

MANDATUM LIFE INSURANCE BALTIC SE

INTERIM REPORT 1Q/2012

Business name: MANDATUM LIFE INSURANCE BALTIC SE

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Beginning of reporting period: 01.01.2012

End of reporting period: 31.03.2012

CEO: Imre Madison

Auditor: Ernst & Young Baltic AS

Contents

I.	MANAGEMENT REPORT IN THE 1Q OF 2011	3
1.	MANAGEMENT OF THE COMPANY	3
2.	BUSINESS RESULTS OF THE COMPANY	3
3.	PERSONNEL OF THE COMPANY	4
4.	SALES AND DEVELOPMENT ACTIVITIES	4
5.	OTHER ACTIVITIES.....	4
II.	SIGNATURES OF THE MANAGEMENT BOARD	5
III.	STATEMENT OF FINANCIAL POSITION	6
IV.	STATEMENT OF COMPREHENSIVE INCOME	7
V.	STATEMENT OF CASH-FLOWS	8
VI.	STATEMENT OF CHANGES IN OWNER'S EQUITY	9
VII.	NOTES	10
1.	BASIS OF PREPARATION	10
2.	PROPERTY, PLANT AND EQUIPMENT	10
3.	INTANGIBLE ASSETS	10
4.	RELATED PARTY DISCLOSURES.....	10

I. Management report in the 1Q of 2012

Mandatum Life Insurance Baltic SE (hereinafter referred to as the Company) belongs to a Finnish financial group Sampo Group. The Company is a fully owned subsidiary of Mandatum Life Insurance Company Ltd.

The Company is domiciled within Estonia with its headquarters in Tallinn and it operates through branches in Latvia and Lithuania.

The Company's core activities include offering investment and wealth management solutions through unit-linked life insurance.

1. Management of the Company

The Company's Management Board had eight members at the end of the first quarter of 2012. The acting Chairman of the Management Board and the CEO is Imre Madison. As from 1 January 2012, the new member of the Management Board is Tomas Stonys, responsible for sales management and Lithuanian Branch Manager. Other members of the Management Board are Uldis Mucinieks, responsible for marketing and client service matters and Latvian Branch Manager; Ilona Stare, responsible for policy administration and IT management and Latvian Operational Director; Rasa Kasperaviciute, responsible for risk management and product development matters and Lithuanian Operational Director; Erkki Sadam, responsible for the Company's legal and procurement matters; Paul Lukka, responsible for investment and wealth management and Timo Pursiala, responsible for financial and business control matters.

The Company's Chief Actuary is Rasa Povilaviciute. The Company's Internal Auditor is Arlet Rebane.

The Company's Supervisory Board had three members. Timo Laitinen, the Senior Vice President of Mandatum Life Insurance Company Ltd. is the acting Chairman of the Supervisory Board. The other members of the Supervisory Board are Timo Vuorinen, the Chairman of the Supervisory Board of If P&C AS, and Jukka Pirskanen, Head of Investment Management of Mandatum Life Insurance Company Ltd.

2. Business results of the Company

As at 31.03.2012, the Company serviced a total of 36 196 life insurance contracts. The biggest share of total insurance contracts, 63% of all the insurance contracts in force at the end of the first quarter of 2012 consisted of unit-linked insurance contracts (total of 24 805 contracts). As at 31.03.2012, the Company had 40 016 insured persons in its contracts portfolio in the Baltics.

The Company's received payments in the Baltics totalled 5 457 496 euros in the first quarter of 2012.

As at 31.03.2012, the Company's client assets under management (AUM) amounted to 143 500 796 euros. The biggest share of AUM was formed by unit-linked insurance contracts, which formed 124 406 878 euros and 87% of clients' total AUM as at 31.03.2012.

The Company's market share (based on contractual payments received) of the first quarter of 2012 was 8.8%. As at 31.03.2012, the market share by countries based on contractual payments received in Estonia was 12.9%, in Latvia 6.5%, and in Lithuania 7.9%.

The Company's market share (based on contractual payments received from unit-linked investment contracts) of the first quarter of 2012 was 14.6%. As at 31.03.2012, the Company's market share by countries based on contractual payments received from unit-linked investment contracts in Estonia was 27.8%, in Latvia 17% and in Lithuania 11%.

In the first quarter of 2012 the Company paid claims in the amount of 4 780 025 euros. The majority of payouts were expiries, partial surrenders and surrenders of unit-linked insurance contracts.

As for the management of investments (technical provision and the Company's own capital portfolios), the Company cooperates with Sampo plc. Net income from investment activities (net of investment expenses) in the Baltic countries in the first quarter of 2012 was positive, totalling to 480 125 euros. Investment income of the Company's own capital portfolio in the first quarter of 2012 was positive, amounting to 227 738 euros.

As at 31.03.2012, the total size of the investment portfolio (except investments related to unit-linked life insurance contracts) reached 28.25 million euros. At the end of the first quarter of 2012, Mandatum Life Insurance Baltic SE's investment portfolio mostly comprised of corporate bonds.

As at 31.03.2012, owner's equity was 10 780 021 euros, of which 3 515 600 euros was formed by share capital.

As at 31.03.2012 the total amount of assets included in the available solvency margin was 9 904 925 euros, the required solvency margin was 2 343 362 euros and the solvency surplus was 7 561 563 euros.

The Company's operating expenses (which include acquisition expenses, administrative expenses and investment expenses) in the first quarter of 2012 amounted to 1 352 857 euros. Acquisition expenses accounted for 51% of all operational expenses in the first quarter of 2012 in the Baltic countries.

In the first quarter of 2012, Mandatum Life Insurance Baltic SE's profit for the period amounted to 592 918 euros. The main reason for the profit in the first quarter of 2012 was positive net income from investment activities.

The Company's balance sheet volume amounted to 155 419 650 euros as at 31.03.2012. Technical provisions from insurance contracts amounted to 14 325 596 euros at the end of the first quarter of 2012; financial liabilities from investment contracts were 17 240 263 euros and financial liabilities from insurance contracts formed 111 994 086 euros.

3. Personnel of the Company

As at 31.03.2012 there were 118 employees working in the Company. Salaries and wages (including payroll taxes) for the period amounted to 757 thousand euros. The Supervisory Board members were not remunerated. The Company paid remuneration (including taxes) to members of the Management Board for carrying out their tasks which amounted to 136 thousand euros.

4. Sales and development activities

In the first quarter of 2012, the Company's main sales channel was its own sales team.

The Company continued developing its risk product portfolio in order to provide our clients with wider opportunities of life insurance cover. In relation to this, the Company decreased the risk premium levels of its term life insurance contracts in Estonia.

5. Other activities

The Company continues preparations in order to fulfil the Solvency 2 requirements of the EU insurance sector, which take force for insurance undertakings on 1 January 2014.

The external auditor of the Company is Ernst & Young Baltic AS.

The Company's reinsurer is Mandatum Life Insurance Company Ltd.

The Company's investment and operational risk management takes place through working groups across the Baltic countries.

The Company is the member of the Insurance Association in Estonia, Latvia and Lithuania, and the founding member of Chamber of Service Economy.



Imre Madison
CEO

Tallinn, 25 May 2012

II. Signatures of the Management Board

The Company's Management Board has prepared the Interim Report of the 1Q of 2012 on pages 6-11.

Imre Madison Chairman of the Management Board



25.05.2012

Erkki Sadam Member of the Management Board



25.05.2012

III. Statement of financial position

in thousands of euros	31.03.2012	31.12.2011	Notes
Assets			
Cash and cash equivalents	192	727	
Reinsurers' share of insurance liabilities	59	37	
Financial assets			
- Financial instruments	153 001	144 732	
- Receivables related to insurance activities and other	664	388	
Accrued income and prepaid expenses	504	434	
Property, plant and equipment	125	139	VII.2
Intangible assets	875	867	VII.3
Total assets	155 420	147 324	
Liabilities and owner's equity			
Insurance payables	156	139	
Accrued expenses and deferred income	429	460	
Financial liabilities from insurance contracts	111 994	106 730	
Financial liabilities from investment contracts	17 240	15 406	
Technical provision from insurance contracts	14 326	14 402	
Financial liabilities from investment transactions	495	0	
Total liabilities	144 640	137 137	
Share capital	3 516	3 516	
Share premium	3 509	3 509	
Legal reserve	217	204	
Unrealized foreign exchange	-1	-1	
Retained profits	3 539	2 959	
Total owner's equity	10 780	10 187	
Total liabilities and owner's equity	155 420	147 324	

IV. Statement of Comprehensive Income

in thousands of euros	1-3/ 2012	1-3/ 2011
Gross premiums	951	991
Reinsurers' share of gross premiums	-107	-187
Net premiums	844	804
Investment income	183	143
Fair value gains and losses	579	-103
Realised gains and losses	-19	-13
Net income from investments	743	27
Fee income	572	725
Reinsurance commission income	62	18
Other income	296	386
Total income	930	1 129
Paid insurance claims net of reinsurance and claims handling expenses related to out-payments	-638	-313
Increase of insurance technical provisions net of reinsurance	96	-158
Net insurance claims and the change of technical provisions	-542	-471
Change in value of unit-linked financial liabilities and assets	5	2
Change in value of financial liabilities from insurance contracts with guaranteed interest	-34	-34
Acquisition expenses	-686	-744
Administrative expenses	-632	-604
Investment expenses	-35	-71
Expenses	-1 353	-1 419
Profit/loss before income tax	593	38
Income tax expenses	0	0
Profit/loss for the period	593	38
Other comprehensive income		
Exchange differences	0	0
Total comprehensive income for the period	593	38

V. Statement of Cash-flows

in thousands of euros	1-3/ 2012	1-3/ 2011	Notes
Cash flow from operating activities			
Premiums received	958	993	
Financial liability inflow	4 513	10 783	
Paid claims and claims handling expenses related to pay-outs	-659	-346	
Financial liability outflow	-4 141	-6 909	
Reinsurance payments	107	132	
Expenses	-1 334	-1 309	
Other revenue and other expenses	263	342	
Purchases of shares and investment fund units	-70 744	-75 920	
Proceeds from the sale of shares and investment fund units	70 969	72 180	
Purchases of bonds and other fixed income securities	-10 932	-15 302	
Proceeds from the sale of bonds and other fixed income securities	10 271	8 615	
Proceeds on term deposits	0	239	
Interest received	279	362	
Investment expenses	-35	-71	
Net cash provided by operating activities	-485	-6 211	
Cash flow from investing activities			
Purchases of tangible and intangible assets	-50	-34	VII.2/VII.3
Net cash provided by investing activities	-50	-34	
Total cash flow, net	-535	-6 245	
Cash and cash equivalents at the beginning of the period			
	727	6 501	
Change in cash and cash equivalents			
	-535	-6 245	
Cash and cash equivalents at the end of the period			
	192	256	

VI. Statement of changes in owner's equity

In thousands of euros	Share capital	Share premium	Legal reserve	Unrealised foreign exchange rate	Retained earnings	Total equity
As at 31.12.2010	3 515	3 510	132	1	2 792	9 950
Fund emission	1	-1	0	0	0	0
Profit for the year 2011	0	0	0	0	239	239
Other comprehensive income	0	0	0	-2	0	-2
Comprehensive profit for the year 2011	0	0	0	-2	239	237
Increase of legal reserve	0	0	72	0	-72	0
As at 31.12.2011	3 516	3 509	204	-1	2 959	10 187
Profit for the period	0	0	0	0	593	593
Other comprehensive income	0	0	0	0	0	0
Comprehensive profit for the year 2012	0	0	0	0	593	593
Increase of legal reserve	0	0	13	0	-13	0
As at 31.03.2012	3 516	3 509	217	-1	3 539	10 780

VII. Notes

1. *Basis of preparation*

Mandatum Life Insurance Baltic SE's Interim Report of 1st Quarter 2012 is prepared in accordance with IAS 34 "Interim Financial Reporting".

The Company's Annual Accounts for 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS). In preparing the interim financial statements, the same accounting policies and management estimates of computation are applied as in the financial statements for 2011. The annual financial statements are available on our website at www.mandatumlife.ee. The accounting principles are therefore not described in this Interim Report. All amounts in the notes are presented in thousands of euros, unless stated otherwise.

2. *Property, plant and equipment*

in thousands of euros	Acquisition cost	Accumulated depreciation	Carrying value
As at 31.12.2010	316	-196	120
Additions	69	0	69
Foreign exchange adjustments	1	-1	0
Write-offs	-3	3	0
Depreciation charges	0	-50	-50
As at 31.12.2011	383	-244	139
Foreign exchange adjustments	-1	1	0
Depreciation charges	0	-14	-14
As at 31.03.2012	382	-257	125

Equipment comprises IT, office equipment and furniture.

3. *Intangible assets*

in thousands of euros	Acquisition cost	Accumulated depreciation	Carrying value
As at 31.12.2010	1334	-549	785
Additions	206	0	206
Foreign exchange adjustments	10	-1	9
Write-offs	-29	29	0
Depreciation charges	0	-133	-133
As at 31.12.2011	1521	-654	867
Additions	50	0	50
Depreciation charges	0	-42	-42
As at 31.03.2012	1 571	-696	875

4. *Related party disclosures*

The associated parties are considered to be the parent company Mandatum Life Insurance Company Ltd, other Sampo Group's companies, and members of the Management and the Supervisory Board. As at 31

March 2012, Sampo plc held 21.3% of Nordea Bank's share capital, therefore Nordea Bank is considered as an associated company to Sampo plc.

Members of the Management Board received a total of 136 thousand euros in the 1Q 2012 pursuant to service contracts. The Supervisory Board received no separate remuneration or severance pay.

ASSETS in thousands of euros	31.03.2012	31.12.2011
Cash and cash equivalents		
Nordea Bank (associated company to Sampo plc)	1	26
Reinsurers' share of insurance liabilities		
Mandatum Life Insurance Company Ltd (parent company)	139	238
Financial assets		
Financial assets designated as being at fair value through p/l		
Mandatum Life Insurance Company Ltd (parent company)	52 015	49 150
Sampo plc (controlling undertaking of the parent company)	514	507
Other receivables		
Mandatum Life Insurance Company Ltd (parent company)	28	58
Accrued income and prepaid expenses		
Mandatum Life Insurance Company Ltd (parent company)	120	94
If P&C Insurance Company Ltd (a consolidation group enterprise)	9	13
LIABILITIES in thousands of euros	31.03.2012	31.12.2011
Insurance payables		
Mandatum Life Insurance Company Ltd (parent company)	105	94
Accrued expenses and deferred income		
Mandatum Life Insurance Company Ltd (parent company)	0	4
INCOME STATEMENT in thousands of euros	1-3/ 2012	1-3/ 2011
Ceded premiums		
Mandatum Life Insurance Company Ltd (parent company)	107	186
Reinsurance commissions		
Mandatum Life Insurance Company Ltd (parent company)	62	18
Other income		
Mandatum Life Insurance Company Ltd (parent company)	118	152
Reinsurers' share in claims paid and in change provisions		
Mandatum Life Insurance Company Ltd (parent company)	42	42
Expenses		
Transport expenses		
If P&C Insurance Company Ltd (a consolidation group enterprise)	4	3
Nordea Bank (associated company to Sampo plc)	7	6
Other expenses		
If P&C Insurance Company Ltd (a consolidation group enterprise)	7	4
Mandatum Life Insurance Company Ltd (parent company)	1	16