MANDATUM

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Spewing dividends for a long time

Mandatum's investor story relies on two cornerstones: growth in capital-light asset management and the release of balance sheet capital from the with-profit insurance portfolio. Thanks to these factors, Mandatum's profit distribution will continue to be generous going forward, and the stock's expected return is strongly weighted towards dividend yield. However, the share is quite tightly priced at its current level, so we reiterate our Reduce recommendation. We are revising our target price to EUR 5.4 per share (was EUR 4.8) following our increased dividend estimates.

The Group's growth strategy relies on asset management

Mandatum's operations consists mainly of capital-light businesses (asset management and life insurance) and investment activities on its own balance sheet (with-profit business). In life insurance, Mandatum offers savings and investment, compensation and rewards, pension plans and personal risk insurance services to its private and corporate customers. Asset management combines fund business and wealth management services to institutional customers and wealthy individuals.

The cornerstones of the company's strategy rely on strong growth in the capital-light businesses with a strong focus on asset management solutions and significant release of capital from the with-profit business. The importance of investment operations from its own balance sheet is decreasing year by year as the with-profit business is gradually wound down and the remaining balance sheet investments are divested in the coming years. For the time being, however, most of the Group's earnings come from the returns on with-profit investment activities, for which the company bears the investment risk. In asset management, Mandatum has profiled itself as a high-value-added product house and its core competence is alternative investments and interest rate products.

Group earnings are on a downward trend for years to come

We expect Mandatum's earnings before taxes to have peaked for the time being and to decline moderately in the coming years. In our estimates, asset management earnings will continue to grow strongly, but the decline in the with-profit portfolio will gradually reduce net finance result. With our estimates, growth in asset management will only compensate for the earnings impact of the decline in the with-profit portfolio at the turn of the decade.

Profit distribution continues to be generous, although at a much more moderate level than in the financial year just ended. We estimate that the company will distribute all generated organic capital, which consists of earnings as well as capital released from the with-profit portfolio. We have not yet included the additional capital created by the divestment of PE investments in our dividend estimates, as there is uncertainty regarding the use of the capital received from these. These will ultimately be distributed either as extra dividends or used for acquisitions as part of the consolidation of the Finnish asset management sector.

Valuation is tight

We have gauged the value of Mandatum first and foremost by using the discounted dividend model as it best reflects the company's high payout ratio and the unwinding of its overcapitalized balance sheet. Mandatum's expected return relies, somewhat exceptionally, to a large extent on a high dividend yield (7-8% in the coming years), as earnings will continue to decline structurally for several years to come. The value of the Mandatum share according to our dividend model, which takes into account the result generated by the business and the additional capital on the balance sheet, is around EUR 5.4 (was EUR 4.8). The increase from our previous update is primarily due to revisions in our dividend estimates. Our dividend discount model indicates that the stock is already fully priced, so at the current share price level, the expected return remains insufficient. The sum-of-the-parts calculation also supports our view.

Recommendation
Reduce
(was Reduce)

Target price:
EUR 5.40
(was 4.80 EUR)

Share price:
EUR 5.61

Business risk
●●●○○

Valuation risk
●●●○○

Key figures

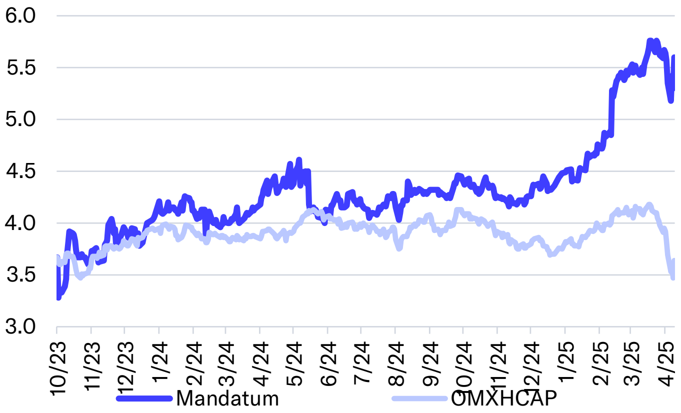
	2024	2025e	2026e	2027e
PTP	202.9	182.4	178.5	171.1
Net income	146.0	142.8	136.8	136.8
EPS (adj.)	0.33	0.29	0.28	0.27
DPS	0.66	0.46	0.43	0.40
Payout ratio	201%	158%	151%	147%
ROE-%	10.3%	9.7%	10.4%	10.6%
P/E (adj.)	16.5	19.3	19.8	20.6
P/B	1.7	2.0	2.1	2.3
Dividend yield-%	12.2 %	8.2 %	7.7 %	7.1 %

Source: Inderes

Guidance (Unchanged)

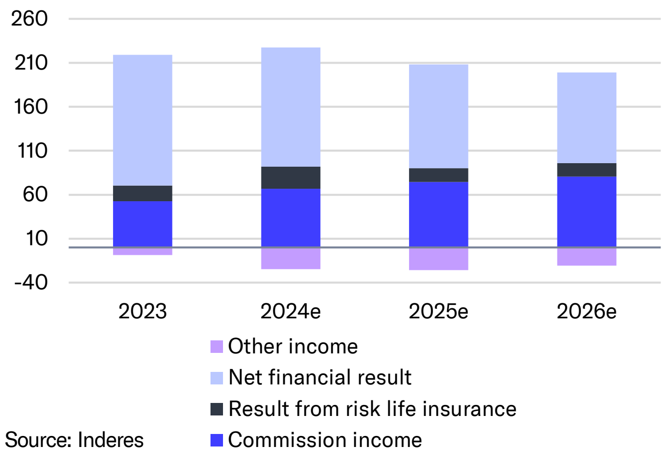
The fee result is expected to increase from 2024, assuming stable market conditions. The with-profit portfolio is expected to decline further.

Share price



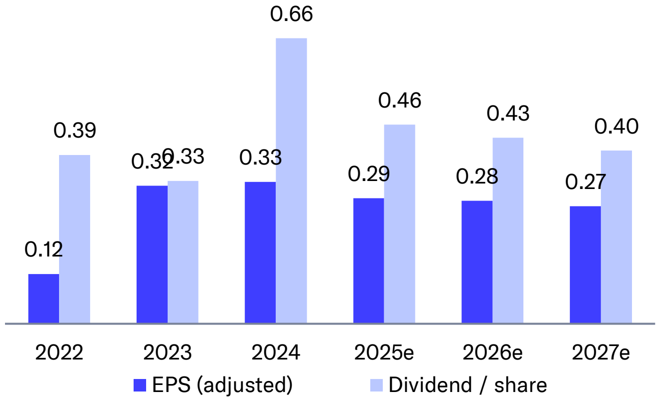
Source: Millistream Market Data AB

Mandatum's PTP breakdown (MEUR)



Source: Inderes

EPS and dividend



*Accoring to IFRS 17 since 2022

Source: Inderes

Value drivers

- Growth in capital-light Wealth management
- Relative profitability has improvement potential with revenue growth
- With the rise in interest rates, the with-profit business has become clearly more attractive than before
- Release of capital from the with-profit portfolio and from PE investments
- Value creating acquisitions in the domestic asset management sector

Risk factors

- The company's result remains highly dependent on investment returns
- Life insurance risks (especially biometric risks)
- Maintaining good return levels for funds
- Adverse changes in the tax legislation on investment insurance

Valuation	2025e	2026e	2027e
Share price	5.61	5.61	5.61
Number of shares, millions	502.7	503.2	503.7
Market cap	2820	2823	2826
P/E (adj.)	19.3	19.8	20.6
P/E	19.3	19.8	20.6
P/B	2.0	2.1	2.3
Payout ratio (%)	158.4 %	151.5 %	147.2 %
Dividend yield-%	8.2 %	7.7 %	7.1 %

Source: Inderes

Contents

Mandatum in brief

Mandatum is a Finnish financial group that offers a wide range of asset management services and life and pension insurance solutions to private, corporate and institutional clients.

14.0 BNEUR

Client AUM at the end of 2024

679

Headcount at end of 2024

202.9 MEUR

Profit before tax in 2024

11.0%

AUM growth 2020-2024 p.a.

FOCUS ON INSURANCE PRODUCTS
(1998–2007)

Mandatum Bank is integrated into Sampo-Leonia.

Henki-Sampo makes a strategic decision to focus on unit-linked insurance.

An agency agreement is signed with Sampo Bank (currently Danske Bank) while the company is sold to a new owner

Focus on products that tie up little capital.

UPDATED "RAHAT JA HENKI" (MONEY AND LIFE) STRATEGY
(2008-2022)

Asset management is established, Henki-Sampo changes its name to Mandatum Life, and the new strategy is implemented The current form of Mandatum is created.
Mandatum acquires Silta Oy's pension and personnel fund operations and the group pension insurance portfolio of Suomi Mutual Insurance Company is transferred to Mandatum

Nordhaven's business that focuses on share incentive schemes and Trevian Rahastot AIFM Oy that manages real estate funds, are acquired

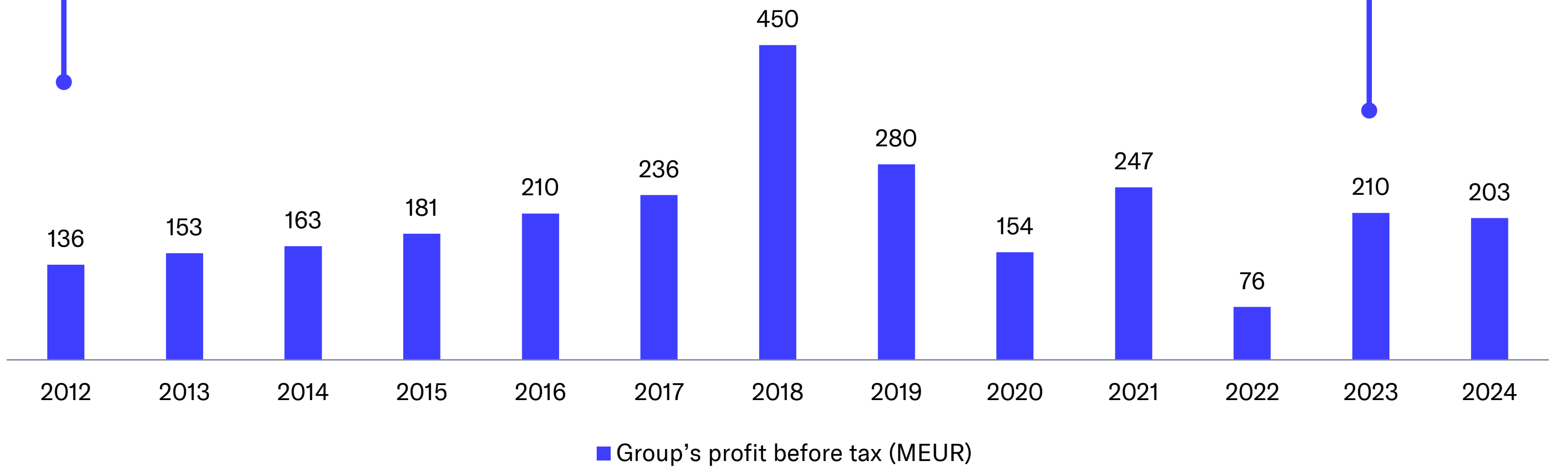
GROWTH ESPECIALLY FROM ASSET MANAGEMENT
(2023-)

Mandatum is listed on the stock exchange through a partial demerger..

The restructuring continues with a gradual ramp-down of with-profit liabilities.

Growth is sought especially in products that tie little capital and are based on recurring commission income and services.

Opportunities for inorganic growth as part of the consolidation of the asset management market.



Company description and business model 1/2

Mandatum plc

Mandatum offers its clients investment, pension saving and personal insurance services. In addition to these, Mandatum offers, e.g., reward and compensation services, which are of little importance to earnings.

OPERATIONAL BUSINESSES

Capital-light businesses	Balance sheet investment activities
Asset management	With-profit business
Life Insurance	Group balance sheet investments

Mandatum's operations focus strongly on investment and asset management solutions In life and pension insurance, the most important customer segment is corporate customers and in asset management institutional investors, as well as wealthy individuals. The importance of investment operations from its own balance sheet is decreasing year by year as the with-profit business is gradually wound down and the remaining balance sheet investments are divested in the coming years

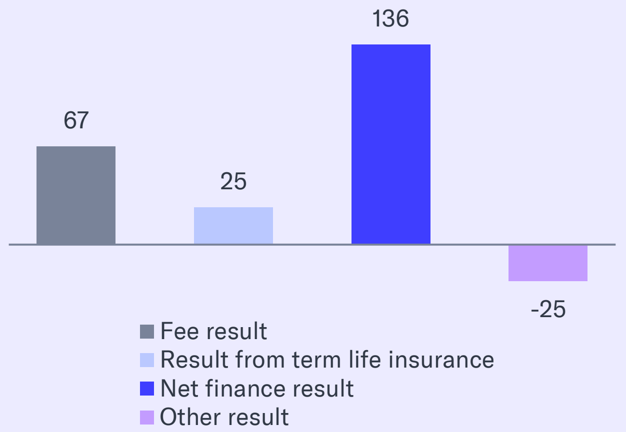
Capital-light businesses and, in particular, asset management are the Group's growth engine. Customer assets managed by the Group have grown strongly in recent years, and primarily recurring commission income was already around 153 MEUR in 2024.

The main focus of the Group's earnings remains in the with-profit business, where Mandatum carries the investment risk. However, the with-profit portfolio is in a ramp-down phase, as a result of which the Group's earnings are structurally declining for several years without restructuring measures.

MANDATUM

- In 2024, the company employed on average 666 people.
- At the end of 2024, Mandatum's client AUM stood at 14.0 BNEUR. The fee income from the management of these was 153 MEUR*.
- The Group has approximately 250,000 private customers and 20,000 corporate customers
- Growth is sought in asset management, where the most significant product area is fixed income funds.
- Key operations are located in Finland, but the company also has international asset management customers.

Profit before tax (2024)



**FAS accounting item, not included in IFRS figures*

Company description and business model 2/2

The ownership base is extensive

In the demerger, Sampo's shareholders received one new Mandatum share for each Sampo share they owned, which resulted in Sampo's owners becoming Mandatum's owners. Therefore, Mandatum's ownership structure is very fragmented just like Sampo's. The 10 largest owners registered in Finland own about 13% of the shares. Nominee registered investors own approximately 45% of Mandatum. The largest of these is a fund managed by private equity investor Altor, which owns 16.6% of Mandatum's shares. Therefore, Altor clearly holds the mantle of the company's biggest owner. However, most of the ownership is very diversified, which highlights the importance of the management team and the board in controlling operations. Of course, Altor already has considerable influence on the company's decision-making through its board seat, thanks to its ownership stake.

The management team has a strong background in the company

Mandatum Group's management team consists of seven members and Petri Niemisvirta has been the CEO since 2001. Niemisvirta also served as a member of Sampo Group's management team since 2001 until the demerger.

Matti Ahokas is the CFO of Mandatum, having moved to the position from Head of Investor Relations at Nordea. Mandatum's former CFO Jukka Kurki, on the other hand, is the CEO of Mandatum Life (life insurance business).

Mandatum's CIO is Juhani Lehtonen, who has over 15 years of experience in the company. Lehtonen is also the interim Head of Asset Management, after Lauri Vaittinen, who previously held the position, left the company last October. Overall, the management team has a strong background in Mandatum (according to our calculations, management team members have primarily been employed by the company or its predecessors for over 20 years), as well as industry expertise, and we estimate that the management is well placed to lead Mandatum in the current strategic direction.

In the right sidebar, we have listed the shareholdings in Mandatum of the current management team and the chairman of the board. The current holdings are already substantial, which we naturally consider positive, since this harmonizes the interests of management and shareholders. Moreover, the management has increased its holdings after the listing (albeit from lower price levels than at present), which is also a positive signal of commitment to business development and faith in the company's future.

There is also experience in the board

Mandatum's Board of Directors consists of six members with Patrick Lapveteläinen serving as the full-time chairman of the board. He has worked in several managerial positions in Sampo for over 20 years. Lapveteläinen also has a significant shareholding in Mandatum, which we consider positive for shareholders just like the significant management holdings. The board members have a wide range of expertise in various management positions in the asset management and insurance sector, and we believe the board is quite competent to make strategic decisions in the interest of shareholders.

Largest shareholders registered in Finland (situation 3/2025)	Share of shares
Varma	*4.43%*
Ilmarinen	*3.03%*
Elo	*1.53%*
OP Life Assurance Company Ltd	*0.84%*
Oy Lival Ab	*0.80%*
The State Pension Fund of Finland	*0.80%*
Svenska Litteratursällskapet i Finland	*0.72%*
Aktia Capital Investment Fund	*0.37%*
Nordea Pro Suomi Investment Fund	*0.30%*
Nordea Life Insurance Finland Oy	*0.30%*
10 largest total	**13.12%**

Management's share holdings (situation 3/2025)	Number of shares
Patrick Lapveteläinen (chair)	*586,369*
Petri Niemisvirta (CEO)	*189,600*
Jukka Kurki	*40,805*
Juhani Lehtonen	*18,414*
Matti Ahokas	*19,213*
Tarja Tyni	*85,482*
Petri Vieraankivi	*23,639*
Sanna Rajaniemi	*31,510*
Total	**995,032**

Source: Mandatum

Mandatum's history 1/2

A brief history of Mandatum

Mandatum’s roots go back 150 years and the company has a long history as part of Sampo. Mandatum gained wide recognition as an investment bank during the 1990s, but we believe that the history of current Mandatum can be traced back to the early 2000s when the company began to focus on life insurance and wealth management solutions. The original investment bank Mandatum ended up in the hands of Danske Bank with Sampo Bank in 2007, but the name Mandatum remained in Sampo Group’s possession.

The sale of Sampo Bank to Danske Bank in 2006 fundamentally changed Henki-Sampo’s identity. So far, the company has built its success by utilizing many distribution channels and a majority of insurance sales had been carried out through Sampo Bank. Even though the cooperation with Danske Bank continued with the agency agreement, the company had to invest more strongly in its own service and sales organizations.

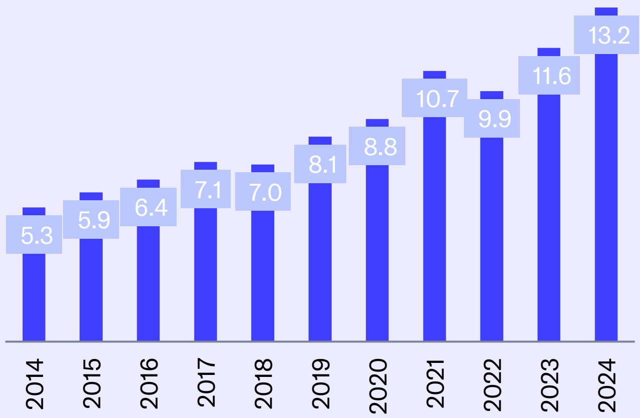
In 2008, Henki-Sampo's name was changed to Mandatum Life and the company adopted a new strategy – Rahat ja henki (Money and life). Wealth management services were introduced as part of life insurance, which enabled the company to expand from own balance sheet investments to managing customers' assets. The advantage of wealth management compared to balance sheet investments is, in particular, that the business is capital light. In 2021, Mandatum carried out an internal Group restructuring to seek growth and operational synergies. As a result, Mandatum Holding was established where Mandatum Life was transferred from Sampo's ownership and a completely new asset management company Mandatum Asset Management was formed by combining the investment operations of Sampo and Mandatum Life.

Since the 2008 strategy overhaul, Mandatum has focused exclusively on life insurance and asset management, which enables the company to offer its customers more comprehensive financial planning and risk management. In life insurance, Mandatum’s new sales focuses on unit-linked insurance and personal risk insurance, and we believe that the current product and service range offers the company good opportunities to utilize its extensive existing corporate customer base in cross-selling services. In wealth management, the focus of growth is on institutional clients.

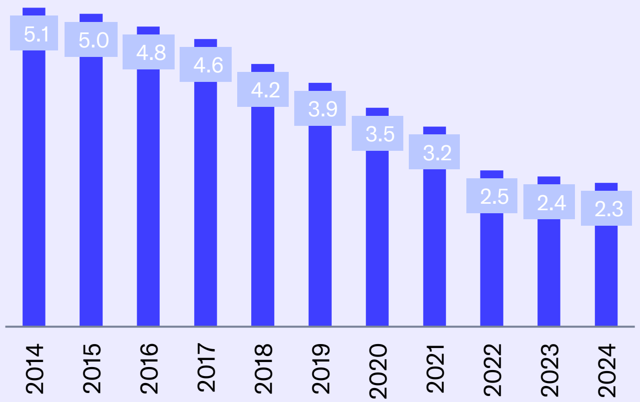
Partial demerger

In spring 2023, Sampo announced its intention to list Mandatum on the stock exchange through a partial demerger, which took place in October 2023. Before the demerger, Mandatum was already largely separate from Sampo’s other operations and did not have any significant operational synergies with Sampo’s non-life insurance business. The demerger enabled flexibility for Mandatum to operate as an independent company, offering the opportunity to pursue faster growth both in Finland and abroad. As part of its growth strategy, the company now also sees opportunities for inorganic growth as part of the consolidation of the Finnish and, more broadly, the Nordic asset management market. Under Sampo, larger inorganic moves were not possible as the Group’s strategy focused on non-life insurance. From Sampo's viewpoint, the demerger of Mandatum was, in practice, the last step toward a full-fledged P&C insurance company.

Development of unit-linked liabilities (BNEUR)



Development of with-profit portfolio (BNEUR)



Source: Mandatum

Mandatum's history 2/2

1996

Insurance company Henki-Sampo is established

HENKI-SAMPO

2000

Sampo and Leonia are merged into the financial company Sampo-Leonia.

2001

Mandatum Bank and Sampo-Leonia merge and the Group name is shortened to Sampo

2004

Henki-Sampo acquires Sampo's Baltic life insurance companies

2008

Asset management is established, Henki-Sampo changes its name to Mandatum life insurance company, and a new strategy is implemented

2011

Mandatum Life acquires pension and personnel fund operations from Silta Oy

2014

Suomi Mutual Insurance Company's group pension insurance portfolio is transferred to Mandatum

2018

Mandatum and Danske Bank sign a renewed cooperation and agency agreement

2021

Nordhaven's business that focuses on share incentive schemes and Trevian Rahastot AIFM Oy that manages real estate funds, are acquired

2021

Mandatum Holding is established whose subsidiaries are Mandatum Life and the new asset management company MAM

2022

Mandatum's Baltic life insurance business is divested

2023

Mandatum is listed on the Helsinki Stock Exchange through a partial demerger

Capital-light businesses 1/5

Mandatum's capital-light businesses offer the Group's customers comprehensive wealth and preparedness services, including asset management, unit-linked insurance, investment services, personal insurance, and corporate pension and reward solutions. The revenue of capital-light businesses is largely based on recurring fees, the most important of which are fund management fees and fees related to unit-linked insurance. The role of non-recurring fees, such as performance-based asset management fees, is very moderate, which increases the predictability of the business.

In 2023, Mandatum was the third largest life insurance company in Finland in terms of insurance savings, after Nordea and OP. In asset management, the company has in turn risen in recent years to become one of the most trusted Finnish asset managers among institutional clients. In addition, Mandatum has successfully extended its asset management customer base to Sweden and Denmark.

Legally, the capital-light businesses consist of two separate companies – the asset management company Mandatum Asset Management Oy and the life insurance company Mandatum Life Oy. However, there is strong cross-selling and shared functions between the businesses, so it is more sensible to examine the Group's operative business by product and customer segment.

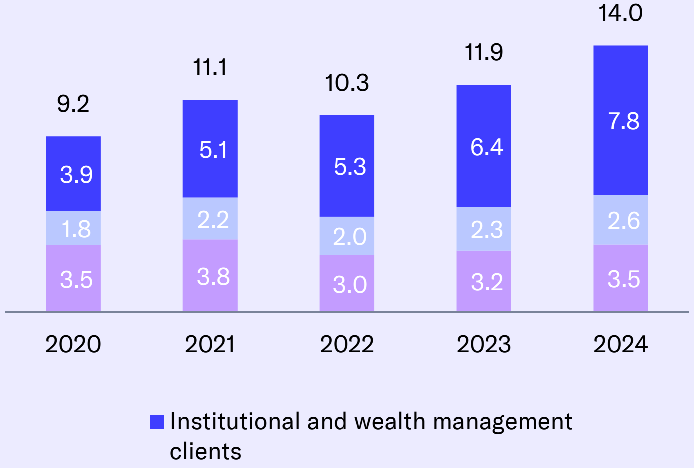
The capital-light businesses are divided into three customer segments: corporate clients, retail clients, and institutional and wealth management clients. The main product categories, in turn, can be divided into pension insurance, other unit-linked insurance, risk life insurance, and asset management products.

Previously, Mandatum also offered with-profit insurance, but their sales were discontinued about 15 years ago. Mandatum has indeed undergone a significant revision, as the amount of liabilities based on the with-profit portfoliohas decreased from around 4.6 BNEUR in 2017 to the current 2.3 BNEUR. However, these still constitute a significant portion of Mandatum's earnings through investment returns. At the same time, Mandatum's assets under management (AUM) have grown strongly. The best picture of the scale of the business is provided by the current AUM of 14.0 BNEUR, which places the company between Evli and eQ. The majority of the AUM are within an insurance product, although the AUM of asset management clients is reported separately from other capital.

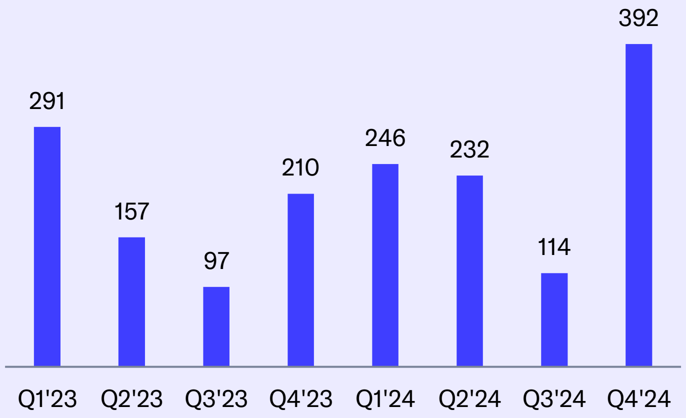
On the insurance side, corporate customers are at the core of Mandatum's growth strategy, and the strong existing customer base (some 20,000 companies) offers cross-selling potential especially towards asset management. Typically, Mandatum first offers its corporate customers pension preparedness and reward services and as the wealth of the company's key personnel grows, the product offering is expanded to include other wealth management and savings solutions. The success is demonstrated by the fact that the majority (~70%) of the Group's current asset management customers have a corporate connection.

On the retail client side (an estimated customer base of over 250,000), expansion is clearly more challenging, as banks' distribution power to the segment is clearly stronger and the market has not grown substantially. Distribution to private customers is mainly handled through a partner (Danske Bank). The company's main growth engine, asset management, is strongly focused on institutional clients and wealthy individuals.

Mandatum's AUM development (MEUR)



Net subscriptions in unit-linked products (MEUR)



Capital-light businesses 2/5

Due to Mandatum's reporting practices, we recommend that investors focus in particular on the development of commission income and risk life insurance earnings for capital-light operations. However, in this report, we also address the customer segments of Mandatum's capital-light businesses (corporate clients, retail clients, and institutional and wealth management clients), as it is important for investors to understand the drivers behind the Group-level figures. According to the company's own reporting, roughly 35% of the last financial year's earnings from capital-light businesses came from corporate clients, 34% from private clients, and the remaining 30% from institutional and wealth management clients. The exact breakdown is not available, as the allocation of expenses between them is partly artificial (due to the same underlying functions).

However, in our opinion, the reported distribution provides a reasonably good picture of the current significance of the different customer segments.

Funds and wealth management

The fund and wealth management business plays a key role in Mandatum's growth, as the asset management market is growing trend-like, and the current market share, especially outside Finland, is still low.

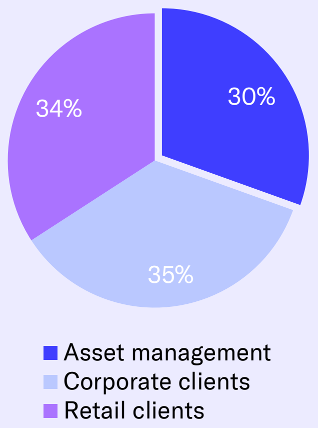
Mandatum's product offering covers all key asset classes, but the company's core competence lies particularly in fixed rate products. In this respect, the selection includes funds that invest in unlisted debt instruments (private debt) in addition to traditional fixed income funds. Overall, however, the company's product offering is relatively focused, and we see the company more as a product house than a generalist asset manager. This also means that fund earnings are a key success factor for the company, and investors should actively monitor their development.

Of the assets under management, approximately 33% were invested in fixed income products, 4% in equity products, 19% in alternative products, 19% in allocation products (such as mixed funds including fixed income and equities) and the remaining 25% in products of external partners at the end of 2024. In particular, the low weighting of equity products distinguishes Mandatum from many other asset managers.

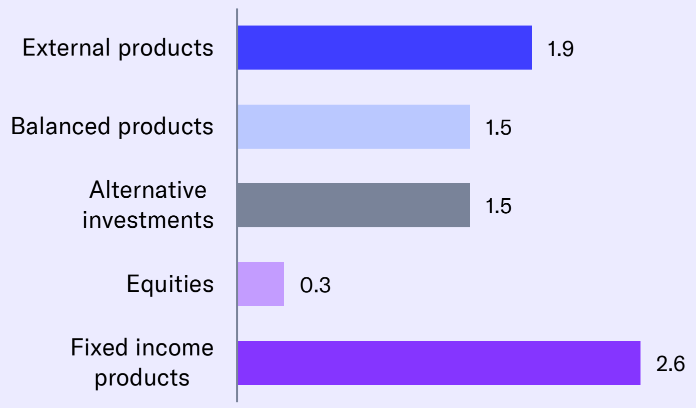
The most important customer groups of fund products are Finnish institutions and Finnish wealthy individuals. There are also international clients, as more than a fifth of Mandatum's AUM comes from international institutional investors, mainly from Sweden and Denmark. Abroad, the company's fund products are sold exclusively, while in Finland, customers are also offered various allocation mandates. In practice, these are asset management contracts where diversification across asset classes is managed by the asset manager based on the client's objectives.

In funds and wealth management, Mandatum's earnings are largely based on ongoing management fees, with a moderate share of one-off returns. The company has return-linked components in some of its products, but their importance is still relatively small - much less than, for example, eQ, Taaleri or CapMan. The company's product offering is also quite focused and the high-quality products are balanced by good commission levels. However, we believe that the company will gradually expand its product offering as part of its growth strategy.

Breakdown of the earnings of capital-light businesses (2024)



Asset management customers' AUM by product 2024 (BNEUR)



Capital-light businesses 3/5

Investment-linked insurance

Mandatum's unit-linked products include, e.g., voluntary pension insurance, capitalization agreements and endowment insurance. Insurance customers include both entrepreneurs and private individuals. Institutional clients may also have investments within an insurance wrapper, but we treat these in their entirety as part of asset management services.

Mandatum's **pension insurance policies** are voluntary policies that allow policyholders to supplement their social security. Pension insurance policies are mainly unit-linked insurance policies, in which the return on pension savings and the amount of the final pension are based on the value development of the selected investments.

Endowment insurance and capitalization agreements are also unit-linked insurance. These insurance savings consist of payments made during the term of the insurance and the returns accumulated on them. The key difference between endowment insurance and a capital redemption contract mainly relates to their treatment in the event of the policyholder's death, as in endowment insurance the life insurance compensation is paid to the beneficiary designated by the insurance contract without a separate will. The capitalization agreement does not expire when a person dies, but the contract is transferred to the estate.

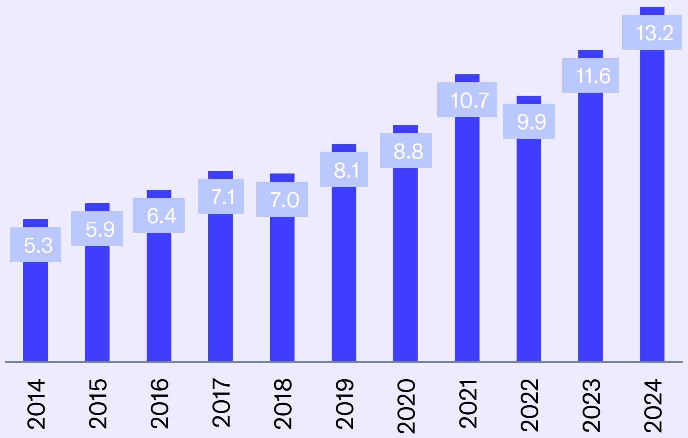
Due to product-specific differences, the customer benefits also vary slightly, although the differences are quite small. In endowment insurance, income is only taxed at the end of the insurance or when savings are withdrawn. In capitalization agreements, taxation also applies to withdrawal of assets. However, compared to endowment insurance, the wider range of investment instruments eligible for inclusion in the insurance can be seen as an advantage of a capitalization agreement. In pension insurance, the company can deduct the pension insurance contributions in full up to a certain amount, and these contributions are not, as a rule, considered as earned income of the insured employee. In pension insurance, income taxation can be postponed to a later date. To sum up, one could say that the majority of the benefits of unit-linked insurance products are based on tax considerations.

The flip-side of the coin is the relatively high cost of the products. Mandatum collects management fees for products (0.5-0.6% of insurance assets in our estimate) and subscription fees for payments made in the insurance. In terms of business model and demand logic, unit-linked insurance is very similar to asset management, and the risk of changes in the value of investments is borne by the customer.

Risk life insurances

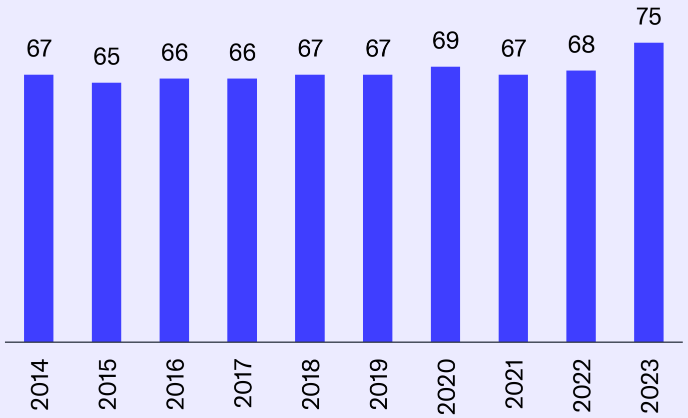
Risk life insurance provides the customer and their family with financial security and leeway in the event of serious illness, accident, disability or death. In risk insurance, Mandatum collects annual insurance premiums from its customers to cover future claims and business expenses. The profitability of insurance is determined by the difference between these premiums and costs.

Development of unit-linked liabilities (BNEUR)



Source: Mandatum

Mandatum risk life insurance premiums written (MEUR)



Source: Finance Finland

Capital-light businesses 4/5

In death cover, a lump sum is paid to the beneficiary of the insurance and, if not specified, to the estate. The policyholder can determine the compensation and this affects the premiums collected by the insurance company. Similar insurance is also available for serious illness.

In addition to these, Mandatum offers insurance against disability and illness. These differ mainly in terms of compensation payments, since policyholders are entitled to a daily allowance instead of a lump sum.

Previously, Mandatum also offered statutory life insurance policies based on agreements concluded by national labor market organizations. However, the portfolio of these group life insurance policies taken out for employees was transferred to If P&C, so Mandatum no longer offers these products.

From the customer's perspective, the key difference compared to endowment life insurance is that no funds are invested in risk life insurance; instead, the payments made by the customer consist purely of insurance payments. At the same time, the compensation received by the customer in the event of an insurance claim is mainly fixed and does not depend on, for example, the value development of the capital markets.

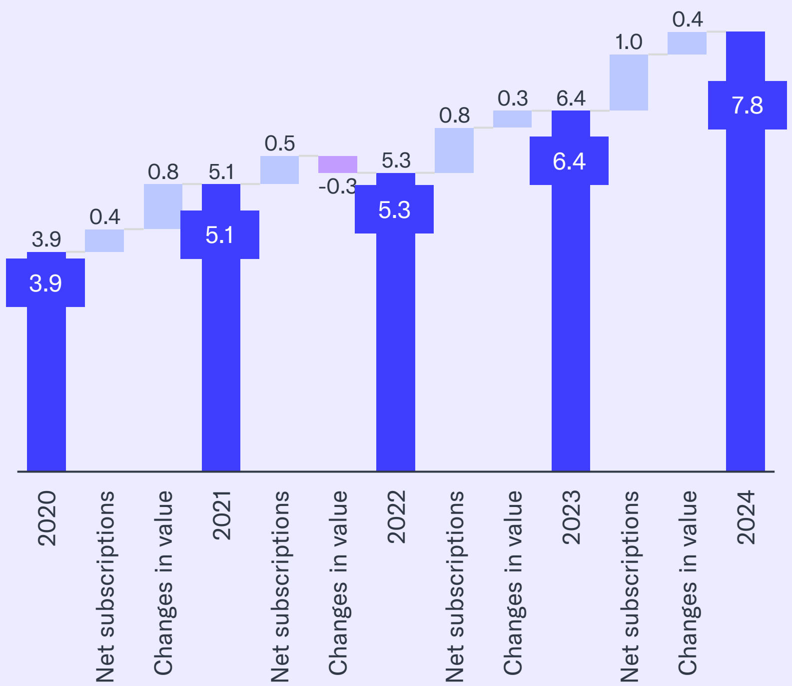
In these respects, Mandatum also bears the investment risk (Mandatum invests the insurance premiums it collects) and the insurance risk (i.e. the risk that the insurance premiums will not be sufficient to cover future claims). This requires expertise in modelling insurance risks. These products are also not visible in Mandatum's assets under management.

Accounting standards make comparisons difficult

When analyzing Mandatum's figures, it should be noted that the company follows the income statement formula of insurance companies in accordance with IFRS. This differs significantly from a conventional listed company and, for example, other asset managers. Applied accounting methods also vary depending on the terms of the products. Mandatum’s reporting distinguishes between 1) fee-based earnings (in accordance with IFRS 9), which includes all asset management business and part of unit-linked insurance products, and 2) insurance service result, which includes the earnings from risk insurance and the majority of the earnings from pension insurance (in accordance with IFRS 17). Pension insurance contracts concluded before 2023 are recognized in insurance service result according to IFRS 17, while contracts concluded after that are recognized in asset management service fee income according to IFRS 9. Consequently, the role of insurance service earnings will decrease in the future. In addition to these, Mandatum reports on the with-profit portfolio business and the Other segment, the contents of which are discussed in more detail in other sections of the report.

Due to accounting practices, comparing the income statement with asset managers on the Helsinki Stock Exchange is not meaningful, even though the business logic is similar. However, reviewing Mandatum's fee income and AUM provides a sufficient picture of the scale of the business and its development in recent years. These are also the key indicators to monitor in Mandatum's business, as growth is particularly sought from asset management and investment solutions services.

Development of Mandatum’s client AUM in 2020-2024 (BNEUR)



Capital-light businesses 5/5

For risk insurance, Mandatum reports insurance service earnings, which incorporates premiums received, claims paid and actual operating expenses. However, the result also includes purely imputed items arising, e.g., from a change in the interest rate used in discounting liabilities or a change in key insurance assumptions. These could include, for example, an update to the customer base's life expectancy. In addition, claims amounts fluctuate somewhat, especially in the short term The earnings performance of the risk insurance business should therefore be viewed from a slightly longer perspective, rather than on a quarterly basis.

If the AUM offers a good picture of the development of asset management operations, the performance and outlook of the risk insurance business can be assessed based on the contractual service margin (CSM) included in the insurance liability of the balance sheet. In a simplified approach, the life insurance contractual service margin can be interpreted as Mandatum's estimate of future earnings from its current life insurance contracts, after deducting the costs of managing them from the insurance premiums. This balance sheet item is unwound annually by the company through profit or loss. If the cash-flow assumptions are consistent with the outcome, the insurance service earnings are roughly equal to the recognized CSM. CSM development should therefore provide a reasonably good picture of the outlook for the business in the coming years. We note that the CSM on the balance sheet also includes items from pension insurance accounted for under IFRS 17, and therefore does not purely reflect the development of risk insurance.

Due to these factors, we recommend that investors focus on Mandatum's Group-level profit before taxes (PTP) in the lower rows, which is also quite comparable to the operating profit of key peers.

Other income includes smaller income items

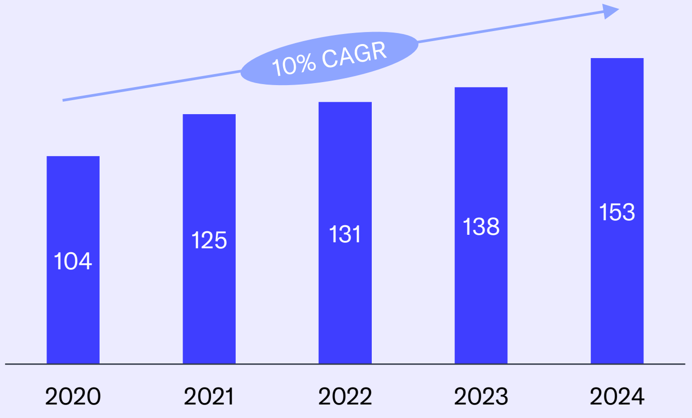
The "Other result" line of capital-light businesses includes the earnings of the Mandatum Trader trading platform and the reward and compensation business, which have been loss-making overall in recent years. However, their significance is quite limited for the big picture.

Insurance business risks

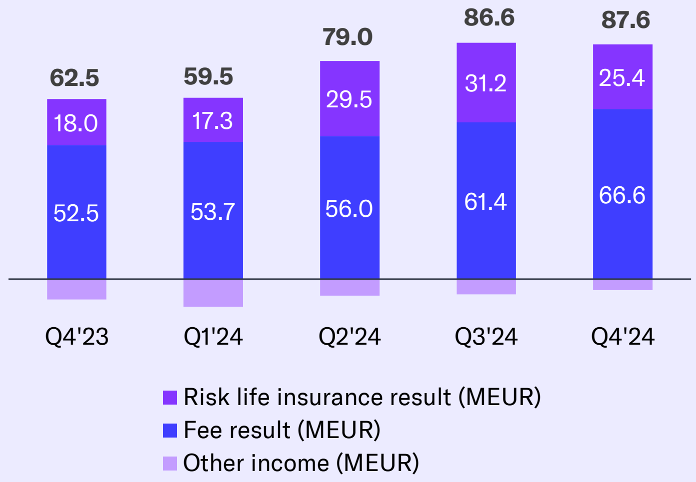
The key risks in Mandatum's insurance operations can be divided into risks related to the with-profit portfolio and risks related to risk insurance. The risks of the with-profit insurance portfolio consist of the investment risks of the assets covering the insurance policies, which we have discussed in more detail on page 19 of the report.

Risk life insurance, on the other hand, contains a wide range of assumptions, the accuracy of which involves forecasting risks. The biometric risk of risk insurance arises from the fact that policyholders could receive more death or disability benefits than expected, which would increase the ratio of claims costs to premium income. The cost risk, in turn, is realized if operating expenses from managing insurance prove higher than expected. However, based on historical figures, the profitability of risk insurance has been good and the Group's solvency is strong, so as a whole we consider Mandatum's balance sheet risks to be very moderate. We also believe the development of claims expenses for term life insurance is fairly predictable, and Mandatum has reduced its risk concentration with disaster reinsurance.

Mandatum's fee income (MEUR)



Mandatum's capital-light business results, rolling 12 months



Corporate and retail customers 1/2

For insurance solutions for corporate and private customers, the distribution channels used by Mandatum vary by product and customer group. In risk and pension insurance, the main customer segment is corporate customers, while a larger share of the assets managed in other unit-linked insurance products (largely capitalization agreements) comes from retail customers. Although demand drivers for unit-linked insurance and risk insurance differ slightly, the solutions sold by Mandatum often include a combination of both products.

The corporate sales are mainly carried out by Mandatum's own sales team, while retail distribution is handled through a partner (Danske Bank). For retail customers, we do not expect the company to invest in its own sales team, but we expect distribution to continue to be mainly through partnerships.

In life insurance operations, the focus of sales and growth is strongly on corporate unit-linked products, the market for which has grown strongly over the last decade. Customer retention in these is also high, as in Finland it is not possible to transfer insurance assets to another company without tax consequences (applied to both retail customers and companies). Strong customer retention combined with good fee levels and low capital needs make investing in unit-linked products attractive, also from the perspective of creating shareholder value

Corporate clients

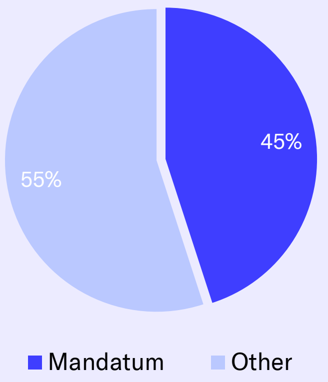
Mandatum's corporate client business is particularly focused on pension insurance. Corporate customers are also an important sales channel for asset management services, as new wealth is constantly being created here.

The development of wealth management is also indicative of this, as according to Mandatum, approximately 70% of its asset management clients' sales (wealthy individuals) come through existing corporate clients. However, total asset management sales have been more institution-driven in recent years, especially to international clients.

In addition, in many cases, corporate customers purchase risk insurance from Mandatum in addition to pension insurance. Corporate customers are at the core of the insurance business, as it is possible to sell products and services to them on the scale of the entire company. Mandatum's foothold in the corporate market is also significantly stronger than on the retail customer side, as in 2023 Mandatum's market share of unit-linked insurance policies sold to companies was 45% (including asset management-linked endowment policies 53%). The corresponding figure for retail customers was 17%.

We suspect the main focus of unit-linked insurance for Mandatum's corporate customers is on various pension solutions, and distribution of products and services to corporate customers is mainly handled by the company's own sales team. At the end of 2024, AUM in unit-linked products for corporate clients amounted to 2.6 BNEUR, and net subscriptions to these products have been at a fairly good level of around 100 MEUR in recent years. Mandatum's corporate clients' insurance savings in investment-linked insurances (excluding endowment policies) have grown by an average of around 10% p.a. over the past 10 years, which largely corresponds to general market growth. Due to Mandatum's high market share, growth that is significantly faster than the market will continue to be challenging.

Mandatum's market share in unit-linked products for corporate customers (2023)*



Source: Finance Finland

Distribution of Mandatum's AUM 2024 (BNEUR)

**Without capitalization agreements*

Corporate and retail customers 2/2

In addition to insurance, Mandatum offers its corporate clients a wide range of compensation and reward solutions. These include, e.g., personnel funds that Mandatum establishes and manages on behalf of its customers, through which the employees of the customer company can invest their remuneration from incentive schemes tax efficiently. Also from the customer company's point of view, this compensation form is cost-effective, as the company does not have to pay indirect employee costs on this part of wages. Mandatum's market share in corporate personnel funds is over 70% in Finland. In addition to personnel funds, Mandatum designs and implements share-based incentive schemes mainly for management and key personnel, performance bonus schemes for personnel, and provides consultation on organizations' general remuneration models. Reward services are not relevant to Mandatum's earnings, but, like corporate pension insurance, provide future customer flow for asset management.

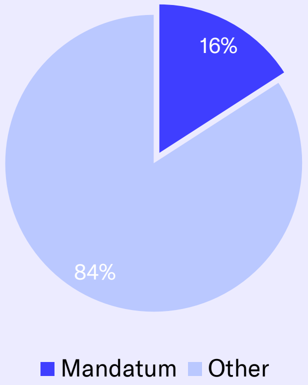
Retail clients

Mandatum's personal customer business mainly consists of risk life insurance and unit-linked insurance (savings life insurance and capitalization agreements). Sales of these to private customers are mainly handled by the distribution partner Danske Bank, so the actual customer contact is outside the company. In terms of risk life insurance, the bank offers its customers, among other things, Mandatum's loan protection insurance, while in unit-linked policies, Mandatum only provides the insurance wrapper for Danske's investment solutions. Previously, non-life insurer If P&C also distributed Mandatum's life insurance policies, but after the spin-off from Sampo, If P&C is responsible for the sales of its own products.

In recent years, net sales (subscriptions minus redemptions) of Mandatum's retail customer segment's investment-linked products have been negative, so the AUM growth has come purely from positive changes in value. This is due to weak sales by distribution partner Danske Bank. We suspect this is due to Danske focusing its sales on the distribution of its own products and solutions, as well as Danske's own internal problems (money laundering scandal). This can be seen in the Fund Report published by Suomen Sijoitustutkimus, according to which Danske's market share in Finnish investment funds has clearly decreased over the last ten years. Due to weak sales, the growth of Mandatum's investment-linked products has also been more modest than the rest of the market. However, we do not see investing in own sales as sensible, as banks have very strong distribution power in smaller customer relationships. In risk life insurance, on the other hand, the market has not grown significantly.

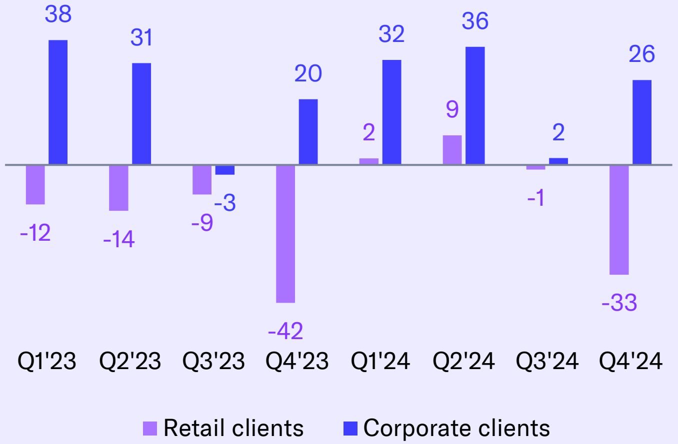
Mandatum's personal customer business thus consists mainly of smaller private customers coming through Danske, while Mandatum's direct asset management customers (mainly wealthy individuals) are reported in the institutional and asset management customer segment. At the end of 2024, the AUM for unit-linked products of private customers amounted to 3.5 BNEUR.

Mandatum's market share in risk life insurance (2023)



Source: Finance Finland

Net subscriptions in unit-linked products (MEUR)



Institutional and wealth management clients 1/2

Mandatum's asset management customer base is strongly focused on institutional clients and wealthy individuals. These are the key area of the Group’s growth strategy. We see investing in the segment as sensible, as the total market is growing, the company has sufficient scale, and the product range is high-quality based on historical returns.

The segment's client AUM totaled 7.8 BNEUR at the end of 2024, roughly divided between institutional clients (3.9 BNEUR) and private wealth management clients (4.0 BNEUR). The segment's business consists of asset management services (funds and asset management), although the majority of asset management clients' assets under management are within insurance wrappers.

In terms of demand factors and market dynamics, the institutional and wealth management client segment is very comparable to other asset managers listed on the Helsinki Stock Exchange. In our view, the closest Helsinki-listed peers are Evli, eQ and Aktia. Also, the unit-linked life insurance and pension solutions discussed on the previous pages could be more broadly considered part of the Group's asset management business, as these are driven by similar demand drivers. There are also differences, so, in accordance with the company's reporting, we examine the assets of wealth management clients separately from corporate and retail clients.

Own sales team is responsible for distribution

Sales to institutional customers and private asset management customers are arranged with a compact sales team, as the number of potential customers is relatively small. This offers the company clear efficiency benefits similar to eQ. International sales are also currently mainly carried out from Finland (small branches in Sweden and Luxembourg). However, in our view, stronger expansion outside the Nordics would require new recruitments or the use of local agents. Based on the good track record, we believe both routes would be justified.

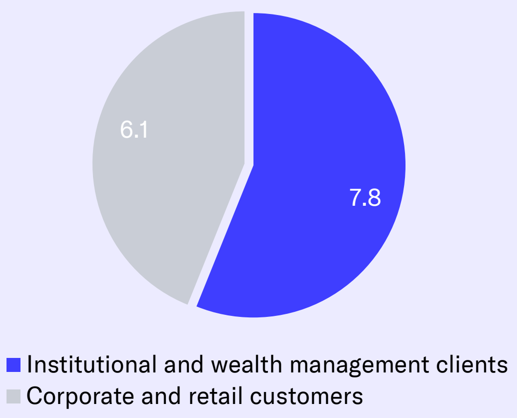
In international markets, Mandatum focuses on the sales of a few of its spearhead products, while in Finland, the services cover asset management mandates in addition to funds. The potential is naturally greater in international clients, as Mandatum's market share is naturally very low here. Of course, the competition is also tougher and the quality requirements are inherently higher. In this sense, the company's excellent success in the international markets has been very impressive.

Mandatum has also announced that it is actively researching the possibilities of M&A transactions in asset management to accelerate growth. Acquisitions as part of the Group 's growth strategy are discussed on page 32 of the report.

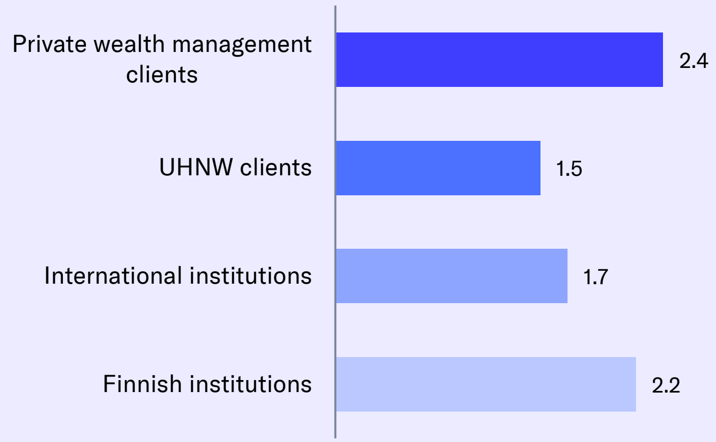
Wealth management has grown rapidly

The AUM growth from wealth management clients has clearly been the strongest of Mandatum's segments in recent years. Over the past two fiscal years, new asset management sales have averaged just under 900 MEUR per year (~7–8% of AUM), which can be considered an excellent performance in relative and absolute terms. In addition, changes in value have been clearly positive, so overall, the segment's assets under management have grown by an average of about 20% between 2017 and 2024. This clearly exceeds the growth of the underlying asset management market.

Distribution of Group AUM in 2024 (BNEUR)



Asset management customers’ AUM in 2024 (BNEUR)



Institutional and wealth management clients 2/2

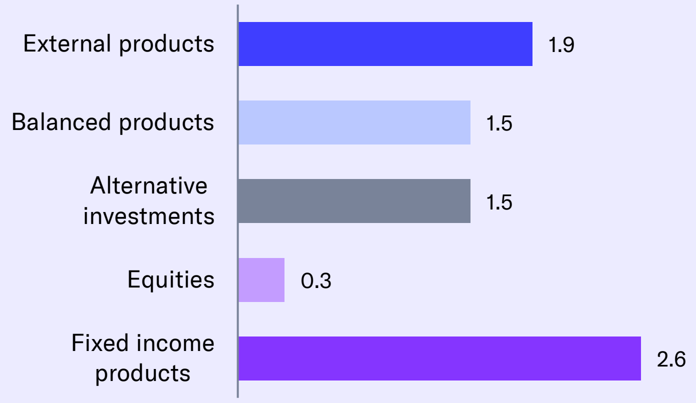
Mandatum's growth has been strongest in international customers, with an average annual increase in capital of about 30% over the period (Q4'24: 1.7 BNEUR). This underlines the competitiveness of the company's product portfolio. The majority of international capital comes from Denmark and Sweden, but in late 2024 sales also came from Central Europe. Things have not gone badly in Finland either, as growth from domestic customers has been about 17%.

However, it should be noted that as a player in alternative asset classes, the company has clearly benefited from the tailwind in demand like its peers, while the low interest rate level in particular drove up the weight of alternative investments in institutional investors' portfolios. Between 2017 and 2022, Mandatum's asset management fee income grew most strongly in alternative investments – by an average of more than 40% per year. Even more strongly, the company has benefited from the rise in interest rates, which, especially in the last two years, has increased the demand for Mandatum's area of strength, i.e., fixed income products. However, the growth has not been entirely market-driven, as Mandatum has also been able to increase its market share in institutional asset management. For example, based on a market survey conducted by SFR in 2022, approximately 50% of the Finnish institutional investors surveyed named the company as one of their service providers (2015: ~12%). We also believe that this reflects the quality of Mandatum's products and asset management. In addition, the company's self-reported customer satisfaction NPS is very strong at 83 in private asset management (a level above 50 can be considered excellent in asset management).

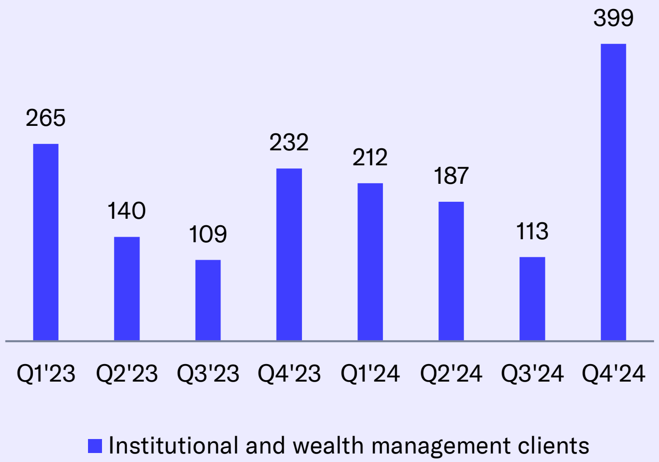
Fund returns are a key part of success

Mandatum's published comparisons show that its fixed income products have performed excellently in recent years, as measured by returns. We believe Mandatum Asset Management's implicit strengths are its strong product expertise and good reputation, especially in loan and alternative investment products, brought about by its return history. On the other hand, this entails risks from a growth perspective if returns were to weaken substantially, as we believe that past returns have a positive correlation with customer satisfaction. This highlights the importance of fund performance for Mandatum. In addition, as Mandatum's product offering is quite focused, individual products account for a significant portion of the AUM. Investors should actively monitor and evaluate the return performance of Mandatum's funds.

Asset management customers' AUM by product 2024 (BNEUR)



Net subscriptions in unit-linked products (MEUR)



With-profit business 1/2

For the time being, Mandatum's most significant earnings item, despite the strong growth of capital-light businesses, is still net finance result, which mainly consists of investment activities of the with-profit business. In addition, the net finance result includes earnings from the Group's balance sheet investments, although their significance is clearly smaller than the earnings of the with-profit business. In recent years, the earnings from the with-profit portfolio have accounted for around 60-75% of the Group's earnings before taxes.

Investment still plays a major role

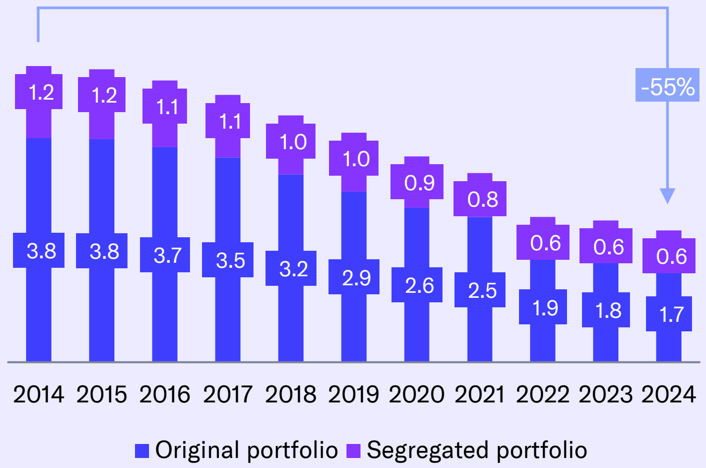
In with-profit insurance, Mandatum pays policyholders a fixed guaranteed interest rate on the assets invested in the insurance (mainly 2.5-4.5% p.a.). However, sales of these products were discontinued over 15 years ago, so the current base dates back to the period before that. As part of the current strategy that ties up little capital, Mandatum has actively sought to reduce the size of the with-profit portfolio and shift the focus to fee income-based business. However, the agreements are long-term, so it will take time to ramp-down the base. During 2014-2024, the with-profit portfolio decreased by approximately 55%, and the company expects the base to decrease by 9-10% annually in the future, partly due to the company's active measures (e.g. insurance buybacks and conversion to unit-linked insurance). Even so, the importance of the with-proft base is still high to the company's earnings and value, and in our estimates, the business accounts for some 60-65% of the PTP in the coming years. However, the significance decreases as the portfolio shrinks and capital is allocated elsewhere. At the end of 2024, with-profit liabilities were 2.3 BNEUR and investment assets related to the portfolio were 3.5 BNEUR.

Unlike unit-linked products, Mandatum bears the investment risks associated with with-profit insurance policies. In simple terms, these can be considered the Group's investment loans, for which the company aims to achieve a return higher than their cost. Previously, the challenge in the business was that the effective return on fixed-income investments was well below the GAR, which meant that the portfolio's returns relied heavily on shares and alternative investments. Although the investments of the original portfolio[1] generated an average yield of around 5.7% in 2005-2024, the increased weight of shares also resulted in higher capital requirements, which weakened the return on own funds committed to the portfolio. Naturally, the risk profile of the portfolio was also clearly higher than at present.

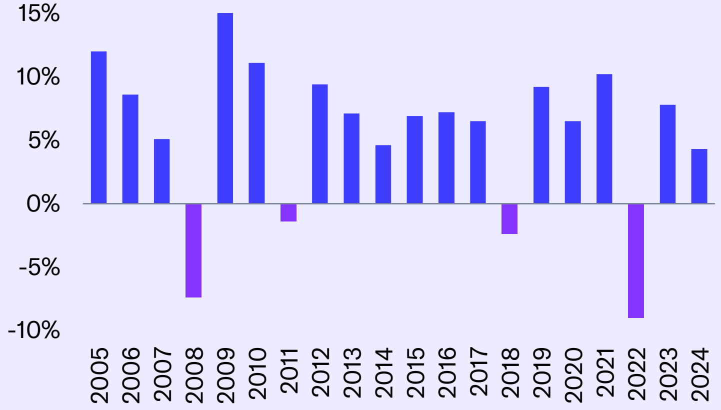
We estimate that at current interest rates, the portfolio's expected ROE roughly corresponds to Mandatum's own required return. From an investor's perspective, this means that the pace of the wind-down of the portfolio is no longer as important to the company's value as it was during the zero-interest rate period. However, we still consider the ramp-down of the with-profit portfolio justified, as capital released from this can be used, e.g., for value-creating acquisitions.

Of Mandatum's current investment assets covering the with-profit portfolio, 80% is invested in interest-bearing instruments, 5% in equities and 15% in alternative investment products. In our view, the company aims to further increase the weight of fixed income investments as it gradually exits from illiquid alternative and equity investments (e.g. private equity funds).

Development of with-profit portfolio liabilities (BNEUR)



Investment returns on the original portfolio at fair value



[1] The original portfolio consists of with-profit insurance agreements granted by Mandatum Life. The segregated portfolio, on the other hand, refers to the insurance portfolio transferred from Suomi Mutual Life Assurance Company in 2014. These differ from each other in terms of profit sharing: in the original portfolio, Mandatum receives the entire investment income, while in the segregated portfolio, part of the investment income belongs to the policyholders.

With-profit business 2/2

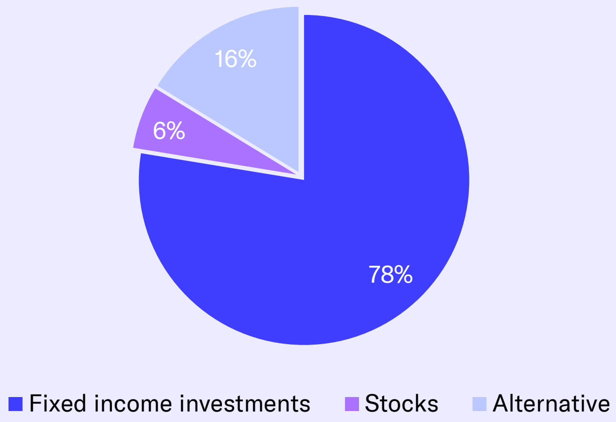
The balance sheet is also being cleared from other investments

Mandatum's reported net finance result includes, in addition to the investment performance of the with-profit portfolio, the return on Mandatum's PE (private equity) investments. The most important of these are Saxo Bank and Enento. However, Mandatum announced that it will sell its stake in Saxo Bank during 2025 (timing pending regulatory approvals), after which the 50 MEUR stake in Enento will constitute the majority of the remaining PE investments. Mandatum has said that it will divest Enento shares as soon as possible, as long as the price is good enough. Mandatum's PE investments are a legacy of the partial demerger, in connection with which Mandatum acquired these assets from Sampo, and they do not fit in with the company's current strategy focusing on capital-light business. Over the past two years, Mandatum has recorded returns of 11-35 MEUR on its PE investments, with the majority of this coming from dividends paid by Saxo Bank. Naturally, these are not expected in the future when the assets are sold. However, as with the contraction of the with-profit, sales of holdings release capital from the balance sheet, which can be used either for profit distribution or for growth, for example through acquisitions.

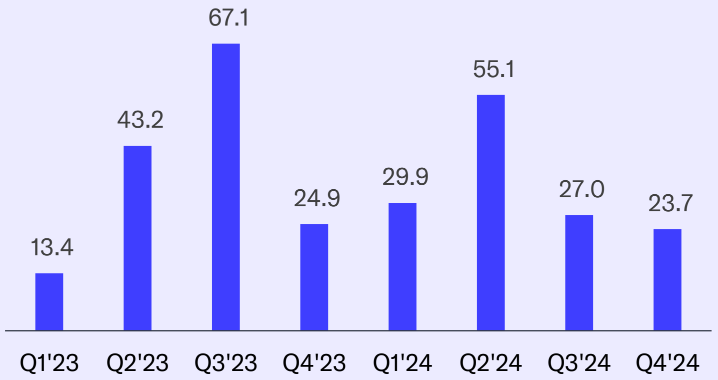
Financiing and Group expenses form the other result

The final line item in Mandatum's income statement consists of non-allocated items, which include the Group's interest expense and the portion of operating expenses not allocated to the businesses. This item is therefore not included in the with-profit business or the capital-light businesses in the segmental accounts but is reported as a separate line item in other consolidated results.

Breakdown of investments backing Mandatum's with-profit liabilities (2024)



Mandatum's net finance result (MEUR)

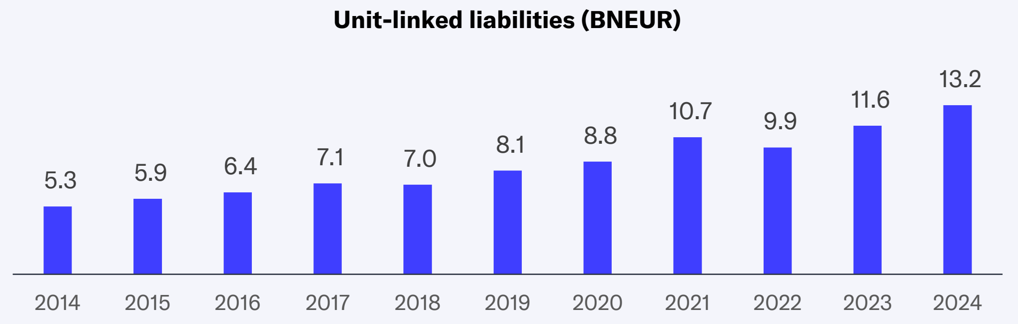


Net finance result = investment result of the with-profit portfolio + return on the Group’s PE investments

Summary of the outlook for Mandatum's businesses

Mandatum's result will be in a structural decline in the next few years. However, the value-creating asset management business is growing, while the capital freed up from investment activities allow for ample profit distributions and room for acquisitions.

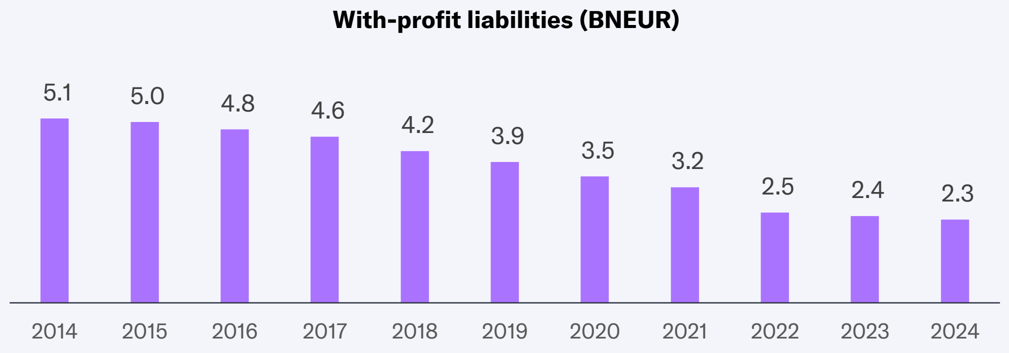
Capital-light business



Institutional and wealth management clients Main products: funds and asset management	**Strong growth prospects**
Corporate clients Main products: unit-linked pension and risk life insurance	**Moderate growth prospects**
Retail clients Key products: unit-linked and risk life insurance for Danske Bank customers	**Subdued growth prospects**

Fee result + risk life insurance result = increasing capital-light business result

Investment operations



+	Income from investment assets (mainly fixed income) backing the with-profit portfolio	**Declining**
–	Interest costs on the with-profit portfolio	**Declining**
+	Return on PE investments	**Declining**

Net finance result decreases due to the reduction in the with-profit portfolio and the sale of PE investments

Industry – Life insurance market 1/2

We examine the life insurance market by dividing it into term life insurance and unit-linked products, as the demand factors for the products differ somewhat. While risk life insurance is a pure insurance product, the demand drivers and growth prospects for unit-linked products are very similar to those of asset management. We are therefore dealing with unit-linked insurance products as part of the asset management market.

In risk life insurance, on the other hand, the market structure is fundamentally different from investment solutions, so we consider these separately from asset management. The key difference lies in capital requirements and other regulation, which require insurers to be sufficiently large scale. Indeed, the market is highly concentrated and growth has been modest over the last decade.

The life insurance market is highly concentrated

The Finnish life insurance market is highly concentrated. In 2023, the market share of the five largest players was almost 80% based on premiums written. The key players are Mandatum, Nordea, OP, LocalTapiola and Fennia Life. In our view, market concentration is driven in particular by capital requirements, regulation and IT system requirements, which mean that a sufficiently large size class is required to run a profitable business.

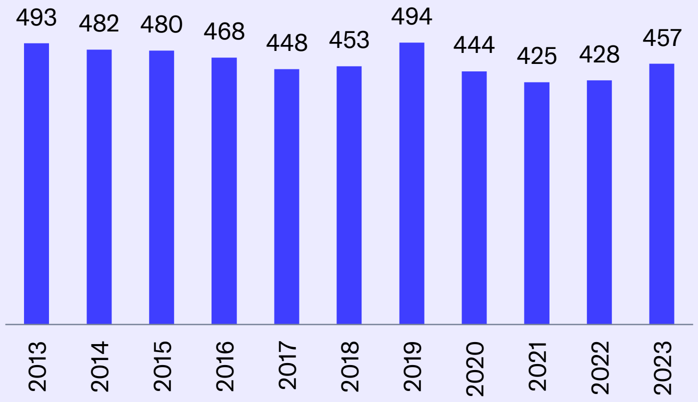
Life insurance activities are quite local and, based on the statistics of the Finnish Financial Supervisory Authority, domestic players are responsible for almost the entire market. As in asset management, life insurance requires trust between the customer and the service provider, which is why a local player is often a natural choice. In addition, the relatively small size of the Finnish market, modest growth outlook and strong customer retention reduce the interest of international players.

Market growth has remained modest

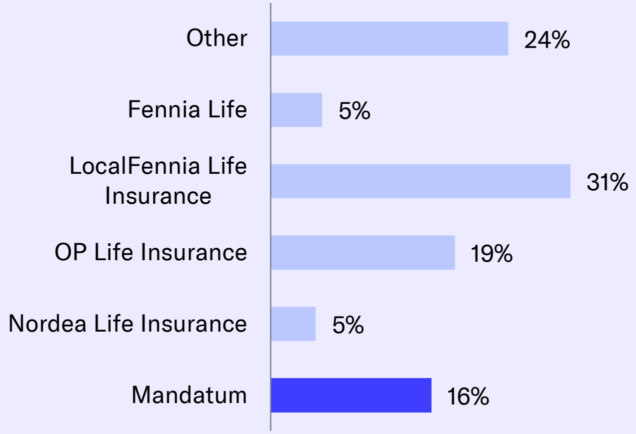
Although the share of the five largest players in the market has remained almost unchanged over the last decade, there has been movement in the balance of power between them. In particular, Nordea and OP have lost market share, while LocalTapiola has become the largest player. Mandatum has also managed to grow slightly faster than the market. Overall, however, the Finnish risk life insurance market has contracted by about one percent annually, so even the best-growing players have seen their premium income grow by an average of 2-3% per year. Therefore, in recent years, companies have invested especially in the growing market for unit-linked insurance products.

Comparable figures for risk life insurance margins are not available, as life insurance companies' figures also include unit-linked insurance products. Thus, the high margin of the industry (average return on equity of the five largest is over 20%) is likely largely explained by the earnings generated by unit-linked products. LocalTapiola and Fennia Life, which are more heavily focused on risk life insurance, have systematically lower returns on capital than other major players (Mandatum, Nordea, OP), which may indicate a lower margin potential for risk life insurance. On the other hand, these companies are also clearly smaller in their size class, which in a scale-related industry may also explain differences in margin.

Risk life insurance premiums in Finland (MEUR)



Market shares of risk life insurance based on premium income (2023)



Industry – Life insurance market 2/2

The most significant risks in the industry lie in the tax incentives for the products

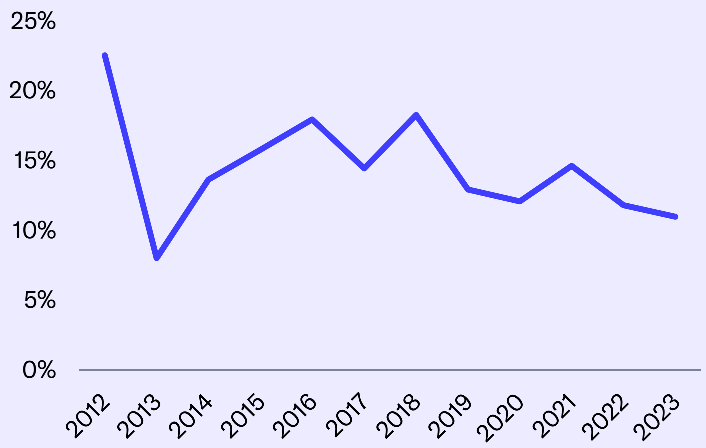
In recent years, the taxation of term life insurance and unit-linked products has changed several times, which has also reduced tax incentives in the products. For example, the partial tax exemption of death benefits from risk life insurance to close relatives was abolished in 2018, and since then the benefit has been subject to full inheritance taxation. For unit-linked products, the tax-exempt share of next of kin was abolished in 2013, after which the total savings amount has been subject to gift tax. In addition, capital accrued from unit-linked products could be withdrawn without tax consequences until the benefit was abolished in 2020 and taxation became very similar to that of share savings accounts. In the same reform, losses became deductible only in the year when the agreement expires.

As the attractiveness of products relies heavily on taxation factors, we feel tightening tax regulation is a risk that can lead to a decrease in customer interest and thus a decrease in the demand for products. Anticipating changes to tax regulation is very challenging, but in our view, the pressure for essential updates regarding pension insurances and endowment policies important for Mandatum is very moderate. Therefore, we do not consider the realization of risks significant to the business to be very likely, but investors should in any case follow the development of the political discussion.

Unit-linked products are also characterized by a complex cost structure consisting of annual management fees and the commissions of the investment objects. In addition some operators also collect premium and redemption fees. The high and unclear cost structure is the main drawback of unit-linked products .

Moreover, similarity (excluding tax incentives) with other asset management solutions limits the pricing power of life insurance companies. Share savings accounts in particular compete in the private customer segment with capitalization agreements offered by life insurance companies. However, the benefit of investment insurance is a broader investment universe, as only direct equity investments are allowed in equity savings accounts. From an asset management perspective, a share savings account is therefore not a very significant reform (in asset management, client assets must be diversified). For some (smaller) retail customers investing in direct equities, the possible increase in the upper limit of the equity savings account to EUR 100,000 from the previous EUR 50,000 may slightly eat into the market for capitalization agreements, but we believe that this effect will be relatively small at the market level.

Sector median return on equity (ROE)



Industry – Asset management market 1/5

The asset management market is growing structurally

Over the last few decades, the asset management market has grown rapidly with the growth of the national economy and the prosperity of citizens. According to our estimates, the size of the Finnish asset management market at the end of 2024, measured by revenue, was around 2 BNEUR. Calculating the exact size of the market is difficult, as assumptions about the products' fee levels are required in addition to the amount of assets under management. However, the size class we estimate gives a reasonably good idea of the situation. Our calculation includes continuous asset management fees in addition to the fund business of asset managers operating in Finland.

Over the past ten years, the average annual growth of the market we estimate has been about 8%, which has been partly explained by the increase in asset values and partly by the flow of new capital into asset management. We note that the growth has been significantly faster than the national economy’s anemic growth, which is mainly due to the sector's strong fundamentals. The growth of unit-linked insurance has also been rapid over the past decade, similar to asset management. This is not surprising, as the demand for these is driven by the same factors. Therefore, addressing these in the context of the asset management market is natural.

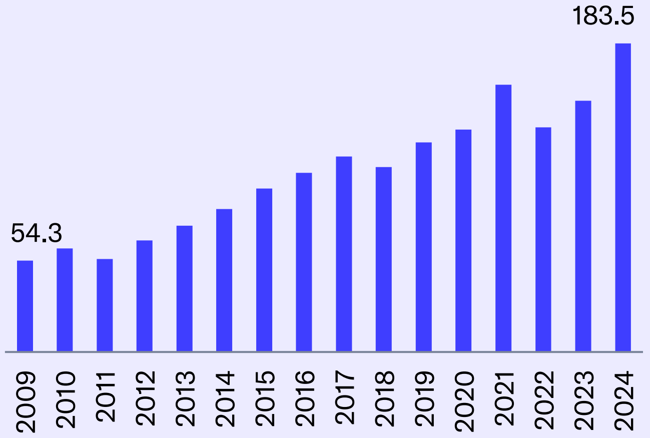
In addition to Finland, the other Nordic countries and Central Europe are potential growth markets for larger players (Evli, Mandatum, UB, CapMan, Taaleri). Here, however, the main driver is mainly the competitiveness of the products, and the industry's trend growth is not such a key factor, as growth largely comes from changes in market share. In our view, however, there is no reason to assume that industry drivers and outlook in Northern Europe differ significantly from the Finnish market, as industry trends mainly affect all asset managers.

Long-term growth outlook is good

Historically, a majority of the wealth of Finnish households has been tied to housing and it remains by far the largest asset item of households, although other forms of investment have become more common. In addition, a significant proportion of households' non-housing investment assets are still in banks' current accounts. In the long term, the Finnish asset management market will receive significant support from structural changes, as the wealth collected by the baby boom generation begins to pass to the next generation through inheritance. According to our estimates, this will inevitably lead to an increase in the asset management market, as more and more people are interested in investing and also become attractive customers for investment service companies. Concerns about the sustainability of the pension system will also generate structural interest in long-term investing and asset accumulation. However, this structural change will only take place over the coming decades and won't therefore affect the short-term prospects of the sector. However, it should be noted that positive changes in the value of assets continuously increase assets under management. In the short term, the asset management market is more dependent on the development of capital markets than on the development of the national economy.

We believe there is plenty of evidence of this ongoing structural change, and, e.g., the number of fund owners, the number of book-entry accounts and fund capital are all at an all-time high. We believe that in the long term, the asset management market in Finland is well positioned to continue to grow around 5% annually. In other words, it still remains a clear growth sector.

Capital of Finnish investment funds (BNEUR)



Examples of Finnish asset managers

Industry — Asset management market 2/5

The Finnish asset management market has grown strongly over the last year. Growth has been driven by the good development of the capital market and the structural growth trends in the Finnish market. Among the asset classes, alternative products (incl. alternative funds and special investment funds) have been the clear winner, and their share has increased significantly. Due to the high commission structures, their impact on companies in the sector has become significant. The rise in interest rates has, at least temporarily, curbed the victory march of alternatives, as allocations have been normalized with interest rates again being a widely relevant asset class. However, alternatives have become a permanent part of investor allocations and an increasing number of investors have access to them.

*Inderes estimate, an estimate of the average level of fees applied to fund capital collected from different sources

Asset management market drivers

Industry – Asset management market 3/5

Structure of the Finnish asset management market by customer size and product positioning

Source: Inderes

Industry – Asset management market 4/5

Asset management competition

Banks

Nordea, PANKKI, ÅLANDSBANKEN, SEB, Aktia, Danske Bank, omasp (Lähellä ja läsnä)

Medium-sized investment service companies

MANDATUM, EVLI, CapMan, LÄHITAPIOLA, UB (United Bankers), TAALERI, TITANIUM, eQ, ALEXANDRIA

Small investment service companies

ICECAPITAL, FINLANDIA, FOURTON, FONDITA, PYN (PYN ELITE)

Consolidation drivers

Trends

- Digitalization
- Return of interest rates
- Sustainability (ESG)
- Regulation
- Alternative asset classes

Sales synergies	**Cost synergies**
Growing the product and service range	IT costs
Increasing distribution capacity	Administrative expenses
Increasing AUM	Personnel expenses

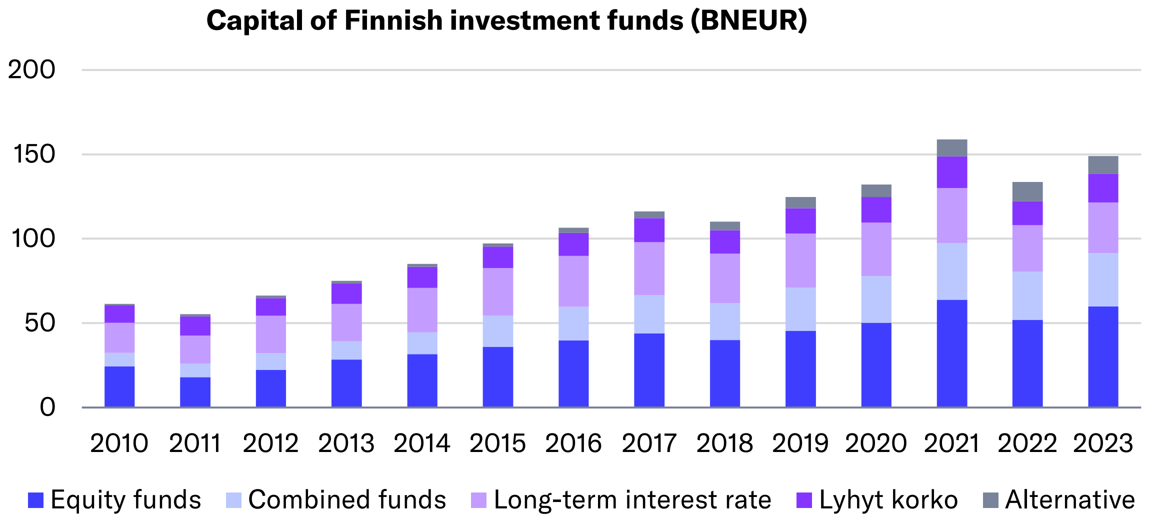
Drivers for consolidation are clear and we believe that consolidation will continue as active

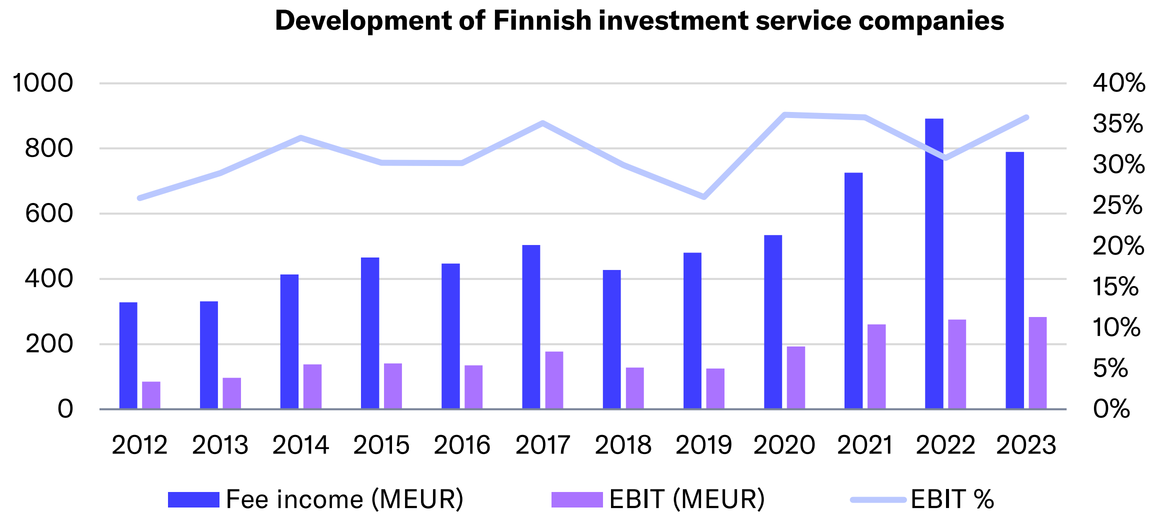
Finalized M&A transactions

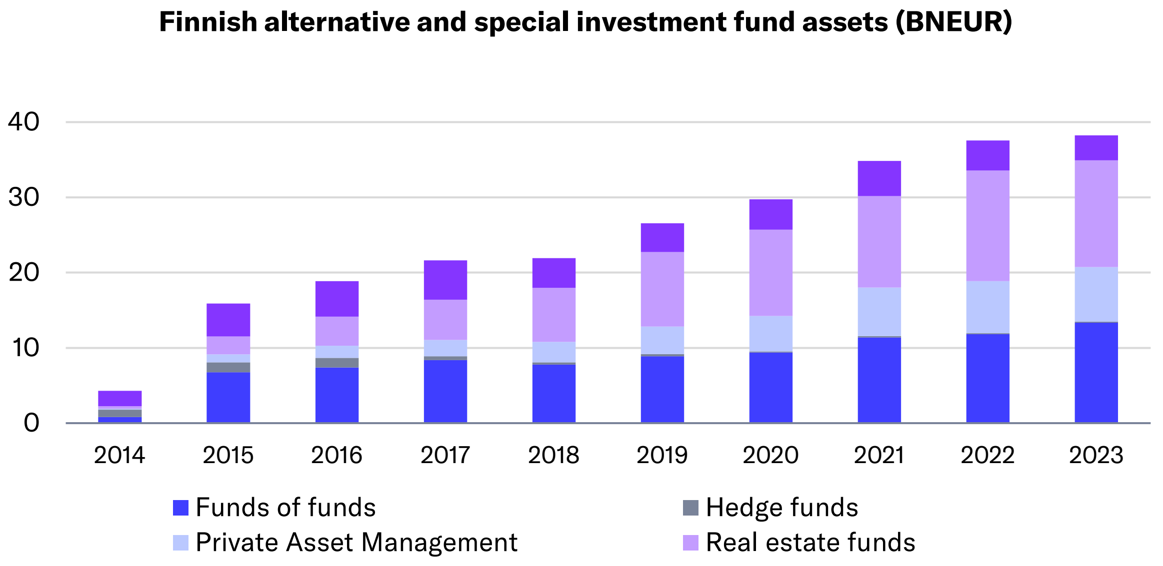
Acquirer	Target
eQ	ADVIUM, ICECAPITAL
UB (United Bankers)	SUOMEN PANKKIIRILIIKE, KJK Capital
CapMan	NORVESTIA (Norvestia Oyj), DC (DASOS CAPITAL)
TITANIUM	INVESTIUM
TAALERI	GARANTIA
Aktia	TAALERI VARAINHOITO
EVLI	ELITE ALFRED BERG, KELONIA (Ab Kelonia Oy)

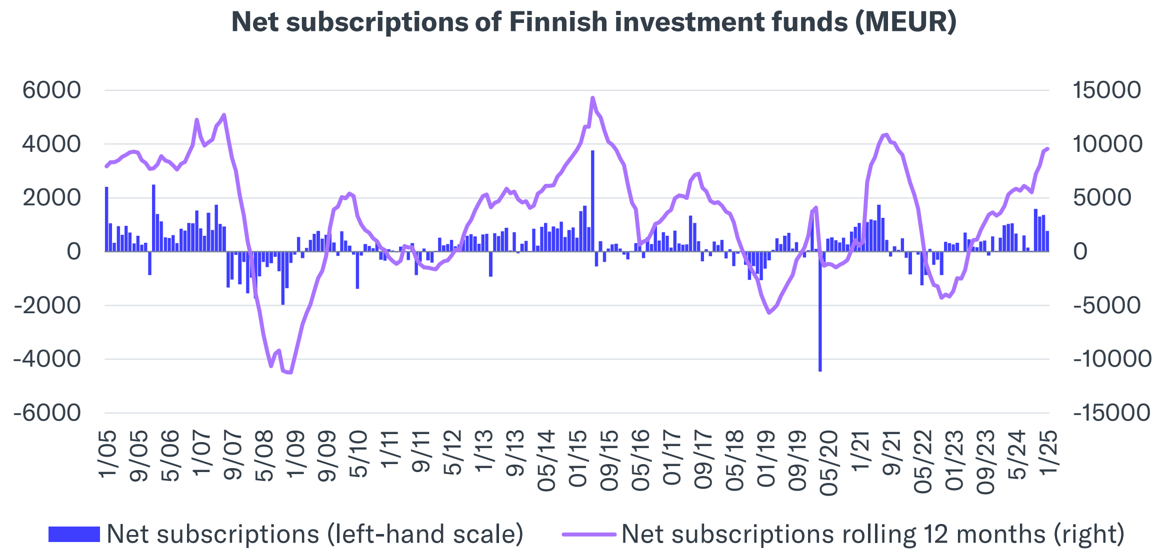
Source: Inderes

Industry – Asset management market 5/5









Source: Inderes / Statistics Finland / FIN-FSA / Investment Research Finland

Strategy and financial targets 1/4

Summary of strategy

Mandatum's strategy focuses on growth in capital-light businesses – particularly in asset management – and on phasing out the less profitable with-profit portfolio. The choices can be considered sensible, as growth in asset management clearly creates value at the current margin level due to low capital needs. Mandatum is looking for growth especially in client assets under management that generate a steady stream of fees, both in the fund business and in corporate pension insurance. Growth in fee income should also lead to higher profitability, so the objective of increasing AUM plays an important role.

For corporate customers, we believe that the focus on insurance products is justified because of the high level of customer retention due to factors such as taxation. In addition, corporate clients provide an efficient sales channel for asset management (similar logic for reward services). Retail customers, on the other hand, do not play a key role in the strategy, which we believe is justified, for example, by the strong distribution power of banks.

In asset management, Mandatum's strategy is largely based on product excellence, so the company's investment staff are a key competitive factor. This also increases the bargaining power of employees, so it is important for Mandatum to maintain high employee satisfaction and employer image. We believe that the company has a good reputation as an employer, which will enable it to continue to attract qualified employees in the future.

In our view, a weakness of Mandatum's business model is the lack of performance-based fee components in several investment areas, as their existence would raise the threshold for investment professionals to jump to a competitor's camp. They would also improve the earning potential of the asset management business. For the time being, however, we are not particularly concerned, as we believe that the company's compensation levels are competitive, at least for the investment teams that are key to its success, and that the average fee levels of the funds are good.

We find the financial targets realistic

The annual net cash flow target (corresponding to net subscriptions) requires annual net sales of around 700-800 MEUR in the coming years (subscriptions - redemptions). The most important factor here is the strong returns on the products, as we estimate that international sales of the spearhead funds have accounted for a significant share of subscriptions in recent years. However, we think the targeted level is realistic, and for example, in 2023-2024, the target was exceeded by a fairly clear margin. Of course, it should be noted that the market situation has been favorable for a specialized fixed income asset manager, and that achieving the percentage target becomes more difficult as the size increases.

The fee margin target is quite broad, but in our opinion, it clearly underscores Mandatum's desire to maintain its current relatively and absolutely strong fee levels. In practice, it also means focusing on a higher value added product offering and a selected customer base. Defending the margin at the current level would be very difficult if, e.g., the company started to aggressively seek growth in low-fee traditional asset management.

Group-level targets

- Cumulative **dividends** of 500 MEUR between 2024 and 2026
- **A solvency ratio** of 170–200% in the medium term

Targets for capital-light businesses

- In the medium term, **annual net subscriptions of over 5%** relative to AUM at the beginning of the period
- Improving **the cost/income ratio**
- **Fee margin** development based on disciplined pricing

Targets for with-profit business

- Reducing **with-profit liabilities** through active measures

Strategy and financial targets 2/4

The target to improve **the cost/income ratio** is very logical, as asset management business is in itself very scalable and, in our view, the company's cost/income ratio still has potential for improvement. In practice, the increase in margin is achieved through revenue growth and successful cost control. We believe that the company is well placed to succeed in both targets, and we expect that the cost/income ratio will decline gradually in the coming years.

The with-profit liability reduction target is based on active management measures in addition to the expiry of contracts. These include, e.g., the option offered to customers to transfer with-profit savings to unit-linked ones. Historically, the company has been able to reduce its position at the targeted rate, so we do not see any reason to assume significant deviations in the future. We point out that, at the current interest rate level, the pressure to reduce with-profit liabilities through own measures is clearly lower than before.

The solvency target is very typical for the industry, as life insurance companies aim to maintain a level clearly higher than the regulatory requirement (100%). However, the company's current solvency is well above the target level and solvency will improve continuously when the with-profit portfolio melts and capital-binding Enento and Saxo are exited. Mandatum has emphasized in its communications that the target level is intended to be achieved in the coming years, and we estimate that the balance sheet's overcapitalization will be unwound primarily through dividend distribution. Acquisitions carried out with cash assets are also quite possible.

The dividend target can be considered outdated, as the amount of dividends paid during its stock market history is already about 500 MEUR. The target will be updated at the Capital Markets Day in the summer, and we believe that the company will tie its future dividend distribution to the accumulation of excess capital (financial year earnings + released solvency capital).

Example of Mandatum's cross-selling process

Providing pension preparedness and reward services to customer companies

A customer company decides to acquire unit-linked pension insurance for its key personnel

The aim is to extend the product offering to key personnel to other wealth management and savings solutions

Positive experience in pension preparedness enables successful cross-selling of wealth management services

Strategy and financial targets 3/4

The cornerstones of Mandatum's strategy and their link to value creation

Jatkuvien tuottojen ja hallinnoitavien varojen kasvu

Improving cost-efficiency

More efficient use of the balance sheet

Value driver 1: **Increase in commission income**

- Growth in Finland's wealthy individuals and in institutions both in Finland and internationally.
- Growth in fund sizes is key to scalability. A gradual expansion of the product offering would also be justified as the company's offering is quite focused.
- We feel systematic strengthening of distribution in other Nordic countries is more than justified, considering the company's excellent track record in these markets.
- As a manager that relies on value creating strategies, Mandatum has to systemically offer its investors good returns. Good returns support business growth through new sales, product size growth and pricing power, and offer potential for performance fees.

Value driver 2: **Rising operational profitability**

- In recent years, the company has invested a lot in building its platform, and as is typical for the industry, fixed costs should offer more scalability in profitability. The track record in this area based during the stock market history is already good.
- However, personnel costs can be expected to grow faster than inflation, as the negotiating position of investment professionals, who are important for success, is reasonably good. This leads, among other things, to an increase in variable fees along with the result.
- However, in asset management, which is key for Mandatum's growth strategy, cost efficiency should improve further as AUM continues to grow. Of course, the company must succeed in general cost control too.

Value driver 3: **Release of capital**

- The growth of asset management and unit-linked insurances ties up very limited capital.
- However, the company's balance sheet is clearly overcapitalized and will strengthen further in the coming years.
- The balance sheet will be unwound through additional profit distribution and possible acquisitions.
- In our opinion, systematic unwinding of the overcapitalized (and continuously strengthening) balance sheet is the only correct solution. The company has also indicated that it will do this, as evidenced by the dividend payout for 2024, which was clearly higher than the financial year's earnings.
- However, the company is likely to want to maintain a very strong balance sheet position in the coming years in view of acquisitions. We see acquisitions as a very interesting path for Mandatum to accelerate growth in asset management and create shareholder value.

Strategy and financial targets 4/4

Acquisitions as part of growth

The Finnish investment services sector has seen a lot of consolidation over the past decade. The factors driving this have been, in particular, increased regulation in the sector and the investments required by digitalization, which has been reflected in the shrinking of the living space of smaller players in particular. Small players have regularly ended up as part of larger asset management firms.

From our point of view, Mandatum is in a very interesting position in the consolidation process. The company is by far the largest Finnish asset manager in terms of market capitalization that is not part of a banking group, and it also has a significant amount of excess capital on its balance sheet. To put things in perspective, Mandatum's current market cap is equal to that of all other listed asset managers combined. In terms of assets under management, the company is roughly in the same ballpark as Evli, Aktia and eQ. Thus, it is clear that in potential domestic arrangements, Mandatum would be in the role of buyer. However, we note that due to the high market capitalization, it is difficult to see Mandatum's domestic arrangements having a significant impact on the company's overall market capitalization. However, M&A could have a significant impact on the outlook and value of the asset management business.

In connection with the spin-off, Mandatum mentioned the possibility of participating in the consolidation of the Finnish financial sector as one of the reasons for the demerger and the subsequent listing. However, the company's management has on several occasions dampened expectations in this regard and highlighted, among other things, the cultural risks associated with the takeovers. However, we would be very surprised if Mandatum was not actually interested in participating in industry M&As. We justify our stance with the company's strong balance sheet and the industrial logic offered by the arrangements.

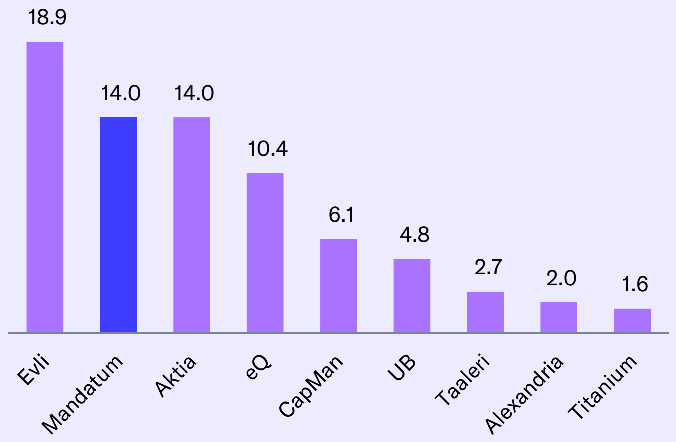
We consider product houses, which would allow the company to expand its current product range as the most logical acquisition targets. For example, Dasos Capital, which CapMan acquired at the end of 2023, would have been a good fit for Mandatum, at least on paper, in terms of its profile. In addition, Taaleri's Energy business could be a solid fit for Mandatum.

Another logical path would be to accelerate growth outside of Finland. The company's sales have progressed very well in Denmark and Sweden, so seeking a stronger foothold in these markets would be justified. In December, there were rumors in the market that Mandatum had previously been interested in Carnegie Worldwide, owned by Altor. In international M&A deals, the challenge is usually the strong local nature of the business and the limitation of synergies to sales. Cultural risks also increase in cross-border arrangements. On the international front, potential acquisitions would most likely be small in Mandatum's scale.

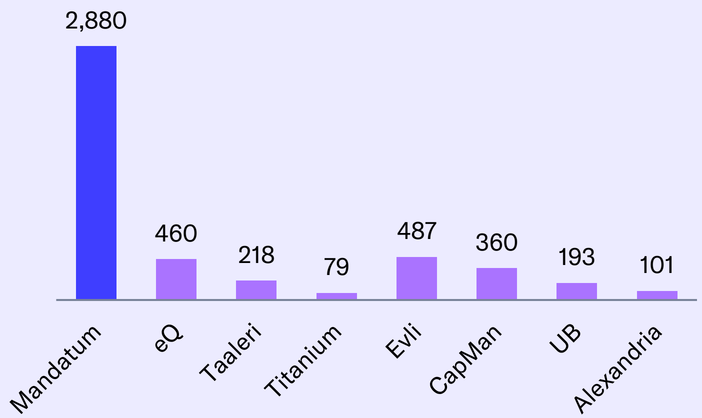
We also find it possible that Mandatum could be part of a larger arrangement in which it joins forces with a larger player (with Mandatum naturally clearly in the driver's seat). For example, at least on paper, CapMan would be a reasonably good fit for Mandatum. However, larger arrangements highlight the risks associated with integration and culture, which reduces their likelihood.

We would like to emphasize that the company has done the right things in its strategy and its organic growth outlook is excellent. Therefore, the company is under no obligation to make acquisitions, making the potential for value creation the driving factor behind any M&As.

Client AUM of peers (MEUR)



Market caps* of asset managers (MEUR)



*As of March 25, 2025.

Risk profile of the business

The industry is developing rapidly. Key drivers are digitalization, regulation and ESG.

Mandatum has already established its position in the Finnish asset management market.

Investment income represents a significant proportion of the result. In asset management, the company has shown that it can also grow in a more challenging market.

Fee flows are widely dispersed between asset classes, products and customers. Fees are mostly recurring.

The fee structure is attractive and the fee levels are better than for key peers. Maintaining the price level requires a high level of service and continuous success in portfolio management.

In asset management, costs should still scale somewhat from the current level. However, this works in the other direction if revenue declines.

The result is also converted well into cash flow. The balance sheet is very strong and will continue to strengthen further as the with-profit portfolio melts.

Financing needs are low, as the balance sheet is still overcapitalized and the growth of the asset management business ties up only limited capital.

Investment profile

1. Significant growth potential in asset management, where Mandatum's position has strengthened in recent years
2. The balance sheet is very strong and capital is constantly being freed up as the with-profit portfolio is shrinking
3. Capital-light business enables simultaneous dividend distribution and operational business growth
4. Due to the contraction of the with-profit portfolio, the Group's earnings will be structurally declining for several years to come
5. With a strong balance sheet, there is an opportunity to participate in the consolidation of the Nordic asset management market

Potential

- Growth in capital-light Wealth management
- Relative profitability has clear improvement potential with revenue growth
- With the rise in interest rates, the with-profit business has become clearly more attractive than before
- Release of capital from the with-profit portfolio and from PE investments
- Value creating acquisitions in the domestic asset management sector

Risks

- The company's result remains highly dependent on investment returns
- A fall in interest rates would weaken solvency and make it more difficult to manage with-profit business
- Life insurance risks (especially biometric risks)
- Maintaining good return levels for funds
- Adverse changes in the tax legislation on investment insurance

Financial position 1/2

The balance sheet is heavy due to investment insurance

As is typical for life insurance companies, Mandatum's balance sheet is very heavy and also differs significantly from the balance sheets of other asset managers listed on Nasdaq Helsinki. The biggest difference arises from the fact that Mandatum records debt on its balance sheet from unit-linked insurance products, which contain most of its AUM. This is because, from the point of view of accounting standards, these are treated as insurance contracts, even if the investment risk is borne by the policyholder. This is the key difference between other listed asset managers, where all managed client assets are off-balance-sheet.

In addition, liabilities and investment assets from the with-profit portfolio are visible on both sides of Mandatum's balance sheet, thus inflating its size.

As a whole, we feel the size of Mandatum's balance sheet gives the wrong impression of the capital needs of the business. In reality, the asset management contracts related to insurance contracts are pure accounting items as they do not involve balance sheet risk and do not significantly tie up the Group's own funds in solvency calculations. Similarly, the items related to the with-profit portfolio are very relevant to the company's balance sheet and business, and the majority of Mandatum's capital is also committed to them.

When assessing Mandatum's historical numbers, it should be noted that IFRS 17 and IFRS 9, which became effective for insurance companies at the beginning of 2023, have had a significant impact on the figures, so figures from 2021 and older historical figures are not fully comparable with more recent figures.

Interest-bearing debt is moderate

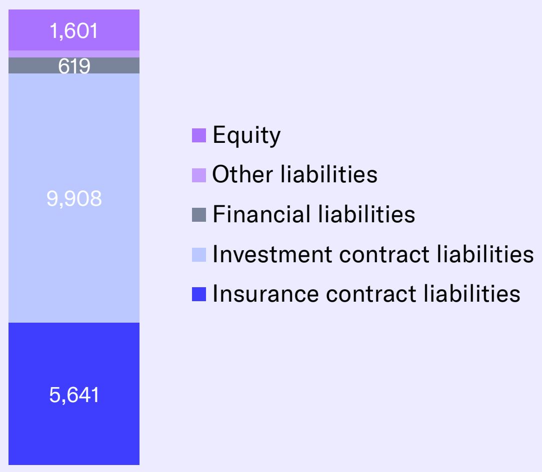
Mandatum's balance sheet also looks very indebted, as the equity ratio of the IFRS balance sheet is only about 9%. However, a significant portion of the liabilities are unit-linked insurance where the investment risk is borne by the customer. Thus, the more traditional ratios do not give a good picture of Mandatum's true balance sheet position. It is therefore more sensible to look at the solvency of a company through the Solvency 2 requirements applicable to insurance companies.

Although traditional debt metrics are not very applicable to an insurance company, interest-bearing debt should be considered in the context of the company's profitability given the significant interest costs.

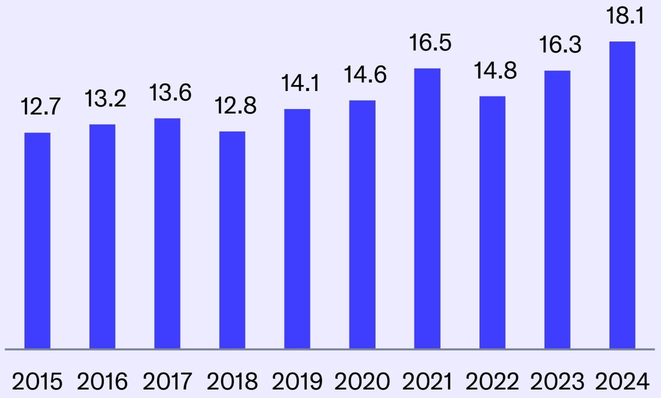
At the end of 2024, Mandatum had approximately 640 MEUR in interest-bearing debt. Of this, around 300 MEUR was Tier 2 capital debt, 21 MEUR was lease liabilities and 320 MEUR was other interest-bearing debt (loans from banks and Sampo). Some 200 MEUR of the bank loans will be repaid in connection with the sale of Saxo Bank's shares during 2025.

The maturity distribution of the loans is good, as most of the remaining loans from Sampo in connection with the demerger will be repaid only after several years. In addition, the new subordinated loan (Tier 2 instrument) will not mature until 2039. Raising new funding would not be a problem either, as Mandatum Life Insurance has a very strong A (stable outlook) credit rating and the Mandatum Group also has a high BBB+ (stable outlook) rating. The credit ratings are issued by S&P Global Rating.

Balance sheet liabilities and equity 2024 (MEUR)



Balance sheet total (MEUR)



Financial position 2/2

Strong solvency allows for a broad distribution of profits

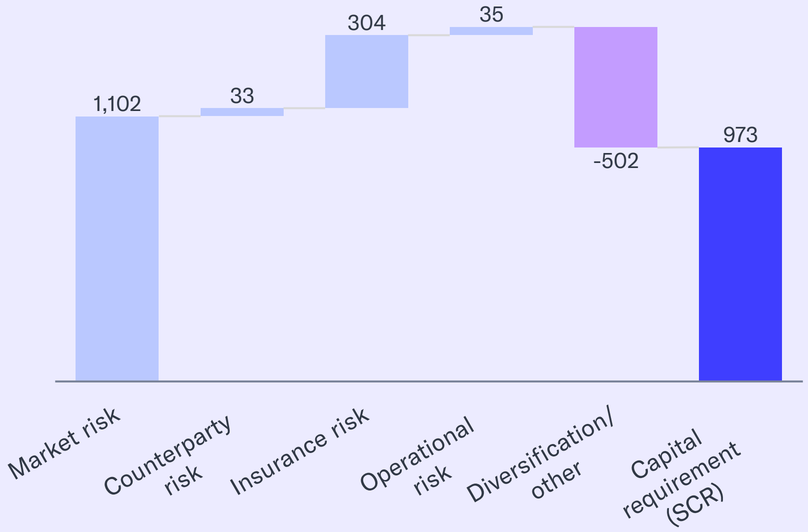
Mandatum's solvency is measured by the Solvency 2 ratio, which describes the ratio of the insurance company's own funds to the minimum capital requirement set by the supervisory authority. The majority of Mandatum's capital requirement consists of the market risk of a significant investment portfolio. Most of the market risk is explained by the investment assets of the with-profit portfolio, but the capital-intensive effect of PE investments (mainly Saxo Bank and Enento) is also significant. Correspondingly, capital-light businesses have clearly lower requirements and enable, for example, high return on equity in asset management.

At the end of 2024, Mandatum's Solvency 2 ratio was a strong 210%. Solvency has strengthened significantly over the past decade due to strong earnings performance and the company's own actions (mainly the increased allocation to fixed income investments, which reduced the need for equity). Mandatum's medium-term target is to maintain a solvency ratio of 170-200%, so the company's balance sheet is currently overcapitalized. We expect Mandatum to lighten its balance sheet primarily through an extra dividend distribution, but M&As are also possible. In the case of M&As, it is of course also possible to use own shares as a means of payment, in which case there will be no significant impact on solvency. We have discussed M&A deals in more detail on page 32 of the report.

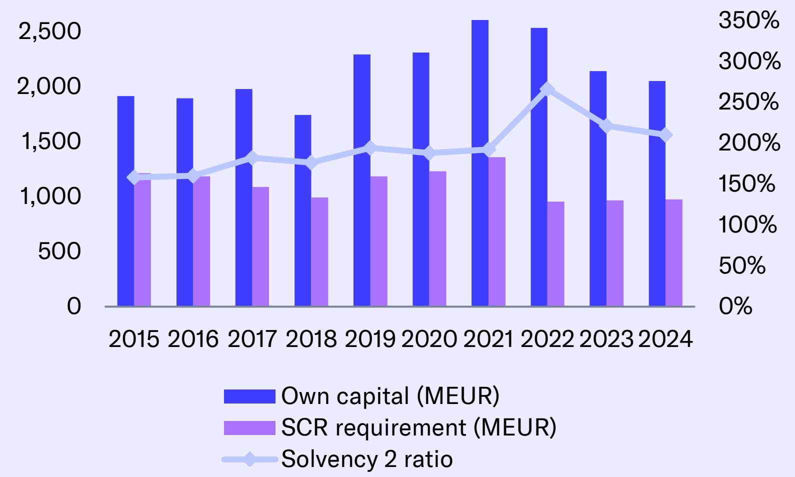
In the future, the balance sheet will release significantly more excess capital than at present as the with-profit portfolio decreases and PE investments are exited. The first act of divestments from PE investments is already at hand, as Mandatum has announced the sales of its shares in Saxo Bank. However, this will not be reflected in solvency until the exit is completed – estimated by the end of 2025. This has a significant positive impact on solvency, as the company estimates that its Solvency 2 ratio would have risen to 242% from the reported 210% if the transaction had been completed by the end of last year. The divestment of Enento's shares in the coming years will have a smaller impact than Saxo, but all in all, these will increase the Group's distributable assets in addition to the reduction of the with-profit portfolio.

The company has not commented in more detail on its profit distribution plans (the previous target has already expired), but we expect an update on this at the Capital Markets Day in the summer of 2025. In our view, dividend distribution will be tied to organic capital generation going forward (earnings generation + released solvency capital). Therefore, the profit distribution will continue to be high. Unwinding the balance sheet got properly underway this year, as the company proposed a dividend payment for the last financial year that was clearly higher than its net result. The dividend of EUR 0.66 per share to be paid for 2024 and the dividend of EUR 0.33 per share paid for 2023 together correspond to the Group's organic capital generation for those years (EUR 0.54 in 2022 and EUR 0.44 in 2023).

Composition of Mandatum's solvency requirement (MEUR)



Mandatum's solvency



Estimates 1/5

Investment returns remain the most important profit component

Mandatum's result consists of four components:

1) fee result (asset management and unit-linked insurance);
2) risk life insurance result;
3) net finance result (returns on PE investments and investment income of the with-profit portfolio);
4) Other segment (mainly interest on loans and Group expenses).

Investment income still plays the biggest role in Mandatum's earnings, but the trend is declining. In turn, the result of asset management continues to show clear growth in our estimates, and for the business area, the question is mainly about the rate of growth. The earnings outlook for term life insurance is stable for the next few years and its role in the Group's profit is quite small. The Other segment should make a fairly substantial loss, as the segment mainly consists of expense items.

Although the asset management growth outlook is good, the decline in with-profit business buries this earnings impact. In our estimates, Mandatum's Group-level earnings will continue to decline structurally for several years. Of course, it should be noted that in individual years, earnings can increase significantly if the return on the investment portfolio is strong. In any case, the trend still points downwards for a while. However, the distribution of earnings will improve significantly as the focus gradually shifts from the structurally declining with-profit portfolio to asset management, which generates a continuous and reasonably predictable fee flow and also provides a clearly higher return on capital employed in the business. The most important parameters to monitor for the investor are:

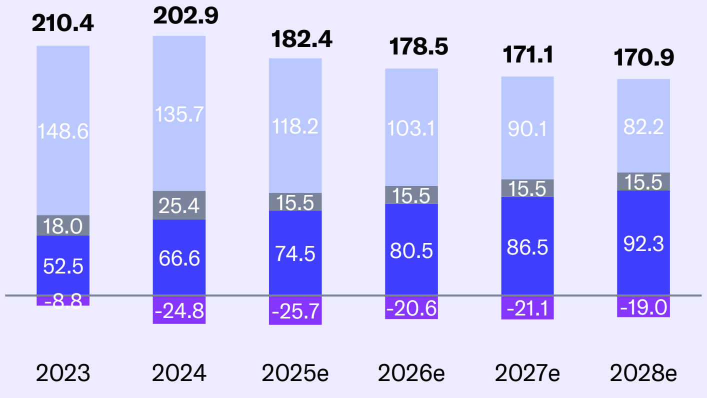
1) increase in AUM and recurring fees;
2) development of recurring fee-based profitability (cost/income ratio) and
3) investment success of funds (correlates with new sales in the long run).

Underlying assumptions of estimates

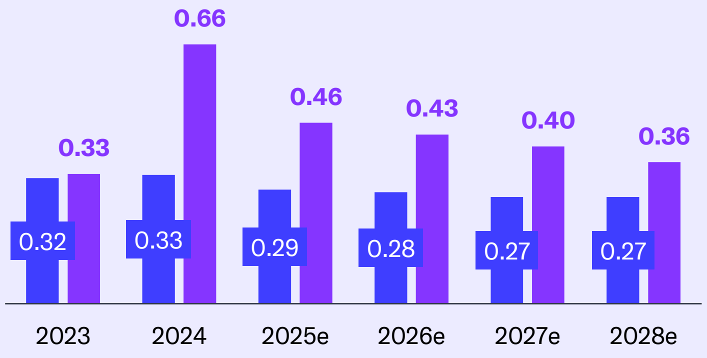
We expect the market situation to remain at least reasonable for Mandatum in the coming years. Although the capital market situation has created temporary headwinds, particularly for alternative investments, the long-term fundamentals of the Finnish asset management market remain strong. The asset management market in Finland will continue to grow rapidly as new wealth is constantly being created and an increasing share of the wealth is covered by professional asset management. Mandatum is also excellently positioned in an attractive segment of wealthy individuals, which we expect to grow faster than the overall market. In turn, the rise in interest rates has been very positive for Mandatum, as higher interest rates improve the profitability of the with-profit portfolio. In addition, rising interest rates have increased the demand for Mandatum's area of strength, i.e., fixed income products.

As for our estimates, it should be noted that we do not forecast changes in general market sentiment or capital market value development, but our estimates for investment returns and changes in the value of AUM are based on our assessment of the average annual returns of these underlying assets.

Mandatum's profit before tax (MEUR)



EPS and DPS



Estimates 2/5

Estimate revisions

In connection with the report, we have made minor revisions to our operational estimates, most importantly:

- The sale of Saxo Bank will have a negative impact on net finance income in the coming years as the dividends paid by the bank will no longer be received. At the same time, however, Mandatum will pay off a bank loan of 200 MEUR. This will reduce the Group's financing costs, which will partially offset the earnings impact of the removal of Saxo's dividends.
- Our fee income growth assumptions have risen moderately as the sales outlook remains good. In addition, the scaling of expenses supports earnings growth.
- We also incorporate in our estimates the market interest rates that have clearly risen during Q1'25, which should have a positive impact on net finance result.

Overall, our estimate for Mandatum's profit before taxes decreased by 5% for 2025, while our Group-level estimates for 2026-2027 remained practically unchanged.

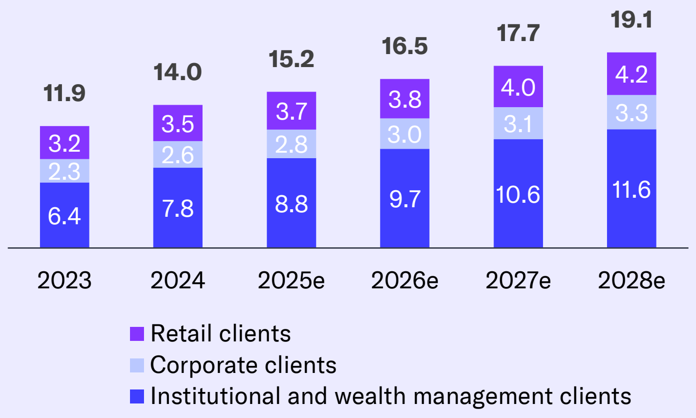
However, the biggest changes were in our dividend forecasts, which rose clearly. We now estimate that the company will distribute its entire annual organic capital generation (earnings + capital released from the decline in the with-profit portfolio), which should also be reflected in the new dividend policy to be updated at the CMD in the summer. This increased our profit distribution forecasts for the next few years. Our longer-term dividend estimates, in turn, increased to incorporate our increased estimate of the proceeds from distributable assets.

Fee income is growing with the support of new sales

Mandatum's fee income has developed strongly during its time as a listed company, averaging over 20% in 2022–2024. In addition to AUM growth, earnings growth has been driven by margin improvement, which has taken clear leaps in recent years. In our view, this is explained by, among other things, IT investments that have been expensed, the earnings impact of which has been declining in recent years. Therefore, there is no reason to expect a significant increase in expenses from these in the future. We still expect a moderate improvement in cost efficiency in the coming years, which is, of course, subordinate to the growth in fee income. On the other hand, we estimate that Mandatum's fee margins (fee income/AUM) are under moderate downward pressure, similar to the rest of the asset management market. As a result of these factors, Mandatum's commission income should grow in the long term roughly in line with AUM development.

The biggest question in the coming years relates to the demand outlook for fixed income products, as their sales have been particularly strong in recent years. Although we estimate that these will continue to sell well in the future, we expect sales to be slightly more moderate than the excellent level seen in recent years. Of the fixed income products, we believe that short-term interest rate funds are the most vulnerable to low interest rates, as their benefit is low compared to bank deposits from the customers' perspective. Higher-yielding products (of which Mandatum has plenty) have much more stable demand regardless of interest rates, as their risk premiums keep nominal yields at reasonable levels. Also, due to regulation (e.g. capital and liquidity requirements), there is enough demand for fixed income products regardless of the market situation. Therefore, we estimate that the interest rate level will have a rather limited impact on the demand outlook for Mandatum's fixed income funds, in which case the funds' return levels will play a greater role.

AUM forecasts (BNEUR)



Mandatum's net subscriptions by segment (MEUR)

Estimates 3/5

Due to its good investment performance, Mandatum should have good prerequisites to continue its good development of new sales in institutional and wealth management clients, and these customer segments account for a large part of new sales in our estimates. We expect moderate sales from corporate customers in line with the rest of the market, while our expectation for retail customers is very modest, as the volumes of the Danske Bank cooperation have long been at a modest level. Also in the corporate customer sector, it should be noted that it is difficult for Mandatum to grow significantly due to its high market share. In our estimate, the best-selling products are fixed income and allocation products, while on the alternative products side, we believe the demand outlook is mainly moderately subdued and still weak in real estate.

We expect Mandatum's new sales to reach the target level of 5% of year-end capital in the current year, but to decline gradually thereafter as the ever-increasing benchmark figures make the company's percentage target more challenging to achieve. However, we expect euro-denominated sales to remain at a strong average level of 700 MEUR. Alongside new sales, changes in value (~4% on average) increase the AUM in each segment.

As a result of the above factors, commission income in our estimates will grow by an average of 9% in 2024-2027 and at an annual rate of over 5% thereafter. More detailed forecasts can be found in table on page 42.

Risk life insurance is developing steadily

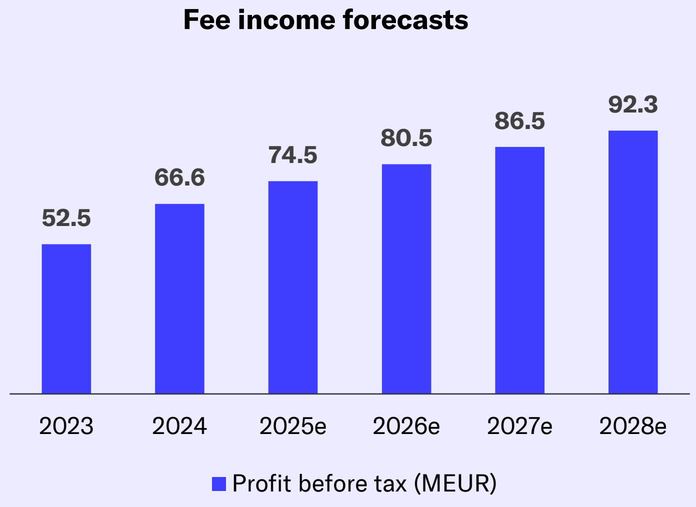
We expect stable development from Mandatum's risk life insurance, as we do not expect the market to grow or the market shares between players to change significantly.

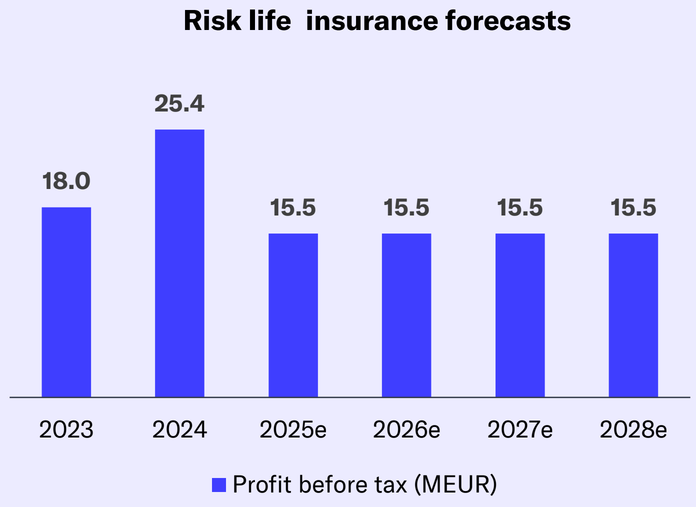
In recent years, the result of risk life insurance has received a non-recurring boost from the portfolio transfer to If P&C, which makes the historical figures look better than the actual margin level of the business. In our estimates, the earnings of risk life insurance will in the future come purely from the release of the contractual service margin (CSM), which we estimate to be on average about 15-16 MEUR annually. However, due to the nature of the business, fluctuations in the margin should be expected, especially due to the timing of insurance claims.

Net finance result sways Group figures

The net finance result consists of investment earnings from the with-profit portfolio and returns from the Group's other balance sheet investments (PE investments). The with-profit business is clearly Mandatum's largest and most volatile earnings item, which is affected by the investment portfolio's returns on a quarterly basis. The largest weight is in fixed income investments, which account for about 80% of the portfolio.

However, the earnings impact from interest rate changes is not particularly dramatic, as the insurance liability of the with-profit portfolio is valued at fair value. Consequently, the revision in the value of fixed-income investments due to changes in interest rates is largely offset by a corresponding revision in insurance contract liabilities. In addition to fixed rate investments, Mandatum has hedged its interest rate risk with derivatives. It is not a complete hedge, but it eliminates most of the volatility in net finance result from changes in interest rates. The interest rate risk currently comes from declining interest rates, so earnings development would receive moderate support from rising interest rates.





Estimates 4/5

Although the impact of changes in interest rates is relatively moderate, changes in returns on equity and alternative investments will somewhat affect investment income. In any case, the predictability of this item should be reasonably good over the next few years.

The direction of the investment activities of the with-profit portfolio and the entire net finance income is firmly downward, as the size of the investment portfolio in our estimates decreases at the same rate as the liabilities of the with-profit portfolio. In addition, the share of fixed income investments continues to grow in our estimates, as the expected return on committed capital is clearly the highest in the interest rate environment. Due to differences in capital requirements, for example, unlisted equity investments should yield closer to 30% at a 4% interest rate level for the situation to be the same from a ROCE perspective. With a 2% interest income, the required expected return on unlisted investments would be only about 14%, so the calculation illustrates well how the rise in interest rates has increased the attractiveness of fixed income investments and the with-profit business. Although the increased allocation to fixed income reduces the portfolio's nominal expected return, the return on equity is better than before. At the same time, solvency capital that is released can be distributed to owners as dividends. However, the change will not happen quickly, as liquidity in alternative investments is quite poor.

Despite gradual changes, the expected return on the with-profit investment portfolio in our forecasts is quite stable at 4.3-5.2%, which is largely due to returns on fixed income investments. Mandatum's investment returns should also be at a good level in the coming years.

Other result mainly consists of expenses

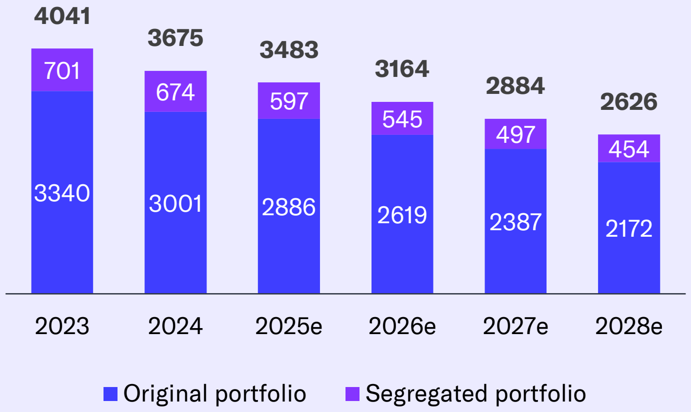
The Other result item, which mainly consists of financial expenses and unallocated Group expenses for business operations, will record a loss of around 26 MEUR for the current year. After this, however, the amount of the loss in our forecasts will decrease to roughly 20 MEUR, as the Group's debt decreases due to the repayment of the 200 MEUR bank loan raised for the Saxo acquisition. We expect Group overheads to grow only moderately, as we believe they mainly consist of fairly fixed expense items.

Group-level earnings will be structurally declining for years

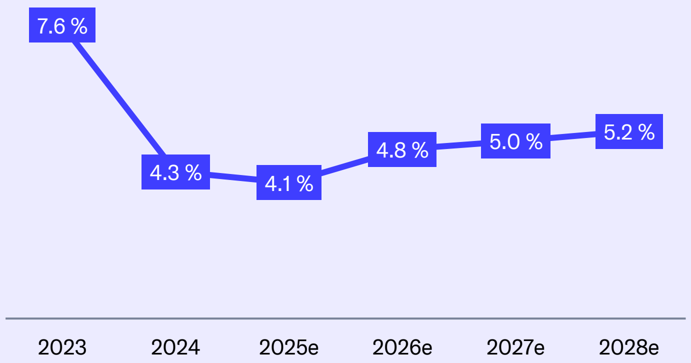
Overall, our forecasts expect Mandatum's profit before taxes to be just over 182 MEUR this year and to gradually decline from that level along with net finance result. The result for the first quarter of this year will be supported by higher market interest rates, so the result for the beginning of the year is higher than normal in our forecasts. The weight of net finance result will be by far the largest of the company's result items in the coming years, but by 2028 this share should already fall to less than half. Thereafter, Mandatum's earnings distribution will continuously improve, while the fee income related to asset management and investment solutions will continue its good growth. We do not expect earnings growth in asset management to fully compensate for the decline in investment income in our forecasts until the turn of the decade, after which earnings should gradually turn to growth.

We expect the tax rate to be 20%, so net income in our forecasts will contract at the same rate as the Group's profit before taxes. However, with regard to taxes, it should be noted that due to the taxation practices of investment income (taxes are generally only paid on realized profits), the effective tax rate is likely to fluctuate slightly from year to year.

Forecasts for with-profit liabilities (MEUR)



Return on the investment portfolio of the with-profit business (%)



Estimates 5/5

Profit distribution remains abundant

Mandatum's solvency is currently above the target level, as the company's Solvency II ratio was 210% at the end of 2024 (target 170-200%). In other words, there are plenty of distributable assets, in addition to which capital will be released as the with-profit portfolio decreases and PE investments are divested. The distribution of profits plays an exceptionally large role in the company's investment story, as the Group's earnings are structurally declining in our forecasts for years to come. Therefore, the stock's total return also relies heavily on dividend yield.

We expect Mandatum to reduce its oversized balance sheet primarily through dividends, as we do not believe it is realistic to allocate such large amounts of capital to acquisitions (nor would the company want to do so). We consider M&A transactions quite possible, but for Mandatum's value, a difference only arises if the expected return on M&A transactions is higher or lower than the company's cost of capital. In our opinion, the conditions for value creation through M&A transactions in the industry are clearly better than average, but without more detailed information on possible targets or the probability of M&A transactions, we do not see it justified to assume significant value creation from these. In addition, the size of the likely arrangements will remain moderate on the company's scale.

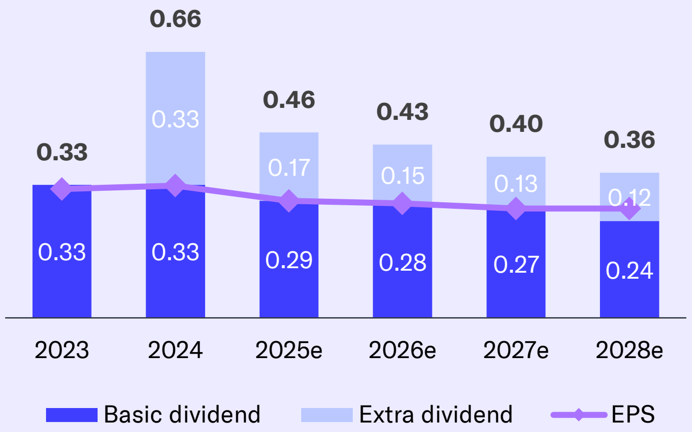
With these assumptions, from a valuation perspective, there is ultimately no essential difference between distributing the assets as dividends or using them for growth through acquisitions. However, we consider the unwinding of the balance sheet's overcapitalization very likely, as Mandatum has flagged its intention to bring the company's solvency within the target range within a few years. Our dividend forecasts are based on the assumption that the Solvency II rate is lowered close to the midpoint of the target range (185%).

Mandatum does not currently have an official dividend policy in addition to its solvency target, but we estimate that the company will distribute approximately the funds generated from organic capital creation in the future. Organic capital generation covers the reduction in solvency capital requirements in addition to the capital created by the business (earnings accrual). We were given a foretaste of this when the organic capital created during 2023-2024 was proposed to be distributed in its entirety as a dividend for the financial year 2024.

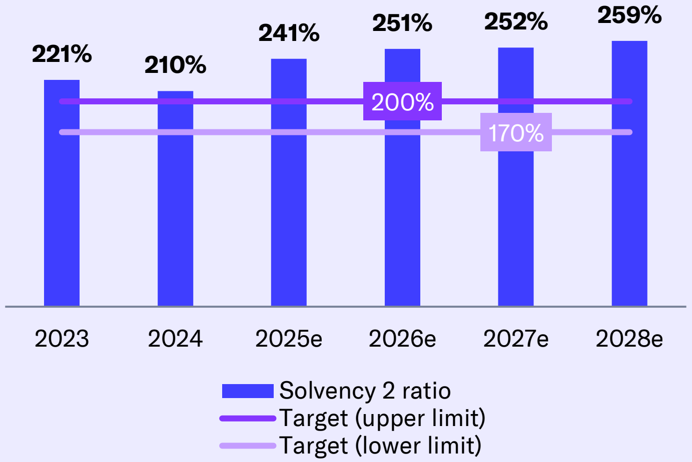
In our dividend forecasts, we divide the dividend into a basic dividend and an additional dividend. We expect the company to distribute a basic dividend equal to its entire earnings per share in the coming years, while the additional dividend is tied to the release of capital resulting from the contraction of the with-profit portfolio. We have not yet included the excess capital generated from the sale of PE investments in our dividend forecasts. Therefore, the actual dividend distribution may be clearly higher than our forecasts, although this would not affect the value of the share, as we have of course taken this into account in our valuation. Overall, we expect Mandatum to distribute significantly more profits than its accounting profit in the long term.

Liquidity should not become an obstacle to dividend distribution for the company either, as capital released by the reduction of the with-profit portfolio can be taken out from the investment portfolio, and cash assets are repatriated from PE investments in connection with sales. Liquidity can, of course, also be adjusted with debt if necessary, as Mandatum's capital requirement is mainly tied to balance sheet assets and the operating expenses of the business.

Profit distribution forecasts



Solvency forecasts



Summary of estimates

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Fee result	**52.5**	**15.2**	**14.7**	**18.1**	**18.6**	**66.6**	**18.4**	**18.5**	**18.7**	**18.9**	**74.5**	**80.5**	**86.5**	**92.3**
Insurance service result	31.3	7.2	7.4	8.4	7.1	30.1	7.0	7.0	7.0	7.0	28.0	28.0	28.0	28.0
Result from investment contracts	21.3	8.0	7.3	9.7	11.5	36.5	11.4	11.5	11.7	11.9	46.5	52.5	58.5	64.3
Risk life insurance result	**18.0**	**2.2**	**11.9**	**9.1**	**2.2**	**25.4**	**3.9**	**3.9**	**3.9**	**3.9**	**15.5**	**15.5**	**15.5**	**15.5**
Net finance result	**148.6**	**29.9**	**55.1**	**27.0**	**23.7**	**135.7**	**43.5**	**23.4**	**25.8**	**25.5**	**118.2**	**103.1**	**90.1**	**82.2**
Other result	**-8.8**	**-0.6**	**-5.8**	**-9.0**	**-9.4**	**-24.8**	**-6.6**	**-6.6**	**-6.4**	**-6.1**	**-25.7**	**-20.6**	**-21.1**	**-19.0**
Profit before tax	**210.4**	**46.7**	**75.8**	**45.2**	**35.1**	**202.9**	**59.2**	**39.1**	**42.0**	**42.2**	**182.4**	**178.5**	**171.1**	**170.9**
Taxes	-50.0	-9.1	-18.1	-8.7	-2.2	**-38.0**	-11.8	-7.8	-8.4	-8.4	**-36.5**	**-35.7**	**-34.2**	**-34.2**
Net profit	**160.4**	**37.9**	**57.8**	**36.4**	**32.9**	**164.9**	**47.4**	**31.2**	**33.6**	**33.8**	**146.0**	**142.8**	**136.8**	**136.8**
Earnings per share (EPS)	0.32	0.08	0.12	0.07	0.07	0.33	0.09	0.06	0.07	0.07	0.29	0.28	0.27	0.27
Dividend per share	0.33	-	-	-	-	0.66	-	-	-	-	0.46	0.43	0.40	0.36
Organic capital creation per share	0.54	-	-	-	-	0.44	-	-	-	-	0.46	0.44	0.40	0.39
Equity (IFRS)	1599	-	-	-	-	1601	-	-	-	-	1415	1327	1247	1183
ROE	10.0%	-	-	-	-	10.3%	-	-	-	-	10.3%	10.8%	11.0%	11.6%

AUM	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Group AUM (BNEUR)	**11.9**	**12.5**	**13.0**	**13.3**	**14.0**	**14.0**	**14.3**	**14.6**	**14.9**	**15.2**	**15.2**	**16.5**	**17.7**	**19.1**
Institutional and wealth management customers	**6.4**	6.7	7.0	7.2	7.8	7.8	8.1	8.3	8.5	8.8	8.8	9.7	10.6	11.6
Corporate clients	**2.3**	2.4	2.5	2.5	2.6	2.6	2.6	2.7	2.7	2.8	2.8	3.0	3.1	3.3
Retail clients	**3.2**	3.4	3.5	3.5	3.5	3.5	3.6	3.6	3.7	3.7	3.7	3.8	4.0	4.2
Group's fee result (MEUR)	**138.4**	**36.6**	**39.2**	**37.9**	**39.3**	**153.0**	**42.4**	**42.0**	**44.3**	**45.2**	**173.8**	**190.2**	**205.3**	**220.9**

Solvency	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Solvency 2 ratio	221%	216%	224%	224%	210%	210%	205%	209%	216%	241%	241%	251%	252%	259%
Solvency 2 own funds (MEUR)	2140	2158	2173	2198	2048	2048	2048	2048	2048	1963	1963	1889	1825	1780
Solvency capital requirement (SCR)	966	997	970	980	973	973	1001	979	949	813	813	752	723	687
Excess capital at target level*	353	314	379	383	249	249	196	237	293	458	458	497	487	508
Excess capital per share at target level*	0.70	0.62	0.75	0.76	0.49	0.49	0.39	0.47	0.58	0.91	0.91	0.99	0.97	1.01

** The midpoint of the company's solvency target (170-200%)*

Estimate revisions

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Fee result	73.1	74.5	2%	77.7	80.5	4%	82.4	86.5	5%
Risk life result	15.5	15.5	0%	15.5	15.5	0%	15.5	15.5	0%
Net finance result	130.5	118.2	-9%	112.4	103.1	-8%	94.3	90.1	-4%
Other result	-26.7	-25.7	4%	-26.6	-20.6	23%	-19.2	-21.1	-10%
PTP	192.4	182.4	-5%	179.0	178.5	0%	172.9	171.1	-1%
EPS	0.31	0.29	-5%	0.28	0.28	0%	0.28	0.27	-1%
DPS	0.40	0.46	15%	0.36	0.43	19%	0.34	0.40	18%

Source: Inderes

Valuation 1/3

We have gauged Mandatum using the dividend model as it best reflects the company's high payout ratio and the upcoming unwinding of its overcapitalized balance sheet. Mandatum's expected return relies, somewhat exceptionally, on a high dividend yield, as our forecasts point to a downward earnings trend for several years to come. However, the earnings distribution should improve clearly as the focus shifts from the structurally declining with-profit business to the growing capital-light business.

Our dividend model indicates that the stock is already fully priced, so the investor's expected return at current levels remains insufficient. The share price is also closer to the high end of our fair value range (EUR 5.1-5.7) for the company. A higher valuation would require, above all, stronger earnings growth in asset management than our current forecasts.

A sum-of-the-parts analysis is also considered in our review, but we only use it as a method supporting our dividend model. The SOTP calculation illustrates well how Mandatum's value is distributed among its various parts.

The usefulness of multiple-based valuation is weakened by structurally declining earnings for several years to come, which is compensated for by profit distribution. For example, Mandatum's high P/B ratio (2.0x) relative to its return on equity (2025e: 10.3%) is largely explained by the company's overcapitalized balance sheet, as the underlying operating businesses generate a return on invested capital that exceeds the cost of capital. A peer analysis is also not optimal for Mandatum, as the downward-sloping earnings curve, combined with the significant share of earnings attributable to the with-profit portfolio, makes comparisons with key peers difficult. Due to these challenges, we recommend that investors focus primarily on the dividend model.

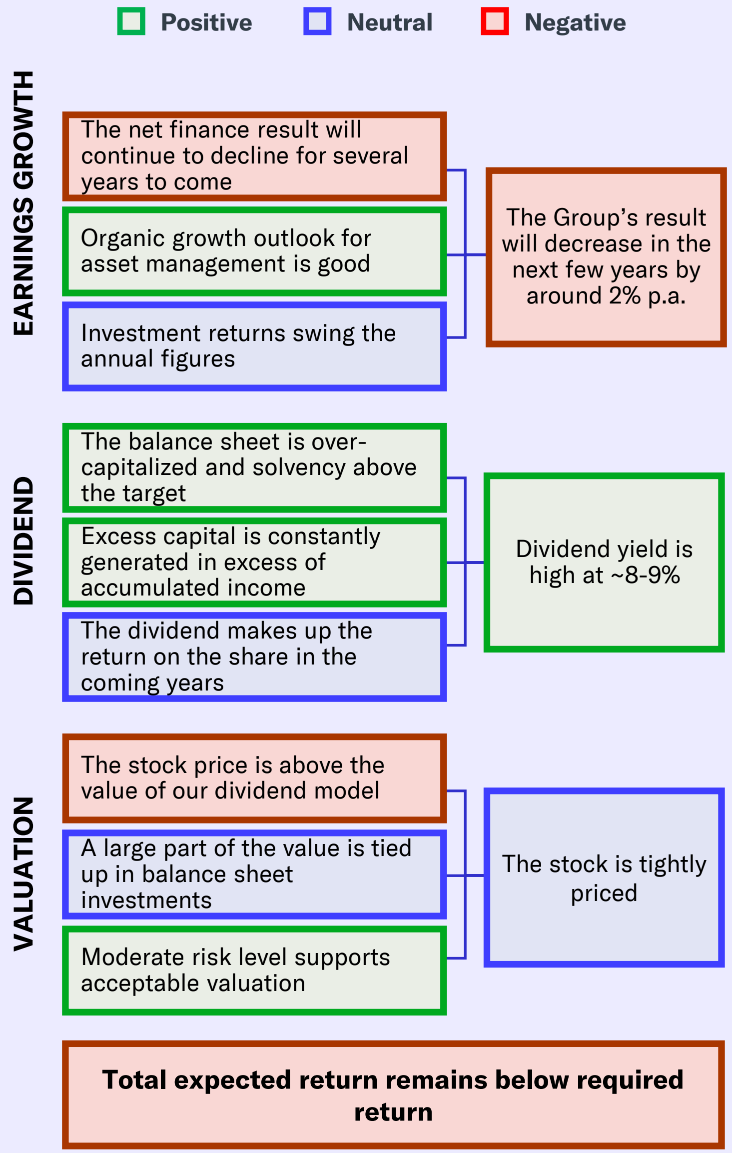
The dividend model is the primary valuation method

We believe that the discounted dividend model (DDM) works very well for Mandatum due to the company's modest investment needs (and thus high payout ratio) and the overly strong balance sheet that the company unwinds as the with-profit portfolio gradually decreases and when it exits from PE investments. Our dividend model takes into account not only the result generated by the operating business, but also the excess capital resulting from the liquidation of the balance sheet, so we believe that the method gives a fairly good picture of Mandatum's fair value. We therefore consider the DDM to be preferred method in Mandatum valuation.

In our dividend model, we have also outlined the development of Mandatum's earnings in the longer term. The outcome of our assumptions is that the Group's income level will decline to around 130 MEUR towards 2030, after which the growth in asset management should already offset the decline in the with-profit portfolio. The company's balance sheet is strong and solvency is above the target level, so we expect Mandatum to distribute a clearly higher dividend than reported profit in the coming years. In addition, we have incorporated the additional funds that the exit from PE investments will generate in the future, in addition to the current overcapitalization. However, we have not included these in our dividend forecasts, but we take them into account in the calculation as excess capital increasing the value of Mandatum's equity.

Our ROE requirement is 8.7%, which is the lowest in the peer group of asset managers.

Total shareholder return drivers 2024-2027e



Valuation 2/3

We have used a 1.5% growth assumption for the terminal period, as the decline in capital-light businesses by 2033 should more than offset the negative impact on earnings of the significantly reduced with-profit portfolio. However, some of the with-profit portfolio remains in our forecasts at this point, so the contraction in the portfolio will mitigate the impact of the growth in asset management on earnings for some time to come.

Our DDM model indicates a value of some EUR 5.4 per share for Mandatum (was EUR 4.8). The increase since our previous update is explained by changes in our profit distribution forecasts. Our estimates do not include possible acquisitions, which we consider quite possible in the coming years. While we believe that the conditions for value-creating M&A transactions are better than average, we have assumed the effect from these to be neutral in our valuation (expected return on investments equals the ROE requirement). The biggest forecast risks, on the other hand, relate to the return on the investment portfolio and the growth of asset management.

Sum-of-the-parts primarily reveals the distribution of value

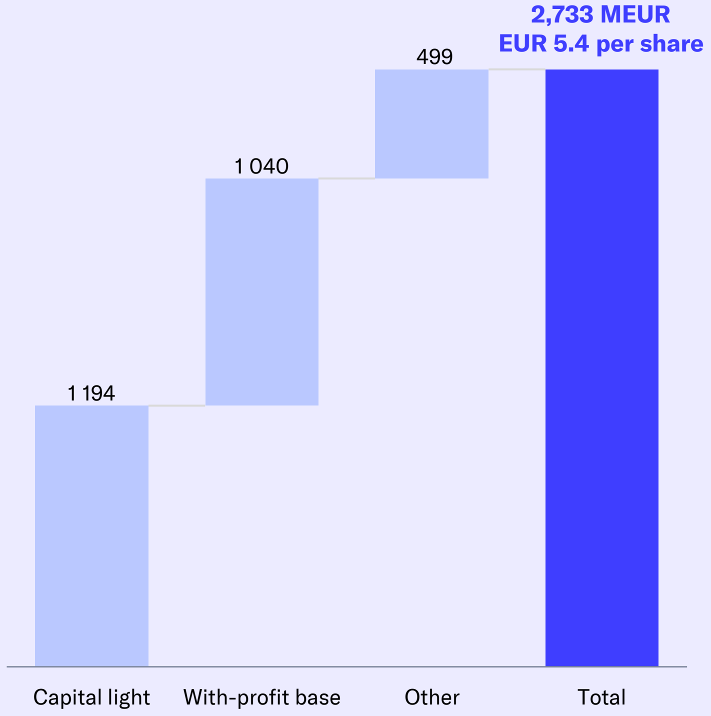
In the sum-of-the-parts calculation, we have divided Mandatum's business into 1) capital-light business, 2) with-profit business and 3) other items, which consist of PE investments, the current excess capitalization of the balance sheet and the present value of Group expenses. Our sum-of-the-parts calculation gives a value of EUR 5.1-5.7 per share for Mandatum (midpoint EUR 5.4), which corresponds very well with the outcome of our dividend model.

We have divided the review of capital-light businesses into risk life insurance and other capital-light businesses. We have used the balance sheet's service margin as the value of the risk life insurance business. We have valued the other capital-light business, i.e. the asset management related fee income business, at a P/E ratio of 16-18x, which is in line with the level we accepted for Evli, for example. Applying the multiple range to our 2025 earnings forecast, we arrive at a total value of 1,120-1,231 MEUR for the capital-light businesses, or EUR 2.2-2.4 per share. Of this, 140 MEUR (EUR ~0.3 per share) will come from risk life insurance and the rest from the asset management business.

We estimate the value of the with-profit business through the capital employed by the business and the return on that capital. In our calculations, we have taken into account the capital tied up in the business by deducting the capital tied up in capital-light businesses and PE investments from Mandatum's current equity (taking into account the solvency target of 170-200%). To this sum (~1,040 MEUR), we have applied a P/B ratio of 0.9-1.1x, as with our forecasts the base generates approximately the cost of capital. Thus, the value of the with-profit business is 940-1140 MEUR, or EUR 1.9-2.3 per share.

We value the Group's PE investments (Saxo, Enento) at their current book value (~370 MEUR), which takes into account Enento's market value and the sale price of Saxo. As excess capital (~530 MEUR), we only consider the current overcapitalization in relation to the target level (including undistributed dividends), as the excess capital released from the with-profit portfolio in due course has already been taken into account in the value of the business and PE investments are treated as a separate item.

Sum-of-the-parts calculation (MEUR)



Valuation 3/3

We use the present value of the negative cash flows we forecast for these as the value of Group overheads (around -400 MEUR). As a result of our assumptions, the value of Other items is around 500 MEUR net, or EUR 1.0 per share.

Although we consider the dividend model to be the best method for determining the value of the group, the calculation provides a good picture of the value of the various parts of Mandatum. Most of the Group's value is tied up in the with-profit business, considering that we estimate that a large proportion of the Group's expenses will ultimately fall on the shoulders of the capital-light businesses However, the share of capital-light businesses is constantly growing as the with-profit portfolio continues to decline and the group's PE investments are exited.

Finnish asset managers aren't very suitable as peers

Finnish asset managers offer a relatively weak peer group for Mandatum, because although they are very relevant competitors for Mandatum's capital-light business, Mandatum's structure at the Group level differs significantly from them. The biggest differentiating factor is the remarkably large factoring business, which peers do not have. The return on this capital is clearly lower than in the asset management business, so Finnish peers even at best only provide an approximate indication of the company's acceptable valuation. Therefore, we do not give significant weight to the peer group in our valuation. We have used all listed asset managers as domestic peers: Evli, eQ, Taaleri, Alexandria, CapMan, United Bankers, Titanium and Aktia, which is a bank focused on asset management. When assessing relative valuation, we use the P/E ratio and dividend yield, as EV-based multiples work poorly for insurance companies.

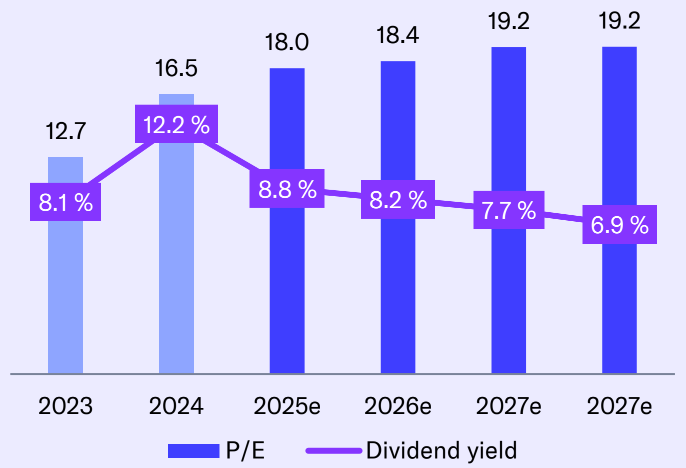
Mandatum is priced at a clear premium relative to the peer group of asset managers. The premium is 50-70% with P/E ratios, but clearly more moderate with the dividend yield for the forecast years 2025-2026. An even higher dividend yield would be justified, as Mandatum's Group-level earnings growth outlook is weaker than its peers. As for the P/E ratios, the high amount of excess capital, which increases Mandatum's market capitalization, justifies the higher valuation. Overall, comparability is weak and defining a suitable premium purely based on multiples is difficult, so we recommend investors to focus on other methods such as the dividend model and sum-of-the-parts valuation.

Mandatum's valuation is in line with insurance peers

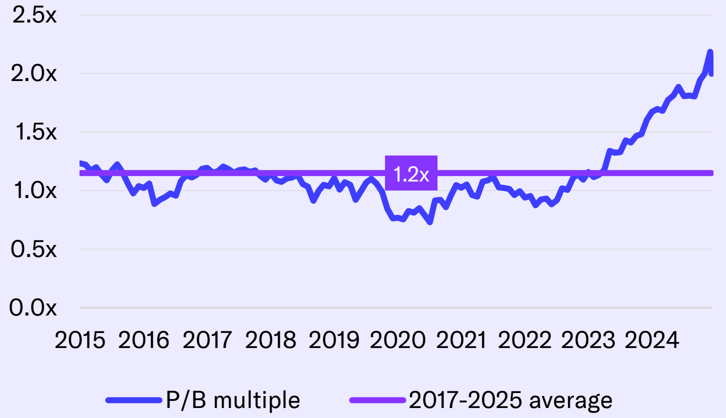
As a second control group, we have used European life insurers (table on page 50). We point out that the group contains very different companies, so their comparability is passable at best. Thus, the value offered by this group of companies is also indicative at best, although we believe they offer a better benchmark than asset management peers.

Overall, the balance sheet-based P/B multiples and dividend yields of the peer group, which consists of clearly larger life insurance companies than Mandatum, correspond reasonably well to Mandatum's multiples. In particular, the industry's balance sheet-based multiples have risen sharply in recent years, which is explained by increased returns on equity. In our view, the rise in interest rates, in particular, has had a positive impact on the profitability of the sector. Thus, in our view, no significant interpretations can be made about Mandatum's current valuation based on the peer group analysis. The peer group can be found in the appendices.

Mandatum's multiples



Development of the P/B multiple of Mandatum's international peer group

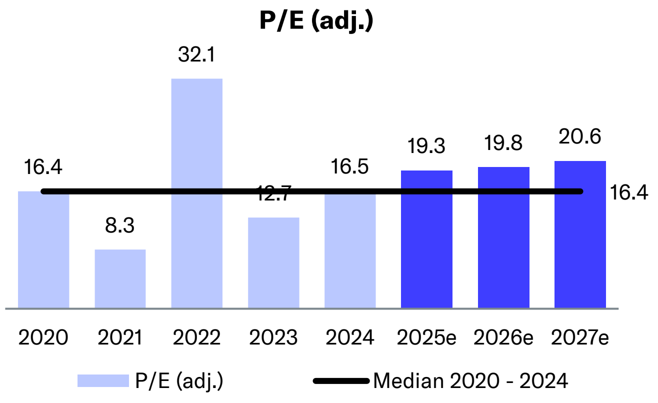


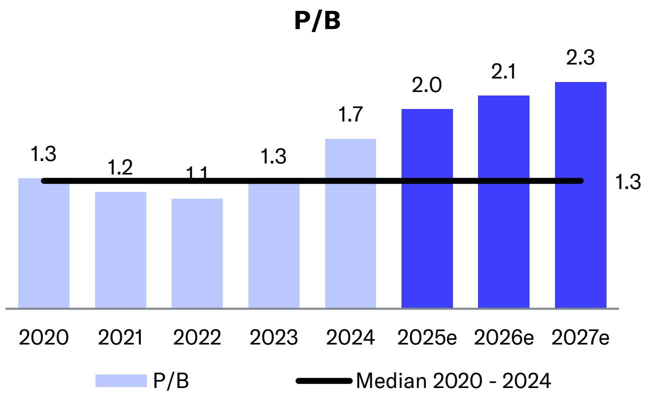
Valuation table

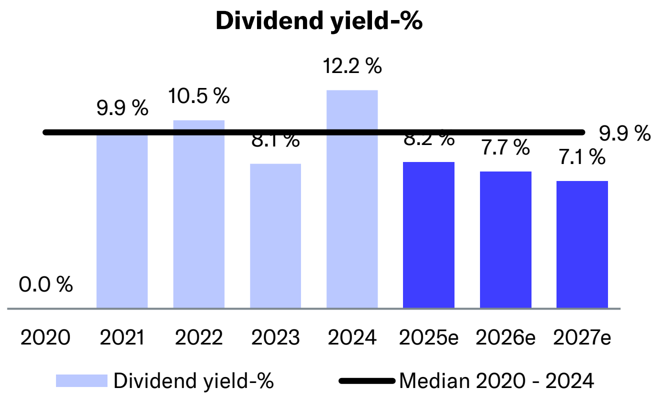
Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	3.70	3.70	3.70	4.07	5.40	**5.61**	**5.61**	**5.61**	**5.61**
Number of shares, millions	556.6	548.0	501.8	501.8	502.7	**502.7**	**503.2**	**503.7**	**504.2**
Market cap	2059	2028	1857	2042	2715	**2820**	**2823**	**2826**	**2829**
P/E (adj.)	16.4	8.3	32.1	12.7	16.5	**19.3**	**19.8**	**20.6**	**20.7**
P/E	16.4	8.3	32.1	12.7	16.5	**19.3**	**19.8**	**20.6**	**20.7**
P/B	1.3	1.2	1.1	1.3	1.7	**2.0**	**2.1**	**2.3**	**2.4**
Payout ratio (%)	0.0 %	81.7 %	338.6 %	103.4 %	201.2 %	**158.4 %**	**151.5 %**	**147.2 %**	**132.7 %**
Dividend yield-%	0.0 %	9.9 %	10.5 %	8.1 %	12.2 %	**8.2 %**	**7.7 %**	**7.1 %**	**6.4 %**

Source: Inderes

NB! The closing price on the first trading day has been used as the historical share price.







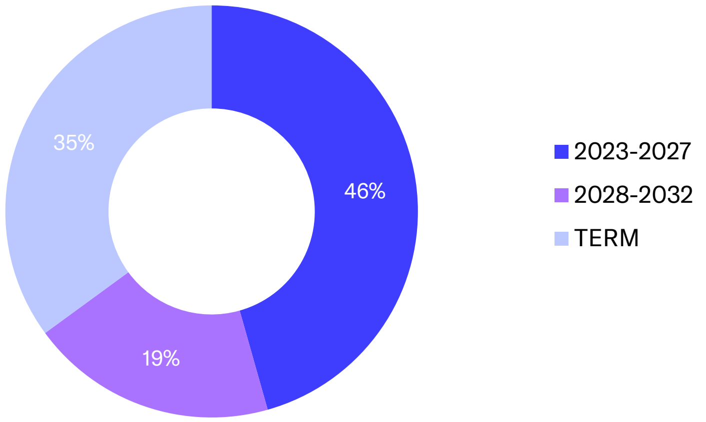
The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Dividend model (DDM)

DDM valuation (MEUR)	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Mandatum's net profit	**165**	**146**	**143**	**137**	**137**	**134**	**133**	**130**	**129**	**130**	
Dividend paid by Mandatum	**332**	**231**	**216**	**201**	**182**	**172**	**172**	**152**	**142**	**117**	**1649**
Payout ratio	201%	158%	151%	147%	133%	128%	130%	117%	110%	90%	
Dividend growth-%	*100.4%*	*-30.3%*	*-6.4%*	*-6.9%*	*-9.9%*	*-5.5%*	*0.1%*	*-11.7%*	*-6.6%*	*-17.8%*	*1.5%*
Discounted dividend	329	211	182	156	129	112	103	84	72	55	773
Discounted cumulative dividend	2206	1877	1666	1484	1329	1200	1088	984	900	828	773
Excess capital	500										
Equity value, DDM	2706										
Per share EUR	**5.4**										

Cost of capital	
Risk-free interest	2.5%
Market risk premium	4.8%
Beta	1.30
Liquidity premium	0.0%
Cost of equity	**8.7%**

Cash flow breakdown



Peer group – Finnish asset managers

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Alexandria	93	88	7.2	6.4	6.1	5.5	1.7	1.6	10.0	9.1	9.6	10.0	2.7
Aktia	680								7.6	7.9	9.0	9.3	0.9
CapMan	306	275	8.0	6.9	7.7	6.7	4.1	3.8	12.4	11.3	8.7	9.3	1.6
Evli	479	480	11.1	9.9	10.2	9.1	4.4	4.1	14.9	13.3	6.7	6.9	3.1
eQ	420	384	10.8	8.5	10.4	8.2	5.7	4.8	14.8	12.0	7.0	8.7	5.3
Taaleri	205	174	5.9	5.7	5.8	5.7	2.7	2.6	10.5	9.2	5.7	6.5	0.9
Titanium	73	61	8.7	9.7	7.9	8.7	2.9	3.0	13.4	14.5	7.8	7.3	4.7
United Bankers	176	160	10.3	8.1	8.9	7.2	3.0	2.6	15.3	12.0	7.2	7.5	2.8
Mandatum (Inderes)	**2820**	**2412**	**13.2**	**14.0**	**13.2**	**14.0**	**13.9**	**13.1**	**19.3**	**19.8**	**8.2**	**7.7**	**2.0**
Average			**8.9**	**7.9**	**8.2**	**7.3**	**3.5**	**3.2**	**12.4**	**11.2**	**7.7**	**8.2**	**2.8**
Median			**8.7**	**8.1**	**7.9**	**7.2**	**3.0**	**3.0**	**12.9**	**11.6**	**7.5**	**8.1**	**2.8**
Diff-% to median			**51%**	**74%**	**67%**	**94%**	**370%**	**346%**	**50%**	**70%**	**9%**	**-5%**	**-28%**

Source: Refinitiv / Inderes

Peer group – International life insurance companies

Peer group valuation	Market cap	P/E		Dividend yield-%		P/B	ROE-%
Company	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2025e**
Prudential Plc	22010	9.3	8.0	2.8	3.2	1.2	14.6 %
Legal & General Group Plc	15510	9.9	9.0	9.6	9.8	3.9	31.8 %
Aviva Plc	15407	9.7	8.7	7.6	8.2	1.6	17.1 %
Phoenix Group Holdings Plc	6251	9.0	7.6	10.4	10.7	3.8	32.3 %
NN Group N.V.	13535	6.9	6.6	7.7	8.2	0.6	8.9 %
Ageas N.V.	9699	7.1	6.5	7.2	7.7	1.1	15.4 %
Swiss Life	22831	17.2	16.0	5.1	5.4	2.9	14.9 %
Aegon	8618	6.1	5.6	7.7	8.4	1.0	13.8 %
Mandatum (Inderes)	**2820**	**19.3**	**19.8**	**8.2**	**7.7**	**2.0**	**10.3 %**
Average		**9.4**	**8.5**	**7.3**	**7.7**	**2.0**	**18.6 %**
Median		**9.2**	**7.8**	**7.6**	**8.2**	**1.4**	**15.2 %**
Difference-% vs. median		**111%**	**154%**	**7%**	**-7%**	**41%**	**-32%**

Source: Bloomberg / Inderes

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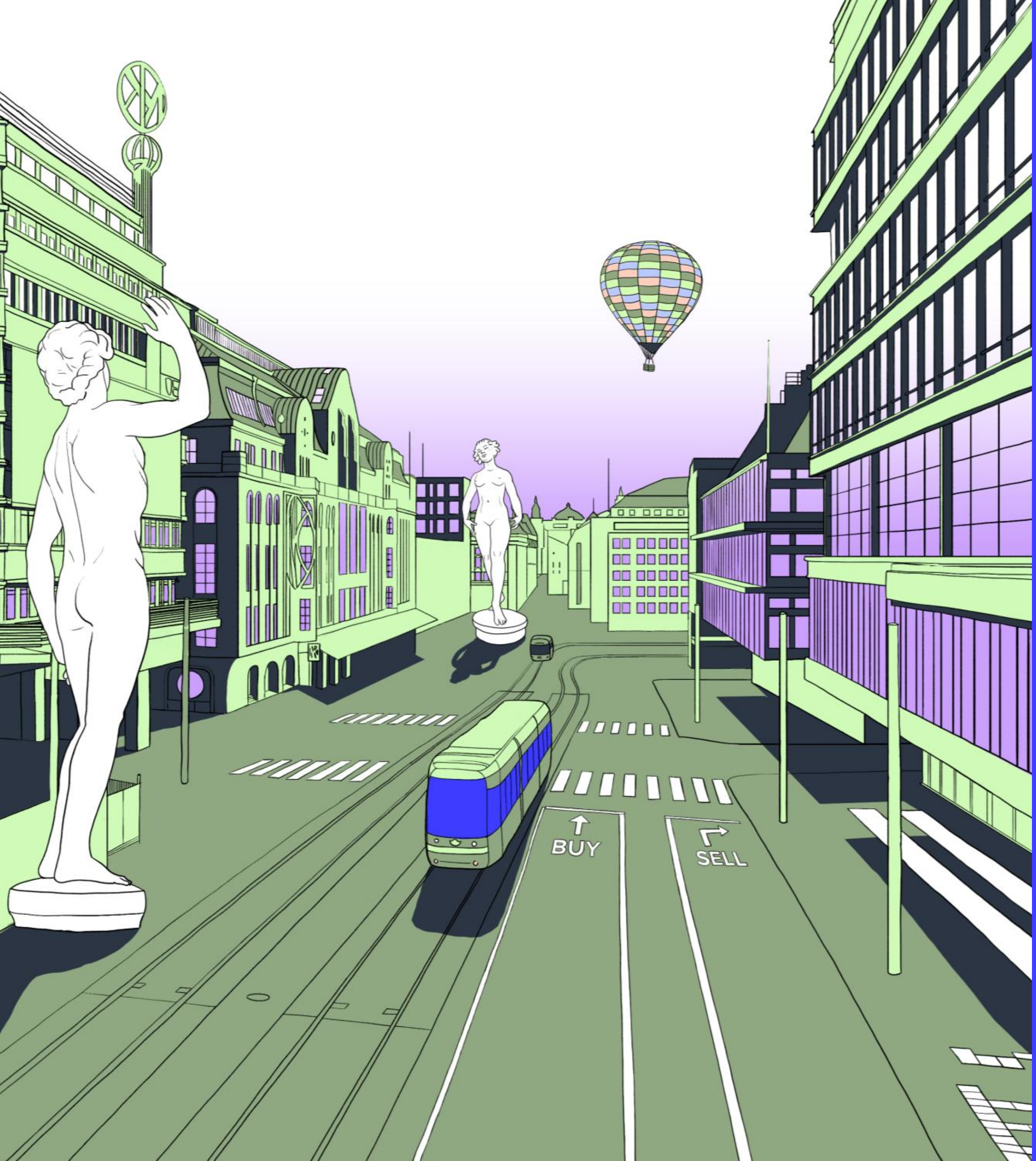
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/12/2023	Buy	4.20 €	3.70 €
11/8/2023	Buy	4.20 €	3.62 €
2/14/2024	Buy	4.40 €	3.84 €
5/10/2024	Accumulate	4.50 €	4.36 €
8/14/2024	Reduce	4.50 €	4.38 €
11/13/2024	Accumulate	4.50 €	4.16 €
2/14/2025	Reduce	4.80 €	5.28 €
4/11/2025	Reduce	5.40 €	5.61 €



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