

LocalTapiola Group's financial performance 2019: Our renewal as a company providing lifelong security is proceeding as planned

"The year 2019 was very good for LocalTapiola. Our total result climbed at a high level, thanks in particular to investment income. Furthermore, our customers continued to be very satisfied with our products and services. We managed to further reinforce our ability to create value for our owner customers both in good times and bad.

Our objective is to be the most valued day-to-day partner of our customers in lifelong security. Our offering features an increasing variety of forecasting, security and well-being solutions that make the everyday life of Finns safer, more successful financially and healthier. Our competent staff will continue to provide good and caring face-to-face service to our customers in the future.

For LocalTapiola, it is important that regional vitality remains at a good level throughout Finland. We are concerned about increasing differentiation between the regions", says Juha Koponen, Chairman of the Board of LocalTapiola General and LocalTapiola Life.

Security – We safeguard continuity and prevent loss and damage

- When it comes to vehicle insurance, Finns exhibit a strong level of trust in LocalTapiola. We are still the clear market leader in vehicle insurance. Our market share in vehicle insurance exceeded 32 per cent, and the number of vehicles insured increased substantially.
- We have kicked off a new multi-year project to tackle water damage in buildings, and we have begun installing leak guards into our customers' detached houses. The equipment has proven functional. Leakages have been detected in more than every fifth house that features the equipment, which has helped to avoid major water damage.

Finances – Help in getting prepared and becoming wealthier

- We offer our customers increasingly comprehensive services for motoring. LocalTapiola Finance, the company we established, continued its strong growth, and its market share in new sales in December was almost 20 per cent. LocalTapiola Finance is Finland's third largest car financier in sales of finances. In the new emission compensation system, LocalTapiola Finance compensates the emissions of the cars it finances, as long as the car has been insured with LocalTapiola Group.
- We have developed the savings and investment services we offer to our customers. In our new mobile application, we introduced a new and easy way to begin saving money. Our customers also stand to gain from the benefits reaped by LocalTapiola Group through its investment activities as a major insurance company and its responsible investment.

Health – Promoting health

- As a company providing lifelong security we are increasing our efforts to help our customers stay healthy overall and to prevent illnesses. Certain changes in the Finnish healthcare sector are related to us as well, such as when the healthcare provider Mehiläinen, our partner, made an offer to acquire Pihlajalinna, another healthcare company. We are a major Finnish co-owner in both of these companies.

- We streamlined the customers' claims handling process. When our customers need help to efficiently deal with illness, they have access to the remote care services TerveysHelppi (for people) and LemmikkiHelppi (for pets) implemented in collaboration with our partners.

LocalTapiola Group's key figures 2019

LocalTapiola Group	1-12/2019	1-12/2019 comparable	1-12/2018
Non-life insurance			
Direct business premium income (non-life insurance), EUR million	1 155,5	1 185,5	1 132,3
Growth of direct business premium income (non-life insurance), %	2,1	4,7	3,4
Premium income (non-life insurance), EUR million	1 220,8	1 250,7	1 196,0
Growth of premium income (non-life insurance), %	2,1	4,6	3,6
Combined ratio excl. unwinding of discount expense, %	96,9	93,7	93,9
Risk ratio, %	66,7	63,7	64,0
Cost ratio, %	30,2	30,0	29,9
Life insurance			
Expence ratio, % of total expence loadings	129,1	129,1	129,5
Premium income (life insurance), EUR million	616,3	521,8	449,8
Growth of premium income (life insurance), %	37,0	16,0	-12,8
Group's results			
Operating profit, EUR million	234,7	273,1	259,1
Total result, EUR million	560,1	598,6	112,0
Solvency II capital adequacy ratio at the end of the year, %	176,3	176,3	187,4

LocalTapiola General

	1-12/2019	1-12/2019 comparable	1-12/2018
Direct business premium income, EUR million	198,2	228,1	218,1
Growth of direct business premium income, %	-9,1	4,6	-32,1
Premium income, EUR million	305,8	335,7	321,8
Growth of premium income, %	-5,0	4,3	-21,6
Combined ratio excl. unwinding of discount expense, %	96,0	88,4	90,1
Risk ratio, %	68,8	63,9	66,5
Cost ratio, %	27,2	24,5	23,6
Net investment income at fair value, %	7,0	7,0	2,1
Operating profit, EUR million	135,5	159,7	66,9
Total result, EUR million	191,0	215,2	76,6
Solvency II capital adequacy ratio at the end of the year, %	304,9	304,9	322,2

LocalTapiola Life

	1-12/2019	1-12/2018
Premium income, EUR million	616,3	449,8
Growth of premium income, %	37,0	-12,8
Net investment income at fair value, %	6,3	2,1
Operating profit, EUR million	32,3	63,3
Total result, EUR million	96,6	33,0
Solvency II capital adequacy ratio at the end of the year, %	190,3	214,8

LocalTapiola Asset Management

	1-12/2019	1-12/2018
Customer assets under management at the end of the year, EUR billion	11,1	10,2
Turnover, EUR million	21,7	21,0
Operating profit, EUR million	1,4	2,0

LocalTapiola Real Estate Asset Management Group

	1-12/2019	1-12/2018
Customer assets under management at the end of the year, EUR billion	2,4	2,4
Turnover, EUR million	15,0	15,9
Operating profit, EUR million	2,3	2,9

LocalTapiola Finance

	1-12/2019	1-12/2018
Loans to Customer and Leasing Assets at the end of the year, EUR billion	0,6	0,1
Operating profit, EUR million	3,3	-1,6

Comments by Juha Koponen, Chairman of the Boards of LocalTapiola General and LocalTapiola Life:

The Group's insurance companies saw their profit develop favourably in 2019. Particularly the investment income, which was exceptionally good, gave a solid boost to the operating profit and total result. The decreasing interest rate levels increased the technical provisions under Solvency II and had a negative contribution to own assets, while the increase in the value of investment assets raised the solvency requirement. The development of the total result was clearly different from the development of solvency under Solvency II.

In 2019, LocalTapiola Group's comparable premiums written in direct non-life insurance amounted to EUR 1,186 million. The comparable premium income increased by 4.7 per cent. In non-life insurance, the premiums written, premiums earned and claims incurred include substantial non-recurring items due to changes in the principles and method of how technical provisions are calculated and an amendment of the Patient Insurance Act. In non-life insurance, the balance on technical account measured in combined ratio was 96.9% (93.9%), and with the non-recurring items eliminated, the comparable combined ratio was 93.7%.

LocalTapiola Life yielded a good result. Operating profit fell short of the previous year, owing to a deterioration in interest rate movement. Contributing to this deterioration was the interest rate supplement of EUR 139 million made due to decreasing interest rate levels. Total premium income rose by 16 per cent or EUR 72 million. Transfers of savings amounting to almost EUR 100 million due to changes in taxation practices have been deducted from comparable growth.

The business of LocalTapiola Asset Management, Real Estate Asset Management and Finance developed favourably, and LocalTapiola Finance enjoyed particularly strong growth. Each of the companies posted a positive result.

LocalTapiola's customers were paid EUR 73 million (69 million) in loyalty bonuses under non-life insurance and EUR 766 million (724 million) in compensation. In addition, a total of EUR 31 million (29 million) was paid to customers as S Group bonuses for their insurance premiums.

Under life insurance, our customers were paid a total of EUR 521 million (353 million) in compensation and EUR 62 million (62 million) in returns on insurance savings. Of this, EUR 9 million (8 million) were customer bonuses.

Additional information:

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