

# Mandatum Group

Result presentation Q1 2024

8 May 2024

# January–March 2024

---

- Profit before tax increased to EUR 46.9 million mainly due to higher net finance result
- Fee result up by 9% to EUR 15.2 million
- Net flow EUR 246 million corresponding to 8% of assets under management (AuM) annualised
- Client AuM increased by EUR 612 million to EUR 12.5 billion due to positive net flow and positive asset returns
- Organic capital generation at EUR 69 million
- Solvency II ratio adjusted for dividend accrual at 216.5% decreased due to increase of symmetrical adjustment – underlying ratio unchanged q/q

# Mandatum's financial targets

	TARGET	1–3/2024 (10–12/2023)
Focus on strong and profitable growth of capital-light offering <sup>1</sup>	Annual net flows <sup>2</sup> (medium-term) <b>5% of AuM</b>	Net flow EUR 246 million, 8% of Client AuM (annualised)
	<b>Disciplined</b> Pricing and fee margin	Fee margin 1.2 (1.2)%
	<b>Improving</b> Cost / income ratio <sup>3</sup>	Cost/income ratio 65 (66)%
Managing with-profit portfolio for capital release	<b>Run-off with active portfolio management actions</b> Liability development	With-profit liabilities at 31 Mar 2024: EUR 2,350 million (2,427)
Prudent balance sheet management enabling strong shareholder returns	<b>EUR 500 million</b> Cumulative ordinary dividend (2024-2026)	The proposal for the dividend to be paid in spring 2024 is EUR 166 million
	<b>170–200%</b> Solvency II ratio (medium-term)	216 (221)% 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.

# Financial performance

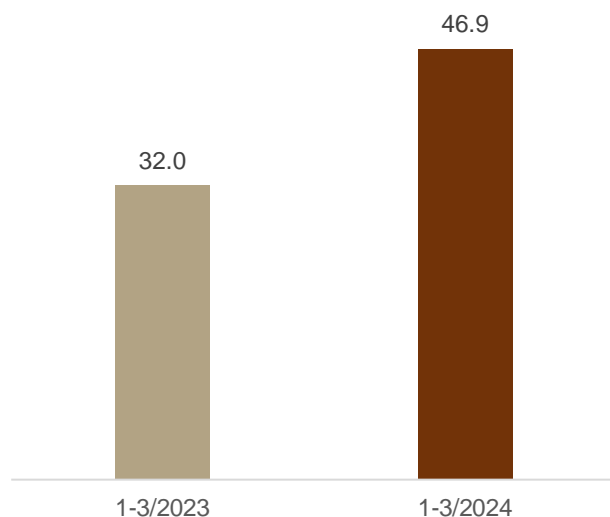
# Overview of the 1–3/2024 results

## RESULTS

EURm	1–3 / 2024	1–3 / 2023	Change	10–12 / 2023	Change	1–12 / 2023
Fee result	15.2	14.0	9%	13.4	13%	52.6
Net finance result	29.9	13.4	123%	24.9	20%	148.6
Result related to risk policies	2.2	2.9	-24%	8.0	-72%	17.9
Other result	-0.5	1.7	n.m.	0.0	n.m.	-8.7
Total PBT	46.9	32.0	47%	46.3	1%	210.4
Earnings per share EUR	0.08	0.05	60%	0.06	33%	0.32
Return on equity-% (annualised)	9.3%	5.8%	3.5 p.p.			9.8%
C/I-ratio (moving average 12 months)	65%	66%	-1% p.p.			66%
Client AuM	12,504	10,776	16%	11,892	5%	11,892

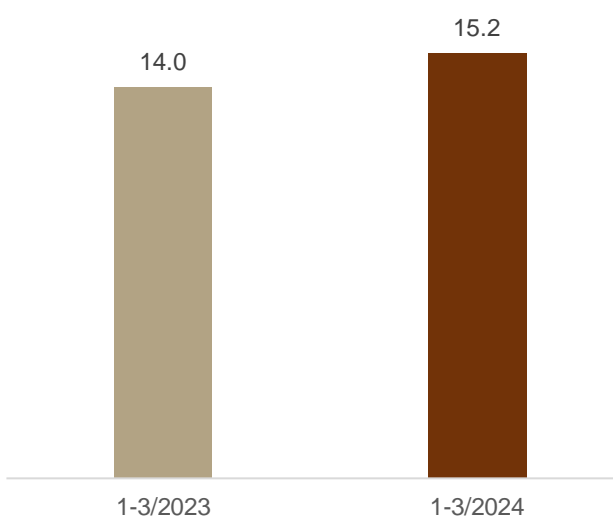
# Profit increase driven by a higher net finance and fee result

**PROFIT BEFORE TAXES (EURm)**



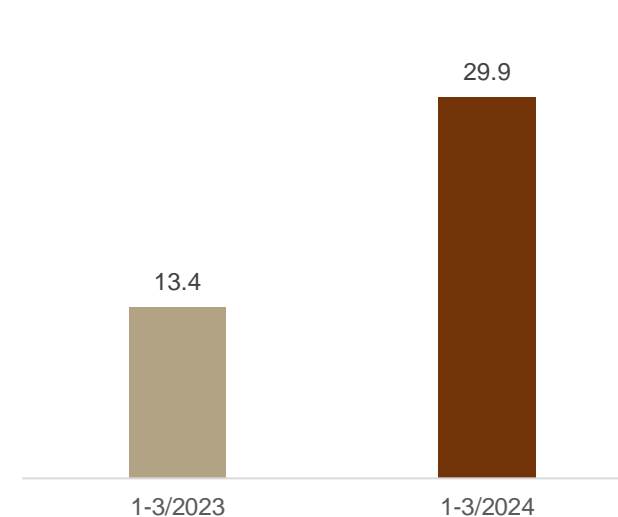
- PBT increase driven mainly by higher net finance result
- Fee result also up, in line with plan

**FEE RESULT (EURm)**



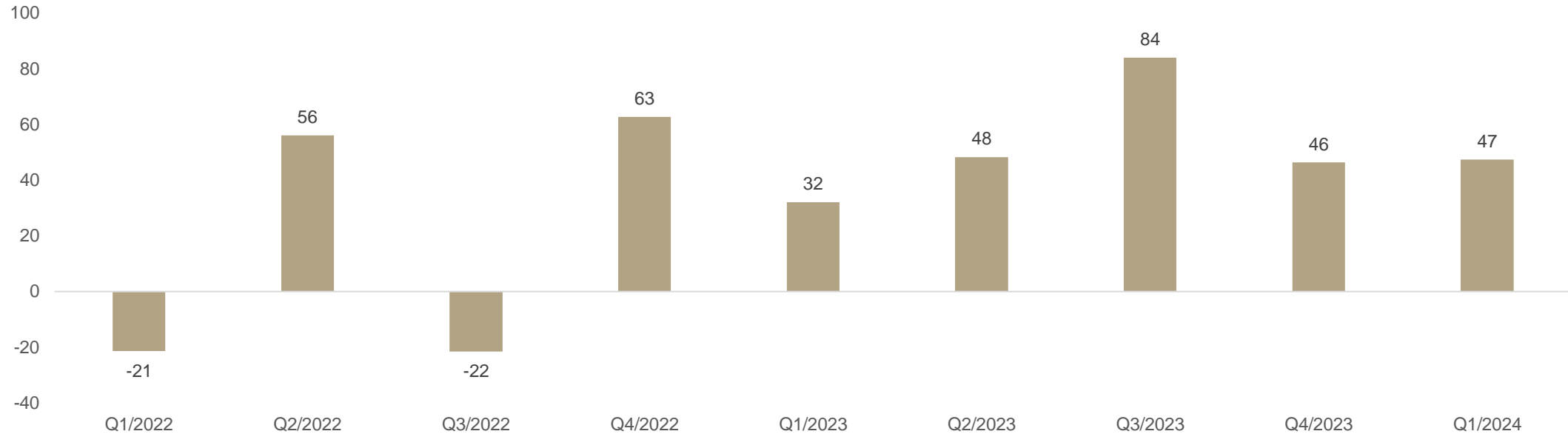
- Fee result up 9% supported by:
  - AuM growth
  - stable fee-margin
- Up 18% without the loss component recovery of EUR 1.2 million in Q1/23

**NET FINANCE RESULT (EURm)**



- Modest asset return (0.9%) but still covering clearly the cost of liabilities
- Cost of liabilities down due to a higher discount rate
- Small negative impact on holding investments due to Enento

# Quarterly results since Q1/22



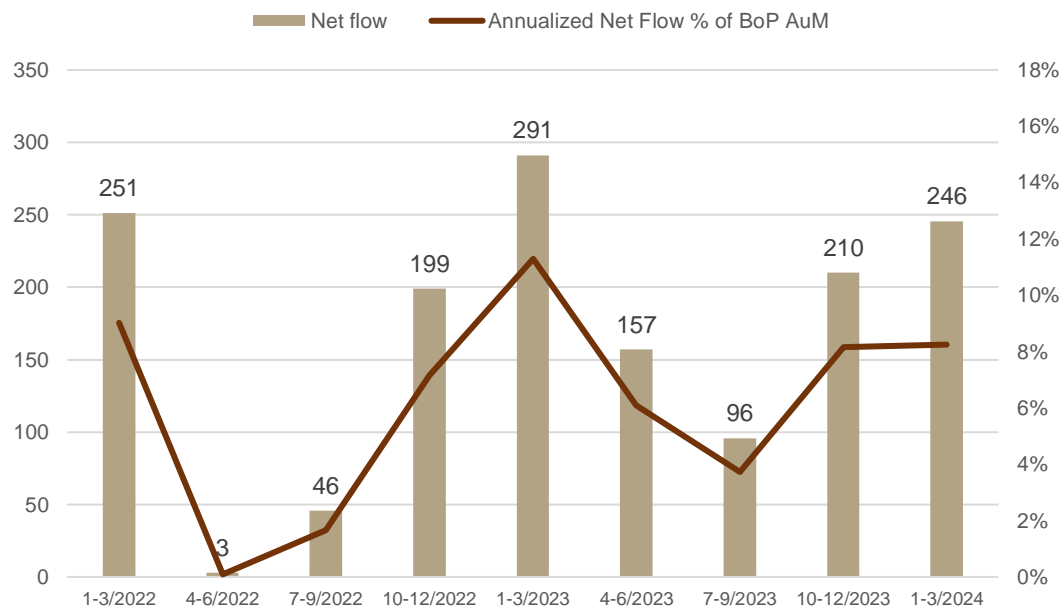
EURm	1-3/22	4-6/22	7-9/22	10-12/22	1-3/23	4-6/23	7-9/23	10-12/23	1-3/24
Fee result	10	8	19	6	14	12	13	13	15
Net finance result	-24	47	-51	78	13	43	67	25	30

# Capital-light segments

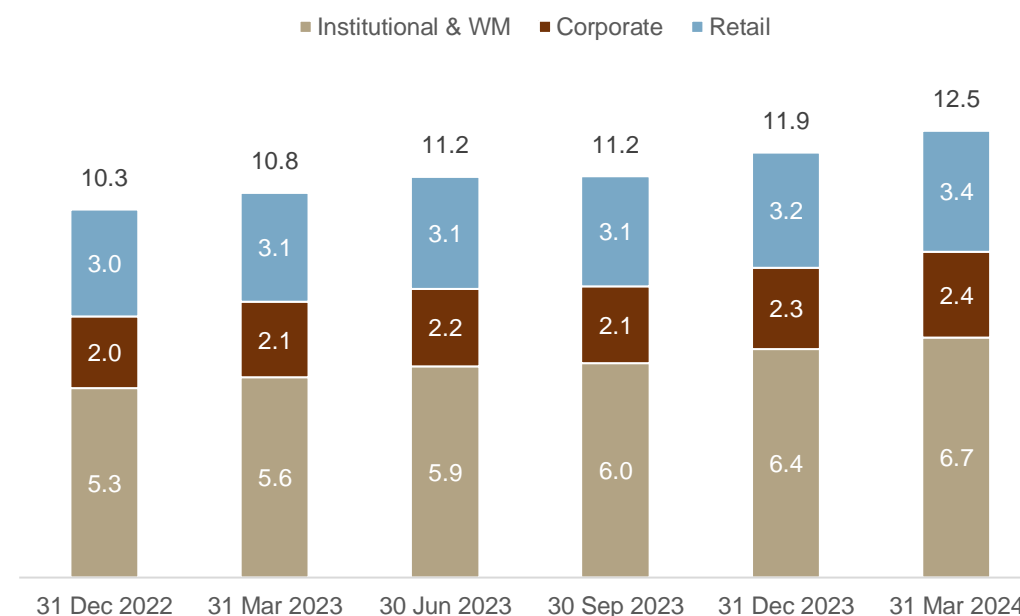


# Q1 net flow 8.3%\* exceeding the 5% target

## NET FLOW (EURm)



## CLIENT ASSETS UNDER MANAGEMENT (EURbn)



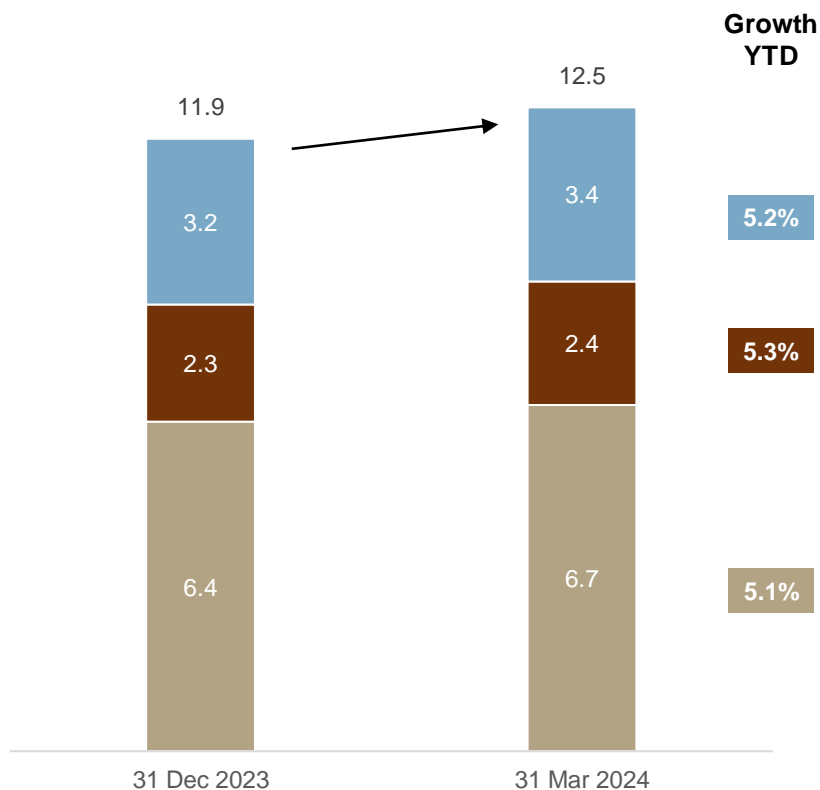
- YTD net flow EUR 246 million
- 85% of net flow from the institutional and wealth management segment
- Majority of Q1 net flows into credit and loan products

- Q1 AuM growth EUR 612 million (5.1% q/q)
- Growth driven by positive net flow and positive market returns

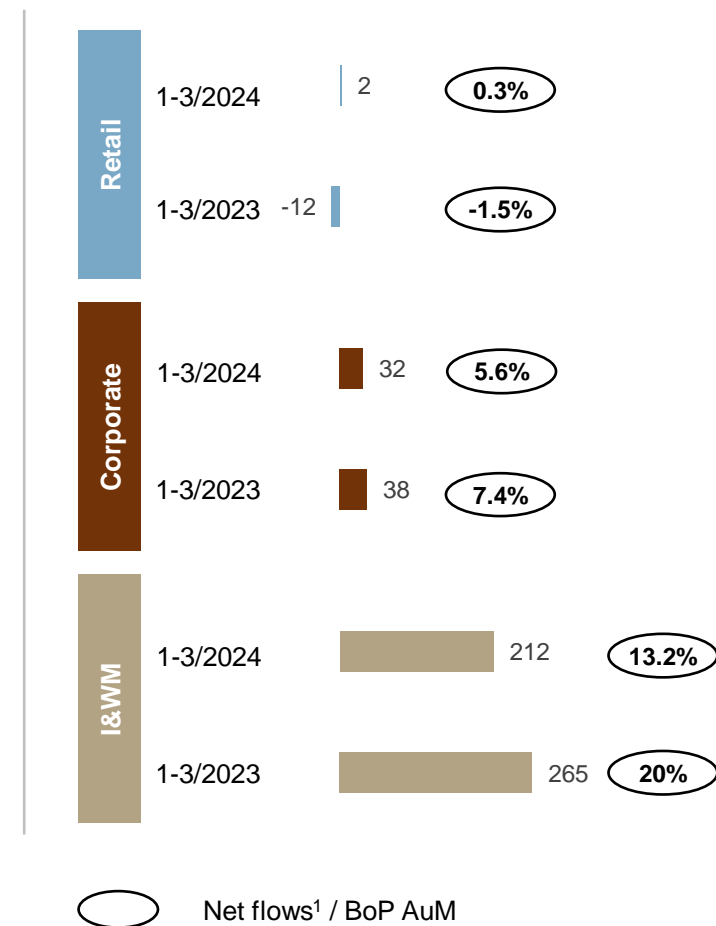
\*Based on annualized Net Flow % of BoP AuM

# Client AuM up 5% q/q and net flow positive in all segments

## CLIENT ASSETS UNDER MANAGEMENT (EURbn)



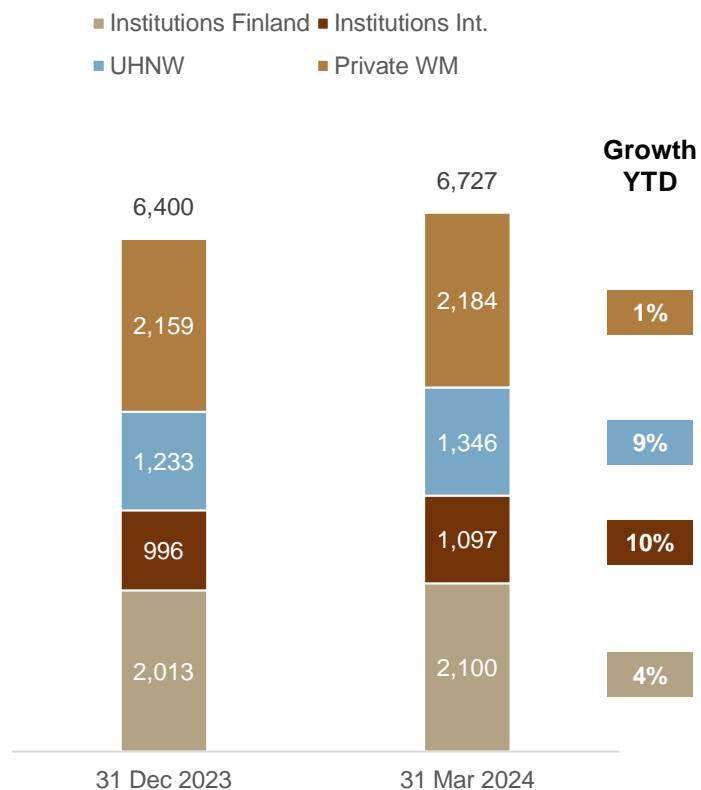
## NET FLOW DEVELOPMENT (EURm)



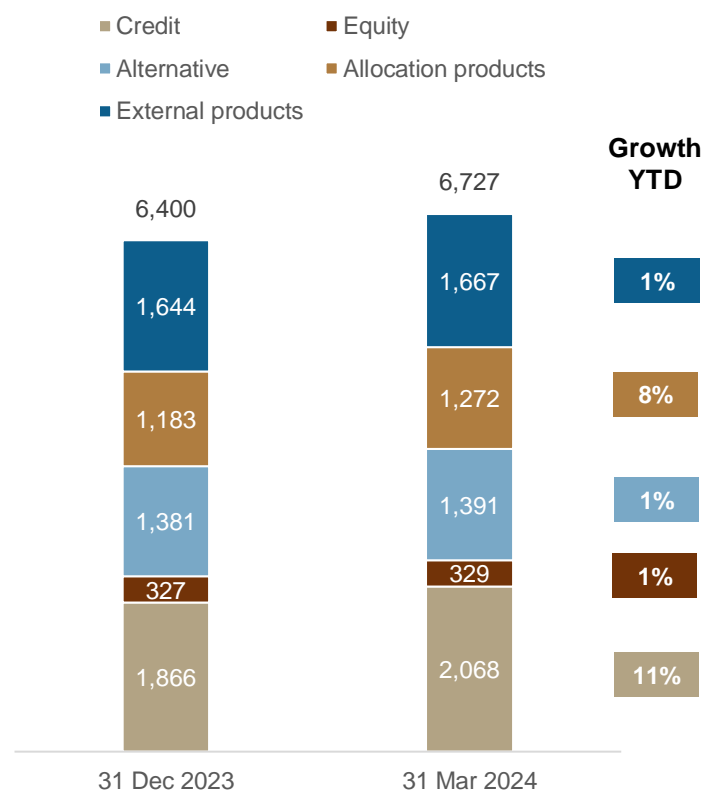
Note: (1) Based on annualized 1-3/2024 and 1-3/2023 Net Flows

# Institutional & wealth management as a growth driver

## AUM BY CUSTOMER SEGMENT (EURm)



## AUM BY PRODUCT (EURm)



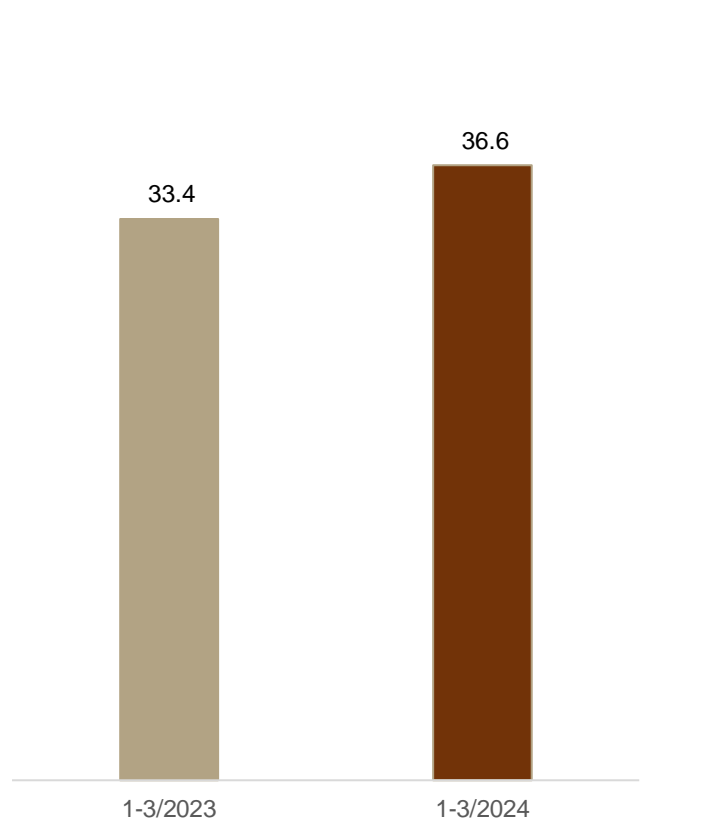
## COMMENTS

- Positive net flows and good AuM growth in all customer segments
- International institutional AuM showing the fastest growth
- Majority of net flow to credit and loan products

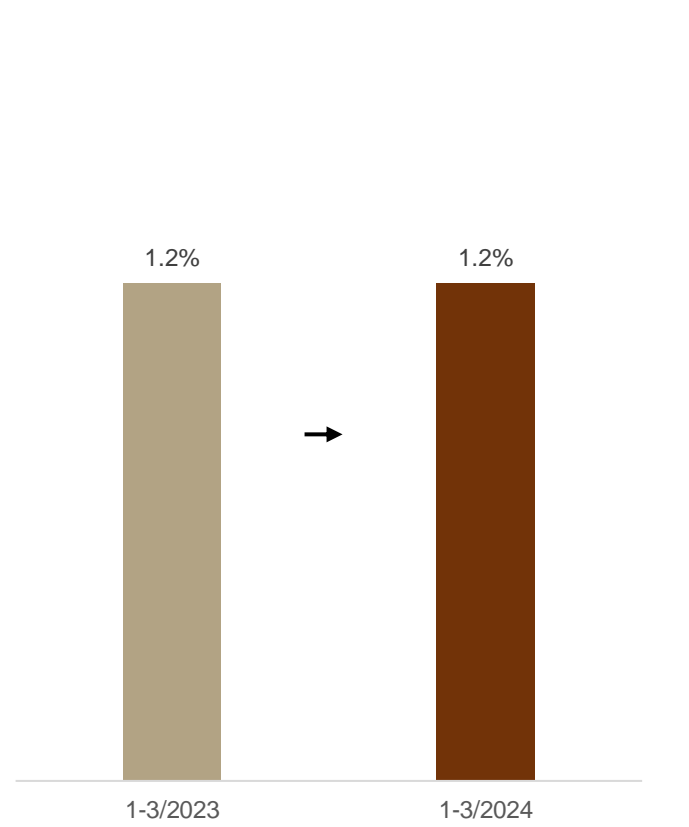
Note: Private WM and UHNW segments affected by intra-group portfolio transfers In Q1 24 so AuM not comparable for these segments

# Fee income up - fee margin unchanged

FEE INCOME (EURm)<sup>1</sup>



FEE INCOME MARGIN (%)<sup>2</sup>



COMMENTS

- Fee income increased by 10% due to EUR 1.6 billion higher average AuM
- Net flow and AuM growth mainly from credit products
- Fee margin unchanged at 1.2%

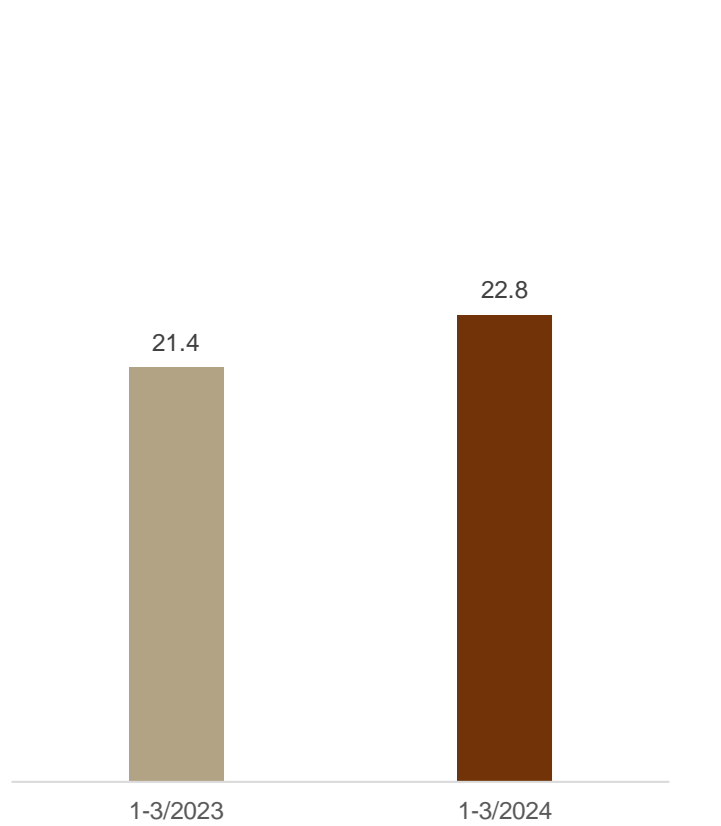
Note:

(1) Related to Client AuM, i.e. excluding AuM from With-profit and Large Mandates. Excluding one-off items and intra-group eliminations.

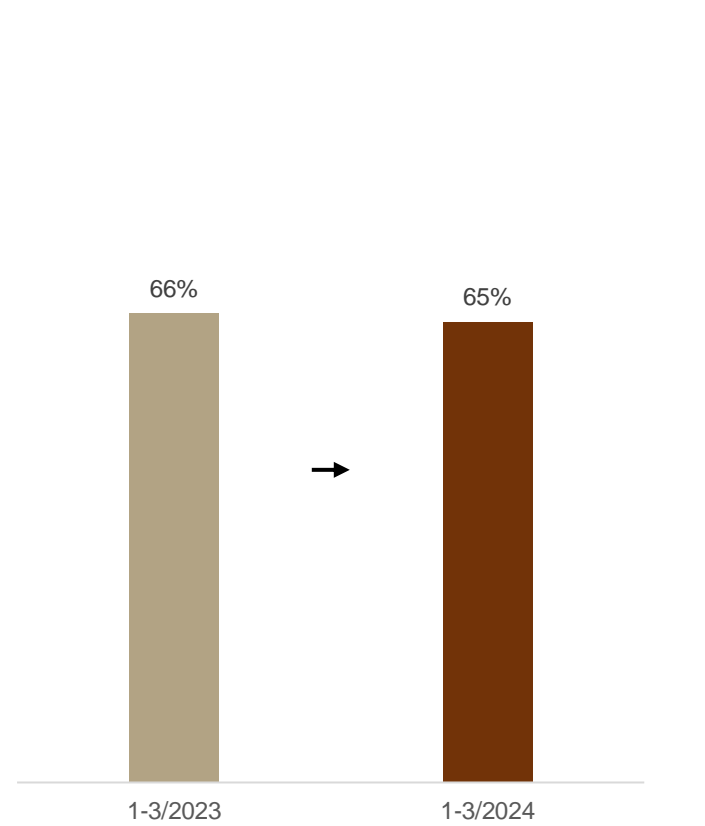
(2) Moving average 12 months Fee income margin based on average AuM and annualized fee income.

# Decreasing cost-income ratio

CLIENT AUM COSTS (EURm)



OVERALL C/I RATIO (%) <sup>1</sup>



COMMENTS

- Costs related to client AuM increased by 6.5%
- Cost increase mostly due to FTE growth
- Fees growing faster than costs → 12 months C/I-ratio down by 1p.p.

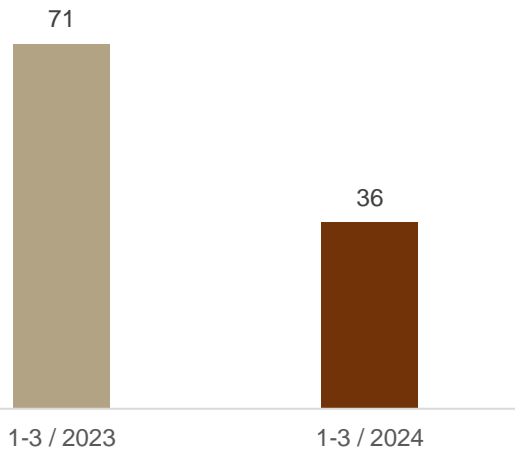
Note: (1) Moving average 12 months C/I ratio related to investment and asset mgmt. services 73%

With-profit segment

# Net finance result

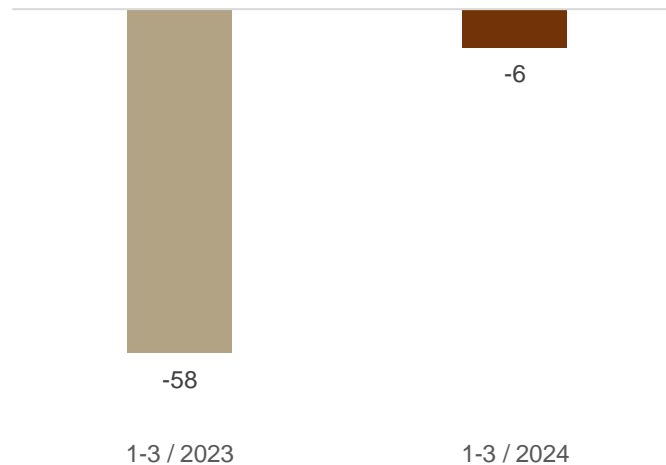
## INVESTMENT RETURNS (EURm)

1.8% Investment return (%)<sup>1</sup> 0.9%



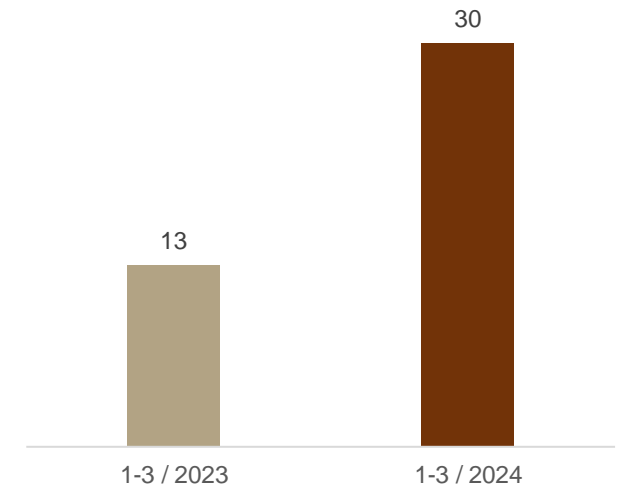
- Investment return 0.9% (1.8%)
  - fixed income assets 1.1%
  - listed equities 2.6%
  - others 0.2%-0.5%.

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



- Unwinding cost EUR 19 million in Q1
- Increased discount rate had an EUR 13 million positive P&L impact decreasing the cost of liabilities

## NET FINANCE RESULT (EURm)



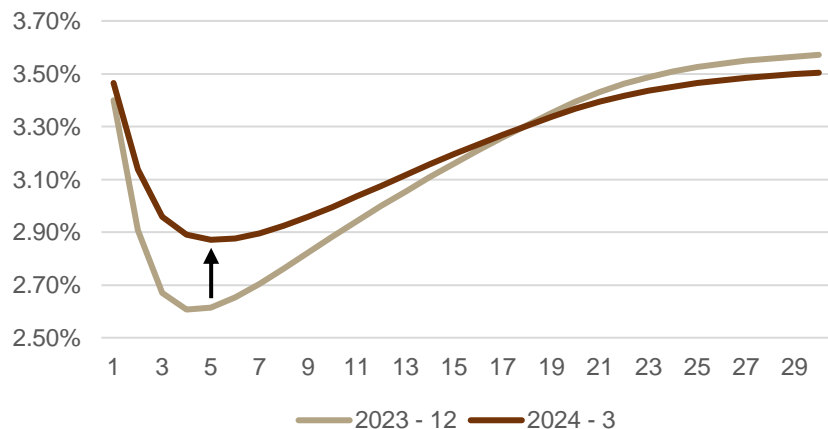
- Net finance result EUR 30 million (EUR 13m)

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

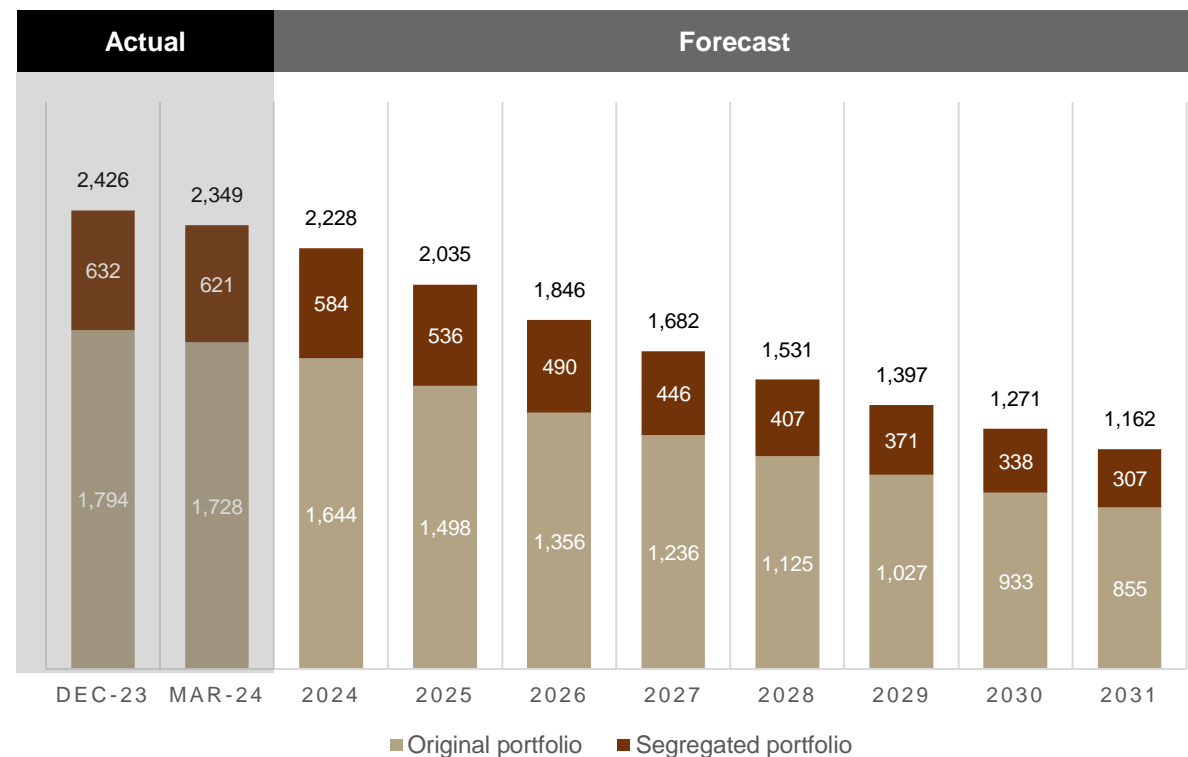
# Higher discount rate for with-profit IFRS liabilities

## IFRS 17 DISCOUNT CURVE

- The discount curve increased in Q1 which decreased with-profit liabilities by EUR 13 million
- Unwinding rate 3.4% for year 2024 and expected full-year unwinding cost EUR 56 million in the original portfolio and EUR 21 million in the segregated portfolio



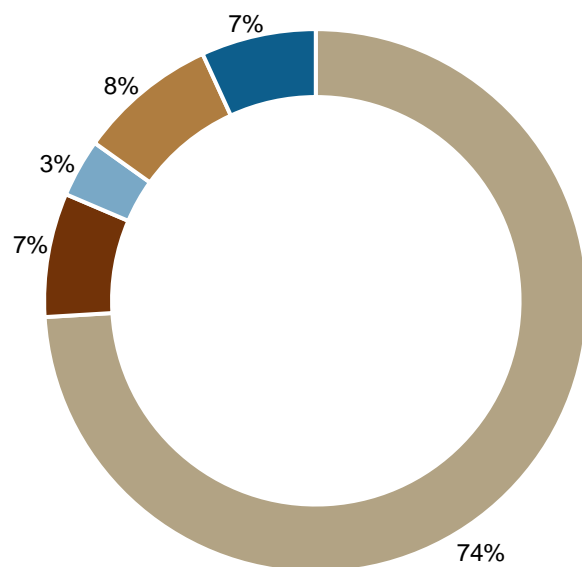
## WITH-PROFIT IFRS LIABILITES (EURm)





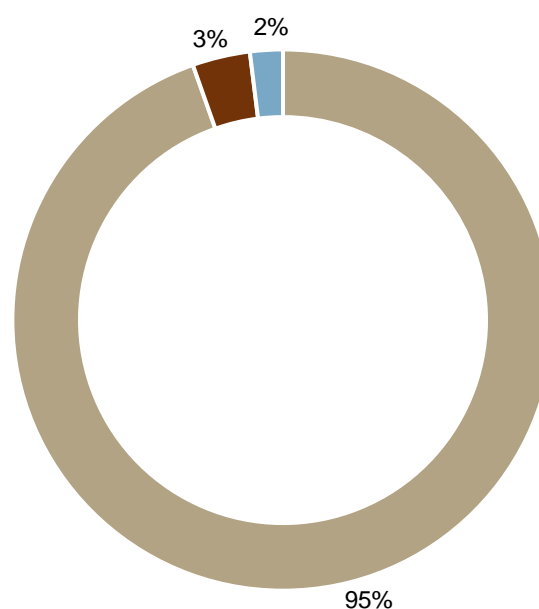
# With-profit investment portfolio by asset class

ORIGINAL PORTFOLIO, EUR 3,266 m



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

SEGREGATED PORTFOLIO, EUR 679 m



■ Fixed income ■ Real Estate ■ Other

## Original Portfolio

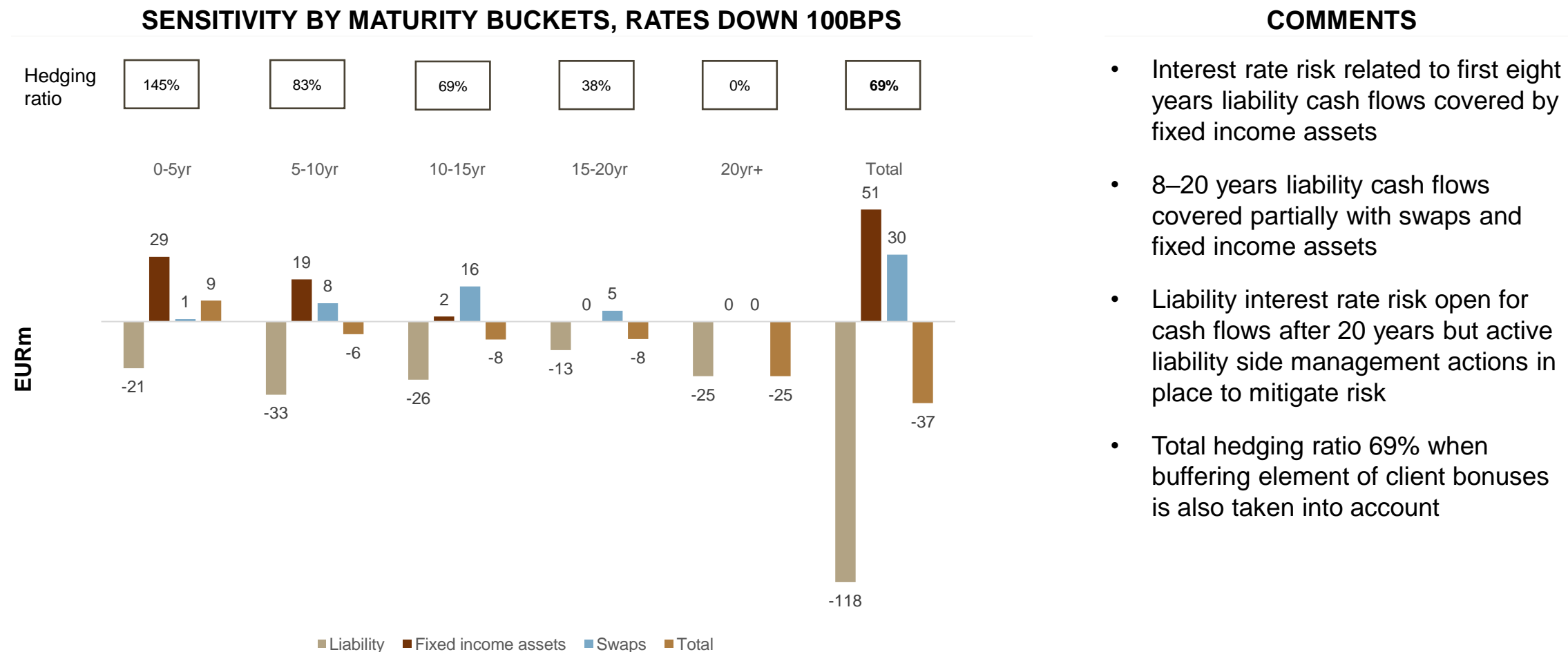
- No major changes in asset allocation
- Shift from high-yield to investment grade continued within the fixed income assets
- Money market weight increased, whereas listed equity and private credit weight decreased slightly
- Fixed income asset mark-to-market yield 5.3% (Q4/2023 5.7%)

## Segregated Portfolio

- No material changes in asset allocation in Q1
- Mark-to-market Yield 4.8% (Q4/2023 4.8%)

# IFRS Liability and asset sensitivity (original portfolio)

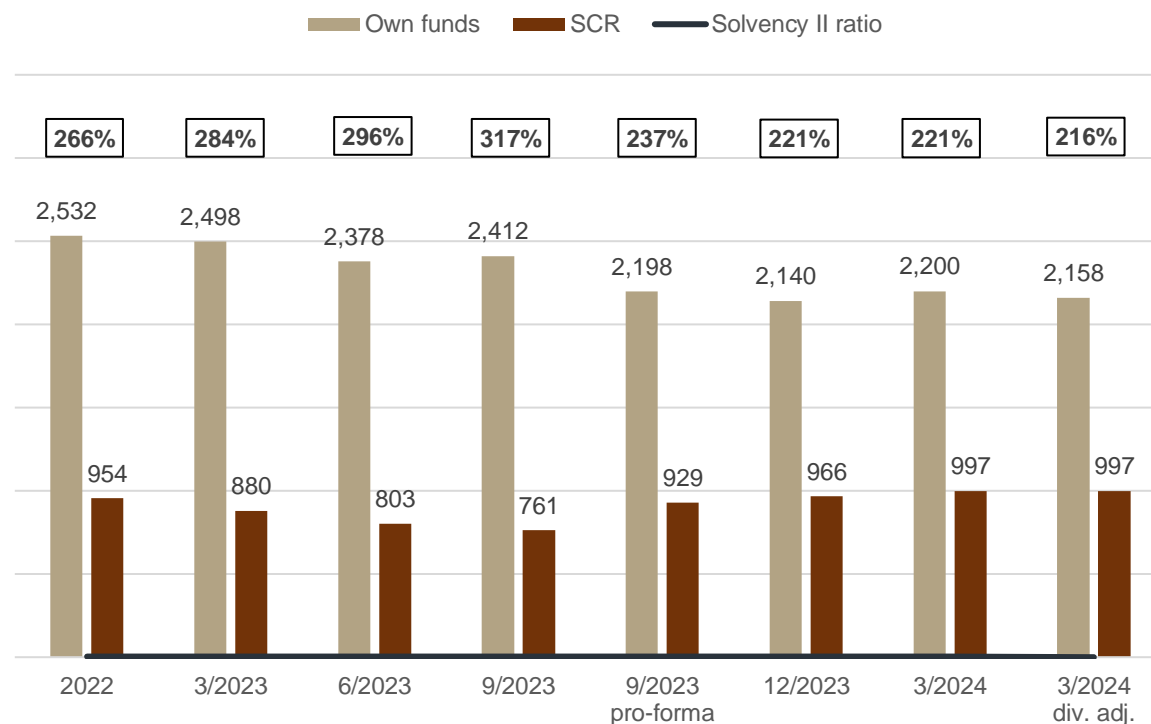
Asset and liabilities are managed by alignment of assets and active management actions



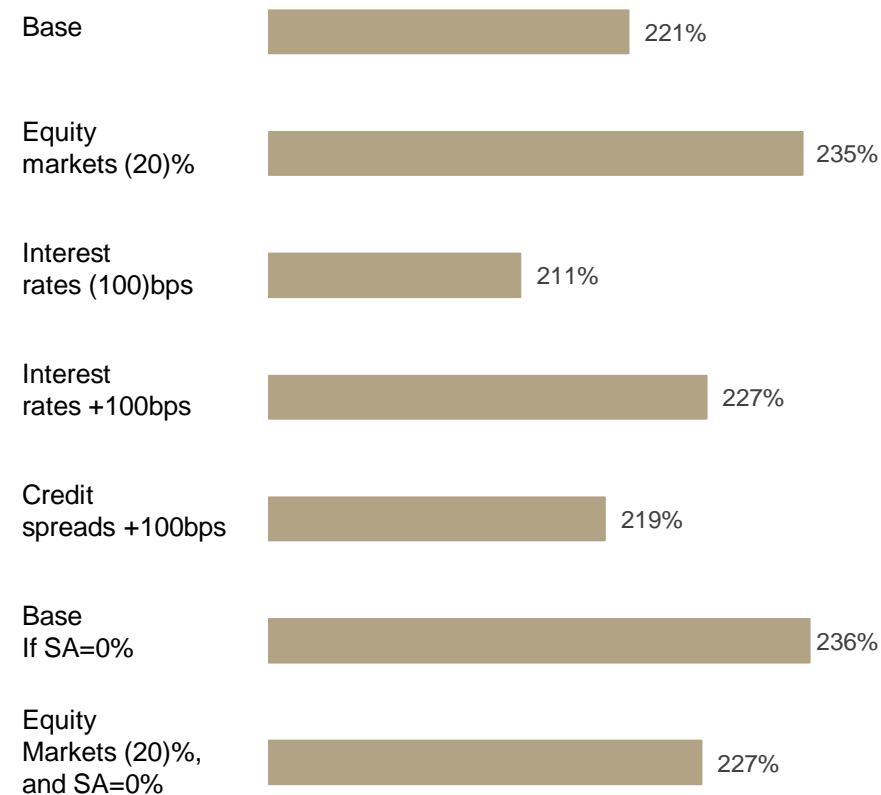
# Solvency and capital generation

# Underlying Solvency II ratio unchanged q/q

## QUARTERLY SOLVENCY POSITION (EURm)

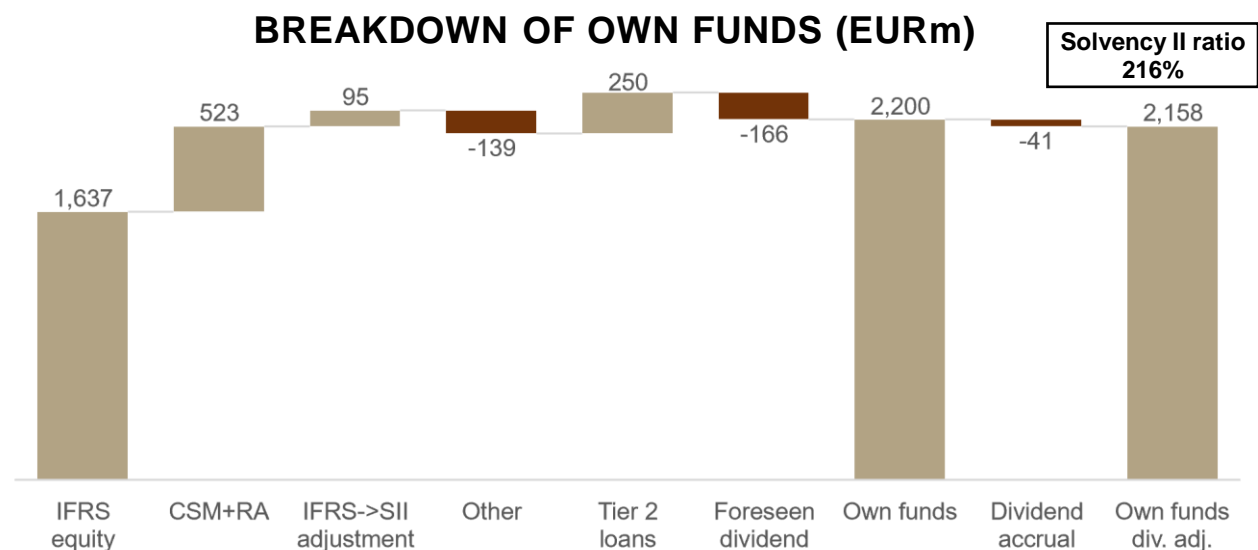


## SOLVENCY II RATIO SENSITIVITY



3/2024 div. adj. = solvency ratio adjusted for dividend accrual for year 2024. Applied dividend assumption corresponds to year's 2023 proposed dividend of 0,33€/share.

# Own funds increased q/q exceeding dividend accrual



## COMMENTS

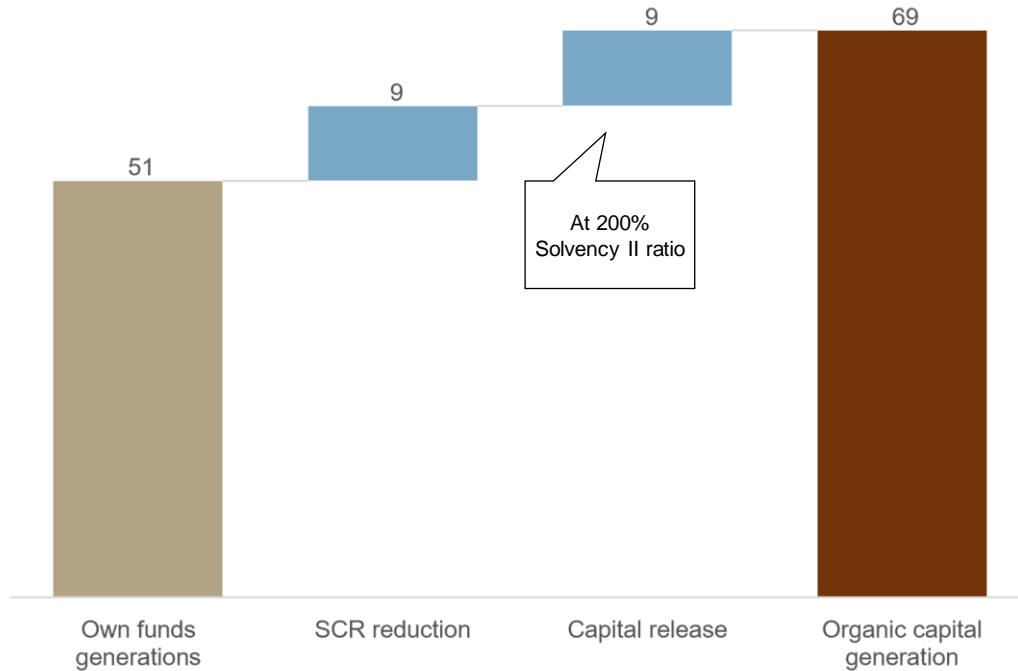
- Own funds increased by EUR 60 million during Q1, exceeding dividend accrual based on FY2023 dividend level
- Market risk, and especially equity risk is the most significant risk SCR element, and movement of symmetrical adjustment plays a significant role.
- Increase of SCR explained by increase of the symmetrical adjustment
- With-profit continues to be the most significant SCR contributor, EUR 478 million as end of Q1
- Capital-light SCR corresponded to 2.8% of underlying AuM. Notice that capital light business also creates own funds which exceed SCR
- Group's non-strategic assets have a significant effect on the SCR, EUR 169 million as end of Q1



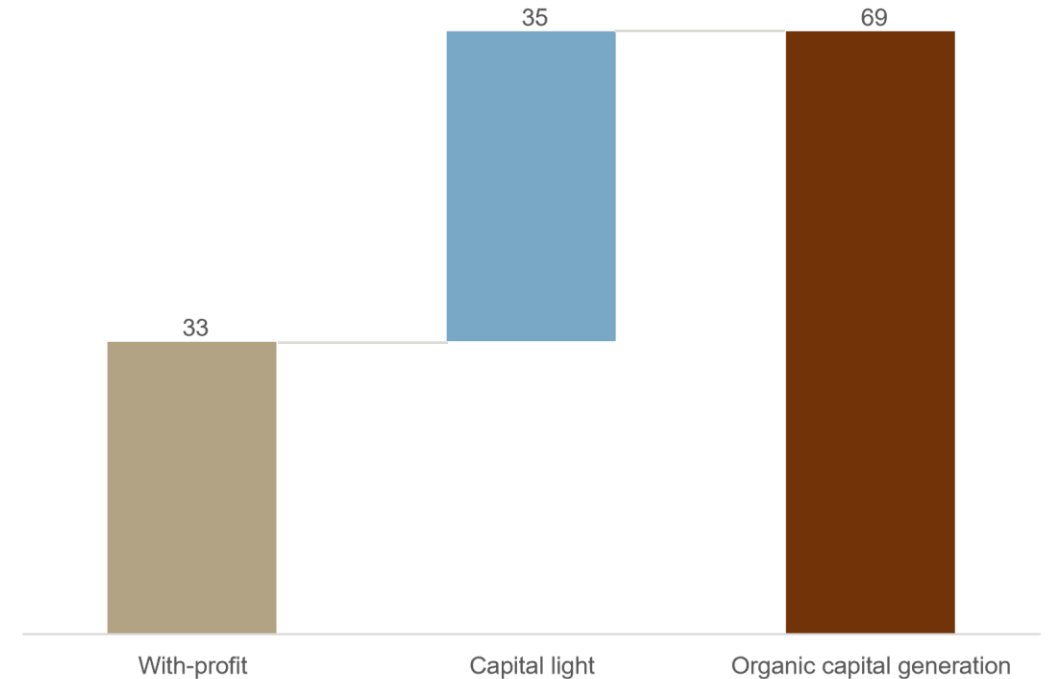
Item "Other" in 'Breakdown of SCR' graph mainly explained by diversification benefits and loss absorption effect of deferred taxes and technical provisions

# Q1 organic capital generation clearly positive

## COMPONENTS OF ORGANIC CAPITAL GENERATION (EURm)



## SEGMENTAL CONTRIBUTION (EURm)



# Outlook

# Outlook for year 2024 (unchanged)

---

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



# Appendix

Supporting materials

# Result by segments

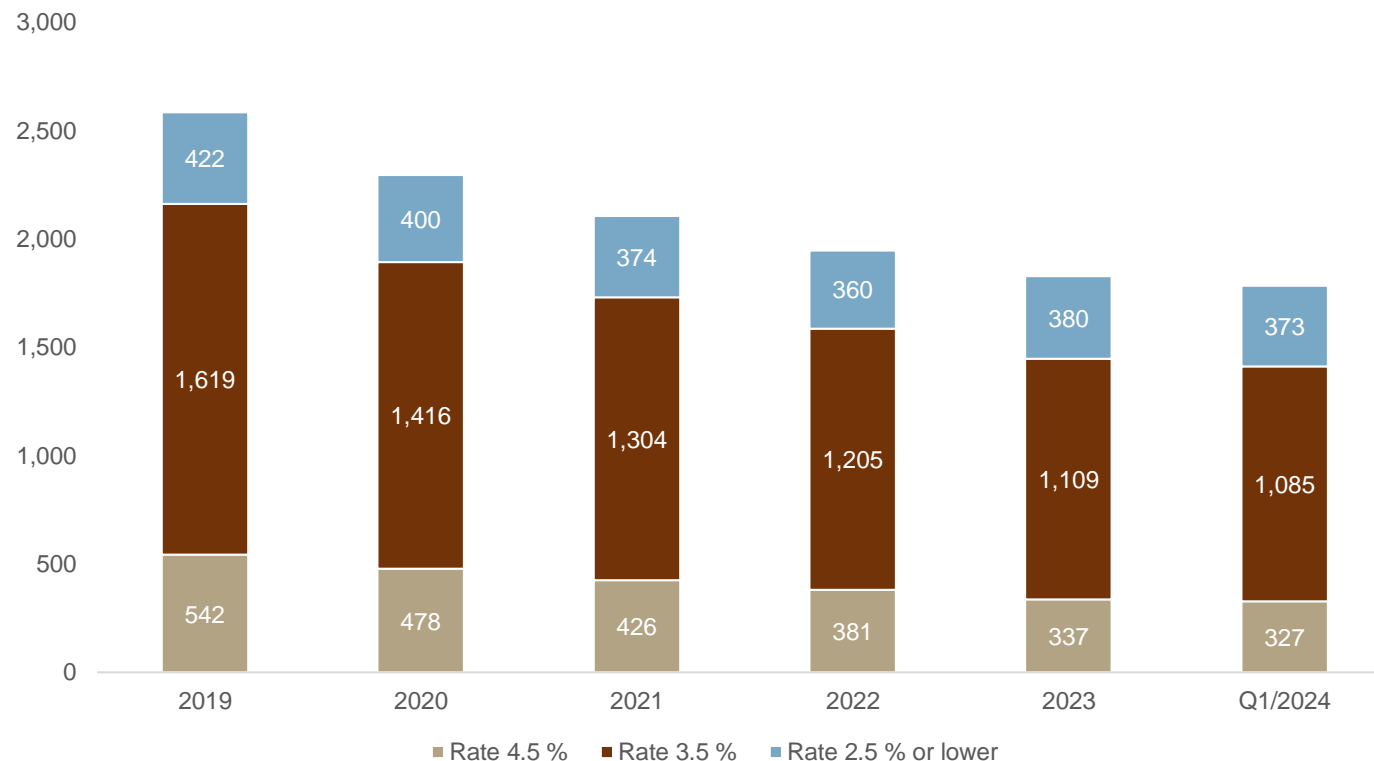
## RESULTS 1–3 / 2024

EURm	Institutional	Corporate	Retail	With Profit	Other	Total	1–3 / 2023
<b>Fee result</b>	5	5	5	0	0	15	14
Insurance service result	0	5	2	0	0	7	8
Fee result from investment and asset management services	5	1	3	0	0	8	6
<b>Net finance result</b>	0	0	0	31	-1	30	13
Investment return				37	-1	36	71
Unwinding and discounting of liabilities				-6		-6	-58
<b>Result related to risk policies</b>	0	1	2	0	0	2	3
CSM and RA release	0	1	1	0	0	3	4
Other insurance service result	0	-1	0	0	0	0	-1
<b>Other result</b>	0	-2	0	6	-5	0	2
<b>Total PBT</b>	5	4	7	37	-6	47	32

# Development of policy savings<sup>1</sup> (Original portfolio)

WITH PROFIT POLICY SAVINGS 2019–Q1/2024, EURm

## COMMENTS



- With-profit portfolios decreased in line with expectations
- Policy savings with highest (3.5% and 4.5%) guarantees down by EUR 34 million

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

# Sustainability at Mandatum

## Q1 SUSTAINABILITY HIGHLIGHTS

- ✓ Mandatum's **Sustainability Report 2023** was published.



- ✓ Mandatum earned the **Future Workplaces certificate** for the third time in a row as proof of management with an exceptionally high level of employee insight.

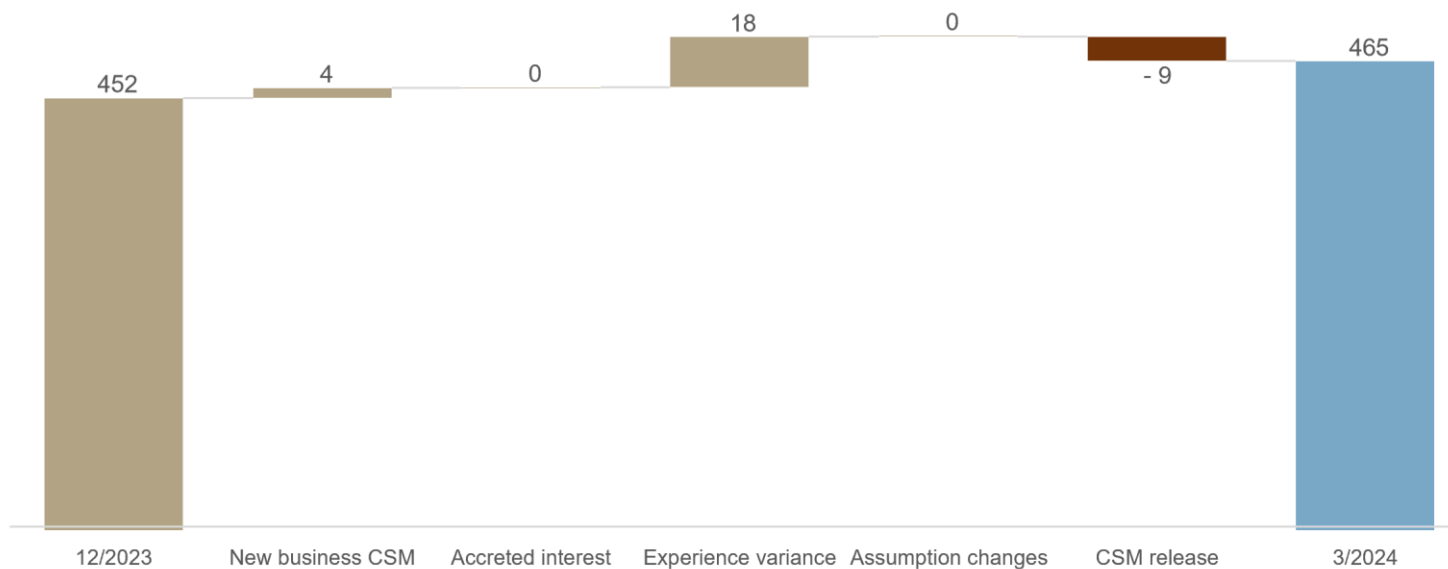


- ✓ Mandatum published its **Sustainable Insurance Policy**, which has been compiled based on the UN Principles for Sustainable Insurance (PSI).

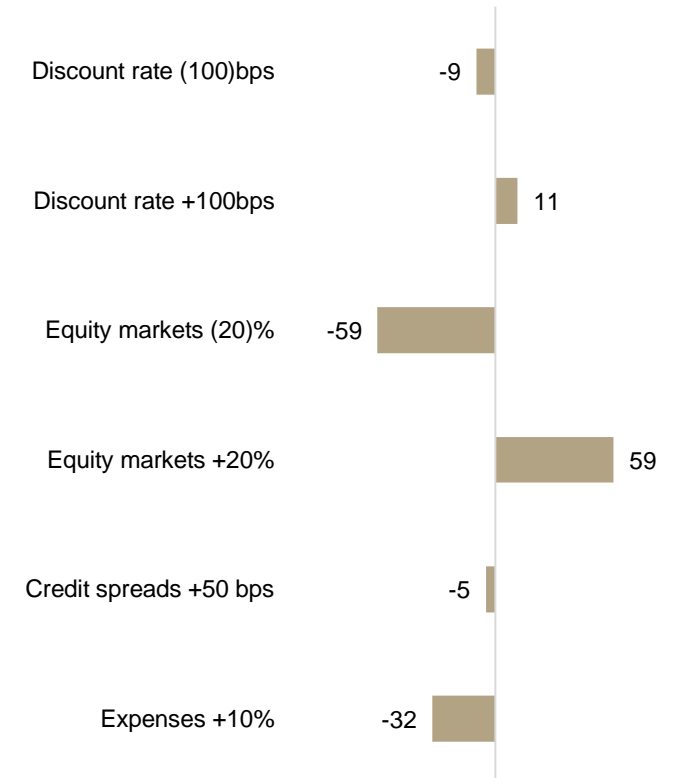


# CSM development – 1–3/2024

**CSM DEVELOPMENT (1-3/2024; EURm)**



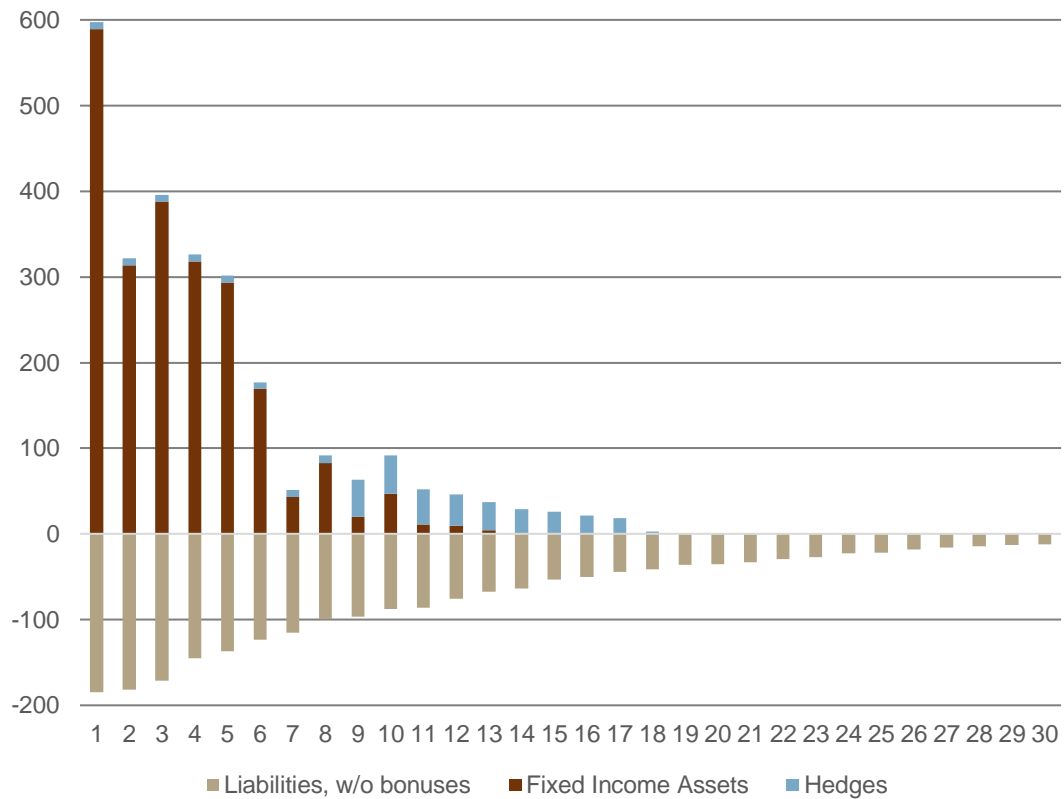
**CSM SENSITIVITY (3/2024; EURm)**



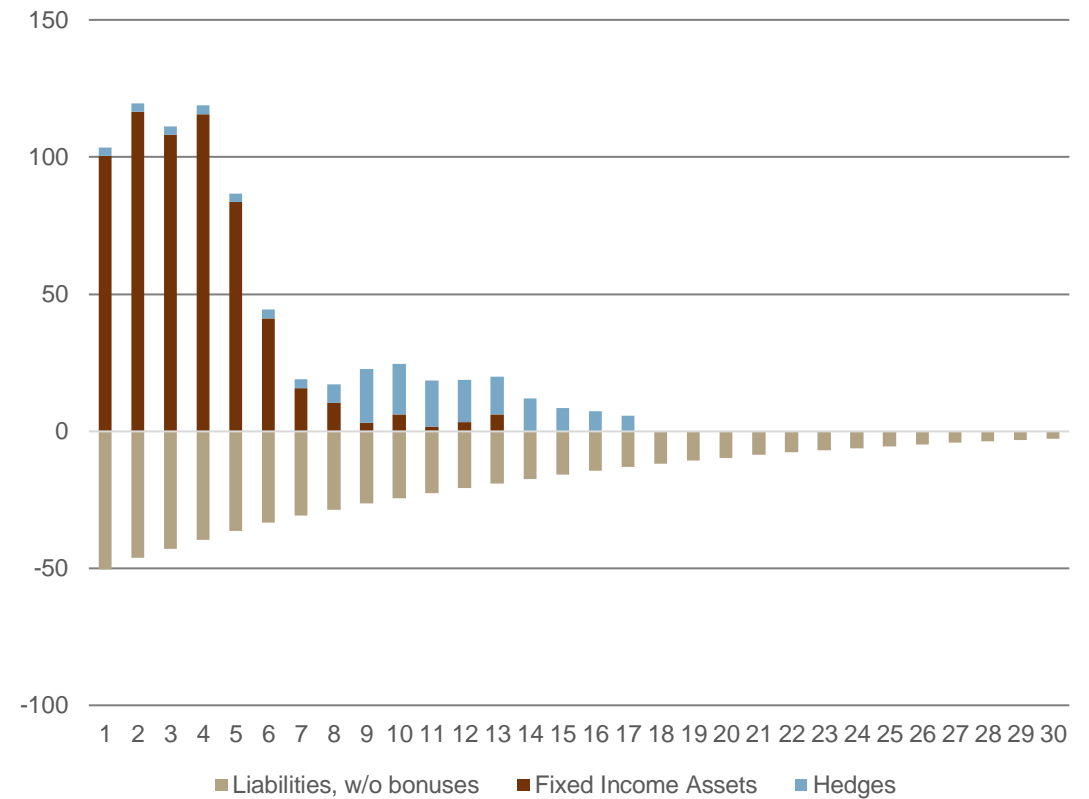
- **Positive CSM development due to higher than expected AuM growth in Unit-linked policies.**
- **Figures without individual risk policies sold by If; related CSM EUR 8 million.**
- **New business CSM related entirely to risk policies.**
- **CSM from unit-linked pension policies EUR 329 million, risk policies EUR 128 million and with-profit policies EUR 8 million.**

# Fixed income assets and liability cash flow profile adjusted with swaps

**ORIGINAL PORTFOLIO (EURm)**



**SEGREGATED PORTFOLIO (EURm)**





**Investor contacts:**

**Lotta Borgström**

*Vice President, Investor Relations*

**Tel. +358 50 022 1027**

**[lotta.borgstrom@mandatum.fi](mailto:lotta.borgstrom@mandatum.fi)**

Mandatum

Bulevardi 56, 00120 Helsinki

[www.mandatum.fi](http://www.mandatum.fi)