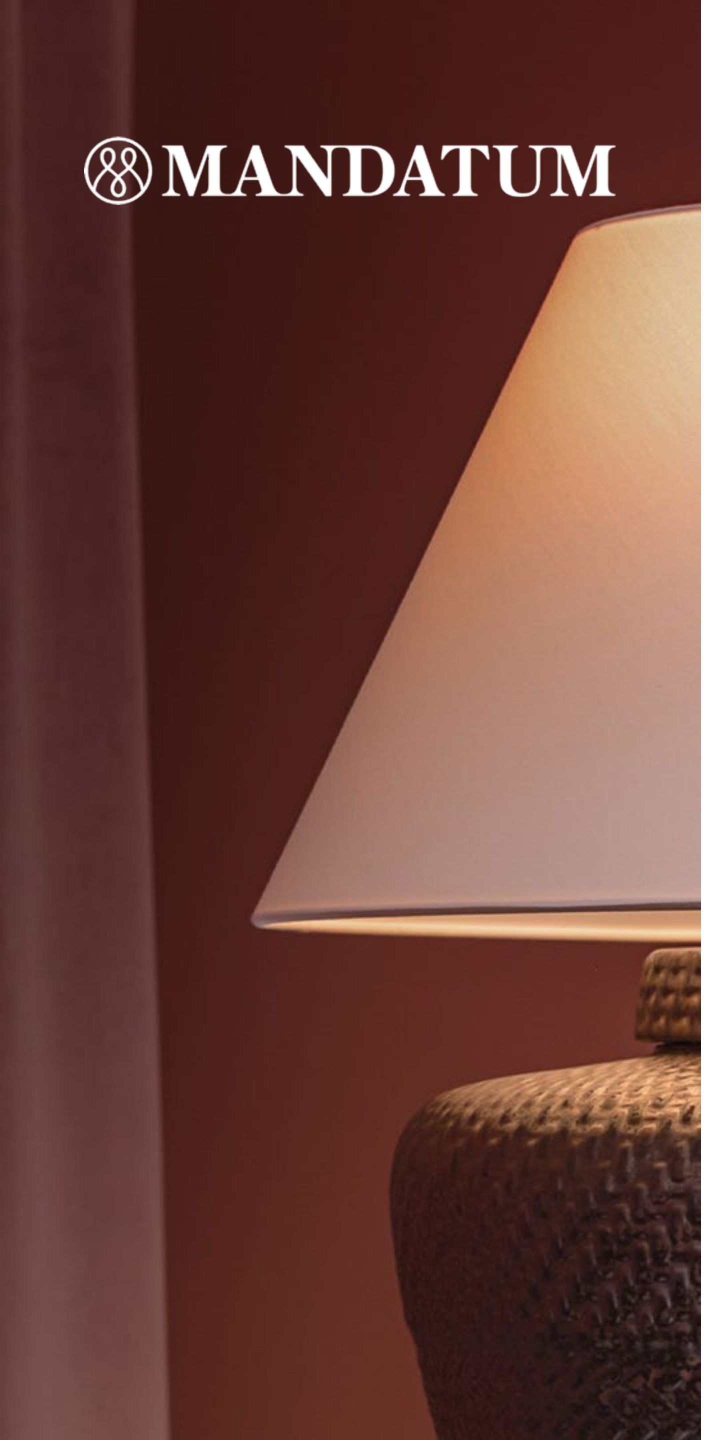
MANDATUM

Mandatum Group

Q3 2024

Investor presentation



July–September 2024

- Fee result up by 42% to EUR 18.1 million
  - Client AuM increased 18% y/y to EUR 13.3 billion due to continued positive net flow and positive asset returns. The most significant part of the increase came from I&WM, all client segments contributed to the growth
  - Net flow EUR 114 million, up 19% y/y
  - Improved cost-efficiency
- Net finance result down 60% to EUR 27 million
  - Good quarterly investment return (2.4%) but a negative discounting impact due to lower interest rates
- Profit before tax EUR 45.2 million – down 46% y/y. The decrease was due to a weaker net finance result that was weighed down by the decrease in the discount rate
- EPS at EUR 0.07 and organic capital generation (OCG) per share at EUR 0.11
- Solvency II ratio adjusted for dividend accrual up to 224% (31 Dec 2023: 221%)
  - 15 p.p. YTD from own funds generation

Mandatum's financial targets (unchanged)

	TARGET	1–9/2024 (1–9/2023)
Focus on strong and profitable growth of capital-light offering[1]	Annual net flows (medium-term) **5% of AuM**[2]	Net flow EUR 592 (544) million, 5% and annualised 7% of Client AuM
	Disciplined Pricing and fee margin	Fee margin 1.2 (1.2)%[3]
	Improving Cost/income ratio	Cost/income ratio 63 (67)%[3]
Managing with-profit portfolio for capital release	**Run-off with active portfolio management actions** Liability development	With-profit liabilities EUR 2,273 (2,268) million
Prudent balance sheet management enabling strong shareholder returns	**EUR 500 million** Cumulative ordinary dividend (2024-2026)	Dividend paid in May 2024 EUR 166 million
	170–200% Solvency II ratio (medium-term)	224 (31 Dec 2023: 221)% adjusted for dividend accrual

Note: (1) Based on Client AuM, excluding AuM from With-profit and Large Mandates. (2) Based on annualised net flow and beginning of period AuM. (3) Trailing twelve months.

Financial performance

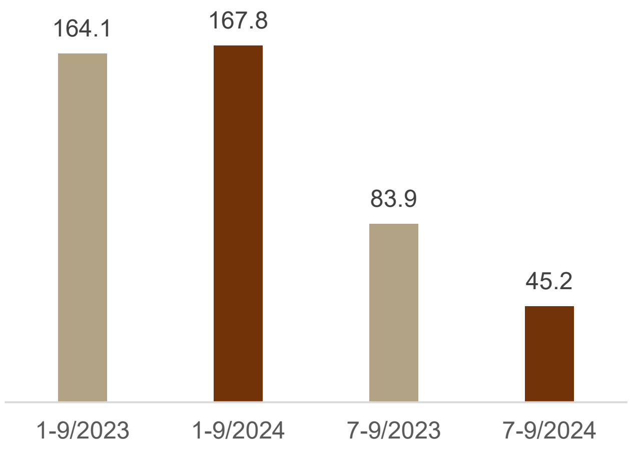
Overview of the 7–9/2024 results

RESULTS

EURm	7–9/2024	7–9/2023	Change, %	1–9/2024	1–9/2023	Change, %	1–12/2023
Fee result	18.1	12.7	42%	48.0	39.2	23%	52.6
Net finance result	26.9	67.2	-60%	111.9	123.7	-10%	148.6
Result related to risk policies	9.1	7.4	24%	23.2	9.9	n.m.	17.9
Other result	-9.0	-3.3	n.m.	-15.3	-8.7	n.m.	-8.7
Total profit before taxes	45.2	83.9	-46%	167.8	164.1	2%	210.4
Earnings per share, EUR	0.07	0.14	-47%	0.26	0.26	0.4%	0.32
Organic capital generation per share, EUR	0.11	n.a.	n.a.	0.34	n.a.	n.a.	0.54
Return on equity-% (annualised)	9.4%	16.7%	-7.3 p.p.	11.1%	10.4%	0.7 p.p.	9.8%
C/I-ratio (trailing 12 months), %	-	-	-	63%	67%	-4 p.p.	66%
				30 Sep 2024	30 Sep 2023	Change, %	31 Dec 2023
Client assets under management (AuM)	-	-	-	13,282	11,237	18%	11,892

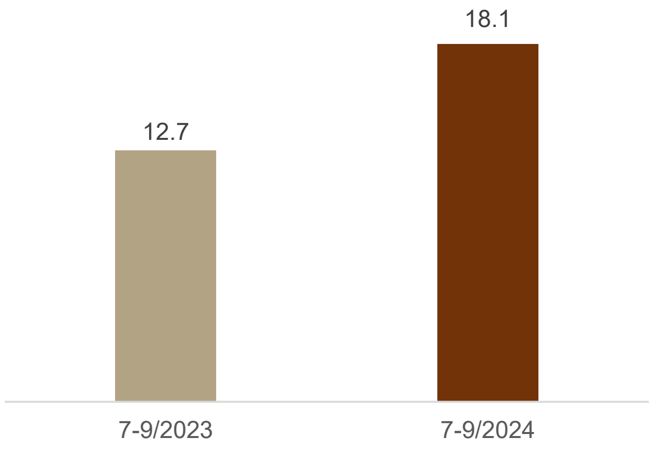
Strong growth in fee result

PROFIT BEFORE TAXES (EURm)



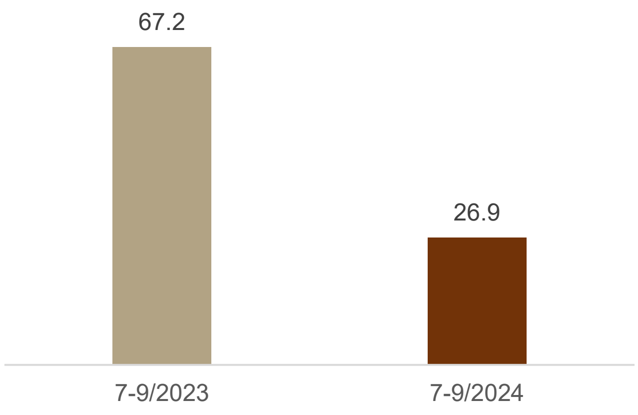
- PBT down 46% to EUR 45 million due to a lower net finance result
- Result related to risk policies impacted by a EUR 3 million one-off item related to portfolio transfer to If P&C

FEE RESULT (EURm)



- Fee result up 42% driven by improved operational leverage and 18% AuM growth
- Improved overall cost-efficiency

NET FINANCE RESULT (EURm)



- Investment return above normalised at 2.4% (9.6% p.a.)
- Cost of liabilities up due to a decreased discount rate

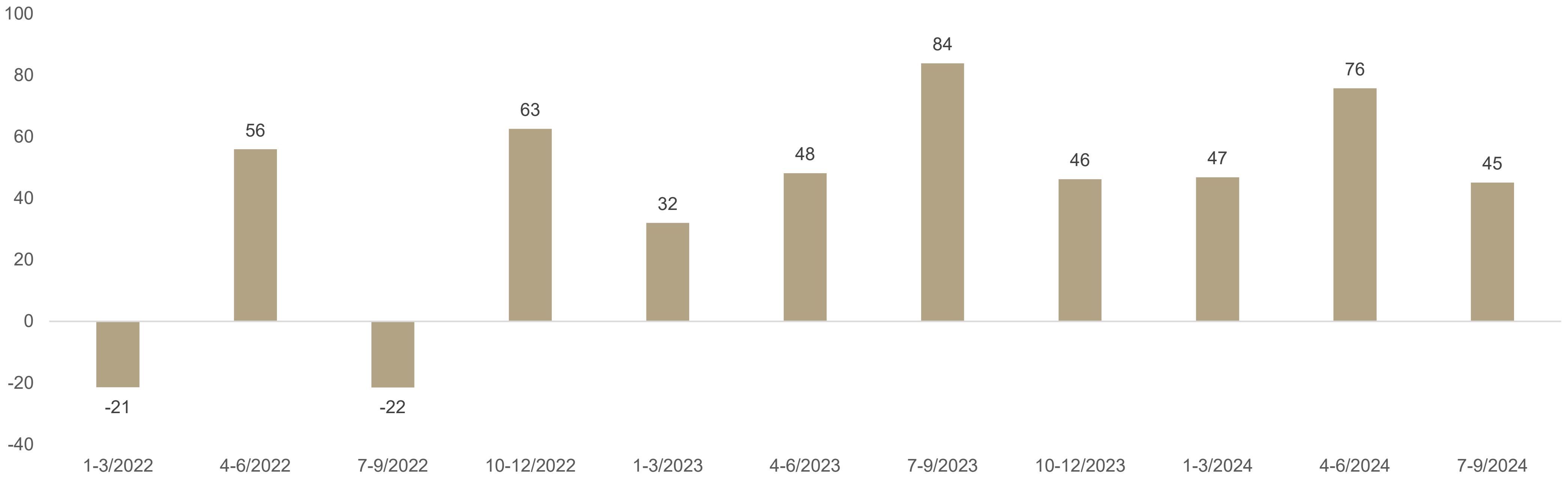
Result by segments

RESULTS 7–9/2024

EURm	Institutional	Corporate	Retail	With-profit	Other	Total	7–9/2023
Fee result	**6**	**6**	**6**	**-**	**-**	**18**	**13**
Insurance service result		6	3	-	-	8	7
Fee result from investment and asset management services	6	1	3	-	-	10	6
Net finance result	**-**	**-**	**-**	**18**	**9**	**27**	**67**
Investment return	-	-	-	98	9	108	28
Unwinding and discounting of liabilities	-	-	-	-81		-81	39
Result related to risk policies	**-**	**4**	**5**	**-**	**-**	**9**	**7**
CSM[1] and RA[2] release	-	6	5	-	-	11	10
Other insurance service result	-	-2	0	-	-	-2	-2
Other result	**0**	**-2**	**0**	**3**	**-10**	**-9**	**-3**
Total profit before taxes	**6**	**9**	**10**	**21**	**-1**	**45**	**84**

Note: (1) CSM = contractual service margin. (2) RA = risk adjustment.

Quarterly results since Q1/22

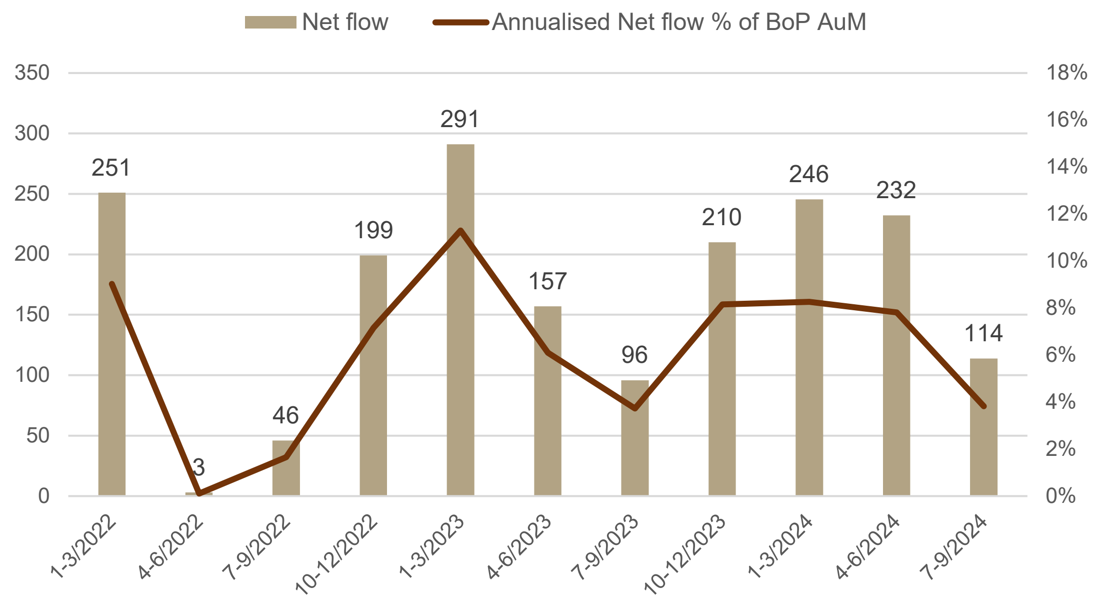


EURm	1–3/22	4–6/22	7–9/22	10–12/22	1–3/23	4–6/23	7–9/23	10–12/23	1–3/24	4–6/24	7–9/24
Fee result	10	8	19	6	14	12	13	13	15	15	18
Net finance result	-24	47	-51	78	13	43	67	25	30	55	27

Capital-light segments

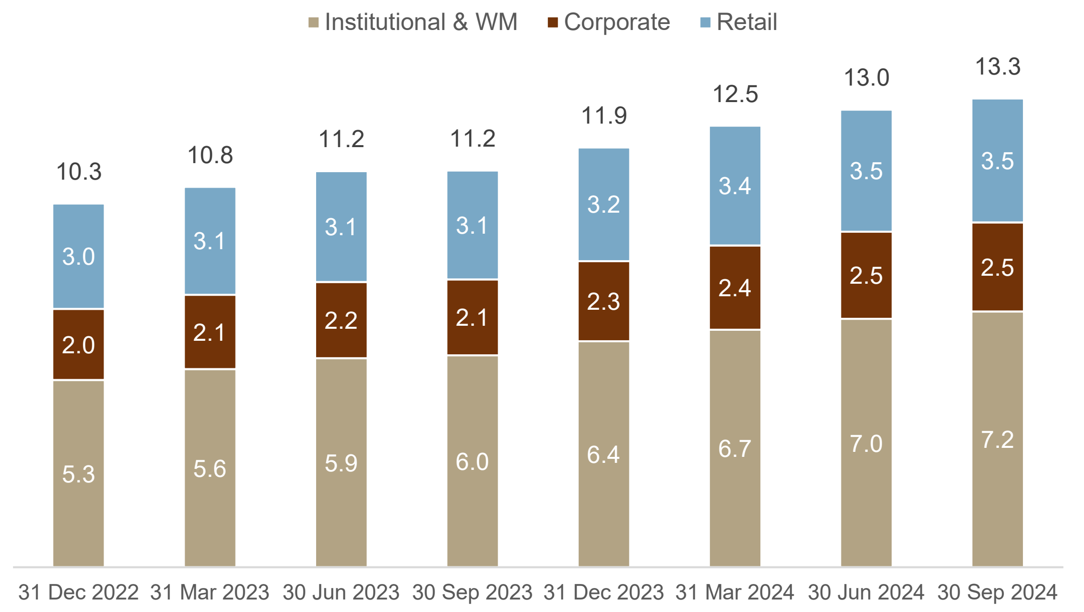
Seasonally lower Q3 net flow EUR 114m, up 19% y/y

NET FLOW (EURm)



- YTD net flow EUR 592 million – Q3 seasonally a lower quarter due to summer months
- Major part of Q3 net flow from the Institutional and wealth management segment

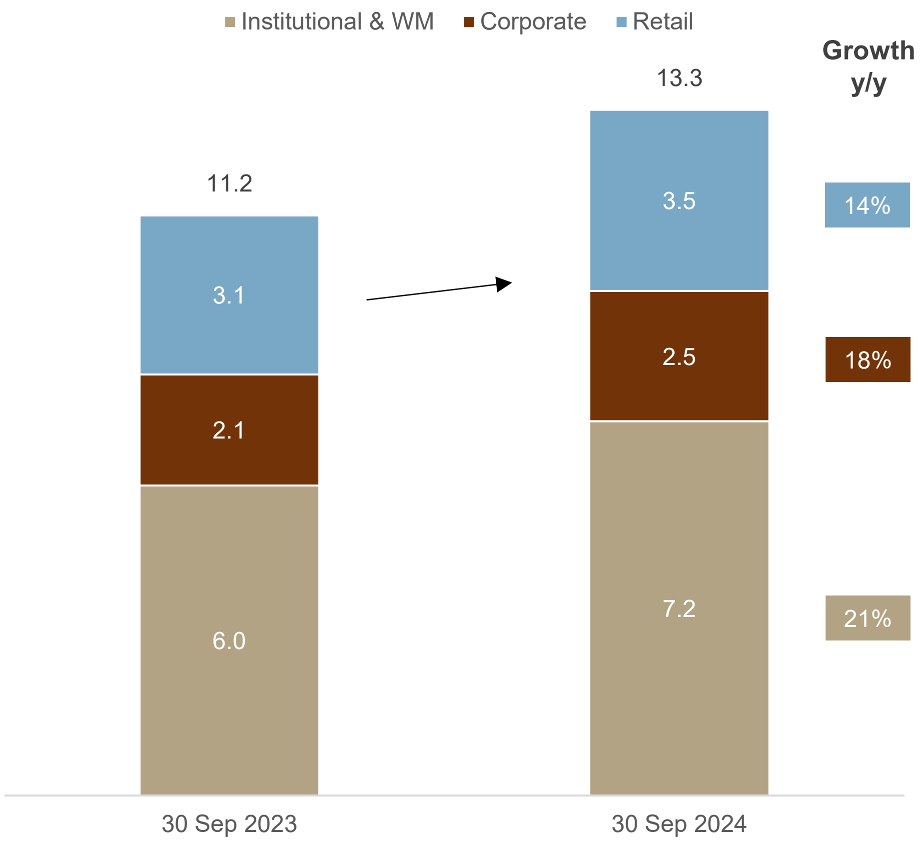
CLIENT ASSETS UNDER MANAGEMENT (EURbn)



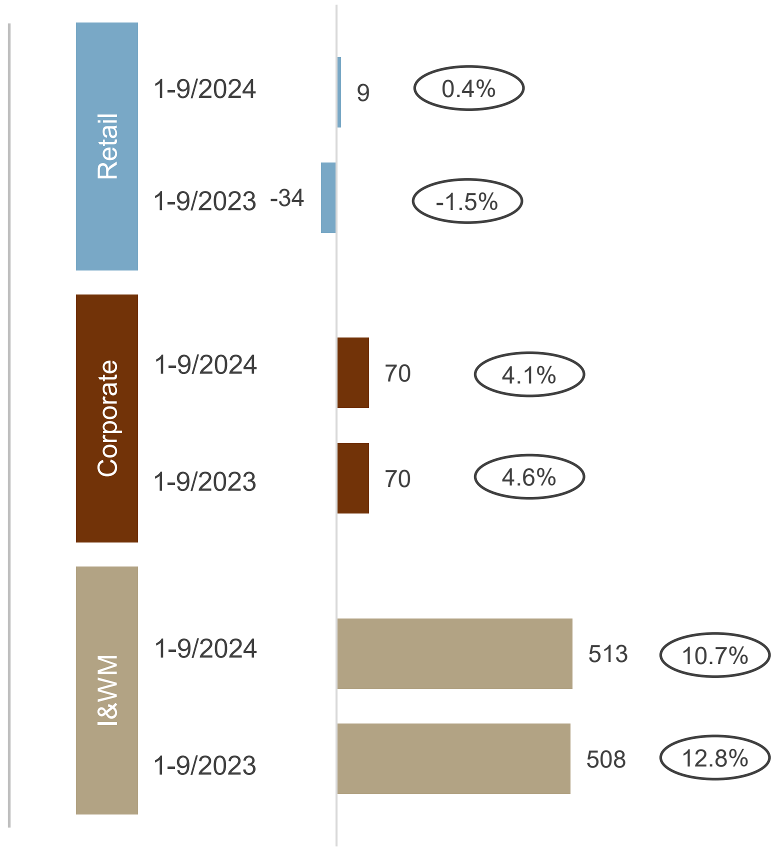
- Q3 AuM growth EUR 317 million (2.4% q/q)
- Growth driven by positive net flow and positive market returns

Client AuM up 18% y/y, net flow positive ytd in all segments

CLIENT ASSETS UNDER MANAGEMENT (EURbn)



NET FLOW DEVELOPMENT (EURm)

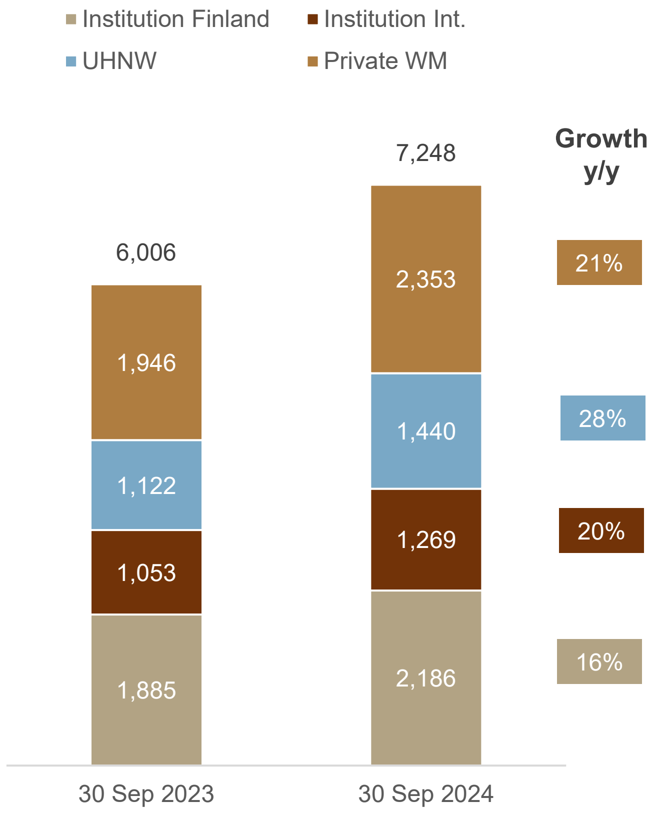


Net flows[1]/ AuM on 31 Dec 2023 (EUR 11.9 bn)

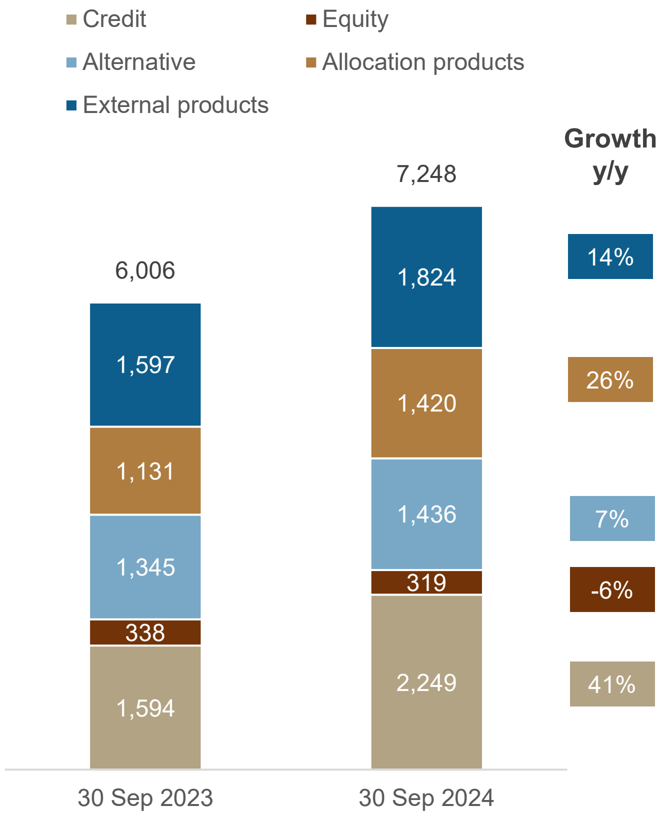
Note: (1) Based on annualised 1-9/2024 and 1-9/2023 net flows.

Solid quarter for the Institutional and wealth management

AUM BY CLIENT SEGMENT (EURm)



AUM BY PRODUCT (EURm)



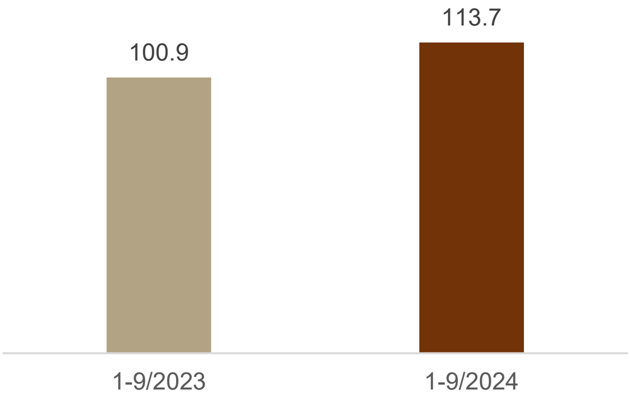
COMMENTS

- 21% AuM growth in the I&WM business area due to positive net flow and favourable investment market
- All client segments contributed to the growth
- International institutional assets increased by 20%
- Majority of net flow to credit products and allocation products and mandates

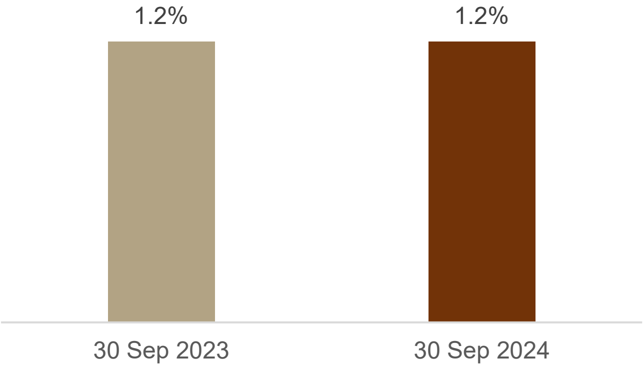
Note: Private WM and Ultra-high-net-worth (UHNW) segments affected by intra-group portfolio transfers in Q1 2024 so AuM not comparable for these segments.

Fee income up 13% y/y – Cost/income ratio down

FEE INCOME (EURm)[1]



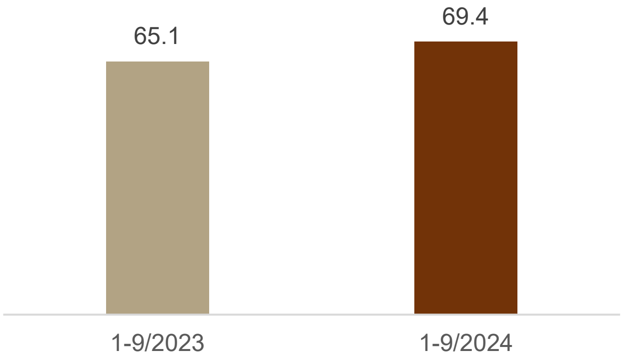
FEE INCOME MARGIN (%)[2]



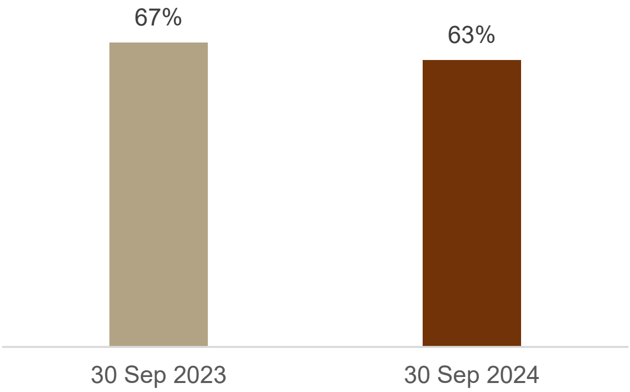
FEE MARGIN UNCHANGED

- Fee income increased by 13% due to EUR 1.6 billion higher average AuM
- Fee margin unchanged at 1.2%

CLIENT AUM COSTS (EURm)



CLIENT AUM C/I RATIO (%)[2]



DECREASING COST/INCOME RATIO

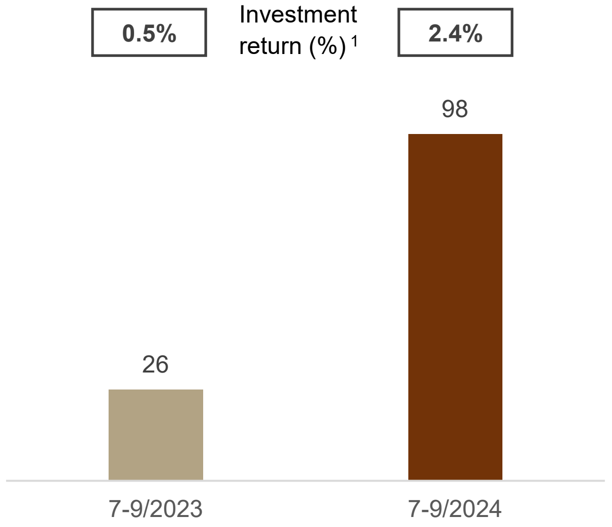
- Costs related to client AuM increased by 6.5%
- Improved operational leverage
  → 12 months C/I-ratio down by 4 p.p.

(1) Related to Client AuM, i.e., excluding AuM from With-profit & Large Mandates, as well as one-off items and intra-group eliminations. (2) Trailing twelve-months.

With-profit segment

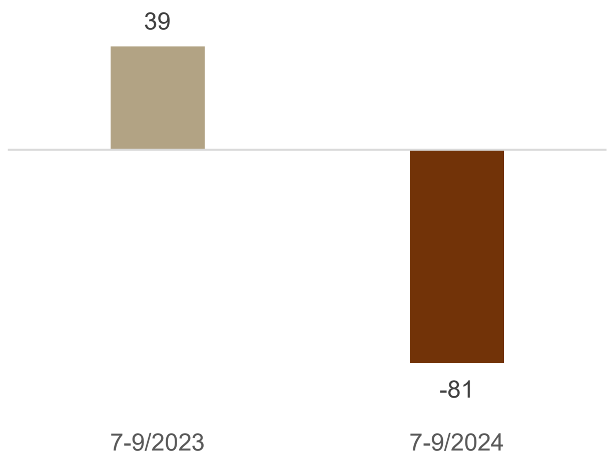
With-profit segment: Net finance result

INVESTMENT RETURN (EURm)



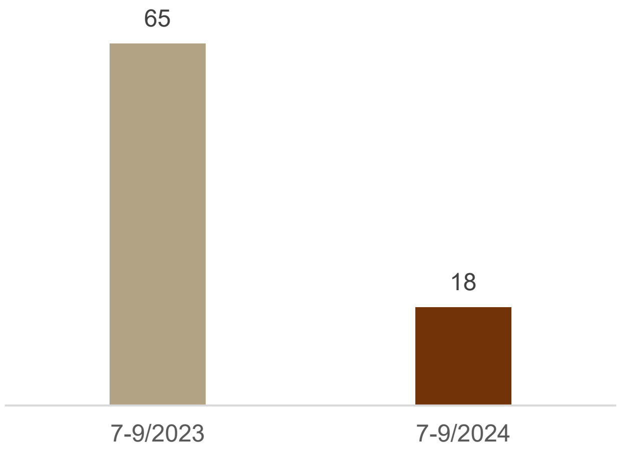
- Quarterly investment return 2.4% (0.5%)
  - Fixed income assets 2.2%
  - Listed equities 2.5%
  - Private equity 0.7%
  - Private credit 2.6%

COST OF LIABILITIES I.E. UNWINDING & DISCOUNT (EURm)



- Decreased discount rate had a EUR 62 million negative P&L impact on the cost of liabilities in the quarter
- Unwinding cost EUR 18 million

NET FINANCE RESULT (EURm)



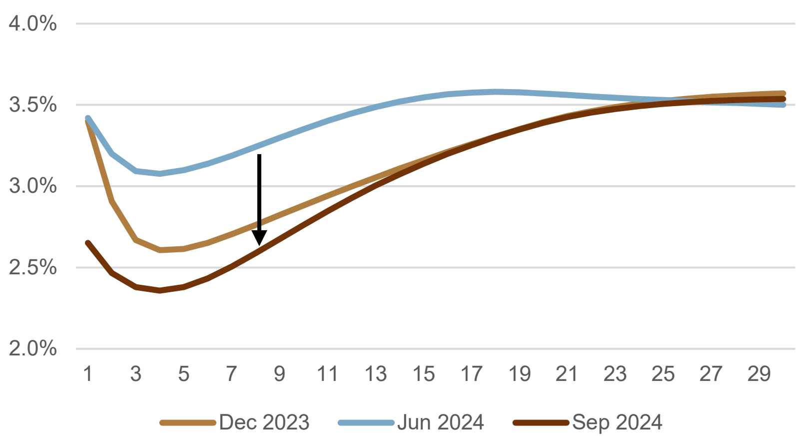
- Net finance result down to EUR 18 million
- Active investment and hedging strategies effectively offsetting the impact of decreasing interest rates

Note: (1) Return % related to the original portfolio and comments also related to original portfolio.

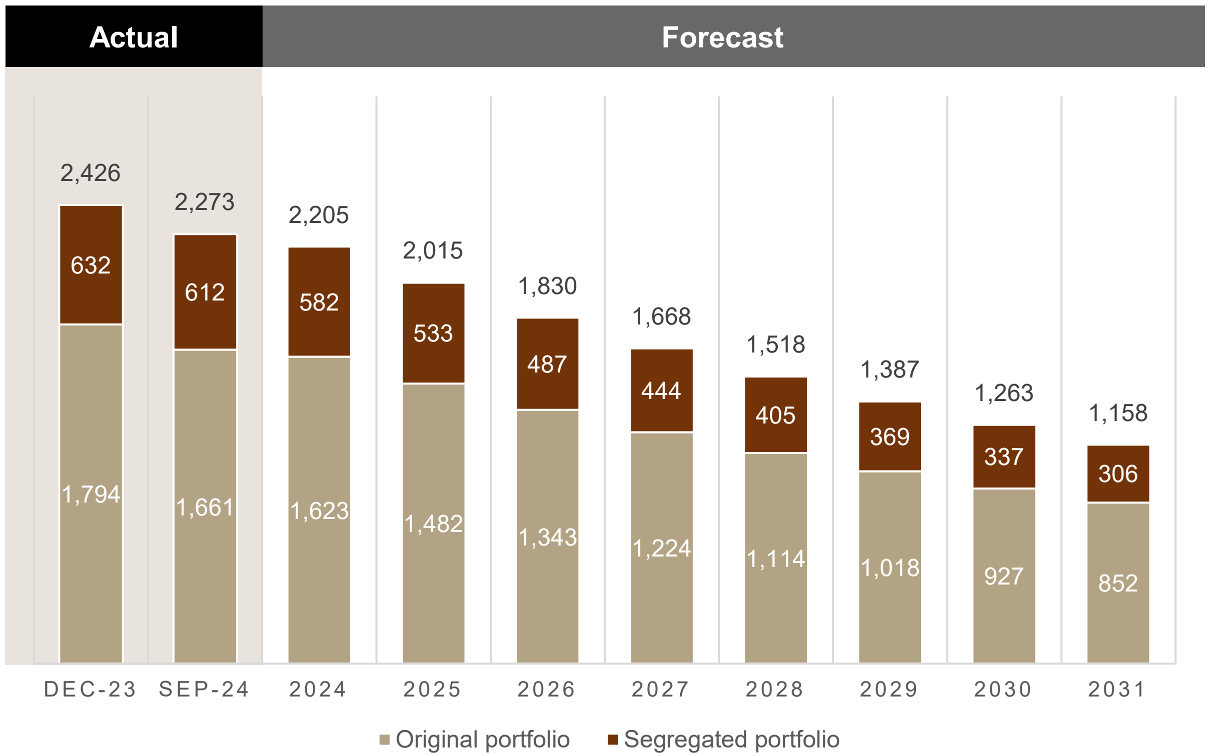
Lower discount rate for with-profit IFRS liabilities

IFRS 17 DISCOUNT CURVE

- The decreased discount curve increased with-profit liabilities by EUR 16 million in 1-9/2024 and EUR 62 million in 7-9/2024
- Unwinding rate 3.4% for year 2024 and expected full-year unwinding cost EUR 55 million in the original portfolio and EUR 21 million in the segregated portfolio

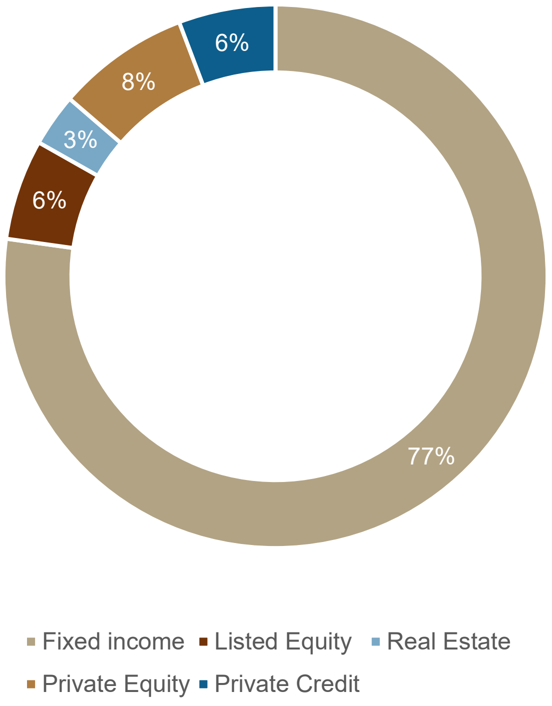


WITH-PROFIT IFRS LIABILITES (EURm)

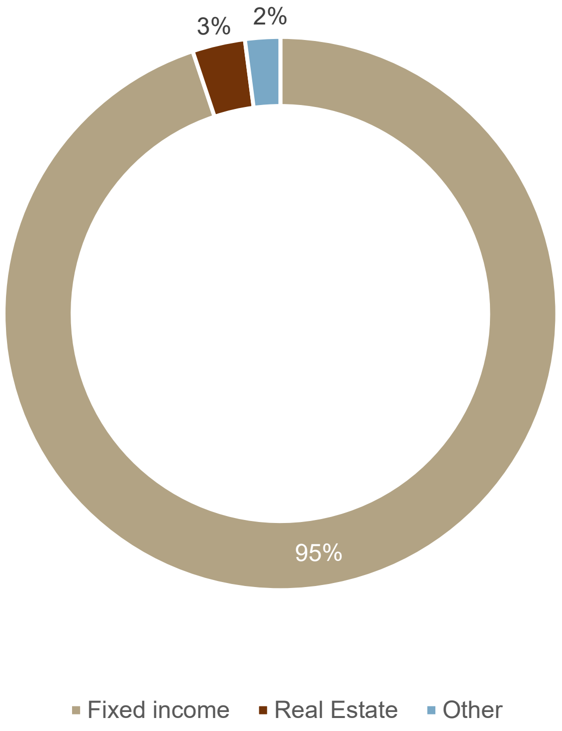


With-profit investment portfolio by asset class

ORIGINAL PORTFOLIO, EUR 3,541 m



SEGREGATED PORTFOLIO, EUR 682 m



Original Portfolio

- Fixed income and money market weight increased due to EUR 250 million cash due to repayment of old Tier 2 loan
- Underlying asset allocation largely unchanged
- Fixed income asset mark-to-market yield 4.8% (5.3% in Q2) adjusting for EUR 250 million extra cash

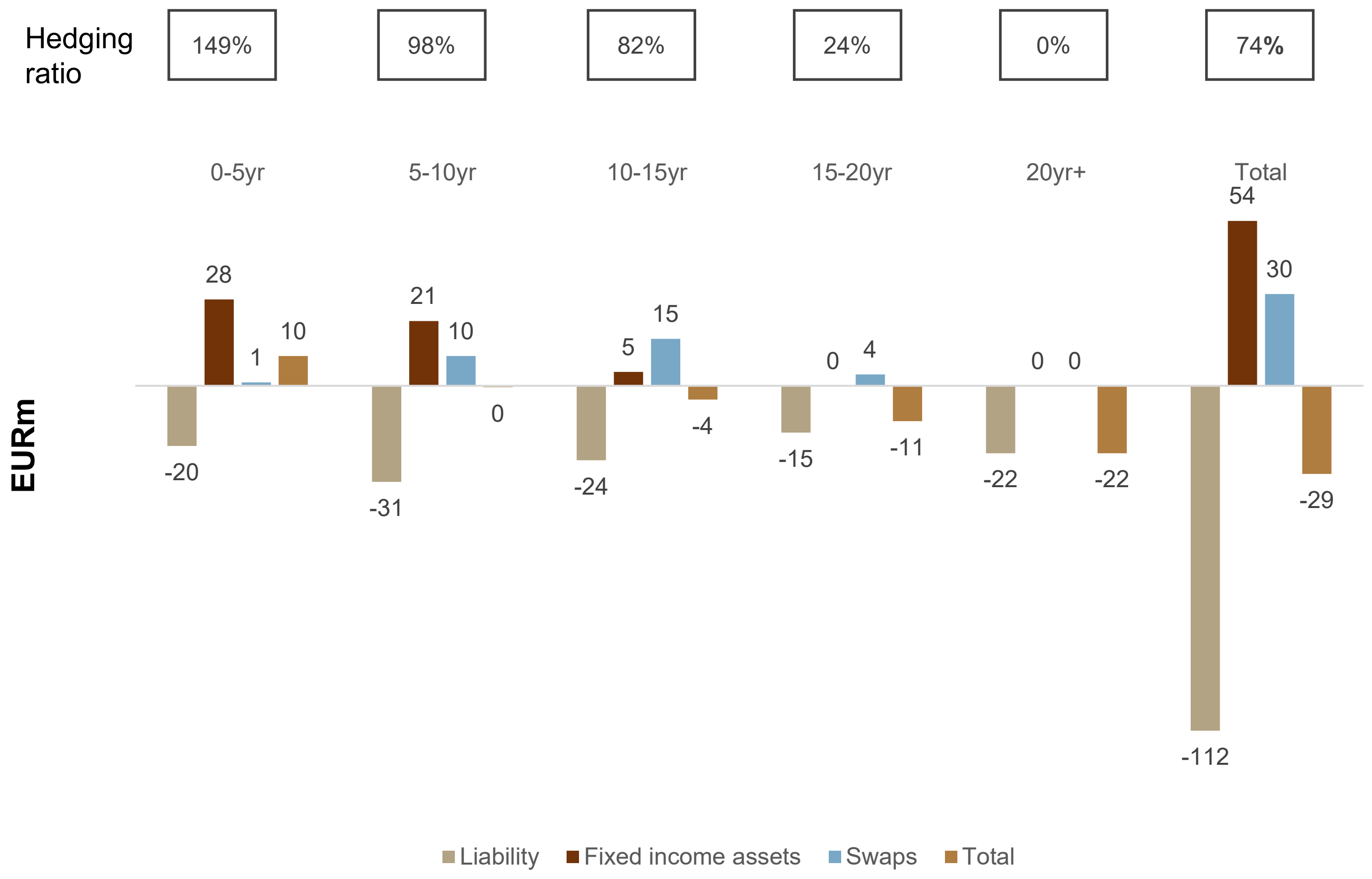
Segregated Portfolio

- No major changes in asset allocation – fixed income weight 95% of the portfolio
- Mark-to-market yield 4.1% (4.8% in Q2)

IFRS Liability and asset sensitivity (original portfolio)

Assets and liabilities are managed by alignment of assets and active management actions

SENSITIVITY BY MATURITY BUCKETS, RATES DOWN 100BPS



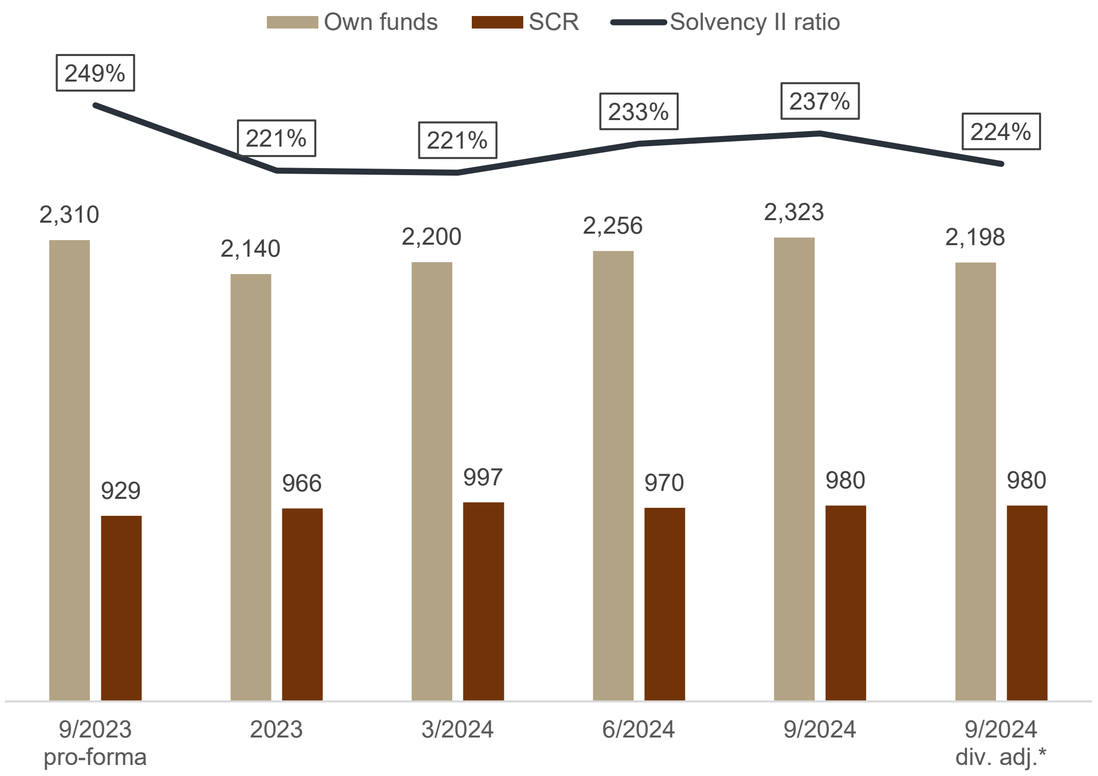
COMMENTS

- Interest rate risk related to first eight years of liability cash flows covered by fixed income assets
- 8–20 years liability cash flows covered partially with swaps and fixed income assets
- Liability interest rate risk open for cash flows after 20 years but active liability side management actions in place to mitigate risk
- Total hedging ratio 74% when buffering element of client bonuses is also taken into account

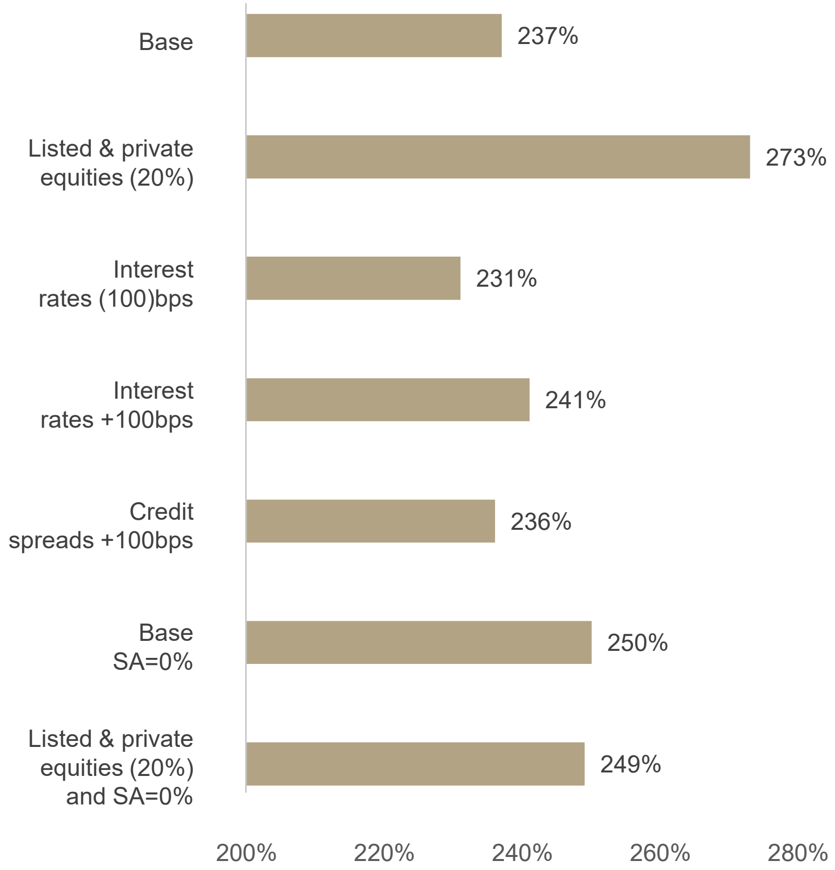
Solvency and capital generation

Steady development of Solvency II ratio continued

QUARTERLY SOLVENCY POSITION (EURm)

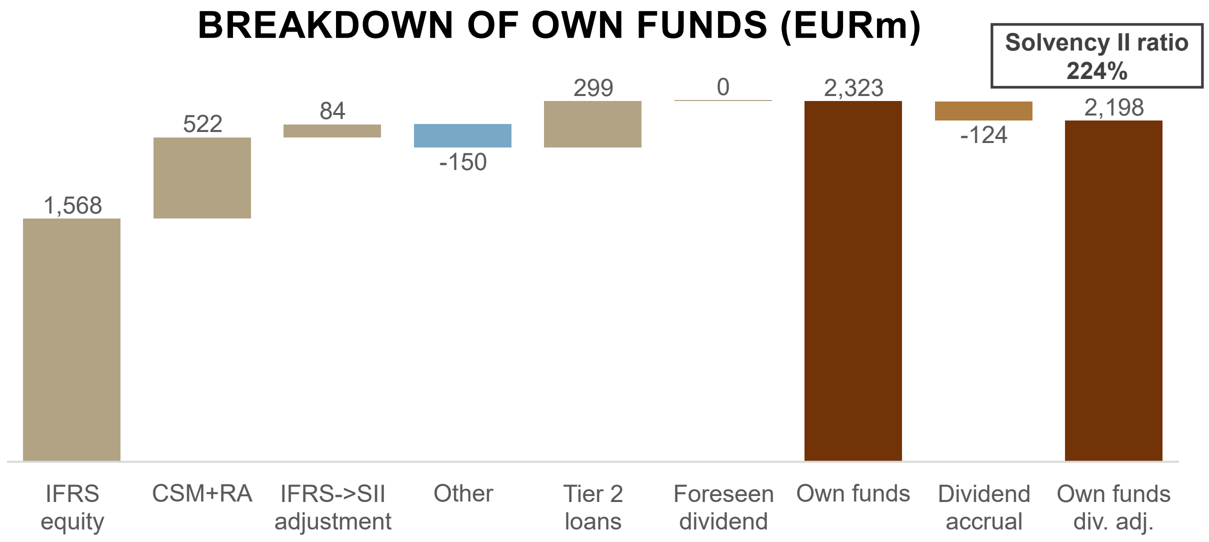


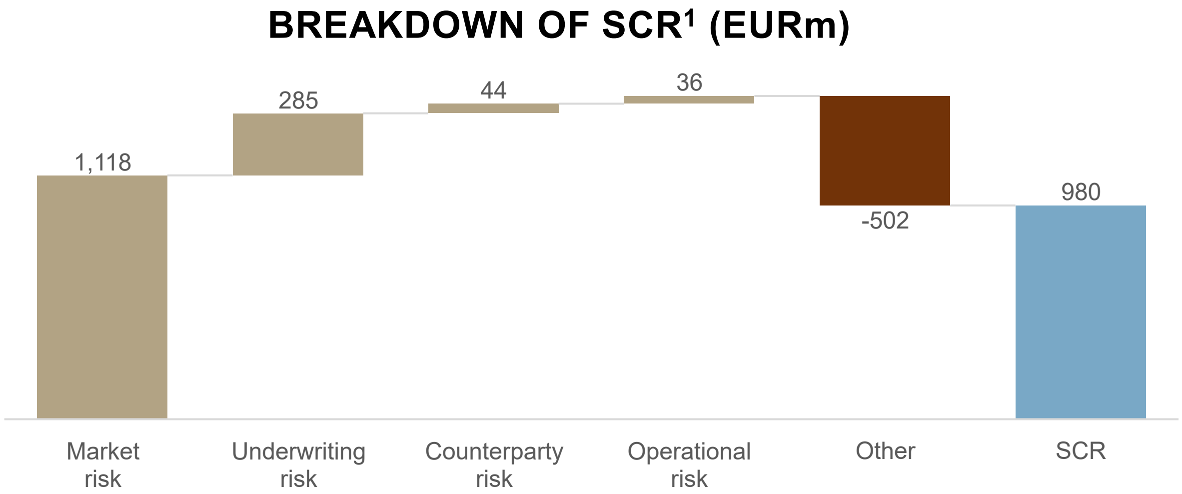
SOLVENCY II RATIO SENSITIVITY



*9/2024 div.adj. = solvency ratio adjusted for dividend accrual for year 2024. Applied dividend assumption corresponds to the 2023 dividend of 0,33€/share.

Successful Tier 2 issue contributed to own funds





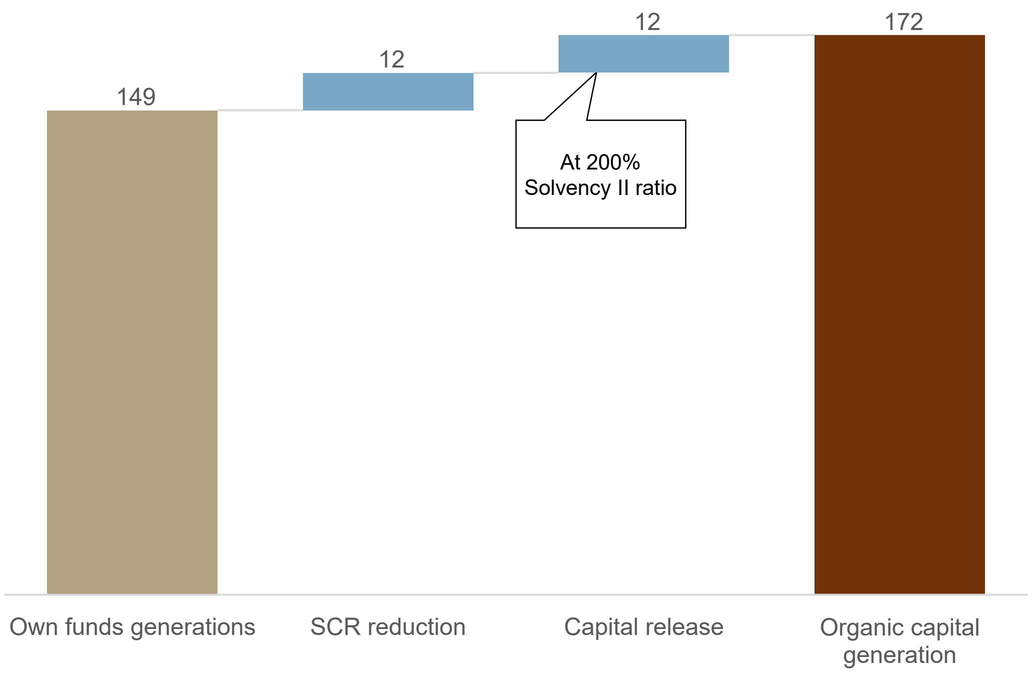
COMMENTS

- Own funds increased by EUR 67 million during Q3, of which EUR 52 million explained by issued Tier 2 loan and personnel offering
- Market risk, and especially equity risk are the most significant SCR elements, and movement of symmetrical adjustment plays a significant role
- Increase of counterparty default risk SCR was more technical in nature and decreased when Tier 2 loan was called back on 4 Oct 2024
- With-profit continues to be the most significant SCR contributor, EUR 456 million at the end of Q3
- Capital-light SCR corresponded to 2.8% of underlying AuM. Notice that capital light business also creates own funds which exceed SCR
- Group's non-strategic assets have a significant effect on the SCR, EUR 167 million at the end of Q3

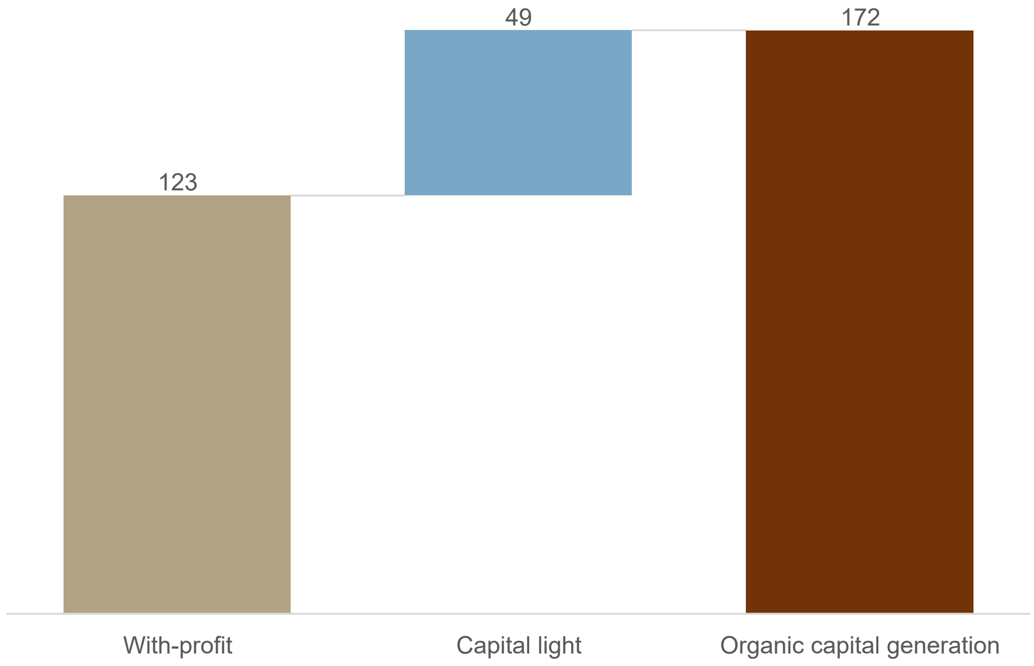
Note: Item "Other' in 'Breakdown of SCR' graph mainly explained by diversification benefits and loss absorption effect of deferred taxes and technical provisions. (1) SCR = solvency capital requirement.

Organic capital generation exceeding net profit growth

COMPONENTS OF ORGANIC CAPITAL GENERATION, 1–9/2024 (EURm)

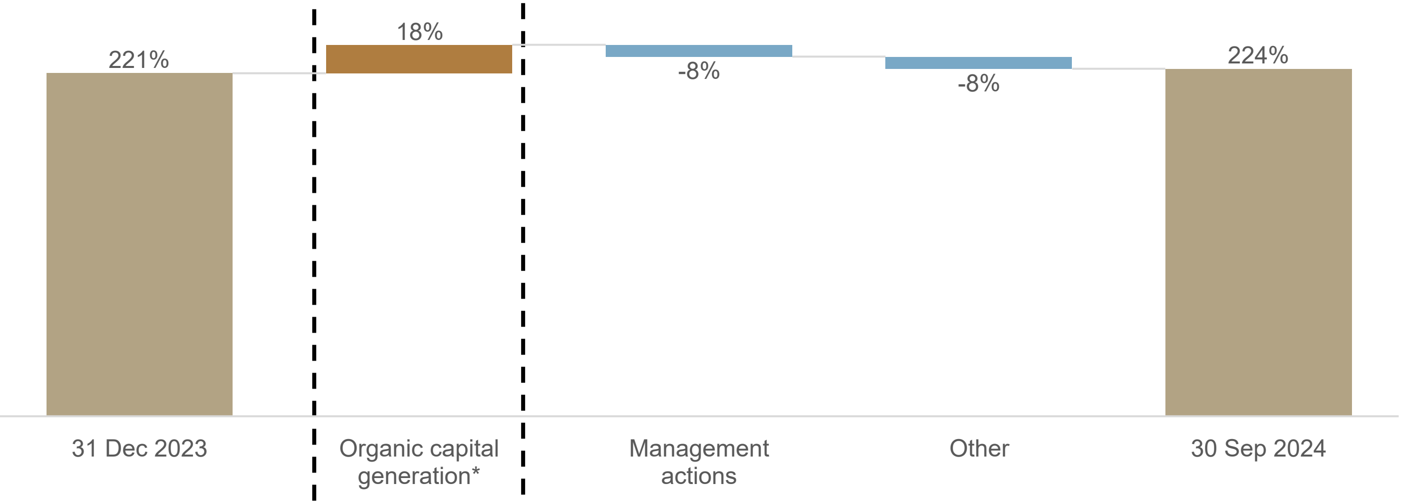


SEGMENTAL CONTRIBUTION, 1–9/2024 (EURm)



Key drivers of capital generation (1-9/2024)

Solvency II ratio



	31 Dec 2023	Organic capital generation*	Management actions	Other	30 Sep 2024
Own funds (€m)	2,140	149	-72	-19	2,198
SCR[1] (€m)	966	-12	0	25	980

KEY DRIVERS

Organic capital generation

- Own funds: Stable growth of fee result and strong net finance result
- SCR: Predictable, continuous run-off of with-profit liabilities. However, this is partly offset by increase of capital-light business due to increased AuM

Management actions

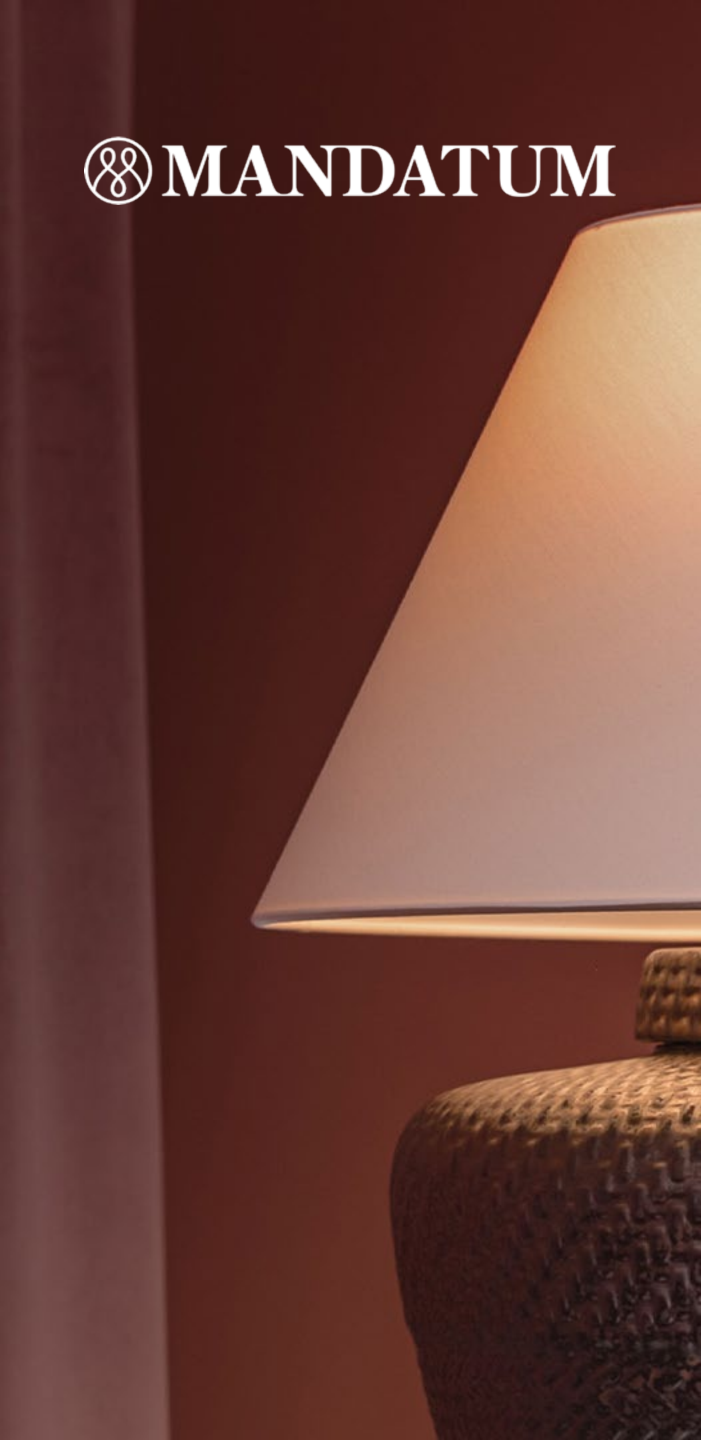
- Own funds: Dividend accrual deducted based on 2023 dividend. Tier 2 replacement had positive impact as well as personnel offering.
- SCR: No actions included during year

Other

- Unwinding of the transitional measure, change of the SA among other things

Note: Item ”Organic capital generation’ does not include capital release part, i.e. target solvency ratio release in excess of 100% level. (1) SCR = solvency capital requirement.

Outlook



Outlook for year 2024 (unchanged)

- The fee result is expected to increase from year 2023 provided that the market environment remains stable. While Mandatum has been able to maintain disciplined pricing and stable fee margins within capital-light customer segments during years 2022 and 2023, the fee result for year 2024 is dependent on several factors, such as client behaviour and client asset allocation, competition and capital market conditions.
- The with-profit portfolio is expected to decrease further. Value changes of the investments in the with-profit portfolio can create relatively high volatility in the net finance result due to changes in the market environment
- In addition, and as typical for the industry, the overall results of Mandatum will be impacted by actuarial assumptions that are updated from time to time
- The strong solvency gives the company a sound basis to operate in different market conditions

Appendix

Supporting materials

Result by segments

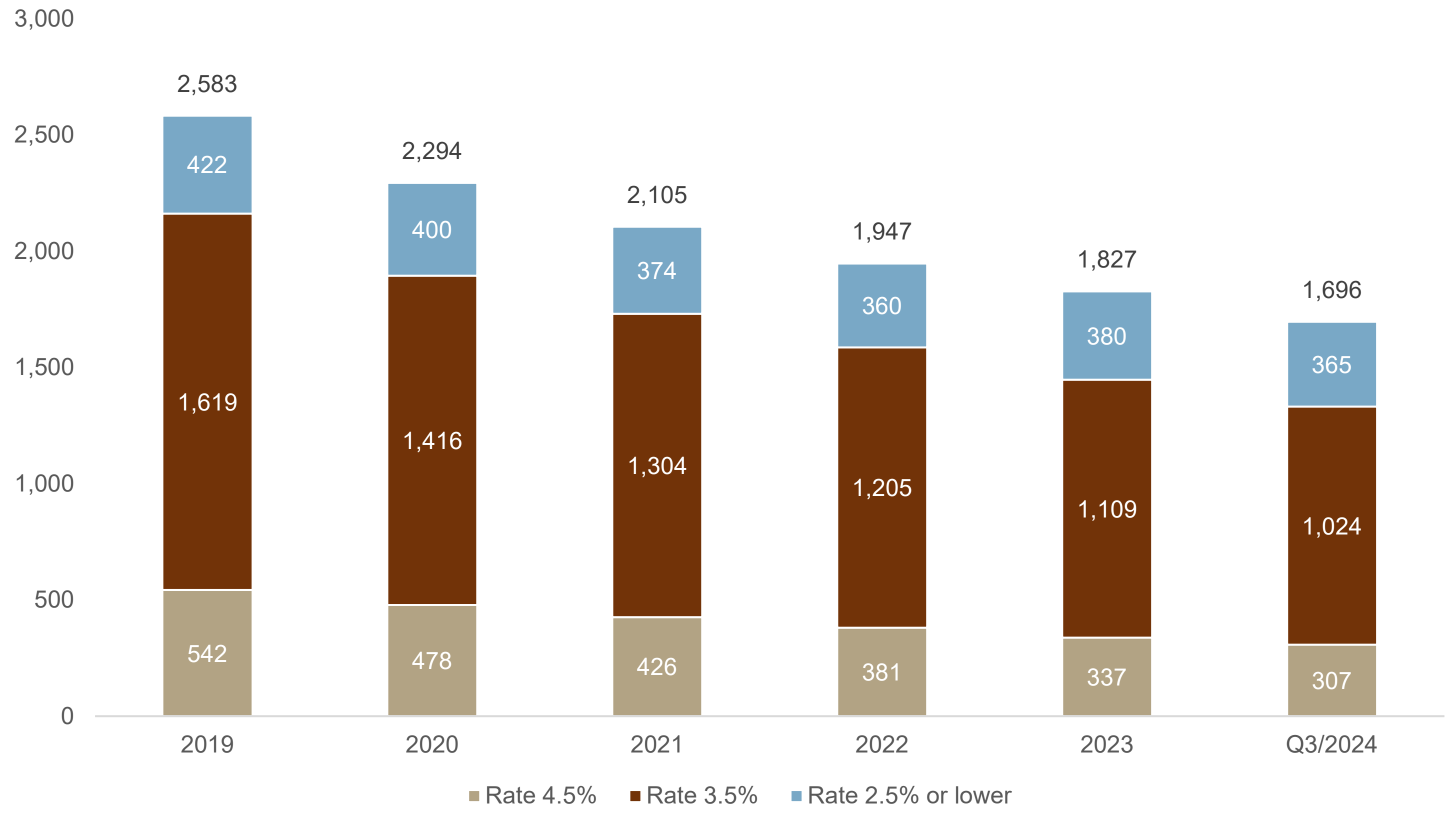
RESULTS 1–9/2024

EURm	Institutional	Corporate	Retail	With-profit	Other	Total	1–9/2023
Fee result	**18**	**17**	**14**	**-**	**-**	**48**	**39**
Insurance service result		15	8	-	-	23	23
Fee result from investment and asset management services	18	1	6	-	-	25	17
Net finance result	**-**	**-**	**-**	**90**	**22**	**112**	**124**
Investment return	-	-	-	163	22	185	148
Unwinding and discounting of liabilities	-	-	-	-73	-	-73	-25
Result related to risk policies	**-**	**11**	**12**	**-**	**-**	**23**	**10**
CSM[1] and RA[2] release	-	12	12	-	-	24	19
Other insurance service result	-	-1	0	-	-	-1	-9
Other result	**0**	**-5**	**0**	**13**	**-24**	**-15**	**-9**
Total profit before taxes	**18**	**23**	**26**	**103**	**-2**	**168**	**164**

Note: (1) CSM = contractual service margin. (2) RA = risk adjustment.

Development of policy savings[1] (original portfolio)

WITH-PROFIT POLICY SAVINGS, 2019–Q3/2024 (EURm)



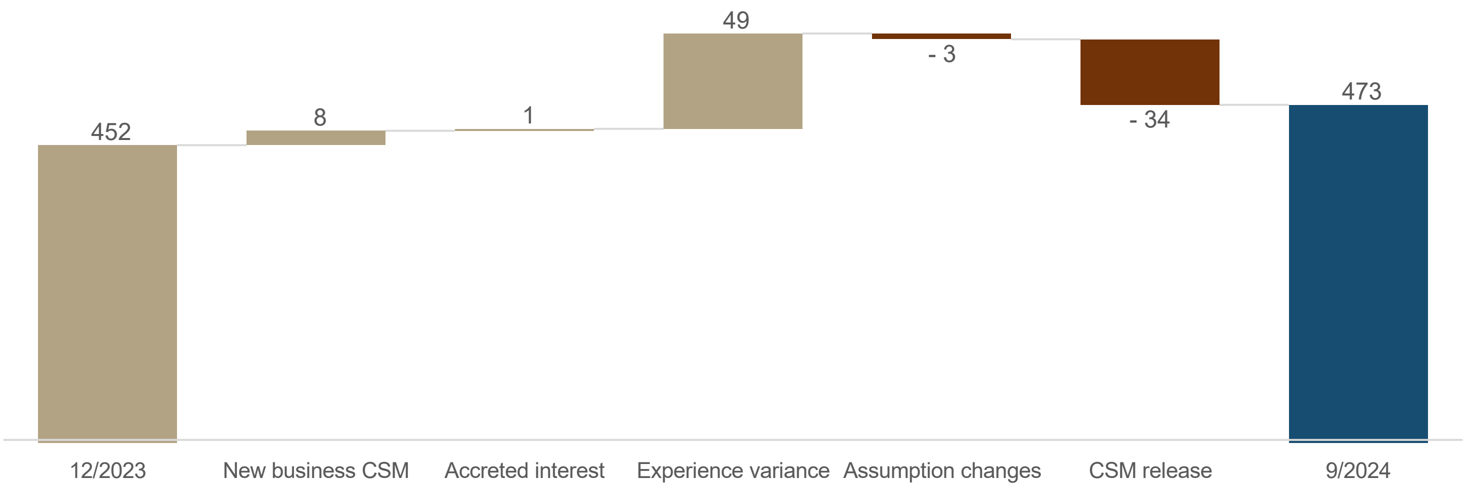
COMMENTS

- With-profit portfolios decreased in line with expectations
- Policy savings with highest (3.5% and 4.5%) guarantees down YTD by EUR 115 million and EUR 36 million in Q3
- Average guaranteed rate 3.22%

(1) Policy savings consist of historical premiums and claims paid and accrued guaranteed interest and client bonuses i.e. differs from IFRS liability due to e.g. discounting.

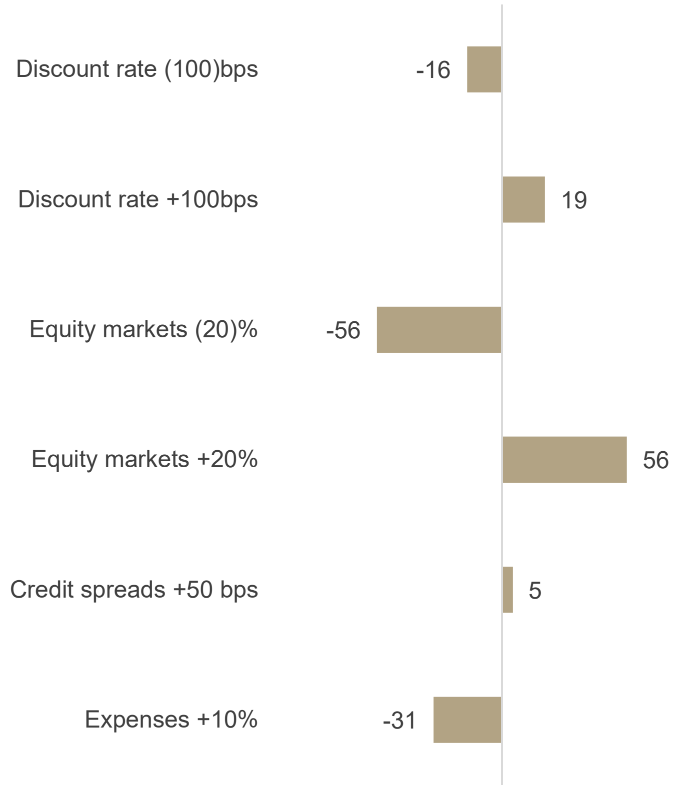
CSM development – 1–9/2024

CSM[1] DEVELOPMENT, 1–9/2024 (EURm)



- Positive CSM development due to higher than expected AuM growth in Unit-linked policies.
- Figures without individual risk policies sold by If.
- New business CSM related entirely to risk policies.
- CSM from unit-linked pension policies EUR 337 million, risk policies EUR 127 million and with-profit policies EUR 9 million.

CSM[1] SENSITIVITY, 9/2024 (EURm)



Note: (1) CSM = contractual service margin.

MANDATUM

Investor contacts:
Lotta Borgström
Vice President, Investor Relations

Tel. +358 50 022 1027
lotta.borgstrom@mandatum.fi

Mandatum
Bulevardi 56, 00120 Helsinki
www.mandatum.fi