

LocalTapiola Group's financial statement release 1 January–31 December 2020:

LocalTapiola Group's result and solvency remained good despite the coronavirus pandemic

Comment by CEO Juha Koponen:

"2020 was an exceptional year due to the global coronavirus pandemic (COVID-19). In the spring, the pandemic caused a strong shock in investment markets, which resulted in the values of risky asset classes decreasing, but they rebounded strongly thanks to vigorous recovery measures taken by central banks and governments. Financial activity in Finland wound down significantly in the spring. In the insurance business, this caused the number of claims to decrease, notably in personal and vehicle insurance. Considering the events that took place in the real world, LocalTapiola Group's result in 2020 was good and the Group's solvency remained strong."

LocalTapiola Group's total result was EUR 245.9 million. The positive total result was influenced by investment income and the strong result of the insurance business. In LocalTapiola Group, the surplus from operating activities is used for the benefit of owner-customers in the form of discounted premiums, customer bonuses and service development. Some of the profit is used to strengthen the company's solvency, thereby safeguarding customers' interests also in the future.

The margin of LocalTapiola Group's non-life insurance business was EUR 41.2 million. The margin is composed of premiums earned less claims incurred and operating expenses. In non-life insurance, non-recurring items are included in premiums written, premiums earned and claims incurred, relating to changes in the calculation basis and calculation method of technical provisions and to the amendment of the Patient Insurance Act. The premiums written of primary non-life insurance totalled EUR 1,230.0 million in 2020, an increase of 4.0 per cent in comparable terms over the previous year. For the regional companies, premiums written exceeded the billion euro threshold, and there was growth of 4.5 per cent over the previous year. The number of customers of the regional companies increased in 2020 both in private and corporate customers by a total of some 10,000 customers.

The operating expenses of non-life insurance totalled EUR 355.4 million and the cost ratio was 28.5 per cent. The cost ratio, which measures the efficiency of non-life insurance, improved over the corresponding period of the previous year.

The extraordinarily low financial activity, which was due to the coronavirus pandemic, and the mild winter with little snow experienced in most parts of Finland in the first quarter of 2020 reduced the number of claims in 2020. Claims incurred in non-life insurance stood at EUR 940.9 million and technical profitability measured by combined ratio was 95.0 per cent.

LocalTapiola Life's result is strongly affected by the development of investment income. Despite the challenging investment environment early in the year, the company's investment income in 2020 was 2.2 per cent and total result was EUR 45.9 million. The good development of premiums written continued in risk life insurance and in group pension insurance. In risk life insurance, premiums written grew by 4.4 per cent, and in group pension it grew by 6.0 per cent. In savings, premiums written decreased with the

weakening demand brought about by the coronavirus pandemic by 29.6 per cent in comparable terms. Our customers value life insurance cover in uncertain times, which was evident in a reduced number of leaving customers and the level of surrenders of savings, which remained moderate considering the market situation.

In autumn 2020, LocalTapiola Group purchased Seligson & Co Fund Management to strengthen its long-term saving and investment services. In its funds, Seligson & Co manages over two billion euros, and the company's operating profit was EUR 3.1 million.

LocalTapiola Asset Management's turnover was EUR 20.6 million and operating profit was EUR 0.7 million. The good upwards trend on the markets in the last quarter increased assets under management by nearly four per cent, and they fell only slightly short of the baseline of the start of the year. Commissions and fees, which are dependent on market development, were lower than the comparison year's figures, and operating profit fell short of the level of the comparison year.

LocalTapiola Real Estate Asset Management Group's turnover was EUR 16.0 million and operating profit was EUR 2.5 million. Commissions and fees from the private equity funds and private debt funds launched on starting private equity fund operations increased turnover from the comparison period. Operating profit improved over the previous year, and solvency and liquidity remained at an excellent level.

LocalTapiola Finance's growth continued to be strong despite the coronavirus pandemic, and the finance portfolio exceeded one billion euros in the autumn. The company's operating profit was EUR 5.2 million, and the company's market share of all vehicles financed rose to nearly ten per cent.

EUR 744 million in claims was paid out to LocalTapiola's customers. In addition, customers were paid in compensation a total of EUR 78 million in non-life insurance loyalty bonuses and EUR 33 million for insurance premiums as S Group bonuses.

Under life insurance, our customers were paid a total of EUR 392 million in compensation and EUR 57 million as returns on insurance savings. Of these, EUR 8 million were customer bonuses.

Appointments

In addition to the duties of the Chairman of the Board of Directors, Juha Koponen has taken care of the duties of LocalTapiola Group's CEO as of 1 July 2020.

Mika Makkonen has served as Deputy Managing Director at LocalTapiola General as of 1 November 2020.

Hanna Hartikainen will start as Managing Director at LocalTapiola General on 1 May 2021.

Samu Anttila started as Managing Director at LocalTapiola Asset Management Ltd on 1 December 2020.

Tiina Tuutti started as LocalTapiola Group's Chief Financial Officer on 1 October 2020.

LocalTapiola Group's key figures 2020

| LocalTapiola Group | 1-12/2020 | 1-12/2020 comparable | 1-12/2019 | 1-12/2019 comparable |
|--|------------------|---------------------------------|------------------|---------------------------------|
| Non-life insurance | | | | |
| Direct business premium income, EUR million | 1,230.0 | 1,233.2 | 1,155.5 | 1,185.5 |
| Growth of direct business premium income, % | 6.4 | 4.0 | 2.1 | 4.7 |
| Premium income, EUR million | 1,300.2 | 1,303.4 | 1,220.8 | 1,250.7 |
| Growth of premium income, % | 6.5 | 4.2 | 2.1 | 4.6 |
| Combined ratio excl. unwinding of discount expense, % | 95.0 | 91.1 | 96.9 | 93.7 |
| Risk ratio, % | 66.5 | 62.7 | 66.7 | 63.7 |
| Cost ratio, % | 28.5 | 28.4 | 30.2 | 30.0 |
| Life insurance | | | | |
| Premium income, EUR million | 434.0 | 434.0 | 616.3 | 521.8 |
| Growth of premium income, % | -29.6 | -16.8 | 37.0 | 16.0 |
| Group's result | | | | |
| Operating profit, EUR million | 173.7 | 222.8 | 235.5 | 274.0 |
| Total result, EUR million | 245.9 | 294.9 | 560.1 | 598.5 |
| Capital adequacy ratio at end of review period, % | 175.2 | 175.2 | 176.3 | 176.3 |

| LocalTapiola General | 1-12/2020 | 1-12/2020 comparable | 1-12/2019 | 1-12/2019 comparable |
|--|------------------|---------------------------------|------------------|---------------------------------|
| Direct business premium income, EUR million | 229.9 | 233.1 | 198.2 | 228.1 |
| Growth of direct business premium income, % ** | 16.0 | 2.2 | -9.1 | 4.6 |
| Premium income, EUR million | 344.9 | 348.1 | 305.8 | 335.7 |
| Growth of premium income, % | 12.8 | 3.7 | -5.0 | 4.3 |
| Combined ratio excl. unwinding of discount expense, % | 100.2 | 94.9 | 96.0 | 88.4 |
| Risk ratio, % | 76.1 | 71.1 | 68.8 | 63.9 |
| Cost ratio, % | 24.1 | 23.9 | 27.2 | 24.5 |
| Net investment income at current value, % | 3.5 | 3.5 | 7.0 | 7.0 |
| Operating profit, EUR million | 50.9 | 67.5 | 135.5 | 159.7 |
| Total result, EUR million | 94.3 | 110.8 | 191.0 | 215.2 |
| Capital adequacy ratio at end of review period, % | 311.5 | 311.5 | 304.9 | 304.9 |

| LocalTapiola Life | 1-12/2020 | 1-12/2019 |
|--|------------------|------------------|
| Premium income, EUR million | 434.0 | 616.3 |
| Growth of premium income, % | -29.6 | 37.0 |
| Net investment income at current value, % | 2.2 | 6.3 |
| Operating profit, EUR million | 51.7 | 32.3 |
| Total result, EUR million | 45.9 | 96.6 |
| Supplements to technical provisions during financial year | 35.8 | 139.4 |
| Capital adequacy ratio at end of review period, % | 184.0 | 190.3 |

| LocalTapiola Asset Management | 1-12/2020 | 1-12/2019 |
|--|------------------|------------------|
| Customer assets under management at end of review period, EUR billion | 11.0 | 11.1 |
| Turnover, EUR million | 20.6 | 21.7 |
| Operating profit, EUR million | 0.7 | 1.4 |
| Seligson & Co Fund Management Ltd | 1-12/2020 | 1-12/2019 |
| Customer assets under management at end of review period, EUR billion | 2.6 | 2.5 |
| Turnover, EUR million | 9.1 | 8.4 |
| Operating profit, EUR million | 3.1 | 2.5 |
| LocalTapiola Real Estate Asset Management Group | 1-12/2020 | 1-12/2019 |
| Real estate assets under management at end of review period, EUR billion | 2.4 | 2.4 |
| Turnover, EUR million | 16.0 | 15.0 |
| Operating profit, EUR million | 2.5 | 2.3 |
| LocalTapiola Finance | 1-12/2020 | 1-12/2019 |
| Finance portfolio at end of review period, EUR billion | 1.0 | 0.6 |
| Operating profit, EUR million | 5.2 | 3.3 |

The figures are unaudited and preliminary.

More information:

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www.lahitapiola.fi Read LocalTapiola's releases at: www.lahitapiola.fi/uutishuone