



# **Pension Fennia Interim Report 30 June 2013**

# Pension Fennia's key figures

	1.1.-30.6.2013	1.1.-30.6.2012	1.1.-31.12.2012
Premiums written, EUR million	664.4	670.5	1,355.0
Pensions and other compensations paid, EUR million	653.7	619.6	1,243.7
Net investment income and change in valuation differences, EUR million <sup>1)</sup>	144.6	245.9	705.1
Investment income, % <sup>1)</sup>	1.9	3.6	10.3
Technical provisions, EUR million	6,833.1	6,410.4	6,620.7
Solvency capital, EUR million <sup>2)</sup>	1,341.7	1,119.5	1,394.6
ratio to solvency limit	2.2	2.4	2.8
ratio to technical provisions <sup>3)</sup>	20.9	18.6	22.3
Pension assets, EUR million <sup>4)</sup>	7,750.7	7,135.1	7,621.5
TyEL payroll, EUR million <sup>5)</sup>	5,057.6	5,005.3	5,041.4
YEL earned income sum, EUR million <sup>5)</sup>	858.7	855.5	879.3
Number of TyEL policyholders	22,100	23,620	22,930
Number of TyEL insured	179,540	183,320	188,920
Number of YEL policyholders	38,370	40,210	39,600
Number of pensioners	87,560	85,630	86,370
Number of personnel (on average)	250	263	252

<sup>1)</sup> Includes those interest items in the income statement that are not entered under investment income

<sup>2)</sup> Comparative information for 30 June 2012 and 31 December 2012 contains solvency margin, including the EMU buffer

<sup>3)</sup> In relation to the technical provisions used in calculating solvency limit

<sup>4)</sup> Technical provisions and valuation differences

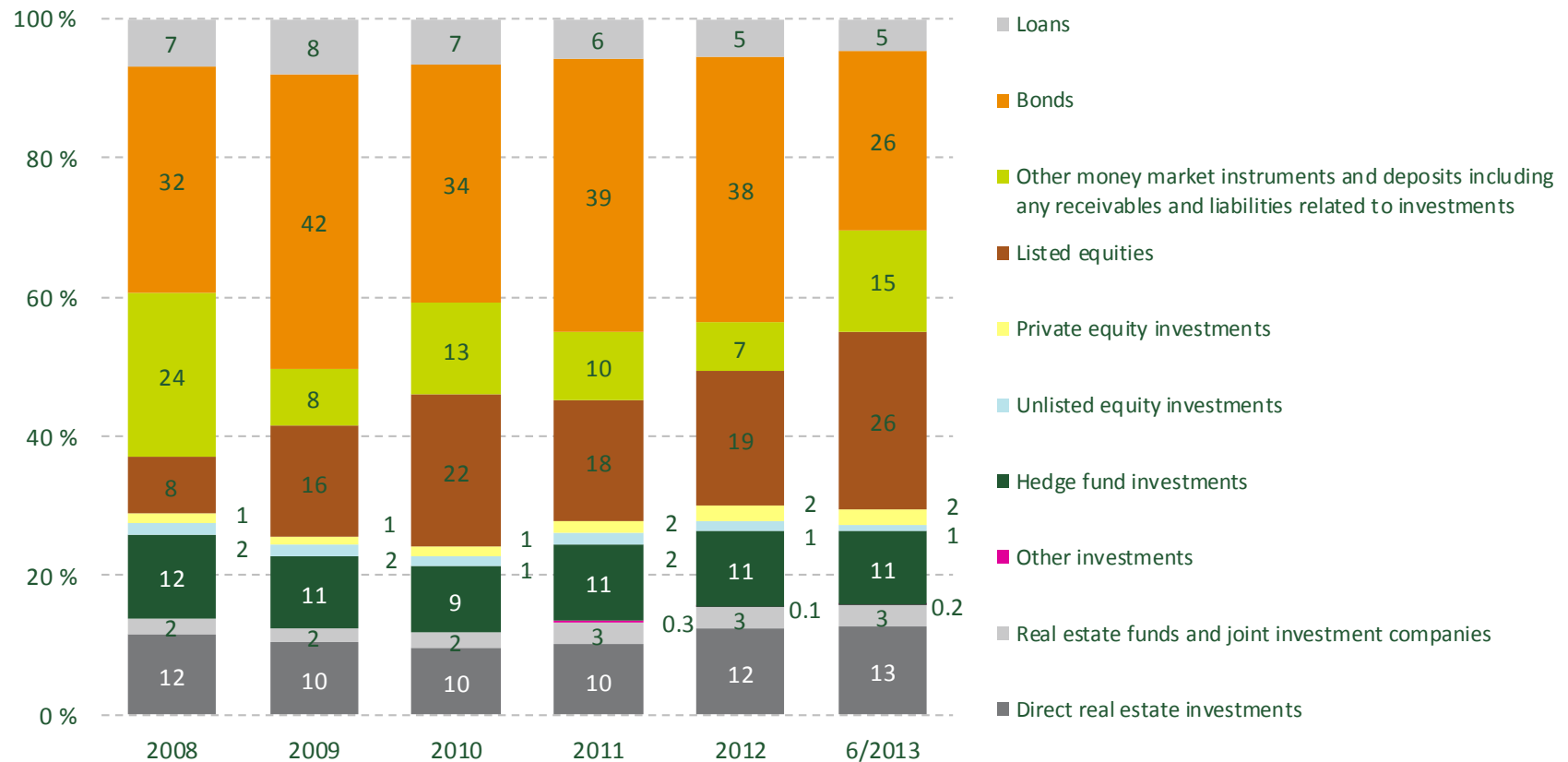
<sup>5)</sup> Estimated annual payroll and earned income sum for the TyEL insured and YEL policyholders

# Pension Fennia's investment allocation

	30.06.2013		30.06.2012		31.12.2012	
	EUR million	%	EUR million	%	EUR million	%
<b>Fixed-income investments</b>	<b>3,511.3</b>	<b>45.8</b>	<b>3,732.5</b>	<b>52.6</b>	<b>3,888.3</b>	<b>51.9</b>
Loans	356.2	4.6	354.1	5.0	397.7	5.3
Bonds	2,269.7	29.6	2,837.0	40.0	3,078.6	41.1
Bonds of OECD/EEA public corporations	502.6	6.5	870.3	12.3	737.2	9.8
Bonds of other corporations	1,767.1	23.0	1,966.7	27.7	2,341.5	31.2
Other money market instruments and deposits including any receivables and liabilities related to investments <sup>1)</sup>	885.5	11.5	541.5	7.6	412.0	5.5
<b>Equities</b>	<b>2,128.9</b>	<b>27.7</b>	<b>1,648.2</b>	<b>23.2</b>	<b>1,625.6</b>	<b>21.7</b>
Listed equities	1,901.4	24.8	1,418.4	20.0	1,360.9	18.2
Private equity investments	165.7	2.2	131.3	1.9	161.0	2.1
Unlisted equity investments	61.8	0.8	98.5	1.4	103.7	1.4
<b>Real estate</b>	<b>1,200.9</b>	<b>15.7</b>	<b>899.7</b>	<b>12.7</b>	<b>1,147.6</b>	<b>15.3</b>
Direct real estate investments	978.7	12.8	671.3	9.5	931.8	12.4
Real estate funds and joint investment companies	222.2	2.9	228.3	3.2	215.8	2.9
<b>Other investments</b>	<b>831.9</b>	<b>10.8</b>	<b>812.6</b>	<b>11.5</b>	<b>833.8</b>	<b>11.1</b>
Hedge fund investments	816.5	10.6	791.4	11.2	826.6	11.0
Other investments	15.5	0.2	21.3	0.3	7.2	0.1
<b>Total investments</b>	<b>7,673.1</b>	<b>100.0</b>	<b>7,093.0</b>	<b>100.0</b>	<b>7,495.2</b>	<b>100.0</b>
Modified duration of bond portfolio		3.9		3.8		4.1

Classified in accordance with the recommendations of the Finnish Pension Alliance TELA. Includes accrued interest. Includes derivatives at market value.

# Pension Fennia's investment allocation



# Pension Fennia's risk distribution and risk figures on investments 30.6.2013

- drawn up in accordance with the recommendations of the Finnish Pension Alliance TELA

	Market value		Risk distribution		Return	Vola
	EUR million	%	EUR million	%	%	%
<b>Fixed-income investments</b>	<b>3,511.3</b>	<b>45.8</b>	<b>3,450.2</b>	<b>45.0</b>	<b>-0.3 %</b>	
Loans	356.2	4.6	356.2	4.6	1.6 %	
Bonds of OECD/EEA public corporations	502.6	6.5	204.8	2.7	-0.2 %	3.9 %
Bonds of other corporations	1,767.1	23.0	1,767.1	23.0	-0.8 %	
Other money market instruments and deposits including any receivables and liabilities related to investments	885.5	11.5	1,122.1	14.6	0.2 %	
<b>Equities</b>	<b>2,128.9</b>	<b>27.7</b>	<b>2,190.1</b>	<b>28.5</b>	<b>4.2 %</b>	
Listed equities	1,901.4	24.8	1,962.6	25.6	4.7 %	14.7 %
Private equity investments	165.7	2.2	165.7	2.2	4.6 %	
Unlisted equity investments	61.8	0.8	61.8	0.8	-5.2 %	
<b>Real estate</b>	<b>1,200.9</b>	<b>15.7</b>	<b>1,200.9</b>	<b>15.7</b>	<b>3.7 %</b>	
Direct real estate investments	978.7	12.8	978.7	12.8	3.4 %	
Real estate funds and joint investment companies	222.2	2.9	222.2	2.9	4.7 %	
<b>Other investments</b>	<b>831.9</b>	<b>10.8</b>	<b>831.9</b>	<b>10.8</b>	<b>4.4 %</b>	
Hedge fund investments	816.5	10.6	816.5	10.6	4.4 %	4.1 %
Other investments	15.5	0.2	15.5	0.2	4.3 %	
<b>Total investments</b>	<b>7,673.1</b>	<b>100.0</b>	<b>7,673.1</b>	<b>100.0</b>	<b>1.9 %</b>	<b>4.4 %</b>

Market value includes accrued interest

Risk distribution = calculated according to the risk (adjusted with derivatives)

Return = return on invested capital calculated with a time and money-weighted formula (adapted Dietz)

Vola = annualised volatility calculated from two years' history

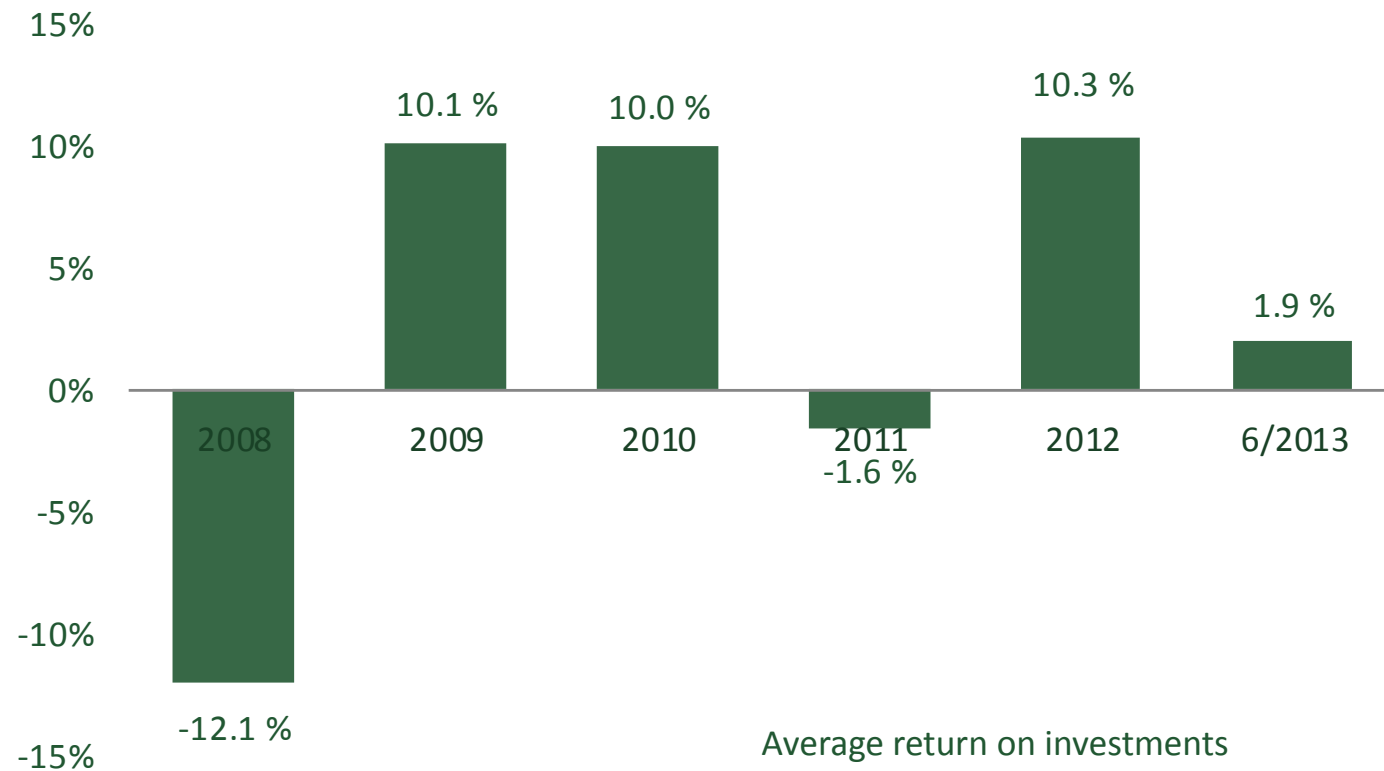
Modified duration of bonds 3,89

# Pension Fennia's investment income, return on capital employed

	Net return on investments at current value, EUR million 1.1.-30.6.2013	Invested capital, EUR million 1.1.-30.6.2013	Return on invested capital, % 1.1.-30.6.2013	Return on invested capital, %	
				1.1.-30.6.2012	1.1.-31.12.2012
<b>Fixed-income investments</b>	<b>-11.8</b>	<b>3,655.5</b>	<b>-0.3 %</b>	<b>4.0 %</b>	<b>9.0 %</b>
Loans	5.8	368.5	1.6 %	1.4 %	2.9 %
Bonds	-18.8	2,784.6	-0.7 %	4.8 %	11.0 %
Bonds of OECD/EEA public corporations	-1.5	597.5	-0.2 %	2.4 %	5.3 %
Bonds of other corporations	-17.3	2,187.1	-0.8 %	5.9 %	13.3 %
Other money market instruments and deposits including any receivables and liabilities related to investments	1.2	502.4	0.2 %	0.8 %	1.2 %
<b>Equities</b>	<b>79.6</b>	<b>1,888.6</b>	<b>4.2 %</b>	<b>4.8 %</b>	<b>15.8 %</b>
Listed equities	77.2	1,631.5	4.7 %	4.8 %	16.7 %
Private equity investments	7.4	161.2	4.6 %	4.4 %	10.8 %
Unlisted equity investments	-5.0	95.9	-5.2 %	4.9 %	10.7 %
<b>Real estate</b>	<b>42.5</b>	<b>1,160.6</b>	<b>3.7 %</b>	<b>3.8 %</b>	<b>12.5 %</b>
Direct real estate investments	32.4	946.4	3.4 %	4.2 %	14.8 %
Real estate funds and joint investment companies	10.2	214.3	4.7 %	2.8 %	5.4 %
<b>Other investments</b>	<b>36.9</b>	<b>832.2</b>	<b>4.4 %</b>	<b>0.6 %</b>	<b>6.3 %</b>
Hedge fund investments	36.2	817.1	4.4 %	2.7 %	8.6 %
Other investments	0.7	15.1	4.3 %	-28.5 %	-41.9 %
<b>Total investments</b>	<b>147.2</b>	<b>7,536.9</b>	<b>2.0 %</b>	<b>3.7 %</b>	<b>10.5 %</b>
Unallocated income, costs and operating expenses from investment operations <sup>1)</sup>	-2.5		0.0 %	-0.1 %	-0.1 %
<b>Net investment income at current value</b>	<b>144.6</b>		<b>1.9 %</b>	<b>3.6 %</b>	<b>10.3 %</b>

<sup>1)</sup> Including e.g. such interest items in the income statement that are not entered under investment income.

# Investment income 2008 – 6/2013



## Average return on investments

- from 1999, 4.9 % (real income 3.0 %),
- ten-year return 5.1 % (real income 3.2 %),
- five-year return 4.3 % (real income 2.6 %).

# Pension Fennia's investment profit and income

EUR million	1.1.-30.6.2013	1.1.-30.6.2012	1.1.-31.12.2012
Direct net income <sup>1)</sup>	94.4	81.3	137.6
Changes in book value <sup>2)</sup>	133.4	40.1	167.0
<b>Net investment income at book value</b>	<b>227.8</b>	121.5	304.6
Change in valuation differences	-83.2	124.4	400.5
<b>Net investment income at current value</b>	<b>144.6</b>	245.9	705.1
<b>Yield requirement on the technical provisions</b>	<b>-162.8</b>	-113.6	-295.1
<b>Investment result at book value</b>	<b>65.0</b>	7.8	9.5
<b>Investment result at current value</b>	<b>-18.2</b>	132.3	410.0

<sup>1)</sup> Includes those interest items in the income statement that are not entered under investment income

<sup>2)</sup> Realization gains and losses and other changes in book value



# Pension Fennia's performance result

EUR million	1.1.-30.6.2013	1.1.-30.6.2012	1.1.-31.12.2012
<b>Sources of surplus</b>			
<b>Insurance business result</b>	<b>-7.2</b>	<b>-2.3</b>	<b>-10.2</b>
<b>Investment result at current values</b>	<b>-18.2</b>	<b>132.3</b>	<b>410.0</b>
+ Net investment income at current value <sup>1)</sup>	144.6	245.9	705.1
- Yield requirement on the technical provisions	-162.8	-113.6	-295.1
<b>Loading profit</b>	<b>5.8</b>	<b>7.3</b>	<b>14.3</b>
<b>Total surplus</b>	<b>-19.7</b>	<b>137.2</b>	<b>414.1</b>

<sup>1)</sup> Includes those interest items of the profit and loss account that are not entered under investment income

# Pension Fennia's solvency

## Solvency margin and limits

% of technical provisions

25%

