



Interim report
1 January – 30 June 2024

Elo Mutual Pension Insurance Company

Key figures 30 June 2024

Investment assets

31.3 (30.0)

EUR
billion

Return

5.2 (2.8)

%

10-year nominal return

5.6 (5.7)

%

Solvency ratio

122.8 (121.3)

%

Solvency position

1.4 (1.5)

Pensions and other
benefits paid

2.3 (2.2)

EUR
billion

When reporting annual performance figures, the reference point is 30 June 2023, otherwise 31 December 2023.



Number of YEL policyholders

83,400
(83,500)

Number of TyEL policyholders

45,000
(46,400)

Total number of self-employed
persons and employees insured

508,200
(493,200)

We pay out pensions to

251,200
(249,800)
pensioners

Comparison figures are for 31 December 2023.

We will continue to review the YEL income of self-employed person

- Following the reform of the Self-Employed Workers' Pensions Act (YEL Act), pension companies will review the YEL income of entrepreneurs every three years. The review ensures that the YEL income is up to date and that the entrepreneur's livelihood is secured during and after the entrepreneurial activity.
- We will be reviewing YEL incomes from June through the end of the year. The reviews will be targeted at YEL income below EUR 25,000 that has not been changed for three years.
- In June, we reviewed approximately 5,900 entrepreneurs' YEL income. During 2023, the YEL income of about 24,200 entrepreneurs was checked.
- The YEL calculator will help to determine a suitable YEL income amount both at the start of the entrepreneurial activities and later as they become more established.

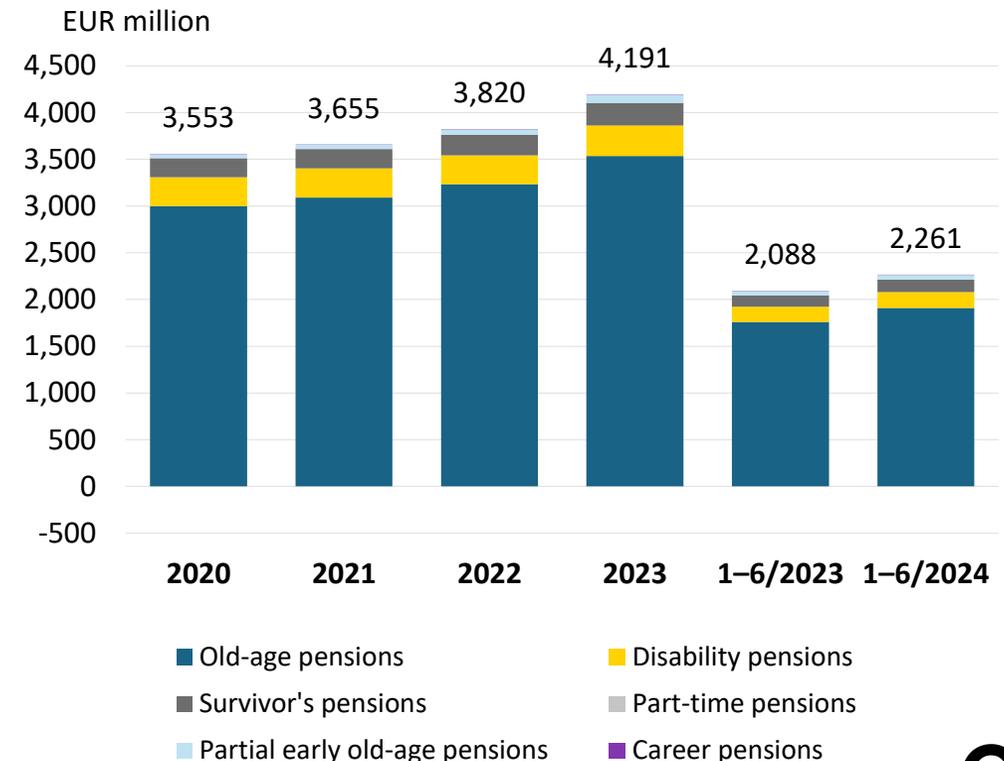


The amount of pensions paid by us was 8% higher than last year

Pensions paid by pension type 1–6/2024

Type of pension	pcs.	EUR million
Old-age pension	188,886	1,910.7
Disability pension	20,856	168.7
Survivors' pension	30,031	130.6
Part-time pension	0	0.0
Partial early old-age pension	11,364	50.9
Years-of-service pension	34	0.4
Total	251,171	2,261.3

Pensions paid by pension type 2020–6/2024



The number of decisions on partial old-age pension increased

- We issued 14,838 pension decisions, which was 8% more than the previous year.
- The number of decisions on partial early old-age pension issued increased considerably, by 85%. Applicants are increasingly aware of the possibility of applying for partial old-age pension, and people have also applied for pension to ease their personal financial situation.
- The number of disability pension decisions decreased, and we issued 3.8% fewer decisions than in the previous year.

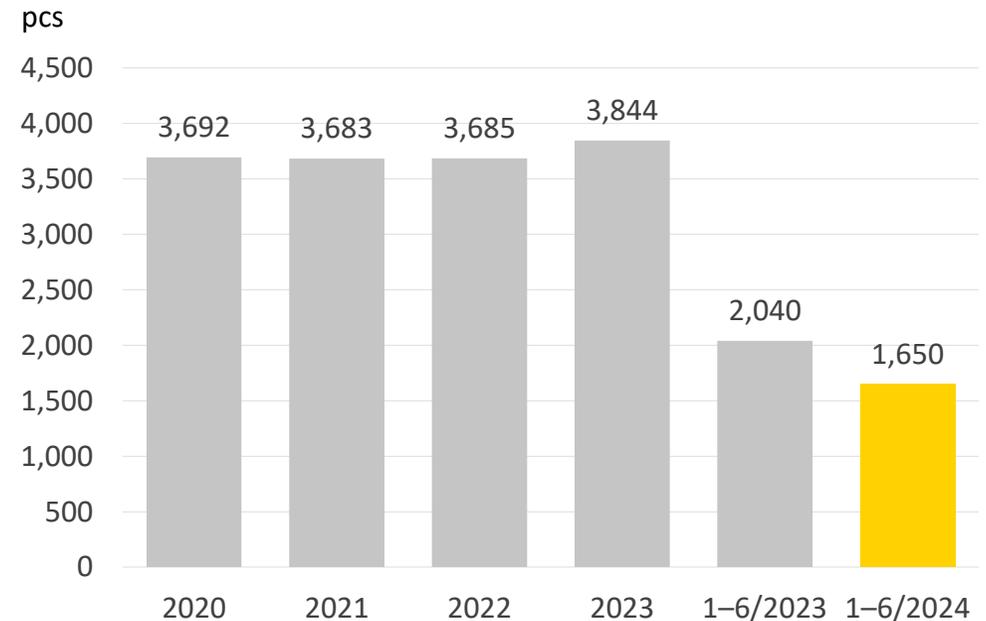
Pension decisions by pension type

	1-6/2024	1-6/2023
Old-age pensions	3,174	2,960
Partial early old-age pensions	2,780	1,502
Disability pensions	6,563	6,819
Survivor's pensions	1,349	1,543
Decisions on rehabilitation	938	886
Career pensions	34	29
Total	14,838	13,739

The number of people retiring on disability pension decreased

- The number of disability pension applications is at the same level as in 2023, but the number of positive decisions decreased.
- The number of new favourable disability pension decisions issued decreased by 20% year-on-year.

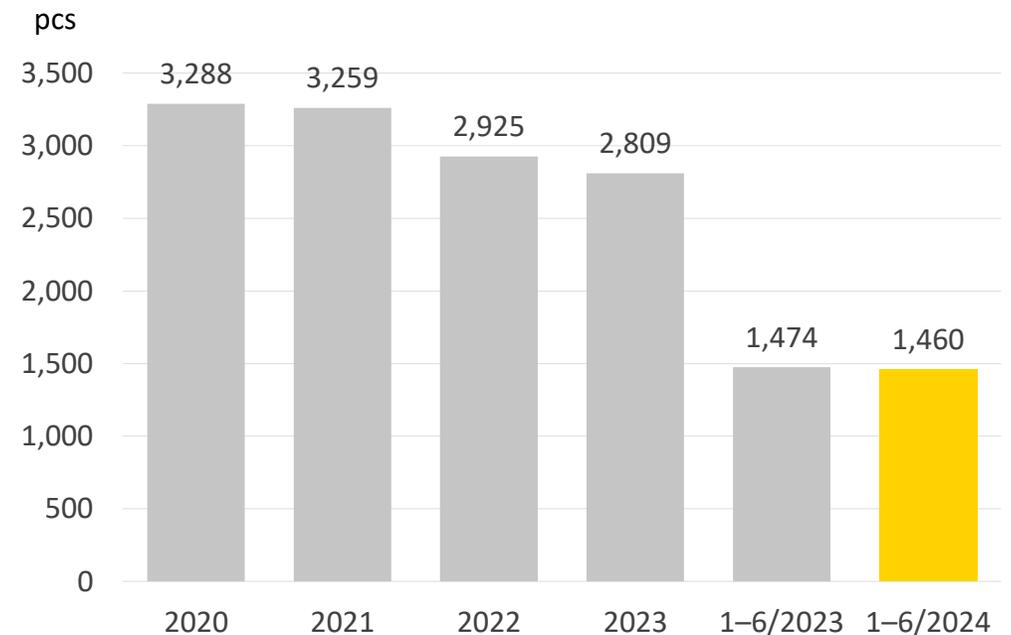
New disability pension decisions



Further increase in applications for vocational rehabilitation

- The number of applications for rehabilitation increased by 3% in the second quarter.
- The number of decisions has remained unchanged from 2023. The number of decisions includes both those who have applied for rehabilitation themselves and decisions granted in connection with the disability pension decision entitling them to rehabilitation.
- Of the rehabilitees, 79% returned to work and 86% of those who applied for rehabilitation themselves returned to work.

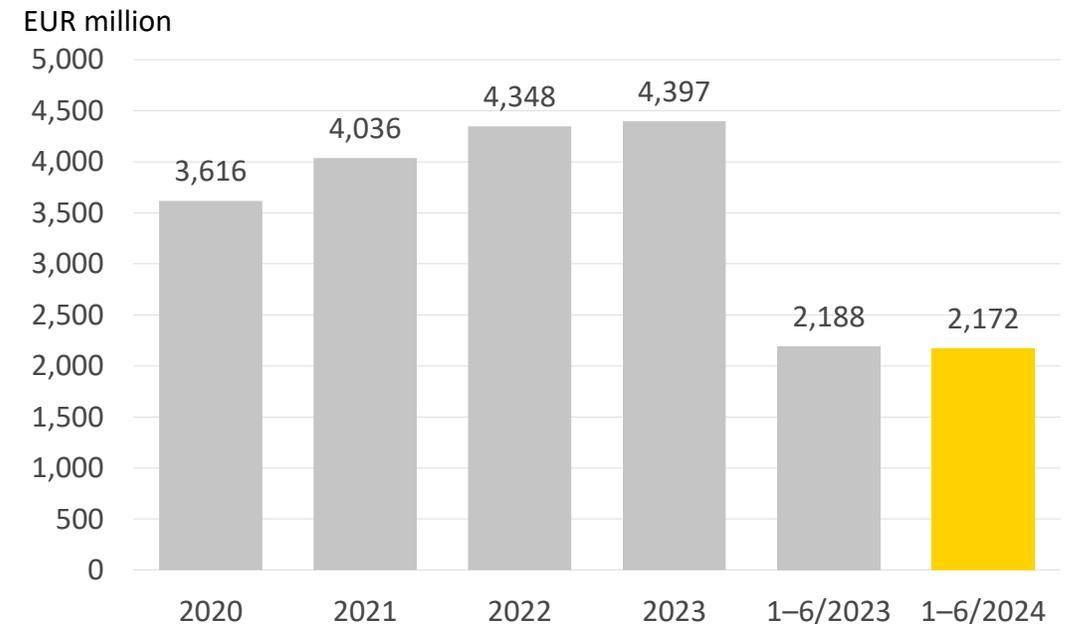
Preliminary decisions on vocational rehabilitation



Premiums written amounted to EUR 2.2 billion

- Premiums written (including TyEL and YEL) was EUR 2.2 billion, changing by -0.8%.
- The amount of credit losses was EUR 10 million, which is at the same level as the corresponding period the previous year.
- The increase in the total YEL earned income was 6.7% in January–June. The increase in the total TyEL payroll is expected to be -0.7% for the full year.

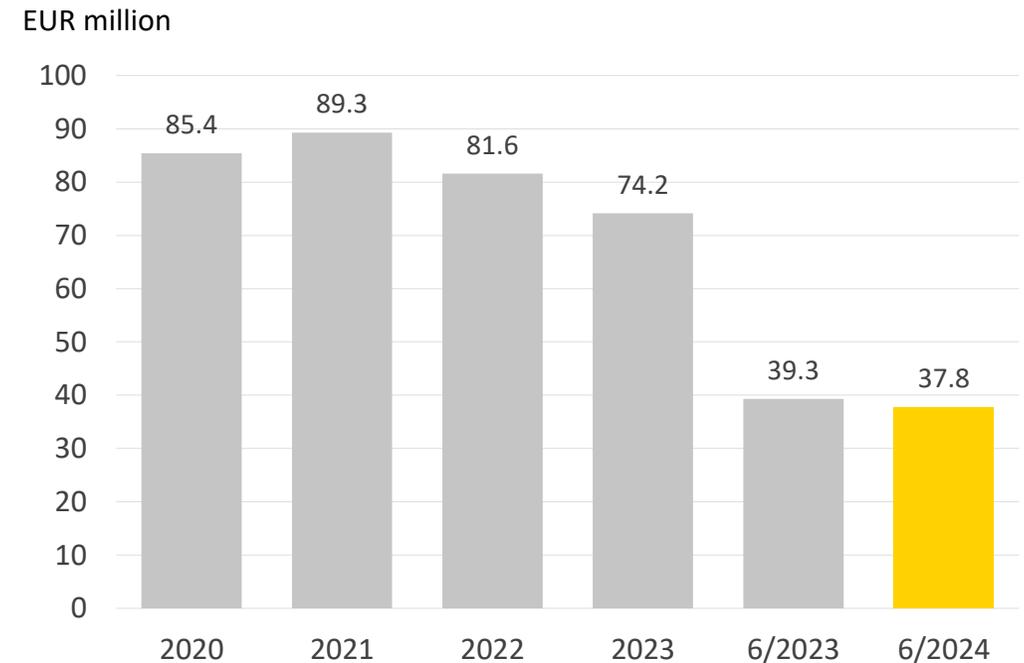
Premiums written 2020–3/2024



Elo's improved cost-efficiency means lower contributions for customers

- Elo's operating expense efficiency continued to improve, and the operating expenses covered by the expense loading decreased by EUR 1.5 million from the previous year.
- The basis for determining the expense loading fee for TyEL insurance for 2025 has already been confirmed and the monthly expense loading component paid by customers will decrease by an average of 15% from the beginning of 2025.
- Long-term customer relationships are also taken into account in the payments, and policyholders receive a constancy discount, which reduces the payment further.

The operating expenses covered by the expense loading 2020–6/2024

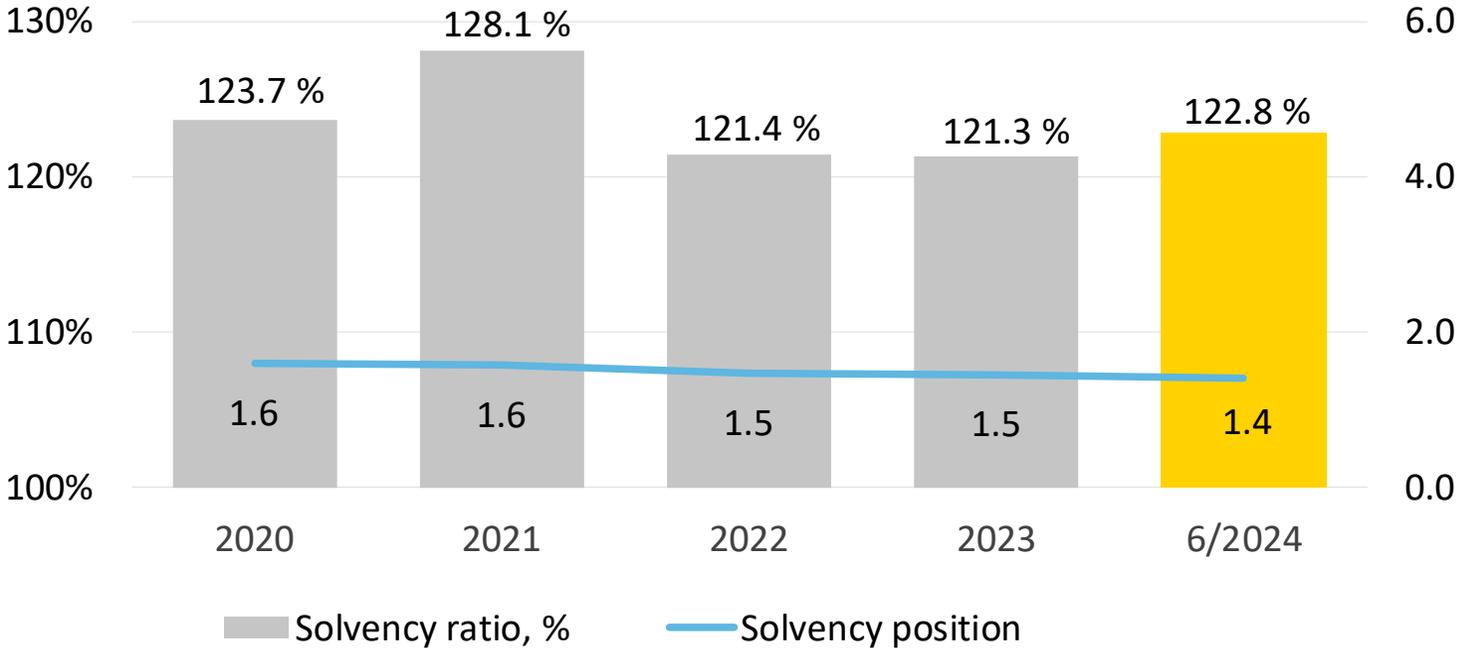


The total result was EUR 563 million

EUR million	1–6/2024	1–6/2023	2023
Total surplus	563.4	48.2	308.0
Insurance business surplus	-1.3	7.7	25.5
Investment surplus at fair values	560.1	34.1	267.8
Net investment income at fair values (+)	1,560.6	799.3	1,707.9
Yield requirement on technical provision (-)	-1,000.5	-765.2	-1,440.1
Loading profit	2.1	3.5	10.9
Other income	2.6	2.9	3.8

Solvency ratio increased from the end of the previous year

Solvency ratio and position



Summary of key figures

	6/2024	6/2023	2023
Investment assets at fair value, EUR million	31,306.8	28,987.0	30,046.7
Net return from investment on capital employed, %	5.2 %	2.8 %	6.0 %
Average nominal return, over 10 years	5.6 %	5.7 %	5.4 %
Average nominal return, over 5 years	6.0 %	5.3 %	6.4 %
Premiums written, EUR million	2,171.6	2,188.2	4,397.5
Pensions and other benefits paid, EUR million	2,317.6	2,226.0	4,461.0
Technical provisions, EUR million	26,141.6	24,959.5	25,733.7
Number of TyEL insured	424,800	438,200	409,700
Number of TyEL policyholders	45,000	48,300	46,400
Number of YEL policyholders	83,400	84,200	83,500
Number of pensioners	251,200	247,000	249,800
Solvency capital, EUR million	5,987.0	5,153.2	5,426.2
Solvency position	1.4	1.5	1.5
Solvency ratio, %	122.8 %	121.0 %	121.3 %

We provide lifelong security – Our actions for sustainability

WE INVEST IN THE FUTURE	WE BUILD A HUMANE WORKING LIFE	WE INSURE RESPONSIBLY
<ul style="list-style-type: none"> • We are taking part in the Non-Disclosure Campaign, which encourages businesses to disclose their climate, forest and water impact. • We are committed to the operation of WWF’s Green Office environmental system. We passed the audit and renewed our Green Office certificate. 	<ul style="list-style-type: none"> • Elo is a member in the Responsible Employer community and committed to the principles of a responsible workplace and summer job. • Almost 30 summer trainees worked at Elo. Summer workers play an important societal role. Young people bring fresh views and practices to the workplace. • Elo employees’ perception of employer responsibility in the Responsible Workplace survey improved and received a score of 4.03 (on a scale of 1 to 5). 	<ul style="list-style-type: none"> • In the EcoVadis sustainability assessment, we received the Gold rating. With our score, we are among the top 5 per cent of all companies assessed by EcoVadis. We improved our sustainability activities, for example, by supplementing the principles, taking measures and validating them. This was particularly evident in the sharp increase in the score for procurement.

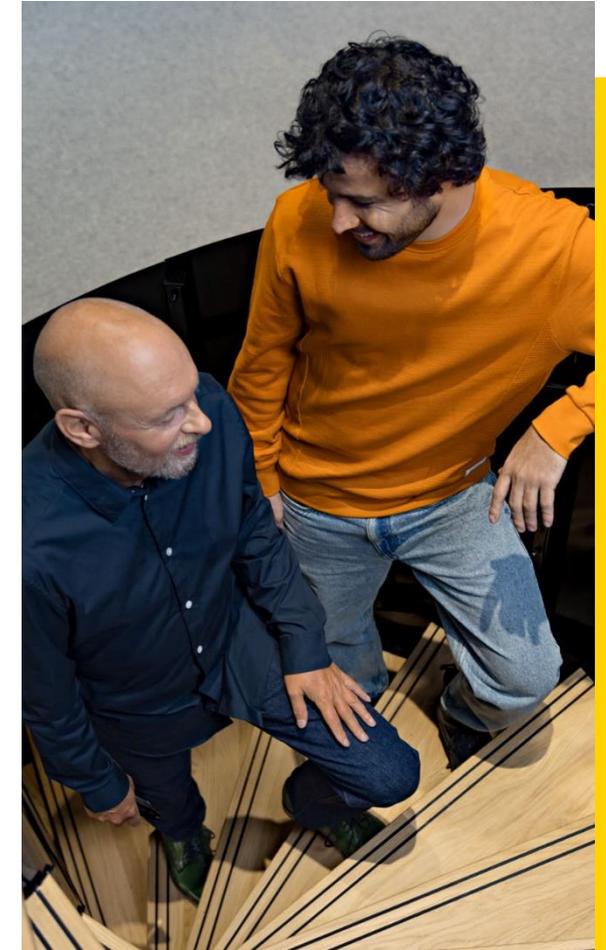
Outlook

- This year is a year of important elections in the global economy. The results of the European elections and the upcoming presidential election in the United States are adding uncertainty to the economic, defence and trade policy outlook. Geopolitical tensions are creating uncertainty in the global operating environment of companies and the financial markets, and this could become the focus of the financial markets as the US presidential election approaches.
- The increase in household consumption in Europe and Finland requires greater confidence in the economic outlook. The recovery in international demand will begin to boost Finland's exports in the autumn. Improving purchasing power and the gradual decrease in mortgage interest rates are prerequisites for better economic growth. Regarding investments, the turnaround is likely to be postponed to next year. Unemployment will continue to increase in Finland this year.
- At Elo, we will continue the efficient implementation of the employment pension system, and in accordance with the strategy, we want to increase our 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 customers to reduce work ability risks. As per the strategy, we will ensure adequate solvency and aim to achieve good returns on investments in the long term.

Investment overview

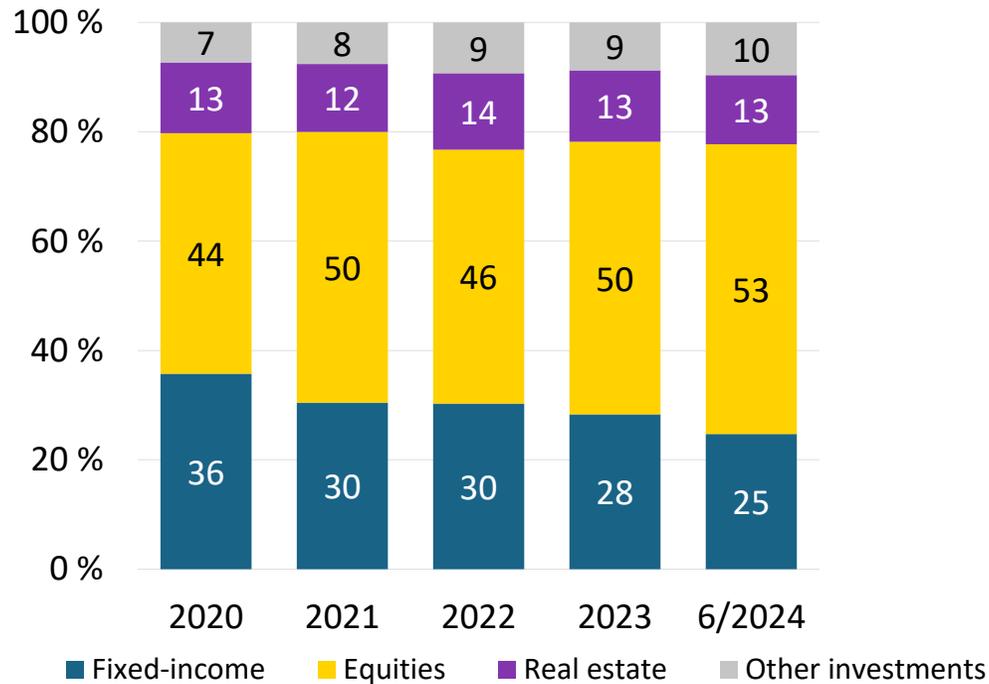
Elo's investments generated EUR 1.6 billion

- The US economy grew faster than expected, which laid down the foundation for a positive development in the equity market. Inflation remained a key concern for asset owners, and expectations of falling key interest rates in the interest rate markets curbed.
- Elo's investments generated good returns, 5.2%. The best performing asset class was listed equities. The AI theme was the most significant driver of the equity market, and the returns were concentrated on a narrow group of AI-utilising companies and large technology companies.
- Changes in expectations of a decrease in central bank policy rates increased market interest rates and weighed negatively on returns on government bond investments. The European Central Bank lowered its key interest rate but refrained from committing to future interest rate cuts.
- The real estate investment market remained quiet. The decrease in interest rates is expected to increase investor demand, and there were minor signs of the market picking up early in the summer.

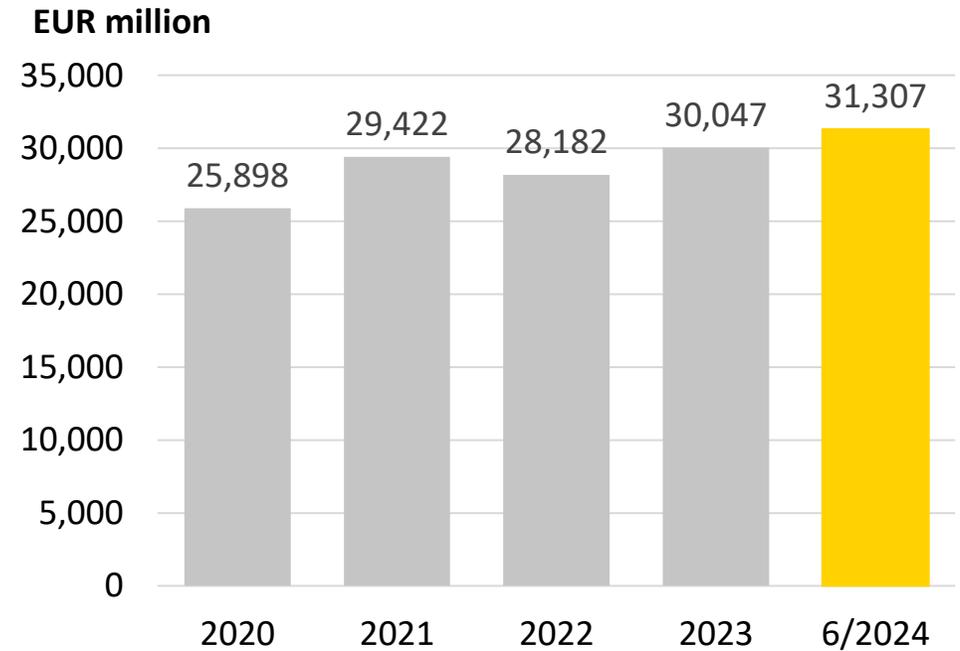


Investment assets EUR 31 billion in Q2

Asset allocation

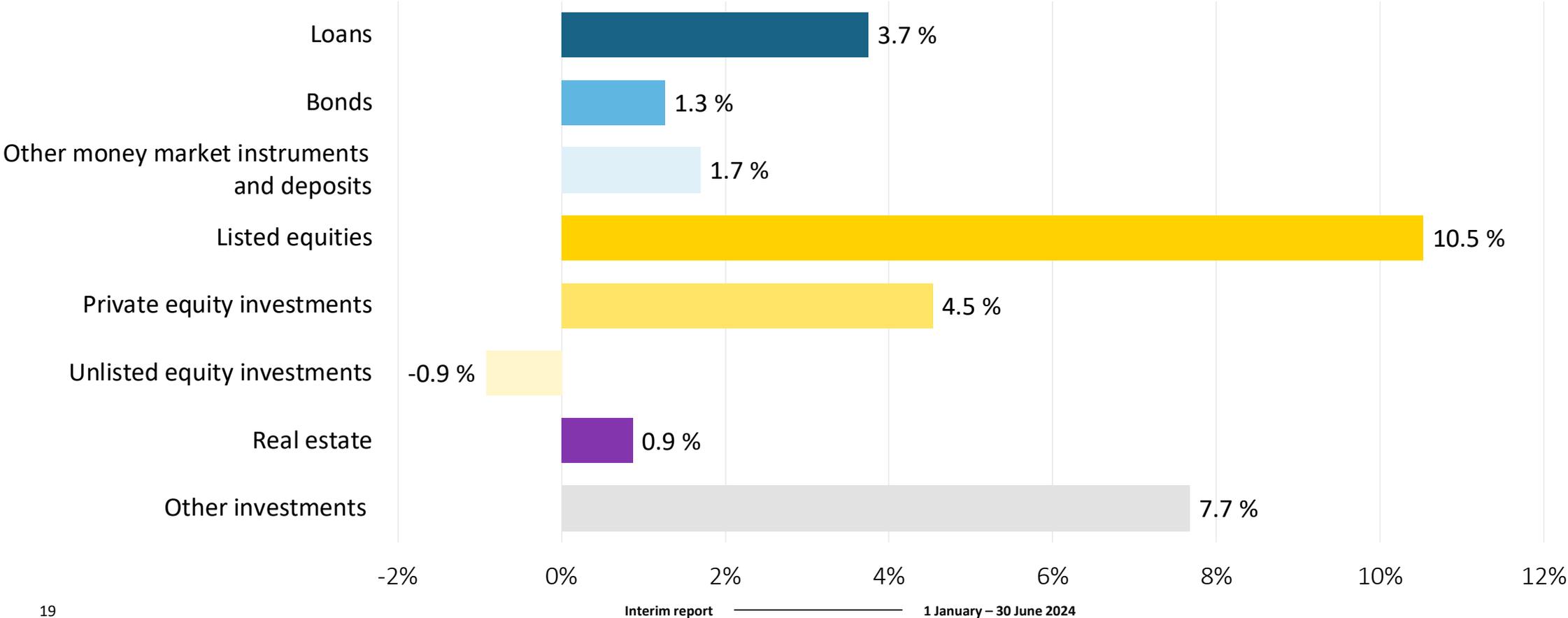


Investment assets



Listed equities and hedge funds generated excellent returns

Return on investments by asset class



Return on investments 5.2%

	Basic allocation by market value		Actual risk position		Return		Volatility	
	EUR million	%	EUR million	%	%	%	%	
Fixed-income investments	8,086.0	25.8	8,695.9	27.8	1.5			
Loans	560.0	1.8	560.0	1.8	3.7			
Bonds	6,471.5	20.7	7,081.3	22.6	1.3		3.9	
Public bonds	2,094.7	6.7	2,703.6	8.6	-1.1			
Other bonds	4,376.7	14.0	4,377.7	14.0	2.5			
Other money market instruments and deposits incl. any receivables and liabilities related to investments	1,054.6	3.4	1,054.6	3.4	1.7			
Equities	16,246.2	51.9	16,589.9	53.0	8.0			
Listed equities	10,162.4	32.5	10,506.1	33.6	10.5		12.0	
Private equity investments	5,439.8	17.4	5,439.8	17.4	4.5			
Unlisted equity investments	644.0	2.1	644.0	2.1	-0.9			
Real estate	3,967.0	12.7	3,967.0	12.7	0.9			
Direct real estate investments	2,645.8	8.5	2,645.8	8.5	2.0			
Real estate funds and joint investment companies	1,321.2	4.2	1,321.2	4.2	-1.3			
Other investments	3,007.5	9.6	3,007.5	9.6	7.7			
Hedge fund investments	3,004.2	9.6	3,004.2	9.6	7.7		4.1	
Commodity investments	0.0	0.0	0.0	0.0	-			
Other investments	3.4	0.0	3.4	0.0	-			
Total investments	31,306.8	100.0	32,260.4	103.0	5.2		3.9	
Effect of derivatives			-953.5	-3.0				
Total	31,306.8	100.0	31,306.8	100.0				

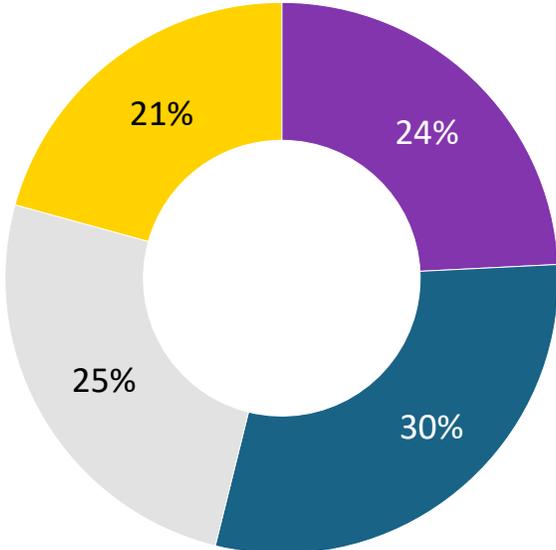
The return on foreign currency derivatives is estimated for asset classes in proportion to the average foreign currency-denominated assets during the reporting period.

The total return includes returns, expenses and operating expenses not allocated to investment classes. The modified duration of bonds is 4.6.

The open currency exposure is 30.9% of market value.

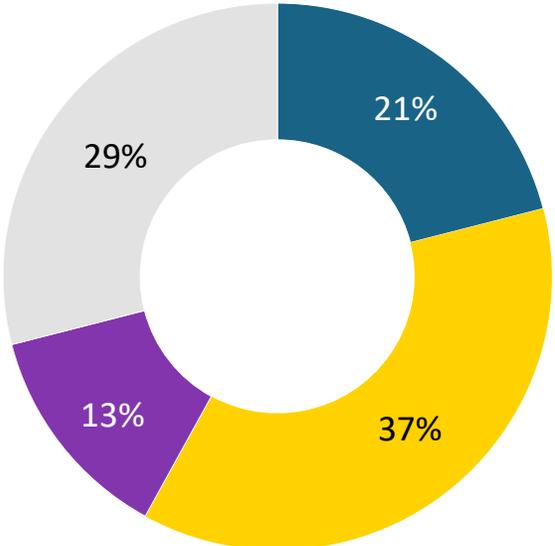
25 per cent of the investments were in North America and 24 per cent in Finland

Geographical distribution of investments



■ Finland ■ Europe ■ North America ■ Other regions

Investments in Finland by asset class

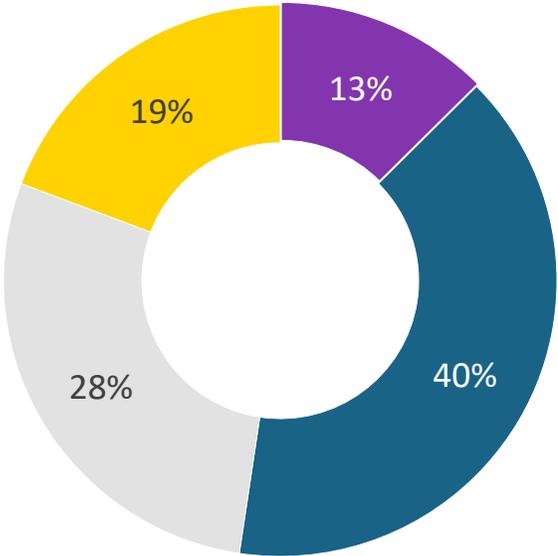


■ Fixed-income investments ■ Listed equities
■ Unlisted equities and private equity investments ■ Real estate



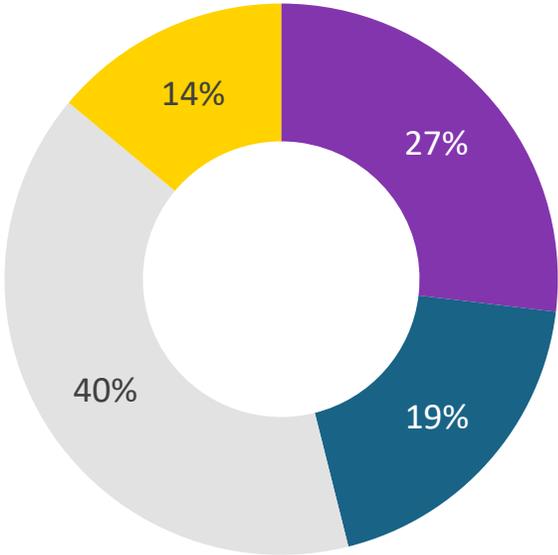
Geographical distribution of bonds and listed equities

Bonds EUR 5.2 billion *



■ Finland ■ Europe ■ North America ■ Other regions

Listed equities EUR 10.2 billion

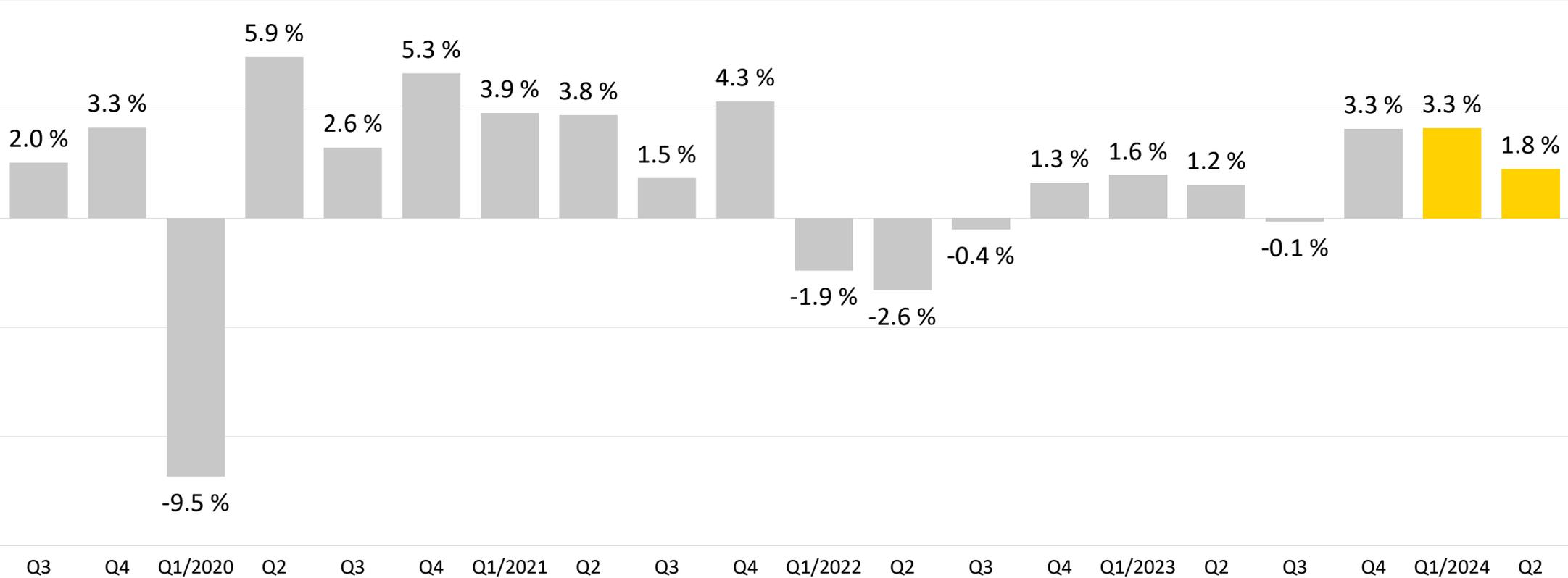


■ Finland ■ Europe ■ North America ■ Other regions

*Unlisted investments excluded.

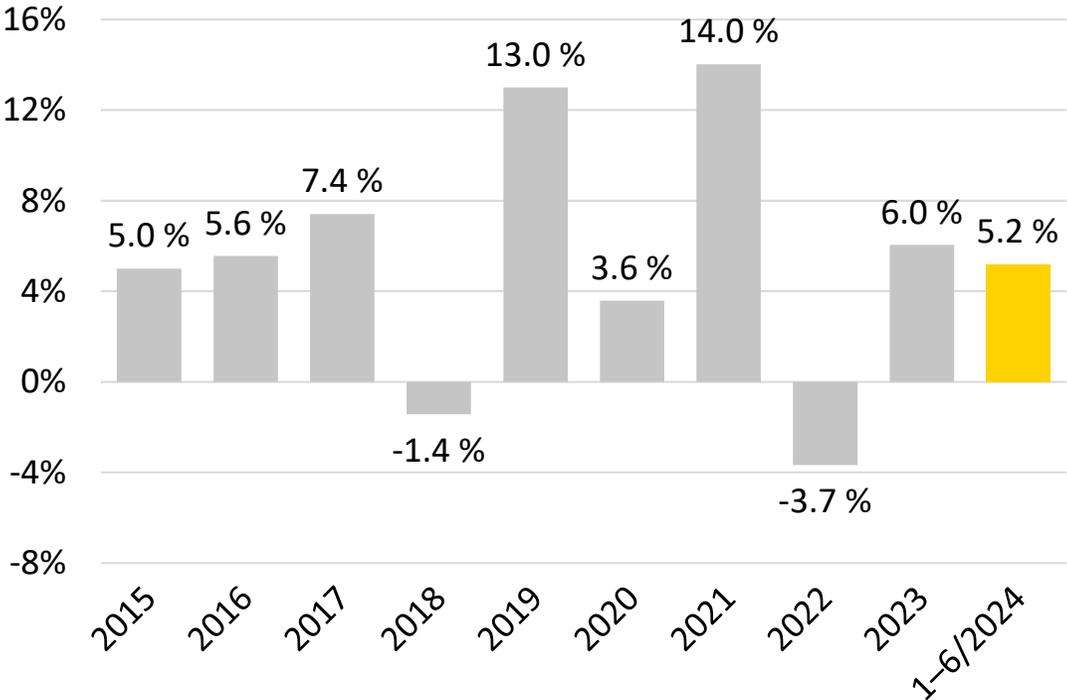


Positive second-quarter return of 1.8%

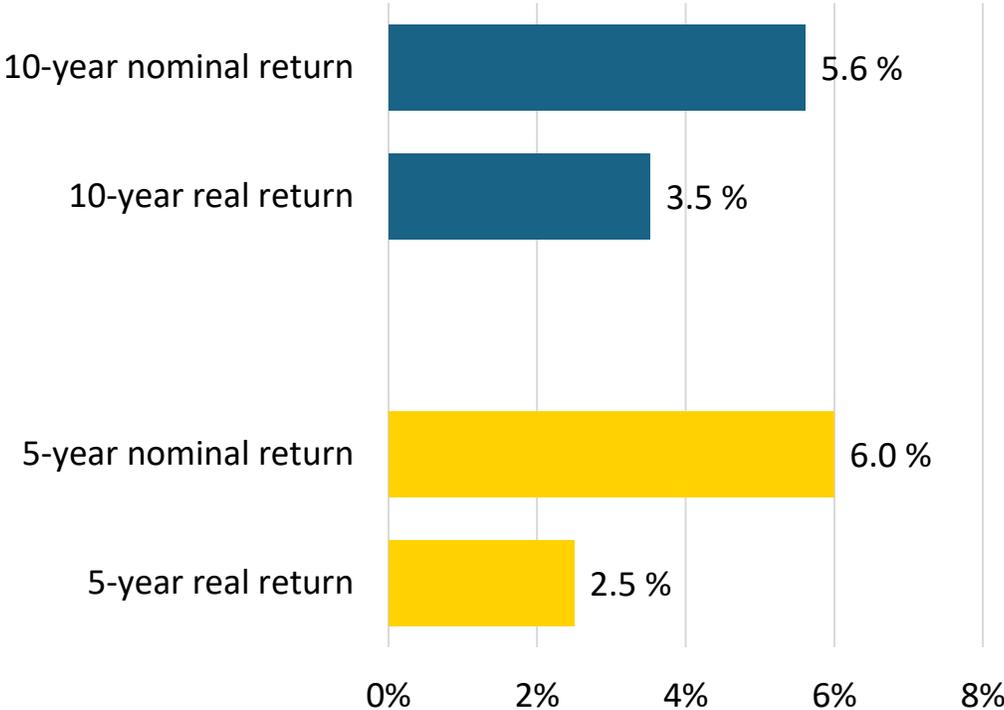


Ten-year return was 5.6% per annum

Investment returns



Average return on investments over time



Cumulative 10-year return 79%

