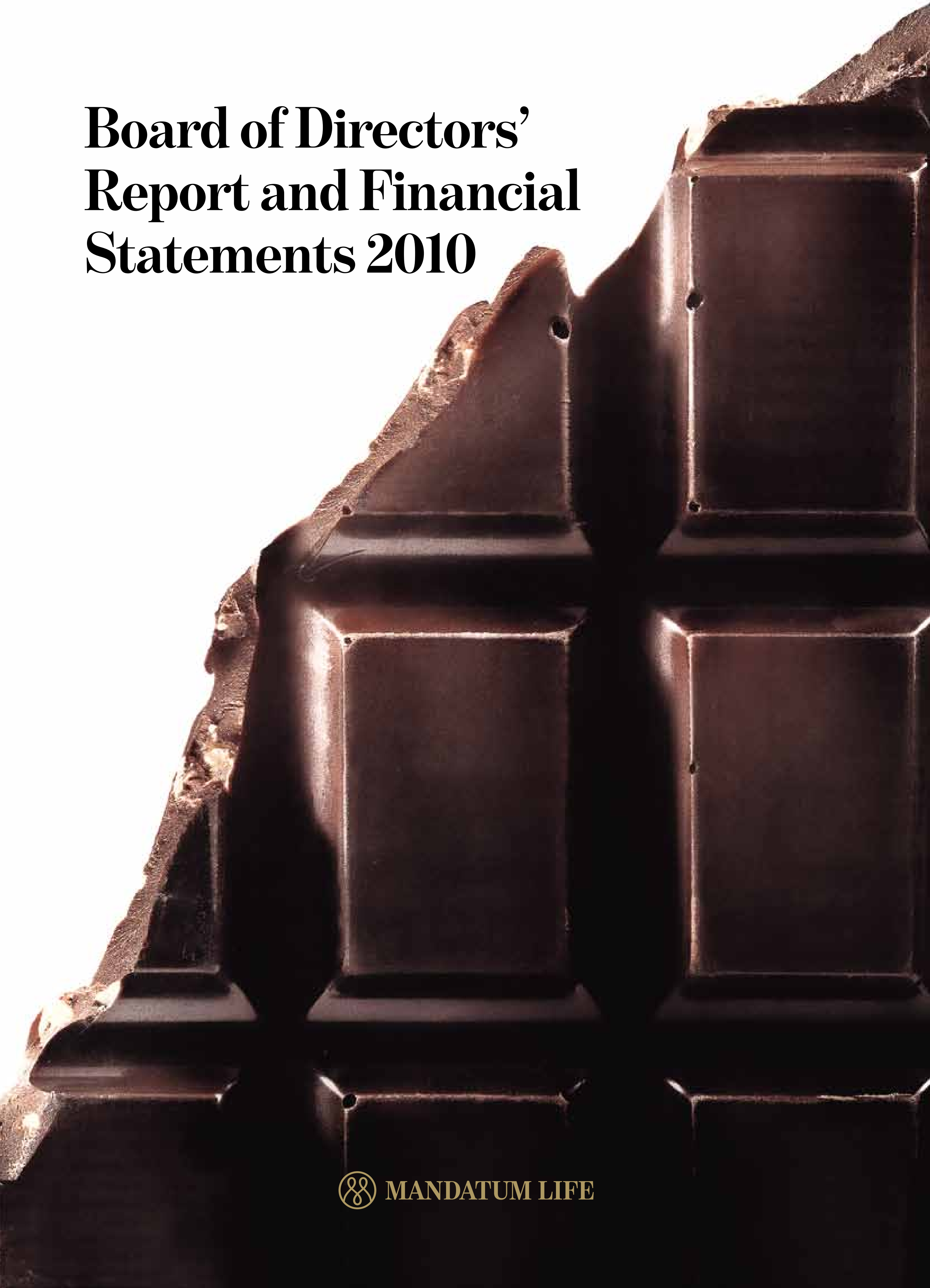
Board of Directors' Report and Financial Statements 2010



MANDATUM LIFE

CONTENTS

BOARD OF DIRECTORS REPORT

Life insurance industry in Finland in 2010

Total premiums written in the life insurance market in Finland increased by more than 56 per cent in 2009 and came to EUR 5 billion (3 in 2009). The number of new insurance policies sold decreased overall because sales of individual pension insurance policies fell to about 11,900 (48,600). About 40,100 life insurance savings policies were sold (33,300) and about 7,800 capital redemption policies were sold (4,800). In all, some 75 per cent of the individual pension policies, some 89 per cent of the life insurance savings policies and almost all of the capital redemption policies sold in 2010 were unit-linked. Sales of pure life and disability insurance policies increased by 6 per cent in terms of premiums, and totalled approximately EUR 79 million (75).

Insurance savings in the life insurance sector increased by about 10 per cent during the year and came to over EUR 33 billion (30). Unit-linked insurance savings increased to EUR 13 billion (10). Finnish households' insurance savings increased 9 per cent to EUR 23 billion (22) and made up about 70 per cent (71) of total insurance savings.

Premiums written on insurance policies sold to private persons increased by just under 26 per cent in 2009 and were EUR 2,668 million (2,122). Premiums written on corporate policies more than doubled and came to EUR 2,120 million (941), of which pension liability transfers accounted for approximately EUR 623 million (42). Households' share of the industry's total premium income decreased to 56 per cent (69).

Premiums written on unit-linked pension insurance products started to decline and premium income totalled EUR 549 million (555). Total unit-linked premiums from savings products, i.e. life insurance savings policies and capital redemption policies, increased 76 per cent on the year before, totalling EUR 2,235 million (1,286). The total premiums written for all unit-linked products increased by 51 per cent, and their share of the industry's total premiums written was 58 per cent (60).

Premiums written on life insurance savings policies with guaranteed interest rates fell from the previous year and premium income was EUR 201 million (302). Premium income on capital redemption policies with guaranteed interest rate accounted for EUR 419 million (69). Premiums written for individual pension insurance with guaranteed interest rates declined and was EUR 200 million (242). Total premiums written on individual pension insurance decreased to EUR 684 million (742).

Premiums written on group pension insurance totalled EUR 911 million (335). Excluding pension fund liability transfers, the premiums written on group pension insurance totalled EUR 288 million (293).

Premiums written on pure life and disability insurance, excluding employees' group life insurance, totalled EUR 302 million (288). Premiums written on employees' group life insurance totalled EUR 36 million (41).

Operating profit

The Group financial statements of Mandatum Life have been prepared in accordance with the International Financial Reporting Standards (IFRS). The parent company's separate financial statements have been prepared in accordance with Finnish Accounting Standards. The profit shown in the consolidated financial statements differs from the parent company's profit mainly due to differences in the recognition principles for investment activities.

Mandatum Life Group's overall result at fair values after taxes was EUR 332 million (495), of which the change in fair value reserve was EUR 226 million (402).

The Group's IFRS profit before taxes was EUR 142 million (122), and profit after taxes EUR 105 million (94). The parent company's profit for the year according to Finnish Accounting Standards was EUR 111 million (347).

Most of the Group's profit continued to come from the investment activities of the guaranteed rate insurance business and domestic insurance business. The Baltic subsidiary recorded a profit of EUR 1.4 million (1.3).

The Group's IFRS solvency capital was EUR 1,339 million (930). The parent company's solvency margin, computed in accordance with the Finnish

INCOME ANALYSIS

	Group, IFRS		
EUR million	**2010**	2009	Change
Total premiums written (on own account)	1,111	803	308
Investment income and charges, revaluations and revaluation adjustments	644	628	16
Other technical income	0	0	0
Claims paid	-781	-564	-217
Change in technical provisions before bonuses	-761	-648	-113
Net operating expenses	-80	-69	-11
Technical result before bonuses	133	149	-16
Other interest expenses	-8	-7	0
Other income and expenses	0	0	0
Operating profit	125	141	-16
Customer bonuses	17	-20	37
Profit before extraordinary items, appropriations and taxes	142	122	20
Taxes	-37	-28	-9
Profit for the financial year	**105**	**94**	**11**
Change in fair value reserve	226	402	-175
Profit at fair values	332	495	-164

Accounting Standards, was EUR 1,315 million (918), i.e. almost six times the required minimum. The parent company's solvency ratio was 25.7 per cent (18.6).

Mandatum Life Group's consolidated balance sheet total was EUR 9,241 million (7,888), of which the share of capital and reserves was EUR 1,070 million (738). Capital and reserves include the fair value reserve for investments that, less the tax liability, amounted to EUR 436 million (210).

Gross premiums written

Mandatum Life Group's gross premiums written before reinsurers' share totalled EUR 1,117 million (809) in 2010, and its premium income on own account totalled EUR 1,111 million (803). Reinsurance assumed accounted for EUR 2 million of the gross premiums written. The Group's direct insurance premiums written amounted to EUR 1,115 million (807).

Activities in Finland

The parent company's gross premiums written increased by about 40 per cent to EUR 1,097 million (782) including the Baltic capital redemption policy premiums of EUR 46 million (21). Of the parent company's gross premiums written, pension insurance accounted for EUR 337 million (305), life insurance for EUR 263 million (180) and capital redemption policies recognised under investment contracts for EUR 454 million (279).

Mandatum Life's domestic market objective in 2010 was to strengthen volume and market position in unit-linked insurance and pure life and disability insurance. The success of the wealth management and investment solutions unit, established in 2008, in cooperation with our corporate sales network resulted in a considerable increase in premium income from the unit-linked insurance segment. Premium income from unit-linked insurance increased 53 per cent to EUR 785 million (514) and the company's market share of unit-linked business grew to 28.2 per cent (27.9).

Premium income from unit-linked individual pension insurance declined slightly. Premium income amounted to EUR 93 million (97). Premium income from individual pension insurance policies with guaranteed interest rate continued to decrease in line with the general industry trend and was a total of EUR 34 million (43). Total premium income from individual pension insurance policies thus decreased to EUR 127 million (140).

Premiums written on group pension insurance totalled just less than EUR 211 million (165), of which liability transfers were EUR 101 million (11). Premiums written on unit-linked group insurance policies, which are a focus area, was about EUR 42 million (35). Premiums written on guaranteed rate policies were EUR 169 million (131).

In life insurance, premium income from unit-linked policies increased to EUR 197 million (104). Premiums written on capital redemption policies classified as investment contracts increased to EUR 454 million (279) and were almost entirely from unit-linked business.

Premium income from pure life and disability insurance continued to increase, and was about EUR 40 million (39). In addition, premiums written on employees' group life insurance totalled EUR 12 million (14).

Unit-linked premium income from private customers again increased by more than the industry average. Premium income totalled EUR 431 million (277), with the market share rising from the previous year's 19.7 per cent to 20.7 per cent. Unit-linked premiums written for corporate customers increased substantially on 2009 and amounted to EUR 354 million (236), though Mandatum Life's market share in this focal area of corporate insurance fell to 50.3 per cent (54.3).

DIRECT INSURANCE PREMIUMS WRITTEN

	Group, IFRS		
EUR million	**2010**	2009	Change
Insurance contracts			
Unit-linked life insurance	242	141	101
Other life insurance	52	63	-11
Employees' group life insurance	12	14	-2
Other group life insurance	5	4	0
Life insurance	**311**	**223**	**88**
Unit-linked individual pension insurance	93	97	-4
Other individual pension insurance	34	43	-9
Unit-linked group pension insurance	42	35	7
Other group pension insurance	169	111	58
Pension insurance	**337**	**285**	**52**
Insurance contracts total	**648**	**508**	**139**
Investment contracts			
Unit-linked capital redemption operations	467	279	188
Other capital redemption operations	1	20	-19
Investment contracts total	**468**	**299**	**169**
Direct insurance premiums written	**1,115**	**807**	**308**

In terms of premiums written, Mandatum Life was the market leader in Finland in unit-linked group pension insurance and in the corporate insurance segment as a whole excluding one-off pension liability transfers. Mandatum Life's overall market share in direct business was 22 per cent (24.8). The industry recorded part of its premium income twice and when this is subtracted from the industry's total figures, Mandatum Life's market share was estimated to be at the same level as the previous year. The duplication has no effect on the market shares for unit-linked insurance.

Activities outside Finland

The name of the Baltic subsidiary was changed to Mandatum Life Insurance Baltic SE in 2010.

As in Finland, Mandatum Life's Baltic subsidiary focuses on unit-linked insurance and pure life and disability insurance. Mandatum Life's Wealth Management services were introduced into the Baltic markets in 2010. Cooperation with Danske Bank will also continue in the Baltic countries under the long-term distribution agreement made by the parent company.

Mandatum Life's premium income increased 42 per cent in the Baltic countries. Mandatum Life's overall market share in the Baltic countries was 19 per cent (16). In Estonia the market share is 29 per cent (24), in Lithuania 15 per cent (12) and in Latvia 19 per cent (16), (figures for 11 months).

The Baltic subsidiary's premium income totalled EUR 60 million (42). Of the EUR 165 million in insurance savings under management, unit-linked insurance accounted for EUR 146 million, representing an increase of 46 per cent.

Investments

Mandatum Life's investment objective is to produce the highest possible return at an acceptable level of risk. Successful investments provide policyholders with good nominal returns and also improve the solvency margin and satisfy shareholders' return expectations.

The investment portfolio is diversified geographically and by instrument type to increase returns and reduce risks.

The challenging economic environment in 2010 offered very good investment opportunities especially in fixed income and equities. The volume of investments with equity and credit risk was actively increased. During the year, the value of Mandatum Life's investment portfolio increased as the result of favourable development in the fixed income markets carrying equity and credit risk. Investments denominated in foreign currencies also produced good returns. The parent company's fair value investment return was very good in 2010 at 11.1 per cent (16.8).

At the end of the year, the market value of the company's investment portfolio was EUR 5,867 million (5,266). Of all investment, 37 per cent was invested in Finland (44), 8 per cent in the rest of the euro zone (9) and 54 per cent elsewhere abroad (47).

Fixed income investments account for 61 per cent of the portfolio. At year-end, the portfolio duration was 2.7 years. During the year, the fixed income portfolio continued to be diversified from money markets into corporate bonds. Of all fixed-income investments, bonds accounted for 46 per cent (47), fixed-income funds 4 per cent (4) and money market investments 10 per cent (16) of the total investment portfolio at fair value.

The equity-weighting of the portfolio increased during 2010 as a result of the increase in share values and net purchases and was 28 per cent at year-end. This figure includes direct investments in equity, which made up 12 per cent (11), and investments in equity funds, which made up 16 per cent (12) of the portfolio. In addition, private equity investments, carrying equity risk, made up 4 per cent (4), and hedge fund investments, made up 3 per cent (2) of the portfolio.

INVESTMENTS

	Group, IFRS		
EUR million	**2010**	2009	Change
Investments in land and buildings	115	104	11
Shares	2,357	1,790	567
Debt securities	3,303	3,335	-32
Deposits	66	11	55
Loans	25	24	1
Other investments	1	2	-1
Total fair value	**5,867**	**5,266**	**601**
Valuation differences off balance sheet			
Investments in land and buildings	17	16	1
Total valuation differences	**17**	**16**	**1**
Total book value	**5,850**	**5,250**	**600**

NET INVESTMENT INCOME AT FAIR VALUE

	Group, IFRS		
EUR million	**2010**	2009	change
Guaranteed interest policies			
Interest	200	217	-17
Dividend income	43	27	16
Income from and charges arising from investments in land and buildings	5	6	-1
Gains and losses on sale of investments	94	133	-39
Value adjustments	-7	-140	134
Exchange rate gains and losses	0	6	-6
Investment management expenses and depreciation	-13	-11	-2
Other income and charges	-10	31	-41
Total	**311**	**268**	**43**
Change in fair value reserve (before tax)	306	543	-237
Change in valuation differences off the balance sheet	1	-5	6
Total net investment income at fair value	**618**	**806**	**-188**

At the year end the investment portfolio included EUR 552 (359) in private equity funds which included property and interest rate risk in addition to equity risk, the outstanding fund commitments totalled EUR 314 million (345). Capital will be committed to these funds over several years as they make new investments.

Investments in land and buildings accounted for 3 per cent (3) of the total investment portfolio. Total direct investments in land and buildings at fair value totalled EUR 113 million (104) at the end of the year. At year-end, the office properties' vacancy rate was 8.5 per cent (4.4), and the net rental yield on built properties 7.2 per cent (8.1). Indirect unquoted investments in land and buildings, real estate equity funds and debt instruments amounted to EUR 53 million (68) at the end of the reporting period. Total return from investments in land and buildings was 6.0 per cent (14.3) in 2010.

Investments covering unit-linked insurance policies, shown as a separate balance sheet item, totalled EUR 3,126 million (2,366).

Mandatum Life Group's net investment income in the income statement was a profit of EUR 636 million (620). Investments covering unit-linked insurance accounted for EUR 333 million (359) of the total profit figure.

Interest income for the year was EUR 200 million (217). Dividends, mainly on Finnish shares, were EUR 43 million (27). The result includes net gains on disposals of EUR 94 million (133). EUR 7 million (140) was recognised as impairment. Exchange rate profits of EUR 0.2 million (6) include currency hedge gains and exchange rate movements of bonds. Other income and charges include other gains and losses from derivatives.

In accordance with the investment policy confirmed by the company's Board of Directors, derivative instruments were also used in investment activities. Derivatives are actively used both for hedging existing positions and hedging the interest rate risk on the balance sheet and for enhancing returns. Derivatives positions are tracked together with the underlying investments. Derivatives risk exposures are computed based on the prevailing market situation. Derivatives positions are structured so that the overall portfolio risk will remain within the limits set by the Board. Derivatives contracts are used in connection with equity, fixed income, foreign exchange and commodity investments.

The main instruments used are standardised futures and option contracts, and interest rate, credit risk and currency swaps. Hedge accounting was applied during the financial year for both fair value and cash flow hedging. EUR 9 million (3) from the value of hedging instruments recorded under equity were taken to the profit and loss account during the year. As a result of the hedging of foreign currency funds, EUR 4 million in gains (9) was recognised under profit and loss instead of the fair value reserve and EUR 1 million (-) in gains from bond values resulting from interest rates was recognised directly under profit and loss. Total loss from derivatives were EUR -5 million (gain 63). These are included under the items 'Exchange rate gains and losses', 'Other income and charges' and 'Interest income and expenses'.

The fair value reserve included in equity increased by EUR 305 million in the financial year. Shares accounted for EUR 308 million of the change in fair value reserve, while fixed income instruments accounted for EUR -3 million, including the result of hedge accounting. EUR 7 million (140) was recognised as permanent impairment losses in the reserve.

Technical provisions and customer bonuses

The effects of the IFRS-based regulations applied in the consolidated financial statements on technical provisions are explained in the accounting policies for the consolidated financial statements. In the measurement of insurance and investment contract liabilities, the principles of the Finnish Accounting Standards for measuring technical provisions have mainly been applied, with the exception of the equalisation provision.

In accordance with the Finnish Accounting Standards, liabilities related to insurance and investment contracts are recognised as technical provisions divided into the provision for unearned premiums and the provision for outstanding claims.

At year-end, Mandatum Life Group's insurance and investment contract liabilities in the balance sheet before reinsurers' share totalled EUR 7,534 million (6,790), of which unit-linked contracts were EUR 3,124 million (2,359). The Baltic subsidiary's share of liabilities was EUR 165 million (118), of which unit-linked business accounted for EUR 147 million (101).

Most of the insurance and investment contract liabilities are related to the parent company's insurance activities in Finland. The parent company's technical provisions before reinsurers' share, computed in accordance with the Finnish Accounting Standards, totalled EUR 7,440 million (6,703) at the end of 2010. The reinsurers' share of the technical provisions was EUR 3.6 million (3.9).

The parent company's technical provisions concerning the unit-linked insurance portfolio were EUR 3,039 million (2,281) at the end of the year. The figure includes the Baltic capital redemption. Unit-linked insurance accounted for 41 per cent of the parent company's technical provisions. The technical provisions of the assumed reinsurance portfolio were EUR 2.5 million (3.1) at the end of the period.

The technical provisions concerning employees' group life insurance in the parent company totalled EUR 21.2 million (23.5).

In Finnish operations, the total return on technical provisions in 2010 was 3.0–4.5 per cent, depending on the class of insurance. This means that customer bonuses varying from 0 to 1.1 per cent, depending on the guaranteed interest on policies, were transferred to technical provisions, in addition to the guaranteed interest. Mandatum Life seeks to maintain continuity in the level of customer bonuses, irrespective of fluctuations in the capital markets.

The parent company's technical provisions include EUR 1.4 million (18.3) of customer bonuses on insurance savings for 2010. These bonuses are funded from bonus provisions made in previous years. The lower level than the previous year is a consequence of the decline in general interest rates over the year; 10-year risk free interest rates being below 2.5 per cent in the autumn. The provision for future bonuses stood at EUR 0.2 million (18.3) at the end of the year.

The guaranteed interest rate for most of the interest bearing policies is 3.5 per cent. The guaranteed interest rate on individual insurance policies sold in Finland before 1999 is 4.5 per cent, which is also the highest rate of discount for technical provisions permitted under the regulations. The discount rate for technical provisions for these policies was reduced to 3.5 per cent and consequently the technical provisions were increased by EUR 86 million (EUR 95 million in 2009). In addition, EUR 61 million was reserved for the reduction in the guaranteed interest rate to 2.5 per cent in 2011 and 3.0 per cent in 2012. This increase will reduce the future minimum return requirement on technical provisions for investment activities to 2.5 per cent for 2011 and 3.0 per cent for 2012. Considering both amounts, Mandatum Life's technical reserves have been increased by a total of EUR 147 million (95) as a result of the low interest rates.

Equalisation provisions included in technical provisions computed in accordance with the Finnish Accounting Standards to cover years with a high claims ratio stood at EUR 9 million (10) at year end. In the consolidated financial statements, the equalisation provisions were included in capital and reserves and deferred tax liabilities.

According to the technical provisions adequacy test, technical provisions are adequate. More detailed information on the distribution of and change in technical reserves is included in the note concerning risk management under the Notes to the Financial Statements.

Principle of fairness

According to Chapter 13 of the Finnish Insurance Companies Act, life insurers must follow the so-called principle of fairness with respect to policies which under the insurance contract give entitlement to bonuses granted on the basis of any surplus generated by insurance policies.

Mandatum Life endeavours to provide over the long term a total return, before expenses and taxes, on insurance savings related to policies with guaranteed interest rate that equals at least the yield on long-term Finnish government bonds.

In endowment policies, the targeted level of return is equivalent to that of Finnish government bonds with a 5-year maturity and in pension insurance to bonds with a 10-year maturity. The total return consists of guaranteed interest and annually determined bonuses.

The Board of Directors of Mandatum Life decides on the annual bonuses each year. The amount is influenced by the general interest rate level, the long-term success of the company's investment activities, the level of the guaranteed rate and the company's solvency, among other things. In addition, should the company have to make provisions for larger-than-expected claims expenditure on the relevant insurance class due to, for example, a significant change of the mortality rate of policyholders, this will affect the bonuses. The company's website provides a more detailed description of the targeted bonus and an account of bonuses paid.

In pure life and disability insurance, the fairness principle is applied in respect of death cover in the form of increased claims paid or decreased premiums. Mandatum Life aims for continuity in the level of bonuses.

These targets are valid indefinitely. Mandatum Life's Board of Directors is entitled to change the target and associated principles within the limits of legislation governing insurance companies. The published principles for awarding bonuses and the application of the principle of fairness are not part of the insurance policy contract.

The company is committed to keeping its solvency at a level that does not restrict the payment of bonuses to policyholders, or the distribution of profits to shareholders.

There are no regulations corresponding to the principle of fairness in Estonian, Latvian or Lithuanian legislation.

Claims incurred

The Mandatum Life Group's claims incurred on its own account totalled EUR 847 million (632). This figure includes a change of EUR 66 million (67) in the provision for claims outstanding. The claims were mainly related to Finnish policies. The Baltic subsidiary's share of claims paid was EUR 26 million (15).

A total of EUR 782 million (564) was paid out by the Mandatum Life Group on claims during the year, of which reinsurers covered EUR 4.3 million (4.1). Unit-linked policies accounted for EUR 344 million (153) of claims paid.

The parent company, Mandatum Life, made pension payments to about 60,000 pensioners totalling EUR 305 million (292) during the year. Group pension insurance accounted for 59 per cent (60) of this total. A total of roughly 32,000 other claims were also paid out. The total amount of maturity benefits on policies expiring by their terms was EUR 78 million (85). Policy surrenders amounted to EUR 321 million (117), life insurance risk payouts totalled EUR 62 million (60), while payouts on reinsurance claims totalled EUR 1 million (1).

Operating expenses and staff

Mandatum Life Group's operating expenses were EUR 80 million (69). The Baltic subsidiary's share of operating expenses was EUR 5 million (4). The parent company's operating expenses were EUR 75 million (65).

In 2010, Mandatum Life Group's expense ratio was 110.4 per cent (109.3). The Group's total expense ratio (in which the denominator includes all income intended to cover expenses) was 90.1 per cent (91.8). The Group's operating expenses include acquisition costs of EUR 32 million (28).

The parent company's expense ratio was 108.9 per cent (108) and including all income matched against expenses, 89 per cent (90.6). Mandatum Life does not amortise insurance acquisition costs, and hence a policy's first-year result, i.e. the result for the acquisition year, is usually negative due to acquisition costs.

In staff-related matters, the main theme of the year was the development of the company's operating culture and internal cooperation, improving the quality of customer service and management development.

The results of the previous year's staff survey were treated comprehensively throughout the company. The most important areas for development were a culture of open communication, supervisory and managerial work was well as developments in compensation and career opportunities. Emphasis was placed on developing these themes during the year by adopting new operating models. Four new staff development programmes were also launched during the year to develop the staff's business operation and management skills.

In the spring of 2010, organisational changes were made in service development and in the customer and insurance service units, with the aim of supporting the company's strategy and strengthening customer service. The staff participated in the change and several people were offered career and development opportunities in new roles. In August all staff took part in the Mandatum Life United day, during which we discussed and built an operating culture and management style for Mandatum Life staff.

The Great Place to Work survey saw the staff job satisfaction index rise from the previous year's figure of 70 per cent to 73 per cent. All in all, 81 per cent of staff thought that Mandatum Life is a really good place to work.

During the year, the parent company Mandatum Life employed an average of 364 (340) full-time equivalent (FTE) personnel whose services were also sold to Kaleva Mutual Insurance Company. The total number of employees in the Mandatum Life Group was 470 (450), of whom 154 (137) were sales staff. The Baltic subsidiary employed 111 (112) persons, of whom 41 (43) were sales staff. Of these employees, 52 were in Estonia, 31 in Latvia and 38 in Lithuania. The increase in staff numbers is mainly due to three factors: adding resources to the wealth management and investment solutions unit established in 2008, hiring of new sales staff in direct customer contact and the partial transfer of IT services to Mandatum Life's own staff.

Risk management

Mandatum Life's risks consist of technical risks, investment risks and operational risks. The company's Board of Directors approves an annual risk management plan that covers all risks throughout the company within the scope specified in the regulations of the Financial Supervisory Authority and elsewhere. Closely related to the risk management plan is the continuity plan created to ensure continuity of operations.

The Financial Statements include a note on risks and risk management, explaining Mandatum Life Group's general risk management principles as well as its principal risks.

Corporate structure and ownership

Mandatum Life Insurance Company Limited is a fully owned subsidiary of Sampo plc.

Mandatum Life has an Estonian subsidiary, Mandatum Life Insurance Baltic SE, with branches in Latvia and Lithuania.

Mandatum Life Group also includes 22 (22) Finnish subsidiaries (housing and property companies) and the associated companies Niittymaa Oy (49 per cent holding) and SaKa Hallikiinteistöt Oy (48 per cent holding).

Significant post-balance sheet events

There are no significant post-balance sheet events.

Future outlook

In many ways 2010 was a record year for Mandatum Life. Premium income grew by almost 40 per cent, exceeding the one billion Euro mark for the first time. The total value of technical reserves also increased to be larger than ever before, mainly as the result of the strong growth in unit-linked technical reserves. Unit-linked total technical reserves increased by EUR 765 million, exceeding the three billion Euro mark. The strong growth was a consequence of the investments made on our own wealth management organisation and corporate sales during 2008–2010, as well as the investments made with Sampo Bank regarding cooperation in distribution.

The company believes that customer demand for the services the company offers will continue to be good during 2011 as well. Part of the investments made by the company during 2010 are expected to be fully visible in 2011, which is why developments in premium income and technical provisions are expected to continue to be positive in 2011 as well.

Success in its investment activities is critical for the profitability of Mandatum Life. There is an exceptionally large number of uncertainty factors associated with the development of the investment markets. The excellent success of the company's investment activities in 2010 and the resulting further improvement in its solvency position and reserve made for decreased discount rates that will provide a solid platform for its investment activities in 2011. The expense result, particularly with regard to unit-linked policies, is expected to grow as several years of significant investment start to produce results in this area too.

Corporate Governance

Mandatum Life's corporate governance is primarily determined on the basis of the Finnish Insurance Companies' Act and the Limited Liability Companies Act. More detailed provisions regarding the company's governance can be found in its Articles of Association.

The supreme authority over the company's business is exercised by the General Meeting of Shareholders. The Annual General Meeting took place on 4th March 2010 and an Extraordinary General Meeting on 27th May 2010, which decided to merge Kiinteistö Oy Oulun Sammonkatu 16 with Mandatum Life Insurance Company Limited.

In accordance with its Articles of Association, Mandatum Life's Board of Directors comprises no fewer than four and no more than seven members. In 2010, the Board had five members. Of the Board's members, Patrick Lapveteläinen's and Jarmo Salonen's terms expired and they were re-elected to serve until the 2013 Annual General Meeting.

The Board's composition is as follows: Group CEO Kari Stadigh (Chairman), Peter Johansson (Vice Chairman) and members Patrick Lapveteläinen, Jorma Leinonen and Jarmo Salonen. The Board convened 22 times during the financial year.

The staff's elected representative at the Board of Directors' meetings was Matti Lepistö, Liaison Manager, and his deputy was Sirpa Mustonen, Project Manager. The staff representative is not a member of the Board of Directors.

Petri Niemisvirta was the company's Managing Director and Jukka Kurki was the Deputy Managing Director.

The Auditors elected by the Annual General Meeting were Ernst & Young Oy, Authorised Public Accountants (responsible auditor Heikki Ilkka, APA) and Kunto Pekkala, APA. The Deputy Auditors were Eva Bruun, APA, and Kristina Sandin, APA.

The Board of Directors' proposal for the distribution of profit

Mandatum Life's profit in accordance with the Finnish Accounting Standards was EUR 111,205,378.55 and distributable funds were EUR 396,815,765.28. The Board proposes to the Annual General Meeting that the profit be transferred to the profit and loss account and no dividend be paid.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR million	Note	1–12/2010	1–12/2009	Change
Insurance premiums		1,117.0	808.9	308.1
Reinsurers' share		-6.2	-6.4	0.2
Insurance premiums, net	**1**	**1,110.9**	**802.5**	**308.3**
Investment income	2	221.5	234.9	-13.4
Realised gains and losses	3	103.6	-11.1	114.7
Net gains on financial assets at fair value through p/l	4	331.3	414.8	-83.6
Other operating income		0.0	0.1	-0.1
Total operating income	9	**1,767.3**	**1,441.3**	**326.0**
Claims and claims settlement expenses		-851.2	-635.2	-216.0
Reinsurers' share		4.0	3.6	0.4
Claims net	5	**-847.2**	**-631.6**	**-215.6**
Change in liabilities for insurance and investment contracts		-677.9	-599.7	-78.2
Reinsurers' share		0.0	0.0	0.0
Change in liabilities for insurance and investment contracts, net	6	**-677.9**	**-599.7**	**-78.2**
Expenses for the acquisition of insurance and investment contracts		-35.6	-32.0	-3.7
Commissions on reinsurance ceded		1.7	1.4	0.3
Expenses for the management of insurance and investment contracts		-33.3	-27.8	-5.4
Investment management expenses		-12.7	-11.1	-1.6
Administrative expenses		-12.4	-11.0	-1.4
Other operating expenses		0.0	-0.6	0.6
Total operating expenses	7	**-92.3**	**-81.2**	**-11.1**
Expenses total		**-1,617.4**	**-1,312.5**	**-304.8**
Profit before taxes and finance costs		**149.9**	**128.7**	**21.2**
Finance costs	8, 9	-7.7	-7.7	0.0
Share of loss/profit of associates		-0.4	0.2	-0.6
Profit before taxes		**141.8**	**121.2**	**20.6**
Taxes	10	-36.6	-27.8	-8.8
Profit for the financial year		**105.2**	**93.5**	**11.7**

EUR million	Note	1–12/2010	1–12/2009	Change
Other comprehensive income				
Exchange differences		0.0	0.0	0.0
Available-for-sale financial assets		314.5	546.0	-231.5
Cash flow hedges		-8.6	-3.3	-5.3
Income tax related to components of other comprehensive income		-79.6	-141.1	61.6
Other comprehensive income for the period, net of tax	11, 12	**226.4**	**401.6**	**-175.2**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**331.6**	**495.1**	**-163.5**
Profit attributable to				
Owners of the parent		105.2	93.5	11.7
Non-controlling interests		0.0	0.0	0.0
		105.2	**93.5**	**11.7**
Total comprehensive income attributable to				
Owners of the parent		331.6	495.1	-163.5
Non-controlling interests		0.0	0.0	0.0
		331.6	**495.1**	**-163.5**

CONSOLIDATED BALANCE SHEET

EUR million	Note	12/2010	12/2009
Assets			
Property, plant and equipment	13	5.4	5.2
Investment property	14	94.5	84.5
Intangible assets	15	11.8	14.2
Investments in associates	16	0.0	0.4
Financial assets	17–20		
Equity securities	21		
Available for sale		2,356.7	1,785.0
Covering unit-linked insurance and investment contracts		2,429.9	1,923.1
Other financial assets designated as at fair value through p/l		0.0	4.5
Debt securities	22		
Available for sale		3,241.7	3,289.4
Covering unit-linked insurance and investment contracts		550.5	365.2
Other financial assets designated as at fair value through p/l		61.4	45.6
Loans and receivables	23	26.3	25.9
Other financial assets covering unit-linked insurance and investment contracts	24	146.2	77.6
Derivative financial instruments	25	58.5	66.1
Reinsurers' share of insurance liabilities	29	3.6	4.0
Other assets	26	106.2	133.1
Cash and cash equivalents	27	151.7	67.6
Total assets		**9,244.4**	**7,891.5**

Equity and liabilities			
Equity			
Share capital		40.4	40.4
Share premium account and legal reserve		128.9	128.9
Fair value reserve		436.4	210.0
Retained earnings		464.1	359.1
Equity attributable to parent company's equity holders		**1,069.8**	**738.3**
Non-controlling interests		0.1	0.1
Total equity	28	**1,069.9**	**738.4**
Liabilities			
Liabilities for insurance contracts			
Unit-linked contracts	29	2,380.9	1,961.5
Other contracts	29	4,388.1	4,374.0
Liabilities for investment contracts			
Unit-linked contracts	29	742.9	397.6
Other contracts	29	21.6	56.9
Financial liabilities			
Interest-bearing liabilities	30	100.0	100.0
Derivative financial instruments	25	26.0	31.7
Deferred tax liabilities	31	176.0	96.9
Other liabilities	32	302.6	70.2
Current income tax liabilities		36.3	64.2
Total liabilities		**8,174.5**	**7,153.1**
Total equity and liabilities		**9,244.4**	**7,891.5**

STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Legal reserve	Retained earnings	Translation of foreign operations	Available-for-sale financial assets *	Cash flow hedges **	**Total**
Equity at 1 Jan. 2009	**40.4**	**98.9**	**29.9**	**265.9**	**-0.2**	**-203.0**	**11.4**	**243.3**
Changes in equity								
Transfers between equity								**0.0**
Share-based payments				-0.1				**-0.1**
Dividends								**0.0**
Total comprehensive income for the period				93.5	0.0	404.0	-2.4	**495.1**
Equity at 31 Dec. 2009	**40.4**	**98.9**	**29.9**	**359.3**	**-0.2**	**201.0**	**9.0**	**738.3**
Changes in equity								
Transfers between equity			0.1	-0.1				**0.0**
Share-based payments				-0.1				-0.1
Dividends								0.0
Total comprehensive income for the period				105.2	0.0	232.8	-6.3	**331.6**
Equity at 31 Dec. 2010	**40.4**	**98.9**	**30.0**	**464.3**	**-0.2**	**433.7**	**2.7**	**1 069.8**

* The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 296.6 (388.2). The amount transferred to p/l amounted to EURm 63.8 (-15.8).

** The amount recognised in equity from cash flow hedges for the period totalled EURm 9.0 (11.4).

The amount included in the translation, available-for-sale and cash flow hedge reserves represent other comprehensive income for each component, net of tax.

STATEMENT OF CASH FLOWS

EUR million	2010	2009
Cash flows from operating activities		
Profit before taxes	141.8	121.2
Adjustments:		
Depreciation and amortisation	7.6	6.1
Unrealised gains and losses arising from valuation	-286.9	-188.1
Change in liabilities for insurance and investment contracts	743.9	667.5
Realised gains and losses on investments	-121.9	-158.5
Other adjustments	26.9	39.4
Adjustments total	**369.6**	**366.3**
Change (+/-)in assets of operating activities		
Investment property	-10.1	25.2
Financial assets *	-502.9	-633.7
Other assets	-5.0	55.8
Total	**-518.0**	**-552.7**
Change (+/-)in liabilities of operating activities		
Financial liabilities	12.9	-0.4
Other liabilities	181.9	9.5
Paid interests and taxes	-101.4	-46.1
Total	**93.3**	**-37.1**
Net cash used in operating activities	**86.7**	**-102.2**
Cash flows from investing activities		
Investments in group and associated undertakings	-	-
Proceeds from the sale of group and associated undertakings	-	1.6
Net investment in equipment and intangible assets	-2.6	-2.9
Net cash from investing activities	**-2.6**	**-1.4**
Cash flows from financing activities		
Dividends paid	-	-
Loans repaid	0.0	0.0
Net cash used in financing activities	**0.0**	**0.0**
Total cash flows	**84.1**	**-103.6**
Cash and cash equivalents at 1 January	67.6	171.2
Cash and cash equivalents at 31 December	151.7	67.6
Change during the period	**84.1**	**-103.6**
Additional information to the statement of cash flows		
Interest income received	227.5	256.5
Interest expense paid	-36.3	46.7
Dividend income received	35.4	27.1

* Financial assets include investments related to unit-linked insurance contracts.

The items of the statement of cash flows cannot be directly concluded from the balance sheets due to e.g. exchange rate differences.

Cash and cash equivalents include cash at bank and in hand EURm 86.1 (56.9) and other short-term bank deposits (not more than three months) EURm 65.6 (10.7).

NOTES TO THE ACCOUNTS

Summary of significant accounting policies

Mandatum Life Group has prepared the consolidated financial statements for 2010 in compliance with the International Financial Reporting Standards (IFRSs). In preparing the financial statements, Mandatum Life has applied all the standards and interpretations relating to its business, adopted by the commission of the EU and effective at 31 December, 2010.

During the financial year 2010 Mandatum Life adopted the following new or amended standards or interpretations relating to its business.

The revised *IFRS 3 Business combinations* includes significant changes regarding the accounting treatment of business combinations. The revised standard allows the entity to measure non-controlling interest, in accordance with the prevailing principle, at its proportionate interest in the acquiree's net assets or at its fair value. The choice is acquisition-specific and affects the amounts of recognised goodwill and non-controlling interest. During the financial year, Mandatum Life made no such acquisitions where the standard should have been applied, so the adoption of the revised standard did not have an effect on Mandatum Life 's financial statements reporting.

The revised *IAS 27 Consolidated and Separate Financial Statements* requires, e.g. that changes in the ownership interest of subsidiary are accounted for as equity transactions, if the control of a subsidiary is not lost. On loss of control, any retained interest will be measured at fair value through p/l. The adoption of the revised standard had no effect on Mandatum Life 's financial statements.

IAS 39 Financial Instruments: Recognition and Measurement clarified the hedging of one-sided risk of hedged items and inflation, in the case of financial assets or liabilities. The change had no significant effect on Mandatum Life's financial statements reporting.

IFRIC 17 Distributions of Non-cash Assets to Owners clarified the recognition and measurement of assets other than cash paid in dividends. The adoption of the interpretation had no effect on Mandatum Life 's financial statements reporting.

Improvements to IFRSs 2009 – various minor changes made to different standards at the same time. The changes were not material to Mandatum Life's financial statements reporting.

In preparing the notes to the consolidated financial statements, attention has also been paid to the Finnish accounting and company legislation and applicable regulatory requirements.

The financial statements have been prepared under the historical cost convention, with the exception of financial assets and liabilities at fair value through p/l, financial assets available-for-sale, hedged items in fair value hedges and share-based payments settled in equity instruments measured at fair value.

The consolidated financial statements are presented in millions of euros to one decimal place, unless otherwise stated.

The Board of Directors of Mandatum Life plc accepted the financial statements on 8 February 2011.

Consolidation

Subsidiaries

The consolidated financial statements combine the financial statements of Mandatum Life plc and all its subsidiaries. Entities qualify as subsidiaries if the Group has the controlling power. The Group exercises control if its shareholding is more than 50 per cent of the voting rights or it otherwise has the power to exercise control over the financial and operating policies of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date that control ceases.

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. Possible non-controlling interest of the acquired entity is measured either at fair value or at proportionate interest in the acquiree's net assets. The acquisition-specific choice affects both the amount of recognised goodwill and non-controlling interest. The excess of the aggregate of consideration transferred, non-controlling interest and possibly previously held equity interest in the acquiree, over the Group's share of the fair value of the identifiable net assets acquired, is recognised as goodwill.

The accounting policies used throughout the Group for the purposes of consolidation are consistent with respect to similar business activities and other events taking place in similar conditions. All intra-group transactions and balances are eliminated upon consolidation.

Associates

Associates are entities in which the Group has significant influence, but no control over the financial management and operating policy decisions. Unless otherwise demonstrated, this is generally presumed when the Group holds in excess of 20 per cent, but no more than 50 per cent, of the voting rights of an entity. Investments in associates are treated by the equity method of accounting, in which the investment is initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition net income (or loss), or other movements reflected directly in the equity of the associate. If the Group's share of the associate's loss exceeds the carrying amount of the investment, the investment is carried at zero value, and the loss in excess is consolidated only if the Group is committed to fulfilling the obligations of the associate. Goodwill arising on the acquisition is included in the cost of the investment. Unrealised gains (losses) on transactions are eliminated to the extent of the Group's interest in the entity.

The share of associates' profit or loss, equivalent to the Group's holding, is presented as a separate line in the income statement.

If there is any indication that the value of the investment may be impaired, the carrying amount is tested by comparing it with its recoverable amount. The recoverable amount is the higher of its value in use or its fair value less costs to sell. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount by recognising an impairment loss in the profit/loss. If the recoverable amount later increases and is greater than the carrying amount, the impairment loss is reversed through profit and loss.

Foreign currency translation

The consolidated financial statements are presented in euro, which is the functional and reporting currency of the Group and the parent company. Items included in the financial statements of each of the Group entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of transactions or the average rate for a month. Monetary balance sheet items denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date. Non-monetary balance sheet items measured at historical cost are presented in the balance sheet using the historical rate existing at the date of the transaction.

Exchange differences arising from translation of transactions and monetary balance sheet items denominated in foreign currencies into functional currency are recognised as translation gains and losses in profit or loss. Exchange differences arising from equities classified as available-for-sale financial assets are included directly in the fair value reserve in equity.

The income statements of Group entities whose functional currency is other than euro are translated into euro at the average rate for the period, and the balance sheets at the rates prevailing at the balance sheet date. The resulting exchange differences are included in equity, and their change in other comprehensive income. When a subsidiary is divested entirely or partially, the cumulative exchange differences are included in the income statement under sales gains or losses.

Exchange differences that existed at the Group's IFRS transition date, 1 January 2004, are deemed to be zero, in accordance with the exemption permitted by IFRS 1.

The following exchange rates have been applied in the consolidated financial statements:

1 euro (EUR) =	Balance sheet date	Average exchange rate
Estonian kroon (EEK)	15,6466	15,6466

Segment reporting

Mandatum Life Group's segmentation is based on the division by the product group of domestic business and the other geographical organisational structure. The reported segments are "Unit linked contracts" (Finland), other businesses (Finland) and the Baltic countries.

The investment risks vary by a product group. The segment results are reported to the management of the company as a part of management reporting.

Return on investments covering unit linked contracts and commissions received from Sampo Fund Management have been allocated to the segment "Unit linked contracts" (Finland). In addition, a balance sheet item "available for sale financial assets" corresponding to the required minimum solvency margin has been allocated to this segment. In the Profit and Loss Account, a technical revenue equal to a six months Euribor has been calculated on the item in question, which has respectively been deducted from the net investment profits received from the segment other businesses (Finland). Allocation of operational expenses and tangible and intangible assets has been carried out through internal cost accounting.

The primary segmentation comprises a substantial part of the geographical division, since operations in the Baltic countries compose one separate business segment. In connection with the expansion of the foreign operations shall also the division by country be expanded. Inter-segment transactions, assets and liabilities are eliminated in the consolidated financial statements on a line-by-line basis.

In the inter-segment and intercompany pricing, for both domestic and cross border transactions, market-based prices are applied. The pricing is based on the code of conduct on Transfer Pricing Documentation in the EU and OECD guidelines.

Interest and dividends

Interest income and expenses are recognised in the income statement using the effective interest rate method. This method recognises income and expenses on the instrument evenly in proportion to the amount outstanding over the period to maturity.

Dividends on equity securities are recognised as revenue when the right to receive payment is established.

Fees and commissions

The fees and transaction costs of financial instruments measured at fair value through profit or loss are recognised in profit or loss when the instrument is initially recognised.

The acquisition costs are treated as fee and commission expense under 'Other operating expenses'.

Other fees and commissions paid for investment activities are included in 'Net income from investments'.

Insurance premiums

Insurance premiums in the income statement consist of premiums written.

Liabilities arising from insurance and investment contracts count as long-term liabilities. Therefore the insurance premium and related claims are usually not recognised in the same accounting period. Depending on the type of insurance, premiums are primarily recognised in premiums written when the premium has been paid. In group pension insurance, a part of the premiums is recognised already when charged.

The change in the provisions for unearned premiums is presented as an expense under 'Change in insurance and investment contract liabilities'.

Financial assets and liabilities

Based on the measurement practice, financial assets and liabilities are classified in the following categories upon the initial recognition: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss, and other liabilities.

According to the Group's risk management policy, investments are managed at fair value in order to have the most realistic and real-time picture of investments, and they are reported to the Group's key management at fair value. Investments comprise debt and equity securities. They are mainly classified as financial assets available-for-sale.

IFRS 4 Insurance Contracts provides that insurance contracts with a discretionary participation feature are measured in accordance with national valuation principles (except for the equalisation reserve) rather than at fair value. These contracts and investments made to cover shareholders' equity are managed in their entirety and are classified mainly as available-for-sale financial assets.

Financial assets designated as at fair value through profit or loss are investments related to unit-linked insurance, presented separately in the balance sheet. The corresponding liabilities are also presented separately. In addition, investments classified as the financial assets of foreign subsidiaries, and financial instruments in which embedded derivatives have not been separated from the host contract have been designated as at fair value through profit or loss.

Recognition and derecognition

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets are recognised and derecognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Loans and receivables are recognised when cash is advanced.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expire.

Financial assets and financial liabilities at fair value through profit or loss

In Mandatum Life Group, financial assets and liabilities at fair value through profit of loss comprise derivatives held for trading, and financial assets designated as at fair value through profit or loss.

Financial derivative instruments held for trading

Derivative instruments that are not designated as hedges and do not meet the requirements for hedge accounting are classified as derivatives for trading purposes.

Financial derivatives held for trading are initially recognised at fair value. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are recognised at fair value, and gains and losses arising from changes in fair value together with realised gains and losses are recognised in the income statement.

Financial assets designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss are assets which, at inception, are irrevocably designated as such. They are initially recognised at their fair value. Gains and losses arising from changes in fair value, or realised on disposal, together with the related interest income and dividends, are recognised in the income statement.

Loans and receivables

Loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the short term. The category also comprises cash and balances with central banks.

Loans and receivables are initially recognised at their fair value, added by transaction costs directly attributable to the acquisition of the asset. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial investments that are designated as available for sale or are not categorised into any other category. Available-for-sale financial assets comprise debt and equity securities.

Available-for-sale financial assets are initially recognised at fair value, including direct and incremental transaction costs. They are subsequently remeasured at fair value, and the changes in fair value are recorded in other comprehensive income and presented in the fair value reserve, taking the tax effect into account. Interest income and dividends are recognised in profit or loss. When the available-for-sale assets are sold, the cumulative change in the fair value is transferred from equity and recognised together with realised gains or losses in profit or loss. The cumulative change in the fair value is also transferred to profit or loss when the assets are impaired and the impairment loss is recognised. Exchange differences due to available-for-sale monetary balance sheet items are always recognised directly in profit or loss.

Other financial liabilities

Other financial liabilities comprise debt securities in issue and other financial liabilities.

Other financial liabilities are recognised when the consideration is received and measured to amortised cost, using the effective interest rate method.

Fair value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Instruments are measured either at the bid price or at the last trade price, if the instrument is a share listed at NASDAQ OMX. The financial derivatives are also measured at the last trade price. If the financial instrument has a counter-item that will offset its market risk, the mid-price may be used to that extent. If a published price quotation does not exist for a financial instrument in its entirety, but active markets exist for its component parts, the fair value is determined on the basis of the relevant market prices of the component parts.

If a market for a financial instrument is not active, or the instrument is not quoted, the fair value is established by using generally accepted valuation techniques including recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If the fair value of a financial asset cannot be determined, historical cost is deemed to be a sufficient approximation of fair value. The amount of such assets in the Group balance sheet is immaterial.

Impairment of financial assets

Mandatum Life assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than those at fair value through p/l, may be impaired. A financial asset is impaired and impairment losses are incurred, if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset, and if that event has an impact, that can be reliably estimated, on the estimated future cash flows of the financial asset.

Financial assets carried at amortised cost

There is objective evidence of impairment, if an issuer or debtor e.g. encounters significant financial difficulties that will lead to insolvency and to estimation that the customer will probably not be able to meet the obligations to the Group. Objective evidence is first assessed for financial assets that are individually significant, and individually and collectively for financial assets not individually significant.

When there is objective evidence of impairment of a financial asset carried at amortised cost, the amount of the loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the receivable's original effective interest rate. The difference is recognised as an impairment loss in profit or loss. The impairment is assessed individually.

If, in a subsequent period, the amount of the impairment loss decreases, and the decease can objectively be related to an event occurring after the impairment was recognised (e.g. the default status is removed), the previously recognised impairment loss shall be reversed through profit or loss.

Available-for-sale financial assets

Whether there is objective evidence of an impairment of available-for-sale financial assets, is evaluated in a separate assessment, which is done if the credit rating of an issuer has declined or the entity is placed on watchlist, or there is a significant or prolonged decline in the fair value of an equity instrument below its original acquisition cost.

The decision on whether the impairment is significant or prolonged requires an assessment of the management. The assessment is done case by case and with consideration paid not only to qualitative criteria but also historical changes in the value of an equity as well as time period during which the fair value of an equity security has been lower than the acquisition cost. In Mandatum Life Group, the impairment is normally assessed to be significant, if the fair value of a listed equity or participation decreases below the average acquisition cost by 20 per cent and prolonged, when the fair value has been lower than the acquisition cost for over 12 months.

As there are no quoted prices available in active markets for unquoted equities and participations, the aim is to determine their fair value with the help of generally accepted valuation techniques available in the markets. The most significant share of unquoted equities and participations comprise the private equity and venture capital investments. They are measured in accordance with the generally accepted common practice, International Private Equity and Venture Capital Guidelines (IPEV).

The significance and prolongation of the impairment in the last-mentioned cases is assessed case by case, taking into consideration special factors and circumstances related to the investment. Mandatum Life invests in private equity and venture capital in order to keep them to the end of their life cycle, so the typical lifetime is 10–12 years. In general, a justifiable assessment of a potential impairment may only be done towards the end of the life cycle. However, if additionally there is a well-founded reason to believe that an amount equivalent to the acquisition cost will not be recovered when selling the investment, an impairment loss is recognised.

In the case of debt securities, the amount of the impairment loss is assessed as the difference between the acquisition cost, adjusted with capital amortisations and accruals, and the fair value at the review time, reduced by previously in profit or loss recognised impairment losses.

When assessed that there is objective evidence of impairment in debt or equity securities classified as financial assets available-for-sale, the cumulative loss recognised in other comprehensive income is transferred from equity and recognised in profit or loss as an impairment loss.

If, in a subsequent period, the fair value of a debt security increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed by recognising the amount in profit or loss.

If the fair value of an equity security increases after the impairment loss was recognised in profit or loss, the increase shall be recognised in other comprehensive income. If the value keeps decreasing below the acquisition cost, an impairment loss is recognised through profit or loss.

Derivative financial instruments and hedge accounting

Derivative financial instruments are classified as those held for trading and those held for hedging, including interest rate derivatives, foreign exchange derivatives, equity derivatives and commodity derivatives. Derivative instruments are measured initially at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivatives held for trading

Derivative instruments that are not designated as hedges and embedded derivatives separated from a host contract are treated as held for trading. They are measured at fair value and the change in fair value, together with realised gains and losses and interest income and expenses, is recognised in profit or loss. If derivatives are used for hedging, but they do not qualify for hedge accounting as required by IAS 39, they are treated as held for trading.

Hedge accounting

The Mandatum Life Group may hedge its operations against interest rate risks, currency risks and price risks through fair value hedging and cash flow hedging. Cash flow hedging is used as a protection against the variability of the future cash flows, while fair value hedging is used to protect against changes in the fair value of recognised assets or liabilities.

Hedge accounting applies to hedges that are effective in relation to the hedged risk and meet the hedge accounting requirements of IAS 39. The hedging relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for undertaking the hedge, are documented at the inception of the hedge. In addition, the effectiveness of a hedge is assessed both at inception and on an ongoing basis, to ensure that it is highly effective throughout the period for which it was designated. Hedges are regarded as highly effective in offsetting changes in fair value or the cash flows attributable to a hedged risk within a range of 80–125 per cent.

During the financial year, both fair value and cash flow hedging have been applied.

Cash flow hedging

Cash flow hedging is used to hedge the interest cash flows of individual floating rate debt securities or other floating rate assets or liabilities. The hedging instruments used include interest rate swaps, interest rate and cross currency swaps and interest rate options. Derivative instruments which are designated as hedges and are effective as such are measured at fair value. The effective part of the change in fair value is recognised in other comprehensive income. The remaining ineffective part is recognised in profit or loss.

The cumulative change in fair value is transferred from equity and recognised in profit or loss in the same period that the hedged cash flows affect profit or loss.

When a hedging instrument expires, is sold, terminated, or the hedge no longer meets the criteria for hedge accounting, the cumulative change in fair value remains in equity until the hedged cash flows affect profit or loss.

Fair value hedging

In accordance with the Group's risk management principles, fair value hedging is used to hedge changes in fair values resulting from changes in price, interest rate or exchange rate levels. The hedging instruments used include foreign exchange forwards, interest rate swaps, interest rate and cross currency swaps and options, approved by the managements of the Group companies.

Changes in the fair value of derivative instruments that are documented as fair value hedges and are effective in relation to the hedged risk are recognised in profit or loss. In addition, the hedged assets and liabilities are measured at fair value during the period for which the hedge was designated, with changes in fair value recognised in profit or loss.

Securities lending

Securities lent to counterparties are retained in the balance sheet. Conversely, securities borrowed are not recognised in the balance sheet, unless these are sold to third parties, in which case the purchase is recorded as a trading asset and the obligation to return the securities as a trading liability at fair value through profit or loss.

Leases

Group as lessee

Operating leases

Assets in which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and they are included in the lessor's balance sheet. Payments made on operating leases are recognised on a straight-line basis over the lease term as rental expenses in profit or loss.

Group as lessor

Operating leases

Leases in which assets are leased out and the Group retains substantially all the risks and rewards of ownership are classified as operating leases. They are included in 'Investment property' in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment, and the impairment losses are recognised on the same basis as for these items. Rental income on assets held as operating leases is recognised on a straight-line basis over the lease term in profit or loss.

Intangible assets

Other intangible assets

IT software and other intangible assets, whether procured externally or internally generated, are recognised in the balance sheet as intangible assets with finite useful lives, if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The cost of internally generated intangible assets is determined as the sum of all costs directly attributable to the assets. Research costs are recognised as expenses in profit or loss as they are incurred. Costs arising from development of new IT software or from significant improvement of existing software are recognised only to the extent they meet the above-mentioned requirements for being recognised as assets in the balance sheet.

Intangible assets with finite useful lives are measured at historical cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the estimated useful life of the asset. The estimated useful lives by asset class are as follows:

IT software .... 4–10 years
Other intangible assets ..... 3–10 years

Property, plant and equipment

Property, plant and equipment comprise properties occupied for Mandatum Life 's own activities, office equipment, fixtures and fittings, and furniture. Classification of properties as those occupied for own activities and those for investment activities is based on the square metres in use. If the proportion of a property in Mandatum Life's use is no more than 10 per cent, the property is classified as an investment property.

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Improvement costs are added to the carrying amount of a property when it is probable that the future economic benefits that are attributable to the asset will flow to the entity. Costs for repairs and maintenance are recognised as expenses in the period in which they were incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. In most cases, the residual value is estimated at zero. Land is not depreciated. Estimates of useful life are reviewed at financial year-ends and the useful life is adjusted if the estimates change significantly. The estimated useful lives by asset class are as follows:

Residential, business premises and offices	20–60 years
Industrial buildings and warehouses	30–60 years
Components of buildings	10–15 years
IT equipment and motor vehicles	3–5 years
Other equipment	3–10 years

Depreciation of property, plant or equipment will be discontinued, if the asset in question is classified as held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.

Impairment of intangible assets and property, plant and equipment

At each reporting date the Group assesses whether there is any indication that an intangible asset or an item of property, plant or equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated by estimating future net cash flows expected to be derived from an asset or a cash-generating unit, and by discounting them to their present value using a pre-tax discount rate. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognised in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

If there is any indication that an impairment loss recognised for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss is reversed, but no more than to the carrying amount which it would have been without recognition of the impairment loss.

Investment property

Investment property is held to earn rentals and for capital appreciation. The Group applies the cost model to investment property in the same way as it applies to property, plant and equipment. Moreover, the depreciation periods and methods and the impairment principles are the same as those applied to corresponding property occupied for own activities. The fair value of investment property is estimated using a method based on estimates of future cash flows and a comparison method based on information from actual sales in the market. The fair value of investment property is presented in the Notes.

The valuation takes into account the characteristics of the property with respect to location, condition, lease situation and comparable market information regarding rents, yield requirements and unit prices. During the financial year, the valuations were conducted by the Group's internal resources.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation. If it is expected that some or all of the expenditure required to settle the provision will be reimbursed by another party, the reimbursement will be treated as a separate asset only when it is virtually certain that the Group will receive it.

Insurance and investment contracts

Insurance contracts are treated, in accordance with IFRS 4, either as insurance or investment contracts. Under the standard, insurance contracts are classified as insurance contracts if significant insurance risk is transferred between the policyholder and the insurer. If the risk transferred on the basis of the contract is essentially financial risk rather than significant insurance risk, the contract is classified as an investment contract. Classification of a contract as an insurance contract or investment contract determines the measurement principle applied to it.

Mandatum Life treats the liabilities arising from contracts in the first phase of the standard according to national accounting standards, except for the equalisation reserve and its changes which are reported in equity and profit or loss, in accordance with the IFRS.

The risks involved in insurance and investment contracts are widely elaborated in the Group's financial statements' Risk Management section.

Reinsurance contracts

A reinsurance contract is a contract which meets the IFRS 4 requirements for insurance contracts and on the basis of which the Mandatum Life Group (the cedant) may receive compensation from another insurer (the reinsurer), if it becomes liable for paying compensation based on other insurance contracts it has issued. Such compensation received on the basis of reinsurance contracts is included in the balance sheet under 'Reinsurers' share of insurance liabilities' and 'Other assets'. The former item includes the reinsurers' share of the provisions for unearned premiums and claims outstanding in the Group's reinsured insurance contracts, while the latter includes short-term receivables from reinsurers.

When the Group itself has to pay compensation to another insurer on the basis of a reinsurance contract, the liability is recognised in the item 'Other liabilities'.

Receivables and liabilities related to reinsurance are measured uniformly with the cedant's receivables and liabilities. Reinsurance receivables are tested annually for impairment. Impairment losses are recognised through profit or loss, if there is objective evidence indicating that the Group (as the cedant) will not receive all amounts of money it is entitled to on a contractual basis.

Classification of insurance contracts

Policies issued by the life insurance business are classified as either insurance contracts or investment contracts.

Insurance contracts are contracts that carry significant insurance risk or contracts in which the policyholder has the right to change the contract by increasing the risk. As capital redemption contracts do not carry insurance risk, these contracts are classified as investment contracts.

The discretionary participation feature (DPF) of a contract is a contractual right held by a policyholder to receive additional benefits, as a supplement to the guaranteed minimum benefits. The supplements are bonuses based on the reserves of policies credited to the policy reserve, additional benefits in the case of death, or lowering of insurance premiums. In Mandatum Life, the principle of fairness specifies the application of this feature. In unit-linked contracts the policyholder carries the investment risk by choosing the investment funds linked to the contracts.

Measurement of insurance and investment contracts

National accounting standards are applied to all insurance contracts and to investment contracts with DPF, with the exception of the equalisation provision and changes in it.

All contracts, except unit-linked contracts and the assumed reinsurance, include DPF. In those unit-linked contracts which are not insurance contracts, the policyholder has the possibility to transfer the return on savings from unit-linked schemes to guaranteed interest with DPF. Thus, these contracts are also measured as contracts with DPF.

The surrender right, guaranteed interest and the unbundling of the insurance component from the deposit component and similar features are not separated and measured separately.

Insurance and investment contract liabilities and reinsurance assets

Liabilities arising from insurance and investment contracts consist of provisions for unearned premiums and outstanding claims. In the life insurance business, various methods are applied in calculating liabilities which involve assumptions on matters such as mortality, morbidity, the yield level of investments, future operating expenses and the settlement of claims.

Changes in the liabilities of reinsurance have been calculated at variable rates of exchange. In direct insurance, the insurance liability is calculated by policy, while in reinsurance it is calculated on the basis of the reports of the ceding company or the company's own bases of calculation.

The interest rate used in discounting liabilities is, at most, the maximum rate accepted by the authorities in each country. The guaranteed interest used in the direct insurance premium basis varies on the basis of the starting date of the insurance from zero to 4.5 per cent. The interest rate used in discounting liabilities is the same or lower than that used in premium calculation. Most of the liabilities of the accrued benefits of pension business with DPF are discounted by an interest rate of 3.5 per cent, also being the highest discount rate used. The highest discount rate used for accrued benefits is 3.5 per cent. In addition, Mandatum Life has for the year 2011 lowered the maximum rate to 2.5% and for the year 2011 to 3.0%.

Due to the difference in the discount rate of liabilities and the guaranteed interest of 4.5%, supplementary provisions for guaranteed interest have been added to technical provisions. In the subsidiary, Mandatum Life Insurance Baltic, the discount rate varies by country between 2.5–4.0 per cent and the average guaranteed interest rate between 2.5–4.0 per cent.

Mortality assumptions have an essential effect on the amount of liability, particularly in group pension insurance, the liability of which accounts for about 37 per cent of the technical provisions of the Finnish life company. A so-called cohort mortality model is used in calculating the group pension insurance liability since 2002, incorporating the insured person's birth year in addition to his or her age and sex. The cohort mortality model assumes that life expectancy increases by one year over a ten-year period.

For unit-linked contracts, all the liabilities and the assets covering the unit-linked insurance are matched. Both the liabilities and the assets have been presented in the Notes to the financial statements. In calculating the provision for claims outstanding of direct insurance, discounting is applied only in connection with the liabilities of pensions whose payment has commenced. The liabilities of assumed reinsurance are based on the reports of the ceding company and on an estimate of claims which have not yet been settled.

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company (the "IBNR" provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

The amounts of short- and long-term liabilities in technical provisions are determined annually. The Group's financial statements' Risk Management section elaborates on the change of technical provisions and their forecast annual maturities.

Liability adequacy test

A liability adequacy test is applied to all portfolios, company by company, and the need for augmentation is checked, company by company, on the basis of the adequacy of the whole technical provisions. The test includes all the expected contractual cash flows for non-unit-linked liabilities. The expected contractual cash flows include expected premiums, claims, bonuses and expenses. The claims have been estimated including surrenders and other insurance transactions based on historical data. The amounts of claims include the guaranteed interest and an estimation of future bonuses. The present values of the cash flows have been discounted to the balance sheet date by using a swap rate curve.

For the unit-linked business, the present values of the insurance risk and expense results are calculated correspondingly. If the aggregate amount of the liability for the unit-linked and other business presumes an augmentation, the liability is increased by the amount shown by the test and recognised in profit or loss.

Principle of fairness

According to Chapter 13, Section 2 of the Finnish Insurance Companies' Act, the Principle of Fairness must be observed in life insurance and investment contracts with a discretionary participation feature. If the solvency requirements do not prevent it, a reasonable part of the surplus has to be returned to these policies as bonuses.

Mandatum Life aims at giving a total return before charges and taxes on policyholders' savings in contracts with DPF that is at least the yield of a Finnish government long-term bond. The total return consists of the guaranteed interest rate and bonuses determined annually. Continuity is pursued in the level of bonuses. The aim is to maintain the company's solvency status on such a level that it neither limits the giving of bonuses to policyholders nor the distribution of profit to shareholders. The principle is explained in detail on the company's website.

The legislation of Estonia, Latvia and Lithuania respectively does not contain provisions corresponding to the Principle of Fairness.

Employee benefits

Post-employment benefits

Post-employment benefits include pensions and life insurance.

Mandatum Life has defined contribution plans. The most significant defined contribution plan is that arranged through the Employees' Pensions Act (TEL) in Finland.

In defined contribution plans, the Group pays fixed contributions to a pension insurance company and has no legal or constructive obligation to pay further contributions. The obligations arising from a defined contribution plan are recognised as an expense in the period that the obligation relates to.

The Group also has certain voluntary defined benefit plans. These are intra-Group, included in the insurance liabilities of Mandatum Life and have no material significance.

Share-based payments

During the financial year, Sampo had valid share-based incentive schemes settled either in cash (the long-term incentive schemes 2006 II, 2008 I, 2008 II and 2009 I for executives and specialists) or cash or equity instruments (Sampo 2006). Schemes have been measured at fair value at the grant date and those settled in cash also at every reporting date thereafter.

In the schemes settled in cash, the valuation is recognised as a liability and changes recognised through profit or loss. In the schemes with equity instrument payments, valuation is recognised as an expense and as an increase in equity on a straight-line basis during the vesting period.

The fair value of schemes has been determined using the Black-Scholes-pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of shares to be paid as an incentive. The effects of non-market based terms are not included in the fair value of the incentive; instead, they are taken into account in the number of those share options that are expected to be exercised during the vesting period. In this respect, the Group will update the assumption on the estimated final number of shares at every interim or annual balance sheet date.

Income taxes

Item Tax expenses in the income statement comprise current and deferred tax. Tax expenses are recognised through profit or loss, except for items recognised directly in equity or other comprehensive income, in which case the tax effect will also be recognised those items. Current tax is calculated based on the valid tax rate of each country. Tax is adjusted by any tax related to previous periods.

Deferred tax is calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax is not recognised on non-deductible goodwill impairment, and nor is it recognised on the undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated by using the enacted tax rates prior to the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which a temporary difference can be utilised.

Share capital

Dividends are recognised in equity in the period when they are approved by the Annual General Meeting.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits (3 months).

Mandatum Life presents cash flows from operating activities using the indirect method in which the profit (loss) before taxation is adjusted for the effects of transactions of a non-cash nature, deferrals and accruals, and income and expense associated with investing or financing cash flows.

In the cash flow statement, interest received and paid is presented in cash flows from operating activities. In addition, the dividends received are included in cash flows from operating activities. Dividends paid are presented in cash flows from financing.

Accounting policies requiring management judgement and key sources of estimation uncertainties

Preparation of the accounts in accordance with the IFRS requires management estimates and assumptions that affect the revenue, expenses, assets, liabilities and contingent liabilities presented in the financial statements. Judgement is needed also in the application of accounting policies. The estimates made are based on the best information available at the balance sheet date. The estimation is based on historical experiences and most probable assumptions concerning the future at the balance sheet date. The actual outcome may deviate from results based on estimates and assumptions. Any changes in the estimates will be recognised in the financial year during which the estimate is reviewed and in all subsequent periods.

Mandatum Life 's main assumptions concerning the future and the key uncertainties related to balance sheet estimates are related, for example, to assumptions used in actuarial calculations, determination of fair values of non-quoted financial assets and liabilities and investment property and determination of the impairment of financial assets and intangible assets. From Mandatum Life 's perspective, accounting policies concerning these areas require most significant use of estimates and assumptions.

Actuarial assumptions

The actuarial assumptions are discussed in more detail under 'Insurance and investment contract liabilities and reinsurance assets'.

Defined benefit plans as intended in IAS 19 are also estimated in accordance with actuarial principles. As the calculation of a pension plan reserve is based on expected future pensions, assumptions must be made not only of discount rates, but also of matters such as mortality, employee turnover, price inflation and future salaries.

Determination of fair value

The fair value of any non-quoted financial assets is determined using valuation methods that are generally accepted in the market. These methods are discussed in more detail above under 'Fair value'.

Fair values of investment property have been determined internally during the financial year on the basis of comparative information derived from the market. They include management assumptions concerning market return requirements and the discount rate applied.

Application of new or revised IFRSs and interpretations

Applications in 2011

In 2011, the Group will apply the following new or amended standards and interpretations related to the Group's business, if approved by the EU. If not stated otherwise, the following standards or interpretations or their amendments have already been approved by the EU at the balance sheet date.

The amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* (effective for annual periods beginning on 1 Feb. 2010 or after) addresses the accounting for rights, options or warrants that are denominated in a currency other than the functional currency of the issuer. The Group estimates that the change will have no influence on the Group's financial statements reporting.

The revised IAS 24 *Related Party Disclosure* (effective for annual periods beginning on 1 Jan. 2011 or after) clarifies the concept of related parties. The Group estimates that the revision will have no influence on the Group's financial statements reporting.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for annual periods beginning on 1 July 2010 or after) clarifies the accounting by the entity that, after renegotiations, issues equity instruments to its creditor in order to settle all or part of its financial liability. The Group estimates that the interpretation will have no influence on the Group's financial statements reporting.

Amended IFRIC 14 *Prepayments of a Minimum Funding Requirement* (effective for annual periods beginning on 1 Jan. 2011 or after) permits an entity to treat the benefit of certain early payments as assets. The Group estimates that the interpretation will have no influence on the Group's financial statements reporting.

SEGMENT INFORMATION

Mandatum Life group's segmentation is based on the division by the product group of domestic business and the other geographical organisation structure. The reported segments are "Unit linked contracts" (Finland), other businesses (Finland) and the Baltic countries.

The investment risks vary by a product group. The segment results are reported to the management of the company as a part of management reporting. The primary segmentation comprises a substantial parts of the geographical division, since operations in the Baltic countries compose on separate business segment. In connection with the expansion of the foreign operations shall also the division by country be expanded. Inter-segment transactions, assets and liabilities are eliminated in the consolidated financial statements on a line-by-line basis. Segment information has been produced in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT BY SEGMENT FOR YEAR ENDED 31 DECEMBER 2010

EUR million	Unit-linked contracts (Finland)	Other contracts (Finland)	Baltic countries	Elimination	Group
Insurance premiums	831.7	270.9	60.4	-46.1	1,117.0
Reinsurers' share		-5.4	-0.7		-6.2
Insurance premiums, net	**831.7**	**265.5**	**59.7**	**-46.1**	**1,110.9**
Investment income	18.7	201.5	1.3		221.5
Realised gains and losses		103.6	0.0		103.6
Net gains on financial assets at fair value through p/l	319.3	-1.7	17.9	-4.2	331.3
Other operating income			0.0		0.0
Total operating income	**1,169.8**	**568.9**	**78.8**	**-50.2**	**1,767.3**
Claims and claims settlement expenses	-334.3	-500.8	-26.6	10.5	-851.2
Reinsurers' share		3.9	0.1		4.0
Claims, net	**-334.3**	**-497.0**	**-26.4**	**10.5**	**-847.2**
Change in liabilities for insurance and investment contracts *	-782.6	111.0	-46.0	39.7	-677.9
Reinsurers' share		0.0	0.0		0.0
Change in liabilities for insurance and investment contracts, net	**-782.6**	**111.0**	**-46.0**	**39.7**	**-677.9**
Expenses for the acquisition of insurance and investment contracts	-21.3	-11.6	-2.8		-35.6
Commissions on reinsurance ceded		1.3	0.3		1.7
Expenses for the management of insurance and investment contracts **	-20.2	-13.0			-33.3
Investment management expenses	-2.6	-9.9	-0.2		-12.7
Administrative expenses	-6.8	-3.3	-2.3		-12.4
Other operating expenses		0.0			0.0
Total operating expenses	**-50.9**	**-36.4**	**-4.9**		**-92.3**
Expenses	**-1,167.8**	**-422.4**	**-77.4**	**50.2**	**-1,617.4**
Profit before taxes and finance costs	**2.0**	**146.5**	**1.4**		**149.9**
Finance costs		-7.7			-7.7
Share of loss/profit of associates		-0.4			-0.4
Profit before taxes	**2.0**	**138.4**	**1.4**		**141.8**
Taxes	-0.5	-36.1			-36.6
Profit for the financial year	**1.5**	**102.3**	**1.4**	**0.0**	**105.2**

* In the domestic segment the transition of liabilities between unit-linked and other contracts has been recognized. For the unit linked segment the transition results in an increase of EURm 27.4 (EURm 7.5 in 2009) in the item Change in liabilities for insurance and investment contracts'. The corresponding amount decreases the respective segment item of other contracts.

** The segment 'unit linked contracts', includes sales channel commissions of EURm 6.5 (EURm 6.5 in 2009)

EUR million	Group
Other comprehensive income	
Exchange differences	0.0
Available-for-sale financial assets	314.5
Cash flow hedges	-8.6
Income tax related to components of other comprehensive income	-79.6
Other comprehensive income for the period, net of tax	**226.4**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**331.6**
Profit attributable to	
Owners of the parent	105.2
Non-controlling interests	0.0
	105.2
Total comprehensive income attributable to	
Owners of the parent	331.6
Non-controlling interests	0.0
	331.6

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT BY SEGMENT FOR YEAR ENDED 31 DECEMBER 2009

EUR million	Unit-linked contracts (Finland)	Other contracts (Finland)	Baltic countries	Elimination	Group
Insurance premiums	534.7	231.8	42.5		808.9
Reinsurers' share		-5.6	-0.8		-6.4
Insurance premiums, net	**534.7**	**226.1**	**41.7**		**802.5**
Investment income	14.5	219.0	1.4		234.9
Realised gains and losses		-11.1	0.0		-11.1
Net gains on financial assets at fair value through p/l	341.7	53.2	20.0		414.8
Other operating income		0.1	0.0		0.1
Total operating income	**890.8**	**487.3**	**63.1**		**1,441.3**
Claims and claims settlement expenses	-147.3	-472.3	-15.5		-635.2
Reinsurers' share		3.4	0.2		3.6
Claims, net	**-147.3**	**-468.9**	**-15.4**		**-631.6**
Change in liabilities for insurance and investment contracts *	-705.0	147.1	-41.8		-599.7
Reinsurers' share		0.0	0.0		0.0
Change in liabilities for insurance and investment contracts, net	**-705.0**	**147.1**	**-41.9**		**-599.7**
Expenses for the acquisition of insurance and investment contracts	-17.9	-11.7	-2.4		-32.0
Commissions on reinsurance ceded		1.0	0.4		1.4
Expenses for the management of insurance and investment contracts **	-17.0	-10.8			-27.8
Investment management expenses	-2.4	-8.4	-0.2		-11.1
Administrative expenses	-4.4	-4.3	-2.3		-11.0
Other operating expenses		-0.6			-0.6
Total operating expenses	**-41.7**	**-34.9**	**-4.6**		**-81.2**
Expenses	**-894.0**	**-356.7**	**-61.8**		**-1,312.5**
Profit before taxes and finance costs	**-3.2**	**130.6**	**1.3**		**128.7**

* In the domestic segment the transition of liabilities between unit-linked and other contracts has been recognized. For the unit linked segment the transition results in an increase of EURm 7.5 (EURm 18.6 in 2008) in the item Change in liabilities for insurance and investment contracts'. The corresponding amount decreases the respective segment item of other contracts.

** The segment 'unit linked contracts', includes sales channel commissions of EURm 6.5 (EURm 10.2 in 2008).

EUR million	Unit-linked contracts (Finland)	Other contracts (Finland)	Baltic countries	Elimination	Group
Finance costs		-7.7			-7.7
Share of loss/profit of associates		0.2			0.2
Profit before taxes	**-3.2**	**123.1**	**1.3**		**121.2**
Taxes	0.8	-28.6			-27.8
Profit for the financial year	**-2.4**	**94.5**	**1.3**		**93.5**
Other comprehensive income					
Exchange differences					0.0
Available-for-sale financial assets					546.0
Cash flow hedges					-3.3
Income tax related to components of other comprehensive income					-141.1
Other comprehensive income for the period, net of tax					**401.6**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD					495.1
Profit attributable to					
Owners of the parent					93.5
Non-controlling interests					0.0
					93.5
Total comprehensive income attributable to					
Owners of the parent					495.1
Non-controlling interests					0.0
					495.1

CONSOLIDATED BALANCE SHEET BY SEGMENT AT 31 DECEMBER 2010

EUR million	Unit-linked contracts (Finland)	Other contracts (Finland)	Baltic countries	Elimination	Group
Assets					
Property, plant and equipment	0.7	4.7	0.1		5.4
Investment property		94.5			94.5
Intangible assets	7.7	3.3	0.8		11.8
Investments in associates		0.0			0.0
Financial assets					
Equity securities					
Available for sale		2,356.7			2,356.7
Covering unit-linked insurance and investment contracts	2,346.1		145.7	-61.8	2,429.9
Other financial assets designated as at fair value through p/l			0.0		0.0
Debt securities					
Available for sale	25.3	3,216.4			3,241.7
Covering unit-linked insurance and investment contracts	550.5				550.5
Other financial assets designated as at fair value through p/l		40.9	20.5		61.4
Loans and receivables		26.3			26.3
Other financial assets covering unit-linked insurance and investment contracts	145.2		1.0		146.2
Derivative financial instruments		58.5			58.5
Reinsurers' share of insurance liabilities		3.6	0.1		3.6
Other assets		105.3	0.9		106.2
Cash and cash equivalents		145.0	6.7		151.7
Total assets	**3,075.5**	**6,055.0**	**175.8**	**-61.8**	**9,244.4**

Equity and liabilities					
Equity					
Share capital					40.4
Share premium account and legal reserve					128.9
Fair value reserve					436.4
Retained earnings					464.1
Equity attributable to owners of the parent					**1,069.8**
Non-controlling interests					**0.1**
Total equity					**1,069.9**
Liabilities					
Liabilities for insurance contracts					
Unit-linked contracts	2,248.5		132.4		2,380.9
Other contracts		4,369.8	18.3		4,388.1
Liabilities for investment contracts					
Unit-linked contracts	790.6		14.1	-61.8	742.9
Other contracts		21.6			21.6
Financial liabilities					
Interest- bearing liabilities		100.0			100.0
Derivative financial instruments		26.0			26.0
Deferred tax liabilities		176.0			176.0
Other liabilities		301.7	0.9		302.6
Current income tax liabilities		36.3			36.3
Total liabilities	**3,039.1**	**5,031.4**	**165.8**	**-61.8**	**8,174.5**
Total equity and liabilities					**9,244.4**

CONSOLIDATED BALANCE SHEET BY SEGMENT AT 31 DECEMBER 2009

EUR million	Unit-linked contracts (Finland)	Other contracts (Finland)	Baltic countries	Elimination	Group
Assets					
Property, plant and equipment	1.5	3.6	0.1		5.2
Investment property		84.5			84.5
Intangible assets	8.7	5.0	0.5		14.2
Investments in associates		0.4			0.4
Financial assets					
Equity securities					
Available for sale		1,785.0			1,785.0
Covering unit-linked insurance and investment contracts	1,824.4		98.7		1,923.1
Other financial assets designated as at fair value through p/l			4.5		4.5
Debt securities					
Available for sale	23.2	3,266.2			3,289.4
Covering unit-linked insurance and investment contracts	364.4		0.8		365.2
Other financial assets designated as at fair value through p/l		34.8	10.8		45.6
Loans and receivables		25.9			25.9
Other financial assets covering unit-linked insurance and investment contracts	76.5		1.2		77.6
Derivative financial instruments		66.1			66.1
Reinsurers' share of insurance liabilities		3.9	0.1		4.0
Other assets		132.3	0.8		133.1
Cash and cash equivalents		56.4	11.2		67.6
Total assets	**2,298.8**	**5,464.3**	**128.5**		**7,891.5**
Equity and liabilities					
Equity					
Share capital					40.4
Share premium account and legal reserve					128.9
Fair value reserve					210.0
Retained earnings					359.1
Equity attributable to owners of the parent					**738.3**
Non-controlling interests					**0.1**
Total equity					**738.4**
Liabilities					
Liabilities for insurance contracts					
Unit-linked contracts	1,861.0		100.5		1,961.5
Other contracts		4,355.7	18.3		4,374.0
Liabilities for investment contracts					
Unit-linked contracts	397.6				397.6
Other contracts		56.9			56.9
Financial liabilities					
Interest- bearing liabilities		100.0			100.0
Derivative financial instruments		31.7			31.7
Deferred tax liabilities		96.9			96.9
Other liabilities		69.0	1.2		70.2
Current income tax liabilities		64.2			64.2
Total liabilities	**2,258.6**	**4,774.5**	**120.0**		**7,153.1**
Total equity and liabilities					**7,891.5**

MANDATUM LIFE GROUP RISK MANAGEMENT DISCLOSURE

Risk management principles

Risk is an essential and inherent element of Mandatum Life's business activities and operating environment. The purpose of the risk management process is to identify the different risks affecting the business. The risk management process also ensures that different risks can be assessed, limited and controlled.

The key objectives for the risk management process are to ensure capital adequacy in relation to the risks inherent in business activities, to limit fluctuations in financial results, to guarantee efficient and continued business processes under all circumstances and to limit the risks of all operations to a level accepted by Mandatum Life's Board of Directors.

Mandatum Life Insurance Company is a fully owned subsidiary of Sampo plc. Mandatum Life follows the risk management principles defined by the Sampo Group where the characteristics of a life insurance company have been taken into account. Similar principles are also used in Mandatum Life Insurance Baltic SE. Figures and tables in this risk management disclosure mainly cover the parent company.

Risk management governance

Mandatum Life's Board of Directors is responsible for the adequacy of the company's risk management and internal control. Mandatum Life's Board annually approves the Risk Management Plan, Investment Policy and other guidance on the organization of risk management and internal control in the business operations.

The managing director of Mandatum Life has the overall responsibility for the implementation of risk management in accordance with the Board's guidance. Line organizations are responsible for the identification, assessment, control and management of their operational risks.

The Risk Management Committee (RMC) coordinates and monitors all risks in Mandatum Life. RMC is chaired by the Managing Director. Risks are divided into main groups which are insurance risks, market risks, operational risks, legal and compliance as well as business and reputational risks. Risks related to the Baltic subsidiary are also monitored by RMC. Moreover, each risk area has a responsible person in the Committee.

Mandatum Life's Asset and Liability Committee (ALCO) controls that the investment activities are conducted within the limits defined in the Investment Policy approved by the Board and monitors the adequacy of capital in relation to the market risks in the balance sheet. ALCO reports to the Board and meets at a minimum on a monthly basis. The decisions regarding the most significant investment risks are made by the Board.

Operational Risk Committee (ORC) monitors, that operational risk management is on adequate level in business units and ensures a sufficient information flow between units. ORC also monitors and coordinates risk management issues regarding operational risks, such as policies and recommendations concerning operational risk management. The Committee also analyses deviations from operational risk management policies and monitors operational risks identified in the self-assessments as well as the occurred incidents. The Committee meets at least four times a year. Reports on operational risks are submitted to the Risk Management Committee and Board of Directors on a quarterly basis. Besides these tasks ORC is responsible of maintaining and updating continuity and recovery plans.

The Insurance Risk Committee is responsible for maintaining the Underwriting Policy and monitoring the functioning of the risk selection and claims processes. The Committee also reports all deviations from the Underwriting Policy to RMC. The Insurance Risk Committee is chaired by the Chief Actuary who is responsible for ensuring that the principles for pricing policies and for the calculation of technical provisions are adequate and in line with the risk selection and claims processes. The Board approves the tariffs and prices and the central principles for the calculation of technical provisions. In addition, the Board defines the maximum amount of risk to be retained on the company's own account and approves the reinsurance policy annually.

The Baltic subsidiary has its own risk management system. All major incidents are also reported to Mandatum Life's Risk Management Committee.

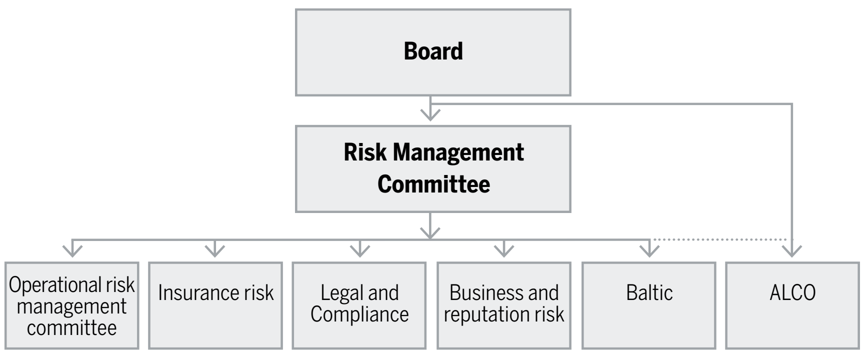
Internal audit ensures with its audit recommendations that adequate internal controls are in place.

Mandatum Life risks

The main risks of Mandatum Life Group are insurance risks and market risks of assets and liabilities. Operational and business risks are inherent in all business operations.

The life insurance business carries and manages risks originating from insurance events and liabilities. There are random fluctuations in the frequency and size of insurance events. The major part of life insurance business risks and result relate to investment assets. Return on assets should cover, in the long term, at least the guaranteed return, bonuses based on the principle of fairness and the shareholders' return requirement. Other profit elements are generated from carrying insurance risk and expense risk. The insurance risk result is the assumed claims in premium calculations less the actual claims. It is managed for example through care-

Figure 1–1 Risk management organization



ful risk selection and reinsurance. The expense result is the expense charges from policies less the actual expenses. It is managed by continuously monitoring expenses, by improving efficiency and by using an expense charge structure that also covers expenses after policy inception.

Capital management

The goal of capital management is to ensure the adequacy of the available capital in relation to risks arising from the company's activities and business environment. The current capital adequacy is assessed by comparing the amount of available capital to the amount of capital required to bear the risks arising from the current business activities.

Regulatory capital

Life insurance is a highly regulated business with formal rules for minimum capital and capital structure. The supervisors of Mandatum Life Group are the Financial Supervisory Authority in Finland and local supervisors in the Baltic countries.

Solvency capital and minimum requirement for solvency capital, the measures defined in the EU directives, are reported to the supervisory authorities quarterly. In addition, extended solvency capital and the related solvency requirement, as defined in the early warning solvency rules, are reported in Finland quarterly. Early warning solvency rules have been effective in the Finnish Insurance Companies Act as of October 2008. The purpose of the early warning solvency rules is to provide a more accurate view on the actual risks of an insurance company than the requirements of the EU directives.

The solvency margin of Mandatum Life Group's parent company (Mandatum Life Ltd) was EUR 1,315.0 million (918.0), while the corresponding regulatory minimum requirement was EUR 228.2 million (224.2). The early warning solvency requirements were also clearly fulfilled. The solvency margin of the Baltic subsidiary was EUR 9.2 million (8.0) and minimum requirement EUR 3.5 million (3.2).

Economic capital

Economic capital is an internal measure of Sampo Group which describes the capital required to bear different kinds of risks. Economic capital is defined as the amount of capital required on the Group level to protect the economic solvency over a one year time horizon with a probability of 99.5 per cent. Economic capital is mainly a Group level measure in Sampo Group, but it is used also in Mandatum Life. However, a situation where the economic capital requirement is not met does not automatically result in immediate corrective measures in Mandatum Life, as long as the capital position of Sampo Group is adequate and Mandatum Life has access to additional capital if needed.

Economic capital covers market, credit, insurance and operational risks. Economic capital does not only reflect the capital needed for the different kinds of risks, but also their mutual diversification effect. This gives a more accurate view of the overall capital needs as it is very unlikely that all risks will materialize simultaneously.

Calculations of economic capital requirements in Mandatum Life are based on a total balance sheet approach, which means that values and risks of assets and liabilities are recognized as market consistently as possible. Market consistent value of liabilities is estimated by using stochastic simulation. The approach as well as the basis for the calculation of the most crucial risk factors is similar to what was used in the QIS 4 in Solvency II.

Economic capital is compared with adjusted solvency capital, which is normal solvency capital plus the difference between market consistent value of liabilities and book value of liabilities. On 31 December 2010 the adjusted solvency capital of Mandatum Life was EUR 1,589 million (1,294) and the corresponding economic capital calculated with the 99.5 per cent confidence level was EUR 1,119 million (930). Adjusted solvency capital increased due to excellent fair value investment return. At the same time a fall in interest rates resulted in an increase in the market consistent value of liabilities which, on the contrary, led to a decrease in the amount of adjusted solvency capital. The economic capital requirement grew mainly due to the increased equity risk followed from the increased weight of equity investments. Moreover, a significant increase in the foreign exchange risk increased the economic capital requirement.

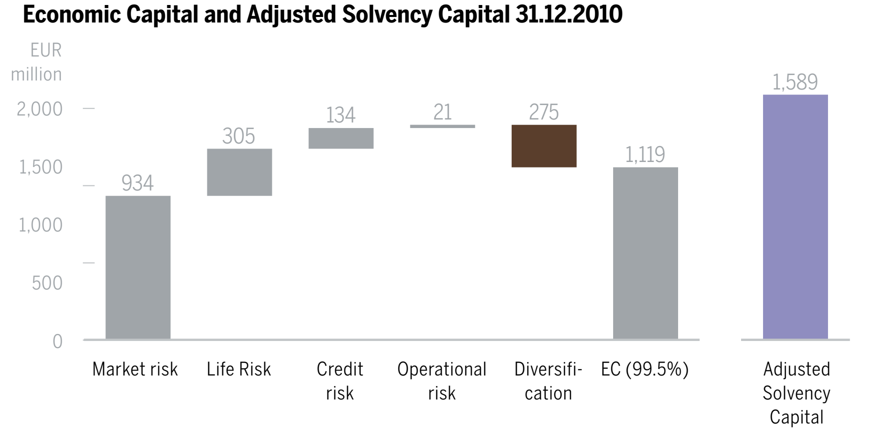
Roughly 80 per cent of the economic capital consists of market risks. Market risks consist mainly of interest rate and equity risk. The most crucial insurance risks are longevity risk and surrender risk.

Market risks and market risk management and control

Market risks refer to fluctuations in the financial results and capital caused by changes in market values of financial assets and liabilities as well as technical provisions. Market risks are examined both from an ALM and from an investment portfolio risks perspective.

In Mandatum Life, the approach to market risk management is based on an analysis of technical provisions' expected cash flows, interest level and current solvency position. A common feature for all with-profit technical provisions is the guaranteed rate and bonuses based on principle of fairness. The cash flows of Mandatum Life's technical provisions are relatively well predictable because

Figure 3–1 Breakdown of economic capital and adjusted solvency capital on 31 December 2010



in most of the company's with-profit products, surrenders and extra-investments are not possible.

Mandatum Life's market risks arise mainly from equity investments and interest rate risk related to fixed income assets and insurance liabilities with a guaranteed interest rate. The most significant interest rate risk in the life insurance business is that fixed income investments will not over a long period of time generate a return at least equal to the guaranteed interest rate of technical provisions. The probability of this risk increases when market interest rates fall and stay at a low level. The duration gap between technical provisions and fixed income investments are constantly monitored and managed.

Mandatum Life has prepared for low interest rates on the liability side by e.g. reducing the minimum guaranteed interest rate in new contracts and by supplementing the technical provisions by applying a lower discount rate. In addition, existing contracts have been changed to accommodate improved management of reinvestment risk.

The Board approves the Investment Policy annually, which sets principles and limits for investment activities. The Investment Policy also includes measures and limits for maximum acceptable market risk. These measures and limits are based on both Solvency I and Solvency II type of approaches. When it comes to the Solvency I type of approach, limits are defined for the regulatory solvency capital in relation to the regulatory capital requirement using a VAR-analysis of the investment assets. In the Solvency II type of approach, limits are set based on different confidence levels in addition to the 99.5 per cent level used in Sampo Group. ALCO reports limit breaches to the Board who makes the decisions related to the capitalization and the market risks in the balance sheet. The general objective is to maintain the required solvency and to ensure that investments are sufficient and eligible for covering technical provisions.

Sampo plc's investment organization makes the day-to-day investment decisions based on principles set in Mandatum Life's Investment Policy. However, the most significant investment decisions are made by the Board. The ALCO regularly monitors that limits and principles defined in the Investment Policy are followed and reports on investment risks to the Board.

The investment organization and Mandatum Life have a thorough understanding of Nordic markets and issuers and, consequently, the company's direct investments are mainly made into Nordic securities. When investing in non-Nordic securities, fund investments are mainly used. These funds are primarily used as a tool in tactical asset allocation when seeking return and secondarily in order to increase diversification. One of the objectives of the investment activities is to ensure sufficient diversification between and inside each asset class.

The net investment return of Mandatum Life was 11.1 per cent in 2010 (16.8 per cent in 2009). The proportion of equities in the investment portfolio increased from 23 per cent to 28 per cent. The proportion of money market investments decreased while the proportion of other fixed income investments was virtually unchanged. Duration of fixed income investments is 2.7 years (2.6).

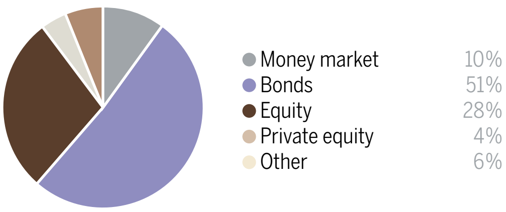
The values of financial assets and liabilities are subject to changes in the underlying market variables. Table 4–1 shows the sensitivity analysis of the fair values of financial assets and financial liabilities to different market risk scenarios. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 December 2010. In addition, a parallel deterioration in the

Table 4–1 Sensitivity analysis of the fair values of financial assets and liabilities on 31 December 2010 and 2009

Risk EUR million	Interest rate		Equity	Other investments
	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Year 2009	71	-80	-247	-98
Year 2010	115	-113	-337	-125

Figure 4–1 Allocation of investments on 31 December 2010 and 2009

Investments 31.12.2010
EUR 5,957 million



Investments 31.12.2009
EUR 5,449 million

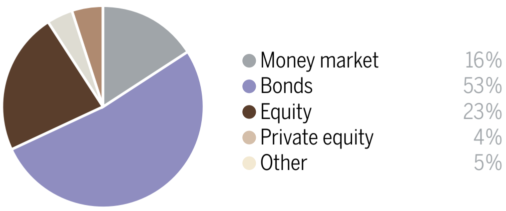


Figure 4–2 Mandatum Life's allocation of equity investments on 31 December 2010

Equity investments by geography
EUR 1,686 million

Figure 4–3 Fixed income investments by type of instruments on 31 December 2010

	Proportion of Fixed Income assets	Average Maturity
Money market securities and cash	16.8%	0.2
Government bonds	3.0%	27.5
Covered bonds	3.6%	5.0
Investment grade bonds	38.1%	2.8
High yield bonds	21.8%	4.0
Asset backed securities	0.5%	4.0
Sub-ordinated loans	14.6%	3.0
Interest rate derivatives	1.0%	0.9
Policy loans	0.7%	3.8
Total	**100.0%**	**3.5**

value of all currencies against the euro would decrease the company's equity, before taxes, by EUR 84 million.

Equity risks

Equity price risk is the risk of losses due to changes in share prices. At year end Mandatum Life's equity investment amounted to EUR 1,686 million (1,235 million in 2009).

Mandatum Life's equity portfolio is actively managed. The positions and risks in equity portfolio and the related derivatives may not exceed the limits set in the Investment Policy. The Nordic equity portfolio is managed by Sampo Group's Investment Management unit while the equity investments outside the Nordic area are mainly managed through funds or external asset managers. Figure 4–2 presents the geographical allocation of equity investments.

Section 4.5 contains a list of the ten largest equity investments while breakdown of direct equity investments by industries is shown in section 5.

Risks related to fixed income investments

Mandatum Life's fixed income investments related risks include interest rate risk related to changes in market interest rates as well as spread risk arising from changes in the credit spreads of fixed income investments resulting in changes in the values of respective investments.

The most significant interest rate risk in the life insurance business is that fixed income investments will not over a long period of time generate a return at least equal to the guaranteed interest rate of technical provisions. The probability of this risk increases when market interest rates fall and remain at a low level. Solvency position improves in short term according to Solvency I when interest rates fall, but at the same time solvency position deteriorates in early warning system and in economic capital. According to Mandatum Life's Investment Policy, the interest rate risk and inflation risk of insurance commitments must be taken into account when defining the composition of investment assets. Mandatum Life's duration gap between technical provisions and fixed income investments is constantly monitored and managed, and the adequacy of capital is managed by the use of internal models in different market situations.

The average duration of Mandatum Life's technical provisions (excluding unit-linked technical provisions) was 8.6 at the year-end. The duration of fixed income investments was 2.7 at the year-end.

When it comes to technical provisions, Mandatum Life has prepared for low interest rates on the liability side by e.g. reducing the guaranteed interest rate in new contracts and increasing the reserve for policies with higher guaranteed interest rates. In addition, existing contracts have been changed to accommodate improved management of reinvestment risk and the technical provisions have been supplemented by the reserve for decreased discount rate. More information about the reserve can be found in the insurance risks section.

The majority of the company's fixed income investments are made in debt instruments issued by corporations. This increases the risk arising from increased credit spreads which, in turn, lead to value alterations. The figure 4–3 illustrates the breakdown of the fixed income investments by type of instruments as well as their average maturity. The maturity measures the company's spread risk exposure better than the duration. This is true especially when it comes to floating interest rate investments. Figure 5–1 shows the breakdown of investment assets by instruments based on division of industry and credit rating.

Figure 4–3 presents the breakdown of Mandatum Life's fixed income investments by type of instruments. During 2010, the proportion of short-term fixed income investments decreased from 23 per cent to 17 per cent and investments were mainly reallocated to equities and long-term fixed income investments.

Table 7–3 in the insurance risk section shows the maturity and average durations of Mandatum Life's insurance and investment contracts.

Currency risks

Mandatum Life parent company's technical provisions are denominated in Euros, and currency risk therefore arises from investments in other currencies than the euro. Mandatum Life's currency strategy is based on active management of the currency position. The objective is to achieve positive return relative to a situation where the open currency risk exposure is fully hedged, considering the limits imposed by the investment policy. The table 4–3 shows the net currency exposures (net assets) after the effect of derivatives has been taken into account on 31 December 2010.

Other market risks

In addition to interest rate, equity, and currency risks, Mandatum Life's investment assets are exposed to real estate, private equity and hedge fund related market risks. Mandatum Life's Investment Policy sets limits for maximum allocations into these markets and products. On 31 December 2010 the share of the above mentioned investments was 10 per cent of the total investment portfolio.

Private equity and hedge funds are managed by external asset managers. The private equity portfolio is diversified both according to fund type and geographical areas. Hedge fund investments are placed both directly into individual funds and into funds of funds in order to attain sufficient diversification between funds and investment styles.

The real estate portfolio in Mandatum Life is managed by Sampo Group's real estate management unit. The portfolio includes direct investments in properties and investments in indirect vehicles within decided allocations. The main risks related to property investments are limited by diversifying holdings both geographically and by type of property.

Risk concentrations of the investment operations

Mandatum Life's Investment Policy sets limits for investments in individual companies. The requirements for the assets covering technical provisions and the credit ratings of investments are taken into account when setting these limits. Risk concentrations are monitored continuously. The table 4–4 shows Mandatum Life's market and credit risk concentrations in individual counterparties by asset class.

Table 4–3 Net currency exposures on 31 December 2010

Net currency exposure	USD	JPY	GBP	SEK	NOK	CHF	DKK	EEK	LTL	LVL	Other
Investments	1,084	22	171	16	31	16	5	17	5	1	271
Derivatives	-675	-41	-144	54	56	-16	0	0	0	0	-30
Net exposure, total	**409**	**-19**	**27**	**70**	**87**	**0**	**5**	**17**	**5**	**1**	**241**

Table 4–4 Market and credit risk concentrations in individual counterparties by asset class on 31 December 2010

					BREAKDOWN OF LONG-TERM FIXED INCOME				
Top 10 Concentrations (EUR million)	Market Value Dirty	% of Total Inv Assets	Cash & Short-Term Fixed Income	Long-Term Fixed Income	Senior Bonds	Tier 2	Tier 1	Equities	Derivatives
Svenska Handelsbanken	350	5.9%	184	166	70	95	0	0	0
Pohjola Bank	271	4.6%	153	119	60	58	0	0	0
Nordea Bank	269	4.5%	141	127	47	70	10	0	0
UPM-Kymmene	227	3.8%	0	188	188	0	0	39	0
Skandinaviska Enskilda Banken	199	3.3%	57	141	71	22	48	0	0
Den Danske Bank	188	3.1%	39	141	100	18	23	0	7
DnB NOR Bank	126	2.1%	0	126	87	4	35	0	0
YIT	104	1.7%	0	7	7	0	0	97	0
Stora Enso	101	1.7%	0	79	79	0	0	21	0
United States	96	1.6%	0	96	96	0	0	0	0
Total Top 10 Exposures	**1,930**	**32.4%**	**573**	**1,191**	**807**	**268**	**116**	**158**	**8**

Table 4–5 Ten largest direct equity investments on 31 December 2010

	Total fair value, EURm	% of total equity direct investments	% of all investments
YIT	97	13.3%	1.6%
Alma Media	55	7.6%	0.9%
Fortum	52	7.2%	0.9%
UPM-Kymmene	39	5.4%	0.7%
Metso	36	4.9%	0.6%
Lassila & Tikanoja	33	4.5%	0.6%
Kemira	31	4.2%	0.5%
Elisa	24	3.3%	0.4%
Amer Sports	23	3.2%	0.4%
Tikkurila	22	3.1%	0.4%
Total top 10 exposures	**413**	**56.6%**	**6.9%**
Other direct equity investments	317	43.4%	5.3%
Total direct equity investments	730	100.0%	12.2%

The table 4–5 illustrates ten largest equity investments separately and their proportion of the total direct equity investments. In addition to the Finnish direct equity investments, the company invests into foreign equities through funds. Investments made through funds constitute over 55 per cent of the total investment assets.

Credit Risks

Credit risk is the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, derivative counterparties and any other debtors. Credit risks arise from investments as well as insurance and re-insurance contracts.

Credit risks in the investment operations include the risk that a government or corporate issuer will not fulfill its obligations or otherwise obstruct the remittance of funds by debtors, particularly in the context of fixed income securities. The credit risks in investment operations can be divided into issuer risk and counterparty risk. In the case of issuer risk, the risk is that the issuer of the security defaults and thus, the entire market value of the instrument is at risk. In the case of counterparty risk, it is only the possible positive market value of the derivative contract that is at risk.

In addition to the credit risks associated with investment assets, credit risks arise from reinsurance contracts. Credit risks related to reinsurers arise through reinsurance receivables and through the reinsurers' portion of technical provisions. In Mandatum Life credit risks related to reinsurance are relatively low compared to the credit risks associated with investment assets.

Credit risk is managed by limits given in Mandatum Life's Investment Policy. Limits and restrictions are assigned to maximum exposures towards single issuers and derivative counterparties that are mainly based on rating classes. Before an investment in a new security or a transaction with a new counterparty, the credit standing of the issuer or counterparty is thoroughly assessed. Credit ratings, given mainly by Standard & Poor's, Moody's and Fitch, are used to support the assessment of the creditworthiness of issuers and counterparties.

The portfolio development and the counterparties' credit standings are monitored continuously. Credit risks are reported to the ALCO. Credit risk reporting is based primarily on the ratings of the issuer and instrument as well as on the industry sectors of issuers or counterparties.

In Mandatum Life ISDA agreements are used to manage the counterparty risk of derivatives. In addition, in case of long-term interest rate derivatives Credit Support Annexes are used as well.

Table 5–1 Breakdown of investments by industry sectors and also fixed income investments by ratings on 31 December 2010

	Fixed Income Investments											
EUR million	**AAA**	**AA+ – AA–**	**A+ – A–**	**BBB+ – BBB–**	**BB+ – C**	**D**	**Not rated**	**Fixed income total**	**Equities**	**Other**	**Derivatives (Counter-party Risk)**	**Total**
Asset-backed securities	0	0	4	3	0	0	12	**18**	0	0	0	**18**
Basic Industry	0	0	4	50	278	0	126	**458**	169	4	0	**631**
Capital Goods	0	3	121	61	0	0	7	**192**	155	0	0	**347**
Consumer Products	0	0	28	66	3	0	65	**162**	53	7	0	**221**
Covered bonds	90	42	0	0	0	0	0	**133**	0	0	0	**133**
Energy	0	0	15	0	0	0	48	**63**	19	0	0	**82**
Financial institutions	0	694	813	93	71	0	20	**1,691**	19	23	26	**1,759**
Governments	107	0	0	0	0	0	0	**107**	0	0	0	**107**
Index-linked bonds	0	0	0	0	0	0	0	**0**	0	0	0	**0**
Insurance	0	0	28	20	0	0	25	**73**	17	0	0	**89**
Media	0	0	0	0	0	0	0	**0**	59	0	0	**59**
Real estate	0	0	0	0	0	0	0	**0**	0	143	0	**143**
Services	0	0	0	7	17	0	0	**24**	50	9	0	**83**
Technology and Electronics	0	0	0	18	0	0	14	**31**	83	0	0	**115**
Telecommunications	0	0	52	90	0	0	0	**142**	24	0	0	**167**
Transportation	0	0	0	0	0	0	32	**32**	6	0	0	**38**
Utilities	0	13	167	67	0	0	0	**248**	54	0	0	**302**
Others	0	0	7	0	0	0	24	**31**	2	0	0	**33**
Funds	0	0	0	0	210	0	13	**223**	976	438	0	**1,638**
Total	**198**	**753**	**1,239**	**474**	**580**	**0**	**384**	**3,627**	**1,686**	**624**	**26**	**5,963**

Liquidity Risk

Liquidity risk is the risk that Mandatum Life would be unable to realize investments and other assets in order to settle its financial obligations when they fall due.

A relatively small part of liabilities can be surrendered and it is therefore possible to forecast short-term cash flows related to claims payments in a reliable manner. In addition, the assets are liquid and thus, liquidity risk is currently not significant to Mandatum Life.

Insurance risks

Insurance risks in the life insurance business encompass biometric risks, discount rate risk in technical provisions and other life insurance risks, that is, surrender risk, lapse risk and expense risk. This chapter presents the development of these life insurance risks during 2010. In addition, the life insurance risk management principles are presented.

Table 6–1 Maturities of technical provisions as well as financial assets and financial liabilities

	CARRYING AMOUNT TOTAL			CASH FLOWS						
EUR million	Carrying amount total	Carrying amount without maturity	Carrying amount with contractual maturity	2011	2012	2013	2014	2015	2016–2025	2026–
Life Insurance										
Financial assets	5,902	2,357	3,545	1,178	466	562	727	249	589	159
of which interest rate swaps	32	0	32	26	7	4	0	0	0	0
Financial liabilities	193	0	138	-30	-5	-105	0	0	0	0
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0
Net technical provisions	4,262			-566	-490	-444	-409	-375	-2,585	-2,161

Biometric Risks

Biometric risks in life insurance refer to the risk that the company has to pay larger mortality, disability or morbidity benefits to the insured or that the company is obliged to pay pensions to the policy holders for a longer time (longevity risk) than the company has anticipated when pricing the policies.

These risks arise as many policies have long maturities and the company's right to make changes in pricing is restricted. If the premiums turn out to be inaccurate and pricing cannot be changed afterwards, technical provisions are supplemented with an amount corresponding to the expected losses.

Table 7–1 shows the insurance risk result in Mandatum Life's Finnish life insurance policies. The ratio of the actual claims costs to the assumed was 78 per cent in 2010 (87 per cent in 2009). Year 2010 risk result includes a positive one-off item of nearly EUR 5 million which is due to a change in technical basis of claims reserve.

Sensitivity of the insurance risk result can also be assessed on the basis of the information in the table 7–1. For example the increase of mortality by 100 per cent would increase the amount of benefit payments from approximately EUR 15 million to approximately EUR 30 million.

Longevity risk is the most critical biometric risk in Mandatum Life. Most of the longevity risk arises from the group pension portfolio. The main mortality uncertainties in the group pension portfolio are related to the socio-economical structure of the insured and the future mortality trend among the relatively old insured. In the individual pension portfolio the longevity risk is less significant than in the group pension portfolio because most individual pension policies are fixed term annuities including death cover compensating the longevity risk.

The longevity risk result and longevity trend is analyzed regularly. The longevity risk result of group pension for the year 2010 was EUR 3.9 million (table 7–1), but last two years' total longevity result is slightly negative. The assumed life expectancy related to the technical provisions for group pensions was revised in 2002 and additional changes were made 2007.

Mortality risk result is positive (table 7–1) and the mortality trend has been favorable to the company. The most significant risk that could adversely affect the mortality risk result is possible pandemics.

The insurance risk result of other biometric risks has been profitable in total, although the different risk results differ considerably. Disability and morbidity risks are mitigated by the company's right to raise insurance premiums for existing policies in case the claims experience deteriorates.

The insurance portfolio of Mandatum Life is rather well diversified and does not include major concentration risks. To further mitigate the effects of risk concentrations, Mandatum Life has a catastrophe reinsurance in place.

In addition to the biometric risks described above, Mandatum Life is exposed to other risks such as discount rate risk, lapse risk and surrender risk which are described in the following chapters.

Discount rate risk in liabilities

Discount rate risk in technical provisions is the main risk affecting the adequacy of technical provisions. The guaranteed interest rate in policies is fixed for the whole policy period. Thus, if market interest rates and expected investment returns fall, technical provisions may have to be supplemented. Interest rate risk of assets and liabilities is further discussed in the Market risks section of this disclosure.

In most with-profit policies, the guaranteed interest rate is 3.5 per cent. In individual policies sold in Finland before 1999, the guaranteed interest rate is 4.5 per cent, which is also the statutory maximum discount rate of these policies. With respect to these policies, the maximum discount rate used when dis-

Table 7–1 Claim ratios of Mandatum Life after reinsurance, 2010 and 2009

	2010			2009		
EUR million	Risk income	Claim expense	Claim ratio	Risk income	Claim expense	Claim ratio
Life insurance	**37.9**	**21.7**	**57 %**	**40.5**	**24.8**	**61 %**
Mortality	23.4	14.2	61 %	26.8	15.4	57 %
Morbidity	14.5	7.5	52 %	13.7	9.4	69 %
Pension	**61.0**	**55.5**	**91 %**	**49.9**	**53.9**	**108 %**
Individual pension	9.5	10.0	106 %	9.9	10.4	105 %
Group pension	51.5	45.5	88 %	40.0	43.5	109 %
Mortality	46.2	42.3	92 %	34.9	39.4	113 %
Disability	5.3	3.2	60 %	5.1	4.1	80 %
Total	**98.9**	**77.2**	**78 %**	**90.4**	**78.7**	**87 %**

counting liabilities has been decreased to 3.5 per cent. As a result, technical provisions have been supplemented with EUR 86 million (EUR 95 million in year 2009). In addition, EUR 61 million has been reserved to lower the interest rate of with-profit liabilities to 2.5 per cent in 2011 and to 3.0 per cent in 2012. So due to relatively low market interest rates, Mandatum Life has increased its liabilities in total by EUR 147 million.

The provisions related to each product type and guaranteed interest rates are shown in table 7–2. The table also shows the change in each category during 2010.

Technical provisions related to with-profit policies still constitute a larger part of the total technical provisions compared to unit-linked policies. However, the amount of unit-linked technical provisions has increased strongly except for the dip in 2008 caused by the financial crisis. The amount of technical provisions related to with-profit policies, on the other hand, has remained stable during the past years. Thus, the proportion of unit-linked technical provisions of total technical provisions is increasing. The development of the structure and amount of Mandatum Life's technical provisions is shown in figure 7–1.

Table 7–3 shows the expected maturity and duration of insurance and investment contracts. The sensitivity of technical provisions to changes in discount rates can be assessed on the basis of the durations shown in the table.

Other insurance risks

The most significant other risks arise from the uncertainty related to the behavior of the policyholders. The policyholders have the right to cease paying premiums (lapse risk) and the possibility to interrupt their policies (surrender risk). Being able to keep lapse and surrender rates at a low level are crucial success factors especially for the expense result of unit-linked business. From ALM point of view surrender and lapse risks are less significant because in Mandatum Life, approximately 90 per cent of with-profit policies are pension policies in which surrender is possible only in exceptional cases. For ALM risk, surrender risk is therefore only relevant in individual life and capital

Figure 7–1 Development of with-profit and unit-linked technical provisions in Mandatum Life, 2002–2010

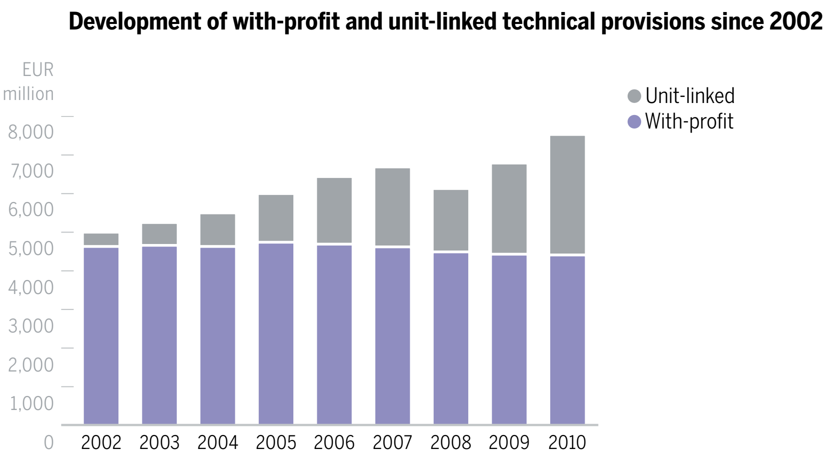


Table 7–2 Analysis of the change in technical provisions, 2010

LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS OF MANDATUM LIFE GROUP *

EUR million	Liability 2009	Premiums	Claims paid ***	Expense charges	Guaran-teed interest	Bonuses	Other	Liability 2010	Share %
MANDATUM LIFE PARENT COMPANY									
Unit-linked total	**2,258**	**786**	**-320**	**-36**	**0**	**0**	**288**	**2,977**	**40**
Individual pension insurance	646	93	-7	-12	0	0	109	829	11
Individual life	1,032	197	-129	-11	0	0	89	1,178	16
Capital redemption operations **	398	454	-181	-9	0	0	66	729	10
Group pension	183	42	-3	-4	0	0	23	241	3
With-profit and others total	**4,413**	**271**	**-436**	**-36**	**158**	**1**	**21**	**4,391**	**58**
Group pension	**2,456**	**169**	**-186**	**-8**	**84**	**1**	**-15**	**2,500**	**33**
Guaranteed rate 3,5%	2,419	159	-184	-7	83	0	-12	2,458	33
Guaranteed rate 2,5% or 0,0%	37	10	-2	-1	1	0	-3	42	1
Individual pension insurance	**1,383**	**34**	**-145**	**-8**	**61**	**0**	**-4**	**1,322**	**18**
Guaranteed rate 4.5%	1,202	24	-126	-7	55	0	-14	1,134	15
Guaranteed rate 3.5%	150	7	-15	-1	5	0	8	154	2
Guaranteed rate 2.5% or 0.0%	32	4	-4	0	1	0	2	34	0
Individual life insurance	**351**	**36**	**-53**	**-10**	**12**	**0**	**-2**	**335**	**4**
Guaranteed rate 4.5%	87	6	-10	-2	4	0	-2	83	1
Guaranteed rate 3.5%	214	13	-34	-4	7	0	-1	195	3
Guaranteed rate 2.5% or 0.0%	51	17	-9	-4	1	0	1	57	1
Capital redemption operations **	**57**	**1**	**-37**	**0**	**1**	**0**	**0**	**21**	**0**
Guaranteed rate 3.5%	49	0	-34	0	1	0	0	15	0
Guaranteed rate 2.5% or 0.0%	8	1	-3	0	0	0	0	6	0
Future bonus reserves	**18**	**0**	**0**	**0**	**0**	**0**	**-18**	**0**	**0**
Reserve for decreased discount rate	**95**	**0**	**0**	**0**	**0**	**0**	**52**	**147**	**2**
Assumed reinsurance	**3**	**2**	**-1**	**0**	**0**	**0**	**-1**	**3**	**0**
Other liabilities	**49**	**30**	**-14**	**-11**	**1**	**0**	**9**	**64**	**1**
MANDATUM LIFE PARENT COMPANY TOTAL	**6,671**	**1,057**	**-756**	**-72**	**158**	**1**	**309**	**7,369**	**98**
SUBSIDIARY SE SAMPO LIFE INSURANCE BALTIC	**119**	**60**	**-26**	**-3**	**1**	**0**	**15**	**165**	**2**
Unit-linked	**100**	58	-24	-3	0	0	**15**	**147**	**2**
Others	**18**	3	-2	-1	1	0	**-1**	**18**	**0**
MANDATUM LIFE GROUP TOTAL	**6,790**	**1,117**	**-782**	**-75**	**159**	**1**	**323**	**7,534**	**100**

* Before reinsurers' share

** Investment contracts

*** Operating expenses not included

Table 7–3 Expected maturity of insurance and investment contracts in Mandatum Life on 31 December 2010

MATURITY ON INSURANCE AND INVESTMENT CONTRACTS OF MANDATUM LIFE GROUP *

EUR million	Duration	2011–2012	2013–2014	2015–2019	2020–2024	2025–2029	2030–2034	2035–
MANDATUM LIFE PARENT COMPANY								
Unit-linked total	**8.1**	**555**	**424**	**800**	**522**	**375**	**257**	**363**
Individual pension insurance	11.5	41	73	195	182	154	113	142
Individual life	5.2	363	216	322	145	81	47	39
Capital redemption operations **	8.1	141	118	225	135	89	60	109
Group pension	13.1	10	18	58	61	50	37	72
With-profit and others total	**8.6**	**1,129**	**868**	**1,644**	**1,156**	**833**	**582**	**946**
Group pension	**10.3**	**496**	**467**	**1,025**	**827**	**638**	**479**	**833**
Guaranteed rate 3.5%	10.3	483	458	1,012	817	631	474	819
Guaranteed rate 2.5% or 0.0%	8.9	13	9	13	9	7	5	14
Individual pension insurance	**6.4**	**334**	**323**	**498**	**274**	**160**	**81**	**82**
Guaranteed rate 4.5%	6.4	290	283	435	238	135	66	66
Guaranteed rate 3.5%	7.0	35	33	53	30	21	13	12
Guaranteed rate 2.5% or 0.0%	6.9	8	7	9	6	4	2	4
Individual life insurance	**5.3**	**143**	**58**	**92**	**41**	**27**	**17**	**28**
Guaranteed rate 4.5%	7.4	24	18	29	13	11	7	15
Guaranteed rate 3.5%	4.2	105	29	42	19	11	7	10
Guaranteed rate 2.5% or 0.0%	5.9	14	11	21	9	4	3	3
Capital redemption operations **	**2.7**	**16**	**1**	**2**	**1**	**1**	**2**	**0**
Guaranteed rate 3.5%	0.5	15	0	0	0	0	0	0
Guaranteed rate 2.5% or 0.0%	8.9	1	1	2	1	1	2	0
Future bonus reserves	**1.0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reserve for decreased discount rate	**3.7**	**77**	**17**	**25**	**14**	**7**	**3**	**4**
Assumed reinsurance	**0.5**	**3**	**0**	**0**	**0**	**0**	**0**	**0**
Other liabilities	**0.8**	**60**	**2**	**2**	**0**	**0**	**0**	**0**
MANDATUM LIFE PARENT COMPANY TOTAL	**8.4**	**1,684**	**1,292**	**2,444**	**1,678**	**1,208**	**839**	**1,309**
SUBSIDIARY SE SAMPO LIFE INSURANCE BALTIC		**35**	**15**	**41**	**29**	**12**	**19**	**33**
Unit-linked		31	13	35	24	10	19	32
Others		4	2	6	5	2	1	1
MANDATUM LIFE GROUP TOTAL		**1,720**	**1,306**	**2,485**	**1,707**	**1,220**	**859**	**1,342**

* Before reinsurers' share
** Investment contracts

redemption policies. In these policies, the risk is reduced by the relatively short maturity of the contracts. Furthermore, the supplements to technical provisions are not paid out at surrender which also reduces the surrender risk related to the with-profit policies.

The company is also exposed to expense risk because expense charges may not be enough to cover the realized expenses.

Insurance risk management and control

Biometric risks are managed by careful risk selection, by pricing that reflects the risks and costs, by setting upper limits for the protection granted and by reinsurance.

Risk selection is a part of the day-to-day business routines in Mandatum Life. Mandatum Life's Underwriting Policy sets principles for risk selection and limits for insured sums. Compliance with the principles and limits set in the Underwriting Policy is monitored continuously.

Reinsurance is used to limit the amount of individual mortality and disability risks. The Board of Directors annually determines the maximum amount of risk to be retained for the company's own account, which for Mandatum Life is EUR 0.5 million per insured. To mitigate the effects of possible catastrophes, Mandatum Life participates in the catastrophe reinsurance taken jointly by Finnish life insurance companies.

The risk result is actively monitored and analyzed thoroughly annually. Mandatum Life measures the efficiency of risk selection and adequacy of tariffs by collecting information about the actual claims expenditure for each product line and each type of risk, and by comparing it to the claims expenditure assumed in insurance premiums of every risk cover. Also administration and acquisition expenses are monitored annually.

Technical provisions are analyzed and the possible supplement needs are assessed regularly. Assumptions related to technical provisions are reviewed annually. Adequacy of technical provisions is tested quarterly. Tariffs for new policies are set, and the underwriting policy and assumptions used in calculating technical provisions are updated based on adequacy tests and risk result analysis. Tariffs and prices, as well as the reinsurance principles and reserving principles are reviewed and approved annually by the Board of Directors.

Operational Risks

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 risk but excludes risks resulting from strategic decisions. The risks may realize as a consequence of:

- 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.

Operational risk may materialize as additional expenses, compensations for caused damages, loss of reputation, false information on risk position and consecutive losses, and interruption of business activities.

Goal of operational risk management and risk governance

The goal of operational risk management in Mandatum Life is to ensure the adequacy, effectiveness and quality of operations, as well as to ensure that all operations are conducted in compliance with laws and regulations. In addition, the goal is to ensure the continuity of operations even in exceptional circumstances.

Business units are responsible for the identification, assessment, monitoring and management of their own operational risks. Operational Risk Committee (ORC) monitors and coordinates central issues regarding operational risks, such as policies and recommendations. The Committee ensures that risks are identified and business units have organized internal control and risk management in a proper way. The Committee also analyses deviations from operational risk management policies and monitors operational risks identified in the self-assessments as well as the occurred incidents. The Committee meets at least four times a year. Reports on operational risks are submitted to the Risk Management Committee and Board of Directors on a quarterly basis.

Operational risk identification and management

Operational risks are identified through several different sources and methods:

- *Macro analysis* is conducted prior to the annual strategy process where the key trends in Mandatum Life's business environment are identified, including a macro level business analysis of operational risks. External events are monitored continuously and the company reacts to those as soon as possible.
- *Self-assessment* process is used to map and evaluate the major operational risks and their probabilities and significance, including an evaluation of internal controls and sufficiency of instructions. Self-assessment is conducted annually.
- *Analysis of incidents*. Realized operational risks and near misses reported by the business units are collected and analyzed by ORC. Each business unit is responsible for reporting the occurred incidents and near misses to the ORC.
- *Internal audits*

The most significant operational risks for Mandatum Life identified in the operational risk self-assessment process include the following: changes in the external operating environment, IT, especially ageing IT systems, manual phases in processes, loss of key personnel, miss-selling and false information to customers.

In order to limit operational risks, Mandatum Life has approved a number of policies including e.g. Security Policies, Continuity and Preparedness Plans, Outsourcing Policy, Complaints Handling Policy and a number of other policies related to ongoing operative activities. Deviations from different policies are followed up independently in each business unit and reported to ORC.

Internal control system in processes prevents negative incidents. All operational risk events or near misses must be reported to ORC.

Risk Outlook

The Solvency II Framework Directive was adopted by the European Parliament in April 2009. The introduction of a new economic risk based solvency regime aims to deepen the integration of the insurance and reinsurance market, enhance the protection of policyholders and beneficiaries, to improve international competitiveness of EU insurers and reinsurers and to promote better regulation. The objective relating to the regulatory capital requirements in Solvency II is that they will more closely reflect the specific risk profile of each company in contrast to the existing Solvency I regulation. If the objective is met, it will encourage companies to focus on sound risk management and internal control procedures and thus embed risk awareness throughout the organization.

Technical preparedness for Solvency II has been built in Mandatum Life for several years already. Also the anticipated Solvency II requirements for risk management practices have been taken into account in the risk management development activities. These actions have been taken in order to secure full compliance with Solvency II at the latest in 2012.

NOTES TO THE INCOME STATEMENT

1 INSURANCE PREMIUMS

1.1 PREMIUMS

Insurance premiums include all payments from insurance and investment contracts. These are specified in tables below.

EUR million	**2010**	2009
Insurance contracts	647.7	508.2
Reinsurance contracts	1.6	2.1
Total premiums	**649.4**	**510.3**
Reinsurers' share	-6.2	-6.4
Total premiums, net	**643.2**	**504.0**
Investment contracts	467.6	298.6
Total premiums *	**1,110.9**	**802.5**

* Change in the provision for unearned premiums is shown in note 6, "Change in liabilities for insurance and investment contracts".

1.2 SPECIFICATION OF PREMIUMS

EUR million	**2010**	2009
Insurance contracts		
Contracts with discretionary participation feature	270.9	231.2
Unit-linked contracts	376.3	272.6
Other contracts	0.6	4.4
	647.7	**508.2**
Reinsurance contracts	**1.6**	**2.1**
Investment contracts		
Contracts with discretionary participation feature	0.7	20.0
Unit-linked contracts	466.9	278.5
	467.6	**298.6**
Total	**1,117.0**	**808.9**
Reinsurers' share	-6.2	-6.4
Total premiums	**1,110.9**	**802.5**

1.3 DIRECT INSURANCE PREMIUMS BY GEOGRAPHICAL SEGMENTS

EUR million	**2010**	2009
Finland	1,055.0	764.3
Baltic countries	60.4	42.5
Total	**1,115.4**	**806.7**

1.4 REGULAR AND SINGLE PREMIUMS

EUR million	**2010**	2009
Regular premiums, insurance contracts	391.9	380.7
Single premiums, insurance contracts	255.9	127.5
Single premiums, investment contracts	467.6	298.6
Total	**1,115.4**	**806.7**

1.5 DIRECT INSURANCE PREMIUMS BY LINE OF BUSINESS

EUR million	**2010**	2009
Premiums from insurance contracts		
Life insurance		
Unit-linked individual life insurance	241.6	141.1
Other individual life insurance	52.1	63.5
Employees' group life insurance	12.0	13.8
Other group life insurance	4.8	4.5
	310.6	**222.8**
Pension insurance		
Unit-linked individual pension insurance	92.8	96.8
Other individual pension insurance	33.8	43.2
Unit-linked group pension insurance	41.8	34.7
Other group pension insurance	168.7	110.6
	337.2	**285.3**
Total	**647.7**	**508.2**
Premiums from investment contracts		
Life insurance		
Unit-linked capital redemption operations	466.9	278.5
Other capital redemption operations	0.7	20.0
Total	**467.6**	**298.6**
Total premiums from insurance and investment contracts	**1,115.4**	**806.7**

2 INVESTMENT INCOME

EUR million	**2010**	2009
Financial assets		
Investment securities held-to-maturity		
Debt securities		
Interest income		0.0
Loans and receivables		
Interest income	3.5	4.1
Financial assets available-for-sale		
Debt securities		
Interest income	151.1	183.5
Equity securities		
Dividend and other income	42.5	26.7
Other assets		
Investment properties		
Rental income	15.0	15.8
Maintenance charges	-7.7	-6.9
Depreciation	-2.8	-3.0
Fee income	19.8	14.5
Total	**221.5**	**234.9**

3 REALISED GAINS AND LOSSES

EUR million	**2010**	2009
Loans and other receivables		
Gains/losses	0.0	0.3
Financial assets available-for-sale		
Debt securities		
Gains/losses	38.4	5.4
Equity securities		
Gains/losses	71.5	109.1
Impairment losses	-6.9	-140.4
Other assets		
Investment properties		
Gains/losses	0.4	14.6
Impairment losses	0.2	0.0
Total	**103.6**	**-11.1**

4 NET GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH P/L

EUR million	**2010**	2009
Financial assets		
Derivative financial instruments		
Derivatives		
Interest income	41.9	26.0
Gains / losses	-49.2	23.9
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	3.0	3.2
Gains / losses	2.5	2.3
Equity securities		
Gains / losses	0.5	0.4
Dividend income	0.0	0.0
Financial assets covering unit-linked insurance and investment contracts		
Debt securities		
Interest income	27.1	12.8
Gains / losses	21.0	29.9
Equity securities		
Gains / losses	281.4	313.6
Dividend income	2.3	0.4
Other financial assets		
Gains / losses	0.5	0.7
Dividend income	0.3	1.7
Total	**331.3**	**414.8**

Income and expenses arising from derivative contracts are included in Derivative financial instruments, gains and losses.
Gains/losses include realised gains/losses on sales, unrealised and realised changes in fair values and exchange differences.
Unrealised fair value changes for financial assets available-for-sale are recorded in other comprehensive income and presented in the fair value reserve in equity.

Changes in fair value reserve (before taxes)		
Fair value reserve at 1 Jan.	283.8	-259.0
Cash flow hedges:		
Recognised in equity	-8.6	-3.3
Financial assets available for sale:		
Change in fair value	400.8	524.6
Recognised in p/l	-86.2	21.4
Total change	**306.0**	**542.7**
Fair value reserve at 31 Dec.	589.8	283.8

Net income from investment operations includes exchange differences		
Arising from investment operations	9.2	1.1

Shares accounted for EUR 308.3 (383.0) million of the change in fair value reserve, while fixed income instruments accounted for EUR -2.3 (159.7) million, including the result of hedge accounting. EUR 6.9 (140) million was recognised as permanent impairment losses in the reserve.

5 CLAIMS

Claims include all payments from insurance and investment contracts. These are specified in tables below.

5.1 CLAIMS INCURRED

EUR million	Claims paid 2010	Claims paid 2009	Change in provision for claims outstanding 2010	Change in provision for claims outstanding 2009	Claims incurred 2010	Claims incurred 2009
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature	-68.8	-76.6	1.2	-1.9	-67.5	-78.5
Other contracts	-0.3	-2.0	0.0	0.0	-0.4	-2.0
Unit-linked contracts	-153.5	-121.4	-2.4	1.0	-155.9	-120.4
	-222.6	**-200.0**	**-1.2**	**-0.9**	**-223.8**	**-200.9**
Pension insurance						
Contracts with discretionary participation feature	-333.0	-308.0	-63.9	-65.0	-396.9	-373.0
Unit-linked contracts	-10.3	-5.6	-0.9	-1.3	-10.3	-5.6
	-343.3	**-313.6**	**-64.9**	**-66.4**	**-408.1**	**-380.0**
Reinsurance	**-0.9**	**-0.6**	**0.3**	**0.0**	**-0.6**	**-0.6**
Insurance contracts total	**-566.8**	**-514.2**	**-65.7**	**-67.3**	**-632.5**	**-581.5**
Reinsurers' share	**4.3**	**4.2**	**-0.4**	**-0.5**	**4.0**	**3.7**
Insurance contracts total (net)	**-562.5**	**-510.0**	**-66.0**	**-67.8**	**-628.5**	**-577.8**
Investment contracts						
Capital redemption operations						
Contracts with discretionary participation feature	-37.1	-27.0	-	0.0	-37.1	-27.0
Unit-linked contracts	-181.6	-26.8	-	-	-181.6	-26.8
Investment contracts total	**-218.7**	**-53.8**	**-**	**0.0**	**-218.7**	**-53.8**
Total claims incurred	**-781.2**	**-563.8**	**-66.0**	**-67.8**	**-847.2**	**-631.6**

5.2 CLAIMS PAID BY TYPE OF BENEFIT

EUR million	2010	2009
Insurance contracts		
Life insurance		
Surrender benefits	-8.5	-14.7
Death benefits	-25.6	-23.9
Maturity benefits	-26.5	-31.8
Loss adjustment expenses	0.0	0.0
Other	-8.4	-8.3
Total	**-69.1**	**-78.6**
Life insurance, unit-linked		
Surrender benefits	-90.5	-71.5
Death benefits	-22.6	-21.1
Maturity benefits	-40.4	-28.7
Loss adjustment expenses	-	0.0
Other	-	0.0
Total	**-153.5**	**-121.4**

Table 5.2 continued >

Pension insurance		
Pension payments	-304.7	-292.5
Surrender benefits	-24.1	-8.9
Death benefits	-4.2	-6.6
Loss adjustment expenses	0.0	0.0
Other	0.0	0.0
Total	**-333.0**	**-308.0**
Pension insurance, unit-linked		
Pension payments	-1.7	-1.4
Surrender benefits	-6.7	-3.3
Death benefits	-1.8	-0.9
Loss adjustment expenses	-0.1	0.0
Total	**-10.3**	**-5.6**
Reinsurance contracts	**-0.9**	**-0.4**
Total insurance contracts, gross	**-566.8**	**-514.1**
Reinsurers' share	**4.3**	**4.1**
Total insurance contracts, net	**-562.5**	**-510.0**
Investment contracts		
Capital redemption operations		
Surrender benefits	-23.2	-1.3
Maturity benefits	-13.8	-20.9
Total	**-37.1**	**-22.2**
Capital redemption operations, unit-linked		
Surrender benefits	-179.1	-29.6
Maturity benefits	-2.5	-2.1
Total	**-181.6**	**-31.7**
Total investment contracts	**-218.7**	**-53.8**
Claims paid, gross	**-785.5**	**-567.9**
Claims paid, net	**-781.2**	**-563.8**

6 CHANGE IN LIABILITIES FOR INSURANCE AND INVESTMENT CONTRACTS

EUR million	**2010**	2009
Insurance contracts		
Life insurance		
Contracts with discretionary participation feature	16.3	19.3
Other contracts	-0.3	-0.5
Unit-linked contracts	-176.7	-137.9
	-160.7	**-119.1**
Pension insurance		
Contracts with discretionary participation feature	31.8	96.4
Unit-linked contracts	-240.0	-285.2
	-208.2	**-188.8**
Reinsurance contracts	**0.3**	**0.7**
Total insurance contracts	**-368.7**	**-307.2**

EUR million	2010	2009
Reinsurers' share	**0.0**	**0.0**
Total insurance contracts, net	**-368.7**	**-307.2**
Investment contracts		
Capital redemption operations		
Contracts with discretionary participation feature	35.3	6.4
Unit-linked contracts	-344.6	-298.9
Total investment contracts	**-309.2**	**-292.5**
Total change in liabilities for insurance and investment contracts, gross	**-677.9**	**-599.7**
Total change in liabilities for insurance and investment contracts, net	**-677.9**	**-599.7**

7 EXPENSES

OPERATING EXPENSES BY ACTIVITY

EUR million	2010	2009
Policy acquisition costs for insurance and investment contracts		
Direct insurance commissions	-5.3	-4.4
Commission on reinsurance assumed	-1.2	-1.9
Other acquisition costs	-29.1	-25.7
	-35.6	**-32.0**
Commission on reinsurance ceded	1.7	1.4
Policy management expenses on insurance and investment contracts	-33.3	-27.8
Administrative expenses	-12.4	-11.0
Other expenses	0.0	-0.6
	-44.0	**-38.1**
Total	**-79.6**	**-70.1**
Investment management expenses	-12.7	-11.1
Claims settlement expenses *	-3.5	-3.5
Total	**-95.8**	**-84.7**

* included in Claims and claims settlement expenses

OPERATING EXPENSES BY NATURE

EUR million	2010	2009
Staff costs	-35.2	-28.7
IT expenses	-11.0	-11.1
Other staff costs	-1.4	-1.1
Marketing expenses	-4.1	-3.5
Depreciation	-4.8	-3.1
Rentals	-3.0	-2.8
Direct insurance commissions	-5.3	-4.4
Commissions on reinsurance assumed	-1.2	-1.9
Commissions on reinsurance ceded	1.7	1.4
Other operating expenses	-18.6	-18.3
Investment management expenses	-12.7	-11.1
Total	**-95.8**	**-84.7**

STAFF COSTS

EUR million	2010	2009
Wages and salaries	-26.6	-23.0
Cash-settled share-based payments	-1.7	-0.7
Pension costs - defined contribution plans	-4.0	-3.4
Other social security costs	-2.9	-1.6
Total staff costs	**-35.2**	**-28.7**
Average number of staff	**470**	**450**

More information on share-based payments in note 34.

8 FINANCE COSTS

EUR million	2010	2009
Financial liabilities		
Debt securities in issue		
Interest expenses from subordinated debt	-4.8	-6.7
Deposits received from reinsurers	-1.7	-0.9
Other		
Interest expenses	-1.3	-0.1
Total	**-7.7**	**-7.7**

9 FINANCIAL ASSETS AND LIABILITIES

	2010				
EUR million	Carrying amount	Interest inc./exp.	Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	58.5	41.9	-49.2		
Financial assets designated as at fair value through p/l	61.4	3.0	2.9		0.0
Loans and receivables	26.3	3.5	0.0		
Financial assets available-for-sale	5,598.4	151.1	109.9	-6.9	42.5
Financial assets, total	**5,744.6**	**199.5**	**63.7**	**-6.9**	**42.5**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	26.0				
Other financial liabilities	100.0	-4.8			
Financial liabilities total	**126.0**	**-4.8**			

EUR million	Carrying amount	Interest inc./exp.	Gains/ losses	Impairment losses	Dividend income
			2009		
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	66.1	26.0	23.9		
Financial assets designated as at fair value through p/l	50.1	3.2	2.6		0.0
Financial assets held to maturity	0.0	0.0	0.0		
Loans and receivables	25.9	4.1	0.3		
Financial assets available-for-sale	5,074.4	183.5	114.5	-140.4	26.7
Financial assets, total	**5,216.5**	**216.9**	**141.3**	**-140.4**	**26.7**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	31.7				
Other financial liabilities	100.0	-6.7			
Financial liabilities total	**131.7**	**-6.7**			

The financial assets in the table include balance sheet items Financial assets excluding Investments related to unit-linked contracts.

Financial assets and liabilities have been categorised in accordance with IAS 39.9. In the table are also included interest income and expenses, realised and unrealised gains and losses recognised in the income statement, impairment losses and dividend income arising from those assets and liabilities.

Accrued interest income and expenses are not included in financial assets or financial liabilities. Accrued interest income was 60.3 EURm (61.4) and accrued interest expenses 8.4 EURm (18.1).

10 TAXES

EUR million	**2010**	2009
Profit before tax	141.8	121.2
Tax calculated at parent company's tax rate	36.9	31.5
Consolidation procedures and eliminations	-0.1	-0.5
Income not subject to tax	-1.6	-1.9
Different tax rates on overseas earnings	-0.4	-0.3
Expenses not allowable for tax purposes	1.4	0.0
Tax from previous years	0.4	-1.1
Total	**36.6**	**27.8**

11 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2010	2009
Other comprehensive income:		
Exchange differences	0.0	0.0
Available-for-sale financial assets		
Gains/losses arising during the year	314.5	546.0
Cash flow hedges		
Gains/losses arising during the year	-8.6	-3.3
Income tax relating to components of other comprehensive income	-79.6	-141.1
Total	**226.4**	**401.6**

12 TAX EFFECTS RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

		2010			2009	
	Before-tax amount	Tax	Net-of-tax amount	Before-tax amount	Tax	Net-of-tax amount
Exchange differences	0.0	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets	314.5	-81.8	232.8	546.0	-142.0	404.0
Cash flow hedges	-8.6	2.2	-6.3	-3.3	0.8	-2.4
Total	**306.0**	**-79.6**	**226.4**	**542.7**	**-141.1**	**401.6**

BALANCE SHEET NOTES

13 PROPERTY, PLANT AND EQUIPMENT

EUR million	2010 Land and buildings	2010 Equipment	2010 Total	2009 Land and buildings	2009 Equipment	2009 Total
At 1 January						
Cost	4.3	5.9	10.2	4.3	5.7	10.0
Accumulated depreciation	-0.4	-4.7	-5.0	-0.3	-4.3	-4.6
Net carrying amount at 1 Jan.	**4.0**	**1.3**	**5.2**	**4.0**	**1.4**	**5.5**
Year ended 31 December						
Opening net carrying amount	4.0	1.3	5.2	4.0	1.4	5.5
Additions	-	0.6	0.6	-	0.2	0.2
Disposals	-	-	-	0.0	0.0	0.0
Depreciation	-0.1	-0.3	-0.4	-0.1	-0.3	-0.4
Net carrying amount at 31 Dec.	**3.9**	**1.5**	**5.4**	**4.0**	**1.3**	**5.2**
At 31 Dec.						
Cost	4.3	6.5	10.8	4.3	5.9	10.2
Accumulated depreciation	-0.4	-5.0	-5.4	-0.4	-4.7	-5.0
Net carrying amount at 31 Dec.	**3.9**	**1.5**	**5.4**	**4.0**	**1.3**	**5.2**

Equipment comprise IT equipment and furniture.

14 INVESTMENT PROPERTY

EUR million	**2010**	2009
At 1 January		
Cost	136.6	151.0
Accumulated depreciation	35.7	-37.1
Accumulated impairment losses	-16.3	-16.3
Net carrying amount at 1 Jan.	**84.5**	**97.5**
Net carrying amount at 1 Jan.	84.5	97.5
Additions		
Additions resulting from acquisitions	9.6	
Additions resulting from subsequent expenditure recognised as an asset	3.3	0.8
Disposals	-0.6	-10.9
Depreciation	-2.6	-3.0
Impairment losses	0.2	0.0
Net carrying amount at 31 Dec.	**94.5**	**84.5**
At 31 Dec.		
Cost	148.8	136.6
Accumulated depreciation	-38.3	-35.7
Accumulated impairment losses	-16.1	-16.3
Net carrying amount at 31 Dec.	**94.5**	**84.5**
Rental income from investment property	**15.0**	**15.8**

EUR million	**2010**	2009
Property rented out under operating lease		
Non-cancellable minimum rents		
- not later than one year	7.7	5.3
- later than one year and not later than five years	9.0	6.8
- later than five years	6.8	7.1
Total	**23.5**	**19.2**
Total contingent rents recognised as income in the period	**0.2**	**0.2**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	6.9	6.5
- direct operating expenses arising from investment property not generating rental income during the period	0.7	0.3
Total	**7.7**	**6.8**
Fair value of investment property at 31 Dec.	**110.6**	**100.0**

Fair values for the Group's investment property are entirely determined by the Group based on the market evidence.

The premises in investment property are leased on market-based, irrevocable contracts.
The lengths of the contracts vary from those for the time being to those for several years.

15 INTANGIBLE ASSETS

EUR million	**2010**	2009
At 1 January		
Cost	34.4	31.7
Accumulated depreciation	-20.2	-17.5
Net carrying amount at 1 Jan.	14.2	**14.2**
Year ended 31 December		
Opening net carrying amount	14.2	14.2
Additions	2.0	2.7
Depreciation	-4.4	-2.7
Net carrying amount at 31 Dec.	**11.8**	**14.2**
At 31 Dec.		
Cost	36.4	34.4
Accumulated depreciation	-24.6	-20.2
Net carrying amount at 31 Dec.	**11.8**	**14.2**

Intangible assets comprise mainly IT software.
Depreciation and impairment losses are included in the income statement item Operating expenses.

16 INVESTMENTS IN ASSOCIATES

EUR million	**2010**	2009
At beginning of year	0.4	1.7
Share of profit / loss	-0.4	0.2
Additions	-	0.0
Disposals	-	-1.6
At end of year	**0.0**	**0.4**

THE GROUP'S INTERESTS IN ITS PRINCIPAL ASSOCIATES WERE AS FOLLOWS 31.12.2010

Name	Carrying amount	Fair value	% interest held	Assets/ liabilities	Revenue	Profit/loss
Niittymaa Oy	0.0	0.0	49.00	16.3/16.3	0.0	-0.5
SaKa Hallikiinteistöt Oy	0.0	0.0	48.00	104.0/104.0	9.5	0.0

THE GROUP'S INTERESTS IN ITS PRINCIPAL ASSOCIATES WERE AS FOLLOWS 31.12.2009

Name	Carrying amount	Fair value	% interest held	Assets/ liabilities	Revenue	Profit/loss
Niittymaa Oy	0.4	0.4	49.00	18.4/17.7	0.0	-0.5
SaKa Hallikiinteistöt Oy	0.0	0.0	48.00	103.4/103.4	7.7	0.0

17 FAIR VALUES

	2010		2009	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets				
Equity securities				
Available for sale	2,356.7	2,356.7	1,785.0	1,785.0
Covering unit-linked insurance and investment contracts	2,429.9	2,429.9	1,923.1	1,923.1
Other financial assets designated as at fair value through p/l	0.0	0.0	4.5	4.5
Debt securities				
Available for sale	3,241.7	3,241.7	3,289.4	3,289.4
Covering unit-linked insurance and investment contracts	550.5	550.5	365.2	365.2
Other financial assets designated as at fair value through p/l	61.4	61.4	45.6	45.6
Loans and receivables	26.3	26.3	25.9	25.9
Other financial assets covering unit-linked insurance and investment contracts	146.2	146.2	77.6	77.6
Derivative financial instruments	58.5	58.5	66.1	66.1
Total financial assets	**8,871.2**	**8,871.2**	**7,582.4**	**7,582.4**
Financial liablities				
Derivative financial instruments	26.0	26.0	31.7	31.7
Debt securities in issue	100.0	100.0	100.0	100.0
Other interest-bearing liabilities	-	-	0.0	0.0
Total financial liabilities	**126.0**	**126.0**	**131.7**	**131.7**

In the table above are presented fair values and carrying amounts of financial assets and liabilities, including values of those financial assets and liabilities which are carried at fair value. The detailed measurement bases of financial assets and liabilities are disclosed in Group Accounting policies.

The fair value of trading and investment securities is assessed using quoted prices in active markets. If published price quotations are not available, the fair value is assessed using discounting method. Values for the discount rates are taken from the market's yield curve.

The fair value of the derivative instruments is assessed using quoted market prices in active markets, discounting method or option pricing models.

The fair value of loans and other financial instruments which have no quoted price in active markets is based on discounted cash flows, using quoted market rates. The market's yield curve is adjusted by other components of the instrument, e.g. by credit risk.

The fair value for short-term non-interest-bearing receivables and payables is their carrying amount.

Disclosed fair values are "clean" fair values, i.e. full fair value less interest accruals.

18 DETERMINATION AND HIERARCHY OF FAIR VALUES

A large majority of Mandatum Life Group's financial assets are valued at fair value. The valuation is based on either published price quatations or valuation techniques based on market observable inputs, where available. For a limited amount of assets the value needs to be determined using other techniques.

The financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on e.g. if the market for the instrument is active, or if the inputs used in the valuation technique are observable.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

On level 3, the measurement is based on other inputs rather than observable market data.

	Level 1	Level2	Level 3	Total
FINANCIAL ASSETS 31.12.2010				
Derivative financial instruments				
Interest rate swaps	-	32.0	-	32.0
Other interest rate derivatives	1.4	0.3	-	1.8
Foreign exchange derivatives	-	24.7		24.7
	1.4	**57.0**	**0.0**	**58.5**
Financial assets designated at fair value through profit or loss				
Equity securities	0.0	-	-	0.0
Debt securities	12.6	31.0	17.7	61.4
	12.7	**31.0**	**17.7**	**61.4**
Financial assets related to unit-linked contracts available-for-sale				
Equity securities	152.2	6.1	0.3	158.6
Debt securities	31.0	519.5	0.1	550.5
Derivative financial instruments	0.0	13.7	-	13.7
Mutual funds	1,601.6	612.2	57.4	2,271.3
	1,784.8	**1,151.5**	**57.9**	**2,994.2**
Financial assets available-for-sale				
Equity securities	673.5	-	45.5	719.0
Debt securities	113.2	3,090.6	37.9	3,241.7
Mutual funds	777.9	259.2	600.7	1,637.7
	1,564.5	**3,349.8**	**684.1**	**5,598.4**
Total financial assets measured at fair value	**3,363.5**	**4,589.3**	**759.7**	**8,712.4**
FINANCIAL LIABILITIES 31.12.2010				
Derivative financial instruments				
Interest rate swaps	-2.6	-0.2		-2.8
Other interest rate derivatives		-23.3		-23.3
Total financial liabilities measured at fair value	**-2.6**	**-23.4**	**0.0**	**-26.0**

	Level 1	Level 2	Level 3	Total
Financial assets 31.12.2009				
Derivative financial instruments				
Interest rate swaps	-	52.3	-	52.3
Other interest rate derivatives	-	10.1	-	10.1
Foreign exchange derivatives	-	3.7	-	3.7
	0.0	**66.1**	**0.0**	**66.1**
Financial assets designated at fair value through profit or loss				
Debt securities	0.0	4.4	-	4.5
Mutual funds	7.1	23.1	15.4	45.6
	7.1	**27.5**	**15.4**	**50.1**
Financial assets related to unit-linked insurance				
Equity securities	27.2	100.9	-	128.1
Debt securities	16.1	348.5	0.6	365.2
Derivative financial instruments	-	7.9	-	7.9
Mutual funds	1,532.4	231.1	53.7	1,817.2
	1,575.7	**688.4**	**54.3**	**2,318.4**
Financial assets available-for-sale				
Equity securities	554.1	-	45.0	599.1
Debt securities	10.4	3,240.5	38.5	3,289.4
Mutual funds	624.6	167.4	393.9	1,185.9
	1,189.2	**3,407.9**	**477.3**	**5,074.4**
Total financial assets measured at fair value	**2,772.0**	**4,189.9**	**547.0**	**7,508.9**
Financial liabilities 31.12.2009				
Derivative financial instruments				
Interest rate swaps	-	-3.1	-	-3.1
Other interest rate derivatives	-	-28.6	-	-28.6
Equity derivatives	-	0.0	-	0.0
	0.0	**-31.7**	**0.0**	**-31.7**
Total financial liabilities measured at fair value	**0.0**	**-31.7**	**0.0**	**-31.7**

Mutual funds differ from those disclosed in the Annual Report 2009 due to the defined classifications.

19 MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE DURING THE FINANCIAL YEAR

EUR million	At 1 Jan. 2010	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	Transfers to and from levels 1 and 2	At 31 Dec. 2010	Gains/losses included in p/l for finan-cial assets 31 Dec. 2010
Financial assets								
Financial assets designated at fair value through profit or loss								
Debt securities	15.4	2.2		0.1			17.7	2.2
	15.4	**2.2**	**0.0**	**0.1**	**0.0**	**0.0**	**17.7**	**2.2**
Financial assets related to unit-linked insurance								
Equity securities		0.1		0.3	-0.1		0.3	0.1
Debt securities	0.6	-0.6		0.1			0.1	-0.6
Mutual funds	53.5	2.3		26.1	-24.4		57.4	2.3
	54.1	**1.7**	**0.0**	**26.2**	**-24.4**	**0.0**	**57.9**	**1.8**
Financial assets available-for-sale								
Equity securities	45.8	2.0	0.0	0.5	-2.8		45.5	
Debt securities	38.2	0.7	-2.1	3.1	-2.0		37.9	0.7
Mutual funds	393.6	6.9	30.5	243.9	-74.3		600.7	8.2
	477.6	**9.6**	**28.5**	**247.5**	**-79.1**	**0.0**	**684.1**	**8.9**
Total financial assets measured at fair value	**547.0**	**13.6**	**28.5**	**273.8**	**-103.6**	**0.0**	**759.7**	**13.0**

EUR million	At 1 Jan. 2009	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	Transfers to and from levels 1 and 2	At 31 Dec. 2009	Gains/losses included in p/l for finan-cial assets 31 Dec. 2009
Financial assets								
Financial assets designated at fair value through profit or loss								
Debt securities	14.9	0.4					15.4	0.4
	14.9	**0.4**	**0.0**	**0.0**	**0.0**	**0.0**	**15.4**	**0.4**
Financial assets related to unit-linked insurance								
Debt securities	0.6	0.0					0.6	0.0
Mutual funds	54.9	2.4		12.4	-16.2		53.5	2.3
	55.5	**2.4**	**0.0**	**12.4**	**-16.2**	**0.0**	**54.1**	**2.3**
Financial assets available-for-sale								
Equity securities	43.4	-4.9	6.6	6.1	-5.3		45.8	-7.2
Debt securities	24.3	-0.3	-1.1	20.6	-5.3		38.2	-1.1
Mutual funds	377.5	-26.1	-3.0	114.7	-69.5		393.6	-28.3
	445.2	**-31.3**	**2.5**	**141.3**	**-80.1**	**0.0**	**477.6**	**-36.5**
Total financial assets measured at fair value	**515.7**	**-28.5**	**2.5**	**153.7**	**-96.3**	**0.0**	**547.0**	**-33.8**

	2010			**2009**		
EUR million	Realised gains	Fair value gains and losses	Total	Realised gains	Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	0.8	12.8	**13.6**	3.9	-32.4	**-28.5**
Total gains or losses included in profit and loss for assets held at the end of the financial year	-0.1	13.1	**13.0**	-0.5	-33.3	**-33.8**

20 SENSITIVITY ANALYSIS OF LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

EUR million	**2010** Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)	2009 Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets designated at fair value through profit or loss				
Debt securities	17.7	0.0	15.4	0.0
	17.7	**0.0**	**15.4**	**0.0**
Financial assets related to unit-linked insurance				
Equity securities	0.3	-0.1		
Debt securities	0.1	0.0	0.6	0.0
Mutual funds	57.4	-11.5	53.7	-10.7
	57.9	**-11.6**	**54.3**	**-10.8**
Financial assets available-for-sale				
Equity securities	45.5	-9.1	45.0	-9.0
Debt securities	37.9	-0.6	38.5	-0.7
Mutual funds	600.7	-120.1	393.9	-78.8
	684.1	**-129.8**	**477.3**	**-88.4**
Total financial assets measured at fair value	**759.7**	**-141.4**	**547.0**	**-99.2**

The value of financial assets regarding the debt security instruments has been tested by assuming a rise of 1 per cent unit in interest rate level in all maturities. For other financial assets, the prices were assumed to go down by 20%. The Mandatum Life Group bears no investment risks related to unit-linked insurance, so a change in assumptions regarding these assets does not affect profit or loss. On the basis of the these alternative assumptions, a possible change in interest levels would cause a descent of EURm 0.6 (0.7) for the debt instruments, and EURm 129.2 (87.8) valuation loss for other instruments in the Group's other comprehensive income. The reasonably possible effect, proportionate to the Group's equity, would thus be 12.1% (11.9%).

21 FINANCIAL ASSETS, EQUITY SECURITIES

EUR million	**2010**	2009
Available-for-sale		
- listed	1,738.0	1,359.8
- other	618.8	425.2
Total	**2,356.7**	**1,785.0**
Covering unit-linked insurance and investment contracts		
- listed	2,426.1	1, 922.0
- other	3.8	1.2
Total	**2,429.9**	**1,923.1**
Other financial assets designated as at fair value through p/l		
- listed	0.0	1.3
- other	-	3.2
Total	**0.0**	**4.5**

Listed equity securities available-for-sale include EURm 673.5 (554.1) quoted shares.

Unlisted equity securities available-for-sale include EURm 551.5 (359.2) investments in capital trusts.

Financial assets available-for-sale include impairment losses EURm 131.4 (182.9).

22 FINANCIAL ASSETS, DEBT SECURITIES

EUR million	**2010**	2009
Available-for-sale		
Issued by public bodies		
Government bodies	106.7	33.5
Other	-	0.0
Certificates of deposit issued by banks	1,479.8	1,735.8
Other debt securities	1,655.2	1,520.1
Total	**3,241.7**	**3,289.4**

Listed debt securities EURm 3,154.8 (3,248.7).

Financial assets covering unit-linked insurance and investment contracts		
Issued by public bodies		
Government bodies	43.2	26.6
Certificates of deposit issued by banks	146.4	124.6
Other debt securities	362.5	214.0
Total	**552.1**	**365.2**

Listed debt securities EURm 412.4 (364.6).

EUR million	**2010**	2009
Other financial assets designated as at fair value through p/l		
Issued by public bodies		
Government bodies	18.9	8.6
Other	0.4	0.3
Certificates of deposit issued by banks	24.4	21.2
Other debt securities	17.7	15.4
Total	**61.4**	**45.6**

Listed debt securities EURm 20.3 (7.2).

Debt securities available for sale include EURm 2,708.7 (2,500.0) investments in bonds and EURm 533.0 (789.4) investments in money market instruments.

The historical cost of the equity securities related to unit-linked contracts was EURm 2,096.1 (1,813.5) and that of the debt securities EURm 530.0 (355.5).

23 LOANS AND OTHER RECEIVABLES

EUR million	**2010**	2009
Deposits with ceding undertakings	1.1	1.5
Loans	25.2	24.4
Total	**26.3**	**25.9**

24 OTHER FINANCIAL ASSETS COVERING UNIT-LINKED INSURANCE AND INVESTEMENT CONTRACTS

EUR million	**2010**	2009
Loans and receivables	131.4	69.8
Derivative financial instruments	14.8	7.9
Total	**146.2**	**77.6**

25 DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	2010 Contract/ notional amount	2010 Fair value Assets	2010 Fair value Liabilities	2009 Contract/ notional amount	2009 Fair value Assets	2009 Fair value Liabilities
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	760.0	28.0	-	766.5	40.6	-
Credit risk swaps	116.5	0.3	0.2			
Total OTC derivatives	876.5	28.4	0.2	766.5	40.6	0.0
Exchange-traded derivatives						
Interest rate futures	100.0	0.0	1.2	340.0	6.6	-
Interest rate options, purchased and sold	300.0	1.4	1.4	300.0	3.5	3.1
Total exchange-traded derivatives	400.0	1.4	2.6	640.0	10.1	3.1
Total interest rate derivatives	**1,276.5**	**29.8**	**2.8**	**1,406.5**	**50.8**	**3.1**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	1,753.8	23.6	8.1	723.6	2.7	18.1
OTC currency options, purchased and sold	120.4	1.1	0.7	128.0	1.0	0.7
Total OTC derivatives	1,874.2	24.7	8.8	851.7	3.7	18.8
Total exchange rate derivatives	**1,874.2**	**24.7**	**8.8**	**851.7**	**3.7**	**18.8**
Commodity derivatives						
OTC derivatives						
Commodity swaps	-	-	-	13.9	-	0.0
Total commodity derivatives	**-**	**-**	**-**	**13.9**	**-**	**0.0**
Total derivatives held for trading	**3,150.7**	**54.5**	**11.6**	**2,272.0**	**54.4**	**21.9**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	461.2	-	14.5	226.7	-	9.8
Interest rate swaps	33.0	0.7	-			
Cash flow hedges						
Interest rate swaps	88.0	3.3	-	364.5	11.6	-
Total derivatives held for hedging	**582.2**	**4.0**	**14.5**	**591.3**	**11.6**	**9.8**
Total derivative contracts	**3,732.9**	**58.5**	**26.0**	**2,863.3**	**66.1**	**31.7**

FAIR VALUE HEDGES

Fair value hedging is used to hedge a proportion of foreign exchange and interest risk in available-for-sale financial assets. The interest elements of forward contracts have been excluded from hedging relationships in foreign exchange hedges, as well as the share of credit risk in interest risk hedges.

Net gains from exchange derivatives designated as fair value hedges amounted to EURm 3.6 (-9.0). Net gains from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 3.4 (9.0).

Net gains from interest rate swaps designated as fair value hedges amounted to EURm 0.5 (-). Net losses from hedged risks in fair value hedges of available for sale financial assets amounted to EURm -0.6 (-).

CASH FLOW HEDGES

Cash flow hedges have been used to hedge future interest payments resulting from floating rate interest-bearing assets. The hedged items designated are interest payments from EUR denominated bonds.The effectiveness of the hedging relationships is assessed prospectively using the critical terms match method. An effectiveness test is carried out retrospectively using the hypothetical swap method.

At 31 Dec. 2010 the total amount of gains recognised in equity from the changes in the fair values of hedging instruments was EURm 3.6 (12). These gains are recognised in the income statement at the time when the hedged items affect profit or loss. The table below represents the periods when the cash flows are expected to occur and when they are expected to affect profit or loss.

From hedging instruments:

	Total	Up to 1 year	1–2 years	2–3 years	3–5 years
Receivable cash flows (forecast)	5.6	3.0	2.1	0.4	0.0
Payable cash flows (forecast)	-1.6	-0.7	-0.7	-0.2	0.0
Net	**4.0**	**2.4**	**1.4**	**0.2**	**0.0**

Most of the cash flows will occur during the first two years.

26 OTHER ASSETS

EUR million	**2010**	2009
Interests	60.3	61.4
Receivables from policyholders	5.6	5.8
Receivables from reinsurance operations	0.2	0.9
Settlement receivables	5.7	37.9
Other	34.3	27.1
Total	**106.2**	**133.1**

Item Other comprise i.e. receivables from the employees' group life insurance pool, pensions paid in advance and receivables from co-operations companies.

27 CASH AND CASH EQUIVALENTS

EUR million	**2010**	2009
Cash	86.1	56.9
Short term deposits (max 3 months)	65.6	10.7
Total	**151.7**	**67.6**

Cash and cash equivalents above equal those used in the statement of cash flows.

28 EQUITY AND RESERVES

SHARE CAPITAL

There was no change in the company's share capital of EURm 40.4 or in the number of shares of 239,998 during the financial year.

RESERVES AND RETAINED EARNINGS

Share premium reserve

The reserve include the issue price of shares to an extent it was not recorded in share capital by an express decision. There was no change in the share premium reserve EURm 98.9 during the financial year 2010.

Legal reserve

The legal reserve EURm 30.0 comprises the amounts that has been transferred from the distributable equity on the basis of the decision of the AGM. During the financial year 2010, EURm 0.1 was transferred to this reserve.

Other components of equity

Other components of equity include fair value changes of financial assets available for sale and derivatives used in cash flow hedges and exchange differences.

Changes in the reserves and retained earnings are presented in the Group's statement of changes in equity in page 12.

SHARES AND VOTES

According to Mandatum Lifes Articles of Association, the share capital can be at minimum EUR 30,000,000 and at maximum EUR 120,000,000. On 31 December, 2010, the company's share capital was EUR 40,364,765.03. The number of shares at 31 December 2010 was 239,998. The shares have no par value. Each share has 1 vote at General Meetings. The right to vote at General Meetings is restricted by the Insurance Companies Act. All the shares are owned by Sampo plc.

29 CHANGE IN LIABILITIES ARISING FROM OTHER THAN UNIT-LINKED INSURANCE AND INVESTMENT CONTRACTS

CHANGE IN LIABILITIES ARISING FROM OTHER THAN UNIT-LINKED INSURANCE AND INVESTMENT CONTRACTS

EUR million	Insurance contracts	Investment contracts	Total
At 1 Jan. 2010	**4,374.0**	**56.9**	**4,430.9**
Premiums	273.1	0.7	273.9
Claims paid	-401.2	-36.9	-438.1
Expense charge	-36.8	-0.1	-36.9
Guaranteed interest	158.0	0.8	158.7
Bonuses	1.3	0.1	1.4
Other	19.7	0.1	19.7
At 31 Dec. 2010	**4,388.1**	**21.6**	**4,409.7**
Reinsurers' share	-3.6	-	-3.6
Net liability at 31 Dec. 2010	**4,384.5**	**21.6**	**4,406.1**
At 1 Jan. 2009	**4,423.2**	**63.3**	**4,486.5**
Premiums	236.9	20.0	257.0
Claims paid	-384.6	-26.8	-411.4
Expense charge	-39.1	-0.1	-39.2
Guaranteed interest	157.2	1.7	158.9
Bonuses	18.1	0.2	18.3
Other	-37.7	-1.4	-39.0
At 31 Dec. 2009	**4,374.0**	**56.9**	**4,430.9**
Reinsurers' share	-4.0	0.0	-4.0
Net liability at 31 Dec. 2009	**4,370.0**	**56.9**	**4,427.0**

CHANGE IN LIABILITIES ARISING FROM UNIT-LINKED INSURANCE AND INVESTMENT CONTRACTS

EUR million	Insurance contracts	Investment contracts	Total
At 1 Jan. 2010	**1,961.5**	**397.6**	**2,359.1**
Premiums	376.3	466.9	843.2
Claims paid	-163.1	-180.8	-343.8
Expense charge	-29.6	-8.6	-38.2
Other	235.8	67.7	303.6
At 31 Dec. 2010	**2,380.9**	**742.9**	**3,123.8**
At 1 Jan. 2009	**1,537.8**	**98.7**	**1,636.5**
Premiums	273.4	278.5	551.9
Claims paid	-126.3	-26.7	-152.9
Expense charge	-24.7	-1.8	-26.4
Other	301.2	48.8	350.0
At 31 Dec. 2009	**1,961.5**	**397.6**	**2,359.1**

The liabilities at 1 Jan. and at 31 Dec. include the future bonus reserves and the effect of the reserve for the decreased discount rate. The calculation is based on items before reinsurers' share. For more detailed specification of changes in liabilities arising from insurance and investment contracts, see Risk Management.

LIABILITIES FOR INSURANCE AND INVESTMENT CONTRACTS

EUR million	**2010**	2009
Insurance contracts		
Liabilities for contracts with discretionary participation feature		
Provision for unearned premiums	2,465.0	2,513.3
Provision for claims outstanding	1,906.8	1,844.3
Liabilities for other contracts		
Provision for unearned premiums	13.5	13.2
Provision for claims outstanding	0.3	0.1
Total	**4,385.6**	**4,370.8**
Reinsurance contracts		
Provision for unearned premiums	0.9	1.2
Provision for claims outstanding	1.6	1.9
Total	**2.5**	**3.1**
Insurance contracts total		
Provision for unearned premiums	2,479.4	2,527.7
Provision for claims outstanding	1,908.7	1,846.3
	4,388.1	**4,374.0**
Investment contracts		
Liabilities for contracts with discretionary participation feature		
Provision for unearned premiums	21.6	56.9
Investment contracts total	**21.6**	**56.9**
Total liabilities for insurance and investment contracts		
Provision for unearned premiums	2,501.0	2,584.6
Provision for claims outstanding	1,908.7	1,846.3
Liabilities for insurance and investment contracts	**4,409.7**	**4,430.9**
Recoverable from reinsurers		
Provision for unearned premiums	0.0	0.0
Provision for claims outstanding	-3.6	-4.0
Total	**-3.6**	**-4.0**
Total liabilities for insurance and investment contracts, net	**4,406.1**	**4,426.9**

Investment contracts do not include a provision for claims outstanding.

Liability adequacy test does not give rise to supplementary demands.

A more specific description is included in the Risk Management note.

Exemption allowed in the standard has been applied to investment contracts with discretionary participation feature and contracts with a right to trade-off for an investment contract with discretionary participation feature. These investment contracts have been valued like insurance contracts.

LIABILITIES FOR UNIT-LINKED INSURANCE AND INVESTMENT CONTRACTS

EUR million	**2010**	2009
Unit-linked insurance contracts	2,380.9	1,961.5
Unit-linked investment contracts	742.9	397.6
Total	**3,123.8**	**2,359.1**

A more specific description is included in the Risk Management note.

30 INTEREST-BEARING LIABILITIES

EUR million	**2010**	2009
Subordinated loans	100.0	100.0
Other	0.0	0.0
	100.0	**100.0**

SUBORDINATED LOANS

Mandatum Life issued in 2002 EUR 100 million Capital Notes. The loan is perpetual and pays floating rate interest. The interest is payable only from distributable capital. The loan is repayable only with the consent of the Financial Supervisory Authority and at the earliest in 2012 or any interest payment date after that. The loan was 100% subscribed by Sampo Plc.

31 DEFERRED TAX ASSETS AND LIABILITIES

CHANGES IN DEFERRED TAX DURING THE FINANCIAL PERIOD 2010

EUR million	1 Jan. 2010	Recognised in p/l account	Recognised in equity	31 Dec. 2010
Subordinated loans				
Other deductible temporary differences	6.7	-0.3	0.0	6.5
Total deferred tax assets	6.7	-0.3	0.0	6.5
Deferred tax liabilities				
Depreciation differences and untaxed reserves	-3.7	0.0		-3.7
Changes in fair values	-98.7	2.6	-79.6	-175.6
Equalisation provision	-2.6	0.2		-2.4
Other taxable temporary differences	1.3	-2.0		-0.7
Total deferred tax liabilities	**-103.7**	**0.8**	**-79.6**	**-182.4**
Deferred tax assets / liabilities in balance sheet	**-96.9**	**0.5**	**-79.6**	**-176.0**

CHANGES IN DEFERRED TAX DURING THE FINANCIAL PERIOD 2009

EUR million	1 Jan. 2009	Recognised in p/l account	Recognised in equity	31 Dec. 2009
Deferred tax assets				
Tax losses carried forward	62.6	-62.6	-	0.0
Other deductible temporary differences	0.8	5.9	-	6.7
Total deferred tax assets	**63.4**	**-56.7**	**0.0**	**6.7**
Deferred tax liabilities				
Depreciation differences and untaxed reserves	-3.5	-0.2		-3.7
Changes in fair values	-45.1	87.5	-141.1	-98.7
Equalisation provision	-5.5	2.9		-2.6
Other taxable temporary differences	-1.0	2.3		1.3
Total deferred tax liabilities	**-55.1**	**92.6**	**-141.1**	**-103.7**
Deferred tax assets/ liabilities in balance sheet	**8.3**	**35.9**	**-141.1**	**-96.9**

32 OTHER LIABILITIES

EUR million	**2010**	2009
Interests	8.4	18.1
Liabilities arising out of reinsurance operations	4.8	5.0
Liabilities arising out of direct insurance operations	4.2	2.2
Settlement liabilities	66.7	6.4
Guarantees received	176.5	11.5
Other liabilities	42.1	27.1
Total	**302.6**	**70.2**

33 CONTINGENT LIABILITIES AND COMMITMENTS

EUR million	**2010**	2009
Off-balance sheet items		
Fund commitments	348.5	369.5

	2010		2009	
EUR million	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Investments				
- Investment securities	0.4	0.0	0.4	0.0

EUR million	**2010**	2009
Other commitments		
Acquisition of IT-software	1.8	0.4
Non-cancellable operating leases		
Minimum lease payments under non-cancellable operating leases		
not later than one year	2.3	1.7
later than one year and not later than five years	6.1	6.8
later than five years	-	2.5
Total	8.4	11.0
Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec	0.4	0.1
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-3.0	-1.8
- sublease payments	0.0	0.2
Total	-3.0	-1.7

The Group had at the end of 2010 premises totaling of 9349.5 m² taken as a lessee. The contracts have been made for 3 to 10 years.
The Group has subleased 320 m² of these premises.

In addition to the private equity investments included in equity securities, there are outstanding fund commitments totalled EUR 313.5 (345.4) million.
Capital will be called to these funds over several years as they make new investments.

	2010	2009
Lended securities		
Domestic shares		
Number of shares	9,990,868	837,000
Remaining aqquisition cost	111.7	10.3
Fair value	145.1	11.2

Securities lending can be interrupted at any time and they are also secured.

34 EMPLOYEE BENEFITS

POST-EMPLOYMENT BENEFITS

Statutory and additional pension cover has been arranged through insurance companies.

SHORT-TERM INCENTIVE SCHEMES

There are short-term staff incentive schemes in the Group, the terms of which vary each year. The majority of the schemes are based on the profit-related measurable targets of the Mandatum Life Group separately set each year. Benefits are recognised in the profit or loss for the year they arise from. An estimated amount of these profit-sharing bonuses for 2010 is EURm 2.7.

LONG-TERM INCENTIVE SCHEMES

The Board of Directors for Sampo plc has decided on the long-term incentive schemes 2008 I and 2009 I for the management and experts of the Sampo Group. The Board has authorised the Nomination and Compensation Committee of the Board, or the CEO, to decide who will be included in the scheme, as well as the number of calculated bonus units granted for each individual used in determining the amount of the performance-related bonus. In Mandatum Life Group, 15 persons were included in the scheme 2009 I at the end of year 2010.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the insurance margin (IM). The value of one calculated bonus unit is the trade-weighted average price of Sampo's A-share at the time period specified in the terms of the scheme, and reduced by the starting price adjusted with the dividends per share distributed up to the payment date. The pre-dividend starting prices vary between eur 16.49–17.26. The maximum value of one bonus unit varies between eur 28–28.49, reduced by the dividend-adjusted starting price. The IM criteria in the schemes has three levels. If the insurance margin reaches 4 per cent or more, the bonus is paid in its entirety. If the insurance margin is between 2–3.99 per cent, the payout is 50 per cent. In the case of insurance margin staying below these benchmarks, no bonus will be paid out.

Each plan has three performance periods and bonuses are settled in cash in three installments. In the schemes, when the bonus is paid, the employee shall buy Sampo's A-shares at the first possible opportunity, taking into account the provisions on insiders, with 30 per cent of the amount of the bonus after taxes and other comparable charges, and in scheme 2008 I to keep the shares in his/her possession for one year and in the scheme 2009 I for 2 years. A premature payment of the bonuses may occur in the event of changes in the group structure or in the case of employment termination on specifically determined bases. The fair value of the incentive schemes is estimated by using the Black-Scholes pricing model.

	2008 I	2009 I
Terms approved *	16 Jan. 2008	27 Aug. 2009
Granted (1,000) 31 Dec. 2008	480	-
Granted (1,000) 31 Dec. 2009	336	595
Granted (1,000) 31 Dec. 2010	-	600
End of performance period I 30%	Q1 2009	Q2 2011
End of performance period II 35%	Q3 2009	Q2 2012
End of performance period III 35%	Q2 2010	Q2 2013
Payment I 30%	6/2009	9/2011
Payment II 35%	1/2010	9/2012
Payment III 35%	9/2010	9/2013
Price of Sampo A at terms approval date *	18.23	16.74
Starting price **	17.26	16.49
Dividend-adjusted starting price at 31 Dec. 2010	14.26	15.49
Sampo A - closing price 31 Dec. 2010	20.05	
Total intrinsic value, meur	-	1.3
Total debt	1.3	
Total cost for the financial period, meur	1.7	

* Grant dates vary

** Trade-weighted average for ten trading days from the approval of terms

SAMPO 2006 SHARE-BASED INCENTIVE PROGRAMME

On 5 April 2006, the Annual General Meeting of Sampo plc agreed on the "Sampo 2006" share-based incentive programme. The programme applies to senior executive management of Sampo plc and its subsidiaries, and to Sampo's president and CEO. On 11 May 2006, the Board of Directors of Sampo plc allocated 75,000 shares to a person employed by Mandatum Life Group.

50 per cent of the amount of the reward eventually payable was based on the price performance of Sampo's A-share, and the other 50 per cent was based on the development of insurance margin (IM). The programme had three performance periods that covered the years 2006–2010. Each installment corresponded, at the maximum, to one third of the total amount of shares. The terms of the programme included a limitation according to which the amount of the reward payable was decreased, if Sampo's share price increased by more than 160 per cent during an individual performance period. The shares to be distributed as a reward were partly subject to a two-year lock-up.

In accordance with the programme, the reward was paid in three installments. The last installment (EUR 357 186) was paid in December 2010. The reward was paid in cash so that the employee was obliged to buy Sampo's A-shares at Helsinki Stock Exchange at the least with 50 percent of the amount of the bonus after taxes and other comparable charges.

Performance Periods	Period I	Period II	Period III
Share price *	Q1 2006–Q3 2008	Q4 2006–Q3 2009	Q4 2007–Q3 2010
Insurance margin	2006–9/2008	2007–9/2009	2008–9/2010

Performance conditions for periods	Increase of dividend adjusted share price	Insurance margin
Minimum payout requirement	26%	5%
Maximum payout requirement	64%	10.5%
Payout of the total maximum reward if the minimum is achieved	20%	40%

The cost from the incentive scheme during the reporting period 2010 was EURm 0.04.

35 RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The key management personnel in Mandatum Life consists of the members of the Board of Directors of Mandatum Life Insurance Company Limited and Mandatum Life's Executive Committee.

EUR million	**2010**	2009
Key management compensation		
Short-term employee benefits	2.0	1.5
Post employment benefits	0.4	0.3
Other long-term benefits	1.2	0.7
Total	**3.7**	**2.5**

Short-term employee benefits comprise salaries and other short-term benefits, including profit-sharing bonuses accounted for the year, and social security costs.

Post employment benefits include pension benefits under the Employees' Pensions Act (TyEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for the year. The benefits are determined by terms on Group level. Mandatum Life pays the benefits allocated to its key management (note 34).

	2010	2009
Associates		
Debt securities, available for sale	294.7	29.1
Accrued income	2.5	-

36 AUDITOR'S FEES

EUR million	**2010**	2009
Authorized Public Accountant Firm Ernst & Young Oy		
Audit fees	0.2	0.3
Tax Consultancy	0.1	0.0
Other fees	0.0	0.0
Total	**0.3**	**0.3**

37 LEGAL PROCEEDINGS

There are legal proceedings against Mandatum Life outstanding on 31 December 2010, arising in the ordinary course of business. Professional advice indicates that it is unlikely that any significant losses will arise.

38 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors proposes to the Annual General Meeting on 4 March 2011 that no dividend will be paid.

39 INVESTMENTS IN SUBSIDIARIES

THE PARENT COMPANY AND SUBSIDIARIES IN THE GROUP ARE:

	Country	Holding %	Voting rights %
Parent company: Mandatum Life Insurance Company Limited	Finland		
Asunto Oy Nastolan Niinitie 36	Finland	89.55%	89.55%
Asunto Oy Nastolan Niinitie 50	Finland	89.55%	89.55%
Asunto Oy Nastolan Niinitie 52	Finland	89.55%	89.55%
Kiint. Oy Järvenpään Asemakatu 4	Finland	100.00%	100.00%
Kiinteistö Oy Aapelinkatu 6	Finland	100.00%	100.00%
Hervannan Vuokratontit Oy	Finland	100.00%	100.00%
Kiinteistö Oy Hyvinkään Sampotalo	Finland	81.37%	81.37%
Kiinteistö Oy Hämeenlinnan Karhulinna	Finland	100.00%	100.00%
Kiinteistö Oy Jäkälävaara	Finland	100.00%	100.00%
Kiinteistö Oy Kaupintie 5	Finland	100.00%	100.00%
Kiinteistö Oy Laurin-Salpa	Finland	100.00%	100.00%
Kiinteistö Oy Leppävaaran Säästötammi	Finland	100.00%	100.00%
Kiinteistö Oy Matinkatu 8	Finland	100.00%	100.00%
Kiinteistö Oy Nastolan Niinirinne	Finland	89.55%	89.55%
Kiinteistö Oy Nastolan Niinitie	Finland	89.55%	89.55%
Kiinteistö Oy Niittymaanpolku	Finland	100.00%	100.00%
Kiinteistö Oy Oulun Torikatu 21–23	Finland	100.00%	100.00%
Kiinteistö Oy Ahti Business Park	Finland	100.00%	100.00%
Kiinteistö Oy Rautalaani	Finland	100.00%	100.00%
Kiinteistö Oy Satomaininki	Finland	100.00%	100.00%
Kiinteistö Oy Tampereen Hatanpäänvaltie 18	Finland	100.00%	100.00%
Upon Asunnot Oy	Finland	100.00%	100.00%
Mandatum Life Insurance Baltic SE	Estonia	100.00%	100.00%
Mandatum Life Insurance Company Limited is a fully owned subsidiary of Sampo plc.	Finland		

40 INVESTMENTS IN SHARES AND PARTICIPATIONS OTHER THAN SUBSIDIARIES AND ASSOCIATES

SHARES AND PARTICIPATIONS IN OTHER THAN SUBSIDIARIES AND ASSOCIATES

	Country	No. of shares	Holding %	Carrying amount/ Fair value, MEUR
Listed companies				
Alma Media Oyj	Finland	6,655,512	8.87	55.1
Amanda Capital Oyj	Finland	2,053,296	9.02	3.6
Amer Sports Oyj	Finland	2,226,302	1.83	23.2
Basware Oyj	Finland	550,000	4.70	13.6
Comptel Oyj	Finland	19,569,925	18.28	13.5
Elisa Corporation	Finland	1,500,000	0.90	24.4
F-Secure Oyj	Finland	3,416,481	2.17	6.8
Finnlines Oyj	Finland	773,500	1.65	6.2
Fortum Oyj	Finland	2,315,886	0.26	52.2
Kemira Oyj	Finland	2,617,736	1.69	30.6
Konecranes Oyj	Finland	350,814	0.57	10.8
Lassila & Tikanoja Oyj	Finland	2,231,238	5.75	32.9
Metso Oyj	Finland	849,483	0.57	35.5
Neste Oil Oyj	Finland	1,596,000	0.62	19.1
Nokia Oyj	Finland	1,500,000	0.04	11.6
Nokian Renkaat Oyj	Finland	692,344	0.54	19.0
Norvestia Oyj	Finland	1,789,538	11.68	15.0
Oriola KD Oyj	Finland	3,315,778	2.19	10.6
Outokumpu Oyj	Finland	900,000	0.49	12.5
Outotec Oyj	Finland	350,000	0.76	16.2
Pöyry Oyj	Finland	1,745,287	2.94	16.0
Rautaruukki Oyj	Finland	890,194	0.63	15.6
Salcomp Oyj	Finland	3,724,000	9.46	7.3
Stora Enso Oyj	Finland	2,775,000	0.35	21.3
Teleste Oyj	Finland	1,679,200	9.23	7.4
Tikkurila Oyj	Finland	1,354,434	3.07	22.4
UPM-Kymmene Oyj	Finland	2,965,474	0.57	39.2
Uponor Oyj	Finland	800,000	1.09	11.1
Vaisala Oyj	Finland	766,650	4.21	15.7
YIT Oyj	Finland	5,207,865	4.09	97.1
Total				**665.4**
Other listed companies				10.9
Listed companies in total				**676.3**
Other companies				
Metsä Tissue Oyj	Finland	553,407	6.07	11.1
Unit trusts				
Danske Invest Emerging Asia Kasvu	Finland	2,172,875		75.3
Danske Invest High Yield Kasvu	Finland	46,267,742		60.9
Danske Invest Japani Osake Kasvu	Finland	203,618,921		21.7
Danske Invest Trans-Balkan kasvu	Finland	465,974		5.6
DCF Fund II- Baltic States	Finland	8,314		13.2
Fourton Odysseus Kasvu	Finland	161,188		35.6
Taaleritehdas Lyydian Leijona Osake	Finland	62,638		9.9
Unit trusts in total				222.3
Capital trusts				
Amanda III Eastern Private Equity Ky	Finland			10.3
Amanda IV West Ky	Finland			4.6
CapMan Real Estate I Ky	Finland			12.1
CapMan Real Estate II Ky	Finland			5.3
MB Equity Fund III Ky	Finland			5.6
Mandatum Pääomarahasto I Ky	Finland			12.5
Capital trusts in total				**50.5**
Other shares and participations				29.4
Domestic shares and participations in total				**989.6**

	Country	No. of shares	Holding %	Carrying amount/ Fair value, MEUR
Other foreign shares				
EQT IV ISS Co-investment Limited Partnership	Guernsey	872,610	12.52	8.7
BenCo Insurance Holding B.V.	Netherlands	389,329	6.49	6.8
Foreign shares and participations in total				**15.5**
Foreign unit trusts				
Aberdeen Global Asia Pacific Equity Fund	Great Britain	1,689,572		87.4
Allianz RCM Europe Equity Growth W	Luxembourg	28,649		39.2
Brevan Howard Fund B	Cayman islands	817,500		6.2
Comac Global Macro Fund	Cayman islands	1,000,000		7.5
Comgest Panda	Luxembourg	19,776		41.7
Danske Invest High Dividend I	Luxembourg	3,120,908		28.8
db x-trackers DAX ETF	Luxembourg	1,220,000		84.0
db x-trackers DJ STOXX 600 Telecommunications	Luxembourg	1,000,000		49.3
GAM Global Rates Hedge Fund	Great Britain	50,300		7.6
Gartmore Latin America A	Great Britain	3,798,776		77.6
Goldman Sachs Asset Management Liquidity Partners 2007	U.S.	397,734		21.8
GSAMI China Funds X EUR Accumulation Class Shares	U.S.	700,000		8.1
IShares S&P 500 Index Fund ETF	U.S.	1,474,990		139.3
Lloyd George Asia Small Companies Fund	Hong Kong	233,008		20.1
MFS European Value Fund Z	Luxembourg	284,433		27.8
Nektar Bermuda Hedge Fund Class B	Bermuda	2,861		5.0
New Russian Generation Limited	Guernsey	7,134,586		15.3
Prosperity Cub Fund	Guernsey	237,181		78.3
Prosperity Russia Domestic Fund	Guernsey	70,136,000		44.7
SPDR Technology Select Sector ETF	U.S.	2,724,000		51.4
The Lyxor ETF MSCI India	France	1,210,035		16.3
Foreign unit trusts in total				**857.3**
Foreign capital trusts				
Access Capital L.P.	Guernsey			8.3
Behrman Capital III L.P.	U.S.			7.3
BOF III CV Investors LP (Gilde Buyout Fund III)	Guernsey			8.3
Capital Structured Solutions No. 1 LP	Guernsey			20.5
CapMan Buyout VIII (Guernsey) L.P.	Guernsey			6.3
CapMan Equity VII B L.P.	Guernsey			6.8
EQT Credit (General Partner) L.P.	Guernsey			19.7
EQT IV (No. 1) Limited Partnership	Guernsey			6.9
EQT V (General Partner) LP	Guernsey			12.4
Fortress Credit Opportunities Fund II L.P.	Cayman islands			46.1
Fortress Life Settlement Fund (C) L.P.	Cayman islands			17.7
Goldman Sachs Loan Partners I, L.P.	Cayman islands			16.2
Goldman Sachs Loan Partners I, L.P. Debt EUR	Cayman islands			27.2
Goldman Sachs Loan Partners I, L.P. Debt USD	Cayman islands			86.4
Goldman Sachs Petershill Fund Offshore, L.P.	Cayman islands			25.0
Highbridge Senior Loan Fund II	Cayman islands			12.8
Montagu Fund III L.P.	Great Britain			6.7
Mount Kellet Capital Partners (Cayman), L.P.	Cayman islands			31.7
Pai Europe IV L.P.	Guernsey			7.6
Permira Europe IV	Guernsey			5.1
Russia Partners II L.P.	Cayman islands			8.5
VenCap 9 LLC (Preferential Equity Investors II LLC)	Jersey			6.1
Foreign capital trusts in total				**393.6**
Other shares and participations				100.7
Foreign shares and participation in total				**1,367.1**
Shares and participations in total				**2,356.8**

Holdings exceeding EUR 5 million and holdings in listed companies exceeding five per cent specified.

The table does not include investments covering unit linked insurance and investment contracts.

OTHER KEY FIGURES

EUR million	2010 IFRS	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS
Premium income	1,111	809	536	624	665
Expense ratio, %	110%	109%	111%	101%	102%
Net investment income at fair value, %	11.1%	16.8%	-7.8%	5.0%	9.4%
Return on assets at fair values, %	11.1%	15.4%	-6.6%	5.4%	9.7%
Solvency capital of technical provisions, %	25.8%	18.5%	7.9%	16.5%	20.1%
Market share in Finland	22.0%	24.8%	19.3%	19.8%	20.4%
Average number of staff	470	450	428	384	365

SOLVENCY CAPITAL, IFRS

EUR million	2010 IFRS	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS
Capital and reserves	1,070	738	243	819	940
Proposed profit distribution	-	-	-	-200	-200
Valuation difference off balance sheet	17	16	21	20	18
Subordinated loans	100	100	100	100	100
Intangible assets	-12	-14	-14	-11	-6
Deferred tax liabilities in balance sheet	165	90	34	118	181
	1,339	**930**	**384**	**846**	**1,033**

TOTAL RESULT

EUR million	2010	2009	2008	2007	2006
Operating profit	125	141	143	382	343
Change in fair value reserve (before tax)	306	543	-650	-236	91
Change in valuation differences off balance sheet	1	-5	1	2	0
	432	**679**	**-506**	**148**	**434**

RETURN ON INVESTMENTS AT FAIR VALUES

Return on invested capital, %	2010	2009	2008	2007	2006
Loans	1.5%	2.0%	4.4%	7.8%	0.0%
Bonds	7.3%	16.7%	0.6%	1.9%	1.4%
* includes bond funds	10.3%	44.3%	-35.0%	0.1%	6.3%
Other financial instruments	0.9%	2.1%	5.0%	4.1%	2.9%
Shares	20.7%	29.6%	-44.4%	9.8%	25.7%
Investments in land and buildings	4.0%	9.7%	8.3%	9.5%	9.9%
* includes investment funds and UCITS	-0.6%	-11.0%	27.7%	170.9%	-
Other investments	-	-	41.2%	24.6%	-5.5%
Total investments	10.8%	15.9%	-7.5%	5.2%	9.4%
Income, expenses and operating expenses not allocated to instrument types					
Net investment income at fair values	**10.8%**	**15.7%**	**-7.8%**	**5.0%**	**9.4%**

Portfolio total return is 11.1% (16.8%), calculated by using modified Dietz method (time-weighted daily returns).

INVESTMENT PORTFOLIO AT FAIR VALUES

EUR million	2010	2009	2008	2007	2006
Loans	25	24	4	-	-
Bonds	3,077	2,809	2,245	1,628	1,852
* includes bond funds	223	157	213	276	277
Other financial instruments	599	800	1,452	2,496	2,025
* includes bond funds	-	-	-	-	0
Shares	2,129	1,608	981	1,389	1,795
Investments in land and buildings	121	104	137	145	142
* includes investment funds and UCITS	6	0	14	5	13
Other investments	0	0	2	25	44
Total investments	**5,950**	**5,346**	**4,820**	**5,684**	**5,857**

CALCULATION OF KEY FIGURES

Premium income

Premium income before reinsurers' share

Expense ratio,%

$$\frac{\text{(Operating expenses + claims settlement expenses)}}{\text{load income}} \times 100$$

Return on investments at fair values

Investment income at fair values in proportion to invested capital is calculated using the so-called modified Dietz method, under which invested capital is calculated by adding to the opening fair value the cash flows in the period, weighted by the relative share of the length of the whole period that remains from the transaction date or from the middle of the transaction month to the end of the period.

Return on assets, % (at fair values)

(Operating profit
+ interest and expenses on liabilities
+ guaranteed interest on technical provisions
+ change in fair value reserve before tax
+ change in valuation differences on investments, off balance sheet)

———————————————— × 100

(balance sheet total
– liabilities for unit-linked insurance and investment contracts
+ valuation differences on investments, off balance sheet)
(average at 1 Jan., and 31 Dec. in the denominator)

Solvency capital of technical provisions, %, IFRS

Solvency capital to the liabilities of insurance and investment contacts less 75% of the liabilities of unit linked insurance and investment contracts (%)

Market share

$$\frac{\text{Gross premiums written}}{\text{Gross premiums written by all life insurance companies}}$$

AUDITOR'S REPORT

To the Annual General Meeting of Mandatum Life Insurance Company Limited

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Mandatum Life Insurance Company Limited for the financial period 1.1.–31.12.2010. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or violated the Limited Liability Companies Act, the Insurance Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, March 2, 2011

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

Kunto Pekkala
Authorized Public Accountant

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