

# Mandatum Life

Year 2016 proved to be good for Mandatum Life in many ways, especially thanks to a very strong fourth quarter. Despite the challenging market conditions early in the year, Mandatum Life's unit-linked premium income reached a record-high level, as in previous years, largely thanks to successful wealth management during the latter part of the year.

In terms of premium income, the year was twofold: As a result of stock market volatility, the early part of the year was weak, but as the year progressed, sales volumes developed very favourably, especially for Mandatum Life's own sales channels. Mandatum Life's unit-linked premium income once again reached an all-time high. Mandatum Life's wealth management achieved by far the highest premium income ever, bolstered especially by alternative investment products, which got off to an excellent start.

Mandatum Life's investment returns exceeded the return requirement for technical provisions, especially due to the excellent return on equity investments. Low-risk, long-term interest rates remained at a low level, which means maturing fixed income investments continue to present a considerable re-investment risk, as in previous years. As a result of the low interest rate levels, the company continued to supplement the reserves for decreased discount rates. Consequently, the return requirement on technical provisions for 2017–2019 has been substantially lowered.

More than ten years ago, Mandatum Life set unit-linked insurance and personal risk insurance as its core business areas in terms of new business. Back then, the company's technical provisions were almost exclusively related to with profit products and the share of the with profit portfolio with particularly high (3.5 per cent and 4.5 per cent) guarantees of the total technical provisions was close to 90 per cent. The with

profit portfolio with high guarantees only constitutes less than 30 per cent of the company's technical provisions. Unit-linked technical provisions rose to EUR 6.4 billion (5.9) – the highest ever in the company's history.

At the end of the year, Mandatum Life announced that its long-standing distribution co-operation with Danske Bank would come to an end and that the company would exercise its right to sell the insurance portfolio, consisting of private customers' insurance policies generated through the co-operation, to Danske Bank. The portfolio transfer involves approximately 150,000 policies, unit-linked insurance savings of around EUR 3 billion and with profit insurance savings of some EUR 0.2 billion. The portfolio transfer is expected to be completed at the earliest at the end of 2017. Mandatum Life and Danske Bank have agreed to continue fund management co-operation during a transitional period which will last at least until the end of 2017 in order to ensure that the transition from Mandatum Life to Danske Bank will be as smooth as possible. From the customers' perspective, the services will remain unchanged.

During the latter part of the year, Mandatum Life implemented organisational changes to increase the efficiency of the company's operations in the Baltic countries. A special focus area in operations is increasing sales and profitability.