

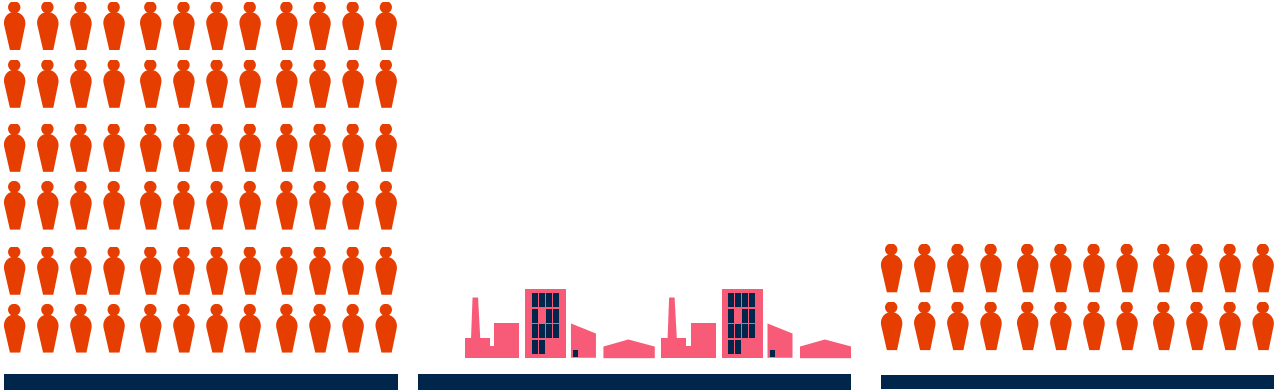
FINANCIAL STATEMENTS 2015

Timo Ritakallio, President and CEO
Press Conference 19 February 2016



ILMARINEN

ILMARINEN TAKES CARE OF THE PENSION COVER OF CLOSE TO 900,000 FINNS



500,500
employees

38,400
companies

61,900
self-employed persons

PENSION CONTRIBUTIONS

For pension payments to 323,000 pensioners

For investments in future pensions

CLIENT BONUSES AT A RECORD LEVEL

2015

YEAR

Return on investments

6.0 %

Value of investment assets

35.8 EUR bn

Solvency ratio

29.6 %

Operational efficiency

75.5 %

Client bonuses

98

M€, which is 0.6% of payroll

Solvency capital

8.2 EUR bn

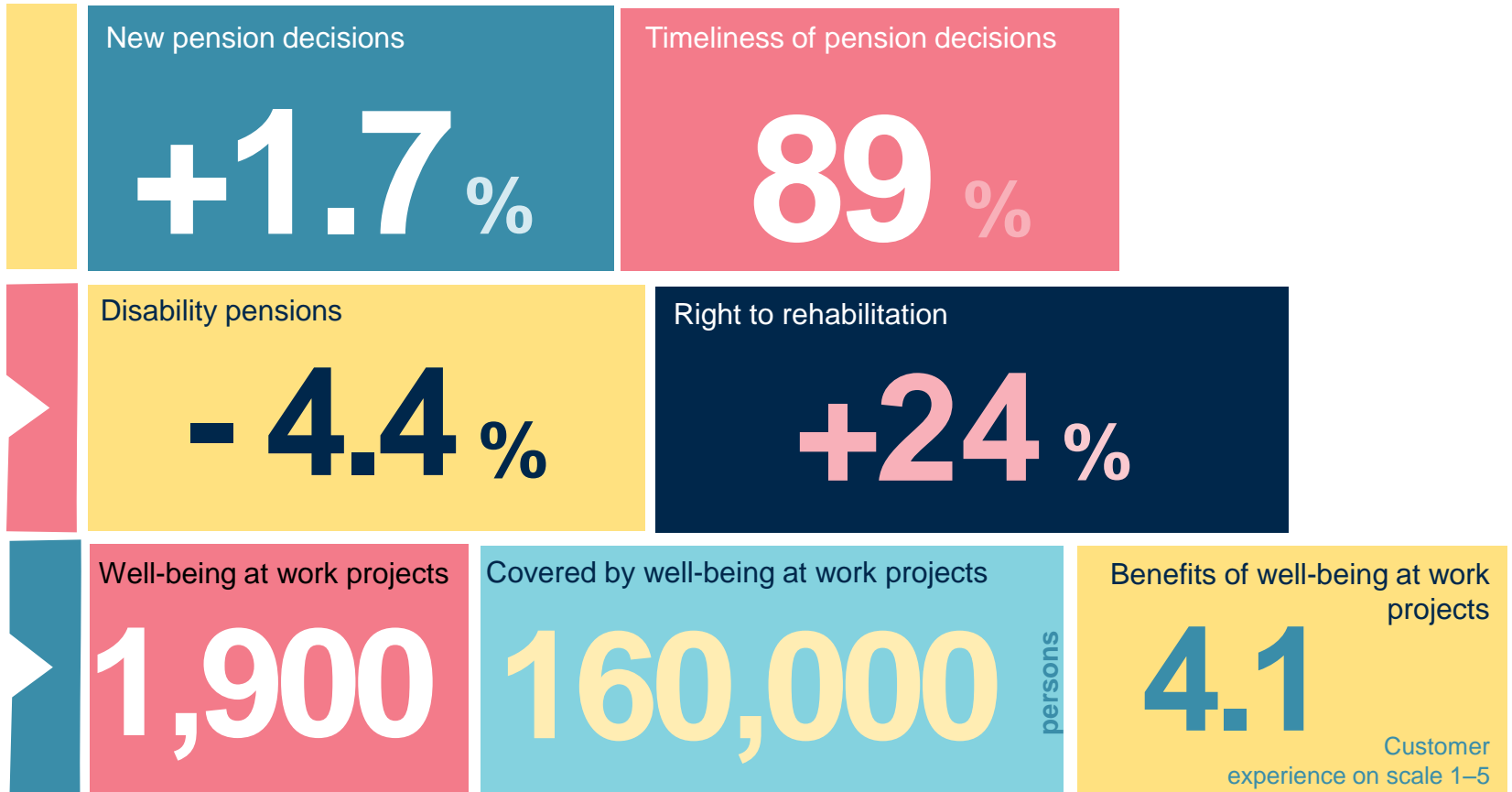
Pension expenditure

4.4 EUR bn

Premiums written

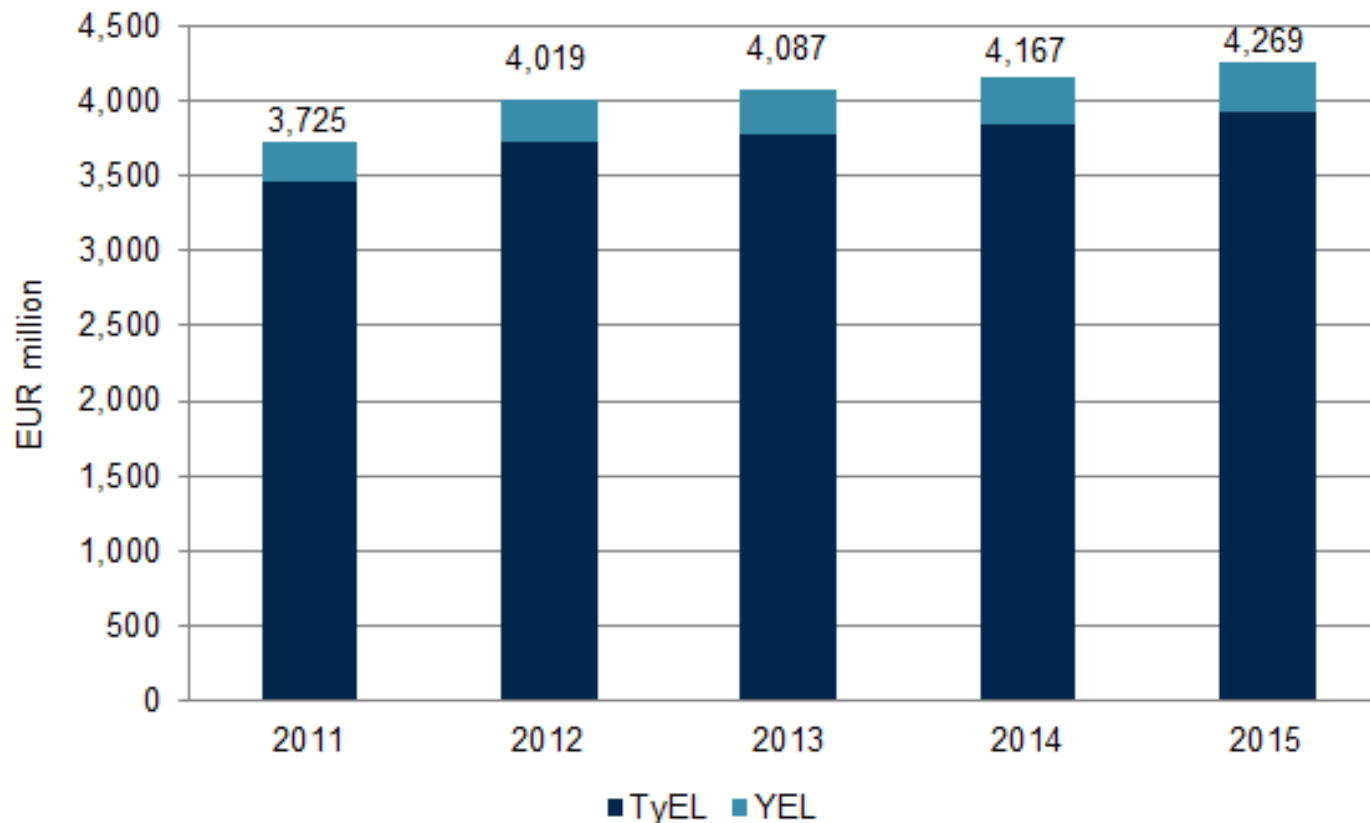
4.3 EUR bn

REHABILITATION DECISIONS INCREASED BY A QUARTER



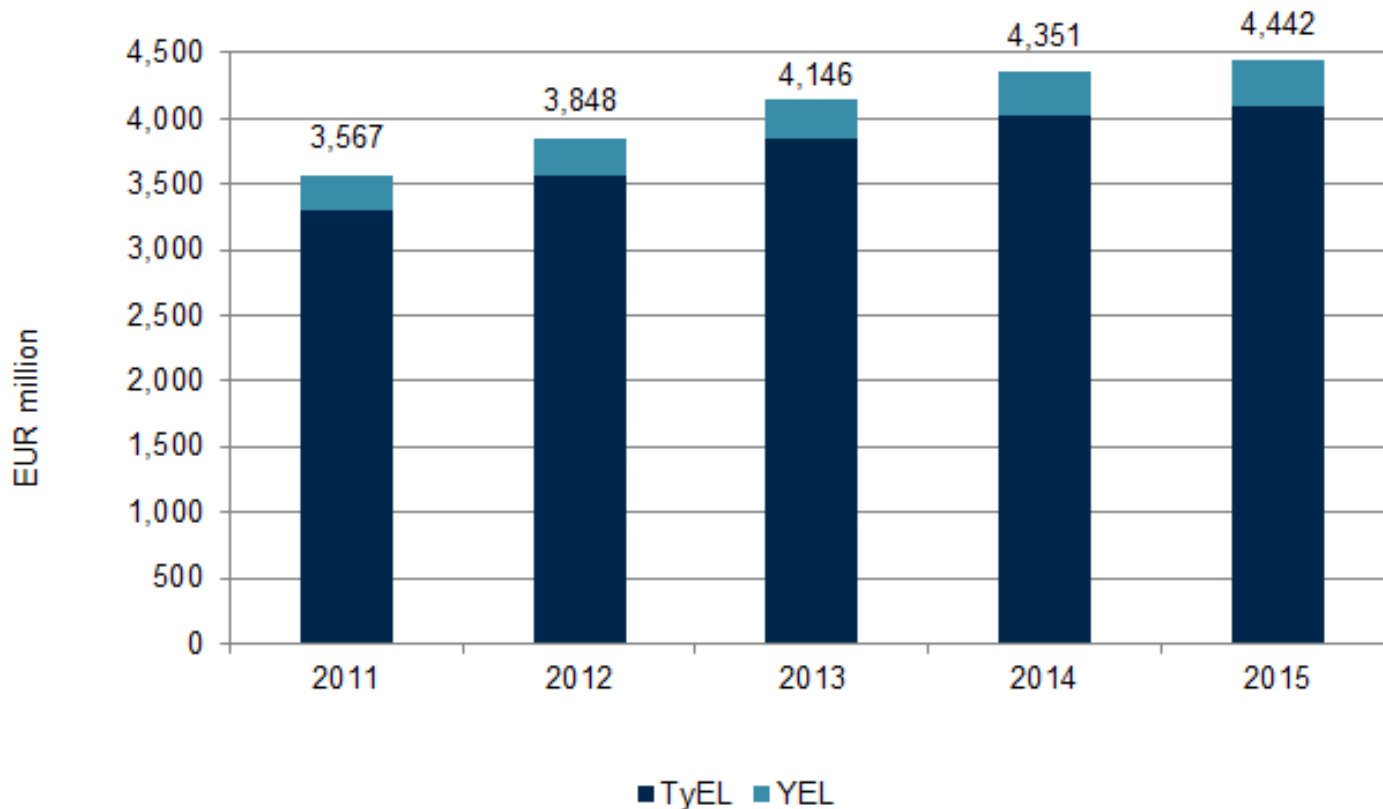
PREMIUMS WRITTEN CONTINUING TO GROW...

Premiums written



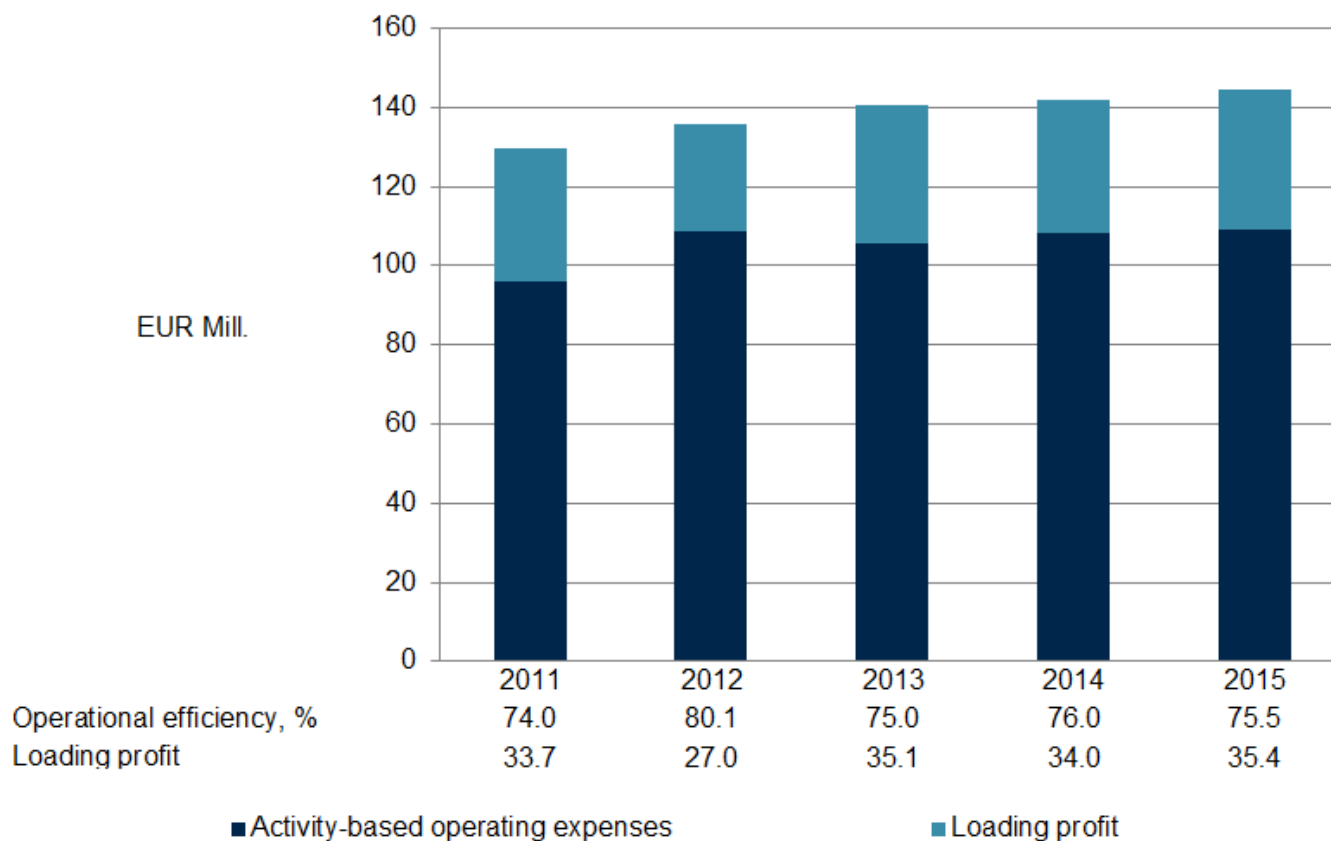
... BUT PENSION EXPENDITURE GROWING FASTER

Pensions paid



OPERATIONAL EFFICIENCY 75.5%

Loading profit and operational efficiency



CLIENT BONUSES AT A RECORD LEVEL

	2015	2014	2013	2012	2011
Solvency capital, EUR mill.	8,244	7,904	7,123	5,752	4,809
Loading profit, EUR mill.	35	34	35	27	34
Transfer to client bonuses, EUR mill.	98	93	86	62	55
Transfer to client bonuses of TyEL payroll, %	0.6	0.6	0.5	0.4	0.3
Transfer to client bonuses per continuous TyEL employment contract, EUR	196	182	163	117	107

REHABILITATION ON THE RISE

	2015	2014	Change, %
New pension decisions			
Old-age pensions	10,627	10,195	4.2
Early old-age pensions	7	170	-95.9
Part-time pensions	618	512	20.7
Disability pensions	5,650	5,911	-4.4
Survivors' pensions	2,827	3,158	-10.5
Right to rehabilitation	3,084	2,480	24.4
New pension decisions, total	22,813	22,426	1.7
Pension decisions, total	41,293	41,335	-0.1

WELL-BEING AT WORK SERVICES IN 2015

- 1,914 well-being at work projects together with customers (2014: 1,800)
- Close to 160,000 (130,000) people covered by well-being at work projects
- Customers' willingness to recommend 9.3 (9.5) (on a scale of 0–10)
- Customer-perceived benefits of co-operation 4.1 (4.2) (on a scale of 1–5, “very good”)
- Actual costs of well-being at work promises MEUR 10.04 (MEUR 10.34)



PENSION PROCESSING REVAMPED

- Ilmarinen is implementing a pension processing system based on the earnings-related pension sector's joint pension processing and calculating systems.
- The new system will **automate and significantly speed up** the processing of pension applications.
- However, during the implementation phase this year, there will be **temporary delays** in pension decisions, partly also due to the implementation of the pension reform.
- Ilmarinen has traditionally issued pension decisions faster than the other companies – that will be the company's **goal** in the future too.

*New in 2016: electronic pension
Applications for all pension types*



ILMARINEN'S VISION 2020

MOST ATTRACTIVE EARNINGS-RELATED PENSION PARTNER

WE RECOGNISE CHANGES

- Customers' expectations: convenience and personal service
- Digitalisation: enabler of new services
- Changing sources of growth: self-employment rising and renewal of working life
- Competitive setting: new types of players in the field, significance of brands increasing

FOCAL AREAS 2016–2020

- Offering digital services
- Growing profitably
- Investing successfully
- Energising our work community

OUR GOALS IN 2020

- Best customer experience
- Stronger market position
- Efficient operations
- Strong solvency

OUR BASIC TASK

is to ensure that the personnel of our client companies receive the pension they earned from employment.

OPENNESS RESPONSIBILITY SUCCESS THROUGH TEAMWORK

WAUHDITTAMO

– OUR NEW APPROACH TO DEVELOPMENT

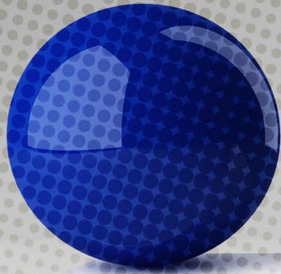
We wish to take on a new role in supporting the growth and success of Finnish companies:

- Agility and efficiency built into the development process
- Genuine customer orientation: engaging customers in the development of services
- We give our customers access to Ilmarinen's expertise to make life easier for companies, self-employed persons and employees
- Building a new, innovative and enterprising culture in the pension insurance sector

www.ilmarinen.fi/wauhdittamo

bolder | faster | together

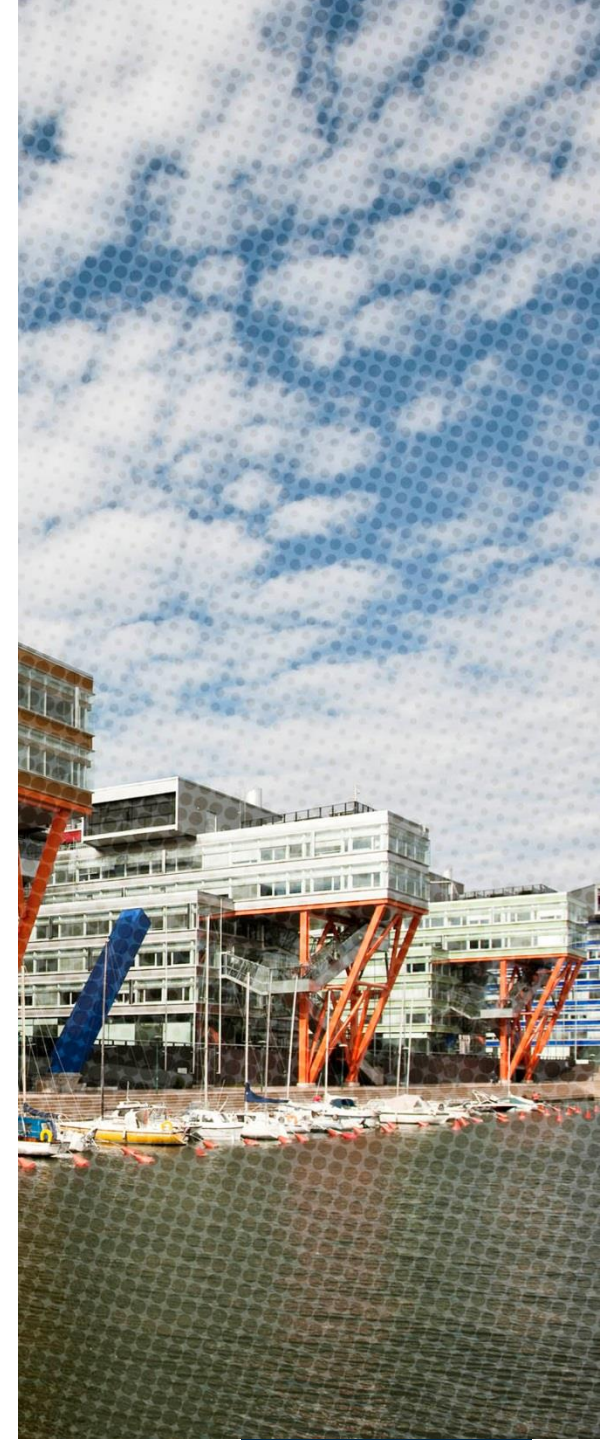




Investments and solvency

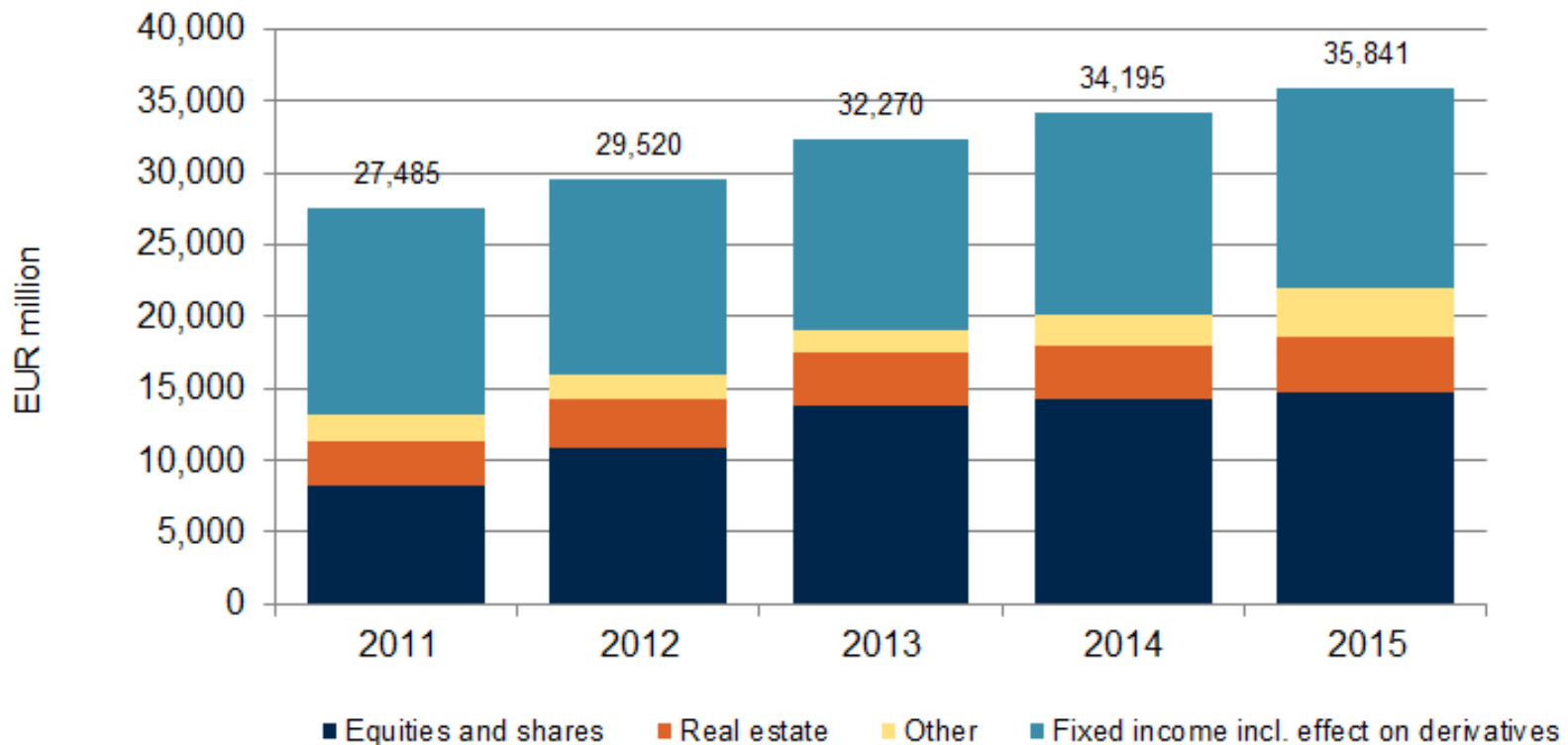
KEY OBSERVATIONS CONCERNING INVESTMENTS IN 2015

- Investors were shaken by uncertainty and concerns about the slowing down of global economic growth particularly in China
- Foreign exchange rates had an exceptionally large impact on investment returns
- Raw material prices fell, adding to market turmoil
- The global economic growth rate fell short of expectations
- Finland's economic development was weak for the fourth year in a row



MARKET VALUE OF INVESTMENTS OVER EUR 35 BILLION

Asset allocation according to risk





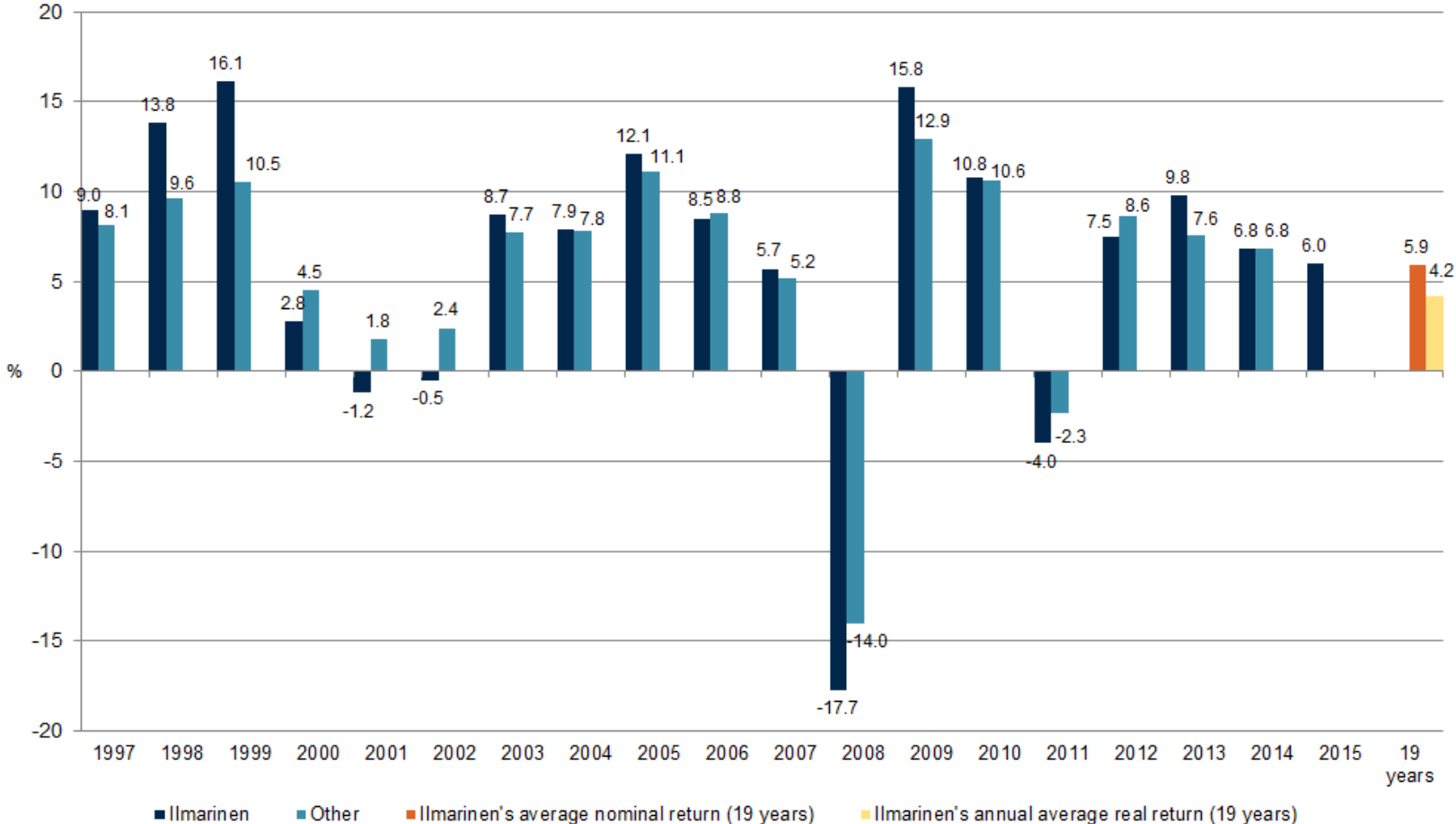
INVESTMENT RETURNS

January–December 2015

- Investment return **6.0%**
 - Return on equity investments **11.6%**
 - Return on fixed income investments **1.2%**
 - Return on real estate investments **7.8%**
- Long-term return at a good level
 - Nominal return **5.9%**
 - Real return **4.2%**
- Solvency **29.6%**

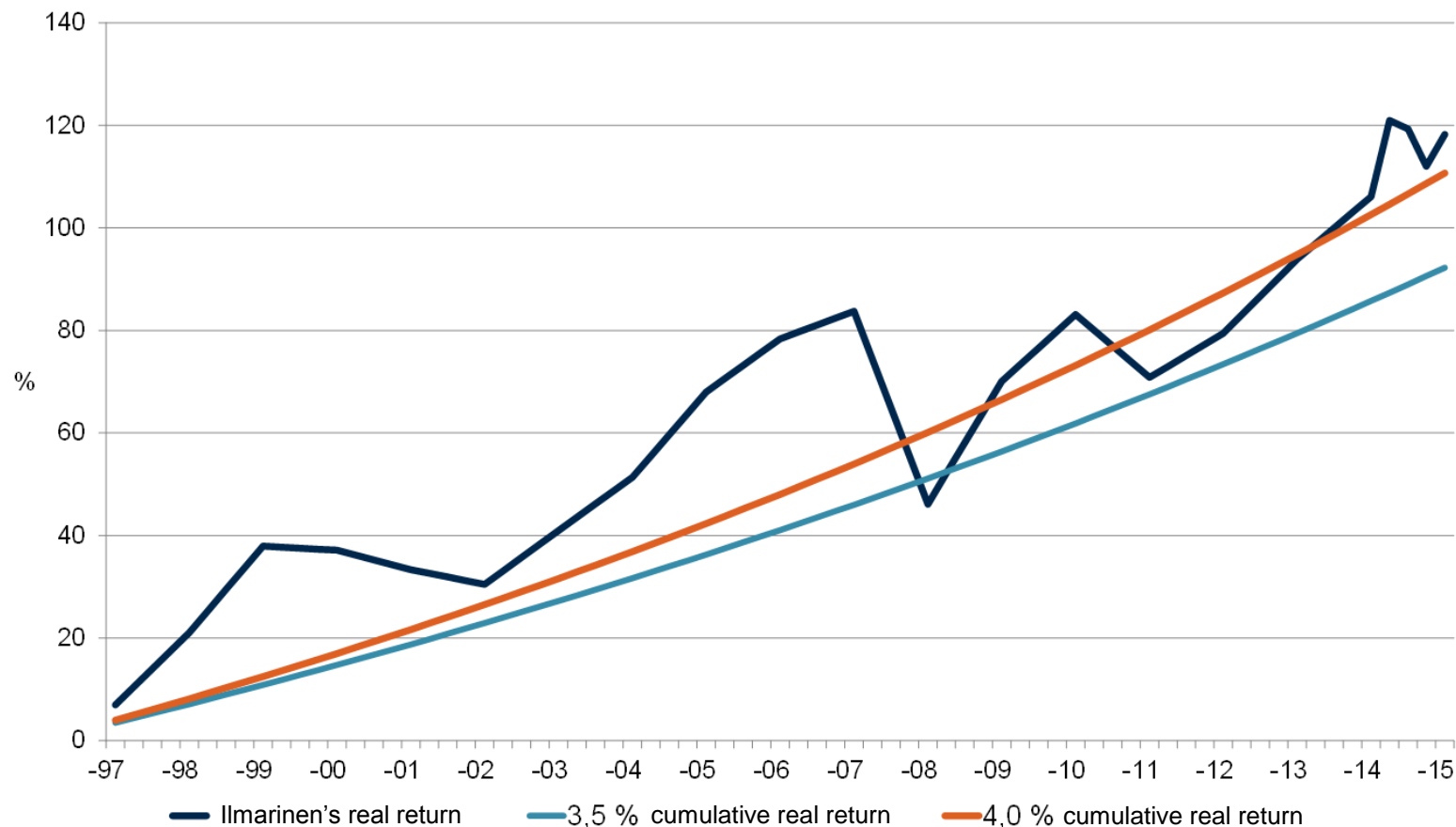
REAL RETURN ON INVESTMENTS IN THE LONG TERM 4.2%

Net investment return at current value



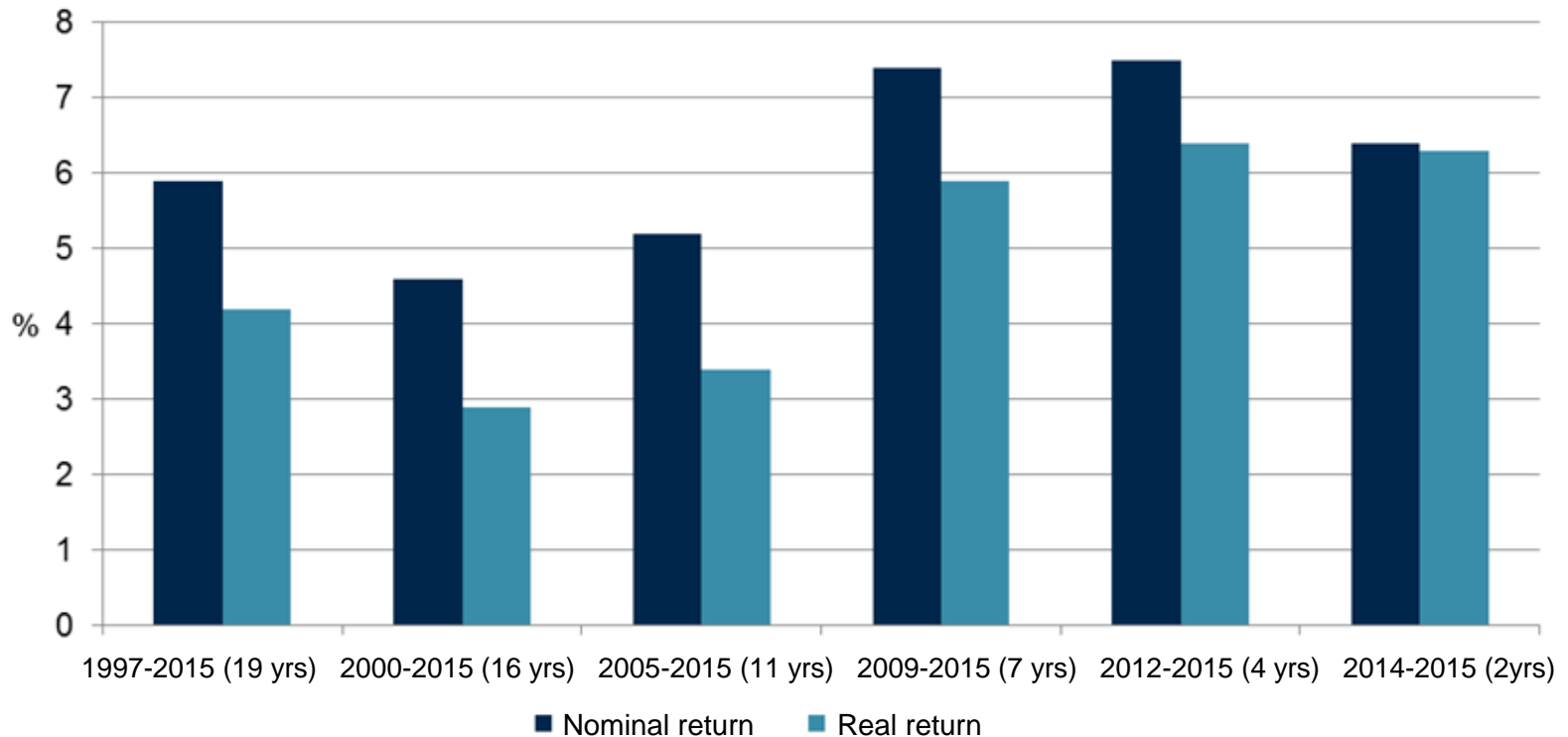
RETURN ON INVESTMENTS ON 4 PER CENT TREND

Cumulative net return on investments 1997–2015



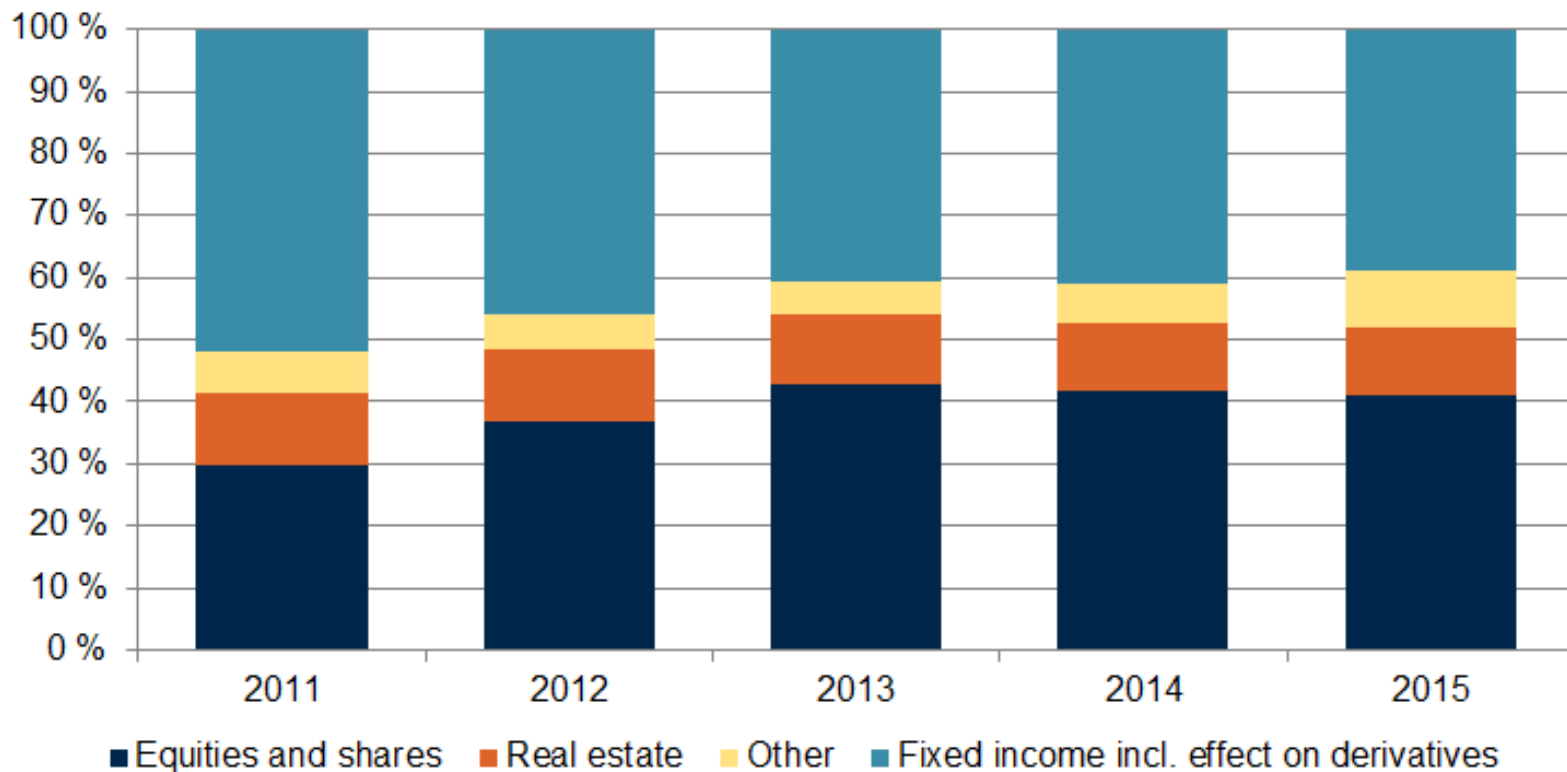
VARYING INVESTMENT RETURNS DEPENDING ON PERIOD

Cumulative return on investments 1997–2015



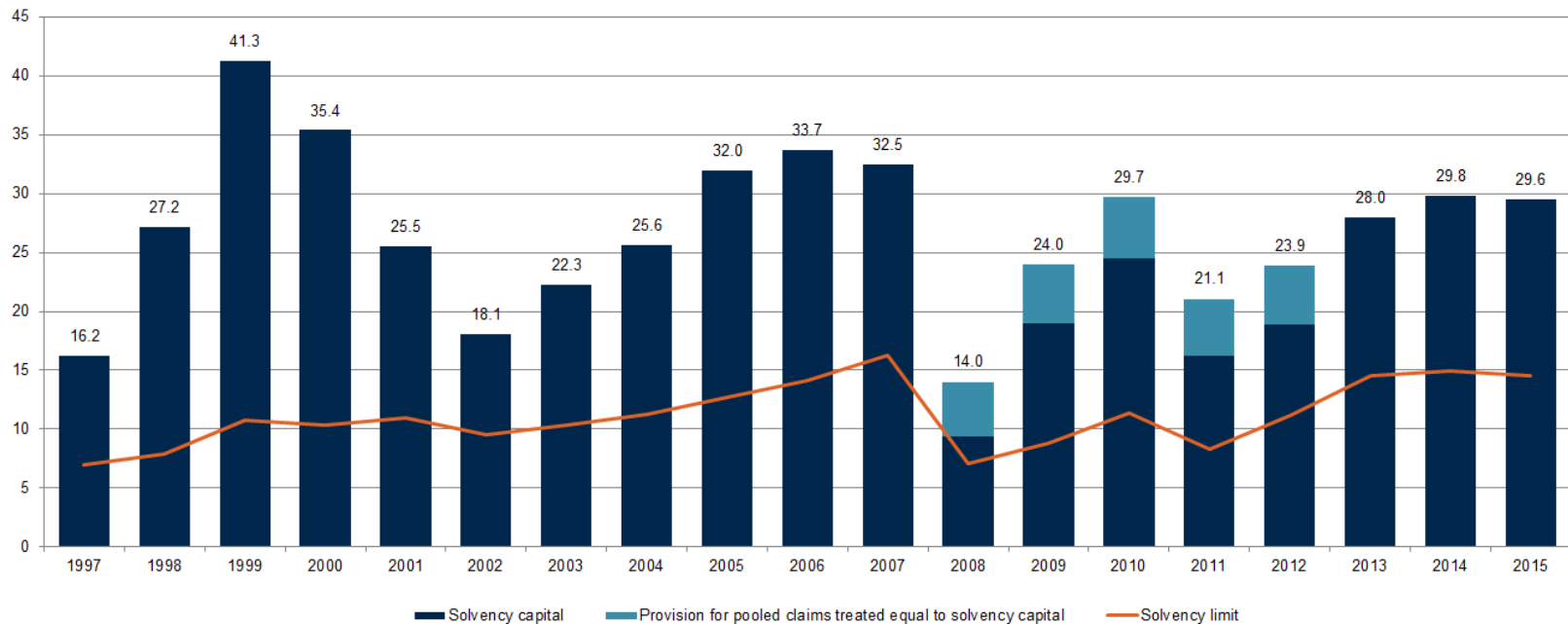
EQUITIES AND SHARES UNCHANGED

Asset allocation according to risk



SOLVENCY REMAINED AT A GOOD LEVEL

Solvency development



On 31 December 2015, the solvency ratio was 2.0 times the solvency limit (31 Dec 2014: 2.0).

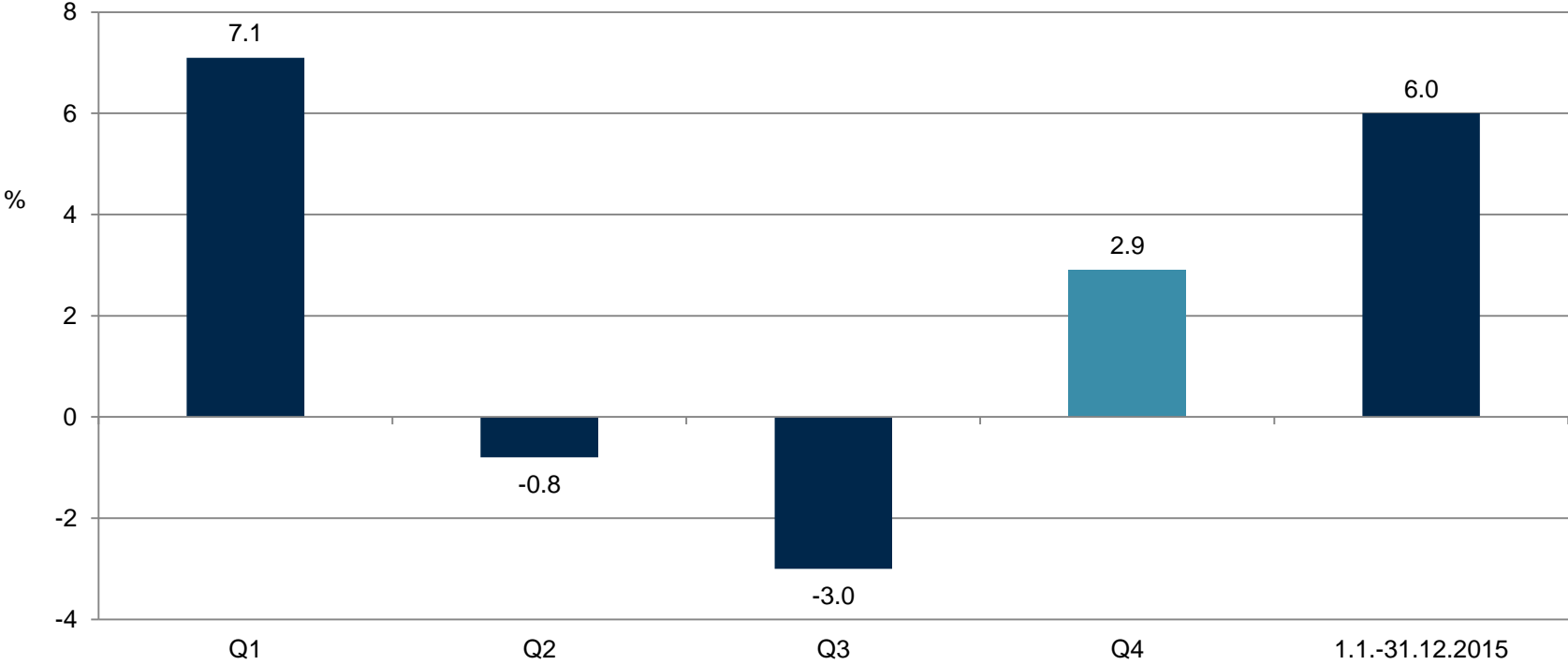
INVESTMENTS IN 2015

Mikko Mursula, Chief Investment Officer



ILMARINEN

QUARTERLY INVESTMENT RETURNS IN 2015



RETURN ON INVESTMENTS 6.0%

Asset allocation and return

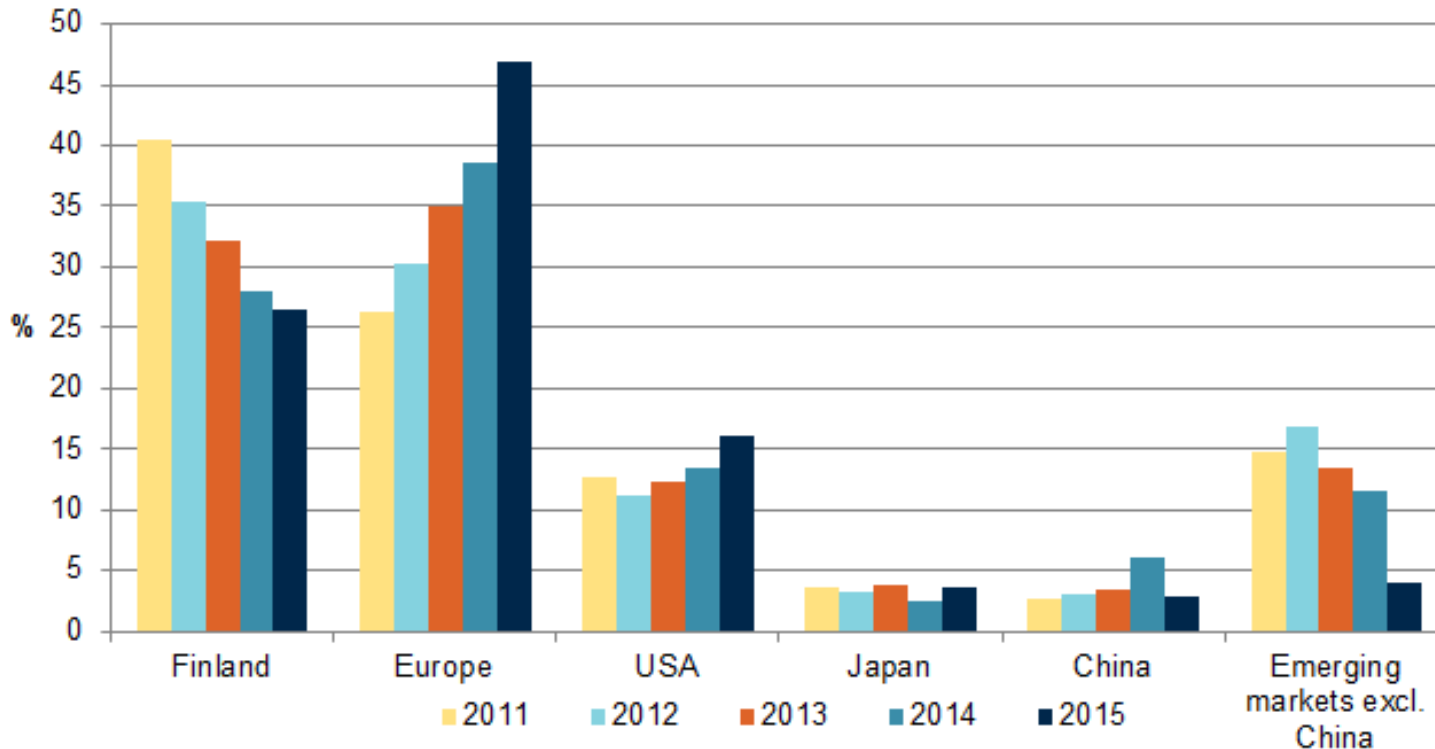
	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
Fixed-income investments	15,564.3	43.4	12,814.2	35.8	1.2	
Loan receivables	1,088.5	3.0	1,088.5	3.0	3.7	
Bonds	14,006.6	39.1	9,765.0	27.2	0.9	
Public corporation bonds	4,245.8	11.8	3,668.5	10.2	0.0	1.8
Other bonds	9,760.7	27.2	6,096.6	17.0	1.3	
Other money market instruments and deposits (incl. investment receivables and payables)	469.3	1.3	1,960.7	5.5	3.5	
Equities and shares	14,398.6	40.2	14,731.0	41.1	11.6	
Listed equities and shares	11,393.6	31.8	11,726.0	32.7	10.6	
Private equity investments	2,003.1	5.6	2,003.1	5.6	21.3	13.7
Non-listed equities and shares	1,001.9	2.8	1,001.9	2.8	4.8	
Real estate investments	3,935.5	11.0	3,935.5	11.0	7.8	
Real estate investments	3,427.8	9.6	3,427.8	9.6	7.0	
Real estate funds and joint investments	507.7	1.4	507.7	1.4	13.0	
Other	1,942.5	5.4	3,288.7	9.2	10.3	
Hedge fund investments	670.8	1.9	670.8	1.9	12.8	
Commodity investments	-7.8	0.0	63.9	0.2	-344.0	7.1
Other investments	1,279.6	3.6	2,554.0	7.1	13.0	
Investments total	35,841.0	100.0	34,769.4	97.0	6.0	4.7
Effect of derivatives			1,071.5	3.0		
Investments at current value			35,841.0	100.0		

The modified duration of bond investments is 0.8 years

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

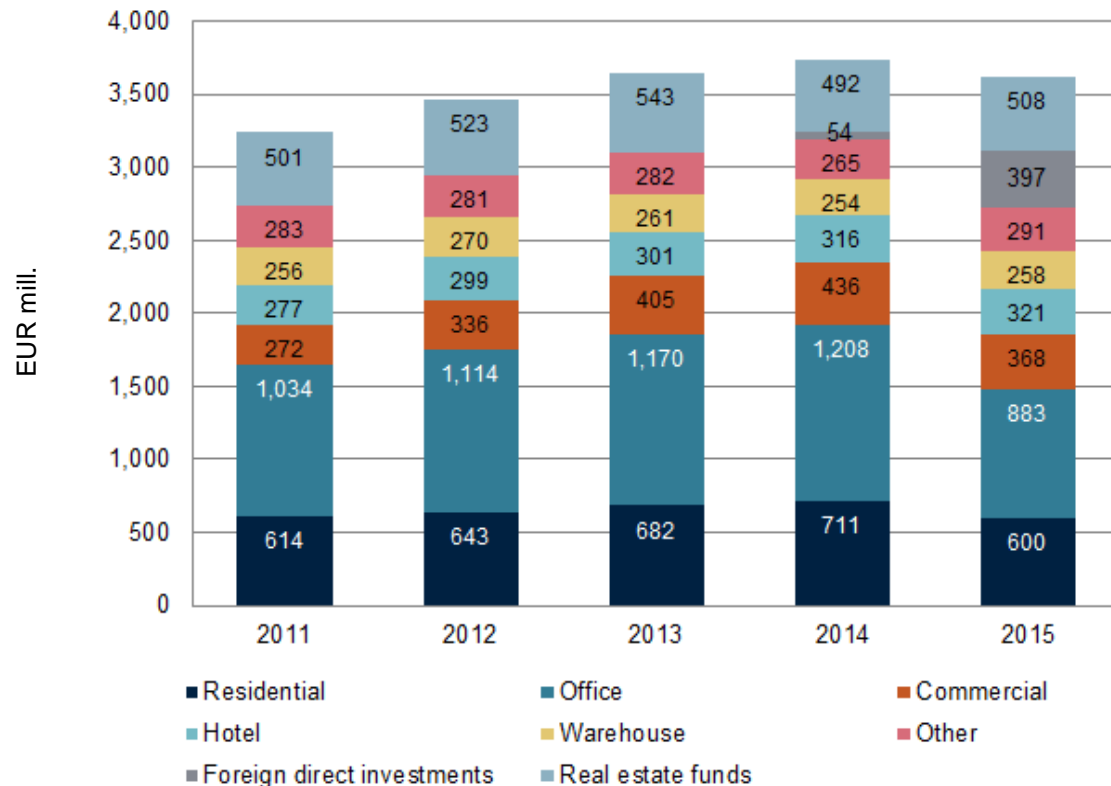
EQUITY INVESTMENTS IN EUROPE AND THE US GROWING

Geographical breakdown of listed equities by market values



SHARE OF FOREIGN REAL ESTATE INVESTMENTS GROWING

Structure of real estate investments



FINNISH EQUITY HOLDINGS CLOSE TO EUR 3.0 BILLION

Most significant Finnish equity holdings

EUR mill.	31 Dec 2015	31 Dec 2014	Percentage	31 Dec 2015	31 Dec 2014
Sampo plc A	218	223	Digia Plc	14.58	14.58
Kone Corporation	188	212	PKC Group Oyj	12.16	12.23
Nokia Corporation	184	359	Basware Corporation	10.76	10.70
Neste Corporation	181	73	Technopolis Plc	10.41	10.41
Wärtsilä Corporation	168	148	CapMan Plc	8.32	8.32
Citycon Oyj	152	117	Martela Corporation	8.07	8.07
Fortum Corporation	143	81	Munksjö Oyj	8.03	5.98
Stora Enso Oyj	143	79	Incap Corporation	7.61	7.61
UPM-Kymmene Corporation	123	176	Componenta Corporation	7.15	7.15
Metsä Board Corporation	112	70	Citycon Oyj	7.13	7.63



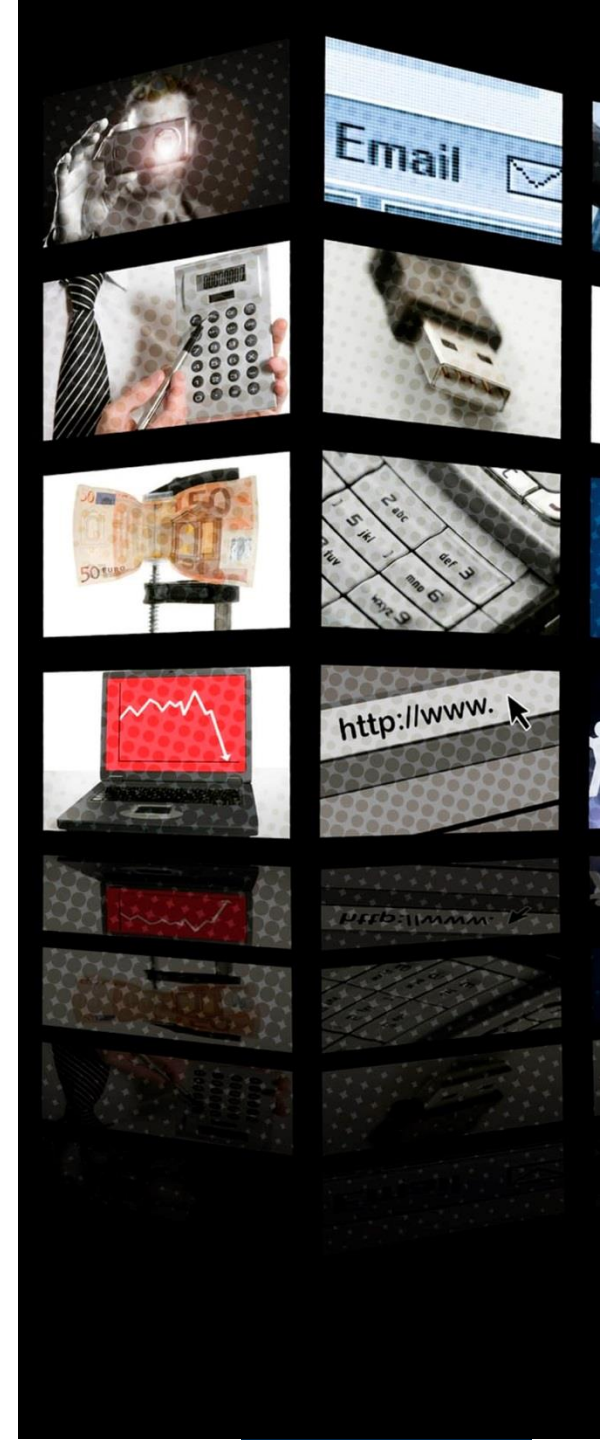
*Investment markets and
economic outlook*

CURRENT MARKET TOPICS

- Market dominated by fear
 - Equities and shares
 - Raw materials
 - Currencies
 - Fixed income; government and corporate bonds
- Pace of deceleration of the Chinese economy and exchange rate
- Economic cycle in the US
- Central banks' willingness and need for stimulus

INVESTMENT OUTLOOK FOR 2016

- Uncertainty and thus market volatility will continue
 - Fixed income and equity markets expecting a downturn → will it materialise?
 - Negative interest rate environment depressing the financial sector
 - Central banks, American consumers and China in the driver's seat
- The record-low interest rate level will continue to guide investors to seek alternatives!



FOR A BETTER LIFE.

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