

We are preparing for a good tomorrow

Ilmarinen's Interim Report
January – March 2025



Return on investments was 0.2 per cent, solvency was strong, and cost-effectiveness improved

- The return on Ilmarinen's investment portfolio was 0.2 per cent, or EUR 0.1 billion. The market value of investments was EUR 63.1 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 was EUR -164 million.
- Premiums written grew by 3 per cent to EUR 1,749 million. Pensions paid rose by 3 per cent to EUR 1,951 million.
- Net customer acquisition amounted to EUR -9 million, and rolling customer retention for the previous 12 months was 96.3 per cent.
- Operating expenses financed using loading income decreased by 2 per cent to EUR 24.0 million, amounting to 0.34 per cent of the Employees Pensions Act payroll and YEL income of the insured.
- The solvency capital was EUR 13.7 billion, and the solvency ratio was 127.1 per cent.
- Prospects: Ilmarinen's premiums written are expected to increase as payroll increases.



Key figures January-March 2025

Premiums written

1.75 (1.69)

EUR bill.



1.95 (1.89)

EUR bill.

Pensions paid

Operating expenses
financed using
loading income

24.0 (24.4)

EUR mill.



0.34 (0.35)

%

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

Return on
investments

0.2 (3.2)

%



63.1 (63.3)

EUR bill.

Investment assets

Solvency ratio

127.1 (127.5)

%



13.7 (13.9)

EUR bill.

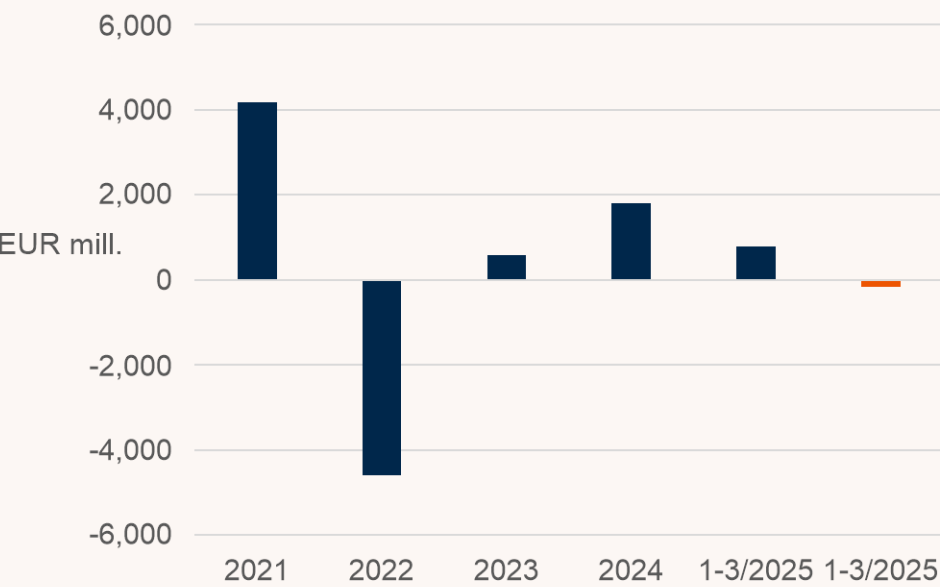
Solvency capital

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

The result comparison figures are the figures for the corresponding period of 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 -164 million

Total result, EUR mill.



Sources of profit, EUR mill.

Result analysis, EUR mill.	1.1.-31.3.2025	1.1.-31.3.2024	1.1.-31.12.2024
Underwriting result	-8	9	6
Return on investments at fair value	-152	771	1,797
+ Net return on investments at fair value	144	1,875	5,044
- Return requirement on technical provisions	-296	-1,104	-3,247
Loading profit	-3	-2	-1
Other profit	0	0	3
Total result	-164	778	1,804

*) 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.



Operating environment

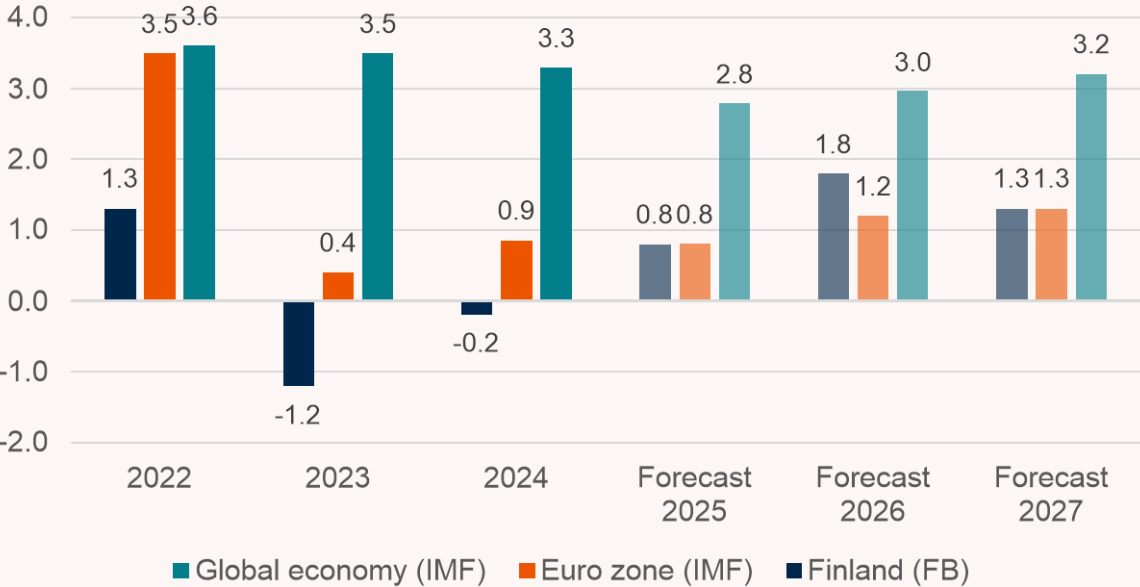
The economic operating environment and investment market are overshadowed by exceptional uncertainty

- The uncertainty related to power and trade politics has reached a historical level at the beginning of the year. Growth forecasts were revised downwards to 2.8 per cent for 2025.
- Inflation is recovering towards central banks' target levels in the medium term. In the United States, inflation fell more slowly than in the rest of the world.
- Finland's the economy is recovering from the recession, but economic growth is weak.
- There was a significant regional divergence in equity market returns. In contrast with previous years and expectations, the share price development was the weakest in the United States, -4.3 per cent. In Europe, the equity market yielded 5.8 per cent, and in Finland, 6 per cent.
- The greater investment expectations increased long-term rates in Europe. Conversely, long-term rates declined in the United States as the market's confidence in the superior economic growth in the US deteriorated.
- The euro strengthened by around 4 per cent against the US dollar during the year.



Increased instability revised the global economic growth forecast downwards to 2.8 per cent for 2025

GDP development, %



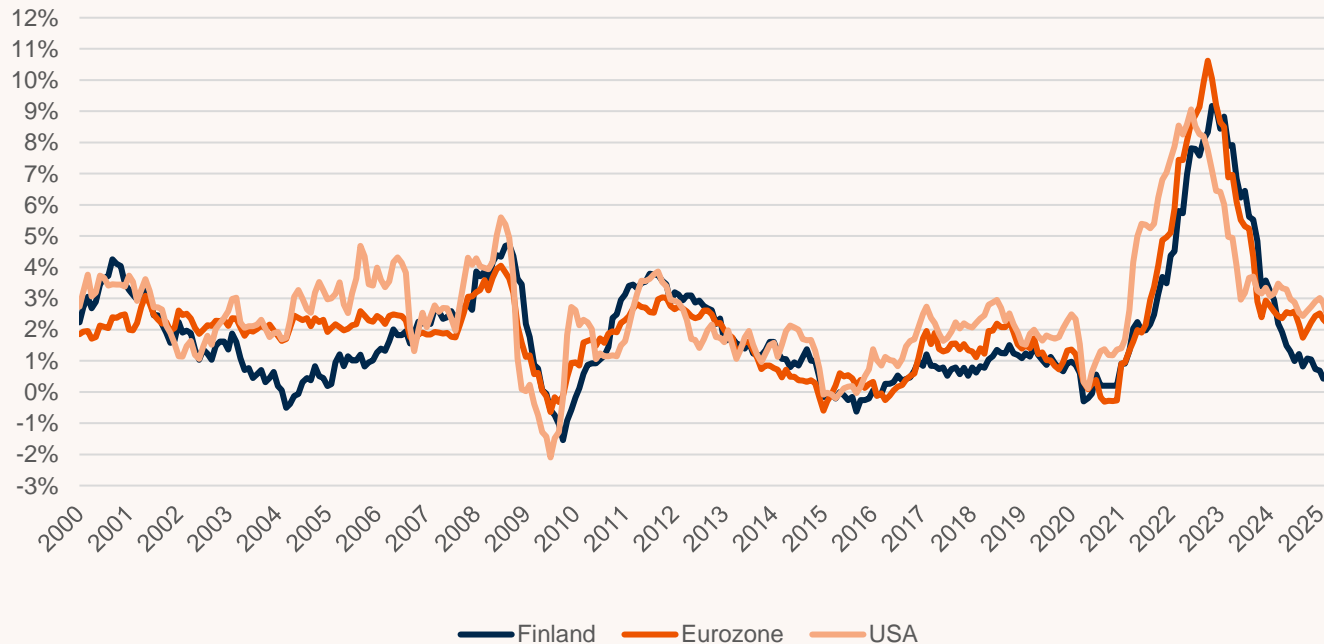
Development of Finland's employment and unemployment rates, %



Sources: Bank of Finland 3/2025, IMF 4/2025, VM 12/2024

Inflation has fallen towards central banks' target levels

Year-on-year change in consumer prices



- In March, inflation was 2.4 per cent in the United States, 2.2 per cent in the euro zone and 0.6 per cent in Finland.
- Inflation is recovering towards central banks' target levels in the medium term.
- 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 euro zone, allowing the ECB to cut its key interest rate twice early in the year.

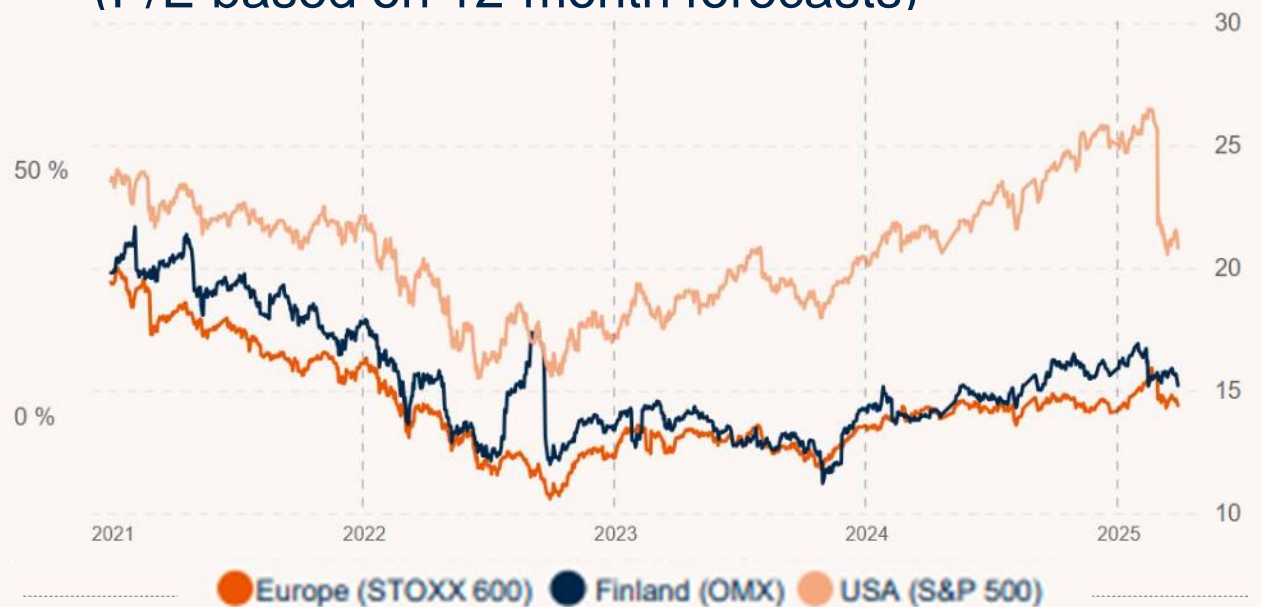
Political uncertainty and the threat of a trade war have caused the stock market to decline in the USA

- The return on equity investments in the USA was -4.3 per cent and in Europe 5.8 per cent.
- In Finland, the return on equity investments was 6 per cent.

Equity market performance



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



Market confidence in the superior economic growth in the US deteriorated, lowering interest rates – the greater investment expectations increased long-term rates in Europe

Increased uncertainty raised the risk premiums for instruments with credit risk

Development of interest rates

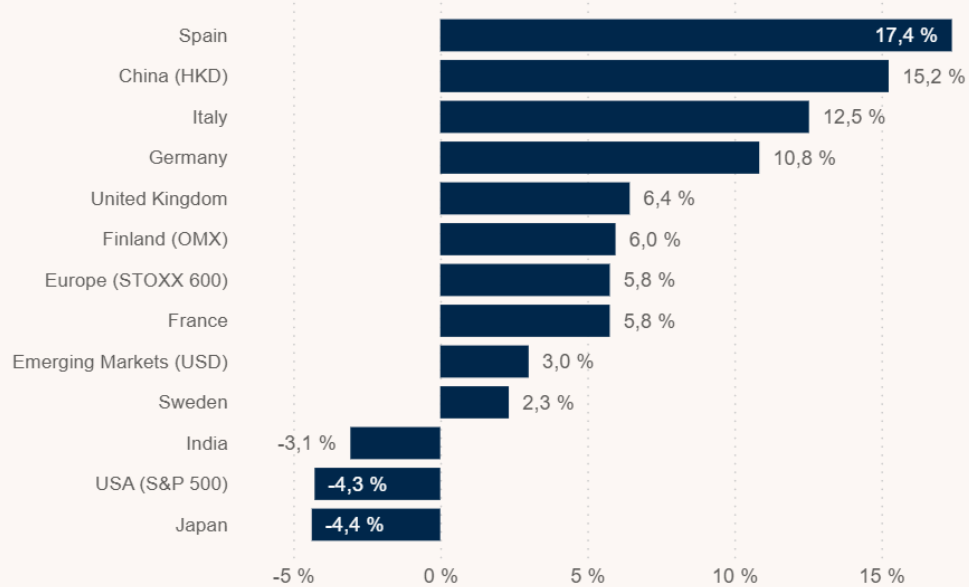


Development of credit risk premiums

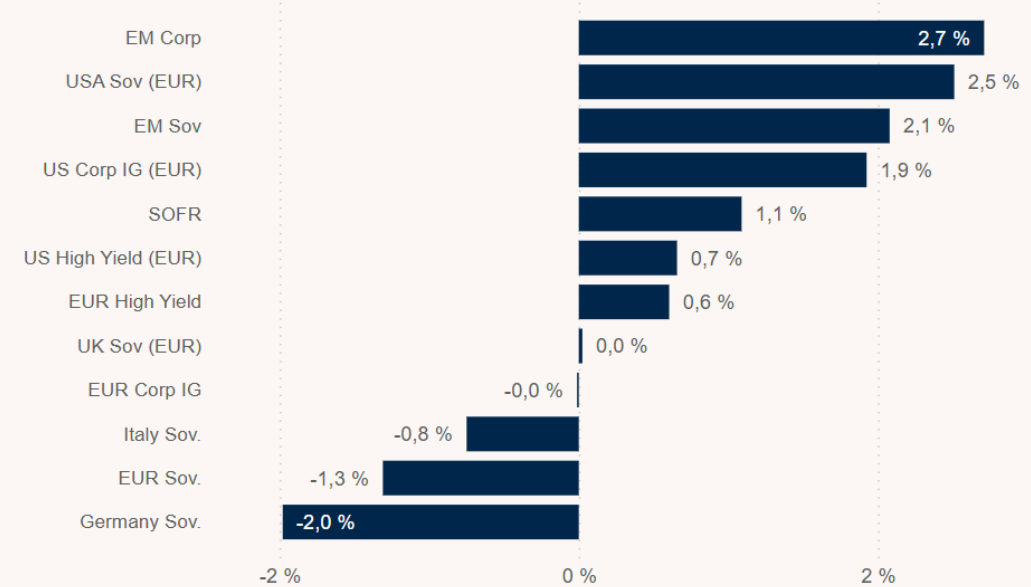


Asset class incomes 31.3.2025

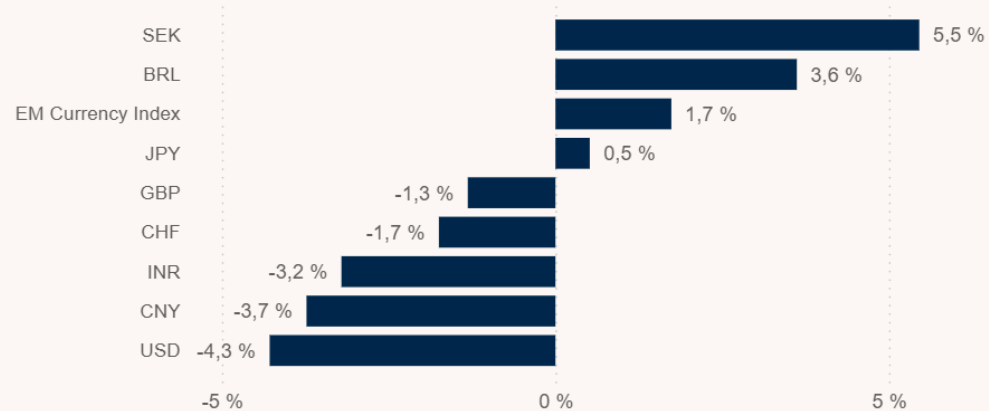
Equity market YTD %, total return in local currency



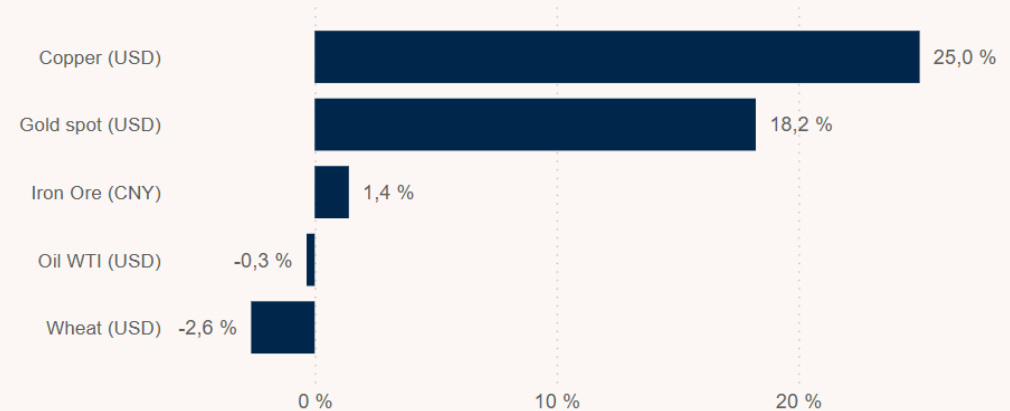
Fixed income YTD %



Currency against the euro YTD %



Commodities YTD %



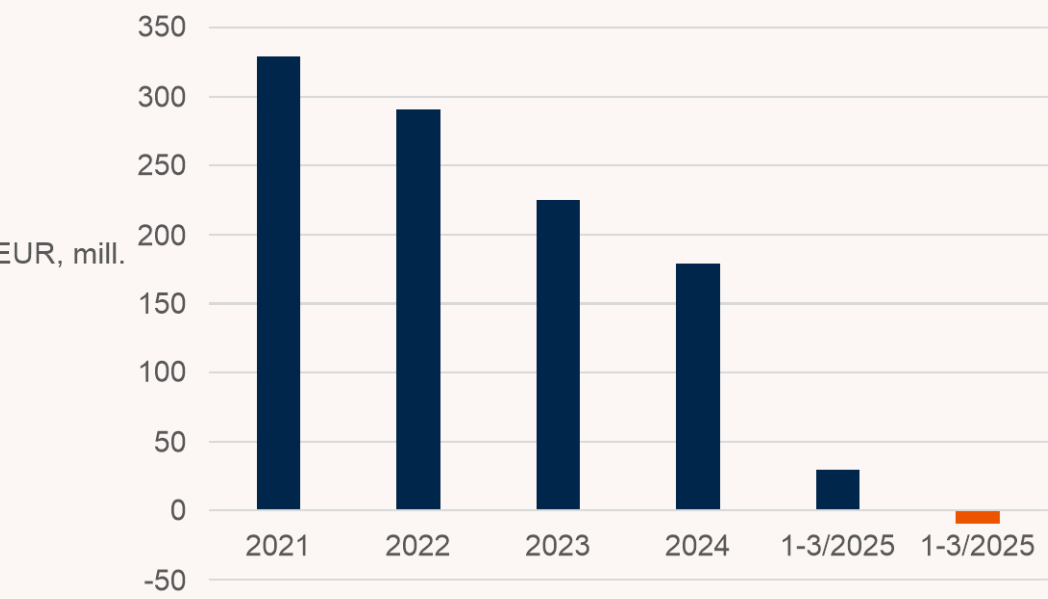


Pension security for you

Insurance and pensions

Net customer acquisition was EUR -9 million, customer retention was 96.3 per cent

Net customer acquisition 2021-31.3.2025, EUR mill.

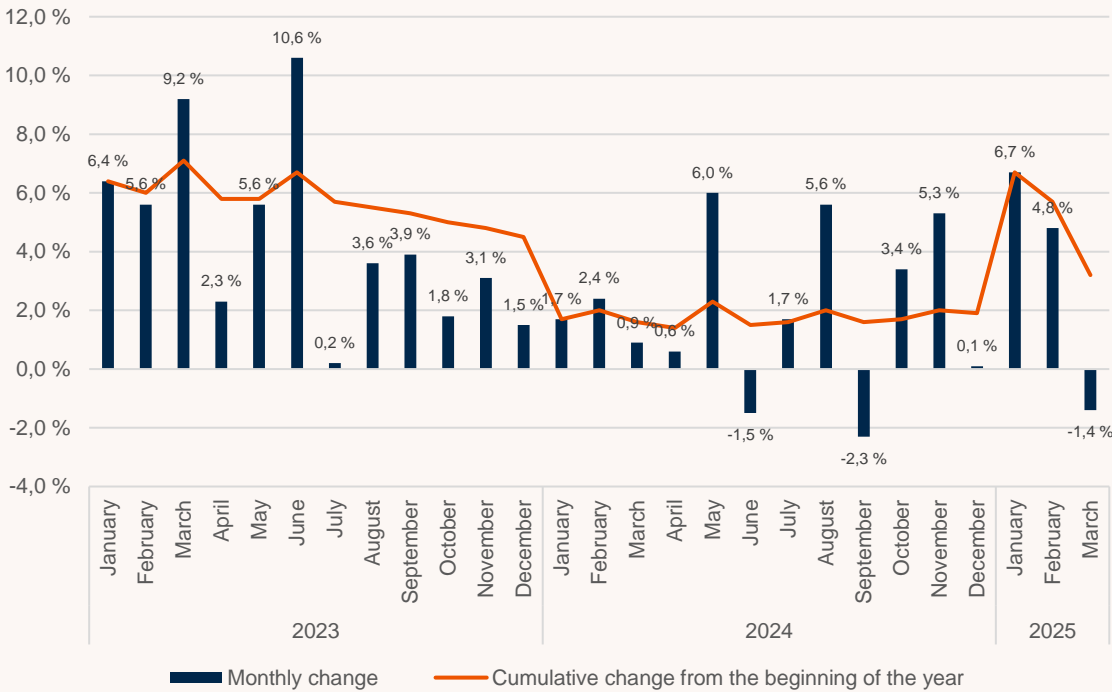


Net customer acquisition, EUR mill.

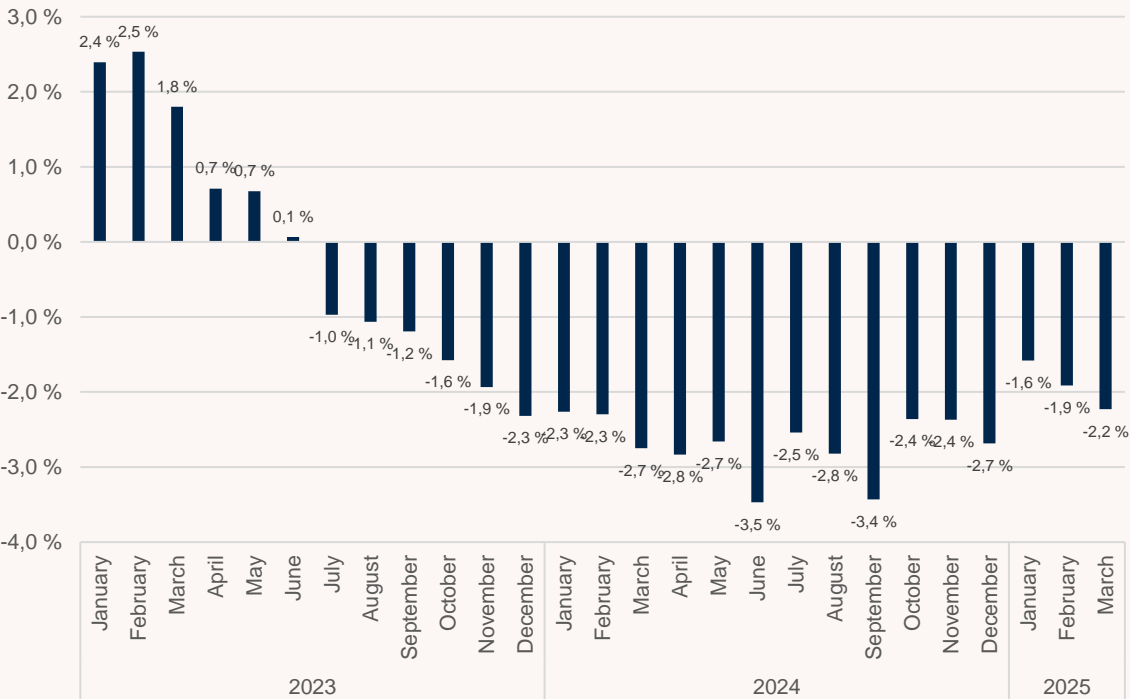
EUR mill.	1.1.- 31.3.2025	1.1.- 31.3.2025	2024
Net customer acquisition	-9	29	179
Sales of new insurance	27	30	103
Net transfer of insurance	-36	-1	77
Customer retention, % of premiums written	96.3 %	96.3 %	96.7 %

Customers' payroll increased by 3.2 per cent in January–March, 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

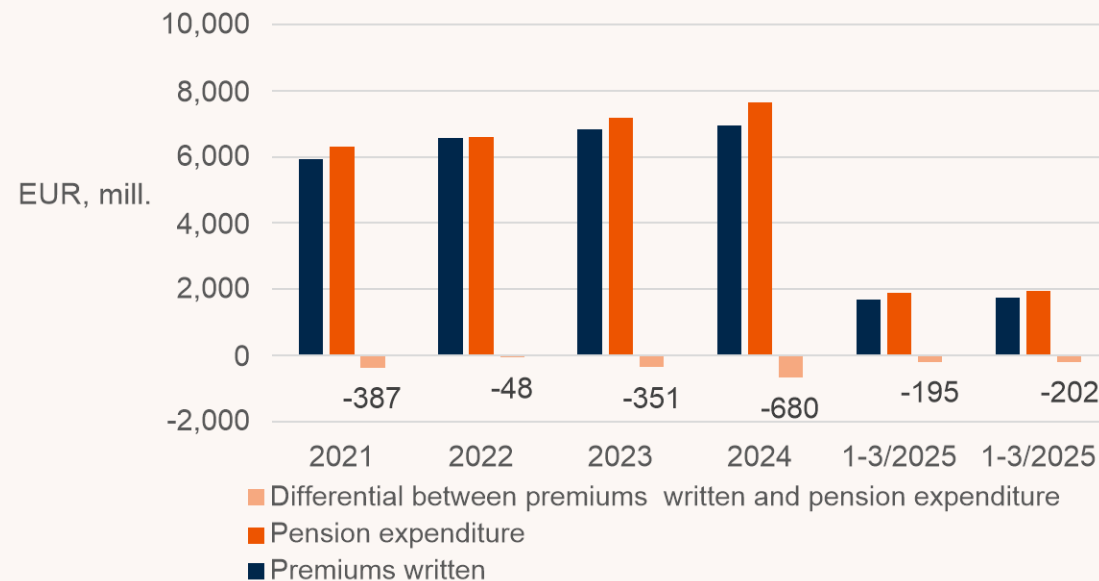


Change in number of employees in Ilmarinen's business cycle index



Premiums written increased by 3 per cent to EUR 1.7 billion, while pension expenditure also increased by 3 per cent to EUR 2.0 billion

Premiums written and pension expenditure, 2021–31.3.2025

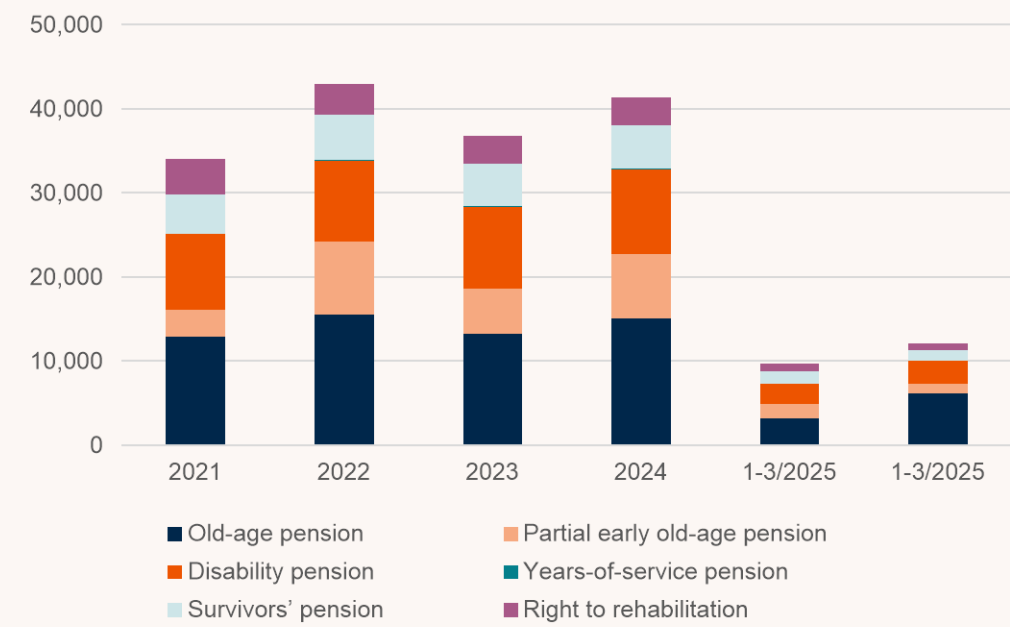


EUR mill.	1.1.- 31.3.2025	1.1.- 31.3.2025	2024	2023	2022	2021
TyEL	1,621	1,562	6,533	6,418	6,164	5,534
YEL	128	128	423	404	394	388
Premiums written	1,749	1,690	6,956	6,822	6,558	5,922
TyEL	1,814	1,748	7,187	6,744	6,189	5,902
YEL	137	137	449	429	417	407
Pension expenditure	1,951	1,885	7,636	7,173	6,606	6,309

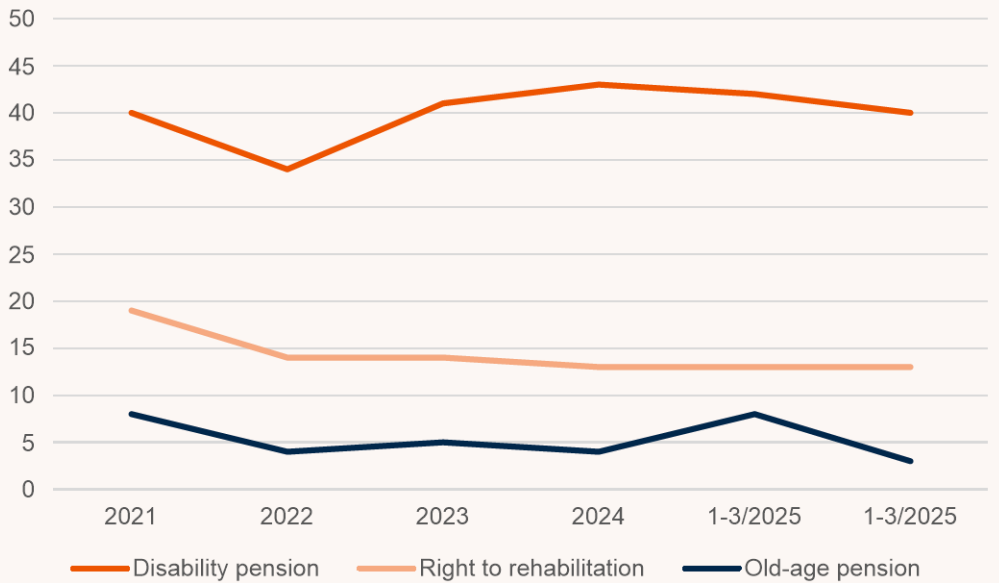
A total of 12,109 new pension decisions were made, which was 25 per cent more than last year.

Old-age pension decisions were issued in three days on average.

Number of new pension decisions



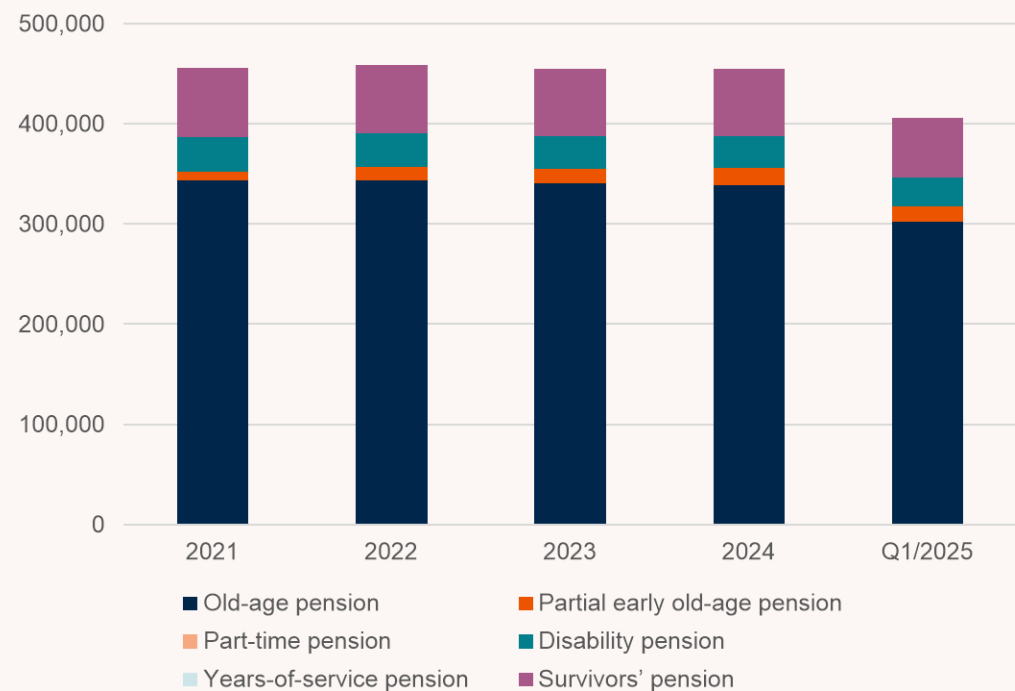
Average application processing time, days



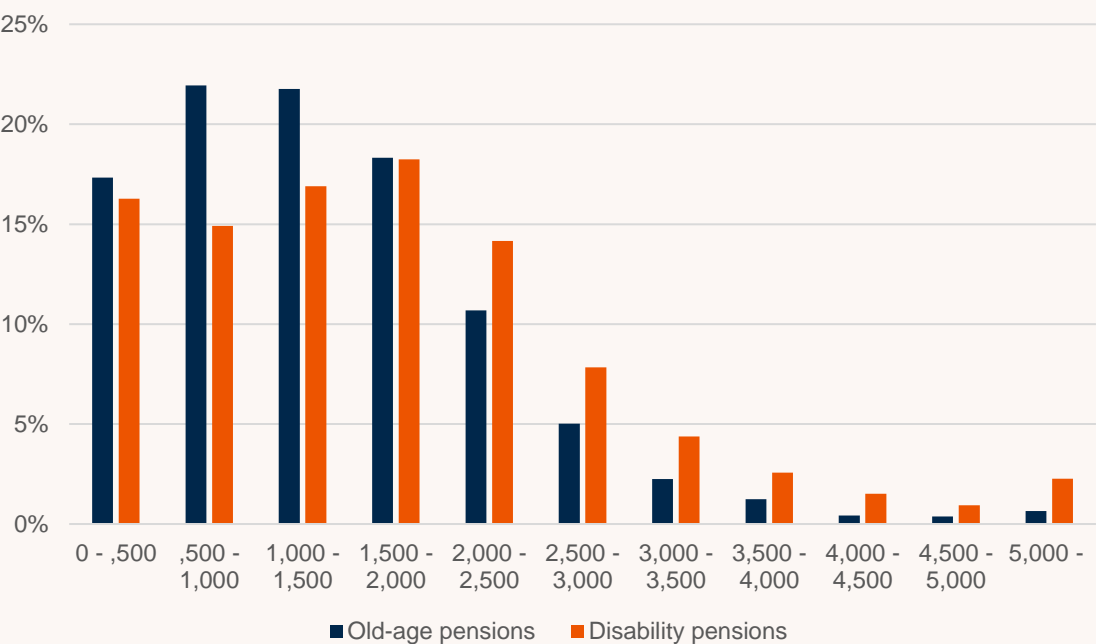
We paid 3 per cent more pensions, or a total of EUR 2.0 billion to 453,338 pensioners

The average old-age pension was EUR 1,711 per month.

Ilmarinen’s pension recipients



Distribution of paid old-age and disability pensions by size





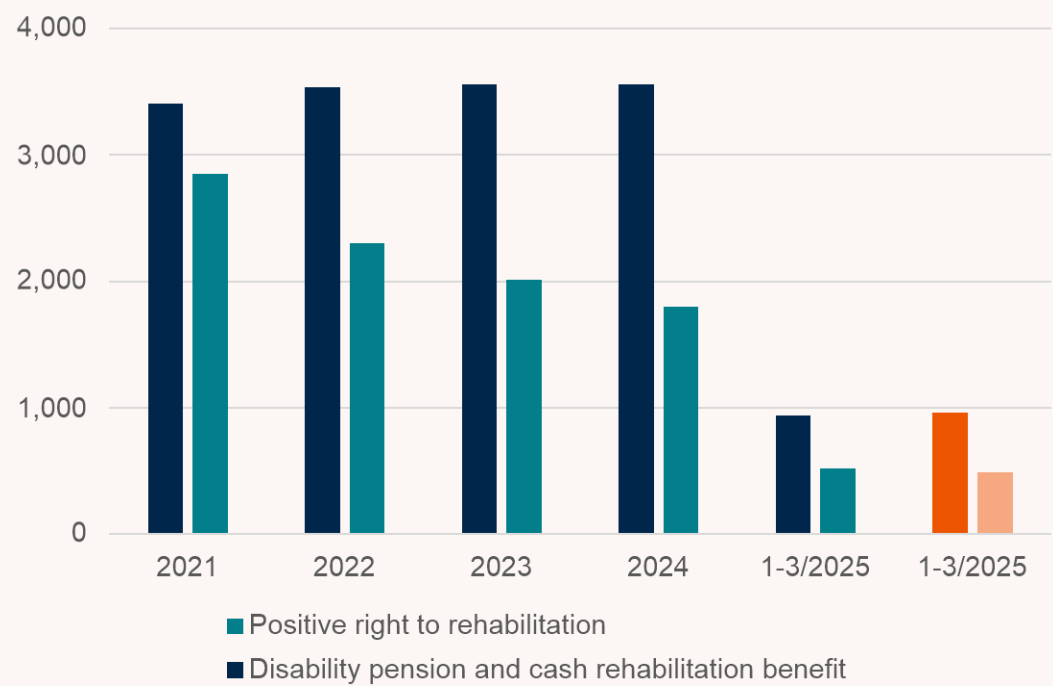
For a better working life

Work ability risk management
and rehabilitation

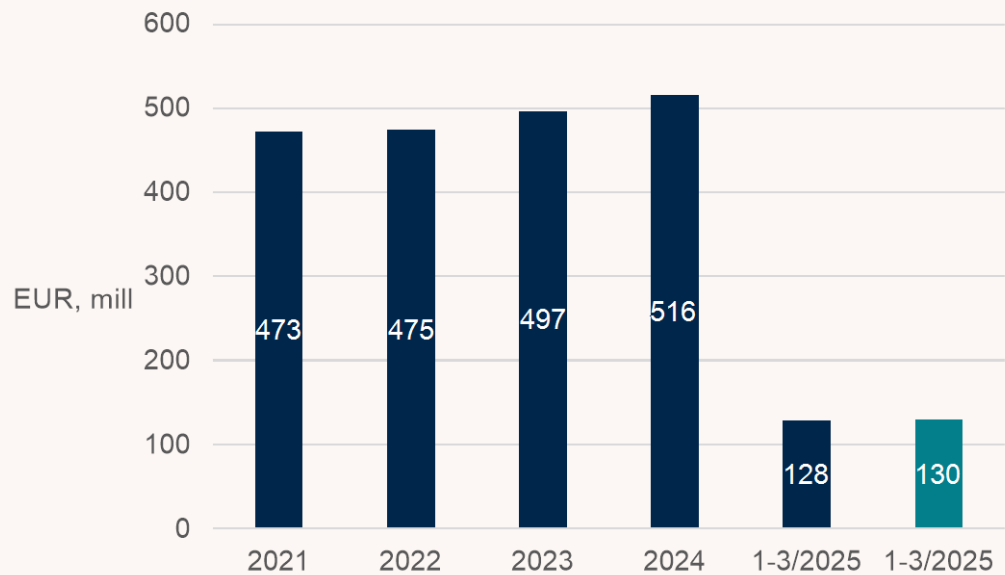
958 persons transitioned to a disability benefit, which was 2 per cent more than in the previous year

Disability pension expenditure rose by EUR 2 million.

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

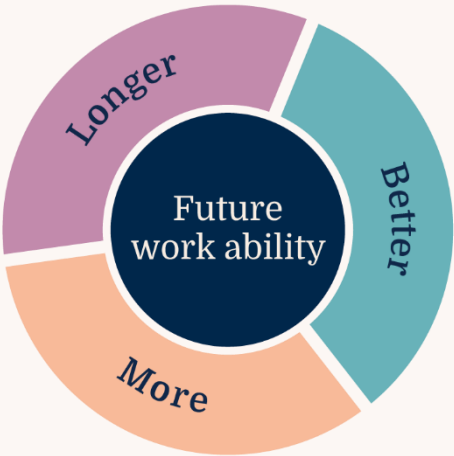


Disability pension expenditure, EUR mill.



Customers find work ability management services very effective, and the number of users is growing significantly

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

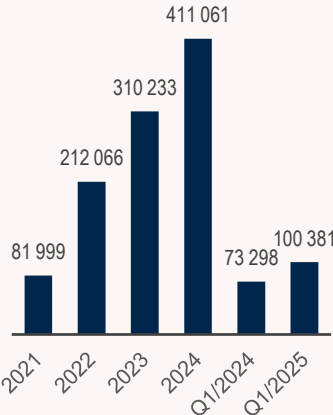
4.7 (2024: 4.5).

Customers find work ability services very useful. In early 2025, the estimate of the benefit was 4.5 (2024: 4.2) on a scale from 1 to 5. Work ability services’ NPS was 80.

Work ability management services use increases dramatically

Service use in early 2025

+37 per cent



Customers are interested in the contents of the Work Ability Hub. Record number of visitors at the beginning of the year: more than 100,000 (+37 per cent).

The number of companies using company-specific work ability services increased by 5 per cent early in the year. The number of employees in companies using the services is now over 400,000.

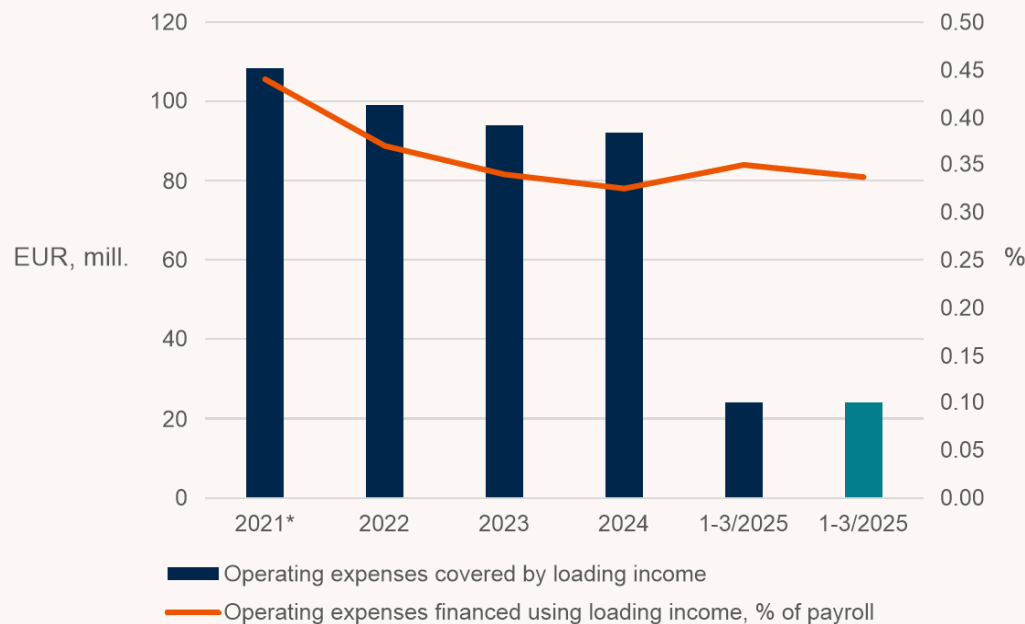


Cost-effective operations

Operating expenses and personnel

Cost-effectiveness further increased – operating expenses financed using loading income decreased 2 per cent to EUR 24.0 million and were 0.34 per cent of the payroll

Total operating expenses, operating expenses financed using loading income and operating expenses using loading income of payroll 2021–31.3.2025 *) **)



	1.1.- 31.3.2025	1.1.- 31.3.2025	2024	2023	2022	2021
Total operating expenses EUR, mill.	39	38	143	146	151	157
Operating expenses covered by loading income EUR, mill.	24	24	92	94	99	108
Operating expenses financed using loading income, % of payroll	0.34	0.35	0.33	0.34	0.37	0.44
Operating expenses financed using loading income per pensioners and insured, EUR	22	22	82	83	87	96

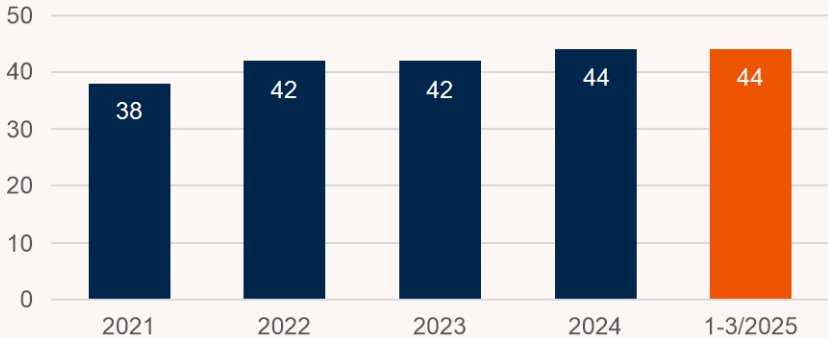
*) Operating expenses and operating expenses financed using loading income are presented above without the one-time write-down of EUR 18.2 million for intangible assets made in the financial statements for 2021

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

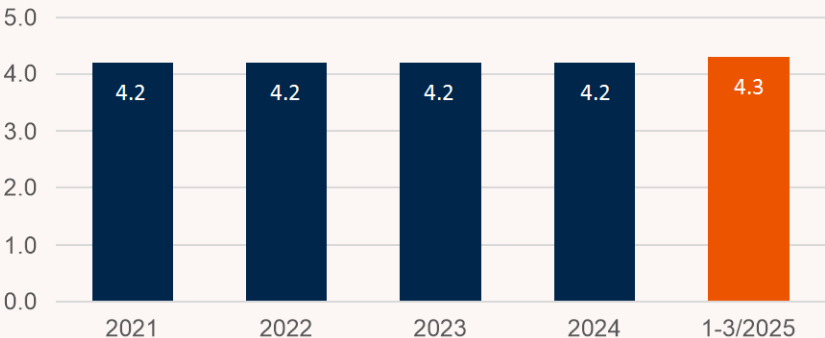
Employee experience was excellent and their energy level at work improved

Number of absences due to illness on the decline

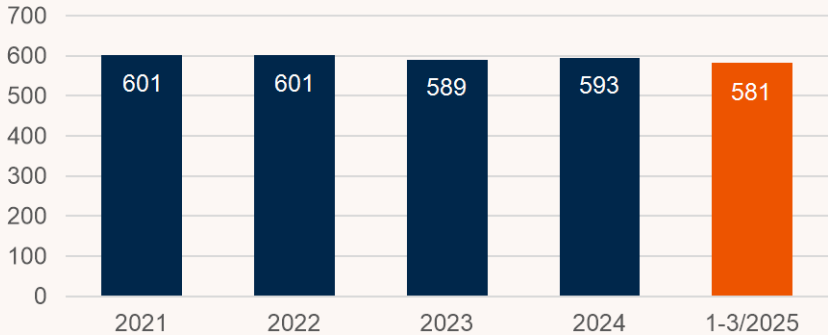
Employee Net Promoter Score (eNPS)



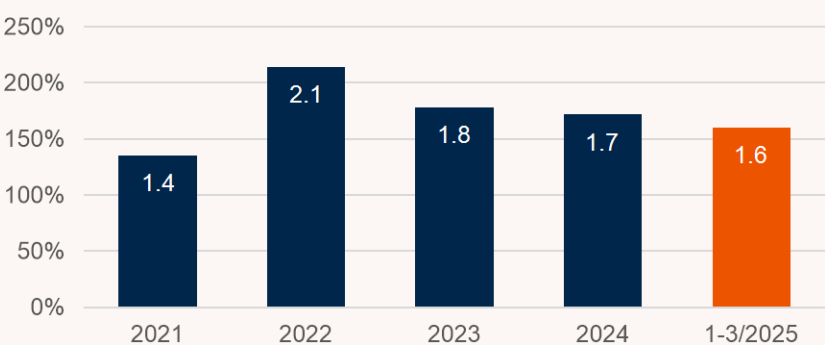
Personnel's average energy level (1–5)



Average number of employees (person years)



Lost work time due to sick leave



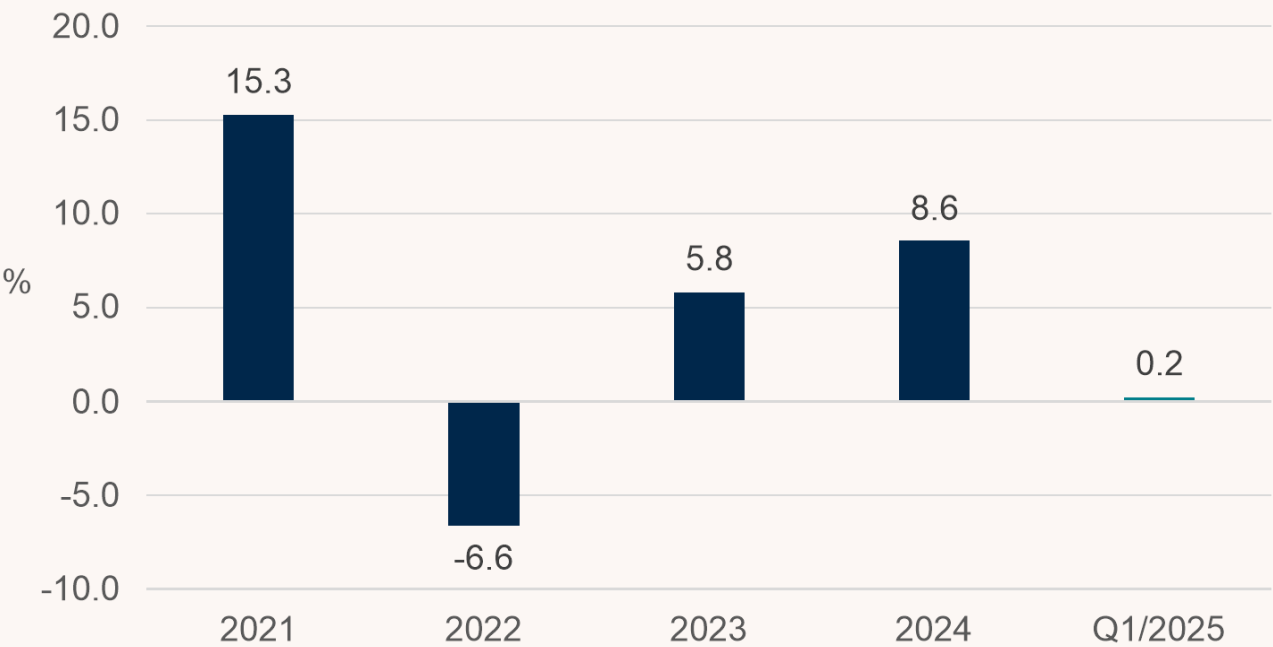


Profitably, securely and responsibly

Investment activities

The return on the investment portfolio was 0.2 per cent, or EUR 144 billion.

Return on investments, %

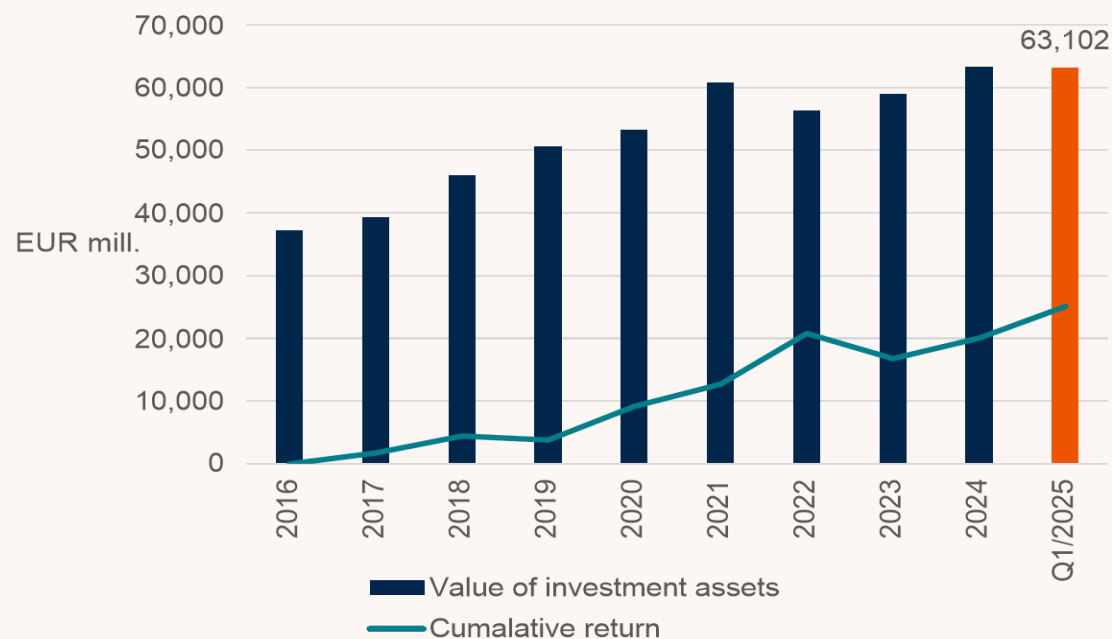


Average nominal return on investments over 5 years 7.5 per cent and real return 3.8 per cent. Average nominal return on investments over 10 years 5.0 per cent and real return 2.8 per cent.

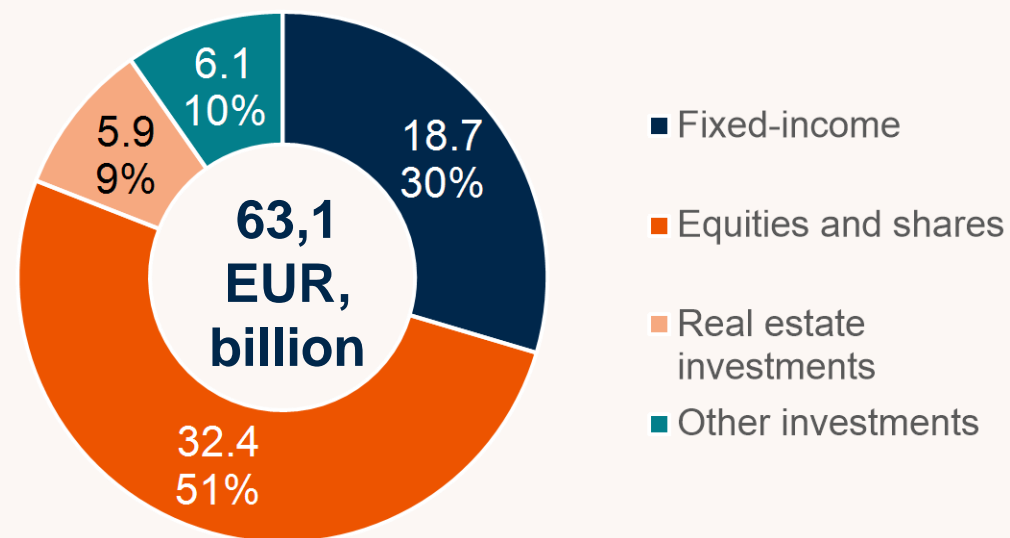


Value of investments EUR 63.1 billion. Investments have generated a total of EUR 25.2 billion since 2016.

Value of investments and cumulative return
2016–31.3.2025, EUR mill. €



Breakdown of investments, 31.3.2025



Average nominal return on investments over 10 years 5.0 per cent and real return 2.8 per cent.

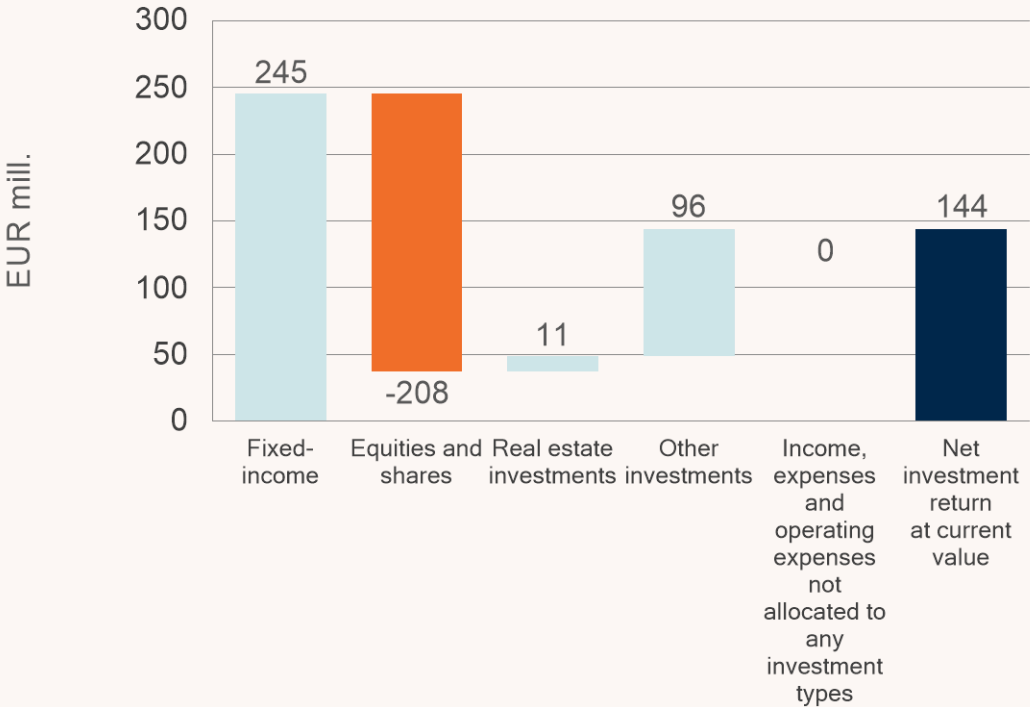
The returns of Ilmarinen’s investment portfolio increased at the beginning of the year, especially through fixed-income investments

Return, %

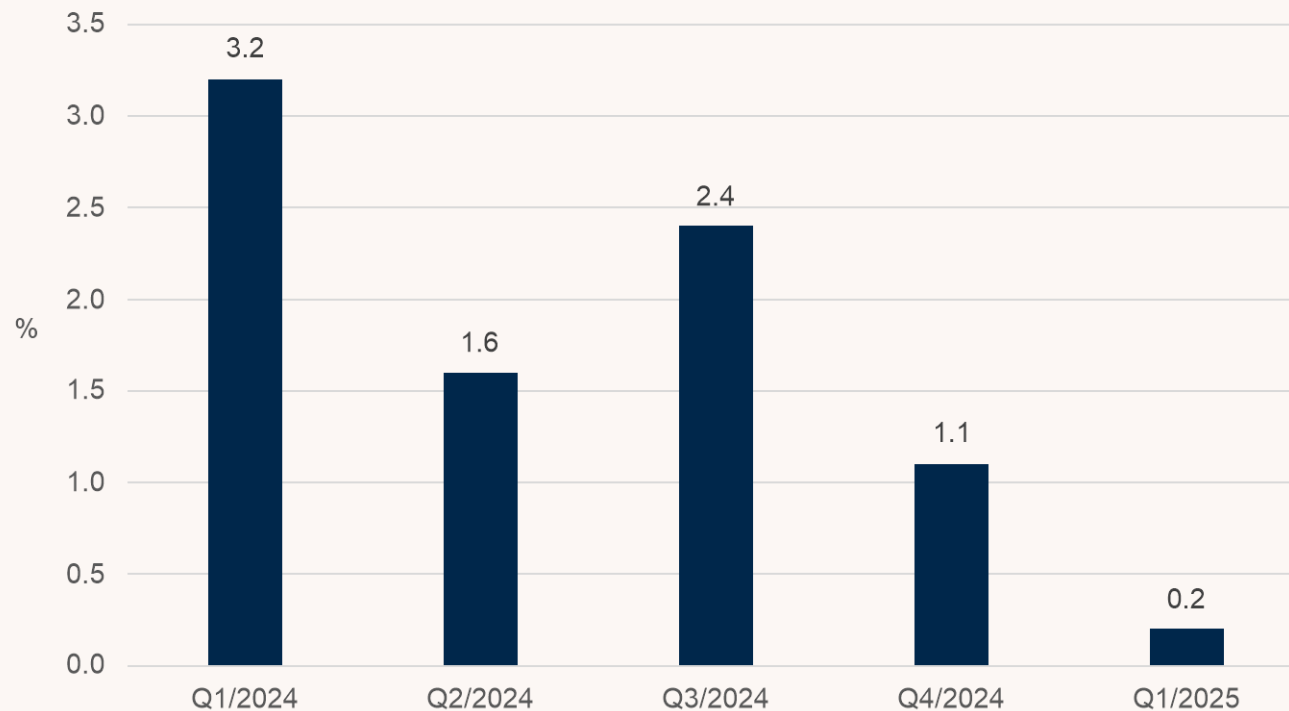
	1.1.- 31.3.2025	1.1.- 31.3.2024	2024
Net investment return on capital employed,%	0.2	3.2	8.6
Fixed-income	1.3	0.9	4.4
Equities and shares	-0.6	6.0	14.1
Real estate investments	0.2	0.5	-0.9
Other investments	1.6	0.5	6.7

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.



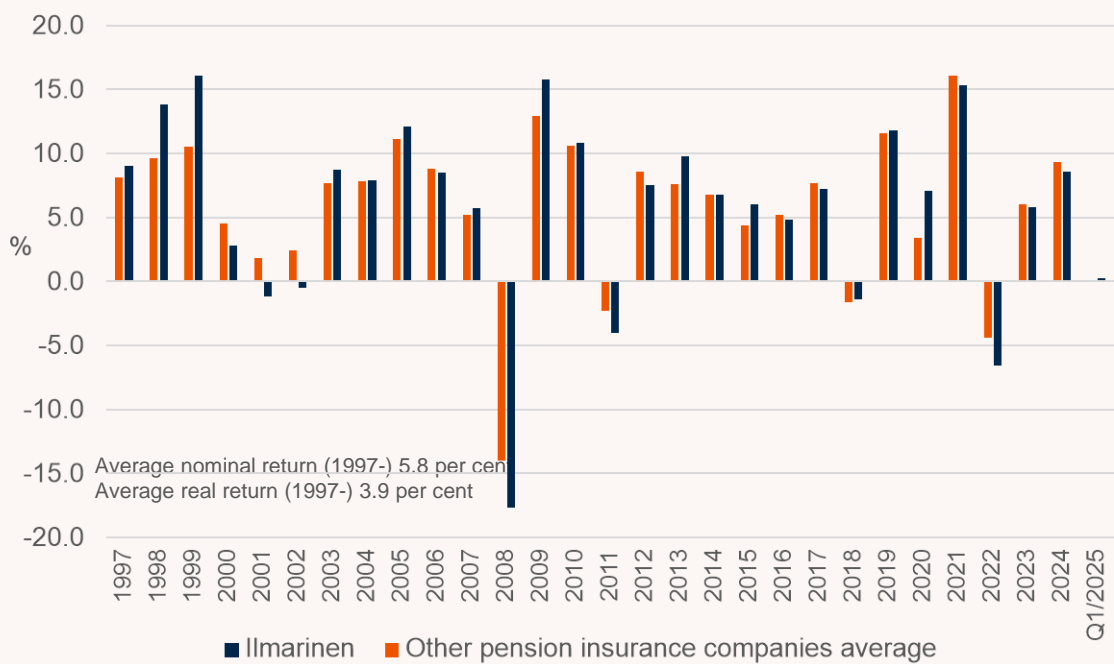
The return for the first quarter of 2025 was lower than in the previous quarters.



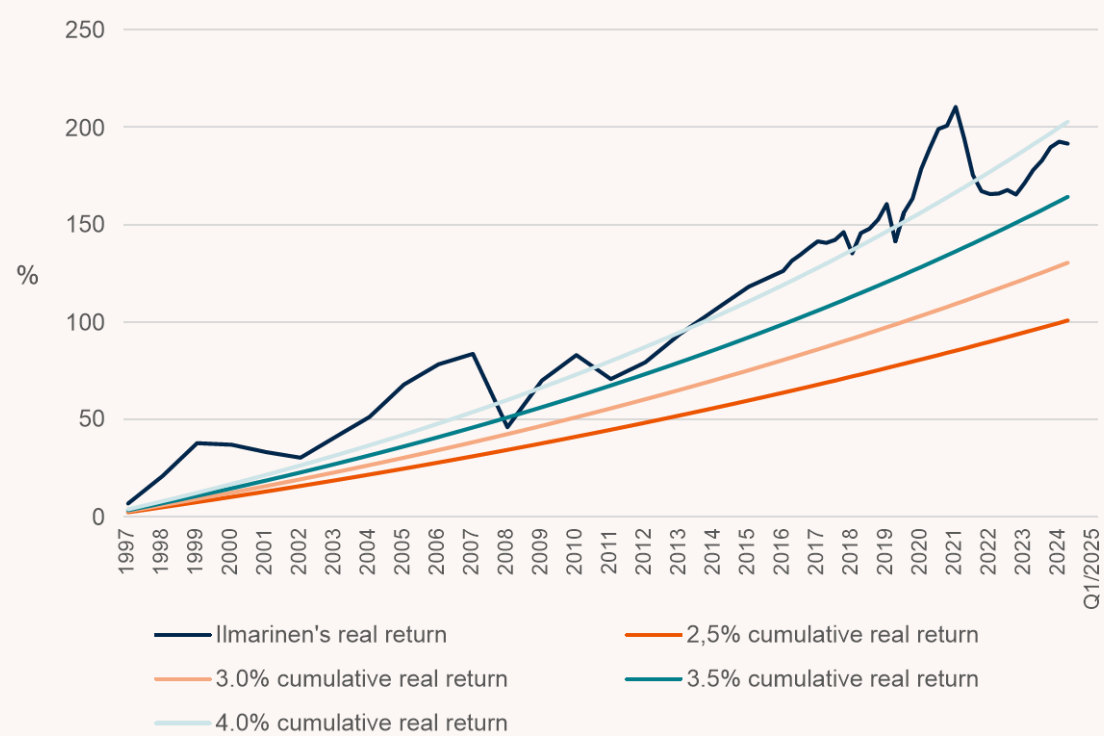
Return on investments was increased especially by fixed-income investments. There was a significant regional divergence in equity market returns.

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–Q1/2025



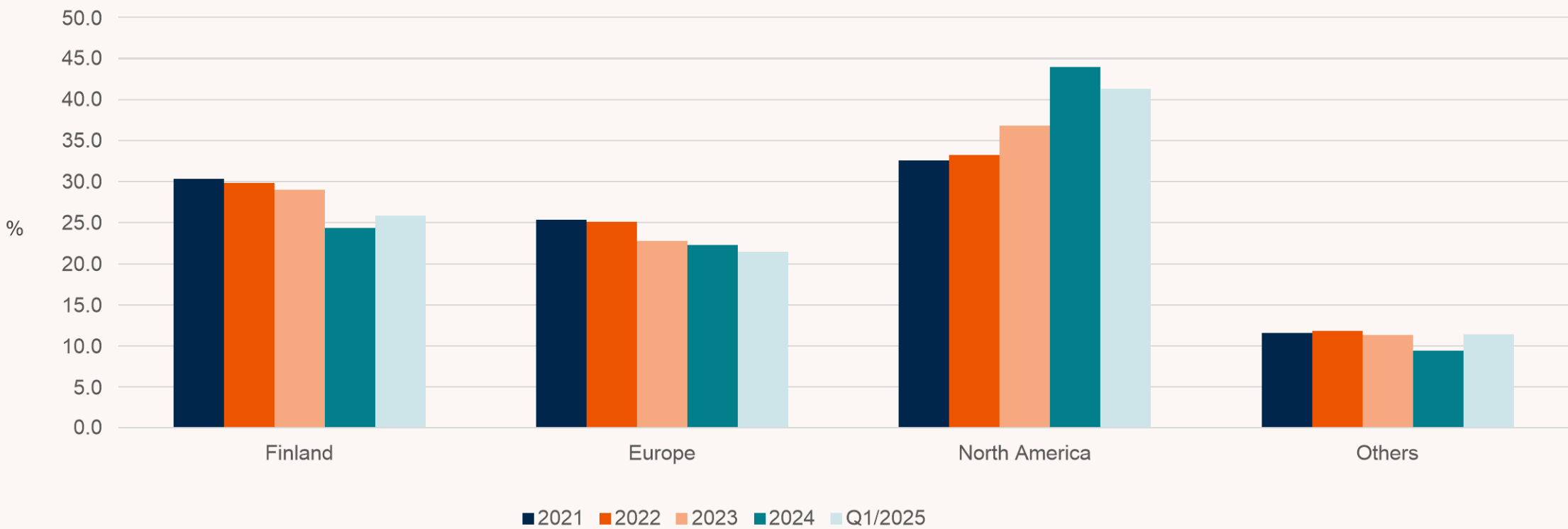
Long-term return at a good level

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
Q1/2025	0.2	6.0	5.8	-8.2	-1.2	0.1
2024	8.6	-0.1	8.8	33.4	1.8	4.6
Average return over 5 years	7.5	10.7	13.5	19.0	-2.4	1.0
Average return over 10 years	5.0	6.7	5.7	12.4	-0.3	0.8
Average return over 20 years	5.3	8.3	6.5	11.3	2.5	2.7
Average return since 1997	5.8	9.1	6.8	10.0	3.6	3.7
Real average return over 5 years	3.8	6.9	9.6	14.9	-5.7	-2.4
Real average return over 10 years	2.8	4.5	3.6	10.1	-2.4	-1.2
Real average return over 20 years	3.2	6.2	4.5	9.1	0.5	0.7
Real average return since 1997	3.9	7.1	4.9	8.0	1.7	1.8

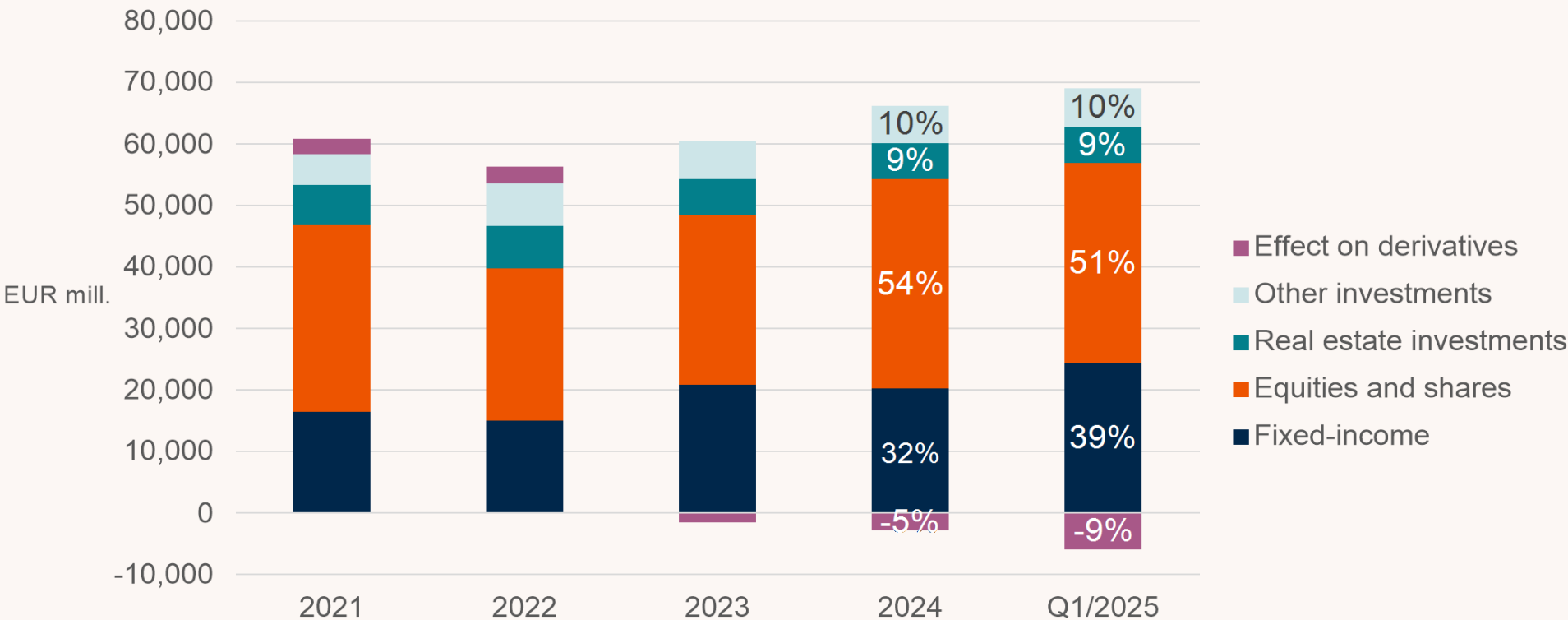
The share of domestic listed equities increased to 25.8 per cent, while the shares of Europe and North America of the listed equities decreased.

Geographical breakdown of listed equities



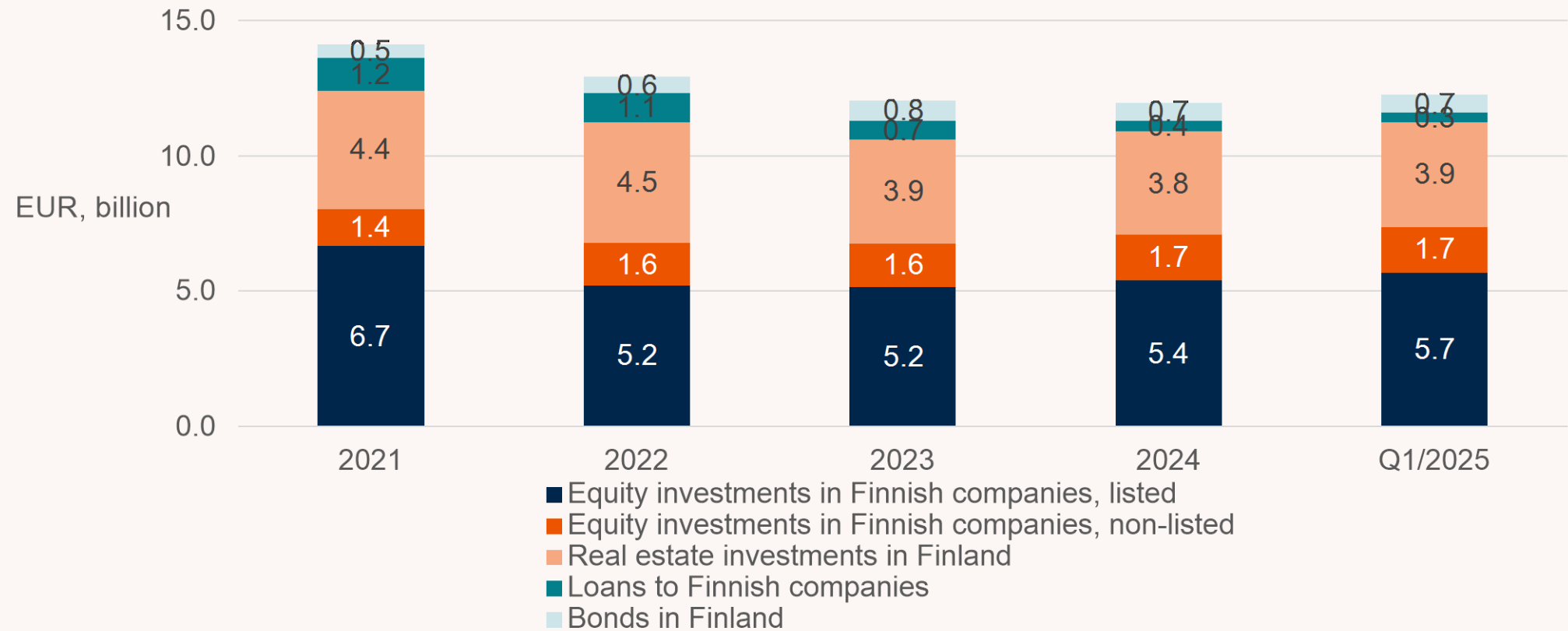
The share of fixed-income investments in Ilmarinen's investment portfolio increased to 39 per cent, the share of equity investments decreased to 51 per cent

Breakdown of investment risks



Ilmarinen’s investments in Finland were EUR 12.6 billion, or 20 per cent of the investment portfolio

Investments in Finland 2020–31.3.2025, EUR billion



Holdings in Finnish publicly listed companies EUR 5.7 billion

Largest Finnish listed equity holdings

EUR mill.	31.3.2025	31.12.2024	Ownership percentage	31.3.2025	31.12.2024
↑ Nokia Corporation	395	321	↓ Nurminen Logistics Oyj	14.5	14.9
↑ Nordea Bank Abp	366	324	SRV Group Plc	11.4	11.4
↑ Kone Corporation	355	321	Digia Plc	9.9	9.9
↑ Sampo Plc	349	273	Administer Plc	8.7	8.7
↑ Wartsila Plc	327	310	Solteq Plc	8.5	8.5
↓ UPM-Kymmene Corporation	323	324	Kojamo Plc	8.3	8.3
↑ Fortum Corp	290	275	Siili Solutions Plc	7.5	7.5
↑ Orion Corporation	271	249	Glaston Corporation	7.3	7.3
↑ Metso Corporation	261	240	Citycon Plc	7.2	7.2
↑ Kesko Plc	256	249	↓ Bioretec Ltd	7.1	7.5

Summary of investent breakdown and return on investment 31.3.2025

	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
Fixed-income investments	18,669	30	24,388	39	1.3	
Loan receivables	926	1	926	1	1.3	
Bonds	18,297	29	20,877	33	1.1	4.3
Public corporation bonds	7,701	12	11,331	18	0.8	
Other bonds	10,596	17	9,546	15	1.3	
Other money market instruments and deposits (incl. investment receivables and payables)	-554	-1	2,585	4	-	
Equities and shares	32,402	51	32,459	51	-0.6	
Listed equities and shares	22,004	35	22,062	35	-1.5	9.2
Private equity investments	8,715	14	8,715	14	0.6	
Non-listed equities and shares	1,682	3	1,682	3	4.3	
Real estate investments	5,890	9	5,890	9	0.2	
Real estate investments	3,117	5	3,117	5	0.6	
Real estate funds and joint investments	2,773	4	2,773	4	-0.3	
Other	6,141	10	6,280	10	1.6	
Hedge fund investments	6,039	10	6,039	10	1.2	5.9
Other investments	101	0	241	0	34.2	
Investments total	63,102	100	69,017	109	0.2	3.8
Effect of derivatives			-5,916	-9		
Investments at current value	63,102	100	63,102	100	0.2	

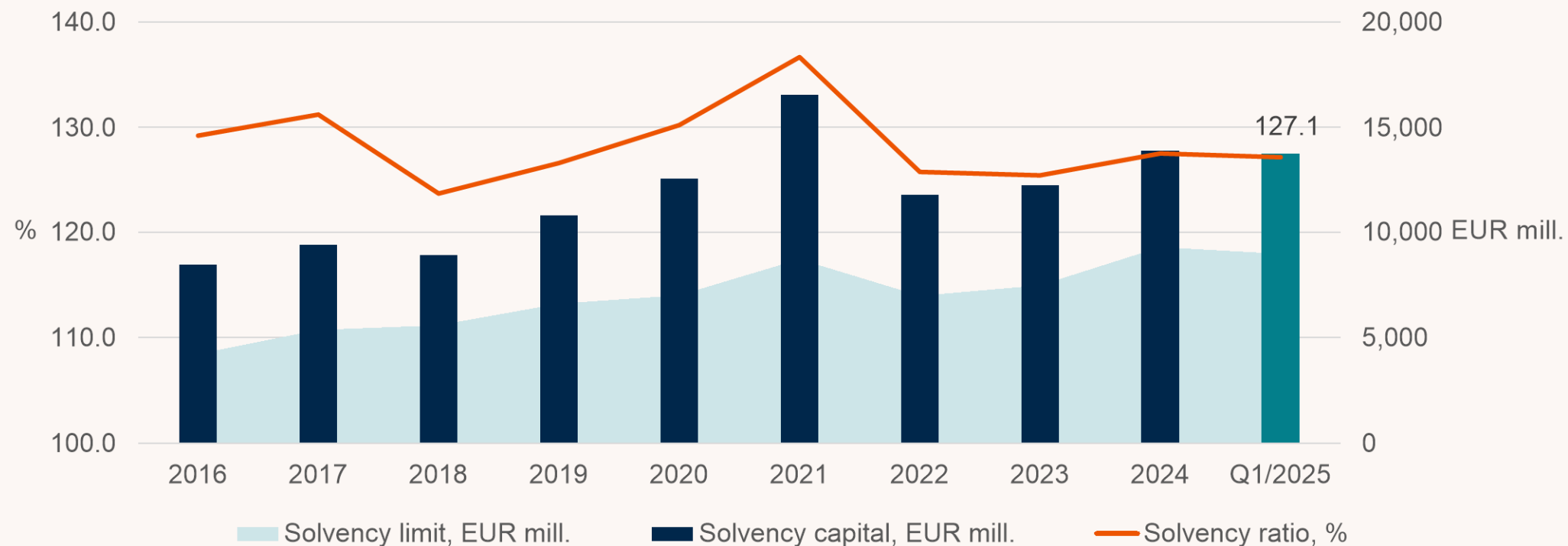
The modified duration of bond investments was 3.7 years

The open currency position was 29.2% 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 13.7 billion, and the solvency ratio was 127.1 per cent. The solvency position was 1.5.

Solvency capital, solvency ratio and solvency limit 2016–31.3.2025





Future prospects

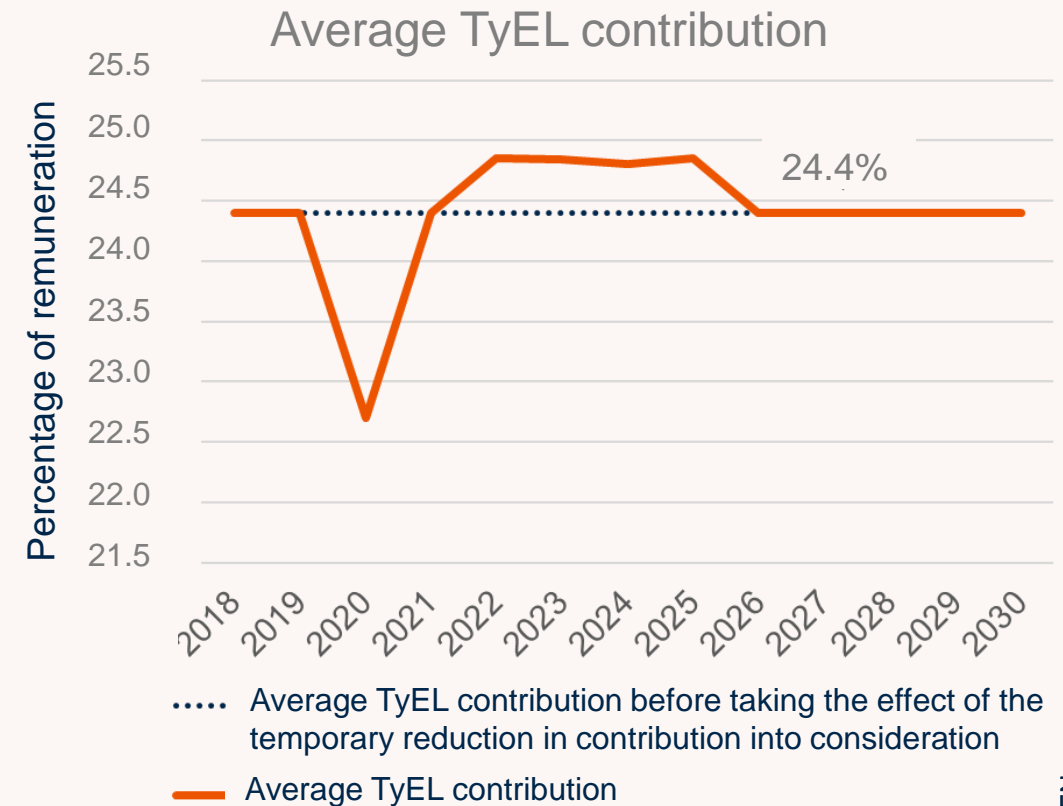
The future outlook is characterised by unpredictability.

- The uncertainty related to power and trade politics has risen at the beginning of the year. Russia's offensive warfare in Ukraine, geopolitical tensions in the Middle East and the trade war continue to cast 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 downwards to 2.8 per cent for 2025. Uncertainty also decelerates the rate at which Finnish economy recovers from the recession.
- Ilmarinen's premiums written are expected to increase as payroll increases.
- 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 and demographic development.



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 allowing for a 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

- The reform of the pension system for entrepreneurs will be examined. The report prepared by Liquidator Jukka Rantala is due to be completed by the end of November. The report seeks options for determining an entrepreneur's income and for funding entrepreneurs' pensions.
- 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 mostly concern annual income exceeding EUR 25,000.
- Finns work longer 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.
 - Approximately one in three pensioners received less than EUR 1,500 and 15 per cent more than EUR 3,000 per month last year.

