



2019



Työllisyysrahasto  
Sysselsättningsfonden | Employment Fund

# HALF-YEAR REPORT

1 January–30 June 2019



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## Half-Year Report, 1 January–30 June 2019

The Employment Fund (the “Fund”) issues reports using the International Financial Reporting Standards (IFRS) adopted by the European Union. Unless stated otherwise, the comparative figures presented in parentheses refer to the corresponding period of the preceding year.

### Financial development

#### The new year got off to a strong start for the Employment Fund

- Total unemployment insurance contributions and other income: EUR 1,720 (1,916) million
- Total unemployment benefits and adult education allowances paid and administrative expenses incurred: EUR 1,356 (1,611) million
- Change in net position (half-year): EUR 371 (303) million
- Net position: EUR 1,345 (31 Dec 2018: 969) million
- Total investments and assets: EUR 2,103 million (31 Dec 2018: 1,687) million
- Total raised debt and other liabilities: EUR 758 million (31 Dec 2018: 718) million
- Unemployment rate: 6.2% in June 2019 (June 2018: 6.7%)
- Return on investments: 0.7% (0.1%)



## The first half of the year in brief

The Employment Fund, created by the merger of the Education Fund and the Unemployment Insurance Fund, began operating on 1 January 2019.

Following the codetermination negotiations undertaken at the Employment Fund in the spring, the organisation and its functions were reorganised to provide the Fund with a stronger basis for reaching the strategic targets set for it.

### The strategic targets are:

- A pioneer in customer-oriented development of efficiency and effectiveness of services and operations
- An active and respected actor in networks
- Personnel wellbeing and a desirable employer
- Creating added value with information and anticipatory measures
- Steady development of unemployment insurance contributions



THE EMPLOYMENT FUND HAS APPROXIMATELY **160** EMPLOYEES.

## Incomes Register in operation

The Employment Fund has been making use of the salary data reported on the Incomes Register since the beginning of January 2019. The Fund's systems underwent major modernisations in conjunction with the introduction of the Incomes Register.

In the period from January to June 2019, the Employment Fund received 22,930,405 items of payroll information from the Incomes Register. Based on this information, the Fund made

**114,444**  
DECISIONS AND INVOICES.

In May, the Ministry of Finance announced that benefit and pension details would be reported to the Incomes Register as of 2021. However, the Employment Fund will be able to make use of payroll information on the Incomes Register for adult education allowances granted from the beginning of 2020.



## MANAGING DIRECTOR'S REVIEW

### A busy first half of the year for the Employment Fund

On 1 January 2019, the Unemployment Insurance Fund and the Education Fund were merged to form the Employment Fund. The new Fund was tasked with handling the statutory duties of both of the previous funds: collecting unemployment insurance contributions, financing earnings-related unemployment security, and granting and paying adult education allowances.

The merger was executed as planned. A lot of work has been done to ramp up the new Fund. In the first half of the year, this has included building a new organisation for the Fund and taking measures to implement the Employment Fund's strategy.

Since the beginning of 2019, the Employment Fund has made use of data from the Incomes Register when it levies and collects unemployment insurance contributions. The transition to the Incomes Register was successful. Preparations are now being made for the introduction of the Incomes Register for adult education allowances. The Fund is also involved in preparing the adult education allowance reform, which will take effect in 2020.

### Slowdown in economic growth may be reflected in employment trends

Finland's economic growth has slowed since the start of 2019. At the same time, the outlook for the future has become less certain and more difficult to forecast. Despite the deteriorating economic climate, employment has increased, and unemployment continued to decline throughout the first half of the year. However, the slowdown in economic growth may be reflected in employment trends later on this year or next year.

In May, the Employment Fund estimated that the unemployment insurance contributions for 2020 could remain as before or be reduced by up to 0.6 percentage points. At the end of August, the Employment Fund will make a proposal to the Ministry of Social Affairs and Health for the unemployment insurance contributions for next year.

The labour market organisations made a submission to the Ministry of Social Affairs and Health in June proposing that the maximum amount of the business cycle buffer be set at six per cent of the expenses incurred by the Fund as a result of the unemployment rate – amounting to approximately EUR 1.75 billion – as of the beginning of 2020.

#### **JANNE METSÄMÄKI**

Managing Director





## THE EMPLOYMENT FUND'S OPERATING ENVIRONMENT

The growth of the Finnish economy began to stall in the first half of 2019. Employment has continued to improve, and the number of unemployed jobseekers has been on the decline. Payroll growth has been good, and the amounts of earnings-related unemployment benefits and daily allowances have reduced significantly. This trend is expected to level off in the second half of the year. Recently, signs have emerged to indicate that the risk factors and challenges associated with international trade have led to a weakened outlook for exports, and the trend in overall production has shown signs of deceleration. Traditionally, cyclical economic fluctuations have been reflected in the Employment Fund's operations with a delay of about six months.

In 2019, the total amount of unemployment insurance contributions is 3.0 per cent of pay, while the corresponding amount in 2018 was 3.8 per cent. During the period under review, the amount of collected contributions decreased by 10 per cent year-on-year. Meanwhile, unemployment benefit payments fell by 16 per cent. The result at the end of the review period was a surplus of EUR 371 million, which represents an improvement of EUR 68 million year-on-year.

Adult education allowances have grown in popularity since the corresponding period last year, while the number of applications for scholarships for qualified employees has declined. In the period from January to June, the Employment Fund received 16,718 (15,372) applications for adult education allowances and 18,591 (21,251) applications for scholarships for qualified employees.

### PERSONNEL

The average number of personnel at the Employment Fund was 169, of which 129 were permanent employees. At the end of the review period, the number of personnel was 166.

### RISK MANAGEMENT

Interest rates have been on the decline in the euro area in the first half of 2019. The credit risk margins on bonds have contracted slightly, and inflation has decreased in the euro area, while economic growth has shown signs of falling off.

During the period under review, there have been no significant changes in the risks or uncertainties prevailing since the most recent annual financial statements.

Financial risks have been managed in line with the same principles as before, and the risks were described in the most recent annual financial statements. The key financial risks in the period under review are described in the following subsections.

### FINANCIAL RISK FACTORS

#### Market risk

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

The Fund may make investments directly, or indirectly through investment funds. At the end of the review period, 11.6 per cent (31 Dec 2018: 9.3%) of investments were indirect.

The market risk for investments on 30 June 2019 and 31 December 2018 was as follows:





	30 Jun 2019		
	Risk %	Capital, in EUR	Risk, in EUR
Bank deposits	0.50%	206,249,291	1,031,246
Money market	1.00%	395,525,680	3,955,257
State and municipal bonds	4.00%	265,467,690	10,618,708
Bank bonds	4.50%	226,264,502	10,181,903
Corporate bonds	5.00%	113,355,412	5,667,771
Shares	25.00%	14,893,482	3,723,370
Alternative investments	10.00%	5,911,024	591,102
<b>Total risk</b>	<b>2.91%</b>	<b>1,227,667,081</b>	<b>35,769,357</b>

The total risk was 2.91 per cent (31 Dec 2018: 2.73%) of the Fund's assets and 1.1 per cent (31 Dec 2018: 1.1%) of the Fund's estimated income for 2019. The risk posed by the investment portfolio is moderate due to its conservative structure and the low risk level of the securities in the portfolio.

All money market investments carry variable interest rates (31 Dec 2018: 100%), while 22 per cent (31 Dec 2018: 29%) of the bonds had variable rates. 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 2019, the Euribor rates and interest rate curve (swap rates) had been 50 basis points higher with all other variables held constant, the total change in the net position would have been EUR 6.6 million (31 Dec 2018: EUR 7.3 million) lower. Correspondingly, if, on 30 June 2019, the Euribor rates and interest rate curve (swap rates) had been 50 basis points lower, the total change in net position would have been EUR 6.6 million (31 Dec 2018: EUR 7.3 million) higher.

	30 Jun 2018		
	Risk %	Capital, in EUR	Risk, in EUR
Bank deposits	0.50%	416,763,872	2,083,819
Money market	1.00%	476,192,838	4,761,928
State and municipal bonds	4.00%	212,909,815	8,516,393
Bank bonds	4.50%	317,840,392	14,302,818
Corporate bonds	5.00%	130,495,016	9,134,651
Shares	25.00%	15,053,647	3,763,412
Alternative investments	10.00%	5,944,351	594,435
<b>Total risk</b>	<b>2.73</b>	<b>1,575,199,931</b>	<b>43,157,456</b>

At the end of the review period, the spread duration on the credit risk involved in investments was 1.68 years (30 June 2018: 1.46).

### 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 Nordic banks which have high credit ratings, states with strong credit ratings (Finland, Germany, Holland and Sweden), and mainly Finnish and some Swedish companies and municipalities. Cash and cash equivalents are only held at banks with high credit ratings.

The average rating of the investment portfolio is assessed using Standard & Poor's rating scale on the basis of historical credit loss probabilities. On 30 June 2019, the estimated level of the investment portfolio's credit rating was approximately A (31 Dec 2018: A).

## 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 one month's expenses.

When the investment buffer decreases below the above limit, the Fund uses short-term borrowing to cover the temporary liquidity deficit. For this purpose, the Fund has a commercial paper programme totalling EUR 300 million (31 Dec 2018: EUR 300 million) and a EUR 400 million revolving credit facility (RCF) with four commercial banks.

EUR million	30 Jun 2019	31 Dec 2018
<b>Committed credit facilities, not in use</b>		
Facilities expiring within a year		400
RCF (guaranteed by the State)		
RCF (not guaranteed by the State)	400	
Facilities, expiring after a year		
<b>Total</b>	<b>400</b>	<b>400</b>
<b>Non-committed credit facilities, not in use</b>		
Commercial paper programme	300	300
<b>Total</b>	<b>300</b>	<b>300</b>

Since 2015, the Fund has used debt financing to safeguard its liquidity. Financing has been based on capital markets and Finnish commercial paper markets. At the end of the review period, the Fund had the following loan facilities in use.

Loan	Nominal value, 30 Jun 2019 EUR million	Interest rate (%)	Expiry date	Credit rating
Bond issuance 1	600	0.375	23.9.2019	AA+/S&P
Commercial papers	0			NR
<b>Total</b>	<b>600</b>			

The Employment Fund has the following issuance credit ratings confirmed by Standard & Poor's (20 Sep 2017):

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

At the end of the review period, the Fund had no commercial paper programme in use (31 Dec 2018: EUR 0), nor did it have any short-term bank loans (31 Dec 2018: EUR 0).

The fixed interest rate periods for loans in the statement of net position were as presented in the tables below. Liabilities for securities under settlement matured within a few days of the end of the period under review.



Loan	Nominal value, 30 Jun 2019 EUR million	Fixed interest rate period in years, 30 Jun 2019	Credit rating
Bond 2019	600	0.23	AA+/S&P
Commercial papers			NR
Credit facilities	-	-	-
<b>Total</b>	<b>600</b>	<b>0.23</b>	

Loan	Nominal value, 30 Jun 2018 EUR million	Fixed interest rate period in years, 30 Jun 2018	Credit rating
Bond 2019	600	1.23	AA+/S&P
Bond 2018	300	0.29	AA+/S&P
Commercial papers			NR
Credit facilities	-	-	-
<b>Total</b>	<b>900</b>	<b>0.91</b>	

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 Jun 2019	Under 6 months	6-12 months	1-3 years	4-5 years	Total cash flow based on contracts	Book value assets (-) / liabilities
Accounts payable	500	0	0	0	500	500
Loans (excl. finance lease liabilities)	602,250	0	0	0	602,250	601,581
<b>Total</b>	<b>602,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>602,750</b>	<b>602,081</b>

Maturities of financial liabilities based on contracts (EUR thousand), 30 Jun 2018	Under 6 months	6-12 months	1-3 years	4-5 years	Total cash flow based on contracts	Book value assets (-) / liabilities
Accounts payable	361	0	0	0	361	361
Loans (excl. finance lease liabilities)	303,000	0	602,250	0	905,250	898,791
<b>Total</b>	<b>303,361</b>	<b>0</b>	<b>602,250</b>	<b>0</b>	<b>905,611</b>	<b>899,152</b>



## BUSINESS CYCLE BUFFER

In accordance with section 3 of the Act on the Financing of Unemployment Benefits, in order to ensure liquidity and balance out changes in unemployment insurance contributions due to foreseeable economic fluctuations in the national economy, the Employment Fund maintains a business cycle buffer that accrues on the basis of the difference between the Fund's income and expenses. In 2019, the maximum value of the buffer was an amount corresponding to the annual expenditure for an unemployment rate of seven percentage points (seven in 2018). During times of severe economic downturn, the Fund may maintain a deficit equal to the amount of expenditure corresponding to this unemployment rate.

According to the investment principles accepted by the Supervisory Board, the Fund is required to have investments in liquid money market instruments with less than a year's maturity the amount that equals the Fund's one month's expenses. This amount is approximately EUR 300 million.

The maximum size of the buffer is calculated by dividing the annual expenditure for which the Employment Fund is liable, which was EUR 2,148 million in 2018, by the average unemployment rate for the year (7.4), and multiplying the result by 7. In 2018, the maximum size of the buffer, as laid down in the Act, was EUR 2,032 million. The maximum size of the business cycle buffer for 2019 will be calculated on the basis of the financial statements adopted on 31 December 2019.

The net position of the Employment Fund (business cycle buffer) at the end of the reporting period was EUR 1,345 million (31 Dec 2018: EUR 969 million) positive.

The total amount of the Fund's long-term and short-term liabilities was EUR 600 million (31 Dec 2018: EUR 600 million).

## EVENTS AFTER THE REVIEW PERIOD AND OUTLOOK FOR THE SECOND HALF OF THE YEAR

Based on the information published by Statistics Finland, the unemployment rate in June 2019 was 6.2 per cent, which is 0.5 percentage points lower than a year earlier. According to information published by the Ministry of Economic Affairs and Employment, there were 19,000 fewer unemployed jobseekers at this time than in the preceding year. In August 2019, the Employment Fund estimates that the number of unemployed jobseekers will stop decreasing in the second half of 2019. Furthermore, the Fund estimates that its result for the financial year 2019 will show a surplus of roughly EUR 500 million and that its net position on 31 December 2019 will be approximately EUR 1,500 million.

Helsinki, 27 August 2019

Employment Fund  
Board of Directors

## HALF-YEAR REPORT STATEMENTS

### Statement of changes in net position

EUR	Note	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
<b>Contributions collected</b>				
Unemployment insurance contributions	1	1,720,184,369	1,915,696,840	3,800,919,963
<b>Total contributions collected</b>		<b>1,720,184,369</b>	<b>1,915,696,840</b>	<b>3,800,919,963</b>
<b>Benefits paid</b>				
Benefit payments	2	-1,347,081,887	-1,604,277,089	-2,909,120,555
Administrative expenses		-9,400,540	-6,412,910	-12,582,164
<b>Total benefits paid</b>		<b>-1,356,482,427</b>	<b>-1,610,689,999</b>	<b>-2,921,702,719</b>
Net fair value gains on investments		8,552,508	798,894	-2,582,972
Finance costs		-1,151,587	-2,464,874	-4,499,178
<b>CHANGE IN NET POSITION</b>		<b>371,102,864</b>	<b>303,340,861</b>	<b>872,135,094</b>







## Statement of net position

EUR	Note	30 Jun 2019	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,811,546	298,579
Intangible assets	4	6,870,881	6,407,896
Other receivables		328,038	328,038
<b>Total non-current assets</b>		<b>10,010,465</b>	<b>7,034,513</b>
<b>Current assets</b>			
Unemployment insurance contribution receivables		13,217,313	14,375,712
Accruals of unemployment insurance contributions		677,653,446	0
Other receivables		157,048,855	90,549,480
Investments	5	1,021,393,779	1,158,436,059
Cash and cash equivalents		223,669,797	416,757,606
<b>Total current assets</b>		<b>2,092,983,189</b>	<b>1,680,118,858</b>
<b>Total assets</b>		<b>2,102,993,654</b>	<b>1,687,153,371</b>
For previous periods		969,303,405	97,168,311
Net position of the Education Fund, 1 Jan 2019		4,117,672	0
For the period		371,102,864	872,135,094
<b>NET POSITION</b>		<b>1,344,523,941</b>	<b>969,303,405</b>

EUR	Note	30 Jun 2019	31 Dec 2018
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	6	0	0
<b>Total non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Current liabilities</b>			
Borrowings	6	599,854,980	599,329,140
Unemployment insurance contribution liabilities		1,742,528	2,395,459
Other liabilities		156 872 206	116,125,367
<b>Total current liabilities</b>		<b>758,469,713</b>	<b>717,849,966</b>
<b>Total liabilities</b>		<b>758,469,713</b>	<b>717,849,966</b>
<b>Total net position and liabilities</b>		<b>2,102,993,654</b>	<b>1,687,153,371</b>



## Statement of cash flows

EUR	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018
<b>Unemployment insurance contributions collected</b>	1,074,983,172	2,188,145,253
<b>Benefits paid</b>	-1,400,314,243	-1,682,544,627
<b>Interest paid</b>	-2,019,504	-1,634,174
<b>Net cash and cash equivalent used in ordinary operations</b>	<b>-327,350,575</b>	<b>503,966,453</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	-36,053	-194,342
Proceeds from the sale of property, plant and equipment	284	50
Purchases of intangible assets	-966,325	-1,459,187
Investments in financial instruments	-2,154,566,743	-1,761,552,714
Sales of financial instruments and realised gains	2,256,671,556	1,496,040,455
Other non-current assets	328,038	328,038
<b>Net cash and cash equivalents generated from investments</b>	<b>101,430,756</b>	<b>-266,837,700</b>
Loans drawn and repaid	0	0
<b>Net cash and cash equivalents generated from financing activities</b>	<b>0</b>	<b>0</b>
Net increase/decrease in cash and cash equivalents	-193,087,810	237,128,753
Cash and cash equivalents at the beginning of the financial period	416,757,606	232,007,361
<b>Cash and cash equivalents at the end of the financial period</b>	<b>223,669,797</b>	<b>469,136,113</b>



### Accounting principles used to prepare the half-year report and new standards

Employment Fund's half-year report has been prepared in accordance with the International Accounting Standard (IAS) 34 for interim financial reporting. The same principles and calculation methods have been used to prepare this half-year report as were applied to the previous annual financial statements, with the exception of any standard changes and interpretations applying to the Employment Fund as of 2019 and the changes in the method for invoicing unemployment insurance contributions.

Since the beginning of 2019, the Employment Fund has calculated unemployment insurance contributions on the basis of prepayments or realised figures. Until 2019, the Fund used a model based on prepayments. Unemployment insurance contributions are invoiced based on the actual payroll data submitted to the Incomes Register four times per year.

The Employment Fund adopted the new IFRS 16 on 1 January 2019, and it has applied the simplified approach. The comparison figures for the year preceding adoption have not been adjusted. No other standard changes or interpretations had a material effect on the half-year report.

The IFRS 16 Leases standard includes new rules concerning the treatment of lease contracts. IFRS 16 mainly affects the accounting treatment of the Employment Fund's operating leases. Under IFRS 16, all leases are entered into the lessee's balance sheet. The lessee recognises a right-of-use asset based on its right to use

the asset and lease liabilities based on the obligation to make lease payments. The fixed asset item is depreciated either as the lease period elapses or on the basis of the asset's useful life, whichever is shorter. The interest expenses incurred from lease liabilities are recognised under financial expenses. The standard includes voluntary relief prepared for short-term leases and low-value assets, which the Employment Fund applies, and the related payments are recognised as expenses in equal instalments in the income statement.

The adoption of IFRS 16 has caused the Employment Fund to recognise new assets and liabilities in its balance sheet in reference to the leases for office premises and vehicles. Leases that were previously defined as financing leases have a defined fixed asset item and corresponding contractual liability under IFRS 16 as of 1 January 2019.

The Employment Fund recognised new fixed asset items and corresponding contractual liabilities amounting to EUR 3,257,196 as of 1 January 2019. The lease liabilities other than financial lease liabilities amounted to EUR 1,366,160 on 31 December 2018. The difference between the lease contract liabilities and rental liabilities on the date of adoption is due to the lease for the office premises. In the assessment of the senior management, the Fund will be a tenant on its present office premises for longer than was estimated on the balance sheet date. The Fund's present value calculations used a discount rate of 1.0%.

The data published in the half-year report has not been audited.



## NOTES

### 1. Unemployment insurance contributions

EUR	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
<b>Employer's unemployment insurance contributions</b>			
Employer's insurance contributions	601,845,621	708,675,657	1,452,844,092
Employer's insurance contributions, co-owners	1,327,666	2,096,819	4,308,147
<b>Total</b>	<b>603,173,287</b>	<b>710,772,476</b>	<b>1,457,152,239</b>
<b>Employees' unemployment insurance contributions</b>			
Employee's insurance contributions	742,709,908	755,006,517	1,511,222,547
Employees' insurance contributions, co-owners	2,151,272	3,106,795	6,269,622
<b>Total</b>	<b>744,861,180</b>	<b>758,113,312</b>	<b>1,517,492,170</b>
<b>Interest on overdue contributions and collection fee income</b>			
Interest on overdue employer contributions	560,809	658,215	819,719
Interest on overdue employee contributions	724,401	574,820	1,019,319
Collection fee income	250,584	469,380	537,922
<b>Total</b>	<b>1,535,794</b>	<b>1,702,415</b>	<b>2,376,961</b>
<b>Liability components of employers' unemployment allowances</b>			
Liability components	13,822,494	18,522,015	34,993,257
Accruals	6,768,838	9,358,453	14,485,963
<b>Total</b>	<b>20,591,332</b>	<b>27,880,468</b>	<b>49,479,220</b>



EUR	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
<b>Compensation in accordance with the Employment Contracts Act (ECA)</b>			
Compensation and lay-off income according to the ECA	627,271	772,355	1,136,220
Settlement to the Ministry of Social Affairs and Health	0	0	-570,675
Substitute payer's component ECA	0	0	-1,904
<b>Total</b>	<b>627,271</b>	<b>772,355</b>	<b>563,642</b>
<b>Contributions from the Ministry of Social Affairs and Health</b>			
Earnings-related unemployment allowance	343,302,244	411,344,618	764,228,240
Job alternation compensation	4,793,257	5,111,198	11,586,152
Equalisation payment for the previous year	0	0	-1,958,660
Adult education allowances	1,300,004	0	0
<b>Total</b>	<b>349,395,505</b>	<b>416,455,815</b>	<b>773,855,731</b>
<b>Total unemployment insurance contributions</b>	<b>1,720,184,369</b>	<b>1,915,696,840</b>	<b>3,800,919,963</b>

## NOTES

### 2. Benefit payments

EUR	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
<b>Subsidies to unemployment funds (paid by the Employment Fund)</b>			
Other earnings-related unemployment allowance	-335,543,248	-397,039,084	-738,106,162
Additional days of allowance	-62,144,244	-88,990,106	-159,708,257
Lay-off allowance	-89,837,362	-93,282,887	-142,148,163
Job alternation compensation	-6,302,772	-6,462,561	-14,800,150
Compensation for administrative expenses	-4,775,883	-5,299,733	-10,582,013
Membership fee equalisation	0	0	-4,693,963
Equalisation payment for the previous year	0	0	1,945,606
<b>Total</b>	<b>-498,603,508</b>	<b>-591,074,370</b>	<b>-1,068,093,101</b>
<b>Subsidies to unemployment funds (paid by the Ministry of Social Affairs and Health)</b>			
Other earnings-related unemployment allowance	-336,117,546	-402,460,067	-747,241,026
Job alternation compensation	-4,793,257	-5,111,198	-11,586,152
Unemployment allowance (entrepreneurs)	-3,394,399	-4,325,340	-7,881,942
Compensation for administrative expenses	-3,790,298	-4,559,210	-9,105,272
Equalisation payment for the previous year	0	0	1,958,660
<b>Total</b>	<b>-348,095,501</b>	<b>-416,455,815</b>	<b>-773,855,731</b>
<b>Finnish Centre for Pensions</b>			
Equalisation payment for the previous year	0	0	0
Payment for the current financial period	-290,000,000	-340,000,000	-620,000,000
<b>Total</b>	<b>-290,000,000</b>	<b>-340,000,000</b>	<b>-620,000,000</b>
<b>State Pension Fund</b>			
Equalisation payment for the previous year	0	0	0
Payment for the current financial period	-5,760,654	-7,917,727	-11,949,727
<b>Total</b>	<b>-5,760,654</b>	<b>-7,917,727</b>	<b>-11,949,727</b>





EUR	1.1.–30.6.2019	1.1.–30.6.2018	1.1.–31.12.2018
<b>Social Insurance Institution of Finland (Kela)</b>			
Equalisation payment for the previous year	0	459	459
Basic allowance, additional component, employment programme additional benefit	-99,500,002	-130,500,000	-228,100,000
<b>Total</b>	<b>-99,500,002</b>	<b>-130,499,541</b>	<b>-228,099,541</b>
<b>Adult education allowances</b>			
Equalisation payment for the previous year	0	0	0
Payment for the current financial period	0	-106,514,260	-187,289,504
Scholarships	-6,166,667	0	
Adult education allowances	-89,466,085	0	
Collection fees for benefits	1,657	0	
<b>Total</b>	<b>-95,631,095</b>	<b>-106,514,260</b>	<b>-187,289,504</b>
<b>Ministry of Economic Affairs and Employment</b>			
Equalisation payment for the previous year	0	-245,340	-245,340
Payment for the current financial period	-9,500,000	-11,500,000	-19,513,485
<b>Total</b>	<b>-9,500,000</b>	<b>-11,745,340</b>	<b>-19,758,826</b>
<b>Member State invoicing for unemployment allowances</b>			
Invoiced by Member State	-27,777	-88,129	-114,826
Invoiced by the Fund	36,649	18,213	40,819
<b>Total</b>	<b>8,872</b>	<b>-69,916</b>	<b>-74,006</b>
<b>Administrative compensation paid to insurance companies</b>			
Administrative and supervisory compensation	0	-120	-120
<b>Total</b>	<b>0</b>	<b>-120</b>	<b>-120</b>
<b>Total benefit payments</b>	<b>-1,347,081,887</b>	<b>-1,604,277,089</b>	<b>-2,909,120,555</b>

## NOTES

### 3. Property, plant and equipment

EUR	Renovation of office premises	Machinery and equipment	Right-of-use asset	Total
Acquisition cost, 1 Jan 2019	1,012,928	1,740,697	0	2,753,625
Adoption of IFRS 16, 1 Jan 2019	0	0	3,257,196	3,257,196
<b>Acquisition cost, 30 Jun 2019</b>	<b>1,012,928</b>	<b>1,740,697</b>	<b>3,257,196</b>	<b>6,010,821</b>
Accumulated depreciation, 1 Jan 2019	985,822	1,469,224	0	2,455,046
Depreciation for the period	27,106	66,210	650,913	744,229
<b>Accumulated depreciation, 30 Jun 2019</b>	<b>1,012,929</b>	<b>1,535,433</b>	<b>650,913</b>	<b>3,199,275</b>
<b>Carrying value, 1 Jan 2019</b>	<b>27,106</b>	<b>271,473</b>	<b>0</b>	<b>298,579</b>
<b>Carrying value, 30 Jun 2019</b>	<b>0</b>	<b>205,262</b>	<b>2,606,283</b>	<b>2,811,546</b>
Acquisition cost, 1 Jan 2018	1,012,928	1,471,348	0	2,484,276
Additions	0	269,349	0	269,349
<b>Acquisition cost, 31 Dec 2018</b>	<b>1,012,928</b>	<b>1,740,697</b>	<b>0</b>	<b>2,753,625</b>
Accumulated depreciation, 1 Jan 2018	877,390	1,294,655	0	2,172,045
Depreciation for the period	108,432	174,569	0	283,001
<b>Accumulated depreciation, 31 Dec 2018</b>	<b>985,822</b>	<b>1,469,224</b>	<b>0</b>	<b>2,455,046</b>
<b>Carrying value, 1 Jan 2018</b>	<b>135,538</b>	<b>176,692</b>	<b>0</b>	<b>312,231</b>
<b>Carrying value, 31 Dec 2018</b>	<b>27,106</b>	<b>271,473</b>	<b>0</b>	<b>298,579</b>

## NOTES

### 4. Intangible assets

EUR	Computer software	Software development expenses	Intangible assets in progress*	Total
Acquisition cost, 1 Jan 2019	772,263	1,998,672	5,837,829	8,608,764
Additions	14,880	0	1,440,135	1,455,015
Transfers between items	0	6,163,345	-6,163,345	0
<b>Acquisition cost, 30 Jun 2019</b>	<b>787,143</b>	<b>8,162,017</b>	<b>1,114,619</b>	<b>10,063,779</b>
Accumulated depreciation, 1 Jan 2019	689,067	1,511,801	0	2,200,867
Depreciation for the period	31,924	960,106	0	992,030
<b>Accumulated depreciation, 30 Jun 2019</b>	<b>720,991</b>	<b>2,471,906</b>	<b>0</b>	<b>3,192,897</b>
<b>Carrying value, 1 Jan 2019</b>	<b>83,197</b>	<b>486,871</b>	<b>5,837,829</b>	<b>6,407,896</b>
<b>Carrying value, 30 Jun 2019</b>	<b>66,152</b>	<b>5,690,110</b>	<b>1,114,619</b>	<b>6,870,881</b>
Acquisition cost, 1 Jan 2018	713,263	1,418,200	2,817,078	4,948,542
Increases	59,000	580,472	3,020,750	3,660,222
<b>Acquisition cost, 31 Dec 2018</b>	<b>772,263</b>	<b>1,998,672</b>	<b>5,837,829</b>	<b>8,608,764</b>
Accumulated depreciation, 1 Jan 2018	624,772	1,177,772	0	1,802,544
Depreciation for the period	64,295	334,028	0	398,323
<b>Accumulated depreciation, 31 Dec 2018</b>	<b>689,067</b>	<b>1,511,801</b>	<b>0</b>	<b>2,200,867</b>
<b>Carrying value, 1 Jan 2018</b>	<b>88,491</b>	<b>240,427</b>	<b>2,817,078</b>	<b>3,145,997</b>
<b>Carrying value, 31 Dec 2018</b>	<b>83,197</b>	<b>486,871</b>	<b>5,837,829</b>	<b>6,407,896</b>

\* The item, "Intangible assets in progress", consists of capitalised development costs, giving rise to an internally generated intangible asset. During the period under review, capitalised development costs consisted mainly of further development of the system for collecting outstanding unemployment insurance contributions and the Incomes Register project for adult education allowances.

## NOTES

### 5. Investments

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:

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, either directly or indirectly using valuation techniques, on observable inputs other than those on Level 1.

Level 3: The valuation is based on information other than observable market data.

In the table below, investments have been specified by financial instrument classes divided into fair value hierarchy levels. No reclassifications were made between hierarchy levels in the period from January to June.

30 Jun 2019 (EUR)	Level 1	Level 2	Level 3	Total
State and municipal bonds	265,467,690			265,467,690
Bonds issued by banks	212,317,017			212,317,017
Corporate bonds	106,381,670			106,381,670
Investments in funds and shares	100,751,087	39,852,242		140,603,329
Mezzanine funds			1,977,905	1,977,905
Deposits		59,458,134		59,458,134
Certificates of deposit		25,002,217		25,002,217
Municipal paper		28,214,545		28,214,545
Commercial paper		178,058,153		178,058,153
Alternative investments			3,913,119	3,913,119
<b>Total</b>	<b>684,917,464</b>	<b>330,585,291</b>	<b>5,891,024</b>	<b>1,021,393,779</b>

31 Dec 2018 (EUR)	Level 1	Level 2	Level 3	Total
State and municipal bonds	212,909,815			212,909,815
Bank bonds	300,817,846			300,817,846
Corporate bonds	121,983,743			121,983,743
Investments in funds and equities	102,254,364	39,840,343		142,094,707
Mezzanine funds			1,991,545	1,991,545
Deposits		132,708,509		132,708,509
Certificates of deposit		40,000,227		40,000,227
Municipal papers		72,231,404		72,231,404
Commercial paper		129,745,457		129,745,457
Alternative investments			3,952,806	3,952,806
<b>Total</b>	<b>737,965,768</b>	<b>414,525,941</b>	<b>5,944,351</b>	<b>1,158,436,059</b>



## NOTES

### Changes in Level 3 financial assets measured at fair value

EUR	1 Jan 2019	Unrealised profit/loss	Realised profit/loss	Purchases	Disposals	30 Jun 2019
Mezzanine funds	1,991,545	-13,640				1,977,905
Alternative investments	3,952,806	-39,687				3,913,119
<b>Total</b>	<b>5,944,351</b>	<b>-53,327</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,891,024</b>

EUR	1 Jan 2018	Unrealised profit/loss	Realised profit/loss	Purchases	Disposals	31 Dec 2018
Mezzanine funds	1,069,003	1,309,051	0	49,651	-436,160	1,991,545
Alternative investments	0	-47,194	0	4,000,000	0	3,952,806
<b>Total</b>	<b>1,069,003</b>	<b>1,261,857</b>	<b>0</b>	<b>4,049,651</b>	<b>-436,160</b>	<b>5,944,351</b>



## NOTES

### 6. Borrowing

#### Long-term borrowing

EUR	30 Jun 2019	31 Dec 2018
Bonds	0	0
<b>Total long-term borrowing</b>	<b>0</b>	<b>0</b>

#### Short-term borrowing

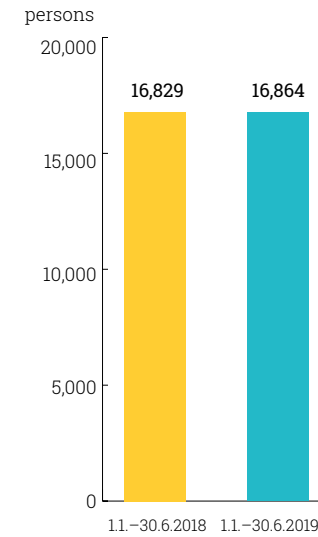
EUR	30 Jun 2019	31 Dec 2018
Bonds	599,854,980	599,329,140
<b>Total short-term borrowing</b>	<b>599,854,980</b>	<b>599,329,140</b>

### 7. Liabilities and receivables not recognised in the statement of net position

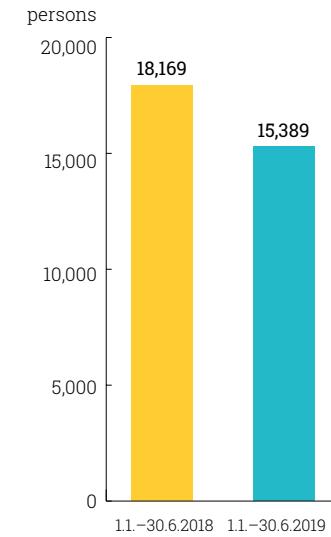
EUR	30 Jun 2019	31 Dec 2018
Committed capital	5,250,473	5,250,473
Realised	-5,013,282	-5,003,599
<b>Total investment commitments</b>	<b>237,191</b>	<b>246,874</b>

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

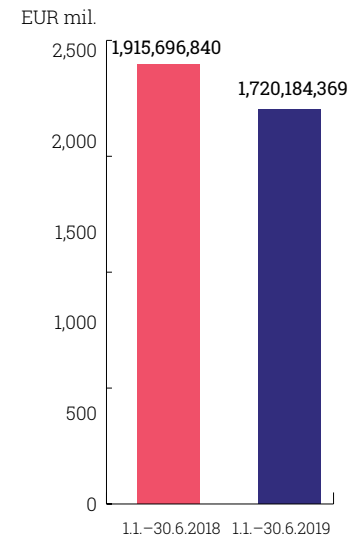
#### Adult education allowance, beneficiary



#### Scholarship for qualified employee, beneficiary



#### Unemployment insurance contributions



#### Payments by receiver

