LocalTapiola Group's half-yearly report for 1 January–30 June 2026: Uncertainty is no longer paralysing Finland – the next growth leap will come from active ownership, says LocalTapiola Group President

LocalTapiola Group recorded a strong first half of the year in an evolving market. The group's operating result increased to EUR 317 million, income from investments at fair value was 4.0 per cent and net investment sales were EUR 190 million. President Sari Heinonen says Finns have learned to navigate an uncertain world, but economic growth now requires a new phase: bolder investments, more active and value-increasing ownership and accelerated business ownership transitions. LocalTapiola supports growth by investing EUR 200 million in Finnish businesses.

Key figures, LocalTapiola Group	1–6/2026	1–6/2025
Operating result, EUR million	317	190
Total result, EUR million	529	162
Number of customers, thousand	2,101	1,829
Customer bonuses, EUR million	93	88
Non-life insurance	**1–6/2026**	**1–6/2025**
Premiums written, direct non-life insurance, EUR million	1,146	1,019
Change, %	12.4	6.1
Combined ratio, %	93.5	95.2
Risk ratio, %	61.5	65.3
Cost ratio, %	32.0	29.9
Life insurance, investment, motor vehicle finance	**1–6/2026**	**1–6/2025**
Premiums written, term life insurance, EUR million	86	85
Change, %	0.9	4.9
Net investment sales, EUR million	190	143
Client assets under management (net), EUR billion	19.1	16.2
Finance portfolio, EUR billion	2.6	2.5

Comment by President Sari Heinonen:

Uncertainty is no longer paralysing Finland

The recent years have shown that households, businesses and markets have learned to navigate an uncertain world. Private consumption has picked up, although there is great concern about employment. Businesses are seeking growth in an unpredictable operating landscape, and new growth sectors are emerging. Markets recover from crises quickly, even though geopolitical tensions are fuelling uncertainty. Finland is not waiting for a return to balance but acts in spite of this uncertainty.

Living with uncertainty is reflected in the way Finns are building their financial protection. The long decline in house prices has reminded us that an owner-occupied dwelling is not a surefire way to wealth. Housing comes at a cost, and a home is an asset that carries risks related to value fluctuations, interest rates and liquidity. However, in a changing Finland, people have not simply remained waiting for the value of housing wealth to recover. Finns have learned new approaches to ownership and building wealth. Nearly one half of households invest in shares or funds, and a new study shows that Finland has become the second most active investor nation in Europe after Sweden. Increasingly often, people are building financial protection through an extensive combination of saving, investment and insurance.

LocalTapiola recorded a strong first half of the year in an evolving market

Finns' need to build financial protection is also reflected in LocalTapiola owner-customers and in how the group fared in the first part of the year. The inclusion of Turva Mutual Insurance Company in LocalTapiola Group's reporting has a material impact on the figures for the first part of the year, but non-life insurance premiums written also increased comparably without Turva. Without the impact of Turva, direct premiums written increased 3.1 per cent, and including Turva they increased 12.4 per cent. Client assets under management increased in the investment business to EUR 19.1 billion (+10.2% compared to the start of the year), and net sales in January–June were EUR 190 million. The volatility seen in the investment markets in spring ended with a strong rally, and LocalTapiola Group's investments generated a fair-value profit of 4.0 per cent. During the first part of the year, the group's customer numbers grew by about 260,000 customers to 2.1 million, after including Turva's and LocalTapiola Finance's customers in the figure reported by the group.

LocalTapiola Group's strength stems from our nationwide scale and local presence. In the first part of the year, this was witnessed on the west coast, as the merger of LocalTapiola Länsi-Suomi and LocalTapiola Pohjanmaa was formally completed. The fusion of these two market leaders of their respective areas strengthens our position in the area, creating, from the start of 2027, the biggest LocalTapiola Group regional company measured by premiums written.

Furthermore, in the early part of the year, we also witnessed an important change in the non-life insurance market, as the taxation rules of financial-sector customer bonuses were clarified by reforming the Income Tax Act. According to the Finnish Competition and Consumer Authority, the previous taxation practice encouraged to spend bonuses accruing from investments and credits on insurance premiums in particular, which weakened consumers' opportunities to select their insurance policies freely.

The protracted profitability challenges plaguing health insurance eased somewhat in the early part of the year. The number of claims covered under medical expenses policies decreased, and the price increases implemented previously began to have an impact on profitability. However, it is not possible to draw overly far-reaching conclusions from the moderate claims development seen in the early part of the year, and the Kela reimbursement reductions made in the fees of private doctors at the beginning of the year continue to put pressure on profitability.

Strained government finances do not mean a poorer future

Amidst risks, it is important to also look at where new momentum is emerging. In Finland, economic policy debate is often dominated by government finances, debt and fiscal adjustment. This is understandable, but debt must not distract us from the vision of a prosperous Finland. Even as public spending is being adjusted for justified reasons and services are being scaled back, businesses can grow, consumer confidence can strengthen and economic sentiment can improve. The key is to get employment moving in the right direction.

In the corporate sector, the overall picture remains moderate, but the future outlook and confidence of businesses have improved significantly. Economic growth is often reflected in an insurance company's key figures with a time lag, but there are encouraging signs in the operating conditions of businesses. This development is strong particularly in industries linked to the defence sector. Elsewhere in sectors of industry, rising insurance needs are also an indication that some companies are already preparing for new investments and broader business operations.

Finland needs the courage to grow and reform

Creating economic growth is the single most important ingredient in the formula for a prosperous and successful Finland. Growth will not be created through government decisions, but above all by businesses, the decisions made by owners and people's willingness to take entrepreneurial risks. In February, LocalTapiola decided to invest EUR 200 million in Finnish businesses that have the ability to grow, employ and regenerate Finland. We will be investing LocalTapiola Group insurance companies' investment assets on an equity basis in the form of direct investments, parallel investments as well as through funds.

New growth companies are vital for the economy, but alone they are not enough. Growth is also created when an existing business finds a new owner and direction. In Finland, approximately 40,000 companies are facing an upcoming ownership transition. At the same time, many people dream of stepping on the entrepreneurial path but do not want to start from scratch. When a young, ambitious leader with a growth mindset meets a company looking for a successor, a restartup may emerge where an established business gains a new owner, a higher level of ambition and a fresh direction for growth. Facilitating ownership changes is a concrete way to bring about future growth stories, employment and regional vitality in Finland.

In addition to new owners, we need a more active kind of ownership. In Finland, people value entrepreneurship, but ownership is not always regarded in the same way as a skill or a form of work, even though it is often precisely the owner's perspective and approach to the company that drives it forward. In SMEs, entrepreneurs should increasingly see themselves as owners as well, whose role is not merely to manage day-to-day operations but to increase the company's value well into the future. If this expertise is lacking, it can be brought in from outside to the Board of Directors, or as advisors or new owners. In this regard, family-owned businesses often provide a good example: they measure ownership by whether the company's value also continues to grow for the next decade and for the next generation.

Active ownership is needed in larger companies as well. It was estimated that the Helsinki Stock Exchange paid nearly EUR 13 billion in dividends this spring. Dividends are an important component of shareholder returns, but owners should also demand credible growth plans from companies. A shift in focus to growth investments, product development, technology, skills and international markets could boost Finland's growth significantly.

Finns have already shown that it is possible to function in an uncertain world. The next step is to transform our capacity to function into regeneration: into new business acquisitions, a more active kind of ownership, bolder investments and new jobs. Growth is not created by hankering for the certainty of the past, but by making decisions amidst uncertainty.

LocalTapiola Group's key outturn factors in January–June 2026

LocalTapiola Group's operating result improved from the comparison period particularly due to a good investment result, to EUR 317 million. The group's result including the change in the valuation differences of investments was EUR 529 million. From 1 January 2026, the key figures of LocalTapiola Group include Turva Mutual Insurance Company in accordance with the Financial Supervisory Authority's decision. The key figures for the comparison period do not include Turva's information.

Premiums written increased year-on-year in both non-life and life insurance, with the growth supported by the consistently high customer retention rate, brisk sales momentum and the price adjustments made in non-life insurance for 2026. Geopolitical tensions persist and continue to be reflected as uncertainty on the financial markets. In spite of this, the first half of 2026 proved a good period for investment. LocalTapiola Group's investment income at fair value was 4.0 per cent, supported in particular by good investment market performance. LocalTapiola Group's solvency ratio remained strong, standing at 190 per cent at the end of June. As a mutual corporate group, we use our profit to strengthen solvency, to develop the products and services provided to our owner-customers and to increase customer benefits.

Non-life insurance

The non-life insurance balance was EUR 45 million, improving year-on-year due in particular to a growth in premiums earned. Balance before the change in the equalisation provision is composed of earned premiums less the claims incurred and operating expenses.

LocalTapiola Group's premiums written in direct non-life insurance were EUR 1,146 million, representing a year-on-year growth of 12.4 per cent. Without the impact of Turva, the growth in premiums written was 3.1 per cent. Growth in premiums written was strongest for the private customers segment, and with regard to the insurance lines, growth was highest in voluntary personal insurance and motor casco insurance. Sales activity has remained brisk during 2026 as well, particularly in motor insurance, and investments in digital analytics are reflected as a strong development of online sales in the private customers segment.

We paid customers a total of EUR 560 million in non-life insurance claims, up 9.0 per cent from the previous year. Without the impact of Turva, claims paid decreased 1.2 per cent. Overall, claims development was moderate during the first part of the year, and in personal insurance, claim numbers even fell. The risk ratio, which describes the profitability of the core insurance business, improved to 61.5 per cent.

Non-life insurance operating expenses were EUR 277 million, and expenses were increased by growth in the non-life insurance volume and by investments in operational development. In the first half of the year, operating expenses growth was more rapid than earned premiums growth, as a result of which the cost ratio increased from the comparison period to 32.0 per cent.

Life insurance

LocalTapiola Life's operating result improved from the comparison period as a result of good investment result to EUR 98 million, and total result including the change in the valuation differences of investments was EUR 108 million. The company's solvency remained high and equity ratio strengthened further. At the end of June, the solvency ratio was 256 per cent.

The positive development of term life insurance premiums written continued, further strengthening LocalTapiola Life's position as the term life insurance market leader. Also, in savings life insurance and group pensions, premiums written increased from the comparison period, and the company's total premiums written in January–June were EUR 227 million. Sales results in term life insurance and group pensions have been strong, and the number of customers has grown. LocalTapiola Life's operating expenses were increased, in particular, by investments in the development of products and services.

Asset management

LocalTapiola Asset Management Group's turnover was EUR 33 million and operating result was EUR –1.4 million. Operating result excluding amortisation of goodwill on consolidation was EUR 2.1 million. Net commissions were EUR 31 million, increasing 8.5 per cent in relation to the comparison period as a result of a positive development of client assets under management.

The (net) client assets managed by the LocalTapiola Asset Management Group companies increased 10.2 per cent during the first half of the year, totalling EUR 19.1 billion at the end of the review period. Growth was achieved through both value changes and positive net sales. Net client assets divided into fixed-income and equity investments, amounting to EUR 14.8 billion; real estate investments, amounting to EUR 2.2 billion; and private equity and private debt investments, amounting to EUR 2.1 billion.

Motor vehicle finance

LocalTapiola Finance's performance development continued to be solid in spite of an unexpected rise in refinancing costs and the challenging automobile market. Operating result for January–June was EUR 6.1 million. New sales increased from the comparison period, and our new sales market share in the first half of the year rose to 25.0 per cent. Likewise, buoyed by good new sales, the number of financed vehicles continued to grow, already reaching the 144,000 mark. At the end of June, the finance portfolio was EUR 2.6 billion, and portfolio quality improved year-on-year as the amount of non-performing assets decreased.

Claims and customer benefits

LocalTapiola Group paid its customers and clients a total of EUR 560 million in non-life insurance claims in January–June. In addition, we credited our customers and clients EUR 60 million in non-life insurance loyalty bonuses and EUR 24 million as S Group bonuses on insurance premiums.

Under life policies, we paid our customers a total of EUR 194 million in claims in January–June, and LocalTapiola Life's customer bonuses were EUR 10 million.

Appointments

Tommi Tuovila was appointed as the Chief Information Officer of LocalTapiola Group and a member of the Group's Management Group. Mr Tuovila will start in his position on 1 July 2026.

Miska Ahonen was appointed as the Managing Director of LocalTapiola Kainuu-Koillismaa. Mr Ahonen will start in his position on 1 September 2026.

Pekka Antikainen was appointed as the Managing Director of LocalTapiola Asset Management. Mr Antikainen will start in his position on 1 October 2026. Samu Anttila, the current Managing Director of LocalTapiola Asset Management, will continue in his position until 30 September 2026.

Harri Mattinen was appointed as the Managing Director of LocalTapiola Services Ltd. Mr Mattinen will start in his position by 1 January 2027.

Joel Sunabacka was appointed as the Managing Director of LocalTapiola Länsi-Suomi. Mr Sunabacka will start in his position on 1 January 2027.

Key figures for 1 January–30 June 2026

The figures are unaudited.

LocalTapiola Group

Group's result and solvency	1–6/2026	1–6/2025	1–12/2025
Operating result, EUR million	317	190	446
Total result, EUR million	529	162	577
Solvency ratio at end of review period, %	190	193	196
Non-life insurance	1–6/2026	1–6/2025	1–12/2025
Premiums written, EUR million	1,156	1,035	1,621
Change, %	11.7	5.5	5.7
Direct premiums written, EUR million	1,146	1,019	1,604
Change, %	12.4	6.1	6.2
Combined ratio excl. unwinding of discount expense, %	93.5	95.2	91.2
Risk ratio, %	61.5	65.3	61.8
Cost ratio, %	32.0	29.9	29.4

LocalTapiola General

Key figures	1–6/2026	1–6/2025	1–12/2025
Premiums written, EUR million	333	326	340
Change, %	2.1	2.9	3.0
Direct premiums written, EUR million	277	269	282
Change, %	3.2	6.4	7.3
Combined ratio excl. unwinding of discount expense, %	93.9	97.6	87.8
Risk ratio, %	67.6	72.9	62.6
Cost ratio, %	26.3	24.7	25.2
Net investment income at fair value, %	3.7	1.9	4.7
Operating result, EUR million	83	74	152
Total result, EUR million	140	69	194
Solvency ratio at end of review period, %	321	327	337

LocalTapiola Life

Key figures	1–6/2026	1–6/2025	1–12/2025
Premiums written, EUR million	227	219	419
Change, %	3.7	6.2	0.7
Net investment income at fair value, %	2.8	0.9	2.1
Operating result, EUR million	98	60	130

Total result, EUR million	108	57	122
Solvency ratio at end of review period, %	256	255	254

LocalTapiola Asset Management Group

Key figures	**1–6/2026**	**1–6/2025**	**1–12/2025**
Turnover, EUR million	33.0	30.9	62.5
Operating result, EUR million	-1.4	-1.7	-0.5
Cost/income ratio, %	93.8	94.2	89.7
Client assets (net) under management, EUR billion	19.1	16.2	17.3

LocalTapiola Finance

Key figures	**1–6/2026**	**1–6/2025**	**1–12/2025**
Operating result, EUR million	6.1	6.6	17.1
Finance portfolio at end of review period, EUR billion	2.6	2.5	2.5