



We are preparing for a good tomorrow

Ilmarinen's Interim Report
January–June 2024

Return on investments was 4.9 per cent, solvency strengthened and cost-effectiveness improved

- The return on Ilmarinen's investment portfolio was 4.9 (3.7) per cent, or EUR 2.9 billion. The market value of investments grew to EUR 61.1 (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 995 (605) million.
- Premiums written rose by 2 per cent to EUR 3,551 (3,493). Pensions paid rose by 7 per cent to EUR 3,845 (3,594) million.
- Net customer acquisition was EUR 51 (70) million and rolling customer retention for the previous 12 months was 96.6 (96.4) per cent.
- Operating expenses financed using loading income decreased 6 per cent to EUR 47 (50) million and were 0.33 (0.35) per cent of the TyEL payroll and YEL income of the insured.
- Solvency capital increased to EUR 13.2 (12.2) billion, and the solvency ratio strengthened to 126.7 (125.4) per cent.



Key figures January–June 2024

Premiums written

3.55 (3.49)
EUR bill.



Operating expenses
financed using
loading income

47 (50)
EUR mill.



Return on
investments

4.9 (3.7)
%



Solvency ratio

126.7 (125.4)
%



3.85 (3.59)
EUR bill.

Pensions paid

0.33 (0.35)
%

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

61.1 (58.9)
EUR bill.

Investment assets

13.2 (12.2)
EUR bill.

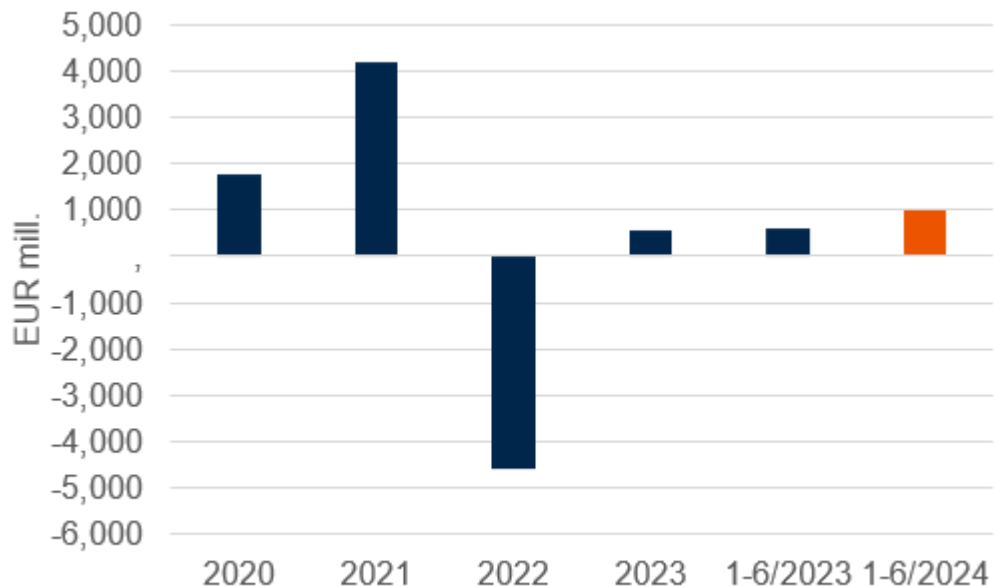
Solvency capital

^{*)} 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–June rose to EUR 995 million

Total result, EUR mill.



Sources of profit, EUR mill.

Result analysis, EUR mill.	1.1.– 30.6.2024	1.1.– 30.6.2023	1.1.– 31.12.2023
Underwriting result	8	16	38
Return on investments at current value	988	587	527
+ Net return on investments at current value	2,864	2,061	3,272
- Return requirement on technical provisions	-1,876	-1,474	-2,744
Loading profit*)	-1	2	11
Other profit	0	0	3
Total result	995	605	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.

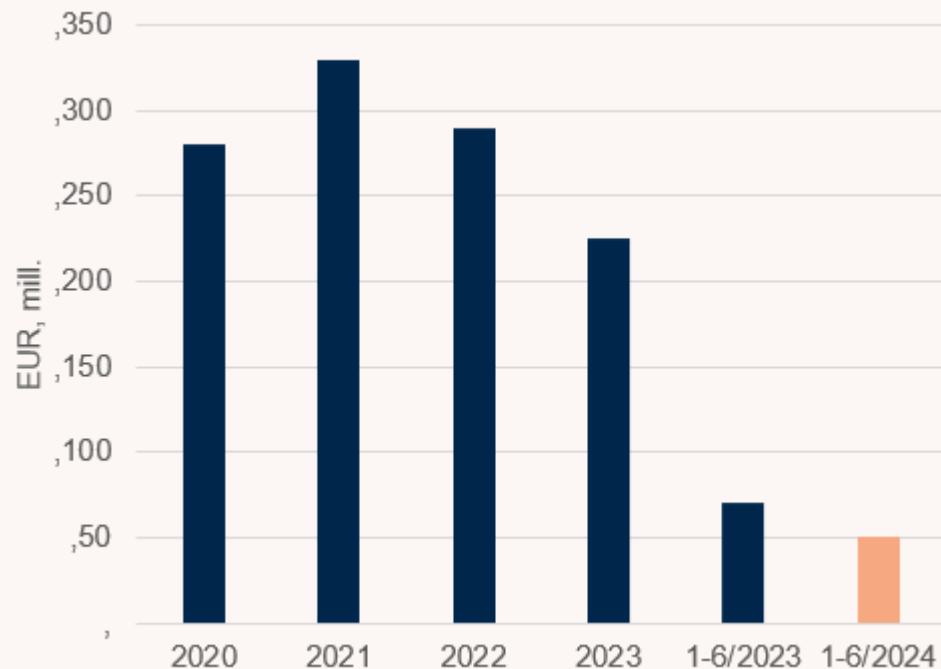


Pension security for you

Insurance and pensions

Net customer acquisition for January–June was EUR 51 million, customer retention was 96.6 per cent

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

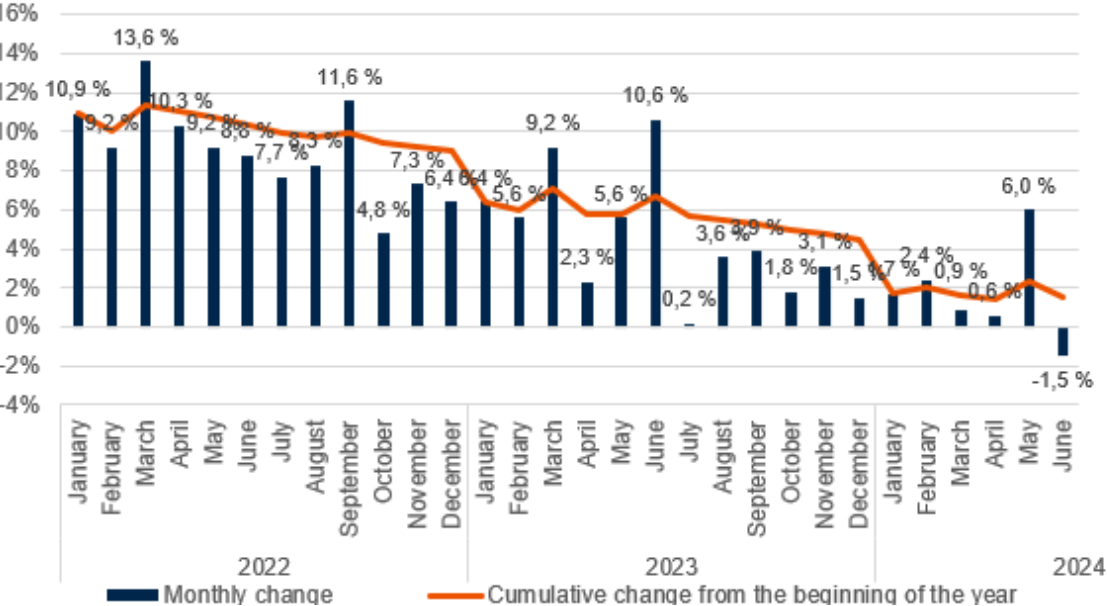


Net customer acquisition, EUR mill.

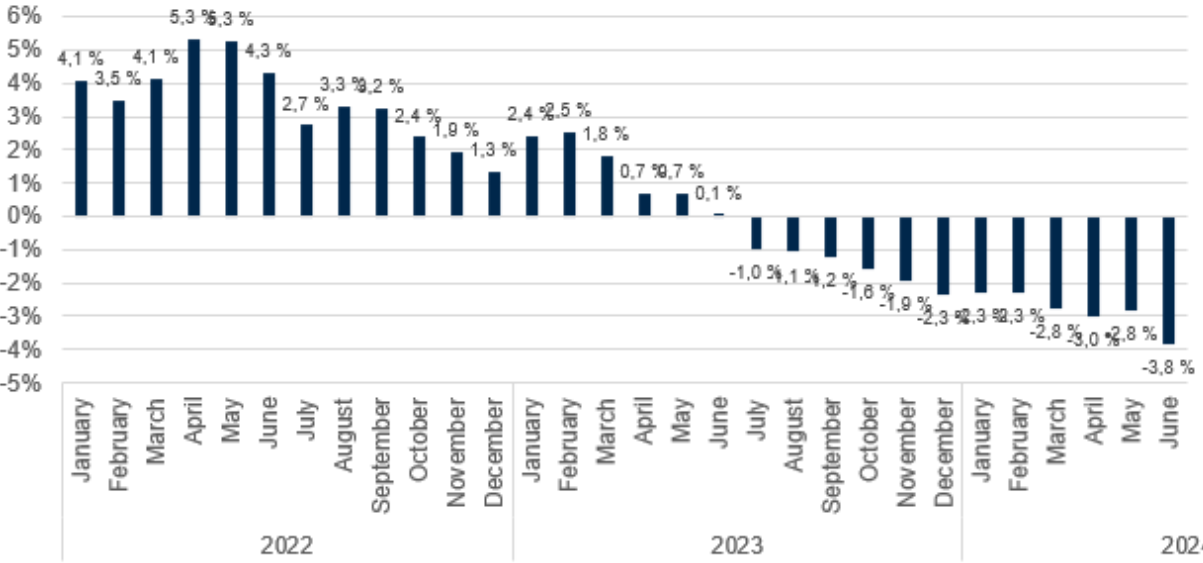
	1–6/2024	1–6/2023	2023
Net customer acquisition, EUR mill.	51	70	225
Sales of new insurance	55	100	155
Net transfer of insurance	-5	-30	70
Customer retention, % of premiums written	96.6%	96.4%	96.5%

The payroll sum for customers in January-June increased by 1.5% and the number of employees decreased by 2.8%

Change in payroll of Ilmarinen's customers from previous year

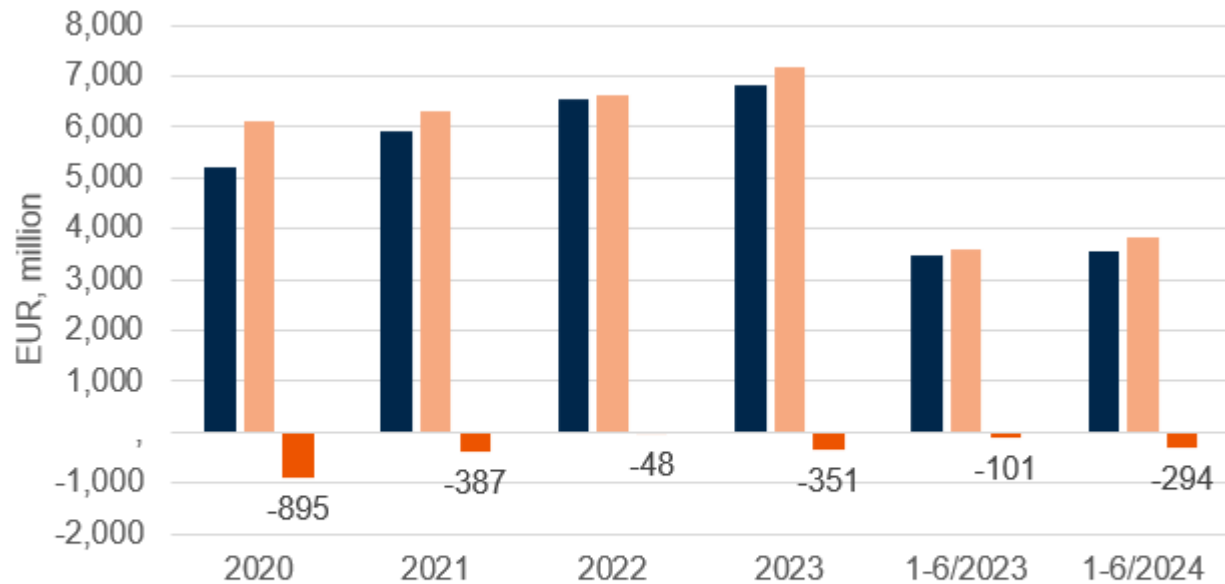


Change in number of employees in Ilmarinen's business cycle index



Premiums written grew 2 per cent to EUR 3.6 billion and pension expenditure grew 7 per cent to EUR 3.8 billion

Premiums written and pension expenditure, January–June 2024



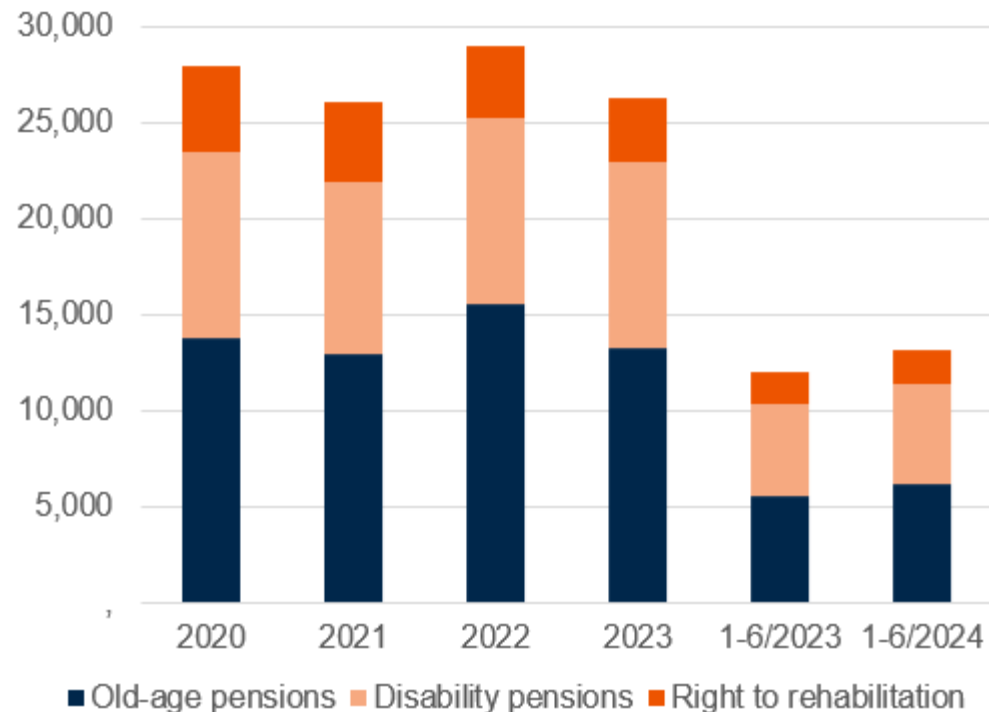
	1–6/2024	1–6/2023	2023	2022	2021	2020
Premiums written TyEL	3,326	3,280	6,418	6,164	5,534	4,833
Premiums written YEL	225	213	404	394	388	388
Total premiums written	3,551	3,493	6,822	6,558	5,922	5,220
Pensions paid TyEL	3,604	3,367	6,744	6,189	5,902	5,701
Pensions paid YEL	241	227	429	417	407	415
Pension expenditure, total	3,845	3,594	7,173	6,606	6,309	6,116

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

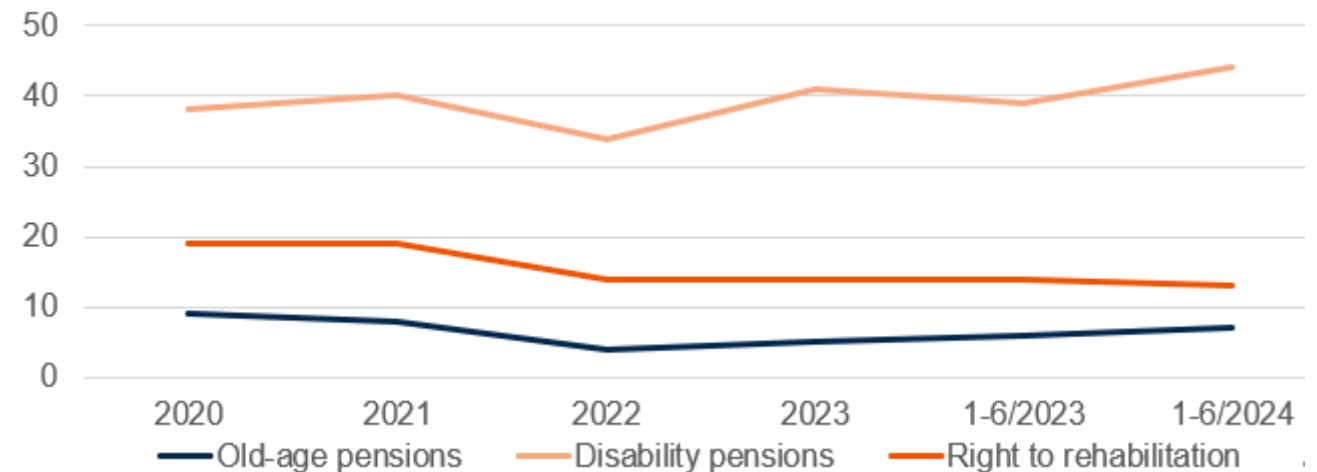
Ilmarinen made 2,962 more new pension decisions in January–June compared to the previous year

Old-age pension decisions were issued in seven days on average The number of partial old-age pensions was up 86% on the previous year

Number of pension decisions*



Average application processing time, days

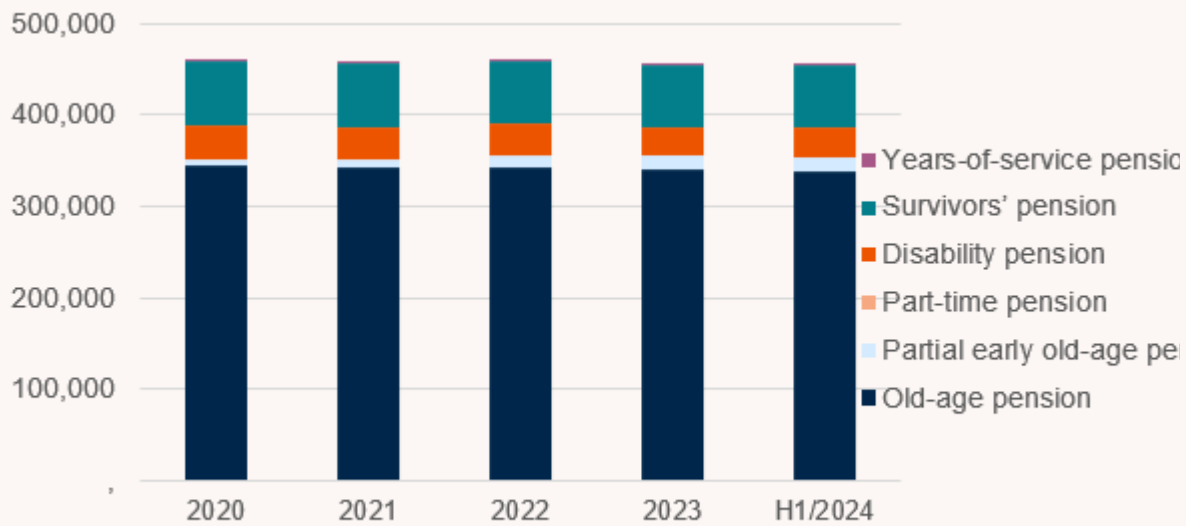


* The figure does not include new decisions on partial early old-age pensions, years-of-service pensions and survivors' pensions (4,671).

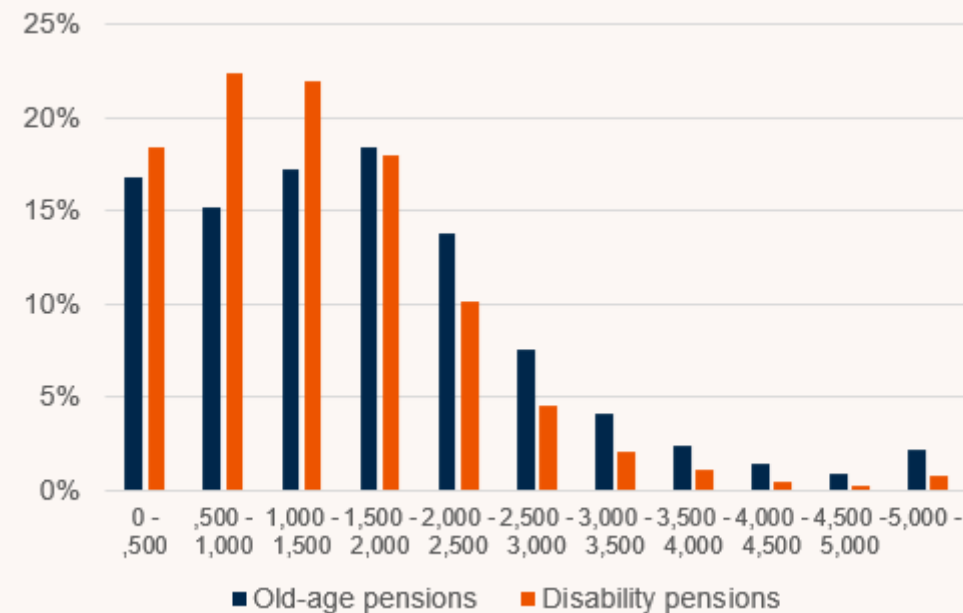
We paid EUR 3.8 billion in pensions to 454,000 pensioners

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

Ilmarinen's pension recipients



Distribution of paid old-age and disability pensions by size





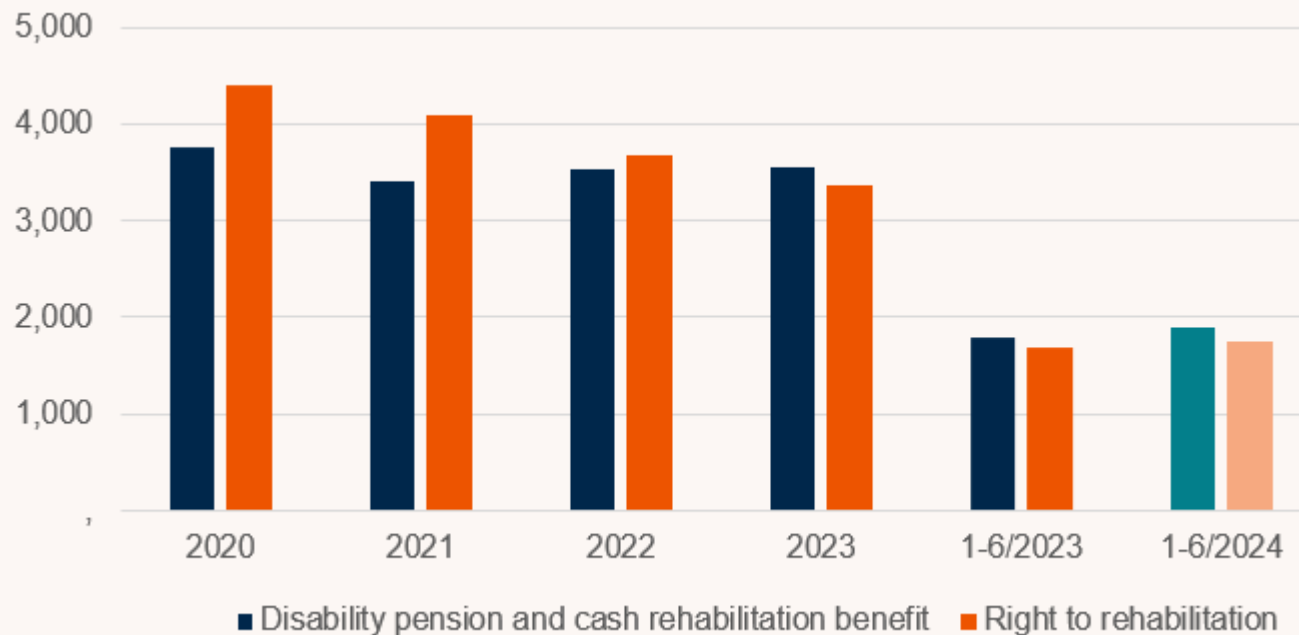
For a better working life

Work ability risk management
and rehabilitation

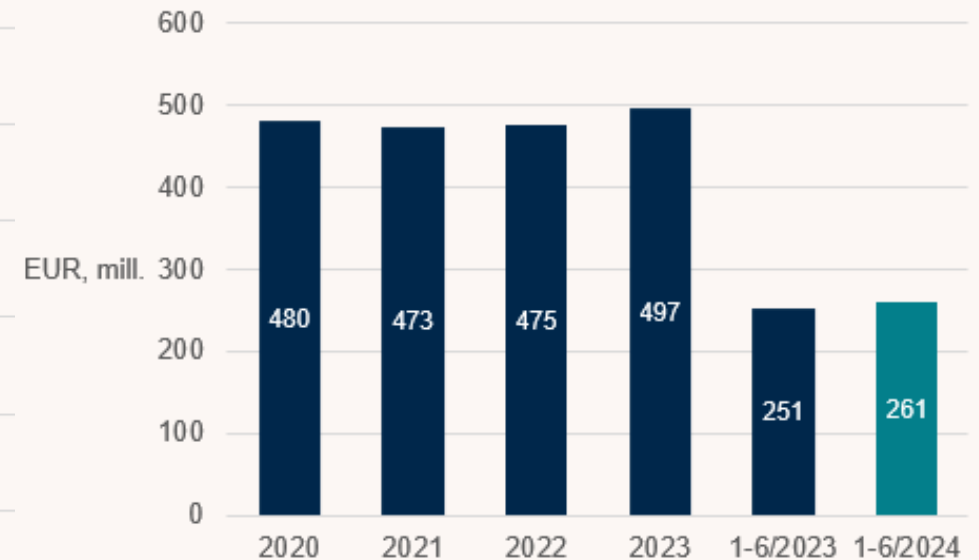
1,889 persons transitioned to a disability benefit, which is 5 per cent more than in the previous year

Disability pension expenditure rose by EUR 9.6 million.

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

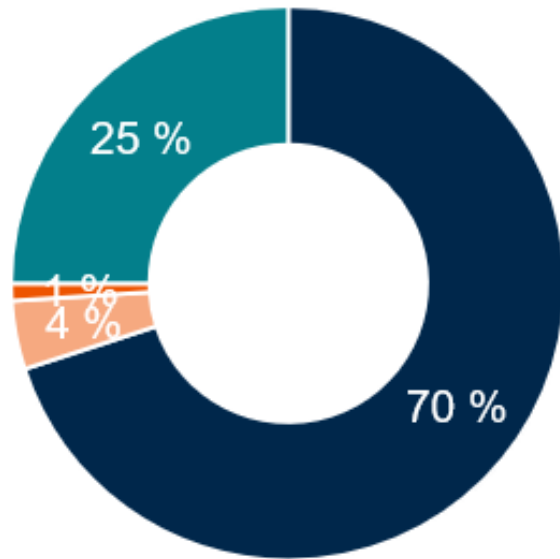


Disability pension expenditure, EUR mill.



Work ability projects numbered 949 and covered 81,835 employees

Work ability project themes and customer satisfaction in January–June 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 79 (1-6/2024)

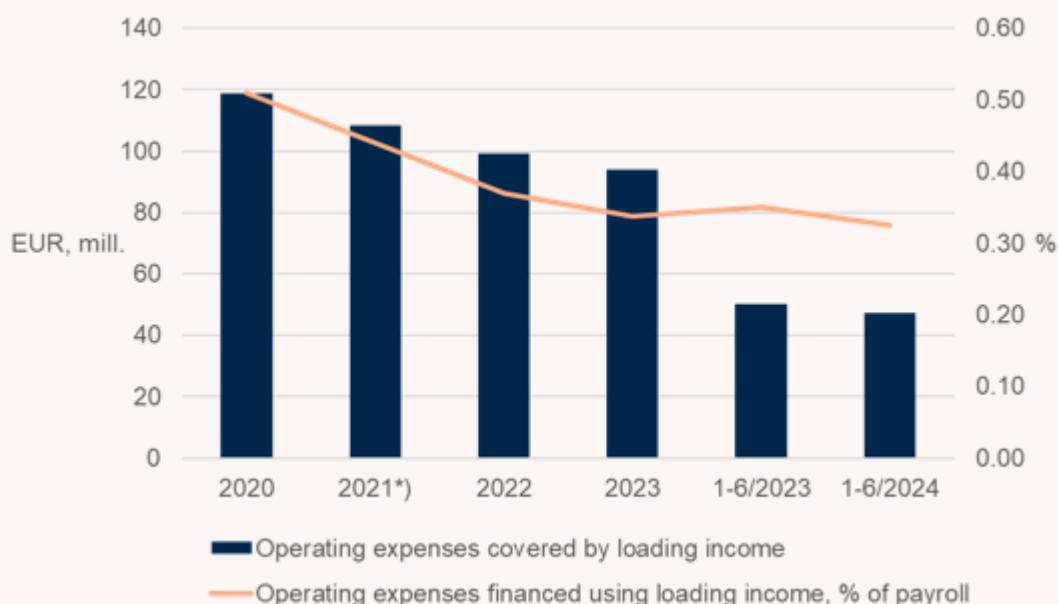


Cost-effective operations

Operating expenses and personnel

Operating expenses financed using loading income decreased 6 per cent to EUR 47 million and were 0.33 per cent of the payroll

Total operating expenses, operating expenses financed using loading income and operating expenses using loading income of payroll 2020–30 June 2024 *) **)



	1-6/ 2024	1-6/ 2023	2023	2022	2021	2020
Total operating expenses, EUR mill.	73	76	146	151	157	158
Operating expenses covered by loading income, EUR mill.	47	50	94	99	108	119
Operating expenses financed using loading income, % of payroll*)	0.33	0.35	0.34	0.37	0.44	0.51
Operating expenses financed using loading income per pension recipients and insured, EUR	41	43	83	87	96	109

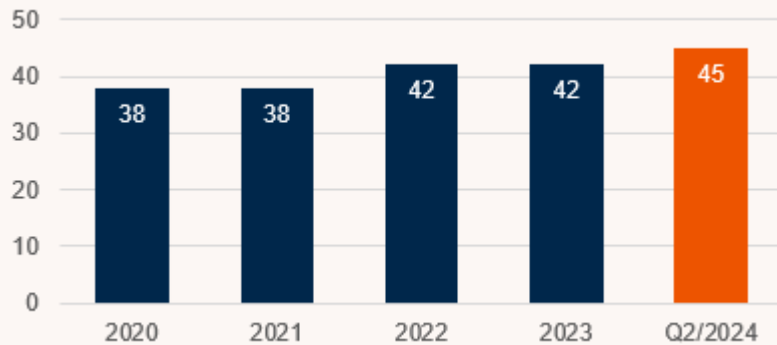
*) Operating expenses and operating expenses financed using loading income are presented above without the one-time write-down of EUR 18.2 million for intangible assets made in the financial statements for 2021

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

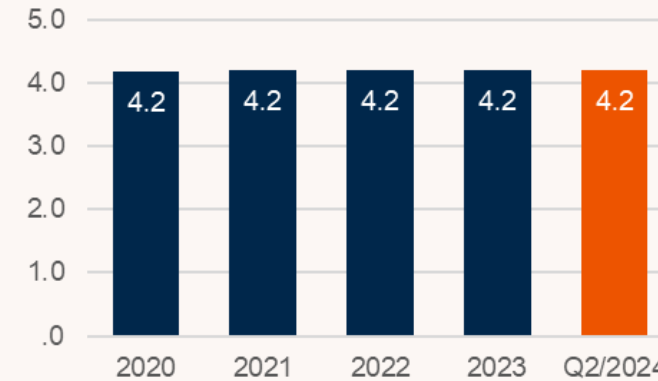
The energy level of personnel remained at an excellent level at 4.2.

Number of absences due to illness on the decline

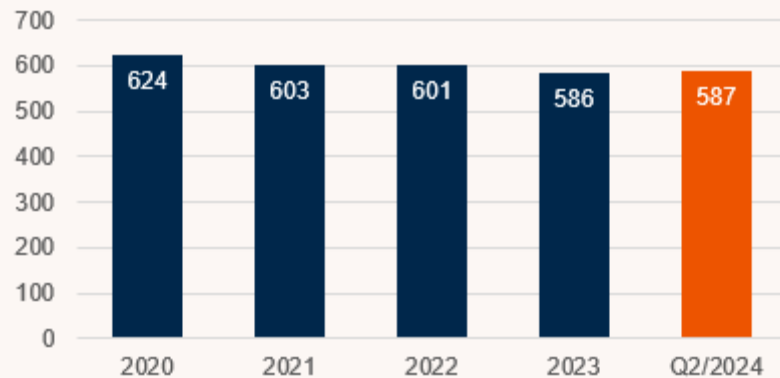
Employee Net Promoter Score (eNPS)



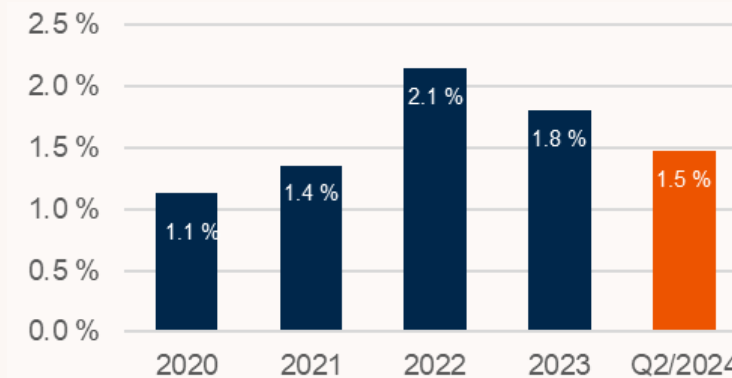
Personnel's average energy level (1–5)



Average number of employees (person years)



Lost work time due to sick leave





Profitably, securely and responsibly

Investment activities

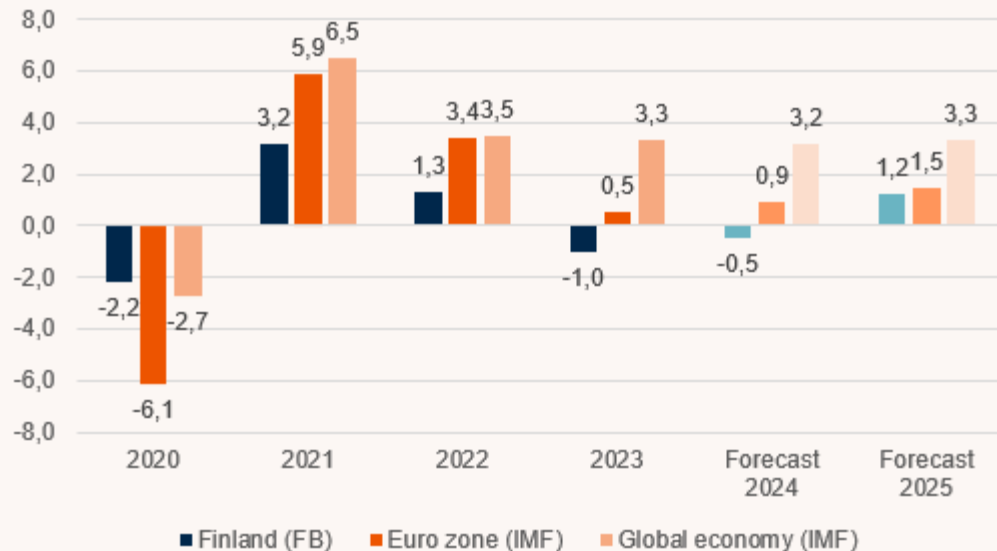
Key observations about the operating environment

- The global growth forecast for 2024 rose slightly to 3.2 per cent. In the USA, economic development has been stronger than expected, at the same time slowing the decline of inflation. In Europe, economic growth is predicted to improve to 0.9 per cent during 2024. Finland's economy is in a downturn and forecasts show that we will be back on a growth trajectory at the end of the year.
- Inflation has slowed more slowly than expected, especially in the US, which has delayed the Fed's interest rate cuts. The year-on-year change in consumer prices in June was 2.5 per cent in the euro zone and 3.0 per cent in the USA. During the first half of the year, there was a significant shift towards more moderate interest rate expectations: in June, both the ECB and the Fed were expected to cut interest rates by just under 0.5 percentage points for the rest of the year.
- The US stock market (S&P 500 index) returned 15 per cent in January-June. Europe's STOXX 600 index's return for January-June was 9 per cent. The Helsinki Stock Exchange's return on investments was 3.5 per cent for H1.

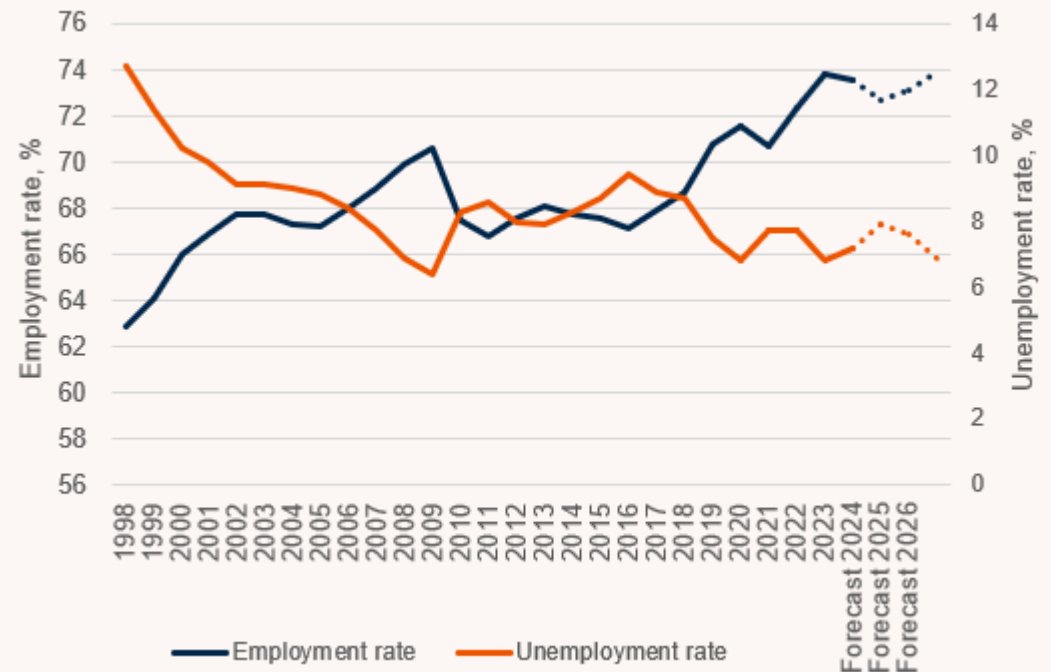


The global economic growth forecast is 3.2 per cent for 2024, Finland's economy is expected to contract by 0.5 per cent

GDP development, %



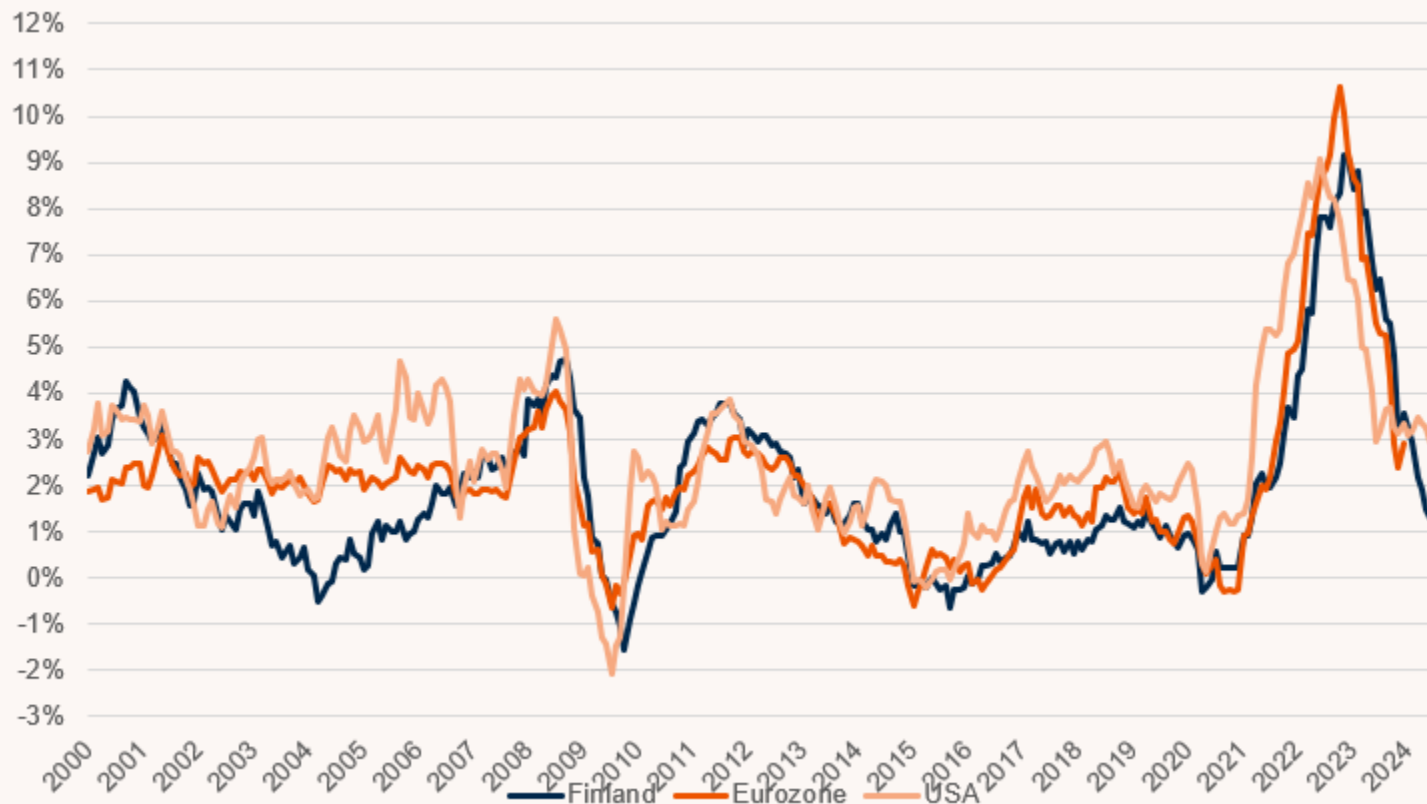
Development of Finland's employment and unemployment rates, %



Sources: Bank of Finland 6/2024, IMF 7/2024, VM 6/2024

Slowing inflation and the moderate improvement in the growth outlook have reduced the risk of a recession

Year-on-year change in consumer prices



- In June, inflation was 3.0 per cent in the USA, 2.5 per cent in the euro zone and 1.3 per cent in Finland.
- The slowdown in inflation was slower than expected in the early part of the year, especially in the US, which has delayed the Fed's rate cuts.
- 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.

The weaker return on the Finnish equity market in Q1 was the result of muted earnings performance

- The return on equity investments in the USA was 15 per cent and in Europe 9 per cent.
- In Finland, the return on the equity market was just 3.5 per cent in January–June.

Equity market performance



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



Interest rate expectations moderated during the first half of the year

Credit risk premiums have remained reasonably low and stable

Development of interest rates

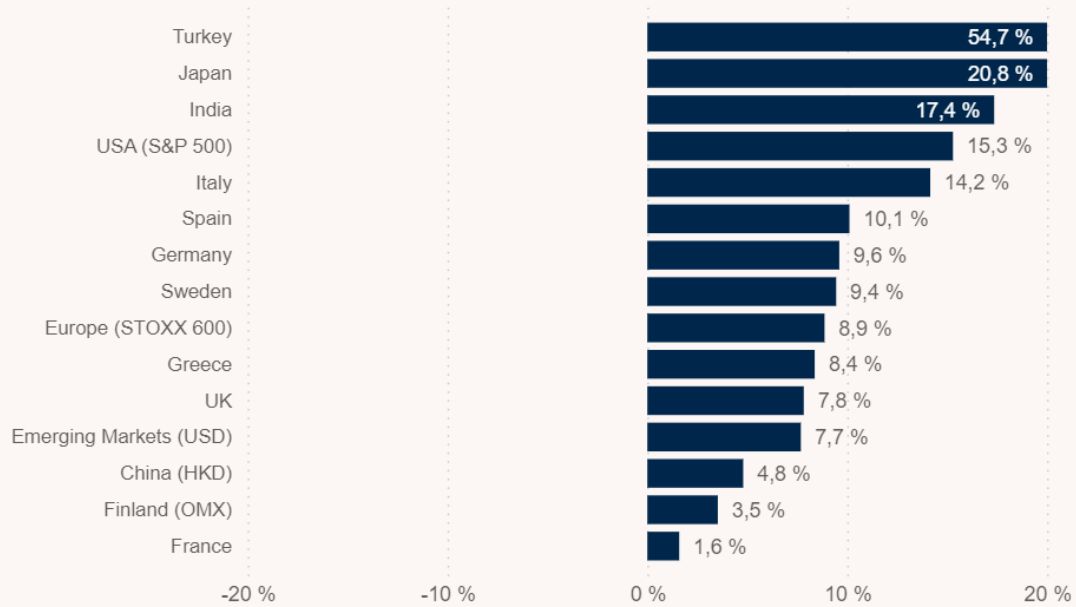


Development of credit risk premiums

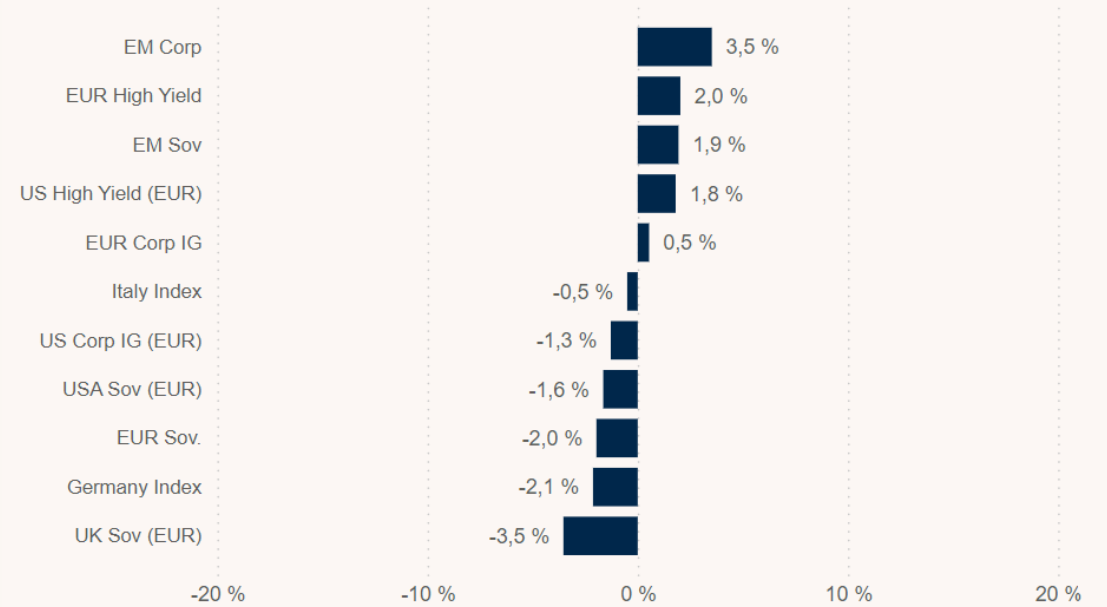


Market development (28 June 2024)

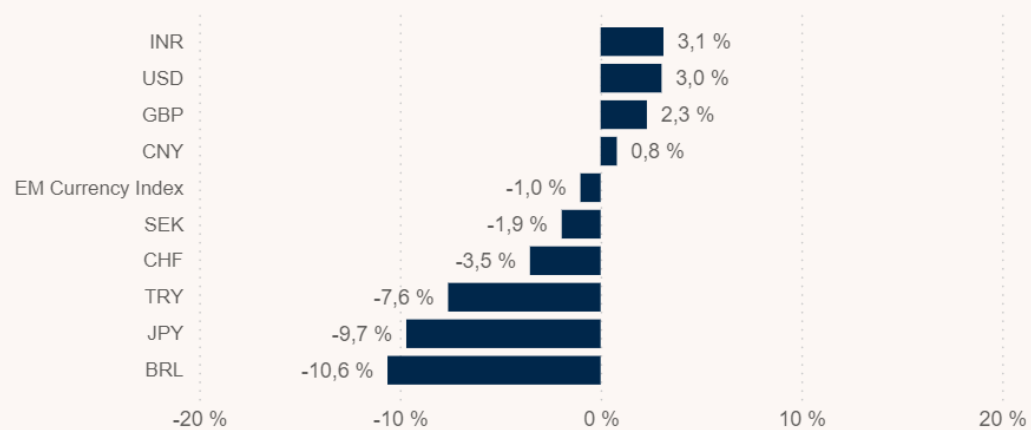
Equity market YTD %



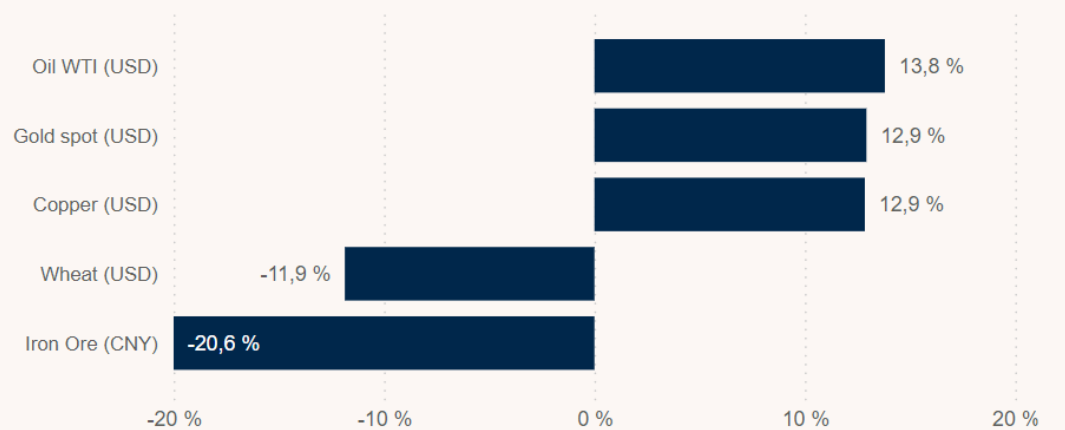
Fixed income YTD %



Currency against the euro YTD %

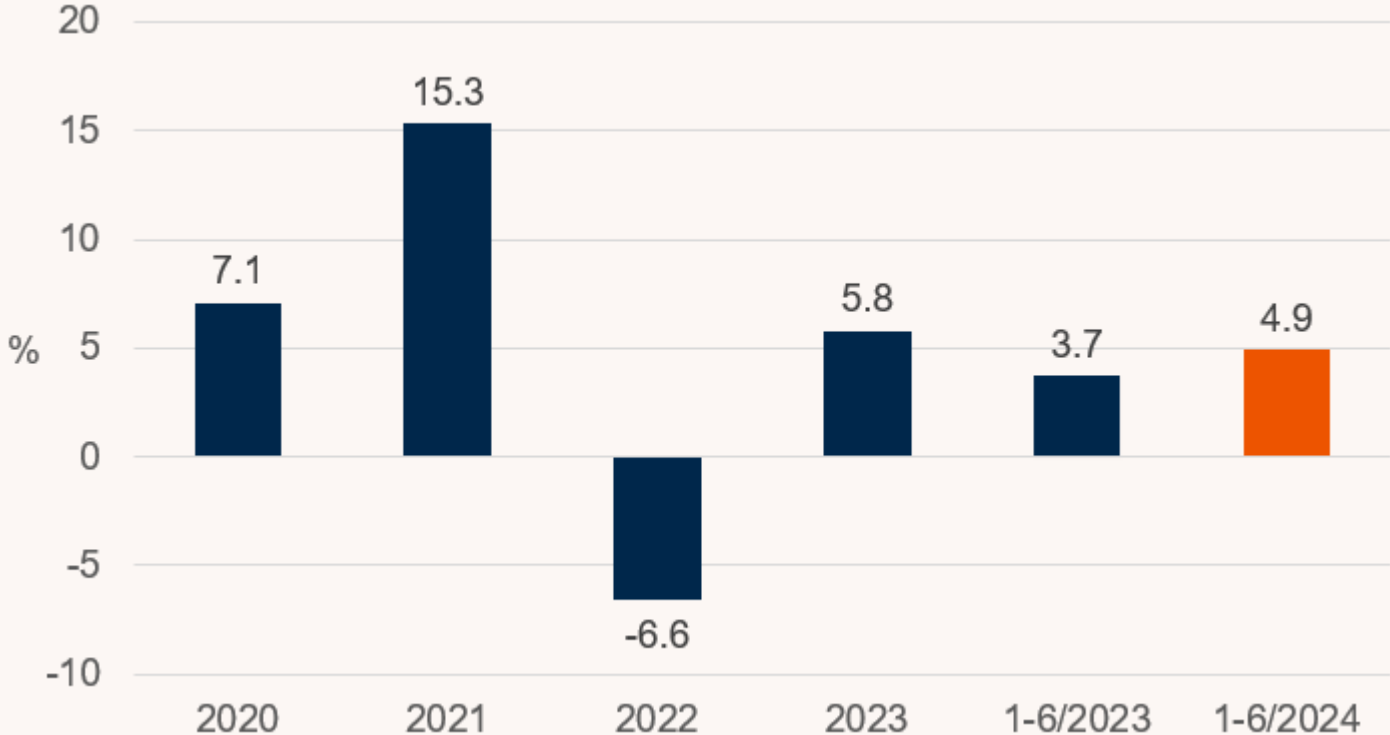


Commodities YTD %



The return on the investment portfolio was 4.9 per cent, or EUR 2.9 billion

Return on investments

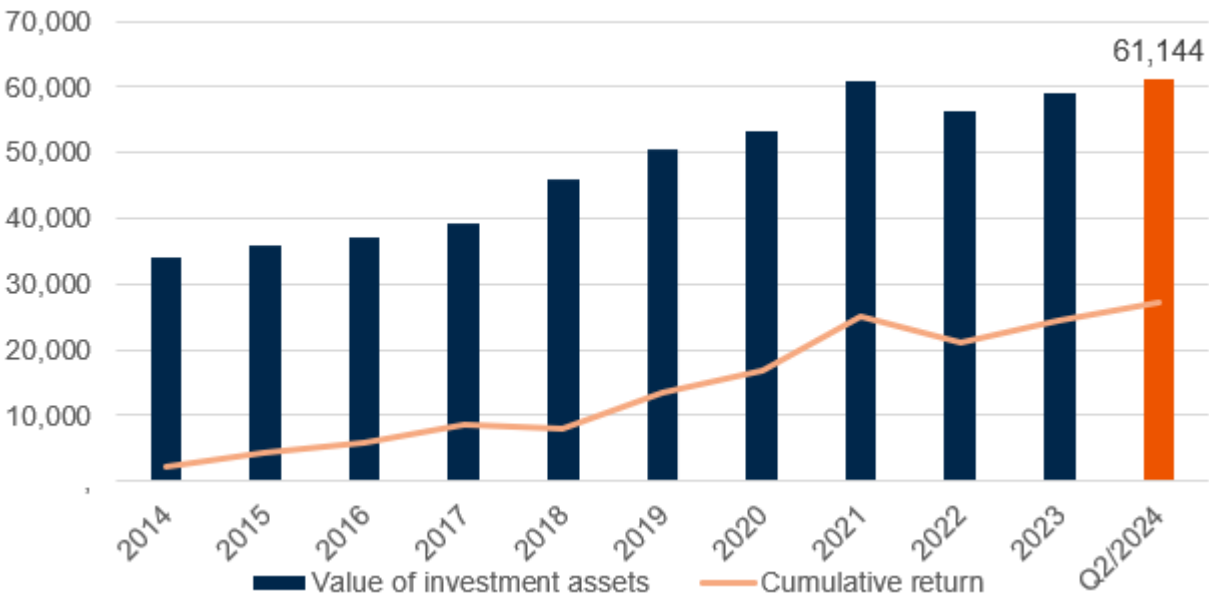


Average nominal return on investments over 5 years 6.2 per cent and real return 2.7 per cent

Value of investments EUR 61.1 billion, long-term nominal return 5.8 per cent per annum

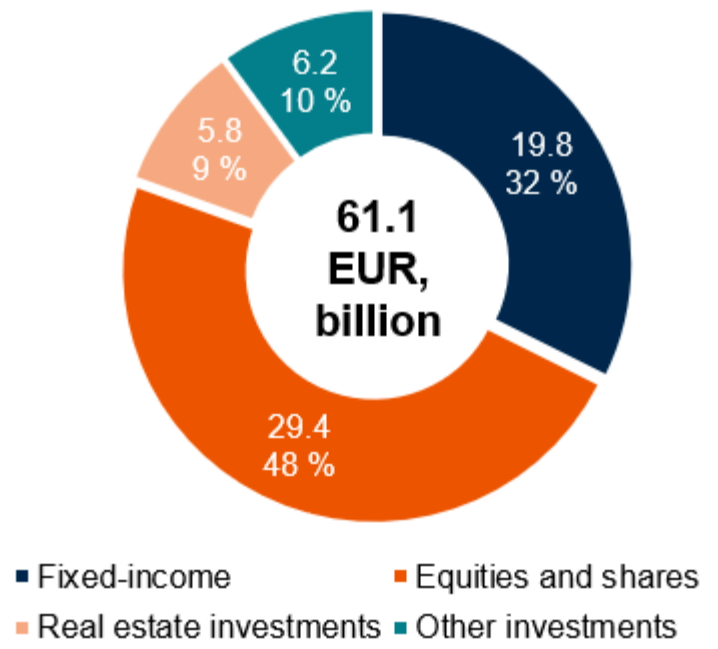
The cumulative return on investments from the start of 2014 was EUR 27.2 billion

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



Average nominal return on investments over 10 years 5.7 per cent and real return 3.6 per cent.

Breakdown of investments, 30 June 2024



Return on Ilmarinen's investment portfolio 4.9 per cent

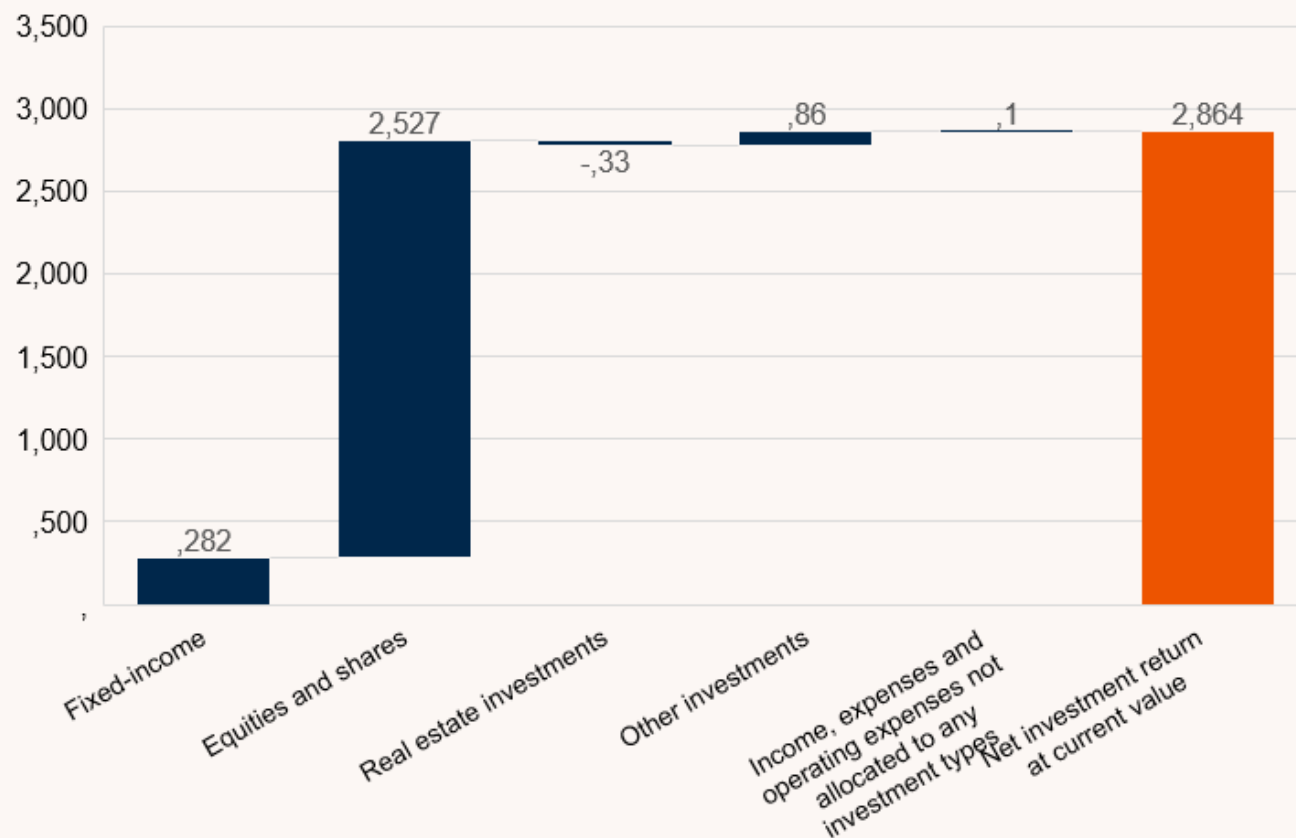
Positive investment returns were driven by the listed equity market

Return January–June, per cent

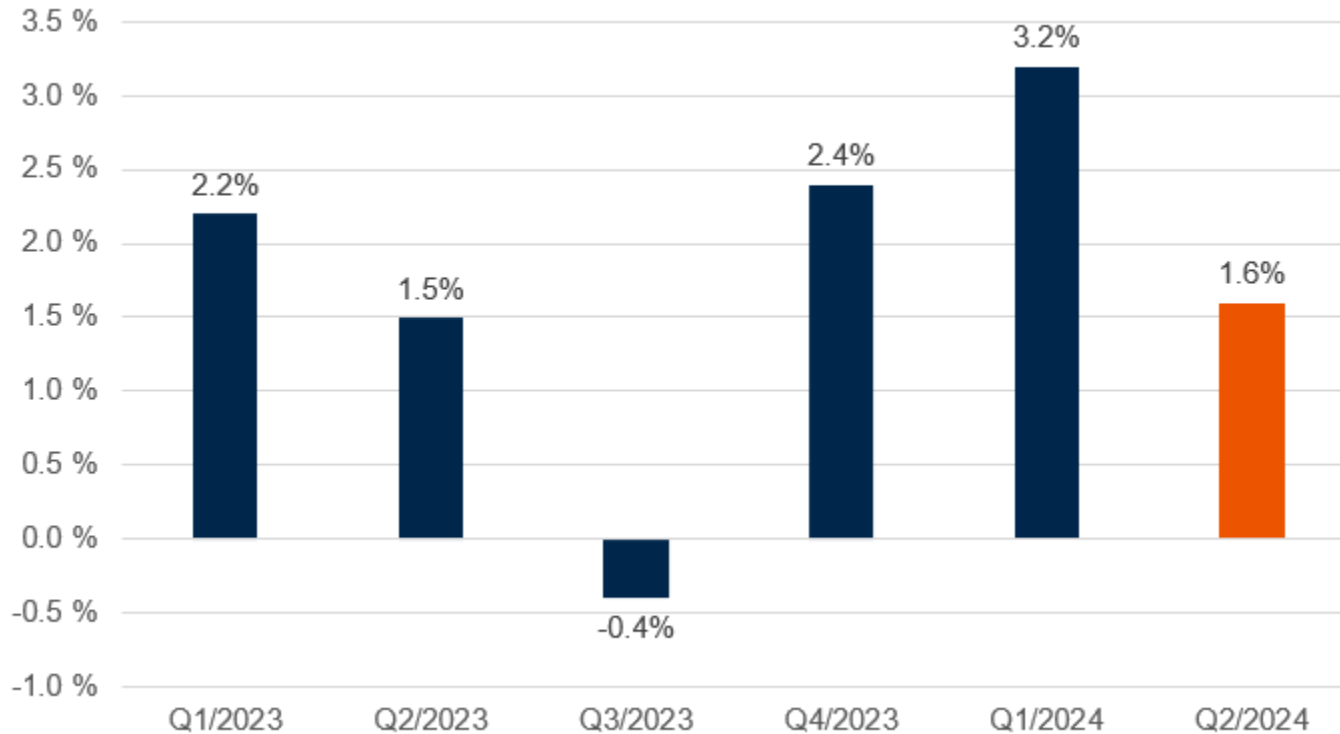
	1–6/2024	1–6/2023	2023
Return on investments	4.9	3.7	5.8
Fixed-income investments	1.4	3.7	8.4
Equities and shares	9.3	5.7	10.1
Real estate investments	-0.6	0.1	-13.5
Other investments	1.4	-1.0	1.8

Long-term return on investments (since 1997): nominal return 5.8 per cent and real return 3.9 per cent

Return by type of investment, EUR mill.



Investment return for the second quarter was 1.6 per cent, or EUR 1.0 billion

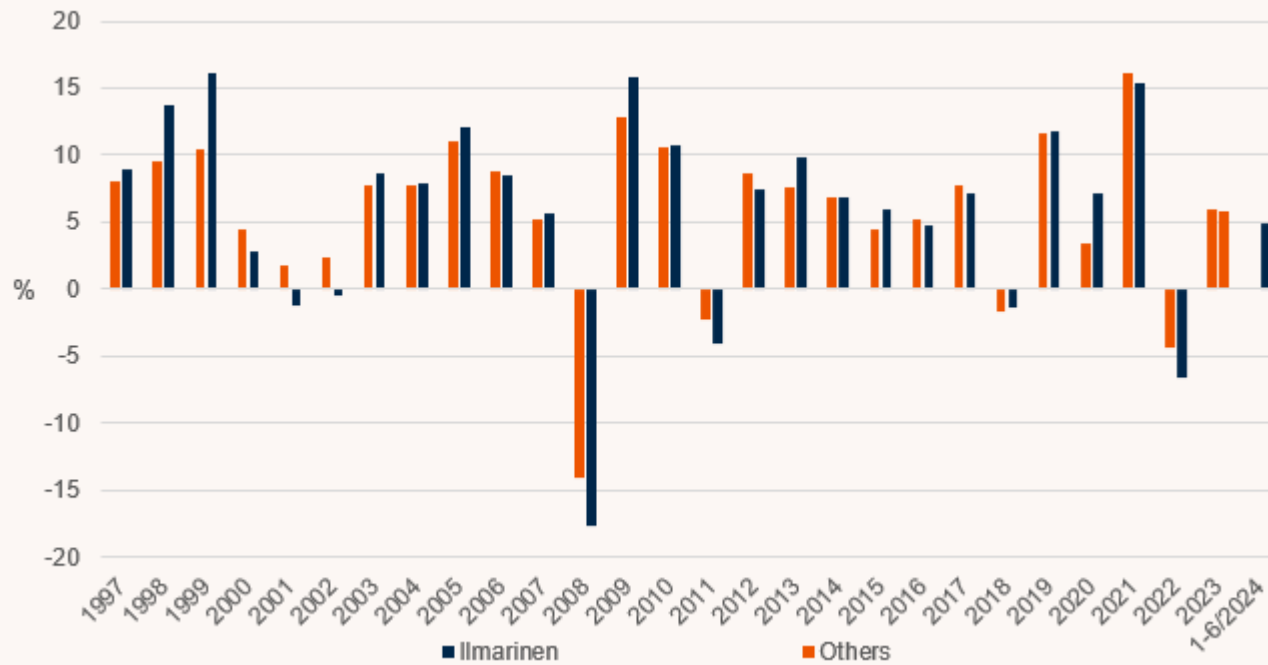


Positive investment returns were driven by the listed equity market

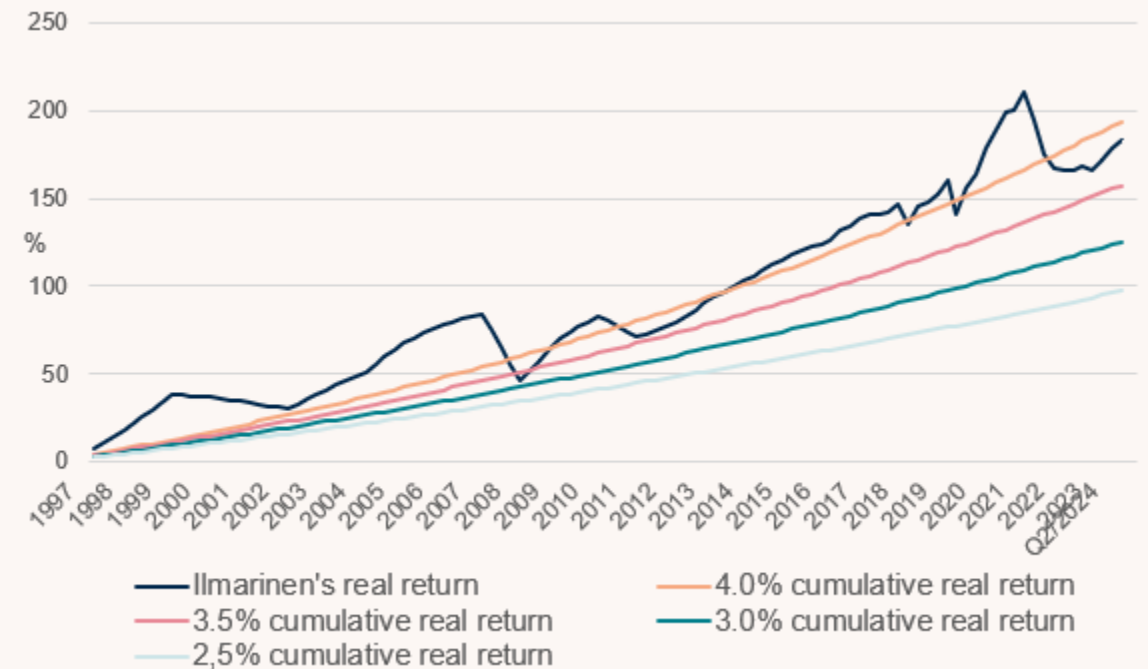
Equity market returns were mostly positive globally, with, however, significant return differences between regions and sectors.

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 June 2024



Average nominal return (1997-) 5.8 per cent
Average real return (1997-) 3.9 per cent

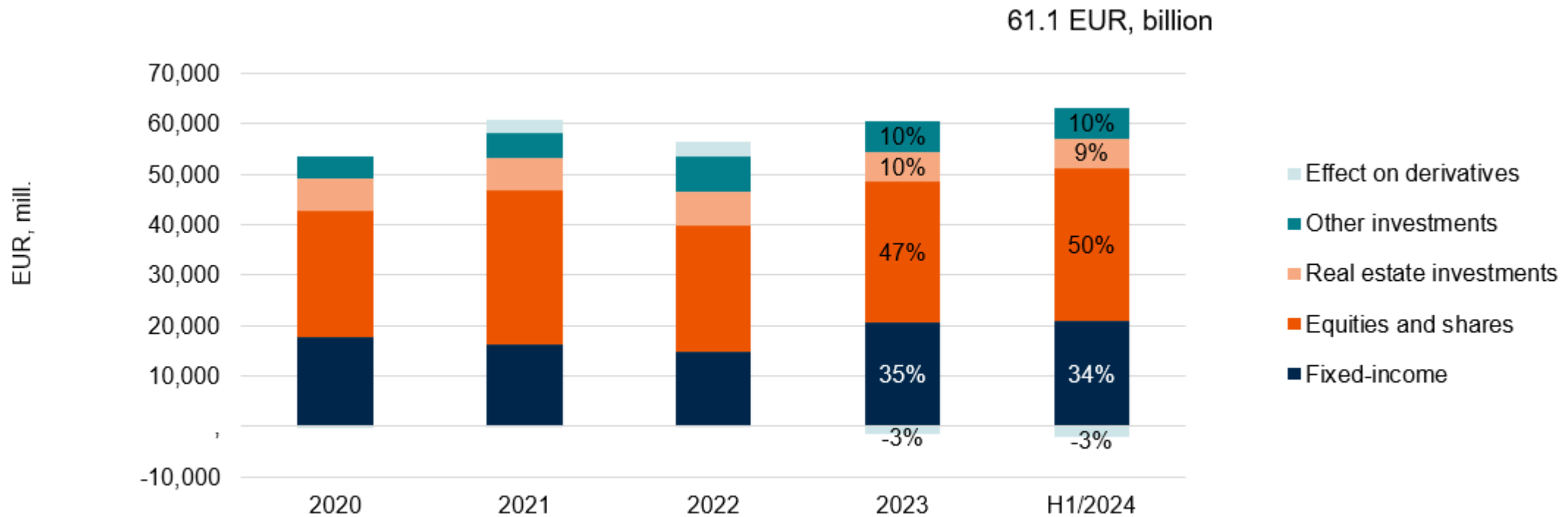
Long-term return at a good level

Average return of different markets

%	Ilmarinen	Finnish equities and shares	European equities and shares	Euro government bonds	Euro corporate bonds
H1/2024	4.9	3.5	8.9	-2.1	0.4
2023	5.8	-0.6	15.8	7.2	8.2
Average return over 5 years	6.2	6.8	8.5	-2.7	-0.9
Average return over 10 years	5.7	8.5	6.9	0.4	0.9
Average return over 20 years	5.4	9.2	6.7	2.7	2.8
Average return since 1997	5.8	9.2	6.8	3.5	3.6
Real average return over 5 years	2.7	3.2	4.9	-5.9	-4.2
Real average return over 10 years	3.6	6.3	4.8	-1.6	-1.1
Real average return over 20 years	3.4	7.1	4.7	0.7	0.8
Real average return since 1997	3.9	7.2	4.8	1.6	1.7

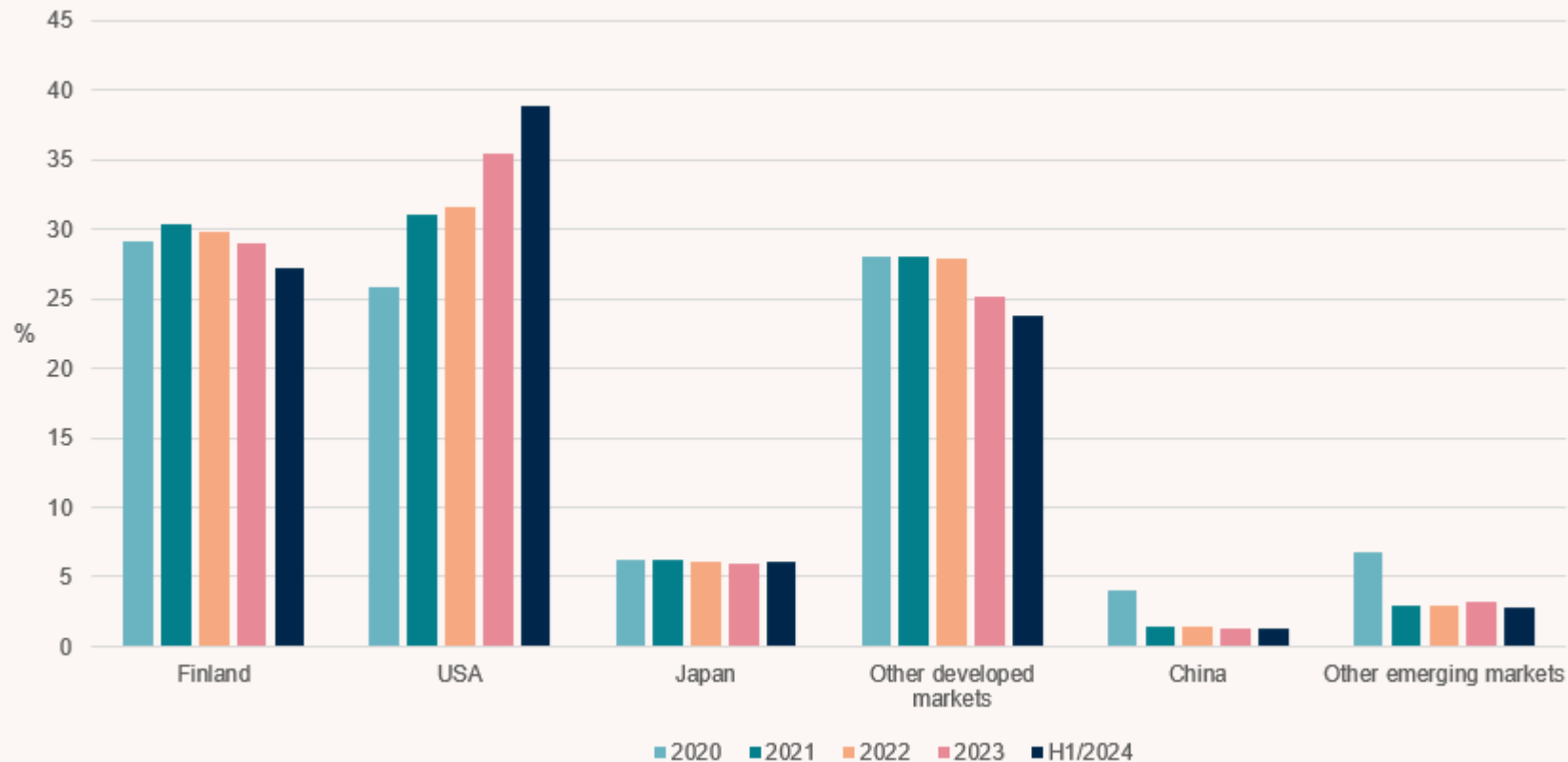
Share of equity investments increased to 50 per cent

Breakdown of investment risks



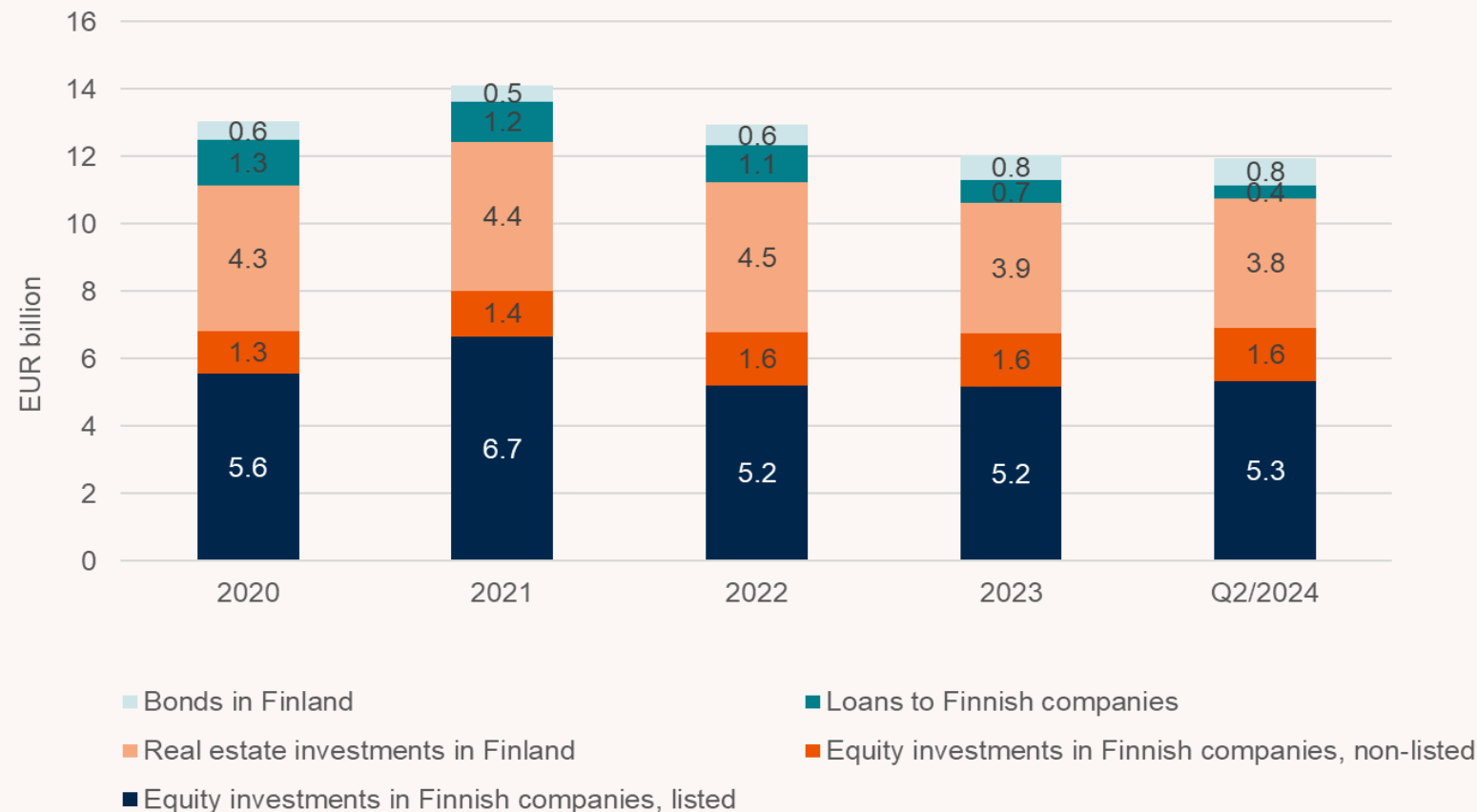
Share of Finnish listed equity investments 27 per cent

Geographical breakdown of listed equities



Ilmarinen's investments in Finland were EUR 11.9 billion, or 20 per cent of the investment portfolio

Investments in Finland 2020–30 June 2024, EUR billion



Holdings in Finnish publicly listed companies EUR 5.3 billion

Largest Finnish listed equity holdings

	EUR mill.	30 June 2024	31 December 2023		Shareholding, %	30 June 2024	31 December 2023
↑	UPM-Kymmene Oyj	359	305		Nurminen Logistics Oyj	14.9	14.9
↓	Kone Oyj	306	318		SRV Yhtiöt Oyj	11.4	11.4
↓	Nordea Bank Abp	305	321		Digia Oyj	9.9	9.9
↑	Wartsila Oyj	295	197	↓	Administer Oyj	8.7	8.7
↑	Stora Enso Oyj	280	243		Solteq Oyj	8.5	8.5
↑	Nokia Oyj	275	232		Kojamo Oyj	8.3	8.3
↓	Fortum Oyj	245	262	↓	Siili Solutions Oyj	7.5	7.5
↑	Sampo Oyj	245	239		Glaston Oyj Abp	7.3	7.3
↑	Orion Oyj	236	204	↓	Citycon Oyj	7.2	7.4
↓	Kesko Oyj	232	263		Panostaja Oyj	6.9	6.9

Summary of return on investments for January–June

	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
Fixed-income investments	19,797	32	20,809	34	1.4	
Loan receivables	1,057	2	1,057	2	3.8	
Bonds	18,140	30	23,904	39	1.2	5.4
Public corporation bonds	7,256	12	8,532	14	-1.6	
Other bonds	10,884	18	15,372	25	3.0	
Other money market instruments and deposits (incl. investment receivables and payables)	599	1	-4,152	-7	2.4	
Equities and shares	29,422	48	30,476	50	9.3	
Listed shares	19,529	32	20,583	34	11.4	12.6
Private equity investments	8,265	14	8,265	14	5.7	
Non-listed equities and shares	1,628	3	1,628	3	4.2	
Real estate investments	5,767	9	5,767	9	-0.6	
Direct real estate investments	5,047	8	5,047	8	-0.2	
Real estate funds and joint investments	719	1	719	1	-3.0	
Other investments	6,159	10	6,186	10	1.4	
Hedge fund investments	5,330	9	5,330	9	4.7	6.3
Commodity investments	0	0	2	0	-	
Other investments	828	1	854	1	-14.5	
Total investments	61,144	100	63,238	103	4.9	4.7
Effect of derivatives			-2,093	-3		
Investments at current value total	61,144		61,144	100		

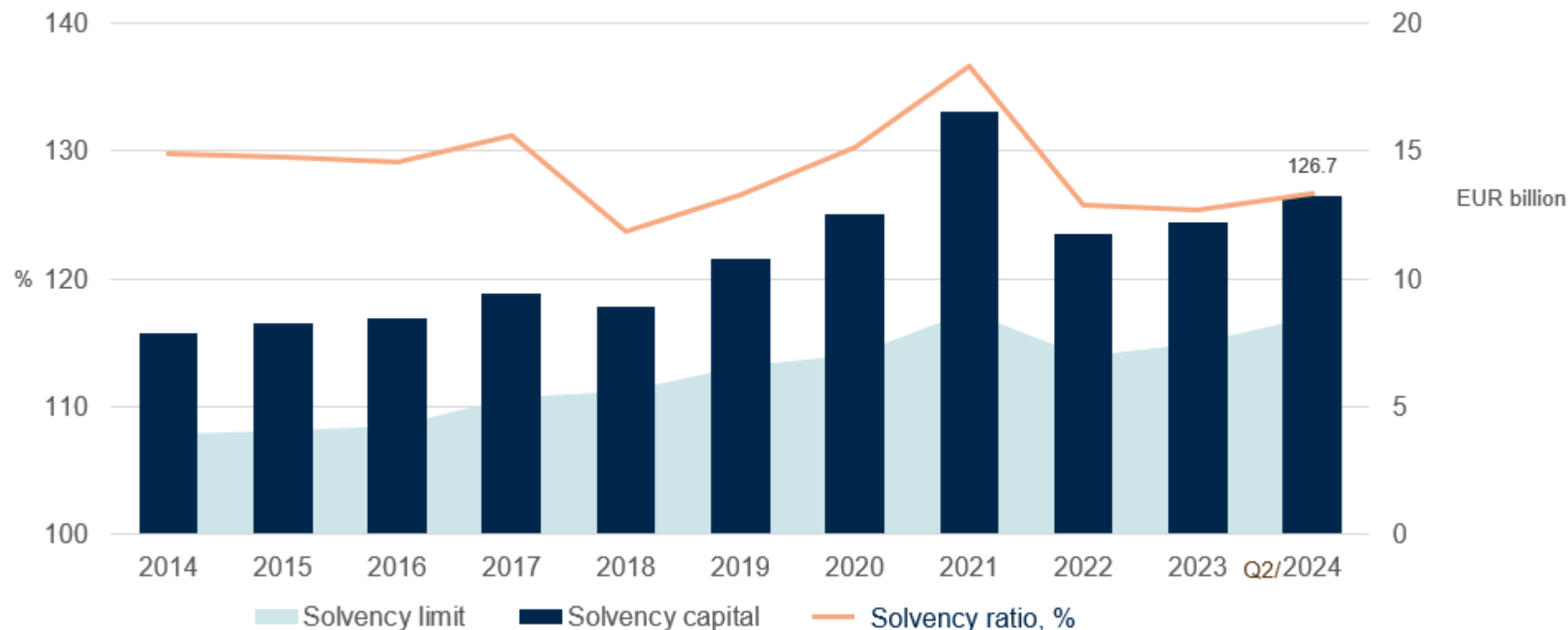
The modified duration of bonds is 4.8 years.

The open currency position is 26.9 per cent 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 13.2 billion and the solvency ratio rose 1.3 percentage points to 126.7 per cent, while the solvency position stood at 1.6

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





Future prospects and current information about the pension system

Future prospects

- Geopolitical tensions and the lack of confidence of consumers are casting a shadow over the global economic growth outlook. Global economic growth is anticipated to remain at approximately 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 at the end of the year
- 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. The possible escalation of geopolitical tensions and armed conflicts is adding to nervousness in the markets.
- Ilmarinen's premiums written are expected to grow as the earnings level rises.
- 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 contribution category model for disability pensions was reformed at the start of 2024. The changes are aimed at improving, among other things, access to employment for older people and people who have difficulty finding employment.
- Reviews of self-employed persons' YEL income levels in line with the new legislation continue. The review in 2024 will target entrepreneurs whose YEL income is below EUR 24,000 per year and has not been adjusted in three years.
- The pension reform will be prepared in accordance with the Government Programme with key labour market organisations 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.



ILMARINEN

We are preparing for a good
tomorrow.