

Press conference 29 August 2013 Harri Sailas, President and CEO





KEY OBSERVATIONS IN JANUARY—JUNE 2013

- A good half-year: Investment return
 3.0 per cent
 - Second quarter also positive
 - Long-term real return remained at a good level, at 3.7%
- Solvency remained strong
- Sales fared well
- Number of customers on the rise
- Number of pension recipients rising steadily



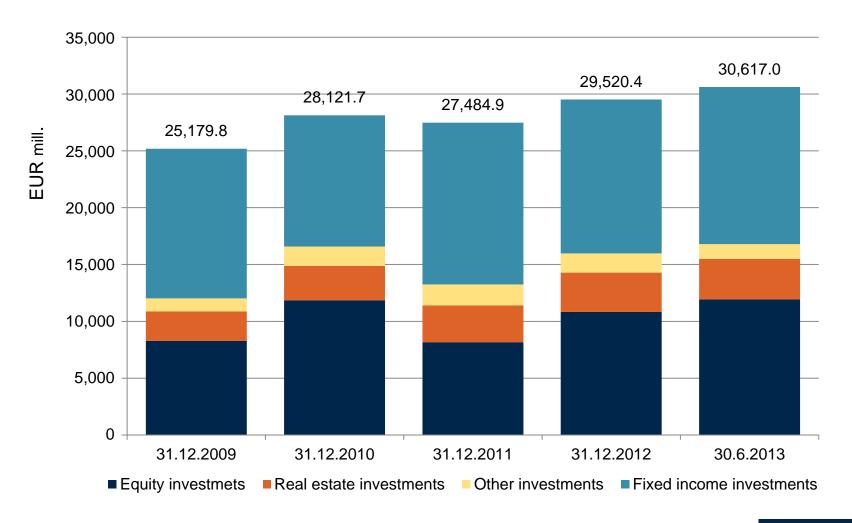


GOOD RETURN ON EQUITIES

- Return on equity investments 6.3%
 - Listed equity investments 5.1%
- Return on fixed income investments
 1.6%
- Return on real estate investments 2.1%
 - Direct real estate investments 2.4%
- Return on private equity investments
 4.0%



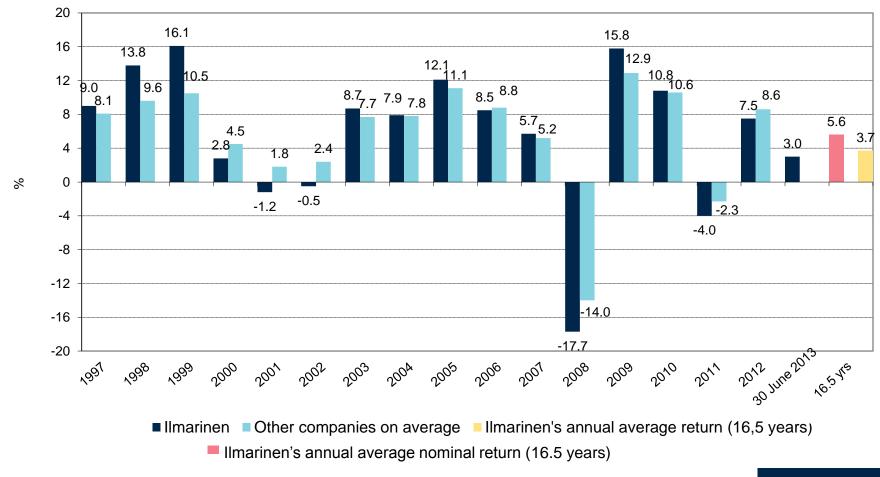
MARKET VALUE OF INVESTMENTS EUR 30.6 BILLION





REAL RETURN ON INVESTMENTS IN THE LONG TERM 3.7%

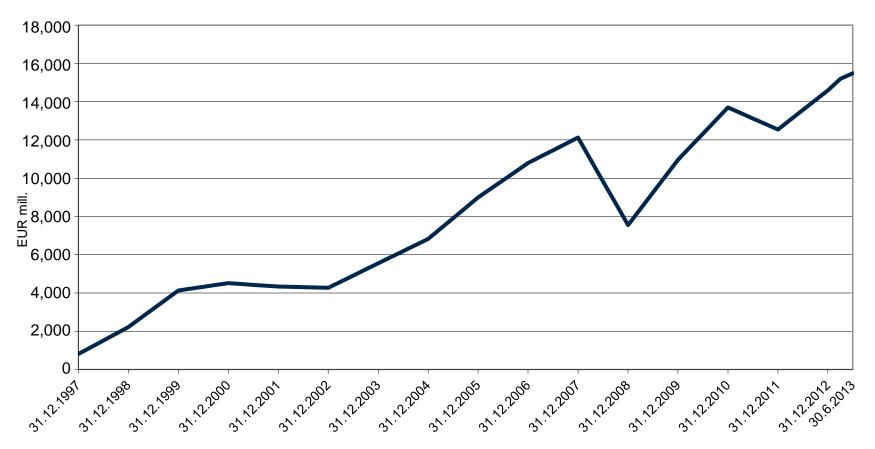
Net investment return at current value





RETURN ON INVESTMENTS RESUMES LONG-TERM TREND

Cumulative net return on investments 1997–30 June 2013

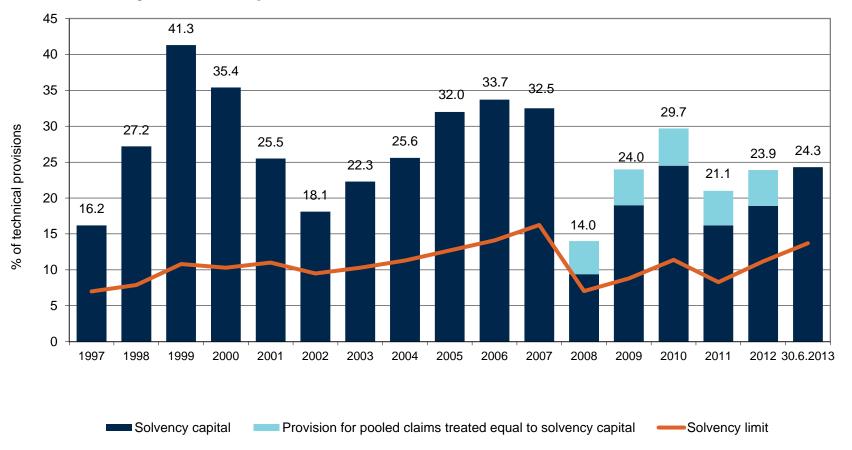


Cumulative return corresponds to an annual return of 5.6% and an average real return of 3.7%.



SOLVENCY REMAINED STRONG

Solvency development







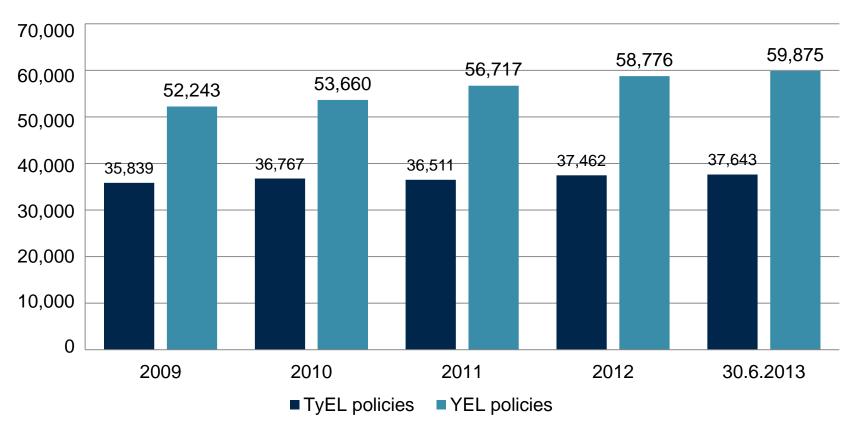
SALES FARED WELL

- Ilmarinen once again performed well in the competition between pension insurance companies for customers
- The sales figures for January–June increase the premiums written by some EUR 114 million
- The number of customers is still on the rise
- For self-employed customers, the 60,000-mark was exceeded in early July



NUMBER OF CUSTOMERS ON THE RISE

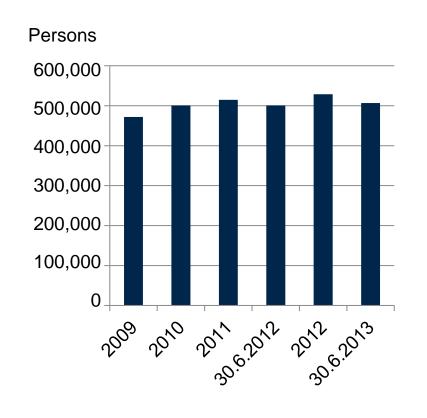
Number of policies

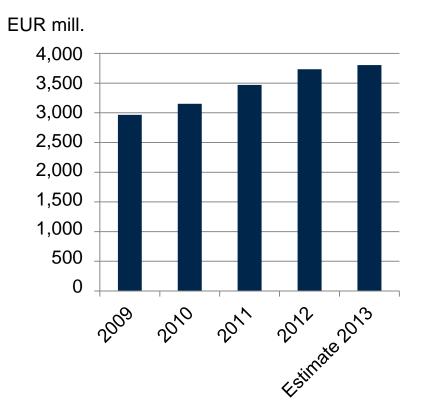




HALF A MILLION INSURED

Number of TyEL insured and payroll





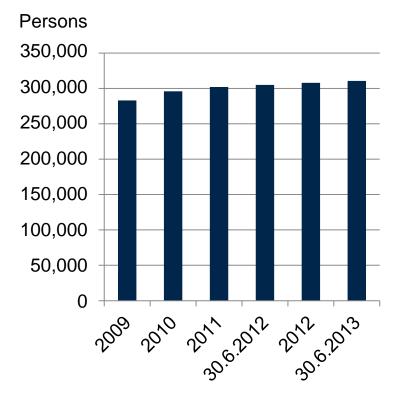
■ Insured under TyEL

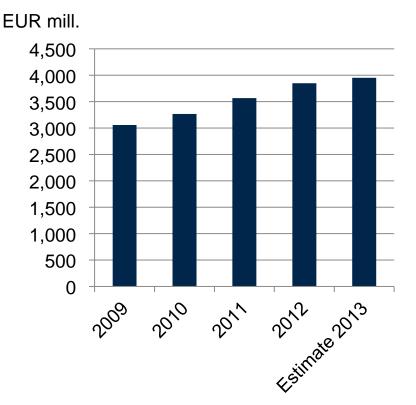
■ TyEL payroll



NUMBER OF PENSION RECIPIENTS RISING STEADILY

Pension recipients and pensions paid

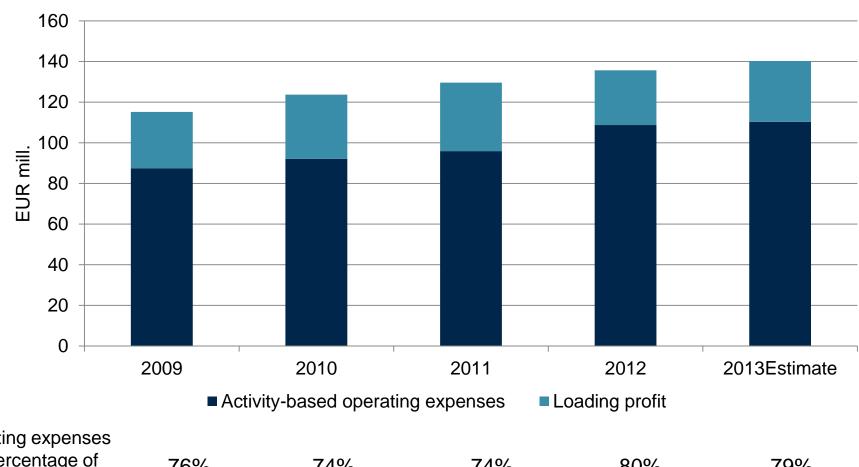




■ Pension recipients ■ Pensions paid



OPERATING EXPENSES AND LOADING PROFIT



Operating expenses as a percentage of loading profit = Operational efficiency

76%

74%

74%

80%

79%



OUTLOOK **FOR THE** SECOND HALF **OF 2013**

- Growth in pension expenditure is outpacing growth in premiums written
- The return on invested pension assets is expected to be at the long-term average level





RETURN ON INVESTMENTS 3.0% IN JAN-JUN 2013

Investment returns classified according to risk

	Market value EUR mill.	Market value %	Risk breakdown EUR mill.	Risk breakdown %	Return %	Volatility %
Fixed income investments	14,128.5	46.1	13,828.0	45.2	1.6	
Loan receivables	2,131.5	7.0	2,131.5	7.0	2.0	
Public corporation bonds	4,029.0	13.2	2,474.9	8.1	-0.2	2.8
Bonds	6,424.6	21.0	5,593.6	18.3	3.4	2.8
Other money market instruments and deposits (incl. investment receivables and payables)	1,543.4	5.0	3,628.0	11.8	-0.7	
Equities and shares	11,320.0	37.0	11,938.8	39.0	6.3	
Listed equities and shares	8,889.9	29.0	9,500.0	31.0	5.1	15.5
Private equity investments	1,422.4	4.6	1,422.4	4.6	4.0	
Unlisted equities and shares	1,007.7	3.3	1,016.4	3.3	22.8	
Real estate investments	3,564.9	11.6	3,564.9	11.6	2.1	
Direct real estate investments	3,029.4	9.9	3,029.4	9.9	2.4	
Real estate funds and joint investments	535.5	1.7	535.5	1.7	0.3	
Other	1,603.6	5.2	1,285,3	4.2	-4.0	
Hedge fund investments	383.0	1.3	383.0	1.3	5.3	7.1
Commodity investments	5.9	0.0	-341.2	-1.1	-	
Other investments	1,214.8	4.0	1,243.6	4.1	-	
Investments total	30,617.0	100.0	30,617.0	100.0	3.0	4.8

The modified duration of bond investments is -0.3 year.



Volatility is calculated on the monthly logarithmic return over a period of two years.

The total return percentage includes income, expenses and operating expenses not allocated to any investment types.

The investments are presented according to the TELA income calculation team's recommendation.

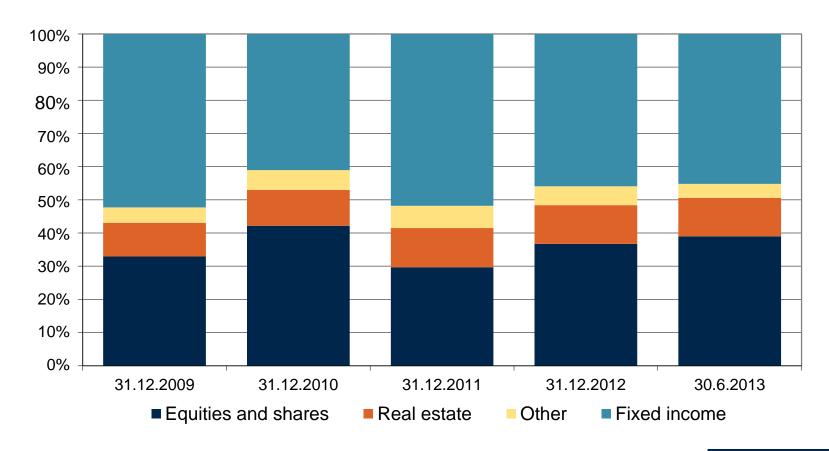
ILMARINEN'S AND MARKETS' INVESTMENT RETURNS

%	Ilmarinen	Finnish equities and shares	European equities and shares	Euro government bonds	Euro corporate bonds
6 / 2013	3.0	5.7	4.1	0.1	0.1
2012	7.5	15.5	18.2	11.0	13.6
Average return over 5 years	3.0	1.3	2.8	5.9	6.5
Average return over 10 years	5.1	9.7	6.5	4.3	4.4
Average return since 1997	5.6	8.3	5.8	5.2	5.1
Real average return over 5 years	1.2	-0.4	1.1	4.1	4.7
Real average return over 10 years	3.2	7.8	4.6	2.4	2.5
Real average return since 1997	3.7	6.4	3.9	3.3	3.2



EQUITIES AND SHARES IN PORTFOLIO INCREASED

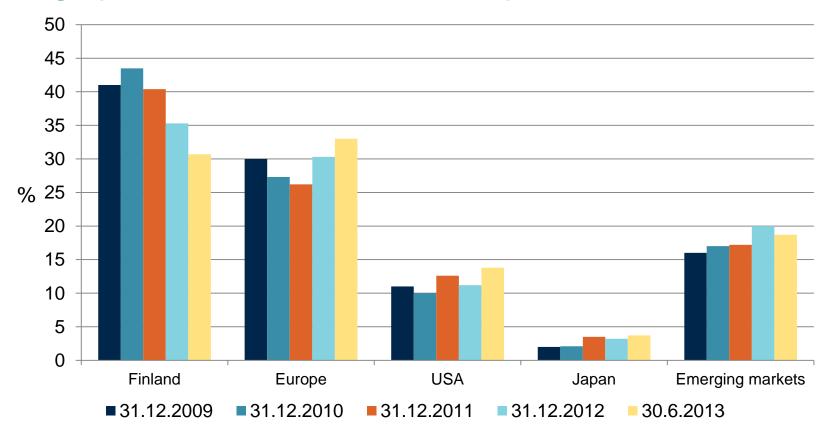
Asset allocation development





MORE EQUITIES FROM EUROPE, THE US AND JAPAN

Geographical breakdown of listed equities





SIGNIFICANT OWNERSHIP IN FINNISH COMPANIES

Most significant Finnish equity holdings

EUR million	30 June 2013
Pohjola Bank plc	360.8
Nokia Corporation	168.2
Kone Corporation	162.1
Sampo plc	144.8
Wärtsilä Corporation	141.9
Fortum Corporation	137.6
Nokian Tyres plc	103.1
Citycon Oyj	94.3
Outotec Oyj	86.9
Tikkurila Oyj	79.6

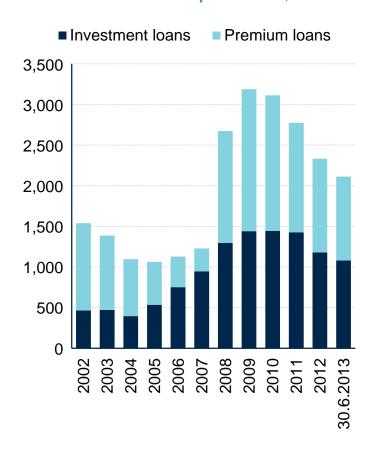
Percentages	30 June 2013
Basware Corporation	11.43
Suominen Corporation	10.74
PKC Group Plc	10.68
Finnlines plc	10.58
Tikkurila Oyj	10.47
Technopolis Plc	10.44
Pohjola Bank plc	10.00
Talentum Plc	9.73
Digia Plc	9.12
Citycon Oyj	8.98



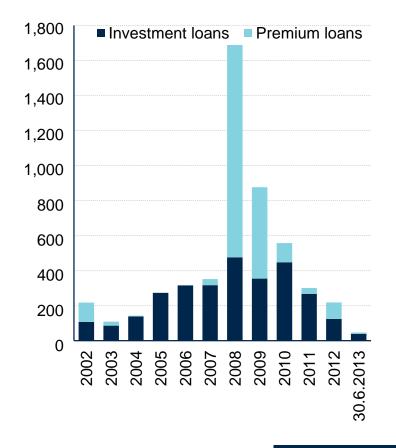


DEMAND FOR CORPORATE CREDITS DECLINING

Breakdown of loan portfolio, EUR mill.



Loan draw-downs by type, EUR mill.





CURRENT MARKET TOPICS

- First signs of the eurozone downturn coming to an end
- Central banks still continuing their stimulating monetary policies
- Long-term interest hike slowing down
- Equity markets are in a state of anticipation after the rise in share prices in July–August



OUTLOOK FOR THE INVESTMENT MARKETS IN THE SECOND HALF OF THE YEAR

- Both short- and long-term interest rates continue to be at a low level, but the risk of a continued hike in long-term interest rates still exists
- The prospects for the rest of the year are cautiously optimistic, but there are big differences between markets, and interest hikes can shake up share prices at times



THANK YOU.





KEY FIGURES

	1 January– 30 June 2013	1 January– 30 June 2012	1 January– 31 December 2012
Premiums written, EUR mill.	2,044	2,026	4,019
Net investment return at current value, EUR mill.	892	901	2,048
ROCE, %	3.0	3.3	7.5
	30 June 2013	30 June 2012	31 December 2012
Technical provisions, EUR mill.	26,293	24.598	25.586
Solvency capital, EUR mill. ¹⁾	5,986	5,306	5,752
% of technical provisions ²⁾	24.3	22.7	23.9
in relation to solvency limit	1.8	2.3	2.2
Equalisation provision, EUR mill.	977	983	986
Pension assets, EUR mill. 3)	30,581	28,620	29,782
TyEL payroll, EUR mill. 4)	16,893	16,773	16,694
YEL payroll, EUR mill. 4)	1,437	1,351	1,367

¹⁾ Until 2012 solvency capital computed according to the regulations in force at the time (the same principle also concerns other solvency key figures)



²⁾ The ratio was computed as a percentage of the technical provisions used in calculating the solvency limit

³⁾ Technical provisions + differences between current and book value

⁴⁾ Estimated TyEL and YEL payroll for the whole year

SOLVENCY CAPITAL

% of the technical provisions used in calculating the solvency limit	30 June 2013 %	30 June 2012 %	31 December 2012 %
Solvency limit	13.5	9.9	11.1
Maximum solvency capital 1)	54.0	39.5	44.3
Solvency before equalisation provision 2)	19.6		
Solvency capital (solvency ratio) 3)	24.3	22.7	23.9

- 1) Until 2012 maximum solvency capital
- 2) Reported since 2013
- 3) Until 2012 solvency capital computed according to the regulations in force at the time (the same principle also concerns other solvency figures)



BREAKDOWN OF INVESTMENTS (FAIR VALUE)

According to the income recommendation	Basic breakdown				Risk breakdown					
	30 June 2	2013	30 June	2012	31 Decembe	er 2012	30 June	2013	30 June 2012	31 December 2012
	EUR mill.	%	EUR mill.	%	EUR mill.	%	EUR mill.	%	%	%
Fixed income investments	14,128.5	46.1	12,148.6	42.4	13,054.2	44.2	10,398.7	38.2	50.0	41.2
Loan receivables 1) Bonds Other money market	2,131.5 10,453.6	7.0 34.1	2,709.0 8,393.0	9.4 29.2	2,352.0 8,752.6	8.0 29.6	2,131.5 8,068.5	7.8 29.7	9.4 16.8	8.7 10.2
instruments and deposits 1) 2)	1,543.4	5.0	1,046.5	3.6	1,976.6	6.7	198.6	0.7	23.9	22.3
Equity investments	11,320.0	37.0	11,239.6	39.2	11,328.7	38.4	11,938.8	43.9	31.1	39.9
Listed equities and shares ³⁾ Private equity ⁴⁾ Unlisted equities and shares ⁵⁾	8,889.9 1,422.4 1,007.7	29.0 4.6 3.3	9,272.5 1,281.9 685.2	32.3 4.5 2.4	9,168.3 1,353.8 806.6	31.1 4.6 2.7	9,500.0 1,422.4 1,016.4	34.9 5.2 3.7	24.2 4.4 2.4	31.9 5.0 3.0
Real estate investments	3,564.9	11.6	3,402.2	11.9	3,465.7	11.7	3,564.9	13.1	11.8	12.8
Direct real estate investments Real estate funds and joint investments	3,029.4 535.5	9.9 1.7	2,886.4 515.8	10.1 1.8	2,942.9 522.8	10.0 1.8	3,029.4 535.5	11.1 2.0	10.0 1.8	10.8 1.9
Other investments	1,603.6	5.2	1,886.8	6.6	1,671.7	5.7	1,285.3	4.7	7.1	6.2
Hedge fund investments ⁶⁾ Commodity investments Other investments ⁷⁾	383.0 5.9 1,214.8	1.3 0.0 4.0	383.8 0.9 1,502.1	1.3 0.0 5.2	349.9 -1.1 1,322.8	1.2 0.0 4.5	383.0 -341.2 1,243.6	1.4 -1.3 4.6	1.3 0.1 5.6	1.3 0.1 4.8
Investments total	30,617.0	100.0	28,677.2	100.0	29,520.4	100.0	27,187.6	100.0	100.0	100.0

The modified duration of bond investments was -0.3 year.

- 1) Includes accrued interest
- 2) Includes cash at bank and in hand and consideration receivables and debt
- 3) Also includes mixed funds unless they can be allocated elsewhere
- 4) Includes private equity funds, mezzanine funds and infrastructure investments
- 5) Also includes unlisted real estate investment companies
- 6) Includes all types of hedge fund units regardless of the fund's strategy
- 7) Includes items that cannot be allocated to other investment classes



NET RETURN ON CAPITAL EMPLOYED 1 JANUARY-30 JUNE 2013

	Net investment income at fair value Market value ⁸⁾	Capital employed ⁹⁾	ROCE	ROCE	ROCE
	EUR mill.	30 June 2013 EUR mill.	%	30 June 2012 %	31 December 2012 %
Fixed income investments total	216.8	13,820.1	1.6	2.8	6.9
Loan receivables 1)	44.4	2,223.2	2.0	1.8	3.4
Bonds	185.4	9,814.6	1.9	3.3	8.3
Other money market					
instruments and deposits 1) 2)*	-13.1	1,782.3	-0.7	-0.8	1.9
Equity investments total	689.8	10,951.2	6.3	3.5	9.5
Listed equities and shares 3)	452.1	8,782.5	5.1	2.9	9.1
Private equity 4)	55.3	1,370.3	4.0	8.6	15.4
Unlisted equities and shares 5)	182.4	798.3	22.8	3.9	5.4
Real estate investments	73.2	3,467.2	2.1	2.6	5.1
Direct real estate investments	71.6	2,936.4	2.4	2.9	5.6
Real estate funds and joint investments	1.6	530.8	0.3	1.3	2.2
Other investments	-66.0	1,663.2	-4.0	6.6	5.1
Hedge fund investments 6)	19.3	363.6	5.3	6.6	7.7
Commodity investments 7)	6.7	-0.9			
Other investments	-92.0	1,300.6			
Investments total*	892.4	29,901.7	3.0	3.3	7.5

- 1) Includes accrued interest
- 2) Includes cash at bank and in hand and consideration receivables and debt
- 3) Also includes mixed funds unless they can be allocated elsewhere
- 4) Includes private equity funds, mezzanine funds and infrastructure investments
- 5) Also includes unlisted real estate investment companies
- 6) Includes all types of hedge fund units regardless of the fund's strategy
- 7) Includes items that cannot be allocated to other investment classes
- 8) Changes in the market values between the end and beginning of the reporting period cash flows during the period. Cash flow means the difference between sales/returns and purchases/costs
- 9) Capital employed = Market value at the beginning of the reporting period + time-weighted cash-flows on a daily/monthly basis.
- *The figures for the comparison year 2012 have been computed according to the regulations in force at the time, and they do not include the capital employed in cash at bank and in hand



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