

LocalTapiola Life 2018

LocalTapiola Life managed to increase the lifelong security of its customers

LocalTapiola Life's customers have welcomed last year's revamp of the investment services, which make the benefits of a major insurance company's investment activities available to all of our customers. Our customers have the opportunity to invest their assets in the same instruments as the investments made by LocalTapiola Life. There are now 18,000 customers covered by the new insurance asset management services.

LocalTapiola Life renewed its group pension insurance in November. Insurance pricing was modernized and a new range of investments also enables group pension customers to take advantage of LocalTapiola's investment expertise and the benefits of large investors. Group pension insurance is an effective way of engaging and rewarding staff. It is an excellent solution when a company wants to give its employees a good pension coverage.

LocalTapiola Life customers were paid a total of EUR 353.4 million in compensation and EUR 62 million in return on savings under insurance of which EUR 8 million were bonuses.

LocalTapiola Life's operating profit was EUR 63.3 million (EUR 48.4 million) and its total result was EUR 33.0 million (EUR 64.0 million). The decline in profit was due to lower investment returns compared to the previous year. Total expense loadings and bonus payments increased by 7 per cent. The result for risk premiums collected was EUR 36.2 million (EUR 22.6 million).

Premiums written continued to increase in term life insurance and group pension insurance. Investment services acquired new customers. Total premiums written decreased as Private customers' savings sales diminished. Solvency developed positively.

LocalTapiola Life's solvency and financial position are strong. LocalTapiola Life's own funds are 2.1-fold in relation to the solvency capital requirement.

Comments by Minna Kohmo, LocalTapiola Life's CEO:

Finnish people have shown strong levels of trust in LocalTapiola Life. In order to further improve the customer experience, LocalTapiola Life introduced a digital application service for term life insurance, making it the first company in Finland to offer this service. Alongside improving the customer experience, the service significantly boosts the efficiency of the sales process and risk selection work.

We also renewed the Smart Life Insurance well-being service to meet today's customer expectations. Smart Life Insurance is Finland's first service package that combines the economic security provided by insurance and helps our customers to live more healthily.

In 2019, we will continue to develop our digital services to improve our customer experience. Our goal is to be a forerunner in customer experience in personal insurance.

LocalTapiola Life Group

| LocalTapiola Life | 1-12/2018 | 1-12/2017 |
|--|------------------|------------------|
| Premium income, EUR million | 449,8 | 516,0 |
| Growth of premium income, % | -12,8 | 22,4 |
| Net investment income at fair value, % | 2,1 | 5,3 |
| The Supplements to the Technical provisions, EUR million | 47,4 | 78,3 |
| Operating profit, EUR million | 63,3 | 48,4 |
| Total result, EUR million | 33,0 | 64,0 |
| Solvency II capital adequacy ratio at the end of the period under review, % | 214,8 | 191,5 |

CALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP
Financial statement 2018
PROFIT AND LOSS ACCOUNT

1 000 €

| | | | Muutos | Muutos % |
|---|---------------|---------------|---------------|--------------|
| | 1-12/2018 | 1-12/2017 | | |
| Technical Account - Life Insurance: | | | | |
| Premiums written | 449 839 | 516 017 | -66 178 | -12,8 |
| Reinsurers' share | -3 820 | -2 838 | -982 | 34,6 |
| Total premiums written | 446 020 | 513 180 | -67 160 | -13,1 |
| Investment income | 259 358 | 232 257 | 27 101 | 11,7 |
| Revaluations of investments | 11 243 | 109 299 | -98 056 | -89,7 |
| Claims incurred | | | | |
| Claims paid | -357 668 | -327 202 | -30 466 | 9,3 |
| Reinsurers' share | 1 267 | 1 474 | -207 | -14,0 |
| Total claims paid | -356 400 | -325 728 | -30 673 | 9,4 |
| Change in provision for outstanding claims | 4 955 | -24 144 | 29 099 | -120,5 |
| Total change in provision for outstanding claims | 4 955 | -24 144 | 29 099 | -120,5 |
| Total claims incurred | -351 445 | -349 871 | -1 574 | 0,4 |
| Change in provision for unearned premiums | | | | |
| Change in provision for unearned premiums | 27 799 | -303 384 | 331 183 | -109,2 |
| Total change in provision for unearned premiums | 27 799 | -303 384 | 331 183 | -109,2 |
| Operating expenses | -51 527 | -55 354 | 3 827 | -6,9 |
| Investment charges | -122 160 | -71 083 | -51 077 | 71,9 |
| Revaluation adjustments on investments | -148 542 | -21 989 | -126 554 | 575,5 |
| Change on technical account | 70 745 | 53 056 | 17 688 | 33,3 |
| Other income and charges on technical account | | | | |
| Other income | 2 435 | 2 697 | -262 | -9,7 |
| Other expenses | -2 937 | -4 878 | 1 941 | -39,8 |
| Total other income and charges | -502 | -2 181 | 1 679 | -77,0 |
| Share of profit/loss of associated undertakings after taxes | 90 | 544 | -453 | -83,4 |
| Profit on ordinary activities | 70 333 | 51 419 | 18 914 | 36,8 |
| Direct taxes on ordinary activities | -23 659 | -9 305 | -14 354 | 154,3 |
| Minority interest in profit/loss | 61 | -121 | 182 | -150,6 |
| Profit for the accounting period | 46 735 | 41 993 | 4 742 | 11,3 |

LOCALTAPIOLA MUTUAL LIFE INSURANCE COMPANY -GROUP
Financial statement 2018
BALANCE SHEET
1 000 €

| | | | Muutos | Muutos % |
|--------------------------------------|-------------------|-------------------|---------------|-----------------|
| | 31.12.2018 | 31.12.2017 | | |
| ASSETS | | | | |
| Intangible assets | 14 924 | 16 145 | -1 221 | -7,6 |
| Investments | 2 727 125 | 2 676 773 | 50 353 | 1,9 |
| Assets covering unit linked policies | 2 107 976 | 2 135 774 | -27 798 | -1,3 |
| Receivables | 5 630 | 5 755 | -125 | -2,2 |
| Other assets | 91 421 | 61 640 | 29 780 | 48,3 |
| Prepayments | 20 755 | 31 219 | -10 464 | -33,5 |
| Total assets | 4 967 831 | 4 927 305 | 40 525 | 0,8 |

| | | | Muutos | Muutos % |
|---|-------------------|-------------------|---------------|-----------------|
| | 31.12.2018 | 31.12.2017 | | |
| LIABILITIES | | | | |
| Capital and reserves | | | | |
| Initial reserve | 4 482 | 4 482 | 0 | 0,0 |
| Guarantee capital | 37 586 | 37 586 | 0 | 0,0 |
| Revaluation reserve | 9 088 | 9 162 | -75 | -0,8 |
| Other reserves | 339 926 | 299 857 | 40 069 | 13,4 |
| Profit for the accounting period | 46 735 | 41 993 | 4 742 | 11,3 |
| Total capital and reserves | 437 816 | 393 081 | 44 736 | 11,4 |
| Subordinated loans | 106 650 | 99 857 | 6 793 | 6,8 |
| Minority interest | 5 450 | 3 475 | 1 975 | 56,8 |
| Technical provisions | 2 289 099 | 2 276 363 | 12 736 | 0,6 |
| Technical provisions for Unit-linked policies | 2 066 887 | 2 112 377 | -45 490 | -2,2 |
| Obligatory provisions | 0 | 89 | -89 | -100,0 |
| Deposits received from reinsurers | 1 051 | 523 | 529 | . |
| Other creditors | 52 210 | 31 221 | 20 989 | 67,2 |
| Accruals and deferred income | 8 667 | 10 320 | -1 653 | -16,0 |
| Total liabilities | 4 967 831 | 4 927 305 | 40 525 | 0,8 |

The figures are unaudited.