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Keva's interim report for 1 January to 30 June 2025

Devaluation of the dollar weakened returns during first half of the year

Keva, which is responsible for the funding of local government and wellbeing services county pensions and the investment of pension funds, reported a return of -0.2% on investments for the first half of 2025. The market value of Keva's investments at the end of June was EUR 70.7 billion. A year ago, the investment market value was EUR 68.5 billion.

Keva's investment operations generated a market value return of -0.2% from January to June. The market value return for listed equities was 2.4%. The return for real estate investments (including real estate funds) was -0.3%, for fixed income investments -1.0%, for private equity investments -2.7%, and for hedge funds -4.6%.

According to CEO **Jaakko Kiander**, the poor return during the beginning of the year was due to the uncertainty caused by rapid changes in the USA's tariff policies.

- This was evident first and foremost in the devaluation of the dollar. Due to changes in the exchange rates, the euro-denominated returns for Keva's investment portfolio decreased. Keva's financial situation remained stable, however, and the pension funding rate remained high, Kiander says.

According to CIO **Ari Huotari**, behind the devaluation of the US dollar lies not only general uncertainty, but also a concern over the federation becoming heavily indebted and a concern that the central bank's independence might crumble.

- All in all, the outlook regarding the USA's future geopolitical and economic position has been shifting. The US dollar has, after all, an extremely significant role in the global economy cash flows. Despite partial currency hedging, the rapid devaluation of the dollar has significantly decreased the euro-denominated returns on investments also for Keva, Huotari says.

Listed equities and equity funds accounted for 41.3% of Keva's entire investment portfolio and fixed income investments (including the impact of derivatives) accounted for 26.6%. Of the other asset classes, equity

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investments accounted for 19.3%, real estate investments for 6.9% and hedge funds for 6.5% of the portfolio.

Keva's long-term return on investments has been good. The cumulative, capital-weighted real return on investments since funding began in 1988 was 3.8% a year. The average real return, excluding capital weighting, over the same period was 4.9%. The real return, excluding capital weighting, over the past five years has been 3.3% and the ten-year real return 3.1%.

Increase in contribution income from Keva member bodies

Keva is responsible for the funding of local government and wellbeing services county pensions and the investment of pension funds. During the first half of the year, contribution income amounted to EUR 3.3 billion. The contribution income increased by 3.2% compared with the same time last year. This was due among other things to payroll increase. EUR 3.7 billion was paid out in pensions to the local government and wellbeing services county sector, the increase being 3.2%. This was due to index increments during 2025 and an increase in the number of pension recipients. At the end of June, the number of employees with earnings-related pension insurance in Keva's member bodies who had earnings in June was 544,000 persons.

Keva is Finland's largest earnings-related pension provider in Finland and is responsible for instituting pension cover in the public sector.

EUR 2.8 billion in State pensions, EUR 139 million in Evangelical Lutheran Church pensions, EUR 66 million in Social Insurance Institution of Finland (Kela) employee pensions and EUR 17 million in Bank of Finland pensions were paid out during the first half of the year. The State, Evangelical Lutheran Church, Kela and Bank of Finland pay their own pension expenditure and share of operating costs to Keva.

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The figures published in this release are unaudited.

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Key figures

	1-6/2025	1-6/2024	Change, %	2024
Pension and benefit decisions, Member bodies of Keva	25 884	26 031	-0,6	54 050
Pension and benefit decisions, State	5 678	5 857	-3,1	11 845
Pension and benefit decisions, Church	887	884	0,3	1 959
Pension and benefit decisions, Kela	300	309	-2,9	657
Pension and benefit decisions, Bank of Finland	91	71	28,2	167

	6/2025	6/2024	Change, %	2024
Pension recipients, Member bodies of Keva	447 006	440 834	1,4	444 575
Pension recipients, State	219 430	223 612	-1,9	221 866
Pension recipients, Church	20 049	19 938	0,6	20 011
Pension recipients, Kela	6 007	5 996	0,2	5 986
Pension recipients, Bank of Finland	1 486	1 472	1,0	1 470

	6/2025	6/2024	Change, %	2024
Number of insured* employees, Member bodies of Keva	544 112	589 445 ..		571 169

*Insured employees with earnings in June. Due to registry changes the statistics from 2025 and 2024 are not comparable.