



By all key indicators, 2013 was a success for Mandatum Life. Unit-linked premium income was at a record-high level and the result improved, thanks to good investment returns. Positive development was also achieved in operating expenses, and, for the first time, unit-linked technical provisions exceeded the technical provisions related to with profit products.

Mandatum Life's investment returns, boosted in particular by the excellent yield on equity investments, rose to a good level. Low-risk, long-term interest rates remained low, which means that, as in previous years, maturing fixed-income investments present a considerable re-investment risk. In response to the low interest rate levels, the company continued to supplement the reserve for decreased discount rates, and has consequently lowered the return requirement on technical provisions for 2014 and 2015.

Premium income continued to grow in the company's core businesses, and the company's unit-linked premiums reached a record-high level. The growth can be attributed to the increase in the premium income of Danske Bank's and the company's own networks. Despite the positive trend, the company lost market shares, since the premium income in the sector grew substantially.

In terms of new business, ten years ago Mandatum Life set unit-linked insurance and risk insurance as its core business areas. Back then, the company's technical provisions were almost exclusively related to with profit products. In 2013, a significant shift took place in the structure of the technical provisions: unit-linked technical provisions exceeded the technical provisions related to with profit products. This was a consequence of two things: the strong growth in unit-linked technical provisions, and the decline of pension-focused technical provisions related to with profit products. Technical provisions related to with profit

products decreased to a lowest level ever in the history of the company in its current form.

Cost effectiveness becomes increasingly important as the weight given to unit-linked business grows. The company did, in fact, implement a cost-savings program in 2013, with the goal of keeping operating expenses, aside from those arising from sales and profit-linked operating expenses, at the 2012 level until 2015. Together with the growing insurance savings, the cost-saving measures are expected to improve the expense result over the next few years.

Demand for risk insurance grew in the Baltic countries, and with new insurance policies being taken out, there was significant growth in capital at risk. Unit-linked technical provisions grew compared to the previous year, but gross premium income fell slightly short of the 2012 figure. The organization's operations were reinforced and adapted to better reflect the customer segments.

A new operating model for corporate sales was cascaded within the Finnish organization in the course of 2013. The goal of the new sales and service model is to improve sales efficiency and enhance the customer experience. Due to the launch of the new operating model, particular emphasis was placed on developing sales competence. In addition, efforts focusing on supervisory work and well-being at work were continued.