2024

MANDATUM LIFE'S SOLVENCY AND FINANCIAL CONDITION REPORT

MANDATUM LIFE INSURANCE COMPANY LIMITED

MANDATUM

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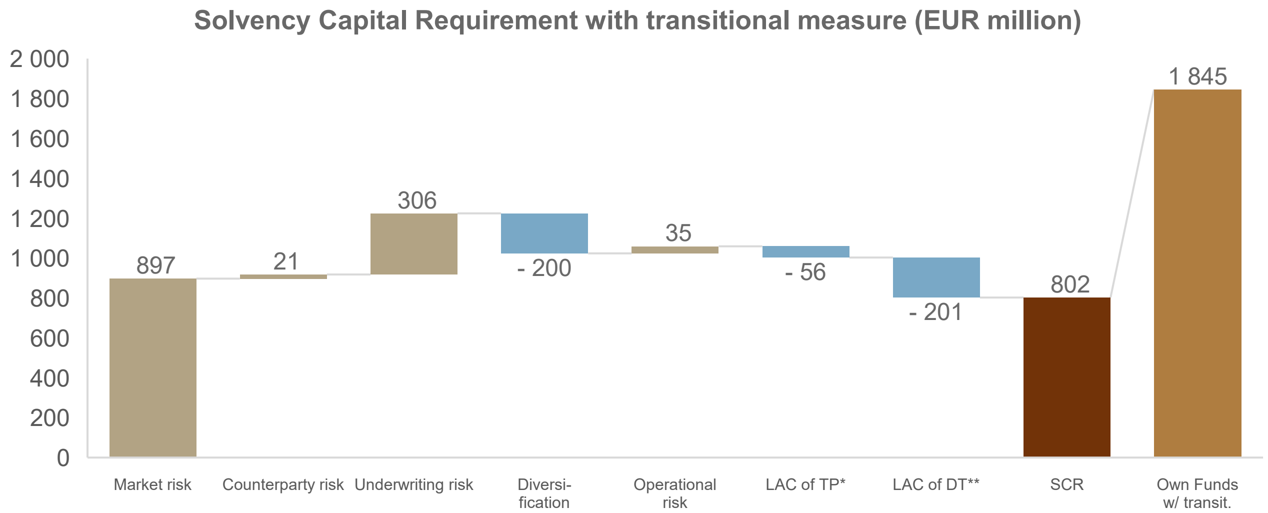
Summary

Mandatum Life Insurance Company Limited (hereinafter also referred to as "Mandatum Life") is a solvent and respected Finnish financial services provider and part of the Mandatum Group. Mandatum Life operates in Finland and provides savings and pension insurance, capital redemption contracts as well as insurance to cover mortality, morbidity and disability risks. Mandatum Life is Finland's leading pension insurer in the corporate business segment, which is a cornerstone of Mandatum Life's customer strategy.

Mandatum Life reports its result as part of Mandatum Group's IFRS financial statements. In 2024, Mandatum Group's IFRS-compliant result before taxes amounted to EUR 203 million (210).

Mandatum Life prepares its own financial statements in accordance with Finnish Accounting Standards (FAS), and the result before taxes for 2024 was EUR 192 million (282). Mandatum Life's expense result in 2024 was EUR 26 million (15). The risk result was EUR 29 million (28). Premiums written on the Company's own account decreased to EUR 1,654 million (1,674). Premiums written on unit-linked insurance decreased to EUR 1,547 million (1,553).

Taking into account the transitional measure applied to technical provisions, Mandatum Life's own funds according to the Insurance Companies Act amounted to EUR 1,845 million (1,992) as at 31 December 2024. The Company's solvency capital requirement (SCR) according to the Insurance Companies Act was EUR 802 million (798) and the minimum capital requirement (MCR) was EUR 201 million (199). Mandatum Life meets the solvency requirements imposed on it by legislation.



*Loss-absorbing capacity of technical provisions

**Loss-absorbing capacity of deferred tax

In terms of capital requirements, the Company's most significant risks are the balance sheet's market risks, as well as longevity and lapse risks, which are included in underwriting risks. In addition, operational and business risks are inherent in terms of the Company's operations and continuity.

A. Business and performance

A.1 Business

Mandatum Life Insurance Company Limited (hereinafter Mandatum Life or the Company) is a solvent and respected Finnish financial services provider and is part of the Mandatum Group. Mandatum plc's address is Bulevardi 56, 00120 Helsinki.

Mandatum Life is a fully owned subsidiary of Mandatum plc. The structure of Mandatum Group is presented on Mandatum plc's website: https://www.mandatum.fi/en/group/about-the-company/corporate-structure/.

Mandatum Life operates in Finland and provides savings and pension insurance, capital redemption contracts as well as insurance to cover mortality, morbidity and disability risks. Mandatum Life is a leading pension insurer in the corporate business segment, which is a cornerstone of Mandatum Life's customer strategy. The management and personnel of these companies hold considerable wealth management and other private customer potential in terms of other key business areas, e.g. asset management and unit-linked insurance related business, as well as life and other risk insurance business.

Mandatum Life Insurance Company Limited's subsidiaries are Mandatum Life Services Ltd, Mandatum Incentives Ltd and 18 (18) housing and property companies.

The Company's core area is unit-linked insurance. The Company also has a significant with-profit insurance portfolio, which is not subject to active new sales. The Company's with-profit insurance portfolio is divided into two different parts as follows:

- The group pension portfolio and related receivables that were transferred from Suomi Mutual have been segregated ("segregated group pension portfolio" or "segregated assets") from the rest of Mandatum Life's balance sheet. The segregated portfolio has its own rules concerning the distribution of profit, as well as its own investment policy and Asset-Liability Committee.
- The with-profit liabilities that are not part of the liabilities related to the segregated group pension portfolio shall be referred to hereinafter as the "original" with-profit liabilities.

The Company's domicile is in Finland and the Company is subject to supervision by the Finnish Financial Supervisory Authority (Financial Supervisory Authority, Snellmaninkatu 6, P.O. Box 103, FI-00101 Helsinki). The group supervisor for Mandatum Group is also the Finnish Financial Supervisory Authority.

The Company's external auditor is the accounting firm Deloitte Ltd, Salmisaarenaukio 2, 00180 Helsinki.

A.2 Underwriting performance

Mandatum Group's result before taxes according to Finnish Accounting Standards (FAS) amounted to EUR 192 million (282) in 2024. In the end of the financial year, investments' valuation differences were EUR 331 million (308) and, at fair values, the Company's result was positive. The return on equity (RoE) was 24.0 per cent (26.8). The net return on investment assets amounted to EUR 173 million (316), excluding the return related to unit-linked insurance. Income from unit-linked insurance amounted to EUR 1,216 million (980).

Mandatum Life's expense result increased in 2024 and was EUR 26 million (15). The risk result was EUR 29 million (28). The table below presents the Company's result by component.

EUR million	2024	2023
Interest rate result	132	248
Expense result	26	15
Risk result	29	28
Other result	-9	-9
Mandatum Life's total result before taxes	**192**	**282**
Change in valuation differences	23	-1
Result at fair value	**215**	**281**

Premiums written on Mandatum Life's own account decreased slightly to EUR 1,654 million (1,674). Premiums written on unit-linked insurance decreased to EUR 1,547 million (1,553).

A.3 Investment performance

Mandatum Life's investment objective is to achieve the highest possible return at an acceptable level of risk. Successful investments provide policyholders with good nominal returns and accrue solvency capital while also meeting shareholders' return expectations. In 2024, the net investment return on Mandatum Life's investment assets covering the original with-profit technical provisions was 4.0 per cent (7.5). The total return on the segregated group pension portfolio was 4.8 per cent (8.3).

At the end of the year, the fair value of Mandatum Life's investment portfolio was EUR 3.7 billion (4.0), excluding EUR 13.3 billion (11.6) in assets covering unit-linked technical provisions. That amount consisted of EUR 3.0 billion (3.3) in assets covering the original with-profit technical provisions, and EUR 0.7 billion (0.7) in assets covering the segregated group pension portfolio.

The most significant change in the investment asset allocation in 2024 was the decrease in the share of equity investments. In the assets covering the original with-profit technical provisions, the share of fixed income investments was 73 per cent (72), and the share of equity investments decreased further from 9 per cent to 7 per cent. The share of other investments was 19 per cent (19). In the investment assets of the segregated group pension portfolio, the share of listed equity investments was 1 per cent (1), the share of fixed income investments was 94 per cent (94) and the share of other investments was 4 per cent (4).

The duration of the fixed income investments, including cash and interest rate derivatives, covering the original with-profit technical provisions as per 31 December 2024 went up to 3.5 years (3.2) and the duration of the segregated assets went up to 4.3 years (3.6).

Mandatum Life's net income from investments is presented in the appendices of the income statement of the Annual Report. The following table presents the Company's net income from investments by asset class, calculated according to the key figure formula used in the FAS financial statements. This presentation combines both the investments covering the original with-profit technical provisions and the investments of the segregated assets.

	2024	**2023**
Fixed income investments	5.7%	9.0%
Equity investments	-4.0%	8.3%
Real estate investments	-5.7%	-7.0%
Other investments	12.9%	-2.8%
Total	**4.2%**	**7.6%**

Mandatum Life does not record changes directly to equity in the FAS financial statements.

Mandatum Life does not have investments in securitised investment objects.

In accordance with the Company's Board-approved risk strategy and the risk appetite, which is an integral part of it, the Company is prepared to assume risk in its investment operations, because the Company believes that by taking risk it can earn higher returns in relation to the technical provision requirements. The Company's Board of Directors has approved an investment strategy according to which key targets for the Company's investment operations are to meet the obligations to policyholders, to ensure an adequate solvency and capital position for the Company and to ensure that appropriate compensation for bearing risk can be paid to the Company's shareholders. The Company's technical provision cash flows are very predictable, which means that it is possible to bear the normal volatility related to investment assets over time, provided that the Company's solvency is appropriately managed at the same time.

When using an asset manager in the management of investment assets, the corresponding principles have been included in asset management agreements where applicable, and as a rule the Company uses the asset manager only within a single asset class and has not outsourced allocation selection except to Mandatum Asset Management Ltd. The Company uses Mandatum Asset Management Ltd as the asset manager for investments covering the Company's with-profit portfolio and own funds. The Company uses Mandatum Asset Management Ltd and Danske Bank A/S Finnish Branch, as the asset manager for the Company's investment baskets covering unit-linked policies. Below is a description of the key content of these asset management agreements:

Mandatum Asset Management Ltd

- Duration of the agreement: Long-term co-operation agreement.
- Principles of corporate governance: Published engagement principles that are in line with Mandatum Life's engagement principles.
- Remuneration and duration of liabilities: Regarding the with-profit portfolio, remuneration is based on pricing related to the amount of assets, and the Company has set limits for the duration. In unit-linked insurance, the customer selects the investment object.
- Supervision of asset management operations: Operations are regularly monitored using the Group's internal methods (cf. Section B 3.2).

Danske Bank A/S Finnish branch

- Duration of the agreement: Long-term co-operation agreement.
- Principles of corporate governance: The asset manager has published its own principles of corporate governance on its website.
- Remuneration and duration of liabilities: In unit-linked insurance, the customer selects the investment object.
- Supervision of asset management operations: Operations are regularly supervised by a separate co-operation group.

In addition to the investment baskets managed by asset managers, the investment objects of unit-linked insurance also include a number of different funds, for which the policyholder also selects the investment object. Correspondingly, the Company uses a number of different funds to cover the investments of the with-profit insurance portfolio. Regarding funds, clients and the Company have access to key fund information, descriptions and rules.

A.4 Performance of other activities

The total result after taxes of Mandatum Life's subsidiaries (excl. real estate companies) in 2024 amounted to EUR 3.7 million (-0.5).

Mandatum Life does not have significant leasing agreements.

A.5 Other information

In November 2024, Mandatum Life paid a dividend of EUR 325 million to Mandatum plc based on the financial result of 2023.

B. System of governance

B.1 General information on the system of governance

B.1.1 BOARD OF DIRECTORS AND MANAGEMENT

Supreme authority in the Company is exercised by the General Meeting. Mandatum Life's Board of Directors is responsible for, among other things, the Company's administration and the appropriate organisation of its operations, and for ensuring that the supervision of the Company's accounting and financial management is appropriately arranged. The operations of the Board of Directors are regulated by, in addition to existing legislation and regulations, the charter of the Board of Directors.

The CEO of Mandatum Life, appointed by the Board of Directors, manages the Company's day-to-day administration in accordance with the instructions and regulations issued by the Board of Directors and is responsible for ensuring that the Company's accounting complies with the law and that financial management is arranged in a reliable manner. In 2024, the Company's CEO was Lic.Phil. Jukka Kurki. To support the CEO, Mandatum Life's Steering Group has been established, to ensure the quality and accuracy of the processing and decision-making related to the Company.

The operations of Mandatum Life are discussed when applicable also by the Company's parent company Mandatum plc's Board of Directors, which is responsible for determining the Group's strategy, as well as by the Group's Steering Group, which is responsible for the operative management and execution of the strategy with the leadership of the Group's CEO. In addition, each business area (Institutional & wealth management, Corporate clients, Retail clients and With-profit business area) has its own steering group, which is responsible for the execution and leadership of the business strategy. The With-profit business area is steered by Mandatum Life's Steering Group. Mandatum Life's business units must ensure the risk management and internal control of their processes. The units must report on deviations in accordance with the given guidelines.

The chairman of the Company's Board of Directors M.Sc. (Econ.) Patrick Lapveteläinen announced his resignation from the duties of the chairman of the Board on the 26th of November 2024 to take on the position of chairman of the Board of Mandatum Life's sister company Mandatum Asset Management Ltd. After the resignation of Patrick Lapveteläinen, M.Sc. (Econ.) Matti Ahokas was elected as the new chairman of the Board of Directors. There were no other material changes in the Company's Board of Directors or senior management during the reporting period. The Company has not had any material transactions with members of the Board of Directors or senior management.

At the end of 2024, the members of the Board of Directors were the following:

Name	Position
Petri Niemisvirta	Chair
Matti Ahokas	Vice-chair
Paula Salonen	Member
Jarmo Salonen	Member

B.1.2 KEY FUNCTIONS

The Insurance Companies Act requires that the Company's Board of Directors defines the Company's key functions. The key functions at Mandatum Life are the actuarial, compliance and risk management functions and internal audit. A separate person responsible has been appointed for each of these key functions. Each function reports regularly to the CEO and the Board of Directors, except for the internal audit, which reports only to the Board of Directors.

B.1.3 REMUNERATION

Remuneration is based on Mandatum Group's general remuneration principles, which are decided by Mandatum plc's Board of Directors and applied to all personnel of group companies and the CEO of Mandatum Life. The Board of Directors of Mandatum Life annually confirms the application of Mandatum Group's remuneration principles and, if necessary, prepares a company-specific appendix to the Remuneration Policy, which takes into account the laws and regulations applicable to the Company. An independent audit of the remuneration principles and remuneration system is conducted annually.

At Mandatum, remuneration is designed to promote the Group's financial performance. Variable remuneration is used to ensure the competitiveness of overall remuneration, to support Mandatum's business strategy and to strengthen the connection between remuneration and employee performance. The remuneration systems used by Mandatum are fair and risk sensitive and they promote sustainable business practices.

The aim of remuneration is to attract and commit skilled and motivated employees and to encourage them to do their best and surpass the targets set for them. Remuneration is designed such that it compensates for a successful performance which is in line with Mandatum's practices and values. The remuneration elements used by Mandatum include fixed and variable remuneration and other benefits, such as a supplementary defined contribution pension benefit. All pension benefits which depend on the employee's performance are considered variable remuneration. Pension benefits which do not depend on the employee's performance, and which have been awarded to a group of employees with certain terms are not considered variable remuneration. If an employee's total remuneration includes variable remuneration, an appropriate balance between fixed and variable remuneration is to be maintained. Fixed salary is the basis of the remuneration package and it shall be based on the level of demandingness of the position and the employee's qualifications, experience, general level of responsibility and position in the Company, as well as the work performance, quality of work and other appropriate factors, such as market salary data.

The fixed salary is supplemented by variable incentive schemes decided on by Mandatum plc's Board of Directors and within their decision the Company's Board of Directors and the Group's management. In short-term remuneration systems, remuneration is based on Mandatum's strategy and performance objectives. Targets on which remuneration is based are set appropriately for each position. Long-term remuneration systems are designed in a way that ensures that the employees' and the shareholders' interests are aligned. In Mandatum's performance-based share-based remuneration scheme the performance measures are linked to the development of Mandatum's share price, Mandatum's profitability and sustainability.

The payment of variable remuneration complies with the regulations applicable to the Company. . A certain part of the payments to members of identified staff are deferred for a defined period in accordance with each Group company's deferring practices. After the deferral period a retrospective risk assessment is conducted, and each Group company's Board of Directors decides whether the deferred remuneration can be paid. The Company can decide not to pay variable remuneration if nonacceptable risks have been taken or internal or external rules for the business have been breached or if the payment would endanger the Company's ability to maintain a sound capital base.

B.2 Fit & proper requirements

Mandatum Life's fitness and propriety requirements are based on the Group's Fit & Proper Policy. The policy additionally specifies the requirements concerning the professional qualifications and good reputation of those participating in insurance distribution.

The following are subject to the fit & proper assessment:

i. members of the Company's bodies, and their deputies,
ii. the management of the Company and
iii. the management of key functions.

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The Fit & Proper Policy takes into account the legal provisions concerning the Fit & Proper assessment that apply to insurance companies and the national and the European Union's official guidelines laid down on the basis of such legal provisions.

The purpose of the Fit & Proper Policy is to ensure that Mandatum Group's companies are managed and governed professionally, according to sound and cautious business principles and according to the principles of reliable governance. Furthermore, ensuring the continuity of the operations of the companies' management system is an integral part of the companies' operational risk management and business continuity planning.

The Fit & Proper assessment in compliance with the Fit & Proper Policy consists of an assessment of the person's fitness, including professional qualifications, skills and experience and an assessment of the person's propriety, including probity and financial soundness. Fitness and propriety are assessed independently for each assessment subject, taking into account all factors influencing the assessment. When assessing members of the Company's Board of Directors, it must additionally be ensured that the Board has the appropriate overall professional qualifications, experience and skills, taking into account the requirements set by the Finnish act on insurance companies and EU regulation. Correspondingly, when assessing the CEO of the insurance company, attention must be paid to the above-mentioned areas. In addition, the insurance company's CEO is required to have general knowledge of the insurance business.

A Fit & Proper assessment is carried out in the following situations:

1. A new person is appointed to a task, based on which the person belongs to the group of assessment subjects;
2. An assessment subject is appointed to a new task, based on which the person would also belong to the group of assessment subjects;
3. When a notification of the assessment subject must be given to the supervisory authority; or
4. If doubts about the fitness and propriety of the assessment subject arise.

Assessments of the fitness and propriety of assessment subjects are conducted continuously by acquiring a report necessary for making a Fit & Proper assessment of the assessment subjects belonging to this group regularly. The report contains the establishment of the financial soundness and probity of the subjects based on registers, as well as the subject's account of changes they are aware of in their information.

B.3 Risk management system, including Own Risk and Solvency Assessment

B.3.1 GENERAL RISK MANAGEMENT PRINCIPLES

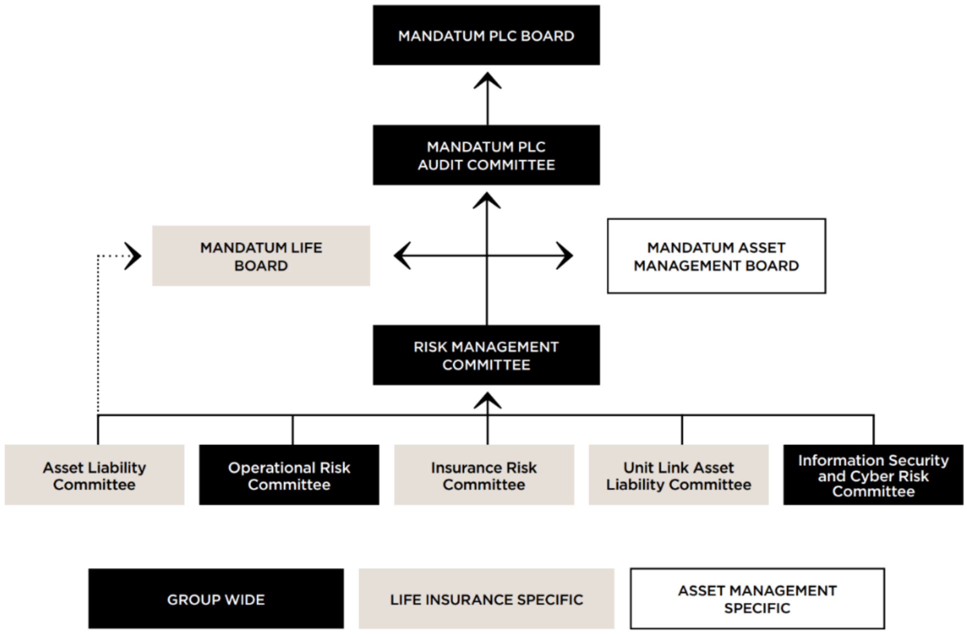
A key principle of insurance operations is the transfer of risk from the policyholder to the insurance company. Risk is therefore an essential and inherent element of Mandatum Life's business activities and operating environment. The purpose of the risk management process is to identify the different risks affecting the business. The risk management process also ensures that different risks can be assessed, limited and controlled.

The most important goals of risk management are to ensure the sufficiency of capital in relation to the business risks and to limit fluctuations in financial results, to ensure efficient and continuous business processes in all circumstances and to limit the risks related to all operations to the level approved by the Board of Directors.

B.3.2 ORGANISATION OF RISK MANAGEMENT

The Company's Board of Directors is responsible for the adequacy of risk management and internal control. The Board annually approves the Risk Management Policy and Internal Control Policy, according to which risk management and internal control are arranged as part of the Company's business. The Board also approves the Investment Policy annually.

The CEO has the overall responsibility for the implementation of risk management in accordance with the Board's guidance. The responsibility of the risk officers is to ensure that risk management is organised appropriately and that the scope is adequate with respect to the Company's operations in general. The business units are responsible for the identification, assessment, control and management of their operational risks.



Overall risk management in Mandatum Group is monitored according to a separate risk management structure, which is pictured above. Some of the committees operate at the Group level, while some are company specific. The Risk Management Committee coordinates the arrangement of risk management and monitors all of the Group's risks. The Committee is chaired by the CEO of Mandatum plc. In addition to Mandatum plc's CEO and the Group's Chief Risk Officer, the head of each business area is a member of the Committee, as are the majority of the CEOs of the authorised companies. In addition, representatives of internal control functions are present at the Committee's meetings.

The key role of the Asset-Liability Committee (ALCO) is to monitor and control market risks related to the Company's with-profit insurance portfolio and to ensure that investment operations are managed within the limits set in the Investment Policy approved by the Board of Directors. In addition, it monitors the adequacy of liquidity, risk-bearing capacity and solvency capital in relation to balance sheet risks and prepares investment policy proposals for the Board of Directors. The ALCO convenes monthly and reports to the Risk Management Committee. The ALCO's Chair regularly reports on the Company's asset and liability management to the Board of Directors. The Asset-Liability Committee controls separately the balance sheet of the operationally segregated group pension insurance portfolio and the rest of the Company's with-profit insurance portfolio and the Company's own equity assets.

The Insurance Risk Committee monitors the comprehensiveness and appropriateness of the Company's underwriting risk management. A key task is to monitor compliance with the Company's Underwriting Policy and to maintain the policy in question. The Committee reports on risk management issues related to underwriting risks and the Underwriting Policy to the Risk Management Committee. The Insurance Risk Committee is chaired by the Chief Actuary, who is responsible for ensuring that the principles for pricing policies and for the calculation of technical provisions are adequate and in line with the risk selection and claims processes. The Board approves the insurance policy pricing and the central principles for the calculation of technical provisions. In addition, the Board defines the maximum amount of risk to be retained on the Company's own account and approves the reinsurance policy annually.

The key role of the unit-linked ALCO is to monitor and oversee the investment risks related to the Company's unit-linked insurance portfolio and to ensure that investment operations are managed within the rules laid down in the unit-linked Asset Liability Policy approved by the Board of Directors. The unit-linked ALCO convenes quarterly and reports to the Risk Management Committee.

The Operational Risk Committee’s role is to ensure that operational risk management is appropriately arranged in Mandatum Group. A key task is to ensure that Mandatum Group has efficient procedures for monitoring and reporting realised operational risks. Significant observations are reported to the Risk Management Committee and to the Board of Directors. The Operational Risk Committee is also responsible for maintaining and updating risk assessments and the continuity and preparedness plans.

The role of the Information Security and Cyber Risks Committee is to ensure that the management of information security and cyber risks is appropriately arranged and that co-operation and communication on information security and cyber risks between business units, support units and steering functions is seamless. One key task is to ensure that Mandatum has effective procedures for reporting information security and cyber risk events and that the Operational Risk Committee has an adequate picture of the risks. The Committee also keeps track of the general development of information and cyber security, and trends related to threats, devises policies concerning information and cyber security and prepares proposals on development measures for decision by other bodies.

There is no specific committee for business and reputational risks. These risks are managed as part of the Group’s and the Company’s strategic planning and management of daily operations. At Mandatum Life, due to the nature of these risks, the CEO is directly responsible for them, and they are reviewed on a regular basis by the Risk Management Committee.

B.3.3 RISK MANAGEMENT FUNCTION

Responsibility for Mandatum Life’s risk management function lies with the Company’s Risk Officer. Mandatum Life’s Risk Officer is assisted by Mandatum Group’s risk management function. Mandatum Group’s risk management function’s main role is to develop risk management at the Group level, agree on common principles and coordinate operational matters related to risk management.

B.3.4 OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

The purpose of ORSA is to produce information for the Board of Directors on the Company’s solvency position and sufficiency of capital in various scenarios. The scenarios take into account the most significant risks. A further purpose of the ORSA is to ensure continuous compliance with the confirmed capital requirements, and it is thus part of the Company’s risk and capital management.

The Company’s ORSA policy is approved by the Board and forms the basis for regular, usually annual, implementation of the ORSA. Conclusions are drawn on the basis of the ORSA calculations, and an ORSA report is prepared for the Company’s management. The results of the risk and solvency assessment are processed by both the Asset-Liability Committee and the Board of Directors. The ORSA report is also distributed to the relevant authorities.

If major changes occur in the operating environment, risk profile or operating conditions, the ORSA must be carried out separately to reflect the new situation. Based on the Risk Manager’s or Chief Actuary’s presentation, the CEO or the Board of Directors decides when a new risk assessment should be carried out.

Annual planning takes into account possible changes in the risk profile, the quantity and quality of own funds and the distribution of own funds across various asset classes when analysing capital requirements.

The ORSA results are taken into account in product development and product design such that the capital requirements for new products do not compromise the Company’s solvency.

B.3.5 SOLVENCY TARGETS

The solvency capital requirement sets the level of capital at which the Company can practice its business without the authorities intervening. The regulatory capital requirement reflects a 99.5 per cent confidence level, i.e. roughly the same probability of default as a BBB credit rating from major credit rating agencies.

There is a need for a capital buffer between the actual amount of capital and lower limit of capital set by the Company, because the risk positions and results develop continuously over time and sometimes in stress situations, the capital may quickly contract. A sufficient capital buffer gives the Company time to adjust its risks and the amount of its capital during stress situations and maintain a balance between risks and capital. Having a sufficient capital buffer increases the supervisory authorities' and counterparties' trust in the Company, and this is an important reason to maintain a buffer.

Mandatum Life governs its own risk-taking in accordance with a separate risk-bearing-capacity model that is approved by the Company's Board of Directors. The main aspects of the risk-bearing-capacity model in question are described later in section C.

B.3.6 OTHER ASPECTS OF RISK MANAGEMENT

Mandatum Group's risk management is described in greater detail in the Board of Director's Report in the Annual Report and the risk management appendix to the financial statements.

B.4 Internal control system

Mandatum Life's processes always include internal controls, which aim at ensuring high quality operations and a high level of customer satisfaction. Mandatum Life's Board of Directors has approved a separate Internal Control Policy. The heads of business units are responsible for ensuring that the unit's operational risks are identified, and that internal control is arranged appropriately, considering the risks.

Key measures of internal control include, among other, sufficient guidelines, result and deviation reports, including monitoring of compliance with risk limits, an approval and authorisation system, assurances and controls. Situations in which internal control has failed, and operational risks have materialised are always brought to the attention of the Operational Risk Management Committee. The Operational Risk Management Committee must also be notified of so-called near-miss situations. The notification must also include the corrective measures that have been made to processes to ensure that a similar incident is not repeated.

Mandatum Life has several guidelines related to, among other, sales, marketing, administration, products, decision-making, and communication. These guidelines are continuously available to personnel on the intranet.

The principle is that all guidelines concerning the entire Group issued by the Board of Directors of Mandatum plc are approved by the Board of Directors of Mandatum Life. Additionally, the business units draw up their own guidelines based on their operations' needs. The efficiency and adequacy of internal control is assessed in connection with a self-assessment of risk management, which is carried out regularly.

B.4.1 COMPLIANCE FUNCTION

The Company has its own compliance function. The person responsible for the function acts as part of Mandatum Group's Compliance function. In 2024, the person responsible for the function was the Group's Head of Compliance.

Each of the Company's employees are responsible for the compliance of their actions. The unit supervisors are responsible for ensuring the personnel's compliance with the guidelines. Significant deviations must be immediately reported to the supervisor's own supervisor, the Compliance function and the Company's CEO. It is the Compliance function's task to support the personnel in understanding the requirements and complying with them. The Compliance function must be independent of the actions it supervises. To ensure independence, the Compliance function does not make operative decisions. The persons working in the Compliance function are only paid a fixed salary to support the independence of the activities.

The Compliance function annually draws up a risk-based action plan for Mandatum Group, which is approved by the Board of Directors of the Company. The Compliance function reports on matters pertaining to its area of responsibility to the management and the Board quarterly.

B.5 Internal audit function

B.5.1 ORGANISATION

The internal audit is a function, independent of the business units, which evaluates the adequacy, effectiveness and maturity of the internal control system. The function supports the organisation on achieving its targets by providing a systematic approach to the evaluation and development of risk management, control and governance processes. The Group's Chief Audit Executive is responsible for the Company's internal audit function.

The internal audit conducts its work in compliance with Mandatum Group's Internal Audit Policy approved by the Board of Directors. The Internal Audit Policy determines the internal audit's purpose, responsibilities, area of responsibility and right to receive information. The function conforms with the professional standards maintained by the Institute of Internal Auditors.

The internal audit establishes an annual risk-based activity plan. The plan includes short- and long-term audits of both the business operations and the system of governance. The plan is approved by the Board of Directors.

The internal audit function reports to the Company's Board of Directors and Mandatum plc's Audit Committee. Severe internal control deficiencies are reported to the CEO and the Board of Directors without delay.

B.5.2 INDEPENDENCE AND OBJECTIVITY

The internal audit's organisational position ensures the independence of the function. In addition, the persons in the internal audit function do not have operational positions in order to ensure objectivity and independence. The Board of Directors monitors the implementation of independence and objectivity.

B.6 Actuarial function

At Mandatum Life, the actuarial function is organised as part of the Actuarial unit, which is headed by the Company's Chief Actuary. The Chief Actuary is responsible for the actuarial function's operations, resources and competence. The roles of the Chief Actuary and the Responsible Actuary are differentiated, and the Responsible Actuary is also responsible for the duties of the actuarial function.

The Actuarial function is tasked with implementing the statutory tasks set for actuarial operations in the Finnish Insurance Companies Act. The Actuarial function is also tasked with regularly analysing the risk result, among other things. The risk result measures the effectiveness of the risk selection and the sufficiency of pricing by collecting information on actual claims in the product and risk area. The Board of Directors decides on changes that are more significant than minor changes made to pricing or technical provision calculation bases, as proposed by the Chief Actuary.

The Company must have a Chief Actuary who meets the eligibility criteria stipulated in the Finnish Insurance Companies Act. The Chief Actuary is tasked with, among other things, ensuring the appropriateness of the actuarial methods to be applied in the Company and that the amount of, and method for defining the Company's insurance premiums and technical provisions, meet the requirements of the regulations issued pursuant to the Finnish Insurance Companies Act and the regulations issued by the Finnish Financial Supervisory Authority.

The Chief Actuary and Responsible Actuary are additionally responsible for coordinating the calculation of the technical provisions, for ensuring the appropriateness of the technical provisions’ calculation methods and models and assumptions and for reporting on these to the Board of Directors. The Responsible Actuary acts as an independent validator of the functions of the actuarial function.

The Responsible Actuary additionally submits a statement to the Board of Directors on the insurance policy and the appropriateness of the reinsurance arrangements, and at least once a year draws up a written report for the Board on the tasks carried out by the Actuarial function.

The Responsible Actuary also participates in the risk and solvency assessment and the Company’s risk management.

B.7 Outsourcing

Some of Mandatum Life’s functions are outsourced. Despite the outsourcing, the Company still bears responsibility for ensuring that the purchased service meets the criteria set for insurance companies. Mandatum Group has its own Procurement and Outsourcing Policy, which the group companies must comply with.

Mandatum Life’s most significant outsourced functions are the outsourcing of IT access services to TietoEVRY Oyj, the outsourcing of cloud management to Cloud2,the outsourcing server capacity and telecommunications services to Elisa, the internal outsourcing of, for example, actuarial services, legal, marketing, communications, data management and human resources, to Mandatum Life Services Ltd, the outsourcing of internal audit to Mandatum plc and the outsourcing of archiving and data retention services to Iron Mountain Finland. In addition, the Company has outsourced the management of investment activities within Mandatum Group to Mandatum Asset Management Ltd. All service providers are located in Finland.

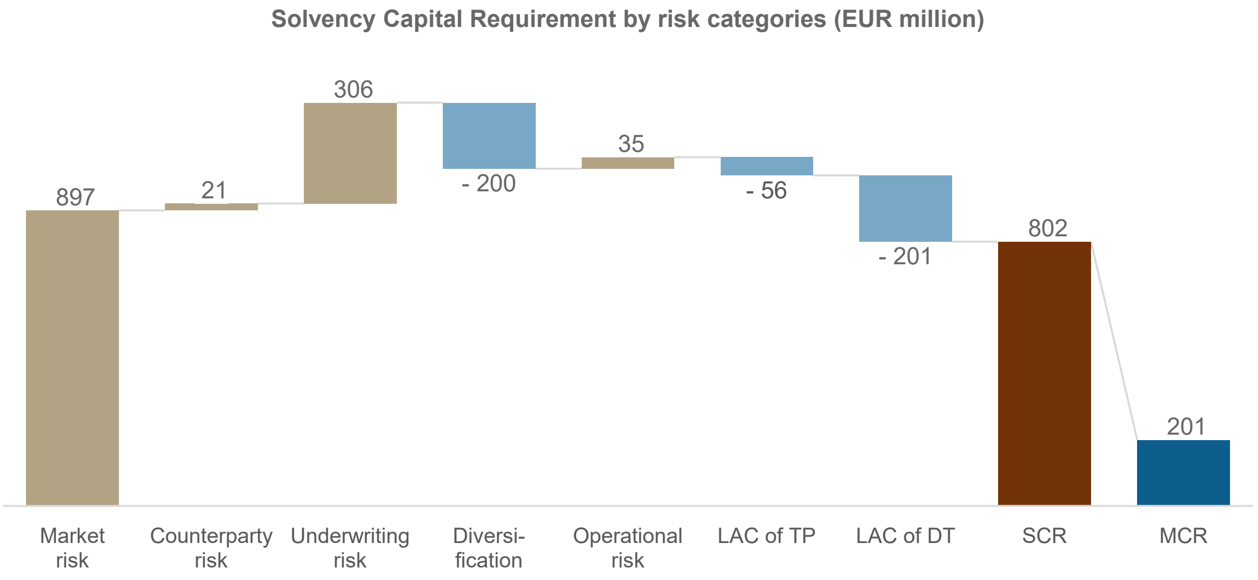
B.8 Other information

The Company has evaluated its governance system to be appropriate and effective, taking into account the nature, extent and complexity of its business risks.

C. Risk profile

In terms of capital requirements, the Company's most significant risks are the balance sheet's market risks, as well as longevity and lapse risks, which are included in insurance risks (see section E.2). In addition, operational risks and business risks are key risks in terms of business operations and continuity.

Of the Company's solvency capital requirement, EUR 897 million consist of the capital requirement for market risks and EUR 306 million consists of the capital requirement for the underwriting risk. The capital requirement for operational risks is EUR 35 million, and the capital requirement for counterparty risk is EUR 21 million.



LAC of TP= Loss-absorbing capacity of technical provisions

LAC of DT= Loss-absorbing capacity of deferred tax

Solvency II regulation also creates a framework for the internal monitoring of the solvency position. The company-level solvency position monitoring model, the so-called risk-bearing-capacity model, is based on the SCR calculated both with the Solvency II transitional measures and without them. In the risk-bearing-capacity model, anticipatory monitoring limits are set for the Company's solvency position to enable the Company to react early enough to any weakening of its solvency position. There are three monitoring levels, and the key principles guiding risk-taking have been defined for the zones formed by them.

When the risk-bearing capacity is above the upper monitoring limit, the Company's investment operations are guided, as usual, by the Investment Policy and the limits set therein. If the risk-bearing capacity falls below the monitoring limits, the monitoring frequency of the solvency position will be strengthened, the Board of Directors' role in investment operations will be increased, risk-taking will be limited and, in the final phase, the solvency position shall be strengthened either by reducing market risks or by increasing own funds, for example, through capitalisation. In practice, the measures depend on the situation at hand and the general market situation. Thus, the actual measures may differ from the principles presented above, if the Board of Directors sees fit.

In addition to the company-level risk-bearing-capacity model, the segregated group pension portfolio has its own risk-bearing-capacity monitoring in place. The risk-bearing-capacity of the segregated group pension portfolio is based on the buffering effect of the provision for future bonuses in the investment risks. The monitoring limits of risk-bearing-capacity monitoring are also based on asset stress tests that have been determined beforehand, and the measures in the case of falling below the monitoring limits are similar to those in the Company-wide risk-bearing-capacity model.

Risk-bearing-capacity models and the monitoring limits contained therein are determined annually in the investment policies decided on by the Board of Directors. The risk-bearing-capacities and monitoring limits are reported to the Board of Directors at least monthly.

C.1 Underwriting risk

C.1.1 QUALITATIVE DESCRIPTION OF UNDERWRITING RISKS

The underwriting risks of life insurance operations include biometric risks, as well as other life insurance operations risks, such as the surrender risk (lapse risk) and the expense risk. The risk related to the discount rate on technical provisions is part of market risks, but it is also centrally linked to insurance products.

Biometric risks in life insurance refer mainly to the risk that the Company has to pay more mortality, disability or morbidity benefits than expected or the Company has to keep paying pension payments to the pension policyholders for a longer time (longevity risk) than expected when pricing the policies. Catastrophe risk refers to cases where a single incident or a series of incidents with a major impact cause a significant difference between actual claims paid and expected claims.

The longevity risk is the most significant of biometric risks. The with-profit group pension portfolio represents most of the longevity risk. With-profit group pensions have, for the most part, been closed to new members for several years, which is why the average age of the members is relatively high, close to 70. In the unit-linked group pension and individual pension portfolio the longevity risk is less significant because most of these policies are fixed term annuities including death cover, which mitigate the longevity risk.

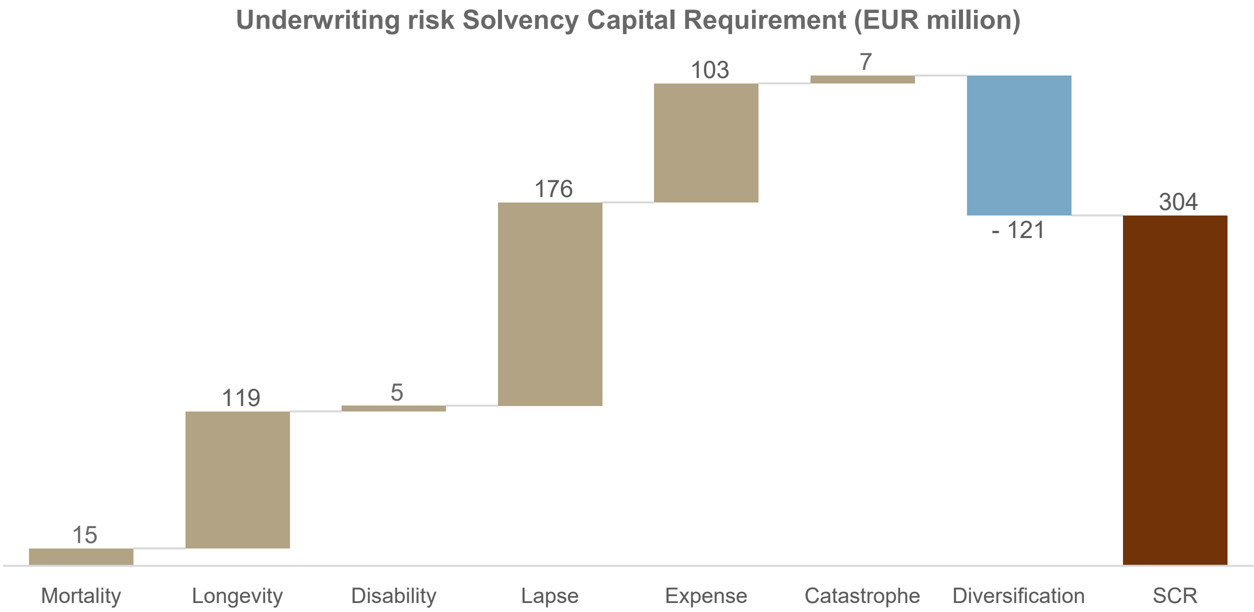
The biometric risks of life insurance policies are managed through careful risk selection, by setting prices to reflect the risks and costs, by setting upper limits for the protection granted and through reinsurance. The Insurance Risk Committee is responsible for maintaining the Underwriting Policy and monitoring the functioning of the risk selection and claims processes.

Risk selection is a part of the day-to-day business routines in the Company. The Company's Underwriting Policy sets principles for risk selection and limits for insured sums. The Board of Directors approves the Underwriting Policy, pricing guidelines and the central principles for the calculation of technical provisions.

Reinsurance is used to limit the amount of individual mortality and permanent disability risks. The Board of Directors annually determines the maximum amount of risk to be retained on the Company's own account, which for the Company is primarily EUR 1.5 million per insured. To mitigate the effects of possible catastrophes, the Company participates in catastrophe reinsurance.

C.1.2 QUANTITATIVE DESCRIPTION OF UNDERWRITING RISKS

At the end of 2024, the solvency capital requirement for underwriting risks amounted to EUR 304 million without transitional measures. Lapse risk is the most significant life insurance risk measured by the capital requirement, representing EUR 176 million of the total capital requirement for life insurance risk. The capital requirement resulting from the longevity risk is EUR 119 million and the capital requirement for the operating expense risk is EUR 103 million.



From the perspective of solvency capital requirements, the greatest lapse risk arises from the unit-linked insurance portfolio (approximately 58 per cent of lapse risk) and risk insurance (approximately 40 per cent). Around 63 per cent of the capital requirement for expense risk is formed by the unit-linked portfolio and the remaining approximately 37 per cent of the with-profit insurance portfolio and risk insurance portfolio.

C.1.3 RISK CONCENTRATIONS RELATED TO INSURANCE ACTIVITIES

The Company does not have significant risk concentrations for underwriting risks. Within underwriting risks, the greatest risk concentrations result from group life insurance, where the policyholder is a company.

C.2 Market risk

C.2.1 QUALITATIVE DESCRIPTION OF MARKET RISKS

Market risks refer to impacts on the Company's result or solvency caused by changes in the market values of financial assets and liabilities and technical provisions. Market risks are examined from both an Asset and Liability Management (ALM) as well as an investment portfolio risk perspective. The Company's market risks arise mainly from investments in equities and interest margin risk arising from fixed income assets. Market risk arises both through with-profit insurance portfolios and investments covering shareholders' assets (own balance sheet) and indirectly through assets covering unit-linked insurances. The latter risk arises from the dependence between the Company's fee income and the amount of investments covering unit-linked insurances.

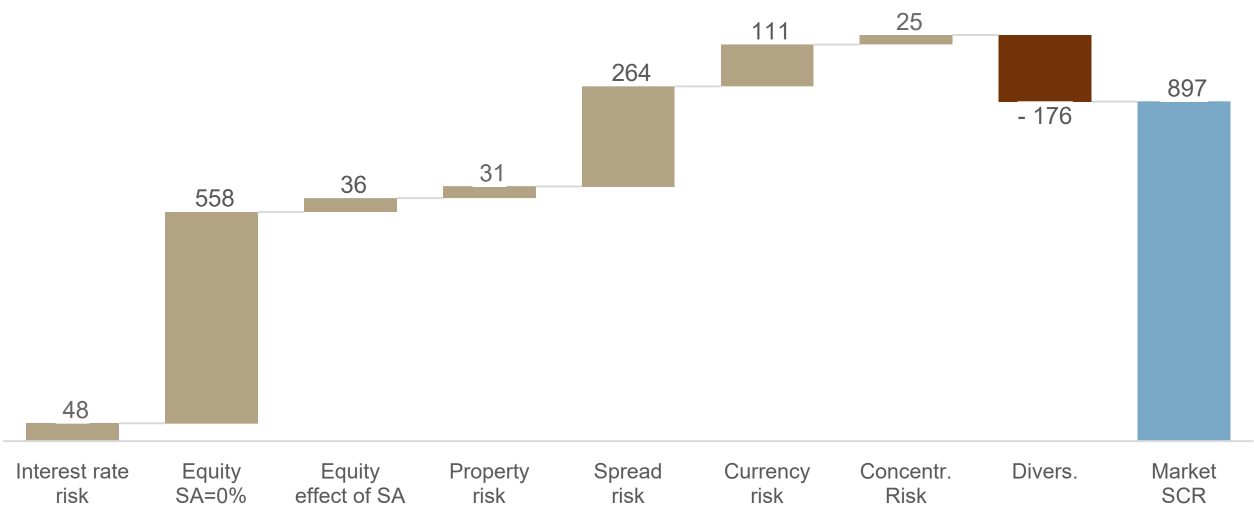
The approach to managing market risk arising from the Company's own balance sheet is based on the technical provisions' expected cash flows, the interest level and the adequacy of the solvency position. A common feature for all elements of with-profit liabilities is the guaranteed rate, which can vary between different insurance portfolios, and bonuses. The cash flows of the portfolio are relatively predictable, as policy surrenders or supplementary additional investments are limited in the majority of with-profit insurance policies.

The Company's capital requirement on currency risk arises almost entirely from the Company's unit-link insurance portfolio, because the with-profit technical provisions are entirely made up of euro-denominated commitments. Foreign currency risk can arise in the with-profit portfolio when the Company invests outside the euro zone the assets covering the with-profit technical provisions. The business area's currency strategy is, however, based on the active management of the currency position and aims to hedge the open risk when it can be managed cost-effectively. The Investment Policy defines separate limits within which hedging must be implemented. In the unit-link insurance portfolio currency risk is indirect and it arises when policy holders have linked the value creation of their insurance savings to assets denominated in foreign currencies. Then, the fluctuation of foreign currency rates can decrease the value of the savings and consequently impact the Company's fee income.

C.2.2 QUANTITATIVE DESCRIPTION OF MARKET RISKS

As illustrated above, the most significant of Mandatum Life's risks is the market risk related to the investment assets covering the with-profit technical provisions. The equity risk is the largest market risk, and its share of the market risk capital requirement is EUR 594 million of which 43 per cent consists of listed shares in developed countries (Type I) and the rest of other equity investments and investments comparable within the regulatory framework (Type II). As stated by regulation, a separate symmetric adjustment on equity risk preventing procyclicality is applied when calculating the capital requirement on equity risk. At the end of 2024, the symmetric adjustment increased the capital requirement on equity risk by EUR 36 million. The risk linked to the fixed income portfolio's credit risk margin (spread risk) is the second highest market risk with EUR 264 million and currency risk is the third highest with EUR 111 million.

Market risk Solvency Capital Requirement (EUR million)



During the financial year, the Company decreased the market risks of its own balance sheet. The allocation weight of listed equities decreased by 11 percentage points. Moreover, the Company increased the duration of its fixed income portfolio by, among other things, hedging with interest rate swaps the impact of a change in interest rates on the change in the value of Solvency II technical provisions.

C.2.3 RISK CONCENTRATIONS RELATED TO INVESTMENT ACTIVITIES

Risk concentrations related to investment activities are actively monitored and managed. The Investment Policy approved by the Board of Directors defines limits for investments in individual companies. When setting the limits, the primary aspects to be taken into account are the Company's estimate of the investment's credit risk and the corresponding amount of tied-up capital. The public information available on the investment object, such as credit ratings, also affects the limit structure.

A separate capital requirement for concentration risk is calculated for risk concentrations arising from investment activities and, after the impacts of diversification, its impact on market risks was minimal.

C.2.4 PRUDENT PERSON PRINCIPLE

The Finnish Insurance Companies Act defines the prudent person principle, which the Company must follow in its investment operations. Pursuant to the act, the company invest its assets only in instruments that entail such risks that the company in question can identify, measure, monitor, manage and control as required. In addition, the assets, in particular assets covering the minimum capital requirement and solvency capital requirement, shall be invested so that they ensure the portfolio's security, quality, liquidity and profitability. Also, assets intended to cover technical provisions must be invested appropriately in terms of the nature and duration of the technical provision and the assets must be invested in the best interests of all policyholders and beneficiaries, taking into account all published targets.

Alongside limits and risk-bearing capacity, a key principle of Mandatum Life's decision-making in investment operations is the duty of care and the requirement of having thorough knowledge of each individual investment and its riskiness. The Company invests in instruments whose risks, according to the Company's assessment, are sufficiently transparent and comprehensible, and on which risks it is possible to conduct an independent assessment, and which risks can be monitored. The technical provisions are pension-insurance-weighted and thus very predictable. The Company has set the minimum amount of money market investments in such a way that they can secure the payment of compensation for the next six months also in a situation where the liquidity of the investment objects would have deteriorated for some reason. In addition, the majority of the investments should be in instruments in which liquidity is good in a normal situation. The Investment Policy limits are applied to ensure sufficient diversification between different investment classes and investments. Additionally, the limits are used to secure the profitability of investment operations in the long run by enabling, within investment operations, favourable investment risk-taking in relation to the risk-bearing capacity and the prevailing market situation. Internal risk-bearing-capacity monitoring is used to ensure that the balance sheet market risks do not become too large in relation to the Company's risk-bearing capacity.

In unit-linked policies, the investment risk is borne by the policyholder. In these policies, the Company invests the assets, as a rule, in investments that are linked one-to-one with the performance of the insurance policies.

C.3 Credit risk

Credit risks are related to possible losses or a weakening of financial position due to changes occurring in the creditworthiness of securities issuers, derivative contract counterparties or other debtors. Credit risk arises from investments as well as insurance and reinsurance contracts.

Credit risks can materialise as market value losses when credit spreads change unfavourably (interest margin risk) or as credit losses when issuers of credit instruments or counterparties of financial derivatives or reinsurance transactions fail to meet their financial obligations (counterparty risk). The role of credit risk with the current asset allocation is remarkable from both the risk exposure and risk management perspectives.

The capital requirement for counterparty risk at the end of 2024 was EUR 21 million, some 68 per cent of which consisted of Type 1 counterparty risk and roughly 32 per cent of Type 2 counterparty risk. Type 1 counterparty risk consists of receivables related to bank accounts and derivative counterparty risk. The most significant risks in Type 2 counterparty risk components are formed by bilateral loans made by the Company and purchase price claims.

C.4 Liquidity risk

Liquidity risk is the risk of the company being unable to realise its investments or other assets in order to settle its financial obligations when they fall due. A relatively small percentage (around 5 per cent) of with-profit life technical provisions can be surrendered, thus making it possible to reliably forecast short-term claims payments. In addition, the assets are liquid and thus, liquidity risk is currently not significant to the Company.

The total amount of expected profit included in future pension premiums was EUR 321 million (310) at the end of 2024, and the impact on the Company's own funds, after the deduction of deferred tax liability, was EUR 257 million (248).

C.5 Operational risk

Operational risk refers to the risk of loss resulting from inadequate or failed processes or systems, from personnel and systems or from external events. This definition includes legal risks but does not include risks resulting from strategic decisions. Risks can materialise due to the following events:

- internal misconduct;
- external misconduct;
- insufficient human resources management;
- shortcomings in operating policies as far as customers, products or business activities are concerned;
- damage to physical property;
- interruption of activities and system failures;
- defects in the operating process.

Realised operational risks may lead to additional expenses, revenue losses, loss of reputation and possibly official sanctions.

During the period under review, no significant changes took place in terms of operational risks or their management. The capital requirement for operational risk was EUR 35 million at the end of 2024.

C.6 Other material risks

In addition to the risks presented above, the Company's operations are also centrally exposed to both business and reputation risks. Business risk is the risk of loss due to changes in the competitive environment and/or internal operational inflexibility, while reputation risk is the risk of founded or unfounded unfavourable publicity concerning the Company's business operations or relations weakening confidence in the Company. Due to the nature of the risks in question, they are the direct responsibility of the CEO and are regularly addressed by the Risk Management Committee, and these risks are managed as part of the Company's strategic planning and operative management.

C.7 Other information

There is no other material information concerning the Company's risk profile.

D. Valuation for solvency purposes

D.1 Assets

In solvency calculations on the Solvency II balance sheet, Mandatum Life's assets are usually valued at market value. This means, in practice, that the values of the assets used in solvency calculations correspond to the values in Mandatum group's IFRS balance sheet with a few exceptions. Mandatum Life prepares its own financial statements in accordance with the Finnish Accounting Standards (FAS). In accordance with FAS, assets are initially valued according to acquisition cost, but the notes to the financial statements show the difference in valuation according to fair value and book value, which was EUR 331 million (308) in the end of the year. When comparing book values and valuation differences according to FAS with valuations according to solvency calculations, the only exceptions on the asset side are the valuation of intangible assets and hedging interest rate derivatives. Intangible assets are valued to zero on the Solvency II balance sheet, while their value on the FAS balance sheet was EUR 6.2 million (4.6) in the end of the year 2024. On the FAS balance sheet hedging interest rate derivatives are valued at acquisition cost and they are not taken into account in the calculation of valuation differences, while on the Solvency II balance sheet they are valued at fair value.

The Solvency II balance sheet is presented in the attached table S.02.01.02 Solvency II balance sheet. The real estate investments shown on the balance sheet also includes the real estate for the Company's own activities.

The valuation of the Company's assets in accordance with FAS is presented in greater detail in Mandatum Life's financial statement. The financial statement also contains a more precise description of the value of the Company's financial assets by asset class in the notes to the balance sheet.

D.2 Technical provisions

D.2.1 TECHNICAL PROVISIONS IN GENERAL

When calculating technical provisions for solvency purposes, Mandatum Life applies, within the framework of current legislation, both the so-called transitional measure for technical provisions and a volatility adjustment for calculating the best estimate. The transitional measure for technical provisions is applied to the Company's original with-profit pension policies with a guaranteed interest rate of 3.5 or 4.5 per cent. The transitional measure for technical provisions continues until 31 December 2031.

The financial statements' (FAS) insurance liabilities are calculated based on the policies' calculation bases using the guaranteed interest rate as the discount rate and the mortality conforming to the bases for these policies' insurance liabilities. In addition, the reserve for the decreased discount rates and mortality reserve made to these insurance portfolios and provision for future discretionary benefits are taken into account in the accounting technical provisions.

The Solvency II technical provisions are calculated as the sum of the best estimate and risk margin. The best estimate for technical provisions is defined as the expected value of future net cash flows discounted using the Solvency II interest rate curve that includes a volatility adjustment, taking into account contractual limits. Cash flows required for liability calculation are formed by using risk-neutral market-consistent economic scenarios together with parameters and assumptions acquired from the main markets as well as calculated from historical data. The market-consistent value of financial guarantees and contractual options included in the insurance portfolio, including the current value of future discretionary benefits, can be attained in this manner. The risk margin is calculated based on the assumed cost of capital (6 per cent) and the sum of future projections (as applicable) of capital requirements and capital requirements discounted to current value.

The most significant differences between the accounting insurance liabilities and Solvency II technical provisions are:

- the discount rate used and the valuation of contractual options and financial guarantees' market-consistent value in Solvency II,
- applicable contractual limits applied in Solvency II calculations,
- Solvency II calculations take into account future profit/loss for the risk result and operating expense result and
- the nature of the assumptions (conservative assumptions vs. separate risk margin).

The accounting insurance liabilities are determined based on conservative assumptions, while the best estimate of the Solvency II technical provisions attempts to represent the best estimate of the technical provisions, i.e. the real assumed value, without safety margins added to the assumptions used to obtain it. Instead, in Solvency II, in order to determine the total amount of technical provisions, the risk margin, which is an explicit item, is added to the best estimate liability, which the financial statements' insurance liabilities do not include.

Below are the differences between Solvency II technical provisions in and financial statements' (FAS) insurance liabilities.

EUR million	FAS	Solvency II	Difference
Technical provisions – life insurance	**2,508**	**2,088**	**492**
Best estimate		1,994	
Risk margin	1,742	94	
Technical provisions – unit-linked	**13,269**	**12,793**	**476**
Best estimate		12,714	
Risk margin		80	

Uncertainty linked to the amount of technical provisions stems from the assumptions used in the future cash flow projections in relation to their future outcomes, of which the most significant are:

- mortality and longevity assumption,
- morbidity and disability assumptions,
- operating expense assumptions,
- surrender assumptions and
- premium behaviour assumptions.

The sensitivity of technical provisions for the first four of these is assessed in the calculation of the sub-risk module of the life insurance risk module.

For future discretionary benefits, uncertainties could result from the bonus rule used in client bonus policy modelling or the used scenarios estimating the future of the financial environment. The validation of financial environment scenarios applies standard methods on which the Company releases a separate quarterly report. The modelled bonus rule is seen to correspond well enough with the actual client bonus decisions.

The above-mentioned transitional measure applied to the technical provisions reduced the technical provisions by EUR 209 million at the end of the reporting period. The volatility adjustment lowered the technical provisions by EUR 26 million.

D.2.2 UNIT-LINKED INSURANCE

For unit-linked insurance, the financial statements' insurance liabilities correspond in practice with the insurance savings amount.

The Solvency II best estimate technical provisions, on the other hand, correspond to the sum of the present value of unit-linked savings and the present value of future profits resulting from unit-linked insurance. The present value of future profits is formed from the risk result and expense result as the interest rate result for unit-linked insurance is zero. If unit-linked insurance is priced profitably, the assumed value of future profits is positive, and the future profits reduce the Solvency II technical provisions of unit-linked insurance compared to the financial statements' insurance liabilities. On the other hand, the risk margin calculated on unit-linked insurance increases the Solvency II technical provisions compared to the financial statements' insurance liabilities.

D.2.3 RISK MARGIN

The Solvency II risk margin includes an explicit risk margin, unlike the financial statements' insurance liabilities. The market-consistent value of technical provisions is attained by adding to the best estimate technical provisions, i.e. the assumed value of the technical provisions, the margin describing the uncertainty of the actual liabilities, i.e. the risk margin. The risk margin is calculated in accordance with Title I, Chapter III, Section 3, Subsection 4 of the European Commission Delegated Regulation 2015/35.

The purpose of maintaining the risk margin is to ensure that the value of the calculated insurance liabilities corresponds to an amount of money that the other market party (an insurance undertaking) would be expected to demand in order to take on the liabilities in question in full. In Solvency II the risk margin therefore describes, in principle, a bonus, above the technical provisions' best estimate, that an insurance undertaking would normally be expected to pay to transfer their liabilities to an independent party on the market.

D.2.4 RECEIVABLES FROM REINSURANCE CONTRACTS AND SPECIAL PURPOSE VEHICLES

Mandatum Life's receivables from reinsurance contracts amounted to EUR 0.7 million (0.5) at the end of 2024. The Company does not use special purpose vehicles to manage underwriting risk.

D.3 Other liabilities

Other liabilities are valued equally on the Solvency II balance sheet and the FAS balance sheet except for the deferred tax liability, which has been calculated so that a 20 per cent surtax resulting from the higher value of the assets and a surtax of 20 per cent resulting from the lower technical provisions are added to the IFRS balance sheet's deferred tax liability.

D.4 Alternative valuation methods

Mandatum Life applies valuation principles used in its IFRS financial statements.

D.5 Other information

There are no other material factors related to the valuation of assets and liabilities in solvency calculations.

E. Capital management

E.1 Own funds

E.1.1 CAPITAL MANAGEMENT IN GENERAL

At Mandatum Life, the management of the solvency position ensures that there is sufficient capital in relation to the risks stemming from the business and the operating environment, and capital management ensures the quality of assets that are classified as own funds in relation to capital requirements.

The Company's Board of Directors has approved separate principles for capital management. The principles contain ways and procedures by which the Company:

i. monitors the sufficiency of its own funds in relation to the capital requirements,

ii. classifies own funds into different tiers (Tier 1, Tier 2 and Tier 3),

iii. defines ways and methods of capital planning,

iv. implements measures for increasing equity assets, including capital loans and other items classified as own funds in solvency calculations.

The main goal of capital management is to ensure that the amount and quality of own funds remain sufficient in relation to the Company's solvency requirements. The capital requirement is estimated by comparing the available own funds to the risk capital requirement that is needed to cover risks resulting from the current business and the external operating environment.

At Mandatum Life, any possible investments that are classified as equity on the balance sheet are decided by the General Meeting. The Board of Directors shall make a separate proposal to the General Meeting on addressing, increasing or reducing the equity assets within the framework of the current legislation. When proposing a possible change, the Company's solvency position and its future development is always a key factor. Future solvency development is evaluated at least annually in connection with the Company's Own Risk and Solvency Assessment (ORSA).

The Company's capitalisation also takes advantage of subordinated loans, and the Company can, also in future, issue subordinated loans to improve the efficiency of its capital structure. When issuing own fund items with a certain maturity date, at least the own fund amounts and maturity dates of the items should be taken into account in relation to the capital requirements at the time and in relation to the forecasts of the capital requirements at the maturity date. The issue or payment of subordinated loans is always decided on by the Board of Directors.

E.1.2 OWN FUNDS

A review of the solvency position in accordance with the Insurance Companies Act begins with the Solvency II balance sheet. In the Solvency II balance sheet, the Company's technical provisions are calculated on market terms, instead of according to book values, applying the interest rate term structure presented above, in section D.2.1. Taking the transitional measure for technical provisions into account, the Company's own funds at the end of the reporting year amounted to EUR 1,845 million (1,992), and without the transitional measure to EUR 1,678 million (1,801). The table on the following page presents the structure of the Company's own funds on 31 December 2024, taking into account the transitional measure for technical provisions.

EUR Million	SCR	MCR
Share capital	181	181
Reconciliation reserve	1,366	1,366
Tier 1 - total	**1,546**	**1,546**

Subordinated liabilities	299	40
Tier 2 - total	**299**	**40**
Deferred tax assets	0	0
Tier 3 - total	**0**	**0**
Eligible own funds	**1,845**	**1,586**

As the above table presents, most of the Company's own funds is Tier 1 capital. The Company issued in September 2024 a new Tier 2 subordinated loan of EUR 300 million and paid back the EUR 250 million subordinated loan which was previously taken into account in the Company's own funds. The payback of the latter subordinated loan was subject to the FIN-FSA's approval. Details on the new issue are shown in the table below.

Subordinated loan	Nominal	Book value	Tier	First call date
15.25NC5.25	EUR 300 million	EUR 298.8 million	Tier 2	4.12.2029

The impact of the transitional measure for technical provisions on own funds before the change in the tax liability is taken into account was EUR 209 million (239), and EUR 167 million (191) after the change in the tax liability is taken into account.

In the Company's FAS financial statements, equity totalled EUR 494 million (663). In addition to this, subordinated liabilities that are classified as own funds in solvency calculations are classified as part of other liabilities in the financial statements. The main difference between equity according to Finnish accounting standards and own funds according to solvency calculations is the difference in the valuation methods for technical provisions and assets as presented in sections D.1 and D.2.

The Company has EUR 1.1 million in deferred tax assets on the FAS balance sheet, but this amount is significantly lower than the calculated tax liability of the valuation differences presented in the notes to the FAS balance sheet. In the own funds according to Solvency II the amount of tax liability is increased by the tax liability arising from the valuation deviation of assets and liabilities mentioned above.

E.2 Solvency capital requirement and minimum capital requirement

When calculating the solvency capital requirement, Mandatum Life uses the Solvency II standard formula. The solvency capital requirement on 31 December 2024 was EUR 802million (798). The table below shows the separate capital requirements and diversification benefits of different risk categories and the basic solvency capital requirement formed by these. The table also shows the operational risk capital requirement which is added to the basic solvency capital requirement and the risk-mitigating factors which are deducted from the solvency capital requirement.

EUR Million	31 December 2024	31 December 2023
Market risk	897	907
Counterparty risk	21	23
Life insurance risk	304	285
Health risk	2	2
Non-life insurance risk	0	0
Diversification benefits	-202	-193
Basic solvency capital requirement	**1,024**	**1,024**
Operational risk	35	34

Loss-absorbing capacity of technical provisions	-56	-61
Loss-absorbing capacity of deferred taxes	-201	-199
Solvency capital requirement	**802**	**798**

The loss-absorbing capacity related to deferred taxes reduces the solvency requirement, and it reduced the solvency requirement by EUR 201 million. A net total of EUR 262 million in deferred tax liabilities, taking into account the impact of the transitional measure for technical provisions, was entered in the Solvency II balance sheet. The Company has internally assessed that in conducting business according to the prevailing business strategy, the Company's operations will produce a surplus also after the stress corresponding to the solvency requirement assumed in the calculations such that the applied loss-absorbing capacity of deferred taxes is justified.

Mandatum Life does not apply a simplified approach to solvency capital requirement calculations, nor does the Company apply company-specific parameters instead of the standard formula's parameters. Mandatum Life's minimum capital requirement is specified as 25 per cent of its solvency capital requirement. The information used for calculating the minimum capital requirement is shown in the table below:

EUR Million	31 December 2024	31 December 2023
Amount according to linear function	159	152
Solvency capital requirement	802	798
Upper limit of minimum capital requirement	359	359
Lower limit of minimum capital requirement	201	199
Combined minimum capital requirement	201	199
Absolute minimum level	4.0	4.0
Minimum capital requirement	**201**	**199**

During the financial period, there were no significant changes in the amount of the solvency capital requirement and the minimum capital requirement.

E.3 Use of a duration-based equity risk sub-module in calculating the solvency capital requirement

Mandatum Life does not use a duration-based equity risk sub-module in calculating the solvency capital requirement.

E.4 Differences between the standard formula and the internal model that is used

Mandatum Life uses the standard formula.

E.5 Non-compliance with the minimum capital requirement and solvency capital requirement

Mandatum Life's own funds exceeded both the minimum capital requirement and the solvency capital requirement throughout the year 2024.

E.6 Other information

There is no other information that would have a material impact on the Company's capital management.

QUANTITATIVE REPORTING TEMPLATES

Mandatum Life does not report template S.04.05.21, premiums, claims and expenses by country, because all premiums have been written from its home country. In the tables, the figures are given in thousands of euros.

- S.02.01.02 Solvency II balance sheet
- S.05.01.02 Premiums, claims, and expenses by line of business
- S.12.01.02 Technical provisions
- S.22.01.21 Long-term guarantees
- S.23.01.01 Own funds
- S.25.01.21 Solvency capital requirement calculated using the standard formula
- S28.01.01 Minimum capital requirement

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	5,863
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	3,131,388
Property (other than for own use)	**R0080**	83,674
Holdings in related undertakings, including participations	**R0090**	10,542
Equities	**R0100**	131,688
Equities - listed	**R0110**	113,678
Equities - unlisted	**R0120**	18,010
Bonds	**R0130**	2,187,021
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	2,187,021
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	691,593
Derivatives	**R0190**	26,796
Deposits other than cash equivalents	**R0200**	75
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	13,278,600
Loans and mortgages	**R0230**	103,833
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	103,833
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	32,302
Reinsurance receivables	**R0370**	7,875
Receivables (trade, not insurance)	**R0380**	91,744
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	482,033
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	17,133,637

Annex I

S.02.01.02

Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions - non-life	**R0510**	
Technical provisions - non-life (excluding health)	**R0520**	
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	
Risk margin	**R0550**	
Technical provisions - health (similar to non-life)	**R0560**	
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	2,088,382
Technical provisions - health (similar to life)	**R0610**	
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions - life (excluding health and index-linked and unit-linked)	**R0650**	2,088,382
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	1,994,590
Risk margin	**R0680**	93,792
Technical provisions - index-linked and unit-linked	**R0690**	12,793,204
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	12,713,542
Risk margin	**R0720**	79,662
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	262,002
Derivatives	**R0790**	6,196
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	18,229
Reinsurance payables	**R0830**	10,533
Payables (trade, not insurance)	**R0840**	110,147
Subordinated liabilities	**R0850**	298,844
Subordinated liabilities not in Basic Own Funds	**R0860**	
Subordinated liabilities in Basic Own Funds	**R0870**	298,844
Any other liabilities, not elsewhere shown	**R0880**	0
Total liabilities	**R0900**	15,587,537
Excess of assets over liabilities	**R1000**	1,546,100

Annex I
S.05.01.02
Premiums, claims, and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**		53,476	1,546,689	64,346					1,664,511
Reinsurers' share	**R1420**		0		10,258					10,258
Net	**R1500**		53,476	1,546,689	54,088					1,654,253
Premiums earned										
Gross	**R1510**		53,476	1,546,689	64,346					1,664,511
Reinsurers' share	**R1520**		0	0	10,258					10,258
Net	**R1600**		53,476	1,546,689	54,088					1,654,253
Claims incurred										
Gross	**R1610**		255,796	975,570	16,727					1,248,093
Reinsurers' share	**R1620**		0	0	2,049					2,049
Net	**R1700**		255,796	975,570	14,679					1,246,045
Expenses incurred	**R1900**		28,442	105,136	14,365				70	148,013
Balance - other technical expenses/income	**R2510**									
Total technical expenses	**R2600**									148,013
Total amount of surrenders	**R2700**		2,428	766,032	0					768,459

Annex I

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**								
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Gross Best Estimate	**R0030**	2,351,550		12,713,542			-147,821		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**								
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	2,351,550		12,713,542			-147,821		
Risk Margin	**R0100**	69,357	79,662			24,435			
Technical provisions - total	**R0200**	2,211,768	12,793,204			-123,386			

Annex I

S.12.01.02

Life and Health SLT Technical Provisions

		Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
					Contracts without options and guarantees	Contracts with options or guarantees			
		C0100	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**								
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Gross Best Estimate	**R0030**		14,917,272						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**								
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		14,917,272						
Risk Margin	**R0100**		173,454						
Technical provisions - total	**R0200**		14,881,586						

Annex I
S.22.01.21
Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	**C0030**	**C0050**	**C0070**	**C0090**
Technical provisions	**R0010**	14,881,586	209,140		32,315	
Basic own funds	**R0020**	1,844,944	-167,312		-25,852	
Eligible own funds to meet Solvency Capital Requirement	**R0050**	1,844,944	-167,312		-25,852	
Solvency Capital Requirement	**R0090**	802,446	753		12,351	
Eligible own funds to meet Minimum Capital Requirement	**R0100**	1,586,223	-167,274		-25,235	
Minimum Capital Requirement	**R0110**	200,612	188		3,088	

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	40,365	40,365			
Share premium account related to ordinary share capital	R0030	140,161	140,161			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	1,365,574	1,365,574			
Subordinated liabilities	R0140	298,844			298,844	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	1,844,944	1,546,100		298,844	

Annex I

S.23.01.01

Own funds

Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,844,944	1,546,100		298,844	
Total available own funds to meet the MCR	R0510	1,844,944	1,546,100		298,844	
Total eligible own funds to meet the SCR	R0540	1,844,944	1,546,100		298,844	
Total eligible own funds to meet the MCR	R0550	1,586,223	1,546,100		40,122	
SCR	R0580	802,446				
MCR	R0600	200,612				
Ratio of Eligible own funds to SCR	R0620	2.30				
Ratio of Eligible own funds to MCR	R0640	7.91				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1,546,100
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	180,526
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	1,365,574
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	321,309
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	321,309

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	896,931	
Counterparty default risk	R0020	20,864	
Life underwriting risk	R0030	304,242	
Health underwriting risk	R0040	1,827	
Non-life underwriting risk	R0050		
Diversification	R0060	-200,352	
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100	1,023,512	

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	35,181
Loss-absorbing capacity of technical provisions	R0140	-55,635
Loss-absorbing capacity of deferred taxes	R0150	-200,612
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	802,446
Capital add-on already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	802,446
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Approach to tax rate		**C0109**
Approach based on average tax rate	**R0590**	No

Calculation of loss absorbing capacity of deferred taxes		**C0130**
LAC DT	**R0640**	-200,612
LAC DT justified by reversion of deferred tax liabilities	**R0650**	-200,612
LAC DT justified by reference to probable future taxable economic profit	**R0660**	
LAC DT justified by carry back, current year	**R0670**	
LAC DT justified by carry back, future years	**R0680**	
Maximum LAC DT	**R0690**	-200,612

Annex I
S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	153,548

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	**C0060**
Obligations with profit participation - guaranteed benefits	**R0210**	1,806,175	
Obligations with profit participation - future discretionary benefits	**R0220**	188,415	
Index-linked and unit-linked insurance obligations	**R0230**	12,713,542	
Other life (re)insurance and health (re)insurance obligations	**R0240**		
Total capital at risk for all life (re)insurance obligations	**R0250**		10,746,827

Overall MCR calculation

		C0070
Linear MCR	**R0300**	153,548
SCR	**R0310**	802,446
MCR cap	**R0320**	361,101
MCR floor	**R0330**	200,612
Combined MCR	**R0340**	200,612
Absolute floor of the MCR	**R0350**	4,000
Minimum Capital Requirement	**R0400**	200,612

MANDATUM

Mandatum Life Insurance Company Limited

Registered domicile and address:
Bulevardi 56, 00120 Helsinki, Finland

Business ID 2614680-9

www.mandatum.fi/en