



Financial statement presentation 2020

18 February 2021

The year 2020 in brief

- The return on Veritas' investments was 6.8%t in the fourth quarter of 2020, bringing the investment return for the whole year to 5.6%.
- The good investment result strengthened Veritas' solvency, which increased by the end of the year to 128.8%.
- Veritas offered its customers flexibility and granted payment extensions.
- Premiums written declined due to the temporary discount on employers' TyEL contributions and a decline in employment.
- The number of YEL and TyEL insurance policies grew.



5.6%

Investment return



3.9bn

Value of investments



128.8%

Solvency ratio



1.9

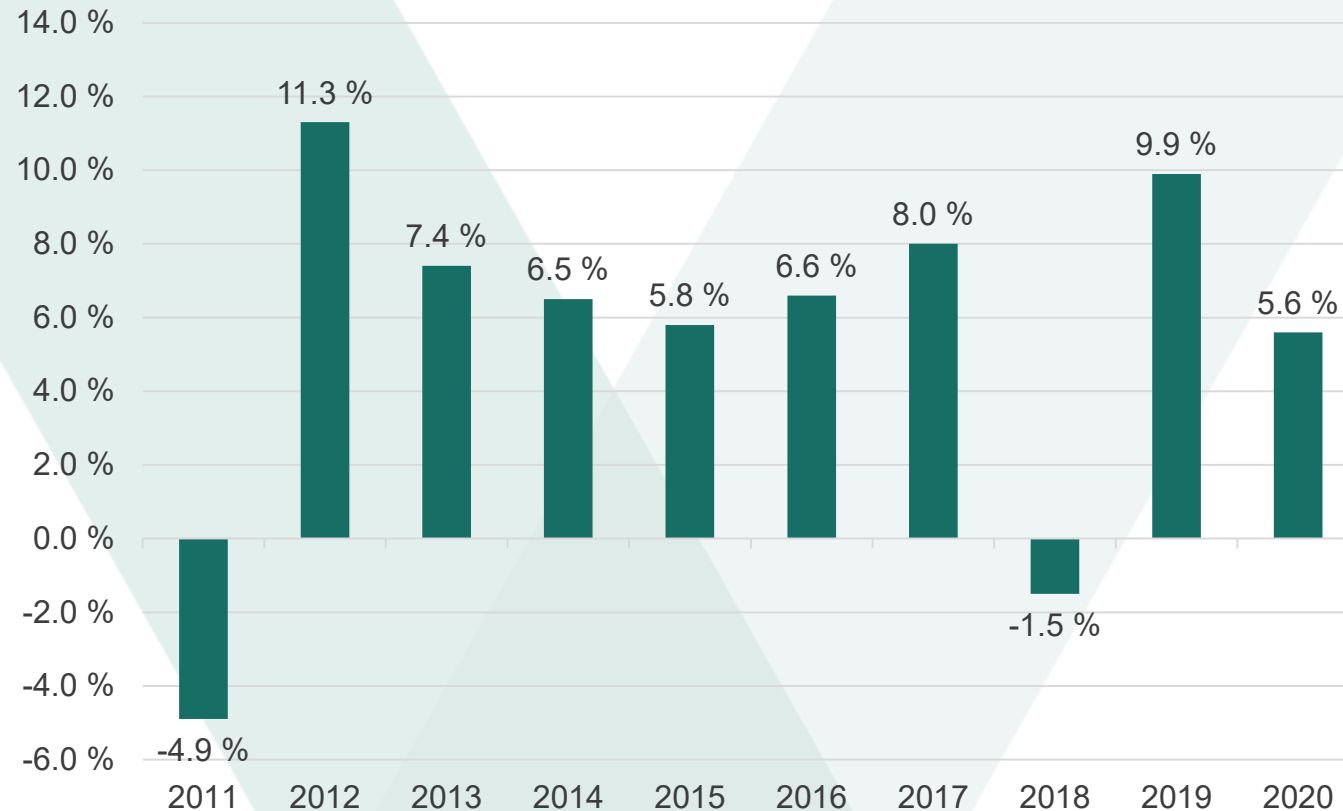
Solvency position



Investments

The investment return was 6.8% in the fourth quarter

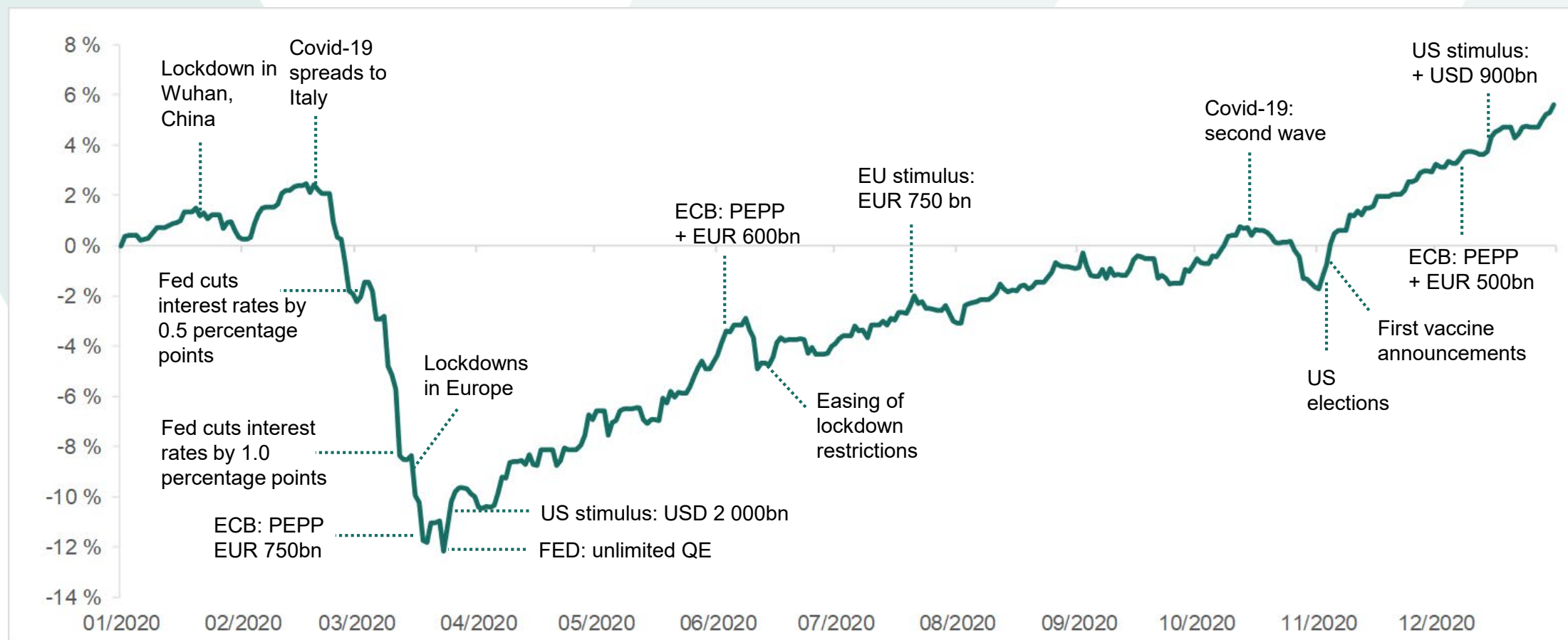
Investment returns



- The investment return for the whole year was **5.6%** in 2020
- Equity investments succeeded best, with a return of **9.1%** last year. The return on real estate investments was **6.8%**, fixed income investments **3.8%** and other investments **-2.6%**.
- In the fourth quarter, the investment return was **6.8%**.

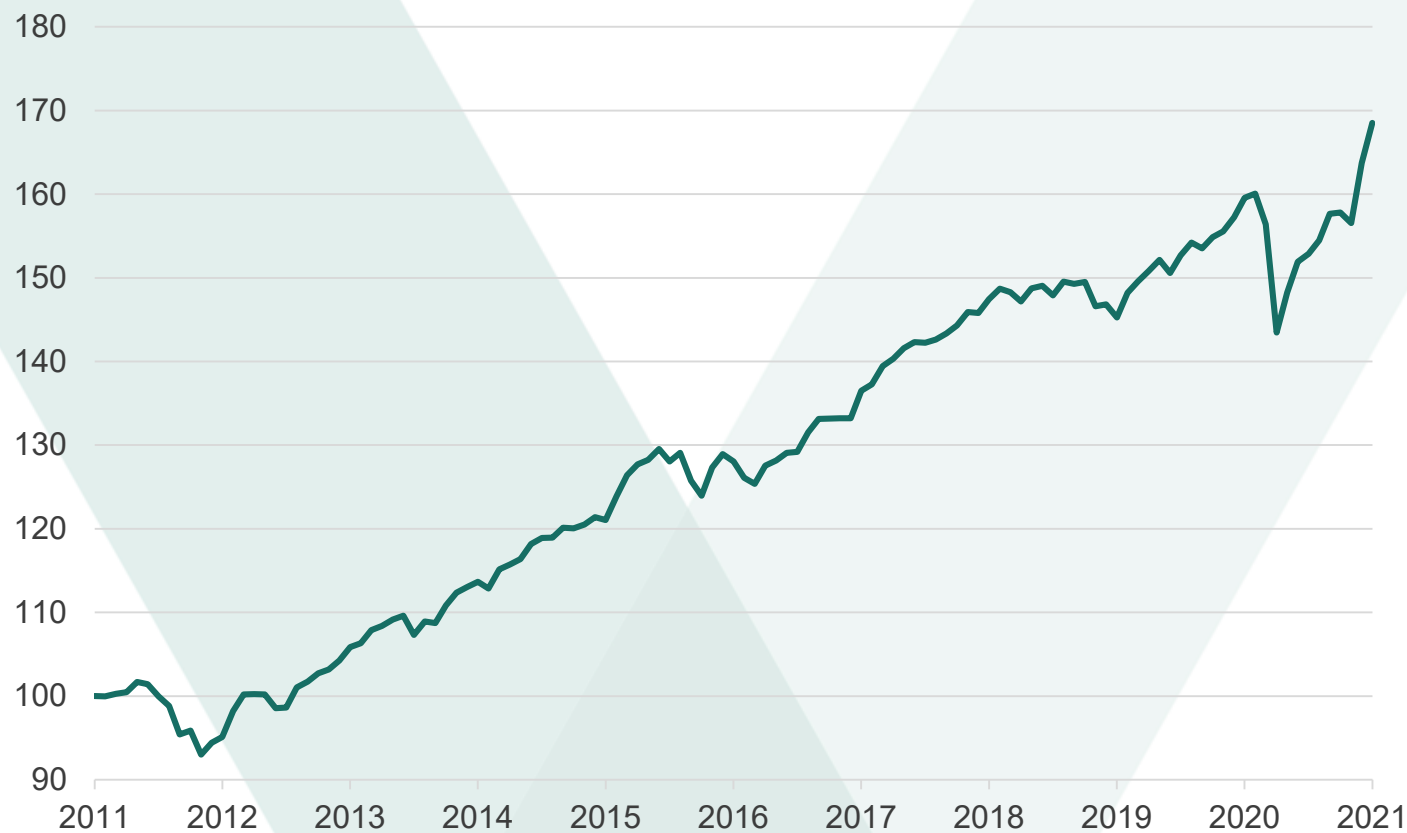
Investment year 2020: pandemic and stimulus

Return on Veritas' investments 2020



Investment returns recovered from the fall

The cumulative investment return for a 10-year period is 68.5%



The return is calculated from 1 January 2011 to 31 December 2020.

Nominal return

10 years
5.4%

5 years
5.6%

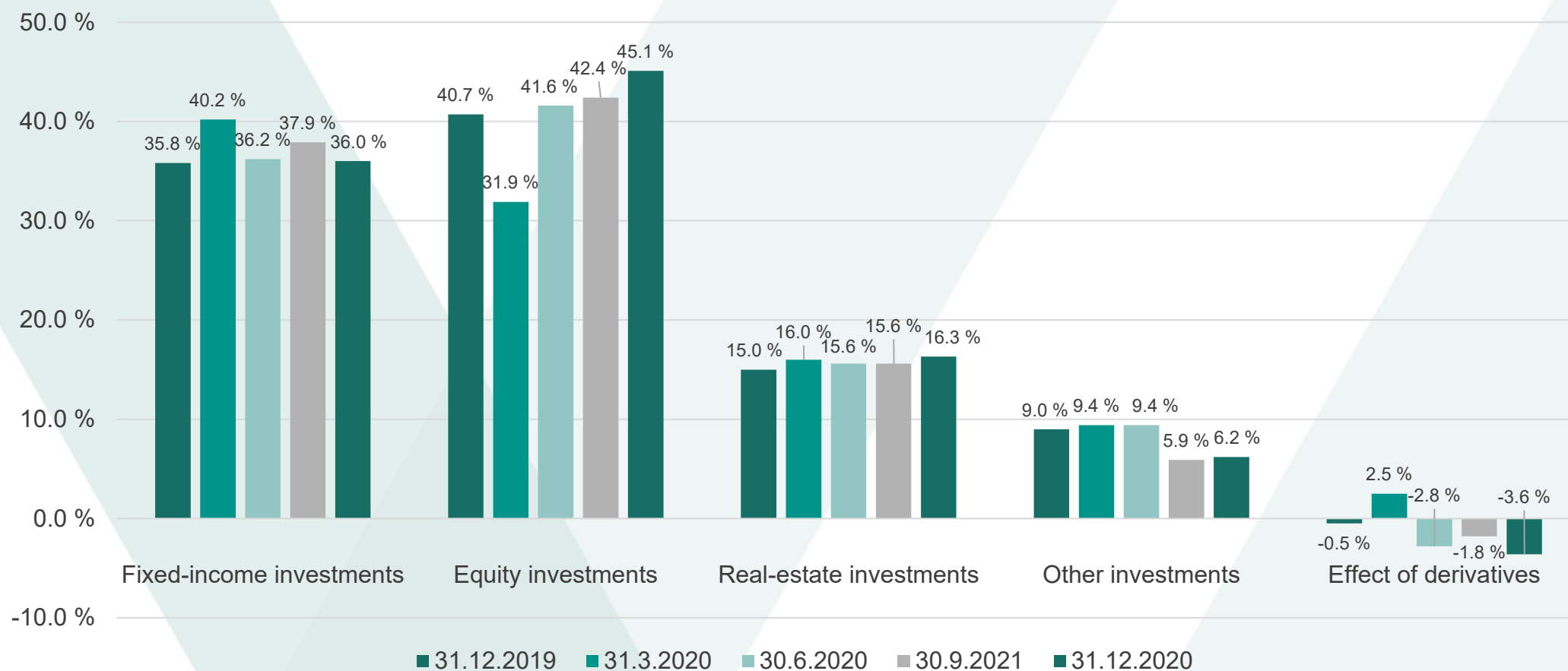
Real return

10 years
4.2%

5 years
4.8%

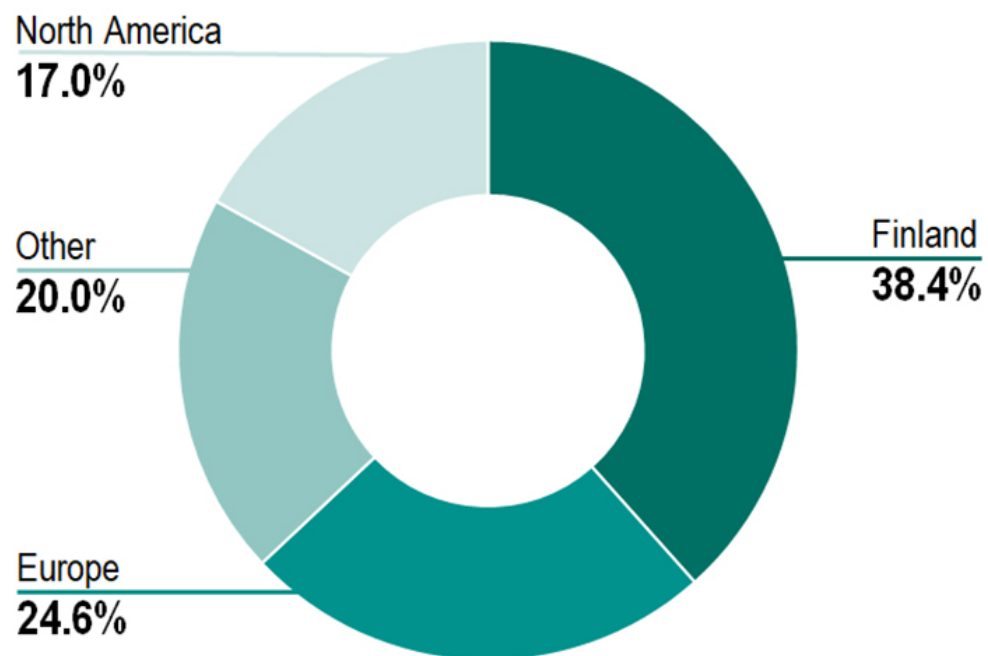
Active adjustments to the allocation

Changes in portfolio allocation

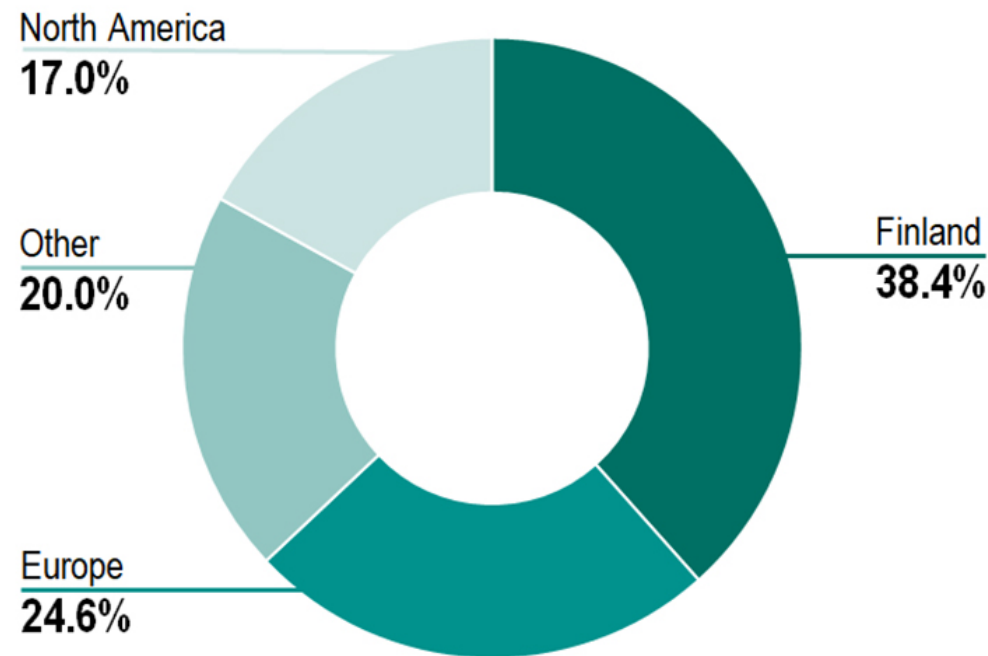


Geographical distribution of investments

All investments



Listed equities



Breakdown of investments at fair value

	Basic breakdown 31 Dec 2020		Risk-adjusted breakdown 31 Dec 2020		Return 2020
	milj. €	%	milj. €	% ⁸	%
Fixed-income investments	1 438,4	37,1	1 392,6	36,0	3,8
Loan receivables ¹	55,4	1,4	55,4	1,4	1,8
Bonds ¹	1 179,3	30,5	1 133,5	29,3	4,6
Government bonds	633,7	16,4	587,8	15,2	5,4
Other bonds	545,7	14,1	545,7	14,1	3,3
Other money market instruments and deposits ^{1 2}	203,7	5,3	203,7	5,3	-0,5
Equity investments	1 560,6	40,3	1 747,2	45,1	9,1
Listed equities	1 248,4	32,2	1 435,0	37,1	9,1
Private equity investments ³	280,1	7,2	280,1	7,2	9,0
Unlisted equities ⁴	32,0	0,8	32,0	0,8	7,2
Real estate investments	631,6	16,3	631,6	16,3	6,8
Direct real estate investments	524,8	13,6	524,8	13,6	7,7
Real estate funds	106,8	2,8	106,8	2,8	2,8
Other investments	241,7	6,2	241,7	6,2	-2,6
Hedge fund investments ⁵	167,5	4,3	167,5	4,3	-3,2
Other investments ⁶	74,2	1,9	74,2	1,9	-0,3
Total investments	3 872,2	100,0	4 013,0	103,6	5,6
Effect of derivatives ⁷			-140,7	-3,6	
Total investments at fair value			3 872,2	100,0	
Modified duration of the bond portfolio			5,5		
Open currency position, % of the market value of investments			14,4		

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.

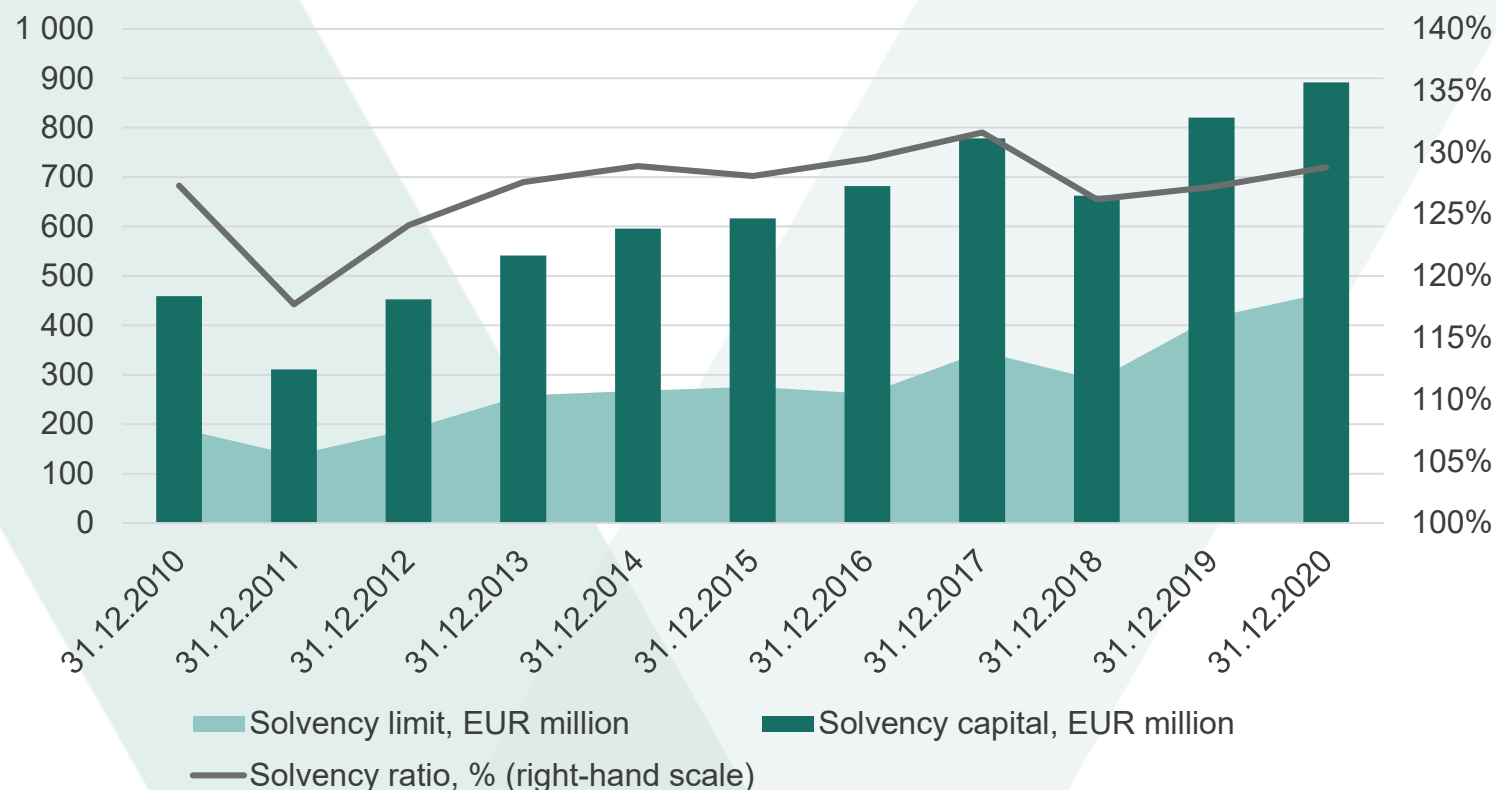
⁶ Includes items that cannot be allocated to other investment groups

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.

The good investment result strengthened solvency



- Solvency has remained at a good level throughout the various phases of the corona crisis.
- The solvency ratio increased during the final quarter to **128.8%**.
- The solvency position was **1.9** at the end of the year.
- The solvency capital stood at EUR **891.9** million at the end of the year.

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.

Aiming for a carbon-neutral investment portfolio by 2035

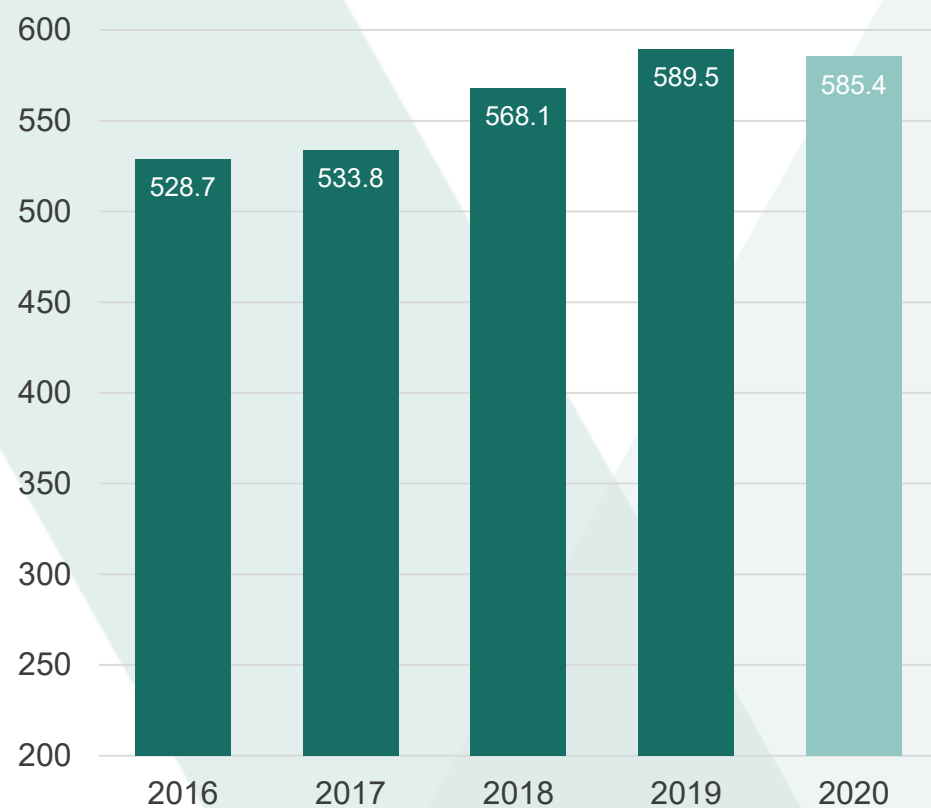
- We updated our responsible investment principles and investment-related climate policy
- In real estate investments we focused on green energy
- Our new headquarters was built according to ambitious green building standards
- We increased investments in wind power



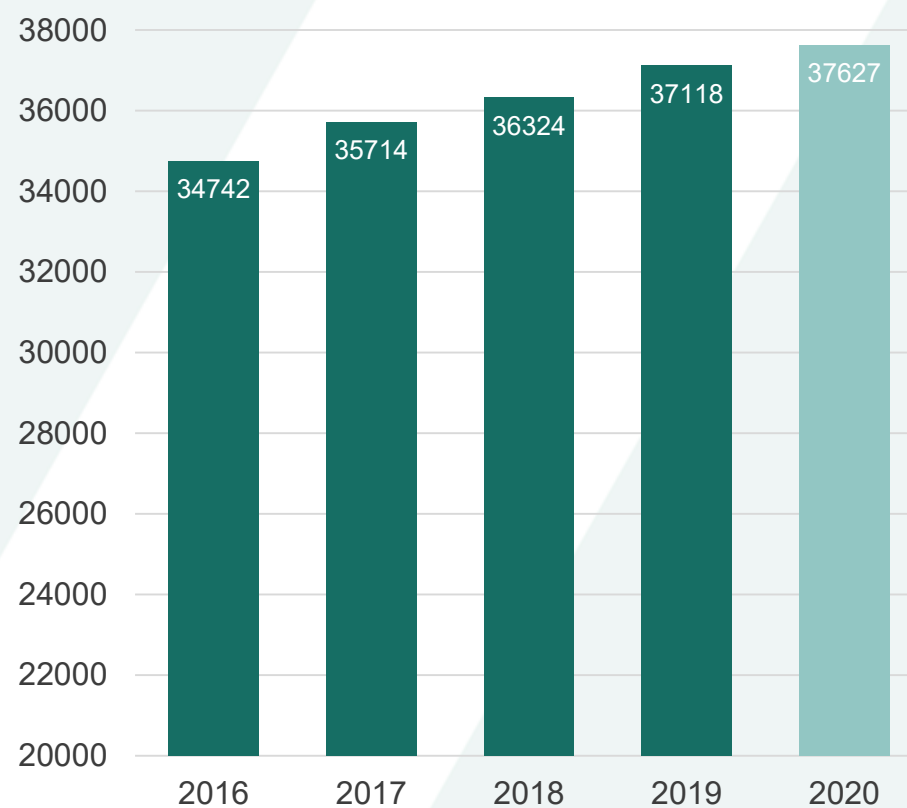
Pensions and insurance

EUR 585.4 million paid in pensions

Pensions and other claims paid ¹⁾, EUR million



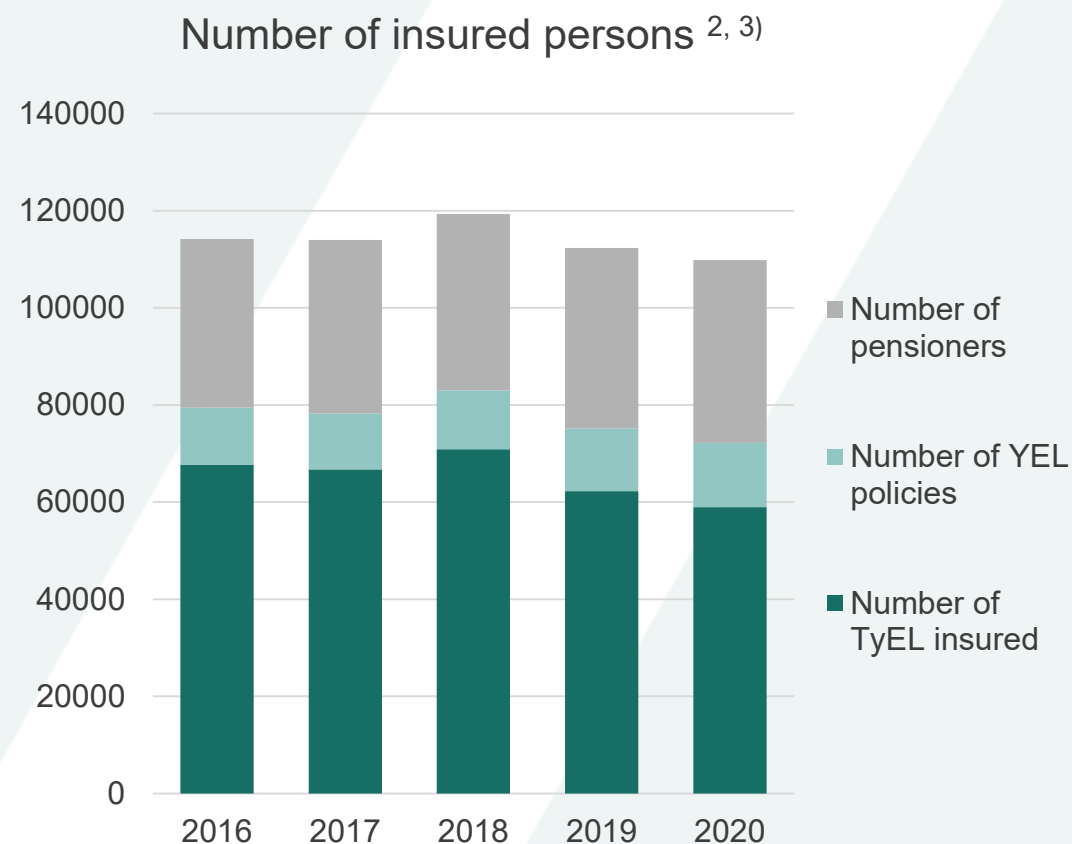
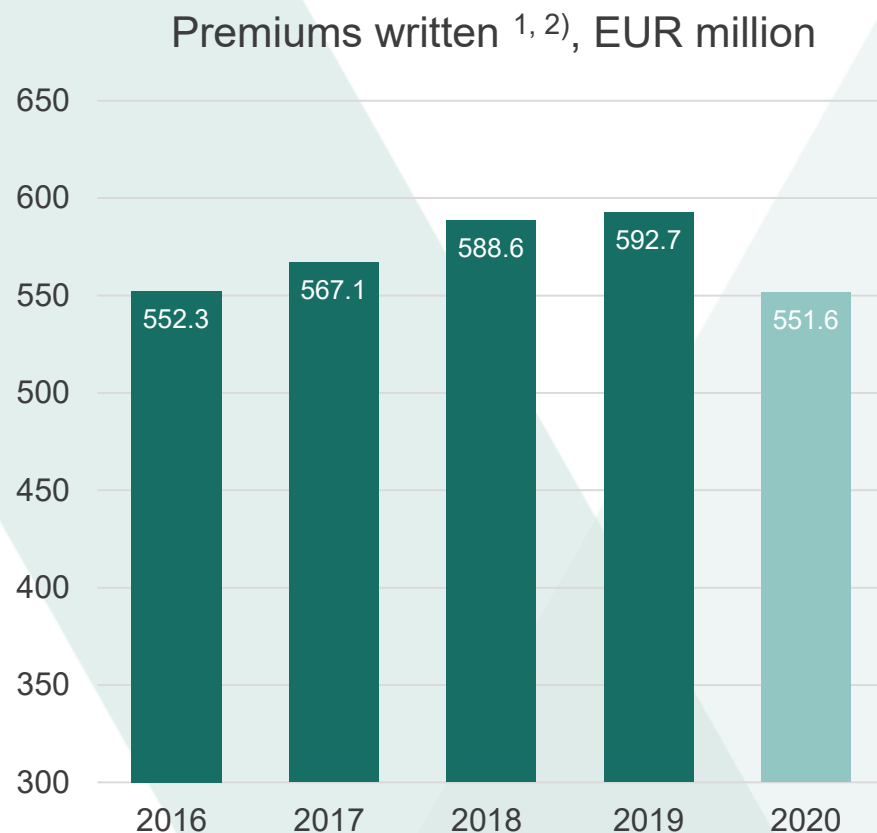
Number of pensioners ¹⁾



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

Premiums written declined

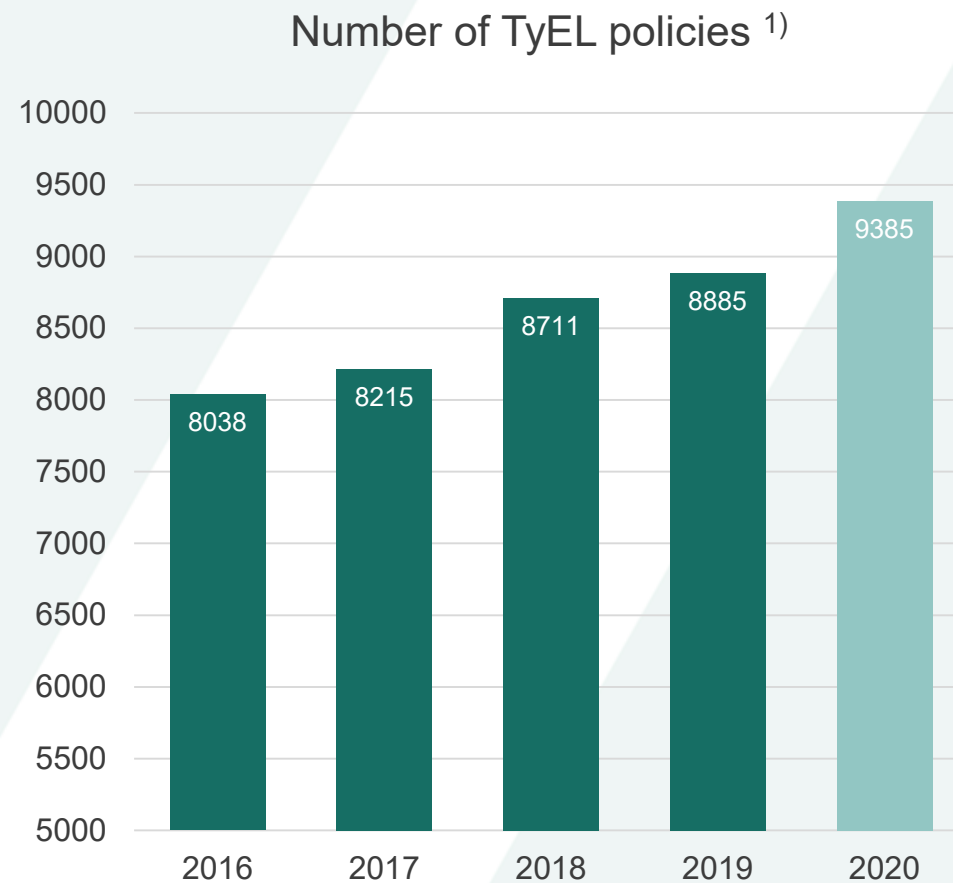
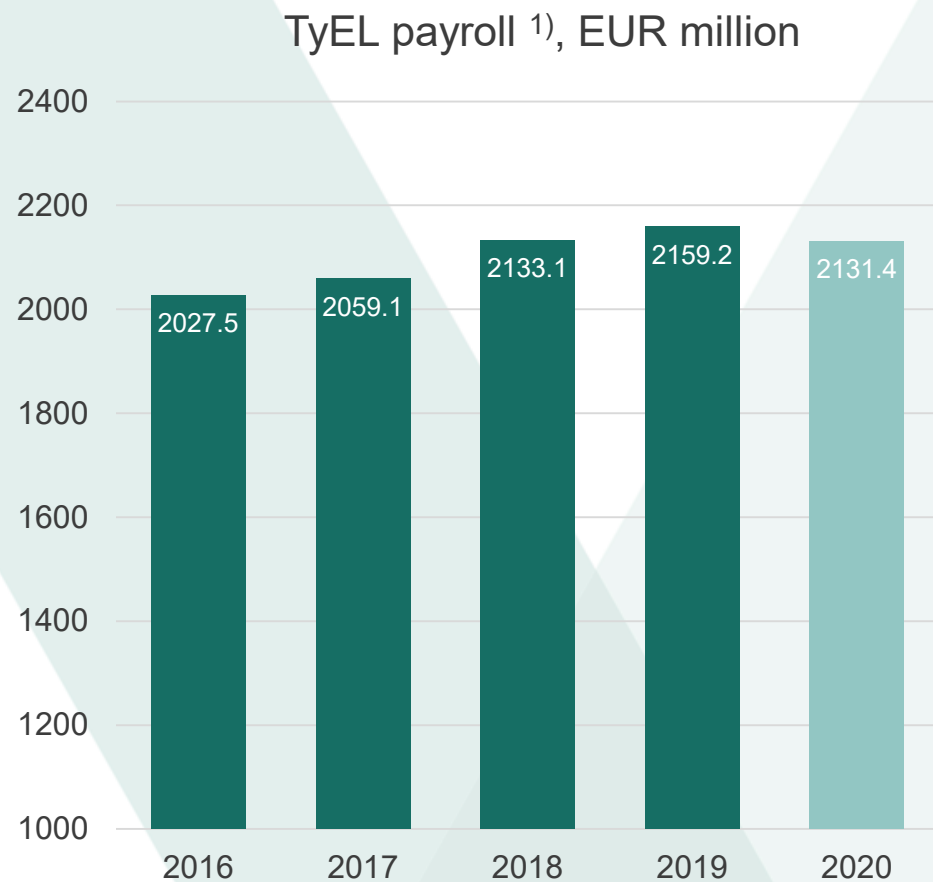
due to the temporary discount on employers' TyEL contributions and a decline in employment



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

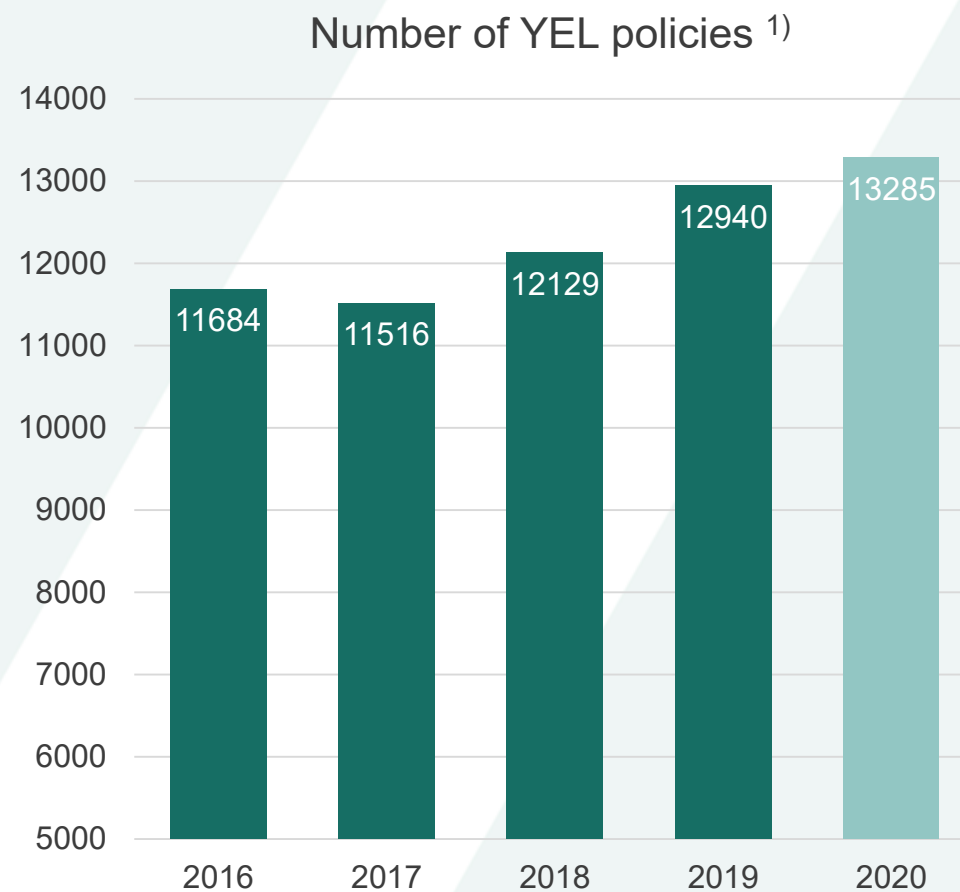
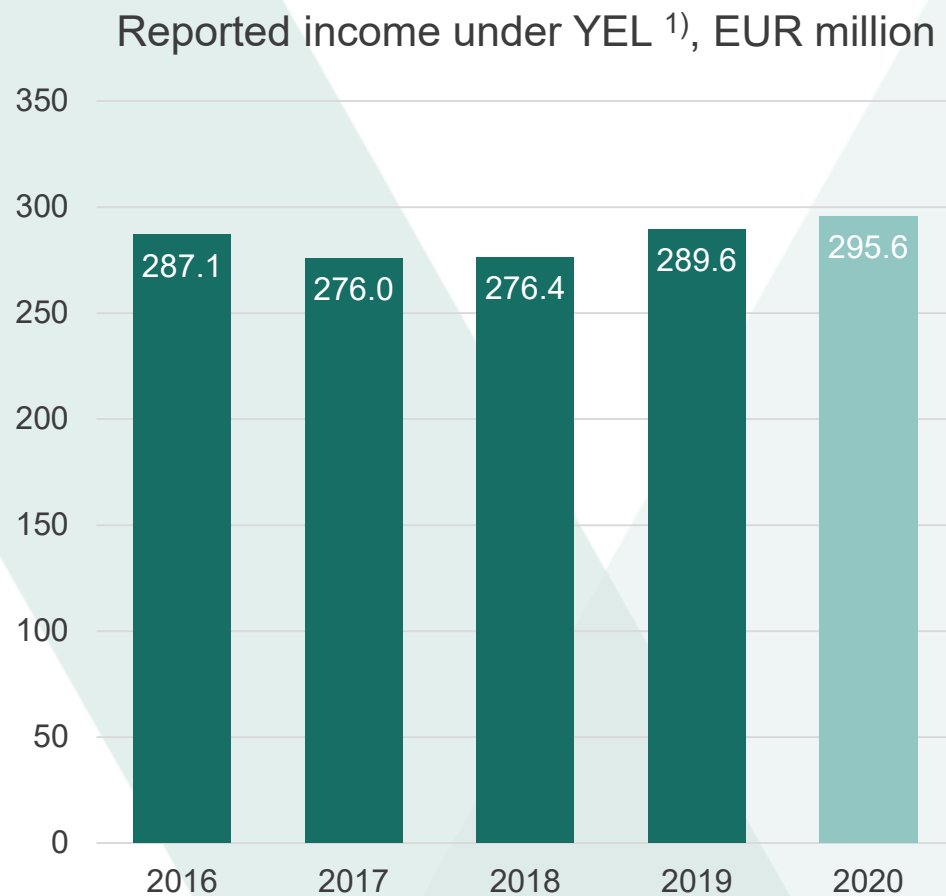
2) The number of TyEL-insured persons in 2019 and 2020 is not fully comparable with the earlier years. The definition of this key figure changed in 2019 when the Incomes Register was taken into use.

TyEL payroll amount declined



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

Number of YEL policies continues to increase



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

Result

Result analysis, EUR million	2020	2019
Technical underwriting result	2,3	-4,3
Return on investments at fair value	70,0	85,6
+ Net return on investments at fair value	206,4	332,6
- Return requirement on technical provisions	-136,4	-247,0
Loading profit ¹⁾	1,8	2,5
Other profit	1,7	1,5
Total result	75,8	85,2

Operating income covered by expense loading component, EUR million	17,5	18,9
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% of the expense loading component ¹⁾	90,5 %	88,3 %
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Number of employees (average)	157	154
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1) The expense loading rate was reduced by 6.9% at the start of 2020. The comparable loading profit was improved by EUR 0.8 million compared to 2019 and was EUR 3.3 million. The ratio of operating expenses to expense loading components improved by 4.0 percentage points to 84.3%.



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