



Elo Mutual Pension Insurance Company

Interim report 30 June 2014

Key indicators

		30.6.2014	30.6.2013	31.12.2013
Company size	Premiums written, EUR million	1,510.1	807.7	1,602.7
	Pensions paid, EUR million ¹⁾	1,352.3	730.4	1,490.4
	Technical provisions, EUR million	16,676.1	9,029.9	9,236.2
	Equalisation provision, EUR million	458.9	265.1	258.5
	Investment assets at fair value, EUR million	19,339.1	10,205.2	10,443.1
	TyEL payroll, EUR million ²⁾	10,989.8	6,078.2	6,054.2
	YEL earned income sum, EUR million ²⁾	1,979.0	1,107.8	1,050.5
	Number of TyEL policyholders	47,100	26,200	26,300
	Number of TyEL insured	390,000	210,000	218,000
	Number of YEL policyholders	88,500	51,600	52,000
	Number of pensioners	221,000	124,000	125,000
Result	Loading profit, EUR million	12.0	8.6	17.0
	Operating expenses as % of loading component	80.4 %	74.2 %	74.9 %
	Solvency capital, EUR million	4,041.9	2,040.8	2,123.0
	% of technical provisions ³⁾	26.2 %	24.9 %	25.1 %
	Excl. equalisation provision	23.2 %	21.7 %	22.0 %
	ratio to solvency limit	2.1	2.1	1.9
	Excl. equalisation provision	1.8	1.8	1.7
	Net return from investment on capital employed, %	3.6 %	1.6 %	5.4 %

¹⁾ Pensions and benefits paid

²⁾ Estimate for the full year

³⁾ Ratio calculated as percentage of the technical provisions used in calculating the solvency limit

Elo's investment risk distribution and risk figures 30 June 2014

	Basic allocation by market value		Actual risk position		Return	Volatility
	EUR million	%	EUR million	%	%	
Fixed-income investments	8,373.2	43.3	8,240.7	42.6	2.9	
Loans	582.5	3.0	582.5	3.0	1.3	
Bonds	6,725.6	34.8	6,725.6	34.8	3.6	2.8
Bonds of public corporations	3,527.7	18.2	3,527.7	18.2	3.0	
Bonds of other corporations	3,197.9	16.5	3,197.9	16.5	4.1	
Other money market instruments and deposits including any receivables and liabilities related to investments	1,065.1	5.5	932.6	4.8	0.1	
Equities	6,298.5	32.6	6,960.2	36.0	5.4	
Listed equities	5,351.1	27.7	6,012.8	31.1	5.0	7.1
Private equity investments	695.5	3.6	695.5	3.6	7.5	
Unlisted equity investments	251.9	1.3	251.9	1.3	9.6	
Real estate	2,777.5	14.4	2,777.5	14.4	2.3	
Direct real estate investments	2,223.8	11.5	2,223.8	11.5	2.2	
Real estate funds and joint investment companies	553.7	2.9	553.7	2.9	2.7	
Other investments	1,889.9	9.8	1,881.4	9.7	3.4	
Hedge fund investments	1,888.0	9.8	1,888.0	9.8	3.2	2.3
Commodity investments	0.0	0.0	9.2	0.0	-	
Other investments	1.9	0.0	-15.7	-0.1	-	
Total investments	19,339.1	100.0	19,859.9	102.7	3.6	2.8
Effect of derivatives			-520.8	-2.7		
Total	19,339.1	100.0	19,339.1	100.0	3.6	2.8

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)

Volatility = annualised volatility calculated from two years' history

Modified duration of bonds 3.1

Investment distribution at fair values

	Basic allocation by market value						Actual risk position		
	30.6.2014		30.6.2013		31.12.2013		30.6.2014		31.12.2013
	EUR million	%	EUR million	%	EUR million	%	EUR million	%	%
Fixed-income investments	8,373.2	43.3	4,691.4	46.0	4,631.5	44.3	8,240.7	42.6	43.5
Loans	582.5	3.0	304.7	3.0	305.6	2.9	582.5	3.0	2.9
Bonds	6,725.6	34.8	3,949.0	38.7	3,768.8	36.1	6,725.6	34.8	36.1
Other money market instruments and deposits including any receivables and liabilities related to investments	1,065.1	5.5	437.6	4.3	557.1	5.3	932.6	4.8	4.5
Equities	6,298.5	32.6	3,373.7	33.1	3,552.5	34.0	6,960.2	36.0	34.9
Listed equities	5,351.1	27.7	2,898.4	28.4	3,039.7	29.1	6,012.8	31.1	30.0
Private equity investments	695.5	3.6	394.5	3.9	430.6	4.1	695.5	3.6	4.1
Unlisted equity investments	251.9	1.3	80.7	0.8	82.2	0.8	251.9	1.3	0.8
Real estate	2,777.5	14.4	1,268.5	12.4	1,378.4	13.2	2,777.5	14.4	13.2
Direct real estate investments	2,223.8	11.5	1,002.4	9.8	1,073.8	10.3	2,223.8	11.5	10.3
Real estate funds and joint investment companies	553.7	2.9	266.2	2.6	304.6	2.9	553.7	2.9	2.9
Other investments	1,889.9	9.8	871.7	8.5	880.7	8.4	1,881.4	9.7	8.4
Hedge fund investments	1,888.0	9.8	871.6	8.5	880.7	8.4	1,888.0	9.8	8.4
Commodity investments	0.0	0.0	0.0	0.0	0.0	0.0	9.2	0.0	0.0
Other investments	1.9	0.0	0.0	0.0	0.0	0.0	-15.7	-0.1	0.0
Total	19,339.1	100.0	10,205.3	100.0	10,443.1	100.0	19,859.9	102.7	100.0
Effect of derivatives							-520.8	-2.7	0.0
Total at fair values	19,339.1	100.0	10,205.3	100.0	10,443.1	100.0	19,339.1	100.0	100.0

Modified duration of bond portfolio 3,1

For the year 2013, the figures reported for Elo are those of LocalTapiola Pension Company.

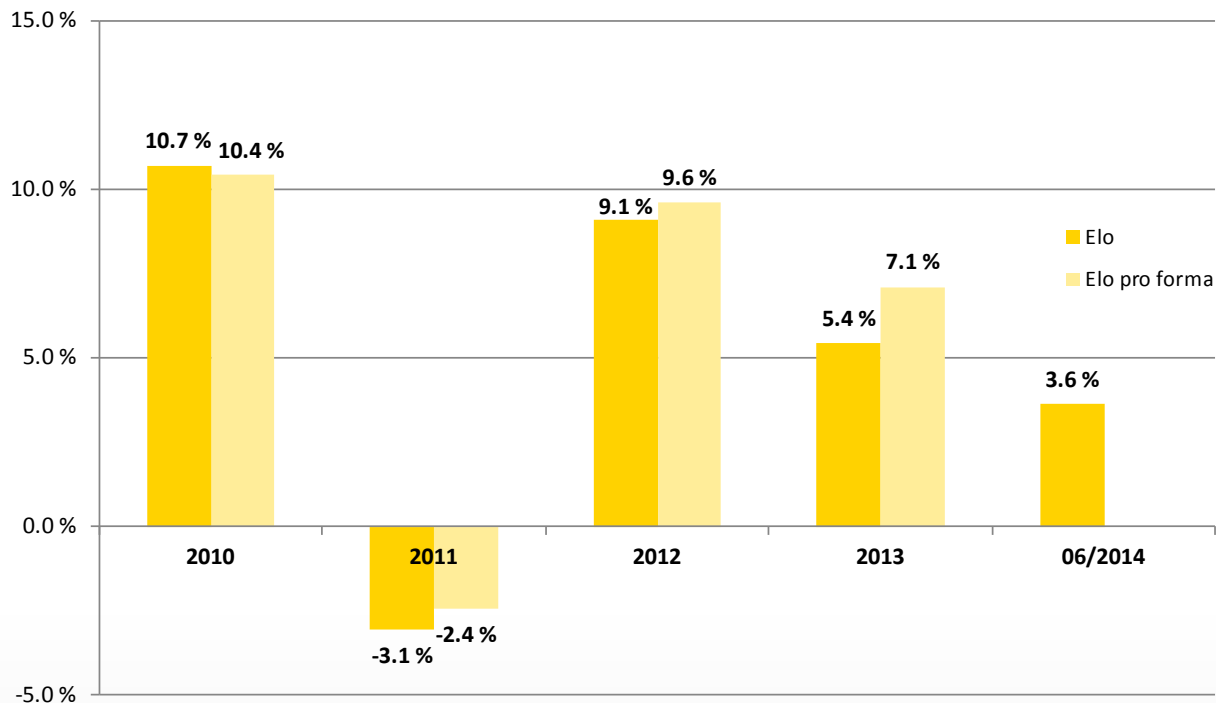
Investment income

	Net return on investments at current value, EUR million	Invested capital, EUR million	Return on invested capital, %	Return on invested capital, %	
	1.1.-30.6.2014	1.1.-30.6.2014	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Fixed-income investments	234.6	8,208.7	2.9	-0.4	0.2
Loans	7.8	578.5	1.3	1.5	3.0
Bonds	224.9	6,331.7	3.6	-0.6	0.0
Bonds of public corporations	96.2	3,207.5	3.0	-2.3	-5.3
Bonds of other corporations	128.8	3,124.2	4.1	1.5	6.5
Other money market instruments and deposits including any receivables and liabilities related to investments	1.9	1,298.5	0.1	-0.2	-0.1
Equities	325.9	6,062.4	5.4	4.4	14.1
Listed equities	259.5	5,231.7	5.0	4.2	14.7
Private equity investments	46.9	628.2	7.5	5.2	10.7
Unlisted equity investments	19.4	202.5	9.6	8.5	9.8
Real estate	62.3	2,714.4	2.3	1.7	4.2
Direct real estate investments	48.0	2,190.5	2.2	2.0	3.8
Real estate funds and joint investment companies	14.2	523.8	2.7	0.8	5.4
Other investments	61.9	1,799.7	3.4	3.3	5.5
Hedge fund investments	58.3	1,800.2	3.2	2.8	5.0
Commodity investments	0.0	0.0	-	-	-
Other investments	3.6	-0.4	-	-	-
Total investments	684.7	18,785.2	3.6	1.7	5.5
Unallocated income, costs and operating expenses from investment operations ¹⁾	-5.8		0.0	0.0	-0.1
Net investment income at current value	678.9	18,785.2	3.6	1.6	5.4

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

For the year 2013, the figures reported for Elo are those of LocalTapiola Pension Company.

Investment income 2010–6/2014



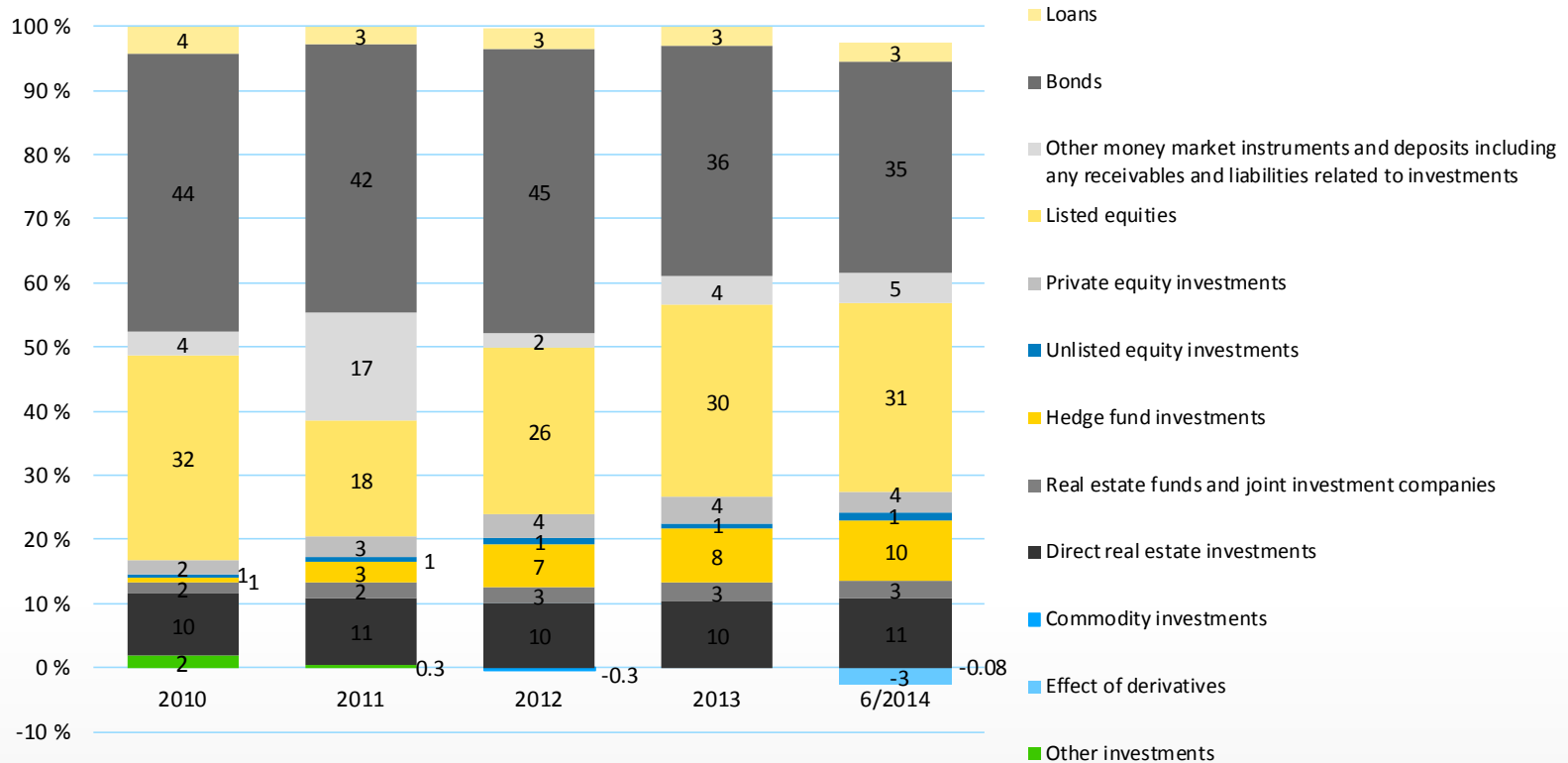
Average return on investments

- For 10 years:
nominal return 5.4 % (pro forma 5.5 %),
real return 3.4 % (pro forma 3.5 %)
- For 5 years:
nominal return 6.7 % (pro forma 7.1 %)
real return 4.7 % (pro forma 5.0 %)

Pro forma figures are the combined figures of Pension Fennia and LocalTapiola Pension Company. For the 2010–2013 period, the figures reported for Elo are those of LocalTapiola Pension Company.

Other interest items have been taken into account in accordance with Elo's procedures. All figures have been calculated in accordance with the accounting policies current at the time.

Investment risk distribution 2010–6/2013



All figures have been calculated in accordance with the accounting policies current at the time. For the 2010–2013 period, the figures reported for Elo are those of LocalTapiola Pension Company.

Formation of Elo's profit

	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
	EUR million	EUR million	EUR million
Total surplus	257.0	-43.9	70.2
Insurance business surplus	-15.5	-2.9	-9.5
Investment surplus at fair values	260.5	-49.6	62.7
Net investment income at fair values (+) 1)	678.9	154.1	544.3
Yield requirement on technical provision (-)	-418.4	-203.6	-481.6
Loading profit	12.0	8.6	17.0
Distribution of surplus	257.0	-43.9	70.2
Change in solvency	257.0	-43.9	40.9
Change in equalisation provision	-16.5	-3.5	-10.1
merger proportion	-216.8		
change in equalisation provision after merger	200.3		
Change in provision for future bonuses	141.0	11.0	-46.3
merger proportion	-97.8		
change in provision for future bonuses after merger	238.8		
Change in valuation differences	130.3	-52.6	94.6
merger proportion	-1,317.1		
change in valuation differences after merger	1,447.4		
Change in accrual of closing entries	0.0	0.0	0.0
Profit for the financial year	2.2	1.2	2.6
Transfer to client bonuses	0.0	0.0	29.3

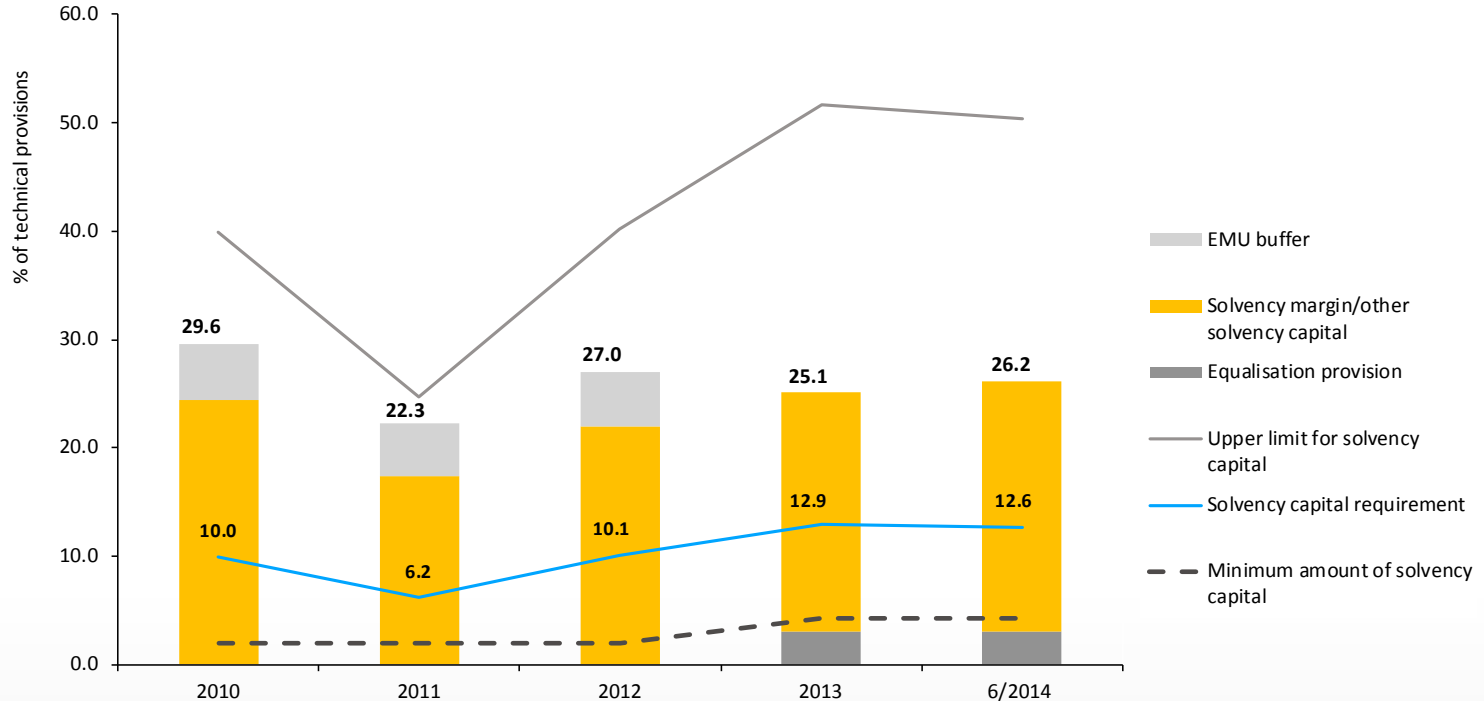
1) includes other fixed income items

Pension Fennia was merged with LocalTapiola Pension Company on 1 January 2014.

For the year 2013, the figures reported for Elo are those of LocalTapiola Pension Company.

Solvency 2010–6/2014

Solvency ratio and its limits



Solvency margin up to and including 2012 calculated in accordance with the provisions in force at the time.
For the 2010–2013 period, the figures reported for Elo are those of LocalTapiola Pension Company.