

Half-year Report 2024

1 Jan–30 Jun 2024

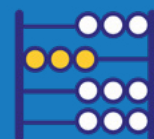


Työllisyysrahasto
Sysselsättningsfonden | Employment Fund



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Employment Fund's half-year in brief

Our liquidity remained at good level even though the unemployment insurance contributions were lower than in 2023 and unemployment security expenditure increased.



We provided EUR 1,666 million for the funding of Finland's social security.



The share of customers fully or very satisfied with our services (CSAT) averaged 84% during the first half of the year.



Amidst the abolition of adult education benefits, our change-capable personnel have continued to work together for a common goal in a highly professional manner.

Financial development

Employment Fund (the “Fund”) complies with the International Financial Reporting Standards (IFRS) adopted by the European Union.

As expected, during the first half of the year, the amount of unemployment insurance contributions collected by Employment Fund remained well below the totals collected during the comparison period. This was because the unemployment insurance contributions for 2024 were substantially lowered as proposed by Employment Fund.

At the same time, there was a substantial increase in the financing contributions paid by Employment Fund to its beneficiaries, compared to the same period in 2023. The economic and employment situation has been weaker than in the comparison period and as a result, unemployment expenditure increased during the first half of 2024.

As expected, lower unemployment insurance contributions pushed the half-yearly result (change in net position) into deficit though the deficit was further deepened by an increase in unemployment expenditure.

The figures are in EUR million.

Key figures	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Unemployment insurance contributions and other income	1,159	1,773	3,627
Financial benefits paid and administrative expenses	-1,666	-1,478	-2,934
Net financial income	27	22	69
Change in net position	-480	317	763
Investment assets and cash and cash equivalents	1,741	1,340	1,869
Receivables, accruals and fixed assets	526	1,010	859
Short-term and long-term loans	599	598	599
Unemployment insurance contribution and other liabilities	127	177	109
Net position	1,541	1,575	2,021
Unemployment insurance contribution (average)	1.61%	3.04%	3.04%
Change in total wages and salaries*	2.1%	6.1%	4.6%
Unemployment rate (average)	8.8%	7.6%	7.2%
Return on investments	1.6%	1.3%	4.1%

*Change in cumulative wages and salaries during the reporting period compared to corresponding wages and salaries in the previous year. Calculated on the basis of the wages and salaries on which the unemployment insurance contribution is paid.

Managing Director's review

Slow economic growth and growing unemployment during the first months of the year have also been reflected in the finances of Employment Fund. As a result, we revised our forecast for change in net position for the current year by projecting higher deficit than previously anticipated.

The level of unemployment insurance contributions collected by Employment Fund was substantially lowered for the year 2024. This was primarily a result of the good financial position of the Fund, accumulation of the business cycle buffer to its maximum amount and the economic and employment outlook. We also took into account the impacts of the cuts made in unemployment security and the abolition of the adult education benefits.

Despite growing unemployment, our liquidity remained good throughout the first half of the year and we have successfully managed all our unemployment security and other social security financing tasks. The employment situation is expected to start improving during the second half of 2024.

In its spending limits session, the Government of Prime Minister Petteri Orpo made a decision on the channelling of the cuts in social security. From Employment Fund's perspective, this solution adopted is workable because the level of unemployment insurance contributions will also be allowed to vary in a normal manner in the future and no changes were made to the principles governing the financing of the Fund. The Government also decided that the channelling based on changes in unemployment security will be abolished as from 1 January 2025. The scheme has been in effect since 2014.

We are preparing to submit a proposal for the level of the unemployment insurance contributions for 2025 at the end of August. In spring, we estimated that the contributions would have to be changed by between +0.10 and -0.40 percentage points.

ABOLITION OF THE ADULT EDUCATION BENEFITS IS A MAJOR CHANGE

Abolition of the adult education benefits set out in the Government Programme has been the dominant issue in Employment Fund during the first half of 2024.



The Government submitted the legislative proposal for the abolition of the adult education allowance and the scholarship for qualified employees to Parliament in February.

At the same time, Employment Fund launched change negotiations as part of the abolition process. The negotiations ended after the legislation on the abolition of the adult education benefits had been adopted. As a result of the negotiations, a maximum of 73 tasks in Employment Fund will be terminated by summer 2026. Abolition of the benefits will lead to major changes in staff numbers in the Fund even though the allowance scheme only accounts for about 10% of our total expenditure. The personnel reductions made after the change negotiations will be put into effect gradually as the payment of the adult education benefits is wound down.

After the abolition of the adult education allowance scheme, there have been discussions on preparing a replacement suited for the needs of the education and social services sector. The results of these deliberations were not known at the time of writing this report.

A record number of applications for adult education allowance was received during the

first half of the year. Despite the change and the increase in the number of applications, processing of the applications and the payment of the benefits have proceeded smoothly. We are particularly pleased with the fact that customer satisfaction has been at excellent levels throughout the year even though the abolition of the adult education allowance scheme has been a difficult process for customers and our personnel. The share of customers fully or very satisfied with our services (CSAT) averaged 84% during the first half of the year.

LOOKING AT THE FUTURE

Abolition of the adult education benefits and the changes in our operating environment are also reflected in the expectations on the Fund and its work. In spring, we started the work to clarify the identity of Employment Fund, and we will continue the project this autumn in cooperation with our personnel. The identity work will also support the strategy update scheduled for late autumn. The aim of this work is to ensure that we can continue to perform our societally important tasks with maximum success.

Employment Fund will continue to manage its other statutory tasks as before, and we are also determined to make our services better and

more customer-oriented. In early summer, we launched a survey among our unemployment insurance contribution customers to get a better idea of the customer experience and to improve our services. Most of our services are already on a digital basis and we also make extensive use of automation. We have made preparations for changes in the legislation on automated decision-making by updating our activities in accordance with legislative requirements. We have also updated the Fund's code of conduct, which you can view on our website. We have also joined the Finnish Transparency Register, to which we submit disclosures of our lobbying activities. In June, we reached the final stages of competitive tendering for our IT services in which we are seeking a new partner to implement and develop our IT services.

Despite the difficult change situation, we have managed our statutory tasks without problems. Amidst the abolition of the adult education benefits, we have carried out excellent work, developed our activities and planned for the future. I would like to thank all our staff members for their change capability and for their ability to work for a common goal.

JANNE METSÄMÄKI
Managing Director

Employment Fund's operating environment

Inflation in Finland has eased, and the European Central Bank has moved to lower interest rates in the interest rate cycle. Finland's total output is expected to remain close to previous year's levels in 2024.

The weak economic situation in Finland has also been reflected in the employment figures. Unemployment went up during the first half of the year, increasing the need for unemployment security funding. However, the unemployment rate trend has remained unchanged for several months and the number of lay-offs has declined from the peak reached in spring.

UNEMPLOYMENT INSURANCE CONTRIBUTIONS, OTHER INCOME AND FINANCING CONTRIBUTIONS PAID

The total of unemployment insurance contributions for 2024 is about 1.6% of the total payroll (about 3% in 2023). Lowering the contributions from 2023 levels was made possible by the outlook for the economy and employment, the assets accumulated in the Fund's business cycle buffer and the fact that the measures set out in the Government

Unemployment went up during the first half of the year, increasing the need for unemployment security funding.

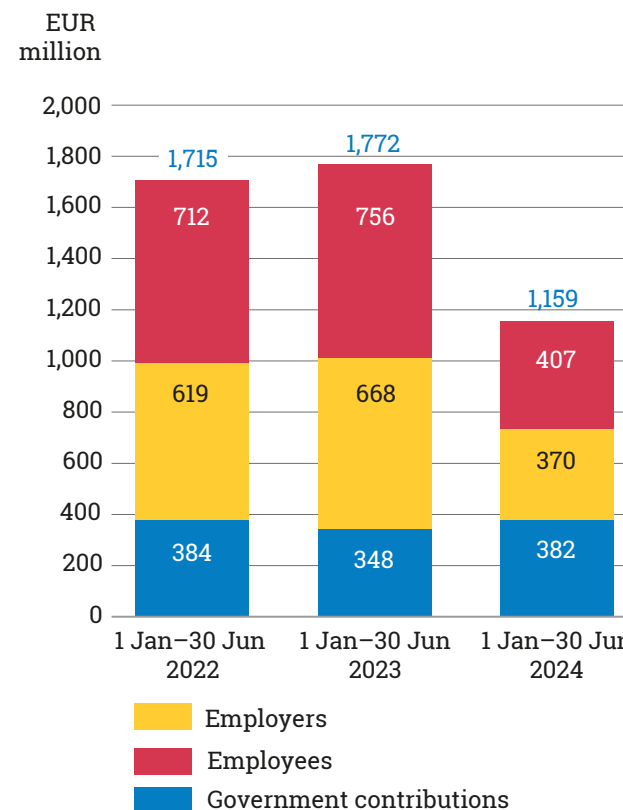


Programme are estimated to decrease expenditure. Employers' contribution is 0.27% of total payroll up to EUR 2,337,000, and 1.09% of the part exceeding this amount. Employees' contribution is 0.79% of their wages.

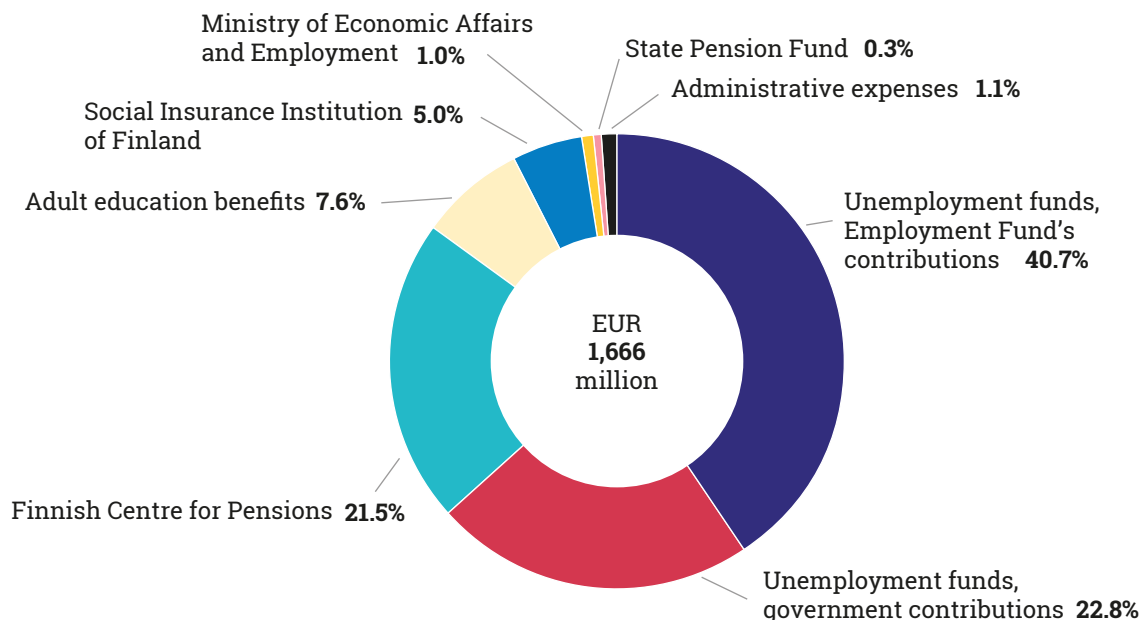
Unemployment insurance contributions collected, unemployment security deductions in connection with disputes arising from termination of employment, and liability

component and transition security contributions totalled EUR 777 (1,424) million, and the government contributions paid by the Ministry of Social Affairs and Health amounted to EUR 382 (348) million in the period 1 January–30 June 2024. The financing contributions paid by Employment Fund (incl. the Fund's administrative expenses) totalled EUR 1,666 (1,478) million.

Contributions collected



Financing contributions paid 1 Jan–30 Jun 2024



A total of 99% of the decisions on unemployment insurance contributions are made automatically

We make extensive use of automated decision-making. Automated decisions account for about 99% of all decisions on unemployment insurance contributions. There are statutory requirements for public administration actors that have an automated decision-making process. The transitional period concerning the new legislation ends in October 2024. During spring 2024, we have developed practices and documentation for our automated process to ensure that they meet the requirements set out in the new legislation.

Developing the online service to make customers even more satisfied

CSAT index (share of fully and very satisfied customers) for our unemployment insurance contribution service was 78% in the period 1 January–30 June 2024. Itemised by the channel used, the results show that customers were particularly satisfied with the service they received by telephone (92%) and email (86%). The overall customer satisfaction is lowered by CSAT for the online service, which was 47% for the first six months of the year. We are continuing the online service overhaul started last year.

We will conduct a survey for our employer customers between June and August. In the survey, we will examine the recognisability and clarity of our services and the level of satisfaction among our customers. We will also ask the customers to present proposals for improvements.



MORE CASES INVOLVING TRANSITION SECURITY CONTRIBUTIONS

Collection of the new transition security contribution paid by employers dismissing staff members began in 2023. There has been an increase in the cases involving the contribution during the first half of the year. The employer is obliged to pay the new transition security contribution if it has dismissed an employee aged 55 or over for production-related or financial reasons and the employee had been employed by the employer in question for at least five years. The fee does not apply to the smallest employers, as the total payroll subject to the employer's unemployment insurance contribution must exceed an

annually reviewed minimum amount, which was about EUR 2.3 million in 2023. Transition security contributions are used to finance the transition security training and allowance of the dismissed employees. From the start of this year, employers have been able, under certain conditions, to claim back already paid transition security contributions.

The right to additional days of unemployment security will be abolished after a transitional period. This also means that the employers will no longer be obliged to pay a liability component for employees they have dismissed or laid off. Processing of the liability components will end by the year 2035.

NO CHANGES IN THE NUMBER OF DISPUTES INVOLVING TERMINATION OF EMPLOYMENT

An employer that has laid off an employee or ended an employee's employment contract on non-justifiable grounds is liable to pay compensation to the employee. A total of 75% of the compensation is deducted from the earnings-related unemployment benefits paid to the employee after the employment relationship has ended when the compensation is paid for salary losses due to unemployment. The employer pays the deduction to Employment Fund. The number of dispute cases at the Fund involving termination of employment have remained stable.

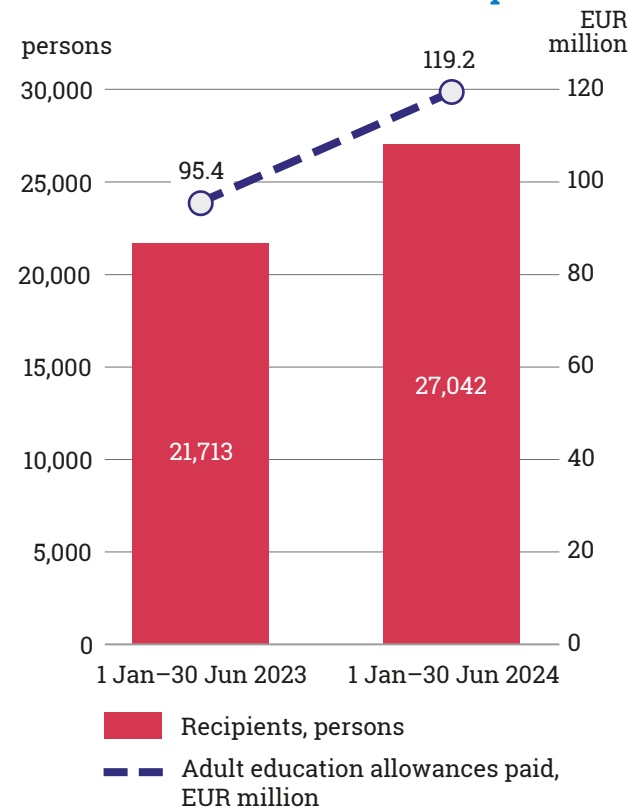
ADULT EDUCATION BENEFITS

In our benefit service, the year 2024 was dominated by the abolition of the adult education benefits. During the process, we were heard by the Education and Culture Committee, Social Affairs and Health Committee and the Employment and Equality Committee of the Finnish Parliament. The last-mentioned committee prepared the report on the matter. The Act repealing the Act on Adult Education Benefits entered into force on 1 June 2024.

Announcement of the abolition prompted many people to apply for adult education allowance

The announcement of the abolition of the adult education allowance scheme prompted many people to apply for the allowance. There was a significant increase in the number of allowance right applications and allowance recipients in spring 2024. Between 1 January and 30 June 2024, we received 21,812 allowance right applications, which was 39% more than in the same period in 2023. During the first half of 2024, the number of allowance recipients was 25% higher than the year before. There has also been a substantial increase in the number of monthly payment applications. Between January and June, we received 101,176 applications, which was 24% more than in the same period in 2023. We paid a total of EUR 119.2 (95.4) million in adult education allowances during the first half of the year.

Number of recipients and adult education allowances paid

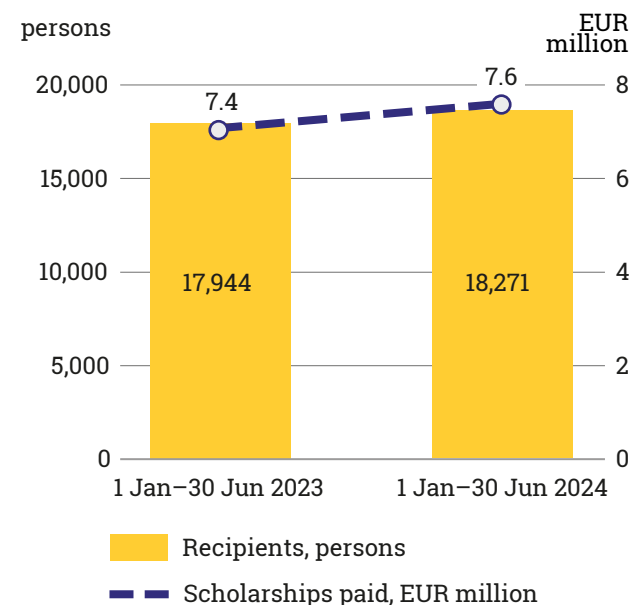


The abolition of the allowance scheme has also been reflected in the number of customer advisory contacts even though the increase has not been as great as in the processing of applications. We have kept customers comprehensively up to date on the situation focusing on the key aspects of the change. As a result, the number of customer contacts have remained at reasonable levels and we have been able to provide customer service for the people in need of personal advice well. We received 19,941 (17,061) calls and 34,866 (28,495) customer messages during spring. Due to the high degree of automation, applications have been processed quickly, even though there was a substantial increase in the number of allowance applicants. Response rate in the telephone service was over 90% throughout the spring months.

THE LAST CHANCE TO APPLY FOR SCHOLARSHIPS FOR QUALIFIED EMPLOYEES LED TO A MODERATE INCREASE IN THE NUMBER OF APPLICATIONS

With the abolition of the adult education benefits, applications for scholarships for qualified employees can only be submitted for vocational qualifications completed before 1 August 2024. During the period under review, there was no similar final increase in applications for scholarships for qualified employees as for the applications for adult education allowance. Between January and June, the number of applications for scholarships for qualified employees increased by 10.4% compared to the same period in the previous year. Between January and June, we received 21,656 (19,615) applications all together. During the same period, we paid about EUR 7.6 (7.4) million in scholarships for qualified employees to 18,271 (17,944) persons.

Recipients and paid scholarships for qualified employee



Automated decision-making

We also make extensive use of automated decision-making in the processing of adult education benefits. The transitional period for legislation on automated decision-making in public administration ends on 31 October 2024. During 2024, we have developed automation-related documentation in accordance with the requirements of the new legislation.

Customer satisfaction at excellent levels

Despite the challenges arising from the change, we have been able to successfully manage the adult education implement scheme and provide customers with the advice they have requested. This has been due to a fully digitalised application process, a high degree of automation and a change-capable organisation. CSAT customer satisfaction index (share of fully and very satisfied customers) for the benefit service has remained high. The telephone service was the top performer and its CSAT remained at over 95% throughout the spring. In electronic services, CSAT for all application processes remained over 90% throughout the period January–June.

The legislation abolishing adult education benefits entered into force on 1 June 2024

The Act repealing the Act on Adult Education Benefits entered into force on 1 June 2024. Under the transitional period starting from the entry into force of the act and extending until 31 December 2025, adult education allowance can only be granted if the studies and the allowance period begin on 31 July 2024 at the latest. Applications for allowance extension for the same studies can be submitted during the transitional period. Applications for allowance payments must be submitted by 31 March 2026.

As a result of the abolition, scholarships for qualified employees can only be granted on the basis of qualifications completed by 31 July 2024. Applications for the scholarship must be submitted within one year of completing the qualification. This means that the last applications must be submitted by 31 July 2025.

Our focus was on bringing the scheme down

For data protection and information security reasons, we stopped using email as a service channel for benefit applicants during turn of

the year. As a result of the change, the number of emails sent in the period January–June decreased by 59% year on year, and the work of customer advisers has become easier as all written customer service to benefit applicants is now provided in the online service.

In the development of the benefit systems and processes, our focus has been on implementing the changes set out in the legislation abolishing the scheme. We were able to incorporate all system updates into production without problems even though the act abolishing the adult education allowance scheme and scholarship for qualified employees was approved on 30 May 2024 (two days before its entry into force).

We no longer carry out any development work as our focus is on bringing the scheme down as well as storing and archiving data.

Personnel

On average, Employment Fund employed 174 people in the first half of 2024. At the end of June, the Fund had 179 employees, including 168 in permanent and 11 in fixed-term employment relationships.



The abolition of the adult education benefits has significant impacts on the Fund’s personnel, especially on staff members working in customer service tasks and in customer service support. As a result of the change negotiations between March and June, a maximum of 73 tasks in the Fund will be abolished during the transitional period. As the transitional period for the act abolishing the adult education scheme is long (until summer 2026), dismissals and the termination or change of duties will also take place gradually over a long period. The actual personnel impacts will become clear once the transitional period has ended.

TRANSITION SUPPORT AND DIALOGUE PLAYED A KEY ROLE

We are a responsible employer and in a change situation, we support both the continuing staff and the staff members made redundant. During the spring, the support has manifested itself

in an open and continuous dialogue between the management and the personnel, and in a variety of coaching sessions and discussion forums for different groups. We have paid particular attention to the change support measures offered to the employees losing their jobs to make the transition to new job opportunities as smooth as possible.

We have monitored the success of the change management with regular experience measurements, which have examined the views of our personnel on the change situation. With the survey results and feedback from the personnel, we have been able to target the communications and measures in accordance with the needs. We have also received valuable information on how to implement and focus the change management measures in different service areas.

WE INVEST IN IT EXPERTISE AND SERVICES

Although one of our tasks is ending, the Fund will continue to manage its other statutory tasks. During the first half of the year, the focus of recruitments in the Fund has been on the Technology and Development service area so that we can meet our current and future operational needs. The pace of technological development is accelerating and requires a change capability that can only be maintained with a strong IT organisation.

In 2023, Employment Fund launched a process to create a new operating model in which the aim is to build clear and well-designed IT services, processes and roles. These play an important role in ensuring that we are able to produce services for the digital age in a reliable and high-quality manner. Implementing the new operating model is keeping our IT organisation busy.

Close cooperation among all staff members is a key prerequisite for ensuring successful change. Working together is thus a highly visible part of Employment Fund's work and also one of our core values. Individuals, cooperation and the right kind of competence are the driving forces for change. We invest in on-the-job learning and continuous professional development so that we can provide high-quality services and an excellent personnel and customer experience.



Risk management

Risk management is part of Employment Fund's internal control. Its aim is to ensure risk awareness in decision-making and to support the Fund in the achievement of its objectives. Risk management produces high-quality information on the risks and threats facing the Fund and provides recommendations for measures to prevent them.

We monitor and manage such risks as strategic and operational risks, regulatory, economic and financial risks as well as risks arising from our operating environment. Comprehensive risk management is an important part of our activities.

During the first half of the year, we have strengthened our cyber risk management resources and developed a strategic risk reporting model to provide more support for the Fund's management in its decision-making.

Identifying and reporting risks is the responsibility of each Fund employee. We identify potential threats and report them to the right party in accordance with our risk management principles. The task of the Risk Manager is to support business units in identifying and managing risks and to report on the state of risk management to the Management Group, the audit committee and the Board of Directors on a regular basis.



Each Fund employee is responsible for identifying and reporting risks.

RISK MANAGEMENT SAFEGUARDS LIQUIDITY

To manage financial risks arising from changes in the operating environment, we rely on such means as diverse forecasting methods and timely adjustments of unemployment insurance contributions. To safeguard our liquidity, we make low-risk investments and strive to secure good borrowing possibilities. Employment Fund also has a statutory business cycle buffer to reduce the need for changes in the level of unemployment insurance contributions due to cyclical fluctuations.

Financial risk management in Employment Fund has relied on the same principles as before. These principles are described in the latest annual financial statements. The most significant financial risks in the first half of the year are described in the notes under financial risk factors. In other respects, there have been no significant changes in risks or uncertainties.

” To manage financial risks arising from changes in the operating environment, we rely on such means as diverse forecasting methods and timely adjustments of unemployment insurance contributions.



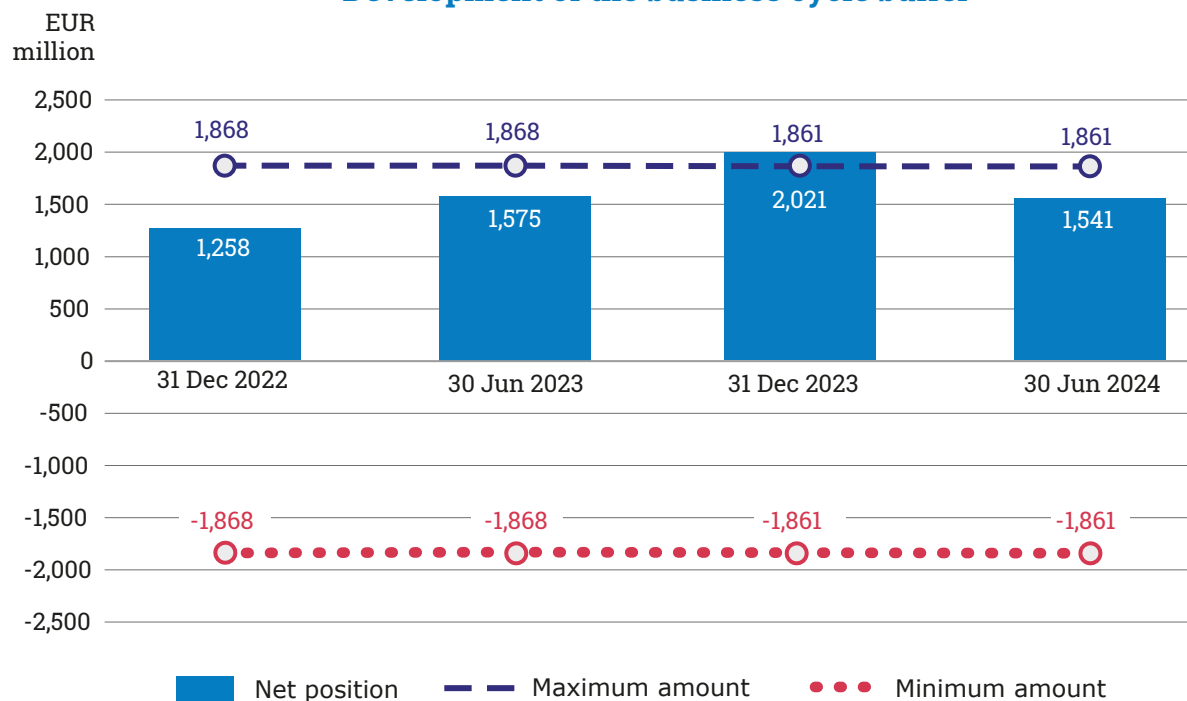
Finance

BUSINESS CYCLE BUFFER AND CHANGE IN NET POSITION

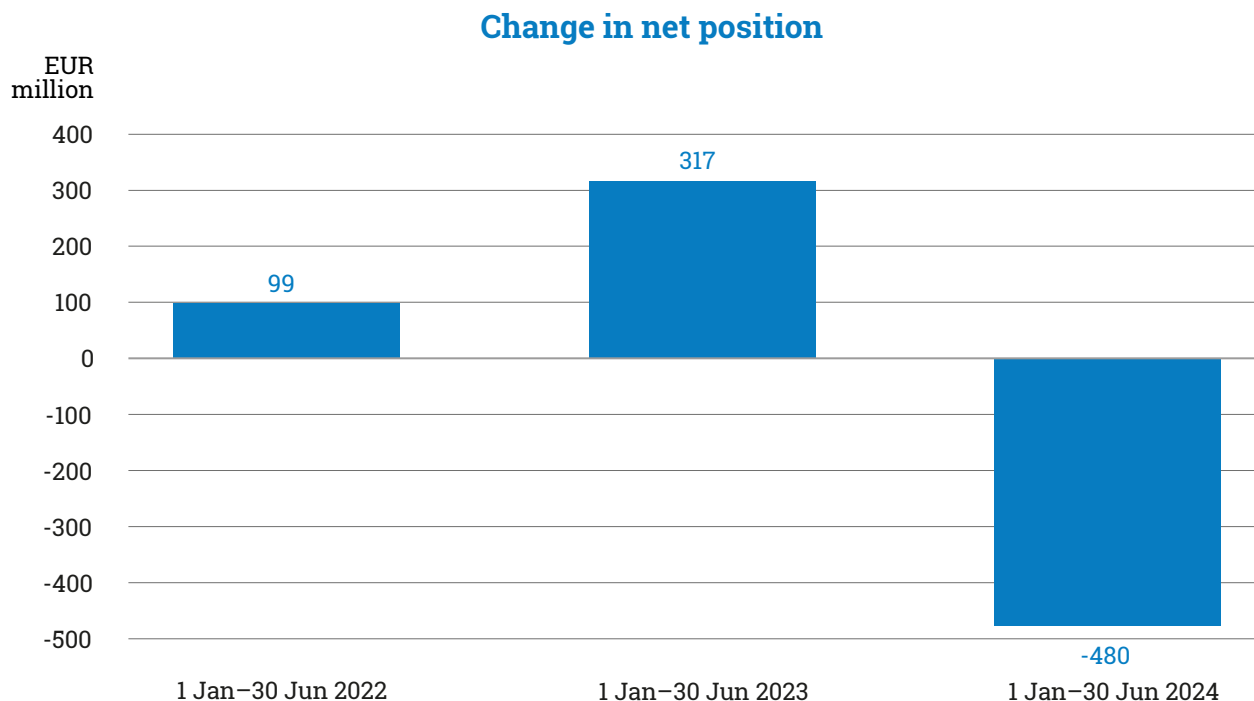
Employment Fund maintains a business cycle buffer specified in the law to ensure liquidity and balance out changes in unemployment insurance contributions. The business cycle buffer accrues on the basis of the difference between Employment Fund’s assets and liabilities. When the unemployment insurance contributions are set, the forecast for the maximum amount of assets or liabilities in the buffer may not exceed expenses corresponding to an unemployment rate of six percentage points. When the decision on the level of unemployment insurance contributions is made, the forecast for the business cycle buffer may by law exceed the maximum amount of assets over two years during a three-year review period to ensure a steady payment trend. In that case, however, unemployment insurance contributions may not be set higher than in the previous year.

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 buffer allowed under the Act on the Financing of Unemployment Benefits was EUR 1,861 million on 30 June 2024.

Development of the business cycle buffer



Change in the Fund’s net position was EUR -480 (317) million in the first half of 2024. The amount of net position was EUR 1,541 million on 30 June 2024 (EUR 2,021 million on 31 December 2023). In the payment estimate submitted to the Ministry of Social Affairs and Health in April 2024, we estimated that the change in Employment Fund’s net position would be negative to the amount of about EUR 620 million in 2024 and net position would be positive to the amount of about EUR 1,400 million at the end of 2024. When preparing the half-yearly financial statements, we estimated that the change in Employment Fund’s net position would be negative to the amount of about EUR 700 million in 2024, which would mean a positive net position of about EUR 1,320 million at the end of 2024.



LIQUIDITY AND DEBT FINANCING

Under the investment and debt financing principles approved by the Supervisory Board, in fixed-income investments with less than one year's maturity, the Fund must keep an amount that covers at least one month's expenses. This amount totalled about EUR 280 million during the first half of 2024. On average, the liquidity buffer described above was 2.8 times the minimum amount during this period.

For liquidity purposes, the Fund also has a EUR 300 million commercial paper programme (31 Dec 2023: EUR 300 million). The Fund also has EUR 600 million in committed revolving credit facilities (RCF) with four banks (31 Dec 2023: EUR 600 million). The commercial paper programme and the revolving credit facilities remained unused at the end of 2023 and during the first half of 2024.

On 30 June 2024, Employment Fund had a bond of EUR 600 million issued in 2020, which is due on 16 June 2027.

The credit rating agency S&P Global Ratings has given Employment Fund a credit rating of AA+ (stable outlook)/A-1+. S&P Global Ratings has given the same rating to the State of Finland.

” We estimate that the change in Employment Fund's net position would be negative to the amount of about EUR 700 million in 2024, which would mean a positive net position of about EUR 1,320 million at the end of 2024.

Investment activities

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.

On 30 June 2024, Employment Fund's investment and financial assets amounted to EUR 1,740.5 million (EUR 1,868.9 million on 31 December 2023).

Investment markets grew at a steady rate during the first half of 2024. The return in the stock market on the weighted benchmark index was about 10%. Even though there was a slight rise in the interest rates on bonds at the start of the year, returns remained positive, especially in bond investments of companies and banks. At the same time, there was considerable variation in returns on alternative investments between different sectors.

The interest rate cut of 0.25% by the European Central Bank in June mainly supported fixed-income investments as long-term interest rates declined.

One of the main goals of Employment Fund's investment activities is to support the performance of the Fund's statutory duties and to ensure sufficient liquidity to finance the expenses for which Employment 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. The Supervisory Board approved the updated investment and debt financing principles in April 2024.



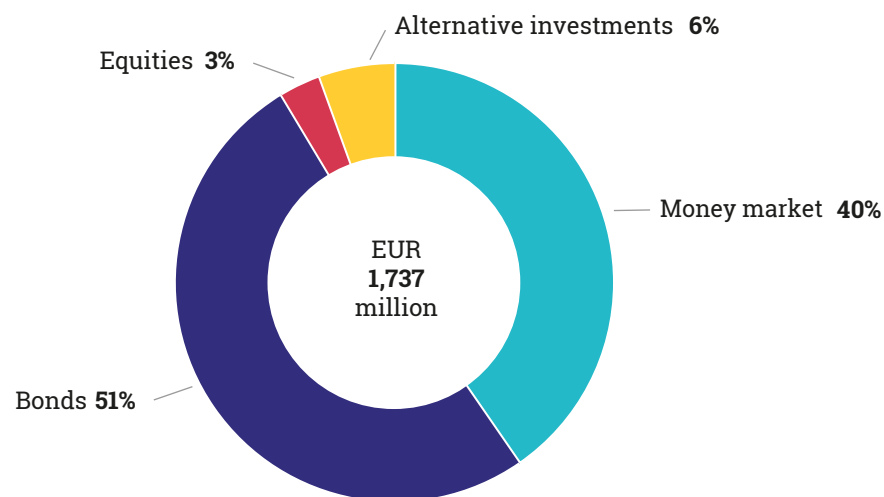


Supporting the performance of our statutory tasks is a key goal of the Fund’s investment activities.

We actively invested our assets in money market instruments, bonds, equities and alternative investments. The Fund made direct investments and invested its assets through funds. At the end of the review period, EUR 699 million (EUR 820 million on 31 December 2023) of the Fund’s assets were invested in money market instruments, EUR 892 million (EUR 958 million on 31 December 2023) in bonds, EUR 44 million (EUR 39 million on 31 December 2023) in equities, and EUR 102 million (EUR 83 million on 31 December 2023) in alternative investments.

Between January and June 2024, we achieved a return of 1.6% (1.3%) on invested assets. This was in accordance with the expectation entered in our investment plan (3.2–4.0% for 2024) and exceeded the reference return on our investment activities (1.4%).

Investment spread 30 June 2024



Events after the period under review

No significant changes occurred in Employment Fund's financial position after the end of the review period.

Helsinki 27 August 2024
Employment Fund
Board of Directors



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 a long neck. The background is a solid red color.

Half-year Report financial statements

STATEMENT OF CHANGES IN NET POSITION

The figures are in EUR thousand.

Change in net position	Note	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Contributions collected				
Unemployment insurance contributions and other income	<u>1</u>	1,159,086	1,772,645	3,627,462
Unemployment insurance contributions and other income		1,159,086	1,772,645	3,627,462
Financing contributions paid				
Financing contributions paid	<u>2</u>	-1,647,063	-1,462,398	-2,900,224
Administrative expenses	<u>3</u>	-18,865	-15,419	-33,528
Financing contributions paid and administrative expenses		-1,665,927	-1,477,817	-2,933,752
Net fair value gains on investments	<u>4</u>	27,775	21,925	70,642
Financing costs		-711	-201	-1,293
Change in net position		-479,777	316,552	763,059

STATEMENT OF NET POSITION

The figures are in EUR thousand.

Assets	Note	30 June 2024	30 June 2023	31 Dec 2023
Non-current assets				
Property, plant and equipment		3,064	3,478	3,210
Intangible assets		544	1,576	872
Total non-current assets		3,609	5,054	4,083
Current assets				
Unemployment insurance contributions receivables		2,674	3,883	16,158
Accruals of unemployment insurance contributions		424,401	794,506	730,652
Other receivables		95,491	206,083	108,567
Investment assets	5	1,596,850	1,205,248	1,652,468
Cash and cash equivalents		143,663	135,243	216,479
Total current assets		2,263,080	2,344,963	2,724,324
Total assets		2,266,689	2,350,017	2,728,407

Net position and liabilities	Note	30 June 2024	30 June 2023	31 Dec 2023
Net position				
For previous periods		2,021,036	1,257,977	1,257,977
For the period		-479,777	316,552	763,059
Total net position		1,541,258	1,574,529	2,021,036
Non-current liabilities				
Bonds		598,854	598,420	598,638
Total non-current liabilities		598,854	598,420	598,638
Current liabilities				
Unemployment insurance contribution liabilities		1,167	2,159	1,444
Other liabilities		125,409	174,909	107,289
Total current liabilities		126,576	177,068	108,733
Total liabilities		725,430	775,488	707,371
Total net position and liabilities		2,266,689	2,350,017	2,728,407

STATEMENT OF CASH FLOWS

The figures are in EUR thousand.

Cash flows	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Unemployment insurance contributions collected	1,467,278	1,705,460	3,516,887
Financing contributions paid	-1,655,412	-1,547,205	-2,856,752
Interests paid	-2,251	-104	-5,531
Net cash flow from ordinary operations	-190,386	158,151	654,603
Cash flows from investments			
Purchases of intangible assets	0	0	-212
Investments in financial instruments	-1,588,233	-1,916,512	-3,794,334
Sales of investment instruments and realised income	1,705,803	2,369,082	3,831,681
Net cash flow from investments	117,570	452,570	37,136
Loans withdrawn and repaid	0	-700,189	-699,971
Net cash flow from financing activities	0	-700,189	-699,971
Net increase/decrease in cash and cash equivalents	-72,816	-89,468	-8,232
Cash and cash equivalents at the beginning of the financial period	216,479	224,711	224,711
Cash and cash equivalents at the end of the financial period	143,663	135,243	216,479



Accounting principles
used to prepare the
half-year report

Accounting principles used to prepare the half-year report

The half-year report of 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.



A stylized, light purple graphic of a bird, possibly a swan or crane, is positioned on the left side of the slide. The bird is facing right and has a long, curved neck. The graphic is composed of several overlapping, rounded shapes in different shades of purple, creating a layered effect. The word "Notes" is written in white, bold, sans-serif font across the middle of the bird's body.

Notes

1 UNEMPLOYMENT INSURANCE CONTRIBUTIONS

The figures are in EUR thousand.

Unemployment insurance contributions by contribution type	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Employer's unemployment insurance contributions			
Employer's insurance contributions	356,115	658,623	1,409,566
Training compensation reimbursements	-11,437	-10,216	-10,244
Training compensation settlements paid by the Ministry of Finance	11,437	10,216	10,244
Employer's insurance contributions, co-owners	503	1,019	2,012
Total	356,618	659,642	1,411,578
Employee's unemployment insurance contributions			
Employee's insurance contributions	405,650	754,795	1,486,405
Employee's insurance contributions, co-owners	803	1,450	2,876
Total	406,453	756,245	1,489,281
Collection fee income and credit losses			
Interest on overdue employer contributions	57	83	513
Interest on overdue employee contributions	-10	8	502
Collection fee income	254	199	439
Total	302	289	1,455
Employer's liability components and transition security contributions			
Liability components	3,362	8,454	15,637
Transition security contributions	9,317	48	5,970
Accruals	250	-783	-1,188
Total	12,929	7,720	20,419

Unemployment insurance contributions by contribution type	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Deductions under the Employment Contracts Act (ECA)			
Deductions and lay-off income under ECA	400	442	915
Settlement to the Ministry of Social Affairs and Health	122	2	-538
Total	522	444	377
Contributions from the Ministry of Social Affairs and Health			
Earnings-related unemployment allowance	372,962	343,322	690,817
Job alternation compensation	7,858	4,639	10,507
Equalisation payment for the previous year	-1,057	-1,056	-1,056
Adult education benefits	2,500	1,400	4,084
Total	382,264	348,305	704,352
Total unemployment insurance contributions	1,159,086	1,772,645	3,627,462

2 FINANCING CONTRIBUTIONS PAID

The figures are in EUR thousand.

Financing contributions	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Employment Fund contributions paid to unemployment funds			
Other earnings-related unemployment allowance	-358,124	-321,081	-653,539
Additional days of allowance	-63,869	-74,696	-147,060
Transition security allowance	-7,189	-1,477	-5,037
Lay-off allowance	-235,068	-147,217	-270,200
Job alternation compensation	-10,445	-5,755	-13,358
Compensation for administrative expenses	-4,836	-5,458	-10,873
Equalisation payment for the previous year	1,557	1,615	1,615
Total	-677,975	-554,069	-1,098,453
Government contributions paid to unemployment funds			
Other earnings-related unemployment allowance	-365,894	-336,052	-676,196
Job alternation compensation	-7,858	-4,639	-10,507
Unemployment allowance/entrepreneurs	-3,276	-3,073	-6,261
Compensation for administrative expenses	-3,792	-4,197	-8,360
Equalisation payment for the previous year	1,057	1,056	1,056
Total	-379,764	-346,905	-700,268
Finnish Centre for Pensions			
Equalisation payment for the previous year	-8,175	31,700	31,310
Payment for the current financial period	-349,500	-336,500	-631,000
Total	-357,675	-304,800	-599,690

Financing contributions	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
State Pension Fund			
Equalisation payment for the previous year	-266	378	378
Payment for the current financial period	-4,595	-3,753	-7,942
Total	-4,861	-3,375	-7,564
Social Insurance Institution of Finland			
Equalisation payment for the previous year	0	0	29
Basic allowance, additional component, employment programme additional benefit	-83,650	-136,500	-262,910
Social Insurance Institution of Finland, transition security	-200	-1,635	-65
Total	-83,850	-138,135	-262,947
Adult education benefits			
Scholarships for qualified employees	-7,581	-7,439	-11,827
Adult education allowances	-119,216	-95,428	-189,303
Collection expenses for benefits	-3	-2	-5
Total	-126,800	-102,869	-201,135
Ministry of Economic Affairs and Employment			
Equalisation payment for the previous year	0	0	0
Payment for the current financial period	-14,791	-12,248	-29,779
Transition security from the Development and Administration Centre for ELY Centres and TE Offices	-1,206	-12	-381
Total	-15,996	-12,261	-30,159
Member State invoicing for unemployment security			
Invoiced by Member States	-164	0	-52
Invoiced by the Fund	22	15	43
Total	-142	15	-9
Total financing contributions paid	-1,647,063	-1,462,398	-2,900,224

3 ADMINISTRATIVE EXPENSES

The figures are in EUR thousand.

Administrative expenses by expense type	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Personnel expenses			
Wages, bonuses, and benefits	-5,425	-5,066	-10,073
Pension expenses – defined contribution plans	-1,270	-866	-1,730
Social security expenses	-122	-186	-395
Total	-6,818	-6,117	-12,198
Other administrative expenses			
IT expenses	-4,089	-3,758	-7,798
Other personnel expenses	-398	-338	-763
Expenses for office premises	-49	-58	-109
Office expenses	-715	-967	-1,751
Other expenses	-6,122	-2,839	-8,450
Amortisation	-672	-1,332	-2,361
Total	-12,046	-9,291	-21,231
Auditor's fees			
Statutory audit	0	-10	-98
Total	0	-10	-98
Total administrative expenses	-18,865	-15,419	-33,528

Number of personnel	30 June 2024	30 June 2023	31 Dec 2023
Permanent employees	168	166	168
Fixed-term employees	11	20	7
Total	179	186	175

Management salaries and bonuses paid	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Management Group (excl. Managing Director)	-287	-280	-546
Managing Director	-104	-114	-188
Board of Directors and Supervisory Board	-89	-81	-158
Pension expenses – defined contribution plans	-85	-84	-158
Total	-565	-558	-1,049

4 NET FAIR VALUE GAINS FROM INVESTMENTS

The figures are in EUR thousand.

Types of income and expenses	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Dividend income	1,915	2,290	2,438
Gains on disposals	7,367	2,245	6,528
Other income	1,654	1,299	4,381
Net interest income	20,256	13,925	29,859
Net change in value	299	8,347	36,768
Losses on disposals	-3,476	-6,040	-9,034
Other expenses	-240	-141	-298
Total net gains on investments	27,775	21,925	70,642

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 primarily 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.

Level 2 The inputs used in valuations are also based, directly or indirectly, 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.

Investments by financial instrument class divided into fair value hierarchy levels

No reclassifications were made between hierarchy levels in the period January–June.

The figures are in EUR thousand.

Financial instrument classes, 30 June 2024	Level 1	Level 2	Level 3	Total
State and municipal bonds	345,066	59,006	0	404,072
Bank bonds	285,233	0	0	285,233
Corporate bonds	222,181	0	0	222,181
Investments in funds and equities	198,115	0	0	198,115
Mezzanine funds	0	0	201	201
Deposits	0	79,335	0	79,335
Certificates of deposit	0	121,939	0	121,939
Municipal papers	0	0	0	0
Commercial papers	0	183,563	0	183,563
Alternative investments	0	0	102,211	102,211
Total	1,050,595	443,843	102,412	1,596,850

Financial instrument classes, 31 Dec 2023	Level 1	Level 2	Level 3	Total
State and municipal bonds	419,124	29,828	0	448,952
Bank bonds	279,951	0	0	279,951
Corporate bonds	234,375	0	0	234,375
Investments in funds and equities	177,513	13,810	0	191,323
Mezzanine funds	0	0	829	829
Deposits	0	62,180	0	62,180
Certificates of deposit	0	154,908	0	154,908
Municipal papers	0	19,452	0	19,452
Commercial papers	0	177,994	0	177,994
Alternative investments	0	0	82,504	82,504
Total	1,110,963	458,172	83,333	1,652,468

Changes in Level 3 financial assets measured at fair value. The figures are in EUR thousand.

Financial instrument classes	1 Jan 2024	Unrealised profit/loss	Realised profit/loss	Purchases	Sales	30 June 2024
Mezzanine funds	829	1,471	-1,705	2	-396	201
Alternative investments	82,504	-2,207	568	21,438	-92	102,211
Total	83,333	-736	-1,137	21,440	-488	102,412

Financial instrument classes	1 Jan 2023	Unrealised profit/loss	Realised profit/loss	Purchases	Sales	31 Dec 2023
Mezzanine funds	1,030	218	0	2	-421	829
Alternative investments	73,928	-4,010	0	12,637	-51	82,504
Total	74,958	-3,792	0	12,639	-472	83,333

6 LIABILITIES AND RECEIVABLES NOT RECOGNISED IN THE STATEMENT OF NET POSITION

The figures are in EUR thousand.

Investment commitments	30 June 2024	30 June 2023	31 Dec 2023
Committed capital	2,250	5,250	5,250
Realised	-2,169	-5,058	-5,058
Total investment commitments	81	192	192

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 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).

Employment Fund may make investments directly, or indirectly through investment funds. At the end of the review period, 19% (31 Dec 2023: 17%) of the investments were indirect.

On 30 June 2024 and 31 December 2023, the market risks for the investments were as follows:

Investment item, 30 June 2024	Risk, per cent	Capital, EUR thousand	Risk, EUR thousand
Bank deposits	0.50%	140,427	702
Money market	1.00%	558,774	5,588
State and municipal bonds	4.00%	345,066	13,803
Bank bonds	4.50%	295,250	13,286
Corporate bonds	5.00%	251,575	12,579
Equities	25.00%	43,772	10,943
Alternative investments	10.00%	102,412	10,241
Total risk	3.86%	1,737,276	67,142

Investment item, 31 Dec 2023	Risk, per cent	Capital, EUR thousand	Risk, EUR thousand
Bank deposits	0.50%	247,468	1,237
Money market	1.00%	572,186	5,722
State and municipal bonds	4.00%	419,124	16,765
Bank bonds	4.50%	289,759	13,039
Corporate bonds	5.00%	249,064	12,453
Equities	25.00%	38,997	9,749
Alternative investments	10.00%	83,333	8,333
Total risk	3.54%	1,899,931	67,298

Total risk was 3.86% (31 Dec 2023: 3.54%) of the Fund's assets and 3.0% (31 Dec 2023: 1.9%) of the Fund's estimated income in 2024. 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 2023: 100%). Of the bonds, 8% were at variable rates (31 Dec 2023: 7%). 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 2024, the Euribor rates and interest rate curve (swap rates) had been 0.5 percentage points higher while all other variables remained constant, the change in net position would have been EUR 11.2 million (31 Dec 2023: EUR 9.8 million) smaller. Respectively, if on 30 June 2024 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 EUR 11.2 million (31 Dec 2023: EUR 9.8 million) larger.

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 and 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 1.62 years (31 Dec 2023: 1.63 years).

The average credit rating of the investment portfolio is evaluated on Standard & Poor's rating scale, which is based on historical probabilities of credit losses. The investment portfolio credit rating is estimated to be about BBB+ on 30 June 2024 (31 Dec 2023: BBB+).

The amounts of Employment Fund's unemployment insurance contribution receivables, liability component 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 bankruptcies and corporate restructurings continued to increase during the first half of 2024. This was also reflected in the number of cases investigated by Employment Fund for supervision, which increased by about 18% year on year. Employment Fund also supervised its receivables with a value of EUR 4.2 million during the first half of 2024.

The Fund's collection process has remained effective despite the overall economic situation.

Liquidity risk

To secure its liquidity, in fixed-income investments with less than one year's maturity, the Fund keeps an amount that covers at least one month's expenses. 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 2023: EUR 300 million). The Fund also has EUR 600 million in committed revolving credit facilities (RCF) with four banks (31 Dec 2023: EUR 600 million). The commercial paper programme and the revolving credit facilities remained unused at the end of 2023 and during the first half of 2024.

The figures are in EUR million.

Unused committed revolving credit facilities	30 June 2024	30 June 2023	31 Dec 2023
RCF due in more than one year	600	600	600
Total	600	600	600

Unused uncommitted revolving credit facilities	30 June 2024	30 June 2023	31 Dec 2023
Commercial paper programme	300	300	300
Total	300	300	300

Employment Fund has also secured its liquidity through debt financing during 2024. In its financing, the Fund has relied on capital markets. The Fund’s credit arrangements in place at the end of the period under review are described in the table below.

At the end of the review period, EUR 600 million in bonds (31 Dec 2023: EUR 600 million) and EUR 0 million in commercial papers (31 Dec 2023: EUR 0 million) were in use. No short-term bank loans were in use on 30 June 2024 (31 Dec 2023: EUR 0 million).

Employment Fund has the following issuer credit ratings as confirmed by Standard & Poor’s (26 June 2024):

The fixed interest rate periods for loans in the statement of net position were as presented in the table.

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

Loans, 30 June 2024	Nominal value EUR million	Fixed interest rate period in years	Interest rate	Due date	Credit rating
Bond 2027	600	2.96	0.01%	16 June 2027	AA+
Total	600	2.96			

Loans, 31 December 2023	Nominal value EUR million	Fixed interest rate period in years	Interest rate	Due date	Credit rating
Bond 2027	600	3.46	0.01%	16 June 2027	AA+
Total	600	3.46			

Maturities of financial liabilities

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

The figures are in EUR thousand.

Financial liabilities, 30 June 2024	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	2,949	0	0	0	2,949	2,949
Loans	0	60	600,120	0	600,180	598,854
Liabilities associated with right-of-use assets	380	377	1,486	1,084	3,326	3,255
Total	3,329	437	601,606	1,084	606,456	605,058

Financial liabilities, 31 Dec 2023	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	2,319	0	0	0	2,319	2,319
Loans	60	0	120	600,060	600,240	598,638
Liabilities associated with right-of-use assets	377	375	1,482	1,446	3,680	3,419
Total	2,756	375	1,602	601,506	606,239	604,376



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