

e



Financial statements
1 January – 31 December 2023

Elo Mutual Pension Insurance Company

Key figures 31 December 2023

Investment assets

30.0 (28.2)

EUR billion

Return

6.0 (-3.7)

%

10-year nominal return

5.4 (5.6)

%

Solvency ratio

121.3 (121.4)

%

Solvency position

1.5 (1.5)

Pensions and other
benefits paid

4,5 (4.3)

EUR billion



Number of YEL policyholders

83.500

(84.400)

Number of TyEL policyholders

46.400

(47.000)

Total number of self-employed
persons and employees insured

493.200

(503.700)

We pay out pensions to

249.800

(248.000)
pensioners

Reforms in insurance and pension matters

- Following the reform of the Self-Employed Workers' Pensions Act (YEL Act), pension companies will review the earned income of YEL-insured entrepreneurs every three years. The review ensures that the earned income is up to date and that the entrepreneur's livelihood is secured during and after the entrepreneurial activity.
 - We prepared for the reviews by implementing the YEL earned income calculator, through training and by informing our customers.
 - We reviewed earned incomes from June to the end of the year. The review of entrepreneurs' earned income focused on YEL incomes of less than EUR 15,000, which had not been changed for three years.
- Employment pension companies introduced a company-specific employee pension insurance expense loading fee from the beginning of 2023. Elo gives its customers a discount based on a long-term customer relationship.

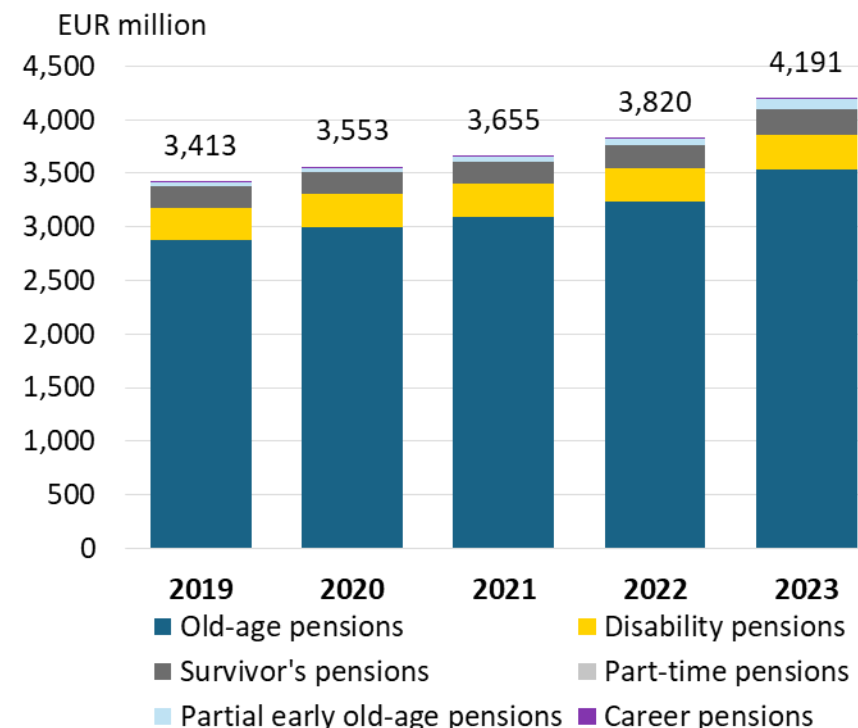


Pensions paid increased by almost 10%. The biggest factor underlying the growth was the index increase of 6.8%.

Pensions paid by pension type

Type of pension	pcs.	EUR million
Old-age pension	187,959	3,535.6
Disability pension	21,961	325.0
Survivors' pension	29,649	241.1
Part-time pension	0	0.0
Partial early old-age pension	10,239	88.6
Years-of-service pension	22	0.7
Total	249,830	4,191.0

Pensions paid by pension type 2019-2023



A decrease in the number of old-age pension decisions

- We issued 29,052 pension decisions, which was 8% less than the previous year.
- The number of old-age pension decisions decreased by 21%, which was due to the gradual rise in the lowest retirement age per age group.
- The number of disability pension decisions is increasing, and we issued up to 10% more decisions than in the previous year.

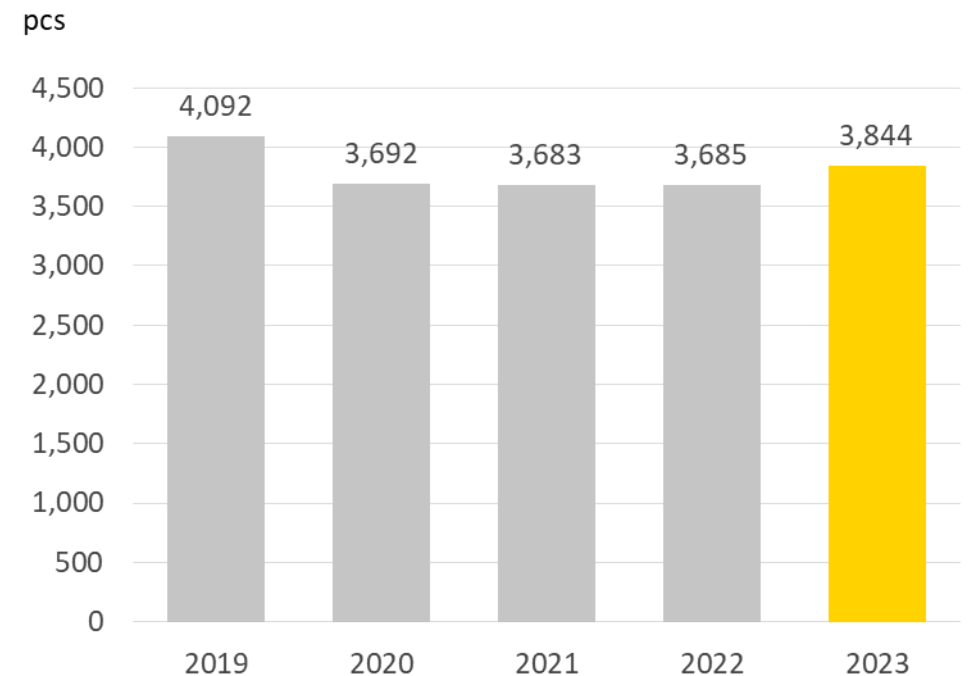
Pension decisions by pension type

	1-12/2023	1-12/2022
Old-age pensions	7,541	9,505
Partial early old-age pensions	4,066	6,218
Disability pensions	12,923	11,765
Survivor's pensions	2,772	2,409
Decisions on rehabilitation	1,698	1,764
Career pensions	52	52
Total	29,052	31,713

The number of people retiring on disability pension increased

- The number of new disability pensions increased by 4%.
- Disability pension decisions increased especially among people over 60 years of age, whose most common reason for the pension was musculoskeletal disease.
- Disability pension decisions issued based on mental health disorders increased in all age groups and was the most common reason for disability pension among young people.

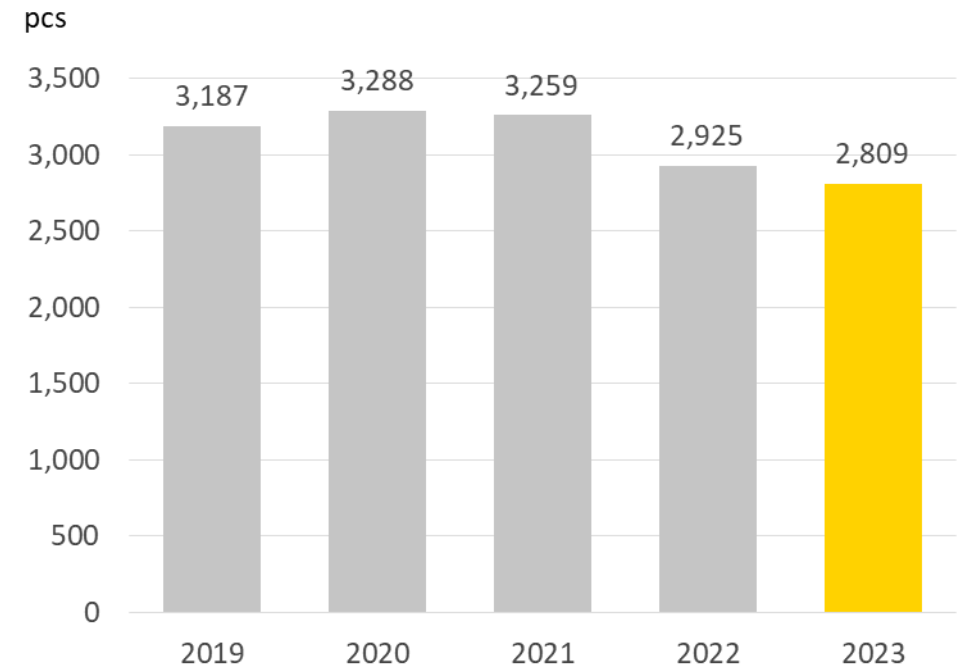
New disability pension decisions



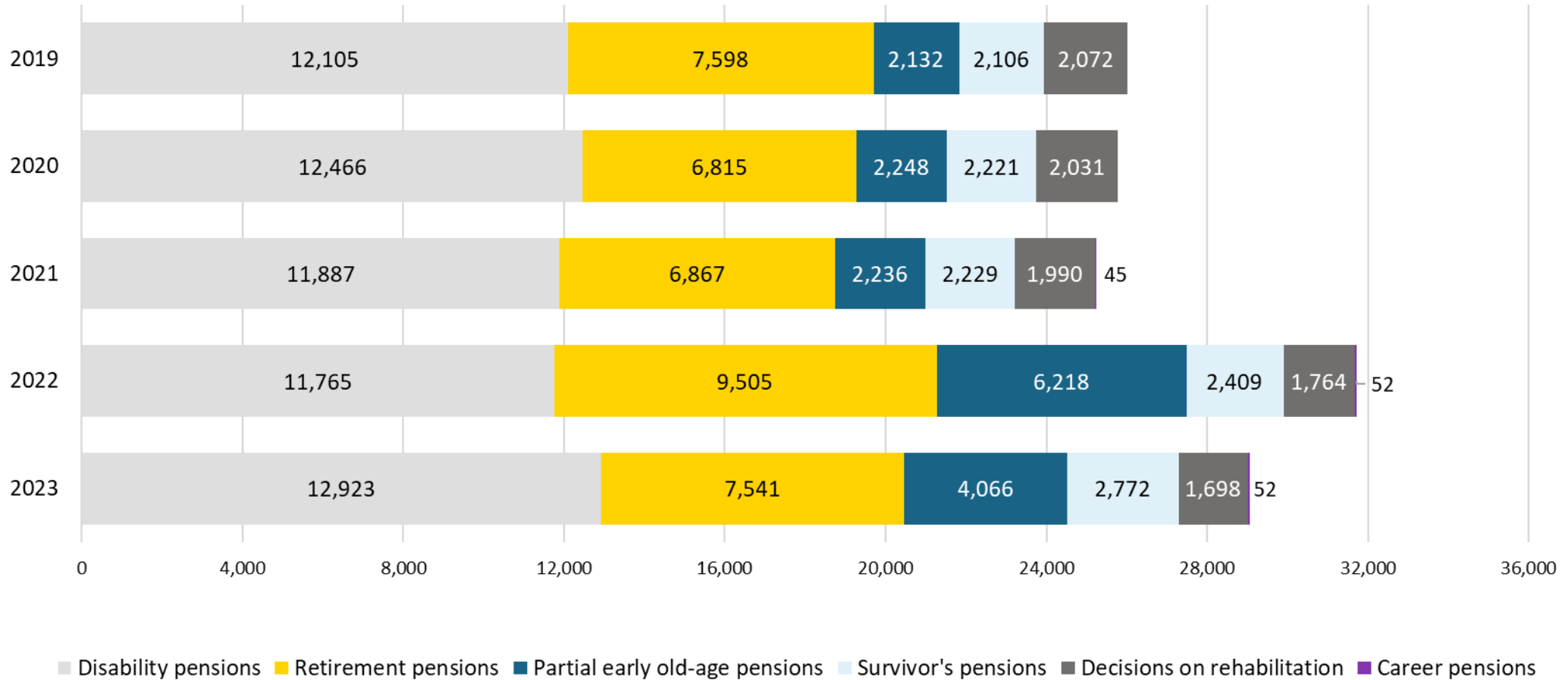
76% stayed in employment and avoided going on disability pension

- The moderate downward trend in rehabilitation decisions continued.
- Of the persons participating in Elo's vocational rehabilitation, 76% stayed in employment and avoided going on disability pension.
- We spent EUR 1.9 million on supporting our customer companies' disability risk management projects.
 - A total of 2,808 representatives of our customer companies attended our work ability management webinars.
 - More than 100 HR representatives of our customer companies started Expert and Super Expert training programmes on work ability management.

Preliminary decisions on vocational rehabilitation

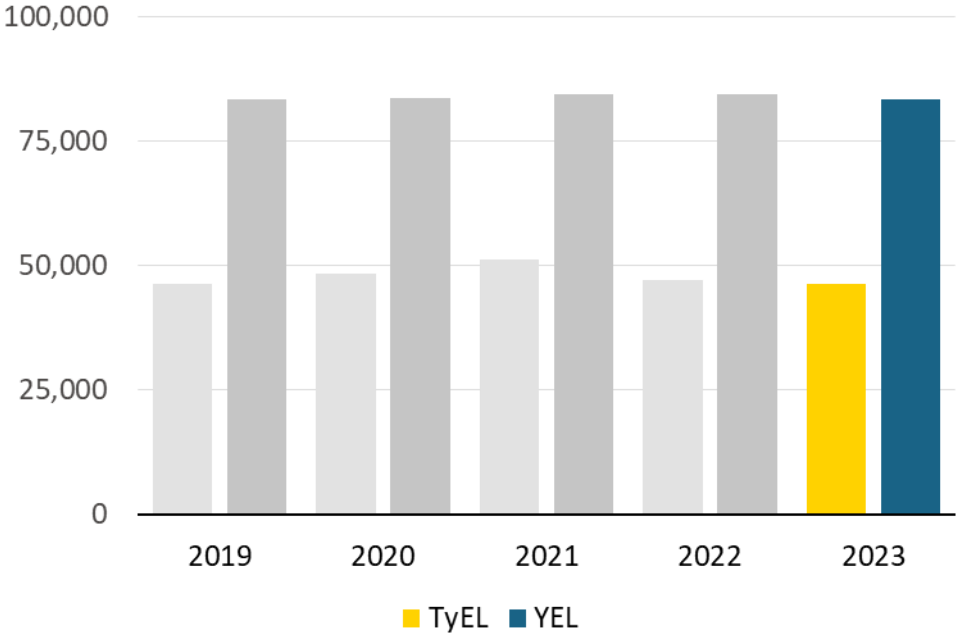


Number of pension decisions by pension type

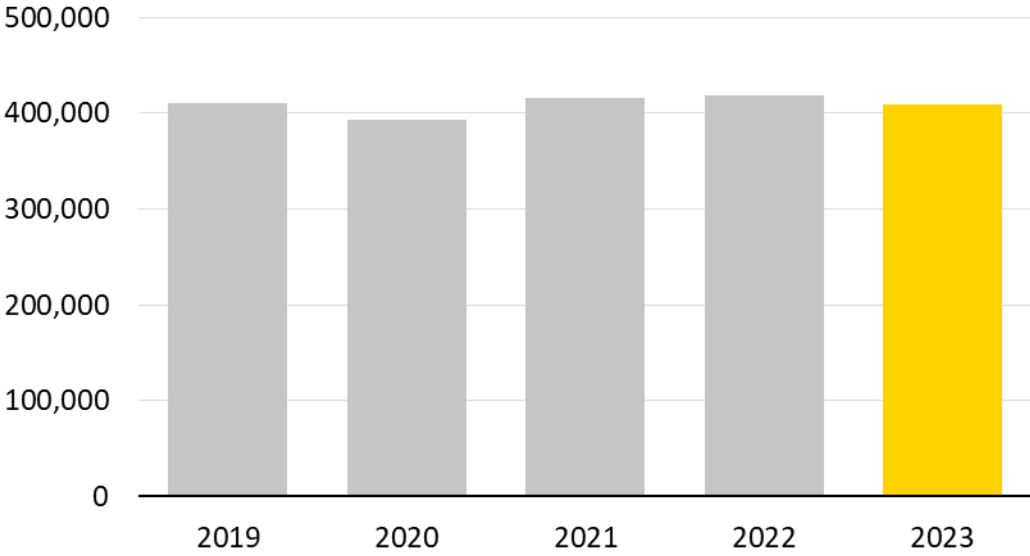


The total number of employees and self-employed persons insured was almost 500,000

TyEL and YEL insurances



TyEL insurance policyholders



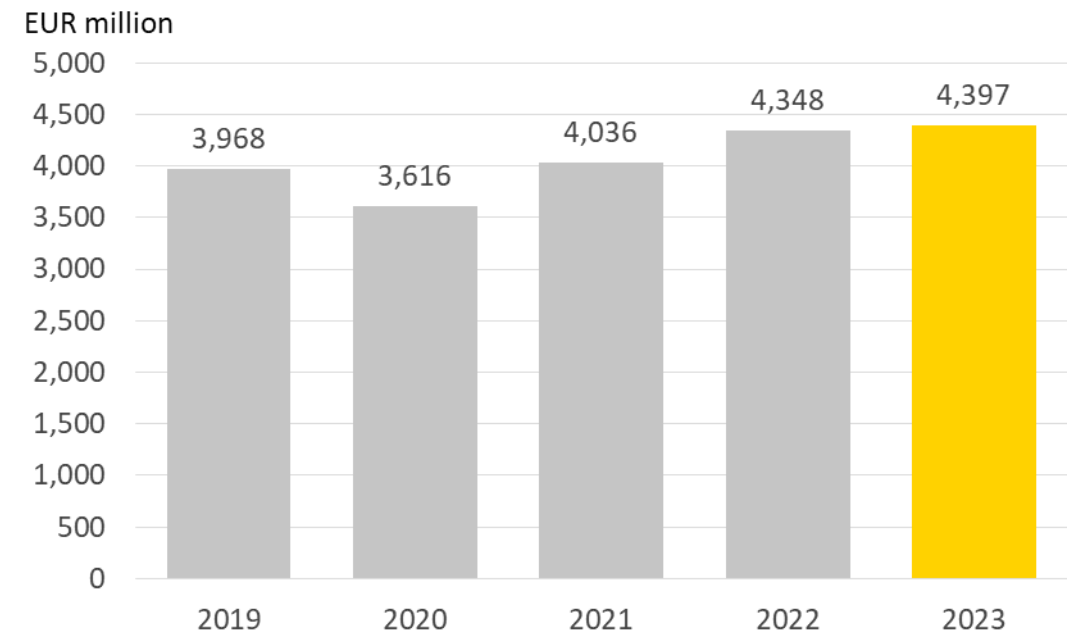
- In 2022, TyEL insurance policies in which wages and salaries were not paid were terminated from the insurance portfolio.
- In 2019, the calculation of TyEL policyholders changed as the Incomes Register was introduced.



Premiums written amounted to EUR 4.4 billion

- Premiums written (including TyEL and YEL) increased by 1.1%.
- Credit losses amounted to EUR 25.0 million during the review period. In 2023, the amount of credit losses increased compared to previous years.
- The total TyEL payroll was approximately 2.0% higher than in 2022.
- The increase in the total YEL earned income was 3.7%.
- Elo revised the earned incomes of more than 24,000 entrepreneurs during the year.

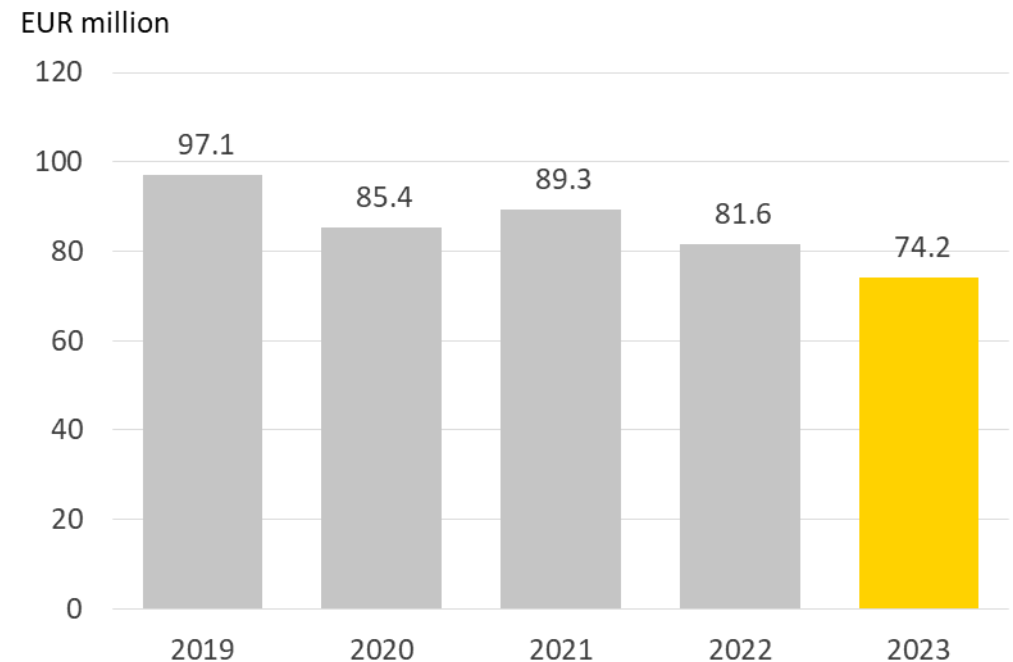
Premiums written 2019–2023



We will refund EUR 10.4 million to our customers

- We have enhanced our cost efficiency, and we will refund EUR 10.4 million to our TyEL customers as management fee refunds.
- Over the past five years, operating expenses covered by loading profit have decreased by 25%.
- Operating expenses decreased to EUR 74 million and were approximately 9% lower than in 2022.

Operating expenses covered by loading profit 2019–2023

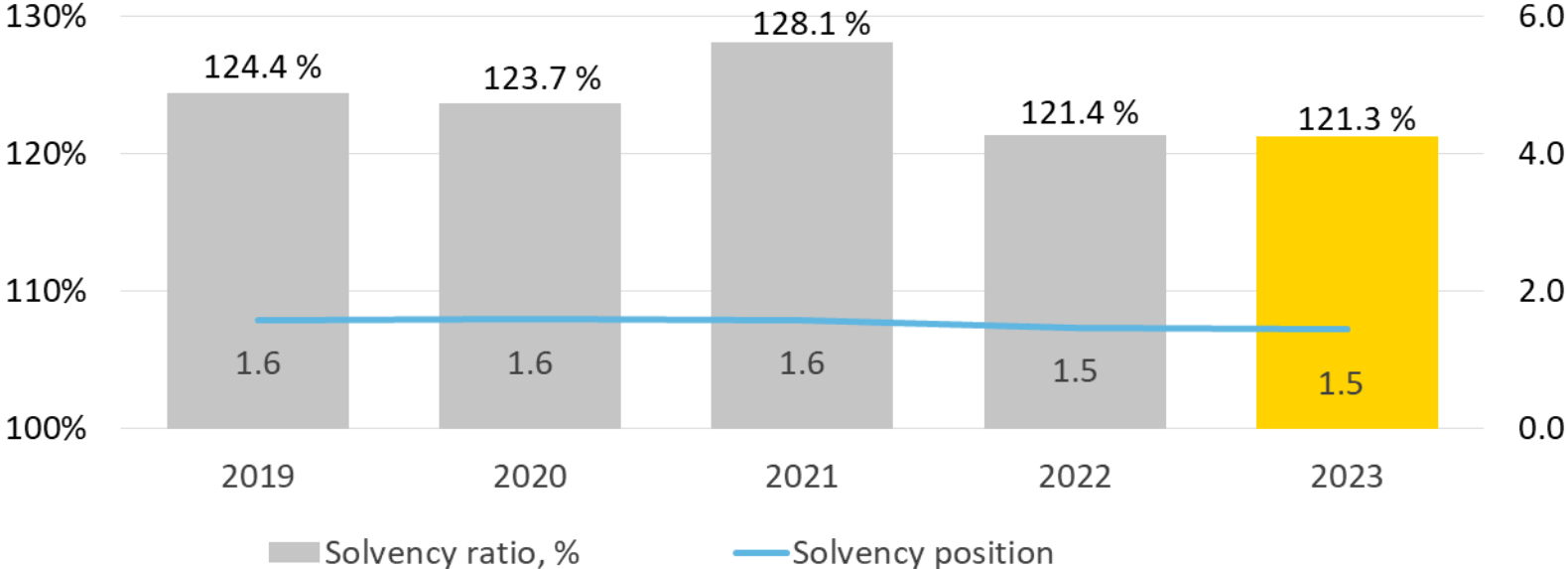


The total result was EUR 308 million

EUR million	2023	2022	2021	2020	2019
Total surplus	308.0	-1,381.1	1,616.5	0.7	1,229.9
Insurance business surplus	25.5	68.8	17.9	-8.0	-17.8
Investment surplus at fair values	267.8	-1,493.2	1,562.8	-30.0	1,207.0
Net investment income at fair values (+)	1,707.9	-1,078.6	3,621.3	900.9	2,915.7
Yield requirement on technical provision (-)	-1,440.1	-414.6	-2,058.5	-930.9	-1,708.7
Loading profit	10.9	33.2	34.0	33.2	35.2
Other income	3.8	10.2	1.9	5.5	5.5

The solvency position remained at the previous year's level and the solvency ratio was 121.3%

Solvency ratio and position



Financial statements 2023. The figures presented are preliminary and unaudited.



Summary of key figures

	2023	2022	2021	2020	2019
Investment assets at fair value, EUR million	30,046.7	28,182.3	29,421.9	25,898.1	25,333.8
Net return from investment on capital employed, %	6.0 %	-3.7 %	14.0 %	3.6 %	13.0 %
Average nominal return, over 10 years	5.4 %	5.6 %	6.9 %	6.9 %	6.9 %
Average nominal return, over 5 years	6.4 %	4.9 %	7.2 %	7.2 %	7.2 %
Premiums written, EUR million	4,397.5	4,348.3	4,035.9	3,615.6	3,968.5
Pensions and other benefits paid, EUR million	4,461.0	4,147.9	4,030.2	3,891.9	3,915.3
Technical provisions, EUR million	25,733.7	24,252.8	23,750.4	22,381.4	21,876.6
Number of TyEL insured	409,700	419,300	415,500	393,100	410,200
Number of TyEL policyholders	46,400	47,000	51,200	48,300	46,300
Number of YEL policyholders	83,500	84,400	84,500	83,600	83,300
Number of pensioners	249,800	248,000	242,100	239,800	237,100
Solvency capital, EUR million	5,426.2	5,109.0	6,573.4	5,055.4	5,081.8
Solvency position	1.5	1.5	1.6	1.6	1.6
Solvency ratio, %	121.3 %	121.4 %	128.1 %	123.7 %	124.4 %

We provide lifelong security – Our actions for sustainability

- Our sustainability program was completed, and it is based on three focus areas: We insure responsibly, We Build a Humane Work Life and We Invest in the Future.
- We underwent an EcoVadis assessment and received the Silver rating in recognition of our responsibility work. We are in the top quarter of assessed companies.

ENVIRONMENT

- We updated the climate policy for investments and interim targets until 2030
- We worked on a biodiversity roadmap for investments
- Elo's total carbon footprint (excluding investments) was reduced by 9 % year-on-year

PEOPLE & SOCIETY

- We prepared human rights principles
- We increased awareness of DEI (diversity, equity, inclusion)
- We joined PRI Advance, a stewardship initiative for human rights and social issues, as an endorser

GOOD GOVERNANCE

- We updated our Code of Conduct
- We participated in more than 1,100 general meetings
- We prepared for the new Corporate Sustainability Reporting Directive by working on a comparison between existing reporting and standards and a description of the value chain

Outlook

- The growth outlook for the global economy is uncertain, due to purchasing power eroded by rapid inflation and tight monetary policy, among other factors. Central banks are cautious in guiding the expectations of the public and financial market.
- In the euro zone, economic growth is weak and unit labour costs are rising rapidly.
- In Finland, private consumption needs household confidence, and the long-term growth outlook is crucial to investments.
- Elo's year 2024 has started well. We will continue the efficient implementation of the employment pension system, and we want, in line with the strategy, to increase market share in TyEL insurance and maintain our position as the market leader in YEL insurance. We will continue to invest in the development of work ability services and create added value for our customers by reducing work ability related risks. According to the strategy, we ensure an adequate solvency in all market situations.

Investment overview

Financial statements 2023. The figures presented are preliminary and unaudited.

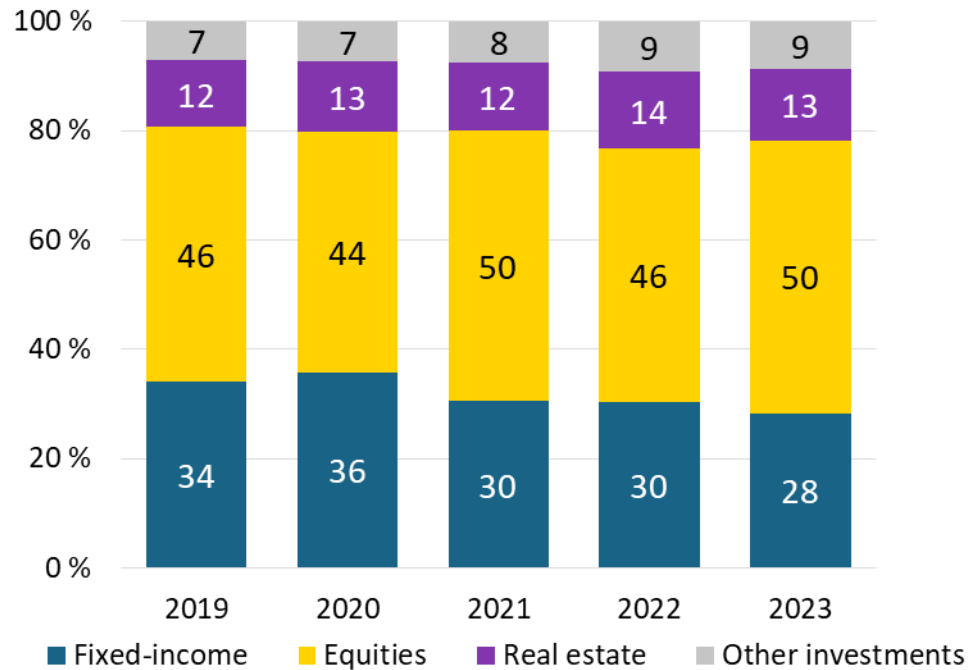


Investments performed better than the sector's 10-year average nominal return

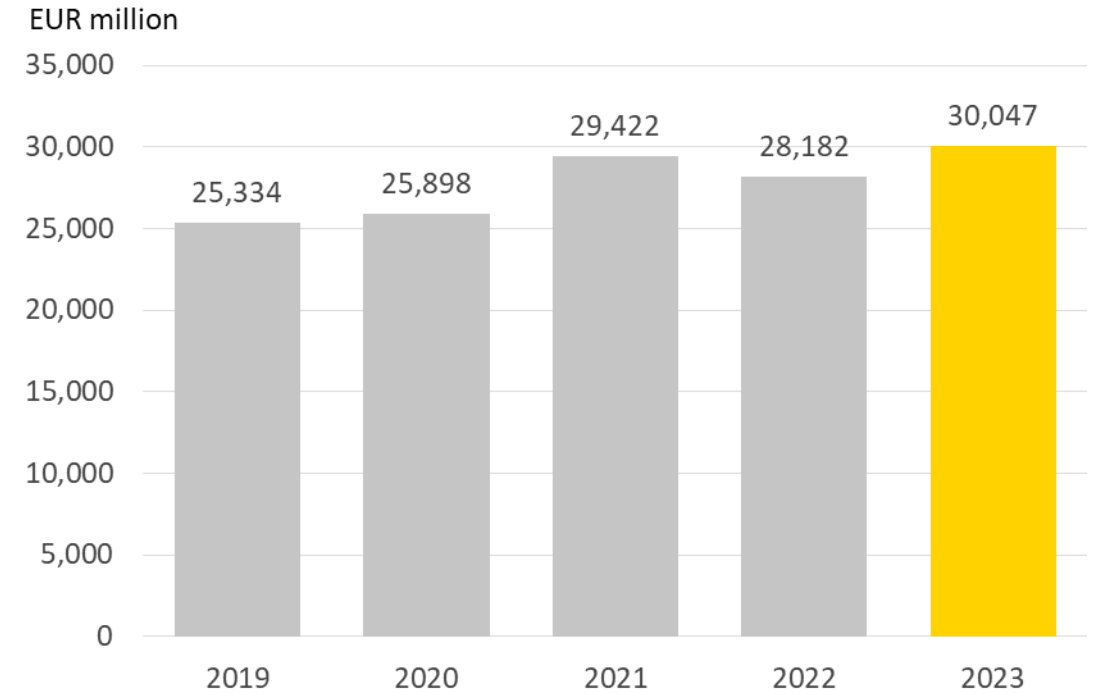
- The main themes of 2023 were the moderation of inflation and the differentiation of economic growth between Europe, China and the United States. In early spring, the financial market was challenged by the US banking sector's liquidity concerns, and in autumn by the conflict in the Middle East.
- The moderation of inflationary developments and expectations of monetary policy easing supported the development of returns, especially in the last quarter of the year.
- Elo performed well in a varied market environment. The return on investment rose to 6.0%, well above Elo's and the sector's ten-year average nominal return.
- The returns on listed equity and fixed income investments were strong. Returns on real estate investments were burdened by changes in fair value due to rising market interest rates.

Investment assets exceeded EUR 30 billion

Asset allocation

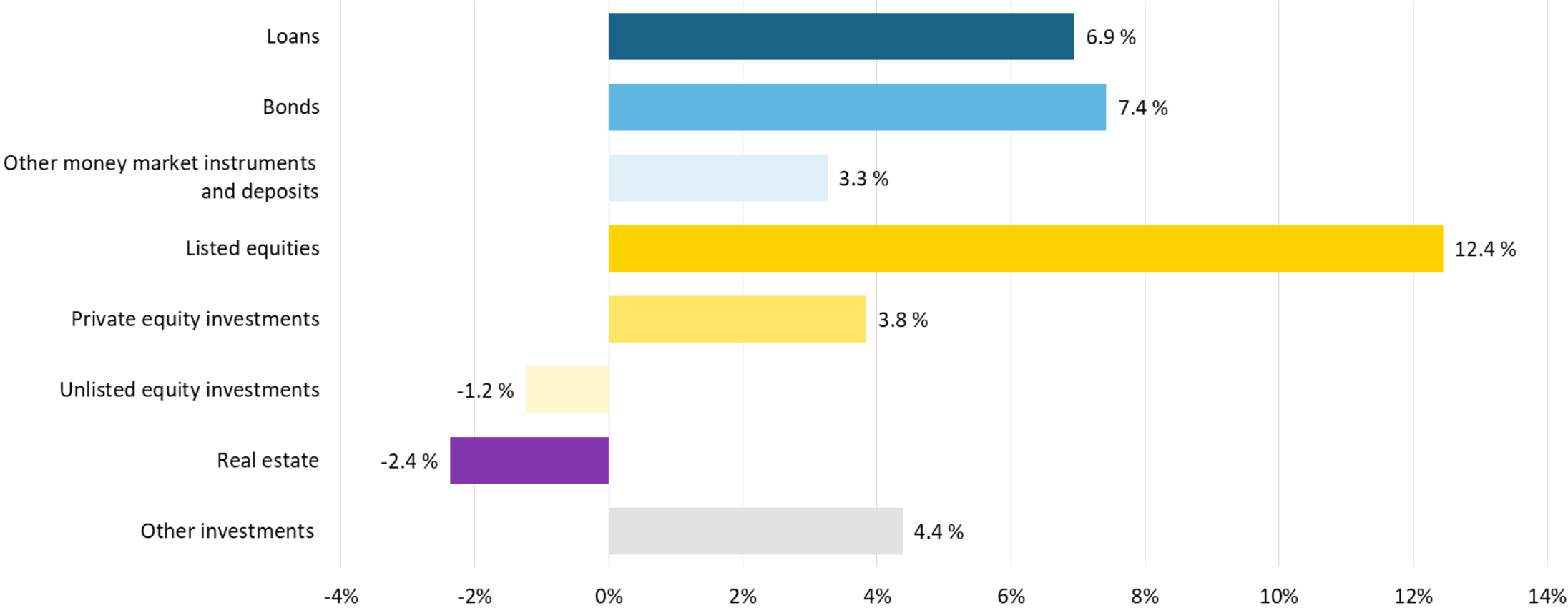


Investment assets



Listed equities provided good returns

Return on investments by asset class



Financial statements 2023. The figures presented are preliminary and unaudited.



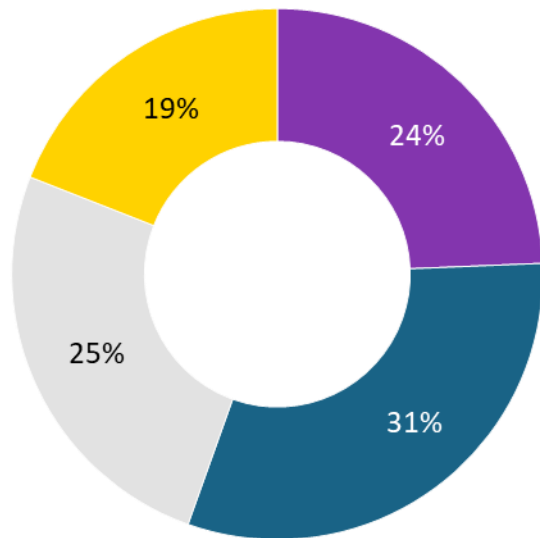
Return on investments 6.0%

	Basic allocation by market value		Actual risk position		Return	Volatility
	EUR million	%	EUR million	%	%	%
Fixed-income investments	8,642.3	28.8	9,607.2	32.0	6.7	
Loans	546.3	1.8	546.3	1.8	6.9	
Bonds	6,958.9	23.2	8,616.0	28.7	7.4	4.2
Public bonds	2,344.5	7.8	3,309.5	11.0	7.0	
Other bonds	4,614.3	15.4	5,306.5	17.7	7.6	
Other money market instruments and deposits incl. any receivables and liabilities related to investments	1,137.1	3.8	444.9	1.5	3.3	
Equities	14,855.5	49.4	14,982.9	49.9	8.6	
Listed equities	9,114.4	30.3	9,241.9	30.8	12.4	13.9
Private equity investments	5,110.1	17.0	5,110.1	17.0	3.8	
Unlisted equity investments	631.0	2.1	631.0	2.1	-1.2	
Real estate	3,922.4	13.1	3,922.4	13.1	-2.4	
Direct real estate investments	2,581.3	8.6	2,581.3	8.6	-1.9	
Real estate funds and joint investment companies	1,341.1	4.5	1,341.1	4.5	-3.4	
Other investments	2,626.5	8.7	2,626.5	8.7	4.4	
Hedge fund investments	2,623.7	8.7	2,623.7	8.7	4.8	4.7
Commodity investments	0.0	0.0	0.0	0.0	-	
Other investments	2.9	0.0	2.9	0.0	-	
Total investments	30,046.7	100.0	31,139.1	103.6	6.0	4.4
Effect of derivatives			-1,092.4	-3.6		
Total	30,046.7	100.0	30,046.7	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 4.9. The open currency exposure is 26.9% of market value.

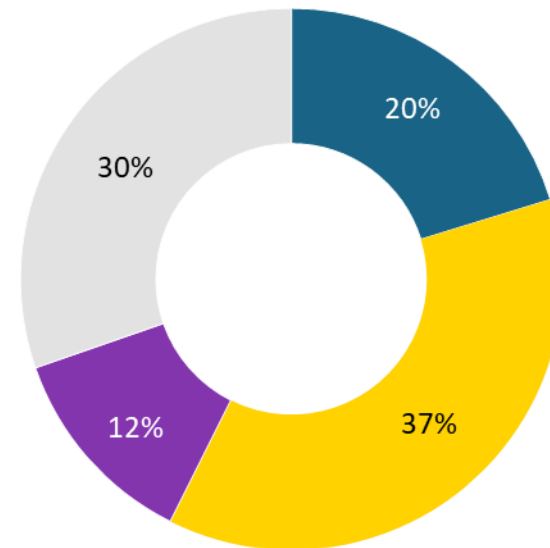
Nearly one fourth of investments in Finland

Geographical distribution of investments



■ Finland ■ Europe ■ North America ■ Other regions

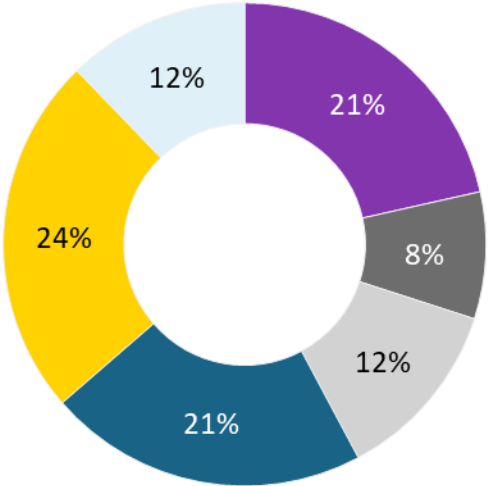
Investments in Finland by asset class



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

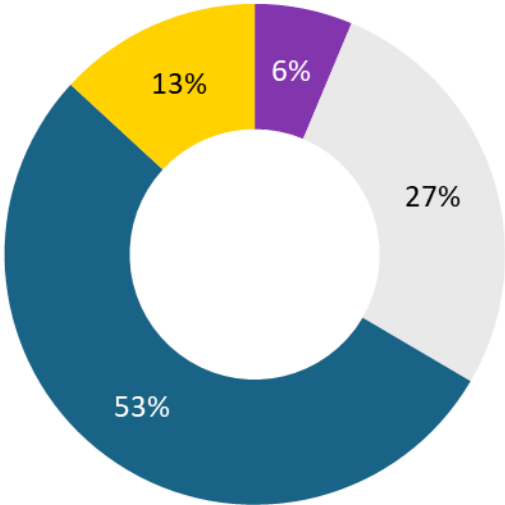
Bond distributions

Bonds by credit rating



■ AAA ■ AA ■ A ■ BBB ■ BB+ or below ■ NR

Fixed income investments distribution

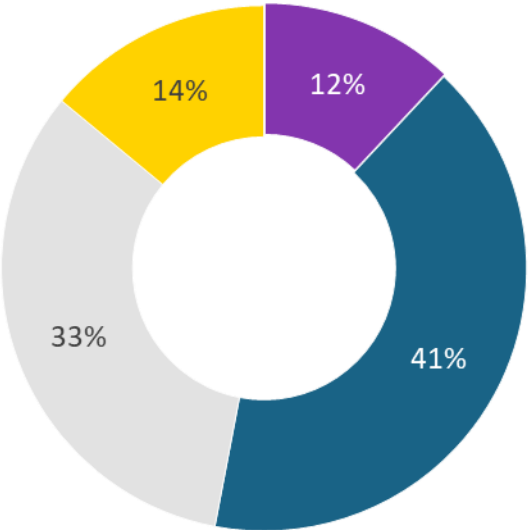


■ Loans ■ Public bonds ■ Other bonds ■ Other money market instruments and deposits



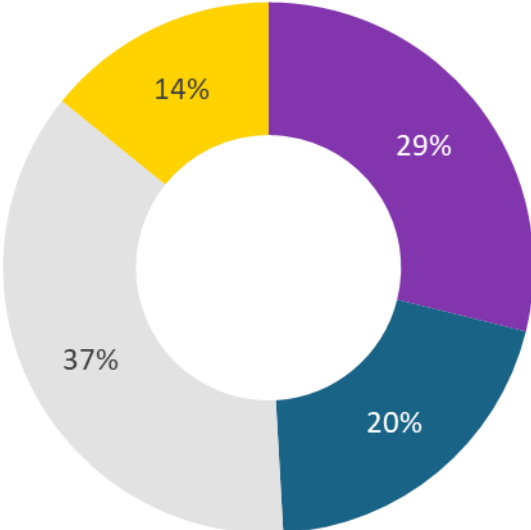
Geographical distribution of bonds and listed equities

Bonds EUR 6 billion*



■ Finland ■ Europe ■ North America ■ Other regions

Listed equities EUR 9 billion



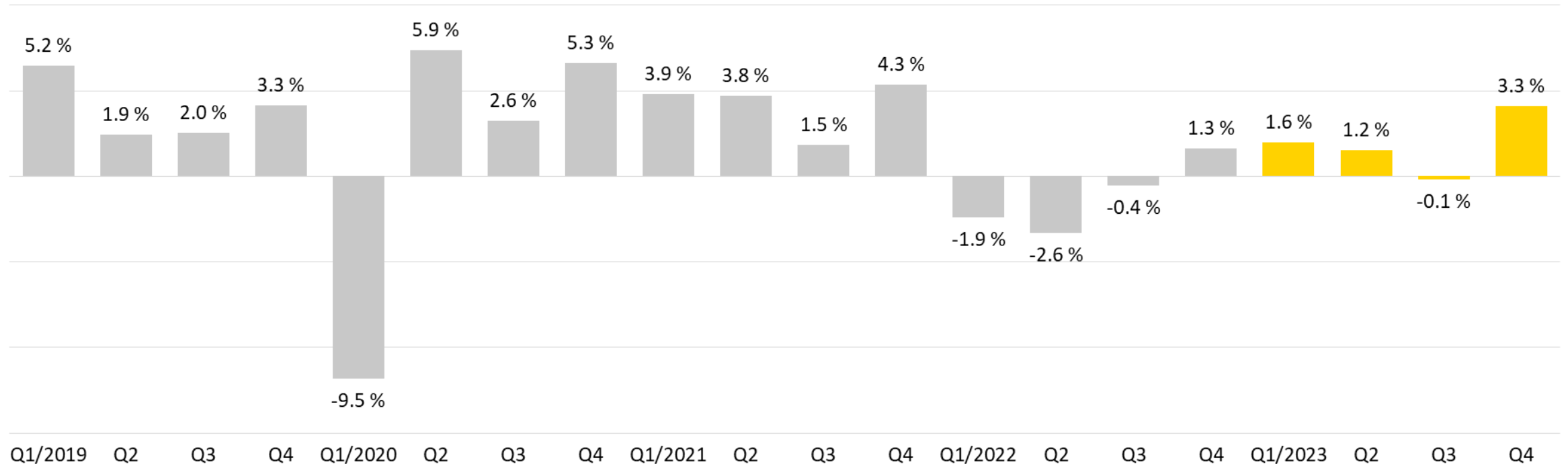
■ Finland ■ Europe ■ North America ■ Other regions

*Unlisted investments not included



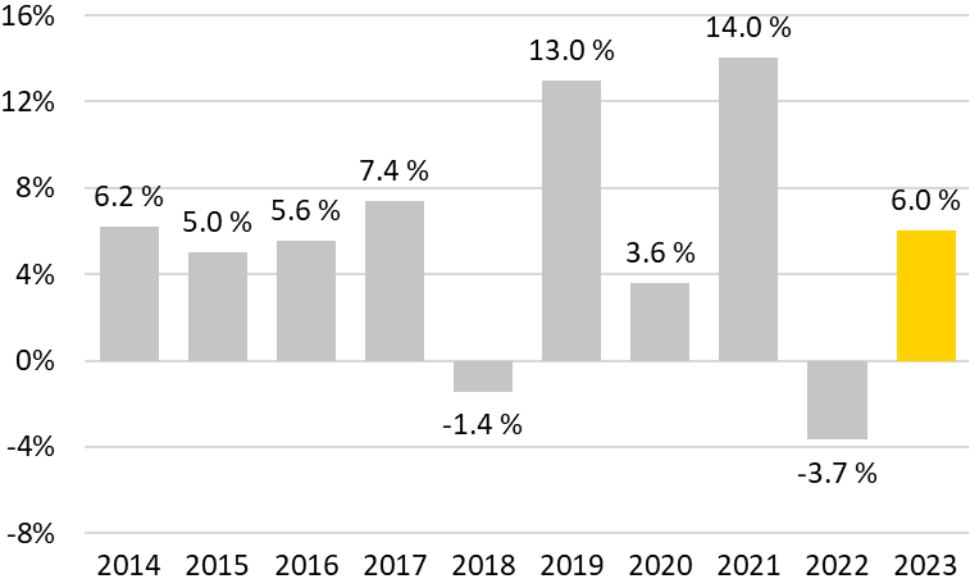
Positive fourth-quarter return of 3.3%

The return for 1 January–31 December 2023 was 6.0%

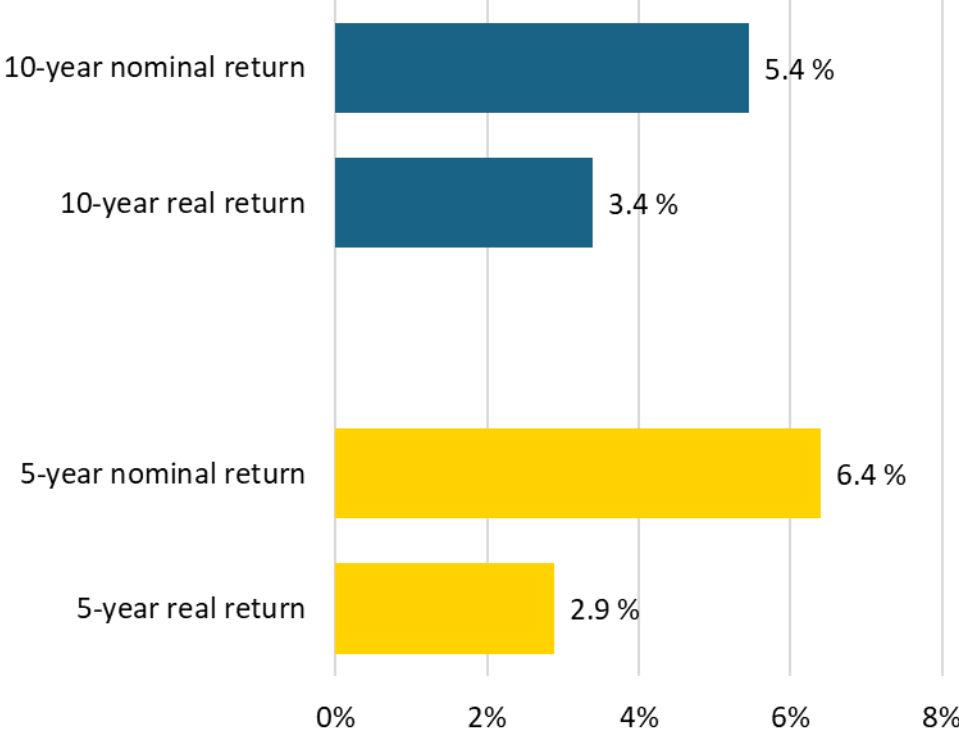


Ten-year return was 5.4% per annum

Investment returns



Average return on investments over time



Financial statements 2023. The figures presented are preliminary and unaudited.



Cumulative ten-year return around 70%



Financial statements 2023. The figures presented are preliminary and unaudited.

