

# Value through expertise in Asset Management and Life Insurance

London, 21 November 2024

**ABG Nordic Opportunities seminar**

**Matti Ahokas, CFO**

# Mandatum in a nutshell

## MANDATUM AS A COMPANY

**Mandatum is a Pan- Nordic Credit and Alternatives Asset Management Specialist, and leading Finnish Life Insurer and Wealth Manager: Transitioning to a capital-light model with strong growth ambitions**

Wide array of services: asset and wealth management, savings and investment, compensation and rewards, pension plans and personal risk insurance

Own balance sheet investing (with-profit insurance portfolio) an important profit driver in addition to capital-light business segments

S&P A-rating with Stable outlook

**1874**

Mandatum's roots date back 150 years\*

**700**

Professionals

**EUR 2.2bn**

Market cap 9/2024 in OMX Helsinki

**EUR 168m**

Profit before taxes 1-9/2024

**EUR 13.3bn**

Client assets under management 9/2024

**224%**

Solvency ratio 9/2024

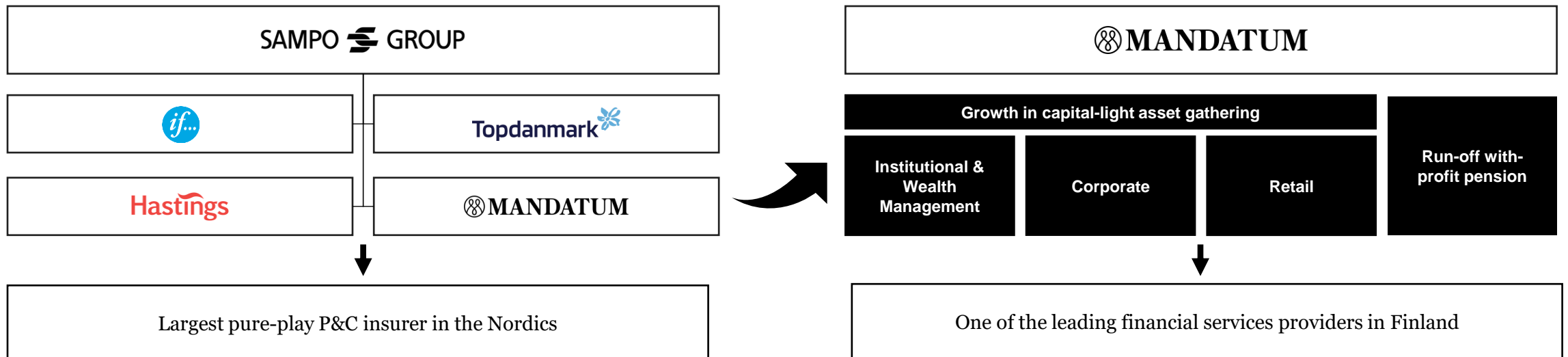
## GEOGRAPHICAL PRESENCE



\*Founding of the life insurance company Kaleva

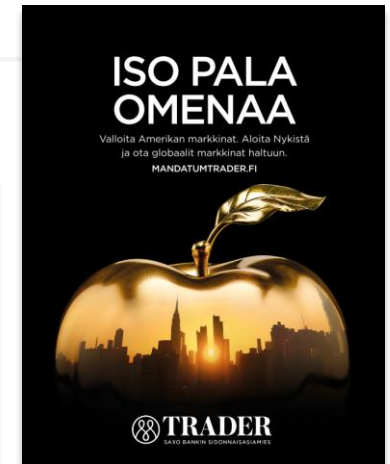
# Mandatum was separated from Sampo and listed in October 2023

Opportunity to leverage leading market position and execute growth strategy as an independent Mandatum



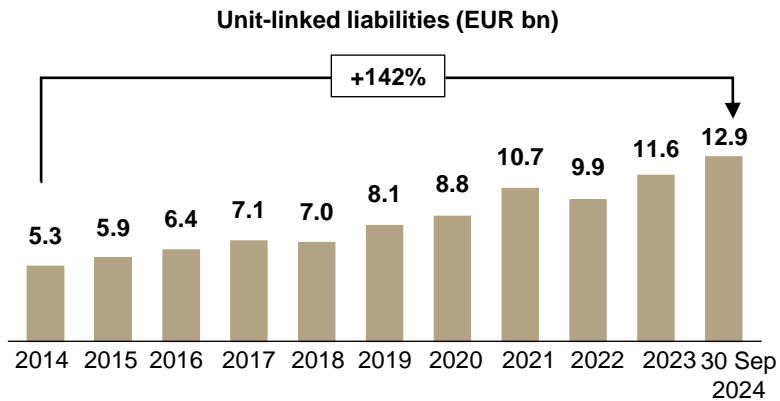
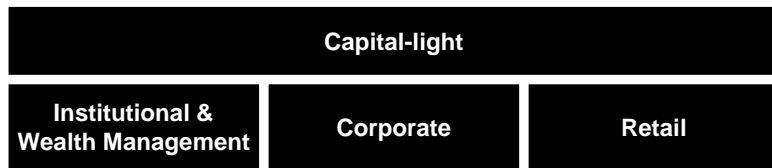


# Mandatum brand has a strong legacy in Finland

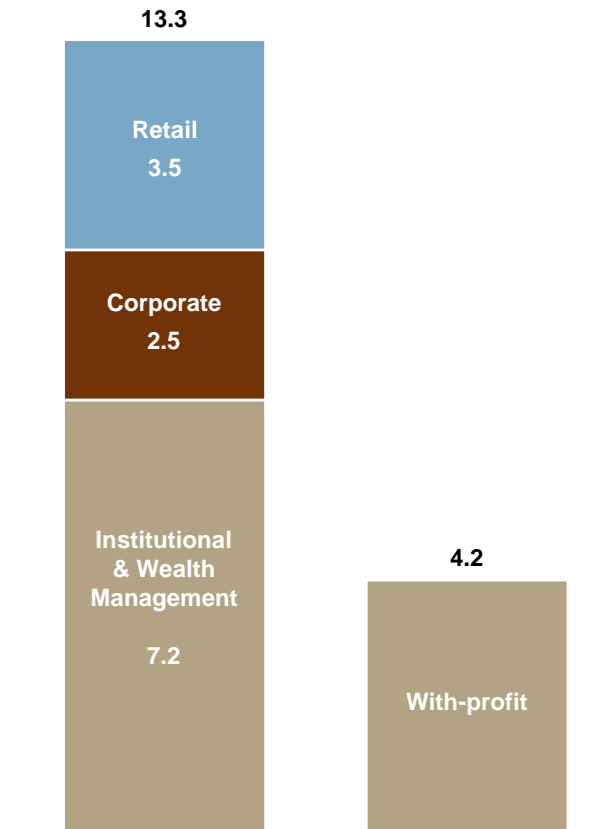


# Strategic growth from transformation to capital-light business

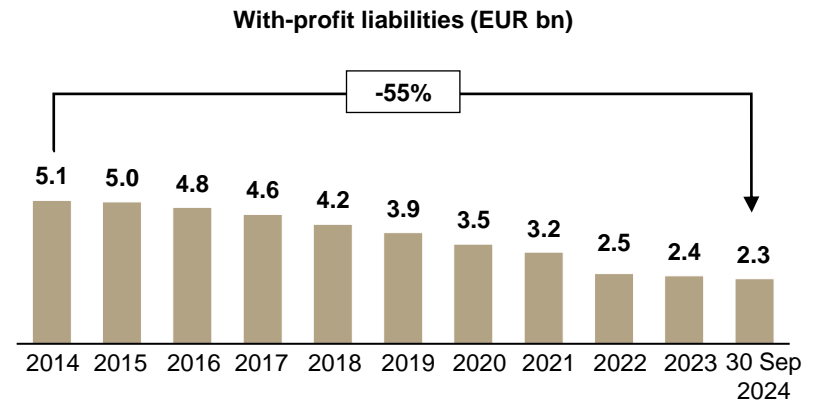
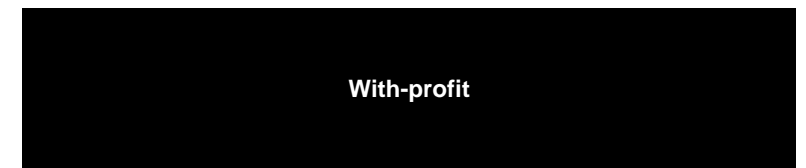
## 1. FOCUS ON STRONG AND PROFITABLE GROWTH OF CAPITAL-LIGHT OFFERING



AuM (EUR bn); 30 Sep 2024



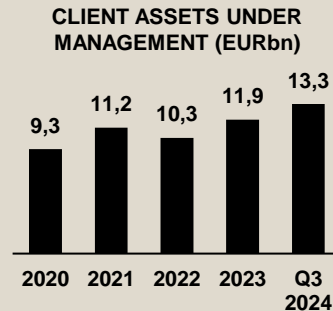
## 2. MANAGING WITH-PROFIT PORTFOLIO FOR PROFITS AND CAPITAL RELEASE



## 3. PRUDENT BALANCE SHEET MANAGEMENT ENABLING STRONG SHAREHOLDER RETURNS

# Value through expertise in Asset Management and Life Insurance

**1** Profitable growth and strong AuM development in capital-light segments such as institutional and private wealth management with further growth opportunities in Finland



**2** Pan-Nordic credit and alternatives asset manager with strong investment expertise and a proven track record

**>28%**

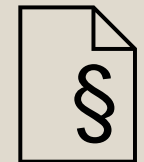
CAGR (2018-Q3 2024) AuM in Denmark & Sweden<sup>1</sup>

**3** Market leader in remuneration, group pension and risk products in Finland's life and pension market support cross-selling of other savings products

**37%**

Market share in the Finnish life and voluntary pension insurance market

**4** Own direct distribution of products, favourable life and pension legislation in Finland, and insurance wrapper benefits in client retention



**5** Very strong brand supporting sales to high-net-worth individuals and high customer and employee satisfaction



**6** Solid solvency, continued capital generation and release enable attractive dividends with upside potential from sale of non-core assets

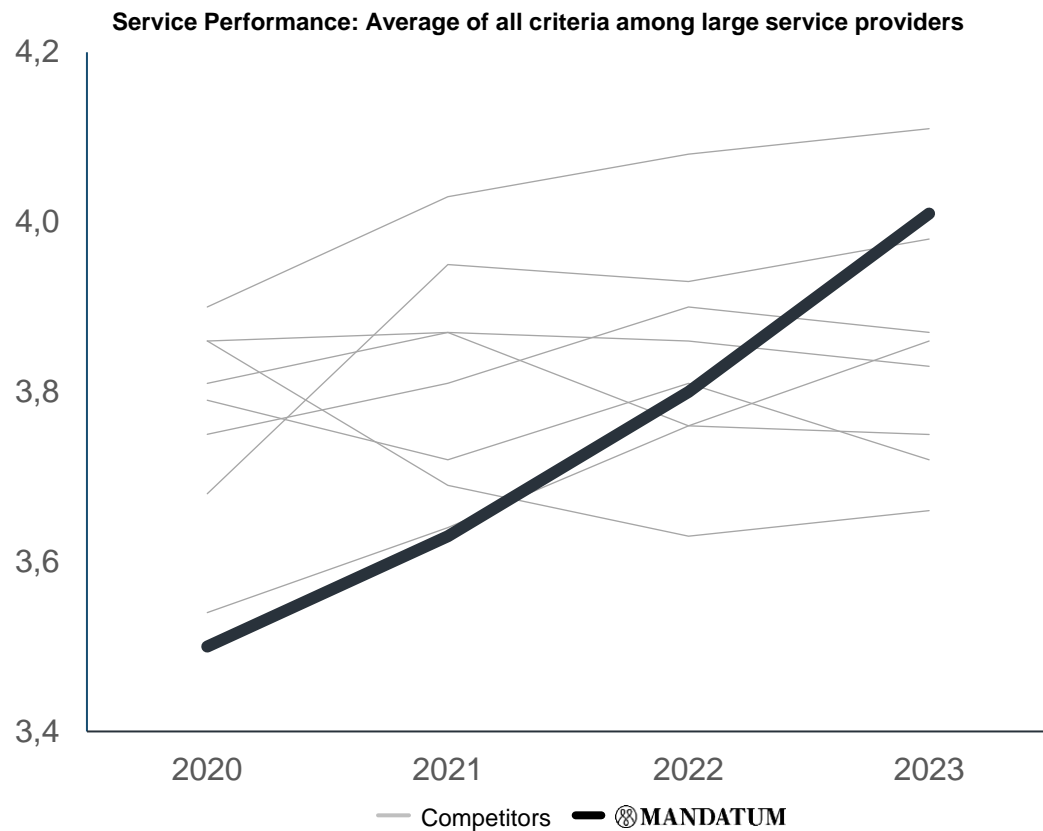
**500m€**

Cumulative ordinary dividend target (2024-2026)

Note: (1) Including fee-generating commitments.

# 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)

**INSTITUTIONAL ASSET MANAGEMENT**

**AWARDS 2023**  
Institutional Investment Services

**#1**  
Expected change in client relationship next 12 months

**Mandatum Asset Management**  
**GOLD AWARD**  
Asset Managers: Large

**PRIVATE WEALTH MANAGEMENT**

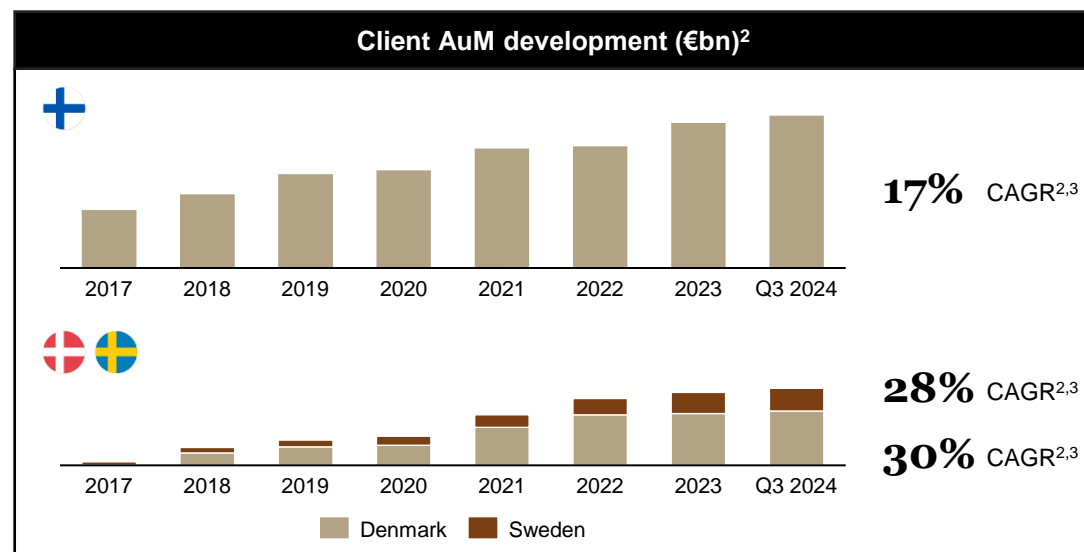
**79**  
Net Promoter Score

**#2**  
Private Banking Finland  
(Kantar Prospera 2023)

# Significant growth opportunity in the Nordics in I&WM

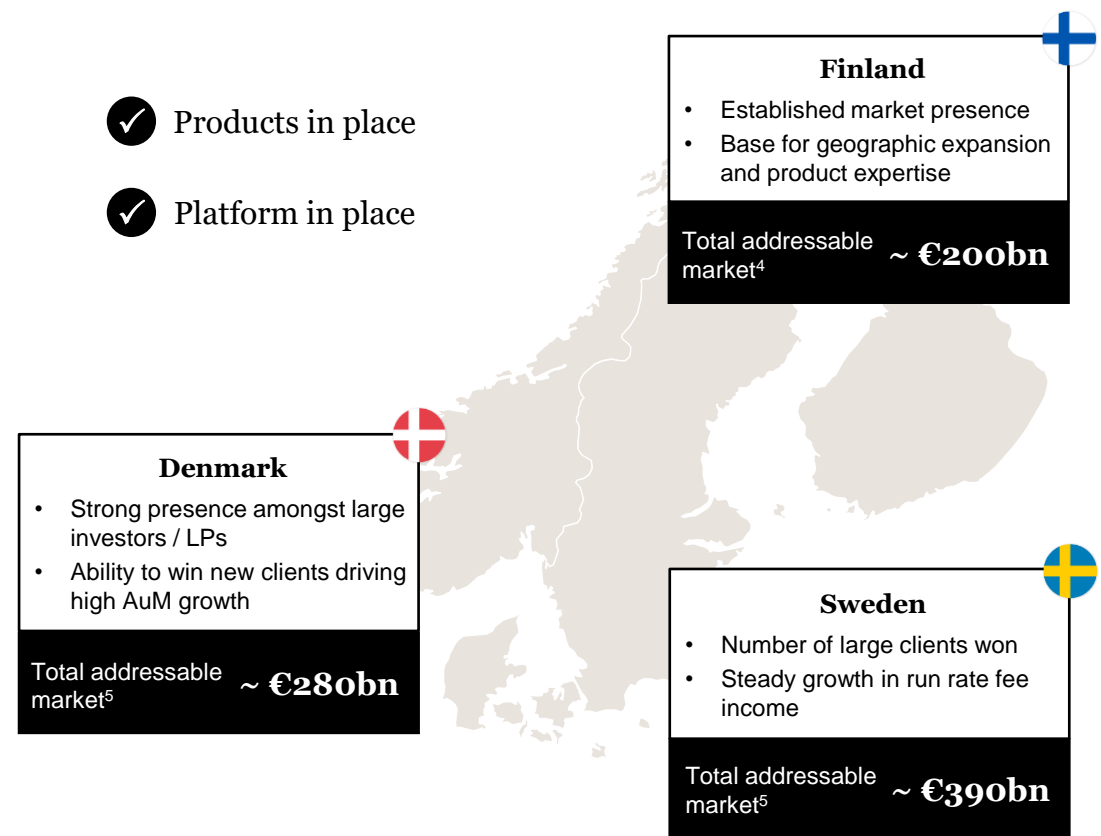
Potential to expand institutional client base across the Nordics by leveraging established investment platform

## NORDIC GROWTH TRACK RECORD



## POTENTIAL ADDRESSABLE MARKET

- ✓ Products in place
- ✓ Platform in place

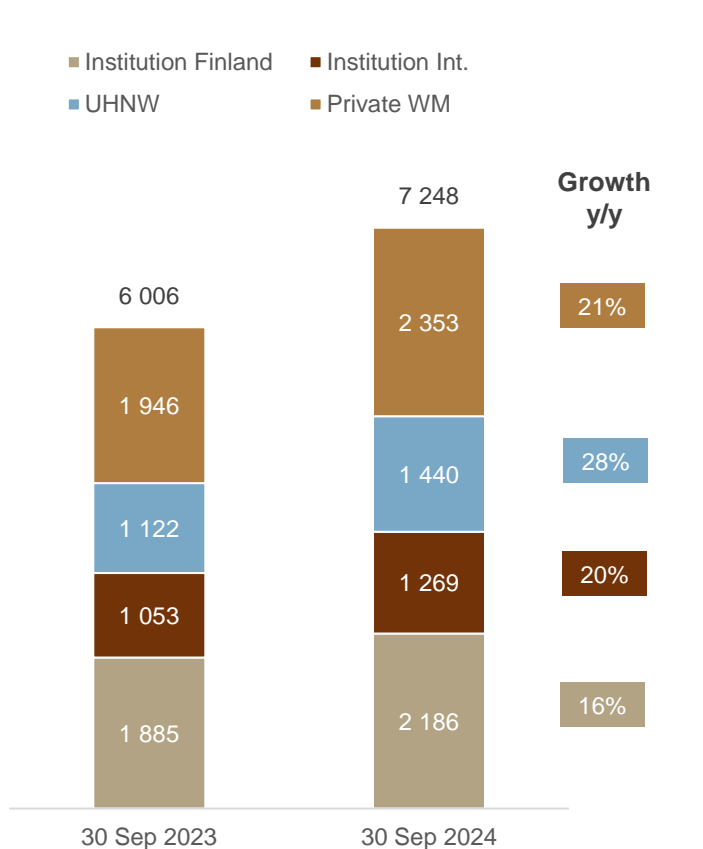


Note: (1) Refers to Institutional & Wealth Management operations in Sweden and Denmark. (2) Including fee-generating commitments. (3) For Finland based on 2017 – Q3 2024. For Denmark and Sweden based on 2018 – Q3 2024. (4) Based on AuM of investment firms and fund management companies 2023 (FIN-FSA). (5) Based on total assets in investment funds (third-party market study).  
Source: FIN-FSA, third-party market study.

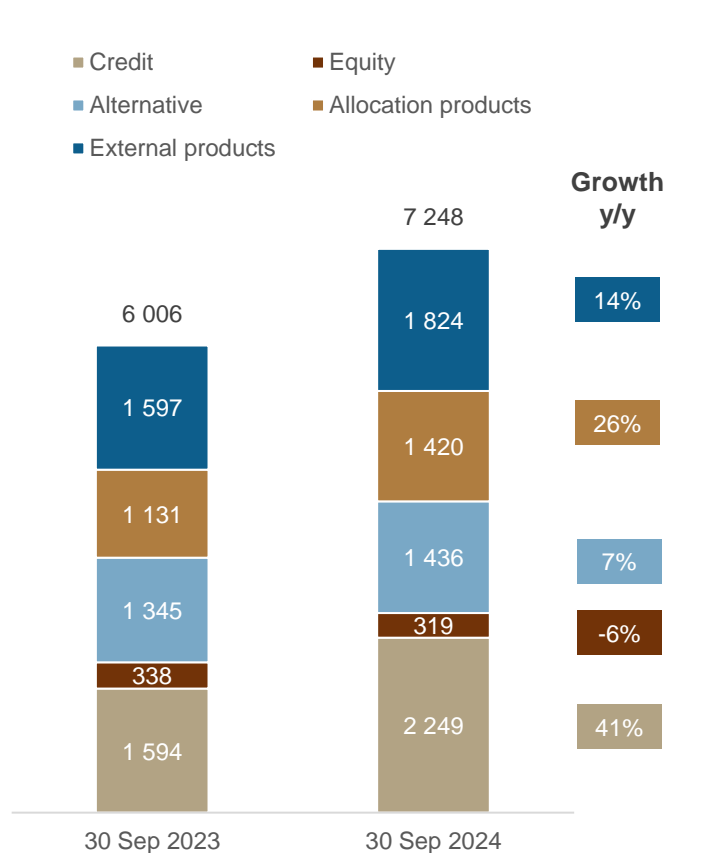


# Institutional & wealth management as a growth driver

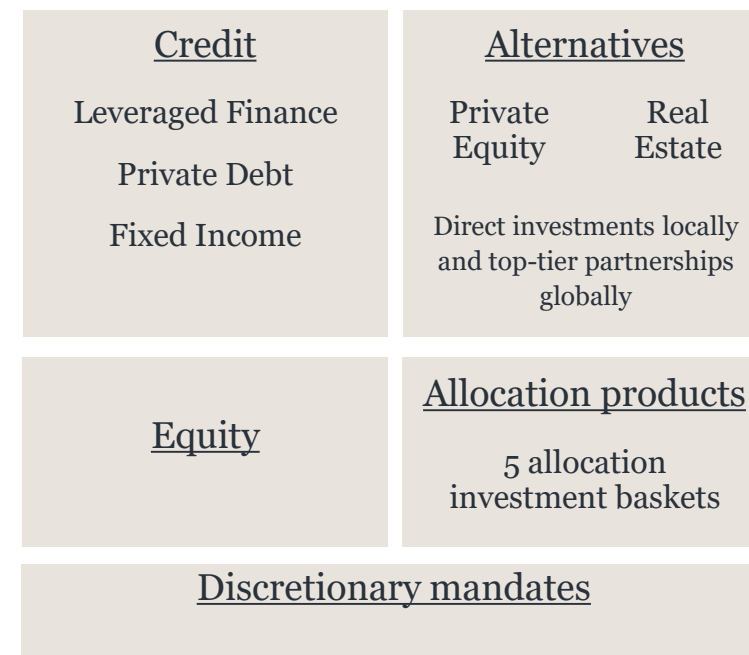
## AUM BY CLIENT SEGMENT (EURm)



## AUM BY PRODUCT (EURm)



## ASSET MANAGEMENT OFFERING

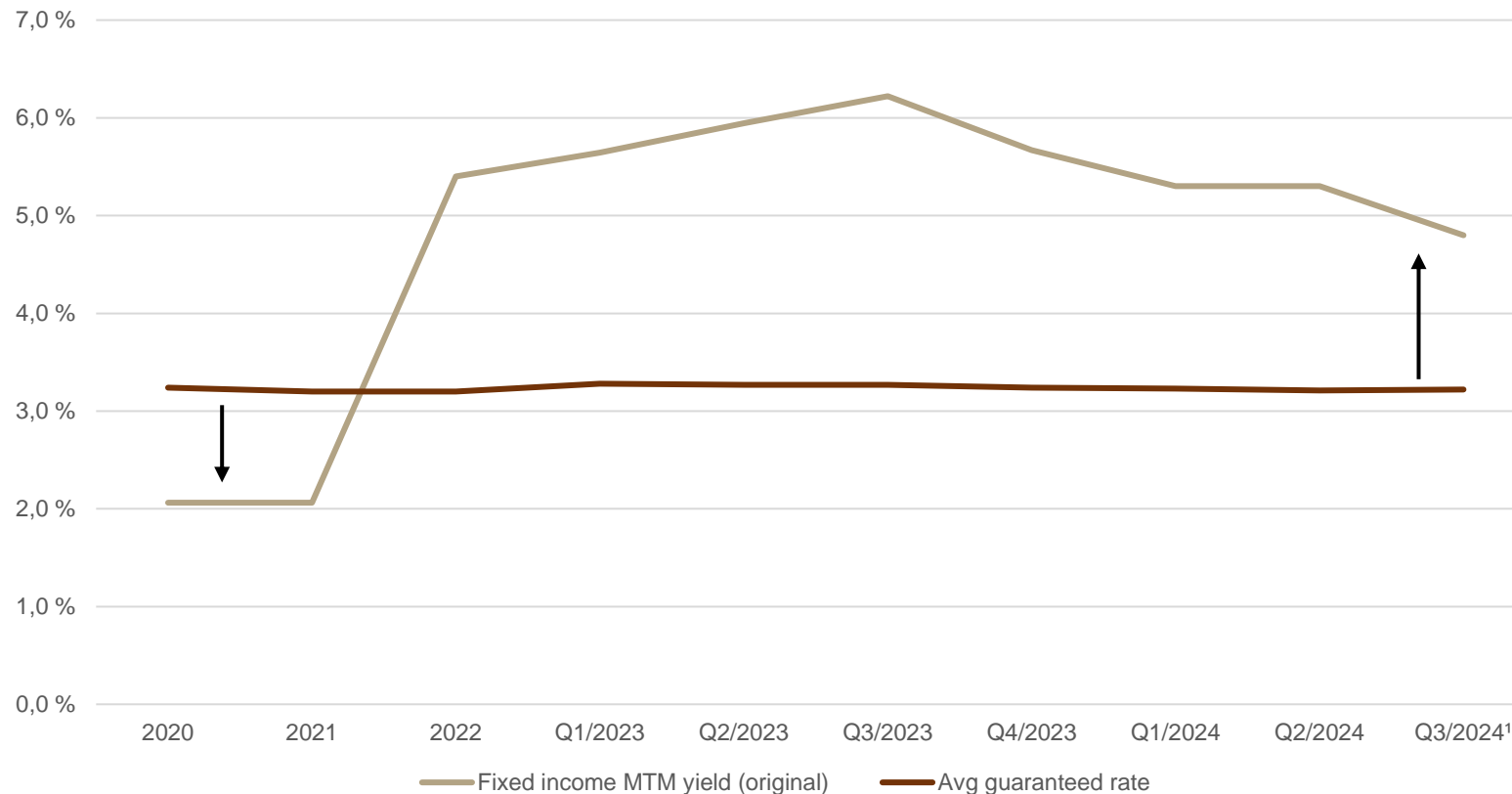


Note: Private WM and Ultra-high-net-worth (UHNW) segments affected by intra-group portfolio transfers in Q1 2024 so AuM not comparable for these segments.

# Mandatum's with-profit portfolio is a profitable business

Run-off portfolio with good returns

WITH-PROFIT PORTFOLIO FIXED INCOME MtM YIELD AND AVG GUARANTEED RATE



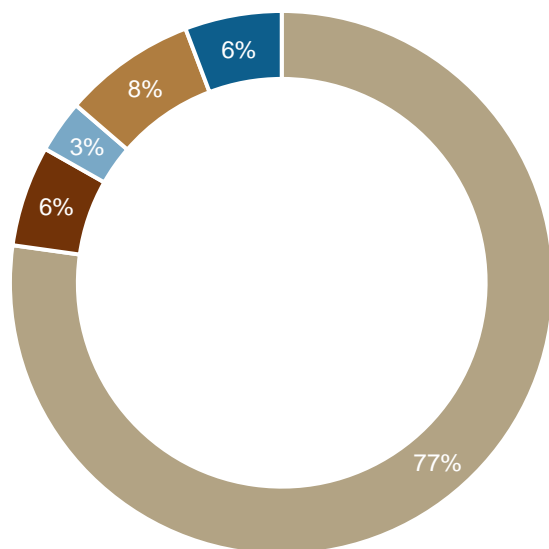
- Run-off portfolio since 2004
  - active liability managing
- The spread between the guaranteed rate and the investment return has been consistently around 2–3% after interest rates turned positive
  - future reported profits not driven by interest rate level due to hedging
- Owner-friendly profit-split regulation
  - normalised ROE above cost of capital

Note: Return % related to the original portfolio and comments also related to original portfolio. (1) The MTM yield in Q3 is affected by the amount of money market investments, which includes a new EUR 300m Tier2 loan and the EUR 250m old loan repaid on 4 October 2024. If we remove the EUR 250m from the money market investments, the MTM yield rises to 5.1%

# Asset allocation and SCR - With-profit investments

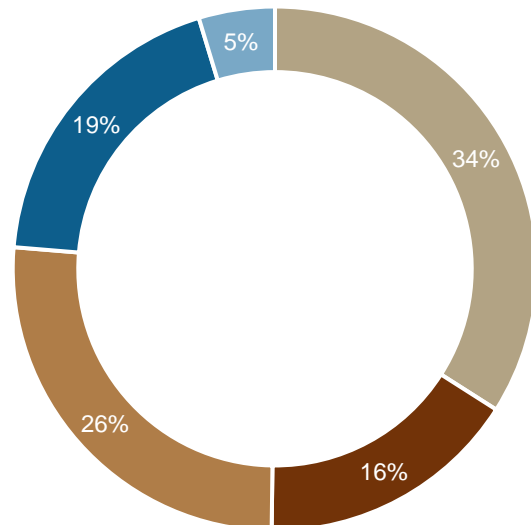
## ORIGINAL PORTFOLIO

**ASSET ALLOCATION**  
AUM EUR 3,541 m



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

**RISK ALLOCATION**  
MARKET RISK SCR EUR 534m



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

### Risk allocation

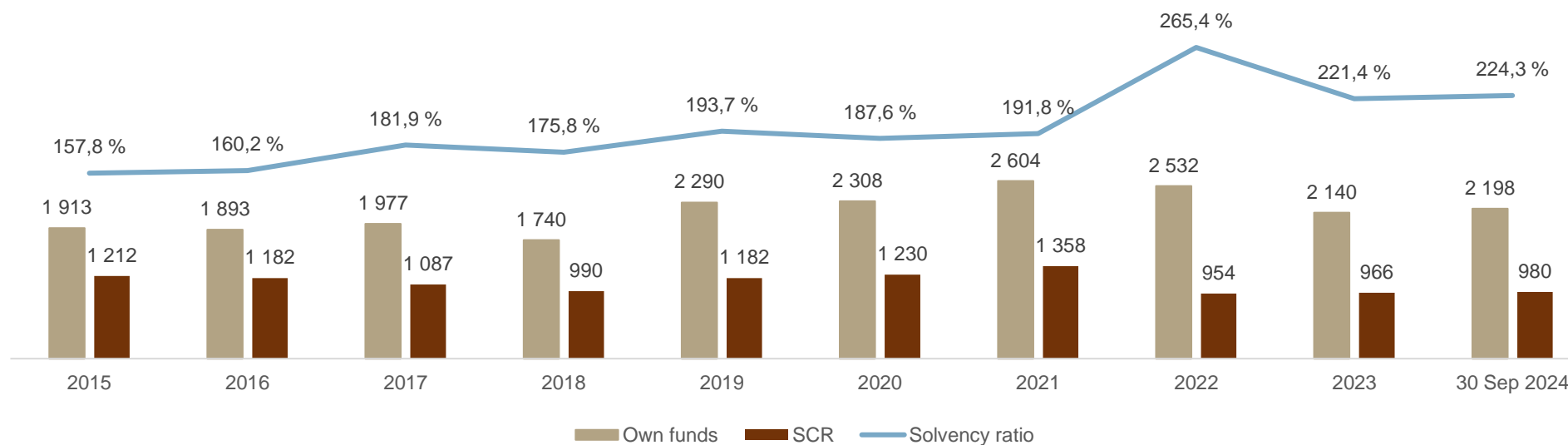
- Based on market risk SCR
- Does not include any diversification benefits between other business lines or other risk classes nor any loss absorbing benefits (TP or DT)
- Note that diversification benefits between different asset classes are allowed for

### Risk Weights for main asset classes:

- Fixed income: 7%
- Equities: 39% / 49% +SA
- Real estate: 25%

# Strong solvency and capital distributions throughout the years

**Mandatum Group  
Solvency II ratio,  
own funds  
& SCR (€m)**



**Dividends & group  
contributions (€m)**

2015	125	125	300	300	-	203	165	179	166
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\*solvency ratio adjusted for dividend accrual for year 2024. Applied dividend assumption corresponds to the 2023 dividend of 0,33€/share

# Financial overview Q3 2024



# Overview of the 7–9/2024 results

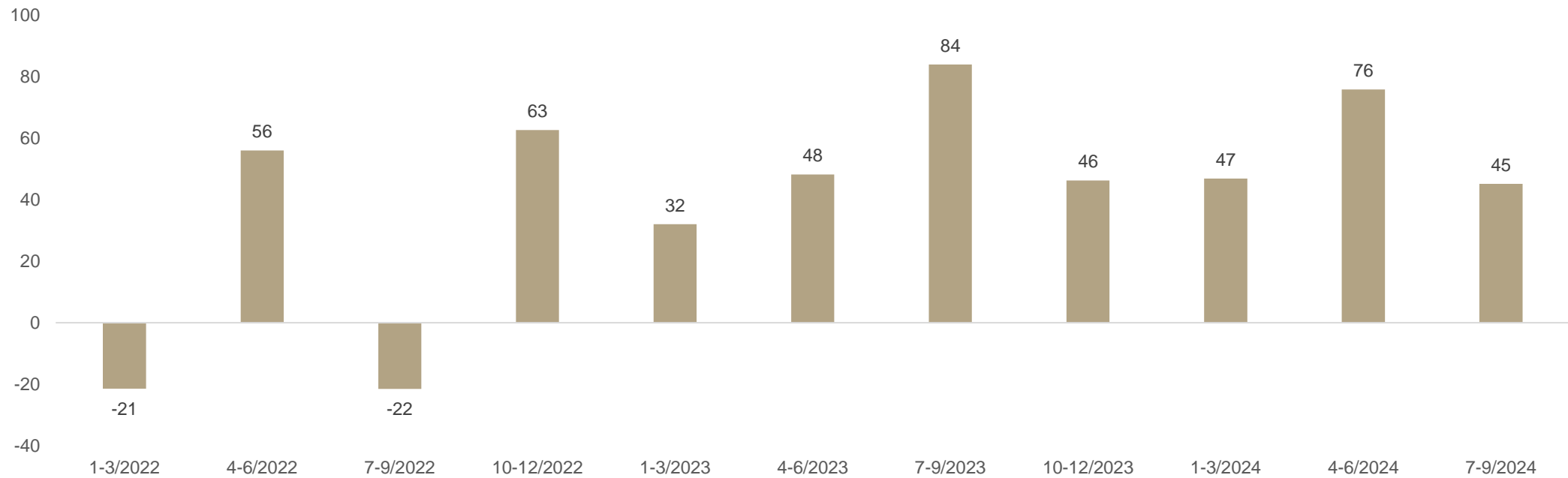
EURm	RESULTS						
	7–9/2024	7–9/2023	Change, %	1–9/2024	1–9/2023	Change, %	1–12/2023
Fee result	18.1	12.7	42%	48.0	39.2	23%	52.6
Net finance result	26.9	67.2	-60%	111.9	123.7	-10%	148.6
Result related to risk policies	9.1	7.4	24%	23.2	9.9	n.m.	17.9
Other result	-9.0	-3.3	n.m.	-15.3	-8.7	n.m.	-8.7
Total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

# Mandatum's financial targets (unchanged)

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

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

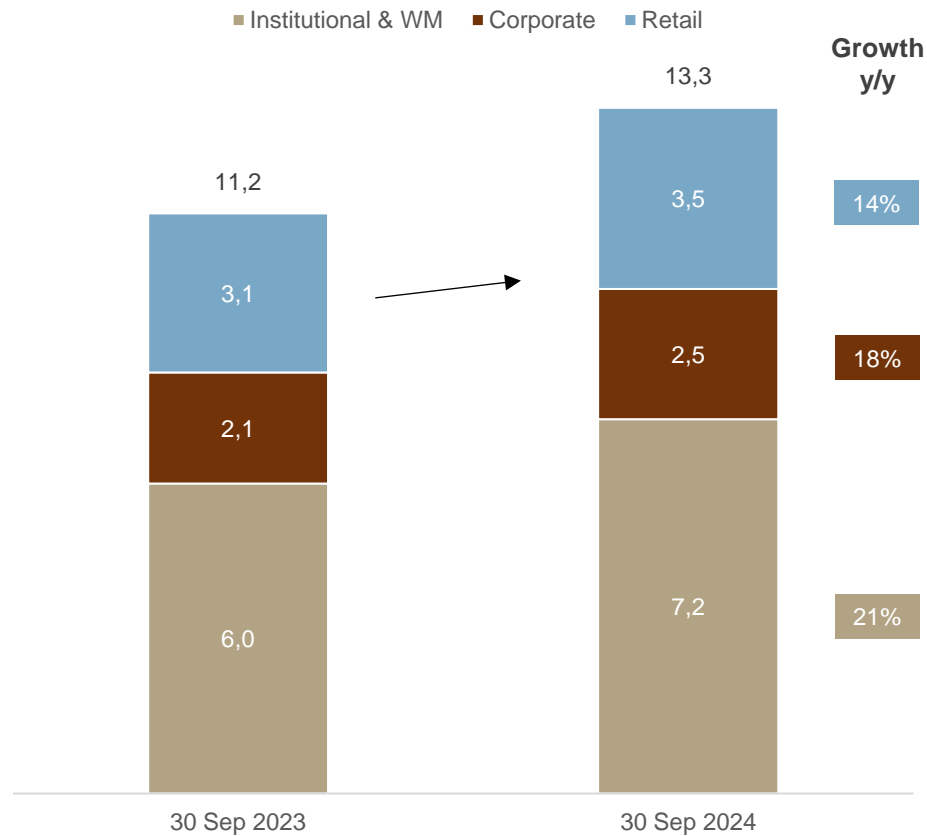
# Quarterly results since Q1/22



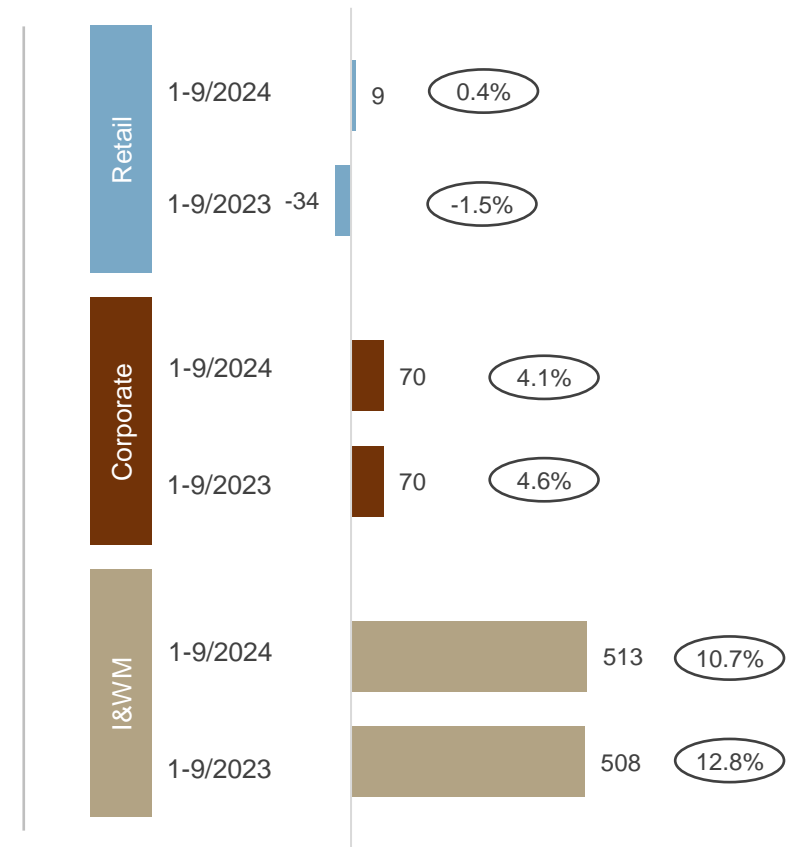
EURm	1-3/22	4-6/22	7-9/22	10-12/22	1-3/23	4-6/23	7-9/23	10-12/23	1-3/24	4-6/24	7-9/24
Fee result	10	8	19	6	14	12	13	13	15	15	18
Net finance result	-24	47	-51	78	13	43	67	25	30	55	27

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

## CLIENT ASSETS UNDER MANAGEMENT (EURbn)



## NET FLOW DEVELOPMENT (EURm)

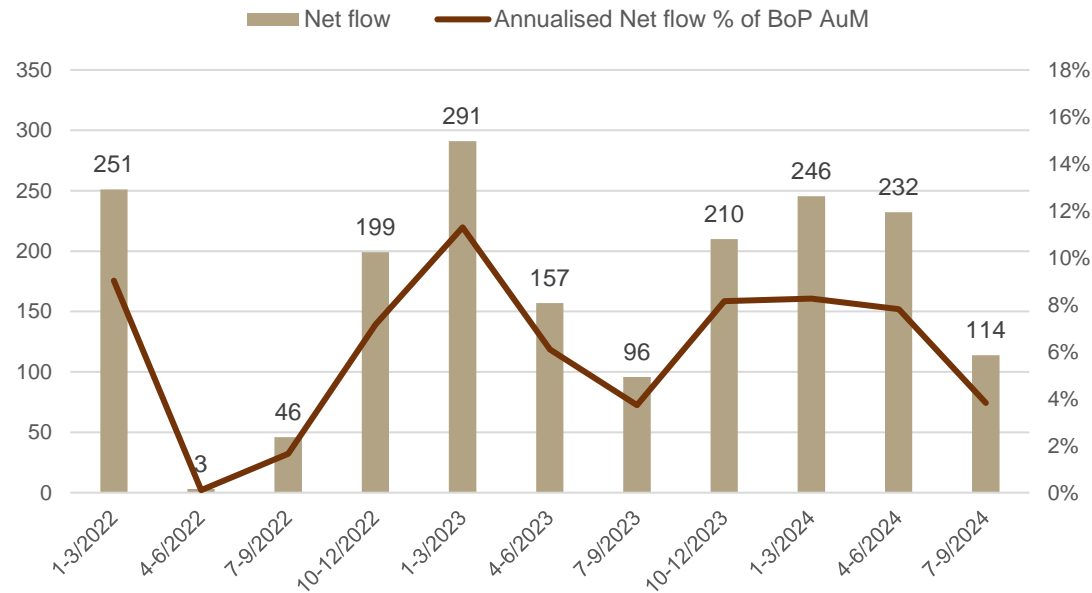


○ Net flows<sup>1</sup>/ AuM on 31 Dec 2023 (EUR 11.9 bn)

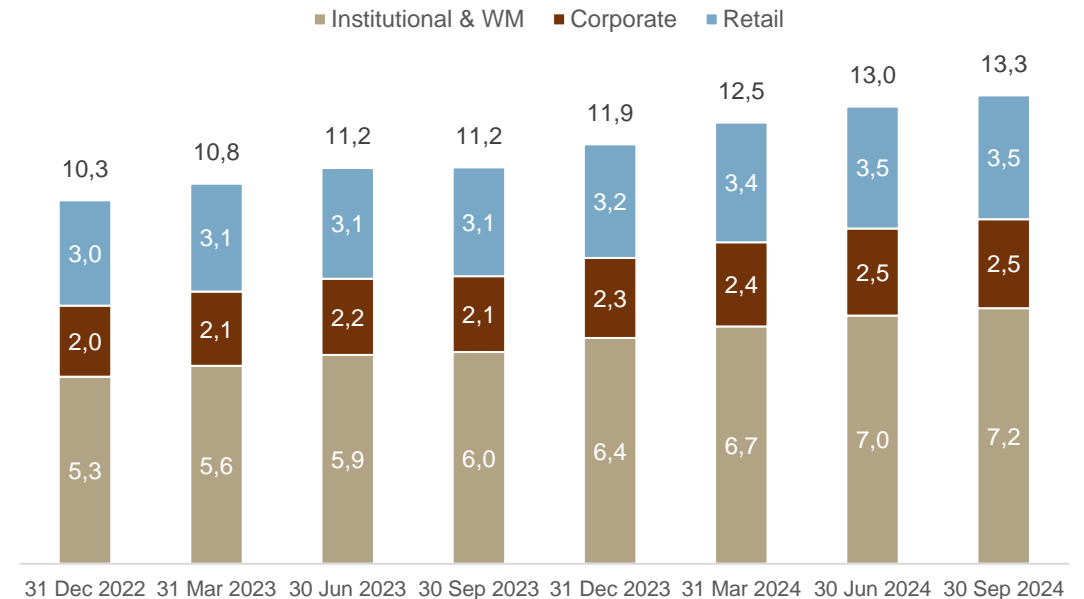
Note: (1) Based on annualised 1-9/2024 and 1-9/2023 net flows.

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

## NET FLOW (EURm)



## CLIENT ASSETS UNDER MANAGEMENT (EURbn)



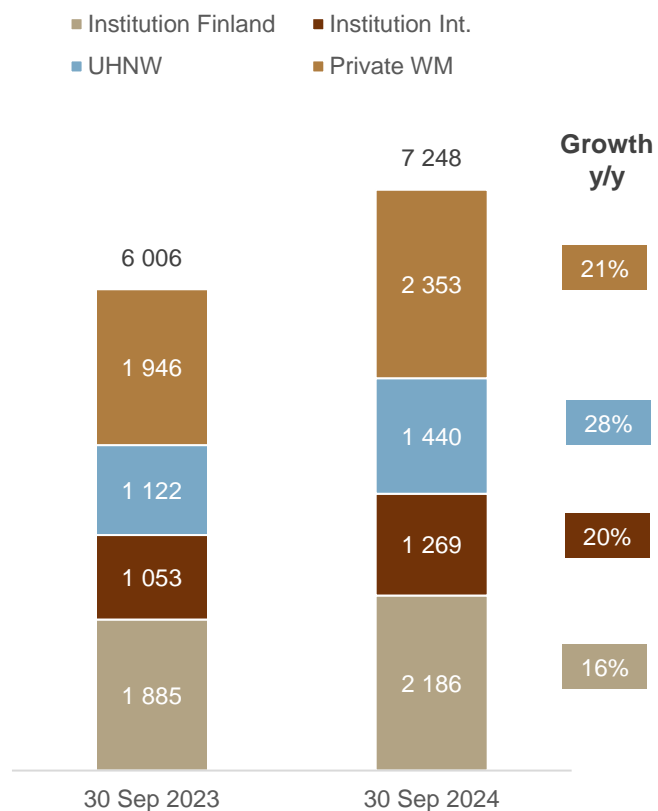
- YTD net flow EUR 592 million – Q3 seasonally a lower quarter due to summer months
- Major part of Q3 net flow from the Institutional and wealth management segment

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

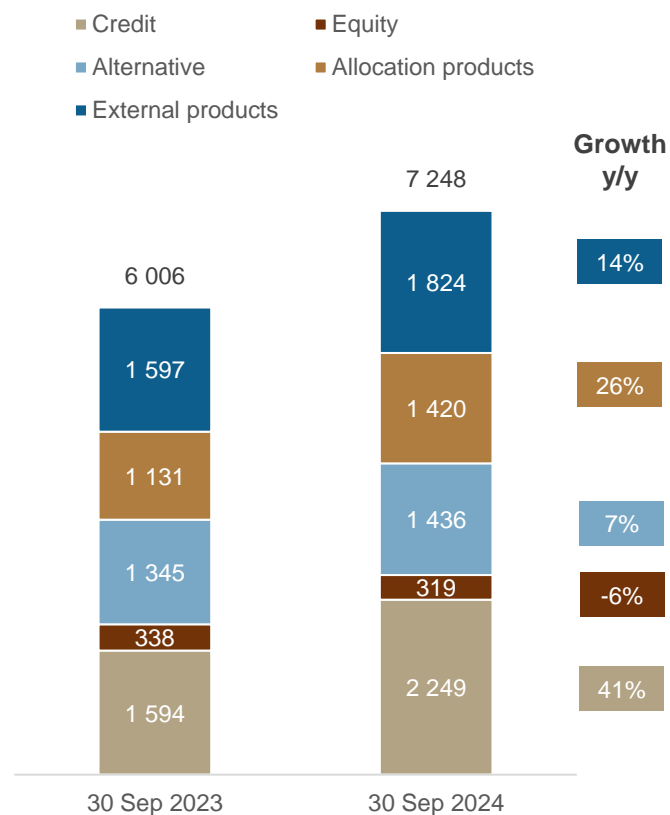


# Solid quarter for the Institutional and wealth management

## AUM BY CLIENT SEGMENT (EURm)



## AUM BY PRODUCT (EURm)



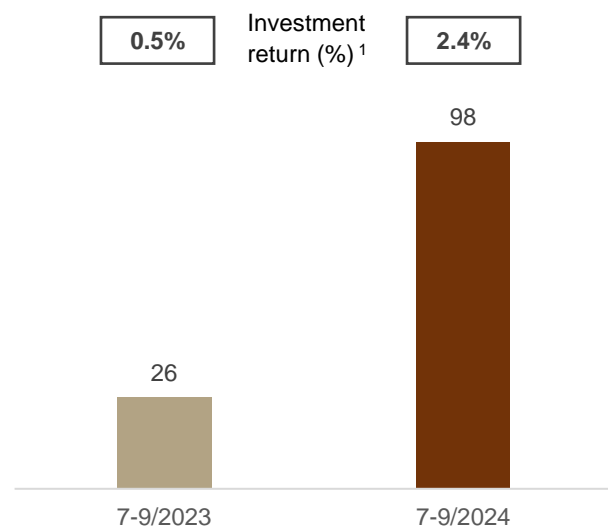
## COMMENTS

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

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

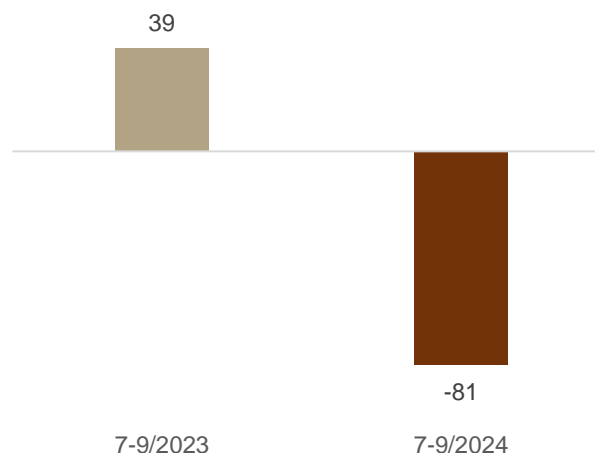
# With-profit segment: Net finance result

## INVESTMENT RETURN (EURm)



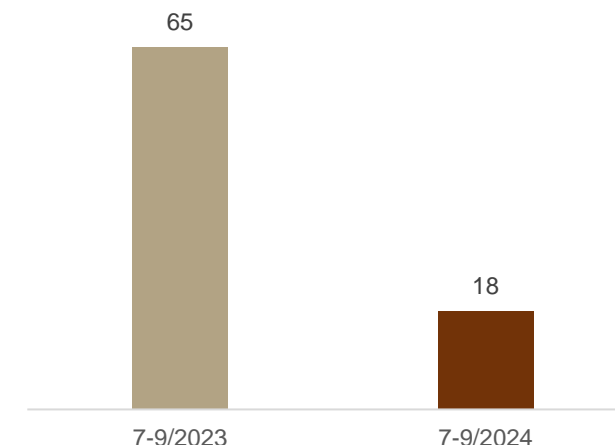
- Quarterly investment return 2.4% (0.5%)
  - Fixed income assets 2.2%
  - Listed equities 2.5%
  - Private equity 0.7%
  - Private credit 2.6%

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



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

## NET FINANCE RESULT (EURm)

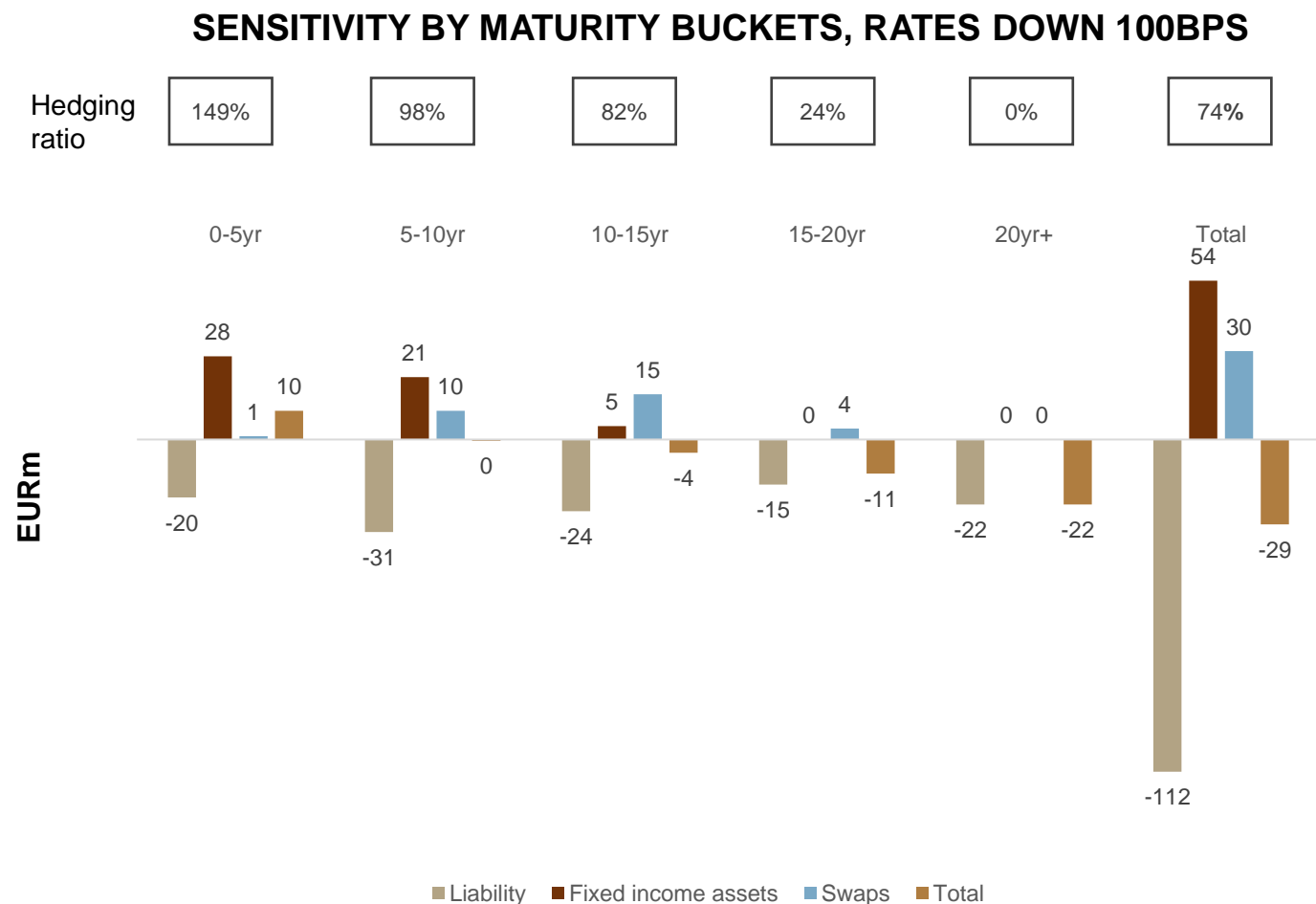


- Net finance result down to EUR 18 million
- Active investment and hedging strategies effectively offsetting the impact of decreasing interest rates

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

# IFRS Liability and asset sensitivity (original portfolio)

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



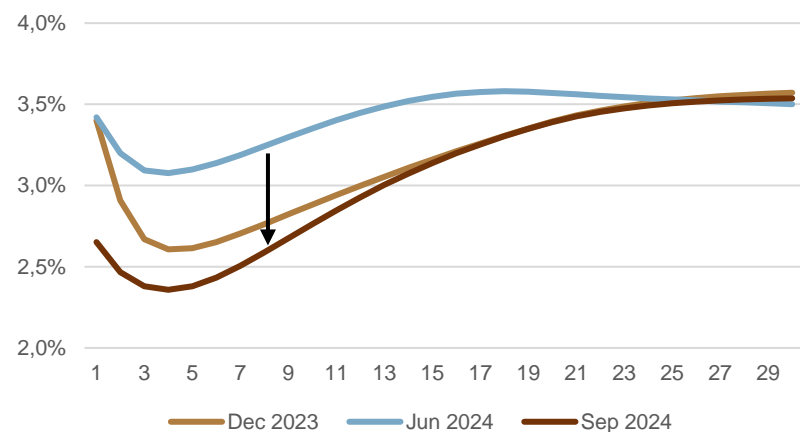
## COMMENTS

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

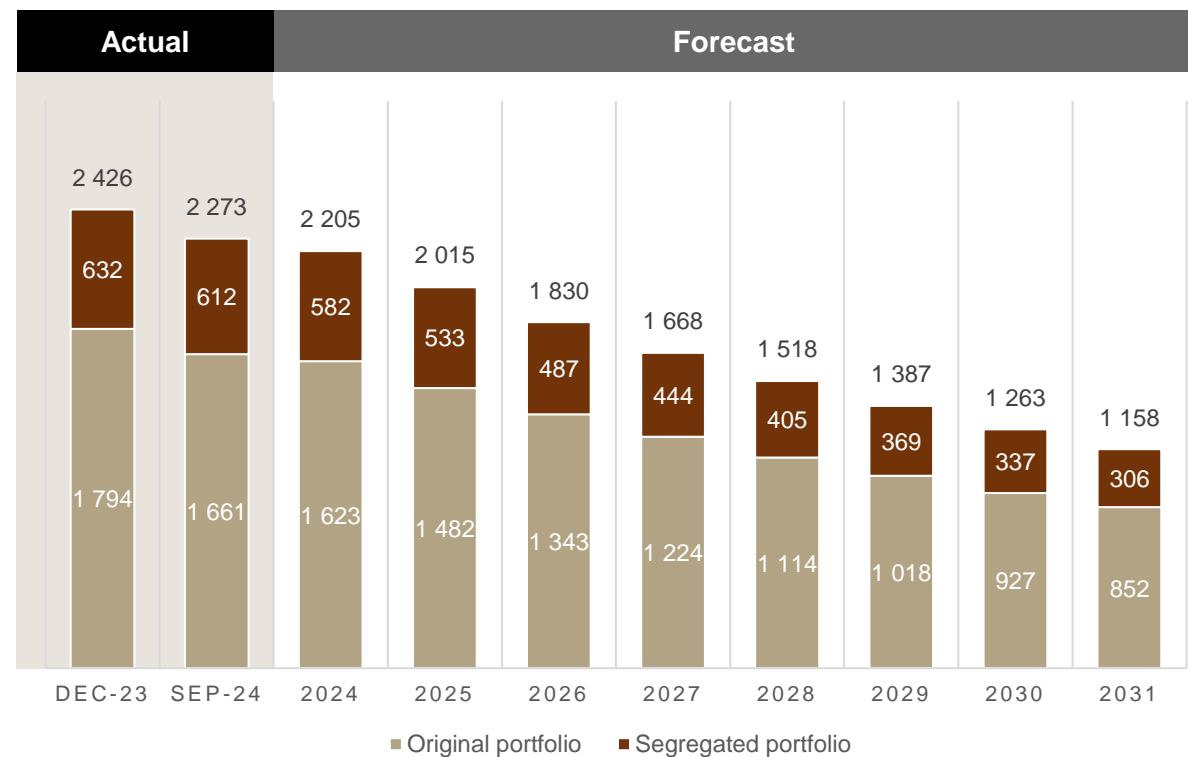
# Lower discount rate for with-profit IFRS liabilities

## IFRS 17 DISCOUNT CURVE

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



## WITH-PROFIT IFRS LIABILITIES (EURm)





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