



# Interim report 1 January – 30 September 2022

27 October 2022

# Summary of January–September

- The return on Veritas' investments was **0.5 per cent** in the third quarter, even though the equity market has been declining.
- In January–September, the total return on investments was **-6.2 per cent**.
- The solvency position remained strong and at the end of September, it was **1.7-fold** compared to the solvency limit.
- Premiums written are expected to grow by over **14 per cent** in 2022, mainly due to the growth in the TyEL insurance portfolio.
- The volume of YEL insurance policies continued to grow.



**-6.2%**

Return on investments



**4.1bn**

Value of investments



**124.1%**

Solvency ratio



**1.7**

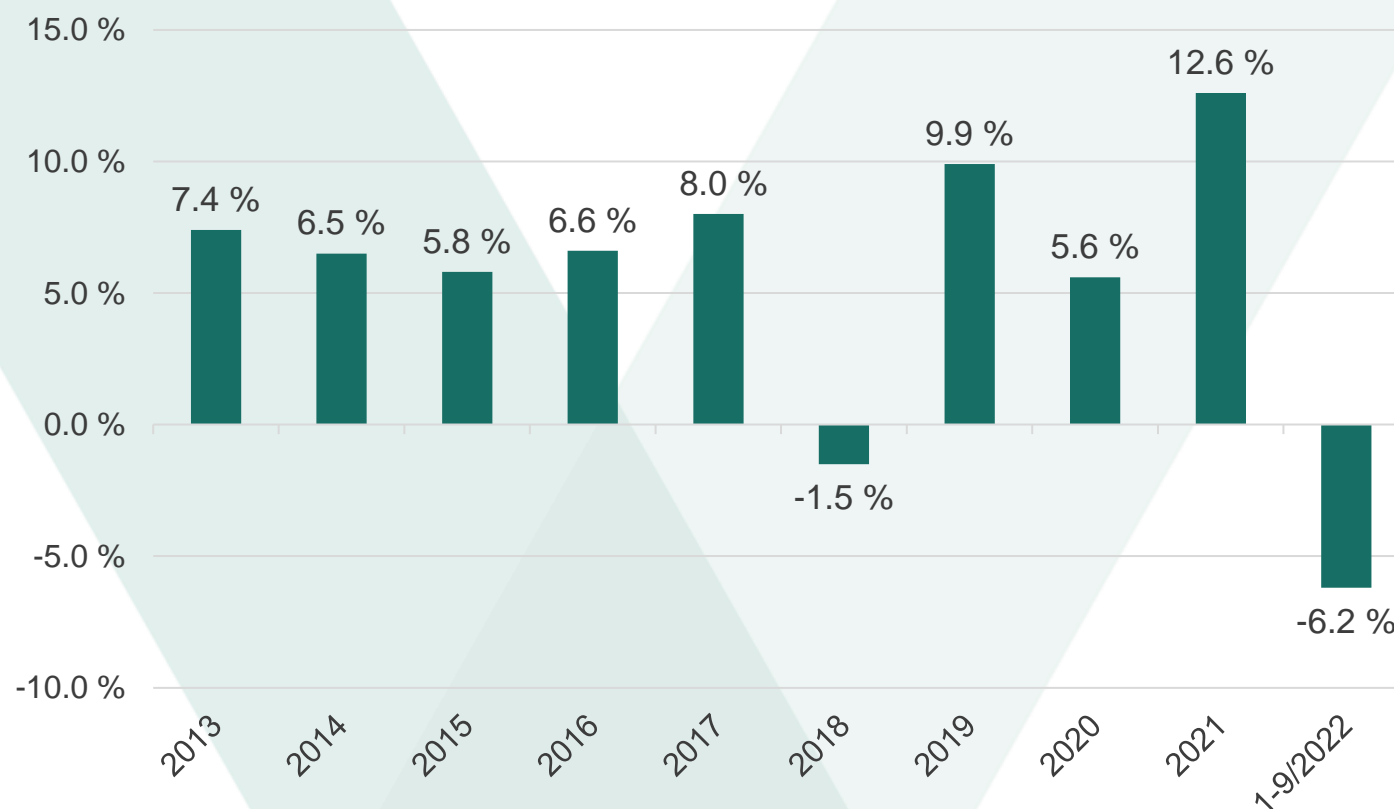
Solvency position



# Investments

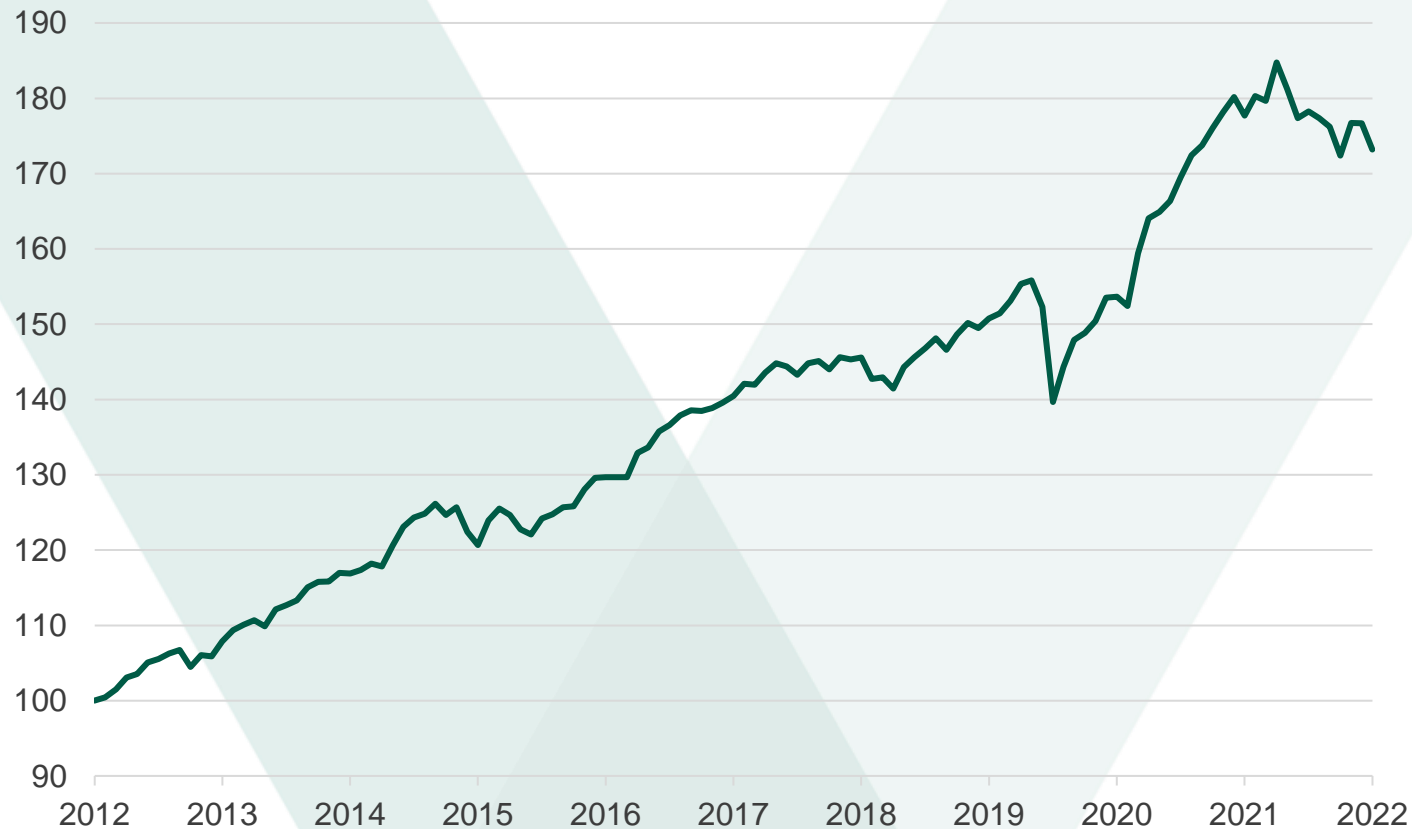
# Positive return in the third quarter

## Investment returns



- The return on Veritas' investments was **0.5** per cent in the third quarter of the year.
- In January-September, the investment return was **-6.2** per cent.
- The return on fixed-income instruments was **-8.2** per cent, equity investments **-12.6** per cent, real estate investments **3.9** per cent and other investments **12.9** per cent.

# The cumulative investment return for a 10-year period is 73.2 per cent



The return is calculated from 1 October 2012 to 30 September 2022.

## Nominal return

10 years  
**5.6%**

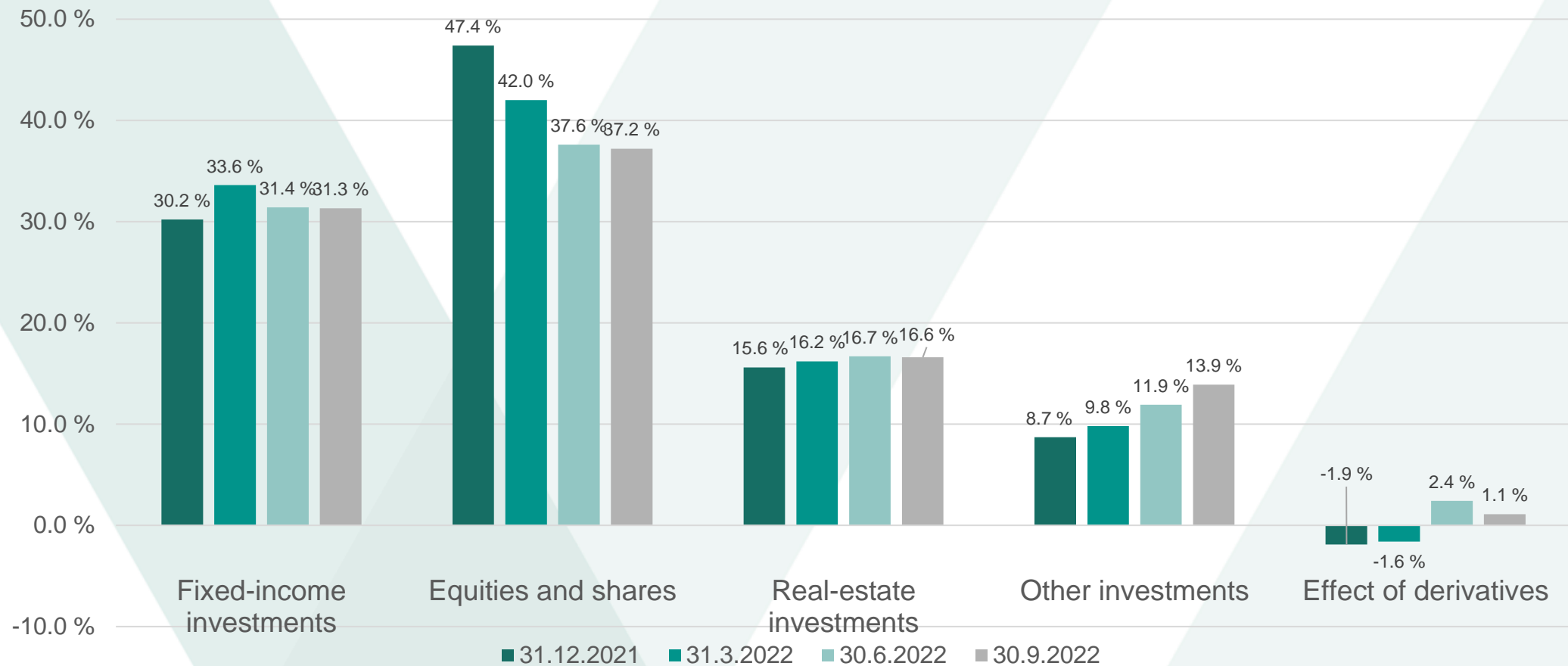
5 years  
**4.3%**

## Real return

10 years  
**4.0%**

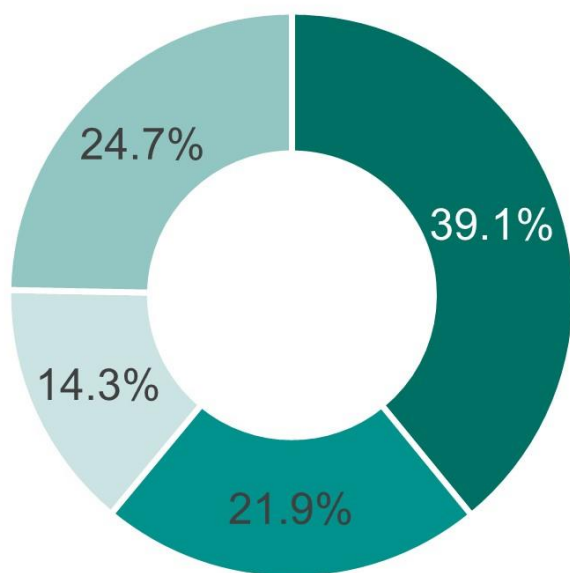
5 years  
**1.7%**

# Changes in portfolio allocation



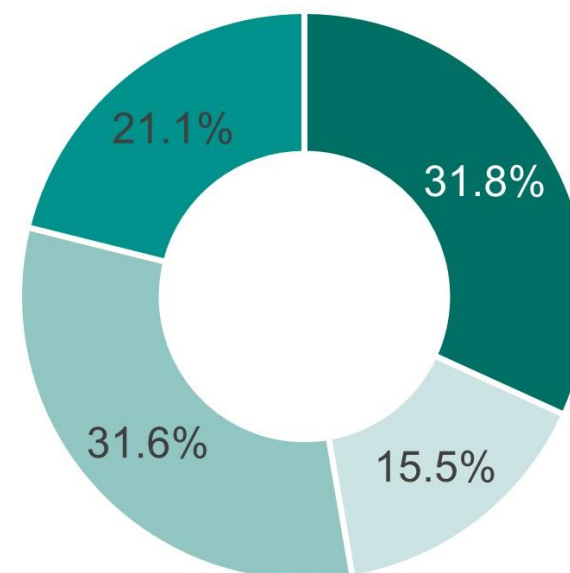
# Geographical distribution of investments

All investments



■ Finland ■ Europe ■ North-America ■ Others

Listed equities



■ Finland ■ Europe ■ North-America ■ Others

# Breakdown of investments at fair value

	Basic breakdown 30 Sep 2022		Risk-adjusted breakdown 30 Sep 2022		Return 1-9/2022
	milj. €	%	milj. €	% <sup>8</sup>	%
<b>Fixed-income investments</b>	<b>1 303,1</b>	<b>31,6</b>	<b>1 289,5</b>	<b>31,3</b>	<b>-8,2</b>
Loan receivables <sup>1</sup>	55,2	1,3	55,2	1,3	1,5
Bonds <sup>1</sup>	927,7	22,5	914,1	22,2	-11,2
Government bonds	480,1	11,6	466,5	11,3	-10,9
Other bonds	447,6	10,9	447,6	10,9	-11,5
Other money market instruments and deposits <sup>1 2</sup>	320,2	7,8	320,2	7,8	0,4
<b>Equity investments</b>	<b>1 564,0</b>	<b>37,9</b>	<b>1 534,3</b>	<b>37,2</b>	<b>-12,6</b>
Listed equities	1 134,6	27,5	1 104,9	26,8	-18,5
Private equity investments <sup>3</sup>	382,0	9,3	382,0	9,3	9,8
Unlisted equities <sup>4</sup>	47,4	1,1	47,4	1,1	9,4
<b>Real estate investments</b>	<b>683,6</b>	<b>16,6</b>	<b>683,6</b>	<b>16,6</b>	<b>3,9</b>
Direct real estate investments	562,0	13,6	562,0	13,6	3,5
Real estate funds	121,6	2,9	121,6	2,9	5,8
<b>Other investments</b>	<b>573,9</b>	<b>13,9</b>	<b>573,9</b>	<b>13,9</b>	<b>12,9</b>
Hedge fund investments <sup>5</sup>	349,1	8,5	349,1	8,5	14,7
Other investments <sup>6</sup>	224,8	5,5	224,8	5,5	10,1
<b>Total investments</b>	<b>4 124,7</b>	<b>100,0</b>	<b>4 081,4</b>	<b>98,9</b>	<b>-6,2</b>
Effect of derivatives <sup>7</sup>			43,3	1,1	
<b>Total investments at fair value</b>			<b>4 124,7</b>	<b>100,0</b>	
Modified duration of the bond portfolio			3,4		
Open currency position, % of the market value of investments			25,0		

<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.

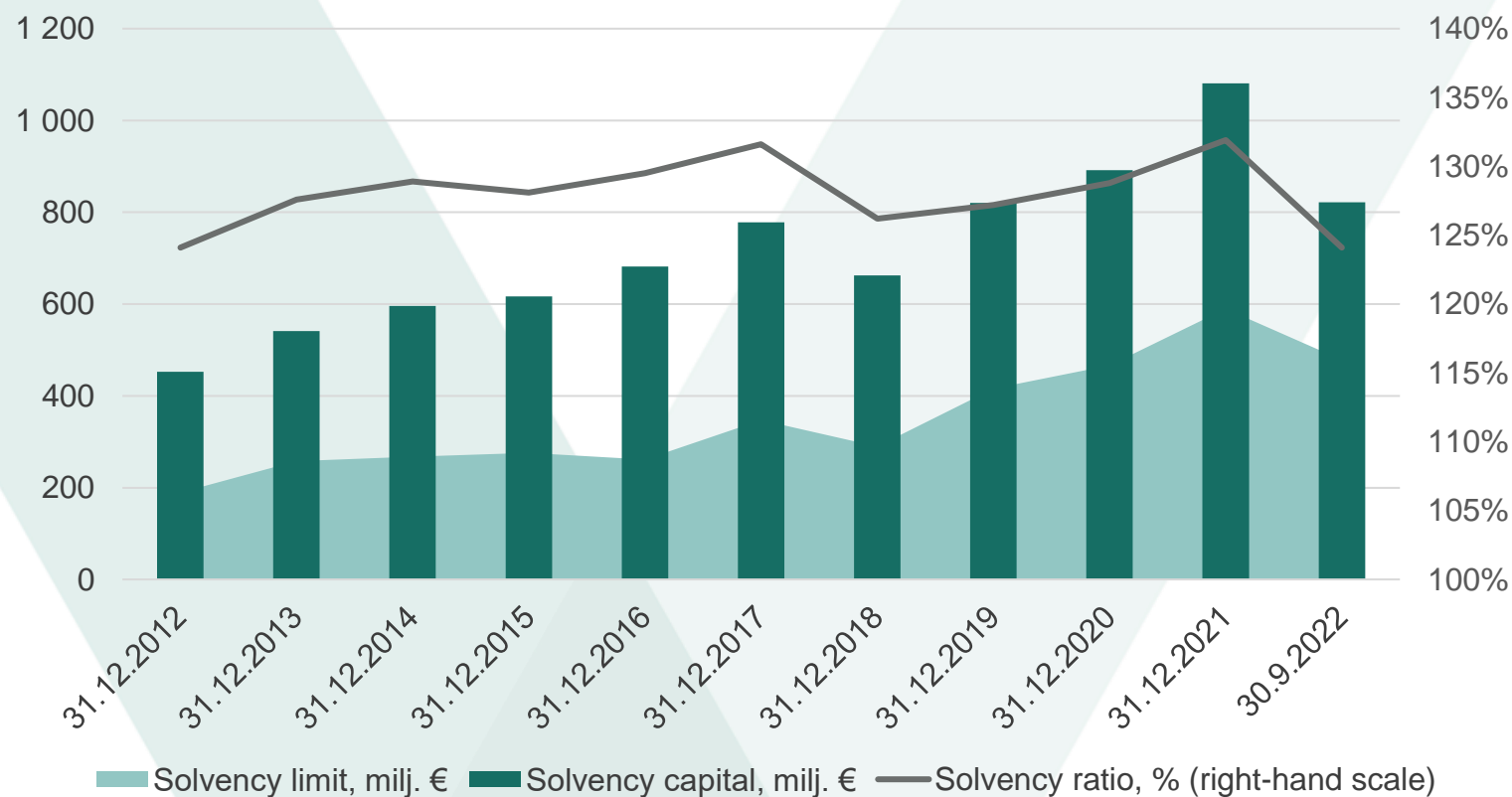
<sup>6</sup> Includes items that cannot be allocated to other investment groups

<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.

# Veritas' solvency stands at a secure level



- The solvency ratio was **124.1** per cent at the end of September.
- The solvency position was **1.7**-fold compared to the solvency limit.
- The solvency capital stood at EUR **821.7** million at the end of September 2022.

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 2012 include the provision for pooled claims equated with solvency capital, which was EUR 78.3 million.

# **Pensions and insurance**

# Good news from the pension system

## The long-term pension financing outlook has improved

- The Finnish Centre for Pensions published new long-term projections of the development of statutory pension expenditure on 13 October.
- The long-term pension financing outlook has improved considerably due to favourable investment returns.
- The private-sector insurance contribution under the Employees Pensions Act (TyEL contribution) can be kept below 25 per cent of wages until the 2050s.

Source: Finnish Centre for Pensions

## The Finnish pension system straightforward and transparent

- Finland ranked fifth in the international Global Pension Index comparison.
- For the ninth time in a row, Finland received the highest index value in the integrity sub-index (reliable and transparent governance).

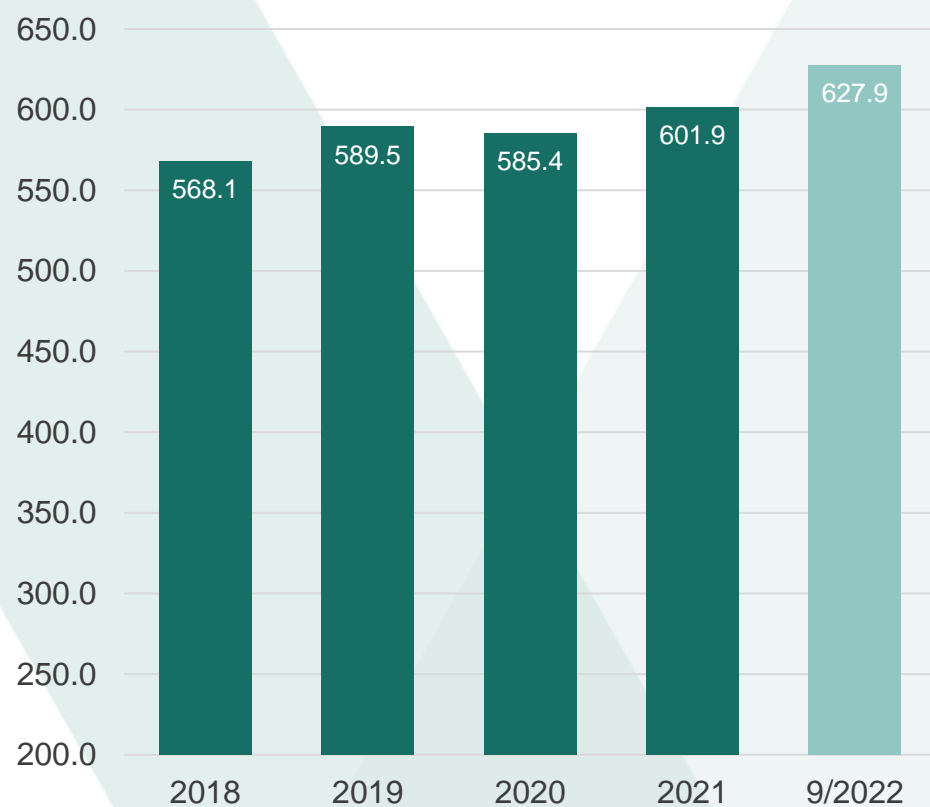
Source: Finnish Centre for Pensions

# Current information on pensions

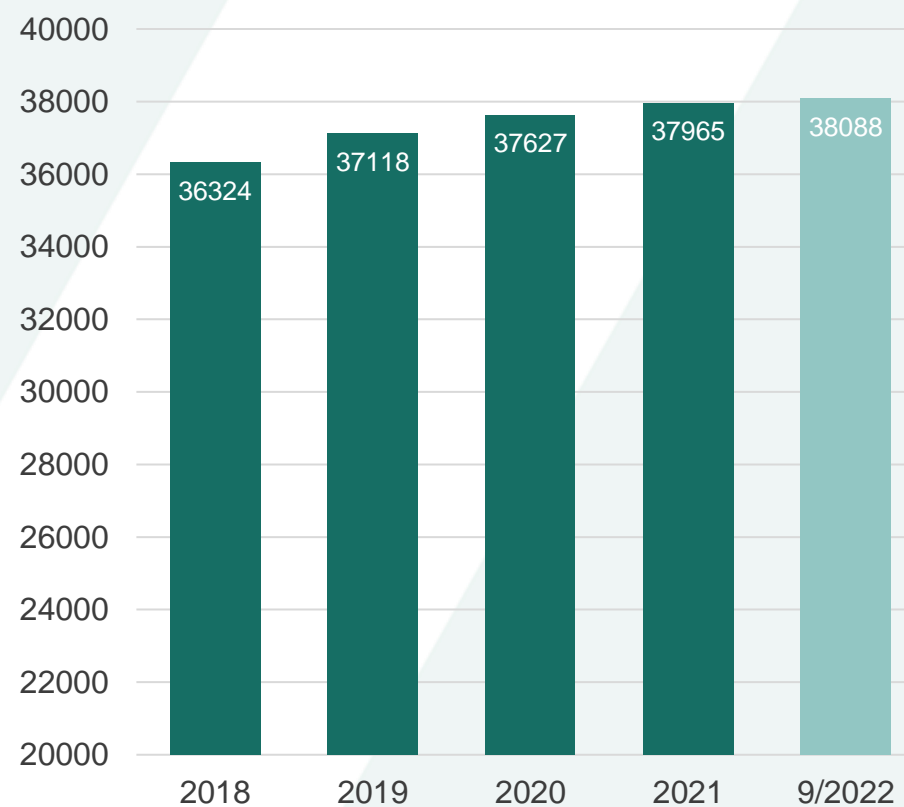
- The earnings-related pensions will rise by 6.8 per cent at the turn of the year.
- A person who has retired or will retire by the beginning of December will get an increment to their pension.
- The number of applications for old-age pensions and partial old-age pensions was markedly above average in September. The number of applications exceeded last year's number by 108 per cent
- The number of disability pension applicants has decreased during the year. The number of decisions made by the end of September amounted to 13 per cent less than in the preceding year.

# Veritas paid out pensions to over 38 000 recipients

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



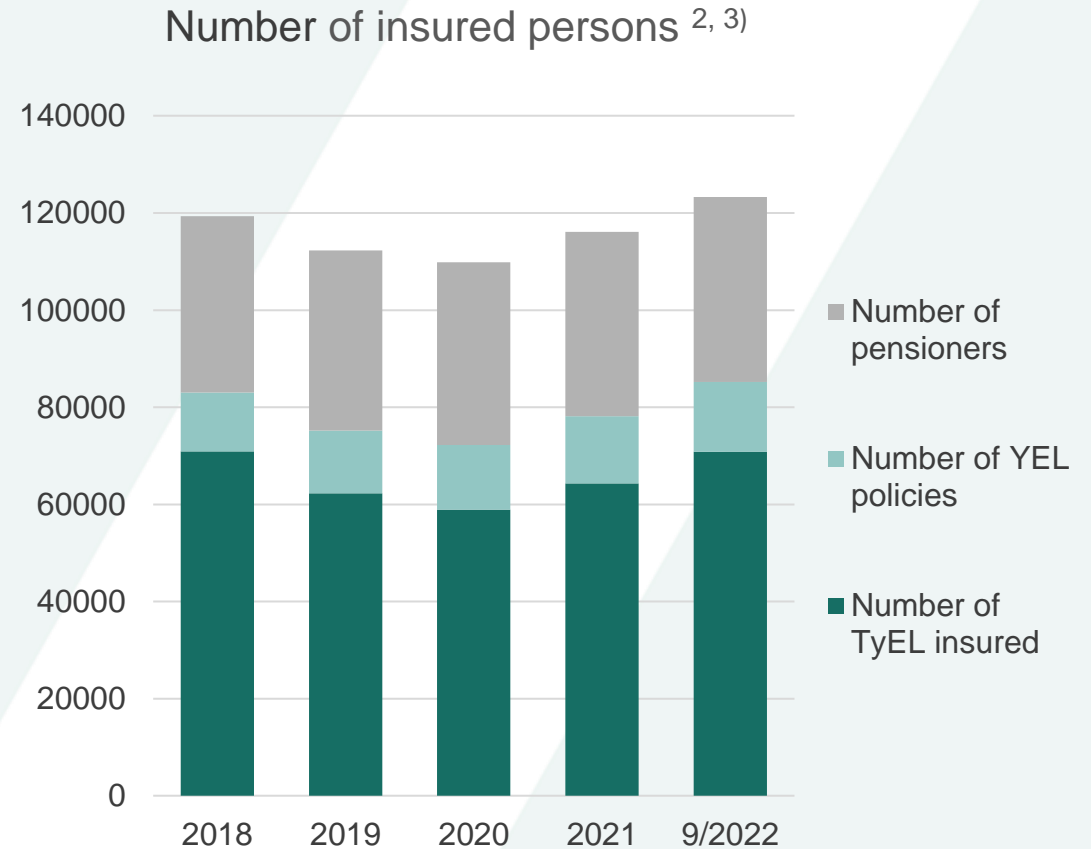
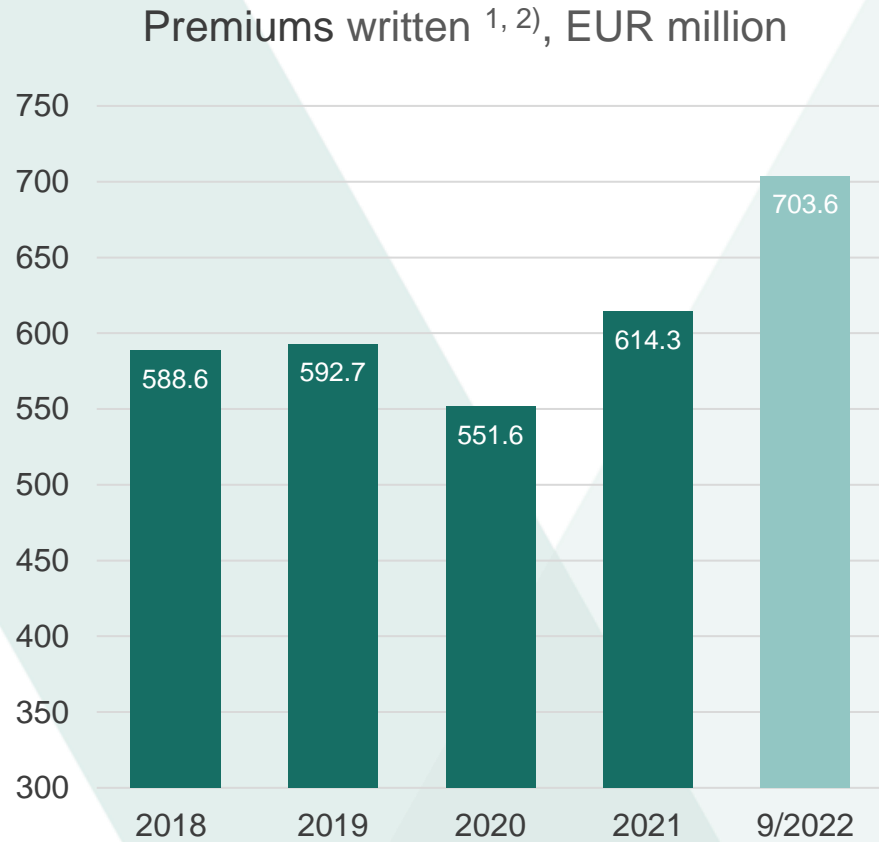
Number of pensioners <sup>2)</sup>



1) Pensions and other claims paid 9/2022 is an estimate for the whole year 2022.

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

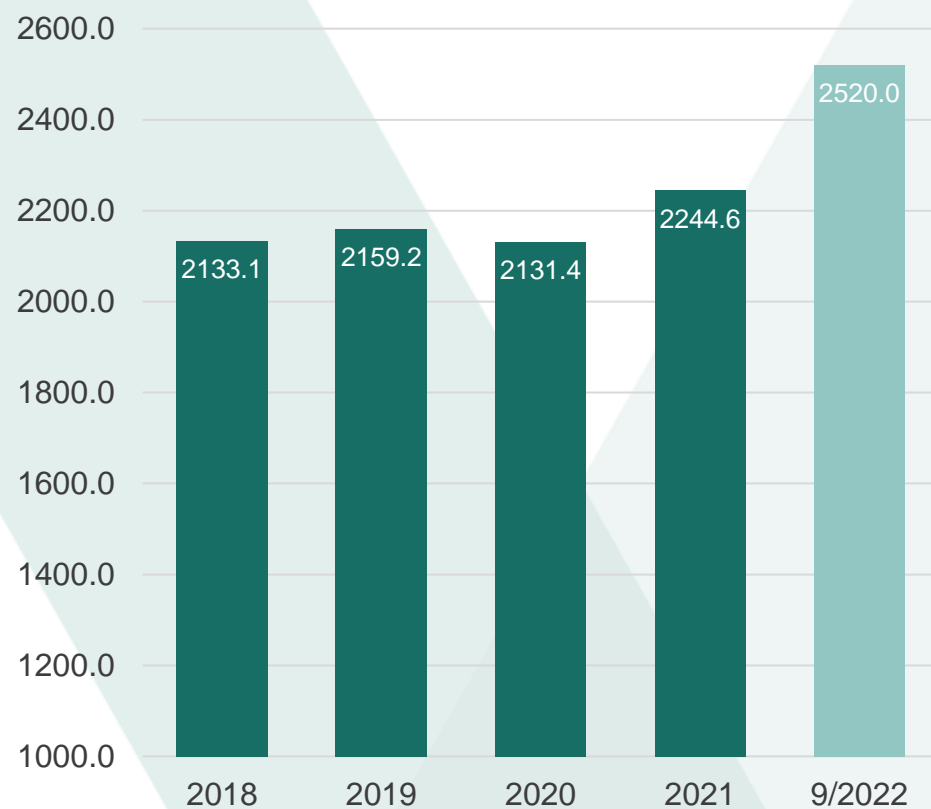
# Premiums written are expected to grow by over 14 per cent



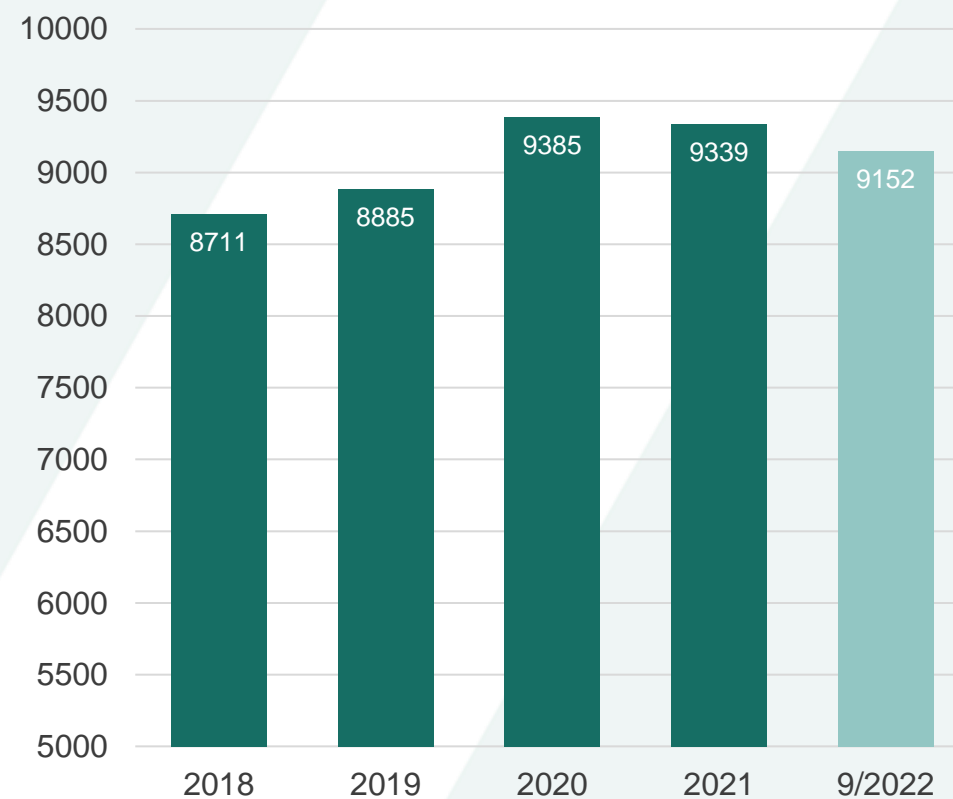
- 1) Premiums written 9/2022 is an estimate of the whole year 2022. The temporary discount on employers' TyEL contributions between May and December 2020 is taken into account.
- 2) The figures for 2018 are pro forma figures (Veritas + Pensions-Alandia).
- 3) The number of TyEL-insured persons in 2019-2021 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 to grow by over 12 per cent

TyEL payroll <sup>1, 2)</sup>, EUR million



Number of TyEL policies <sup>1, 3)</sup>

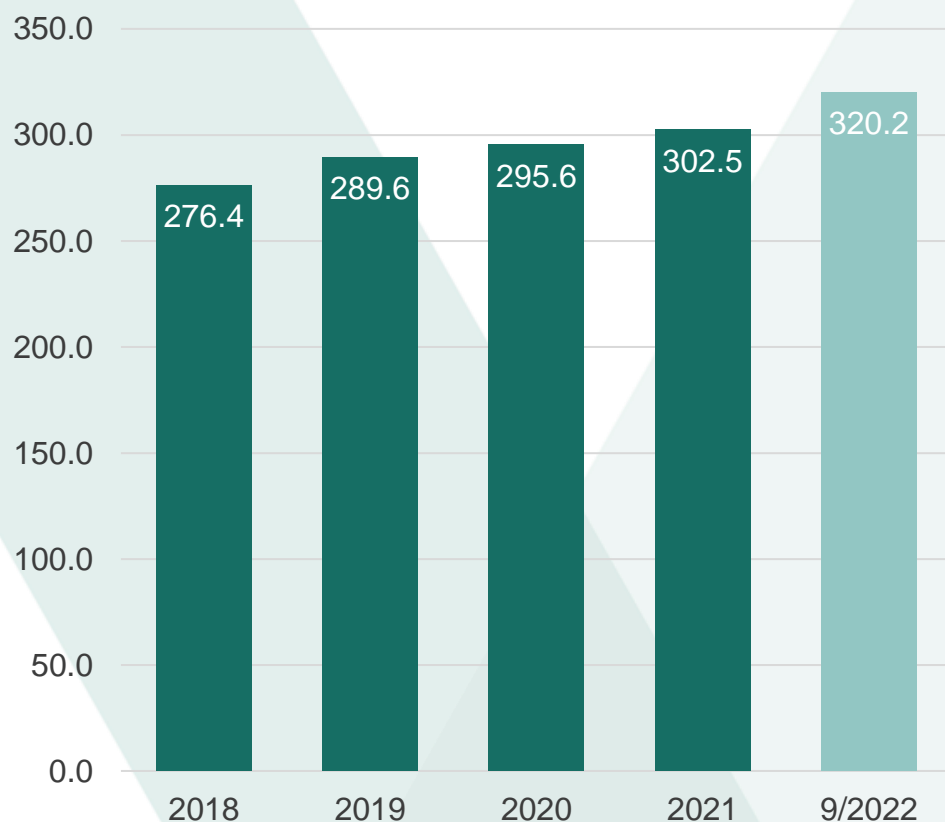


1) The figures for 2018 are pro forma figures (Veritas + Pensions-Alandia)

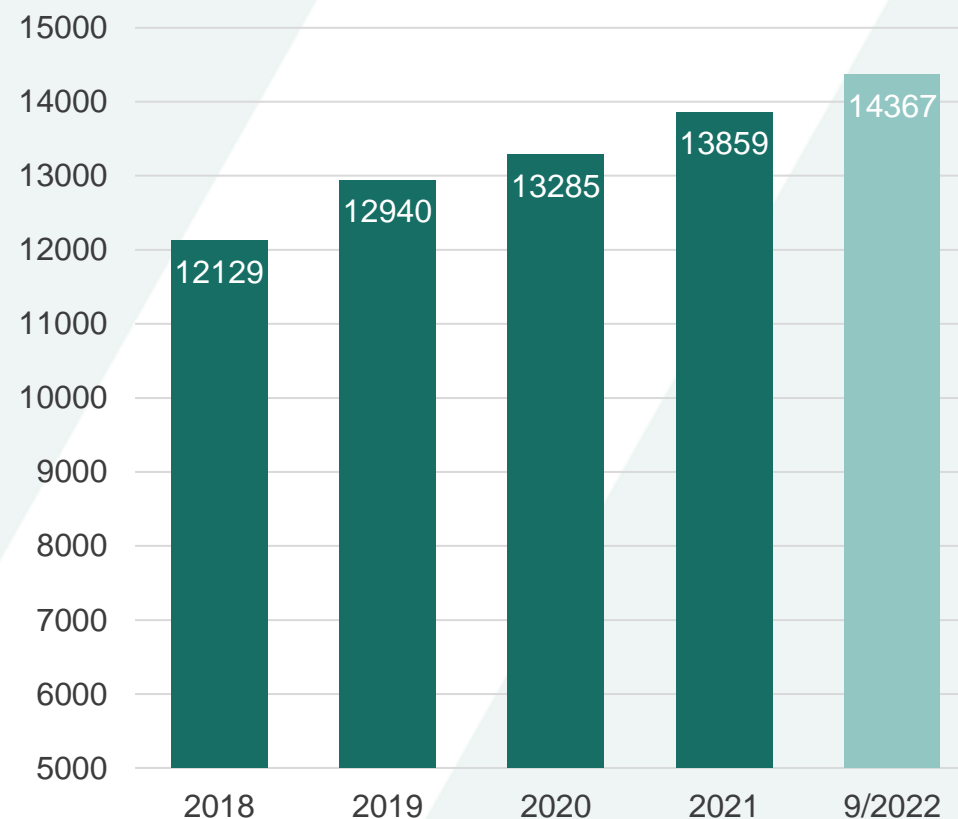
2) TyEL payroll 9/2022 is an estimate for the whole year 2022.

# Strong growth in YEL insurance policies continues

Reported income under YEL <sup>1, 2)</sup>, EUR million



Number of YEL policies <sup>1)</sup>



- 1) The figures for 2018 are pro forma figures (Veritas + Pensions-Alandia)  
2) Reported income under YEL 9/2022 is an estimate for the whole year 2022.

# Result

## Result analysis, EUR million

	1-9/2022	1-9/2021	2021
Technical underwriting result	16,4	6,9	8,7
Return on investments at fair value	-276,3	119,8	192,6
+ Net return on investments at fair value	-273,1	324,1	490,3
- Return requirement on technical provisions	-3,2	-204,4	-297,6
Loading profit	0,4	1,4	2,0
Other profit	0,7	0,4	-0,4
<b>Total result</b>	<b>-258,8</b>	<b>128,5</b>	<b>202,9</b>

Operating income covered by expense loading component, EUR million	14,2	13,4	18,2
% of the expense loading component	97,5 %	90,6 %	90,3 %
Number of employees (average)	151	158	157



#WeAreVeritas

#MeOllaanVeritas

#ViÄrVeritas