



Interim report 1 January – 30 September 2023

Elo Mutual Pension Insurance Company



Key figures 30 September 2023

Investment assets

EUR **28.8** billion

Return

2.7 %

10-year nominal return

5.3 %

Solvency ratio

120,3 %

Solvency position

1.4

Pensions and other
benefits paid

EUR **3.3** billion



Number of YEL policyholders

84,100

Number of TyEL policyholders

48,700

Total number of self-employed
persons and employees insured

510,500

We pay out pensions to

248,100

pensioners

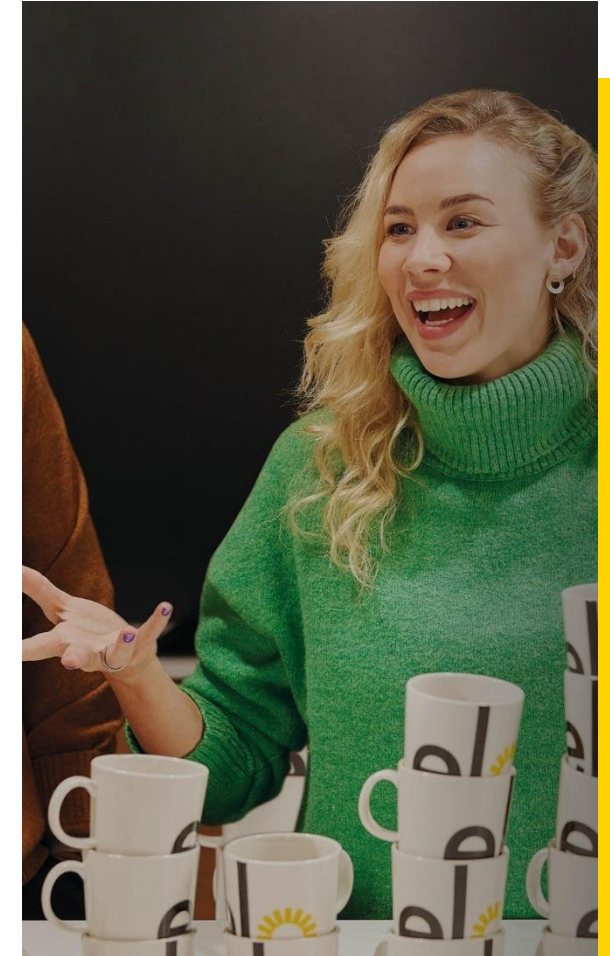
Current issues related to pensions



- The pension legislation for self-employed persons changed at the turn of the year, and we initiated reviews of YEL earned income at the beginning of June. By the end of September, we had reviewed the earned income of almost 16,000 self-employed persons.
- The reviews were targeted at YEL earned income below EUR 15,000 that had not been changed for three years. Most of the reviews led to a EUR 4,000 increase to earned income in accordance with the transition period regulations.
- The number of contacts from our customers increased to some degree, and the feedback indicated that our review process was perceived to be clear.

As many as 84% of self-employed persons in rehabilitation returned to working life

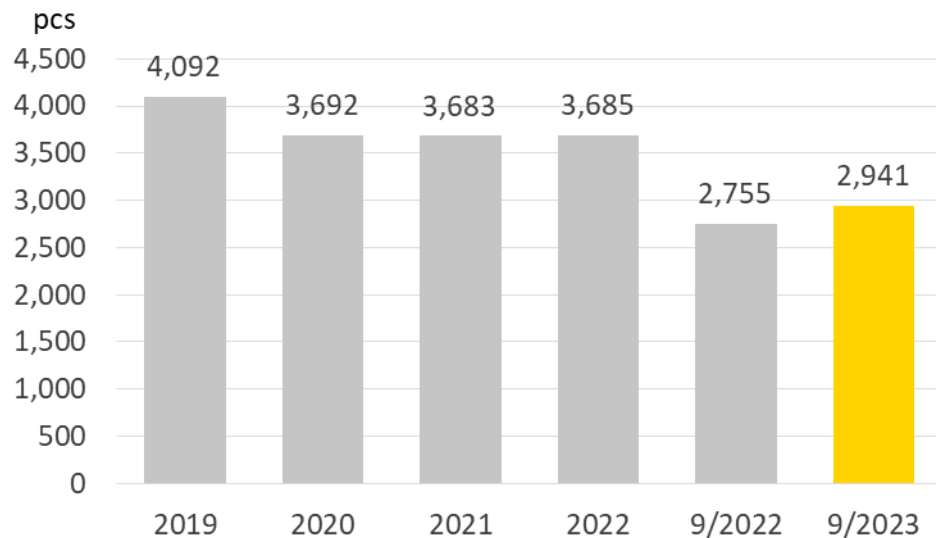
- Of the persons in Elo's vocational rehabilitation, 79% remained in working life and avoided going on disability pension. The success rate of rehabilitation for self-employed persons has been as high as 84% this year.
- The rising trend of disability decisions among those over 60 years of age continued. The number of decisions has increased by a quarter this year.
- The number of decisions due to mental health reasons among persons under 34 years of age has also increased by 27%, with the increase in decisions concerning young men being particularly significant.



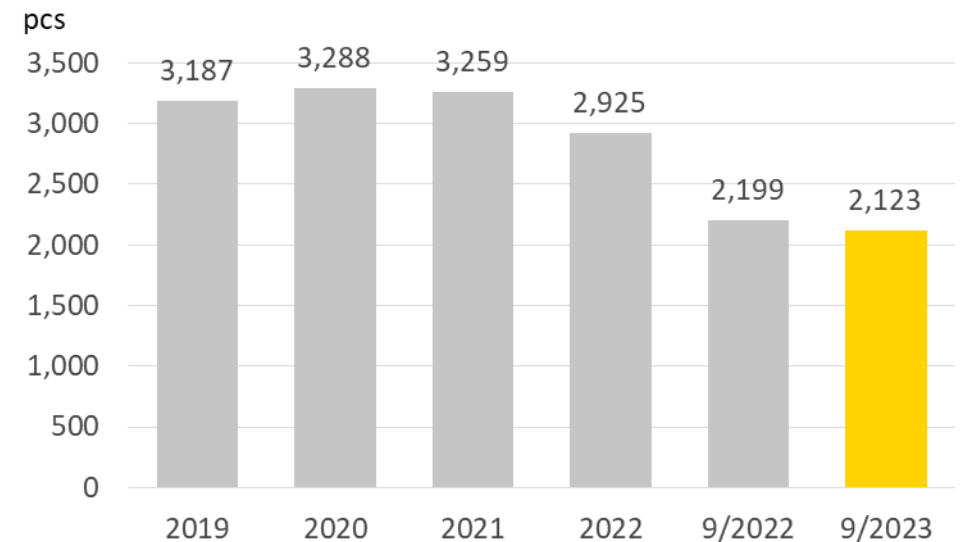
Continued growth in disability pensions

- The number of new disability pensions granted increased by 7%
- The moderate downward trend in rehabilitation decisions continues

New disability pension decisions



Preliminary decisions on vocational rehabilitation

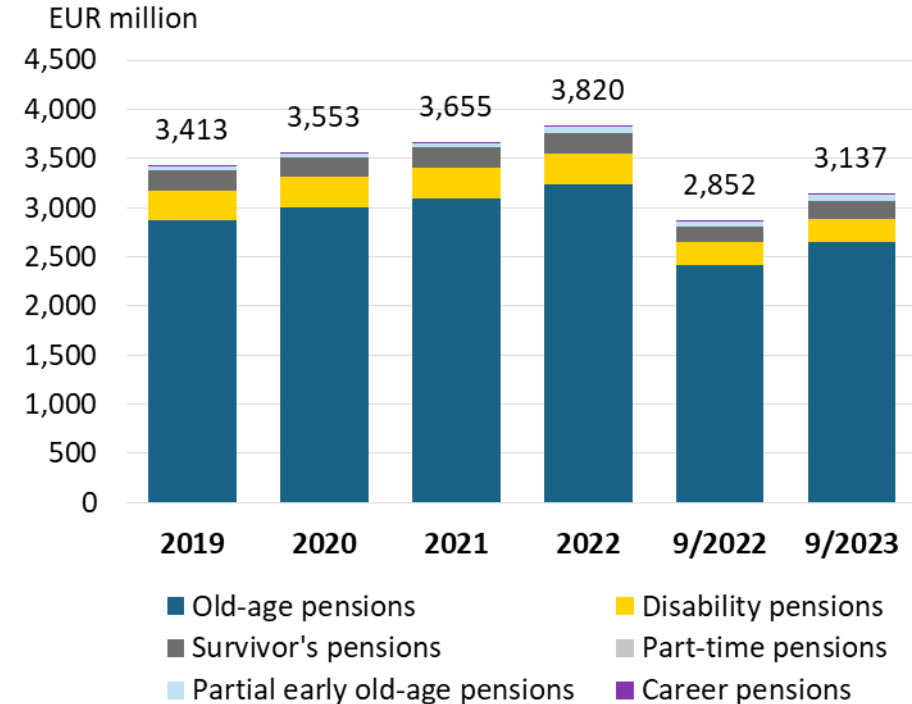


The number of pensioners nearly 250,000

Pensions paid by pension type

Type of pension	pcs.	EUR million
Old-age pension	187,173	2,644.1
Disability pension	21,580	245.3
Survivors' pension	29,680	180.5
Part-time pension	0	0.0
Partial early old-age pension	9,664	66.2
Years-of-service pension	32	0.6
Total	248,129	3,136.6

Pensions paid by pension type 2019-6/2023



The number of decisions on old-age pension decreased while the number of decisions on disability pensions grew

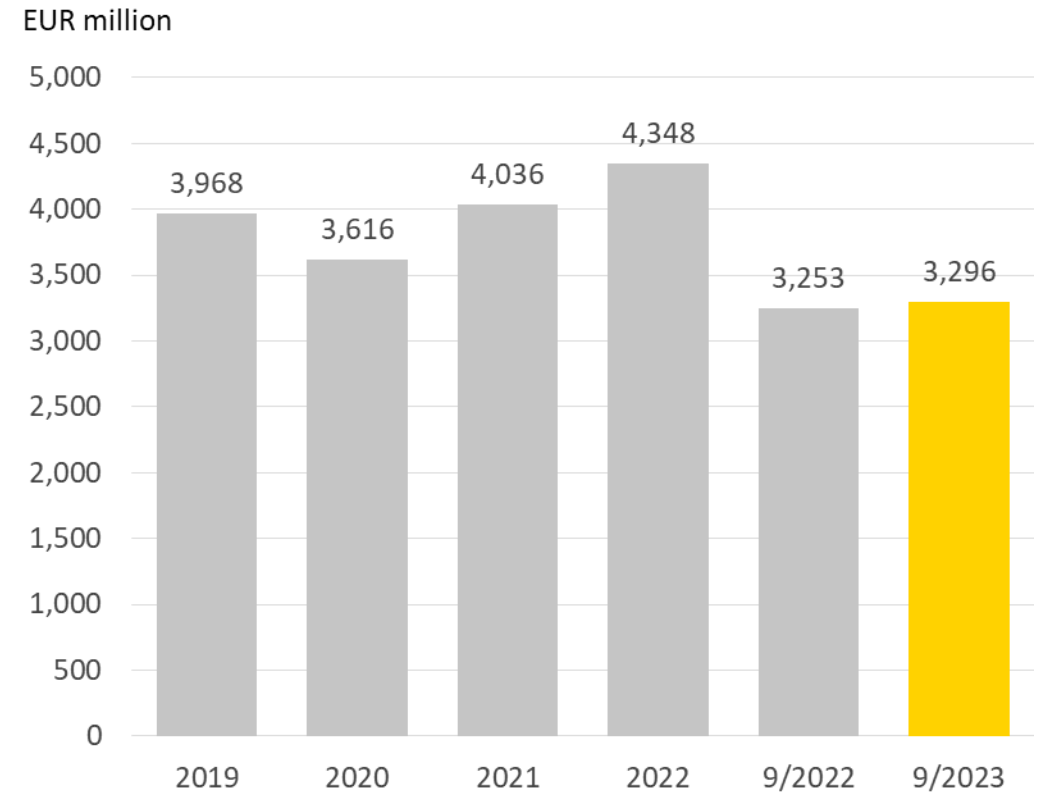
- The number of pension decisions issued totalled 20,899, representing a year-on-year decrease of 0.7%.
- The number of decisions on old-age pension decreased by 23% year-on-year.
- The number of decisions on partial early old-age pension and survivors' pension increased.
- The number of new disability pension decisions issued increased by as much as 15% year-on-year.

Pension decisions by pension type

	1-9/2023	1-9/2022
Old-age pensions	5,209	6,737
Partial early old-age pensions	2,394	2,214
Disability pensions	9,834	8,869
Survivor's pensions	2,160	1,875
Decisions on rehabilitation	1,263	1,304
Career pensions	39	37
Total	20,899	21,036

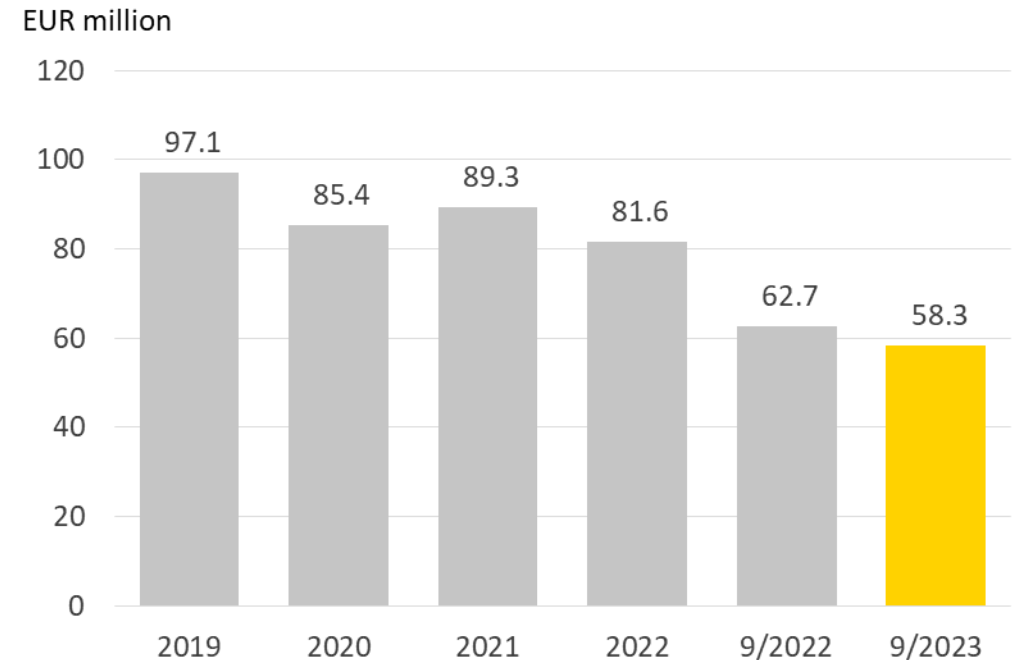
Premiums written increased by 1.3%

- Premiums written amounted to EUR 3.3 billion.
- TyEL credit losses for the review period amounted to EUR 14.9 million, representing an increase of 62% year-on-year. The amount of credit losses is expected to increase in 2023 compared to previous years.
- Elo's total TyEL payroll was approximately 2.5% higher than in the corresponding period in 2022.



Our customers receive management fee refunds thanks to our improved efficiency

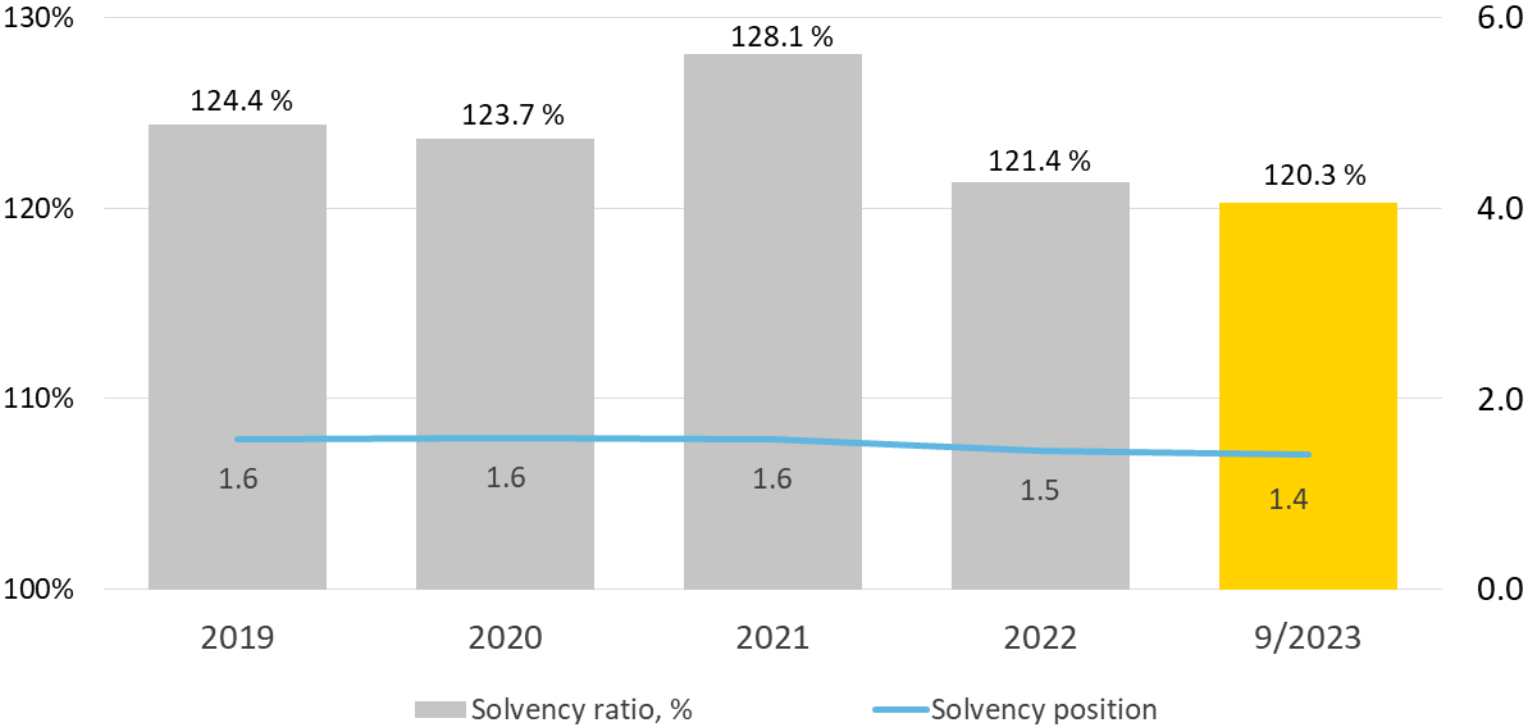
- Elo's projected surplus of EUR 7.7 million will be refunded to customers. Elo is the only employment pension company to do this. In addition, our improved efficiency means that our customers will pay substantially lower management fees in 2024.
- Operating expenses decreased to EUR 58 million and were approximately 7% lower than in the corresponding period in 2022.



Total result EUR -90.9 million

EUR million	9/2023	9/2022	2022
Total surplus	-90.9	-1,382.5	-1,381.1
Insurance business surplus	5.8	30.4	68.8
Investment surplus at fair values	-108.8	-1,445.2	-1,493.2
Net investment income at fair values (+)	761.0	-1,443.6	-1,078.6
Yield requirement on technical provision (-)	-869.8	-1.6	-414.6
Loading profit	5.8	23.4	33.2
Other income	6.2	9.0	10.2

Solvency at a secure level



Summary of key figures

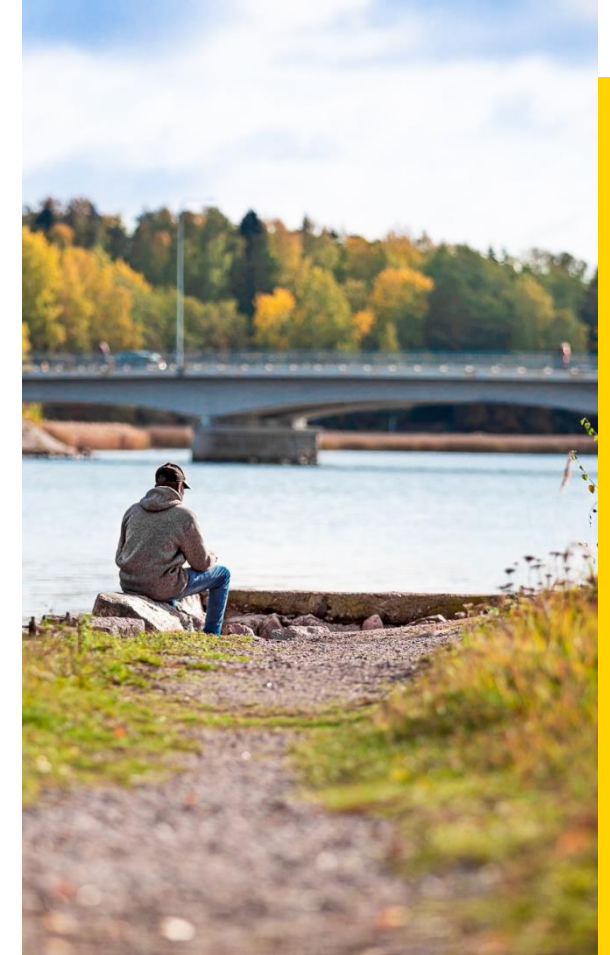
	9/2023	9/2022	2022
Investment assets at fair value, EUR million	28,765.9	27,989.9	28,182.3
Net return from investment on capital employed, %	2.7 %	-4.9 %	-3.7 %
Average nominal return, over 10 years	5.3 %	5.7 %	5.6 %
Average nominal return, over 5 years	5.0 %	4.8 %	4.9 %
Number of TyEL policyholders	48,700	47,600	47,000
Number of YEL policyholders	84,100	84,600	84,400
Number of pensioners	248,100	242,800	248,000
Solvency capital, EUR million	5,011.6	5,190.4	5,109.0
Solvency position	1.4	1.5	1.5
Solvency ratio, %	120.3 %	122.2 %	121.4 %



Our responsibility actions

Our measures from July to September:

- We joined the Nature Action 100 initiative. Launched by 190 investors, the initiative is aimed at driving corporate ambition and action to reverse nature and biodiversity loss. The aim is to particularly engage companies that have a significant role in addressing biodiversity and halting nature loss.
- We participated in the Responsible Summer Job campaign and offered 32 summer jobs across the organisation. Our summer workers helped assess and develop our responsibility-related efforts as part of a programme we have created specifically for that purpose.
- We also participated in the Zero Emissions Day challenge carried out by upper secondary school students and communicated our climate actions as part of the challenge.



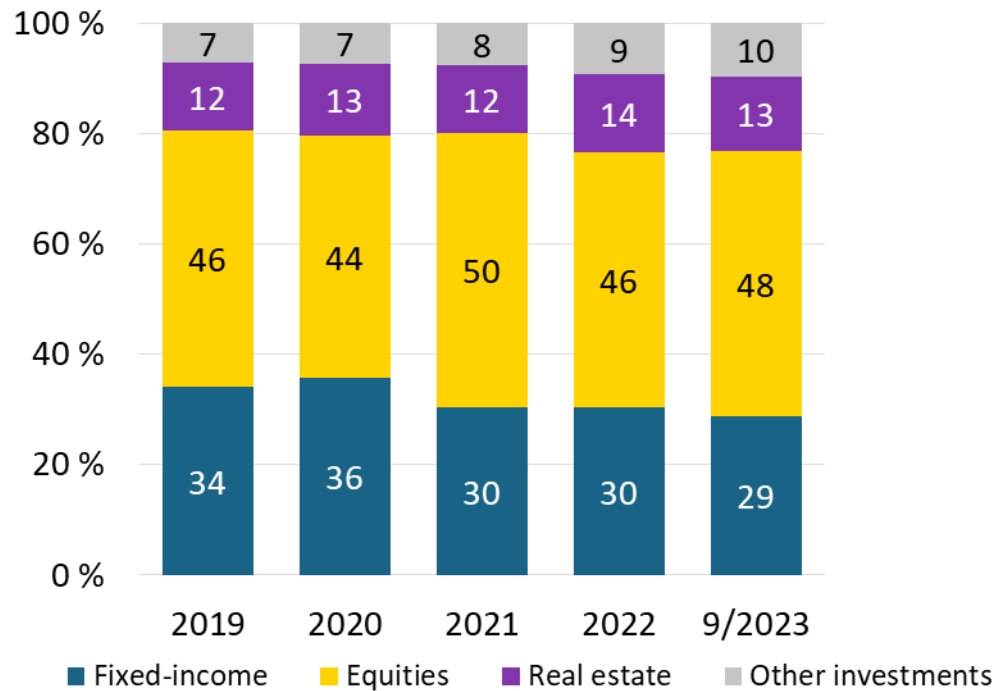
Near-term outlook

- Expectations of economic growth next year are modest, but the forecasts suggest that an extensive recession will be avoided. More negative outcomes can also be identified alongside this fairly moderate economic slowdown, for example due to continued tight monetary policy.
- In Finland, the construction sector and the real estate market are in a recession, and a recovery from the recession is contingent on interest rates falling. The weak global industrial cycle is limiting Finnish exports and corporate investment, and economic growth is now more reliant on private consumption than before. Although inflation has slowed in Finland, the purchasing power of households is not quick to recover.
- The key risks affecting Elo's operations are related to the development of employment and the payroll, the uncertainty in the financial market and the start and duration of pensions. Payroll growth will likely be lower during the remainder of the year than in the first three quarters. This will affect the development of Elo's premiums written. The amount of credit losses on premiums written is estimated to increase by EUR 6 million from the previous year. The overall risk level of investments in relation to the risk-bearing capacity is kept at a secure level. Careful and comprehensive risk management ensures the interests of the insured, the achievement of objectives and the continuity of the company.

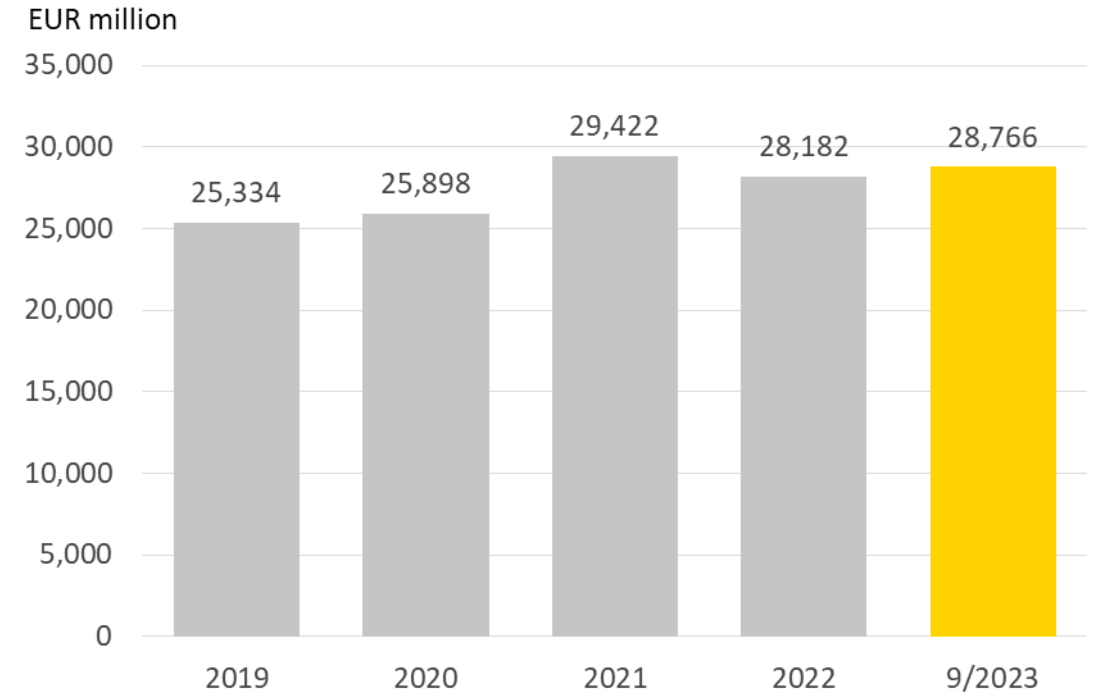
Investment overview

Investment assets EUR 28.8 billion

Asset allocation

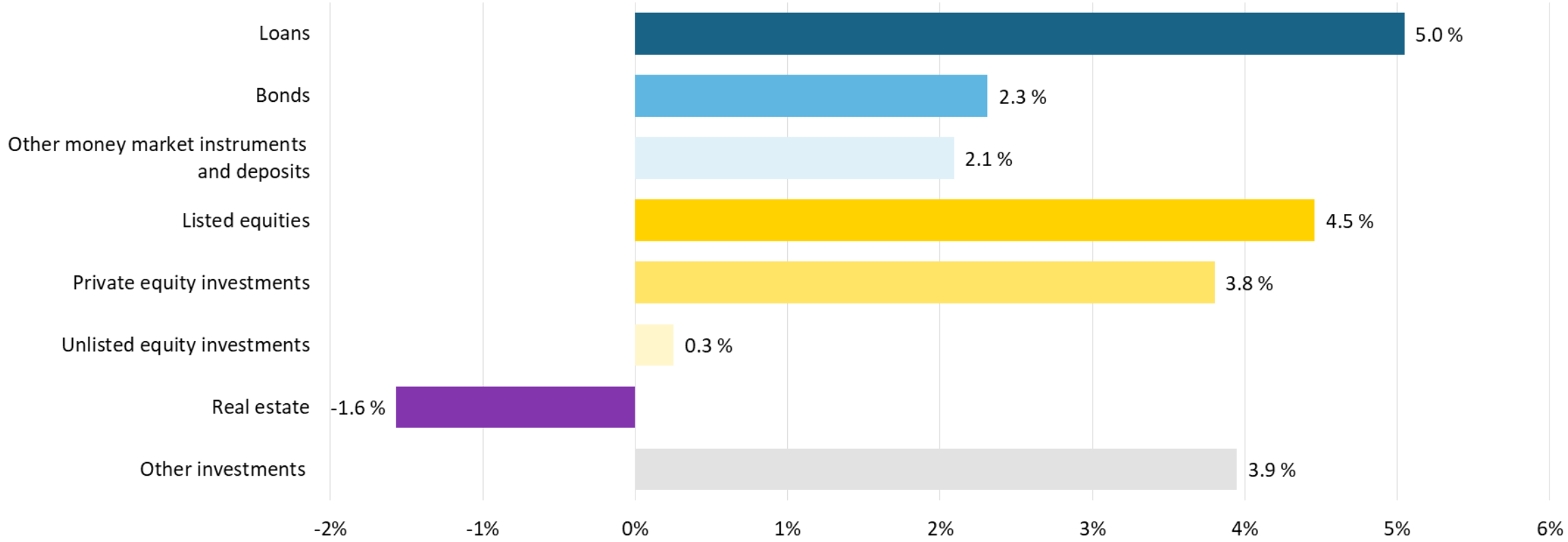


Investment assets



Moderate returns, the return on real estate investments was reduced by write-downs

Return on investments by asset class



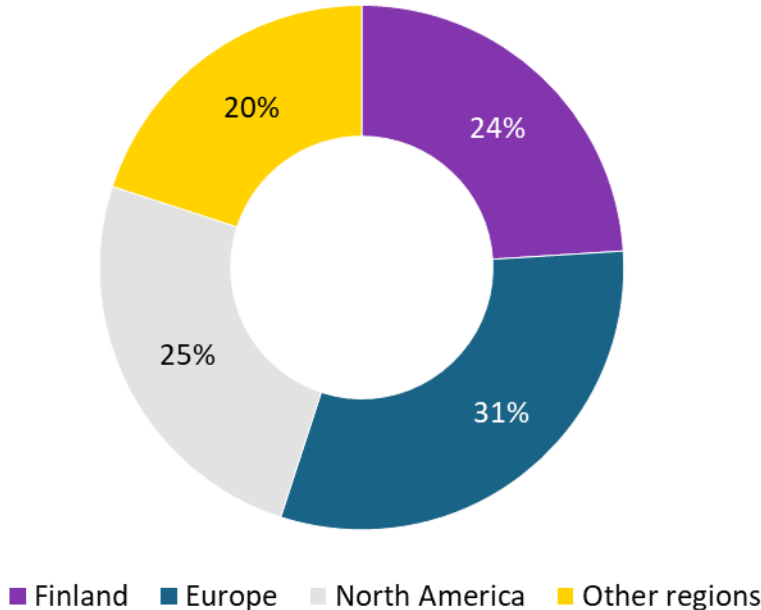
Return on investments 2.7%

	Basic allocation by market value		Actual risk position		Return	Volatility
	EUR million	%	EUR million	%	%	%
Fixed-income investments	8,212.0	28.5	8,298.1	28.8	2.4	
Loans	531.6	1.8	531.6	1.8	5.0	
Bonds	6,616.8	23.0	6,885.8	23.9	2.3	3.4
Public bonds	1,771.6	6.2	1,857.8	6.5	-1.5	
Other bonds	4,845.2	16.8	5,028.1	17.5	3.5	
Other money market instruments and deposits incl. any receivables and liabilities related to investments	1,063.5	3.7	880.7	3.1	2.1	
Equities	13,873.1	48.2	13,836.9	48.1	4.0	
Listed equities	8,137.8	28.3	8,101.6	28.2	4.5	13.1
Private equity investments	5,089.9	17.7	5,089.9	17.7	3.8	
Unlisted equity investments	645.4	2.2	645.4	2.2	0.3	
Real estate	3,877.6	13.5	3,877.6	13.5	-1.6	
Direct real estate investments	2,601.1	9.0	2,601.1	9.0	-0.9	
Real estate funds and joint investment companies	1,276.5	4.4	1,276.5	4.4	-3.0	
Other investments	2,803.2	9.7	2,803.2	9.7	3.9	
Hedge fund investments	2,797.4	9.7	2,797.4	9.7	4.3	4.8
Commodity investments	0.0	0.0	0.0	0.0	-	
Other investments	5.8	0.0	5.8	0.0	-	
Total investments	28,765.9	100.0	28,815.8	100.2	2.7	4.4
Effect of derivatives			-49.9	-0.2		
Total	28,765.9	100.0	28,765.9	100.0		

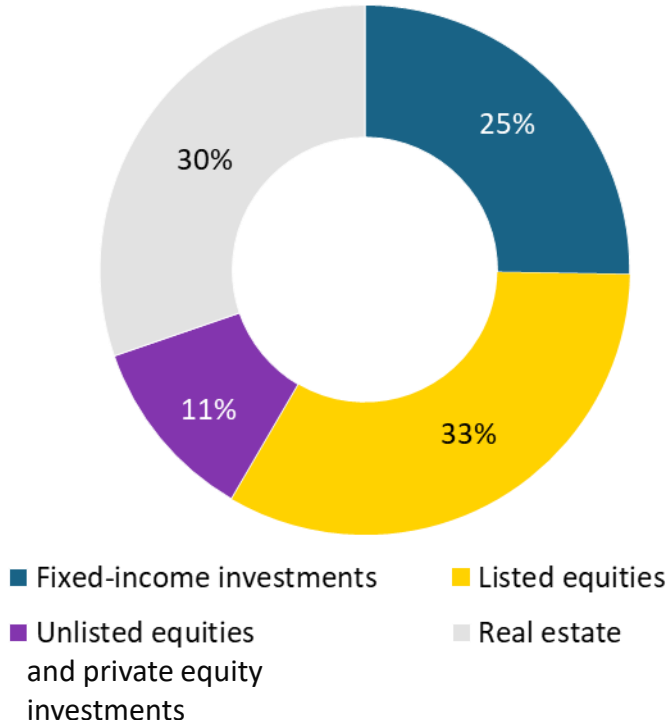
The return on foreign currency derivatives is estimated for asset classes in proportion to the average foreign currency-denominated assets during the reporting period. The total return includes returns, expenses and operating expenses not allocated to investment classes. The modified duration of bonds is 4,2. The open currency exposure is 24,7% of market value.

25% of investments in Finland

Geographical distribution of investments

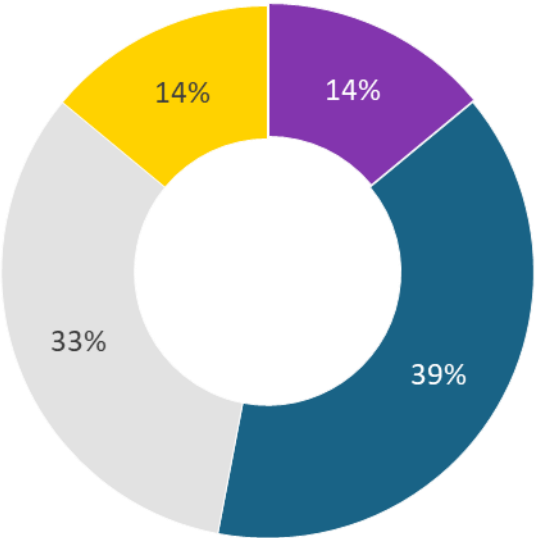


Investments in Finland by asset class



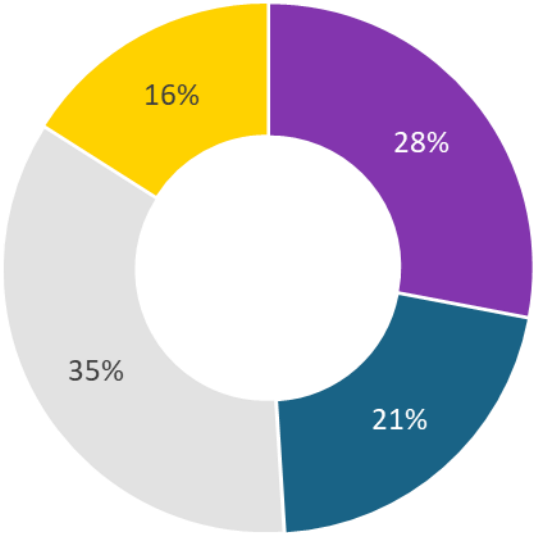
Geographical distribution of bonds and listed equities

Bonds



■ Finland ■ Europe ■ North America ■ Other regions

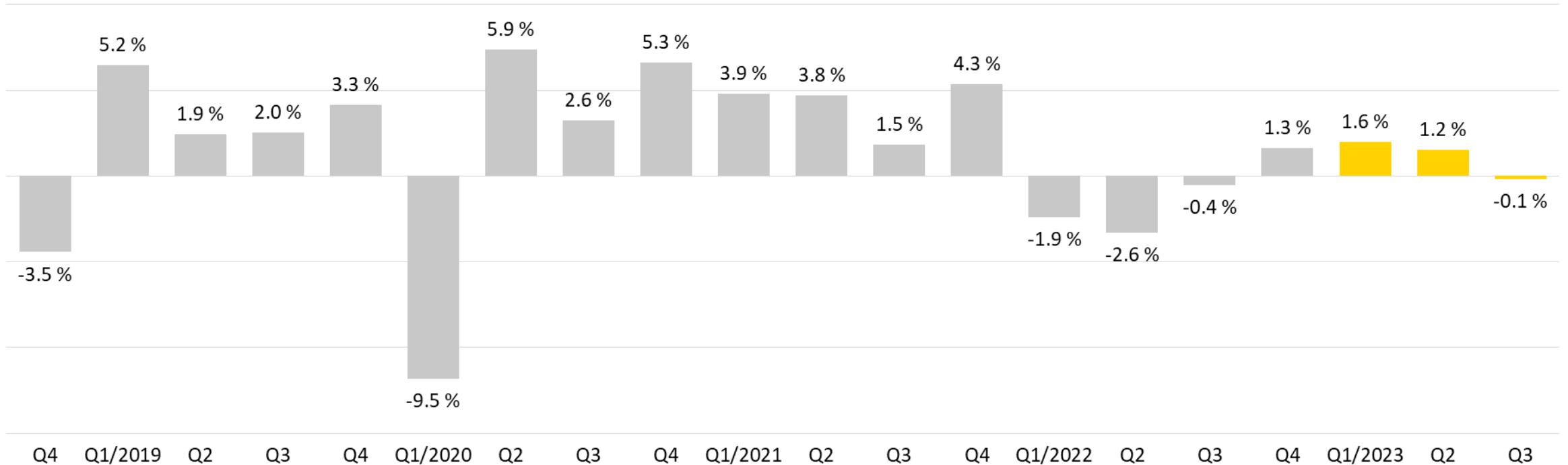
Listed equities



■ Finland ■ Europe ■ North America ■ Other regions

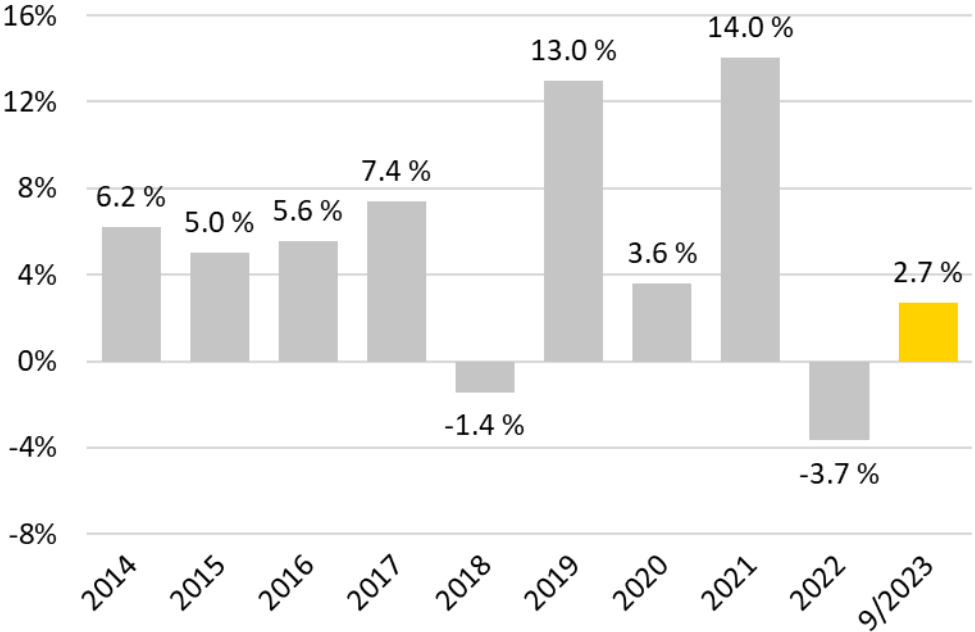


Negative third-quarter return of -0,1%

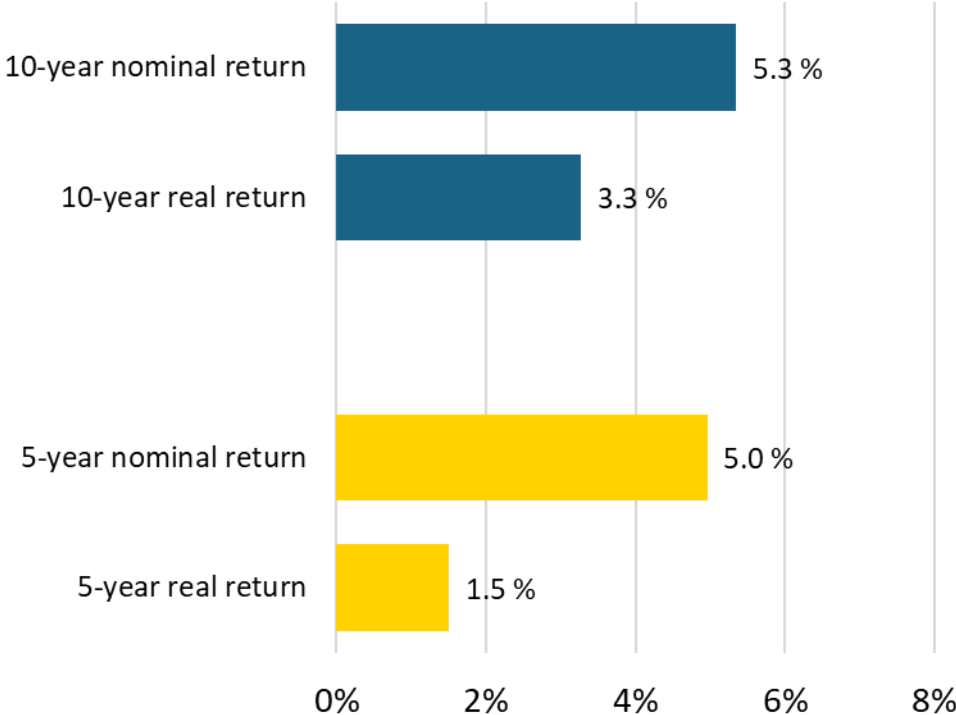


Ten-year return was 5.3% per annum

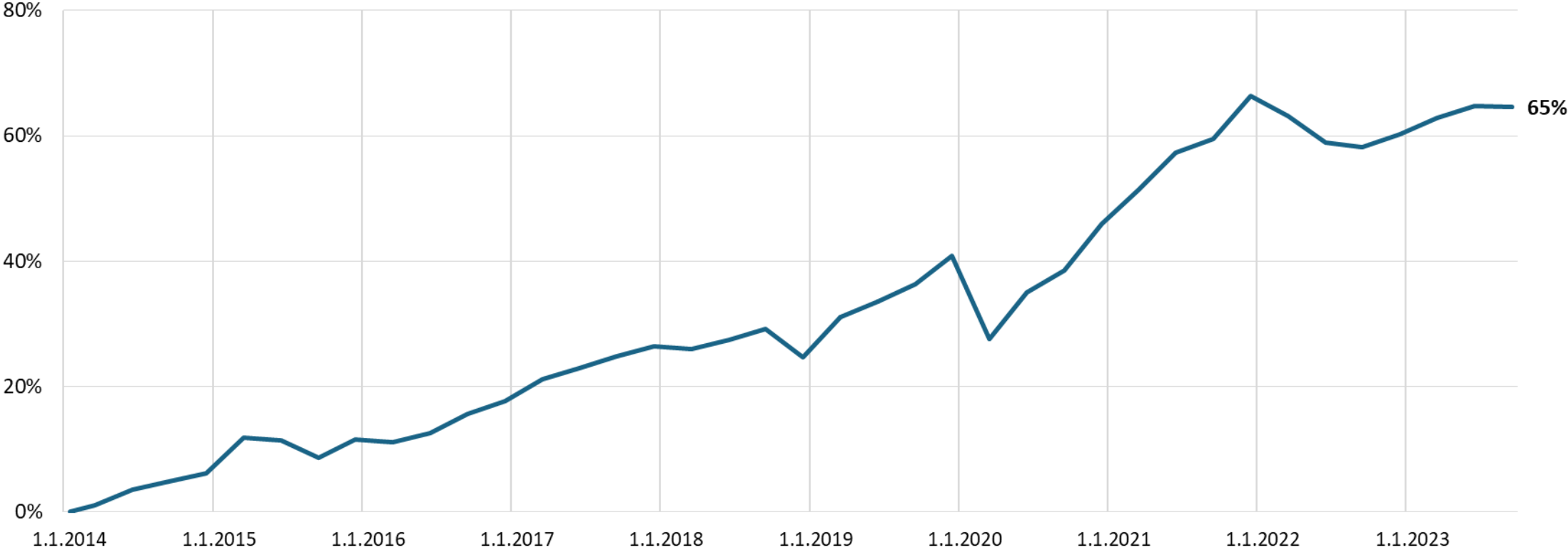
Investment returns



Average return on investments over time



Cumulative long-term return 65%



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