



We are preparing for a good tomorrow

Ilmarinen's Interim Report
January-September 2024

Return on investments was 7.4 per cent, solvency strengthened and cost-effectiveness improved

- The return on Ilmarinen's investment portfolio was 7.4 (3.3) per cent, or EUR 4.4 billion. The market value of investments grew to EUR 62.9 (58.9) billion. The long-term average return on investments was 5.8 per cent as of 1997. This corresponds to an annual real return of 3.9 per cent.
- The total result rose to EUR 1.791 (233) million.
- Premiums written rose by 2 per cent to EUR 5.299 (5.209). Pensions paid rose by 7 per cent to EUR 5.776 (5.384) million.
- Net customer acquisition was EUR 150 (135) million and rolling customer retention for the previous 12 months was 96.5 (96.6) per cent.
- Operating expenses financed using loading income decreased 3 per cent to EUR 69 (72) million and were 0.32 (0.34) per cent of the TyEL payroll and YEL income of the insured.
- Solvency capital increased to EUR 14.0 (12.2) billion, and the solvency ratio strengthened to 128.1 (125.4) per cent.



Key figures January–September 2024

Premiums written

5.30 (5.21)

EUR bill.



Operating expenses
financed using
loading income

69 (72)

EUR mill.



Return on
investments

7.4 (3.3)

%



Solvency ratio

128.1 (125.4)

%



5.78 (5.38)

EUR bill.

Pensions paid

0.32 (0.34)

%

Operating expenses
financed using
loading income, %
of payroll*)

62.9 (58.9)

EUR bill.

Investment assets

14.0 (12.2)

EUR bill.

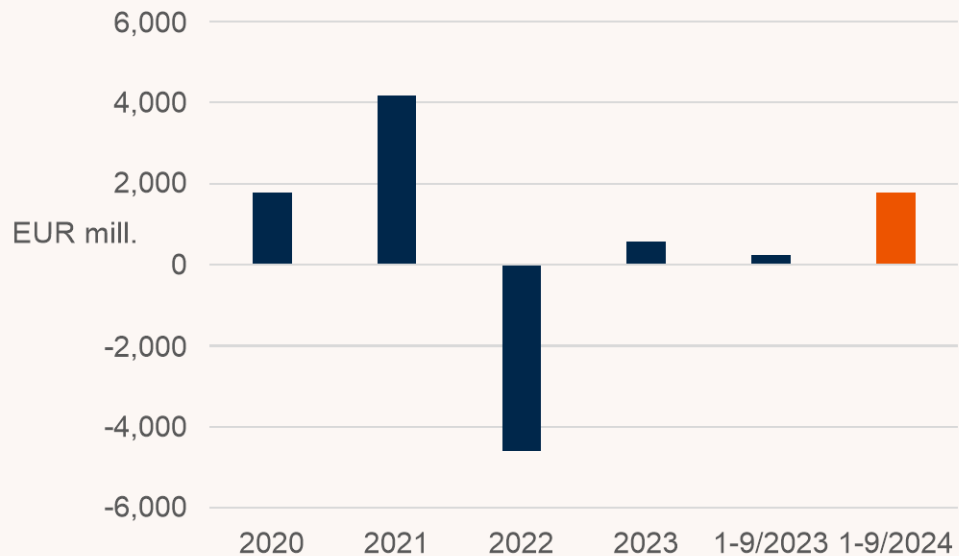
Solvency capital

*) Payroll is the sum of TyEL payroll and YEL income.

The result comparison figures are the figures for the corresponding period of 2023. The comparison figures for the balance sheet and other cross-sectional figures are the figures for the end of 2023.

The total result for January–September rose to EUR 1.791 million

Total result, EUR mill.



Sources of profit, EUR mill.

Result analysis, EUR mill.	1.1.- 30.9.2024	1.1.- 30.9.2023	1.1.- 31.12.2023
Underwriting result	14	31	38
Return on investments at fair value	1.777	194	527
+ Net return on investments at fair value	4.362	1.882	3.272
- Return requirement on technical provisions	-2.585	-1.688	-2.744
Loading profit*)	0	7	11
Other profit	0	0	3
Total result	1.791	233	579

*) As of 2023, a company-specific expense loading rate is applied to TyEL insurance, due to which the loading profit will be close to zero going forward.

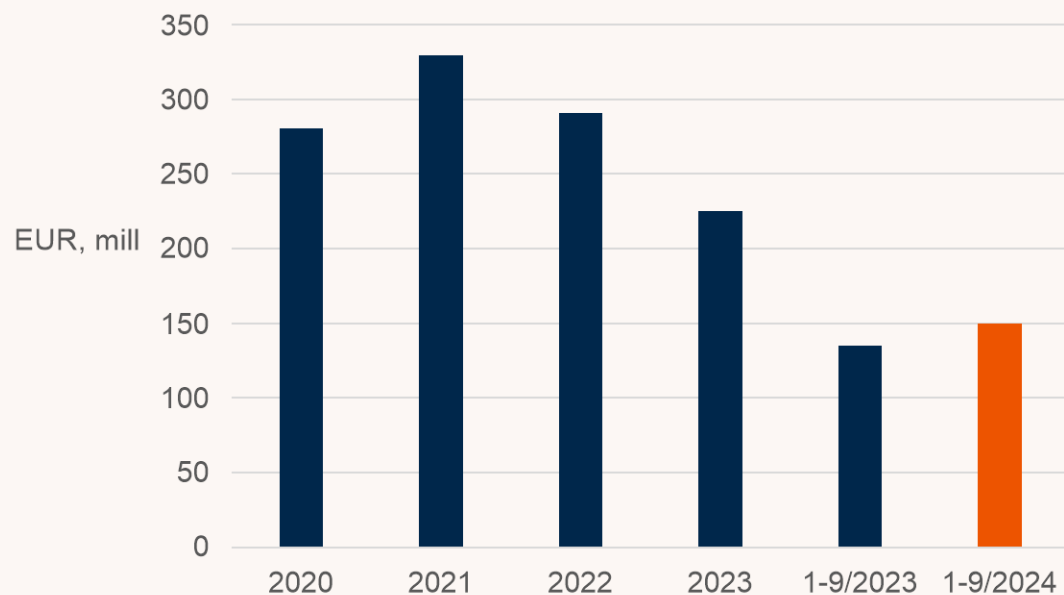


Pension security for you

Insurance and pensions

Net customer acquisition for January–September was EUR 150 million, customer retention was 96.5 per cent

Net customer acquisition
2020–30 September 2024, EUR mill.

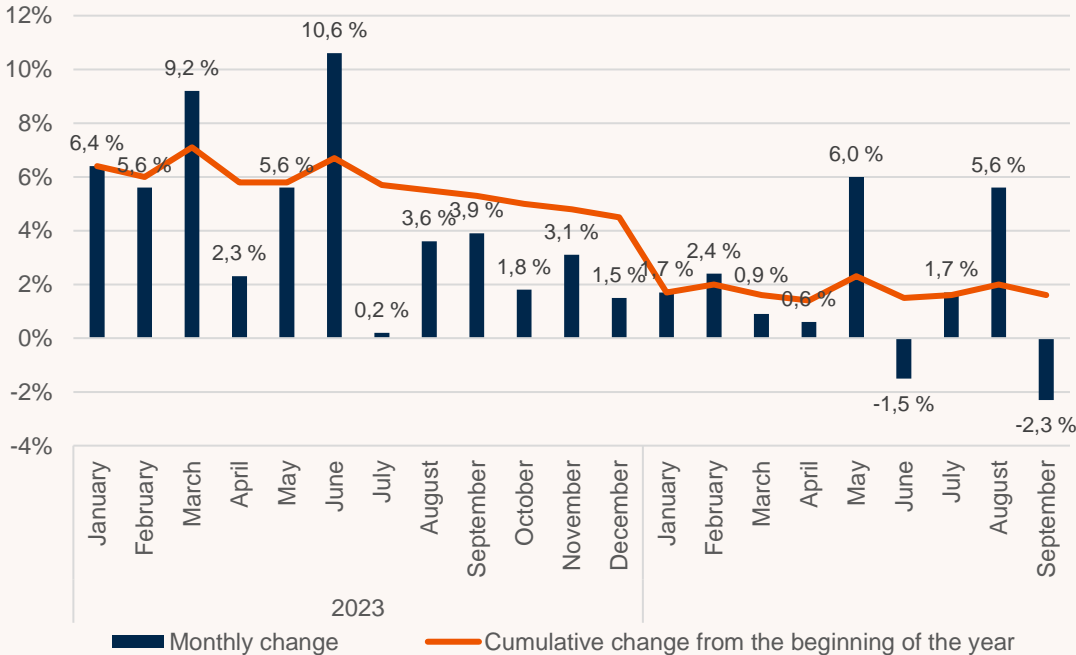


Net customer acquisition, EUR mill.

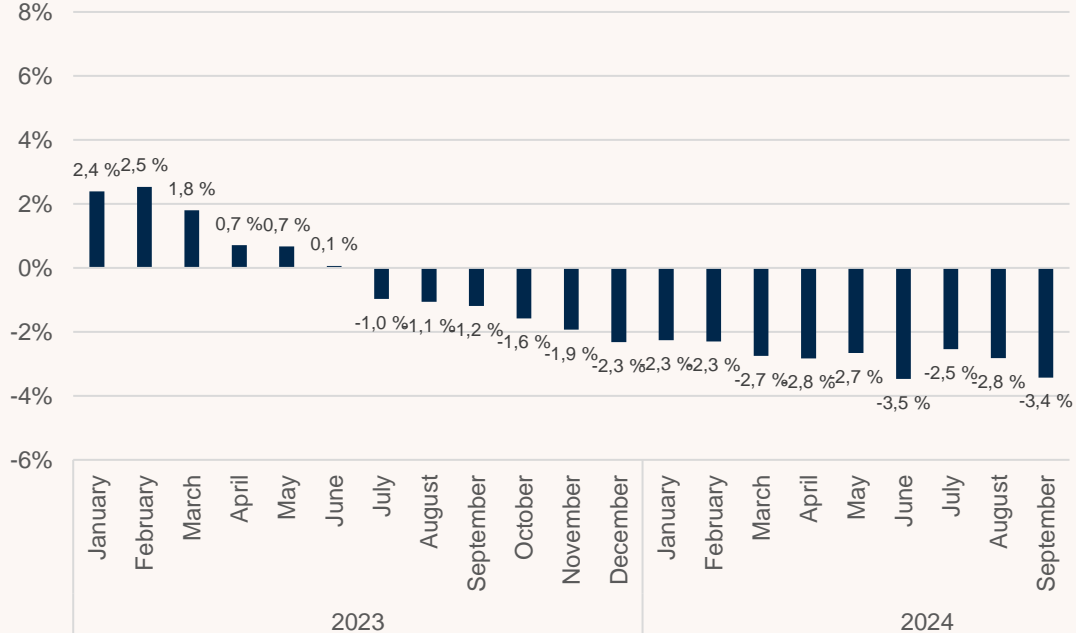
EUR mill.	1–9/2024	1–9/2023	2023
Net customer acquisition	150	135	225
Sales of new insurance	76	121	155
Net transfer of insurance	73	14	70
Customer retention, % of premiums written	96.5	96.6	96.5

The payroll sum for customers in January-September increased by 1.6 per cent and the number of employees decreased by 2.8 per cent

Change in payroll of Ilmarinen's customers from previous year

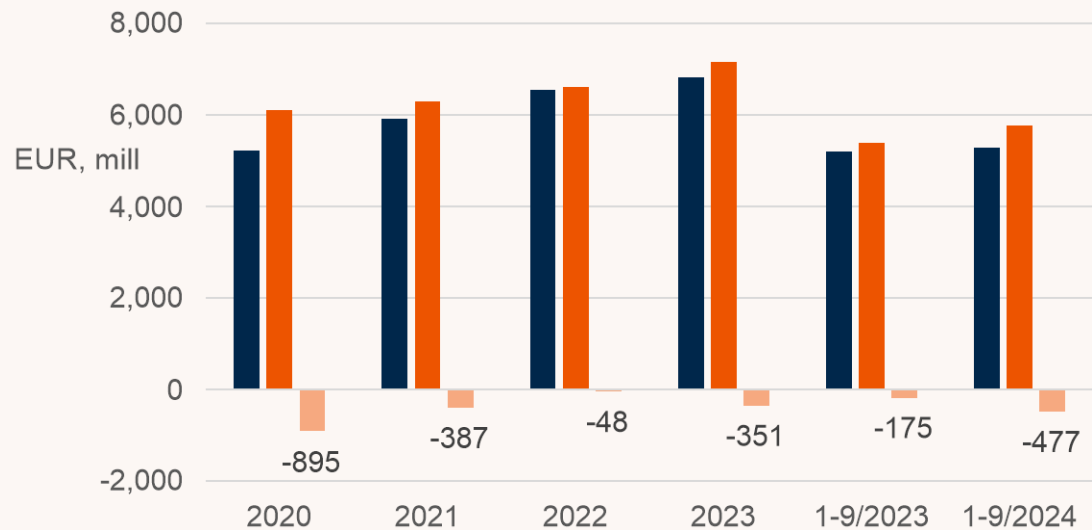


Change in number of employees in Ilmarinen's business cycle index



Premiums written grew 2 per cent to EUR 5.3 billion and pension expenditure grew 7 per cent to EUR 5.8 billion

Premiums written and pension expenditure, January–September 2024



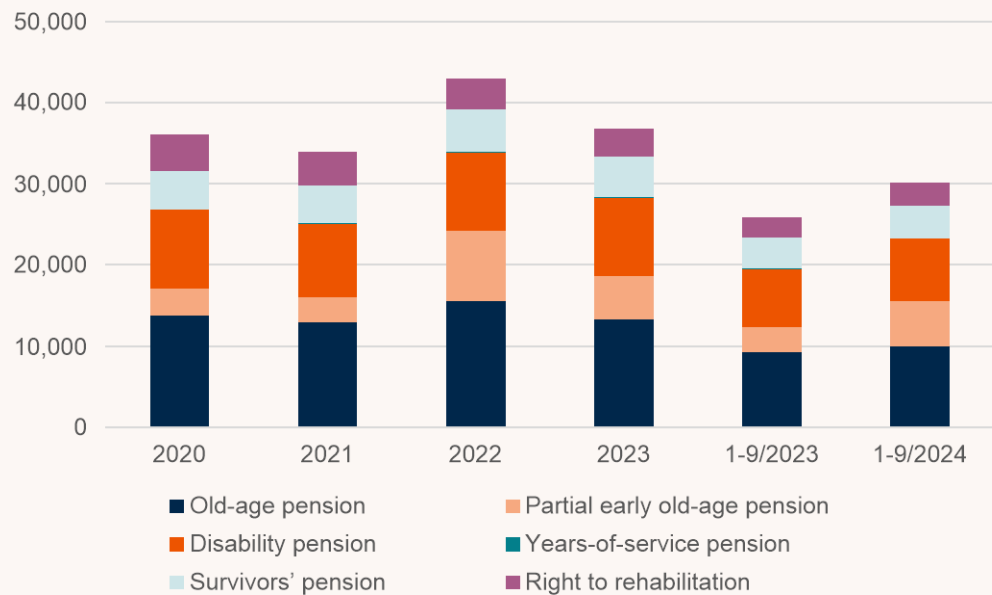
■ Differential between premiums written and pension expenditure
 ■ Pension expenditure
 ■ Premiums written

EUR mill.	1-9/ 2024	1-9/ 2023	2023	2022	2021	2020
TyEL	4.967	4.894	6.418	6.164	5.534	4.833
YEL	331	314	404	394	388	388
Premiums written	5.299	5.209	6.822	6.558	5.922	5.220
TyEL	5.427	5.054	6.744	6.189	5.902	5.701
YEL	348	330	429	417	407	415
Pension expenditure	5.776	5.384	7.173	6.606	6.309	6.116

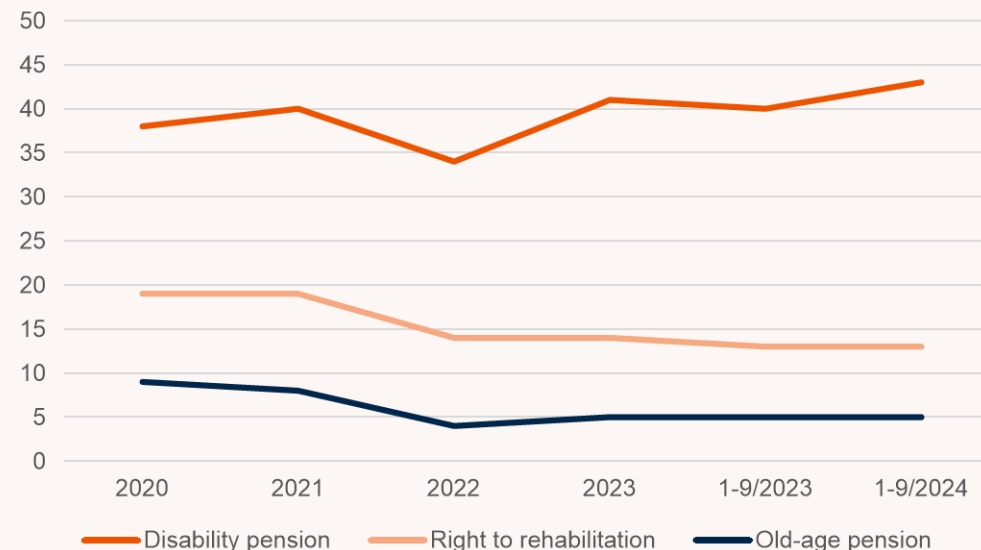
Ilmarinen made 4,299 more new pension decisions in January–September compared to the previous year

Old-age pension decisions were issued in five days on average. The number of partial early old-age pensions was up 77 per cent on the previous year

Number of new pension decisions



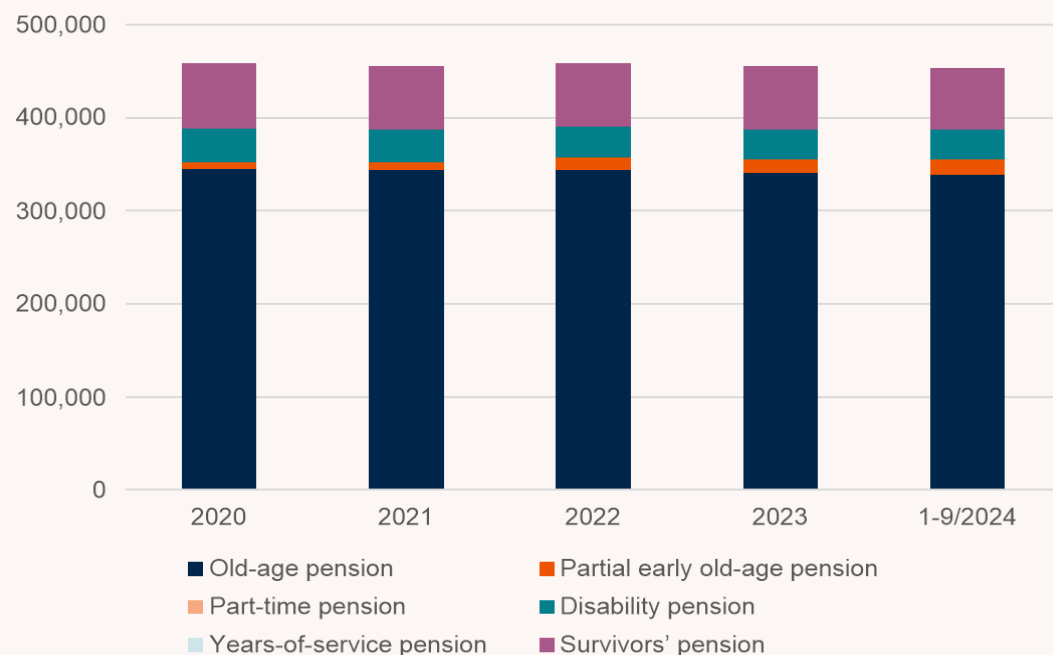
Average application processing time, days



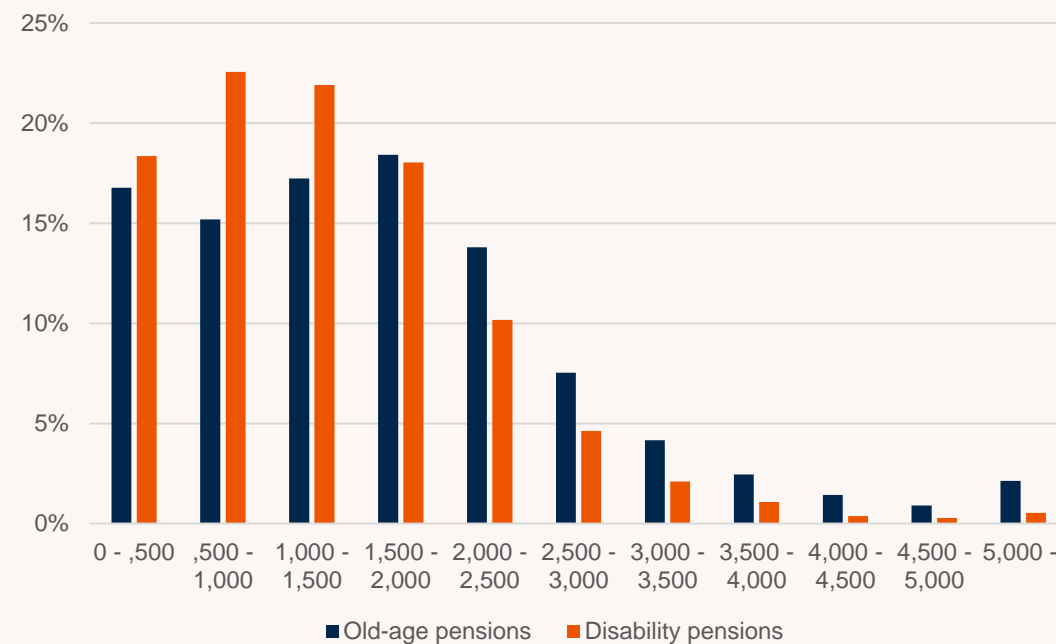
We paid EUR 5.8 billion in pensions to 453,821 pensioners

The average old-age pension was EUR 1,676/month

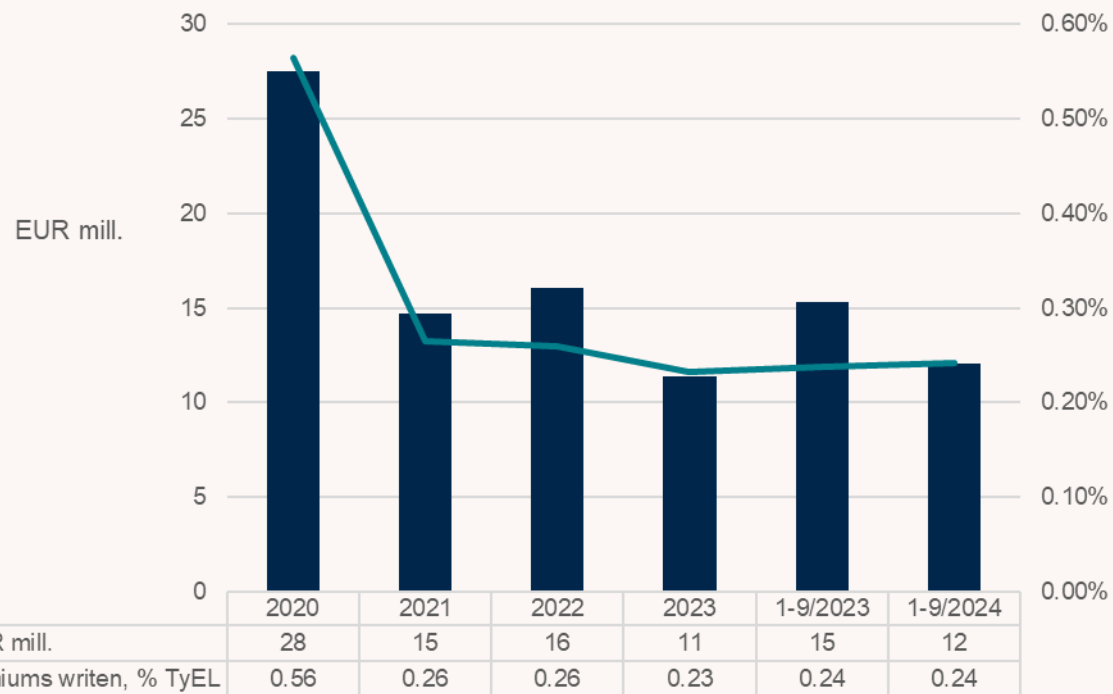
Ilmarinen's pension recipients



Distribution of paid old-age and disability pensions by size



Credit losses as a share of premiums written are slightly **increasing**



Due to economic uncertainty, the level of credit losses is forecast to increase from the previous year.



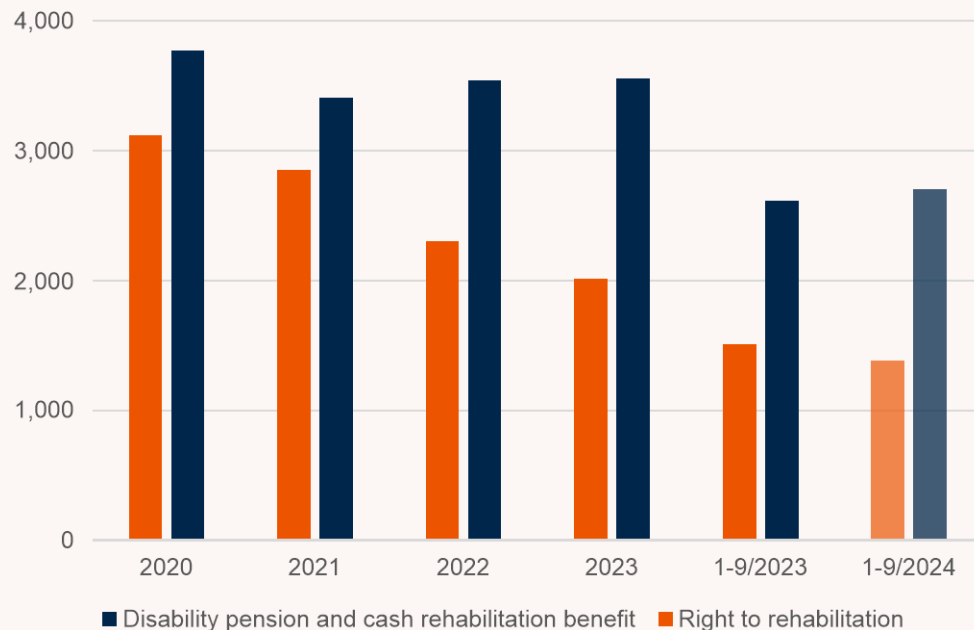
For a better working life

Work ability risk management
and rehabilitation

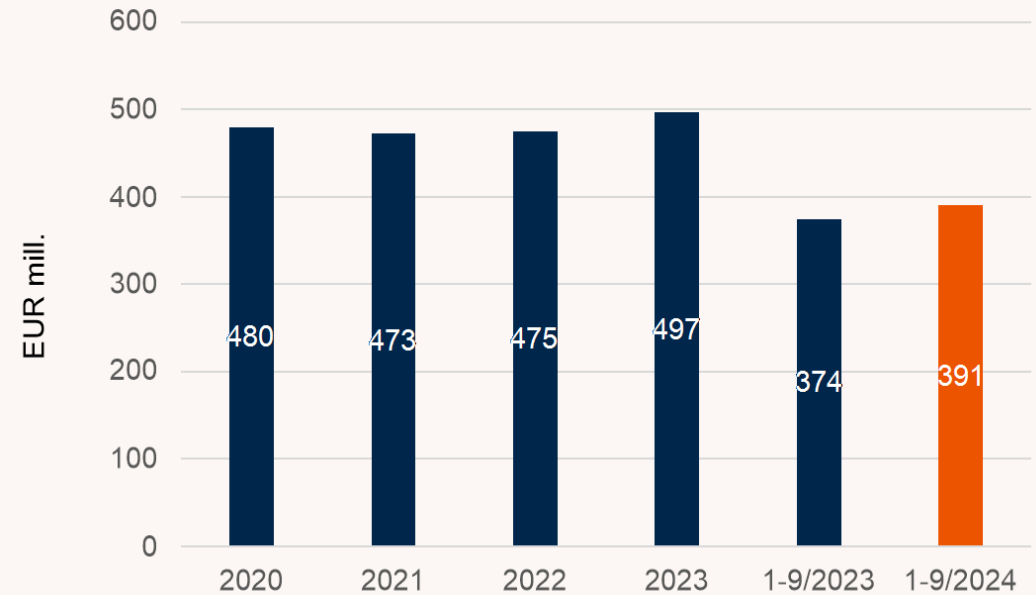
2,704 persons transitioned to a disability benefit, which is 3 per cent more than in the previous year

Disability pension expenditure rose by EUR 17 million.

Decisions on the right to rehabilitation and persons retired on disability pension

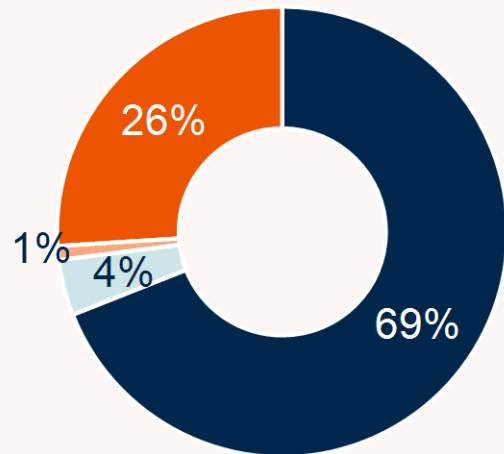


Disability pension expenditure, EUR mill. €



Work ability projects numbered 1,290 and covered 82,277 employees

Work ability project themes and customer satisfaction in January–September 2024



- Developing work ability models with knowledge
- Supporting psychological and physical work ability
- Functioning of work communities
- Developing supervisors' leadership skills in work ability

Work ability services' NPS 80 (1–9/2024)

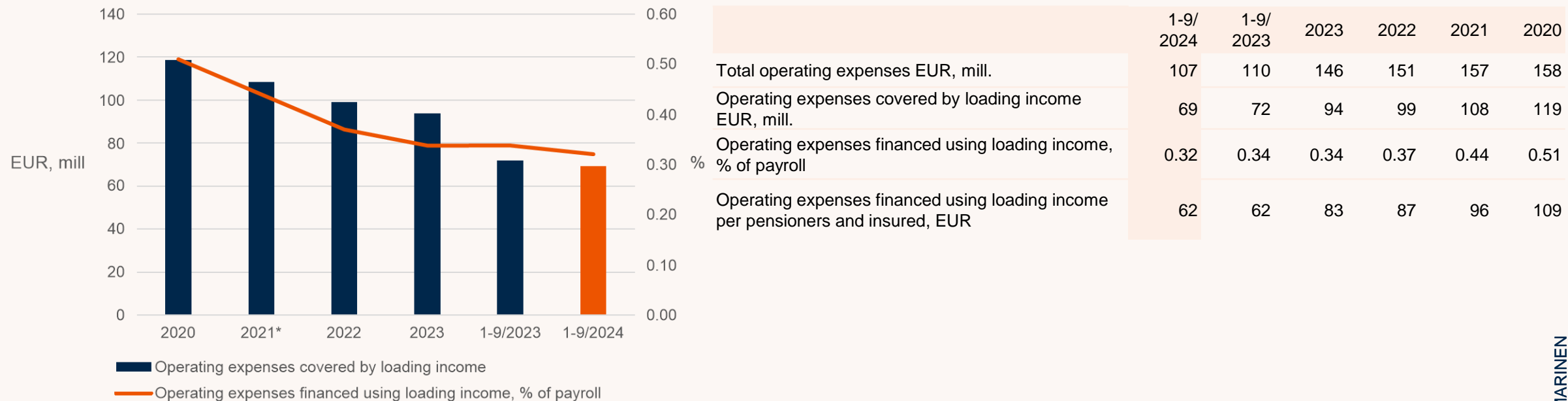


Cost-effective operations

Operating expenses and personnel

Cost-effectiveness further increased - operating expenses financed using loading income decreased 3 per cent to EUR 69 million and were 0.32 per cent of the payroll

Total operating expenses, operating expenses financed using loading income and operating expenses using loading income of payroll 2020–30 September 2024 ^{*)} ^{**)}



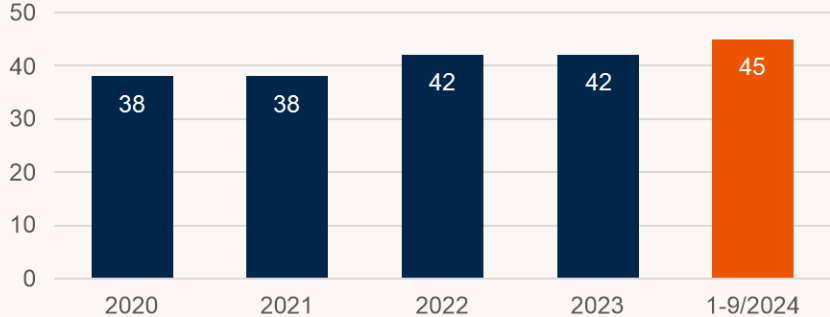
^{*)} Operating expenses and operating expenses financed using loading income are presented above without the one-time write-down of EUR 18.2 million for intangible assets made in the financial statements for 2021

^{**)} The payroll is the sum of TyEL payroll and YEL income

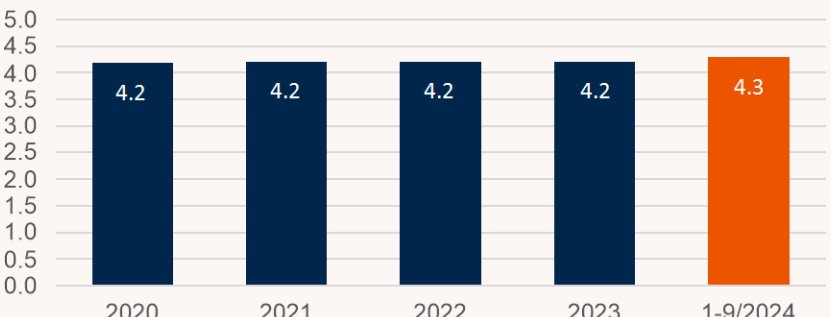
The employee experience strengthened, with staff working at an excellent energy level of 4.3

Number of absences due to illness on the decline

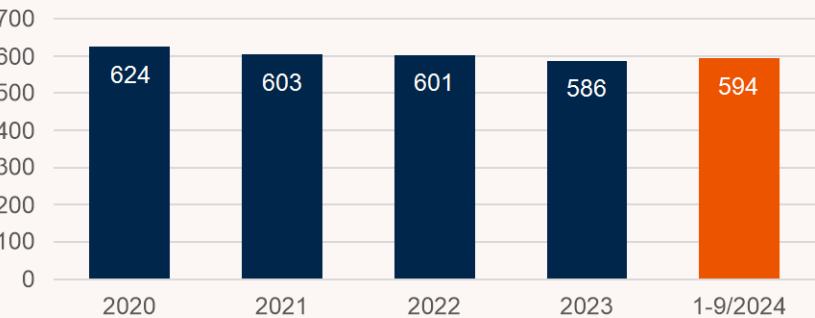
Employee Net Promoter Score (eNPS)



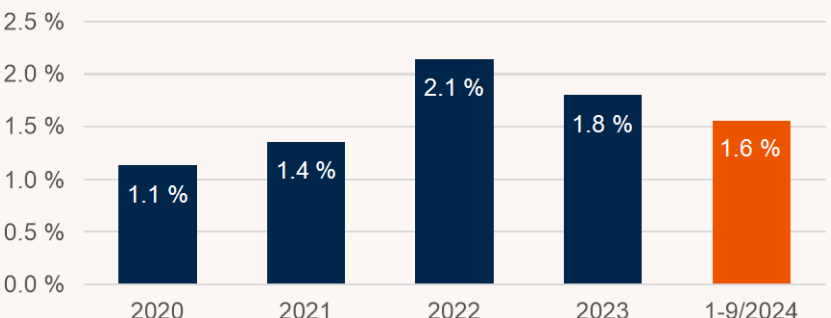
Personnel's average energy level (1–5)



Average number of employees (person years)



Lost work time due to sick leave





Profitably, securely and responsibly

Investment activities

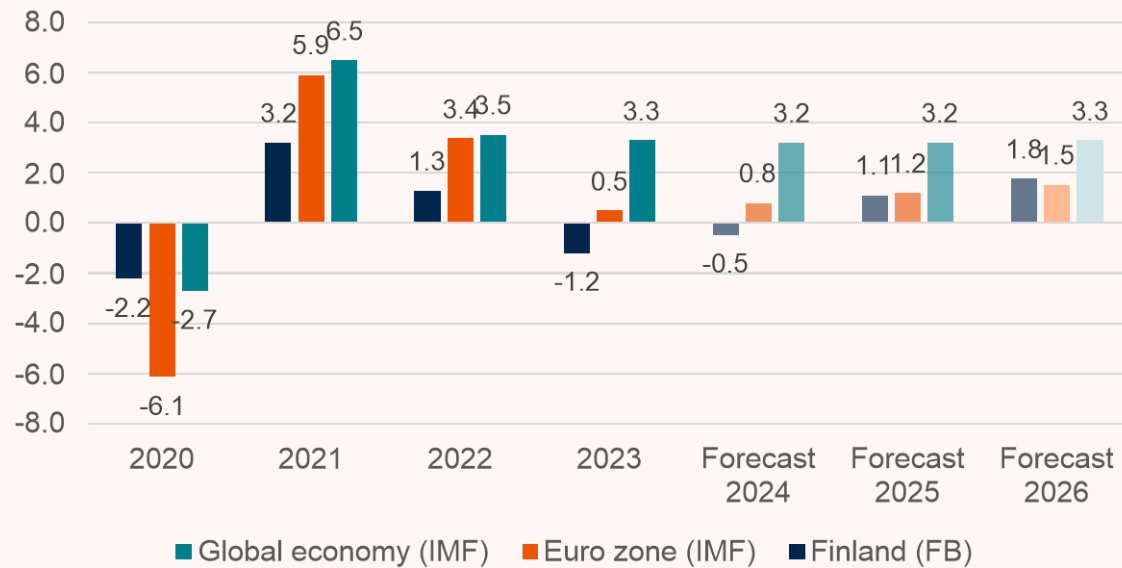
Key observations about the operating environment

- Global economic growth was slow but steady during the period. Growth is expected to be around 3.2 per cent this year and 3.2 per cent in 2025. The slowing of inflation closer to the central banks' target levels has continued globally as supply bottlenecks are easing and as a result of a monetary policy designed to slow economic activity. In Europe, economic growth is predicted to improve to 0.8 per cent during 2024. Finland's economy is in a downturn and forecasts show that we will be back on a growth trajectory in 2025.
- The moderate strengthening of the growth outlook and the slowdown in inflation have reduced the risk of recession. The year-on-year change in consumer prices in September was 1.8 per cent in the euro zone and 2.4 per cent in the USA. The path of short-term interest rates priced by the market foreshadows further rate cuts by central banks.
- The US stock market (S&P 500 index) returned 22.1 per cent in January–September. Europe's STOXX 600 index's return for January–September was 11.7 per cent. The Helsinki Stock Exchange's return on investments was 8.8 per cent.



The global economic growth forecast is 3.2 per cent for 2024, but Finland's economy is expected to contract by 0.5 per cent

GDP development, %



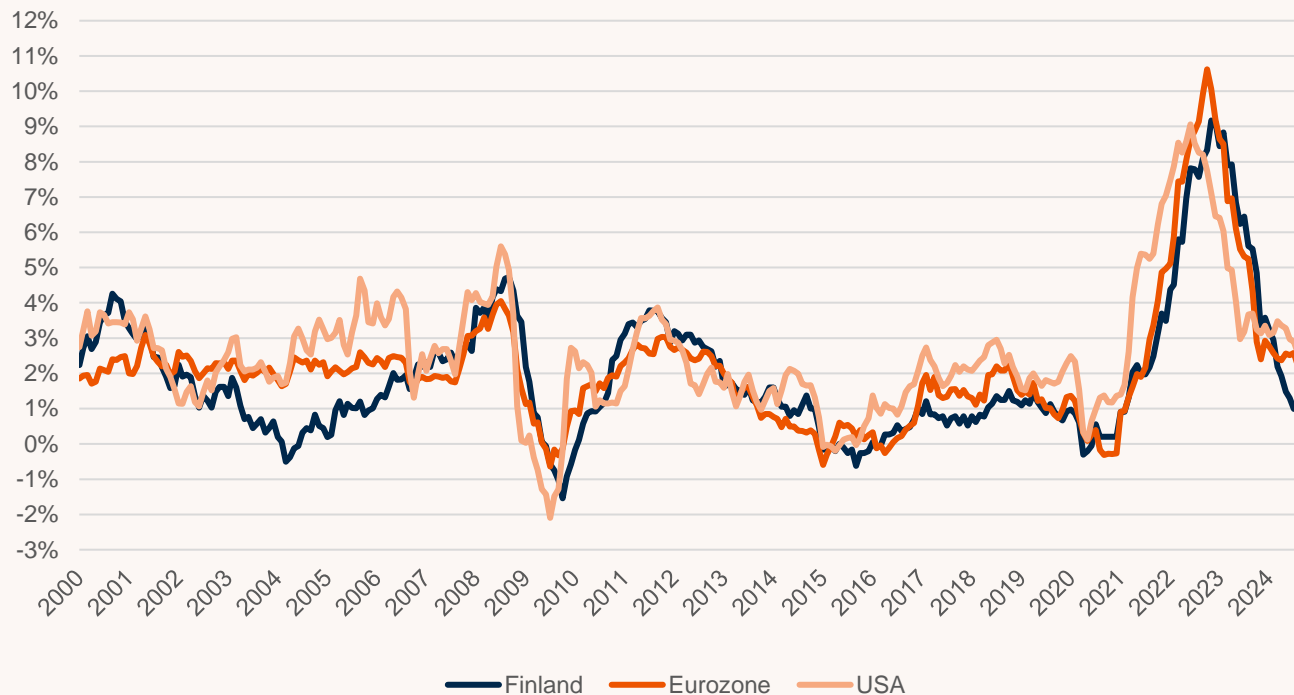
Development of Finland's employment and unemployment rates, %



Sources: Bank of Finland 9/2024, IMF 10/2024, VM 9/2024

The moderate strengthening of the growth outlook and the slowdown in inflation have reduced the risk of recession.

Year-on-year change in consumer prices

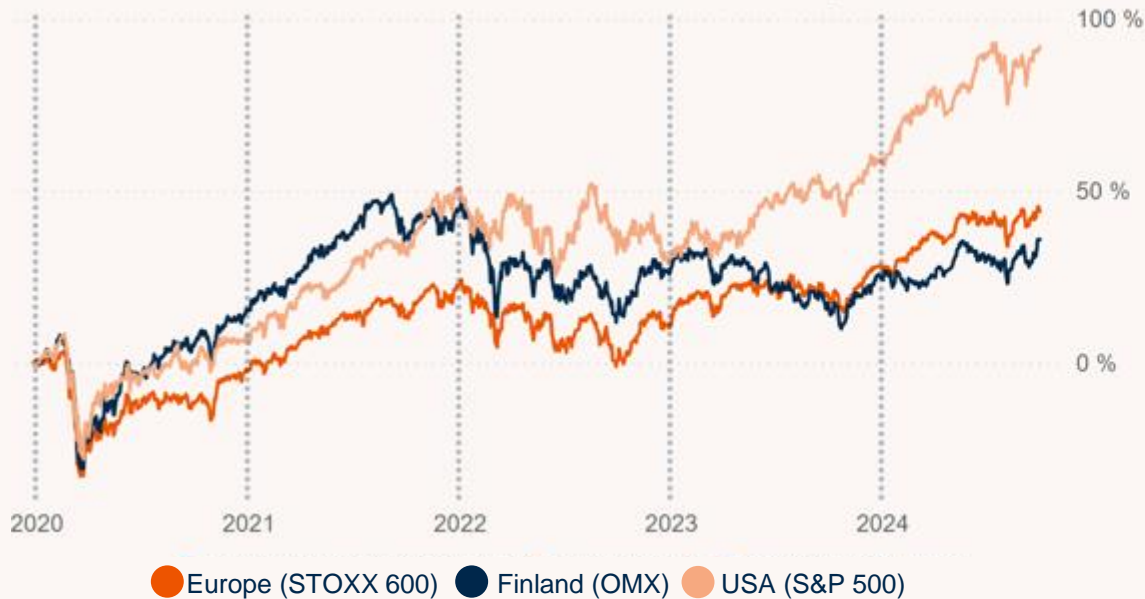


- In September, inflation was 2.4 per cent in the USA, 1.8 per cent in the euro zone and 0.8 per cent in Finland.
- The slowing of inflation closer to the central banks' target levels has continued globally as supply bottlenecks are easing and as a result of a monetary policy designed to slow economic activity.
- In the euro zone, inflation has fallen more or less in line with expectations, but core inflation indicators are still high compared to the ECB's price stability target.
- The curbing of the energy shock in the euro zone and lower inflation support the growth of real income.

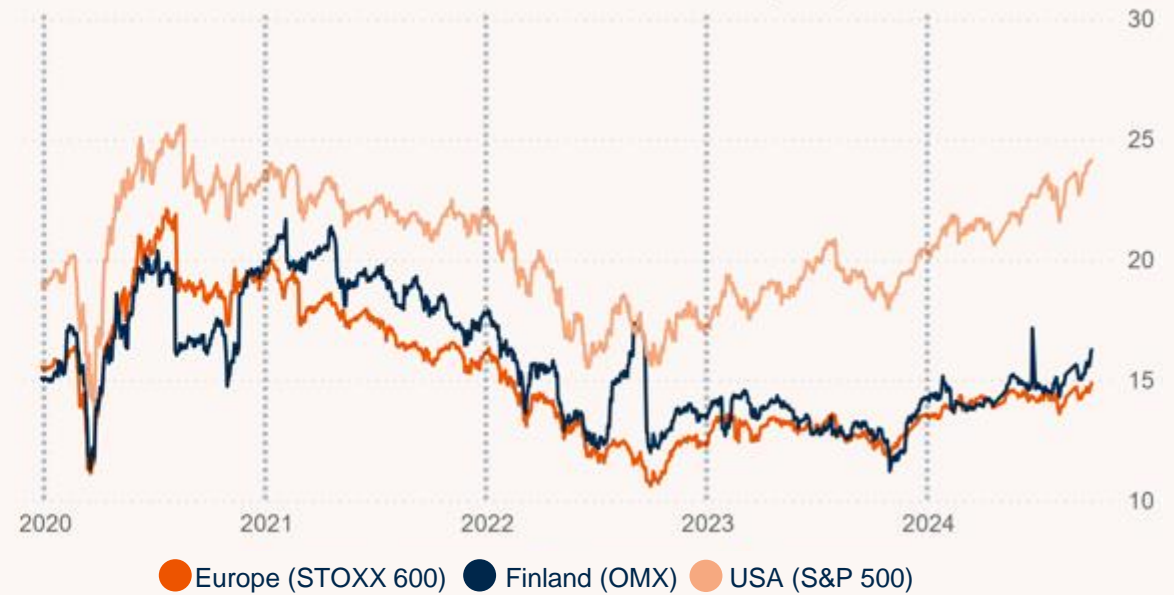
Stock markets have performed steadily despite fears of a downturn in July–August.

- The return on equity investments in the USA was 22.1 per cent and in Europe 11.7 per cent.
- In Finland, the return on equity investments was just 8.8 per cent.

Equity market performance



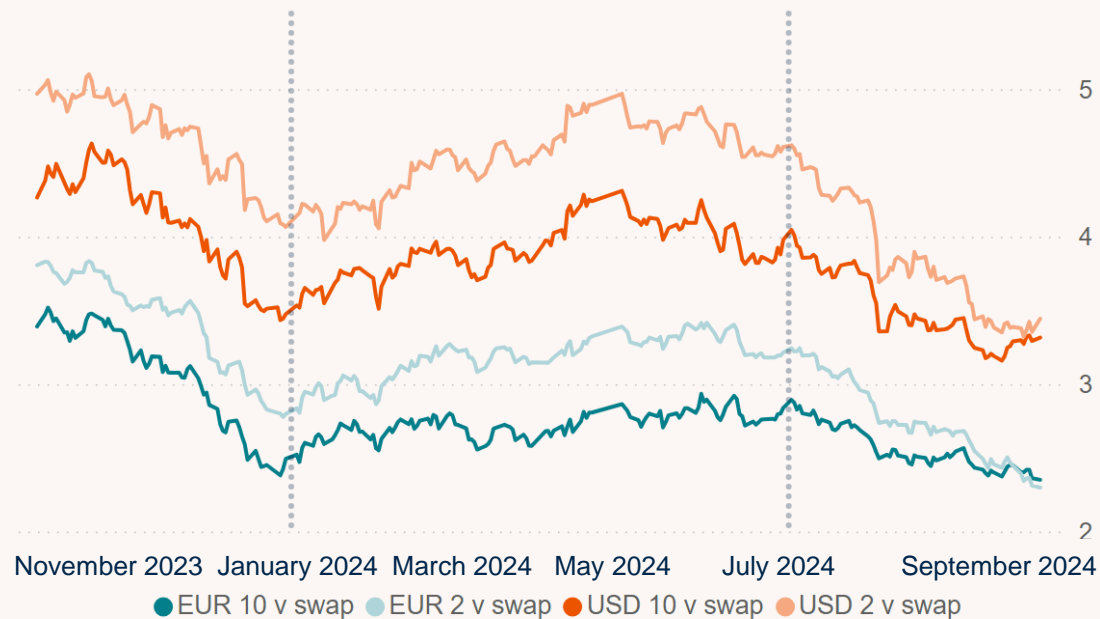
Stock valuation level (P/E based on 12-month forecasts)



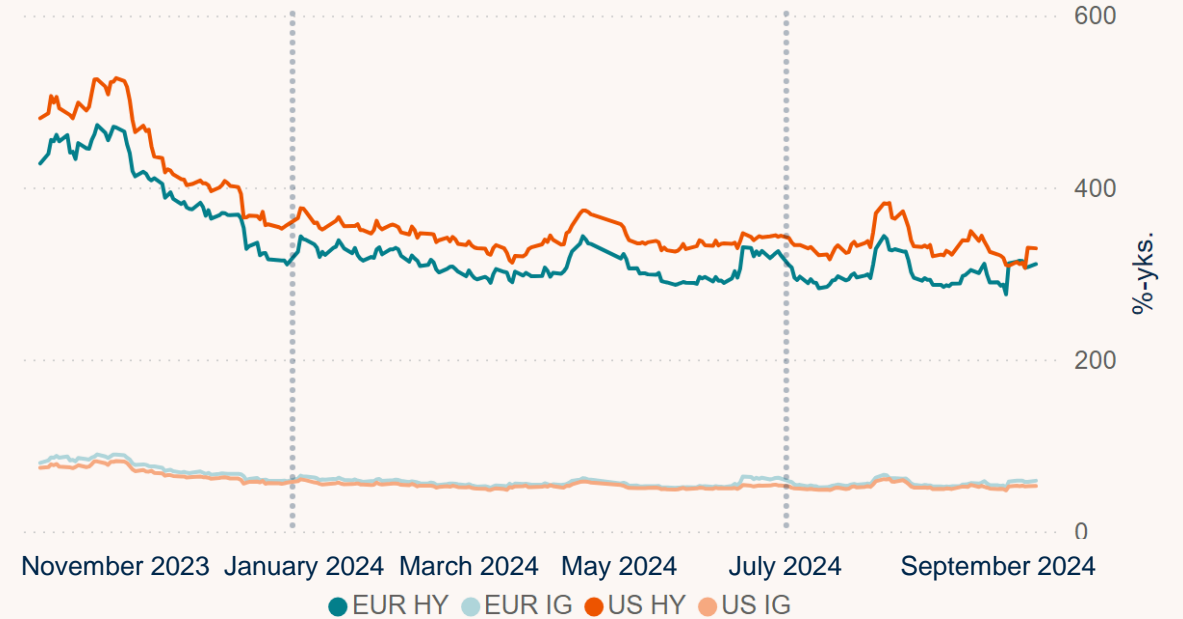
Interest rates fell after the summer and markets expect central bank rate cuts to continue

Credit risk premiums have remained reasonably low and stable

Development of interest rates

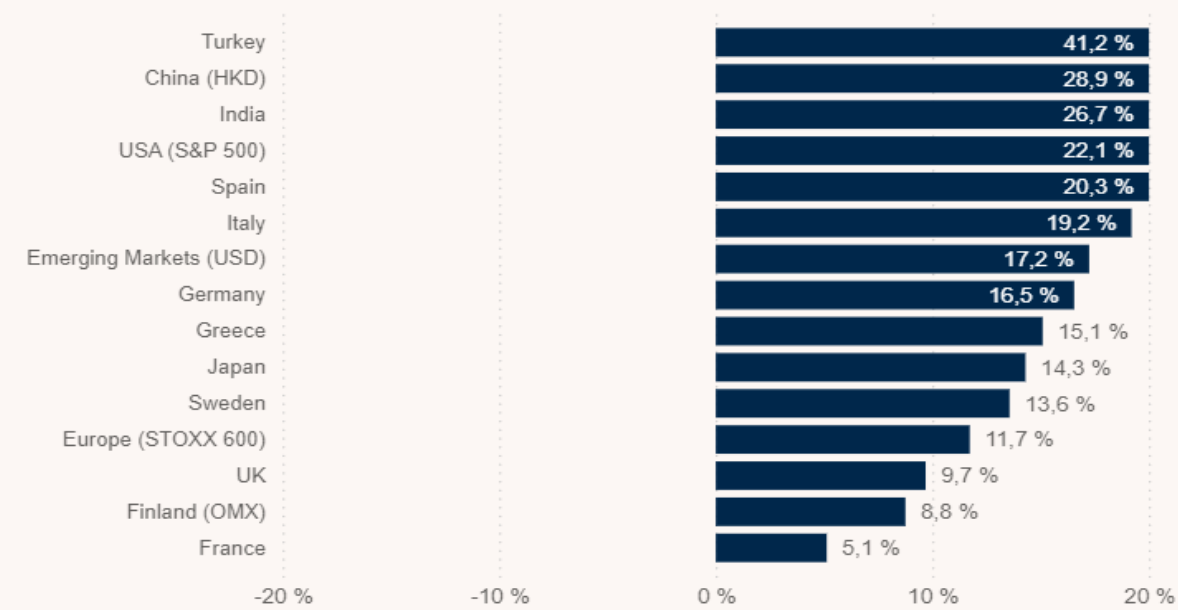


Development of credit risk premiums

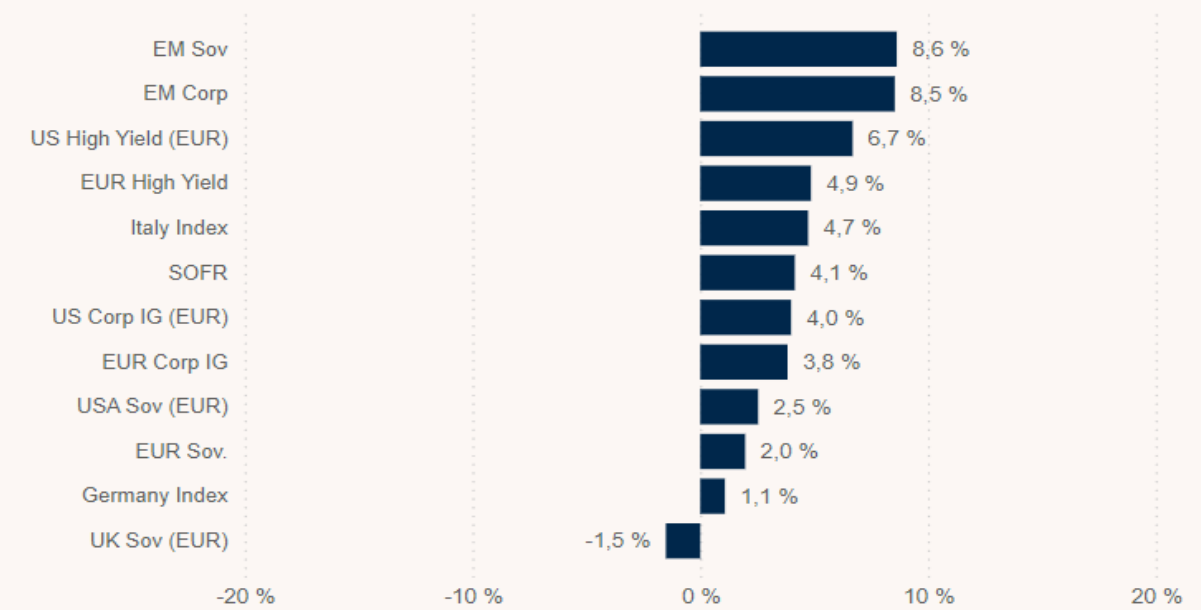


Market development (30 September 2024)

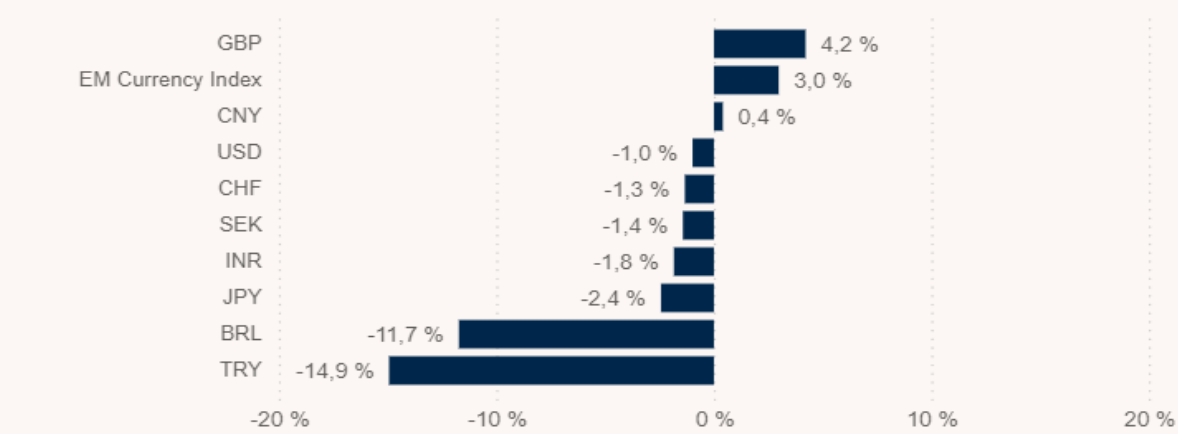
Equity market YTD %



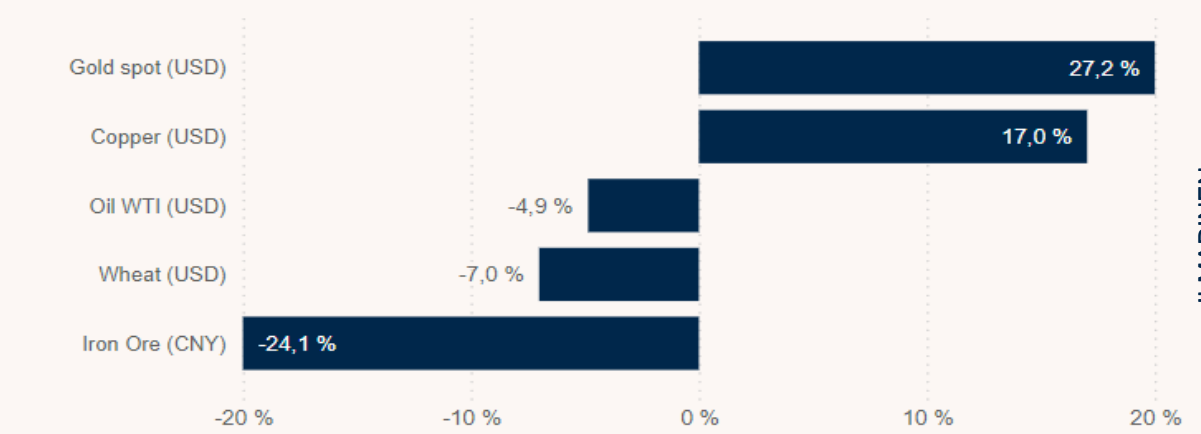
Fixed income YTD %



Currency against the euro YTD %

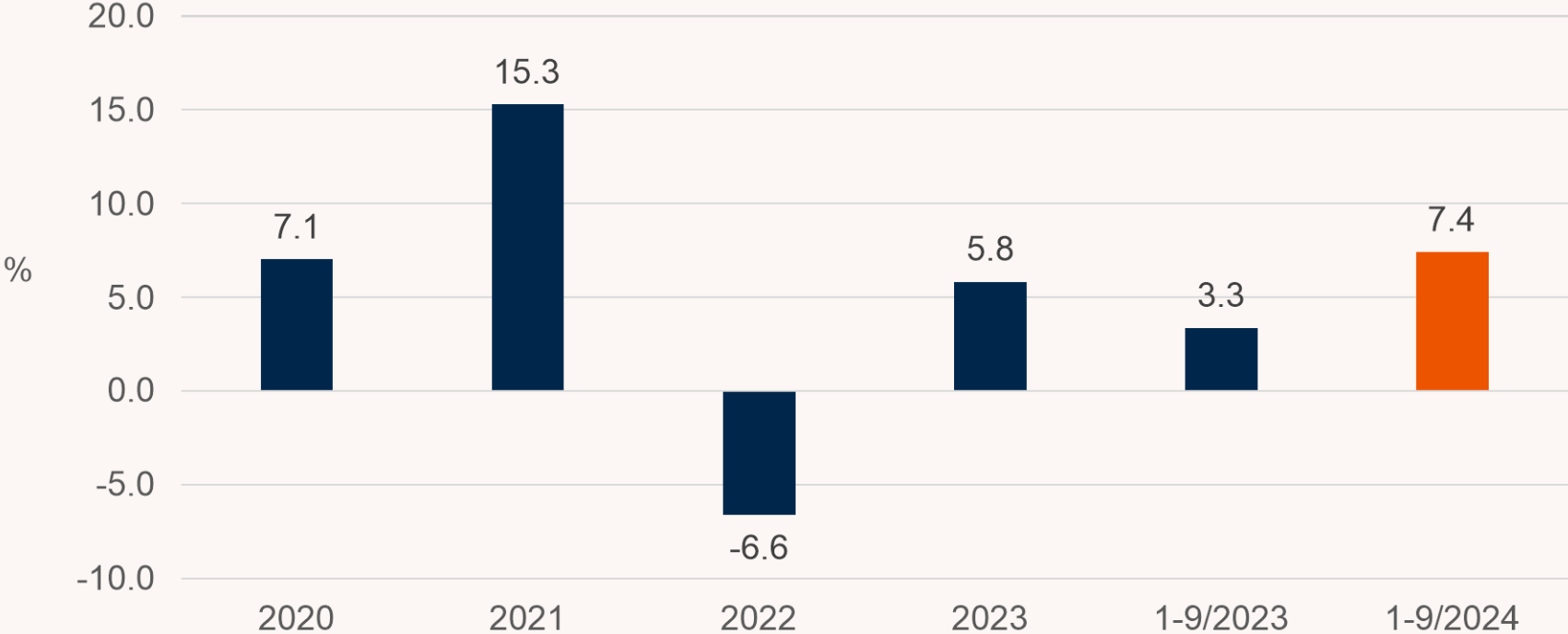


Commodities YTD %



The return on the investment portfolio was 7.4 per cent, or EUR 4.4 billion

Return on investments

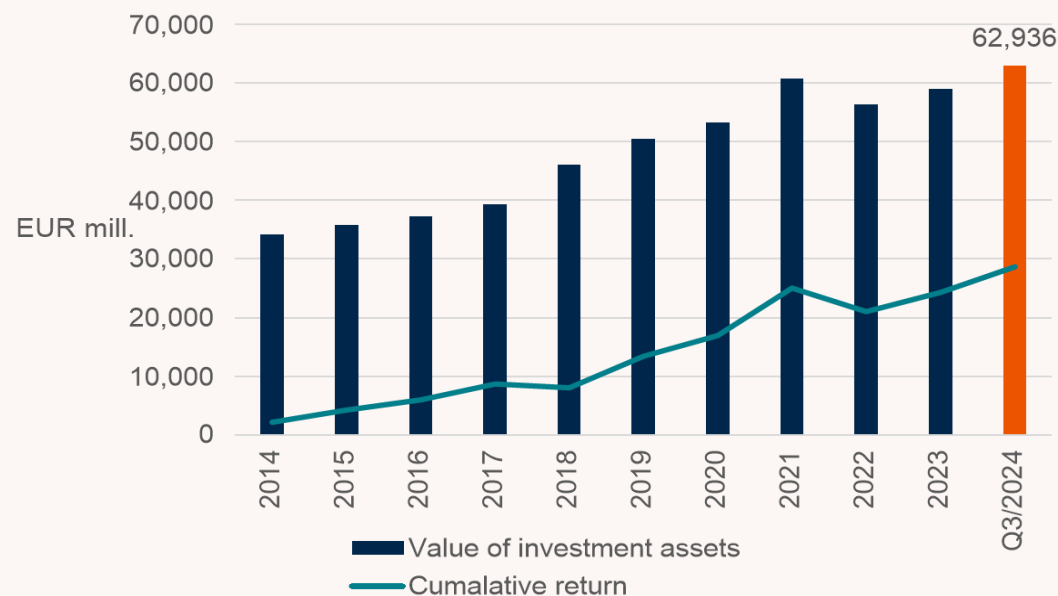


Average nominal return on investments over 5 years 6.3 per cent and real return 2.8 per cent

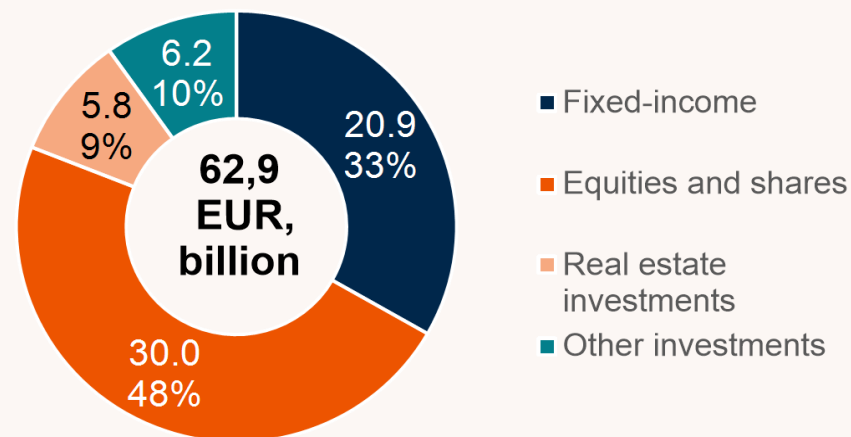
Value of investments EUR 62.9 billion, long-term nominal return 5.8 per cent per annum

The cumulative return on investments from the start of 2014 was EUR 28.7 billion

Value of investments and cumulative return
2014–30 September 2024, EUR mill. €



Breakdown of investments, 30 September
2024



Average nominal return on investments over 10 years 5.7 per cent and real return 3.7 per cent

Return on Ilmarinen's investment portfolio

7.4 per cent

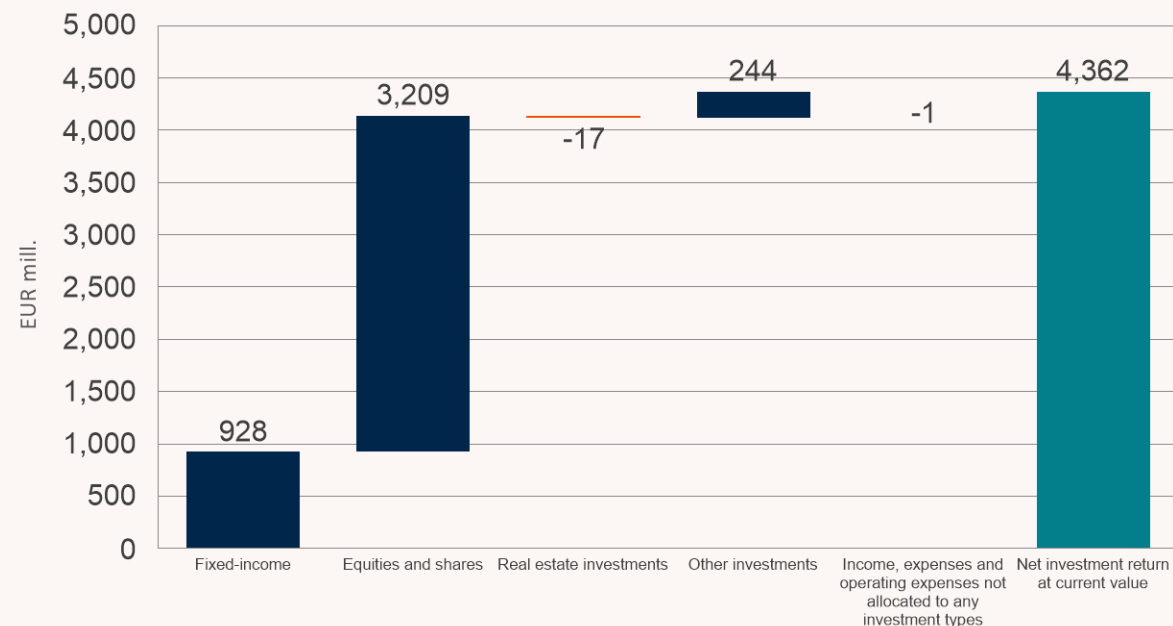
Positive investment returns are driven by the listed equity market and fixed-income investments

Return January–September, per cent

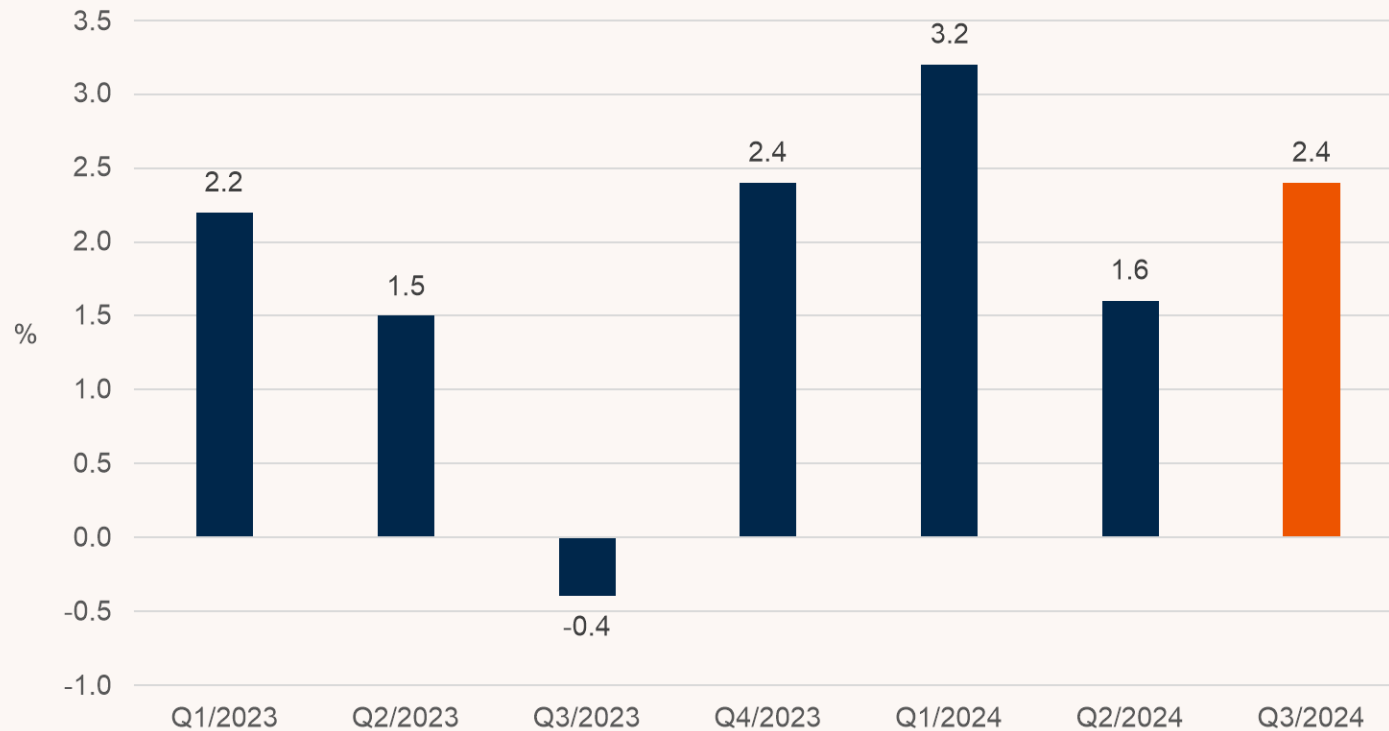
	1-9/2024	1-9/2023	2023
ROCE, %	7.4	3.3	5.8
Fixed-income	4.6	4.7	8.4
Equities and shares	11.9	5.0	10.1
Real estate investments	-0.3	-1.6	-13.5
Other investments	4.0	-2.0	1.8

Calculated from 1997, the average annual return at current value has been 5.8 per cent per annum. This corresponds to an annual real return of 3.9 per cent.

Return by type of investment, EUR mill. €



Investment return for the third quarter was 2.4 per cent, or EUR 1.5 billion

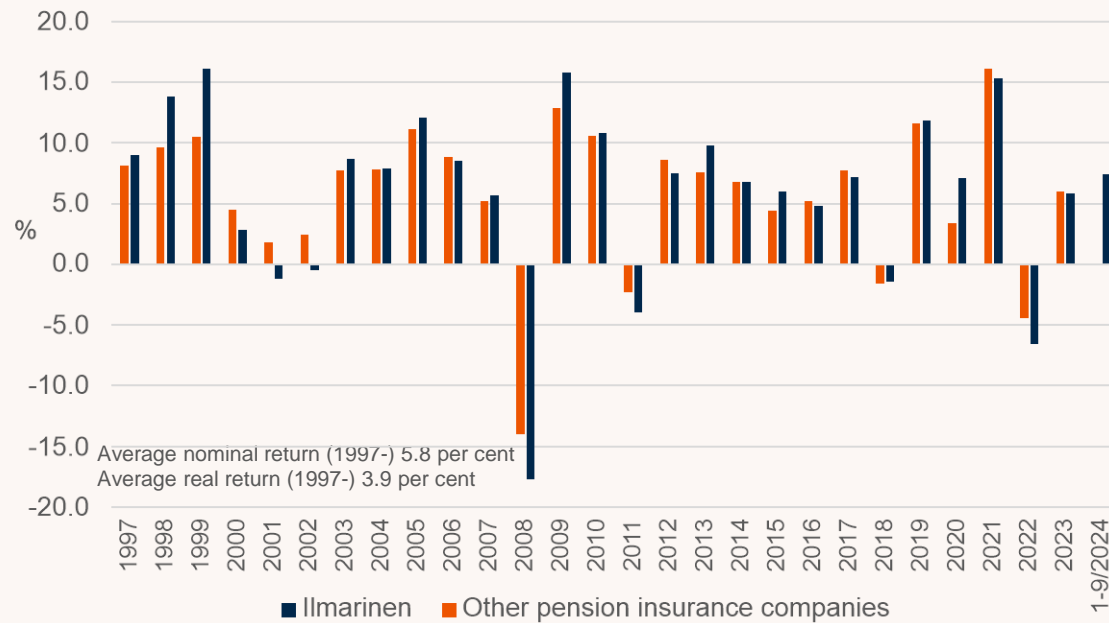


Positive investment returns are driven by the listed equity market and fixed-income investments

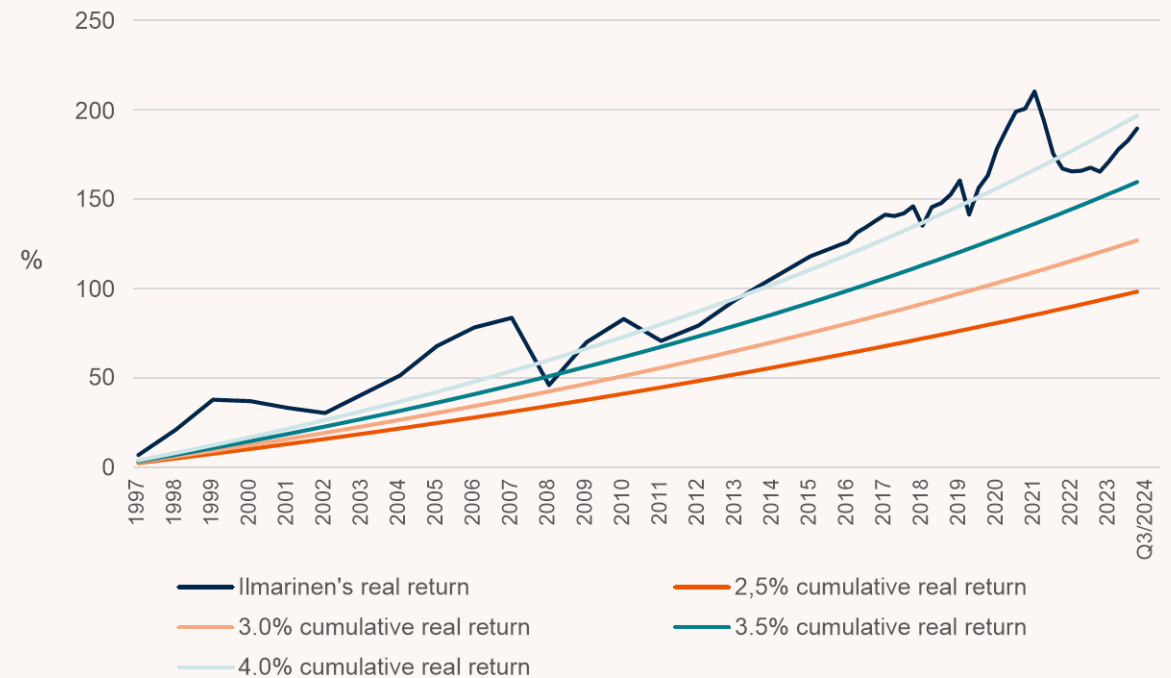
Returns on equity investments were positive globally at the end of September.

Long-term average nominal return 5.8 per cent per annum, or 3.9 per cent in real terms

Net return on investments at current value



Cumulative return on investments 1997–30 September 2024



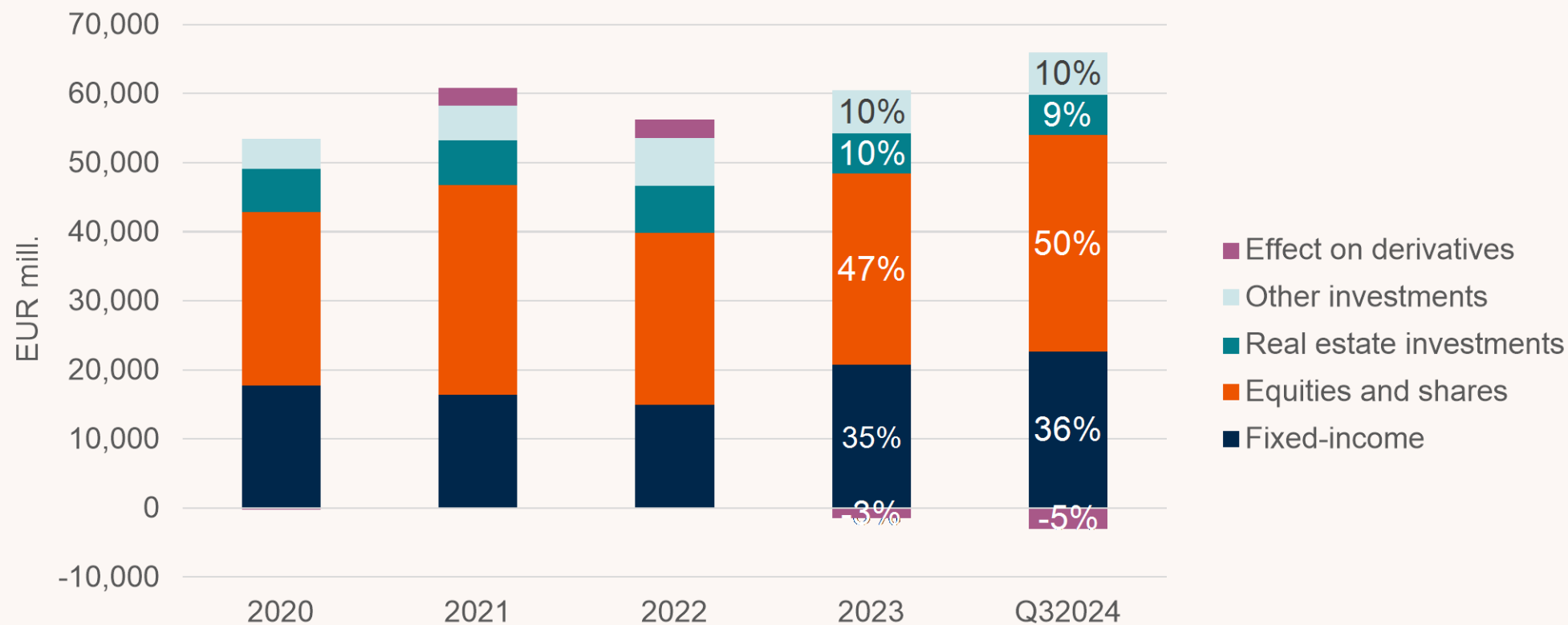
Long-term return at a good level

Average return of different markets

	Ilmarinen	Finnish equities and shares	European equities and shares	Euro government bonds	Euro corporate bonds
Q3/2024	2.4	5.0	2.6	4.1	3.3
2024	7.4	8.8	11.7	1.9	3.7
2023	5.8	-0.6	15.8	7.2	8.2
Average return over 5 years	6.3	7.4	8.5	-2.6	-0.5
Average return over 10 years	5.7	9.0	7.1	0.5	1.0
Average return over 20 years	5.5	9.3	6.9	2.7	2.8
Average return since 1997	5.8	9.4	6.8	3.7	3.7
Real average return over 5 years	2.8	3.9	4.9	-5.8	-3.8
Real average return over 10 years	3.7	6.9	5.0	-1.4	-0.9
Real average return over 20 years	3.5	7.3	4.9	0.8	0.8
Real average return since 1997	3.9	7.4	4.9	1.8	1.8

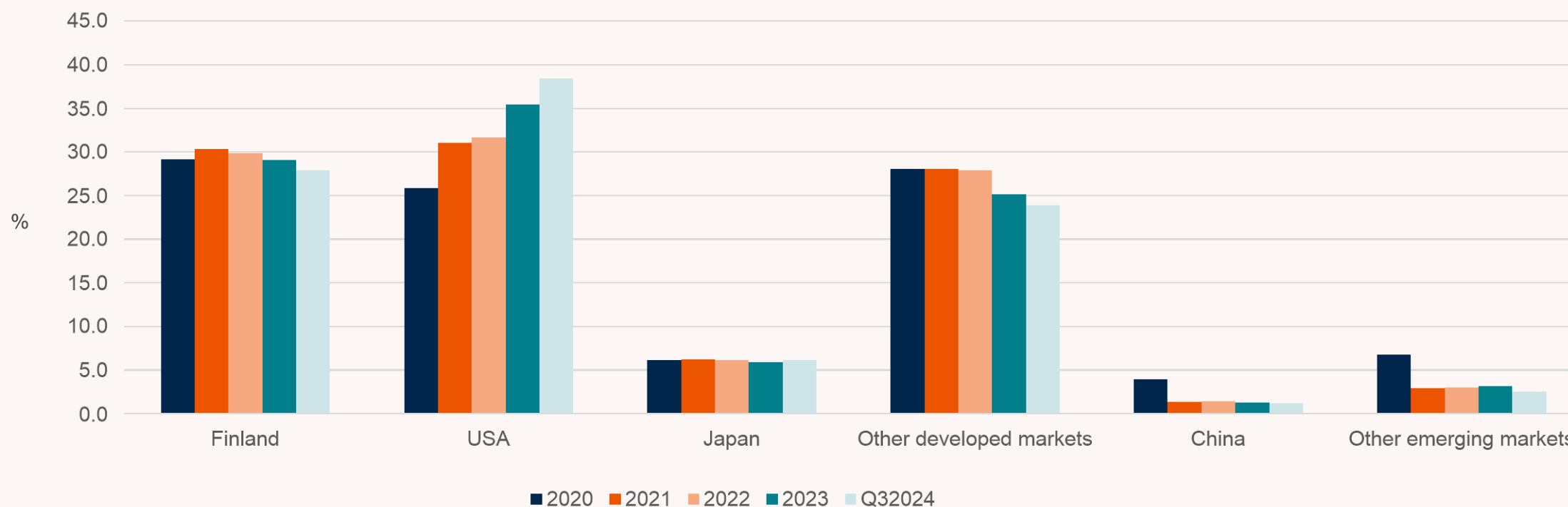
Share of equity investments increased to 50 per cent

Breakdown of investment risks



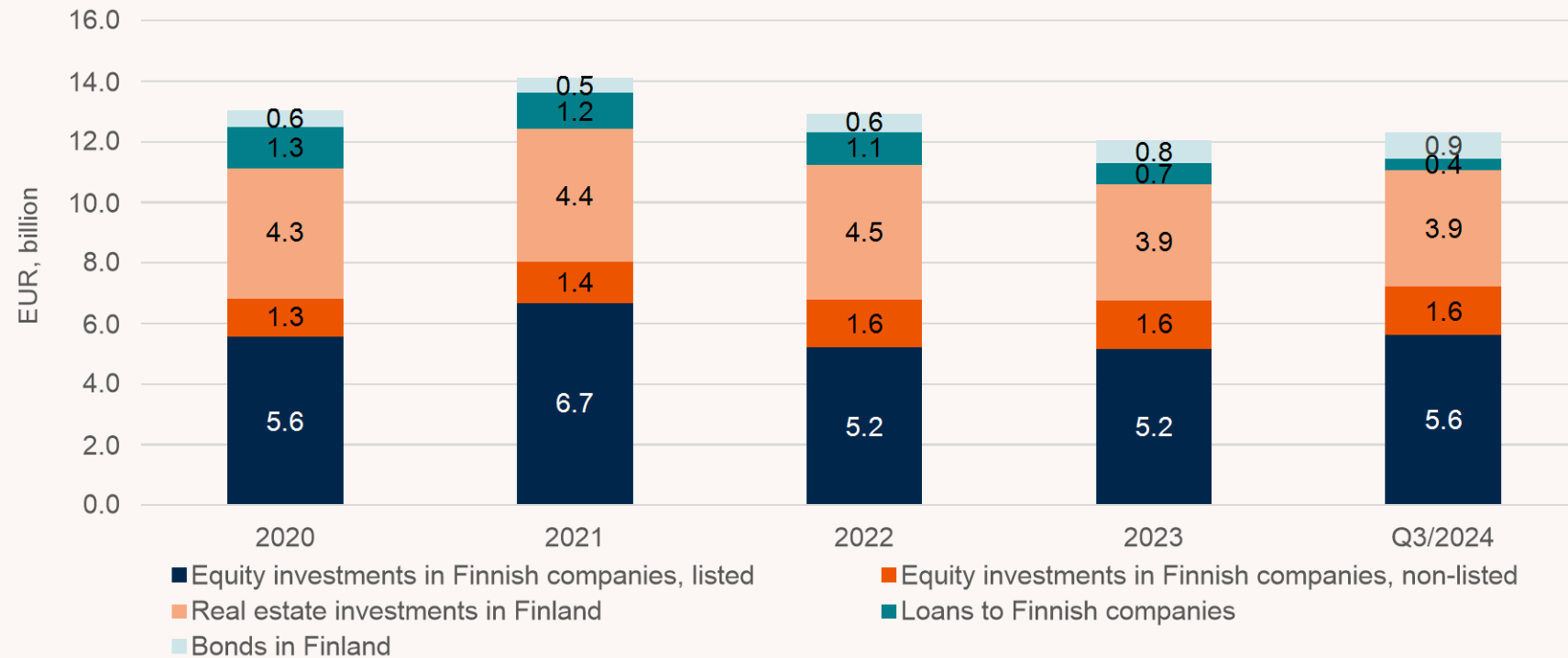
Share of Finnish listed equity investments 28 per cent

Geographical breakdown of listed equities



Ilmarinen's investments in Finland were EUR 12.3 billion, or 20 per cent of the investment portfolio

Investments in Finland 2020–30 September 2024, EUR billion



Holdings in Finnish publicly listed companies EUR 5.6 billion

Largest Finnish listed equity holdings

EUR mill.	30.9.2024	31.12.2023	Ownership percentage	30.9.2024	31.12.2023
↑ Wartsilä Corporation	342	197	↓ Nurminen Logistics Oyj	14.9	14.9
↑ Kone Corporation	324	318	SRV Yhtiöt Oyj	11.4	11.4
↑ Nokia Corporation	316	232	Digia Oyj	9.9	9.9
↓ Nordea Bank Abp	299	321	↓ Administer Oyj	8.7	8.7
↑ Orion Corporation	279	204	Solteq Oyj	8.5	8.5
↓ UPM-Kymmene Corporation	279	305	Kojamo Oyj	8.3	8.3
↑ Fortum Corporation	268	262	↓ Siili Solutions Oyj	7.5	7.5
↓ Kesko Corporation	261	263	Glaston Oyj	7.3	7.3
↓ Neste Corporation	260	302	↓ Citycon Oyj	7.2	7.4
↑ Sampo Plc	254	239	Panostaja Oyj	6.9	6.9

Summary of return on investments for January–September

	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
Fixed-income investments	20.935	33	22.624	36	4.6	
Loan receivables	1.093	2	1.093	2	5.4	
Bonds	18.898	30	22.372	36	4.6	4.6
Public corporation bonds	7.589	12	9.472	15	3.1	
Other bonds	11.309	18	12.900	20	5.5	
Other money market instruments and deposits (incl. investment receivables and payables)	944	2	-841	-1	4.8	
Equities and shares	30.041	48	31.387	50	11.9	
Listed equities and shares	20.140	32	21.486	34	15.1	9.1
Private equity investments	8.280	13	8.280	13	6.2	
Non-listed equities and shares	1.621	3	1.621	3	4.3	
Real estate investments	5.789	9	5.789	9	-0.3	
Real estate investments	5.042	8	5.042	8	0.1	
Real estate funds and joint investments	747	1	747	1	-3.3	
Other	6.171	10	6.193	10	4.0	
Hedge fund investments	5.312	8	5.312	8	6.4	6.0
Other investments	860	1	881	1	-8.0	
Investments total	62.936	100	65.992	105	7.4	3.4
Effect of derivatives			-3.056	-5		
Investments at current value	62.936	100	62.936	100	7.4	

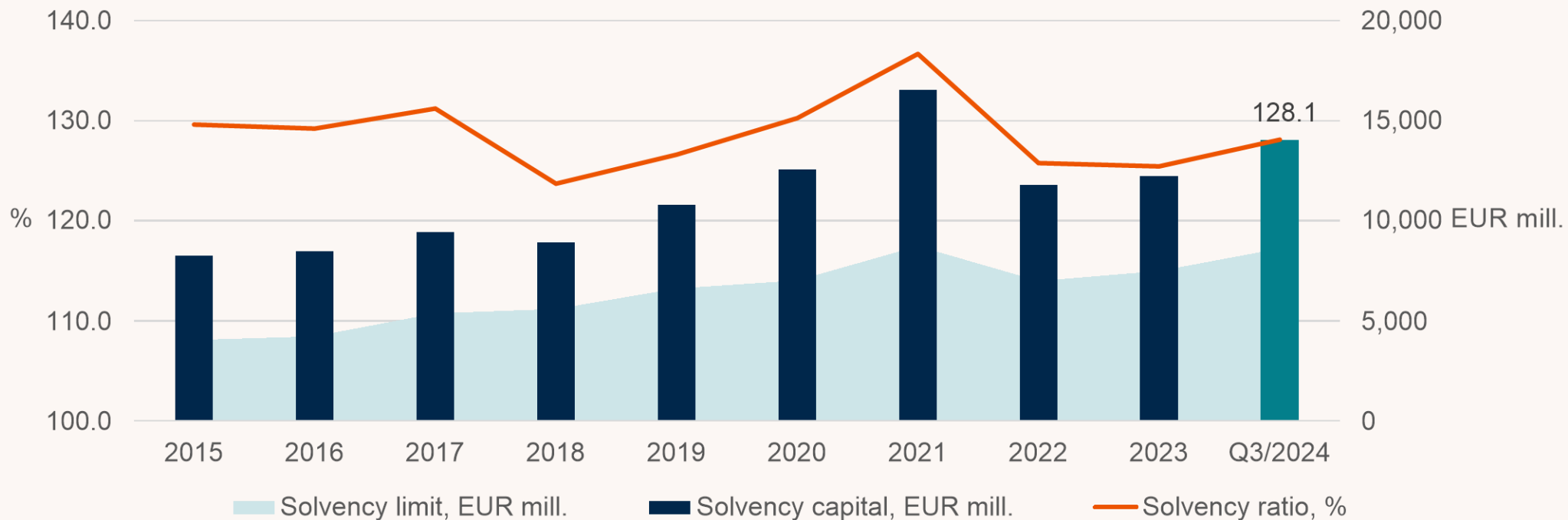
The modified duration of bond investments is 4.4 years

The open currency position is 25.7% of the market value of the investments.

The total return percentage includes income, expenses and operating expenses not allocated to any investment types

Solvency capital rose to EUR 14.0 billion and the solvency ratio rose 2.7 percentage points to 128.1 per cent, while the solvency position stood at 1.6

Solvency capital, solvency ratio and solvency limit 2014–30 September 2024





**Future prospects,
current information
about the pension
system,
sustainability**

Future prospects

- Growth prospects are moderate and inflation has slowed. According to forecasts, the global economy will avoid recession. Global economic growth is expected to be around 3.2 per cent this year. Finland's economy is in a downturn and forecasts show that we will be back on a growth trajectory in 2025.
- Ilmarinen's premiums written are expected to grow as the earnings level rises.
- The speed at which inflation will slow and the pace at which central banks will ease their monetary policies are a source of uncertainty in the markets. Political uncertainty, in particular geopolitical risks, is a key factor of uncertainty.
- The key risks affecting Ilmarinen's operations and the earnings-related pension system are related to the development of employment and payroll, changes in disability pension incidence, uncertainty in the investment markets, the development of demographics, and the exceptionally low birth rate.



Current information about the pension system

- The average pension of Finns rose to EUR 1,977 in 2023, compared to EUR 1,845 in the previous year.
- The proposed TyEL contribution for 2025 is 24.85 per cent (24.81) of wages. This contribution includes the final repayment instalment of the temporary reduction in the employer's contribution (0.45 per cent).
- Pension reform is being prepared in accordance with the Government Programme with key labour market organisations in negotiations by the end of January 2025. The goal is to ensure the financial sustainability of the pension system and to secure an adequate level of benefits. The amendments must strengthen public finances in the long term by approximately 0.4 percentage points in relation to the GDP, representing some one billion euros.
- Finns' confidence in the pension system has remained high. According to the June 2024 Pension Barometer published by the Finnish Centre for Pensions, 70 per cent of respondents have confidence in the pension system and two out of three think that pension assets are managed reliably.
- The rise in prices and wages has levelled off from previous years. The employment pension index will rise by 1.3 per cent and the wage coefficient by around 2.2 per cent at the turn of the year, according to a proposal made by the Finnish Centre for Pensions to the Ministry of Social Affairs and Health. The employment pension index is used to increase pensions being paid and the wage coefficient is used to increase the career earnings of people retiring to the level of the year of retirement.
- The Finnish pension system was ranked seventh in the Mercer CFA Institute Global Pension Index 2024. The comparison included 48 countries. For the 11th consecutive year, Finland received the highest ratings for the reliability and transparency of pension system governance.



Biodiversity in Finnish real estate

- We published a biodiversity plan for our Finnish real estate investments.
 - It specifies the actions in the real estate business of Ilmarinen's biodiversity roadmap covering all its investment activities, published in October 2022.
- The plan includes
 - operating principles for taking biodiversity into account throughout the life cycle of a building
 - targets and indicators for monitoring progress in biodiversity mainstreaming.
- We report on progress annually.



A large solar power plant at a property we own

- We strive to use all technically and economically feasible ways of ensuring local renewable energy production at our Finnish properties.
- A large solar power plant was completed on the roof of a logistics centre we own in Tuusula.
 - It has a capacity of 2 megawatts (MW).
 - It will produce 1.6 gigawatt hours (GWh) of electricity per year.
- This is the 12th solar power plant that has been built at Ilmarinen properties



ILMARINEN

We are preparing for a good
tomorrow.