



# Varma's Financial Statements 2025

---

VARMA

# The year 2025 in figures

Solvency

**135.7%**

Value of investments

**68.3** billion €

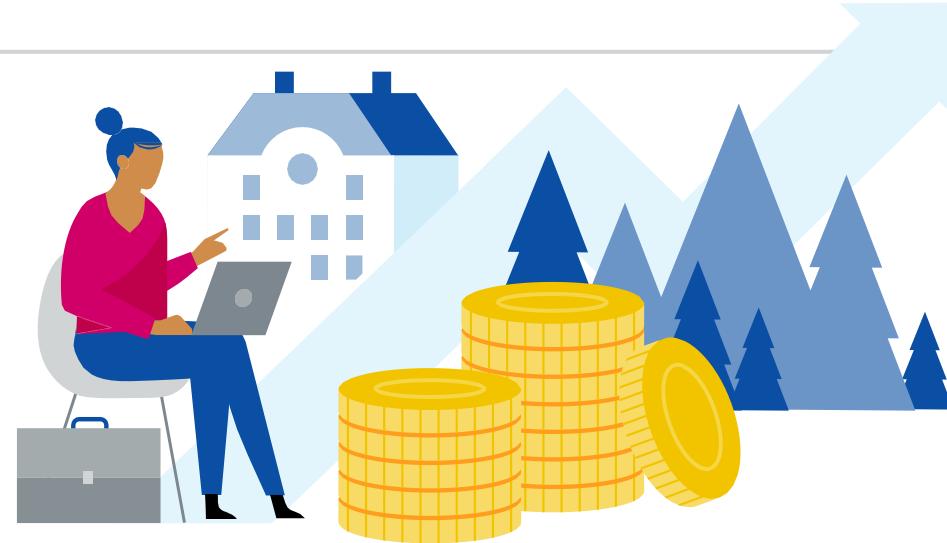
Solvency capital

**18.2** billion €

Return on investments

**7.5%**

Varma's investments yielded EUR 4.8 billion last year. The return on equities was strong. Finnish equities delivered the highest returns.



Efficiency (operating expenses of total TyEL payroll and YEL income)

**0.28%**

Premiums written

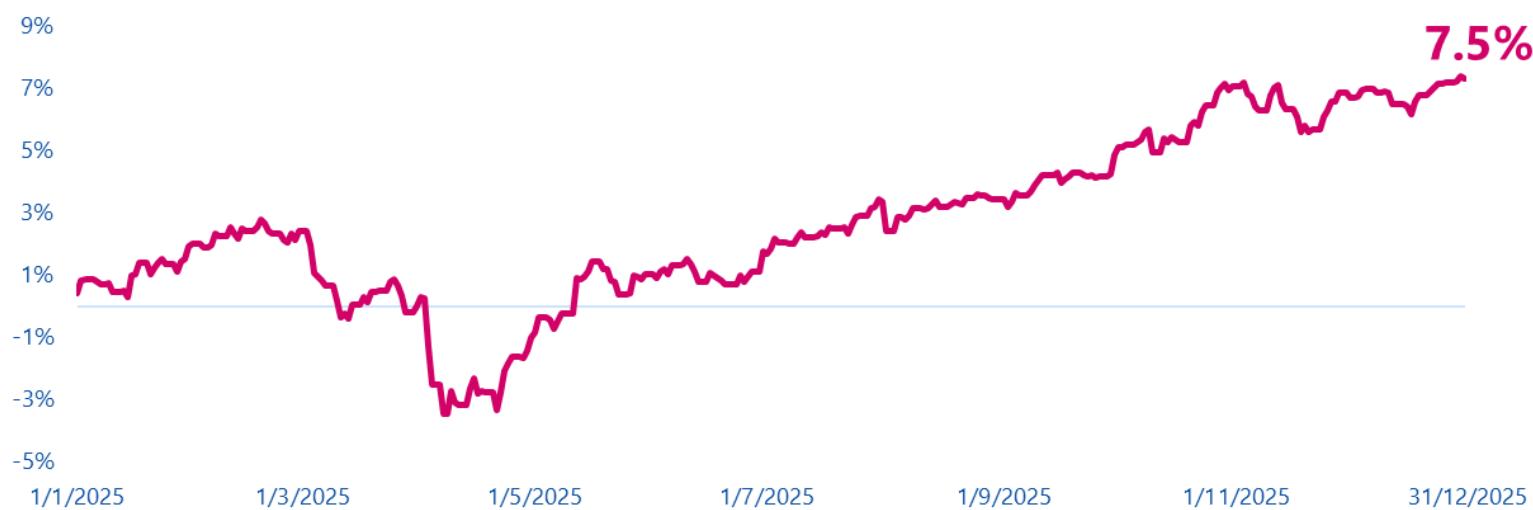
**6.9** billion €

Pensions paid

**7.7** billion €

**VARMA**

# 7.5 per cent return on Varma's investments

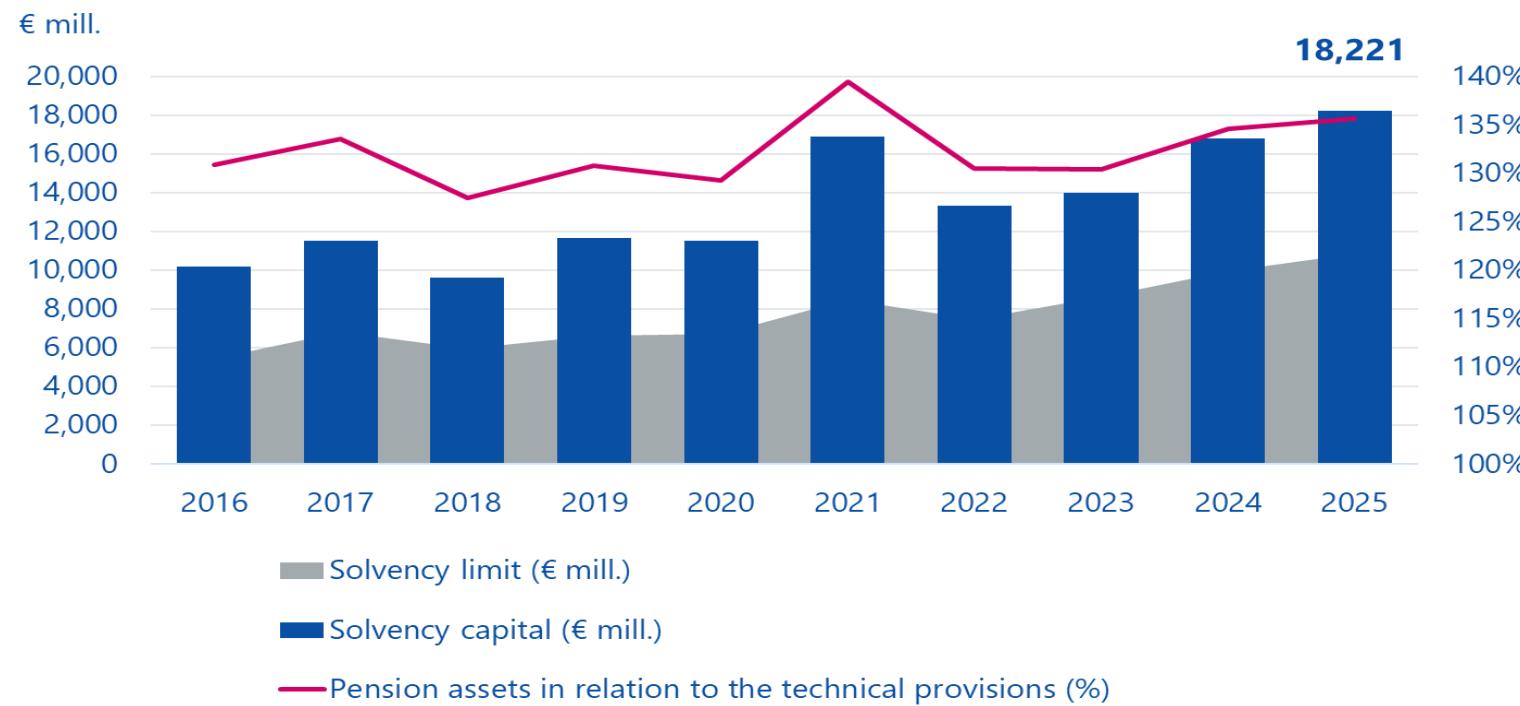


”

It was a good year for investors. There was considerable uncertainty related to geopolitics, but ultimately, for example, the import tariffs imposed by the USA had only minor impacts on the markets' development. After a few lacklustre years, Finnish equities saw a welcome recovery in returns.

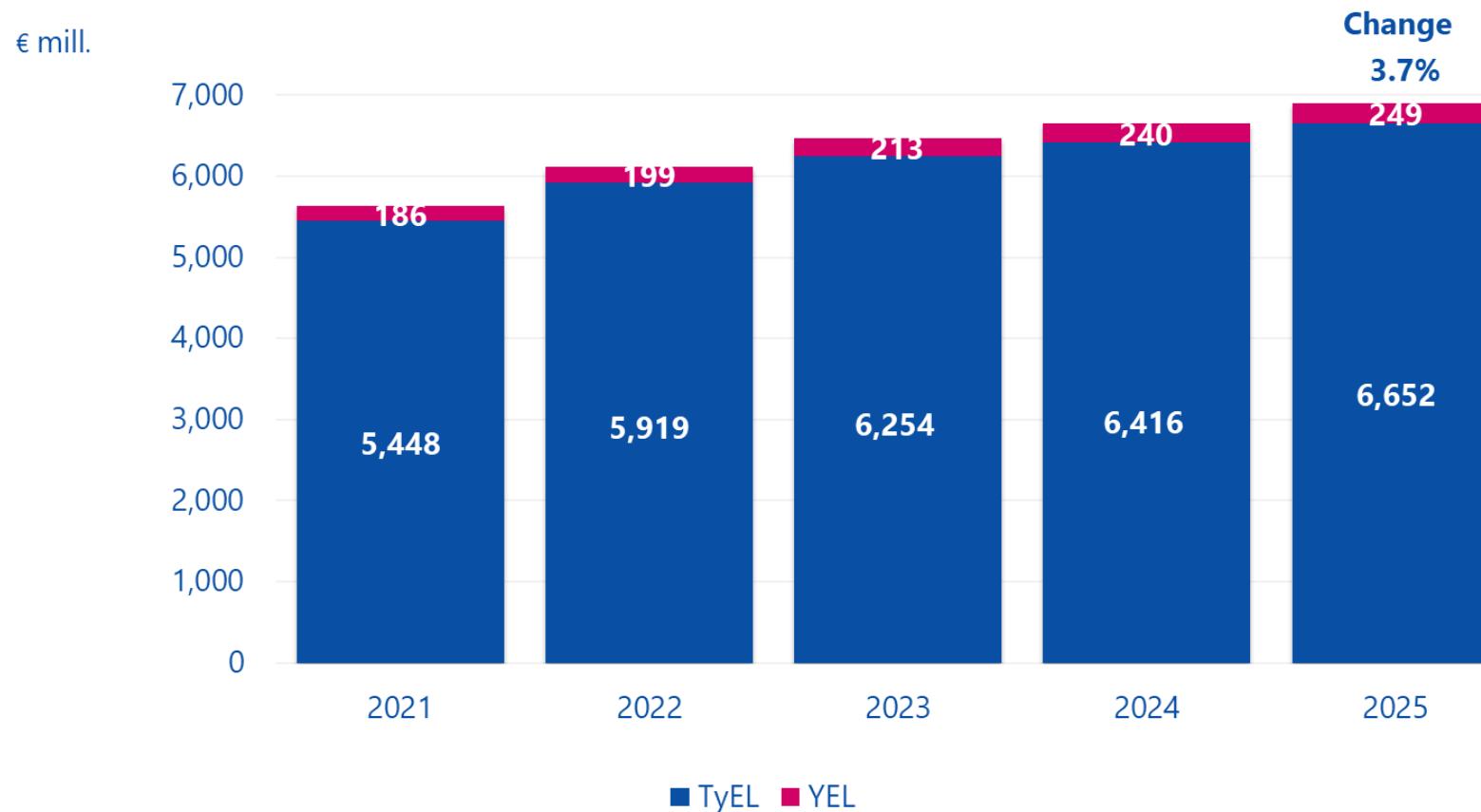
**Risto Murto**  
President and CEO

# Varma is the most solvent earnings-related pension company



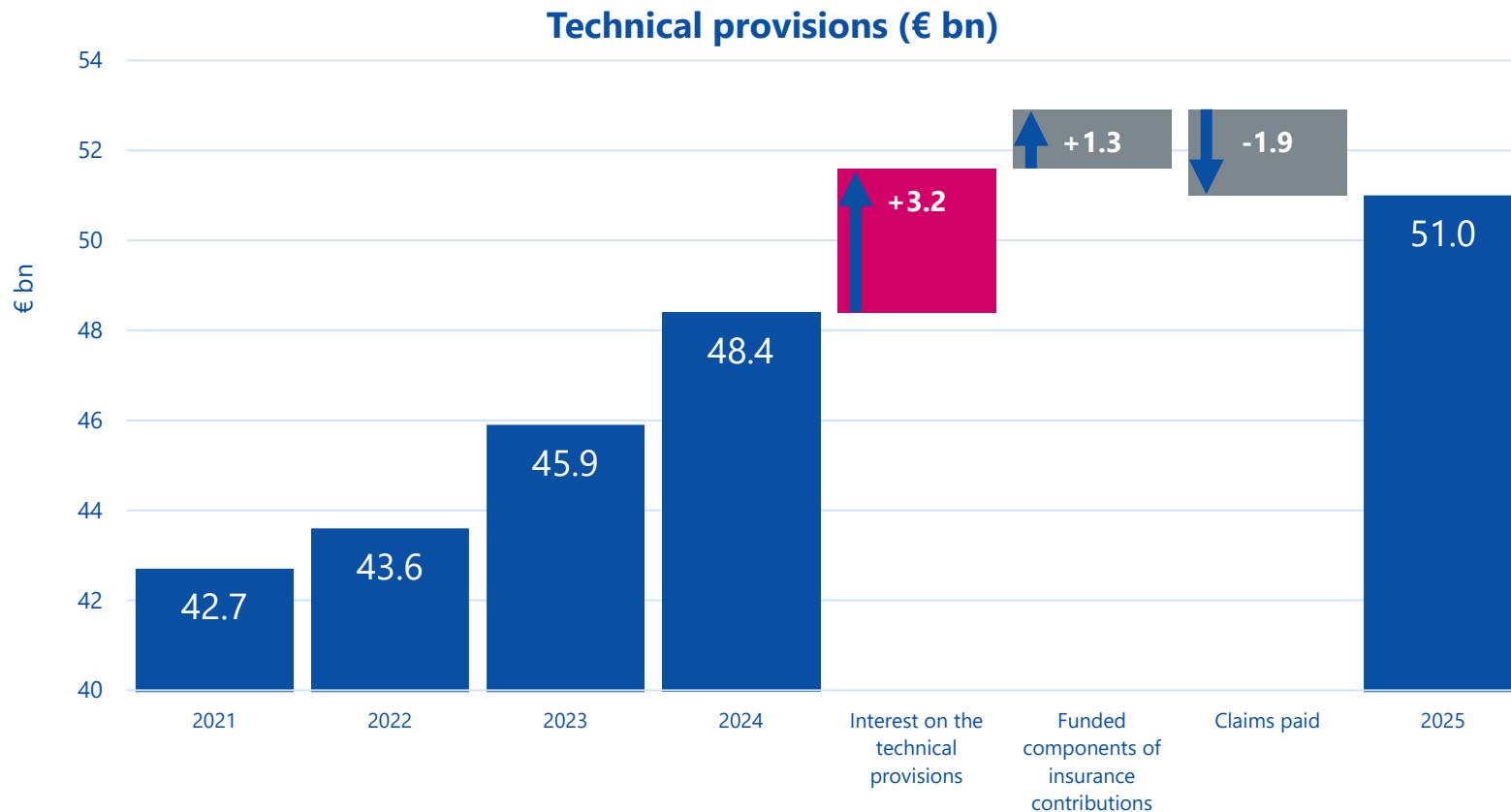
- Varma's solvency remained strong, at **EUR 18.2 billion**.
- Solvency capital was **1.7 times** the solvency limit.
- The solvency ratio was **137.5** per cent.
- The strong solvency gives better opportunities to make use of the equity market's ups and downs in the pursuit of returns.

# Premium income



- Varma's premium income totalled **EUR 6.9 billion**, of which TyEL insurance accounted **for EUR 6.7 billion** and YEL insurance for **249 million**.
- Premium income increased **3.7 per cent** compared to 2024.

# High equity returns increased the technical provisions

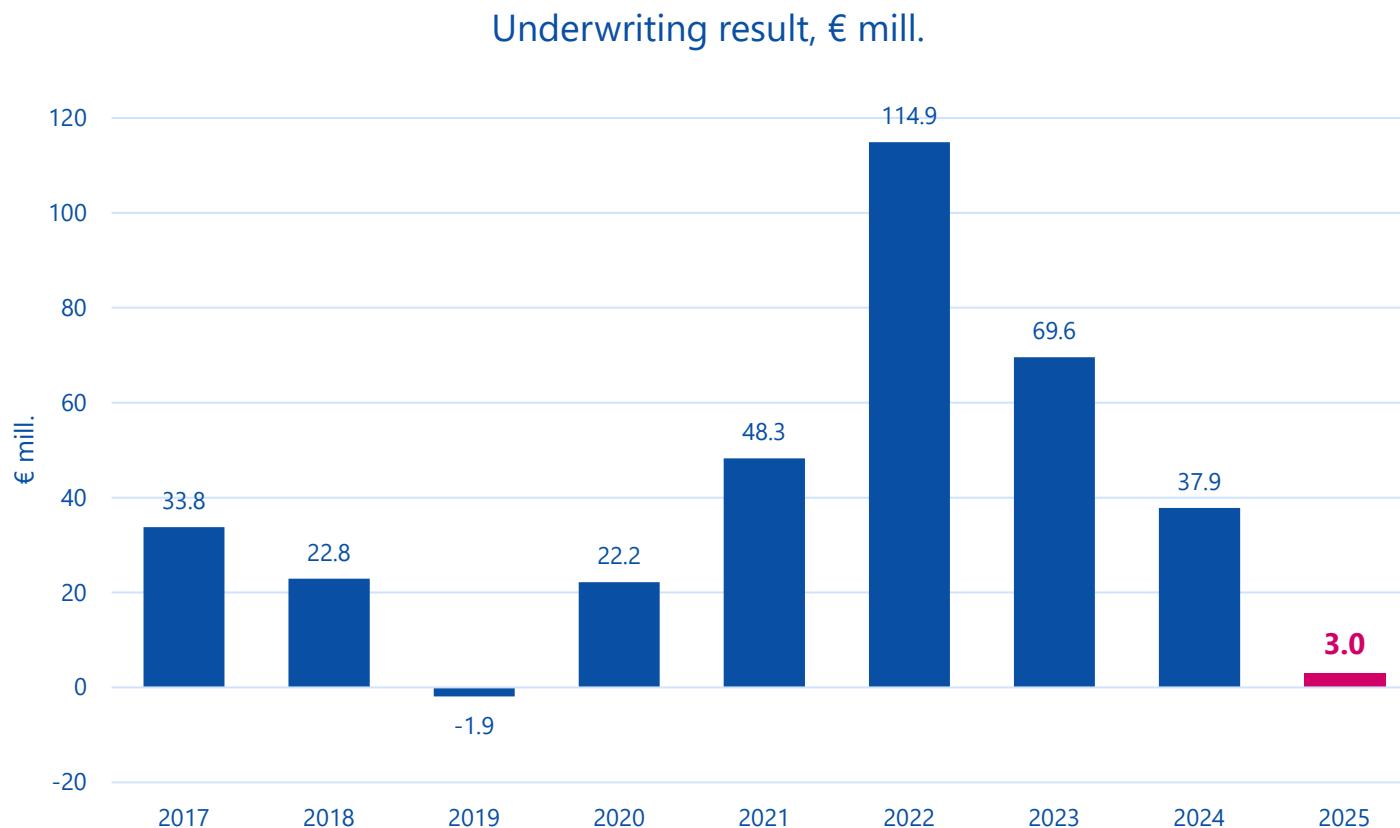


The technical provisions of an earnings-related pension insurance company means the amount of money reserved for paying future pensions.

The technical provisions were increased especially by the interest credited on them, which includes the **impact arising from the equity linkage of the technical provisions (EUR 1.3 billion in 2025)**. As a result, the technical provisions increase when the return on equities is high and decrease when the returns are low.

In this context, the technical provisions include technical provision items that are borne by the company, the provision for pooled claims that acts as a buffer for the pay-as-you-go system, and the **equity-linked provision for current and future bonuses**.

# Moderate surplus from the underwriting business



**The result of the underwriting business under Varma's responsibility was EUR 3.0 million in 2025.**

The underwriting business consists of the old-age pension and disability pension business and contribution loss.

The underwriting result describes the sufficiency of the contribution components and technical provisions under the company's responsibility in relation to the company's claims expenditure.

**Prudent actuarial principles aim to generate a moderate surplus.**

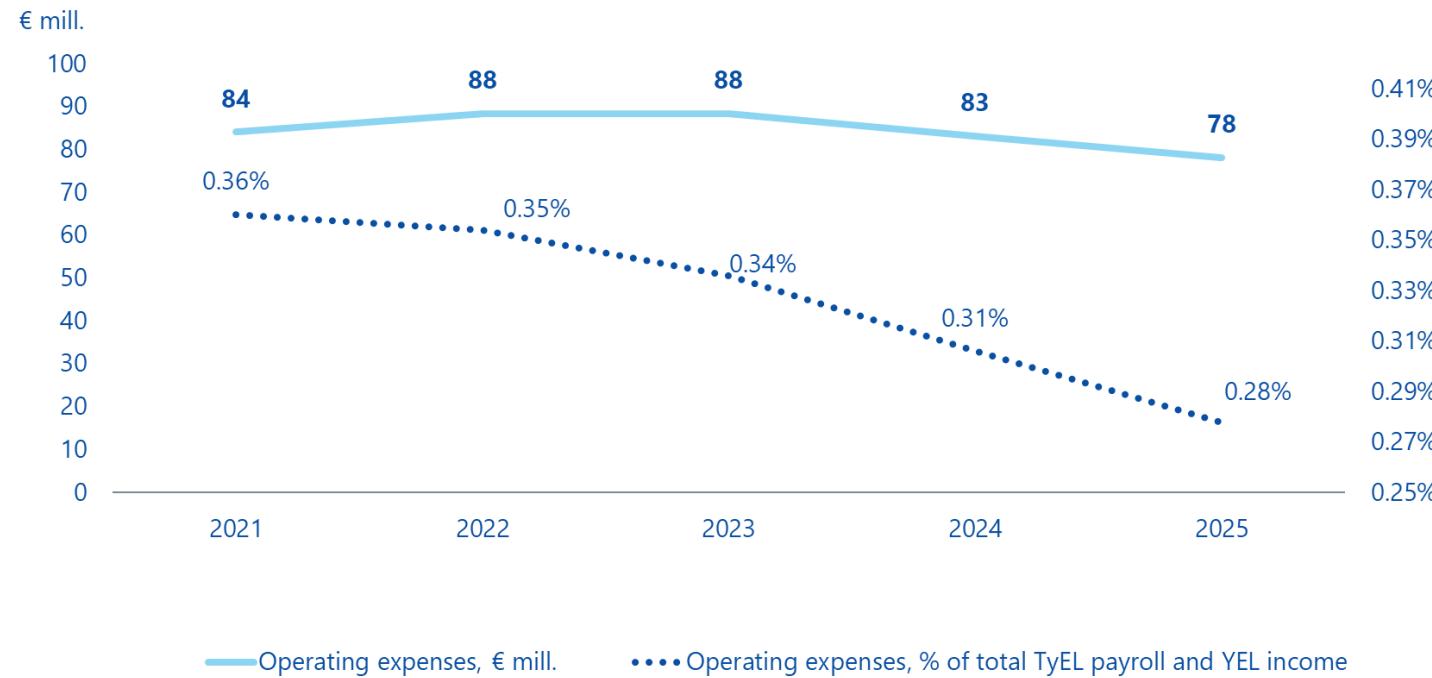
The high underwriting result in recent years is explained especially by lower-than-expected disability expenditure and higher mortality due to the Covid pandemic.

# Development of investment returns and solvency

---

	1-12/2025	12 months	1-12/2024
Investment return (MWR)	7.5%	7.5%	10.2%
<hr/>			
	12/2025	12/2024	
Solvency capital (€ mill.)	18,221	16,793	
Solvency capital / solvency limit	1.7	1.7	
Solvency ratio (%)	135.7	134.6	
Investments at fair value (€ mill.)	68,287	64,354	

# Varma's operating expenses decreased by EUR 5 million



- Varma further improved its operational efficiency during the year.
- The operating expenses related to TyEL and YEL business decreased by a total of EUR 5 million from the previous year.
- Operating expenses amounted to EUR 78 million.
- Operating expenses totalled 0.28 per cent of total TyEL payroll and YEL income.

# Current pension topics

---



# Varma takes care of the pension cover of 975,000 people

---



Insured employees  
and entrepreneurs

**626,000**



Pensioners

**348,000**



Pensions paid

**€7.7 bn**

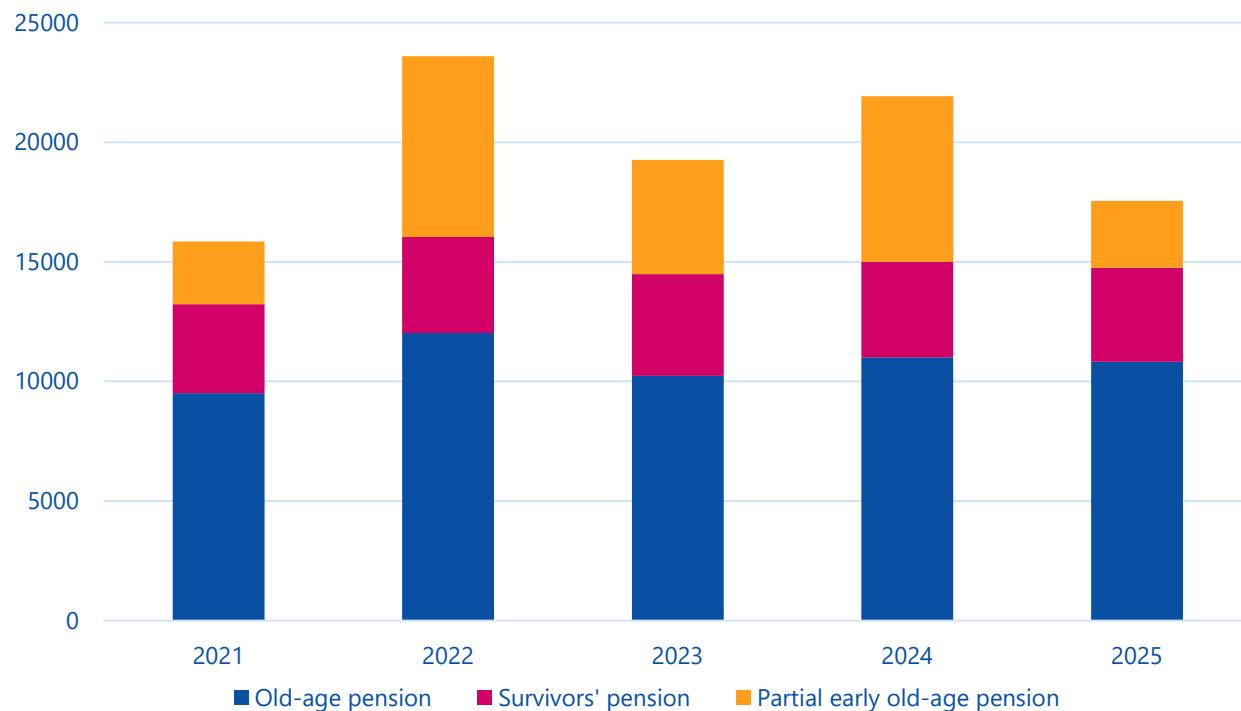
# Current information about pensions

---

- In 2025, we processed pension applications within 18 days (13 days) on average. The major system reform carried out at the start of the year temporarily lengthened the processing times.
- We issued around 49,000 pension decisions in 2025, which is nearly seven per cent less than in 2024. The number of decisions decreased in particular because in 2025 not a single age cohort reached the lowest age of eligibility for partial old-age pension, i.e. 62.
- Of new pensioners, 87.8 per cent received their first pension payment in the first month of their retirement, which means their income was uninterrupted.
- At the beginning of 2026, a 0.9 per cent index increase was made to current pensions.

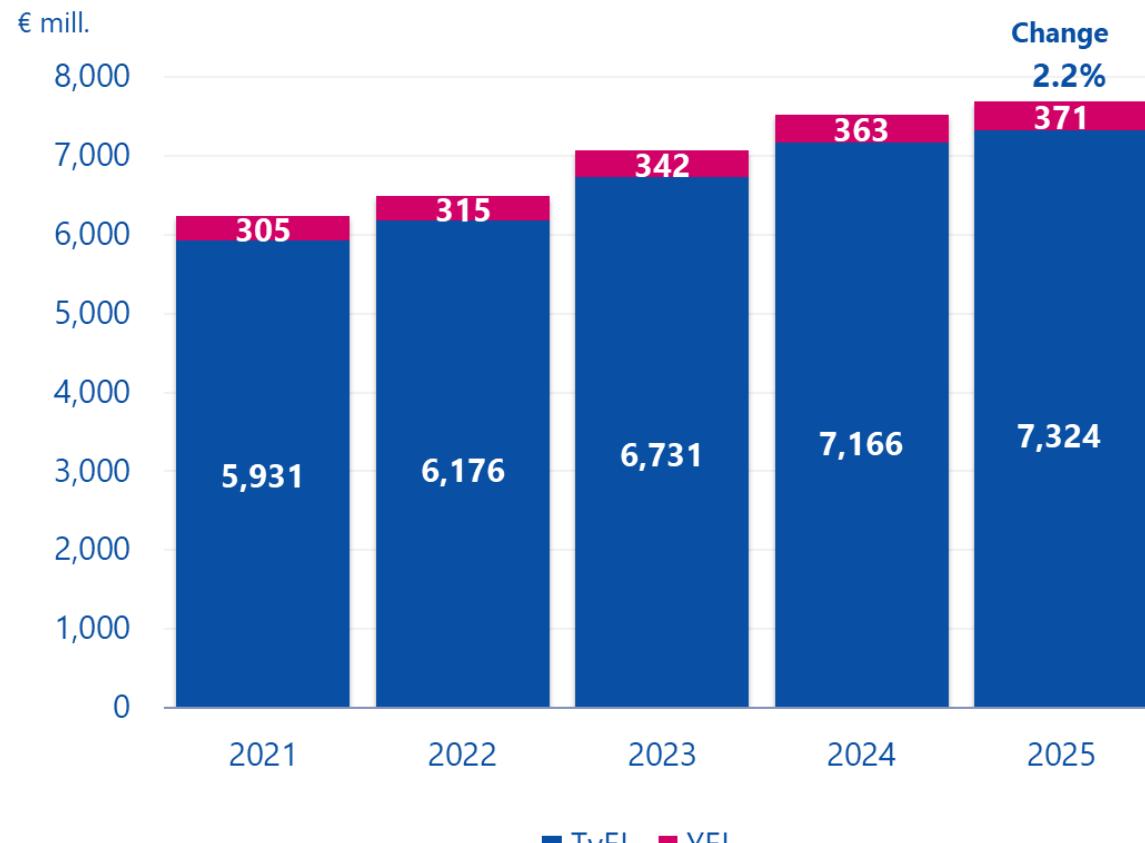


# Number of partial early old-age pension applications varied the most



- The total number of pension applications (old-age pension, partial early old-age pension and survivors' pension) has varied every year over the past five years.
- The number of old-age pensions and survivors' pensions has remained rather steady over the years.
- The main reason for the variation in applications is the number of applications for partial early old-age pension.
  - The reasons behind the growth in applications for partial early old-age pension in 2022 were financial uncertainty and the exceptionally large index increase applied at the start of 2023.
  - Partial early old-age pensions applications declined clearly in 2025, because in that year not a single age cohort reached the lower age of eligibility for that pension type.
  - The number of partial early old-age pension applications is expected to increase again in 2026.

# Pensions paid 2021-2025



- Varma paid out pensions in the amount of **EUR 7.7 billion**, of which TyEL insurance accounted for **EUR 7.3 billion** and YEL insurance for **EUR 371 million**.
- Pensions paid increased **2.2 per cent** from 2024.

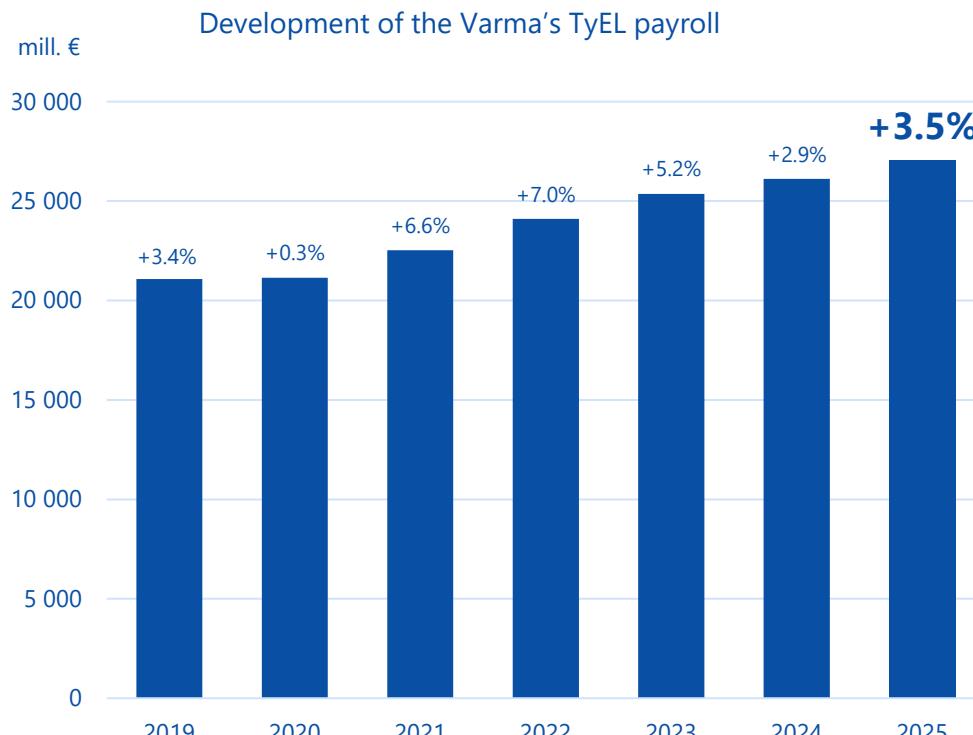
# Insurance and customer relationships

---

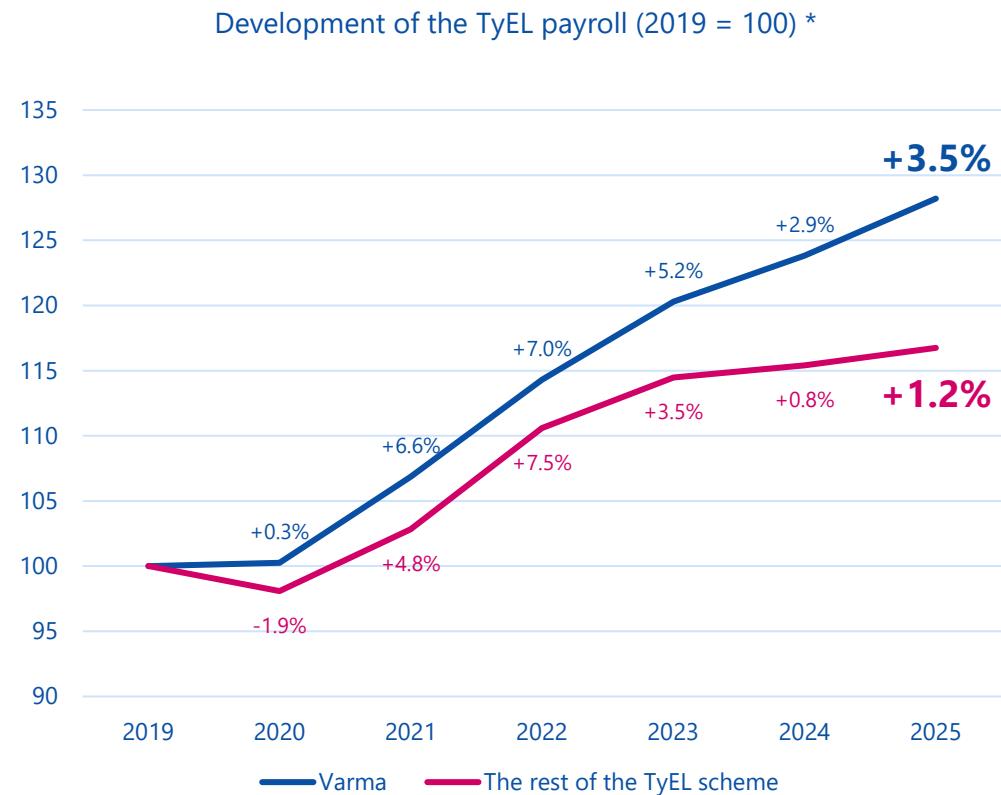


VARMA

# Successful customer acquisition supported brisker payroll development than in the TyEL system in general



Varma's Financial Statements 2025



\* Calculated using the Finnish Centre for Pension's monthly statistics

# Trust in Varma is reflected in the growing number of customers



**€640** million

**2.4%** of the payroll of the previous year

Net payroll of new TyEL customers



**5,700**

**16%** of the TyEL policies at the end of the previous year

Net number of new TyEL customers



**7,100**

**16%** of the YEL policies at the end of the previous year

Net number of new YEL customers

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

# Current customer topics

---



## Digital channels streamline services

Our customers can take care of their matters flexibly online, by phone or in chat. Seamless co-operation between the channels makes interactions smooth and fast. Automation helps speed up the activation of insurance and supports a consistent service experience.

Corporate customers' satisfaction with our daily customer service remained high and was given a score of 3.7 (scale: 1–4).

## Varma works with startups on a daily basis

We support the growth of Finnish companies and encourage entrepreneurs to innovate. Investing in unlisted companies is a natural way for us to be involved in building companies' growth stories.

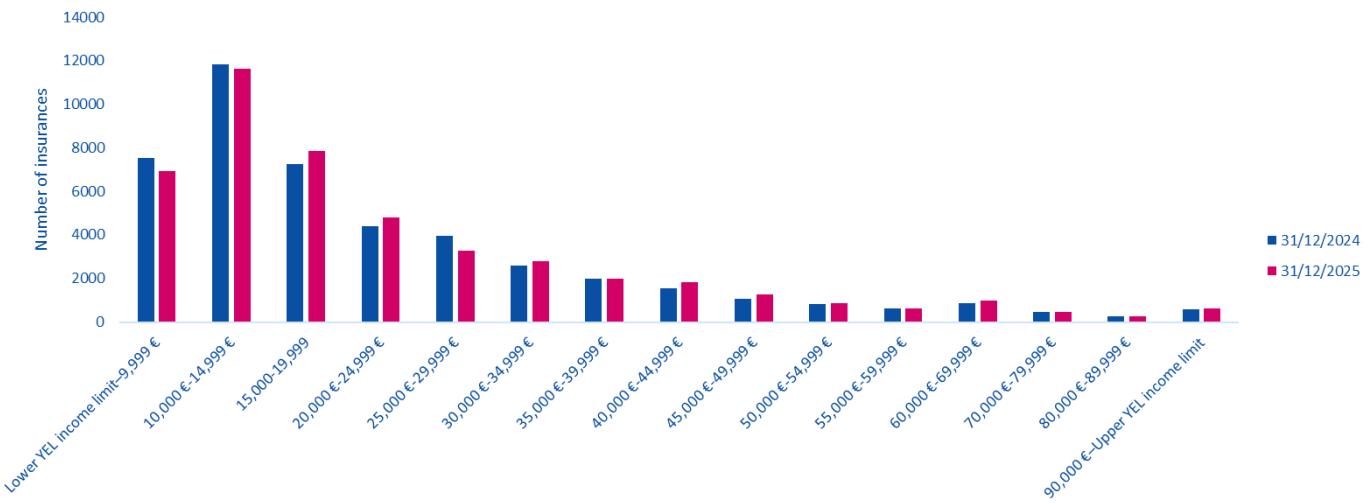
We participated in the Slush startup event for the first time in November. Our stand, with the theme Art of Boring, generated significant buzz among the visitors.

## Revamped services to support work ability

Our renewed specialist services in work ability management enable the flexible creation of service packages based on the client company's situation and needs.

Services developed with a multidisciplinary approach help identify disability risks early on and target measures effectively, always keeping the customer's situation in mind.

# Breakdown of YEL income



- Varma reviewed the YEL income of around 12,000 entrepreneurs in 2025. The income of 45 per cent of those entrepreneurs was already at the correct level. YEL income was reviewed for entrepreneurs whose income exceeds EUR 25,000 per year or for those whose income was not reviewed in the previous two years.
- The project initiated by the Finnish government to determine the development needs related to the pension security of the self-employed, i.e. the YEL system, was completed in late 2025.
- The view of pension insurance companies is that the definition of entrepreneurs' YEL income should be changed from the current method based on estimation to one that is based on actual earnings.
- The Finnish Government has initiated a dialogue with entrepreneurs and announced that it is ready to reform the YEL system.
- Under the 2023 amendment to the YEL act, earnings-related pension companies must review entrepreneurs' income every three years.

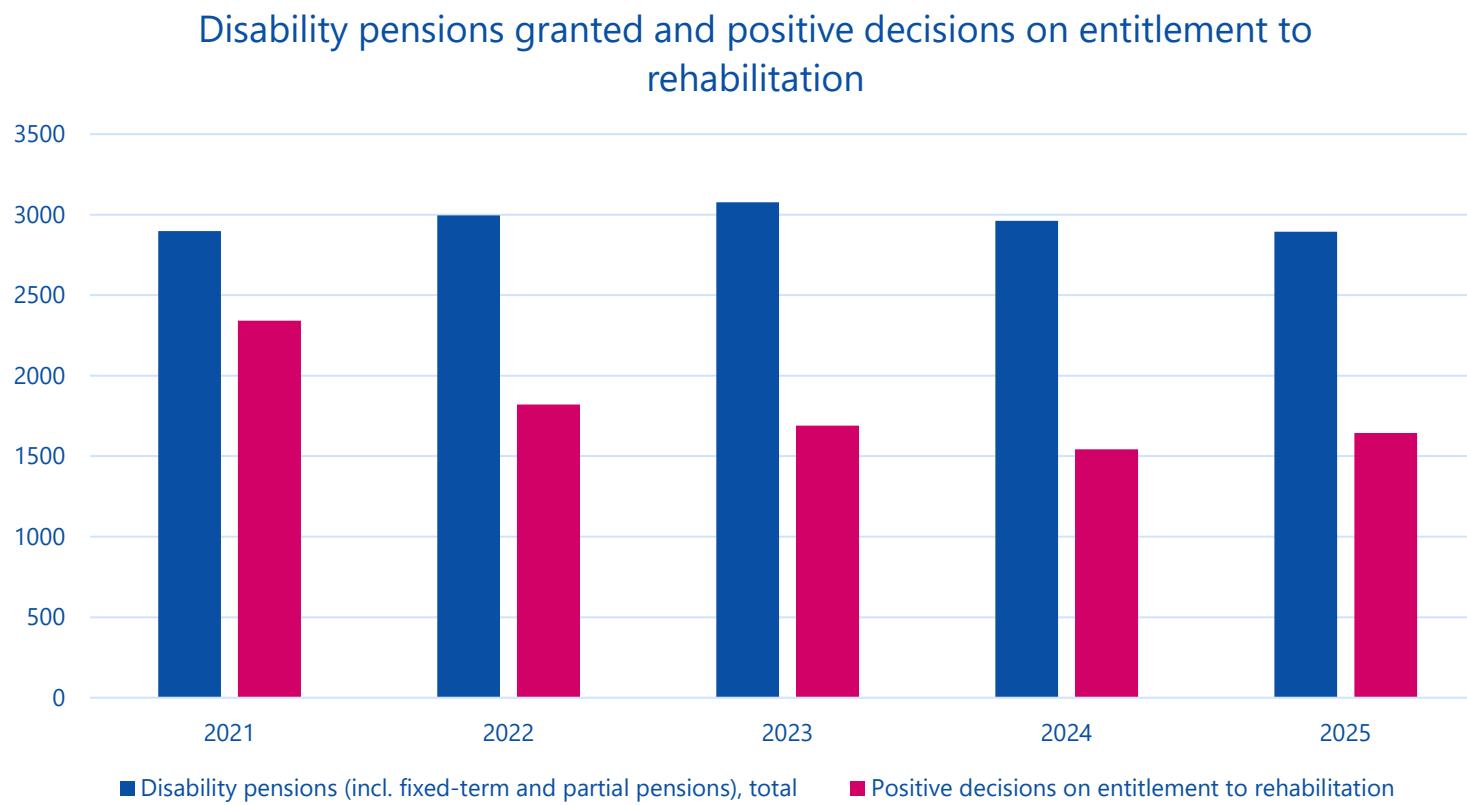
A close-up, profile photograph of a woman with short, vibrant pink hair. She is looking down and to her left with a neutral expression. She is wearing a dark blue zip-up hoodie. The background is a plain, light grey.

# Disability risk management

---

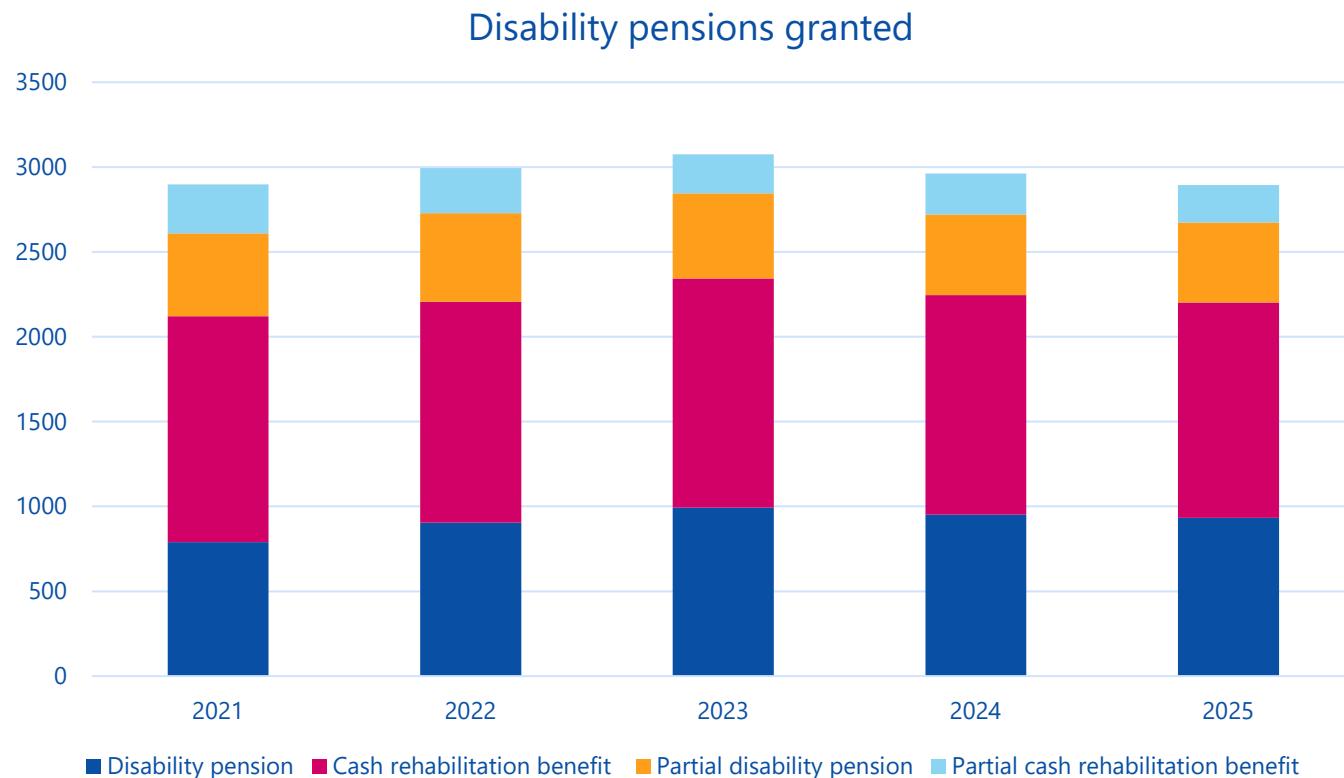
VARMA

# The number of new disability pension applications fell slightly



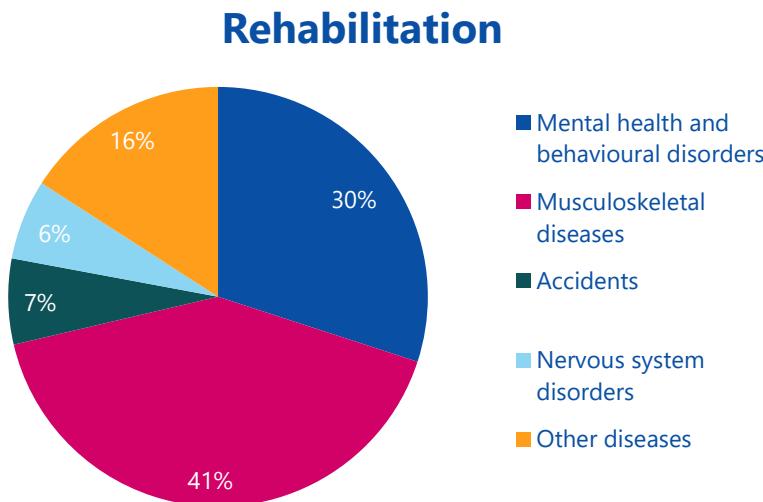
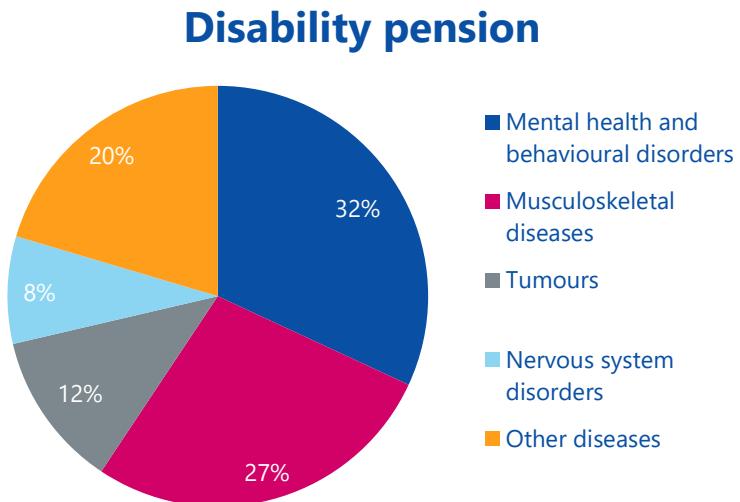
- Disability pension can be granted as a permanent or fixed-term benefit, i.e. as a cash rehabilitation benefit.
- The means of vocational rehabilitation aim to prevent disability and support continuing at work and returning to work despite health limitations.
- The number of new disability pension applications decreased by around 3 per cent in 2025 compared to the previous year. The number of new disability pensions granted likewise decreased.
- There were slightly more positive rehabilitation entitlement decisions in 2025 than in 2024.

# New disability pensions granted around the same level as the previous year



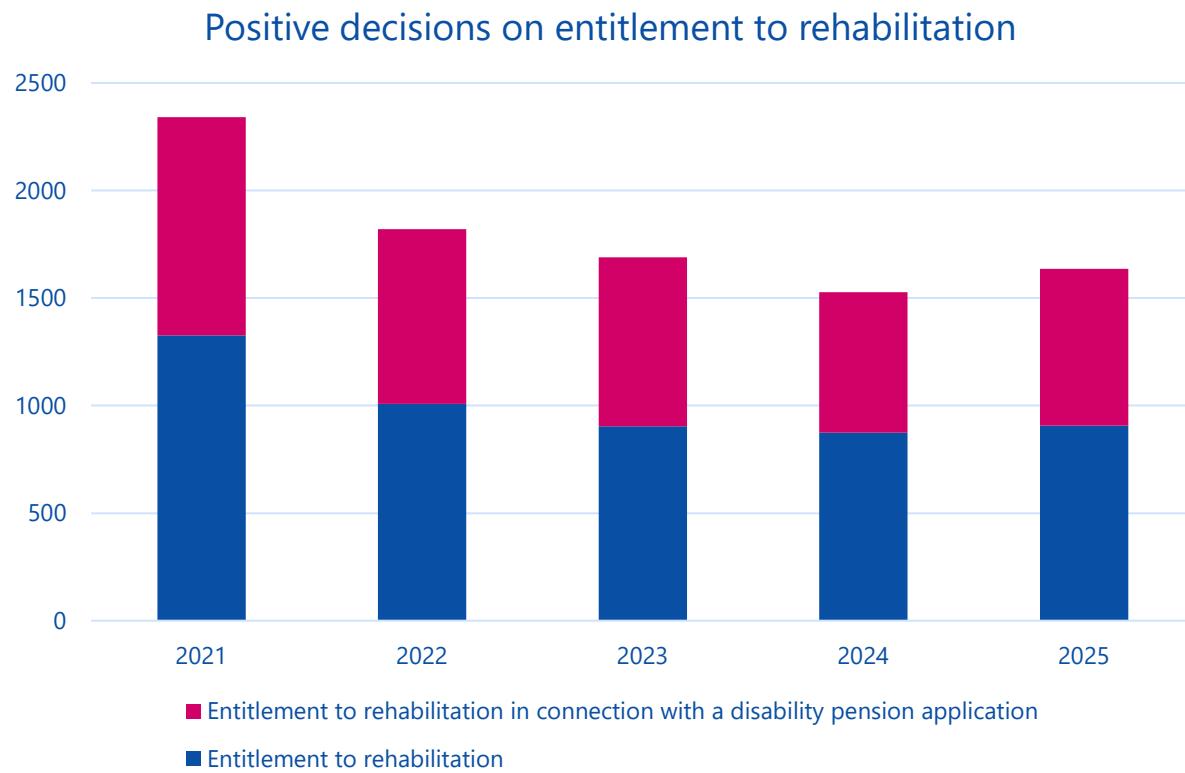
- Around 2 per cent fewer new disability pensions were granted in 2025 compared to the previous year.
- Most new disability pensions were granted to those over 55. The largest single disease group in older age cohorts was musculoskeletal diseases.
- In younger age cohorts, positive decisions were focused on fixed-term cash rehabilitation benefits based on mental health disorders.
- Of all new disability pensions granted, some 52 per cent were fixed term and around 24 percent were decisions on partial disability pensions.

# Mental health disorders most common reason for new disability pensions



- The most common reason for new disability pensions was mental health disorders. Musculoskeletal diseases accounted for the second-largest share of new disability pensions granted, followed by tumours.
- Musculoskeletal diseases were the foremost reason for granting vocational rehabilitation. Mental health disorders accounted for the second-largest share of vocational rehabilitation, followed by after-effects of accidental injuries.

# Vocational rehabilitation was granted slightly more 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.
- The number of positive decisions on entitlement to vocational rehabilitation has been decreasing for a long time, but in 2025 the number increased by roughly 7 per cent compared to 2024.
- Of all the positive rehabilitation decisions, 55 per cent were granted based on an application and 45 per cent in connection with a disability pension decision.

# Sustainability

---

VARMA

# Building a sustainable future

---

## together

Varma's Sustainability Programme 2026-2030



Safeguarding your  
pension



Preparing for the future  
by investing responsibly



Promoting sustainable  
work ability



A good workplace for  
our employees

**Our responsibility for pension assets compels us to prepare for the future.  
As the world evolves around us, we remain committed to advancing sustainability.  
In line with our strategy, we focus on actions that truly make a difference.**

# Sustainability in figures in 2025



**Varma has set science-based emission-reduction targets. Varma's SBT 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**

**-81%**

**Share of companies committed to the SBTi**

**56%**

**Women in Varma's Executive Group**

**55%**

**Varma employees' score for reconciling work and family life (scale: 1–5)**

**4.30**

**Varma employees' work ability index (scale: 1–5)**

**4.03**

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

**87.8%**

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

**3.6**

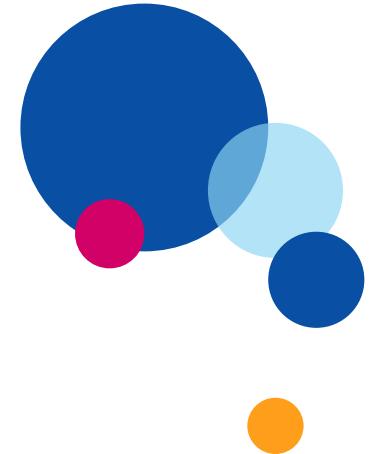
# External sustainability rating: Varma ranked in the top five per cent

- Varma retained the same overall score in the external EcoVadis global sustainability rating.
- The score earned Varma a gold medal in sustainability.
- The gold medal was granted to five per cent of the companies rated by Ecovadis.
- Ecovadis assessed the sustainability actions and practices of insurance companies. The assessment comprises four themes:
  - Environment
  - Labour & Human Rights
  - Ethics
  - Sustainable Procurement
- The assessment makes use of, among others, the ISO standards and the CSRD framework.



# Developments in sustainability in 2025

---



## Environment

- We examined our investee companies' policies concerning biodiversity and biodiversity loss. Our study indicated that water-related risks were given significantly more attention than before in biodiversity considerations.
- We joined the Finnish Energy Efficiency Agreement Scheme for the property sector for the years 2026–2035, committing to improve the climate efficiency and cost effectiveness of our real estate portfolio.



## People and society

- We monitor the social responsibility and remuneration matters of fund companies through annual questionnaires. In 2025, of the fund companies whose funds we had invested in, 78 per cent had conducted a human rights risk assessment and 50 per cent had linked responsibility to remuneration.

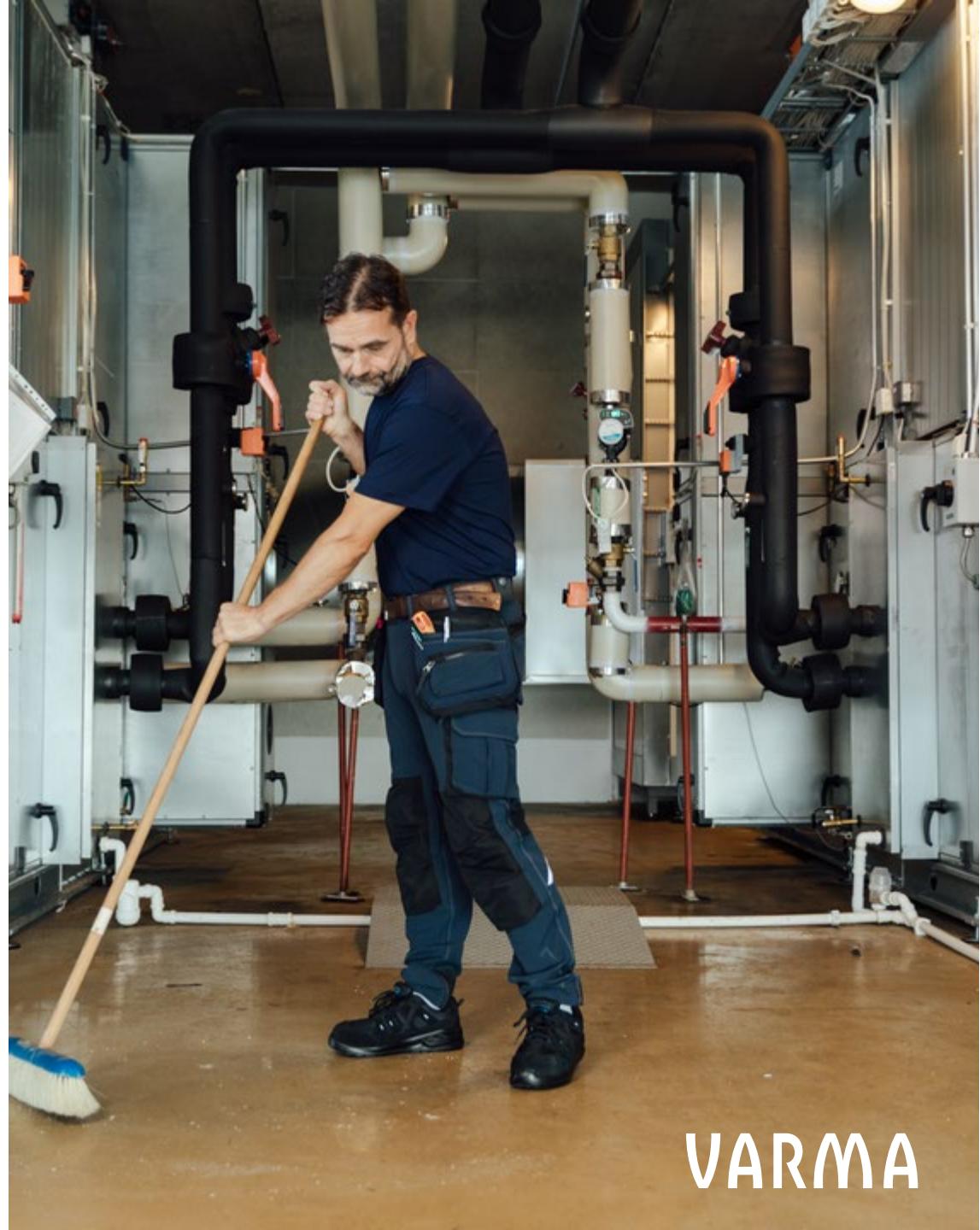


## Good governance

- We published our second sustainability report in accordance with the CSRD as part of Varma's Report of the Board of Directors 2025.
- We updated our Principles for Responsible Investment regarding the defence sector to enable investments in new business activities.
- We participated in the annual general meetings of 105 Finnish companies and around 600 foreign companies.

# Current topics in Sustainability

- The sustainability landscape is undergoing a transformation.
- Against a backdrop of polarisation, regulatory changes and climate change adaptation, the focus of sustainability is increasingly shifting towards risk management.
- At the same time, sustainability requirements for AI and supply chains, as well as discussions on shareholder rights, are reshaping ownership policy and governance practices.



A photograph of two women walking down a modern staircase. The woman on the left has blonde hair and is wearing a blue button-down shirt, a grey cardigan, and blue jeans. She is wearing glasses and a necklace. The woman on the right has brown hair and is wearing a bright pink button-down shirt and blue jeans. She is also wearing glasses. They are both smiling and looking towards the camera. The staircase has a glass railing and is located in a modern building with large windows and a brick wall in the background.

# Investment outlook

---

VARMA

# Economic outlook

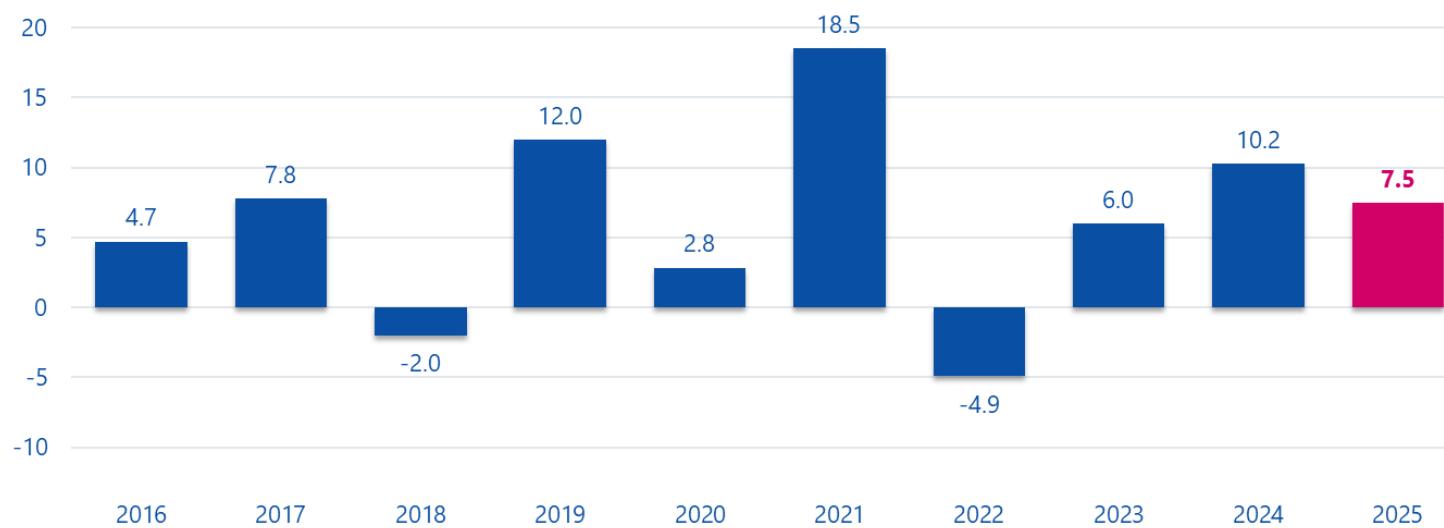
---

- The import tariffs imposed by the USA have had only minor impacts on the markets' development
- Investments in AI and data centres are driving economic growth in the USA
- Economic sentiment in Europe was also upbeat, but rolling out the planned investments might take some time
- Geopolitical risks are elevated
- The strong rise in Finland's equity market stood in stark contrast to the country's sluggish economic growth in 2025
- Stable global economic growth and the recovery of nearby markets raise hopes for an economic turnaround



# Return on investments

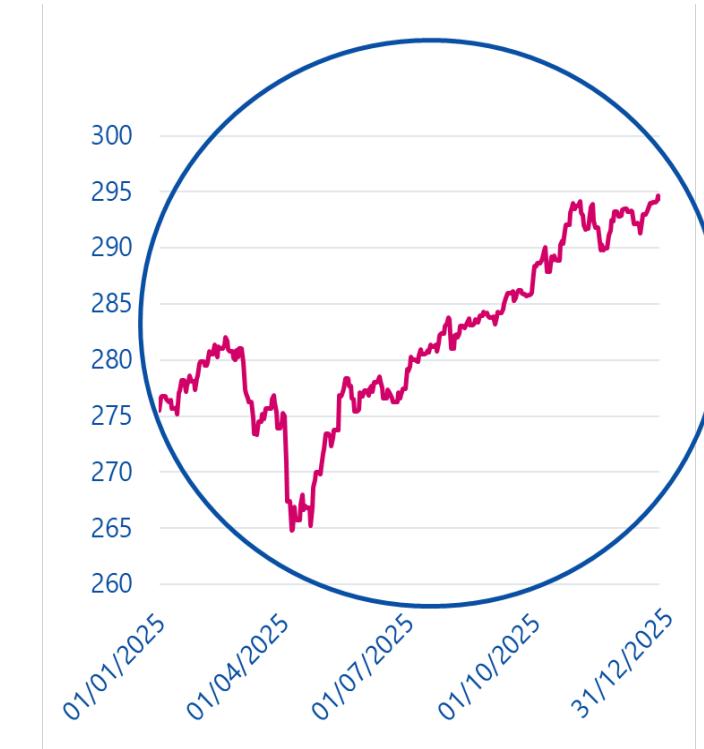
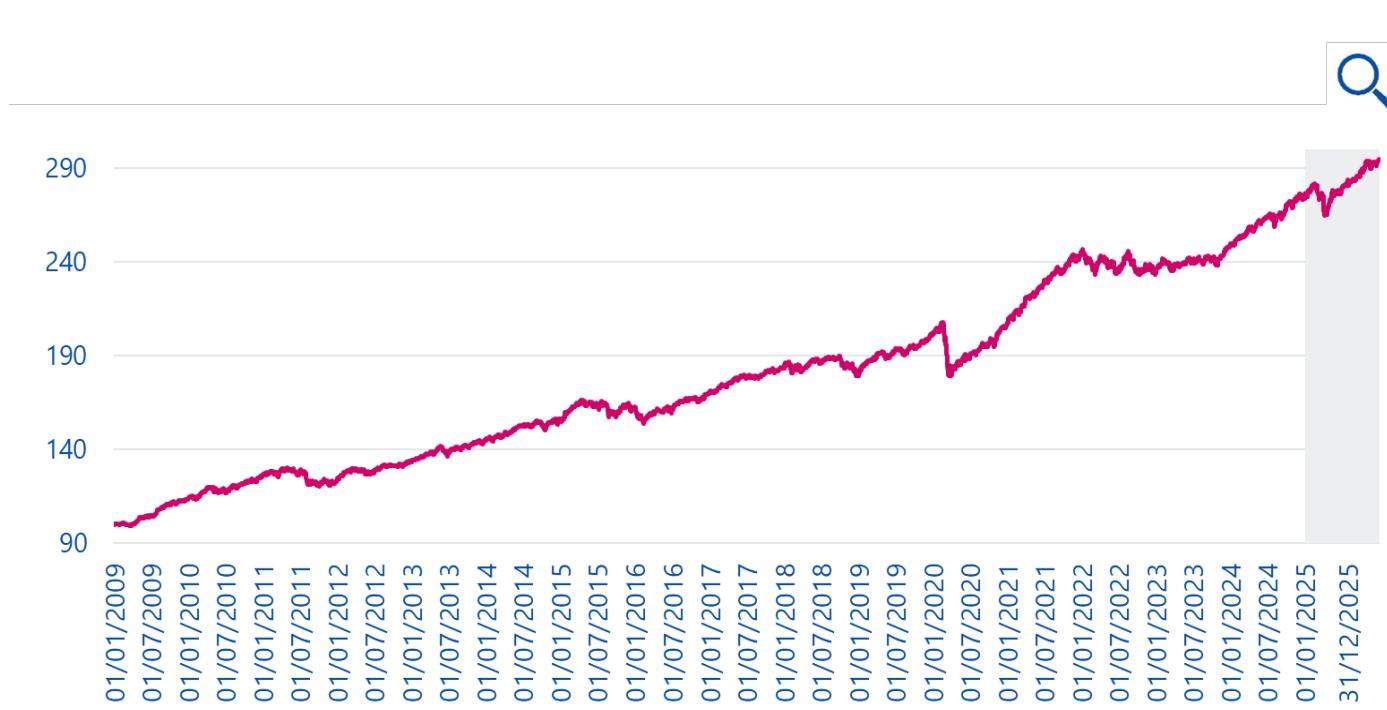
---



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

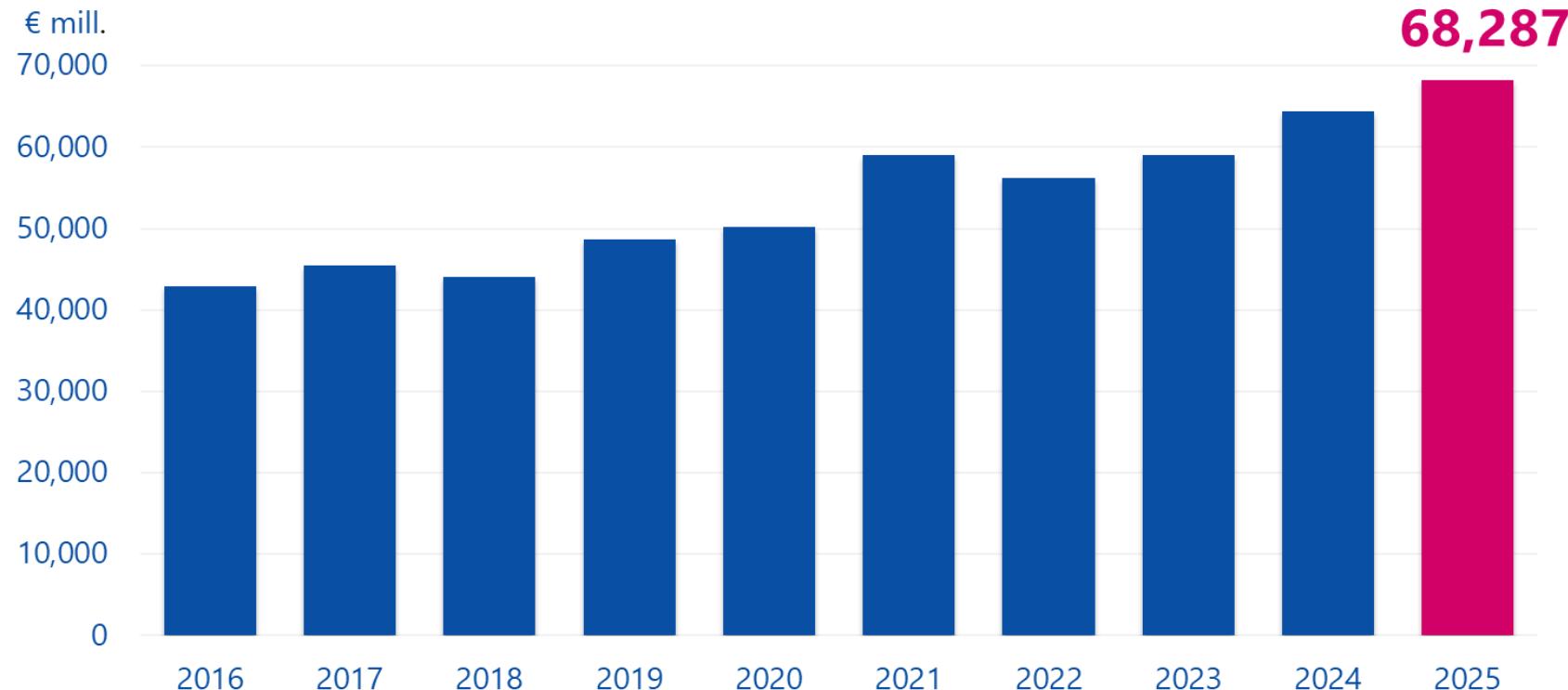
- The return on Varma's investments was **7.5** per cent in the year 2025.
- The investment portfolio amounted to EUR **68.3** billion at the end of the year 2025.

# Return development since 2009, cumulative return 195%, €47.7 billion

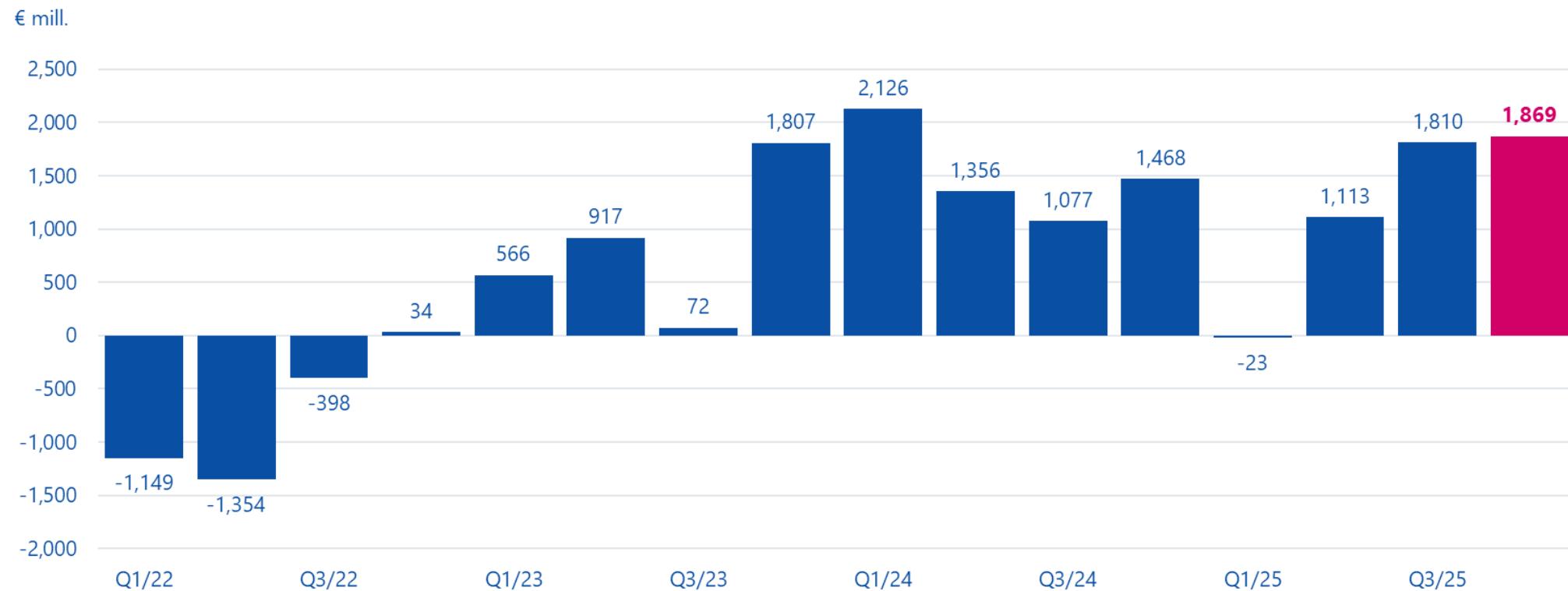


# The value of Varma's investments was EUR 68.3 billion

---

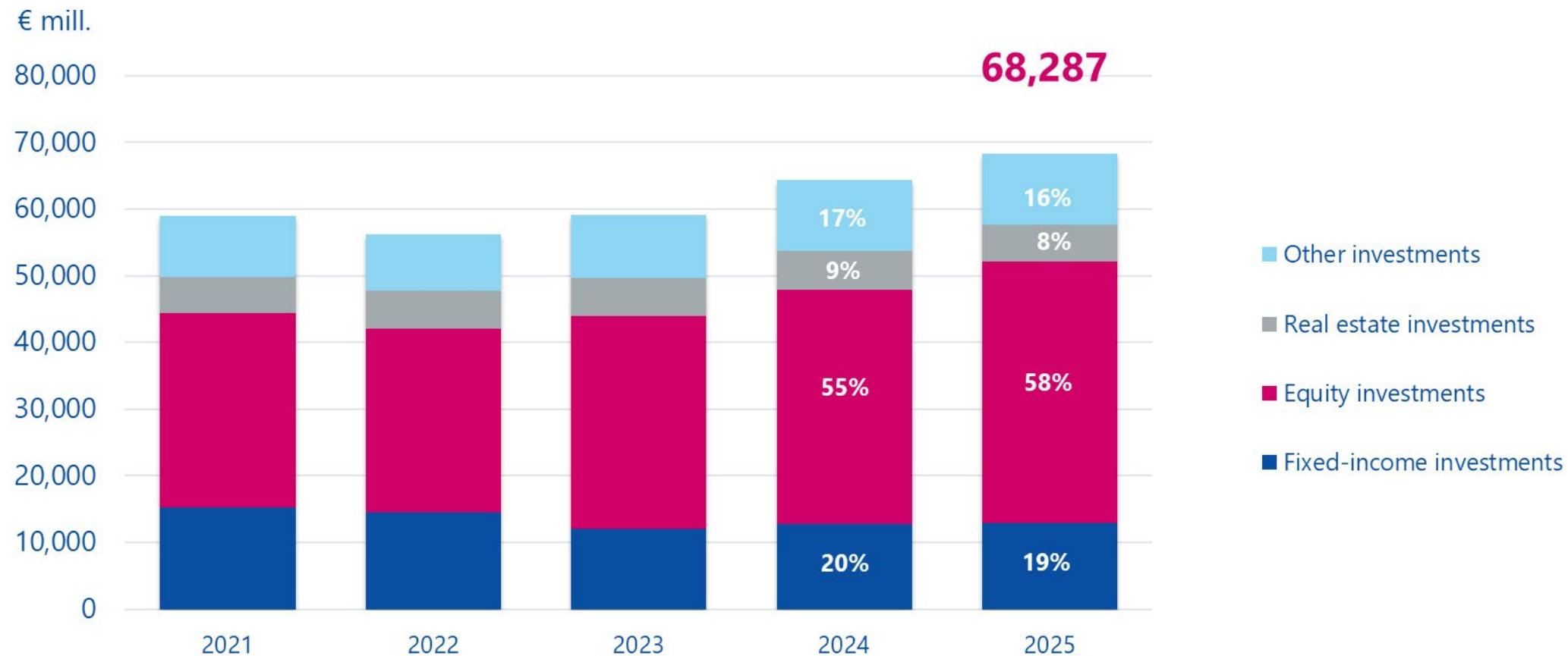


# Return on investments at fair values by quarter



# 58 per cent of investment assets in equities

---



# Investments classified according to risk

	31 Dec 2025 Market value				31 Dec 2024 Market value				01-12/2025	01-12/2024	24 m
	Market Value		Risk position		Market Value		Risk position		MWR	MWR	Vola-
	mill. €	%	mill. €	%	mill. €	%	mill. €	%	%	%	lity
<b>Fixed-income investments<sup>1</sup></b>	<b>12,927</b>	<b>19</b>	<b>13,845</b>	<b>20</b>	<b>12,815</b>	<b>20</b>	<b>34,854</b>	<b>54</b>	<b>4.1</b>	<b>4.7</b>	
Loan receivables	2,069	3	2,069	3	2,072	3	2,072	3	4.0	7.5	
Bonds	8,880	13	10,173	15	7,992	12	10,613	16	4.7	4.1	3.5
Public bonds	4,884	7	6,081	9	2,820	4	5,345	8	4.0	1.5	
Other bonds	3,996	6	4,092	6	5,172	8	5,268	8	5.3	5.9	
Other money-market instruments and deposits	1,979	3	1,603	2	2,751	4	22,169	34	2.1	3.6	
<b>Equity investments</b>	<b>39,274</b>	<b>58</b>	<b>39,640</b>	<b>58</b>	<b>35,134</b>	<b>55</b>	<b>35,437</b>	<b>55</b>	<b>10.6</b>	<b>14.9</b>	
Listed equities	26,777	39	27,143	40	22,408	35	22,711	35	16.4	16.5	8.9
Private equity	11,417	17	11,417	17	11,704	18	11,704	18	-0.6	12.0	
Unlisted equities	1,079	2	1,079	2	1,022	2	1,022	2	10.7	12.7	
<b>Real estate investments</b>	<b>5,470</b>	<b>8</b>	<b>5,470</b>	<b>8</b>	<b>5,717</b>	<b>9</b>	<b>5,717</b>	<b>9</b>	<b>1.0</b>	<b>-2.8</b>	
Direct real estates	2,956	4	2,956	4	3,028	5	3,028	5	0.2	-0.9	
Real estate funds	2,514	4	2,514	4	2,689	4	2,689	4	1.9	-4.9	
<b>Other investments</b>	<b>10,616</b>	<b>16</b>	<b>10,616</b>	<b>16</b>	<b>10,687</b>	<b>17</b>	<b>10,696</b>	<b>17</b>	<b>4.9</b>	<b>10.5</b>	
Hedge funds	10,616	16	10,616	16	10,667	17	10,667	17	5.0	10.5	1.1
Commodities								8			
Other investments						21		21			
<b>Total investments</b>	<b>68,287</b>	<b>100</b>	<b>69,570</b>	<b>102</b>	<b>64,354</b>	<b>100</b>	<b>86,704</b>	<b>135</b>	<b>7.5</b>	<b>10.2</b>	<b>3.8</b>
Impact of derivatives			-1,284	-2			-22,350	-35			
<b>Investment allocation at fair value</b>	<b>68,287</b>	<b>100</b>	<b>68,287</b>	<b>100</b>	<b>64,354</b>	<b>100</b>	<b>64,354</b>	<b>100</b>			

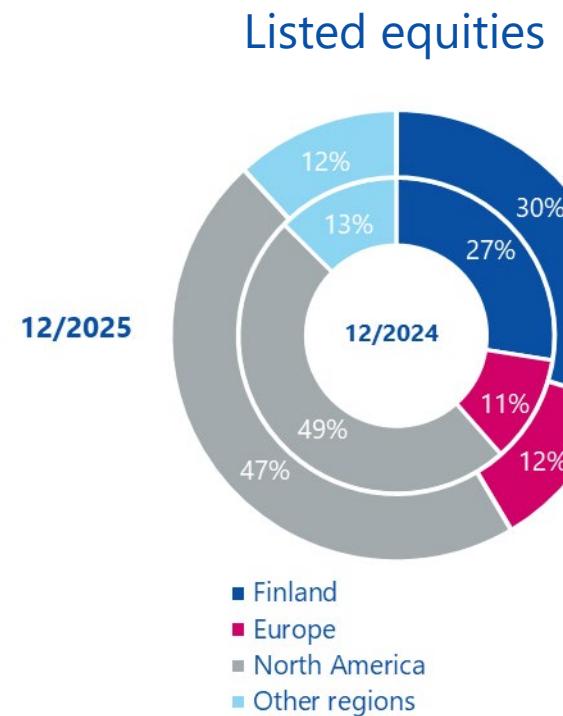
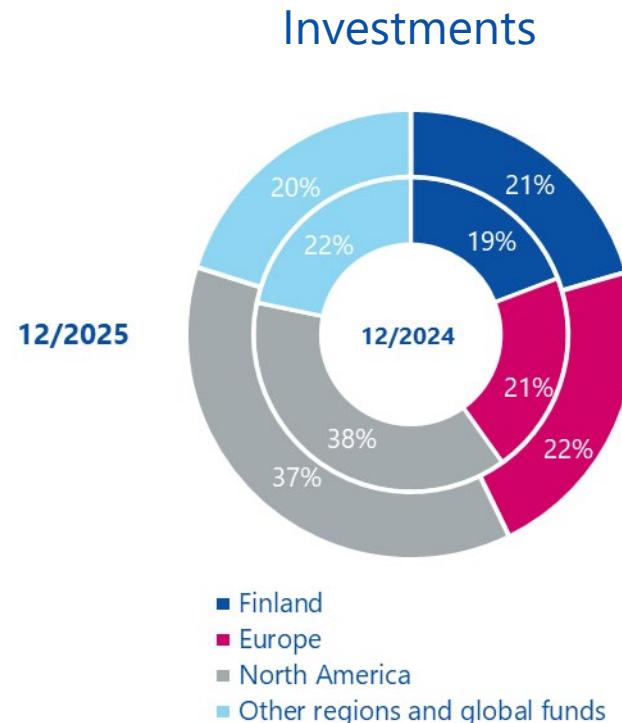
The modified duration for all the bonds is 6.47.

The open currency position is 29.4% of the market value of the investments.

<sup>1</sup> Includes accrued interest

# Geographical distribution of investments

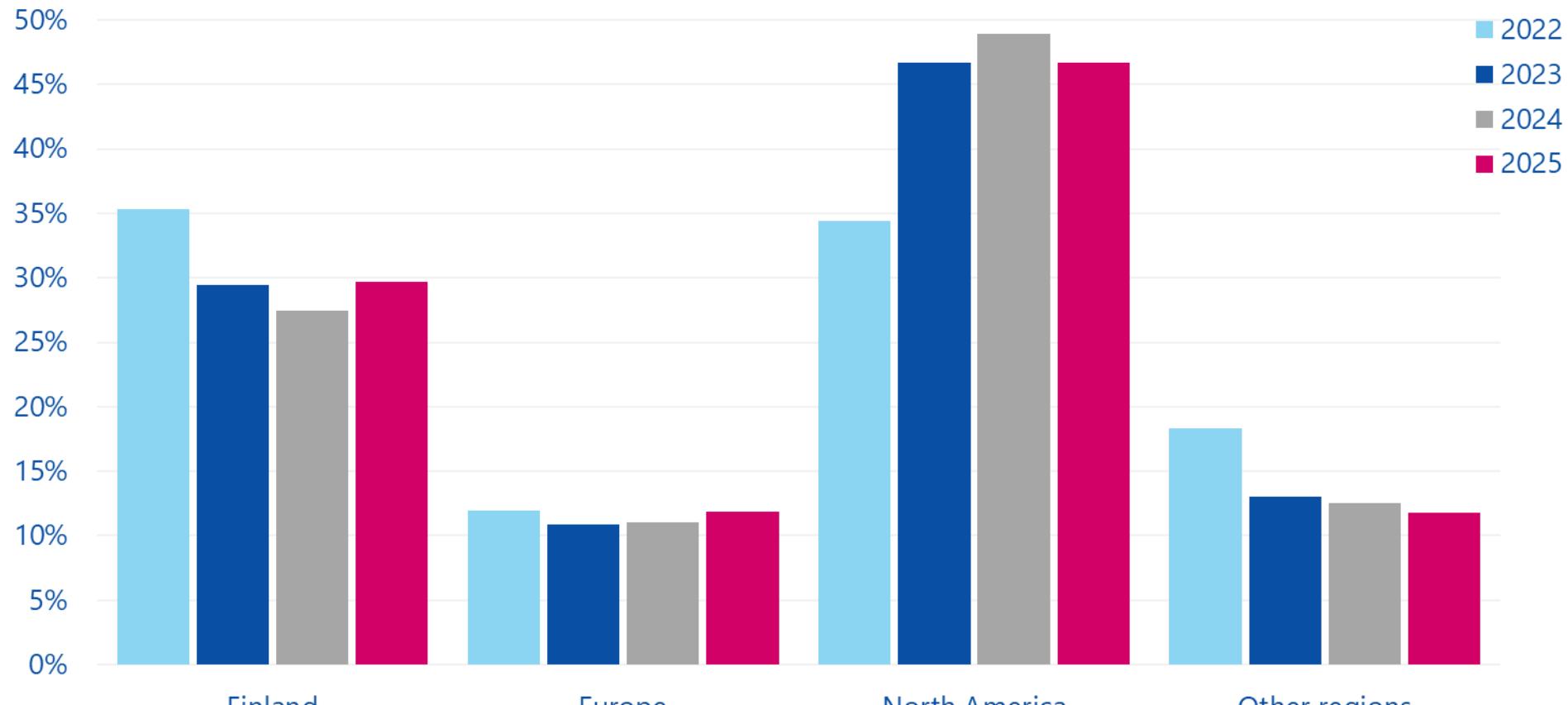
---



The group of other regions and global funds also includes investments in Finland, Europe and North America.

# Geographical distribution of listed equities

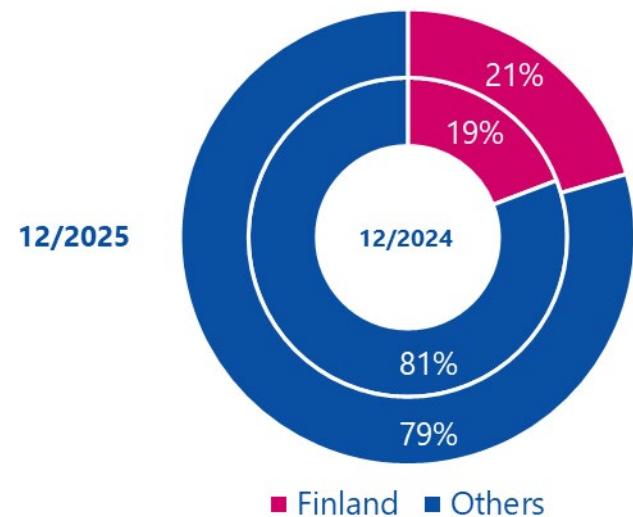
---



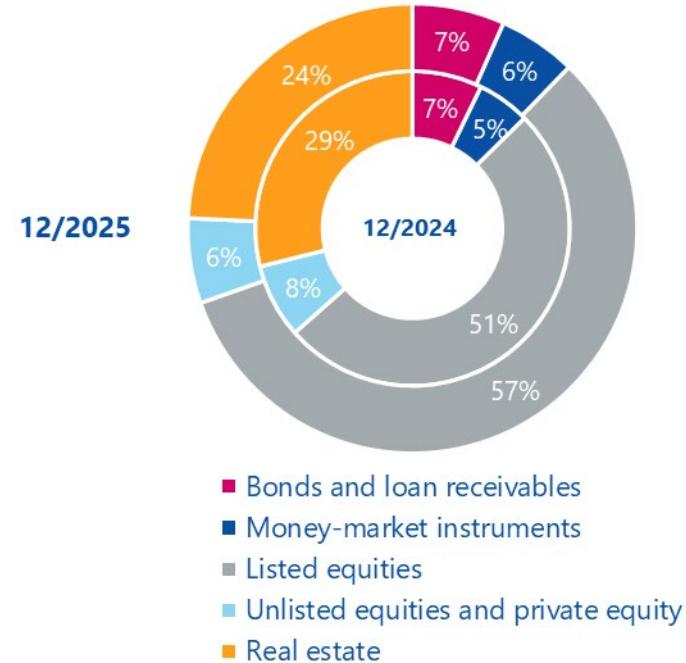
# Investments in Finland 21 per cent, i.e. EUR 14.0 billion

---

Investments in Finland

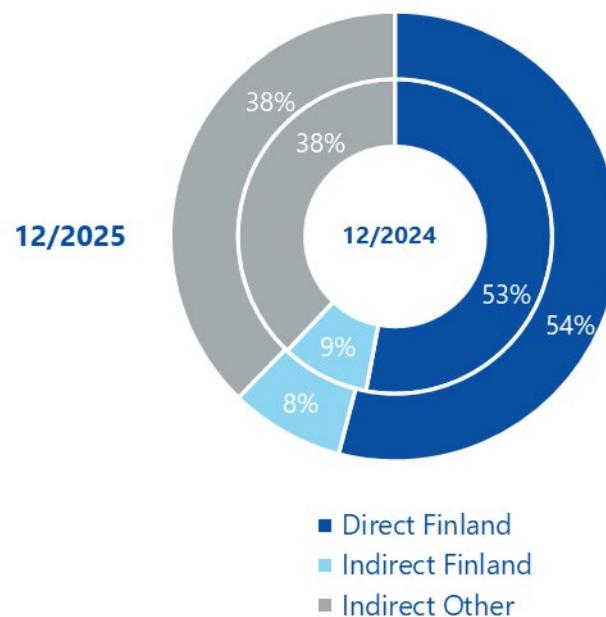


Distribution of Finnish investments

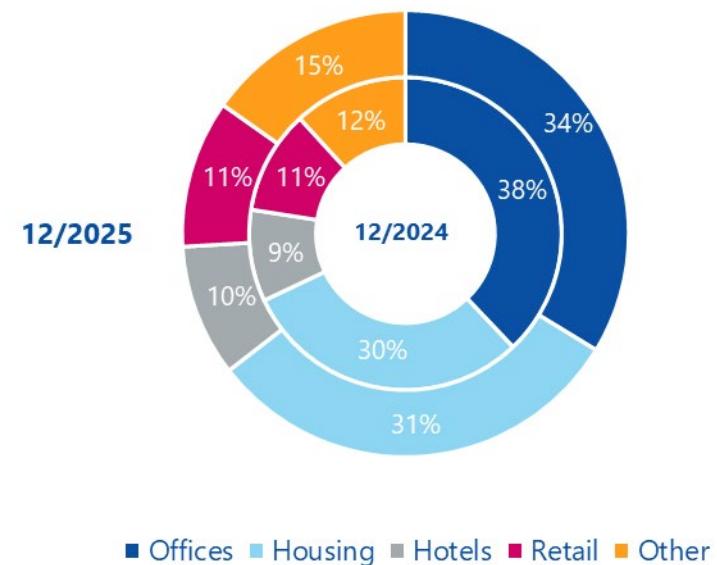


# 62 per cent of real estate investments, i.e. EUR 3.4 billion, in Finland

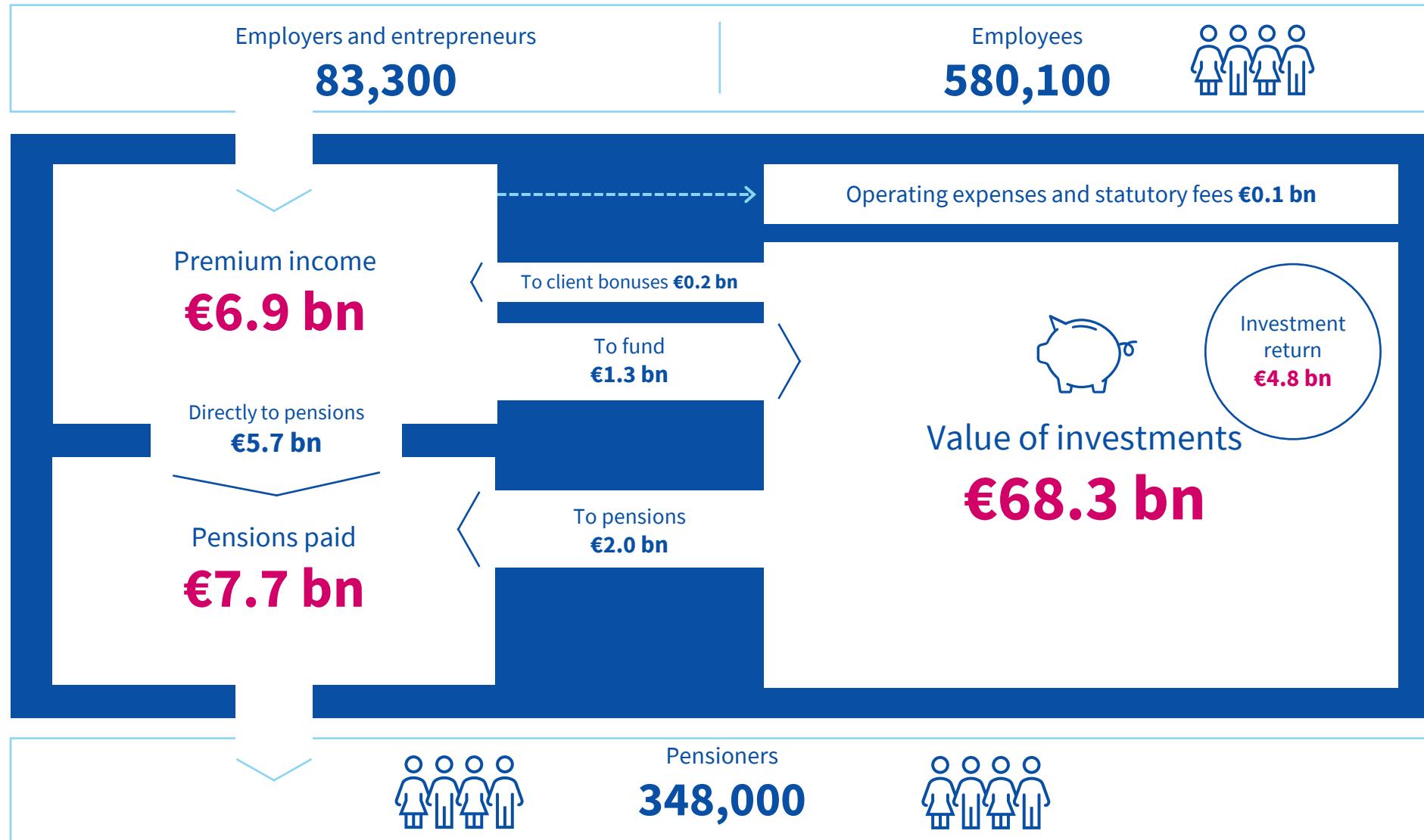
Real Estate Investments, € bn 5.5



Direct Real Estate Investment Finland, € bn 3.0



# Varma's cash flows from pension contributions and investment returns



# Varma's and the markets' investment returns

%	Varma	Finnish equities	European equities	US equities	Euro government bonds	Euro corporate bonds
1-12/2025	7.5	35.3	19.8	17.9	0.6	3.0
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	7.2	8.0	11.0	14.4	-2.9	-0.2
10 years	6.1	9.5	7.7	14.8	0.1	1.3
Since 1999 *	5.8	8.6	5.5	8.5	3.1	3.3
<b>Average real return</b>						
5 years	3.7	4.5	7.4	10.7	-6.1	-3.5
10 years	3.9	7.3	5.5	12.5	-1.9	-0.7
Since 1999 *	3.9	6.7	3.6	6.6	1.3	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)

US equities= S&P500 Total Return Index

# Key Figures

---

	1-12/2025	1-12/2024
Premiums written, € million	6,901	6,656
Net investment income at fair value, € million	4,768	6,026
Return on invested capital, %	7.5	10.2
	12/2025	12/2024
Technical provisions, € million	52,984	50,261
Solvency capital, € million	18,221	16,793
in relation to solvency limit	1.7	1.7
Pension assets, € million	69,308	65,365
% of technical provisions	135.7	134.6
TyEL payroll, € million	27,034	26,111
YEL payroll, € million	1,097	1,055

VARMA