



Varma's Interim Report
1 January–30 September 2025

VARMA

Key figures 1–9/2025



Return on investments

4.5%



Value of investments

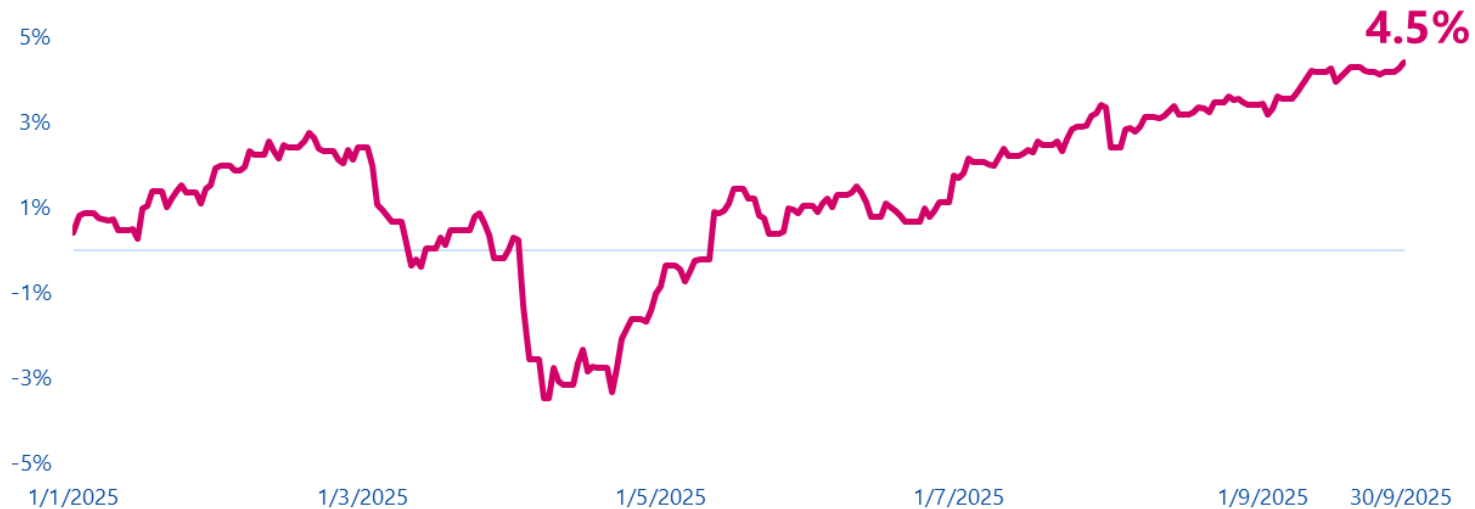
€66.7 bn



Solvency

€17.6 bn

4.5 per cent return on Varma's investments

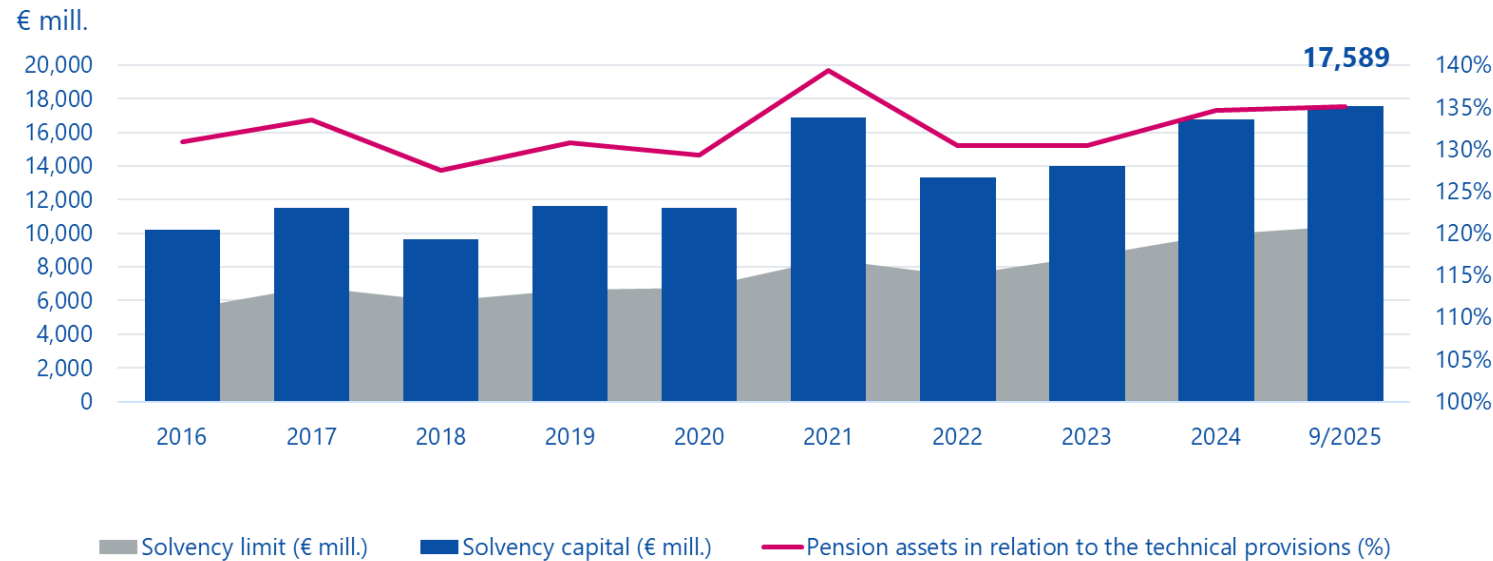


”

The investment markets have remained stable in an uncertain geopolitical and economic environment. The discrepancy between the Finnish economy and the investment markets is currently exceptionally clear. Investor confidence in the economy has been higher than consumer confidence.

Risto Murto, President and CEO

Varma is the most solvent earnings-related pension company



- Varma's solvency capital remained strong, **at EUR 17.6 billion.**
- Solvency capital was **1.7 times** the solvency limit.
- The solvency ratio was **135.1** per cent.
- Solvency capital, which serves as a risk buffer for investment operations, provides protection against volatility in investment market returns.

Development of investment returns and solvency

	1-9/2025	1-9/2024	12 months	1-12/2024
Investment return (MWR)	4.5%	7.7%	7.0%	10.2%

	9/2025	9/2024	12/2024
Solvency capital (€ mill.)	17,589	16,125	16,793
Solvency capital / solvency limit	1.7	1.7	1.7
Solvency ratio (%)	135.1	133.6	134.6
Investments at fair value (€ mill.)	66,693	63,156	64,354

Current pension topics

VARMA

Varma takes care of the pension cover of 989,000 people



Insured employees and entrepreneurs

639,000



Pensioner

350,000



Pensions paid

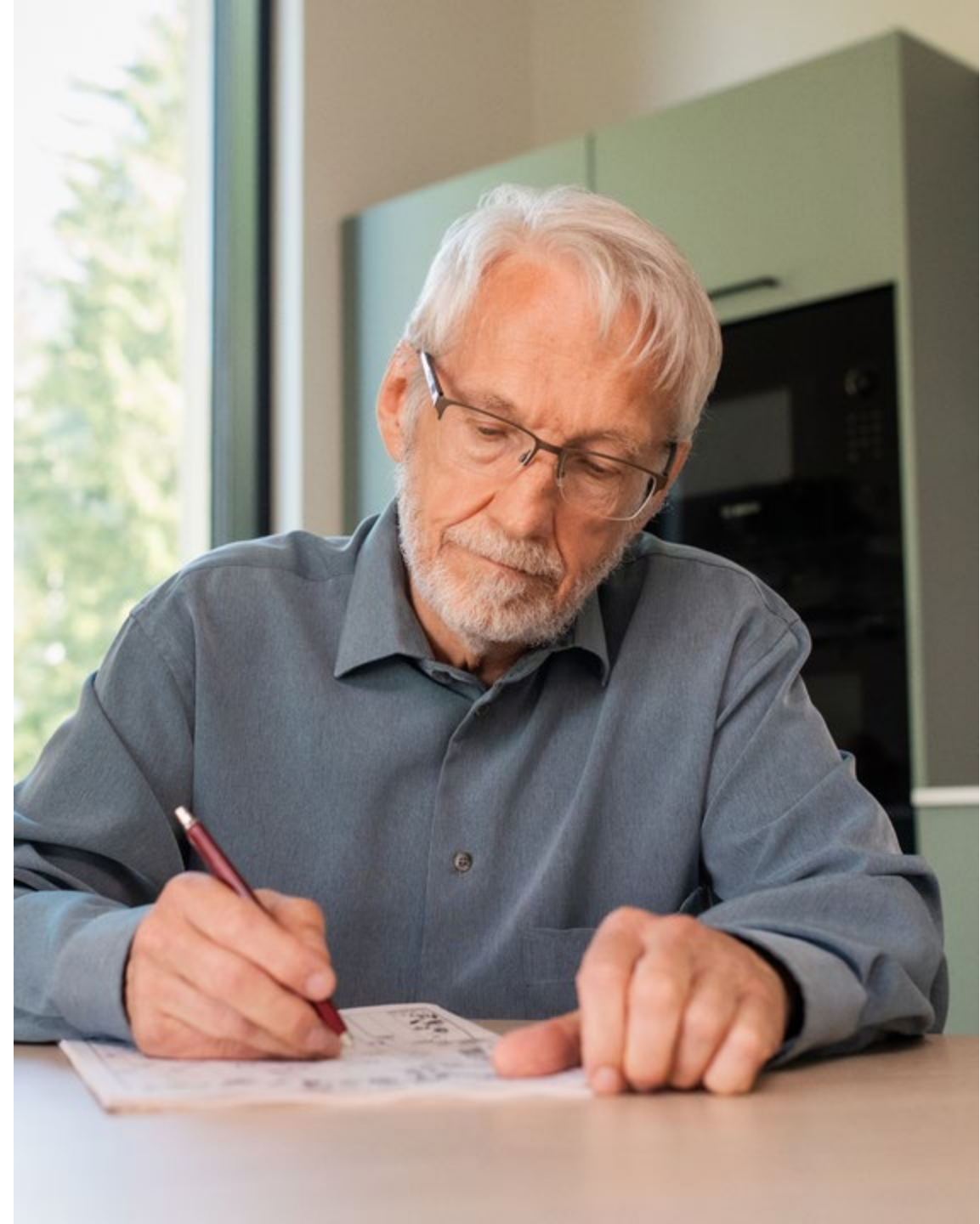
€5.8 bn

Current information about pensions

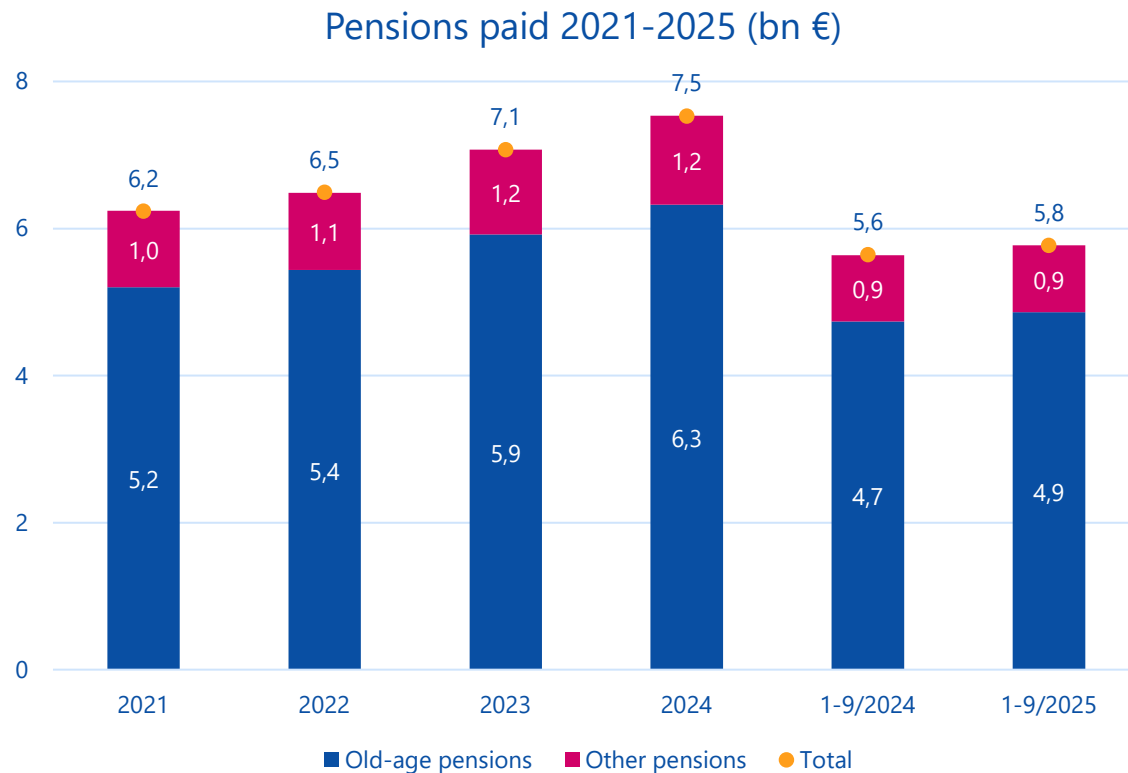
A total of 36,600 pension decisions were made by Varma between January and September.

- The number of old-age pension decisions increased 9 per cent compared to the same period last year. The growth is partly explained by the increasing prevalence of working alongside receiving a pension. Pension is applied for more often from that work than before.
- The number of partial old-age pension decisions decreased by 60 per cent. This is because no age cohort will reach the lower age limit of 62 years for partial old-age pension this year. The number of applications for partial old-age pensions is expected to increase next year.

As of the beginning of 2026, the earnings-related pension index will increase pensions by 0.9 per cent. The wage coefficient is expected to increase 2.3 per cent. The increase in line with the annually adjusted earnings-related pension index protects the purchasing power of the pensions being paid.



Pensions paid in 2021–2025

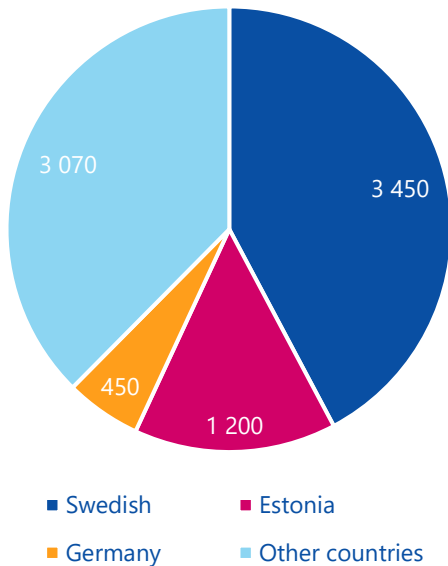


Pensions paid includes components financed by the state's share of YEL pension expenditure and by division-of-cost compensations.

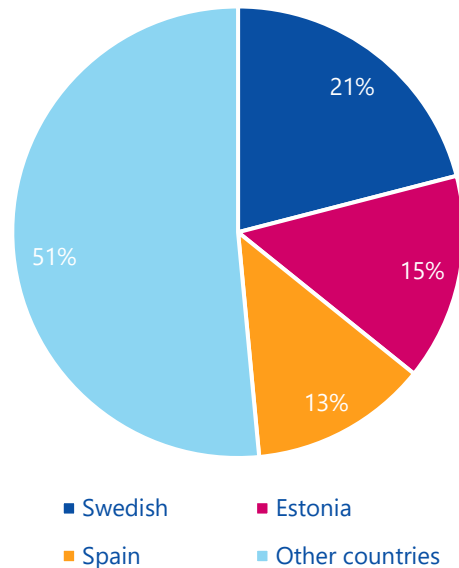
- Old-age pensions paid totalled EUR 4.9 billion in January–September 2025. Old-age pensions account for 84 per cent of all pensions paid.
- The second-largest category of pensions paid was survivors' pension, which totalled EUR 379 million. Disability pensions paid amounted to EUR 246 million.
- The main reason for the increase in the amount of pensions paid is the annual index adjustments. A further reason for the increase is the fact that new starting pensions are larger than those that have ended. In addition, work undertaken while receiving a pension has become more common, for which pension is also applied.

Pension recipients living abroad

Pension recipients living abroad



Pensions paid to those living abroad, relative shares













- At the end of September, there were approximately 8,200 pension recipients living abroad. This is 2.3 per cent of all retirees to whom Varma pays a pension. The pensioners living abroad reside in 86 different countries.
- Those living abroad receive smaller pensions on average. In September, just under one per cent of the pensions were paid to those living abroad.
- Forty-two per cent of pensioners living abroad reside in Sweden. They receive 21 per cent of the pensions paid to those living abroad.
- The average pension of residents of Sweden is EUR 380 per month. Many pension recipients migrated from Finland to Sweden in the 1960s and 1970s. Their Finnish pensions are small, and their actual pension may be based on work carried out in Sweden.
- The average pension of pensioners living in Spain is EUR 1,850 per month. They are mainly Finnish citizens who have worked their entire careers in Finland.
- The average pension of residents of Estonia is EUR 770 per month. Retirees living in Estonia are mostly Estonians who have worked in Finland for part of their careers.

International pension comparison: Finland's pension system ranked number one in integrity

- Finland's pension system ranked eighth overall in the Mercer CFA Institute Global Pension Index, falling one spot from last year.
- In terms of the integrity of pension system governance, Finland was ranked the best in the comparison.
- In assessing governance integrity, Mercer examines the pension system's operational effectiveness, transparency, regulation and reasonableness of administrative costs. In Finland, you can easily and quickly apply for a pension from one place.
- The Mercer comparison scores countries based on the adequacy of pensions, the financial sustainability of the pension system and the reliability of governance. The comparison included 52 countries.
- The most financially sustainable pension security can be found in Iceland, Denmark and the Netherlands. What these countries have in common are fully funded, defined contribution pension schemes that cover most of the working-age population.

TOP 10 Pension Systems • Global Pension Index 2025

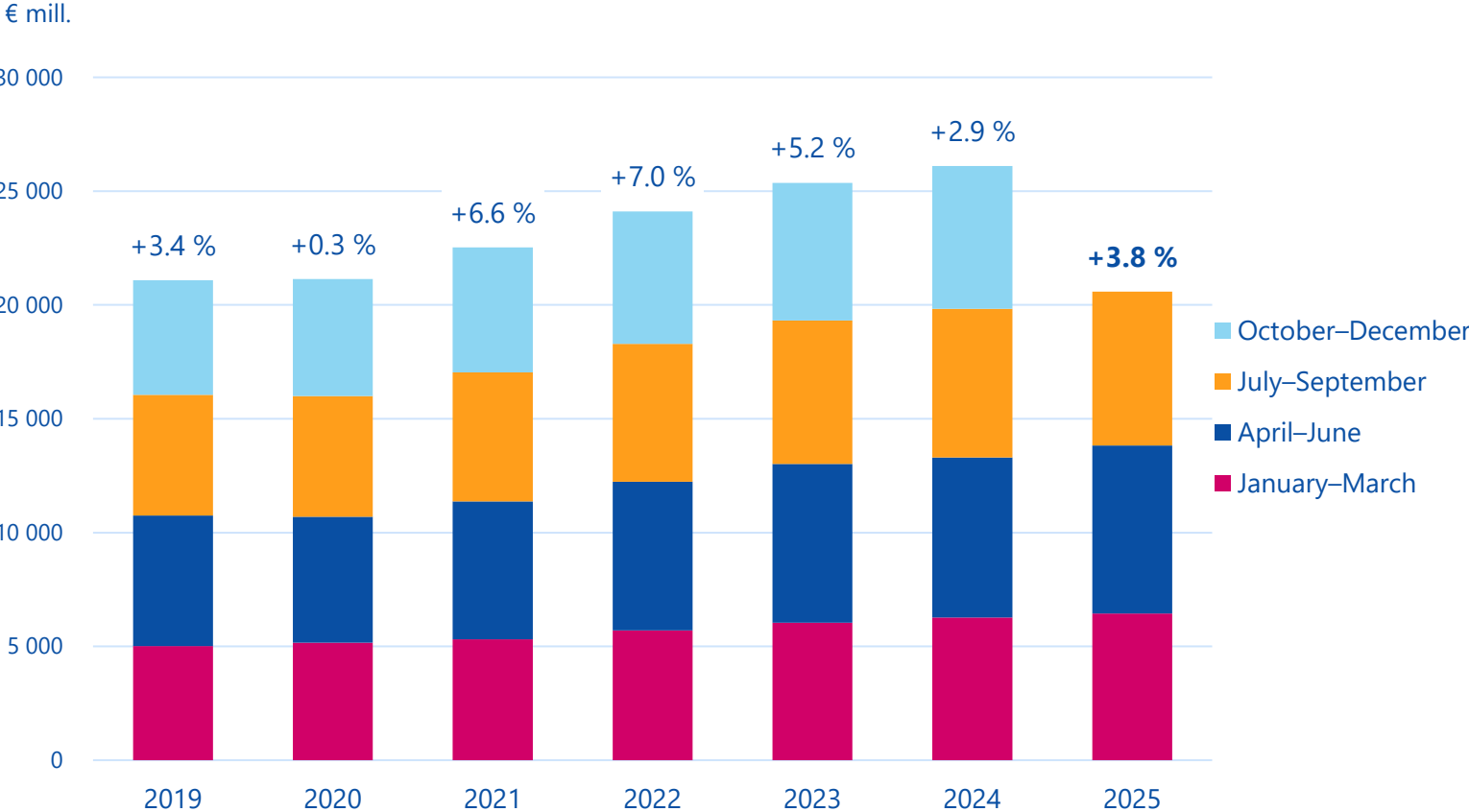
Ranking		Adequacy	Sustainability	Integrity
	1. Netherlands	(85.4)	2. (86.1)	5. (86.8)
	2. Iceland	(84.0)	6. (83.0)	12. (83.3)
	3. Denmark	(82.3)	8. (82.9)	22. (77.6)
	4. Singapore	(80.8)	11. (79.4)	2. (90.4)
	5. Israel	(80.3)	17. (75.6)	11. (83.6)
	6. Sweden	(78.2)	15. (76.8)	14. (83.0)
	7. Australia	(77.6)	24. (69.0)	8. (86.4)
	8. Finland	(76.6)	14. (77.4)	1. (90.6)
	9. Chile	(76.6)	21. (71.9)	7. (86.6)
	10. Norway	(76.0)	13. (77.8)	4. (88.4)

Source: www.mercer.com/globalpensionindex



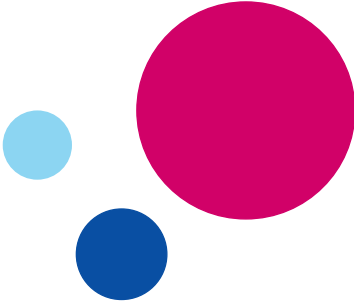
Insurance and customer relationships

Client companies' TyEL payroll development



- The TyEL payroll of Varma's client companies grew **3.8 per cent** in January–September compared to the same period last year.
- The percentage shown on top of the column indicates the change from last year.

Varma successful in customer acquisition



€590 million

2.3% compared to the payroll last year

Net amount of new TyEL customers' payroll



4,500

12% of the TyEL policies at the end of last year

Net number of new TyEL customers



5,700

12% of the YEL policies at the end of last year

Net number of new YEL customers

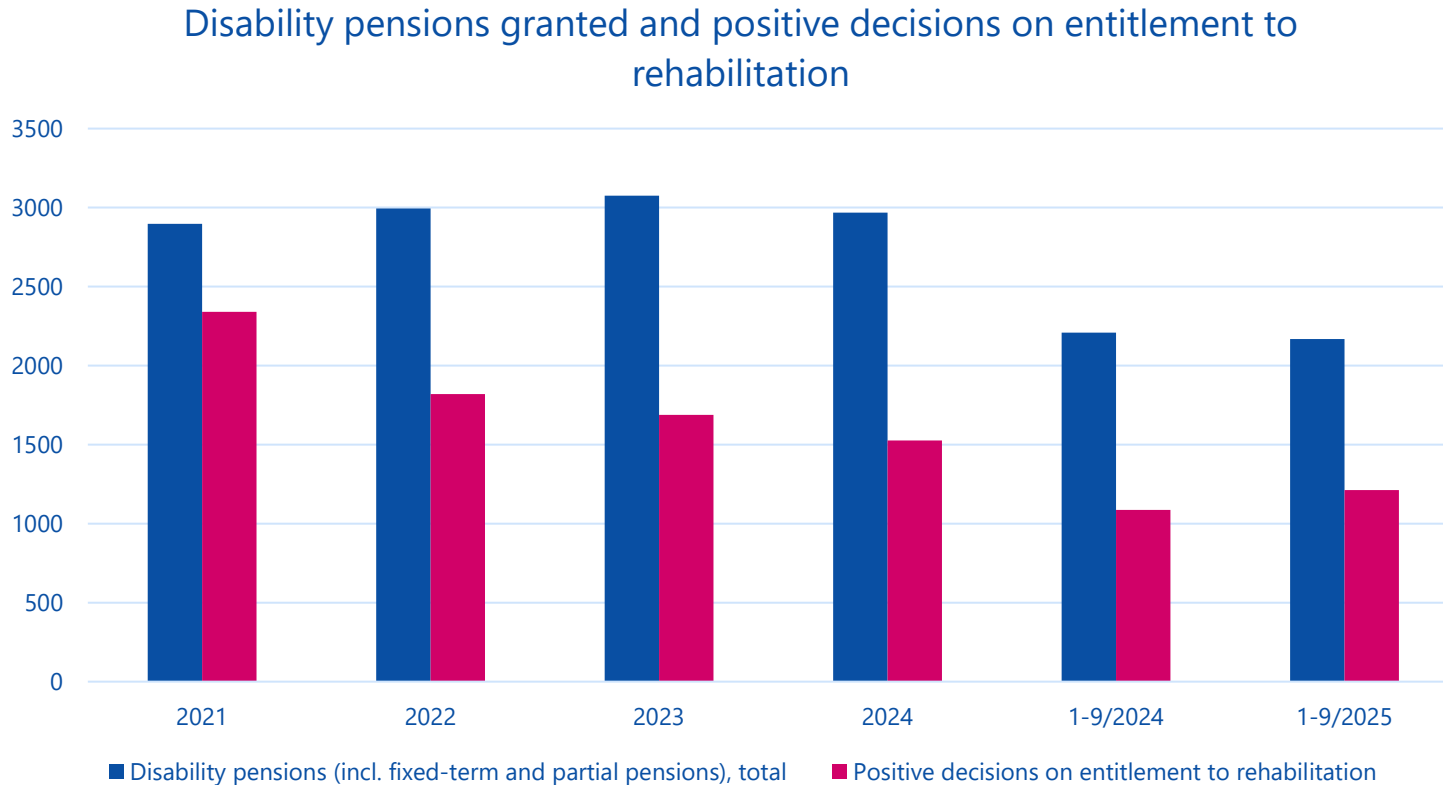
The figures include new client acquisition and the effect of transfers between pension companies.

A photograph of three workers in a factory or industrial setting. They are walking and talking. The worker on the left is a man with a beard, wearing a dark blue t-shirt and dark pants with a tool belt. The worker in the middle is a woman with pink hair, wearing a dark blue zip-up jacket and dark pants. The worker on the right is a bald man wearing a dark blue polo shirt and dark pants with a tool belt, holding a tablet. The background shows large industrial pipes and machinery.

Managing disability risks

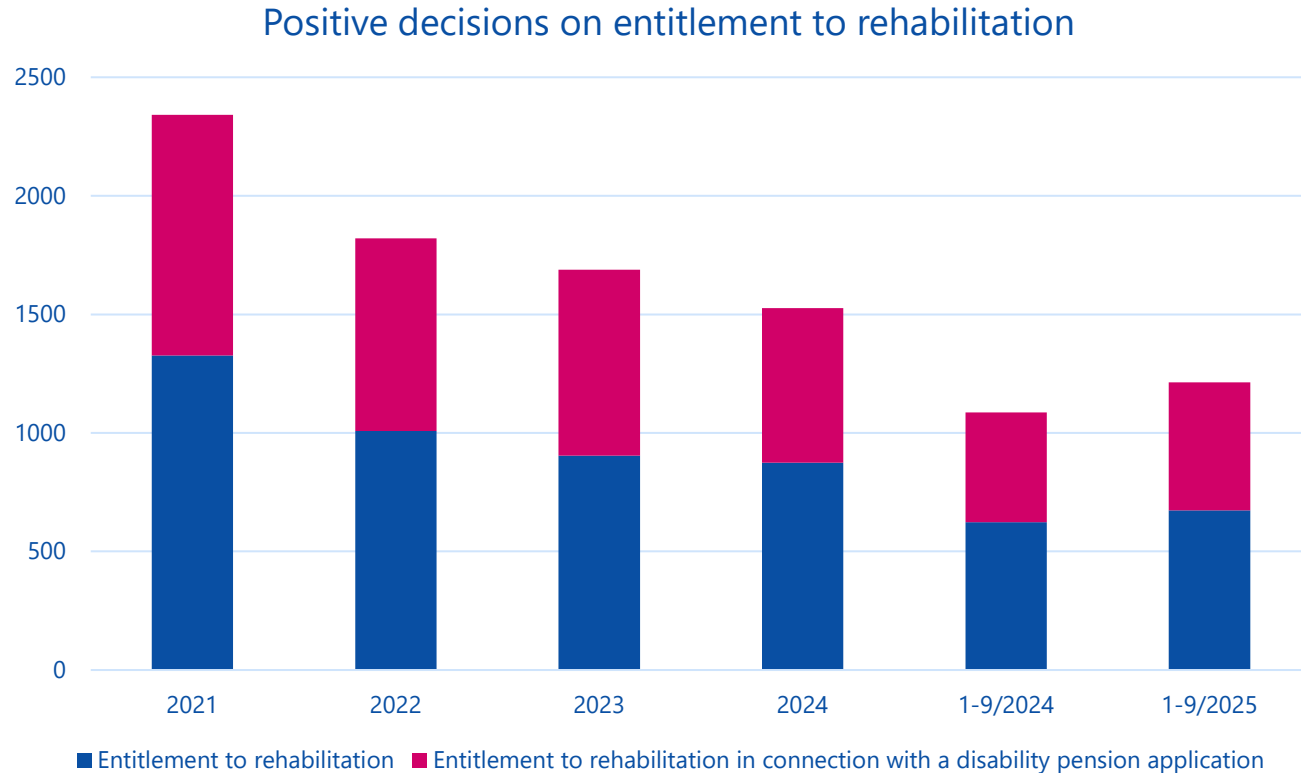
VARMA

Number of new disability pensions remains the same



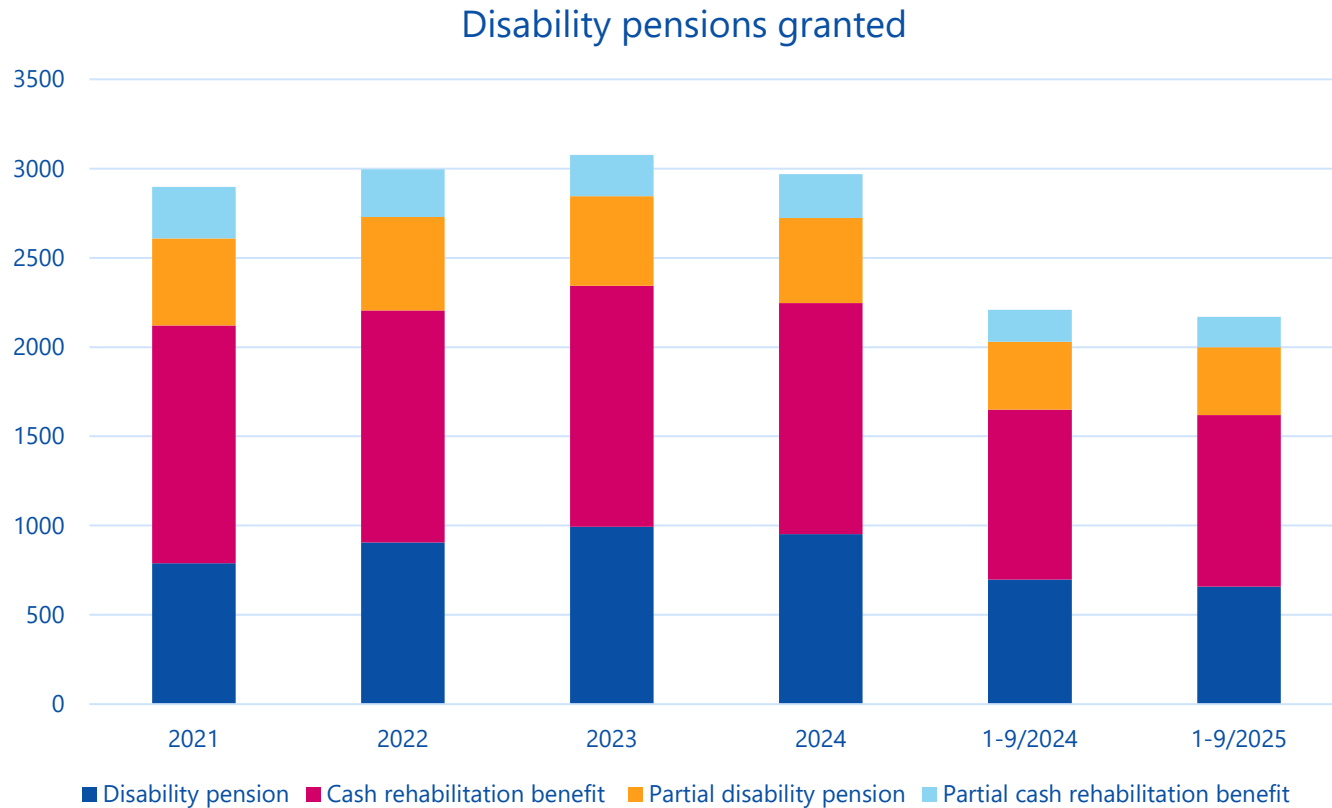
- Disability pension can be granted as a permanent or fixed-term benefit, i.e. as a cash rehabilitation benefit.
- The means of vocational rehabilitation aim to prevent disability and support continuing at work and returning to work despite health limitations.
- Of the newly granted disability pensions, 52% are for a fixed term.
- In January–September 2025, the number of new disability pensions was at the same level with the same period last year.
- At the same time, there were slightly more positive rehabilitation entitlement decisions than last year.

Rehabilitation was granted more often than in the previous year



- Rehabilitation can be granted on the basis of a rehabilitation application. It can also be granted to someone who has applied for a disability pension if they meet the conditions for vocational rehabilitation. Vocational rehabilitation is always the primary benefit over disability pensions.
- Of all rehabilitation entitlement cases, 56 per cent were granted based on an application.
- The number of positive rehabilitation entitlement decisions has been declining for a long time, but by the end of September this year, their number had increased 12 per cent compared to the same time last year.

Number of granted disability pensions roughly the same as last year



- This year, there was only a slight decrease in the number of granted disability pensions compared to the same period last year.
- Most new disability pensions were granted to those over 55. The largest single disease group among disability pension recipients was musculoskeletal diseases.
- In younger age groups, positive decisions were focused on cash rehabilitation benefits based on mental health disorders.

A man with light brown hair is sitting on a large, mossy rock in a forest. He is wearing a grey and white patterned turtleneck sweater, dark grey trousers, and dark sneakers with white laces. He is looking upwards and to the right. The background is a dense forest of trees with green foliage. The lighting is bright, suggesting a sunny day.

Sustainability

VARMA

Finlandia Prize for Architecture to Katajanokan Laituri

- The building, commissioned by Varma, has received Finland's most prestigious architecture award.
- The key aspects of the design were the building's modifiability, energy efficiency, low carbon footprint and the use of wood.
- The building was designed by Anttinen Oiva Architects.



Latest developments in sustainability

- Varma has drawn up a new sustainability programme for 2026–2030. The sustainability programme is a continuation of the previous programme. At the core of the programme is ensuring earnings-related pension cover, investing responsibly, promoting sustainable work ability, and responsibility for Varma employees.
- Varma assessed how prepared its investees are to mitigate biodiversity loss in their own operations. Companies are making progress in considering biodiversity. According to the assessment, 45 per cent of companies have made progress, 32 per cent have set targets and 12 per cent do not mention biodiversity at all in their policies. Policies concerning water resource management have become increasingly common. The assessment, carried out for the third time now, covered 204 companies operating in high-risk industries.



Investment outlook

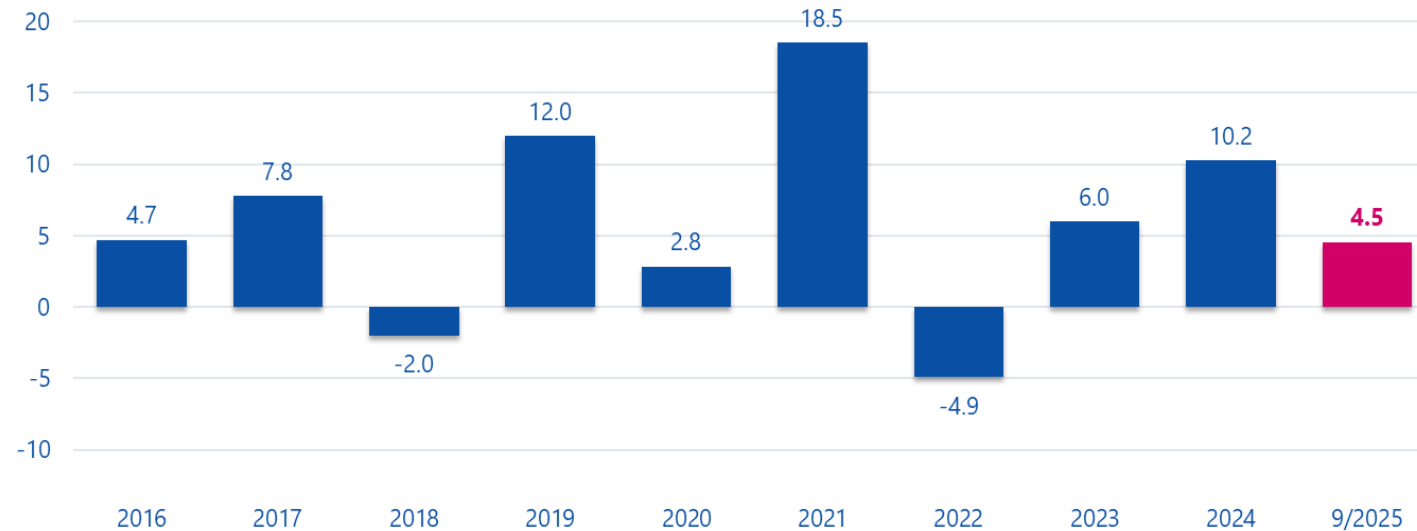
VARMA

Outlook for the economy

- Investments in AI and data centres have upheld the good economic development in the USA
- US equities have risen to new highs after the spring slump
- The Fed lowered its key interest rate in September
- Economic growth in Europe is weighed down by trade policy uncertainty and sluggish industrial development
- Finland's economic growth is slowed down by the USA's tariff policy and uncertainty in the global economy
- The decline in interest rates and investors' confidence in long-term prospects have, however, supported the stability of the investment markets



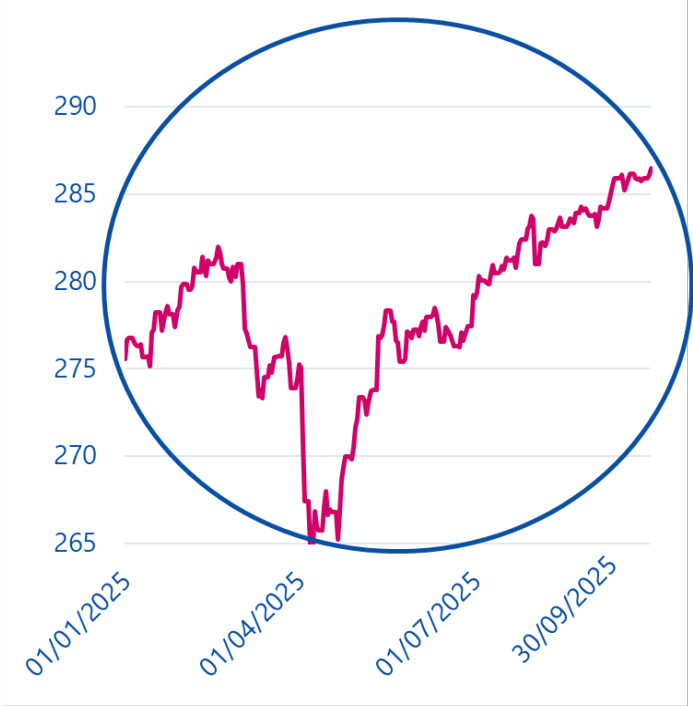
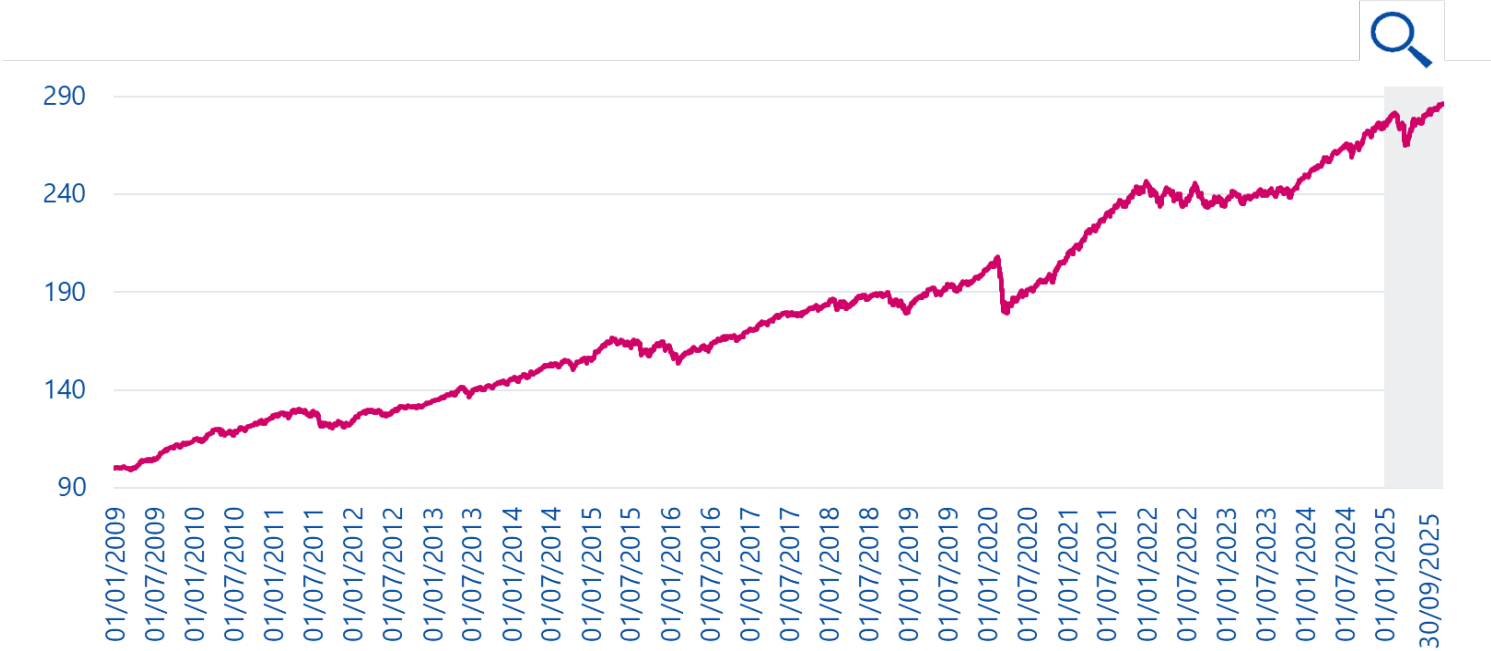
Return on investments



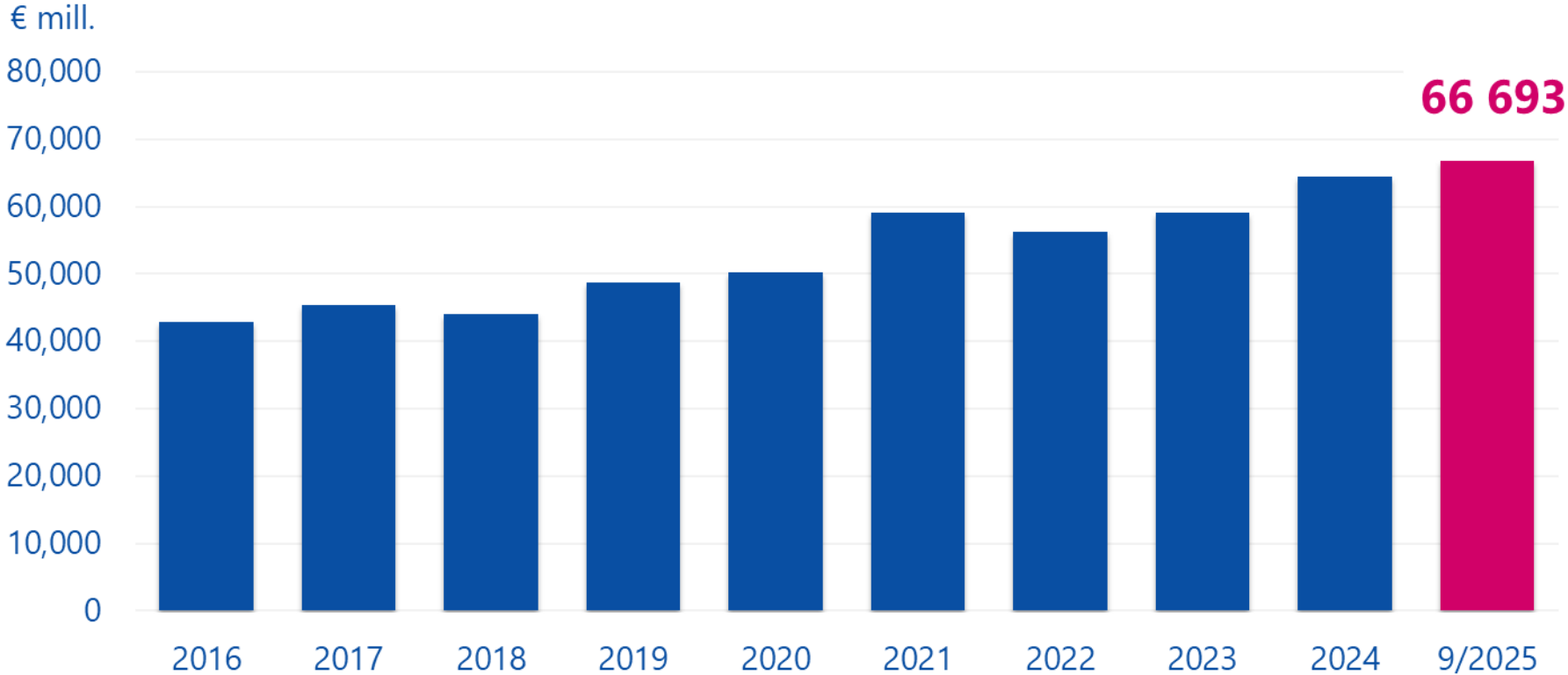
The average nominal return on investments over ten years is approx. 6.1%, calculated in accordance with the recommendations issued by TELA.

- The return on Varma's investments was **4.5** per cent in January–September 2025.
- The investment portfolio amounted to EUR **66.7** billion at the end of September.

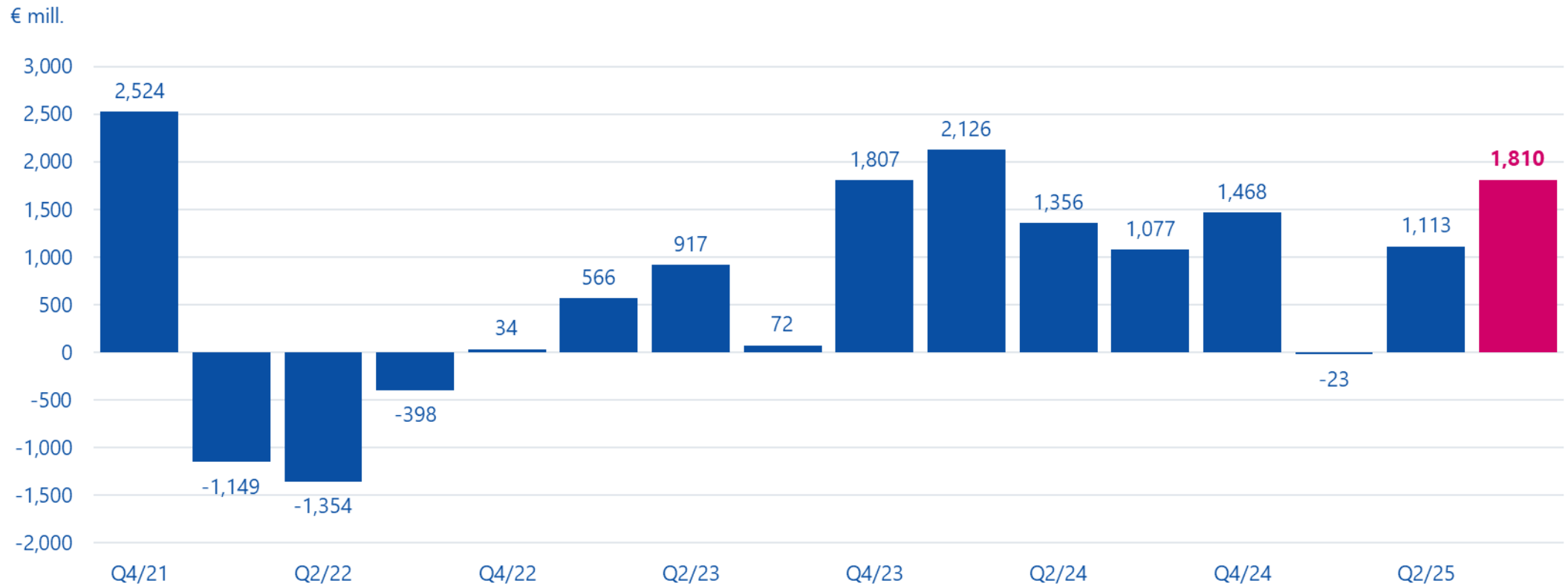
Return on investments since 2009: EUR 45.8 billion, i.e. 187 per cent



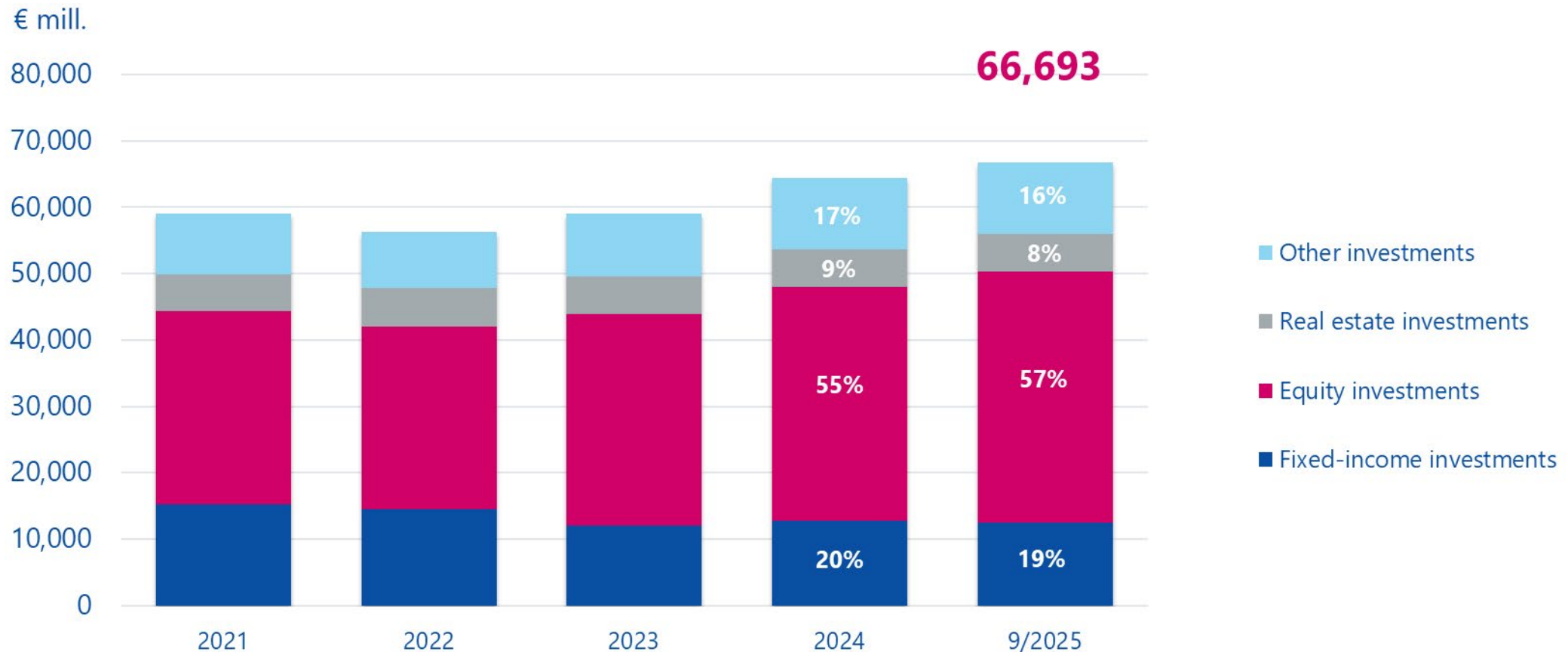
The value of Varma's investments was EUR 66.7 billion



Return on investments at fair values by quarter



57 per cent of investment assets in equities

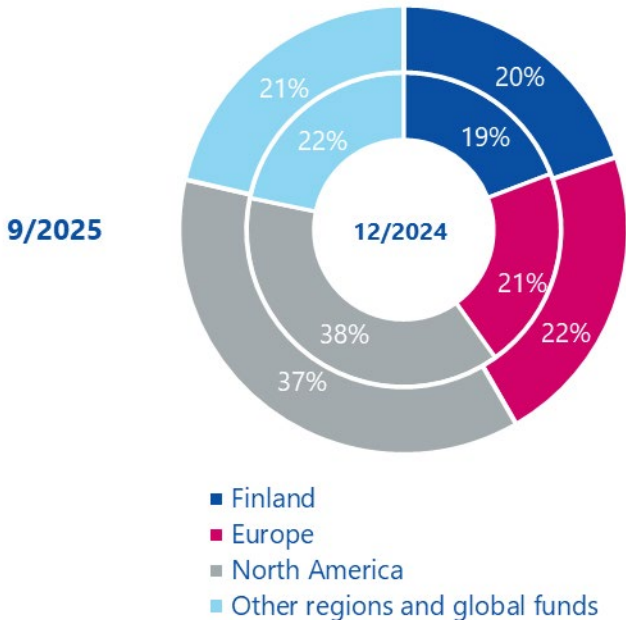


Investments classified according to risk

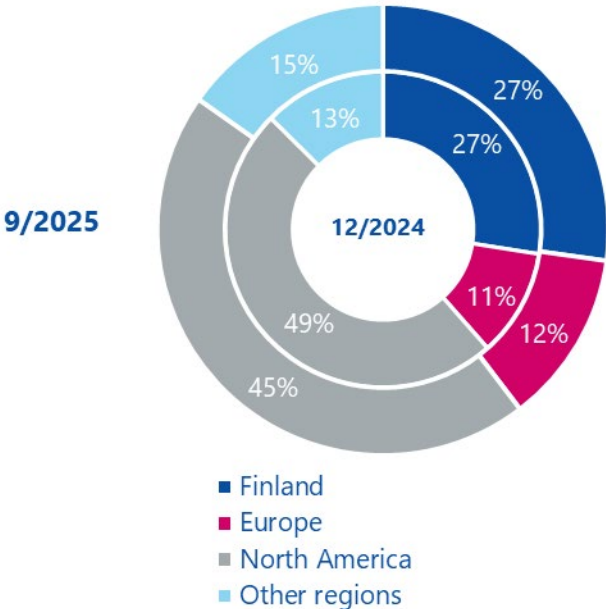
	30 Sep 2025				31 Dec 2024		01-09/2025
	Market value				Market value		Return
	Market Value		Risk position		Risk position		MWR
	mill. €	%	mill. €	%	mill. €	%	%
Fixed-income investments	12,444	19	33,052	50	34,854	54	3.5
Loan receivables	2,348	4	2,348	4	2,072	3	3.3
Bonds	9,005	14	9,155	14	10,613	16	4.1
Other money-market instruments and deposits	1,092	2	21,549	32	22,169	34	1.8
Equity investments	37,904	57	38,233	57	35,437	55	5.8
Listed equities	25,535	38	25,864	39	22,711	35	10.0
Private equity	11,206	17	11,206	17	11,704	18	-2.3
Unlisted equities	1,163	2	1,163	2	1,022	2	5.8
Real estate investments	5,656	8	5,656	8	5,717	9	1.8
Direct real estates	3,016	5	3,016	5	3,028	5	2.0
Real estate funds	2,640	4	2,640	4	2,689	4	1.5
Other investments	10,689	16	10,643	16	10,696	17	3.5
Hedge funds	10,685	16	10,685	16	10,667	17	3.6
Other investments	3	0	-42	0	29	0	
Total investments	66,693	100	87,585	131	86,704	135	4.5
Impact of derivatives			-20,892	-31	-22,350	-35	
Investment allocation at fair value	66,693	100	66,693	100	64,354	100	

Geographical distribution of investments

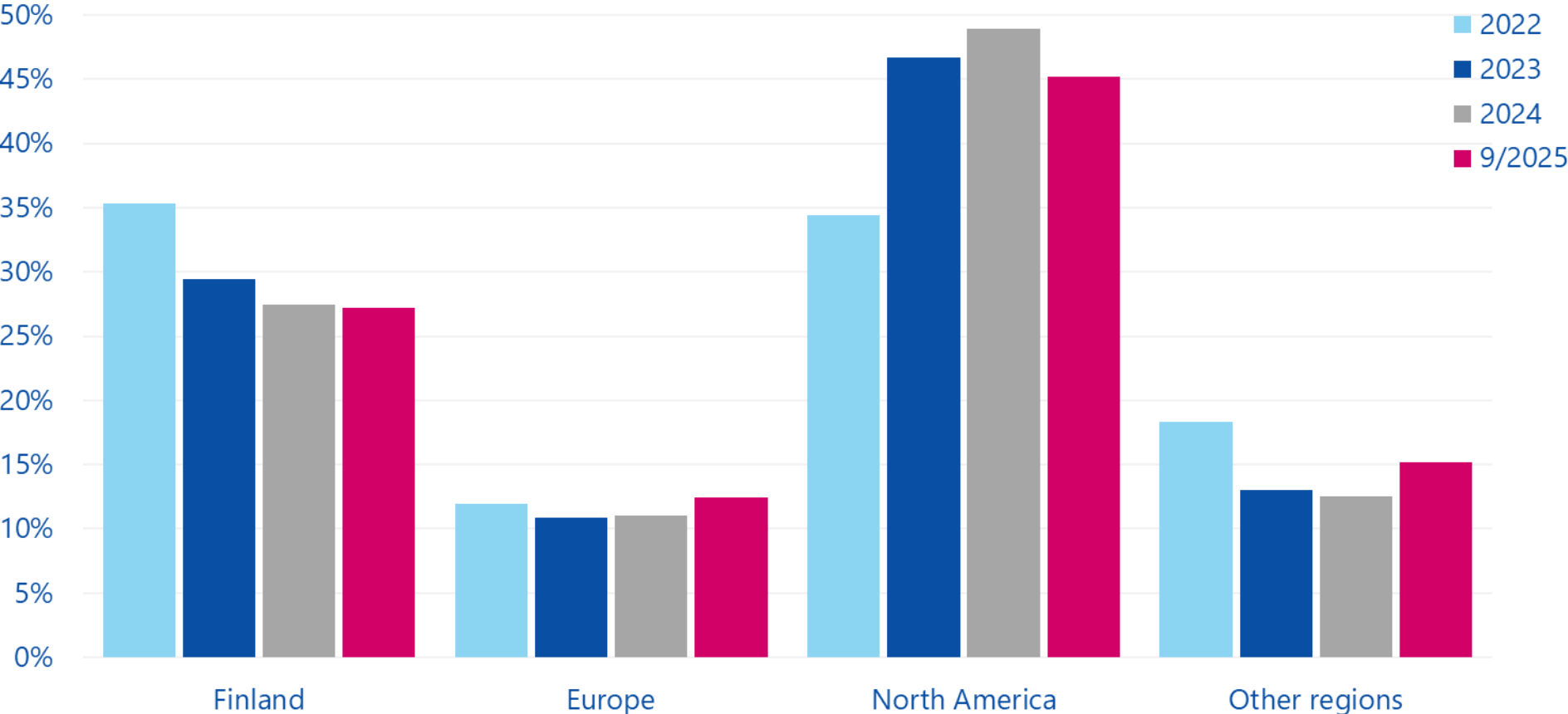
Investments



Listed equities

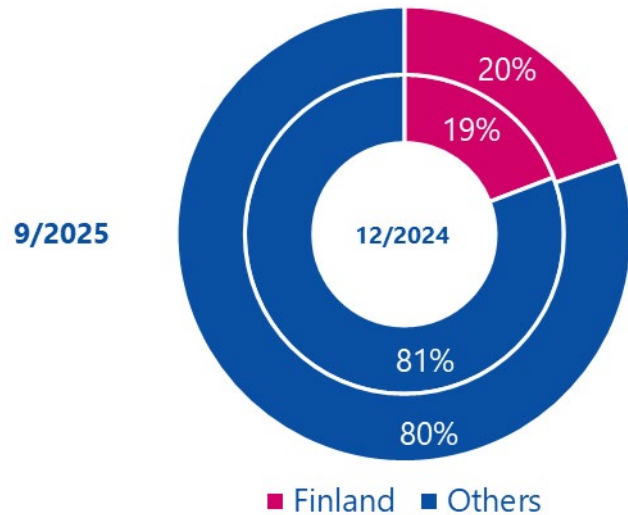


Geographical distribution of listed equities

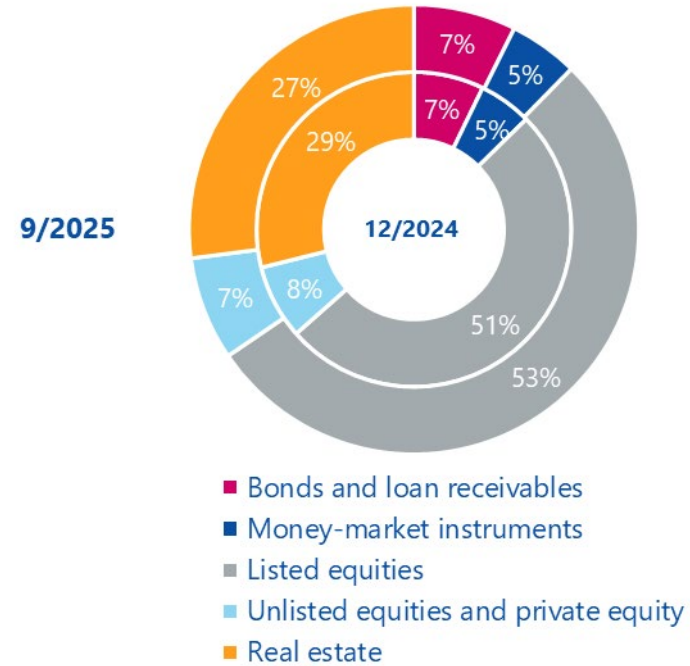


Investments in Finland 20 per cent, i.e. EUR 13.2 billion

Investments in Finland

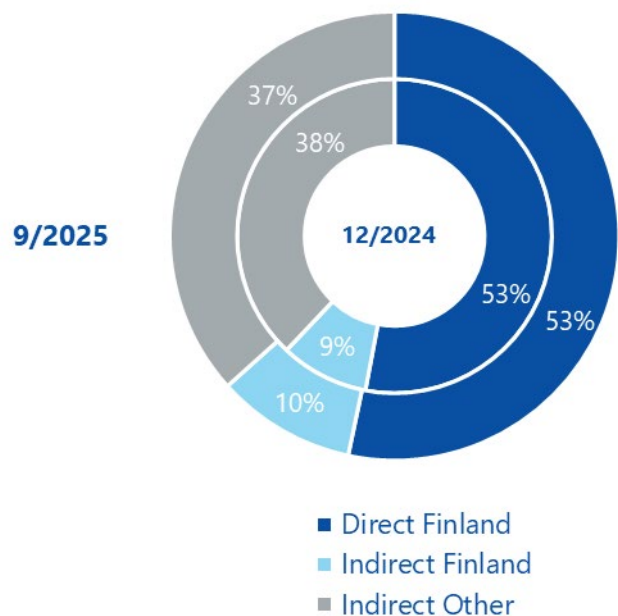


Distribution of Finnish investments

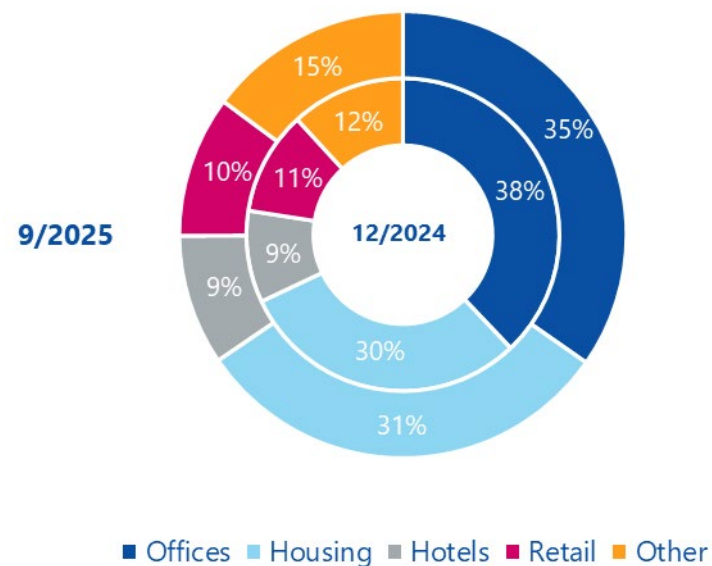


63 per cent of real estate investments, i.e. EUR 3.6 billion, in Finland

Real Estate Investments, € bn 5.7



Direct Real Estate Investment Finland, € bn 3.0



Varma's and the markets' investment returns

%	Varma	Finnish equities	European equities	US equities	Euro government bonds	Euro corporate bonds
1-9/2025	4.5	19.4	12.6	14.8	0.4	2.8
2024	10.2	-0.1	8.8	25.0	1.8	4.6
2023	6.0	-0.6	15.8	26.3	7.2	8.2
Average nominal return						
5 years	7.8	7.3	11.9	16.5	-2.7	0.1
10 years	6.1	9.5	7.6	15.3	0.1	1.4
Since 1999 *	5.7	8.2	5.3	8.5	3.1	3.3
Average real return						
5 years	4.2	3.7	8.2	12.6	-5.9	-3.2
10 years	3.9	7.2	5.4	13.0	-1.9	-0.6
Since 1999 *	3.8	6.2	3.4	6.5	1.2	1.5

* Varma, as it is today, was founded in mid-1998, so comparison data earlier than 1999 is not available.

Finnish equities = OMX Helsinki Cap Index

Euro government bonds = IBOXX Eurozone EUR (Total Return)

European equities = Stoxx 600 Total Return Index EUR

Euro corporate bonds = IBOXX Corporate Overall Performance Index EUR (Total Return)

VARMA