



Half-year Report

2022

1 Jan–30 Jun 2022



Työllisyysrahasto
Sysselsättningsfonden | Employment Fund

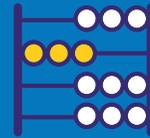


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The Employment Fund's half-year in brief

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.



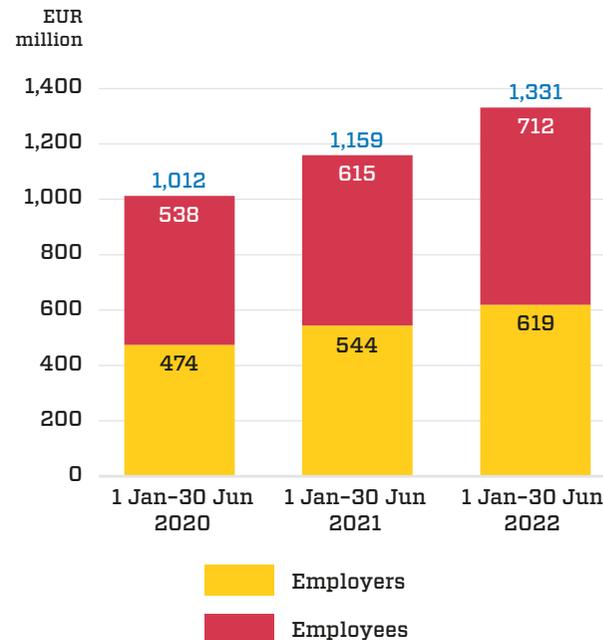


UNEMPLOYMENT INSURANCE CONTRIBUTIONS

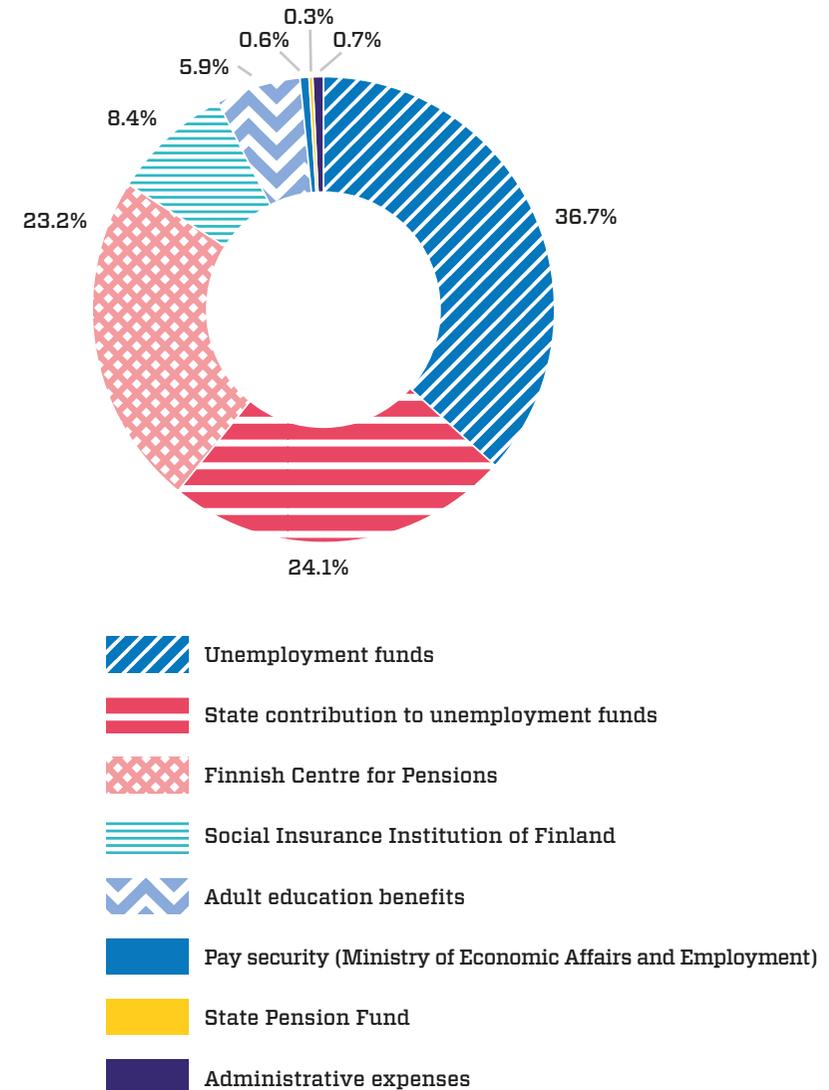
Between 1 January and 30 June 2022, unemployment insurance contributions collected amounted to EUR 1,331 million (1,159 million) and the state contributions paid by the Ministry of Social Affairs and Health amounted to EUR 384 million (489 million). The amount of unemployment insurance contributions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





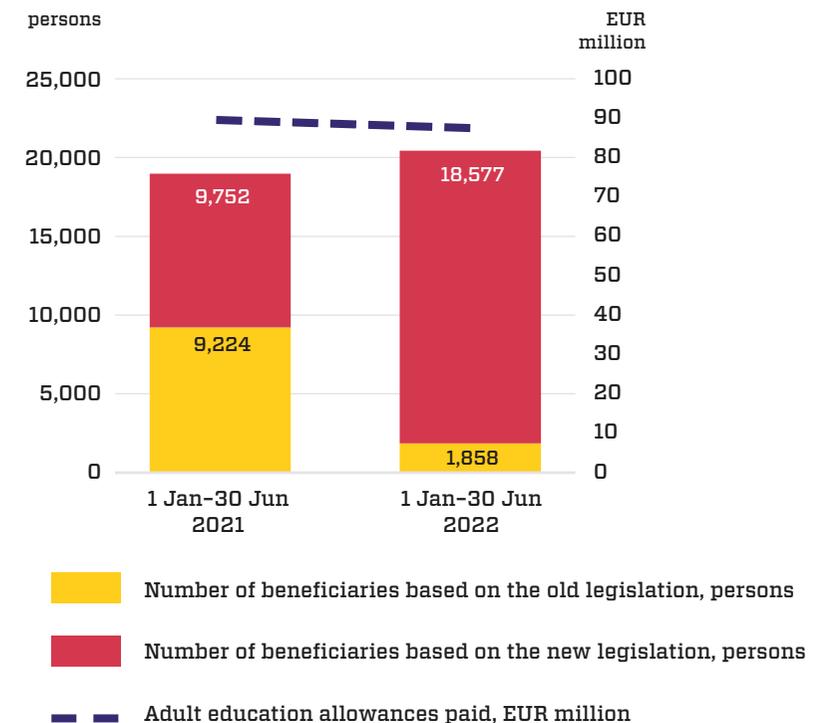
We always ask for the customer's consent for automated processing.

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.

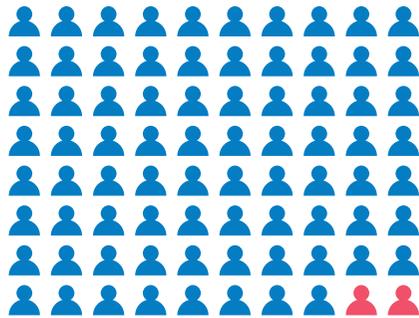
Between January and June 2022, the Employment Fund received 1,933 applications for adult education allowance based on the old legislation. We received 13,209 initial applications and 76,095 payment applications based on the new legislation. During the same period in 2021, 53,354 applications were received, 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

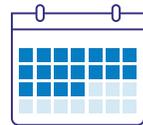
persons of whom
97.4% were employees
 and **2.6% entrepreneurs**

NUMBER OF ADULT EDUCATION ALLOWANCE DECISIONS FOR EMPLOYEES

Initial decisions

14,331

pcs



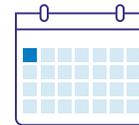
Average processing time

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

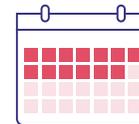


Emails
6,944

NUMBER OF ADULT EDUCATION ALLOWANCE DECISIONS FOR ENTREPRENEURS

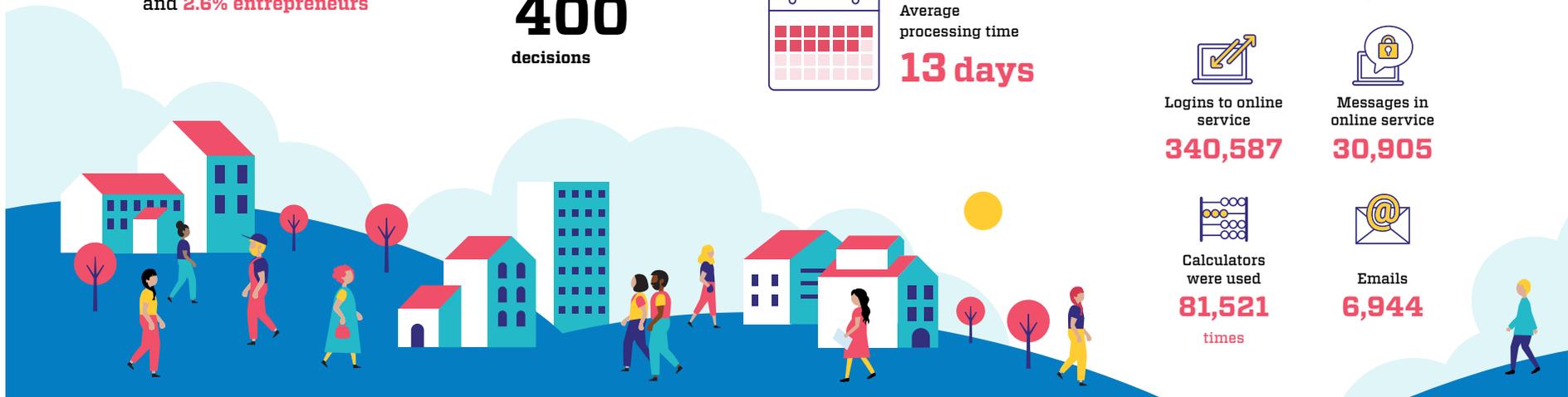
400

decisions



Average processing time

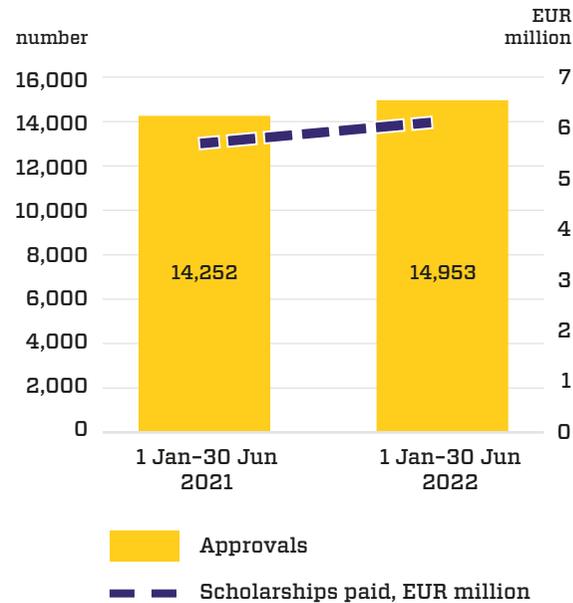
13 days



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%.

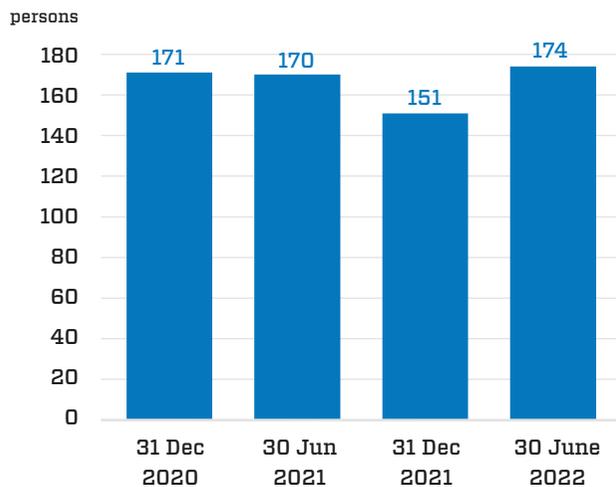
We are working on an overhaul of the adult education benefit systems. This work will be continued for the next few years with the aim of delivering service paths and processes that enable a superior customer and employee experience. The overhaul will focus on both our internal operating systems and our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

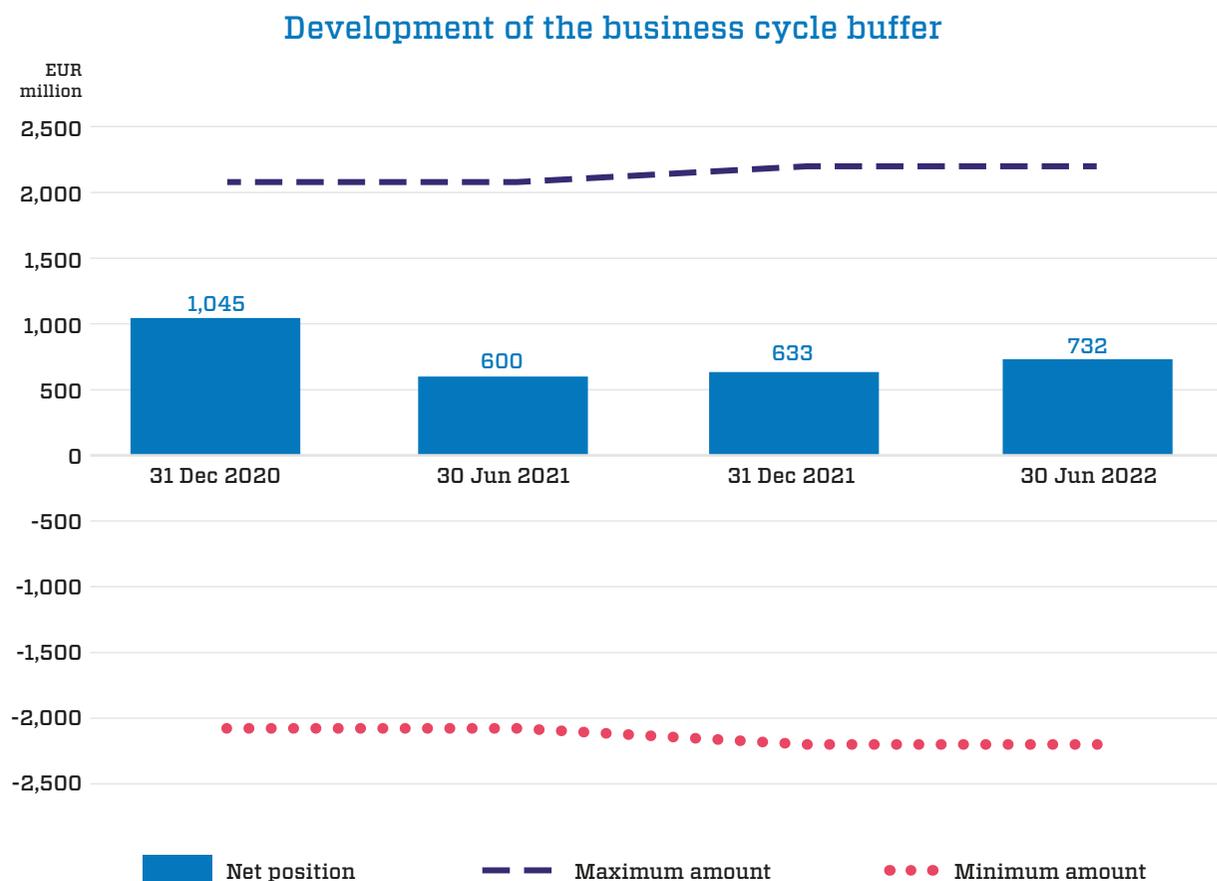
described in the latest annual financial statement. For the most significant financial risks in the review period, see [Notes on Financial risk factors](#). In other respects, there have been no significant changes in risks or uncertainties during the reporting period since the last annual financial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



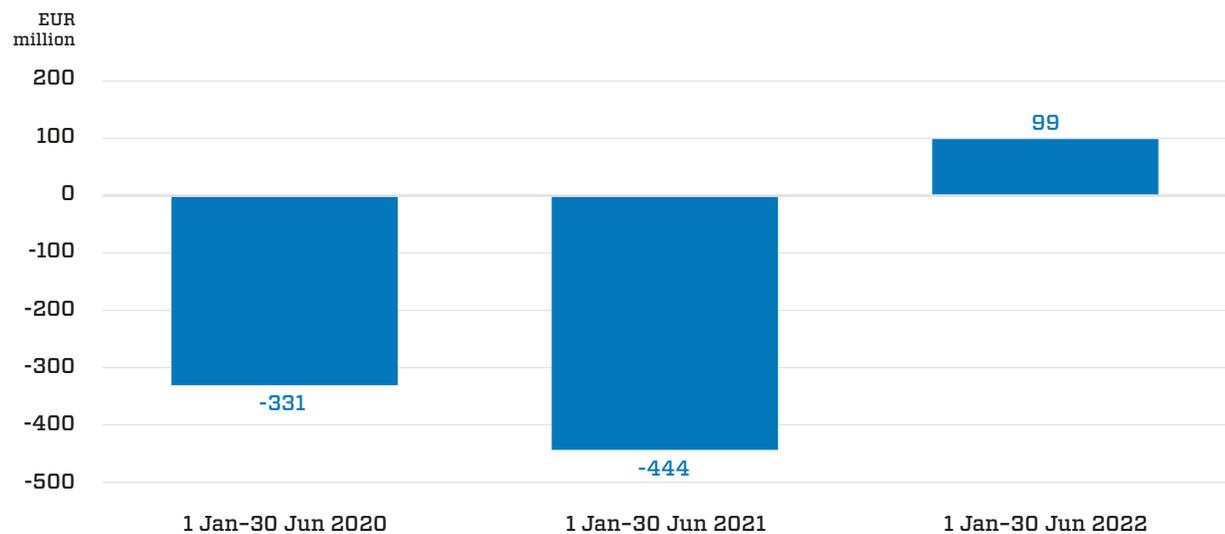


The amount of net position in the business cycle buffer was EUR 732 million on 30 June 2022.

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.



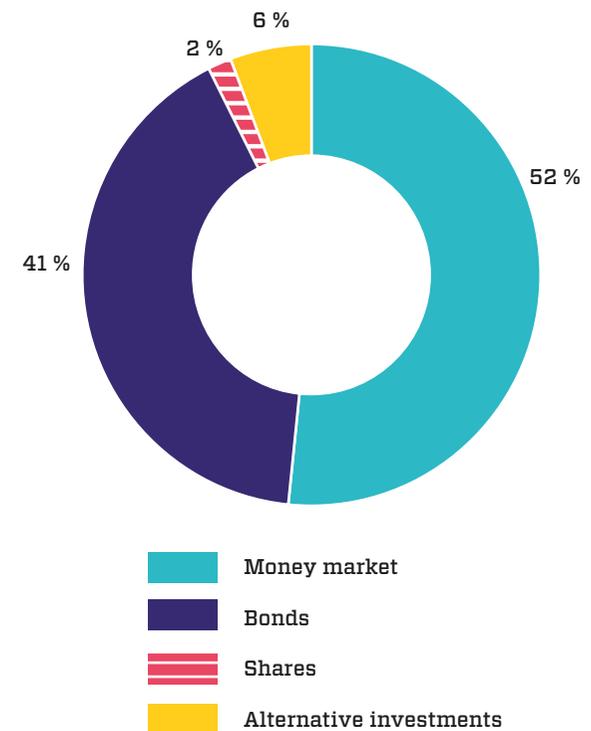


Supporting the management of our statutory tasks is a key objective of the Fund's investment activities.

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 a long neck. 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

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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



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