



1 JANUARY–31 MARCH 2023

Elo interim report



CEO's review

At the beginning of 2023, strong economic growth continued and inflation remained at a high level. As a result of rising interest rates, certain banks in the United States and Switzerland ran into difficulties. With the support of central banks and supervisory authorities, the banking sector's problems were successfully limited to individual banks, and the situation has calmed down for the time being. The US and European central banks stabilised the financial markets, but still raised interest rates.

Finland's exports were weak and confidence in the economic outlook among businesses and households remains weak. The weakened construction cycle overshadows domestic demand. However, the profitability of companies remained good during the first quarter. Increasing prices and falling demand are increasingly driving companies into financial difficulties. The amount of credit losses is expected to increase compared to the previous four years.

The situation in the banking sector increased uncertainty in the financial markets and expectations for economic growth weakened. The interest rate market, in particular, saw strong movements. Elo's overall interest returns were 1.6 per cent. Equity investments generated good returns during the first quarter. Reduced energy prices and the opening up of China maintained the good dynamics of the economy and the equity market. The solvency ratio was 121.2 per cent and solvency capital was 1.6 times the solvency limit.

The level of our service was reflected in our customer's willingness to recommend us

Elo's premiums written came to EUR 1,050.3 million in the review period. The total number of self-employed persons and employees insured was approximately half a million. At the end of March, we provided EUR 1,044.3 million of current pensions to about 250,600 pension recipients. It is important to us that our service level is high in insurance, pensions and rehabilitation. The level of our service was reflected in good NPS results.

The pension legislation for self-employed persons changed from the beginning of 2023 with regard to the determination of the self-employed person's earned income and regularity in reviewing earned income. As an earnings-related pension company, we are required to check the self-employed person's confirmed earned income at three-year intervals. We will start reviewing entrepreneurs' earned income at the beginning of June. We have prepared for the inspections by introducing the YEL earned income calculator, informing our customers and training them.

Elo, the most preferred pension company

Our personnel experience must be excellent in order to achieve our key objectives. Therefore, the tools and processes related to personnel experience are the focus of our development work. We asked the personnel for their views and feedback on remuneration as a whole. We trained supervisors in performance reviews and giving feedback. We also deployed leadership principles, and supervisors received training in the first area, inclusive management.

We consider corporate responsibility to be important and promoted a number of responsibility measures. We prepared a responsibility programme in accordance with the new strategy. Elo's Board of Directors approved the climate policy for investments 2023–2030 and we also updated the sustainability programme for domestic real estate investments for the corresponding years. Our annual and responsibility report provides information about Elo's operations and responsibility in 2022.

Carl Pettersson
CEO, Elo

January–March in brief

- Elo's net return on investment operations was 1.6 per cent.
- The market value of the investments was EUR 28.7 billion.
- The solvency ratio was 121.2% and solvency capital was 1.6 times the solvency limit.
- Premiums written came to EUR 1.1 billion, which was nearly at the same level as the amount paid in pensions and other benefits.

The reported comparison figures in brackets are figures for 31 March 2022.

Key figures

	1.1.–31.3.2023	1.1.–31.3.2022	1.1.–31.12.2022
Premiums written, EUR million	1,050.3	989.0	4,348.3
Net investment income at current value, EUR million	447.2	-565.5	-1,078.6
Net return from investment on capital employed, %	1.6 %	-1.9 %	-3.7 %
	31.3.2023	31.3.2022	31.12.2022
Technical provisions, EUR million	24,660.1	23,947.2	24,252.8
Solvency capital, EUR million ¹⁾	5,141.4	6,070.5	5,109.0
ratio to solvency limit	1.6	1.6	1.5
Pension assets, EUR million ²⁾	29,383.6	29,340.9	29,015.0
% of technical provisions ²⁾	121.2 %	126.1 %	121.4 %
TyEL payroll, EUR million ³⁾	16,219.1	15,394.5	15,685.7
YEL earned income sum, EUR million ³⁾	1,855.1	1,816.3	1,811.8

1) Calculated in accordance with the regulations in force at each time (the same principle also applies to other solvency indicators)

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

3) Estimate of policyholders' salary and reported earnings for the full year

Economic operating environment

At the beginning of 2023, growth in key economies continued to be stronger than expected and inflation remained higher than usual. In the United States and the euro zone, tighter labour markets and strengthening increase in wages became a challenge. These factors further raised inflation expectations and market interest rates. The interest rates of the European Central Bank and the Federal Reserve were expected to peak at a higher level than anticipated at the end of 2022. As a result of rising interest rates, certain banks in the United States and Switzerland ran into difficulties. The Fed and the ECB stabilised the financial markets, but stuck to their anti-inflation work and increased their interest rates.

Earnings-related pension system

The pension legislation for self-employed persons changed from the beginning of 2023. The key changes are the further specification of the determination of the self-employed person's earned income and regularity in reviewing earned income. Earnings-related pension companies are required to check the entrepreneur's confirmed earned income every three years.

Statistical data was obtained on the number of persons retired in 2022 and the expected retirement age. Following strong inflation, the earnings-related pension index developed exceptionally and the number of pension applications increased in late 2022. Nearly 35,000 persons received partial old-age pensions, which is 2.5 times the number of 2021. More people also retired on an old-age pension than in the previous year.

The number of people retiring on disability pension started to increase slightly. Their number was about 2 per cent higher than in the previous year. In particular, there was growth in disability pensions granted on the basis of musculoskeletal disorders.

The increase in retirement was reflected in the expected retirement age, which decreased from the previous year. In 2022, the expected retirement age was 62.2 years. The expectation fell by two-tenths from the previous year.

Finance Finland commissioned a report on the risks to the earnings-related pension system. According to the report, the realisation of risks will not have a significant impact on current or new pensions in the short term. The impact of certain risks, such as those affecting income levels or investment returns, may be high in both the medium and long term.

In March, several ministry reports related to the earnings-related pension system were published. The Ministry of Finance’s expenditure and structural survey of general government finances included several changes to the earnings-related pension system and their savings estimates. Index changes would have the biggest impact.

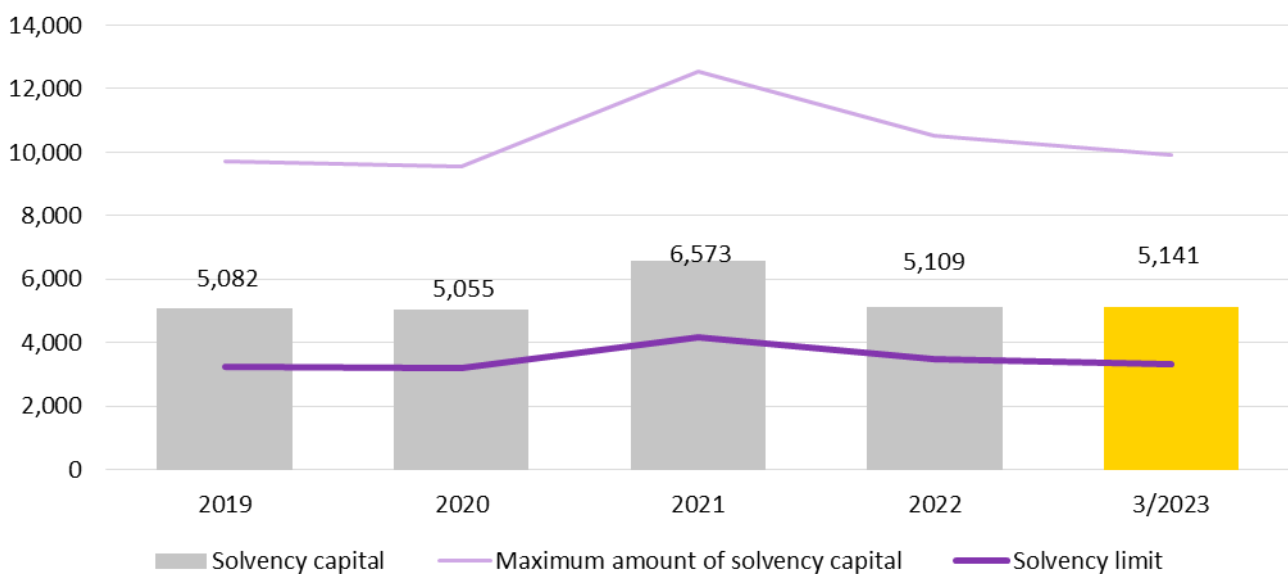
The interim report of the Social Security Committee included proposals concerning disability pensions. The aim of the proposals is to reform the benefits relating to work ability and disability to be more predictable, clear and understandable on the whole. The preparation is tripartite.

The Future of Finnish Economy project carried out by the Ministry of Economic Affairs and Employment and labour market organisations outlined the intention to make it financially worthwhile for people with partial work ability to work by coordinating earned income and benefits. The coordination of wages, disability pension and partial disability pension will be developed on a tripartite basis.

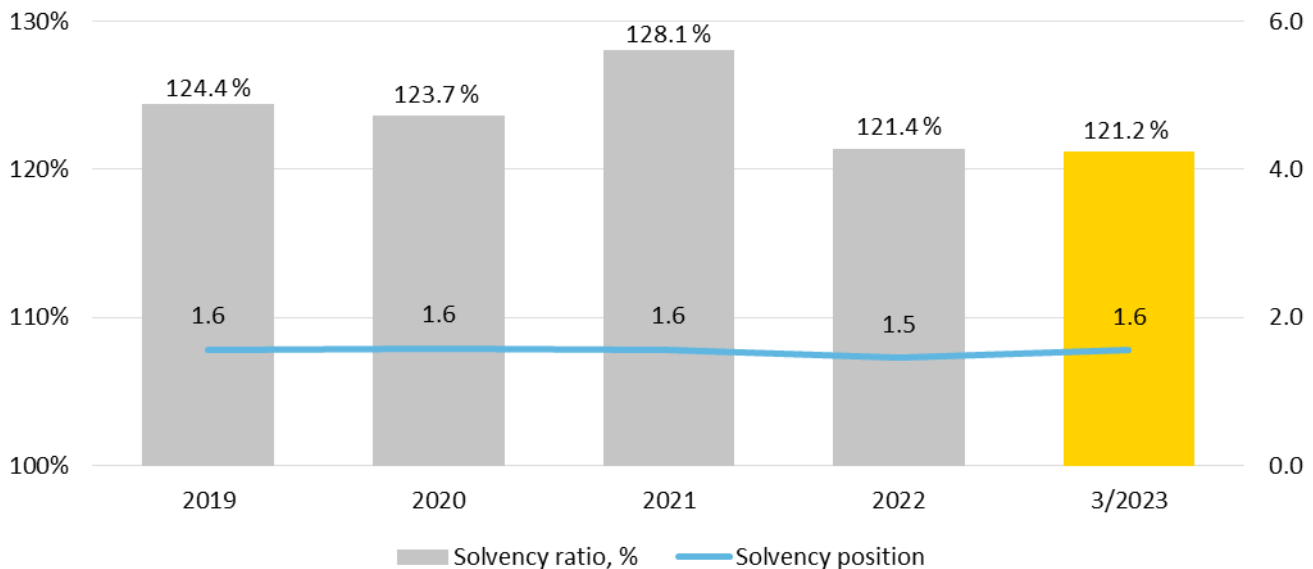
Result and solvency

The amount of solvency capital increased from the end of 2022 by EUR 32.4 million, amounting to EUR 5,141.4 (6,070.5) million at the end of March. The ratio of pension assets to technical provisions, i.e. the solvency ratio, was 121.2 (126.1) per cent. The solvency capital was 1.6 times (1.6 times) the solvency limit.

Solvency



The net return on investment operations at fair values was EUR 447.2 million (EUR -565.5 million). The result of investment operations at fair values was EUR 23.4 (-515.7) million, with EUR 237.8 (277.7) million of interest credited on technical provisions and EUR 186.0 million of provision linked to equity income increased (327.6 reversed).



Solvency capital	1.1.–31.3.2023	1.1.–31.3.2022	1.1.–31.12.2022
Solvency limit, EUR million	3,304.9	3,897.6	3,502.2
Maximum amount of solvency capital, EUR millior	9,914.8	11,692.8	10,506.5
Solvency capital, EUR million	5,141.4	6,070.5	5,109.0
Solvency ratio, % ¹⁾	121.2	126.1	121.4
Solvency position ²⁾	1.6	1.6	1.5

1) Pension assets in relation to technical provisions as referred to in Section 11, item 10, of the Ministry of

2) Solvency capital in relation to solvency limit

Insurance business and customer accounts

At the end of March, Elo administered 47,400 (51,800) TyEL and 83,900 (84,200) YEL insurance policies. In the period under review, the total number of self-employed persons and employees insured by Elo was approximately half a million.

In the first quarter, the customer acquisition of TyEL insurance amounted to a net of EUR +13.3 (+19.5) million, measured in terms of premiums written. The net result of YEL insurance customer acquisition was +2,574 (+2,784) in terms of the number of customers.

Elo's total TyEL payroll for the review period was approximately 3.6 per cent higher than in the corresponding period in 2022. The customer service of insurance services was at an excellent level and we continued our proactive and multichannel communication with our customers.

We prepared for the reviews of earned income required by the amendments to the Self-Employed Persons' Pensions Act by introducing the YEL earned income calculator and through training and providing information to our customers. The earned income reviews will begin at the beginning of June.

TyEL credit losses amounted to EUR 5.0 (2.3) million during the review period. Several companies exhausted their financial buffers during the pandemic, and increasing prices and falling demand have driven companies into financial difficulties. The amount of credit losses is expected to increase compared to the previous four years.

Pension and rehabilitation

Approximately 250,600 (244,200) pensioners were paid their pensions by Elo at the end of March. A total of EUR 1,044.3 million (EUR 944.9 million) was paid in pensions in January–March. The number of pension decisions issued on the basis of an application was 6,418 (7,343). The excellent level of service in pension and rehabilitation matters was reflected in very good NPS measurement results.

The number of applications for old-age pension and partial early old-age pension decreased during the review period. Elo received 1,015 (2,217) applications for old-age pension and 721 (806) applications for partial early old-age pension. There were 808 applications for survivors' pension (610).

The trend of decreasing rehabilitation decisions that started in 2020 continued during the review period. A total of 410 (464) disability pension decisions were issued, representing a year-on-year decrease of 12 per cent. We issued 315 rehabilitation decisions in conjunction with disability pension. Vocational rehabilitation service providers were put out to tender and the new agreements entered into force at the beginning of March.

The number of new disability pensions continued to grow in the first quarter. In particular, the number of applications among men aged over 60 continues to grow. A total of 1,716 (1,616) new disability pension decisions were issued, representing a year-on-year increase of 6 per cent.

Investments

In March, uncertainty in the financial market increased significantly, as the state of the banking sector and the extensive deposit run became evident. With the support of central banks and supervisory authorities, the banking sector's problems were limited to individual banks, and the situation has calmed down for the time being. However, due to uncertainty, expectations for economic growth deteriorated. The interest rate market, in particular, saw strong movements.

At the end of March, the average 10-year nominal return of Elo's investments was 5.4 per cent and the average 10-year real return was 3.5 per cent. The average 5-year nominal return was 5.3 per cent and the average 5-year real return was 1.9 per cent. The result of investment operations at fair values was EUR 23.4 million (EUR -515.7 million).

Elo's fixed income investments generated a return of 1.3 (-1.7) per cent since the start of the year. The interest rate sensitivity of Elo's investments was increased in the US market in particular.

Interest rates on government bonds showed strong fluctuations during the first quarter. Longer market interest rates fell clearly in January, but rose at least by the same amount in February. In March, general interest rates entered a sharp decline again. Corporate loan margins tightened moderately in January–February, but widened in March. The yield development of sovereign bonds in emerging markets was

calm, considering the events, in the first quarter. The number of bankruptcies and credit defaults was low, but they are expected to begin to increase in the future.

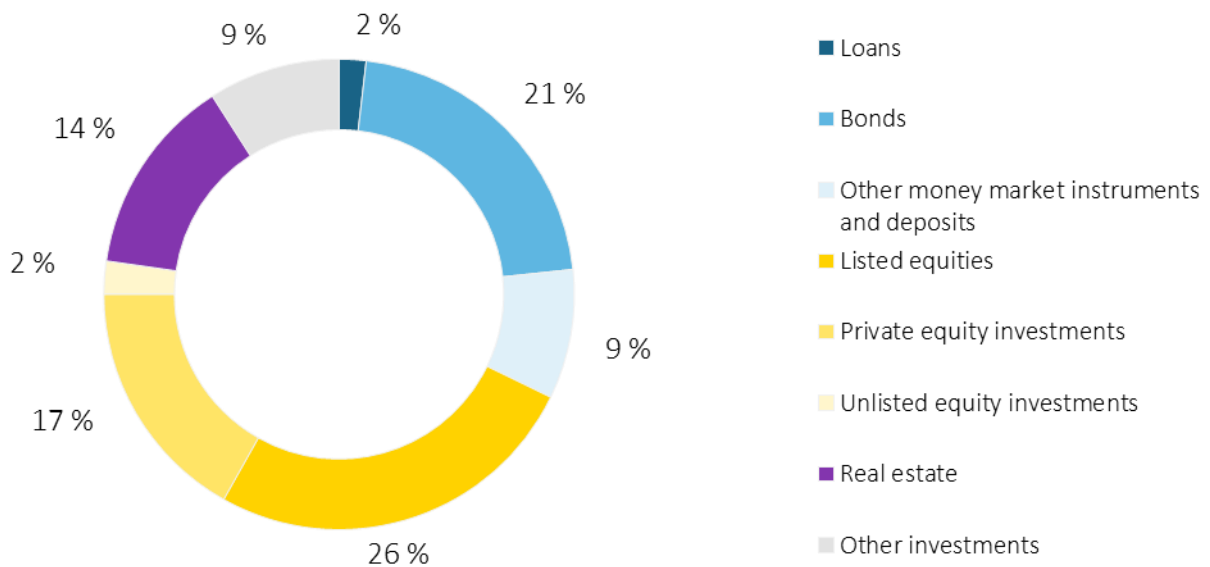
Equity investments generated good returns during the first quarter. The development of the global economy has been a positive surprise. Reduced energy prices and the opening up of China maintained the good dynamics of the economy and the equity market. In March, however, equities fell sharply, but the equity market quickly recovered from the decline that caused bank stress.

Elo’s equity investments generated a return of 2.6 (-3.3) per cent. Return on listed equities was 4.6 per cent (-7.7 per cent). The return on private equity investments was -0.5 per cent (6.8 per cent) and on unlisted equity investments 1.0 per cent (1.0 per cent). The share of listed equities has remained moderate in Elo’s investment portfolio. At the end of the reporting period, listed equities accounted for 26.0 per cent of Elo's investment portfolio and equities on the whole for 45.1 per cent.

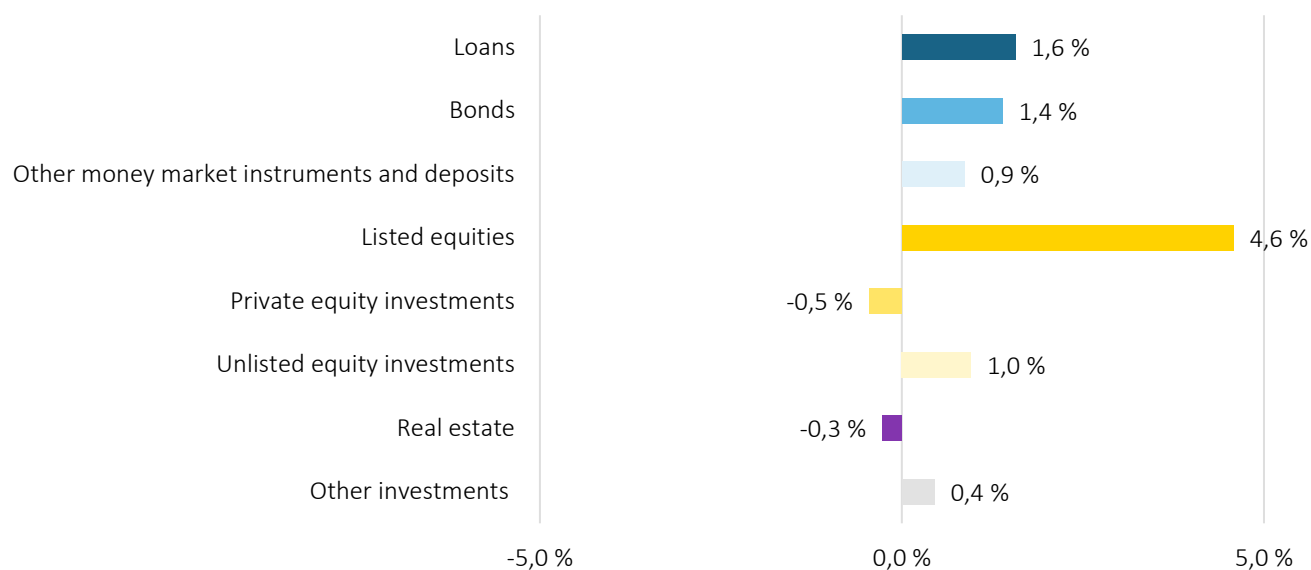
Due to the change in the interest rate environment, the real estate investment market is still in a period of transition, seeking price levels aligned with the new situation. Therefore, trading continued to be soft in the market.

In Elo’s real estate investments, the focus was on developing the current real estate portfolio and promoting development projects and responsibility work. The return on real estate investments was -0.3 (1.4) per cent.

Distribution



Return



Return-risk table

	Basic allocation by market value		Actual risk position		Return	Volatility
	EURm	%	EURm	%	%	%
Fixed-income investments	8,810.4	30.7	8,449.1	29.4	1.3	
Loans	530.8	1.8	530.8	1.8	1.6	
Bonds	6,623.4	23.1	6,157.7	21.5	1.4	3.4
Public bonds	1,546.7	5.4	1,184.5	4.1	0.7	
Other bonds	5,076.7	17.7	4,973.3	17.3	1.6	
Other money market instruments and deposits incl. any receivables and liabilities related to investments	1,656.2	5.8	1,760.6	6.1	0.9	
Equities	13,367.3	46.6	12,936.3	45.1	2.6	
Listed equities	7,880.0	27.5	7,449.0	26.0	4.6	13.3
Private equity investments	4,837.5	16.9	4,837.5	16.9	-0.5	
Unlisted equity investments	649.8	2.3	649.8	2.3	1.0	
Real estate	3,922.8	13.7	3,922.8	13.7	-0.3	
Direct real estate investments	2,653.0	9.2	2,653.0	9.2	0.7	
Real estate funds and joint investment companies	1,269.8	4.4	1,269.8	4.4	-2.3	
Other investments	2,597.7	9.1	2,597.7	9.1	0.4	
Hedge fund investments	2,602.0	9.1	2,602.0	9.1	0.6	4.9
Commodity investments	0.0	0.0	0.0	0.0	-	
Other investments	-4.3	0.0	-4.3	0.0	-	
Total investments	28,698.1	100.0	27,905.8	97.2	1.6	4.8
Effect of derivatives			792.3	2.8		
Total	28,698.1	100.0	28,698.1	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 4.3. The open currency exposure is 23.1% of market value.

Personnel

In January–March, Elo had an average of 471 (516) employees and the average amount of work performed was 440 (469) man-years. Personnel expenses amounted to EUR 10.2 (10.6) million. Following the change negotiations held in autumn 2022, both the number of employees and personnel expenses decreased.

During the review period, Elo developed tools and processes to develop the personnel experience. In January, a survey concerning the entire organisation was conducted to develop remuneration on the whole. Supervisors were trained in, for example, conducting performance reviews and giving feedback, and background information about remuneration on the whole was collected. The implementation of Elo's management principles began during the review period. Supervisors will be trained on the principles during the year, and the sub-area of inclusive leadership was addressed in March.

At the beginning of the year, we renewed our process for measuring personnel experience. Going forward, personnel experience will be measured quarterly with Elo's Pulse personnel surveys. They provide us with up-to-date information on the state of our personnel and work community. Surveys are an important tool for development as we strive for an excellent personnel experience. In 2023, we will conduct three pulse surveys and one more extensive personnel study. The first measurement was carried out in March. The biggest positive and statistically significant change was that employees were more aware of the expectations concerning their own work than before. This is how Elo's new strategy begins to be manifested in practical operations and goals.

Systematic work on putting the strategy and values into practice will continue through gamification and e-learning, for example. According to the pulse survey, the employees feel that Elo's new values are worth pursuing. We have also trained our employees in open and active communication.

During the review period, goal and performance reviews were conducted at Elo. The discussions assessed the performance in 2022 and set targets supporting the strategy for the current year. A personal development plan is also prepared for each Elo employee as part of the performance review.

Corporate governance

In its meeting on 2 January 2023, Elo's Board of Directors elected the Chair and Deputy Chairs of the Board for 2023. Antti Aho, Managing Director of Aava Terveyspalvelut Oy, will be the Chair of the Board of Directors, and Sture Fjäder was elected as the first Deputy Chair of the Board until 24 April 2023. The second Deputy Chair is Minna Helle, Executive Director, Federation of Finnish Technology Industries. The Board of Directors will later elect a First Vice Chair to replace Sture Fjäder from among its members. At its meeting on 21 March 2023, the Supervisory Board elected Maria Löfgren, Chair of Akava ry, as an ordinary member of the Board of Directors as of 25 April 2023.

The Board of Directors is assisted by the Appointment and Remuneration Committee and the Audit and Risk Committee. The Appointment and Remuneration Committee is comprised of the presiding officers of Elo's Board of Directors, and it is chaired by the Chair of the Board of Directors. Timo Viherkenttä (Chair) and Sinikka Näätsaari will continue as members of the Audit and Risk Committee. Minna Alitalo and Janne Makkula were elected as new members of the Audit and Risk Committee on 2 January 2023.

Elo's Board of Directors is comprised of twelve ordinary members.

Responsibility and influence

Elo participated again in the Responsible Summer Job campaign. We are committed to being a responsible employer. We offer summer employees a comprehensive range of tasks across the organisation.

Elo prepared a responsibility programme aligned with the new strategy. Work has been carried out in a responsibility network covering the different business areas. Elo's principles and policies were complemented by a tax policy and human rights principles. The annual and responsibility report 2022 providing information about Elo's operations and responsibility was published in March.

Tightening climate interim targets for investments

Elo's Board of Directors approved the climate policy for 2023–2030 for investments in February. The key targets are to reduce the weighted average carbon intensity of listed equity and corporate bond investments by 25% by 2025 and by 60% by 2030. The aim is to double the investments in sustainable solutions in direct equity and corporate bond investments by 2030. In addition, our target is that the majority of direct equity investments have a science-based target and plan. Climate change is part of the annual risk assessment and allocation work. We will refine our actions in fossil energy production in investments.

Carbon-neutral energy use of real estate investments by 2027

In the updated responsibility programme for Finnish real estate investments, we set targets for 2023–2030. Typically in real estate, the focus is on reducing the environmental impact, and the programme also includes even more extensive social responsibility and good governance measures.

By 2027, Elo will be carbon neutral in terms of the energy use of direct real estate investments in Finland. All electricity purchased by Elo is already carbon-free, and the transition to renewable district heat will take place gradually over the next few years. We will increase our own energy production in our properties and increase the share of environmentally certified properties.

Risk management and compliance

In an employment pension company, the most significant risk in terms of impact concerns a considerable impairment of solvency. The overall risk of Elo's investments is proportioned to the risk-bearing capacity in the current uncertain market situation that has prevailed for a longer time, and thus Elo's solvency position and ratio have still remained at a secure level. Elo's Board of Directors reviews the key analyses of the own risk and solvency assessment (ORSA) on a quarterly basis. In the estimate for the first quarter, the Board of Directors' opinion was that there have been no significant changes in Elo's risk situation in relation to the situation at the end of last year.

As required by regulations, Elo's Board of Directors assessed the operating principles of the company's internal control, risk management system and compliance, and confirmed the necessary updates to them. In addition, the Board of Directors and its Audit and Risk Committee discussed the organisation and status of Elo's internal control. In its annual assessment, the Board of Directors stated that internal

control as a whole was appropriately organised. In the future, special attention will be paid to the description of key processes, the functionality and coverage of the control environment and the uniformity of procedures. In addition, in accordance with the plan, the Board of Directors assessed the resources of Elo's independent functions and ensured their adequacy.

Elo's second-line risk management and compliance functions continued to develop their operations and methods to ensure risk-based and efficient internal control and risk management. As part of this work, Elo organised training for the entire personnel on the roles and responsibilities of internal control and risk management in the so-called three-line operating model.

Elo continued to assess of the impacts of the changed geopolitical situation on Elo's operations. Business functions and support services updated their own continuity plans and crisis communication guidelines. At the turn of the year, preparations were made for the effects of electricity shortages considered possible in Finland. Sufficient supply of electricity did not pose any challenges to Elo. Investments in the development of information security will continue and preparations for increased cyber threats are active.

Near-term economic outlook

Inflation in the euro zone remains high, and weakening purchasing power may burden domestic demand. In the United States, growth expectations are split between recession and increasing overheating. The likelihood of a recession increases if the challenges in the banking sector continue. The effects of monetary policy tightening are visible in the economy with a delay, and the problems in the banking sector are a sign of negative effects. As a result, the financial market expects central bank interest rates to rise only marginally.

China's growth expectations strengthened after the COVID-19 restrictions were lifted and this supported the financial market's positive expectations for global economic growth. If the savings accumulated during China's COVID-19 restrictions erupt into service demand, China's impact on global growth may be smaller than during previous booms.

Finland's exports were weak during the first quarter, and partly because of that, confidence in the economic outlook among businesses and households remains weak. The profitability of companies has remained good, but the domestic market is challenged by rising costs and weak demand growth. Domestic demand is also overshadowed by the weakened construction cycle. Due to increased interest rates and the opaque economic outlook, growth in other investments may also fall short of the previous year. In the first quarter, the labour market was still strong in Finland, but the cyclical peak in employment is now over.

The outlook for the global economy is uncertain. Even if central banks succeeded in preventing contagion effects in the banking sector and maintaining stable financial markets, financing conditions may tighten significantly due to weakened risk appetite among investors and financial institutions. This is weakening the conditions for growth in the real economy. Due to the uncertainty in the economy and financial markets, the risk level of investment assets is kept moderate for the time being.

Asset allocation at fair value

	Basic allocation by market value						Actual risk position ⁸⁾					
	31.3.2023		31.3.2022		31.12.2022		31.3.2023		31.3.2022		31.12.2022	
	EURm	%	EURm	%	EURm	%	EURm	% ¹⁰⁾	EURm	% ¹⁰⁾	EURm	% ¹⁰⁾
Fixed-income investments	8,810.4	30.7	8,965.8	31.2	8,395.6	29.8	8,449.1	29.4	7,986.1	27.8	7,000.9	24.8
Loans ¹⁾	530.8	1.8	490.3	1.7	497.5	1.8	530.8	1.8	490.3	1.7	497.5	1.8
Bonds	6,623.4	23.1	6,419.4	22.3	6,588.9	23.4	6,157.7	21.5	4,108.5	14.3	4,611.8	16.4
Other money market instruments and deposits including any receivables and liabilities related to investments ¹⁾²⁾	1,656.2	5.8	2,056.1	7.1	1,309.2	4.6	1,760.6	6.1	3,387.2	11.8	1,891.6	6.7
Equities	13,367.3	46.6	13,701.2	47.6	13,221.0	46.9	12,936.3	45.1	13,444.4	46.7	13,072.5	46.4
Listed equities ³⁾	7,880.0	27.5	8,752.0	30.4	7,795.8	27.7	7,449.0	26.0	8,495.1	29.5	7,647.3	27.1
Private equity investments ⁴⁾	4,837.5	16.9	4,355.4	15.1	4,775.7	16.9	4,837.5	16.9	4,355.4	15.1	4,775.7	16.9
Unlisted equity investments ⁵⁾	649.8	2.3	593.9	2.1	649.5	2.3	649.8	2.3	593.9	2.1	649.5	2.3
Real estate	3,922.8	13.7	3,721.5	12.9	3,941.6	14.0	3,922.8	13.7	3,721.5	12.9	3,941.6	14.0
Direct real estate investments	2,653.0	9.2	2,619.3	9.1	2,638.0	9.4	2,653.0	9.2	2,619.3	9.1	2,638.0	9.4
Real estate funds and joint investment companies	1,269.8	4.4	1,102.2	3.8	1,303.5	4.6	1,269.8	4.4	1,102.2	3.8	1,303.5	4.6
Other investments	2,597.7	9.1	2,381.7	8.3	2,624.2	9.3	2,597.7	9.1	2,413.9	8.4	2,624.2	9.3
Hedge fund investments ⁶⁾	2,602.0	9.1	2,389.5	8.3	2,623.5	9.3	2,602.0	9.1	2,389.5	8.3	2,623.5	9.3
Commodity investments	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	31.7	0.1	0.0	0.0
Other investments ⁷⁾	-4.3	0.0	-8.9	0.0	0.7	0.0	-4.3	0.0	-7.2	0.0	0.7	0.0
Total	28,698.1	100.0	28,770.2	100.0	28,182.3	100.0	27,905.8	97.2	27,565.8	95.8	26,639.1	94.5
Effect of derivatives ⁹⁾							792.3	2.8	1,204.4	4.2	1,543.2	5.5
Total at fair values	28,698.1	100.0	28,770.2	100.0	28,182.3	100.0	28,698.1	100.0	28,770.2	100.0	28,182.3	100.0
Modified duration of bond portfolio	4.3											

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

Net return on investment operations for capital employed

	Net return on investments at current value, EUR million	Invested capital ⁹⁾ , EUR million	Return on invested capital, %	Return on invested capital, %	Return on invested capital, %
	1.1.–31.3.2023	1.1.–31.3.2023	1.1.–31.3.2023	1.1.–31.3.2022	1.1.–31.12.2022
Fixed-income investments	111.9	8,541.7	1.3	-1.7	-2.8
Loans ¹⁾	7.9	503.8	1.6	0.8	3.1
Bonds	91.1	6,547.7	1.4	-2.6	-4.1
Other money market instruments and deposits including any receivables and liabilities related to investments ^{1) 2)}	12.9	1,490.3	0.9	0.3	0.5
Equities	340.1	13,230.9	2.6	-3.3	-6.9
Listed equities ³⁾	355.7	7,766.8	4.6	-7.7	-15.5
Private equity investments ⁴⁾	-21.7	4,814.7	-0.5	6.8	9.0
Unlisted equity investments ⁵⁾	6.2	649.4	1.0	1.0	20.2
Real estate	-10.7	3,948.9	-0.3	1.3	5.3
Direct real estate investments	19.7	2,643.9	0.7	0.6	3.6
Real estate funds and joint investment companies	-30.4	1,305.0	-2.3	2.8	9.3
Other investments	11.9	2,636.5	0.4	0.9	-0.5
Hedge fund investments ⁶⁾	16.2	2,636.3	0.6	0.1	2.3
Commodity investments	0.0	0.0	-	-	-
Other investments ⁷⁾	-4.3	0.3	-	-	-
Total investments	453.2	28,358.1	1.6	-1.9	-3.6
Unallocated income, costs and operating expenses from investment operations	-6.0	0.0	0.0	0.0	-0.1
Net investment income at current value	447.2	28,358.1	1.6	-1.9	-3.7

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) Change in market value between the beginning and end of the reporting period less cash flows during the period.

Cash flow means the difference between purchases/costs and sales/revenues.

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