

Well prepared for tomorrow

Ilmarinen's Interim Report
January–June 2025



Return on investments was 2.1 per cent, solvency was strong and cost-effectiveness at a good level

- The return on Ilmarinen's investment portfolio was 2.1 (4.9) per cent, or EUR 1.3 billion. The market value of investments grew to EUR 64.0 (63.3) billion.
- The long-term average return on investments has been 5.8 per cent since 1997. This corresponds to a real return of 3.9 per cent.
- The total result was EUR 112 (995) million.
- Premiums written increased by 3 per cent to EUR 3,670 (3,551) million. Pensions paid increased by 5 per cent to EUR 4,021 (3,845) million.
- Net customer acquisition was EUR 24 (51) million and rolling customer retention for the previous 12 months was 96.1 (96.6) per cent.
- Operating expenses financed using loading income were EUR 47 (47) million, amounting to 0.32 (0.33) per cent of the Employees Pensions Act payroll and YEL income of the insured.
- The solvency capital was EUR 14.0 (13.9) billion, and the solvency ratio was 127.3 (127.5) per cent.
- Mikko Mursula will assume the role of CEO on 1 September 2025.
- Prospects: Ilmarinen's premiums written are expected to increase as payrolls increase.



Key figures for January–June

Premiums written

3.67 (3.55)
EUR bn.



Operating expenses financed
using loading income

47 (47)
EUR mill.



Return on
investments

2.1 (4.9)
%



Solvency ratio

127.3 (127.5)
%



4.02 (3.85)
EUR bn.

Pensions paid

0.32 (0.33)
%

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

64.0 (63.3)
EUR bn.

Investment assets

14.0 (13.9)
EUR bn.

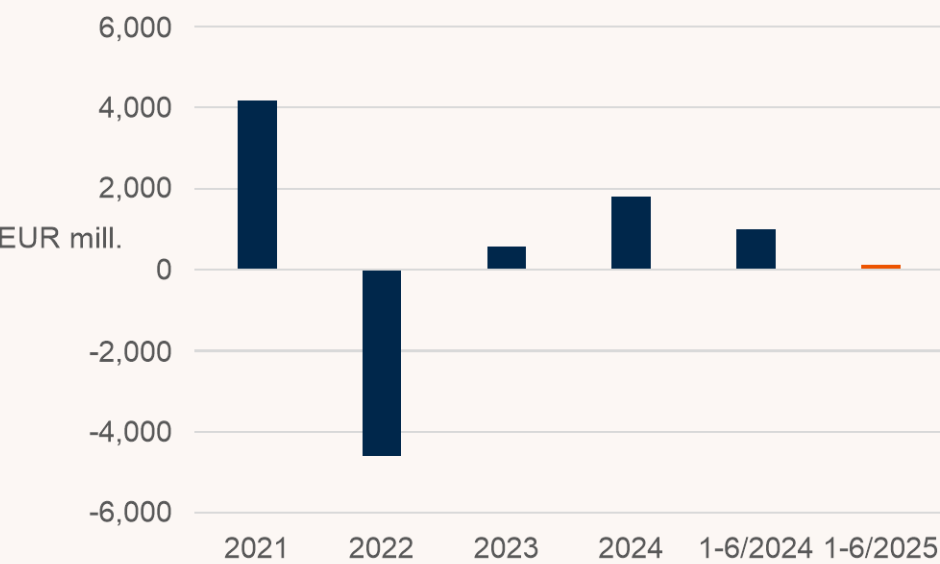
Solvency capital

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

The result comparison figures are the figures for the corresponding period of 2024. The comparison figures for the balance sheet and other cross-sectional figures are the figures for the end of 2024.

Ilmarinen's total result was EUR 112 million

Total result, EUR mill.



Sources of profit, EUR mill.

Result analysis, EUR mill.	1 Jan- 30 Jun2025	1 Jan- 30 Jun2024	1 Jan - 31 Dec2024
Underwriting result	-14	8	6
Return on investments at fair value	130	988	1.797
+ Net return on investments at fair value	1.300	2.864	5.044
- Return requirement on technical provisions	-1.170	-1.876	-3.247
Loading profit	-4	-1	-1
Other profit	0	0	3
Total result	112	995	1.804



Operating environment

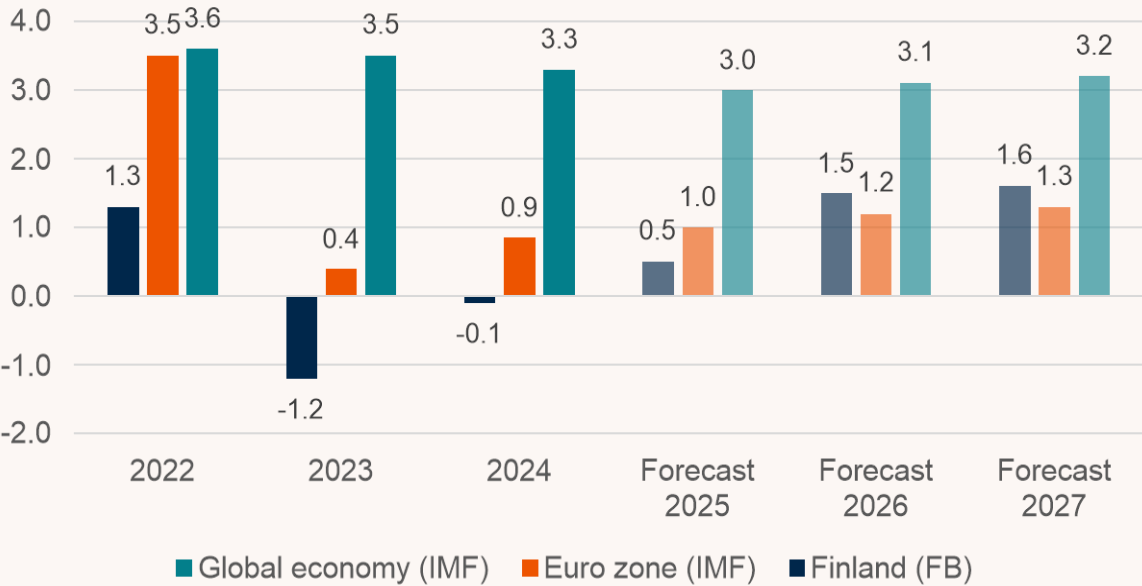
The economic operating environment and investment market are overshadowed by exceptional uncertainty

- The uncertainty related to power and trade politics is undermining the growth prospects of the global economy. Growth forecasts were revised to 3 per cent for 2025.
- Inflation is recovering towards central banks' target levels in the medium term. In the United States, inflation fell significantly more slowly than in the rest of the world.
- In Finland, the economy is recovering from the recession, but economic growth is weak. According to a forecast by the Bank of Finland, the economy will grow by 0.5 per cent this year.
- The yields of equity and interest rate market were mainly positive. In Europe, the equity market yielded 9 per cent, and in Finland, 14 per cent. In contrast to previous years, the share price development was the weakest in the United States (6 per cent).
- The euro strengthened by around 12 per cent against the US dollar, which led to a 6.3 per cent negative return on the US stock market in euros.
- The greater investment expectations increased long-term rates in Europe. Conversely, long-term rates declined in the United States.



The growth forecast of global economy was revised to 3 per cent for 2025. The Finnish economy is expected to slowly recover from the recession.

GDP development, %



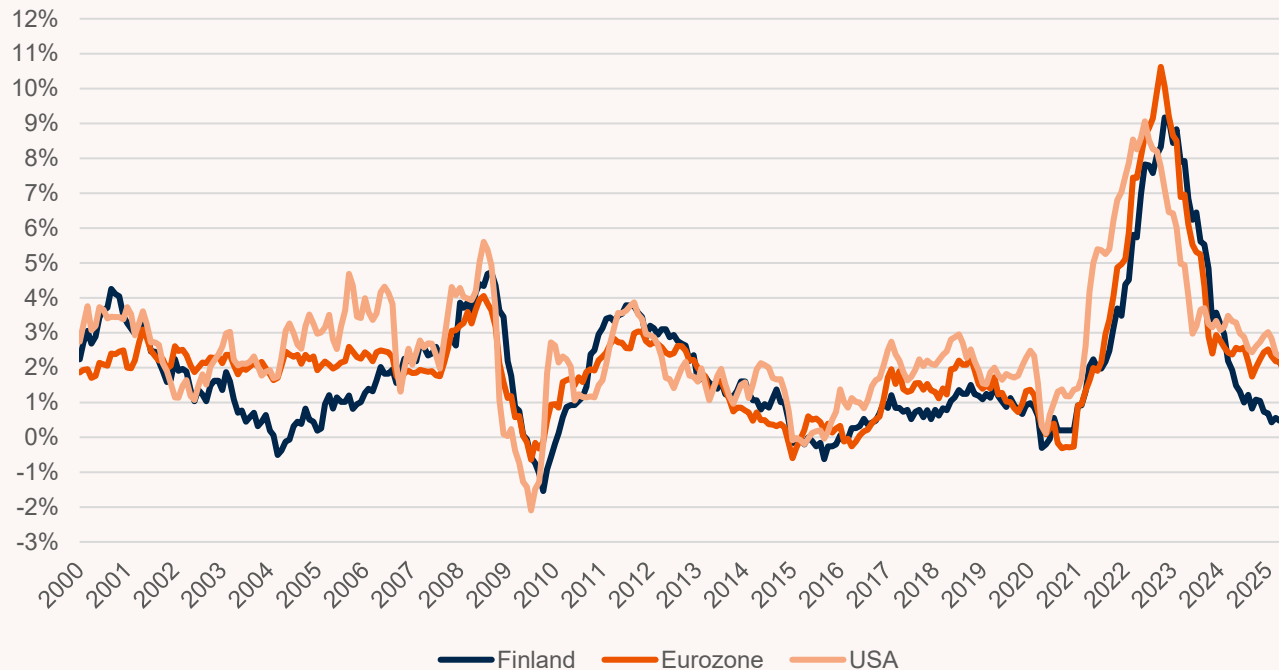
Development of Finland's employment and unemployment rates, %



Sources: Bank of Finland 6/2025, IMF 7/2025, VM 6/2025

Inflation has fallen towards central banks' target levels

Year-on-year change in consumer prices



- In June, inflation was 2.7 per cent in the United State, 2.0 per cent in the eurozone and 0.2 per cent in Finland.
- Inflation is recovering towards central banks' target levels in the medium term, but tariffs and uncertainty are hindering recovery and increasing uncertainty related to inflation.
- In the United States, the recovery of inflation towards the Fed's target level has been slower.
- Inflation has slowed approximately as expected in the eurozone, allowing the ECB to cut its key interest rate by a total of one percentage point in the first half of the year.

The equity market recovered rapidly from the trade war that occurred at the beginning of April

- The return on equity investments in the USA was 6.2 per cent and in Europe 8.8 per cent.
- In Finland, the return on equity investments was 14.4 per cent.

Equity market performance



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



The greater investment expectations increased long-term rates in Europe

Increased uncertainty momentarily raised the risk premiums for instruments with credit risk.

Development of interest rates, %pt

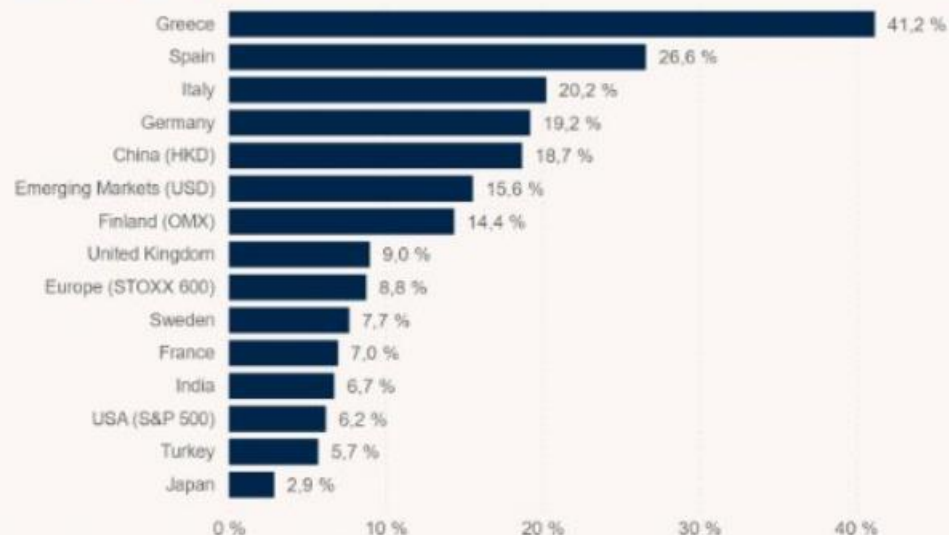


Development of credit risk premiums, basis point

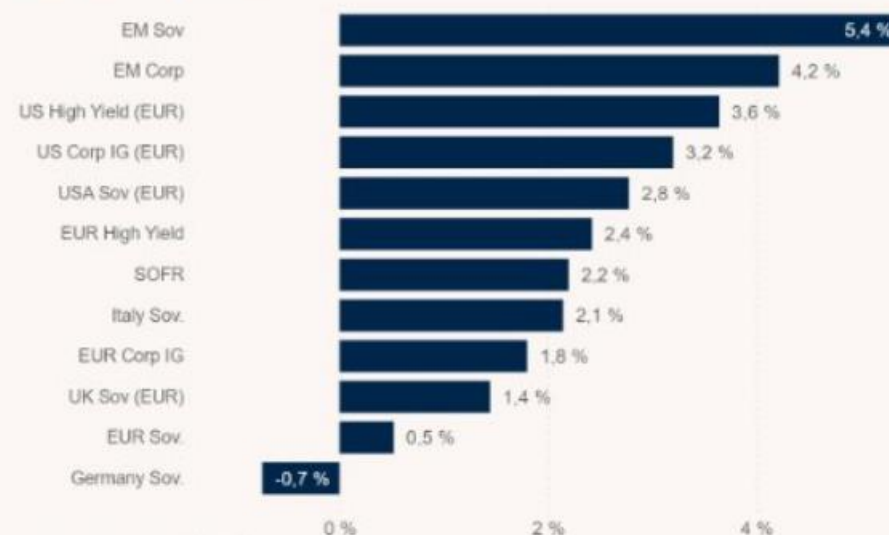


Asset class incomes from 1 January to 30 June 2025

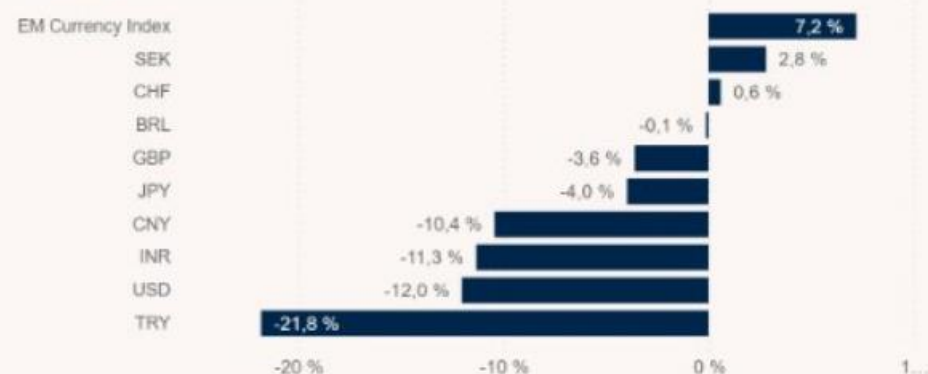
Equity market YTD %, total return in local currency



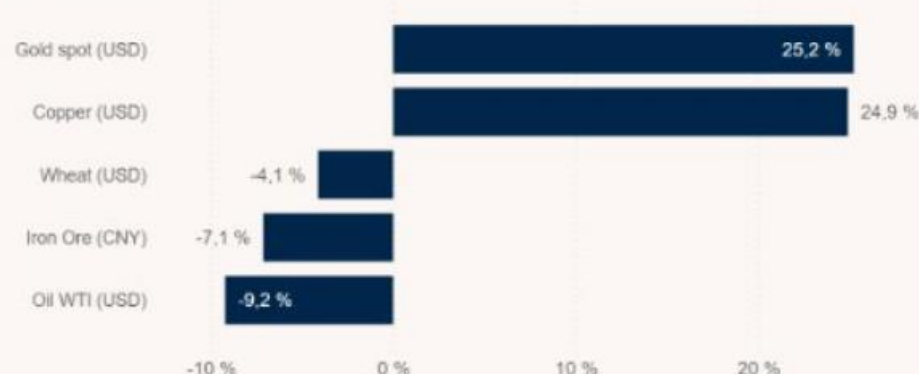
Fixed income YTD %



Currency against the euro YTD %



Commodities YTD %



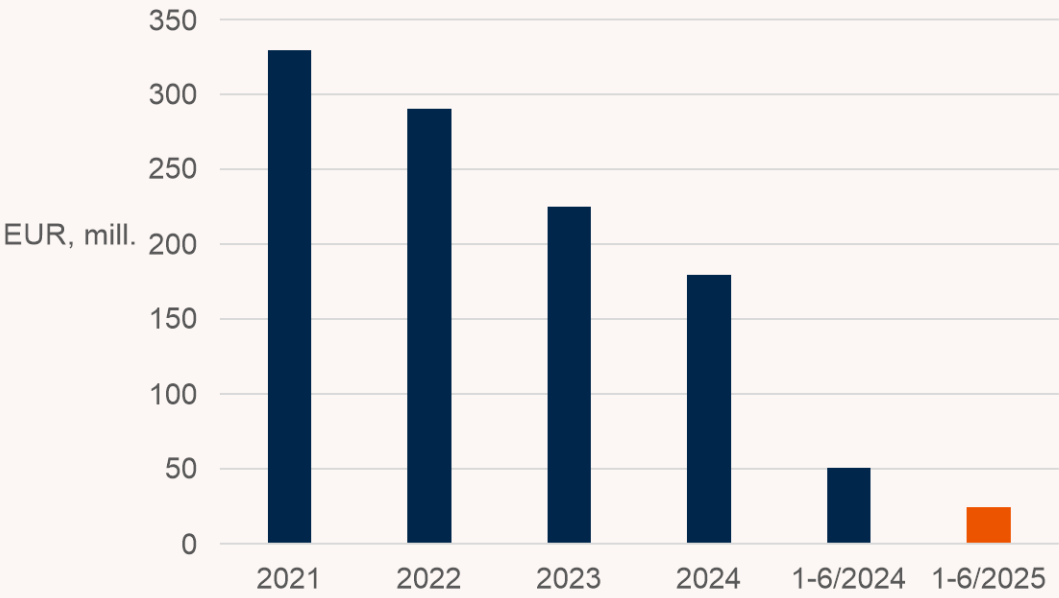


Pension security for you

Insurance and pensions

Net customer acquisition was EUR 24 million, customer retention was 96.1 per cent

Net customer acquisition 2021–30 June 2025, EUR mill.

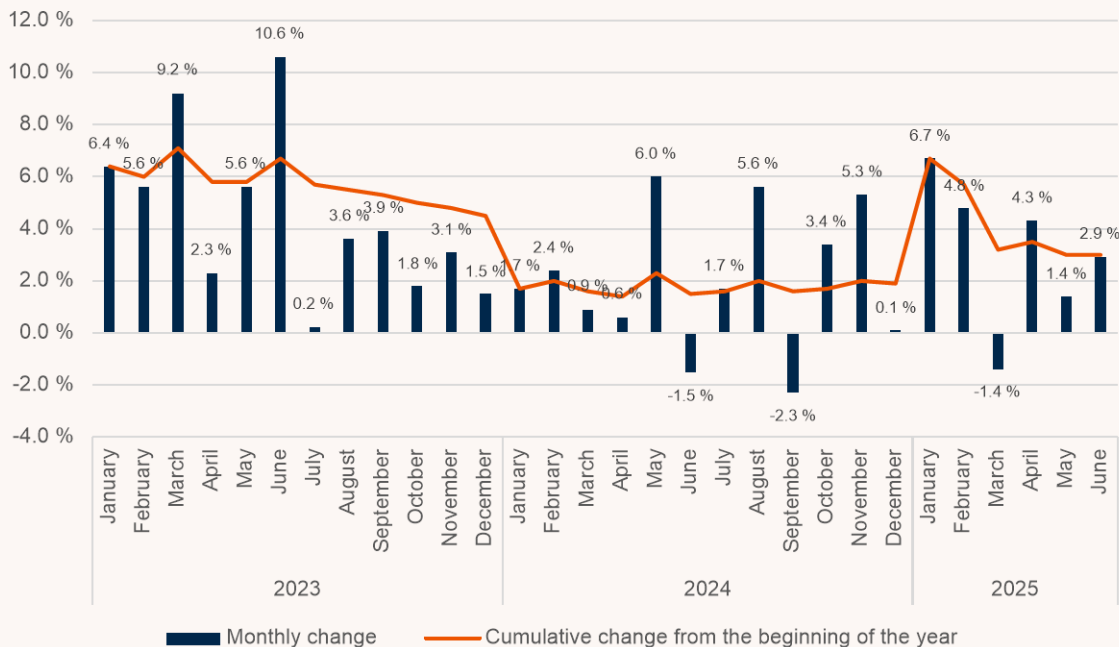


Net customer acquisition, EUR mill.

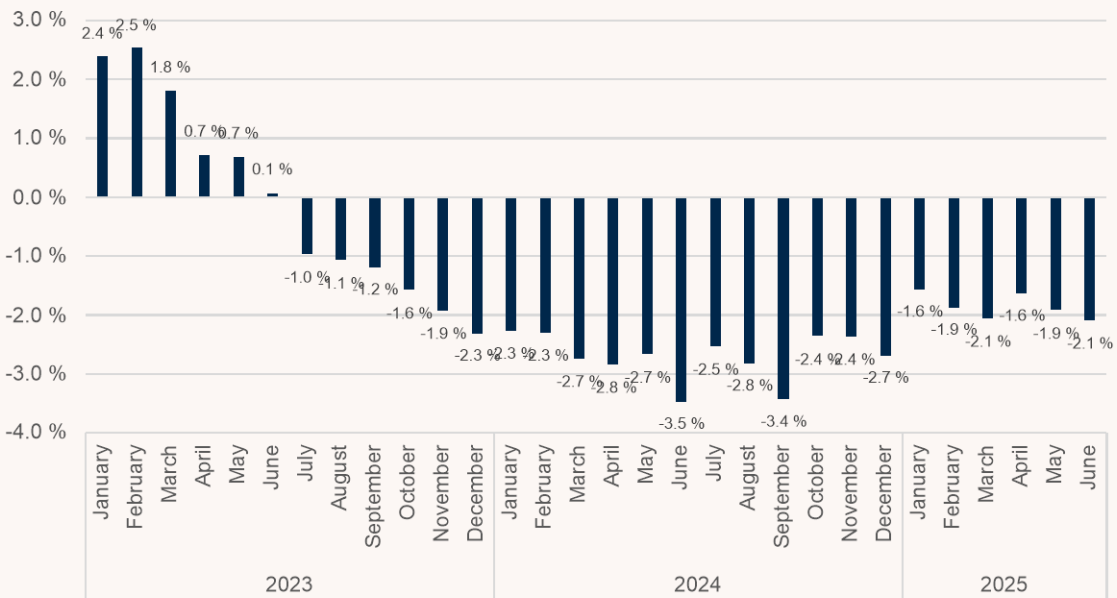
EUR mill.	1–6/2025	1–6/2024	2024
Net customer acquisition	24	51	179
Sales of new insurance	53	56	103
Net transfer of insurance	-29	-5	77
Customer retention, % of premiums written	96.1 %	96.6 %	96.7 %

Customers' payroll increased by 3.0 per cent in January–June, but the number of employees in the business cycle index decreased by 1.9 per cent

Change in payroll of Ilmarinen's customers from previous year

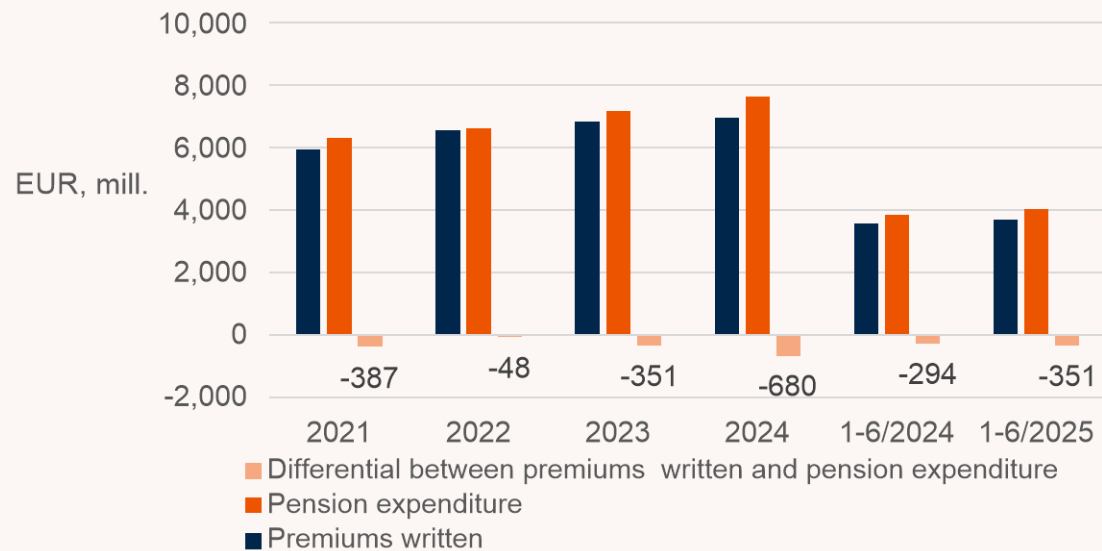


Change in number of employees in Ilmarinen's business cycle index



Premiums written increased by 3 per cent to EUR 3.7 billion, while pension expenditure also increased by 5 per cent to EUR 4.0 billion

Premiums written and pension expenditure, 2021–30 June 2025

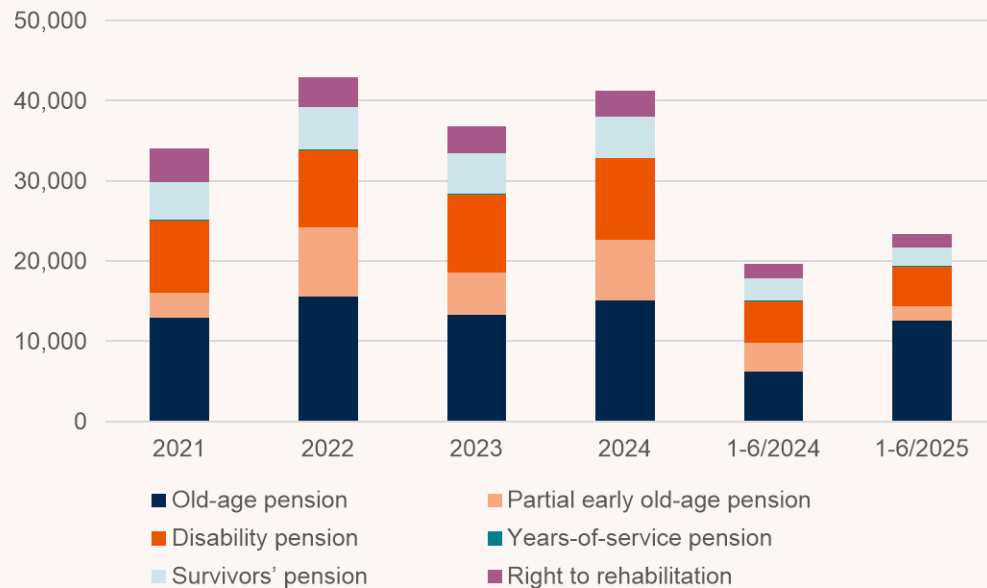


EUR mill.	1 Jan- 30 Jun2025	1 Jan- 30 Jun2024	2024	2023	2022	2021
TyEL	3,446	3,326	6,533	6,418	6,164	5,534
YEL	224	225	423	404	394	388
Premiums written	3,670	3,551	6,956	6,822	6,558	5,922
TyEL	3,782	3,604	7,187	6,744	6,189	5,902
YEL	240	241	449	429	417	407
Pension expenditure	4,021	3,845	7,636	7,173	6,606	6,309

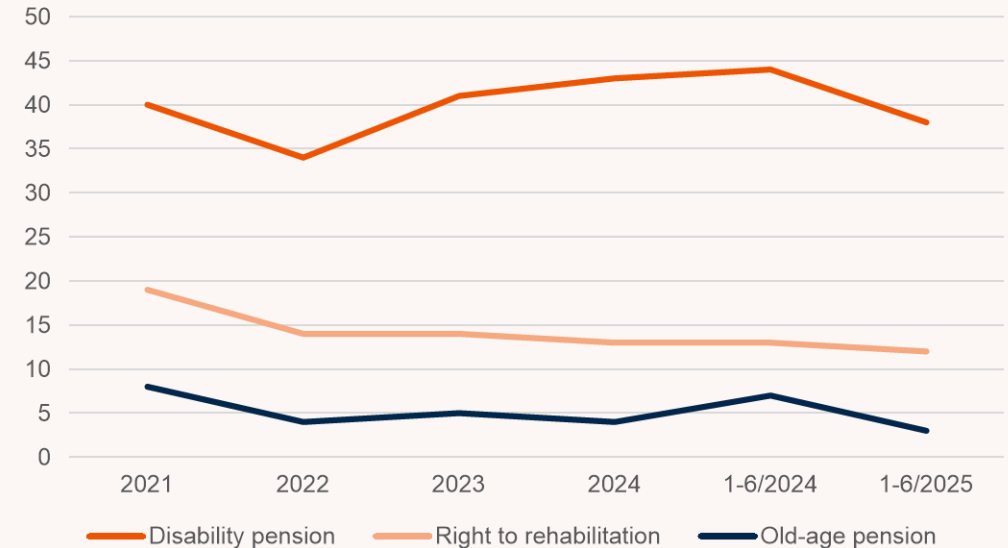
The number of old-age pension decisions doubled from the previous year and was 12,559.

Working alongside old-age pension has become more common, and people are applying for the pension accrued from this work for more often than before. Old-age pension decisions were issued in three days on average.

Number of new pension decisions



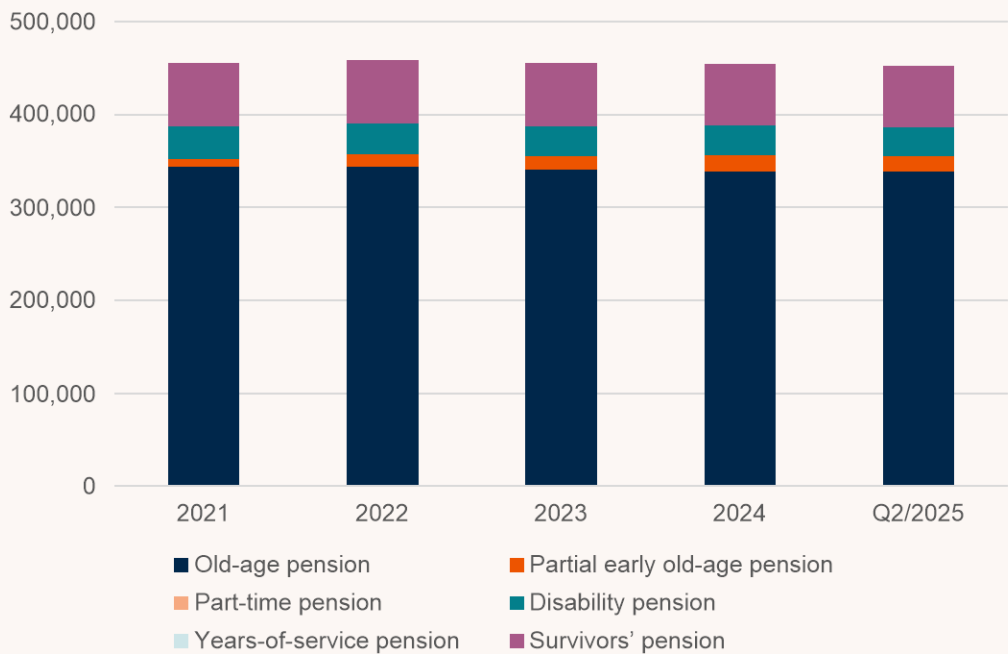
Average application processing time, days



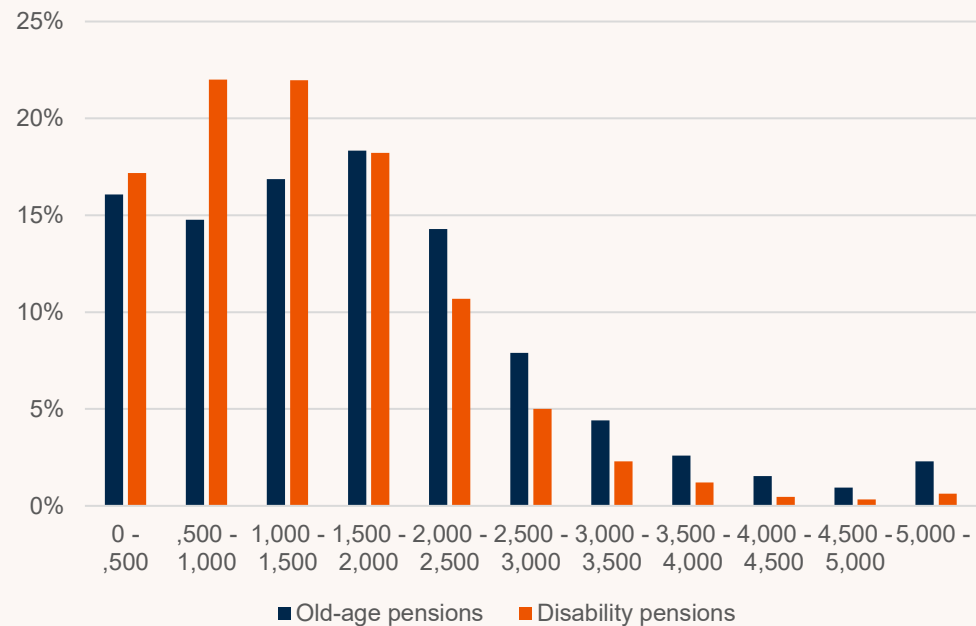
We paid 5 per cent more pensions, or a total of EUR 4.0 billion to 451,799 pensioners

The average old-age pension was EUR 1,721 per month.

Ilmarinen's pension recipients



Distribution of paid old-age and disability pensions by size





Future work ability

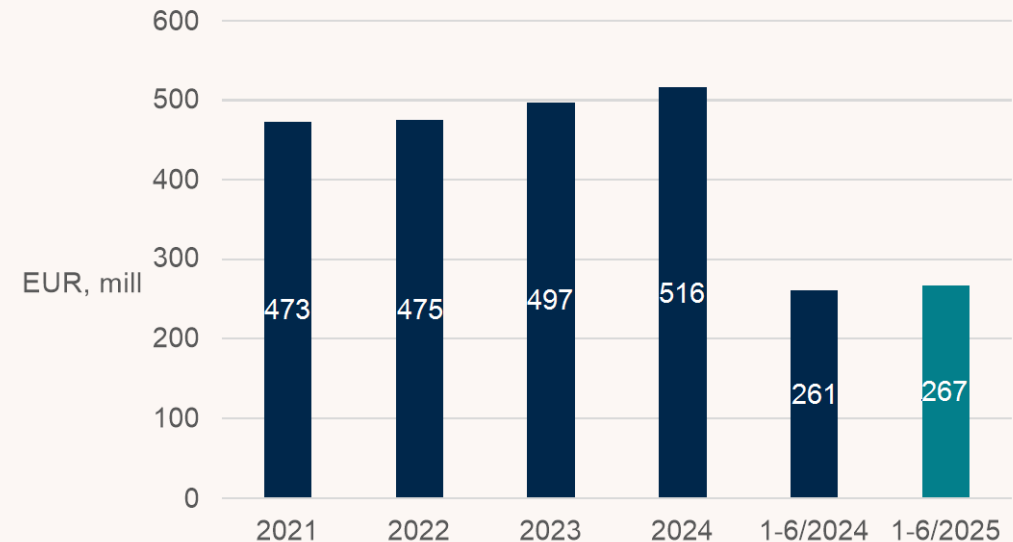
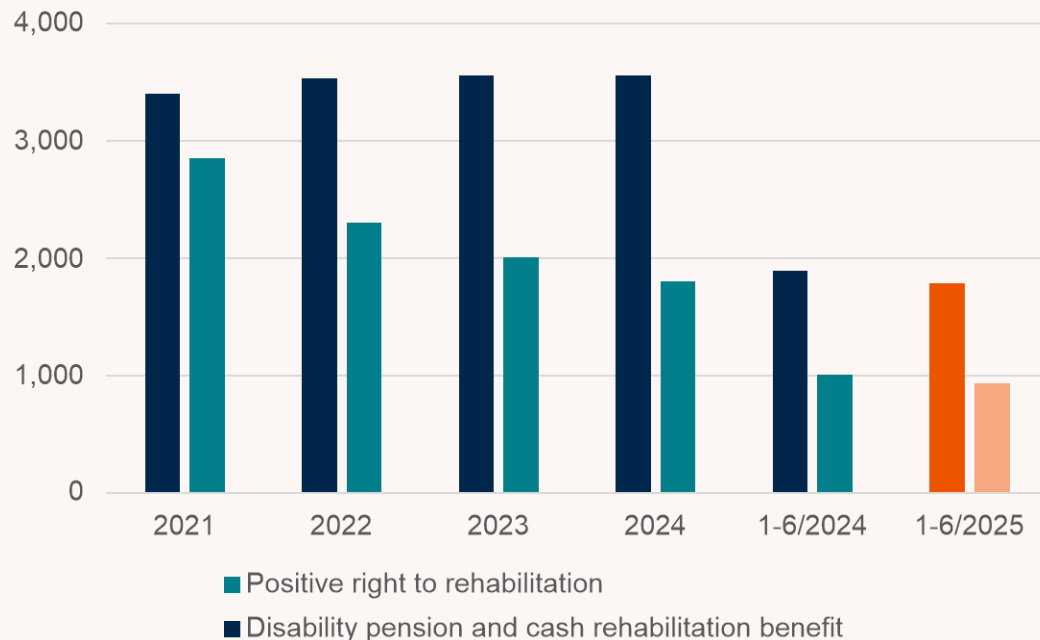
Work ability risk management
and rehabilitation

1,789 persons transitioned to disability benefit, which was 5 per cent less than in the previous year.

Disability pension expenditure rose by EUR 6 million to EUR 267 million

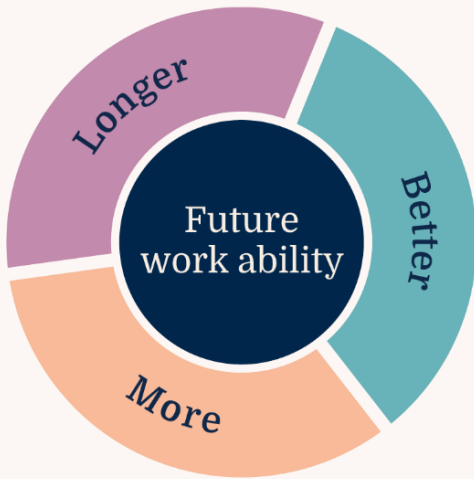
Decisions on the right to rehabilitation and persons retired on disability pension

Disability pension expenditure, EUR mill.



Customers find work ability management services very effective, and the customer experience of the services was 80

Longer, better and more careers with the “Future work ability” model



In 2024, we published the “Future work ability” model to support effective cooperation.

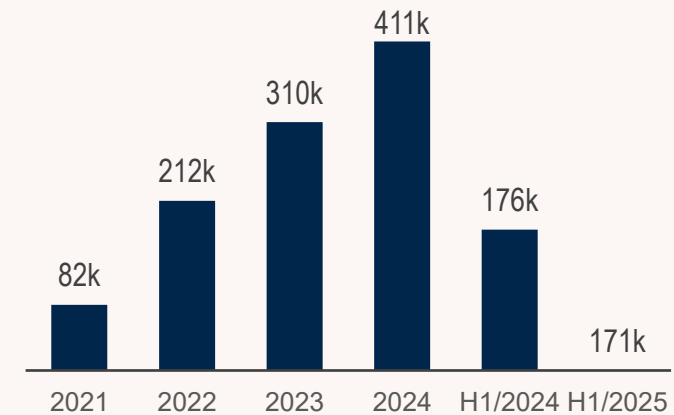
In early 2025, the estimate of the benefit was

4.8

Customers find work ability services very useful. In early 2025, the estimate of the benefit was 4.8 (4.6) on a scale from 1 to 5. Work ability services’ NPS was 80.

Customers are interested in the contents of work ability management services

Service use in early 2025



Customers are interested in the contents of the Work Ability Hub. Over 170,000 users actively used the service. The number of employees in companies using the services is now over 390,000.

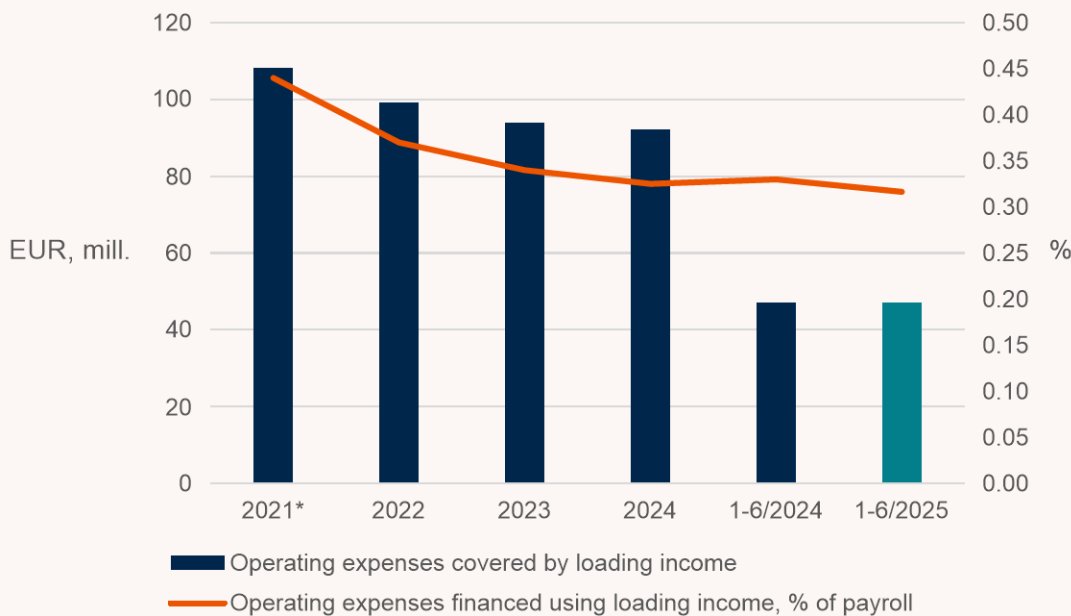


Cost-effective operations

Operating expenses and personnel

Operating expenses financed using loading income amounted to EUR 47 million and 0.32 per cent of the payroll

Total operating expenses, operating expenses financed using loading income and operating expenses using loading income of payroll 2021–30 June 2025 *) **)



	1.1.– 30.6.2025	1.1.– 30.6.2024	2024	2023	2022	2021
Total operating expenses EUR, mill.	76	73	143	146	151	157
Operating expenses covered by loading income EUR, mill.	47	47	92	94	99	108
Operating expenses financed using loading income, % of payroll	0.32	0.33	0.33	0.34	0.37	0.44
Operating expenses financed using loading income per pensioners and insured, EUR	41	41	82	83	87	96

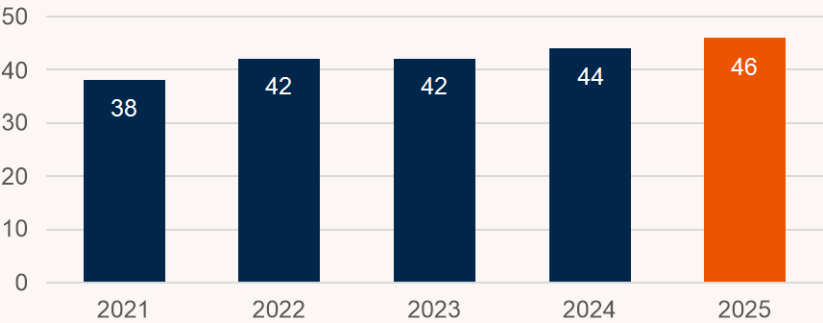
*) Operating expenses and operating expenses financed using loading income are presented above without the one-time write-down of EUR 18.2 million for intangible assets made in the financial statements for 2021

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

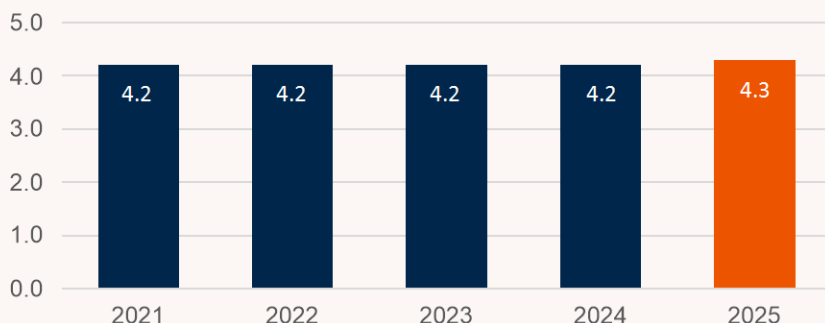
Employee experience and energy level at work were excellent

Number of absences due to illness on the decline

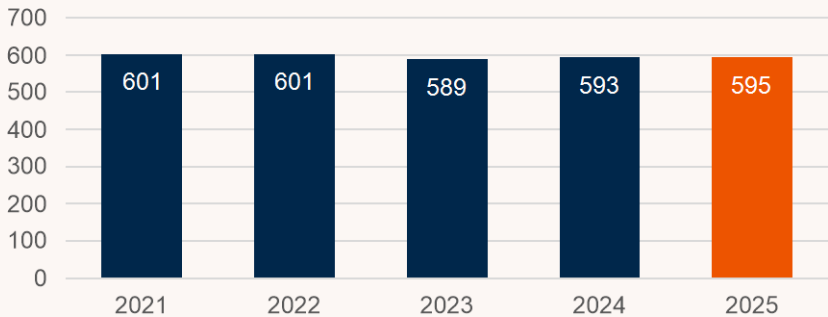
Employee Net Promoter Score (eNPS)



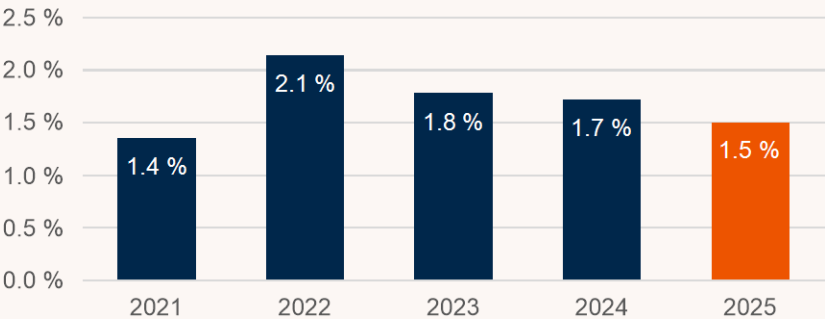
Personnel's average energy level (1–5)



Average number of employees (person years)



Sick leave percentage



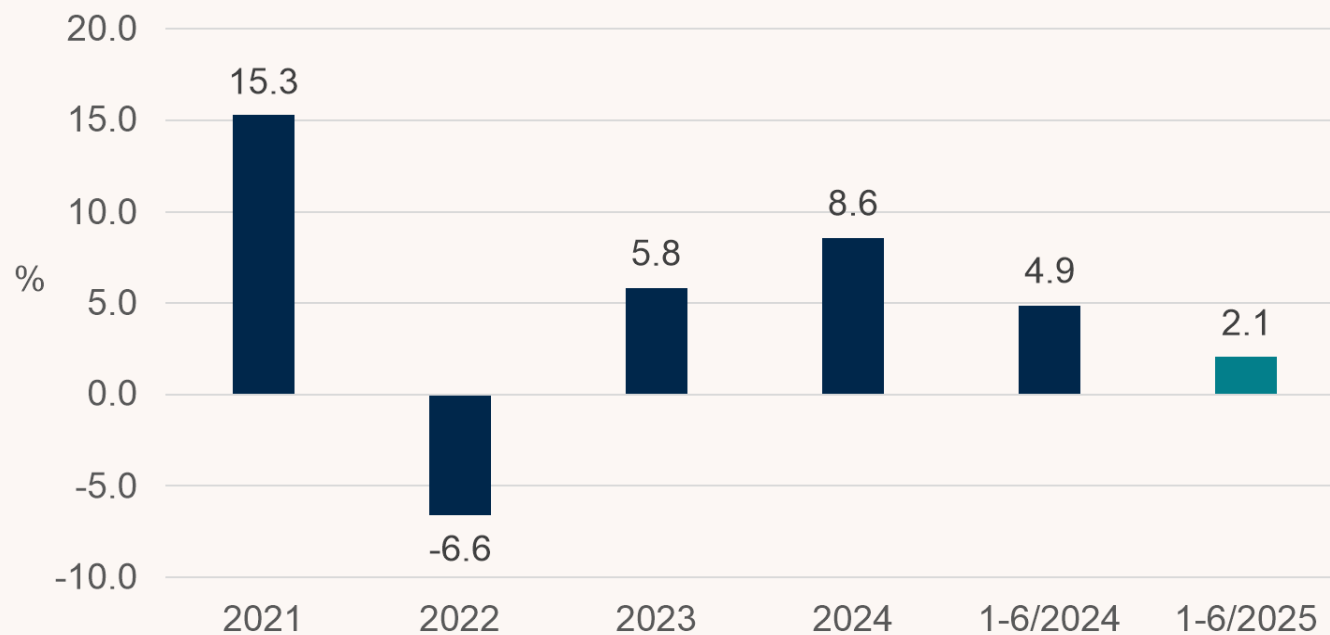


Profitably, securely and responsibly

Investment activities

The return on the investment portfolio was 2.1 per cent, or EUR 1.3 billion

Return on investments at current value, %



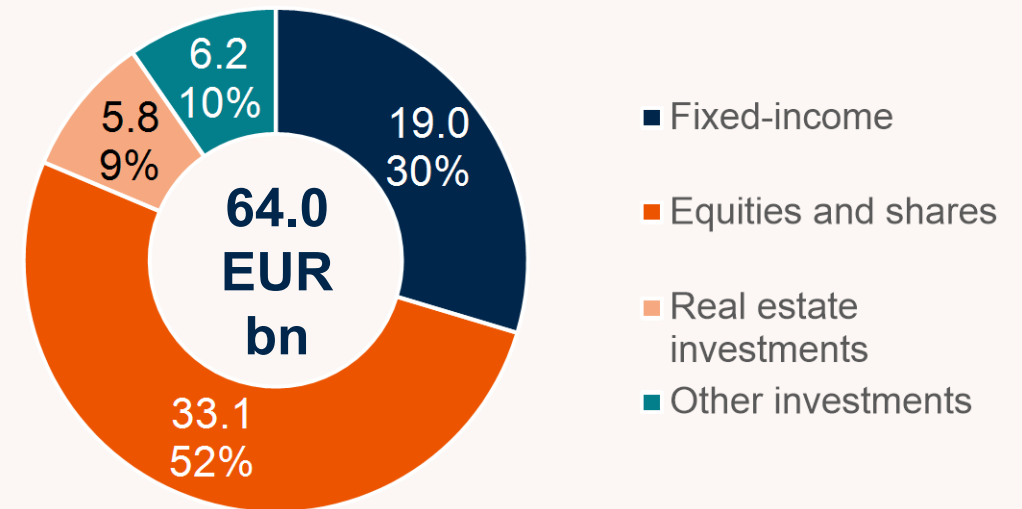
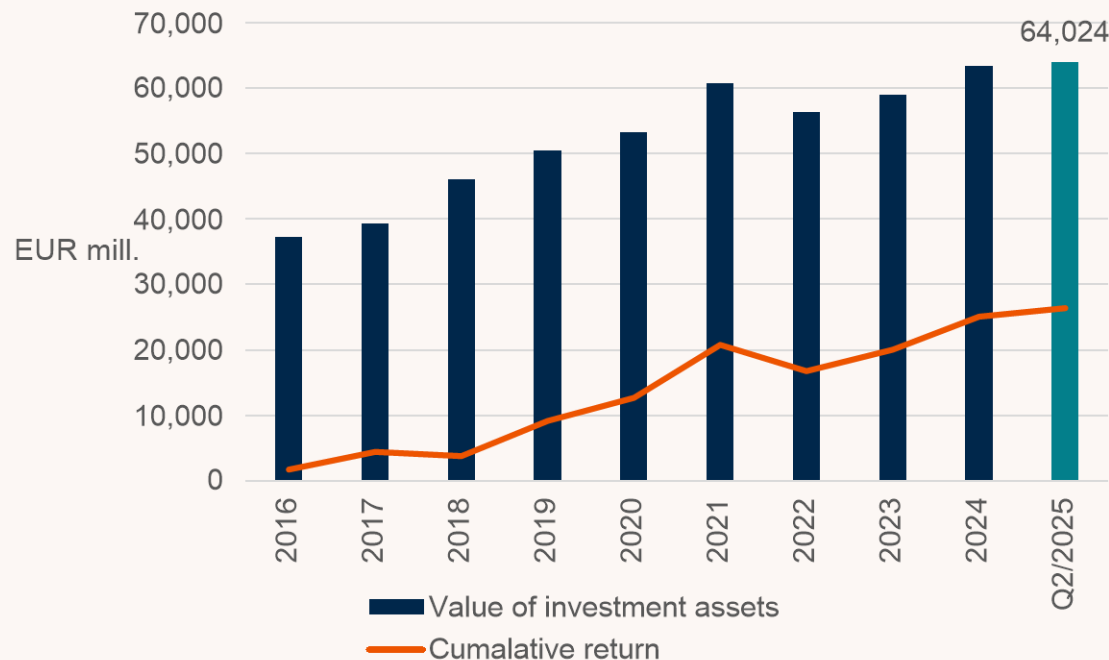
Average nominal return on investments over 5 years 6.7 per cent and real return 3.1 per cent.
Average nominal return on investments over 10 years 5.3 per cent and real return 3.2 per cent.



The value of investments increased to EUR 64.0 billion. Investments have generated a total of EUR 26.4 billion since 2016.

Value of investments and cumulative return
2016–30 June 2025, EUR mill.

Breakdown of investments, 30 June 2025



Average nominal return on investments over 10 years 5.3 per cent and real return 3.2 per cent

Return on Ilmarinen’s investment portfolio was 2.1 per cent.

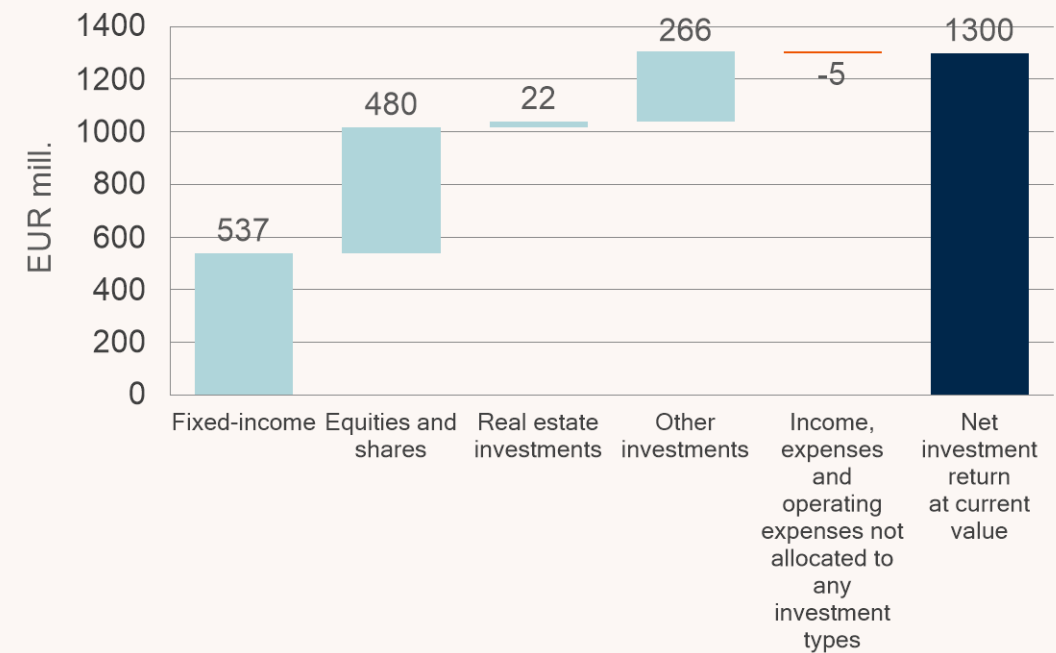
Positive return on investments was increased especially by fixed-income and equity investments.

Return, %

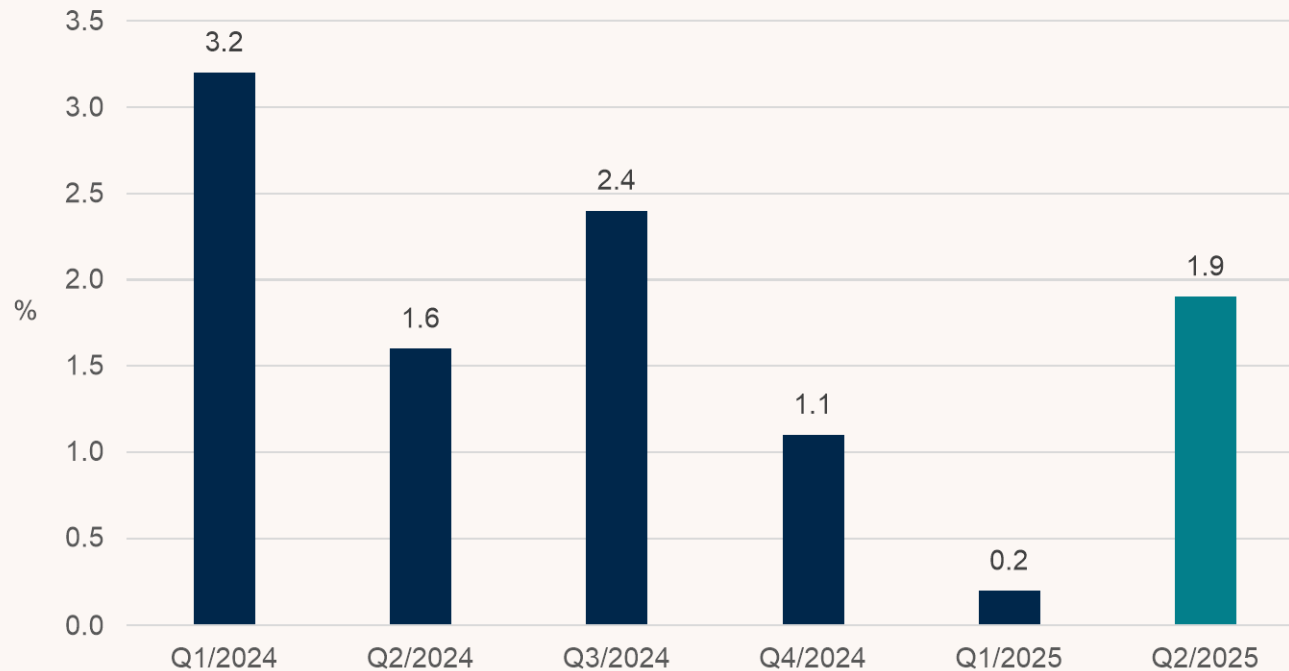
	1 Jan- 30 Jun2025	1 Jan- 30 Jun2024	2024
Net investment return on capital employed,%	2.1	4.9	8.6
Fixed-income	2.9	1.4	4.4
Equities and shares	1.5	9.3	14.1
Real estate investments	0.4	-0.6	-0.9
Other investments	4.4	1.4	6.7

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.



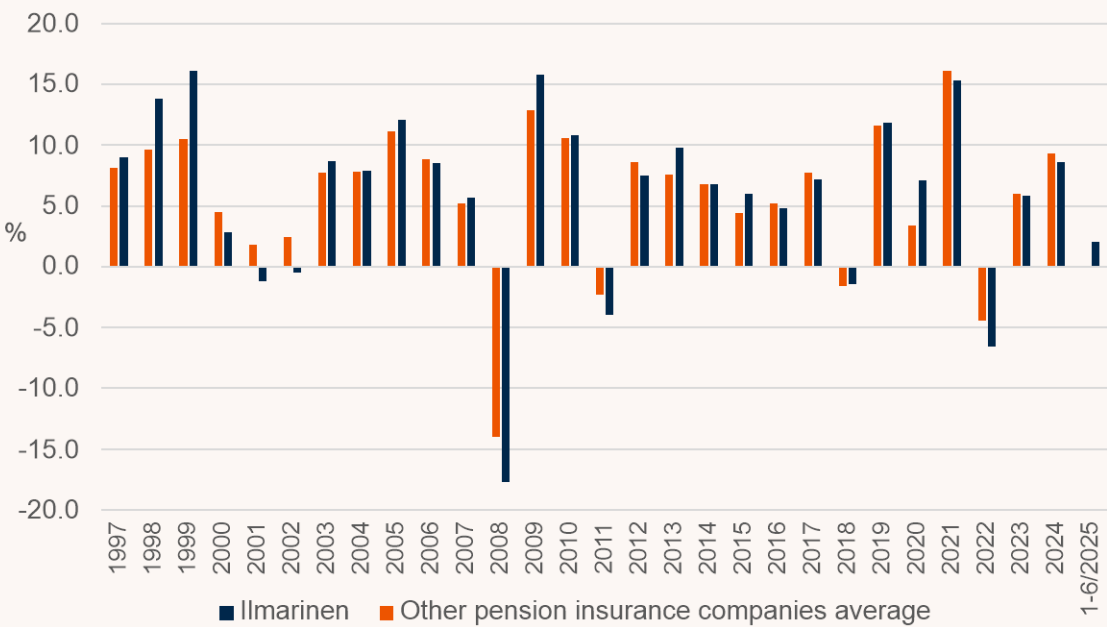
The return for the second quarter was 1.9 per cent, or EUR 1.2 billion



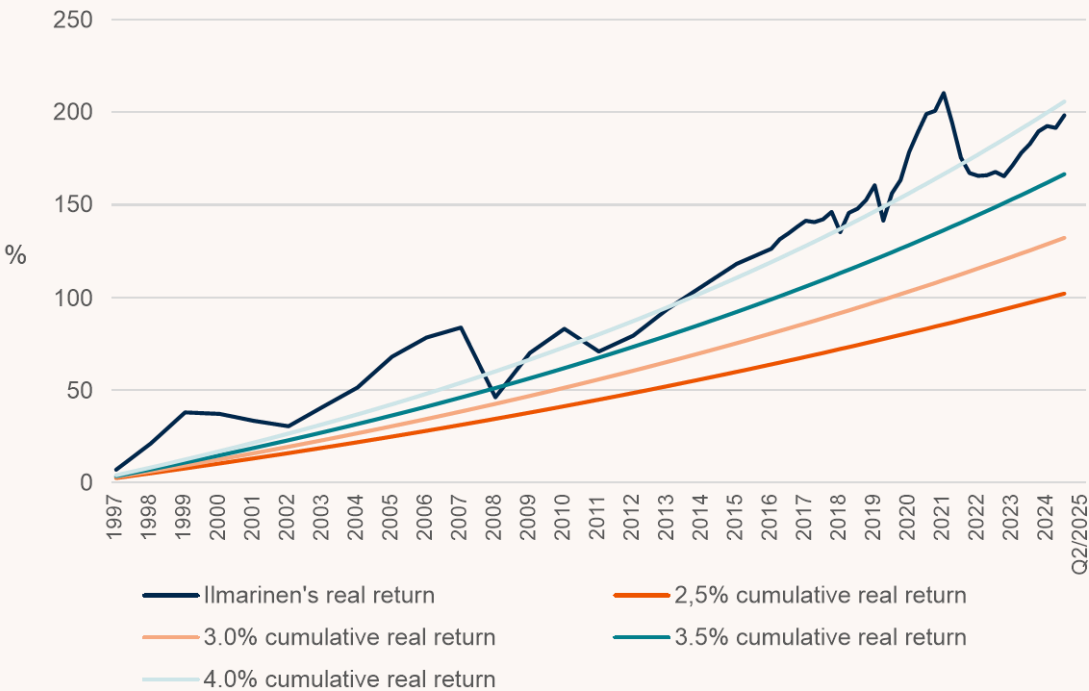
Return on investments was increased especially by fixed income and equity investments.

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 2025



Average annual return at current value(1997-) 5.8%
Average annula return at real value (1997-) 3.9 %

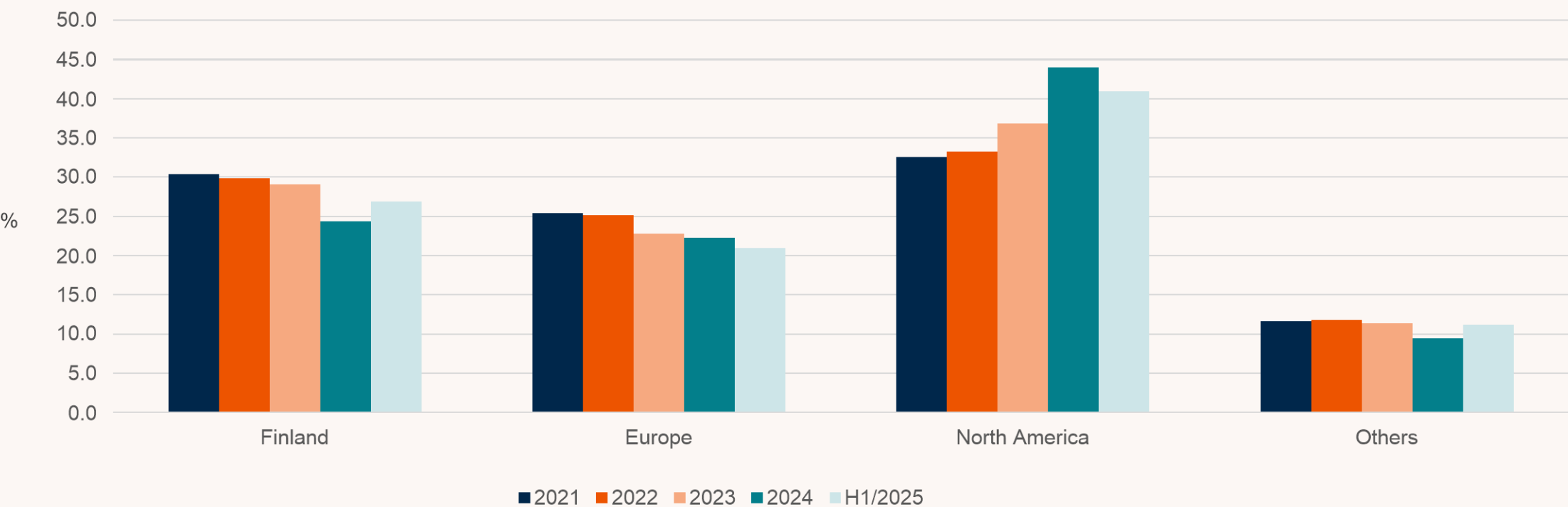
Long-term return at a good level

Average return of different markets (EUR), %

	Ilmarinen	Finnish equities and shares	European equities and shares	USA equities and shares	Euro government bonds	Euro corporate bonds
H1/2025	2.1	14.4	8.8	-6.3	0.6	1.8
2024	8.6	-0.1	8.8	33.4	1.8	4.6
Average return over 5 years	6.7	8.3	11.3	15.6	-2.3	0.3
Average return over 10 years	5.3	8.1	6.3	13.1	0.4	1.3
Average return over 20 years	5.2	8.2	6.3	10.9	2.4	2.6
Average return since 1997	5.8	9.3	6.9	10.0	3.6	3.7
Real average return over 5 years	3.1	4.7	7.5	11.7	-5.6	-3.0
Real average return over 10 years	3.2	5.9	4.2	10.8	-1.6	-0.7
Real average return over 20 years	3.2	6.2	4.3	8.8	0.4	0.7
Real average return since 1997	3.9	7.3	4.9	8.0	1.7	1.9

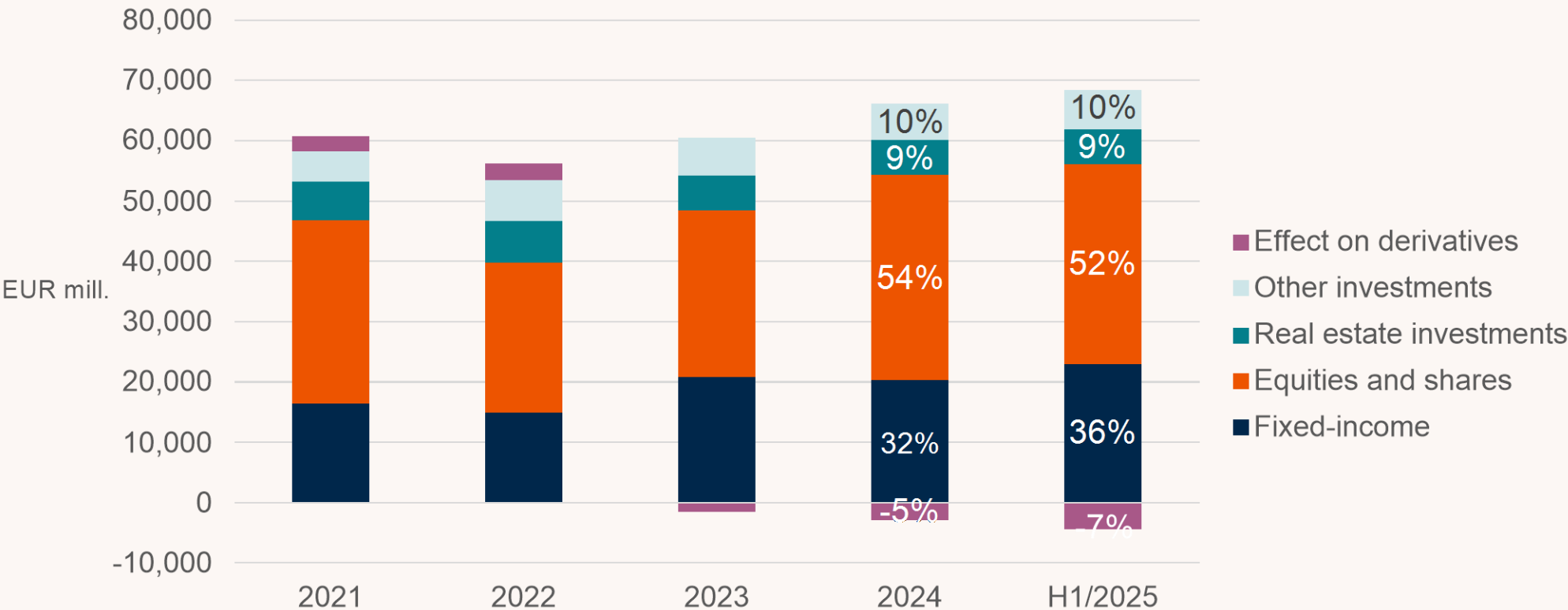
The share of domestic listed equities increased to 27 per cent, while the shares of Europe and North America of the listed equities decreased.

Geographical breakdown of listed equities



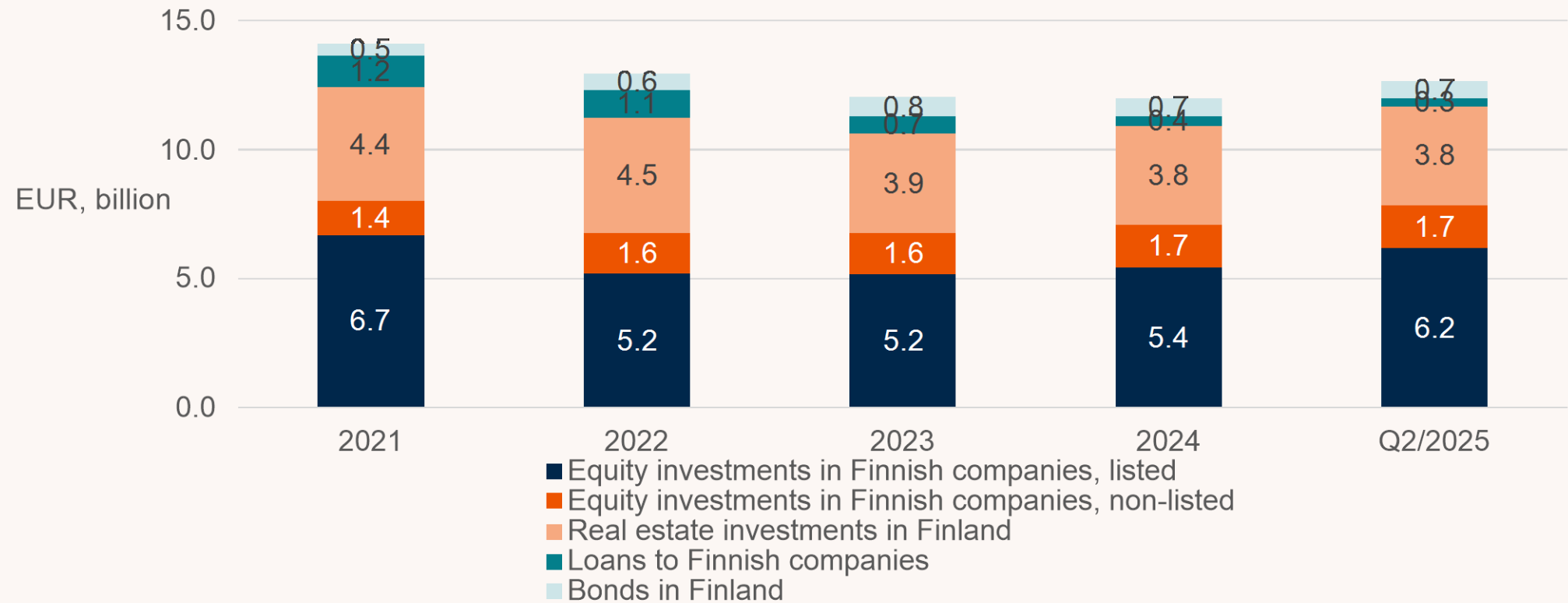
The share of fixed-income investments in Ilmarinen's breakdown of investment risks increased to 36 per cent, and the share of equity investments decreased to 52 per cent

Breakdown of investment risks



Ilmarinen’s investments in Finland were EUR 12.7 billion, or 20 per cent of the investment portfolio

Investments in Finland 2020–30 June 2025, EUR billion



Holdings in Finnish publicly listed companies

EUR 6.2 billion

Largest Finnish listed equity holdings

EUR mill.	30-Jun2025	31 Dec2024	Ownership percentage	30 Jun2025	31 Dec2024
↑ Wartsila Plc	393	310	↓ Nurminen Logistics Oyj	14.9	14.9
↑ Kone Corporation	379	321	SRV Group Plc	11.4	11.4
↑ Sampo Plc	351	273	Digia Plc	9.9	9.9
↑ Nokia Corporation	349	321	Solteq Plc	8.5	8.5
↑ Nordea Bank Abp	340	324	↓ Administer Plc	8.4	8.7
↑ Fortum Oyj	332	275	Kojamo Plc	8.3	8.3
↑ UPM-Kymmene Corporation	326	324	Siili Solutions Plc	7.5	7.5
↑ Orion Corporation	315	249	Nokian Brewery Plc	7.5	N/A
↑ Metso Corporation	312	240	Glaston Corporation	7.3	7.3
↑ Kesko Plc	281	249	Citycon Plc	7.2	7.2

Summary of investment breakdown and return on investment 30 June 2025

	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
Fixed-income investments	18.978	30	22.964	36	2.9	
Loan receivables	854	1	854	1	0.9	
Bonds	18.345	29	22.351	35	2.3	4.3
Public corporation bonds	7.506	12	11.873	19	0.6	
Other bonds	10.839	17	10.478	16	3.5	
Other money market instruments and deposits (incl. investment receivables and payables)	-220	0	-240	0	-	
Equities and shares	33.104	52	33.197	52	1.5	
Listed equities and shares	22.902	36	22.995	36	2.5	9.9
Private equity investments	8.526	13	8.526	13	-1.9	
Non-listed equities and shares	1.676	3	1.676	3	5.9	
Real estate investments	5.779	9	5.779	9	0.4	
Real estate investments	3.090	5	3.090	5	0.6	
Real estate funds and joint investments	2.689	4	2.689	4	0.1	
Other	6.162	10	6.451	10	4.4	
Hedge fund investments	6.006	9	6.006	9	2.1	6.5
Commodity investments	0	0	189	0	-	
Other investments	157	0	256	0	-	
Investments total	64.024	100	68.392	107	2.1	4.1
Effect of derivatives			-4.368	-7		
Investments at current value	64.024	100	64.024	100	2.1	

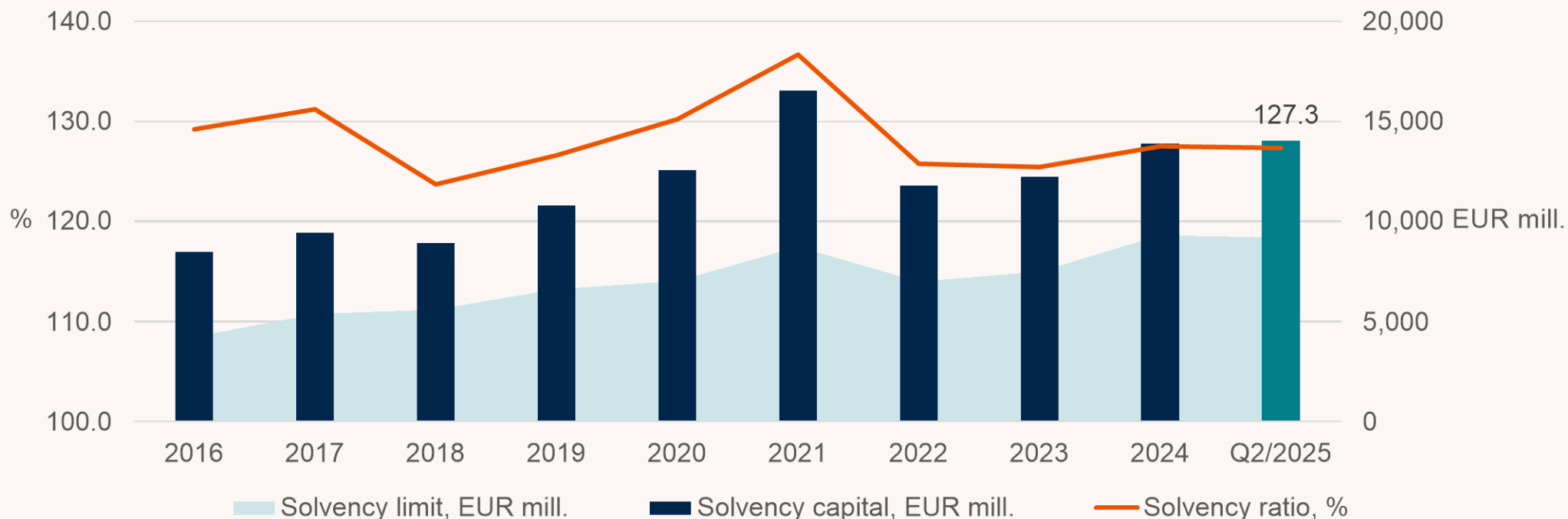
The modified duration of bond investments was 3.8 years

The open currency position was 27.1% of the market value of the investments.

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

The solvency capital was EUR 14.0 billion, and the solvency ratio was 127.3 per cent. The solvency position was 1.5.

Solvency capital, solvency ratio and solvency limit 2016–30 June 2025





Future prospects

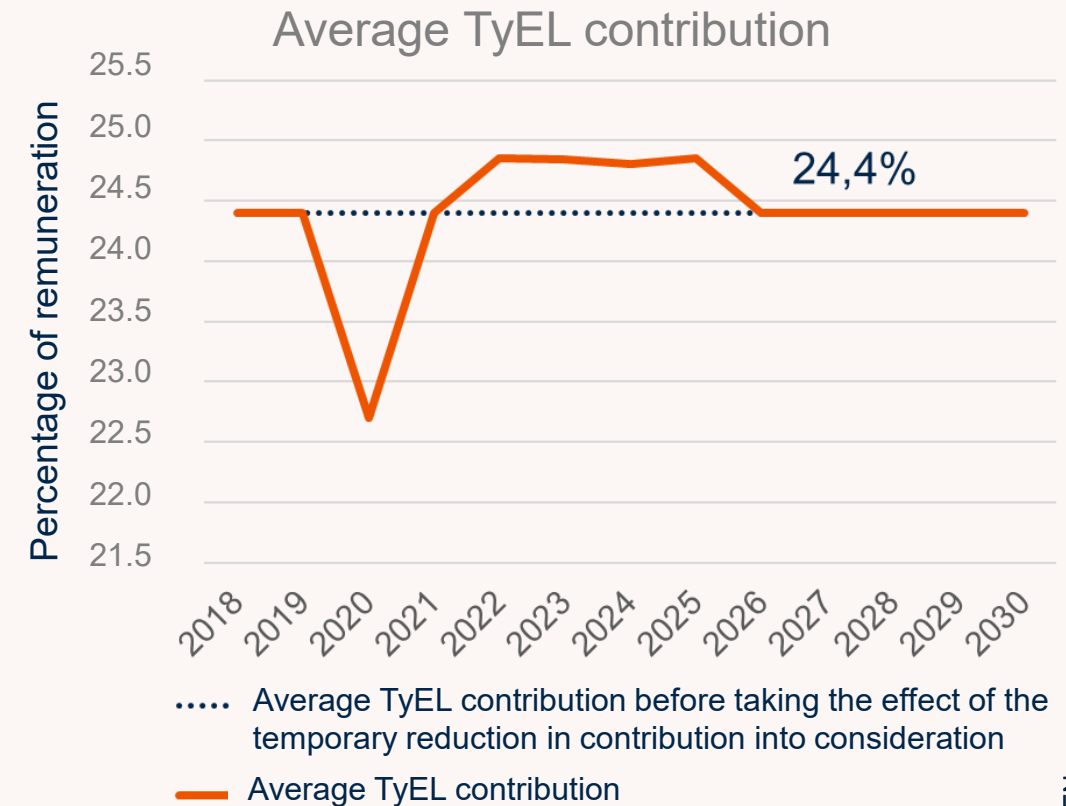
The future outlook is characterised by unpredictability.

- Uncertainty related to power and trade politics has been increasing since the beginning of the year. Russia's war of aggression in Ukraine, geopolitical tensions, acts of war in the Middle East and extensive changes in trade politics are casting a shadow over the growth and inflation outlook, adding to the overall uncertainty in the economy and investment market.
- Increased uncertainty dampens the outlook for economic growth. The global economic growth forecast was revised to 3 per cent for 2025. Uncertainty also slows the rate at which Finnish economy can recover from the recession.
- Ilmarinen's premiums written are expected to increase as payrolls increase.
- The key risks affecting Ilmarinen's operations and the earnings-related pension scheme are related to the development of employment and the payroll, changes in disability pension incidence, uncertainty in the investment markets, the demographic development and the exceptionally low birth rate.



Changes in investment regulation at the centre of the pension reform

- The level of earnings-related pension contributions will be stabilised to 24.4 per cent for the 2026–2030 period.
- The aim is to achieve higher return on investments on pension assets in the long term by increasing the risk-taking potential of pension providers in the investment of pension assets, by relaxing the solvency limit and by enabling higher equity weighting by increasing the link to equity yield of technical provisions from 20 to 30 per cent.
- The possibility of using the leverage ratio of an employment pension insurance company's subsidiaries in real estate investments will be expanded.
- The maximum amount of the employer's premium lending will be limited to EUR 10 million.
- A new inflation stabiliser will be introduced in 2030.
- Legislative drafting of the reform is ongoing. It would be important to bring these changes into effect as soon as possible.



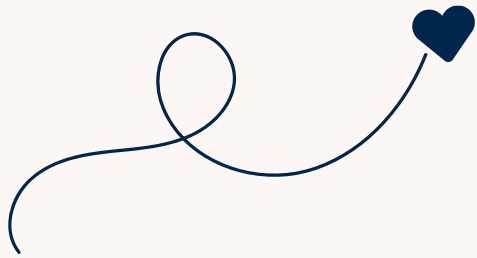
Current information about the pension system

- According to the newest Pension Barometer of the Finnish Centre for Pensions, most Finns consider the pension reform to be at least somewhat good overall. Around half of the respondents trust the pension scheme.
- In December 2024, the Ministry of Social Affairs and Health launched a project to reform the pension scheme for entrepreneurs. The aim is to examine the options for determining entrepreneurs' confirmed income and initiating funding by the end of November.
- The review in 2025 will target entrepreneurs whose confirmed income has not been adjusted in three years and whose income has not changed during this period. In practice, the reviews will mainly concern annual income exceeding EUR 25,000.
- Finns are working longer than before at the end of their careers. The goal set for the expected retirement age for 2025 has already been exceeded by 0.7 years.
- Finns' average monthly pension continued to increase in 2024, amounting to EUR 2,100 compared to EUR 1,977 in the previous year.
- More than half of the working-age population saves for retirement, and saving has become more popular, especially among young people. The most common reason for not saving was the personal financial situation. This information can be found in the survey by the Finnish Centre for Pensions.



Well prepared for tomorrow

We take care of people's pension security so that we can look to the future with confidence and optimism. Openly, responsibly and by succeeding together.



“Taking care of pension security is part of personal financial management. We make it so easy that everyone understands how they will benefit from it.”

