



Interim report 1 January – 30 June 2021

27 August 2021

Summary of January–June

- The total return on Veritas' investments was **3.9 per cent** in April–June and **7.3 per cent** in the first half of 2021.
- The good investment result strengthened Veritas' solvency, which increased to **131.5 per cent** at the end of June. Veritas' solvency capital surpassed **one billion euros** for the first time.
- Customers' payroll has started to rise after the decline caused by the corona pandemic and the premiums written are expected to exceed **600 million euros**.
- The first half of the year was strong in terms of customer acquisition. Veritas attracted a **record number of new customers** in the second quarter.



7.3%

Return on investments



4.2bn

Value of investments



131.5%

Solvency ratio



1.9

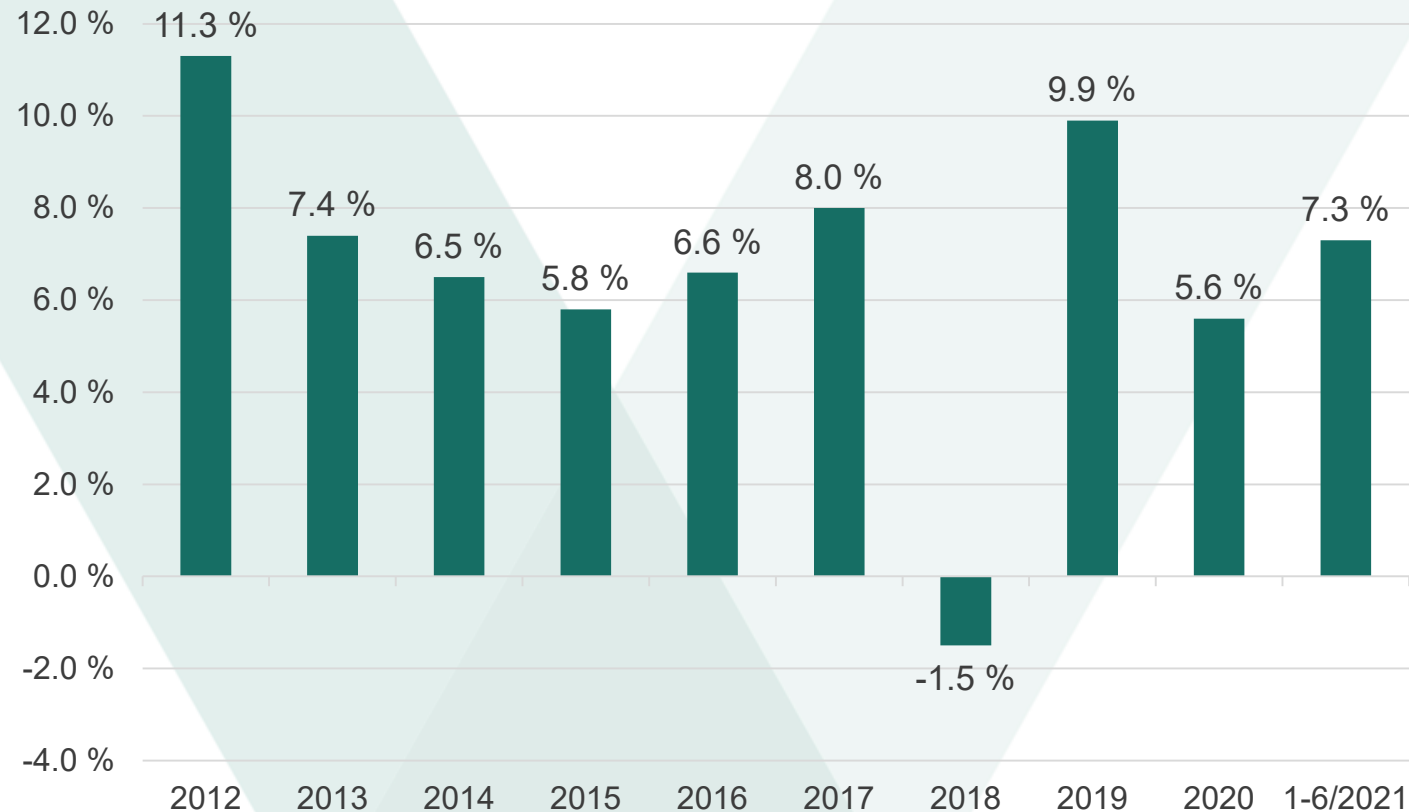
Solvency position



Investments

The investment return was 7.3% in the first half of the year

Investment returns



- The return on Veritas' investments was **3.9%** in April-June.
- In the first half of the year, the investment return was **7.3%**.
- Equity investments performed best, with a return of **15.4%**. Real estate investments had a return of **2.8%**, other investments **5.9%**, and fixed-income investments **0.9%**.

Long-term return at a good level

The cumulative investment return for a 10-year period is 80.9%.



The return is calculated from 1 July 2011 to 30 June 2021 .

Nominal return

10 years
6.1 %

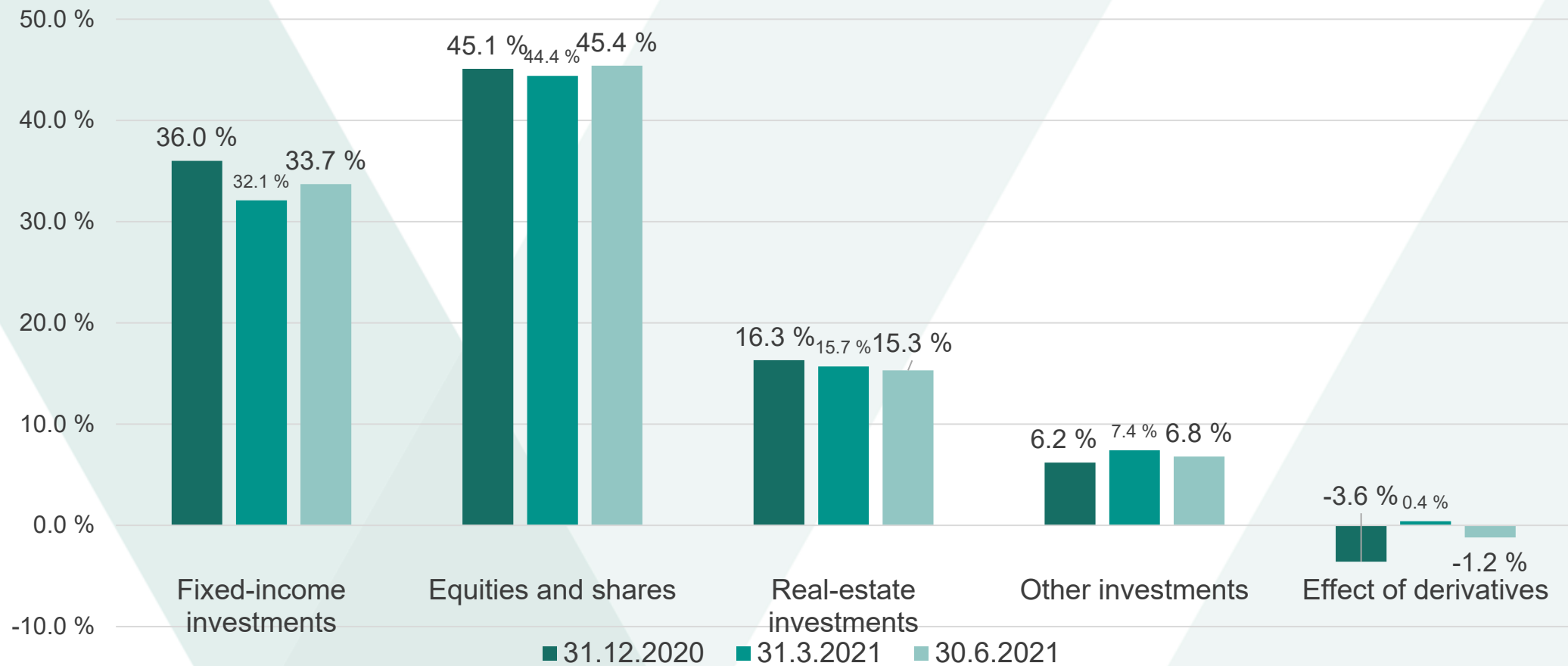
5 years
7.0 %

Real return

10 years
5.0 %

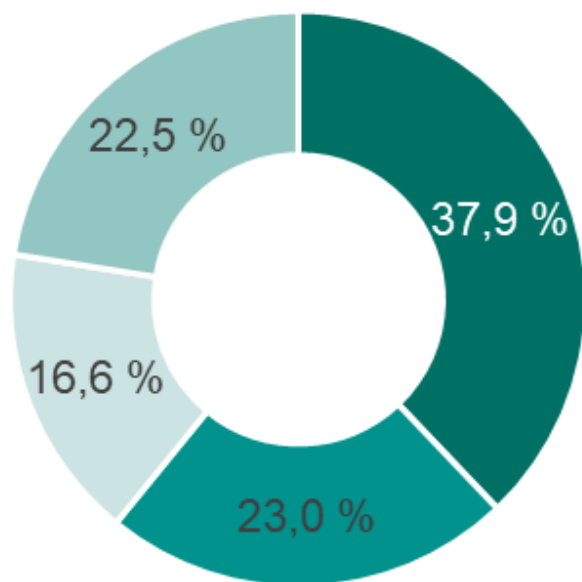
5 years
5.9 %

Changes in portfolio allocation



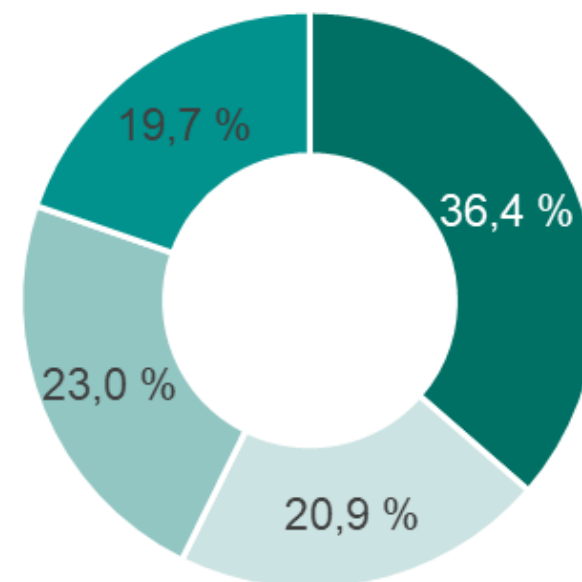
Geographical distribution of investments

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 Jun 2021		30 Jun 2021		1-6/2021
	milj. €	%	milj. €	% ⁸	%
Fixed-income investments	1 456,2	35,0	1 404,6	33,7	0,9
Loan receivables ¹	58,4	1,4	58,4	1,4	0,7
Bonds ¹	1 151,1	27,7	1 094,9	26,3	1,2
Government bonds	573,6	13,8	522,0	12,5	-0,1
Other bonds	577,5	13,9	572,9	13,8	2,4
Other money market instruments and deposits ^{1 2}	246,7	5,9	251,3	6,0	0,0
Equity investments	1 786,4	42,9	1 889,8	45,4	15,4
Listed equities	1 444,3	34,7	1 547,6	37,2	16,0
Private equity investments ³	307,2	7,4	307,2	7,4	14,3
Unlisted equities ⁴	34,9	0,8	34,9	0,8	3,4
Real estate investments	636,5	15,3	636,5	15,3	2,8
Direct real estate investments	525,6	12,6	525,6	12,6	2,4
Real estate funds	110,9	2,7	110,9	2,7	5,1
Other investments	282,7	6,8	282,7	6,8	5,9
Hedge fund investments ⁵	171,7	4,1	171,7	4,1	8,1
Other investments ⁶	111,0	2,7	111,0	2,7	2,0
Total investments	4 161,8	100,0	4 213,5	101,2	7,3
Effect of derivatives ⁷			-51,7	-1,2	
Total investments at fair value			4 161,8	100,0	
Modified duration of the bond portfolio			3,6		
Open currency position, % of the market value of investments			19,0		

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.

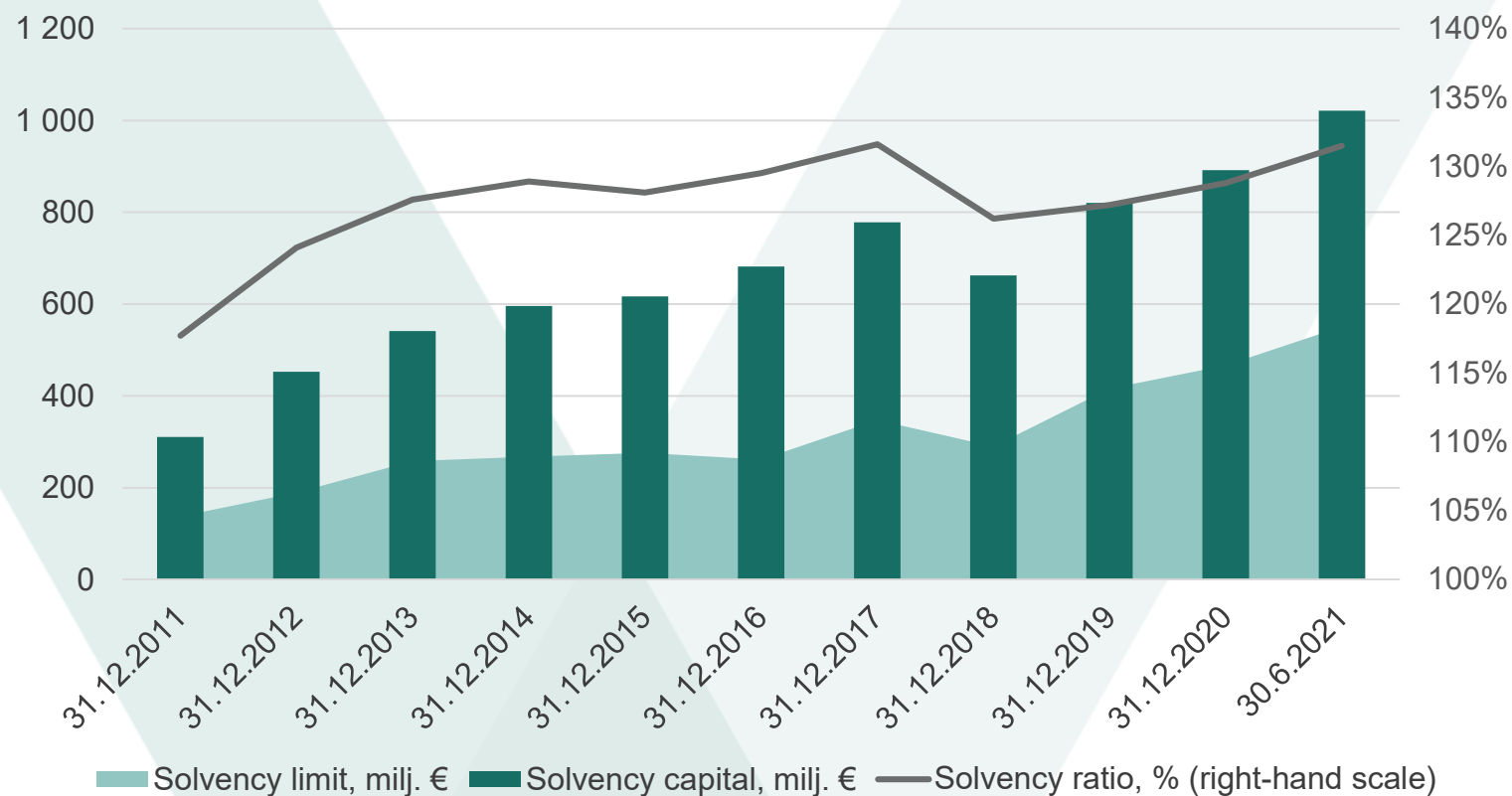
⁶ Includes items that cannot be allocated to other investment groups

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.

Good investment result strengthened solvency



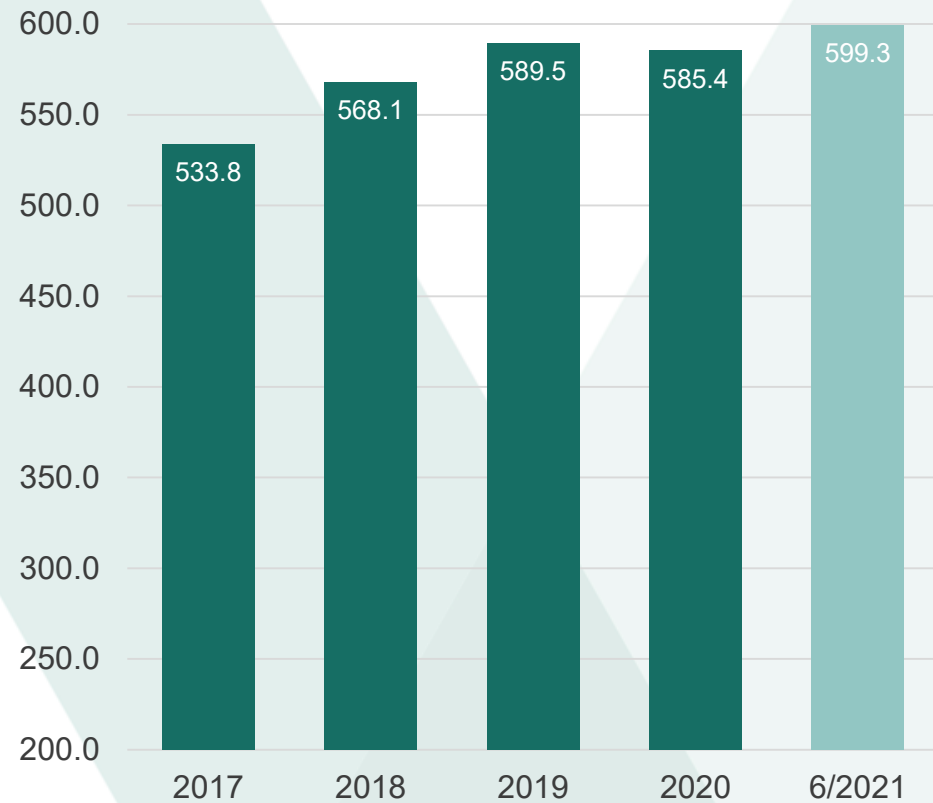
- The solvency ratio increased to **131.5%** during the first half of the year.
- The solvency position was **1.9** at the end of June.
- The solvency capital stood at **EUR 1 021.1** million at the end of June 2021.

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 2011–2012 include the provision for pooled claims equated with solvency capital, which was EUR 73.3 million in 2011 and EUR 78.3 million in 2012.

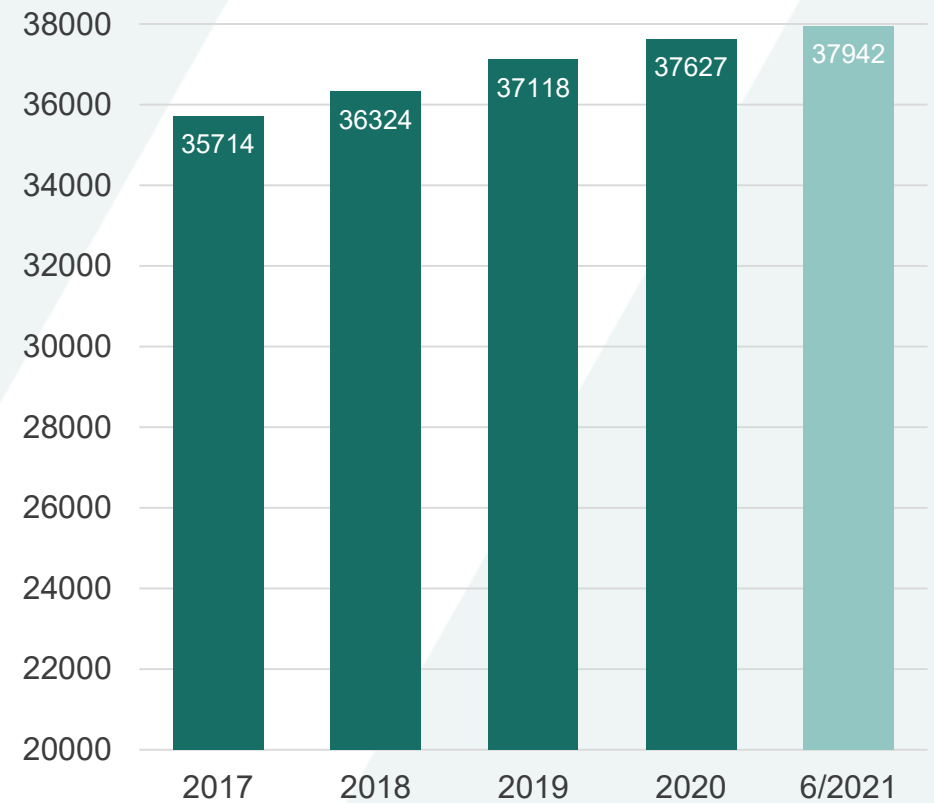
Pensions and insurance

The pension expenditure is close to 600 million euros

Pensions and other claims paid ^{1, 2)}, EUR million



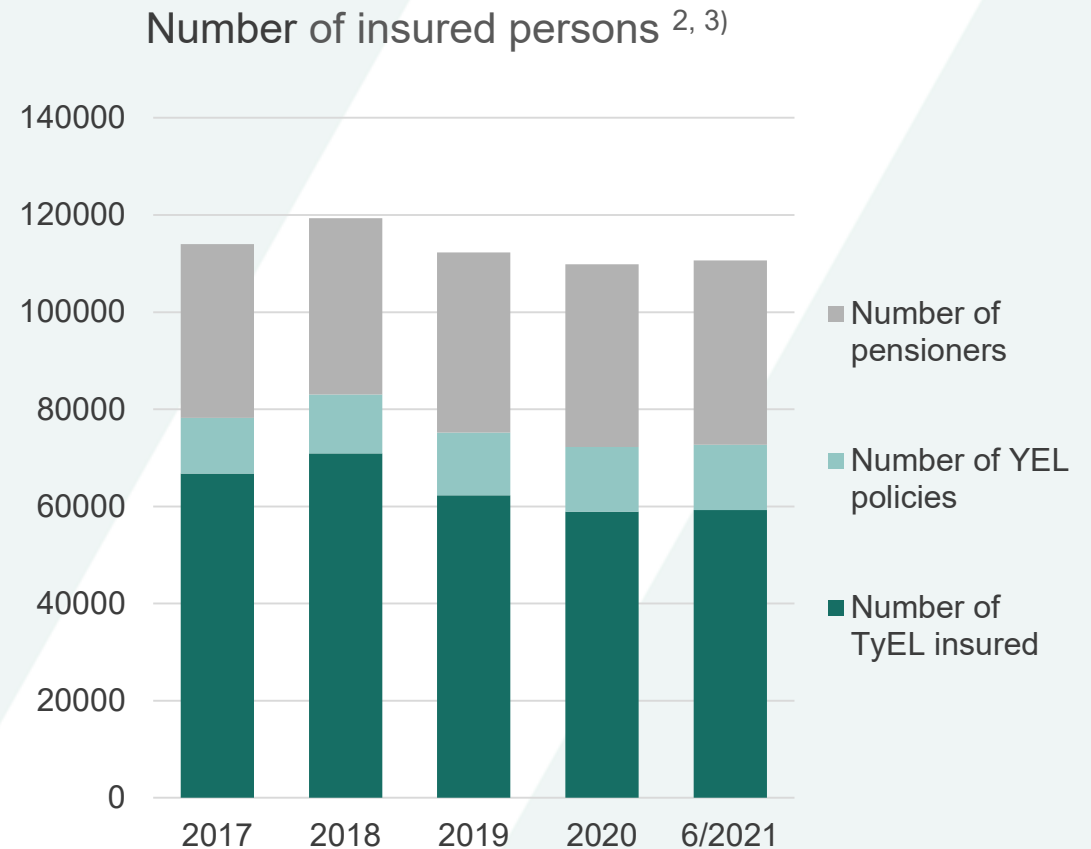
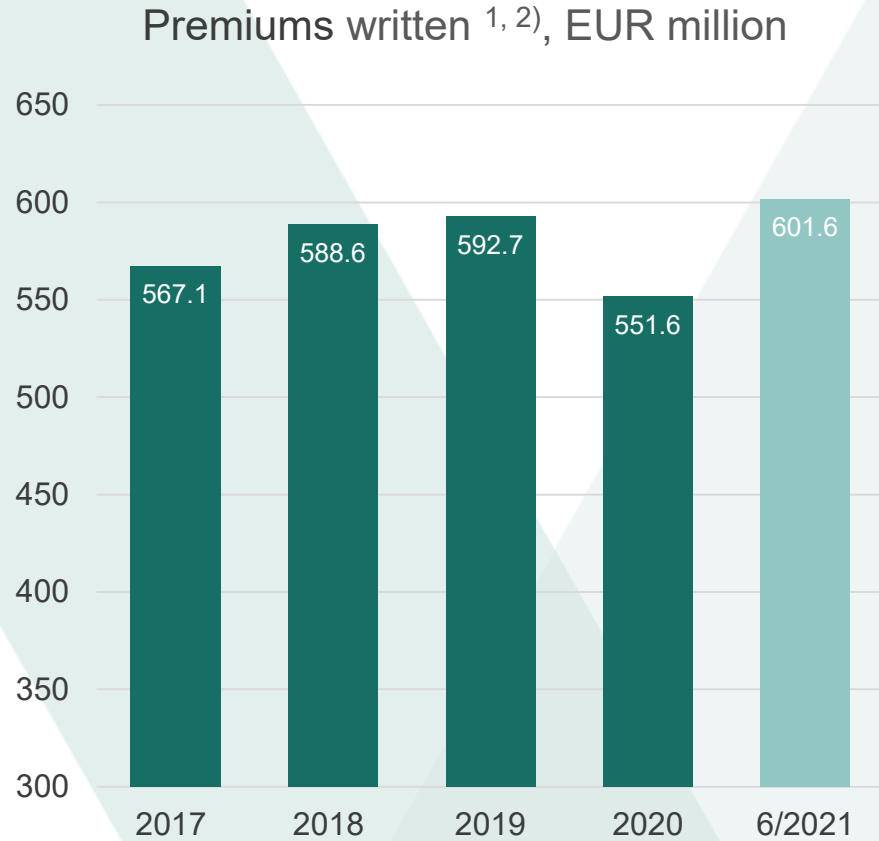
Number of pensioners ²⁾



1) Pensions and other claims paid 6/2021 is an estimate for the whole year 2021.

2) The figures for 2017-2018 are pro forma figures (Veritas + Pensions-Alandia)

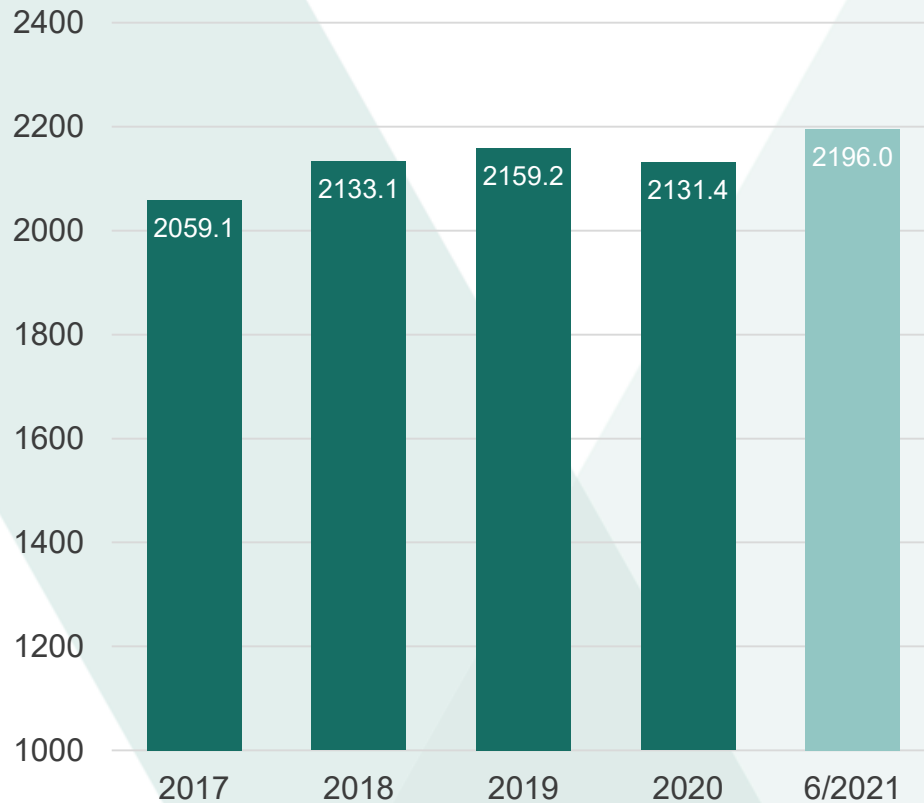
The premiums written are expected to exceed 600 million euros



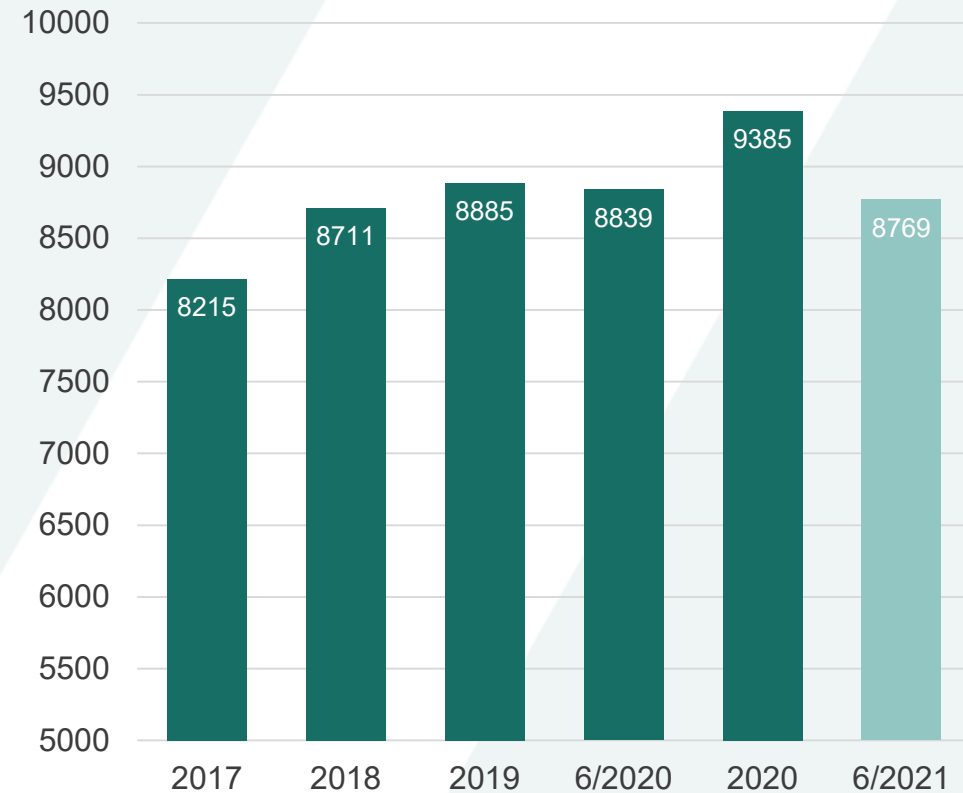
- 1) Premiums written 6/2021 is an estimate of the whole year 2021. The temporary discount on employers' TyEL contributions between May and December 2020 is taken into account.
- 2) The figures for 2017–2018 are pro forma figures (Veritas + Pensions-Alandia).
- 3) The number of TyEL-insured persons in 2019–2021 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.

Customers' payroll has started to rise after the decline caused by the corona pandemic

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

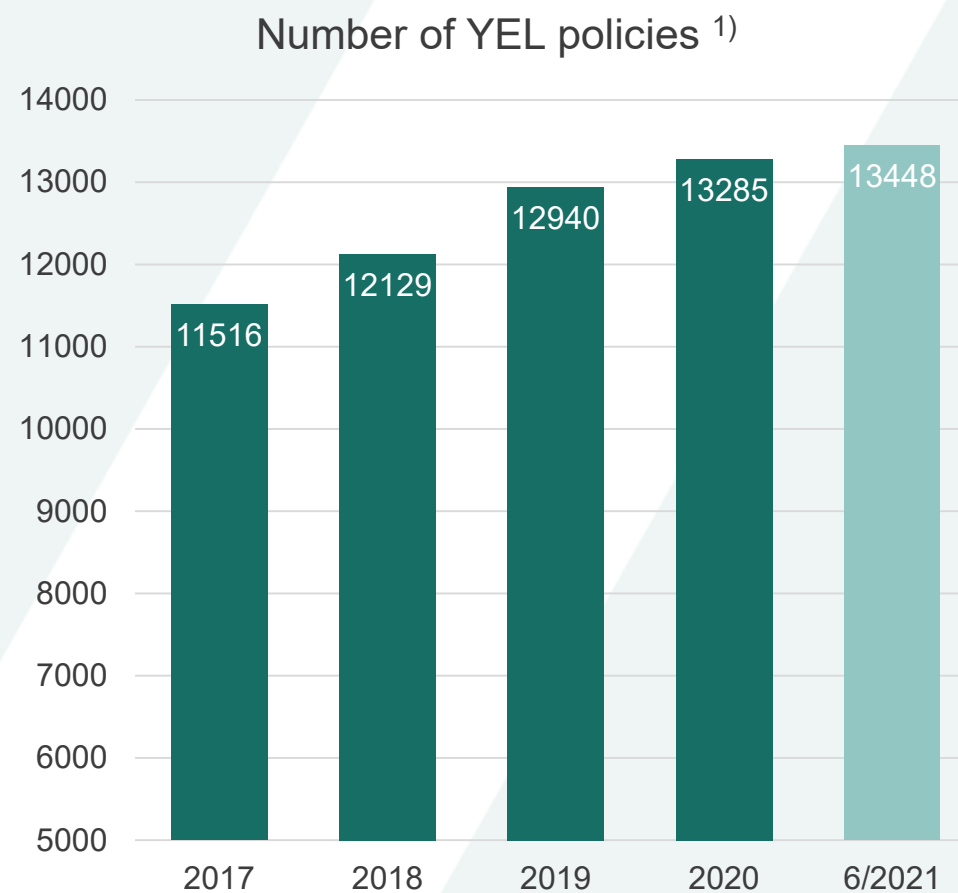
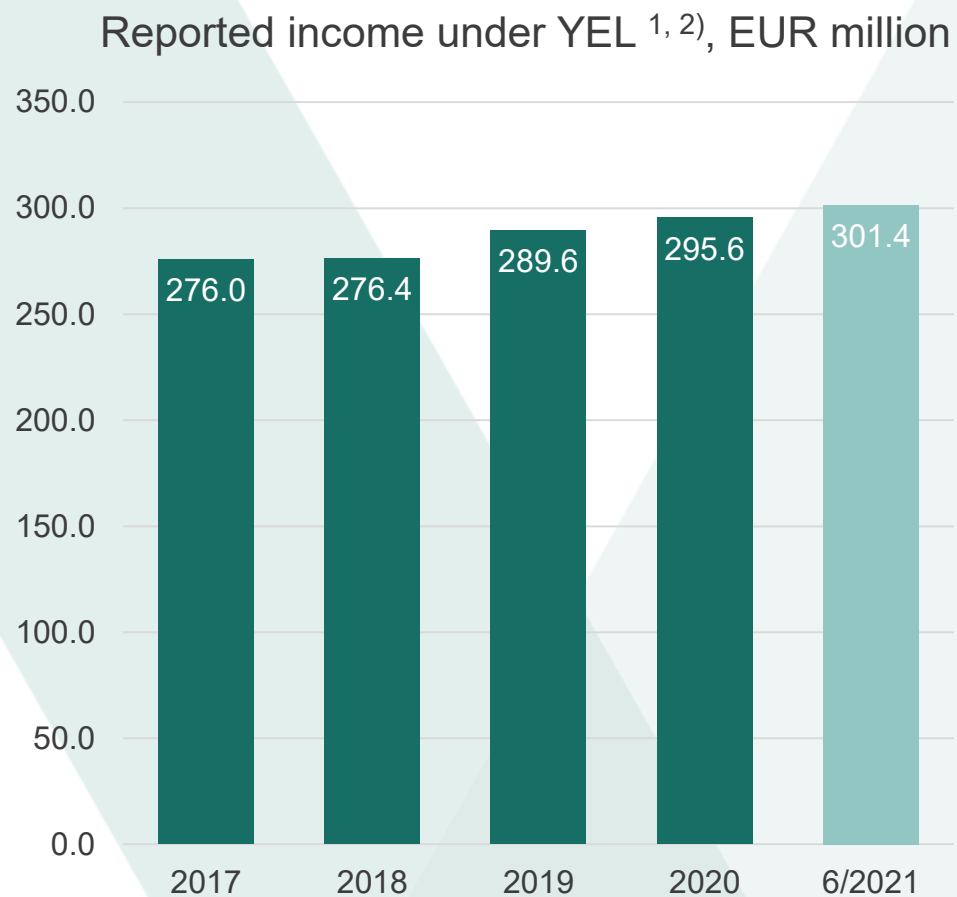


Number of TyEL policies ^{1, 3)}



1) The figures for 2017–2018 are pro forma figures (Veritas + Pensions-Alandia)
2) TyEL payroll 6/2021 is an estimate for the whole year 2021.

Number of YEL policies continues to increase



1) The figures for 2017–2018 are pro forma figures (Veritas + Pensions-Alandia)

2) Reported income under YEL 6/2021 is an estimate for the whole year 2021.

Result

Result analysis, EUR million	1-6/2021	1-6/2020	2020
Technical underwriting result	5,6	3,6	2,3
Return on investments at fair value	123,1	-159,8	70,0
+ Net return on investments at fair value	284,8	-155,0	206,4
- Return requirement on technical provisions	-161,7	-4,8	-136,4
Loading profit	0,8	0,9	1,8
Other profit	0,1	0,6	1,7
Total result	129,6	-154,7	75,8
Operating income covered by expense loading component, EUR million	9,4	8,8	17,5
% of the expense loading component	91,9 %	90,4 %	90,5 %
Number of employees (average)	159	156	157



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PENSION INSURANCE

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