

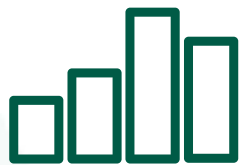


Interim report

1 January – 30 June 2020

Summary of the first half of 2020

- Veritas' solvency has remained strong throughout the corona crisis
- Investment performance bounced back in the second quarter
- The premiums written fell in January-June due to a decline in employment and the temporary discount granted on employers' pension contributions
- The number of YEL insurance policies increased



-4.2%

Return on investments



3.5bn

Value of investments



122.4 %

Solvency ratio



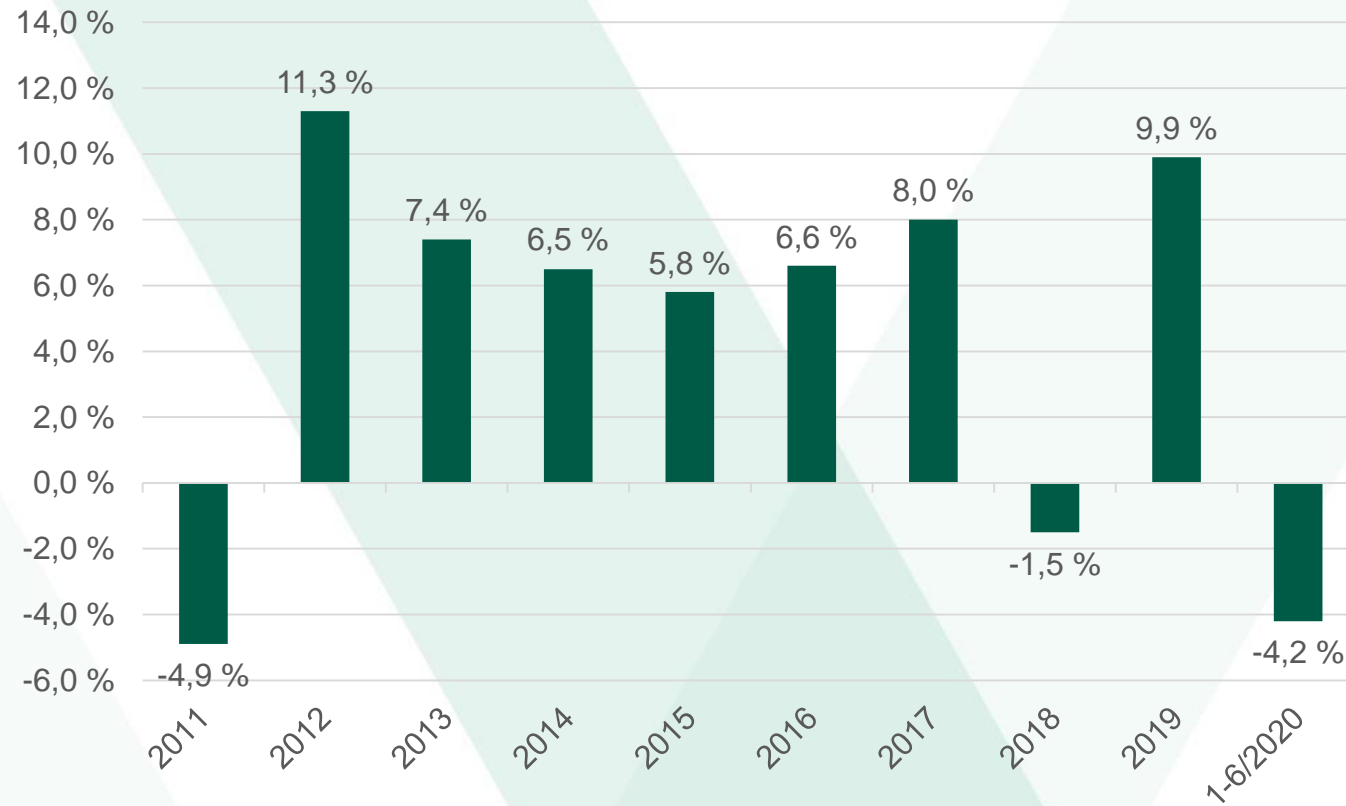
1.8

Solvency position

The background consists of several overlapping, semi-transparent light green diagonal stripes that create a sense of movement and depth. The stripes are oriented from the top-left to the bottom-right.

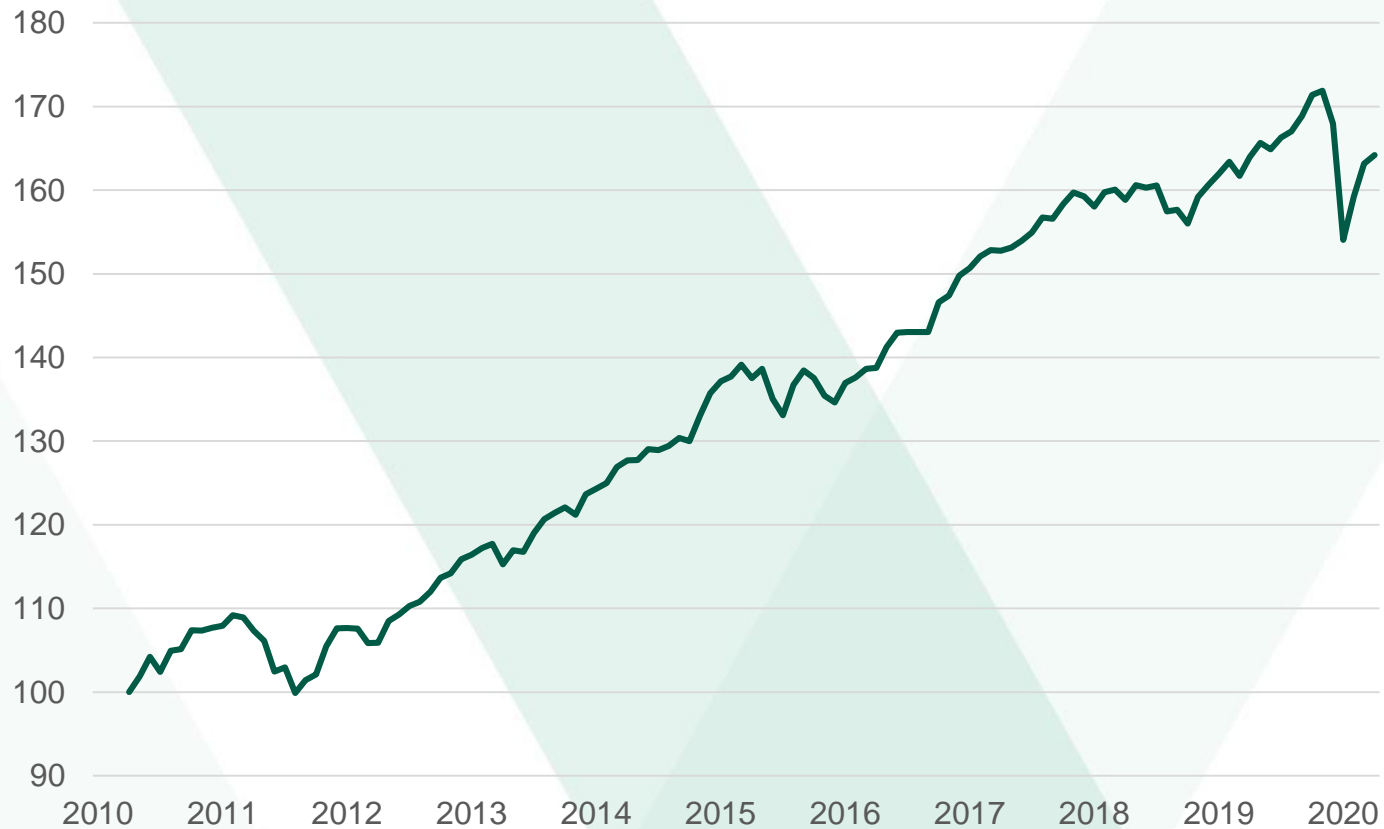
Investments

The return on Veritas' investments was -4.2% in the first half of the year



- After the crash in March, equity and credit risk investments recovered in the second quarter of the year. However, the return on investments for the first half of the year is still in negative territory.
- The return on Veritas' investments was 6.6% in April-June.

The cumulative return on investments since 1 July 2010 is 64.2%



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

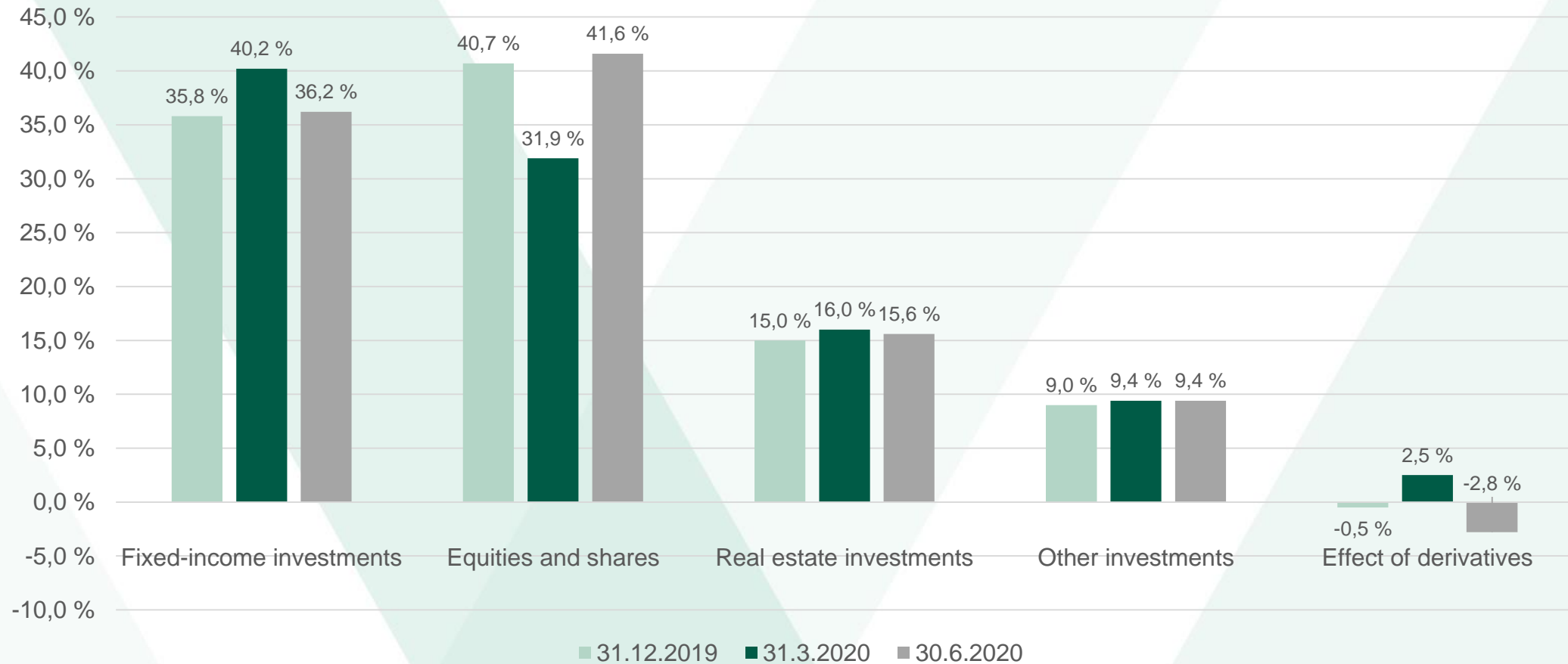
Nominal return



Real return



The share of equity investments was increased as the markets recovered



Breakdown of investments at fair value

	Basic breakdown 30 Jun 2020		Risk-adjusted breakdown 30 Jun 2020		Return 1-6/2020
	milj. €	%	milj. €	% ⁸	%
Fixed-income investments	1,288.5	36.7	1,270.8	36.2	-0.2
Loan receivables ¹	29.3	0.8	29.3	0.8	1.0
Bonds ¹	1,088.4	31.0	1,070.8	30.5	-0.3
Government bonds	590.4	16.8	572.7	16.3	2.7
Other bonds	498.1	14.2	498.1	14.2	-4.0
Other money market instruments and deposits ^{1 2}	170.7	4.9	170.7	4.9	-0.2
Equity investments	1,345.0	38.3	1,461.4	41.6	-9.6
Listed equities	1,084.3	30.9	1,200.8	34.2	-11.1
Private equity investments ³	229.3	6.5	229.3	6.5	-3.2
Unlisted equities ⁴	31.4	0.9	31.4	0.9	0.4
Real estate investments	549.0	15.6	549.0	15.6	2.6
Direct real estate investments	441.2	12.6	441.2	12.6	2.8
Real estate funds	107.8	3.1	107.8	3.1	1.9
Other investments	330.1	9.4	330.1	9.4	-6.3
Hedge fund investments ⁵	261.6	7.4	261.6	7.4	-7.0
Other investments ⁶	68.5	2.0	68.5	2.0	-3.5
Total investments	3,512.6	100.0	3,611.4	102.8	-4.2
Effect of derivatives ⁷			-98.8	-2.8	
Total investments at fair value			3,512.6	100.0	
Modified duration of the bond portfolio			4.9		
Open currency position, % of the market value of investments			17.3		

¹ Includes accrued interest

² Includes cash and bank balance as well as settlement receivables and liabilities

³ Includes private equity and mezzanine funds

⁴ Includes unlisted real estate investment companies

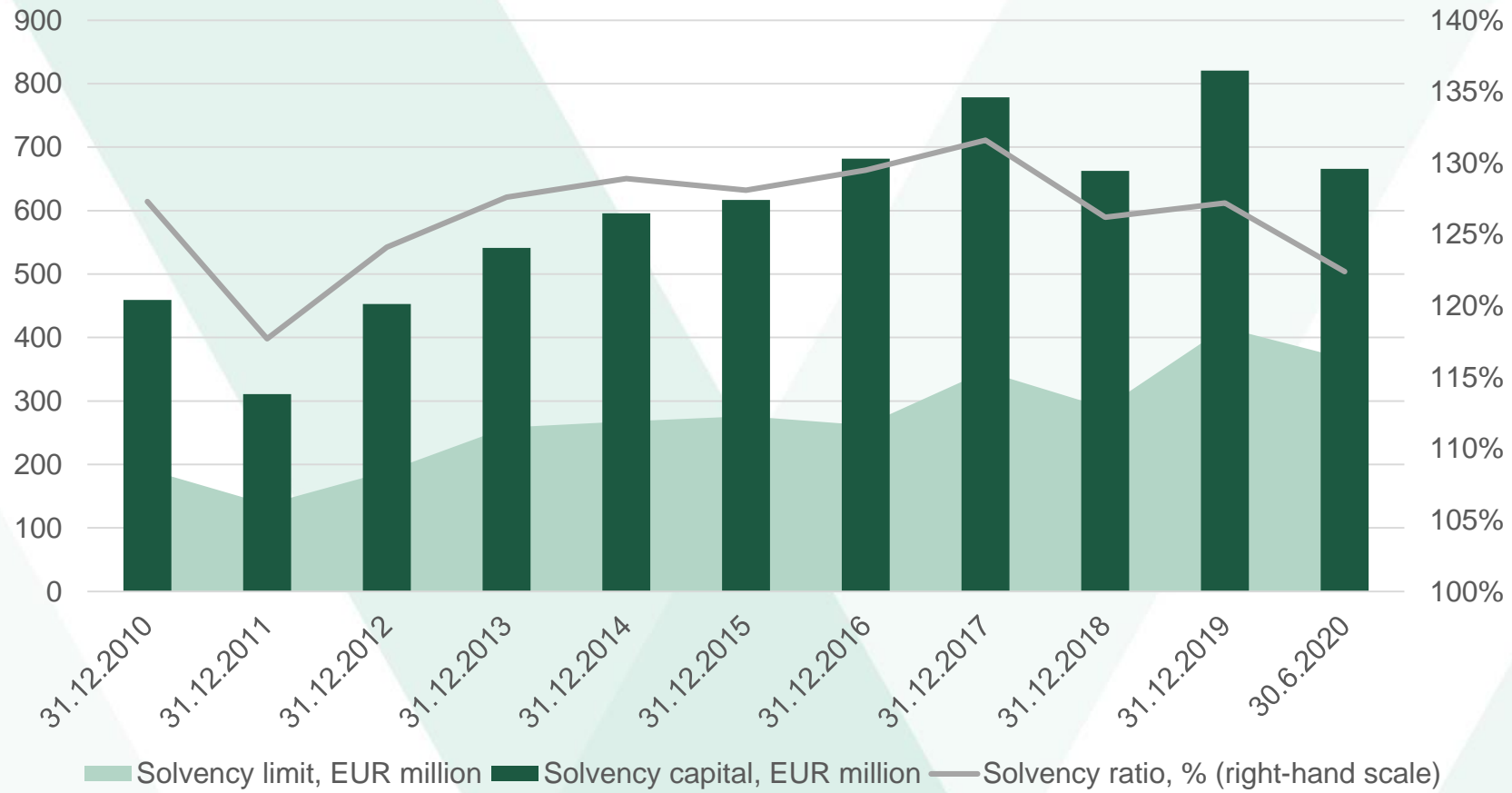
⁵ Includes all types of hedge fund shares, regardless of the fund's strategy

⁶ Includes items that cannot be allocated to other investment groups

⁷ Includes the effect of derivatives on the difference between risk-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.

⁸ 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 has remained strong throughout the corona crisis



- Veritas' solvency position was 1.8 at the end of June.
- Veritas' solvency ratio was 119.2% at the end of the first quarter, but it increased to 122.4% during the second quarter.
- The solvency capital stood at EUR 665.7 million at the end of June.

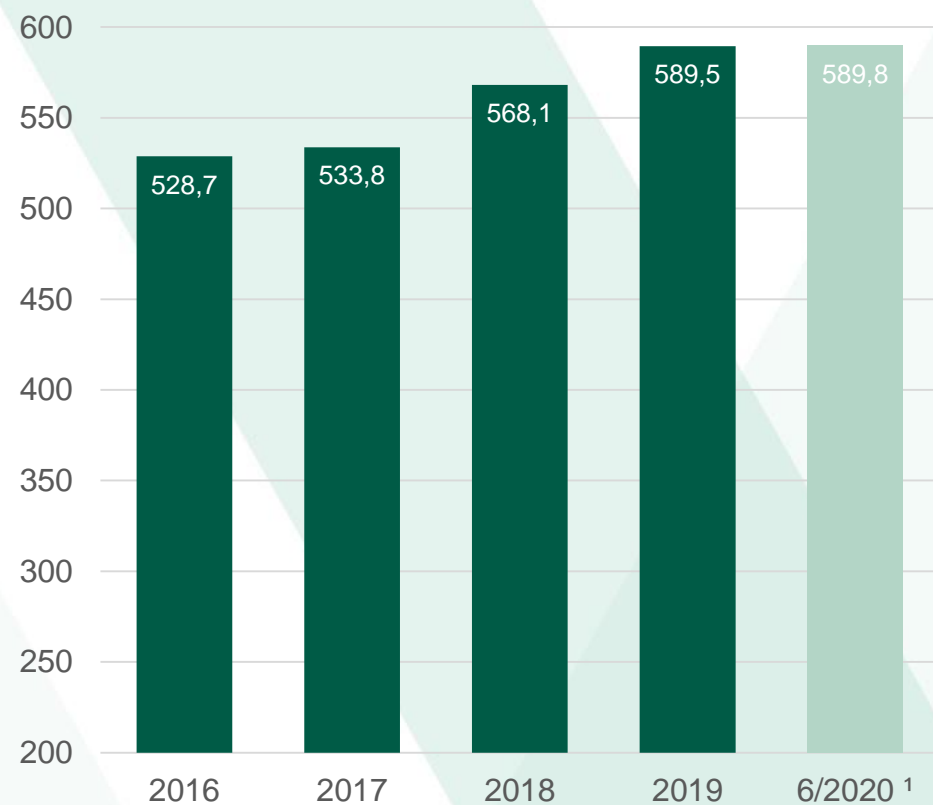
1) Veritas Pension Insurance and Pensions-Alandia merged on 1 January 2019. The figures for the previous years are Veritas figures before the merger.
 2) The figures for 2010–2012 include the provision for pooled claims equated with solvency capital, which was EUR 70.1 million in 2010, EUR 73.3 million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



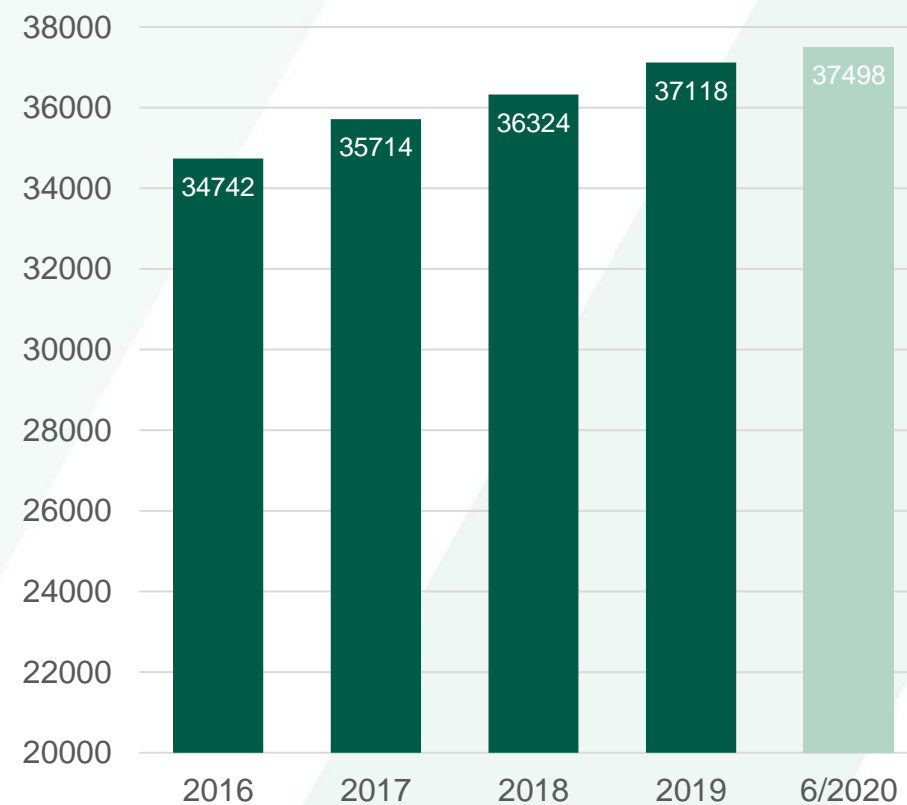
Pensions and insurance

Pension expenditure and the number of pensioners

Pensions and other claims paid ²⁾, EUR million



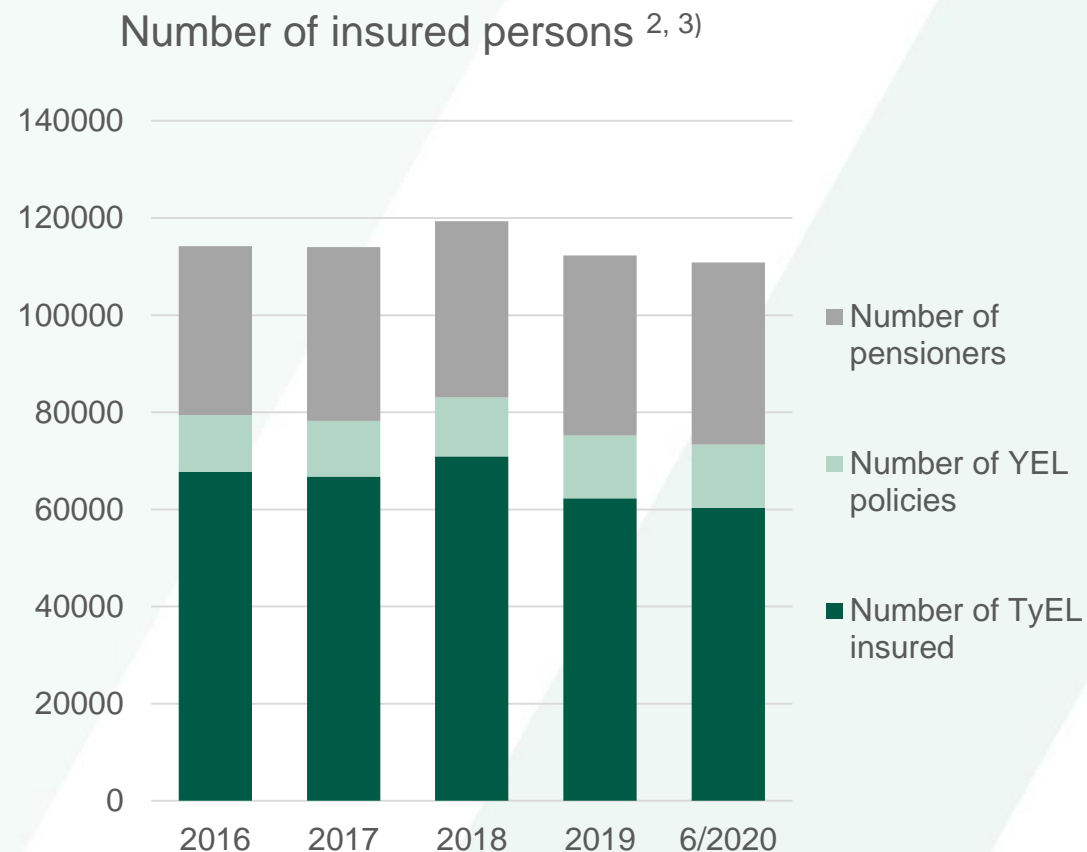
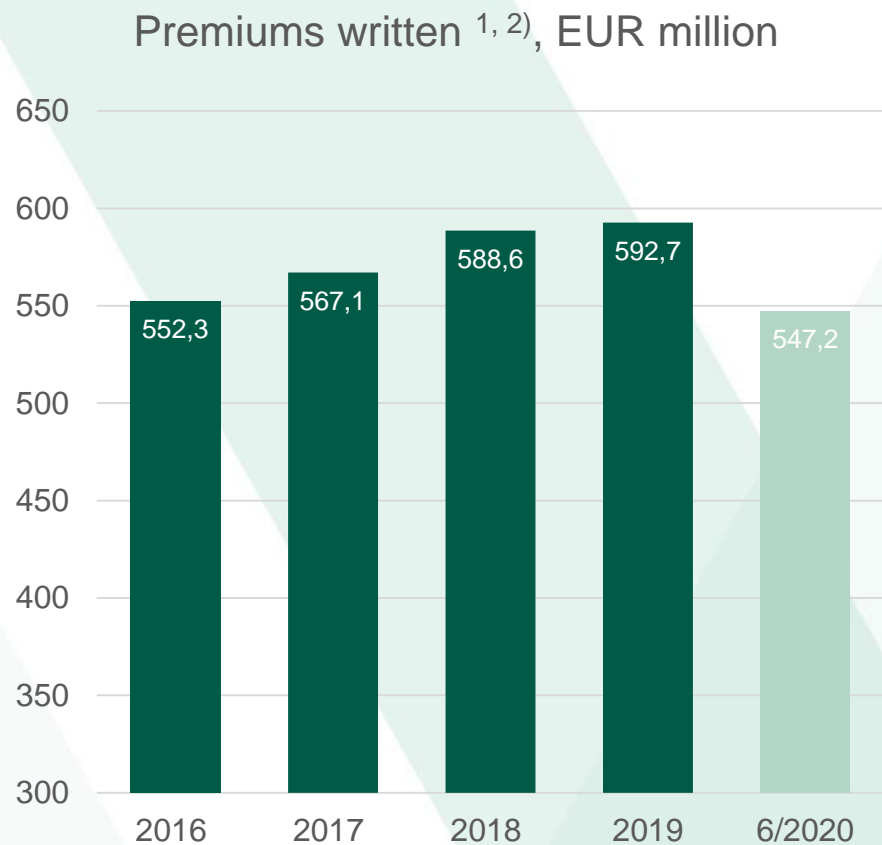
Number of pensioners ²⁾



1) 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



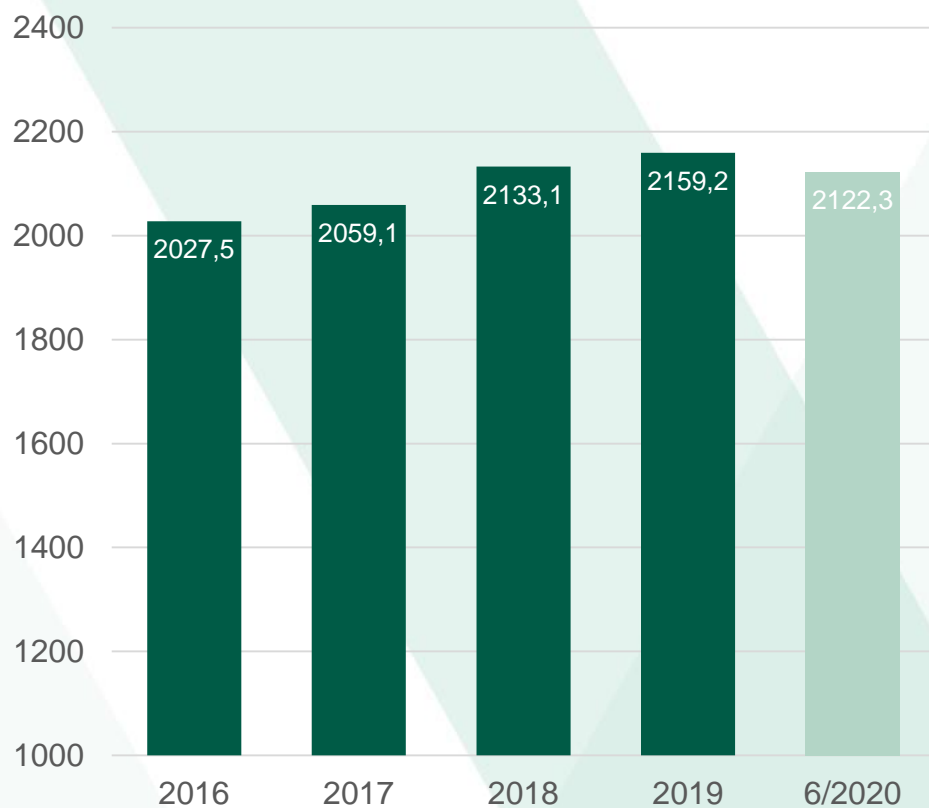
1) Premiums written 6/2020 is an estimate of the whole year 2020. The temporary discount on employers' TyEL contributions between May and December 2020 is taken into account.

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

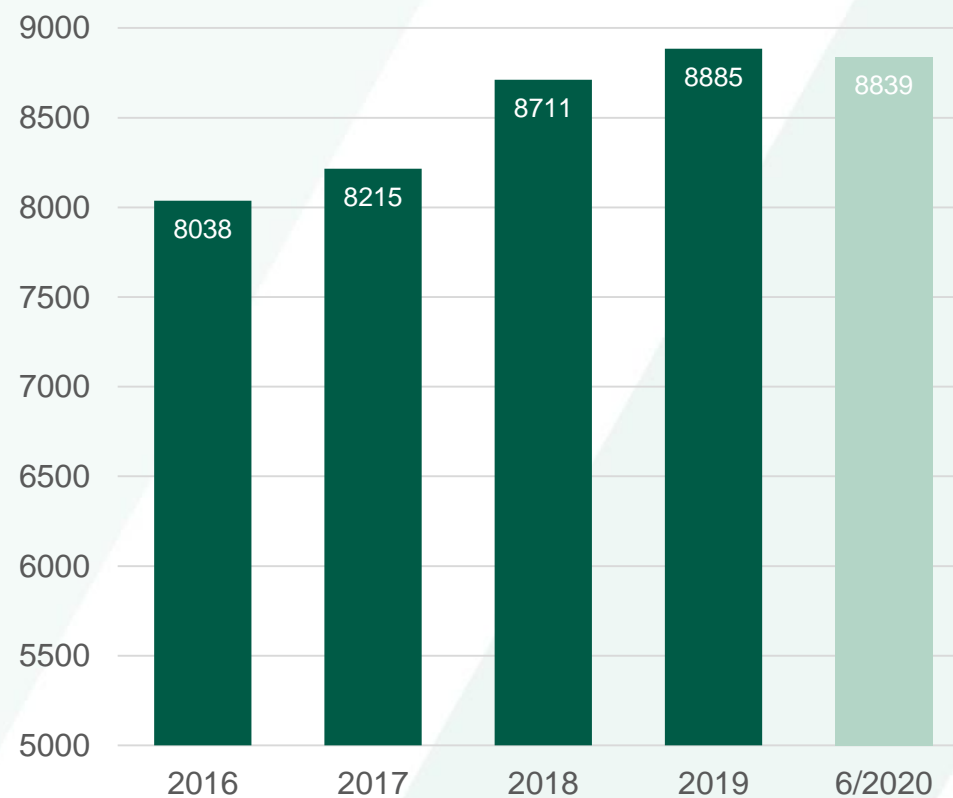
3) The number of TyEL-insured persons in 2019 and 2020 is not fully comparable with the earlier years. The definition of this key figure changed in 2019 when the Incomes Register was taken into use.

The TyEL payroll will decline due to the corona crisis

TyEL payroll ^{1, 2)}, EUR million



Number of TyEL policies¹⁾

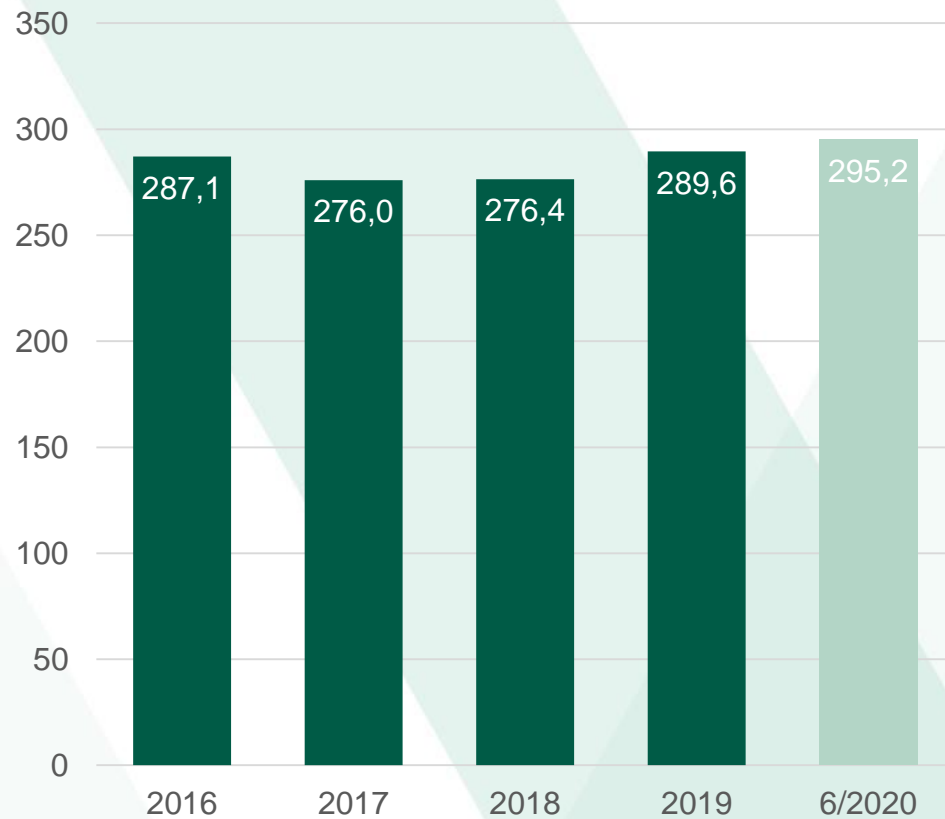


1) The figures for 2016–2018 are pro forma figures (Veritas + Pensions-Alandia)

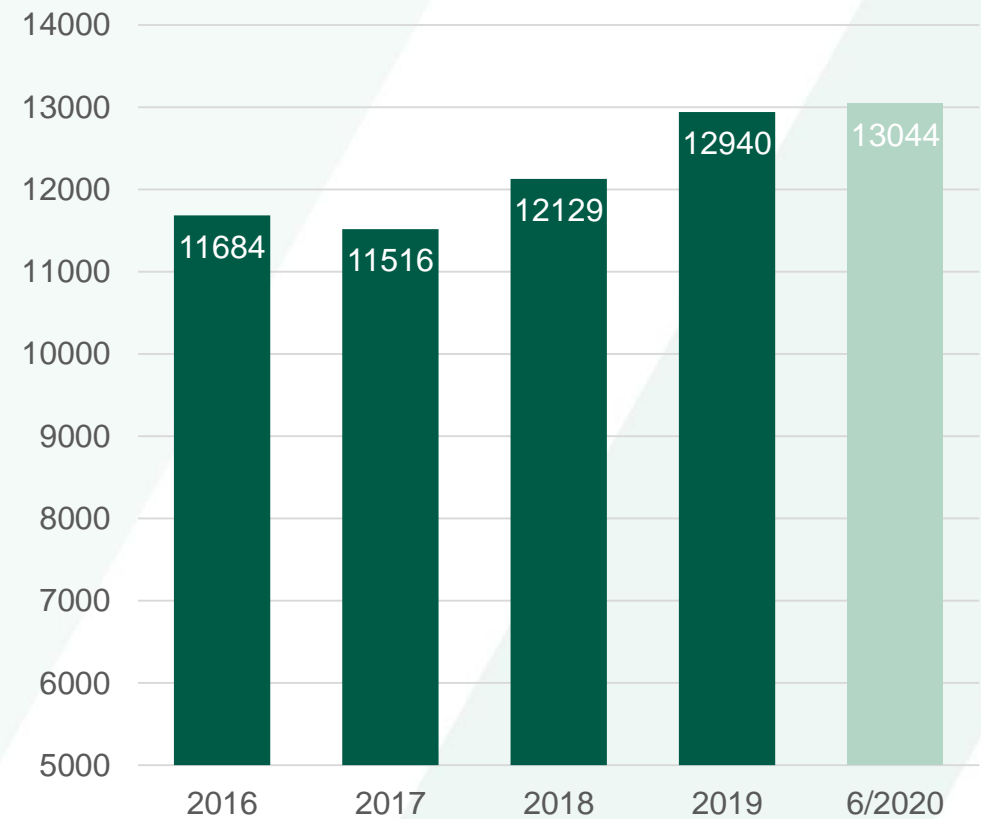
2) TyEL payroll 6/2020 is an estimate for the whole year 2020.

Number of YEL policies is increasing

Reported income under YEL ^{1, 2)}, EUR million



Number of YEL policies ¹⁾



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

2) Reported income under YEL 6/2020 is an estimate for the whole year 2020.

Result

Result analysis, EUR million	1–6/2020	1–6/2019	2019
Technical underwriting result	3.6	-0.3	-4.3
Return on investments at fair value	-159.8	38.2	85.6
+ Net return on investments at fair value	-155.0	172.8	332.6
- Return requirement on technical provisions	-4.8	-135.6	-247.0
Loading profit ¹⁾	0.9	1.4	2.5
Other profit	0.6	1.5	1.5
Total result	-154.7	40.8	85.2
Operating income covered by expense loading component, EUR million	8.8	9.6	18.9
% of the expense loading component ¹⁾	90.4%	86.6%	88.3%
Number of employees (average)	156	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 0.2 million compared to the first half of 2019. The ratio of operating expenses to expense loading components was improved by 2.4 percentage points.

#veritas

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