

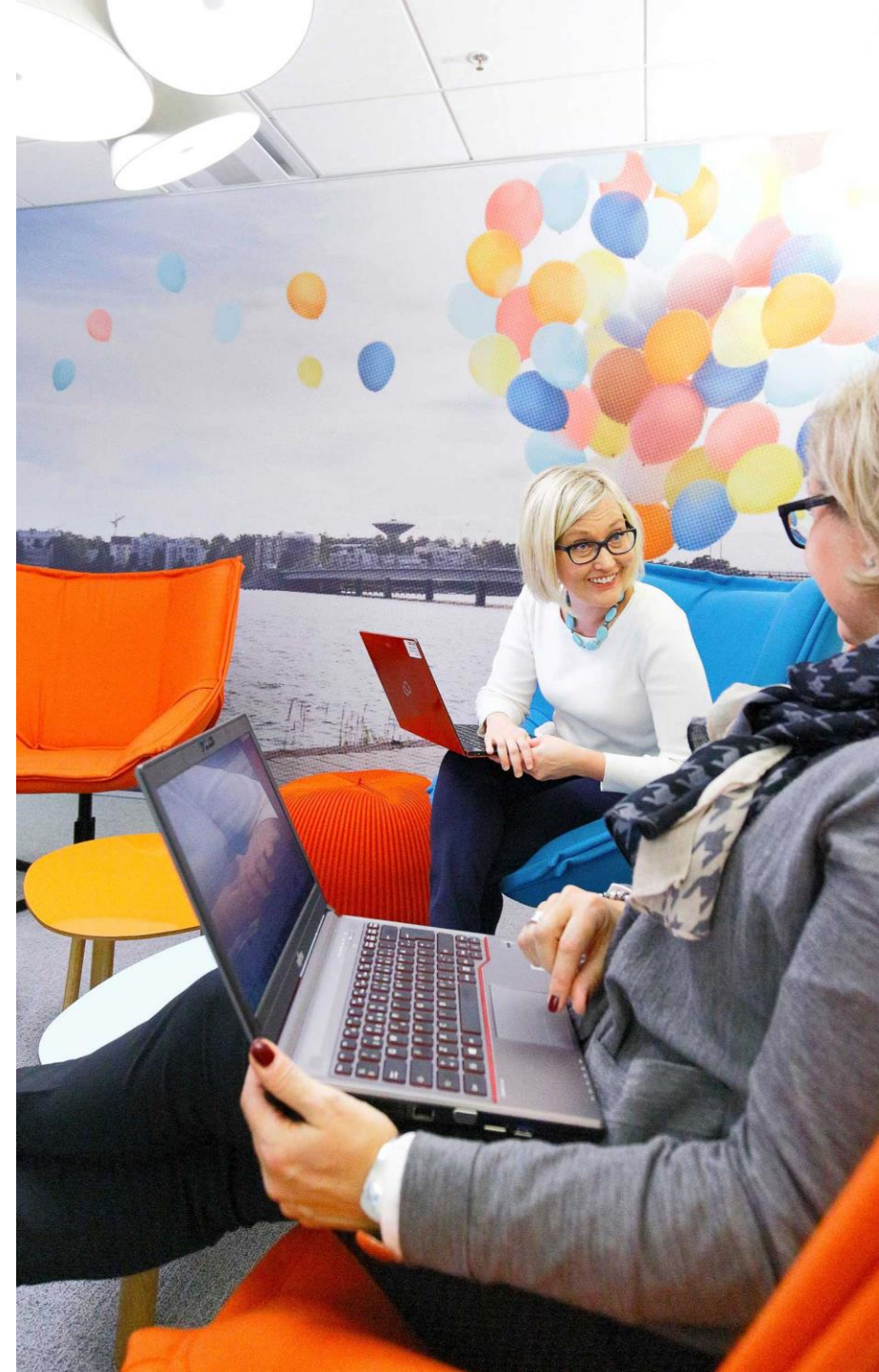
ILMARINEN JANUARY-MARCH 2017

ILMARINEN

PAREMPAA
ELÄMÄÄ,
OLE HYVÄ.

WHAT'S NEW AT ILMARINEN

- Strong growth in customer acquisition in the first quarter
- Pension processing backlog cleared; clearly more pension decisions than a year ago
- Reformed pension scheme off to a smooth start; high level of interest in new partial early old-age pension
- *Parempi vire* mobile app now in use by all our customers
- *Wauhdittamo 2.0*: developing services together with customers continues
- Ilmarinen and Finland100: A hundred deeds for a better working life



KEY OBSERVATIONS ABOUT THE OPERATING ENVIRONMENT

January–March 2017

- Share prices continued to rise
- Interest rate level rose slightly in Q1, but interest rates are still historically low
- Political uncertainty in the markets continued: Elections in Europe; can Trump push his initiatives through?
- Finland's and Europe's growth prospects improved



RISE IN SHARE PRICES

BOOSTED INVESTMENT RETURNS

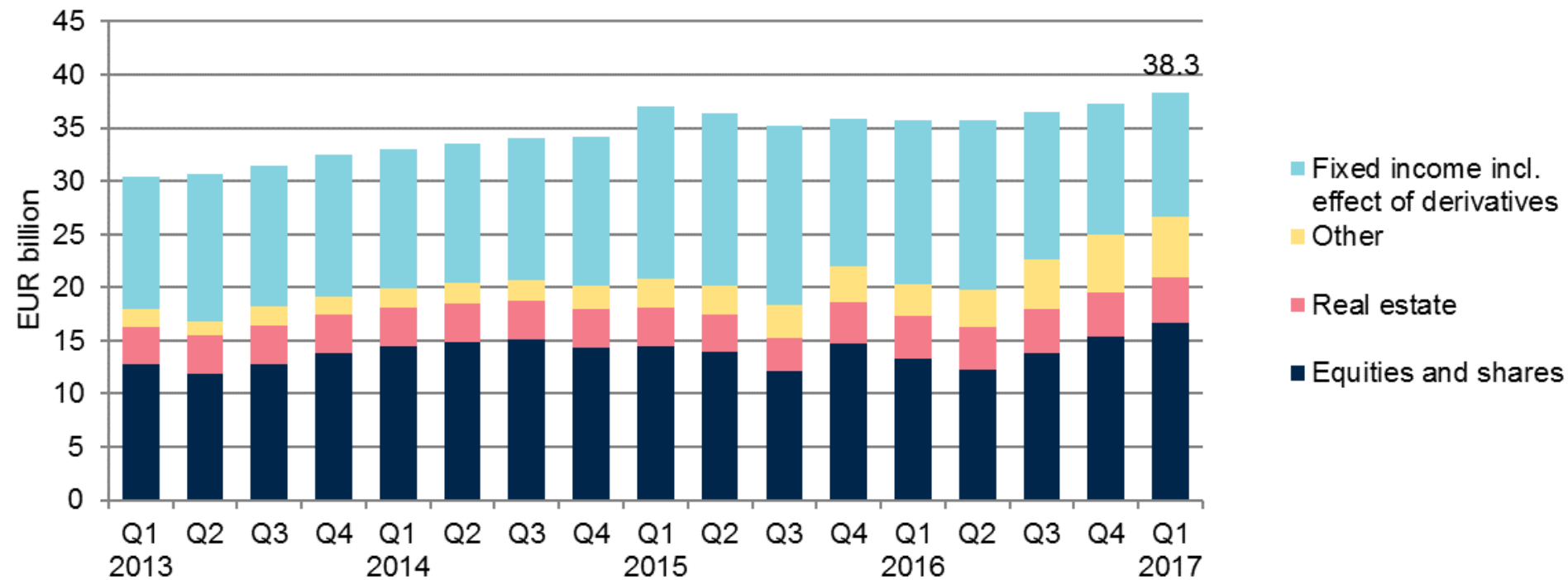
January–March 2017

- Return on investments **2.2%**
 - Return on equity investments **4.9%**
 - Return on fixed income investments **0.8%**
 - Return on real estate investments **1.2%**
- Long-term return at a good level
 - Nominal return **5.9%**
 - Real return **4.2%**
- Solvency strong
 - Solvency ratio **129.7%**



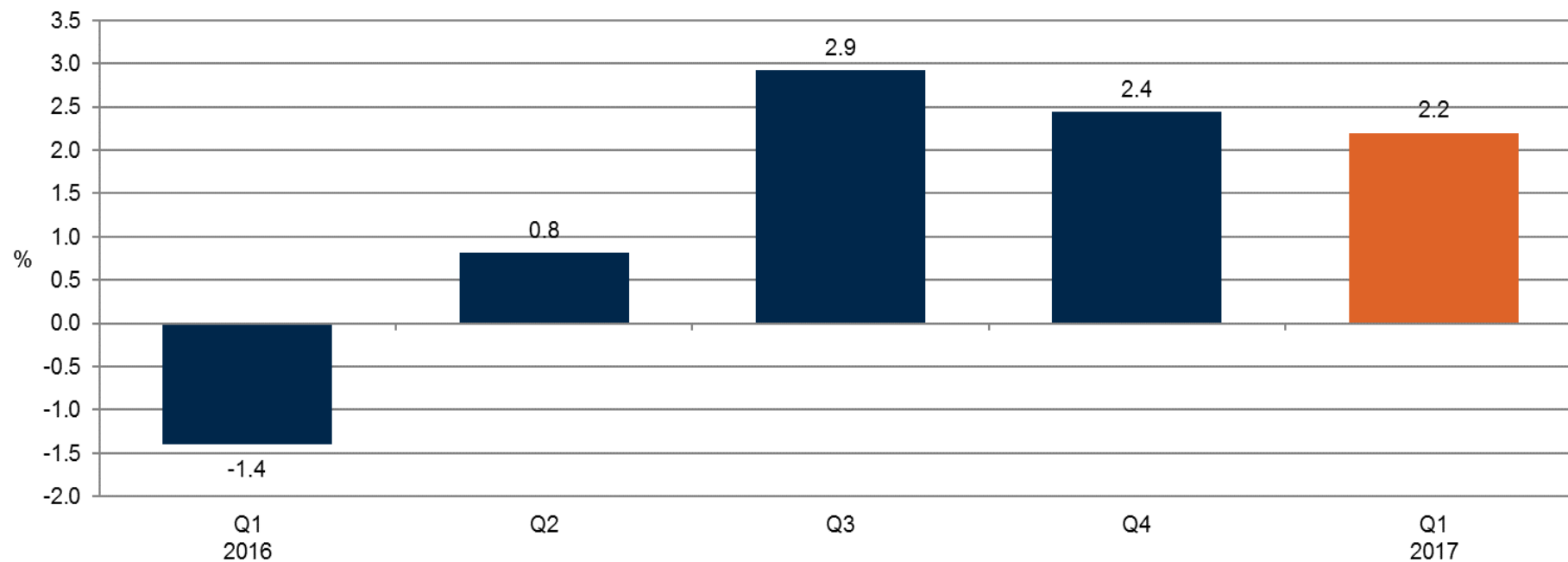
THE VALUE OF INVESTMENT ASSETS ROSE TO MORE THAN EUR 38 BILLION

Asset allocation according to risk



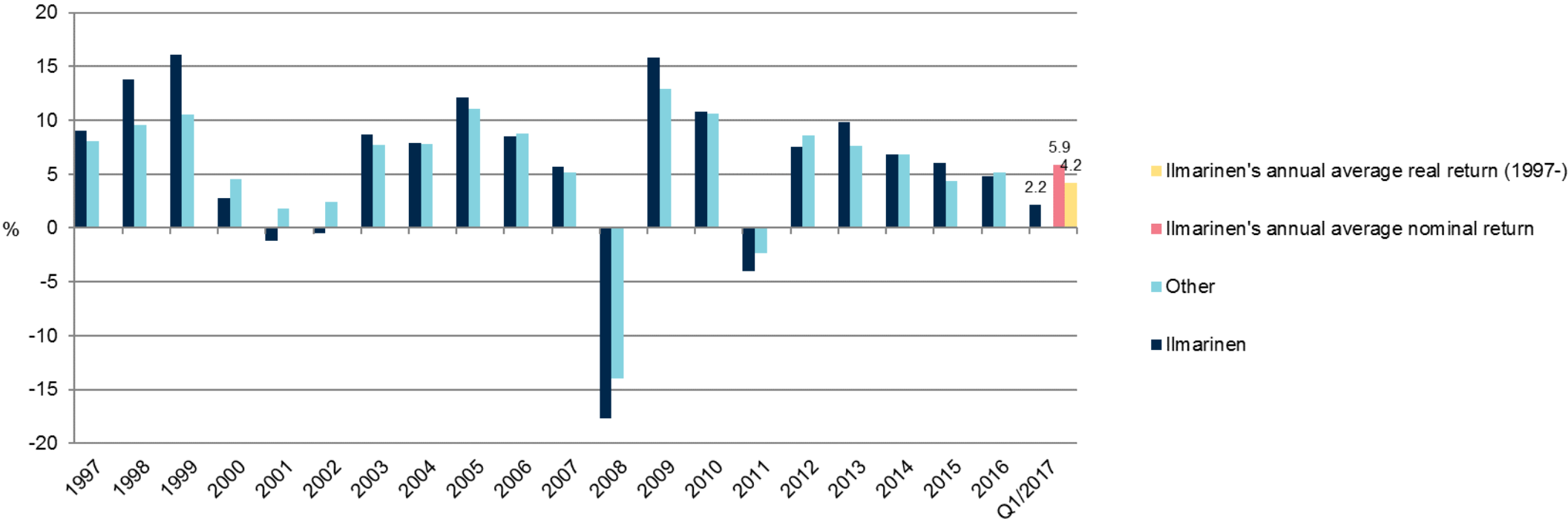
FIRST-QUARTER RETURN 2.2%, RETURN OVER THE LAST 12 MONTHS 8.6%

Quarterly investment returns Q1/2016–Q1/2017



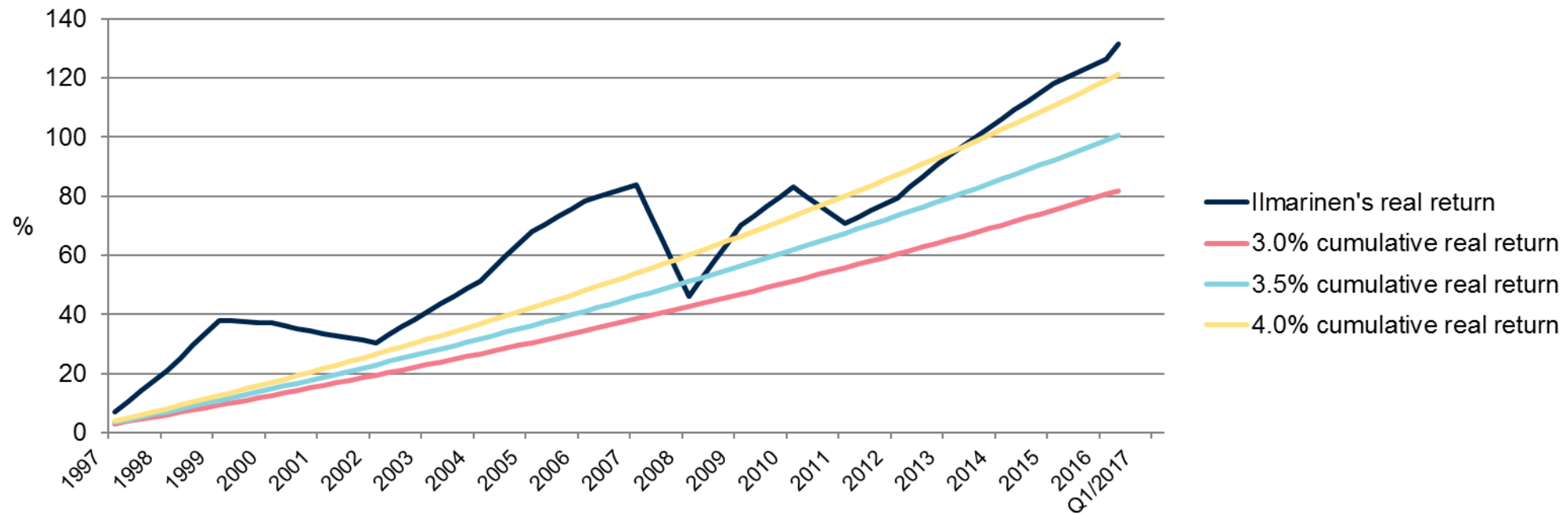
LONG-TERM AVERAGE REAL RETURN 4.2%

Net investment return at current value



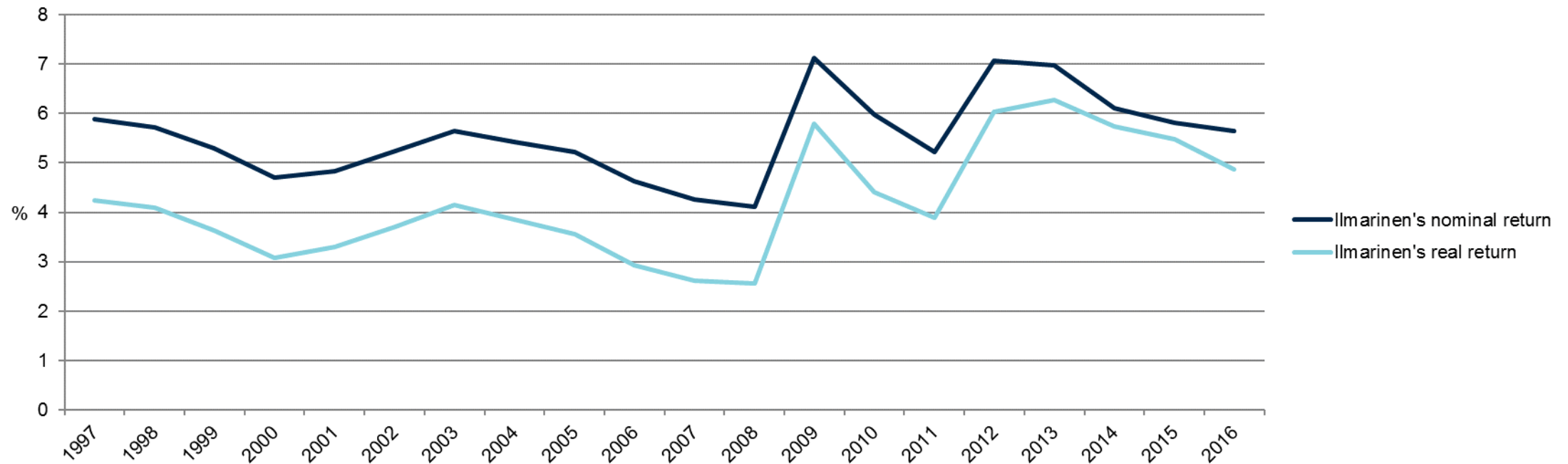
LONG-TERM REAL RETURN AT A GOOD LEVEL

Cumulative net return on investments 1997–31.3.2017



VARYING INVESTMENT RETURNS DEPENDING ON PERIOD

Return on investments in different periods



COMPARISON BETWEEN ILMARINEN'S AND MARKETS' INVESTMENT RETURNS

Long-term average returns

%	Ilmarinen	Finnish equities and shares	European equities and shares	Euro government bonds	Euro corporate bonds
Q1/2017	2.2	4.4	6.1	-1.6	0.3
2016	4.8	13.3	1.7	3.3	4.7
Average return over 5 years	6.4	14.9	10.8	5.0	4.4
Average return over 10 years	4.1	5.4	3.2	4.8	4.4
Average return since 1997	5.9	10.1	6.7	5.1	4.9
Real average return over 5 years	5.6	14.1	10.0	4.3	3.7
Real average return over 10 years	2.6	3.9	1.6	3.3	2.9
Real average return since 1997	4.2	8.4	5.1	3.5	3.3

ILMARINEN'S ASSET ALLOCATION AND RETURN

	Basic breakdown		Risk breakdown		Return		Volatility
	EUR mill.	%	EUR mill.	%	%		
Fixed-income investments	15,539.7	40.6	7,446.0	19.5	0.8		
Loan receivables	964.0	2.5	964.0	2.5	0.9		
Bonds	13,713.3	35.8	6,341.6	16.6	0.9	1.8	
Public corporation bonds	3,986.5	10.4	866.9	2.3	0.4		
Other bonds	9,726.8	25.4	5,474.7	14.3	1.1		
Other money market instruments and deposits (incl. investment receivables and payables)	862.4	2.3	140.3	0.4	0.2		
Equities and shares	16,641.0	43.5	16,712.2	43.7	4.9		
Listed equities and shares	13,272.5	34.7	13,343.7	34.9	5.2	13.4	
Private equity investments	2,410.6	6.3	2,410.6	6.3	5.0		
Non-listed equities and shares	957.9	2.5	957.9	2.5	0.9		
Real estate investments	4,276.5	11.2	4,276.5	11.2	1.2		
Real estate investments	3,815.2	10.0	3,815.2	10.0	0.9		
Real estate funds and joint investments	461.3	1.2	461.3	1.2	3.6		
Other	1,812.0	4.7	5,705.0	14.9	-6.1		
Hedge fund investments	797.6	2.1	797.6	2.1	1.0	6.2	
Commodity investments	5.1	0.0	116.2	0.3			
Other investments	1,009.3	2.6	4,791.3	12.5	-10.3		
Investments total	38,269.1	100.0	34,139.6	89.2	2.2	4.6	
Effect of derivatives			4,129.5	10.8			
Investments at current value	38,269.1		38,269.1	100.0			

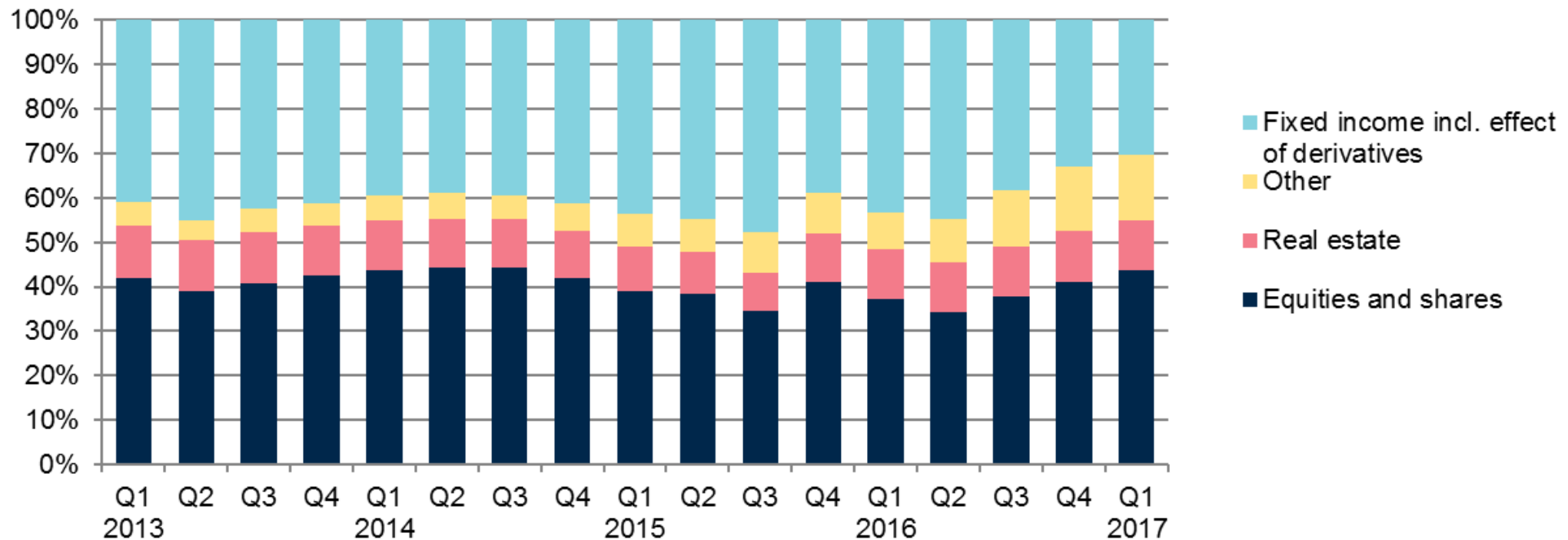
The modified duration of bond investments is -0.1 years

The open currency position is 20.7% of the market value of the investments.

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

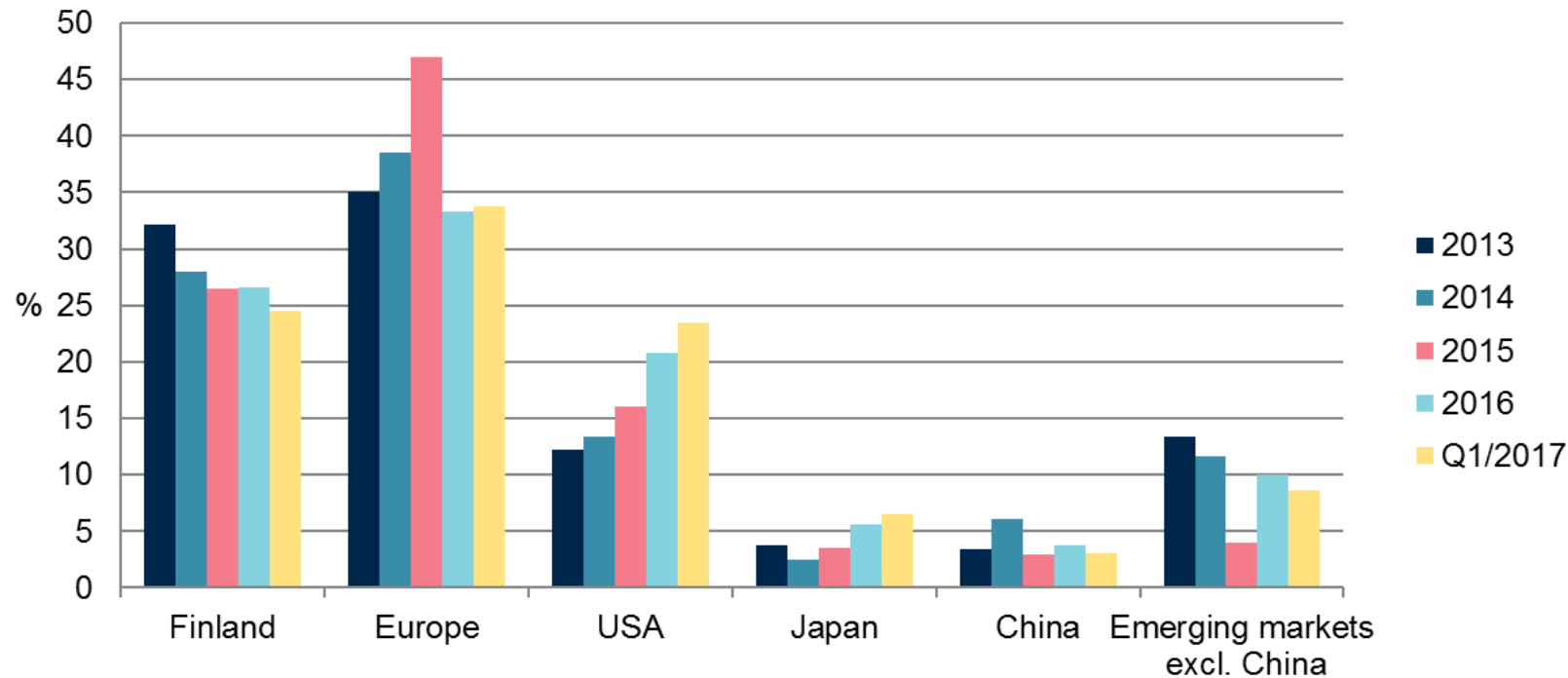
THE WEIGHT OF EQUITY INVESTMENTS ROSE DURING THE QUARTER

Asset allocation development



THE SHARE OF US EQUITY INVESTMENTS CONTINUED TO GROW

Geographical breakdown of listed equities



HOLDINGS IN FINNISH LISTED COMPANIES EXCEED EUR 3 BILLION

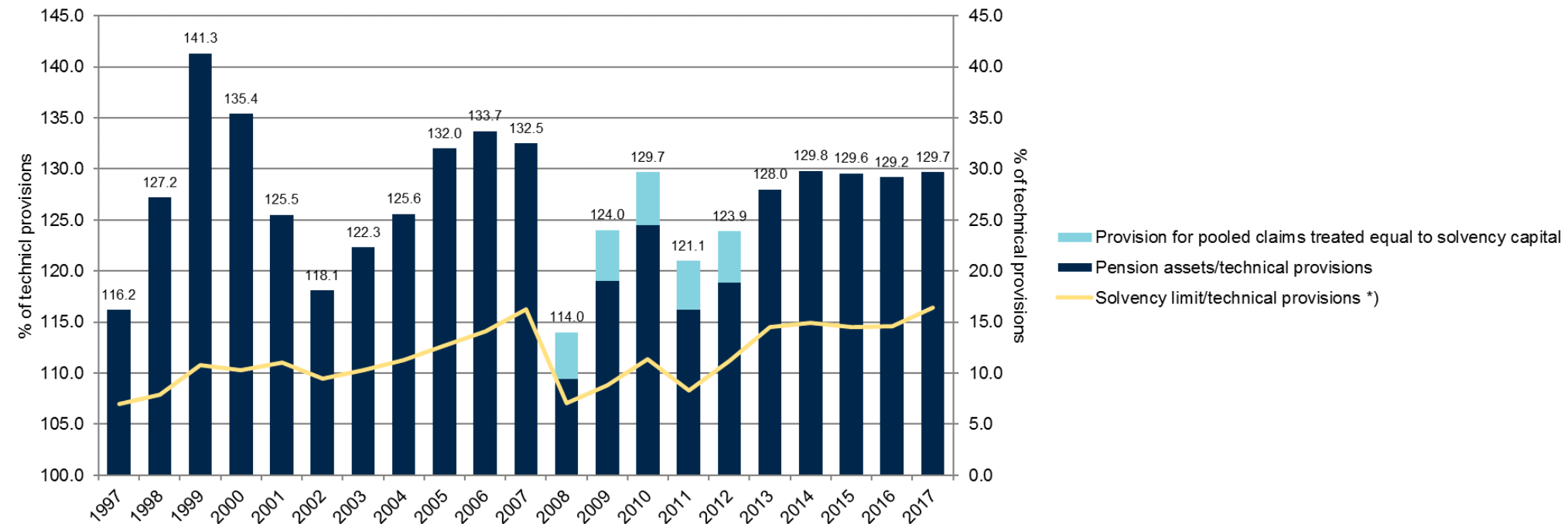
Most significant Finnish listed equity holdings

	EUR mill.	31 Mar 2017	31 Dec 2016
↑	Stora Enso	195	177
↑	Neste Corporation	184	176
↓	Kone Corporation	181	183
	UMP-Kymmene Corporation	178	171
↑	Sampo Plc	166	161
↑	Nokia Corporation	150	136
↓	Citycon Plc	141	148
↑	Wärtsilä Corporation	130	94
↑	Nokian Tyres Plc	108	100
↓	Fortum Corporation	107	116

	Percentage	31 Mar 2017	31 Dec 2016
	QT Group Plc	14.62	14.62
	Digia Plc	14.58	14.58
	Basware Corporation	11.18	11.18
	Technopolis Plc	10.48	10.48
	Martela Corporation	8.07	8.07
↓	Componenta Plc	7.90	7.92
	Incap Corporation	7.61	7.61
↓	CapMan Plc	7.52	7.60
	Citycon Plc	7.13	7.13
	Suominen Corporation	6.29	6.29

SOLVENCY RATIO STRENGTHENED SLIGHTLY

Solvency development



Solvency position was 1.8 (2.1).

Pension assets according to the scale on the left and solvency limit according to the scale on the right.

For previous years, the method of presentation for 2017 is applied.

*) The solvency limit changed on 1 January 2017 with the introduction of new legislation. The amount of solvency capital remained almost unchanged, but the principles for calculating the solvency limit changed.

Consequently, the ratio of solvency capital to the solvency limit, which illustrates the solvency position, decreased.