



# Varma's Interim Report

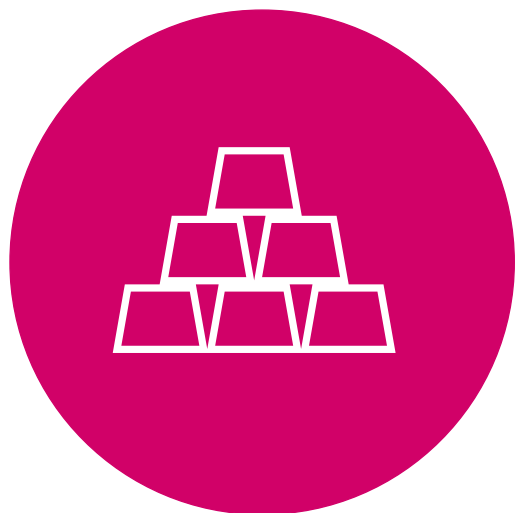
## 1 January–31 March 2025

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# Key figures 1-3/2025

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Value of  
investments

**€64.0 bn**



Return on  
investments

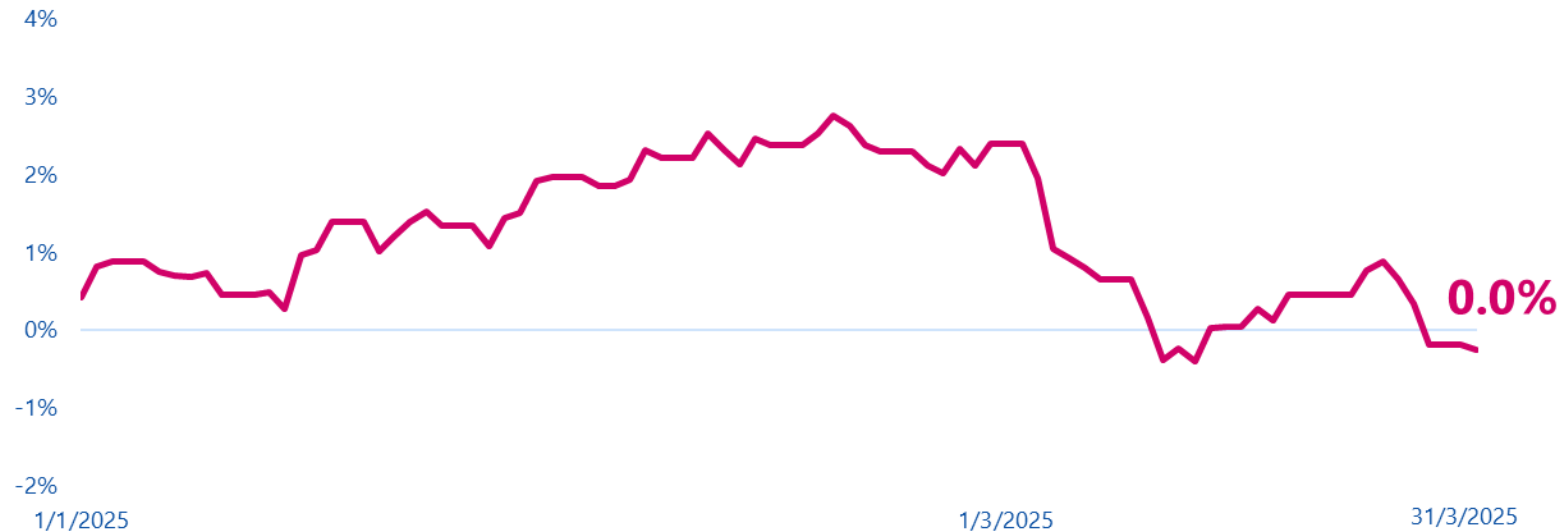
**0,0%**



Solvency

**€16.5 bn**

# Value of Varma's investments close to the level at the start of the year

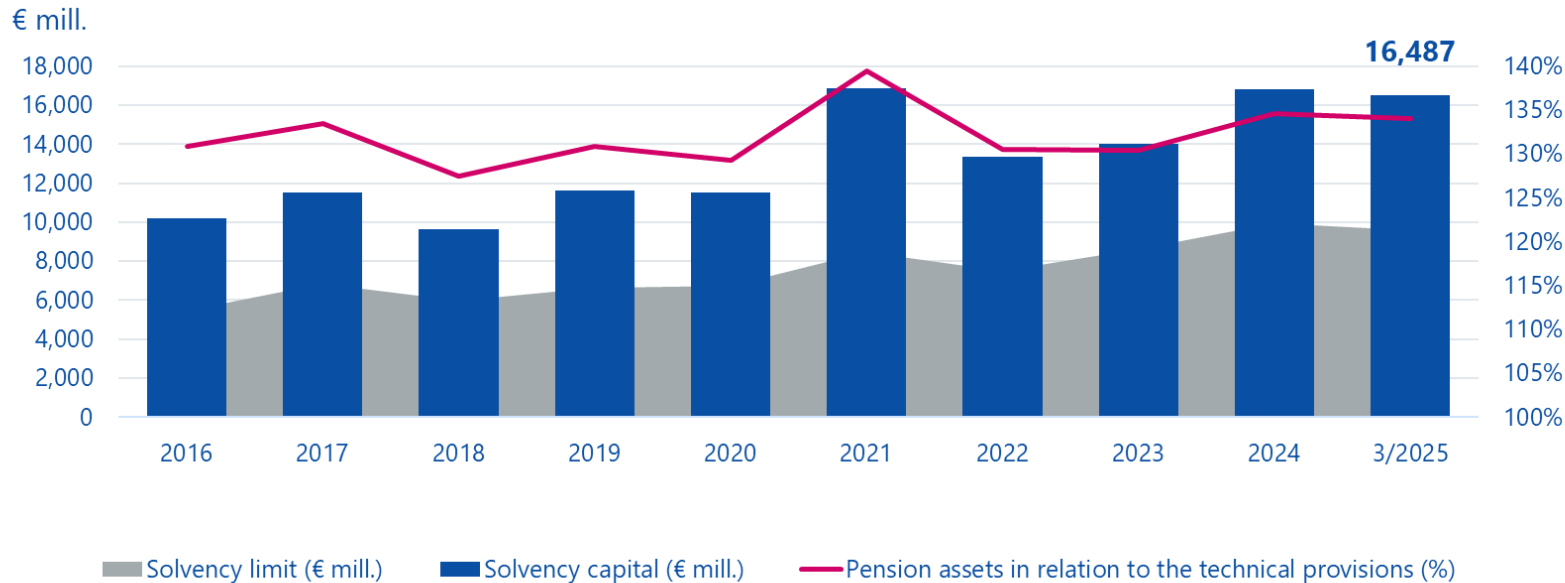


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The investment markets have been volatile in the first quarter of the year. Unusually, the European equity markets outperformed the US market in the first quarter of the year. This helped improve Varma's first-quarter returns. Diversification paid off once again.

**Risto Murto**, President and CEO

# Varma is the most solvent earnings-related pension company



- Solvency capital was EUR **16.5 billion**.
- Solvency capital was **1.7 times** the solvency limit.
- The solvency ratio was **134.0 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

	1-3/2025	1-3/2024	12 months	1-12/2024
Investment return (MWR)	0.0%	3.6%	6.4%	10.2%

	3/2025	3/2024	12/2024
Solvency capital (€ mill.)	16,487	15,078	16,793
Solvency capital / solvency limit	1.7	1.6	1.7
Solvency ratio (%)	134.0	132.2	134.6
Investments at fair value (€ mill.)	63,966	60,939	64,354



**Latest news at Varma**

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# Latest developments in Varma's businesses



## The best client bonuses in the sector

Varma's good investment returns last year and strong solvency mean large client bonuses that reduce our customers' TyEL insurance contributions. Varma has a long history of being the most solvent earnings-related pension insurance company in Finland, which means that we also pay our customers the highest client bonuses in the sector.



## In-use electricity and heat of residential real estate investments will be CO2-free in 2025

The in-use energy of Varma's residential real estate investments will be CO2-free in 2025. Varma's apartments will be heated either using geothermal heating produced on site or with district heating certified with a guarantee of origin, which is generated using renewable energy sources or waste heat.



## Katajanokan Laituri wins award for wood architecture

Katajanokan Laituri, the wooden office property developed by Varma, won an award for wood architecture, granted by the international press. The goal of the award is to shine a spotlight on Europe's top expertise in wood architecture.

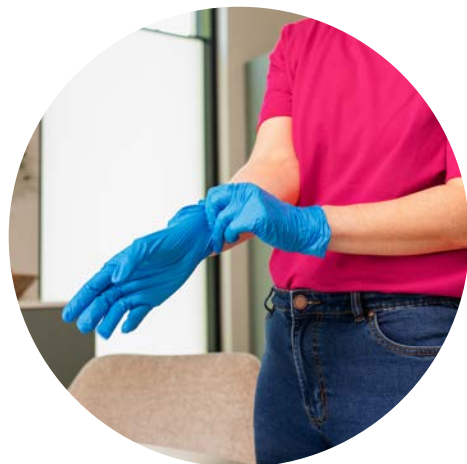
# Insurance and pensions

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# Varma takes care of the pension cover of over 954,000 people

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Insured employees and  
entrepreneurs

**602,300**



Pensioners

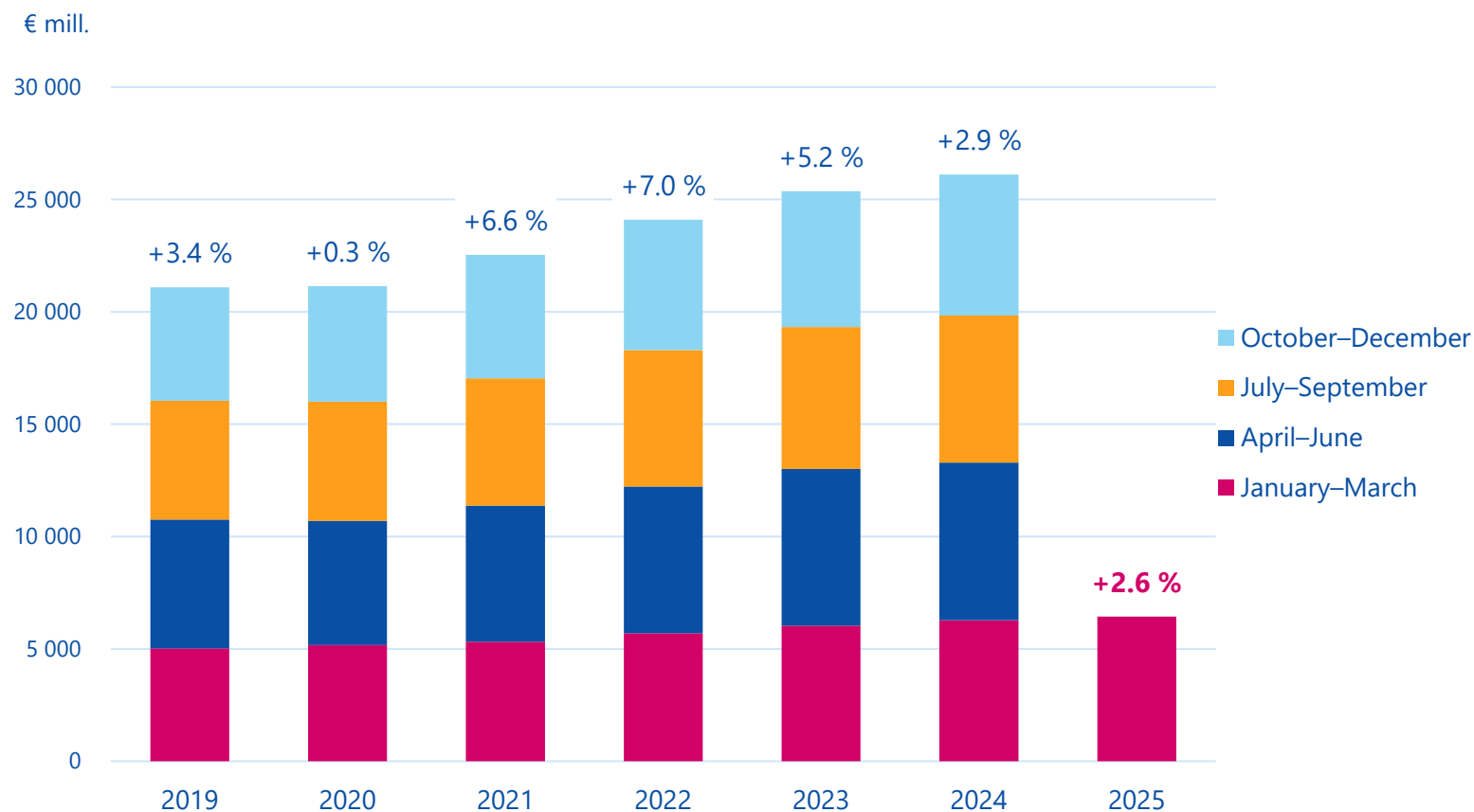
**351,600**



Pensions paid

**€1.9 bn**

# Client companies' TyEL payroll development



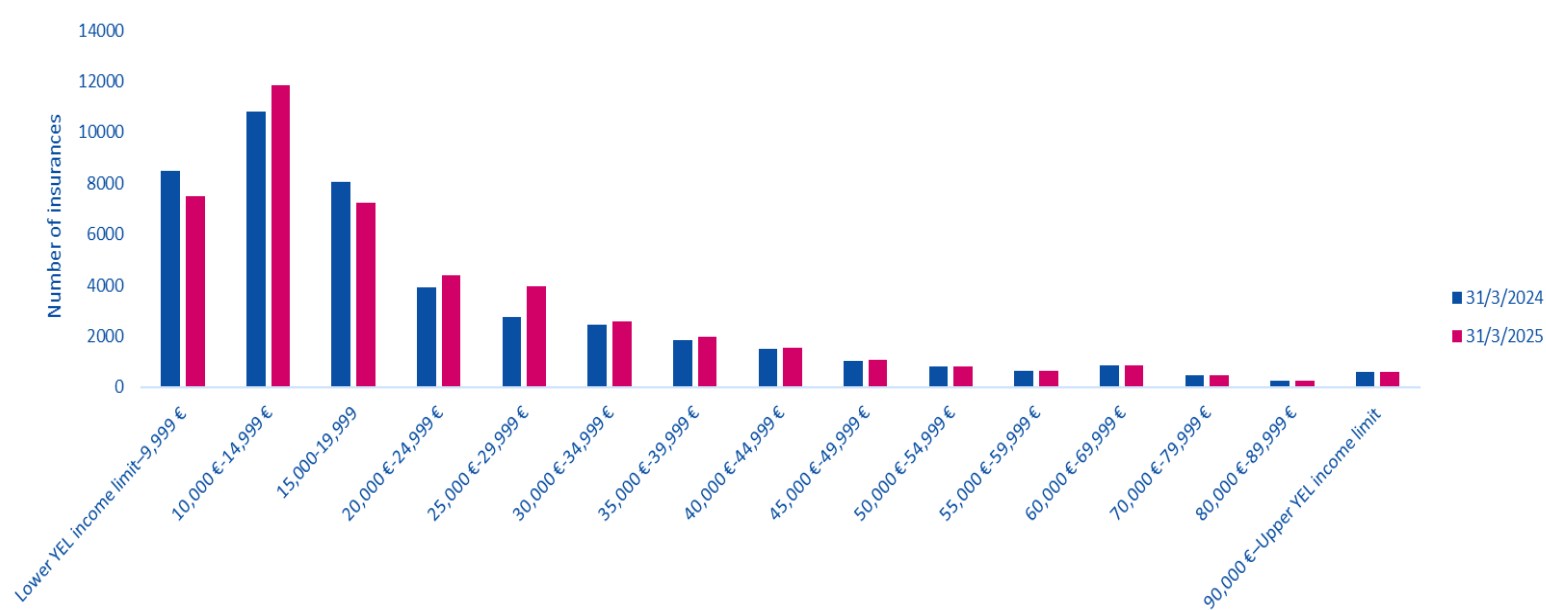
The TyEL payroll of Varma's client companies grew **2.6 per cent** in January–March compared to the same period last year.

Within our client companies, a strong increase in payroll was seen in the financial and insurance sectors.

The percentage shown on top of the column indicates the change from last year.

# Development of YEL income

The biggest increase in the confirmed income of the self-employed was in the lower YEL income categories



- This year, Varma is reviewing the YEL income of entrepreneurs whose income is over EUR 25,000 and whose income has not been reviewed in the previous two years.
- The income of 12,000 entrepreneurs is scheduled for a review by Varma.
- The right level of YEL income strengthens both an entrepreneur's pension accrual and their social security.
- The Finnish Government has commissioned an assessment of the need to develop the YEL pension system.

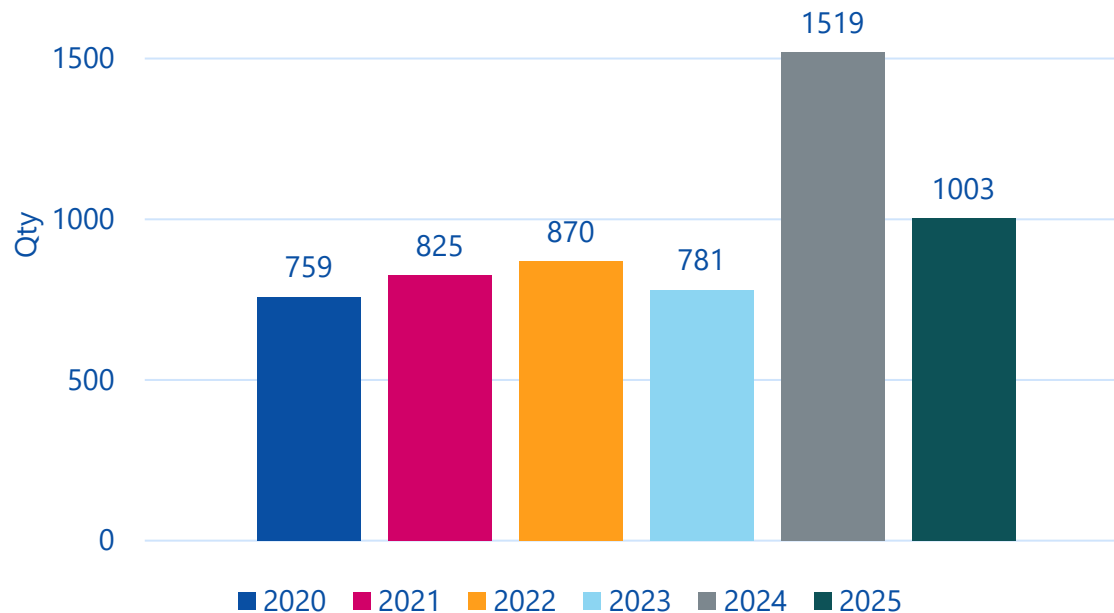
# Current information about pensions

- By the end of March, Varma had issued a total of 14,071 (14,186) pension decisions, down roughly two per cent compared to the same period last year. Of these, 7,262 (7,434) were new decisions and preliminary decisions.
- The number of old-age pension applications and decisions increased considerably, by around 18 per cent. The increasing popularity of working while on pension and applying for pension for this work may partly explain the increase in the number of applications.
- Partial old-age pension remains a popular pension benefit, although the number of applications decreased compared to the corresponding period last year.
- The decline was due to the fact that not a single new age cohort will reach the lower age limit for partial old-age pension this year.



# Partial old-age pension applications down by a third

Partial old-age pension applications Q1/2020-2025



- Partial old-age pension applications were down by 34 per cent compared to the corresponding period last year.
- The minimum age limit for partial old-age pension for those born in 1964 is 62. For younger age cohorts, the minimum age limit is three years lower than the minimum age limit for the age cohort.
- The average retirement age of those who received a decision was 62.3. Men accounted for 62 per cent of the decisions.
- The larger 50-per-cent pension was chosen by almost three out of four applicants (73%). Women applied for the 25-per-cent pension option slightly more than men.

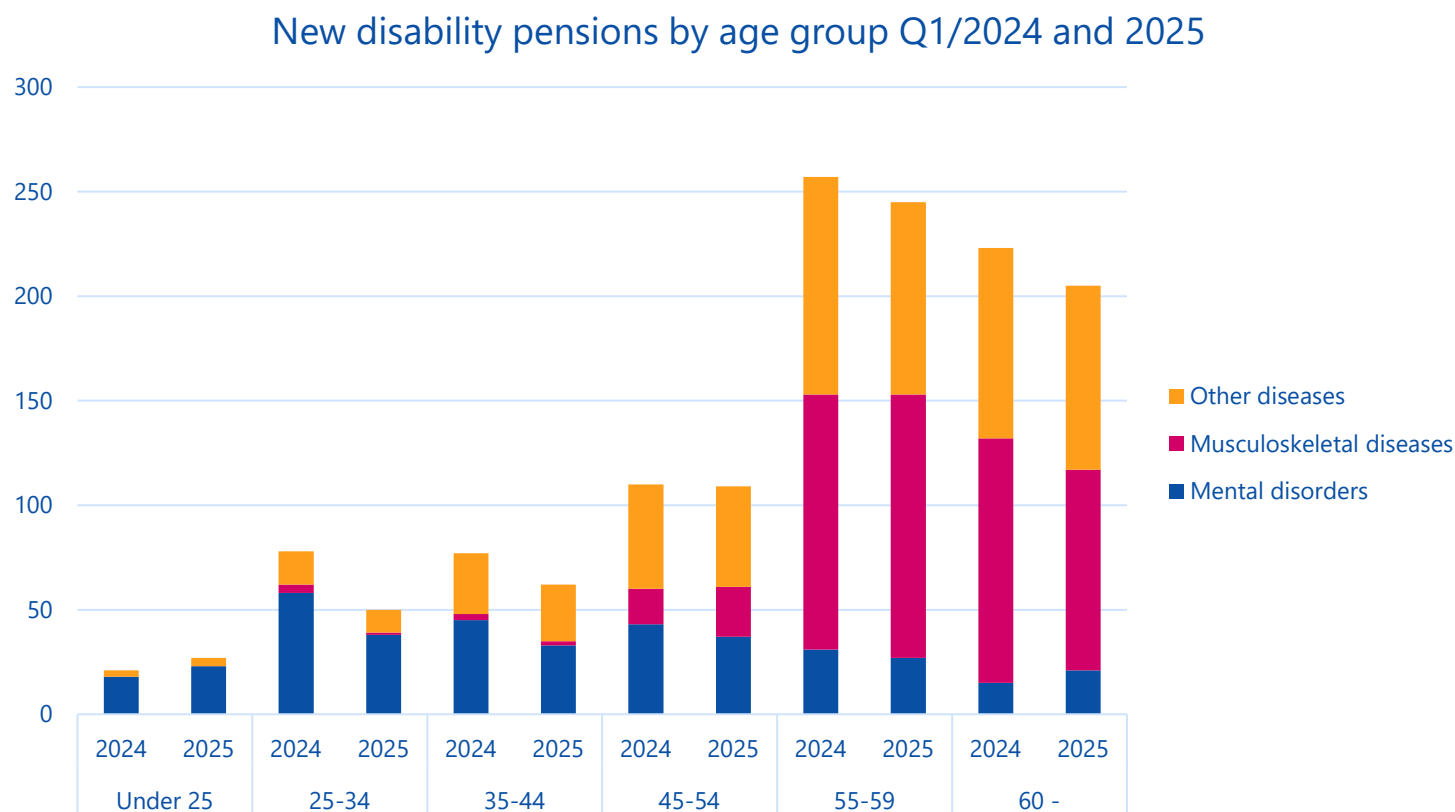
A woman with short brown hair, wearing blue-rimmed glasses and a blue button-down shirt over a white t-shirt, is looking out of a window. The background is a warm, brownish wall on the left and a bright window with vertical bars on the right.

# Disability risk management

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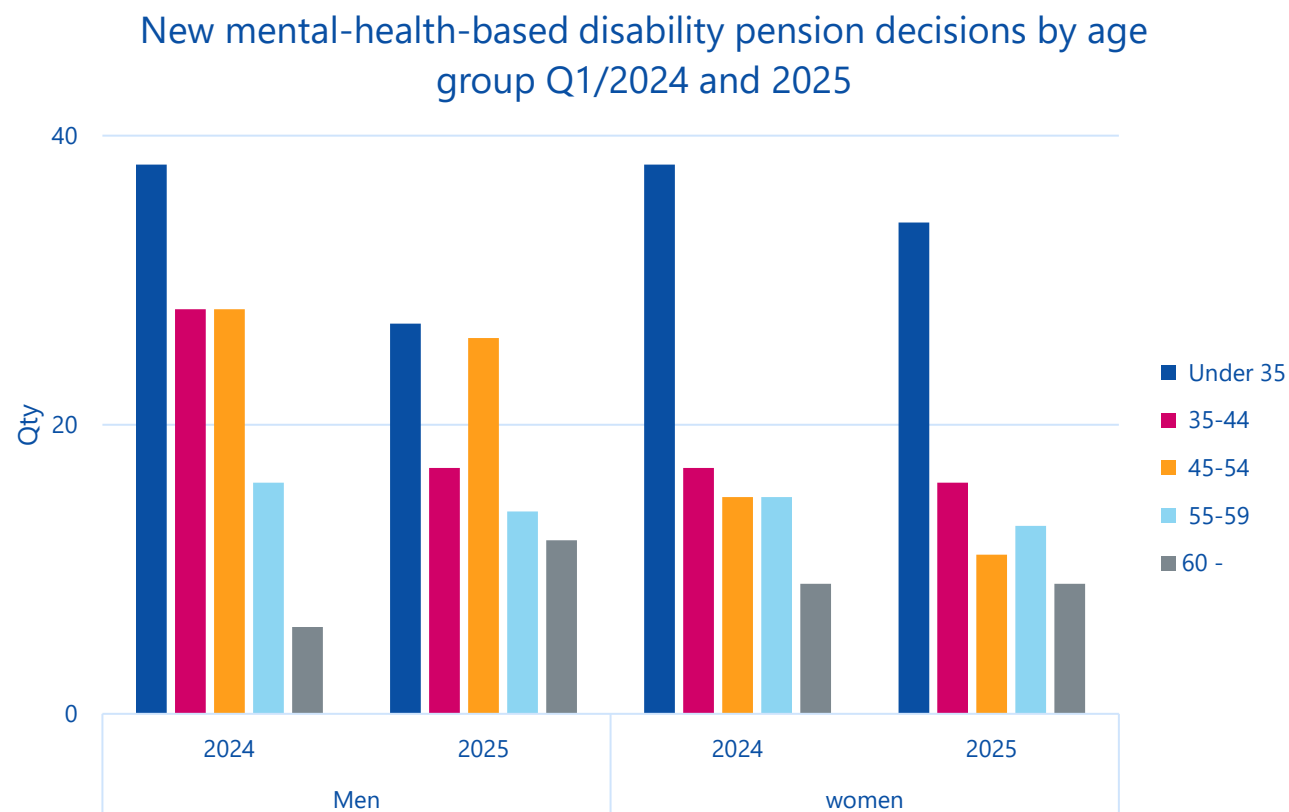
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# The number of new disability pensions granted increased only among those under the age of 25



- In the first quarter of 2025, the number of new disability pensions decreased compared to the same period last year in all age cohorts, with the exception of those under the age of 25
- The number of new disability pensions granted was highest among those aged 55–59 and those over 60
- The share of mental health-based disability pensions among all new disability pensions was highest among those under 35 years of age and lowest among those over 60 years of age

# The number of new disability pensions granted for mental health reasons was again highest among those aged under 35



- In the first quarter of 2025, the number of new disability pensions granted for mental health reasons was again highest among those aged under 35.
- The number of new disability pensions granted for mental health disorders fell among both women and men in all age cohorts except for those aged 60 and over.
- The number of new disability pensions granted based on mental health disorders decreased relatively more among men than among women. In total, disability pensions granted based on mental health disorders decreased by 15 per cent compared to the same period in 2024.

# Rehabilitation applications at last year's level

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- The number of vocational rehabilitation applications was at the level of the corresponding period last year. Varma received 534 applications.
- Women's share of the applicants increased 3.4 percentage points. Of the male applicants, the largest number of favourable preliminary rehabilitation decisions was issued to those aged 55–60, and of the female applicants, to those aged 45–54.
- The most common primary diagnosis among men who received a favourable decision was by far musculoskeletal diseases (48%), and the second most common diagnosis was mental health disorders (22%).
- Among women, the most common primary diagnosis behind the favourable decision was musculoskeletal diseases (41%). The share of rehabilitation decisions granted based on mental health disorders was nearly the same (39%).





# Sustainability

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# A secure future for everyone

Through our sustainability work we are building a better world for current and future generations.



## Investing for change

We aim for better returns and reduced risks through responsible investment.



## Ensuring secure pensions

We build trust in pension security and a sustainable future.



## For sustainable working life

We support work ability in a world that's going through incredible change.



# Sustainability in figures 2024

**Varma's Science Based Targets are to reduce its Scopes 1 and 2 greenhouse gas emissions by 60 per cent by 2030 compared to the 2021 level and, as regards indirect GHG emissions (Scope 3), to increase the share of companies committed to the SBT initiative to 51 per cent by 2027 in equity and listed fixed income investments and real estate funds.**

**Scopes 1 and 2 emissions compared to 2021**

**-68%**

**Share of companies committed to the SBTi**

**47.5%**

**Women in Varma's Executive Group**

**50%**

**Varma employees' score for reconciling work and family life (scale: 1-4)**

**3.51**

**Varma employees' work ability index**

**81.7**

**Pension is paid to the pensioner's bank account in the first month of retirement**

**89.7%**

**Score for Varma's customer service (scale: 1-4)**

**3.6**

# Latest developments in sustainability

- This year, Varma is working on a new Sustainability Programme, which builds on the Sustainability Programme for 2022-25. Our current programme has three focus areas: ensuring secure pensions, investing for change and promoting sustainable working life.
- In February 2025, Varma published its Sustainability Statement in accordance with the Corporate Sustainability Reporting Directive (CSRD) as part of the 2024 Report of the Board of Directors. Varma is again preparing for sustainability reporting this year.
- The policies of the US administration have put pressure on responsibility themes internationally. The US administration demands that large EU companies that are its contracting partners comply with President Trump's order banning programmes that promote diversity, equality, and inclusion (DEI).
- Varma's targets and commitments related to sustainability remain intact. Mitigating climate change and biodiversity loss are key sustainability commitments in our environmental policy. Respect for human rights is highlighted in social responsibility.



# Review of responsible investment in 2024

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- The new review summarises responsible investment in 2024. In the review, we also take a look at our key goals and the achievement thereof. Last year, we focused on considering and assessing the risks posed by climate change and promoting biodiversity in investment activities.
- Renewables accounted for 60 per cent, nuclear power for 31 per cent and fossil fuels for 9 per cent of Varma's investments in electricity generation. Varma's goal is for the average fossil-based electricity generation capacity of its investees to be no more than 10 percent by 2030.
- The carbon footprint of our listed equity investments decreased by over 32 per cent over the year. Most of the reduction was due to portfolio allocation changes, i.e. the impact of investments that were divested. The emission reduction impact of the companies remaining in the portfolio was 6.2 per cent.
- The review is available at [varma.fi/en/this-is-varma/current-issues/](https://varma.fi/en/this-is-varma/current-issues/).



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# Investment outlook

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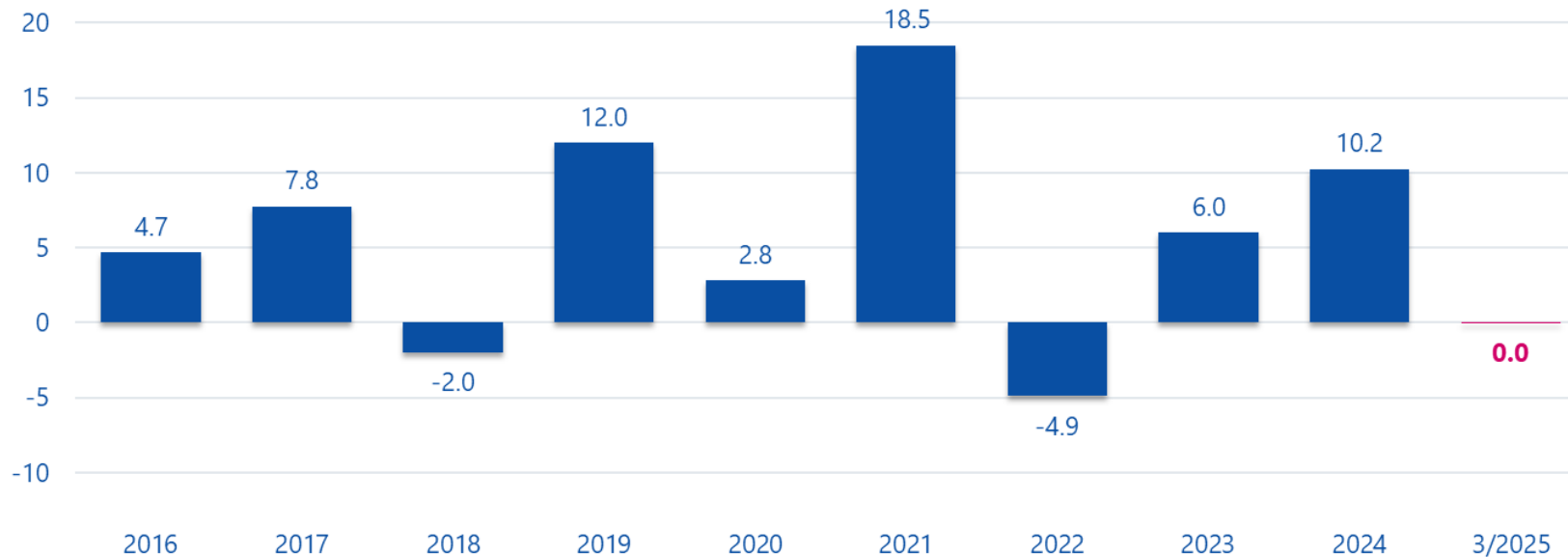
# Economic outlook

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- Investment market movements have been strong
- The tariffs imposed by the US administration sent investment markets into a sharp decline. China–US relations have developed into a trade war.
- Germany announced a large investment package in the spring, which raised hopes for a recovery in Europe's economy. European equity markets, which performed well at the beginning of the year, have since declined.
- The likelihood of a recession in the USA has increased clearly compared to the beginning of the year.
- Finland has shown early signs of economic growth in the first quarter. The good development is at a risk of being interrupted due to the looming trade war.
- High uncertainty related to market outlook



# Return on investments since 2016

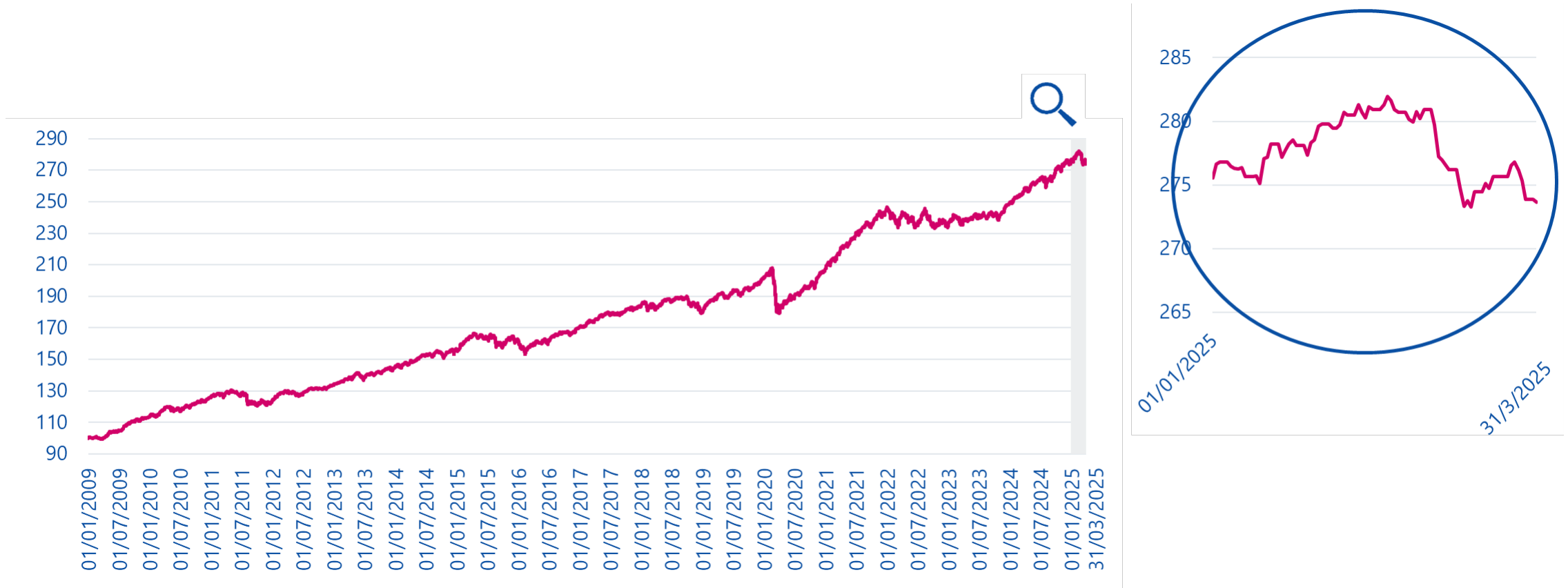


- The return on Varma's investments was **0.0 per cent** in January–March 2025.
- The value of investments was **EUR 64.0 billion** at the end of March.

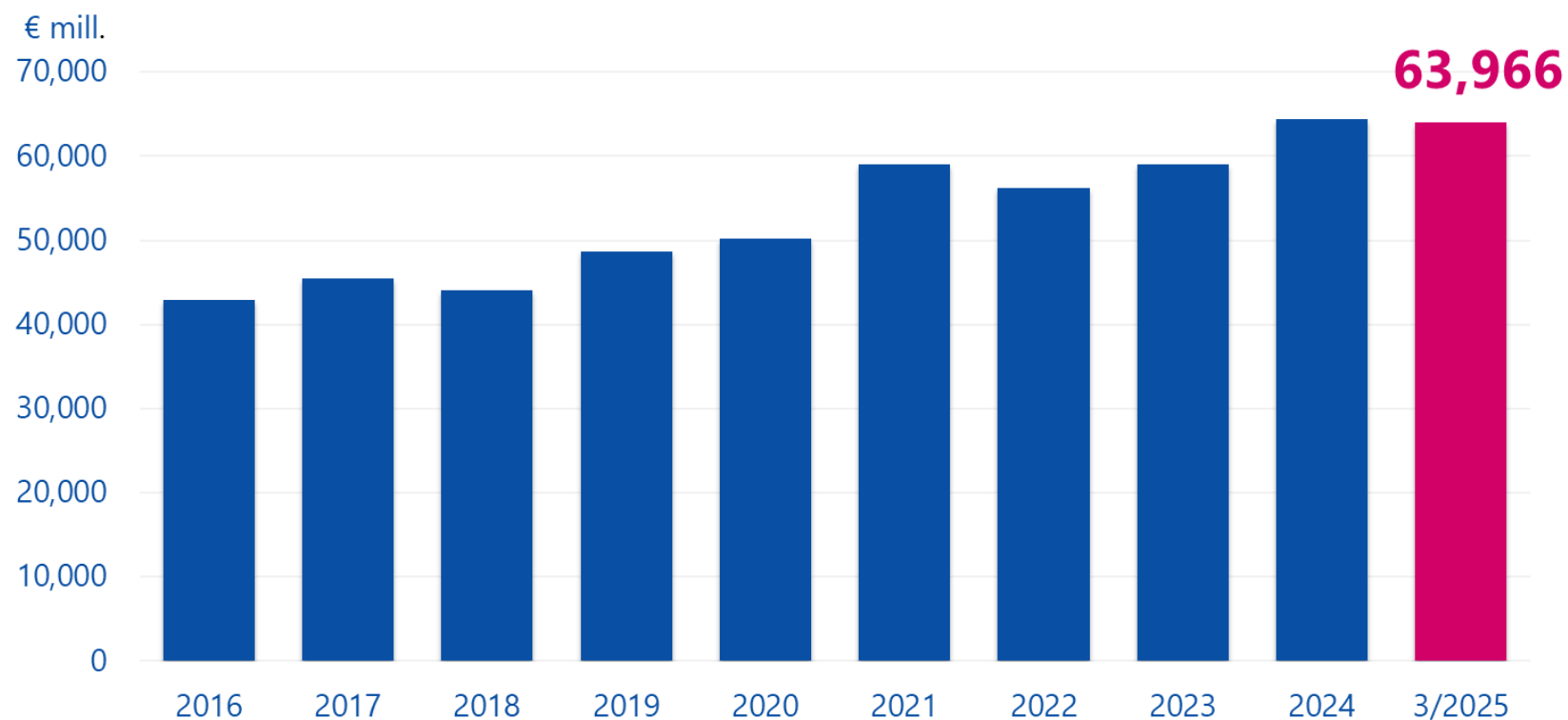
The average nominal return on investments over ten years is approx. 5.2%, calculated in accordance with the recommendations issued by TELA.

# Return on investments since 2009: EUR 43 billion, i.e. 174 per cent

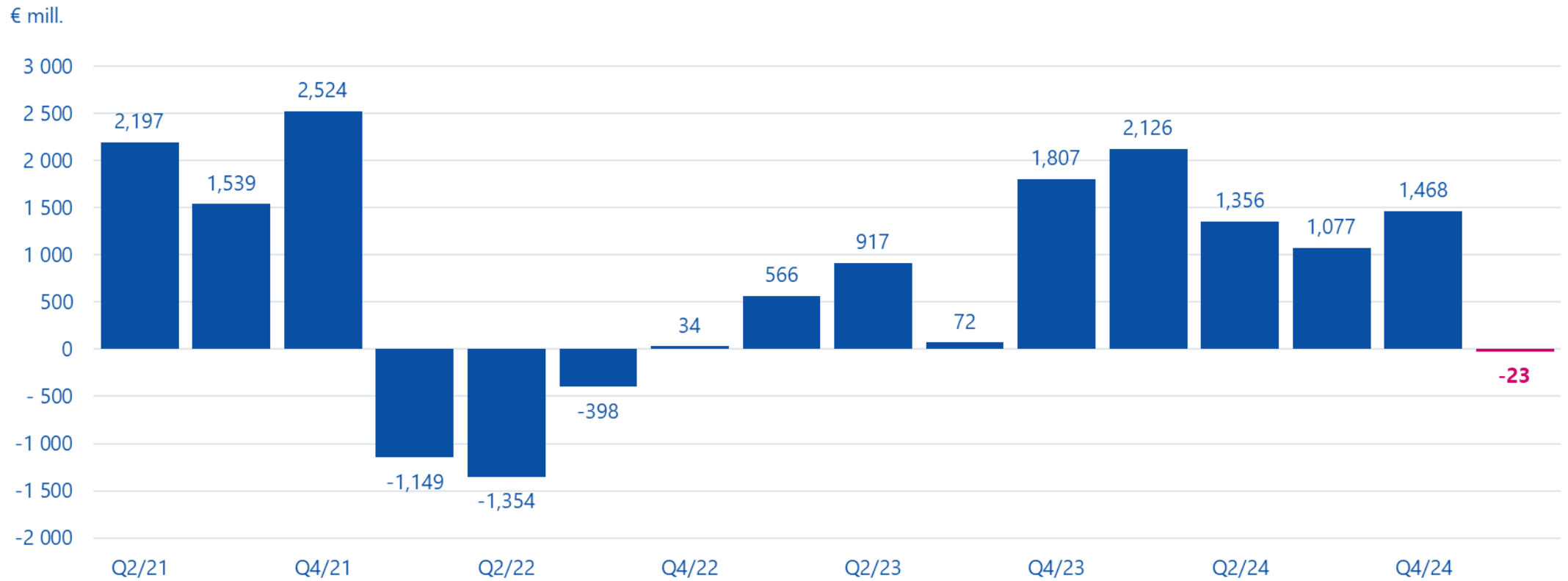
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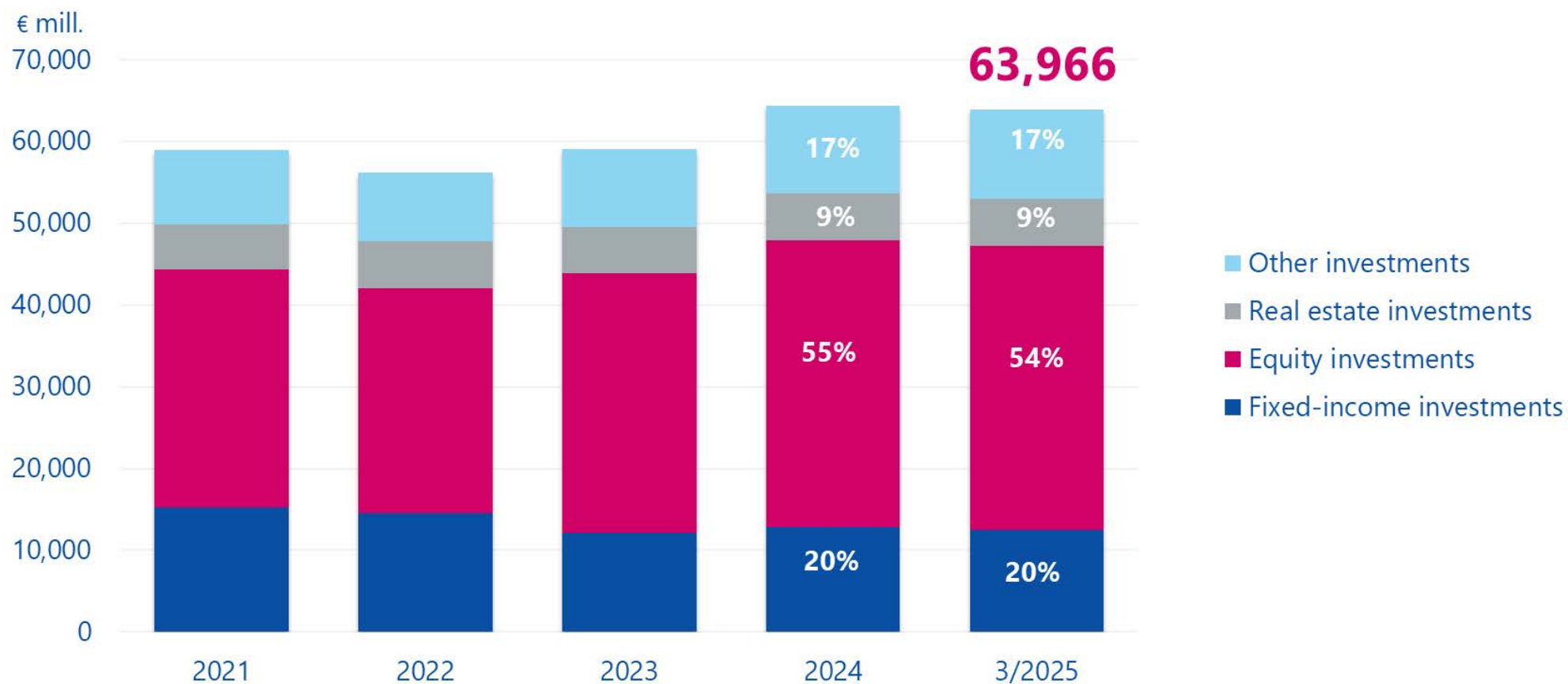
# Value of investments nearly EUR 64 billion



# Return on investments at fair values by quarter



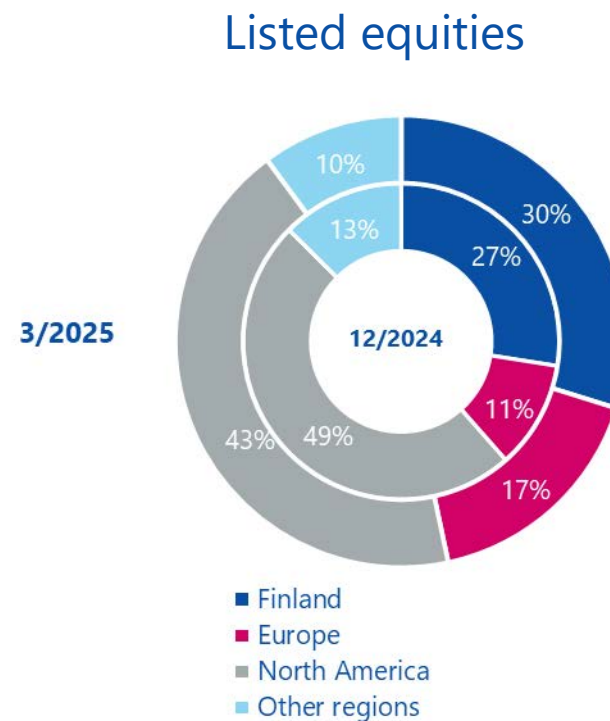
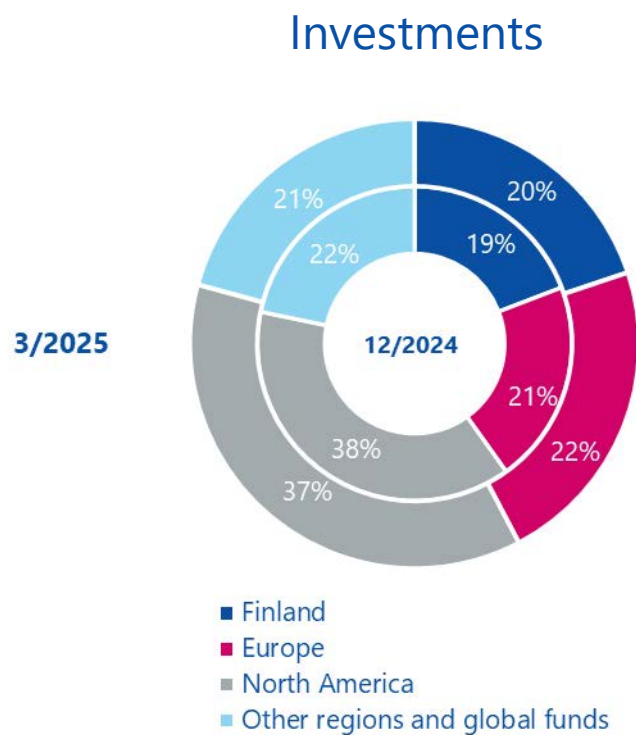
# In the investment allocation, 54% invested in equities



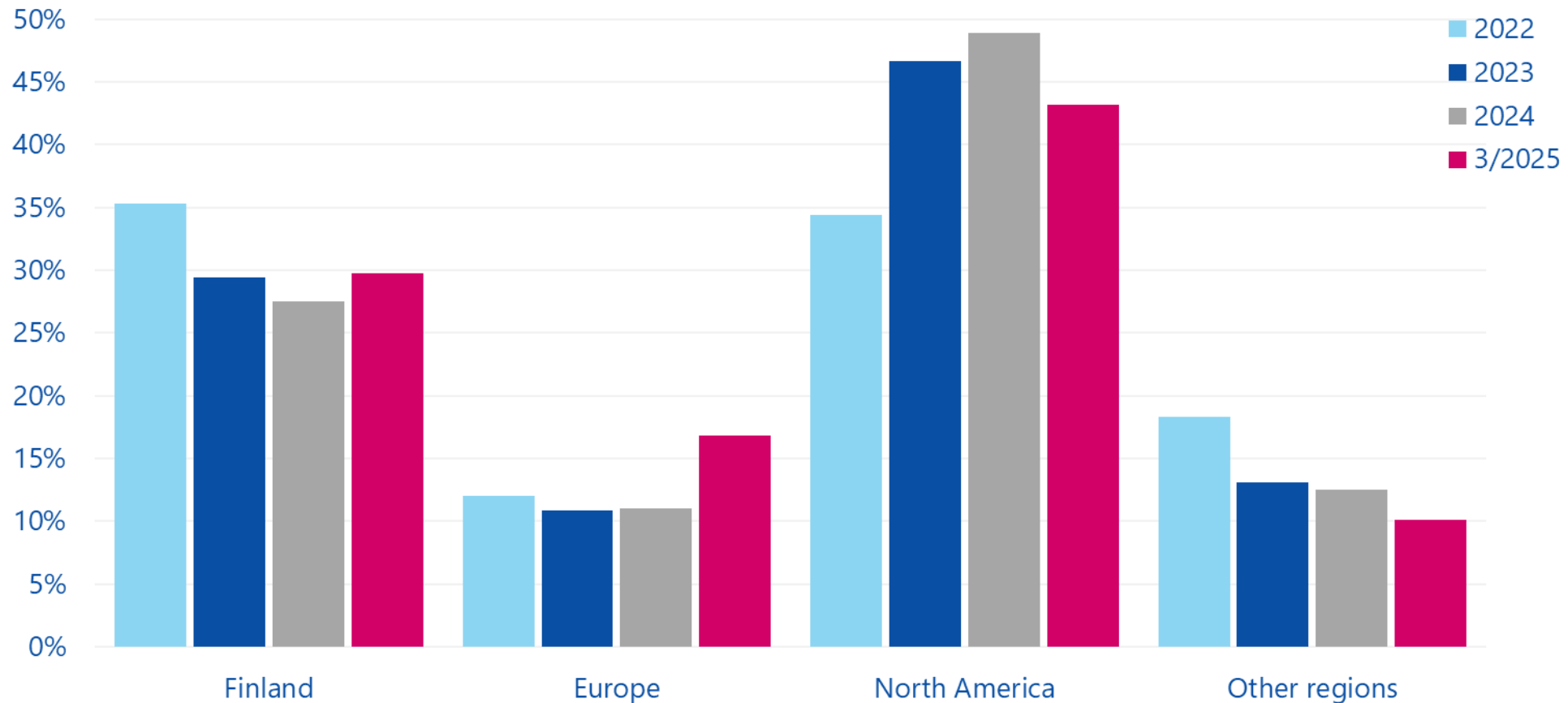
# Investments classified according to risk

	31 Mar 2025				31 Dec 2024		01-03/2025
	Market value				Market value		Return
	Market Value		Risk position		Risk position		MWR
	€ mill.	%	€ mill.	%	€ mill.	%	%
<b>Fixed-income investments <sup>1</sup></b>	<b>12,487</b>	<b>20</b>	<b>33,199</b>	<b>52</b>	<b>34,854</b>	<b>54</b>	<b>1.0</b>
Loan receivables	3,215	5	3,215	5	2,072	3	1.1
Bonds	7,181	11	8,599	13	10,613	16	1.0
Public bonds	3,245	5	4,567	7	5,345	8	1.2
Other bonds	3,936	6	4,032	6	5,268	8	0.8
Other money-market instruments and deposits	2,092	3	21,385	33	22,169	34	1.2
<b>Equity investments</b>	<b>34,716</b>	<b>54</b>	<b>35,085</b>	<b>55</b>	<b>35,437</b>	<b>55</b>	<b>-1.0</b>
Listed equities	21,841	34	22,211	35	22,711	35	-1.2
Private equity	11,768	18	11,768	18	11,704	18	-0.8
Unlisted equities	1,106	2	1,106	2	1,022	2	2.6
<b>Real estate investments</b>	<b>5,768</b>	<b>9</b>	<b>5,768</b>	<b>9</b>	<b>5,717</b>	<b>9</b>	<b>0.8</b>
Direct real estates	3,043	5	3,043	5	3,028	5	0.7
Real estate funds	2,725	4	2,725	4	2,689	4	0.8
<b>Other investments</b>	<b>10,995</b>	<b>17</b>	<b>10,978</b>	<b>17</b>	<b>10,696</b>	<b>17</b>	<b>1.4</b>
Hedge funds	10,999	17	10,999	17	10,667	17	1.4
Commodities	0	0	-6	0	0	0	
Other investments	-3	0	-3	0	21	0	
<b>Total investments</b>	<b>63,966</b>	<b>100</b>	<b>85,029</b>	<b>133</b>	<b>86,704</b>	<b>135</b>	<b>0.0</b>
Impact of derivatives			-21,064	-33	-22,350	-35	
<b>Investment allocation at fair value</b>	<b>63,966</b>	<b>100</b>	<b>63,966</b>	<b>100</b>	<b>64,354</b>	<b>100</b>	

# Geographical distribution of investments

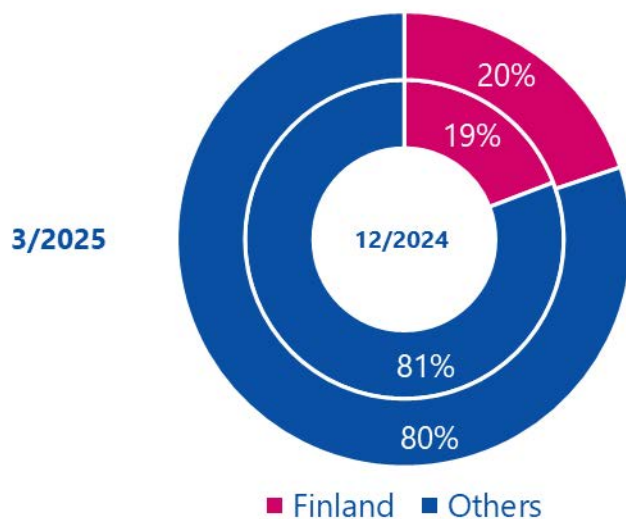


# Geographical distribution of listed equities

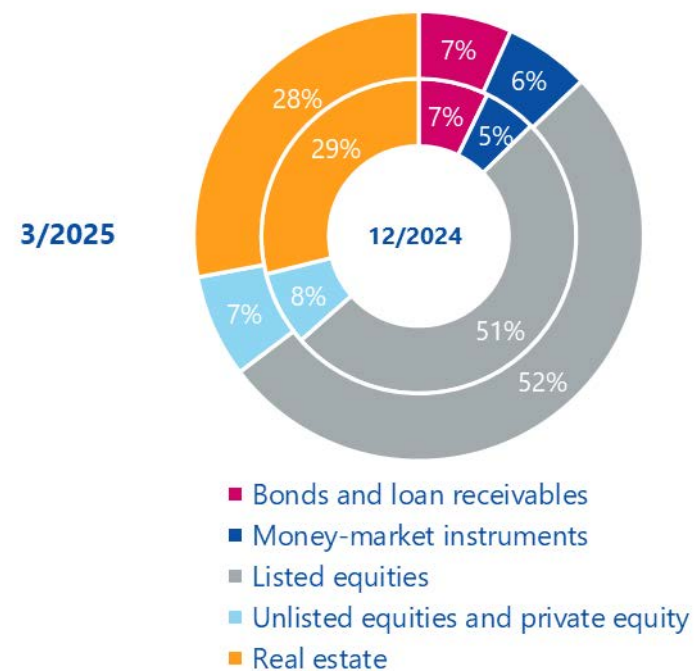


# Investments in Finland 20 per cent, i.e. EUR 12.8 billion

## Investments in Finland

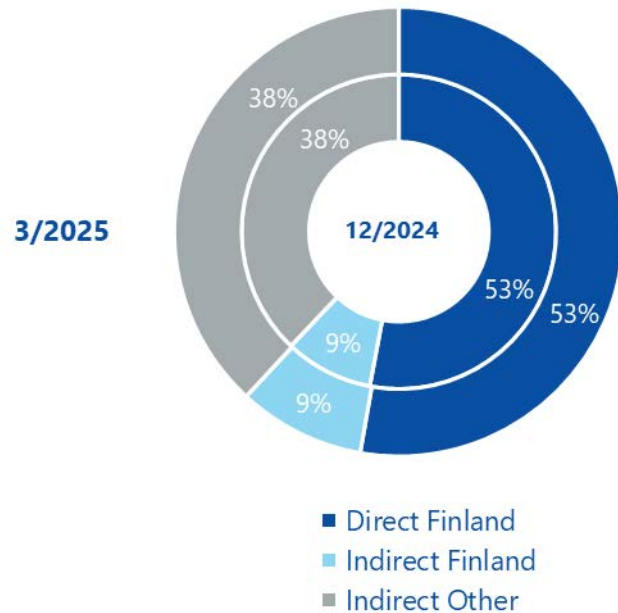


## Distribution of Finnish investments

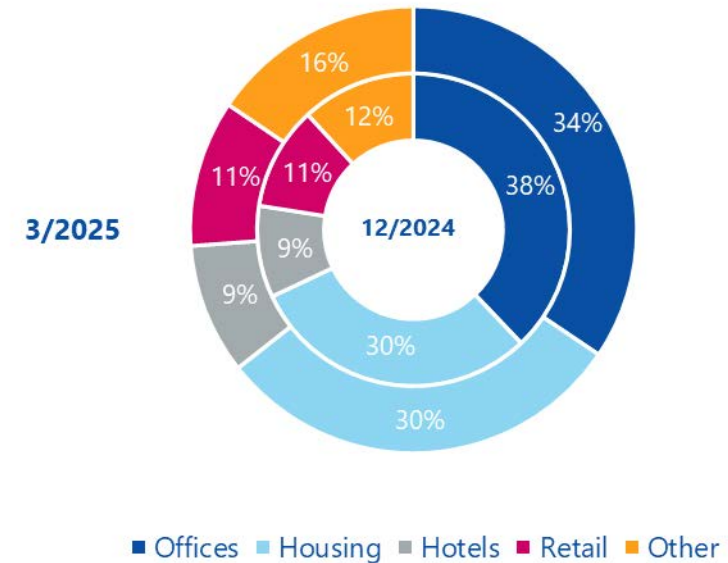


# 62 per cent of real estate investments, i.e. EUR 3.6 billion, in Finland

Real Estate Investments, € bn 5.8



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
1-3/2025	0.0	6.0	5.8	-4.3	-1.2	0.1
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
<b>Average nominal return</b>						
5 years	8.5	10.5	13.5	18.6	-2.4	1.0
10 years	5.2	6.7	5.7	12.5	-0.3	0.8
Since 1999 *	5.6	7.9	5.2	7.9	3.1	3.3
<b>Average real return</b>						
5 years	4.8	6.7	9.6	14.6	-5.7	-2.4
10 years	3.1	4.5	3.6	10.2	-2.4	-1.2
Since 1999 *	3.7	5.9	3.2	5.9	1.2	1.4

\* 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)

US equities = S&P500 Total Return Index

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