

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, 2016

EURm	2016	2015	Change, %
Premiums written	1,116	1,144	-2
Net income from investments	634	632	0
Other operating income	23	18	29
Claims incurred	-967	-1,023	-5
Change in liabilities for inv. and ins. contracts	-465	-462	1
Staff costs	-46	-47	-2
Other operating expenses	-78	-74	4
Finance costs	-7	-6	10
Profit before taxes	210	181	16

Key Figures	2016	2015	Change
Expense ratio, %	100.5	100.0	0.5
Return on equity, %	15.9	12.7	3.2
Average number of staff (FTE)	543	522	21

Profit before taxes for life insurance operations in 2016 amounted to EUR 210 million (181). The total comprehensive income for the period after tax reflecting the changes in market values of assets increased to EUR 232 million (168). Return on equity (RoE) amounted to 15.9 per cent (12.7).

Net investment income, excluding income on unit-linked contracts, amounted to EUR 356 million (391). Net income from unit-linked contracts was EUR 276 million (239). During 2016 fair value reserve increased to EUR 596 million (532).

Total technical reserves of Mandatum Life Group increased to EUR 11.3 billion (10.9). The unit-linked reserves grew to EUR 6.4 billion (5.9) at the end of 2016, which corresponds to 57 per cent (54) of total technical reserves. With profit reserves continued to decrease as planned during 2016 and amounted to EUR 4.8 billion (5.0) on 31 December 2016. With profit reserves related to the higher guarantees of 4.5 and 3.5 per cent decreased EUR 213 million to EUR 2.9 billion at the end of 2016.

Mandatum Life increased its technical reserves with EUR 28 million due to low level of interest rates in 2016 and the total discount rate reserves amounted to EUR 273 million (244) at the end of 2016, of which EUR 225 million is allocated to years 2017–2019. The figure does not take into account the reserves relating to the segregated fund. The discount rates used for 2017, 2018 and 2019 are 0.25 per cent, 0.50 per cent, and 2.25 per cent, respectively.

Discount rate of segregated liabilities was lowered in November 2016 to 0.50 per cent from 0.75 per cent and discount rate reserve of segregated liabilities increased accordingly to EUR 275 million (257).

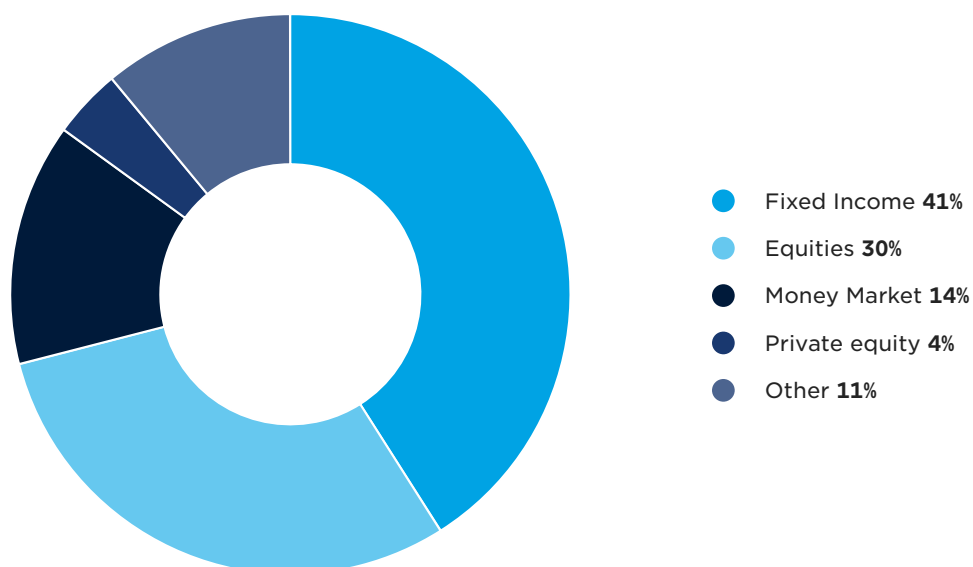
At the end of 2016 Mandatum Life Group's investment assets, excluding the assets of EUR 6.5 billion (5.9) covering unit-linked liabilities, amounted to EUR 6.6 billion (6.7) at market values.

The assets covering Mandatum Life's original with profit liabilities at the end of 2016 amounted to EUR 5.4 billion (5.5) at market values. 41 per cent (47) of

the assets are in fixed income instruments, 14 per cent (7) in money market, 30 per cent (29) in equities and 15 per cent (16) in alternative investments. The investment return marked-to-market for 2016 was 7.2

per cent (6.9). The duration of fixed income assets at the end of 2016 was 1.9 years (2.1) and average maturity 2.3 years (2.8). Fixed income running yield was 2.9 per cent (3.2).

Investment Allocation, excl. the Segregated Portfolio Mandatum Life, 31 December 2016, Total EUR 5.4 billion

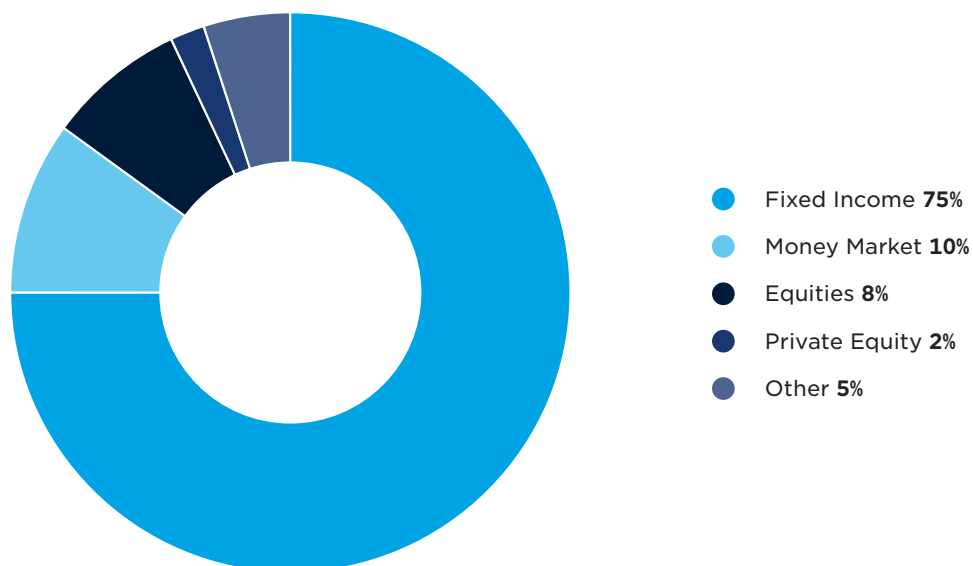


The assets covering the segregated fund amounted to EUR 1.2 billion (1.2), of which 75 per cent (71) was in fixed income, 10 per cent (9) in money market, 8 per cent (12) in equities and 7 per cent (8) in alternative investments. Segregated fund's investment return

marked-to-market for January–December 2016 was 4.7 per cent (3.8). On 31 December 2016 the duration of fixed income assets was 2.4 years (2.3) and average maturity 3.5 years (3.8). Fixed income running yield was 1.8 per cent (1.4).

Investment Allocation, the Segregated Portfolio

Mandatum Life, 31 December 2016, Total EUR 1.2 billion



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

Risk and expense results remained on a good level. The expense result for life insurance segment amounted to EUR 24 million (25) and risk result to EUR 31 million (33).

Mandatum Life Group's premium income on own account amounted to EUR 1,116 million (1,144). After

a sluggish start to the year fourth quarter premiums rose to a record high of EUR 446 million (306). Premiums from unit-linked policies amounted to EUR 973 million (968). Mandatum Life's market share in Finland grew to 24.1 per cent (17.7).

More information on the cooperation between Mandatum Life and Danske Bank is available in section [Changes in Group Structure](#).