

# 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, 2014

EURm	2014	2013	Change, %
Premiums written	1,105	1,063	4
Net income from investments	540	569	-5
Other operating income	5	4	26
Claims incurred	-876	-731	20
Change in liabilities for inv. and ins. contracts	-499	-648	-23
Staff costs	-46	-46	1
Other operating expenses	-60	-54	10
Finance costs	-7	-7	5
Share of associate's profit	0	1	-67
<b>Profit before taxes</b>	<b>163</b>	<b>153</b>	<b>7</b>

Key Figures	2014	2013	Change
Expense ratio, %	104.1	106.6	-2.5
Return on equity, %	11.4	18.3	-6.9
Average number of staff (FTE)	509	541	-32

On 30 December 2014 Mandatum Life received Suomi Mutual's with profit group pension portfolio. The portfolio comprises approximately 2,300 policies and 34,000 members. The amount of transferred assets and liabilities was EUR 1,337 million. Technical provisions include longevity and expense supplements totaling EUR 108 million. Due to the special features of the received portfolio, technical provisions excluding the longevity and expense supplements and related assets have been segregated from the rest of Mandatum Life's balance sheet. Unless otherwise stated the information on technical provisions and the assets covering the provisions at the end of 2014 include the segregated group pension portfolio. The

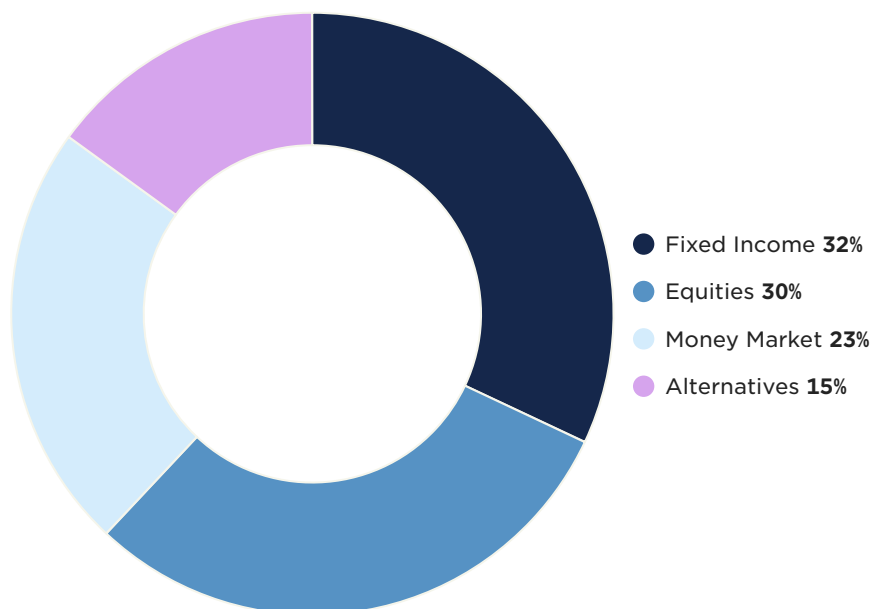
segregated group pension portfolio did not impact the profit and loss statement in 2014.

Life insurance operations reported for 2014 profit before taxes of EUR 163 million (153). The total comprehensive income for the period reflecting the changes in market values of assets was EUR 149 million (220). Return on equity (RoE) amounted to 11.4 per cent (18.3).

Mandatum Life Group's investment assets, excluding the assets of EUR 5.3 billion (4.6) covering unit-linked liabilities, amounted to EUR 6.6 billion (5.5) at market values as at 31 December 2014.

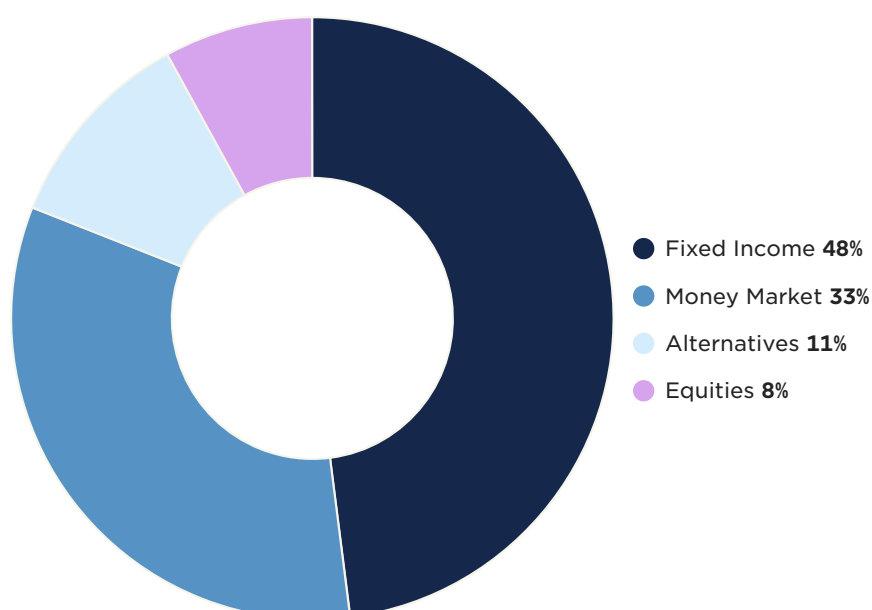
## Allocation of Investment Assets (excl. the Segregated Portfolio)

Mandatum Life, 31 December 2014, total EUR 5.3 billion



## Allocation of Assets of the Segregated Portfolio

31 December 2014, total EUR 1.3 billion



Mark-to-market return on investments in 2014 was 4.6 per cent (7.1). At the end of December 2014 duration of fixed income assets, excluding the segregated portfolio, was 1.6 years (1.8) and average maturity 1.9 years (2.2). Fixed income running yield was 3.1 per cent (3.7). For the segregated portfolio the duration was 2.4 years and average maturity 1.9 years.

Net investment income, excluding income on unit linked contracts, decreased to EUR 273 million (298). Net income from unit-linked contracts was EUR 267 million (270). In 2014, fair value reserve remained almost unchanged at EUR 508 million (492).

Mandatum Life Group's solvency margin clearly exceeded Solvency I requirements and the solvency capital amounted to EUR 1,463 million (1,403) as at 31 December 2014. The solvency ratio was 22.9 per cent (27.6). The decrease in solvency ratio based on Solvency I requirements was due to the portfolio transfer from Suomi Mutual.

Total technical reserves of Mandatum Life Group increased to EUR 10.4 billion (8.5). The unit-linked reserves grew to EUR 5.3 billion (4.6) at the end of 2014, which corresponds to 51 per cent (54) of total technical reserves. Because of the portfolio transfer from Suomi Life, the with profit reserves increased during 2014 and amounted to EUR 5.1 billion (3.9) at the end of 2014. Excluding the portfolio transfer the

with profit reserves decreased EUR 199 million in 2014.

The discount rate used to discount all with profit liabilities excluding the segregated fund, have been lowered to 2.0 per cent for 2015 and 3.0 per cent for 2016. For this purpose a reserve of EUR 135 million has been established.

The segregated fund carries a guaranteed interest of 3.5 per cent, which has been lowered to 1.0 per cent by supplementing the technical reserves with EUR 241 million.

The expense result for life insurance segment continued to develop favorably and increased to EUR 19 million (14). Risk result remained almost unchanged at EUR 23 million (24).

Mandatum Life Group's premium income on own account increased 4 per cent to EUR 1,105 million (1,063). Main sales channels, Danske Bank and Mandatum's own Wealth Management unit, performed well and premiums from unit linked policies reached an all-time high EUR 961 million (909). Premium income from the Baltic countries amounted to EUR 40 million (32). Mandatum Life's market share in Finland was 17.9 per cent both overall and in unit-linked. A year earlier the market shares were 19.3 and 19.2 per cent, respectively. Market share in the Baltic countries was 11 per cent (10).