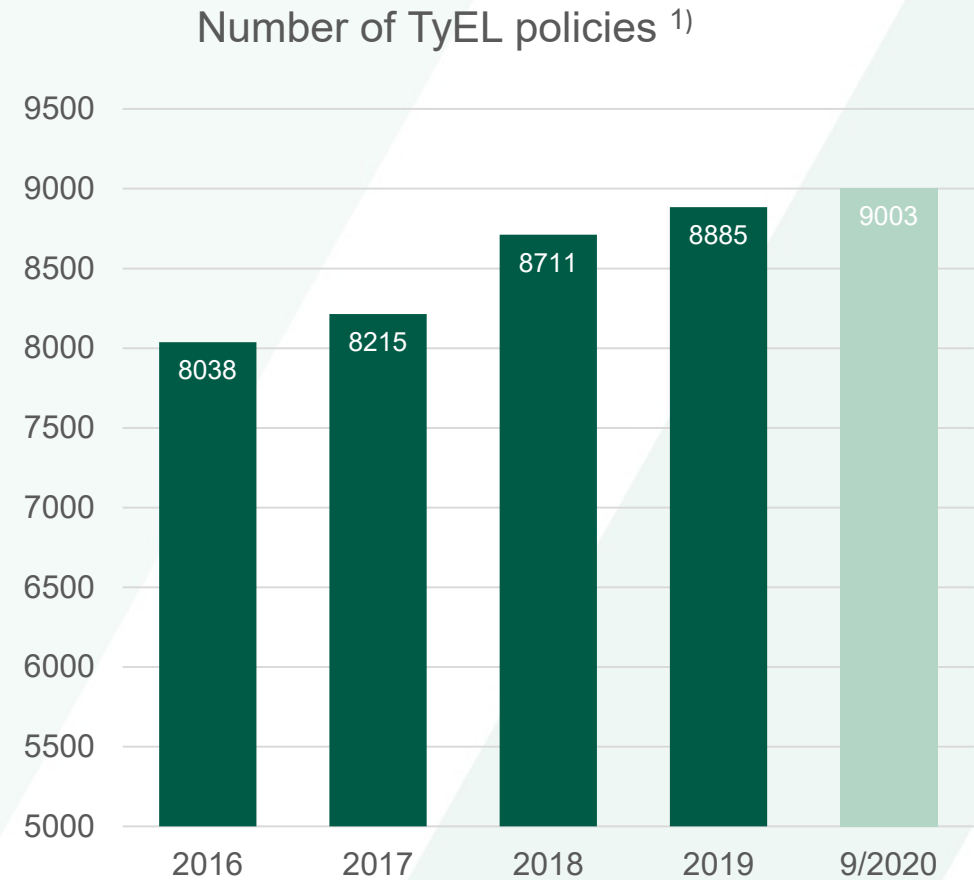
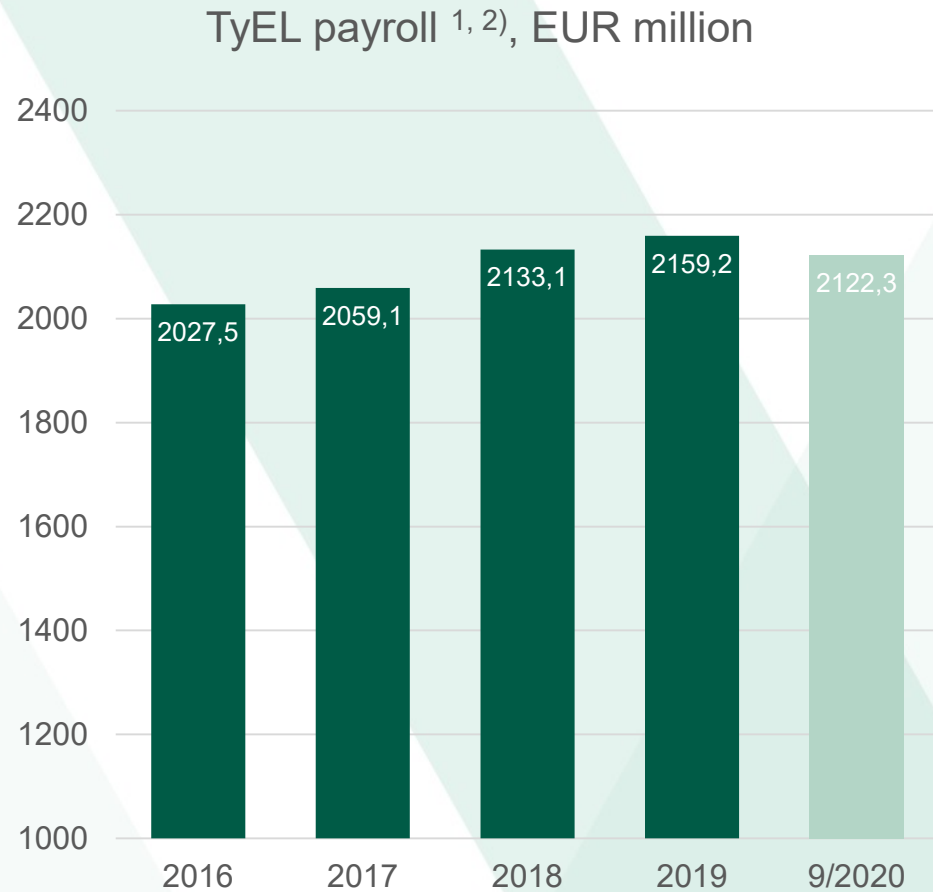
2) The figures for 2015-2018 are pro forma figures (Veritas + Pensions-Alandia)

# A decline in employment and the temporary discount granted on employers' pension contributions are reflected in the premiums written



- 1) Premiums written 9/2020 is an estimate of the whole year 2020. The temporary discount on employers' TyEL contributions between May and December 2020 is taken into account.
- 2) The figures for 2016–2018 are pro forma figures (Veritas + Pensions-Alandia).
- 3) The number of TyEL-insured persons in 2019 and 2020 is not fully comparable with the earlier years. The definition of this key figure changed in 2019 when the Incomes Register was taken into use.

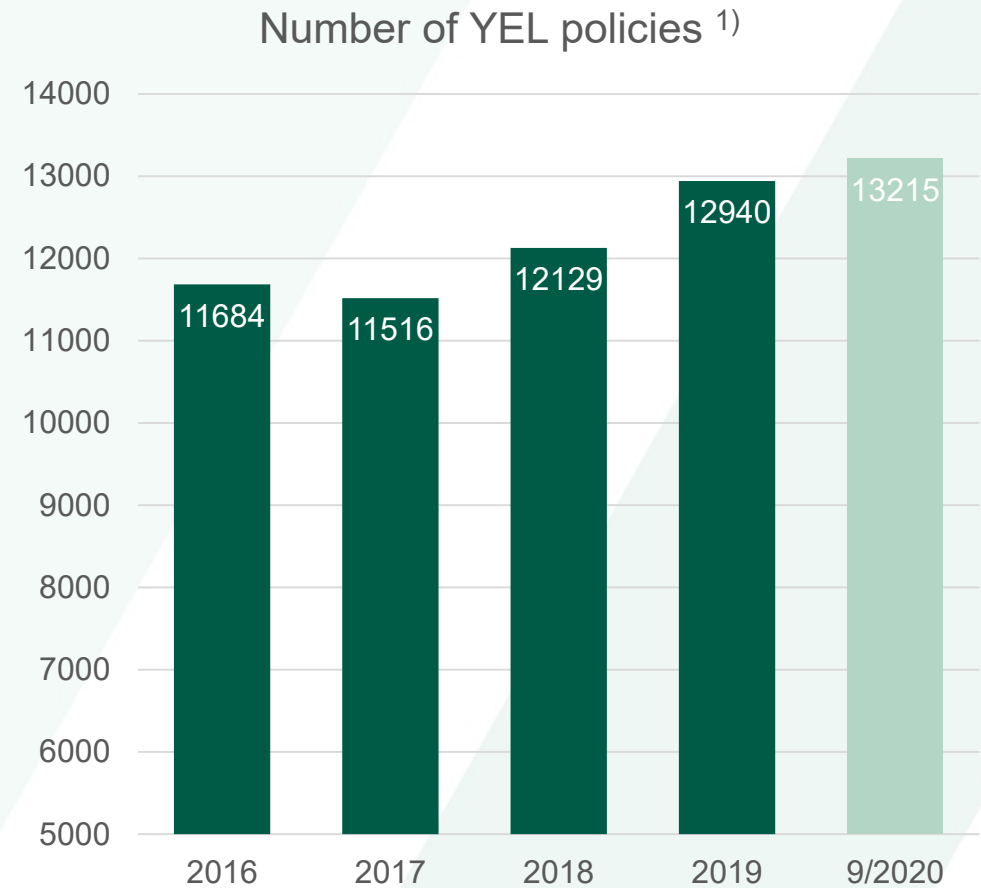
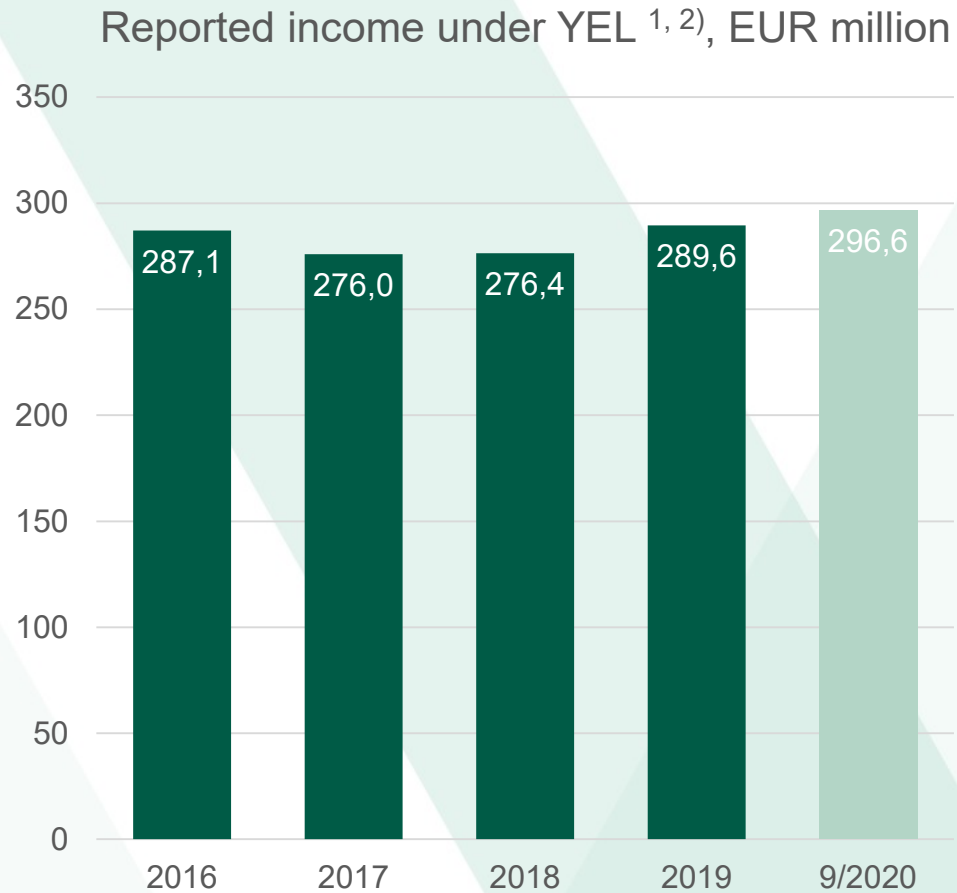
# The TyEL payroll will decline due to the corona crisis



1) The figures for 2016–2018 are pro forma figures (Veritas + Pensions-Alandia)

2) TyEL payroll 9/2020 is an estimate for the whole year 2020.

# Number of YEL policies continues to increase



- 1) The figures for 2016–2018 are pro forma figures (Veritas + Pensions-Alandia)  
2) Reported income under YEL 9/2020 is an estimate for the whole year 2020.

# Result

Result analysis, EUR million	1-9/2020	1-9/2019	2019
Technical underwriting result	5.9	-0.7	-4.3
Return on investments at fair value	-95.6	42.1	85.6
+ Net return on investments at fair value	-39.3	222.7	332.6
- Return requirement on technical provisions	-56.3	-180.6	-247.0
Loading profit <sup>1)</sup>	1.2	1.9	2.5
Other profit	0.8	0.6	1.5
<b>Total result</b>	<b>-87.6</b>	<b>44.0</b>	<b>85.2</b>
Operating income covered by expense loading component, EUR million	12.7	13.8	18.9
% of the expense loading component <sup>1)</sup>	91.4%	88.1%	88.3%
Number of employees (average)	158	154	154

1) The expense loading rate was reduced by 6.9% at the start of 2020. The comparable loading profit was improved by EUR 0.3 million compared to the first three quarters of 2019. The ratio of operating expenses to expense loading components improved by 3.0 percentage points.

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