



**Interim report**  
**1 January – 31 March 2022**

Elo Mutual Pension Insurance Company



# Key figures 31 March 2022

Investment assets

**28.8** EUR billion

Return

**-1.9** %

10-year nominal return

**6.3** %

Solvency ratio

**126.1** %

Premiums written

**989** EUR million

Pensions and other  
benefits paid

**1 040** EUR million



Number of YEL policyholders

**84 200**

Number of TyEL policyholders

**51 800**

Total number of self-employed  
persons and employees insured

**485 100**

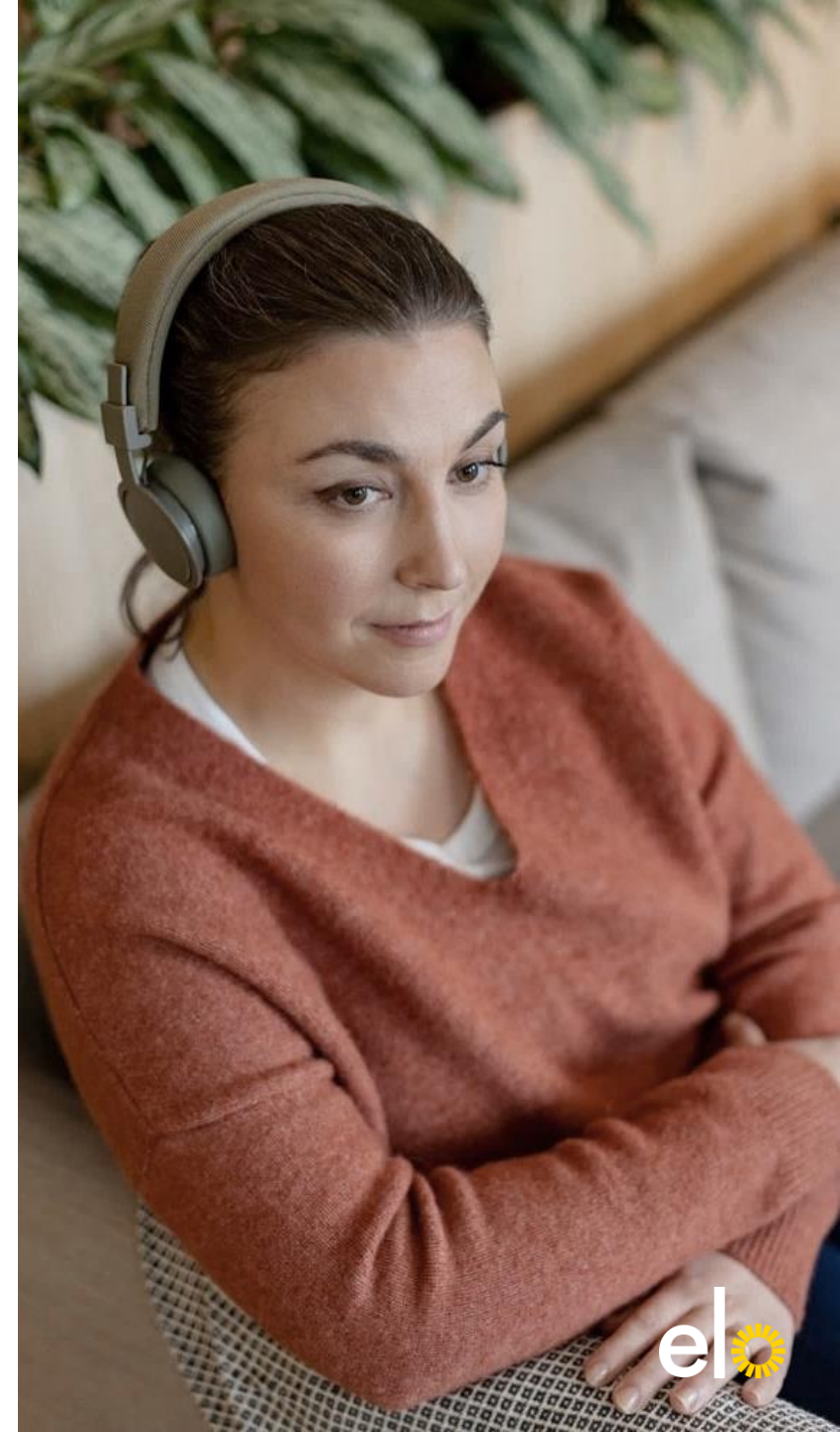
We pay out pensions to

**244 200**

pensioners

# Smooth customer service for businesses and self-employed and insured persons

- Elo is the largest pension insurer of self-employed persons in Finland. One in three employer companies use Elo to insure their employees.
- For us, it is important to take care of the YEL earned income level of our self-employed customers. We have refined our processes and regularly monitor the development of earned income. Earned income levels of new self-employed persons developed positively in January–March.
- Elo’s customer service was at an excellent level in the first quarter. NPS scores developed favourably.
- Continuous development was reflected in faster than average pension decisions For example, decisions on old-age pensions were issued in two days on average.



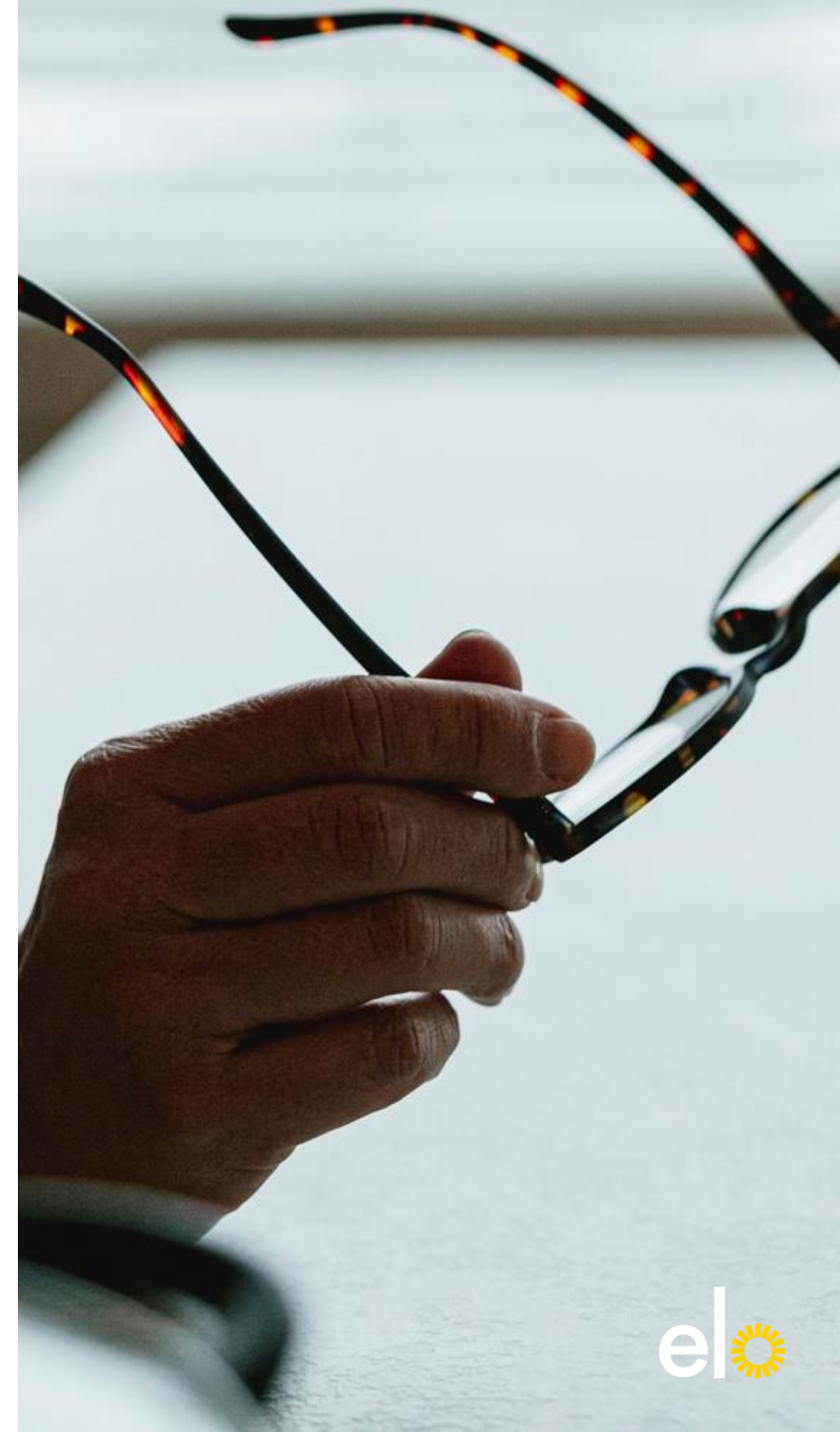
# Latest news about pension insurance

- Mental health reasons continued to be the most common reason for applying for disability pension early in the year, but their share of applications is declining.
- The rejection rate of disability pensions increased, timing of applying for rehabilitation is often the issue.
- Russia's war of aggression in Ukraine has caused some concerns among Elo's pension customers. Customer service has received questions concerning the payment of pensions in any disruptions.
- Elo has actively assessed the potential impacts of the war in Ukraine on Elo's operations and paid attention to continuity management.



# Development of Elo's corporate governance and management system

- The FIN-FSA appointed attorney Pekka Jaatinen, LL.M., as an authorised representative on 11 December 2020 to supervise the activities of Elo.
- In November 2021 Elo submitted a plan for developing the management and administration system to FIN-FSA. The last measures included in this plan were implemented in March 2022. These determined efforts have continued in good co-operation with the supervisory authority and the authorised representative.
- We are in the third and final stage of the authorised representative oversight, where the authorised representative monitors the functionality and efficiency of the measures taken.

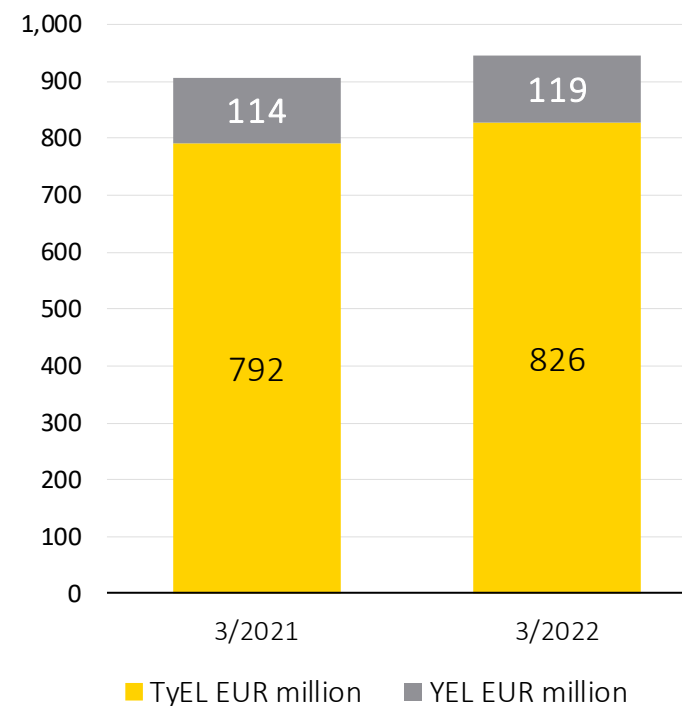


# The number of pensioners approximately 244 200

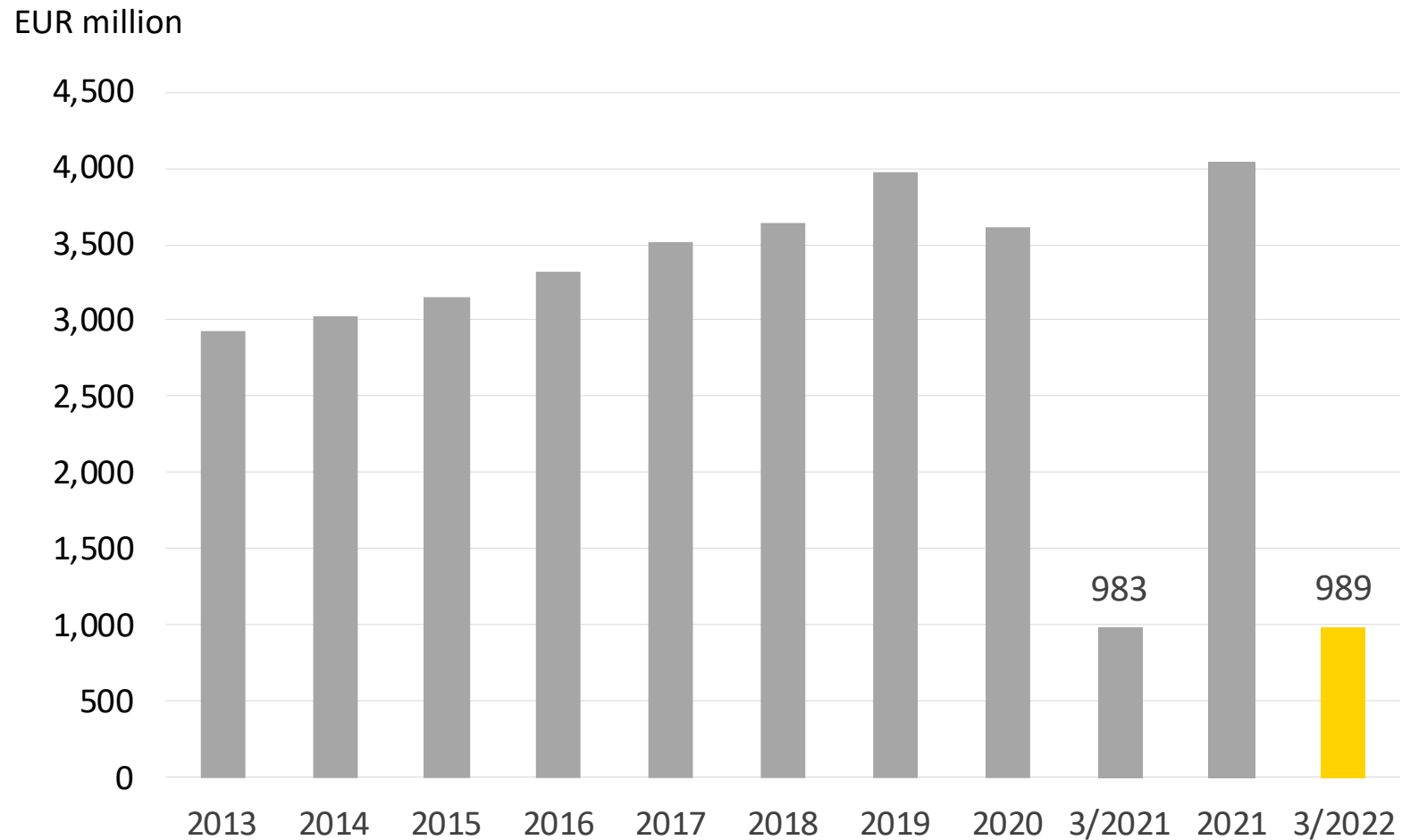
## Pensions paid by pension type

<b>Pensions paid 2022</b>		
Type of pension	pcs.	EUR million
Old-age pension	186 284	798
Disability pension	21 572	79
Survivors' pension	30 505	54
Part-time pension	11	0
Partial early old-age pension	5 817	13
Years-of-service pension	28	0
<b>Total</b>	<b>244 217</b>	<b>945</b>

## Development of pensions paid



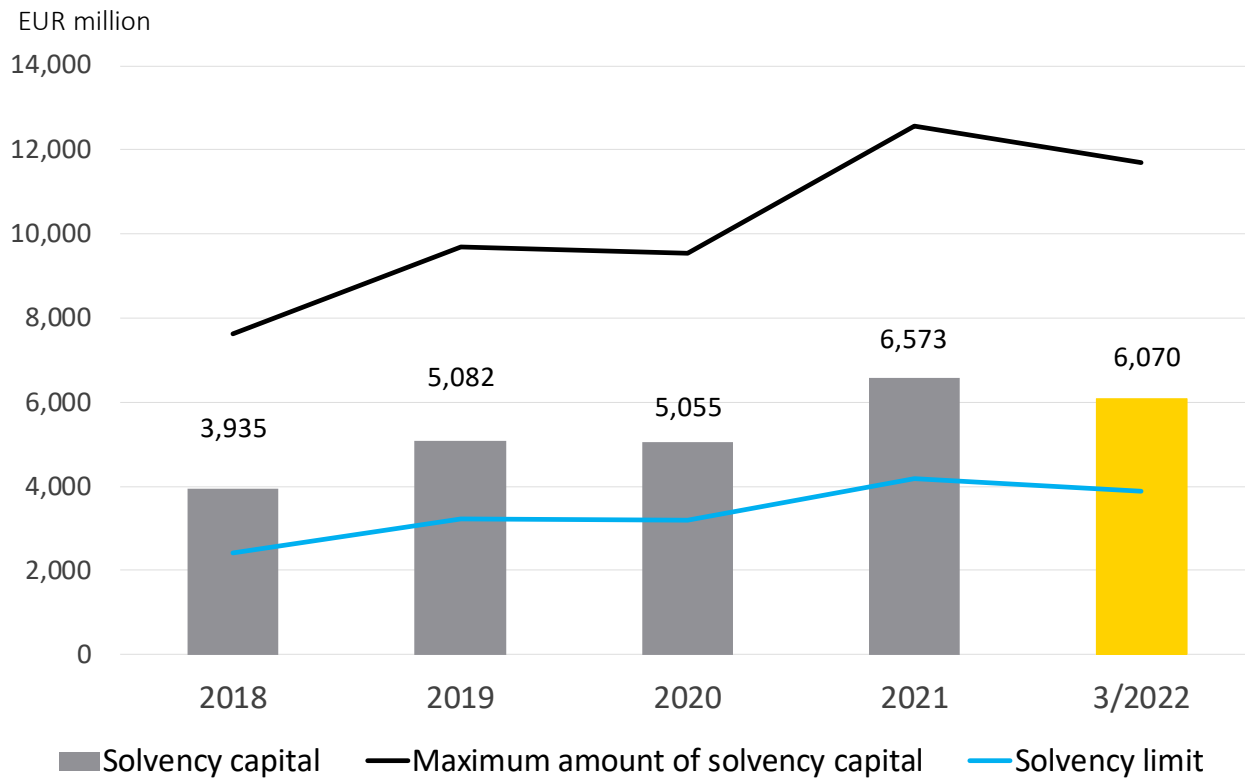
# Premiums written at the same level as the previous year



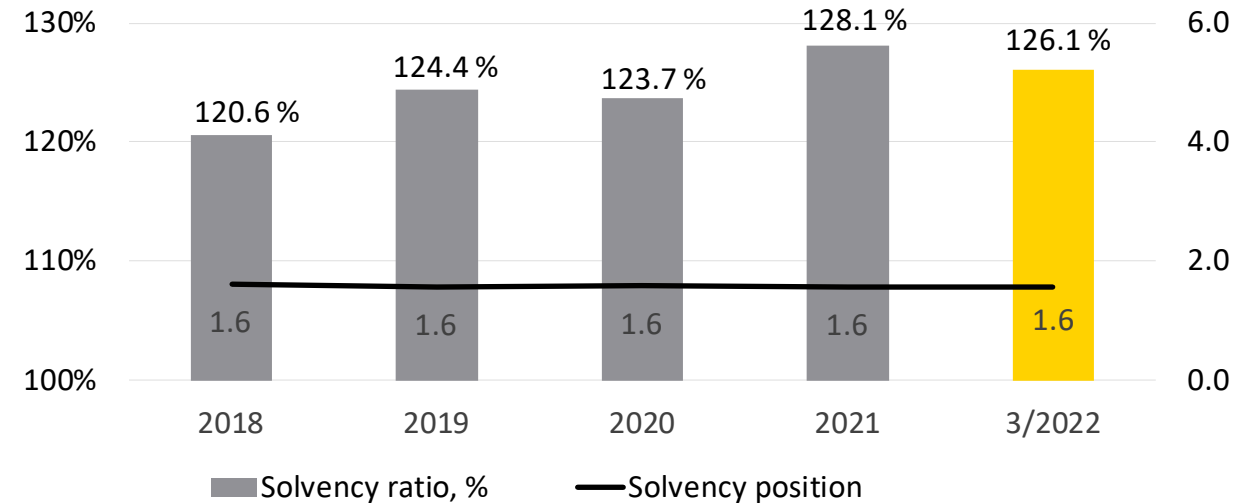


# Solvency at a good level

## Key solvency figures



## Solvency ratio and position



# Summary of key figures

	3/2022	3/2021	2021
Investment assets at fair value, EUR million	28,770.2	26,800.5	29,421.9
Net return from investment on capital employed, %	-1.9 %	3.9 %	14.0 %
Average nominal return, over 10 years	6.3 %	5.6 %	6.9 %
Average nominal return, over 5 years	6.1 %	6.4 %	7.2 %
Premiums written, EUR million	989.0	983.1	4,035.9
Pensions and other benefits paid, EUR million	1,040.0	1,001.4	4,030.2
Technical provisions, EUR million	23,947.2	22,792.2	23,750.4
Number of TyEL policyholders	51,800	49,100	51,200
Number of YEL policyholders	84,200	83,300	84,500
Number of pensioners	244,200	242,800	246,100
Solvency capital, EUR million	6,070.5	5,479.0	6,573.4
Solvency position	1.6	1.5	1.6
Solvency ratio, %	126.1 %	125.0 %	128.1 %

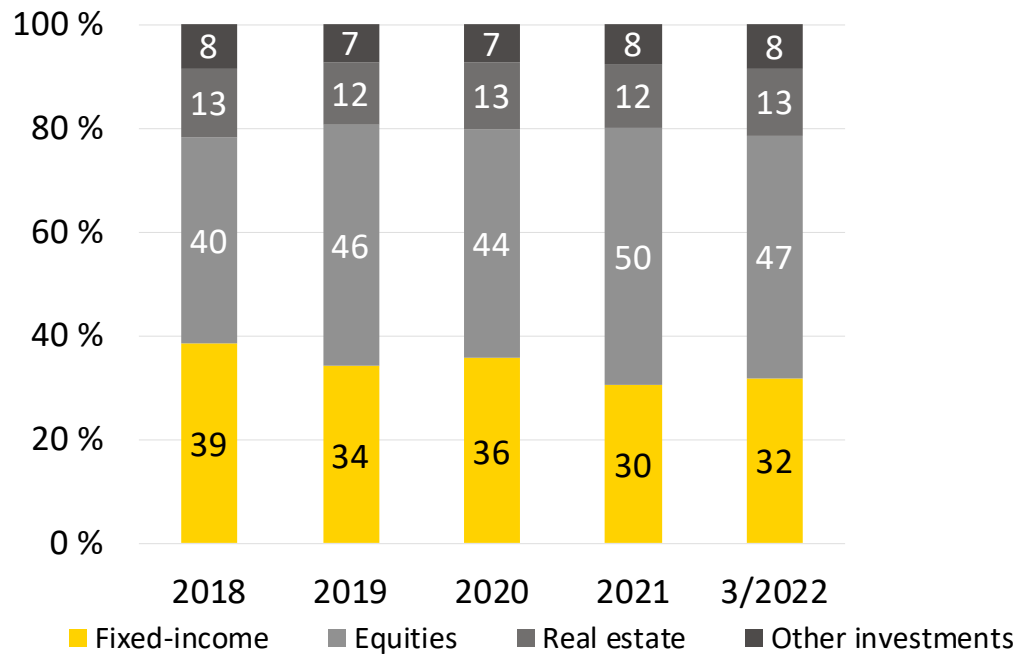
# A look at investments

# Prerequisites for economic growth have weakened

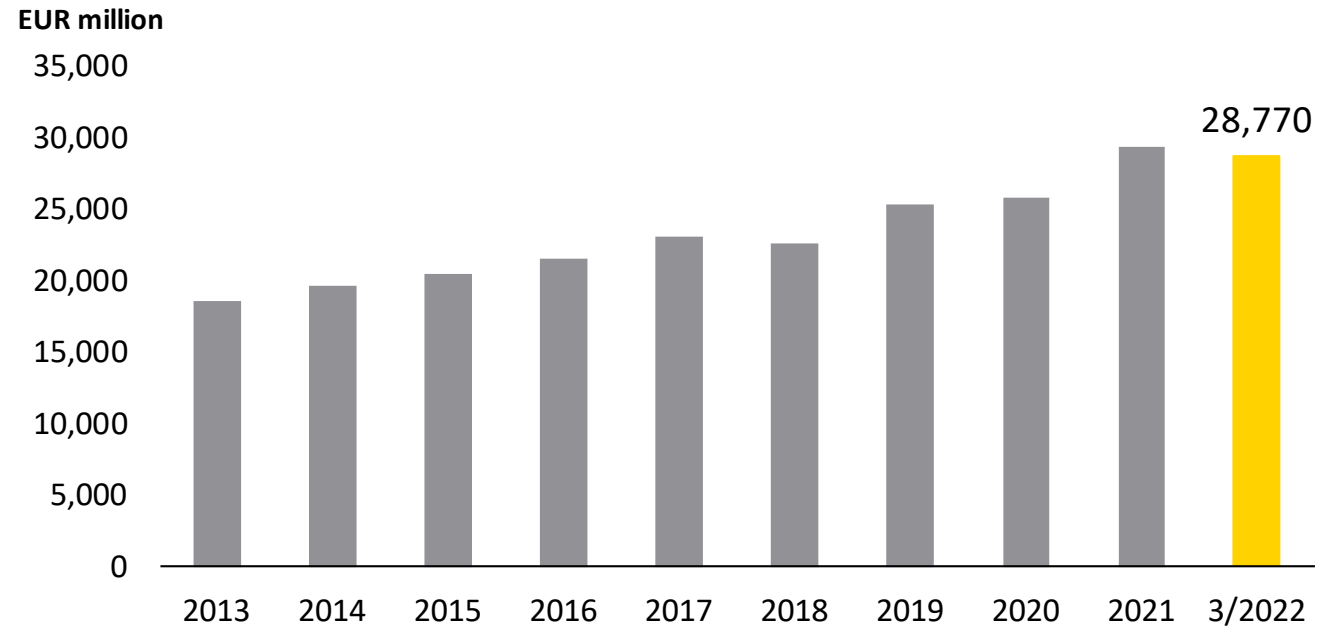
- Following the strong recovery last year, economic growth was expected to slow down during 2022, but to remain above permanent trend growth. Accelerating inflation and global tightening of monetary policy were the key risks to growth.
- Russia's invasion of Ukraine accelerated inflation further, in addition to which the war and the resulting economic sanctions further weakened the prerequisites for economic growth, especially in Europe.
- As a result of the accelerating inflation, the US Federal Reserve increased its rates in March for the first time since December 2018. The European Central Bank also announced that it will tighten its monetary policy.
- Financial market returns weakened early in the year. The equity market decreased strongly, with the steepest decline seen after Russia invaded Ukraine. Accelerating inflation and surged inflation expectations have considerably increased interest rates.

# Investment assets amounted to EUR 28.8 billion

## Asset allocation



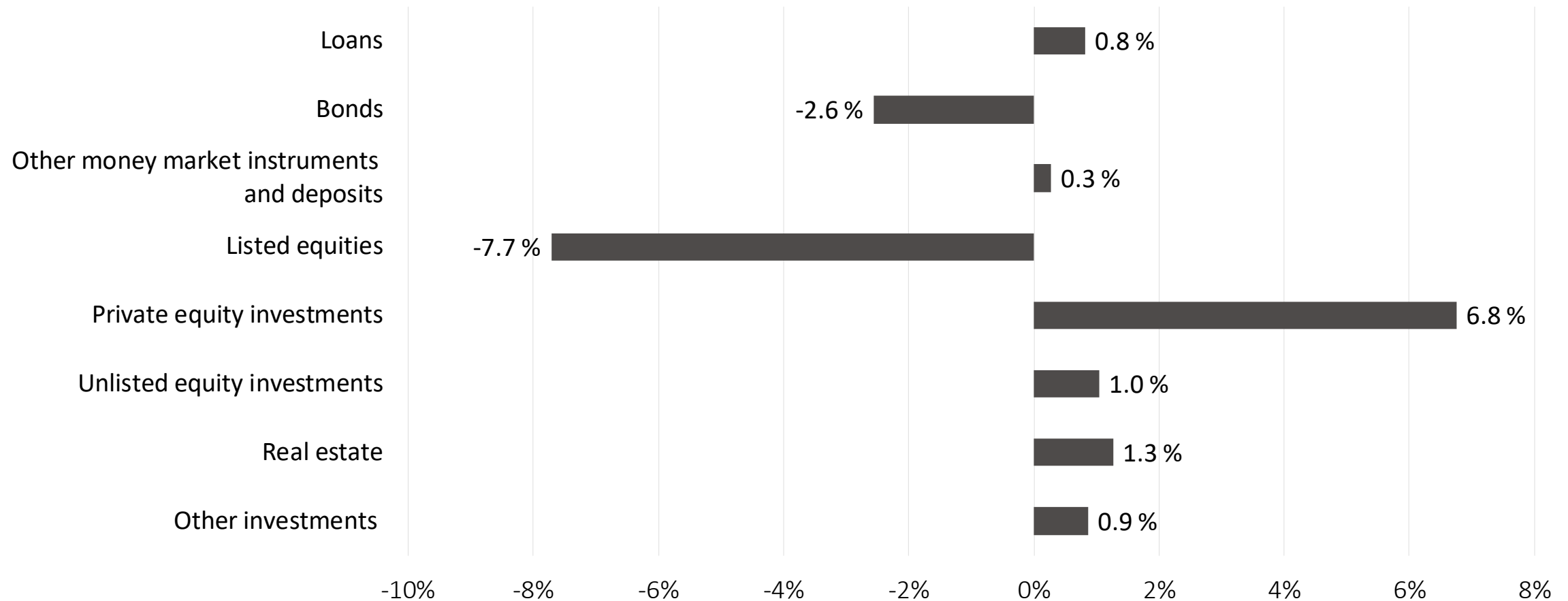
## Investment assets



- Elo started to reduce its listed equity allocation already at the end of January, taking into account the expected weakening of economic growth and accelerating inflation.

# Private equity investment improved the equity investment returns

## Return on investments by asset class



# Return on investment -1.9% in the first quarter

	Basic allocation by market value		Actual risk position		Return	Volatility
	EUR million		EUR million	%	%	%
<b>Fixed-income investments</b>	<b>8,965.8</b>	<b>31.2</b>	<b>7,986.1</b>	<b>27.8</b>	<b>-1.7</b>	
Loans	490.3	1.7	490.3	1.7	0.8	
Bonds	6,419.4	22.3	4,108.5	14.3	-2.6	9.2
Public bonds	2,488.4	8.6	1,508.7	5.2	-2.9	
Other bonds	3,931.0	13.7	2,599.9	9.0	-2.3	
Other money market instruments and deposits incl. any receivables and liabilities related to	2,056.1	7.1	3,387.2	11.8	0.3	
<b>Equities</b>	<b>13,701.2</b>	<b>47.6</b>	<b>13,444.4</b>	<b>46.7</b>	<b>-3.3</b>	
Listed equities	8,752.0	30.4	8,495.1	29.5	-7.7	12.2
Private equity investments	4,355.4	15.1	4,355.4	15.1	6.8	
Unlisted equity investments	593.9	2.1	593.9	2.1	1.0	
<b>Real estate</b>	<b>3,721.5</b>	<b>12.9</b>	<b>3,721.5</b>	<b>12.9</b>	<b>1.3</b>	
Direct real estate investments	2,619.3	9.1	2,619.3	9.1	0.6	
Real estate funds and joint investment companies	1,102.2	3.8	1,102.2	3.8	2.8	
<b>Other investments</b>	<b>2,381.7</b>	<b>8.3</b>	<b>2,413.9</b>	<b>8.4</b>	<b>0.9</b>	
Hedge fund investments	2,389.5	8.3	2,389.5	8.3	0.1	5.5
Commodity investments	1.1	0.0	31.7	-0.1	-	
Other investments	-8.9	0.0	-7.2	0.0	-	
<b>Total investments</b>	<b>28,770.2</b>	<b>100.0</b>	<b>27,565.8</b>	<b>95.8</b>	<b>-1.9</b>	<b>4.8</b>
Effect of derivatives			1,204.4	4.2		
<b>Total</b>	<b>28,770.2</b>	<b>100.0</b>	<b>28,770.2</b>	<b>100.0</b>		

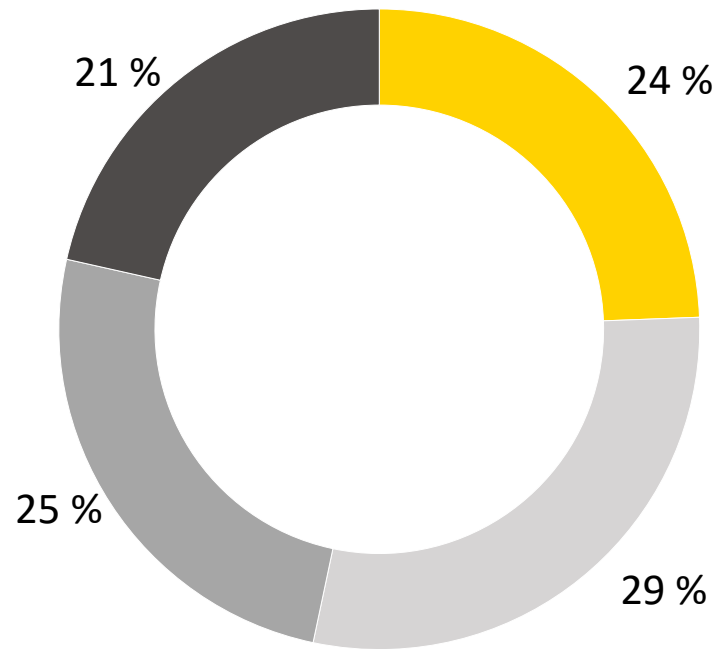
The return on foreign currency derivatives is estimated for asset classes in proportion to the average foreign currency-denominated assets during the reporting period.

The total return includes returns, expenses and operating expenses not allocated to investment classes. The modified duration of bonds is 2.9.

15 The open currency exposure is 25.1% of market value.

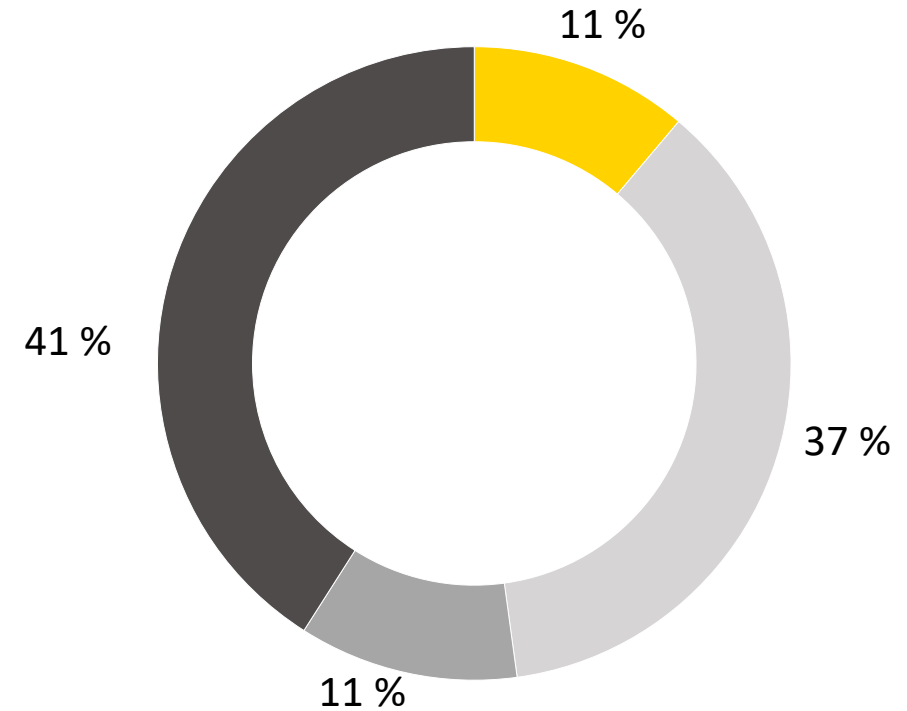
# One-fourth of investments in Finland

## Geographical distribution of investments



■ Finland ■ Europe ■ North America ■ Other regions

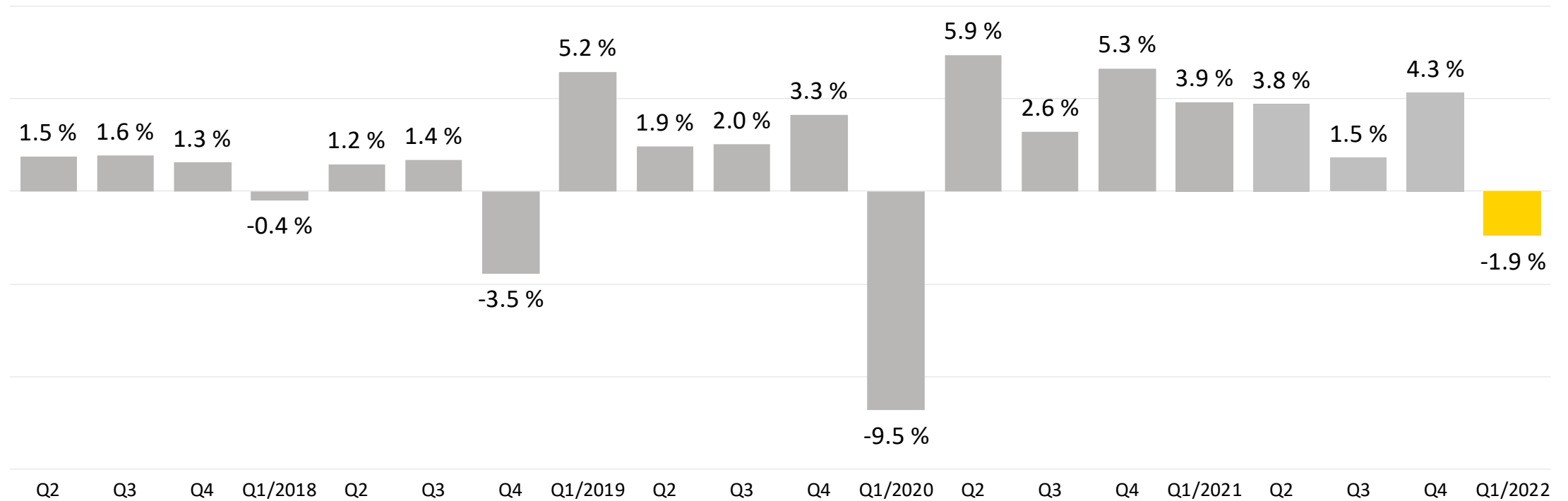
## Investments in Finland by asset class



■ Fixed-income investments ■ Listed equities  
■ Unlisted equities and private equity investments ■ Real estate

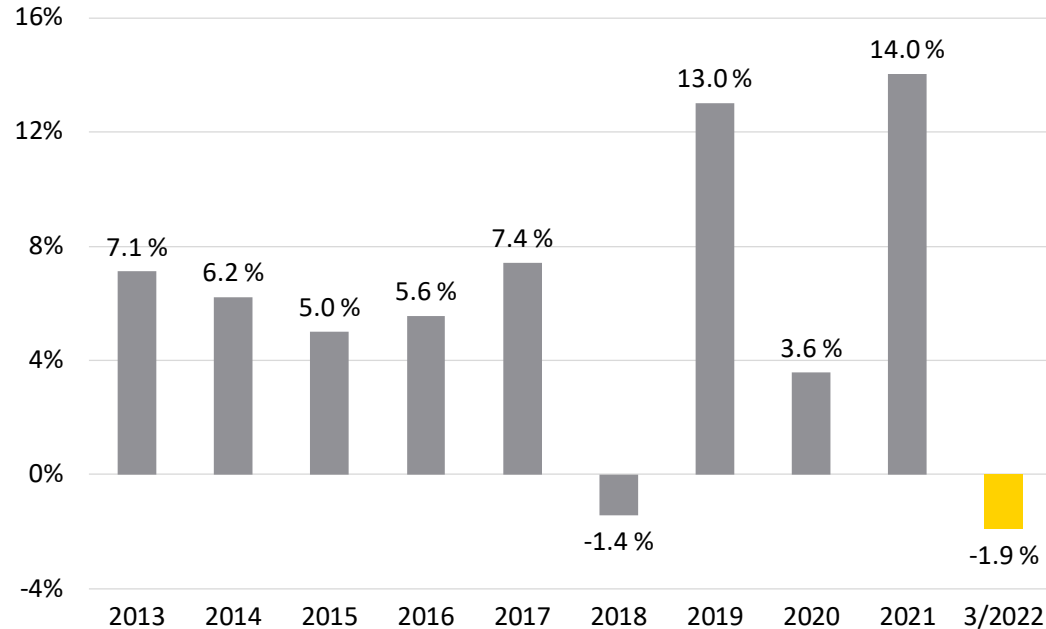


# Returns weakened in the first quarter due to accelerating inflation and global tightening of monetary policy

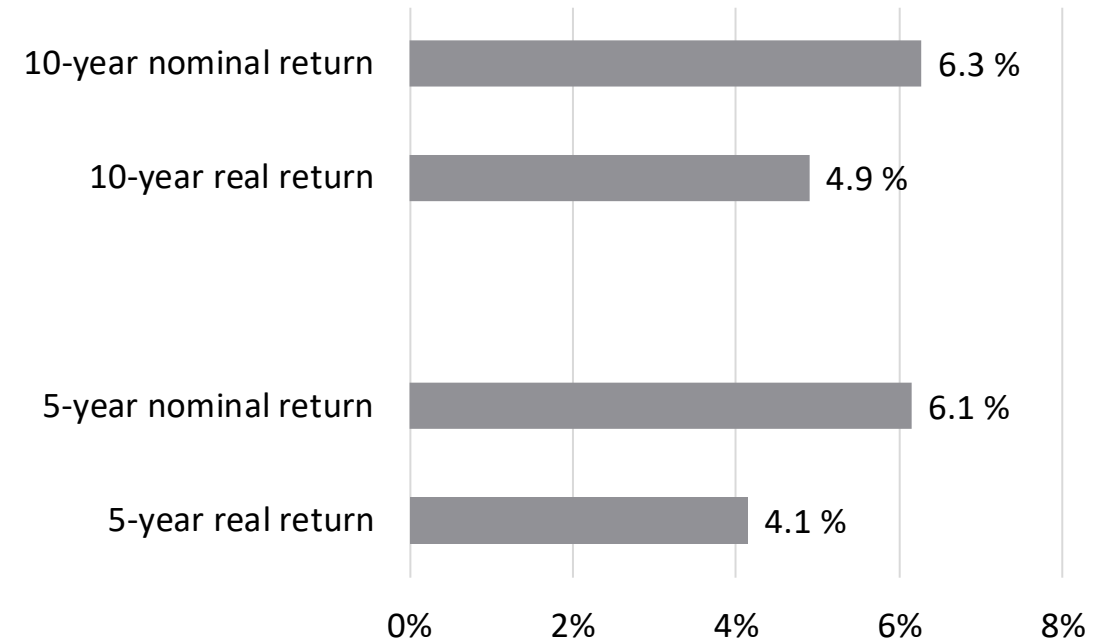


# Ten-year return was 6.3 per cent per annum

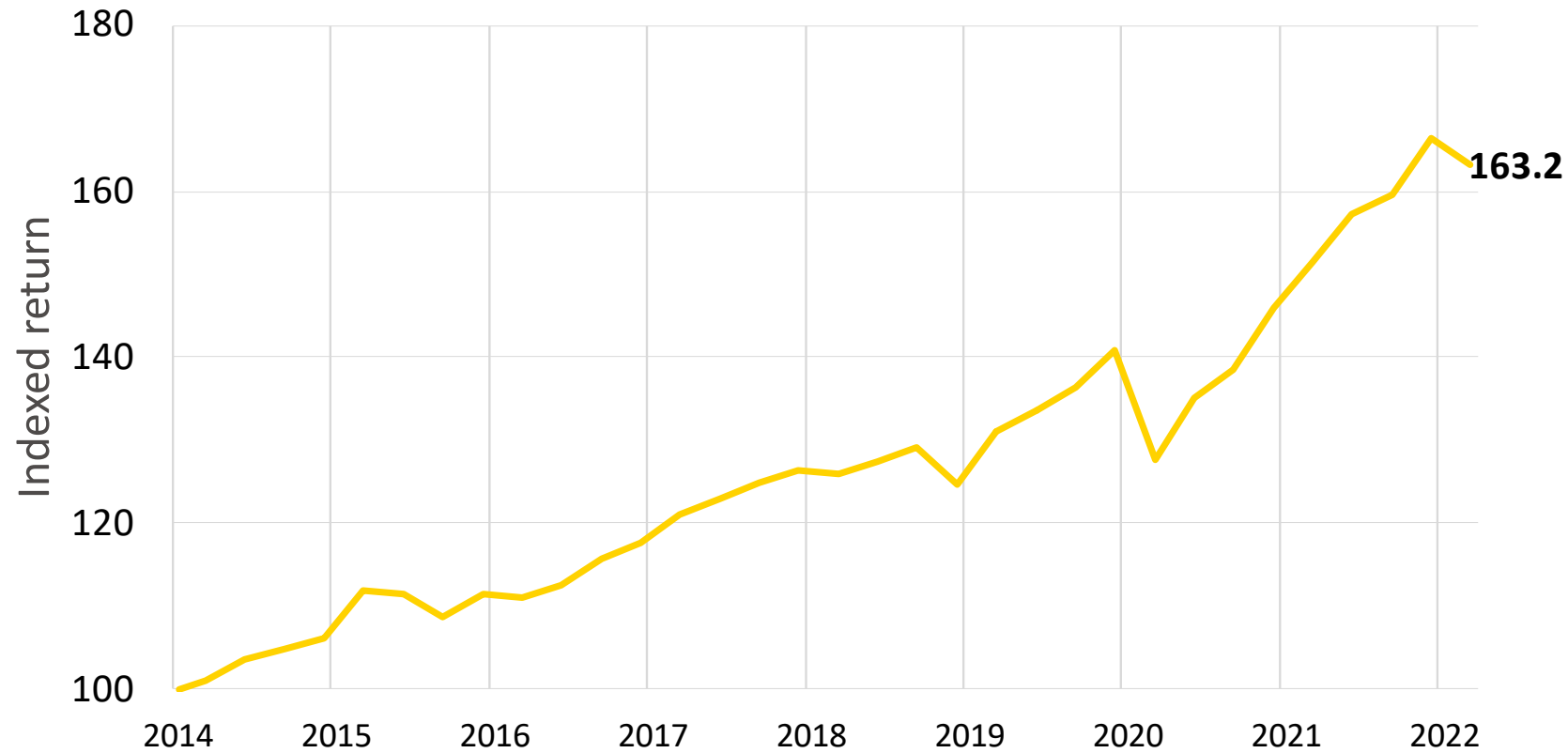
## Investment returns



## Average return on investments over time



# Investments have returned almost EUR 11.5 billion since Elo started operations



# We report on our sustainability transparently

- Elo published the Annual and Responsibility Report 2021 in March.
  - For the first time, the report included the carbon footprint from Elo's own operations in line with the Greenhouse Gas (GHG) Protocol.
  - We also introduced new carbon metrics of our investments. Elo disclosed absolute emissions and scope 3 upstream emissions of its listed equity and corporate bond investments, among other things.
  - For the fourth time, Elo reported climate-related financial information in accordance with the TCFD (Task Force on Climate-related Financial Disclosures).
- Elo is participating in the Responsible Employer campaign for the third time. The employers participating in the campaign make a commitment to developing and promoting six principles of responsible employment that are related to employee well-being, motivation and commitment to the employer.

# Future outlook

- The outlook for the global economy and financial markets is very uncertain. If prolonged, Russia's war of aggression will accelerate inflation as a result of steep increases in the prices of energy, food and other raw materials.
- Furthermore, the production and delivery issues caused by COVID-19 result in problems in the global economy and will sustain inflation for longer than expected. Central banks have announced that they will mitigate inflation by further tightening monetary policy.
- The European economy is associated with particularly many challenges, such as soft economic growth combined with high inflation. In addition, major European countries are significantly dependent on energy imported from Russia, and the transition to renewable energy sources is, despite the good start, still in progress.
- Finland's economic development is also uncertain, even though inflation is more moderate than in the EU on average. From the point of view of the equity market, how companies will be able to maintain profitability with a risk of cost increases is essential.