



# VERITAS PENSION INSURANCE

## Annual Accounts 2017

### Contents

Profit and Loss Account 2017

Balance Sheet

Notes to the Profit and Loss Account

Notes to the Balance Sheet

Key Figures and Analyses

Veritas



## Profit and Loss Account

Parent company   000 €	1.1.-31.12.2017	1.1.-31.12.2016
<b>Technical account</b>		
<b>Premiums earned</b>		
Premiums written	520 942	508 871
<b>Investment income</b>	296 769	196 531
<b>Claims incurred</b>		
Claims paid	-495 732	-491 745
Change in provision for outstanding claims	53 316	-80 535
<b>Claims incurred total</b>	<b>-442 416</b>	<b>-572 280</b>
<b>Change in provision for unearned premiums</b>		
Change in provision for unearned premiums	-290 078	-23 874
Operating expenses	-13 730	-14 321
Investment expenses	-70 355	-93 902
Technical result	1 132	1 024
<b>Non-technical account</b>		
<b>Direct taxes</b>		
Taxes for the accounting period and from previous periods	-56	0
<b>Result on ordinary activities after taxes</b>	<b>1 075</b>	<b>1 024</b>
<b>Appropriations</b>		
Change in accelerated depreciation	86	30
<b>Result for the accounting period</b>	<b>1 162</b>	<b>1 054</b>



## Balance Sheet - Assets

Parent company   000 €	1.1.-31.12.2017	1.1.-31.12.2016
<b>Intangible assets</b>		
Intangible rights	2 878	3 319
Other capitalized expenditure	56	73
Advanced payments	572	183
	<b>3 506</b>	<b>3 575</b>
<b>Investments</b>		
Investments in real estate		
Real estate and shares in real estate	166 594	159 058
Loans to Group companies	70 776	74 978
	<b>237 370</b>	<b>234 036</b>
Other investments		
Stocks and shares	1 706 115	1 544 922
Debt securities	445 938	439 155
Loan receivables guaranteed by mortgages	1 517	3 339
Other loan receivables	22 280	19 179
	<b>2 175 850</b>	<b>2 006 595</b>
<b>Investments total</b>	<b>2 413 220</b>	<b>2 240 631</b>
<b>Debtors</b>		
Arising out of direct insurance operations		
Policyholders	45 651	42 513
Intermediaries	2 193	1 410
	<b>47 844</b>	<b>43 923</b>
Other debtors	2 777	9 354
	<b>50 621</b>	<b>53 277</b>
<b>Other assets</b>		
Tangible assets		
Furniture and fixtures	509	642
Other tangible assets	1 798	1 798
	<b>2 307</b>	<b>2 440</b>
Cash at banks and in hand	268 128	213 448
	<b>270 435</b>	<b>215 888</b>
<b>Accrued income</b>		
Interests and rents	5 863	5 828
Other accrued income	34 025	35 523
	<b>39 888</b>	<b>41 351</b>
<b>Total assets</b>	<b>2 777 669</b>	<b>2 554 721</b>



## Balance sheet – Liabilities

Parent company   000 €	1.1.-31.12.2017	1.1.-31.12.2016
<b>Capital and reserves</b>		
Share capital	14 272	14 272
Share premium fund	372	372
Non-restricted funds	1 161	3 667
Result for the accounting period	1 162	1 054
	<b>16 968</b>	<b>19 365</b>
<b>Accumulated appropriations</b>		
Depreciation difference	1 671	1 757
<b>Technical provisions</b>		
Provisions for unearned premiums - statutory pension insurance	1 631 484	1 341 406
Provision for outstanding claims - statutory pension insurance	1 098 631	1 151 947
<b>Technical provisions total</b>	<b>2 730 115</b>	<b>2 493 353</b>
<b>Creditors</b>		
Direct insurance creditors	542	464
Other creditors	14 361	26 452
	<b>14 904</b>	<b>26 915</b>
<b>Accrued liabilities and deferred income</b>		
	14 012	13 331
<b>Total liabilities</b>	<b>2 777 669</b>	<b>2 554 721</b>



## Notes to Profit and Loss Account

Parent company 1 000 €	2017	2016
<b>Premiums written - statutory employment pension insurance</b>		
Direct insurance		
Basic insurance under the Employees Pensions Act (TyEL)		
Employer contribution		
Employee contribution	339 759	335 341
Additional pension insurance under the Employees Pensions Act (TEL)	120 883	111 696
Minimum cover under the Self-employed Persons' Pensions Act (YEL)	0	310
Premiums written	60 300	61 524
	<b>520 942</b>	<b>508 871</b>
Credit loss on premiums due (-)		
Employees Pensions Act (TyEL)	2 289	2 870
Self-employed Persons' Pensions Act (YEL)	606	643
	2 895	3 513
<b>Claims paid - statutory pension insurance</b>		
Direct insurance		
Paid to pensioners		
Basic insurance under the Employees Pensions Act (TyEL)		
Additional pension insurance under the Employees Pensions Act (TEL)	375 096	353 828
Minimum cover under the Self-employed Persons' Pensions Act (YEL)	3 899	3 897
Additional pension insurance under the Self-employed Persons' Pensions Act (YEL)	68 348	64 666
	1 208	1 186
	448 551	423 577
Remuneration paid / received for liability distribution		
Pensions paid under the Employees Pensions Act (TyEL)	71 385	89 953
Pensions paid under the Self-employed Persons' Pension Act (YEL)	-1 572	241
Share of the unemployment insurance fund insurance contribution	-17 985	-19 767
Self-employed Persons' Pension Act (YEL) state share	-10 430	-7 830
State compensation pursuant to VEKL	-61	-53
	41 337	62 543
Direct insurance total	489 888	486 120
Payout management expenses	5 310	5 030
Working capacity maintenance expenses	534	594
<b>Total claims paid</b>	<b>495 732</b>	<b>491 745</b>



## Notes to the Balance Sheet

Investments 31.12.2017 Parent company 1 000 €	Residual acquisition cost	Book value	Current value
<b>Current value of investments and valuation difference</b>			
Real estate investments			
Real estate	13 097	13 097	20 395
Shares in group companies	137 296	138 060	196 654
Shares in participating interests	11 993	11 993	17 300
Other shares in real estate	3 388	3 388	4 429
Acquisition costs of leasehold on real estate	57	57	57
Loans to group companies	70 776	70 776	70 776
Other investments			
Shares and holdings	1 706 115	1 706 115	2 113 536
Debt securities	449 463	445 938	454 704
Loans guaranteed by mortgages	1 517	1 517	1 517
Other loan receivables	22 280	22 280	22 280
	<b>2 415 982</b>	<b>2 413 220</b>	<b>2 901 648</b>
The remaining acquisition cost of debt securities includes the difference (+/-) between the nominal value and acquisition price which is allocated to interest income (+) or deducted from it (-)	-3 525		
The book value consists of			
Revaluations entered as income		132	
Other revaluations		632	
		763	
<b>Difference between the current and book values</b>			<b>488 428</b>



## Notes to the Balance Sheet

Parent company 1 000 €	2017	2016
<b>Changes in equity</b>		
Share capital		
Share capital I.1.	14 272	14 272
31.12. Number of shares 52 615	14 272	14 272
Share premium account		
Share premium account I.1.	372	372
31.12.	372	372
Other equity		
Contingency fund I.1.	3 606	3 224
Acquisition of own shares, 2017: 3 445 shares - 2016: 0 share	-1 123	0
Dividends to shareholders	-1 376	0
Transferred from profits from previous years	0	382
31.12.	1 107	3 606
Non-restricted reserve to be used by the Board of Directors I.1.	61	57
Transferred from profits from previous years	10	10
Used for generally beneficial purposes	-16	-6
31.12.	55	61
Profit for the previous year	1 054	1 234
Transferred to the contingency fund	0	-382
Dividends to shareholders	-1 044	-842
Transferred to the Board's non-restricted reserve	-10	-10
Result for the year	1 162	1 054
31.12.	1 162	1 054
Total other equity 31.12.	2 323	4 721
Total equity 31.12.	16 968	19 365
The company has 3 456 redeemed own share on 31.12.2017.		
<b>Profit available for distribution 31.12.</b>		
Non-restricted equity, total 31.12.	2 323	4 721
Distributable earnings, total 31.12.	2 323	4 721
<b>Key figures pertaining to solvency</b>		
<b>Solvency capital</b>		
Capital and reserves after proposed profit distribution		
Voluntary provisions and accelerated depreciations	16 116	16 874
Valuation difference between current value and book value of assets on the balance sheet	1 671	1 757
Unallocated additional benefits provision	500 984	490 655
Equalisation provision 1)	263 236	51 382
Intangible assets (-)	0	124 463
	-3 506	-3 575
	778 501	681 557
Minimum solvency capital required under the Employee Pension Insurance Companies Act (TVYL), sector 17	1 15 672	87 239

1) Excluding the TEL supplementary pension insurance equalisation provision, which was transferred to the provision for pooled claims 31.12.2016.



## Key Figures and Analyses

Key Figures in Brief Parent company M €	2017	2016	2015	2014	2013
Premiums written	520,9	508,9	489,5	470,2	452,8
Pension payments made <sup>1)</sup>	489,9	486,1	463,8	454,8	432,0
Net investment income at fair value	103,2	184,2	151,4	159,4	169,2
ROCE, %	8,0 %	6,6 %	5,8 %	6,5 %	7,4 %
Turnover	750,2	615,0	683,3	536,9	536,6
Total operating expenses	27,1	26,7	25,8	23,3	22,3
% of turnover	3,6 %	4,3 %	3,8 %	4,3 %	4,2 %
Total operating expenses less investment management charges and work capacity maintenance costs, % from Employees Pension Act (TyEL) and Self-Employed Persons Pensions' Act (YEL) payroll, %	0,8 %	0,9 %	0,9 %	0,8 %	0,9 %
Total profit	107,9	79,0	29,3	61,7	52,1
Technical provisions	2 730,1	2 493,4	2 388,9	2 195,2	2 137,8
Solvency capital <sup>2)</sup>	778,5	681,6	616,6	595,9	541,1
in relation to solvency limit	2,2	2,6	2,2	2,2	2,1
Equalisation provision	124,5	124,5	129,0	124,2	116,2
Pension assets <sup>3)</sup>	3 241,9	2 984,0	2 798,3	2 643,1	2 489,3
% of technical provisions <sup>3)</sup>	29,5 %	29,5 %	28,1 %	28,9 %	27,6 %
Transfer to bonuses and rebates	8,6	7,1	6,1	6,1	5,6
% of Employees Pensions Act (TyEL) payroll	0,45 %	0,38 %	0,34 %	0,35 %	0,32 %
Employees Pensions Act (TyEL) payroll	1 708,8	1 692,5	1 627,7	1 597,3	1 601,1
Self-Employed Persons' Pensions Act (YEL) payroll	241,7	252,5	256,5	255,1	252,1
Employees Pensions Act (TyEL) policies <sup>4)</sup>	7 315	7 134	7 041	6 931	6 791
Insured under Employees Pensions Act (TyEL)	54 960	56 503	53 503	53 817	53 339
Self-Employed Persons Pensions Act (YEL) policies	10 265	10 457	10 735	10 739	10 870
Pension recipients	31 206	30 351	29 560	28 673	28 424

1) Payments made and recorded in the income statement, without management charges and costs for work capacity maintenance

2) Calculated according to the regulations in force at the time (other solvency key figures follows same principles)

3) Technical provisions in accordance with § 111, item 10, of the Ministry of Social Affairs and Health's decree (614/2008) + solvency capital.  
Until 2016 technical provisions + valuation differences.

4) Insurance policies of employers that have concluded insurance contracts





## Key Figures and Analyses

Performance analysis Parent company M €	2017	2016	2015	2014	2013
<b>Sources of profit</b>	<b>3,5</b>	<b>1,7</b>	8,3	<b>8,8</b>	<b>-6,8</b>
Underwriting result	103,2	75,6	19,7	51,2	57,2
Investment result at current value	236,7	184,2	151,4	159,4	169,2
+ Net investment income at current value + other interest items	-133,5	-108,6	-131,7	-108,2	-112,0
- Yield requirement on technical provisions	0,7	1,6	1,4	1,7	1,6
Loading profit	0,4	-	-	-	-
Other profit	107,9	79,0	29,3	61,7	52,1
Profits, total					
<b>Disposal of profits</b>					
To the change of solvency (+/-)	98,3	71,9	21,3	55,1	45,4
Change in the equalisation provision included in solvency capital	0,0	0,1	5,2	7,7	-6,1
Change in provision for future bonuses	86,9	-10,5	53,4	-50,1	-39,6
Change in difference between current and book value	10,3	81,3	-38,5	96,3	90,1
Change in accumulated appropriations	-0,1	0,0	0,0	0,1	0,0
Profit for the financial year	1,2	1,1	1,2	1,0	1,0
Change in TEL supplementary pension insurance equalisation provision	-	0,0	0,2	-	-
Transfer to bonuses and rebates	9,5	7,1	7,8	6,7	6,6
Total	107,9	79,0	29,3	61,7	52,0
<b>Solvency</b>					
Solvency limit	347,0	261,7	275,8	267,6	258,2
Maximum amount of solvency capital	1 041,0	1 046,9	1 103,3	1 070,3	1 033,0
Solvency capital	778,5	681,6	616,6	595,9	541,1
Solvency ratio, % 1)	131,6 %	129,5 %	128,1 %	128,9 %	127,6 %
Solvency positio 2)	2,2	2,6	2,2	2,2	2,1

1) Pension assets in relation to technical provisions in accordance with § 11, item 10, of the Ministry of Social Affairs and Health's decree (614/2008)

2) Solvency capital in relation to solvency limit



## Key Figures and Analyses

Investment Allocation at Fair Value	Market value				Risk position									
	31.12.2017		31.12.2016		31.12.2017		31.12.2016		31.12.2015		31.12.2014		31.12.2013	
	milj. €	%	milj. €	%	milj. €	% <sup>8</sup>	milj. €	% <sup>8</sup>	milj. €	% <sup>8</sup>	milj. €	% <sup>8</sup>	milj. €	% <sup>8</sup>
<b>Fixed-income investments</b>	<b>1 313,0</b>	<b>41,4</b>	<b>1 300,7</b>	<b>44,4</b>	<b>1 279,6</b>	<b>40,3</b>	<b>1 202,7</b>	<b>41,1</b>	<b>1 273,9</b>	<b>46,2</b>	<b>1 119,4</b>	<b>43,1</b>	<b>1 023,8</b>	<b>41,8</b>
Loan receivables <sup>1)</sup>	24,1	0,8	22,7	0,8	24,1	0,8	22,7	0,8	40,8	1,5	15,9	0,6	26,4	1,1
Bonds <sup>1)</sup>	1 001,3	31,5	1 038,4	35,5	954,3	30,1	920,8	31,4	1 048,3	38,0	1 037,5	39,9	918,6	37,5
Other money market instruments and deposits <sup>1)2)</sup>	287,6	9,1	239,6	8,2	301,2	9,5	259,2	8,9	184,7	6,7	66,0	2,5	78,8	3,2
<b>Equity investments</b>	<b>1 188,9</b>	<b>37,4</b>	<b>942,4</b>	<b>32,2</b>	<b>1 188,9</b>	<b>37,4</b>	<b>967,5</b>	<b>33,0</b>	<b>974,4</b>	<b>35,4</b>	<b>893,9</b>	<b>34,4</b>	<b>886,3</b>	<b>36,2</b>
Listed equities	1 002,0	31,6	778,6	26,6	1 002,0	31,6	803,7	27,4	803,4	29,2	726,7	28,0	758,4	31,0
Private equity <sup>3)</sup>	144,1	4,5	121,1	4,1	144,1	4,5	121,1	4,1	112,8	4,1	107,3	4,1	80,4	3,3
Unlisted equities <sup>4)</sup>	42,8	1,3	42,7	1,5	42,8	1,3	42,7	1,5	58,2	2,1	59,9	2,3	47,5	1,9
<b>Real estate investments</b>	<b>384,5</b>	<b>12,1</b>	<b>377,5</b>	<b>12,9</b>	<b>384,5</b>	<b>12,1</b>	<b>377,5</b>	<b>12,9</b>	<b>304,3</b>	<b>11,0</b>	<b>418,4</b>	<b>16,1</b>	<b>426,9</b>	<b>17,4</b>
Direct real estates	309,7	9,8	304,7	10,4	309,7	9,8	304,7	10,4	198,6	7,2	365,9	14,1	366,1	15,0
Real estate funds	74,9	2,4	72,8	2,5	74,9	2,4	72,8	2,5	105,6	3,8	52,5	2,0	60,8	2,5
<b>Other investments</b>	<b>288,8</b>	<b>9,1</b>	<b>307,5</b>	<b>10,5</b>	<b>288,8</b>	<b>9,1</b>	<b>307,5</b>	<b>10,5</b>	<b>199,1</b>	<b>7,2</b>	<b>168,0</b>	<b>6,5</b>	<b>48,4</b>	<b>2,0</b>
Hedge funds <sup>5)</sup>	146,4	4,6	150,8	5,1	146,4	4,6	150,8	5,1	135,8	4,9	112,1	4,3	0,0	0,0
Other investments <sup>6)</sup>	142,3	4,5	156,8	5,4	142,3	4,5	156,8	5,4	63,4	2,3	55,9	2,1	48,4	2,0
<b>Total investments</b>	<b>3 175,2</b>	<b>100,0</b>	<b>2 928,1</b>	<b>100,0</b>	<b>3 141,8</b>	<b>98,9</b>	<b>2 855,2</b>	<b>97,5</b>	<b>2 751,7</b>	<b>99,9</b>	<b>2 599,7</b>	<b>100,0</b>	<b>2 385,3</b>	<b>97,5</b>
Effect of derivatives <sup>7)</sup>					33,4	1,1	72,9	2,5	4,1	0,1	0,0	0,0	61,4	2,5
<b>Investment allocation at fair value</b>					<b>3 175,2</b>	<b>100,0</b>	<b>2 928,1</b>	<b>100,0</b>	<b>2 755,8</b>	<b>100,0</b>	<b>2 599,7</b>	<b>100,0</b>	<b>2 446,6</b>	<b>100,0</b>
<b>Modified duration of bond investments</b>	<b>3,2</b>													

1) Includes accrued interest

2) Includes cash and bank balance and receivables & debt relating to trading in securities

3) Includes private equity funds and mezzanine funds

4) Includes unlisted real estate investment companies

5) Includes all types of hedge fund units despite of the fund's strategy

6) Includes items that cannot be allocated to other investment groups

7) Includes the effect of derivatives on the difference between risk position and market value. The effect may be positive or negative (+/-). After the correction of the effect of derivatives the risk position and the market value equals.

8) The relative share is calculated using the total of the "Investment allocation at fair value" line as the divisor



## Key Figures and Analyses

Net Investment Income at Fair value Parent company	Net Investment Income at fair value <sup>7</sup>	Capital employed <sup>8</sup>	ROCE %	ROCE %			
				1.1.-31.12.2017	1.1.-31.12.2016	1.1.-31.12.2015	1.1.-31.12.2014
	M €	M €	%	%	%	%	%
<b>Fixed-income investments</b>	<b>36,5</b>	<b>1 305,5</b>	<b>2,8 %</b>	<b>5,0 %</b>	<b>0,4 %</b>	<b>5,3 %</b>	<b>1,5 %</b>
Loan receivables <sup>1)</sup>	1,2	22,1	5,4 %	2,6 %	-0,6 %	3,3 %	2,8 %
Bonds	36,0	996,4	3,6 %	6,3 %	0,5 %	5,9 %	1,6 %
Other money market instrument and deposits <sup>1) 2)</sup>	-0,7	287,1	-0,2 %	0,0 %	0,1 %	0,2 %	0,4 %
<b>Equity investments</b>	<b>148,0</b>	<b>996,4</b>	<b>14,9 %</b>	<b>8,9 %</b>	<b>12,3 %</b>	<b>9,1 %</b>	<b>16,7 %</b>
Listed equities	124,0	835,7	14,9 %	8,6 %	10,8 %	9,0 %	18,3 %
Private equities <sup>3)</sup>	24,5	117,5	20,8 %	5,4 %	20,9 %	9,1 %	7,0 %
Unlisted equities <sup>4)</sup>	-0,5	43,2	-1,1 %	24,1 %	16,1 %	9,9 %	8,9 %
<b>Real estate investments</b>	<b>41,2</b>	<b>365,4</b>	<b>11,3 %</b>	<b>10,8 %</b>	<b>10,3 %</b>	<b>5,7 %</b>	<b>5,9 %</b>
Direct real estates	36,0	292,0	12,3 %	13,0 %	7,8 %	5,5 %	5,8 %
Real estate funds	5,2	73,4	7,1 %	4,5 %	25,6 %	6,7 %	5,9 %
<b>Other investments</b>	<b>17,3</b>	<b>285,7</b>	<b>6,1 %</b>	<b>3,3 %</b>	<b>3,1 %</b>	<b>3,2 %</b>	<b>8,4 %</b>
Hedge funds <sup>5)</sup>	5,6	145,1	3,9 %	3,5 %	1,5 %	0,5 %	-5,3 %
Commodities	-	-	-	-	-	-	-
Other investments <sup>6)</sup>	11,7	140,6	8,3 %	3,1 %	7,0 %	4,9 %	9,8 %
<b>Total investments</b>	<b>243,0</b>	<b>2 953,1</b>	<b>8,2 %</b>	<b>6,8 %</b>	<b>5,9 %</b>	<b>6,6 %</b>	<b>7,5 %</b>
Unallocated income, costs and operating expenses	-6,3		-0,2 %	-0,2 %	-0,2 %	-0,1 %	-0,1 %
<b>Net investment income at fair value, total</b>	<b>236,7</b>		<b>8,0 %</b>	<b>6,6 %</b>	<b>5,8 %</b>	<b>6,5 %</b>	<b>7,4 %</b>

1) Includes accrued interest

2) Includes cash and bank balance and receivables & debt relating to trading in securities

3) Includes private equity funds and mezzanine funds

4) Includes unlisted real estate investment companies

5) Includes all types of hedge fund units despite of the fund's strategy

6) Includes items that cannot be allocated to other investment groups

7) Change in market value between the beginning and the end of the reporting period less cash flows during the period.

Cash flow = difference between sales/revenues and purchases/costs

8) Capital employed = market value in the beginning of the accounting period + daily/monthly time weighted cash flows



## Key Figures and Analyses

Parent company M €	2017	2016	2015	2014	2013
<b>Loading profit</b>					
Expense loading components	17,7	19,0	18,3	17,6	17,4
Premium components available to be used to cover operating expenses resulting from claims settlements	0,6	0,7	0,7	0,7	0,7
Other income	0,2	0,2	0,2	0,2	0,2
<b>Total loading income</b>	<b>18,5</b>	<b>19,8</b>	<b>19,2</b>	<b>18,5</b>	<b>18,3</b>
Activity-based operating expenses <sup>1)</sup>	-17,8	-18,2	-17,8	-16,7	-16,7
Other expenses	0,0	0,0	0,0	0,0	0,0
<b>Total operating expenses</b>	<b>-17,8</b>	<b>-18,2</b>	<b>-17,8</b>	<b>-16,7</b>	<b>-16,7</b>
<b>Loading profit, total</b>	<b>0,7</b>	<b>1,6</b>	<b>1,4</b>	<b>1,7</b>	<b>1,6</b>
<b>Operating expenses as a percentage of loading income</b>	<b>96,3 %</b>	<b>91,7 %</b>	<b>92,9 %</b>	<b>90,6 %</b>	<b>91,0 %</b>
<sup>1)</sup> Excluding operating expenses related to investments and working capacity maintenance and statutory charges					
<b>Management of the disability risk</b>					
Premiums written; the administrative cost component of the disability risk	0,5	0,5	0,5	0,5	0,5
Claims incurred; expenses for maintenance of working capacity	0,5	0,6	0,6	0,5	0,4
Expenses for the administration of the disability risk included in the operating expenses and are covered by the loading profit <sup>2)</sup>	0,0	0,0	-	-	-
<b>Expenses for maintenance of working capacity / the administrative cost component of the disability risk, %</b>	<b>97,9 %</b>	<b>106,1 %</b>	<b>106,1 %</b>	<b>106,9 %</b>	<b>73,3 %</b>

2) As of 2016, does not include personnel expenses related to the management of the disability risk of the company's own personnel