The background of the slide is a photograph of a modern interior. It features dark wood paneling on the walls and ceiling. A chandelier with numerous brass light fixtures hangs from the ceiling, casting a warm glow. The text is overlaid on the left side of the image.

Q4

FINANCIAL STATEMENT RELEASE

January-December 2023
13 February 2024



MANDATUM

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MANDATUM PLC: INTERIM REPORT 1 JAN – 31 DEC 2023

Significant increase in profit before taxes for the IPO year 2023

October–December 2023 in brief

- Profit before taxes was EUR 46.3 million (10–12/2022: 62.6). The decrease was due to a weaker net finance result weighed down by higher finance costs on with-profit insurance contract liabilities as a result of the decrease in the discount rate.
- The fee result was EUR 13.4 million (6.2).
- Net flow was EUR 209.9 million (199.0).
- The net finance result was EUR 24.9 million (78.1).
- The result related to risk policies was EUR 8.0 million (5.2).

January–December 2023 in brief

- Profit before taxes increased to EUR 210.4 million (1-12/2022: 75.7). The result improved on the comparative period in all areas, with a particularly strong increase in the net finance result.
- The fee result was EUR 52.6 million (43.3).
- Net flow was EUR 753.8 million (499.0). Client assets under management increased by 15% during the calendar year, to EUR 11.9 billion (31 Dec 2022: 10.3).
- The net finance result was EUR 148.6 million (50.5).
- The result related to risk policies was EUR 17.9 million (9.2).
- The Solvency II ratio was 221.4% (30 Sep 2023: 236.6%).

Dividend proposal

The Mandatum Board of Directors proposes to pay a dividend of EUR 0.33 per share for 2023. Mandatum's Annual General Meeting will decide on the dividend distribution on 15 May 2024.

Outlook for 2024

- 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.

Key Figures

EUR million	10–12/2023	10–12/2022	Change %	1–12/2023	1–12/2022	Change %
Profit before taxes for the period ¹	46.3	62.6	-26%	210.4	75.7	178%
Fee result	13.4	6.2	117%	52.6	43.3	22%
Net finance result	24.9	78.1	-68%	148.6	50.5	194%
Result related to risk policies	8.0	5.2	53%	17.9	9.2	96%
Other income ²	0.0	-26.9	-100%	-8.7	-27.1	-68%
Earnings per share, EUR ³	0.06	0.09 ³	-38%	0.32	0.12 ³	182%
Equity per share, EUR ³				3.19	3.37 ³	-4%
Price/earnings ratio (P/E ratio)				12.71	n/a	n/a
Net flow	209.9	199.0	5%	753.8	499.0	51%
Return on equity-%				9.8%	3.3%	6.4%
Cost/income ratio related to client AuM, %				65.5%	67.0%	-1.5%
EUR million				31 Dec 2023	31 Dec 2022	Change %
Client AuM				11,892	10,302	15%
Solvency ratio, %				221.4%	265.5%	-45%

(Due to the implementation of IFRS 17, key figures are presented for two years as applicable)

- For the comparative period, comprehensive income items were included.
- The impact of the group contribution of EUR -29.0 million was recognized in profit or loss.
- The number of shares used in the calculation corresponds to the number of shares after the partial demerger of Sampo Group on 2 Oct 2023: 501,796,752.

Financial targets

Target		1–12/2023
GROUP-LEVEL TARGET		
Dividend	Mandatum aims to distribute cumulative dividends of EUR 500 million during 2024–2026	The proposed dividend to be paid in spring 2024 is EUR 165.6 million
Solvency	Over the medium term, Mandatum aims for a solvency ratio between 170% and 200%	221.4% (265.5) on 31 Dec 2023
BUSINESS AREA SPECIFIC TARGETS		
Business related to the management of client assets:		
Annual net flow	In the medium term, Mandatum aims for a net flow of 5% of client AuM ¹	Mandatum's net flow between 31 Dec 2022 and 31 Dec 2023 amounted to EUR 753.8 million, 7.3% of client AuM.
Fee margin	Mandatum aims for development of fee margins based on disciplined pricing	Mandatum's fee margin in 2023 was 1.2 (1.2)%.
Cost/income ratio (%)	Mandatum aims to improve the cost/income ratio of managing client AuM.	Mandatum's cost/income ratio related to client AuM in 2023 was 66 (67)%.
With-profit business		
Insurance contract liability development	Mandatum aims for with-profit portfolio run-off with active portfolio management actions	The with-profit insurance contract liability as at 31 Dec 2023 decreased EUR 61 million to EUR 2,427 million (2,487).

- Based on client AuM at the beginning of the period.

CEO comment

Mandatum's result for the financial year 2023 was excellent. The result before taxes was EUR 210.4 million (75.7), a significant increase from the comparative period. All result areas supported the growth.

A favourable trend in the capital-light business, which is at the core of Mandatum's strategy, translated into growth in both the net flow and the fee result. Net flow in the year under review totalled EUR 753.8 million, more than 7% of the client assets under management, and well exceeded our midterm goal of 5%. Assets under management increased by 15% to EUR 11.9 billion during the year, which is evidence of Mandatum's performance and resilience even in a challenging market environment. Both the net flow and the assets under management increased to a record high level.



Both the net flow and the assets under management increased to a record high level.

Sales activity remained at a high level throughout the year, with 75% of new sales in wealth management coming through our corporate business. This is proof of the effectiveness of our strategy, our strong position in the corporate segment and close co-operation between our business areas. Sales were also supported by our fixed income-focused product offering well suited to the current market environment. A good example of this is the gross return of over 13% on the UI-Mandatum AM Senior Secured Loan fund classified as Article 9 of the EU Sustainable Finance Disclosure Regulation. The expansion of wealth management business to Sweden and Denmark proceeded as planned during the year.

The net finance result increased significantly, and return on investments clearly exceeded the finance expense on insurance contract liabilities. However, it is worth noting that value changes of the with-profit portfolio investments according to movements in the market environment and interest rates are typically reflected in relatively large volatility especially in the net finance result across the quarters. This comes with the territory in the life insurance business.

Mandatum at the forefront of Finnish asset managers

Mandatum was ranked the second-best institutional asset manager in Finland in November in the category of large companies in a customer study conducted by Scandinavia Financial Services Research where approximately 100 Finnish institutional investors rated Finnish service providers. This achievement is proof of our long-term engagement for growth in institutional asset management. Our Net Promoter Score (NPS), which measures customer satisfaction across all our encounters with our customers, also continued on a strong track and was measured at 76.8 – a score with which we can be very pleased.

Mandatum's Board of Directors proposes a dividend of EUR 0.33 per share for the financial year 2023. The company is still at the beginning of its journey as a listed company, and the proposed dividend is in line with the previously communicated target. Mandatum aims to distribute a cumulative dividend of EUR 500 million during the years 2024 to 2026. It is important for us to be a good dividend payer also in the future.

The year 2023 was historical for Mandatum as well as for myself as the CEO of the company. Mandatum was separated from the Sampo Group through partial demerger, and trading with the MANTA share began on 2 Oct 2023. The listing supports our growth strategy and signifies that Mandatum has become strategically and financially independent. At the same time, it was a significant addition for the entire financial sector on the stock exchange and a boost in a year otherwise low on listings. Our

ownership structure changed during the first weeks of trading, for example when investors solely focused on non-life insurance divested their holdings. On the other hand, the interest shown in the company by new institutional investors and particularly by private investors made Mandatum the third largest company on the Helsinki Stock Exchange by number of shareholders. For this, I am pleased and grateful. It is great that investors see our potential to create shareholder value.

I would like to thank our customers, shareholders and employees along with all other Mandatum stakeholders for the past year. We have laid excellent groundwork for continuing our new journey on the stock exchange.

Petri Niemisvirta

Chief Executive Officer



Market environment

The investment markets ended the year 2023 on a strong note. The year 2022 had been difficult for both equity and fixed income investments, but 2023 turned out to be strong across asset classes. For equities the year was marked by top returns for a few, but even more significant, companies, as US tech companies doubled in value after a weak 2022. The S&P 500 index rose by 26.3% with dividends, and the Stoxx Europe 600 index rose by 15.8%. The OMXH all-share index eventually recovered from its drawdowns, ending 0.6% up for 2023 with dividends.

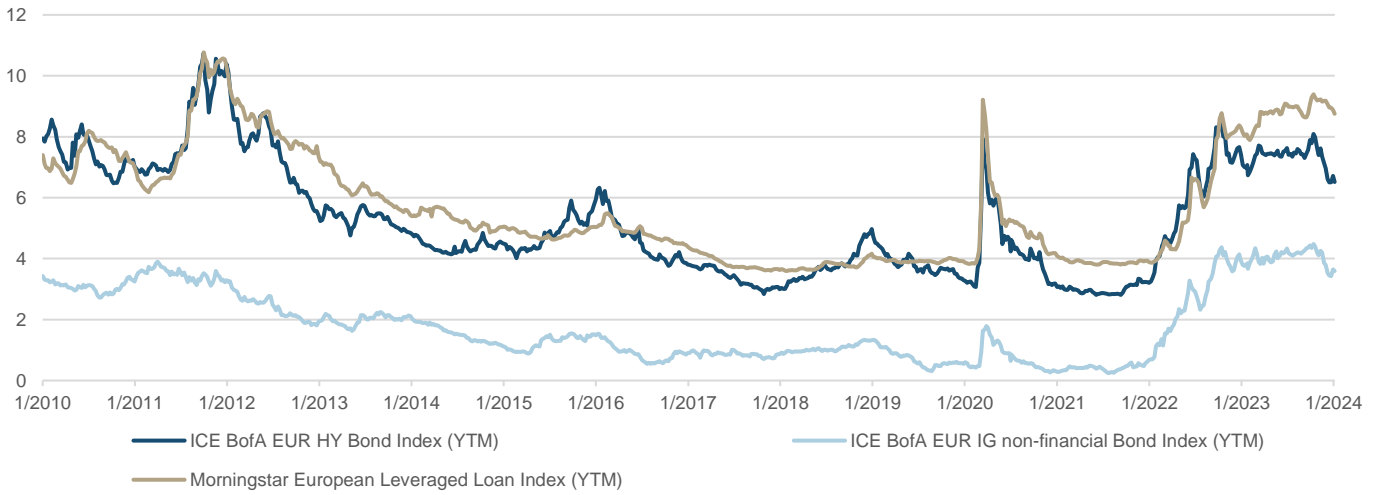
Year appeared to be a mixed one for the fixed income markets. Until the autumn, returns were good for investments with a higher credit risk, while the corporate bonds of investment grade companies and government bonds, which are more dependent on interest rate movements, lagged behind at zero return. However, the decrease in interest rates in November and December turned also their performance clearly positive. In the end, many asset subclasses in the fixed income markets saw the best returns since the recovery from the financial crisis. In Europe, the return on the *investment grade* corporate bond index was over 8% and 13.5% on senior loans.

The key market trends for the year 2024 seem to follow the same pattern as in the previous two years. In 2023, inflation eventually started to fall, even faster than expected. The current year begins with hopes and even expectations that inflation would finally fall to the target level of around 2% set by major central banks. In December 2023, the turnaround in inflation prompted the Federal Reserve to soften its outlook on future monetary policy, which had tightened dramatically over the past two years. It now appears that we have seen the interest rate peaks of the current rate hike cycle. The situation is similar in Europe, where it is estimated that the key ECB policy rate has peaked.

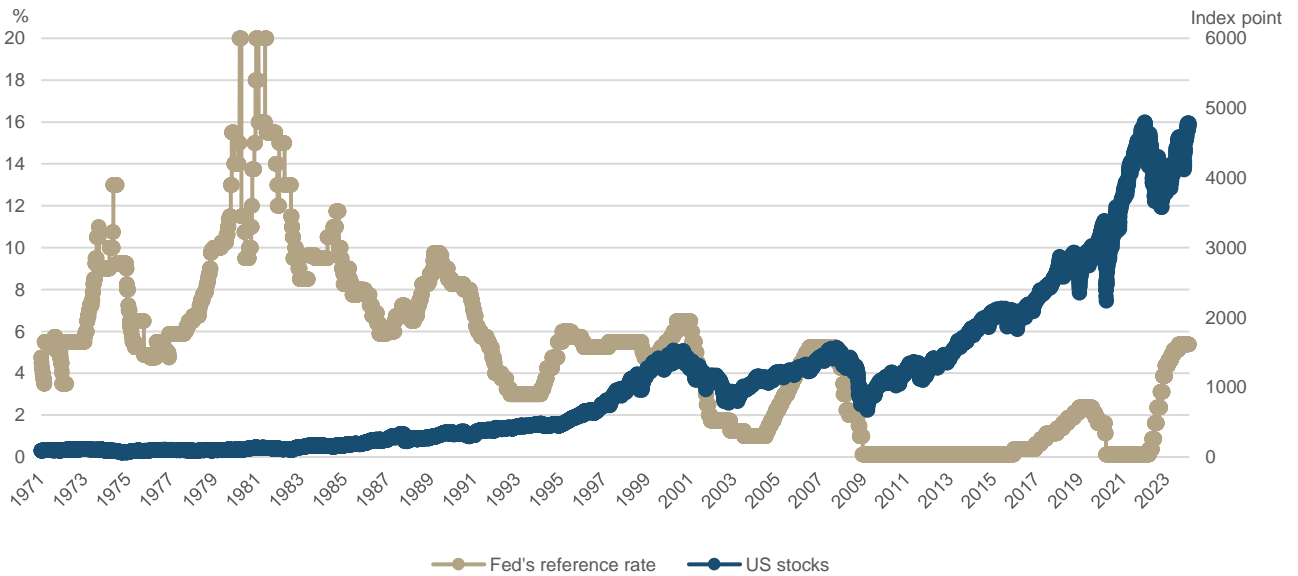
In the real economy, 2023 turned out clearly better than expected, especially in the United States where the broader economic data still shows no major indications of a deterioration in macro outlook in the near future. However, the increased interest rates have increased the risk of a recession in the United States too, and this is significant for the global economy as a whole. In the Eurozone, business confidence surveys are showing signs of decline, indicating heightened risk of a recession.

Going into 2024, the risk premium for global equities is low and valuation differences between equity markets have increased. Fixed income asset classes thus remain still relatively attractive. The equity market rally seen at the end of 2023 will put pressure on current pricing on the markets: corporate earnings will have to stay on their strong growth track to match the current equity market valuation level. The markets are pricing in substantial cuts in central bank interest rates for 2024, largely based on the current positive consensus that a recession will be avoided in the US.

Yield level of European Senior bonds, HY bonds and IG bonds (%)



The Federal Reserve (Fed) rate and stock development



Source: Bloomberg



Result for October–December 2023

The Mandatum Group's profit before taxes for October–December 2023 was EUR 46.3 million (62.6). The result for the comparative period was negatively impacted by the group contribution of EUR 29.0 million paid to Sampo. The net finance result decreased by EUR 53.2 million, to EUR 24.9 million. It should be noted that the net finance result for the comparative period was exceptionally good due to high investment return and low finance expense on insurance contract liability. In the last quarter of 2023, the investment return was a good 4.1%, but the material fall in the discount rate increased finance expenses for with-profit insurance contract liability.

The fee result for Q4 amounted to EUR 13.4 million (6.2). Assets under management increased by EUR 1.6 billion year on year, which contributed to the year-on-year increase in fee income. The net flow for the quarter amounted to EUR 209.9 million, an increase of EUR 10.9 million on the comparative period (199.0). It is also noteworthy that the contractual service margin on the unit-linked contracts recognized on the balance sheet increased by EUR 60.5 million year-on-year to EUR 314.4 million due to an increase in insurance savings of unit-linked pension insurance and changes in the assumptions used in the cash flow models.

The result related to risk policies for Q4 was EUR 8.0 million (5.2). The difference to the comparative period is explained by the higher release of contractual service margin based for example on the insurance portfolio sold to If P&C, which will be transferred during 2024, and normal fluctuations in claims paid and operating expenses incurred.

The solvency ratio decreased by 15.2 percentage points compared to the pro forma level at the end of September, to 221.4%. This decrease was mainly due to an increase in capital requirements for equity, private equity and private credit investments because of an increase in the symmetrical adjustment, and on the other hand due to a decrease in own funds because of an increase in dividend accumulation.

1 Jan–31 Dec 2023

EUR million	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Fee result	13.4	6.2	7.3	52.6	43.3	9.3
Insurance service result	8.7	4.3	4.5	31.3	10.2	21.1
Fee result from investment and asset management services	4.7	1.9	2.8	21.3	33.1	-11.8
Net finance result¹	24.9	78.1	-53.2	148.6	50.5	98.2
Investment return	169.4	80.9	88.5	317.8	-433.2	751.0
Unwinding and discounting of liabilities	-144.5	-2.8	-141.7	-169.1	483.7	-652.8
Result related to risk policies	8.0	5.2	2.8	17.9	9.2	8.8
CSM and RA release	7.6	3.8	3.7	26.1	14.2	12.0
Other insurance service result	0.4	1.4	-1.0	-8.2	-5.0	-3.2
Other result	0.0	-26.9	26.8	-8.7	-27.2	18.5
Profit before taxes for the period¹	46.3	62.6	-16.4	210.4	75.7	134.7

(Figures prepared in accordance with IFRS 17 have been retrospectively adjusted.)

1) For the comparative period, items in comprehensive income were included.



Result for January–December 2023

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

The fee result for the year under review was EUR 52.6 million (43.3). The growth from 2022 was partly due to an increase in client assets from the comparative year, but also due to a higher release of the contractual services margin recognized through profit or loss and the positive impact of the recovery of the loss component that reduced the result in 2022. Client assets under management in 2023 were, on average, c. EUR 600 million higher than in the comparative year. During the year under review, client assets under management grew from EUR 10.3 billion to EUR 11.9 billion. The increase in client assets under management was driven by a net flow of EUR 753.8 million (499.0) and a positive return on investments related to client assets under management. The fee margin on client assets fell by 3 basis points year-on-year but remained at 1.2%. The cost/income ratio improved slightly year-on-year, being 66% (67).

The Institutional & Wealth Management segment was the largest contributor to the growth in client assets under management. Growth was relatively strong in all customer groups under the Institutional & Wealth Management segment. The growth of the Institutional & Wealth Management segment was supported by continued close cooperation between corporate sales and wealth management, and approximately 75% of new wealth management sales in terms of client assets under management resulted from this cooperation.

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

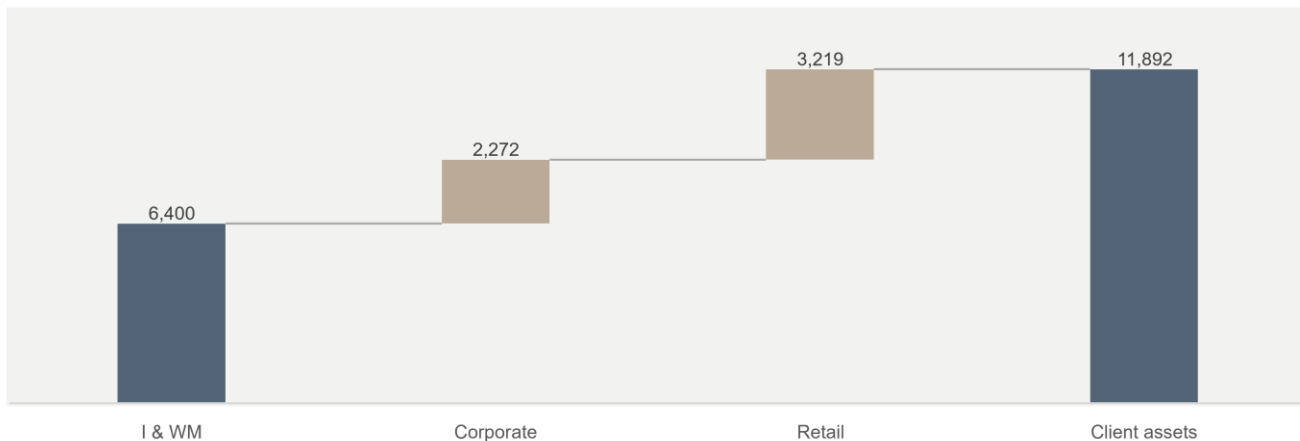
The company significantly reduced the investment risk related to the with-profit balance sheet during the year under review. The most notable change was the reduction in the original portfolio's equity allocation from 19.9% to 8.5%. This significantly reduced the capital requirements of the with-profit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

Result related to risk policies was EUR 17.9 million (9.2). This result was boosted by a larger release of the contractual service margin and risk adjustment than in the comparative year, this being due inter alia to the insurance portfolio transfer to If announced in September and normal fluctuations related to the release of the contractual service margin. The contractual service margin for risk policies was EUR 137.4 million (162.0).

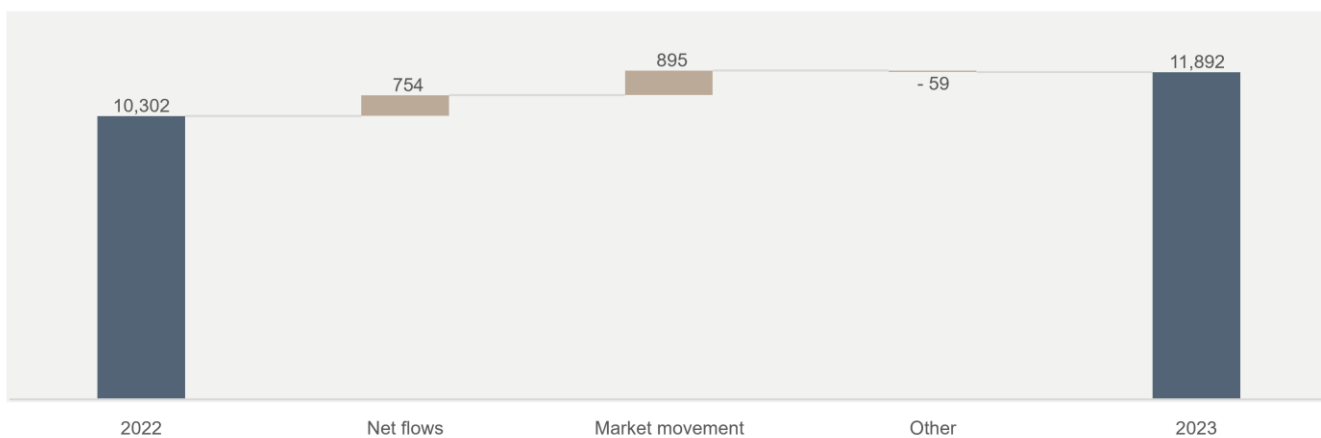
The 'other result' was EUR -8.7 million (27.2) This line item includes the insurance service result for the with-profit business, Mandatum plc's operating expenses, interest expenses for Group loans and the result for services other than insurance and asset management services. The insurance service result for the with-profit business was exceptionally high for both the year under review (EUR 21.9 million) and the comparative year (EUR 19.9 million) due to the unwinding of the contractual service margin. At the end of 2023, the business area's contractual service margin was only EUR 8.8 million (52.2), and therefore an contractual service margin release comparable to the year under review is not expected in the coming years. The group contribution (EUR 29.0 million) decreased the result for the comparative year. External costs of the partial demerger and the IPO amounted to EUR 4.7 million in 2023.

The key event during the year under review was the Sampo decision on the partial demerger and the listing of Mandatum on 2 October. With the partial demerger, the parties agreed on the transfer of Sampo's Saxo shares and certain other investments to Mandatum Holding. Sampo has a holding of 19.83% in Saxo Bank A/S. The Saxo transaction is subject to regulatory approval and is expected to be completed in the first half of 2024. Sampo also sold its shares in Enento Group plc (12.5%) to Mandatum Holding in November 2023.

Mandatum client assets under management 31 Dec 2023 (EUR million)



Development of client assets managed by Mandatum after 31 Dec 2022 (EUR million)



Mandatum's solvency ratio was 221.4% at 31 December 2023, a decrease of 44.1 percentage points compared to 31 December 2022, when Mandatum's solvency ratio was 265.5%. During the year under review, own funds were affected by primarily internal administrative decisions: the proposed dividend, partial repayment of subordinated loans and the effect of the partial demerger. In other respects, the situation was fairly stable: the net finance result was good and exceeded the return requirements for insurance contract liability in accordance with solvency calculations, contributing to the growth in own funds. The solvency capital requirement increased by EUR 12.8 million during the year under review, to EUR 966.4 million. The section 'Group solvency' describes the development of solvency in more detail.



Business areas

Result by business area

1 Jan–31 Dec 2023

EUR million	Institutional	Corporate	Retail	With-profit	Eliminations and items not allocated to the segments	Group
Fee result	19.7	14.7	18.2	0.0	0.0	52.6
Insurance service result	0.0	15.2	16.1	0.0	0.0	31.3
Other result from investments and asset management services	19.7	-0.5	2.0	0.0	0.0	21.3
Net finance result	0.0	0.0	0.0	137.8	10.8	148.6
Investment return				307.0	10.8	317.8
Unwinding and discounting of liabilities				-169.1		-169.1
Result related to risk policies	0.0	8.1	9.8	0.0	0.0	17.9
CSM and RA release	0.0	15.7	10.5	0.0	0.0	26.1
Other insurance service result	0.0	-7.5	-0.7	0.0	0.0	-8.2
Other result	-0.4	-5.0	-2.7	21.9	-22.5	-8.7
Profit before taxes for the period	19.4	17.8	25.3	159.7	-11.7	210.4

1) Includes exceptional CSM release which is not expected to continue as remaining CSM is EUR 8.8 million.

1 Jan–31 Dec 2022

EUR million	Institutional	Corporate	Retail	With-profit	Eliminations and items not allocated to the segments	Group
Fee result	26.0	14.6	2.7	0.0	0.0	43.3
Insurance service result	0.0	9.4	0.8	0.0	0.0	10.2
Other result from investments and asset management services	26.0	5.2	1.9	0.0	0.0	33.1
Net finance result	0.0	0.0	0.0	50.3	0.2	50.5
Investment return ¹	0.0	0.0	0.0	-433.3	0.2	-433.2
Unwinding and discounting of liabilities	0.0	0.0	0.0	483.7	0.0	483.7
Result related to risk policies	0.0	7.2	1.9	0.0	0.0	9.2
CSM and RA release	0.0	10.3	3.9	0.0	0.0	14.2
Other insurance service result	0.0	-3.1	-1.9	0.0	0.0	-5.0
Other result	-0.1	-4.1	-1.4	19.9	-41.5	-27.2
Profit before taxes for the period	25.9	17.6	3.2	70.2	-41.3	75.7

1) For the comparative period, items in comprehensive income were included.



Institutional & Wealth Management

Mandatum provides comprehensive wealth and asset management services to its clients, which include Finnish and Nordic institutional investors, corporations and high net worth private individuals.

- As at 31 Dec 2023, client assets under management amounted to EUR 6.4 billion – an increase of 6.6% for the quarter and 16.7% for the year.
- Net flow was EUR 231.6 million for Q4 (10-12/2022: 221.5) and EUR 739.7 million for the year (1-12/2022: 496.3).
- All client segments (international, institutional and private wealth management) contributed to the growth in net flow. Subscriptions were particularly strong in higher-risk fixed income products such as high-yield and senior loan funds.
- Fee margins remained almost at the previous year's level, although sales were mainly concentrated in lower-margin fixed income products.
- Mandatum was ranked the second-best institutional asset manager in Finland in the large corporates category in the Scandinavian Financial Research (SFR) client survey, in which c. 100 Finnish institutional investors rated 18 institutional asset managers.
- The expansion of wealth management to Sweden and Denmark proceeded as planned during the year.

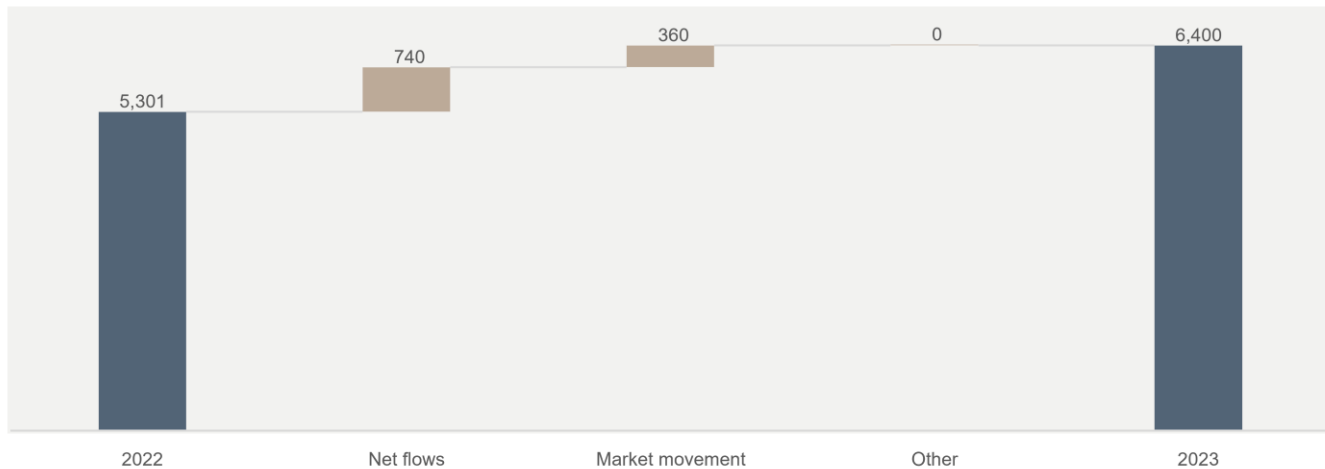
RESULT OF THE INSTITUTIONAL AND WEALTH MANAGEMENT BUSINESS AREA

The net result for Q4 in the institutional and wealth management business area was EUR 4.0 million (2.1), and the fee result was EUR 4.5 million (4.3). For the year under review, the result was EUR 19.4 million (25.9). The fee result for the comparative year includes a non-recurring profit-sharing bonus of EUR 8.5 million. Net flow was EUR 231.6 million for Q4 (221.5) and EUR 739.7 million for the year (496.3). The business area's assets under management increased by EUR 1.1 billion during the year under review, to EUR 6.4 billion (5.3).

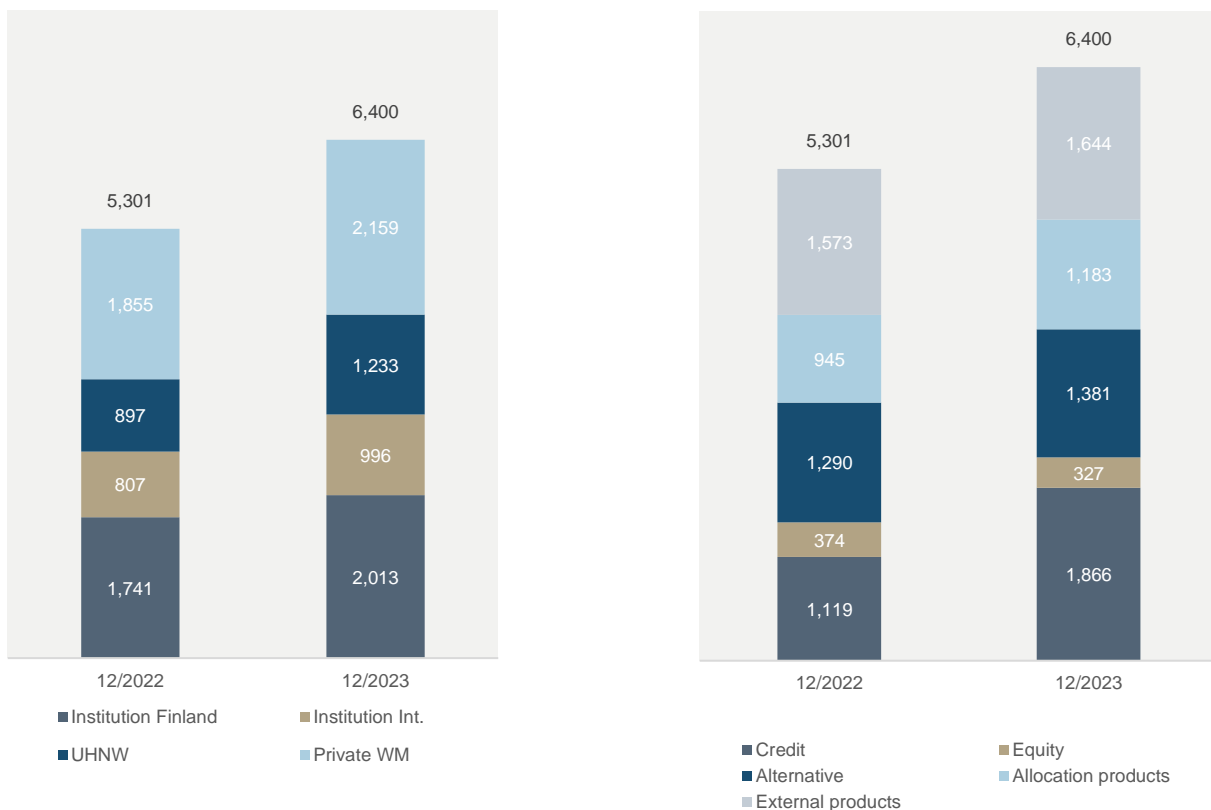
The regrouping into new business areas (Institutional & Wealth Management, Corporate, Retail, With-profit business) during the summer of 2023 makes it difficult to compare the results of the business areas with the previous year.

Result						
EUR million	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Fee result	4.5	4.3	0.1	19.7	26.0	-6.3
Insurance service result	0.0	0.0	0.0	0.0	0.0	0.0
Fee result from investment and asset management services	4.5	4.3	0.1	19.7	26.0	-6.3
Net finance result	0.0	0.0	0.0	0.0	0.0	0.0
Investment return	0.0	0.0	0.0			0.0
Unwinding and discounting of liabilities	0.0	0.0	0.0			0.0
Result related to risk policies	0.0	0.0	0.0	0.0	0.0	0.0
CSM and RA release	0.0	0.0	0.0	0.0	0.0	0.0
Other insurance service result	0.0	0.0	0.0	0.0	0.0	0.0
Other result	-0.4	-2.2	1.8	-0.4	-0.1	-0.3
Profit before taxes for the period	4.0	2.1	1.9	19.4	25.9	-6.6

Development of client assets under management for Institutional and Wealth Management clients between 31 Dec 2022 and 31 Dec 2023 (EUR million)



Client assets under management for Institutional and Wealth Management clients by client segment and product as at 31 Dec 2023 (EUR million)



Corporate clients

Mandatum serves corporate clients in two main segments: large and medium-sized clients and entrepreneur-driven clients. For small businesses and entrepreneurs, Mandatum primarily offers preparing and prospering services, while for large and medium-sized companies the focus is on incentive schemes and compensation, including personal and pension insurance and personnel funds.

- As at 31 Dec 2023, client assets under management were EUR 2.3 billion – an increase of 5.9% for the quarter and 8.3% for the year.
- Net flow remained at the previous year's level, being EUR 19.9 million (10-12/2022: 16.6) for Q4 and EUR 89.5 million (1-12/2022: 79.5) for the year.
- Cross-selling between corporate and institutional remained strong: 75% of new sales in asset management came from corporate cooperation.
- Premiums written related to risk policies for the year amounted to EUR 31.6 (29.4) million, up 7.3% on the previous year.

RESULT OF THE CORPORATE CLIENTS BUSINESS AREA

Profit before taxes for the corporate client business area was EUR 10.1 million for Q4 (9.9) and EUR 17.8 million for the year (17.6). The full year fee result of EUR 14.7 million was also on a par with the previous year (14.6). The result related to risk policies increased to EUR 8.1 million from EUR 7.2 million in the previous year.

The net flow for the year under review was EUR 89.5 million (79.5). Together with the positive market development, this increased client AuM from EUR 2.0 billion to EUR 2.3 billion. In the corporate clients business area, the contractual service margin on the unit-linked pension insurance portfolio was EUR 191.0 million (152.5), and the contractual service margin on the risk insurance portfolio, excluding the portfolio sold to If, was EUR 103.9 million (97.2).

The regrouping into new business areas (Institutional & Wealth Management, Corporate, Retail, With-profit business) during the summer of 2023 makes it difficult to compare the result of the business areas with the previous year.

Result						
EUR million	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Fee result	4.9	7.0	-2.1	14.7	14.6	0.1
Insurance service result	3.7	5.7	-1.9	15.2	9.4	5.8
Fee result from investment and asset management services	1.1	1.3	-0.1	-0.5	5.2	-5.7
Net finance result	0.0	0.0	0.0	0.0	0.0	0.0
Investment return	0.0	0.0	0.0			0.0
Unwinding and discounting of liabilities	0.0	0.0	0.0			0.0
Result related to risk policies	5.5	5.1	0.4	8.1	7.2	0.9
CSM and RA release	5.5	2.9	2.7	15.7	10.3	5.3
Other insurance service result	0.0	2.2	-2.2	-7.5	-3.1	-4.4
Other result	-0.3	-2.2	1.9	-5.0	-4.1	-0.9
Profit before taxes for the period	10.1	9.9	0.3	17.8	17.6	0.2

Development of client assets under management for Corporate clients between 31 December 2022 and 31 December 2023 (EUR million)



Retail clients

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

- As at 31 Dec 2023, client assets under management amounted to EUR 3.2 billion – an increase of 4.3% for the quarter and 7.9% for the year.
- Net flow continued to be negative at EUR -41.5 million for Q4 (10-12/2022: -39.0) and EUR -75.4 million for the year (1-12/2022: -76.9).
- The renewed five-year cooperation with Danske Bank got off to a good start with clear common targets.
- The portion of loan protection insurance sold by Danske in new loans was at a favourable level, but due to the subdued loan market, premiums written on the loan protection insurance portfolio decreased by 2% compared to the previous year.

RESULT OF THE RETAIL CLIENTS BUSINESS AREA

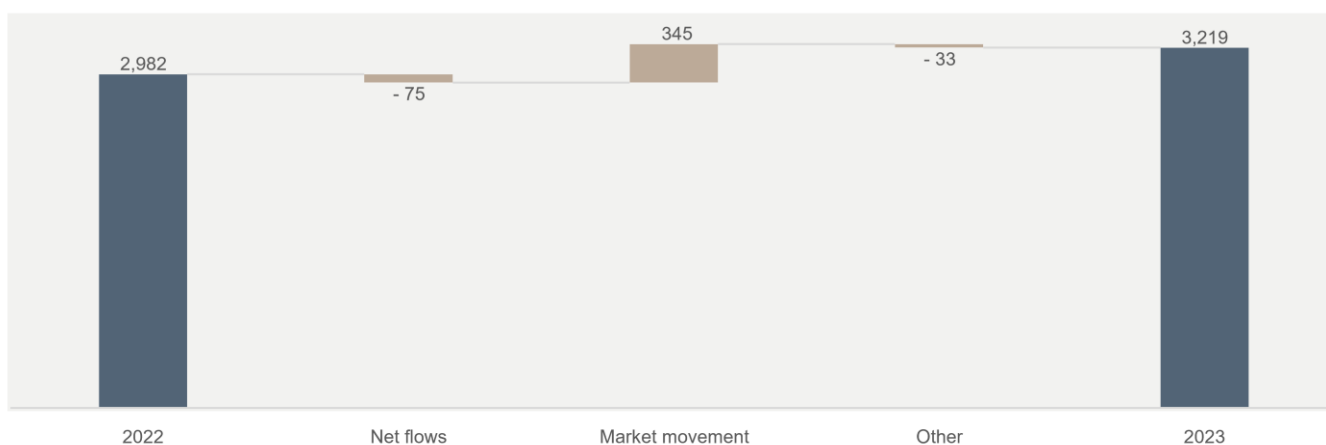
Profit before taxes for the retail client business area for 2023 was EUR 25.3 million (3.2). The increase is due more to accounting factors than to actual growth of the business area or its profitability. The change in the result can be explained inter alia by the changes realized in the loss component of the 2022 result, the reversals of which increased the 2023 result. In addition, the transfer of the insurance portfolio to If, announced in September, increase the result of the business area's risk policies. The third major factor was the higher release of CSM in the 2023 result than in 2022.

Net flow for the year under review was EUR -75.4 million (-76.9). Despite the negative net flow, client AuM increased from EUR 3.0 billion to EUR 3.2 billion in 2023, supported by a positive market. The contractual service margin of the retail client business area was EUR 123.3 million (101.3) for the unit-linked pension insurance portfolio and EUR 25.2 million (27.7) for the risk insurance portfolio, excluding the portfolio sold to If.

The regrouping into new business areas (Institutional & Wealth Management, Corporate, Retail, With-profit business) during the summer of 2023 makes it difficult to compare the result of the business areas with the previous year.

Result						
EUR million	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Fee result	4.1	-5.1	9.2	18.2	2.7	15.5
Insurance service result	5.0	-1.4	6.4	16.1	0.8	15.3
Fee result from investment and asset management services	-0.9	-3.6	2.8	2.0	1.9	0.2
Net finance result	0.0	0.0	0.0	0.0	0.0	0.0
Investment return	0.0	0.0	0.0			0.0
Unwinding and discounting of liabilities	0.0	0.0	0.0			0.0
Result related to risk policies	2.4	0.1	2.3	9.8	1.9	7.9
CSM and RA release	2.0	1.0	1.0	10.5	3.9	6.6
Other insurance service result	0.4	-0.9	1.3	-0.7	-1.9	1.2
Other result	-0.7	-4.3	3.6	-2.7	-1.4	-1.2
Profit before taxes for the period	5.9	-9.2	15.1	25.3	3.2	22.1

Development of client assets under management for Retail clients between 31 Dec 2022 and 31 Dec 2023 (EUR million)



With-profit business

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

- Mandatum Life significantly reduced its investment risk during the year, for example by reducing the weight of direct equity investments from 19.9% to 8.5% and by partially hedging the interest rate risk of insurance contract liabilities with interest rate derivatives.
- As a result of reducing the risk level, the solvency requirement for the with-profit business decreased significantly, from EUR 612.5 million to EUR 475.7 million.
- The investment return (7.8%) clearly exceeded the corresponding finance expense on insurance contract liabilities.
- The with-profit insurance portfolio decreased in line with expectations.

RESULT OF THE WITH-PROFIT BUSINESS AREA

The business area's profit before taxes was EUR 30.2 million for Q4 (90.2) and EUR 159.7 million for the year (70.2). The assets covering the original insurance contract liabilities and equity as at the end of the year under review amounted to EUR 3.3 billion (3.8), with a return of 7.8% (-8.8). The assets covering the segregated insurance portfolio amounted to EUR 0.7 billion



(0.7), with a return of 8.5% (-6.7). The fall in the discount rate on the insurance contract liabilities led to a significant increase in the corresponding finance expense on insurance contract liabilities for Q4 and for the year, but the high investment return resulted in a good net finance result for the year. The pre-tax net finance result was EUR 19.1 million for Q4 (77.9) and EUR 137.8 million for the year (50.3). The 'other result' for the business area includes the insurance service result for the with-profit business, which was exceptionally high both in the year under review (EUR 21.9 million) and in the comparative year (EUR 19.9 million) due to the CSM release. At the end of 2023, the business area's CSM was only EUR 8.8 million (52.2) and accordingly a CSM release comparable to that in the year under review is not expected in the coming years.

The company significantly reduced the investment risk of both original and segregated portfolio related assets during the year under review. For the original portfolio, the weight of listed shares decreased from 19.9% as at year-end 2022 to 8.5%. New fixed income investments were mainly made in investment grade credit rated assets, resulting in an increase in their percentage of fixed income investments in the original balance from 47.1% to 59.2%. In addition, the interest rate derivatives entered into during the year significantly reduced the interest rate risk on the balance sheet. Together with the interest rate derivatives, the fixed income investments on the original balance sheet cover approximately 71% of the change in the IFRS insurance contract liabilities due to parallel shift of the yield curve. The mark-to-market yield on the fixed income investments on the original balance sheet was 5.7% as at the end of the year, 0.5 percentage points lower than in September as a result of the fall in interest rates.

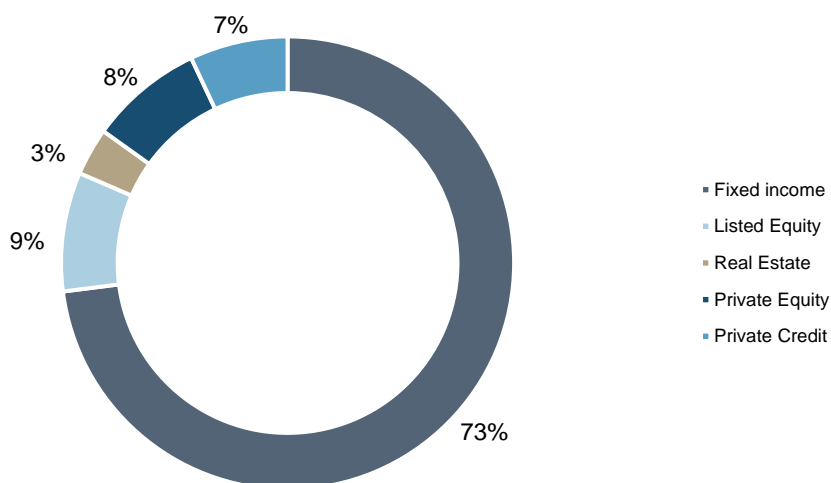
The amount of insurance contract liabilities in the accounting and the related change are influenced by the prevailing interest rate level as at the measurement date, leading to fluctuations in the amount of the insurance contract liability. On the original balance sheet, insurance contract liabilities amounted to EUR 1,794 million (1,873). As a result of the good investment return and the share of this allocated to policies, the insurance contract liabilities for the segregated portfolio increased to EUR 632 million (614). The CSM included in insurance contract liabilities decreased from EUR 52.2 million to EUR 8.8 million in Q4, mainly as a result of changes in assumptions in cash flow modelling. As the change in market interest rates causes fluctuations in the insurance contract liabilities under IFRS accounting, the development of the actual insurance portfolio is also followed up through the development of the insurance savings. In addition to premiums and claims, insurance savings are increased by the annual payment of guaranteed interest and client bonuses. The insurance savings on the original portfolio decreased in line with the expectations by EUR 119.9 million to EUR 1,827.0 million during the year under review. The insurance portfolios with high guaranteed interest of 3.5% and 4.5% decreased by EUR 140.2 million, to EUR 1,446.5 million. Insurance savings in the original portfolio were credited with EUR 60.3 million in guaranteed interest and EUR 2.9 million in client bonuses. The return on assets covering the original portfolio and own funds at fair value was approximately EUR 260 million.

Result						
EUR million	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Fee result	0.0	0.0	0.0	0.0	0.0	0.0
Insurance service result	0.0	0.0	0.0	0.0	0.0	0.0
Other result from investments and asset management services	0.0	0.0	0.0	0.0	0.0	0.0
Net finance result	19.1	77.9	-58.9	137.8	50.3	87.5
Investment return	163.6	80.7	82.8	307.0	-433.3	740.3
Unwinding and discounting of liabilities	-144.5	-2.8	-141.7	-169.1	483.7	-652.8
Result related to risk policies	0.0	0.0	0.0	0.0	0.0	0.0
CSM and RA release	0.0	0.0	0.0	0.0	0.0	0.0
Other insurance service result	0.0	0.0	0.0	0.0	0.0	0.0
Other result	11.2	12.3	-1.1	21.9	19.9	1.9
Profit before taxes for the period	30.2	90.2	-60.0	159.7	70.2	89.4

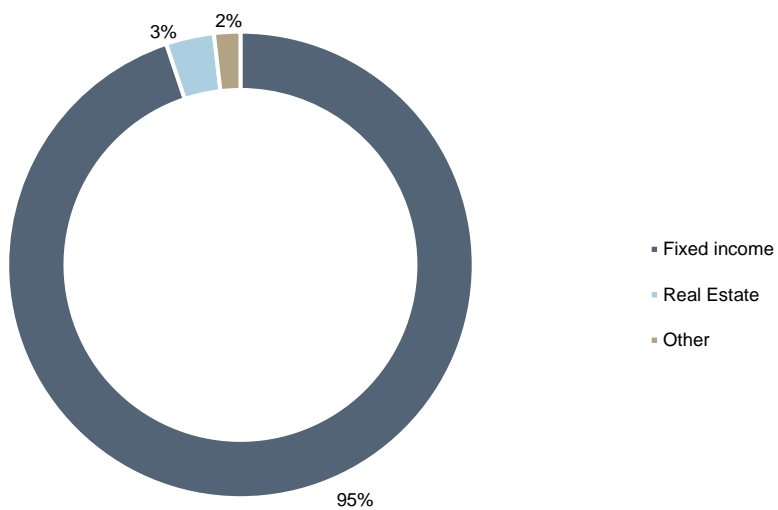
The investment assets related to Mandatum life insurance operations are diversified both geographically and across asset classes in order to increase returns and reduce risks. The asset allocation of Mandatum's life insurance-related investments for the original portfolio and the segregated portfolio as at 31 Dec 2023 is shown in the graphs below.



Allocation of assets covering the original portfolio and Mandatum's own funds between asset types as at 31 Dec, EUR 3,340 million



Allocation of investment assets of the segregated portfolio between asset types as at 31 Dec 2023, EUR 701 million



Solvency

Group solvency

The Mandatum Group's Solvency II solvency ratio was 221.4% as at 31 Dec 2023, including the impact of the decrease of own funds by the dividend of EUR 0.33 per share proposed by the Board of Directors to the Annual General Meeting. At the end of the previous quarter, the comparable pro forma solvency ratio was 236.6%, which included the effect of the balance sheet restructuring agreed upon in connection with the partial demerger of Sampo plc. The transactions related to this arrangement include the sale of shares in Saxo Bank A/S; this transaction is pending, but its risk impact was considered in the solvency capital requirement at the end of the reporting period. The comparable solvency ratio decreased by 15.2 percentage points during Q4. This is mainly explained by the dividend accumulation and increase in the symmetrical adjustment factor for equity risk applied in solvency capital requirement calculations. The target level of the Mandatum Group solvency ratio is 170-200%.

Mandatum Group's solvency as at 31 Dec 2023, 30 Sep 2023 (pro forma) and 31 Dec 2022

EUR million	31 Dec 2023	30 Sep 2023 (pro-forma)	31 Dec 2022
Own funds	2,140	2,198	2,532
Solvency capital requirement	966	929	954
Solvency ratio	221.4%	236.6%	265.5%

As at the end of December 2023, the Group had EUR 2,140 million in own funds. During the year under review, own funds decreased by a total of EUR 392 million. This can be mainly explained by the parent company's proposed dividend of EUR 165.6 million, the EUR 101.8 million in debt transferred from Sampo in connection with the partial demerger and the EUR 100 million subordinated loan repaid by the subsidiary Mandatum Life. The solvency capital requirement increased during the year under review from EUR 954 million as at the beginning of the year to EUR 966 million as at the end of the year. The solvency capital requirement was lowered during the year under review by reducing the riskiness of the assets of the with-profit business, but this was partly offset by the impact of the investments transferred from Sampo in connection with the partial demerger. The solvency capital requirement for the year under review was also significantly impacted by the increase in the adjustment factor used in the calculation of equity risk. The company's solvency position remains strong, and due to its strong solvency Mandatum is ready to operate in an uncertain market environment.

Financial leverage position

The Mandatum Group's leverage ratio is calculated by dividing the Group's financial debt by the sum of IFRS equity, contractual service margin less deferred taxes and financial debt. The impact of derivatives is not considered in financial debt when calculating financial leverage. The Mandatum Group's financial leverage was 14.9% as at 31 Dec 2023. The Mandatum Group's financial debt used in the calculation of financial leverage increased in Q4 due to the portion of Sampo plc's general loans transferred in connection with Sampo plc's partial demerger. During the year under review, financial debt was reduced by the repayment of a EUR 100 million subordinated loan by the subsidiary Mandatum Life to Sampo plc. The table below, 'Mandatum Group financial leverage as at 31 Dec 2023' describes the composition of the financial leverage in more detail.

Mandatum Group financial leverage as at 31 Dec 2023

EUR million	31 Dec 2023
Financial debt	351.1
Shareholder equity	1,599.0
CSM+RA, net of tax	408.0
Financial leverage	14.9%

The purchase of the shares in Saxo Bank A/S agreed upon in connection with the partial demerger and the related financing arrangement with Sampo plc will increase financial leverage. The amount of the loan to be taken out due to the aforementioned transaction will be specified in detail when the transaction is closed.



Key events

On 11 Dec 2023, Mandatum plc decided to implement the merger of its wholly owned subsidiary Mandatum Holding Ltd into Mandatum plc. The merger will not involve any consideration and is based on Mandatum's separation from Sampo plc in a partial demerger, with the intent to simplify the group structure. The merger will have no impact on the company's business. The implementation date of the merger is expected to be 30 Apr 2024.

The Mandatum Group was separated from the Sampo Group by a partial demerger on 1 Oct 2023. Trading in Mandatum plc shares started on 2 Oct 2023 on the main list of Nasdaq OMX Helsinki. All shares of the company have equal dividend and voting rights. There are 501,796,752 shares in the company. Mandatum plc's share capital is EUR 80,000.

Mandatum announced on 13 Oct 2023 that the direct or indirect shareholding of Altor Fund Manager AB and its funds in Mandatum plc had increased to more than 5% of the total number of shares and votes. The latest information on Mandatum's major shareholders can be found on the company website: <https://www.mandatum.fi/en/group/investors/shareholders/>.

Other information

Ratings

The issuer credit rating of Mandatum Life Insurance Company Limited according to Standard & Poor's as per the situation as of 31 Dec 2023 is A, and the outlook is stable.

Shares and shareholders

The number of Mandatum plc shares as at 31 Dec 2023 was 501,796,752. The number of registered shareholders was 222,359. Out of these, the percentage of nominee registered shareholders and foreign owners was approximately 42%. As at the end of December there were no unregistered shares.

The market capitalisation of Mandatum plc as at the end of the last transaction date in 2023 was c. EUR 2.04 billion. The closing price of the MANTA share was EUR 4.07. The share traded at a high of EUR 4.07 and a low of EUR 3.28 during Q4.

Dividend proposal

The distributable capital of Mandatum plc, the parent company of the Mandatum Group, was EUR 660,110,031.33 as at 31 Dec 2023, of which the profit for the financial year 2023 was EUR 223,432,791.36. The Board of Directors proposes to the Annual General Meeting on 15 May 2024 that a dividend of EUR 0.33 per share, EUR 165,592,928.16, be distributed. After taking into account the proposed dividend, the distributable assets of Mandatum plc amount to EUR 494,517,103.17. The remaining assets will be retained in the company's equity.

The dividend is proposed to be paid to shareholders who are registered in the shareholders' register of Mandatum plc maintained by Euroclear Finland Ltd as at 17 May 2024, the record date for the payment of the dividend. The Board of Directors proposes 24 May 2024 as the dividend payment date.

There have been no material changes in the financial position of the company since the end of the year under review. In the opinion of the Board of Directors, the proposed dividend distribution will not endanger the company's solvency or liquidity.

Remuneration / Incentive schemes

From January to December 2023, the Mandatum Group paid a total of EUR 9.3 million in short-term incentive bonuses, including social security costs. In the same period, long-term incentive bonuses of EUR 3.6 million were paid. The Mandatum Group key management personnel and the Group CEO are covered by the Sampo Group's long-term incentive scheme 2020. The full-time Chair of the Board of Directors of Mandatum plc is also covered by the long-term incentive scheme for Sampo Group key employees, having been invited to join the scheme in 2020 while he was a member of the Sampo Group Management team. Sampo plc will pay the costs of the long-term incentive scheme for the full-time Chair.

The incentive scheme was launched in August 2020, and its terms were updated following the partial demerger of Sampo plc on 1 Oct 2023 and the listing of Mandatum plc on Nasdaq Helsinki in September 2023. The terms of the long-term incentive scheme are available at: <https://www.mandatum.fi/en/group/governance/remuneration/long-term-incentive-schemes/>.

Composition of the Board of Directors

As at 31 Dec 2023, there were six members on the Board of Directors of Mandatum plc:

- Patrick Lapveteläinen, Chair of the Board
- Jannica Fagerholm, Vice-chair of the Board
- Johanna Lamminen, member of the Board of Directors
- Kimmo Laaksonen, member of the Board of Directors



- Markus Aho, member of the Board of Directors
- Jukka Ruuska, member of the Board of Directors

The Board of Directors of Mandatum plc was elected at the Annual General Meeting of Sampo plc held on 17 May 2023, which decided on the partial demerger. Prior to the partial demerger of Sampo plc and the establishment of Mandatum plc on 1 Oct 2023, the parent company of the Mandatum Group was Mandatum Holding Ltd. Since the implementation of the partial demerger on 1 Oct 2023, Mandatum Holding Ltd has been a wholly owned subsidiary of Mandatum plc. As at 31 Dec 2023, there were three members on the Board of Directors of Mandatum Holding Ltd:

- Patrick Lapveteläinen, Chair of the Board
- Jukka Ruuska, Board member
- Kimmo Laaksonen, Board member

Jukka Ruuska and Kimmo Laaksonen were elected as members of the Board of Directors at the Extraordinary General Meeting of Mandatum Holding Ltd on 4 Sep 2023. Anne Teitto and Ricard Wennerklint, former members of the Board of Directors and employees of Sampo Group, had on the date of the Extraordinary General Meeting announced their resignation as members of the Board of Directors due to the partial demerger of Sampo plc.

Changes in Management

Mandatum announced on 20 Sep 2023 that Matti Ahokas M.Sc. (Econ.) had been appointed the company's new CFO. Ahokas will take up his position on 1 May 2024. The current CFO, Jukka Kurki, was appointed CEO of Mandatum Life Insurance Company Ltd after Petri Niemisvirta took over as CEO of Mandatum plc. Jukka Kurki will also continue as CFO of Mandatum plc until Matti Ahokas takes up the position.

Personnel

From January to December 2023, Mandatum Group had 678 employees (FTE) on average. As at 31 Dec 2023, Mandatum Group had 694 (663) employees, of whom 22 were employed by Mandatum plc, 536 by the Mandatum Life Group and 136 by the Mandatum Asset Management Group. Of these employees, 687 worked in Finland, 3 in Sweden and 4 in Luxembourg. The gender distribution was 54.4% men and 45.6% women. The average age of personnel was 40 years.

Major risks and uncertainties for the Group in the short term

In its business, Mandatum Group is exposed to various risks and uncertainties primarily through its key business areas. Mandatum's profitability and its fluctuations are affected by market, insurance, expense and operational risks. In the short term, Mandatum Group's key risks are market risks since, for example, underwriting risks are typically realized only in the long term (cf. longevity risk).

Market risks are mainly caused by unfavourable changes in equity investments, fixed income investments and insurance contract liabilities, and in the case of the latter two, specifically by their combined effect. The business area where all these risks most significantly occur is the with-profit business. Other business areas are also exposed to market risks because their income is highly dependent of the amount of assets under management. Mandatum is also exposed to the influence of market risk for direct equity and fixed income investments, and the risks are emphasized by the concentration of investments in a few large investments. Changes in the investment markets mentioned above may reduce the amount of client assets under management and weaken the result of investment and financing operations. A decrease in interest rates increases with-profit insurance contract liabilities and thus weakens the result of investment and financing operations.

Identifying uncertainties is easier than estimating the probabilities, timing and extent of the potential economic impacts of uncertainties. Unpredictable significant events may have an immediate impact on Mandatum's profitability, especially when related to macroeconomic and financial market developments. In this case, Mandatum's market risks may materialize through and unfavorable valuation of investment assets or insurance contract liabilities. Over time, possible unfavourable

macroeconomic impacts may also be reflected in Mandatum's operative business. For example, a decline in economic growth may have a negative impact on the development of client assets.

Restraining inflation may force central banks to keep interest rates high for longer than expected. This could lead to both a significant slowdown in economic growth and difficulties in coping with debt for companies, households and governments.

The war in Ukraine also remains a significant economic risk, as does the tense situation in the Middle East. Simultaneously, rapidly evolving hybrid threats create new challenges for governments and businesses. The impacts of the war in Ukraine and the crisis in the Middle East on Mandatum are mainly related to their effects on the capital markets and macroeconomics. There are no significant direct investments in Russia or Ukraine on Mandatum's balance sheet. Given that there are no significant direct risk exposures, Mandatum's most significant risk arising from the war in Ukraine is related to the aforementioned secondary impacts on the financial markets and the macroeconomy. Such other sources of uncertainty include unpredictable structural changes in the operating environment and already identified trends affecting the operating environment and also potential events with major impacts. These external factors may have an impact on Mandatum business operations in the long term as well. Examples of trends already identified include demographic changes, sustainability themes and technological developments in areas such as artificial intelligence and digitalisation, including cybersecurity-related threats.

Regarding digitalisation and cyber threats, the Digital Operational Resilience Act (DORA), which came into force at the beginning of 2023, requires financial firms to be more comprehensively prepared for various disruptions than before, and firms have until the end of 2024 to adapt their operations to comply. Mandatum is well on schedule with its own operations in terms of the required adjustments. Mandatum is also affected by risks related to climate and its expected changes, but the company does not expect climate-related issues to have a direct material impact on the company. Climate issues may, however, indirectly affect the company's operations through its investment portfolio.

The COVID-19 pandemic did not have significant impacts on the profitability of the company's business or the continuity of the business operations during the year 2023.

Currently the aforementioned matters bring significant uncertainty to the development of the economy and the financial markets. There are several generally identified macroeconomic and political factors as well as other sources of uncertainty which can have a negative impact on the financial sector in many ways. The impacts of the war in Ukraine and the crisis in the Middle East on Mandatum are mainly related to their effects on the capital markets and macroeconomics.

Calculation formulas for performance measures

Performance measures regulated by the IFRS, or other legislation are not regarded as APMs. All APMs are disclosed with comparison numbers and are consistently used over the years, unless otherwise noted.

Solvency ratio	$\frac{\text{Own funds}}{\text{Solvency capital requirement}}$
Leverage ratio	Calculated by dividing the group's financial liabilities by the sum of IFRS equity, the CSM less deferred tax liabilities and financial liabilities. Financial liabilities exclude the effect of derivatives when calculating the leverage ratio.
Return on equity, %	$\frac{\text{Profit for the period attributable to shareholders}}{\text{Equity (average of values on 1 Jan and 31 Dec)}} \times 100$
Earnings per share, EUR	$\frac{\text{Profit for the period attributable to shareholders}}{\text{Adjusted average number of shares}}$
Equity per share, EUR	$\frac{\text{Equity attributable to shareholders}}{\text{Adjusted average number of shares}}$
Dividend per share, %	$\frac{\text{Dividend for the accounting period}}{\text{Adjusted number of shares at balance sheet date}} \times 100$
Dividend per earnings, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Adjusted closing share price at balance sheet date}} \times 100$
Price/earnings ratio (P/E ratio)	$\frac{\text{Adjusted last transaction price of the share at the end of the financial year}}{\text{Earnings per share}}$

Calculation formulas for alternative performance measures

Fee result	Insurance service result for unit-linked insurance contracts + fee income from investment contracts + other income for the management of client assets – expenses from investment contracts – other expenses for the management of client assets
Net finance result excluding unit-linked related result	Net investment income from investments covering with-profit insurance portfolio and risk policies and Mandatum equity + unwinding of the discounting effect of with-profit and risk policies insurance contract liability and change in with-profit and risk policies insurance contract liability caused by changes in discount rates
Result related to risk policies	Insurance service result related to risk insurance policies
Other result	Other than the fee result, the net finance result excluding the unit-linked related result, and the result related to risk policies. This includes the insurance service result from with profit portfolios, interest expenses on subordinated and other loans, and the result from other services.

Calculation formulas for other alternative performance measures

Net flow	Net flow consists of client AuM inflow, client AuM outflow and transfers between with-profit and unit-linked sections.
Client assets	Assets related to unit-linked policies and other client assets under management.
Cost/income ratio related to client AuM	$\frac{\text{Expenses related to management of client assets}}{\text{Income related to the management of client assets}}$

Mandatum plc
Board of Directors



Conference call

A conference call in English for analysts and investors is scheduled for 13 Feb 2024 at 1.00 p.m. (EET, Finnish time). You can register for the conference call using the link provided below. The phone numbers for the conference call and the associated code will be provided upon registration.

Registration for the event: <https://palvelu.flik.fi/teleconference/?id=10012279>

The conference call can be followed live on the internet at www.mandatum.fi/en/result. A recording of the call will be made available for later access at the same web address.

ADDITIONAL INFORMATION

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Lotta Borgström, VP, Investor Relations, lotta.borgstrom@mandatum.fi, +358 500 221 027

The supplementary presentation material for investors accompanying the Mandatum interim report is available at www.mandatum.fi/en/result.

Mandatum plc will publish its Q1 Interim Report on 8 May 2024, Half-year Financial Report on 13 Aug 2024 and Q3 Interim Report on 12 Nov 2024.

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Tables

Group quarterly result

Group					
EUR million	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022 ¹
Insurance revenue	83.0	84.6	81.0	89.5	83.3
Insurance service expenses	-85.5	-67.9	-70.2	-75.4	-62.4
Reinsurance result	-0.3	0.4	-0.6	-0.8	-0.2
Insurance service result	-2.9	17.2	10.2	13.3	20.7
Net investment result	618.4	40.0	333.3	287.8	74.9
Net finance income or expenses from insurance contracts	-279.7	63.1	-81.8	-142.8	-31.4
Net result from investment contracts	-287.5	-34.4	-212.1	-126.1	-26.8
Net financial result	51.3	68.7	39.4	18.9	16.7
Other income	10.6	8.3	8.1	7.0	8.8
Other expenses	-9.9	-6.4	-6.1	-3.7	-36.0
Finance expenses	-1.9	-3.2	-3.3	-3.2	-2.3
Share of associates' profit or loss	-0.8	-0.6	-0.1	-0.2	0.0
Profit for the reporting period before taxes	46.3	83.9	48.2	32.0	7.9
Income taxes	-17.1	-15.8	-8.7	-8.4	-5.0
Profit from continuing operations	29.2	68.2	39.5	23.6	3.0
Net profit for the reporting period	29.2	68.2	39.5	23.6	3.0
Other comprehensive income for the reporting period					
Items reclassifiable to profit or loss					
Available-for-sale financial assets	0.0	0.0	0.0	0.0	54.8
Income tax related to other comprehensive income					-11.0
Total items reclassifiable to profit or loss, net of tax	0.0	0.0	0.0	0.0	43.8
Other comprehensive income from the continuing operations, net of tax	0.0	0.0	0.0	0.0	43.8
Total comprehensive income for the reporting period	29.2	68.2	39.5	23.6	46.8
Profit attributable to					
Owners of the parent	29.2	68.2	39.6	23.7	3.0
Non-controlling interests	0.0	-0.1	-0.1	-0.1	0.0
Total comprehensive income attributable to					
Owners of the parent	29.2	68.2	39.6	23.7	46.8
Non-controlling interests	0.0	-0.1	-0.1	-0.1	0.0

1) Figures have been restated for IFRS 17 and IAS 40



Statement of profit or loss and other comprehensive income

EUR million	Note	1-12/2023	1-12/2022 restated
Insurance revenue		338.1	327.9
Insurance service expenses		-299.0	-292.0
Reinsurance result		-1.3	-2.0
Insurance service result	1	37.8	33.9
Net investment result	5	1,279.5	-830.1
Net finance income or expenses from insurance contracts	2	-441.1	920.2
Net finance income or expenses and operating expenses from investment contracts		-660.1	578.1
Net financial result		178.3	668.2
Other income	3	33.9	80.0
Other expenses		-26.2	-91.2
Finance expenses		-11.6	-9.6
Share of associates' profit or loss		-1.8	0.1
Profit for the reporting period before taxes		210.4	681.4
Income taxes		-49.9	-138.9
Profit from continuing operations		160.5	542.5
Net profit for the reporting period		160.5	542.5
Other comprehensive income for the reporting period			
Items reclassifiable to profit or loss			
Available-for-sale financial assets		0.0	-605.6
Income tax related to other comprehensive income		0.0	121.1
Total items reclassifiable to profit or loss, net of tax		0.0	-485.5
Other comprehensive income from the continuing operations, net of tax		0.0	-484.5
Total comprehensive income for the reporting period		160.5	58.0
Profit attributable to			
Owners of the parent		160.7	542.6
Non-controlling interests		-0.2	-0.2
Total comprehensive income attributable to			
Owners of the parent		160.7	58.1
Non-controlling interests		-0.2	-0.2
Basic EPS		0.32	0.12

Consolidated balance sheet

EUR million	Note	12/2023	12/2022 restated	1 Jan 2022 restated
Assets				
Property, plant and equipment		27.4	25.6	27.6
Investment property	8	125.7	165.5	176.0
Goodwill and intangible assets		54.1	55.1	54.3
Investments in associates		1.4	4.3	1.3
Financial assets		3,592.4	3,776.0	4,427.4
Financial assets related to unit-linked contracts		11,636.1	9,934.3	10,557.6
Insurance contract assets	9	15.1	6.2	41.2
Other assets		152.0	156.2	151.6
Cash and cash equivalents		738.4	724.6	918.1
Assets classified as held for sale				196.4
Total assets		16,342.6	14,847.8	16,551.5
Liabilities				
Insurance contract liabilities	9	5,518.3	5,320.6	6,570.8
Investment contract liabilities	10	8,529.3	7,107.0	7,250.1
Reinsurance contract liabilities		1.2 ¹	1.1	0.9
Subordinated debts		249.8	349.6	349.4
Other financial liabilities		103.6	2.6	29.0
Deferred tax liabilities		140.8	160.3	164.4
Other liabilities		200.5	215.2	206.0
Liabilities related to assets classified as held for sale				196.4
Total liabilities		14,743.6	13,156.4	14,767.0
Equity				
Share capital		0.1	5.0	5.0
Reserves		436.7	533.5	533.5
Retained earnings		1,162.6	973.5	581.9
Other components of equity		0.0	179.6	664.1
Equity attributable to owners of the parent		1,599.3	1,691.6	1,784.5
Non-controlling interests		-0.3	-0.1	0.0
Total equity		1,599.0	1,691.5	1,784.5
Total equity and liabilities		16,342.6	14,847.8	16,551.5

1) Includes reinsurance share of insurance contract assets at EUR 1.5 million (1.5), and estimated items of reinsurance fees at EUR 7.2 million (5.8) and reinsurance premiums at EUR -9.9 million (-8.4). Estimated items were previously presented under 'Other assets' and 'Other liabilities'.

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for investment in non-restricted equity	Retained earnings	Available-for-sale financial assets	Available-for-sale financial assets IFRS 4.30	Non-controlling interests	Total
Equity on as at 31 December 2021 (IFRS 4)	5.0	533.5	558.9	664.1	-23.4	0.0	1,738.1
IFRS 17 transition impact on as at 1 January 2022			-14.3		23.4		9.1
Impact of the introduction of the IAS 40 fair value model			37.2				37.2
Restated equity on as at 1 January 2022 (IFRS 17)	5.0	533.5	581.8	664.1	0.0	0.0	1,784.4
Profit			542.7			-0.1	542.6
Other comprehensive income items				-484.5			-484.5
Transfers between categories			-1.0				-1.0
Dividends			-150.0				-150.0
Restated equity on as at 31 December 2022	5.0	533.5	973.5	179.6	0.0	-0.1	1,691.5
Equity on as at 31 December 2022 (IFRS 17)	5.0	533.5	973.5	179.6	0.0	-0.1	1,691.5
IFRS 9 transition impact as at on 1 January 2023			179.6	-179.6			0.0
Equity on as at 1 January 2023	5.0	533.5	1,153.1	0.0	0.0	-0.1	1,691.5
Change in group structure	-4.9	-96.8					-101.7
Profit			160.7			-0.2	160.5
Transfers between categories			-1.2				-1.2
Dividends			-150.0				-150.0
Equity at 31 December 2023	0.1	436.7	1,162.6	0.0	0.0	-0.3	1,599.0

Consolidated statement of cash flows

EUR million	1-12/2023	1-12/2022
Operating activities		
Profit before taxes	210.4	681.4 ¹
Adjustments		
Depreciation and amortisation	4.8	8.6
Unrealised gains and losses arising from valuation	-773.0	1,011.8
Realised gains and losses on investments	-129.4	141.2
Change in liabilities for insurance and investment contracts	1,613.9	-1,358.4
Other adjustments	319.0	66.8
Adjustments total	1,035.2	-130.0
Change (+/-) in assets of operating activities		
Investments ²	-776.6	-538.9
Other assets	-25.0	-7.5
Total	-801.6	-546.4
Change (+/-) in liabilities of operating activities		
Financial liabilities	-0.3	-26.4
Other liabilities	-34.5	51.3
Paid interest	-68.6	-32.1
Paid income tax	-60.4	-13.5
Total	-163.8	-20.7
Net cash used in operating activities	280.2	-15.7
Investing activities		
Investments and divestments in subsidiary shares	19.7	-7.1
Net investment in equipment and intangible assets	-5.5	-4.2
Net cash from investing activities	14.2	-11.3
Financing activities		
Payment of lease liabilities	-1.6	-1.5
Subordinated loan	-100.0	0.0
Group contribution	-29.0	-15.0
Dividends paid	-150.0	-150.0
Net cash used in financing activities	-280.6	-166.5
Total cash flows	13.8	-193.5
Cash and cash equivalents at the beginning of reporting period	724.6	918.1
Cash and cash equivalents at the end of reporting period	738.4	724.6
Net change in cash and cash equivalents	13.8	-193.5

1) Profit before tax was adjusted by eliminating the profit before tax of the discontinued operations in the Baltics and retrospectively including the figures prepared in accordance with IFRS 17.

2) Investments include investment property, financial assets and investments related to unit-linked insurance contracts.

Accounting policies for interim financial statements

Mandatum plc (the Company) is a public limited liability company listed on Helsinki Nasdaq and domiciled in Finland (business ID 3355142-3). The Company's registered office is at Bulevardi 56, 00120 Helsinki, Finland. These consolidated financial statements cover the Company and its subsidiaries (jointly 'the Group'). The Group provides asset management and wealth management services, remuneration services and personal insurance services to retail and corporate clients.

The Mandatum plc Group was created by the partial demerger of Sampo Group without a liquidation procedure, all shares and related assets and liabilities of Mandatum Holding Ltd being transferred to Mandatum plc on 1 Oct 2023. In the share issue after the demerger, Sampo plc shareholders received an allocation of Mandatum plc shares proportional to their shareholding as demerger consideration, and therefore the share issue did not increase Mandatum plc's equity. Neither Mandatum plc nor Mandatum Holding Ltd was an acquirer in the demerger, as Sampo plc used Mandatum plc to distribute assets to the shareholders of the Sampo Group.

The business and structure of the Mandatum Group remained the same as before the demerger, except for the establishment of Mandatum plc. The financial statements of the Mandatum Group were prepared as a continuation of the closing balance sheet of the Mandatum Holding Group as at 31 Dec 2022. The comparative financial statements of the Mandatum plc Group are presented for the Mandatum Holding Group for the financial year ending 31 Dec 2022.

Mandatum's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies in this interim report were prepared in accordance with IAS 34 Interim Financial Reporting. The information included in this interim report is unaudited.

The accounting policies and methods applied in this interim report are the same that were applied in the Mandatum consolidated financial statements for 2022, except for changes resulting from the adoption of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. In addition, Mandatum adopted the fair value model in accordance with IAS 40 Investment Property for the valuation of investment property as of 1 Jan 2023. The transition to the fair value model in accordance with IAS 40 was carried out retrospectively, and the figures for the comparative period were restated accordingly.

The financial statements for 2022 are available on the Mandatum website: [Mandatum Group Annual Report 2022](#).

Accounting policies requiring management judgement and key sources of estimation uncertainties

In preparing consolidated financial statements, management made judgements in applying accounting policies and estimates affecting the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgements made by management in the application of accounting policies that affect the amounts recognized in the consolidated financial statements include:

- classification of financial assets (business model assessment)
- change to the fair value model for investment property (voluntary change in accounting policy)
- classification of insurance and investment contracts that have the legal form of insurance or reinsurance contracts
- level of aggregation of insurance contracts (the formation of groups of insurance contracts when allocating contracts to groups according to the original issue date and expected profitability and measurement of insurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and determination of the insurance coverage units by group of insurance contracts)
- consolidation (control of the funds managed by Mandatum)
- transition to IFRS 17 (judgement in the use of transition methods)
-

The Mandatum Group's key assumptions concerning the future and the key uncertainties related to the estimates at the balance sheet date include:

- assumptions made in the measurement of actuarial calculations (assumptions about future cash flows related to mortality, morbidity, policyholder behaviour, the default interest rate and discretionary benefits, assumptions about discount rates)

- measurement of the fair value of financial instruments and investment properties with unobservable inputs
- impairment of cash-generating units (CGU) containing goodwill (key assumptions underlying recoverable amounts)

New accounting policies applied from 1 Jan 2023

The Mandatum Group adopted the fair value model in IAS 40 Investment Property for the valuation of investment property as of 1 Jan 2023. The change in accounting policy was implemented retrospectively, and the comparative figures for 2022 and the opening balance sheet on 1 Jan 2022 were restated in accordance with the new accounting policy.

A voluntary change in accounting policies is permitted under the IAS 8 standard only if the change provides reliable and more relevant information about the impact of transactions, other events or circumstances on the entity's financial position, financial performance and cash flows.

In accordance with the new accounting policy, investment property is initially measured at cost, including transaction costs. Subsequently, investment property is measured at fair value, and any changes in fair value are recognized in profit or loss in the period in which they arise. The Mandatum Group used an external expert to determine fair values on a half-yearly basis as at 30 Jun and 31 Dec. A valuation is also performed in the event of an unpredictable or significant change in the circumstances of the asset that would affect the market values or the underlying parameters. The impact of the adoption of the fair value model in IAS 40 on 1 Jan 2022 was EUR 37.2 million, which was recognized directly in equity. The impact on the result for the financial year 2022 was EUR 2.1 million.

IFRS standards adopted on 1 Jan 2023

Mandatum began to apply IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments as of 1 Jan 2023.

The Mandatum Group prepared its financial information for the 12 months ending 31 Dec 2023 in accordance with IFRS 17 and IFRS 9 and restated its financial information for the 12 months ending 31 Dec 2022 in accordance with IFRS 17. The IFRS 17 and IFRS 9 figures are unaudited figures. For the comparative period Q4/2022, figures were restated in accordance with IFRS 17; for IFRS 9, comparative Q4/2022 figures were not restated. The IAS 39 Financial Instruments: Recognition and Measurement accounting policies effective and applied in 2022 can be found in Mandatum's Annual Report 2022.

The main accounting policies relating to IFRS 17 and IFRS 9 are included in the interim financial statements. The Mandatum Group will publish more comprehensive accounting policies as part of the consolidated financial statements for 2023.

IFRS 17 INSURANCE CONTRACTS (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JAN 2023)

The IASB published IFRS 17 Insurance Contracts on 18 May 2017. IFRS 17 and the June 2020 amendments were endorsed by the European Union on 19 Nov 2021. In addition, an optional exemption from applying the annual cohort requirement for certain types of groups of contracts was adopted. Mandatum is not applying the exemption. Mandatum is applying IFRS 17 for the first time as of 1 Jan 2023, and comparative information for the year 2022 will be restated.

IFRS 17 replaces IFRS 4 Insurance Contracts and establishes principles for the recognition, measurement, presentation and disclosures of insurance contracts. IFRS 17 applies to insurance contracts and reinsurance contracts as well as to certain investment contracts with discretionary participation features. The objective of the standard is to provide relevant information for the users of financial statements that faithfully represents the insurance contracts and to harmonize the measurement and presentation of insurance contract liabilities.

KEY ACCOUNTING POLICIES

Scope

Insurance contracts may contain one or more components that are within the scope of different accounting standards and would be accounted for separately if they were distinct. Mandatum Group evaluates insurance contracts in order to identify components.

Mandatum has identified capital redemption plans and unit-linked contracts with distinct investment components that do not contain significant insurance risk. An investment component is distinct if its value is not dependent on the value of the insurance



component and it could be or could have been sold as a separate contract. These contracts and investment components are not subject to IFRS 17 but are measured in accordance with IFRS 9. Fee income on investment contracts is treated in accordance with IFRS 15. The part of the contract that includes significant insurance risk or discretionary participation features is measured in accordance with IFRS 17.

Level of aggregation

Under IFRS 17, insurance contracts are aggregated into portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Portfolios are divided into annual cohorts consisting of contracts that are issued not more than one year apart.

Mandatum separates risk policies, with-profit policies and unit-linked policies into separate portfolios.

At the transition and at initial recognition, Mandatum only identified contracts which are expected to be non-onerous and have no significant possibility of becoming onerous subsequently. The number of policies that have subsequently created a loss component is non-material.

Contract boundary

The initial measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within the contract boundary, substantive rights and obligations arising from the terms of the contract and from applicable laws and regulations are considered.

Contract boundaries depend on the contractual characteristics and follow the duration of the contract. The contract boundaries are generally long, but some risk policies have ancillary insurance covers that are assumed to be valid for one year.

Measurement

IFRS 17 introduces a general measurement model (GMM) applicable to all insurance contracts for the purpose of measuring insurance contract liabilities and a variable fee approach (VFA) applicable to insurance contracts with direct participation features. Under both measurement models, contracts are measured based on future cash flows, adjusted to reflect the time value of money, including a risk adjustment and a contractual service margin (CSM). The CSM represents the expected unearned profit Mandatum recognizes as it provides insurance contract services in the future. Mandatum Group applies GMM to with-profit policies and risk policies, and VFA is applied to unit-linked insurance contracts measured under IFRS 17.

An amount of the CSM release for a group of insurance contracts is recognized in the statement of profit or loss in each period to reflect the services provided under the group of insurance contracts in that period. The amount is determined by identifying coverage units in the group and the expected duration of the contracts. In terms of risk insurances, risk claims have been chosen as the coverage units. For other contracts, the amount of insurance savings was chosen as the coverage unit, and in addition, for pension insurance contracts, pension paid during the retirement period is considered.

The measurement of insurance contract liabilities consists of liability for remaining coverage (LRC) and liability for incurred claims (LIC), including both reported but not settled claims, as well as claims incurred but not reported.

Insurance acquisition cash flows arise from underwriting a group of insurance contracts and are considered when estimating the fulfilment cash flows. Insurance acquisition cash flows are determined at inception of the group of insurance contracts, and they are considered directly attributable to a portfolio and are allocated to insurance contracts. Where actual and expected acquisition cash flows are not equal at the end of the reporting period, an experience variance is recognized in the income statement.

When certain eligibility criteria are met, insurers may apply a simplified premium allocation approach (PAA) for the measurement of insurance contracts. PAA is eligible for insurance contracts with a coverage period of one year or less. This approach is also available for contracts in which the PAA would not materially differ from the results of the GMM. Mandatum applies the PAA model to reinsurance contracts held.

Discounting

The transition to IFRS 17 extended the discounting of insurance contracts liabilities. In all applied measurement models, discounting adjusts the expected cash flows to reflect the time value of money.

Mandatum has determined the discount rates based on a top-down approach in which a theoretical reference portfolio of assets is used to define the applicable discount curve. For insurance contracts without direct participation features, a so-called locked-in rate is applied, referring to the discount rate determined at the initial recognition and applied in the interest accrual of CSM.

The same discount rate curve, taking into account an illiquidity premium, is applied to all portfolios. Based on the liquidity characteristics of the insurance contracts, the chosen theoretical reference portfolio for deriving an illiquidity-containing discount curve consists of euro-denominated BBB-rated fixed coupon corporate bonds. Extrapolation is produced based on assumptions of ultimate risk-free forward rates, consistent with the EIOPA curve.

The unwinding of interest rates, the effect of changes in interest rates, and other financial assumptions are presented as insurance finance income or expenses in profit or loss. Mandatum Group has elected not to apply the OCI option allowed under IFRS 17.

Risk adjustment

IFRS 17 introduces an explicit risk adjustment (RA) included in the measurement of insurance contract liabilities. The RA reflects the cost of uncertainty associated with the amount and timing of cash flows. RA is determined separately for all portfolios. RA is calculated by applying a confidence level approach, and the confidence level applied in calculating the risk adjustment is 85%. The following risks are considered in risk adjustment: mortality, longevity, disability (including permanent disability), lapse, and expense risk. Mandatum has measured risk adjustment as a part of LRC. Based on the short period of settlement of the incurred damages, Mandatum does not define explicit risk adjustment as a part of LIC.

General measurement model (GMM)

On initial recognition, the group of insurance contracts is measured at the total of the fulfilment cash flows (FCF), comprising estimates of future cash flows, discounting and risk adjustment for non-financial risk. The contractual service margin is added to fulfilment cash flows.

Estimates of future cash flows are based on cash flow projections and are estimated until the maturity of the contract. Only risk policies with no death benefit or permanent disability cover are short-term (one year insurance term) contracts. Cash flows are estimated for every reporting period, and assumptions are updated yearly, or more often if needed. The locked-in rate is taken into account in the development of CSM.

In the subsequent reporting periods, the amount of insurance contract liabilities is the sum of LRC, consisting of the present value of future cash flows for services that will be provided during future periods, RA, the remaining CSM at that date, and LIC.

Variable fee approach (VFA)

The variable fee approach represents a modification of the GMM. In subsequent reporting periods, instead of using the locked-in rate, CSM is adjusted to reflect the variable nature of the fees, representing the amount of the entity's share of the fair value of the underlying items. Mandatum applies the VFA to unit-linked pension insurance contracts sold before 1 Jan 2023, where the amount of savings in the insurance contract is based inter alia on the value of the units selected in the contract. In the statement of profit or loss, the finance income and expenses from insurance contracts consist of changes in the market values of the units, and other changes in economic assumptions or market environment affect the CSM and thus the insurance services result. For GMM, economic assumptions and changes in the market environment are presented in finance income and expenses.

Insurance revenue

Insurance revenue represents the reduction in the liability for the remaining coverage (LRC) in the reporting period due to the insurance services provided, and therefore the composition of insurance revenue is presented through the release of LRC

components. Insurance revenue reflects the part of Insurance premiums and fees charged on insurance contracts which Mandatum expects to be entitled to in exchange for services provided.

An amount of the CSM release is recognized in profit or loss in each period to reflect the services provided in that period. The amount of services provided is determined by identifying coverage units in the group of insurance contracts. The number of coverage units in a group is the quantity of coverage provided through the contracts in the group, determined by considering for each contract the quantity of benefits or other obligations under the contract and expected contract maturity.

Acquisition cash flows are determined at the inception of the group of insurance contracts and are considered directly attributable to a portfolio and are allocated to insurance contracts. Insurance service expenses comprise claims incurred without investment components, other insurance service expenses including changes in cash flows arising from the acquisition of insurance contracts, experience adjustments, changes in the liability for incurred claims (LIC) and in the loss component. Insurance service expenses are presented in the note. Other items include the premium experience adjustment for short-term life insurance contracts, which no longer affects services provided in the future.

Finance income and expenses from insurance contracts

Finance income and expenses from insurance contracts include changes in the insurance contract liabilities due to changes in the fair value of the underlying assets of contracts measured under the VFA and interest accrued on the components of the insurance contract liabilities, as well as effect of changes in interest rates and other financial assumptions of contracts measured according to the GMM. All finance income and expenses arising from insurance contracts are recognized in profit or loss and include finance income and expenses related to risk adjustment.

Insurance contracts are reported in euros, so there are no exchange rate changes.

Transition methods applied

The transition requires full retrospective approach of IFRS 17 and restatement of comparative information for prior periods. However, if a full retrospective approach is impracticable, a modified retrospective approach or a fair value approach may be applied.

Under the full retrospective approach, the Mandatum Group has identified, recognized, and measured each group of insurance contracts as if IFRS 17 had always been applied and derecognized any amounts that would not have existed if IFRS 17 had always been applied. The difference arising at transition was recognized in retained earnings.

The Mandatum Group has applied the modified retrospective approach and the fair value approach when it was not practicable to apply the full retrospective approach. For example, the limitations of historical data have not allowed for a full retrospective approach. The choice of the transitional approach was based on the characteristics of the products or portfolios, the date of issue and the data available.

When applying the fair value approach, the Mandatum Group has determined the contractual service margin or loss component at the transition date as the difference between the fair value and the fulfilment cash flows of the group of insurance contracts.

Impacts of IFRS 17 on Mandatum

In the IFRS 17 opening balance sheet as at 1 Jan 2022, insurance contract liabilities amounted to EUR 6,528 million. The introduction of discounting with market rates and new IFRS 17 components, RA and the CSM increased the amount of insurance contract liabilities. At the transition date, the CSM amounted to EUR 433 million.

The investment contract liability increased to EUR 7,250.1 million due to the reclassification of unit-linked contracts as contracts within the scope of IAS 39. A significant part of the life insurance contract liability (unit-linked contracts) is within the scope of IFRS 9, as these contracts do not include significant insurance risk or discretionary bonuses. For contracts within the scope of IFRS 9, expected profits are not presented as a CSM. Therefore, the remaining CSM balance is expected to decrease over time as Mandatum's with-profit business runs off and most new contracts are accounted for in accordance with IFRS 9.

The Mandatum Group balance sheet total in accordance with IFRS 17 as at 31 Dec 2022 was EUR 14,846.7 million. Compared to the balance sheet total of EUR 14,833.3 million in accordance with IFRS 4, the IFRS 17 balance sheet total increased by

EUR 13.4 million. Total equity in accordance with IFRS 17 was EUR 1,691.5 million, as opposed to EUR 1,318.5 million in accordance with IFRS 4, an increase in equity of EUR 373.0 million.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments supersedes IAS 39 Financial Instruments: Recognition and Measurement. The new standard changed the classification and measurement of financial assets and includes a new impairment model based on expected credit losses.

Mandatum applied the temporary exemption for the adoption of IFRS 9 Financial Instruments and implemented IFRS 9 at the same time as IFRS 17 Insurance Contracts, on 1 Jan 2023. The comparative figures for 2022 were not restated in accordance with IFRS 9.

KEY ACCOUNTING POLICIES

Financial assets – classification

Under IFRS 9, financial assets are classified as being subsequently measured at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). The previous IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables cease to exist under IFRS 9. Under IFRS 9, the majority of the Mandatum Group's financial assets are classified at fair value through profit or loss. In the transition to IFRS 9, the Mandatum Group classified only a limited amount of financial assets measured at amortized cost, and no financial assets are classified as FVOCI.

The classification of financial assets into these new measurement categories is based on Mandatum Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets (solely payments of principal and interest criteria, SPPI). The SPPI criteria are met when the financial instrument's contractual cash flows are solely payments of principal and interest on the principal amount outstanding. Principal refers to the fair value of a financial asset at initial recognition. Interest includes compensation for the time value of money, the credit risk associated with the amount of principal outstanding at any given time and other risks and charges associated with basic lending, and also a profit margin.

A financial asset is measured at amortized cost only if the objective of the business model is to hold a financial asset in order to collect contractual cash flows and if the contractual cash flows of the financial asset meet the SPPI criteria. Interest income is calculated using the effective interest rate method. Under IFRS 9, financial assets subsequently measured at amortized cost are subject to loss allowance and expected credit losses (ECL).

Financial assets – impairment

IFRS 9 introduces a forward-looking ECL model that replaces the model applied under IAS 39 based on incurred losses. The ECL model is applied to financial assets measured at amortized cost, contract assets in accordance with IFRS 15 Revenue from Contracts with Customers, loan commitments and financial guarantee contracts in the scope of the impairment requirements. Impairment requirements do not apply to equity instruments or other financial assets measured at FVTPL.

Expected credit losses reflect past events, current conditions and forecasts of future economic conditions, meaning historical loss experience.

Financial liabilities

The transition to IFRS 9 has not changed the measurement of financial liabilities. Mandatum measures derivative financial liabilities at fair value through profit or loss. Financial liabilities, including subordinated debt securities, debt securities in issues and other financial liabilities, are subsequently measured at amortized cost using the effective interest rate method.

As described above, a significant portion of unit-linked insurance contract liabilities falls within the scope of IFRS 9. Mandatum is recognizing these investment contract liabilities at fair value through profit or loss. The fair value is based on the underlying accounting policies of these financial assets.

CLASSIFICATION AND MEASUREMENT UNDER IFRS 9

The table below shows the most significant changes in classification and measurement for financial assets and liabilities. The implementation of IFRS 9 does not have a material impact on Mandatum's balance sheet, as the main part of financial assets have been reported at fair value under IAS 39 on the balance sheet, this being the measurement principle under IFRS 9 as well. Therefore, the new classification requirements do not have a material impact on total equity.

As financial assets classified as available for sale under IAS 39 are measured at fair value through profit or loss under IFRS 9, the equity reserve related to available-for-sale financial assets was transferred to retained earnings.

Classification in accordance with IAS 39	Classification in accordance with IFRS 9	Carrying amount 31 Dec 2022	Transition	Carrying amount 1 Jan 2023
		EUR million		EUR million
Derivatives	Derivatives	41.0	-	41.0
Financial assets designated at fair value through income statement	Financial assets at fair value through profit or loss	9,916.3	-	9,916.3
Available-for-sale financial assets	Financial assets at fair value through profit or loss	3,667.7	-	3,667.7
Loans and other receivables	Financial assets at amortized cost	85.2	-	85.2
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	13,710.3	-	13,710.3

There were no changes in the measurement of financial liabilities in the transition to IFRS 9. However, investment contract liabilities (EUR 8,529.3 million as at 31 Dec 2023) are measured in accordance with IFRS 9, having previously been measured in accordance with IFRS 4.

Expected credit losses

For Mandatum, expected credit losses are calculated on financial assets classified at amortized cost. At the date of transition, 1 Jan 2023 the financial assets measured at amortized cost amounted to EUR 85 million. For Mandatum, financial assets classified at amortized cost consist mainly of bilateral loans. Expected credit losses on loan commitments, short-term deposits, and bank accounts are considered immaterial.

International Tax Reform – Pillar Two Model Rules (amendments to IAS 12 Income Taxes)

The Group has applied the amendment to IAS 12 International Tax Reform - Pillar Two Model Rules from its effective date of 23 May 2023, which immediately introduced an interim mandatory exemption for the calculation of deferred taxes from the top-up tax and new disclosure requirements for the effects of Pillar Two.

The mandatory exemption applies retroactively. However, as the regulation on the top-up tax had not been enacted or adopted in practice by 31 Dec 2022 in any of the Group's operating countries and no deferred taxes had therefore been recognized, the retrospective application of the regulation has no impact on the Group's financial statements.

Notes

SEGMENT REPORTING

As part of the preparation for the partial demerger of Sampo, Mandatum changed its management model and organisation. As a result of the organisational change, Mandatum changed its segment reporting on 30 Jun 2023. The Mandatum Group's segment reporting is based on how the Mandatum management assesses the performance of the business areas. The reported segments are the same as the Group's business areas or operating segments. The business areas are: Institutional and wealth management clients; Corporate clients; Retail clients; and With-profit business. Segment reporting is based on Mandatum Group reporting prepared in accordance with the IFRS accounting policies. Identifiable revenues and expenses, whether directly attributable or allocable on a reasonable basis, are allocated to business areas. In the consolidated financial statements, Mandatum plc and Mandatum Holding Ltd investment income and loan expenses are not allocated to business areas.

Each business area has its own manager responsible for the performance of the business area and reporting directly to the CEO of the Mandatum Group, the Group's chief operating decision maker. The identification of the chief operating decision maker is based on the CEO's responsibility for assessing the performance of the business areas and allocating resources to the business areas.

The disclosures presented in Mandatum's segment reporting are based on the Group's internal reporting to the chief operating decision maker.

The tables below break down Mandatum's operating profit by business area.

Result by segment

1 Jan – 31 Dec 2023

EUR million	Institutional	Corporate	Retail	With profit	Other & Elimination ¹	Group
Fee result	19.7	14.7	18.2	0.0	0.0	52.6
Insurance service result	0.0	15.2	16.1	0.0	0.0	31.3
Fee result from investment and asset management services	19.7	-0.5	2.0	0.0	0.0	21.3
Net finance result	0.0	0.0	0.0	137.8	10.8	148.6
Investment return				307.0	10.8	317.8
Unwinding and discounting of liabilities				-169.1		-169.1
Result related to risk policies	0.0	8.1	9.8	0.0	0.0	17.9
CSM and RA release	0.0	15.7	10.5	0.0	0.0	26.1
Other insurance service result	0.0	-7.5	-0.7	0.0	0.0	-8.2
Other result	-0.4	-5.0	-2.7	21.9	-22.5	-8.7
Profit for the reporting period before taxes	19.4	17.8	25.3	159.7	-11.7	210.4
Client AuM as at 31 Dec 2023	6,400.3	2,272.3	3,219.0			11,891.5

1) Unallocated items include Mandatum Holding investment income and loan expenses not allocated to segments.

1 Jan – 31 Dec 2022 (restated)

EUR million	Institutional	Corporate	Retail	With profit	Other & Elimination ¹	Group
Fee result	26.0	14.6	2.7	0.0	0.0	43.3
Insurance service result	0.0	9.4	0.8	0.0	0.0	10.2
Fee result from investment and asset management services	26.0	5.2	1.9	0.0	0.0	33.1
Net finance result²	0.0	0.0	0.0	50.3	0.2	50.5
Investment return	0.0	0.0	0.0	-433.3	0.2	-433.2
Unwinding and discounting of liabilities	0.0	0.0	0.0	483.7	0.0	483.7
Result related to risk policies	0.0	7.2	1.9	0.0	0.0	9.2
CSM and RA release	0.0	10.3	3.9	0.0	0.0	14.2



Other insurance service result	0.0	-3.1	-1.9	0.0	0.0	-5.0
Other result	-0.1	-4.1	-1.4	19.9	-41.5	-27.2
Profit for the reporting period before taxes²	25.9	17.6	3.2	70.2	-41.3	75.7
Client AuM as at 31 Dec 2022	5,300.8	2,019.1	2,982.1			10,302.0

1) Unallocated items include Mandatum Holding's investment income and loan expenses not allocated to segments.

2) For the comparative period, comprehensive income items taken into account.

Reconciliation between statement of profit and loss and other comprehensive income and result by segments

Statement of P&L and OCI	2023	2022	2023	2022	Result by segment
Insurance revenue	338.1	327.9	53.7	44.3	Fee result Insurance service result
			72.4	56.0	Result related to risk policies
			212.1	227.7	Other result
Insurance service expenses	-299.0	-292.0	-22.4	-34.1	Fee result Insurance service result
			-53.1	-44.8	Result related to risk policies
			-223.5	-213.1	Other result
Reinsurance result	-1.3	-2.0	-1.3	-2.0	Result related to risk policies
Insurance service result	37.8	33.9	37.8	33.9	
Net investment result	1,279.5	-830.2	1.7	2.3	Fee result from investment and asset management services
			286.2	172.4	Net finance result
			991.5	-1,004.9	Other result
Net finance income or expense from insurance contracts	-441.1	920.2	-137.6	483.7	Net finance result
			-303.5	436.6	Other result
Net finance income or expenses and operating expenses from investment contracts	-660.1	578.1	-3.7	8.6	Fee result from investment and asset management services
			-656.4	569.5	Other result
Net financial result	178.3	668.2	178.3	668.2	
Other income	33.9	80.0	20.5	16.2	Fee result from investment and asset management services
			13.4	63.8	Other result
Other expenses	-26.2	-91.2	2.8	6.0	Fee result from investment and asset management services
			-28.9	-97.2	Other result
Finance expenses	-11.6	-9.6	-11.6	-9.6	Other result
Share of associates' profit or loss	-1.8	0.1	-1.8	0.1	Other result
Profit for the reporting period before taxes	210.4	681.4	210.4	681.4	
Other comprehensive income for the reporting period					
Items reclassifiable to profit or loss					
Available-for-sale financial assets		-484.5			
Total items reclassifiable to profit or loss, net of tax		-484.5		-605.6	Change in fair value reserve
				121.1	Taxes related to fair value reserve
Other comprehensive income from the continuing operations, net of tax	210.4	-484.5	210.4	-484.5	
	-49.9	-138.9	-49.9	-138.9	Taxes for the financial period
Total comprehensive income for the reporting period	160.5	58.0	160.5	58.0	

1 Insurance service result

EUR million	2023	2022
Insurance revenue	338.1	327.9
CSM release	45.9	34.9
RA release	9.5	6.5
Expected claims and expenses	258.6	267.1
Other revenue ¹	24.1	19.4
Insurance service expenses	-299.0	-292.0
Incurred claims and expenses	-284.0	-291.0
Change in LIC and loss component	-15.0	-1.0
Reinsurance result	-1.3	-2.0
Insurance service result	37.8	33.9

¹ Other revenue includes an experience adjustment related to premium income on short-term risk policies, which no longer affects services provided in the future. In the comparative period, this adjustment was materially presented as part of the change in CSM for the reporting period (note 9).

2 Finance expenses from insurance contracts

EUR million	2023	2022
Changes in fair value of underlying assets of contracts measured under the VFA	-303.5	436.6
Interest accreted	-66.1	6.7
Effect of changes in interest rates and other financial assumptions	-103.0	479.9
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	31.5	-2.9
Total finance income or expenses from insurance contracts	-441.1	920.2

3 Other operating income

Mandatum provides wealth management services to its clients. The wealth management services can take a legal form of insurance or a service contract.

Mandatum provides wealth management services through asset management contracts and investment contracts. For these services, Mandatum charges a recurring fee which is based on assets under management. Mandatum transfers the control for the services, full fills the performance obligation and recognizes the revenue over time since the client receives and consumes the service at the same time. Mandatum recognizes the revenue on monthly basis when the amount of assets under management is defined.

Mandatum also provides services related to incentive and pension arrangements. Income from these services is recognized when the control of the service is transferred to the customer, usually at a point in time.

Operating income from management services and services related to incentive and pension arrangements are accounted for under IFRS 15.

EUR million	2023	2022
Income from incentives and pension arrangements	8.0	7.7
Management fees	20.7	16.2
Muut tuotot	5.2	56.1 ¹
Other income	33.9	80.0
¹ Including income from discontinued operations in the Baltics 51,6 EUR million		

4 Personnel costs

Personnel	2023	2022
Wages and salaries	46.7	41.8
Social security contributions	2.8	2.7
Pension cost	9.7	8.7
Other personnel costs	8.1	5.2
Performance bonuses	7.5	8.2
Management bonuses	1.4	8.3
Sales bonuses	3.4	3.8
Total	79.6	78.6

5 Net investment result

EUR million	2023	2022
Financial assets		
Derivative financial instruments		
Gains/losses	23.6	-11.5
Investments related to unit-linked contracts		
Debt securities		
Interest income	64.5	35.9
Gains/losses	37.7	-74.3
Equity securities		
Gains/losses	709.3	-1,150.3
Dividend income	143.4	162.9
Cash and receivables		
Interest income	12.0	0.5
Other financial assets		
Gains/losses	0.0	1.9
Other assets		
Gains/losses	-1.8	5.2
Total	965.1	-1,018.4
Loans and receivables		
Interest income		7.7
Gains/losses		-0.4
Total		7.3
Financial asset at amortized cost		
Interest income	29.3	
Gains/losses	-10.2	
Total	19.1	0.0
Financial assets measured at fair value through profit or loss		
Debt securities		
Interest income	108.0	
Gains/losses	107.2	
Equity securities		
Gains/losses	36.7	
Dividend income	41.9	
Total	293.9	
Financial assets available-for-sale		
Debt securities		
Interest income		74.8
Gains/losses		-4.3
Equity securities		
Gains/losses		77.4
Impairment losses		-24.1
Dividend income		58.7
Total		182.5
Total financial assets		-840.0
Other assets		
Investment properties		
Gains/losses	-9.9	-0.9
Impairment losses	-12.5	-1.2
Other	8.9	1.2
Total other assets	-13.6	-0.9
Net fee income and expenses		
Asset management	-3.1	-22.0
Fee income	-0.1	37.0
Premiums from unit-linked contracts	-5.6	
Total	-8.7	15.0
Net income from investments	1,279.5	-825.9
Adjusted share of asset management fee		-4.2

Total adjusted net income from investments		-830.1
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In 2023, fee income will be reported as part of the result of IFRS 17 and IFRS 9.

6 Issuance of shares, dividends, and interest-bearing liabilities

Dividends

The dividends below were confirmed and paid by Mandatum

EUR million	2023	2022
	150	150

Interest-bearing liabilities

EUR million	Face value	Carrying amount
Opening balance as at 1 Jan 2023	373.3	373.3
Additions		
Lease liabilities	3.6	3.6
Repayments		
Subordinated debts	-99.8	-99.8
Other interest-bearing liabilities	101.3	101.03
Lease liabilities	-1.6	-1.6
Other changes		
Closing balance as at 31 Dec 2023	376.5	376.5

7 Determination and hierarchy of fair values

Financial assets as at 31 Dec 2023	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value					
Derivative financial instruments					
Interest rate swaps	18.9		18.9		18.9
Foreign exchange derivatives	8.6		8.6		8.6
Total derivative financial instruments	27.4		27.4		27.4
Assets at fair value through P&L					
Equity securities	300.0	232.1		68.0	300.0
Debt securities	2,452.4	1,933.9	501.9	16.6	2,452.4
Funds	770.6	106.7	72.7	591.2	770.6
Total assets at fair value through P&L	3,523.0	2,272.7	574.6	675.8	3,523.0
Financial assets related to unit-linked insurance					
Equity securities	634.4	582.6	2.1	49.7	634.4
Debt securities	996.2	119.1	850.6	26.6	996.2
Funds	9,510.1	5,945.5	925.4	2,639.3	9,510.1
Derivative financial instruments	14.6		14.6		14.6
Other assets	484.5		484.5		484.5
Total financial assets related to unit-linked insurance	11,640.0	6,647.2	2,277.1	2,715.6	11,640.0
Total financial assets measured at fair value	15,190.4	8,919.9	2,879.1	3,391.4	15,190.4
Financial assets at amortized cost					
	41.9			41.9	41.9
Group financial assets, total	15,232.3	8,919.9	2,879.1	3,433.3	15,232.4
Financial liabilities as at 31 Dec 2023					
Financial liabilities at fair value					
Derivative financial instruments					
Interest rate swaps	0.0		0.0		0.0
Foreign exchange derivatives	2.3		2.3		2.3
Total derivative financial instruments	2.3		2.3		2.3
Investment contract liabilities	8,529.3		8,529.3		8,529.3
Derivative financial instruments related to unit-linked insurance	3.8		3.8		3.8
Total financial liabilities at fair value	8,535.5		8,535.5		8,535.5
Financial liabilities measured at amortized cost					
Other liabilities	101.3	92.0	6.0		97.9
Subordinated debt securities					
Subordinated loans	249.8	244.0			244.0
Financial liabilities measured at amortized cost total	351.1	336.0	6.0		342.0
Group financial liabilities, total	8,886.6	244.0	8,633.4		8,877.5

Financial assets as at 31 Dec 2022	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value					
Derivative financial instruments					
Interest rate swaps	0.0		0.0		0.0
Foreign exchange derivatives	23.1		23.1		23.1
Total derivative financial instruments	23.1		23.1		23.1
Financial assets related to unit-linked insurance					
Equity securities	680.5	647.0	2.1	31.3	680.5
Debt securities	941.3	89.8	757.2	94.3	941.3
Funds	7,882.60	4,879.8	675.8	2,327.0	7,882.6
Derivative financial instruments	20.4		20.4		20.4
Other assets	411.9		411.9		411.9
Total financial assets related to unit-linked insurance	9,936.7	5,616.6	1,867.3	2,452.7	9,936.7
Financial assets available-for-sale					
Equity securities	433.2	416.8		16.4	433.2
Debt securities	2,214.6	1,570.2	631.0	13.4	2,214.6
Other assets	1,019.9	358.6	67.6	593.6	1,019.9
Total Financial assets available-for-sale	3,667.7	2,345.6	698.6	623.4	3,667.7
Total financial assets measured at fair value	13,627.5	7,962.2	2,589.0	3,076.1	13,627.4
Financial assets at amortized cost					
Loans and receivables	85.2			85.3	85.3
Group financial assets, total	13,712.6	7,962.3	2,589.0	3,161.4	13,712.7
Financial liabilities as at 31 Dec 2022					
Financial liabilities at fair value					
Derivative financial instruments					
Interest rate swaps	2.2		2.2		2.2
Foreign exchange derivatives	0.4		0.4		0.4
Total derivative financial instruments	2.6		2.6		2.6
Investment contract liabilities	7,107.0		7,107.0		7,107.0
Derivative financial instruments related to unit-linked insurance	2.4		2.4		2.4
Total financial liabilities at fair value	7,112.0		7,112.0		7,112.0
Financial liabilities measured at amortized cost					
Subordinated debt securities					
Subordinated loans	349.8	230.1		100.0	330.1
Financial liabilities measured at amortized cost total	349.8	230.1		100.0	330.1
Group financial liabilities, total	7,461.6	230.1	7,112.0	100.0	7,442.1

Sensitivity Analysis of Fair Values

EUR million	Interest rate				Credit	Equity	Other financial investments
	-100 bps parallel shift down	+100 bps parallel shift up	-50 bps parallel shift down	+50 bps parallel shift up			
Effect recognized in P&L	111.2	-102.9	37.6	-41.0	-69.4	-141.0	
Total effect	111.2	-102.9	37.6	-41.0	-69.4	-141.0	



For interest rate instruments, the value of financial assets has been tested by assuming an increase in interest rates of 1 percentage point at all maturities and credit risk margins to change by 0.5 percentage points. For other assets, a 20% fall in prices has been assumed. Based on the above alternative assumptions, a possible increase in the interest rates and a widening of credit risk margins would result in a valuation loss of EUR 143.9 million (101.3) for debt securities and possible decrease in the value of other assets would result in a valuation loss of EUR 210.4 million (294.3) in the consolidated income statement. A reasonably possible profit impact would be 22.2% (23.4) in relation to the group's equity.

Changes between levels EUR million	2023				2022
	Transfers from level 2 to 1	Transfers from level 1 to 2	Transfers from level 2 to 1	Transfers from level 1 to 2	
Financial assets related to unit-linked insurance					
Debt securities	14.4	7.1	1.7		6.4
Other financial assets					
Debt securities	25.3	36.6			85.8

The transfers are mainly based on changes in trading volumes based on data from an external service provider.

Financial instruments measured at fair value and their main valuation models

Item	Valuation model	Significant unobservable input data	Ratio of unobservable input data to fair value
Unquoted equity investment	An additional return model, in which the value consists of the capital invested plus the present value of the expected additional returns	Expected future additional revenues	The fair value will increase (decrease) if the expected additional income increases (decreases), or if the discount rate is lower (higher)
Private equity funds	<p>The valuation of the underlying investments is conducted by the fund manager, who has all the relevant information required for the valuation process.</p> <p>The valuation of the fund is mainly carried out on a quarterly basis based on the value of the investments below and the amount of debt.</p> <p>The valuations used are the newest available, but due to the characteristics of the asset class they are usually received a few months after the valuation date.</p> <p>Private equity funds generally follow the International Private Equity and Venture Capital Valuation (IPEV) guidelines, which describe the different valuation practices in more detail.</p>	The value of the investments and the amount of debt. The valuation of the investments may be carried out by the fund using different various models (e.g. purchase price, publicly traded peers, yield multiplier basis, or cash flow valuation).	n/a
Alternative funds	<p>The value is determined by the fund, and implementation is mainly the responsibility of the fund manager. The characteristics of alternative funds are often complex, and the valuation depends on the nature of the underlying instruments.</p> <p>The valuations used are the newest available, but due to the characteristics of the asset class they are usually received a few months after the valuation date.</p> <p>The Alternative Investment Fund Managers Directive (AIFMD) regulates the operation and valuation of alternative funds and describes in more detail the operating principles and documentation requirements for valuation.</p>	Valuation is based, for example, on cash flow valuation, for example..	n/a
Interest rate derivatives	The valuation of interest rate derivatives is mainly based on a discounted cash flow valuation model.	Estimates of future variable interest rates are based on quoted derivative prices and futures' prices. Future cash flows are discounted using an interest rate curve based on market interest rates, which corresponds to the interest rate used by market participants for similar derivative products.	n/a
FX derivatives	The valuation of FX derivatives is mainly based on a valuation model based on discounting of cash flows and FX rates.	Valuation is based on an appropriate FX rate and an interest rate curve based on market interest rates.	n/a

Movements in level 3 financial instruments measured at fair value

2023

EUR million	On 1 Jan	Total gains/losses in P&L	Purchases and reclassifications	Sales	Settlements	Transfers from levels 1 and 2	Transfers to levels 1 and 2	On 31 Dec	Unrealized gains/losses included in P&L for financial assets
Financial assets 2023									
Financial assets measured at fair value through profit or loss									
Equity securities	16.4	-4.1	55.7					68.0	-4.1
Debt securities	13.4	-2.1	27.4	-21.4	-0.6			16.6	0.1
Funds	593.6	-0.5	50.1	-52.0				591.2	0.2
Total	623.4	-6.8	133.1	-73.4	-0.6			675.8	-3.9
Financial assets related to unit-linked insurance									
Equity securities	31.4	10.1	8.5	-0.2				49.7	10.3
Debt securities	94.3	-0.6	21.5	-86.2	-2.5			26.6	-0.9
Funds	2,327.0	4.4	556.0	-248.1				2,639.3	1.5
Total	2,452.7	13.9	586.0	-334.5	-2.5			2,715.6	11.0
Total financial assets measured at fair value	3,076.1	7.1	719.1	-407.9	-3.1			3,391.4	7.1

2022

EUR million	1 Jan	Total gains/losses in P&L	Total gains/losses recorded in OCI	Purchases and reclassifications	Sales	Settlements	Transfers from levels 1 and 2	Transfers to levels 1 and 2	31 Dec	Unrealized gains/losses included in P&L for financial assets
Financial assets 2022										
Financial assets available-for-sale										
Equity securities	28.8	5.9	-12.0	0.0	-6.2	0.0	0.0	0.0	16.4	-12.0
Debt securities	32.0	0.0	0.0	17.2	-5.7	0.0	0.0	-30.1	13.4	0.0
Funds	690.2	10.4	-50.8	43.8	-100.0	0.0	0.0	0.0	593.6	-40.8
Total	751.0	16.3	-62.8	61.0	-111.9	0.0	0.0	-30.1	623.4	-52.8
Financial assets related to unit-linked insurance										
Equity securities	20.1	1.2	0.0	15.0	-4.9	0.0	0.0	0.0	31.4	1.2
Debt securities	60.5	-7.7	0.0	108.4	-81.2	-22.6	39.6	-2.8	94.3	-7.7
Funds	2,064.9	-15.7	0.0	597.7	-315.3	0.0	0.0	-4.5	2,327.0	-23.3
Total	2,145.5	-22.2	0.0	721.1	-401.4	-22.6	39.6	-7.3	2,452.7	-29.8
Total financial assets measured at fair value	2,896.5	-5.9	-62.8	782.1	-513.3	-22.6	39.6	-37.4	3,076.1	-82.6

EUR million	Realized gains/losses	Fair value change	Total
Total gains or losses included in P&L for assets held at the end of the financial year	-19.8	-62.8	-82.5



Sensitivity analysis of level 3 financial instruments measured at fair value

EUR million	2023		2022	
	Carrying amount	Effect of reasonably possible alternative assumptions (+/-)	Carrying amount	Effect of reasonably possible alternative assumptions (+/-)
Financial assets				
Financial assets measured at fair value				
Equity securities	68.0	-13.1		
Debt securities	16.6	-0.1		
Funds	591.2	-118.2		
Financial assets available-for-sale				
Equity securities			16.4	-3.3
Debt securities			13.4	0.0
Funds			593.6	-118.7
Total	675.8	-131.5	623.4	-122.1

For interest rate instruments, the value of financial assets was tested by assuming an increase in interest rates of 1 percentage point at all maturities. For other assets, a 20% fall in prices was assumed. Based on the above alternative assumptions, a reasonably possible increase in the interest rates would result in valuation loss of EUR 0.1 million (0.0) for debt securities, and a possible decrease in the value of other assets would result in valuation loss of EUR 131.3 million (122.0) in the consolidated financial statement. A profit impact of 7.8% (7.2) in relation to the Group's equity would be very possible.

8 Investment property

EUR million	2023	2022
Net carrying amount as at 1 Jan	165.5	176.0
Additions	0.5	2.3
Disposals	-13.9	-9.2
Net gains and losses from fair value adjustments	-26.1	-1.2
Net carrying amount as at 31 Dec	125.7	165.5
Rental income from investment property	14.8	15.5

9 Analyses of changes in insurance contract liabilities

The analyses of change in insurance contract liabilities are presented by measurement model (GMM and VFA) in the consolidated financial statements for 2023.

Analysis of change by type of insurance contract liability

EUR million				31 Dec 2023
	Liabilities for remaining coverage			Total
	Net liabilities (or assets) excluding loss component	Loss component	Liabilities for incurred claims	
Opening balance - liabilities relating to insurance contracts	5,295.2	3.6	21.6	5,320.3
Opening balance - assets relating to insurance contracts	-10.4	0.5	3.6	-6.2
Net opening balances	5,284.8	4.1	25.2	5,314.1
Insurance revenue	-338.1			-338.1
Insurance service expenses				
Incurring claims and other insurance service expenses		-3.0	264.8	261.8
Adjustments to liabilities for incurred claims			2.1	2.1
Losses and reversals of losses on onerous contracts		15.9		15.9
Amortisation of insurance acquisition cash flows	19.3			19.3
Insurance service result	-318.8	12.9	266.9	-39.1
Finance income or expenses from insurance contracts	441.1	0.0	0.0	441.1
Changes in the statement of profit or loss	122.3	12.9	266.9	402.0
Investment component	-203.5		203.5	0.0
Cash flows during the period				
Premiums received	261.6			261.6
Claims and other insurance service expenses paid	0.0	0.0	-469.7	-469.7
Insurance acquisition cash flows	-4.8	0.0	0.0	-4.8
Total cash flows during the period	256.8	0.0	-469.7	-212.9
Net closing balance	5,460.3	17.0	25.9	5,503.2
Closing balance - liabilities relating to insurance contracts	5,480.6	16.5	21.2	5,518.3
Closing balance - assets relating to insurance contracts	-20.3	0.5	4.7	-15.1
Net closing balance	5,460.3	17.0	25.9	5,503.2

EUR million				31 Dec 2022 (restated)
	Liabilities for remaining coverage			Total
	Net liabilities (or assets) excluding loss component	Loss component	Liabilities for incurred claims	
Opening balance - liabilities relating to insurance contracts	6,550.4	0.0	19.3	6,569.7
Opening balance - assets relating to insurance contracts	-50.5	0.0	9.3	-41.2
Net opening balances	6,499.9	0.0	28.6	6,528.5
Insurance revenue	-327.9	0.0	0.0	-327.9
Insurance service expenses				
Incurring claims and other insurance service expenses	0.0	-0.6	268.5	267.9
Adjustments to liabilities for incurred claims	0.0	0.0	-3.1	-3.1
Losses and reversals of losses on onerous contracts	0.0	4.7	0.0	4.7



Amortisation of insurance acquisition cash flows	22.5	0.0	0.0	22.5
Insurance service result	-305.4	4.1	265.4	-35.9
Finance income or expenses from insurance contracts	-920.2	0.0	0.0	-920.2
Changes in the statement of profit or loss	-1,225.6	4.1	265.4	-956.1
Investment component	-225.1	0.0	225.1	0.0
Cash flows during the period				
Premiums received	243.5	0.0	0.0	243.5
Claims and other insurance service expenses paid	0.0	0.0	-493.9	-493.9
Insurance acquisition cash flows	-7.8	0.0	0.0	-7.8
Total cash flows during the period	235.6	0.0	-493.9	-258.3
Net closing balance	5,284.8	4.1	25.2	5,314.1
Closing balance - liabilities relating to insurance contracts	5,295.2	3.6	21.6	5,320.3
Closing balance - assets relating to insurance contracts	-10.4	0.5	3.6	-6.2
Net closing balance	5,284.8	4.1	25.2	5,314.1

Analysis of change by component of insurance contract liability

EUR million	31 Dec 2023			
	Estimation of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening balance - liabilities relating to insurance contracts	4,873.6	47.5	399.2	5,320.3
Opening balance - assets relating to insurance contracts	-80.8	5.7	68.9	-6.2
Net opening balances	4,792.9	53.2	468.1	5,314.1
Changes that relate to current services				
CSM recognized in profit or loss			-45.9	-45.9
Change in risk adjustment for non-financial risk for risk expired		-8.7		-8.7
Experience adjustments	-2.5			-2.5
Changes that relate to future services				
Changes in estimates that adjust the CSM	271.0	-2.0	-269.0	0.0
Changes in estimates that result in losses and reversal of losses on onerous contracts	16.5	-0.7	0.0	15.9
Contracts initially recognized in the period	-18.2	2.3	15.9	0.0
Experience adjustment arising from premiums received in the period relating to future services	-63.1	0.0	63.1	0.0
Changes that relate to past services				
Adjustments to liabilities for incurred claims	2.1			2.1
Insurance service result	205.8	-9.0	-235.9	-39.1
Finance income or expenses from insurance contracts	207.5	5.2	228.4	441.1
Changes in the statement of profit or loss	413.3	-3.8	-7.5	402.0
Total cash flows	-212.9			-212.9
Net closing balance	4,993.2	49.4	460.6	5,503.2
Closing balance - liabilities relating to insurance contracts	5,098.3	43.5	376.4	5,518.2
Closing balance - assets relating to insurance contracts	-105.1	5.8	84.2	-15.1
Net closing balance	4,993.2	49.4	460.6	5,503.1

EUR million	31 Dec 2022 (restated)			
	Estimation of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening balance - liabilities relating to insurance contracts	6,211.4	52.0	306.3	6,569.7
Opening balance - assets relating to insurance contracts	-188.7	20.5	127.1	-41.2
Net opening balances	6,022.7	72.4	433.4	6,528.5
Changes that relate to current services				
CSM recognized in profit or loss			-34.9	-34.9
Change in risk adjustment for non-financial risk for risk expired		-6.4		-6.4
Experience adjustments	3.8			3.8
Changes that relate to future services				
Changes in estimates that adjust the CSM	-419.5	4.7	414.8	0.0
Changes in estimates that result in losses and reversal of losses on onerous contracts	4.8	-0.1	0.0	4.7
Contracts initially recognized in the period	-25.1	3.4	21.7	0.0
Experience adjustment arising from premiums received in the period relating to future services	-47.8	0.0	47.8	0.0
Changes that relate to past services				
Adjustments to liabilities for incurred claims	-3.1	0.0	0.0	-3.1
Insurance service result	-486.9	1.6	449.5	-35.9
Finance income or expenses from insurance contracts	-484.6	-20.8	-414.7	-920.2
Changes in the statement of profit or loss	-971.5	-19.3	34.7	-956.1
Total cash flows	-258.3	0.0	0.0	-258.3
Net closing balance	4,792.9	53.2	468.1	5,314.1
Closing balance - liabilities relating to insurance contracts	4,873.6	47.5	399.2	5,320.3
Closing balance - assets relating to insurance contracts	-80.8	5.7	68.9	-6.2
Net closing balance	4,792.9	53.2	468.1	5,314.1

10 Investment contract liabilities

EUR million	Investment contract liabilities	
	2023	2022
Opening balance - investment contract liabilities	7,107.0	7,250.1
Amounts recognized in profit or loss		
Investment return on underlying items	656.6	-569.5
Fees deducted	-52.8	-60.0
Total cash flows		
Contribution received *	1,421.5	1,149.6
Benefits paid	-602.9	-663.2
Closing balance - investment contract liabilities	8,529.3	7,107.0

*) Includes transfers from WIP.

11 Related party disclosures

Mandatum Group's related parties include subsidiaries and associates. Related parties further include the Mandatum Group's key management personnel and their close family members. The key management personnel of the Mandatum Group are the members of the Board of Directors of Mandatum plc, the CEO and the Mandatum Group's Group Executive Committee. Related parties include close family members of the aforementioned individuals and further include entities in which the key management personnel or their close family members have control or significant influence. In addition, the Sampo Group and key management personnel of the Sampo Group and their close family members and entities in which the key management personnel or their close family members have control or significant influence were related parties of the Mandatum Group until 30 Sep 2023. These transactions and balances are not eliminated in the Mandatum Group's financial statements.

EUR million	2023	2022
CEO compensation		
Short-term employee benefits	0.4	0.4
Post-employment benefits	0.2	0.2
Share-based payments	0.6	0.7
Total	1.2	1.4
EUR million	2023	2022
Other key management personnel compensation		
Short-term employee benefits	1.5	1.5
Post-employment benefits	0.4	0.4
Share-based payments	1.2	1.3
Total	3.1	3.2

The Chair of the Board has been paid a fee of EUR 0.1 million and the pension costs of the Chair of the Board were EUR 0.1 million. No remuneration or pension expenses have been paid to the other members of the board.

EUR million	2023	2022
Related party transactions		
Group contribution	-	29.0 ¹⁾
Dividends paid	150.0	150.0
Mandatum's share of Sampo plc's general liabilities	102.0	-
Repayments of subordinated loans	100.0	-
Management fees	1.2	1.5
Repurchases of investment contracts	1.8	-
Service purchases	0.4	0.5

¹⁾ The group contribution reduced the Mandatum Group's result in the financial year 2022, and the Group contribution was paid to Sampo plc during the financial year 2023.

EUR million	2023	2022
Receivables	0.1	0.1
Liabilities		
Subordinated loans	-	100.0
Other liabilities	0.1	0.0



Transactions during the financial year ending 31 Dec 2023

On 15 Mar 2023, Mandatum Life Ltd paid EUR 150.0 million in dividends to Mandatum Holding Ltd and Mandatum Holding Ltd paid EUR 150.0 million in dividends to Sampo plc.

On 25 Sep 2023, Sampo plc and Mandatum Holding Ltd signed a sale and purchase agreement whereby Sampo plc will sell, at fair value, certain of its assets to Mandatum Holding Ltd. These assets include Kaleva guarantee shares (Sampo plc's holding as at 30 Jun 2023 was 30% of all guarantee shares in Kaleva) and the shares and loan receivables from Terrafame Ltd held by Sampo plc.

On 30 Sep 2023, Sampo plc and Mandatum Holding Ltd signed a sale and purchase agreement whereby Mandatum Holding Ltd will acquire the shares in Saxo Bank A/S held by Sampo plc at fair value. The transaction is subject to certain regulatory approvals and is expected to close during the first half of 2024. Sampo plc's holding in Saxo Bank A/S as at 31 Dec 2023 was 19.83%

On 30 Sep 2023, Sampo plc and Mandatum Holding Ltd signed a EUR 280.0 million vendor loan agreement that will enable Mandatum Holding Ltd to finance the aforementioned asset transactions. The loan had not been drawn down as at 31 Dec 2023, but Mandatum Holding Ltd has the option to draw down the loan in full or in part to finance the purchase of Saxo Bank A/S shares from Sampo plc upon completion of the transaction. This liability is not presented in related party liabilities after the demerger because Sampo Group will no longer be a related party of Mandatum Group after the demerger.

Of Sampo plc's general liabilities not attributable to any specific business area, EUR 102.0 million was allocated to Mandatum Group at the time of the demerger. This liability is not presented in related party liabilities after the demerger, as Sampo Group will no longer be a related party of Mandatum Group after the demerger.

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

During the year under review, Mandatum Asset Management Ltd sold asset management services to Sampo plc for EUR 0.3 million and to If P&C Insurance Ltd (publ) for EUR 1.2 million. Mandatum Life Palvelut Oy sold financial management services to Sampo plc for EUR 0.1 million.

Mandatum Life Ltd paid EUR 1.1 million in sales and management commissions to If P&C Insurance Ltd (publ). The Mandatum Group purchased payroll services from If P&C Insurance Ltd (publ) for EUR 0.6 million.

Transactions during the financial period ending 31 Dec 2022

On 20 Dec 2022, Mandatum Life Ltd paid EUR 160.0 million in dividends to Mandatum Holding Ltd. On 22 Mar 2022, Mandatum Holding Ltd paid EUR 150.0 million in dividends to Sampo plc.

Mandatum Asset Management Ltd's profit for the financial period ending 31 Dec 2022 was reduced by EUR 26.3 million because of a group contribution to Sampo plc. Mandatum AM AIFM Ltd's profit for the financial period ending 31 Dec 2022 was reduced by EUR 2.7 million because of a group contribution to Sampo plc.

The related party transactions disclosed include transactions with related parties that are not eliminated, e.g. a subordinated loan of EUR 100.0 million from Sampo plc to Mandatum Life Ltd and the management fees of EUR 1.3 million that Mandatum Asset Management Ltd received from Sampo plc and the If Group.

12 Contingent liabilities and commitments

EUR million	2023	2022
Off-balance sheet items		
Fund commitments	2,006.5	2,121.3
Acquisition of IT-software	10.8	10.8
Total	2,017.3	2,132.1
Assets pledged as security for derivative contracts		
Cash	26.8	5.7

Other financial commitments


Purchase of shares in Saxo Bank A/S for EUR 310.0 million.


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