



# **Elo Mutual Pension Insurance Company**

**Financial statements for 2014**

# Key indicators

		31.12.2014	31.12.2013	Pro forma 31.12.2013
<b>Company size</b>	Premiums written, EUR million	3,022.9	1,602.7	2,929.0
	Pensions and benefits paid to pensioners, EUR million	2,731.9	1,490.4	2,572.9
	Pensions and other benefits paid, EUR million *)	3,057.0	1,598.5	2,910.4
	Technical provisions, EUR million	17,078.6	9,236.2	16,203.5
	Equalisation provision, EUR million	463.0	258.5	475.3
	Investment assets at fair value, EUR million	19,615.8	10,443.1	18,595.5
	TyEL payroll, EUR million <sup>1)</sup>	11,025.9	6,054.2	11,035.9
	YEL earned income sum, EUR million <sup>1)</sup>	1,937.1	1,050.5	1,923.8
	Number of TyEL policyholders <sup>2)</sup>	46,100	26,300	48,000
	Number of TyEL insured <sup>3), 4)</sup>	398,000	219,000	396,000
	Number of YEL policyholders <sup>2)</sup>	87,400	52,000	89,400
	Number of pensioners <sup>3)</sup>	217,000	125,000	214,000
	Number of personnel (on average)	448	183	432
<b>Result</b>	Loading profit, EUR million	31.8	17.0	28.1
	Operating expenses as % of loading component	74.3 %	74.9 %	77.5 %
	Solvency capital, EUR million	4,084.0	2,123.0	3,790.1
	% of technical provisions <sup>5)</sup>	25.8 %	25.1 %	25.1 %
	Excl. equalisation provision ratio to solvency limit	22.9 % 2.1	22.0 % 1.9	22.0 %
	Excl. equalisation provision	1.9	1.7	
	Net return from investment on capital employed, %	6.2 %	5.4 %	7.1 %

\*) Claims paid as shown in the income statement without expense loading components available for claims and working ability maintenance.

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



# Elo's investment risk distribution and risk figures

31 December 2014

	Basic allocation by market value		Actual risk position		Return	Volatility
	EUR million	%	EUR million	%	%	
<b>Fixed-income investments</b>	<b>8,467.3</b>	<b>43.2</b>	<b>8,303.3</b>	<b>42.3</b>	<b>3.8</b>	
Loans	589.7	3.0	589.7	3.0	3.1	
Bonds	6,806.6	34.7	6,806.6	34.7	4.5	2.5
Bonds of public corporations	3,736.1	19.0	3,736.1	19.0	3.2	
Bonds of other corporations	3,070.5	15.7	3,070.5	15.7	5.9	
Other money market instruments and deposits including any receivables and liabilities related to investments	1,071.0	5.5	907.0	4.6	0.2	
<b>Equities</b>	<b>6,447.1</b>	<b>32.9</b>	<b>6,928.4</b>	<b>35.3</b>	<b>9.8</b>	
Listed equities	5,399.0	27.5	5,880.3	30.0	8.0	7.0
Private equity investments	766.7	3.9	766.7	3.9	18.9	
Unlisted equity investments	281.5	1.4	281.5	1.4	26.0	
<b>Real estate</b>	<b>2,686.4</b>	<b>13.7</b>	<b>2,686.4</b>	<b>13.7</b>	<b>5.4</b>	
Direct real estate investments	2,154.6	11.0	2,154.6	11.0	4.7	
Real estate funds and joint investment companies	531.8	2.7	531.8	2.7	8.6	
<b>Other investments</b>	<b>2,015.0</b>	<b>10.3</b>	<b>1,996.7</b>	<b>10.2</b>	<b>7.1</b>	
Hedge fund investments	2,015.9	10.3	2,015.9	10.3	7.2	2.4
Commodity investments	0.3	0.0	-6.6	0.0	-	
Other investments	-1.2	-0.0	-12.7	-0.1	-	
<b>Total investments</b>	<b>19,615.8</b>	<b>100.0</b>	<b>19,914.8</b>	<b>101.5</b>	<b>6.2</b>	<b>2.6</b>
Effect of derivatives			-299.0	-1.5		
<b>Total</b>	<b>19,615.8</b>	<b>100.0</b>	<b>19,615.8</b>	<b>100.0</b>		

Market value includes accrued interest

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

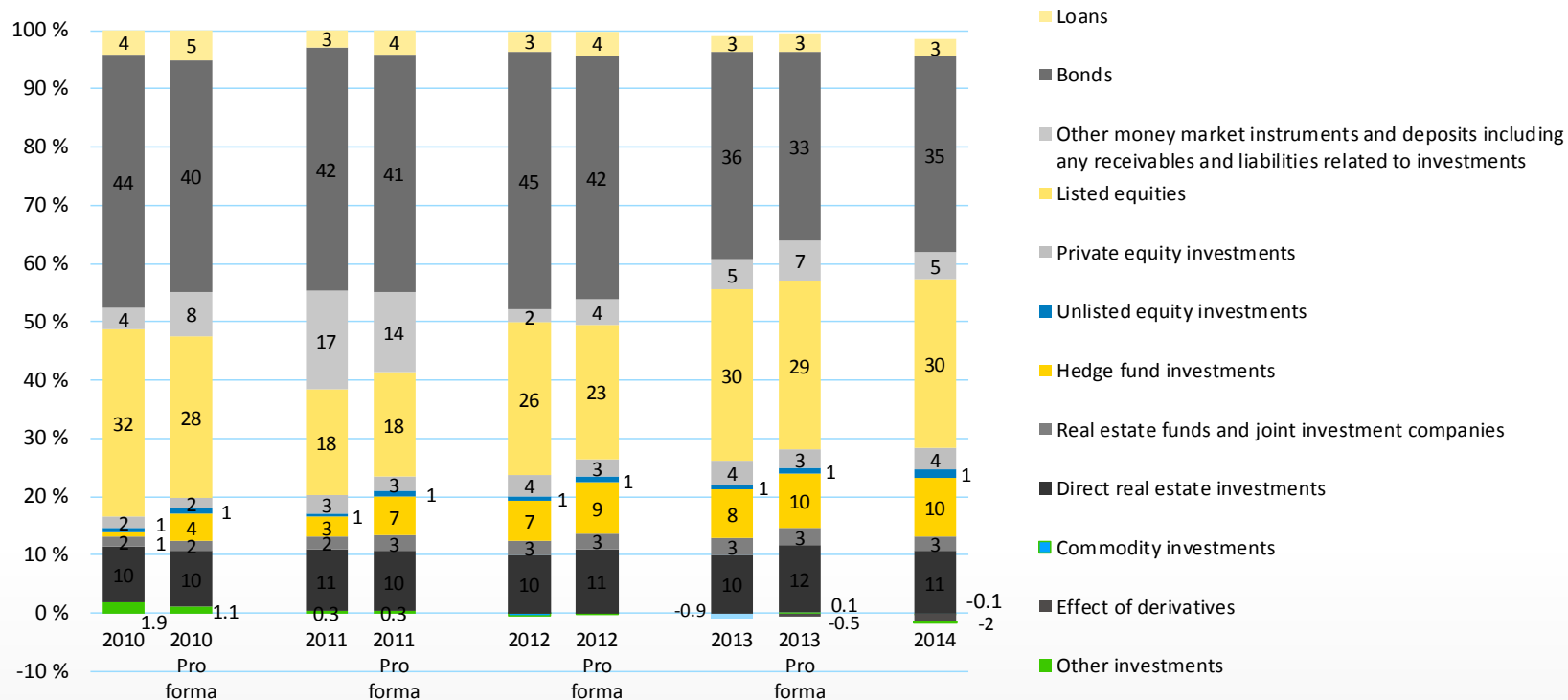
Return = return on invested capital calculated with a time and money-weighted formula (adapted Dietz)

Volatility = annualised volatility calculated from two years' history

Modified duration of bonds 3.5

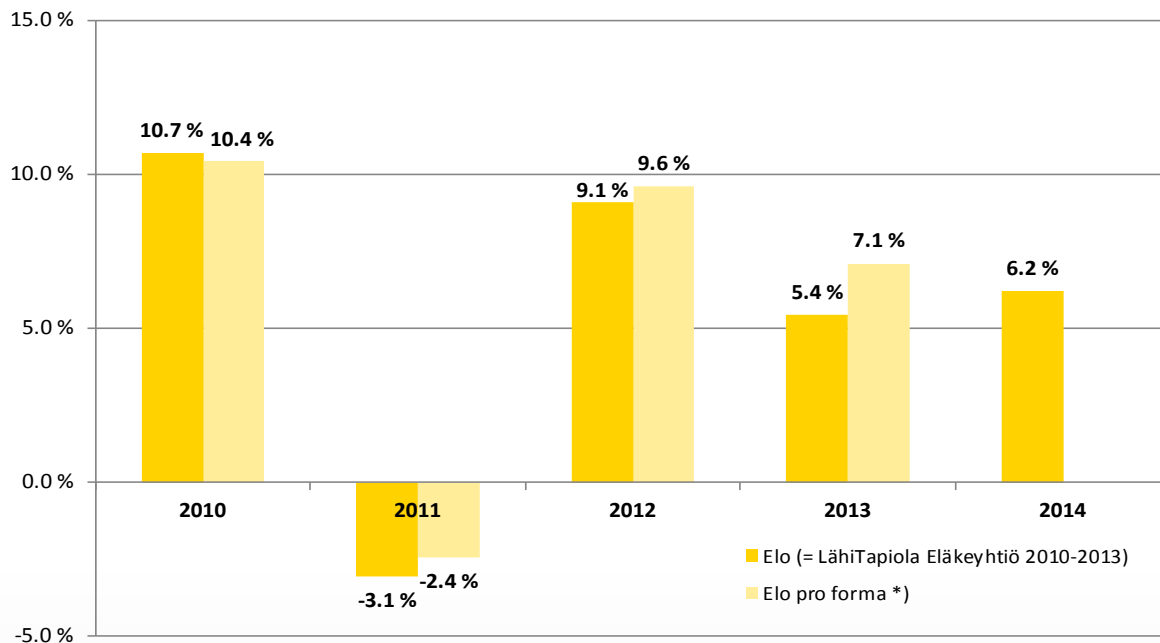


# Investment risk distribution 2010–2014, pro forma \*)



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 the revised figures of LocalTapiola Pension Company. \*) Pro forma figures are the combined figures of Pension Fennia and LocalTapiola Pension Company.

# Investment income 2010–2014



## Average return on investments

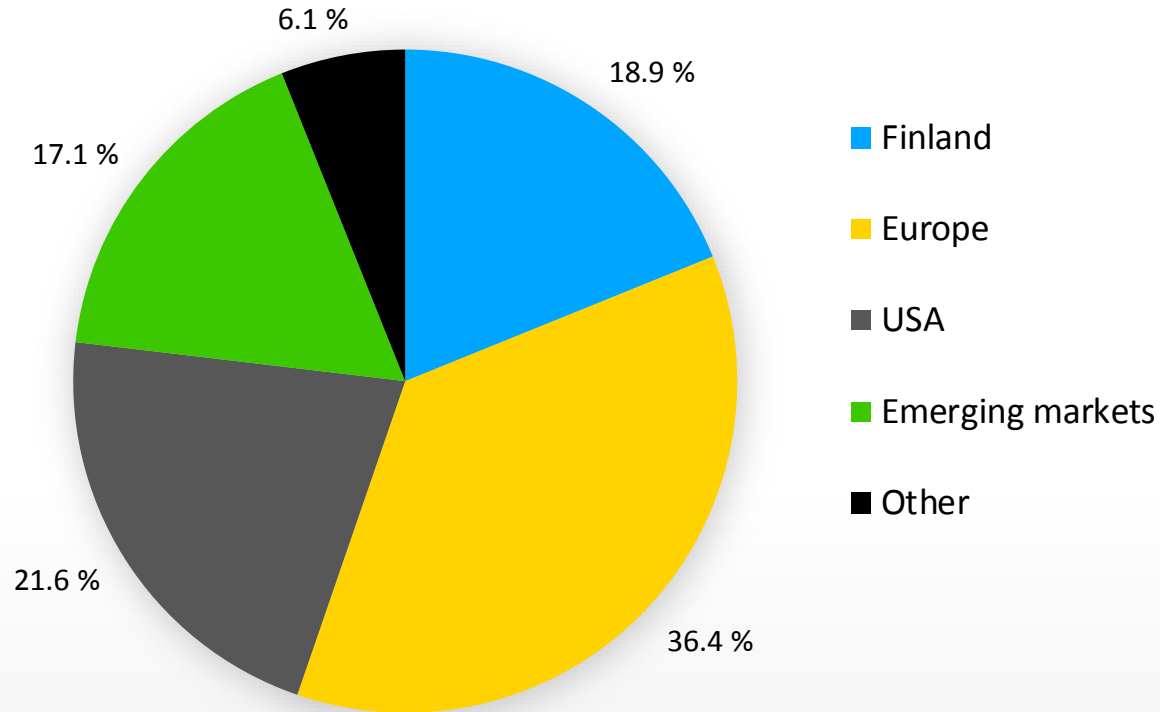
- For 10 years:  
nominal return 5.2 % (pro forma 5.3 %),  
real return 3.2 % (pro forma 3.3 %)
- For 5 years:  
nominal return 5.6 % (pro forma 6.1 %),  
real return 3.4 % (pro forma 4.0 %)

For the 2010–2013 period, the figures reported for Elo are those of LocalTapiola Pension Company.

\*) Pro forma figures are the combined figures of Pension Fennia and LocalTapiola Pension Company.

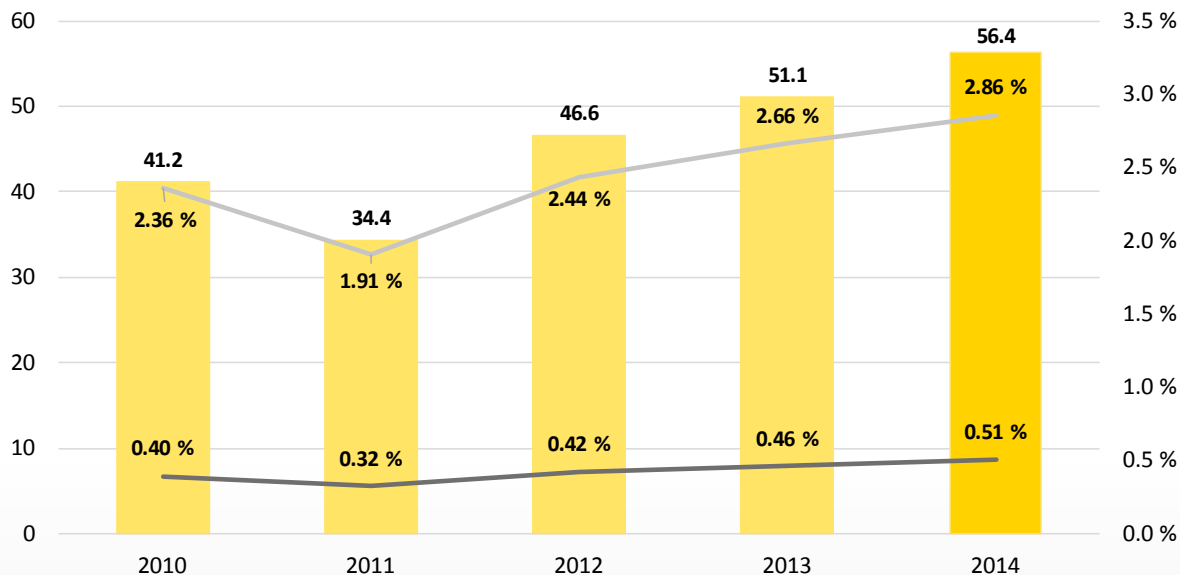
Other interest items have been taken into account in accordance with Elo's procedures. All figures have been calculated in accordance with the accounting policies current at the time.

# Geographical distribution of investments in listed equities 31.12.2014



# Transfer to client bonuses 2010–2014, pro forma \*)

EUR million



■ Transfer to client bonuses, EUR million

— Transfer to client bonuses, % of employer's TyEL contribution

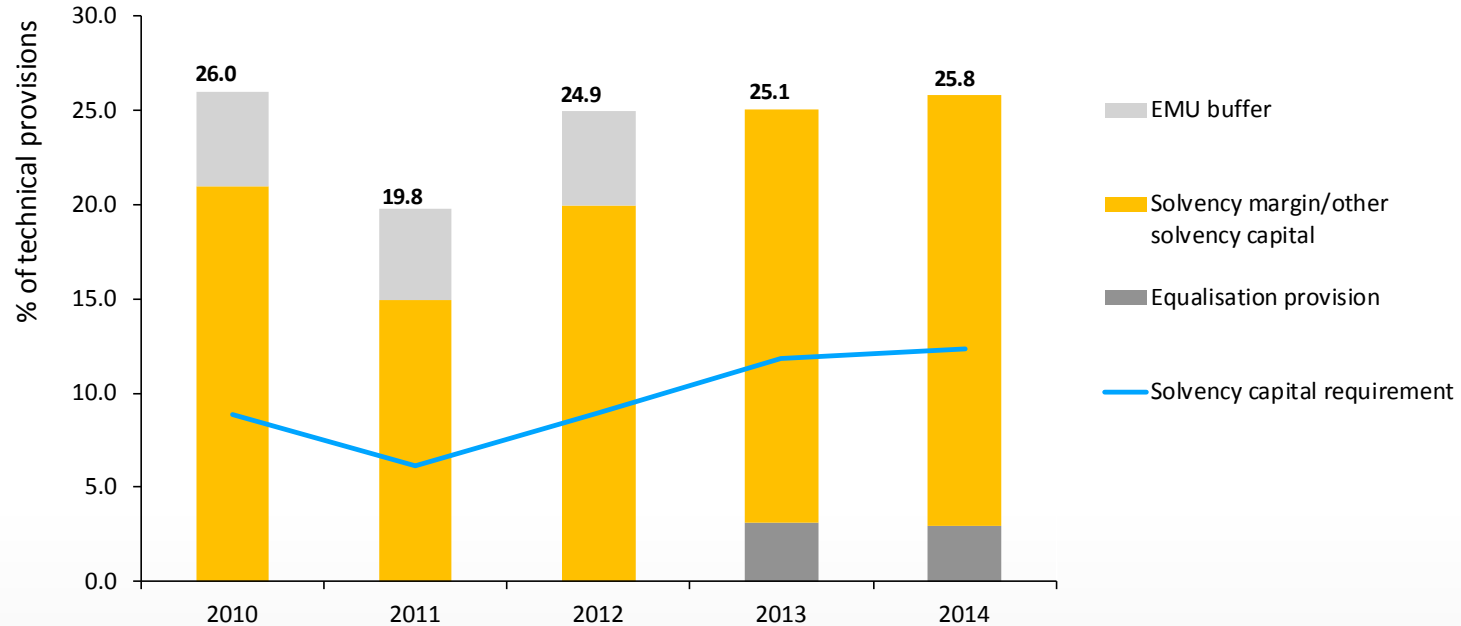
— Transfer to client bonuses, % of payroll



\*) Pro forma figures are the combined figures of Pension Fennia and LocalTapiola Pension Company.

# Solvency 2010–2014, pro forma \*)

## Solvency ratio and its limits



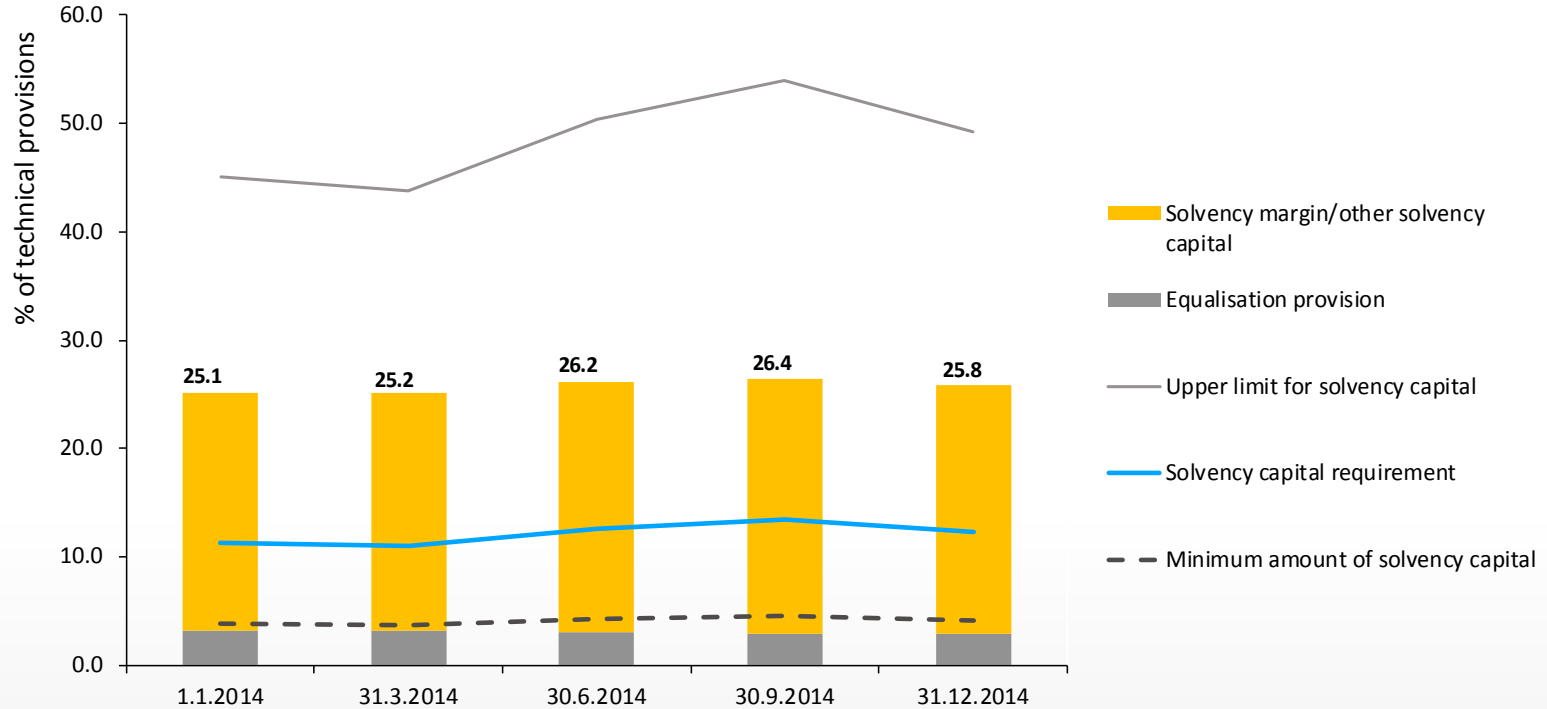
Solvency margin up to and including 2012 calculated in accordance with the provisions in force at the time.

\*) Pro forma figures are the combined figures of Pension Fennia and LocalTapiola Pension Company.

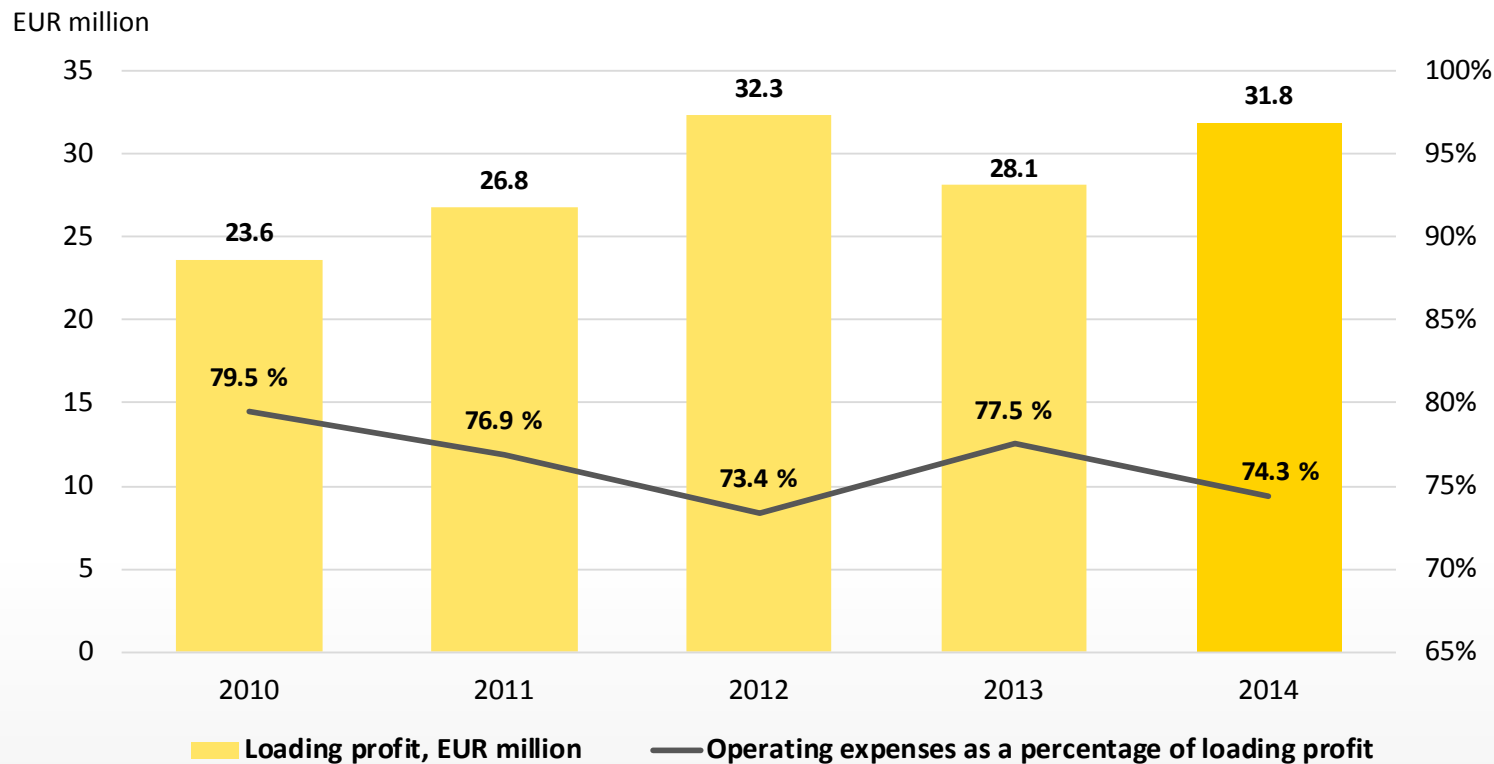


# Solvency 2014

## Solvency ratio and its limits



# Loading profit 2010–2014, pro forma \*)



\*) Pro forma figures are the combined figures of Pension Fennia and LocalTapiola Pension Company.

# Formation of Elo's profit

	2014	2013	Pro forma 2013
<b>Total surplus</b>	<b>362.5</b>	<b>70.2</b>	<b>400.7</b>
Insurance business surplus	-11.3	-9.5	-17.8
Investment surplus at fair values	<b>342.0</b>	<b>62.7</b>	<b>390.4</b>
Net investment income at fair values (+) 1)	1,163.8	544.3	1,248.6
Yield requirement on technical provision (-)	-821.8	-481.6	-858.2
Loading profit	<b>31.8</b>	<b>17.0</b>	<b>28.1</b>
<b>Distribution of surplus</b>	<b>362.5</b>	<b>70.2</b>	<b>400.7</b>
Change in solvency	306.2	40.9	349.6
Change in equalisation provision	-12.3	-10.1	-19.0
merger proportion	-216.8		
change in equalisation provision after merger	204.5		
Change in provision for future bonuses	163.5	-46.3	-46.6
merger proportion	-97.8		
change in provision for future bonuses after merger	261.3		
Change in valuation differences	151.7	94.6	411.1
merger proportion	-1,317.1		
change in valuation differences after merger	1,468.8		
Change in accrual of closing entries	0.3	0.0	0.0
Profit for the financial year	2.9	2.6	4.2
Transfer to client bonuses	56.4	29.3	51.1

1) includes other fixed income items

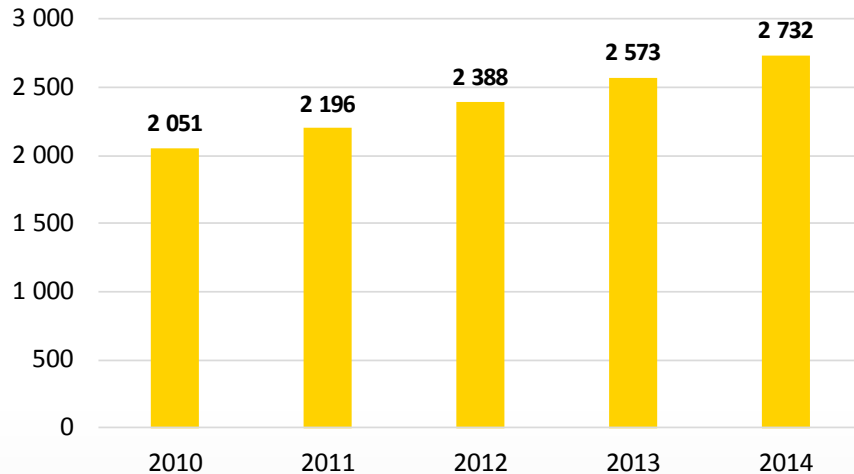
Pension Fennia was merged with LocalTapiola Pension Company on 1 January 2014.



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

# Pensions paid, pro forma \*)

EUR million

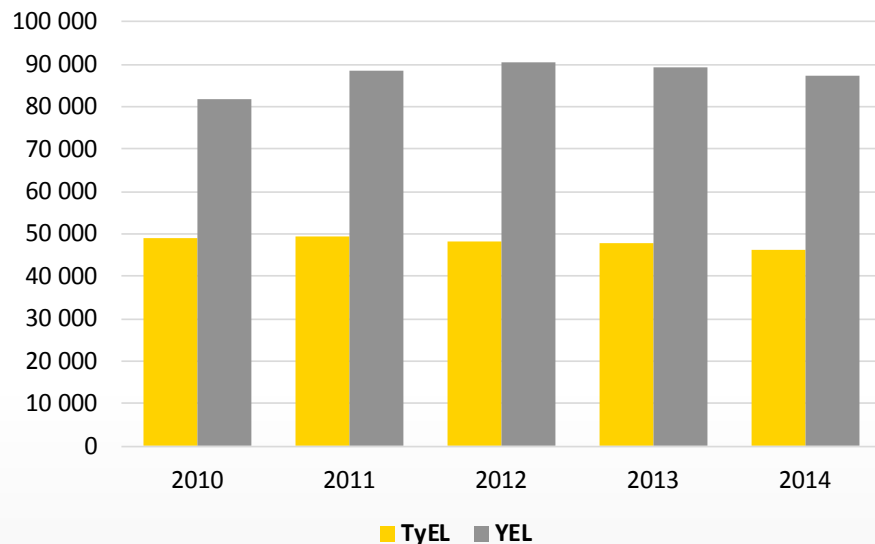


## Pensions paid

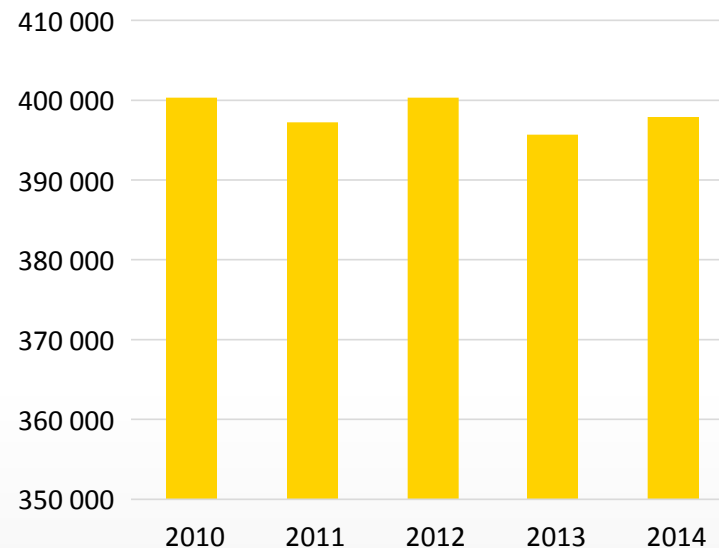
Type of pension	pcs.	EUR million
Old-age pension	160 663	2 195
Disability pension	25 558	329
Survivors' pension	29 259	187
Part-time pension	1 963	21
<b>Total</b>	<b>217 443</b>	<b>2 732</b>

# Number of insurance policies and people insured, pro forma \*)

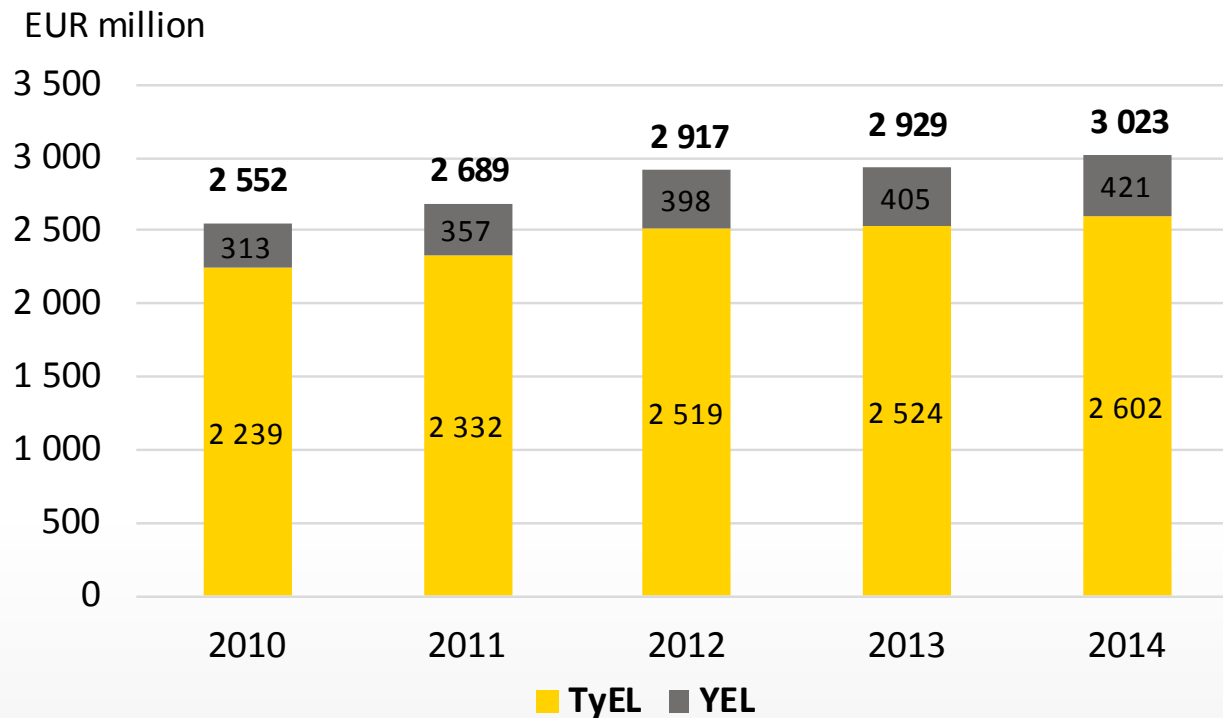
## Number of TyEL- and YEL-policyholders



## Number of TyEL-insured



# Premiums written, pro forma \*)



\*) Pro forma figures are the combined figures of Pension Fennia and LocalTapiola Pension Company.

# Processing times of pension applications

