2023

MANDATUM GROUP'S SOLVENCY AND FINANCIAL CONDITION REPORT

MANDATUM

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SUMMARY

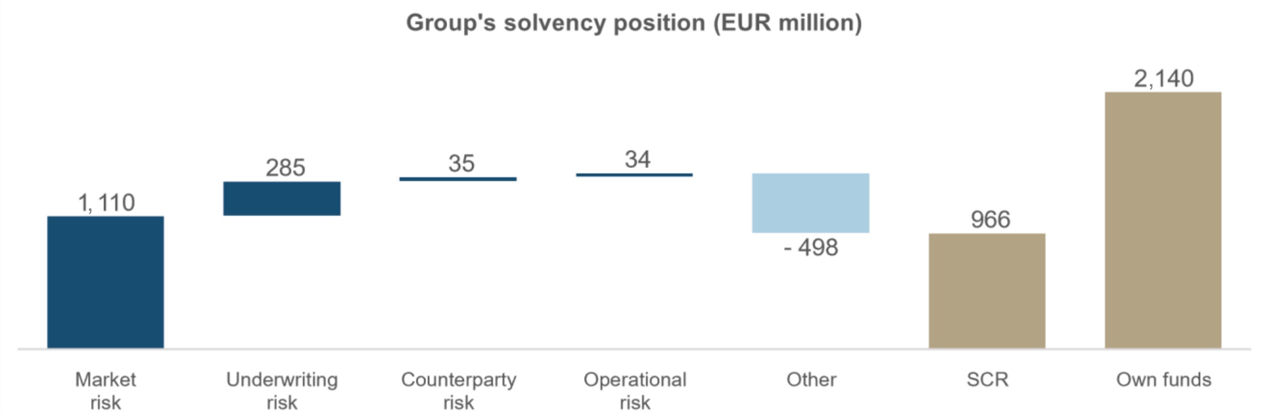
Mandatum (hereinafter also referred to as the "Company") is a major financial service provider combining expertise in wealth management and life insurance. The Company offers its clients a wide array of services covering asset and wealth management, saving and investment, compensation and rewards, pension plans and personal risk insurance.

Mandatum plc is an insurance holding company that conducts its business through its subsidiaries. Mandatum plc was incorporated in the partial demerger of Sampo plc, in which the shares of Mandatum Holding Ltd (a wholly-owned direct subsidiary of Sampo plc) and related assets and liabilities were transferred without a liquidation procedure to Mandatum plc. Mandatum plc was incorporated on the effective date of the demerger on 1 October 2023. Trading in the shares in Mandatum plc commenced on 2 October 2023 on Nasdaq Helsinki Ltd.

Mandatum Group's profit before taxes for the year under review increased by EUR 134.6 million to EUR 210.4 million (75.7). The result for the comparison year was negatively impacted by the group contribution of EUR 29.0 million paid to Sampo plc. All of the Company's key profit elements increased from the comparison year, with especially strong growth in the Company's net finance result.

The fee result for the year under review was EUR 52.6 million (43.3). The increase from 2022 was attributed partly due to a rise in client assets from the comparison year. Additionally, it was influenced by a higher release of contractual services margin recognised through profit or loss, along with the positive impact of recovering the loss component that had reduced the results in 2022. Client assets under management in 2023 were, on average EUR 600 million higher than in the comparison year. During the year under review, client assets under management grew from EUR 10.3 billion to EUR 11.9 billion. The increase in client assets under management was driven by a net flow of EUR 753.8 million (499.0) and a positive return on investments related to client assets under management. The fee margin on client assets decreased by three basis points year-on-year but remained at 1.2 per cent. The cost/income ratio improved slightly year-on-year and was 66 per cent (67).

Mandatum's solvency ratio was 221.4 per cent on 31 December 2023, a decrease of 44.1 percentage points compared to 31 December 2022, when Mandatum's solvency ratio was 265.5 per cent. During the year under review, own funds were affected by primarily internal administrative decisions: the proposed dividend, partial repayment of subordinated loans and the effect of the partial demerger. In other respects, the situation was fairly stable: the net finance result was good and exceeded the return requirements for insurance contract liability in accordance with solvency calculations, contributing to the growth in own funds. The solvency capital requirement increased Year 2023 IFRS Financial Statements Auditor's Report Mandatum Plc's Financial Statements Capital management 33 Report of the Board of Directors by EUR 12.8 million during the year under review to EUR 966.4 million. Mandatum meets all the capital adequacy requirements imposed on it by various legislations.



In terms of capital requirements, the Company's most significant risks take the form of balance sheet market risks, as well as longevity and lapse risks, which are included in insurance 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

A.1.1 GENERAL

Mandatum is a major financial service provider combining expertise in wealth management and life insurance. The Company offers its clients a wide array of services covering asset and wealth management, saving and investment, compensation and rewards, pension plans and personal risk insurance.

Mandatum plc is an insurance holding company that conducts its business through its subsidiaries. Mandatum plc was incorporated in the partial demerger of Sampo plc, in which the shares of Mandatum Holding Ltd (a wholly-owned direct subsidiary of Sampo plc) and related assets and liabilities were transferred without a liquidation procedure to Mandatum plc. Mandatum plc was incorporated on the effective date of the demerger on 1 October 2023. Trading in the shares in Mandatum plc commenced on 2 October 2023 on Nasdaq Helsinki Ltd.

The Company's head office is located in Helsinki. In addition to Finland, Mandatum has offices in Sweden and Luxembourg. Mandatum serves a large part of the Finnish life insurance and investment market. The Company has also institutional clients in Sweden and Denmark. In total, the Company has around 20,000 corporate clients and 320,000 retail clients.

Mandatum's operations are divided into a capital-light business and a with-profit business. Capital-light operations include unit-linked insurance products and institutional asset and wealth management.

The Company's long-term strategy is to focus on growth in the capital-light business while scaling down the capital-heavy with-profit business in a planned manner.

Mandatum Group's insurance company, Mandatum Life Insurance Company, has prepared a separate Solvency and Financial Condition Report required by regulation. The report can be found on Mandatum's website: www.mandatum.fi/en/solvency-sfcr

A.1.2 BUSINESS AREAS

INSTITUTIONAL & WEALTH MANAGEMENT

Mandatum's wealth management clients include Finnish and Nordic institutional investors and high-net-worth individuals.

CORPORATE CLIENTS

Mandatum serves corporate clients in two main segments: large and medium-sized clients and entrepreneur-operated clients. For small companies and entrepreneurs, Mandatum primarily offers preparedness and prosperity services, while the main focus for large and medium-sized companies is on remuneration, including personal insurance, pension insurance and personnel funds.

RETAIL CLIENTS

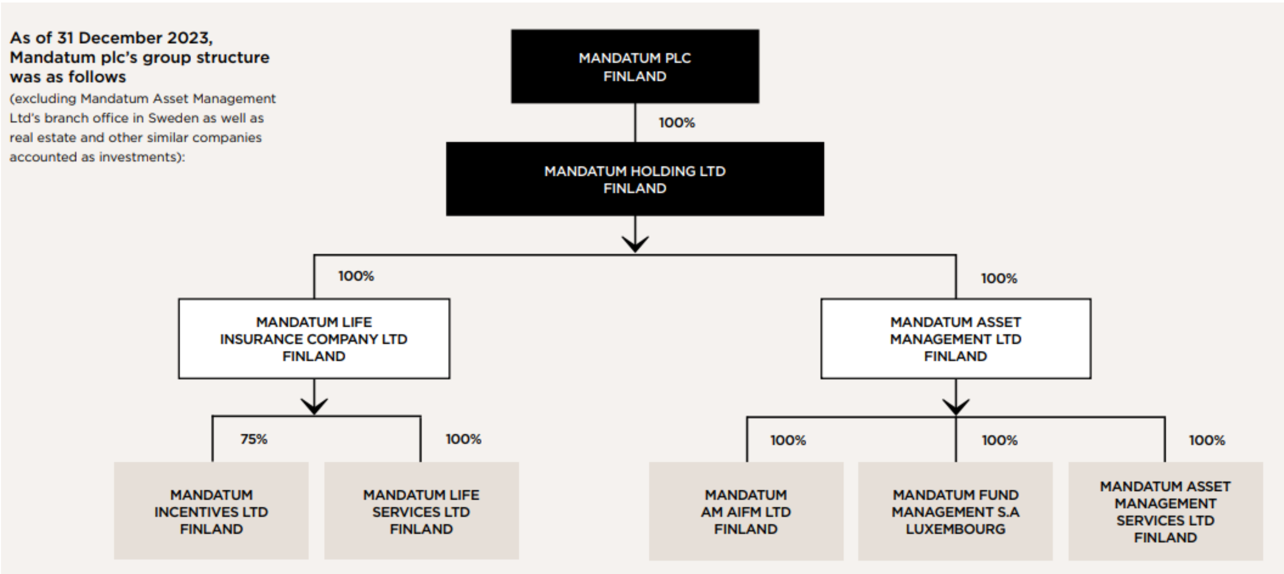
Mandatum offers investment solutions and personal insurance to retail clients. Danske Bank is the main distribution channel for retail clients' solutions. The services are also available directly through Mandatum's own sales force and digital channels. In addition, Mandatum has selected partnerships with, for example, associations.

WITH-PROFIT BUSINESS

The with-profit business area includes the management of the with-profit insurance portfolio and management of assets covering the with-profit liabilities and assets covering Mandatum Life's shareholders' equity. The target for investments is to generate returns above the insurance contract liabilities requirements at moderate risk, while at the same time decreasing the insurance portfolio releases capital.

A.1.3 STRUCTURE OF THE MANDATUM GROUP

Mandatum Group, of which Mandatum plc is the parent company, is divided into two business areas: life insurance and asset management. Mandatum Life Insurance Company Limited (Mandatum Life) and its subsidiaries offer services in wealth management, rewards and compensation, pension plans and personal risk insurance to personal and corporate clients. Mandatum Asset Management Limited (MAM) and its subsidiaries are an investment service provider combining fund business, discretionary and consultative wealth management, and asset management services.



Mandatum plc has decided to merge its wholly-owned subsidiary Mandatum Holding Ltd into Mandatum plc as a subsidiary merger in accordance with the Finnish Companies Act. The Boards of Directors of Mandatum plc and Mandatum Holding Ltd approved the merger on 11 December 2023. The effective date of the merger is expected to be 30.4.2024.

There are various regulations that Mandatum, as a financial entity, needs to monitor and determine which of those regulations it must comply with. Currently the Solvency II Directive (2009/138/EC) sets out the requirements that Mandatum as a group needs to meet. Under Solvency II Mandatum is an insurance holding group and Mandatum plc is its ultimate parent. The table below shows how Mandatum as a Solvency II group is formed based on current regulations.

Company	Aggregation method
Mandatum plc	Full consolidation
Mandatum Holding Ltd	Full consolidation
Mandatum Life Insurance Company	Full consolidation
Mandatum Incentives Ltd	Full consolidation
Mandatum Life Palvelut Ltd	Full consolidation
Mandatum Asset Management Ltd	Aggregated based on sectoral rules
Mandatum AM AIFM Ltd	Aggregated based on sectoral rules
Mandatum Fund Management S.A. (Luxemburg)	Aggregated based on sectoral rules
Mandatum Asset Management Palvelut Ltd	Aggregated based on sectoral rules
PreCast Holding Ltd	Related undertaking

Mandatum plc owns 50 per cent of the guaranteed shares of Kaleva Mutual Insurance Company (Kaleva).
However, Mandatum does not include Kaleva in its Solvency II group. This is based on a decision issued by the Financial Supervisory Authority under Chapter 26, Section 8(1)(2) of the Insurance Companies Act (521/2008), according to which the group supervision provisions of Chapter 26 of the Insurance Companies Act are not applied to Kaleva.

Within the Mandatum Group, Mandatum Asset Management Ltd (MAM) forms an investment firm group as defined in EU Regulation 2019/2033 on the prudential requirements of investment firms. MAM investment firm group ("MAM Group") is formed by MAM as the parent company and its subsidiaries Mandatum AM AIFM Ltd, Mandatum Fund Management S.A. and Mandatum Asset Management Services Ltd (jointly "MAM Group Companies"). MAM also has three smaller subsidiaries which are not part of the investment firm group under the EU Regulation 2019/2033, but which are nevertheless legally MAM's subsidiaries.

Mandatum plc is domiciled in Finland and the group formed by the Company is supervised by the Financial Supervisory Authority (Financial Supervisory Authority Snellmaninkatu 6, P.O. Box 103, FI-00101 Helsinki).

Mandatum Group's external auditor is Deloitte Ltd, Authorised Public Accountant Firm, Salmisaarenaukio 2, 00180 Helsinki.

A.2 Underwriting performance

These consolidated financial statements of Mandatum Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These are Mandatum's first consolidated financial statements in which IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments have been applied.

Mandatum Group's profit before taxes for the year under review increased by EUR 134.6 million to EUR 210.4 million (75.7). The result for the comparison year was negatively impacted by the group contribution of EUR 29.0 million paid to Sampo plc. All of the Company's key profit elements increased from the comparison year, with especially strong growth in the Company's net finance result.

The fee result for the year under review was EUR 52.6 million (43.3). The growth from 2022 was partly due to an increase in client assets from the comparison year, but also due to a higher release of the contractual services margin recognised through profit or loss and the positive impact of the recovery of the loss component that reduced the result in 2022. Client assets under management in 2023 were, on average EUR 600 million higher than in the comparison year. During the year under review, client assets under management increased from EUR 10.3 billion to EUR 11.9 billion. The increase in client assets under management was driven by a net flow of EUR 753.8 million (499.0) and a positive return on investments related to client assets under management. The fee margin on client assets decreased by three basis points year-on-year but remained at 1.2 per cent. The cost/income ratio improved slightly year-on-year and was 66 per cent (67).

EUR Million	2023	2022
Fee result	**52.6**	**43.3**
Insurance service result	31.3	10.2
Fee result from investment and asset management services	21.3	33.1
Net finance result	**148.6**	**50.5**
Investment return	317.8	-433.2
Underwriting and discounting of liabilities	-169.1	483.7
Result related to risk policies	**17.9**	**9.2**
CSM and RA release	26.1	14.2
Other insurance service result	-8.2	-5.0
Other result	**-8.7**	**-27.2**
Profit before taxes for the period	**210.4**	**75.7**

Mandatum Group's insurance business is carried out in Mandatum Life Insurance Company Limited (Mandatum Life). Premiums written on the Company's own account increased to EUR 1,674 million (1,390). Premiums written on unit-linked insurance increased to EUR 1,553 million (1,294).

A.3 Investment performance

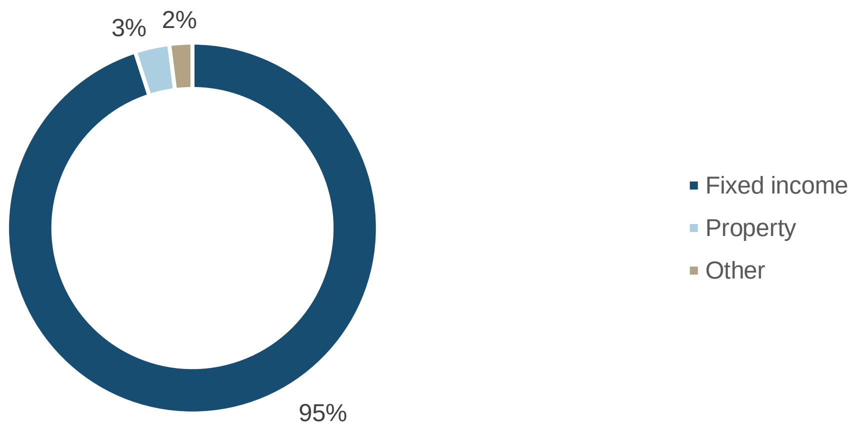
The net finance result of the with-profit business increased to EUR 137.8 million (50.3). The investment return on the original with-profit portfolio was 7.8 per cent (-8.8) and the investment return on the segregated portfolio was 8.5 per cent (-6.7). The decreased discount rate increased the finance costs on insurance contract liabilities, which totalled EUR 169.1 million. During the comparative year, the discount rate rose significantly, resulting in a positive effect exceeding the negative return on investment. The other investment return of Mandatum Group resulted in EUR 10.8 million, of which EUR 5.4 million was attributable to Enento. Including the Group's other investment returns, the Group's net finance result was EUR 148.6 million (50.5).

The Company significantly reduced the investment risk related to the with-profit balance sheet during the year under review. The most notable change was the reduction in the original portfolio's equity allocation from 19.9 per cent to 8.5 per cent. This significantly reduced the capital requirements of the with-profit business, while at the Group level the capital requirements remained practically unchanged due to the impact of the balance sheet transactions agreed upon in connection with the partial demerger from Sampo plc.

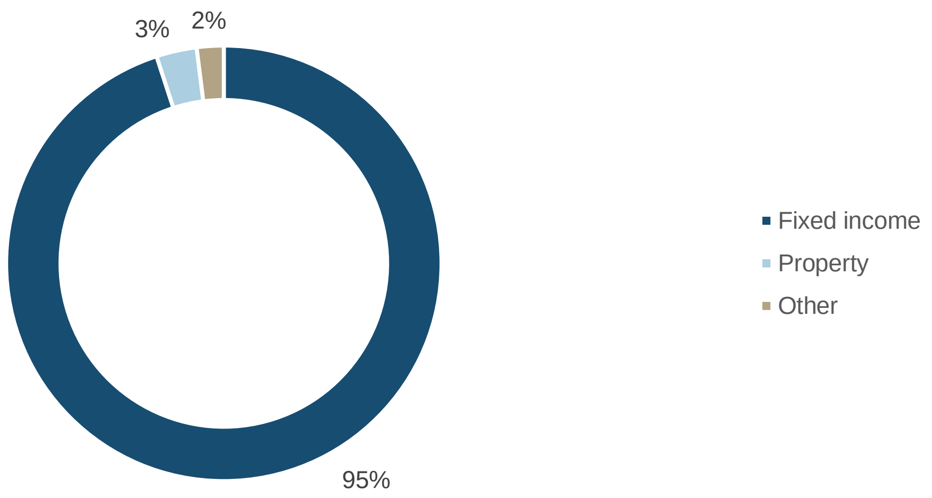
At year end, the fair value of the investment portfolio related to Mandatum's life insurance operations was EUR 4.0 billion (4.4), excluding the EUR 11.6 billion (9.9) in assets covering unit-linked technical provisions. That amount consisted of EUR 3.3 billion (3.8) in assets covering the original with-profit technical provisions, and EUR 0.7 billion (0.7) in assets covering the segregated group pension portfolio.

The investment assets related to Mandatum's life insurance operations are diversified both geographically and between different asset classes to increase returns and reduce risks. The asset allocation of Mandatum's life insurance-related investments for the original portfolio and the segregated portfolio on 31 December 2023 is presented in the charts below.

With-profit investment portfolio by asset class, original portfolio on 31 December 2023, 3,340 EUR million



With-profit investment portfolio by asset class, segregated portfolio on 31 December 2023, 701 EUR million



The duration of the fixed income investments, including cash and interest rate derivatives, covering the original with-profit technical provisions as per 31 December 2023 went up to 3.2 years (1.7) and the duration of the segregated assets went up to 3.6 years (3.1).

Mandatum does not have investments in securitised investment objects.

In accordance with the Mandatum's risk strategy and the risk appetite that is an integral part of it, Mandatum is prepared to assume risk in its investment operations, because the Company believes that by taking risk it can earn surplus returns in relation to the technical provision requirements. There is an investment strategy in Mandatum Group according to which key targets for the Group's investment operations are to meet the obligations to policyholders, to ensure an adequate solvency and capital position for the Group and to ensure that appropriate compensation for bearing risk can be paid to the sharehold-ers of the Group's parent company. The Group's technical provision cash flows are very predictable, which means it is possible to bear the normal volatility related to investment assets over time, provided that 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 Group uses the asset manager only within a single asset class and has not outsourced allocation selection except for Mandatum Asset Management Ltd. The Group uses Mandatum Asset Management Ltd as the asset manager for investments covering the Group’s with-profit portfolio and own funds. The Group uses Mandatum Asset Management Ltd and Danske Bank A/S Finnish Branch, as the asset manager for the Group’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.
- Contracting Parties: The following parties have entered into an agreement with MAM: Mandatum plc, Mandatum Holding Ltd, Mandatum Life, Mandatum AIFM, Mandatum Fund Management S.A.
- Principles of corporate governance: MAM has published engagement principles that are consistent with the Group's various companies.
- Remuneration and duration of liabilities: Regarding the with-profit portfolio, remuneration is based on pricing based on 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.
- Contracting Parties: Mandatum Life.
- 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 chooses the investment object themselves.
- Supervision of asset management operations: The activities are supervised by a separate cooperation group.

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

A.4 Performance of other activities

The result presented in section “A.2 Underwriting performance” above includes Mandatum Group's result. In Mandatum Group, MAM forms a separate sub-group that annually prepares its own consolidated financial statements in accordance with regulatory obligations. MAM Group's revenue, i.e. income from investment services, totalled EUR 71.5 (71.5) million. Revenue came mainly from asset management services sold to Mandatum Life Insurance Company Limited. Profit before taxes for the financial period was EUR 24.8 (0.7) million and profit after taxes EUR 19.9 (0.2) million. The result for the financial year is reduced by a group contribution of EUR 3.0 (29.0) million paid by Mandatum Asset Management Ltd to Mandatum Life Services Ltd.

Mandatum has no significant leasing agreements.

A.5 Other information

Mandatum's Annual Report describes the Company's related party transactions. Mandatum was part of Sampo Group until 30.9.2023 and subsequent transactions with Sampo plc or Sampo plc's subsidiaries are no longer part of the Group's internal operations.

Mandatum Life Ltd paid EUR 150.0 million in dividends to Mandatum Holding Ltd in March 2023. Mandatum Holding Ltd paid EUR 150.0 million in dividends to Sampo plc in March 2023, EUR 30.0 million to Mandatum plc in October 2023 and EUR 200.0 million to Mandatum plc in December 2023. Mandatum Asset Management Ltd paid a group contribution of EUR 3.0 million to Mandatum Life Services Ltd for the result for the financial year 2023.

Sampo plc and Mandatum Holding Ltd signed a sale and purchase agreement on 25 September 2023, on the basis of which Sampo plc will sell, at fair value, certain of its assets to Mandatum Holding Ltd. These assets include Kaleva's guarantee shares (Sampo plc's holding as at 30 June 2023 30 per cent of all guarantee shares in Kaleva) and the shares and loan receivables from Terrafame Ltd held by Sampo plc. Year 2023 Auditor's Report Mandatum Plc's Financial Statements Capital management Report of the Board of Directors 129 IFRS Financial Statements Sampo plc and Mandatum Holding Ltd signed a sale and purchase agreement on 30 September 2023 whereby Mandatum Holding Ltd will acquire Sampo's shares in Saxo Bank A/S from Sampo plc at fair value. The transaction is subject to certain regulatory approvals and is expected to close during the first half of 2024. Sampo plc's ownership of all Saxo Bank A/S shares as of 31 December 2023 was 19.83%. Sampo plc and Mandatum Holding Ltd signed a EUR 280.0 million vendor loan agreement on 30 September 2023, which will enable Mandatum Holding Ltd to finance the above-mentioned asset transactions. The loan had not been drawn down as of 31 December 2023, but Mandatum Holding Ltd has the option to draw down the loan in full or in part to finance the purchase of shares in Saxo Bank A/S from Sampo plc upon completion of the transaction.

Of Sampo plc's general liabilities not attributable to any specific business area, EUR 102.0 million was allocated to Mandatum Group at the time of the demerger.

Mandatum Life Ltd repaid the Capital Notes EUR 100.0 million on 25 September 2023 to Sampo plc. The FIN-FAS approved the repayment with its decision given on 11 September 2023.

There is no other material information to report.

B. System of governance

B.1 General information on the system of governance

B.1.1 BOARD OF DIRECTORS AND MANAGEMENT

As of 1 October 2023, the supreme authority in the Company is exercised by the General Meeting where the shareholders participate in the supervision and control of the Company by exercising their right to speak and vote. Mandatum plc was incorporated on 1 October 2023 in the partial demerger of Sampo plc. The partial demerger of Sampo plc and the incorporation of Mandatum plc were resolved at Sampo plc's General Meeting held on 17 May 2023. Mandatum plc's first General Meeting will be held on 15 May 2024. Prior to the completion of the partial demerger, the supreme authority of Mandatum Group was exercised by the General Meeting of Mandatum Holding Ltd and the supreme authority of Sampo Group, to which Mandatum belonged until 30 September 2023, was exercised by Sampo plc's General Meeting.

According to Mandatum plc's Articles of Association, the Company's Board of Directors comprises no fewer than three and no more than ten members. Mandatum plc's Board of Directors is responsible for the management of the Company in accordance with laws, authority regulations, the Articles of Association, and the decisions of the General Meetings. The working principles of the Board of Directors and the main duties of the Board of Directors are defined in the Charter of the Board of Directors. The Board of Directors of Mandatum plc has established an Audit Committee and a Remuneration Committee, whose members it appoints from among its members in accordance with the charters of the committees. In accordance with the charter of the Audit Committee, matters related to risk management are handled by the Audit Committee.

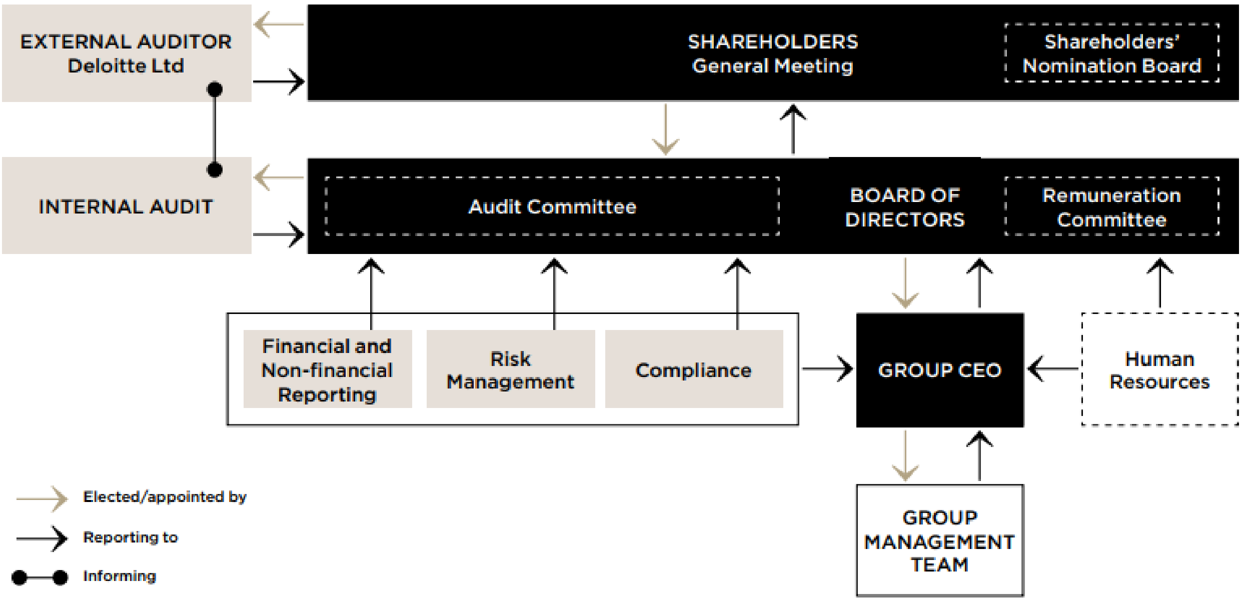
In 2023, the members of the Board of Directors of Mandatum plc were elected at the Annual General Meeting of Sampo plc held on 17 May 2023 that resolved on the partial demerger of Sampo plc and the incorporation of Mandatum plc in accordance with the demerger plan approved and signed by Sampo plc's Board of Directors. Petri Niemisvirta, LL.M., was appointed CEO of Mandatum plc and at the same time Group CEO of Mandatum Group as of the effective date of the partial demerger as of 1 October 2023. During the reporting period, there were no other material changes in Mandatum plc's Board of Directors or the Group's senior management. Prior to the completion of the partial demerger, the highest Board level body in Mandatum Group was the Board of Directors of Mandatum Holding Ltd and, correspondingly, when Mandatum Group was part of Sampo Group, the Board of Directors of Sampo plc. Mandatum has not had any material transactions with members of the Board of Directors or senior management.

The group CEO is responsible for Mandatum's daily management in accordance with the instructions and orders given by the Board of Directors. The duties of the group CEO include, among other things, the management and supervision of the Group's business operations, preparation of matters to be addressed by the Board of Directors and the implementation of Board's decisions. The Group CEO is empowered to take extraordinary and broad-ranging actions, taking into account the scope and nature of Mandatum's operations, only upon authorization by the Board of Directors. The group CEO is responsible for ensuring the legal compliance of Mandatum's accounting and trustworthy organisation of wealth management.

The Group CEO has appointed Mandatum's Group Management Team, which supports the Group CEO in preparing strategic questions concerning Mandatum Group in processing significant or fundamental operative issues and ensuring internal communication. In particular, the Management Team addresses Mandatum Group's strategy, profit development, large purchases and projects, Mandatum Group's structure and organisation, as well as the key strategic issues pertaining to administration and personnel.

The shares of Mandatum Group's parent company Mandatum plc were admitted to public trading on the main list of Nasdaq Helsinki Ltd on 2 October 2023. At the same time, the Group's corporate governance structure was updated to meet the requirements of listed companies, and strategy steering was centralised to the Group level. Mandatum plc, as the parent company of the Group, sets Group-wide general principles within which the parent company expects its subsidiaries to organise and conduct their business. TheGroup Management Team is responsible for the Group's operative management and strategy implementation under the leadership of CEO Petri Niemisvirta. In addition, the Group has segment-specific management teams tasked with implementing and managing the business strategy of each segment. The segment management teams (asset management segment, corporate segment and private customer segment) replaced the previous business management teams. The with-profit business segment is managed by Mandatum Life's Management Team.

The figure below shows Mandatum plc's governance structure:



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 plc 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 Group CEO and Board of Directors, except for internal audit which reports only to the Board of Directors and its Audit Committee.

B.1.3 REMUNERATION

Remuneration is based on the Mandatum Group's remuneration principles, which are decided by Mandatum plc's Board of Directors and applied to all Group companies. In 2023, Mandatum's remuneration was based on Sampo Group's remuneration principles and the company-specific remuneration policies of Mandatum Group companies. As of 2024, Mandatum Group's remuneration principles and company-specific appendices will be applied.

Mandatum's remuneration has been designed to promote the Company's financial performance and sustainable business practices and to create added value for shareholders and other stakeholders. Mandatum's remuneration systems are aligned with the Company's business strategy and take into account risk management practices and principles. The aim of remuneration is to attract and commit talented and motivated employees and to encourage them to perform their best and surpass the targets set for them.

The remuneration elements used by Mandatum include fixed and variable remuneration, other benefits and a supplementary defined contribution pension benefit and a personnel fund for all personnel. Mandatum's remuneration packages are designed to maintain an appropriate balance between fixed and variable remuneration. Performance-based remuneration is more central in positions where it is possible to significantly impact on Mandatum's results and the development of the Company.

Fixed salary is the basis of the remuneration package and should be based on the employee's general level of responsibility, position in the Company, work performance and quality of work, as well as other factors, such as market salary data. The fixed salary is supplemented by variable incentive schemes decided on by the Company's Board of Directors and management. The short-term incentive schemes are based on the Company's strategy and performance objectives. Long-term incentive schemes, on the other hand, are based on long-term success and the growth of shareholder value. The payment of variable remuneration complies with the regulations applicable to the financial sector and, for example, if a person holds a significant position in the Company, at least 40 per cent of the remuneration is deferred to be paid after three years.

B.2 Fit & proper requirements

Mandatum’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 key functions and

iii. other designated personnel groups, such as persons with trading rights who participate in investment activities.

The Fit & Proper policy takes into account the legal provisions concerning the Fit & Proper assessment that applies to insurance companies, 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 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 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.

A Fit & Proper assessment is carried out in Mandatum Group companies 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 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 at least every three years; 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

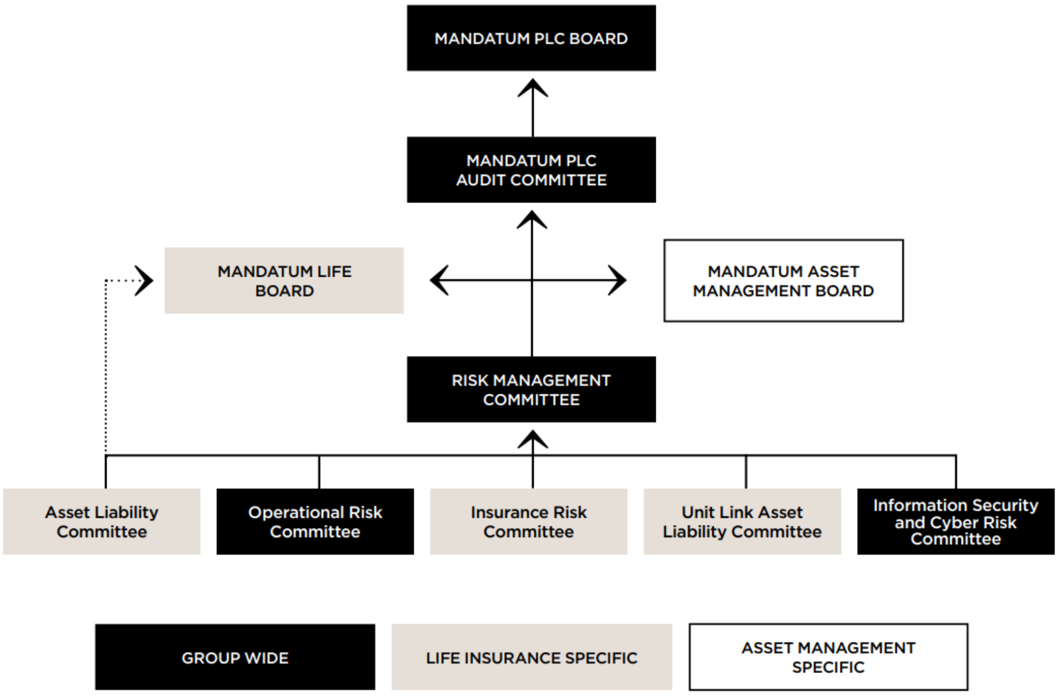
B.3.1 GENERAL RISK MANAGEMENT PRINCIPLES

The goal of risk management in all Mandatum Group companies is to ensure a stable and well-understood risk management culture in each company and to ensure that risks are known, assessed, managed, monitored, and reported and in the correct proportion related to their effect on short-term and long-term financial results. Moreover, the Company regularly assesses its own risk and solvency position with the aim of ensuring that Group companies hold adequate buffers to regulatory capital requirements and maintain operational capabilities also under financial turmoil. Successful risk management supports the general efficiency, safety and continuity of operations and secures Mandatum Group's reputation and reliability, ensuring that clients and other stakeholders maintain confidence in Mandatum Group. In summary, it can be stated that the key objective of risk management in Mandatum Group is to create value and preserve the value already created.

B.3.2 ORGANISATION OF RISK MANAGEMENT

The Board of Directors of Mandatum plc is responsible for the adequacy of the Group's and authorised companies' risk management and internal control. The Board of Directors of Mandatum plc annually approves the Risk Management Policy and Internal Control Policy, according to which risk management and internal control are arranged as part of the Group's business. The Boards of Directors of authorised companies shall complement those policies, taking into account the specificities of the company level.

The CEO of the Group's parent company has the overall responsibility for the implementation of risk management in accordance with the Board's guidance. The responsibilities of the Group's Chief Risk Officer are 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 Managing Director of Mandatum plc. In addition to Mandatum plc's Managing Director and the Group's Chief Risk Officer, the head of each business segment is a member of the Committee, as are the majority of the CEOs of the concession companies. In addition to this, there are representatives of internal control functions.

The key role of the Asset-Liability Committee (ALCO) is to monitor and control the 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 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 that was transferred from Suomi Mutual on 30 December 2014 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 insurance risk management. A key task is to control compliance with the Company's Underwriting Policy and to maintain the policy in question. The Committee reports on risk management issues related to insurance risks and the Underwriting Policy to the Risk Management Committee. The Insurance Risk Committee is chaired by the Mandatum Life's 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 of Mandatum Life approves the insurance policy pricing and the central principles for the calculation of technical provisions. In addition, the Board of Mandatum Life 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 control 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 of Mandatum Life. The unit-linked ALCO convenes quarterly and reports to the Risk Management Committee.

It is the role of the Operational Risk Committee 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. Those risks are managed as part of the Group’s and the Company’s strategic planning and management of daily operations. At Mandatum plc, 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 Group’s risk management function lies with the Group Chief Risk Officer, and Mandatum Group has a separate steering group for the risk management function. The steering group meets regularly, and its 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)

In Mandatum Group, the parent company is responsible for carrying out a Group-level risk and solvency assessment. In addition, the life insurance company has its own ORSA process. The purpose of Group ORSA is to produce information for the parent company’s Board of Directors on the Group’s solvency position and sufficiency of capital in various scenarios. The scenarios take into account the most significant risks. A further purpose of Group ORSA is to ensure continuous compliance with the confirmed capital requirements. It is thus part of the Mandatum Group’s risk and capital management.

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

If major changes occur in the operating environment, risk profile or operating conditions, the Group ORSA must be carried out separately to reflect the new situation. Based on the Chief Risk Officer’s presentation, the CEO of the parent company 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.

Of Mandatum's subsidiaries, the investment firm MAM Ltd annually carries out the Internal Capital Adequacy and Risk Assessment (ICARA) required by the regulatory framework for investment service companies.

B.3.5 SOLVENCY TARGETS

The solvency capital requirement sets the level of capital at which a 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.

Mandatum Group has set its own solvency target above the regulatory limits and, for the time being, the target is to maintain a solvency ratio between 170 and 200 per cent. The target has been set based on the existing business as a whole, and its appropriateness is assessed regularly as part of the Group ORSA. The target capital has been set higher than the limits set by the authorities, because risk positions and results develop continuously over time, and sometimes in stressful situations capital can erode rapidly. A sufficient capital buffer gives Mandatum time to adjust its risks and the amount of its capital during stress periods and maintain a balance between risks and capital. Having a sufficient capital buffer increases the supervisory authorities’ and counterparties’ trust in Mandatum, and this is another reason to maintain a buffer.

So far, the most significant capital requirement in Mandatum Group consists of Mandatum Life's operations. Mandatum Life governs its own risk-taking in line with a separate risk-bearing-capacity model that is approved by the Mandatum Life’s Board of Directors.

B.3.6 OTHER ASPECTS OF RISK MANAGEMENT

Mandatum Group’s risk management is described in greater detail in the Annual Report in chapter risk management and in the risk management appendix to the financial statements. In addition, Mandatum has published Mandatum Group's risk management policy on its website.

B.4 Internal control system

Mandatum’s processes always include internal controls. This ensures flawless operations and a high level of customer satisfaction. Mandatum plc’s and its subsidiary companies’ Boards of Directors have approved a separate Internal Control Policy.

The head of each unit is responsible for ensuring that the unit’s operational risks are identified, and that internal control is arranged appropriately, taking into account the risks.

Control measures include 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 has several guidelines related to sales, marketing, administration, products, decision-making, communication, etc. These guidelines are continuously available to personnel on the intranet.

The principle is that all guidelines concerning the whole Group issued by Sampo plc (until 30.9.2023) and the Board of Directors of Mandatum plc (from 1.10.2023) are also approved by the Boards of Directors of the subsidiary companies. 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 risks, which is carried out regularly.

B.4.1 COMPLIANCE FUNCTION

Mandatum has a compliance function, for which the Group's Head of Compliance is the responsible person.

Each of the Mandatum’s employees are responsible for the compliance of their actions. The unit supervisors are responsible for ensuring personnel’s compliance with the guidelines. Significant deviations must be immediately reported to the own supervisor, the Compliance function, and the relevant group company’s CEO. It is the Compliance function’s task to support 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 each group 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 in achieving its targets by providing a systematic approach to the evaluation and development of risk management, control and governance processes. Internal audit operated until 30 September 2023 as part of Sampo Group's internal audit. In connection with the partial demerger of Sampo plc on 1 October 2023, internal audit was organised into Mandatum's Group function. The Group's Chief Audit Executive is responsible for the Company's internal audit fuction. The Group Chief Audit Executive is appointed by Mandatum plc's Board of Directors. Internal audit functions have been arranged in accordance with the regulations applicable to each group company and approved by the Board of Directors of each company in question.

The internal audit conducts its work in compliance with the Internal Audit Policy (Mandatum Group 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 internal audit conforms with the professional standards and ethical rules maintained by the Institute of Internal Auditors.

Internal audit establishes annually risk-based activity plans for the Group's authorised companies. The plans include short- and long-term audits of both the business and the system of governance. The plans are approved by each Board of Directors and confirmed by the Audit Committee.

The internal audit reports to the Boards of Directors of the authorised companies and the Audit Committee. Severe internal control deficiencies are reported without delay to the CEO and Board of Directors of the company in question and to the Audit Committee.

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 other 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, the actuarial function is organised as part of the Actuarial unit, which is headed by Mandatum Life'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 act on insurance companies. The Actuarial function is also tasked with regularly analysing the risk result. 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.

Mandatum Life must have a Chief Actuary who meets the eligibility criteria stipulated in the Finnish act on insurance companies. 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.

Mandatum Life's Chief Actuary and Responsible Actuary are responsible for coordinating the calculation of the technical provisions, for ensuring the appropriateness of the technical provision 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's functions are outsourced. Despite 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 Policies, which the group companies must comply with.

Mandatum's most significant outsourced functions are the outsourcing of IT access services to TietoEVRY Oyj, O365 services to Microsoft, cloud management to Cloud2 and outsourcing server capacity and telecommunications services to Elisa.

For Mandatum Life, the most essential intra-group outsourcing arrangements are the outsourcing of investment asset management to Mandatum Asset Management Ltd, the outsourcing of internal services (e.g. actuarial services, legal, marketing, communications, information management, human resources) to Mandatum Life Services Ltd, and the outsourcing of internal audit to Mandatum Life Services Ltd and Mandatum plc. Mandatum Asset Management Ltd's most significant intra-group outsourcing arrangements are the outsourcing of business technology-related services to Mandatum Life Services Ltd and the outsourcing of internal audit to Mandatum Life Services Ltd and Mandatum plc.

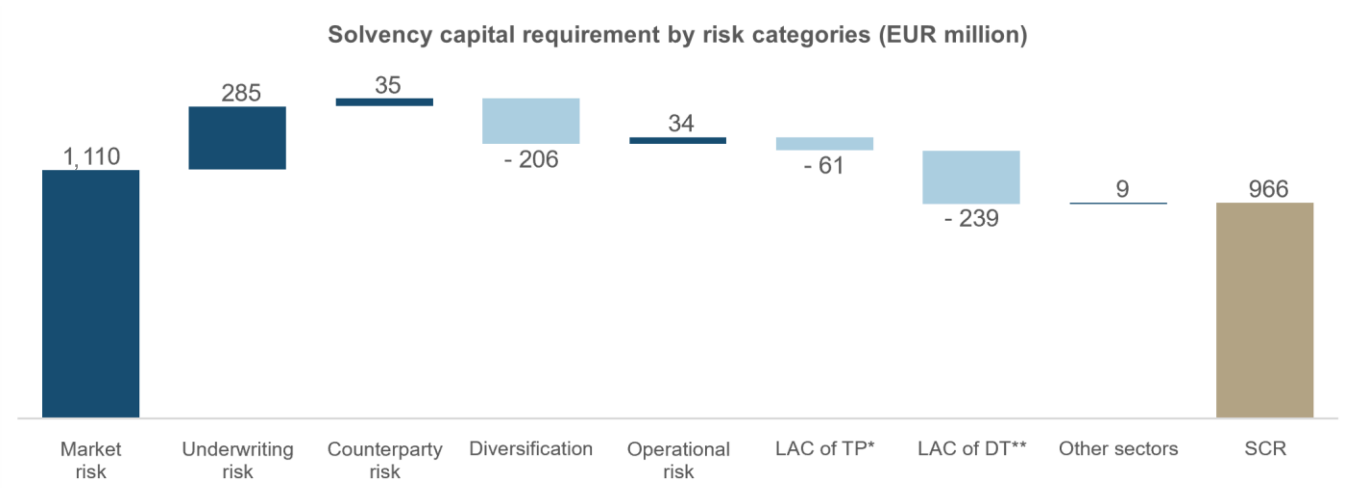
B.8 Other information

Mandatum 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, Mandatum Group's most significant risks take the form of balance sheet 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 Group's solvency capital requirement, EUR 1,110 million is made up of the capital requirement for market risks and EUR 285 million is made up of the capital requirement for the life insurance risk. The capital requirement for operational risks is EUR 34 million, and the capital requirement for the counterparty risk is EUR 35 million. According to the Delegated Regulation of the Solvency II Directive, the capital requirement for sector-specific provisions (Article 336 (c)) and for other companies under Article 336 (d) was EUR 9 million.



*Loss-absorbing capacity of technical provisions

**Loss-absorbing capacity of deferred tax

Solvency II also creates a framework for Mandatum Group's internal monitoring of the solvency position. In the medium term, Mandatum has set itself a target to maintain the solvency ratio between 170 and 200 per cent with the current business model and weightings. In the risk-bearing-capacity model, anticipatory monitoring limits are set for the solvency position to enable the Mandatum Group 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 by reducing market. 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.

C.1 Insurance risk

C.1.1 QUALITATIVE DESCRIPTION OF INSURANCE RISKS

In Mandatum Group, insurance risks arise through the Group's life insurance company, Mandatum Life. The insurance 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 that 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 individual pension portfolio and unit-linked group pension portfolio of capital-light business area the longevity risk is less significant because most of these policies are fixed term annuities including death cover, which mitigate the longevity risk.

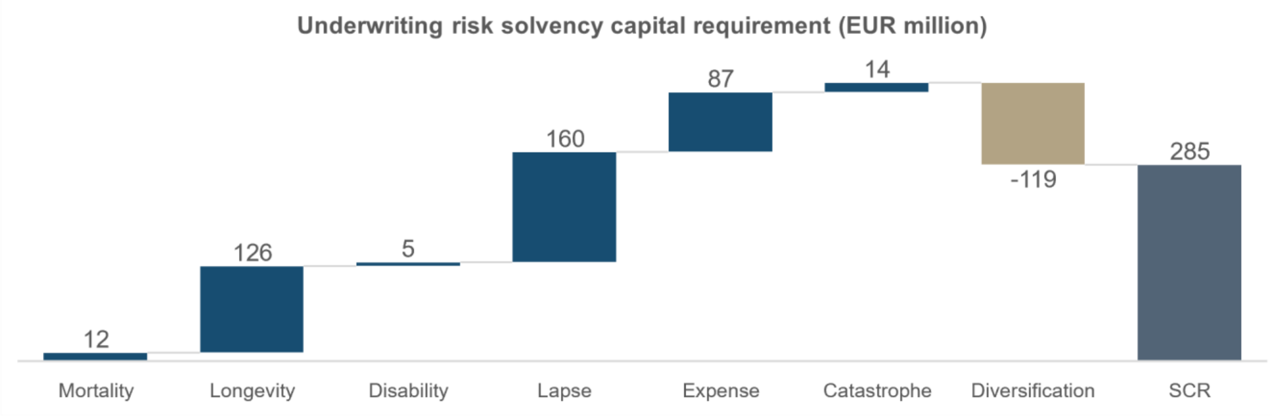
The biometric risks of life insurance policies are managed through careful risk selection, by setting prices to reflect the risks and costs, by setting upper limits for the protection granted and through reinsurance. The Insurance Risk Committee is responsible for maintaining the Underwriting Policy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

At the end of 2023, the solvency capital requirement for underwriting risks totalled EUR 285 million without transitional measures. Lapse risk is the most significant life insurance risk measured by the capital requirement, representing EUR 160 million of the total capital requirement for life insurance risk. The capital requirement resulting from the longevity risk is EUR 126 million and the capital requirement for the operating expense risk is EUR 87 million.



From the solvency capital requirement perspective, the greatest lapse risk results from the unit-linked insurance portfolio (approx. 58 per cent of lapse risk) and risk insurance (approx. 42 per cent). Of the risk capital requirement for the operating expense risk, around 61 per cent is made up of the unit-linked portfolio and the remaining approx. 39 per cent of the with-profit insurance portfolio and risk insurance portfolio.

C.1.3 RISK CONCENTRATIONS RELATED TO INSURANCE ACTIVITIES

The main concentration of the insurance contract portfolio is geographical, as all insurance contracts have been sold in Finland. In addition, group insurance contracts may expose concentration risk in corporate customers' business area. Currently, the ten largest group insurance policies account for 49.3 per cent of insured and 37.2 per cent of the risk sums related to death claims.

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. In Mandatum Group, market risks arise from the parent company's direct non-strategic equity investments and market risks in the with-profit and capital-light business areas. In the with-profit business area, the most significant source of market risk is the capital requirement for equity risk, which arises both from listed equity investments and, to a significant extent, from alternative investments (private equity and private credit funds). For this business area, the spread risk arising from corporate bonds included in fixed income investments is the second largest source of market risks. Market risk also arises indirectly through the capital-light business area due to the dependence of the business area's fee income on the amount of investments in the business area in question.

The management of market risks in the with-profit business area is approached on the basis of expected cash flows from technical provisions, interest rates and the current solvency position. A common characteristic of all with-profit technical provisions items is the technical rate of interest and client bonuses. The cash flows of technical provisions are relatively predictable, as lapses or additional investments are limited in most with-profit insurance policies.

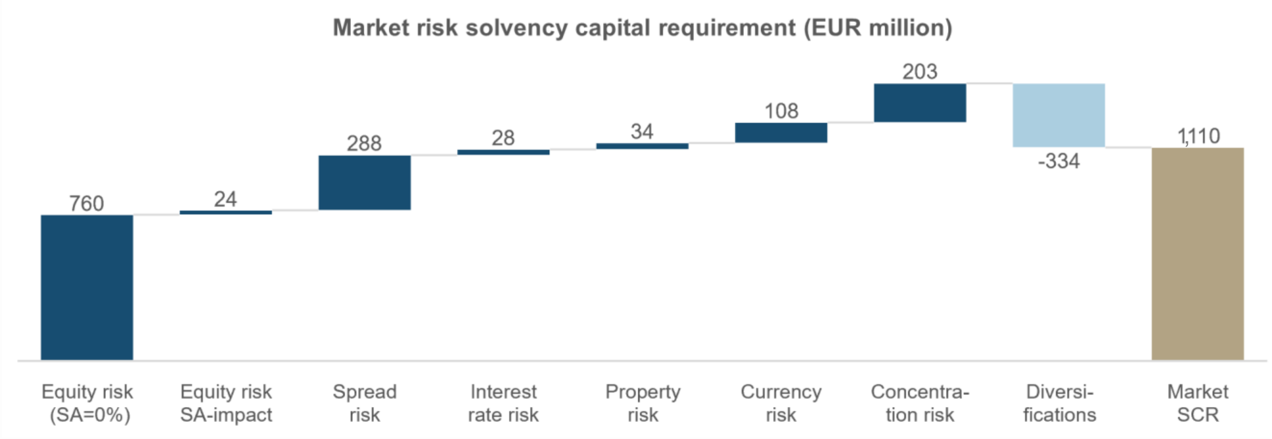
The with-profit technical provisions are entirely made up of euro-denominated commitments. For that reason, the foreign exchange risk emerges when investing outside the euro zone. The business area's currency strategy is based on active management of the currency position and aims to hedge open risk when it can be managed cost-effectively. The investment policy defines separate limits within which hedging must be implemented.

Mandatum Group's non-strategic investments are related to the partial demerger of Sampo plc and balance sheet transactions agreed in connection with it. The most significant of these are Saxo Bank A/S, Enento Group plc and Terrafame Ltd.

C.2.2 QUANTITATIVE DESCRIPTION OF MARKET RISKS

As illustrated above, the most significant of Mandatum Group's risks is market risk related to the Group's non-strategic investments and 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 785 million of which a third consists of listed shares in developed countries (Type I) and the rest of other equity and comparable investments within the regulatory framework (Type II). For the equity capital charge, the symmetric adjustment applied in the calculation can have a significant impact. At the end of year 2023, this adjustment factor increased the equity capital charge by EUR 24 million.

The risk linked to the fixed income portfolio's credit risk margin (spread risk) is the second highest market risk with the capital charge of EUR 288 million and the third largest concentration risk, with a capital charge of EUR 203 million.



During the calendar year 2023, the reduction of market risks in the with-profit balance sheet significantly lowered the solvency capital requirement. The share of listed shares in the business area's investment assets decreased by 11 percentage points and the duration of fixed income investments was increased by using interest rate swaps to hedge the change in the value of market-based technical provisions against changes in interest rates. On the other hand, the balance sheet transactions between Mandatum and Sampo plc agreed in connection with the partial demerger increased the Group's solvency capital requirement.

C.2.3 RISK CONCENTRATIONS RELATED TO INVESTMENT ACTIVITIES

In Mandatum Group, risk concentrations related to investment activities are actively monitored and managed. At Mandatum, the Boards of Directors of the companies have approved separate balance sheet management and investment policies, where the limits for investments in individual companies are defined. When setting the limits, the primary aspects to be considered 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.

In Mandatum Group, the concentration risk included in the capital requirement for market risks was significant at the end of year 2023 and totalled EUR 203 million. This is explained by the transaction of Saxo Bank A/S agreed upon in connection with the partial demerger of Sampo plc. The shares included in the transaction represent 19.83 per cent of the votes in Saxo Bank A/S. Therefore, Saxo Bank A/S is treated as a normal equity investment in the solvency capital requirement calculations and increases the capital requirement for market risk. As the purchase price has already been defined in the terms and conditions of the transaction, Mandatum will fully include the market risk arising from the shares in Saxo Bank A/S in its solvency capital requirement on 31 December 2023. In addition to the shares in question, the concentration risk for Saxo Bank A/S is increased by fixed income investments in the with-profit business area's investment assets related to the company, totalling EUR 18 million.

C.2.4 PRUDENT PERSON PRINCIPLE

The Finnish Insurance Companies Act defines the prudent person principle, which Mandatum must follow in its investment operations. Pursuant to the act, the Company can make investments from among its entire investment assets only in assets and instruments that entail 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’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. Mandatum invests in instruments whose risks 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. For this business area, the minimum amount of money market investments has been set 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 risk-bearing capacity and the prevailing market situation. Business area’s internal risk-bearing-capacity monitoring is used to ensure that the balance sheet market risks do not grow too large in relation to Mandatum’s risk-bearing capacity.

The technical provisions of the capital-light business area consist mainly of unit-linked contracts, and the investment risk in these areas is borne by the policyholder. In these policies, the assets are invested, as a rule, in investments that are linked one-to-one with the performance of insurance policies.

Mandatum's balance sheet also includes assets stemming from balance sheet transactions made as part of the partial demerger of Sampo. For these, the primary purpose is to sell the assets when transactions can be made in the owners’ interest.

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 risks arise 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 2023 was EUR 35 million, some 76 per cent of which consisted of Type I counterparty risk and roughly 24 per cent of Type II counterparty risk. Type I counterparty risk consists of receivables related to bank accounts and derivative counterparty risk. The most significant risks in Type II 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 that the parent company of the Group or one of its subsidiaries would not be able to liquidate its investments or other assets to be able to meet payment obligations as they fall due. Liquidity risk plays a relatively minor role in Mandatum Group. This has the most significant impact on Mandatum Life, but as a rule, liabilities in the with-profit insurance portfolio of a life insurance company are relatively predictable and a sufficient share of the corresponding investment assets are cash or short-term money market investments. In addition, liquidity risk is also significant for the parent company in relation to ensuring dividend payment capacity and maturity of loans.

The total amount of expected profit included in future pension premiums was EUR 310 million (394) at the end of 2023, and the impact on the Company’s own funds, after the deduction of deferred tax liability, was EUR 248 million (315).

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;
- insufficiencies in operating policies as far as customers, products or business activities are concerned;
- damage to physical property;
- interruption of activities and system failures; and
- 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 34 million at the end of 2023. Operational risks and the related risk management are described in more detail in the Annual Report in the chapter on risk management.

C.6 Other material risks

In addition to the risks presented above, Mandatum's operations are also centrally exposed to 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 top management and are regularly addressed by the Risk Management Committee. These risks are managed as part of the Group's strategic planning and operative management.

C.7 Other information

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

D. Valuation for solvency purposes

D.1 Assets

In solvency calculations (Solvency II balance sheet), Mandatum’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.

- Intangible assets are valued at zero in the Solvency II balance sheet, while their value in accounting was EUR 54.1 million (55.1) at the end of year 2023.
- In the Solvency II balance sheet, real estates in own use are also measured at fair value. The fair value of real estate in the Solvency II balance sheet was EUR 134.3 million (177.5), while it has been valued at EUR 127.5 million (118.3) in the IFRS balance sheet.
- In accordance with Article 13(2) of Delegated Regulation 2015/35, Kaleva Mutual Insurance Company's guaranteed shares are valued at zero. In the IFRS balance sheet, the fair value of Kaleva's holdings is EUR 5.2 million.

The Solvency II balance sheet is presented in the attached table S.02.01.02 Solvency II balance sheet.

The valuation principles of Mandatum's assets in accordance with IFRS and the value of assets by asset class are described in more detail in the appendix "Financial assets and financial liabilities" to Mandatum's Annual Report.

D.2 Technical provisions

D.2.1 TECHNICAL PROVISIONS IN GENERAL

In calculating the technical provisions for solvency reviews, Mandatum plc’s subsidiary company Mandatum Life applies, within the framework of valid 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 insurance contract liability in accordance with International Financial Reporting Standards (IFRS) has been calculated on a contract-by-contract basis. The investment contract liability of contracts measured in accordance with IFRS 9 corresponds to the surrender value of those contracts. The insurance contract liability valued in accordance with IFRS 17 are calculated as the sum of the expected value of future net cash flows discounted with the interest rate curve, taking into account contractual limits, and risk adjustment. The discount rate shall be the market-based interest rate including the liquidity premium. The contractual service margin (CSM) is added to the insurance contract liability. In accordance with IFRS 9, capital redemption contracts, unit-linked life insurance policies and on or after 1 January 2023 issued unit-linked pension insurance contracts are measured. Other insurance contracts are valued in accordance with IFRS 17.

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 a Solvency-II-compliant term structure 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 and based on history. 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 IFRS 17 insurance contract liabilities and Solvency II technical provisions are thus:

- used discount rate,
- difference between risk adjustment and risk margin and
- contractual service margin included in the IFRS 17 insurance contract liability.

The most significant differences between the IFRS 9 insurance contract liabilities and Solvency II technical provisions are:

- The Solvency II calculation takes into account the expected risk and expense surplus/deficit in the coming years and
- Solvency II risk margin, there is no equivalent item in IFRS 9 investment contract liability.

Below are the differences between technical provisions in solvency calculation (Solvency II) and IFRS balance sheet.

EUR Million	IFRS	Solvency II	Difference
Technical provisions – life insurance (excl. unit-linked)	**2,505**	**2,205**	**300**
Best estimate		2,111	
Risk margin		94	
Technical provisions – unit-linked	**11,530**	**11,172**	**358**
Best estimate		11,106	
Risk margin		66	

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

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

The sensitivity of technical provisions for the first four of these is naturally 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 future scenarios for 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 actual client bonus decisions.

The above-mentioned transitional measure applied to the technical provisions reduced the technical provisions by EUR 239 million at the end of the reporting period. The volatility adjustment lowered the technical provisions by EUR 30 million.

D.2.2 UNIT-LINKED INSURANCE

For unit-linked insurance, the financial statements' insurance liabilities correspond in practice with the insurance savings amount, if they are measured according to IFRS 9. The unit-linked contracts measured in accordance with IFRS 17 are measured as described in Section D.2.1 above.

The Solvency II best estimate technical provisions, on the other hand, correspond with the sum of the current value of unit-linked savings and the future surplus resulting from unit-linked insurance. The future surplus is formed from the risk result and expense result (interest rate result for unit-linked insurance is zero). If unit-linked insurance is priced profitably, the assumed value of future surpluses is positive, and the surpluses 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 in relation 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 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 a sum of money that the other market party (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 provision best estimate, that an insurance undertaking would normally be expected to pay on the markets to transfer their liabilities to an independent party.

D.2.4 RECEIVABLES FROM REINSURANCE CONTRACTS AND SPECIAL PURPOSE VEHICLES (SPV)

Mandatum's receivables from reinsurance contracts amounted to EUR 0.5 million (0.1) at the end of year 2023.
The Company does not use SPVs to manage the insurance risk.

D.3 Other liabilities

Other liabilities are equal in value in the Solvency II balance sheet and the FAS balance sheet. The exception to this is 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 deferred tax liability.

Mandatum Group's financial liabilities include a subordinated loan of EUR 250 million in nominal value issued by its subsidiary Mandatum Life. The subordinated loan was issued in 2019 and has a maturity of 30 years, with the first call-date being in October 2024. The interest rate on the loan is fixed at 1.875 per cent until the first call-date and thereafter the interest rate is 3-month Euribor plus a margin of 2.30 per cent and after October 2029 3-month Euribor plus a margin of 3.30 per cent.

During the financial year, Mandatum repaid the subordinated loan of EUR 100 million issued in 2002 as part of the partial demerger of Sampo. The subordinated loan was issued by Mandatum Life. In 2023, the Company's own funds consisted of both Tier I and Tier II items, EUR 250 million (350), i.e. 11.7 per cent (13.8), of which consisted of subordinated liabilities at the end of 2023. In addition to the above-mentioned subordinated loans, Mandatum's financial liabilities include a part of Sampo plc's general liabilities transferred in the partial demerger, totalling EUR 101.3 million at the end of year 2023.

D.4 Alternative valuation methods

Mandatum does not have items valued using alternative methods.

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, group-level capitalisation is managed within Mandatum's risk appetite framework, which sets targets for solvency and informs potential risk management actions. The key target of capital management is to ensure that the quantity and quality of own funds remain sufficient in relation to the Group's capital adequacy requirements. The capital requirement is assessed by comparing the available own funds with the risk capital requirement needed to cover risks arising from current business operations and the external operating environment.

Mandatum plc is responsible for the Group's capital management activities. These actions are guided by targets set for group-level solvency and liquidity and include decisions on group-level investment exposures, business growth and performance targets, capital distributions and capital and other debt instrument issuances.

At Mandatum plc, any possible equity investments that are classified as equity 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 legislation in force. When proposing a possible change, the Mandatum Group's solvency position and its future development is always a key factor. Future solvency development is evaluated at least annually in connection with the Group's Own Risk and Solvency Assessment (Group ORSA).

The Mandatum Group's capitalisation also takes advantage of subordinated loans, and Mandatum can, also in future, issue subordinated loans to improve the efficiency of its capital structure. When issuing dated own fund items, at least the own fund amounts and maturity dates of the dated 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 on the maturity date. The issuing or payment of subordinated loans is always decided on by the Board of Directors.

E.1.2 OWN FUNDS

According to Solvency II, Mandatum is an insurance holding group and Mandatum plc is its ultimate parent company. The solvency of the Mandatum Group is calculated exclusively using method 1. 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, Mandatum's technical provisions are calculated on a market basis, instead of book values, applying the interest rate term structure presented above, in section D.2.1. Mandatum's own funds at the end of the reporting year amounted to EUR 2,140 million (2,532). The table below presents the structure of Mandatum's own funds on 31 December 2023, taking into account the transitional measure for technical provisions. The majority of Mandatum's own funds are classified as Tier I capital. The subordinated loan of EUR 250 million is classified as Tier II capital.

EUR Million	**SCR**	**MCR**
Share capital	446	446
Reconciliation reserve	1,444	1,444
Tier 1 - total	**1,890**	**1,890**
Subordinated liabilities	250	40
Tier 2 - total	**250**	**40**
Deferred tax assets	0	0
Tier 3 - total	**0**	**0**
Eligible own funds	**2,140**	**1,930**

In Mandatum Group's IFRS financial statements, equity totalled EUR 1,599 million (1,318). 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 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.

Mandatum has no deferred tax assets recognised in the IFRS balance sheet. The amount of tax liabilities recorded was EUR 141 million. In 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.

With regard to the Group's own funds, the transitional measure for technical provisions included in Mandatum Life's own funds is not directly available outside Mandatum Life. However, the impact of this transitional measure on the Group's own funds is clearly smaller than Mandatum Life's solvency capital requirement, and this does not need to be separately considered in the calculation of the Group's own funds.

E.2 Solvency capital requirement and minimum capital requirement

When calculating the solvency capital requirement, Mandatum uses Solvency II's standard formula. The solvency capital requirement on 31 December 2023 was EUR 966 million (954). 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 to be added to the basic solvency capital requirement and risk-mitigating factors to be deducted from the solvency requirement.

EUR Million	**31.12.2023**	**31.12.2022**
Market risk	1,110	1,109
Counterparty risk	35	40
Life insurance risk	285	295
Health risk	2	2
Non-life insurance risk	0	0
Diversification benefits	-206	-215
Basic SCR	**1,224**	**1,229**
Operational risk	34	32
Loss-absorbing capacity of technical provisions	-61	-83
Loss-absorbing capacity of deferred taxes	-239	-236
Consolidated Group SCR (336a)	**957**	**943**
Investment firms (336c)	8	9
Other (336d)	1	2
Total Group SCR	**966**	**954**

The loss-absorbing capacity related to deferred taxes reduces the solvency requirement, and it reduced the solvency requirement by EUR 239 million. In addition to Mandatum Life, Mandatum plc applies the loss-absorbing capacity of deferred taxes starting from 31 December 2023. 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 does not apply a simplified approach to solvency capital requirement calculations, nor does it apply company-specific parameters instead of the standard formula's parameters. Mandatum Group's consolidated minimum capital requirement on 31 December 2023 was EUR 199 million (236) and it consists only of the minimum capital requirement of Mandatum Life.

During the financial year, the amount of the solvency capital requirement has increased. This is due to holdings transferred to Mandatum Holding Ltd in connection with the partial demerger, which significantly increased the market risk of the Mandatum Group. The decrease in the minimum capital requirement, in turn, is due to a decrease in the amount of risky assets in Mandatum Life and a reduction in exposure to market risks.

In the Group's solvency capital calculations, the most significant diversification benefit arises from Mandatum Holding Ltd's market risk concentration. The concentration risk arising from Saxo Bank A/S totals EUR 188.8 million, but after diversification benefits, this increases the Group's solvency capital requirement by EUR 14.4 million.

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

Mandatum 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 uses the standard formula.

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

Mandatum's own funds exceeded both the minimum capital requirement and the solvency capital requirement throughout 2023.

E.6 Other information

In addition to group-level solvency monitoring, the Mandatum Group consists of four independently regulated companies, all of which, in addition to group-wide requirements, have their own regulatory frameworks with capital adequacy and other requirements. The table below shows the capital and solvency position of each enterprise and subgroup.

EUR Million	Own funds	Capital requirement	Solvency ratio	Regulation
Mandatum Life	1,992	798	250%	Solvency II
MAM-group	24.7	7.9	312%	IFR/CRR
-MAM	19.0	6.6	289%	IFR/CRR
-MAM AIFM	2.7	0.5	537%	AIFMD/CRR
-MAM Lux	4.7	0.5	910%	UCI/CRR

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

QUANTITATIVE REPORTING TEMPLATES:

Mandatum does not report S.05.02.04, 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.22.01.22 Impact of long term guarantees measures and transitionals
S.23.01.22 Own funds
S.25.01.22 Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22 Undertakings in the scope of the Group

Appendix 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**	29,780
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	3,693,603
Property (other than for own use)	**R0080**	130,075
Holdings in related undertakings, including participations	**R0090**	1,434
Equities	**R0100**	297,425
Equities - listed	**R0110**	235,868
Equities - unlisted	**R0120**	61,557
Bonds	**R0130**	2,468,371
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	2,468,371
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	766,378
Derivatives	**R0190**	28,720
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	1,200
Assets held for index-linked and unit-linked contracts	**R0220**	11,636,139
Loans and mortgages	**R0230**	63,087
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	63,087
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**	34,793
Reinsurance receivables	**R0370**	7,612
Receivables (trade, not insurance)	**R0380**	58,841
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**	738,416
Any other assets, not elsewhere shown	**R0420**	24,956
Total assets	**R0500**	16,287,227

Appendix 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**	2,207,333
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**	2,207,333
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	2,112,544
Risk margin	**R0680**	94,789
Technical provisions - index-linked and unit-linked	**R0690**	11,168,781
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	11,103,161
Risk margin	**R0720**	65,620
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**	262,310
Derivatives	**R0790**	2,504
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	101,309
Insurance & intermediaries payables	**R0820**	16,554
Reinsurance payables	**R0830**	10,157
Payables (trade, not insurance)	**R0840**	97,001
Subordinated liabilities	**R0850**	249,837
Subordinated liabilities not in Basic Own Funds	**R0860**	
Subordinated liabilities in Basic Own Funds	**R0870**	249,837
Any other liabilities, not elsewhere shown	**R0880**	86,503
Total liabilities	**R0900**	14,202,291
Excess of assets over liabilities	**R1000**	2,084,936

Appendix 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**		132,212	1,552,820						1,685,032
Reinsurers' share	**R1420**		11,263							11,263
Net	**R1500**		120,950	1,552,820						1,673,770
Premiums earned										
Gross	**R1510**		132,212	1,552,820						1,685,032
Reinsurers' share	**R1520**		11,263							11,263
Net	**R1600**		120,950	1,552,820						1,673,770
Claims incurred										
Gross	**R1610**		303,977	726,137						1,030,114
Reinsurers' share	**R1620**		1,508							1,508
Net	**R1700**		302,469	726,137						1,028,605
Expenses incurred	**R1900**		50,916	99,196					84	150,197
Balance - other technical expenses/income	**R2510**									
Total technical expenses	**R2600**									150,197
Total amount of surrenders	**R2700**		3,258	543,808						547,066

Appendix I

S.22.01.22

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**	13,376,115	239,017		29,610	
Basic own funds	**R0020**	2,140,006	-191,214		-23,688	
Eligible own funds to meet Solvency Capital Requirement	**R0050**	2,164,706	-191,214		-23,688	
Solvency Capital Requirement	**R0090**	966,400	860		8,904	

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction						
Ordinary share capital (gross of own shares)	R0010	80	80			
Non-available called but not paid in ordinary share capital to be deducted at group level	R0020					
Share premium account related to ordinary share capital	R0030	445,834	445,834			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts to be deducted at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds to be deducted at group level	R0080					
Preference shares	R0090					
Non-available preference shares to be dedcuted at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	1,473,429	1,473,429			
Subordinated liabilities	R0140	249,837			249,837	
Non-available subordinated liabilities to be deducted at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available to be deducted at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests	R0200					
Non-available minority interests to be deducted at group level	R0210					

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Own funds		**Total**	**Tier 1 - unrestricted**	**Tier 1 - restricted**	**Tier 2**	**Tier 3**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
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**	29,174				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**					
where of deducted according to art 228 of the Directive 2009/138/EC	**R0240**					
Deductions for participations where there is non-availability of information (Article 229)	**R0250**					
Deduction for participations included via Deduction and Aggregation method (D&A) when a combination of methods is used	**R0260**					
Total of non-available own fund items to be deducted	**R0270**					
Total deductions	**R0280**					
Total basic own funds after deductions	**R0290**	2,140,006	1,890,169		249,837	
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**					
Non available ancillary own funds to be dedcuted at group level	**R0380**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					

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Own funds		**Total**	**Tier 1 - unrestricted**	**Tier 1 - restricted**	**Tier 2**	**Tier 3**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies - total	**R0410**	24,700	24,700			
Institutions for occupational retirement provision	**R0420**					
Non regulated undertakings carrying out financial activities	**R0430**					
Total own funds of other financial sectors	**R0440**	24,700	24,700			
Own funds when using the D&A, exclusively or in combination with method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**					
Own funds aggregated when using the D&A and combination of method net of IGT	**R0460**					
Total available own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	2,140,006	1,890,169		249,837	
Total available own funds to meet the minimum consolidated group SCR	**R0530**	2,140,006	1,890,169		249,837	
Total eligible own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	2,140,006	1,890,169		249,837	
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	1,930,049	1,890,169		39,880	
Minimum consolidated Group SCR	**R0610**	199,402				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	10				
Total eligible own funds to meet the total group SCR (including own funds from other finan-cial sector and from the undertakings included via D&A)	**R0660**	2,164,706	1,914,869		249,837	
Total Group SCR	**R0680**	966,400				
Ratio of Total Eligible own funds to Total group SCR - ratio including other financial sectors and the undertakings included via D&A	**R0690**	2				

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Own funds

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,084,936
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	165,593
Other basic own fund items	R0730	445,914
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve	R0760	1,473,429
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	309,855
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	309,855

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Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	1,110,232	
Counterparty default risk	R0020	35,402	
Life underwriting risk	R0030	284,679	
Health underwriting risk	R0040	1,827	
Non-life underwriting risk	R0050		
Diversification	R0060	-206,234	
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100	1,224,312	

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Solvency Capital Requirement - for groups on Standard Formula

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	34,305
Loss-absorbing capacity of technical provisions	R0140	-61,434
Loss-absorbing capacity of deferred taxes	R0150	-239,437
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement calculated on the basis of Art. 336 (a) of Delegated Regulation (EU) 2015/35, excluding capital add-on	R0200	957,747
Capital add-ons 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	
Consolidated Group SCR	R0220	957,747
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	
Minimum consolidated group solvency capital requirement	R0470	199,402
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	7,929
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	7,929
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated undertakings carrying out financial activities	R0530	
Capital requirement for non-controlled participation	R0540	724
Capital requirement for residual undertakings	R0550	
Capital requirement for collective investment undertakings or investments packaged as funds	R0555	
Overall SCR		966,400
SCR for undertakings included via D&A method	R0560	
Total group solvency capital requirement	R0570	966,400

Appendix I, S.32.01.22, Undertakings in the scope of the Group

Identification code of the undertaking	Country	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0020	C0010	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
743700OAJK6L28Y2NN56	FI	Mandatum Oyj	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	Public Limited Company	Non-mutual	Finanssivalvonta							Yes		Method 1: Full consolidation
3191242-4	FI	Mandatum Holding Oy	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	Limited Company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
743700YZJJL0X6MH2U02	FI	Mandatum Henkivakuutusosakeyhtiö	Life insurance undertaking	Insurance Company Limited	Non-mutual	Finanssivalvonta	100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
743700CTALP9F3ZBBB71	FI	Mandatum Asset Management Oy	Credit institutions, investment firms and financial institutions	Limited Company	Non-mutual	Finanssivalvonta	100%	100%	100%		Dominant	100%	Yes		Method 1: Sectoral rules
3364066-1	FI	Mandatum Asset Management Palvelut Oy	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Sectoral rules
5493002HIZQQVP6JNL03	LU	Mandatum Life Fund Management S.A.	Alternative investment funds managers as defined in Article 1 (55) of Delegated Regulation (EU) 2015/35	Alternative investment funds managers	Non-mutual	Comission de Surveillance du Secteur Financier (CSSF)	100%	100%	100%		Dominant	100%	Yes		Method 1: Sectoral rules
2812549-7	FI	Mandatum AM AIFM Oy	Credit institutions, investment firms and financial institutions	Limited Company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Sectoral rules
3205987-5	FI	Mandatum Incentives Oy	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		75%	75%	75%		Dominant	75%	Yes		Method 1: Full consolidation

Appendix I, S.32.01.22, Undertakings in the scope of the Group

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							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0020	C0010	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
2614680-9	FI	Mandatum Life Palvelut Oy	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
3137400-5	FI	Mandatum Life Private Equity GP Oy	Credit institutions, investment firms and financial institutions	Limited Company	Non-mutual		88%	88%	88%		Dominant	88%	Yes		Method 1: Sectoral rules
2701270-6	FI	Mandatum Life Vuokratontit I GP Oy	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Sectoral rules
3301854-9	FI	MAM Growth Equity II GP Oy	Credit institutions, investment firms and financial institutions	Limited Company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Sectoral rules
2781185-8	FI	Mandatum Life Vuokratontit II Oy	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0101000-8	FI	Asunto Oy Espoon Aallonhuippu 9	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Housing cooperative	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0193978-1	FI	Asunto Oy Espoon Aapelinkatu 6	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Housing cooperative	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0194032-8	FI	Asunto Oy Espoon Matinkatu 8	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Housing cooperative	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation

Appendix I, S.32.01.22, Undertakings in the scope of the Group

Identification code of the undertaking	Country	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0020	C0010	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
0124081-5	FI	Asunto Oy Vantaan Raiviosuonmäki 6	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Housing co-operative	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0228138-7	FI	Kiinteistö Oy Ahti Business Park	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
1912970-1	FI	Kiinteistö Oy Helsingin Ratamestarinkatu 7a	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
1912974-4	FI	Kiinteistö Oy Helsingin Ratamestarinkatu 7b	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0633140-9	FI	Kiinteistö Oy Hyvinkään Sampotalo	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		81%	81%	81%		Dominant	81%	Yes		Method 1: Full consolidation
0614603-5	FI	Kiinteistö Oy Hämeenlinnan Karhulinna	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0123957-4	FI	Kiinteistö Oy Jäkälävaara	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0736094-9	FI	Kiinteistö Oy Järvenpään Asemakatu 4	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation

Appendix I, S.32.01.22, Undertakings in the scope of the Group

Identification code of the undertaking	Country	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0020	C0010	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
0755533-2	FI	Kiinteistö Oy Kaupintie 5	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0582207-0	FI	Kiinteistö Oy Leppävaaran Säästötammi	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0602088-9	FI	Kiinteistö Oy Niittymaanpolku	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
1107887-4	FI	Kiinteistö Oy Oulun Torikatu 21-23	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0732437-4	FI	Kiinteistö Oy Rautalaani	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
0670242-5	FI	Kiinteistö Oy Hatanpäänvaltatie 18	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Real estate company	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
2920516-5	FI	Precast Holding Oy	Other	Limited Company	Non-mutual		27%	27%	27%		Significant	27%	Yes		Method 1: Proportional consolidation
743700FOO55TS7TZMN24	FI	Keskinäinen Vakuutusyhtiö Kaleva	Life insurance undertaking	Mutual Insurance Company	Mutual	Finanssivalvonta	50%	0%	25%		Significant	0%	No	8.2.2024	No inclusion in the scope of group supervision as defined in Art. 214 Directive 2009/138/EC

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