

# Elo Mutual Pension Insurance Company

## Key figures

Summary key figures	2020	2019	2018	2017	2016
Premiums written, EUR million	3,615.6	3,968.5	3,639.8	3,510.8	3,321.5
Pensions paid and other compensations <sup>1)</sup>	3,891.9	3,915.3	3,634.6	3,444.2	3,310.7
Net investment income at current value, EUR million <sup>6)</sup>	900.9	2,915.7	-331.9	1,607.6	1,147.4
Net investment income on capital employed, % <sup>6)</sup>	3.6 %	13.0 %	-1.4 %	7.4 %	5.6 %
Turnover, EUR million	4,507.2	5,489.3	4,062.4	5,174.8	4,116.3
Total operating expenses, EUR million	122.4	138.0	133.3	134.6	129.9
Total operating expenses % of turnover	2.7 %	2.5 %	3.3 %	2.6 %	3.2 %
Operating expenses covered by expense loading % of TyEL payroll and YEL reported earnings	0.5 %	0.6 %	0.6 %	0.7 %	0.7 %
Total result, EUR million	0.7	1,229.9	-806.2	608.5	333.8
Technical provisions, EUR million	22,381.4	21,876.6	20,431.7	20,134.5	18,527.4
Solvency capital, EUR million <sup>2)</sup>	5,055.4	5,081.8	3,935.1	4,815.5	4,270.9
i förhållande till solvensgränsen	1.6	1.6	1.6	1.6	1.8
Pension assets, EUR million <sup>3)</sup>	26,419.6	25,886.0	23,017.9	23,443.9	21,825.3
% av ansvarsskulden <sup>3)</sup>	123.7 %	124.4 %	120.6 %	125.9 %	124.3 %
Transfer to client bonuses (%), % of TyEL payroll <sup>4)</sup>	0.20 %	0.61 %	0.54 %	0.57 %	0.49 %
TyEL payroll, EUR million	14,106.8	14,326.7	13,312.7	12,717.0	11,943.7
Confirmed YEL income, EUR million	1,757.7	1,767.0	1,783.7	1,824.2	1,861.6
No. of TyEL insurance policies <sup>5)</sup>	48,327	46,295	45,814	45,061	45,149
No. of TyEL insurance policyholders	393,129	410,232	440,154	424,461	407,622
No. of YEL insurance policies	83,569	83,345	83,724	83,978	84,578
No. of pension recipients	243,552	240,942	237,904	227,212	219,725

<sup>1)</sup> Claims paid as shown in the income statement without expense loading components available for claims and working ability maintenance

<sup>2)</sup> Calculated in accordance with the provisions in force at the time

<sup>3)</sup> Technical provisions pursuant to section 11, paragraph 10 of the Ministry of Social Affairs and Health's Decree (614/2008) + solvency capital.

Until 2016, technical provisions + valuation differences.

<sup>4)</sup> Rounded to the nearest two decimal places

<sup>5)</sup> Insurances of employers that have made an insurance contract

# Investment operations

## Investment distribution at current value

	Basic distribution				Risk distribution <sup>8)</sup>					
	31.12.2020		31.12.2019		31.12.2020		31.12.2019	31.12.2018	31.12.2017	31.12.2016
	EUR million	%	EUR million	%	EUR million	% <sup>10)</sup>	% <sup>10)</sup>	% <sup>10)</sup>	% <sup>10)</sup>	% <sup>10)</sup>
<b>Fixed-income investments, total</b>	<b>8,537.1</b>	<b>33.0</b>	<b>8,697.5</b>	<b>34.3</b>	<b>8,606.7</b>	<b>33.2</b>	<b>41.3</b>	<b>29.3</b>	<b>36.4</b>	<b>37.9</b>
Loan receivables <sup>1)</sup>	458.6	1.8	456.0	1.8	458.6	1.8	1.8	2.5	2.4	2.2
Bonds	6,397.7	24.7	6,948.2	27.4	6,467.4	25.0	27.8	29.4	32.2	34.2
Other money market instruments and deposits <sup>1), 2)</sup>	1,680.8	6.5	1,293.3	5.1	1,680.8	6.5	11.7	-2.6	1.7	1.5
<b>Equity investments, total</b>	<b>12,153.6</b>	<b>46.9</b>	<b>11,745.5</b>	<b>46.4</b>	<b>11,393.3</b>	<b>44.0</b>	<b>46.5</b>	<b>39.8</b>	<b>43.0</b>	<b>37.5</b>
Listed equities <sup>3)</sup>	9,016.8	34.8	9,186.9	36.3	8,256.5	31.9	36.4	30.3	35.4	30.5
Private equity investments <sup>4)</sup>	2,608.2	10.1	2,112.2	8.3	2,608.2	10.1	8.3	7.7	6.1	5.5
Unlisted equities and shares <sup>5)</sup>	528.7	2.0	446.4	1.8	528.7	2.0	1.8	1.7	1.5	1.5
<b>Real estate investments</b>	<b>3,352.4</b>	<b>12.9</b>	<b>3,097.2</b>	<b>12.2</b>	<b>3,352.4</b>	<b>12.9</b>	<b>12.2</b>	<b>13.3</b>	<b>12.2</b>	<b>13.3</b>
Direct real estate investments	2,418.6	9.3	2,405.9	9.5	2,418.6	9.3	9.5	10.1	9.0	9.9
Real estate funds and joint investments	933.8	3.6	691.3	2.7	933.8	3.6	2.7	3.2	3.2	3.4
<b>Other investments</b>	<b>1,855.0</b>	<b>7.2</b>	<b>1,793.5</b>	<b>7.1</b>	<b>1,896.3</b>	<b>7.3</b>	<b>7.2</b>	<b>8.4</b>	<b>9.8</b>	<b>14.7</b>
Hedge fund investments <sup>6)</sup>	1,850.5	7.1	1,793.4	7.1	1,850.5	7.1	7.1	8.2	9.5	13.3
Commodity investments	3.9	0.0	0.0	0.0	45.1	0.2	0.1	-0.1	0.0	0.0
Other investments <sup>7)</sup>	0.6	0.0	0.1	0.0	0.7	0.0	0.0	0.2	0.3	1.4
<b>Investments, total</b>	<b>25,898.1</b>	<b>100.0</b>	<b>25,333.8</b>	<b>100.0</b>	<b>25,248.8</b>	<b>97.5</b>	<b>107.2</b>	<b>90.7</b>	<b>101.4</b>	<b>103.4</b>
Effect of derivatives <sup>9)</sup>					649.3	2.5	-7.2	9.3	-1.4	-3.4
<b>Investments at current value, total</b>	<b>25,898.1</b>	<b>100.0</b>	<b>25,333.8</b>	<b>100.0</b>	<b>25,898.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Modified duration of bond portfolio</b>	<b>6.1</b>									

1) Includes accrued interest

2) Includes cash at bank and in hand and purchase money claims and purchase money obligations

3) Includes also mixed funds if these cannot be allocated elsewhere

4) Includes private equity funds, mezzanine funds and also infrastructure investments

5) Includes also unlisted real estate investment companies

6) Includes all types of hedge fund investments regardless of the strategy of the fund

7) Includes items that cannot be included in other investment classes

8) Risk breakdown can be shown from reference periods as the knowledge accumulates (not with retroactive effect).

If the numbers are shown from reference periods and the periods are not completely comparable, it must be informed.

9) Includes the effect of derivatives on the difference between the risk distribution and the basic distribution. The effect of derivatives can be +/-.

After the adjustment, the final sum of the risk distribution will equal that of the basic distribution.

10) The proportion is calculated by using the total amount of the line "Total investments at current value" as the divisor.

Due to a change in classification, the comparison figures for bonds and private equity investments have changed 2016-2019.

## Net investment income on capital employed

	Net return from investment operations market value <sup>8)</sup>		Capital employed <sup>9)</sup>	Return, % on capital employed	Return, % on capital employed	Return, % on capital employed	Return, % on capital employed	Return, % on capital employed				
	31.12.2020								31.12.2019	31.12.2018	31.12.2017	31.12.2016
	EUR million	EUR million							%	%	%	%
<b>Return EUR / % on capital employed</b>												
<b>Fixed-income investments, total</b>	<b>211.3</b>	<b>8,168.9</b>		<b>2.6</b>	<b>6.2</b>	<b>-0.6</b>	<b>1.5</b>	<b>3.8</b>				
Loan receivables <sup>1)</sup>	7.4	471.0		1.6	2.7	2.8	2.6	2.9				
Bonds	196.9	6,183.4		3.2	8.0	-0.8	1.7	4.3				
Other money market instruments and deposits <sup>1), 2)</sup>	7.0	1,514.6		0.5	-1.9	-0.5	0.5	0.0				
<b>Equity investments, total</b>	<b>529.5</b>	<b>11,837.4</b>		<b>4.5</b>	<b>21.9</b>	<b>-5.0</b>	<b>16.6</b>	<b>9.2</b>				
Listed equities <sup>3)</sup>	161.7	9,106.4		1.8	25.2	-10.2	17.0	9.0				
Private equity investments <sup>4)</sup>	264.0	2,298.5		11.5	9.8	17.1	15.1	8.6				
Unlisted equities and shares <sup>5)</sup>	103.8	432.4		24.0	19.3	10.6	14.4	14.6				
<b>Real estate investments</b>	<b>70.8</b>	<b>3,287.5</b>		<b>2.2</b>	<b>9.1</b>	<b>5.8</b>	<b>7.6</b>	<b>6.4</b>				
Direct real estate investments	98.0	2,356.3		4.2	10.2	5.7	7.4	6.5				
Real estate funds and joint investments	-27.2	931.3		-2.9	5.5	6.3	8.2	6.3				
<b>Other investments</b>	<b>110.9</b>	<b>1,836.9</b>		<b>6.0</b>	<b>5.6</b>	<b>1.6</b>	<b>1.9</b>	<b>2.5</b>				
Hedge fund investments <sup>6)</sup>	131.9	1,816.6		7.3	5.5	1.7	1.9	1.9				
Commodity investments	-3.0	2.4		-	-	-	-	-				
Other investments <sup>7)</sup>	-18.0	17.9		-	-	-	-	-				
<b>Investments, total</b>	<b>922.4</b>	<b>25,130.8</b>		<b>3.7</b>	<b>13.1</b>	<b>-1.3</b>	<b>7.5</b>	<b>5.6</b>				
Unallocated return, expenses and operating expenses	-21.5	25,130.8		-0.1	-0.1	-0.1	-0.1	-0.1				
<b>Net investment income at current value</b>	<b>900.9</b>	<b>25,130.8</b>		<b>3.6</b>	<b>13.0</b>	<b>-1.4</b>	<b>7.4</b>	<b>5.6</b>				

1) Includes accrued interest

2) Includes cash at bank and in hand and purchase money claims and purchase money obligations

3) Includes also mixed funds if these cannot be allocated elsewhere

4) Includes private equity funds, mezzanine funds and also infrastructure investments

5) Includes also unlisted real estate investment companies

6) Includes all types of hedge fund investments regardless of the strategy of the fund

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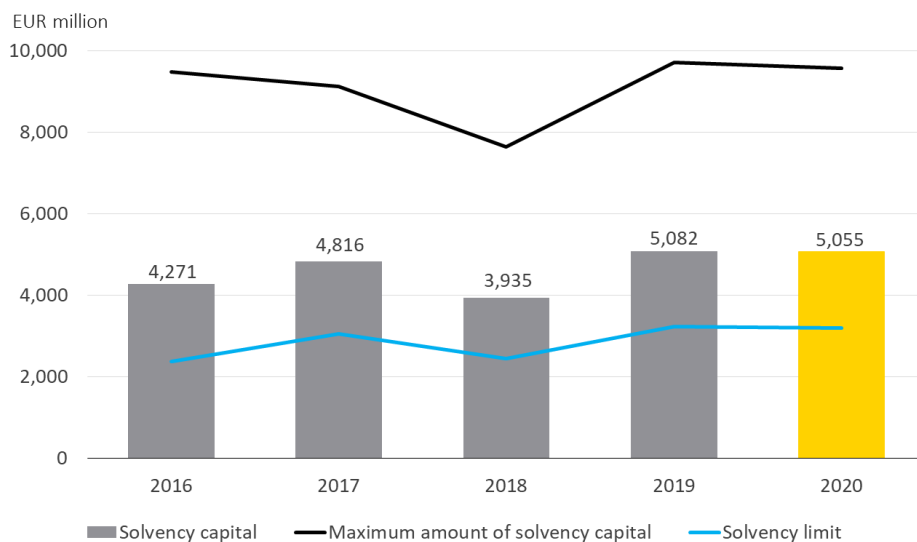
8) Change in market values at the end and beginning of the reporting period – cash

Cash refers to the difference between sales/returns and purchases/expenses

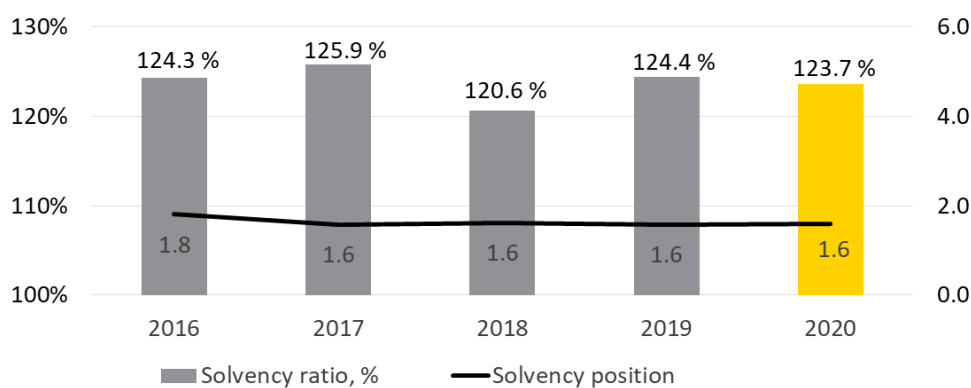
9) Capital employed = market value at beginning of reporting period + daily / monthly time-weighted cash flows

Due to a change in classification, the comparison figures for bonds and private equity investments have changed 2016-2019.

## Solvency capital and its limits



## Development of solvency figures



## Solvency capital and its limits

	2020	2019	2018	2017	2016
Solvency limit, EUR million	3,185.1	3,233.4	2,431.3	3,040.2	2,367.6
Maximum amount of solvency capital, EUR million	9,555.4	9,700.2	7,633.1	9,120.6	9,470.6
Solvency capital, EUR million	5,055.4	5,081.8	3,935.1	4,815.5	4,270.9
Solvency ratio % <sup>1)</sup>	123.7 %	124.4 %	120.6 %	125.9 %	124.3 %
Solvency position <sup>2)</sup>	1.6	1.6	1.6	1.6	1.8

<sup>1)</sup> Pension assets in relation to technical provisions as referred to in Section 11, item 10, of the Ministry of Social Affairs and Health's decree 614/2008.

All years are presented according to the new presentation method.

<sup>2)</sup> Solvency capital in relation to solvency limit

## PERFORMANCE ANALYSIS

	2020	2019	2018	2017	2016
	EUR million	EUR million	EUR million	EUR million	EUR million
<b>Creation of result</b>					
<b>Insurance business surplus/shortfall 1)</b>	<b>-8.0</b>	<b>-17.8</b>	<b>-14.2</b>	<b>-13.3</b>	<b>-47.7</b>
<b>Result of investment operations at current value</b>	<b>-30.0</b>	<b>1,207.0</b>	<b>-827.4</b>	<b>592.7</b>	<b>349.3</b>
+ Net investment income at current value 2)	900.9	2,915.7	-331.9	1,607.6	1,147.4
- Required return for technical provisions	-930.9	-1,708.7	-495.5	-1,014.9	-798.1
<b>Loading profit 3)</b>	<b>33.2</b>	<b>35.2</b>	<b>31.8</b>	<b>23.3</b>	<b>29.1</b>
<b>Other income</b>	<b>5.5</b>	<b>5.5</b>	<b>3.6</b>	<b>5.8</b>	
<b>Total result</b>	<b>0.7</b>	<b>1,229.9</b>	<b>-806.2</b>	<b>608.5</b>	<b>333.8</b>
<b>Use of result</b>					
<b>For change in solvency</b>	<b>-27.0</b>	<b>1,143.1</b>	<b>-878.0</b>	<b>536.4</b>	<b>275.1</b>
For change in equalisation provision included in solvency capital	0.0	0.0	0.0	0.0	-48.2
For change in provision for future bonuses	-55.1	-273.8	-149.8	568.9	-52.3
For change in valuation differences	28.1	1,416.9	-728.3	-32.5	375.5
For accumulated appropriations	-0.1	0.0	0.0	0.1	0.0
For profit for the year	0.0	0.0	0.0	0.0	0.0
<b>For change in equalisation provision</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>
<b>For transfer into customer bonuses</b>	<b>27.7</b>	<b>86.9</b>	<b>71.9</b>	<b>72.1</b>	<b>58.3</b>
<b>Total</b>	<b>0.7</b>	<b>1,229.9</b>	<b>-806.2</b>	<b>608.5</b>	<b>333.8</b>

1) Insurance business surplus/shortfall is reported in a separate table

2) Result of investment operations at current value is reported in a separate table

3) Loading profit is reported in a separate table

## Insurance business surplus/shortfall

	2020	2019	2018	2017	2016
	EUR million	EUR million	EUR million	EUR million	EUR million
Premiums written of business under the company's responsibility	645.1	633.0	596.0	564.7	410.1
Technical provisions of business under the company's responsibility	525.5	507.6	472.6	431.6	419.3
<b>Insurance business surplus</b>	<b>1,170.7</b>	<b>1,140.7</b>	<b>1,068.6</b>	<b>996.2</b>	<b>829.3</b>
Paid pension assets	662.1	633.4	587.1	540.2	516.4
Credit losses on premiums	14.7	18.0	21.1	18.8	18.4
Change in technical provisions of business under the company's responsibility	502.0	507.0	474.6	450.4	392.0
<b>Total claims expenditure</b>	<b>1178.7</b>	<b>1,158.4</b>	<b>1,082.8</b>	<b>1,009.5</b>	<b>926.8</b>
for old-age pension liabilities (so-called supplement to the mortality basis)					49.8
<b>Insurance business surplus/shortfall</b>	<b>-8.0</b>	<b>-17.8</b>	<b>-14.2</b>	<b>-13.3</b>	<b>-47.7</b>

## Loading profit

	2020	2019	2018	2017	2016
	EUR million	EUR million	EUR million	EUR million	EUR million
Expense loading	111,9	125,3	120,1	116,2	118,2
Share of premium available to cover operating expenses resulting from claims decisions	6,1	6,4	5,9	5,1	5,6
Other income	0,6	0,7	0,6	0,7	0,9
<b>Loading profit, total</b>	<b>118,7</b>	<b>132,3</b>	<b>126,6</b>	<b>121,9</b>	<b>124,6</b>
Operating expenses by operation <sup>1)</sup>	-85,4	-97,1	-94,8	-98,7	-95,6
Other expenses	0,0	0,0	0,0	0,0	0,0
<b>Operating expenses, total</b>	<b>-85,4</b>	<b>-97,1</b>	<b>-94,8</b>	<b>-98,7</b>	<b>-95,6</b>
<b>Loading profit</b>	<b>33,2</b>	<b>35,2</b>	<b>31,8</b>	<b>23,3</b>	<b>29,1</b>
<b>Operating expenses/loading profit, %</b>	<b>72,0 %</b>	<b>73,4 %</b>	<b>74,9 %</b>	<b>80,9 %</b>	<b>76,7 %</b>

<sup>1)</sup> Excluding operating expenses for investment operations and disability risk management and statutory charges

## Disability risk management

	2020	2019	2018	2017	2016
	EUR million	EUR million	EUR million	EUR million	EUR million
Premiums written; disability risk management	4,1	4,1	3,8	3,6	3,4
Expenses covered by disability management and entered under claims incurred	3,2	2,6	2,8	2,1	2,6
Expenses from disability risk management covered by expense loading entered as business expenses <sup>2)</sup>	0,0	0,0	0,0	0,9	0,9
<b>Expenses covered by disability management / Disability management, %</b>	<b>77,4 %</b>	<b>62,7 %</b>	<b>74,4 %</b>	<b>58,4 %</b>	<b>76,7 %</b>

<sup>2)</sup> Does not include personnel expenses related to the management of the disability risk of own employed personnel as of 2016