



Half-year Report

2022

1 Jan–30 Jun 2022



Työllisyysrahasto
Sysselsättningsfonden | Employment Fund

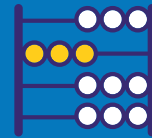


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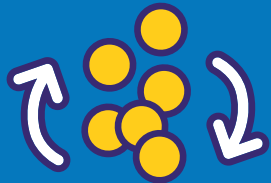
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The Employment Fund's half-year in brief

While the exceptional times continued, we managed our statutory services well and developed our activities.



We financed unemployment allowances and adult education benefits with

EUR **1,584** million.



We prepared for implementing the restructuring protection reform that will enter into force in 2023.



We developed our digital services and launched a dedicated website for adult education allowance.

Financial development

The Employment Fund (the “Fund”) complies with the International Financial Reporting Standards (IFRS) adopted by the European Union. Unless otherwise stated, the comparative figures in parentheses refer to the corresponding period for the previous year.

The Employment Fund's half-year result (change in net position) showed a surplus due to positive development in employment.

- Unemployment insurance contributions and other income EUR 1,715 (1,647) million
- Unemployment allowances, adult education allowances, and administrative expenses paid EUR 1,584 (2,093) million
- Change in net position (half-year result) EUR 99 (-444) million
- Net position EUR 732 (31 Dec 2021: 633) million

- Total investments and assets EUR 2,101 (31 Dec 2021: 2,018) million
- Loans disbursed and other liabilities EUR 1,369 (31 Dec 2021: 1,385) million
- Unemployment rate 6.8% in June 2022 (7.6% June 2021)
- Return on investments -2.7% (+0.3%)



Providing security
for changes in
working life

Managing Director's review

ECONOMIC GROWTH GOT OFF TO A GOOD START BUT WAS SLOWED DOWN BY WAR

After two years of COVID-19 pandemic, the Finnish economy was growing strongly and employment developed favourably, reaching a good level in early 2022. The reduction in unemployment began to be reflected in the Employment Fund's results as unemployment security expenses decreased.

The economic outlook took a marked turn for the worse as Russia launched its military aggression against Ukraine in late February. The impacts of the war are reflected in the global and Finnish economy in many ways. The Employment Fund also revised its estimated result for 2022 downwards. Employment continued to develop positively in January-June, however, and in our most recent forecasts made after the end of the review period, we have adjusted the outlook for the next few months upwards. It would appear that the negative impacts on the economy and employment of the war in Ukraine and its consequences will be felt with a delay.

Since the war started, we have increased our preparedness for various threats arising from it. We have intensified our financial monitoring and reporting to the Finnish Financial Supervisory Authority further. We have also increased our preparedness level for cyber security threats and invested in our personnel's coping and well-being in the challenging new situation.

Despite the exceptional times, we managed to achieve the targets set for delivering our statutory services in the first six months of the year. Customer satisfaction with the Fund's services was good and, for example, the degree of automation in processing payment applications for adult education allowance has reached an excellent level. Thanks for their good work go to all employees of the Employment Fund.

Our liquidity has remained good, and the financing of unemployment benefits has been secured. We renewed our revolving credit facilities in early 2022, which helped to secure our liquidity further. >>





We aim for excellent customer and personnel experience and operational efficiency.

NEW PREMISES AND WORKING METHODS SUPPORT US IN REACHING OUR GOALS

We aim for excellent customer and personnel experience and operational efficiency. The achievement of this goal is supported by our new multi-space offices in Ruoholahti, Helsinki, into which we were able to move in early January. The welcoming premises were also designed with the future needs of our employees in mind. In May we introduced a hybrid work model. This also marked the launch of an experiment in which we not only offer extensive possibilities for working remotely but also follow jointly agreed principles when working in the office.

In keeping with our action plan, we have improved our information security and data protection, built up and strengthened skills required for digitalisation, put the customer strategy completed last year into practice and developed communications, for example by launching a new website dedicated to our adult education allowance customers.

WE PREPARED FOR FINANCING THE NEWLY INTRODUCED RESTRUCTURING PROTECTION

In June, Parliament adopted a legislative proposal on restructuring protection and additional days of unemployment security, under which additional days of unemployment security will be phased out and replaced by a restructuring protection package financed by the Employment Fund. We already started preparing for the new financing task and phasing out of the additional days last year, for example by building a new information system for collecting fees.

In spring, a working group on lifelong learning appointed by the Ministry of Social Affairs and Health looked into a reform of scholarships for qualified employees and training compensation paid by us. The working group completed its work in April without making any concrete proposals on legislative amendments. However, an evaluation of these support forms' effectiveness is about to be launched.

Initiating collaboration with the Service centre for continuous learning and employment was a new departure in our stakeholder cooperation.

UPWARD PRESSURE ON UNEMPLOYMENT CONTRIBUTIONS FOR 2023

Unemployment insurance contributions for 2021 and 2022 were increased moderately. In spring, Employment Fund Board of Directors issued an estimate of next year's contributions, according to which there will be pressure to increase the contributions for 2023. As the Half-year Report was prepared, the economic outlook for 2023 was very uncertain and difficult to forecast. The Employment Fund's Supervisory Board will make a proposal regarding the unemployment insurance contributions for 2023 to the Ministry of Social Affairs and Health in August 2022.

JANNE METSÄMÄKI
Managing Director

The Employment Fund's operating environment

Russia's attack on Ukraine was felt across a broad front in the Fund's operating environment in early 2022. A global rise in energy and food prices was reflected in the economy as an increase in interest rate expectations and decrease in consumer confidence, among other things. These factors eroded economic growth expectations and also affected the Employment Fund's economic outlook.

However, positive development in employment continued in Finland in the review period, and the employment rate reached its highest level seen in quite some time. Forecasts indicate accelerating inflation and stagnating economic growth, which will pose additional challenges to the Finnish economy in a near future. In recent months, it has become increasingly likely that we are facing a recession.

The employment rate reached its highest level for quite some time.



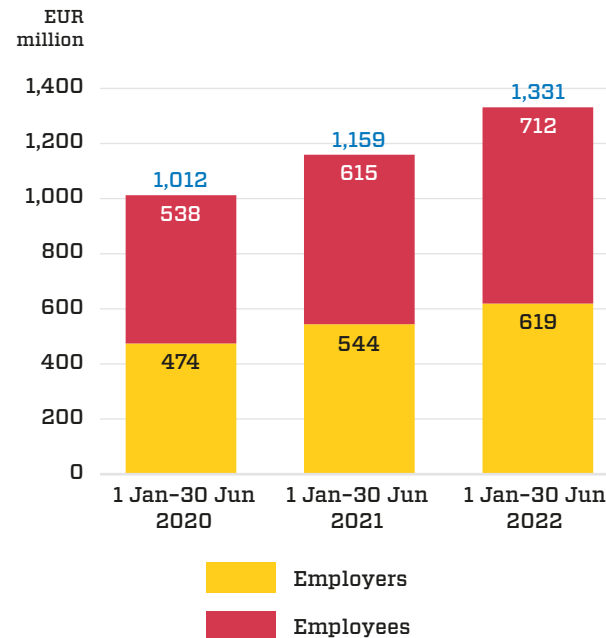


UNEMPLOYMENT INSURANCE CONTRIBUTIONS

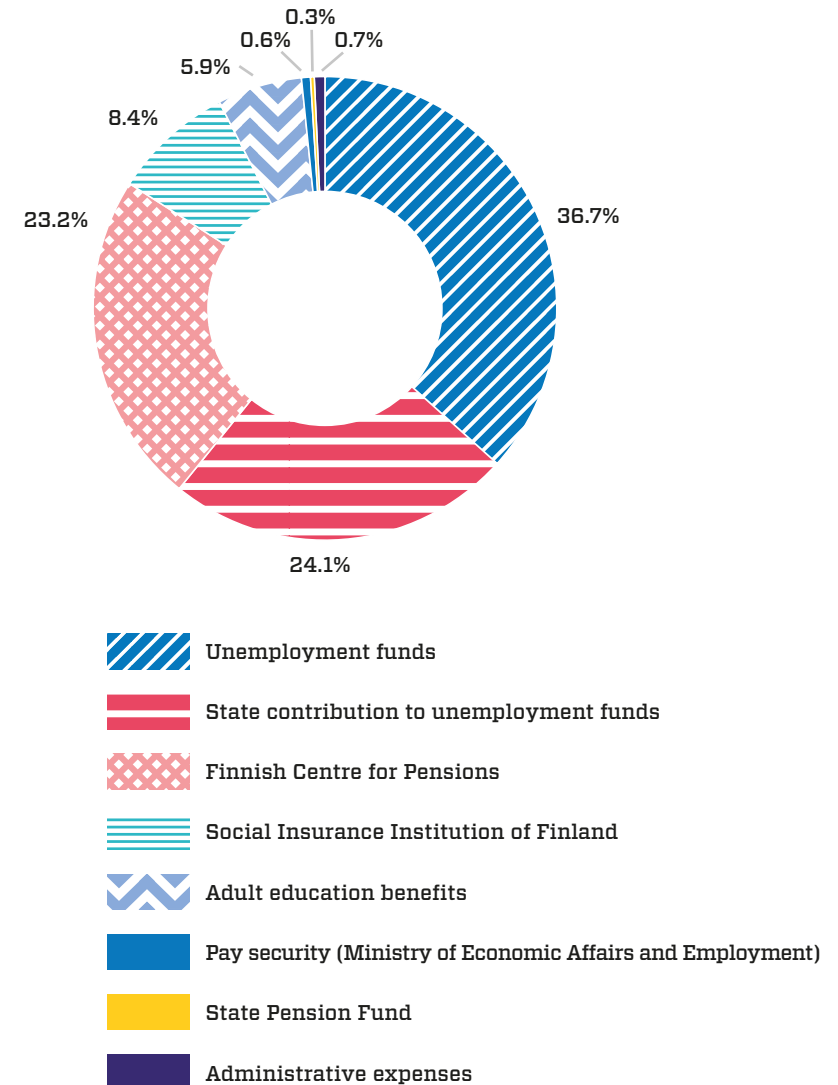
Between 1 January and 30 June 2022, unemployment insurance contributions collected amounted to EUR 1,331 million (1,159 million) and the state contributions paid by the Ministry of Social Affairs and Health amounted to EUR 384 million (489 million). The amount of unemployment insurance contributions and adult education benefits paid was EUR 1,573 million (2,080 million).

The total amount of unemployment insurance contributions for 2022 is approx. 3% of the total amount of wages (2.8% in 2021). Employers' contribution is 0.50% of paid wages, if wages are less than EUR 2,197,500, and 2.05% for the part of wages and salaries that exceed it. Employees' contribution is 1.50%.

Unemployment insurance contributions collected



Financing contributions paid





EXCELLENT CUSTOMER SATISFACTION WITH UNEMPLOYMENT INSURANCE CONTRIBUTION SERVICE

In spring 2022, we started measuring the customer experience in our unemployment insurance contribution and benefit services more extensively.

Our examination of customer feedback received on our telephone service for unemployment insurance contributions covered a period starting in April. The CSAT index (customer satisfaction index, share of customers who were satisfied and very satisfied) was high at almost 95%. Between January and July, customer satisfaction with the different channels of unemployment insurance contribution services was on average 87%.

NEW RESTRUCTURING PROTECTION TO REPLACE ADDITIONAL DAYS OF UNEMPLOYMENT SECURITY

The Finnish Parliament approved the Act on Restructuring Protection in June. The employer may be obliged to pay a restructuring protection fee if they have terminated an employee aged 55 or over for production-related or financial reasons and the employee had been employed by the employer for at least five years. The restructuring protection package consists of training organised by the Employment and Economic Development Office for the terminated employee corresponding to two months' wages, and restructuring protection allowance corresponding to one month's wages paid by the Social Insurance Institution or an unemployment fund.

The restructuring protection package for employees is financed with restructuring protection fees. The fee consists of a share levied on the employer terminating employees and a common share. The common share will increase the employers' average unemployment insurance contribution slightly. The restructuring protection fee will be levied from 2023 on.

Under the new Act, the right to additional days of unemployment security ('pathway to retirement') will be phased out. This means that the employer will no longer be obliged to pay a liability component for employees they have terminated or laid off temporarily. Employees born in 1964 are the last age group who are entitled to the additional days of unemployment security and for whom the employer is obliged to pay the liability component. Consequently, the liability component will be finally phased out by 2035.

We have prepared for the change by planning for the practicalities of levying the restructuring protection fee and building a new information system for collecting the fees. We are informing employers and the media about the new restructuring protection fee and familiarising our personnel with fee determination and advice provision for customers.



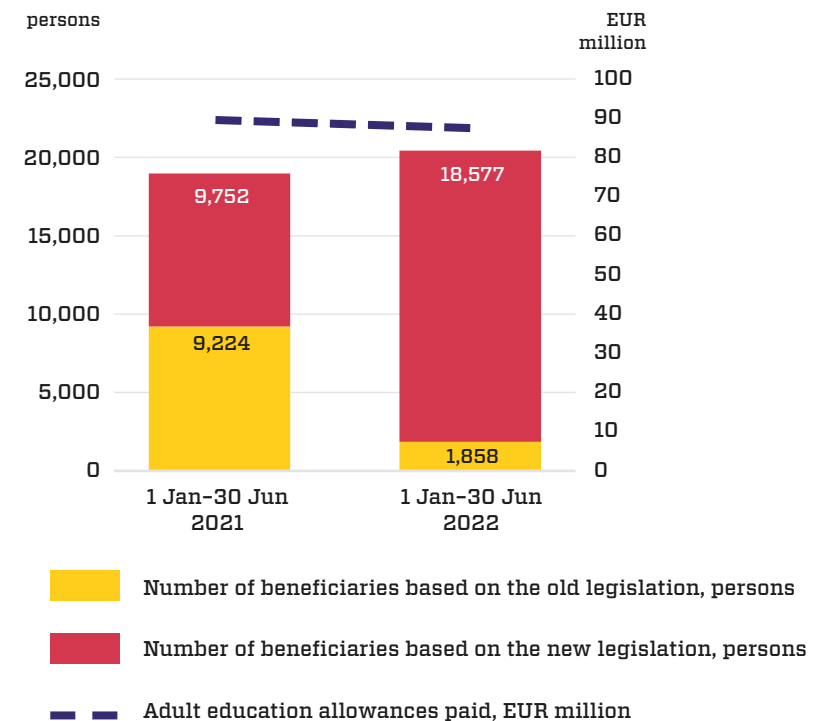
“ We always ask for the customer's consent for automated processing.

ADULT EDUCATION BENEFITS

A legislative amendment that entered into force on 1 August 2020 has permanently increased the number of applications for adult education allowance. The increase in the number of applications is due to a two-phase application process introduced under the new Act: while the initial decision is valid, the beneficiaries apply for payments retrospectively each month. The vast majority of payment applications are received in the first week of each calendar month, which sets requirements for their efficient processing. We have automated the processing of payment applications, and 73.7% of the monthly applications went through fully automated processing in spring 2022. We always ask for the customer's consent for automated processing. The automation rate of payment application processing increased by 14.8 percentage points compared to spring 2021.

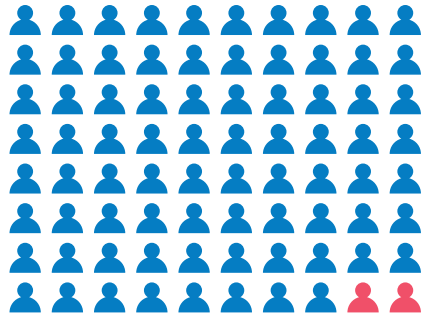
Between January and June 2022, the Employment Fund received 1,933 applications for adult education allowance based on the old legislation. We received 13,209 initial applications and 76,095 payment applications based on the new legislation. During the same period in 2021, 53,354 applications were received, and the number of applications consequently increased by approx. 71%. Between January and June, we paid adult education allowances to 20,435 (18,976) people, totalling approximately EUR 87.5 million (89.5 million). The number of adult education allowance beneficiaries increased by 7.7% year on year. Of the beneficiaries, 91% received their adult education allowances based on the new legislation.

Beneficiary numbers and adult education allowances paid



Aiming for efficient digital services and customer satisfaction

HOW MANY PERSONS RECEIVED THE ADULT EDUCATION ALLOWANCE



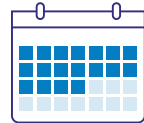
20,970

persons of whom
97.4% were employees
 and **2.6% entrepreneurs**

NUMBER OF ADULT EDUCATION ALLOWANCE DECISIONS FOR EMPLOYEES

Initial decisions

14,331

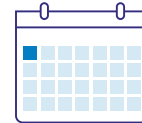
 pcs


Average processing time

18 days

Payment decisions

76,203

 pcs


Average processing time

1 day

75% of all decisions were automatic decisions



CUSTOMER CONTACTS FOR ADULT EDUCATION ALLOWANCE (PCS)



Website visits
512,017



Phone calls
17,629



Logins to online service
340,587



Messages in online service
30,905



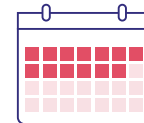
Calculators were used
81,521
 times



Emails
6,944

NUMBER OF ADULT EDUCATION ALLOWANCE DECISIONS FOR ENTREPRENEURS

400

 decisions


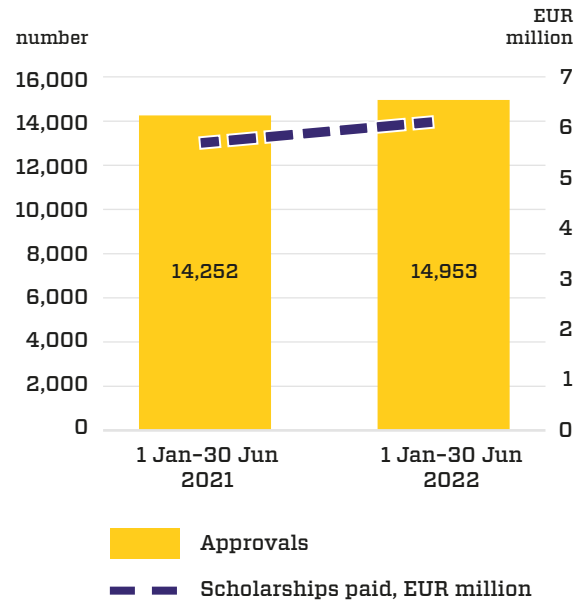
Average processing time

13 days

APPLICATIONS FOR SCHOLARSHIPS FOR QUALIFIED EMPLOYEES INCREASED

The number of applications for scholarships for qualified employees increased by 7.7% compared to 2021. We received 18,994 (17,643) applications. Between January and June, we paid scholarships for qualified employees to 14,953 (14,252) people, totalling approximately EUR 6.1 million (5.7 million).

Approvals and scholarships for qualified employees paid



WE IMPROVED ADULT EDUCATION BENEFIT SYSTEMS AND MEASUREMENT OF CUSTOMER EXPERIENCE

We examined customer feedback received on the telephone service for adult education benefits for a period starting in April. The CSAT index (customer satisfaction index, share of customers who were satisfied and very satisfied) was high at 93%. Between January and July, customer satisfaction with different service channels for adult education benefits was on average 74%.

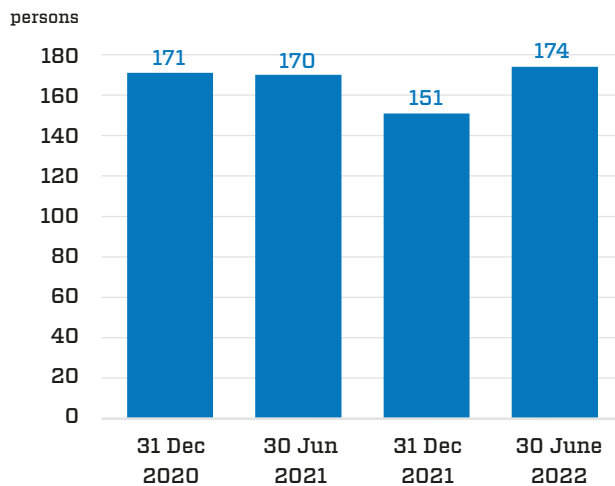
We are working on an overhaul of the adult education benefit systems. This work will be continued for the next few years with the aim of delivering service paths and processes that enable a superior customer and employee experience. The overhaul will focus on both our internal operating systems and our online service.



Personnel

The average number of employees in the Employment Fund was 164 in January–June 2022. At the end of the reporting period, the Fund had 174 employees, of whom 142 in a permanent and 32 in a fixed-term employment relationship.

Number of employees



Due to the coronavirus pandemic, Employment Fund personnel have been working remotely full time for a couple of years. The personnel have welcomed the extensive possibility of working remotely. As we introduced our hybrid work model in May 2022, we also launched a remote work experiment for our teams following jointly agreed practices.

In early January, we moved into our new multi-space offices, which provide excellent support for working in the office. They boast improved facilities for co-working and meetings while also enabling work that requires silent concentration. In addition to good personnel experience, the design of the new offices aimed for economical and environmentally friendly spaces.

We have also continued to renew and develop our organisation in 2022. Between January and March, the Employment Fund carried out a large-scale competence mapping exercise, which enables us to compare the current state of personnel competence to our strategic objectives and the desired level of competence. The mapping will also support the planning and scheduling of competence development.





Based on personnel competence assessments and performance appraisals, we have prepared personal development plans. We also expanded the use of our internal learning environment during the spring. In addition to ensuring that we can provide our customers with professional and high-quality service, this gives each Fund employee an opportunity for on-the-job learning and continuously developing their professional skills.

A personnel survey was conducted in the Employment Fund in spring 2022. Based on its results, our personnel's and supervisors' job satisfaction has improved compared to the previous year's results, especially for the part of commitment, management, performance and dedication to work. While our People Power index was 63.8 in 2021, in spring 2022 it had gone up to 68.3. The People Power indices for supervisors were 64.8 in 2021 and 71.1 in 2022.

“Our employees’ and supervisors’ job satisfaction has improved.”





Risk Management

Risk management is an integral part of the Employment Fund's day-to-day work and knowledge-based management. It ensures good governance, continuity and the achievement of our goals.

The business units and projects of the Employment Fund are responsible for risk management in their own areas. In addition, every Employment Fund employee has a duty to draw attention to any risks they have identified. Our Risk Manager supports and assists the entire personnel in risk management.

Experiences gained during the COVID-19 pandemic have shown that the pandemic had no significant effect on the Employment Fund's operational capability. The Fund's threat environment was altered by Russia's attack on Ukraine in early 2022. Our efforts to identify and prepare for threats are based on risk management principles approved by the Employment Fund's Board of Directors and established risk management practices. These principles were updated in spring 2022. In addition to risks related to the economic situation, the Fund continuously monitors security risks and similar.

Russia's attack on Ukraine also exacerbated cyber risks in Finland. In early 2022, we focused on not only tackling the risks associated with the COVID-19 pandemic but also cyber risk management. We additionally prepared for periodical uncertainty associated with the adequacy of our resources in any cases of illness and instructed our personnel to adhere to health security measures on our premises.

“We focused on not only tackling the risks associated with the COVID-19 pandemic but also cyber risk management.”



Proactive and timely changes in unemployment insurance contributions are part of our management of the financial risks arising from changes in the operating environment.

To manage financial risks arising from changes in the operating environment, we rely on diverse forecasting methods, proactive and timely adjustments of unemployment security contributions, low-risk investments and good borrowing possibilities. In addition, we have a business cycle buffer to mitigate the economic impact of cyclical fluctuations.

We also monitor financial risks actively. The rise in eurozone interest rates, which started in early 2022, is expected to continue in the near future. Bond credit risk margins increased clearly in the first half of the year, and inflation in the eurozone has risen sharply over the past year. Financial risk management has relied on the same principles as before. These principles are

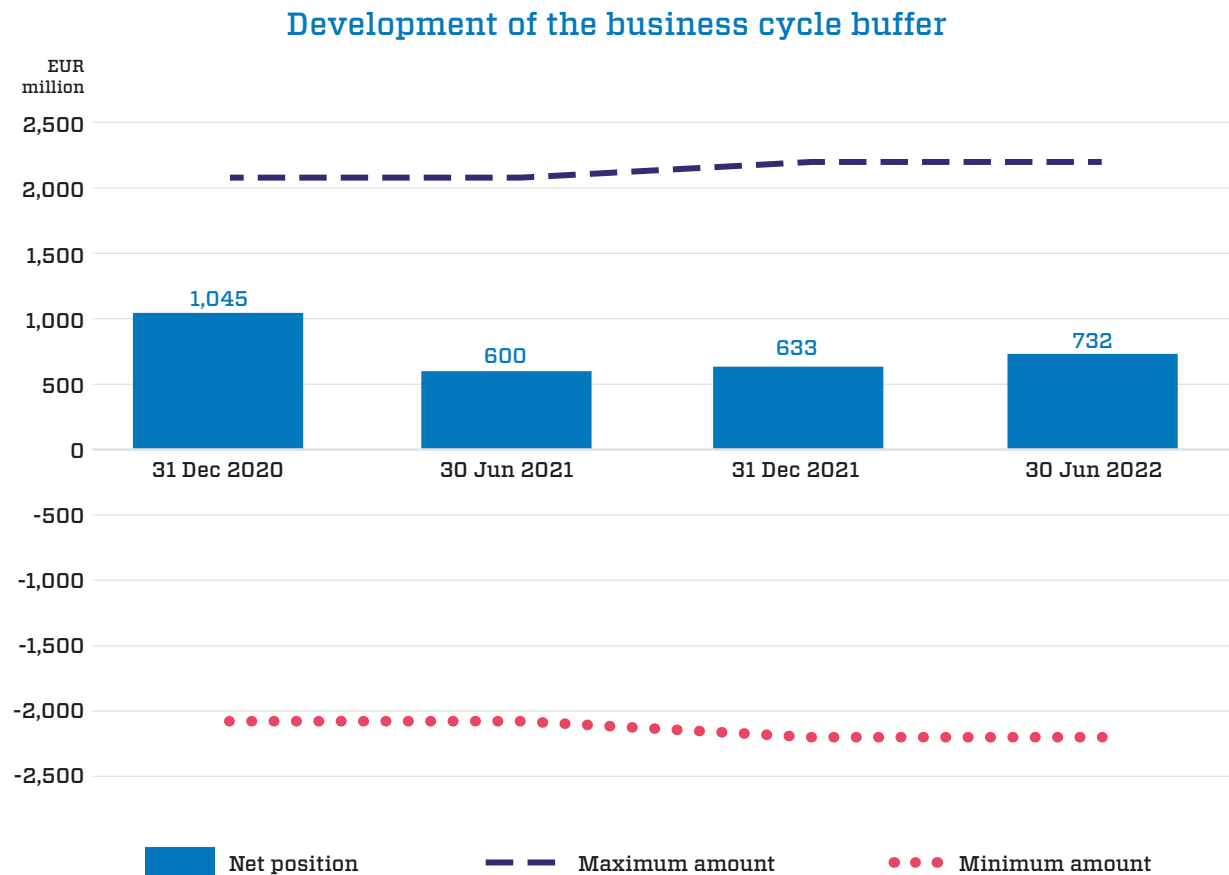
described in the latest annual financial statement. For the most significant financial risks in the review period, see [Notes on Financial risk factors](#). In other respects, there have been no significant changes in risks or uncertainties during the reporting period since the last annual financial statement.



Business cycle buffer

In accordance with section 3 of the Act on the Financing of Unemployment Benefits, the Employment Fund maintains a business cycle buffer in order to ensure liquidity and balance out changes in unemployment insurance contributions due to foreseeable economic fluctuations in the national economy. The business cycle buffer accrues on the basis of the difference between the Fund's income and expenses. The maximum amount of the buffer corresponds to the annual expenditure for an unemployment rate of six percentage points. During times of severe economic downturn, the Fund may maintain a deficit equal to the amount of expenditure corresponding to this unemployment rate. The maximum amount of the business cycle buffer is calculated on the basis of the figures in the annual financial statements.

The maximum amount of the business cycle buffer allowed under the Act on the Financing of Unemployment Benefits was EUR 2,220 million on 30 June 2022. The amount of net



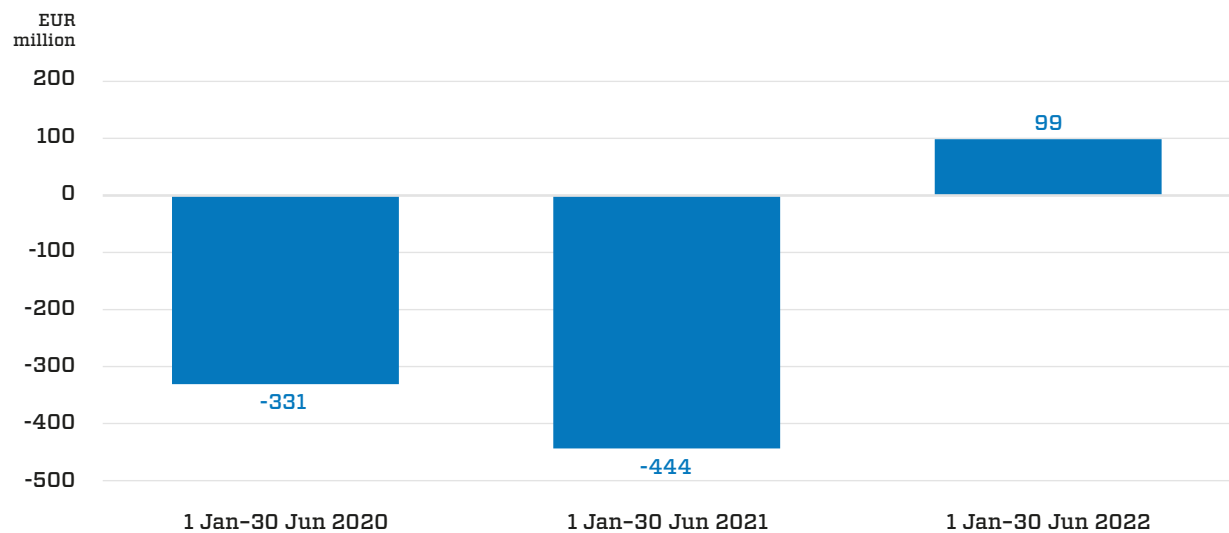


The amount of net position in the business cycle buffer was EUR 732 million on 30 June 2022.

position in the business cycle buffer was EUR 732 million on 30 June 2022 (633 million on 31 December 2021).

According to the 2022 budget submitted to the Ministry of Social Affairs and Health, the Fund's net position will amount to EUR 643 million on 31 December 2022. At the time of preparing the half-yearly financial statements, we estimate that the Fund's net position will show a surplus of approx. EUR 800 million at the end of 2022.

Change in net position





Investment activities

The Employment Fund carries out investment activities to the extent necessary to manage the timing differences in the cash flows generated by its income and expenses, and for liquidity management purposes.

The Employment Fund's investment and financial assets amounted to EUR 1,270 million on 30 June 2022 (1,339 million at the end of 2021).

In 2022, investment market development has largely been dominated by increasing raw material prices, rising inflation and general uncertainty about future economic development resulting from Russia's attack on Ukraine. Among other things, this has been visible as dropping share prices, increasing interest rates and higher credit risk margins. Most investment classes have been struck by significant value drops in early 2022. The Employment Fund is largely a fixed-income investor, and changes in interest rates, credit risk margins and share prices during the review period have had a negative effect on the valuation of investments. Value changes have been exceptionally large; the Fund's investments were last affected by similar negative value changes some 20 years ago as the tech bubble burst.

The main goal of our investment activities is to support the performance of the Employment Fund's statutory duties and to ensure sufficient liquidity to finance the expenses for which the Fund is responsible. The Fund's Board of Directors determines the goal for our investments in the annually approved investment plan, and decides on the allocation of investment funds across different asset classes.

In January-June 2022, alternative investments were increasingly made, and the weighting of fixed-income investments was adjusted slightly. Our investment portfolio's allocation weights were reasonably close to the neutral weights defined in our investment plan in late June 2022. During the review period, the Fund aimed to manage the interest rate risk of our investment portfolio by keeping the average maturity of the investments shorter than the target set in the investment plan.



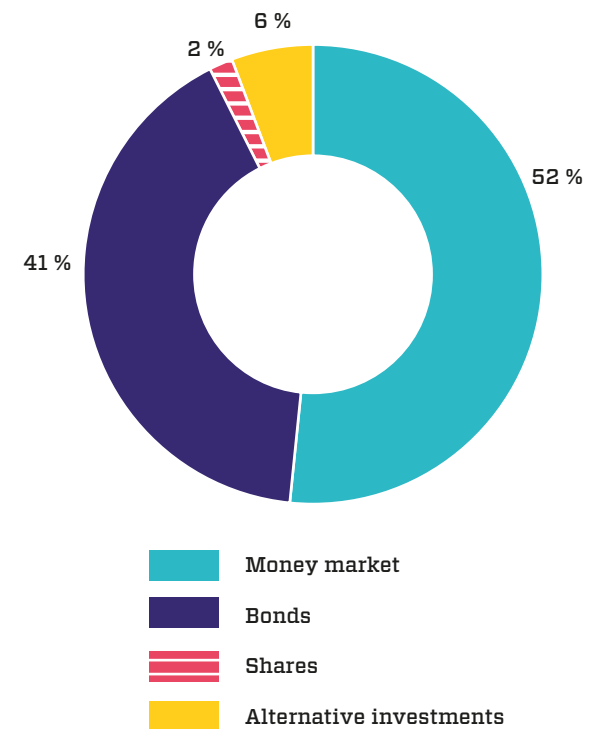


Supporting the management of our statutory tasks is a key objective of the Fund's investment activities.

We invested actively in money market instruments, bonds, funds and equities as well as alternative investments. At the end of the review period, money market investments accounted for EUR 655 (704) million, bonds EUR 520 (499) million, shares EUR 21 (37) million and other investments EUR 73 (27) million of the Fund's assets.

Between January and June 2022, we achieved a return of -2.7% (0,3%) on invested assets. This return did not meet the expectation entered in the investment plan or the reference return on investment activities.

Investment spread



Events after the review period and outlook for the end of the year

The economic outlook after the review period remains uncertain. The rise in energy prices and dependence on Russian energy will affect the economies of many EU countries. It is expected that energy-intensive industry, all electricity users and also household heating will be impacted next winter. The COVID-19 pandemic is also not over and a new wave of infections is expected in the autumn, even though societies continued their return to normal conditions in the summer.

While the outlook for the Finnish economy and employment remains moderately good at the time of preparing the Half-year Report, the direction it will take largely depends on what will happen in the European economy as a whole and in other key export markets.

We estimate that employment will remain at a fairly good level for the remainder of 2022, and that the Employment Fund will produce a surplus in 2022.

The Employment Fund will make a proposal on unemployment insurance contributions for 2023 in August. According to the estimate we issued in spring, the need to increase the fees is 0.00-0.50 percentage points.

Helsinki, 24 August 2022

Employment Fund
Board of Directors

”
The direction Finnish economy will take largely depends on what is happening in the European economy as a whole and in other key export markets.



A large, stylized white silhouette of a bird, possibly a crane or heron, is positioned on the left side of the page. The bird is facing right and has its neck curved upwards. The background is a solid red color.

Half-year Report financial statements

**STATEMENT OF CHANGES IN NET POSITION**

| EUR thousand | Note | 1 Jan-30 Jun 2022 | 1 Jan-30 Jun 2021 | 1 Jan-31 Dec 2021 |
|---|-------------------|------------------------------|------------------------------|------------------------------|
| Contributions collected | | | | |
| Unemployment insurance contributions | 1 | 1,714,614 | 1,647,334 | 3,334,855 |
| Total contributions collected | | 1,714,614 | 1,647,334 | 3,334,855 |
| Financing contributions paid | | | | |
| Financing contributions paid | 2 | -1,572,768 | -2,080,123 | -3,724,310 |
| Administrative expenses | 3 | -11,683 | -12,637 | -25,505 |
| Total financing contributions paid | | -1,584,451 | -2,092,760 | -3,749,815 |
| Net fair value gains from investments | 4 | -31,095 | 2,172 | 4,124 |
| Financing costs | | 84 | -1,044 | -666 |
| CHANGE IN NET POSITION | | 99,151 | -444,299 | -411,502 |

**STATEMENT OF NET POSITION**

| EUR thousand | Note | 30 June 2022 | 31 December 2021 |
|--|------|------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant, and equipment | | 3,590 | 3,735 |
| Intangible assets | | 2,935 | 3,614 |
| Other receivables | | | 328 |
| Total non-current assets | | 6,526 | 7,677 |
| Current assets | | | |
| Unemployment insurance contribution receivables | | 2,807 | 3,356 |
| Accruals of unemployment insurance contributions | | 730,403 | 622,246 |
| Other receivables | | 91,201 | 46,210 |
| Investment assets | 5 | 1,079,317 | 1,046,293 |
| Cash and cash equivalents | | 190,860 | 292,326 |
| Total current assets | | 2,094,587 | 2,010,431 |
| Total assets | | 2,101,113 | 2,018,108 |
| NET POSITION | | | |
| For previous periods | | 633,263 | 1,044,765 |
| For the period | | 99,151 | -411,502 |
| Total net position | | 732,414 | 633,263 |

| EUR thousand | Note | 30 June 2022 | 31 December 2021 |
|---|------|------------------|---------------------|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Bonds | | 597,985 | 1,198,945 |
| Total non-current liabilities | | 597,985 | 1,198,945 |
| Current liabilities | | | |
| Loans | | 700,800 | 100,242 |
| Unemployment insurance contribution liabilities | | 2,178 | 1,846 |
| Other liabilities | | 67,736 | 83,813 |
| Total current liabilities | | 770,714 | 185,900 |
| Total liabilities | | 1,368,699 | 1,384,845 |
| Total net position and liabilities | | 2,101,113 | 2,018,108 |

**STATEMENT OF CASH FLOWS**

| EUR thousand | 1 Jan-30 Jun 2022 | 1 Jan-31 Dec 2021 |
|--|--------------------------|--------------------------|
| Unemployment insurance contributions collected | 1,630,511 | 3,252,016 |
| Financing contributions paid | -1,664,054 | -3,763,083 |
| Interests paid | -1,927 | -2,884 |
| Net cash and cash equivalent used in ordinary operations | -35,470 | -513,951 |
| Cash flows from investments | | |
| Purchases of property, plant, and equipment | 0 | 0 |
| Purchases of intangible assets | -407 | -683 |
| Investments in financial instruments | -944,879 | -1,245,581 |
| Sales of investment instruments and realised income | 879,692 | 1,403,696 |
| Other non-current assets | 0 | 0 |
| Net cash and cash equivalents generated from investments | -65,594 | 157,431 |
| Loans withdrawn and repaid | -402 | 12,553 |
| Net cash and cash equivalents generated from financing activities | -402 | 12,553 |
| Net increase/decrease in cash and cash equivalents | -101,466 | -343,966 |
| Cash and cash equivalents at the beginning of the financial period | 292,326 | 636,292 |
| Cash and cash equivalents at the end of the financial period | 190,860 | 292,326 |

A large, light purple silhouette of a bird, possibly a crane or heron, is positioned on the left side of the slide. It is facing right and has a long neck. The silhouette is semi-transparent, allowing the dark blue background to show through it.

Accounting principles used to prepare the Half-year Report



Accounting principles used to prepare the Half-year Report

The half-year report of the Employment Fund has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The accounting principles and calculation methods used in the previous annual financial statements have been adhered to in the Half-year Report.

The published data of the Half-year Report has not been audited.





Notes

1 UNEMPLOYMENT INSURANCE CONTRIBUTIONS

| EUR thousand | 1 Jan-30 Jun 2022 | 1 Jan-30 Jun 2021 | 1 Jan-31 Dec 2021 |
|---|-------------------|-------------------|-------------------|
| Employer's unemployment insurance contribution | | | |
| Employer's insurance contributions | 606,687 | 530,942 | 1,156,781 |
| Employer's insurance contributions, co-owners | 1,021 | 1,027 | 2,082 |
| Total | 607,708 | 531,969 | 1,158,862 |
| Employee's unemployment insurance contribution | | | |
| Employee's insurance contributions | 710,638 | 613,524 | 1,238,402 |
| Employee's insurance contributions, co-owners | 1,500 | 1,341 | 2,705 |
| Total | 712,138 | 614,865 | 1,241,107 |
| Collection fee income and credit losses | | | |
| Interest on overdue employer contributions | 34 | 51 | 340 |
| Interest on overdue employee contributions | -7 | -11 | 281 |
| Collection fee income | 175 | 48 | 159 |
| Total | 201 | 88 | 780 |
| Liability components of employer's unemployment allowances | | | |
| Liability components | 8,830 | 7,149 | 14,944 |
| Accruals | 1,665 | 3,993 | 7,826 |
| Total | 10,495 | 11,142 | 22,770 |
| Compensation in accordance with the Employment Contracts Act (ECA) | | | |
| Compensation and lay-off income according to the ECA | 496 | 594 | 1,127 |
| Settlement to the Ministry of Social Affairs and Health | 45 | 121 | -473 |
| Total | 540 | 715 | 654 |
| Contributions from the Ministry of Social Affairs and Health | | | |
| Earnings-related unemployment allowance | 377,864 | 483,643 | 896,630 |
| Job alternation compensation | 4,696 | 3,712 | 9,225 |
| Equalisation payment for the previous year | -386 | 0 | 2,635 |
| Adult education benefits | 1,357 | 1,200 | 2,192 |
| Total | 383,531 | 488,555 | 910,681 |
| Total unemployment insurance contributions | 1,714,614 | 1,647,334 | 3,334,855 |

2 FINANCING CONTRIBUTIONS PAID

| EUR thousand | 1 Jan-30 Jun 2022 | 1 Jan-30 Jun 2021 | 1 Jan-31 Dec 2021 |
|---|-------------------|-------------------|-------------------|
| Contributions paid by the Employment Fund | | | |
| Other earnings-related unemployment allowance | -371,275 | -469,450 | -875,669 |
| Additional days of allowance | -70,639 | -53,801 | -115,638 |
| Lay-off allowance | -128,665 | -325,676 | -442,243 |
| Job alternation compensation | -6,140 | -4,781 | -11,960 |
| Compensation for administrative expenses | -5,373 | -6,336 | -12,656 |
| Equalisation payment for the previous year | 822 | 0 | -4,627 |
| Total | -581,270 | -860,045 | -1,462,793 |
| Government contribution paid to unemployment funds | | | |
| Other earnings-related unemployment allowance | -369,928 | -474,187 | -878,234 |
| Job alternation compensation | -4,696 | -3,712 | -9,225 |
| Unemployment allowance / entrepreneurs | -3,846 | -4,563 | -8,623 |
| Compensation for administrative expenses | -4,090 | -4,892 | -9,773 |
| Equalisation payment for the previous year | 386 | | -3,572 |
| Total | -382,174 | -487,355 | -909,426 |
| Finnish Centre for Pensions | | | |
| Equalisation payment for the previous year | 36,872 | -58,000 | -66,779 |
| Payment for the current financial period | -405,000 | -447,000 | -835,000 |
| Total | -368,128 | -505,000 | -901,779 |
| State Pension Fund | | | |
| Equalisation payment for the previous year | 607 | -71 | -1,139 |
| Payment for the current financial period | -4,743 | -4,739 | -10,087 |
| Total | -4,136 | -4,810 | -11,226 |



| EUR thousand | 1 Jan-30 Jun 2022 | 1 Jan-30 Jun 2021 | 1 Jan-31 Dec 2021 |
|---|-------------------|-------------------|-------------------|
| Social Insurance Institution of Finland | | | |
| Equalisation payment for the previous year | 1 | 0 | 1 |
| Basic allowance, additional component | -133,500 | -119,500 | -239,000 |
| Total | -133,499 | -119,500 | -238,999 |
| Adult education benefits | | | |
| Scholarships for qualified employees | -6,139 | -5,710 | -10,415 |
| Adult education allowances | -87,544 | -89,496 | -175,307 |
| Collection expenses for benefits | -4 | -2 | -6 |
| Total | -93,686 | -95,209 | -185,728 |
| Ministry of Economic Affairs and Employment | | | |
| Equalisation payment for the previous year | 0 | 6,918 | 0 |
| Payment for the current financial period | -9,929 | -15,150 | -14,391 |
| Total | -9,929 | -8,232 | -14,391 |
| Member State invoicing for unemployment allowances | | | |
| Invoiced by Member States | -6 | 0 | -40 |
| Invoiced by the Fund | 61 | 27 | 73 |
| Total | 55 | 27 | 33 |
| Total financing contributions paid | -1,572,768 | -2,080,123 | -3,724,310 |

**3 ADMINISTRATIVE EXPENSES**

| EUR thousand | 1 Jan-30 Jun 2022 | 1 Jan-30 Jun 2021 | 1 Jan-31 Dec 2021 |
|---|----------------------|----------------------|----------------------|
| Personnel expenses | | | |
| Salaries, bonuses, and benefits | -4,317 | -4,090 | -7,887 |
| Pension expenses - defined contribution plans | -751 | -700 | -1,341 |
| Social security expenses | -99 | -158 | -258 |
| Total | -5,167 | -4,947 | -9,486 |
| Management salaries and bonuses paid | | | |
| Management Group (excl. Managing Director) | -257 | -279 | -635 |
| Managing Director | -98 | -95 | -169 |
| Board of Directors and Supervisory Board | -79 | -86 | -155 |
| Pension expenses - defined contribution plans | -78 | -76 | -151 |
| Total | -512 | -536 | 1,110 |
| Other administrative expenses | | | |
| IT expenses | -1,962 | -1,936 | -3,019 |
| Other personnel expenses | -195 | -282 | -575 |
| Expenses for office premises | -191 | -55 | -975 |
| Office expenses | -820 | -611 | -2,114 |
| Other expenses | -1,912 | -2,016 | -4,410 |
| Amortisation | -1,427 | -2,778 | -4,801 |
| Total | -6,507 | -7,679 | -15,893 |
| Auditor's fee | | | |
| Statutory audit | -9 | -12 | -92 |
| Other fees | 0 | 0 | -33 |
| Total | -9 | -12 | -126 |
| Total administrative expenses | -11,683 | -12,637 | -25,505 |

| Number of personnel | 1 Jan-30 Jun 2022 | 1 Jan-30 Jun 2021 | 1 Jan-31 Dec 2021 |
|-----------------------------------|----------------------|----------------------|----------------------|
| Employees | | | |
| Full-time employees | 142 | 135 | 135 |
| Part-time and temporary employees | 32 | 35 | 16 |
| Total | 174 | 170 | 151 |

**4 NET FAIR VALUE GAINS FROM INVESTMENTS**

| EUR thousand | 1 Jan-30 Jun 2022 | 1 Jan-30 Jun 2021 | 1 Jan-31 Dec 2021 |
|---------------------------------|------------------------------|------------------------------|------------------------------|
| Dividend income | 1,573 | 553 | 659 |
| Gains on disposals | 2,443 | 693 | 1,980 |
| Other income | 5 | 6 | 38 |
| Net interest income | 1,668 | 2,395 | 3,460 |
| Net foreign exchange gains | 391 | 0 | 10 |
| Net change in value | -28,070 | 8,098 | 9,115 |
| Losses on disposals | -9,021 | -9,446 | -10,889 |
| Other expenses | -85 | -128 | -247 |
| Net gains on investments | -31,095 | 2,172 | 4,124 |

5 INVESTMENT ASSETS

Investments in financial assets have been designated as financial assets at fair value through profit and loss, and are measured at fair value. Measurement of these assets is largely based on either quoted prices, or valuations based on available market data. Financial instruments carried at fair value have been divided into three hierarchy levels based on whether they are traded in active markets, and to what extent the inputs are based on observable market data, as follows:

On **level 1**, the valuation is based on quoted prices in active markets for identical financial assets and liabilities.

On **level 2**, the inputs used in valuations are also based, either directly or indirectly, on using valuation techniques on observable inputs other than those on Level 1.

On **level 3**, the valuation is based on information other than observable market data.

In the tables, investments have been specified by financial instrument classes divided into fair value hierarchy levels. No reclassifications have been made between the hierarchy levels between January and June.

| 30 Jun 2022 | | | | |
|---------------------------------|----------------|----------------|---------------|------------------|
| EUR thousand | Level 1 | Level 2 | Level 3 | Total |
| State and municipal bonds | 95,386 | 15,038 | | 110,424 |
| Bank bonds | 231,545 | | | 231,545 |
| Corporate bonds | 159,446 | | | 159,446 |
| Investments in funds and shares | 179,166 | 18,768 | | 197,934 |
| Mezzanine funds | | | 1,237 | 1,237 |
| Deposits | | 88,267 | | 88,267 |
| Certificates of deposit | | 65,687 | | 65,687 |
| Municipal papers | | | | |
| Commercial papers | | 152,864 | | 152,864 |
| Alternative investments | | | 71,914 | 71,914 |
| Total | 665,544 | 340,623 | 73,151 | 1,079,317 |

| 31 Dec 2021 | | | | |
|---------------------------------|----------------|----------------|---------------|------------------|
| EUR thousand | Level 1 | Level 2 | Level 3 | Total |
| State and municipal bonds | 118,939 | 75,079 | | 194,018 |
| Bank bonds | 232,603 | | | 232,603 |
| Corporate bonds | 148,066 | | | 148,066 |
| Investments in funds and shares | 221,257 | 18,815 | | 240,072 |
| Mezzanine funds | | | 1,988 | 1,988 |
| Deposits | | 105,140 | | 105,140 |
| Certificates of deposit | | 21,017 | | 21,017 |
| Municipal papers | | 1,000 | | 1,000 |
| Commercial papers | | 61,512 | | 61,512 |
| Alternative investments | | | 40,877 | 40,877 |
| Total | 720,864 | 282,563 | 42,865 | 1,046,293 |



Changes in Level 3 financial assets measured at fair value

| EUR thousand | 1 Jan 2022 | Unrealised profit/loss | Realised profit/loss | Purchases | Sales | 30 Jun 2022 |
|-------------------------|---------------|------------------------|----------------------|---------------|-------------|---------------|
| Mezzanine funds | 1,988 | 3 | | 7 | -761 | 1,237 |
| Alternative investments | 40,877 | 269 | | 30,768 | | 71,914 |
| Total | 42,865 | 272 | 0 | 30,775 | -761 | 73,151 |

| EUR thousand | 1 Jan 2021 | Unrealised profit/loss | Realised profit/loss | Purchases | Sales | 30 Jun 2021 |
|-------------------------|---------------|------------------------|----------------------|--------------|-------------|---------------|
| Mezzanine funds | 2,904 | -75 | | 8 | -648 | 2,189 |
| Alternative investments | 18,566 | 424 | -524 | 6,218 | | 24,684 |
| Total | 21,470 | 349 | -524 | 6,226 | -648 | 26,873 |

**6 LIABILITIES AND RECEIVABLES SEPARATED FROM NET POSITION**

| EUR thousand | 30 Jun 2022 | 31 Dec 2021 |
|-------------------------------------|--------------------|--------------------|
| Committed capital | 5,250 | 5,250 |
| Realised | -5,046 | -5,039 |
| Total investment commitments | 205 | 211 |

Investment funds acquire call investments based on the financing needs of the investment fund. The commitments have no maturity date.

FINANCIAL RISK FACTORS

Market risk

The main market risk factor for the Employment Fund's investments and liabilities is the interest rate risk. The Fund's investment portfolio is dominated by fixed-income investments (bonds and money market investments).

The Fund may make investments directly or indirectly through investment funds. At the end of the review period, 19% (31 Dec 2021: 27%) of the investments were indirect.

On 30 June 2022 and 31 December 2021, the market risks for the investments were as follows:

| 30 Jun 2022 | Risk (%) | Capital EUR thousand | Risk EUR thousand |
|---------------------------|-----------------|---------------------------------|------------------------------|
| Bank deposits | 0.50% | 189,838 | 949 |
| Money market | 1.00% | 450,079 | 4,501 |
| State and municipal bonds | 4.00% | 110,387 | 4,415 |
| Bank bonds | 4.50% | 251,188 | 11,303 |
| Corporate bonds | 5.00% | 173,458 | 8,673 |
| Shares | 25.00% | 21,017 | 5,254 |
| Alternative investments | 10.00% | 73,151 | 7,315 |
| Total risk | 3.34% | 1,269,119 | 42,411 |

| 31 Dec 2021 | Risk (%) | Capital EUR thousand | Risk EUR thousand |
|---------------------------|-----------------|---------------------------------|------------------------------|
| Bank deposits | 0.50% | 289,826 | 1,449 |
| Money market | 1.00% | 356,447 | 3,564 |
| State and municipal bonds | 4.00% | 194,018 | 7,761 |
| Bank bonds | 4.50% | 252,160 | 11,347 |
| Corporate bonds | 5.00% | 162,983 | 8,149 |
| Shares | 25.00% | 38,159 | 9,540 |
| Alternative investments | 10.00% | 42,865 | 4,287 |
| Total risk | 3.45 % | 1,336,458 | 46,097 |

The total risk was 3.34% (31 Dec 2021: 3.45%) of the Fund's assets and 1.3% (31 Dec 2021: 1.4%) of the Fund's estimated income in 2022. The risk posed by the investment portfolio is moderate due to its conservative structure and moderately low risk level of the securities in the portfolio.

All money market investments carry variable interest rates (31 Dec 2021: 100%). Of the bonds, 9% were at variable rates (31 Dec 2021: 9%). Variable-rate investments expose the Fund to a cash flow interest rate risk, while investments at fixed rates expose the Fund to a fair value interest rate risk.

If, on 30 June 2022, the Euribor rates and interest rate curve (swap rates) had been 0.5 percentage points higher, while all other variables remained constant, the total change in net position would have been reduced by EUR 6.4 million (31 Dec 2021: EUR 6.4 million). Respectively, if on 30 June 2022 the Euribor rates and interest rate curve (swap rates) had been 0.5 percentage points lower, the total change in net position would have been increased by EUR 6.4 million (31 Dec 2021: EUR 6.4 million).

Credit risk

The credit risk of the investments is managed by issuer credit limits. Limits for each issuer are determined by taking account of the absolute size, economic position, and future outlook of the issuer. The Fund continuously monitors the credit standing and future outlook of the issuers, and when changes occur, the limits are either increased or decreased. The Fund mainly invests in banks in the Nordic countries that have high credit ratings, states with strong credit ratings (Finland, Germany, the Netherlands, Belgium, France, Austria, and Sweden), companies mainly in Finland, some in Sweden, and municipalities. Cash, and cash equivalents, are only held at banks with high credit ratings.

The spread duration of the credit risk included in the investments at the end of the review period was 1.40 years (31 Dec 2021: 1.49 years).

The average credit rating of the portfolio is assessed on the Standard & Poors rating scale based on historical probabilities of credit losses. The investment portfolio credit rating is estimated to be approx. BBB + on 30 June 2022 (31 Dec 2021: BBB+).

The amount of the Employment Fund's unemployment insurance contribution receivables, liability component receivables, ECA receivables, benefit receivables, and interest receivables, are included in the credit risk. The most important factor in the realisation of this credit risk is related to cases in which customers become insolvent (due to bankruptcy, corporate restructuring or debt restructuring). The number of pending bankruptcy petitions increased towards the end of the review period and was higher than in the year before. However, the number of pending corporate restructuring applications dropped compared to this period in 2021. In the second half of 2022, the number of restructuring applications may be pushed up by the early restructuring procedure added to the Restructuring of Enterprises Act, which will make access to restructuring easier.



Liquidity risk

To secure its liquidity, the Fund has investments in liquid money market instruments with less than a year's maturity at an amount that equals the Fund's expenses for one month. When the liquidity buffer decreases below this limit, the Fund uses short-term borrowing to cover the temporary liquidity deficit. For this purpose, the Fund has a EUR 300 million commercial paper programme (31 Dec 2021: EUR 300 million), of which EUR 200 million remain unused. In addition, the Fund has EUR 600 million in committed credit facilities (RCF) with four commercial banks (31 Dec 2021: EUR 800 million).

| EUR million | 30 Jun | 31 Dec |
|--|-------------|-------------|
| Committed credit facilities, not in use | 2022 | 2021 |
| Facilities expiring within a year | | |
| RCF (State guarantee)* | | 800 |
| Facilities expiring after a year | | |
| RCF (no State guarantee)** | 600 | |
| Total | 600 | 800 |

| EUR million | 30 Jun | 31 Dec |
|--|-------------|-------------|
| Non-committed credit facilities, not in use | 2022 | 2021 |
| Commercial paper programme | 200 | 200 |
| Total | 200 | 200 |

* The contracts were subject to an extension option of 12 months.

** The contracts were signed on 11 March 2022, maturity 5 years + extension option of 1 year.



The Employment Fund has also secured its liquidity through debt financing in 2022. For financing, the Fund relies on the capital markets, and domestic markets for commercial papers.

The Employment Fund has the following issuer credit ratings as confirmed by Standard & Poor's (30 Sep 2021):

- Long-term credit rating AA+, stable outlook
- Short-term credit rating A-1+, stable outlook

At the end of the review period, EUR 1,200 million (31 Dec 2021: EUR 1,200 million) in bonds and EUR 100 million (31 Dec 2021: EUR 100 million) in commercial papers were in use. No short-term bank loans were in use on 30 June 2022 (31 Dec 2021: EUR 0).

For the fixed interest rate periods for loans in the statement of the net position calculations, see the table below.

| 30 Jun 2022 | Nominal value | Fixed interest rate | | | | |
|--------------------|----------------------|----------------------------|----------------------|-----------------|----------------------|--|
| Loan | EUR million | period in years | Interest rate | Due date | Credit rating | |
| Bond 2023 | 600 | 0.96 | 0.00 % | 16 June 2023 | AA+ | |
| Bond 2027 | 600 | 4.96 | 0.01% | 16 June 2027 | AA+ | |
| Commercial papers | 100 | 0.76 | -0.05% | 1-12 months | No rating | |
| Total | 1,300 | 2.79 | | | | |

| 31 Dec 2021 | Nominal value | Fixed interest rate | | | | |
|--------------------|----------------------|----------------------------|----------------------|-----------------|----------------------|--|
| Loan | EUR million | period in years | Interest rate | Due date | Credit rating | |
| Bond 2023 | 600 | 1.46 | 0.00% | 16 June 2023 | AA+ | |
| Bond 2027 | 600 | 5.46 | 0.01% | 16 June 2027 | AA+ | |
| Commercial papers | 100 | 0.25 | -0.30% | 1-12 months | No rating | |
| Total | 1,300 | 3.20 | | | | |



The following tables show the Fund's financial liabilities by group based on the maturities of outstanding contracts.

| Maturities of financial liabilities based on contracts (EUR thousand) 30 June 2022 | Less than 6 months | 6-12 months | 1-3 years | 4-7 years | Total cash flow based on contracts | Book value assets/liabilities |
|---|---------------------------|--------------------|------------------|------------------|---|--------------------------------------|
| Accounts payable | 1,235 | | | | 1,235 | 1,235 |
| Loans | | 700,060 | 120 | 600,120 | 1,300,300 | 1,298,785 |
| Liabilities associated with right-of-use assets | 306 | 306 | 1,219 | 2,111 | 3,944 | 3,818 |
| Total | 1,541 | 700,366 | 1,339 | 602,231 | 1,305,479 | 1,303,838 |

| Maturities of financial liabilities based on contracts (EUR thousand) 31 Dec 2021 | Less than 6 months | 6-12 months | 1-3 years | 4-7 years | Total cash flow based on contracts | Book value assets/liabilities |
|--|---------------------------|--------------------|------------------|------------------|---|--------------------------------------|
| Accounts payable | 861 | | | | 861 | 861 |
| Loans | 100,060 | | 600,120 | 600,180 | 1,300,360 | 1,299,187 |
| Liabilities associated with right-of-use assets | 53 | 296 | 1,182 | 2,328 | 3,860 | 3,735 |
| Total | 104,656 | 296 | 601,302 | 602,508 | 1,305,081 | 1,303,783 |



Työllisyysrahasto
Sysselsättningsfonden | Employment Fund