

INTERIM REPORT

Q2 / 2014

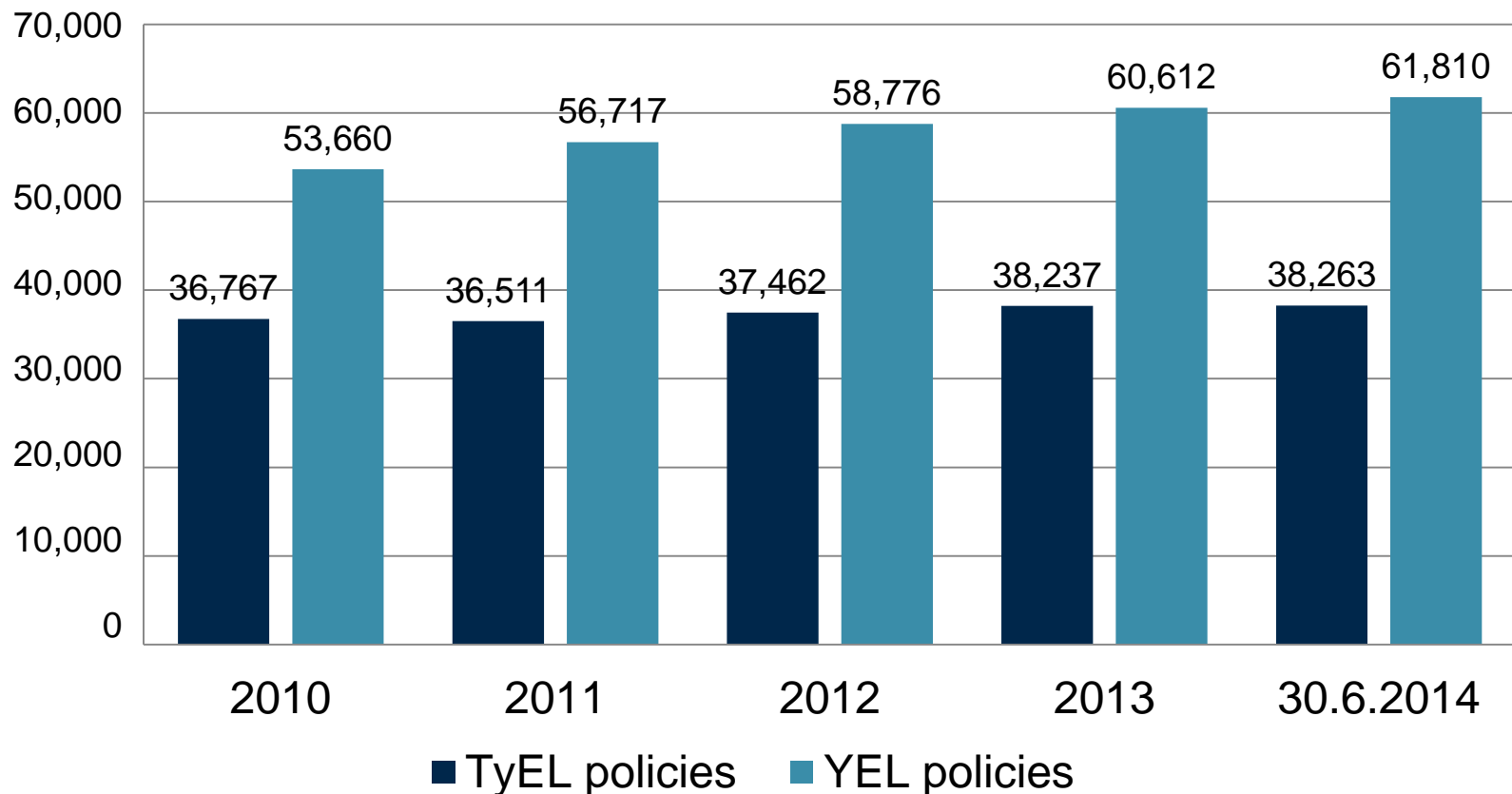
29 August 2014



ILMARINEN

NUMBER OF CUSTOMERS ON THE RISE

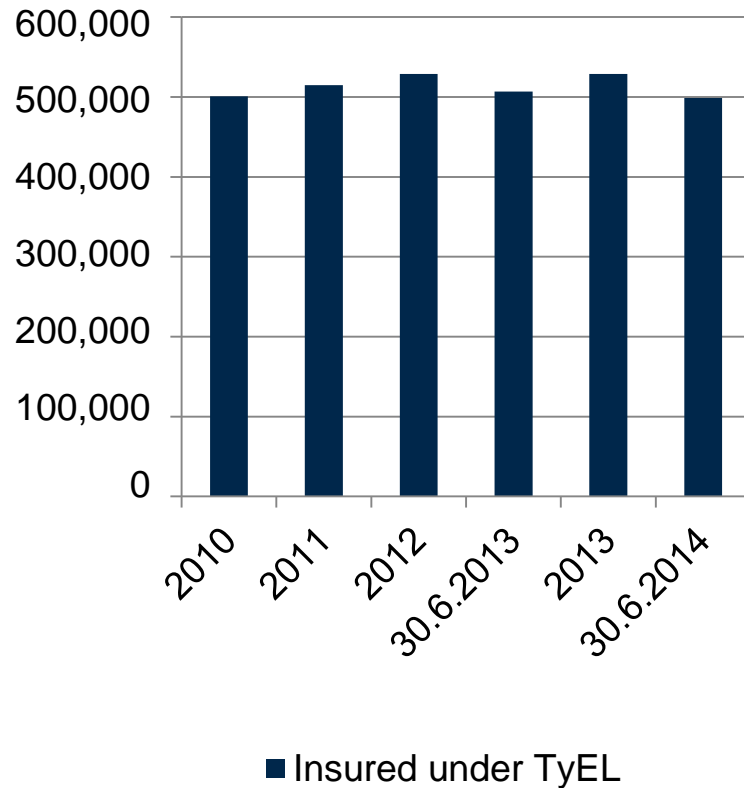
Number of policies



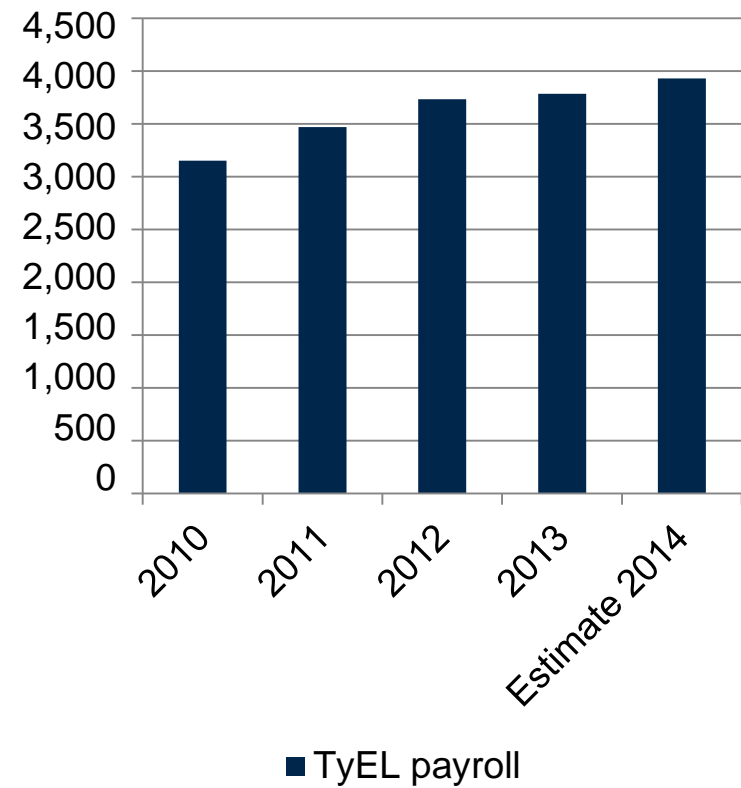
HALF A MILLION INSURED

Number of TyEL insured and payroll

Persons

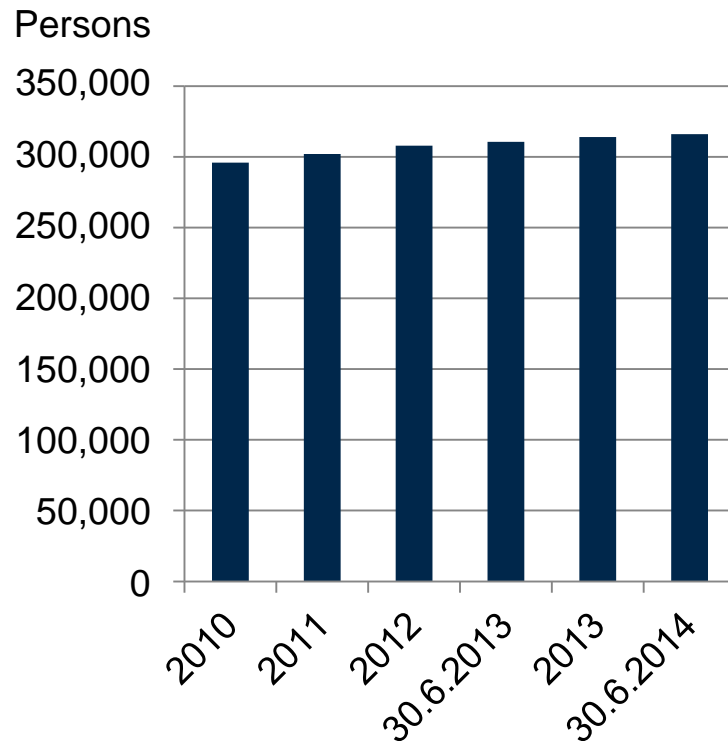


EUR mill.

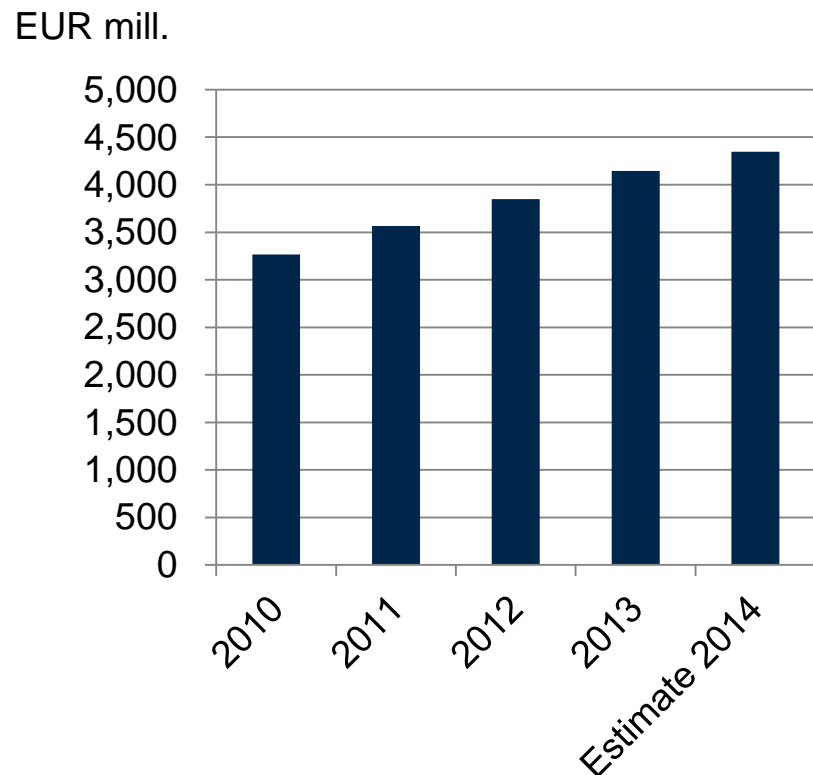


NUMBER OF PENSION RECIPIENTS RISING STEADILY

Pension recipients and pensions paid

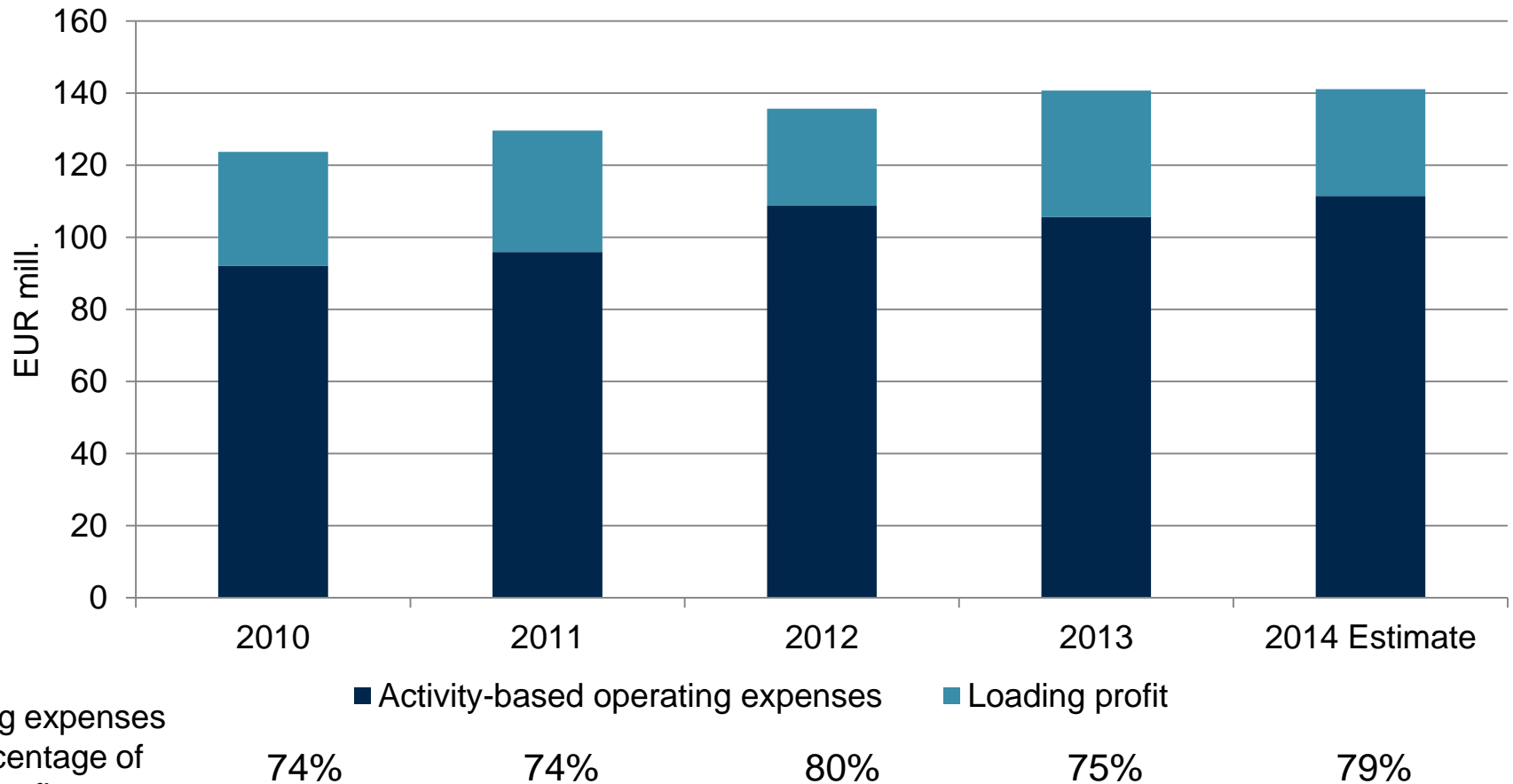


■ Pension recipients



■ Pensions paid

OPERATING EXPENSES AND LOADING PROFIT



Operating expenses
as a percentage of
loading profit =
Operational efficiency



Investment operations

RETURN ON INVESTMENTS IN JANUARY–JUNE 2014 **3.4%**

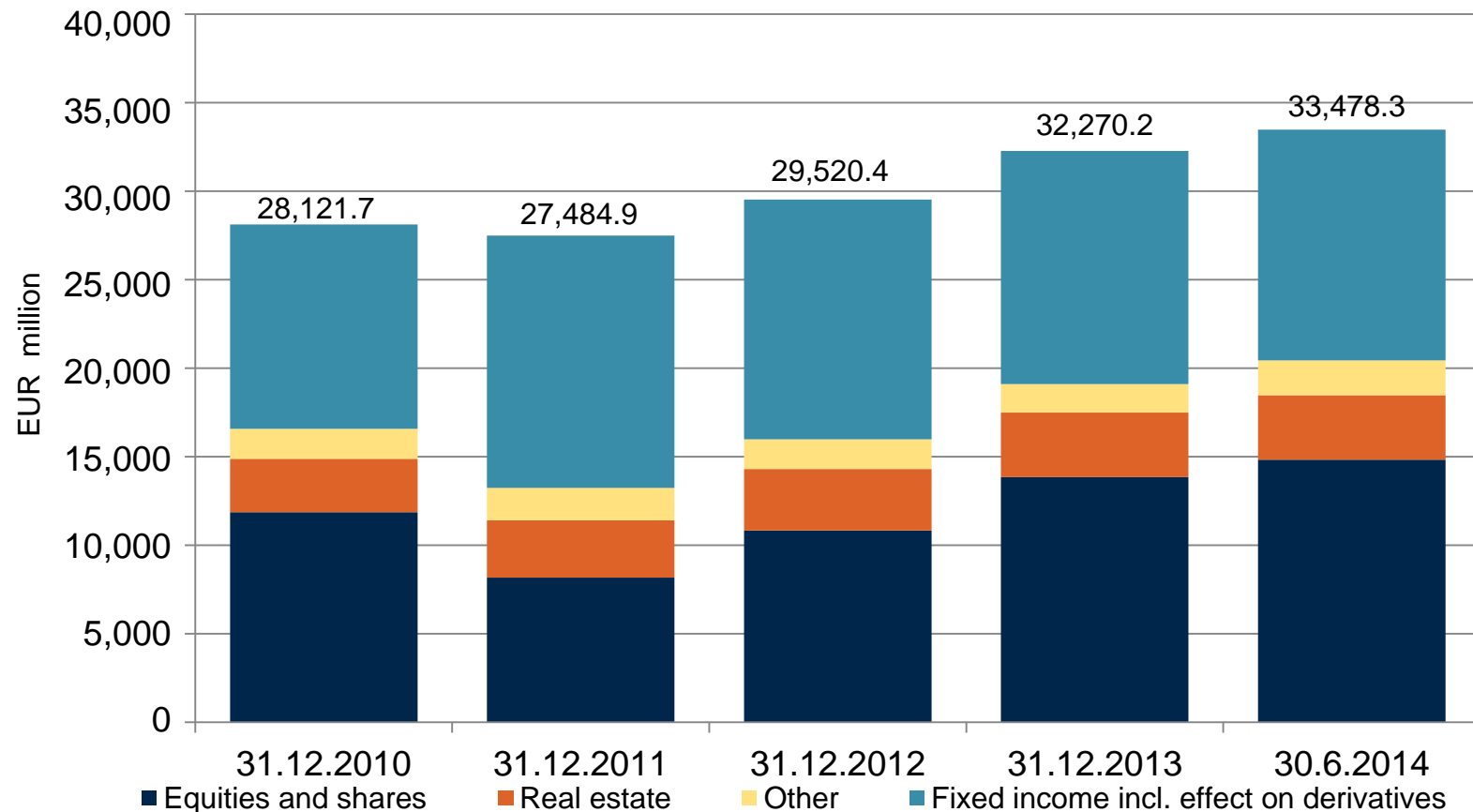
Asset allocation and return

| | Basic breakdown EUR mill. | % | Risk breakdown EUR mill. | % | Return % | Volatility |
|--|---------------------------------|--------------|--------------------------------|--------------|-------------|------------|
| Fixed-income investments | 14,637.7 | 43.7 | 12,632.4 | 37.7 | 2.2 | |
| Loan receivables | 1,587.1 | 4.7 | 1,587.1 | 4.7 | 2.1 | |
| Bonds | 12,655.5 | 37.8 | 5,657.1 | 16.9 | 2.2 | 2.0 |
| Public corporation bonds | 5,279.4 | 15.8 | 4,089.0 | 12.2 | 2.6 | |
| Other bonds | 7,376.2 | 22.0 | 1,568.2 | 4.7 | 1.9 | |
| Other money market instruments and deposits (incl. investment receivables and payables) | 395.1 | 1.2 | 5,388.2 | 16.1 | 2.8 | |
| Equities and shares | 13,597.1 | 40.6 | 14,824.7 | 44.3 | 5.5 | |
| Listed equities and shares | 10,898.3 | 32.6 | 12,123.3 | 36.2 | 5.2 | 8.1 |
| Private equity investments | 1,582.0 | 4.7 | 1,582.0 | 4.7 | 6.0 | |
| Unlisted equities and shares | 1,116.7 | 3.3 | 1,119.4 | 3.3 | 7.9 | |
| Real estate investments | 3,654.6 | 10.9 | 3,654.6 | 10.9 | 2.5 | |
| Direct real estate investments | 3,140.7 | 9.4 | 3,140.7 | 9.4 | 2.4 | |
| Real estate funds and joint investments | 513.9 | 1.5 | 513.9 | 1.5 | 2.9 | |
| Other | 1,588.9 | 4.7 | 1,961.7 | 5.9 | 0.8 | |
| Hedge fund investments | 435.6 | 1.3 | 435.6 | 1.3 | 3.5 | 5.4 |
| Commodity investments | 2.9 | 0.0 | -4.1 | 0.0 | - | |
| Other investments | 1,150.4 | 3.4 | 1,530.2 | 4.6 | - | |
| Investments total, % | | 100.0 | 33,073.5 | 98.8 | 3.4 | 3.1 |
| Effect of derivatives, % | | | 404.8 | 1.2 | | |
| Investments at current value, EUR mill. | 33,478.3 | | 33,478.3 | 100.0 | | |

The modified duration of bond investments is -0.1 year. The total return percentage includes income, expenses and operating expenses not allocated to any investment types.

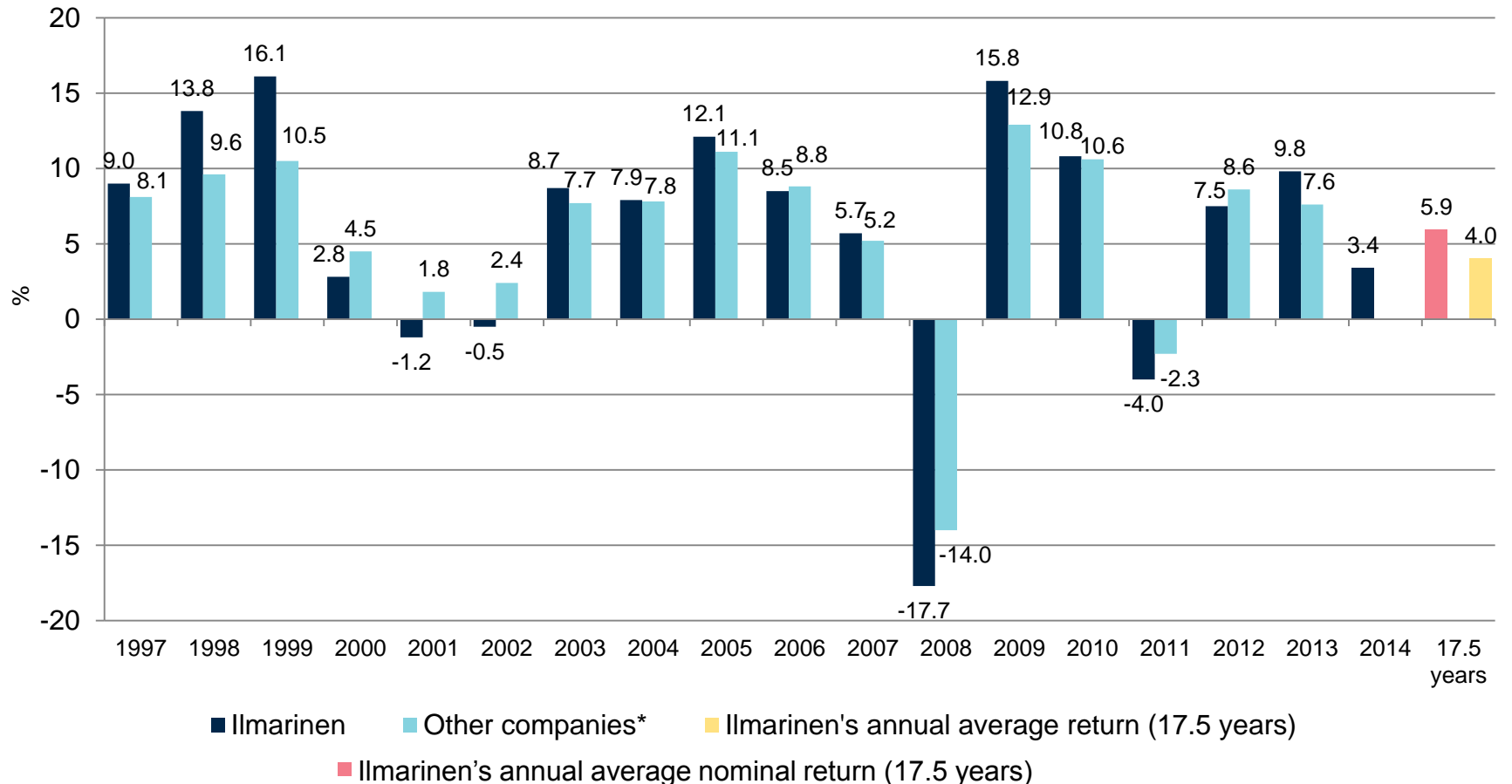
MARKET VALUE OF INVESTMENTS **EUR 33.5 BILLION**

Asset allocation according to risk



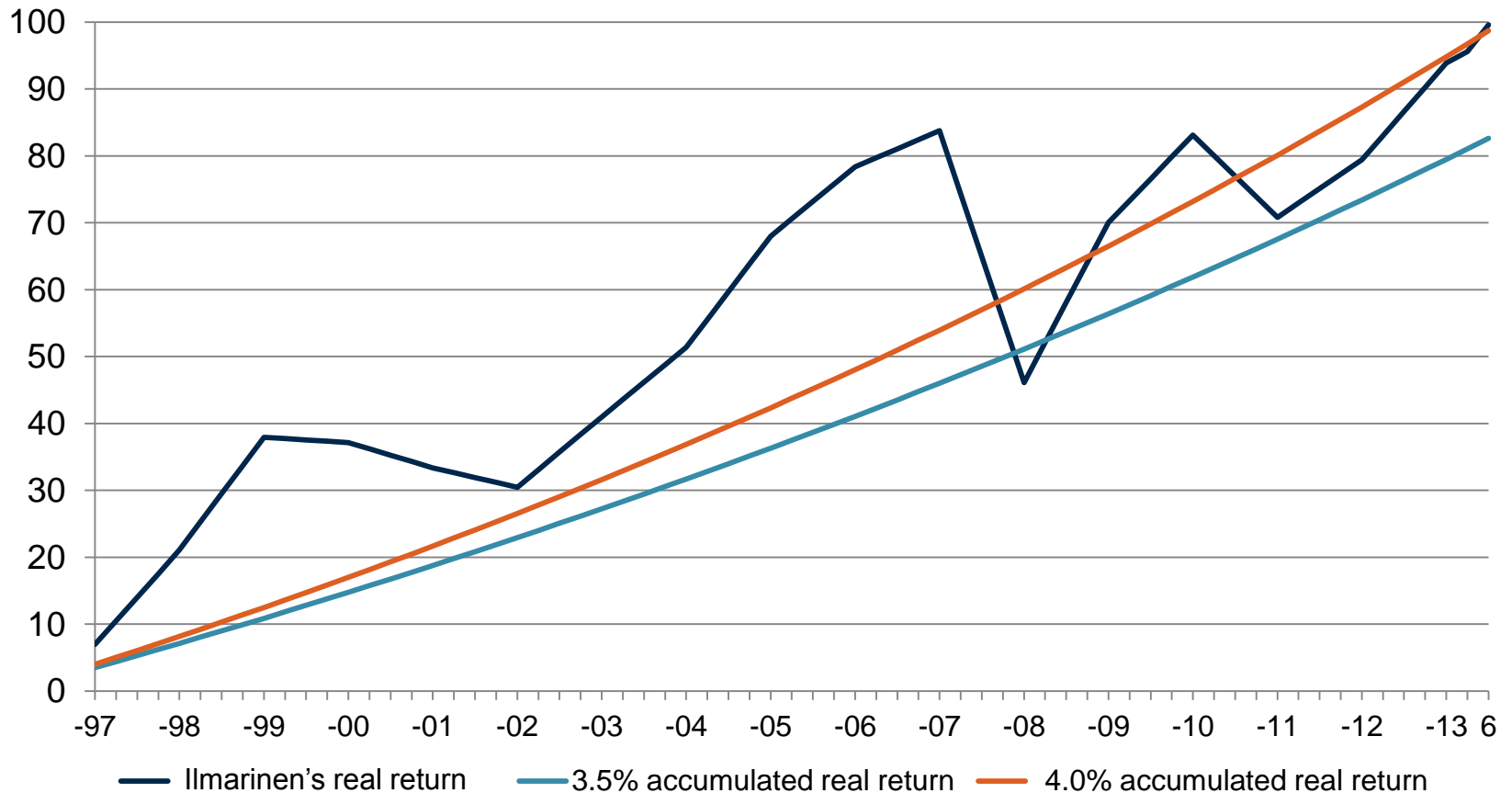
REAL RETURN ON INVESTMENTS IN THE LONG TERM 4.0%

Net investment return at current value



REAL RETURN ON INVESTMENTS BACK TO 4 PER CENT TREND

Cumulative return on investments 1997–30 June 2014



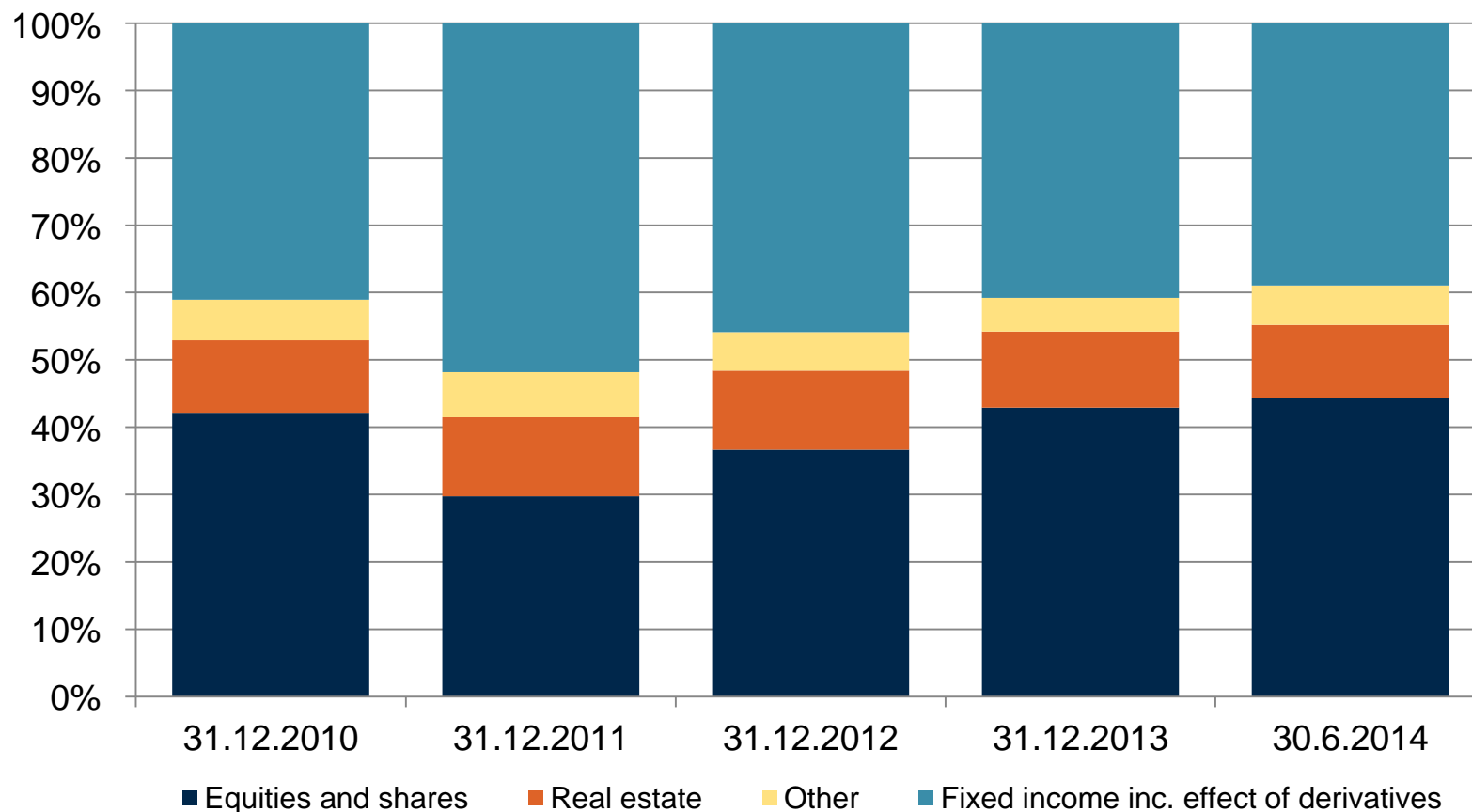
REAL RETURN AFTER FINANCIAL CRISIS: 5.1 PER CENT

| % | Ilmarinen | Finnish equities and shares | European equities and shares | Euro government bonds | Euro corporate bonds |
|-----------------------------------|-----------|-----------------------------|------------------------------|-----------------------|----------------------|
| 6 / 2014 | 3.4 | 8.4 | 6.2 | 7.0 | 4.9 |
| 2013 | 9.8 | 31.6 | 20.8 | 2.2 | 2.2 |
| Average return over 5 years | 7.1 | 15.0 | 14.0 | 5.5 | 7.0 |
| Average return over 10 years | 5.2 | 9.9 | 6.6 | 5.0 | 4.7 |
| Average return since 1997 | 5.9 | 9.7 | 6.7 | 5.4 | 5.2 |
| Real average return over 5 years | 5.1 | 12.9 | 11.8 | 3.5 | 5.0 |
| Real average return over 10 years | 3.2 | 7.8 | 4.6 | 3.0 | 2.8 |
| Real average return since 1997 | 4.0 | 7.8 | 4.9 | 3.6 | 3.4 |

EQUITIES & SHARES

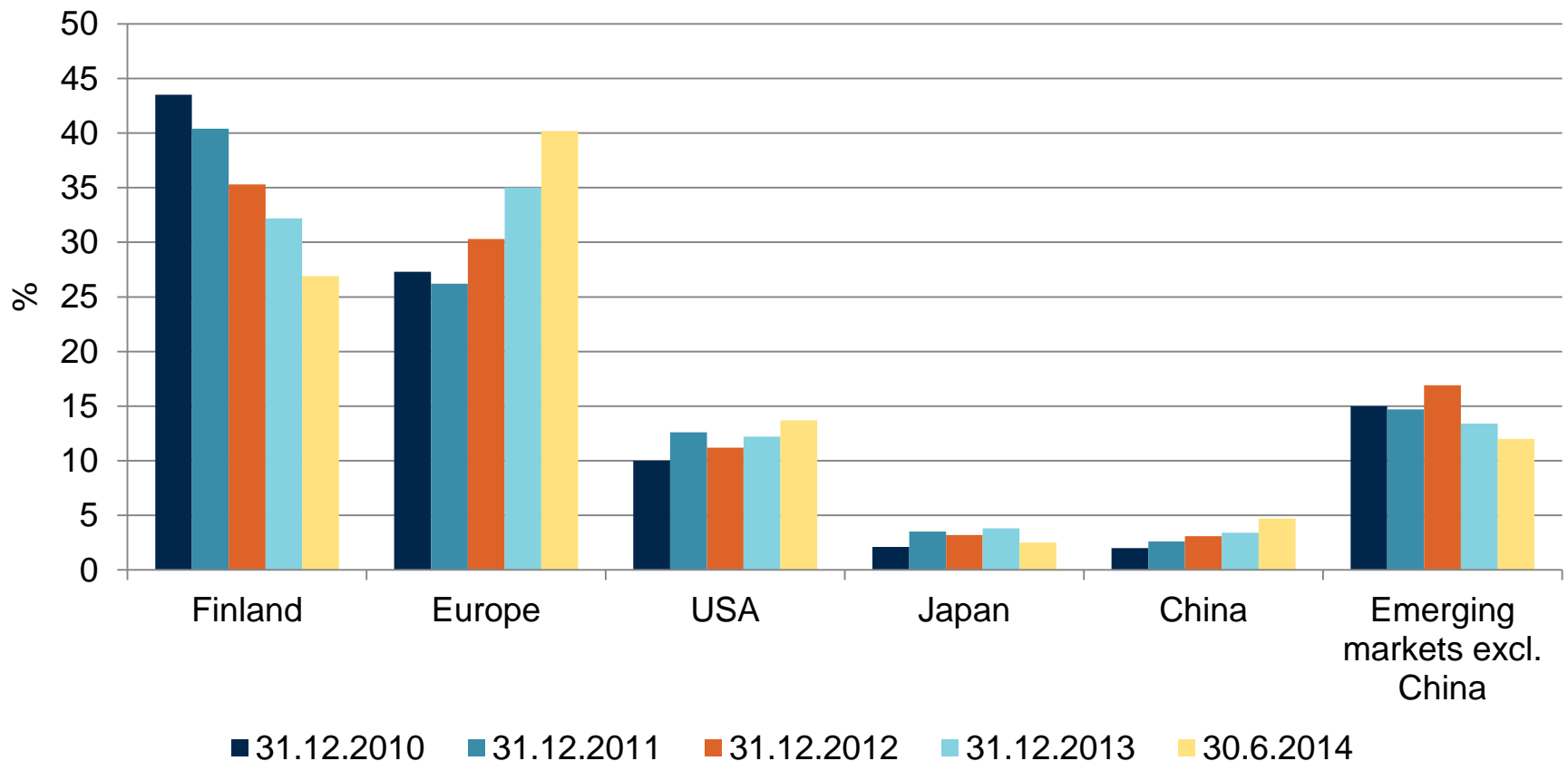
INCREASING SLIGHTLY

Asset allocation development



EUROPEAN EQUITIES & SHARES INCREASING

Geographical breakdown of listed equities



FINNISH EQUITY HOLDINGS

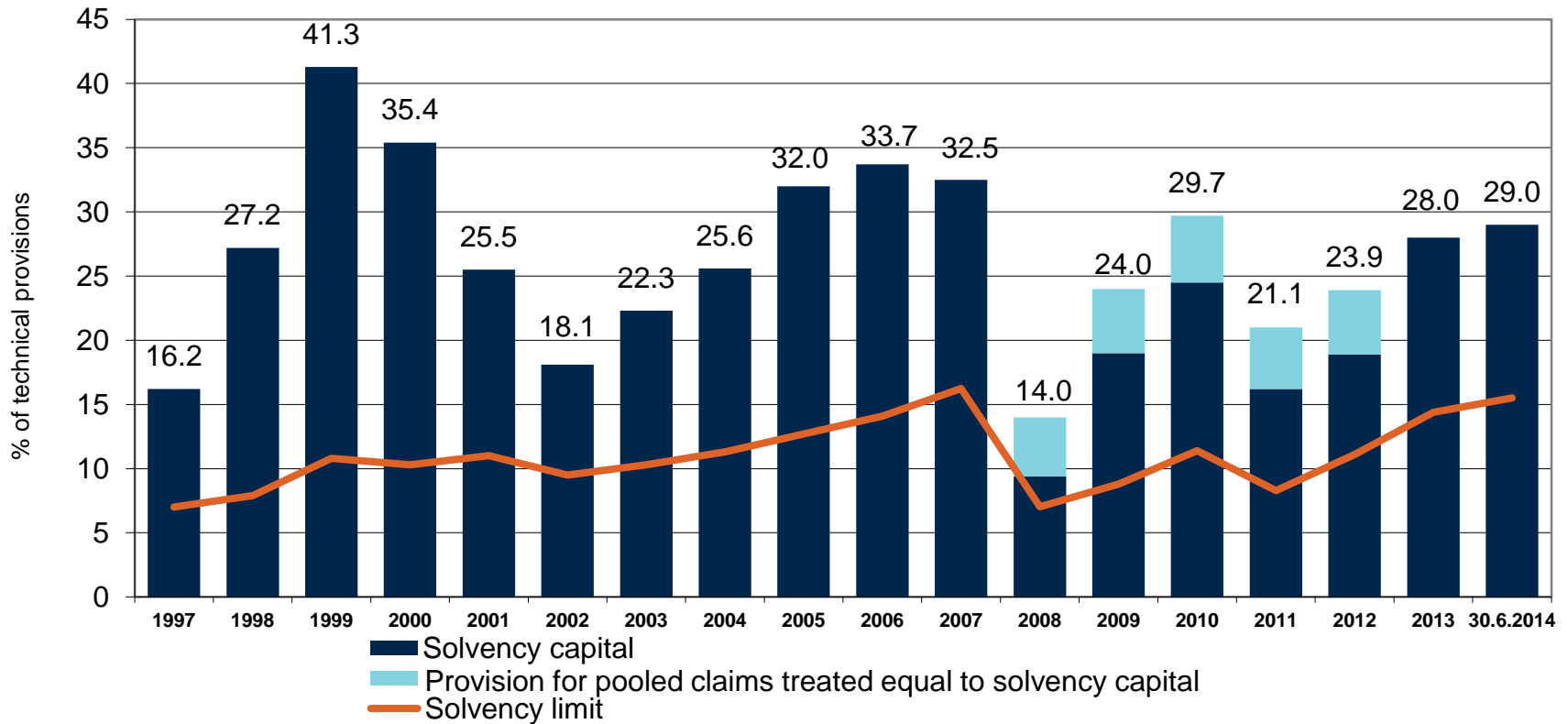
CLOSE TO EUR 3 BILLION

Most significant Finnish equity holdings

| EUR million | 30 June 2014 | 31 Dec 2013 | Percentage | 30 June 2014 | 31 Dec 2013 |
|---------------------------|-----------------|----------------|----------------------|-----------------|----------------|
| ↓ Nokia Corporation | 314.9 | 351.2 | ↑ Digia Plc | 12.18 | 9.55 |
| ↑ Sampo plc | 200.8 | 151.4 | Basware Corporation | 11.30 | 11.30 |
| ↓ Kone Corporation | 172.1 | 196.0 | ↓ PKC Group Plc | 10.94 | 10.97 |
| ↑ UPM-Kymmene Corporation | 143.2 | 127.3 | Suominen Corporation | 10.66 | 10.66 |
| ↑ Metso Corporation | 130.3 | 94.3 | ↑ Finnlines plc | 10.58 | 10.58 |
| ↓ Fortum Corporation | 120.1 | 122.3 | ↓ Technopolis Plc | 10.41 | 10.44 |
| ↑ Wärtsilä Corporation | 113.3 | 111.9 | ↑ Talentum Plc | 9.73 | 9.73 |
| ↑ Citycon Oyj | 106.2 | 101.0 | ↓ Tikkurila Oyj | 9.07 | 10.25 |
| ↓ Nokian Tyres plc | 99.4 | 112.2 | ↓ CapMan Plc | 8.32 | 8.42 |
| ↑ Outotec Oyj | 82.4 | 73.3 | Martela Corporation | 8.07 | 8.07 |

SOLVENCY STRENGTHENED

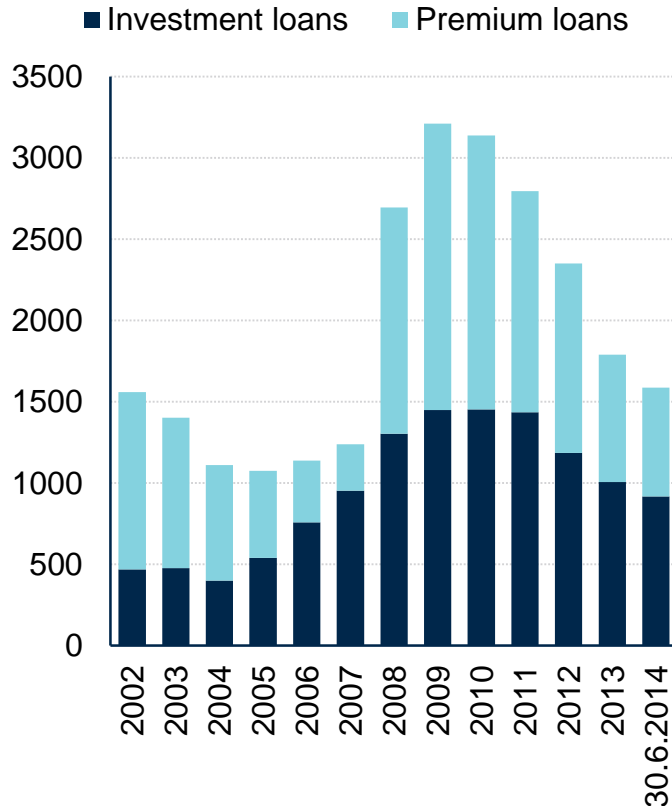
Solvency development



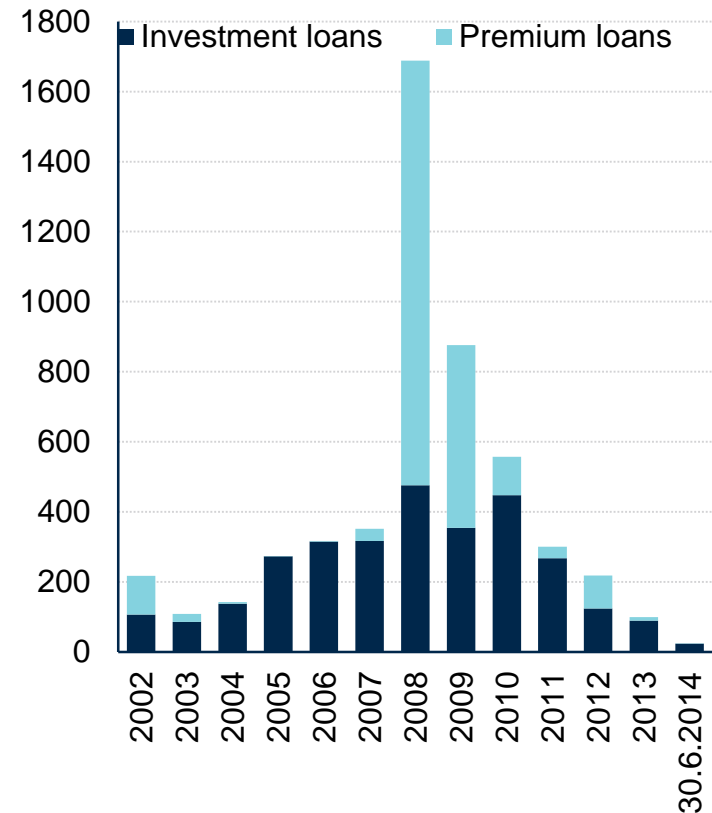
On 30 June 2014, the solvency ratio was 29.0 per cent (ratio of solvency capital to technical provisions). The solvency position was 1.9 (solvency ratio in relation to the solvency limit).

DEMAND FOR CORPORATE CREDITS DECLINING

Breakdown of loan portfolio, EUR mill.



Loan draw-downs by type, EUR mill.





Key figures and tables

KEY FIGURES

| | 1 January– 30 June 2014 | 1 January– 30 June 2013 | 1 January– 31 Dec 2013 |
|--|----------------------------|----------------------------|---------------------------|
| Premiums written, EUR mill. | 2,066 | 2,044 | 4,087 |
| Net investment return at current value, EUR mill. | 1,121 | 892 | 2,915 |
| ROCE, % | 3.4 | 3.0 | 9.8 |
| | 30.6.2014 | 30.6.2013 | 31.12.2013 |
| Technical provisions, EUR mill. | 27,990 | 26,293 | 27,189 |
| Solvency capital, EUR mill. | 7,536 | 5,986 | 7,123 |
| % of technical provisions ¹⁾ | 29.0 | 24.3 | 28.0 |
| in relation to solvency limit | 1.9 | 1.8 | 1.9 |
| Equalisation provision, EUR mill. | 996 | 977 | 971 |
| Pension assets, EUR mill. ²⁾ | 33,469 | 30,581 | 32,513 |
| TyEL payroll, EUR mill. ³⁾ | 16,797 | 16,893 | 16,843 |
| YEL payroll, EUR mill. ³⁾ | 1,489 | 1,437 | 1,433 |

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

2) Technical provisions + differences between current and book value

3) Estimated TyEL and YEL payroll for the whole year

SOLVENCY CAPITAL

% of the technical provisions
used in calculating the
solvency limit

| | 30 June 2014 | 30 June 2013 | 31 Dec 2013 |
|--|-----------------|-----------------|----------------|
|--|-----------------|-----------------|----------------|

| | | | |
|---|------|------|------|
| Solvency limit | 15.5 | 13.5 | 14.4 |
| Maximum solvency capital | 61.9 | 54.0 | 57.8 |
| Solvency before equalisation provision | 25.2 | 19.6 | 24.2 |
| Solvency capital (solvency ratio) | 29.0 | 24.3 | 28.0 |

BREAKDOWN OF INVESTMENTS AT CURRENT VALUE

| According to the income recommendation | Basic breakdown | | | | | | Risk breakdown | | | |
|--|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|--------------|--------------|
| | 30 June 2014 | | 30 June 2013 | | 31 Dec 2013 | | 30 June 2014 | | 30 June 2013 | 31 Dec 2013 |
| | EUR mill. | % | EUR mill. | % | EUR mill. | % | EUR mill. | % | % | % |
| Fixed income investments | 14,637.7 | 43.7 | 14,128.5 | 46.1 | 14,313.9 | 44.4 | 12,632.4 | 37.7 | 34.0 | 41.5 |
| Loan receivables ¹⁾ | 1,587.1 | 4.7 | 2,131.5 | 7.0 | 1,789.1 | 5.5 | 1,587.1 | 4.7 | 7.0 | 5.5 |
| Bonds | 12,655.5 | 37.8 | 10,453.6 | 34.1 | 11,836.7 | 36.7 | 5,657.1 | 16.9 | 26.4 | 20.4 |
| Other money market instruments and deposits ^{1) 2)} | 395.1 | 1.2 | 1,543.4 | 5.0 | 688.1 | 2.1 | 5,388.2 | 16.1 | 0.6 | 15.6 |
| Equity investments | 13,597.1 | 40.6 | 11,320.0 | 37.0 | 12,843.0 | 39.8 | 14,824.7 | 44.3 | 39.0 | 42.9 |
| Listed equities and shares ³⁾ | 10,898.3 | 32.6 | 8,889.9 | 29.0 | 10,323.3 | 32.0 | 12,123.3 | 36.2 | 31.0 | 35.1 |
| Private equity ⁴⁾ | 1,582.0 | 4.7 | 1,422.4 | 4.6 | 1,458.3 | 4.5 | 1,582.0 | 4.7 | 4.6 | 4.5 |
| Unlisted equities and shares ⁵⁾ | 1,116.7 | 3.3 | 1,007.7 | 3.3 | 1,061.4 | 3.3 | 1,119.4 | 3.3 | 3.3 | 3.3 |
| Real estate investments | 3,654.6 | 10.9 | 3,564.9 | 11.6 | 3,644.1 | 11.3 | 3,654.6 | 10.9 | 11.6 | 11.3 |
| Direct real estate investments | 3,140.7 | 9.4 | 3,029.4 | 9.9 | 3,101.3 | 9.6 | 3,140.7 | 9.4 | 9.9 | 9.6 |
| Real estate funds and joint investments | 513.9 | 1.5 | 535.5 | 1.7 | 542.8 | 1.7 | 513.9 | 1.5 | 1.7 | 1.7 |
| Other investments | 1,588.9 | 4.7 | 1,603.6 | 5.2 | 1,469.2 | 4.6 | 1,961.7 | 5.9 | 4.2 | 5.0 |
| Hedge fund investments ⁶⁾ | 435.6 | 1.3 | 383.0 | 1.3 | 409.4 | 1.3 | 435.6 | 1.3 | 1.3 | 1.3 |
| Commodity investments | 2.9 | 0.0 | 5.9 | 0.0 | 7.8 | 0.0 | -4.1 | 0.0 | -1.1 | -0.1 |
| Other investments ⁷⁾ | 1,150.4 | 3.4 | 1,214.8 | 4.0 | 1,052.0 | 3.3 | 1,530.2 | 4.6 | 4.1 | 3.8 |
| Investments total | 33,478.3 | 100.0 | 30,617.0 | 100.0 | 32,270.2 | 100.0 | 33,073.5 | 98.8 | 88.8 | 100.7 |
| Effect of derivatives | | | | | | | 404.8 | 1.2 | 11.2 | -0.7 |
| Investment at current value | 33,478.3 | 100.0 | 30,617.0 | 100.0 | 32,270.2 | 100.0 | 33,478.3 | 100.0 | 100.0 | 100.0 |

The modified duration of bond investments on 30 June 2014 was -0.1 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 2014

| | Capital employed ⁹⁾ | Capital employed ⁹⁾ | ROCE | ROCE | ROCE |
|---|-----------------------------------|-----------------------------------|------------|-------------------|------------------|
| | EUR mill. | 30 June 2014 EUR mill. | % | 30 June 2013 % | 31 Dec 2013 % |
| Fixed income investments total | 320.7 | 14,616.3 | 2.2 | 1.6 | 4.5 |
| Loan receivables ¹⁾ | 36.2 | 1,686.5 | 2.1 | 2.0 | 4.0 |
| Bonds | 262.7 | 12,147.6 | 2.2 | 1.9 | 5.3 |
| Other money market instruments and deposits ^{1) 2)} | 21.8 | 782.2 | 2.8 | -0.7 | 0.0 |
| Equity investments total | 711.1 | 12,846.4 | 5.5 | 6.3 | 20.9 |
| Listed equities and shares ³⁾ | 538.9 | 10,311.0 | 5.2 | 5.1 | 21.9 |
| Private equity ⁴⁾ | 89.4 | 1,481.6 | 6.0 | 4.0 | 9.8 |
| Unlisted equities and shares ⁵⁾ | 82.8 | 1,053.8 | 7.9 | 22.8 | 28.6 |
| Real estate investments | 89.6 | 3,604.9 | 2.5 | 2.1 | 4.8 |
| Direct real estate investments | 74.2 | 3,074.5 | 2.4 | 2.4 | 5.0 |
| Real estate funds and joint investments | 15.4 | 530.5 | 2.9 | 0.3 | 3.2 |
| Other investments | 11.6 | 1,517.2 | 0.8 | -4.0 | -5.8 |
| Hedge fund investments ⁶⁾ | 14.6 | 418.6 | 3.5 | 5.3 | 5.6 |
| Commodity investments ⁷⁾ | -0.1 | 6.8 | | | |
| Other investments | -2.9 | 1,091.8 | | | |
| Investments total | 1,133.0 | 32,584.8 | 3.5 | 3.1 | 9.9 |
| Unallocated income, costs and operating expenses | -11.8 | | | | |
| Net investment return at current value | 1,121.2 | 32,584.8 | 3.4 | 3.0 | 9.8 |

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.

FOR A BETTER
LIFE



ILMARINEN