

INTERIM REPORT 1.1.–30.9.2016

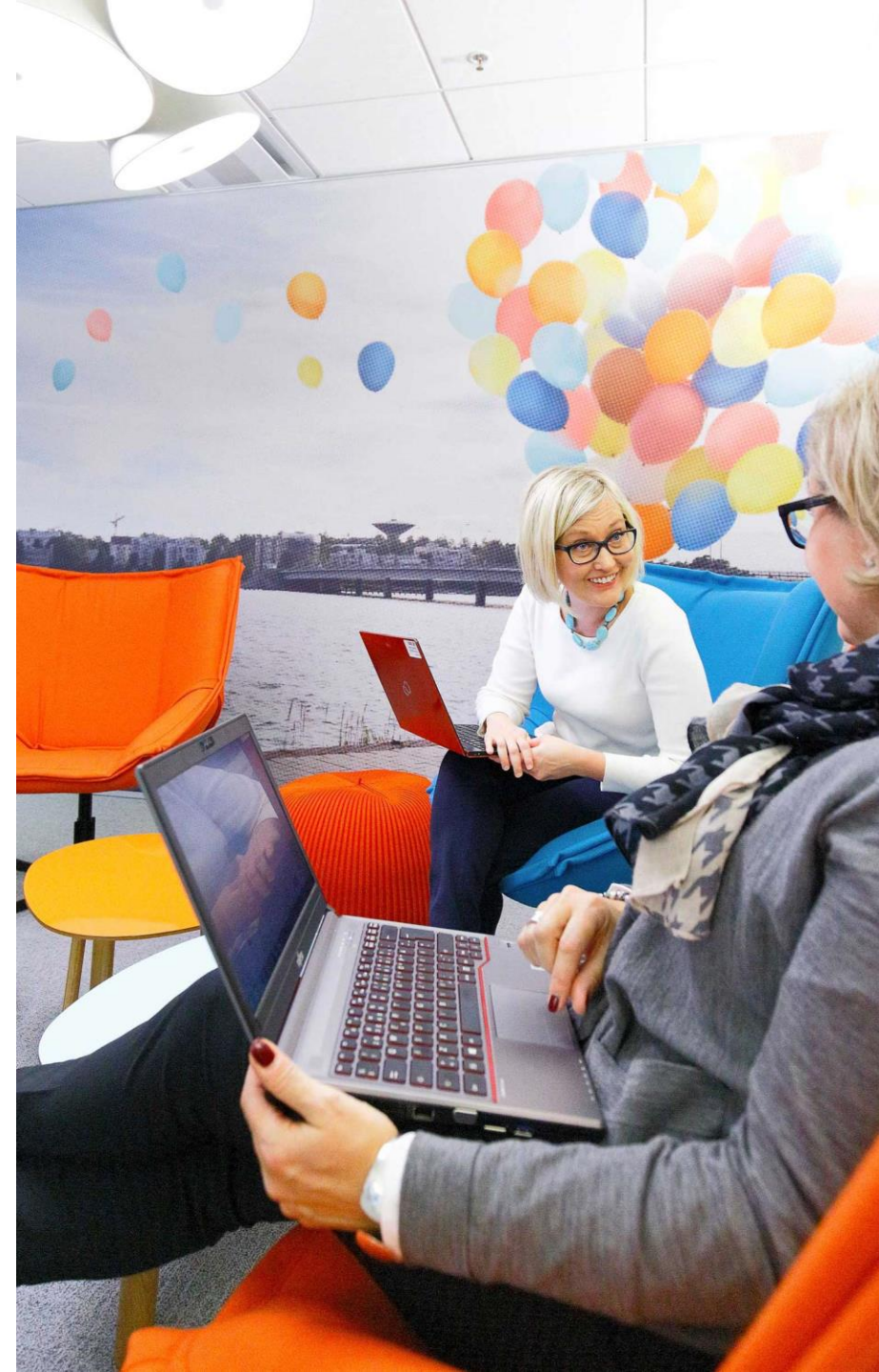
21 October 2016

ILMARINEN

FOR A
BETTER
LIFE.

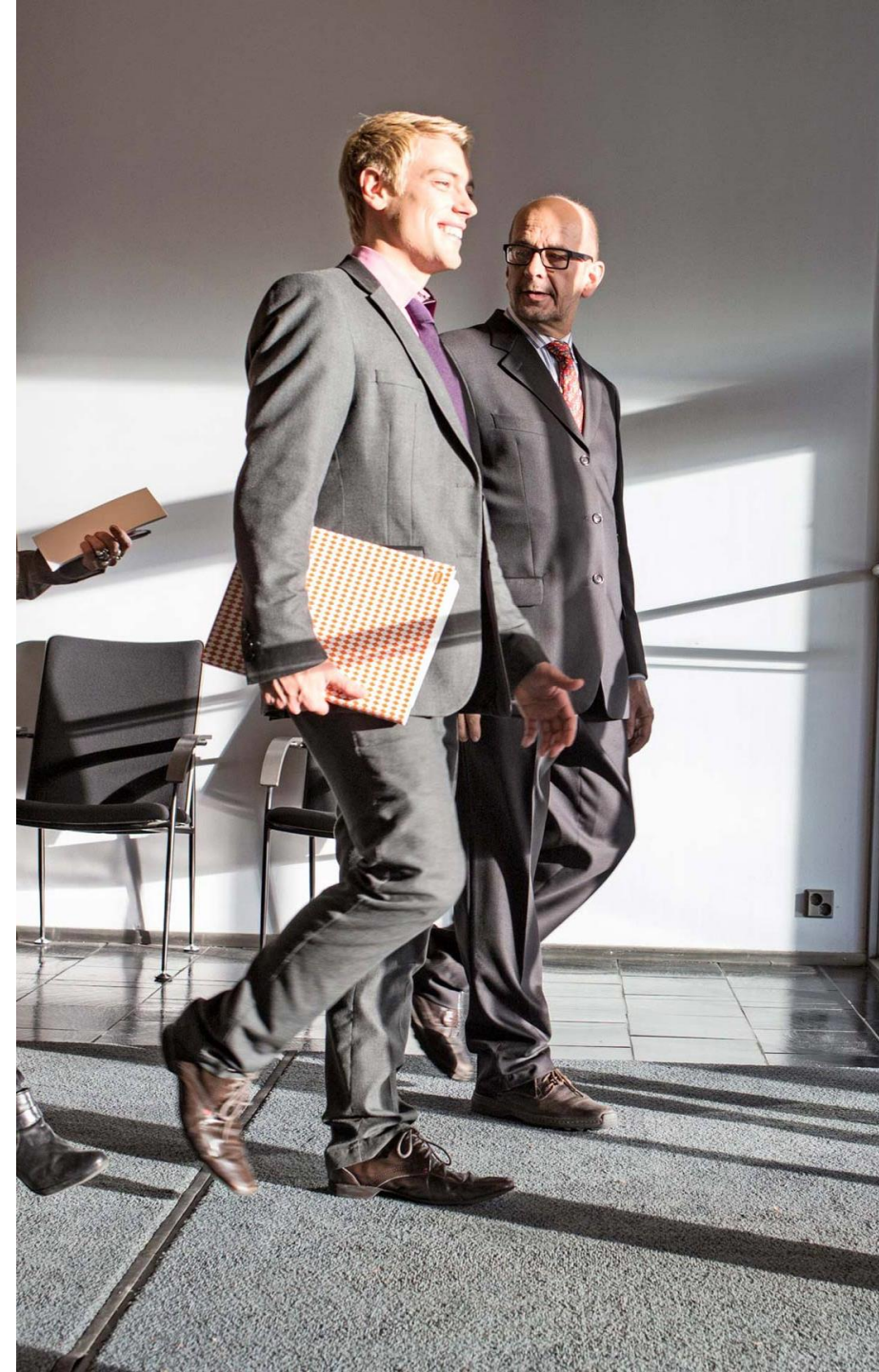
WHAT'S NEW AT ILMARINEN

- Customer acquisition developed as planned in the first part of the year, operating expenses have remained in check
- 13% more pension decisions than a year ago
- New pension processing system taken into use, initially congested with applications but now, as a result of automation, its speed has picked up
- New digital services for well-being at work



KEY OBSERVATIONS ABOUT THE OPERATING ENVIRONMENT

- Markets recover from Brexit scare and investors' risk appetite returns
- Central banks' stimulating monetary policy continues
- Interest rate level still historically low, steers investors to seek alternatives
- Situation of European banks cause for concern
- US presidential elections increase uncertainty on the markets
- Recovery of the Finnish economy slightly gaining momentum



POSITIVE PERFORMANCE ON EQUITY MARKETS **STRENGTHENED** INVESTMENT RETURN

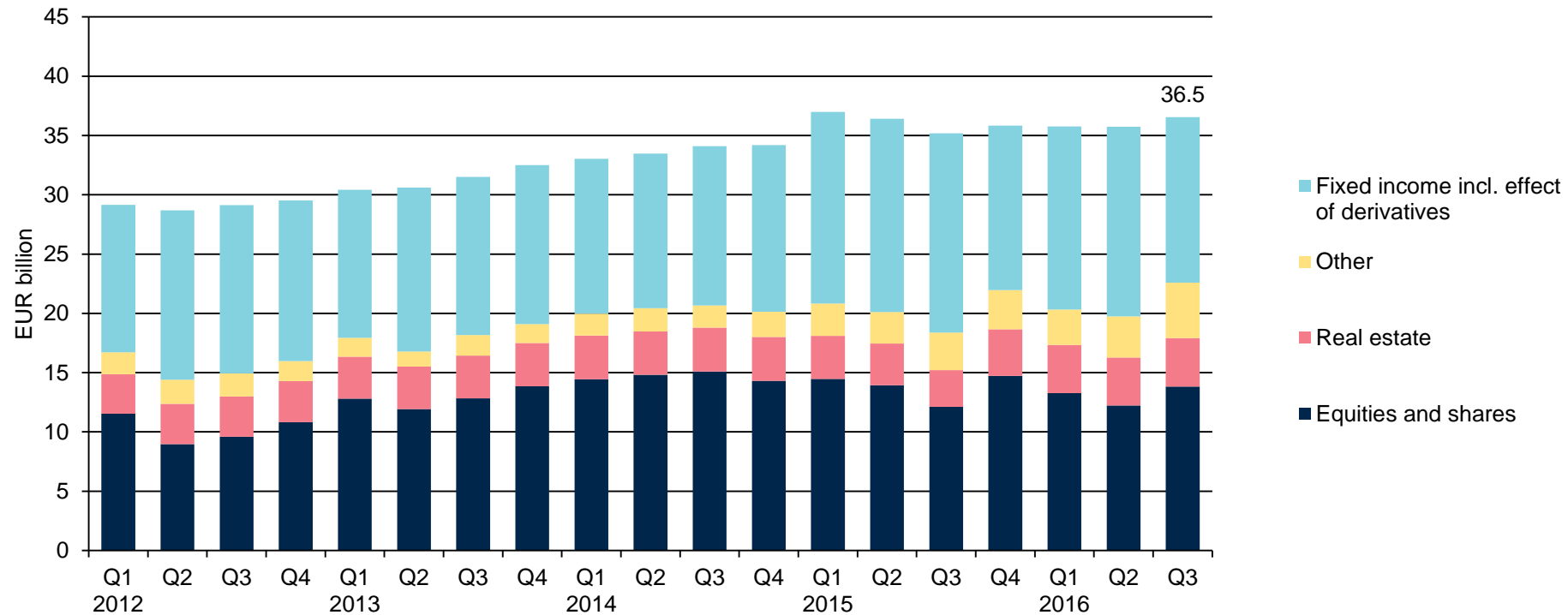
January–September 2016

- Return on investments **2.3%**
 - Return on equity investments **2.0%**
 - Return on fixed income investments **2.0%**
 - Return on direct real estate investments **2.8%**
- Long-term return at a good level
 - Nominal return **5.8%**
 - Real return **4.1%**
- Solvency continued to strengthen in third quarter
 - Solvency ratio **27.9%**



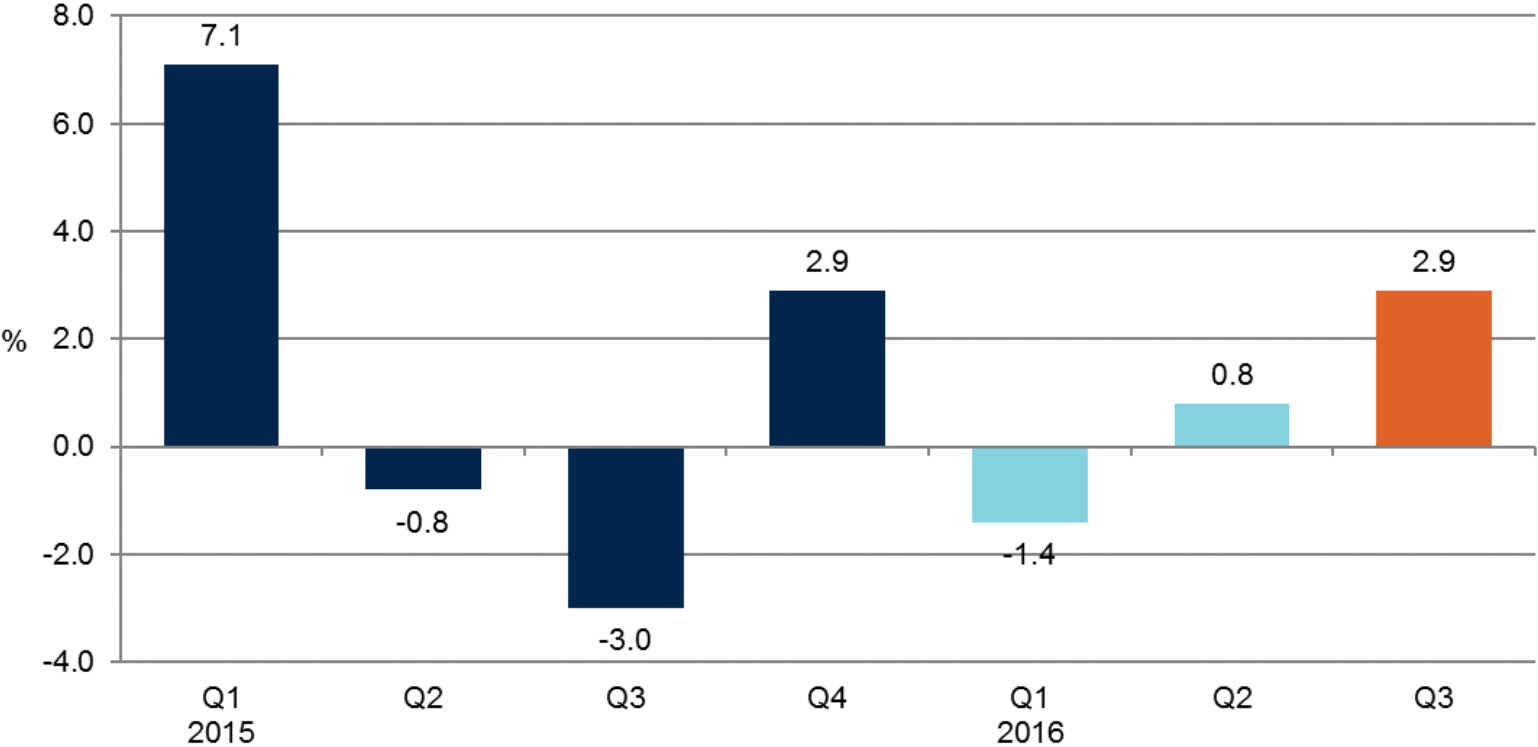
VALUE OF INVESTMENTS ROSE, MARKET VALUE EUR 36.5 BILLION

Asset allocation according to risk



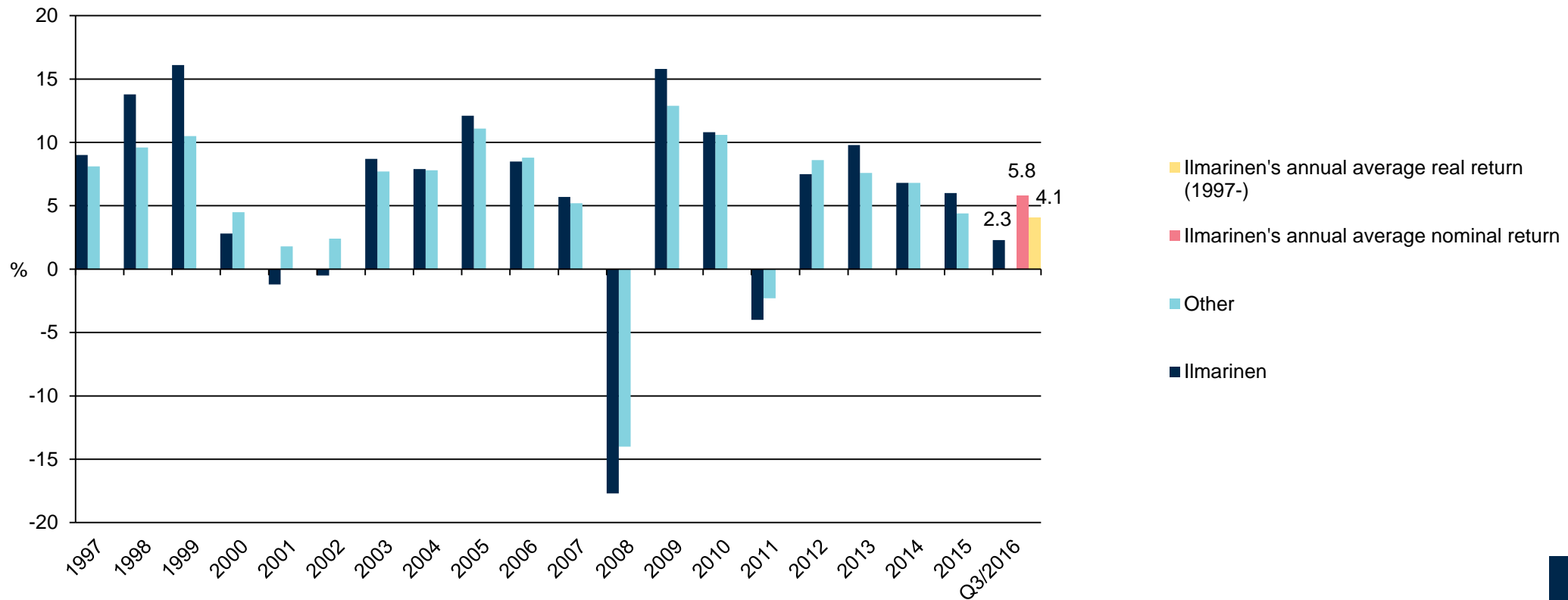
INVESTMENT RETURN FOR QUARTER WAS 2.9%

Quarterly investment returns Q1/2015–Q3/2016



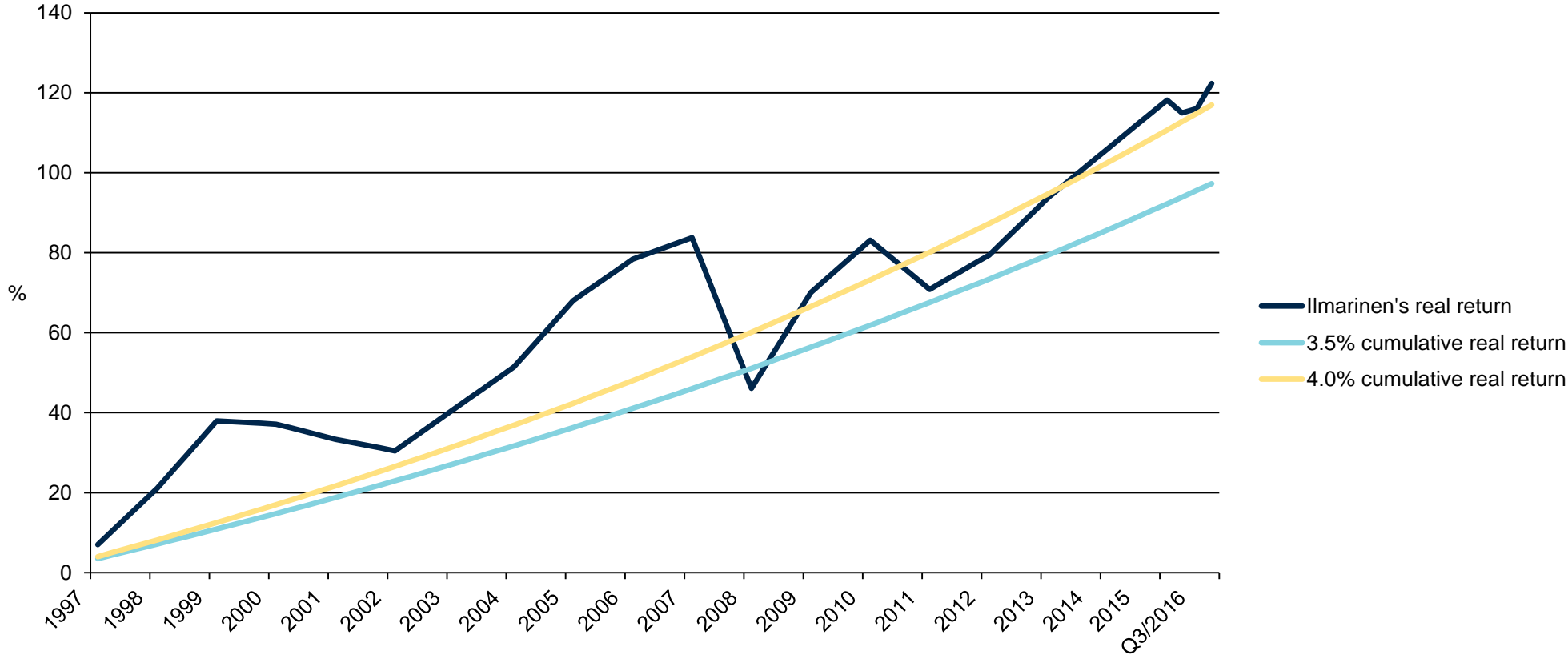
LONG-TERM REAL RETURN ON INVESTMENTS REMAINED GOOD

Net investment return at current value



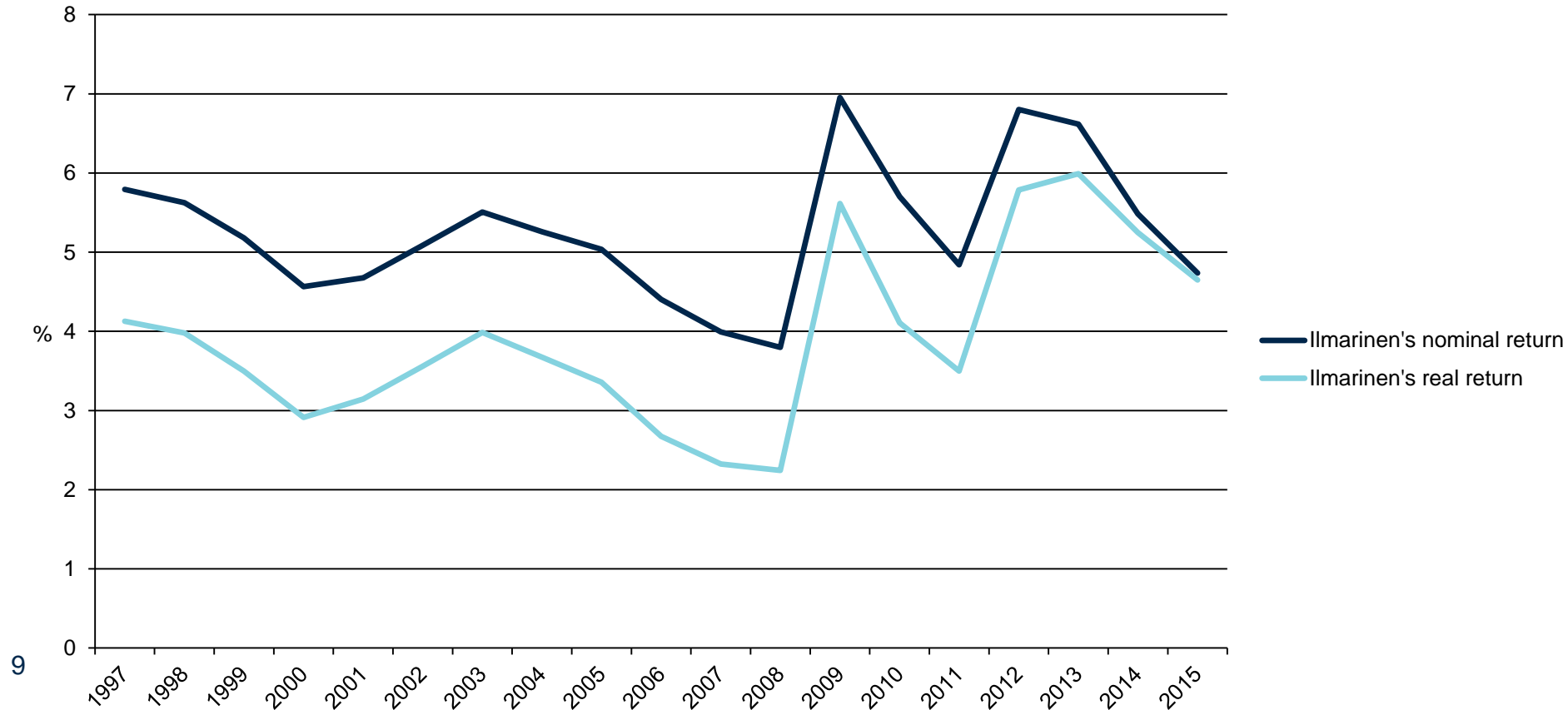
LONG-TERM AVERAGE REAL RETURN WAS 4.1%

Cumulative return on investments 1997–30.9.2016



VARYING INVESTMENT RETURNS DEPENDING ON PERIOD

Return on investments in different periods



COMPARISON BETWEEN ILMARINEN'S AND MARKETS' INVESTMENT RETURNS

Long-term average returns

%	ILMARINEN	FINNISH EQUITIES AND SHARES	EUROPEAN EQUITIES AND SHARES	EURO GOVERNMENT BONDS	EURO CORPORATE BONDS
Q3/2016	2.3	8.8	-3.8	6.4	6.0
2015	6.0	15.9	9.6	1.6	-0.7
Average return over 5 years	6.7	16.8	11.9	6.7	6.1
Average return over 10 years	4.3	6.7	3.0	5.3	4.6
Average return since 1997	5.8	9.9	6.3	5.5	5.1
Real average return over 5 years	5.7	15.7	10.8	5.6	5.0
Real average return over 10 years	2.6	5.0	1.4	3.6	2.9
Real average return since 1997	4.1	8.2	4.6	3.8	3.4

ILMARINEN'S ASSET ALLOCATION AND RETURN

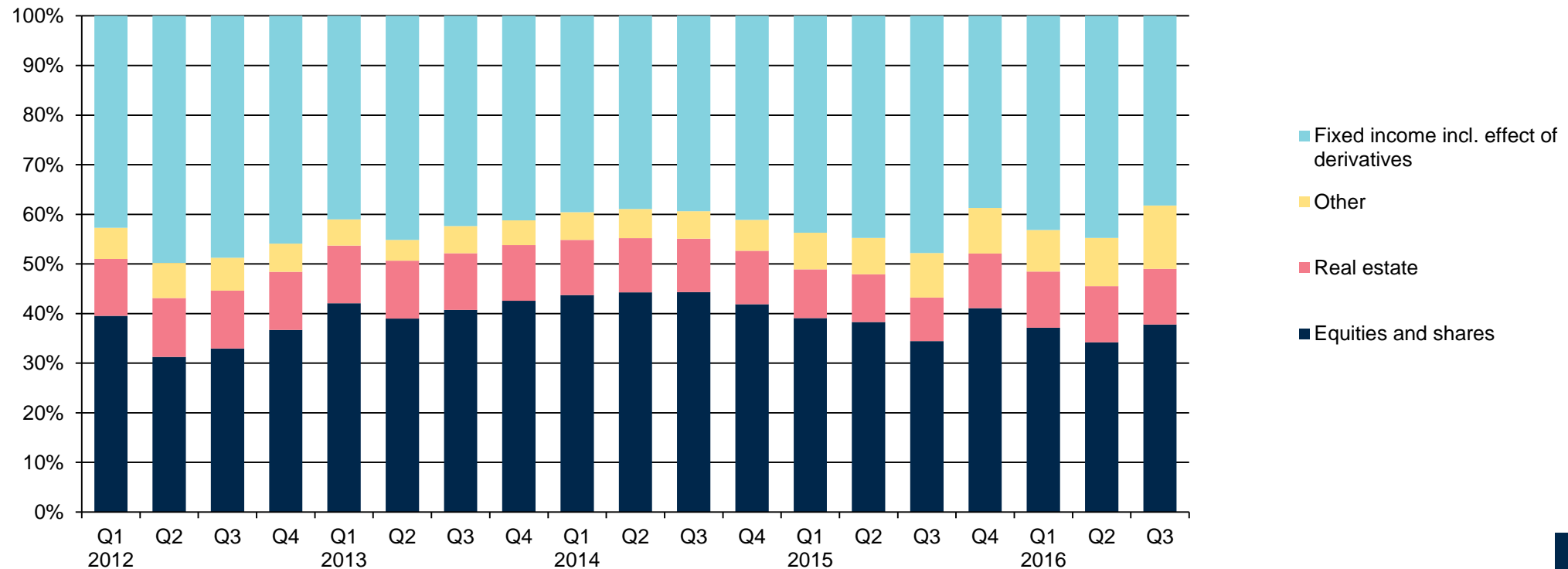
	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
Fixed income investments	16,391.7	44.9	14,087.5	38.5	2.0	
Loan receivables	1,159.5	3.2	1,159.5	3.2	2.8	
Bonds	14,597.1	39.9	6,795.0	18.6	1.8	1.7
Public corporation bonds	4,626.3	12.7	3,210.6	8.8	3.7	
Other bonds	9,970.7	27.3	3,584.4	9.8	1.0	
Other money market instruments and deposits (incl. investment receivables and payables)	635.1	1.7	6,133.0	16.8	4.8	
Equities and shares	14,288.3	39.1	13,815.6	37.8	2.0	
Listed equities and shares	11,124.1	30.4	10,651.4	29.1	-0.2	15.4
Private equity investments	2,201.4	6.0	2,201.4	6.0	9.8	
Non-listed equities and shares	962.8	2.6	962.8	2.6	11.4	
Real estate investments	4,103.3	11.2	4,103.3	11.2	2.8	
Real estate investments	3,619.6	9.9	3,619.6	9.9	2.8	
Real estate funds and joint investments	483.7	1.3	483.7	1.3	3.0	
Other	1,762.9	4.8	4,664.3	12.8	5.8	
Hedge fund investments	815.7	2.2	815.7	2.2	-0.4	8.3
Commodity investments	-19.5	-0.1	-149.1	-0.4	-	
Other investments	966.7	2.6	3,997.7	10.9	11.2	
Investments total	36,546.2	100.0	36,670.6	100.3	2.3	5.3
Effect of derivatives			-124.4	-0.3		
Investments at current value	36,546.2		36,546.2	100.0		

The modified duration of bond investments is 0.1 years

The total return percentage includes income, expenses and operating expenses not allocated to any investment types

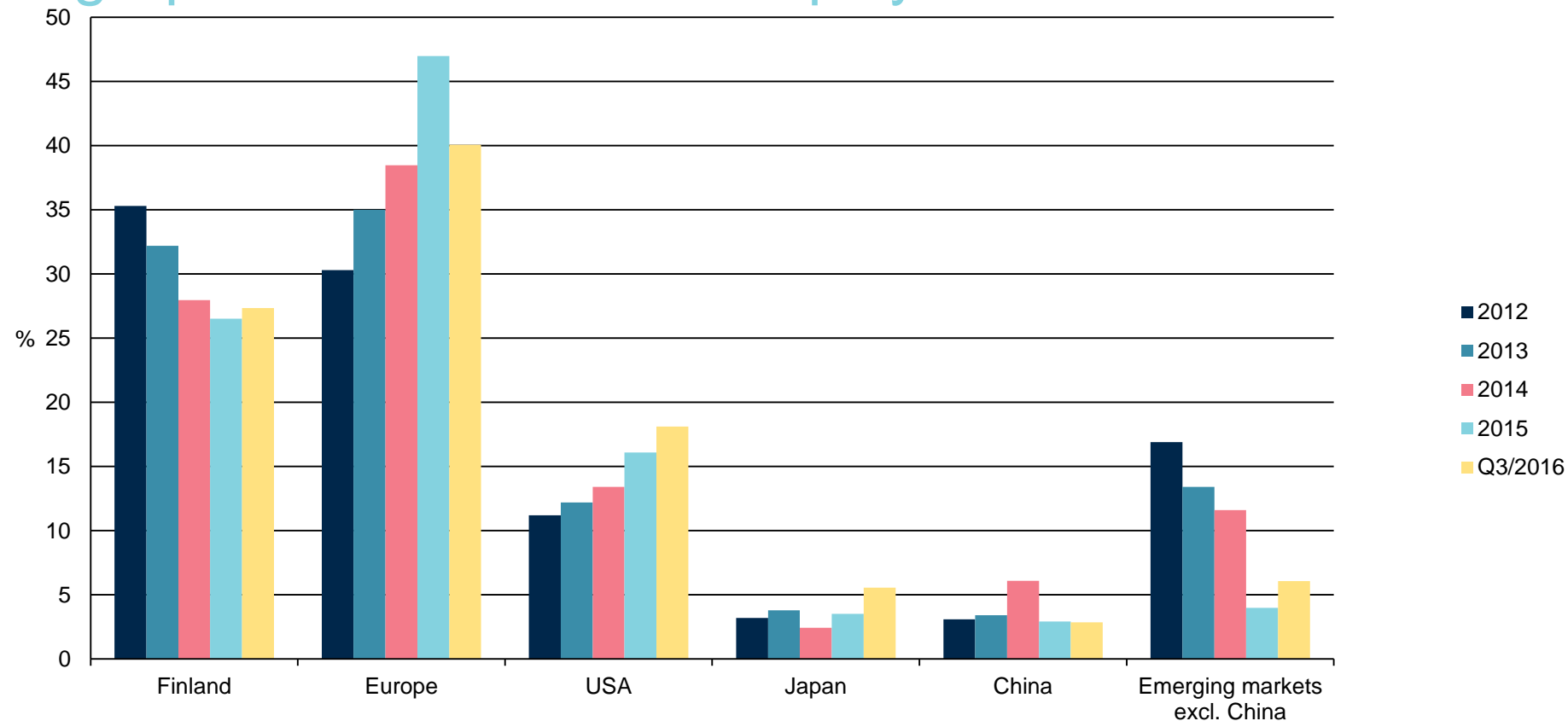
THE WEIGHT OF EQUITY INVESTMENTS ROSE DURING THE QUARTER

Asset allocation development



PROPORTION OF EUROPEAN EQUITIES AND SHARES FELL

Geographical breakdown of equity investments



FINNISH EQUITY HOLDINGS

EUR 3.0 BILLION

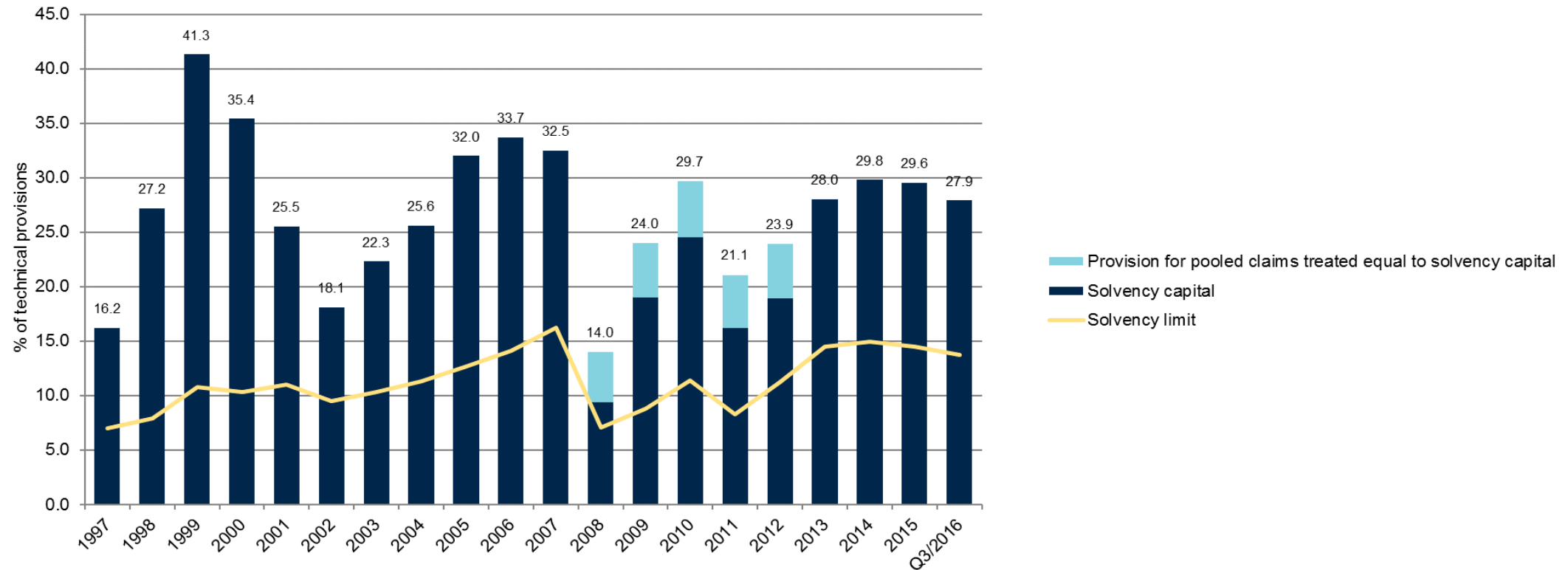
Most significant Finnish equity holdings

	EUR mill.	30 Sep 2016	31 Dec 2015
↑	Kone Corporation	203	188
↑	Neste Corporation	192	181
↓	Nokia Corporation	179	184
↓	Citycon Plc	144	152
↓	Stora Enso	138	143
	UMP-Kymmene Corporation	137	123
↓	Sampo Plc	137	218
↓	Fortum Corporation	134	143
↓	Wärtsilä Corporation	96	168
↓	Nokian Tyres Plc	90	105

	Percentage	30 Sep 2016	31 Dec 2015
↑	QT Group Plc	14.62	
	Digia Plc	14.58	14.58
↓	PKC Group Plc	12.15	12.16
↑	Basware Corporation	11.18	10.76
↑	Technopolis Plc	10.48	10.41
	Componenta Plc	8.80	7.15
	CapMan Plc	8.32	8.32
	Martela Corporation	8.07	8.07
	Munksjö Plc	8.03	8.03
	Incap Corporation	7.61	7.61

SOLVENCY REMAINED STRONG

Solvency development



The solvency ratio was 2.0 times the solvency limit.

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