

# Mandatum Life

Mandatum Life Group comprises Mandatum Life Insurance Company Ltd., a wholly-owned subsidiary of Sampo plc, operating in Finland, Estonia, Latvia and Lithuania, and its three 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. and Mandatum Life Fund Management S.A.

## Results Mandatum Life, 2017

EURm	2017	2016	Change, %
Premiums written	960	1,116	-14
Net income from investments	782	634	23
Other operating income	10	23	-58
Claims incurred	-1,021	-967	6
Change in liabilities for inv. and ins. Contracts	-377	-465	-19
Staff costs	-47	-46	3
Other operating expenses	-63	-78	-19
Finance costs	-7	-7	5
<b>Profit before taxes</b>	<b>236</b>	<b>210</b>	<b>13</b>
<b>Key Figures</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
Expense ratio, %	94.7	100.5	-5.8
Return on equity, %	13.3	15.9	-2.6
Average number of staff (FTE)	525	543	-18

Profit before taxes for Mandatum Life in 2017 amounted to EUR 236 million (210). The total comprehensive income for the period after tax reflecting the changes in market values of assets decreased to EUR 188 million (232). Return on equity amounted to 13.3 per cent (15.9).

Net investment income, excluding income on unit-linked contracts, amounted to EUR 376 million (356). Net income from unit-linked contracts was EUR 405 million (276). During 2017 fair value reserve remained stable at EUR 599 million (596).

Total technical reserves of Mandatum Life Group increased to EUR 11.6 billion (11.3). The unit-linked reserves grew to EUR 7.1 billion (6.4) at the end of 2017. Unit-linked reserves were highest ever and corresponded to 61 per cent (57) of total technical reserves. Roughly EUR 3 billion of the unit-linked reserves is expected to be transferred to Danske Bank by the end of 2018.

With profit reserves continued to decrease as planned during 2017 and amounted to EUR 4.6 billion (4.8) on 31 December 2017. With profit reserves related to the higher guarantees of 4.5 and 3.5 per cent decreased EUR 226 million to EUR 2.6 billion at the end of 2017.

In the course of 2017 Mandatum Life increased its technical

reserves with EUR 53 million due to low level of interest rates and the total discount rate reserves at the end of 2017 amounted to EUR 325 million (273), of which EUR 282 million is allocated to years 2018 - 2021. The figure does not take into account the reserves relating to the segregated fund. The discount rate used for 2018, 2019 and 2020 is 0.25 per cent for 2021 a rate of 2.75 per cent is used. Discount rate of segregated liabilities is 0.50 per cent and discount rate reserve of segregated liabilities amounted to EUR 261 million (275).

At the end of 2017 Mandatum Life Group's investment assets, excluding the assets of EUR 7.1 billion (6.5) covering unit-linked liabilities, amounted to EUR 6.3 billion (6.6) at market values.

The assets covering Mandatum Life's original with profit liabilities at the end of 2017 amounted to EUR 5.2 billion (5.4) at market values. 42 per cent (41) of the assets are in fixed income instruments, 16 per cent (14) in money market, 28 per cent (30) in equities and 13 per cent (15) in alternative investments. The investment return marked-to-market for 2017 was 6.5 per cent (7.2). The duration of fixed income assets at the end of 2017 was 2.0 years (1.9) and average maturity 2.2 years (2.3). Fixed income running yield without taking into account the FX hedging cost was 2.4 per cent (2.9) on 31 December 2017.

The assets covering the segregated fund amounted to EUR 1.1 billion (1.2), of which 77 per cent (75) was in fixed income, 6 per cent (10) in money market, 11 per cent (8) in equities and 6 per cent (7) in alternative investments. Segregated fund's investment return marked-to-market was 1.8 per cent (4.7). On 31 December 2017 the duration of fixed income assets was 2.6 years (2.4) and average maturity 3.3 years (3.5). Fixed income running yield without taking into account the FX hedging cost was 2.1 per cent (1.8).

Both risk and expense results rose to new records. The expense result for life insurance segment amounted to EUR 33 million (26) and risk result to EUR 35 million (31).

Mandatum Life Group's premium income on own account amounted to EUR 960 million (1,116). Premiums through Danske Bank channel decreased roughly EUR 100 million during 2017. Premiums from unit-linked policies amounted to EUR 850 million (973).

More information on the portfolio transfer to Danske Bank is available in section Mandatum Life's portfolio transfer to Danske Bank.

Mandatum Life's solvency position is described in the section [Solvency](#).

