

# Life Insurance

Mandatum Life Group comprises Mandatum Life Insurance Co. Ltd., a wholly-owned subsidiary of Sampo plc, operating in Finland, and its five subsidiaries. Parent company, Mandatum Life, is responsible for sales functions and all the functions required by the Insurance Companies Act. The subsidiaries are Mandatum Life Services Ltd, Mandatum Life Investment Services Ltd., Mandatum Life Fund Management S.A., Innova Services Ltd. and Mandatum Life Insurance Baltic SE.

## Results

Life Insurance, 2015

EURm	2015	2014	Change, %
Premiums written	1,144	1,105	4
Net income from investments	632	540	17
Other operating income	18	5	227
Claims incurred	-1,023	-876	17
Change in liabilities for inv. and ins. contracts	-462	-499	-7
Staff costs	-47	-46	2
Other operating expenses	-74	-60	25
Finance costs	-6	-7	-10
<b>Profit before taxes</b>	<b>181</b>	<b>163</b>	<b>11</b>

Key Figures	2015	2014	Change
Expense ratio, %	100.0	104.1	-4.1
Return on equity, %	12.7	11.4	1.3
Average number of staff (FTE)	522	509	13

Profit before taxes for life insurance operations in 2015 amounted to EUR 181 million (163). The total comprehensive income for the period after tax reflecting the changes in market values of assets was EUR 168 million (149). Return on equity (RoE) amounted to 12.7 per cent (11.4). Without the net additions of EUR 109 million to the discount rate reserve made during 2015, RoE would have been 18.5 per cent.

Net investment income, excluding income on unit-linked contracts, increased to EUR 365 million (273) largely because of a good equity market performance. Net income from unit-linked contracts was EUR 239 million (267). During 2015 fair value reserve increased to EUR 532 million (508).

Total technical reserves of Mandatum Life Group

increased to EUR 10.9 billion (10.4). The unit-linked reserves grew to EUR 5.9 billion (5.3) at the end of 2015, which corresponds to 54 per cent (51) of total technical reserves. With profit reserves continued to decrease during 2015 and amounted to EUR 5.0 billion (5.1) at the end of 2015. With profit reserves related to the higher guarantees of 4.5 and 3.5 per cent decreased EUR 188 million to EUR 3.1 billion in 2015.

All in all, Mandatum Life has increased its technical reserves with a total of EUR 244 million (135) due to low level of interest rates. The figure does not take into account the reserves relating to the segregated fund. The rates used for 2016, 2017 and 2018 are 1.0 per cent, 1.25 per cent, and 2.25 per cent, respectively.

Guaranteed interest rate for the segregated fund has

been lowered to 0.75 per cent from the original discount rate of 3.5 per cent by supplementing the technical reserves with EUR 257 million (241).

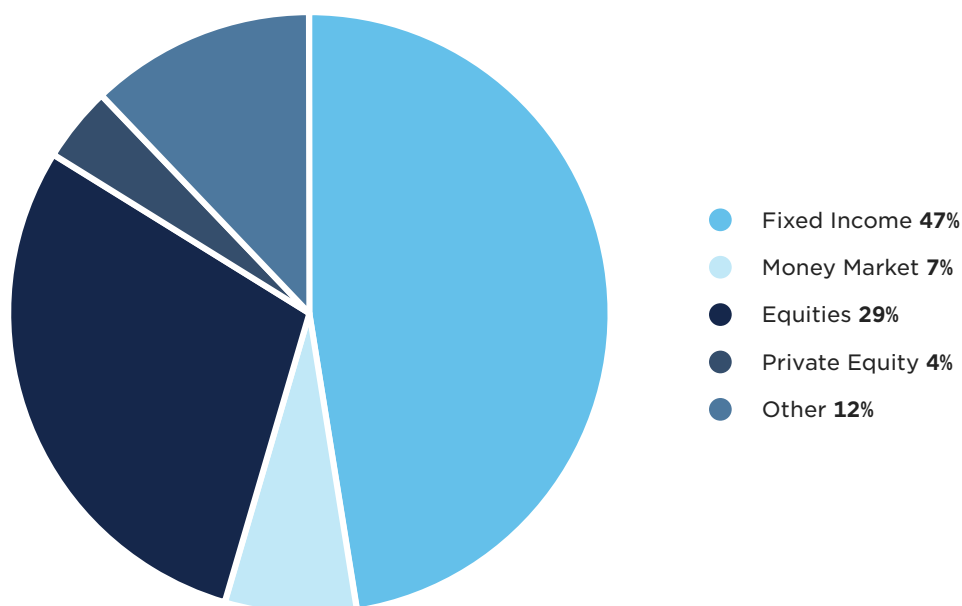
At the end of 2015 Mandatum Life Group's investment assets, excluding the assets of EUR 5.9 billion (5.3) covering unit-linked liabilities, amounted to EUR 6.7 billion (6.6) at market values.

The assets covering Mandatum Life's original with profit liabilities on 31 December 2015 amounted to

EUR 5.5 billion (5.3) at market values. 47 per cent (32) of the assets are in fixed income instruments, 7 per cent (23) in money market, 29 per cent (30) in equities and 16 per cent (16) in alternative investments. The investment return marked-to-market for 2015 was 6.9 per cent (4.6). The duration of fixed income assets at the end of 2015 was 2.1 years (2.0) and average maturity 2.8 years (2.7). Fixed income (incl. money market) running yield was 3.2 per cent (3.2).

## Investment Allocation

Mandatum Life (excl. the Segregated Portfolio), 31 December 2015, Total EUR 5.5 Billion

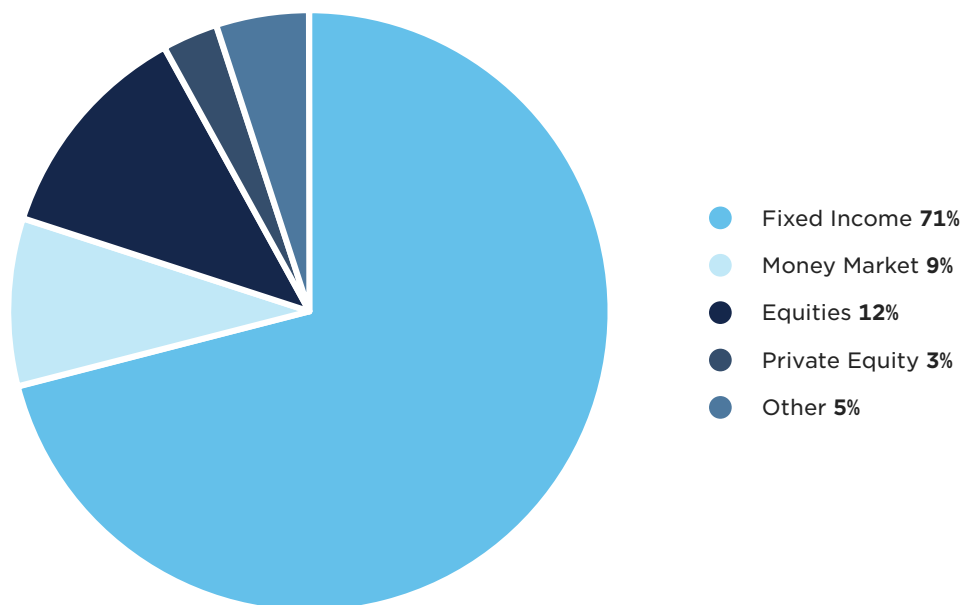


The assets covering the segregated fund amounted to EUR 1.2 billion (1.2), of which 71 per cent (48) was in fixed income, 9 per cent (33) in money market, 12 per cent (8) in equities and 8 per cent (11) in alternative investments. Segregated fund's investment return marked-to-market for January – December 2015 was

3.8 per cent. At the end of December 2015 the duration of fixed income assets was 2.3 years (2.1) and average maturity 3.8 years (3.6). Fixed income (incl. money market) running yield was 1.4 per cent (1.3).

## Investment Allocation, the Segregated Portfolio

31 December 2015, Total EUR 1.2 Billion



European insurance companies report their solvency position for the last time according to Solvency I for 31 December 2015. Mandatum Life's position remains strong and the Solvency I ratio amounted to 23.6 per cent (22.9). The Solvency II regime entered into force as of 1 January 2016. More about Mandatum Life's Solvency II position in the section Solvency.

Risk and expense results were the highest in Mandatum Life's history. The expense result for life insurance segment increased to EUR 25 million (19).

Risk result was exceptionally good and amounted to EUR 33 million (23).

Mandatum Life Group's premium income on own account was record high at EUR 1,144 million (1,105). Premiums from unit-linked policies remained at previous year's level and were EUR 968 million (960). Premium income from the Baltic countries amounted to EUR 34 million (40). Mandatum Life's market share in Finland was stable at 17.7 per cent (17.9). Market share in the Baltic countries was 8 per cent (11).