MANDATUM

ANNUAL REPORT
2023

MANDATUM ANNUAL REPORT 2023

CONTENTS

The Sustainability Report, Corporate Governance Statement and Remuneration Report have also been published as part of Mandatum's annual reporting for 2023. The annual reporting is complemented by Mandatum's solvency and financial condition reports for 2023. You can read all of the reports on Mandatum's Annual Report page **mandatum.fi/en/year2023**.

Mandatum is a major financial services provider that combines expertise in wealth management and life insurance. Mandatum offers clients a wide array of services covering asset and wealth management, savings and investment, compensation and rewards as well as pension plans and personal risk insurance. Mandatum offers services to corporate, retail, institutional and wealth management clients. At the centre of Mandatum's success are highly skilled personnel, a strong brand as well as a proven investment track record.

1 YEAR 2023

CEO'S REVIEW

Being listed on Nasdaq Helsinki was the highlight of 2023 for Mandatum. The separation from Sampo Group into an independent listed company gave us both financial and strategic independence. Ours was the largest listing on the Helsinki Stock Exchange in five years, and the MANTA share quickly became the third-most owned share in Finland. It was a privilege to embark on this new journey with over 220,000 shareholders.

A significant part of our key employees was tied up in the listing project for most of the year. I am very proud that we were still able to deliver an excellent performance in other areas. The continued geopolitical uncertainty that overshadowed the year, and especially the conflict in Ukraine, had a profound impact on our market environment. Inflation and the subsequent tightening of monetary policy were also reflected in Mandatum's year, especially in our investment operations. Despite these challenges in the market environment, Mandatum performed well last year.

HIGHLY SATISFIED CLIENTS AND SUCCESSFUL INVESTMENT

I am extremely content with Mandatum's result for the 2023 financial year. All key performance areas grew compared to the reference period, and our investment performance was excellent. These great results are based on a well-honed sales organisation, investment success, a respected brand, and outstanding products as well as satisfied clients and employees.

Mandatum achieved the greatest net flow in the company's history, totalling EUR 743.8 million in 2023. That is more than seven per cent of the client assets managed by Mandatum, which reflects our clients' trust in Mandatum and its expertise. Mandatum also set a new record in client assets under management, which grew no less than 15 per cent over the year.

Our clients were especially interested in fixed-income investments and loan products. Sales were also supported by a market favourable for fixed-income investment, which has created excellent opportunities for Mandatum and our clients. Mandatum's

Nordic High Yield Total Return Fund was awarded the prestigious Lipper Award as Europe's best fund investing in high yield bonds over a three-year review period, and at the end of September 2023, the client assets managed under Mandatum's loan products exceeded one billion euros.

Mandatum changed its governance and reporting model in 2023 and the business is now divided into four areas: Institutional & wealth management, Corporate clients, Retail clients and With-Profit business. The new model has enhanced cooperation across client segments, and we have seen great results especially between the Corporate and Institutional & wealth management business areas. Over three quarters of last year's new wealth management clients came to us through our corporate contacts.

At Mandatum, the client always comes first, so I am very pleased to say that our customer satisfaction remained at an excellent level, with an NPS score of 76.8 for customer interaction. In 2023, Mandatum also did well in Scandinavian Financial Research's customer survey of institutional fund managers, receiving a Gold Award. We were ranked Finland's second-best institutional fund manager in the large cap category. Our clients were especially happy with our customer service, long-term and short-term investment returns, clear investment processes, market insight and reporting services.

An agreement for continuing Mandatum's good cooperation with Danske Bank was a major success in the Retail clients segment. Our agreement was extended for the next five-year period, until the end of 2028, enabling further cooperation and development of our services.

SUSTAINABILITY INVESTMENTS AND COMMITMENTS

As a newly listed company, the sustainability of our operations is subject to new expectations and obligations. That is why we have looked at and reinforced a number of issues and capabilities relevant to our corporate responsibility last year.

We updated our sustainability strategy, which is based on the priorities identified in the Group strategy and corporate culture and aligned with the UN Sustainable Development Goals. As an independent company, we also committed to the UN's Global Compact and the UN Principles for Sustainable Insurance (UN PSI) to improve the sustainability of our operations.

Responsible investing is one of the key themes of our sustainability work. According to the latest UN Principles for Responsible Investment (UN PRI) assessment, we were particularly successful in integrating responsibility aspects into the investment processes for direct corporate loans and real estate investment funds.

Investing in the wellbeing of our personnel is a strategic choice for us. We believe that caring for our employees also ensures customer satisfaction and creates better conditions for our company to succeed. In 2023, Siqni again awarded Mandatum the Future Workplaces certificate in recognition of exceptional employee insight in the company's leadership.

GREAT STARTING POINTS FOR THE FUTURE

My wish for year 2024 is that our clients and employees will be at least as satisfied as last year. I believe that our success will continue to be supported by an understanding of our clients' goals, a product portfolio that adapts to their needs, and success in investment operations.

I would like to thank all of Mandatum's employees for their fantastic efforts in 2023 and for the excellent results we achieved in a challenging market situation. At the same time, I thank our clients, who have taken us where we are today.

"These great results are based on a well-honed sales organisation, investment success, a respected brand, and outstanding products, as well as satisfied clients and employees."

I would also like to thank Mandatum's shareholders, especially our new owners who invested in Mandatum, for your trust.

We are in a great place for continuing our journey as an independent company, creating value for our stakeholders now and in the future.

Petri Niemisvirta
CEO

KEY FIGURES

Client assets under management 31 December 2023

EUR 11.9 billion

(10.3)

Net cash flow 1–12/2023

EUR 753.8 million

(499.0)

Approximately

EUR 500 million

paid in total dividends in 2021–2023

Solvency ratio 31 December 2023

221.4%

(265.5)

Market value on 31 December 2023

EUR 2.0 billion

On 31 December 2023, Mandatum was the third most widely held Finnish listed share in Finland. Approximately

222,0008

shareholders

Approximately

320,000

private clients

Approximately

20,000

corporate and institutional clients

Approximately

690

employees

HIGHLIGHTS OF 2023

Q1

- **Future Workplaces certificate for exceptional employee insight.** For the second year in a row, Mandatum earned the Future Workplaces certificate, based on Siqni's employee survey, for its high-quality employee experience. Only two other companies with more than 500 employees received the certificate.
- **Sampo proposed the separation of Mandatum from Sampo Group.** Sampo's Board of Directors announced on 29 March that it would propose a partial demerger of Sampo plc and the separation of Mandatum from Sampo Group.

Q2

- **Mandatum's brand value growth second-highest in Finland.** Mandatum's brand value increased by 42 per cent from 2022 in leading brand assessment and consulting company Brand Finance's annual ranking of Finland's 25 most valuable brands.
- **Mandatum's Nordic High Yield Fund wins best in Europe award.** Mandatum's investment fund was chosen as the best European fund investing in high-yield bonds at Refinitiv's Lipper Fund Awards Europe 2023.
- **Sampo's Annual General Meeting approved the proposal of Sampo's Board of Directors to separate Mandatum Group from Sampo Group.**

Trading in Mandatum Plc's shares on the main market of Nasdaq Helsinki commenced at 10 a.m. on 2 October 2023. CEO *Petri Niemisvirta* and Chairman of the Board *Patrick Lapveteläinen* rang the bell in the Stock Exchange House in Helsinki to celebrate the start of trading. Sampo's shareholders received one new share in Mandatum Plc as a demerger consideration for each A or B share they owned in Sampo Plc. Shortly after the listing, Mandatum became the third-most owned share among households in Finland after Nordea and Nokia. According to Nasdaq, Mandatum's listing was the largest IPO in the Nordic countries in 2023.

Q3

- **Mandatum organised its first investor event.** The event, held in Helsinki on 14 September, showcased Mandatum's strategy, business activities and financial targets. The event attracted an audience of roughly one thousand.
- **Prior to the completion of Sampo's demerger, Sampo and Mandatum Holding agreed that Sampo would sell certain assets, such as its holdings in Saxo and certain smaller investments, to Mandatum Holding.** Sampo's shareholding in financial technology company Saxo Bank A/S is 19.83 per cent. In addition, Sampo sold its shares in Enento Group plc (12.5 per cent) to Mandatum Holding in November 2023.
- **Mandatum and Danske Bank agreed to continue their cooperation for the next five years.** The companies agreed to continue their cooperation until the end of 2028. Danske Bank has been a long-term partner for Mandatum in areas such as savings and risk insurance.
- **Mandatum announced the sale of approximately 50,000 life insurance policies to If.** The portfolio transfer concerns life insurance policies that were sold and are managed by If P&C Plc's Finnish branch. The transaction is expected to be completed by the autumn of 2024.

Q4

Photograph: Pekka Lähteenmäki

- **Client assets managed under Mandatum's loan products exceeded the billion-euro threshold at the end of September.** The change in the market environment, especially the rise in interest rates, increased the attractiveness of fixed-income investments.
- **Mandatum was chosen as Finland's second-best institutional asset manager.** In October 2023, Mandatum received a Gold Award in SFR's "Institutional Investment Services, Finland 2023" customer survey. Mandatum was ranked as Finland's second-best institutional asset manager in the large cap category.

MANDATUM IN BRIEF

BUSINESS MODEL

Mandatum's key success factor is targeting its diverse service offering precisely to the situations and needs of different client segments. With this operating model, the company aims to keep generating added value both for clients and Mandatum's own business. Mandatum's skilled sales and customer relations personnel is its main strength in the distribution of products and services.

BUSINESS AREAS

Capital-light business

- Institutional & wealth management
- Corporate clients
- Retail clients

With-profit business

VALUES

Benefit the client
As one team
By far the most active
Daring to be different
Straight talk
Will to win

PRODUCT AND SERVICE OFFERING

Private wealth management and asset management, investment and saving solutions, pension solutions, corporate wealth management and insurance, compensation and commitment services, personal risk insurance and the Mandatum Trader investment service.

SUSTAINABILITY

Mandatum's sustainability encompasses the following three key themes that form the foundation for the company's business.

- Responsible investment
- Promoting financial security and a good working life
- Responsibility in Mandatum's own operations

Read more in Mandatum's Sustainability Report **mandatum.fi/en/year2023**.

OFFICES AND DISTRIBUTION

The efficiency of the operating model is central to Mandatum's regional distribution strategy. Mandatum's retail clients are served through Danske Bank's distribution network in Finland in addition to Mandatum's own channels. Outside of Finland, Mandatum has clients for example in Sweden and Denmark.

Offices:
- 10 in Finland
- 1 in Sweden
- 1 in Luxembourg

STRATEGY

VALUE THROUGH EXPERTISE IN MONEY AND LIFE

Mandatum's long-term strategy is to grow in its capital-light business areas while scaling down the capital-heavy with-profit business in a predictable manner.

Mandatum's growth strategy is based on its significant market position, strong brand, targeted sales activities, investment success and skilled personnel. The main focus of the growth strategy is on the domestic market, but with institutional clients, we also seek growth outside Finland – especially in Sweden and Denmark. In the area of products and services, Mandatum focuses on improving and cross-utilising its comprehensive product and service offering.

Key elements of the growth strategy

CAPITAL-LIGHT BUSINESS

INSTITUTIONAL AND WEALTH MANAGEMENT

MANDATUM

INCREASING ASSETS UNDER MANAGEMENT
- Strengthening the market position and expanding the product offering
- Expanding to Nordic markets, particularly Sweden and Denmark, and repeating the Finnish success story

INNOVATIVE GROWTH ENGINE

CORPORATE CLIENTS

MANDATUM

EXPLOITING CROSS-SELLING OPPORTUNITIES AND INCREASING CLIENTS NUMBERS
- Taking advantage of the leading market position
- Exploiting significant cross-selling opportunities in wealth management

THE BACKBONE OF THE CLIENT BASE

RETAIL CLIENTS

MANDATUM Danske Bank

REINFORCING KEY DISTRIBUTION PARTNERSHIPS
- Continuing stable and profitable business by reinforcing key distribution partnerships

EFFECTIVE PARTNERSHIP MODEL

WITH-PROFIT BUSINESS

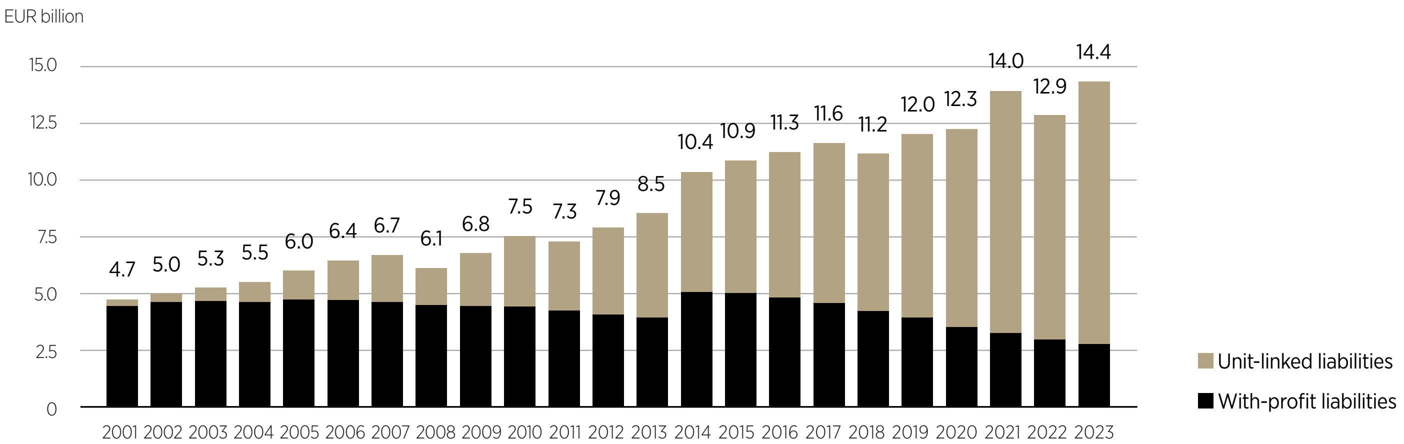
EFFECTIVE MANAGEMENT OF THE INSURANCE PORTFOLIO TO GENERATE CAPITAL AND FINANCE GROWTH INITIATIVES
- Lowering the capital requirement by reducing with-profit liabilities
- Accrual of investment returns in accordance with the long-term investment strategy

PREDICTABLE REDUCTION IN LIABILITIES

Mandatum's long-term strategy is to transform the company's business portfolio by scaling down the capital-heavy with-profit business in a planned and predictable manner, while at the same time growing its capital-light fee-generating business. This long-term strategy has been in place since the early 2000s, when sales of new with-profit solutions were discontinued and we started building growth in capital-light business areas.

For with-profit business, Mandatum's strategy is to aim for a good investment result with moderate investment risk and to release own funds as its insurance portfolio gets smaller. For capital-light segments, Mandatum's strategy is to further increase the volume of assets under management and the fee-generating business.

Development of Mandatum's unit-linked and with-profit policy savings from 2001 to 2023 (billion euros)



SUSTAINABILITY

Mandatum seeks to create value and influence and manage risks from the perspective of sustainability themes that are significant for the company and society. Mandatum's key themes are responsible investment, promoting financial security and a good working life, and responsibility in Mandatum's own operations.

MONEY AS A DRIVER OF CHANGE

Mandatum requires sustainability from its investees and believes that, in the long run, investee companies that operate responsibly will yield better results thanks to more favourable growth prospects and more predictable cost development.

Mandatum Asset Management (MAM) is committed to the UN Principles for Responsible Investment (UN PRI). In addition, Mandatum strives to effectively assess and manage the sustainability impacts of its investment operations and reduce the carbon footprint of its investments. UN PRI measures the development of the processes of signatory investors mainly by means of annual assessments. The assessment published in 2023 concerns the financial year 2022. Overall, MAM achieved good scores in the assessment, with at least four stars out of five in most of the categories. According to the assessment, MAM was particularly successful in integrating responsibility aspects into the investment processes for direct corporate loans and real estate investment funds.

Read more:
PRI Assessment Report ⟶
PRI Transparency Report ⟶

IT ALL COMES DOWN TO PEOPLE

Through its business operations, Mandatum strives to improve the financial security of its clients and promote responsible HR practices. The aim is to help corporate clients improve their competitiveness responsibly and to ensure that entrepreneurs and employees have a more sufficient income also during retirement or when facing financial adversity.

Effectively managed business strengthens the prerequisites for success and well-being in society. When combined with good leadership and compensation, the entire personnel's motivation and enthusiasm have a quantifiable effect.

LEADING BY EXAMPLE

Responsibility for our employees and sustainable operating methods is part of building a successful business. The well-being of employees is one of Mandatum's strategic goals. Similarly, the entire personnel implements Mandatum's sustainability through their day-to-day operations.

In 2023, Mandatum was awarded the Future Workplaces certificate in recognition of exceptional employee insight in leadership. The certificate is based on the Siqni employee insight survey, which evaluates the factors that employees consider the most meaningful in the workplace.

For Mandatum, financial responsibility means ensuring the continuity, profitability, earnings power and solvency of operations in all market situations. Risk management is also an integral part of Mandatum's financial responsibility.

> Mandatum's Sustainability Report 2023 provides more information on the key sustainability themes, the sustainability actions taken during the year, and the results achieved. The report is a statement of non-financial information in accordance with chapter 3a, section 5 of the Finnish Accounting Act and has been prepared in accordance with Global Reporting Initiative (GRI) standards. **mandatum.fi/en/year2023**.

UN SUSTAINABLE DEVELOPMENT GOALS

The UN Agenda 2030 and its 17 main goals aim at sustainable development that comprehensively takes into account the environment, economy and people.

Mandatum is committed to promoting the UN Sustainable Development Goals (SDGs), three of which are particularly relevant to the company's operations and impacts:

3 GOOD HEALTH AND WELL-BEING — Good health and well-being – ensuring healthy lives and promoting well-being for all at all ages

8 DECENT WORK AND ECONOMIC GROWTH — Decent work and economic growth – promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

13 CLIMATE ACTION — Climate action – taking urgent action to combat climate change and its impacts.

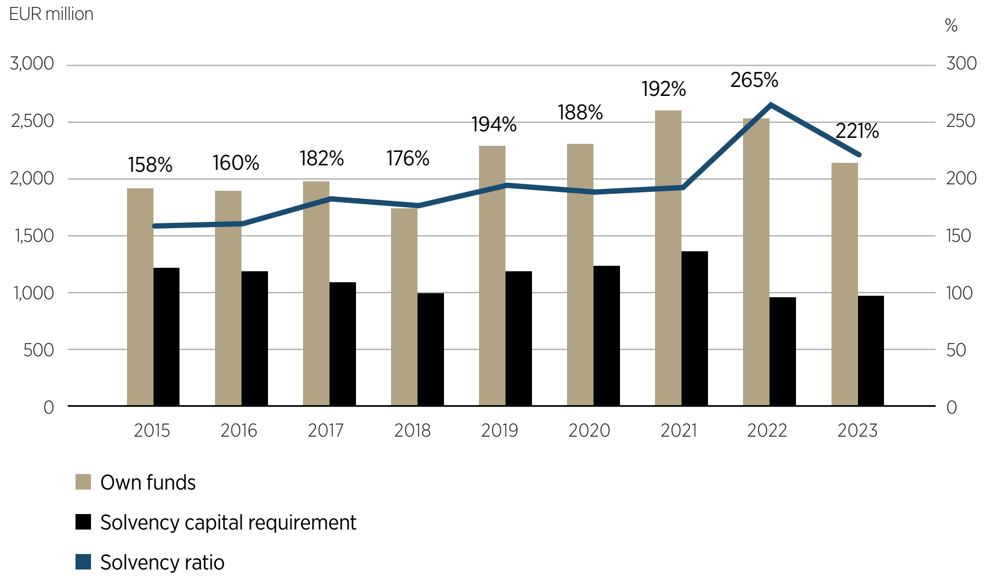
MANDATUM AS AN INVESTMENT

FOUR REASONS TO INVEST IN MANDATUM:

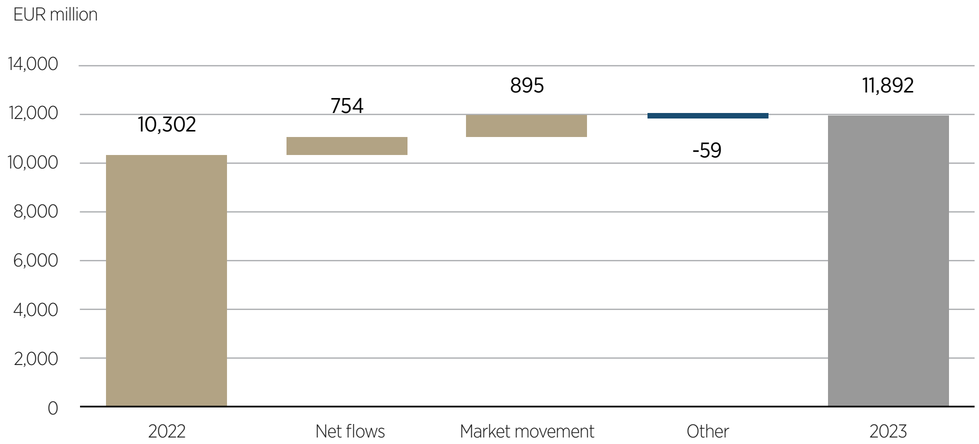
1. **Solid solvency position and attractive dividend:** Mandatum aims to distribute cumulative dividends of EUR 500 million during 2024–2026. Mandatum looks to achieve a good investment result with moderate risk and profitable growth from capital-light business. Together with the capital released from the with-profit business, this lays a solid foundation for an attractive dividend flow as well as added potential for additional distribution of profits.

2. **Profitable growth from wealth management:** The Institutional & wealth management business area is the driver of Mandatum's growth. Its clients include Finnish and Nordic institutional clients as well as high-net-worth individuals. Strong investment expertise and a proven track record, especially in our own spearhead products in the fixed income and credit markets, support our growth strategy and help expand the business to other Nordic countries.

Development of Mandatum's solvency position (million euros)



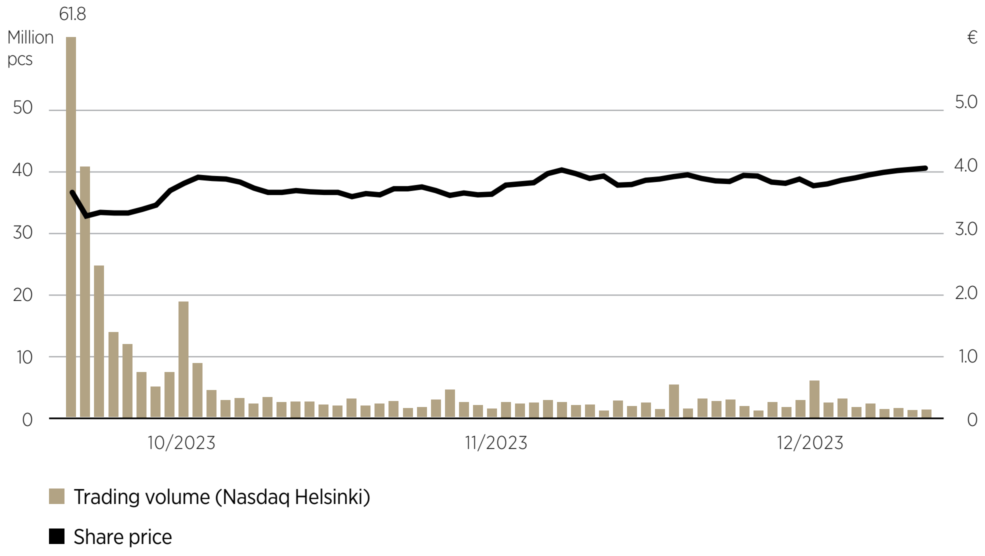
Development of client assets managed by Mandatum (million euros)



3. **Market leadership in the corporate segment enables cross-selling in wealth management:** A strong market position in the corporate segment also means extensive contacts with Finnish business leaders, which enables the cross-selling of wealth management products and access to significant new customer flows. Approximately 70 per cent of Mandatum's private wealth management clients currently have some kind of business connection. Mandatum offers the most extensive remuneration and engagement services on the market for corporate clients.

4. **A strong brand and high customer and employee satisfaction:** Mandatum's well-known brand, proven customer and personnel satisfaction and sales-oriented culture support all business activities and create added value in relation to competitors.

Share price performance and trading volume



FINANCIAL TARGETS

Mandatum aims to maintain a stable balance sheet and solvency position as well as enable stable dividend payments and strategic growth initiatives through strong organic return on capital and with-profit insurance portfolio management.

GROUP-LEVEL TARGETS

In 2024–2026, Mandatum aims to distribute **cumulative dividends of EUR 500 million**. The proposed dividend to be paid in spring 2024 is EUR 165.6 million.

170–200% medium-term **solvency ratio**
(221.4% 31 December 2023, 265.5% 31 December 2022).

BUSINESS AREA SPECIFIC TARGETS

BUSINESS RELATED TO THE MANAGEMENT OF CLIENT ASSETS:

In the medium term, Mandatum looks to achieve a net cash flow of 5% of client assets under management.[1]
Mandatum's net flow between 31 Dec 2022 and 31 Dec 2023 amounted to EUR 753.8 million, 7.3% of client AuM.

Development of fee margins based on disciplined pricing
Mandatum's fee margin in 2023 was 1.2% (1.2%).

Improving the cost/income ratio of client assets under management
Mandatum's cost/income ratio related to client AuM in 2023 was 66% (67%).

WITH-PROFIT BUSINESS

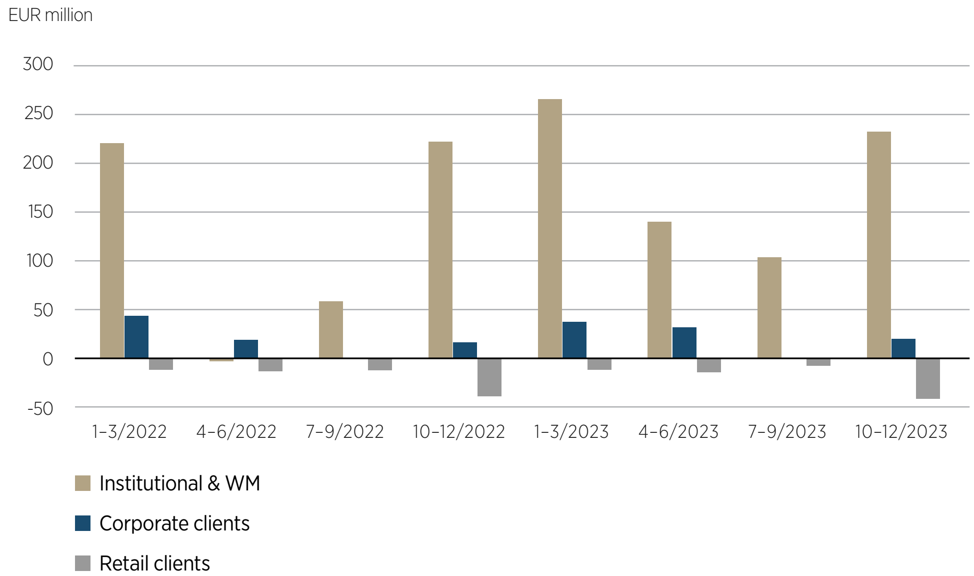
With-profit portfolio run-off with active portfolio management actions
The with-profit insurance contract liability as at 31 Dec 2023 decreased EUR 61 million to EUR 2,427 million (2,487).

[1]Based on client AuM at the beginning of the period.

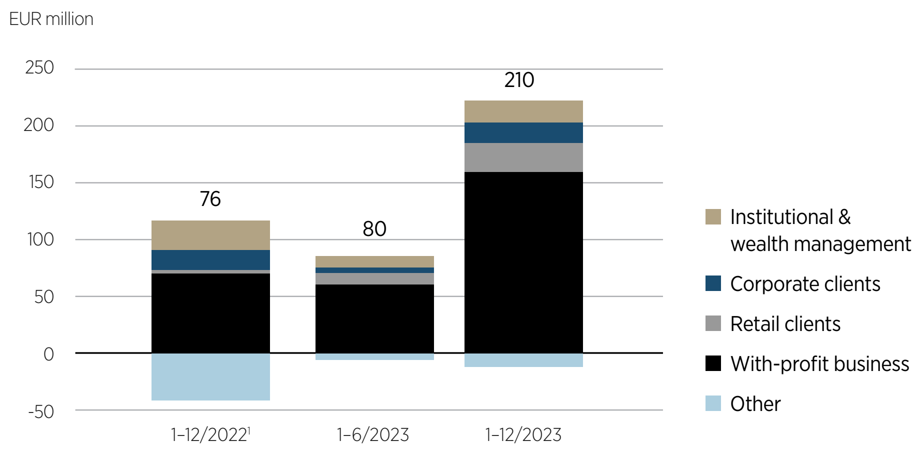
MANDATUM'S BUSINESS AREAS

Mandatum offers a wide range of mutually complementary products and services for its institutional & wealth management, corporate and retail clients. Mandatum is one of Finland's leading financial service providers and has institutional clients also in Sweden and Denmark. In total, Mandatum has around 20,000 corporate and 330,000 retail clients.

Net flow by segment (million euros)

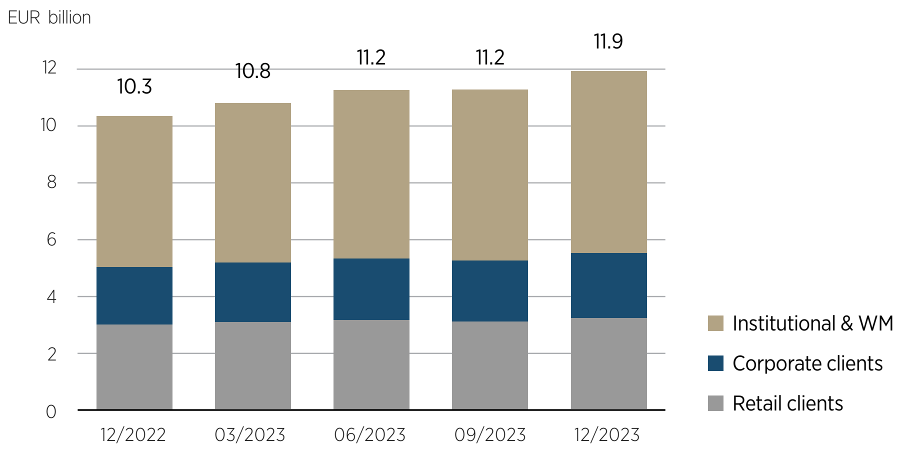


Results by business area (million euros)



[1]Comparable result at market values.

Client assets under management by segment (billion euros)



INSTITUTIONAL & WEALTH MANAGEMENT

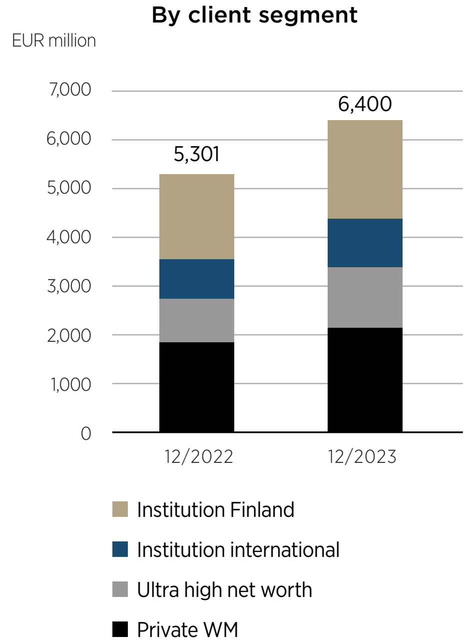
WEALTH MANAGEMENT IS A DRIVER OF GROWTH

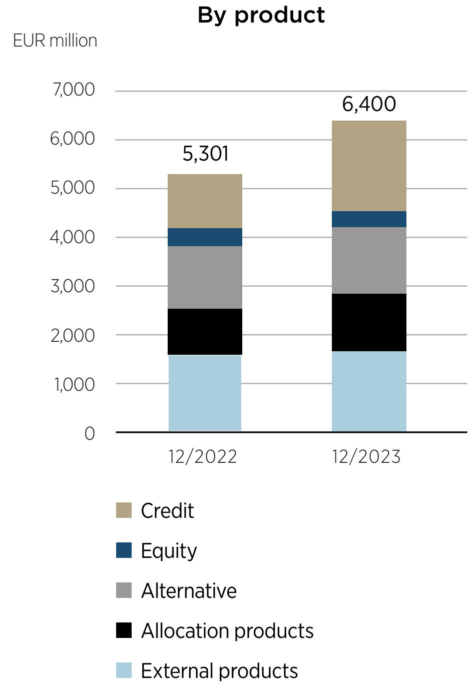
Mandatum provides comprehensive wealth and asset management services to its clients, which include Finnish and Nordic institutional investors, corporations and high-net-worth individuals. The company's investment expertise is based on long experience and a strong track record for profit, especially in the credit and alternative investments. Mandatum has been able to generate attractive risk-adjusted returns for its clients in a variety of asset classes.

PRODUCTS AND SERVICES

Mandatum offers a wide range of asset and wealth management services to institutional and private investors. Our offering includes diverse investment solutions in various asset classes, credit and alternative investments being Mandatum's core areas of expertise. The company's investment products follow the same approach as the Group's balance sheet assets are invested. Wealth management clients can also utilise the services of Mandatum's legal experts.

Client assets under management by client segment and product (million euros)





HIGHLIGHTS OF 2023:

- Mandatum increased its ranking to second-best institutional asset manager in Finland in a customer survey conducted by Scandinavian Financial Research. In the survey, around one hundred Finnish institutional investors evaluated 18 institutional asset management service providers. Our private wealth management clients' customer satisfaction stayed excellent (NPS 73.8 for customer interaction).
- Despite the challenging market environment, we set a record for the growth of net cash flow in wealth management, mainly driven by the increased demand for liquid and alternative credit investments.
- The assets under management of Mandatum's client loan products exceeded the billion-euro threshold at the end of September. Mandatum's Private Debt programme attracted a high level of investment commitments in its sixth year (214 million euros on 31 December 2023). In addition, Mandatum Nordic High Yield Total Return Fund received the 2023 Europe Refinitiv Lipper Award for Best Fund over 3 years in the Bond Europe High Yield category.
- Mandatum received a good overall score in the **UN Principles of Responsible Investment assessment**. In addition, the company's direct real estate investments and the Mandatum AM Finland Real Estate II fund received four out of five stars in the latest GRESB sustainability assessment.

CORPORATE CLIENTS

MARKET LEADER IN CORPORATE CLIENTS

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

Mandatum is the clear market leader in supplementary pensions and personnel funds and has a strong position in personal insurance. We have extensive contacts with Finnish business leaders, since the end customers of these products and services consist of the management and employees of Finnish companies. This enables the cross-selling of products and services as part of the customer relationship.

PRODUCTS AND SERVICES

Mandatum offers unit-linked group pension insurance policies, individual pension insurance policies, group risk insurance policies, individual risk insurance policies and personnel funds to its corporate clients. Mandatum also offers comprehensive advisory services on remuneration to its corporate clients, ranging from share and performance-based bonus schemes to remuneration benchmarking. Companies with excess liquid assets are also potential wealth management clients. Mandatum also offers its corporate clients pension planning and pension related expert services, as well as pension trust and pension fund services.

HIGHLIGHTS OF 2023:

- Customer satisfaction remained high (NPS 84.2 for customer interaction).
- Sales and premiums written for unit-linked supplementary pensions were roughly at the previous year's level.
- Demand for personal insurance continued to grow, with the biggest growth registered from large companies.
- The excellent cooperation between the corporate and wealth management businesses continued. Mandatum obtained 75 per cent of its new wealth management clients through its corporate contacts.
- The personnel fund business continued to grow and demand for share-based incentives is widespread also among unlisted companies. The entry into force of the Pay Transparency Directive increases demand for remuneration benchmarking services. The management compensation benchmarking service was also well received.

RETAIL CLIENTS

WE SERVE RETAIL CLIENTS DIRECTLY AND THROUGH OUR PARTNERS

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

PRODUCTS AND SERVICES

The products and services offered to retail clients through Danske Bank include loan insurance for housing loans, unit-linked investment insurance, capital redemption policies and pension insurance.

Mandatum Trader, an online trading service for independent investors, covers tens of thousands of instruments from stocks, ETFs and bonds to futures, options and other derivatives around the world. Mandatum Trader is particularly suitable for the active trader. Mandatum offers the Trader service as a tied agent of Saxo Bank A/S.

Retail clients can also take out individual risk insurance policies from Mandatum covering death, disability and serious illness, along with unit-linked investment and pension insurance policies and capital redemption policies.

HIGHLIGHTS OF 2023:

- Retail clients' customer satisfaction remained at a high level (NPS 67.8 for customer interactions).
- Mandatum and Danske Bank agreed to continue their cooperation for the next five years. The new contract period provides an opportunity for the further development of our cooperation and the solutions we offer to the bank's clients.
- Even though the total number of housing loans taken out in Finland decreased, the relative popularity of loan insurance increased, with a record number of new policies relative to loans taken out.
- Mandatum Trader service's client volume and profits continued to grow.
- The renewed interest in fixed-income products was also reflected in Mandatum Trader.

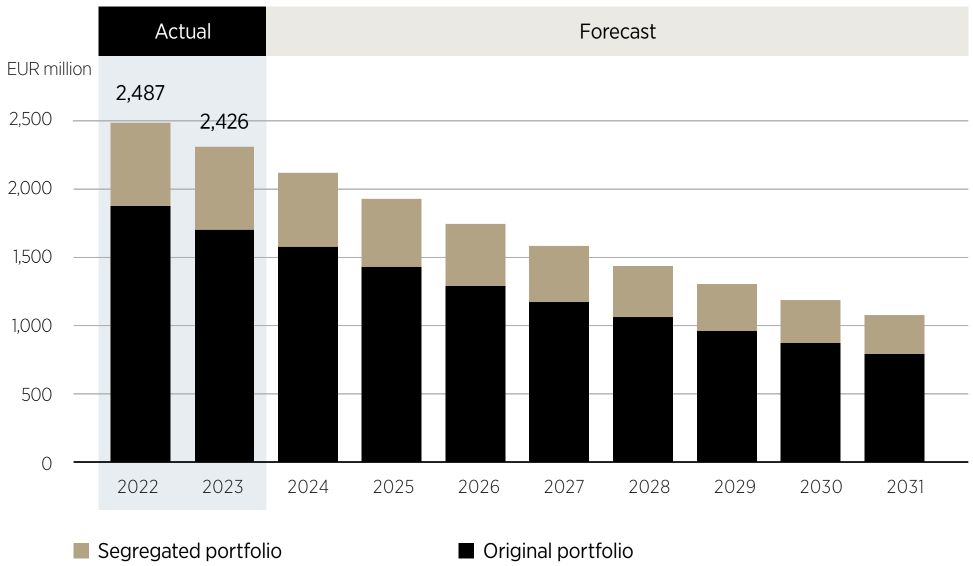
WITH-PROFIT BUSINESS

THE DECREASE OF THE WITH-PROFIT PORTFOLIO RELEASES CAPITAL

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

The majority of current with-profit insurance policies are pension insurance policies sold in the 1980s and 1990s. These policies include a fixed guaranteed return of mainly 3.5 or 4.5 per cent. The insurance contract liabilities in the financial statements have been calculated using the up-to-date market-consistent interest rate, which takes into account the guaranteed returns to be paid on the policies in the future. The sale of such policies was discontinued in the early 2000s, and the insurance portfolio is expected to continue decreasing relatively sharply in the coming years.

With-profit liability run-off forecast (million euros)



HIGHLIGHTS OF 2023:

- Mandatum Life significantly reduced its investment risk, for example by reducing the weight of direct equity investments from 19.9 to 8.5 per cent and by partially hedging the interest rate risk of technical provisions with interest rate derivatives.
- As a result of the lowered risk level, the solvency requirement of the with-profit business decreased significantly from EUR 612.5 million to EUR 475.7 million.
- The net finance result was EUR 137.8 million (50.3). Income from investments clearly exceeded the interest cost of insurance contract liabilities, although the decrease in long-term interest rates increased the interest costs of insurance contract liabilities in 2023.
- The with-profit insurance portfolio decreased in line with expectations.

2 CAPITAL MANAGEMENT

CAPITAL MANAGEMENT

1. INTRODUCTION

At Mandatum, group-level capitalisation is managed within Mandatum's risk appetite framework, which sets targets for solvency and informs potential risk management actions. Mandatum's solvency targets are determined by the Group's ambition to provide an attractive risk-returns profile for shareholders, and they reflect Mandatum's risk appetite. The balance between risks and actual level of capital is analysed and monitored regularly. When a potential imbalance between risks and the actual level of capitalisation is identified, the balance will be secured by adjusting existing risk exposures or capital, or both. In general, Mandatum believes that maintaining the profitability of its businesses and the active adjustment of risks is the first line of defence in risk management and, in the long run, an even more important factor than capitalisation.

The Mandatum Group companies must monitor the size of their capital buffers and have practices in place to maintain an amount of capital which is always above the defined capital floor. In addition to solvency, another important factor of capital management is liquidity management. Mandatum considers debt capacity as an important source of liquidity and solvency capital in case of a stress event and therefore aims to ensure reliable access to debt capital markets.

Mandatum plc is responsible for the Group's capital management activities. These actions are guided by targets set for group-level solvency and liquidity and include decisions on group-level investment exposures, business growth and performance targets, capital distributions and capital and other debt instrument issuances.

Mandatum's capital management framework aims to support value creation by enabling Mandatum's strategy. Quantitative targets are set for the Group's solvency, but other metrics are also monitored. At Mandatum, the target amount of capital is determined by defining both the capital floor and the capital buffer. The capital floor is the minimum level of own funds the Group needs to run its business operations normally. However, since risk exposures and profitability of business operations evolve over time and capital can sometimes erode rapidly due to stressed situations, there is a need to have a certain buffer in excess of the capital floor. This buffer together with the capital floor form the target amount of capital. An adequate buffer gives time for the Group to adjust its risks and capital in a controlled manner in times of stress, i.e., to maintain a balance between risks and capital at all times. An adequate buffer also gives reassurance to supervisors, clients, investors and other stakeholders.

2. TARGETS FOR GROUP-LEVEL SOLVENCY

Mandatum has set the mid-term target for the Group's solvency ratio to be between 170 and 200 per cent. The solvency position is managed towards the target range which is considered optimal in view of Mandatum's current business operations and strategy. Solvency targets have been set to provide a high level of protection against Mandatum falling below regulatory limits. The target levels are intended to encourage active steering of the balance sheet, not automatic actions. For example, falling below a target level would not directly mandate dividend not being paid; the existing financial environment and expected business development would also be considered in decision-making.

Minimum levels of financial resources are set based on the risk exposures and the regulatory and rating agency requirements on the Group. Buffers on top of the minimum levels are held to ensure business continuity and dividend security. These buffers ensure that the Mandatum Group will remain above regulatory and rating agency requirements also in a severe stress event.

The Group is able to operate below the target levels for some time, but it aims to gradually meet the target levels. The appropriateness and adequacy of the target levels are reassessed regularly in order to adjust for any potential changes in the risk profile and business mix.

The parent company of the Mandatum Group, Mandatum plc, must additionally monitor group-level risk concentrations and intra-group transactions which have a direct impact on the desired level of capitalisation. In addition, the liquidity position is monitored regularly as well its expected development.

3. SOLVENCY II GROUP STRUCTURE

There are various regulations that Mandatum, as a financial entity, needs to monitor and determine which of those regulations it must comply with. Currently the Solvency II Directive (2009/138/EC) sets out the requirements that Mandatum as a group needs to meet. Under Solvency II Mandatum is an insurance holding group and Mandatum plc is its ultimate parent. Table 3.1 shows how Mandatum as a Solvency II group is formed based on current regulations.

Within the Mandatum Group, Mandatum Asset Management Ltd (MAM) forms an investment firm group as defined in EU Regulation 2019/2033 on the prudential requirements of investment firms. The MAM investment firm group ("MAM Group") is formed by MAM as the parent company and its subsidiaries Mandatum AM AIFM Ltd, Mandatum Fund Management S.A. and Mandatum Asset Management Services Ltd (jointly "MAM Group Companies"). MAM also has three smaller subsidiaries which are not part of the investment firm group under the EU Regulation 2019/2033, but which are nevertheless legally MAM's subsidiaries. All relevant regulations, reporting requirements and capital adequacy requirements are observed and complied with at the sub-group level.

Mandatum and Sampo plc agreed as part of the demerger process that Mandatum will purchase the shares of Saxo Bank A/S which are owned by Sampo plc. This transfer will require approval from various financial supervisors before it can be executed. It is expected that the transaction will take place during H1-2024. The shares within the scope of the transaction represent 19.83 per cent of votes in Saxo Bank A/S. As a result, Saxo Bank A/S will be treated as an equity holding within solvency capital requirement calculations and will increase market risk SCR. Since the purchase price is already defined under terms of the transaction, Mandatum includes the market risk arising from the shares of Saxo Bank A/S fully in its solvency capital requirement as at 31 December 2023.

4. SOLVENCY POSITION

The solvency position is monitored by comparing the amount of own funds to the regulatory solvency capital requirement (SCR). The amount of own funds under Solvency II is based on the market-consistent valuation of the total balance sheet. The valuation of assets under the SII framework is based on the IFRS balance sheet with a few exceptions, valuation of the intangible assets being the most significant.

Table 3.1 Mandatum SII group companies and aggregation method

Company	Aggregation method
Mandatum Oyj	Full consolidation
Mandatum Holding Oy	Full consolidation
Mandatum Henkivakuutusosakeyhtiö	Full consolidation
Mandatum Incentives Oy	Full consolidation
Mandatum Life Palvelut Oy	Full consolidation
Mandatum Asset Management Oy	Aggregated based on sectoral rules
Mandatum AM AIFM Oy	Aggregated based on sectoral rules
Mandatum Fund Management S.A. (Luxembourg)	Aggregated based on sectoral rules
Mandatum Asset Management Palvelut Oy	Aggregated based on sectoral rules
PreCast Holding Oy	Related undertaking

Note that although Mandatum owns 50 per cent of Kaleva Mutual Insurance Company's guaranteed shares, Mandatum does not include Kaleva in its Solvency II group.

The technical provisions under Solvency II equal the so-called best estimate of the technical provisions plus the risk margin. The best estimate is based on the realistically expected cash flows of the insurance portfolio, which are discounted using the yield curve applied in Solvency II, derived from the risk-free yield curve. In terms of unit-linked insurance, the best estimate is the insurance savings minus the present value of risk and expense surplus related to the unit-linked policies. The basis for the risk margin in the Solvency II framework is a six-per cent cost of capital. For life insurance risks and operational risks, the risk margin is the present value of the future cost of capital.

Within the Mandatum Group, Mandatum Life applies a so-called transitional measure on technical provisions for the original with-profit pension policies with a guaranteed interest rate of 3.5 or 4.5 per cent. The transitional measure for technical provisions continues until 31 December 2031. The transitional measure on technical provisions increases own funds under Solvency II and its effect totalled EUR 191 million as at 31 December 2023.

The composition of Solvency II own funds of the Mandatum Group as at the end of December 2023 is shown in Figure 4.1.

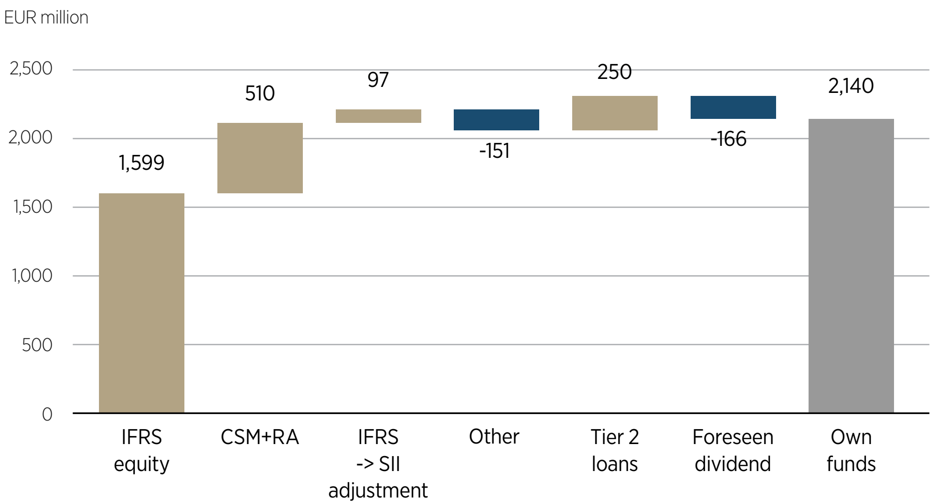
The item 'IFRS→SII' adjustment refers to differences between applied valuation methods in frameworks, among which the most significant are valuation of technical provisions (SII) vs. insurance and investment contract liabilities (EUR 145 million) and intangible assets (EUR -54 million).

When calculating solvency requirements under Solvency II, Mandatum applies the 'standard formula' where market and life insurance risk parameters are determined in the regulations. The goal has been to set the Solvency Capital Requirement (SCR) under Solvency II to a level where the own funds would be sufficient to secure the benefits of the insured with a one-year horizon and a 99.5 percent confidence interval. Figure 4.2 shows the composition of the Mandatum Group's solvency capital requirement as at 31 December 2023. Note that the item "Other" includes the following items: loss absorbing capacity of technical provisions and taxes, diversification benefits and capital requirements aggregated on the consolidated balance sheet i.e., mainly the capital requirement of MAM Group.

As can be seen in Figure 4.2, the most significant risk source from the Solvency II perspective is market risk. Figure 4.3 shows, how this is composed of various market risk sources.

Mandatum Group's solvency ratio as at 31 December 2023 was 221.4 per cent. Note that in solvency calculations the expected dividend is already deducted from the own funds as shown in Figure 4.1. Figure 4.4

Figure 4.1 Composition of own funds of the Mandatum Group as at 31 December 2023[1]



[1]CSM + RA = Contractual service margin and risk adjustment

Figure 4.2 Composition of SCR of the Mandatum Group as at 31 December 2023

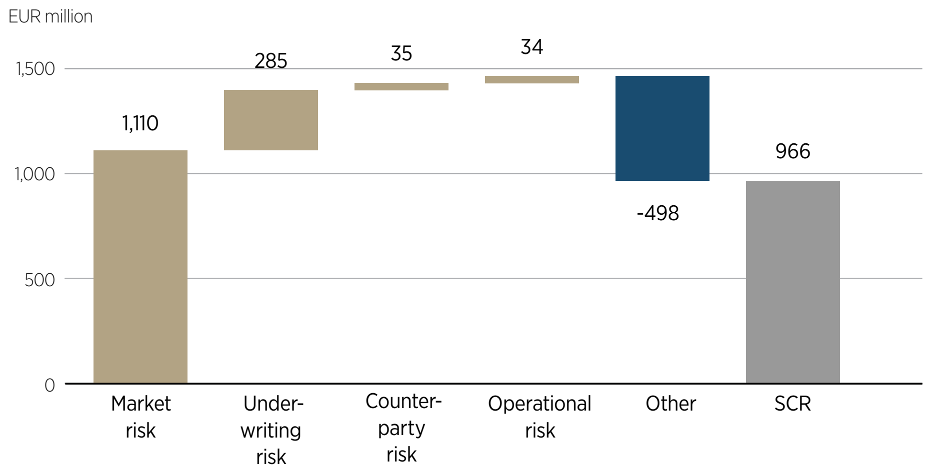
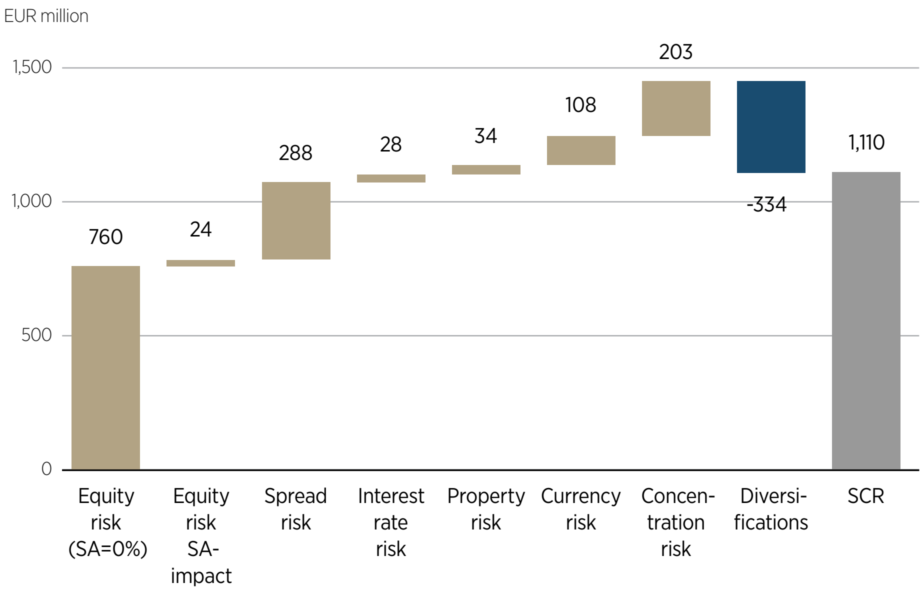
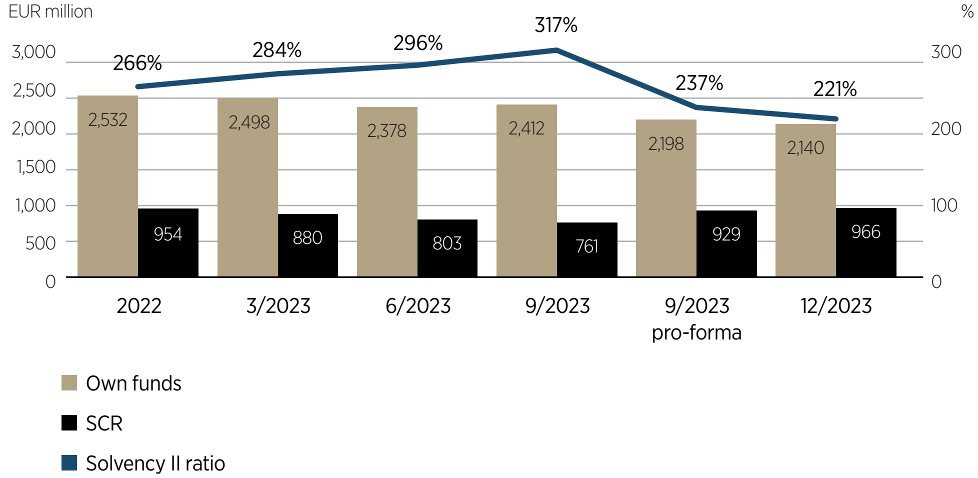


Figure 4.3 Composition of market risk SCR of the Mandatum Group as at 31 December 2023[1]



[1]SA = symmetrical adjustment

Figure 4.4 Development of the Mandatum Group's solvency position during the year 2023



shows the development of the solvency position over the calendar year.

During the calendar year, de-risking of the with-profit balance sheet has significantly decreased the SCR. However, the effect of the agreed balance sheet transactions between Mandatum and Sampo plc has offset this effect as can be seen from Figure 4.4 (09/2023 vs. 09/2023 pro-forma).

In addition to group-level solvency monitoring, the Mandatum Group includes four independently regulated entities, all of which have their own regulatory frameworks including capital adequacy requirements and corresponding requirements in addition to group wide requirements. Table 4.1 shows the solvency and capital position of each entity and sub-group.

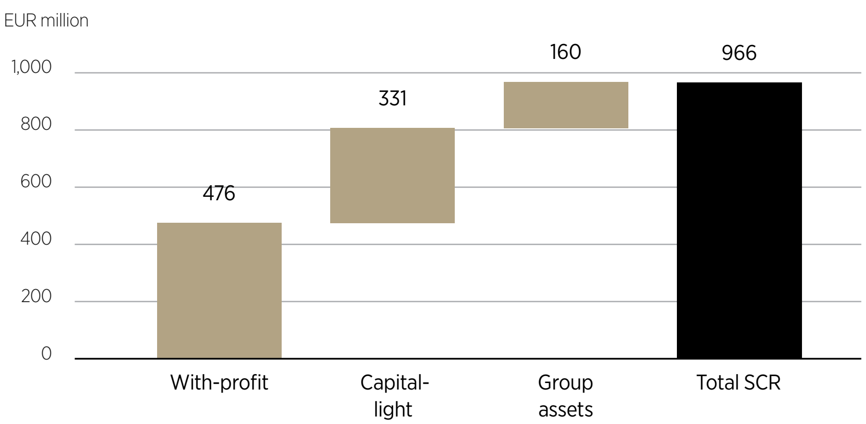
Table 4.1 Solvency and capital position of regulated entities as at 31 December 2023

EUR million	Own funds	Solvency/capital requirement	Solvency/ capital ratio	Framework
Mandatum Life	1,992	798	250%	Solvency II
MAM Group	24.7	7.9	312%	IFR/CRR
- MAM	19.0	6.6	289%	IFR/CRR
- MAM AIFM	2.7	0.5	537%	AIFMD/ CRR
- MAM Lux	4.7	0.5	910%	UCI law/ CRR

5. SOLVENCY CAPITAL REQUIREMENT BY BUSINESS SEGMENTS

Mandatum steers its business through four business areas: (i) Institutional and wealth management segment, (ii) Corporate segment, (iii) Retail segment and (iv) With-profit segment. The first three of these are generally referred to as the Capital-light segments. Within its capital management, Mandatum assesses the Group's non-strategic assets separately in addition to the aforementioned business segments. Figure 5.1 shows how the Group's solvency capital requirement is composed of segments. Although the With-profit segment is in run-off mode, its SCR is the largest and so are own funds internally allocated to the segment.

Figure 5.1 Decomposition of SCR by business segments as at 31 December 2023



6. CAPITAL GENERATION

6.1. GENERAL

The Mandatum Group's financial performance is measured based on IFRS standards and the results are shown in the Group's financial statements. In addition, Mandatum follows its capital generation based on the Solvency II framework, since the solvency position is one of the three most important measures for analysing dividend capacity. The other two are the liquidity position of the parent company and the parent company's distributable funds according to the local GAAP.

Another reason why capital generation metrics are important for Mandatum is that capital requirements between the legacy portfolio (With-profit segment) and the new business (Capital-light segments) are different, and business transformation towards the Capital-light segments is expected to generate capital reliefs in coming years (see chapter 7).

6.2. KEY DRIVERS OF CAPITAL GENERATION

Mandatum splits its capital generation metric into three main components:
- Organic capital generation,
- Management actions and
- Other.

Organic capital generation aims to measure the performance of the underlying business operations from a solvency position view. Management actions are the effect of separate decisions made by the management, including dividend distributions and emissions and prepayments of subordinated loans. The item 'Other' include the effect of regulatory changes and other occurrences not categorised as management actions. For example, the effect of symmetrical adjustment is included in this item.

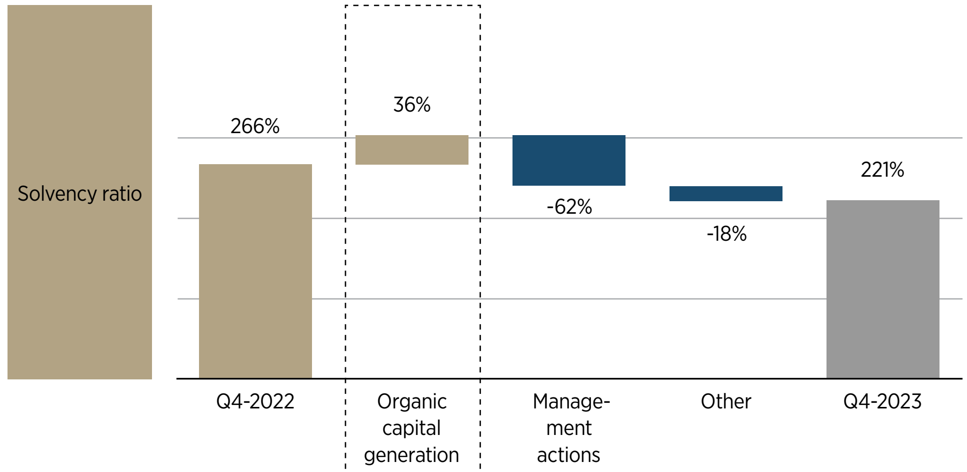
Figure 6.1 shows the analysis of capital generation into its components during the financial year 2023. During the financial year the demerger process and balance sheet transaction agreed in the process, which are categorised as management actions, was reflected in capital generation. Due to these, usually one-off items, more informative from the business perspective is organic capital generation, which contributed positively to the Group's solvency position and totalled EUR 270 million. Analysis related to organic capital generation is given in more detail in next section.

During the financial year, management actions had significant impact and with respect to own funds movement those consist of EUR 166 million dividends as proposed by the Board of Directors, a EUR

100 million repayment of a subordinated loan, EUR 102 million financial debt transferred in demerger and the effect of the agreed portfolio transfer between If and Mandatum Life, and these totalled EUR -387 million. Correspondingly, the SCR movement consists of the effect of the portfolio transfer, de-risking activities of the with-profit segments asset portfolio and the effect of B/S transactions.

The item 'Other' includes regulatory changes, model changes and other related effects which are either one-off items or otherwise not directly related to the performance of the underlying business operations. The change of transitional measure is included in this item and during financial year it totalled EUR -80 million including the effect of its recalculation.

Figure 6.1 The Mandatum Group's capital generation in total during the financial year 2023



	Q4-2022	Organic capital generation	Management actions	Other	Q4-2023
Own funds	2,532	129	-387	-134	2,140
SCR	954	-70	68	15	966

Figure 6.2 The Mandatum Group's organic capital generation during the financial year 2023

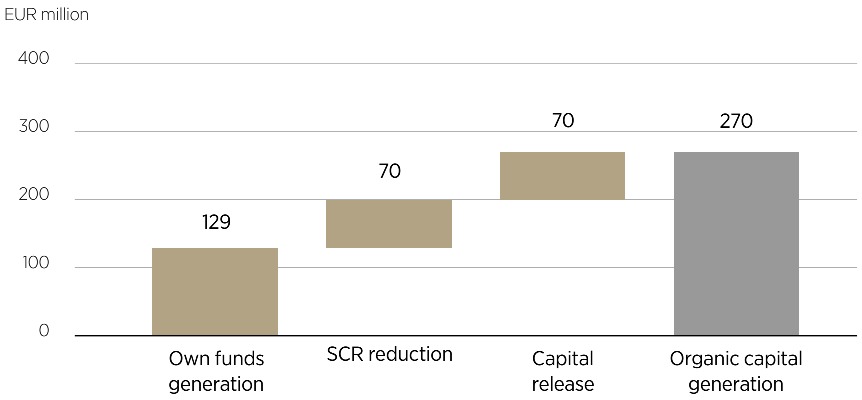
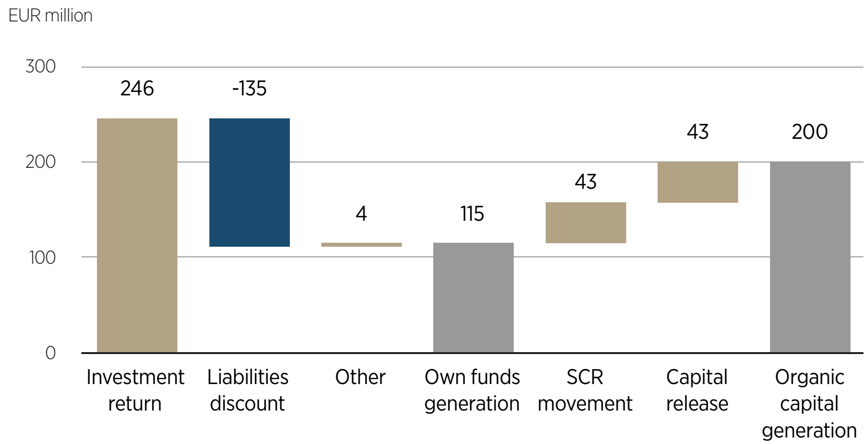


Figure 6.3 Decomposition of organic capital generation of the With-profit segment



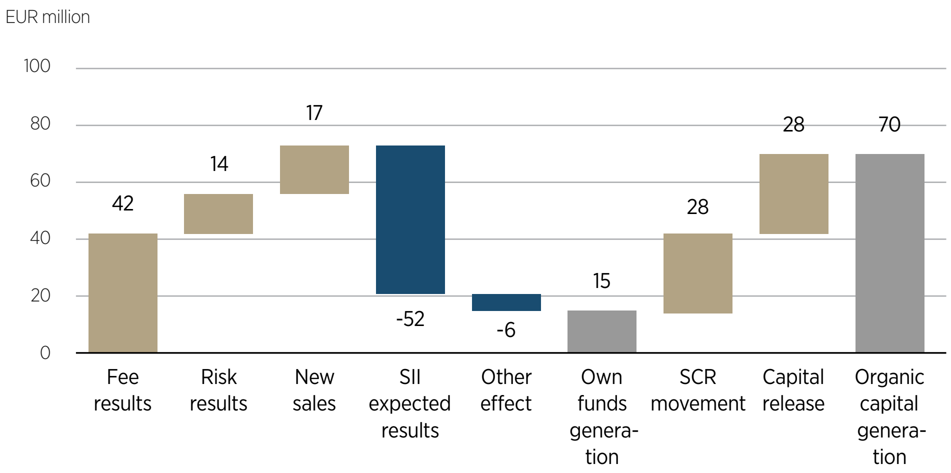
6.3. ORGANIC CAPITAL GENERATION

The most important capital generation component is organic capital generation, since it gives the best insight into how the underlying business operations have impacted capital generation. For example, it excludes the effect of separate management actions. The effect of financial markets is included in organic capital generation, although the change effect of the symmetrical adjustment factor applied in equity risk SCR calculation is excluded and shown under the item 'Other'.

Figure 6.2 shows the composition of the organic capital generation during the financial year. During the financial year, organic capital generation totalled EUR 270 million, of which EUR 129 million is due to own funds development and the rest due to decrease of SCR.

Organic capital generation in the With-profit segment totalled EUR 200 million. With respect to own funds movement, this is mainly composed of the difference between asset return and the liabilities discount effect as can be seen in Figure 6.3. Organic capital generation in the Capital-light segments totalled EUR 70 million. Figure 6.4 shows how this is composed of underlying financial statement elements. Note that own funds already include expected future profits, and for this reason the expected profit for the period according to the solvency calculation basis is deducted.

Figure 6.4 Decomposition of organic capital generation of the Capital-light segments

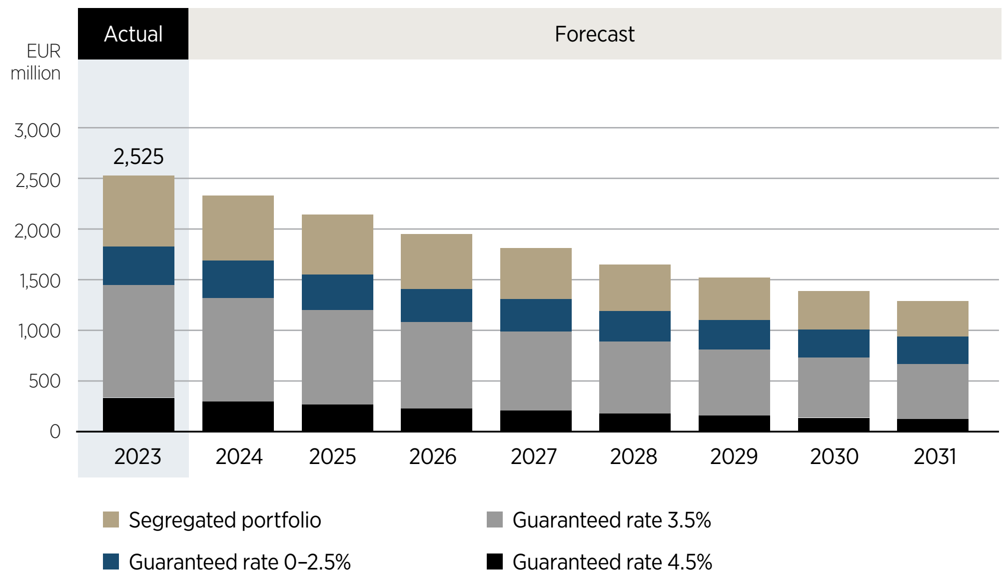


7. BUSINESS OUTLOOK

Looking forward, it is important to acknowledge that the Mandatum business strategy and operations are focused on the Capital-light business segments, while the With-profit segment's underlying portfolios are in run-off. In practice this means that the solvency capital requirement is expected to trend downwards in the future, even though the Capital-light business is expected to grow. However, its solvency capital requirement is much lower than that of the With-profit segment.

In general, the future development of the solvency capital requirement is difficult to estimate and depends on the outcomes of various external and internal factors. However, the underlying insurance portfolios of the With-profit segment are mainly composed of individual and group pension policies and as such the development of policy savings is predictable. Figure 7.1 shows the expected development of with-profit policy savings using guaranteed interest rates. Note that policy savings differ from IFRS liabilities mainly due to different discount rates.

Figure 7.1 Forecast of with-profit policy savings by guaranteed rate



8. LEVERAGE

The Mandatum Group's leverage ratio is calculated by dividing the Group's financial debt by the sum of: IFRS equity; insurance service margin minus deferred tax; and financial debts. Note that in this context financial debt does not include the effect of financial derivatives. Table 8.1 shows the Mandatum Group's leverage ratio as at 31 December 2023.

The Mandatum Group's leverage ratio is expected to increase once the transaction related to Saxo Bank A/S is executed. Mandatum has agreed with Sampo plc that transactions will partly be financed with a vendor note from Sampo plc.

The Group's current subordinated loans are emitted by Mandatum Life and comprise an issuance made in September 2019. Table 8.2 shows the key terms of issuance.

Note that at the end of September 2023 Mandatum Life called back its earlier Restricted Tier 1 issuance of EUR 100 million.

In the partial demerger of Sampo plc, part of Sampo plc's general liabilities not allocated to any specific business operations were allocated to Mandatum plc on the basis of the value of the assets transferring to Mandatum plc and the value of the assets remaining with Sampo plc on the effective date of the demerger. Considering that such debt instruments, due to their nature, could not be transferred as such, an equivalent debt relationship on equal terms was formed between Sampo plc and Mandatum plc. This financial debt totalled EUR 102 million as at 31 December 2023 and Figure 8.3 shows the debt instruments by maturity, including Mandatum Life's subordinated loans. A detailed description can be found on the Mandatum website.

Note that Figure 8.3 does not include the aforementioned vendor note. This vendor note will increase the total amount of outstanding financial debt.

Table 8.1 Financial leverage as at 31 December 2023

	31 Dec 2023
Financial debt	351,1
Shareholder equity	1,599,0
CSM+RA, net of tax	408,0
Debt ratio	14,9%

Figure 8.3 Debt instruments by maturity as at 31 December 2023

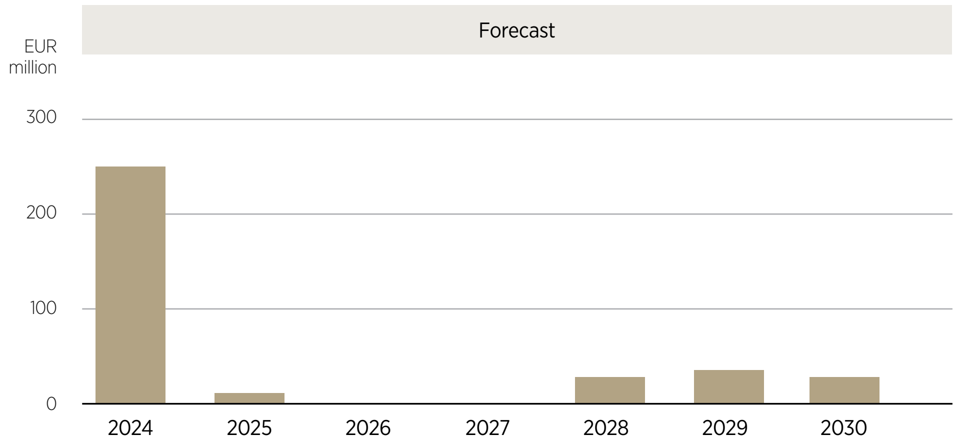


Table 8.2 Key terms of the subordinated loans

Key item	Terms
Issue date	September 2019
Nominal	EUR 250 million
Term	30 years
First call-date	October 2024
After first call-date	Annually
Tier	Tier 2
Interest	Fixed 5 year, 1.894 %
Key terms	Solvency adequate, interests accumulate if not paid, approval by FSA
Listed	Euronext Dublin (GEM)

3 REPORT OF THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS

MANDATUM GROUP

REPORT OF THE BOARD OF DIRECTORS 2023

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

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

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

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

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

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

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

The 'other result' was EUR -8.7 million (27.2) This line item includes the insurance service result for the with-profit business, Mandatum plc's operating expenses, interest expenses for Group loans and the result for services other than insurance and asset management services. The insurance service result for the with-profit business was exceptionally high for both the year under review (EUR 21.9 million) and the comparative year (EUR 19.9 million) due to the unwinding of the contractual service margin. At the end of 2023, the business area's contractual service margin was only EUR 8.8 million (52.2), and therefore a contractual service margin release comparable to the year under review is not expected in the coming years. The group contribution (EUR 29.0 million) decreased the result for the comparative year. External costs of the partial demerger and the IPO amounted to EUR 4.7 million in 2023. The key event during the year under review was the Sampo decision on the partial demerger and the listing of Mandatum on 2 October (for more information on the partial demerger, see "Structural and financial arrangements"). In September 2023, Sampo plc and Mandatum Holding Ltd agreed on the transfer of Sampo's holding in Saxo Bank A/S (19.83 per cent) and certain other investments to Mandatum Holding. The Saxo transaction is subject to regulatory approvals and is expected to be completed in the first half of 2024. In addition, Sampo sold its shares in Enento Group plc (12.15 per cent) to Mandatum Holding in November 2023.

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

Key Figures

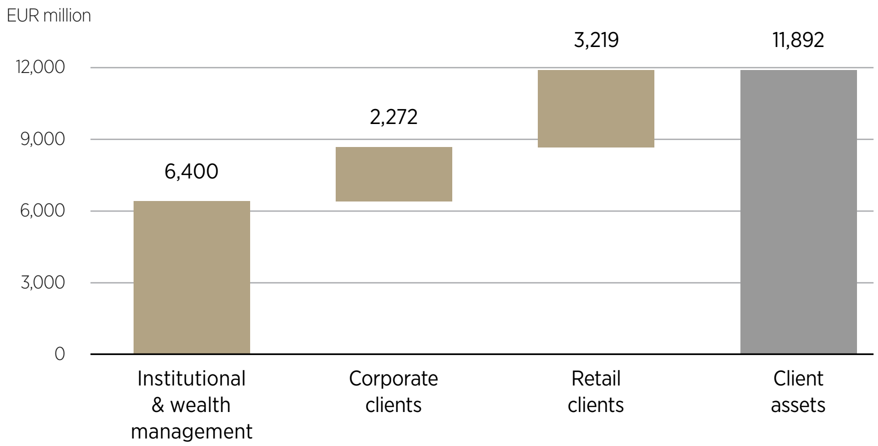
EUR million	1–12/2023	1–12/2022	Change %
Profit before taxes for the period[1]	210.4	75.7	178%
Fee result	52.6	43.3	22%
Net finance result	148.6	50.5	194%
Result related to risk policies	17.9	9.2	96%
Other income[2]	-8.7	-27.1	-68%
Earnings per share, EUR[3]	0.32	0.12	182%
Equity per share, EUR[3]	3.19	3.37	-4%
Price/earnings ratio (P/E ratio)	12.71	n/a	n/a
Net flow	753.8	499	51%
Return on equity-%	9.8%	3.3%	6.4%
Cost/income ratio related to client AuM, %	65.5%	67.0%	-1.5%

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

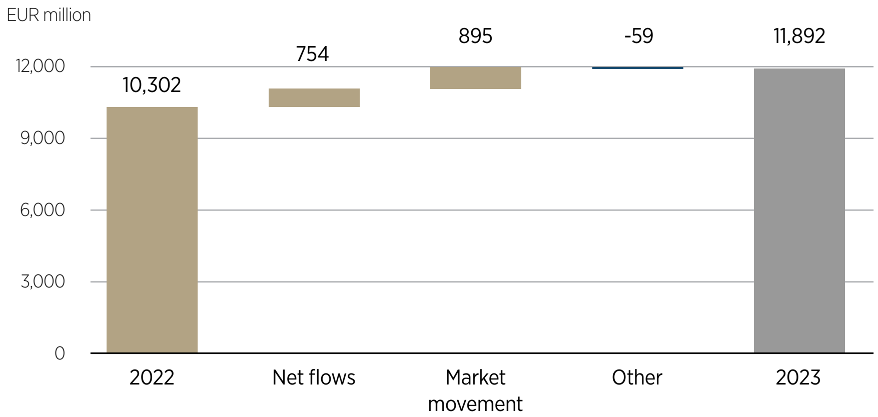
[1]For the comparative period, comprehensive income items were included.
[2]The impact of the group contribution of EUR -29.0 million was recognized in profit or loss.
[3]The number of shares used in the calculation corresponds to the number of shares after the partial demerger of Sampo Group on 2 Oct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

EUR million	31 Dec 2023	31 Dec 2022	Change %
Client AuM	11,892	10,302	15%
Solvency ratio, %	221.4%	265.5%	-45%

Mandatum client assets under management 31 December 2023



Development of client assets managed by Mandatum after 31 December 2022



by EUR 12.8 million during the year under review, to EUR 966.4 million. The section "Group solvency" describes the development of solvency in more detail.

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

STRUCTURAL AND FINANCIAL ARRANGEMENTS

On 17 May 2023, Sampo plc's Annual General Meeting approved the partial demerger of Sampo plc in accordance with the demerger plan approved and signed by Sampo plc's Board of Directors on 29 March 2023. In the partial demerger, all shares in Mandatum Holding Ltd and the related assets and liabilities will be transferred to the company established in the demerger, Mandatum plc, without liquidation proceedings.

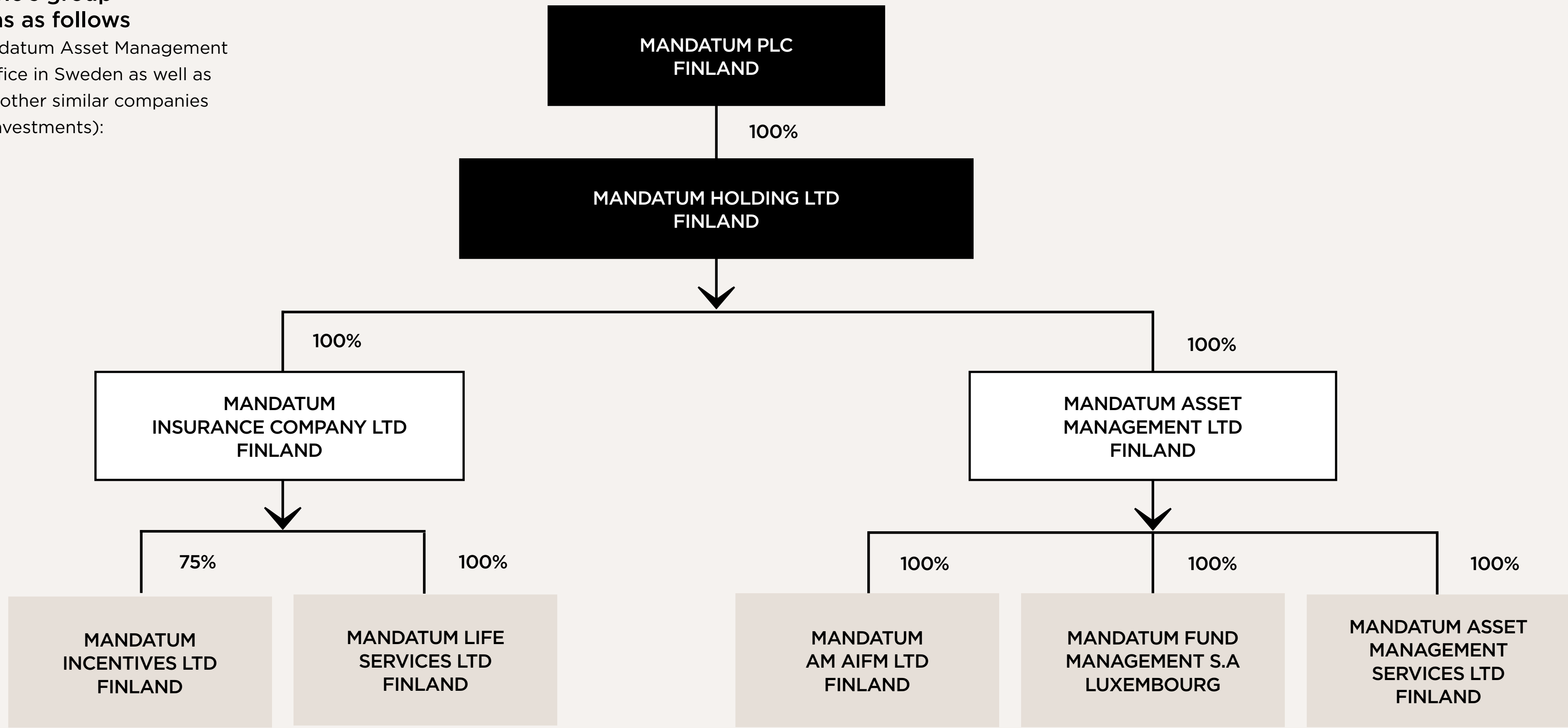
The partial demerger of Sampo plc was completed on 1 October 2023 and the company formed in the demerger, Mandatum plc, became the new parent company of Mandatum Group. At the same time, Mandatum was separated from Sampo Group.

Mandatum plc's shares were listed for trading on Nasdaq Helsinki Ltd's stock exchange list on 2 October 2023.

On 11 December 2023, Mandatum plc decided to merge Mandatum Holding Ltd into Mandatum plc as a subsidiary merger in accordance with the Finnish Limited Liability Companies Act. No consideration will be paid in the merger. The reason for the merger was Mandatum's separation from Sampo plc in the partial demerger and its purpose is to simplify Mandatum's group structure. The merger has no impact on Mandatum Group's business operations. The implementation date of the merger is slated for 30 April 2024.

In connection with the restructuring of Mandatum Asset Management Ltd's real estate asset management business, Mandatum Asset Management Ltd established a new subsidiary, MAM Palvelut Ltd, in May 2023 to provide rental and other services related to real estate asset management. The company had four employees on 31 December 2023.

As of 31 December 2023, Mandatum plc's group structure was as follows
(excluding Mandatum Asset Management Ltd's branch office in Sweden as well as real estate and other similar companies accounted as investments):



OUTLOOK

OUTLOOK FOR 2024

The fee result is expected to increase from year 2023 provided that the market environment remains stable. While Mandatum has been able to maintain disciplined pricing and stable fee margins within capital-light customer segments during years 2022 and 2023, the fee result for year 2024 is dependent on several factors, such as client behaviour and client asset allocation, competition and capital market conditions.

The with-profit portfolio is expected to decrease further. Value changes of the investments in the with-profit portfolio can create relatively high volatility in the net finance result due to changes in the market environment.

In addition, and as typical for the industry, the overall results of Mandatum will be impacted by actuarial assumptions that are updated from time to time.

The strong solvency gives the company a sound basis to operate in different market conditions.

Financial targets

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

[1]Based on client AuM at the beginning of the period.

MAJOR RISKS AND UNCERTAINTIES FOR THE GROUP IN THE SHORT TERM

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

Market risks are mainly caused by unfavourable changes in equity investments, fixed income investments and insurance contract liabilities, and in the case of the latter two, specifically by their combined effect. The business area where all these risks most significantly occur is the with-profit business. Other business areas are also exposed to market risks because their income is highly dependent of the amount of assets under management. Mandatum is also exposed to the influence of market risk for direct equity and fixed income investments, and the risks are emphasised by the concentration of investments in a few large investments. Changes in the investment markets mentioned above may reduce the amount of client assets under management and weaken the result of investment and financing operations. A decrease in interest rates increases with-profit insurance contract liabilities and thus weakens the result of investment and financing operations. Identifying uncertainties is easier than estimating the probabilities, timing and extent of the potential economic impacts of uncertainties. Unpredictable significant events may have an immediate impact on Mandatum's profitability, especially when related to macroeconomic and financial market developments. In this case, Mandatum's market risks may materialise through an unfavorable valuation of investment assets or insurance contract liabilities. Over time, possible unfavourable macroeconomic impacts may also be reflected in Mandatum's operative business. For example, a decline in economic growth may have a negative impact on the development of client assets.

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

The war in Ukraine also remains a significant economic risk, as does the tense situation in the Middle East. Simultaneously, rapidly evolving hybrid threats create new challenges for governments and businesses. The impacts of the war in Ukraine and the crisis in the Middle East on Mandatum are mainly related to their effects on the capital markets and macroeconomics. There are no significant direct investments in Russia or Ukraine on Mandatum's balance sheet. Given that there are no significant direct risk exposures, Mandatum's most significant risk arising from the war in Ukraine is related to the aforementioned secondary impacts on the financial markets and the macroeconomy.

Other sources of uncertainty include unpredictable structural changes in the operating environment and already identified trends affecting the operating environment and also potential events with major impacts. These external factors may have an impact on Mandatum's business operations in the long term as well. Examples of trends already identified include demographic changes, sustainability themes and technological developments in areas such as artificial intelligence and digitalisation, including cybersecurity-related threats.

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

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

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

DIVIDEND PROPOSAL

DIVIDEND

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

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

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

Mandatum aims to distribute EUR 500 million in cumulative dividends in 2024–2026. The dividend proposed for 2023 is part of this target.

OPERATING ENVIRONMENT

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

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

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

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

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

BUSINESS AREAS

Mandatum's business operations are divided into four business areas: Institutional & wealth management, Corporate clients, Retail clients and With-profit business.

INSTITUTIONAL & WEALTH MANAGEMENT

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

Institutional & wealth management had a strong year both in terms of sales activity and product performance. The Institutional & wealth management business area's net flow at end of year was higher than in any previous full financial year, totalling

EUR 740 (Jan–Dec/2022: 496) million. All client segments (international, institutional and wealth management) supported the growth of net flow. Higher-risk fixed income products, such as high-yield and senior loan funds, were particularly highly subscribed.

The client assets under management for Institutional & wealth management increased by 16.7 per cent during the year and totalled EUR 6.4 billion on 31 December 2023. Assets under management of Mandatum's client loan products exceeded the one-billion-euro threshold at the end of September. The return on key products was also mainly good, which reflected positively on both client assets under management and the business area's income. Fee margins remained almost at the previous year's level, although sales were mainly focused on fixed-income products with lower margins. The result for the full financial year was EUR 19.4 million (25.9). The regrouping into new business areas (Institutional & wealth management, Corporate, Retail, With-profit business) during the summer of 2023 makes it difficult to compare the result of the business areas with the previous year.

Mandatum was ranked the second-best institutional asset manager in Finland in the large corporates category in the Scandinavian Financial Research (SFR) client survey, in which c. 100 Finnish institutional investors rated 18 institutional asset managers. The expansion of wealth management to Sweden and Denmark proceeded as planned during the year.

CORPORATE CLIENTS

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

The success of our corporate client business is strongly linked to the success of Mandatum's client companies. The economic challenges have not yet significantly impacted the operations of the company's clients, and as a result, the business area has continued a steady development path. Finnish companies are still competing for capable personnel, making solutions for employee engagement and compensation crucial in Mandatum's corporate clients' strategies.

The clients assets managed by the Corporate business area increased by 8.3 per cent during the year and totalled EUR 2.3 billion on 31 December 2023. Net flow remained at the previous year's level and was EUR 89.5 (Jan–Dec/2022: 79.5) million for the full year. Cross-selling between Corporate and Institutional & wealth management business areas remained strong, and 75 per cent of Institutional & wealth management's new sales came through the Corporate business area. This is further proof of the effectiveness of Mandatum's strategy, the company's strong market position in the corporate segment, and close cooperation between the business areas. The Corporate business area's full-year result was EUR 17.8 million (17.6). The grouping into new business areas made in the summer of 2023 makes it difficult to compare the business areas' results with the previous year.

RETAIL CLIENTS

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

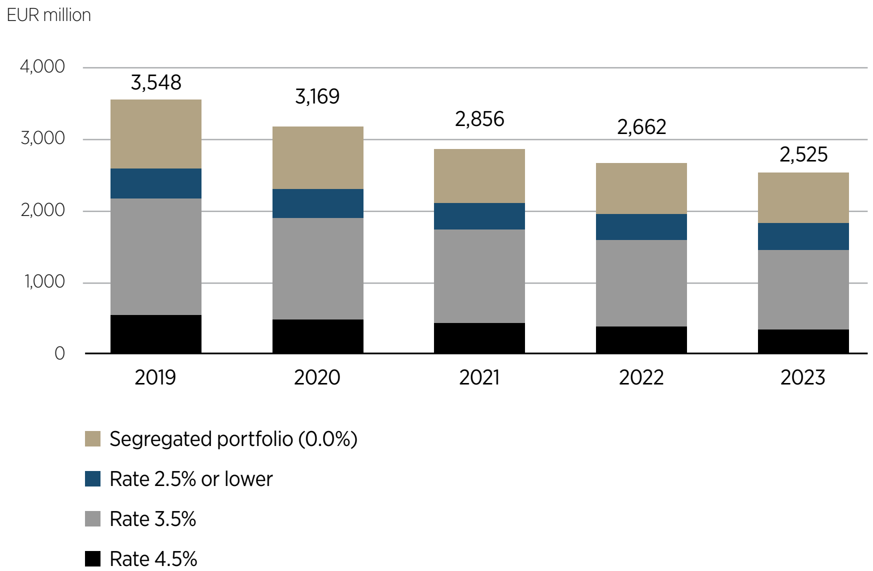
Mandatum and Danske Bank announced on 15 September 2023 that they will continue their long-term cooperation for the next five-year period until the end of 2028. The new contract period provides an opportunity for the further development of our cooperation and the solutions Mandatum offers to the bank's clients.

The client assets managed by the Retail business area increased by 7.9 per cent during the year and totalled EUR 3.2 billion on 31 December 2023. Net flow was negative for the full year at EUR -75.4 (Jan–Dec/2022: -76.9) million. Loan insurance policies sold by Danske amounted to a solid share of new loans, but due to the subdued loan market, premiums written in the loan insurance portfolio decreased by two per cent year-on-year. The user numbers of the Trader service increased by about 14 percent from the previous year. The Retail business area's profit before taxes for the full year was EUR 25.3 (3.2) million. The grouping into new business areas made in the summer of 2023 makes it difficult to compare the business areas' results with the previous year.

WITH-PROFIT BUSINESS

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

Development of with-profit insurance savings by with-profit rate from 2019, EUR million



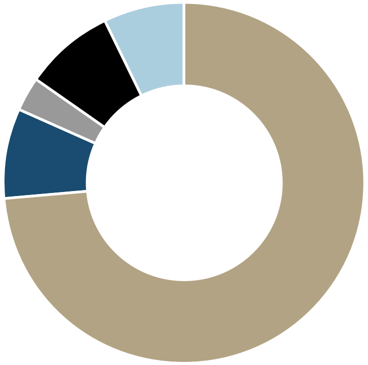
Mandatum Life's with-profit insurance portfolio has mainly been in run-off status since the early 2000s. The insurance portfolio and its insurance contract liabilities have declined significantly over the past decade, and this is expected to continue in the future as well. Mandatum also aims to take active measures to accelerate the run-off.

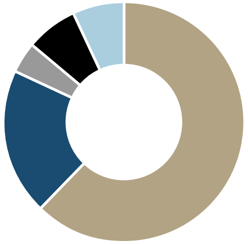
As changes in market interest rates cause fluctuations in insurance contract liabilities in IFRS accounting, the actual development of the insurance portfolio is also monitored through the development of insurance savings. In addition to insurance premiums and claims, insurance savings are increased by the guaranteed interest and bonuses paid annually on policies. The average guaranteed interest for the original insurance portfolio is 3.2 per cent. The interest requirement of the segregated insurance portfolio is 0.0 per cent, in addition to which the insurance savings include the insurance portfolio's share of the investment assets covering the portfolio, which bears part of the investment risk if the return on the assets were to remain below zero per cent.

Mandatum Life reduced its investment risk significantly during the year, for example by reducing the weight of direct equity investments from 19.9 to 8.5 per cent and by partially hedging the interest rate risk of technical provisions with interest rate derivatives. As a result of the lower risk level, the solvency requirement of the with-profit business decreased significantly from EUR 612.5 million to EUR 457.7 million. The return on investments of 7.8 per cent clearly exceeded the financing cost of insurance contract liabilities, in addition to which the with-profit insurance portfolio decreased in line with expectations. The result before taxes for the full financial year was EUR 159.7 million (70.2) and the net finance result EUR 137.8 million (50.3).

The net finance result of the with-profit balance sheet is a key part of Mandatum's result, and the market risks related to the balance sheet are the most significant factor in the Group's capital requirements. The key objectives of the With-profit business are to cover the requirements set by the insurance contract liabilities, to generate a sufficient return on the capital tied up in the business with an investment risk in line with the company's risk appetite, and to strive to ensure that the company's solvency targets are met. The investment assets related to Mandatum's life insurance operations are diversified both geographically and between different asset classes in order to increase returns and reduce risks. The asset allocation of Mandatum's life insurance-related investments for the original portfolio and the segregated portfolio on 31 December 2023 is presented in the charts on the next page.

With-profit investment portfolio by asset class, original portfolio on 31 December 2023, 3,339.9 EUR million

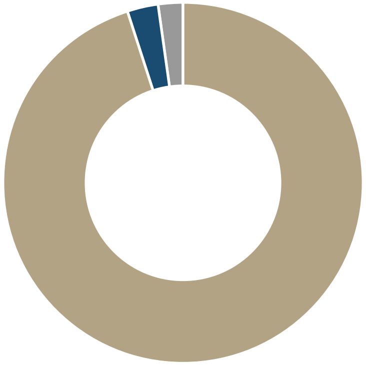

31 December 2023

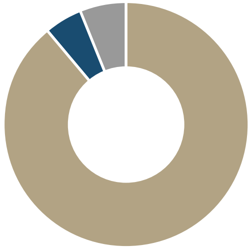

31 December 2022

Fixed income	73% (63%)
Listed equity	8% (20%)
Real estate	3% (4%)
Private equity	8% (7%)
Private credit	7% (7%)

The reconciliation calculation is presented in Appendix 5.3.

With-profit investment portfolio by asset class, segregated portfolio on 31 December 2023, 701 EUR million


31 Dec 2023


31 Dec 2022

Fixed income	95% (89%)
Real estate	3% (5%)
Other	2% (6%)

The reconciliation calculation is presented in Appendix 5.3.

SEGMENT REPORTING

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

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

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

FINANCIAL SITUATION

GROUP SOLVENCY

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

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

FINANCIAL LEVERAGE POSITION

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

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

SUBORDINATED LOAN

Mandatum Group's financial debt includes a subordinated loan with a nominal value of EUR 250 million issued by its subsidiary Mandatum Life. The subordinated loan was issued in 2019 and has a 30-year maturity, and the first call date is in October 2024. The interest on the loan is fixed at 1.875 per cent until the first surrender day and thereafter the interest is the 3-month Euribor rate plus a 2.30 percent margin, and after October 2029, the 3-month Euribor rate plus a 3.30 percent margin.

Mandatum's solvency as at 31 December 2023 and 31 December 2022

EUR million	31 Dec 2023	31 Dec 2022
Own funds	2,140	2,532
Solvency capital requirement	966	954
Solvency ratio	221.4%	265.5%

Mandatum's financial leverage as at 31 December 2023

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

Mandatum repaid the nominal value of the EUR 100 million subordinated loan issued in 2002 during the financial year as part of Sampo plc's partial demerger arrangement. The loan had been issued by Mandatum Life.

RATINGS

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

LOANS AND LIABILITIES TO RELATED PARTIES

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

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

Related party transactions are described in more detail in Note 31, Related party disclosures, in the notes to the financial statements.

SHARES, SHARE CAPITAL AND SHAREHOLDERS

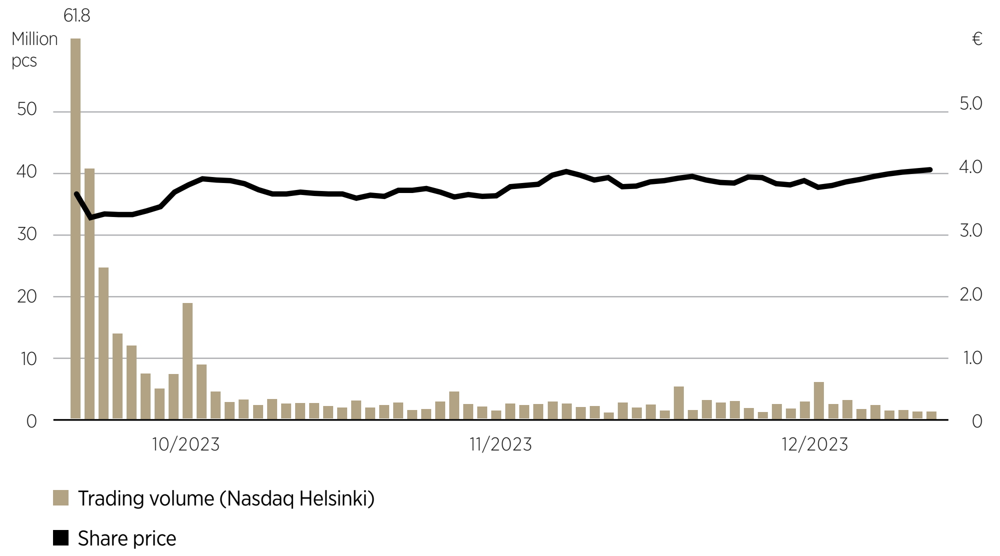
SHARES AND SHARE CAPITA

As at 31 December 2023, Mandatum plc had 501,796,752 shares. Mandatum's share capital is EUR 80,000. The number of registered owners was 222,359. Approximately 42 per cent of the shares were owned by nominee-registered and foreign owners. There were no unregistered shares at the end of December. Mandatum's market value at closing of the last trading day in 2023 was approximately EUR 2.04 billion. The closing price of the MANTA share was EUR 4.07. In the fourth quarter, the share traded at EUR 4.07 at its highest and at EUR 3.28 at its lowest.

AUTHORISATIONS GRANTED TO THE BOARD

The Board of Directors of the Company has no authorisations to issue shares or special rights entitling to shares or to repurchase the company's treasury shares.

Share price performance and trading volume



SHAREHOLDERS

Mandatum plc, shareholders registered in Finland on 31 December 2023

Shareholders

	Shareholders	Shares	% of shares
1	Solidium Ltd	33,278,580	6.63
2	Varma Mutual Pension Insurance Company	22,248,420	4.43
3	Ilmarinen Mutual Pension Insurance Company	13,655,948	2.72
4	Elo Mutual Pension Insurance Company	7,745,000	1.54
5	State Pension Fund of Finland	4,000,000	0.8
6	Oy Lival Ab	3,865,000	0.77
7	Svenska Litteratursällskapet i Finland	3,619,150	0.72
8	OP Life Assurance Ltd	3,423,727	0.68
9	Aktia Capital Investment Fund	2,272,000	0.45
10	Finnish Cultural Foundation	1,880,374	0.37
11	Evli Finland Select Investment Fund	1,855,000	0.37
12	Nordea Life Assurance Finland Ltd	1,678,176	0.33
13	Danske Invest Finland Share	1,664,634	0.33
14	OP Finland	1,567,339	0.31
15	Oppiva Invest Ltd	1,564,952	0.31
16	Sigrid Jusélius Foundation	1,311,150	0.26
17	OP-Finland Index Investment Fund	1,185,260	0.24
18	Åbo Akademi University Foundation	1,063,872	0.21
19	Nordea Pro Finland Investment Fund	1,016,858	0.2
20	Rettig Group Oy Ab	971,100	0.19
	20 largest shareholders in total	**109,866,540**	**21.89**
	Nominee registered	**207,176,285**	**41.29**
	Others	**184,753,927**	**36.82**
	Total	**501,796,752**	**100**

Mandatum announced on 13 October 2023 that it had received a notification pursuant to chapter 9, section 5 of the Finnish Securities Markets Act that the direct or indirect shareholding of Altor Fund Manager AB and its funds in the total number of shares and votes in Mandatum plc had increased to over 5 per cent on 12 October 2023.

Shareholders by the number of shares held, 31 December 2023

Number of shares	Shareholders	%	Shares	%
1–100	101,582	45.68	4,297,535	0.86
101–1 000	93,429	42.02	34,245,760	6.83
1 001–10 000	25,191	11.33	69,139,079	13.78
10 001–100 000	2,000	0.90	47,580,499	9.48
100 001–1 000 000	132	0.06	31,612,668	6.30
>1 000 000	25	0.01	314,921,048	62.76
Total	**222,359**	**100.00**	**501,796,589**	**100.00**
Nominee registered	12	0.01	207,176,285	41.29
Total			**501,796,752**	**100**

Shareholders by sector, 31 December 2023

	Shareholders		Shares		Change	
	Number of shares	%	Number of shares	%	Number of shares	%
Corporations	8,534	3.84	33,992,626	6.77	971,678	2.94
Financial institutions and insurance corporations	185	0.08	23,783,020	4.74	3,186,059	15.47
Public institutions	106	0.05	82,541,240	16.45	76,942	0.09
Households	211,208	94.99	131,916,277	26.29	4,744,268	3.73
Foreign ownership	816	0.37	1,754,199	0.35	40,890	2.39
Non-profit institutions	1,510	0.68	20,632,942	4.11	689,281	3.46
Nominee registered	12	0.01	207,176,285	41.29	-9,709,118	-4.48
Total	**222,359**	**100**	**501,796,752**	**100**		

HOLDINGS OF THE BOARD AND EXECUTIVE MANAGEMENT

The members of Mandatum plc's Board of Directors and entities controlled by them owned a total of 623,895 Mandatum shares at the end of 2023. These holdings together accounted for 0.12 per cent of all issued shares and votes. Mandatum's Management Team and entities controlled by them owned 347,119 shares, which represented 0.07 per cent of the shares and votes.

On 31 December 2023, the members of Mandatum plc's Board of Directors held shares in Mandatum plc directly or through entities under their control as follows:

Patrick Lapveteläinen	577,058
Jannica Fagerholm	27,597
Johanna Lamminen	2,695
Kimmo Laaksonen	45
Markus Aho	15,000
Jukka Ruuska	1,500
Total	**623,895**
Board of Directors ownership of shares, %	0.12
Board of Directors share of votes, %	0.12

The members of the Board of Directors did not have holdings in any share-based rights of Mandatum plc.

On 31 December 2023, the Group CEO and the members of the Management Team held shares in Mandatum plc directly or through entities under their control as follows:

Petri Niemisvirta	179,370
Jukka Kurki	31,191
Juhani Lehtonen	16,414
Sanna Rajaniemi	21,280
Petri Vieraankivi	18,639
Tarja Tyni	75,252
Lauri Vaittinen	4,973
Total	**347,119**
Management Team's ownership of shares, %	0.07
Management Team's share of votes, %	0.07

The Group CEO and other members of the Management Team did not have holdings in any Mandatum plc share-based rights.

GOVERNANCE AND RELATED ISSUES

GOVERNANCE

Mandatum Group's governance is primarily organised on the basis of the Finnish Limited Liability Companies Act. More detailed provisions on the company's governance can be found in the Articles of Association and in the internal operating principles and policies confirmed by the company's Board of Directors. The supreme authority over Mandatum's business is exercised by the Annual General Meeting.

From its establishment on 1 October 2023 in the year under review, Mandatum plc complied in full with the Finnish Corporate Governance Code 2020 approved by the Securities Market Association on 19 September 2019, which entered into force on 1 January 2020.

In compliance with the Corporate Governance Code, Mandatum publishes a separate Corporate Governance Statement on its website in fulfilment of the requirement referred to in the Finnish Securities Markets Act (746/2012), chapter 7, section 7.

The statement is available at: **mandatum.fi/en/year2023**.

ANNUAL GENERAL MEETING

As Mandatum plc was established on 1 October 2023 in the partial demerger of Sampo plc, the company has not yet held a General Meeting. The partial demerger of Sampo plc and the establishment of Mandatum plc were resolved at Sampo plc's General Meeting held on 17 May 2023. Mandatum plc's first General Meeting is scheduled to be held on 15 May 2024.

SUSTAINABILITY

Mandatum is committed to developing the sustainability of the Group's operations and related reporting, targets and their monitoring in accordance with the interests and expectations of the Group's external and internal stakeholders.

Through its sustainability strategy, Mandatum seeks to create value and influence and manage risks from the perspective of sustainability themes that are significant for the company and society. The aim of Mandatum's sustainability strategy is to complement and support the Group's strategy in areas related to sustainability to enhance their management and effectiveness. The sustainability strategy is based on the focus areas identified in Mandatum's strategy and company culture. It also ties in with the UN Sustainable Development Goals (SDGs).

Mandatum's sustainability is formed by three key themes that form the foundation for the company's business. The key themes are responsible investment, promoting financial security and a good working life, and responsibility in Mandatum's own operations.

Responsible investment

Mandatum requires sustainability from its investees and believes that, in the long run, investee companies that operate responsibly will yield better results thanks to more favourable growth prospects and more predictable cost development. Mandatum Asset Management (MAM) is committed to the UN Principles for Responsible Investment (UN PRI). In addition, Mandatum strives to effectively assess and manage the sustainability impacts of its investment activities and to reduce the carbon footprint of its investments.

UN PRI measures the development of the processes of its signatory investors mainly by means of annual assessments. The assessment published in 2023 concerns the financial year 2022. Overall, MAM achieved good scores in the assessment, with at least four stars out of five in most of the categories. According to the assessment, MAM was particularly successful in integrating responsibility aspects into the investment processes for direct corporate loans and real estate investment funds.

In 2023, Mandatum participated for the fourth time in the Global Real Estate Sustainability Benchmark (GRESB) assessment, which measures the sustainability of real estate funds globally at the level of the entire real estate portfolio. In the assessment, the ranking of Mandatum's special common fund, Mandatum AM Finland Properties II, was raised from three stars to four. As in previous years, Mandatum's direct real estate investments received four out of five stars in the assessment. Mandatum's direct real estate investments and the special common fund Finland Properties II both received the Green Star designation for high scores in leadership and sustainability measures.

Promoting financial security and a good working life

Through its business operations, Mandatum strives to improve the financial security of its clients and promote responsible HR practices. The aim is to help corporate clients improve their competitiveness responsibly and to ensure that entrepreneurs and employees have a more sufficient income also during retirement or when facing financial adversity. Effectively managed business strengthens the prerequisites for success and well-being in society. When combined with good leadership and compensation, the entire personnel's motivation and enthusiasm have a quantifiable effect.

In 2023, Mandatum paid a total of EUR 365 million (395) in pensions to around 54,000 pensioners.

In 2023, Mandatum helped several of its corporate clients define suitable ESG performance metrics for the long-term incentive schemes of key employees and the entire personnel. In addition, Mandatum helped several of its clients design a pay system based on the requirement level of work tasks. The Palkkavaaka® pay scale assessment system was the main tool used to assess job requirement level. Mandatum also conducted a pay survey related to the equality plan for several organisations to support their work to promote equal pay.

In 2023, Mandatum managed around 270 personnel funds intended for rewarding the personnel of client companies, covering some 90,000 employees or members in total. In 2023, 51 new bonus funds were established, and the total number of members increased by roughly 6,400. Personnel funds are required to have in place responsible bonus practices and KPIs, which are reviewed annually by the Finnish Ministry of Economic Affairs and Employment.

Responsibility in Mandatum's own operations

Responsibility for our employees and the sustainability of our operating methods is part of building a successful business. The staff's well-being is one of Mandatum's strategic goals, and the entire staff also implements Mandatum's responsibility through their daily work. For Mandatum, financial responsibility means ensuring the continuity, profitability, performance and solvency of operations in all market situations. Risk management is also an integral part of Mandatum's financial responsibility.

In 2023, Mandatum was awarded the Future Workplaces certificate in recognition of exceptional employee insight in leadership. The certificate is based on the Siqni employee insight survey, which evaluates the realisation of factors that employees consider the most meaningful in the workplace.

In connection with its listing, Mandatum published a Code of Conduct, which provides a comprehensive description of Mandatum Group's ethical guidelines, principles and values. The Code of Conduct defines the practices and procedures that must be observed in the business operations of all Mandatum Group companies. As an independent company, Mandatum also committed to adopting, supporting and implementing the ten principles of the UN Global Compact related to human rights, labour standards, the environment and the prevention of corruption. The principles are followed throughout the Mandatum Group and apply to all Mandatum employees.

GHG emissions from Mandatum's own operations amounted to 1,180.7 tonnes in 2023 (2022: 848.6). Emissions increased by 39 per cent. The figures are not comparable, as emissions in 2023 increased due to expanding the calculation to include all of Mandatum business locations. In addition, emissions caused by waste were included as part of the calculation. The data collected on emissions has been expanded year by year to obtain an even more comprehensive picture.

For years, Mandatum has been among Finland's largest taxpayers. In 2023, taxes payable and collected by Mandatum totalled EUR 214.3 million (158.9).

Non-financial reporting

Mandatum publishes a report on non-financial information in accordance with chapter 3a, section 5 of the Accounting Act. Mandatum's Sustainability Report 2023 is separate from the Report of the Board of Directors and has been published at **mandatum.fi/en/year2023**. The sustainability report has been prepared in accordance with Global Reporting Initiative (GRI) standards and meets the reporting requirements of the EU Taxonomy. The report is published concurrently with the Report of the Board of Directors. It has been assured by an independent third-party assurance provider with a level of limited assurance.

RISK MANAGEMENT

Approach

The goal of risk management in all Mandatum Group companies is to ensure a stable and well-understood risk management culture. In addition, the goal is to ensure that risks are identified, assessed, managed, monitored and reported, and that the company's actions are appropriate in relation to the risks' potential short- and long-term financial impacts. Furthermore, efforts are made to ensure that the companies have adequate buffers for the capital requirements set by the authorities and that they also maintain operational readiness for the eventuality of economic turmoil. Successful risk management ensures the general efficiency, security and continuity of operations and safeguards Mandatum Group's reputation, ensuring that clients and other stakeholders maintain confidence in Mandatum Group. In summary, it can be stated that the key objective of risk management in Mandatum Group is to create value and preserve the value already created.

Mandatum Group companies follow the risk management principles defined by the parent company's Board of Directors. In the Mandatum Group, each authorised company has its own risk management policy, but Mandatum Group has a common overall risk management system. Mandatum nevertheless supervises the appropriateness of its subsidiaries' risk management systems and risk monitoring and reporting principles. The Mandatum Group's risk management function works in close cooperation with its subsidiaries' risk management functions to ensure that information is exchanged appropriately and that the arrangements, processes and mechanisms are sufficient.

The Boards of Directors of the companies are responsible for the adequacy of risk management and internal control. The Boards annually approve the risk management principles, which form the basis for risk management across Mandatum Group companies. The CEO has overall responsibility for the implementation of risk management in accordance with the Boards' guidance.

The Group's Chief Risk Officer is responsible for ensuring that risk management and its monitoring have been arranged appropriately and the scope is adequate with respect to the Group's operations. Every Mandatum Group company has its own risk management function. The task of the risk management functions is to ensure that risk management is arranged appropriately, and that it is sufficient with respect to the company's operations. Business areas are responsible for the identification, assessment, monitoring and management of their own operational risks.

Business risks

Mandatum Group companies operate in business areas in which the characteristics of value creation are risk pricing and active management of risk portfolios, in addition to good customer service. For this reason, common risk definitions are needed as a basis for business operations, and risks are divided into main categories: strategic risks, earnings risks (including underwriting and market risks) and consequential risks (including operational risks).

Mandatum Group's main risks from the perspective of solvency capital requirements are market risks in the balance sheet and longevity risk and surrender risk, which are part of underwriting risks. In addition to the aforementioned risks, operational and business risks are key risks in terms of business operations and continuity.

Market risks refer to impacts caused by changes in the market values of financial assets, financial liabilities and technical provisions. Market risks are examined from both an Asset Liability Management (ALM) as well as an investment portfolio risk perspective. In the With-profit business segment, market risks mainly arise from equity investments and the total interest rate risk between fixed income investments and with-profit liabilities. The approach to market risk management is based on the technical provisions' expected cash flows, the interest level and the valid solvency position. The guaranteed rate and bonuses are a common feature for all with-profit liabilities. The cash flows of technical provisions are relatively predictable because most with-profit policies do not permit surrenders and extra investments. Mandatum Holding Ltd's non-strategic investments also have a significant impact on market risks. Market risks have an indirect impact in other business segments, as the realisation of market risks affects client assets under management and thus future fee income.

Underwriting risks include biometric risks, as well as surrender risk and expense risk. Of these, surrender risk and expense risk concern all the Group's business areas, while biometric risks apply to the Corporate, Retail and With-profit business segments.

Biometric risks in life insurance refer mainly to the risk that the company would have to pay more mortality, disability or morbidity benefits than expected or would have to keep paying pension payments to the policyholders for longer than expected at the time of pricing the policies (longevity risk). Longevity risk is the most significant of the company's biometric risks. The with-profit group pension portfolio accounts for most of the longevity risk. In the unit-linked group pension and individual pension portfolio, longevity risk is less significant because most of these policies are fixed-term policies which include a death cover, which mitigates longevity risk. The long duration of policies and the restriction of the company's right to change policy terms and conditions and premiums increases biometric risks.
If the premiums turn out to be insufficient and the pricing of the policies cannot be changed afterwards, insurance contract liabilities are supplemented with an amount corresponding to the expected losses.

Operational risk refers to the risk of loss resulting from inadequate or failed processes or systems, from personnel or from external events. Operational risk may materialise as additional expenses, compensations for caused damages, non-compliance with rules and regulations, loss of reputation, false information on risk position and consecutive losses, and interruption of business activities. The goal of operational risk management is to identify risks ahead of time, manage risks effectively and strive to pre-emptively mitigate the impacts of any realised risks in a cost-effective manner. Business areas are responsible for the identification, assessment, monitoring and management of their own operational risks.

Liquidity risk is the risk of the Group or one of its companies being unable to realise its investments or other assets in order to settle its financial obligations when they fall due. Liquidity risk bears relatively little significance in Mandatum Group. It bears the most significance in Mandatum Life but, as a rule, a life insurance company's liabilities in a with-profit insurance portfolio are relatively predictable, and a sufficient share of the corresponding investment assets consists of cash or short-term money market investments. Liquidity risk is also significant for the parent company in relation to maturing loans and ensuring dividend payment capacity.

A note has been prepared on risks and risk management, explaining Mandatum Group's key risks and their impact on the consolidated financial statements in detail.

REMUNERATION

The Board of Directors of Mandatum plc decides on the remuneration principles of the Mandatum Group, which are applied to all Group companies. In 2023, Mandatum's remuneration was based on Sampo Group's remuneration principles and the company-specific remuneration policies of Mandatum Group companies. Sampo plc's remuneration policy for governing bodies was applied to the remuneration of Mandatum's governing bodies.

Mandatum's remuneration has been designed to enhance the company's financial performance and sustainable business practices and value creation for shareholders and other stakeholders. Mandatum's remuneration systems are aligned with the company's business strategy and take into account risk management practices and principles. The aim of remuneration is to attract and commit talented and motivated employees and to encourage them to perform their best and surpass the targets set for them.

Mandatum's remuneration packages include elements of both fixed and variable remuneration. The remuneration package is complemented by comprehensive benefits, such as a supplementary defined, contribution pension benefit and a personnel fund for all personnel. Remuneration packages are designed to an appropriate balance between fixed and variable compensation. Performance-based remuneration is more prominent in roles where it is possible to significantly influence Mandatum's results and the company's development. Therefore, in the total remuneration of the Group's Management Team, the possibility of earning variable bonuses relative to fixed salary is significant.

Fixed salary is the basis of the remuneration package. Fixed compensation should be based on the employee's general level of responsibility, position in the company, work performance and quality of work, as well as other factors such as market salary data. Fixed salary is supplemented by variable incentive schemes decided on by the company's Board of Directors and management. Short-term incentive schemes are based on the company's strategy and performance objectives. Long-term incentive schemes, on the other hand, are based on long-term success and the growth of shareholder value. Variable compensation is used at Mandatum to ensure the competitiveness of remuneration packages, support the excecution of the company's business strategy and strengthen the link between remuneration and performance.

For certain individuals (identified staff) a certain proportion of variable remuneration is deferred for a defined period of time in accordance with the deferral policy followed by each Group company. The deferral practices comply with the minimum requirements set by the regulations applicable to Group companies, for example regarding the amount to be deferred. After the deferral period, the Board of Directors of each Mandatum company decides whether the deferred variable remuneration can be paid in whole or in part.

Mandatum Group's key employees and the Group CEO participate in Sampo Group's long-term incentive scheme 2020. The incentive scheme was launched in August 2020, and its terms and conditions were updated in September 2023 upon the partial demerger of Sampo plc on 1 October 2023 and Mandatum plc's listing on Nasdaq Helsinki. At the end of 2023, 31 employees from Mandatum Group, including the Group Managment Team participated in Sampo Group's long-term incentive scheme.

Incentive units have been allocated in three allocations in Sampo Group's long-term incentive scheme 2020, first in 2020 (2020:1) and then in 2021 (2020:1/2) and 2022 (2020:1/3). The potential incentive reward will be paid in three annual instalments. The first instalment of the first allocation (2020:1) has been paid out in September 2023, prior to the demerger of Sampo plc. The following instalments will vest in 2024 and 2025. The incentive rewards from the second (2020:1/2) and third (2020:1/3) allocations will vest in 2024–2026 and 2025–2027, respectively. A deferral rule applies to incentive rewards paid to the key employees who were subject to the deferral rule in accordance with the remuneration policies of the revelant Mandatum Group companies in force at the launch of this incentive scheme. The terms and conditions of the long-term incentive scheme are available at **www.mandatum.fi/en/group/governance/remuneration/long-term-incentive-schemes**.

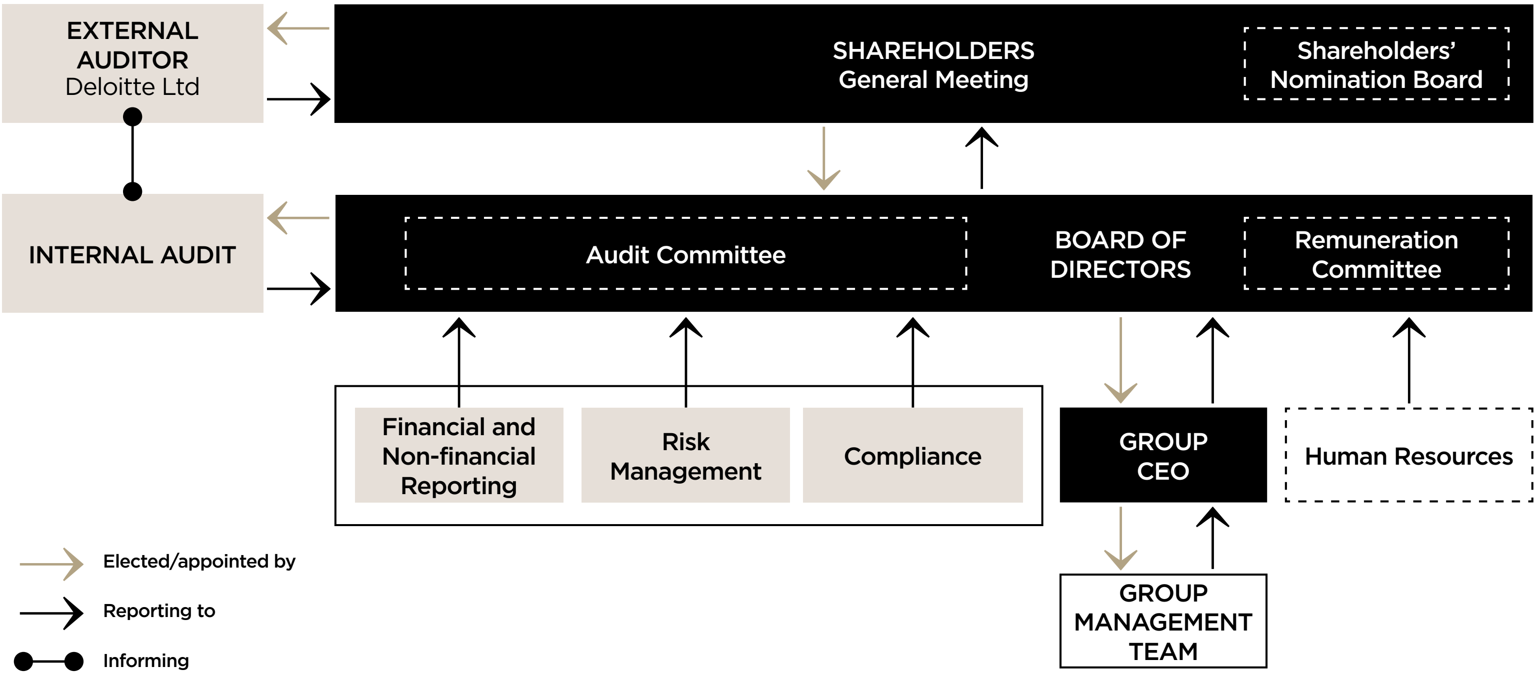
In 2023, Mandatum Group paid short-term incentives totalling EUR 9.1 million, including social security costs. EUR 3.6 million in bonuses was paid out based on the long-term incentive schemes during the same period.

The Remuneration Report for the governing bodies of Mandatum plc for the financial period 1 October to 31 December 2023 will be published in week 14 at **mandatum.fi/en/year2023**. The Remuneration Report for governing bodies provides the details on the remuneration of the members of the Board of Directors and the Group CEO for the company's first financial year. In addition to the Remuneration Report for governing bodies, the remuneration policy for governing bodies will be presented to Mandatum plc's first Annual General Meeting in 2024.

CHANGES IN GROUP STRUCTURE

Mandatum Group was separated from Sampo Group through a partial demerger and Mandatum plc was listed on the Helsinki Stock Exchange on 2 October 2023. The changes in group structure are described in more detail in the section "Structural and financial arrangements (demerger, establishment of Mandatum plc)".

Organisation on 31 December 2023



PERSONNEL

On 31 December 2023, Mandatum Group employed 694 (663) people, of whom 22 were employed by Mandatum plc, 536 by Mandatum Life Group and 136 persons by Mandatum Asset Management Group. Of the employees, 687 worked in Finland, 3 in Sweden and 4 in Luxembourg. The gender distribution of employees was 54.4 per cent men and 45.6 per cent women. The average age of the personnel was 40 years.

Employees by location	
Capital region	642
Rest of Finland	45
Luxembourg	4
Sweden	3

The average number of Mandatum Group employees (FTE) in 2023 was 678.28.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events after the financial year.

Key Figures

Per share key figures		2023	2022
Earnings per share[1]	EUR	0.32	0.12
Equity per share[1]	EUR	3.19	3.37
Dividend per share[2]	EUR	0.33	n/a
Dividend per earnings	%	103.10%	n/a
Effective dividend yield	%	8.10%	n/a
Price/earnings ratio		12.71	n/a
Number of shares at 31 Dec	1,000 pcs	501,797	n/a
Average number of shares	1,000 pcs	501,797	n/a
Weighted average number of shares	1,000 pcs	501,797	n/a
Market capitalisation[3]	EUR million	2,042	n/a

[1]The number of shares used in the calculation corresponds to the number of shares after the partial demerger of Sampo Group on 2 Oct 2023: 501,796,752.
[2]Proposal by the Board of Directors for the year 2023.
[3]Closing share price at balance sheet date on 29 December 2023.

CALCULATION OF THE KEY FIGURES

Calculation formulas for performance measures

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

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

Calculation formulas for other alternative performance measures

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

Calculation formulas for alternative performance measures

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

4 IFRS FINANCIAL STATEMENTS FOR 2023

GROUP'S IFRS FINANCIAL STATEMENTS

Consolidated statement of profit or loss and other comprehensive income

EUR million	Note	1-12/2023	1-12/2022 restated
Insurance revenue	6	338.1	327.9
Insurance service expenses	10, 23	-299.0	-292.0
Reinsurance result		-1.3	-2.0
Insurance service result	23	**37.8**	**33.9**
Net investment result	7	1,279.5	-830.1
Net finance income or expense from insurance contracts	8	-441.1	920.2
Net finance income or expenses and operating expenses from investment contracts	27	-660.1	578.1
Net financial result		**178.3**	**668.2**
Other income	9	33.9	80.0
Other expenses	10	-26.2	-91.2
Finance expenses	11	-11.6	-9.6
Share of associates' profit or loss		-1.8	0.1
Profit for the reporting period before taxes		**210.4**	**681.4**
Income taxes	12	-49.9	-138.9
Profit from the continuing operations		**160.5**	**542.5**
Net profit for the reporting period		**160.5**	**542.5**

EUR million	Note	1-12/2023	1-12/2022 restated
Other comprehensive income for the reporting period			
Items reclassifiable to profit or loss			
Available-for-sale financial assets		0.0	-605.6
Income tax related to other comprehensive income		0.0	121.1
Total items reclassifiable to profit or loss, net of tax		**0.0**	**-485.5**
Other comprehensive income from the continuing operations, net of tax		**0.0**	**-484.5**
Total comprehensive income for the reporting period		**160.5**	**58.0**
Profit attributable to			
Owners of the parent		160.7	542.6
Non-controlling interests		-0.2	-0.2
Total comprehensive income attributable to			
Owners of the parent		160.7	58.1
Non-controlling interests		-0.2	-0.2
EPS	13	**0.32**	**0.12**

Consolidated balance sheet

EUR million	Note	12/2023	12/2022 restated	1 Jan 2022 restated
Assets				
Property and equipment	14	27.4	25.6	27.6
Investment property	15	125.7	165.5	176.0
Goodwill and intangible assets	16	54.1	55.1	54.3
Investments in associates	17	1.4	4.3	1.3
Financial assets	18, 19	3,592.4	3,776.0	4,427.4
Financial assets related to unit-linked contracts	19	11,636.1	9,934.3	10,557.6
Insurance contract assets	23	15.1	6.2	41.2
Other assets	20	152.0	156.2	151.6
Cash and cash equivalents	21	738.4	724.6	918.1
Assets classified as held for sale	37			196.4
Total assets		**16,342.6**	**14,847.8**	**16,551.5**
Liabilities				
Insurance contract liabilities	23	5,518.3	5,320.6	6,570.8
Investment contract liabilities	27	8,529.3	7,107.0	7,250.1
Reinsurance contract liabilities[1]		1.2	1.1	0.9
Subordinated debts	28	249.8	349.6	349.4
Other financial liabilities	28	103.6	2.6	29.0
Deferred tax liabilities	22	140.8	160.3	164.4
Other liabilities	29	200.5	215.2	206.0
Liabilities related to assets classified as held for sale	37			196.4
Total liabilities		**14,743.6**	**13,156.4**	**14,767.0**

EUR million	Note	12/2023	12/2022 restated	1 Jan 2022 restated
Equity	31			
Share capital		0.1	5.0	5.0
Reserves		436.7	533.5	533.5
Retained earnings		1,162.6	973.5	581.9
Other components of equity		0.0	179.6	664.1
Equity attributable to owners of the parent		**1,599.3**	**1,691.6**	**1,784.5**
Non-controlling interests		-0.3	-0.1	0.0
Total equity		**1,599.0**	**1,691.5**	**1,784.5**
Total equity and liabilities		**16,342.6**	**14,847.8**	**16,551.5**

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

Consolidated statement of changes in equity

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

Change in group structure includes the net assets transferred to Mandatum plc according to the demerger plan.

Consolidated statement of cash flows

EUR million	1–12/2023	1–12/2022
Operating activities		
Profit before taxes	210.4	681.4[1]
Adjustments		
Depreciation and amortisation	4.8	8.6
Unrealised gains and losses arising from valuation	-773.0	1,011.8
Realised gains and losses on investments	-129.4	141.2
Change in liabilities for insurance and investment contracts	1,613.9	-1,358.4
Other adjustments	319.0	66.8
Adjustments total	**1,035.2**	**-130.0**
Change (+/-) in assets of operating activities		
Investments[2]	-776.6	-538.9
Other assets	-25.0	-7.5
Total	**-801.6**	**-546.4**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-0.3	-26.4
Other liabilities	-34.5	51.3
Paid interest	-68.6	-32.1
Paid income taxes	-60.4	-13.5
Total	**-163.8**	**-20.7**
Net cash used in operating activities	**280.2**	**-15.7**

EUR million	1–12/2023	1–12/2022
Investing activities		
Investments in subsidiary shares	19.7	-7.1
Net investment in equipment and intangible assets	-5.5	-4.2
Net cash from investing activities	**14.2**	**-11.3**
Financing activities		
Payment of lease liabilities	-1.6	-1.5
Subordinated loan	-100.0	0.0
Group contribution	-29.0	-15.0
Dividends paid	-150.0	-150.0
Net cash used in financing activities	**-280.6**	**-166.5**
Total cash flows	**13.8**	**-193.5**
Cash and cash equivalents at the beginning of reporting period	724.6	918.1
Cash and cash equivalents at the end of reporting period	738.4	724.6
Net change in cash and cash equivalents	**13.8**	**-193.5**

[1] Profit before tax has been adjusted by eliminating the profit before tax of the discontinued operations in the Baltics.

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

MANDATUM GROUP

GROUP'S NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

REPORTING ENTITY

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

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

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

BASIS OF ACCOUNTING

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. They were accepted for issue 13 February 2024 by the company's Board of Directors. These are the first consolidated financial statements in which IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments have been applied. The related changes to significant accounting policies are described in Changes in significant accounting policies.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in euros, which is the Company's functional currency. All amounts are presented in millions of euros, unless otherwise stated. The figures presented in the financial statements have been rounded from exact values to one decimal place, so the sum of the individual figures presented may differ from the total presented. Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of transactions or the average exchange rate for the month.

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements cover the parent company Mandatum plc and all the companies in which the Group has control. Mandatum controls a company if the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through exercising its power over the company. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases.

The Group acts as an investor and a manager of investment funds in various funds in order to get investment returns and fee income. If the Group is exposed to variable returns from a fund and participates in the direction of its relevant activities and the organisation of its administration, the fund must be consolidated.

The acquired companies are consolidated in the consolidated financial statements using the acquisition method. The consideration transferred and the acquiree's identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. Consideration transferred includes the assets transferred, liabilities incurred by Mandatum to the former owners of the acquiree, and any equity interests issued. Mandatum has measured the non-controlling interests at their proportionate share of the net assets of the acquiree.

Associates

Associates are entities in which the Group has significant influence, but no control over the financial management and operating policy decisions. Unless otherwise demonstrated, this is generally presumed when the Group holds in excess of 20 per cent, but no more than 50 per cent, of the voting rights of an entity. The assessment also takes into account Mandatum's actual ability to participate in the decision-making process of the investment, which has an impact on the variable return of the investment.

2 USE OF JUDGEMENTS AND ESTIMATES

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

JUDGEMENTS

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 18 – classification of financial assets: assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest (SPPI) on the principal amount outstanding;
- Note 15 – Mandatum has applied the fair value model to determine the value of investment properties in 2023. The voluntary change in accounting principles has been made retrospectively and the data for 2022 has been adjusted;
- Notes 3, 23 and 27 – classification of insurance and investment contracts for Mandatum contracts that have the legal form of insurance or reinsurance contracts: assessing whether the contract transfers significant insurance risk or is an investment contract with discretionary participation features;
- Notes 3 and 23 – level of aggregation of insurance contracts: Mandatum uses judgement in the formation of groups of insurance contracts when allocating contracts to groups according to the original issue date and expected profitability;
- Notes 3, 6 and 23 – measurement of insurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and determination of the insurance coverage units by group of insurance contracts;
- Notes 35 and 36 – consolidation: determining whether the Group controls an investee;
- Notes 3 and 23 – transition to IFRS 17: judgement in the use of transition methods.

ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes 15 and 18 – measurement of the fair value of financial instruments and investment properties with significant unobservable inputs;
- Note 16 – impairment of non-financial assets and cash-generating units (CGU) containing goodwill: key assumptions underlying recoverable amounts;
- Note 6 – assumptions made in measuring insurance and reinsurance contracts. Changes in the following key assumptions may change the fulfilment cash flows materially during 2024. These changes would adjust the contractual service margin (CSM) and would not affect the carrying amounts of the contracts, unless they arise from onerous contracts or do not relate to future services:
  - assumptions about future cash flows relating to mortality, morbidity, policyholder behavior, the default interest rate and discretionary benefits;
  - assumptions about discount rates, including any illiquidity premiums.

Mandatum Group has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, Mandatum Group has restated the 2022 information in accordance with IFRS 17. The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarised below.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

VOLUNTARY CHANGE IN ACCOUNTING POLICY APPLIED FROM 1 JANUARY 2023

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

This was a voluntary change in accounting policy in accordance with IAS 8. As a result of this change, Mandatum's financial statements provide reliable and more relevant information about the impact of investment property on the Group's financial position, financial performance and cash flows. Mandatum expects that the fair value model better reflects the overall development of the real estate market and the impact of macroeconomic factors on the value of investment properties.

In accordance with the new accounting policy investment property is initially measured at cost, including transaction costs. Subsequently, investment property is measured at fair value and any changes in fair value are recognised in profit or loss in the period in which they arise. The impact of the adoption of the fair value model in the IAS 40 standard on 1 January 2022 was EUR 37.2 million, which was recognised in equity. The impact on the financial year 2022 result was EUR 2.1 million.

NEW IFRS STANDARDS ADOPTED ON 1 JANUARY 2023

Mandatum Group has applied IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments from 1 January 2023. Mandatum Group has prepared its financial information for the twelve months ending 31 December 2023 in accordance with IFRS 17 and IFRS 9, and Mandatum Group has restated its financial information for the twelve months ending 31 December 2022 in accordance with IFRS 17.

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

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

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

SCOPE

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

Mandatum has identified savings insurance contracts with distinct investment components that do not contain significant insurance risk. The investment components have not been measured in accordance with IFRS 17 but have been measured in accordance with IFRS 9. Fee income on investment contracts have been treated in accordance with IFRS 15. The part of the contract that includes significant insurance risk or discretionary participating features is measured in accordance with IFRS 17.

Pension insurance contracts issued before 1 January 2023 may have both a with-profit and a unit-linked component, in which case the contract has been interpreted as two separate contracts, and which are measured as distinct components in accordance with IFRS 17.

TRANSITION METHODS APPLIED

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

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

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

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

Note 26 presents the amount of the CSM and note 6 insurance revenue by transition methods.

KEY ACCOUNTING POLICIES

Key accounting policies relating to the application of IFRS 17 are presented later in note 23 Insurance contract liabilities.

IMPACTS OF THE TRANSITION TO IFRS 17 ON MANDATUM

In the IFRS 17 opening balance at 1 January 2022, insurance contract liabilities amounted to EUR 6,528 million, including EUR 41.2 million presented as assets. The introduction of discounting and new IFRS 17 components, RA and the CSM increased the amount of insurance contract liabilities. At the transition, the CSM amounted to EUR 433 million.

The investment contract liability increased to EUR 7,250.1 million at 1 January 2022 due to the reclassification of unit-linked contracts as contracts within the scope of IAS 39. A significant part of life insurance contract liability (unit-linked contracts) is within the scope of IFRS 9, as these contracts do not include significant insurance risk or discretionary benefit feature. For contracts within the scope of IFRS 9, expected profits are not presented as a CSM. Therefore, the remaining CSM balance is expected to decrease over time as Mandatum Group's with-profit business is at run-off state and most of the new business is recognised in accordance with IFRS 9.

Mandatum Group's balance sheet according to IFRS 17 as of 31 December 2022 was EUR 14,846.7 million. Compared to the balance sheet of EUR 14,833.3 million in accordance with IFRS 4, the IFRS 17 balance sheet thus increased by EUR 13.4 million. Total equity in accordance with IFRS 17 was EUR 1,691.5 million. Compared to the equity of EUR 1,318.5 million in accordance with IFRS 4, the increase in equity was EUR 373.0 million.

IFRS 9 FINANCIAL INSTRUMENTS (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON 1 JANUARY 2023 OR AFTER)

The IFRS 9 Financial Instruments standard supersedes IAS 39 Financial Instruments: Recognition and Measurement. The new standard changed the classification and measurement of financial assets and included a new impairment model based on expected credit losses. The previous IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables cease to exist under IFRS 9.

Mandatum Group has applied the temporary exemption for the adoption of IFRS 9 Financial Instruments, and it has implemented IFRS 9 at the same time as IFRS 17 Insurance Contracts, which was on 1 January 2023. The comparative figures from 2022 have not been restated in accordance with IFRS 9. The accounting policies in effect in the comparative year 2022 can be found in Mandatum Group's 2022 financial statements.

KEY ACCOUNTING POLICIES

Key accounting policies relating to the application of IFRS 9 are presented later in note 18 Financial assets and financial liabilities.

IMPACTS OF THE TRANSITION TO IFRS 9 ON MANDATUM

Classification and measurement under IFRS 9

The table presents the most significant changes in classification and measurement for financial assets and liabilities. The implementation of IFRS 9 has not had a material impact on the measurement of Mandatum's balance sheet, as the main part of financial assets are reported at fair value under IAS 39 in the balance sheet, which is also the measurement principle under IFRS 9. Therefore, the new classification requirements do not have a material impact on the total equity.

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

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

EXPECTED CREDIT LOSSES

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

INTERNATIONAL TAX REFORM – PILLAR TWO MODEL RULES (IAS 12 INCOME TAXES CHANGES)

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

The mandatory exemption will apply retroactively. However, as the regulation on the supplementary tax had not been enacted or adopted in practice by 31 December 2022 in any of the Group's operating countries and no deferred taxes had therefore been recognised, the retrospective application of the regulation has no impact on the Group's financial statements.

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

4 OPERATING SEGMENTS

The Mandatum Group's operating segments are based on the Group's business areas.

As part of the preparation for the partial demerger of Sampo, Mandatum changed its management model and organisation. As a result of the organisational change, Mandatum changed its segmentation reporting on 30 June 2023. The Mandatum Group's segmentation is based on how Mandatum management assesses the business. The reportable segments which are the same as Mandatum's operating segments, are: Institutional & wealth management, Corporate clients, Retail clients and With-profit business.

Segment reporting is based on the Mandatum Group's reporting prepared in accordance with IFRS accounting policies. Identifiable revenues and expenses, whether directly attributable or allocable on a reasonable basis, are allocated to segments. In the consolidated financial statements, Mandatum plc and Mandatum Holding Ltd investment income and loan expenses are not allocated to business segments.

INSTITUTIONAL AND WEALTH MANAGEMENT

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

CORPORATE CLIENTS

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

RETAIL CLIENTS

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

WITH-PROFIT BUSINESS

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

EUR million	1 Jan–31 Dec 2023 Institutional	Corporate	Retail	With profit	Eliminations and items not allocated to the segments[1]	Group
Fee result	**19.7**	**14.7**	**18.2**	**0.0**	**0.0**	**52.6**
Insurance service result	0.0	15.2	16.1	0.0	0.0	31.3
Fee result from investment and asset management services	19.7	-0.5	2.0	0.0	0.0	21.3
Net finance result	**0.0**	**0.0**	**0.0**	**137.8**	**10.8**	**148.6**
Investment return				307.0	10.8	317.8
Unwinding and discounting of liabilities				-169.1		-169.1
Result related to risk policies	**0.0**	**8.1**	**9.8**	**0.0**	**0.0**	**17.9**
CSM and RA release	0.0	15.7	10.5	0.0	0.0	26.1
Other insurance service result	0.0	-7.5	-0.7	0.0	0.0	-8.2
Other result	**-0.4**	**-5.0**	**-2.7**	**21.9**	**-22.5**	**-8.7**
Profit for the reporting period before taxes	**19.4**	**17.8**	**25.3**	**159.7**	**-11.7**	**210.4**
Client AuM 31 Dec 2023	**6,400.3**	**2,272.3**	**3,219.0**			**11,891.5**

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

EUR million	1 Jan–31 Dec 2022 (restated) Institutional	Corporate	Retail	With profit	Eliminations and items not allocated to the segments[1]	Group
Fee result	**26.0**	**14.6**	**2.7**	**0.0**	**0.0**	**43.3**
Insurance service result	0.0	9.4	0.8	0.0	0.0	10.2
Fee result from investment and asset management services	26.0	5.2	1.9	0.0	0.0	33.1
Net finance result[2]	**0.0**	**0.0**	**0.0**	**50.3**	**0.2**	**50.5**
Investment return	0.0	0.0	0.0	-433.3	0.2	-433.2
Unwinding and discounting of liabilities	0.0	0.0	0.0	483.7	0.0	483.7
Result related to risk policies	**0.0**	**7.2**	**1.9**	**0.0**	**0.0**	**9.2**
CSM and RA release	0.0	10.3	3.9	0.0	0.0	14.2
Other insurance service result	0.0	-3.1	-1.9	0.0	0.0	-5.0
Other result	**-0.1**	**-4.1**	**-1.4**	**19.9**	**-41.5**	**-27.2**
Profit for the reporting period before taxes[2]	**25.9**	**17.6**	**3.2**	**70.2**	**-41.3**	**75.7**
Client AuM 31 Dec 2022	**5,300.8**	**2,019.1**	**2,982.1**			**10,302.0**

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

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

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

Statement of P&L and OCI	2023	2022	2023	2022	Result by segment
Insurance revenue	338.1	327.9	53.7	44.3	**Fee result Insurance service result**
			72.4	56.0	**Result related to risk policies**
			212.1	227.7	**Other result**
Insurance service expenses	-299.0	-292.0	-22.4	-34.1	**Fee result Insurance service result**
			-53.1	-44.8	**Result related to risk policies**
			-223.5	-213.1	**Other result**
Reinsurance result	-1.3	-2.0	-1.3	-2.0	**Result related to risk policies**
Insurance service result	**37.8**	**33.9**	**37.8**	**33.9**	
Net investment result	1,279.5	-830.1	1.7	2.3	**Fee result from investment and asset management services**
			286.2	172.4	**Net finance result**
			991.5	-1,004.9	**Other result**
Net finance income or expense from insurance contracts	-441.1	920.2	-137.6	483.7	**Net finance result**
			-303.5	436.6	**Other result**
Net finance income or expenses and operating expenses from investment contracts	-660.1	578.1	-3.7	8.6	**Fee result from investment and asset management services**
			-656.4	569.5	**Other result**
Net financial result	**178.3**	**668.2**	**178.3**	**668.2**	
Other income	33.9	80.0	20.5	16.2	**Fee result from investment and asset management services**
			13.4	63.8	**Other result**
Other expenses	-26.2	-91.2	2.8	6.0	**Fee result from investment and asset management services**
			-28.9	-97.2	**Other result**
Finance expenses	-11.6	-9.6	-11.6	-9.6	**Other result**
Share of associates profit or loss	-1.8	0.1	-1.8	0.1	**Other result**
Profit for the reporting period before taxes	**210.4**	**681.4**	**210.4**	**681.4**	
Total items reclassifiable to profit or loss, net of tax		**-484.5**		-605.6	**Available-for-sale financial assets**
				121.1	**Taxes related to Available-for-sale financial assets**
	-49.9	**-138.9**	-49.9	-138.9	**Taxes for the financial period**
Total comprehensive income for the reporting period	**160.5**	**58.0**	**160.5**	**58.0**	

5 RISK MANAGEMENT

5.1 RISK MANAGEMENT PRINCIPLES

Introduction

Mandatum plc is a listed holding company that mainly conducts its business through its subsidiaries. Mandatum Group consists of two subsidiary groups: the life insurance group and the investment firm group.

Mandatum Life (Mandatum Life Insurance Company Limited) offers services in wealth management, rewards and compensation, retirement plans and personal insurance to private and corporate clients. Mandatum Asset Management Ltd is an investment firm that combines fund business, discretionary wealth management, and asset management services. However, Mandatum Group manages its business operations via business segments and in this note, the business segments are grouped as follows:

- Capital-light segments, comprising institutional and wealth management, corporate and retail business segments. These diverse segments are grouped because of the similarity of risks they are exposed to.
- With-profit business segment.
- Other including the Group's non-strategic assets held in the holding company.

This note presents information about Mandatum Group's risk exposures and their sensitivities in accordance with the IFRS financial statements. Key processes for measuring and managing risks are also presented.

Mandatum Group's main supervisor is the Finnish Financial Supervisory Authority. Mandatum Group is applying IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments standards as of 1 January 2023. The reporting of Mandatum plc complies with the Finnish Accounting Standards. Furthermore, Mandatum Group adheres to the Solvency II framework.

Risk management strategy

Mandatum Group companies operate in business areas in which the characteristics of value creation are risk pricing and active management of risk portfolios, in addition to good customer service.

To create value for all stakeholders in the long run, Mandatum Group must have the following forms of capital in place:

- Financial flexibility in the form of adequate capital and liquidity.
- Good technological infrastructure.
- Intellectual capital in the form of comprehensive proprietary actuarial data and analytical tools to convert this data into information.
- Human capital in the form of skilled and motivated employees.
- Social and relationship capital in the form of good relationships with society and clients to understand the changing needs of various stakeholders.

Within the Group, these resources are subject to continuous development.

High-quality risk management facilitates the creation of shareholder value for the following reasons:

- Clients receive a reliable service from a reputable institution, and they feel confident when their client relationships are managed in a diligent and prudent manner, with effective risk management.
- Risk premium required by investors and counterparties will be smaller when risks are transparent and risk management is clearly described and communicated.
- The motivation of the personnel strengthens when strategies, authorisations, limits, targeted return and reward criteria are clearly defined and communicated.
- Confidence of the supervisory authorities in Mandatum's ability to control the risks associated with its activities further strengthens the co-operation with the authorities.

To summarise, the key objective of risk management in Mandatum Group is to create value and to preserve the value already created.

Risk management framework

A functional risk management system is a key element of Mandatum Group's system of governance structure. In Mandatum Group, the Board of Directors has the overall responsibility for risk management, while the CEO's responsibility is to organise risk management in a way that meets the requirements set by the Board, regulatory frameworks, and other stakeholders. The CRO's responsibility is to ensure that risk management is organised accordingly, and that the scope is adequate in respect of the operations in general. The Group's risk management framework is described in more detailed in Mandatum Group's Risk Management Policy published on the Group website.

Key risks arising from insurance and investment contracts

Mandatum describes its risk classification model i.e., risk taxonomy, in its Risk Management Policy. This is a hierarchical set of risks that aims to identify various risks to which Mandatum is exposed. As a summary, Mandatum's risk classification model comprises the following:

- Strategic risks.
- Earnings risks: market risks, underwriting risks and expense risks.
- Consequential risks: counterparty, operational, cyber and liquidity risks.

In this note the focus is on earnings risks since those can have an effect on the financial statements. These risks are generally referred to as financial risks in this note. Consequential risks are covered to the relevant extent.

In general, both investment and insurance contracts are exposed to the aforementioned risks. However, for investment contracts the financial impact is not direct but will instead affect future fee income and expenses. For this reason, the focus in this note is mainly on insurance contracts and financial instruments held at the Group's own risk.

As a financial sector entity, Mandatum Group's most significant earnings risks are related to development of the financial markets. This is also the reason why the focus in this note is on market risks.

The table Main investment and insurance contract types by business segment shows the main investment and insurance contracts at the business segment level. In addition, key risks and their key risk mitigations by contract type are presented in the table Main insurance contract types and their key risks.

Main investment and insurance contract types by business segment

	Capital-light			With-profit
Segment/product	Institutional	Corporate	Retail	
Investment contracts (IFRS 9)				
Capital redemption policy	x	x	x	
Individual savings policy	x	x	x	
Group pension policy (sold after 1 Jan 2023)		x		
Individual pension policy (sold after 1 Jan 2023)		x	x	
Insurance contracts (IFRS 17)				
Individual savings				x
Group pension policy (sold before 1 Jan 2023)		x		x
Individual pension policy (sold before 1 Jan 2023)		x	x	x
Group risk policy		x		
Risk policy		x	x	

Main investment and insurance contract types and their key risks

Product	Key risks	Key risk mitigations
Capital redemption policy	Market, lapse and expense risk	**Capital-light:** Effective expense budgeting, active communication towards clients, product development
Individual savings policy	Market, lapse and expense risk	**With-profit:** Risk appetite aligned with Group strategy, risk limits and continuous monitoring (internal traffic lights).
		Capital-light: Effective expense budgeting, active communication towards clients
Group pension policy	Market, expense and longevity risk (IFRS17)	**With-profit:** Risk appetite aligned with Group strategy, risk limits and continuous monitoring (internal traffic lights). Active in-force management of the liabilities.
		Capital-light: Effective expense budgeting, active communication towards clients, product development
Individual pension policy	Market and expense risk	**With-profit:** Risk appetite aligned with Group strategy, risk limits and continuous monitoring (internal traffic lights)
		Capital-light: Effective expense budgeting, active communication towards clients
Group risk policy	Mortality and disability risk	Underwriting and pricing
Risk policy	Mortality and disability risk	Underwriting and pricing

Although in the table Main investment and insurance contract types and their key risks several different risks are listed, it does not directly imply that all those risks are material from the financial statements' perspective. What is important is how well these risks are mitigated in business operations. Lapse risk, for example, is mentioned as a key risk for some of the products and in the Solvency II framework it is the largest underwriting risk. However, the Solvency II stresses are based on once-in-200-years events and the calculation principles are set in the regulation. There are several reasons why the Solvency II stresses as such are not applicable in the IFRS context, e.g. investment contracts are valued under IFRS9, lapses on alternative investment objects are restricted by nature and by terms and the Solvency II stresses describe extreme events. Hence, lapse risk is not included in the sensitivity tables presented in this note.

5.2 UNDERWRITING AND EXPENSE RISKS

Exposure

Underwriting risk consists of biometric, behaviour and catastrophe risk. Biometric risks refer to the risk that the life insurance company must pay more mortality, disability or morbidity benefits than expected, or that the company must keep paying pension payments to the pension policyholder for a longer time than expected at the time of pricing the policies (longevity risk). Behaviour risks arise from uncertainty related to the behaviour of the policyholders. The policyholders have the right to cease paying premiums (lapse risk) and may be able to terminate their policies and withdraw their savings (surrender risk).

Mandatum Group is exposed to underwriting risks within the With-profit business segment and the Capital-light segments. However, the Institutional and wealth management business segment, which is part of the Capital-light segments, is not exposed to biometric risks.

Expense risk arises when the timing and/or the amount of incurred expenses differs from those expected at the timing of pricing. As a result, expense charges or costs originally assumed may not be enough to cover the realised expenses. Expense risk applies to all segments.

More information of changes in insurance contract liabilities is given in Note 23 Insurance contract liabilities.

Management of insurance and expense risks

Biometric risks are managed through careful risk selection, by setting prices to reflect the risks and costs, by setting upper limits for the protection granted and through reinsurance. Both the actuarial function and risk management function have important roles in monitoring, and the Group's Insurance Risk Committee monitors the comprehensiveness and appropriateness of insurance risk management. Both functions have representatives on the Committee.

Risk selection is a part of the day-to-day business routines in business operations. Mandatum's underwriting policy defines the risk selection principles and limits for the insurance amounts. The Board of Directors of Mandatum Life Ltd approves the Underwriting Policy, pricing guidelines and central principles for the calculation of insurance and investment contract liabilities.

Insurance contract liability by segments as at 31 December 2023

Segment	Fulfilment cashflows	CSM	Insurance contract liability
Capital-light, unit-link contracts	2,709.6	314.4	3,024.0
Capital-light, risk contracts	-85.1	137.4	52.3
With-profit	2,418.1	8.8	2,426.9
Total	**5,042.6**	**460.6**	**5,503.2**

Insurance contract liability by segments as at 31 December 2022

Segment	Fulfilment cashflows	CSM	Insurance contract liability
Capital-light, unit-link contracts	2,510.0	253.8	2,763.8
Capitallight, risk contracts	-99.4	162.0	62.7
With-profit	2,435.4	52.2	2,487.6
Total	**4,846.0**	**468.1**	**5,314.1**

Reinsurance is used to limit the amount of individual mortality and permanent disability risks. The Board of Directors annually determines the maximum amount of risk to be retained on the company's own account. Currently this is normally EUR 1.5 million and any excess is being reinsured under the existing reinsurance treaty. To mitigate the effects of possible catastrophes, Mandatum Life Ltd has a catastrophe reinsurance treaty in place and for certain disability products there exists quota share treaty. Although reinsurance can be an important method for mitigating underwriting risks, it is not currently significant for Mandatum Group. For this reason, information in this note is given on a gross basis i.e., without the effect of reinsurance.

The risk result is actively monitored and analysed thoroughly at least annually. The actuarial function and actuarial unit measure the efficiency of risk selection and adequacy of tariffs by collecting information about the actual claim expenditures for each product line and each type of risk and by comparing it to the claim expenditures assumed in insurance premiums of every risk cover.

The expense risk is managed by continuously monitoring expenses, by improving efficiency and by using an expense charge structure that provides income throughout the policy's life cycle.

The key assumptions related to insurance and investment contract liabilities are reviewed annually. The pricing principles for new contracts as well as the underwriting policy and assumptions used in calculating investment and insurance contract liabilities are updated, when necessary, based on the analysis related to investment and insurance contract liabilities and the risk result.

Concentrations of insurance risks

The insurance portfolio of the Group is relatively well diversified and does not include major risk concentrations. To further mitigate the effects of possible risk concentrations, the Group has catastrophe reinsurance in place.

The main concentration of the portfolio is geographical i.e., all insurance contracts are written in Finland. In addition, the group insurance contracts can expose the Corporate business segment to concentration risk. Currently, the 10 largest groups comprise 49.3 per cent of the insured persons and 37.2 per cent of the risk sums related to death benefits.

Underwriting and expense risks – sensitivity analysis

The table Sensitivities related to Mandatum Group underwriting risks as at 31 December 2023 shows the results of analyses on how the CSM and profit or loss before tax would have increased or decreased if changes in underwriting and expense risk variables that were reasonably possible at the reporting date had occurred. The effects are recognised through profit and loss and, hence, the changes in the variables do not influence equity. This analysis presents the sensitivities on a gross basis i.e., reinsurance is not included. Otherwise, all other variables are assumed to remain constant.

Mandatum Group's sensitivities related to underwriting risks as at 31 December 2023

EUR million	CSM	Profit or loss before tax
Capital-light		
Mortality rates (5% increase)	-3.3	0.0
Mortality rates (5% decrease)	3.3	0.0
Expenses (10% increase)	-22.2	0.0
Expenses (10% decrease)	22.2	0.0
With-profit		
Mortality rates (5% increase)	3.9	27.6
Mortality rates (5% decrease)	-3.9	-27.6
Expenses (10% increase)	-1.7	-11.9
Expenses (10% decrease)	1.7	11.9

Mandatum Group's sensitivities related to underwriting risks as at 31 December 2022

EUR million	CSM	Profit or loss before tax
Capital-light		
Mortality rates (5% increase)	-3.9	0.0
Mortality rates (5% decrease)	3.9	0.0
Expenses (10% increase)	-16.8	0.0
Expenses (10% decrease)	16.8	0.0
With-profit		
Mortality rates (5% increase)	3.9	27.6
Mortality rates (5% decrease)	-3.9	-27.6
Expenses (10% increase)	-1.5	-10.8
Expenses (10% decrease)	1.5	10.8

5.3 MARKET RISKS

As defined in Mandatum Group's Risk Management Policy, market risks refer to the fluctuation of the financial results and capital base caused by changes in market values of financial assets and liabilities, as well as by changes in the value of insurance liabilities. The changes in market values and economic values are caused by movements in the underlying market variables such as interest rates, inflation, foreign exchange rates, credit spreads and share prices.

Mandatum Group's market risks stem mainly from the With-profit business segment and from the Group's non-strategic assets. The With-profit business segment's market risks arise mainly from investments except for interest rate risk which arises from both fixed income assets and with-profit insurance liabilities. Mandatum Group is also exposed to market risk through its direct investment in non-strategic assets owned currently by Mandatum Holding Ltd (Mandatum Group has initiated a process where the aim is to merge Mandatum Holding Ltd into Mandatum plc, which is expected to be finalised during the first half of 2024). These assets are related to the demerger plan of Sampo plc and the balance sheet transaction agreed between Mandatum Group and Sampo plc.

In this note market risks are categorised as follows:

- Equity risk,
- Risk related to alternative investments,
- Interest rate risk,
- Credit risk and
- Currency risk.

These differ slightly from the internal classification based on the Solvency II perspective. However, the classification used here is better for the purposes of the financial statements and better reflects the disclosure and valuation methods used in the financial statements.

Management of market risks

The approach to market risk management is based on the insurance contracts' expected cash flows, the interest level and the validity of the solvency position. A common feature for all elements of the with-profit insurance liabilities is the guaranteed rate, which varies between 0% and 4.5%, and the discretionary bonuses according to published principle of fairness. The cash flows of the with-profit insurance contract liabilities are relatively predictable because in most with-profit policies, surrenders and extra investments are not possible.

Depending on the Group entity, the Balance Sheet Policy or Investment Policy is approved by the relevant Board of Directors, and assets under the Group's own risk are managed according to these policies. The policies lay down the principles and limits of investment operations. On the other hand, the risk appetite and risk limits regarding to aimed solvency positions are determined in the Risk Management Policy approved by the Boards of Directors.

Regulated entities are responsible for their own activities, and the With-profit segment's assets, for example, are managed based on policies and limits set by Mandatum Life's Board of Directors. Mandatum Life has outsourced the management of its investment operations to Mandatum Asset Management Ltd (MAM), which makes the day-to-day investment decisions. These decisions are based on the principles and authorisations laid down in the Investment Policy. However, all major investment decisions, such as large allocation changes and decisions related to investments that exceed the investment unit's authorisations, are made by Mandatum Life's CEO or Board of Directors. The Asset Liability Committee (ALCO) regularly monitors how the principles and limits specified in the Investment Policy are complied with.

Mandatum Life has also a separate ALCO which is responsible for controlling risks arising from the unit-link business regarding assets covering unit-linked liabilities.

Mandatum Group's non-strategic assets which originate from the balance sheet transactions between Mandatum and Sampo plc are owned by Mandatum Holding Ltd, and these assets are managed based on Mandatum Holding Ltd's Balance Sheet Policy.

The table Asset allocation of the With-profit business segment as at 31 December 2023 and 31 December 2022 shows the allocation of the With-profit business segment's assets at market values as at 31 December 2023 and 31 December 2022. The allocation is presented separately for the original portfolio and the segregated portfolio which Mandatum Life Ltd received from Suomi Mutual in 2014. Due to its special characteristics, the latter portfolio and related assets have been segregated. The original portfolio consists of the with-profit liabilities that are not part of the liabilities related to the segregated group pension portfolio. In addition the original portfolio includes assets backing shareholder's funds.

Asset allocation of the With-profit segment as at 31 December 2023 and 31 December 2022

EUR million	31 Dec 2023 Original portfolio	31 Dec 2023 Segregated portfolio	31 Dec 2022 Original portfolio	31 Dec 2022 Segregated portfolio
Fixed income total	**2,442.5**	**668.2**	**2,374.9**	**606.4**
Money market securities and cash	305.8	80.0	446.7	37.7
Government bonds	0.0	0.0	0.0	0.0
Credit bonds, funds, loans and derivatives	2,136.7	588.2	1,928.2	568.6
Listed equity total	**282.5**	**7.7**	**746.8**	**37.7**
Finland and Scandinavia	127.5	0.0	329.1	0.3
Global	155.0	7.7	417.7	37.4
Alternative investments total	**615.0**	**28.4**	**633.6**	**39.7**
Real estate	112.9	23.3	138.4	33.7
Private equity	269.6	2.9	245.0	3.8
Private credit funds	232.5	2.2	250.2	2.2
Asset classes total	**3,339.9**	**704.3**	**3,755.2**	**683.8**

All cash and cash equivalents of Mandatum Life are included in the asset allocation and, therefore, the figures for the year 2022 differ from the figures previously published.

The reconciliation between the asset classes' total presented in the table Asset allocation of the With-profit business segment as at 31 December 2023 and 31 December 2022 and Mandatum Group's financial assets is shown in the table Reconciliation between the asset allocation and the balance sheet's financial assets of the With-profit business segment as at 31 December 2023 and 31 December 2022. The total assets presented on the first row of the table are equal to the sum of total assets of the original portfolio and the segregated portfolio. Other financial assets in the Group include the financial assets of group companies other than Mandatum Life.

Reconciliation between the asset allocation and the balance sheet's financial assets of the With-profit segment as at 31 December 2023 and 31 December 2022

EUR million	31 Dec 2023	31 Dec 2022
Total assets in the With-profit business segment's portfolios	**4,044.2**	**4,439.0**
Accrued interest on fixed income assets	-32.9	-24.1
Intra-group assets	-11.2	-11.6
Direct real estate investments included in the asset allocation	-134.3	-168.9
Net difference in derivatives between asset allocation and financial assets	6.2	25.2
Cash included in the asset allocation	-385.8	-484.4
Expected credit loss	-4.2	0.0
Other financial assets in the Group	110.5	0.8
Mandatum Group's financial assets on the balance sheet	**3,592.4**	**3,776.0**

Asset's related to Capital-light segments as at 31 December 2023 and 31 December 2022

Asset class, EUR million	31 Dec 2023	31 Dec 2022
Fixed income	5,027.4	4,037.5
Listed equities	3,605.1	3,083.4
Alternative investments	2,961.7	2,810.4
Total	**11,594.1**	**9,931.2**
- of which related to IFRS 17 contracts	3,088.1	2,848.9
- of which related to IFRS 9 contract	8,506.0	7,082.4

The table Asset's related to the Capital-light Segments as at 31 December 2023 and 31 December 2022 shows the allocation of the Capital-light segments as at 31 December 2023 and 31 December 2022. The market risks arising from the assets related to the Capital-light segments are carried by the clients and affect the Group indirectly through future fee income.

The total assets presented in the table Asset's related to the Capital-light segments as at 31 December 2023 and 31 December 2022 correspond to the investments related to unit-linked insurance and investment contracts presented on Mandatum Group's balance sheet when EUR 42.0 million (3.1) in investments acquired in advance is taken into account. The asset class breakdown differs from other notes in the financial statements since in this note fund investments are included on a look-through basis and included in various asset classes based on the asset classes of the underlying investments of the funds.

The non-strategic assets owned by Mandatum Holding Ltd were transferred from Sampo plc during autumn 2023 as part of the demerger between Mandatum Group and Sampo plc. The total financial assets of Mandatum Holding Ltd as at 31 December 2023 amounted to EUR 109,3 million. The assets mainly consist of equity investments.

5.4 EQUITY RISK AND RISK RELATED TO ALTERNATIVE INVESTMENTS

Exposure

Equity risk is the risk of losses due to changes in share prices. The With-profit business segment's listed equity and alternative investments at the end of the years 2022 and 2023 are shown in the table Asset allocation of the With-profit business segment as at 31 December 2023 and 31 December 2022. The listed equity and alternative investments of the Capital-light segments are shown in the table Asset's related to the Capital-light Segments as at 31 December 2023 and 31 December 2022.

The equity portfolios are actively managed. For the With-profit business segment's portfolios, the positions and risks in the equity portfolios and the related derivatives may not exceed the limits set in the Investment Policy. The developed market equity portfolio is managed mainly by MAM, while the emerging market equity investments are mainly managed through external asset managers.

Alternative investments are either investments in asset classes other than those mentioned elsewhere in this note, or investments in the mentioned asset classes using investment instruments which have a management model or an investment strategy deviating from the norm. In Mandatum Group, private equity funds, private credit funds and real estate investments are classified as alternative investments classes.

In the With-profit business segment's portfolios, private equity funds and private credit funds are mainly managed by external asset managers. The private equity fund portfolio is diversified according to both fund style and geographical area. Alternative investments are placed both directly into individual funds and into funds of funds in order to attain sufficient diversification between funds and investment styles.

Alternative investments often come with an investment commitment that is made beforehand and is committed over time, either fully or in part, as investments to the funds in question.

At the end of 2023, Mandatum Group had EUR 2,006.5 million (2,121.3) in open off-balance-sheet investment commitments, of which EUR 1,842.8 million (1,808.7) were related to the Capital-light segments and EUR 163.6 million (312.6) to the With-profit business segment. Note that these amounts are maximum amounts and since a significant part, especially within the With-profit business segment's portfolio, is related to funds with older vintages, the expected amount to be committed is lower.

These commitments expose the segments to the risk of not having liquid assets to pay the funds' capital calls. Mandatum Group manages this risk by evaluating, in advance, the amounts of potential future capital calls, and these are taken into account in the internal liquidity management. With respect to the Capital-light segments, the capital calls are usually financed by collecting a separate insurance premium from the policyholder. The methods used to manage the resulting counterparty risk with regard to the policyholder include client selection, defining the target group for the investment baskets and the insurance policy terms and conditions.

Sensitivity analysis

An analysis of Mandatum Group's sensitivity to an increase or decrease in equity and alternative investment prices as at 31 December 2023, assuming that all other variables remain constant, is given in the table Mandatum Group equity and alternative investments' sensitivities as at 31 December 2023. The effects are recognised through profit and loss and, hence, the changes in the variables do not influence equity. The following shocks are applied:

- 20% shock for listed, unlisted and private equity.
- 10% shock for other alternative investments such as private debt and real estate investments.

Concentrations

Mandatum Group's concentrations from equity risk are related to the Group's non-strategic assets, currently Enento Group plc EUR 56.9 million and Terrafame Ltd EUR 46.2 million. In addition, Mandatum has agreed to purchase Saxo Bank A/S shares at a dividend-adjusted purchase price of EUR 301.7 million from Sampo plc, and it is expected that the transaction will take place during Q1 2024.

In the With-profit business segment, concentrations related to alternative investments are related to the real estate portfolio as the direct real estate investments are all located in Finland. Moreover, there are some concentrations in the private equity and private credit fund portfolios as the five largest investments in the private equity portfolio constitute 63.5 per cent of the portfolio (55.2) and the five largest investments in the private credit fund portfolio constitute 53.5 per cent of the portfolio (55.1). On the other hand, funds have diversified the underlying investment portfolios which mitigates the concentration risks.

The private equity, private credit and real estate portfolios of the Capital-light segments are well diversified and do not contain significant concentrations.

Mandatum Group equity and alternative investments' sensitivities as at 31 December 2023

	CSM		Profit or loss before tax	
EUR million	Increase	Decrease	Increase	Decrease
Capital-light				
Investment and insurance contracts	63.5	-63.5	-1,171.7	1,171.7
Financial instruments	0.0	0.0	1,171.7	-1,171.7
Total – Capital-light	**63.5**	**-63.5**	**0.0**	**0.0**
With-profit				
Insurance contracts	0.0	0.0	-1.9	1.9
Financial instruments	0.0	0.0	150.1	-150.1
Total – With-profit	**0.0**	**0.0**	**148.2**	**-148.2**
Group assets				
Financial instruments	0.0	0.0	21.3	-21.3
Total – Group assets	**0.0**	**0.0**	**21.3**	**-21.3**

Mandatum Group equity and alternative investments' sensitivities as at 31 December 2022

	CSM		Profit or loss before tax	
EUR million	Increase	Decrease	Increase	Decrease
Capital-light				
Investment and insurance contracts	54.8	-54.8	-1,036.3	1,036.3
Financial instruments	0.0	0.0	1,036.3	-1,036.3
Total – Capital-light	**54.8**	**-54.8**	**0.0**	**0.0**
With-profit				
Insurance contracts	0.0	0.0	-5.0	5.0
Financial instruments	0.0	0.0	249.6	-249.6
Total – With-profit	**0.0**	**0.0**	**244.6**	**-244.6**

5.5 INTEREST RATE RISK

Exposure

Mandatum's most significant interest rate risk is that fixed income investments will not, over a long period of time, generate a return at least equal to the guaranteed interest rate of the with-profit liabilities. The probability of this risk increases when market interest rates fall and remain at a low level.

According to the Investment Policy related to the With-profit business segment's portfolios, the interest rate risk of the insurance contract liabilities must be considered when defining the composition of the investment asset portfolio. The duration gap between insurance contract liabilities and fixed income investments is constantly monitored and managed. Control levels based on internal capital models are used to manage and ensure adequate capital in different market situations.

As at 31 December 2023, the average duration of the With-profit business segment's original portfolio's liabilities was around 8 years (8) and for the segregated portfolio around 8 years (8). The duration of the original portfolio's fixed income investments, including cash and interest rate derivatives, as at 31 December 2023 was 3.2 years (1.7) and the duration of the segregated assets was 3.6 years (3.1).

Regarding the with-profit liabilities, Mandatum Group has prepared for low interest rates for example by reducing the guaranteed interest rate in new contracts. In addition, existing contracts have been changed to accommodate the improved management of reinvestment risk. Furthermore, Mandatum has hedged the interest rate risk related to insurance contract liabilities with interest rate swaps, the principles of use and limits for which are specifically defined in the Investment Policy related to the With-profit business segment's portfolios. Hedge accounting is not applied to interest rate swaps related to the insurance contract liabilities in Mandatum Group's financial statements (note that Mandatum Life applies hedge accounting under local GAAP). Mandatum Group's interest-rate-sensitive instruments are shown in the table Mandatum Group's assets and liabilities which are sensitive to changes in interest rates as at 31 December 2023 and 31 December 2022.

In addition, there are financial assets and liabilities on Mandatum Group's balance sheet which are recognised at amortised cost and hence are not sensitive to changes in interest rates.

Mandatum Group's assets and liabilities which are sensitive to changes in interest rates as at 31 December 2023 and 31 December 2022

EUR million	31 Dec 2023	31 Dec 2022
Financial instruments		
Assets	2,635.2	2,386.8
Liabilities	0.0	0.0
Total	**2,635.2**	**2,386.8**
Investment related to unit-linked contracts	4,195.5	3,337.1
Effect of interest rate swaps	21.3	-2.2
Total financial instruments	**6,852.0**	**5,721.7**
Insurance and reinsurance contracts		
Liabilities	5,492.4	5,295.1
Assets	-15.1	-6.2
Total insurance and reinsurance contracts	**5,477.3**	**5,288.9**
Investment contract liabilities	3,078.0	2,379.8
Total	**8,555.3**	**7,668.7**

Sensitivity analysis

An analysis of the sensitivity of the Group's assets and liabilities' to a 1 percentage point parallel increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is shown in the table Interest rate sensitivity of Mandatum Group total balance sheet as at 31 December 2023. The effects are recognised through profit and loss and hence the changes in the variables do not influence equity.

5.6 CREDIT RISK

Credit risk is the risk of loss or of an adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, derivative counter-parties or other debtors. Credit risk arises from investments as well as insurance and reinsurance contracts.

In Mandatum Group, credit risk can materialise as market value losses when credit spreads change unfavourably (spread risk) or as credit losses when issuers of credit instruments or counterparties of financial derivatives or reinsurance transactions fail to meet their financial obligations (default risk). The role of credit risk with the current asset allocation is remarkable from both the risk exposure and risk management perspectives.

Interest rate sensitivity of Mandatum Group total balance sheet as at 31 December 2023

	CSM		Profit or loss before tax	
EUR million	Increase	Decrease	Increase	Decrease
Capital-light				
Investment and insurance contracts	11.2	-9.2	109.7	-111.5
Financial instruments	0.0	0.0	-109.7	111.5
Total – Capital-light	**11.2**	**-9.2**	**0.0**	**0.0**
With-profit				
Insurance contracts	0.0	0.0	114.0	-134.1
Financial instruments	0.0	0.0	-102.9	111.2
Total – With-profit	**0.0**	**0.0**	**11.1**	**-22.9**

Interest rate sensitivity of Mandatum Group total balance sheet as at 31 December 2022

	CSM		Profit or loss before tax	
EUR million	Increase	Decrease	Increase	Decrease
Capital-light				
Investment and insurance contracts	5.3	-8.3	89.4	-90.7
Financial instruments	0.0	0.0	-89.4	90.7
Total – Capital-light	**5.3**	**-8.3**	**0.0**	**0.0**
With-profit				
Insurance contracts	0.0	0.0	114.9	-137.9
Financial instruments	0.0	0.0	-60.7	63.8
Total – With-profit	**0.0**	**0.0**	**54.2**	**-74.1**

In addition to credit risk associated with investment assets, credit risk also arises from reinsurance contracts. Credit risk related to reinsurers arises through reinsurance receivables and through the reinsurers' portion of the liabilities. In Mandatum Group, credit risk related to reinsurance is relatively low compared to the credit risk associated with investment assets.

Exposure

The table Breakdown of With-profit segment's investment assets by rating as at 31 December 2023 and 31 December 2022 breaks down the fixed income investments in the With-profit business segment's portfolios by rating.

The total of investment assets presented in the table Breakdown of the With-profit segment's investment assets by rating as at 31 December 2023 and 31 December 2022 corresponds to the total fixed income assets presented in table Asset allocation of the With-profit segment as at 31 December 2023 and 31 December 2022 excluding cash and interest rate swaps.

Breakdown of the With-profit segment's investment assets by rating as at 31 December 2023 and 31 December 2022

	31 Dec 2023		31 Dec 2022	
EUR million	Original portfolio	Segregated portfolio	Original portfolio	Segregated portfolio
AAA	0.0	0.0	0.0	0.0
AA+ to AA-	55.4	28.0	39.3	21.6
A+ to A-	472.0	146.7	335.9	117.6
BBB+ to BBB-	727.9	218.7	532.3	206.5
BB+ to C	508.7	130.4	585.6	150.0
D	0.0	0.0	2.4	0.5
Not rated	355.1	60.7	432.5	74.7
Total	**2,119.1**	**584.5**	**1,928.2**	**570.8**

Sensitivity

An analysis of the Group's sensitivity to a 0.5 percentage point change in credit spreads as at 31 December 2023, assuming that all other variables remain constant, is given in the table Mandatum Group credit spread sensitivities as at 31 December 2023. The effects are recognised through profit and loss and, hence, the changes in the variables do not influence equity. Note that it is assumed that the illiquidity premium included in the liability discount rate is assumed to increase by 0.25 percentage points.

Mandatum Group credit spread sensitivities as at 31 December 2023

	CSM		Profit or loss before tax	
EUR million	Increase	Decrease	Increase	Decrease
Capital-light				
Investment and insurance contracts	-4.4	3.9	76.2	-74.3
Financial instruments	0.0	0.0	-76.2	74.3
Total – Capital-light	**-4.4**	**3.9**	**0.0**	**0.0**
With-profit				
Insurance contracts	0.0	0.0	34.6	-40.3
Financial instruments	0.0	0.0	-41.0	37.6
Total – With-profit	**0.0**	**0.0**	**-6.4**	**-2.7**

Mandatum Group credit spread sensitivities as at 31 December 2022

	CSM		Profit or loss before tax	
EUR million	Increase	Decrease	Increase	Decrease
Capital-light				
Investment and insurance contracts	-3.6	3.2	62.8	-60.6
Financial instruments	0.0	0.0	-62.8	60.6
Total – Capital-light	**-3.6**	**3.2**	**0.0**	**0.0**
With-profit				
Insurance contracts	0.0	0.0	34.9	-41.4
Financial instruments	0.0	0.0	-40.6	36.5
Total – With-profit	**0.0**	**0.0**	**-5.7**	**-5.0**

Concentrations

The concentration of spread risk can be analysed into two dimensions: sector and individual counterparties. Regarding sector-concentration, 43.2 per cent of the total fixed income investments (42.3) in the With-profit business segment's portfolios is in companies operating in the financial sector. Regarding individual counterparties, the five largest fixed income investments by counterparty constitute 15.2 per cent of the total investments (14.6).

The Capital-light segments' portfolio does not contain any significant credit risk concentrations.

Counterparty risks

In Mandatum Group, the three main sources of counterparty risk are financial derivatives, reinsurance, and other receivables. The counterparty default risk arising from reinsurance or receivables from policyholders and other receivables related to commercial transactions is, however, very limited. Moreover, the counterparty risk arising from bank account receivables is considered limited as most of the cash is held in investment grade rated banks. As at 31 December 2023, Mandatum Group had a total of EUR 738.4 million in cash (724.6).

In Mandatum Group, the default risk of derivative counterparties is a by-product of managing market risks. In the With-profit business segment's portfolio, the Group uses interest rate derivatives and FX forwards and options to manage market risks. The counterparty risk of bilaterally settled derivatives is mitigated by careful selection of counterparties, by diversification of counterparties to prevent risk concentrations and by using collateral arrangements, e.g., ISDA Master Agreements backed by Credit Support Annexes. The interest rate swaps are settled in central counterparty clearing houses, which, while further mitigating bilateral counterparty risk, also exposes the Group to the systemic risk related to central counterparty clearing houses.

Amounts arising from ECL on financial assets

For Mandatum Group, expected credit losses are calculated on financial assets classified at amortised cost. As at 31 December 2023, the financial assets measured at amortised cost amounted to EUR 46.1 million (85.2) and the expected credit loss arising from these investments was EUR 4.2 million. For Mandatum Group financial assets classified at amortised cost consist mainly of bilateral loans. Expected credit losses on loan commitments, short-term deposits, and bank accounts are considered immaterial.

5.7 CURRENCY RISK

Exposure

Currency risk can be divided into transaction risk and translation risk. Mandatum Group is exposed to transaction risk, which refers to currency risk arising from contractual cash flows in foreign currencies.

The With-profit business segment's insurance contract liabilities on direct insurance consist entirely of euro-denominated commitments. Currency risk from reinsurance is very low. In practice, the Group is exposed to currency risk directly through the With-profit business segment's investments and indirectly through the Capital-light segments' investments. As at 31 December 2023, Mandatum Holding Ltd did not have assets denominated in foreign currencies. The With-profit business segment's foreign currency position is shown in the table With-profit business segment's foreign currency position as at 31 December 2023 and 31 December 2022. In the With-profit business segment's portfolios, the currency positions are mainly hedged leading to a small net foreign currency position.

With respect to the Capital-light segments, clients bear the direct currency risk. Mandatum Group is indirectly exposed to currency risk also in these segments since a change in exchange rates would have an impact on the future fee income and as a result would impact on insurance contract liabilities.

With-profit business segment's foreign currency position as at 31 December 2023 and 31 December 2022

	31 Dec 2023				31 Dec 2022			
EUR million	USD	GBP	SEK	Other	USD	GBP	SEK	Other
Financial assets	334.0	108.3	43.8	69.4	514.4	118.6	45.0	188.2
Derivatives	-328.5	-105.9	-43.5	-43.0	-517.5	-125.2	-48.6	-119.5
Total	**5.5**	**2.5**	**0.2**	**26.4**	**-3.2**	**-6.5**	**-3.5**	**68.7**

In the table, With-profit business segment's foreign currency position as at 31 December 2023 and 31 December 2022, the other currency positions stem from fund investments in developing markets. The total net position is larger than the currency position of developed market currencies because hedging currency risk in emerging market currencies can be costly and difficult, and hence the currency risk is left open. Nevertheless, the position has decreased significantly since 2022.

The With-profit business segment's open currency positions are managed within the limits imposed by the Investment Policy.

Currency risks – sensitivity analysis

A sensitivity analysis for currency risks is not provided since currency risks are not significant for Mandatum Group. The open foreign currency position of the With-profit segment is EUR 34.5 million as shown in the table With-profit business segment's foreign currency position as at 31 December 2023 and 31 December 2022 and hence, for example, a 10 per cent change in foreign exchange rates would mean an impact of EUR 3.5 million, which is not significant compared to Mandatum Group's equity, CSM or profit or loss.

The foreign currency position related to the assets in the Capital-light segments is larger than the With-profit segment's foreign currency position, but the impact on the Group is indirect and, therefore, not significant.

5.8 LIQUIDITY RISKS

General

From Mandatum Group's business operations perspective, the liquidity risk is most relevant to the With-profit business segment. In general, a major change in surrenders within the With-profit business segment could have an impact on the liquidity position. However, only a relatively small number of insurance contracts can be surrendered prematurely. In addition, the nature of the underlying insurance contract liabilities within the With-profit business segment mitigates the risk exposure: cashflow arising from the segment's portfolios are relatively predictable, and a sufficient share of the corresponding investment assets are invested in cash or short-term money market investments. In addition, the amount of the fixed income investments exceeds the present value of insurance contract liabilities of the segment's portfolios and expected cashflows arising from the assets meet the outflows in the mid-term.

In addition to the With-profit business segment, the management of liquidity risks is also relevant for Mandatum plc and Mandatum Holding Ltd. Both companies need to maintain adequate buffers for expenses, expected dividend payments and interest payments and amortisations on debt.

With respect to the Capital-light segments, the management of liquidity risks is also important. However, for these segments, the importance has more to do with a customer satisfaction perspective, since the clients bear the investment risks and Mandatum Group is not directly exposed to liquidity risk but instead the investment funds and investment objects clients have linked their savings to need to manage liquidity accordingly.

Management of liquidity risks

The parent company of Mandatum Group, Mandatum plc, shall ensure sufficient liquidity to cover expected cashflow needs. Mandatum plc needs liquidity to manage the Group's financing needs, to ensure dividend payments and to finance potential transactions. Mandatum plc's revenue stream is limited to internal dividends from the Group companies and investment returns. If necessary, Mandatum plc's assets can also be sold, or the Company can rely on external sources of capital. Hence, the parent company's liquidity needs to be managed holistically together with the dividend policy, strategic ambitions and balance sheet targets.

Maturity analysis

The table Mandatum Group cash flows according to contractual maturity as at 31 December 2023 provides a maturity analysis of Mandatum Group's assets and liabilities. The analysis shows the expected cashflows based on the years in which the cash flows are expected to occur. The liability cash flows provided exclude future discretionary bonuses. In the table, only the With-profit business segment and Mandatum Holding are included for the reasons described in previous sections.

Mandatum Group cash flows according to contractual maturity as at 31 December 2023

EUR million	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	<1 year	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	10+ years
	Carrying amount			Cash flows						
Financial assets	**4,374.1**	**1,851.0**	**2,523.2**	**544.1**	**531.2**	**511.1**	**475.3**	**442.8**	**456.9**	**1.4**
Financial assets (non-derivatives)	4,346.7	1,851.0	2,495.7	538.4	529.0	507.5	471.7	439.9	442.4	0.0
Interest rate swaps	18.9	0.0	18.9	-2.9	2.3	3.6	3.5	2.8	14.5	1.4
FX derivatives	8.6	0.0	8.6	8.6	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities	**358.0**	**0.0**	**358.0**	**-515.6**	**-13.7**	**-2.3**	**-2.3**	**-30.2**	**0.0**	**0.0**
Financial liabilities (non-derivatives)	355.6	0.0	355.6	-513.3	-13.7	-2.3	-2.3	-30.2	0.0	0.0
FX derivatives	2.3	0.0	2.3	-2.3	0.0	0.0	0.0	0.0	0.0	0.0
Lease liabilities	**22.7**	**0.0**	**22.7**	**-11.4**	**-2.8**	**-2.8**	**-2.8**	**-2.8**	**-17.8**	**0.0**
Present value of the expected cashflows of insurance contract liabilities excluding unit-link contracts	**2,294.1**	**0.0**	**2,294.1**	**-212.1**	**-223.4**	**-212.0**	**-180.0**	**-166.6**	**-635.9**	**-1,094.7**

In the table, financial assets and liabilities have been divided into contracts with contractual maturity and contracts without contractual maturity. Cashflows related to assets without contractual maturity are not included in the table, although they cover the <1 year cashflows, the net of which is negative in the table. For floating rate fixed income instruments, the future coupon cashflows are based on estimates of future rates. The remaining commitments related to alternative investments and settlement receivables are included in the <1 year cashflows. In addition, the table presents the investment and insurance contract liabilities' expected cash flows after reinsurance. Due to the nature of the items, the figures include some uncertainty.

Mandatum Group cash flows according to contractual maturity as at 31 December 2022

EUR million	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	<1 year	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	10+ years
	Carrying amount			Cash flows						
Financial assets	**4,610.5**	**2,214.0**	**2,396.5**	**330.0**	**639.9**	**570.8**	**515.3**	**426.8**	**434.9**	**0.0**
Financial assets (non-derivatives)	4,587.4	2,214.0	2,373.4	306.9	639.9	570.8	515.3	426.8	434.9	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FX derivatives	23.1	0.0	23.1	23.1	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities	**405.1**	**0.0**	**405.1**	**-362.1**	**-263.1**	**-8.2**	**-7.8**	**-7.8**	**-78.2**	**-182.8**
Financial liabilities (non-derivatives)	402.5	0.0	402.5	-361.5	-262.6	-8.1	-7.7	-7.7	-76.8	-182.9
Interest rate swaps	2.2	0.0	2.2	-0.1	-0.5	-0.2	-0.2	-0.2	-1.4	0.1
FX derivatives	0.4	0.0	0.4	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Lease liabilities	**21.0**	**0.0**	**21.0**	**-2.0**	**-2.0**	**-2.0**	**-2.0**	**-2.0**	**-13.0**	**0.0**
Present value of the expected cashflows of insurance contract liabilities excluding unit-link contracts	**2,291.9**	**0.0**	**2,291.9**	**-242.0**	**-228.8**	**-225.1**	**-205.3**	**-177.4**	**-694.4**	**-1,130.2**

5.9 OPERATIONAL RISKS

Introduction

Operational risk refers to the risk of financial and/or reputational loss resulting from inadequate or failed processes or systems, from personnel or from external events. This definition includes legal and compliance risks but excludes risks resulting from strategic decisions. Operational risks can be mitigated for example by having adequate controls in place for operative processes. Realised operational risks may lead to additional expenses, revenue losses, loss of reputation and possibly official sanctions.

The goal of operational risk management is to identify risks ahead of time, to manage risks effectively and to strive to minimise the impacts of any realised risks beforehand and in a cost-effective manner.

Management of operational risks

Within Mandatum's risk management system, operational risks are managed according to the overall risk management process. The Risk and Control Self-Assessment ("RCSA") process, the Change Risk Assessment ("CRA") process and the incident management process are important components of the overall process. The RCSA is a continuous process where each unit in the Group proactively identifies and assesses their own risks on a regular basis. The CRA process is a proactive risk assessment process for identifying risks related to significant changes in the business, operations, systems, products or other changes that might potentially have a significant impact on the risk profile of Mandatum Group or the Group companies. The incident management process links realised incidents to identified risks and as such plays an important role in the risk management process.

One important aspect of the risk management process is the continuity of daily operations. This is also required by law, which states that insurance and investment firms must plan their daily operations in a way which enables them to adapt to exceptional and sudden crises and interruptions, which they possibly face. Mandatum Group companies have a separate contingency plan in place.

5.10 INFORMATION SECURITY AND CYBER RISKS

Introduction

Information security and cyber risk refers to risks of potential loss or harm related to technical infrastructure, use of technology or loss of sensitive information or data due to a cyber-attack or data breach. Potential consequences of cyber risk include financial loss, disruption or damage to the reputation of an organisation resulting from the loss of confidentiality, availability or integrity of information or information systems. The third level classes in the internal risk classification are external cyber misconduct, internal cyber misconduct and processing failures of digital data. The classes of external and internal misconduct include, for example, data breaches and the unauthorised use of systems by external or internal parties respectively. The subclass of processing failure of digital data refers to, among others, the disappearance or loss of data and the non-secure sharing of personal or confidential data.

Management of information security and cyber risks

Information security and cyber risks are mitigated by implementing appropriate organisational measures and technological protection controls. Organisational measures include policies and guidelines, trainings, roles and responsibilities, continuity planning and incident response procedures. Technical measures include wide variety of tools to monitor and control access, to detect anomalies and to minimise impacts.

Mandatum has its Information Security Management System certified with an ISO27001:2013 certificate covering customer data and client facing services including their development, maintenance and operation. Compliance with the standard is validated every year based on an audit by the accreditor. Mandatum has implemented both the European Insurance and Occupational Pensions Authority's (EIOPA) and the European Securities and Markets Authority's (ESMA) guidelines on information and communication technology security and governance. Currently, Mandatum is working on a project related to DORA regulation to enhance its digital resilience.

5.11 CLIMATE AND MACROECONOMIC RISKS

Environmental issues and climate change are factors that are expected to have both a medium-term and a long-term impact on Mandatum Group's business. Therefore, responsible investment and investment management will become increasingly important tools for managing investment risks in the future. In particular, investments that are vulnerable to climate change risks are those where losses are incurred due to extreme weather events and possible revaluations if business models in carbon-intensive industries change.

Inflationary developments and measures to curb them could lead to a significant slowdown in economic growth and problems with the debt sustainability of companies, households and governments. The war in Ukraine and the tensions in the Middle East could also have an adverse impact on macroeconomic developments.

The Mandatum Group is mainly affected by macroeconomic and financial market developments through its investment assets and insurance contract liabilities.

In the long term, any adverse macroeconomic effects may also be reflected in Mandatum's operational business, for example through adverse developments in client assets.

6 INSURANCE REVENUE

ACCOUNTING POLICY

Insurance revenue represents the reduction in the liability for the remaining coverage (LRC) of the reporting period due to the insurance services provided and therefore the composition of insurance revenue is presented through the release of LRC components. Insurance revenue reflects the part of insurance premiums and fees charged on insurance contracts which Mandatum expects to be entitled to in exchange for services provided.

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

Acquisition cash flows are determined at the inception of the group of insurance contracts and can be directed to portfolios and allocated to insurance contracts.

Insurance service expenses comprise incurred claims without investment components, other insurance service expenses including changes in cash flows arising from the acquisition of insurance contracts, experience adjustments, the liability for incurred claims (LIC) and changes in the loss component. Insurance service expenses are presented as part of note 23.

Other items include the experience adjustment for short-term life insurance contracts, which no longer affects services provided in the future. In the comparative period, this adjustment was materially presented as part of CSM's change in service for the reporting period (Note 23).

The tables on the right show insurance revenue separately for contracts measured according to the GMM and VFA measurement models.

EUR million	2023	2022 restated
Amounts relating to changes in liabilities for remaining coverage, GMM		
CSM recognised in profit or loss	20.4	17.3
Change in risk adjustment for non-financial risk for risk expired	8.8	5.8
Expected incurred claims and other insurance service expenses	239.0	249.4
Other	16.2	11.2
Total insurance revenue, GMM	**284.5**	**283.6**

EUR million	2023	2022 restated
New contracts and contracts measured under the full retrospective approach at transition	22.1	14.6
Contracts measured under the modified retrospective approach at transition	97.1	91.9
Contracts measured under the fair value approach at transition	165.2	177.08
Total insurance revenue, GMM	**284.5**	**283.6**

EUR million	2023	2022 restated
Amounts relating to changes in liabilities for remaining coverage, VFA		
CSM recognised in profit or loss	25.5	17.6
Change in risk adjustment for non-financial risk for risk expired	0.7	0.8
Expected incurred claims and other insurance service expenses	19.5	17.7
Other	7.9	8.3
Total insurance revenue, VFA	**53.7**	**44.3**

EUR million	2023	2022 restated
New contracts and contracts measured under the full retrospective approach at transition	2.3	1.7
Contracts measured under the modified retrospective approach at transition	48.1	39.8
Contracts measured under the fair value approach at transition	3.3	2.78
Total insurance revenue, VFA	**53.7**	**44.3**

ACCOUNTING POLICY

Interest income and expenses are accrued for the duration of the contract using the effective interest method. Interest income and expenses are accrued on a straight line basis for the duration of the financial instrument in relation to the instrument carrying amount in the balance sheet. Dividend income is recognised in the financial year during which the right to dividend has been established. See note 18 for accounting policies for valuation of financial assets and liabilities.

7 NET INVESTMENT RESULT

EUR million	2023	2022
Financial assets		
Derivative financial instruments		
Gains/losses	23.6	-11.5
Investments related to unit-linked contracts		
Debt securities		
Interest income	64.5	35.9
Gains/losses	37.7	-74.3
Equity securities		
Gains/losses	709.3	-1,150.3
Dividend income	143.4	162.9
Loans and receivables		
Interest income	12.0	0.5
Other financial assets		
Gains/losses	0.0	1.9
Other assets		
Gains/losses	-1.8	5.2
Total	**965.1**	**-1,018.4**
Loans and receivables		
Interest income		7.7
Gains/losses		-0.4
Total		**7.3**
Financial asset at amortised cost		
Interest income	29.3	
Gains/losses	-10.2	
Total	**19.1**	
Financial assets measured at fair value through profit or loss		
Debt securities		
Interest income	108.0	
Gains/losses	107.2	
Equity securities		
Gains/losses	36.7	
Dividend income	41.9	
Total	**293.9**	**0.0**
Financial assets available-for-sale		
Debt securities		
Interest income		74.8
Gains/losses		-4.3
Equity securities		
Gains/losses		77.4
Impairment losses		-24.1
Dividend income		58.7
Total		**182.5**
Total financial assets		**-840**
Other assets		
Investment properties		
Gains/losses	-9.9	-0.9
Impairment losses	-12.5	-1.2
Other	8.9	1.2
Total other assets	**-13.6**	**-0.9**
Net fee income		
Asset management	-3.1	-22.0
Fee income	-0.1	37.0
Premiums from unit-linked contracts	-5.6	
Total	**-8.7**	**15.0**
Net income from investments total	**1,279.5**	**-825.9**
Adjusted 2022 asset management fee		-4.2
Total		**-830.1**

In 2023, fee income will be reported as part of the result of IFRS 17 and IFRS 9.

8 FINANCE INCOME AND EXPENSES FROM INSURANCE CONTRACTS

ACCOUNTING POLICY

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

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

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

9 OTHER FEE INCOME

ACCOUNTING POLICY

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

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

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

EUR million	2023	2022
Income from incentives and pension arrangements	8.0	7.7
Management fees	20.7	16.2
Other income	5.2	56.1[1]
Total	**33.9**	**80.0**

[1]Including income from discontinued operations in the Baltics 51.6 EUR million.

10 EXPENSES

EUR million	2023	2022
Claims	223.9	213.2
Personnel	79.6	78.6
IT	31.1	25.9
Commissions	20.4	23.9
Marketing	4.2	3.7
Amortisation & depreciations	3.9	3.7
Services sold & bought	3.3	3.2
Facility expenses	4.5	4.0
Employees' group life insurance costs	2.8	2.2
External services	7.9	3.8
Market information	2.8	2.3
Consulting	6.4	3.0
Other	3.4	5.2
Group contribution		29.0
Total	**394.1**	**401.7**
Amounts attributed to insurance acquisition cash flowsincurred during the year	1.3	2.8
Amortisation of insurance acquisition cash flows	18.0	19.7
Acquisition cost	-4.8	-7.8
Rebate	-11.8	-11.9
Total	**396.8**	**404.4**
Represented by:		
Insurance service expenses	-299.0	-292.0
Other operating expenses related to investment contracts	-68.5	-63.9
Other operating expenses	-26.2	-44.2[1]
Asset management expenses	-3.1	-4.3
Total	**-396.8**	**-404.4**

[1]Not including expenses from discontinued operations in the Baltics 47.0 EUR million.

EMPLOYEE BENEFITS

Employee benefits consist of short-term employee benefits, post-employment benefits, termination benefits and share-based payments.

Short-term employee benefits

Short-term employee benefits, such as wages, salaries and benefits, annual leave and bonuses are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees perform the related service. Short-term employee benefits are expensed as incurred.

Post-employment benefits

The Mandatum Group's post-employment benefits consist of pensions and life insurance.

The Mandatum Group has defined contribution and defined benefit plans.

Mandatum's most significant defined contribution plan is the statutory employer pension (TyEL) in Finland.

In defined contribution plans, the Group pays fixed contributions to a pension insurance company and has no legal or constructive obligation to pay further contributions. The obligations arising from a defined contribution plan are recognised as an expense in the period that the obligation relates to. The Group also has voluntary defined benefit plans, but these have only a minor impact on the Group's financial position.

Termination benefits

An obligation based on termination of employment is recognised as a liability when the Group is verifiably committed to terminate the employment of one or more persons before the normal retirement date or to grant benefits payable upon termination as a result of an offer to promote voluntary redundancy. As no economic benefit is expected to flow to the employer from these benefits in the future, they are recognised immediately as an expense. Obligations maturing more than 12 months later than the balance sheet date are discounted. The benefits payable upon termination are the monetary and pension packages related to redundancy.

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

Management remuneration is disclosed in note 32 Related party disclosures.

11 OTHER FINANCE EXPENSES

ACCOUNTING POLICY

Interest income and expenses are accrued for the duration of the contract using the effective interest method. Interest income and expenses are accrued on a straight line basis for the duration of the financial instrument in relation to the instrument carrying amount in the balance sheet.

Other finance expences	Note	2023	2022
Interest expenses on financial liabilities measured at amortised cost			
Interest-bearing liabilities		-0.6	0.0
Subordinated notes issued		-10.7	-8.9
Other loans		0.0	-0.3
Interest expenses on lease liabilities		-0.3	-0.4
Total		**-11.6**	**-9.6**

12 TAXES

ACCOUNTING POLICY

The item 'income taxes' in the income statement comprises current and deferred tax. Tax expenses are recognised through profit or loss, except for items recognised directly in equity, in which case the tax effect will also be recognised in the same item. Current tax is calculated based on the valid tax rate of each jurisdiction. Deferred tax is calculated on any temporary difference between the carrying amount of an asset or liability and its tax base. Deferred tax is not recognised on the non-deductible impairment of goodwill or on the undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

The Pillar 2 regulation on the international minimum tax will be in force in the Group's operating countries by 1 January 2024. Based on a preliminary analysis prepared by the Group, the Pillar 2 regulation is not expected to have a material impact on the Group's tax expense.

EUR million	2023	2022 restated
Profit before tax	210.4	681.4
Tax calculated at parent company's tax rate	-42.1	-136.3
Different tax rates on overseas earnings	0.1	0.0
Income not subject to tax	1.0	1.8
Expenses not allowable for tax purposes	-3.3	-1.4
Tax from previous years	-5.6	-3.0
Total	**-49.9**	**-138.9**

13 EARNINGS PER SHARE

ACCOUNTING POLICY

Mandatum presents basic and diluted earnings per share (EPS) figures for its shares. Basic EPS figures are calculated by dividing the profit or loss that is attributable to the shareholders of Mandatum plc by the number of shares outstanding at the end of the financial year. The comparative figures are restated to adjust for the impact of the share split.

EUR million	2023	2022 restated
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	160.7	58.1
Weighted average number of shares outstanding during the financial year	501,796,752	501,796,752
Earnings per share (EUR per share)	**0.32**	**0.12**

Comprehensive income for the comparative period included.

The number of shares used in the calculation corresponds to the number of shares after the partial demerger of Sampo Group on 2 Oct 2023: 501,796,752.

14 PROPERTY AND EQUIPMENT

ACCOUNTING POLICY

Property and equipment comprise properties occupied for Group's own activities, office equipment, fixtures and fittings, and furniture. Classification of properties as those occupied for the Group's own activities and those for investment activities is based on the square meters in use. If the proportion of a property in the owner's use is no more than 10 per cent, the property is classified as an investment property.

Property and equipment are measured at historical cost less accumulated depreciation and impairment losses. Improvement costs are added to the carrying amount of a property when it is probable that the future economic benefits that are attributable to the asset will flow to the entity. Costs for repairs and maintenance are recognised as expenses in the period in which they were incurred. Items of property and equipment are depreciated on a straight-line basis over their estimated useful life. In most cases, the residual value is estimated at zero. Land is not depreciated.

Estimates of useful life are reviewed at financial year-ends, and the useful life is adjusted if the estimates change significantly.

THE GROUP AS LESSEE

The Mandatum Group's leases consist mainly of office premises and are either fixed-term or indefinite term.

Mandatum assesses at inception whether the contract is a lease or contains a lease. A lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised in the balance sheet as a right-of-use asset and a lease liability. Mandatum applies an exception for short-term or low-value leases and recognises the costs of these leases as an expense in the period in which they are incurred.

Right-of-use assets (right to use the leased asset) are presented as part of Property and equipment and lease liabilities are presented as part of Other liabilities.

A right-of-use asset is recognised at the commencement date and measured at cost, being the initial amount of the lease liability plus any prepayments made to the lessor. Right-of-use assets are depreciated over the shorter of the useful life of the asset and the lease term.

The lease liability is recognised at the commencement date and measured at the present value of future lease payments. The present value of the lease liability is calculated by discounting the future lease payments using the Group's incremental borrowing rate.

Mandatum Group management uses judgement in determining the incremental borrowing rate and the term of the leases, taking into account any options to extend or to terminate the lease.

THE GROUP AS LESSOR

Assets leased out are included in the balance sheet item Investment property and their depreciation periods and methods and the basis for recognising impairment losses are the same as for the corresponding tangible assets. Rent receivable is recognised in the profit and loss account as rental income on a straight-line basis over the lease term.

EUR million	2023 Right-of-use assets	Land and buildings	Plant and equipment	Total
At 1 Jan				
Cost	26.3	3.0	12.1	41.4
Accumulated depreciation	-5.5	-1.0	-9.2	-15.8
Net carrying amount at 1 Jan	**20.7**	**2.0**	**2.9**	**25.6**
Carrying amount at 1 Jan	**20.7**	**2.0**	**2.9**	**25.6**
Additions	3.6	0.0	0.3	3.9
Depreciation	-1.6	0.0	-0.5	-2.2
Carrying amount at 31 Dec	**22.7**	**1.9**	**2.7**	**27.4**
At 31 Dec				
Cost	29.8	3.0	12.4	45.3
Accumulated depreciation	-7.2	-1.1	-9.7	-17.9
Net carrying amount at 31 Dec	**22.7**	**1.9**	**2.7**	**27.4**

EUR million	2022 Right-of-use assets	Land and buildings	Plant and equipment	Total
At 1 Jan				
Cost	26.3	3.0	12.0	41.2
Accumulated depreciation	-3.9	-1.0	-8.7	-13.6
Net carrying amount at 1 Jan	**22.4**	**2.0**	**3.3**	**27.6**
Carrying amount at 1 Jan	**22.4**	**2.0**	**3.3**	**27.6**
Business acquisitions	0.0	0.0	0.2	0.2
Depreciation	-1.6	0.0	-0.5	-2.2
Other changes	0.0	0.0	0.0	0.0
Carrying amount at 31 Dec	**20.7**	**2.0**	**2.9**	**25.6**
At 31 Dec				
Cost	26.3	3.0	12.1	41.4
Accumulated depreciation	-5.5	-1.0	-9.2	-15.8
Net carrying amount at 31 Dec	**20.7**	**2.0**	**2.9**	**25.6**

The estimated useful lives by asset class are as follows:

Residential, business premises and offices	20–60 years
Industrial buildings and warehouses	30–60 years
Components of buildings	10–15 years
IT equipment and motor vehicles	3–5 years
Other equipment	3–10 years

15 INVESTMENT PROPERTY

ACCOUNTING POLICY

Investment property is measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss. Lease income from investment property is recognised as 'other investment revenue' on a straight-line basis over the lease term. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Valuation of investment property is conducted by an external specialist using both the market information and the Group's internal resources.

VOLUNTARY CHANGE IN ACCOUNTING POLICY

The Mandatum Group adopted the fair value model for the valuation of investment property in accordance with IAS 40 Investment Property from 1 January 2023. The opening balance on 1 January 2022 was adjusted and comparatives were restated to reflect the new accounting policy.

The change in accounting policy had the following impact on the fair values, deferred taxes and equity of investment properties in the comparison period and the opening balance sheet of the comparison year:

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

DETERMINATION OF FAIR VALUES

Valuation techniques

Mandatum Group has adopted the fair value model in IAS 40 for the valuation of the investment properties as of 1 January 2023. Mandatum Group has used an external expert to determine fair values. Both market and income approaches have been used in valuation. The figures for the comparative period have been restated due to the transition to the fair value model. Investment properties were previously measured using the cost model. The impact of the transition on the consolidated balance sheet is EUR 39.4 million, consisting of the difference between the fair value and the carrying amount of the investment property of EUR 49.2 million and a deferred tax liability of EUR 9.8 million, which has been recognised in consolidated equity.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property and the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
		The estimated fair value would increase (decrease) if:
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates.	Expected market rental growth (2023: 2.02%, weighted average 2.02%)	expected market rental growth were higher (lower);
	Average void period (months) after the end of each lease: 4 months	void periods were shorter (longer);
	Average void period (months) at the time of evaluation: 12 months	the occupancy rate were higher (lower);
	Occupancy rate (2023: 14 –100%, weighted average 61 %).	rent-free periods were shorter (longer);
	Risk-adjusted discount rates (2023: 6.3–11.5%, weighted average 9.12%)	the risk-adjusted discount rate were lower (higher).

Sensitivity analysis of fair values

Change %	-10%	-5%	0%	5%	10%
Required rate of return, EUR million	14.9	7.1		-6.4	-12.2
Rental income, EUR million	-13.4	-6.7		6.7	13.4

16 GOODWILL AND INTANGIBLE ASSETS

ACCOUNTING POLICY

Goodwill is an asset representing the future economic benefits arising in a business combination that are not individually identified and separately recognised. Goodwill is not amortised. Instead, goodwill is tested for impairment on an annual basis.

Intangible assets, whether procured externally, acquired in business combination or internally generated, are recognised in the balance sheet as intangible assets with finite useful lives, if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The cost of internally generated intangible assets is determined as the sum of all costs directly attributable to the assets. Research costs are recognised as expenses in profit or loss as they are incurred. Costs arising from the development of new IT software or from significant improvement of existing software are recognised only to the extent they meet the requirements for recognition of internally generated intangible assets. Intangible assets with finite useful lives are measured at historical cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the estimated useful life of the asset.

	2023				
EUR million	Goodwill	Customer relations	Work in progress	Other intangible assets	Total
At 1 Jan					
Cost	41.3	9.7	2.2	46.2	99.3
Accumulated amortisation	0.0	-2.2	0.0	-42.0	-44.2
Net carrying amount at 1 Jan	**41.2**	**7.5**	**2.2**	**4.2**	**55.1**
Carrying amount at 1 Jan	**41.2**	**7.5**	**2.2**	**4.2**	**55.1**
Business acquisitions	0.0	0.0	0.0	0.0	0.0
Additions	0.0	0.0	2.4	0.0	2.4
Disposals	0.0	0.0	0.0	0.0	0.0
Amortisation	0.0	-1.7	0.0	-1.7	-3.4
Transfers from WIP	0.0	0.0	-0.5	0.5	0.0
Other changes	0.0	0.0	0.0	0.0	0.0
Carrying amount at 31 Dec	**41.2**	**5.8**	**4.1**	**3.0**	**54.1**
At 31 Dec					
Cost	41.2	9.8	4.1	46.7	101.7
Accumulated amortisation	0.0	-3.9	0.0	-43.7	-47.6
Net carrying amount at 31 Dec	**41.2**	**5.8**	**4.1**	**3.0**	**54.1**

	2022				
EUR million	Goodwill	Customer relations	Work in progress	Other intangible assets	Total
At 1 Jan					
Cost	39.9	9.7	2.1	43.7	95.3
Accumulated amortisation	0.0	-0.5	0.0	-40.5	-41.0
Net carrying amount at 1 Jan	**39.9**	**9.1**	**2.1**	**3.2**	**54.3**
Carrying amount at 1 Jan	**39.9**	**9.1**	**2.1**	**3.2**	**54.3**
Business acquisitions	0.0	0.0	0.6	1.1	1.6
Additions	2.8	0.1	1.9	1.5	6.2
Disposals	0.0	0.0	0.0	-2.2	-2.2
Amortisation	0.0	-1.7	0.0	-1.5	-3.2
Transfers from WIP	0.0	0.0	-2.3	0.0	-2.3
Other changes	-1.5	0.0	0.0	-0.1	-1.6
Carrying amount at 31 Dec	**41.2**	**7.5**	**2.2**	**4.2**	**55.1**
At 31 Dec					
Cost	41.2	9.7	2.2	46.2	99.3
Accumulated amortisation	0.0	-2.2	0.0	-42.0	-44.2
Net carrying amount at 31 Dec	**41.2**	**7.5**	**2.2**	**4.2**	**55.1**

The estimated useful lives by asset class are as follows:

Client relationships	5–15 years
IT -software	4–10 years
Other intangible assets	3–10 years

Impairment of non-financial assets, at each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than insurance and reinsurance contract assets, investment property, deferred tax assets and employee benefit assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

Goodwill impairment testing

For the purposes of impairment testing, goodwill has been allocated to the cash generating units (CGU's) as follows. No impairment losses have been recognised.

Goodwill	2023
With profit	31.6 M€
Institutions	9.6 M€
Total	**41.2 M€**

The recoverable amounts of both CGU's were based on their value in use. The values were determined by discounting the future cash flows to be generated from the continuing use of the assets.

The discount rates for the valuations were based on the current 10-year Finnish government bond yield, an estimate for an equity market premium and other market parameters based on a set of peer companies. The discount rate for the With profit CGU was based on an estimated required return for equity. The discount rate for the Institutions CGU was a weighted average cost of capital.

The cash flow forecasts used in the calculations are approved by management. The cash flow forecasts for the With profit CGU is 15 years and for the Institutional CGU 5 years. After the forecast periods, residual periods were estimated. The reason for using such a long forecast period for the With profit CGU is the estimated development of the insurance contract liabilities of this CGU, which in turn has an impact on the required solvency capital and hence on the amount of cash that can be generated. The assumption of growth after the forecast period is based on the estimated use of assets and an estimate of long-term inflation.

The main cash flow estimates were as follows:

With profit	2023
Long term growth rate	0.0%
Average net profit growth rate over forecast period	-8.0%

Institutions	2023
Long term growth rate	2.0%
Average forecasted EBIT growth rate over forecast period	5.0%

The valuations were done by discounting cash flows on a post-tax basis. The corresponding pre-tax discount rates were:

Pre-tax discount rate	2023
With profit	13.9%
Institutions	10.1%

The recoverable amounts for both CGU's exceeded their carrying amounts.

For the Institutions CGU, management believes that any possible reasonable change in any of the key assumptions would not cause the carrying amount to exceed the recoverable amount. For the With profit CGU, a nine per cent higher discount rate or a 32 per cent decrease in cash flow over the whole valuation period would have resulted in impairment.

17 INVESTMENTS IN ASSOCIATES

The mutual insurance company Kaleva, in which Mandatum holds 50 per cent of the guarantee capital, entitling it to 25 per cent of the voting rights, is not treated as an associate due to restrictions on control and asset allocation.

Associates that have been accounted for by the equity method at 31 Dec 2023

EUR million	Carrying amount	Fair value	Interest held %	Assets/ liabilities	Revenue	Profit/ loss
Precast Holding Oy	1.4	1.4	27.1	50.8/43.6	56.6	-6.5

Associates that have been accounted for by the equity method at 31 Dec 2022

EUR million	Carrying amount	Fair value	Interest held %	Assets/ liabilities	Revenue	Profit/ loss
Precast Holding Oy	4.3	4.3	27.1	59.2/45.3	58.9	0.4

Changes in investments in associates

EUR million	2023	2022
At beginning of year	4.3	1.3
Additions	0.0	3.0
Disposals	-1.2	0.0
Share of loss/profit	-1.8	0.1
At end of year	**1.4**	**4.3**

18 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

ACCOUNTING POLICY

IFRS 9 Financial Instruments

Recognition and initial measurement

Mandatum Group initially recognises financial assets on the trade date, which is the date on which Mandatum Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price. If the fair value at initial recognition differs from the transaction price, Mandatum Group recognises a day one profit or loss. Mandatum Group has not recognised a day one profit or loss.

FINANCIAL ASSETS – CLASSIFICATION

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

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

Investments comprise debt and equity securities.

Under IFRS 9, the majority of Mandatum Group's financial assets are classified at fair value through profit or loss and only a limited amount of financial assets are measured at amortised cost, and no financial assets are classified as FVOCI.

Mandatum Group's investments mainly relate to insurance contracts that are measured in a way that incorporates current information and all related insurance finance income and expenses are recognised in profit or loss (see accounting policy IFRS 17 insurance contracts). For other investments Mandatum Group has elected to measure these investments at FVTPL.

The business models for Mandatum Group are as follows:

Fair value through profit or loss

Portfolios of financial assets that are managed and whose performance is evaluated on a fair value basis or relate closely to insurance contracts are measured at FVTPL because they are neither held to collect contractual cash flows nor held to collect contractual cash flows and to sell financial assets. Derivative assets are measured at fair value through profit or loss.

These are measured at fair value and net gains and losses, including interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss.

In addition, in order to reduce the accounting mismatch, Mandatum has classified the underlying financial assets of insurance contracts at fair value through profit or loss.

Amortised cost

Financial assets are measured at amortised cost and are included in the Held-to-collect portfolio which contains certain loan contracts that are managed in order to collect contractual cash flows to earn fixed coupons throughout the life of the instruments. These instruments meet the SPPI (solely payments of principal and interest) criteria.

These assets are subject to loss allowance under expected credit losses (ECL) requirements (see impairment of financial assets).

These instruments are subsequently measured at amortised cost, and interest revenue is calculated using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

FINANCIAL LIABILITIES – CLASSIFICATION

Mandatum Group classifies its financial liabilities at fair value through profit or loss (held for trading liabilities or derivative liabilities) or at amortised cost.

Mandatum Group measures derivative financial liabilities at fair value through profit or loss. Net gains and losses, including any interest expense and foreign exchange gains and losses, are recognised in profit or loss.

Financial liabilities, including subordinated debt securities, debt securities in issue and other financial liabilities, are subsequently measured at amortised cost using the effective interest rate method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

A significant part of unit-linked insurance liabilities falls within the scope of IFRS 9. Mandatum recognises these investment contract liabilities at fair value through profit or loss. The fair value is based on the financial assets underlying these policies and recognised at FVTPL.

Derivatives, including embedded derivatives

Derivative financial instruments are classified as those held for trading and those held for hedging, including interest rate derivatives, credit risk derivatives, foreign exchange derivatives, equity derivatives and commodity derivatives. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivatives, including embedded derivatives separated from their host contract, are classified as held-for-trading, unless they form part of a qualifying hedging relationship. Mandatum Group has not applied hedge accounting. Derivatives are measured at fair value with changes in fair value recognised in profit or loss.

A derivative embedded in a host insurance or reinsurance contract is not accounted separately from the host contract if the embedded derivative itself meets the definition of an insurance or reinsurance contract. Mandatum Group does not have embedded derivatives with a host insurance or reinsurance contract.

RECOGNITION AND DERECOGNITION

Purchases and sales of financial assets at fair value through profit or loss are recognised and derecognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Loans and receivables are recorded in the balance sheet when the loan is drawn down.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged or is cancelled or expires.

FAIR VALUE MEASUREMENT

Financial instruments are monitored and managed at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair valuation of financial assets is based on either published price quotations or valuation techniques based on market observable inputs, where available. For a limited amount of assets, the value must be determined using other techniques.

The financial instruments measured at fair value have been classified into three hierarchy levels, depending for example on whether the market for the instrument is active or if the inputs used in the valuation technique are observable.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument also include other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

On level 3, the measurement is based on inputs other than observable market data. The majority of Mandatum Life's level 3 assets are private equity and alternative funds.

For private equity funds, the valuation of the underlying investments is conducted by the fund manager, who has all the relevant information required in the valuation process. The valuation is usually updated quarterly based on the value of the underlying assets and the amount of debt in the fund. There are several valuation methods, which can be based for example on the acquisition value of the investments, the value of publicly traded peer companies, the multiple based valuation or the cashflows of the underlying investments. Most private equity funds follow the International Private Equity and Venture Capital Valuation (IPEV) guidelines, which give detailed instructions on the valuation of private equity funds.

For alternative funds, the valuation is also conducted by the fund managers. Alternative funds often have complicated structures, and the valuation is dependent on the nature of the underlying investments. There are many valuation methods that can be used, for example, the method based on the cashflows of the underlying investments. The operations and valuation of alternative funds are regulated, for example, by the Alternative Investment Fund Managers Directive (AIFMD), which determines the principles and documentation requirements of the valuation process.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

IFRS 9 introduced a forward-looking ECL model that replaced the model applied under IAS 39 based on incurred losses. The ECL model applies to financial assets measured at amortised cost, contract assets in accordance with IFRS 15 Revenue from contracts with customer, loan commitments and financial guarantee contracts for which the impairment requirements apply. Impairment requirements do not apply to equity instruments or other financial instruments measured at FVTPL.

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

Mandatum Group has recognised a loss allowance, which is a probability-weighted estimate of credit losses on financial assets measured at amortised cost and undrawn off-balance sheet commitments related to financial assets measured at amortised cost.

Loss allowance for financial assets measured at amortised cost is deducted from the gross carrying amount of the assets. For off-balance sheet items, a loss allowance is recognised as a liability on the balance sheet.

FINANCIAL ASSETS AND LIABILITIES BEFORE 1 JANUARY 2023

Comparative year figures are presented in accordance with IAS 39 Financial Instruments: Recognition and Measurement. For further information, please see Mandatum Holding consolidated IFRS financial statements 2022.

Financial assets at 31 Dec 2023	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value					
Derivative financial instruments					
Interest rate swaps	18.9		18.9		18.9
Foreign exchange derivatives	8.6		8.6		8.6
Total derivative financial instruments	**27.4**		**27.4**		**27.4**
Assets at fair value through P&L					
Equity securities	300.0	232.1		68.0	300.0
Debt securities	2,452.4	1,933.9	501.9	16.6	2,452.4
Funds	770.6	106.7	72.7	591.2	770.6
Total assets at fair value through P&L	**3,523.0**	**2,272.7**	**574.6**	**675.8**	**3,523.0**
Financial assets related to unit-linked insurance					
Equity securities	634.4	582.6	2.1	49.7	634.4
Debt securities	996.2	119.1	850.6	26.6	996.2
Funds	9,510.1	5,945.5	925.4	2,639.3	9,510.1
Derivative financial instruments	14.6		14.6		14.6
Other assets	484.5		484.5		484.5
Total financial assets related to unit-linked insurance	**11,640.0**	**6,647.2**	**2,277.1**	**2,715.6**	**11,640.0**
Total financial assets measured at fair value	**15,190.4**	**8,919.9**	**2,879.1**	**3,391.4**	**15,190.4**
Financial assets at amortised cost	**41.9**			**41.9**	**41.9**
Group financial assets, total	**15,232.3**	**8,919.9**	**2,879.1**	**3,433.3**	**15,232.4**

Financial liabilities at 31 Dec 2023	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value					
Derivative financial instruments					
Interest rate swaps	0.0		0.0		0.0
Foreign exchange derivatives	2.3		2.3		2.3
Total derivative financial instruments	**2.3**		**2.3**		**2.3**
Investment contract liabilities	**8,529.3**		**8,529.3**		**8,529.3**
Derivative financial instruments related to unit-linked insurance	**3.8**		**3.8**		**3.8**
Total financial liabilities at fair value	**8,535.5**		**8,535.5**		**8,535.5**
Financial liabilities measured at amortised cost					
Other liabilities	101.3		97.9		97.9
Subordinated debt securities					
Subordinated loans	249.8	244.0			244.0
Financial liabilities measured at amortised cost total	**351.1**	**244.0**	**97.9**		**342.0**
Group financial liabilities, total	**8,886.5**	**244.0**	**8,633.4**		**8,877.5**

Derivative liabilities related to unit-linked insurance are reported in financial liabilities.

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

Financial liabilities at 31 Dec 2022	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value					
Derivative financial instruments					
Interest rate swaps	2.2		2.2		2.2
Foreign exchange derivatives	0.4		0.4		0.4
Total derivative financial instruments	**2.6**		**2.6**		**2.6**
Investment contract liabilities	**7,107.0**		**7,107.0**		**7,107.0**
Total financial liabilities related to unit-linked insurance	**2.4**		**2.4**		**2.4**
Total financial liabilities at fair value	**7,112.0**		**7,112.0**		**7,112.0**
Financial liabilities measured at amortised cost					
Other liabilities					
Subordinated debt securities					
Subordinated loans	349.6	230.1		100.0	330.1
Financial liabilities measured at amortised cost total	**349.6**	**230.1**		**100.0**	**330.1**
Group financial liabilities, total	**7,461.6**	**230.1**	**7,112.0**	**100.0**	**7,442.1**

Comparison period figures have been restated for derivatives. Derivative liabilities have been restated to financial liabilities for comparison period.

Changes between levels

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

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

Determination and hierarchy of fair value

Valuation methods and significant non-visible input data

The table below shows the valuation techniques used to determine the fair value of Level 2 and Level 3 items at 31 December 2023 and 31 December 2022 for financial assets and liabilities measured at fair value. In addition, the table summarises the most significant non-obvious inputs.

Financial instruments measured at fair value and their main valuation models

Item	Valuation model	Significant unobservable input data	Ratio of unobservable input data to fair value
Unquoted equity investment	An additional return model, in which the value consists of the capital invested plus the present value of the expected additional returns	Expected future additional revenues	The fair value will increase (decrease) if the expected additional income increases (decreases), or if the discount rate is lower (higher)
Private equity funds	The valuation of the underlying investments is conducted by the fund manager, who has all the relevant information required for the valuation process.	The value of the investments and the amount of debt. The valuation of the investments may be carried out by the fund using different models (e.g. purchase price, publicly traded peers, yield multiplier basis, or cash flow valuation).	n/a
	The valuation of the fund is mainly carried out on a quarterly basis based on the value of the investments below and the amount of debt		
	The valuations used are the newest available, but due to the characteristics of the asset class they are usually received a few months after the valuation date.		
	Private equity funds generally follow the International Private Equity and Venture Capital Valuation (IPEV) guidelines, which describe the different valuation practices in more detail.		

Item	Valuation model	Significant unobservable input data	Ratio of unobservable input data to fair value
Alternative funds	The value is determined by the fund and implementation is mainly the responsibility of the fund manager. The characteristics of alternative funds are often complex, and the valuation depends on the nature of the underlying instruments.	Valuation is based, for example, cash flow valuation.	n/a
	The valuations used are the newest available, but due to the characteristics of the asset class they are usually received a few months after the valuation date.		
	The Alternative Investment Fund Managers Directive (AIFMD) regulates the operation and valuation of alternative funds and describes in more detail the operating principles and documentation requirements for valuation.		
Interest rate derivatives	The valuation of interest rate derivatives is mainly based on a discounted cash flow valuation model.	Estimates of future variable interest rates are based on quoted derivative prices and futures' prices. Future cash flows are discounted using an interest rate curve based on market interest rates, which corresponds to the interest rate used by market participants for similar derivative products.	n/a
FX derivatives	The valuation of FX derivatives is mainly based on a valuation model based on discounting of cash flows and FX rates.	Valuation is based on an appropriate FX rate and an interest rate curve based on market interest rates.	n/a

Movements in level 3 financial instruments measured at fair value

Movements in level 3 financial instruments and reconciliation

	2023								
EUR million	At 1 Jan	Total gains/ losses in P&L	Purchases and reclassifications	Sales	Settlements	Transfers from levels 1 and 2	Transfers to levels 1 and 2	At 31 Dec	Unrealised gains/ losses included in P&L for financial assets
Financial assets 2023									
Financial assets measured at fair value through profit or loss									
Equity securities	16.4	-4.1	55.7	0.0	0.0	0.0	0.0	68.0	-4.1
Debt securities	13.4	-2.1	27.4	-21.4	-0.6	0.0	0.0	16.6	0.1
Funds	593.6	-0.5	50.1	-52.0	0.0	0.0	0.0	591.2	0.2
Total	**623.4**	**-6.8**	**133.1**	**-73.4**	**-0.6**	**0.0**	**0.0**	**675.8**	**-3.9**
Financial assets related to unit-linked insurance									
Equity securities	31.3	10.1	8.5	-0.2	0.0	0.0	0.0	49.7	10.3
Debt securities	94.3	-0.6	21.5	-86.2	-2.5	0.0	0.0	26.6	-0.9
Funds	2,327.0	4.4	556.0	-248.1	0.0	0.0	0.0	2,639.3	1.5
Total	**2,452.7**	**13.9**	**586.0**	**-334.5**	**-2.5**	**0.0**	**0.0**	**2,715.6**	**11.0**
Total financial assets measured at fair value	**3,076.1**	**7.1**	**719.1**	**-407.9**	**-3.1**	**0.0**	**0.0**	**3,391.4**	**7.1**

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

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

Sensitivity analysis of level 3 financial instruments measured at fair value

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

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

19 INVESTMENTS RELATED TO UNIT-LINKED INSURANCE CONTRACTS

EUR million	2023	2022
Financial assets designated at fair value through P&L		
Debt securities	996.2	941.3
Equity securities	10,144.6	8,273.3
Total	**11,140.8**	**9,214.6**
Loans and other receivables	484.5	701.7
Other financial assets	10.8	18.0
Investment related to unit-linked contracts, total	11,636.1	9,934.3
Total	**11,636.1**	**9,934.3**

20 OTHER ASSETS

EUR million	2023	2022
Interests	39.6	24.3
Settlement receivables	41.0	73.6
Assets pledged for trading in derivatives	26.8	5.7
Prepaid pensions	20.8	20.7
Tax receivables	4.7	7.1
Receivables from investments and fees	1.8	0.2
Receivables from policyholders	1.6	2.9
Assets arising from reinsurance operations	0.5	0.1
Rental receivables on properties	0.3	2.0
Receivables from associated companies	0.1	0.1
Other	14.8	19.5
Total	**152.0**	**156.2**

'Interests' mainly consists of interest receivables on derivatives.

'Settlement receivables' consists of payments not yet received from the counterparty.

'Other' consists of, for example, fees, trade receivables and accrued income.

21 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents comprise cash and short-term deposits (3 months).

EUR million	2023	2022
Cash at bank	738.4	724.6
Total	**738.4**	**724.6**

22 DEFERRED TAX ASSETS AND LIABILITIES

ACCOUNTING POLICY

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither the accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Changes in deferred tax during the financial period 2023

EUR million	1 Jan	Recognised in OCI	31 Dec
Deferred tax assets			
Other deductible temporary differences	3.9	0.1	4.0
Total	**3.9**	**0.1**	**4.0**
Netting of deferred taxes			-4.0
Deferred tax assets			0.0
Deferred tax liabilities			
Depreciation differences and untaxed reserves	1.6	-0.2	1.4
Changes in fair values	66.7	-2.2	64.5
Other differences	95.8	-16.9	78.9
Total	**164.1**	**-19.3**	**144.8**
Netting of deferred taxes			-4.0
Total deferred tax liabilities			**140.8**

Changes in deferred tax during the financial period 2022

EUR million	1 Jan	Recognised in OCI	31 Dec
Deferred tax assets			
Losses from previous years	0.4	-0.1	0.3
Other deductible temporary differences	9.4	-5.8	3.6
Total	**9.8**	**-5.9**	**3.9**
Netting of deferred taxes			-3.9
Deferred tax assets			**0.0**
Deferred tax liabilities			
Depreciation differences and untaxed reserves	1.6	0.0	1.6
Changes in fair values	172.4	-105.7	66.7
Other differences	0.1	95.7	95.8
Total	**174.1**	**-10.0**	**164.1**
Netting of deferred taxes			-3.9
Total deferred tax liabilities			**160.3**

23 INSURANCE CONTRACT LIABILITIES

ACCOUNTING POLICY

Classification of insurance, reinsurance and investment contracts

Contracts are classified as insurance contracts if they transfer significant insurance risk between the policyholder and the insurer. Investment contracts that include the discretionary participation features are within the scope of IFRS 17. Reinsurance contracts are contracts held by the Group that allow the Group to receive insurance claims from another insurer if the Group itself becomes liable under other insurance contracts it has issued. The Mandatum Group also holds contracts that are legally insurance contracts but do not include significant insurance risk or discretionary participation feature. These contracts are classified as "unit-linked investment contracts" and are measured in accordance with IFRS 9.

With-profit contracts are measured in accordance with IFRS 17 because of discretionary participation features. Unit-linked contracts are measured under IFRS 17 if they include significant insurance risk, otherwise they are measured in accordance with IFRS 9. Other than risk insurance contracts the contracts measured in accordance with IFRS 17 may have a non-distinct investment component (NDIC). Individual life policies may include unit-linked savings and with-profit savings and they are measured as distinct investment and insurance component.

Level of aggregation

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

The Mandatum Group assigns risk policies, with-profit policies and unit-linked policies to separate portfolios.

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

Contract boundary

The initial measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within the contract boundary, substantive rights and obligations arising from the terms of the contract, as well as from applicable laws and regulations, are considered. The contract boundaries depend on the characteristics of the contracts and are consistent with the duration of the contract. According to the insurance legislation, as a rule, risks cannot be re-priced after the policy has been issued, so the contract boundaries are long. However, some life risk insurances have ancillary covers which have been interpreted as covering a year.

Measurement

IFRS 17 introduces a general measurement model (GMM) applicable to all insurance contracts, to measure insurance contract liabilities and a variable fee approach (VFA) applicable to direct participating insurance contracts. Under both measurement models, the carrying amount of insurance is the sum of future cash flows, adjusted to reflect the time value of money, a risk adjustment and a contractual service margin (CSM). CSM represents the expected unearned profit Mandatum recognises as it provides insurance contract services in the future. Mandatum Group applies GMM to with-profit policies and risk policies, and VFA is applied to unit-linked insurance contracts measured under IFRS 17.

An amount of the CSM release for a group of insurance contracts is recognised in P/L in each period to reflect the services provided under the group of insurance contracts in that period. The amount is determined by identifying coverage units in the group. The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided under the contract and their expected duration.

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

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

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

Discounting

In all applied measurement models, discounting adjusts the expected cash flows to reflect the time value of money.

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

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

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

Risk adjustment

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

General measurement model (GMM)

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

Estimates of future cash flows are based on cash flow projections and are estimated until the maturity of the contract. Only risk policies without death cover or permanent disability cover are short-term (one year insurance term) contracts. Cash flows are estimated for every reporting period, and assumptions are updated yearly, or more often, if needed. The locked-in rate is applied for the accretion of CSM.

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

Variable fee approach (VFA)

The variable fee approach represents a modification of the GMM. In subsequent measurement periods, instead of using the locked-in rate, CSM is adjusted to reflect the variable nature of the fees, representing the amount of the entity's share of the fair value of the underlying items.

Mandatum applies the VFA to unit-linked pension insurance contracts sold before 1 January 2023, where the amount of savings in the insurance contract is based, among other things, on the value of the units selected in the contract. In the statement of profit or loss, the finance income and expenses from insurance contracts consist of changes in the market values of the units, and the other changes in economic assumptions or market environment affect the CSM and thus the insurance service result. For GMM, economic assumptions and changes in the market environment are presented in finance income and expenses.

ANALYSIS OF THE CHANGE IN THE INSURANCE CONTRACT LIABILITY DIVIDED INTO THE REMAINING LIABILITY FOR THE POLICY PERIOD AND THE LIABILITY ARISING FROM PAST EVENTS

The tables below show how the net value of the insurance contract liabilities changed during the period due to the amounts recognised in profit or loss and the cash flows generated. The analysis of changes is performed for the liabilities for remaining coverage and liabilities for incurred claims. The analyses of changes in insurance contract liabilities are presented separately for contracts measured according to the GMM and VFA measurement models.

Analysis of changes in insurance contract liabilities for contracts measured according to GMM

	31 Dec 2023			
	Liabilities for remaining coverage			
EUR million	Net liabilities (or assets) excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening balance – liabilities relating to insurance contracts	2,537.3	0.0	19.2	2,556.5
Opening balance – assets relating to insurance contracts	-10.4	0.5	3.7	-6.2
Net opening balances, GMM	**2,526.9**	**0.5**	**22.8**	**2,550.3**
Insurance revenue	**-284.5**			**-284.5**
Insurance service expenses				
Incurred claims and other insurance service expenses		-2.5	247.0	244.5
Adjustments to liabilities for incurred claims			1.8	1.8
Losses and reversals of losses on onerous contracts		19.0		19.0
Amortisation of insurance acquisition cash flows	11.4			11.4
Insurance service result	**-273.1**	**16.5**	**248.8**	**-7.8**
Finance income or expenses from insurance contracts	**137.6**	**0.0**		**137.6**
Changes in the statement of profit or loss	**-135.5**	**16.5**	**248.8**	**129.8**
Investment component	**-74.2**		**74.2**	**0.0**
Cash flows during the period				
Premiums received	127.0			127.0
Claims and other insurance service expenses paid			-323.2	-323.2
Insurance acquisition cash flows	-4.8			-4.8
Total cash flows during the period	**122.3**		**-323.2**	**-200.9**
Net closing balance	**2,439.5**	**17.0**	**22.7**	**2,479.2**
Closing balance – liabilities relating to insurance contracts	2,459.8	16.5	18.0	2,494.3
Closing balance – assets relating to insurance contracts	-20.3	0.5	4.7	-15.1
Net closing balance, GMM	**2,439.5**	**17.0**	**22.7**	**2,479.2**

	31 Dec 2022 (restated)			
	Liabilities for remaining coverage			
EUR million	Net liabilities (or assets) excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening balance – liabilities relating to insurance contracts	3,329.6		16.9	3,346.4
Opening balance – assets relating to insurance contracts	-50.5		9.3	-41.2
Net opening balances, GMM	**3,279.1**	**0.0**	**26.1**	**3,305.2**
Insurance revenue	-283.6	0.0	0.0	**-283.6**
Insurance service expenses				
Incurred claims and other insurance service expenses	0.0	-0.1	248.2	248.2
Adjustments to liabilities for incurred claims	0.0	0.0	-3.4	-3.4
Losses and reversals of losses on onerous contracts	0.0	0.6	0.0	0.6
Amortisation of insurance acquisition cash flows	12.6	0.0	0.0	12.6
Insurance service result	**-271.0**	**0.5**	**244.8**	**-25.7**
Finance income or expenses from insurance contracts	**-483.7**	**0.0**	**0.0**	**-483.7**
Changes in the statement of profit or loss	**-754.7**	**0.5**	**244.8**	**-509.3**
Investment component	**-89.2**	**0.0**	**89.2**	**0.0**

	31 Dec 2022 (restated)			
	Liabilities for remaining coverage			
EUR million	Net liabilities (or assets) excluding loss component	Loss component	Liabilities for incurred claims	Total
Cash flows during the period				
Premiums received	96.6	0.0	0.0	96.6
Claims and other insurance service expenses paid	0.0	0.0	-337.3	-337.3
Insurance acquisition cash flows	-4.9	0.0	0.0	-4.9
Total cash flows during the period	**91.7**	**0.0**	**-337.3**	**-245.6**
Net closing balance	**2,526.9**	**0.5**	**22.8**	**2,550.3**
Closing balance – liabilities relating to insurance contracts	2,537.3	0.0	19.2	2,556.5
Closing balance – assets relating to insurance contracts	-10.4	0.5	3.7	-6.2
Net closing balance, GMM	**2,526.9**	**0.5**	**22.8**	**2,550.3**

Analysis of changes in insurance contract liabilities for contracts valued according to the VFA

	31 Dec 2023			
	Liabilities for remaining coverage			
EUR million	Net liabilities (or assets) excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening balance – liabilities relating to insurance contracts	2,757.8	3.6	2.4	2,763.8
Opening balance – assets relating to insurance contracts				0.0
Net opening balances, VFA	**2,757.8**	**3.6**	**2.4**	**2,763.8**
Insurance revenue	**-53.7**			**-53.7**
Insurance service expenses				
Incurred claims and other insurance service expenses		-0.5	17.7	17.2
Adjustments to liabilities for incurred claims			0.3	0.3
Losses and reversals of losses on onerous contracts		-3.1		-3.1
Amortisation of insurance acquisition cash flows	7.9			7.9
Insurance service result	**-45.8**	**-3.6**	**18.0**	**-31.3**
Finance income or expenses from insurance contracts	303.5			303.5
Changes in the statement of profit or loss	**257.7**	**-3.6**	**18.0**	**272.2**
Investment component	**-129.3**		**129.3**	**0.0**

	31 Dec 2023			
	Liabilities for remaining coverage			
EUR million	Net liabilities (or assets) excluding loss component	Loss component	Liabilities for incurred claims	Total
Cash flows during the period				
Premiums received	134.6			134.6
Claims and other insurance service expenses paid			-146.5	-146.5
Insurance acquisition cash flows				0.0
Total cash flows during the period	**134.6**	**0.0**	**-146.5**	**-12.0**
Net closing balance	**3,020.8**	**0.0**	**3.2**	**3,024.0**
Closing balance – liabilities relating to insurance contract	3,020.8		3.2	3,024.0
Closing balance – assets relating to insurance contracts				0.0
Net closing balance, VFA	**3,020.8**	**0.0**	**3.2**	**3,024.0**

EUR million	31 Dec 2022 (restated) Liabilities for remaining coverage Net liabilities (or assets) excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening balance – liabilities relating to insurance contracts	3,220.8	0.0	2.4	3,223.3
Opening balance – assets relating to insurance contracts				
Net opening balances, VFA	**3,220.8**	**0.0**	**2.4**	**3,223.3**
Insurance revenue	-44.3	0.0	0.0	**-44.3**
Insurance service expenses				
Incurred claims and other insurance service expenses	0.0	-0.5	20.3	19.8
Adjustments to liabilities for incurred claims	0.0	0.0	0.3	0.3
Losses and reversals of losses on onerous contracts	0.0	4.1	0.0	4.1
Amortisation of insurance acquisition cash flows	9.9	0.0	0.0	9.9
Insurance service result	**-34.4**	**3.6**	**20.6**	**-10.2**
Finance income or expenses from insurance contracts	**-436.6**	**0.0**	**0.0**	**-436.6**
Changes in the statement of profit or loss	**-471.0**	**3.6**	**20.6**	**-446.8**
Investment component	**-136.0**	**0.0**	**136.0**	**0.0**

EUR million	31 Dec 2022 (restated) Liabilities for remaining coverage Net liabilities (or assets) excluding loss component	Loss component	Liabilities for incurred claims	Total
Cash flows during the period				
Premiums received	146.9	0.0	0.0	**146.9**
Claims and other insurance service expenses paid	0.0	0.0	-156.6	**-156.6**
Insurance acquisition cash flows	-3.0	0.0	0.0	**-3.0**
Total cash flows during the period	**143.9**	**0.0**	**-156.6**	**-12.7**
Net closing balance	**2,757.8**	**3.6**	**2.4**	**2,763.8**
Closing balance – liabilities relating to insurance contracts	2,757.8	3.6	2.4	2,763.8
Closing balance – assets relating to insurance contracts				
Net closing balance, VFA	**2,757.8**	**3.6**	**2.4**	**2,763.8**

The following tables show how the net carrying amounts of life insurance contracts changed during the period as a result of amounts recognised in the statement of profit or loss and cash flows. The table analyses movements in liability components. These analyses are presented separately for contracts measured according to the GMM and VFA measurement models.

Analysis of changes in insurance contract liabilities by liability component for contracts valued according to GMM

	31 Dec 2023			
EUR million	Estimation of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening balance – liabilities relating to insurance contracts	2,372.7	38.5	145.3	2,556.5
Opening balance – assets relating to insurance contracts	-80.8	5.7	68.9	-6.2
Net opening balance, GMM	**2,291.9**	**44.1**	**214.2**	**2,550.3**
Changes that relate to current services				
CSM recognised in profit or loss			-20.4	-20.4
Change in risk adjustment for non-financial risk for risk expired		-8.0		-8.0
Experience adjustments	-0.2			-0.2
Changes that relate to future services				0.0
Changes in estimates that adjust the CSM	117.4	-3.4	-114.1	0.0
Changes in estimates that result in losses and reversal of losses on onerous contracts	19.6	-0.7	0.0	19.0
Contracts initially recognised in the period	-18.2	2.3	15.9	0.0
Experience adjustment arising from premiums received in the period that relate to future service	-48.6	0.0	48.6	0.0
Changes that relate to past services				0.0
Adjustments to liabilities for incurred claims	1.8	0.0	0.0	1.8
Insurance service result	**71.9**	**-9.7**	**-69.9**	**-7.8**
Finance income or expenses from insurance contracts	131.2	4.5	1.9	137.6
Changes in the statement of profit or loss	**203.1**	**-5.2**	**-68.0**	**129.8**
Total cash flows	-200.9	0.0	0.0	-200.9
Net closing balance	**2,294.1**	**38.9**	**146.2**	**2,479.2**
Closing balance – liabilities relating to insurance contracts	2,399.2	33.1	62.1	2,494.3
Closing balance – liabilities relating to insurance contracts	-105.1	5.8	84.2	-15.1
Net closing balance, GMM	**2,294.1**	**38.9**	**146.2**	**2,479.2**

EUR million	31 Dec 2022 (restated) Estimation of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening balance – liabilities relating to insurance contracts	3,276.6	40.7	29.1	3,346.4
Opening balance – assets relating to insurance contracts	-188.7	20.5	127.1	-41.2
Net opening balance, GMM	**3,087.9**	**61.1**	**156.2**	**3,305.2**
Changes that relate to current services				
CSM recognised in profit or loss	0.0	0.0	-17.3	-17.3
Change in risk adjustment for non-financial risk for risk expired	0.0	-5.7	0.0	-5.7
Experience adjustments	0.2	0.0	0.0	0.2
Changes that relate to future services				
Changes in estimates that adjust the CSM	-33.9	4.2	29.8	0.0
Changes in estimates that result in losses and reversal of losses on onerous contracts	0.7	-0.1	0.0	0.6
Contracts initially recognised in the period	-22.8	3.2	19.6	0.0
Experience adjustment arising from premiums received in the period that relate to future service	-24.4	0.0	24.4	0.0

EUR million	31 Dec 2022 (restated) Estimation of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Changes that relate to past services				
Adjustments to liabilities for incurred claims	-3.4	0.0	0.0	-3.4
Insurance service result	**-83.7**	**1.6**	**56.4**	**-25.7**
Finance income or expenses from insurance contracts	-466.7	-18.6	1.6	-483.7
Changes in the statement of profit or loss	**-550.4**	**-17.0**	**58.1**	**-509.3**
Total cash flows	**-245.6**	**0.0**	**0.0**	**-245.6**
Net closing balance	**2,291.9**	**44.1**	**214.2**	**2,550.3**
Closing balance – liabilities relating to insurance contracts	2,372.7	38.5	145.3	2,556.5
Closing balance assets relating to insurance contracts	-80.8	5.7	68.9	-6.2
Net closing balance, GMM	**2,291.9**	**44.1**	**214.2**	**2,550.3**

Analysis of changes in insurance contract liabilities by liability component for contracts valued according to VFA

EUR million	Estimation of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	31 Dec 2023			
Opening balance – liabilities relating to insurance contracts	2,500.9	9.0	253.8	2,763.8
Opening balance – assets relating to insurance contracts	0.0	0.0	0.0	0.0
Net opening balance, VFA	**2,500.9**	**9.0**	**253.8**	**2,763.8**
Changes that relate to current services				
CSM recognised in profit or loss	0.0	0.0	-25.5	-25.5
Change in risk adjustment for non-financial risk for risk expired	0.0	-0.7	0.0	-0.7
Experience adjustments	-2.3	0.0	0.0	-2.3
Changes that relate to future services				0.0
Changes in estimates that adjust the CSM	153.5	1.4	-155.0	0.0
Changes in estimates that result in losses and reversal of losses on onerous contracts	-3.1	0.0	0.0	-3.1
Contracts initially recognised in the period	0.0	0.0	0.0	0.0
Experience adjustment arising from premiums received in the period that relate to future service	-14.5	0.0	14.5	0.0

EUR million	Estimation of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	31 Dec 2023			
Changes that relate to past services				0.0
Adjustments to liabilities for incurred claims	0.3	0.0	0.0	0.3
Insurance service result	**133.9**	**0.7**	**-165.9**	**-31.3**
Finance income or expenses from insurance contracts	76.3	0.7	226.5	303.5
Changes in the statement of profit or loss	**210.2**	**1.4**	**60.5**	**272.2**
Total cash flows	-12.0	0.0	0.0	-12.0
Net closing balance	**2,699.1**	**10.5**	**314.4**	**3,024.0**
Closing balance – liabilities relating to insurance contracts	2,699.1	10.5	314.4	3,024.0
Closing balance assets relating to insurance contracts	0.0	0.0	0.0	0.0
Net closing balance, VFA	**2,699.1**	**10.5**	**314.4**	**3,024.0**

	31 Dec 2022 (restated)			
EUR million	Estimation of present value of future cash flows	Risk adjust-ment for non-financial risk	CSM	Total
Opening balance – liabilities relating to insurance contracts	2,934.8	11.3	277.2	3,223.3
Opening balance – assets relating to insurance contracts				
Net opening balance, VFA	**2,934.8**	**11.3**	**277.2**	**3,223.3**
Changes that relate to current services				
CSM recognised in profit or loss	0.0	0.0	-17.6	-17.6
Change in risk adjustment for non-financial risk for risk expired	0.0	-0.8	0.0	-0.8
Experience adjustments	3.7	0.0	0.0	3.7
Changes that relate to future services				
Changes in estimates that adjust the CSM	-385.6	0.6	385.0	0.0
Changes in estimates that result in losses and reversal of losses on onerous contracts	4.1	0.0	0.0	4.1
Contracts initially recognised in the period	-2.3	0.2	2.1	0.0
Experience adjustment arising from premiums received in the period that relate to future service	-23.4	0.0	23.4	0.0

	31 Dec 2022 (restated)			
EUR million	Estimation of present value of future cash flows	Risk adjust-ment for non-financial risk	CSM	Total
Changes that relate to past services				
Adjustments to liabilities for incurred claims	0.3	0.0	0.0	0.3
Insurance service result	**-403.2**	**0.0**	**393.0**	**-10.2**
Finance income or expenses from insurance contracts	-18.0	-2.3	-416.4	-436.6
Changes in the statement of profit or loss	**-421.2**	**-2.3**	**-23.3**	**-446.8**
Total cash flows	**-12.7**	**0.0**	**0.0**	**-12.7**
Net closing balance	**2,500.9**	**9.0**	**253.8**	**2,763.8**
Closing balance – liabilities relating to insurance contracts	2,500.9	9.0	253.8	2,763.8
Closing balance assets relating to insurance contracts				
Net closing balance, VFA	**2,500.9**	**9.0**	**253.8**	**2,763.8**

24 INSURANCE CONTRACTS RECOGNISED IN THE PERIOD

Mandatum's new policies on sale, measured according to the GMM measurement model, are life risk insurance policies. In the financial year 2023, there were no contracts measured according to the VFA measurement model. There is a product portfolio under the VFA measurement model, but due to changes in the terms and conditions of new sales, new unit-linked contracts are measured in accordance with IFRS 9.

The tables below present the new contracts initially recognised during the period, separately for contracts measured according to the GMM and VFA measurement models. Mandatum did not recognise onerous contracts issued in the financial period or in the comparative period.

EUR million	Non-onerous contracts originated	Total
31 Dec 2023		
Claims and other insurance service expenses payable	20.7	20.7
Insurance acquisition cash flows	3.5	3.5
Estimates of present value of cash outflows	**24.2**	**24.2**
Estimates of present value of cash inflows	**-42.4**	**-42.4**
Risk adjustment for non-financial risk	**2.3**	**2.3**
CSM	**15.9**	**15.9**
Losses recognised on initial recognition, GMM	**0.0**	**0.0**
31 Dec 2022 (restated)		
Claims and other insurance service expenses payable	26.9	26.9
Insurance acquisition cash flows	3.7	3.7
Estimates of present value of cash outflows	**30.6**	**30.6**
Estimates of present value of cash inflows	**-53.4**	**-53.4**
Risk adjustment for non-financial risk	**3.2**	**3.2**
CSM	**19.6**	**19.6**
Losses recognised on initial recognition, GMM	**0.0**	**0.0**
31 Dec 2022 (restated)		
Claims and other insurance service expenses payable	40.7	40.7
Insurance acquisition cash flows	1.4	1.4
Estimates of present value of cash outflows	**42.1**	**42.1**
Estimates of present value of cash inflows	**-44.4**	**-44.4**
Risk adjustment for non-financial risk	**0.2**	**0.2**
CSM	**2.1**	**2.1**
Losses recognised on initial recognition, VFA	**0.0**	**0.0**

25 EXPECTED RECOGNITION OF THE REMAINING CSM

The note describing the releasing of the contractual service margin (CSM) describe when the Mandatum Group expects to recognise the remaining CSM in insurance revenue. The amount of CSM to be released in each period is calculated according to the changes in the coverage units in the group of insurance contracts, with the CSM being allocated pro rata between current and future coverage units. The note does not take into account future interest accrual on CSM or any other future changes that may affect the amount of CSM recognised in insurance revenue in future periods. This note illustrates the releasing of the CSM recognised in the balance sheet at the reporting date and cannot be regarded as an estimate of future reporting periods.

The tables below present the expected recognition of the remaining CSM separately for contracts measured according to the GMM and VFA measurement models.

EUR million	GMM	VFA	Total
31 Dec 2023			
1 year	25.5	27.0	52.5
2 years	11.1	25.7	36.8
3 years	10.1	24.1	34.2
4 years	9.1	22.6	31.7
5 years	8.5	21.0	29.5
6-10 years	34.3	83.7	118.0
Over 10 years	47.7	110.3	158.0
Total	**146.2**	**314.4**	**460.6**

EUR million	GMM	VFA	Total
31 Dec 2023			
1 year	16.1	17.4	33.4
2 years	14.1	17.0	31.1
3 years	13.3	16.6	29.9
4 years	12.2	16.1	28.3
5 years	11.6	15.5	27.1
6-10 years	49.2	66.3	115.5
Over 10 years	97.8	104.9	202.7
Total	**214.2**	**253.8**	**468.1**

26 INSURANCE CONTRACTS – CSM BY TRANSITION METHOD

The tables below present the CSM reconciliation by transition method for contracts measured separately according to the GMM and VFA measurement models.

2023	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Opening CSM, GMM	**57.6**	**104.8**	**51.8**	**214.2**
CSM recognised in the profit & loss for the services received	-5.6	-13.5	-1.3	-20.4
Changes in estimates that adjust the CSM	-16.2	-33.0	-64.9	-114.1
Effects of contracts initially recognised in period	15.9			15.9
Experience adjustments- arising from premium received in the period that relates to future service	0.5	18.5	29.6	48.6
Finance expenses from insurance contracts issued	0.3	1.7	-0.1	1.9
Other	0.0	0.0	0.0	0.0
Total amount recognised in comprehensive income	**-5.1**	**-26.3**	**-36.6**	**-68.0**
Closing CSM, GMM	**52.5**	**78.5**	**15.2**	**146.2**

2022	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Opening CSM, GMM	**41.7**	**114.5**	**0.0**	**156.2**
CSM recognised in the profit & loss for the services received	-1.6	-10.7	-5.0	-17.3
Changes in estimates that adjust the CSM	-2.5	-8.1	40.3	29.8
Effects of contracts initially recognised in period	19.6			19.6
Experience adjustments- arising from premium received in the period that relates to future service	0.6	7.3	16.5	24.4
Finance expenses from insurance contracts issued	-0.2	1.8	0.0	1.6
Other	0.0	0.0	0.0	0.0
Total amount recognised in comprehensive income	**15.9**	**-9.7**	**51.8**	**58.1**
Closing CSM, GMM	**57.6**	**104.8**	**51.8**	**214.2**

2023	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Opening CSM, VFA	**16.0**	**237.7**	**0.2**	**253.8**
CSM recognised in the profit & loss for the services received	-0.9	-24.3	-0.3	-25.5
Changes in estimates that adjust the CSM	-2.8	-132.4	-19.7	-155.0
Effects of contracts initially recognised in period	0.0			0.0
Experience adjustments- arising from premium received in the period that relates to future service	10.2	4.2	0.2	14.5
Finance expenses from insurance contracts issued	6.0	197.8	22.7	226.5
Other				0.0
Total amount recognised in comprehensive income	**12.5**	**45.1**	**2.9**	**60.6**
Closing CSM, VFA	**28.5**	**282.8**	**3.0**	**314.4**

2022	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Opening CSM, VFA	**5.6**	**271.6**	**0.0**	**277.2**
CSM recognised in the profit & loss for the services received	-0.3	-17.2	0.0	-17.6
Changes in estimates that adjust the CSM	1.4	341.3	42.3	385.0
Effects of contracts initially recognised in period	2.1			2.1
Experience adjustments- arising from premium received in the period that relates to future service	12.8	9.3	1.3	23.4
Finance expenses from insurance contracts issued	-5.7	-367.3	-43.4	-416.4
Other				0
Total amount recognised in comprehensive income	**10.4**	**-33.9**	**0.2**	**-23.3**
Closing CSM, VFA	**16.0**	**237.7**	**0.2**	**253.8**

27 INVESTMENT CONTRACT LIABILITIES

The table below shows how the net carrying amounts of investment contracts liabilities under IFRS 9 changed during the period as a result of amounts recognised in the statement of profit or loss and cash flows. Please see note 23 for accounting policy for investment contract liabilities.

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

[1]Also includes transfers from WIP.

28 SUBORDINATED DEBT AND OTHER FINANCIAL LIABILITIES

Financial liabilities include liabilities from derivative contracts, debt securities issued and other financial liabilities.

EUR million			2023	2022
Derivative financial instruments			2.3	2.6
Subordinated debt securities				
Subordinated loans	**Loan period**	**Interest**	-	100.0
(Nominal value EUR 100 million)		12-month Euribor + 4.5%		
Subordinated loan 2019	30 years	Fixed interest 1.875% until 4 Oct 2024	249.8	249.6
(Solvency II Tier 2, nominal value EUR 250 million)		Thereafter 3-month Euribor + Floating Rate Margin 230 bps until 4 Oct 2029.		
		Thereafter 3-month Euribor + Floating Rate Margin 230 bps + Step up 100 bps.		
Other liabilities	1 year 5 months–26 years	0–3,375%	101.3	
Lease liabilities			23.0	21.0
Total			**374.1**	**370.6**
Total			**376.5**	**373.3**

Interest-bearing liabilities

EUR million	Face value	Carrying amount
Opening balance at 1 Jan 2023	373.3	373.3
New issues		
Lease liability	3.6	3.6
Repayments		
Subordinated debts	-99.8	-99.8
Other interest-bearing liabilities	101.0	101.0
Lease liabilities	-1.6	-1.6
Closing balance at 31 Dec 2023	**376.5**	**376.5**

29 OTHER LIABILITIES

EUR million	2023	2022
Settlement liabilities	63.7	52.8
Guarantees received	31.4	32.1
Lease liabilities	23.0	21.0
Fees and social charges	20.5	21.1
Withholding tax of claims	10.6	10.7
Holiday pay accrual	9.0	8.8
Interests	7.2	8.8
Liabilities arising out of direct insurance operations	3.9	6.1
Rental deposits	1.1	1.1
Liabilities arising out of reinsurance operations	0.3	0.3
Group contribution	0.0	26.3
Other liabilities	29.8	26.1
Total	**200.5**	**215.2**

'Settlement liabilities' consists of payments not yet paid to the counterparty.

'Guarantees received' comprise assets accepted as guarantees required in derivative trading and securities lending.

'Leases' include non-cash additions from IFRS 16 leases to the balance sheet items.

'Other' includes, e.g. trade payables, payables to joint ventures and VAT payables.

EUR million	2023	2022
Items recognised in the P&L from lease liabilities		
Interest expenses	-0.3	-0.3
Expenses from short-term and low-value lease liabilities	-1.2	-1.6

30 CONTINGENT LIABILITIES AND COMMITMENTS AND LEGAL PROCEEDINGS

EUR million	2023	2022
Off-balance sheet items		
Fund commitments	2,006.50	2,121.3
Acquisition of IT software	10.8	10.8
Total	**2,017.30**	**2,132.1**
Assets pledged as security for derivative contracts		
Cash	26.8	5.7

Of the remaining private equity fund commitments, EUR 1,830 million (1,785) is related to the investments related to unit-linked insurance and EUR 164 (313) million is related to With-profit business.

Assets pledged as collateral are included in the balance sheet item 'Other assets'.

There are no legal proceedings against Mandatum Group outstanding on 31 December 2023.

31 EQUITY AND RESERVES

EQUITY

The number of shares at 31 December 2023 was 501,796,752. The company's share capital is EUR 0.1 million. At the end of the financial year, the Group companies did not hold any of their own shares.

RESERVES AND RETAINED EARNINGS

Invested unrestricted equity fund

The fund includes other investments of an equity nature and the subscription price of shares to the extent that it is not explicitly included in the share capital.

32 RELATED PARTY DISCLOSURES

ACCOUNTING POLICY

Mandatum Group's related parties include subsidiaries and associates. In addition, related parties include Mandatum Group's key management personnel and their close family members. The key management personnel of the Mandatum Group are the members of the Board of Directors of Mandatum plc, the CEO, and the Mandatum Group's Group Executive Committee. Related parties include close family members of the above persons and entities in which the key management personnel or their close family members have control or significant influence. In addition, Sampo Group and key management personnel of Sampo Group and their close family members and entities in which the key management personnel or their close family members have control or significant influence belonged to Mandatum Group's a related parties until 1 October 2023. These transactions and balances are not eliminated in Mandatum Group's financial statements. The IFRS financial statements present the Mandatum Holding Group's data until 30 September 2023.

The Group's subsidiaries are listed in note 35 Investments in subsidiaries and the associate in note 17 Investments in associates.

Intra-group transactions, assets and liabilities, profits and losses are eliminated upon consolidation. Related party transactions are therefore presented as transactions that not eliminated in the preparation of the consolidated financial statements.

The table below shows the compensation paid to key management personnel of the Mandatum Group.

EUR million	2023	2022
Remuneration of Group Executive Director		
Short-term employee benefits	0.4	0.4
Post-employment benefits	0.2	0.2
Share-based payments	0.6	0.7
Total	**1.2**	**1.4**

EUR million	2023	2022
Remuneration of other key managemen		
Short-term employee benefits	1.5	1.5
Post-employment benefits	0.4	0.4
Share-based payments	1.2	1.3
Total	**3.1**	**3.2**

Remuneration totaling 0.1 million euros was paid to the Chair of the Board and the pension costs of the Chair of the Board amounted to 0.1 million euros. No remuneration or pension costs were paid to other Board members.

The Mandatum Group's related parties have insurance and asset and wealth management contracts on normal terms and conditions, which are not significant.

The key management does not have any loans from the Mandatum group companies. Mandatum Group has no related party transactions with associates.

Related party transactions

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

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

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

Transactions during financial period ended 31 December 2023

Mandatum Life Ltd paid EUR 150.0 million in dividends to Mandatum Holding Ltd on 15 March 2023. Mandatum Holding Ltd paid EUR 150.0 million in dividends to Sampo plc on 15 March 2023.

Sampo plc and Mandatum Holding Ltd have signed a sale and purchase agreement on 25 September 2023, on the basis on of which Sampo plc will sell, at fair value, certain of its assets to Mandatum Holding Ltd. These assets include Kaleva's guarantee shares (Sampo plc's holding as at 30 June 2023 30 per cent of all guarantee shares in Kaleva) and the shares and loan receivables from Terrafame Ltd held by Sampo plc.

Sampo plc and Mandatum Holding Ltd signed a sale and purchase agreement on 30 September 2023 whereby Mandatum Holding Ltd will acquire Sampo's shares in Saxo Bank A/S from Sampo plc at fair value. The transaction is subject to certain regulatory approvals and is expected to close during the first half of 2024. Sampo plc's ownership of all Saxo Bank A/S shares as of 31 December 2023 was 19.83%.

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

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

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

Transactions during financial period ended 31 December 2022

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

Mandatum Asset Management Ltd's profit for the financial period ended 31 December 2022 is reduced by EUR 26.3 million by group contribution to Sampo plc. Mandatum AM AIFM Ltd's profit for the financial period ended 31 December 2022 is reduced by EUR 2.7 million by group contribution to Sampo plc.

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

33 INCENTIVE SCHEMES

Following the partial demerger of Sampo plc on 1 October 2023 and the listing of Mandatum plc's share on Nasdaq Helsinki, Mandatum's Board of Directors has decided, in order to engage Mandatum Group's key personnel and the Group CEO, that the persons concerned will remain in Sampo's long-term incentive scheme 2020. The incentive scheme was launched in August 2020 and its terms were amended in September 2023.

The amount of the performance-related bonus is based on the value performance of the Sampo A share, the insurance margin (IM) of If P&C and Sampo Group's return on the risk adjusted capital (ROCaR). In addition, under the terms updated in September 2023, the amount of the incentive bonus to be paid in 2024 is based on the development of Mandatum plc's share price. The value of one calculated bonus unit is the trade-weighted average price of Sampo A share (and, for awards payable in 2024, Mandatum shares) at the time period specified in the terms and conditions of the incentive scheme and reduced by the dividend-adjusted starting price.

The starting prices in the incentive schemes vary between EUR 32.94 and EUR 44.74. The maximum value of one calculated bonus unit varies between EUR 56.94 and EUR 68.74. In the 2020:1 incentive scheme, the ROCaR is also taken into account when calculating the performance-related bonus. If the ROCaR is at least risk-free return + five per cent, the bonus is paid in full. If the ROCaR is at least risk-free return + three per cent but less than risk free return + five per cent, half of the bonus is paid. If the ROCaR is less than risk-free return + three per cent, no bonus will be paid.

Bonus units have been allocated in three allocations, the first in 2020 (2020:1) and the next in 2021 (2020:1/2) and 2022 (2020:1/3). Any incentive bonus will be paid in three annual instalments. The first payment of the first allocation (2020:1) has paid in September 2023, before the implementation of the demerger. Subsequent payments will be due in 2024 and 2025. Payments for the second (2020:1/2) and third (2020:1/3) allocation will be due in 2024-2026 and 2025-2027 respectively. The deferral rule applies to incentive bonuses paid to key employees who were subject to the deferral rule under the remuneration policies of the Mandatum Group companies in force at the time of the introduction of this incentive plan.

The fair value of the incentive schemes is estimated by using the Black–Scholes pricing model.

EUR million	2017:1/2	2020:1	2020:1/2	2020:1/3
Terms approved[1]	14.9.2017	5.8.2020	5.8.2020	5.8.2020
Granted (1,000) 312020	10	580	-	-
Granted (1,000) 31 Dec 2021	20	790	20	-
Granted (1,000) 31 Dec 2022	14	790	20	50
Granted (1,000) 31 Dec 2023	-	488	20	50
End of performance period I 30%	Q2-2021	Q2-2023	Q2-2024	Q2-2025
End of performance period II 35%	Q2-2022	Q2-2024	Q2-2025	Q2-2026
End of performance period III 35%	Q2-2023	Q2-2025	Q2-2026	Q2-2027
Payment I 30%	9-2021	9-2023	9-2024	9-2025
Payment II 35%	9-2022	9-2024	9-2025	9-2026
Payment III 35%	9-2023	9-2025	9-2026	9-2027
Price of Sampo A at terms approval date[1]	44.02	30.30	30.30	30.30
Starting price[2]	44.10	32.94	43.49	44.74
Dividend-adjusted starting price at 31 Dec 2023	-	24.54	36.79	42.14
Sampo A – closing price 31 Dec 2023	39.61			
Mandatum share – closing price 31 Dec 2023	4.07			
Total intrinsic value, EUR million		7.0	0.1	0.1
Liability, total EUR million	7.2			
Total cost for the financial period, EUR million	0.9			

[1]Grant dates vary.
[2]In the 2017:1 incentive scheme, the trade-weighted average price of the Sampo A share during ten trading days from the adoption of the scheme and in the 2020:1 incentive scheme, the trade-weighted average price of the Sampo A share during twenty-five trading days commencing the day after Sampo plc's publication of its Half-Year Financial Report in 2020.

34 AUDITOR'S FEES

EUR million	2023	2022
Auditing fees	1.0	0.6
Other fees	0.2	0.1
Total	**1.2**	**0.7**

In 2023 the audit firm was Deloitte Ltd.

35 INVESTMENTS IN SUBSIDIARIES

Name	Country	Holding %	Carrying amount
Mandatum Holding Oy	Finland	100.00	538.5
Mandatum Henkivakuutusosakeyhtiö	Finland	100.00	483.5
Mandatum Asset Management Oy	Finland	100.00	70.0
Mandatum Asset Management Palvelut Oy	Finland	100.00	1.6
Mandatum Life Fund Management S.A.	Luxembourg	100.00	6.0
Mandatum AM AIFM OY	Finland	100.00	1.7
Mandatum Incentives Oy	Finland	75.00	1.2
Mandatum Life Palvelut Oy	Finland	100.00	1.1
Mandatum Life Private Equity GP Oy	Finland	88.08	0.9
Mandatum Life Vuokratontit I GP Oy	Finland	100.00	0.0
MAM Growth Equity II GP Oy	Finland	100.00	0.0
Mandatum Life Vuokratontit II Oy	Finland	100.00	19.9
Asunto Oy Espoon Aallonhuippu 9	Finland	100.00	1.5
Asunto Oy Espoon Aapelinkatu 6	Finland	100.00	7.0
Asunto Oy Espoon Matinkatu 8	Finland	100.00	4.8
Asunto Oy Vantaan Raiviosuonmäki 6	Finland	100.00	3.9
Kiinteistö Oy Ahti Business Park	Finland	100.00	4.0
Kiinteistö Oy Helsingin Ratamestarinkatu 7a	Finland	100.00	8.9
Kiinteistö Oy Helsingin Ratamestarinkatu 7b	Finland	100.00	8.2
Kiinteistö Oy Hyvinkään Sampotalo	Finland	81.37	7.2
Kiinteistö Oy Hämeenlinnan Karhulinna	Finland	100.00	4.7
Kiinteistö Oy Jäkälävaara	Finland	100.00	10.7
Kiinteistö Oy Järvenpään Asemakatu 4	Finland	100.00	6.8
Kiinteistö Oy Kaupintie 5	Finland	100.00	5.0

Name	Country	Holding %	Carrying amount
Kiinteistö Oy Leppävaaran Säästötammi	Finland	100.00	2.7
Kiinteistö Oy Niittymaanpolku	Finland	100.00	7.1
Kiinteistö Oy Oulun Torikatu 21-23	Finland	100.00	2.4
Kiinteistö Oy Rautalaani	Finland	100.00	4.2
Kiinteistö Oy Tampereen Hatanpäänvaltie 18	Finland	100.00	3.1

36 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Mandatum Fund Management S.A and Mandatum AM AIFM Ltd., which belong to the Mandatum group, manage the Mandatum's funds, while Mandatum Private Equity GP, Mandatum Growth Equity II GP and Mandatum Life Vuokratontit I GP, a real estate investment fund, manage Mandatum's limited partnership investments. Mandatum Fund Management S.A. and the GP companies use Mandatum Asset Management Ltd as portfolio manager for the funds and limited partnerships they manage and Mandatum AM AIFM Ltd is responsible for the portfolio management and other administration of its funds.

Mandatum Group receives management fee income from the unconsolidated funds and limited partnerships. This income is included in fee income in the income statement. In addition. Mandatum Group receives returns from the unconsolidated funds and limited partnerships as an investor. These returns are included in income from investments according to the balance sheet item in which the investments have been included in the balance sheet. Mandatum Group's investments in the funds managed by Mandatum Fund Management S.A. and Mandatum AM AIFM Ltd and in the limited partnerships managed by GP companies totalled EUR 2.4 (1.8) billion on 31 December 2023. The investments are included in investment assets in the balance sheet.

37 ASSETS CLASSIFIED AS HELD FOR SALE

There were no assets classified as held for sale in the financial year 2023.

On 1 July 2022, Mandatum Life completed the sale of its Baltic life insurance operations to the Lithuanian investment and insurance group Invalda INVL. The transaction was carried out as a business transfer. The amount of transferred insurance liabilities was EUR 156 million. The transfer had no effect on the Group's result or other indicators.

38 EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date.

5 MANDATUM PLC'S FINANCIAL STATEMENTS

MANDATUM PLC

FINANCIAL STATEMENTS

Income statement

EUR	Note	1 Oct–31 Dec 2023
Staff expenses		
Salaries and remunerations		-1,226,006.83
Social security costs		
Pension costs		-93,585.02
Other		-46,478.57
Other operating expenses	1	-4,731,502.37
Operating profit		**-6,097,572.79**
Financial income and expense	3	
Income from shares in Group companies		230,000,000.00
Interest income		178,609.07
Interest and other financial expenses		-648,244.92
Profit before appropriations and taxes		**223,432,791.36**
Profit for the financial year		**223,432,791.36**

Balance sheet

EUR	Note	31 Dec 2023
Assets		
Tangible assets	4	
Plant and equipment		3,588.56
Investments	15	
Shares in Group company		538,514,537.44
Short-term receivables	5	
Other receivables		156,269.18
Cash and cash equivalents		227,211,599.94
Total assets		**765,885,995.12**
Liabilities		
Equity	6	
Share capital		80,000.00
Invested unrestricted equity		436,677,239.97
Profit for the financial year		223,432,791.36
		660,190,031.33
Liabilities		
Long-term liabilities	9	
Other long-term loans		**101,309,404.81**
Short-term liabilities	8	
Other liabilities		1,372,584.43
Accruals and deferred income		3,013,974.55
Total liabilities		**765,885,995.12**

Mandatum plc statement of cash flows

EUR	1 Oct–31 Dec 2023
Operating activities (A)	
Profit (loss) before extraordinary items	223,432,791.36
Adjustments:	
Financial income and expenses	-229,358,883.37
Cash flow before changes in working capital	-5,926,092.01
Changes in working capital	
Increase in receivables	-156,269.18
Increase in payables	3,321,115.03
Cash flow from operating activities before financial items and taxes	-2,761,246.16
Interest and other financial expenses paid	230,000,000.00
Direct taxes paid	-23,565.34
Cash flow before extraordinary items	227,215,188.50
Operating activities (A)	227,215,188.50
Investing activities (B)	
Investments in other investments	-3,588.56
Investing activities (B)	-3,588.56
Net increase (+)/decrease (–) in cash and cash equivalents (A+B)	**227,211,599.94**
Cash and cash equivalents at 1 January	**0.00**
Cash and cash equivalents at 31 December	**227,211,599.94**

Mandatum plc had no financing activities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mandatum plc, business ID 3355142-3, has been established in accordance with the plan of division signed on 29 March 2023. The company was registered in the Trade Register on 1 October 2023. The first financial year will be the deviating period from 1 October to 31 December 2023, after which the financial year will be from 1 January to 31 December. 2023 is the company's first year of operation, so the figures for the comparative year are not presented.

In the partial demerger, all shares and related assets and liabilities of Mandatum Holding Ltd were transferred to Mandatum plc, the company formed in the demerger, by way of liquidation.

The financial statements of Mandatum plc and the notes have been prepared in accordance with the Finnish Accounting Act and Regulation. The company's shareholdings have been valued at cost. The cost includes variable costs incurred in the acquisition.

Mandatum plc is the parent company of Mandatum Group. It is domiciled in Helsinki and the headquarters are at Bulevardi 56, 00120 Helsinki, Finland. A copy of the Group's financial statements is available at the internet address **www.mandatum.fi**.

Notes to the income statement of Mandatum plc

1 OTHER OPERATING EXPENSES

EUR	1 Oct–31 Dec 2023
External services	-2,539,145.39
Other expenses	-1,694,890.28
Service charges	-252,918.00
Other staff costs	-193,850.25
Rental expenses	-17,518.16
IT expenses	-33,180.29
Total	**-4,731,502.37**

2 AUDITORS' FEES

EUR	1 Oct–31 Dec 2023
Auditing fees	262,798.00

Auditing firm Deloitte Oy

3 FINANCIAL INCOME AND EXPENSE

EUR	1 Oct–31 Dec 2023
Dividend income received	230,000,000.00
Interest income	178,609.07
Interest expenses	-641,116.63
Other	-7,128.29
Total	**229,530,364.15**

Notes to the balance sheet of Mandatum plc

4 TANGIBLE ASSETS

EUR	31 Dec 2023
Plant and equipment	
Additions	3,588.56
Total	**3,588.56**

5 OTHER RECEIVABLES

EUR	31 Dec 2023
Receivables from other companies	
Other receivables	14,839.74
Receivables from companies in the same group	
Other receivables	141,429.44
Total	**156,269.18**

6 MOVEMENTS IN THE PARENT COMPANY'S EQUITY

EUR	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Carrying amount at 1 Oct 2023	**80,000.00**	**436,677,239.97**		**436,757,239.97**
Profit for the period			223,432,791.36	**223,432,791.36**
Carrying amount at 31 Dec 2023	**80,000.00**	**436,677,239.97**	**223,432,791.36**	**660,190,031.33**

Distributable assets

EUR	31 Dec 2023
Parent company	
Profit for the year	223,432,791.36
Invested unrestricted equity fund	436,677,239.97
Total	**660,110,031.33**

7 SHARE CAPITAL

Information on share capital is disclosed in note 31 Equity and reserves in the consolidated financial statements.

8 SHORT-TERM LIABILITIES

EUR	31 Dec 2023
Liabilities to other companies	
Accounts payables	84,638.69
Other liabilities	982,251.98
Accruals and deferred income	3,013,974.55
Total	**4,080,865.22**
Liabilities to companies belonging to the same group	
Other liabilities	305,693.76
Total	**4,386,558.98**
Material items of accruals and deferred income	
Holiday pay accrual	597,034.50
Fees and social charges	2,385,770.27
Other	31,169.78
Total	**3,013,974.55**

9 LONG-TERM LIABILITIES

EUR	31 Dec 2023
Loan from Sampo plc	101,309,404.81
Total	**101,309,404.81**

Loan agreement signed on 23 October 2023. Loan matures on 27 September 2030, interest rate 0–3.375 per cent.

Loans due after more than 5 years are EUR 62.56 million.

Other notes to the financial statements of Mandatum plc

10 PENSION LIABILITIES

The basic and supplementary pension cover of Mandatum plc's personnel is provided through insurance policies with pension insurance companies in Finland.

11 OTHER LIABILITIES AND COMMITMENTS

Joint and several liability for VAT group registration amounting to EUR 1,220,180.10.

12 STAFF NUMBERS

	1 Oct–31 Dec 2023 average
Full-time staff	22

13 BOARD FEES AND MANAGEMENT REMUNERATION

EUR	1 Oct–31 Dec 2023
Board of Directors and CEO	159,714.35

14 PENSION CONTRIBUTIONS TO THE CEO, DEPUTY CEO AND THE MEMBERS OF THE BOARD

EUR	Supplementary pension costs	Statutory pension costs	Total
Board of Directors and CEO	125,000.00	28,077.78	153,077.78

The annual contribution for the supplementary pension, where the retirement age of the CEO is 63 years and the retirement age of the Chairman of the Board is 60 years, is EUR 250,000 per person.

15 SHARES HELD AS AT 31 DEC 2023

Company name	Interest held	Carrying amount of shares, EUR
Mandatum Holding Oy	100%	538,514,537.44

Note 35 Investments in subsidiaries lists all subsidiaries of the Mandatum Group.

SIGNATURES OF THE FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

Helsinki, 13 February 2024

Mandatum plc
Board of Directors

Patrick Lapveteläinen Chairman of the Board of Directors	**Jannica Fagerholm** Vice Chairman of the Board	**Jukka Ruuska**
Markus Aho	**Kimmo Laaksonen**	**Johanna Lamminen**

Petri Niemisvirta
CEO

AUDIT STATEMENT

The auditor's report has been issued today.

Helsinki, 4 March 2024

Deloitte Ltd, Authorised Public Accountant Firm

Reeta Virolainen
Authorised public accountant

6 AUDITOR'S REPORT

(TRANSLATION OF THE FINNISH ORIGINAL)

AUDITOR'S REPORT

To the Annual General Meeting of Mandatum Oyj

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Mandatum Holding Oyj (business identity code 3355142-3) for the year ended 31 December, 2023. The financial statements comprise:

- the consolidated balance sheet, the statement of comprehensive income, statement of changes in equity, cash flow statement and notes, including material accounting policy information for the period 1.1.–31.12.2023
- the parent company's balance sheet, income statement, statement of cash flows and notes for the period 1.10.–31.12.2023.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 34 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matter	How our audit addressed the key audit matter
Implementation of IFRS 17 Insurance Contracts We refer to the notes 1 *Basis of preparation* and 3 *Changes in the main accounting principles*. In 2023 new accounting standard IFRS 17 was implemented, which superseded the IFRS 4 insurance contacts standard, and established principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The presentation of the income statement is broken down into Insurance Revenue, Insurance Service Expenses and Insurance Finance Income or Expense. Additionally, the presentation of the balance sheet changed as insurance contract assets and liabilities and investment contract liabilities replace the previous classifications. The effect from the transition was recorded in the comparative period and had decreased retained earnings by EUR 14,3 million and increased other components of equity by EUR 23,4 million as of 1 January 2022. IFRS 17 is a complex accounting standard requiring considerable judgement and interpretation in its implementation and accounting principles. As such, the implementation of IFRS 17 and related judgements on the transition impacts may be of particular importance to the readers of the consolidated financial statements. Thus, it has been an audit focus area. Consequently, we considered this to be a key audit matter.	As part of our audit procedures, we have assessed and tested the implementation and impact of adoption of the standard together with our IFRS 17 and actuarial specialists. We have assessed the approach, judgments and assumptions made as well as key accounting principles applied by management; We have reviewed the mathematical accuracy of the supporting calculations and adjustments used including the reperformance of a sample of future cash flows used in the measurement of the insurance contracts to assess the transition impact on the Group's equity position as of 1 January 2022; We have reviewed management's validation process regarding data inputs and IFRS 17 model outputs; and We have assessed the disclosures of the Insurance contracts in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of Insurance contract liabilities We refer to the note 1 *Basis of preparation* and the note 23 *Insurance contract liabilities*. At 31 December 2023, Insurance contract liabilities amount to EUR 5.518,3 million. Determination of the Insurance contract liabilities is, to a significant extent, subject to accounting estimation that is based on management judgements and assumptions about future events. We believe that the key assumptions relate to determining lapse and surrender rates of insurance policies and assumptions related to estimated discount rates. The measurement methods, assumptions used, estimated fulfilment cashflows of the insurance contracts and models applied may have a significant impact on the measurement of the Insurance contract liabilities. For this reason, it is a key audit matter.	We have assessed the measurement of the Insurance contract liabilities as calculated by Management. Our audit procedures included assessment of the key controls relating to data validation, valuation of Insurance contract liabilities and key assumptions used as part of the models. We have utilized actuarial experts together with our IFRS 17 specialists in our audit and assessed methods and models and information used by management. We have compared the information used in the calculations with the historical data and market trends. We have evaluated the assumptions relating to lapse and surrender rates used in the calculation based on actuarial methods. Further, we have analyzed the development of the discount rates and compared it with externally available market data. We have assessed changes in the key assumptions and models applied. We have tested the source data of the insurance contracts that form the basis of the Insurance contract liabilities. We have assessed the presentation and disclosures of the Insurance contract liabilities in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets and investments related to unit-linked insurance and investment contracts We refer to the notes to the financial statements 1 *Basis of preparation*, 18 *Financial assets and liabilities* and 19 *Investments related to unit-linked insurance and investment contracts*. The group's financial assets, EUR 3,592.4 million, and investments related to unit-linked insurance and investment contracts, EUR 11,636.1 million, form a major part of the group's total assets. A significant part of the group's financial assets has been valued at fair value. At level 1, the valuation of financial assets is based on the price quoted in an active market. At level 2, the valuation also uses other observable prices as input data, either directly or derived from them using valuation techniques. At level 3, the valuation is based primarily on non-observable data. Our audit focus area has been the valuation of level 2 and 3 financial assets in accordance with IFRS, where the valuation techniques include factors that cannot be directly verified from the market. The use of different valuation methods and assumptions can lead to different estimates of the fair value, and thus this is a key audit matter.	Our audit procedures have included evaluating the appropriateness of internal controls and accounting principles related to financial assets, as well as the accounting estimates prepared by management. We have reviewed the appropriateness of the valuation models and accounting practices used by the company to assess whether the fair value determination is in accordance with IFRS standards and industry practices. We have requested external confirmations to verify the existence of the investments. Together with our specialists, we have compared the assumptions used by the management in the valuation calculation. We have utilized Deloitte's analytics tools and performed recalculation of fair values by utilizing information available from the market. For those financial assets that are valued on the basis of information other than those available from the market, we have also evaluated the practices and assumptions used by management in determining the fair values. We have assessed the appropriateness of the presentation in the financial statements.
We have not identified significant risks of material misstatement in accordance with EU Audit Regulation (537/2014) Article 10 paragraph 2 c in the parent company's financial statements	

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES IN THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on 17.5.2023, and our appointment represents a total period of uninterrupted engagement of one (1) year.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OTHER STATEMENTS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 4 March 2024

Deloitte Oy
Audit Firm

Reeta Virolainen
Authorized Public Accountant

MANDATUM

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