

 MANDATUM

Mandatum Analyst Day

Helsinki, 20 August 2024

Capital-light business as the spearhead of the strategy

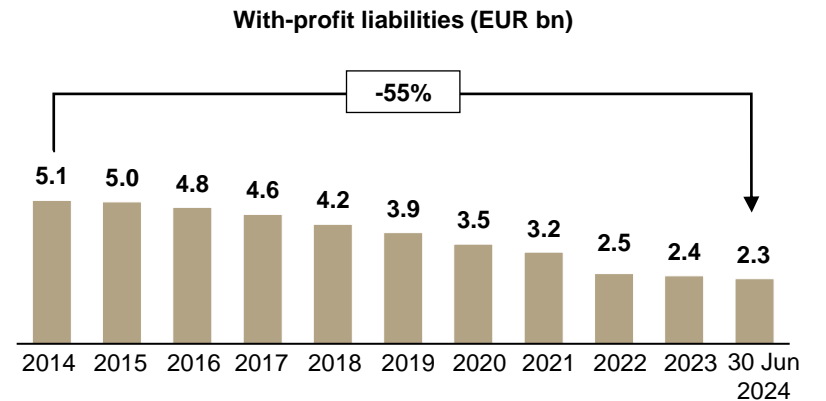
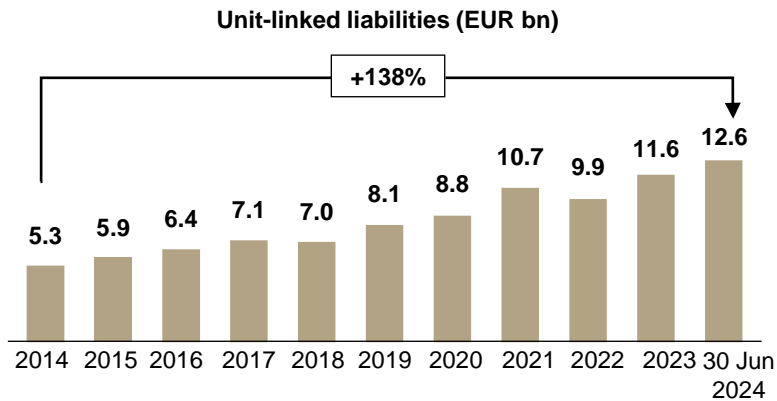
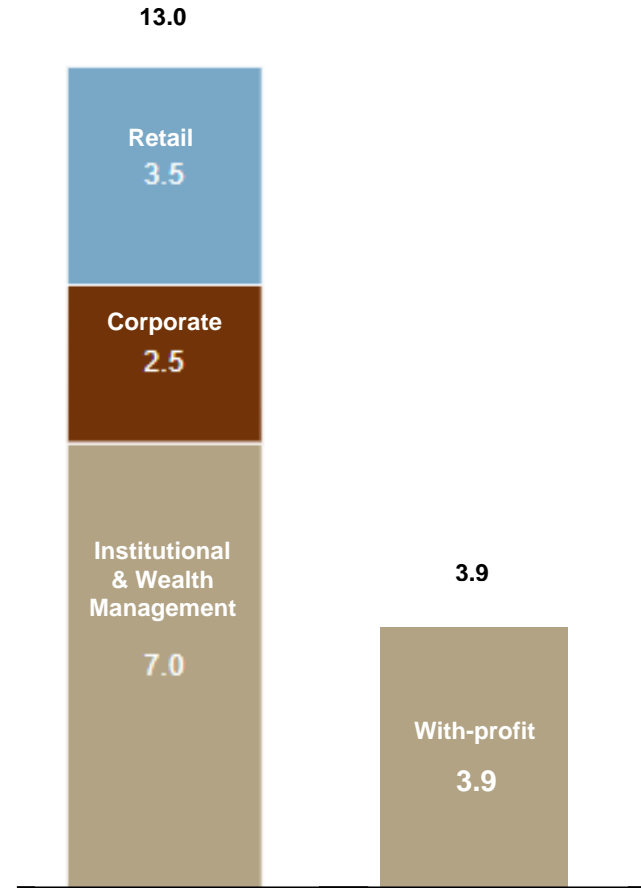
Petri Niemisvirta, CEO

Focus on fee-generative products and run-off of the with-profit book

AuM (EUR bn); 30 Jun 2024

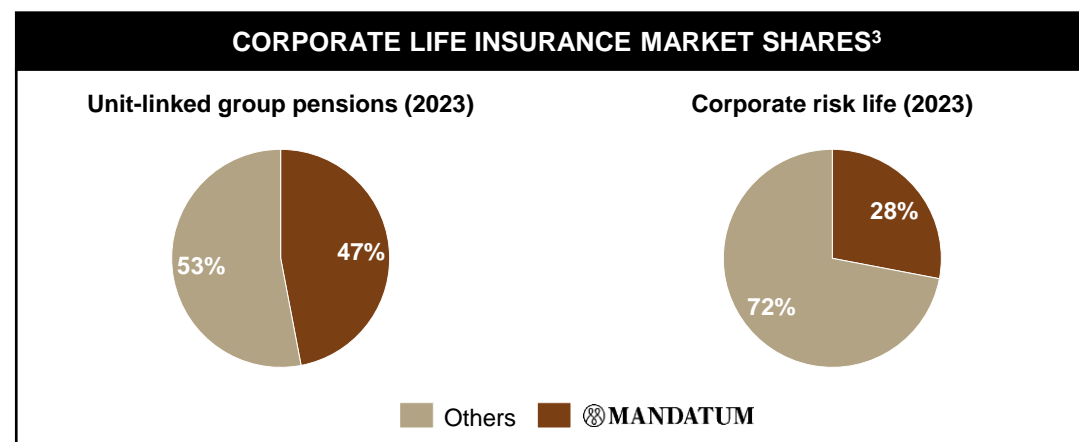
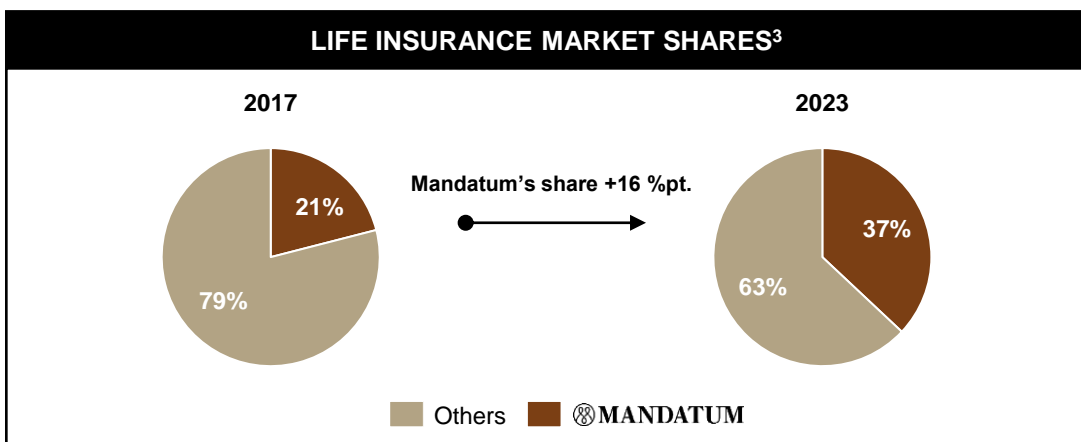
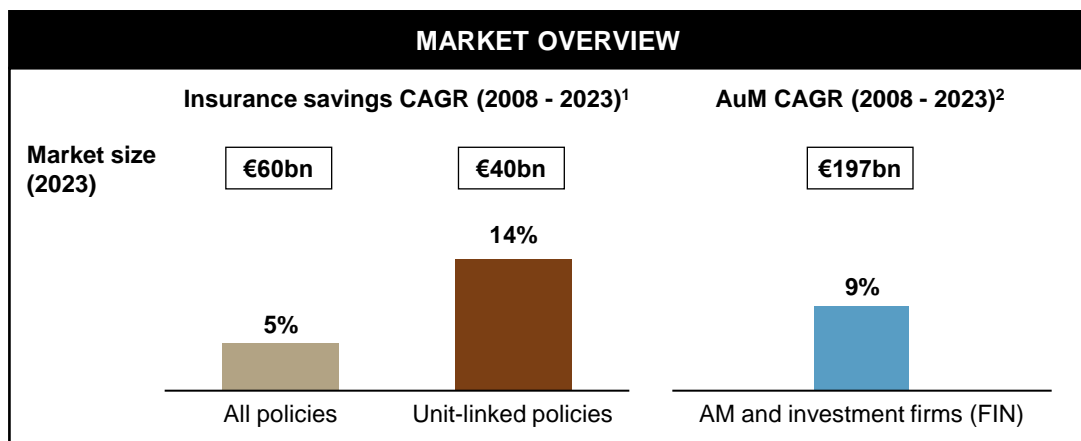
Capital-light		
Institutional & Wealth Management	Corporate	Retail

With-profit



Leading market position in Finland

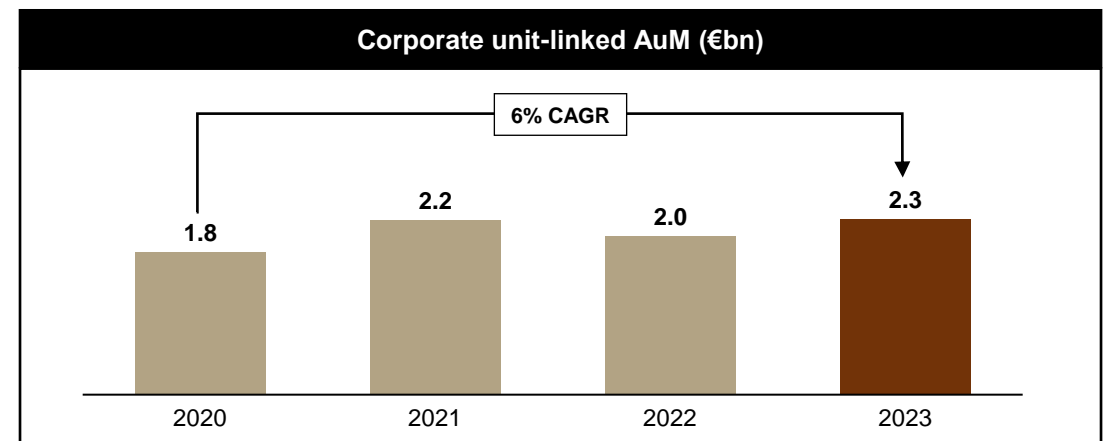
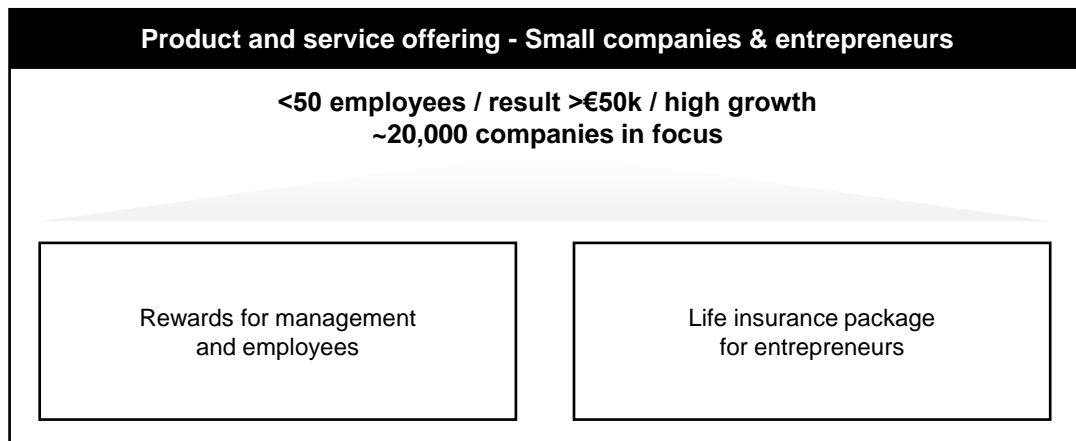
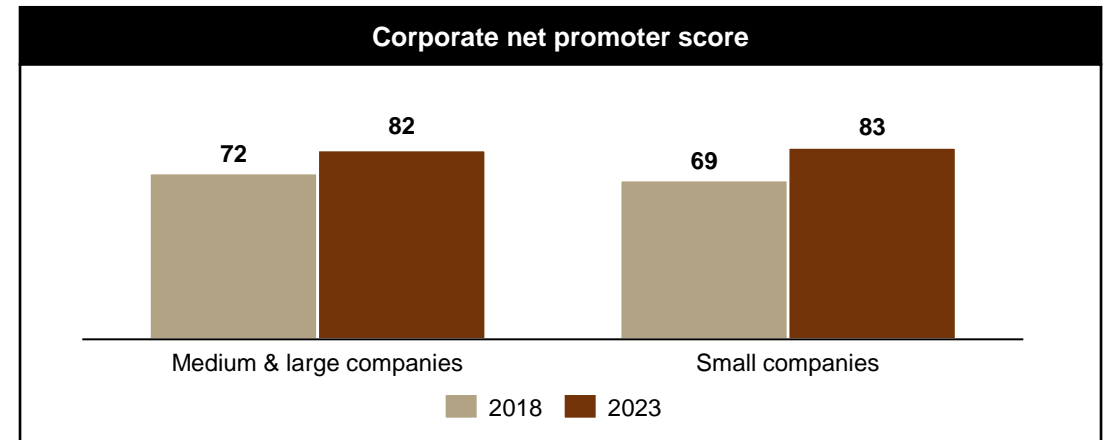
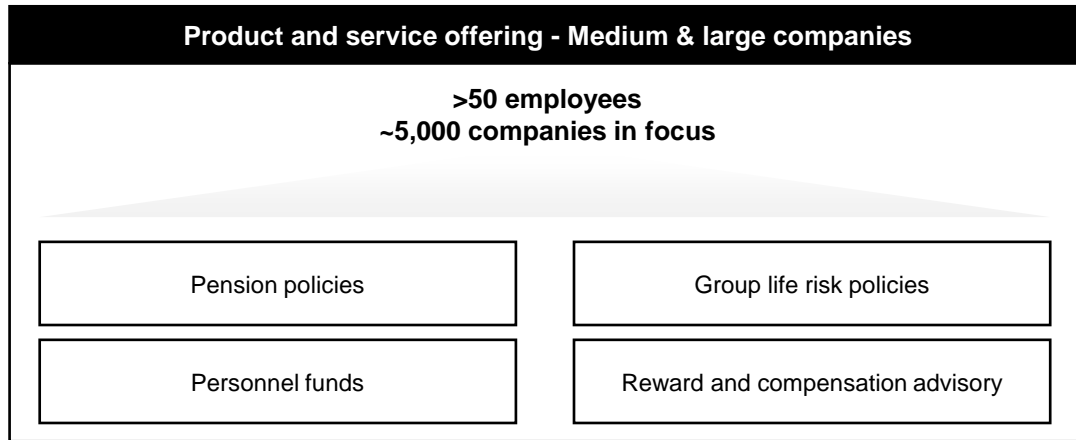
Significant market share gains in Finnish market offering attractive fundamentals and further growth opportunities



Note: (1) Based on insurance savings (Finance Finland). (2) Based on AuM of investment firms and fund management companies (FIN-FSA). (3) Based on premiums written of Finnish life insurance companies (FIN-FSA).
Source: FIN-FSA, Finance Finland.

Value proposition makes Mandatum go-to partner for corporates

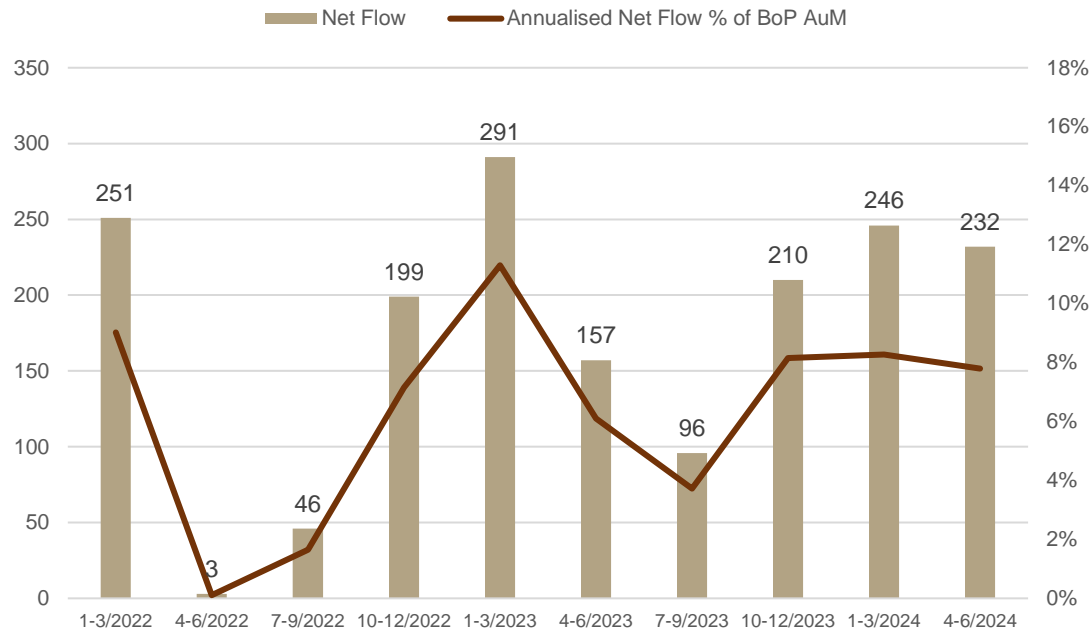
Extensive value proposition for Corporate customers reflected in high customer satisfaction and sticky asset base



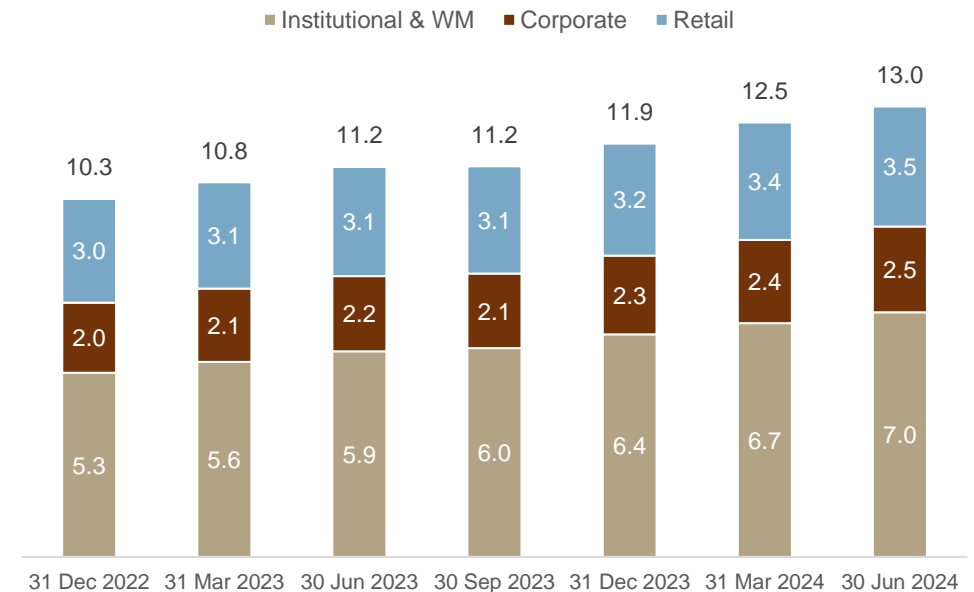
Note: (1) Based on life insurance and pension savings market shares in Finland (2023), Prospera rankings and SFR Research rankings.
Source: FIN-FSA, Prospera External Asset Management 2023 Finland, Prospera Private Banking, SFR Research Institutional Investment Services 2023, Finance Finland.

Q2 net flow 8%* exceeding the 5% target

NET FLOW (EURm)



CLIENT ASSETS UNDER MANAGEMENT (EURbn)



- YTD net flow EUR 478 million
- 81% of Q2 net flow from the institutional and wealth management segment
- Majority of Q2 net flows into credit and allocation products

- Q2 AuM growth EUR 461 million (3.7% q/q)
- Growth driven by positive net flow and positive market returns

*Based on annualised net flow % as of 31 Dec 2023 AuM.

Mandatum's financial targets

	TARGET	4–6/2024 (1–3/2024)
Focus on strong and profitable growth of capital-light offering ¹	Annual net flows ² (medium-term) 5% of AuM	Net flow EUR 232 million, 8% of Client AuM (annualised)
	Disciplined Pricing and fee margin	Fee margin 1.2 (1.2)%
	Improving Cost/income ratio ³	Cost/income ratio 64 (65)%
Managing with-profit portfolio for capital release	Run-off with active portfolio management actions Liability development	With-profit liabilities at 30 Jun 2024: EUR 2,268 million (2,350)
Prudent balance sheet management enabling strong shareholder returns	EUR 500 million Cumulative ordinary dividend (2024-2026)	Dividend paid in spring 2024 EUR 166 million
	170–200% Solvency II ratio (medium-term)	224 (216)% adjusted for dividend accrual

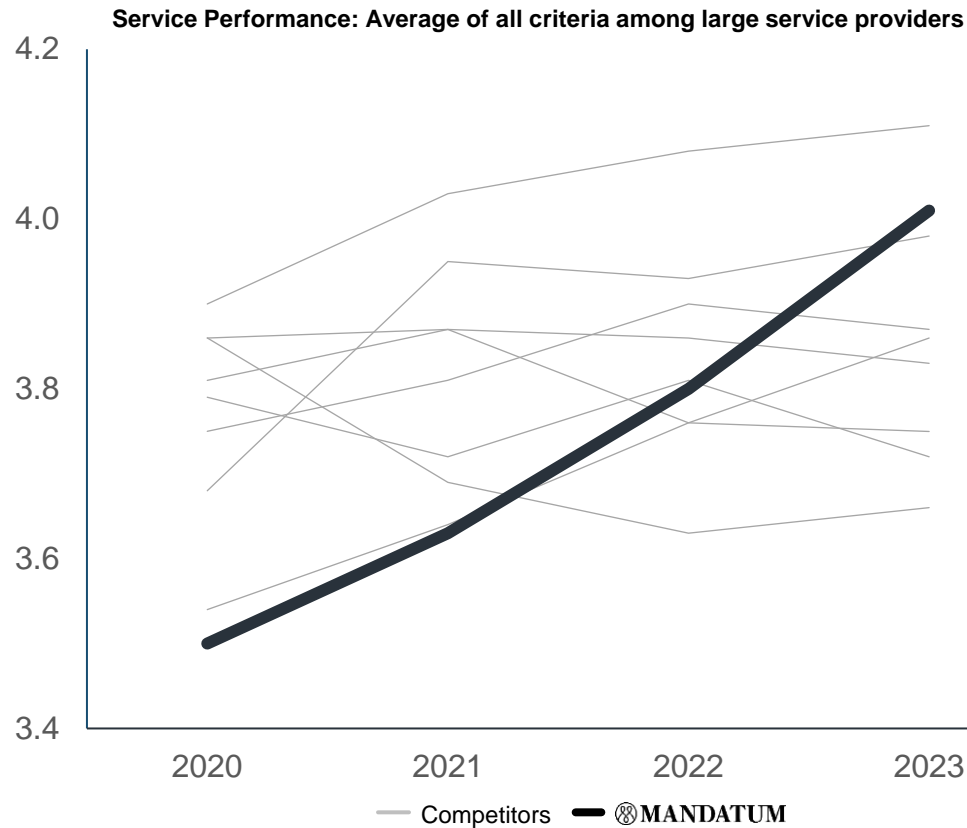
Note: (1) Based on Client AuM, excluding AuM from With-profit and Large Mandates. (2) Based on beginning of period AuM. (3) Related to client AuM fee income and expenses (TTM).

Growth opportunities in Institutional and Wealth Management business

Lauri Vaittinen, CEO, Mandatum Asset Management

Top ranked asset and wealth manager in Finland

MANDATUM RANKED SECOND BEST INSTITUTIONAL ASSET MANAGER IN FINLAND (SFR Research 2023)

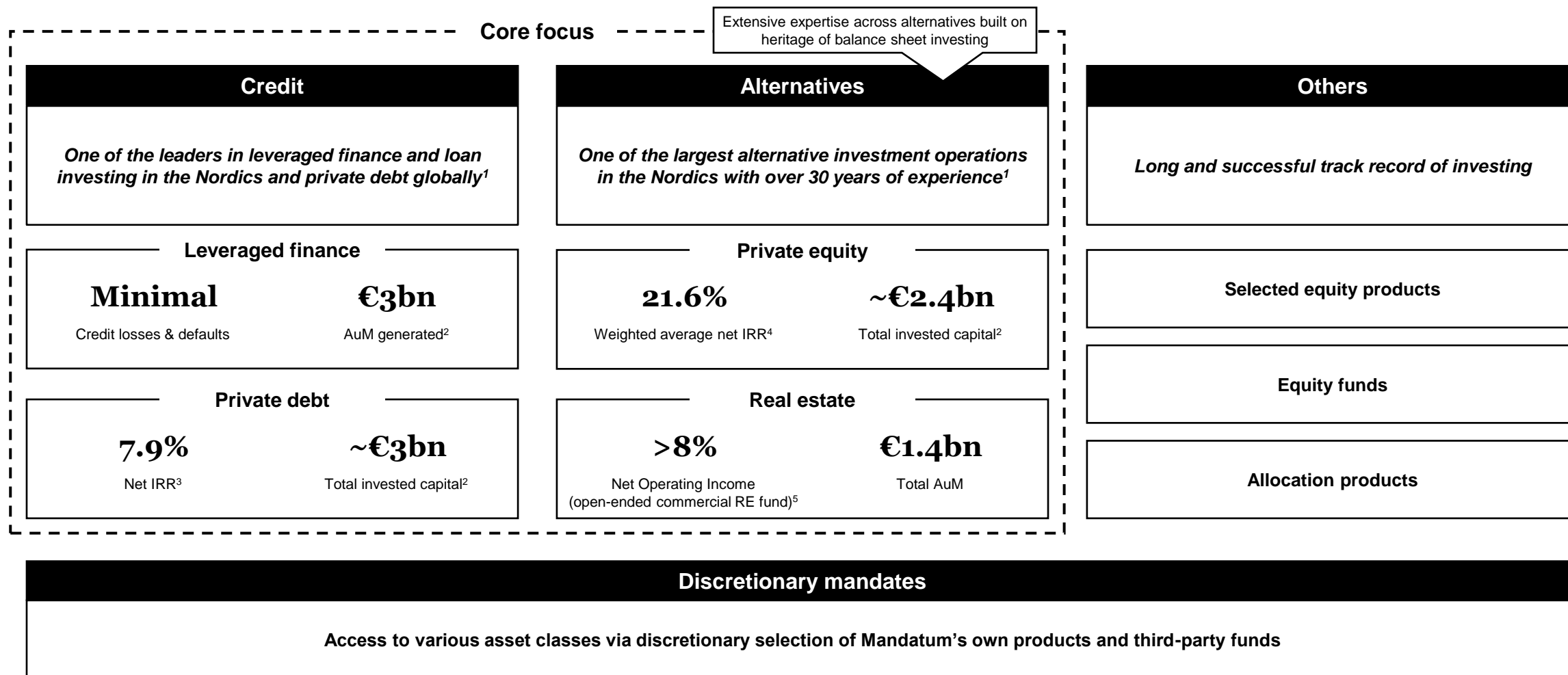


CUSTOMER RECOGNITION (SFR Research 2023)



Comprehensive product offering across core investment areas

Industry leading expertise and state-of-the art investment platform stemming from prior own balance sheet investing



Note: (1) Based on third-party market study. (2) Leverage finance since 2008. Private debt since 2008. Private equity since 1993 (including commitments to Sampo). (3) Net IRR since June 2016 with equal commitments to all vintages. Excluding Mandatum Asset Management management fee). (4) January 2013 to May 2023 weighted by commitments. Excluding Private Market Solutions and financial minority investments. (5) Net operating income initial yield for Finnish commercial property portfolio until Q2 2021.

Mandatum Asset Management (MAM) Credit Strategies

MAM credit strategies YTD 2024 performance and European credit market aggregates

MAM Credit Strategies

<u>YTD 7/2024</u>	Senior Loan Strategy *	Opportunistic Loan Strategy *	UI-MAM Senior Secured Loan Fund	Nordic High Yield	Fixed Income Total Return	European Leveraged Loan Index	European High Yield Bond Index	European Investment Grade Index
Gross return <i>(before fees and expenses)</i>	+5.5%	+5.8%	+4.2% (6/24) Jul ret TBU	+4.1%	+2.9%	ELLI +5.8% CS UBS +5.1%	+4.4%	+2.0%
	+14.0% (2023)	+15.9% (2023)	+13.4% (2023)	+12.3% (2023)	+8.6% (2023)	+13.4% (2023)	+12.0% (2023)	+8.2% (2023)
Market value of investments <i>(weighted avg.)</i>	98.0	92.5	98.5	95.7	97.5	98.1	na.	na.
Yield-to-maturity <i>(YTM incl. cash, post hedging)</i>	8.6%** (7.7% with forward curve)	12.1% (11.3% with forward curve)	8.4%** (7.4% with forward curve)	7.5%	4.6%	8.7%	6.4%	3.4%
Duration	0.6	0.7	0.5	2.6	3.7	0.3	3.2	5.1
Coupon	7.9%	8.9%	7.9%	5.5%	3.3%	na.	na.	na.
AUM <i>(post net subscriptions)</i>	€640m	€172m	€476m	€631m	€1.47bn	na.	na.	na.

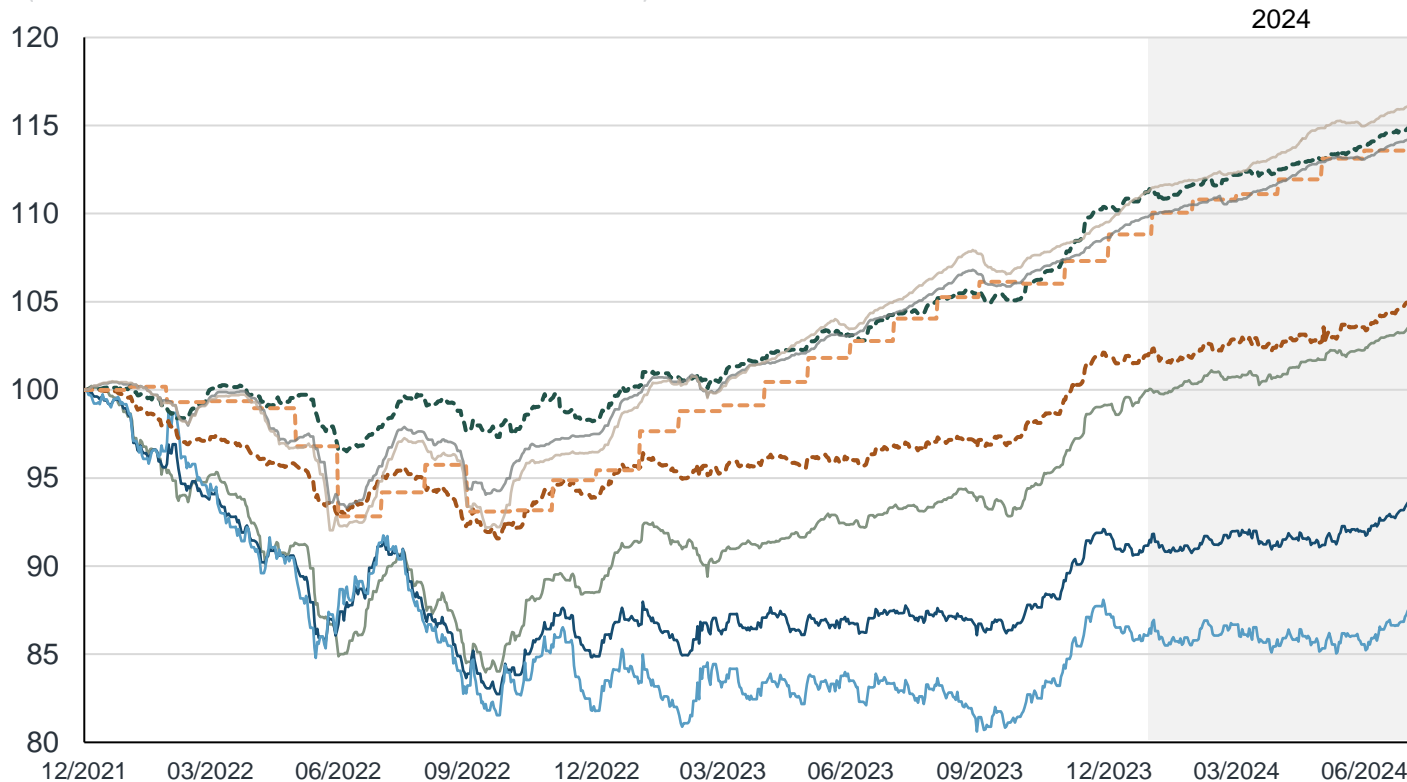
Source: Bloomberg, Mandatum Asset Management, ICE BofA, Pitchbook Data Inc.. Data as of 31 July 2024. Notes: *) These strategies are offered to clients through unit-linked insurances issued by Mandatum Life Insurance Company Ltd. **) Yield-to-Maturity in euros for MAM credit strategies including cash buffer and based on average target cash buffer of c 3-5%. In brackets for floating rate loan strategies, we have added an indicative estimate of the yield-to-maturity taking into account base rate forward curve (Bloomberg), also including cash buffer and post hedging. Disclaimer: Past performance does not predict future returns. All products presented in this performance comparison are MAM's credit strategies that invest in loans/bonds. The investment object of the credit products may vary or be more restricted (e.g. Nordic fixed income investments) or the investment strategy can focus on different types of fixed income products with different risk profiles. Comparison between credit products is for illustrative purposes only and a comprehensive comparison requires a prudent review of all the characteristics of the products, which, in addition to the comparison of returns, consider other characteristics of each product (found in the official documentation). The credit products are not managed in reference to a benchmark and comparison to indices for illustration purposes only.

Floating-rate as well as low and actively managed duration fixed-rate investments have performed well

Mandatum credit strategies

RETURNS FROM EUR GOV. AND CORPORATE BONDS, AND MANDATUM'S CREDIT PRODUCTS (31.7.2024)

(Total return; 1/2022-7/2024; %; indexed)



	Total return		
	YTD	2023	1/22 ->
European lev. loan index (ELLI)	5.8%	13.1%	16.1%
CS UBS Western European Loan Index	5.1%	11.4%	14.2%
MAM Nordic High Yield*	4.1%	12.3%	14.9%
MAM Senior Loan*	5.5%	14.0%	14.8%
MAM Fixed Income Total Return*	3.0%	8.6%	5.0%
EUR HY index	4.4%	12.0%	3.5%
EUR IG index	2.0%	8.2%	-6.4%
EUR Gov. index	0.3%	6.7%	-12.5%

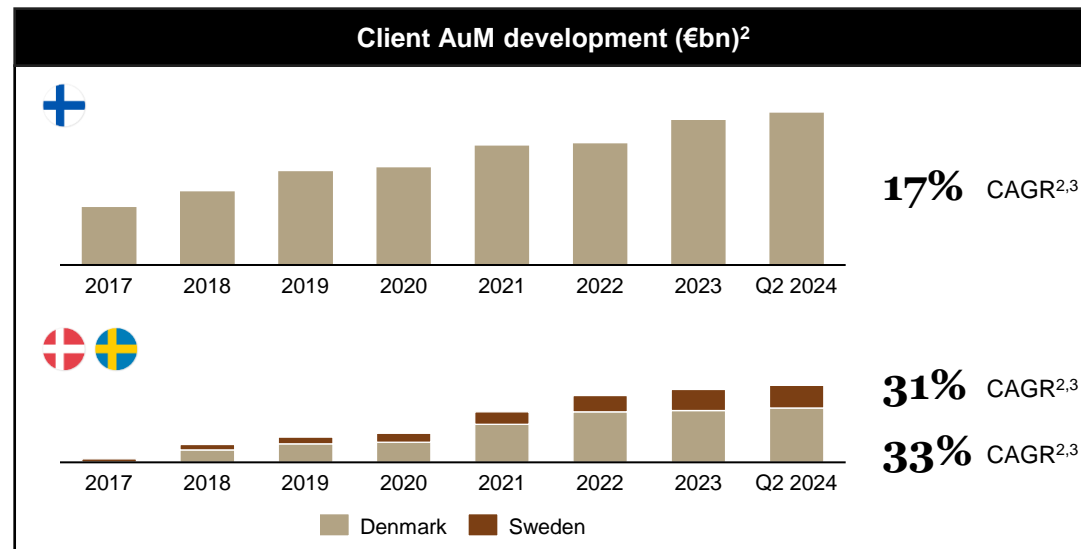
Please note that CS UBS Western European Loan Index and ELLI-index are non-tradeable index and thus returns are indicative (e.g. no cash drag, no transaction costs, no settlement delays etc.)

Source: Bloomberg; ICE BofA; *) Gross returns before fees. Disclaimer: Past performance does not predict future returns. All products presented in this performance comparison are MAM's credit strategies that invest in loans/bonds. The investment object of the credit products may vary or be more restricted (e.g., Nordic fixed income investments) or the investment strategy can focus on different types of fixed income products with different risk profiles. Comparison between credit products is for illustrative purposes only and a comprehensive comparison requires a prudent review of all the characteristics of the products, which, in addition to the comparison of returns, consider other characteristics of each product (found in the official documentation). The credit products are not managed in reference to a benchmark and comparison to indices for illustration purposes only.

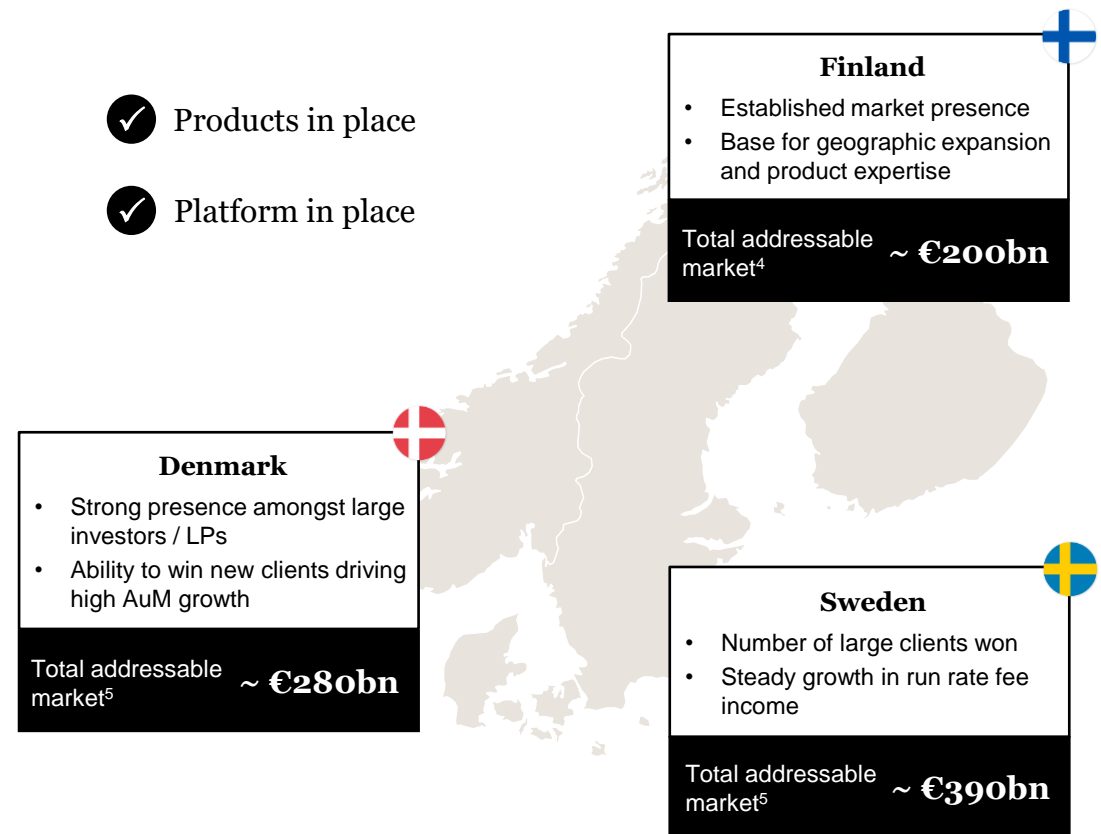
Significant growth opportunity in the Nordics in I&WM

Potential to expand institutional client base across the Nordics by leveraging established investment platform

NORDIC GROWTH TRACK RECORD



POTENTIAL ADDRESSABLE MARKET



Note: (1) Refers to Institutional & Wealth Management operations in Sweden and Denmark. (2) Including fee-generating commitments. (3) For Finland based on 2017 – Q2 2024. For Denmark and Sweden based on 2018 – Q2 2024. (4) Based on AuM of investment firms and fund management companies 2023 (FIN-FSA). (5) Based on total assets in investment funds (third-party market study).
Source: FIN-FSA, third-party market study.

Update on financials

Matti Ahokas, CFO

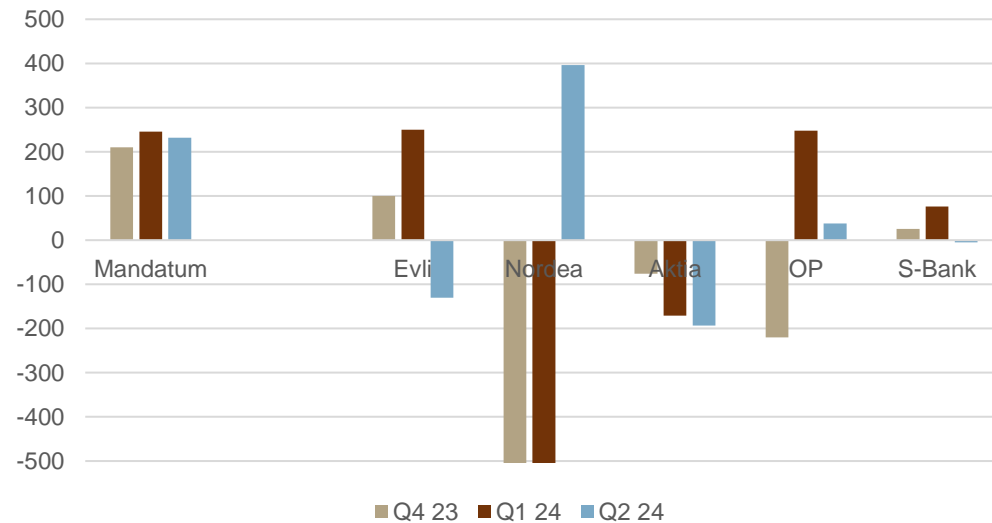
Overview of the 4-6/2024 results

EURm	RESULTS						
	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Fee result	14.7	12.4	18%	29.9	26.4	13%	52.6
Net finance result	55.1	43.1	28%	85.0	56.6	50%	148.6
Result related to risk policies	11.9	-0.3	n.m.	14.1	2.6	444%	17.9
Other result	-5.9	-7.0	17%	-6.3	-5.4	-18%	-8.7
Total PBT	75.8	48.2	57%	122.7	80.2	53%	210.4
Earnings per share EUR	0.12	0.08	46%	0.19	0.13	51%	0.32
Organic capital generation per share EUR	0.12	n.a.	n.a.	0.24	n.a.	n.a.	0.54
Return on equity-% (annualised)	14.6%	10.0%	5 p.p	12.2%	7.7%	5 p.p.	9.8%
C/I-ratio (moving average 12 months)	64%	65%	-1% p.p.	64%	71%	-7 p.p.	66%
Client AuM	12,965	11,223	16%	12,965	11,223	16%	11,892

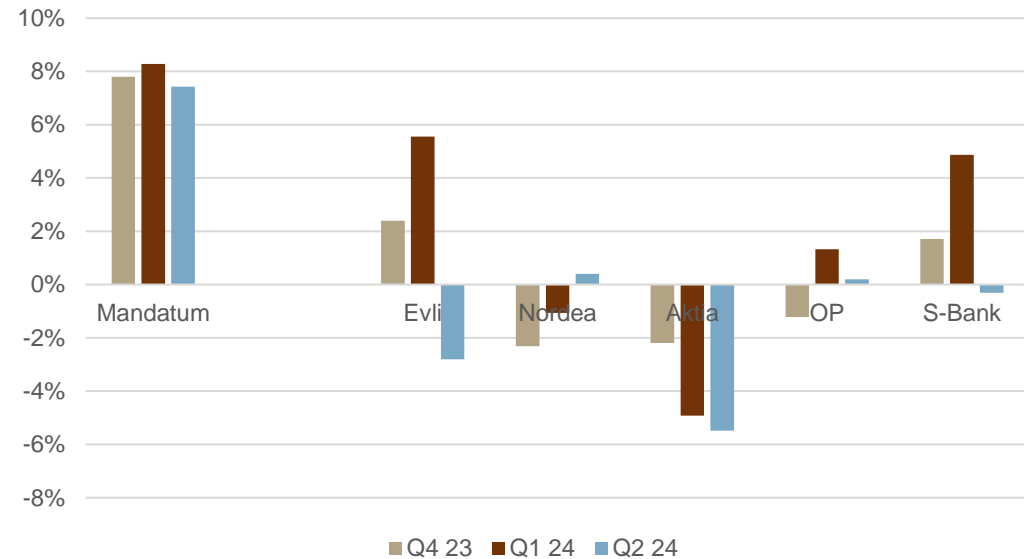
Peer group net flows Q4 23- Q2 24

Mandatum's relative net flows higher and more stable than the peer group

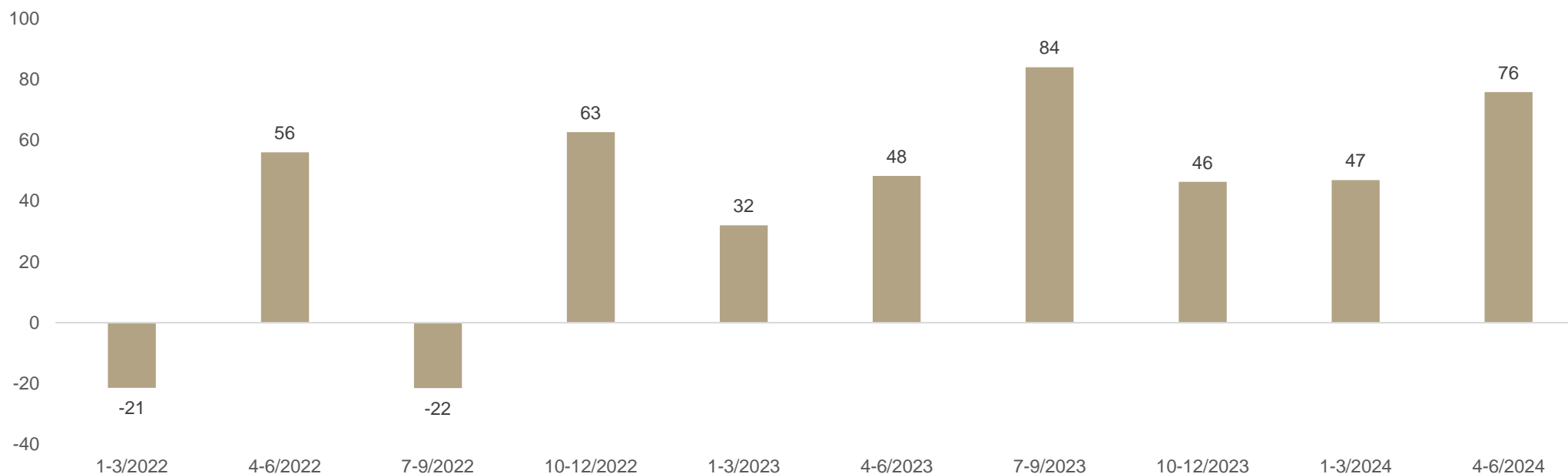
Quarterly AuM net flow (EURm)



Annualised AuM quarterly net flow (%)



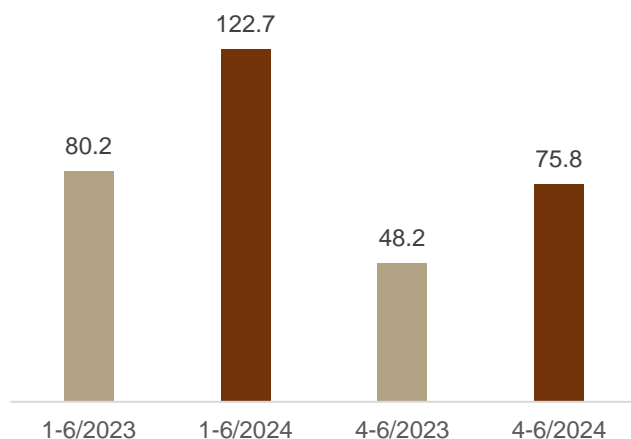
Asset de-risking since 2022 means improved profit stability



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

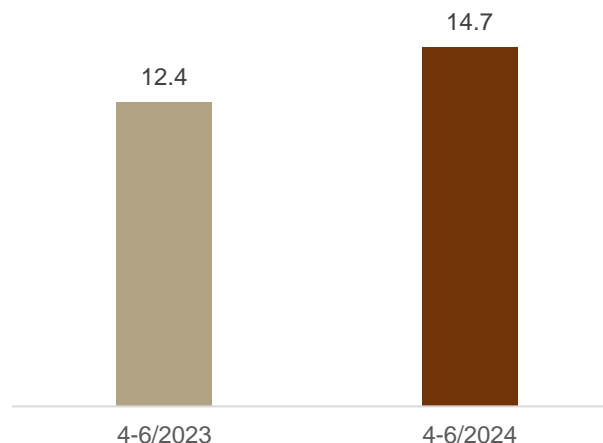
Profit increase driven by a higher net finance and fee result

PROFIT BEFORE TAXES (EURm)



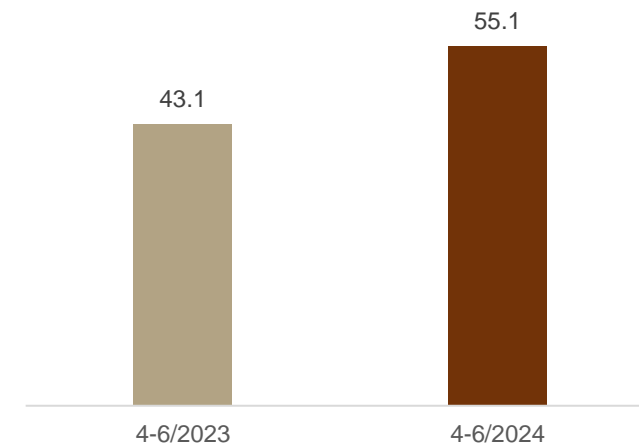
- PBT up 57% to EUR 76 million
- Fee result up in line with plan
- Result related to risk policies impacted by a EUR 5m one-off item related to portfolio transfer to If P&C

FEE RESULT (EURm)



- Fee result up 18% supported by 16% growth in AuM and a stable fee-margin
 - EUR 1.8 million unit-linked fees in the quarter booked only in the balance sheet (CSM) and released in future quarters
- Underlying fee growth 26% adjusting for the loss component recovery of EUR 0.8 million in Q2/23

NET FINANCE RESULT (EURm)



- Investment return 0.7%
- Cost of liabilities down due to an increased discount rate
- EUR 12 million gain in holding investments due to dividend from Saxo Bank

P&L items impacted by IFRS 17

Segment result 1-6/2024

EURm	IFRS 17					Total	1-6/2023
	Institutional	Corporate	Retail	With Profit	Other		
Fee result	12	10	8	0	0	30	26
Insurance service result	0	10	5	0	0	15	15
Fee result from investment and asset management services	12	1	3	0	0	15	11
Net finance result	0	0	0	72	13	85	57
Investment return				65	13	78	120
Unwinding and discounting of liabilities				8		8	-64
Result related to risk policies	0	7	7	0	0	14	3
CSM and RA release	0	6	7	0	0	13	9
Other insurance service result	0	1	0	0	0	1	-6
Other result	0	-4	0	10	-14	-6	-5
Total PBT	12	14	16	82	-1	123	80

These items are calculated and reported based on IFRS 17 accounting rules:

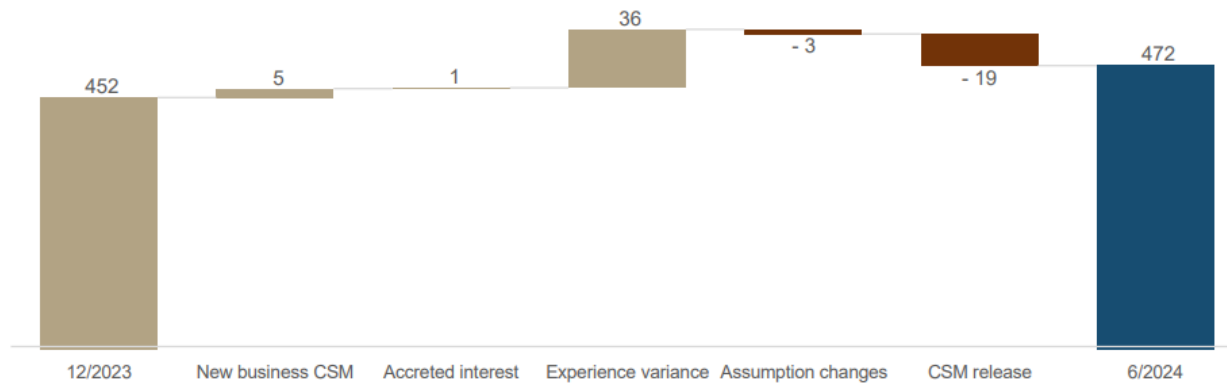
- **Unit-linked Fee result** consists of two parts. Insurance service result for unit-linked pensions policies **sold before 2023**.
- **Result for risk policies** for all the risk insurance policies (main insurance covers death cover and permanent disability).
- **With-profit segment Other result** consist several items of which one is With-profit policies insurance service result.
- **Net finance result** is investment return deducted by finance expense of liabilities (Discount unwinding and impact of changes in discount curve).
- **Insurance service result** for U/L pension, WP and Risk insurance policies is their expected CSM and RA release. Also, insurance service result contains also experience variance that compares actual figures to the expected figures (expected in actuarial projections when calculating liabilities and CSM) such as paid claims, operating expenses and paid premiums (for risk insurance) which naturally fluctuate from quarter to quarter.
- **Changes in expected future cash flows**, e.g. due to the actuarial assumption changes or experience variance, are normally recognised in CSM (Unit-linked and risk policies). For some cohorts there is no CSM and these kind of changes are recognised in P&L, such as the loss component changes.

CSM = contractual service margin. RA = risk adjustment.

Contractual Service Margin

Income booked in the balance sheet

CSM DEVELOPMENT (1-6/2024; EURm)



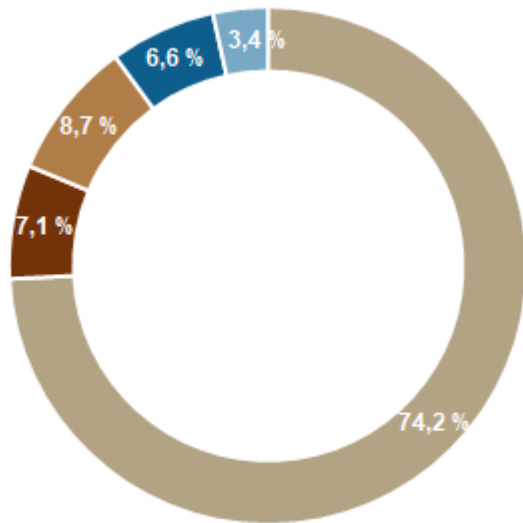
- Positive CSM development due to higher than expected AuM growth in Unit-linked policies.
- Figures without individual risk policies sold by If; related CSM EUR 3 million.
- New business CSM related entirely to risk policies.
- CSM from unit-linked pension policies EUR 335 million, risk policies EUR 128 million and with-profit policies EUR 8 million.

- **Contractual Service Margin (CSM)** represents how much profit is expected to be realized from group of contracts.
 - CSM is calculated at the inception of policies based on expected future cash flows and acquisition costs related to sales of these policies.
- **CSM change** during the quarter can be split in main components as in figure on left. Main components are:
 1. **New business CSM.** Only risk policies new sales are recognised here due to the IFRS 17 rules (insurance risk).
 2. **Experience variance.** In 1-6 2024 YTD this was EUR 36 m positive from because Unit-linked pension policies AUM at 30.6.2024 was higher than assumed (expectations from 31.12.2023 situation) and thus expected fee income from these policies is higher (than expected).
 - Reason for higher than expected AUM is actual investment return exceeding what IFRS 17 curve implied and more positive net flow than expected.
 3. **Assumption changes.** These are changes arising from changes in actuarial assumptions used in future cash flow projections.
 - Because policies and thus cash flow projections are long, even smaller assumption changes can have visible impact on present value of future cash flow → Impact on CSM.
 4. **CSM release.** This is the amount of CSM that is released to P&L (Insurance service result) during the reporting period.

Asset allocation and SCR - With-profit investments

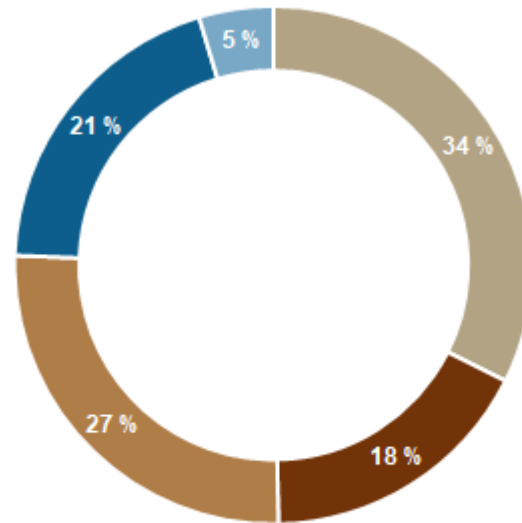
ORIGINAL PORTFOLIO

ASSET ALLOCATION AUM EUR 3,286 m



■ Fixed income
 ■ Listed Equity
 ■ Private Equity
■ Private Credit
 ■ Real Estate

RISK ALLOCATION MARKET RISK SCR EUR 538m



■ Fixed income
 ■ Listed Equity
 ■ Private Equity
■ Private Credit
 ■ Real Estate

Asset allocation

- Equals what internally used and disclosed in supplementary package

Risk allocation

- Based on market risk SCR
- Does not include any diversification benefits between other business lines or other risk classes nor any loss absorbing benefits (TP or DT)
- Note that diversification benefits between different asset classes are allowed for.

Risk Weights for main asset classes:

- Fixed income: 8%
- Equities: 39% / 49% +SA
- Real estate: 25%

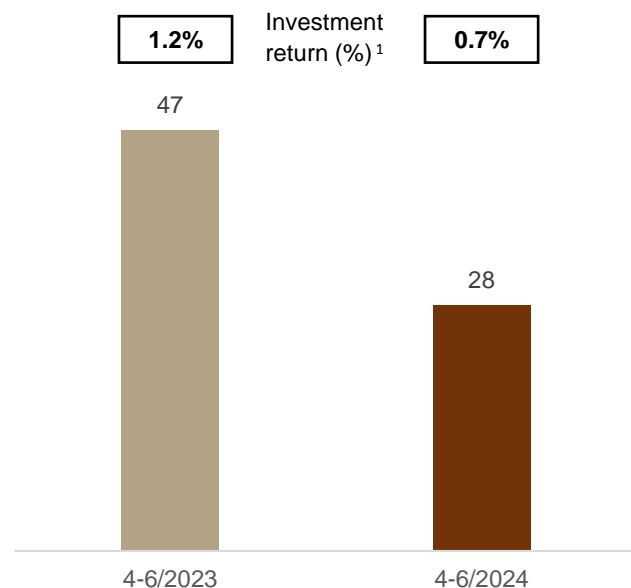
Net finance result explained

Jukka Kurki, CEO, Mandatum Life

Net finance result = Asset return minus cost of liabilities

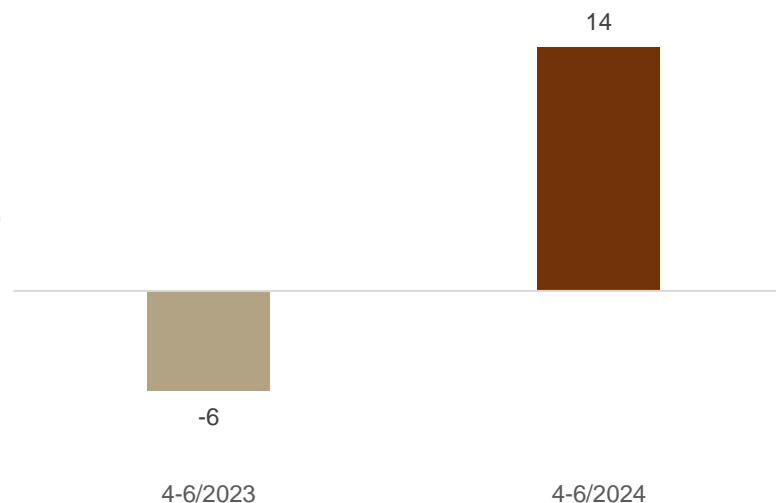
Q2/2024

INVESTMENT RETURNS (EURm)



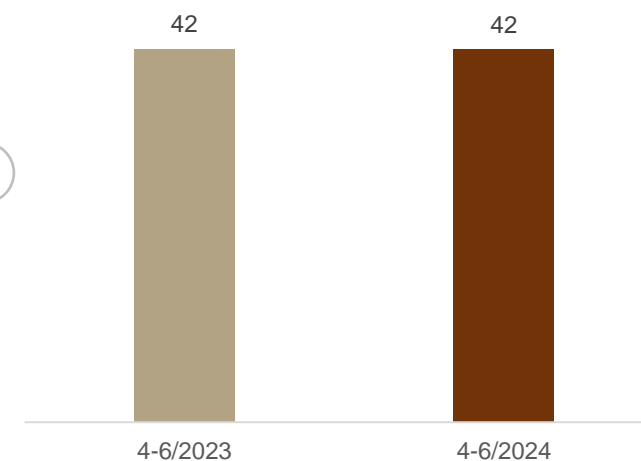
- Share of fixed income asset 74% of which HY share roughly 1/4.
- Unwinding cost EUR 19 million

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



- Unwinding cost fixed for calendar year
- Change in discount rate creates volatility into cost of liabilities

NET FINANCE RESULT (EURm)



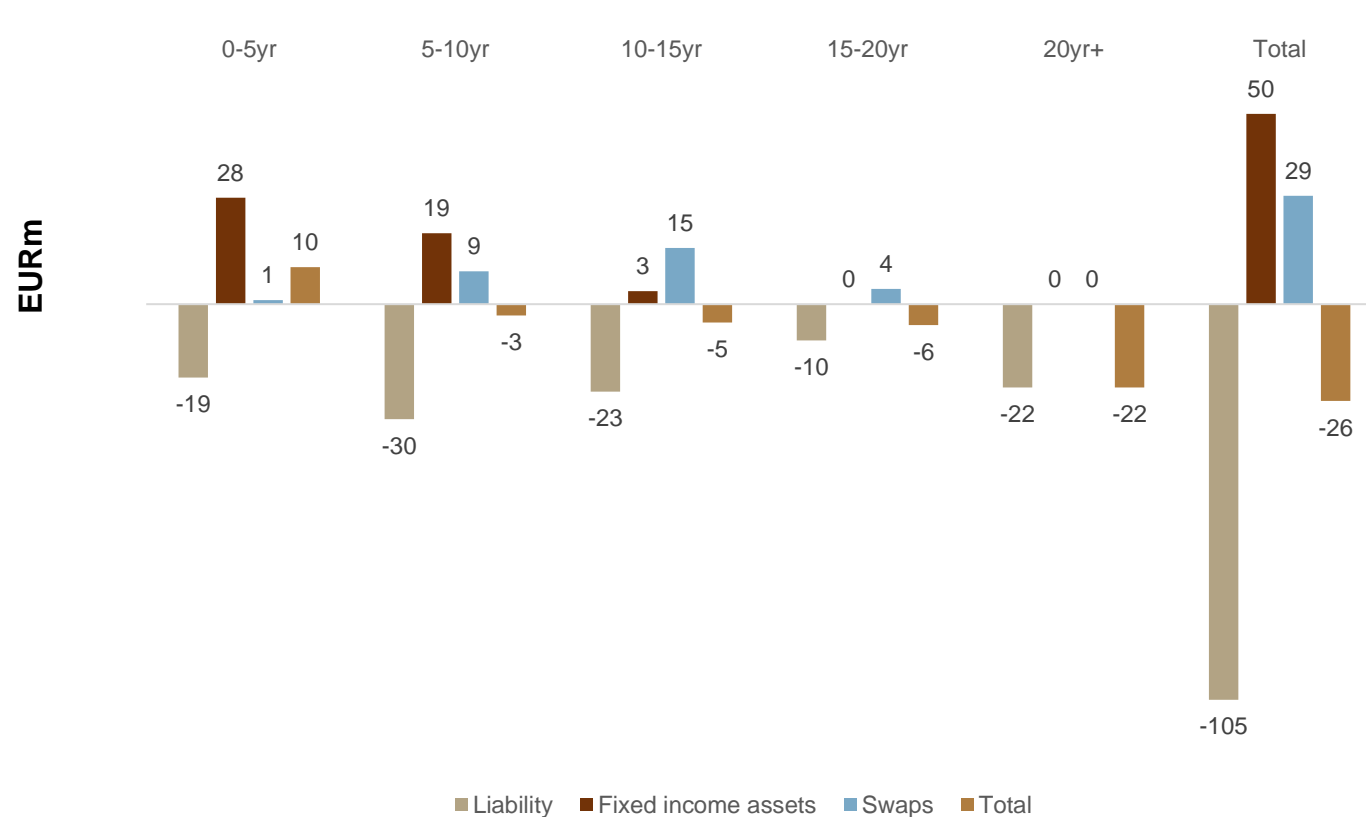
- Equal result but different underlying market and performance

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

Cost of liabilities ¹ = unwinding + discount rate movement

Discount rate movement

SENSITIVITY BY MATURITY BUCKETS, RATES DOWN 100BPS



COMMENTS

- Liability is based on IFRS discount rate
- Discount rate is swap rate + illiquidity premium based on BBB bonds.
- 100bps parallel shift down increase liabilities by EUR 105 million.
- In normal market conditions swap curve movement gives pretty good proxy for discount curve movement
- Discount curve or swap curve movement is never parallel → better estimate could be received by using respective swap rate movement separately for each bucket

Note: (1) Related to the original portfolio and comments also related to original portfolio. Cost of liabilities related to segregated portfolio includes also policyholder's share of excess return

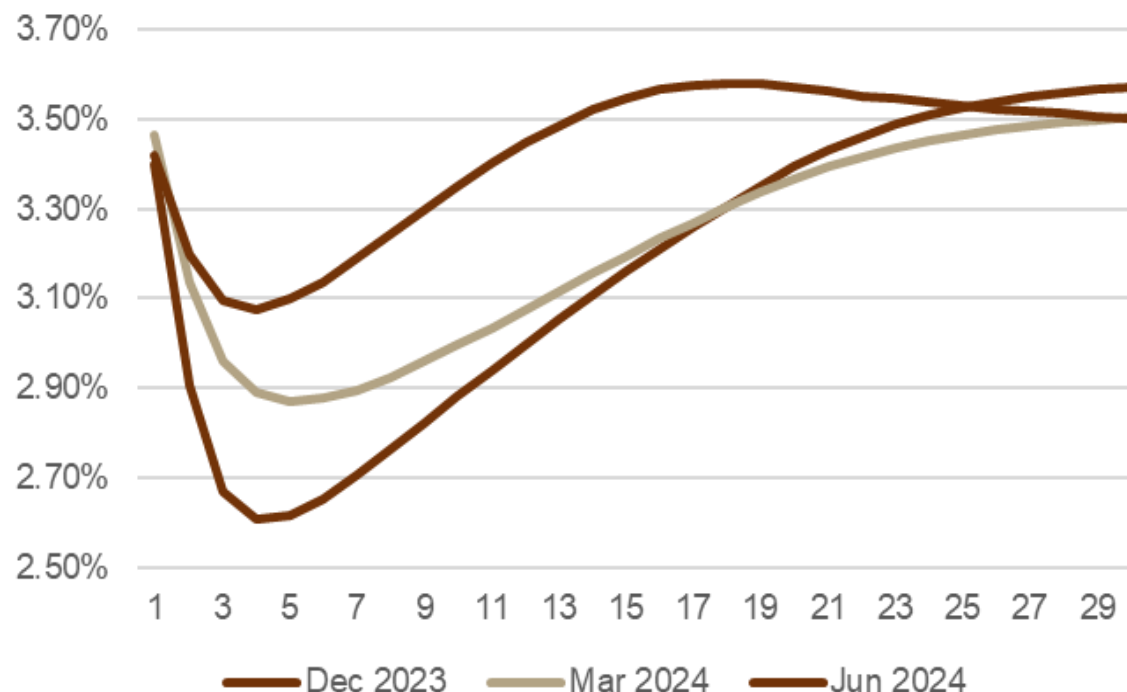
Cost of liabilities = unwinding + discount rate movement

Unwinding cost

UNWINDING COST

- Unwinding cost = unwinding rate times IFRS liability
- Unwinding rate is locked for 12 months period in 1st January.
- Rate equals to 1 Y rate based on discount curve. For year 2024 rate is 3.4%
- Expected Y2024 unwinding cost EUR 55 million for the original portfolio and EUR 21 million for the segregated portfolio

IFRS DISCOUNT CURVE



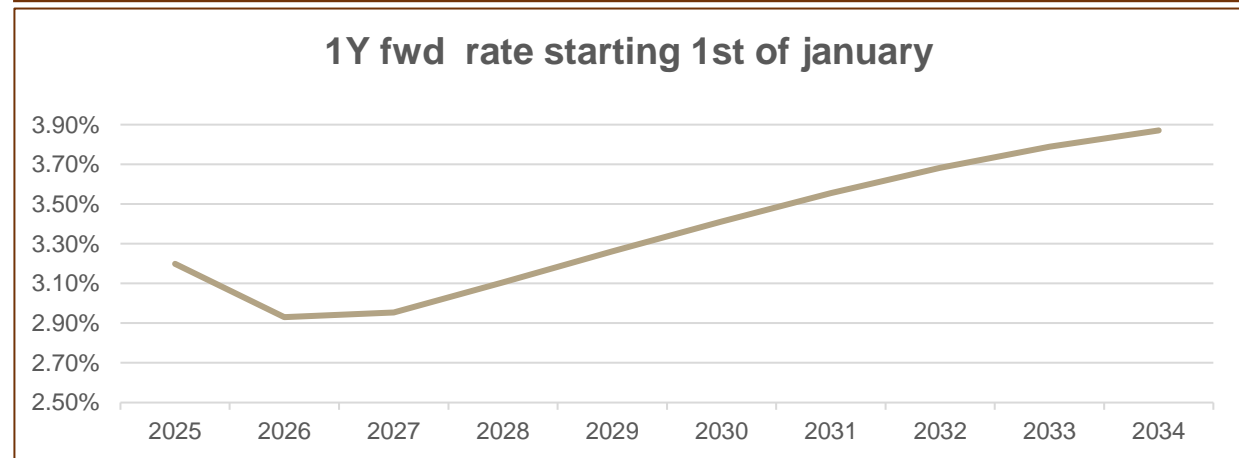
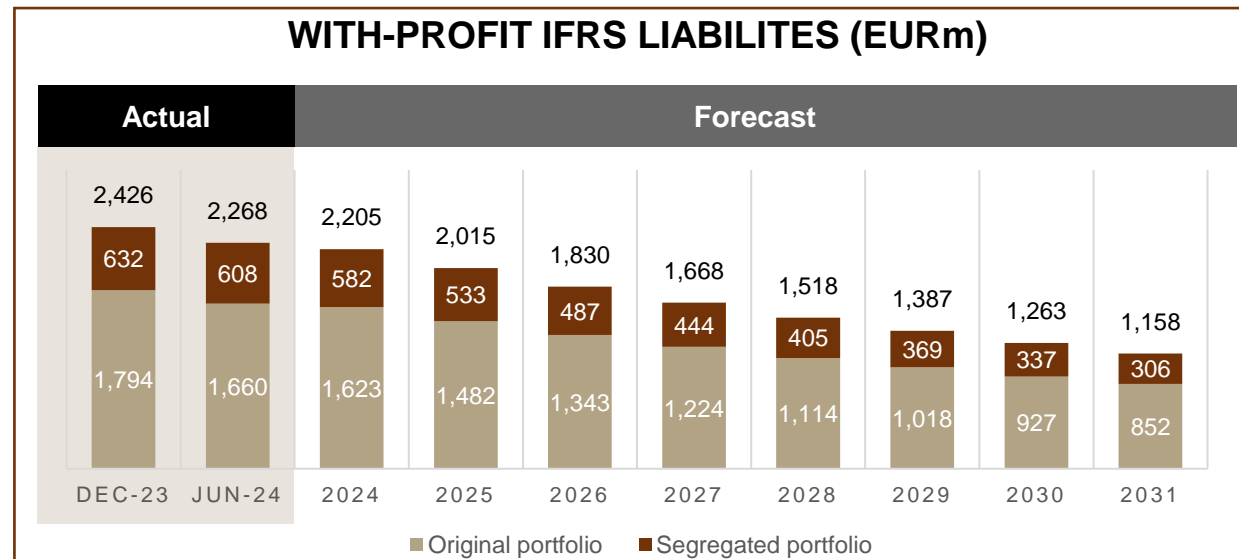
Expected unwinding cost in a longer term

UNWINDING RATE

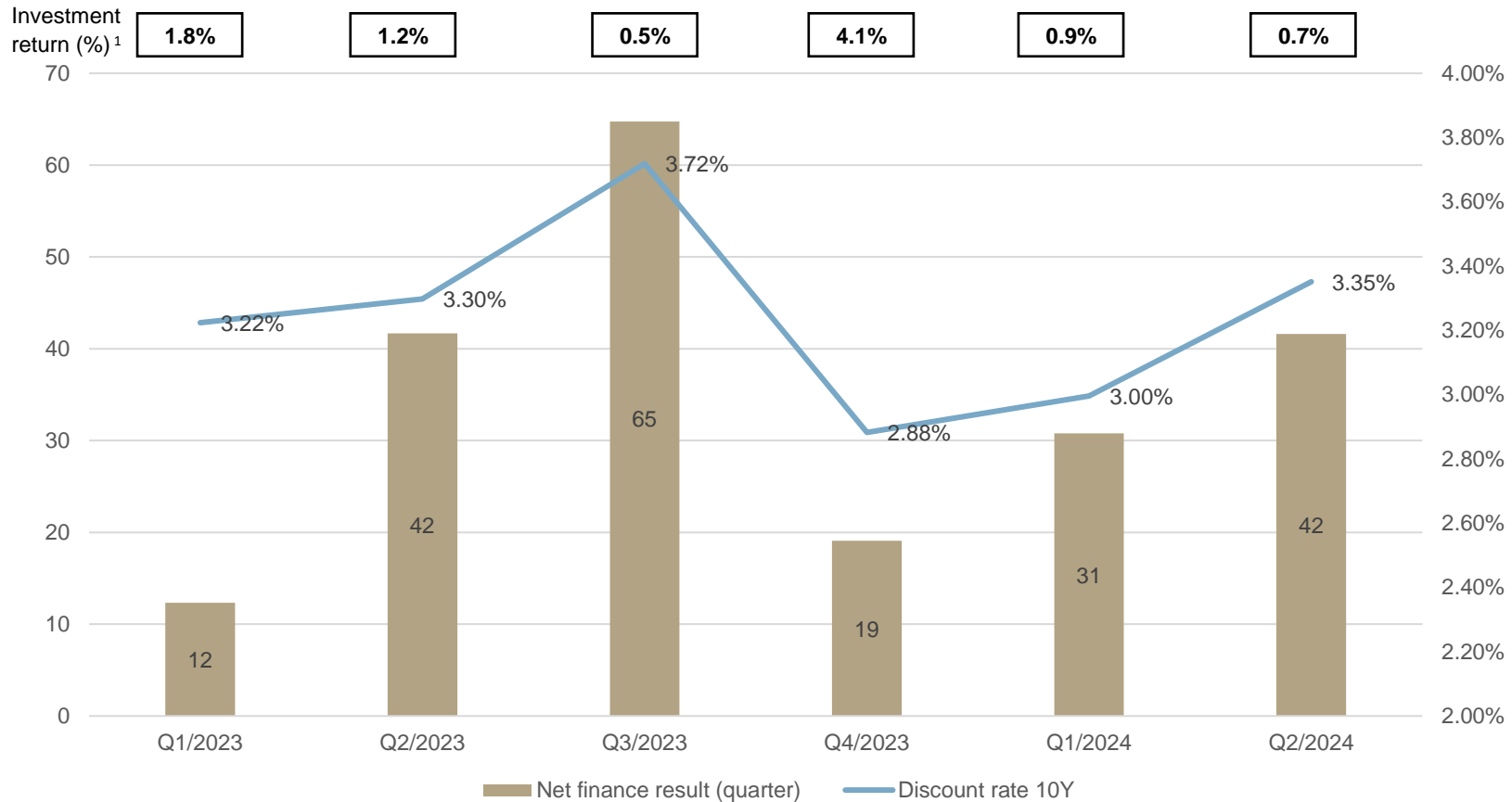
- Natural estimate for expected unwinding rate is 1Y forward rate starting at 1st of Jan each year.
- Mandatum's estimate for expected IFRS liabilities is presented each quarter in investor presentation
- Both (liability and unwinding rate expectations) moves in line with discount curve movements.

Market rates movement and result expectations?

- Short term impact could be estimated from sensitivity by maturity buckets.
- Longer term impact in case of decreasing(increasing) rates:
 - Expected unwinding rate would decrease(increase)
 - MtoM-yield of fixed income asset would decrease(increase). Expectations to risky assets return?
 - Spread between expected asset return and unwinding rate is what matters, not absolute level as such



Net Finance result (wp segment)

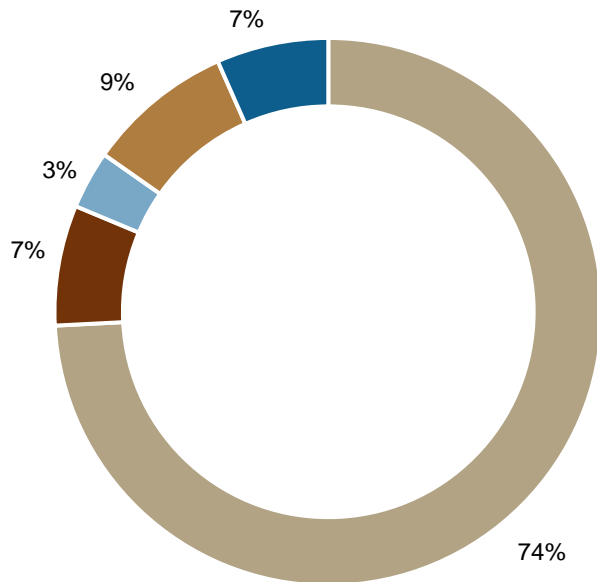


- De-risking decreased volatility since year 2022
- Avg EUR 35 million result per quarter
- Impact of discount rate movement smoothed by risky assets return and spread movement

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

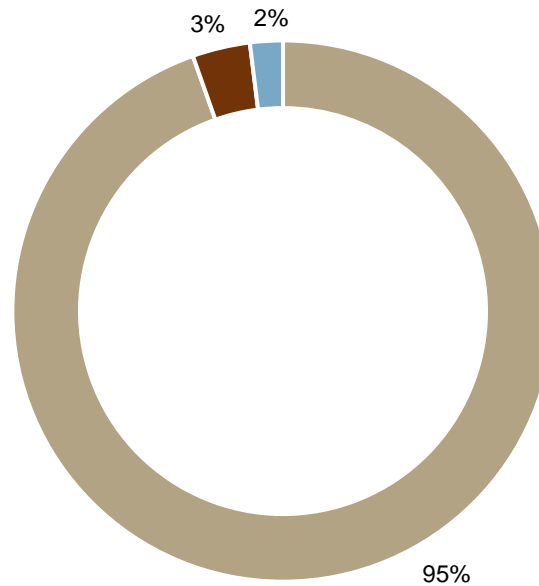
Asset return

ORIGINAL PORTFOLIO, EUR 3,236 m



■ Fixed income
 ■ Listed Equity
 ■ Real Estate
■ Private Equity
 ■ Private Credit

SEGREGATED PORTFOLIO, EUR 674 m



■ Fixed income
 ■ Real Estate
 ■ Other

Original Portfolio

- Money market weight increased representing 23.2% share of fixed income assets (16.6% in Q1)
- Fixed income asset mark-to-market yield at 5.3% (5.3% in Q1)
- Share of alternatives 19%. Exit flow expected to be lower than liability run off → Share is expected to increase slightly in next few years
- De-risking still ongoing but with slower phase

Segregated Portfolio

- Mark-to-market Yield unchanged at 4.8% (4.8% in Q1)



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