

# ILMARINEN'S INTERIM REPORT Q1/2012

Press conference 26 April 2012

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ILMARINEN

# KEY OBSERVATIONS SINCE JANUARY

- The investment return for January-March rose to 5.1 per cent especially due to the good return on equity investments
- Ilmarinen's long-term investment returns rising
  - Nominal return 5.7%
  - Real return 3.8%
- Solvency continued to strengthen
- Excellent sales figures

# INVESTMENT RETURNS ROSE TO 5.1%

Investment returns classified according to risk

	Market value EUR mill.	Market value %	Risk breakdown EUR mill.	Risk breakdown %	Return %	Volatility %
<b>Fixed-income investments</b>	<b>12,082.7</b>	<b>41.5</b>	<b>12,442.7</b>	<b>42.7</b>	<b>3.2</b>	
Loan receivables	2,788.9	9.6	2,788.9	9.6	1.0	
Public corporation bonds	4,085.8	14.0	1,987.9	6.8	1.0	2.6
Bonds	4,600.9	15.8	3,182.9	10.9	6.7	2.6
Other money market instruments (incl. investment receivables and payables)	607.1	2.1	4,483.1	15.4	1.3	
<b>Equities and shares</b>	<b>12,101.1</b>	<b>41.5</b>	<b>11,532.6</b>	<b>39.6</b>	<b>9.5</b>	
Listed equities and shares	10,258.0	35.2	9,681.5	33.2	11.1	15.0
Private equity investments	1,153.9	4.0	1,153.9	4.0	1.4	
Unlisted equities and shares	689.3	2.4	697.2	2.4	1.3	
<b>Real estate investments</b>	<b>3,331.4</b>	<b>11.4</b>	<b>3,331.4</b>	<b>11.4</b>	<b>1.0</b>	
Direct real estate investments	2,827.8	9.7	2,827.8	9.7	1.3	
Real estate funds and joint investments	503.6	1.7	503.6	1.7	-0.5	
<b>Other</b>	<b>1,634.7</b>	<b>5.6</b>	<b>1,843.2</b>	<b>6.3</b>	<b>-2.3</b>	
Hedge fund investments	344.2	1.2	344.2	1.2	0.3	3.8
Commodity investments	2.1	0.0	61.8	0.2	-	
Other investments	1,288.4	4.4	1,437.1	4.9	-	
<b>Investments total</b>	<b>29,149.9</b>	<b>100.0</b>	<b>29,149.9</b>	<b>100.0</b>	<b>5.1</b>	<b>4.9</b>

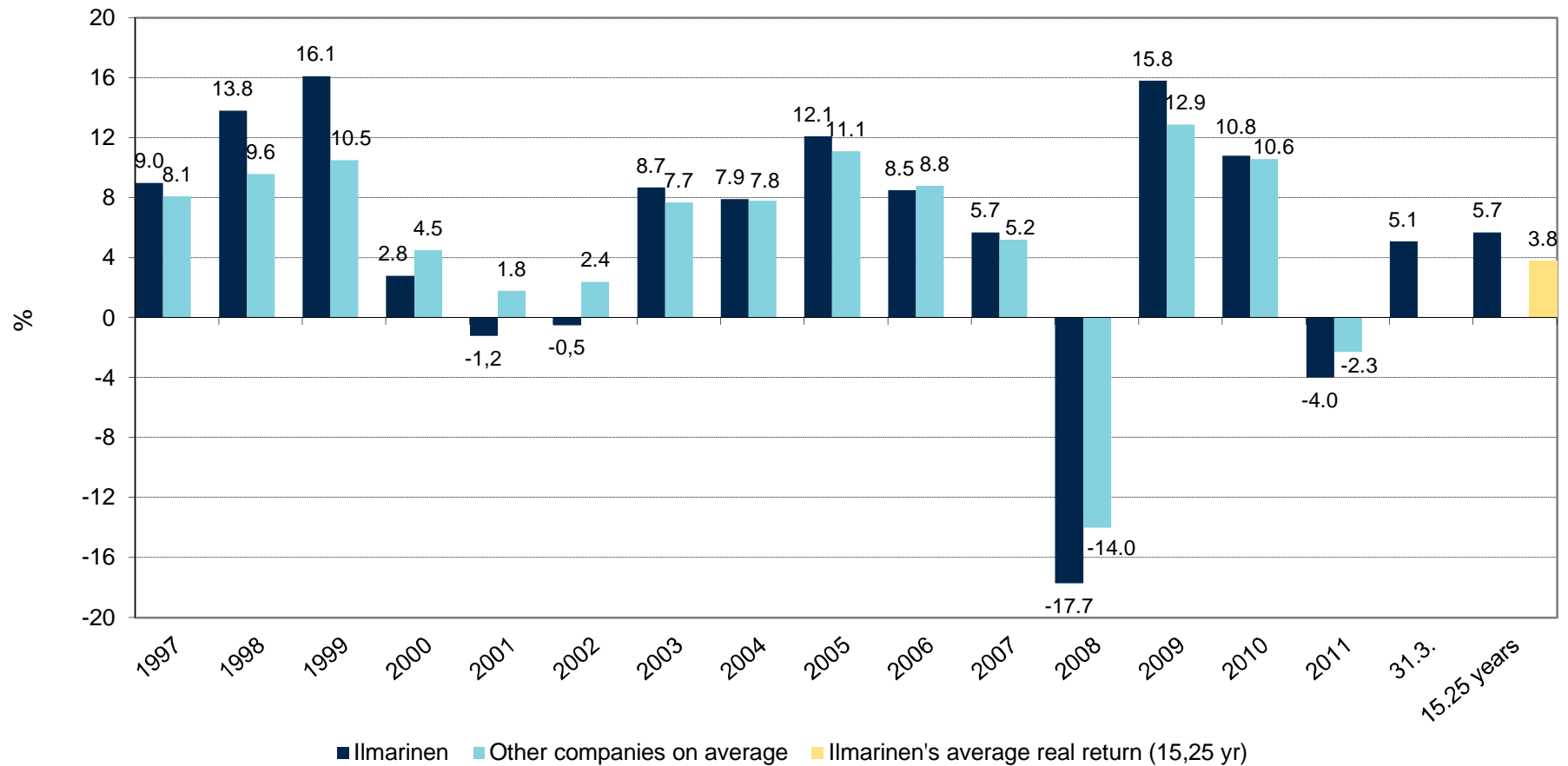
The modified duration of bond investments is 0.6 years.

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.

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

# REAL RETURN ON INVESTMENTS IN THE LONG TERM 3,8%

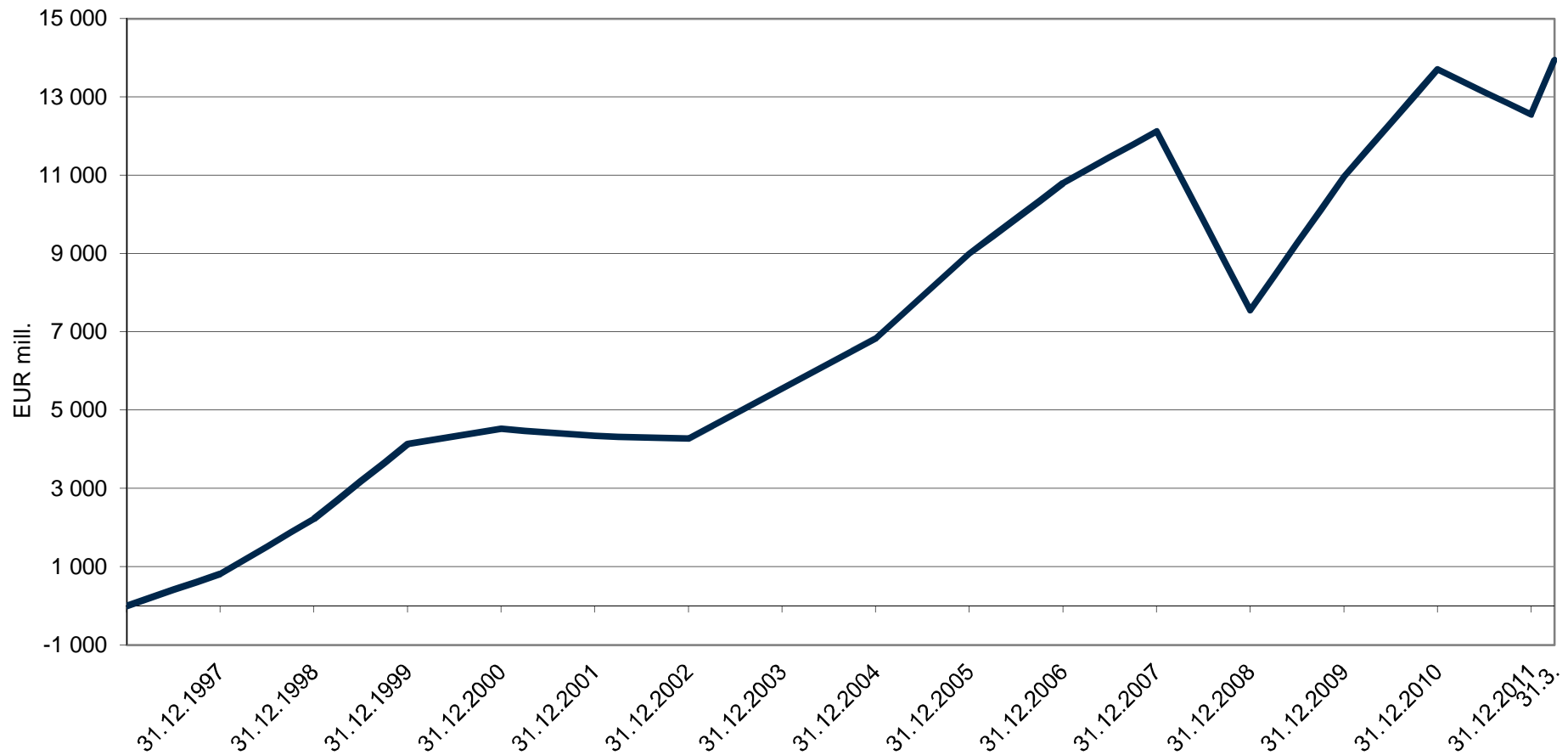


# ILMARINEN'S AND MARKETS' INVESTMENT RETURNS

%	Ilmarinen	Finnish equities and shares	European equities and shares	Euro government bonds	Euro corporate bonds
3/2012	5.1	15.1	8.4	3.8	5.7
2011	-4.0	-24.9	-8.6	3.4	1.7
2010	10.8	29.8	11.6	1.2	4.7
2009	15.8	44.5	32.4	4.3	16.0
2008	-17.7	-47.3	-43.8	9.1	-4.0
2007	5.7	8.1	2.4	1.9	-0.2
2006	8.5	29.9	20.8	-0.4	0.4
2005	12.1	34.5	26.7	5.3	4.0
2004	7.8	21.4	12.2	7.6	7.8
2003	8.7	22.7	16.8	4.1	7.5
2002	-0.5	-13.5	-31.0	9.4	8.0
2001	-1.2	-18.2	-15.5	6.1	7.1
2000	2.8	-21.5	-3.8	7.1	6.0
1999	16.1	71.8	38.2	-2.4	-3.7
1998	14.1	17.1	21.0	13.2	11.4
1997	9.0	31.4	41.2	5.9	6.6
Average return over five years	1.9	-3.2	-3.9	4.7	4.4
Average return over 10 years	4.8	6.8	1.4	5.0	5.0
Average return since 1997	5.7	8.6	5.4	5.1	5.1
Real average return over five years	-0.4	-5.4	-6.1	2.3	2.0
Real average return over 10 years	3.0	5.0	-0.4	3.2	3.0
Real average return since 1997	3.8	6.6	3.5	3.2	3.1

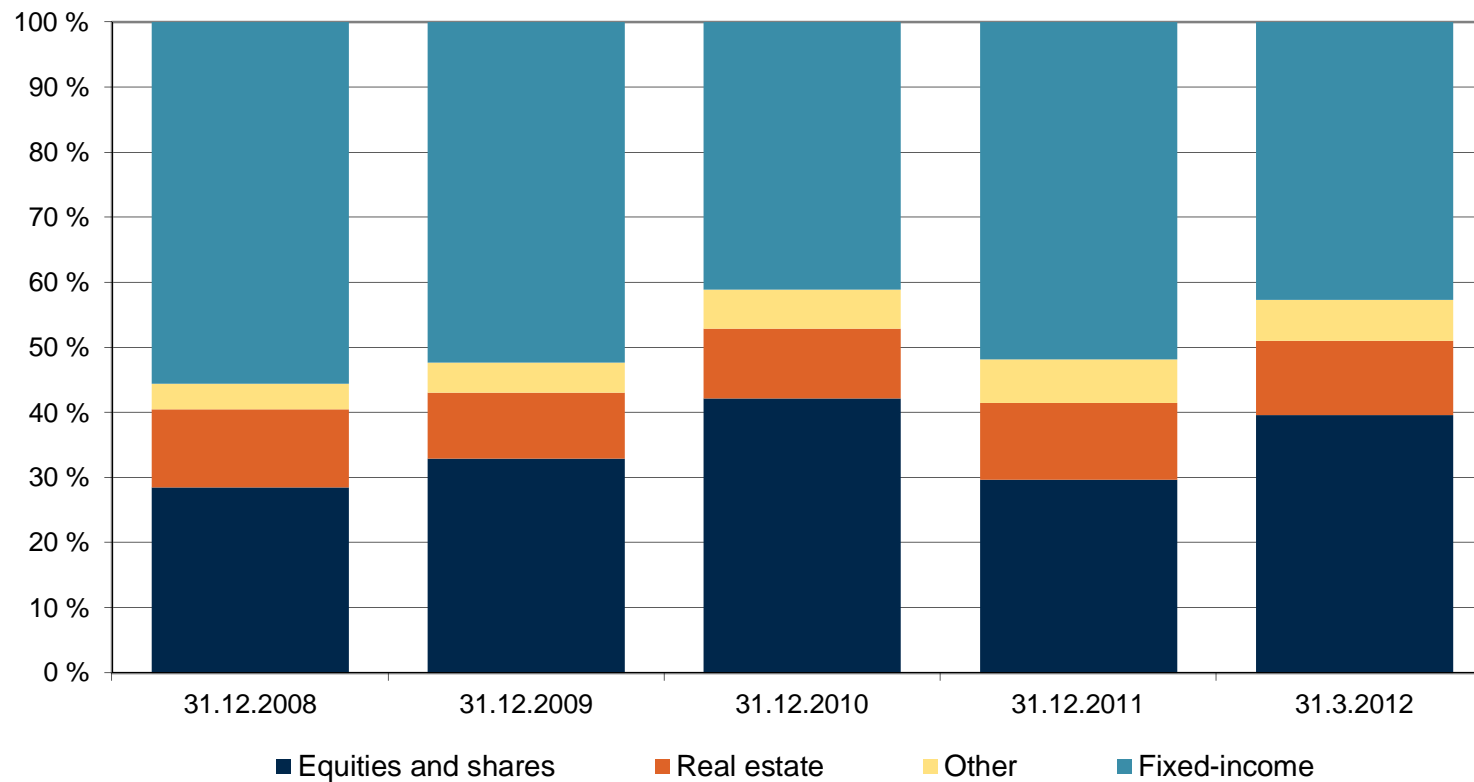
# RECOVERY FOLLOWING DOWNSWINGS OF RECENT YEARS

Cumulative net return on investments 1997–31 March 2012

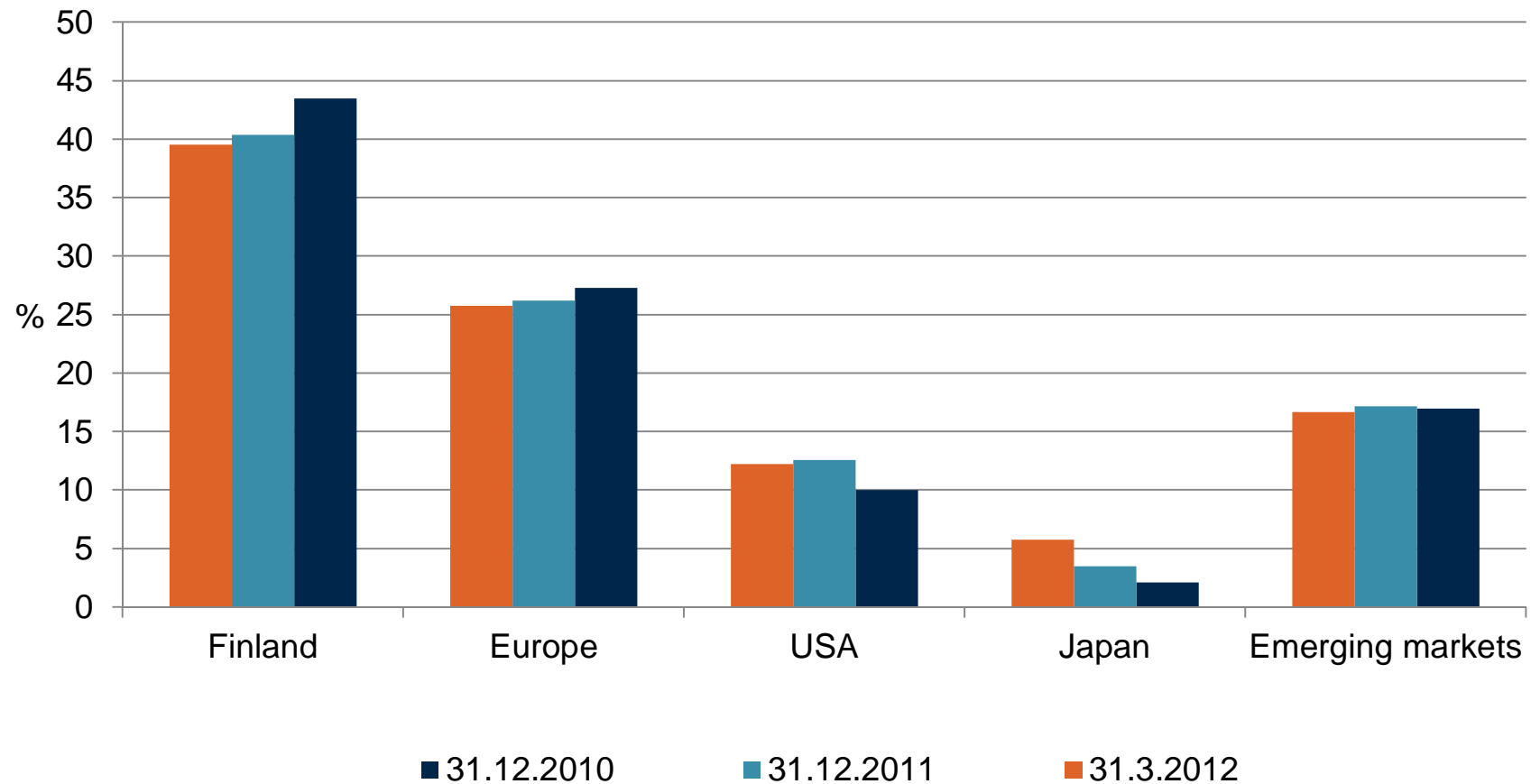


*Cumulative return corresponds with an annual average return of 5.7% and an average real return of 3.8%*

# EQUITIES AND SHARES IN PORTFOLIO INCREASED



# FINNISH EQUITIES AND SHARES STILL WELL REPRESENTED IN THE PORTFOLIO



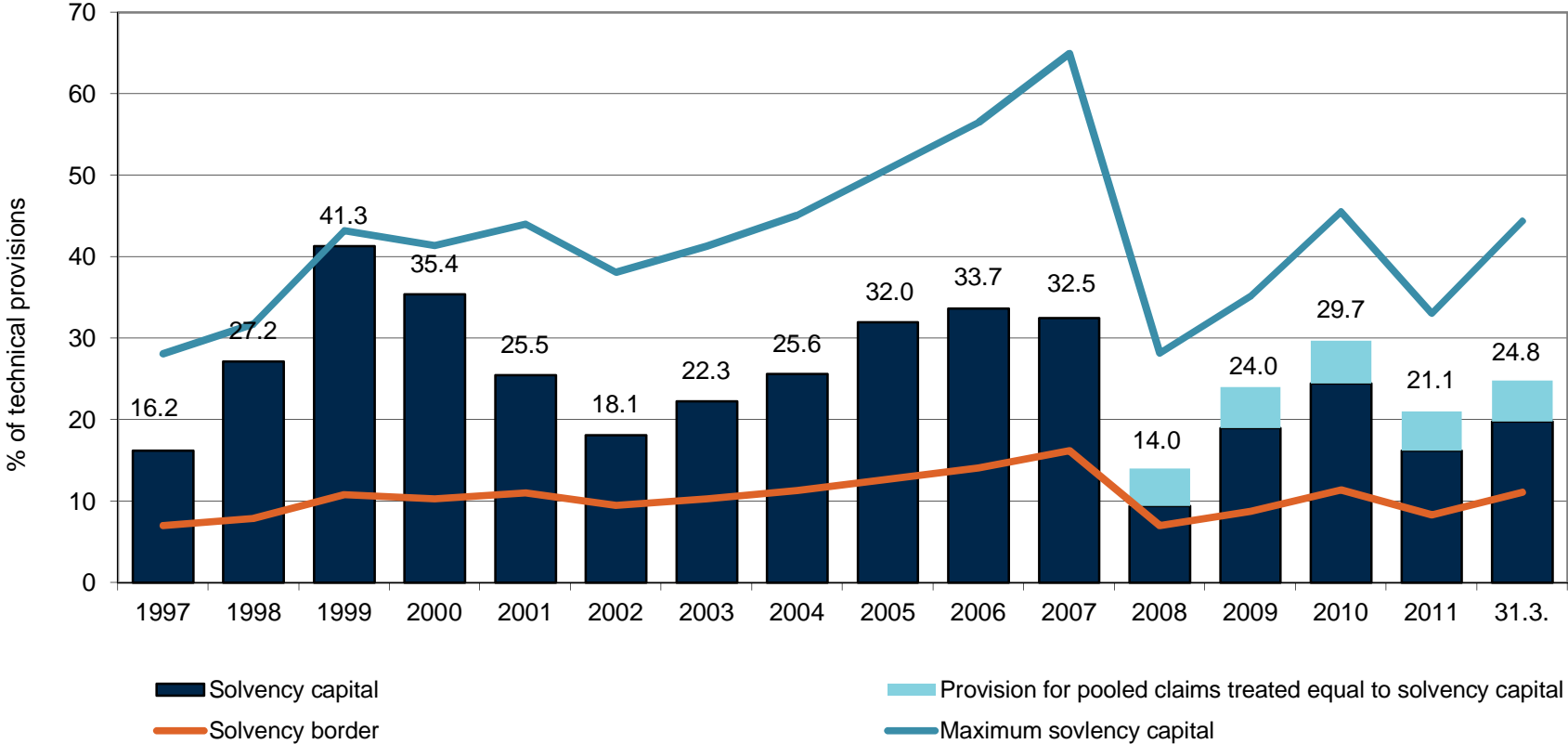


# MOST SIGNIFICANT FINNISH EQUITIES AND SHARES

Ilmarinen's listed equities and shares

Euro	31 March 2012	Percentages	31 March 2012
Nokia Corporation	307.2	Basware Corporation	12.32
Pohjola Bank Plc	265.1	PKC Group Oyj	11.25
Sampo Plc	254.8	Suominen Corporation	11.02
Fortum Corporation	243.1	Finnlines plc	10.58
Wärtsilä Corporation	201.5	Tikkurila Oyj	10.42
KONE Corporation	190.2	Technopolis Plc	10.05
UPM-Kymmene Corporation	187.1	Pohjola Bank Plc	10.00
Metso Corporation	183.7	Talentum Plc	9.73
Nokian Tyres Plc	166.0	Okmetic Oyj	9.64
Stora Enso Oyj	107.2	Pöyry Plc	9.58

# SOLVENCY STRENGTHENED



*On 31 March 2012, the solvency ratio was 2.2 times the solvency border (2.5 on 31 Dec 2011).*



# SUCCESSFUL IN COMPETITION FOR CLIENTS

- **Premiums written increased by about EUR 54.4 million**
  - Of which earnings-related pension sales EUR 43.4 million
  - Of which self-employed person's pension insurance EUR 11.0 million
- **Customer retention at a good level**



# ENHANCING GOOD GOVERNANCE

- Ilmarinen's Board of Directors on 28 Feb 2012: *Guidance and decision-making processes must be clarified.*
- Board enhanced and added clarifications to related party guidelines on 23 April 2012.
- Under discussion in future: Ilmarinen's role as an earnings-related pensions company, investor and owner.



# OUR PENSION SYSTEM IS SUSTAINABLE

- Prompted by the financial crisis EU countries have, among other things, increased the retirement age, dissolved buffer funds, partly renounced index increments and cut pensions.
- The Finnish pensions system **has a strong foundation:**
  - No panic solutions, decision-makers are able to work in peace
  - The life expectancy coefficient is having the desired effect
  - Peoples' working capacity and willingness to work at an older age have improved

# PROSPECTS FOR REST OF 2012

- Economic environment will remain challenging
- Continuing uncertainty and risks in investment environment
  - Low interest level
  - Eurozone sovereign debt crisis
  - Oil prices
- Legislation increasing competition in earnings-related sector under preparation
- Solvency regulation under renewal