SAMPO GROUP

ANNUAL REPORT

2017

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Group CEO's Review

Solid Result Within Insurance

Record-high result within insurance operations and a favorable market environment ensured another good year for Sampo. Based on the proposal made to the AGM, the dividend will rise again for the ninth consecutive year.

In 2017 we saw that the stimulus measures of the European Central Bank were finally bringing results. On the whole, Europe has enjoyed economic growth and the most important aspect for us is that all of the Nordic countries are on a solid growth path. Nevertheless, it is difficult to fully understand the mechanism between growth and interest rates. This is due to the fact that during this period of economic growth, interest rates have remained at a record-low level. This is particularly the case in Sweden, where the monetary policy decisions of Riksbank, the country's central bank, are rather baffling. Political risks in general caused less jitters in the market than expected. Meanwhile, in the US, tax reforms by the Republican administration have been welcomed by the markets, and the situation in Europe has calmed down, at least for the time being.

The investment market was similar to the previous year. Interest rates moved more or less sideways, but the uptrend in stock markets continued as a rule. We performed well, in spite of the fact that higher interest rates would obviously be most welcome from our perspective. We estimate that if the yield curve increased by one percentage point throughout, Sampo Group's financial benefit would be in the region of EUR 600 million. The big question in 2018 concerns the capital markets – will the equity markets be able to achieve the tenth successive year of growth or will the rising interest rates bring the share valuations down.

Sampo Group's profitability remained at a good level in 2017. Pre-tax profit was EUR 2,482 million (1,871). Even without the non-recurring profit item of EUR 706 million this represents an excellent achievement. Especially noteworthy were the extremely low combined ratios of our P&C insurers, If and Topdanmark.

Strong Result Again From If

The number of household customers of our P&C insurer If increased in all markets, exceeding three million at the end of the year. This is a record figure. Furthermore, the growth in premiums written for 2017 was almost two per cent. This development was particularly positive in Norway, where premiums written had contracted for a number of years. The 2017 annual growth was 2.6 per cent, with the last quarter reaching as high as of 5.7 per cent. If's combined ratio was

85.3 per cent, which is the best ever recorded in the company's history. The profit before taxes was also excellent and stood at EUR 818 million.

Digital solutions are increasingly being used in insurance, which ensure even better customer experiences. As the leading P&C insurer in the Nordic countries If is at the forefront of this development. Already half of If's customers receive all of their insurance documents and invoices electronically. At present, 40 per cent of private customers' claims are filed online.

Nordea Is Going Through Major Transformations

Sampo's share of Nordea's net profit for 2017 amounted to EUR 616 million, which was less than we expected. However, future prospects are looking bright as the bank is going through several major transformations. As the biggest shareholder, Sampo is confident that the planned measures to increase operational efficiency will be implemented successfully and that the company's profitability will rise to a new level in the coming years. Nordea's balance sheet is stronger than ever before and therefore the Board proposes to the AGM on 15 March that the dividend be raised to EUR 0.68 per share. If implemented, the dividend will be the highest ever, bringing Sampo EUR 585 million.

Nordea's AGM will also decide the issue of re-domiciling the head office from Stockholm to Helsinki, which would mean it being under the jurisdiction of the European banking union. Nordea estimates that the transfer of domicile into the banking union would bring savings of some EUR 0.9 –1.2 billion, valued on a net present value basis. The financial benefits are so significant that I believe the shareholders will be voting in favor of the move.

Strong Position Established in Topdanmark

Fort the first time, Topdanmark was described in Sampo's financial statements as a subsidiary in the last quarter of 2017. Sampo has established its position as the biggest shareholder, and currently holds almost 49 per cent of the total number of votes.

For Topdanmark 2017 proved to be another excellent year. Sampo's share of the company's net profit without the non-recurring item due to consolidation was EUR 142 million. Meanwhile, the combined ratio was very good at 82.0 per cent. The Board proposes to the AGM on 12 April that a dividend of DKK 19 per share be paid. Sampo's share of the dividend, which will be distributed for the first time in a number of years, will be EUR 107 million. Finally, there has been a change of leadership, with Peter Hermann being appointed CEO of Topdanmark in February 2018.

Mandatum Life's Investments Performed Well

Mandatum Life's pre-tax profit amounted to EUR 236 million. The investment return was good and stood at 6.5 per cent at fair value. The expense and risk results also reached all-time records. This represents an excellent result. Mandatum Life's technical provisions were EUR 11.6 billion on 31 December 2017, of which assets covering unit-linked liabilities accounted for 61 per cent. This is the highest level ever recorded and it is based to a great extent on the increased wealth management business.

Negotiations concerning the price of the insurance portfolio to be sold to Danske Bank were concluded in June 2017, which resulted a valuation of EUR 334 million. The sale of the portfolio improves Mandatum Life's solvency and its ability to pay dividends over the coming years. The transfer is estimated to take place in late 2018.

Direct Investments Worth EUR 750 Million

In 2017, the parent company Sampo plc invested in three companies that operate in the financial sector – Nets, Saxo Bank and Nordax.

The Danish company Nets is a leading payment services provider in the Nordic countries and a pioneer in digital payments. Saxo Bank, on the other hand, is a Danish fintech company specialized in online trading. In February 2018, Nordic Capital and Sampo made a takeover offer for Nordax, which is a Swedish online bank offering consumer credit. If all of these investments are fully executed, Sampo will have invested approximately EUR 750 million in these three companies.

We have carefully analyzed the companies we are investing in and we have a great faith in the strategies that have been made together with or by our co-investors in order to further develop these companies. It is quite possible that we will continue to make direct investments in the Nordic financial and insurance sectors in the future as well.

Dividend Will Increase for the Ninth Consecutive Year

Sampo´s objective, since my work as the CEO of Sampo Group started in 2009, has been to raise the dividend every year. To this end, The Board's dividend proposal for the AGM on 19 April is EUR 2.60 per share. If the AGM approves the proposal, the dividend will have increased for the ninth year in a row. Sampo has one of the longest dividend growth streaks on Nasdaq Helsinki. Our objective is to continue to raise our dividend in the future.

January 2018 marked the 30th anniversary of Sampo's listing on Nasdaq Helsinki. Sampo's success has reflected in our shareholders' returns. In particular, during the last two decades, the total return, with the dividends reinvested, has been excellent, averaging 17 per cent a year. I would like to express my sincere gratitude to all those who have invested in Sampo, many of whom have been our shareholders for a long time.

However, a company's success always depends, first and foremost, on its customers and personnel. In this connection, I would like to thank the 14 million customers of our subsidiaries and associates who have trusted in us over the past year. I am delighted to see that the number of our customers is steadily growing. Our personnel have been working under increasing reporting and statutory requirements in 2017. We have responded extremely well to them and I am confident that we will continue to meet all challenges in the future as well.

Kari Stadigh
Group CEO and President

2017 in Figures

Key Figures
Sampo Group, 2017

EURm	2017	2016	Change, %
Profit before taxes	2,482	1,871	33
If	818	824	-1
Topdanmark *)	848	59	-
Associate (Nordea)	616	773	-20
Mandatum	236	210	13
Holding (excl. Nordea)	-40	6	-
Profit for the period **)	**2,239**	**1,650**	**36**

	2017	2016	Change
Earnings per share, EUR	3.96	2.95	1.01
EPS (incl. change in FVR), EUR	3.79	3.14	0.65
NAV per share, EUR	25.37	24.86	0.51
Average number of staff (FTE)	9,364	6,780	2,584
Group solvency ratio, %	154	154	0
RoE, %	17.1	15.0	2.1

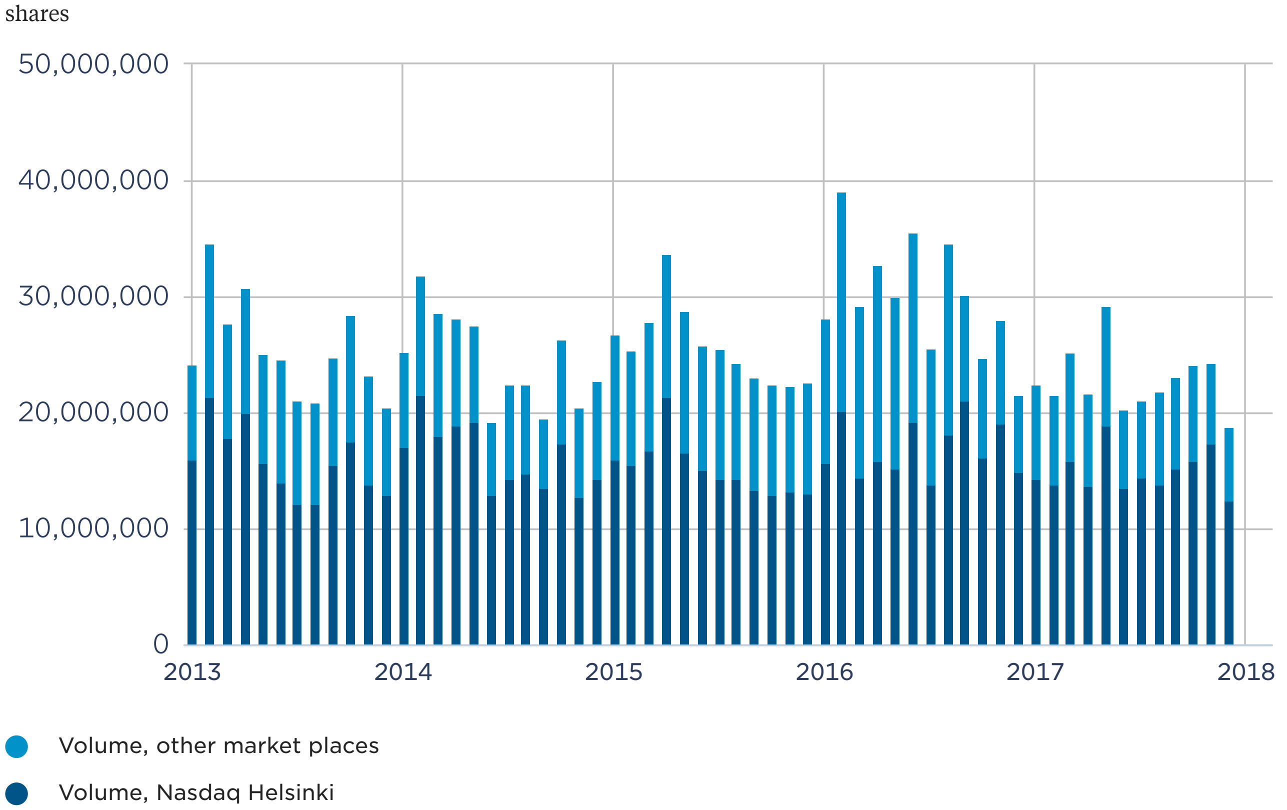
*) 2017 figures contain a non-recurring profit item of EUR 706 million related to the start of consolidation of Topdanmark as a subsidiary, without which profit before taxes for Topdanmark segment would have been EUR 142 million.

**) of which non-controlling interests are EUR 23 million

Income statement items are compared on a year-on-year basis and comparison figures for balance sheet items are from 31 December 2016 unless otherwise stated.

Share Price Performance
Sampo plc, 2013–2017

Monthly Trading Volume
Sampo plc, 2013–2017



Share – Main Facts

A Share		B Share	
Market	Nasdaq Helsinki	**ISIN Code**	FI0009006613
List	OMXH Large Caps	**Number of Shares (unlisted)**	1,200,000
Business Sector	Financials	**Votes/Share**	5/share
Listed	01/14/1988		
Trading Code	SAMPO (OMX)		
ISIN Code	FI0009003305		
Number of Shares	554,151,850		
Votes/Share	1/share		

All B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into A shares at the request of the holder.

Strategy

Sampo Group creates value for its shareholders through efficient and highly profitable operating units and by investments in situations offering significant upside potential with manageable downside risk. Shareholders benefit from the value creation through a high and stable dividend yield as Sampo plc upstreams the dividends it receives from its subsidiaries and associates to its shareholders. Sampo plc and the whole Sampo Group is aware of its corporate responsibility and all group companies are dedicated to being responsible corporate citizens.

Sampo Group practices P&C insurance and life insurance under If, Topdanmark and Mandatum Life brands. The Group is also the largest shareholder in Nordea Bank, the leading Nordic banking franchise. On a Group level Sampo has no stated strategy but its fully-owned businesses have well-defined strategies based on return on equity targets.

The parent company Sampo plc's A shares are listed on the Nasdaq Helsinki. The parent company sets financial targets for the subsidiaries. For both If and Mandatum Life the return on equity target is to exceed 17.5 per cent. In addition a separate target has been set for the combined ratio in the P&C insurance operation, i.e. the annual combined ratio to be below 95 per cent each and every year.

Financial Targets 2017

	Target	Performance 2017
If Focus on underwriting	**RoE** 17.5% **Combined Ratio** < 95%	**RoE** 21.3% **Combined Ratio** 85.3%
Sampo plc Shareholder value creation	**Payout ratio** ≥ 50%	**Payout ratio** 96%*
Mandatum Life Focus on unit-linked	**RoE** 17.5%	**RoE** 17.1%

* Based on Board's proposal on 7 February 2018, calculated from Group's net profit excl. non-controlling interest and the non-recurring profit item of EUR 706 Million

Dividend Policy

Sampo plc, the listed parent company of Sampo Group, is a good dividend payer. Sampo aims to pay at least 50 per cent of Group's net profit as dividend. Share buy-backs can be used to complement the dividend. The Board proposes to the AGM a dividend of EUR 2.60 per share for the year 2017. The proposed dividend corresponds to a pay-out ratio of 96 per cent, calculated from Group's net profit excluding non-controlling interest and the non-recurring profit item of EUR 706 milloin.

If – Safety and Stability

If's vision is to offer insurance solutions that provide customers with security and stability in their daily lives and business operations with such excellence that If is the preferred insurance provider in the Nordic and Baltic markets. This vision is expressed through If's customer promise "Relax, we'll help you".

If is the leading property and casualty insurer in the Nordic region, with 3.7 million customers in the Nordic and Baltic countries. If offers a full range of P&C insurance solutions and services to a broad customer base, from private individuals to large corporate customers.

If operates on a pan-Nordic basis leveraging both scale and capabilities across all areas in If. If's key success factor is continuous improvement of its operations. Underwriting focus by understanding risk better than competitors, setting the right prices, and offering the best products and services, have been If's strategic themes for more than a decade.

If's operations are divided into Nordic business areas by customer segments. The Baltic countries constitute a separate business area and operates on one business platform across all three Baltic countries.

Gross Written Premiums per Business Area
If, 2017

- The **Private** business area is If's largest business area and Nordic market leader with more than three million private individuals as customers.
- The **Commercial** business area is the largest commercial insurer in the Nordic countries. This business area insures companies with up to 500 employees and has about 340,000 companies as customers.
- The **Industrial** business area is the leading insurer for large corporate customers in the Nordic region with approximately 1,300 customers. Customers are companies with a turnover of more than EUR 50 million and more than 500 employees.
- The **Baltic** business area offers property and casualty insurances for both private individuals and corporate customers. If is the fourth largest P&C insurer in the Baltic region and market leader in Estonia, with approximately 310,000 customers.

In order to fulfil the vision of being the preferred insurance partner, If has adopted a strategy based on three strategic goals:

- **Most satisfied customers through strong focus on customer value**
  To achieve this If must have the best in-depth understanding of the customers' insurance needs and, correspondingly, the best underwriting skills. If strives to be the most service-oriented company in the industry and continues to develop its digital communication.
- **Europe's most professional and innovative P&C insurance people**
  If continues to strengthen its underwriting competences within the "Best in Risk" concept. The concept focuses on understanding all aspects of risk management, including product, pricing and risk quality, throughout the organisation.
- **Stable profitability through underwriting excellence and operational efficiency**
  Profitability in the core business by accurate pricing of risk. Continuous focus on cost efficiency, an investment strategy based on balanced risk and creditworthiness also contribute to a strong and stable profitability.

If's financial targets are to achieve a return on equity (RoE) of at least 17.5 per cent and a combined ratio of less than 95 per cent.

Topdanmark – Profitable Insurance Business in Denmark

Topdanmark is the second largest non-life insurance company and the sixth largest life insurance company in Denmark.

In non-life insurance, Topdanmark holds a 17 per cent market share in Denmark. Topdanmark focuses on the private, agricultural and SME market, market segments with high frequency but low average claims. Topdanmark has approximately 600,000 non-life insurance customers and the company offers a full range of insurance services.

In life insurance, Topdanmark has a 9 per cent market share in Denmark. Topdanmark serves around 130,000 Danish corporate and private customers. The majority are company pension customers with compulsory pension schemes for the employees.

Topdanmark's Vision Is to Be Denmark's Best-run Insurance Company

In order to fulfil the vision of being Denmark's best-run insurance company, Topdanmark aims continuously to combine new technology, digitalization and automation with competent experience in insurance and risk assessment.

Denmark's Best-Run Insurance Company

In Topdanmark's Opinion

- More value is created by utilizing the economies of scale shared between life and non-life insurance business in Denmark, rather than operating abroad
- The success criteria for an insurance company are: declining expense ratio, good risk management and strong sales power
- Digitalization, innovation and utilization of new technology are important means for achieving targets

Topdanmark's Operational Targets

- A combined ratio of 91 per cent excluding run-off result
  - The goal for combined ratio is adjusted on the basis of a 10 per cent profit ratio
- Growth in gross premiums earned is in line with the market level

Mandatum Life – An Expert in Money and Life

Mandatum Life is a well-respected manager of customer wealth and provider of cover against health and life risks in Finland and the Baltic countries. The Mandatum Life Group offers its customers comprehensive services in preparing and prospering, including tailored unit-linked investments and the related wealth management, personal risk insurance, pension and reward solutions for companies and the related consultation services.

The focal point of Mandatum Life's new sales business is unit-linked insurance, such as capital redemption contracts, group pension insurance, personnel funds and risk insurance covering personal risks. For these, Mandatum Life has its own sales channels in Finland: sales groups specialized in corporate sales, wealth managers and investment managers focused on wealth management, and Customer Service that focuses on additional services offered to existing clientele. In addition to these sales channels, Mandatum Life and Danske Bank have had a distribution agreement in effect since 2007. In the same year, it was also agreed that Mandatum Life would have the right to sell the insurance portfolio to Danske Bank. In October 2016, Mandatum Life announced that it would exercise that right, as a result of which the insurance portfolio acquired through Danske Bank will transfer to Danske Bank or to a party designated by it most likely at the end of 2018.

The Mandatum Life Group began offering its own wealth management services related to insurance and capital redemption contracts in 2008. Mandatum Life makes its own investment expertise available to its customers. This approach is called co-investing strategy which means that Mandatum Life invests in objects that are aligned with the company's and its partners' successful investment operations. Co-investing is available to institutional investors, wealth management customers and other customers in unit-linked services, for example pension insurance. Through digital services, an increasing number of Mandatum Life's private customers and company personnel can make use of the services.

Insurance for Corporate Customers and Entrepreneurs a Strong Strategic Focal Area

Mandatum Life's goal is to strengthen its position as Finland's largest life and supplementary pension insurer in the corporate customer segment. The company estimates that the need for Finns to secure their income during retirement will increase further following the pension reform that entered into force at the start of 2017. The reform aims at extending careers. In Mandatum Life's view, motivated employees are a key to extending careers. Investing in personnel has a major impact on the length of work careers, motivation and on companies' earnings power. Mandatum Life offers companies a broad range of services related to personnel rewards and incentives.

Corporate clients are at the heart of Mandatum Life's customer strategy. The employees insured through the companies and covered by the reward and incentive models create an excellent target group for Mandatum Life's services targeted at private customers, such as savings and insurance against life and health risks.

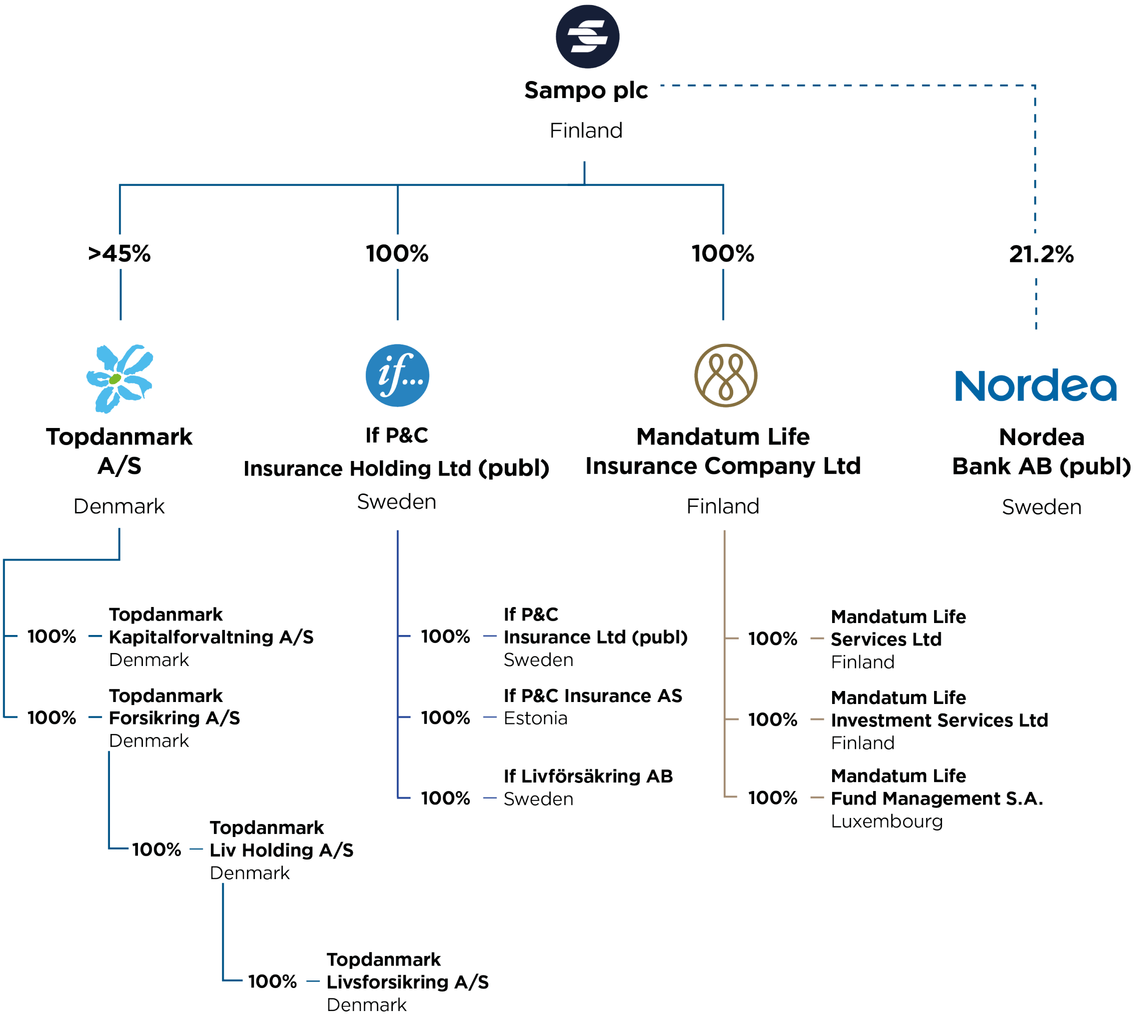
Management of the With Profit Insurance Portfolio

In terms of the existing with-profit insurance portfolio, the company's strategy is to maintain a sufficiently strong solvency position, which makes it possible to seek a higher long-term investment return than that offered by low-risk fixed income instruments. The goal will be to actively accelerate the downward trend of the with profit portfolio. The transitional provisions of the Solvency II framework, together with the downward trend of this insurance portfolio, will enable the company to carry out effective capital management in future.

Mandatum Life's result consists of three components: investment result, risk result and expense result. In the expense and risk results, Mandatum Life seeks growth through both higher operational efficiency and volume growth. The company's financial target is to achieve a return on equity (RoE) of at least 17.5 per cent.

Group Structure

31 December 2017



Organization

31 December 2017

Group CEO and President
Kari Stadigh

- **If** – Torbjörn Magnusson
  - **Deputy CEO** – Ricard Wennerklint
    - **Risk Management** – Karin Friberg
    - **Marketing and Communications** – Katarina Mohlin
    - **IT** – Kjell Rune Tveita
  - **Private** – Morten Thorsrud
  - **Commercial** – Ivar Martinsen
  - **Industrial** – Poul Steffensen
  - **Baltic** – Andris Morozovs
  - **Finance** – Knut Arne Alsaker
  - **Legal Affairs** – Dag Rehme
- **Mandantum Life** – Petri Niemisvirta
  - **Finance** – Jukka Kurki
  - **Investment Solutions** – Lauri Vaittinen
  - **Danske Bank and Alliances** – Risto Honkanen
  - **Corporate Clients, Key Customers and Sales Support** – Tarja Tyni
  - **Private Customers, Customer Service, IT and Baltics** – Sanna Rajaniemi
  - **Legal Affairs** – Timo Vuokila
  - **Marketing and Communications** – Niina Riihelä
- **Investments** – Patrick Lapveteläinen
- **Group Finance and Risk Management** – Peter Johansson
- **Investor Relations and Group Communications** – Jarmo Salonen
- **Internal Audit** – Johan Isaksson
- **Personnel** – Johan Börjesson
- **Topdanmark** * – Peter Hermann
  - **Finance** – Lars Thykier
  - **Operations** – Brian Rothemejer Jacobsen

* Topdanmark as of 5 February 2018

Businesses

Sampo plc

Sampo Group is active in insurance and banking. The Group's operations are divided into four main businesses, which are subsidiaries If, Topdanmark and Mandatum Life and associated company Nordea. Sampo plc is Sampo Group's parent company. Sampo plc has no business activities of its own but administers the subsidiaries and is responsible for centralized functions in Sampo Group such as investments, group finance, risk management and investor relations. Sampo plc has been listed on the Nasdaq Helsinki since January 1988.

If is the leading property and casualty insurer in the Nordic region, with operations in Finland, Sweden, Norway, Denmark and the Baltic countries. If's operations are divided into four business areas: Private, Commercial, Industrial and Baltic. If is Sampo plc's fully-owned subsidiary.

Topdanmark is the second largest non-life insurance company and the sixth largest life insurance company in Denmark. The company focuses on the private, agricultural, and SME market. Topdanmark's share is listed on Nasdaq Copenhagen. Topdanmark is Sampo plc's subsidiary. Sampo plc held 46.7 per cent of Topdanmark's shares at the end of 2017.

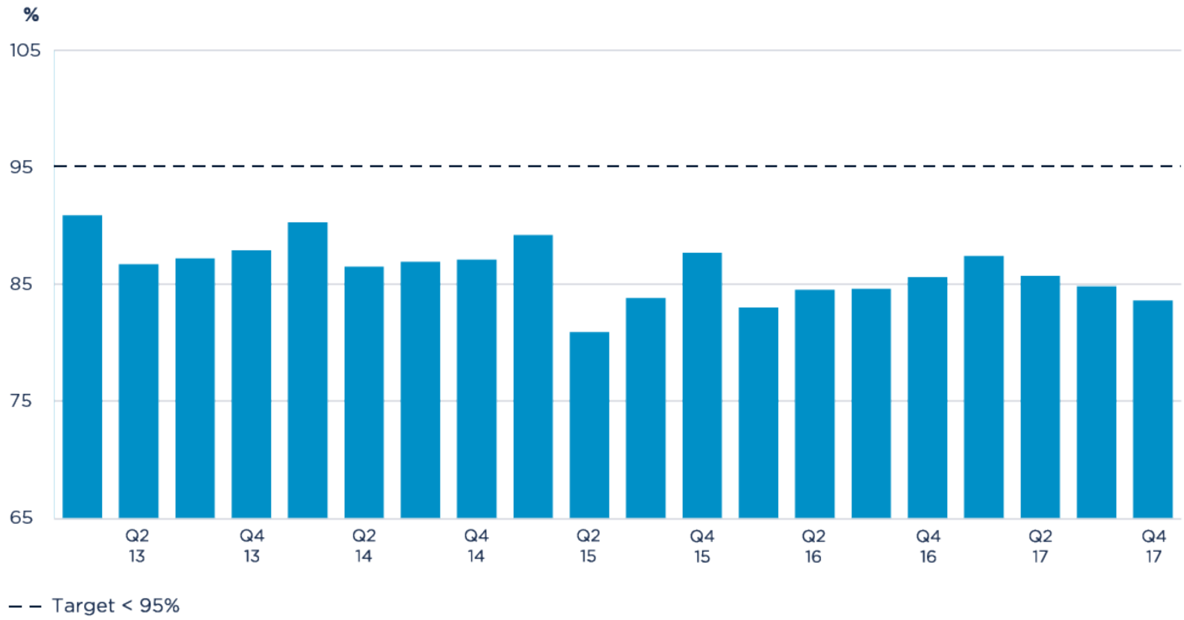
Nordea, the largest bank in the Nordic region, has around 11 million customers and is one of the largest universal banks in Europe in terms of total market capitalization. Nordea's share is listed on the Nasdaq Nordic Exchanges in Stockholm, Helsinki and Copenhagen. In Group reporting Nordea is treated as an associate and included in the segment Holding. At the end of 2017 Sampo plc held 21.2 per cent of shares in Nordea.

The company provides its customers with a variety of services, including wealth management, investments, savings, personal risk insurance, as well as, incentive and reward solutions. In addition to Finland, Mandatum Life operates in the Baltic countries. Mandatum Life has an estimated 250,000 private and 25,000 corporate customers. Mandatum Life is Sampo plc's fully-owned subsidiary.

If in 2017

2017 was a good year for If with a solid insurance result and positive growth. If's combined ratio for the year was 85,3 per cent (86,1 per cent excluding non-recurring items). The technical result amounted to EUR 640 million (658) and profit before taxes to EUR 818 million (824). The result was positively affected by a relatively mild winter.

Quarterly Combined Ratios
If, 2013–2017



If's premium growth for 2017 was 1.8 per cent (-0.1). The growth was driven by an increase in the number of customers and continued strong new car sales. Also, development of partnerships and substantial online sales affected growth positively.

During the year the macroeconomic situation improved in all Nordic countries, despite elevated geopolitical risks. This reflected positively on If's investment result which amounted to an ROI of 2.6 per cent (2.9). If's balanced and conservative investment policy remained unchanged.

If has confirmed its position as the leading property and casualty insurer in the Nordic region. During the year both number of customer and customer satisfaction continued to increase even further. If continuously works to improve customer experience and strives to be the most service-oriented company in the industry by providing better digital services, quality and efficiency in all our processes and relevant product offerings. A central goal is to create the best customer experience in all types of contacts.

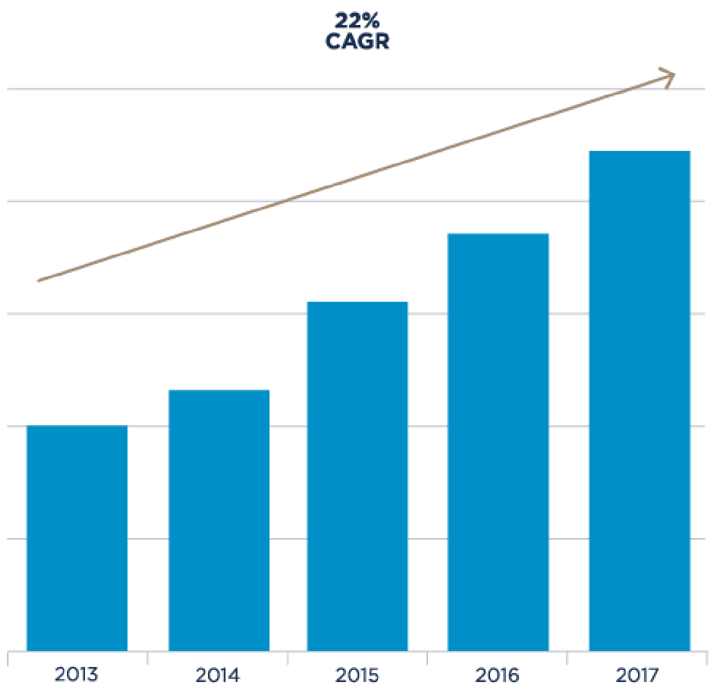
Customer focus is on top of each employee's agenda as the most important focus point throughout the organization. To keep If's market leading position it is important to pair this customer focus with skills in underwriting as well as innovation. Many customer initiatives implemented over the last couple of years have had a positive impact on customer satisfaction. For example simplified e-business solutions, continued automation of claims processes and improved digital customer communication.

During the year internet sales increased by 20 per cent and about 40 per cent of private claims are filed online. Furthermore, at the end of the year, approximately 50 per cent of all customers are e-Customers, ie customers with digital payment and digital policy letters on all their policies.

In 2017, If also increased its already high investment pace in IT and digital solutions and the roll-out of a Nordic digital platform continued in Business Area Private. Business Areas Commercial and Industrial are already operational on this digital platform in all four Nordic countries. The system enables pan-Nordic, cross Business Area efficiency, by using new technologies, creating processes that are more efficient, and providing better tools to the organization.

As of 1 January 2016 If applies Solvency II principles in its regulatory solvency calculations. If uses a standard model when calculating its solvency requirements and eligible own funds at Group level. During the year If's Finnish subsidiary was transformed into a branch of the Swedish company. If has an A+ rating with stable outlook with Standard & Poor's.

Nordic Online Sales Growth
If, 2013–2017



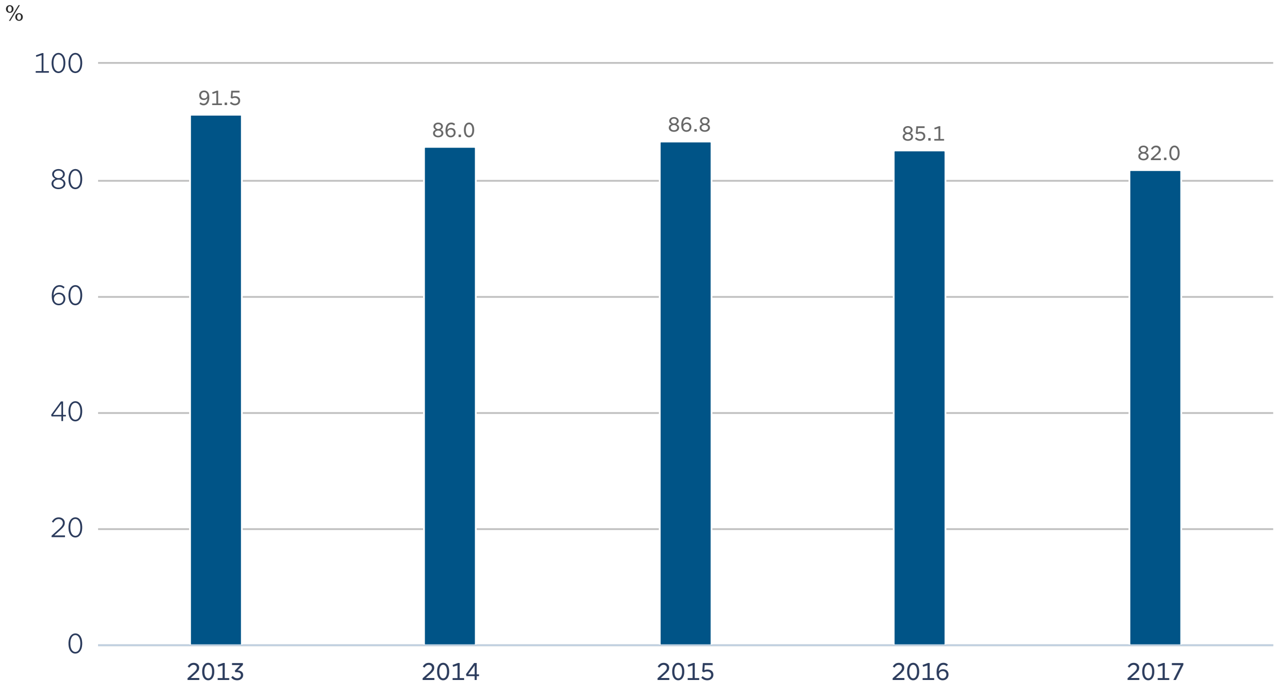
Topdanmark in 2017

Topdanmark's profit before taxes for 2017 was DKK million 2,235 (1,942). Combined ratio was 82.0 (85.1). The improvement was due to a very low claims trend in large claims and in weather-related claims as well as a higher level of run-off profits. Topdanmark's Board of Directors proposes to the AGM of 2018 a dividend of DKK 19 per share.

The profit on life insurance increased to DKK 249 million from DKK 189 million in 2017. The improvement was primarily due to a higher investment result and an improvement in the profit on sales and administration.

A combination of risk-based prices, restrictive acceptance criteria and focus on increasing the customer satisfaction and engagement of profitable customers has resulted in a relatively stable development in combined ratio.

Combined Ratio
Topdanmark, 2013–2017



Topdanmark's investment return was DKK 396 million. Good investment return was achieved despite limited financial risk, where the interest rate risk of the reserves are covered on the asset side through investment in bonds of the same duration as on the liability side.

In 2017, Topdanmark initiated the first activities in order to achieve the goal of becoming Denmark's best-run insurance company.

The Main Elements of the Activity Plan and Status are:

- Topdanmark will continue investing in efficiency improvement in 2018. The expenses are expected to represent 0.5-1 percentage points on combined ratio.
- In non-life insurance, Topdanmark has distribution agreements with Danske Bank and Sydbank. In 2017, Topdanmark's multi-distribution strategy was supplemented with an agreement with Coop, the largest supermarket chain in Denmark.
- In life insurance, Topdanmark achieved a 11 per cent growth and is thus still one of the fastest-growing life insurance companies in Denmark. Topdanmark holds a good position based on competitive investment returns, high customer satisfaction and low administrative costs.

Digitalization, Efficiency and Transformation

Digitalization • Self-service • Online purchase	• 16.2% of new sales are initiated digitally and processed digitally in full or partly • 57.2% of claims are reported digitally via Topdanmark's website or glass portal
Efficiency • Process optimization and automation	• 28 processes are executed via RPA (Robot Process Automation) • Experimenting with Experimenting with Machine Learning for two processes • Outsourcing of business processes and IT development • Topdanmark has reduced the number of FTEs by 10% since May 2016
Transformation • Culture • Digital readiness	• Since 2016, Topdanmark has established Innovation Lab to ensure digital readiness • Topdanmark has entered into an agreement with Singularity University in Denmark

Topdanmark is the second largest non-life insurance company and the sixth largest life insurance company in Denmark.

In non-life insurance, Topdanmark has a 17 per cent market share. Topdanmark focuses on the private, agricultural and SME market where the company has around 600,000 customers and handles around 300,000 claims a year.

In life insurance, Topdanmark has a 9 per cent market share in Denmark and serves around 130,000 Danish small and medium-sized companies and private customers. The majority are group pension customers with compulsory pension schemes for the employees. Topdanmark is Sampo plc's subsidiary. Sampo plc held 46.7 per cent of Topdanmark's shares at the end of 2017.

Nordea in 2017

In 2017, it was for the first time a synchronised growth in all four of Nordea's Nordic home markets. It was also the lowest market volatility in a very long time, and the geopolitics challenged the globalisation trends as the dominating force.

Under these market conditions, Nordea showed 8 per cent increase in net profit, further improved credit quality and a return on equity of 9.5 per cent. Nordea's Board of Directors decided in 2017 to initiate a re-domiciliation process of the parent company from Sweden to Finland. The change of domicile and the new legal structure, with the banking business carried out in branches of the parent company, will enable Nordea to operate as one bank in a more stable and predictable regulatory environment.

Nordea's response to the market environment and to the changing forces to the industry – digitalisation and regulation – is a transformation of the bank, in order to create a safer, more resilient and agile bank with strategic optionality. The key elements of the transformation are the following:

- investments in compliance and risk management
- technology investments including the core banking platform replacement which is going according to plan and which will lead to lower operational risks, improved customer satisfaction and better cost efficiency
- digital platform investments, which will lead to an increased roll out frequency of improved products and services to customers
- a substantial improvement in cost efficiency, with a target to reduce operational expenses between 2017 and 2021, and
- a new legal structure and change of domicile

In the business areas, the significant transformation continues and the influence of digitalisation changes what customers expect from their bank. In **Personal Banking**, more and more customers choose to handle their banking activities in digital channels, and one out of four advisory meetings is held online. In **Commercial & Business Banking**, there was a substantial growth in the usage of online and mobile services. The demand for solutions that meet the expectations of Nordea's customers and support their new business models also grew.

In **Wholesale Banking**, the leading position in corporate advisory services in the Nordics was confirmed and Nordea received several number one rankings in customer surveys and leading league table positions. In **Wealth Management**, total assets under management grew to a new all-time high of EUR 330 bn. Nordea is now in top 10 of the annual brand ranking of the European Asset Management Industry according to The Fund Brand 50 Report.

The positive effects of Nordea's transformation are starting to reach customers all over the Nordics. As a result, Nordea received awards and top rankings including: best private bank, IT innovation of the year, best in real estate finance, best transaction banking and a number one ranking for the large corporates operation. In addition, several partnerships have been developed to meet customers' demands in the payment area. Mobile bank is becoming the natural contact point between Nordea and its customers.

Mandatum Life in 2017

The positive investment year – the sixth in a row – created a foundation for a good result and solid solvency development. The strong result was reflected in an even higher solvency ratio and also enabled the payment of an extra dividend in September. The valuation of the insurance portfolio to be sold to Danske Bank was completed in June, further strengthening the company's solvency position and creating a solid foundation for dividend streams over the next few years.

Mandatum Life's premium income decreased from the previous year. A significant part of the sales channels' resources was employed for implementing several regulatory changes for the customers. Among the sales channels, Danske Bank's sales volumes clearly declined for a second consecutive year. Mandatum Life's own sales channels performed well during the year, even though the premium income fell short of the previous year's record level. Within the institutional segment, promising opening moves were made in Sweden.

Mandatum Life's investment returns exceeded the return requirement on technical provisions, especially due to the excellent return on equity investments. Despite a slight rise, low-risk, long-term interest rates remained at a low level, which means maturing fixed income investments continue to present a considerable re-investment risk, as in previous years. As a result of the low interest rate levels, the company continued to supplement the reserves for decreased discount rates. Consequently, the return requirement on technical provisions for 2018–2021 has been substantially lowered.

No changes took place in Mandatum Life's strategy and key focal areas during the year. The business areas focus on unit-linked and personal risk insurance. Existing customers, companies and their employees and institutions are at the heart of the customer strategy. Mandatum Life's private customer potential is largely based on the current insurance portfolio and the employees of corporate clients. In terms of wealth management, the co-investment approach was expanded to cover an even broader customer base and group of investment instruments. Co-investing strategy means that Mandatum Life invests in objects that are aligned with companys's and its partners' successful investment operations. The controlled winding down of the insurance portfolio with particularly high guarantees continues to be one of the key strategic areas.

In 2017, Mandatum Life continued to invest in digitalization and an increasing number of the company's products are now available through mobile services. Digital services enable better customer satisfaction and more efficient processes and offer an effective way of reaching potential customers through corporate clients.

At the end of 2016, Mandatum Life announced that its long-standing distribution co-operation with Danske Bank would come to an end and that the company would exercise its right to sell the insurance portfolio, consisting of private customers' insurance policies generated through the co-operation, to Danske Bank. The portfolio transfer involves approximately 150,000 policies, unit-linked insurance savings of around EUR 3 billion and with-profit insurance savings of some EUR 0.2 billion. The valuation of the insurance portfolio was completed in June 2017. The portfolio transfer is expected to be completed by the end of 2018. Mandatum Life and Danske Bank have agreed on a transitional period during which fund management co-operation will be continued to ensure that the services offered to existing customers remain unchanged until the portfolio transfer. From customers' perspective, the services will remain unchanged during the transitional period.

At the end of the year, Mandatum Life merged its subsidiary operating in the Baltics with the parent company and Innova Services Ltd with Mandatum Life Services Ltd. The changes in the corporate structure will streamline administrative processes and enable stronger synergy benefits between the businesses in different countries.

Personnel

In the financial industry value creation relies on intangible assets such as employee competence, customer service, creativity and operational excellence. The dedicated employees of Sampo Group are building trust through operational excellence and they deliver first-class customer experience every day.

Sampo Group offers a work environment that supports the commitment of all employees. The continuous high results of regular employee satisfaction surveys show that Sampo has succeeded well in inspiring and engaging its employees.

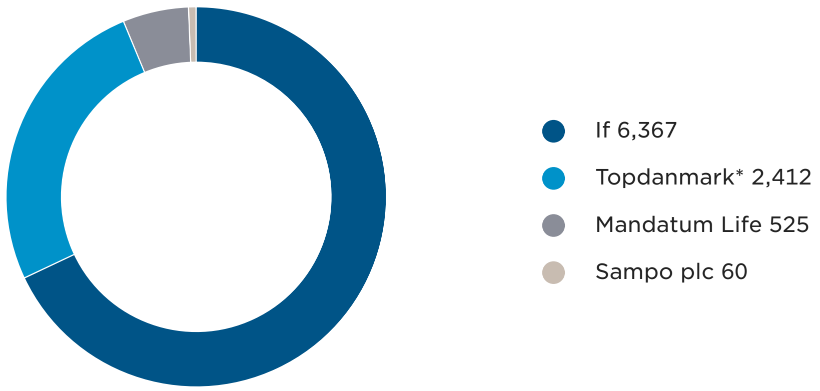
The total reward package of Sampo Group also encompasses competitive remuneration and benefits such as private health care and broad insurance coverage, in addition to extensive competence development.

Sampo Group values the competence of employees and strives to offer possibilities to learn new skills and grow professionally. Sampo Group is a stable and trusted employer and the international career opportunities attract new employees. Future leaders grow from within Sampo Group and are offered challenging positions and projects and supported with mentoring programs.

In 2017 Sampo Group employed on average 9,364 people (6,780), the increase is mainly due to Topdanmark's consolidation as a subsidiary as of 30 September 2017. P&C insurance is Sampo Group's largest business area, comprising 91 per cent of Sampo Group personnel (8,517 employees). Life insurance employed 8 per cent of the personnel and 1 per cent of the employees worked in the parent company Sampo plc.

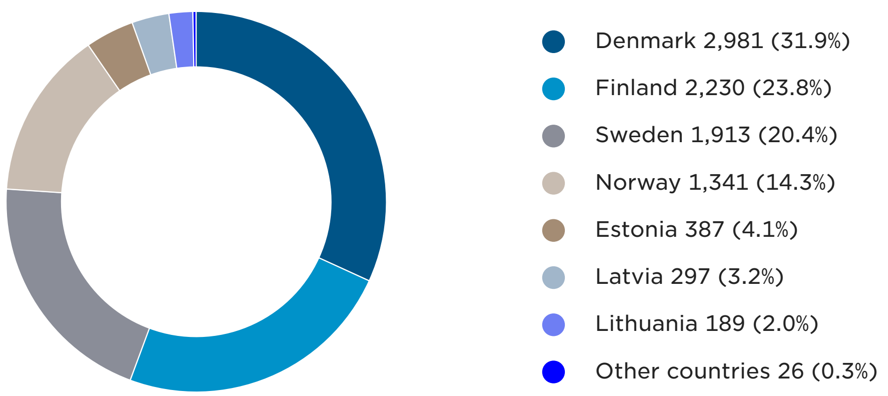
In geographical terms, 32 per cent of the Group's personnel was located in Denmark, 24 per cent in Finland, 20 per cent in Sweden and 14 per cent in Norway. The Baltic countries and other countries employed 10 per cent of the personnel.

Average Personnel (FTE) by Company
Sampo Group, 2017

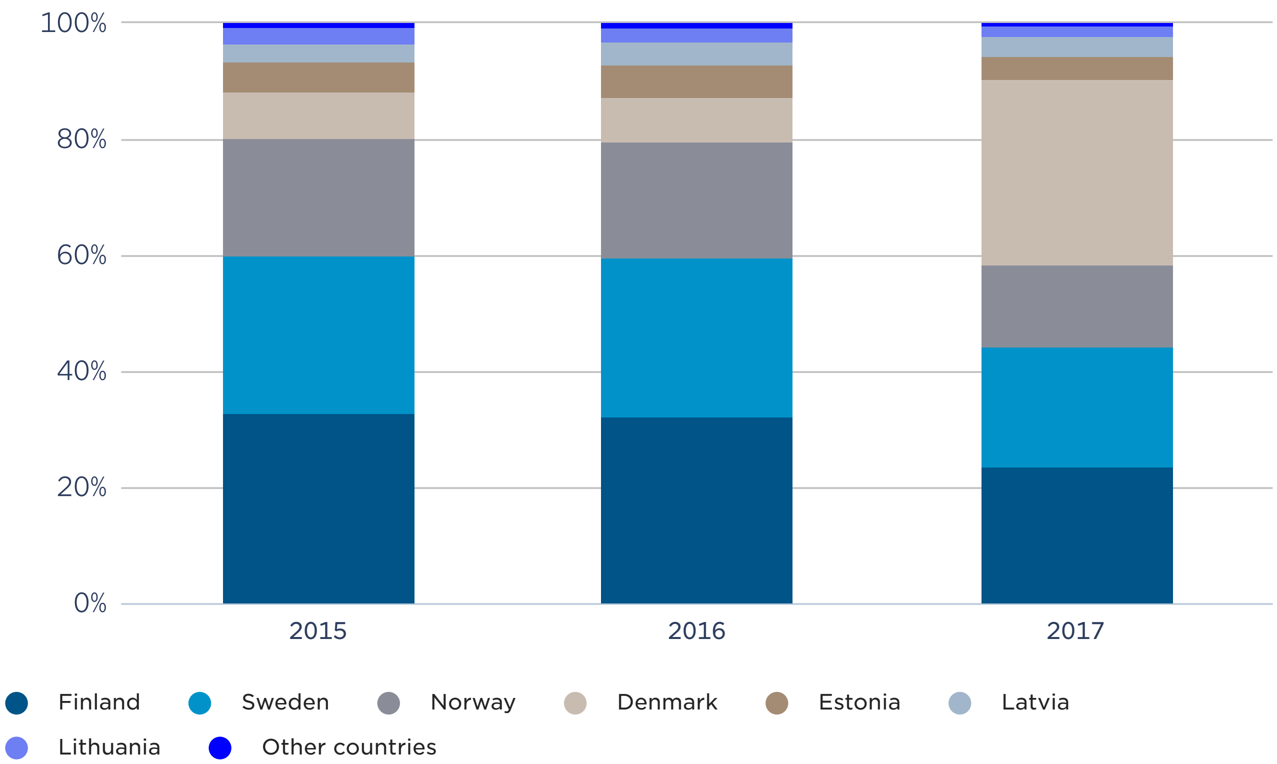


*Calculations based on Q4.

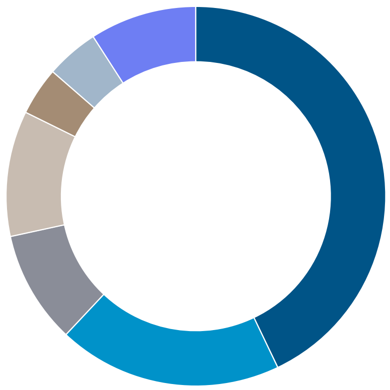
Average Personnel (FTE) by Country
Sampo Group, 2017



Distribution of Personnel by Country (FTE average)
Sampo Group, 2015–2017



Years of Employment
Sampo Group, 2017



Personnel at If

If has more than 3 million customers. If sells and renews close to 8 million insurances annually and handles 1.5 million claims. If's success is entirely dependent on how well the company does in all of these customer interactions. Therefore, first class customer focus through dedicated employees with professional insurance competence is the main determinant of success.

The cornerstones of If's Human Resources (HR) Strategy are: Competence Development & Innovation, Right Person in the Right Place, Leadership the If way, and Employeeship & Performance Culture. HR plays a key role in ensuring that If can attract the best talent, that competence building is strong, and that both leadership and employeeship are first class. Employeeship refers to the employees' own responsibility for customer service, performance and development.

Competence Development and Right Person in the Right Place

In the mature insurance industry, having the industry's most competent employees is the main source of sustainable competitive advantage. If's competence development unit – If Academy – supports the business units and ensures efficient planning and delivery of competence development across the company. Senior competence partners are working in close cooperation with business leaders in setting the competence development agenda.

If believes in building top analytical skills to manage the continuously evolving competition. To support the analytical core, If focuses on ensuring the right competences in customer orientation, product development and marketing.

Strengthening Customer Orientation in If in 2017

In If's Business Area Private, the Private Ahead initiative has engaged nearly 100 leaders on a change journey that aims at raising the organization's problem-solving skills and customer orientation to a new level. The focus has been on creating Nordic synergies in an increasingly digital environment.

In Business Area Commercial, the SEE-journey (Safe, Easy, Express) challenges both managers and employees to take an intense customer focus. 40 ambassadors have been appointed to take the message forward within the organization. In Business Area Industrial, the Challenger Approach aspires to increase customer orientation and team work around key customers.

A key factor in ensuring the industry's most competent employees is recruitment. Recruiting employees with both the right skill set and the right motivation and attitude is essential. During 2017, HR launched initiatives to increase the emphasis on attitude, motivation and cultural fit in If's recruitment processes. The resources working with recruitment have been strengthened, for example through junior HR Partners focusing on recruitment in customer centers. In addition, HR is starting up a project to analyze and develop If's employee value proposition.

Leadership

In contemporary business, leadership is multifaceted. Strong skills in traditional management must be complemented by abilities to help highly skilled specialists reach their full potential through nurturing their own motivation. If continues to develop the leadership model to better reflect the increased importance of intrinsic motivation, where performance is based on the inner drive, motivation, and commitment of the individual employee.

Through If Academy, If supports a balanced development of skills in business management, customer service and initiatives and employee engagement. Specific training has been offered for new leaders as well as for more experienced ones. Also informal leaders, such as project leaders, have been targeted.

Leadership Model
If

Employeeship

Great leadership is essential, but it is not enough. A modern, complex service organization like If, with competent and highly trained staff, increasingly requires that individual employees take full responsibility for customer service, performance and development. At If this is called employeeship.

Strengthening employeeship in If and making it a cornerstone of the company's culture are key priorities. To support this effort, If has developed an Employeeship Model based on the If Leadership Model and is promoting it through articles, workshops and presentations and also in development discussions, appraisals, training programs and employee surveys.

If's key personnel processes are being reviewed and revised based on the employeeship model. For example, in 2017 an updated mid-year review process was launched. The aim was to make the mid-year review-discussions more interactive and supportive of a true employeeship-approach, where employee engagement and own initiative are central to the progress and development.

Praise Your Colleague Campaign in If in 2017

In 2017, Finland and the Baltic countries launched a campaign called "Praise your Colleague", aiming at strengthening the employeeship and feedback culture in If. Employees can praise their colleagues with the help of postcards that have been distributed in the offices. In Finland, the campaign has included intranet information, videos on the theme, and a blog to be shared in social media. The videos have later been used also in recruitment ads. In the Baltic countries, the theme is promoted quarterly and the individual praise is regularly published on the intranet.

Well-Being and Equality

During 2017, If continued to work with promoting health and reducing sick leave. In Norway, the sick leave trend is gradually improving. Denmark and Sweden are on a stable level, but Finland's sick leave rate is deteriorating. In Finland, absences due to illness have increased mainly in the customer centers. This is followed up and targeted actions are planned. In the Baltic countries, the number of sick days is very low.

During the year, If also focused on gender equality. The Equal Opportunites Advisory Board, founded in 2015, continued its work by, for example, hosting workshops in management teams. Based on the proposals from the Advisory Board, HR processes such as recruitment, succession planning and leader evaluation were strengthened in order to further secure gender equality in the company. The share of female managers is steadily rising and was 46.5 per cent in the end of 2017.

During the #metoo-campaign in fall 2017, several cases of sexual harassment were investigated in If, some of them leading to disciplinary action. As a result, If has taken forceful action to prevent sexual harassment: additional reporting channels have been set up and instructions and training have been provided to leaders.

The Equal Opportunities Advisory Board will work further on diversity issues based on a plan of concrete actions, which will be initiated at different levels of the organization. Voluntary Diversity Ambassadors will be appointed. Their task will be to promote diversity both from a business and an ethical perspective.

Promoting Health in If in 2017

In If Sweden, the project Sweden's Best Work Place was launched in the Sales and Service organization. In the Gothenburg office, a pilot group has tested yoga classes. In the Sundsvall office, a Stress and Health Program was introduced, targeting employees on long-term sick leave due to stress, and also employees at risk of stress-related sickness.

In Norway, a pilot took place in Business Area Commercial to improve wellbeing and boost preventive health. A Job Stretch session, 10 minutes a week with basic physical activities, has been very popular in many offices in Norway. It was introduced to prevent sickness by helping employees to stretch the neck, back, arms and shoulders. Denmark has launched MIND-strain, an anti-stress training program.

Absence Due to Illness
If, 2017

	2017	Change compared to previous year (in percentage points)
Norway	4.20%	-0.51%
Sweden	4.08%	0.04%
Finland	4.01%	0.70%
Denmark	2.88%	0.20%
Estonia	2.81%	0.25%
Latvia	2.26%	-0.37%
Lithuania	1.10%	-0.32%

Sickness statistics are based on If's internal reporting standards and may deviate from locally published statistics.

Employee Structure

The number of personnel at If increased slightly during 2017 compared to the previous year. As a result of strategic initiatives in Business Area Private, the number of employees in central flagship offices is growing and the number of employees in small branch offices is decreasing. The number of employees in Business Area Private's sales, claims and product units has grown and Business Area Commercial's New Business unit is expanding. A new claims support company, Nordic Assistance AB, was also established in the beginning of 2017.

Adaptation to new regulation, for example regarding data privacy and insurance distribution, requires resources to drive the projects, but also to administrate the new governance processes. This has an effect on personnel numbers both in the business as well as in the support functions, including HR. Off-shoring of support services and IT development to the Baltics is continuing to increase manning in the Baltic countries. The off-shoring mainly concerns back office jobs, but customer fronting roles are also being added.

The increased focus on digitalization and on how to serve customers better is leading to major change initiatives in the business areas. HR is supporting in reorganizations, the building of flagship offices, the set-up of new units, the development of training activities and the design of remuneration systems.

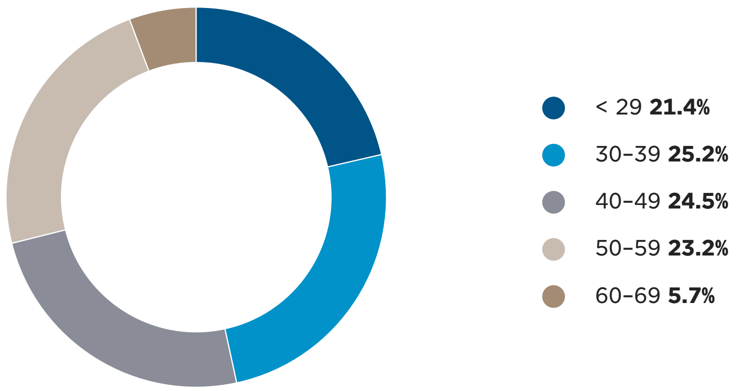
Number of Employees (FTE)
If, 31 December 2017 and 31 December 2016

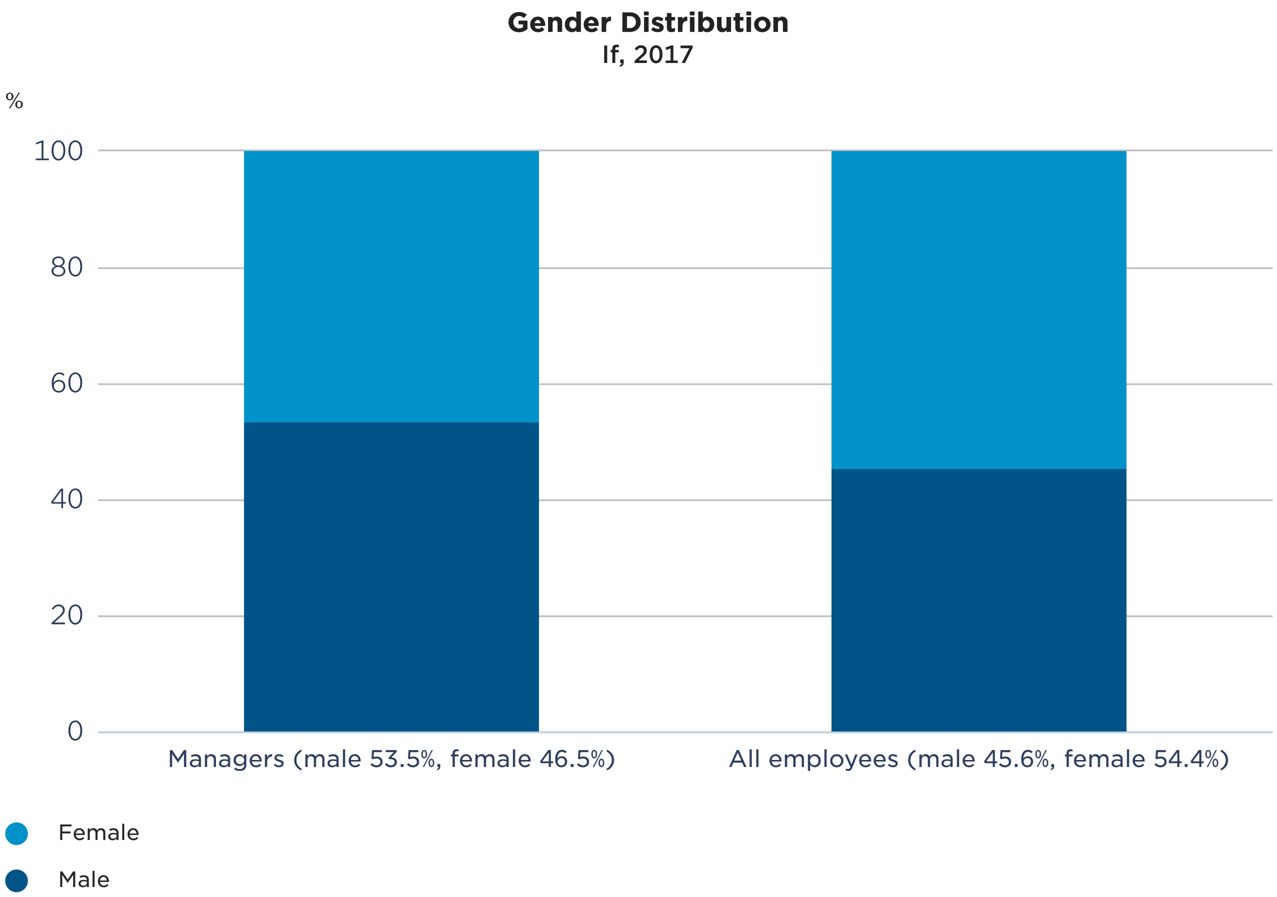
	31 Dec 2017		31 Dec 2016	
	FTE	of which temporary employees	FTE	of which temporary employees
Sweden	1,955	2.1%	1,867	4.6%
Finland	1,777	2.9%	1,663	2.9%
Norway	1,312	1.5%	1,348	0.7%
Denmark	592	0.7%	547	1.6%
Estonia	347	0.6%	344	0.0%
Latvia	292	3.3%	250	3.5%
Lithuania	153	12.4%	155	8.4%
Other countries	23	0.0%	24	0.0%
Total	**6,452**	**2.3%**	**6,200**	**2.8%**

Employee Turnover
If, 2017 and 2016

	2017	2016
Estonia	18.2%	13.3%
Sweden	15.7%	12.3%
Latvia	13.6%	17.1%
Denmark	10.0%	9.6%
Norway	10.0%	11.1%
Finland	9.3%	10.9%
Lithuania	7.9%	8.1%
Total	**12.1%**	**11.7%**

Age Distribution
If, 2017





Improved HR Services

HR strives to provide the leaders and employees of If with great service every day. HR has implemented a modern, fully integrated HR system that facilitates harmonizing HR processes across country borders and offers better onboarding and learning management, facilitated feedback discussions, improved compliance work and enhanced work force analytics.

Personnel at Topdanmark

Topdanmark's employees are the most important resource for ensuring that the company's customers get the best service in every situation. Therefore, competent and motivated employees are crucial for the company. The objective is that the company's employees and the labor market in general would consider Topdanmark as an attractive workplace characterized by competence, motivation, and cooperation.

Comprehensive Program for Employee Development

Targeted competence development for individual employees is important for all Topdanmark's employees. Therefore, Topdanmark has a comprehensive training and development program for all occupational groups.

Topdanmark places importance on management development, as good management is key to attracting and retaining qualified employees. Newly appointed managers will be offered a 6-month program with specific focus on their new role as managers. Topdanmark offers experienced managers a development program in cooperation with Copenhagen Business School Executive Program, comprising both customer orientation and personal development. For many years, Topdanmark has focused on talent development and has organized different programs in order to encourage talented employees to use their competence to contribute to Topdanmark's continued growth and delivery of results.

As a result of the newly established cooperation with Singularity University Denmark, Topdanmark will give selected talents a unique opportunity to acquire competence within digitalization and technological development in an innovative environment in 2018. For this, Topdanmark is looking for employees with a digital mind-set. In order to support that process, a range of special development activities have been planned for 2018, for which the cooperation with Singularity University Denmark will be a source of inspiration.

Commitment and Job Satisfaction

Topdanmark wants to promote a motivating and inspiring work environment. For many years, Topdanmark has conducted an employee satisfaction survey as a part of the company's efforts to promote job satisfaction and the commitment of its employees. In 2016 and in 2017, other methods for evaluating employee satisfaction and commitment were tested, involving approximately 900 employees. Based on that work, at the end of 2017, Topdanmark decided on a new direction and a model for how to use employee satisfaction and commitment surveys in the future. The new method will be implemented in 2018.

Everyday Health

Topdanmark wants to support its employees' health. Health creates well-being and job satisfaction, and this in turn provides a strong platform, from which Topdanmark can deliver the best service to its customers. In practice, the employees are offered a range of health-related initiatives. For example, cycling activities such as the "Cycle to Work" campaign, healthy canteen food, and a health check. In 2017, 980 employees accepted the offer of a health check, representing 40 per cent of all employees.

Stress Prevention

In Denmark, the number of people who take sick leave because of stress is increasing, and at Topdanmark, an increase has been seen among the company's employees. Therefore, Topdanmark has initiated efforts to prevent incipient stress and take care of employees suffering from stress.

All Topdanmark's employees have the option of anonymous stress counselling, provided by experienced psychologists. This service can be used as a first step for employees, who experience symptoms of stress. This way employees can get help quickly without having to get a referral from a family doctor first. In cases of serious and long-term stress, a program tailor-made for the individual is available as part of the employee health insurance scheme.

When it comes to absence due to illness, Topdanmark's goal is that it should be below the outline from the Danish Employer's Association for the Finance Sector for the insurance business.

Absence Due to Illness
Topdanmark, 2014–2017

	2017	2016	2015	2014
Topdanmark	3.0%	2.9%	3.0%	3.1%
Industry	-	3.0%	2.9%	3.0%

Statistics of absence are based on Topdanmark's internal reporting.

My Health – Program for Employees

In 2017, employees who were at risk of getting lifestyle diseases were offered an individual health program, My Health. 30 programs were made available to employees with a minor self-payment – each program lasted for three to four months. Similar programs have been tested among the company's employees previously as well, and they have resulted in long-lasting lifestyle changes.

Employee Structure

At Topdanmark, the number of employees has been stable for many years. In order to be able to offer competitive products and services, Topdanmark has gradually made its business operations more efficient by for example increasing automation of processes. In 2017, Topdanmark also outsourced some jobs. As a result, the number of employees working at Topdanmark has decreased from 2016.

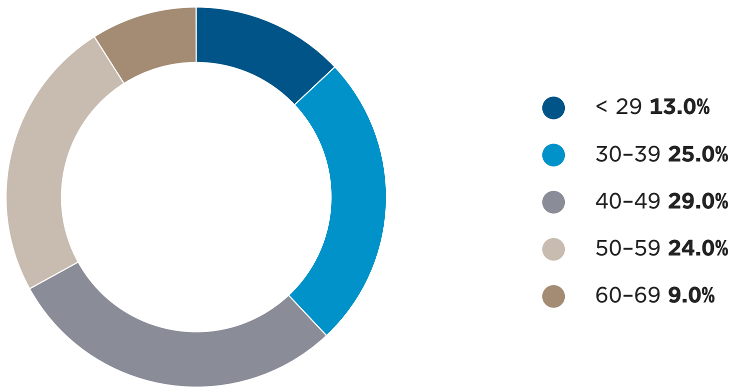
Number of Employees (FTE)
Topdanmark, 31 December 2017 and 31 December 2016

	31 Dec 2017	31 Dec 2016
Denmark	2,405	2,595
- % of FTE on temporary contracts	1.7%	1.9%

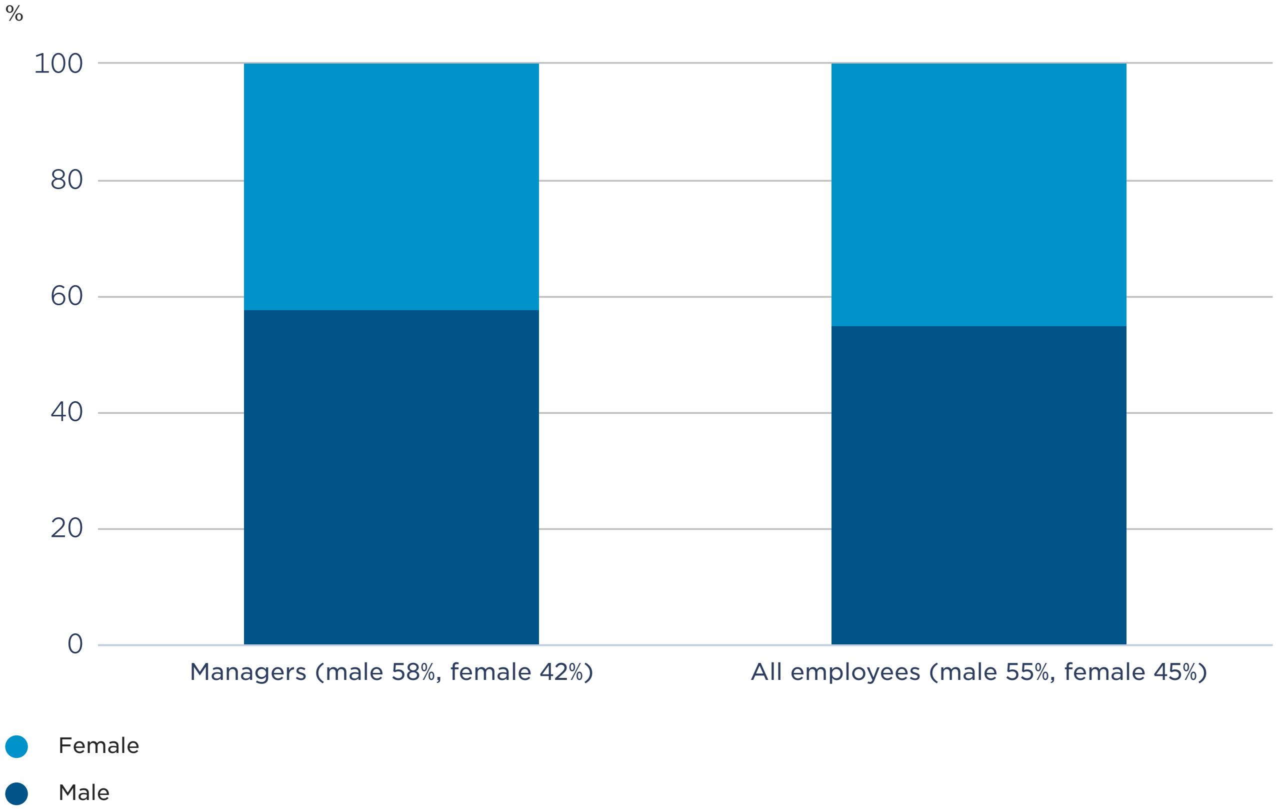
Employee Turnover (%)
Topdanmark, 2017 and 2016

	2017	2016
Employee turnover	14.3%	13.1%
Employee turnover, industry	–	12.0%

Age Distribution
Topdanmark, 2017



Gender Distribution
Topdanmark, 2017



Personnel at Mandatum Life

Mandatum Life is a financial company providing wealth management, rewarding and personal risk insurance services. Mandatum Life has more than 500 employees and the company operates in Finland and the Baltics. Mandatum Life believes that only satisfied employees give rise to satisfied customers. That is why investing in personnel practices not only reflects the company's values but also makes good business sense.

Number of Employees (FTE)
Mandatum Life, 31 December 2017 and 31 December 2016

	31 Dec 2017	31 Dec 2016
Finland	427	443
Lithuania	37	23
Estonia	31	38
Latvia	26	38
Total	**521**	**542**

Long-Term Objective

Employee satisfaction is one of Mandatum Life's long-term strategic business targets. At Mandatum Life it is believed that a positive employee experience leads to a good customer experience. The objective is to build a work culture based on trust, where having the right people in the right places results in the highest quality of service for the company's customers.

Mandatum Life measures its employee satisfaction every year through the Great Place to Work Finland survey. The goal is for 90 per cent of Mandatum Life's personnel to feel that they are employed in a very good workplace. The company's focus on well-being at work has paid off. In 2017, the target was exceeded for the third year in a row and was 94 per cent (92). In addition, Mandatum Life's efforts to be a truly good workplace are bearing fruit: according to the survey carried out in 2017, 91 per cent of the company's personnel would recommend Mandatum Life as a workplace.

Mandatum Life has been selected as one of the best workplaces in Finland for eight consecutive years.

Competence Offers a Competitive Edge

Mandatum Life is proactive in identifying and fostering the growing potential that lies within the company and in ensuring that it is an attractive workplace for new talent. This requires a culture with a low hierarchy, confidence building and employee engagement. Up to 96 per cent of Mandatum Life's personnel feel that they are given a lot of responsibility in their work.

Competition for the best talent is heating up, and work culture and development opportunities play an increasingly important role in recruiting. Valuing expertise and developing competence are core elements of Mandatum Life's future success. In 2017, competence development at Mandatum Life continued based on the 70-20-10 model. According to the model, 70 per cent of learning takes place at the workplace through interesting and challenging assignments, 20 per cent through feedback and learning from other members of the work community and 10 per cent through training programs.

The goal is for every Mandatum Life employee to be able to develop their personal competence at work. Learning at work is encouraged by opportunities to take part in development projects and working groups that cross unit boundaries. The idea is to use internal job rotation to fill temporary open positions, such as maternity leave vacancies. Opportunities are offered to employees studying alongside their work to complete study-related thesis in their own field.

Learning through feedback is supported by, among other things, a mentoring program, which was implemented for the sixth time in 2017. A 360-degree evaluation is carried out every two years to support leadership development. Based on the survey carried out in autumn 2017, supervisory work at Mandatum Life is at a very high level compared to other Finnish expert organizations. Based on the feedback, the strengths of the supervisory work are enthusiasm, customer focus, taking responsibility, leading by example, approachability and ease of cooperation. Identified development areas included, among other things, controlled implementation of new procedures, efficiency of resources and work organization and time management challenges. On a scale of 1–7, the weakest scores were 5.5 and the top scores were 6.5 on average. Of the personnel, 96 per cent responded to the survey.

Investments in training programs continued in 2017 especially in the field of business competence development. In collaboration with Hanken & SSE, the company launched the Mandatum Life Business School training program built on high-quality speeches by international experts, small group workshops and a group project. The Business Impact Challenge organized in 2017 focused on developing business projects in small groups with the aim of creating added value for the customer. The projects were built around current themes from Mandatum Life's business: development of group pension insurance, key employee insurance and development of web and mobile services.

During 2017, the company developed study programs to be completed in an online learning environment. The entire personnel completed an online course on preventing money laundering in the business of investment service companies and in insurance services and on knowing the customer.

Investing in Good Leadership

Mandatum Life develops leadership for the long run by focusing on supervisory work and by regularly measuring the development of management and well-being. The starting point is that those who hold a managerial position are among the company's key personnel and that every Mandatum Life employee is entitled to have a good manager.

All new Mandatum Life managers participate in the introduction training for managers as they take on their new role. In addition, in their first year of working for the company, all managers participate in the Mandatum Life Management School – a coaching program that aims to examine the role and tools of managers, as well as interaction in situations involving managerial work. The coaching provides a foundation for analyzing and developing one's own supervisory work and for managing the team's activities. The goal is to maintain a consistent leadership culture at Mandatum Life. The program was arranged for the seventh time in 2017, and more than 95 per cent of the company's managers have taken part in it.

All Mandatum Life managers also receive feedback on their interaction skills through 360-degree evaluations every two years. Feedback is given by the employees who work under the manager, by colleagues and by the manager's manager. The Great Place to Work Finland study is also an important measure of a manager's success, as it provides not only company-specific results, but also team-level results. Team satisfaction is one of the criteria in determining the bonus for each manager.

Rewarding by Example

Mandatum Life supplements the employees' pension security based on its financial result annually. Additionally, the employees have the opportunity to fund part of their personal performance bonuses, thus enjoying the benefits of professional wealth management services. The Personnel Fund was introduced in 2014. In 2017, close to 90 per cent of Mandatum Life's entire personnel took advantage of the fund.

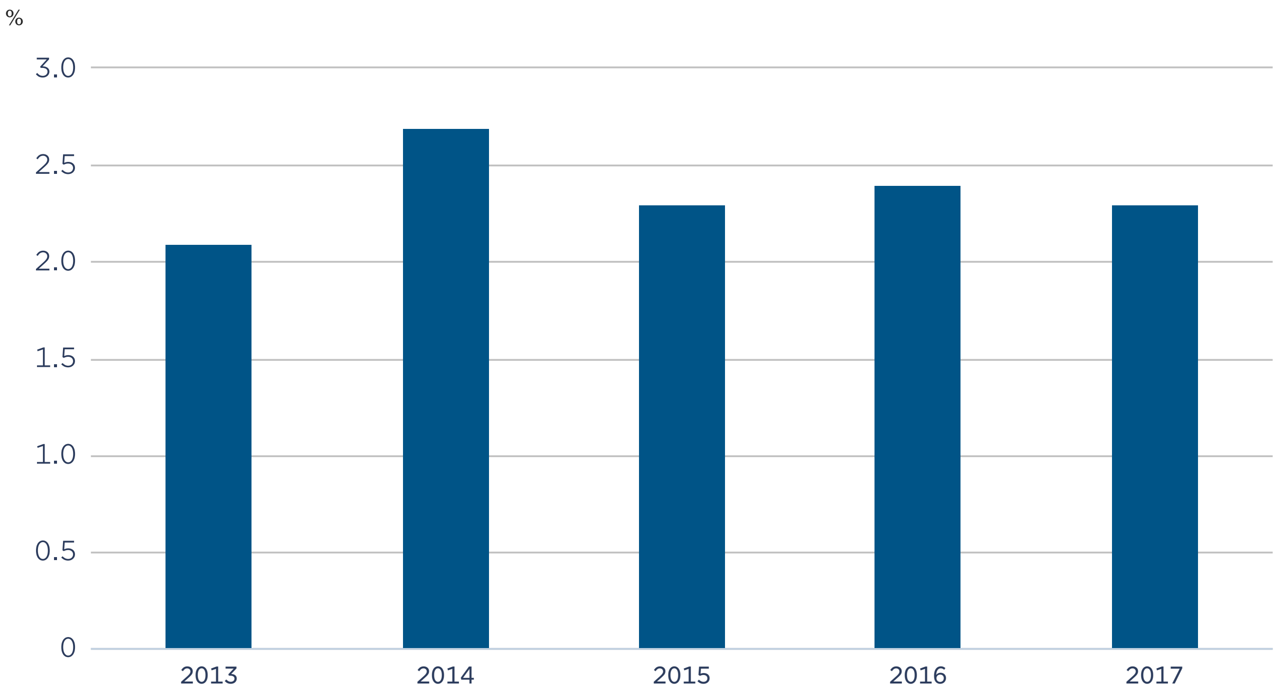
Mandatum Life favors an effective and agile reward system, which also means being prepared to make changes. The company continuously learns from the feedback of its personnel in order to find the best employee reward practices. In addition to monetary rewards, Mandatum Life has also developed practices related to quick rewards and thank-you gifts. The company has, for example, awarded its most positive employees.

In ensuring the effectiveness of the reward system, responsibility and fairness are emphasized. Mandatum Life focuses on communicating the reward criteria to all of the employees so that they know what they are paid for and why. The most important consideration is that the rewards are perceived as fair. An effective reward scheme calls for clear communication.

Developing Well-Being and Equality

At Mandatum Life, the main focus of occupational health are preventive well-being-at-work measures. The absences due to illness have been declining since 2011 and are currently at a very low level in the company. The absence due to illness rate was 2.3 per cent (2.4) in 2017.

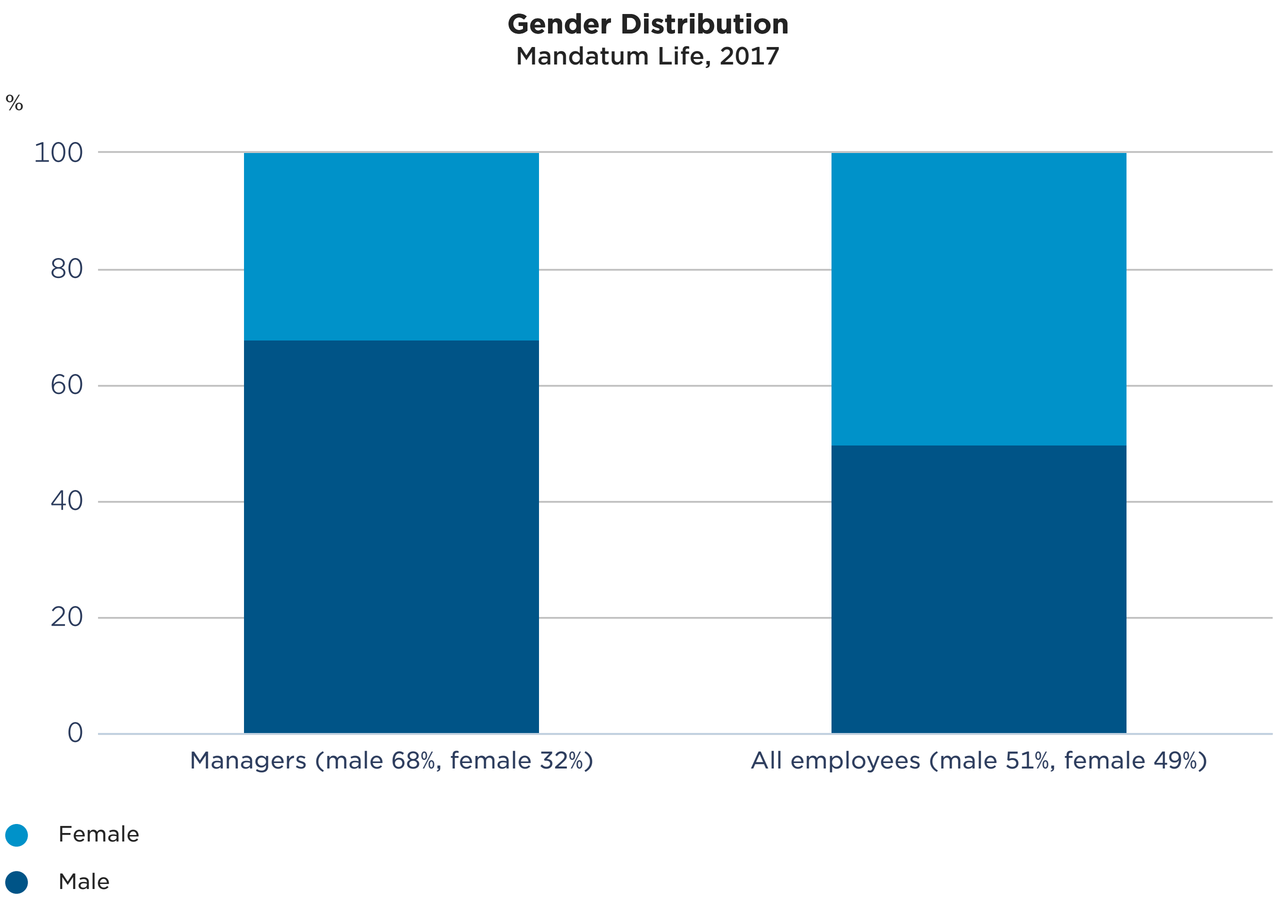
Absence Due to Illness
Mandatum Life, 2013–2017

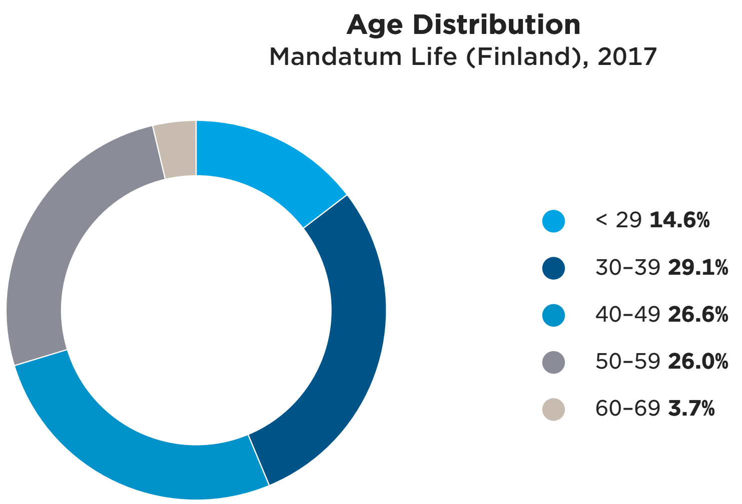


Statistics are based on Mandatum Life's internal reporting standards and may deviate from locally published statistics. Until 2014 the figures do not include Innova or Kaleva. Since 2015 figures include Innova.

In the results of the Great Place to Work Finland study, which measures well-being at work, Mandatum Life's Finnish operations received an overall rating of 85 per cent in 2017. The result remained the same as in the previous year. The following claims reached a particularly high score: "People here are willing to go the extra mile to ensure that the work gets done", at 95 per cent (91) and "I am proud of what we achieve”, at 92 per cent (88). The response rate for the survey was 86 per cent (91).

Mandatum Life strives to promote equality between all employee groups. In terms of gender distribution, equality among the employees is at an excellent level, with men representing 51 per cent and women 49 per cent of the personnel. In senior management, men have a larger representation, with a third of the operative management group members being women.





Employee Pilots on Effective Reward Communications

In spring 2017, Mandatum Life launched an effective marketing campaign around personnel motivation and rewards. At the same time, the company invested extensively in digital services by launching the ML Money mobile app for Personnel Fund members and supplementary pension recipients.

Mandatum Life decided to pilot new reward communications first through its own personnel who have access to the same reward services as the company's corporate customers. The employees gave feedback not only on the communications related to rewards but also on the mobile app functionality. The communication was carried out by email, through the new mobile app and through the company's launch and internal communications channels. A Business School working group participated in designing the employee pilots.

During the internal reward campaign, the ability to inspire enthusiasm was a particular focus area. In order for a reward to have the desired effect, it must be reflected in the employees' daily work. The feedback raised important experiences that were used to improve the app's functions, the related communications and, above all, the customer experience.

Corporate Responsibility

Sampo plc and the whole Sampo Group is aware of its corporate responsibility and all group companies are dedicated to being responsible corporate citizens. Sampo is committed to developing its operations to further economic, social and environmental sustainability as is in the interests of the company and as is expected by its various stakeholders.

Sampo has a long-standing commitment to managing business according to sound business principles. These principles are described in the Sampo Group Code of Conduct and reflected in the way Sampo organizes Corporate Governance, the way people treat each other in the workplace and the way Sampo's personnel serves customers and deals with other stakeholders. Through its products and services, Sampo Group, for its part, aims at contributing towards the well-being and safety of the society.

Sampo Group's general governance rests on the idea that Sampo plc, as the parent company of the Group, provides subsidiaries with a framework of general principles within which the parent company expects the subsidiaries to organize and carry out their businesses. These group-level guiding principles set the general tone also for corporate responsibility.

Most of Sampo Group's practical corporate responsibility work is carried out at the subsidiary level. The logic is clear especially from the social and environmental standing points as that is where the customers are and most of the personnel work and the direct environmental impacts are the most significant. Further, the operations of Sampo plc's subsidiaries If, Topdanmark and Mandatum Life differ from each other and, therefore, the nature of their corporate responsibility activities also differ to a great extent. The subsidiaries have their own models of corporate responsibility reporting reflecting the special features of their businesses.

However, Sampo has recently begun to build a more concrete approach to managing corporate responsibility on a group-level as well. This is to better answer the needs of the Group's various stakeholders and to meet the legislative requirements. Therefore in 2017, Sampo continued to develop the non-financial reporting by preparing for the publication of the Group's first report on non-financial information (Corporate Responsibility Report 2017). Sampo Group will issue the report in accordance with Chapter 3a, Section 5 of the Accounting Act. The report will be separate from the Board of Directors' Report and be published before the end of June 2018.

* Sampo Group's Corporate Responsibility Report 2017 will be released by the end of June 2018. The report will be available on the Annual Report website.

Corporate Responsibility at If

The primary responsibility of If is to make sure that its customers are correctly insured. If keeps track of customer needs in life-changing situations, offering its customers preventive insurance services. Through risk management and underwriting, corporate responsibility becomes a part of If's core business. Thereby, If's role in society is crucial in mitigating the economic losses tied to environmental or social harm. Preventing injuries, damages and accidents is in the interest of If, the customer and the society at large.

If works towards a safe society by spreading knowledge and awareness regarding loss prevention. In 2017, If's corporate responsibility activities focused on loss prevention through initiatives for safer societies and to increase understanding of the risks posed by climate change. These are both critical elements of If's overall corporate responsibility strategy. In 2017, If's corporate responsibility work was realized through cooperation with organizations and authorities, donations and active education of customers and the public.

Loss Prevention

Throughout the years, If has gathered extensive knowledge of how people are affected by losses and how such losses can be avoided. This knowledge is increasingly sought after and important – both for If as a company and for the general public. If wants to share its knowledge and expertise in loss prevention for the benefit of the public in general. As an example, If has launched Nordic online safety stores offering safety related products ranging from reflectors to first aid kits and from locks to life vests.

Climate Change

Global warming will affect the whole insurance business and the societies it serves. If operates in countries where abnormal weather phenomena, such as storms, heavy rains and floods, are likely effects of climate change. The insurance industry provides early indicators of the consequences of environmental impacts in general and climate change in particular.

A vital part of If's responsibility work is the fight against climate change. If has taken a clear stand on the importance of environmental issues and takes active measures to contribute towards sustainable development. If is developing products, processes, and loss prevention services in order to help customers act in a more environmentally friendly manner. By providing If's customers with guidance on how to prevent losses, the company can help its customers save money and protect the environment. Further reading on the measures If takes, in its own operations, can be found in If's Environmental Report 2017.

For years, If has actively cooperated with numerous organizations on different topics, climate change being one of them. A recent example is the cooperation with CICERO Center for Climate Research in Oslo, Norway. In this five-year research plan the world-renowned scientists at CICERO are studying the effects of cloudbursts and where they most likely will hit in the coming years. In order to help people adapt to changes in the climate, the findings of the studies are then shared with If's customers and the general public.

In Denmark, If is actively involved in the Network for Eco Labelled products. As an engaged member of the network, If helps to send a clear signal to suppliers and manufacturers, that leading Nordic companies demand products that are manufactured with the highest possible consideration for the environment.

Safety in Society

Safety continues to be an important theme for If. During recent years, If has particularly focused its efforts on fire and traffic safety.

For years, If's experts have analyzed the company's extensive injury statistics and published this information in order to increase traffic safety. In the past year in Sweden, cyclists have been in focus. If created a shortlist with suggestions for changes to traffic laws and regulations, which would increase safety for cyclists. The list has generated significant interest in the media and the cycling community.

The safety of children and youth has been a leading theme of If's safety work. For a decade, If has been involved in programs aiming to improve the traffic situation around schools in Sweden, Norway and Finland. If's annual survey among headmasters, asking about the traffic situation around their schools, shows that most headmasters are worried about the children's safety and that the pace of improvement works is slow. Additionally, in Norway and Finland, If Safety Fund donates reflective vests and other safety equipment to kindergartens, schools, local rescue teams, and other local initiatives, every month.

With the "If Safety Pin" scholarship, If also strives to combat different types of exclusion in society in Sweden. The scholarship is awarded annually to a young social entrepreneur working to support other young people in vulnerable situations. In 2017, the recipient of the SEK 50,000 scholarship was Madeleine Beermann, chairperson of the Swedish organization called Unga Reumatiker (Young Rheumatics).

In 2017, If introduced "If House Inspections" to all Nordic markets. If offers house owners with extensive house insurance a comprehensive home inspection free of charge. Specially trained inspectors inspected almost 40,000 homes in 2017 and the plan is to inspect 40,000 homes every year. The benefit is that people can learn how to better maintain their house and improve security, for example how to minimize the risk of fire and burglary.

House fires affect far too many people every year. If informs, instructs, and educates people to prevent fires in all of If's markets. In Norway, If is a founding contributor to the National Fire Protection Week every year. In Norway, If has also launched a web-based tool called "Brannleken" ("Play with Fire") to get families to focus on what to do if a fire occurs at their home.

Towards the Future

In the future, If is continuing to develop its responsibility work around the same thematic areas. If wants to take responsibility when customers and public safety are concerned. If believes that it is possible to make a difference in society by sharing knowledge and offering expertise.

Corporate Responsibility at Topdanmark

For Topdanmark, corporate responsibility (CR) goes hand in hand with the company's core business. Topdanmark's products and services give the customers financial and social security in case of a claim or when retiring. Thus, Topdanmark makes a positive contribution to the Danish society.

Topdanmark is a participant in the UN Global Compact, supporting the 10 principles concerning human rights, workers' rights, environment and anti-corruption. These principles are interpreted at Topdanmark in a way that they give value to the business and the society around. Topdanmark also encourages its suppliers to integrate the Global Compact principles into their business with Topdanmark's CSR Program for Suppliers.

Topdanmark's CR strategy comprises among others the following:

Customer Relations

Topdanmark works constantly on providing information on prices and insurance coverage to customers in a format that is as easy to comprehend as possible. The goal is that customers should be so satisfied with Topdanmark's products and services that they wish to recommend the company to others. Customer surveys indicate that 48 per cent of customers are ambassador customers, representing an increase of 2 percentage points compared to 2016.

In 2017, Topdanmark completed a major change and improvement of company's websites and electronic customer files, making it easier to get an overview of insurance coverage and price, to report a new claim and monitor an ongoing claim. Topdanmark entered also into a partnership with Singularity University Denmark. The goal is to get an even better understanding of how an insurance and pension company should navigate in a changing society.

Responsible Investments

Topdanmark aims to attain the best possible return on investments in relation to risk, but the company also wants to ensure that value creation is responsible and not in violation of the internationally recognized standards and principles or conventions adopted by Denmark – including the UN Global Compact Principles.

In 2017, Topdanmark carried out a regular screening and assessment of the share portfolio for positions with consideration to the UN Global Compact. Furthermore, “Recommendations for active Ownership” launched by the Committee on Corporate Governance were implemented.

Prevention

Topdanmark provides financial security to its customers through insurance and pension products. However, the consequences of claims are often more than purely financial for the individual customer, for Topdanmark, and for the society in general. Therefore, Topdanmark works on prevention.

Topdanmark launched a pilot project concerning a prevention concept based on online health screening in 2017. Topdanmark has also entered into cooperation with the Centre for Mental Health Promotion, University of Copenhagen, concerning stress reduction. Further, in order to reduce the high number of work-related accidents in agriculture in Denmark, Topdanmark has developed a new service concept of preventive advice for farmers, in cooperation with a technical knowledge and innovation center.

Climate and Environment

Topdanmark reports to the CDP (Carbon Disclosure Project), which is an international environmental reporting initiative, promoting openness and dialogue on the CO2 emissions and climate strategies of businesses. Topdanmark focuses on reduction of CO2, i.e. with a help of solar cell systems and waste sorting. In 2017, Topdanmark's CO2 emissions were reduced by 6.5 per cent compared to 2016. Out of all waste, 40 per cent of waste was sent to recycling.

Human Rights and Diversity

Topdanmark has focused on increasing the number of women in management positions and has launched a number of activities to support this work since 2012. One example of these activities has been mentor programs for female managers. The latest program, which started in 2015, came to conclusion during 2017. Topdanmark's goal is that there are at least 40 per cent of both genders, on average, at all management levels. In 2017, the average for female managers was 42 per cent (41).

Support for Humanitarian Efforts

In 2017, Topdanmark contributed with DKK 507,000 in total for Doctors Without Borders (Médecins Sans Frontiéres, MSF) and the Fight Cancer campaign. Topdanmark's employees also collected 1.5 tons of clothes for a Red Cross campaign, and donated 439 portions of blood during working hours for the Danish blood bank that Topdanmark has supported since 2005.

Corporate Responsibility at Mandatum Life

Mandatum Life's corporate responsibility is based on the cornerstones of its business operations: increasing and securing the financial welfare of its customers and safeguarding against financial risks. In Mandatum Life's view, sustainable business attracts customers, long-term investors and motivated employees.

Financial responsibility – which means ensuring the continuity, profitability, earnings power and solvency of the operations in all market situations – is a prerequisite for business and the basis of Mandatum Life's responsibility work. It lays the foundation for the management of customers' insurance-related liabilities and customers' investments and pensions.

Mandatum Life has identified three main themes for its corporate responsibility: responsible investing, promoting responsible personnel practices in work life, and implementing them in the company's own work community.

Responsible Investing

In 2017, Mandatum Life focused on promoting responsible investing and the sustainability of its own investment activities. During the year, both investment objects, investing in the most responsible companies in their sector and those aimed at managing climate change risks, were included in all of the full-mandate investment solutions managed by Mandatum Life.

Mandatum Life launched cooperation with WWF Finland to mitigate climate change, involving, among other things, guidance to investors on how they can replace carbon-intensive investment products with other, more climate-resilient options. The backdrop to this is the need to adjust the investment sector's operations to the level required by the 1.5–2-degree temperature goal agreed on in the Paris climate agreement.

Mandatum Life has joined the international Portfolio Decarbonization Coalition in an effort to reduce the carbon footprint of investments worldwide. As part of the Montreal Pledge, the company annually measures and discloses the carbon intensity of the investments it manages. At 66 per cent compared to the benchmark indices, the carbon intensity of Mandatum Life's investments is clearly below that of the rest of the market.

Responsible Personnel Practices in Working Life

Mandatum Life strives to promote good reward practices through its business. Mandatum Life supports companies' and employees' financial security by providing personal insurance, growing wealth, securing entrepreneurship and supplementing pension cover.

Mandatum Life encourages employers to secure their personnel's pension and insurance cover and at the same time takes care of their employees' work ability. In 2017, Mandatum Life paid out a total of EUR 402 million in pensions to 66,000 pensioners and the number of other indemnities paid was in total 50,000.

Employees' ability to work and well-being require companies to start planning at an early stage. Through effective and responsible rewarding, Mandatum Life helps its client companies develop their management practices, which has a positive impact on inspiring employees and increasing the productivity of their careers. Mandatum Life manages roughly 70 personnel funds used for rewarding the entire personnel, and they cover a total of approximately 35,000 employees, or members. In 2017, 13 personnel funds were established, and the number of members grew by more than 2,000 persons.

Employee Well-Being

The well-being of personnel is one of Mandatum Life's strategic targets. Motivated and enthusiastic employees have a significant impact on customer satisfaction and the company's ability to succeed. Responsibility for personnel also means providing security for employees and their families in case of financial risks, supplementing pension cover through group pension insurance and encouraging long-term savings through the Bonus Fund.

Efforts to improve the well-being of personnel and good leadership paid off in 2017. According to the Great Place to Work Finland study, up to 94 per cent of employees, who participated in the study, find Mandatum Life to be a very good place to work. The results of the 360-degree survey pertaining to the quality of leadership indicated that leadership is also at an excellent level. Of the personnel, 96 per cent responded to the survey, which provides managers with feedback on their interaction and leadership skills from their own manager, peer group and subordinates.

Future Outlook

Continuing to reduce the carbon intensity of its investments and helping investors reduce the carbon footprint of their investments while taking into account their investment objectives are at the heart of Mandatum Life's corporate responsibility goals. In early 2018, the Mandatum Life published an investor guide related to the topic together with WWF Finland.

In responsible personnel practices, Mandatum Life will continue its efforts to be one of Finland's best workplaces and to help its client companies achieve greater success. In the beginning of 2018, Mandatum Life also joined the FIBS Diversity Charter and engages in promoting equal leadership and equal opportunities in the work community, and in communicating about goals and achievements pertaining to equality.

Large-Scale Project to Safeguard the Share Rights

Sampo launched a large-scale project in late 2016 to reach the shareholders who had not transferred their shares into to the book entry system. The project was related to seven million Sampo shares representing one per cent of the total shares. The project aimed at informing shareholders about the need to transfer their shares into book entry account before the Annual General Meeting of April 2017 in order to safeguard their share rights.

According to Chapter 4, Section 10(2) of the Finnish Limited Liability Companies Act, Sampo's AGM of 2017 had the opportunity to resolve that the rights to Sampo plc shares registered in the joint account will be forfeited unless the shareholder has requested that the shares be registered in the book-entry system. The Act did not require Sampo to inform the holders of shares outside the book-entry system of the possible forfeiture of shares registered in the joint account. However, the Audit Committee of Sampo plc's Board of Directors decided that the company would still try to reach the holders of paper share certificates, so that they do not forfeit their shareholder rights.

In November 2016, Sampo launched a project to reach the holders of shares that had not been transferred to the book-entry system. The scale of the project was exceptional. Nearly seven million shares had not been transferred to the book-entry system, which corresponded to approximately one per cent of the total number of shares.

On 3 November 2016, Sampo plc sent a reminder letter to around 75,000 private persons who had been registered, in accordance with the shareholders' register dated 12 September 1997, as holders of the shares in the joint account who had not yet transferred their shares to their own book-entry account. The letter asked these persons to take their Sampo plc paper share certificates to a bank and register them in a book-entry account, in case Sampo's AGM of April 2017 decided on the forfeiture of shareholder rights attaching to shares that had not been transferred to the book-entry system.

This paper share certificate project was Sampo's last attempt to reach those shareholders whose shares had not been transferred to the book-entry system. The company had already tried to reach them through letters and newspaper ads in 1997, when the company transferred to the book-entry system. The matter was also extensively covered by the media.

In January 2017, two shareholders submitted written proposals to Sampo plc, which were added to the agenda of the AGM.

The first proposal suggested that rights to shares in the book-entry system and the rights carried by the shares be forfeited with regard to the shares in the joint account. On the basis of the proposal, the company's Board of Directors should cancel the treasury shares to be held by the company as a result of the forfeiture.

The second proposal suggested that the decision on the cancellation of unregistered shares be made at the earliest on 1 February 2020 and that, before that date, the company will actively seek to reach out to all shareholders of the company who have not transferred their holdings to the book-entry system.

On 27 April 2017, Sampo plc's AGM decided, with a 98.9 per cent majority of the shareholders' votes, that the shareholder rights carried by unregistered shares will be forfeited.

Media Coverage Helped Sampo to Reach Shareholders

Within six months, Sampo attempted to reach as many as possible of those persons who had not transferred their paper share certificates to a book-entry account. Another aim was to activate those persons in good time before the AGM date, 27 April 2017, which was the last possible day to request conversion after the conversion period, based on the assumption that the AGM would decide on the forfeiture of shareholder rights.

The media helped to activate the general public by highlighting the current value of Sampo paper share certificates. The coverage on Yle's main news broadcast and articles published in national newspapers were immediately reflected in the number of inquiries to Sampo's Shareholder Services. On the busiest days, Shareholder Services received more than 5,000 email messages per day concerning the share certificates. Between October 2016 and October 2017, Sampo received approximately 100,000 inquiries related to the share certificates. During a period of less than six months, more than 150 articles were published in newspapers and magazines on Sampo's attempt to reach the holders of its share certificates.

Over a dozen Sampo employees participated in the search for the holders of paper share certificates. Furthermore, Sampo hired dozens of law students in its Shareholder Services to handle shareholder inquiries. The Helsinki District Court also received an exceptionally high number of inquiries concerning the invalidation of lost share certificates. Meanwhile, Danske Bank and other banks that were in charge of share conversions after the conversion period were busy with these requests.

The deadline for the finalisation of conversions with banks expired on 31 October 2017. Since November 2016, the number of shares registered in the joint account decreased by 2,154,710 shares. Compared to 1 November 2016, the number of Sampo plc shareholders increased by approximately 20,000 to slightly over 108,000.

In December 2017, Sampo plc announced that its Board of Directors had decided, according to the authorisation by the Annual General Meeting, to cancel 4,648,150 Sampo shares that were in the joint account on 1 December 2017. This corresponded to 0.8 per cent of Sampo plc's total number of shares and votes.

The cancellation of shares became effective on 22 December 2017. Sampo plc's total amount of shares is 555,351,850, which are divided into 554,151,850 A shares and 1,200,000 B shares. The total number of votes attached to the shares is 560,151,850.

Sampo's Paper Share Certificate Project in Figures

2.2 million

Of the seven million paper share certificates, nearly 2.2 million were registered in book-entry accounts within the set time limit. 0.8 per cent of Sampo shares remained to be cancelled.

993

In January 2017, the invalidation applications submitted to the District Court were published in the year's first issue of the Official Journal of Finland. Due to this, the issue had 993 pages, compared to the average 20 pages.

7,800

Between November 2016 and April 2017, the Helsinki District Court received a total of 7,800 applications for the invalidation of Sampo share certificates. Normally, the Helsinki District Court processes around 3,400 petition cases a year. These applications were also processed by other district courts.

100,000

Sampo received more than 100,000 inquiries concerning the paper share certificates.

15,000

Over a period of slightly over six months, Sampo issued more than 15,000 register extracts to the shareholders requesting them.

Number of Shares on the Joint Book-Entry Account since 1997

Sampo plc's A share was split into five shares in 2001. Numbers of shares between 1997 and 2000 have been multiplied by five in order to facilitate comparison.

GOVERNANCE

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Corporate Governance Statement

During 2017, Sampo complied in full with the Finnish Corporate Governance Code issued 1 October 2015 by the Securities Market Association, effective from 1 January 2016.

Acting in compliance with the Corporate Governance Code, Sampo has published a separate Corporate Governance Statement on its website in fulfillment of the requirement referred to in the Finnish Securities Markets Act (746/2012), chapter 7, section 7.

Sampo's Corporate Governance Statement (www.sampo.com/statement)

Governance Structure

Board of Directors

Sampo plc's Board of Directors, elected annually by the Annual General Meeting of Sampo plc, uses the highest decision making power in Sampo Group between the AGMs. Sampo's Board of Directors is responsible for the management of the company in compliance with the law, the regulations of the authorities, Sampo's Articles of Association and the decisions of Shareholders Meetings.

Björn Wahlroos

Chairman of the Board
Born 1952

POSITIONS OF TRUST 12/31/2017

Nordea Bank AB (publ), *Chairman of the Board;*
UPM-Kymmene Corporation, *Chairman of the Board;*
Hanken School of Economics, *Chairman of the Board;*
The Mannerheim Foundation, *Board Member;*
Finnish Business and Policy Forum EVA, *Board Member;*
The Research Institute of the Finnish Economy ETLA, *Board Member;*
Several other charitable institutions

Wahlroos was appointed to the Board of Directors of Sampo plc on 5 April 2001. Wahlroos holds 10,501,265 Sampo plc shares directly or through a controlled company.

Wahlroos has been determined by Sampo's Board of Directors to be independent of the company and of major shareholders under the rules on Finnish Corporate Governance Code.

Eira Palin-Lehtinen

Vice Chairperson of the Board
Born 1950

POSITIONS OF TRUST 12/31/2017

Sigrid Jusélius Foundation, *Deputy Board Member and Member of the Finance Committee*

Member of the Board of Directors of Sampo plc since 15 April 2008. Palin-Lehtinen holds 5,682 Sampo plc shares directly or through a controlled company.

Palin-Lehtinen has been determined by Sampo's Board of Directors to be independent of the company and of major shareholders under the rules on Finnish Corporate Governance Code.

Christian Clausen

Chairman for the Nordics, BlackRock, Inc.
Born 1955

POSITIONS OF TRUST 12/31/2017

BlackRock Group Ltd, *Board Member;*
BW Group, *Board Member*

Member of the Board of Directors of Sampo plc since 21 April 2016. Clausen holds 929 Sampo plc shares directly or through a controlled company.

Clausen has been determined by Sampo's Board of Directors to be independent of the company and of major shareholders under the rules on Finnish Corporate Governance Code.

Jannica Fagerholm

Managing Director, Signe and Ane Gyllenberg Foundation
Born 1961

POSITIONS OF TRUST 12/31/2017

Kesko Corporation, *Board Member;*
Teleste Corporation, *Board Member;*
Swedish Society of Literature in Finland, *Board Member;*
Hanken School of Economics, *Board Member and Chairman of the Investment Committee;*
Kelonia (Private Equity holding company), *Board Member;*
Veritas Pension Company, *Member of the Supervisory Board*

Member of the Board of Directors of Sampo plc since 18 April 2013. Fagerholm holds 2,826 Sampo plc shares directly or through a controlled company.

Fagerholm has been determined by Sampo's Board of Directors to be independent of the company and of major shareholders under the rules on Finnish Corporate Governance Code.

Adine Grate Axén

CEO, Adine Grate AB
Born 1961

POSITIONS OF TRUST 12/31/2017

Sky, *Board Member and Chair of the Audit Committee;*
Madrague Capital Partners AB, *Board Member;*
AP 7, *Vice Chairman of the Board;*
Swedavia AB, *Board Member;*
3 Scandinavia, *Advisor and Executive Board Member*

Member of the Board of Directors of Sampo plc since 14 April 2011. Grate Axén holds 5,590 Sampo plc shares directly or through a controlled company.

Grate Axén has been determined by Sampo's Board of Directors to be independent of the company and of major shareholders under the rules on Finnish Corporate Governance Code.

Veli-Matti Mattila

President and CEO, Elisa Corporation
Born 1961

POSITIONS OF TRUST 12/31/2017

Confederation of Finnish Industries EK, *Chairman of the Board and Member of Representative Assembly;*
Finnish Business and Policy Forum EVA, *Board Member;*
The Research Institute of the Finnish Economy ETLA, *Board Member;*
The National Emergency Supply Council, *Member;*
The Finnish Fair Association, *Member of the Supervisory Board*

Member of the Board of Directors of Sampo plc since 7 April 2009. Mattila holds 5,680 Sampo plc shares directly or through a controlled company.

Mattila has been determined by Sampo's Board of Directors to be independent of the company and of major shareholders under the rules on Finnish Corporate Governance Code.

Risto Murto

CEO and President, Varma Mutual Pension Insurance Company
Born 1963

POSITIONS OF TRUST 12/31/2017

Wärtsilä Corporation, *Board Member;*
The Finnish Pension Alliance TELA, *Chairman of the Board;*
University of Oulu, *Chairman of the Board;*
Finnish National Opera and Ballet, *Member of the Supervisory Board*

Member of the Board of Directors of Sampo plc since 16 April 2015. Murto holds 1,373 Sampo plc shares directly or through a controlled company.

Murto been determined by Sampo's Board of Directors to be independent of the company and of major shareholders under the rules on Finnish Corporate Governance Code.

Per Arthur Sørlie

President and CEO, Borregaard ASA
Born 1957

POSITIONS OF TRUST 12/31/2017

Inspiria Science Center, *Board Member;*
Umkomaas Lignin (Pty) Ltd, *Chairman of the Board*

Member of the Board of Directors of Sampo plc since 12 April 2012. Sørlie holds 3,806 Sampo plc shares directly or through a controlled company.

Sørlie has been determined by Sampo's Board of Directors to be independent of the company and of major shareholders under the rules on Finnish Corporate Governance Code.

When elected, all Board members were independent both of company's major shareholders and of the company.

Information as of 31 December 2017, unless stated otherwise. The CVs of members of the Board of Directors can be viewed at www.sampo.com/board.

Board of Directors' Duties

The operating procedures and main duties of the Board of Directors have been defined in the Board's Charter.

The Board of Directors decides, among other things, on Sampo Group's strategy and approves the principles governing the Group's risk management, remuneration, compliance and internal control. It also takes responsibility for the proper organization of the Group's operations, defines the required internal minimum capitalization for Group companies and supervises Group's profitability and liquidity position as well as capitalization. The Board also decides, within the framework of the company's business area, on other exceptional and far-reaching matters with respect to the scope and nature of Sampo Group.

In addition, the Board regularly evaluates its own activities and cooperation with the management.

The Board elects the Group CEO and President, the members of the Group Executive Committee and the Group Chief Audit Executive, and releases them from their duties. The Board also decides on the terms and conditions of their employment and on other compensation. In addition, the Board confirms the Group's personnel planning targets and monitors their fulfillment, determines the grounds for the Group's compensation system and decides on other far-reaching matters concerning the personnel.

In order to secure the proper running of operations, Sampo's Board of Directors has approved internal rules concerning general corporate governance, risk management, remuneration, compliance, internal control and reporting in Sampo Group.

Election and Terms of Office of Board Members

According to Sampo's Articles of Association, the company's Board of Directors comprises no fewer than three and no more than ten members elected by shareholders at the Annual General Meeting ("AGM").

According to Sampo's Policy on Diversity as regards the Board of Directors of Sampo, when electing the Board of Directors the aim is to ensure that the Board as a whole for the purpose of its work possesses the requisite knowledge of and expertise in the social, business and cultural conditions of the regions and markets in which the main activities of the Group are carried out. A broad set of qualities and competences, diversity, including age, gender, geographical provenance and educational and professional background, is an important factor to take into consideration. According to the Policy on Diversity, and in compliance with the Corporate Governance Code, it is also important that the person to be elected to the Board shall have the qualifications required for the duties and the possibility to devote a sufficient amount of time to the work.

The number of the Directors and the composition of the Board shall be such that they enable the Board of Directors to see its duties efficiently. Both genders shall be represented in the Board of Directors and the target is a share of at least 37.5 per cent of the total number of members for both genders. During 2017, the representation of both genders in the Board of Directors fulfilled the target.

According to the Policy on Diversity, Sampo's Nomination and Compensation Committee shall identify, review and recommend candidates for the Board. The Nomination and Compensation Committee shall take the following factors into consideration, including such other factors as the Board may determine:

1. Regulatory requirements for the members of the Board;

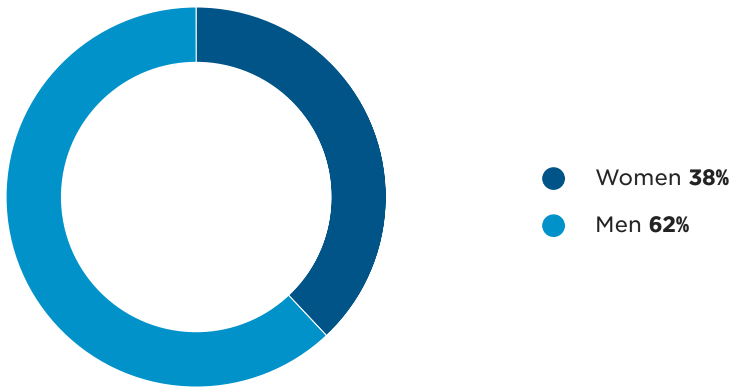
2. Overall board composition taking into consideration the appropriate combination of professional experience, skills, knowledge and variety of viewpoints and backgrounds;
3. The past performance of incumbent members (attendance, staying informed about the company and its business, participation in the meetings, proven interest in the company's business and compliance with applicable company policies and guidelines;
4. Allocation and sufficiency of time; and
5. Other criteria (e.g. with respect to new Directors, the integrity, judgment and available time).

At the Annual General Meeting the Nomination and Compensation Committee gives an account of how it has conducted its work and explains its proposals

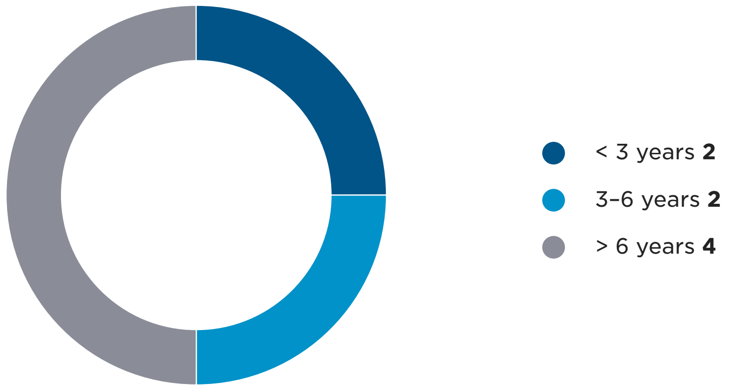
The AGM of 2017 decided that the Board would consist of eight members until the close of the AGM to be held in 2018. The term of office of the Board members ends at the close of the AGM that first follows their election. The members of the Board elect a Chairman and Vice Chairman from among their members at their first meeting following the AGM.

The Board convened 10 times in 2017. The attendance of Board members at meetings was 100 per cent.

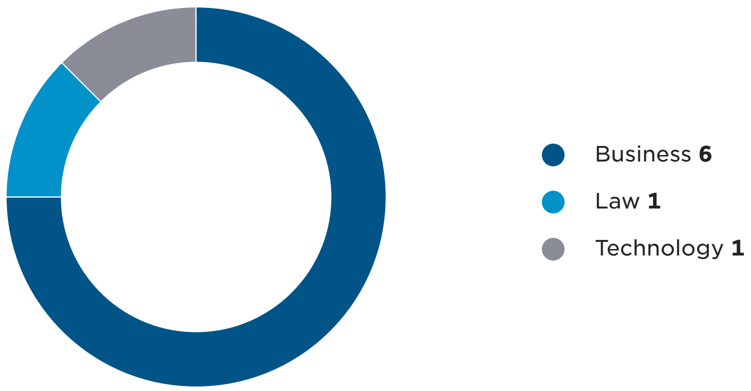
Gender Diversity of the Board



Length of Tenure of the Board Members



Educational Background of the Board Members



Geographical Mix of the Board Members

Board-Appointed Committees

The Board may appoint committees, executive committees and other permanent or fixed-term bodies for duties assigned by the Board. The Board confirms the Charter of Sampo's committees and Group Executive Committee, and also the guidelines and authorizations given to other bodies appointed by the Board.

The Board has an Audit Committee and a Nomination and Compensation Committee, whose members it appoints from its midst in accordance with the Charters of the respective committees.

Members of the Committees, 31 December 2017

	Audit Committee	Nomination and Compensation Committee
Björn Wahlroos		Chairman
Eira Palin-Lehtinen		Member
Christian Clausen	Member	
Jannica Fagerholm	Chairperson	
Adine Grate Axén	Member	
Veli-Matti Mattila		Member
Risto Murto		Member
Per Arthur Sørlie	Member	

Audit Committee

The Audit Committee is responsible for monitoring the statutory auditing and reporting process of the financial statements and consolidated financial statements, and for overseeing the veracity of Sampo Group's financial statements and the financial reporting process as well as the preparation of group's non-financial reporting.

The Committee also oversees the actions of the auditor under the laws of Finland and monitors the auditor's invoicing for audit and non-audit services as deemed appropriate. Furthermore, the Audit Committee is responsible for evaluating the auditor's and auditing firm's independence and particularly their provision of related services to Sampo Group, and for preparing proposals to the Annual General Meeting concerning the auditor's election and his fee.

The Committee also monitors the efficiency of the Group's internal control, internal audit and risk management systems, and monitors the Group's risks and the quality and scope of risk management. In addition, the Committee approves internal audit's annual action plan, monitors internal audit's reporting, monitors the fulfillment of risk policies, the use of limits and the development of profit in various business areas, oversees the preparation of and compliance with risk management policies and other guidelines within the scope of Audit Committee's activities, and reviews the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's Corporate Governance Statement.

The Committee evaluates the compliance with laws and regulations in Sampo Group, monitors significant litigations of Group companies, and executes any other duties that may be bestowed upon it by the Board.

According to its Charter, the Committee comprises at least three members elected from among those Board members who do not hold executive positions in Sampo and are independent of the company and of which at least one is independent of Sampo's major shareholders. Also participating in the meetings of the Committee are the Responsible Auditor, Group CEO, Group CFO, CFO of the most significant subsidiary, Group Chief Audit Executive, the member of the Group Executive Committee responsible for risk control and Group Chief Risk Officer.

In 2017, the Chairperson of the Audit Committee was **Jannica Fagerholm**, and the other members were **Christian Clausen**, **Adine Grate Axén** and **Per Arthur Sørlie**. Also participating in the meetings were the Auditor's representative, Group CEO, Group CFO, CFO of If P&C Insurance Holding, Group Chief Risk Officer and Group Chief Audit Executive.

The Audit Committee convened four times in 2017 and the attendance of members at the meetings was 100 per cent.

Nomination and Compensation Committee

The Nomination and Compensation Committee is entrusted to prepare and present proposals for Sampo's Annual General Meeting on the composition of the Board, the remuneration of Board members and the principles on which this remuneration is determined. The Committee consults the largest shareholders in these matters.

The Committee is also responsible for preparing proposals for Sampo's Board on the evaluation of the independence of the members of the Board, on the composition and chairman of the Board's committees, on the appointment of Sampo Group CEO and President and the composition of Sampo Group's Executive Committee, the composition of the Group MD Committee, and, to the extent required, makes surveys of potential successors to aforementioned positions. The Committee also prepares proposals for the Board on the principles by which the members of the Group Executive Committee are to be compensated and their remuneration.

Nomination and Compensation Committee also prepares for the Board's decision Sampo Group's Remuneration Principles and Sampo plc's Remuneration Policy, Sampo Group's long-term incentive schemes, maximum pay-outs based on short-term incentive programs and long-term incentive schemes as well as the actual payments to be made.

As authorized by the Board of Directors, the Committee also decides on the fixed salaries of the members of the Group Executive Committee, excluding the Group CEO and his/her deputy.

The Committee prepares a proposal for the Board on the appointment, employment conditions and other compensation of Sampo Group's Chief Audit Executive.

In addition, the Committee is responsible for preparing proposals for the Board on issues relating to the development of corporate governance and confirming the criteria and processes used for the Board's self-evaluation.

The Committee also regularly evaluates its own practices and co-operation with the executive management.

According to its Rules of Procedure, the Nomination and Compensation Committee comprises the Chairman of the Board (who acts as the Committee's Chairman), the Vice Chairman of the Board and two members elected from among the members of the Board.

The Chairman of the Nomination and Compensation Committee in 2017 was **Björn Wahlroos**, and the other members were **Veli-Matti Mattila**, **Risto Murto** and **Eira Palin-Lehtinen**.

The Committee convened five times in 2017. Ms. Palin-Lehtinen was prevented from attending one meeting. Other members attended all meetings, so the attendance of members at meetings was 95 per cent.

Group Executive Committee

The Board of Directors has appointed the Sampo Group Executive Committee and a Group MD Committee to the Group Executive Committee, which supports the Group CEO in preparing matters to be handled by the Group Executive Committee.

Kari Stadigh

Group CEO and President, Sampo Group
CEO, Sampo plc
Born 1955

POSITIONS OF TRUST 12/31/2017

Nordea Bank AB (publ), *Board Member, Board Risk Committee, Chairman;*
Nokia Corporation, *Board Member;*
If P&C Insurance Holding Ltd, *Chairman of the Board;*
Mandatum Life Insurance Company Ltd, *Chairman of the Board;*
Finance Finland, *Vice Chairman of the Board;*
Niilo Helander Foundation, *Board Member;*
Waypoint Group Holdings SA, *Board Member*

Member of Sampo Group Executive Committee since 2001. Stadigh holds 286,558 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Knut Arne Alsaker

CFO, If P&C Insurance Holding Ltd (publ)
Born 1973

POSITIONS OF TRUST 12/31/2017

If P&C Insurance Ltd (publ), *Board Member;*
If Livförsäkring AB, *Board Member;*
If P&C Insurance AS, *Board Member*

Member of Sampo Group Executive Committee since 2014. Alsaker holds 26,626 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Peter Johansson

Group CFO, Sampo Group
Born 1957

POSITIONS OF TRUST 12/31/2017

If P&C Insurance Holding Ltd (publ), *Board Member;*
Mandatum Life Insurance Company Ltd, *Vice Chairman of the Board*

Member of Sampo Group Executive Committee since 2001. Johansson holds 54,983 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Patrick Lapveteläinen

Group CIO, Sampo Group
Born 1966

POSITIONS OF TRUST 12/31/2017

Asiakastieto Group Plc, *Chairman of the Board;*
If P&C Insurance Holding Ltd (publ), *Board Member;*
Mandatum Life Insurance Company Ltd, *Board Member*

Member of Sampo Group Executive Committee since 2001. Lapveteläinen holds 245,272 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Torbjörn Magnusson

CEO, If P&C Insurance Holding Ltd (publ)
Born 1963

POSITIONS OF TRUST 12/31/2017

Topdanmark A/S, *Chairman of the Board;*
If P&C Insurance Ltd (publ), *Chairman of the Board;*
If P&C Insurance Holding Ltd (publ), *Board Member;*
Swedish Insurance Federation, *Board Member;*
Swedish Insurance Employer Association, *Board Member;*
Insurance Europe, *Vice President*

Member of Sampo Group Executive Committee since 2004. Magnusson holds 32,932 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Ivar Martinsen

Head of Business Area Commercial, If P&C Insurance Ltd (publ)
Born 1961

POSITIONS OF TRUST 12/31/2017

Finance Norway (Finans Norge, FNO), *Board Member*

Member of Sampo Group Executive Committee since 2005. Martinsen holds 46,691 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Petri Niemisvirta

CEO, Mandatum Life Insurance Company Ltd
Born 1970

POSITIONS OF TRUST 12/31/2017

Alma Media Corporation, *Deputy Chairman of the Board;*
BenCo Insurance Holding B.V., *Board Member;*
Topdanmark A/S, *Board Member;*
Kaleva Mutual Insurance Company, *Chairman of the Board;*
Varma Mutual Pension Insurance Company, *Board Member;*
Finland Chamber of Commerce, *Board Member;*
Finance Finland (FFI), Life Insurance Executive Committee, *Member;*
Confederation of Finnish Industries EK, Finance and Tax Commission, *Member*

Member of Sampo Group Executive Committee since 2001. Niemisvirta holds 77,413 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Morten Thorsrud

Head of Business Area Private, If P&C Insurance Ltd (publ)
Born 1971

POSITIONS OF TRUST 12/31/2017

Finance Norway (Finans Norge, FNO), *Chairman of the Executive Committee of P&C Insurance*

Member of Sampo Group Executive Committee since 2006. Thorsrud holds 47,485 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Ricard Wennerklint

Deputy CEO, If P&C Insurance Holding Ltd (publ)
Born 1969

POSITIONS OF TRUST 12/31/2017

Topdanmark A/S, *Board Member;*
Nobia AB, *Board Member;*
If P&C Insurance AS, *Chairman of the Board*

Member of Sampo Group Executive Committee since 2005. Wennerklint holds 31,597 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Timo Vuorinen

Born 1964
Member of Sampo Group Executive Committee from 1 September 2009 to 2 November 2017.

Information as of 31 December 2017, unless stated otherwise. The CVs of members of the Group Executive Committee can be viewed at www.sampo.com/management.

Group Executive Committee's Duties

Sampo Group Executive Committee supports the Group CEO in the preparation of strategic issues relating to Sampo Group, in the handling of operative matters that are significant or involve questions of principle, and in ensuring a good internal flow of information.

The Group Executive Committee addresses especially the following: Sampo Group's strategy, profit development, large purchases and projects, the Group's structure and organization, as well as key strategic issues pertaining to administration and personnel.

The Group MD Committee comprised **Kari Stadigh** (Chairman), **Peter Johansson**, **Patrick Lapveteläinen**, **Torbjörn Magnusson**, **Petri Niemisvirta** and **Ricard Wennerklint**.

In 2017, the Group Executive Committee convened four times at the request of Group CEO. The Group MD Committee, which operates in conjunction with the Group Executive Committee, met eight times.

Group CEO and President

The company has a Managing Director who is simultaneously Group CEO and President of Sampo Group.

The Board of Directors elects and releases the Group CEO, and decides on the terms of employment and other compensation. The Managing Director of the company and the Group CEO and President of Sampo Group is **Mr. Kari Stadigh**, M.Sc. (Eng.), BBA (Econ.).

The Group CEO is in charge of the daily management of Sampo, subject to the instructions and control of the Board of Directors. The Group CEO is empowered to take extraordinary and broad-ranging actions, taking into account the scope and nature of Sampo's operations, only upon authorization by the Board of Directors. The Group CEO ensures the legal compliance of Sampo's accounting and the trustworthy organization of asset management.

Kari Stadigh is the Group CEO and President. His Group CEO Contract became effective as of 1 January 2016 and is in force until further notice. Under the terms of the Group CEO contract, the notice period for the Group CEO is six months, from which period the Group CEO is entitled to receive salary. The new contract does not include a severance compensation.

Remuneration

Fair and rewarding remuneration to all employees is an important factor in Sampo Group's ability to enhance shareholder value in a competitive business environment. Remuneration is an equally important determinant of success in the competition for talent. Sampo's remuneration strategy is responsible both towards the employees and the shareholders and, consequently, long-term financial stability and value creation of Sampo Group guides the design of remuneration systems.

Sampo plc's Board of Directors has established the Sampo Group Remuneration Principles, which apply to all companies within Sampo Group.

Remuneration Principles (www.sampo.com/remuneration)

Remuneration Statement

Sampo has published a Remuneration Statement on its website in accordance with the Corporate Governance Code. (www.sampo.com/remunerationstatement)

Remuneration of the Members of the Board of Directors

According to Sampo's Articles of Association, the Annual General Meeting decides on the remuneration of the members of the Board of Directors.

In accordance with the decision of the Annual General Meeting in 2017, the following annual fees were paid to the members of the Board of Directors for their Board and committee work until the close of the Annual General Meeting in 2018: EUR 175,000 to the Chairman, EUR 115,000 to the Vice Chairperson and to the Chairperson of the Audit Committee, EUR 96,000 to the members of the Audit Committee and EUR 90,000 to the other members of the Board. In accordance with the decision of the Annual General Meeting, the members of the Board were obliged to acquire Sampo A shares at the price paid in public trading for 50 per cent of his/her annual fee excluding taxes and similar payments. The remaining part of the fee was paid in cash. Sampo plc paid the transfer tax related to the acquisition of the shares. In addition, statutory social and pension costs incurring to non-Finnish members according to applicable national legislation were borne by Sampo plc.

The members of the Board of Directors have not received any other benefits, nor do they participate in Sampo's incentive schemes.

Remuneration of the Group CEO and Other Group Executive Committee Members

The Board of Directors decides on the terms of employment and remuneration of the Group CEO and other Group Executive Committee members, on the basis of a proposal by the Nomination and Compensation Committee. However, the Nomination and Compensation Committee decides, upon authorization by the Board of Directors, on the fixed remuneration of the Group Executive Committee members, excluding the Group CEO.

The remuneration of the Group CEO, Mr. Kari Stadigh, includes fixed salary, fringe benefits and a defined contribution pension contract, and may also include payments from short-term incentive programs and long-term incentive schemes.

The Group CEO is a participant in a short-term incentive program, which is decided upon separately each year. The maximum amount that can be paid to the Group CEO from the program corresponds to nine months' fixed salary.

During 2017, the Group CEO was a participant in long-term incentive schemes 2014 I and 2017 I for Sampo Group's key employees. The terms of the incentive schemes are available on Sampo's website.

Terms of the incentive schemes (www.sampo.com/incentiveterms)

In 2017, the Group CEO was paid EUR 1,124,176 as fixed salary and benefits and EUR 597,599 as short-term incentives (including deferred compensation pertaining to the operative year 2013 and excluding compensation deferred in 2017) and EUR 1,968,000 as long-term incentives, together totaling EUR 3,689,776.

As part of the Group CEO contract, which became effective on 1 January 2016, Sampo has agreed on a supplementary defined contribution pension contract with the Group CEO. The annual cost of the agreement to Sampo is EUR 400,000.

The remuneration of the Group Executive Committee members includes fixed salary, fringe benefits and a pension contract, and may also include payments from short-term incentive programs and long-term incentive schemes.

The Group Executive Committee members are participants in company-specific short-term incentive programs, which are decided upon separately each year. Short-term incentives are determined on the basis of the Group result, business area result and individual performance. The maximum amount that can be paid to the members of the Group Executive Committee corresponds to nine months' fixed salary.

During 2017, the Group Executive Committee members were participants in the long-term incentive schemes 2011 I/2, 2014 I and 2017 I for Sampo Group's key employees.

Part of the variable compensation payable to the Group CEO and to the members of the Group Executive Committee is deferred as required in the regulatory framework applicable to each Group company. After the deferral period, a retrospective risk adjustment review shall be carried out and the Board of Directors decides whether the deferred variable compensations shall be paid out in full, partly or cancelled in whole.

Under the terms of their employment contracts, the Group Executive Committee members are covered by supplementary pension schemes. The retirement age for the Group Executive Committee members, as set out in their contracts, is 60, 65 or the age laid down in the employment pension system of their country of residence.

More detailed information on remuneration in Sampo Group during 2017 is available in the Remuneration Report published by Sampo at www.sampo.com/remunerationreport.

Corporate Responsibility

Sampo plc and whole Sampo Group is aware of its corporate responsibility and all group companies are dedicated to being responsible corporate citizens. Sampo is committed to developing its operations to further economic, social and environmental sustainability as is in the interests of the company and as is expected by its various stakeholders. Through its products and services, Sampo Group, for its part, aims at contributing towards the well-being and safety of the society.

Sampo plc’s Board of Directors is responsible for and has the ultimate oversight of group-level corporate responsibility issues. The board has assigned its Audit Committee to monitor the preparation of Sampo Group’s non-financial reporting (Corporate Responsibility Report). On operational level, Sampo’s Investor Relations and Group Communications organization is in charge of group-level corporate responsibility tasks and duties. At each subsidiary various business areas, operational departments and units are actively involved in Sampo Group’s corporate responsibility endeavors.

Sampo will publish its first group-level Corporate Responsibility Report in June 2018, covering the period from 1 January to 31 December 2017. The report will provide further insight into Sampo’s corporate responsibility activities. As of 2019 the Corporate Responsibility Report will be published annually as soon as possible after the publication of the Annual Report, however, no later than 30 June each year.

Internal Audit

Sampo's Internal Audit is a function independent of business operations, which evaluates the sufficiency and effectiveness of the internal control system and the quality with which tasks are performed in Sampo Group. The Internal Audit has been organized to correspond with the business organization.

Sampo plc’s Board of Directors appoints and discharges the Sampo Group Chief Audit Executive and decides on his/her terms of employment and remuneration.

The Audit Committee of Sampo's Board of Directors annually approves the Internal Audit's operating plan. The Internal Audit reports on the audits performed to the Group CEO and the Audit Committee. Company-specific audit observations are reported to the respective companies' governing bodies and management.

In its auditing work, the Internal Audit complies with, in addition to the Internal Audit Policy approved by Sampo's Board of Directors in February 2017, the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing.

Insider Administration

Given the nature of Sampo’s business areas, especially bearing in mind their extensive investment activities, Sampo’s Board of Directors has approved separate Guidelines for Insiders that is binding on all persons employed by Sampo Group as well as on members of Sampo’s Board of Directors. In addition to current supranational law, such as the market abuse regulation (MAR), applicable national law, including Nasdaq Helsinki’s Guidelines for Insiders and the Financial Supervisory Authority’s regulations, has been taken into account in compiling the Guidelines for Insiders.

The Group Executive Committee and persons working with financial reports and persons having access to such documents before publication thereof are under the following restrictions on trading:

- persons must obtain a separate written permission in advance for each share related securities transaction they make with the securities of Sampo plc or any of Sampo’s publicly listed subsidiary or affiliate company,
- persons must not conduct any transactions relating to the financial instruments of Sampo Group during a closed window of 30 calendar days before the announcement of financial report (so called extended closed window), and
- persons are prohibited from having so called short-term positions, which refers to a situation where the period

between the acquisition and disposal or the disposal and the acquisition of the same shares is less than one month.

In addition to regulatory supervision, compliance with the obligations under Sampo Group's Guidelines for Insiders and the underlying legislation is supervised by Insider Administration, which is a group function centralized in Sampo plc and led by the person in charge of insider matters.

Topdanmark AS, which became Sampo plc's subsidiary as of 30 September 2017, has as Nasdaq Copenhagen listed entity its own insider procedure applicable to Topdanmark's financial instruments as required by Danish regulations.

Sampo Group's Guidelines for Insiders is available on the group's website at www.sampo.com/insiders.

External Auditor

Ernst & Young Oy
Authorised Public Accountant Firm

Responsible auditor
Kristina Sandin, APA

The total fees paid to the auditor for services rendered and invoiced were EUR 2,438,827. In addition, Ernst & Young Oy were paid fees for non-audit services rendered and invoiced totaling EUR 291,316.

Ernst & Young Oy has carried out the statutory audit of Sampo plc without interruption as of the competive tendering performed in 2002. In accordance with the transitional provisions of Article 41 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, Sampo plc cannot as of 17 June 2023 enter into or renew an audit engagement with Ernst & Young Oy, and has to replace its current statutory auditor in the Annual General Meeting of 2024 at the latest.

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Sampo Group

Sampo Group had a strong 2017. Particularly the insurance operations performed well and produced record results. Sampo Group's profit before taxes for 2017 amounted to EUR 2,482 million (1,871) and the total comprehensive income for the period, taking changes in the market value of assets into account, rose to EUR 2,146 million (1,760). The profit contains a positive non-recurring item of EUR 706 million because of the change in Topdanmark's accounting treatment.

Earnings per share amounted to EUR 3.96 (2.95) and mark-to-market earnings per share to EUR 3.79 (3.14). Return on equity for the Group amounted to 17.1 per cent (15.0) for 2017. Net asset value per share on 31 December 2017 was EUR 25.37 (24.86).

The Board proposes to the Annual General Meeting to be held on 19 April 2018 a dividend of EUR 2.60 per share (2.30). The proposed dividend payment amounts in total to EUR 1,444 million (1,288).

Profit before taxes for If segment was EUR 818 million (824). Insurance technical result was excellent and combined ratio for full-year 2017 amounted to 85.3 per cent (84.4). Return on equity was 21.3 per cent (25.3). Premiums grew by 1.8 per cent with fixed currencies.

Topdanmark segment's profit before taxes was EUR 142 million excluding the non-recurring profit item of EUR 706 million. With this profit item i.e. the difference between the carrying value and the fair value of Sampo's holding on 30 September 2017, segment reported a profit of EUR 848 million. Combined ratio was excellent and amounted to 82.0 per cent (85.1). Premium growth was 1.4 per cent in non-life and 11.0 per cent in life insurance. Topdanmark's Board of Directors proposes to the AGM of 2018 a dividend of DKK 19 per share. If approved Sampo plc's share of the dividend payment is EUR 107 million.

Sampo's share of Nordea's net profit for 2017 decreased to EUR 616 million (773). Nordea's RoE, excluding non-recurring items, amounted to 9.5 per cent (11.5) and core Tier 1 ratio (excluding transition rules) rose to 19.5 per cent (18.4). In segment reporting the share of Nordea's profit is included in the segment 'Holding'. Nordea's Board of Directors proposes to the AGM 2018 a dividend of EUR 0.68 per share (0.65). If the AGM approves the Board's dividend proposal, Sampo plc will receive a dividend of EUR 585 million (559) from Nordea on 26 March 2018.

Profit before taxes for segment Mandatum rose to EUR 236 million (210). Return on equity amounted to 13.3 per cent (15.9). The discount rate for with profit policies used for 2018, 2019 and 2020 is 0.25 per cent and 2.75 per cent for 2021. The discount rate reserve at the end of 2017 amounted to EUR 325 million (273).

In the third quarter of 2017 Sampo plc made a commitment to invest approximately EUR 500 million into two financial companies, Nets A/S and SAXO Bank A/S.

Sampo Group's total investment assets, excluding Topdanmark's life insurance assets, on 31 December 2017 amounted to EUR 22.2 billion (20.7), of which 79 per cent was invested in fixed income instruments (79), 15 per cent in equities (16) and 6 per cent in other assets (4). If P&C's share of assets was 52 per cent (59), Topdanmark's 13 per cent, Mandatum Life's 28 per cent (34) and Sampo plc's 7 per cent (7).

Sampo Group's equity as at 31 December 2017 amounted to EUR 12,848 million (11,934), excluding the minority share of EUR 660 million. Equity was strengthened mainly by the comprehensive income for the year of EUR 2,146 million and reduced by the EUR 1,288 million of dividends paid. Other changes were small.

Sampo Group's solvency capital calculated according to the Act on the Supervision of Financial and Insurance Conglomerates (2004/699) based on Directive 2002/87/EC of the European Parliament and of the Council exceeded the minimum solvency requirements at the end of 2017 by EUR 3,858 million (3,849) and the conglomerate solvency ratio stood at 154 per cent (154).

Sampo Group will issue a report on non-financial information in accordance with Chapter 3a, Section 5 of the Accounting Act. The report (Corporate Responsibility Report 2017) will be separate from the Board of Directors' Report and will be published before the end of June 2018.

Key Figures
Sampo Group, 2017

EURm	2017	2016	Change, %
Profit before taxes	2,482	1,871	33
If	818	824	-1
Topdanmark *)	848	59	-
Associate (Nordea)	616	773	-20
Mandatum	236	210	13
Holding (excl. Nordea)	-40	6	-
Profit for the period **)	**2,239**	**1,650**	**36**

	2017	2016	Change
Earnings per share, EUR	3.96	2.95	1.01
EPS (incl. change in FVR), EUR	3.79	3.14	0.65
NAV per share, EUR	25.37	24.86	0.51
Average number of staff (FTE)	9,364	6,780	2,584
Group solvency ratio, %	154	154	0
RoE, %	17.1	15.0	2.1

*) 2017 figures contain a non-recurring profit item of EUR 706 million related to the start of consolidation of Topdanmark as a subsidiary, without which profit before taxes for Topdanmark segment would have been EUR 142 million.

**) of which non-controlling interests are EUR 23 million

Income statement items are compared on a year-on-year basis and comparison figures for balance sheet items are from 31 December 2016 unless otherwise stated.

Exchange Rates Used in Reporting

	1–12/2017	1–9/2017	1–6/2017	1–3/2017	1–12/2016
EURSEK					
Income statement (average)	9.6351	9.5833	9.5968	9.5063	9.4698
Balance sheet (at the end of period)	9.8438	9.6490	9.6398	9.5322	9.5525
DKKSEK					
Income statement (average)	1.2953	1.2885	1.2904	1.2785	1.2718
Balance sheet (at the end of period)	1.3222	1.2965	1.2963	1.2816	1.2849
NOKSEK					
Income statement (average)	1.0330	1.0376	1.0456	1.0575	1.0192
Balance sheet (at the end of period)	1.0004	1.0251	1.0072	1.0397	1.0513
EURDKK					
Income statement (average)	7.4387	7.4373			
Balance sheet (at the end of period)	7.4449	7.4423			

Economic Environment

The global economy expanded by more than 3 per cent in 2017, as global trade continued to grow. Purchasing managers' indices rose across the globe, forecasting a sustained positive cycle. In Europe, political uncertainty decreased following the French presidential elections. At the start of the year, there were worries of increased protectionism, but so far the worst fears have not been realized. All in all, the year 2017 will be remembered for stock market highs and a strong global economy.

The Nordic countries, like other developed countries across the world, posted strong economic growth last year, underpinned by a positive global cycle. Finland's economic growth was boosted by exports and investments, while in Denmark and Norway private consumption served as a key driver. In Sweden, exports had the biggest contribution to the economy. Moreover, the year was marked by cooling housing markets in Sweden and Norway, although the impact was not yet felt much in the broader real economy.

Finland finally managed to latch onto the strong global economic growth trend, achieving a growth rate of more than 3 per cent, the fastest in the Nordics. The global upcycle particularly supported investments and exports, with the latter playing an important role in beefing up economic growth. Construction continued to grow, and new dwellings are being built at a faster pace than in many years. Despite it all, no new major reforms were passed in Finland last year, and the labor market remains inflexible. This limits the decline in unemployment, although both the unemployment and the employment rates improved.

Sweden enjoyed good economic growth, albeit falling short of the growth rate achieved in 2016. Domestic demand continues to grow and high confidence supports private consumption. In addition, the economy was boosted by growing exports and higher employment. The Swedish labor market continued its strong performance, as unemployment fell despite the simultaneous entry of new labor into the market. In the autumn, the markets turned their attention to falling housing prices, leading to a degree of uncertainty over the economy. The housing market's woes were also reflected in the krona, which weakened in the autumn. This, however, helps the Swedish export sector. Inflation began to rise in 2017, and the Riksbank will gradually prepare to normalize its monetary policy.

In mainland Norway, GDP grew at a slower pace than in Sweden. The economy was burdened by the drop in oil prices in early 2017, but the price decline turned mid-year, reaching a multi-year high later in the year. Oil investments have already bottomed out, which will help oil sectors recover. Similarly as in Sweden, the Norwegian housing market cooled down, as home prices began to fall early in the year. However, private consumption continued to grow steadily, shoring up the economy in its usual way. Norwegian inflation decelerated last year, and the central bank's monetary policy is accommodative, although Norges Bank is preparing for a gradual normalization of its policy. Towards the end of the year, the Norwegian krone depreciated considerably because of the weak housing market, unable to rally even on the back of higher oil prices.

In Denmark, the economy posted a healthy growth rate of around 2 per cent in 2017, as it did the previous year, following a few years of lackluster growth. While private consumption was the main engine for the economy, higher corporate investments and continued growth in exports also contributed. Inflation picked up after a prolonged period of stagnation, as consumer prices rose by 0.5 percentage point over the previous year. The Danish labor market is seeing brisk activity and employment continued to grow, although at a slightly slower pace than before.

Business Areas

If

If P&C is the leading property and casualty insurance company in the Nordic region, with insurance operations that also encompass the Baltic countries. The P&C insurance group's parent company, If P&C Insurance Holding Ltd, is located in Sweden, and the If subsidiaries and branches provide insurance solutions and services in Finland, Sweden, Norway, Denmark and the Baltic countries. If's operations are divided into four business areas: Private, Commercial, Industrial and Baltic.

Results
If, 2017

EURm	2017	2016	Change, %
Premiums, net	4,357	4,292	2
Net income from investments	216	173	25
Other operating income	27	26	2
Claims incurred	-2,717	-2,670	2
Change in insurance liabilities	-64	-6	889
Staff costs	-543	-512	6
Other operating expenses	-440	-472	-7
Finance costs	-19	-13	49
Share of associates' profit/loss	1	5	-73
Profit before taxes	**818**	**824**	**-1**

Key figures	2017	2016	Change
Combined ratio, % *	85.3	84.4	0.9
Risk ratio, %	63.3	62.3	1.0
Cost ratio, %	22.0	22.1	-0.1
Expense ratio, %	16.4	16.6	-0.2
Return on equity, %	21.3	25.3	-4.0
Average number of staff (FTE)	6,367	6,180	187

* Excluding the non-recurring items combined ratio for 2016 would have been 86.1 per cent.

Profit before taxes for 2017 for the If segment was EUR 818 million (824). Combined ratio amounted to 85.3 per cent (84.4) and risk ratio to 63.3 per cent (62.3).

In 2017 EUR 111 million (141) was released from technical reserves relating to prior year claims. Return on equity decreased to 21.3 per cent (25.3) and the fair value reserve on 31 December 2017 rose to EUR 519 million (484).

Technical result decreased to EUR 640 million (658). Insurance margin (technical result in relation to net premiums earned) amounted to 15.1 per cent (15.5).

	Combined ratio, %			Risk ratio, %		
	2017	2016	Change	2017	2016	Change
Private	84.0	83.2	0.8	62.0	61.1	0.9
Commercial	88.0	86.3	1.7	65.4	63.9	1.5
Industrial	88.7	88.6	0.1	67.0	66.3	0.7
Baltic	88.9	89.8	-0.9	59.9	60.4	-0.5
Sweden	84.5	83.1	1.4	64.7	62.5	2.2
Norway	80.8	84.8	-4.0	57.8	62.3	-4.5
Finland	88.3	82.4	3.9	66.4	60.6	5.8
Denmark	98.8	95.4	3.4	69.9	68.0	1.9

Large claims in BA Industrial were EUR 4 million better and in BA Commercial EUR 50 million worse than expected in 2017. Thus the total large claims for If ended up EUR 46 million worse than expected for the full-year 2017.

Swedish discount rate used to discount the annuity reserves was at -0.13 per cent at the end of 2017 and had a negligible effect on the full-year results. The discount rate was -0.03 per cent at the end of 2016. In Finland the discount rate for annuities was lowered from 1.5 per cent to 1.2 per cent in the first quarter of 2017 and had a negative effect of EUR 72 million on the results.

Gross written premiums increased to EUR 4,526 million (4,458) in 2017. With fixed currency rates premiums grew 1.8 per cent. Growth was positive in all business areas and geographically in all markets except Finland. The number of clients in BA Private grew in all markets including Finland. Gross written premiums grew by 4.1 per cent in Sweden, 2.6 per cent in Norway and 1.5 per cent in Denmark. In Finland premiums decreased -3.2 per cent.

Cost ratio improved slightly to 22.0 per cent (22.1) and expense ratio to 16.4 per cent (16.6).

On 31 December 2017, the total investment assets of If P&C amounted to EUR 11.5 billion (12.2), of which fixed income investments constituted 84 per cent (79), money market 3 per cent (8) and equity 13 per cent (13). Net income from investments amounted to EUR 216 million (173). Investment return marked-to-market for the full-year 2017 amounted to 2.6 per cent (2.9). Duration for interest bearing assets was 1.4 years (1.4) and average maturity 2.7 years (2.8). Fixed income running yield without taking into account the FX hedging cost as at 31 December 2017 was 1.5 per cent (1.7).

If P&C's solvency position is described in the section Solvency.

Topdanmark

Topdanmark is the second largest non-life insurance company and the sixth largest life insurance company in Denmark. The company is listed on Nasdaq Copenhagen. In non-life insurance, Topdanmark has a 17 per cent market share. Topdanmark focuses on the private, agricultural and SME market where the company has around 600,000 customers and handles around 300,000 claims a year. In life insurance, Topdanmark has a 9 per cent market share in Denmark.

At the end of 2017 Sampo plc held 41,997,070 Topdanmark shares, corresponding to 46.7 per cent of all shares and 48.9 per cent of related voting rights in the company. Sampo consolidates Topdanmark as a subsidiary as of 30 September 2017 in its financial reporting in accordance with IFRS (for further details see section Consolidation of Topdanmark).

The AGM on 4 April 2017 decided to revoke the authorization granted to the Board of Directors to buy back Topdanmark shares. In the interim report for January - March 2017, the Board of Directors presented a new earnings distribution policy according to which Topdanmark will maintain its disciplined approach to capital consumption to avoid accumulation of unnecessary capital. The pay-out ratio is at least 70 per cent.

The Board of Directors recommends to the AGM of 2018 that distribution of dividend for DKK 1,710 million (EUR 230 million), i.e. DKK 19 per share. If the AGM approves the proposal, Sampo plc share of the dividend payment is EUR 107 million.

The following text is based on Topdanmark's full-year 2017 result release published on 25 January 2018.

Topdanmark's pre-tax profit increased to EUR 300 million, of which the share of non-life insurance amounted to EUR 257 million and life insurance to EUR 33 million.

Due to the start of the consolidation of Topdanmark as a subsidiary Sampo Group's 2017, results for Topdanmark contain a non-recurring profit of EUR 706 million as the difference between the carrying value and the fair value of Sampo's holding on 30 September 2017. In Sampo Group's segment Topdanmark Sampo plc's share of Topdanmark's purchase price allocated to customer relations is amortized over a period of 10 years leading to a quarterly amortization of around EUR 5 million, net of tax (included in Other operating expenses).

In non-life insurance premiums earned increased 1.4 per cent to EUR 1,208 million. Run-off profits of EUR 46 million were primarily generated in motor and illness/accident insurance. 2017 was impacted by a low level of large-scale claims. Compared to 2016, the level was EUR 15 million lower, thus improving the claims trend for the Topdanmark Group by 1.2 percentage points.

The combined ratio amounted to 82.0 per cent in 2017 (85.1). Excluding run-off profits, the combined ratio was 85.8 per cent (90.4). The expense ratio was 16.1 per cent (16.4) impacted among other things by a reduction in the number of employees.

In life insurance gross premiums increased 11.0 per cent to EUR 1,109 million in 2017 (999). Unit-linked contracts represented 94 per cent of new sales in 2017.

Topdanmark's solvency position is described in the section Solvency.

Associated Company Nordea

Nordea is the largest bank in the Nordic region and among the ten largest financial groups in Europe in terms of total market capitalization with around 11 million customers. The Nordea share is listed on the Nasdaq exchanges in Stockholm, Helsinki and Copenhagen. In Sampo Group's reporting Nordea is treated as an associated company and is included in the segment Holding.

On 31 December 2017 Sampo plc held 860,440,497 Nordea shares corresponding to holding of 21.2 per cent. The average price paid per share amounted to EUR 6.46 and the book value in the Group accounts was EUR 8.81 per share. The closing price as at 31 December 2017 was EUR 10.09.

Nordea's Board of Directors proposes to the AGM 2018 a dividend of EUR 0.68 per share (0.65). If the AGM approves the Board's dividend proposal, Sampo plc will receive dividend of EUR 585 million (557) from Nordea on 26 March 2018.

The following text is based on Nordea's full-year 2017 result release published on 25 January 2018.

In 2017, volumes and margins were relatively stable, and business momentum was solid overall. At the end of 2017, Nordea was negatively impacted by a very low activity level on capital markets. The planned de-risking of the bank, with reduced exposure to Russia, Shipping, Offshore & Oil Services, also reduced income levels.

After years of intense investments, things are happening now and Nordea is entering the next stage on the transformation journey. Nordea has built up its capabilities within compliance and risk management functions. Nordea's digital investments result in an increased roll out frequency of improved products and services to customers. The core banking platform replacement is proceeding in line with budget and will lead to lower operational risks and improved customer satisfaction. Costs are being reduced as part of improved cost efficiency structures throughout the organisation.

Total income was down 3 per cent in both local currencies and EUR from the prior year and operating profit was down 8 per cent in both local currencies and EUR from the previous year excluding non-recurring items.

Net interest income was down 1 per cent in both local currencies and EUR from 2016. Average lending volumes in business areas in local currencies were down by 2 per cent compared to 2016 and deposit volumes were down by 1 per cent. Net fee and commission income increased 5 per cent in local currencies and 4 per cent in EUR from the previous year. Net result from items at fair value decreased in local currencies by 22 per cent and by 23 per cent in EUR from 2016.

Total expenses were up 5 per cent in local currencies and 4 per cent in EUR from the previous year excluding non-recurring items and amounted to EUR 5,102 million. Staff costs were up 7 per cent in local currencies excluding non-recurring items.

Net loan loss provisions decreased to EUR 369 million, corresponding to a loan loss ratio of 12 bps (down from 15 bps in 2016).

Net profit excluding non-recurring items decreased 14 per cent in both local currencies and EUR and amounted to EUR 3,048 million.

Currency fluctuations had no effect on income and operating profit but a positive effect of 1 percentage point on expenses and a negative effect of 3 percentage points on loan and deposit volumes compared to a year ago.

Nordea Group's Basel III Common equity tier 1 (CET1) capital ratio increased to 19.5 per cent at the end of the fourth quarter 2017 compared to 19.2 percent at the end of the third quarter 2017. Risk exposure amount, REA, decreased EUR 2.5 billion. The main drivers were decreased counterparty credit risk, favourable FX movements and changes to credit quality. CET1 capital decreased EUR 0.2 billion, driven by reduced retained earnings due to OCI impacts and increased deduction related to intangible assets. The decrease was partly offset by a dividend from Nordea's life and pension operations.

Mandatum Life

Mandatum Life Group comprises Mandatum Life Insurance Company Ltd., a wholly-owned subsidiary of Sampo plc, operating in Finland, Estonia, Latvia and Lithuania, and its three subsidiaries. Parent company, Mandatum Life, is responsible for sales functions and all the functions required by the Insurance Companies Act. The subsidiaries are Mandatum Life Services Ltd, Mandatum Life Investment Services Ltd. and Mandatum Life Fund Management S.A.

Results
Mandatum Life, 2017

EURm	2017	2016	Change, %
Premiums written	960	1,116	-14
Net income from investments	782	634	23
Other operating income	10	23	-58
Claims incurred	-1,021	-967	6
Change in liabilities for inv. and ins. Contracts	-377	-465	-19
Staff costs	-47	-46	3
Other operating expenses	-63	-78	-19
Finance costs	-7	-7	5
Profit before taxes	**236**	**210**	**13**

Key Figures	2017	2016	Change
Expense ratio, %	94.7	100.5	-5.8
Return on equity, %	13.3	15.9	-2.6
Average number of staff (FTE)	525	543	-18

Profit before taxes for Mandatum Life in 2017 amounted to EUR 236 million (210). The total comprehensive income for the period after tax reflecting the changes in market values of assets decreased to EUR 188 million (232). Return on equity amounted to 13.3 per cent (15.9).

Net investment income, excluding income on unit-linked contracts, amounted to EUR 376 million (356). Net income from unit-linked contracts was EUR 405 million (276). During 2017 fair value reserve remained stable at EUR 599 million (596).

Total technical reserves of Mandatum Life Group increased to EUR 11.6 billion (11.3). The unit-linked reserves grew to EUR 7.1 billion (6.4) at the end of 2017. Unit-linked reserves were highest ever and corresponded to 61 per cent (57) of total technical reserves. Roughly EUR 3 billion of the unit-linked reserves is expected to be transferred to Danske Bank by the end of 2018.

With profit reserves continued to decrease as planned during 2017 and amounted to EUR 4.6 billion (4.8) on 31 December 2017. With profit reserves related to the higher guarantees of 4.5 and 3.5 per cent decreased EUR 226 million to EUR 2.6 billion at the end of 2017.

In the course of 2017 Mandatum Life increased its technical reserves with EUR 53 million due to low level of interest rates and the total discount rate reserves at the end of 2017 amounted to EUR 325 million (273), of which EUR 282 million is allocated to years 2018 - 2021. The figure does not take into account the reserves relating to the segregated fund. The discount rate used for 2018, 2019 and 2020 is 0.25 per cent for 2021 a rate of 2.75 per cent is used. Discount rate of segregated liabilities is 0.50 per cent and discount rate reserve of segregated liabilities amounted to EUR 261 million (275).

At the end of 2017 Mandatum Life Group's investment assets, excluding the assets of EUR 7.1 billion (6.5) covering unit-linked liabilities, amounted to EUR 6.3 billion (6.6) at market values.

The assets covering Mandatum Life's original with profit liabilities at the end of 2017 amounted to EUR 5.2 billion (5.4) at market values. 42 per cent (41) of the assets are in fixed income instruments, 16 per cent (14) in money market, 28 per cent (30) in equities and 13 per cent (15) in alternative investments. The investment return marked-to-market for 2017 was 6.5 per cent (7.2). The duration of fixed income assets at the end of 2017 was 2.0 years (1.9) and average maturity 2.2 years (2.3). Fixed income running yield without taking into account the FX hedging cost was 2.4 per cent (2.9) on 31 December 2017.

The assets covering the segregated fund amounted to EUR 1.1 billion (1.2), of which 77 per cent (75) was in fixed income, 6 per cent (10) in money market, 11 per cent (8) in equities and 6 per cent (7) in alternative investments. Segregated fund's investment return marked-to-market was 1.8 per cent (4.7). On 31 December 2017 the duration of fixed income assets was 2.6 years (2.4) and average maturity 3.3 years (3.5). Fixed income running yield without taking into account the FX hedging cost was 2.1 per cent (1.8).

Both risk and expense results rose to new records. The expense result for life insurance segment amounted to EUR 33 million (26) and risk result to EUR 35 million (31).

Mandatum Life Group's premium income on own account amounted to EUR 960 million (1,116). Premiums through Danske Bank channel decreased roughly EUR 100 million during 2017. Premiums from unit-linked policies amounted to EUR 850 million (973).

More information on the portfolio transfer to Danske Bank is available in section Mandatum Life's portfolio transfer to Danske Bank.

Mandatum Life's solvency position is described in the section Solvency.

Holding

Sampo plc owns and controls its subsidiaries engaged in P&C and life insurance. In addition Sampo plc held on 31 December 2017 approximately 21.2 per cent of the share capital of Nordea, the largest bank in the Nordic countries. Nordea is an associated company to Sampo plc.

Results
Holding, 2017

EURm	2017	2016	Change, %
Net investment income	10	36	-72
Other operating income	18	17	9
Staff costs	-18	-16	15
Other operating expenses	-14	-18	-21
Finance costs	-36	-14	168
Share of associates' profit	616	773	-20
Profit before taxes	**576**	**778**	**-26**

Key Figures			Change
Average number of staff (FTE)	60	57	3

Holding segment's profit before taxes amounted to EUR 576 million (778), of which EUR 616 million (773) relates to Sampo's share of Nordea's 2017 profit. Segment's profit excluding Nordea was EUR -40 million (6). The result is burdened by currency losses from US Dollar and Swedish krona to the amount of EUR -39 million impacting both investment income and finance costs.

Sampo plc's holding in Nordea Bank was booked in the consolidated balance sheet at EUR 7.6 billion. The market value of the holding was EUR 8.7 billion, i.e. EUR 10.09 per share, at 31 December 2017. In addition the assets on Sampo plc's balance sheet included holdings in subsidiaries for EUR 3.4 billion (2.4).

Other Developments

Consolidation of Topdanmark

Sampo Group consolidates Topdanmark as a subsidiary as of 30 September 2017 in its financial reporting in accordance with IFRS. Earlier as of May 2011 Topdanmark was consolidated as an associate in the P&C insurance segment.

Before 30 September 2017 Sampo reported three segments; P&C Insurance (including Topdanmark), Life Insurance and Holding segment (including Sampo's share of Nordea's profit). Subsequent to consolidation of Topdanmark as a subsidiary, Sampo has changed its reporting structure and reports four segments; If, Topdanmark, Mandatum and Holding (incl. Nordea).

In the January - September 2017 Interim Statement Topdanmark's balance sheet was already fully consolidated to Sampo Group's balance sheet. As of 1 October 2017 Topdanmark's profit and loss items were recognized line-by-line in Sampo Group's consolidated financial statements in the segment Topdanmark. Sampo plc's share of Topdanmark's purchase price allocated to customer relations was EUR 271 million. This amount will be amortized over a period of 10 years leading to a quarterly amortization of around EUR 5 million, net of tax.

The difference between the carrying value and the fair value of Sampo's holding on 30 September 2017, EUR 706 million, was recognized in profit and loss in the third quarter of 2017.

Changes in Group Structure

Sampo Group started to consolidate Topdanmark as a subsidiary as of 30 September 2017 in its financial reporting in accordance with IFRS. Earlier as of May 2011 Topdanmark was consolidated as an associate in the P&C insurance segment.

The transformation of If's Finnish subsidiary, If P&C Insurance Company Ltd (Finland), into a branch office of the Swedish company, If P&C Insurance Ltd, was completed as of 2 October 2017 after all the necessary regulatory approvals were obtained.

In accordance with the plan published in May 2017 Mandatum Life's Baltic subsidiary, Mandatum Life Baltic SE, was merged to the parent company on 1 December 2017. Mandatum Life's Baltic operations became thereafter branches to Mandatum Life.

Mandatum Life's Portfolio Transfer to Danske Bank

Mandatum Life Insurance Co. Ltd. disclosed on 27 October 2016 that it will exercise its option to sell the insurance portfolio, sold through Danske Bank's branch network in Finland, to Danske Bank or its nominee. The valuation process was finalized by 19 June 2017 and the value of the insurance portfolio as at 31 December 2016 was determined to be EUR 334 million. The transfer of the portfolio is expected to take place during 2018. The sales gain is taxable under the Finnish tax law. The transaction will have a positive impact on Mandatum Life's solvency position.

Changes in Group Management

Timo Vuorinen, former Managing Director of If P&C Insurance Company (Finland), Head of Private Sales and Services (Finland) and Head of Business Area Baltic resigned in November 2017 from his operative responsibilities and hence left Sampo Group Executive Committee. This was a consequence of the decision to merge If P&C Insurance Company Ltd (Finland) with If P&C Insurance Ltd (Sweden). Vuorinen was employed by Sampo Group until the end of 2017.

Governance

In 2017 Sampo complied in full with the Finnish Corporate Governance Code issued 1 October 2015 by the Securities Market Association and effective from 1 January 2016.

Acting in compliance with the Corporate Governance Code, Sampo has published a separate Corporate Governance Statement on its website in fulfillment of the requirement referred to in the Finnish Securities Markets Act (746/2012), chapter 7, section 7.

The statement is available at www.sampo.com/statement. The Governance section of Annual Report 2017 also contains a more detailed description of the Group's governance system.

Annual General Meeting

The Annual General Meeting of Sampo plc, held on 27 April 2017, decided to distribute a dividend of EUR 2.30 per share for 2016. The dividend was paid on 9 May 2017. The Annual General Meeting adopted the financial accounts for 2016 and discharged the Board of Directors and the Group CEO and President from liability for the financial year.

The Annual General Meeting elected eight members to the Board of Directors. The following members were re-elected to the Board: **Christian Clausen, Jannica Fagerholm, Adine Grate Axén, Veli-Matti Mattila, Risto Murto, Eira Palin-Lehtinen, Per Arthur Sørlie** and **Björn Wahlroos**. The Members of the Board were elected for a term continuing until the close of the next Annual General Meeting.

At its organizational meeting, the Board elected Björn Wahlroos as Chairman and Eira Palin-Lehtinen as Vice-chairperson. Veli-Matti Mattila, Risto Murto, Eira Palin-Lehtinen and Björn Wahlroos (Chairman) were elected to the Nomination and Compensation Committee and Jannica Fagerholm (Chairman), Christian Clausen, Adine Grate Axén and Per Arthur Sørlie to the Audit Committee.

All the Board members have been determined to be independent of the company and of the major shareholders under the rules of the Finnish Corporate Governance Code 2015. The curriculum vitaes of the Board Members are available at www.sampo.com/board.

The Annual General Meeting decided to pay the following fees to the members of the Board of Directors until the close of the 2018 Annual General Meeting the Chairman of the Board will be paid an annual fee of EUR 175,000, the Vice Chairperson of the Board and the Chairperson of the Audit Committee will be paid EUR 115,000, the members of the Audit Committee will be paid EUR 96,000 and the other members of the Board of Directors will be paid EUR 90,000 each. A Board member shall in accordance with the resolution of the Annual General Meeting acquire Sampo plc's A shares at the price paid in public trading for 50 per cent of his/her annual fee excluding taxes and similar payments.

Ernst & Young Oy was elected as Auditor. The Auditor is paid a fee determined by an invoice approved by Sampo. **Kristina Sandin, APA**, acts as the principally responsible auditor.

Based on the proposal made by a shareholder and the Board of Directors, the AGM made the decision on the forfeiture of the share certificates that were still in the joint account and the rights carried by the shares. The decision did not apply to shares whose transfer into the book-entry system had been validly requested by 27 April 2017 at 2 pm and the request for conversion of which had been completed by 31 October 2017.

Approximately 98.9 per cent of the votes cast at the AGM were in favor of the proposal for the forfeiture of the share certificates that were still in the joint account and the rights carried by the shares.

There were 3,105 shareholders represented at the beginning of the AGM holding altogether 373,911,948 shares and 378,711,948 votes in the company.

Corporate Responsibility

Sampo plc and the whole Sampo Group is aware of its corporate responsibility and all group companies are dedicated to being responsible corporate citizens. Sampo is committed to developing its operations to further economic, social and environmental sustainability as is in the interests of the company and as is expected by its various stakeholders.

In 2017, Sampo focused on developing a more concrete approach to managing corporate responsibility on a group-level. This is to better answer the needs of Group's various stakeholders and to meet the legislative requirements. During the year, Sampo continued to develop its non-financial reporting and started to prepare the Group's first Corporate Responsibility Report. The main activities were to develop a corporate responsibility organization and reporting processes within the Group, to review Sampo's investment processes and decision-making from environmental, social and governance (ESG) perspectives, to update existing group-level policies, and to establish a carbon footprint analysis of Sampo's investments.

Sampo Group will issue a report on non-financial information in accordance with Chapter 3a, Section 5 of the Accounting Act. The report (Corporate Responsibility Report 2017) will be separate from the Board of Directors' Report and be published before the end of June 2018.

Most of Sampo Group's practical corporate responsibility work is carried out at the subsidiary level. The operations of Sampo Group's insurance subsidiaries If, Topdanmark and Mandatum Life differ from each other and, therefore, the nature of their corporate responsibility activities also differ to a great extent. The subsidiaries have their own models of corporate responsibility reporting reflecting the special features of their businesses. Further details on If's environmental activities can be found from If's Environmental Reports available at www.sampo.com/environmentalreport. Information on Topdanmark's responsibility can be read from the company's SCR Reports: www.topdanmark.com/en/csr/csr-reports. More information on Mandatum Life's corporate responsibility activities can be found from the company website english.mandatumlife.fi/csr.

Personnel

The average number of Sampo Group's employees (FTE) in 2017 amounted to 9,364 (6,780) The total number of employees in Sampo Group increased 39 per cent comparing to full year 2016. The increase was impacted by the consolidation of Topdanmark as a subsidiary as of 30 September 2017.

If is Sampo Group's largest business area and on average employed 68 per cent of the personnel. Topdanmark employed 25 per cent and Mandatum Life approximately 6 per cent of the personnel. The parent company Sampo plc employed 1 per cent of the work force.

In geographical terms Denmark had 32 per cent of the personnel, Finland 24 per cent, Sweden 20 per cent and Norway 14 per cent. The share of other countries was 10 per cent.

During 2017, the total number of staff in If increased 3 per cent. As of 31 December 2017 If employed 6,451 persons.

Topdanmark employed 2,405 persons at the end of the year.

The total number of staff in Mandatum Life decreased 3 per cent. As of 31 December 2017 Mandatum Life employed 521 persons.

Sampo plc had 62 employees at the end of 2017.

At the end of the year, the total number of staff in Sampo Group totaled 9,439 persons.

More detailed information on personnel in Sampo Group is available in the Personnel section of Annual Report 2017.

Remuneration

Sampo plc's Board of Directors has established the Sampo Group Remuneration Principles, which apply to all Sampo Group companies. The Remuneration Principles are available at www.sampo.com/remuneration.

Sampo Group's remuneration strategy shall be responsible towards employees and shareholders. This means that the long-term financial stability and value creation of Sampo Group shall guide the remuneration design.

The different forms of remuneration used in Sampo Group are the following:

(a) Fixed Compensation
(b) Variable Compensation
(c) Pension
(d) Other Benefits

The starting point of any compensation mechanism shall be to encourage and stimulate employees to do their best and surpass their targets. Remuneration packages shall be designed to reward fairly for prudent and successful performance. At the same time, however, in order to safeguard the interest of other stakeholders, compensation mechanisms shall not generate conflicts of interest and shall not entice or encourage employees to excessive or unwanted risk taking. Thus, compensation mechanisms cannot be separated from risk management objectives and practices.

The relative proportions of fixed and variable compensation reflect the responsibilities of individual executives and employees. Fixed salaries shall represent a sufficiently high share of the total remuneration. Variable compensation may be based on the contribution to the company's profitability and on individual performance or linked to committing employees to Sampo Group.

The decision on payout of variable compensation shall be based on the assessment of the incurred risk exposure and the fulfillment of solvency capital requirements. Furthermore, the payment of a certain portion of the variable compensation payable to the Senior Executive Management and to certain key persons shall be deferred for a defined period of time as required in the regulatory framework applicable to each Sampo Group company. After the deferral period, a retrospective risk adjustment review shall be carried out and the Board of Directors of each Sampo Group company shall decide whether the deferred variable compensation shall be paid/released in full, partly or cancelled in whole. In 2017, altogether EUR 6.4 million (10.4) of short-term and long-term incentives has been deferred.

On 14 September 2017 Sampo plc's Board of Directors decided to adopt a new long-term incentive scheme 2017:1 for the management of Sampo Group (including the Group CEO) and other key employees of Sampo Group. The Sampo Board Members are not included in the scheme. The total number of participants in the long-term incentive scheme is 117.

In the 2017:1 scheme, 4,092,000 incentive units were allocated in September to October 2017, out of a maximum of 4,500,000 units. The remaining incentive units may be allocated during September to October 2018 and may be directed to new recruits or to current employees with materially changed circumstances. The scheme will vest in three annual instalments starting from three years from the allocation of the units.

In the 2014:1 scheme, 2,935,350 allocated incentive units remain and will vest in 2018 and 2019.

The value of one incentive unit is calculated as the difference between the trade-weighted average price of the Sampo A share at the time of payment and the dividend-adjusted starting price. In addition to the share price development, the calculation of the value of one incentive unit takes into account the performance of the insurance margin of If P&C and the return on capital at risk as further specified in the terms of the respective incentive scheme. Both schemes contain a cap for maximum payout. The terms of the incentive schemes are available at www.sampo.com/incentiveterms.

A deferral rule applies to incentive rewards paid to key employees who are subject to the deferral rule in accordance with the remuneration policies of the relevant Sampo Group companies in force at the launch of the incentive schemes. At payout from the schemes, the identified staff shall acquire Sampo A shares with a certain part of the installment after deducting income tax and other comparable charges. The shares are subject to disposal restrictions for three years, after which the Board of Directors shall decide on the possible release.

In 2017 EUR 19 million (37), including social costs, was paid on the basis of the long-term incentive schemes. EUR 37 million (38), including social costs, was paid as short-term incentives during the same period. The result impact of the long-term incentive schemes in force in 2017 was EUR 28 million (15).

Sampo Group will publish in March 2018 a Remuneration Report 2017 at www.sampo.com/remunerationreport. The Remuneration Report 2017 is part of the Remuneration Statement, which is available at www.sampo.com/remunerationstatement.The statement has been prepared in accordance with the Corporate Governance Code issued by the Securities Market Association and effective as of 1 January 2016.

Risk Management

As dividends are Sampo plc's major source of income, its primary target for every sub-group is to maintain a healthy balance between profits, risks and capital, in order to facilitate a steady stream of dividend payments in the long run.

The second target is ensuring stable profitability at business portfolio level. Potential risk concentrations especially and the correlation of reported profits generally are monitored closely and their sources are analyzed. To the extent possible risk concentrations are proactively prevented by strategic decisions.

Thirdly, as a general rule, Sampo prefers to have low leverage and adequate liquidity buffers to be able to generate liquidity as needed. The size of assessed diversification benefit of the Group companies' profits is reflected in Sampo's decisions on own capital structure and liquidity position.

Sampo Group companies operate in business areas where specific features of value creation are the pricing of risks and the active management of risk portfolios in addition to sound customer services. Successful management of underwriting risks and investment portfolio market risks is the main source of earnings for Sampo Group companies.

In Sampo Group the risks associated with business activities fall by definition into three main categories: strategic risks associated with external drivers affecting the business environment, reputational risk associated with the company's business practices or associations and risks inherent in business operations.

A more detailed description of Sampo Group's risk management activities, governance, risks and capitalization is available in the Risk Management section of Annual Report 2017 and in Note 39 of the Group Balance Sheet.

Shares, Share Capital and Shareholders

Shares and Share Capital

As at 31 December 2017, Sampo plc had 555,351,850 shares, which were divided into 554,151,850 A shares and 1,200,000 B shares. Total number of votes attached to the shares is 560,151,850. Each A share entitles the holder to one vote and each B share entitles the holder to five votes at the General Meeting of Shareholders. According to the company's Articles of Association, A shares must number at least 179,000,000 and no more than 711,200,000. Meanwhile, B shares must number at least zero and no more than 4,800,000. As at 31 December 2017 Sampo plc's share capital amounted to EUR 98 million (98) and the equity capital in total to EUR 12,847 million (11,934).

Sampo plc's Articles of association contain a redemption obligation (16§) according to which a shareholder whose holding of all shares or of all votes relating to the reaches or exceeds 33 1/3 per cent or 50 per cent, is obliged to redeem, at the presentation of claims by other shareholders, their shares and the documents giving entitlement to the shares, as stipulated in the Finnish Companies Act, in the manner prescribed in the Article. The Article contains further provisions on calculating the shareholder's holding and redemption price.

Development of the Number of Shares
Sampo plc, 2008–2017

Year	A shares	B shares	Total	Change during year	Reason for change
1 Jan 2008	577,330,890	1,200,000	578,530,890	-17,158,500	Cancellation of shares bought back (A share)
1 Jan 2009	560,172,390	1,200,000	561,372,390	no change	
1 Jan 2010	560,172,390	1,200,000	561,372,390	-90,000	Cancellation of shares bought back (A share)
1 Jan 2011	560,082,390	1,200,000	561,282,390	-1,282,390	Cancellation of shares bought back (A share)
1 Jan 2012	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2013	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2014	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2015	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2016	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2017	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2018	554,151,850	1,200,000	555,351,850	-4,648,150	Cancellation of shares remaining in the joint account (A share)

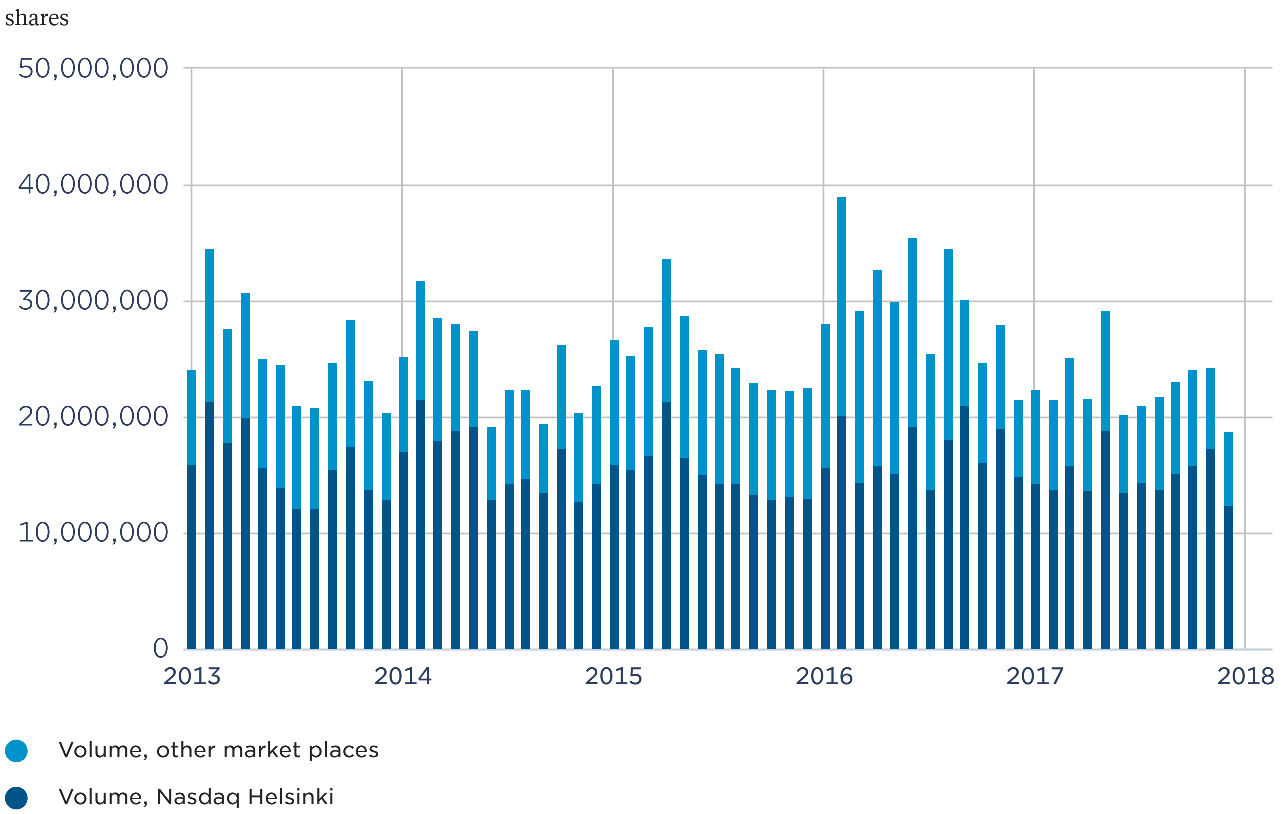
Shareholders by the Number of Shares Owned
Sampo plc, 31 December 2017

Number of shares	Shareholders, number	Shareholders, %	Shares, number	Shares, %	Voting rights, number	Voting rights, %
1-100	47,722	43.92	2,483,384	0.45	2,483,384	0.44
101-500	40,892	37.63	10,251,272	1.85	10,251,272	1.83
501-1,000	9,769	8.99	7,423,007	1.34	7,423,007	1.33
1,001-5,000	8,501	7.82	17,975,160	3.24	17,975,160	3.21
5,001-10,000	962	0.89	6,894,777	1.24	6,894,777	1.23
10,001-50,000	649	0.60	13,025,650	2.35	13,025,650	2.33
50,001-100,000	69	0.06	4,870,152	0.88	4,870,152	0.87
100,001-500,000	71	0.07	14,864,184	2.68	14,864,184	2.65
500,001-	32	0.03	477,564,264	85.99	482,364,264	86.11
Total	**108,667**	**100**	**555,351,850**	**100**	**560,151,850**	**100**
of which nominee registered	11		335,854,093	60.48	335,854,093	59.96
On waiting list, total			0	0	0	0
On joint account			0	0	0	0
Total number of shares issued			555,351,850	100	560,151,850	100

Sampo A shares have been quoted on the main list of the Nasdaq Helsinki since 1988 and all of the B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into A shares at the request of the holder. At the end of the financial year, neither Sampo plc nor its Group companies held any Sampo A shares.

Share Price Performance
Sampo plc, 2013–2017

Monthly Trading Volume
Sampo plc, 2013–2017



Shares on the Joint Book-Entry Account

When Sampo plc's shares were incorporated to the book-entry system in September 1997 shareholders were obliged to provide the share certificates and request registration of the shares into their book-entry accounts during the registration period set in the General Meeting's resolution to incorporate the shares into the book-entry system. A joint book-entry account in the name of the Company was opened for those shareholders who did not request the registration of their shares.

According to the Finnish Companies Act the Annual General Meeting may after 1 September 2016 resolve that the shares in the joint book-entry account and the rights that those shares carry have been forfeited. After the General Meeting's resolution the provisions on treasury shares apply to forfeited shares and the Board may, for example, resolve on cancellation of treasury shares.

As 2017 was the first time the Annual General Meeting had an option to resolve the issue, the Audit Committee initiated a project to look into the procedure and consequences of such a resolution by the Annual General Meeting with a particular view on the equal treatment of all shareholders.

Sampo plc received two proposals regarding the forfeiture of the rights of the shares in the joint book-entry account from shareholders. First a shareholder proposed that the Annual General Meeting resolves, within the meaning of Chapter 4, Section 10(2) of the Finnish Companies Act, that the rights to shares in the book-entry system and the rights carried by the shares will be forfeited with regard to the shares in the joint book-entry account. On the basis of the proposal, the company's Board of Directors should cancel the treasury shares to be held by the company as a result of such forfeiture. In its meeting of 8 February 2017, Sampo plc's Board of Directors resolved to concur with this proposal.

According to Board's proposal this applies to shares remaining in the joint book-entry account, for which no claim for registration into the book entry system has been made before the General Meeting's decision on 27 April 2017 at 2pm.

Another shareholder of the company proposed to the General Meeting that if a proposal on the forfeiture of shareholder rights within the meaning of Chapter 4, Section 10(2) of the Finnish Companies Act was submitted to the General Meeting for resolution, the General Meeting would resolve that said decision can be made at the earliest on 1 February 2020 and provided that the company has actively sought to reach out to all shareholders of the company who had not transferred their holdings into the book-entry system.

Given that future General Meetings are not bound by the resolutions of previous General Meetings, the second proposal was, in practice, a motion to dismiss the first mentioned proposal concerning the forfeiture of the shares in the joint book-entry account.

The AGM made the decision on the forfeiture of the share certificates that were still in the joint account and the rights carried by the shares.

Sampo plc has actively pursued to locate the holders of the shares in the joint book-entry account. Sampo sent on 3 November 2016 a letter to 75,000 private persons, who had been registered as holders in the shareholder register dated 12 September 1997. The letter and widespread media attention following it has led to more than hundred thousand contacts with potential shareholders.

In December 2017, Sampo plc announced that its Board of Directors had decided, according to the authorization by the Annual General Meeting, to cancel 4,648,150 Sampo shares that were in the joint account on 1 December 2017. This corresponded to 0.8 per cent of Sampo plc's total number of shares and votes. The cancellation of shares became effective on 22 December 2017.

Authorizations Granted to the Board

The Annual General Meeting of 2017 authorized the Board to repurchase a maximum of 50,000,000 Sampo A shares. Shares are repurchased in other proportion than the shareholders' proportional shareholdings (directed repurchase). The maximum price to be paid is highest market price quoted during the authorization period. The authorization will be valid until the close of the next Annual General Meeting, nevertheless not more than 18 months after AGM's decision.

Sampo plc made no repurchases during 2017 and has not purchased its own shares after the end of the reporting period. In accordance with the decision of the Annual General Meeting of 27 April 2017 Sampo Board decided on 14 December 2017 to cancel the 4,648,150 Sampo A shares remaining in the joint book-entry account on 1 December 2017 after all the requests on transfer into the book-entry system were completed.

Shareholders

The number of Sampo plc's shareholders increased during 2017 by more than 18,000 holders to 108,667 (90,879) as at 31 December 2017. The substantial increase is explained by Sampo's success in finding holders of paper share certificates, see more in Section Shares on the joint book-entry account.

The holdings of nominee-registered and foreign shareholders increased to 62.04 per cent (60.95) of the shares and 61.87 per cent of the votes (60.43).

Shareholders
Sampo plc, 31 December 2017

A and B shares	Number of shares	% of share capital	% of votes
Solidium Oy	66,657,360	12.00	11.90
Varma Mutual Pension Insurance Company	29,948,420	5.39	5.35
Wahlroos Björn	10,001,265	1.80	1.79
State Pension Fund	3,900,000	0.70	0.70
Ilmarinen Mutual Pension Insurance Company	3,701,893	0.67	0.66
Folketrygdfondet	2,726,165	0.49	0.49
Kaleva Mutual Insurance Company *)	2,672,719	0.48	1.33
Keva	2,557,993	0.46	0.46
Elo Mutual Pension Insurance Company	2,130,000	0.38	0.38
Schweizerische Nationalbank	1,982,409	0.36	0.35
Nordea Allemansfond Alfa	1,916,197	0.35	0.34
OP-Finland Value Fund	1,766,901	0.32	0.32
Nordea Pro Finland Fund	1,750,627	0.32	0.31
Svenska Litteratursällskapet i Finland	1,597,200	0.29	0.29
Nordea Nordic Fund	1,125,043	0.20	0.20
Nordea Swedish Stars	1,046,911	0.19	0.19
ODIN Norden c/o ODIN Forvaltning AS	1,027,602	0.19	0.18
Sigrid Jusélius Foundation	751,400	0.14	0.13
Åbo Akademi University Foundation	718,100	0.13	0.13
Xact Norden 30 (Ucits Etf)	665,968	0.12	0.12
Nominee registered total	335,854,093	60.48	59.96
Other	80,853,584	14.56	14.43
Total	**555,351,850**	**100.00**	**100.00**

*) 1,472,719 A shares and 1,200,000 B shares

Shareholders by Sector
Sampo plc (A and B shares), 31 December 2017

Sector	Number of shares	%
Corporations	77,320,515	13.92
Financial institutions and insurance corporations	13,486,347	2.43
Public institutions	44,440,214	8.00
Non-profit institutions	11,915,661	2.15
Households	61,627,518	11.10
Foreign ownership and nominee registered	346,561,595	62.40
Total	**555,351,850**	**100.0**

During 2017 Sampo plc received altogether 19 notifications of change in holding pursuant to Chapter 9, Section 5 of the Securities Markets Act, of which 18 related to the total number of Sampo A shares or related voting rights owned by BlackRock, Inc. (tax ID 32-0174421) and its funds directly or through financial instruments. The notified changes are illustrated in the table below.

Notifications by BlackRock, Inc. in 2017

	% of shares and voting rights		% of shares and voting rights through financial instruments		Total	
Date of the change	**Shares**	**Voting rights**	**Shares**	**Voting rights**	**Shares**	**Voting rights**
24 Feb 2017	4.95	<5	0.09	<5	5.04	<5
28 Feb 2017	<5	<5	<5	<5	<5	<5
8 Mar 2017	4.97	<5	0.06	<5	5.02	<5
9 Mar 2017	<5	<5	<5	<5	<5	<5
10 Mar 2017	4.95	<5	0.06	<5	5.00	<5
13 Mar 2017	5.01	4.97	0.06	0.06	5.07	5.03
14 Mar 2017	4.99	4.94	0.06	0.06	5.04	5.00
16 Mar 2017	5.02	4.98	0.05	0.05	5.07	5.03
17 Mar 2017	4.98	<5	0.05	<5	5.03	<5
20 Mar 2017	5.02	4.98	0.04	0.04	5.07	5.03
22 Mar 2017	5.06	5.02	0.05	0.05	5.11	5.07
23 Mar 2017	5.04	4.995	0.06	0.06	5.10	5.05
27 Mar 2017	5.07	5.03	0.07	0.07	5.14	5.10
10 Oct 2017	5.03	<5	0.01	<5	5.03	<5
12 Oct 2017	5.05	5.01	0.01	0.01	5.06	5.01
13 Oct 2017	<5	<5	<5	<5	<5	<5
12 Dec 2017	4.97	<5	0.05	<5	5.02	<5
13 Dec 2017	<5	<5	<5	<5	<5	<5

In addition Sampo plc received during 2017 a notification regarding the total number of Sampo A shares and related voting rights owned by Capital Income Builder (CIB), a 100 per cent owned subsidiary of the Capital Group Companies, Inc., directly or through financial instruments.

During 2018 Sampo plc has received 13 notifications of change in holding pursuant to Chapter 9, Section 5 of the Securities Markets Act. 12 of the notifications came from BlackRock Inc. and one from Capital Income Builder (CIB).

The details of the notifications are available at www.sampo.com/flaggings.

Holdings of the Board and Executive Management

The following table presents the Board's and Group Executive Committee's holdings of Sampo A shares. At the end of 2017, members of Sampo plc's Board of Directors and their close family members owned either directly or indirectly 10,527,151 (11,887,408) Sampo A shares. Their combined holdings constituted 1.9 per cent (2.1) of the share capital and related votes.

Members of the Group Executive Committee and their close family members owned either directly or indirectly 849,557 (842,105) Sampo A shares representing 0.2 per cent (0.2) of the share capital and related votes.

Shares Owned by the Board of Directors and by the Group Executive Committee
Sampo plc, 31 December 2017 and 31 December 2016

Board of Directors	31 Dec 2017	31 Dec 2016
Wahlroos	10,501,265	11,865,481
Palin-Lehtinen	5,682	5,075
Clausen	929	448
Fagerholm	2,826	2,167
Grate Axén	5,590	4,962
Mattila	5,680	5,155
Murto	1,373	883
Sørlie	3,806	3,237
Total	**10,527,151**	**11,887,408**
Board of Directors' ownership of shares, %	1.9	2.1
Board of Directors' share of votes, %	1.9	2.1

Group Executive Committee	31 Dec 2017	31 Dec 2016
Stadigh	286,558	274,502
Alsaker	26,626	23,750
Johansson	54,983	51,815
Lapveteläinen	245,272	241,111
Magnusson	32,932	27,401
Martinsen	46,691	43,643
Niemisvirta	77,413	73,524
Thorsrud	47,485	44,160
Vuorinen	-	35,361
Wennerklint	31,597	26,838
Total	**849,557**	**842,105**
Group Executive Committee's ownership of shares, %	0.2	0.2
Group Executive Committee's share of votes, %	0.2	0.2

Financial Standing

Internal Dividends

Sampo plc, Sampo Group's parent company, received approximately EUR 1,5 billion in dividends from its subsidiaries and associated company Nordea Bank AB during 2017. The following dividend payments were received:

- Mandatum Life; EUR 125 million in March 2017 and EUR 150 million in September 2017
- Nordea Bank AB; EUR 557 million in March 2017 and
- If P&C; SEK 6.0 billion (EUR 620 million) in December 2017.

On 25 January 2018 Nordea Bank AB's Board of Directors proposed to the Annual General meeting to be held on 15 March 2018, a dividend of EUR 0.68 per share. With its current holding Sampo plc's share amounts to EUR 585 million. The dividend is proposed to be paid on 26 March 2018.

Topdanmark's Board of Directors proposed to the Annual General Meeting of 12 April 2018 a dividend of DKK 19 per share. Sampo's share of the Topdanmark's total dividend amounts to EUR 107 million.

A dividend of EUR 150 million is planned to be paid by Mandatum Life during the first quarter of 2018. If P&C normally pays its dividend towards the end of the calendar year.

Ratings

There were no changes in Sampo Group companies' ratings during 2017. The table below illustrates all the ratings of Sampo Group companies at the end of December 2017.

	Moody's		Standard & Poor's	
Rated Company	**Rating**	**Outlook**	**Rating**	**Outlook**
Sampo plc	Baa1	Stable	A-	Stable
If P&C Insurance Ltd (Sweden)	A1	Stable	A+	Stable

Solvency

Group's capital requirement is dependent mainly on the capital requirements of the business areas. The parent company's contribution to Group capital need is most of the time minor, because Sampo plc does not have any business activities of its own other than the management of its capital structure and liquidity portfolio. F/X risk is the moving part in Sampo plc's risk portfolio. At the moment it is elevated because Sampo has large exposure related mainly to the dividend payment in Swedish krona from If.

Sampo Group's capital requirement and the amount of group's own funds are calculated either by the conglomerate rules (FICO) or the Solvency II directive. Due to the use of the same sectoral rules in both Solvency II and financial conglomerate calculations, there is no material difference between Sampo's Solvency II or FICO solvency capital.

Sampo Group's capital requirement according to the conglomerate rules, is called the Group's total minimum requirement for own funds and it is the sum of the separate sub-group's requirements (sectoral rules) and the parent company's requirement based on the Capital Requirements Directive/Capital Requirements Regulation ("CRD IV/CRR"). The conglomerate's capital requirement does not take into account any diversification between the business areas. Hence it is a conservative measure of capital requirement and easy to interpret.

The starting point for the calculation of Group's own funds is Group's consolidated equity. Sectoral items, which include among others the subordinated liabilities held by the external investors, are added to the Group's consolidated equity. In addition, intangible assets and foreseeable dividends as well as other deductible items are subtracted from the Group's own funds.

Sampo Group Solvency

EURm	31 Dec 2017	31 Dec 2016
Group capital	13,508	11,934
Goodwill, other intangibles, foreseeable dividends and distributions and deductibles	-5,004	-3,251
Sectoral items	2,517	2,254
Group's own funds, total	11,021	10,937
Minimum requirements for own funds, total	7,164	7,088
Group solvency	3,858	3,849
Group solvency ratio (Own funds % of minimum requirements)	154	154

Group's conglomerate solvency ratio (own funds in relation to minimum requirements for own funds) amounted to 154 per cent (154) as at 31 December 2017.

Since 1 January 2016 If P&C, Topdanmark and Mandatum Life have applied Solvency II rules in their regulatory solvency calculations. If Group companies use either partial internal models or standard model for calculation of their solo solvency position. Mandatum Life reports in accordance with standard formula for Solvency II. Topdanmark uses an internal model to report its stand-alone solvency position. In Sampo Group's conglomerate solvency calculation a standard model is, however, used for all insurance entities.

For If P&C the standard formula has roughly a EUR 400 million higher capital requirement than the model used for internal purposes. However, If P&C Group has an A+ rating from S&P which will continue to require significantly more capital and therefore the use of standard formula has no practical implications on If P&C Group's capital position. On 31 December 2017 If P&C Group's Solvency II capital requirement under standard formula amounted to EUR 1,938 million (1,942) and own funds to EUR 3,818 million (3,822). Solvency ratio amounted to 197 per cent (197).

S&P A+ rating requirement for If P&C Group amounted to EUR 3,098 million (2,967) at the end of 2017 and the capital base was EUR 3,408 million (3,565). On 31 December 2017 If P&C Group's Solvency II capital requirement under partial internal model was to EUR 1,510 million (1,581) and own funds to EUR 3,875 million (3,855). Solvency ratio amounted to 257 per cent (244).

The Swedish Financial Supervisory Authority approved in November 2016 a partial intern model for calculating the solvency capital requirement for If P&C Insurance Company Ltd (Sweden). After the Finnish operation was transformed into a branch in late 2017, If applied for the extension of the partial internal model to also cover the Finnish business.

Topdanmark uses a partially internal model to calculate the non-life insurance risk. This model, approved by the DFSA, provides the basis for including non-life insurance risks in Topdanmark's solvency calculations. Topdanmark's solvency ratio under the partial internal model was 204 per cent at the end of 2017.

On 31 December 2017 Topdanmark's Solvency II capital requirement under standard formula amounted to EUR 514 million and own funds to EUR 856 million. Solvency ratio amounted to 166 per cent.

Nordea's capital requirement in Sampo Group's solvency changes with effect from 1 January 2018 due to the expiration of the Basel I floor in Sweden. Until 31 December 2017 Sampo's share of Nordea's capital requirement was based on the minimum requirement including Basel I floor but as of 1 January 2018 Sampo starts to use Minimum requirement for Own funds (as defined in Nordea's quarterly Factbook) as the capital requirement in Sampo Group's solvency. At the end of 2017 this change would have increased Sampo Group's minimum requirement for own funds by ca. EUR 380 million and decreased solvency capital by the same amount. The Group solvency ratio would have on 31 December 2017 been 146 per cent.

Mandatum Life's solvency ratio after transitional measures on 31 December 2017 was strong at 182 per cent (160). Own funds of EUR 1,977 million (1,893) exceed Solvency Capital Requirement (SCR) of EUR 1,087 million (1,182) by EUR 890 million. Without transitional measures, own funds would have amounted to EUR 1,555 million (1,441) and the solvency capital requirement to EUR 1,220 million (1,409) leading to a solvency ratio of 127 per cent (102).

More information on Sampo Group's capital policy is available at the Risk Management section of the Annual Report 2017.

Debt Financing

Sampo plc's debt financing on 31 December 2017 amounted to EUR 3,177 million (3,548) and interest bearing assets to EUR 1,754 million (2,104). Interest bearing assets include bank accounts, EUR 496 million (637) of hybrid capital and subordinated debt instruments issued by the subsidiaries and associates and EUR 58 million of other fixed income instruments (28). On 31 December 2017 the interest bearing net debt amounted to EUR 1,423 million (1,443). Gross debt to Sampo plc's equity was 41 per cent (47) and financial leverage 29 per cent (32).

On 27 February 2017 Sampo plc repaid EUR 500 million senior notes maturing on that date.

On 30 May 2017 Sampo plc issued under its EMTN Programme senior unsecured fixed rate notes of EUR 500 million maturing on 30 May 2025.

As at 31 December 2017 financial liabilities in Sampo plc's balance sheet consisted of issued senior bonds and notes of EUR 2,884 million (2,877) and EUR 293 million (671) of CPs issued. The average interest, net of interest rate swaps, on Sampo plc's debt as of 31 December 2017 was 0.93 per cent (1.37).

Outstanding Debt Instruments
Sampo plc, 31 December 2017

Issued Debt Instruments	Coupon	Swap	Effective Rate	Maturity Date
CP's issued 293 EURm	Euribor + Margin	-	0.2500%	Average 3M
Senior Bond 2,000 SEKm	Stibor3M + 1.45%	Euribor3M + 1.375%	1.0460%	29 May 2018
Senior Bond 500 EURm	1.1250%	-	1.1640%	24 May 2019
Senior Bond 2,000 SEKm	Stibor3M + 0.77%	Euribor3M + 0.586125%	0.2571%	28 May 2020
Senior Bond 1,000 SEKm	1.2500%	EUR 1.007%	1.0070%	28 May 2020
Senior Bond 500 EURm	1.5000%	-	1.5920%	16 September 2021
Senior Bond 750 EURm	1.0000%	-	1.0060%	18 September 2023
Senior Bond 500 EURm	1.2500%	EUR6M + 0.735%	0.4610%	20 May 2025
Public debt 3,040 EURm			**0.9190%**	
Private placements 138 EURm			1.1128%	
Total 3,178 EURm			**0.9274%**	

More information on Sampo Group's outstanding debt issues is available at www.sampo.com/debtfinancing.

To balance the risks on the Group level Sampo plc's debt is mainly tied to short-term interest rates and issued in euro or Swedish krona. Interest rate swaps are used to obtain the desired characteristics for the debt portfolio. These derivatives are valued at fair value in the profit and loss account although economically they are related the underlying bonds. As a result Sampo plc maintains the flexibility to adjust derivative position if needed but this comes at the cost of increased volatility in the Holding segment's net finance costs.

The underlying objective of Sampo plc is to maintain a well-diversified debt structure, relatively low leverage and strong liquidity in order for the company to be able to arrange financing for strategic projects if needed. Strong liquidity and the ability to acquire financing are essential factors in maintaining Sampo Group's strategic flexibility.

Outlook

Outlook for 2018

Sampo Group's business areas are expected to report good operating results for 2018.

However, the mark-to-market results are, particularly in life insurance, highly dependent on capital market developments. The continuing low interest rate level also creates a challenging environment for reinvestment in fixed income instruments.

If P&C is expected to reach its long-term combined ratio target of below 95 per cent in 2018 by a margin.

With regard to Topdanmark reference is made to the profit forecast model that the company publishes quarterly.

Nordea's contribution to the Group's profit is expected to be significant.

The Major Risks and Uncertainties to the Group in the Near-Term

In its current day-to-day business activities Sampo Group is exposed to various risks and uncertainties mainly through its separately managed major business units. Parent Company Sampo's contribution to risks is a minor one.

Major risks affecting the Group companies' profitability and its variation are market, credit, insurance and operational risks that are quantified independently by the major business units. At the group level sources of risks are same, but they are not directly additive because of diversification effects.

Uncertainties in the form of major unforeseen events may have an immediate impact on the Group's profitability. Identification of unforeseen events is easier than estimation of their probabilities, timing and potential outcomes.

Currently there are a number of widely identified macro-economic, political and other sources of uncertainty which can in various ways affect financial services industry negatively. Especially the political risks are at the elevated level at the moment.

Other sources of uncertainty are unforeseen structural changes in the business environment and already identified trends and potential wide-impact events. These external drivers may also have a long-term impact on how business shall be conducted. Examples of already identified trends are technological development in general, digitalization and sustainability issues that may have profound effects on financial sector companies as well.

Dividend Proposal

According to Sampo plc's dividend policy, total annual dividends paid shall be at least 50 per cent of the Group's net profit for the year (excluding extraordinary items). In addition, share buy-backs can be used to complement the cash dividend.

The parent company's distributable capital and reserves totalled EUR 7,570,983,877.42 of which profit for the financial year was EUR 1,395,971,059.94.

The Board proposes to the Annual General Meeting a dividend of EUR 2.60 per share to company's 555,351,850 shares. The dividends to be paid are EUR 1,443,914,810.00 in total. Rest of funds are left in the equity capital.

The dividend will be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd as at the record date of 23 April 2018. The Board proposes that the dividend be paid on 3 May 2018.

No significant changes have taken place in the company's financial position since the end of the financial year. The company's liquidity position is good and in the view of the Board, the proposed distribution does not jeopardize the company's ability to fulfill its obligations.

SAMPO PLC
Board of Directors

Key Figures

Group key figures		2017	2016	2015	2014	2013
Profit before taxes	EURm	2,482	1,871	1,888	1,759	1,668
Return on equity (at fair values)	%	17.1	15.0	14.0	10.9	13.8
Return on assets (at fair values)	%	7.6	7.3	7.2	5.6	7.0
Equity/assets ratio	%	26.1	31.5	32.1	31.5	32.7
Group solvency [1])	EURm	3,858	3,849	3,179	4,282	3,934
Group solvency ratio [1])	%	154	154	145	187	184
Average number of staff		9,364	6,780	6,755	6,739	6,832

If						
Premiums written before reinsurers' share	EURm	4,525	4,458	4,559	4,634	4,768
Premiums earned	EURm	4,293	4,286	4,344	4,457	4,505
Profit before taxes	EURm	818	824	960	931	929
Return on equity (at fair values)	%	21.3	25.3	21.5	18.1	24.4
Risk ratio [2])	%	63.3	62.3	66.6	65.1	65.4
Cost ratio [2])	%	22.0	22.1	18.8	22.5	22.8
Loss ratio [2])	%	68.9	67.8	72.4	70.9	71.4
Expense ratio [2])	%	16.4	16.6	13.0	16.7	16.8
Combined ratio	%	85.3	84.4	85.4	87.7	88.1
Average number of staff		6,367	6,180	6,176	6,173	6,238

Topdanmark						
Premiums written before reinsurers' share, life insurance	EURm	210	-	-	-	-
Premiums earned, life insurance	EURm	281	-	-	-	-
Premiums written before reinsurers' share, P&C insurance	EURm	848	-	-	-	-
Premiums earned, P&C insurance	%	64.0	-	-	-	-
Profit before taxes	%	16.4	-	-	-	-
Loss ratio [2])	%	80.5	-	-	-	-
Expense ratio [2])	%	294	-	-	-	-
Combined ratio	%	294				
Average number of staff		2,412	-	-	-	-

Mandatum						
Premiums written before reinsurers' share	EURm	967	1,122	1,149	1,110	1,068
Profit before taxes	EURm	236	210	181	163	153
Return on equity (at fair values)	%	13.3	15.9	12.7	11.4	18.3
Expense ratio	%	94.7	100.5	100.0	104.1	106.6
Average number of staff		525	543	522	509	541

Holding						
Profit before taxes	EURm	576	778	749	669	589
Average number of staff		60	57	57	57	53

Per share key figures		2017	2016	2015	2014	2013
Earnings per share	EUR	3.96	2.95	2.96	2.75	2.59
Earnings per share, incl. items in other comprehensive income	EUR	3.79	3.14	2.79	2.11	2.54
Capital and reserves per share	EUR	23.14	21.31	20.38	19.51	19.01
Net asset value per share	EUR	25.37	24.86	23.79	22.63	22.15
Dividend per share [3])	EUR	2.60	2.30	2.15	1.95	1.65
Dividend per earnings	%	65.7	78.0	72.6	70.9	63.7
Effective dividend yield	%	5.7	5.4	4.6	5.0	4.6
Price/earnings ratio		11.6	14.4	15.9	14.1	13.8
Adjusted number of shares at 31 Dec.	1.000	555,352	560,000	560,000	560,000	560,000
Average adjusted number of shares	1.000	559,873	560,000	560,000	560,000	560,000
Weighted average number of shares, incl. dilutive potential shares	1.000	559,873	560,000	560,000	560,000	560,000
Market capitalisation	EURm	24,858	23,850	26,320	21,739	20,003

A shares						
Adjusted number of shares at 31 Dec.	1.000	554,152	558,800	558,800	558,800	558,800
Average adjusted number of shares	1.000	554,152	558,800	558,800	558,800	558,800
Weighted average number of shares, incl. dilutive potential shares	1.000	554,152	558,800	558,800	558,800	558,800
Weighted average share price	EUR	44.76	40.35	44.34	36.88	31.05
Adjusted share price, high	EUR	47.46	46.56	49.40	39.98	35.92
Adjusted share price, low	EUR	41.53	34.42	37.72	33.71	25.04
Adjusted closing price	EUR	45.80	42.59	47.00	38.82	35.72
Share trading volume during the financial year	1.000	179,568	203,996	182,762	194,492	188,402
Relative share trading volume	%	32.4	36.5	32.7	34.8	33.7

B shares						
Adjusted number of shares at 31 Dec.	1.000	1,200	1,200	1,200	1,200	1,200
Average adjusted number of shares	1.000	1,200	1,200	1,200	1,200	1,200

[1]) On 31 Dec. 2009 Nordea was consolidated as an associate to Sampo and Sampo became a financial and insurance conglomerate, in accordance with the Act on Supervision on Financial and Insurance Conglomerates (2004/699). The group solvency is calculated according to Chapter 3. The adjusted solvency is determined on the basis of the Group financial statements as permitted by the Financial Supervisory Authority.

[2]) Key figures for P&C Insurance are based on activity based costs and cannot, therefore, be calculated directly from the consolidated income statement. Topdanmark's ratios are for the whole year.

[3]) The Board of Director's proposal to the Annual General Meeting for the accounting period 2017.

In calculating the key figures the tax corresponding to the result for the accounting period has been taken into account. The valuation differences, adjusted with the deferred tax liability, on the investment property have been taken into account in return on assets, return on equity, equity/assets ratio and net asset value per share. Additionally, the items in the other comprehensive income have been taken into account in return on assets and return on equity. In the net asset value per share, the Group valuation difference on associate Nordea and listed subisidiary Topdanmark have also been taken into account.

Calculation of the Key Figures

The key figures have been calculated in accordance with the decree issued by the Ministry of Finance and the specifying regulations and instructions of the Financial Supervisory Authority. The Group solvency has been calculated according to the consolidation method defined in Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates.

Group Key Figures

Profit before taxes

Property & casualty insurance profit before taxes + life insurance profit before taxes + holding business profit before taxes ± Group elimination items with result impact

Property & Casualty and Life Insurance

+	insurance premiums written
+	net income from investments
+	other operating income
-	claims incurred
-	change in liabilities for investment and insurance contracts
-	staff costs
-	other operating expenses
-	finance costs
+/-	share of associates' profit/loss

Holding

+	net income from investments
+	other operating income
-	staff costs
-	other operating expenses
-	finance costs
+/-	share of associates' profit/loss

Return on equity (at fair values), %

+	total comprehensive income	
±	change in valuation differences on investments less deferred tax	x 100%
+	total equity (average of values on 1 Jan. and 31 Dec.)	
±	valuation differences on investments less deferred tax (average of values on 1 Jan. and 31 Dec.)	

Return on assets (at fair values), %

$$\frac{\begin{array}{ll} + & \text{operating profit} \\ \pm & \text{other comprehensive income before taxes} \\ + & \text{interest and other financial expense} \\ + & \text{calculated interest on technical provisions} \\ \pm & \text{change in valuation differences on investments} \end{array}}{\begin{array}{ll} + & \text{total balance sheet (average of values on 1 Jan. and 31 Dec.)} \\ - & \text{technical provisions relating to unit-linked insurance} \\ & \text{(average of values on 1 Jan. and 31 Dec.)} \\ \pm & \text{valuation differences on investments} \\ & \text{(average of values on 1 Jan. and 31 Dec.)} \end{array}} \times 100\%$$

Equity/assets ratio (at fair values), %

$$\frac{\begin{array}{ll} + & \text{total equity} \\ \pm & \text{valuation differences on investments less deferred tax} \end{array}}{\begin{array}{ll} + & \text{balance sheet total} \\ \pm & \text{valuation differences on investments} \end{array}} \times 100\%$$

Group solvency

$$\begin{array}{ll} + & \text{Group equity} \\ + & \text{sectoral items} \\ - & \text{intangibles and foreseeable dividends and distributions} \\ \hline & \text{Group's own funds} \\ - & \text{minimum requirements for own funds, total} \end{array}$$

Group solvency ratio, %

$$\frac{\text{Group's own funds}}{\text{minimum requirements for own funds}} \times 100\%$$

Average number of staff

Average of month-end figures, adjusted for part-time staff

P&C Insurance Key Figures

Risk ratio, %

$$\frac{\begin{array}{ll} + & \text{claims incurred} \\ - & \text{claims settlement expenses} \end{array}}{\text{premiums earned}} \times 100\%$$

Cost ratio, %

$$\frac{\begin{array}{ll} + & \text{operating expenses} \\ + & \text{claims settlement expenses} \end{array}}{\text{premiums earned}} \times 100\%$$

Loss ratio excl. unwinding of discount, %

$$\frac{\text{claims incurred before unwinding of discount}}{\text{premiums earned}} \times 100\%$$

Expense ratio, %

$$\frac{\text{operating expenses}}{\text{premiums earned}} \times 100\%$$

Combined ratio excl. unwinding of discount, %

Loss ratio before unwinding of discount + expense ratio

Life Insurance Key Figures

Expense ratio

$$\frac{+ \text{ operating expenses before change in deferred acquisition costs} \quad + \text{ claims settlement expenses}}{\text{expense charges}} \times 100\%$$

Per Share Key Figures

Earnings per share

$$\frac{\text{profit for the financial period attributable to the parent company's equity holders}}{\text{adjusted average number of shares}}$$

Earnings per share, incl. change in fair value reserve

$$\frac{\text{total comprehensive income for the financial period attributable to the parent company's equity holders}}{\text{adjusted average number of shares}}$$

Equity per share

$$\frac{\text{equity attributable to the parent company's equity holders}}{\text{adjusted number of shares at balance sheet date}}$$

Net asset value per share

$$\frac{+ \text{ equity attributable to the parent company's equity holders} \quad \pm \text{ valuation differences on listed associate in the Group} \quad \pm \text{ valuation differences on investments less deferred tax}}{\text{adjusted number of shares at balance sheet date}}$$

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

$$\frac{\text{adjusted closing share price at balance sheet date}}{\text{earnings per share}}$$

Market capitalisation

number of shares at balance sheet date
x closing price at balance sheet date

Relative share trading volume, %

$$\frac{\text{number of shares traded through the Helsinki Exchanges}}{\text{adjusted average number of shares}} \times 100\%$$

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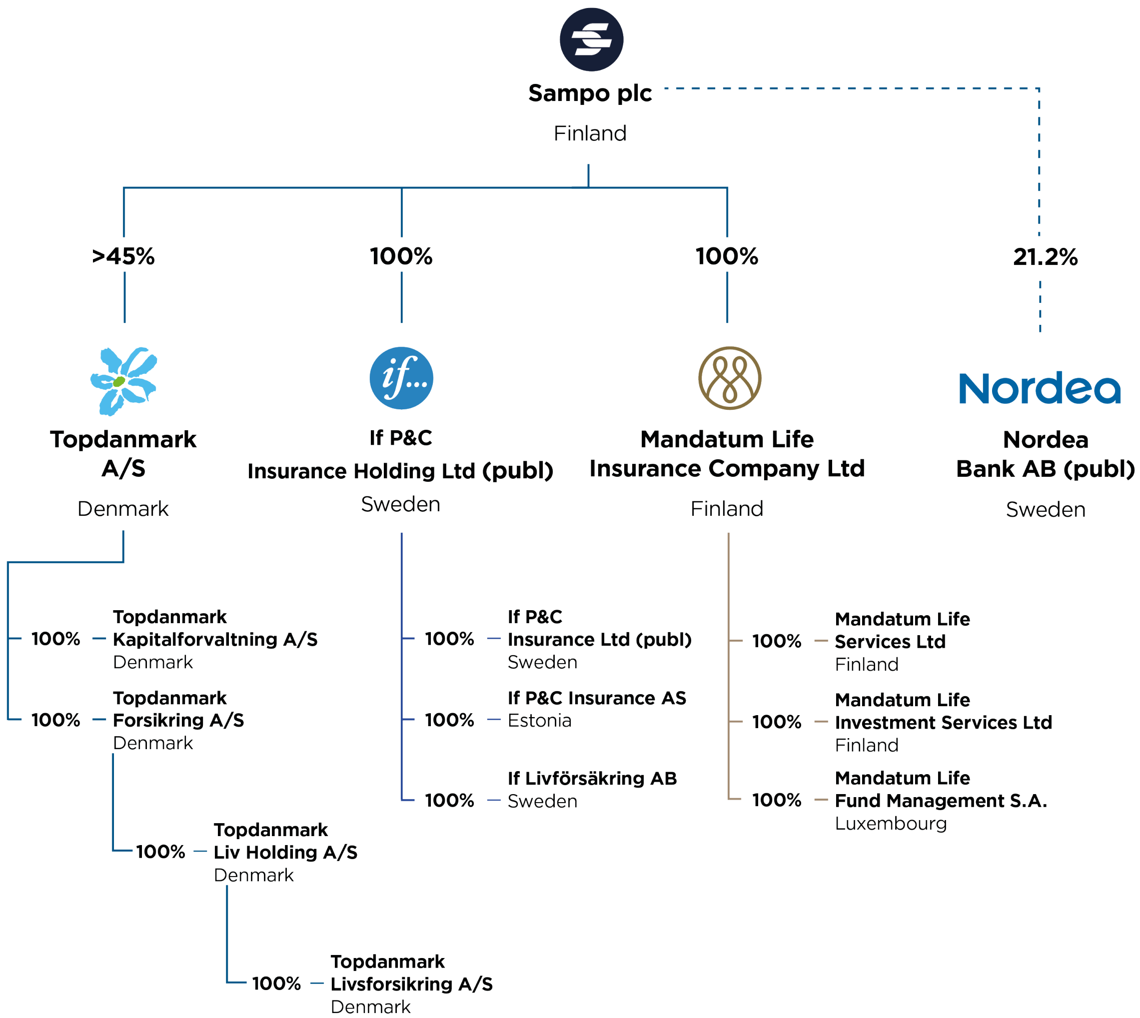
Sampo Group's Structure and Business Model

Sampo Group ("Group") is engaged in non-life insurance, life insurance and banking mainly in Nordics.

Non-life insurance and life insurance activities are conducted by the subsidiaries If P&C Insurance Holding Ltd (publ) ("If P&C"), Mandatum Life Insurance Company Ltd ("Mandatum Life") and Topdanmark A/S ("Topdanmark"). First two are wholly owned by the Group's parent company, Sampo plc ("parent company" or "Sampo"), which is a listed holding company and has no insurance or banking activities of its own. In Topdanmark Sampo has a 46.7 per cent holding of shares and 48.9 per cent of votes.

In addition to the insurance subsidiaries, as at 31 December 2017 the Group's parent company held an equity stake of 21.2 per cent in Nordea Bank AB (publ) ("Nordea") through which Sampo Group is engaged in banking business. The legal structure of Sampo Group including major operative companies of subsidiaries is shown below.

Sampo Group Legal Structure



Sampo as a holding company manages its subsidiaries and associated companies independently of each other meaning that the legal sub-groups Mandatum Life, If P&C, Topdanmark and the associated company Nordea conduct their businesses independently from each other. The independent sub-groups have their own infrastructures and management as well as operative processes in place. In instances where the subsidiaries and the associated companies cooperate in some business areas, cooperation is conducted similarly as with any third-party.

The major management tool is the work in the companies' Boards of Directors. The Boards of If P&C and Mandatum Life are manned by Sampo plc personnel. In regards to wholly owned subsidiaries, Sampo gives more exact guidance on how activities should be organized in terms of group-wide principles and there is a frequent dialogue between Sampo and subsidiaries in major operative issues. In addition, Sampo is monitoring performance, risks and capitalisation at detailed levels.

In Topdanmark, the Chairman and two other board members are Sampo Group employees and they constitute three of the total six board members elected by the annual general meeting. Topdanmarks's Board of Directors and management share Sampo's view on risk definitions and principles of how to run business activities on an overall level, but have not adopted Sampo's group-wide policies as such. The dialogue between Sampo and Topdanmark as well as the Risk Management report focus on performance, risk and capitalization reporting and is not as detailed as between Sampo and its wholly-owned subsidiaries.

Nordea is an associated company and not controlled by Sampo. Because of this its risk management is not covered in Sampo Group's Annual Report. Nordea has however a material effect on the Group's profits, risks and capital needs. Hence, Nordea is carefully analysed by Sampo as separate business and as a component of Sampo's portfolio of Nordic financial companies.

As described above Sampo Group's legal structure and business model are both straightforward and simple. In addition there are only a limited amount of intragroup exposures, of which the most material are as follows: (i) Sampo's holdings of hybrid capital and subordinated loan instruments issued by If P&C, Mandatum Life, Topdanmark and Nordea, (ii) internal dividends and (iii) service charges. Service charges are related to intragroup outsourcing agreements. If P&C and Mandatum Life have outsourced part of their investment management processes to Sampo. Sampo has outsourced its IT platform services to If P&C and its financial accounting to Mandatum Life. Between Sampo and Topdanmark there are no outsourcing agreements.

As dividends are the parent company's major source of income, Sampo's primary target for every sub-group is to maintain a healthy balance between profits, risks and capital, in order to facilitate a steady stream of dividend payments in the long run. The secondary target is ensuring stable profitability at business portfolio level. Potential risk concentrations especially and the correlation of reported profits generally are monitored closely and their sources are analysed. To the extent possible risk concentrations are proactively prevented by strategic decisions. Thirdly, as a general rule Sampo prefers to have low leverage and adequate liquidity buffers to be able to generate liquidity as needed. The size of assessed diversification benefit of the Group companies' profits is reflected in Sampo's decisions on own capital structure and liquidity position.

Further information on Sampo Group's steering framework and risk management process can be found in Appendix 1 (Sampo Group Steering Framework and Risk Management Process).

Sampo has a diversified shareholder base and the major shareholders have owned their holdings for many years. Sampo Group's main supervisor is the Finnish Financial Supervisory Authority. Due to Sampo Group's activities in Nordics and Baltics other Nordic supervisors have supervisory responsibilities as well. Sampo Group's auditor is EY.

Sampo Group's Risks and Core Risk Management Activities

Sampo Group companies operate in business areas where specific features of value creation are the pricing of risks and the active management of risk portfolios in addition to sound client services. Hence common risk definitions are needed as a basis for business activities.

Group's Risks

In Sampo Group the risks associated with business activities fall into three main categories as shown in the picture Classification of Risks in Sampo Group: strategic risks, reputational risk and risks inherent in the business operations. The first two risk classes are only briefly described in this Risk Management Disclosure as the focus is on the third risk class.

External Drivers and Strategic Risks

Strategic risk is the risk of losses due to changes in the competitive environment or lack of internal operational flexibility. Unexpected changes in the general business environment can cause larger than expected fluctuations in the financial results and in the long run these can endanger the existence of Sampo Group's business models.

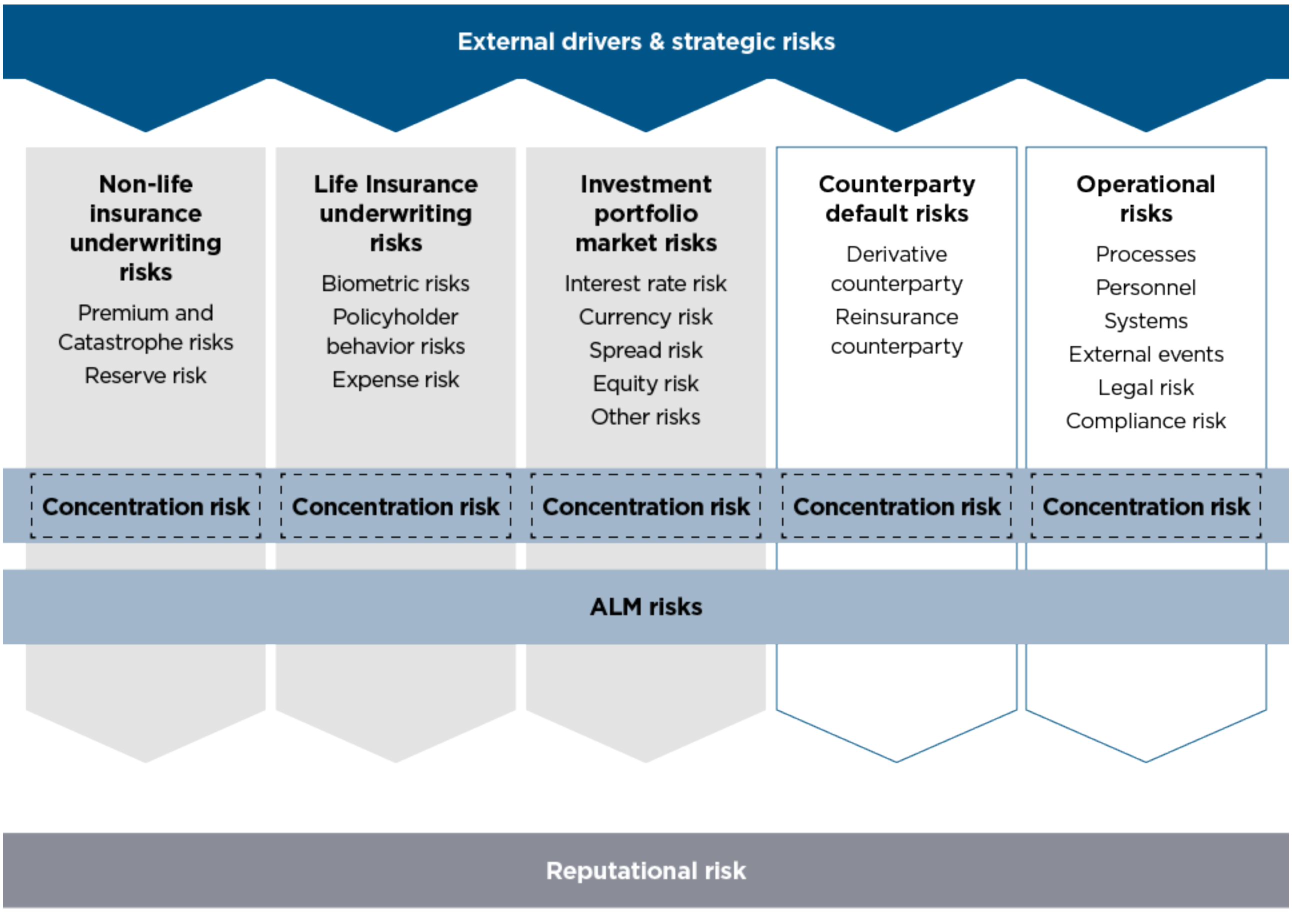
External drivers behind such changes are varied, and include for instance general economic development, changes in values, development of the institutional and physical environment and technological innovations. External drivers are often connected to each other in many ways and because of them customer demand and behaviour can change, new competitors may appear and as a result business models of the industry can change. Currently the themes of sustainable business practices in general and especially the issues related to environment, society and governance are changing the preferences and values of different stakeholders and hence as a result business environment is also changing in many different ways.

Due to the predominantly external nature of the drivers and development in the competitive environment, managing strategic risks is the responsibility of the executive level senior management. Proactive strategic decision-making is the central tool in managing strategic risks relating to business practices and competitive advantage. The maintenance of internal operational flexibility, in order to be able to adjust the business model and cost structure when needed is also an efficient tool in managing strategic risks. Although strategic risks are not covered by the capitalization process in Sampo Group they may have an effect on the amount and structure of the actual capital base, if this is deemed to be prudent in the existing business environment.

Reputational Risk

Reputational risk refers to the risk that adverse publicity regarding the company's business practices or associations, whether accurate or not, causes a loss of confidence in the integrity of the institution. Reputational risk is often a consequence of a materialized operational or compliance risk and often manifests as a deterioration of reputation amongst customers and other stakeholders. Reputational risk is related to all activities shown in the figure Classification of Risks in Sampo Group. As the roots of reputational risk are varied, the tools to prevent it must be diverse and embedded within the corporate culture. The corporate culture, which is based on the core values of ethicality, loyalty, openness and entrepreneurship, is thus seen as an essential tool in preventing reputational risk in Sampo Group. These core values are reflected in how Sampo deals with environmental issues and its core stakeholders (i.e. customers, personnel, investors, other co-operation partners, tax authorities and supervisory authorities) and how Sampo Group has organized its Corporate Governance system.

Classification of Risks in Sampo Group



Risks Inherent in Business Operations

In its underwriting and investment operations, Sampo Group is consciously taking certain risks in order to generate earnings. These **earnings risks** are carefully selected and actively managed. Underwriting risks are priced to reflect their inherent risk levels and the expected return of investments is compared to the related risks. Furthermore, earnings related risk exposures are adjusted continuously and their impact on the capital need is assessed regularly.

Successful management of underwriting risks and investment portfolio market risks is the main source of earnings for Sampo Group companies. Day-to-day management of these risks, i.e. maintaining them within given limits and authorisations is the responsibility of the business areas and the investment unit.

Some risks, such as counterparty default risks and operational risks presented in the figure Classification of Risks in Sampo Group are indirect repercussions of Sampo's normal business activities. They are one-sided risks, which in principle have no related earnings potential. Accordingly, the risk management objective is to mitigate these risks efficiently rather than actively manage them. Mitigation of **consequential risks** is the responsibility of the business areas and the investment unit. The capital need for these risks is measured by independent risk management functions. It has to be noted that the categorization of risks between earnings and consequential risks varies depending on the industry. For Sampo Group's clients, for instance, the events that are subject to insurance policies are consequential risks and for Sampo Group these same risks are earnings risks.

Some risks such as interest rate, currency and liquidity risks are by their nature simultaneously linked to various activities. In order to manage these risks efficiently, Sampo Group companies have to have a detailed understanding of expected cash flows and their variance within each of the company's activities. In addition, a thorough understanding is needed of how the market values of assets and liabilities may fluctuate at the total balance sheet level under different scenarios. These balance sheet level risks are commonly defined as Asset and Liability Management ("ALM") risks. In addition to interest rate, currency and liquidity risk, inflation risk and risks relating to GDP growth rates are central ALM risks in Sampo Group. The ALM risks are one of the focus areas of senior management because of their relevance to risks and earnings in the long run.

In general, **concentration risk** arises when the company's risk exposures are not diversified enough. When this is the case, an individual extremely unfavourable claim or financial market event, for instance, could threaten the solvency of the company.

Concentrations can evolve within separate activities – large single name or industry specific insurance or investment exposures – or across activities when a single name or an industry is contributing widely to the profitability and risks of the company through both insurance and investment activities.

Concentration risk may also materialize indirectly when profitability and capital position react similarly to general economic developments or to structural changes in the institutional environment in different areas of business. This kind of indirect concentration risk can be seen as part of strategic risk.

More detailed risk definitions can be found in Appendix 2 (Risk Definitions).

Core Risk Management Activities

To create value for all stakeholders in the long run, Sampo Group companies 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 to information.
- Human capital in the form of skilful and motivated employees.
- Social and relationship capital in the form of good relationships with society and clients to understand the changing needs of different stakeholders.

At the company level, these resources are continuously developed. They are in use when the following core activities related to risk pricing, risk taking and active management of risk portfolios are conducted.

Appropriate selection and pricing of underwriting risks

- Underwriting risks are carefully selected and are priced to reflect their inherent risk levels.
- Insurance products are developed proactively to meet clients' changing needs and preferences.

Effective management of underwriting exposures

- Diversification is actively sought.
- Reinsurance is used effectively to reduce largest exposures.

Careful selection and execution of investment transactions

- Risk return ratios and sustainability issues of separate investments opportunities are carefully analysed.
- Transactions are executed effectively.

Effective mitigation of consequential risks

- Counterparty default risks are mitigated by carefully selecting counterparties, applying collateral agreements and assuring adequate diversification.
- High quality and cost efficient business processes are maintained.
- Continuity and recovery plans are continuously developed to secure business continuity.

Effective management of investment portfolios and the balance sheet

- Balance between expected returns and risks in investment portfolios and the balance sheet is optimized, taking into account the features of insurance liabilities, internally assessed capital needs, regulatory solvency rules and rating requirements.
- Liquidity risks are managed by having an adequate portion of investments in liquid instruments. The portion is mainly dependent on the features of the liabilities.

At the group level, the risk management focus is on group-wide capitalization and liquidity. It is also essential to identify potential risk concentrations and to have a thorough understanding of how reported profits of companies would develop under different scenarios. These concentrations and correlations may have an effect on group level capitalization and liquidity buffers as well as on group level management actions.

When the above-mentioned core activities are successfully implemented, a balance between profits, risks and capitalization can be achieved on both a company and group level and shareholder value can be created.

If P&C Group

If P&C conducts property and casualty insurance operations in the Nordic and Baltic countries and underwrites policies that cover various risks for both individuals and corporations over a geographically diverse area. In addition, If P&C has branch offices in Germany, France, the United Kingdom and the Netherlands for its Nordic corporate customers that conduct international operations. The underwriting business is also well-diversified over lines of business and clients which further enhances the role of diversifications as a value driver of If P&C.

The Nordic P&C (property and casualty) insurance market is relatively concentrated. The four largest players account for approximately 70 to 90 per cent of the markets in Norway, Finland and Sweden. In Denmark the market is less concentrated. The largest insurance companies are often established in more than one Nordic country, but If P&C is the only company with a significant market share in all Nordic countries.

In the Nordic region customer retention levels are high, with renewal rates of approximately 80 to 90 per cent. The market is characterized also by low expense ratios in the range of 15 to 20 per cent. In If P&C, the internet continues to grow in importance both as a distribution channel as well as a service channel. Additionally, distribution through partnerships (e.g. with banks and car dealerships) is increasingly important.

Underwriting Risks and Performance

The Insurance operation in the Nordic region is organizationally divided into Business Areas by customer segment - Private, Commercial (small and medium sized companies) and Industrial (large corporates). Insurance operations in the Baltic countries are organized in one Business Area, Baltic. Business Area Private is the largest by premium volume, accounting for more than half of total premium income.

- Business Area Private's gross premium income increased during the year, driven by continued good customer loyalty and strong new car sales. Underwriting performance was also supported by a favourable claims trend.
- Business Area Commercial had positive premium growth, whereas the large claims outcome, especially in Sweden and Norway, had an adverse impact on the overall underwriting result.
- Business Area Industrial's underwriting performance improved during the year, due to positive premium growth and stable costs, both with regards to claims and operations.
- Business Area Baltic's underwriting results were higher than in the preceding year, reflecting positive premium development combined with a favorable claims outcome and continued cost efficiency.

If P&C’s three major Solvency II Lines of Business are Motor vehicle liability insurance, Other motor insurance and Fire and other damage to property insurance. The table If P&C Underwriting Performance, 31 December 2017 presents the development of If P&C’s premiums, claims, operating expenses, reinsurer’s share and underwriting performance per Solvency II Lines of Business for the last two years.

If P&C Underwriting Performance

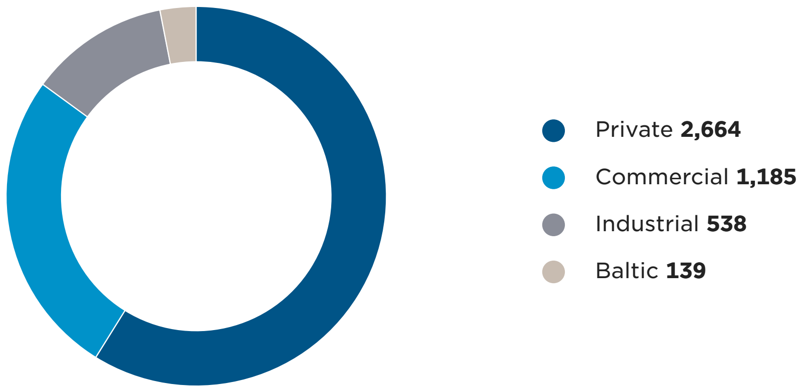
31 December 2017 and 31 December 2016

Underwriting performance by SII LoB (EURm)	Premiums written 2017	Premiums written 2016	Premiums earned 2017	Premiums earned 2016	Claims incurred 2017	Claims incurred 2016	Operating expense 2017	Operating expense 2016	Reinsurers share per LoB 2017	Reinsurers share per LoB 2016	Total underwriting performance direct insurance 2017	Total underwriting performance direct insurance 2016
Medical expense insurance	131.3	125.4	129.0	132.9	69.6	74.2	34.0	33.4	0.1	0.1	25.3	25.1
Income protection insurance	397.4	369.1	381.9	367.1	236.5	248.9	80.3	79.1	-0.5	0.3	65.6	38.8
Workers' compensation insurance	198.6	194.1	199.3	198.5	43.5	54.3	36.7	41.6	5.3	2.9	113.8	99.7
Motor vehicle liability insurance	589.7	615.0	599.1	620.1	307.7	274.4	185.0	180.7	-0.1	0.0	106.4	165.0
Other motor insurance	1,334.3	1,301.1	1,296.7	1,271.0	892.0	849.9	244.9	253.1	0.7	1.6	159.0	166.5
Marine, aviation and transport insurance	117.6	117.9	117.6	119.5	95.1	61.3	24.9	24.7	-2.2	10.8	-0.2	22.6
Fire and other damage to property insurance	1,433.7	1,425.9	1,424.8	1,435.0	877.8	883.1	300.4	308.0	50.2	76.6	196.4	167.3
General liability insurance	271.0	259.9	264.9	261.2	131.5	158.7	51.8	51.1	12.7	-9.1	68.9	60.4
Assistance	14.4	15.0	14.2	15.7	12.4	12.4	2.5	2.7	0.0	0.0	-0.7	0.5
Other Life insurance	37.8	34.7	36.5	33.1	8.6	6.2	8.6	7.1	2.0	1.8	17.3	18.0
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	0.0	0.0	0.0	0.0	77.3	66.7	0.0	0.0	0.0	0.0	-77.3	-66.7
Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	0.0	0.0	0.0	0.0	60.8	52.2	0.0	0.0	-0.0	0.0	-60.8	-52.2
Total (excluding other expenses)	**4,525.7**	**4,458.1**	**4,464.0**	**4,454.1**	**2,812.8**	**2,742.5**	**969.2**	**981.6**	**68.3**	**84.9**	**613.7**	**645.0**
Other expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0	8.0	15.4
Total	**4,525.7**	**4,458.1**	**4,464.0**	**4,454.1**	**2,812.8**	**2,742.5**	**969.2**	**981.6**	**68.3**	**84.9**	**621.7**	**660.4**

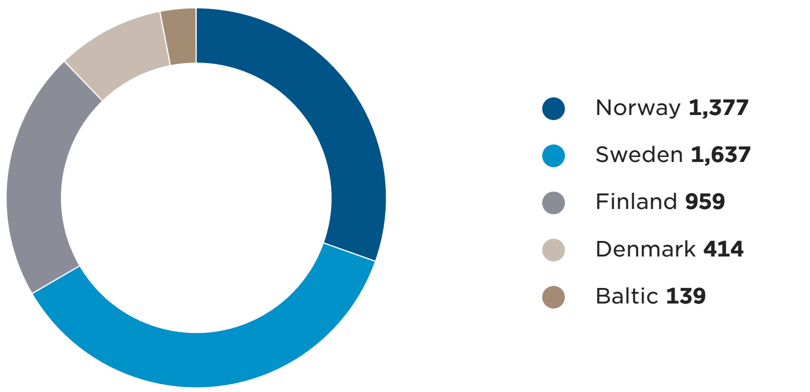
The figures are segmented in accordance with Solvency II defined Lines of Business, which differ from the insurance class segmentation according to local GAAP or IFRS requirements that are used in other tables.

As shown in the below figure Breakdown of Gross Written Premiums by Business Area, Country and Line of Business, If P&C, 2017, the If P&C insurance portfolio is well diversified across Business Areas, Countries and Lines of Business. The six Lines of Business are segmented in accordance with insurance class segmentation used in IFRS.

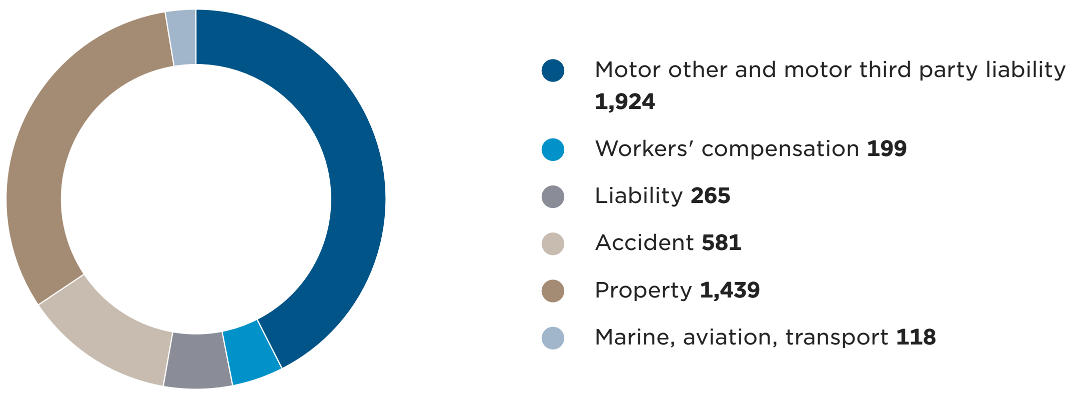
Breakdown of Gross Written Premiums by Business Area
If P&C, 2017, total EUR 4,526 million



Breakdown of Gross Written Premiums by Country
If P&C, 2017, total EUR 4,526 million



Breakdown of Gross Written Premiums by Line of Business
If P&C, 2017, total EUR 4,526 million



The following adjustments from IFRS LoB´s to Solvency II LoBs are made:

- IFRS Line of Business Motor other and Motor third party liability (1,924) include Solvency II Line of Business Motor vehicle liability insurance (590) and Other motor insurance (1,334).

- IFRS Line of Business Accident (581) includes Solvency II Line of Businesses Income protection insurance (397), Other Life (38), Medical expense insurance (131) and Assistance (14).

The item Other (including group eliminations) is not shown in the breakdowns above but is included in total gross written premiums. There are minor differences between the figures reported by Sampo Group and If P&C due to differences in foreign exchange rates used in consolidation.

Premium and Catastrophe Risk and Their Management and Control

Definitions of premium and catastrophe risk can be found in Appendix 2 (Risk Definitions).

Despite the diversified portfolio, risk concentrations and consequently severe claims may arise through, for example, exposures to natural catastrophes such as storms and floods. The geographical areas most exposed to such events are Denmark, Norway and Sweden. In addition to natural catastrophes, single large claims could have an impact on the insurance operations' result. The negative economic impact of natural catastrophes and single large claims is effectively mitigated by having a well-diversified portfolio and a group wide reinsurance program in place.

The sensitivity of the underwriting result and hence underwriting risk is presented by changes in certain key figures in the table Sensitivity Test of Underwriting Result, If P&C, 31 December 2017 and 31 December 2016.

Sensitivity Test of Underwriting Result
If P&C, 31 December 2017 and 31 December 2016

			Effect on pretax profit, EURm	
Key figure	**Current level (2017)**	**Change in current level**	**2017**	**2016**
Combined ratio, business area Private	84.0%	+/- 1 percentage point	+/- 26	+/- 26
Combined ratio, business area Commercial	88.0%	+/- 1 percentage point	+/- 12	+/- 12
Combined ratio, business area Industrial	88.7%	+/- 1 percentage point	+/- 4	+/- 4
Combined ratio, business area Baltics	88.9%	+/- 1 percentage point	+/- 1	+/- 1
Net premiums earned (EURm)	4,294	+/- 1 per cent	+/- 43	+/- 43
Net claims incurred (EURm)	2,959	+/- 1 per cent	+/- 30	+/- 29
Ceded written premiums (EURm)	168	+/- 10 per cent	+/- 17	+/- 17

The Underwriting Committee ("UWC") shall give its opinion on and propose actions in respect of various issues related to underwriting risk. The committee also considers and proposes changes to the Underwriting Policy ("UW Policy"), which is the principal document for underwriting, and sets general principles, restrictions and directions for the underwriting activities. This document shall be reviewed and decided at least yearly by the Boards of Directors.

The Chairman of the UWC is responsible for the reporting of policy deviations and other issues dealt with by the committee.

The UW Policy is supplemented with guidelines outlining in greater detail how to conduct underwriting within each Business Area. These guidelines cover areas such as tariff and rating models for pricing, guidelines in respect of standard conditions and manuscript wordings, as well as authorities and limits. In accordance with the Instructions for the Underwriting Committee, the Committee monitors compliance with the established underwriting principles.

The Business Areas manage the underwriting risk on a day-to-day basis. A crucial factor affecting the profitability and risk of non-life insurance operations is the ability to accurately estimate future claims and expenses and thereby correctly price insurance contracts. The premiums within the Private Business Area and the premiums for smaller risks within the Commercial Business Area are set through tariffs. The underwriting of risks in the Industrial Business Area and of more complex risks within the Commercial Business Area is based to a greater extent on principles and individual underwriting than on strict tariffs. In general, pricing is based on statistical analyses of historical claims data and assessments of the future development of claims frequency and claims inflation.

If P&C's Reinsurance Policy stipulates guidelines for the purchase of reinsurance. The need and optimal choice of reinsurance is evaluated by looking at the expected cost versus the benefit of the reinsurance, the impact on result volatility and impact on capital requirements. The main tool for this evaluation is If P&C's internal model in which frequency of claims, large claims and natural catastrophes are modelled.

A group-wide reinsurance program has been in place in If P&C since 2003. In 2017, retention levels were between SEK 100 million (approximately EUR 10.2 million) and SEK 250 million (approximately EUR 25.4 million) per risk and SEK 250 million (approximately EUR 25.4 million) per event.

Reserve Risk and Its Management and Control

Definition of reserve risk can be found in Appendix 2 (Risk Definitions).

The main reserve risks for If P&C are stemming from uncertainty in the claim amounts caused by higher claim inflation and increases in life expectancy than expected, with the consequences that both annuities and lump sum payments would increase.

In the table Technical Provisions by Line of Business and Major Geographical Area, If P&C, 31 December 2017 below, If P&C's technical provisions and durations are presented by Line of Business and Major Geographical Area. When the breakdown of technical provisions is compared to the breakdown of gross written premiums it can be seen that Finland's and Sweden's share of technical provisions is larger than the share of gross written premiums. This is mainly due to Sweden and Finland having a long duration of Motor other and Motor third party liability and Finland also having a long duration of Workers compensation. The long duration is mainly due to annuities in these lines of business, which increases the amount of technical provisions. The duration of the provisions, and thus the sensitivity to changes in interest rates, varies with each product portfolio. The weighted average duration for 2017 across the product portfolios was 6.5 years.

Technical Provisions by Line of Business and Major Geographical Area
If P&C, 31 December 2017

	Sweden		Norway		Finland		Denmark		Total	
	EURm	Duration	EURm	Duration	EURm	Duration	EURm	Duration	EURm	Duration
Motor other and MTPL	2,516	7.5	536	1.4	1,033	12.7	160	1.8	4,245	7.8
Workers' compensation	0	0.0	218	5.0	1,199	12.1	252	6.7	1,669	10.4
Liability	268	2.7	127	1.4	122	3.0	74	1.9	591	2.4
Accident	327	4.9	372	5.7	156	4.3	94	1.7	948	4.8
Property	407	1.2	475	0.9	226	1.1	99	1.0	1,207	1.0
Marine, aviation, transport	21	1.9	48	0.6	10	0.9	23	1.2	101	1.0
Total	**3,537**	**6.1**	**1,775**	**2.5**	**2,746**	**10.5**	**701**	**3.1**	**8,760**	**6.5**

As on Sampo's annual report 2017 figures are excluding Baltic, total EUR 140 million.

Reserves are exposed mainly to inflation and discount rates and to some extent to life expectancy. The sensitivity of If P&C's technical provisions to an increase in inflation, an increase in life expectancy and a decrease in the discount rate is presented in the table Sensitivities of Technical Provisions, If P&C, 2017.

Sensitivities of Technical Provisions
If P&C, 2017

Technical provision item	Risk factor	Change in risk parameter	Country	Effect EURm 2017
Nominal provisions	Inflation increase	Increase by 1%-point	Sweden	183.8
			Denmark	11.7
			Norway	53.3
			Finland	37.4
Annuities and estimated share of claims provisions to future annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	24.6
			Denmark	1.6
			Finland	66.2
Discounted provisions (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1%-point	Sweden	66.2
			Denmark	13.3
			Finland	299.3

From 2014 onwards the estimated share of claims provision to future annuities are included in the life expectancy increase sensitivity.

If P&C's technical provisions are further analyzed by claims years. The output from this analysis is illustrated both before and after reinsurance in the claims cost trend tables. These are disclosed in the Note 25 to the Financial Statements.

The anticipated inflation trend is taken into account when calculating all provisions and is of the utmost importance for claims settled over a long period of time, such as Motor other and Motor third party liability and Workers' compensation. The anticipated inflation is based on external assessments of the inflation trend in various areas, such as the consumer price index and payroll index, combined with If P&C's own estimation of costs for various types of claims. For lines of business such as Motor other and Motor third party liability and Workers' compensation, legislation differs significantly between countries. Some of the Finnish, Swedish and Danish technical provisions for these lines include annuities which are sensitive to changes in mortality assumptions and discount rates. The proportion of technical provisions related to Motor other and Motor third party liability and Workers' compensation was 68 per cent.

The Board of Directors of If P&C decides on the guidelines governing the calculation of technical provisions. If P&C's Chief Actuary is responsible for developing and presenting guidelines on how the technical provisions are to be calculated and for assessing whether the level of total provisions is sufficient. On If P&C group level the Chief Actuary issues a quarterly report on the adequacy of technical provisions.

The Actuarial Committee is a preparatory and advisory board for If P&C's Chief Actuary. The committee secures a comprehensive view over reserve risk, discusses and gives recommendations on policies and guidelines for calculating technical provisions.

The actuaries continuously monitor the level of provisions to ensure that they comply with the established guidelines. The actuaries also develop methods and systems to support these processes.

The actuarial estimates are based on historical claims and existing exposures that are available at the balance sheet date. Factors that are monitored include loss development trends, the level of unpaid claims, changes in legislation, case law and economic conditions. When setting property and casualty provisions, the Chain Ladder and Bornhuetter-Fergusson methods are generally used, combined with projections of the number of claims and average claims costs. For life provisions, the IBNR calculations are based on the estimated claims cost (risk premium) over the average time from claim occurrence to reporting.

Market Risks and Investment Performance

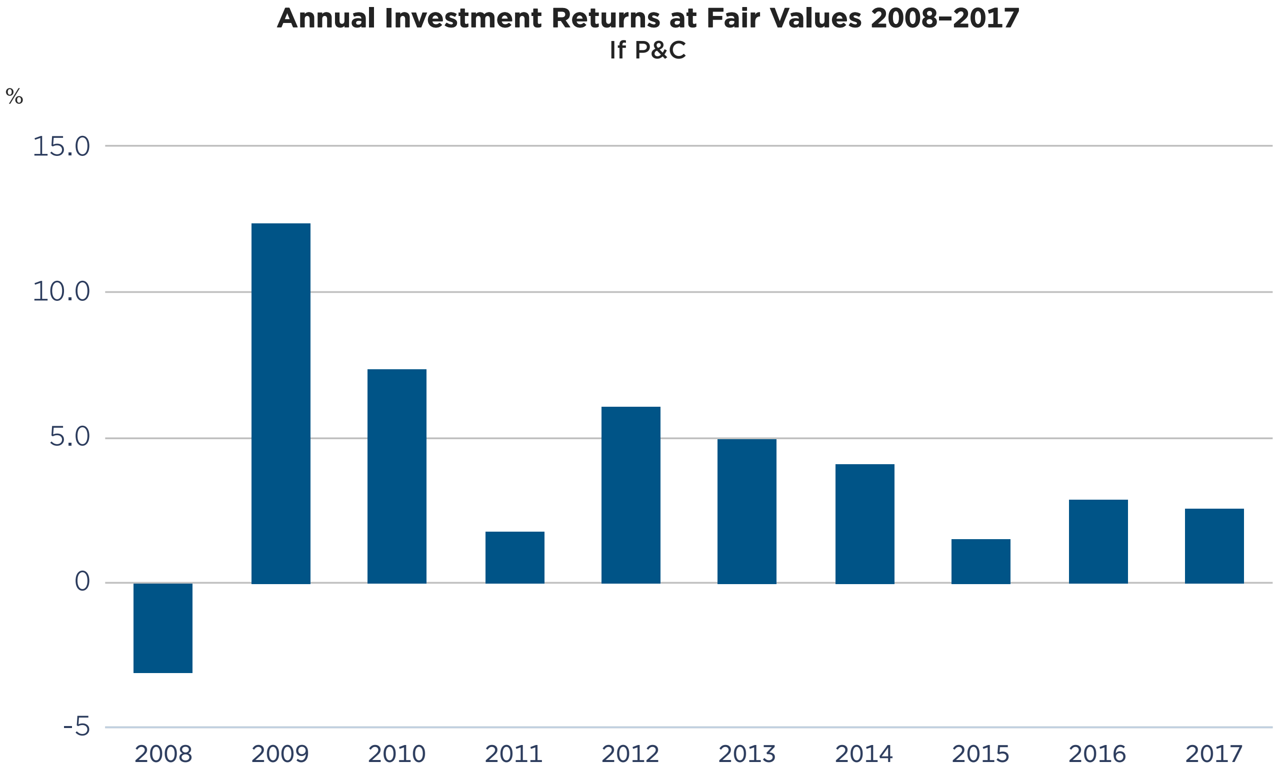
Fixed income investments and listed equity instruments form a major part of investment portfolio of EUR 11,685 million (EUR 12,192 million). A large part of the fixed income investments was at 31 December 2017 concentrated to financial institutions. The role of real estate, private equity, biometric and other alternative investments is immaterial.

The composition of the investment portfolios by asset classes in If P&C at year end 2017 and at year end 2016 and average maturities of fixed income investments are shown in the table Investment Allocation, If P&C, 31 December 2017.

Investment Allocation
If P&C, 31 December 2017 and 31 December 2016

	If P&C 31 Dec 2017			If P&C 31 Dec 2016		
Asset class	**Market value, EURm**	**Weight**	**Average maturity, years**	**Market value, EURm**	**Weight**	**Average maturity, years**
Fixed income total	**10,200**	**87%**	**2.7**	**10,624**	**87%**	**2.8**
Money market securities and cash	575	5%	0.1	992	8%	0.3
Government bonds	1,040	9%	2.5	1,231	10%	3.1
Credit bonds, funds and loans	8,584	73%	2.9	8,401	69%	3.1
Covered bonds	3,084	26%	2.6	2,967	24%	3.1
Investment grade bonds and loans	3,490	30%	2.9	3,404	28%	2.9
High-yield bonds and loans	1,344	12%	2.8	1,461	12%	3.0
Subordinated / Tier 2	343	3%	4.7	278	2%	4.5
Subordinated / Tier 1	323	3%	3.2	292	2%	3.9
Hedging swaps	0	0%	-	0	-0%	-
Policy loans	0	0%	0.0	0	0%	0.0
Listed equity total	**1,448**	**12%**	**-**	**1,527**	**13%**	**-**
Finland	0	0%	-	0	0%	-
Scandinavia	151	1%	-	1,147	9%	-
Global	1,298	11%	-	380	3%	-
Alternative investments total	**39**	**0%**	**-**	**44**	**0%**	**-**
Real estate	20	0%	-	22	0%	-
Private equity	19	0%	-	23	0%	-
Biometric	0	0%	-	0	0%	-
Commodities	0	0%	-	0	0%	-
Other alternative	0	0%	-	0	0%	-
Trading derivatives	**-3**	**0%**	**-**	**-3**	**0%**	**-**
Asset classes total	**11,685**	**100%**	**-**	**12,192**	**100%**	**-**
FX Exposure, gross position	**207**	**0%**	**-**	**99**	**-**	**-**

During 2017 equities have performed well, spreads have tightened and the market volatility has decreased somewhat. The return of investments in 2017 was 2.6 per cent. Average return of investments has been 4.1 per cent during the years 2008-2017. Returns have trended down together with lowering interest rates and tightening credit spreads. However, investment returns have been sufficient taking into account good profitability of underwriting activities.



If P&C´s investment management strategy is conservative, with a low equity share and low fixed-income duration.

The performance and market risk is actively monitored and controlled by the Investment Control Committee on a monthly basis and reported to the ORSA Committee quarterly. In addition, the allocation limits, issuer and counterparty limits, the sensitivity limits for interest rates and credit spreads as well as regulatory capital requirements are regularly monitored.

Market Risks of Fixed Income and Equity Instruments

Spread Risk and Equity Risk

Spread risk and equity risk are derived only from the asset side of the balance sheet. Exposures in fixed income and equity instruments are presented by Sectors, Asset Classes and Rating in below table that also include counterparty risk exposures relating to reinsurance and derivative transactions. Counterparty default risks are described in more detail in section Counterparty default risks. Due to differences in the reporting treatment of derivatives, the figures in the table are not fully comparable with other tables in this annual report.

Exposures by Sector, Asset Class and Rating

If P&C, 31 December 2017

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counterparty risk	Total	Change 31 Dec 2016
Basic Industry	0	0	31	58	1	0	52	143	40	0	0	183	23
Capital Goods	0	0	89	53	0	0	30	173	521	0	0	694	-4
Consumer Products	0	106	222	301	0	0	76	706	311	0	0	1,017	49
Energy	0	41	30	0	53	0	154	278	6	0	0	284	-137
Financial Institutions	0	968	1,250	444	22	0	26	2,710	28	0	6	2,744	-370
Governments	92	0	0	0	0	0	0	92	0	0	0	92	-31
Government Guaranteed	43	77	0	0	0	0	0	120	0	0	0	120	-36
Health Care	7	10	32	42	0	0	8	99	66	0	0	166	23
Insurance	0	0	40	63	27	0	22	152	0	0	60	212	-5
Media	0	0	0	0	0	0	22	22	0	0	0	22	-13
Packaging	0	0	0	0	0	0	5	5	0	0	0	5	0
Public Sector, Other	674	155	0	0	0	0	0	829	0	0	0	829	-123
Real Estate	0	6	92	80	8	0	489	674	0	20	0	694	91
Services	0	0	0	65	23	0	89	177	0	0	0	177	-12
Technology and Electronics	8	0	36	0	0	0	34	78	5	0	0	83	-21
Telecommunications	0	0	0	120	0	0	49	169	60	0	0	229	18
Transportation	0	72	7	53	0	0	167	299	7	0	0	306	-73
Utilities	0	0	31	244	46	0	44	364	0	0	0	364	-77
Others	0	26	0	0	0	0	12	39	0	0	0	39	22
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	3,020	63	0	0	0	0	0	3,084	0	0	0	3,084	117
Funds	0	0	0	0	0	0	0	0	403	19	0	422	20
Clearing House	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**3,845**	**1,525**	**1,860**	**1,523**	**180**	**0**	**1,279**	**10,212**	**1,448**	**39**	**66**	**11,765**	**-538**
Change 31 Dec 2016	**-17**	**-413**	**-162**	**274**	**-142**	**0**	**45**	**-413**	**-78**	**-5**	**-42**	**-538**	

Most of the fixed income exposures are in investment grade issues and currently the role of Nordic covered bonds and Nordic banks as issuers is central. Within fixed income investments part of the money market securities, cash and investment grade government bonds form a liquidity buffer.

In regards to equities most of the equity investments are in Scandinavian markets that are selectively picked direct investments. When investing in non-Nordic equities, funds or other assets, third party managed investments are mainly used. The changes of Equity positions during the year can be seen from the table Breakdown of Listed Equity Investments by Geographical regions, If P&C, 31 December 2017 and 31 December 2016.

Breakdown of Listed Equity Investments by Geographical Regions
If P&C, 31 December 2017 and 31 December 2016

	31 Dec 2017		31 Dec 2016	
If P&C	**%**	**EURm**	**%**	**EURm**
Denmark	0%	5	1%	9
Norway	10%	149	13%	195
Sweden	62%	891	62%	944
Finland	0%	0	0%	0
Western Europe	10%	151	11%	162
East Europe	0%	0	0%	0
North America	6%	87	6%	88
Latin America	2%	28	2%	25
Far East	9%	137	7%	105
Japan	0%	0	0%	0
Total		**1,448**		**1,527**

Market Risks of Balance Sheet

Asset and Liability Management (ALM) Risk

ALM risk is defined in Appendix 2 (Risk Definitions).

The ALM risk is taken into account through the risk appetite framework and its management and governance are based on If P&C's Investment Policies. In general to maintain the ALM risk within the overall risk appetite, the cash flows of insurance liabilities are matched by investing in fixed income instruments denominated in same currencies as liabilities or in case assets with healthy risk return ratios are not available in liability's currency derivatives are used. During the current low interest rate environment the liquidity of assets has been special focus of investment strategy.

Interest Rate Risk

In general If P&C Group is negatively affected when interest rates are decreasing or staying at low levels, because the longer duration of liabilities in If P&C Group than the duration of assets. If P&C has over the years decreased its combined ratio to counteract falling interest rates. Interest rate sensitivity in terms of the average duration of fixed income investments in If P&C was 1.4. The respective duration of insurance liabilities in If P&C was 6.5. Interest rate risk is managed by changing the duration of assets and interest rate derivatives based on the market view and risk appetite.

In the financial accounts most of the technical provisions are nominal, while a significant part, namely the annuity and annuity IBNR reserves, are discounted using interest rates in accordance with regulatory rules. Thereby If P&C is, from a financial accounting perspective, mainly exposed to changes in inflation and the regulatory discount rates. From an economic perspective, in which the cash flows of insurance liabilities are discounted with prevailing interest rates, If P&C is exposed to changes both in inflation and nominal interest rates. For more information see the table Sensitivities of Technical Provisions, If P&C, 2017 in the Non-life Underwriting Risks section.

Currency Risk

If P&C writes insurance policies that are mostly denominated in the Scandinavian currencies and in euro. In If P&C, the FX-transaction risk is reduced by matching technical provisions with investment assets in the corresponding currencies or by using currency derivatives. Hence, the so called structural FX risk is first mitigated as a rule after which If P&C can open short or long FX positions (active FX risk) within its FX risk limits. The transaction risk positions of If P&C against SEK are shown in the table Transaction Risk Position, If P&C 31 December 2017. The table shows the net transaction risk exposures and the changes in the value of positions given a 10 per cent decrease in the value of the base currency.

Transaction Risk Position
If P&C, 31 December 2017

	Base currency	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
If P&C	**SEKm**										
Insurance operations		-3,472	-96	0	-2	-25	-2,125	-9	-820	-15	-6,564
Investments		1,876	1,495	0	0	0	2,147	0	68	1	5,587
Derivatives		1,494	-1,397	0	3	28	56	9	750	11	955
Total transaction risk, net position, If P&C		**-101**	**2**	**0**	**1**	**3**	**79**	**0**	**-2**	**-4**	**-22**
Sensitivity: SEK -10%		-10	0	0	0	0	8	0	0	0	-2

If P&C's transaction risk position in SEK represents exposure in foreign subsidiaries/branches within If P&C with base currency other than SEK

In addition to transaction risk, If P&C is also exposed to translation risk which at group level stems from foreign operations with other base currencies than SEK. Translation risk, and its management principles in Sampo Group, are described in the Appendix 4: Profitability, Risks and Capital.

Liquidity Risk

In If P&C, liquidity risk is limited, since premiums are collected in advance and large claims payments are usually known a long time before they fall due. Liquidity risks are managed by cash management functions which are responsible for liquidity planning. Liquidity risk is reduced by having investments that are readily tradable in liquid markets. The available liquid financial assets, being that part of the assets which can be converted into cash at a specific point in time, are analysed and reported to the ORSA Committee.

The maturities of technical provisions and financial assets and liabilities are presented in the table Cash Flows According to Contractual Maturity, If P&C, 31 December 2017. The average maturity of fixed income investments was 2.7 years in If P&C. The table shows the financing requirements resulting from expected cash inflows and outflows arising from financial assets and liabilities as well as technical provisions.

Cash Flows According to Contractual Maturity
If P&C, 31 December 2017

	Carrying amount total			Cash flows						
EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	2018	2019	2020	2021	2022	2023-2032	2033-
If P&C										
Financial assets	13,115	1,883	11,232	2,836	2,098	2,321	2,322	1,426	325	318
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0
Financial liabilities	940	15	925	-722	-12	-13	-326	-3	0	0
of which interest rate swaps	2	0	2	-1	-1	-1	0	-3	0	0
Net technical provisions	8,900	0	8,900	-3,019	-1,048	-628	-504	-310	-2,038	-1,885

In the table, financial assets and liabilities are divided into contracts that have an exact contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. In addition, the table shows expected cash flows for net technical provisions, which by their nature, are associated with a certain degree of uncertainty.

If P&C Group has a relatively low amount of financial liabilities and thus Group's respective refinancing risk is relatively small.

Counterparty Default Risks

In If P&C the major three sources of counterparty risk are reinsurance, financial derivatives and other receivables.

Counterparty default risk arising from receivables from policyholders and other receivables related to commercial transactions is very limited, because non-payment of premiums generally results in cancellation of the insurance policies.

Reinsurance Counterparty Risk

In If P&C reinsurance is used regularly and If P&C have number of programs in place. If P&C is using reinsurance to (i) utilize its own capital base efficiently and reduce cost of capital, (ii) limit large fluctuations of underwriting results and (iii) have access to reinsurers' competence base. The Reinsurance Committee ("RC") is a collaboration forum for reinsurance related issues in general and shall give its opinion on and propose actions in respect of such issues. The committee shall consider and propose changes to the Reinsurance Policy and the Internal Reinsurance Policy. The Chairman is responsible for reporting policy deviations and other issues dealt with by the committee.

The distribution of reinsurance receivables and reinsurers' portion of outstanding claims on 31 December 2017 per rating category is presented in the table Reinsurance Recoverables and Pooled Solutions, If P&C, 31 December 2017 and 31 December 2016.

Reinsurance Recoverables and Pooled Solutions
If P&C, 31 December 2017 and 31 December 2016

	31 Dec 2017		31 Dec 2016	
Rating	**Total EURm**	**% of total**	**Total EURm**	**% of total**
AAA	0	0%	0	0%
AA+ - A-	59	27%	102	41%
BBB+ - BBB-	1	1%	2	1%
BB+ - C	0	0%	0	0%
D	0	0%	0	0%
Non-rated	0	0%	2	1%
Captives and statutory pool solutions	160	73%	140	57%
Total	**220**	**100%**	**246**	**100%**

Because the recoverables and pooled solutions reported above are not covered by collaterals the whole amount is exposed to counterparty risk.

The Reinsurance Security Committee ("RSC") shall give input and suggestions to decisions in respect of various issues regarding reinsurance default risk and risk exposure, as well as proposed deviations from the Reinsurance Security Policy. The Chairman is responsible for reporting policy deviations and other issues dealt with by the committee. If P&C has a Reinsurance Security Policy that sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. Also, the own credit-analysis plays a central role when counterparties are selected.

As seen from above table most of the reinsurers are having either AA- or A- rating. The ten largest individual reinsurance recoverables amounted to EUR 165 million, representing 72 per cent of the total reinsurance recoverables. If P&C's largest non-captive individual reinsurer is Munich Re (AA-) accounting for 39 per cent of the total non-captive reinsurance recoverables.

The cost of risk transfer related to the reinsurance recoverables and pooled solutions amounted to EUR 52.3 million. Of this amount, 100 per cent was related to reinsurance counterparties with a credit rating of A- or higher.

Counterparty Risk Related to Financial Derivatives

In If P&C, the default risk of derivative counterparties is a by-product of managing market risks. In If P&C the role of long term interest rate derivatives has been immaterial and counterparty risk stems mainly from short-term FX-derivatives. 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 techniques, e.g. ISDA Master Agreements backed by Credit Support Annexes. During 2016 If P&C started to settle interest rate swaps in central clearing houses, which while further mitigating bilateral counterparty risk also exposes If P&C to the systemic risk related to centralised clearing parties.

Operational Risks

Operational risks are identified and assessed through the Operational and Compliance Risk Assessment (OCRA) process. Self-assessments to identify, measure, monitor and manage operational risks are performed and reported by the line organization periodically. Identified risks are assessed from a likelihood and impact perspective. The residual risk for each risk is assessed using a traffic light system. The process is supported by an operational risk coordinator network and the results are challenged and aggregated by the Risk Management function. The most significant risks are reported to the Operational Risk Committee (ORC), the Own Risk and Solvency Assessment Committee (ORSA committee) and to the Board of Directors.

A system is implemented for incident reporting procedures and follow up. Incident data is used to analyse risk and severe incidents are tracked to ensure proper actions are taken.

If P&C has issued a number of steering documents which are relevant for the management of operational risk. These include but are not limited to the Operational Risk Policy, Business Continuity Policy and Security and Information Policy. If P&C also has processes and instructions in place to manage the risk of external and internal fraud. Internal training on ethical rules and guidelines is provided to employees on a regular basis. Policies and other internal steering documents are reviewed and updated on a regular basis.

Capitalization

If P&C Group companies calculate their solo regulatory Solvency Capital Requirements (SCR) as follows:

- If P&C Insurance Ltd (publ) is applying internally developed methods approved by the Swedish FSA (SFSA) for the calculation of the main non-life underwriting risks written in Sweden, Norway and Denmark. The Company is in the process of extending the scope of the approval to include also the Finnish non-life insurance operations merged into the company in October 2017. The standard formula (SF) with transitional equity measures is applied for other risk modules. From these module-specific SCRs the company level solo SCR is calculated by process approved by the SFSA. The end-result is a Partial Internal Model (PIM) SCR.
- Other companies use pure SF when calculating SCRs.

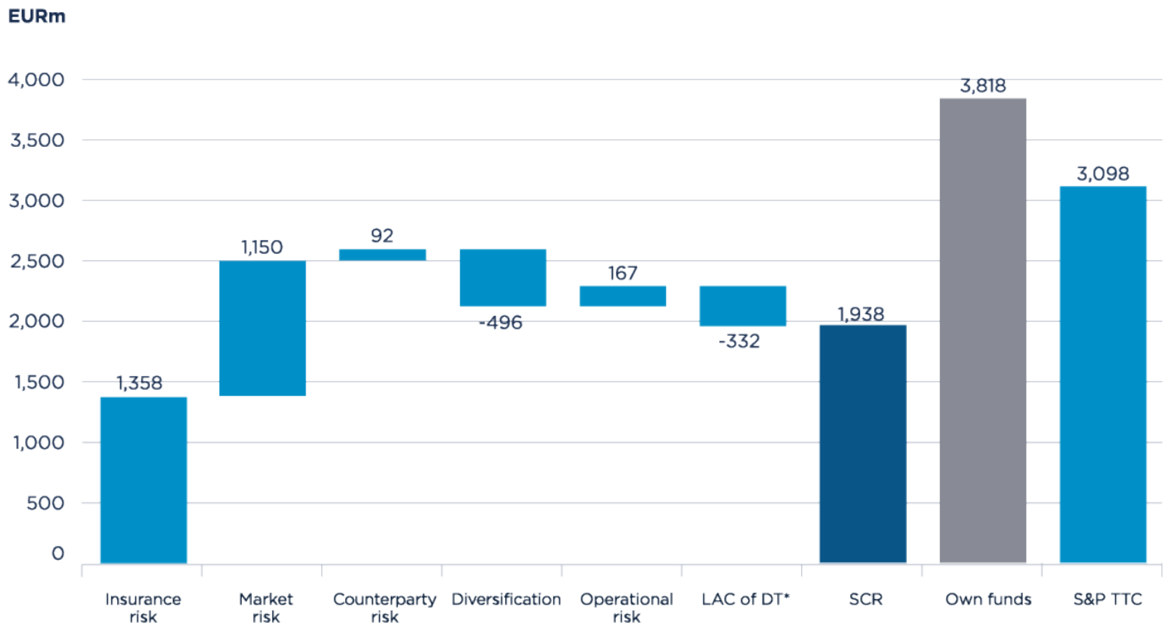
For If P&C Group there is no regulatory requirement to calculate SCR or own funds. However, for management purposes a so called Economic Capital (EC) is calculated by applying internal methods for the main non-life underwriting risks in all geographical areas and for market risks as well. SF is applied for other risks. Economic capital is used for different purposes, for instance as an internal basis for capital allocation.

As in input to the Sampo Group level capital requirement If P&C applies the SF with transitional equity measures. Since the SF SCR does not take into account any geographical diversification between countries the contribution of underwriting risks of If P&C are very conservative at Sampo Group level.

In order to maintain consistency within this Sampo Group risk report, only the SF figures applying transitional equity measures of If P&C are disclosed in the following paragraphs.

In If P&C, own funds at the end of 2017 were EUR 3,818 million (EUR 3,822 million) while the SF SCR applying transitional measures on equity holdings was EUR 1,938 (1,942) million. Hence, the solvency ratio was 197 (197) per cent and the buffer was EUR 1,880 (1,880) million. In the figure If P&C's Solvency, 31 December 2017, SCR is divided into risk contributions. The diversification benefit between risks is also presented in the figure.

If P&C's Solvency
31 December 2017



* Loss absorbing capacity of deferred taxes

The graph above includes also the rating requirement from Standard & Poor's for an A rating. Because capital need based on rating agency criteria – Total Target Capital ("TTC") for Single-A - is higher than capital need based on SCR, If P&C's internally set capital floor is based on TTC being EUR 3,098 (2,967) million as of 31 December 2017.

If P&C's structure of OF as presented in table If P&C's own funds, 31 December 2017 is strong. Tier 1 items are covering 84 per cent of OF and the role of Tier 3 items is immaterial. Norwegian Natural Perils Fund ("NNPF") is a material part of Tier 2 untaxed reserves covering 33 per cent.

Over the latest years If P&C has paid over 80 per cent of its net profit as dividends to Sampo plc. As a result the retained earnings – part of the reconciliation reserve - have consistently been a source of Tier 1 growth.

If P&C's Eligible Own Funds
31 December 2017

If P&C		EURm
Tier 1	**Total**	**3,192**
	Ordinary Share Capital	277
	Reconciliation Reserve	2,915
	Subordinated Liabilities	0
Tier 2	**Total**	**625**
	Subordinated Liabilities	321
	Untaxed reserves	304
Tier 3	**Total**	**1**
	Deferred tax assets	1
Eligible own funds, consolidation method		**3,818**

EUR 321 (420) million i.e. 8.4 (11.0) per cent of OF consisted of subordinated debt at the end of 2017. The subordinated debt of nominal amount EUR 90 million issued by If P&C Insurance Company Ltd (Finland) was repaid in September 2017, prior to the merger between If P&C Insurance Company Ltd (Finland) and If P&C Insurance Ltd. As of 31.12.2017 Sampo plc holds If P&C subordinated liabilities with a nominal value of EUR 98.9 million, as presented in the table Solvency II Compliant Subordinated Liabilities of If P&C, 31 December 2017.

Solvency II Compliant Subordinated Liabilities of If P&C
31 December 2017

Issuer	Instrument	Nominal amount	Carrying amount in EUR	First Call	Tiering	In Sampo's portfolio
If P&C Insurance Ltd (publ) (Sweden)	30NC10	EUR 110 000 000	109,501,816	8.12.2021	Tier 2	98,935,000
If P&C Insurance Holding Ltd (Sweden)	30NC5	SEK 500 000 000	50,510,699	1.12.2021	Tier 2	0
If P&C Insurance Holding Ltd (Sweden)	30NC5	SEK 1 500 000 000	151,535,327	1.12.2021	Tier 2	0
			311,547,842			

As a summary, the solvency of If P&C is adequate and the capital structure is strong. High and stable profitability and capacity to issue subordinated debt if needed puts If P&C in a strong position to generate capital and to maintain a capital level needed for operations in the future as well.

Topdanmark Group

Topdanmark Group is a Danish insurance group concentrating on the Danish insurance market writing non-life, life- and pension policies through its operative insurance companies Topdanmark Forsikring and Topdanmark Livsforsikring.

At the group level the current emphasizes are (i) to create synergies by having both non-life and life insurance business within the same group, and (ii) to improve customer experience and cost efficiency by digitalization, innovation and new technology. Products are marketed through a diversified net of distribution channels including Topdanmark's own sales staff consisting of both tied agents and sales centres, and external partners, insurance brokers and online sales.

Underwriting Risks and Performance

Topdanmark Forsikring is the second largest Danish non-life insurance company with a market share of 17 per cent. It operates mainly within personal-, SME- and agriculture client segments having approximately 500,000 household customers and respectively 100,000 SME and agriculture customers. The market share within the industrial segment has been low and it has further decreased in 2016 and 2017. This is in line with Topdanmark's strategy to have the material part of its risks in Denmark, as industrial customers typically have the material risk outside Denmark. All in all approximately 300,000 claims are handled on a yearly basis.

Topdanmark Livsforsikring is the fifth largest commercial life insurance company in Denmark with a market share of 8 per cent. Topdanmark Livsforsikring offers pension schemes with participating features and market interest pensions products, including life insurance covers and health insurance. The number of personal customers is around 50,000 and the number of customers within company pension schemes is around 80,000. The main source of the profit is the risk return from with-profit schemes.

Non-Life Underwriting Performance and Risks

The premiums and underwriting performance by Solvency II lines of business are presented in the table Topdanmark Underwriting Performance, 31 December 2017 and 31 December 2016.

Topdanmark Underwriting Performance
31 December 2017 and 31 December 2016

Underwriting performance by SII LoB (EURm)	Premiums written 2017	Premiums written 2016	Premiums earned 2017	Premiums earned 2016	Claims incurred 2017	Claims incurred 2016	Operating expense 2017	Operating expense 2016	Reinsurers share per LoB 2017	Reinsurers share per LoB 2016	Total underwriting performance direct insurance 2017	Total underwriting performance direct insurance 2016
Medical expense insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income protection insurance	204.6	197.2	200.0	193.2	135.5	135.5	25.5	25.2	1.8	2.1	37.2	30.4
Workers' compensation insurance	85.0	77.4	82.8	79.3	75.7	59.1	11.7	11.4	1.4	0.6	-5.9	8.3
Motor vehicle liability insurance	88.0	89.1	92.0	91.8	54.2	53.0	16.7	16.9	0.4	0.4	20.8	21.5
Other motor insurance	191.4	192.8	192.4	194.7	114.0	113.8	28.6	28.9	1.3	0.8	48.5	51.1
Marine, aviation and transport insurance	7.0	6.4	7.1	6.3	5.8	3.9	1.5	1.5	0.1	0.4	-0.2	0.5
Fire and other damage to property insurance	535.9	521.5	532.5	532.7	292.2	379.3	91.9	92.1	44.4	9.4	104.1	51.9
General liability insurance	73.3	62.0	70.0	63.4	39.7	32.5	12.3	11.7	3.0	3.2	14.9	16.0
Assistance	30.4	28.3	30.0	28.5	23.5	20.7	4.7	4.5	0.0	0.0	1.8	3.3
Other Life insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1,215.6**	**1,174.6**	**1,206.8**	**1,189.8**	**740.6**	**797.7**	**192.8**	**192.3**	**52.3**	**16.9**	**221.1**	**182.9**

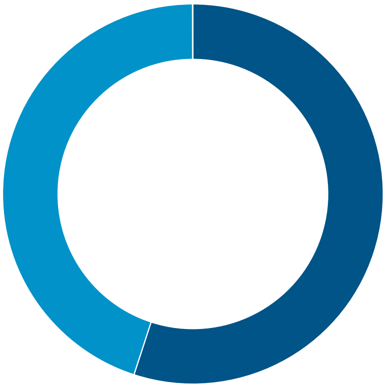
There was a moderate growth in premiums of 1.4 per cent in 2017, being a result of company's actions to maintain a balance between growth and profitability in a competitive market. The combined ratio was 85.8 before run-off gains and 82.0 respectively after run-off gains. These figures exceeded the company's expectations mainly due to better weather than expected, a low level of large-scale claims and an improved claims trend mainly in the SME segment, an improved claims trend in theft, fewer and smaller fire claims and an improved claims trend in workers' compensation.

Topdanmarks non-life insurance risk is measured and monitored by a partial internal model, which was approved in 2015 by the Danish supervisory authorities for the SCR calculation.

The claims provisions are mostly exposed to judicial decisions or changed recognition practices of the Labor Market Occupational Insurance. These events, if happened, may change compensation practices and thus increase claims from previous periods.

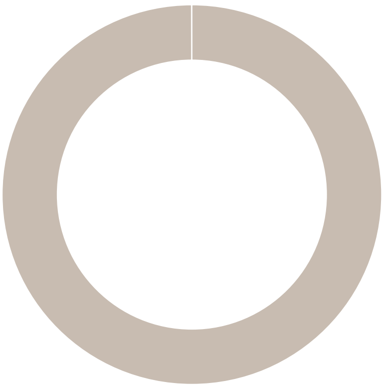
As shown in the below figure Breakdown of Gross Written Premiums by Business Area, Country and Line of Business, Topdanmark's insurance portfolio is diversified across Business Areas and Lines of Business.

Breakdown of Gross Written Premiums by Business Area
Topdanmark, 2017, total EUR 1,216 million



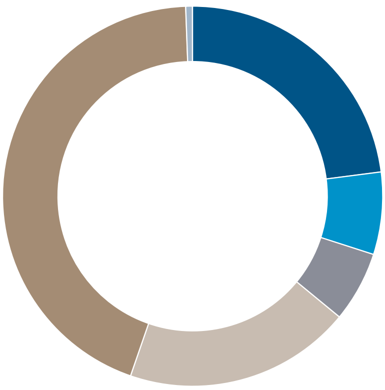
- Private **669**
- Commercial **547**
- Industrial **0**
- Baltic **0**

Breakdown of Gross Written Premiums by Country
Topdanmark, 2017, total EUR 1,216 million



- Norway **0**
- Sweden **0**
- Finland **0**
- Denmark **1,216**
- Baltic **0**

Breakdown of Gross Written Premiums by Line of Business
Topdanmark, 2017, total EUR 1,216 million



- Motor other and motor third party liability **279**
- Workers' compensation **85**
- Liability **73**
- Accident **235**
- Property **536**
- Marine, aviation, transport **7**

Premium and Catastrophe Risk and Their Management and Control

The main underwriting risk that influence the performance is catastrophe events. However, Topdanmark Forsikring has a very comprehensive reinsurance programme in place contributing to the low level of underwriting risk. The largest retention level of DKK 100 million plus reinstatement for each event is on storm events. The maximum retention on fire events is DKK 25 million and in workers' compensation up to DKK 1 billion is covered with a retention of DKK 50 million.

With certain restrictions, terror is covered by the reinsurance contracts. A national guarantee scheme of DKK 15 billion covering terror claims including an element of NBCR (nuclear, biological, chemical, radiological) has been established. In January 2017, the market retention was DKK 9.9 billion. To cover this market retention the Danish non-life companies have established a NBCR terror pool. In this pool for 2017, reinsurance cover was DKK 4.5 billion after DKK 0.5 billion.

Premium risk reduction measures taken at different levels of operations are as follows:

- Collection of data on risk and historical damage
- Use of collected and processed data in profitability reporting, risk analyzes and in the internal model
- Ongoing follow-up on risk developments as well as quarterly forecasts for future risk development
- Correct pricing using statistical model tool including customer scoring tools
- Reinsurance cover that reduces the risk especially for disaster damage
- Ongoing follow-up on the risk picture and reinsurance coverage in the Risk Committee.

In order to maintain product and customer profitability, Topdanmark monitors changes in its customer portfolios. Provisions are recalculated and the profitability reports are updated in the same context on a monthly basis. Based on this reporting, trends in claim levels are carefully assessed and price levels may be adjusted if considered necessary.

In the private market segment, customer scoring is used and customers are divided into groups according to their expected profitability levels. The customer scoring has two roles. First it helps to maintain the balance between the individual customer's price and risk. Secondly it facilitates the fairness between individual customers by ensuring that no customers are paying too large premiums to cover losses from customers who pay too small premiums.

The historical profitability of major SME customers with individual insurance schemes is monitored using customer assessment systems.

In addition to the above described analysis Topdanmark continuously improves its administration systems to achieve more detailed data which in turn enables it to identify the claims trends at an earlier point in time and compile information on the constituent parts of the various types of claims.

The non-life risk scenarios can be found in the next table.

Non-Life Insurance Risk Scenarios Topdanmark Forsikring
31 December 2017 and 31 December 2016

Risk scenarios EURm after taxation and pension return tax	2017	2016
Non-life insurance		
Underwriting risk		
Combined ratio - 1bp increase	-9.4	-9.3
Provision risk		
Provision on own account - 1% increase	-13.1	-13.2
Storm claims up to DKK 5,100m	-10.5	-10.5

Reserve Risk and Its Management and Control

The insurance lines of business are divided into short-tail i.e. those lines where the period from notification until settlement is short and long-tail i.e. those lines where the period from notification until settlement is long. Examples of short-tail lines in Topdanmark Forsikring are building, personal property and comprehensive motor insurance. Long-tail lines relate to personal injury and liability such as workers' compensation, accident, motor third party insurance and commercial liability.

Composition of Topdanmark's Non-Life Overall Provisions for Outstanding Claims
31 December 2017 and 31 December 2016.

Provisions for outstanding claims, %	2017	2016
Short-tail	11.0	12.7
Annuity provisions in workers' compensation	23.0	24.3
Other claims provisions in workers' compensation	25.2	23.0
Accident	27.2	25.6
Motor personal liability	10.0	10.7
Commercial liability	3.5	3.6

Due to the longer period of claims settlement the long-tail lines of business are generally riskier than the short-tail lines. It is not unusual that claims in long-tail lines are settled three to five years after notification and in rare cases up to ten to fifteen years.

The reserve risk is calculated using Topdanmark's partial internal model for insurance risk. Workers' compensation claims provision has by far the biggest risk, followed by the other long-tail claims provisions which mainly consist of personal injury claims.

During such a long period of settlement, the levels of compensation could be significantly affected by changes in legislation, case-law or practice in the compensation of damages adopted by, for example, the Danish Labour Market Insurance which decides on compensation for injury and loss of earnings potential in all cases of serious industrial injuries. The practice adopted by the Danish Labour Market Insurance also has some impact on the levels of compensation for accident and personal injury within motor, liability and commercial liability insurance.

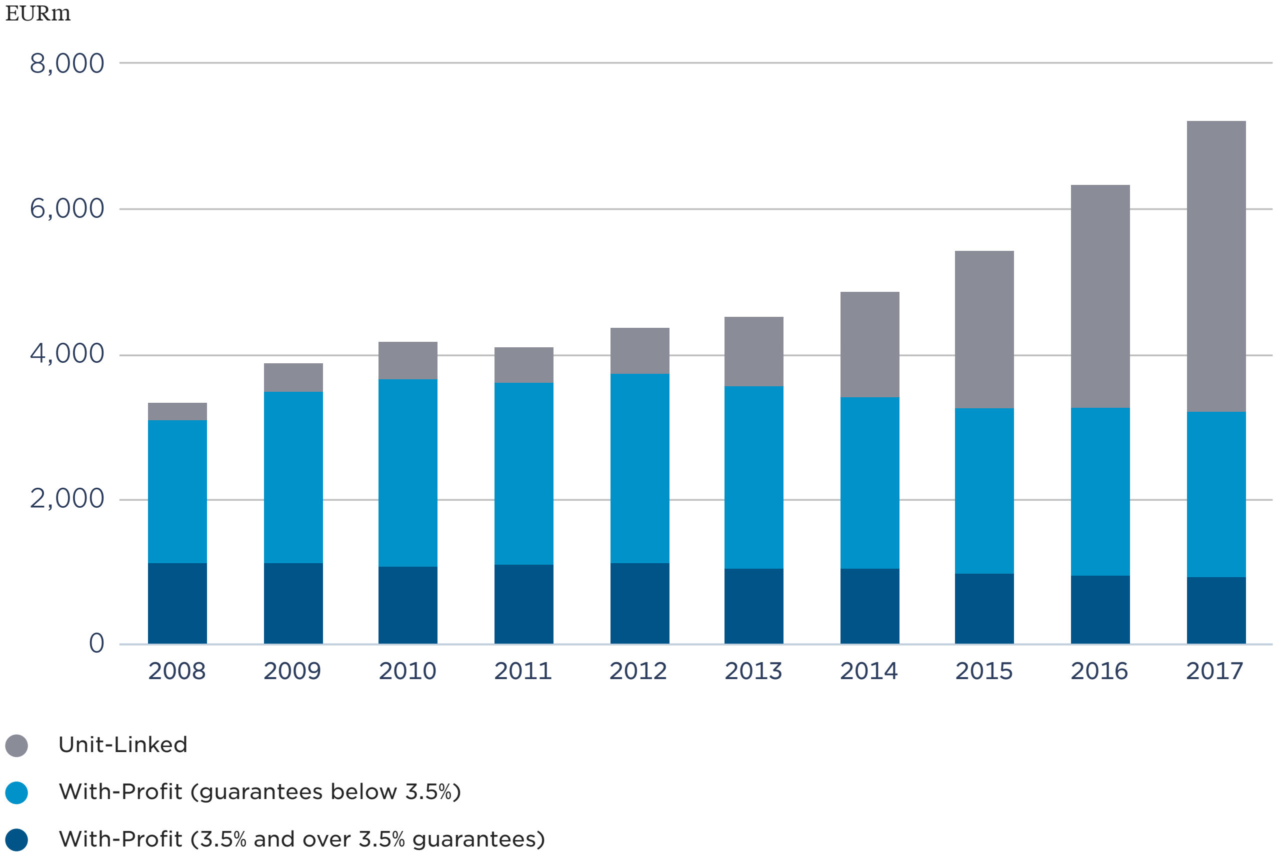
The provisioning risk represents mostly the ordinary uncertainty of calculation and claims inflation, i.e. an increase in the level of compensation due to the annual increase in compensation per policy being higher than the level of general indexation or due to a change in judicial practice/legislation. The sufficiency of the provisions is tested in key lines by calculating the provisions using alternative models as well, and then comparing the compensation with information from external sources.

The actuarial team has a continuous dialogue with the claims departments on any changes in the practices regarding new legislation, case law or compensation practices as well as on the impact of such changes on the routines used to calculate individual provisions.

Life Underwriting Performance and Risks

The development of the provisions for with profit and for unit-link business during the years 2008-2017 is illustrated in the graph below.

Development of With Profit and Unit-Linked Technical Provisions
Topdanmark, 2008–2017



During the latest two years, premiums were split between products as follows.

Sources of Gross Life Premiums
Topdanmark, 2017 and 2016

EURm	2017	2016
With-profits schemes	74.9	89.2
Unit-linked schemes	220.7	195.3
Group life	68.3	71.8
Regular premiums	**363.9**	**356.4**
With-profits schemes	52.9	63.5
Unit-linked schemes	691.3	578.2
Single Premiums	**744.2**	**641.7**
Gross premiums	**1,108.2**	**998.0**

The focus of new sales is on unit-linked schemes and their premiums are almost 83 per cent of the gross premium income. The above table also shows that single premium products are more common than regular premium products. However, the regular premiums are growing steadily while the single premiums are fluctuating more from year to year.

The risk inherent in the life business is first of all related to the with profit technical provisions. When the majority of new contracts are written as unit-linked contracts, the risk will not increase as much as the volume of premiums and total provisions.

In 2017, the investment return was sufficient to cover obligations to policyholders in all interest rate groups and hence the full risk return to shareholders' equity was recognized as income. Risk return on shareholders' equity together with other main components of life business result are shown in the table Result of Life Insurance, Topdanmark, 2017 and 2016.

Result of Life Insurance
Topdanmark, 2017 and 2016

EURm	2017	2016
Investment return on shareholders' equity	14.6	9.6
Sales and administration	-3.4	-5.7
Insurance risk	2.3	1.7
Risk premium	19.8	19.8
Profit on life insurance	**33.4**	**25.4**

The main risks of Topdanmark Livsforsikring can be summarized as follows:

- Limited loss-absorbing buffers combined with low interest rates environment
- Disability risk
- Longevity risk

Falling interest rates and, in particular, sustained low interest rates along with prolonged lives represent a significant risk scenario for insurers with guaranteed benefits as there will be a reduction of the individual bonus potentials used for loss absorption.

When an insured event occurs, the effect on the profit will depend on the size of loss absorbing capacity (LAC) of the reserves. When the loss absorbing capacity is higher than the losses, the customers themselves cover the losses.

Life Insurance Underwriting Risk Control

In general Topdanmark Livsforsikring has continuous focus on the solvency position, the changes in the individual risks and the development of the loss-absorbing buffers. The latter is important because over time it can level out the market and insurance risks within the individual risk groups. Hence, the loss-absorbing buffers are a crucial part of the with profit concept in leveling of yields and claims over time.

The scenario-based Solvency Capital Requirement is calculated quarterly. When deemed necessary, due to market developments, the frequency of calculation is increased and, if necessary, the number and type of scenarios are increased.

Trends in product claim levels are assessed on top of the calculation of the insurance provisions. Profitability models are applied systematically as a follow-up on customer and portfolio levels. This assessment is used to identify price adjustment needs.

Loss Absorbing Buffers in the Event of Low Interest Rates

Customers' individual and collective bonus potential together creates the loss absorbing buffers in life insurance against any losses incurred by customers on investment activities.

Low interest rates mean that the market value of the guarantees granted is high, and hence the related individual bonus potential is low. The lower the individual bonus potential, the higher the risk of any losses to be absorbed wholly or partially by shareholder's equity. If interest rates are high, the same losses could, to a larger degree, be absorbed by the bonus potential.

Declines in the collective bonus potential are most frequent, due to the investment return being lower than the annual addition of interest to deposits. Declines in collective bonus potential are also possible if interest rates are relatively high.

In order to protect shareholders' equity, in general it will be relevant to reduce market risks in the event of lower interest rates.

All policies have been split into contribution groups according to the guaranteed benefit scheme. For all contribution groups there are separate loss absorbing buffers and hence in each contribution group, the separate investment policy must be in line with risk taking capacity to ensure the ability to meet the guaranteed benefits. Market risk is adjusted continuously in accordance with the risk capacity of the contribution groups, and the movements in interest rates are monitored so that risk reducing actions can be taken when needed.

Disability

Disability risk is the risk of increased disability intensity or declines in the rates of resumption of work. Losses may incur due to an increase in disability frequency or due to inadequate health evaluation when the policy is written.

Extra costs, due to a permanent change in disability risk, will be partially covered by individual and collective bonus potential. The remainder affects profit/loss for the year and consequently shareholders' equity.

Longevity

Longevity risk is the risk that customers with life dependent policies, primarily annuities, live longer than expected. That will increase provisions for lifetime products. Extra costs, due to longer lifetimes, will be partially covered by individual and collective bonus potential. The remainder affects profit/loss for the year and consequently shareholders' equity.

Following risk reduction measures and methods are used in Topdanmark Livsforsikring:

- All policies in the average return environment are divided according to the granted benefit guarantee and the investment policy is organized to ensure the ability to honor the guarantees
- Market risk can be adjusted freely in relation to the individual customer groups' risk capacity
- Normal fluctuations in ROI and risk results in the average interest rate environment are captured by bonus potentials per contribution group
- The individual bonus potentials in the average return environment are protected by cross-border protection
- Reinsurance
- Prices for death and disability are adjusted continuously in relation to the market situation and the observed injury history
- New subscription basis changes as needed
- Establishment of business processes that ensure that the products are sold at the right price / risk mix

The life risk scenarios can be found in the next table.

Risk Scenarios in Life Insurance

Topdanmark, 31 December 2017 and 31 December 2016

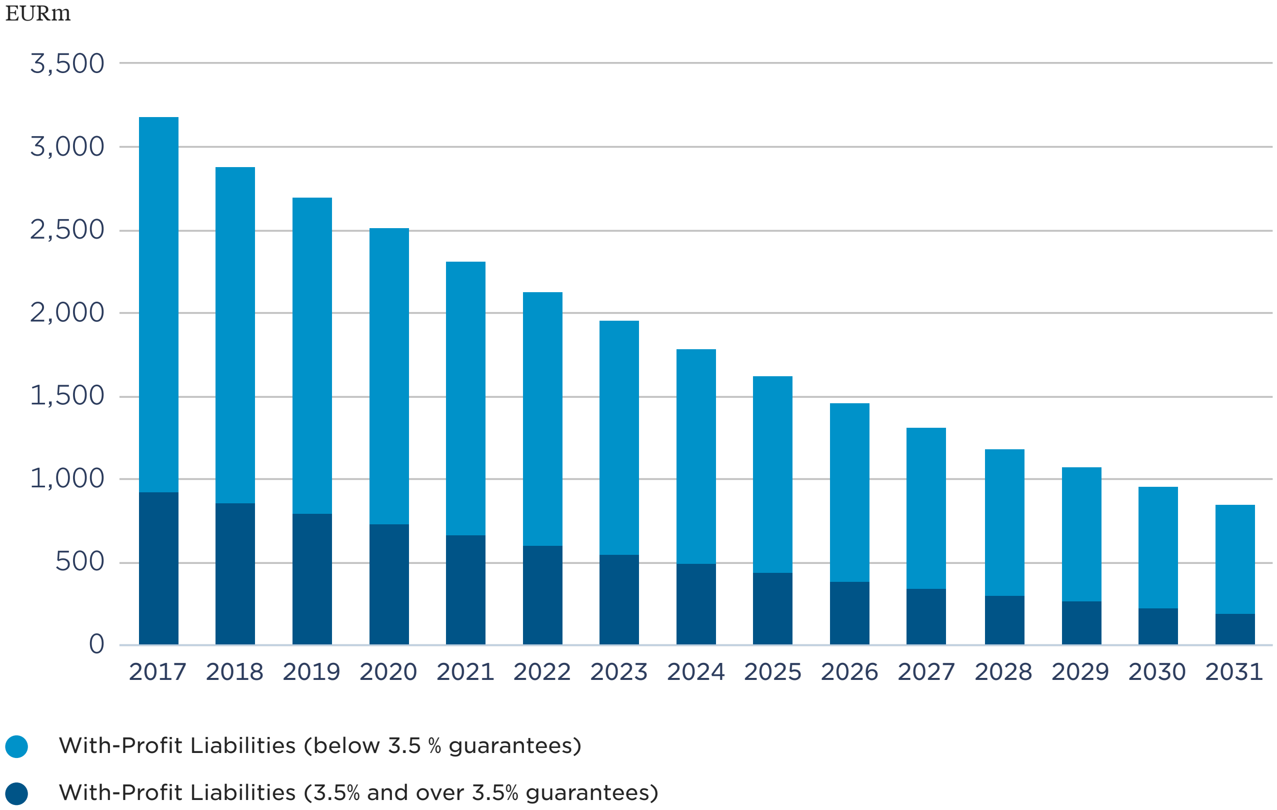
Risk scenarios EURm after taxation and pension return tax	2017	2016
Life insurance		
Disability intensity - 35% increase*	-1.4	-1.6
Mortality intensity - 20% decline	-3.7	-4.2

*35% increase first year, subsequently 25%, coincident with 20% decline in reactivation rates

To monitor effectivity of the above risk reduction methods over time Topdanmark Risk Committee continuously monitors the company's risk profile and reinsurance cover. Also forecasts are followed up.

The run-off profile of the life insurance with profit liabilities shows that the provisions on high guarantees are decreasing. New with profit policies are written, but only with a very low guaranteed accumulated return.

Forecast of Run-off With-Profit Liabilities
Topdanmark Livsforsikring, 31 December 2017 – 31 December 2031



Market Risks and Investment Performance

In general, the long term value creation shall be based mainly on the acceptance of insurance risks. However, to supplement the group's profit from its insurance activities, Topdanmark accepts a certain level of financial market risks as well, given its strong liquidity position and stable, high earnings from insurance operations. Hence, in addition to fixed income instruments Topdanmark has invested, among other things, in equities, properties and CDOs in order to improve the average investment return.

However, market risks shall be limited to the extent that is considered appropriate, even if it is highly probable that the company gains the profit even in the very unfavourable financial market scenarios. In addition, large risk exposures or highly correlated risks shall be covered to prevent unnecessary losses and market risks originating from insurance operations. The investment portfolio shall be managed in a way that market risk taking shall not endanger the normal operations or implementation of planned actions in unfavourable market conditions.

To reach the above general goals, the Investment Policy sets the company's objectives, strategies, organization and reporting practices on investments. The investment strategy is more precisely determined in terms of market risk limits and specific requirements for certain types of positions and sub-portfolios (risk appetite). The investment strategy is determined by the Board and revised at least once a year. Appropriate financial risk mitigation techniques are used.

When selecting the investment assets, a portfolio composition that matches the risk features of the corresponding liabilities is sought. The purpose of the policy is also to ensure that the company has implemented effectively the organization, systems and processes necessary to identify, measure, monitor, manage and report on investment risks to which it is exposed.

At the same time, the policy sets the framework for investment of customers' savings, schemes of right to bonus and link savings (customer funds) in Topdanmark Livsforsikring, so that the company can continue to offer attractive savings products to its clients with competitive returns in relation to the accepted investment risks.

In addition to Investment Policies, companies have a capital plan and a capital emergency plan if sudden changes occur in the asset or liability side.

When market risks are measured and managed, all exposures are included, regardless of whether they arise from active portfolio management on the investment side or from annuities which are considered as market risk.

Asset Allocations and Investment Performance - Topdanmark Group Excluding Life Insurance

As described earlier, in life insurance different contribution groups have their own investment strategies and their loss absorbing buffers and hence it is not relevant to assess allocations and returns of these assets in isolation to their respective contribution groups.

Hence, in the two below tables the assets' allocations and annual investment returns without assets covering life insurance liabilities are presented.

Investment Allocation, Topdanmark Group Excluding Life Insurance
31 December 2017 and 31 December 2016

Asset class	Topdanmark 31 Dec 2017 Market value, EURm	Weight	Topdanmark 31 Dec 2016 Market value, EURm	Weight
Fixed income total	**2,218**	**78%**	**2,081**	**77%**
Government and mortgage bonds	1,874	66%	1,672	62%
Credit bonds	6	0%	29	1%
Index linked bonds	38	1%	52	2%
CDOs	78	3%	75	3%
Money market securities and cash	223	8%	253	9%
Listed equity total	**127**	**4%**	**122**	**5%**
Danish equities	36	1%	40	1%
Equities outside Denmark	91	3%	82	3%
Alternative investments total	**187**	**7%**	**177**	**7%**
Real estate	145	5%	134	5%
Private equity	42	1%	43	2%
Assets related to I/A	**327**	**11%**	**310**	**12%**
Asset classes total	**2,859**	**100%**	**2,690**	**100%**

The exposure in equities outside Denmark and credit bonds has been adjusted by the use of derivatives. Private Equity also includes direct holdings in non-listed equities. The class of "Assets related to I/A" (illness/accident) comprises the investments in Topdanmark Livsforsikring, (the life insurance company) corresponding to the size of the illness/accident provisions.

The equity portfolios are well diversified and without major single positions, when associated companies are disregarded.

The main investment assets are government and mortgage bonds, which comprise primarily Danish government and mortgage bonds. The assets of this asset class are interest rate sensitive - to a significant extent equivalent to the interest rate sensitivity of the non-life insurance provisions. Consequently, the return on government and mortgage bonds should be assessed in connection with return and revaluation of non-life insurance provisions.

Credit bonds are composed of a well-diversified portfolio, primarily exposed to businesses in Europe and in the United States, predominantly in the investment grade segment.

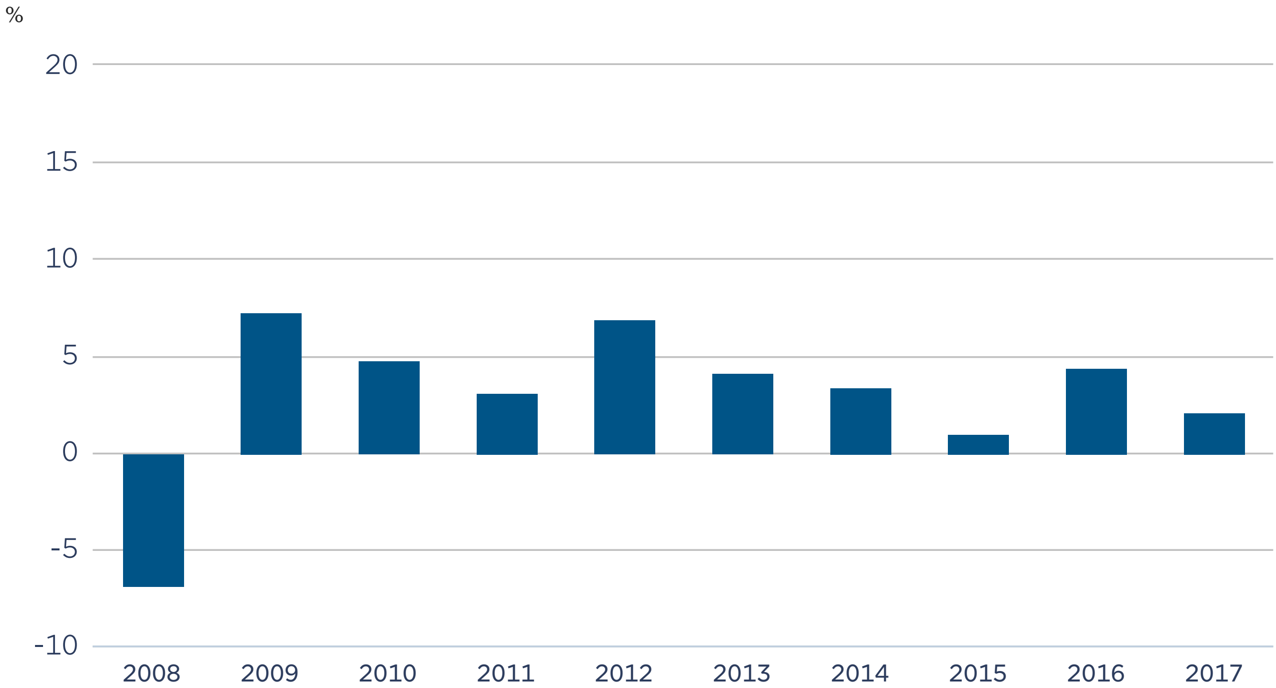
Index linked bonds comprise bonds – primarily Danish mortgage bonds – for which the coupon and principal are index-linked.

The CDO category primarily includes positions in CDO equity tranches. The underlying assets consist for the most part of senior secured bank loans, while the remaining part consists primarily of investment grade investments in corporate bonds. The real estate portfolio comprises mainly owner-occupied real estate.

Assets related to illness/accident insurance comprise the investments in Topdanmark Livsforsikring corresponding to the size of the illness/accident provisions.

The annual investment return for 2017 compared to earlier years is presented in the graph Annual Investment Returns at Fair Values, Topdanmark Group, Excluding Life, 2008-2017.

Annual Investment Returns at Fair Values
Topdanmark Group Excluding Life, 2008-2017



The investment return in the Topdanmark Group excluding life insurance was DKK 539 million in 2017 (DKK 910 million).

Investment Allocation: Life Insurance

The asset allocation covering life insurance liabilities over all contribution groups is presented in the below table.

Investment Allocation
Topdanmark Livsforsikring, 31 December 2017 and 31 December 2016

Asset class	Topdanmark 31 Dec 2017 Market value, EURm	Weight	Topdanmark 31 Dec 2016 Market value, EURm	Weight
Fixed income total	**2,021**	**66%**	**2,040**	**65%**
Government and mortgage bonds	1,614	52%	1,540	49%
Index linked bonds	129	4%	149	5%
Credit and emerging market bonds	278	9%	351	11%
Listed equity total	**489**	**16%**	**592**	**19%**
Listed shares	489	16%	592	19%
Alternative investments total	**702**	**23%**	**543**	**17%**
Land and buildings	498	16%	479	15%
Unlisted shares	152	5%	14	0%
Shares in associated companies	52	2%	50	2%
Other investments	**-127**	**-4%**	**-49**	**-2%**
Other investments assets	-107	-3%	-34	-1%
Derivates to hedge against the net change in assets and liabilities	-19	-1%	-15	-0%
Asset classes total	**3,085**	**100%**	**3,125**	**100%**

Assets total relates to the products with guarantees and profit sharing. The exposure in equities outside Denmark and credit bonds has been adjusted by the use of derivatives. Unlisted shares include Private Equity and Hedge funds. Other investments assets include money markets securities, cash and derivatives.

Market Risks of Balance Sheet

Interest Rate Risk

Interest rate risk exposure is net of assets, liabilities and derivative instruments whose carrying amount is dependent on the interest rate level. In regards to insurance liabilities Topdanmark is exposed to interest rate risk due to provisions for outstanding claims in non-life insurance and guaranteed benefits in life insurance.

Shifting the market yield curve upwards and downwards and/or changing its shape leads to changed market values of assets and derivatives and thus to unrealized losses / gains.

When assessing the value and sensitivity of insurance provisions Topdanmark uses the Solvency ll discount curve that has its basis on market yield curve with volatility adjustment (VA). The VA component of DKK yield curve comprises a corrective element based on the spreads of Danish mortgage bonds and European credit bonds. The VA component was 51bp at the end of 2016 and 30bp at end of 2017.

Generally, the interest rate risk is limited and controlled by investing in interest-bearing assets in order to reduce the overall interest rate exposure of the assets and liabilities to the desired level. Therefore the Danish Mortgage Bonds and Government bonds have a central role in the asset portfolios. To further decrease the interest rate sensitivity of balance sheet, swaps and standard swaptions have been used for hedging purposes.

Equity Risk

The Danish part of the equity portfolio is composed on the basis of OMXCCAP index. The rest of the equity holdings are in the foreign equity portfolio that is based on MSCI World DC in its original currency. As a net result Topdanmark Group's equity holdings are well-diversified.

Breakdown of Listed Equity Investments by Geographical Regions
Topdanmark Group, 31 December 2017 and 31 December 2016

	31 Dec 2017		31 Dec 2016	
Topdanmark	**%**	**EURm**	**%**	**EURm**
Denmark	20%	162	23%	176
Norway	1%	8	1%	8
Sweden	1%	8	1%	8
Finland	0%	0	0%	0
Western Europe	22%	177	19%	148
East Europe	0%	0	0%	0
North America	55%	438	55%	420
Latin America	0%	0	0%	0
Far East	0%	0	0%	0
Japan	0%	0	0%	0
Total		**793**		**761**

Real Estate Risk

The real estates are all located in Denmark, with the material part in the areas of Copenhagen and Århus. The holding on group level is diversified over office buildings and residential buildings.

Spread Risk

Most of Topdanmark's interest-bearing assets comprise of AAA rated Danish mortgage bonds and debt issued or guaranteed by top-rated European states. The risk of losses is considered to be minor due to the high credit quality of the issuers and because investments have been made at spreads in balance with the company's desired risk ratio levels. The portfolio is well diversified both geographically and with regard to type of debtor and therefore the exposure to the concentration of risks is insignificant.

Investment policy stipulates that the portfolio must be well-diversified also in counterparties and that the portfolio must not be particularly exposed to individual counterparties. The main source of spread risk is the government and mortgage bonds. Due to high allocation of these investments in the portfolios, spread risk is the most material source of market risk SCR. SCR was DKK 1,372 million on 31 December 2017.

Concentration Risk

Topdanmark's fixed income investments by rating classes are presented in the table Interest-bearing Assets by Rating, Topdanmark, 2017 and 2016.

Interest-bearing Assets by Rating, Topdanmark
31 December 2017 and 31 December 2016

Interest-bearing assets by rating, %	2017	2016
AAA+AA	77.8	77.8
A	2.9	2.7
BBB	0.6	0.3
<BBB	11.6	12.6
Money market deposits	7.1	6.7

The company has no significant concentrations on the investment side, except for the category "Treasury and mortgage bonds" that consists primarily of Danish government and AAA-rated Danish mortgage bonds. In terms of SCR the concentration risk was DKK 145 million on 31 December 2017.

As earlier described, these assets have an interest rate sensitivity that significantly corresponds to the interest rate sensitivity of the technical provisions.

Currency Risk

In practice the only source of currency risk is investment assets, because insurance liabilities are in Danish Krones. The currency risk is mitigated by derivatives and net exposures in different currencies are minor except in Euros.

Currency risk is assessed based on SCR. The value of base currency is shocked by 25 per cent against most of the currencies except 2.39 per cent against EUR where the largest exposure exists.

Currency Risk SCR was DKK 31 million on 31 December 2017.

Inflation Risk

Future inflation is implicitly included in a number of the models Topdanmark uses to calculate its provisions. The general principles regarding the inclusion of an allowance for inflation differs between Workers' compensation and illness/accident insurance. In the former the provisions are calculated on the basis of the expected future indexation of wages and salaries, and in latter on the basis of the expected net price index.

An expected higher future inflation rate would generally be included in the provisions with a certain time delay, while at the same time the result would be impacted by higher future indexation of premiums. In order to reduce the risk of inflation within workers' compensation and illness/accident insurance, Topdanmark uses index-linked bonds and derivatives to hedge a significant proportion of the expected cash flows sensitive to future inflation.

Market Risk Sensitivities

In the below table is a summary of selected market risks sensitivities. It can be seen from the table that the net effect of 1 percentage point parallel change in interest rates would be less than 10 per cent drop in equity or property prices.

Market Risk Sensitivities
Topdanmark, 31 December 2017 and 31 December 2016

Risk scenarios EURm After taxation and pension return tax		2017	2016
Market risk			
Interest-bearing assets	1 bp increase	-62.4	-79.5
Provisions for claims and benefits etc.	in effective interest rate	68.8	90.3
Index-linked bonds	5% loss	-2.8	-4.9
Equities	10% loss	-10.6	-11.0
CDOs < AA	10% loss	-8.0	-7.2
Properties	10% loss	-17.7	-16.7
Annual currency loss with an up to 2.5% probability		-0.8	-2.8

Liquidity Risk

Topdanmark Group has a strong liquidity position. Firstly, as premiums are paid prior to the beginning of the risk period the liquidity risk related to customers' payments is very limited. Secondly, the combination of insurance businesses is of a character in which it is highly unlike that liquidity shock could occur, because insurance liabilities are by their nature stable liabilities and in asset portfolios money market investments are complemented by a large portfolio of liquid listed Danish government and mortgage bonds.

Experience from quite significant and sudden movements in long-term interest rates have confirmed that liquidity of these assets is not significantly affected by market shocks.

The maturity structure of technical provisions is presented in the next table.

Cash Flows for Provisions
Topdanmark, 31 December 2017 and 31 December 2016

EURm	Book value	1 year	2-6 years	7-16 years	17-26 years	27-36 years	>36 years
Provisions for claims							
2016	1,774	543	692	382	171	74	23
2017	1,748	542	701	390	160	76	11
Life insurance provisions guarantees and profitsharing							
2016	3,286	354	994	1,411	663	219	72
2017	3,232	347	938	1,424	689	219	61

In the table the discounted cash flows related to the insurance activities are shown in general level. In cash flows for life insurance provisions, repurchase and rewrite to paid-up policies are included in 2017. Comparative figures for 2016 have not been adjusted. Life insurance provisions for unit-linked products are covered by corresponding investment assets and therefore not stated in the table.

Because of the above reasons Topdanmark's liquidity risk is primarily related to the parent company Topdanmark A/S.

Topdanmark A/S finances its activities and dividend programme by receiving dividend from its subsidiaries.

Further financing requirements are covered by short term money market loans, typically with a maturity of one month or less.

Counterparty Default Risks

The default risk related to fixed income and equity investments is covered by spread-risk and equity-risk models in SCR calculations and hence they are not discussed in this context. Topdanmark is exposed to counterparty risk in both its insurance and investment activities.

The main sources of counterparty risk are deposits made to individual banks, derivative contracts with banks and current receivables from reinsurance companies with the addition of potential receivables that will arise in case of a 200-year event of disaster. Topdanmark's counterparty risk is assessed by the standard formula SCR, which was DKK 158 million on 31 December 2017.

Reinsurance

Within insurance activities the reinsurance companies' ability to pay is the most important risk factor. Topdanmark minimises this risk by primarily buying reinsurance cover from reinsurance companies with a minimum rating of A- and by spreading reinsurance cover over many reinsurers. Accordingly, almost all of its storm cover has been placed with various reinsurance companies with rating A- or better.

For reinsurance counterparties, the Board approves security guidelines for how large a portion of a reinsurance contract can be placed per a separate reinsurer. This portion is dependent on the reinsurer's rating as well as on Topdanmark's own assessment of the reinsurer. Typically the largest risk concentrations may occur in case of catastrophe, including storms and cloudbursts, through one or more single major disaster events.

Financial Derivative Activities

To limit the counterparty risk of financial contracts, the choice of counterparties is restrictive, and collateral is required when the value of the financial contracts exceeds the predetermined limits. The size of the limits depends on the counterparty's credit rating and the terms of the contract.

Operational Risks

The Board of Directors has set the overall principles and framework for how to organize internal control activities and how to ensure independency between the various organizational functions.

These organizational functions include business areas and other functions that have ongoing responsibility for managing and limiting operational risks and thus minimizing the risk of errors or offenses which have economic and reputational loss consequences for the company. Full organizational independence is not required if it is not possible to organize it or if it is considered appropriate not to have full independence. In case there is no established full organizational independence, there is a requirement for compensatory checks.

With well-documented business practices and procedures as well as effective control environment, Topdanmark minimizes the risk of errors in internal processes and insurance fraud. There are contingency plans for the most important areas. In addition, business practices and procedures in all critical areas are continuously reviewed by Internal Audit. Internal Audit assesses risks and may make recommendations for limiting individual risks.

Topdanmark continuously develops its IT systems. Responsibility for risk management in this connection lies with the responsible business entities. Projects must always prepare a risk assessment containing a description of risks, possible consequences and measures to limit these risks.

Topdanmark monitors and regularly reports on operational risks. For this purpose the company has a process of recording operational risk events. The events are collected centrally into a register and communicated further in the management system. This way the organization can learn from its errors.

Topdanmark has numerous documents in which instructions regarding operational risks are given. The most important ones are Policy and Guidelines for Operational Risks, Compliance and Internal Control, Information Security Policy, IT-Preparedness Strategy and IT-Preparedness plan.

Operational risks are included as part of Topdanmark's ORSA and reported to the Risk Committee in Topdanmark's Risk Registry.

Capitalization

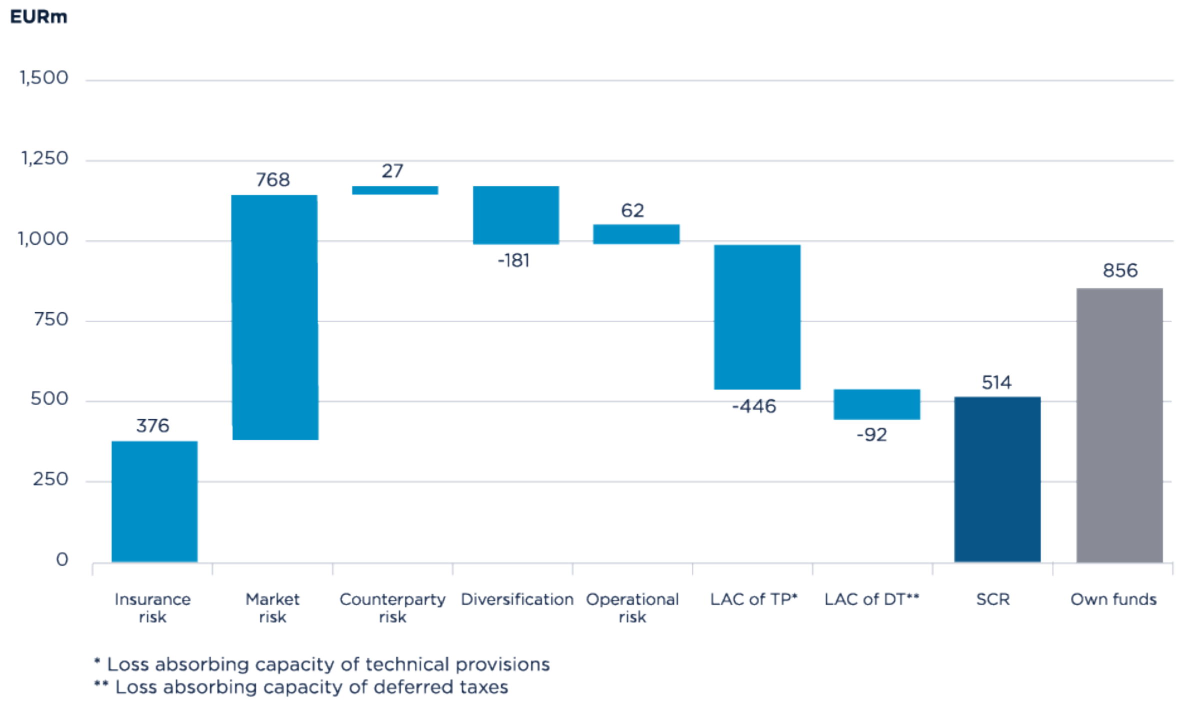
Solvency Capital Requirement

In Topdanmark Group statutory Solvency Capital Requirement is calculated as follows:

- Topdanmark Forsikring A/S calculates most of its non-life and health risks and their respective capital requirement by model that has been developed in-house. Other risks and their respective SCRs are calculated by Solvency II standard formula (SF). Then these module specific SCR´s are used as inputs to calculate company's SCR. This calculation process is called Partial Internal Model (PIM) and it has been approved by the Danish Financial Supervisory Authority (DFSA). Topdanmark Livsforsikring A/S and Nykredit Liv A/S calculate their module specific SCRs and total SCR using solely SF.
- The DFSA has permitted Topdanmark to use the volatility adjusted Solvency II interest rate curve.
- Topdanmark Group SCR is calculated by PIM and module specific SCRs of companies are used as inputs.

When Topdanmark applies its internal model for non-life insurance the PIM SCR for Topdanmark Group is DKK 710 million lower than respective figure if Topdanmark would have used solely SF. Because SF SCR figures of Topdanmark Group are used as inputs when Sampo Group SCR is calculated, also in this context the respective SF SCR figures are disclosed. Hence, separate SF SCR figures in below table are gross figures for risks and the effect of LAC of TP is shown as one figure. However, in Topdanmark's own SCR disclosure, company concentrates on PIM figures that are net figures to give more accurate picture of risks. Later in its Solvency and Financial Condition Report Topdanmark also discloses its Standard Formula figures. The SF solvency requirement and its components at year end 2017 was EUR 514 million as presented below and as reported to the DFSA. The reported SCR is the same whether it is calculated on gross or on net basis.

Topdanmark's Solvency
31 December 2017



Own Funds

The purpose of the capital plan is - based on Topdanmark's strategy and risk appetite - to estimate future capital base, or own funds and solvency capital requirements, assuming that companies continue their operations in line with their own expectations. The future capital base is affected by earnings, capital expansion, changes in subordinated loan instruments or risk transfers using for example reinsurance. The capital base estimate is updated with the latest forecast at the time for the next 5 years.

At the company and group level, the starting point of eligible own funds is equity that is adjusted by some corrective items of which the most significant are:

Own Funds:

Shareholders' equity
- Proposed dividend
+ Deferred tax on security funds
+ Profit margin
- Intangible assets
+ Tax effect
+ Usable share, subordinated loan Tier 1 (max. 20% of Tier 1 capital)
+ Usable share, subordinated notes (max. 50% of SCR)
Own funds

Dividends are deducted on the balance sheet date. Extraordinary dividends are deducted when decided by the Board of Directors on the basis of authorization from the general meeting.

At the end of 2017, Topdanmark's own funds were DKK 6,370 million (DKK 6,348 million) as presented in the table Topdanmark's Eligible Own Funds, 31 December 2017 and 31 December 2016.

Topdanmark's Eligible Own Funds
31 December 2017 and 31 December 2016

Topdanmark		EURm 2017	EURm 2016
Tier 1	**Total**	**674.3**	**670.3**
	Ordinary Share Capital	12.1	12.8
	Reconciliation Reserve	608.5	602.4
	Subordinated Liabilities	53.7	55.1
Tier 2	**Total**	**181.2**	**182.4**
	Subordinated Liabilities	181.2	182.4
	Untaxed reserves	0.0	0.0
Tier 3	**Total**	**0.0**	**0.0**
	Deferred tax assets	0.0	0.0
Eligible own funds, consolidation method		**855.6**	**852.7**

Eligible own funds include the following Solvency II Compliant Subordinated Liabilities of Topdanmark as of 31 December 2017. Sampo Group's holdings in these assets are:

Solvency II Compliant Subordinated Liabilities of Topdanmark
31 December 2017

Issuer	Instrument	Nominal amount	Carrying amount in EUR	First Call	Tiering	In Sampo's portfolio
Topdanmark Forsikring A/S (Denmark)	10NC5	DKK 500 000 000	67,051,970	11.12.2020	Tier 2	DKK 135 000 000
Topdanmark Forsikring A/S (Denmark)	10NC5.5	DKK 850 000 000	114,172,118	11.06.2021	Tier 2	DKK 270 000 000
Topdanmark A/S (Denmark)	PerpNC5	DKK 400 000 000	53,728,055	23.11.2022	Tier 1	DKK 120 000 000
			234,952,143			

Mandatum Life Group

Mandatum Life operates in Finland and in the Baltic countries and offers savings and pension policies with life risk features as well as policies covering mortality, morbidity and disability risks.

Mandatum Life is a leading pension provider in corporate segment which is the cornerstone in Mandatum Life's customer strategy. Management and personnel of these corporate customers comprise major highly net worth individual and retail customer potential for other focus business areas e.g. wealth management and unit-linked business and life and health risk business. During last few years Mandatum Life has extended its business area outside the life insurance licence e.g. to mutual fund and consulting business, but these areas are still small from performance and risk management point of view.

Existing with profit liabilities and assets backing these liabilities are still the most critical areas from risk management point of view. Mandatum Life's strategy is to maintain a sufficiently strong solvency position, which makes it possible to seek a higher long-term investment return than average guarantees.

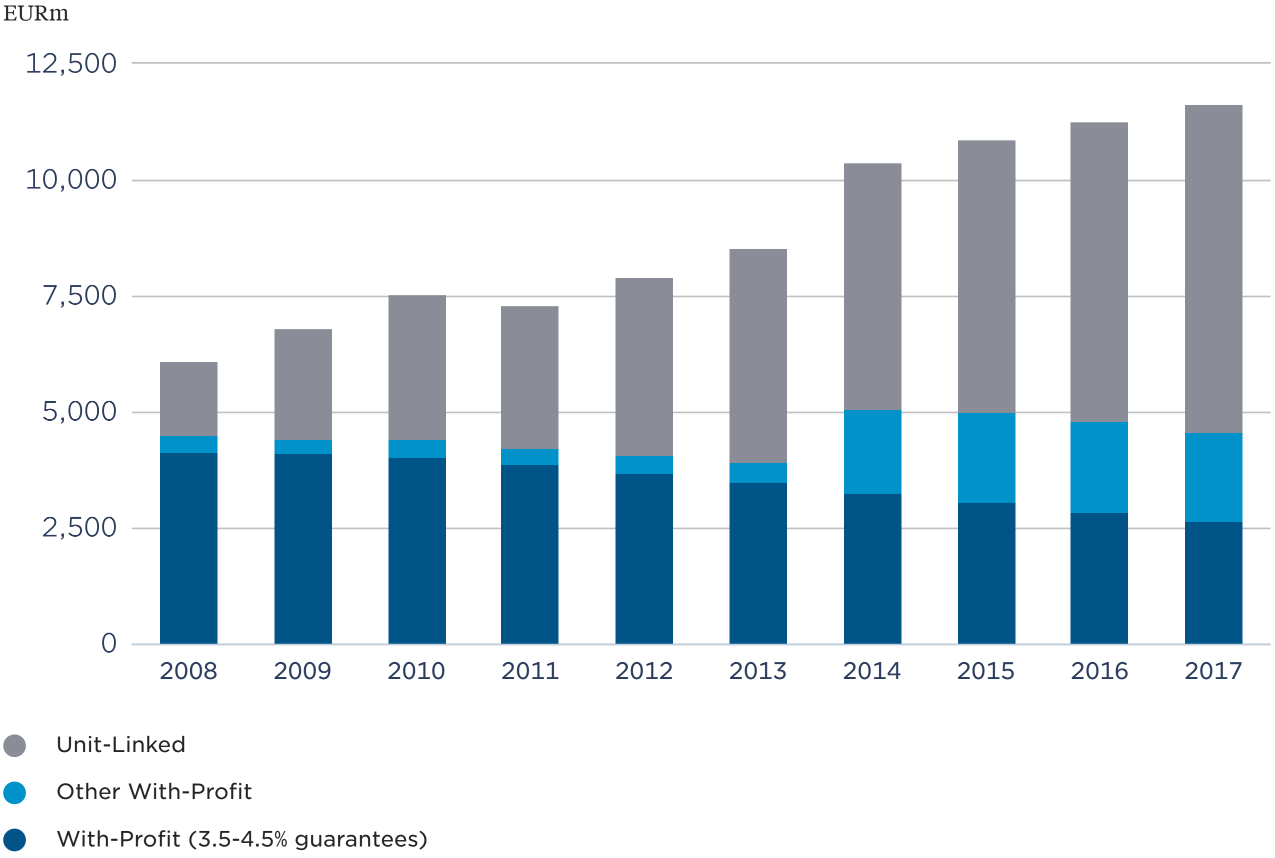
Underwriting Risks and Performance

In this section the underwriting risks and performance as well as the development of technical provisions are presented. Further details of technical provisions can be found in Appendix 5 (Valuation for solvency purposes).

The unit-linked business has been Mandatum Life's main focus area since 2001. Since then the trend of unit-linked technical provisions has been upward and the average annual growth in unit-linked technical provisions has been over 20 per cent per annum. Due to the nature of the unit-linked business, volatility between the years has been relatively high. Around EUR 3,100 million of current unit-linked liabilities totaling EUR 7,066 million were sold through Danske Bank. These liabilities, together with around EUR 200 million of with profit liabilities, will be transferred to Danske Bank A/S. Transfer date is expected to be before year end 2018.

In contrast to the unit-linked trend, the trend of with profit technical provisions has been downward since 2005 (with the exception of year 2014 when group pension portfolio from Suomi Mutual was transferred to Mandatum Life). In particular, the parts of technical provisions with the highest guarantees (4.5 per cent and 3.5 per cent) have decreased. The development of with profit and unit-linked portfolios is presented in the figure Development of With Profit and Unit-linked Technical Provisions, Mandatum Life, 2008–2017.

Development of With Profit and Unit-Linked Technical Provisions
Mandatum Life, 2008–2017



The above mentioned group pension portfolio transferred from Suomi Mutual and related assets are separated from the rest of the Mandatum Life balance sheet into a segregated group pension portfolio. The segregated group pension portfolio has its own profit sharing rules, investment policy and asset liability management committee. The with profit liabilities other than in the segregated group pension portfolio are hereafter referred to as the "original" with profit liabilities.

During the year 2017 insurance liabilities developed as planned. Unit-linked business increased and with profit liabilities with the highest guarantees decreased. The technical provisions with the highest guarantees fell by EUR 226 million. In total the with profit technical provisions decreased by EUR 248 million and is EUR 4,573 million due to increased discount rate reserves.

The development of insurance liabilities during 2017 is shown in the table Analysis of the Change in Provisions before Reinsurance, Mandatum Life, 2017.

Analysis of the Change in Provisions before Reinsurance
Mandatum Life, 31 December 2017

EURm	Liability 2016	Premiums	Claims paid	Expense charges	Guaranteed interest	Bonuses	Other	Liability 2017	Share %
Mandatum Life									
Unit-linked, excl. Baltic	**6,279**	**827**	**-544**	**-70**	**0**	**2**	**407**	**6,901**	**59%**
Individual pension insurance	1,313	60	-18	-15	0	0	69	1,411	12%
Individual life	2,346	243	-219	-22	0	0	143	2,491	21%
Capital redemption operations	1,977	454	-304	-25	0	0	130	2,231	19%
Group pension	643	71	-4	-9	0	2	65	768	7%
With profit and others, excl. Baltic	**4,804**	**116**	**-452**	**-35**	**131**	**1**	**-7**	**4,558**	**39%**
Group pension insurance. segregated portfolio	**1,142**	**4**	**-59**	**-1**	**24**	**0**	**-45**	**1,065**	**9%**
Basic liabilities. guaranteed rate 3.5%	715	4	-59	-1	24	0	5	687	6%
Reserve for decreased discount rate (3.5% -> 0.50%)	275	0	0	0	0	0	-14	261	2%
Future bonus reserves	153	0	0	0	0	0	-36	117	1%
Group pension	**2,117**	**35**	**-208**	**-6**	**67**	**1**	**-9**	**1,997**	**17%**
Guaranteed rate 3.5%	1,885	4	-179	-3	64	0	-27	1,744	15%
Guaranteed rate 2.5%. 1.5% or 0.0 %	232	31	-29	-3	4	0	18	253	2%
Individual pension insurance	**899**	**10**	**-139**	**-5**	**33**	**0**	**26**	**825**	**7%**
Guaranteed rate 4.5%	695	6	-86	-4	28	0	-16	624	5%
Guaranteed rate 3.5%	137	3	-27	-1	4	0	17	134	1%
Guaranteed rate 2.5% or 0.0%	67	1	-27	0	1	0	26	67	1%
Individual life insurance	**180**	**32**	**-33**	**-10**	**6**	**0**	**-12**	**162**	**1%**
Guaranteed rate 4.5%	58	4	-6	-1	3	0	-4	54	0%
Guaranteed rate 3.5%	86	10	-11	-3	3	0	-5	80	1%
Guaranteed rate 2.5% or 0.0%	35	18	-16	-6	0	0	-3	28	0%
Capital redemption operations	**28**	**0**	**-2**	**0**	**0**	**0**	**0**	**26**	**0%**
Guaranteed rate 3.5%	0	0	0	0	0	0	0	0	0%
Guaranteed rate 2.5% or 0.0%	28	0	-2	0	0	0	0	26	0%
Future bonus reserves	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
Reserve for decreased discount rate	**273**	**0**	**0**	**0**	**0**	**0**	**52**	**325**	**3%**
Longevity reserve	**105**	**0**	**0**	**0**	**0**	**0**	**0**	**105**	**1%**
Assumed reinsurance	**2**	**1**	**-1**	**0**	**0**	**0**	**-2**	**1**	**0%**
Other liabilities	**59**	**34**	**-11**	**-13**	**0**	**0**	**-18**	**51**	**0%**
Total, excl. Baltic	**11,083**	**943**	**-996**	**-104**	**131**	**2**	**399**	**11,459**	**98%**
Baltic	**178**	**24**	**-27**	**-3**	**1**	**0**	**6**	**180**	**2%**
Unit-linked liabilities	161	21	-23	-2	0	0	9	165	1%
Other liabilities	17	3	-3	0	1	0	-2	15	0%
Mandatum Life group total	**11,261**	**967**	**-1,023**	**-107**	**132**	**2**	**406**	**11,638**	**100%**

In most of the original with profit policies the guaranteed interest rate is 3.5 per cent. In individual policies sold in Finland before 1999, the guaranteed interest rate is 4.5 per cent, which is also the statutory maximum discount rate of these policies. Mandatum Life has sold policies with lower guaranteed rates as well but their share is small.

With respect to with profit policies with the 4.5 per cent guaranteed rate, the maximum discount rate used when discounting technical provisions has been decreased to 3.5 per cent over the lifetime of these policies. As a result, technical provisions were supplemented by a reserve of EUR 43 million at the end of 2017 (EUR 48 million in 2016).

In addition, there are reserves for years 2017-2021 to lower interest rates of with profit liabilities as follows:

- EUR 264 million has been reserved to lower the interest rate to 0.25 per cent for years 2018-2020; and

- EUR 18 million for the year 2021 to lower the interest rate to 2.75 per cent.

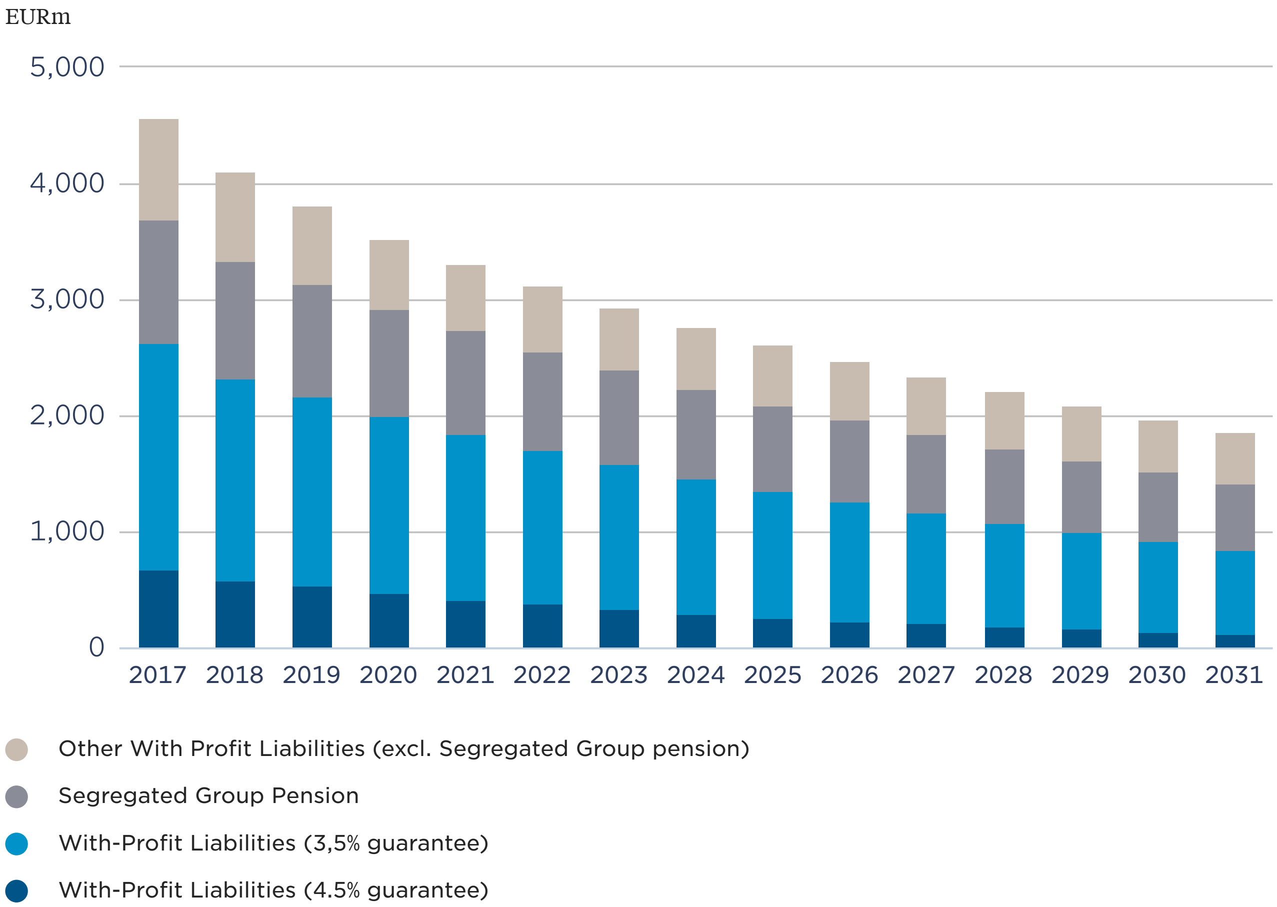
In total, Mandatum Life has set up an extra reserve of EUR 325 million as part of the original insurance portfolio's technical provisions.

The guaranteed interest for the segregated group pension policies is mainly 3.5 per cent. More important from a risk management point of view is that the discount rate of liabilities is 0.50 per cent and related discount rate reserve EUR 261 million (275). The future bonus reserve has an important role in the risk management of the segregated group pension portfolio. The reserve amounts to EUR 117 million, which can be used to cover possible investment losses or to finance possible changes in the discount rate of segregated technical provisions.

The decreasing trend of with profit liabilities is expected to continue. Liabilities with the highest guarantees and highest capital consumption are expected to decrease from EUR 2,635 million to below EUR 900 million during the remaining Solvency II transitional period of the technical provision (1 January 2018–31 December 2031). Duration of segregated group pension portfolio is around 11 years and duration of original with profit portfolio is around 10 years.

The figure Forecast of With Profit Liabilities, 31 December 2017–31 December 2031 shows the expected trend of existing with profit liabilities.

Forecast of With Profit Liabilities
Mandatum Life, 31 December 2017-31 December 2031



Biometric Risks

Mandatum Life's main biometric risks are longevity, mortality and disability. In general the long duration of policies and restriction of Mandatum Life's right to change policy terms and conditions and tariffs increases biometric risks. A definition of the biometric risk can be found in Appendix 2 (Risk Definitions). If the premiums turn out to be inadequate and cannot be increased, technical provisions have to be supplemented by an amount corresponding to the increase in expected losses.

Longevity risk is the most critical biometric risk in Mandatum Life. Most of the longevity risk arises from the with profit group pension portfolio. With profit group pension policies have mostly been closed for new members for years and due to this the average age of members is relatively high, almost 70 years. In the unit-linked group pension and individual pension portfolio the longevity risk is less significant because most of these policies are fixed term annuities including death cover compensating the longevity risk.

The annual longevity risk result and longevity trend is analyzed regularly. For the segregated group pension portfolio, the assumed life expectancy related to the technical provisions was revised in 2014 and for the other group pension portfolios in 2002 and 2007. In total, these changes increased the 2017 technical provision by EUR 105 million (105) including a EUR 87 million longevity reserve for the segregated group pension portfolio. The cumulative longevity risk result has been positive since these revisions. The longevity risk result of group pension for the year 2017 was EUR 6.8 million (2.9).

The mortality risk result in life insurance is positive. A possible pandemic is seen as the most significant risk that could adversely affect the mortality risk result.

The insurance risk result of other biometric risks has been profitable overall, although the different risk results vary considerably. In the longer term, disability and morbidity risks are mitigated by the company's right to raise insurance premiums for existing policies in case the claims experience deteriorates.

The table Claim Ratios after Reinsurance, Mandatum Life, 2017 and 2016 shows the insurance risk result in Mandatum Life's Finnish life insurance policies. The ratio of the actual to expected claims costs was 76 per cent in 2017 (79). Sensitivity of the insurance risk result can also be assessed on the basis of the information in the table. For instance the increase of mortality by 100 per cent would increase the amount of benefit payments from EUR 12 million to EUR 24 million.

Claim Ratios After Reinsurance

Mandatum Life, 2017 and 2016

	2017			2016		
EURm	**Risk income**	**Claim expense**	**Claim ratio**	**Risk income**	**Claim expense**	**Claim ratio**
Life insurance	**47.6**	**23.5**	**49%**	**43.2**	**21.2**	**49%**
Mortality	29.0	12.0	41%	24.8	11.8	48%
Morbidity and disability	18.6	11.5	62%	18.4	9.4	51%
Pension	**85.6**	**77.5**	**91%**	**80.8**	**76.2**	**94%**
Individual pension	12.8	13.5	105%	12.0	12.8	107%
Group pension	72.8	64.0	88%	68.8	63.4	92%
Mortality (longevity)	68.2	61.4	90%	63.9	61.0	95%
Disability	4.6	2.6	57%	4.9	2.4	49%
Mandatum Life	**133.2**	**101.0**	**76%**	**124.0**	**97.4**	**79%**

The underwriting portfolio of Mandatum Life is relatively well diversified and does not include any major concentration of biometric risks. To further mitigate the effects of possible risk concentrations, Mandatum Life has catastrophe reinsurance in place.

In general biometric risks are managed by careful risk selection, by setting prices to reflect the risks and costs, by setting upper limits for the protection granted and by use of reinsurance. Mandatum Life's Underwriting Policy sets principles for risk selection and limits for sums insured. The Reinsurance Policy governs the use of Reinsurance. The Board approves the Underwriting policy, Reinsurance Policy, pricing guidelines and the central principles for the calculation of technical provisions.

The Insurance Risk Committee is responsible for maintaining the Underwriting Policy and monitoring the functioning of the risk selection and claims processes. The Committee also reports all deviations from the Underwriting Policy to the RMC. The Insurance Risk Committee is chaired by the Chief Actuary who is responsible for ensuring that the principles for pricing policies and for the calculation of technical provisions are adequate and in line with the underwriting and claims management processes.

Reinsurance is used to limit the amount of individual mortality and disability risks. The Board of Directors annually approves the Reinsurance Policy and determines the maximum amount of risk to be retained on the company's own account. The highest retention of Mandatum Life is EUR 1,5 million per insured. Mandatum Life has catastrophe cover to mitigate the effect of possible catastrophes.

The risk result is followed actively and thoroughly analyzed annually. Mandatum Life measures the efficiency of risk selection and the adequacy of tariffs by collecting information about the actual claims expenditure for each product line and each type of risk and comparing it to the claims expenditure assumed in insurance premiums of every risk cover.

Technical provisions are analyzed and the possible supplemental needs are assessed regularly. Assumptions related to technical provisions are reviewed annually. The adequacy of the technical provisions is tested quarterly. Tariffs for new policies are set and the Underwriting Policy and assumptions used in calculating technical provisions are updated based on adequacy tests and risk result analysis. Tariffs and prices, as well as the reinsurance principles and reserving principles are reviewed and approved annually by the Board of Directors of Mandatum Life.

Policyholder Behavior and Expense Risks

From an Asset and Liability Management point of view surrender risk is not material because in Mandatum Life around 90 per cent of with profit technical provisions consist of pension policies in which surrender is possible only in exceptional cases. Surrender risk is therefore only relevant in individual life and capital redemption policies of which the related technical provisions amounts to less than 5 per cent (below EUR 200 million) of the total with profit technical provisions. Furthermore, the supplements to technical provisions are not paid out at surrender which also reduces the surrender risk related to the with profit policies. Due to the limited surrender risk, the future cash flows of Mandatum Life's insurance liabilities are quite predictable.

Policy terms and tariffs cannot usually be changed materially during the lifetime of the insurance, which increases the expense risk. The main challenge is to keep the expenses related to insurance administrative processes and complex IT infrastructure at an effective and competitive level. In year 2017, the expense result of Mandatum Life Group was EUR 33 million (26). Mandatum Life does not defer insurance acquisition costs. Since 2012 the expense result has grown significantly, especially due to increased fee income from unit-linked business, as presented in the table Expense result, Mandatum Life Group, years 2008-2017.

Expense Result
Mandatum Life Group, years 2008-2017

Year	Expense result, EURm
2017	33.2
2016	26.1
2015	26.8
2014	19.6
2013	15.3
2012	6.8
2011	9.8
2010	7.8
2009	5.2
2008	7.3

Market Risks and Investment Performance

This section covers market risk related to the Mandatum Life's with profit business i.e. that part of the business where Mandatum Life carries investment risk.

In Mandatum Life, the approach to market risk management is based on an analysis of technical provisions' expected cash flows, interest level and current solvency position. A common feature for all with profit technical provisions is the guaranteed rate and bonuses. The cash flows of Mandatum Life's technical provisions are relatively well predictable because in most of the company's with profit policies, surrenders and extra investments are not possible.

Mandatum Life's market risks arise mainly from equity investments and interest rate risk related to fixed income assets and insurance liabilities with a guaranteed interest rate. The most significant interest rate risk in the life insurance business 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 technical provisions. The probability of this risk increases when market interest rates fall and stay at a low level. The duration gap between balance sheet's technical provisions and fixed income investments is constantly monitored and managed. Control levels based on internal risk capacity model are used to manage and ensure adequate capital in different market situations

Mandatum Life has prepared for low interest rates on the liability side by e.g. reducing the minimum guaranteed interest rate in new contracts and by supplementing the technical provisions by applying a lower discount rate. In addition, existing contracts have been changed to accommodate improved management of reinvestment risk. Guarantees and other main features of with profit liabilities are presented in Section Underwriting risks and performance.

Fixed income investments and listed equity instruments form a major part of the investment portfolio, but the role of alternative investments - real estate, private equity, biometric and other alternative investments – is also material being 11.7 per cent.

Investment allocations and average maturities of fixed income investments as at year-end 2017 and 2016 are presented in the table Investment Allocation Mandatum Life, 31 December 2017 and 31 December 2016.

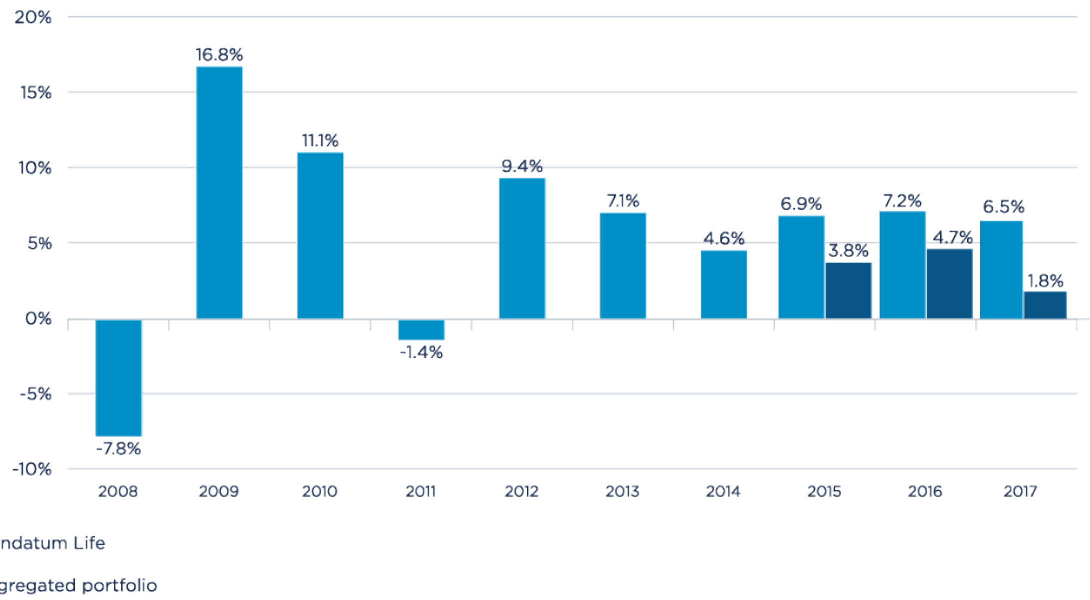
Investment Allocation

Mandatum Life, 31 December 2017 and 31 December 2016

	Mandatum Life 31 Dec 2017			Mandatum Life 31 Dec 2016		
Asset Class	**Market value, EURm**	**Weight**	**Average maturity, years**	**Market value, EURm**	**Weight**	**Average maturity, years**
Fixed income total	**3,953**	**63%**	**2.5**	**3,938**	**60%**	**2.7**
Money market securities and cash	904	14%	0.0	859	13%	0.5
Government bonds	54	1%	2.5	64	1%	5.1
Credit bonds, funds and loans	2,994	48%	3.2	3,009	46%	3.3
Covered bonds	163	3%	2.0	178	3%	2.6
Investment grade bonds and loans	1,793	29%	2.8	1,586	24%	2.7
High-yield bonds and loans	760	12%	3.2	884	13%	3.7
Subordinated / Tier 2	55	1%	7.3	52	1%	8.1
Subordinated / Tier 1	223	4%	6.6	310	5%	4.7
Hedging swaps	0	0%	-	0	0%	-
Policy loans	0	0%	1.8	6	0%	1.9
Listed equity total	**1,578**	**25%**	**-**	**1,737**	**26%**	**-**
Finland	494	8%	-	623	9%	-
Scandinavia	0	0%	-	1	0%	-
Global	1,084	17%	-	1,114	17%	-
Alternative investments total	**731**	**12%**		**907**	**14%**	**-**
Real estate	214	3%	-	278	4%	-
Private equity*	226	4%	-	269	4%	-
Biometric	16	0%	-	26	0%	-
Commodities	0	0%	-	0	0%	-
Other alternative	274	4%	-	334	5%	-
Trading derivatives	**2**	**0%**	**-**	**0**	**0%**	**-**
Asset classes total	**6,263**	**100%**	**-**	**6,582**	**100%**	**-**
FX Exposure, gross position	**679**	**0%**	**-**	**833**	**-**	**-**

*Private Equity also includes direct holdings in non-listed equities

Annual Investment Returns at Fair Values since 2008
Mandatum Life



Market Risks of Fixed Income and Equity Exposures

Fixed income and equity exposures are presented by Sector, Asset Class and Rating together with counterparty risk exposures relating to reinsurance and derivative transactions.

Counterparty default risks are described in more detail in section Counterparty Default Risks. Due to differences in the reporting treatment of derivatives, the figures in the table may not be fully comparable with other tables in this annual report.

Exposures by Sector, Asset Class and Rating
Mandatum Life, 31 December 2017

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counterparty risk	Total	Change 31 Dec 2016
Basic Industry	0	0	13	8	24	0	38	82	63	0	0	145	-124
Capital Goods	0	0	38	10	0	0	101	148	160	0	0	308	36
Consumer Products	0	24	104	79	30	0	33	270	238	0	0	508	-77
Energy	0	27	0	0	0	0	18	45	7	0	0	52	-28
Financial Institutions	0	481	1,463	244	24	0	0	2,212	38	1	2	2,253	191
Governments	0	0	0	0	0	0	0	0	0	0	0	0	-18
Government Guaranteed	0	0	0	0	0	0	0	0	0	0	0	0	0
Health Care	0	29	17	8	42	0	58	153	47	0	0	200	11
Insurance	0	0	1	52	0	0	0	54	3	8	0	64	-14
Media	0	0	14	0	0	0	16	30	0	0	0	30	-11
Packaging	0	0	0	0	19	0	9	28	1	0	0	28	-40
Public Sector, Other	0	37	42	0	0	0	0	80	0	0	0	80	9
Real Estate	0	0	1	32	0	0	37	70	0	185	0	255	-56
Services	0	0	0	20	49	0	66	135	86	0	0	221	-10
Technology and Electronics	15	0	44	0	27	0	11	96	119	0	0	215	-17
Telecommunications	0	0	0	45	8	0	16	69	32	0	0	102	-6
Transportation	0	0	4	3	11	0	8	26	27	0	0	53	9
Utilities	0	2	1	115	25	0	0	142	0	0	0	142	-24
Others	0	0	0	0	4	0	2	7	0	36	0	42	-37
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	141	12	0	10	0	0	0	163	0	0	0	163	-15
Funds	0	0	0	0	0	0	142	142	760	500	0	1,402	-120
Clearing House	0	0	0	0	0	0	0	0	0	0	4	4	-1
Total	**155**	**612**	**1,741**	**626**	**263**	**0**	**555**	**3,952**	**1,578**	**731**	**6**	**6,267**	**-342**
Change 31 Dec 2016	**-22**	**-223**	**485**	**-90**	**-220**	**0**	**84**	**14**	**-159**	**-176**	**-21**	**-342**	

The role of non-investment grade bonds is material in Mandatum Life's portfolio although it has decreased from its highs. Within fixed income investments part of the money market securities issued by Nordic banks and cash in Nordic banks form a liquidity buffer within fixed income investments. At the moment the total amount of these investments is higher than what is needed for liquidity purposes.

Nordic equity exposure include almost only direct investments to Finnish equities and they account for almost one third of equity exposure. Two thirds of equity investments are globally allocated consisting mainly of fund investments, but the role of direct investments are increasing in that part of the portfolio as well.

Breakdown of Listed Equity Investments by Geographical Regions
Mandatum Life, 31 December 2017 and 31 December 2016

	31 Dec 2017		31 Dec 2016	
Mandatum Life	**%**	**EURm**	**%**	**EURm**
Denmark	0%	0	0%	0
Norway	0%	0	0%	0
Sweden	0%	0	0%	1
Finland	31%	494	36%	623
Western Europe	40%	637	31%	541
East Europe	1%	20	1%	19
North America	16%	251	24%	420
Latin America	0%	0	0%	0
Far East	11%	176	8%	135
Japan	0%	0	0%	0
Total		**1,578**		**1,737**

Alternative Investments

The role of alternative investments has been material in Mandatum Life over the years. The current allocation weight is 12 per cent. The weight of these investments will be maintained at current levels.

Within total portfolio the size of private equity investments has declined. At the same time Mandatum Life has increased its commitments in selectively picked high yield credit funds. These asset classes have been managed, in most cases, by external asset managers with the exception of the real estate portfolio which is managed by Sampo Group's own real estate management unit. The real estate portfolio includes both direct investments in properties and indirect investments in real estate funds as well as in shares of real estate companies and it has been quite stable.

Market Risks of Balance Sheet

The Board of Directors of Mandatum Life annually approves the Investment Policies for both segregated assets and other assets regarding the company's investment risks. These policies set principles and limits for investment portfolio activities and they are based on the features of insurance liabilities, risk taking capacity and shareholders return requirements.

The Investment Policy for segregated assets defines the risk bearing capacity and the corresponding control levels. Since the future bonus reserves of the segregated group pension portfolio is the first buffer against possible investment losses, the risk bearing capacity is also based on the amount of the future bonus reserve. Different control levels are based on the fixed stress scenarios of assets.

The Investment Policy for other investment assets defines the control levels for the maximum acceptable risk and respective measures to manage the risk. The control levels are set above the Solvency II SCR and are based on predetermined capital stress tests. The general objective of these control levels and respective guidelines is to maintain the required solvency. When the above mentioned control levels are breached, the ALCO reports to the Board which then takes responsibility for the decisions related to the capitalization and the market risks in the balance sheet.

The cash flows of Mandatum Life's with profit technical provisions are relatively predictable, because in most of the company's with profit products, surrenders and premiums are restricted. In addition the company's claims costs do not contain a significant inflation risk element.

The long-term target for investments is to provide sufficient return to cover the guaranteed interest rate plus bonuses based on the principle of fairness as well as the shareholder's return requirement with an acceptable level of risk. In the long run, the most significant risk is that fixed income investments will not generate an adequate return compared to the guaranteed rate.

In addition to investment and capitalization decisions, Mandatum Life has implemented active measures on the liability side to manage the balance sheet level interest rate risk. The company has reduced the minimum guaranteed interest rate in new contracts, supplemented the technical provisions with discount rate reserves and adjusted policy terms and conditions as well as policy administration processes to enable more efficient interest rate risk management.

Interest Rate Risk

Mandatum Life is negatively affected when rates are decreasing or staying at low levels, because the duration of liabilities is longer than the duration of assets. Growing part of Mandatum Life's business, i.e. unit-linked and life and health business, is not interest rate sensitive, which partially mitigates whole company's interest rate risk.

The average duration of fixed income investments was 2.1 years including the effect of hedging derivatives. The respective duration of insurance liabilities was around 10 years. Interest rate risk is managed at the balance sheet level by changing the duration of assets and by using interest rate derivatives.

Currency Risk

Currency risk can be divided into transaction and translation risk. Mandatum Life is exposed to transaction risk, which refers to currency risk arising from contractual cash flows in foreign currencies. For more detailed risk definition of currency risk see Appendix 2 (Risk Definitions).

In Mandatum Life, transaction risk arises mainly from investments in currencies other than euro as the company's technical provisions are almost completely denominated in euro. Mandatum Life does not automatically close its FX position in foreign currencies, but the currency risk strategy is based on active management of the currency position. The objective is to achieve a positive return relative to a situation where the currency risk exposure is fully hedged.

The transaction risk positions of Mandatum Life against EUR is shown in the table Transaction Risk Position, Mandatum Life, 31 December 2017. The table shows the net transaction risk exposures and the changes in the value of positions given a 10 per cent decrease in the value of the base currency.

Transaction Risk Position
Mandatum Life, 31 December 2017

	Base currency	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
Mandatum Life	**EURm**										
Technical provisions		0	0	0	0	-2	0	0	0	0	-2
Investments		0	2,054	4	136	52	9	186	20	143	2,603
Derivatives		0	-1,744	-3	-134	77	102	-182	-13	-30	-1,928
Total transaction risk, net position, Mandatum Life		**0**	**310**	**1**	**2**	**127**	**111**	**4**	**7**	**113**	**674**
Sensitivity: EUR -10%		0	31	0	0	13	11	0	1	11	67

Liquidity Risks

Liquidity risk is relatively immaterial because liability cash flows in most lines of business are fairly stable and predictable and an adequate share of the investment assets are in cash and short-term money market instruments.

In life companies in general, a large change in surrender rates could influence the liquidity position. However in Mandatum Life, only a relatively small part of the insurance policies can be surrendered and it is therefore possible to forecast short-term cash flows related to claims payments with a very high accuracy.

The maturities of technical provisions and financial assets and liabilities are presented in the table Cash Flows According to Contractual Maturity, Mandatum Life, 31 December 2017. The average maturity of fixed income investments was 2.5 years in Mandatum Life.

The table shows the financing requirements resulting from expected cash inflows and outflows arising from financial assets and liabilities as well as technical provisions.

Cash Flows According to Contractual Maturity
Mandatum Life, 31 December 2017

	Carrying amount total			Cash flows						
EURm	**Carrying amount total**	**Carrying amount without contractual maturity**	**Carrying amount with contractual maturity**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023-2032**	**2033-**
Mandatum Life										
Financial assets	6,210	3,287	2,923	486	381	773	345	768	397	16
of which interest rate swaps	2	0	2	0	0	0	0	0	1	2
Financial liabilities	168	0	168	-9	-4	-5	-5	-5	-64	-215
of which interest rate swaps	-1	0	-1	0	0	0	0	1	-2	0
Net technical provisions	4,026	0	4,026	-503	-328	-328	-300	-275	-1,908	-1,391

In the table, financial assets and liabilities are divided into contracts that have an exact contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. In addition, the table shows expected cash flows for net technical provisions, which by their nature, are associated with a certain degree of uncertainty.

Mandatum Life has one issued financial liability and thus refinancing risk is immaterial.

Counterparty Default Risks

In Mandatum Life the major three sources of counterparty risk are financial derivatives, reinsurance, and other receivables. Counterparty default risk arising from reinsurance or receivables from policyholders and other receivables related to commercial transactions is very limited.

Counterparty Risk Related to Financial Derivatives

In Mandatum Life, the default risk of derivative counterparties is a by-product of managing market risks. This stems from the fact that Mandatum Life is a frequent user of long-term interest rate derivatives in addition to FX-forwards and options.

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 techniques, e.g. ISDA Master Agreements backed by Credit Support Annexes. During 2016 Sampo Group companies started to settle interest rate swaps in central clearing houses, which while further mitigating bilateral counterparty risk also exposes Sampo Group companies to the systemic risk related to centralised clearing parties.

Operational Risks

The objective of operational risk management in Mandatum Life is to recognize the risks proactively, manage the risks efficiently and to minimize the potential effects of realized risks in as cost-effective a manner as possible.

Business units are responsible for the identification, assessment and management of their own operational risks, including organizing adequate internal controls. The Operational Risk Committee (ORC) monitors and coordinates risk management issues regarding operational risks within Mandatum Life, such as policies and recommendations concerning operational risk management. The committee ensures that risks are identified and internal control and risk management have been organized in a proper way. The committee also analyses deviations from operational risk management policies and monitors operational risks identified in the self-assessments as well as in occurred incidents. The committee meets three times a year at a minimum. Significant observations on operational risks are submitted to the Risk Management Committee ("RMC") and the Board of Directors on a quarterly basis.

The Operational Risk Committee analyzes and handles operational risks, e.g. in relation to new products and services, changes in processes and risks as well as realized operational risk incidents. Significant observations are reported to the Risk Management Committee and to the Board of Directors quarterly. The ORC is also responsible for maintaining and updating the continuity and preparedness plans as well as the Internal Control Policy.

In order to limit operational risks, Mandatum Life has approved a number of policies including e.g. Internal Control Policy, Compliance Policy, Security Policies, Continuity Plan, Procurement and Outsourcing Policy, Complaints Handling Policy and a number of other policies related to ongoing operative activities. Deviations against different policies are followed up independently in each business unit and are reported to the Compliance Officer and the ORC.

The internal control system aims at preventing and identifying negative incidents and minimizing their impact. In addition, would there be an operational risk event or a near miss, this must be analyzed and reported to ORC.

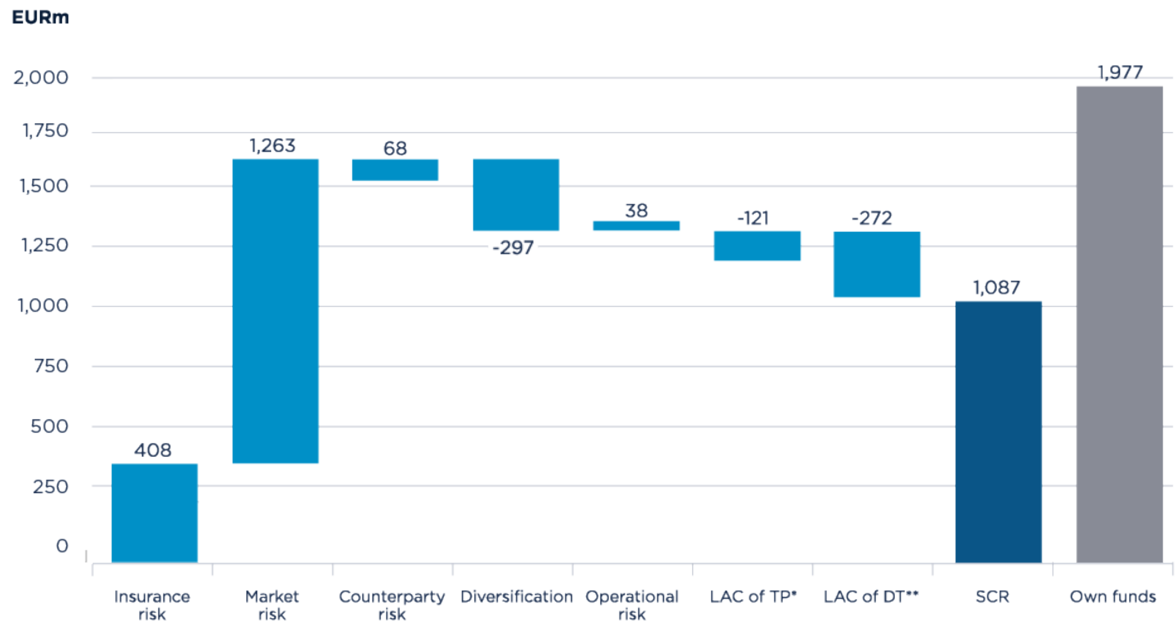
Capitalization

Mandatum Life applies the Solvency II standard formula with transitional measures on equity to the calculation of SCR. Solvency II Own Funds (OF) is also affected by transitional measures, because Mandatum Life applies transitional measures on its technical provisions in regards to its original pension policies with 3.5 per cent and 4.5 per cent guarantees. Also, a volatility adjustment is applied when technical provisions are calculated. The size of SII liabilities with transitional measures of EUR 10,876 million is less than the respective figure without transitional measures (EUR 11,403 million). Hence the transitional measures increase the amount of OF. Mandatum Life does not apply any undertaking-specific parameters in the underwriting risk modules or apply simplified calculations for any of the risk modules of the standard formula.

The OF of Mandatum Life was EUR 1,977 million while the SCR was EUR 1,087 million. The solvency ratio (OF/SCR) was 182 per cent and the buffer was EUR 890 million. OF without transitional measures on Technical Provisions would be EUR 1,555 million, and the SCR without transitional measures on equity risk would be EUR 1,220 million. Danske Bank-related portfolio transfer is expected to improve solvency position by reducing SCR around EUR 100 million and increasing OF by tens of millions.

In the figure Mandatum Life's Solvency, 31 December 2017 SCR is divided into risk contributions. The diversification benefit between risks is also presented in the figure.

Mandatum Life's Solvency
31 December 2017



* Loss absorbing capacity of technical provisions
** Loss absorbing capacity of deferred taxes

The solvency position without the transitional measures is expected to develop favorably during the transitional period. The amount of with profit liabilities is decreasing (see figure Forecast of With Profit Liabilities, 31 December 2017–31 December 2031 within chapter Underwriting Risks and Performance) and liabilities with the highest guarantees are expected to fall relatively most, from EUR 2,635 million to around EUR 900 million during the transitional period. Hence, the most capital consuming with profit liabilities will decrease during the period and their duration will shorten as well. This creates a decreasing trend to the SCR and simultaneously a positive trend to own funds without transitional measures. Internally Mandatum Life is forecasting solvency ratios with and without the transitional measures; both forecasts affect the company's business decisions.

Mandatum Life's structure of OF as presented in the table Mandatum Life's Own Funds, 31 December 2017 consist of only Tier 1 items of which EUR 100 million (i.e. 5.1 per cent of OF) was subordinated debt at the end of 2017. This subordinated debt is classified as a restricted Tier 1 item due to Grandfathering principles. Transitional measures on technical provisions contribute EUR 422 million to OF at the end of 2017. Due to sale of Danske Bank-related portfolio the quality of own funds will improve further as part of the expected, but uncertain, future profit component of OF will turn to a Shareholder equity.

Mandatum Life's Own Funds
31 December 2017

Mandatum		EURm
Tier 1	**Total**	**1,977**
	Ordinary Share Capital	181
	Reconciliation Reserve	1,696
	Subordinated Liabilities	100
Tier 2	**Total**	**0**
	Subordinated Liabilities	0
	Untaxed reserves	0
Tier 3	**Total**	**0**
	Deferred tax assets	0
Eligible own funds		**1,977**

In summary, the solvency and the capital structure of Mandatum Life with transitional measures are adequate. During the transitional period on technical provisions the liabilities with high guarantees will decrease remarkably which will also support future capital level needs.

Risk Considerations at Sampo Group Level and Sampo plc

Sampo Group is first and foremost exposed to general performance of Nordic economies. However, Nordic economies typically are at any given time in different stages of their economic cycles, because of reasons like different economic structures and separate currencies. Also geographically Nordics as a large area is more a source of underwriting diversification than a concentration. Hence, inherently Nordic area is a good basis for diversified business.

To further maintain diversification of businesses Sampo Group proactively prevents concentrations to the extent possible by segregating the duties of separate business areas. As a result, separate companies have very few overlapping areas in their underwriting and investments activities. In spite of proactive strategic decisions on segregation of duties, concentrations in underwriting and investments may appear and hence liabilities and assets are monitored at the Group level to identify potential concentrations at single-name or risk factor level.

It is regarded that current business model where all companies have their own processes and agreements with counterparties is preventing accumulation of counterparty default risks and operational risks. Hence, these risks are managed at company level and it is considered that need to monitor them at group level is remote.

In addition to “segregation of duties at strategic level” - principle Sampo Group has two principles proactively preventing the group-risks. The amount of intragroup exposures between group companies are few and parent company is the only source of liquidity and the main source of capital within Group. These principles effectively prevent the contagion risk and hence potential problems of one company will not affect directly the other group companies.

Underwriting and market risk concentrations and their management are described in the next sections as well as parent company's role as risk manager of group-wide risks and as a source of liquidity.

Underwriting Risks at Sampo Group

With respect to the underwriting businesses carried out in the subsidiary companies, it has been established that If P&C, Topdanmark and Mandatum Life all operate within Nordics, but mostly in different geographical areas and in different lines of business and hence their underwriting risks are different by nature. There are some common risk factors like the life expectancy in Finland. Also in Denmark If P&C and Topdanmark have some overlapping areas. However, there are no material underwriting risk concentrations in the normal course of business.

Consequently, business lines as such are contributing diversification benefits rather than a concentration of risks. This general risk picture has not changed with increased holding in Topdanmark, because it underwrites mainly Danish risks with focus on client bases which only marginally overlap with If P&C's client bases.

On the following table Underwriting Solvency Capital Requirements of Insurance Sub-group, 31 December 2017, underwriting activities and sensitivities to related risks of three operative insurance companies are compared to each other based on their standard formula gross SCRs, because the reported Sampo Group underwriting SCR is based on them. In Topdanmark's section, the company has presented net SCR numbers. Standard formula SCRs do not either reflect risks as well as internal models used by If P&C and Topdanmark, but in this context they can be used as a common basis for comparison purposes.

Underwriting Solvency Capital Requirement of Insurance Sub-group
31 December 2017

Underwriting risk	If P&C	Topdanmark	Mandatum Life	Sampo Plc	Diversified Sampo Group	Sum of the parts	Delta
Life underwriting	74	105	406	0	561	584	-23
Health underwriting	513	238	2	0	747	754	-6
Non-life underwriting	1,248	248	0	0	1,494	1,496	-1
Underwriting Risk gross	**1,835**	**591**	**408**	**0**	**2,803**	**2,833**	**-30**
Diversification	-477	-214	-2	0	-982	-693	-289
Underwriting Risk net	**1,358**	**376**	**406**	**0**	**1,821**	**2,141**	**-319**

In terms of SCRs If P&C is contributing most to the group SCR and it has clear focus on non-life underwriting and related health underwriting. Business is well spread over all Nordic countries, but having smallest portion of business in Denmark. Geographical diversification is not taken into account by SF and hence internally assessed capital need of EUR 672 million is much smaller.

Mandatum Life has focus on Finnish life insurance risks and hence it has practically no lines of business or geographical diversification benefits within underwriting. In Topdanmark capital consumption is most evenly spread over underwriting risks written solely in Denmark and its company specific diversification benefit over lines of businesses is relatively largest compared to other Sampo Group companies.

All in all at Sampo Group level, the underwriting activities are well-diversified by lines of businesses, geographical areas and client groups. At Sampo Group level the SF gives diversification benefit of EUR 319 million because underwriting activities at group level are more evenly distributed over lines of businesses than in separate companies. Sampo considers that diversified Group SCR of EUR 1,821 million is relatively conservative measure of the underwriting capital requirement, because SF at sub-group and Sampo Group level does not take into account geographical and client base diversification.

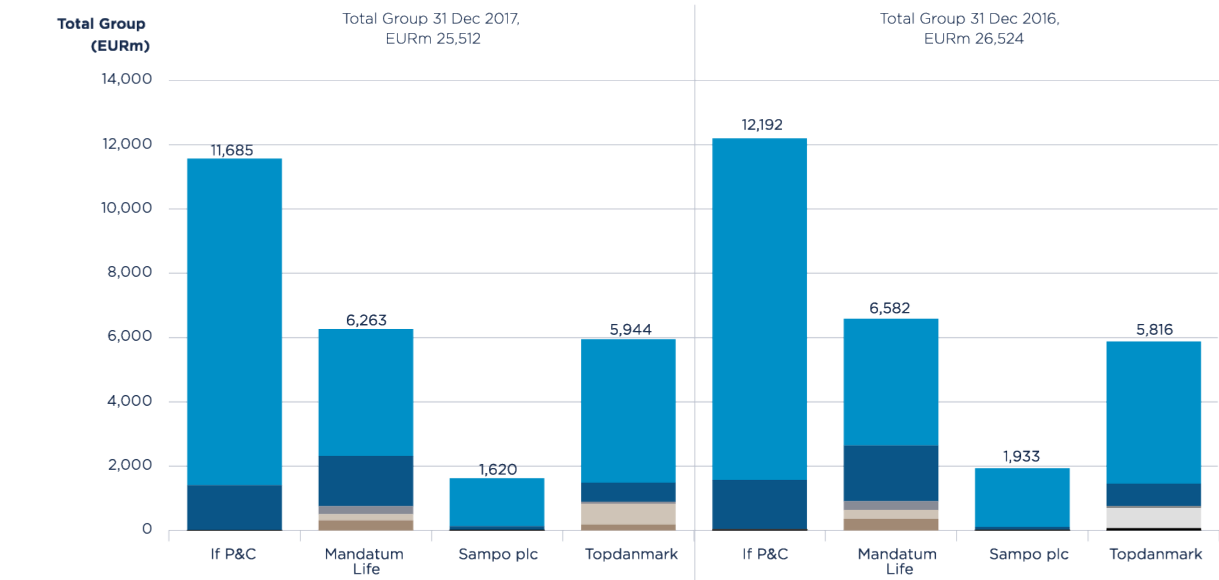
Market Risks at Sampo Group Level

For all subsidiaries, their insurance liabilities and the company specific risk appetite are the starting points for their investment activities. The insurance liabilities including loss absorbing buffers as well as the risk appetite of Mandatum Life, If P&C and Topdanmark differs, and as a result the structures and risks of the investment portfolios and balance sheet of the three companies differ respectively. Companies' average investment returns and volatilities of investment returns also differ as presented earlier in the Annual Investment Return at Fair Value -tables.

The total amount of Sampo Group's investment assets as at 31 December 2017 was EUR 25,512 million (EUR 26,524 million in 2016) as presented in the below figure. Mandatum Life's and Topdanmark's investment assets presented here do not include assets which cover unit-linked contracts.

Development of Investment Portfolios

If P&C, Mandatum Life, Sampo plc and Topdanmark, 31 December 2017 and 31 December 2016



	If P&C 2017	Mandatum Life 2017	Sampo plc 2017	Topdanmark 2017	If P&C 2016	Mandatum Life 2016	Sampo plc 2016	Topdanmark 2016
Fixed income	87%	63%	92%	75%	87%	60%	94%	76%
Listed equity	12%	25%	7%	10%	13%	26%	5%	12%
Private equity*	0%	4%	1%	1%	0%	4%	1%	1%
Real estate	0%	3%	0%	11%	0%	4%	0%	11%
Other alternative investments	0%	5%	0%	3%	0%	5%	0%	1%

Sampo plc's figures don't include debt instruments issued by the insurance subsidiaries.
* Private Equity also includes direct holdings in non-listed equites.

Investment activities and market risk taking are arranged pro-actively in such a way that there is virtually no overlap between the wholly-owned subsidiaries' single-name risks except with regards to Nordic banks where companies have their extra funds in forms of the short-term money market assets and cash. From asset side diversification perspective Topdanmark is a positive factor, because the role of Danish assets is dominant in portfolios and especially the role of Danish covered bonds is central. In Sampo Group's other insurance companies' portfolios the weight of Danish investments has been immaterial.

When Market risks of three operative insurance sub-groups and respective figures of parent company Sampo are compared to each other by their SCRs the following things can be seen at Sampo Group level.

Market Risk SCRs of Sub-groups and Sampo plc
31 December 2017

Market risk	If P&C	Topdanmark	Mandatum Life	Sampo Plc	Diversified Sampo Group	Sum of the parts	Delta
Interest rate / down shock	174	56	145	0	375	375	0
Equity	432	323	851	44	1,646	1,650	-4
Property	5	170	46	1	221	221	0
Spread	406	328	269	4	1,006	1,006	0
Concentration/Group Level	54	20	14	47	0	135	-135
Currency/Group Level	511	7	221	427	1,153	1,166	-13
Market risk gross	**1,582**	**904**	**1,545**	**522**	**4,401**	**4,553**	**-152**
Diversification	-433	-136	-282	-78	-1,018	-929	-90
Market risk net	**1,150**	**768**	**1,263**	**444**	**3,383**	**3,624**	**-242**

Mandatum Life takes the largest market risks both in absolute and relative terms and currently equity risk is its dominant risk contributor. In If P&C currency and spread risks are the main risk contributors and there is relatively larger diversification effect than in Mandatum Life because of more evenly spread risk profile. Topdanmark is matching its liabilities with assets and hence the role of interest rate risk and currency risk is minor and equity, spread and property risks are main contributors of market risk SCR. In all companies there is some concentration risk, but at Sampo Group level it does not exist, because the sub-groups' largest concentrations are not in same single names.

In the next paragraphs concentrations by homogenous risk groups and by single names are presented first and then balance sheet level risks are discussed shortly.

Holdings by Industry, Geographical Area and Asset Class

In regards to **Fixed Income and Equity Exposures** Financial Institutions and covered bonds have material weight in group-wide portfolios whereas the role of public sector investments is quite limited. Most of these assets are issued by Nordic corporates and institutions. Most corporate issuers, although being based in Nordic countries, are operating at global markets and hence their performance is not that dependent on Nordic markets. This together with steadily growing portion of non-Nordic names in portfolios, is decreasing the concentration risk related to Nordics.

Exposures by Sector, Asset Class and Rating

Sampo Group excluding Topdanmark, 31 December 2017

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counterparty risk	Total	Change 31 Dec 2016
Basic Industry	0	0	44	66	25	0	113	248	104	0	0	351	-78
Capital Goods	0	0	127	63	0	0	131	321	682	0	0	1,002	32
Consumer Products	0	131	326	380	30	0	109	976	549	0	0	1,525	-28
Energy	0	68	30	0	53	0	172	323	13	0	0	336	-165
Financial Institutions	0	2,100	3,258	930	46	0	26	6,360	118	1	9	6,489	-428
Governments	92	0	0	0	0	0	0	92	0	0	0	92	-49
Government Guaranteed	43	77	0	0	0	0	0	120	0	0	0	120	-36
Health Care	7	39	50	50	42	0	65	253	113	0	0	383	-55
Insurance	0	0	41	115	27	0	5	206	3	25	60	277	-19
Media	0	0	14	0	0	0	38	52	0	0	0	52	-25
Packaging	0	0	0	0	19	0	14	33	1	0	0	33	-40
Public Sector, Other	674	192	42	0	0	0	0	908	0	0	0	908	-114
Real Estate	0	6	92	112	8	0	526	744	0	207	0	951	35
Services	0	0	0	85	72	0	155	312	122	0	0	434	-15
Technology and Electronics	23	0	79	0	27	0	45	175	123	0	0	298	-37
Telecommunications	0	0	0	165	8	0	65	238	92	0	0	331	12
Transportation	0	72	11	55	11	0	203	353	34	0	0	387	-55
Utilities	0	2	32	359	70	0	44	506	0	0	0	506	-101
Others	0	26	0	0	4	0	15	45	0	36	0	82	-14
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	3,161	75	0	10	0	0	0	3,247	0	0	0	3,247	102
Funds	0	0	0	0	0	0	142	142	1,187	521	0	1,850	-96
Clearing House	0	0	0	0	0	0	0	0	0	0	17	17	13
Total, Excluding Topdanmark	**4,000**	**2,788**	**4,146**	**2,391**	**443**	**0**	**1,885**	**15,653**	**3,140**	**790**	**87**	**19,670**	**-1,163**
Change 31 Dec 2016	**-38**	**-1,198**	**641**	**163**	**-362**	**0**	**71**	**-722**	**-210**	**-182**	**-48**	**-1,163**	

Most of the financial institutions and covered bonds are in the Nordic countries as can be seen in the table Fixed Income Investments in Financial Sector, Sampo Group excluding Topdanmark, 31 December 2017.

Fixed Income Investments in Financial Sector
Sampo Group excluding Topdanmark, 31 December 2017

EURm	Covered bonds	Cash and money market securities	Long-term senior debt	Long-term subordinated debt	Total	%
Sweden	2,092	42	721	365	3,221	33.6%
Finland	108	1,584	243	6	1,942	20.3%
Norway	670		324	291	1,285	13.4%
United States			670		670	7.0%
Denmark	204	3	277	142	626	6.5%
United Kingdom	12	517	68	18	615	6.4%
France	21	179	58		258	2.7%
Netherlands			226	18	244	2.5%
Canada	111		113		224	2.3%
Switzerland			147		147	1.5%
Australia	17		92		109	1.1%
Iceland			91		91	1.0%
Germany			50	0	50	0.5%
Guernsey			25		25	0.3%
Estonia		22			22	0.2%
New Zealand			19		19	0.2%
Luxembourg	10				10	0.1%
Bermuda				10	10	0.1%
Cayman Islands			5		5	0.0%
Total	**3,247**	**2,348**	**3,129**	**852**	**9,576**	**100.0%**

The public sector exposure includes government bonds, government guaranteed bonds and other public sector investments as shown in the table Fixed Income Investments in Public Sector, Sampo Group excluding Topdanmark, 31 December 2017. The public sector has had a relatively minor role in Sampo Group's portfolios and these exposures have been mainly in the Nordic countries. In Topdanmark's portfolios AAA-rated government bonds and covered bonds have a material role.

Fixed Income Investments in Public Sector
Sampo Group excluding Topdanmark, 31 December 2017

EURm	Governments	Government guaranteed	Public sector, other	Total market value
Sweden	92		592	684
Norway			211	211
Finland		77	88	165
Germany		33		33
Japan			17	17
Denmark		10		10
Total	**92**	**120**	**908**	**1,120**

The exposures in fixed income instruments issued by non-investment grade issuers are significant, because a relatively small number of Nordic companies are rated. Further, many of the rated companies have a rating lower than triple-B (high yield) rating.

The listed equity investments of Sampo Group totaled EUR 3,934 million at the end of year 2017 (EUR 4,113 million). At the end of year 2017, the listed equity exposure of If P&C was EUR 1,448 million (EUR 1,527 million). The proportion of listed equities in If P&C's investment portfolio was 12.4 per cent. In Mandatum Life, the listed equity exposure was EUR 1,578 million at the end of year 2017 (EUR 1,737 million) and the proportion of listed equities was 25.2 per cent of the investment portfolio. In Topdanmark Group, the listed equity exposure was EUR 793 million at the end of year 2017 (EUR 761 million). Within Topdanmark Group, the allocation to listed equity is higher in the life company.

The geographical core of Sampo Group's equity investments is in the Nordic companies. The proportion of Nordic companies' equities corresponds to 46 per cent of the total equity portfolio. This is in line with Sampo Group's investment strategy of focusing on Nordic companies. However, these Nordic companies are mainly competing in global markets: only a few are purely domestic companies. Hence, the ultimate risk is not highly dependent on the Nordic economies. In the long run the proportion of investments outside of the Nordic countries has gradually increased, because the amount of companies issuing securities in the Nordic countries is limited and from a strategic point of view other geographical areas have recently provided interesting investment opportunities. A breakdown of the listed equity exposures of Sampo Group is shown in the figure Breakdown of Listed Equity Investments by Geographical Regions, Sampo Group 31.12.2017.

Breakdown of Listed Equity Investments by Geographical Regions
Sampo Group, 31 December 2017 and 31 December 2016

	2017		2016	
Sampo Group	**%**	**EURm**	**%**	**EURm**
Denmark	4%	167	5%	185
Norway	4%	157	5%	202
Sweden	24%	945	23%	953
Finland	14%	549	17%	700
Western Europe	25%	977	21%	861
East Europe	1%	20	0%	19
North America	20%	776	23%	929
Latin America	1%	28	1%	25
Far East	8%	313	6%	239
Japan	0%	0	0%	0
Total		**3,934**		**4,113**

Largest Holdings by Single Name

The largest exposures by individual issuers and counterparties are presented in the table Largest Individual Exposures by Issuer and by Asset Class, Sampo Group exluding Topdanmark, 31 December 2017. The largest single name investments in Topdanmark's portfolios are in AAA-rated Danish covered bonds.

Largest Individual Exposures by Issuer and by Asset Class
Sampo Group excluding Topdanmark, 31 December 2017

EURm Counterparty	Total fair value	% of total investment assets	Cash & short-term fixed income	Long-term fixed income, total	Long-term fixed income: Government guaranteed	Long-term fixed income: Covered bonds	Long-term fixed income: Senior bonds	Long-term fixed income: Tier 1 and Tier 2	Equities	Uncollateralized derivatives
Nordea Bank	1,606	8%	562	1,039	0	601	138	299	0	4
Danske Bank	1,134	6%	785	347	0	99	218	30	0	3
BNP Paribas	735	4%	698	37	0	0	37	0	0	0
Skandinaviska Enskilda Banken	675	3%	276	398	0	248	137	13	0	0
Svenska Handelsbanken	669	3%	-1	669	0	616	39	14	0	0
DnB	536	3%	0	536	0	226	205	105	0	0
Sweden	519	3%	0	519	0	0	519	0	0	0
Swedbank	516	3%	-1	517	0	352	154	11	0	0
Norway	320	2%	0	320	0	0	218	102	0	0
Volvo	256	1%	0	103	0	0	68	36	153	0
Total Top 10 Exposures	**6,965**	**36%**	**2,319**	**4,485**	**0**	**2,143**	**1,733**	**609**	**153**	**8**
Other	12,408	64%								
Total investment assets	**19,372**	**100%**								

The largest high-yield and non-rated fixed income investment single-name exposures are presented in the table Ten Largest Direct High Yield and Non-rated Fixed Income Investments, Sampo Group excluding Topdanmark, 31 December 2017. Furthermore, the largest direct listed equity exposures are presented in the table Ten Largest Direct Listed Equity Investments, Sampo Group, 31 December 2017.

Ten Largest Direct High Yield and Non-rated Fixed Income Investments and Direct Listed Equity Investments

Sampo Group excluding Topdanmark, 31 December 2017

Largest direct high yield and non-rated fixed income investments	Rating	Total fair value, EURm	% of total direct fixed income investments
High Street Shopping	NR	117	0.8%
Sponda	NR	89	0.6%
Teollisuuden Voima	BB+	80	0.5%
SkandiaBanken	NR	76	0.5%
IVG Polar	NR	57	0.4%
Ellevio	NR	52	0.3%
YIT	NR	46	0.3%
Grönlandet Södra	NR	44	0.3%
Aker BP	BB	44	0.3%
Nets	BB	40	0.3%
Total top 10 exposures		**646**	**4.2%**
Other direct fixed income investments		14,630	95.8%
Total direct fixed income investments		15,276	100.0%

Top 10 listed equity investments	Total fair value, EURm	% of total direct equity investments
Volvo	153	7.8%
Nobia	125	6.4%
Amer Sports	100	5.1%
ABB	90	4.6%
Veidekke	87	4.4%
Asiakastieto	70	3.6%
Sectra	66	3.4%
Husqvarna	64	3.3%
Hennes & Mauritz	61	3.1%
TeliaSonera	60	3.1%
Total top 10 exposures	**875**	**44.9%**
Other direct equity investments	1,076	55.1%
Total direct equity investments	1,952	100.0%

Balance Sheet Concentrations

In general Sampo Group is structurally dependent on the performance of Nordic economies as already described earlier. Sampo Group is also economically exposed to the low level of interest rates. The lower the rates and the “flatter” the yield curve, the more challenging the environment is for the current business models especially when duration of insurance liabilities is longer than asset duration in If P&C and Mandatum Life. In Topdanmark interest rate risk of balance sheet is minor and hence Topdanmark is not increasing interest rate risk at group level.

Sampo Group would benefit materially in case interest rates would rise, because economic value of insurance liabilities would decrease more than value of assets backing them. At the same time net interest income of Nordea should increase as well. During 2017 interest rates have continued their slow rise that started at the end of Q3/16.

The Role of Sampo plc

Sampo plc is the long-term investor in Nordic financials and source of liquidity within the group. Hence, the healthy funding structure and the capacity to generate funds if needed are on continuous focus.

As of 31 December 2017 Sampo had long term strategic holdings of EUR 8,958 million and they were funded mainly by capital of EUR 7,714 million and senior debt of EUR 3,177 million. Average remaining maturity of senior debt was 3.7 years and EUR 1,250 million of it had a maturity longer than 5 years. Senior debt is used to fund other financial assets as well. The average maturity of sub-ordinated loans and fixed income instruments of EUR 554 million was three years. Funding structure of strategic holdings and other holdings can be considered strong.

The capacity to generate funds is dependent on leverage and liquidity buffers which can be inferred from the table Sampo plc Balance Sheet Structure, 31 December 2017 and 31 December 2017.

Sampo plc Balance Sheet Structure
31 December 2017 and 31 December 2016

EURm	31 Dec 2017	31 Dec 2016
Assets total	**10,939**	**11,196**
Liquidity	**1,199**	**1,439**
Investment Assets	**235**	**179**
Real estate	2	2
Fixed income	58	28
Equity & Private equity	175	148
Sub-ordinated loans	**496**	**637**
Equity holdings	**8,958**	**8,900**
Subsidiaries	3,401	2,370
Associated	5,557	6,530
Other assets	**50**	**41**

EURm	31 Dec 2017	31 Dec 2016
Liabilities total	**10,939**	**11,196**
CP's issued	**293**	**671**
LT Senior debt	**2,884**	**2,877**
Private placements	138	132
Bonds issued	2,746	2,745
Sub-ordinated debt	**0**	**0**
Capital	**7,714**	**7,549**
Undistributable capital	98	98
Distributable capital	7,616	7,451
Other liabilities	**48**	**99**

Leverage of Sampo plc was modest at year end by several measures.

- The financial leverage measured as the portion of debt within all liabilities was 29 (32) per cent.
- Sampo's net debt of EUR 1,424 (1,443) million is modest when compared to Sampo's equity holdings and financial assets.
- The gross debt divided by estimated market value of equity holdings, the ratio would be around 15 per cent.

In regards to liquidity, the liquid funds of Sampo plc were EUR 1,199 (1,439) million. At the end of May 2018 when all expected cash flows from dividends and other transactions have been settled the liquidity will normalize to below EUR 100 million which is adequate for normal cash management purposes. Furthermore, a remarkable portion of sub-ordinated loans issued by group-companies (496) and other investment assets (235) can be sold in case liquidity is needed. Short-term liquidity can be considered to be adequate.

All in all, Sampo plc is in a good position to refinance its current debt and even issue more debt. This capacity together with the tradable financial assets, means that Sampo plc is able to generate liquid funds.

Sampo Group has also a buffer for own funds. Because subordinated loans presented in the table Sampo plc Balance Sheet Structure, 31 December 2017 and 31 December 2016 are issued by If P&C, Mandatum Life, Nordea and Topdanmark, they are eliminated from Group's own funds. In case these assets would be sold, in addition to liquidity in Sampo plc, also own funds would be created and Sampo Group Solvency ratio would increase marginally.

When Sampo plc is managing its funding and capital structure and liquidity it takes into account that some of its operative companies have other base currencies (SEK, DKK) than EUR and all its operative business areas are exposed to low interest rates. These risks may affect Sampo's decisions on issuance of debt instruments and composition of liquidity portfolio.

This is why part of Sampo plc's debt instruments are issued in SEK and interest rate duration is maintained relatively short. However, the market view is also affecting decisions and for instance at the moment SEK-dividends paid by If P&C are still in SEK and SEK debt is converted into EUR using cross-currency swaps, due to tactical market-view reasons.

Sampo Group Capitalization

The principles of Sampo Group capitalization and the calculation methods are described in Appendix 4 in detail.

Topdanmark treatment in Solvency II and FICO changed in 2017 and hence the 2016 figures are not comparable.

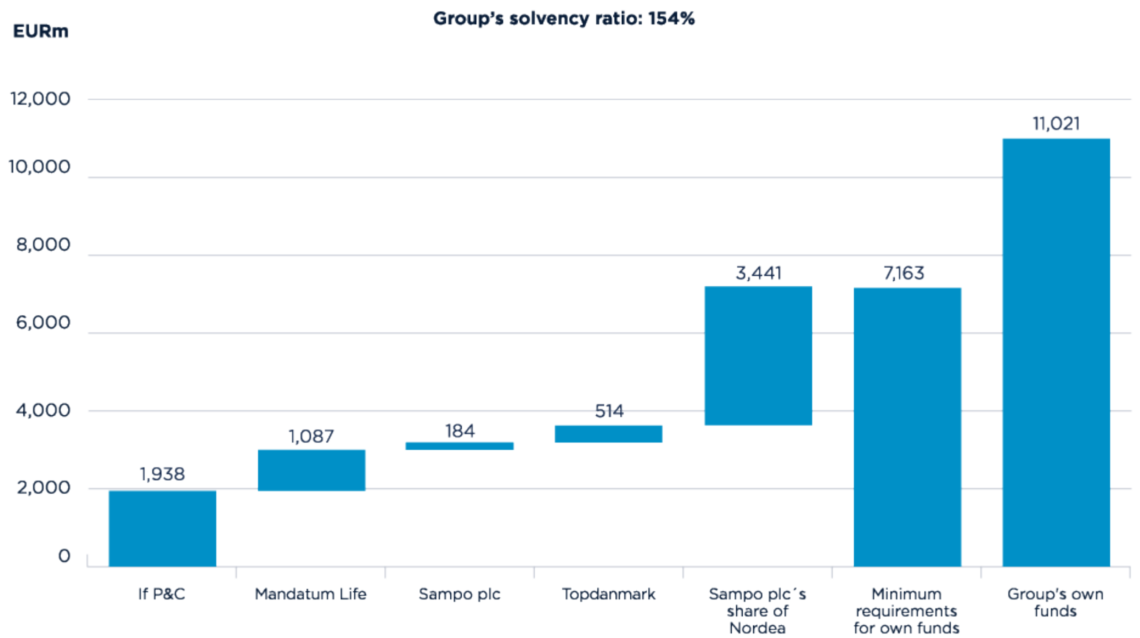
Group's Own Funds and Solvency According to Conglomerate Rules

Sampo Group's FICO solvency, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates (2004/699), is presented in the figure Sampo Group's FICO solvency, 31 December 2017. The Group solvency ratio remained at the same level as year before and was 154 per cent. Topdanmark was consolidated to the Group's SCR and own funds in Q3/2017. Prior to that, the deduction and aggregation method was applied to the Topdanmark holding. This meant that the part corresponding to Sampo's share of Topdanmark's disclosed SCR was included in Sampo's SCR and own funds.

Both Group's own funds and minimum requirements for own funds grew in 2017. The consolidation of Topdanmark increased capital requirement by ca. EUR 300 million but at the same time the valuation gain from the consolidation increased group equity. In addition, non-controlling interest and intangible assets stemming from the consolidation were included in the own funds. The net effect of changes from Topdanmark was limited, however.

Group's profitability increased group equity and compensated the growing dividends to shareholders, which in total contributed to own funds growth. Net changes in other items affecting own funds were limited.

Sampo Group's FICO Solvency
31 December 2017



Group's own funds consist of Group consolidated equity and sectoral items of financial institutions and insurance companies, minus intangible assets, foreseeable dividends and other adjustments. Group consolidated equity including non-controlling interest, EUR 13,508 million as of 31.12.2017, accounts for most of the own funds and is considered as Tier 1 capital for solvency purposes. Sectoral items, most of which come from Nordea's additional Tier 1 and Tier 2 capital and from the valuation adjustments of If P&C, Mandatum Life and Topdanmark, accounted for EUR 2,517 million (EUR 2,254 million). The deductions in total were EUR 5,004 million (EUR 3,251 million).

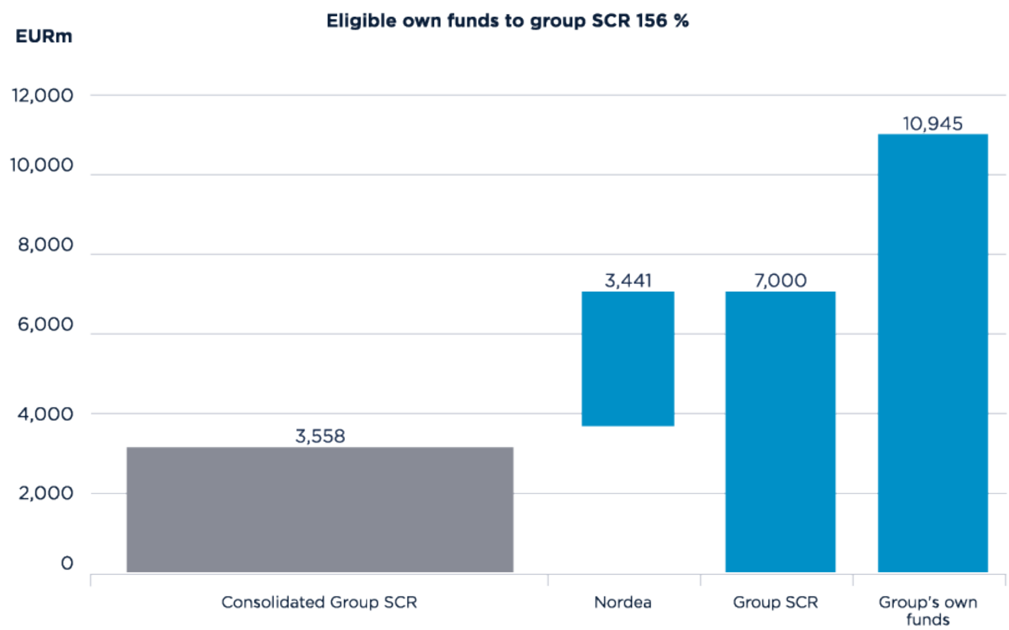
The Group level capital requirement is sum of the parts presented in the above figure and no diversification benefit between business areas is taken into account. As of 31.12.2017 the total minimum requirements for own funds were EUR 7,163 million (EUR 7,088 million). Group solvency (Group's own funds – minimum requirements for own funds) were EUR 3,858 million (EUR 3,849 million).

Group's Own Funds and Solvency According to Solvency II

Sampo Group's own funds and SCR are presented in the figure Sampo Group Solvency by Solvency II rules, 31 December 2017. Sampo Group's Ratio of Eligible own funds to group SCR at the end of 2017 was 156 per cent (155 per cent). Solvency was adequate in every quarter during the year.

Topdanmark's standard formula SCRs is now fully included in Sampo's Consolidated Group SCR. Also the own funds of Topdanmark are now fully consolidated to Sampo's own funds with the exception of the part of the own funds, which exceeds Topdanmark's Standard Formula SCR, belonging to minority shareholders.

Sampo Group Solvency by Solvency II Rules
31 December 2017



The Group SCR decreased by EUR 51 million due to a decrease in the capital requirement for Nordea offset by an increase in Topdanmark's contribution to the Group SCR. Topdanmark was previously included in the Group SCR by adding Sampo's share of Topdanmark's partial internal model on top of the Consolidated Group SCR. The previous methodology did not grant any diversification benefits at Sampo Group level. At Q3 2017 Topdanmark's Standard Formula SCR was included in the consolidated Group SCR. The effects of the change in methodology are limited due to diversification benefits that the Standard Formula grants when calculating the Consolidated Group SCR. Topdanmark uses simplifications in the calculation of Standard Formula SCR.

The following table Sampo Group's Own Funds, 31 December 2017 and 31 December 2016 presents Sampo Group's Own Funds by tiers.

Sampo Group's Own Funds
31 December 2017 and 31 December 2016

EURm	2017	2016
Tier 1 total	**10,577**	**10,721**
Ordinary Share Capital	98	98
Reconciliation Reserve	10,753	10,520
Net effect of Nordea & Topdanmark	-274	103
Tier 2 (Subordinated Liabilities)	**368**	**230**
Tier 3 (Deferred tax assets)	**0**	**4**
Total eligible own funds	**10,945**	**10,955**

Group's own funds consists of ordinary share capital, reconciliation reserve as well as subordinated liabilities, which are eligible at the Group level. As of 31.12 2017 the Group's own funds were EUR 10,945 million.

The entire ordinary share capital of EUR 98 million and reconciliation reserve of EUR 10,753 million (EUR 10,520 million) fully meet with the requirements for inclusion in Tier 1 unrestricted items. In comparison IFRS consolidated group equity as of 31.12.2017 was EUR 13,508 million (Appendix 5 Valuation for Solvency II purposes). All in all the structure of own funds is very solid, because Tier 1 items are 90 per cent of all own funds and the reconciliation reserve is a major contributor.

The reconciliation reserve is a sum of retained earnings, net income for the financial year and other reserves deducted by foreseeable dividends and other distributions adjusted by Solvency II valuation differences, net deferred tax assets, own shares held directly and Topdanmark's minority interest. The composition of the reconciliation reserve is presented in the table Composition of the Reconciliation Reserve, 31 December 2017 and 31 December 2016.

Composition of the Reconciliation Reserve
31 December 2017 and 31 December 2016

EURm	2017	2016
Reserves, Retained earnings and Net income for the year (before SII adjustments)	13,410	11,836
Foreseeable dividends, distributions and charges	-1,444	-1,288
Own Shares (held directly and indirectly)	-149	-
Other non available own funds	-327	-
Net deferred tax assets shown separately in Tier 3	-	-4
Valuation adjustments, SII	-737	-24
Reconciliation reserve	**10,753**	**10,520**

Own funds items included in Sampo Group's Tier 2 capital, amounting to EUR 368 million as of 31.12.2017, consists of subordinated debt instruments held by external investors.

As of 31.12.2017 subordinated debt of EUR 100 million issued by Mandatum Life was completely in Sampo's investment portfolio and about one third of If P&C's subordinated debt of EUR 312 million was held by Sampo plc as well. Topdanmark has issued three subordinated debt instruments by nominal amount of DKK 1,750 million and 30 per cent of these are held in Sampo Group companies' investment portfolios. The details of subordinated debt instruments issued by If P&C,

Topdanmark and Mandatum are shown in the companies' respective tables. Full instrument details are available on Sampo's web-page www.sampo.com/publicdebt.

Topdanmark was the only group company issuing subordinated debt during 2017. This DKK 400 million instrument was classified to be Tier 1 item in Own Funds. In September 2017 If P&C Insurance Ltd (Finland) bought back its Tier 1 instrument from Sampo plc and cancelled it before its merge into If P&C Insurance Ltd (Publ) (Sweden).

Tier 3 own funds include net deferred tax assets (i.e. those deferred tax asset items which cannot be netted against available deferred tax liabilities, "DTL") from the Solvency II Balance sheet.

The Group's own funds decreased by EUR 9 million over the reporting period. Excess of assets over liabilities grew as a result of Topdanmark's consolidation and Group's profit for the period, but the total effect of Nordea's own funds items and increased intangible assets at the group level, which are not included in the SII balance sheet, resulted in the small negative net effect. Because of lower Group SCR, which decreased due to Nordea's lower capital requirement, Ratio of Eligible own funds to group SCR went up slightly to 156 per cent (155 per cent). There were no restrictions affecting the availability or transferability of own funds at the group level during the period.

Internal Considerations of Adequacy of Solvency

Sampo's regulatory group solvency ratios, 154 per cent (FICO) and 156 per cent (Solvency II), are relatively low compared to many other insurance groups. Conglomerate rules do not take into account any diversification benefits between Group's business areas. Solvency II rules take into account only the diversification within the consolidated group. Therefore, the diversification benefit from the associated company is not taken into account. Because material part of capital consumption and profits stem from the associated company Nordea, the lack of its diversification benefit has a material effect on reported Solvency ratios.

In order to include the diversification benefit between business areas into Group's capital need estimate, Sampo is using correlations of quarterly reported profits between business areas when assessing the diversification benefit in the context of Conglomerate Rules. With this adjustment the resulting diversified Sampo Group capital requirement would be EUR 5,541 (5,571) million and the Group solvency ratio would be 199 (196) per cent.

Correlation of Quarterly Reported Profits
2005 - 2017

Correlations of Quarterly Reported Profits	
Nordea/If	0.267
Nordea/Mandatum	0.147
Nordea/Topdanmark	0.366
If/Mandatum	0.854
If/Topdanmark	0.670
Mandatum/Topdanmark	0.687

Group's Diversification Benefit as Internally Assessed
31 December 2017

	FICO Solvency	Adjusted FICO Solvency	Diversification Benefit
Group's Own Funds, total	11,021	11,021	0
Minimum Requirements for Own Funds, Total	7,163	5,541	-1,622
Group Solvency Ratio	154%	199%	45%
Group Solvency	**3,858**	**5,480**	**1,622**

This internal Solvency Ratio estimate is more in line with reported figures of insurance groups, of which most do not have holdings in financial institutions to the level of Sampo Group's holdings. Based on this internally adjusted group solvency ratio, the Group solvency would be strong.

When Sampo is considering the Group Solvency based on the **adequacy of buffer at Group level** it is assessed that the buffer is more than adequate in light of the following facts.

- **Due to the business entities' adequate capitalization, good profitability and low volatilities, there is no need for extra buffers at Group level.** If P&C and Nordea have strong capitalization and sound profitability. OF of If P&C is maintained above the capital level based on the Single-A rating target. Nordea's amount of capital is governed by Swedish rules which are some of the strictest within European jurisdictions. In addition, both If P&C and Nordea have maintained high profitability and low volatility of profits. In Sampo plc's opinion, If P&C and Nordea have themselves relatively high buffers included in their capital, then the parent company needs only minor additional reserves, if any.

  Mandatum Life is smaller company than If P&C and Nordea and its OF with transitional measures is relatively high compared to SCR. Mandatum Life's with profit business with high guarantees is decreasing annually by EUR 200 million. Hence the capital need is decreasing over time.

  Topdanmarks result has been stable over the years and it is adequately capitalized.

- The companies also have **capacity to issue more instruments eligible for their own funds** and hence extra buffers at Group level are not required.

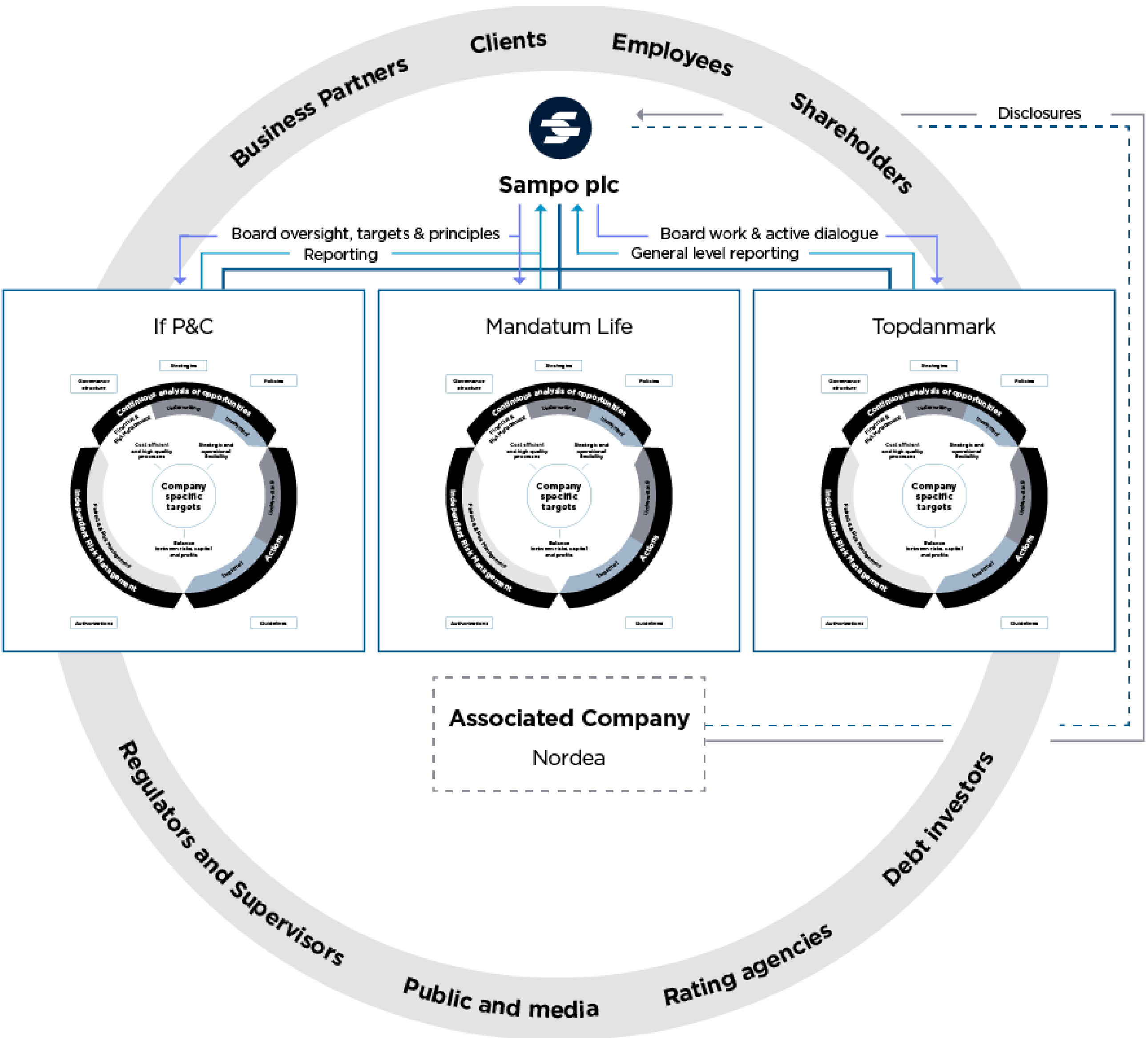
- There are **diversification benefits within Group**: The correlation of the business areas' reported profits are quite modest as presented in the table Group's Diversification Benefit as Internally Assessed, 31 December 2017. In particular, Nordea's profits are weakly correlated with If P&C's, Mandatum Life's and Topdanmark's profits. Hence, there is a clear diversification benefit within Group.

- **The parent company's capacity to generate liquidity is adequate.**

Appendix 1: Sampo Group Steering Framework and Risk Management Process

When Sampo Group is organizing its business and risk management activities, clear responsibilities and simple and flat operational structures are the fundamental principles. The responsibilities and operational structures followed in Sampo plc and wholly-owned subsidiaries, as illustrated in the figure Sampo Group's Steering Framework are described in the following paragraphs. In regards to Topdanmark, its Board and management share Sampo's view on how to prudently steer business activities and risk management process, although its current steering models and risk management processes do not have directly Sampo Group's practices as their basis. Hence, Topdanmark's current steering framework and risk management processes are not exactly the same as described next.

Sampo Group's Steering Framework



Parent Company's Guidance

Group's parent company steers the wholly-owned subsidiaries by setting targets for their capitalization and return on equity ("RoE") and by defining the main preconditions for the subsidiaries' operations in the form of the group-wide principles.

Target Setting: The Board of Directors of Sampo plc decides on the subsidiaries' return on equity targets which are currently 17.5 per cent for both If P&C and Mandatum Life. In addition, If P&C has a long-term target of maintaining the combined ratio below 95 per cent.

The parent company assesses the adequate level of capitalization and the suitability of the capital structure as described at the section "Capitalization at the sub-group level". Based on this analysis, the parent company estimates the amount of dividends distributed by the subsidiaries to the parent company. In Sampo Group, the excess capital from an operational point of view is held by the parent company which capitalizes the subsidiaries if needed.

The Board of Directors of Sampo plc decides on the main guidelines governing the subsidiaries' business activities and risk management. The most significant of these guidelines are the Code of Conduct, Risk Management Principles, Remuneration Principles and Compliance Principles. There are also further guidelines which are followed in order to prevent reputational and compliance risks, for example the Disclosure Policy.

Moreover, Sampo plc's Board of Directors' decisions and thereby also the guidance given to subsidiaries may be impacted by the external regulatory environment and expectations of different stakeholders on Sampo Group's operations. Further information on Sampo Group's relations with its stakeholders is available within the Code of Conduct at www.sampo.com/steeringsystem.

Subsidiaries' Activities and Risk Management

Subsidiaries organize their activities independently, taking into account the specific characteristics of their business operations and the guidance from the parent company relating to targets, capitalization and group-wide principles. The stakeholders' expectations and external regulations also have a direct effect on the subsidiaries' activities.

Sampo Group's subsidiaries decide independently on the governance structure of their operations. The executive management of the subsidiaries have extensive experience in the insurance industry, as well as in financial and risk management. The members of different committees and governing bodies represent expertise related to business and other functions. The subsidiaries' operations are monitored by the different governing bodies and ultimately by the Boards of Directors whose members are mainly in senior management positions in Sampo or in Sampo Group companies.

Since only the main guidelines are prepared by the parent company, the subsidiaries' management have the power and responsibility to incorporate the specific characteristics of their own operations into the company specific policies, limits, authorizations and guidelines.

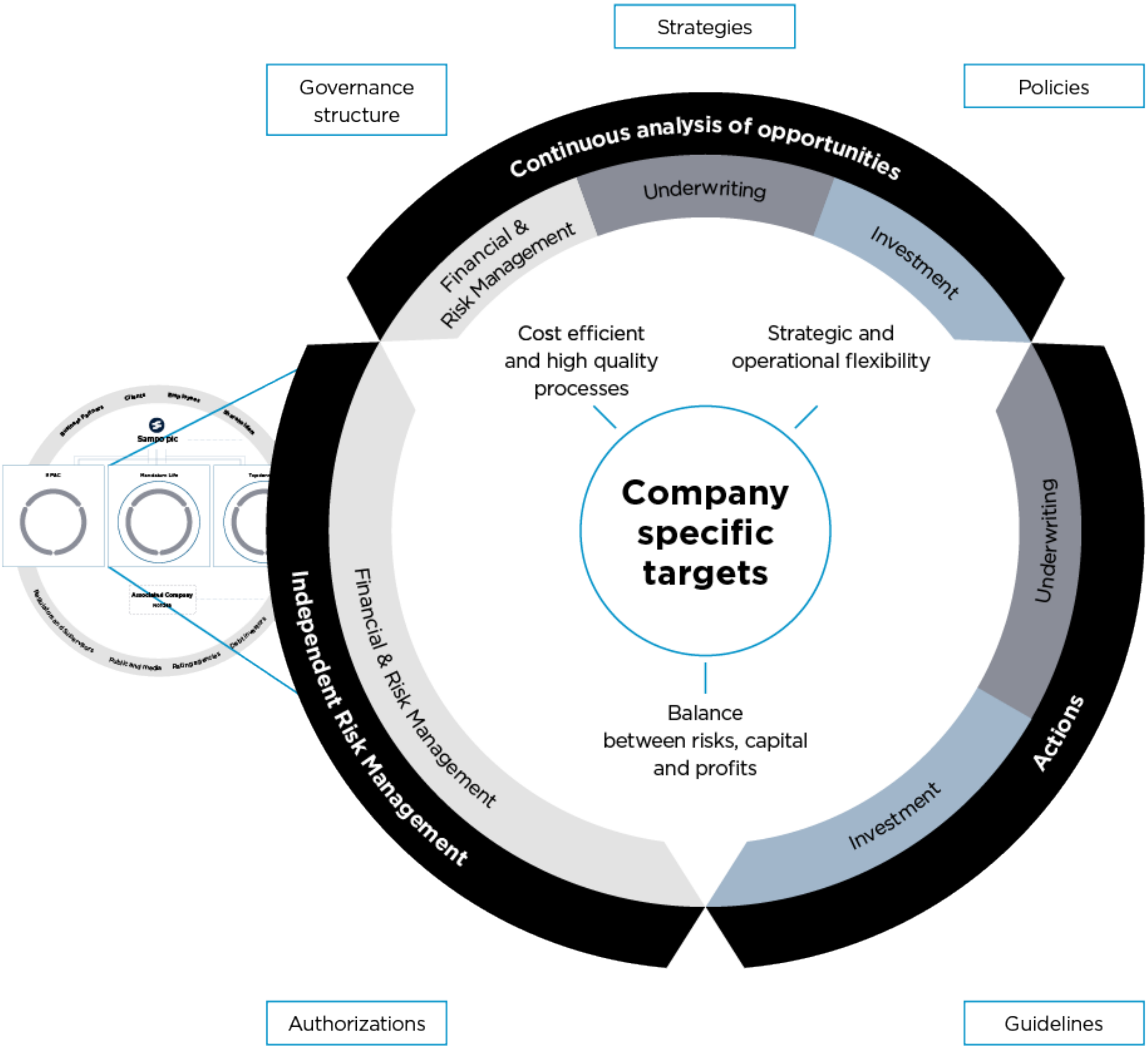
At the operative level, the subsidiaries focus on the effective execution of insurance operations and financial and risk management activities. Investments are managed according to the Investment Policies which are approved by the Boards of Directors of the respective subsidiaries. The parent company leads day-to-day management of investments; facilitates simultaneous effective execution of the subsidiaries' investment policies; and maintains group-wide oversight of the investment portfolios.

The risk management process consists of continuous activities that are partly the responsibility of the personnel involved in business activities and partly the responsibility of independent risk management specialists. Although the responsibilities of business lines and independent risk management are clearly segregated in Sampo Group, these functions are in continuous dialogue with each other. In Internal Control Policy Sampo Group has defined the roles and responsibilities of different internal stakeholders.

Parties independent of business activities are responsible for the risk management governance framework, risk policies, risk limits and authorizations which form the structure that sets the limits for business and investment units' risk taking as well as principles for risk monitoring. These structures are one prerequisite for the risk management process; they reflect capital adequacy targets and the risk appetite in general.

The figure Company Level Financial and Risk Management Process illustrates the (i) prerequisites, (ii) tasks together with the responsible functions and (iii) targets of company level risk management.

Company Level Financial and Risk Management Process



The central prerequisites for facilitating successful risk management include the following:

- Risk management governance structure and authorizations (see Risk Governance section) and clear division of responsibilities between business lines and independent functions
- Companies' own risk policies and more detailed instructions related to risk management
- Prudent valuation, risk measurement and reporting procedures.

The tasks included in the risk management process can be classified as follows:

Independent Risk Management

Financial and risk management functions are explicitly responsible for preparing the above prerequisites of risk management. Operationally they are responsible for independent measurement and control, including the monitoring of operations in general as well as profitability, risk and capitalization calculations. The following items are examples of these responsibilities:

- Detailed reporting on risks to subsidiaries' and Sampo's Risk Committees and the Boards of Directors
- Internal reporting on Capital need and actual available Capital at least on a quarterly basis
- Internal reporting on regulatory and rating agency capital charges and capital positions on a quarterly basis

- Disclosure of internal and regulatory capitalization figures quarterly.

Continuous Analysis of Opportunities and Risks

Both the business lines and the financial and risk management functions are active in supporting the business with continuous analysis and assessment of opportunities. This can be seen as a separate phase in the risk management process as the insurance and investment business units assess different business opportunities, especially their risk return ratios, on a daily basis. In the financial and risk management functions, on the other hand, a considerable amount of time is spent on risk assessment and capital planning.

This assessment of opportunities generates, for example, the following outputs:

- Identification of business opportunities (e.g. product and service development and investment opportunities) and analysis of respective earnings potential and capital consumption
- Intra-group and external dividend plans
- Hybrid and senior debt issuance initiatives.

Actions

Actions, i.e. transactions representing the actual insurance and investment operations are performed in accordance with the given authorizations, risk policies and other instructions. These actions are the responsibility of business and centralized functions such as the investment unit. Activities related to capitalization and liquidity positions are included in this part of the process. In Sampo Group, proactive actions to manage profitability, risks and capital are seen as the most important phase of the risk and capital management process. Hence, risk policies, limits and decision making authorizations, together with profitability targets, are set up in a way that they facilitate business and investment units to take carefully considered risks. Examples of the actions are as follows:

- Pricing of insurance policies and execution of investment asset transactions
- Dividend payments, share buy-backs, hybrid issuances and senior debt issuances
- Derivative and reinsurance transactions
- Business acquisitions and divestments.

High quality execution of the above tasks contributes to the achievement of the three central targets of the risk management process:

Balance Between Risks, Capital and Earnings

- The risks affecting profitability as well as other material risks are identified, assessed and analyzed.
- Capitalization is adequate in terms of risks inherent in business activities and strategic risks, taking into account the expected profitability of the businesses.
- Risk bearing capacity is allocated to different business areas in accordance with the strategy.
- Underwriting risks are priced to reflect their inherent risk levels, expected returns from investment activities are in balance with their risks, and consequential risks are mitigated sufficiently.

Cost Efficient and High Quality Processes

- Client service processes and internal operative processes are cost efficient and of high quality.
- Decision making is based on accurate, adequate and timely information.
- Continuity of operations is ensured and in the case of a discontinuity event, recovery is fast and comprehensive.

Strategic and Operational Flexibility

- External risk drivers and potential strategic risks are identified and the company is in a good position, in terms of capital structure and management skills, to react to changes in the business environment.
- Corporate structure, knowledge and processes in the companies facilitate effective implementation of changes.

When the above targets are met, risk management contributes positively to return on equity and mitigates the yearly fluctuations in profitability. The risk management process is therefore considered to be one of the contributors in creating value for the shareholders of Sampo.

Parent Company’s Oversight and Activities

Sampo reviews Group as a business portfolio and is active especially in matters related to Group’s capitalization and risks as well as related to the parent company’s capital structure and liquidity.

Sampo reviews quarterly the performance of Sampo Group both on a company level and on a Group level based on the reporting provided by the subsidiaries and the associated company. The information on associated company is, however, based on publicly available material and is therefore less detailed. Reporting on the subsidiaries’ performance to the Board of Directors and Audit Committee (“AC”) of Sampo is based mainly on the reporting produced by the subsidiaries. The reporting concentrates on the balance between risks, capitalization and profitability. The parent company is responsible for reporting on its own activities. Reporting from wholly-owned subsidiaries is more detailed than reporting from Topdanmark.

At group level, the central focus areas are potential concentrations arising from Group companies' operations as well as Group's capitalization and the parent company's ability to generate liquidity. The parent company is also projecting and analyzing Group companies' profitability, risks and capitalization with uniform scenarios to have company specific forecasts that are additive at group level.

Based on the above sub-group level work and Sampo Group level internal work Sampo Group prepares annually or more often if needed a Single Own Risk and Solvency Assessment document ("Single ORSA report"). The Single ORSA report has virtually the same structure and contents as quarterly Audit Committee reporting. The only substance difference is the addition of Group-wide solvency forecasts, which are not normally part of the quarterly reporting.

Based on both the company and group level information, the Board of Directors of Sampo decides on Group's capitalization as well as sets the guidelines on the parent company's capital structure and liquidity reserve. The underlying objective for Sampo is to maintain a prudent capital structure and adequate liquidity in order to be able to arrange financing for strategic projects if needed. Strong liquidity and the ability to acquire financing are essential factors in maintaining Sampo Group's strategic flexibility.

Risk Governance

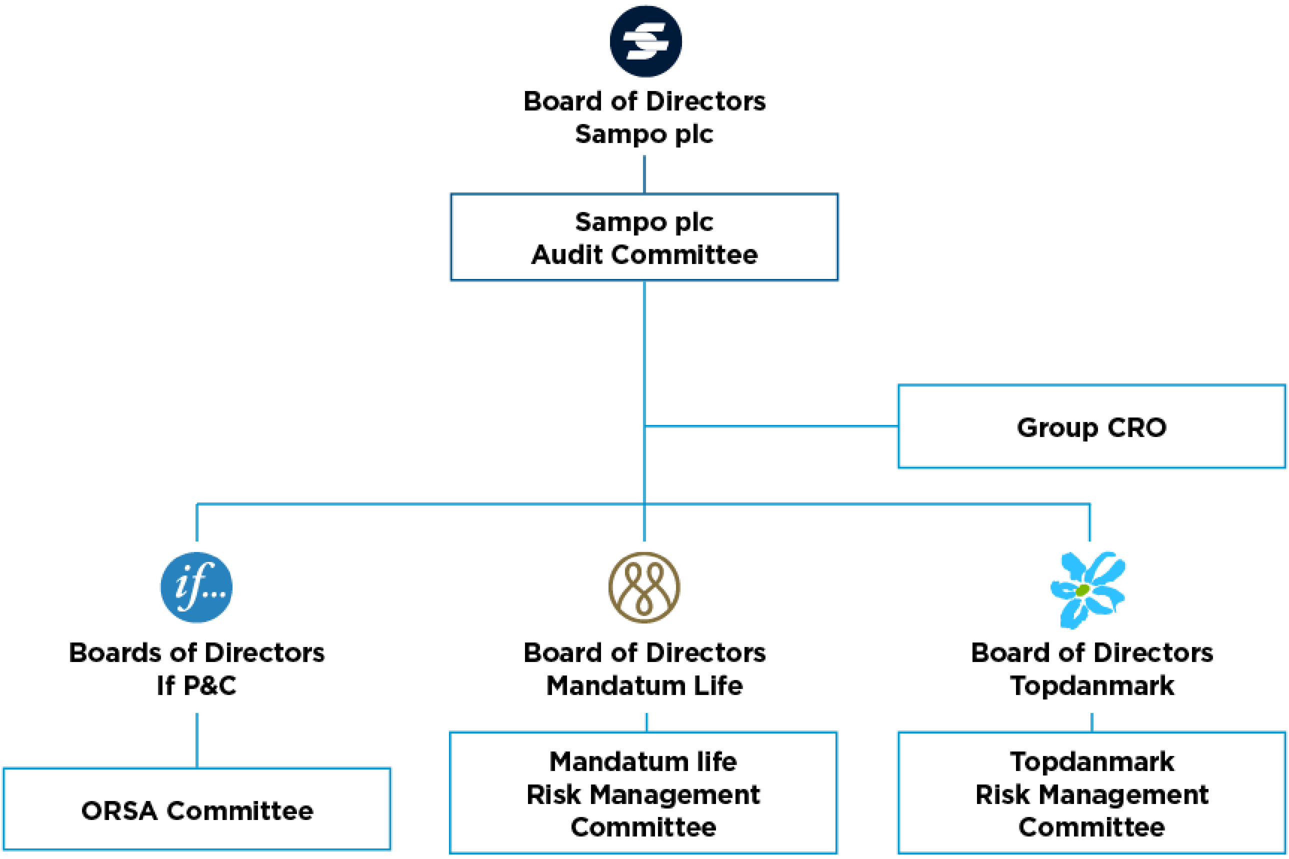
This section describes the governance framework of Sampo Group and its subsidiaries from a risk management perspective. A more detailed description of Sampo Group's corporate governance and internal control system is included in the Corporate Governance section.

Risk Governance at Group Level

The Board of Directors of Sampo is responsible for ensuring that Group's risks are properly managed and controlled. The Board of Directors of Sampo defines financial and capitalization targets for the subsidiaries and approves group level principles which steer the subsidiaries' activities. The risk exposures and capitalization reports of the subsidiaries are consolidated at group level on a quarterly basis and reported to the Board and to the Audit Committee of Sampo.

The reporting lines of different governing bodies at group level are described in the figure Risk Governance in Sampo Group.

Risk Governance in Sampo Group



The Audit Committee is responsible, on behalf of the Board of Directors, for the preparation of Sampo Group's risk management principles and other related guidelines. The AC shall ensure that the operations are in compliance with these guidelines, control Sampo Group's risks and risk concentrations as well as control the quality and scope of risk management in the Group companies. The committee shall also monitor the implementation of risk policies, capitalization and the development of risks and profit. At least three members of the AC must be elected from members of the Board who do not hold management positions in Sampo Group and are independent of the company. The AC meets on a quarterly basis.

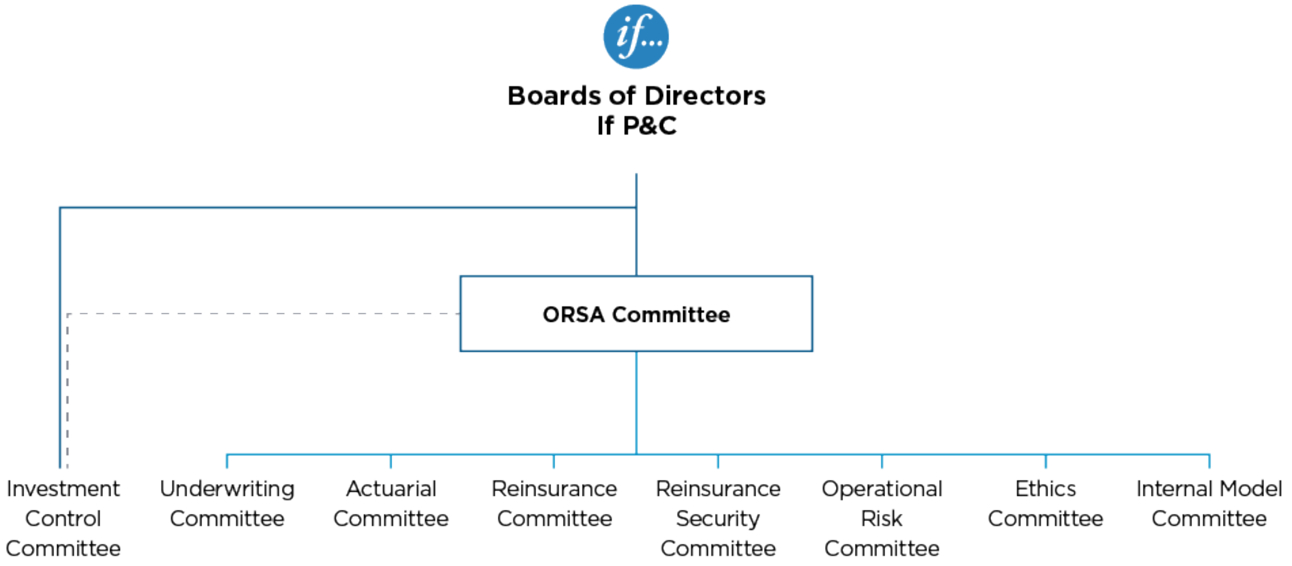
The Group Chief Risk Officer ("CRO") is responsible for the appropriateness of risk management at Group level. The CRO's responsibility is to monitor Sampo Group's aggregated risk exposure as a whole and coordinate and monitor company specific and group level risk management.

The Boards of Directors of If P&C and Mandatum Life are the ultimate decision making bodies of the respective companies and have the overall responsibility for the risk management process in If P&C and Mandatum Life respectively. The Boards of Directors appoint the If P&C ORSA Committee and the Mandatum Life Risk Management Committee, and are responsible for identifying any need to change the policies, principles and instructions related to risk management.

Risk Governance in If P&C

The main risk steering mechanism used by the Boards of Directors is the policy framework. As part of their responsibilities, the Boards of Directors approve the Risk Management Policy and the other risk steering documents; receive risk reports from the Chief Risk Officer and the Chief Executive Officers ("CEOs"); take an active part in the forward looking risk and solvency assessment process; and ensure that the management and follow-up of risks is satisfactory and effective. The reporting lines of different governing bodies in If P&C are described in the figure Risk Governance in If P&C.

Risk Governance in If P&C



The Own Risk and Solvency Assessment Committee assists the Chief Executive Officers of If P&C in fulfilling their responsibilities to oversee the risk management process. The ORSAC reviews reporting from If P&C's other committees within the Risk Management System as well as reporting from both corporate functions and the line organization. Furthermore, the ORSAC monitors If P&C's short-term and long-term aggregated risk profile to ensure it is aligned with its risk strategy and capital adequacy requirements. The Risk Management function is responsible for coordinating the risk management activities on behalf of the Boards of Directors and the CEOs.

The responsibility to identify, evaluate, control and manage risks lies within the line organization. There are separate committees in place for key risk areas which have the responsibility of monitoring the management and control risks to ensure compliance with the instructions of the Boards of Directors. The risk committees in If P&C do not have a decision mandate.

There are policies in place for each risk area which specify restrictions and limits chosen to reflect and ensure that the risk level is constantly in compliance with the overall risk appetite and capital adequacy constraints of If P&C. The committees also monitor the effectiveness of policies and give input to changes and updates if needed.

In addition to the risk specific committees, there are two other committees included in the Risk Governance structure. Their responsibilities are described as follows:

- The Ethics Committee ("EC") discusses and coordinates ethical issues in If P&C. The committee gives recommendations on ethical issues and proposes changes to the Ethics Policy. The Chairman is responsible for the reporting of ethics risk and other issues dealt with by the committee.
- The Internal Model Committee's tasks are to identify sources for potential model changes and to give its opinion to the Chairman on the assessment and classification of potential changes and on further validation activities or internal model development. In addition to the tasks above, the committee discusses and analyzes information related to the internal model from other committees as well as monitors the status of internal model use and development activities.

If P&C has also a Compliance Committee (CC), which is an advisory body for the Chief Compliance Officer regarding compliance issues. The task of the committee is to secure a comprehensive view of compliance risk and activities in If P&C.

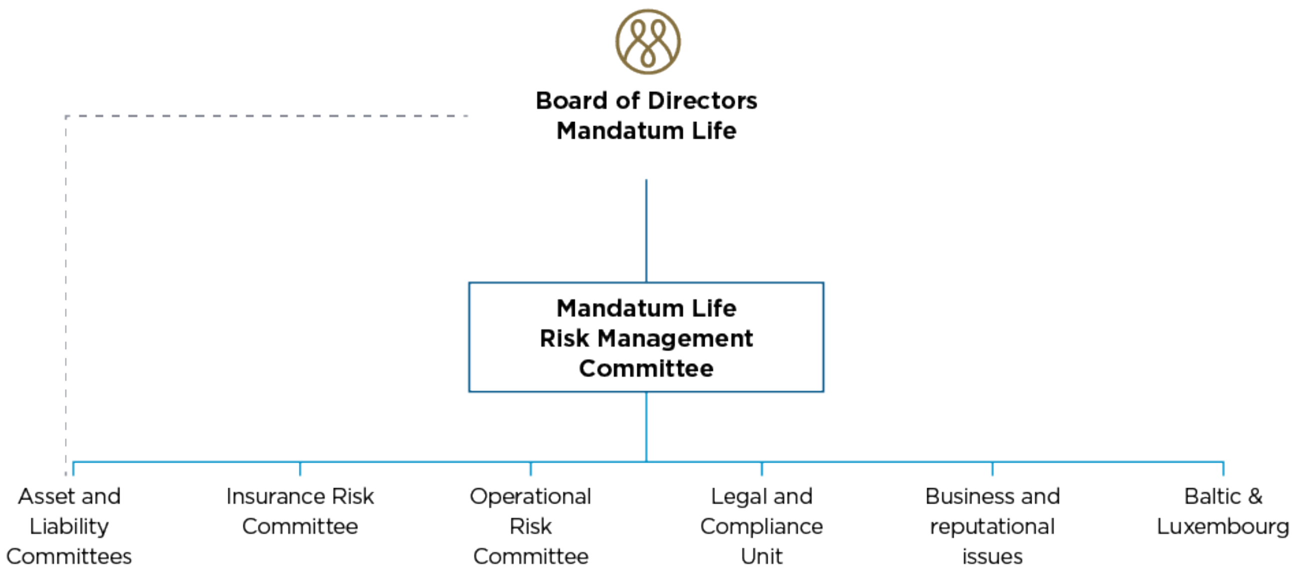
Risk Governance in Mandatum Life

In Mandatum Life the Board of Directors is responsible for risk management and the adequacy of internal control. The Board of Directors annually approves the Risk Management Plan, Investment Policy and other risk management and internal control instructions.

The Managing Director of Mandatum Life has the overall responsibility for risk management according to the Board of Directors' instructions. The Managing Director is the Chairman of the Risk Management Committee which coordinates and monitors all risks in Mandatum Life. The risks are divided into groups, the main groups being insurance, market, operational, legal and compliance risks as well as business and reputation risks. Each risk area has its own specialized committee or unit and a responsible person in the RMC.

The reporting lines of the main governing bodies in Mandatum Life are described in the figure Risk Governance in Mandatum Life.

Risk Governance in Mandatum Life



In addition to the risk specific committees, the duties related to compliance and risk management of the Baltic branches have been organized as follows:

- The Legal and Compliance Unit takes care of compliance matters with the Head of the Unit being a member of the Risk Management Committee.
- The Baltic branches has its own risk management procedures. All major incidents are also reported to Mandatum Life's Risk Management Committee.
- Internal Audit, through its audit recommendations, has a role to ensure that adequate internal controls are in place and provides Internal Audit's annual review to the Board of Directors.

Risk Governance in Topdanmark

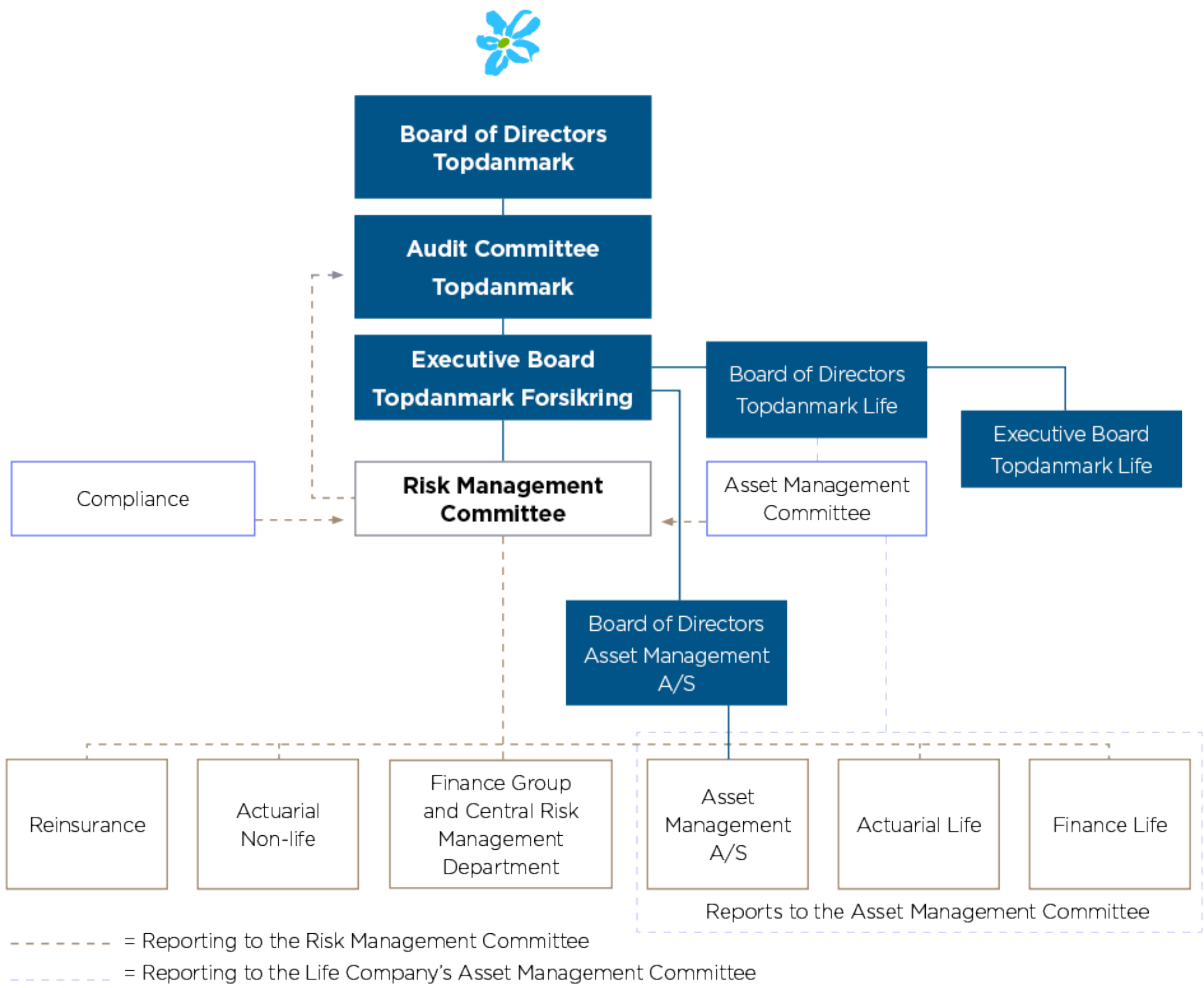
Topdanmark's policy is to hedge against risks arising from the Company's activities or to limit such risks to a level that allows the Company to maintain normal operations and implement its planned measures even in the case of highly unfavourable events in the outside world. As a consequence of this policy, for a number of years, the Company has identified and reduced or eliminated the risks which could potentially cause losses exceeding what Topdanmark considers to be acceptable. The Board of Directors determines the overall risk policies and limits. The internal auditors report to the Board of Directors and report on, among other things, the observance of these risk policies and limits.

Topdanmark's risk management function identifies, assesses and quantifies risks. It reports to the Risk Committee, which is responsible for risk policies, risk limits, solvency calculation, capital plans, Topdanmark's own risk and solvency assessment (ORSA), and Topdanmark's partial, internal model for non-life insurance risks. The members of the Risk Committee are the CFO of the Group, the head of the Compliance Function and the heads of the primary risk areas, which are: Asset Management, Statistical Services, Reinsurance, Finance, Life Actuarial Services and Life Finance. The Risk Committee reports and recommends to the Board of Directors via the Executive Board.

The Risk committee has set up the Model Committee, which is responsible for developing and operating Topdanmark's internal model for calculation of results probabilities and risks of the non-life insurance portfolio based on random simulation. The model is used for, among other things, optimising the reinsurance programme, calculation of cost of capital, forecast balancing and calculating capital requirements.

The reporting lines of the main governing bodies in Topdanmark are described in the figure Risk Governance in Topdanmark.

Risk Governance in Topdanmark



The risk management function implements an annual ORSA process identifying risks in the business, quantifying these risks and collecting them in a risk register. Additionally, the principles of solvency calculation are reviewed, and the risk management process is updated. An ORSA report has been prepared, which, together with the risk register and risk management process, was considered at a Board seminar in the autumn of 2017.

Appendix 2: Risk Definitions

Underwriting Risks

In general, the book value of insurance liabilities (technical provisions) and economic value of insurance liabilities are dependent on (i) the size and timing of future claims payments including expenses and (ii) the interest rates used to discount these claims payments to the current date.

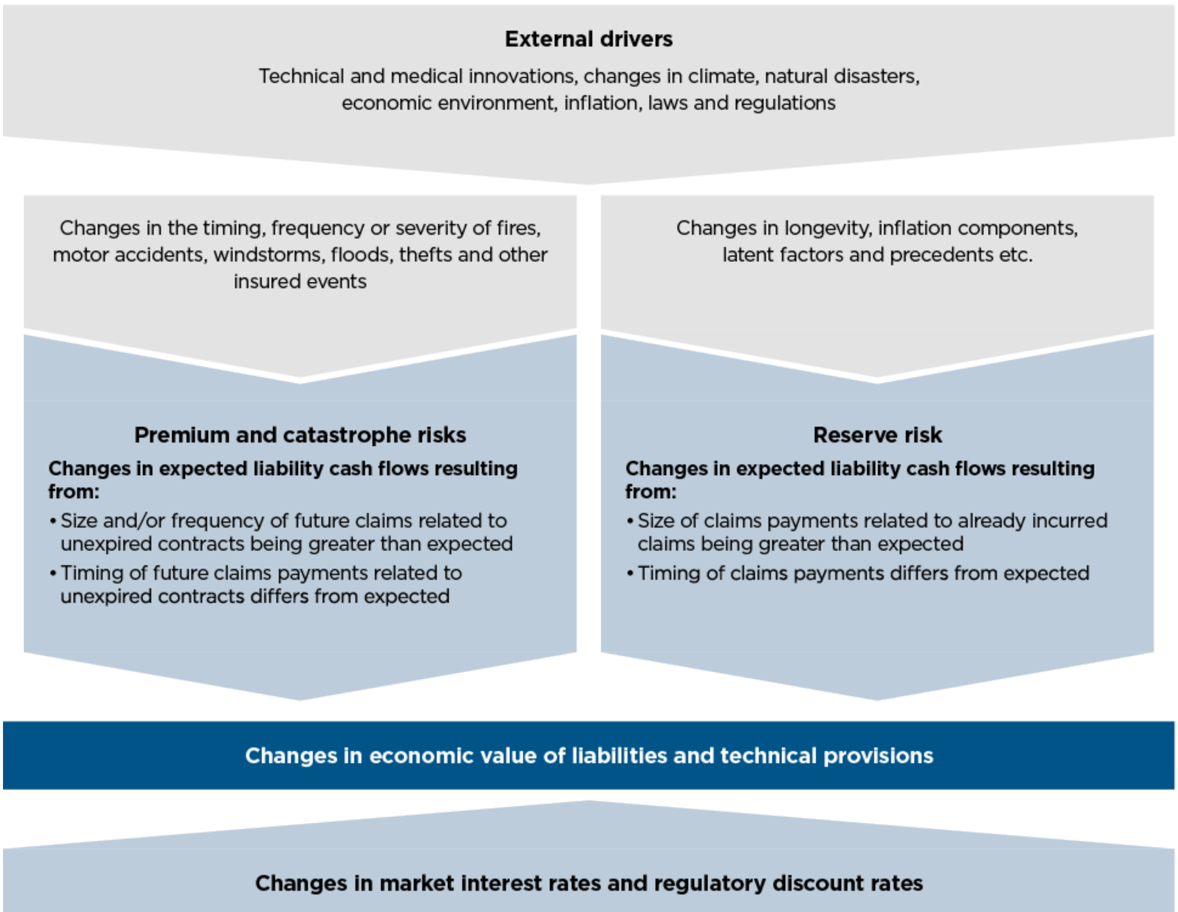
The first component is a source of underwriting risk and the second component affects the interest rate risk to the balance sheet.

Underwriting risk can be generally defined as a change in the value of insurance liabilities caused by variance between the final costs for full contractual obligations and the assumed costs when these obligations were estimated. Hence, underwriting risk is realized as unexpected liability cash flows or unexpected change in the value of insurance liabilities when the pricing and provisioning assumptions on claims payments differ to the actual payments.

Technical provisions and the economic value of insurance liabilities always include a degree of uncertainty as they are based on estimates of the size, timing and the frequency of future claim payments. The uncertainty is normally greater for new portfolios for which comprehensive run off statistics are not yet available, and for portfolios which include claims that take a long time to settle. Workers' compensation, motor other and motor third party liability, personal accident and liability insurance are examples of non-life products with the latter characteristics. In principle most of the Life products have the latter characteristics embedded within them also. Life insurance policies are also exposed to the behavior of policyholders, because policyholders can change their premium payment intensity or cancel the existing policy.

Non-life Insurance Underwriting Risks

Non-life insurance underwriting risks are often divided into premium and catastrophe risks and reserve risk in order to separate the risks related to future claims of current insurance contracts from already incurred claims as illustrated in the table Non-life Insurance Underwriting Risks below.



Premium Risk and Catastrophe Risk

Premium risk relates to future claims resulting from expected insured events which have not occurred by the balance sheet date. The frequency, severity and timing of insured events and hence future claims may differ from those expected. As a result, the claims cost for future claims exceeds the expected level and there is a loss or adverse changes in the value of the insurance liabilities. Catastrophe risk can be seen as an extreme case of premium risk. It is the risk of extreme or exceptional events, such as natural catastrophes where the pricing and setting of provisioning assumptions include significant uncertainty. These events may lead to significant deviations between the actual claims and the total expected claims resulting into a loss or adverse changes in the value of insurance liabilities.

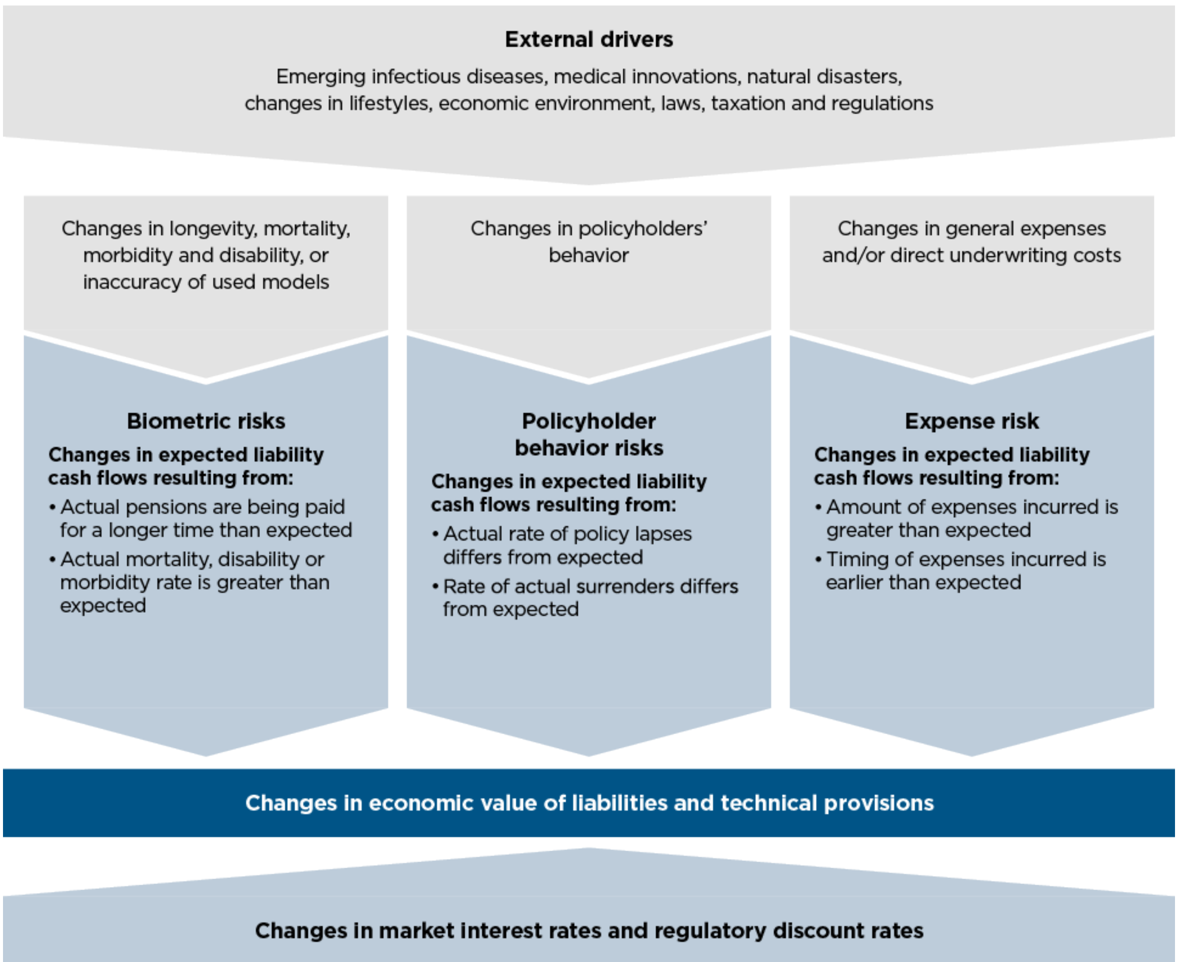
Reserve Risk

Reserve risk relates to incurred claims, resulting from insured events which have occurred at or prior to the balance sheet date. The final amount, frequency and timing of claims payments may differ from those originally expected. As a result technical provisions are not sufficient to cover the cost for already incurred claims and there is a loss or adverse changes in the value of insurance liabilities.

Reserve risk includes revision risk, which is defined as the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from fluctuations in the level, trend, or volatility of revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

Life Insurance Underwriting Risks

The value of life insurance liabilities is sensitive to underwriting risks and interest rates. Underwriting risk includes biometric, policyholder behavior and expense risks as presented in the figure Life Insurance Underwriting Risks below.



Biometric Risks

Biometric risks refer to the risk that the company has to pay more mortality, disability or morbidity benefits than expected, or the company has to keep paying pension payments to the pension policy holders for a longer period (longevity risk) than expected originally when pricing the policy.

In life insurance, catastrophe events include – as in non-life insurance – rare single events or a series of events, usually over a short period of time and, albeit even less frequently, longer lasting events. When a low frequency, high severity event or series of single events lead to a significant deviation in actual benefits and payments from the total expected payments, an extreme case of biometric risk (i.e. a catastrophe risk) has been realized.

Policyholder Behavior and Expense Risks

Policyholder behavior risks arise from the uncertainty related to the behavior of policyholders. The policyholders have the right to cease paying premiums (lapse risk) and may have a possibility to withdraw their policies (surrender risk).

The company is also exposed to expense risk, which arises from the fact that the timing and/or the amount of expenses incurred differs from those expected at the time of pricing. As a result, expense charges originally assumed may not be enough to cover the realized expenses.

Discount Rate Risk in Technical Provisions

Discount rate risk in technical provisions is the main risk affecting the adequacy of technical provisions. The guaranteed interest rate in policies is fixed for the whole policy period. Thus, if market interest rates and expected investment returns fall, technical provisions may have to be supplemented.

Market Risks

In general, market risks refer to fluctuations in the financial results and capital base caused by changes in market values of financial assets and liabilities, as well as by changes in the economic value of insurance liabilities. The changes in market values and economic values are caused by movements in underlying market variables such as interest rates, inflation, foreign exchange rates, credit spreads and share prices.

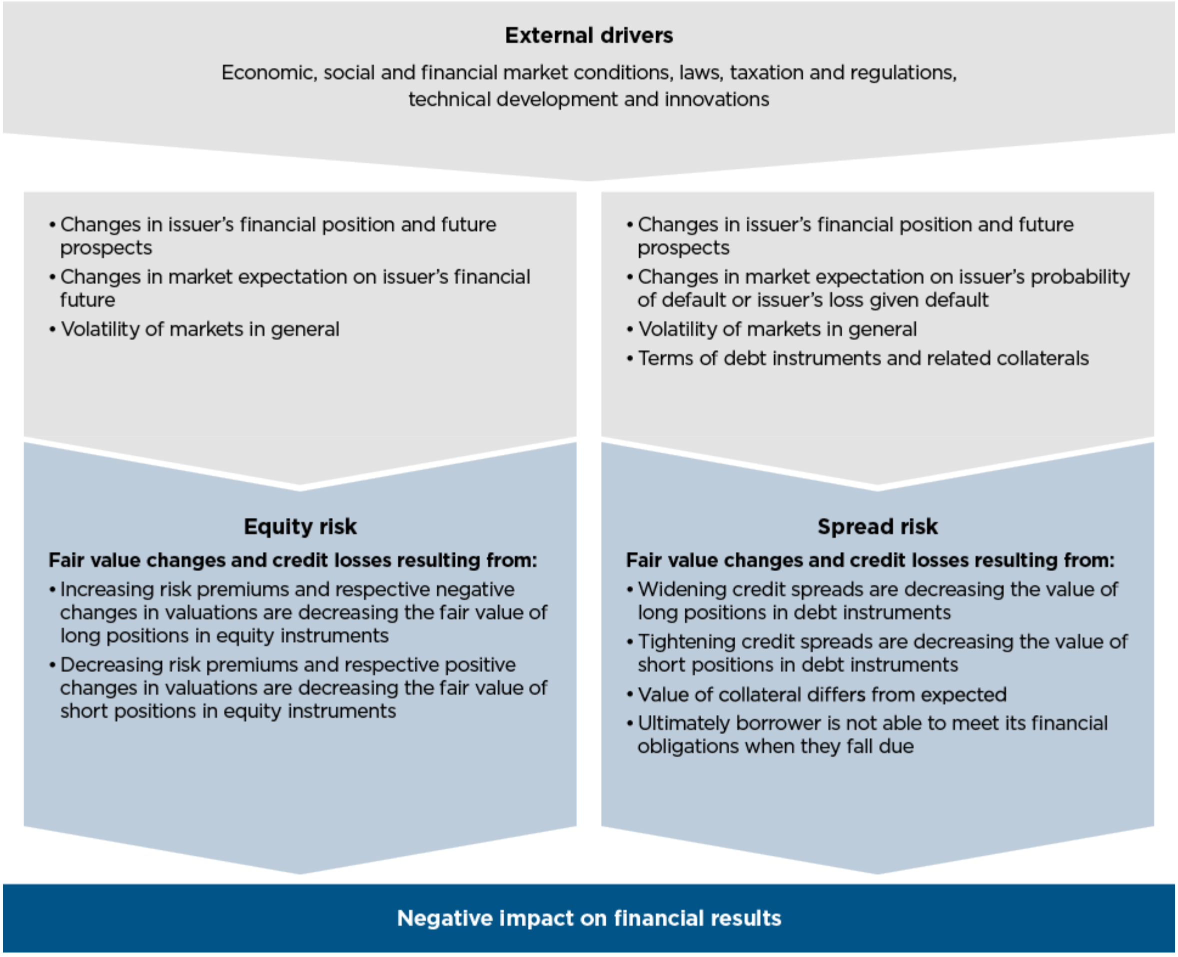
Furthermore, market risks also include the risk of worsening market liquidity in terms of widening bid-ask spreads and the risk of unexpected changes in the repayment schedules of assets. In both cases the market values of financial instruments in investment portfolios may change.

The risks caused by changes in interest rates, foreign exchange rates and inflation together with a general trend of credit spreads and equity prices are defined as **general market risks** and are managed by allocation limits and other risk limits. Interest rate, inflation and currency risks are balance sheet level market risks whereas trend of spreads and equity prices relates only to assets.

The risk related to debt and equity instruments issued by a specific issuer can be defined as issuer **specific market risk** that is managed by issuer specific limits.

Equity and Spread Risks

Sampo Group is exposed to price risk dependent on changes in equity prices and spreads arising from its fixed income and equity investments, as illustrated by the below table Equity and Spread Risks. Equity price and spread movements are affected by general market trends and by risk factors that are related specifically to a certain issuer or a specific issue.

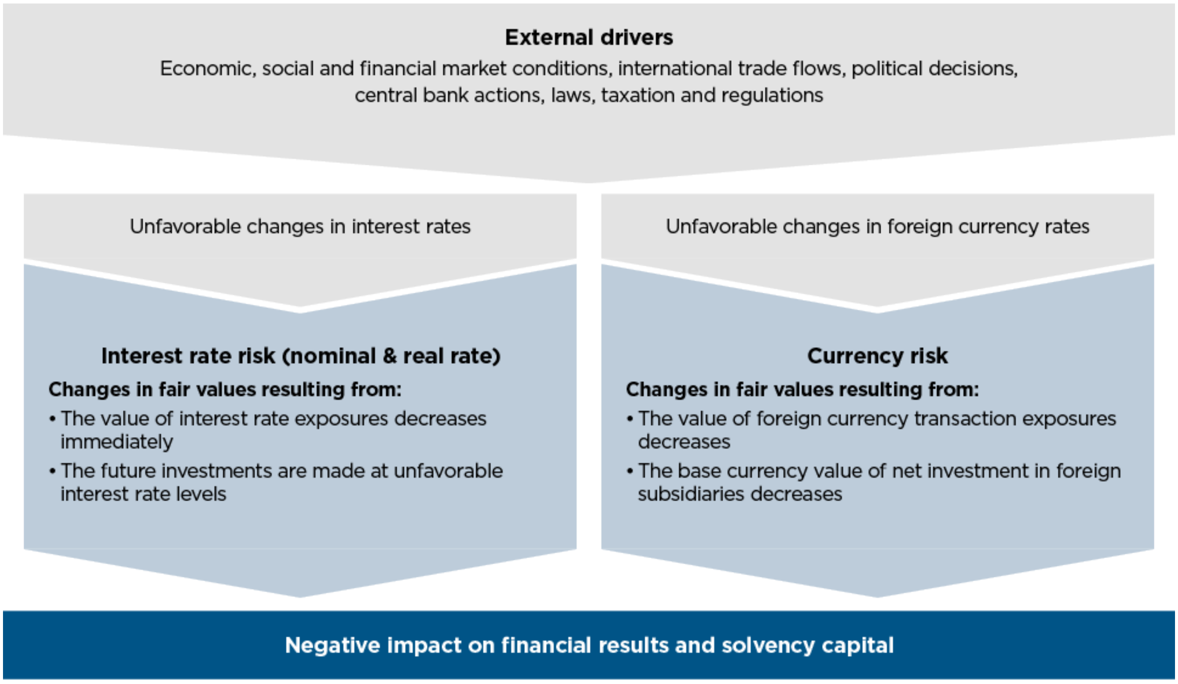


Balance Sheet Level Market Risks or ALM Risks

When changes in different market risk variables (interest rates, inflation, foreign exchange rates) cause a change in the fair values of investment assets and derivatives that is of a different size than the respective change in the economic value of the insurance liabilities, the company is exposed to ALM risk. It has to be noted that the cash flows of insurance liabilities are modelled estimates and are therefore uncertain in relation to both their timing and amount. This uncertainty is a central component of ALM risk. Interest rate risk was defined earlier in the connection of market risks and hence in this section only liquidity risk is defined.

Interest Rate and Currency Risks

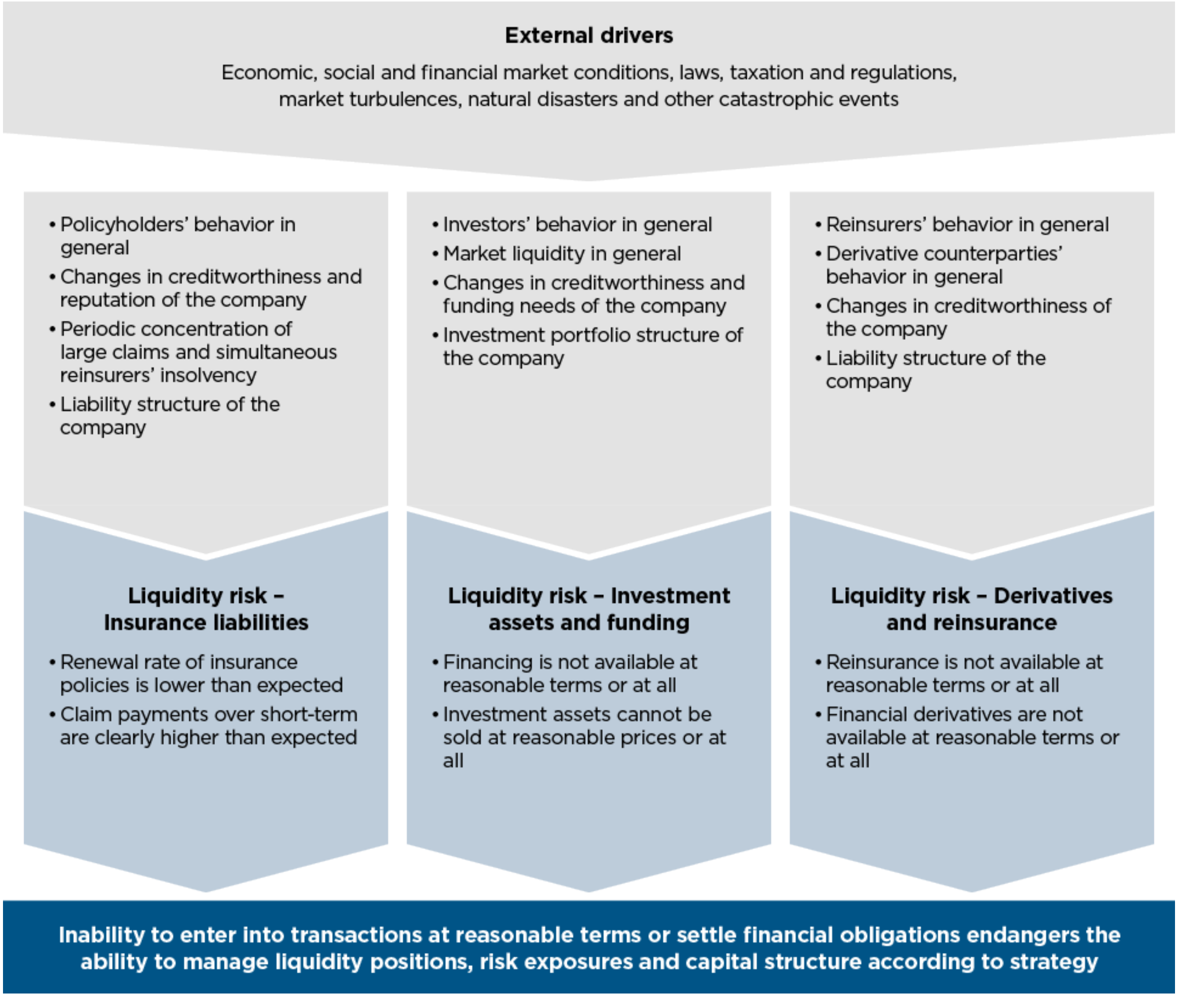
Many external drivers are affecting interest rates, inflation, inflation expectations and foreign exchange rates as illustrated by the following figure Interest Rate and Currency Risks.



Currency risk can be divided into transaction and translation risk. Transaction risk refers to currency risk arising from contractual cash flows in foreign currencies which are related to insurance activities, investment operations and foreign exchange transactions. Translation risk refers to currency risk that may realize when balance sheet values or measures such as SCRs expressed in base currency are converted to other currencies.

Liquidity Risks

Liquidity risk is the risk that Group companies are, due to a lack of available liquid funds or access to relevant markets, unable to conduct their regular business activities in accordance with the strategy, or in extreme cases, are unable to settle their financial obligations when they fall due.



The sources of liquidity risk in Sampo Group are either internal or external by their nature. If the company's rating declines or if the company's solvency otherwise appears jeopardized, its ability to raise funding, buy reinsurance cover or enter into financial derivatives at a reasonable price is endangered. Moreover, policyholders may also not be willing to renew their policies because of the company's financial challenges or in the case of reputational issues. If these risks, caused by internal reasons, are realized together with general market turmoil, which makes the selling of investment assets and the refinancing of debt difficult, maintaining adequate liquidity can be a challenge.

Counterparty Default Risks

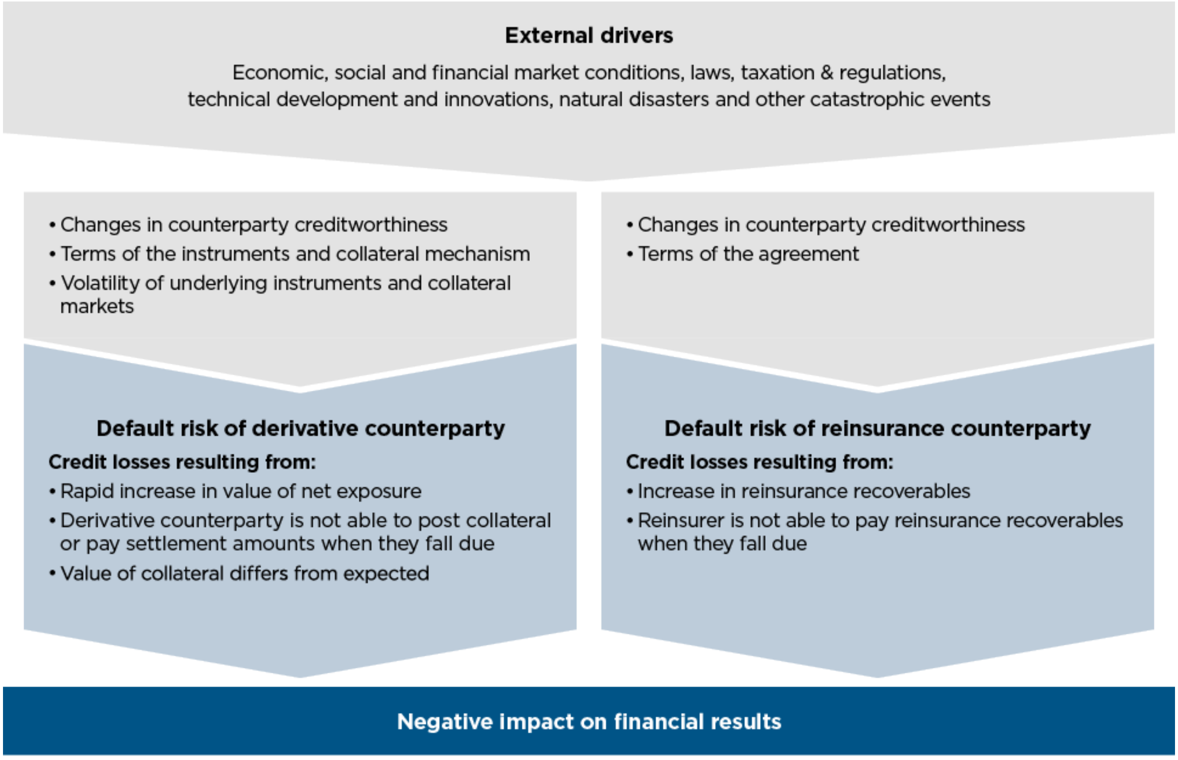
Credit risk by definition comprises default, spread and settlement risks. Default risk refers to losses arising from occurred defaults of contractual counterparties (counterparty risk) or debtors (issuer risk).

Counterparty Default Risk ("Counterparty Risk") is one type of consequential risk, which Sampo Group is exposed to through its activities. In the case of counterparty risk, the final loss depends on the positive mark-to-market value of derivatives or reinsurance recoverables at the time of default and on the recovery rate which is affected by collaterals.

In the case of issuer risk the final loss depends on the investor's holding of the security or deposit at the time of default, mitigated by the recovery rate.

Spread risk refers to losses resulting from changes in the credit spreads of debt instruments and credit derivatives. Credit spreads are affected when the market's estimation of the probability of defaults is changing. In essence, credit spread is the market price of default risk which is priced into the market value of the debt instrument. Hence the debt instrument's value should lower before the event of default occurs. Because of these features, spread risk, including also the default risk of debt instruments, is categorized in Sampo Group under investment portfolio market risks.

Settlement risk realizes when one party fails to deliver the terms of a contract with another party at the time of settlement. Settlement risk can be the loss associated with default at settlement and any timing differences in settlement between the two parties. Settlement risks are effectively mitigated by using centralized settlement and clearing systems by Sampo Group companies.



Operational Risks

Operational risk refers to the risk of loss resulting from inadequate or failed processes or systems, from personnel or from external events. This definition includes compliance risk but excludes risks resulting from strategic decisions. The risks may realize for instance as a consequence of:

- Internal misconduct;
- External misconduct;
- Insufficient human resources management;
- Insufficiencies in operating policies with regard to customers, products or business activities;
- Damage to physical property;
- Interruption of activities and system failures; or
- Defects in the operating process.

Materialized operational risks can cause an immediate negative impact on the financial results due to additional costs or loss of earnings. In the longer term, materialized operational risks can lead to a loss of reputation and, eventually, a loss of customers which endangers the company’s ability to conduct business activities in accordance with the strategy.

Compliance risk is the risk of legal or regulatory sanctions, material financial losses or loss of reputation resulting from a company’s failure to comply with laws, regulations and administrative orders as applicable to its activities. A compliance risk is usually the consequence of internal misconduct and hence it can be seen as a part of operational risk.

External drivers

Natural disasters, other catastrophic events, epidemics, unauthorized or criminal acts and technological developments

- Competence and integrity of human resources
- Hardware, software and data
- Work processes

Operative processes

High cost or low quality of client services or internal processes resulting from:

- Internal processes are not working as expected
- Client services are not working as expected

- Source data integrity
- Calculation procedures
- Reporting procedures
- Access to data and reports

Data and information

Deficiencies in decision-making and actions and non-compliance in reporting resulting from:

- Inadequate, inaccurate or untimely information and reporting

- Internal events, accidents, failures, misconduct etc.

Resource damages

Discontinuity of operations resulting from:

- Damage to personnel
- Damage to physical property or locations
- Damage to or loss of data

Negative impact on financial results arising from immediate costs or loss of earnings and inability to conduct business activities in accordance with strategy due to loss of reputation and customers

Appendix 3: Selected Management Principles

These principles are followed as such in wholly-owned subsidiaries and this description does not cover current principles followed in Topdanmark.

Principles of Balance Sheet Management (ALM)

Risk factors that are affecting both sides of balance sheet contribute considerably to economic values of insurance liabilities, market value of assets, risks and capital need. According to Sampo's definitions ALM risks include in addition to interest rate-, inflation- and FX-risk also liquidity risk and behavioural risks affecting maturities of insurance policies and some asset classes. Risk definitions related to ALM risks may be found in Appendix 2 (Risk Definitions).

ALM risk profiles are thoroughly analysed and taken into account for instance when investment policies are designed, insurance products are developed and internal capitalization targets are set.

In Sampo Group **companies,** insurance liabilities are the starting point for investment policy designing. Insurance liabilities are modelled and analysed to form an understanding of their expected future cash flows and their sensitivities to changes in factors such as inflation, interest rates and foreign exchange rates. Secondly, the solvency position at a time and its target levels (rating-agency and regulatory) and risk appetite define the general capacity and willingness to take market risks and liquidity risk. The stronger the solvency position and the higher the risk appetite, the more the investment portfolio can potentially differentiate from a portfolio replicating cash flows of insurance liabilities. Sampo Group companies manage their investment portfolios within the limits set on Investment Policies on a daily basis as described in more detail at section Principles of Investment Portfolio Management.

In Sampo Group, operative liquidity risk is managed by the legal entities, which are responsible for liquidity planning and maintaining adequate liquidity buffers. Liquidity risk is monitored based on the expected cash flows resulting from assets, liabilities and other business. In the subsidiaries, the adequacy of liquidity buffers is dependent on the underwriting cash flows. In the parent company, the adequacy of liquidity buffers is dependent also on potential strategic arrangements and strong liquidity and capacity to generate more liquidity if needed is generally preferred.

Since there is no unambiguous technique to quantify the capital need for liquidity risk, it is not directly taken into account in the internal capital need estimates. Thus only the interest rate, inflation and FX-risks of the ALM risks are accounted for in the capital need framework.

One form of liquidity risk is the access to markets when needed. Sampo Group companies maintain good business relationships with several creditworthy counterparties which mitigate the risk that Group is not able to enter into reinsurance or derivative transactions when needed.

At Group level Sampo plc monitors the ALM-profiles of the companies and may adjust its own risk profiles to mitigate the risks at group level. Because of this the major portion of Sampo's debt is tied to short term interest rates. Hence, risk profile of Sampo plc is opposite to daughter companies.

Principles of Investment Portfolio Management

Investments (excluding Mandatum Life's investments covering unit-linked policies) are managed according to the subsidiaries' Investment Policies which are based on insurance liabilities and solvency as described in previous section. In Sampo Group direct investments and managers of collective investment assets are carefully studied before entering into new investments or making new commitments. This prudent person principle is reflected in many different ways in companies´ investment policies and specifically in requirements set for new kind of investments or any non-routine investments by their nature.

Sampo Group's Chief Investment Officer is responsible for managing investments within the limitations of the Investment Policies prepared by Group companies and approved by Group companies' Boards of Directors. The insurance subsidiaries and the parent company have a common Group-wide infrastructure for investment management as well as for performance and risk reporting which facilitates simultaneous company and Group level reporting. These create cost efficiency in Investment activities and also facilitate Group-wide monitoring of portfolios.

Sampo Group has a thorough understanding of the Nordic markets and issuers and consequently Group's direct investments are mainly made in Nordic securities although lately direct investments outside non-Nordic countries have increased. Mandatum Life's direct investments are mainly denominated in euro and in companies geographically located in Finland and selectively in other countries. If P&C has the major part of its direct investments denominated in the Scandinavian currencies and their respective countries. Through effective differentiation in asset selection between companies, concentration risk is proactively managed at Group level.

Sampo Group prefers simple matured instruments and transparency. Hence, most of Sampo Group's investments are in fixed income securities and listed equities which are tradable and subject to daily mark-to-market valuation. Moreover, Sampo Group has also some illiquid investments in these asset classes – loan instruments and private equity – for which market prices are not that frequently available, but whose fair values can change adversely when the financial strength or future prospects of the issuer deteriorates or the value of collaterals decreases. Sampo Group has tools in place to measure the risks of these instruments as well.

In financial accounting the investment portfolios are reported on a fair value basis. These fair values are determined either on the basis of direct market quotes or by using various valuation models. More information on the valuation methods of the investment assets is presented in Note 16 of Sampo Group Financial Statements. In regards to Solvency II valuation methods, there are some minor differences compared to IFRS rules. See Appendix 4 for Solvency II Valuation Methods.

Sampo believes that the sustainability issues have an impact on the long term performance, risks and value of all companies. Hence, integration of environmental, social and governance issues (ESG) into the investment process is an important instrument to improve the risk-return profile of investments and it is a critical success factor of investment activities especially in the long run.

- At the moment Sampo Group companies do not have ESG investment guidelines that would exclude some business areas and companies outside the scope of investment opportunities. Sampo Group does not have earmarked funds for sustainable investments like green bonds either.
- Sampo's investment philosophy is to invest into separate companies' shares and debt instruments instead of allocating funds to chosen industries and geographical areas. These companies are carefully studied before any investments are made and hence environmental, social and governance issues are considered in parallel with other factors affecting risk/return ratio of separate investments. By this method Sampo will acquire only investments that are in line with Sampo's values at the time of investment. It is the responsibility of the portfolio managers and others involved in the investment decision-making process to determine ESG factors as well.
- During 2018 Sampo Group will develop reports classifying assets by their ESG scorings (or ratings) to further enhance internal monitoring of ESG issues and make external reporting more transparent from ESG angle.

Sampo's activity is reflected through our actions. In case Sampo's view about the company changes, Sampo does not make new investments on the company and investments already in the portfolio may be sold over time.

Management of Equity and Spread Risks of Direct Investments

In Sampo Group, the selection of direct fixed income and equity investments is based primarily on stock and bond picking and secondarily on top-down allocation. This investment style ensures that the portfolio includes thoroughly analyzed investments with risk return ratios internally considered to be adequate, although the portfolio might not be necessarily as diversified as finance or portfolio theory suggests.

The main steps in decision making, limit and monitoring process are as follows:

1. Potential investments are analyzed thoroughly. The creditworthiness and future prospects of the issuer are assessed together with collaterals and structural details of the instruments. Although external credit ratings by rating agencies and the opinions of analysts are used to support the internal assessment, Sampo Group's own internal assessment is always the most important factor in decision making.
2. Investment transactions shall be executable on short notice when an opportunity appears. This puts pressure on authorizations and credit limit structures and procedures which must be simultaneously (i) carried out flexibly enough to facilitate fast decision making regardless of instrument type, (ii) well-structured to ensure that investment opportunities are assessed prudently, taking into account the specific features and risks of all investment types and (iii) able to restrict the maximum exposure of a single name risk to a level that is within the company's risk appetite.
3. Accumulated credit exposures over single names and products are monitored regularly at the subsidiary level and at Group level to identify unwanted concentrations. Credit exposures are reported, for instance, by sectors and asset classes and within fixed income by ratings.

Management of Indirect Investments

In addition to direct investments the collective investment assets managed by third parties are used. The external asset managers and collective investment assets managed by them are selected centrally by the same members of Sampo Group's Investment Unit for both wholly owned subsidiaries. In this selection clearly defined procedures are followed to ensure the integrity of asset managers and to make sure that these investments do not overlap with direct investments. By this way Sampo Group prevents unidentified or unwanted concentrations.

These investments are mainly in other asset classes – real estate, private equity and alternative credit funds - and in different geographical areas than the direct investments that are mainly in Nordic countries. These investments are primarily used as a tool in tactical asset allocation when seeking return and secondarily in order to increase diversification. Sampo Group does not have Asset Backed securities in its portfolios except some CDOs in Topdanmark.

Management of Currency Risk

In Sampo Group companies the net foreign currency **transaction** exposure is considered as a separate asset class and is managed within investment portfolio activities as considered relevant by the company.

Open transaction risk positions are identified, measured and managed separately by each Sampo Group company. The net position in each currency consists of the assets, liabilities and foreign exchange transactions denominated in the particular currency. Mandatum Life and Topdanmark have their liabilities only in their local currency and hence their transaction exposures are net of foreign currency assets and currency derivatives. In If P&C there are also foreign currency denominated liabilities.

At Group level Sampo is also exposed to translation risk, because base currency of If P&C is Swedish Krona and for Topdanmark base currency is Danish Krona.

Use of Derivatives

In Sampo Group the main motive for use of derivatives is their efficiency – better liquidity and tighter bid-ask spreads – compared to cash instruments.

In Sampo Group derivatives are used mainly to adjust risks at investment-portfolio level (spread and equity risks) or at balance-sheet level (interest rate, inflation and currency risks). This adjusting can mean mitigating or increasing of risks. From time to time risk profile of single transactions may be adjusted by derivatives as well.

The approved derivatives are listed in the companies' investment policies. In case there is a need for a new kind of derivative instrument the proposal is made for the Board approval. This proposal includes analysis how the effect of new instrument type is properly taken into account in risk limits and other reporting.

In most of the cases, derivatives are booked as trading derivatives at fair value through the profit and loss statement in financial accounting and hedge accounting is applied only seldom.
The counterparty risk related to derivatives is managed as described in counterparty risk section.

Control of Investment Activities

Daily Controlling of activities in wholly owned subsidiaries

Market risk control is separated from portfolio management activities in two ways. Firstly, persons independent from the Investment Unit prepare Investment Policies for Board approval. Secondly, Middle Office units which are independent of the Investment Unit, measure risks, performance and control limits set in Investment Policies on a daily basis.

Market risks and limits are also controlled by the Investment Control Committee (ICC) in If P&C and the Asset and Liability Committees (ALCOs) in Mandatum Life on a monthly basis at a minimum. These committees are responsible for the control of investment activities within the respective legal entity.

The ICC is responsible for monitoring the implementation of and compliance with the Investment and Asset Coverage

Policies. The committee considers and proposes changes to the policies. The Chairman is responsible for the reporting of policy deviations and other issues dealt with by the committee.

Mandatum Life has two ALCOs, of which one controls the segregated assets and liabilities and the other controls the rest of Mandatum Life's with profit assets and liabilities. The ALCOs ensure that the investment activities are conducted within the limits defined in the Investment Policy as approved by the Board and monitors the adequacy of liquidity, profitability and solvency capital in relation to the risks in the balance sheet. The ALCOs prepare proposals of Investment Policy to the Board of Directors and report to the Board.

Group-wide Monitoring Activities

The aggregated market risks and concentrations at Group level are controlled by Group's Audit Committee quarterly at a minimum. Unlike underwriting activities, the subsidiaries' investment activities are coordinated closely many ways at group level as follows:

- Their investment portfolios' risk profiles are designed and decided separately from each other, but their risk profiles are coordinated to proactively prevent potential concentrations. This principle is relevant for Topdanmark as well.
- The persons responsible for managing the subsidiaries' investments report directly to Sampo Group's Chief Investment Officer which ensures day-to-day coordination. Topdanmark is taking care of its day-to-day investments independently
- IT systems in investment activities are common throughout the Group, facilitating consistent analysis and reporting of risks both at the company and group level. In regards to Topdanmark their investment assets are taken into account at concentration reporting, but otherwise they have separate reporting processes.
- The same basic principles are primarily followed in the investment activities of both wholly owned subsidiaries, although the risk level of If P&C's investment portfolio is significantly lower than the risk level of Mandatum Life's investment portfolio due to different features of their insurance liabilities. In Topdanmark as well the insurance liabilities are the starting point to investment risk profiles.

Principles of Operational Risks Management

The effects of operational risks have their general causes in external and internal drivers. For example the operational risks may realize as a result of inadequate or failed processes or systems, from personnel or from external events (for further details, see Appendix 2, Risk Definitions - Operational Risks). Group companies have their own specific risk sources which are causes of events that may have negative impacts on different processes, personnel or fixed assets.

In Sampo Group, the parent company sets the following goals of operational risk management for its subsidiaries:

- To simultaneously ensure the efficiency and the quality of operations
- To ensure that operations are compliant with laws and regulations
- To ensure the continuity of business operations in exceptional circumstances.

Each company is responsible for arranging its operational risk management in line with the above mentioned goals, while also taking into account the specific features of its business activities.

Appendix 4: Profitability, Risks and Capital

Sampo Group operates under a holding company structure and the parent company does not have any business activities of its own. Sampo Group's business activities are conducted in four separately managed independent business areas, with each business area managing their own risks and reserving sufficient capital to cover their risks.

This structure implies that the parent company is structurally subordinated. Hence, it is dependent on business areas' dividends that can be paid only after business areas have met their own obligations. Thus, the parent company prefers to maintain in its business areas a balance between profits, risks and capital which supports business areas' ability to pay stable dividends after servicing their own obligations.

The structure also implies that **Sampo plc's primary focus is on the capitalization at the sub-group level** and when the sub-groups are well-capitalized, the Group is by definition well-capitalized. The latter may not be true if the sub-groups are cross-capitalizing each other, or the parent company is financially weak (highly leveraged and has inadequate liquidity buffers) or profits of the sub-groups are strongly and positively correlated. In Sampo Group none of these three claims are true.

Hence, from Sampo Group's perspective, the main **objectives** are:

- Independent business areas generate a stable and growing stream of profits and have adequate solvency to ensure the continuity of normal business activities.
- The portfolio of separate business areas is stable. From the Group's perspective, a weak correlation of business areas' profits increasing the benefits of diversification on a portfolio level is preferred.
- The Group's parent company is able to provide liquidity for the strategic arrangements and capital injections, if needed. Hence, the parent company prefers to have a relatively low leverage and adequate liquidity buffers to ensure its ability to generate liquidity.

Over the years Sampo Group has disclosed its financial information by segments and relevant risk and solvency reporting by insurance sub-groups. Associated company has disclosed their respective reports independently. Sampo Group has disclosed its group solvency (FICO solvency) according to the Act on the Supervision of Financial and Insurance Conglomerates (699/2004), i.e. conglomerate rules.

Since Solvency II ("SII") entered into force on 1 January 2016, group solvency calculated by Solvency II rules must be disclosed as well. Differences between these methods will be described later in the chapter Capitalization at Group level. In Solvency II Sampo plc is defined as the ultimate parent of the Solvency II group and thus the operative insurance companies each report separate figures to their local supervisors while If P&C group Solvency II figures are not required to be disclosed separately, but as part of Sampo Group SII figures.

In addition to the disclosures described above, which are in line with management structure of the Group, Sampo Group's solvency based on Solvency II rules is disclosed as well.

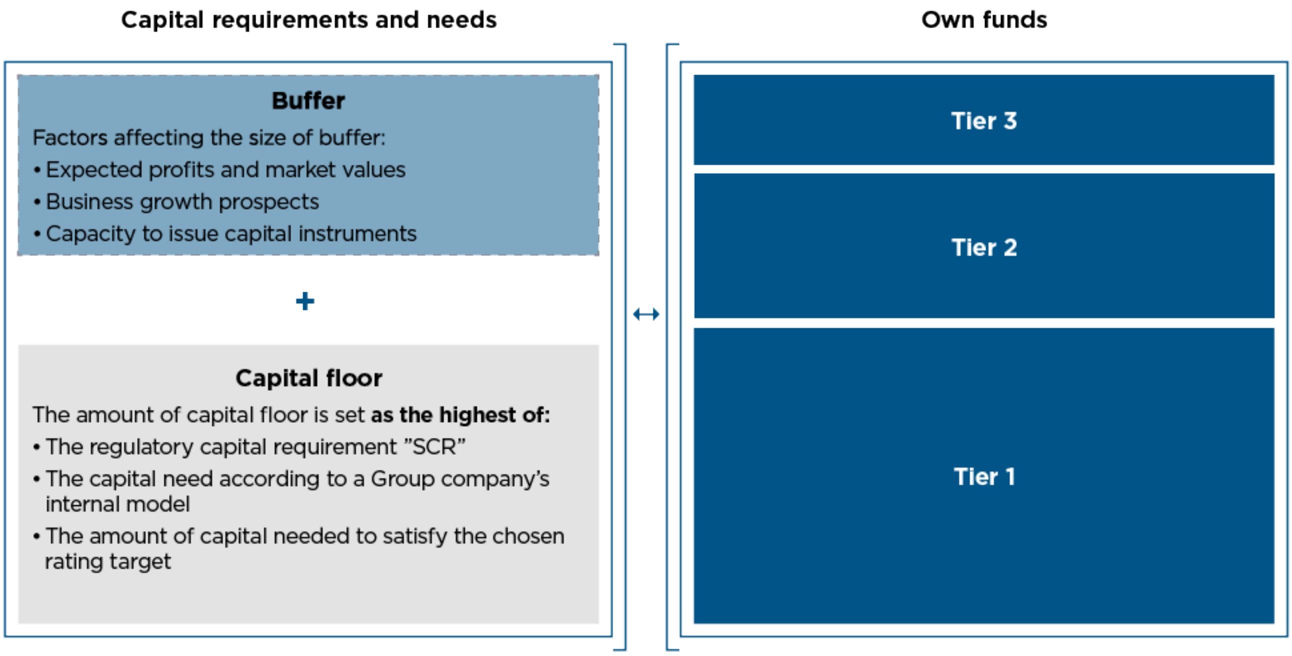
Capitalization at the Sub-Group Level

As noted earlier, in Sampo Group the first priority is to maintain **a balance between profits, risks and capital** in each of the separate business areas.

In a nutshell a balance between profits, risks and capital means that the actual amount of capital – or Own Funds ("OF") in Solvency II terminology - is maintained over risk based capital need with a certain buffer; the size of this buffer is dependent on many things but mainly on expected profitability.

The figure Sampo Group Companies' Capitalization Framework illustrates Sampo's approach to sub-group and company-level capitalization.

Sampo Group Companies' Capitalization Framework



The Solvency Capital Requirement ("SCR") sets the minimum level of capital at which a company is able to conduct its business without regulatory intervention. Regardless of whether the regulatory capital requirement is calculated using the internal model or the standard formula ("SF"), it reflects a 99.5 per cent confidence level, i.e. the same probability of default as a Triple-B rating from major rating agencies. If the company's clients and counterparties prefer a higher than Triple-B creditworthiness from their insurance company, the level of capital must always be higher than the SCR, to ensure the company's ability to serve its client base.

To serve its current clients, If P&C is maintaining a Single-A rating which effectively implies that If P&C's capital floor – the level to which it compares its actual capital – is higher than the SCR. Mandatum Life and Topdanmark consider the SCR to be an adequate capital floor. Topdanmark's group solvency is calculated according to Solvency II rules. Topdanmark uses a partial internal model to calculate the non-life insurance risk and the volatility-adjustment when calculating technical provisions, which are both approved by the Danish FSA.

There is a need to have a certain **buffer** between the actual amount of capital and the capital floor defined by the company, because risk exposures and profits evolve continuously over time and capital can sometimes erode rapidly due to stressed situations. An adequate buffer gives time for the company to adjust its risks and capital in times of stress and to maintain the balance between risks and capital. An adequate buffer also gives confidence to supervisors and counterparties (this being the other motivation for the buffer).

In Sampo Group the management steers the balance between SCRs and rating agency capital target and OF through their decisions on risk profiles, dividend payments, capital instrument issuances and technical provisions. In the long run a sound profitability and satisfied clients are the most important factors in maintaining an adequate capitalization.

The following factors are the most material when the size of buffer is considered in Sampo Group companies:

- The higher **the level of expected profits** and the lower **the volatility of profits and market value of balance sheet**, the less is the volatility of own funds and thus the smaller is the buffer.
- If **business is growing**, the buffer is larger than in the case of a run-off -business. For instance in Mandatum Life, capital consuming with profit business has already been in a virtual run-off mode for years.
- More ability and **capacity to issue SII compliant capital instruments** means that a lower buffer is needed.

When the balance between profits, risks and capital is met, the following three goals of Sampo Group are simultaneously obtainable:

i. The business activities can be conducted without supervisory intervention.
ii. The business activities can be conducted with all targeted client bases and the company has access to financial and debt issuance markets at terms and conditions implied by the company's creditworthiness.
iii. The targeted dividends can be paid to shareholders in the long run without endangering the balance between risk and capital.

On a sub-group and company level, a target can also be set for the **capital structure**. In general, Sampo Group is in favor of strong capital structures and as a result Sampo Group companies currently have, according to SII rules, room for new hybrid capital and subordinated debt instruments in their balance sheets.

In regards to **Nordea**, the Swedish requirements for banks' capital include components, which are country-specific and thus the total requirement is higher than in many other countries. The Swedish FSA has communicated the capital requirement for Nordea. Nordea's capital policy aims to maintain a management buffer of 50–150 basis points above the capital requirement. By the end of third quarter 2017, the communicated Common Equity Tier 1 ("CET1") ratio requirement for Nordea was 17.4 per cent.

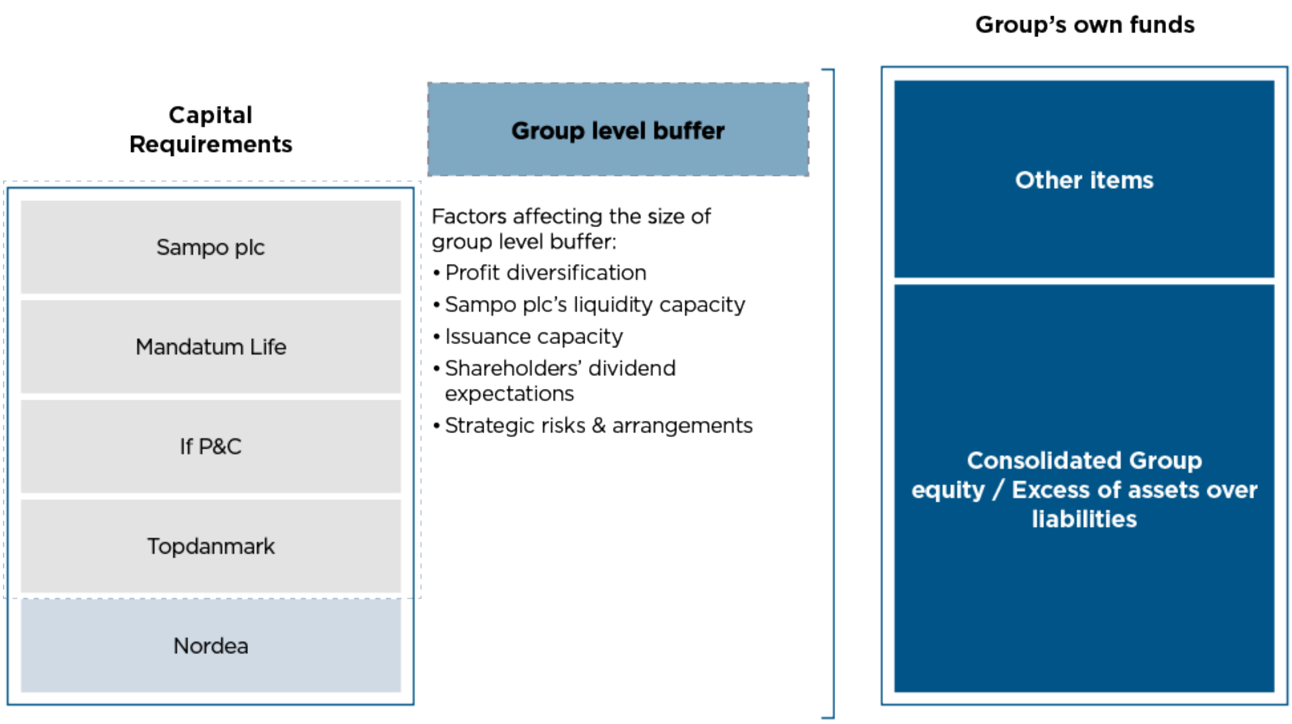
The CET1 ratio of Nordea increased to 19.5 per cent (18.4 per cent) in 2017. The CET1 capital amounted to EUR 24.5 billion and its own funds were EUR 31.7 billion. Nordea's capital requirement based on the transitional rules was EUR 16.2 billion; without the transitional rules it was EUR 10.1 billion. Sampo consolidates its share of all Nordea's own funds items and minimum capital requirement to Group solvency under both Solvency II and conglomerate rules. From Sampo Group's perspective, Nordea is strongly capitalized and its contribution to Group's own funds and capital requirement is significant. Nordea's contribution to Sampo Group's capital requirement changes with effect from Q1/18 as so called transitional rules (Basel I floor) expire in Sweden and Sampo starts to use Minimum requirement for Own funds as defined in Nordea's quarterly Factbook as a capital requirement in Group solvency.

Capitalization at Group Level

The sub-group level balance of profits, risks and capital is the primary focus of Sampo Group. When all sub-groups are well capitalized as a result the Group should be adequately capitalized as well.

However, at Sampo Group level there are more factors affecting capitalization than at the sub-group level. These factors are illustrated in the figure Sampo Group's Capitalization Framework.

Sampo Group's Capitalization Framework



Group's capital requirement is dependent mainly on the capital requirements of the business areas. The parent company's contribution to Group capital need is minor most of the time, because Sampo plc does not have any business activities of its own other than the management of its capital structure and liquidity portfolio.

Diversification benefit exists at two levels, within the companies and between the companies. The former is included in the companies' SCRs; for the latter there are different estimation methods as described later in the document.

Conceptually, **Group's own funds** is the difference between the market value of assets and liabilities plus the subordinated liabilities. This difference has accrued during the lifetime of the Group and it includes the following main components:

- Accrued profits that have not been paid as dividends over the years.
- Market value adjustment to the book values of assets and liabilities.
- Issued capital and subordinated liabilities meeting Solvency II requirements.

Due to the use of the same sectoral rules in both Solvency II and financial conglomerate calculations, there is no material difference between Sampo's Solvency II or FICO own funds.

At the Group level, the capital requirement and own funds are both exposed to foreign currency translation risk. Translation risk may realize when the actual capital and the capital needs of If P&C and Topdanmark are converted from their reporting currencies to euros. When the reporting currencies of If P&C and Topdanmark depreciate, the actual amount of Group's capital in euros decreases and the capital requirements of If P&C and Topdanmark will be lower in euro terms. Translation currency risk is monitored internally and its effect on Sampo Group's solvency on a going concern basis is analyzed regularly. However, internally no capital need is set for translation risk, because it realizes only when a sub-group is divested.

Group level buffer is the difference between the amount of Group's own funds and the Group capital requirement. In addition to the sub-group level factors – expected profits and their volatility, business growth prospects and ability to issue Solvency II compliant capital instruments – there are Group level factors that are also relevant when considering the size of the Group level buffer. The most material Group level factors affecting the size of buffer are (i) correlation of sub-groups' reported profits; (ii) parent company's capacity to generate liquidity; (iii) probability of strategic risks and arrangements within industry; and (iv) shareholders dividend expectations.

Regulatory Solvency Calculation Methods and Group Solvency Position

Sampo Group's capital requirement and amount of group's own funds are calculated either by the conglomerate rules or the Solvency II directive as follows:

Sampo Group's capital requirement **according to the conglomerate rules**, is called the **Group's total minimum requirement for own funds** and it is the sum of the separate sub-group's requirements (sectoral rules) and the parent company's requirement based on the Capital Requirements Directive/Capital Requirements Regulation ("CRD IV/CRR"). The conglomerate's capital requirement does not take into account any diversification between the business areas. Hence it is a quite conservative measure of capital requirement and easy to interpret.

The starting point for the calculation of Group's own funds is Group's consolidated equity. Sectoral items, which include among others the subordinated liabilities held by the external investors, are added to the Group's consolidated equity. In addition, intangible assets and foreseeable dividends as well as other deductible items are subtracted from the Group's own funds.

Sampo Group's capital requirement by **Solvency II rules** is called **Group SCR** and it is calculated in two phases:

i. The capital requirements of other risks than FX-risk and concentration risk are calculated for the consolidated group including respective standard formula SCRs of the parent company Sampo plc, If P&C, Mandatum Life and Topdanmark. The company SCRs may include the simplifications and other options as applied by them. The capital requirement of FX-risk and concentration risks are calculated based on group-wide exposures calculated separately for this purpose. In regards to FX-risk requirement also the translation risk exposures related to SEK denominated equity of If P&C and DKK denominated equity of Topdanmark are taken into account. Diversified capital requirement for the consolidated group SCR is then calculated from these risk specific SCRs.
ii. Sampo plc's share of Nordea's and Mandatum Life's other sectors' capital requirements are added to the consolidated group's capital requirement.

The Group SCR calculated by Solvency II rules takes into account diversification only within the consolidated group thus excluding the diversification benefit related to the holding of Nordea.

The **Group's own funds** under Solvency II rules is the excess of assets over liabilities (including any subordinated liabilities which may be called up in order to absorb losses and minus own shares held directly). Assets and liabilities are valued at market value and all intra-group transactions are eliminated. The excess of assets over liabilities is classified into tiers 1-3. The tiers reflect the degree of loss absorbency of own funds in the event of a winding up. Adjustments are made if all own funds are not available or eligible at the Group level. In addition, associated company's additional Tier 1 and Tier 2 capital instruments are included in own funds.

Group's own funds and SCR are calculated by combination of consolidation and deduction and aggregation methods.

Under normal circumstances Group's OF by Solvency II and conglomerate rules are close to each other due to the similar treatment of sectoral items. Minimum Consolidated Group SCR (MCR) is determined by adding up the Solo MCRs of the insurance entities consolidated for the Group SCR calculation.

Appendix 5: Valuation for Solvency Purposes

Sampo Group Solvency II balance sheet is derived from Sampo's consolidated IFRS financial statements, which are adjusted in accordance with Solvency II regulation. The IFRS accounting principles "Summary of significant accounting principles" are presented in Sampo Group's Annual Report/ Financial Statements/Notes to the accounts.

There are no major adjustments to the IFRS numbers necessary for Solvency II purposes. A large majority of Sampo Group's assets are valued at fair value on the IFRS balance sheet based on market values. No significant alternative valuation methods are used. The fair values of financial liabilities and properties are given in the notes to the IFRS accounts.

The determination of the fair values are presented in Sampo Group's Annual Report "Financial Statement/Notes to the accounts/Summary of significant accounting policies/Fair value and Investment property" and also in the notes "Fair values" and "Determination and hierarchy of fair values".

For comparison purposes the values derived from Sampo's consolidated IFRS financial statements are mapped in accordance with the Solvency II balance sheet presentation in the below table Solvency II adjustments, 31 December 2017. Only main rows are presented. The currency used is the group's reporting currency, the euro.

The scope of Sampo Group in the SII framework is the same as the scope used in Sampo Groups's financial statement.

Solvency II Adjustments Sampo Group,
31 December 2017

Assets, EURm	IFRS value*	Solvency II value	Adjustment
Goodwill, intangible assets and deferred acquisition cost	**2,347**	**-**	**-2,347**
Deferred tax assets	**18**	**-**	**-18**
Property, plant & equipment held for own use	**158**	**160**	**1**
Investments (other than unit-linked)	**31,122**	**31,161**	**39**
Property other than for own use	572	611	39
Holdings in related undertakings	7,773	7,773	-
Equities	2,572	2,572	-
Bonds	17,523	17,523	-
Collective investments undertakings	2,119	2,119	-
Derivatives	82	82	-
Deposits other than cash equivalents	480	480	-
Asset held for unit-linked contracts	10,526	10,526	-
Loans and mortgages	419	419	-
Reinsurance recoverables	**297**	**257**	**-39**
Non-life and health similar to non-life	280	241	-39
Life and health similar to life	16	16	0
Insurance and intermediaries receivables	**1,296**	**380**	**-916**
Reinsurance receivables	**12**	**12**	**0**
Receivables (trade, not insurance)	**156**	**39**	**-117**
Own shares (held directly)	**0**	**149**	**149**
Cash and cash equivalents	**2,711**	**2,711**	**-**
Any other assets	**236**	**174**	**-62**
Total assets	**49,300**	**45,988**	**-3,311**

Liabilities, EURm	IFRS value	Solvency II value	Adjustment
Technical provisions – non-life	8,339	6,860	-1,479
Technical provisions – life	10,717	10,394	-323
Technical provisions – unit-linked	11,101	10,564	-537
Provisions other than technical provisions, Pension benefit obligations	104	104	-
Deferred tax liabilities	638	491	-147
Derivatives	91	91	-
Financial liabilities other than owned to credit institutions	3,182	3,265	83
Insurance and intermediaries payables	276	276	-
Reinsurance payables	33	30	-4
Payables (trade, not insurance)	440	324	-116
Subordinated liabilities	377	368	-9
Any other liabilities, not elsewhere shown	492	450	-42
Total liabilities	**35,792**	**33,217**	**-2,575**
Excess of assets over liabilities	**13,508**	**12,771**	**-737**

*In IFRS Sampo's financial assets consist of equity and debt instruments available for sale and fair value through profit/loss, derivatives and loans and receivables. Financial liabilities in IFRS consist of derivatives and other liabilities eg. subordinated liabilities and other debt securities in issue.

According to the Solvency II balance sheet the excess of assets over liabilities for the Group per 31.12.2017 was EUR 737 million less than the respective IFRS figure. On the asset side the main differences are due to the different treatment of intangible assets and inclusion of future undue premium receivables in technical provisions instead of assets. On the liability side there are material differences related to technical provisions due to different classification of some items and valuation principles. These differences are discussed in the next sections.

Assets

In the group Solvency II balance sheet goodwill, intangible assets and deferred acquisition costs are valued at zero.

While recognition of deferred taxes is consistent with the IFRS accounts, SII adjustments affect the carrying values in the SII balance sheet and thus give rise to additional deferred tax effects. Solvency II valuation decreased deferred tax assets by EUR 18 million and deferred tax liabilities by EUR 147 million. The difference is mainly due to elimination of certain assets (intangible assets, etc) and differences in the calculation of technical provisions.

There are no anticipated effects on the carrying amounts of Sampo's investment assets except for properties. In solvency II balance sheet properties are valued at fair value according to SII valuation rules. This increases the value of properties by EUR 40 million.

Loans and mortgages are valued at amortized cost, which is not in line with the treatment for financial assets in Solvency II. Sampo, however, considers the IFRS value to be substantially commensurate with the fair value of the loans.

Participations are reported in Sampo's SII consolidated balance sheet using the adjusted equity method, or where applicable, the IFRS equity method. Participations refers to undertakings in which Sampo Group directly or indirectly has significant influence, which is normally the case when the shareholding amounts to a minimum of 20 per cent of the capital or voting rights for all shares in the company.

Reinsurance recoverables represent the reinsurers' share of the best estimate, less expected counterparty default. Consistently with technical provisions, these amounts are calculated in line with the SII requirements.

Under Solvency II the technical provisions should fully take into account all cash inflows and outflows. Therefore, in regard to the policies in force, the future premiums expected but not yet due are not recognized as receivables. Instead they are included in the premium provision based on a best estimate, which differs from the treatment under the IFRS, where premium receivables are recognized in the balance sheet. Thus receivables of EUR 916 million were reclassified from premium receivables to insurance liabilities. Receivables in Solvency II relate only to the amounts due for payments by policyholders, insurers, and others linked to insurance business.

The adjustment of receivables (trade receivables, not insurance receivables) relates to netting of receivable amounts in relation to the Finnish medical malpractice pool ("MMP"), public sector, which are treated as part of the SII best estimate technical provisions, whereas in Sampo Group's consolidated accounts the MMP provision public sector is recognized as other assets / liabilities. Receivables of EUR 112 million are reclassified from trade receivables to the insurance obligation.

In Solvency II Own Shares EUR 149 million are recognized on balance sheet whereas in IFRS Own Shares are deducted from Equity.

Technical Provisions According to Solvency II in Sampo Group

In Solvency II, the value of technical provisions is equal to the sum of a best estimate and a risk margin.

The **Best Estimate** is determined as follows:

- First, all expected future insurance liability cash flows and cash flows related to the management and claims handling costs of insurance liabilities are estimated by the company at best effort basis based on recognized actuarial and statistical techniques.
- Second, all of these cash flows are discounted by the risk free interest rate term structure as defined and published by EIOPA.

The best estimate is calculated separately on a gross basis, without deduction of the amounts recoverable from reinsurance contracts, and on a net basis by taking into account the ceded amount representing amounts recoverable from reinsurance contracts.

The above calculations of the best estimate are done separately for each currency the company has insurance liabilities in and the currency specific discount curve as defined by EIOPA is used. This risk free term structure is based on market rates that are adjusted by credit risk adjustment and by volatility adjustment. The use of volatility adjustment is optional. This routine is followed up to the last liquid point of market rates as defined by EIOPA and it is defined separately for different currencies. The last liquid point is for example 20 years for the euro and 10 years for the Swedish krona. From the last liquid point and ahead, being the last point on the curve based on market rates, the risk free term structure is affected by the Ultimate Forward Rate (UFR) as defined by EIOPA.

The future expected cash flows of insurance activities are always estimates and hence their magnitude and timing are uncertain by their nature. For this uncertainty, and to arrive at a market consistent valuation of the liabilities, a company must take into account the capital allocated for the run-off of the liabilities. **Risk Margin** is the cost of this capital and it is determined as follows.

i. It is assumed that a company is not taking on any excess market risk nor writing any new business. Then all expected future cash flows of insurance activities match exactly with risk free asset cash flows in same currencies as insurance related cash flows.
ii. With the market risk SCR at zero and no new business being written, the company's SCR is related to the insurance risk, reinsurance credit risk and operational risk.
iii. Since no new business is written, the cash flows behind the best estimate will run off. Based on these cash flows, the company calculates the future values of the best estimate and the resulting SCRs until full depletion of all the cash flows behind the best estimate. Hence, as a result, the future values of required capital at different future times have been derived.
iv. All of the resulting future SCR values are discounted to one present value with the risk free-rate as defined by EIOPA.
v. Finally, to get the risk margin, the cost for holding the SCR until full run-off of the best estimate is calculated by multiplying the sum of the future SCRs by 6 per cent – the cost of capital given by EIOPA.

Conceptual Differences between Solvency II and IFRS Technical Provisions

The main conceptual differences between SII and IFRS Technical Provisions affecting Sampo Group are:

1. **In Solvency II a "true best estimate" is defined as the mean of the full range of possible future outcomes of insurance cash flows** without any cash flow add-ons based on prudency. The IFRS provisions may include prudential assumptions when the cash flows are estimated.
2. **In Solvency II, all cash flows are discounted by EIOPAS´s risk free interest rates** whereas within the financial accounting regime not all cash flows are discounted, and when discounting, discount rates based on local regulations are typically used.
3. **The inclusion of future insurance events into Technical Provisions is fundamentally different in SII and in financial accounting.** The following points listed are illustrating these differences, but local financial accounting rules may be different than the ones used as examples here.
    - Following the financial accounting rules, when an insurance company writes a premium, **the full written premium is booked into the reserves at the moment of the writing.** This reserve is called the Unearned Premium Reserve (UPR) and its conceptual purpose is to cover future insurance events on the written contracts. After the initial booking, the reserve is released linearly into earnings during the lifetime of the insurance contract – at the end of the contract period there is no UPR left and if the claims and costs related to the contract turned out to be lower than the written premium, a profit has been recognized.
    - **The corresponding component** in the SII Technical Provisions is called the Premium Provision (PP). **This account estimates all of the future insurance events and the corresponding best estimate cash flows related to contracts in force.**
    - **The PP has a lower value than the UPR account if the written contract is estimated to be profitable.** The

higher the estimated profitability, the bigger the difference between the accounts.

- **Effectively, the PP implicitly recognizes the estimated profit of the contract via the difference between the UPR and the PP already at the inception of the contract.** This means that the younger the contract, the bigger the difference between the UPR and the PP. As time goes by, both accounts decrease in value and the absolute difference between them becomes narrower and eventually diminishes as the contract expires and both accounts reach zero. In reality, neither item never reaches zero in an active insurance company since new business is written continuously. Assuming that a company would write an equal amount of exactly equal business each day, the difference between the items would remain constant over time.
- When a policy is written but no premiums are due yet, the whole premium is already booked as UPR in financial accounting and a corresponding receivable is booked on the asset side. **In SII, any insurance receivables that are not yet due are netted against the PP account. This effectively means that the balance sheet shrinks in size when going from financial accounting to SII** and that the difference between the UPR and the PP is the biggest when premiums are not yet due.
- In non-life business the valuation difference between the UPR and the PP is the most material difference between the financial accounting and SII Technical Provisions.

4. A risk margin over the Best Estimate is included in the Solvency II Technical provisions.

The nature of technical provisions means that there is always uncertainty associated with the calculations since they inevitably involve assumptions about future events. Main risk factors affecting the reserve risk are described further under “Underwriting Risks”.

Sampo Group’s insurance companies present the differences between IFRS and Solvency II Technical provisions in the next sections. Calculation methods, made assumptions and other decisions affecting the cash flows are described in more detail.

Technical Provisions According to Solvency II in If P&C

The differences between IFRS and Solvency II technical provisions are summarised in the below table Technical Provisions in IFRS and Solvency II, 31 December 2017.

Technical Provisions in IFRS and Solvency II

If P&C, 31 December 2017

Type of technical provisions	SOLVENCY II					STATUTORY			
	Best estimate	Risk Margin	Provision Gross	Reinsurance share	Technical Provision	Provision Gross	Reinsurancers Share	Technical Provision	SII of Statutory
Total, EURm	**7,341**	**324**	**7,665**	**190**	**7,475**	**9,120**	**218**	**8,902**	**84%**
Health similar to life	**1,036**	**32**	**1,068**	**0**	**1,068**	**1,080**	**0**	**1,080**	**99%**
Income protection insurance (annuities)	18	1	19	0	19	19	0	19	100%
Medical expense insurance (annuities)	2	0	2	0	2	2	0	2	100%
Workers' compensation insurance (annuities)	1,016	31	1,047	0	1,047	1,059	0	1,059	99%
Health similar to non-life	**1,330**	**92**	**1,422**	**30**	**1,392**	**1,549**	**32**	**1,517**	**92%**
Income protection insurance	584	29	613	1	612	750	1	749	82%
Medical expense insurance	118	6	124	0	124	158	0	158	78%
Workers' compensation insurance	628	57	685	29	656	641	31	610	108%
Life excluding health	**1,048**	**24**	**1,072**	**0**	**1,072**	**1,137**	**0**	**1,137**	**94%**
Fire and other damage to property insurance (annuities)	5	0	5	0	5	5	0	5	100%
Life insurance	11	0	11	0	11	20	0	20	55%
Motor vehicle liability insurance (annuities)	0	0	0	0	0	0	0	0	100%
General liability insurance (annuities)	1,014	23	1,037	0	1,037	1,093	0	1,093	95%
Other motor insurance (annuities)	18	1	19	0	19	19	0	19	100%
Non-life excluding health	**3,927**	**176**	**4,103**	**160**	**3,943**	**5,354**	**186**	**5,168**	**76%**
Fire and other damage to property insurance	914	47	961	56	905	1,287	66	1,221	74%
Marine, aviation and transport insurance	102	9	111	16	95	122	18	104	91%
Other motor insurance	416	13	429	1	428	951	2	949	45%
Motor vehicle liability insurance	1,858	78	1,936	1	1,935	2,291	1	2,290	84%
General liability insurance	633	29	662	86	576	697	99	598	96%
Assistance	4	0	4	0	4	6	0	6	67%

Different principles are used for calculating the technical provisions in Solvency II and in the IFRS financial statements:

- The largest revaluation effect is due to netting of expected premiums not yet due and amounts to EUR 913 million, affecting both the asset and liability side of the balance sheet to the same degree.
- The introduction of the risk margin increases the technical provisions by EUR 324 million.
- Other revaluation effects amounting to EUR 838 million include cash flow revaluation effects mainly on premium provisions as well as discounting effects. If P&C, under IFRS, only discounts claims provision reserves for annuities and the annuity IBNR provision in Finland. The basic risk free rates used in the Solvency II balance sheet are derived for currencies DKK, EUR, GBP, NOK, SEK and USD, which cover more than 99 per cent of the technical provisions. For other currencies, either EUR or USD rates are used.
- If P&C uses the risk free rates without volatility adjustment.

In the IFRS consolidated accounts, recognition of a liability as an insurance contract would be dependent on the existence of significant insurance (underwriting) risk (refer IFRS 4). Based on If P&C's assessment that there is no material degree of insurance risk prevalent, the Medical Malpractice Pool (MMP) public sector is not recognized as an insurance contract in the consolidated accounts, but is treated as a service contract with its components recognized in other assets and other liabilities. Accordingly, a difference occurs with the Solvency II treatment where the liability should be recognized within the insurance obligations.

Therefore, under Solvency II treatment, all receivables and liabilities related to the MMP public sector are reclassified as forming a part of the Solvency II best estimate technical provisions. Under this treatment the receivables balances are netted against the liabilities in the technical provisions, as they are considered to be premium cash in-flows and thus included in the technical provisions.

Further discussion regarding the reinsurance recoverables can be found under "Counterparty Default Risks".

If P&C does not apply transitional measures on the risk-free interest term structure or to the technical provisions.

Technical Provisions According to Solvency II in Mandatum Life

To calculate Solvency II technical provision Mandatum Life produces the cash flows of insurance policies by using best estimate parameters and assumptions and stochastic investment market scenarios consistent with Solvency II discount rate. Stochastic market scenarios are particularly needed for the valuation of economic guarantees and policyholder options embedded in insurance contracts. Probability weighted present value of these cash flows is so called best estimate liability. Solvency II technical provision is best estimate liability plus risk margin.

The differences between IFRS and Solvency II technical provisions with transitional measures are summarised in the below table Overall position, technical provisions, 31 December 2017.

Overall Position, Technical Provisions
Mandatum Life, 31 December 2017

EURm	IFRS value	Solvency II value	Differences
Technical provisions – life (excluding unit-linked)	**4,573**	**4,327**	**246**
Best Estimate		4,129	
Risk margin		198	
Technical provisions – unit-linked	**7,066**	**6,549**	**516**
Best Estimate		6,454	
Risk margin		96	

Mandatum Life applies the transitional measures on technical provisions for its Solvency II technical provision in regards to its original pension policies with 3.5 per cent and 4.5 per cent guarantees. Also, a volatility adjustment is applied when technical provisions are calculated. The size of SII liabilities with transitional measures is EUR 10,876 million and EUR 11,403 million without transitional measures. Hence the transitional measures on technical provisions increase the amount of OF after tax by EUR 422 million. Mandatum Life applies standard formula without undertaking-specific parameters or simplified calculations.

Accounting principles of life insurance contracts are presented in Sampo's Annual Report/Financial Statements/ Notes to the accounts/Summary of significant accounting policies/Life insurance business.

Technical Provisions According to Solvency II in Topdanmark

For Topdanmark the principles for calculating the insurance provisions are almost the same for IFRS and Solvency II.

For non-life insurance the calculation of best estimate, risk margin and profit margin (expected profit in future premiums) are the same for IFRS and Solvency II. The only difference is the presentation of the profit margin. In IFRS the profit margin is presented as an insurance provision, while in Solvency II it forms part of the Solvency II own funds deducted for tax liabilities.

For life insurance the calculation of best estimate and profit margin are the same for IFRS and Solvency II. In IFRS the profit margin is presented as an insurance provision, while in Solvency II it forms part of the Solvency II own funds deducted for tax liabilities. The calculation of risk margin applies two different principles. For IFRS the principle is a stress on the biometrical risks. The Solvency II calculation is a 6 per cent cost of capital on insurance risk, counterparty default risk and operational risk in accordance with Solvency II.

All the best estimate insurance liabilities are discounted using the volatility adjusted Solvency II interest rate curve for DKK.

Overall Position, Technical Provisions
Topdanmark, 31 December 2017

EURm		IFRS value	Solvency II value	Difference
Non-life gross	Best Estimate	2,018	2,018	0
	Risk margin	42	51	9
	Profit margin	101	0	-101
Total non-life		**2,161**	**2,069**	**-92**
Life insurance gross	Best Estimate	7,233	7,233	0
	Risk margin	15	17	3
	Profit margin	33	0	-33
Total non-life		**7,280**	**7,250**	**-30**
Total		**9,441**	**9,319**	

Other Liabilities

The effects of Solvency II valuation on Sampo's other liabilities than technical provisions are fairly limited, consisting mainly of the valuation impact on financial liabilities and Payables balances related to the technical provisions.

Other liabilities than technical provisions are valued by discounting future cash flows with the government yield plus calculated spread at inception. This increased the amount of financial liabilities in SII balance sheet by EUR 83 million.

Deferred tax liabilities are discussed above in connection with deferred tax assets.

The reclassification of medical malpractice pool public sector from a service contract to an insurance contract effect also payables balances. Payables of EUR 112 million are reclassified from trade payables to the insurance obligations.

Other provisions than technical provisions and contingent liabilities do not give any additional rise to either new liabilities being recognized for solvency purposes or existing liabilities being recognized differently to their financial statement recognition. Provisions and contingent liabilities as well as pension benefits and operating leases are presented in Sampo Annual Report/Financial Statement/Notes to the accounts. There are no major financial leasing arrangements in Sampo Group.

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Group's IFRS Financial Statements

Statement of Profit and Other Comprehensive Income, IFRS

EURm	Note	1-12/2017	1-12/2016
Insurance premiums written	1	5,815	5,375
Net income from investments	2 9	1,104	827
Other operating income		36	50
Claims incurred	3	-4,023	-3,627
Change in liabilities for insurance and investment contracts	4	-603	-448
Staff costs	5	-676	-574
Other operating expenses	6	-536	-551
Finance costs	9	-52	-18
Share of associates' profit/loss	13	712	837
- Gain from fair valuation of former associated company		706	-
Profit before taxes		**2,482**	**1,871**
Taxes	20 21 22	-243	-221
Profit for the period		**2,239**	**1,650**
Other comprehensive income for the period			
Items reclassifiable to profit or loss	22 23		
Exchange differences		-96	-80
Available-for-sale financial assets		73	225
Share of associate's other comprehensive income		-57	19
Taxes		-18	-49
Total items reclassifiable to profit or loss, net of tax		**-97**	**115**
Items not reclassifiable to profit or loss			
Actuarial gains and losses from defined pension plans		5	-6
Taxes		-1	1
Total items not reclassifiable to profit or loss, net of tax		**4**	**-5**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**2,146**	**1,760**
Profit attributable to			
Owners of the parent		2,216	1,650
Non-controlling interests		23	-
Total comprehensive income attributable to			
Owners of the parent		2,122	1,760
Non-controlling interests		23	-
Earnings per share (EUR)	8	**3.96**	**2.95**

Consolidated Balance Sheet, IFRS

EURm	Note	12/2017	12/2016
Assets			
Property, plant and equipment	10	158	27
Investment property	11	653	211
Intangible assets	12	2,121	612
Investments in associates	13	7,765	8,107
Financial assets	9 14 15 16 17 18	22,832	17,668
Investments related to unit-linked insurance contracts	9 19	7,409	3,427
Tax assets	20	18	27
Reinsurers' share of insurance liabilities	25	297	239
Other assets	24	1,940	1,761
Cash and cash equivalents		2,734	2,585
Assets held for sale	35	3,374	3,291
Total assets		**49,300**	**37,955**
Liabilities			
Liabilities for insurance and investment contracts	25	18,900	13,990
Liabilities for unit-linked insurance and investment contracts	26	7,959	3,407
Financial liabilities	9 15 16 27	3,649	3,847
Tax liabilities	20	638	527
Provisions	28	33	35
Employee benefits	29	57	79
Other liabilities	30	1,258	933
Liabilities related to assets held for sale	35	3,299	3,202
Total liabilities		**35,792**	**26,021**
Equity	32		
Share capital		98	98
Reserves		1,530	1,531
Retained earnings		10,692	9,700
Other components of equity		528	605
Equity attributable to owners of the parent		**12,848**	**11,934**
Non-controlling interests		660	-
Total equity		**13,508**	**11,934**
Total equity and liabilities		**49,300**	**37,955**

Statement of Changes in Equity, IFRS

EURm	Share capital	Legal reserve	Invested unrestricted equity	Retained earnings 1)	Translation of foreign operations 2)	Available for sale financial assets 3)	Total	Non-controlling interests	Total
Equity at 1 January 2016	**98**	**4**	**1,527**	**9,325**	**-472**	**929**	**11,411**	**-**	**11,411**
Changes in equity									
Recognition of undrawn dividends				9			9		**9**
Dividends				-1,204 4)			-1,204		**-1,204**
Share of associate's other changes in equity				-42			-42		**-42**
Profit for the period				1,650			1,650		**1,650**
Other comprehensive income for the period				-38	-47	195	110		**110**
Equity at 31 December 2016	**98**	**4**	**1,527**	**9,700**	**-518**	**1,124**	**11,934**	**-**	**11,934**
Changes in equity									
Recognition of undrawn dividends				10			10		**10**
Cancellation of shares				30					
Dividends				-1,288 4)			-1,288		**-1,288**
Business aquisitions				17			17	636	**654**
Share of associate's other changes in equity				23			23		**23**
Profit for the period				2,216			2,216	23	**2,239**
Other comprehensive income for the period				-15	-138	60	-93		**-93**
Equity at 31 December 2017	**98**	**4**	**1,527**	**10,692**	**-656**	**1,184**	**12,848**	**660**	**13,508**

1) IAS 19 Pension benefits had a net effect of EURm -15 (-38) on retained earnings.

2) The total comprehensive income includes also the share of the associate Nordea's other comprehensive income, in accordance with the Group's share holding. The retained earnings thus include EURm -19 (-34) of Nordea's actuarial gains/losses The exchange differences include the share of Nordea's exchange differences EURm -43 (33). Respectively, available-for-sale financial assets include EURm 5 (19) of Nordea's valuation differences.

3) The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 266 (216). The amount transferred to p/l amounted to EURm -204 (-29). EURm -7 (-11) was transferred to the Segregated Suomi portfolio.

4) Dividend per share 2,60 (2,30) euro.

The amount included in the translation and available-for-sale reserves represent other comprehensive income for each component, net of tax.

Statement of Cash Flows, IFRS

EURm	2017	2016
Operating activities		
Profit before taxes	2,482	1,871
Adjustments:		
Depreciation and amortisation	29	18
Unrealised gains and losses arising from valuation	43	-223
Realised gains and losses on investments	-489	-92
Change in liabilities for insurance and investment contracts	317	666
Other adjustments	-1,199	-550
Adjustments total	**-1,298**	**-180**
Change (+/-) in assets of operating activities		
Investments *)	638	-1,184
Other assets	-40	-95
Total	**598**	**-1,280**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-81	20
Other liabilities	-20	35
Paid taxes	-413	-271
Total	**-514**	**-216**
Net cash from operating activities	**1,267**	**195**
Investing activities		
Investments in group and associated undertakings	546	356
Net investment in equipment and intangible assets	-12	-13
Net cash from investing activities	**534**	**343**
Financing activities		
Dividends paid	-1,286	-1,192
Issue of debt securities	1,042	2,271
Repayments of debt securities in issue	-1,395	-1,002
Net cash used in financing activities	**-1,639**	**78**
Total cash flows	**162**	**616**
Cash and cash equivalents at 1 January	2,585	1,997
Effects of exchange rate changes	-14	-27
Cash and cash equivalents at 31 December	2,734	2,585
Net increase in cash and cash equivalents	**162**	**616**

Additional information to the statement of cash flows:	2017	2016
Interest income received	360	432
Interest expense paid	-127	-117
Dividend income received	124	122

*) Investments include investment property, financial assets and investments related to unit-linked insurance contracts.

The items of the statement of cash flows cannot be directly concluded from the balance sheets due to e.g. exchange rate differences, and acquisitions and disposals of subsidiaries during the period.

Cash and cash equivalents include cash at bank and in hand and short-term deposits (max. 3 months).

The consolidation of Topdanmark as a subisidiary at 30 September 2017 increased Group's cash at bank and in hand by EURm 45.

Note to the statement of cash flow

Business acquisitions 2017

Topdanmark is the second largest insurance company in Denmark, and is primarily engaged in providing life and non-life insurance products. Sampo Group has consolidated Topdanmark A/S as an associate since May 2011.

On 30 September 2017, Sampo gained the control in the company in accordance with the IFRS standards. Since then, Topdanmark has been consolidated as a subsidiary in the financial reporting of Sampo Group. The acquistion price in the Group was determined as EURm 1,398 which was the fair value of Topdanmark's shares on the acquisition date, 30 Sep 2017. The carrying amount of Topdanmark's shares at the same time was EURm 692. The difference EURm 706 was recognised through p/l as an increase of the carrrying amount. There were no transfer of cash assets or expenses incurred at the moment of gaining of control.

GROUP'S NOTES TO THE ACCOUNTS

Summary of significant accounting policies

Sampo Group has prepared the consolidated financial statements for 2017 in compliance with the International Financial Reporting Standards (IFRSs). In preparing the financial statements, Sampo has applied all the standards and interpretations relating to its business, adopted by the commission of the EU and effective at 31 December, 2017.

In the comparison year 2016, Topdanmark consolidated as a subsidiary on 30 September 2017, was treated wholly as an associate and as a part of the If Group. Due to the subsidiary consolidation, the company's p/l for Jan - Sep has been presented in Topdanmark's own segment in one line as a share of associates' profit and the p/l for Oct – Dec has been consolidated line by line. The comparison figures have been moved accordingly to Topdanmark segment.

During the financial year, the adopted standards or annual improvements to the standards had no material impact on the Group's financial statements reporting.

In preparing the notes to the consolidated financial statements, attention has also been paid to the Finnish accounting and company legislation and applicable regulatory requirements.

The financial statements have for the most part been prepared under the historical cost convention. Exceptions are i.e. financial assets and liabilities at fair value through p/l, financial assets available-for-sale, hedged items in fair value hedges and share-based payments settled in equity instruments measured at fair value.

The consolidated financial statements are presented in euro (EUR), rounded to the nearest million, unless otherwise stated.

The Board of Directors of Sampo plc accepted the financial statements for issue on 7 February 2018.

Consolidation

Subsidiaries

The consolidated financial statements combine the financial statements of Sampo plc and all its subsidiaries. Entities qualify as subsidiaries if the Group has the controlling power. The Group exercises control if its shareholding is more than 50 per cent of the voting rights or it otherwise has the power to exercise control over the financial and operating policies of the entity. 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 acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. Possible non-controlling interest of the acquired entity is measured either at fair value or at proportionate interest in the acquiree's net assets. The acquisition-specific choice affects both the amount of recognised goodwill and non-controlling interest. The excess of the aggregate of consideration transferred, non-controlling interest and possibly previously held equity interest in the acquiree, over the Group's share of the fair value of the identifiable net assets acquired, is recognised as goodwill.

The accounting policies used throughout the Group for the purposes of consolidation are consistent with respect to similar business activities and other events taking place in similar conditions. All intra-group transactions and balances are eliminated upon consolidation.

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. Investments in associates are treated by the equity method of accounting, in which the investment is initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition net income (or loss), or other movements reflected directly in the equity of the associate. If the Group's share of the associate's loss exceeds the carrying amount of the investment, the investment is carried at zero value, and the loss in excess is consolidated only if the Group is committed to fulfilling the obligations of the associate. Goodwill arising on the acquisition is included in the cost of the investment. Unrealised gains (losses) on transactions are eliminated to the extent of the Group's interest in the entity.

The share of associates' profit or loss, equivalent to the Group's holding, is presented as a separate line in the income statement. The Group's share of associate's changes in other comprehensive income is presented in the Group's other comprehensive income items.

If there is any indication that the value of the investment may be impaired, the carrying amount is tested by comparing it with its recoverable amount. The recoverable amount is the higher of its value in use or its fair value less costs to sell. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount by recognising an impairment loss in the profit/loss. If the recoverable amount later increases and is greater than the carrying amount, the impairment loss is reversed through profit and loss.

Foreign currency translation

The consolidated financial statements are presented in euro, which is the functional and reporting currency of the Group and the parent company. Items included in the financial statements of each of the Group entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of transactions or the average rate for a month. The balance sheet items denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date.

Exchange differences arising from translation of transactions and monetary balance sheet items denominated in foreign currencies into functional currency are recognised as translation gains and losses in profit or loss. Exchange differences arising from equities classified as available-for-sale financial assets are included directly in the fair value reserve in equity.

The income statements of Group entities whose functional currency is other than euro are translated into euro at the average rate for the period, and the balance sheets at the rates prevailing at the balance sheet date. The resulting exchange differences are included in equity and their change in other comprehensive income. When a subsidiary is divested entirely or partially, the cumulative exchange differences are included in the income statement under sales gains or losses.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as if they were assets and liabilities of the foreign entity. Exchange differences resulting from the translation of these items at the exchange rate of the balance sheet date are included in equity and their change in other comprehensive income

The following exchange rates were applied in the consolidated financial statements:

	Balance sheet date	Average exchange rate
1 euro (EUR) =		
Swedish krona (SEK)	9.8438	9.6380
Danish krona (DKK)	7.4449	7.4387

Segment reporting

The Group's segmentation is based on business areas whose risks and performance bases as well as regulatory environment differ from each other. The control and management of business and management reporting is organised in accordance with the business segments. The Group's business segments are If, Topdanmark, Mandatum and Holding (including Nordea).

Geographical information has been given on income from external customers and non-current assets. The reported segments are Finland, Sweden, Norway, Denmark and the Baltic countries.

In the inter-segment and inter-company pricing, for both domestic and cross border transactions, market-based prices are applied. The pricing is based on the Code of conduct on Transfer Pricing Documentation in the EU and OECD guidelines.

Inter-segment transactions, assets and liabilities are eliminated in the consolidated financial statements on a line-by-line basis.

Interest and dividends

Interest income and expenses are recognised in the income statement using the effective interest rate method. This method recognises income and expenses on the instrument evenly in proportion to the amount outstanding over the period to maturity. Dividends on equity securities are recognised as revenue when the right to receive payment is established.

Fees and commissions

The fees and transaction costs of financial instruments measured at fair value through profit or loss are recognised in profit or loss when the instrument is initially recognised.

The costs of acquiring new and renewed insurance business are treated as deferred acquisition costs in the P&C insurance. In the life insurance business the acquisition costs are treated as fee and commission expense under 'Other operating expenses'.

Other fees and commissions paid for investment activities are included in 'Net income from investments'.

Insurance premiums

Insurance premiums in the income statement consist of premiums written for P&C insurance and life insurance.

P&C insurance contracts are primarily of short duration, so that premiums written are recognised as earned on a pro rata basis, adjusting them by a change in the provision for unearned premiums i.e. by the proportion of the insurance premium income that, based on the period covered by the insurance contract, belongs to the following financial year,.

In the life insurance business, liabilities arising from insurance and investment contracts count as long-term liabilities. Therefore the insurance premium and related claims are usually not recognised in the same accounting period. Depending on the type of insurance, premiums are primarily recognised in premiums written when the premium has been paid. In group pension insurance, a part of the premiums is recognised already when charged.

The change in the provision for unearned premiums is presented as an expense under 'Change in insurance and investment contract liabilities'.

Financial assets and liabilities

Based on the measurement practice, financial assets and liabilities are classified in the following categories upon the initial recognition: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss, and other liabilities.

According to the Group's risk management policy, investments are managed at fair value in order to have the most realistic and real-time picture of investments, and they are reported to the Group key management at fair value. Investments comprise debt and equity securities. They are mainly classified as financial assets available-for-sale or at fair value through p/l.

In the life insurance business, IFRS 4 Insurance Contracts provides that insurance contracts with a discretionary participation feature are measured in accordance with national valuation principles (except for the equalisation reserve) rather than at fair value. These contracts and investments made to cover shareholders' equity are managed in their entirety and are classified mainly as available-for-sale financial assets. An exception to the rule are investments related to unit-linked insurance, valued at fair value thru p/l and shown as a separate line item in the balance sheet. The corresponding liability is also shown as a separate line item.

In the Holding business, investments are primarily classified as financial assets available-for-sale.

Recognition and derecognition

Purchases and sales of financial assets at fair value through profit or loss and available-for-sale financial assets 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 recognised when cash is advanced.

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 cancelled or expire.

Financial assets and financial liabilities at fair value through profit or loss

In the Sampo Group, financial assets and liabilities at fair value through profit of loss comprise financial assets held for trading and financial assets designated as at fair value through profit or loss.

Financial assets held for trading

Financial asset that is held for the purpose of selling or buying in the short term, or belongs to a portfolio that is managed together or is repeatedly used for short-term profit taking, is classified as an asset held for trading. Gains and losses arising from changes in fair value, or realised on disposal, together with related interest income and dividend, are recognised in the income statement.

Also derivative instruments that are not designated as hedges and do not meet the requirements for hedge accounting are classified as financial assets for trading purposes.

Financial derivatives held for trading are initially recognised at fair value. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are recognised at fair value, and gains and losses arising from changes in fair value together with realised gains and losses are recognised in the income statement.

Financial assets designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss are assets which, at inception, are irrevocably designated as such. They are initially recognised at their fair value. They are recognised in the income statement and balance sheet accordingly with above-explained assets held for trading.

Loans and receivables

Loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the short term. The category also comprises cash and balances with central banks.

Loans and receivables are initially recognised at their fair value, added by transaction costs directly attributable to the acquisition of the asset. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial investments that are designated as available for sale and or are not categorised into any other category. Available-for-sale financial assets comprise debt and equity securities.

Available-for-sale financial assets are initially recognised fair value, including direct and incremental transaction costs. They are subsequently remeasured at fair value, and the changes in fair value are recorded in other comprehensive income and presented in the fair value reserve, taking the tax effect into account. Interest income and dividends are recognised in profit or loss. When the available-for-sale assets are sold, the cumulative change in the fair value is transferred from equity and recognised together with realised gains or losses in profit or loss. The cumulative change in the fair value is also transferred to profit or loss when the assets are impaired and the impairment loss is recognised. Exchange differences due to available-for-sale monetary balance sheet items are always recognised directly in profit or loss.

Other financial liabilities

Other financial liabilities comprise debt securities in issue and other financial liabilities.

Other financial liabilities are recognised when the consideration is received and measured to amortised cost, using the effective interest rate method.

If debt securities issued are redeemed before maturity, they are derecognised and the difference between the carrying amount and the consideration paid at redemption is recognised in profit or loss.

Fair value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Instruments are measured either at the bid price or at the last trade price, if there is an auction policy in the stock market of the price source. The financial derivatives are also measured at the last trade price. If the financial instrument has a counter-item that will offset its market risk, the same price source is used in assets and liabilities to that extent. If a published price quotation does not exist for a financial instrument in its entirety, but active markets exist for its component parts, the fair value is determined on the basis of the relevant market prices of the component parts.

If a market for a financial instrument is not active, or the instrument is not quoted, the fair value is established by using generally accepted valuation techniques including recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If the fair value of a financial asset cannot be determined, historical cost is deemed to be a sufficient approximation of fair value. The amount of such assets in the Group balance sheet is immaterial.

Impairment of financial assets

Sampo assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than those at fair value through p/l, may be impaired. A financial asset is impaired and impairment losses are incurred, if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset, and if that event has an impact, that can be reliably estimated, on the estimated future cash flows of the financial asset.

Financial assets carried at amortised cost

There is objective evidence of impairment, if an issuer or debtor e.g. encounters significant financial difficulties that will lead to insolvency and to estimation that the customer will probably not be able to meet the obligations to the Group. Objective evidence is first assessed for financial assets that are individually significant, and individually and collectively for financial assets not individually significant.

When there is objective evidence of impairment of a financial asset carried at amortised cost, the amount of the loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the receivable's original effective interest rate. The difference is recognised as an impairment loss in profit or loss. The impairment is assessed individually.

If, in a subsequent period, the amount of the impairment loss decreases, and the decease can objectively be related to an event occurring after the impairment was recognised (e.g. the default status is removed), the previously recognised impairment loss shall be reversed through profit or loss.

Available-for-sale financial assets

Whether there is objective evidence of an impairment of available-for-sale financial assets, is evaluated in a separate assessment, which is done if the credit rating of an issuer has declined or the entity is placed on watch list, or there is a significant or prolonged decline in the fair value of an equity instrument below its original acquisition cost.

The decision on whether the impairment is significant or prolonged requires an assessment of the management. The assessment is done case by case and with consideration paid not only to qualitative criteria but also historical changes in the value of an equity as well as time period during which the fair value of an equity security has been lower than the acquisition cost. In Sampo Group, the impairment is normally assessed to be significant, if the fair value of a listed equity or participation decreases below the average acquisition cost by 20 per cent and prolonged, when the fair value has been lower than the acquisition cost for over 12 months.

As there are no quoted prices available in active markets for unquoted equities and participations, the aim is to determine their fair value with the help of generally accepted valuation techniques available in the markets. The most significant share of unquoted equities and participations comprise the private equity and venture capital investments. They are measured in accordance with the generally accepted common practice, International Private Equity and Venture Capital Guidelines (IPEV).

The significance and prolongation of the impairment in the last-mentioned cases is assessed case by case, taking into consideration special factors and circumstances related to the investment. Sampo invests in private equity and venture capital in order to keep them to the end of their life cycle, so the typical lifetime is 10 – 12 years. In general, a justifiable assessment of a potential impairment may only be done towards the end of the life cycle. However, if additionally there is a well-founded reason to believe that an amount equivalent to the acquisition cost will not be recovered when selling the investment, an impairment loss is recognised.

An impairment on equity funds is recognised in line with the principles above when the starting year of the fund is at least 10 years old and the carrying amount of the fund is maximum EUR 500,000. In these cases both the fair value and the carrying amount are booked to zero. An impairment is only performed to those funds for which the benchmarks are met in all the Sampo Group companies' portfolios.

In the case of debt securities, the amount of the impairment loss is assessed as the difference between the acquisition cost, adjusted with capital amortisations and accruals, and the fair value at the review time, reduced by previously in profit or loss recognised impairment losses.

When assessed that there is objective evidence of impairment in debt or equity securities classified as financial assets available-for-sale, the cumulative loss recognised in other comprehensive income is transferred from equity and recognised in profit or loss as an impairment loss.

If, in a subsequent period, the fair value of a debt security increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed by recognising the amount in profit or loss.

If the fair value of an equity security increases after the impairment loss was recognised in profit or loss, the increase shall be recognised in other comprehensive income. If the value keeps decreasing below the acquisition cost, an impairment loss is recognised through profit or loss.

Derivative financial instruments and hedge accounting

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. Derivative instruments are measured initially at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. During the financial year, the fair value hedging has been applied in Mandatum.

Derivatives held for trading

Derivative instruments that are not designated as hedges and embedded derivatives separated from a host contract are treated as held for trading. They are measured at fair value and the change in fair value, together with realised gains and losses and interest income and expenses, is recognised in profit or loss.

If derivatives are used for hedging, but they do not qualify for hedge accounting as required by IAS 39, they are treated as held for trading.

Hedge accounting

Sampo Group may hedge its operations against interest rate risks, currency risks and price risks through fair value hedging and cash flow hedging. Cash flow hedging is used as a protection against the variability of the future cash flows, while fair value hedging is used to protect against changes in the fair value of recognised assets or liabilities.

Hedge accounting applies to hedges that are effective in relation to the hedged risk and meet the hedge accounting requirements of IAS 39. The hedging relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for undertaking the hedge, are documented at the inception of the hedge. In addition, the effectiveness of a hedge is assessed both at inception and on an ongoing basis, to ensure that it is highly effective throughout the period for which it was designated. Hedges are regarded as highly effective in offsetting changes in fair value or the cash flows attributable to a hedged risk within a range of 80-125 per cent.

Fair value hedging

In accordance with the Group's risk management principles, fair value hedging is used to hedge changes in fair values resulting from changes in price, interest rate or exchange rate levels. The hedging instruments used include foreign exchange forwards, interest rate swaps, interest rate and cross currency swaps and options, approved by the managements of the Group companies.

Changes in the fair value of derivative instruments that are documented as fair value hedges and are effective in relation to the hedged risk are recognised in profit or loss. In addition, the hedged assets and liabilities are measured at fair value during the period for which the hedge was designated, with changes in fair value recognised in profit or loss.

Securities lending

Securities lent to counterparties are retained in the balance sheet. Conversely, securities borrowed are not recognised in the balance sheet, unless these are sold to third parties, in which case the purchase is recorded as a trading asset and the obligation to return the securities as a trading liability at fair value through profit or loss

Non-current assets held for sale

Non-current assets and the assets and liabilities related to discontinued operations are classified as held for sale, if their carrying amount will be recovered principally through sales transactions rather than from continuing use. For this to be the case, the sale must be highly probable, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), the management must be committed to a plan to sell the asset (or disposal group), and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Once classified, depreciation on such assets ceases.

Leases

Group as lessee

Finance leases

Leases of assets in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. Finance leases are recognised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding obligation is included in 'Other liabilities' in the balance sheet. The assets acquired under finance leases are amortised or depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the liability and the interest expense. The interest expense is amortised over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

Assets in which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and they are included in the lessor's balance sheet. Payments made on operating leases are recognised on a straight-line basis over the lease term as rental expenses in profit or loss.

Group as lessor

Operating leases

Leases in which assets are leased out and the Group retains substantially all the risks and rewards of ownership are classified as operating leases. They are included in 'Investment property' in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment, and the impairment losses are recognised on the same basis as for these items. Rental income on assets held as operating leases is recognised on a straight-line basis over the lease term in profit or loss.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition (made after 1 January 2004) over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition. Goodwill on acquisitions before 1 January 2004 is accounted for in accordance with the previous accounting standards and the carrying amount is used as the deemed cost in accordance with the IFRS.

Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised.

Other intangible assets

IT software and other intangible assets, whether procured externally 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 development of new IT software or from significant improvement of existing software are recognised only to the extent they meet the above-mentioned requirements for being recognised as assets in the balance sheet.

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. The estimated useful lives by asset class are as follows:

IT software	3-10 years
Other intangible assets	3-10 years

Property, plant and equipment

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

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses, except for Topdanmark where the carrying amount is based on revaluation i.e. fair value 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, plant 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 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

Depreciation of property, plant or equipment will be discontinued, if the asset in question is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Impairment of intangible assets and property, plant and equipment

At each reporting date the Group assesses whether there is any indication that an intangible asset or an item of property, plant or equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset. In addition, goodwill, intangible assets not yet available for use and intangible assets with an indefinite useful life will be tested for impairment annually, independent of any indication of impairment. For impairment testing the goodwill is allocated to the cash-generating units of the Group from the date of acquisition. In the test the carrying amount of the cash-generating unit, including the goodwill, is compared with its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated by estimating future net cash flows expected to be derived from an asset or a cash-generating unit, and by discounting them to their present value using a pre-tax discount rate. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognised in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

If there is any indication that an impairment loss recognised for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss is reversed, but no more than to the carrying amount which it would have been without recognition of the impairment loss. Impairment losses recognised for goodwill are not reversed.

Investment property

Investment property is held to earn rentals and for capital appreciation. The investment property is measured the same way as property, plant and equipment. The depreciation periods and methods and the impairment principles are also the same as those applied to corresponding property occupied for own activities. The investment property of the associate Nordea in the Holding segment is measured at fair value in item Investments in associates.

The fair value of investment property is estimated using a method based on estimates of future cash flows and a comparison method based on information from actual sales in the market. The fair value of investment property is presented in the Notes.

The valuation takes into account the characteristics of the property with respect to location, condition, lease situation and comparable market information regarding rents, yield requirements and unit prices. During the financial year, the valuations were conducted by the Group's internal resources.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation. If it is expected that some or all of the expenditure required to settle the provision will be reimbursed by another party, the reimbursement will be treated as a separate asset only when it is virtually certain that the Group will receive it.

Insurance and investment contracts

Insurance contracts are treated, in accordance with IFRS 4, either as insurance or investment contracts. Under the standard, insurance contracts are classified as insurance contracts if significant insurance risk is transferred between the policyholder and the insurer. If the risk transferred on the basis of the contract is essentially financial risk rather than significant insurance risk, the contract is classified as an investment contract. Classification of a contract as an insurance contract or investment contract determines the measurement principle applied to it.

Sampo treats the liabilities arising from contracts in the first phase of the standard according to national accounting standards, except for the equalisation reserve and the provision for collective guarantee item and their changes which are reported in equity and profit or loss, in accordance with the IFRS.

The risks involved in insurance and investment contracts are widely elaborated in the Group's note 39.

Reinsurance contracts

A reinsurance contract is a contract which meets the IFRS 4 requirements for insurance contracts and on the basis of which Sampo Group (the cedant) may receive compensation from another insurer (the reinsurer), if it becomes liable for paying compensation based on other insurance contracts it has issued. Such compensation received on the basis of reinsurance contracts is included in the balance sheet under 'Reinsurers' share of insurance liabilities' and 'Other assets'. The former item includes the reinsurers' share of the provisions for unearned premiums and claims outstanding in the Group's reinsured insurance contracts, while the latter includes short-term receivables from reinsurers.

When the Group itself has to pay compensation to another insurer on the basis of a reinsurance contract, the liability is recognised in the item 'Other liabilities'.

Receivables and liabilities related to reinsurance are measured uniformly with the cedant's receivables and liabilities. Reinsurance receivables are tested annually for impairment. Impairment losses are recognised through profit or loss, if there is objective evidence indicating that the Group (as the cedant) will not receive all amounts of money it is entitled to on a contractual basis.

P&C insurance business

Classification of insurance contracts

In classifying insurance contracts and examining their related risks, embedded contracts are interpreted as one contract.

Other than insurance contracts, i.e. contracts where the risk is not transferred, include Captive contracts in which an insurance company underwrites a company's direct business and reinsures the same risk in an insurance company in the same group as the policyholder. There are also contracts in P&C insurance (Reverse Flow Fronting contracts) in which the insurance company grants insurance and then transfers the insurance risk to the final insurer. For both the above types of contract, only the net effect of the contract relationship is recognised in the income statement and balance sheet (instead of the gross treatment, as previously). The prerequisite for net treatment is that the net retention recognised on the contract is zero.

There are also contracts in P&C insurance in which the insurance risk is eliminated by a retrospective insurance premium, i.e. the difference between forecast and actual losses is evened out by an additional premium directly or in connection with the annual renewal of the insurance. The net cash flow from these contracts is recognised directly in the balance sheet, without recognising it first in the income statement as premiums written and claims incurred.

Insurance liabilities

Insurance liabilities are the net contractual obligations which the insurer has on the basis of insurance contracts. Insurance liabilities, consisting of the provisions for unearned premiums and unexpired risks and for claims outstanding, correspond to the obligations under insurance contracts.

The provision for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force. In P&C insurance and reinsurance, the provision for unearned premiums is normally calculated on a strictly proportional basis over time, i.e. on a pro rata temporis basis. In the event that premiums are judged to be insufficient to cover anticipated claims costs and operating expenses, the provision for unearned premiums must be augmented by a provision for unexpired risks. Calculation of the provision for unexpired risks must also take into account instalment premiums not yet due.

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company; i.e. the IBNR (incurred but not reported) provision. The provision for claims outstanding includes claims payments plus all estimated costs of claim settlements.

The provision for claims outstanding in direct P&C insurance and reinsurance may be calculated by statistical methods or through individual assessments of individual claims. Often a combination of the two methods is used, meaning large claims are assessed individually while small claims and claims incurred but not reported (the IBNR provision) are calculated using statistical methods

Premiums written for P&C insurance and reinsurance are recognised in the income statement when the annual insurance premium is due for payment.

Liability adequacy test

A liability adequacy test is performed separately for both the provision for claims outstanding and the provision for unearned premiums. The provision for claims outstanding is based on estimates of future cash flows. The estimates are made by using well-established actuarial methods.

The provision for unearned premiums is, for the most part, calculated on a strictly proportional basis over time (so called pro rata temporis principle). The adequacy of the provision for unearned premiums is tested by calculating a provision for unexpired risks for each company per business area and line of business. If the provisions are judged to be insufficient, the provision for unearned premiums is augmented by recognising a provision for unexpired risks.

Pay-as-you-go system for P&C insurance

Pensions and compensation for healthcare or medical rehabilitation paid on the basis of Finland’s statutory P&C insurance (accident, motor third party liability and patient insurance) are raised annually by the TEL (Employee Pensions Act) index in order to maintain the real value of the pensions. The index raises are not the responsibility of the insurance companies, but are funded by the so-called pay-as-you-go principle, i.e. each year premiums written include index raises to the same amount that is paid out in that year. In practice, the P&C insurance companies collect a so-called expense loading along with their premiums written, which is then forwarded to the central organisation for the particular insurance line. The central organisation distributes the pay-as-you-go contributions collected so that the company undertaking the type of insurance in question receives an amount equal to the compensation falling under the pay-as-you-go system it has paid that year. The insurer’s participation in the payment is proportional to the insurer’s market share in the insurance line in question.

The pay-as-you-go system related to pension index raises is not treated as an insurance activity under IFRS 4 and does not generate any risk for the insurance company. Thus, the pay-as-you-go contribution collected together with the insurance premium is not deemed to be premium income, and the pension index raise paid out is not deemed to be claims incurred. Because the collected index raise corresponds in amount to the paid out pension index raise, the said items are set-off in the Income Statement item 'Other expenses from operations'. The share of a balancing figure not yet received from, or not paid by, a central organisation is presented as current receivables or liabilities in the balance sheet items 'Other assets' or 'Other liabilities'.

Deferred acquisition costs

In the P&C insurance business, acquisition costs clearly relating to the writing of insurance contracts and extending beyond the financial year are recognised as assets in the balance sheet. Acquisition costs include operating expenses directly or indirectly attributable to writing insurance contracts, fees and commissions, marketing expenses and the salaries and overheads of sales staff. Acquisition costs are amortised in the same way as provisions for unearned premiums, usually in 12 months at the maximum.

Life insurance business

Classification of insurance contracts

Policies issued by the life insurance business are classified as either insurance contracts or investment contracts. Insurance contracts are contracts that carry significant insurance risk or contracts in which the policyholder has the right to change the contract by increasing the risk. As capital redemption contracts do not carry insurance risk, these contracts are classified as investment contracts.

The discretionary participation feature (DPF) of a contract is a contractual right held by a policyholder to receive additional benefits, as a supplement to the guaranteed minimum benefits. The supplements are bonuses based on the reserves of policies credited to the policy reserve, additional benefits in the case of death, or lowering of insurance premiums. In Mandatum, the principle of fairness specifies the application of this feature. In unit-linked contracts the policyholder carries the investment risk by choosing the investment funds linked to the contracts.

Measurement of insurance and investment contracts

National accounting standards are applied to all insurance contracts and to investment contracts with DPF.

All contracts, except unit-linked contracts and the assumed reinsurance, include DPF. In those unit-linked contracts which are not insurance contracts, the policyholder has the possibility to transfer the return on savings from unit-linked schemes to guaranteed interest with DPF. Thus, these contracts are also measured as contracts with DPF.

The surrender right, guaranteed interest and the unbundling of the insurance component from the deposit component and similar features are not separated and measured separately.

In Mandatum, regarding the group pension portfolio transferred from Suomi Mutual (=segregated portfolio), a so-called shadow accounting is applied, as permitted in IFRS 4.30, by adjusting the equity with the amount of unrealised gains and losses of the agreement. The equity is adjusted with an amount that unrealised gains or losses would have affected the Segregated Portfolio in accordance with the profit distribution policy of the Segregated Portfolio, if the gains or losses had been realised at the balance sheet date.

Insurance and investment contract liabilities and reinsurance assets

Liabilities arising from insurance and investment contracts consist of provisions for unearned premiums and outstanding claims. In the life insurance business, various methods are applied in calculating liabilities which involve assumptions on matters such as mortality, morbidity, the yield level of investments, future operating expenses and the settlement of claims.

Changes in the liabilities of reinsurance have been calculated at variable rates of exchange.

In direct insurance, the insurance liability is calculated by policy, while in reinsurance it is calculated on the basis of the reports of the ceding company or the company's own bases of calculation.

The interest rate used in discounting liabilities is, at most, the maximum rate accepted by the authorities in each country.

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company (the "IBNR" provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

The amounts of short- and long-term liabilities in technical provisions are determined annually.

Liability adequacy test

A liability adequacy test is applied to all portfolios and the need for augmentation is checked, company by company, on the basis of the adequacy of the whole technical provisions. The test includes all the expected contractual cash flows for non-unit-linked liabilities. The expected contractual cash flows include expected premiums, claims, bonuses and expenses. The claims have been estimated including surrenders and other insurance transactions based on historical data. The amounts of claims include the guaranteed interest and an estimation of future bonuses. The present values of the cash flows have been discounted to the balance sheet date.

For the unit-linked business, the present values of the insurance risk and expense results are calculated correspondingly. If the aggregate amount of the liability for the unit-linked and other business presumes an augmentation, the liability is increased by the amount shown by the test and recognised in profit or loss.

Principle of fairness

According to Chapter 13, Section 2 of the Finnish Insurance Companies' Act, the Principle of Fairness must be observed in life insurance and investment contracts with a discretionary participation feature. If the solvency requirements do not prevent it, a reasonable part of the surplus has to be returned to these policies as bonuses.

Mandatum aims at giving a total return before charges and taxes on the original insurance portfolio's policyholders' savings in contracts with DPF that is at least the yield of those long term bonds, which are considered to have lowest risk.

The total return consists of the guaranteed interest rate and bonuses determined annually. Continuity is pursued in the level of bonuses.

Employee benefits

Post-employment benefits

Post-employment benefits include pensions and life insurance.

Sampo has defined benefit plans in Sweden and Norway, and defined contribution plans in other countries. The most significant defined contribution plan is that arranged through the Employees' Pensions Act (TyEL) in Finland.

In the 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.

In the defined benefit plans, the company still has obligations after paying the contributions for the financial period and bears their actuarial and/or investment risk. The obligation is calculated separately for each plan using the projected unit credit method. In calculating the amount of the obligation, actuarial assumptions are used. The pension costs are recognised as an expense for the service period of employees.

Defined benefit plans are both funded and unfunded. The amounts reported as pension costs during a financial year consist of the actuarially calculated earnings of old-age pensions during the year, calculated straight-line, based on pensionable income at the time of retirement. The calculated effects in the form of interest expense for crediting/ appreciating the preceding years' established pension obligations are then added. The calculation of pension costs during the financial year starts at the beginning of the year and is based on assumptions about such factors as salary growth and price inflation throughout the duration of the obligation and on the current market interest rate adjusted to take into account the duration of the pension obligations.

The current year pension cost and the net interest of the net liability is recognised thru p/l in pension costs. The actuarial gains and losses and the return of the plan assets (excl. net interest) are recognised as a separate item in other comprehensive income.

The fair value of the plan assets covered by the plan is deducted from the present value of future pension obligations and the remaining net liability (net asset) is recognised separately in the balance sheet.

The Group has also certain voluntary defined benefit plans. These are intra-Group and have no material significance.

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 at Sampo are the monetary and pension packages related to redundancy.

Share-based payments

During the financial year, Sampo had four valid share-based incentive schemes settled in cash (the long-term incentive schemes 2011 II, 2014 I, 2014 II and 2017 I for the management and key employees). Topdanmark had one mainly share-settled incentive scheme for the executive board and senior executives during the financial year.

The schemes have been measured at fair value at the grant date and at every reporting date thereafter.

In the schemes settled in cash, the valuation is recognised as a liability and changes recognised through profit or loss.

In the schemes settled in shares, the strike amounts received on the exercise of the options are recognised in the shareholder's equity.

The fair value of the schemes has been determined using the Black-Scholes-pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of incentive units to be paid as a reward. The effects of non-market based terms are not included in the fair value of the incentive; instead, they are taken into account in the number of those incentive units that are expected to be exercised during the vesting period. In this respect, the Group will update the assumption on the estimated final number of incentive units at every interim or annual balance sheet date.

Income taxes

Item Tax expenses in the income statement comprise current and deferred tax. Tax expenses are recognised through profit or loss, except for items recognised directly in equity or other comprehensive income, in which case the tax effect will also be recognised those items. Current tax is calculated based on the valid tax rate of each country. Tax is adjusted by any tax related to previous periods.

Deferred tax is calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax is not recognised on non-deductible goodwill impairment, and nor is it recognised 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 by using the enacted tax rates prior to the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which a temporary difference can be utilised.

Share capital

The incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are included in equity as a deduction, net of tax, from the proceeds.

Dividends are recognised in equity in the period when they are approved by the Annual General Meeting. When the parent company or other Group companies purchase the parent company's equity shares, the consideration paid is deducted from the equity as treasury shares until they are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in equity.

Cash and cash equivalents

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

Sampo presents cash flows from operating activities using the indirect method in which the profit (loss) before taxation is adjusted for the effects of transactions of a non-cash nature, deferrals and accruals, and income and expense associated with investing or financing cash flows.

In the cash flow statement, interest received and paid is presented in cash flows from operating activities. In addition, the dividends received are included in cash flows from operating activities. Dividends paid are presented in cash flows from financing.

Accounting policies requiring management judgement and key sources of estimation uncertainties

Preparation of the accounts in accordance with the IFRS requires management estimates and assumptions that affect the revenue, expenses, assets, liabilities and contingent liabilities presented in the financial statements. Judgement is needed also in the application of accounting policies. The estimates made are based on the best information available at the balance sheet date. The estimation is based on historical experiences and most probable assumptions concerning the future at the balance sheet date. The actual outcome may deviate from results based on estimates and assumptions. Any changes in the estimates will be recognised in the financial year during which the estimate is reviewed and in all subsequent periods.

Sampo's main assumptions concerning the future and the key uncertainties related to balance sheet estimates are related, for example, to assumptions used in actuarial calculations, determination of fair values of non-quoted financial assets and liabilities and investment property and determination of the impairment of financial assets and intangible assets. From Sampo's perspective, accounting policies concerning these areas require most significant use of estimates and assumptions.

Actuarial assumptions

Evaluation of insurance liabilities always involves uncertainty, as technical provisions are based on estimates and assumptions concerning future claims costs. The estimates are based on statistics on historical claims available to the Group on the balance sheet date. The uncertainty related to the estimates is generally greater when estimating new insurance portfolios or portfolios where clarification of a loss takes a long time because complete claims statistics are not yet available. In addition to the historical data, estimates of insurance liabilities take into consideration other matters such as claims development, the amount of unpaid claims, legislative changes, court rulings and the general economic situation.

A substantial part of the Group's P&C insurance liabilities concerns statutory accident and traffic insurance. The most significant uncertainties related to the evaluation of these liabilities are assumptions about inflation, mortality, discount rates and the effects of legislative revisions and legal practices.

The actuarial assumptions applied to life insurance liabilities are discussed in more detail under 'Insurance and investment contract liabilities and reinsurance assets'.

Defined benefit plans as intended in IAS 19 are also estimated in accordance with actuarial principles. As the calculation of a pension plan reserve is based on expected future pensions, assumptions must be made not only of discount rates, but also of matters such as mortality, employee turnover, price inflation and future salaries.

Determination of fair value

The fair value of any non-quoted financial assets is determined using valuation methods that are generally accepted in the market. These methods are discussed in more detail above under 'Fair value'.

Fair values of investment property have been determined internally during the financial year on the basis of comparative information derived from the market. They include management assumptions concerning market return requirements and the discount rate applied.

Impairment tests

Goodwill, intangible assets not yet available for use, and intangible assets with an indefinite useful life are tested for impairment at least annually. The recoverable amounts from cash-generating units have mainly been determined using calculations based on value in use. These require management estimates on matters such as future cash flows, the discount rate, and general economic growth and inflation.

Application of new or revised IFRSs and interpretations

The Group will apply the following new or amended standards and interpretations related to the Group's business in later financial years when they become effective, or if the effective date is other than the beginning of the financial year, during the financial year following the effective date.

IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on 1 Jan 2018 or after). The new standard will supersede IAS 18 and IAS 11 and related interpretations. The central criterion for revenue recognition is the passing of control. The adoption of the new standard will not have a material impact on the Group's financial statements reporting.

IFRS 16 *Leases* (effective for annual periods beginning on 1 Jan 2019 or after). The standard will supersede IAS 17 according to which leases were recognised either in the balance sheet as finance leases, or as other leases in which case the related liability was disclosed in the notes. The new standard requires all the leases, apart from low-value and short-term leases, to be recognised in the balance sheet. The adoption will have an effect on the Group's balance sheet, when all current leases are recognised there, and on the income statement in the form of recognised interest expenses and amortisations. However, the number of the current leases is not very significant in the Group.

The amendments to IFRS 9 *Financial Instruments* (estimated effective for annual periods beginning on 1 Jan 2021 or after) supersede IAS 39 *Financial Instruments: Recognition and Measurement*. Sampo is going to utilise the temporary exception option, outlined in the next chapter, and apply the standard on the annual period beginning on 1 Jan 2021. The new standard changes the classification and measurement of financial assets and includes a new impairment model based on expected credit losses. The hedge accounting will continue to have three different hedging relationships.

As the upcoming and IFRS 4 superseding new standard IFRS 17 *Insurance Contracts* (effective for annual periods beginning on 1 Jan 2021 or after) will have an impact on the insurance liabilities valuation, the insurance companies have been given additional options regarding the adoption of IFRS 9. If certain preconditions regarding the insurance liabilities are met, the company may apply the so-called temporary exception option and defer the implementation until the adoption of IFRS 17, at the latest on annual period beginning on 1 Jan 2021. The temporary exemption may be applied, if the Group's amount of insurance liabilities is greater than 90% of the total amount of liabilities. The application is also possible, if the ratio is greater than 80%, and the Group does not engage in a significant activity unconnected with insurance. Another allowed option is to apply IFRS 9 from 1 Jan 2018 on, but to remove from the income statement some of the accounting mismatches caused by the different valuation methods of assets and liabilities.

The Group has analyzed the preconditions for applying the temporary exemption, and stated that they are met. Therefore, the Group is going to apply the exemption and apply IFRS 9 at the same time with the upcoming IFRS 17. The Group has started analyzing the effects of applications in other areas as well, as the new standards will have a significant impact on the Group's financial statements.

Segment Information

Following the subsidiary treatment of Topdanmark A/S as of 30 Sep 2017, the structure of segment reporting changed as well. Previously Sampo reported three segments; P&C Insurance (including Topdanmark), Life Insurance and Holding segment (including Sampo's share of Nordea's profit). Subsequent to consolidation of Topdanmark as a subsidiary, Sampo changed its reporting structure and will report four reportable segments; If, Topdanmark, Mandatum and Holding (incl. Nordea).

The segment information for the comparison year has been restated. Topdanmark's share of associates' profit has been removed from the P&C insurance segment and included in Topdanmark's segment. The associate shares have also been removed from the P&C insurance segment and transferred to Holding's subsidiary shares.

Geographical information has been disclosed about income from external customers and non-current assets. The reported areas are Finland, Sweden, Norway, Denmark, the Baltic countries and other countries.

Segment information has been produced in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements.The segment revenue, expense, assets and liabilities, either directly attributable or reasonably allocable, have been allocated to the segments. Inter-segment pricing is based on market prices. The transactions, assets and liabilities between the segments are eliminated in the consolidated financial statements on a line-by-line basis.

Depreciation and amortisation by segment are disclosed in notes 10–12 and investments in associates in note 13.

Consolidated income statement by business segment for year ended 31 December 2017

EURm	If	Topdanmark	Mandatum	Holding	Elimination	Group
Insurance premius written	4,357	498	960	-	0	5,815
Net income from investments	216	107	782	10	-10	1,104
Other operating income	27	1	10	18	-20	36
Claims incurred	-2,717	-285	-1,021	-	-	-4,023
Change in liabilities for insurance and investment contracts	-64	-163	-377	-	1	-603
Staff costs	-543	-68	-47	-18	-	-676
Other operating expenses	-440	-39	-63	-14	20	-536
Finance costs	-19	-3	-7	-36	14	-52
Share of associates' profit/loss	1	94	0	616	-	712
- Gain from fair valuation of former associated company	-	706	-	-	-	706
Profit before taxes	**818**	**848**	**236**	**576**	**4**	**2,482**
Taxes	-180	-12	-51	0	0	-243
Profit for the year	**637**	**836**	**185**	**576**	**4**	**2,239**
Other comprehensive income for the period						
Items reclassifiable to profit or loss						
Exchange differences	-95	-1	0	-	-	-96
Available-for-sale financial assets	46	-	5	22	-	73
Share of associate's other comprehensive income	-	-	-	-57	-	-57
Taxes	-11	-	-2	-4	-	-18
Total items reclassifiable to profit or loss, net of tax	**-61**	**-1**	**3**	**-39**	**0**	**-97**
Items not reclassifiable to profit or loss						
Actuarial gains and losses from defined pension plans	5	-	-	-	-	5
Taxes	-1	-	-	-	-	-1
Total items not reclassifiable to profit or loss, net of tax	**4**	**-**	**-**	**-**	**-**	**4**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**581**	**836**	**188**	**537**	**4**	**2,146**
Profit attributable to						
Owners of the parent						2,216
Non-controlling interests						23
Total comprehensive income attributable to						
Owners of the parent						2,122
Non-controlling interests						23

Consolidated income statement by business segment for year ended 31 December 2016

EURm	If	Topdanmark	Mandatum	Holding	Elimination	Group
Insurance premius written	4,292	-	1,116	-	-32	5,375
Net income from investments	173	-	634	36	-16	827
Other operating income	26	-	23	17	-16	50
Claims incurred	-2,670	-	-967	-	10	-3,627
Change in liabilities for insurance and investment contracts	-6	-	-465	-	24	-448
Staff costs	-512	-	-46	-16	-	-574
Other operating expenses	-472	-	-78	-18	16	-551
Finance costs	-13	-	-7	-14	15	-18
Share of associates' profit/loss	5	59	0	773	-	837
Profit before taxes	**824**	**59**	**210**	**778**	**0**	**1,871**
Taxes	-178	-	-41	-2	-	-221
Profit for the year	**646**	**59**	**168**	**777**	**0**	**1,650**
Other comprehensive income for the period						
Items reclassifiable to profit or loss						
Exchange differences	-80	-	-	-	-	-80
Available-for-sale financial assets	118	-	82	24	-	225
Share of associate's other comprehensive income	-	-	-	19	-	19
Taxes	-25	-	-19	-5	-	-49
Total items reclassifiable to profit or loss, net of tax	**13**	**-**	**64**	**38**	**-**	**115**
Items not reclassifiable to profit or loss						
Actuarial gains and losses from defined pension plans	-6	-	-	-	-	-6
Taxes	1	-	-	-	-	1
Total items not reclassifiable to profit or loss, net of tax	**-5**	**-**	**-**	**-**	**-**	**-5**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**655**	**59**	**232**	**815**	**-**	**1,760**

Consolidated balance sheet by business segment at 31 December 2017

EURm	If	Topdanmark	Mandatum	Holding	Elimination	Group
Assets						
Property, plant and equipment	22	130	3	3	-	158
Investment property	12	489	151	-	-	653
Intangible assets	528	1,509	83	-	-	2,121
Investments in associates	14	173	0	7,578	-	7,765
Financial assets	11,217	6,166	4,977	4,510	-4,038	22,832
Investments related to unit-linked insurance contracts	-	3,464	3,986	-	-42	7,409
Tax assets	17	2	-	3	-4	18
Reinsurers' share of insurance liabilities	220	77	0	-	-	297
Other assets	1,601	211	103	33	-8	1,940
Cash and cash equivalents	437	72	1,025	1,200	-	2,734
Assets held for sale	-	-	3,374	-	-	3,374
Total assets	**14,069**	**12,293**	**13,703**	**13,326**	**-4,092**	**49,300**
Liabilities						
Liabilities for insurance and investment contracts	9,120	5,405	4,375	-	-	18,900
Liabilities for unit-linked insurance and investment contracts	-	4,036	3,965	-	-42	7,959
Financial liabilities	322	303	106	3,187	-269	3,649
Tax liabilities	278	196	164	-	-	638
Provisions	33	-	-	-	-	33
Employee benefits	57	-	-	-	-	57
Other liabilities	739	249	241	38	-9	1,258
Liabilities related to assets held for sale	-	-	3,299	-	-	3,299
Total liabilities	**10,549**	**10,189**	**12,150**	**3,224**	**-321**	**35,792**
Equity						
Share capital						98
Reserves						1,530
Retained earnings						10,692
Other components of equity						528
Equity attributable to parent company's equity holders						**12,848**
Non-controlling interests						660
Total equity						**13,508**
Total equity and liabilities						**49,300**

Consolidated balance sheet by business segment at 31 December 2016

EURm	If	Topdanmark	Mandatum	Holding	Elimination	Group
Assets						
Property, plant and equipment	19	-	4	3	-	27
Investment property	14	-	201	-	-4	211
Intangible assets	541	-	70	0	-	612
Investments in associates	13	539	0	7,554	-	8,107
Financial assets	11,667	-	5,459	3,201	-2,659	17,668
Investments related to unit-linked insurance	-	-	3,468	-	-41	3,427
Tax assets	24	-	-	7	-4	27
Reinsurers' share of insurance liabilities	236	-	3	-	-	239
Other assets	1,593	-	162	15	-9	1,761
Cash and cash equivalents	463	-	682	1,439	-	2,585
Assets held for sale	-	-	3,291	-	-	3,291
Total assets	**14,571**	**539**	**13,341**	**12,220**	**-2,717**	**37,955**
Liabilities						
Liabilities for insurance and investment contracts	9,379	-	4,611	-	-	13,990
Liabilities for unit-linked insurance and investment contracts	-	-	3,448	-	-41	3,407
Financial liabilities	474	-	111	3,551	-289	3,847
Tax liabilities	346	-	181	-	0	527
Provisions	35	-	-	-	-	35
Employee benefits	79	-	-	-	-	79
Other liabilities	700	-	148	96	-10	933
Liabilities related to assets held for sale	-	-	3,202	-	-	3,202
Total liabilities	**11,013**	**0**	**11,701**	**3,647**	**-340**	**26,021**
Equity						
Share capital						98
Reserves						1,531
Retained earnings						9,700
Other components of equity						605
Total equity						**11,934**
Total equity and liabilities						**37,955**

Geographical information

EURm	Finland	Sweden	Norway	Denmark	Baltic	Total
2017						
Revenue from external customers	1,914	1,496	1,316	993	158	**5,877**
Non-current assets	260	8,030	11	2,314	1	**10,617**
2016						
Revenue from external customers	2,129	1,453	1,321	389	161	**5,454**
Non-current assets	379	8,014	14	552	1	**8,961**

The revenue includes insurance premiums according to the underwriting country, consisting of premiums earned for P&C insurance and premiums written for life insurance, and net investment income and other operating income in the holding segment.

Non-current assets comprise of intangible assets, investments in associates, property, plant and equipment, and investment property.

Business acquisitions

Year 2017

Sampo Group has since May 2011 consolidated Danish insurer Topdanmark A/S as an associated company by reporting in the P&C Insurance segment the share of Topdanmark's profit corresponding to Sampo's holding. From 30 September 2017 on, Topdanmark has been consolidated as a subsidiary in the financial reporting of the Group.

The 30 September 2017 became the consolidatation date due to Sampo carrying out assessment on relevant facts and circumstances required by IFRS standards and concluding that the threshold for control in Topdanmark was exceeded, even if Sampo's share of outstanding shares was a little under 50%.

The acquistion price in the Group was determined as EURm 1,398 which was the fair value of Topdanmark's shares on the acquisition date, 30 September 2017. The carrying amount of Topdanmark's shares at the same time was EURm 692. The difference EURm 706 was recognised through p/l as an increase of the carrying amount.

At the acquisition date, the total number of shares was 95,000,000 of which Sampo held 41,977,070 shares. Taking into consideration the treasury shares held by Topdanmark, Sampo's share of voting rights was 49.1%. The 50.9% non-controlling interest included in the balance sheet of Topdanmark has been determined as a proportionate share of the net assets.

Topdanmark's balance sheet on 30 September 2017 was fully consolidated line-by-line. The share of Topdanmark's profit for Jan-Sep 2017 corresponding to Sampo's holding is reported as share of associate's profit/loss and the above-mentioned gain from fair valuation of former associated company is recognised as a separate line item. Topdanmark is reported as a separate segment in all segment reporting. As of 1 October 2017, Topdanmark's p/l items have been recognized line-by-line in the Group's consolidated financial statements.

Topdanmark is the second largest insurance company in Denmark, and is primarily engaged in providing life and non-life insurance products. The company has over one million personal customers and a large amount of farms and corporate clients. Jan - Sep 2017, the premiums earned in P&C business totalled EURm 906. In life insurance, the premiums earned were EURm 815. The company's shares are listed on OMX Nasdaq.

The fair values of consolidated assets and liabilities as of 30 September 2017 are disclosed below.

EURm	Fair value
Assets	
Property, plant and equipment	130
Investment property	492
Intangible assets	704
Investments in associates	169
Financial assets	6,261
Investments related to unit-linked insurance contracts	3,249
Tax assets	2
Reinsurers' share of insurance liabilities	98
Other assets	241
Cash and cash equivalents	45
Total assets	**11,390**
Liabilities	
Liabilities for insurance and investment contracts	5,531
Liabilities for unit-linked insurance and investment contracts	3,749
Financial liabilities	278
Tax liabilities	200
Other liabilities	382
Total liabilities	**10,139**
Non-controlling interests	636
Net assets total	**615**
Acquisition cost	**1,398**
Goodwill	**783**

Material partly-owned subsidiairies

Name	Country	Equity interest held 2017	2016
Topdanmark A/S	Denmark	51.1	-
Accumulated balances of material non-controlling interests		660	-

The summarised financial information. Figures are before inter-company eliminations.

Summarised statement of profit or loss

EURm	2017	2016
Insurance premius written	498	-
Net income from investments	107	-
Other operating income	1	-
Claims incurred	-285	-
Change in liabilities for insurance and investment contracts	-163	-
Staff costs	-68	-
Other operating expenses	-32	-
Finance costs	-3	-
Share of associates' profit/loss	4	-
Profit before taxes	**59**	**-**
Taxes	-14	-
Profit for the year	**45**	**-**
Attributable to non-controlling interests	**23**	**-**

Summarised statement of balance sheet

EURm	2017	2016
Assets		
Property, plant and equipment	130	-
Investment property	489	-
Intangible assets	696	-
Investments in associates	173	-
Financial assets	6,166	-
Investments related to unit-linked insurance	3,464	-
Tax assets	2	-
Reinsurers' share of insurance liabilities	77	-
Other assets	211	-
Cash and cash equivalents	72	-
Total assets	**11,480**	**-**
Liabilities		
Liabilities for insurance and investment contracts	5,405	-
Liabilities for unit-linked insurance and investment contracts	4,036	-
Financial liabilities	303	-
Tax liabilities	196	-
Other liabilities	249	-
Total liabilities	**10,189**	**-**
Total equity	1,291	
Attributable to equity holders of parent	631	-
Attributable to non-controlling interest	660	-

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1 Insurance premiums written

EURm	2017	2016
P&C insurance	4,737	4,458
Life insurance		
Insurance contracts	802	615
Investment contracts	457	475
Insurance premiums written, gross	**5,996**	**5,548**
Reinsurers' share		
P&C insurance	-174	-166
Life insurance, insurance contracts	-7	-6
Reinsurers' share, total	**-181**	**-172**
Group insurance premiums written total, net [1)]	**5,815**	**5,375**

[1)] The change in unearned premiums is presented in note 4, The change in insurance and investment liabilities.

2 Net income from investments

If

EURm	2017	2016
Financial assets		
Derivative financial instruments		
Gains/losses	-35	-7
Loans and receivables		
Interest income	9	9
Financial assets available-for-sale		
Debt securities		
Interest income	168	177
Impairment losses	-48	-15
Gains/losses	46	-11
Equity securities		
Gains/losses	117	45
Impairment losses	-27	-16
Dividend income	46	40
Total	**303**	**221**
Total from financial assets	**277**	**223**
Other assets		
Investment properties		
Gains/losses	0	0
Other	0	1
Total from other assets	**1**	**1**
Expense on other than financial liabilities	-7	-6
Effect of discounting annuities	-33	-28
Fee and commission expenses		
Asset management	-23	-17
If insurance, total	**216**	**173**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm -90 (12) transferred from the fair value reserve.

Topdanmark

EURm	2017	2016
Financial assets		
Derivative financial instruments	18	-
Gains/losses		
Financial assets for trading		
Debt securities		
Interest income	20	-
Gains/losses	-5	-
Equity securities		
Gains/losses	8	-
Dividend income	4	-
Total	**28**	**-**
Investments related to unit-linked contracts		
Debt securities		
Interest income	15	-
Gains/losses	-6	-
Equity securities		
Gains/losses	50	-
Dividend income	5	-
Other financial assets		
Gains/losses	25	-
Total	**90**	**-**
Total from financial assets	**136**	
Other assets	-18	-
Effect of discounting annuities	-11	-
Topdanmark, total	**107**	**-**

Mandatum

EURm	2017	2016
Financial assets		
Derivative financial instruments		
Gains/losses	170	-9
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	0	1
Gains/losses	0	-3
Total	**1**	**-3**
Investments related to unit-linked contracts		
Debt securities		
Interest income	43	50
Gains/losses	-22	4
Equity securities		
Gains/losses	311	198
Dividend income	36	32
Loans and receivables		
Interest income	-11	0
Other financial assets		
Gains/losses	47	-8
Total	**405**	**276**
Loans and receivables		
Interest income	2	4
Gains/losses	-14	6
Total	**-13**	**10**
Financial assets available-for-sale		
Debt securities		
Interest income	97	102
Gains/losses	-204	30
Equity securities		
Gains/losses	217	101
Impairment losses	-19	-15
Dividend income	92	122
Total	**183**	**340**
Total financial assets	**746**	**614**
Other assets		
Investment properties		
Gains/losses	29	3
Other	-10	6
Total other assets	**19**	**9**

Net fee income		
Asset management	-13	-15
Fee income	30	26
Total	**16**	**11**
Mandatum, total	**782**	**634**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm -147 (-106) transferred from the fair value reserve.

Holding

EURm	2017	2016
Financial assets		
Derivative financial instruments		
Gains/losses	0	12
Loans and receivables	1	-5
Financial assets available-for-sale		
Debt securities		
Interest income	33	34
Gains/losses	-32	10
Equity securities		
Gains/losses	4	-26
Impairment losses	0	-1
Dividend income	4	12
Total	**8**	**29**
Other assets	1	1
Holding, total	**10**	**36**

Included in gains/losses from financial assets available for-sale is a net gain of EURm -7 (27) transferred from the fair value reserve.

Elimination items between segments	-10	-16

EURm		
Group net investment income, total	**1,104**	**827**

The changes in the fair value reserve are disclosed in the Statement of changes in equity. Other income and expenses comprise rental income, maintenance expenses and depreciation of investment property. All the income and expenses arising from investments are included in Net income from investments. Gains/losses include realised gains/losses on sales, unrealised and realised changes in fair values and exchange differences. Unrealised fair value changes for financial assets available-for-sale are recorded in other comprehensive income and presented in the fair value reserve in equity. The effect of discounting annuities in P&C insurance is disclosed separately. The provision for annuities is calculated in accordance with actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future return on investments into account. To cover the costs for upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return on investments is added to annuity results.

3 Claims incurred

EURm	2017	2016
Claims paid		
P&C insurance	-3,036	-2,818
Life insurance		
Insurance contracts	-845	-692
Investment contracts	-311	-355
Claims paid, gross	**-4,193**	**-3,865**
Reinsurers' share		
P&C insurance	100	73
Life insurance, insurance contracts	5	3
Reinsurers's share, total	**105**	**76**
Claims paid total, net	**-4,088**	**-3,789**
Change in claims provision		
P&C insurance	75	87
Life insurance, insurance contracts	0	77
Change in claims provision, gross	**76**	**164**
Reinsurers' share		
P&C insurance	-8	-2
Life insurance, insurance contracts	-3	0
Reinsurers's share, total	**-11**	**-2**
Change in claims provision, net	**65**	**162**
Group claims incurred, total	**-4,023**	**-3,627**

4 Change in liabilities for insurance and investment contracts

EURm	2017	2016
Change in unearned premium provision		
P&C insurance	32	-4
Life insurance		
Insurance contracts	-356	-277
Investment contracts	-263	-165
Total change in liabilities, gross	**-587**	**-446**
Reinsurers' share		
P&C insurance	-17	-2
Group change in liabilities for insurance and investment contracts total, net	**-603**	**-448**

5 Staff costs

EURm	2017	2016
Wages and salaries	-474	-414
Cash-settled share-based payments	-28	-11
Share-settled share-based payments	-2	-
Pension costs		
- defined contribution plans	-67	-64
- defined benefit plans (Note 29)	-9	-5
Other social security costs	-97	-80
Group staff costs, total	**-676**	**-574**

More information on share-based payments in note 34 Incentive schemes.

6 Other operating expenses

EURm	2017	2016
IT costs	-124	-122
Other staff costs	-20	-16
Marketing expenses	-46	-43
Depreciation and amortisation	-25	-14
Rental expenses	-56	-50
Change in deferred acquisition costs	-6	-10
Direct insurance comissions	-167	-171
Comissions of reinsurance assumed	-1	-1
Commissions on reinsurance ceded	18	15
Other	-109	-139
Group other operating expenses, total	**-536**	**-551**

Item Other includes e.g. expenses related to communication, external services and other administrative expenses.

7 Result analysis of If

EURm	2017	2016
Insurance premiums earned	4,293	4,286
Claims incurred	-2,959	-2,905
Operating expenses	-705	-713
Other insurance technical income and expense	-8	-7
Allocated investment return transferred from the non-technical account	19	-3
Technical result	**640**	**658**
Net investment income account	229	188
Allocated investment return transferred to the technical account	-52	-26
Other income and expense	0	3
Operating result	**818**	**824**

Specification of activity-based operating expenses included in the income statement

EURm	2017	2016
Claims-adjustment expenses (claims paid)	-241	-235
Acquisition expenses (operating expenses)	-490	-490
Joint administrative expenses for insurance business (operating expenses)	-227	-226
Administrative expenses pertaining to other technical operations (operating expenses)	-35	-33
Asset management costs (investment expenses)	-23	-17
Total	**-1,016**	**-1,002**

8 Earnings per share

EURm	2017	2016
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	2,216	1,650
Weighted average number of shares outstanding during the period	560	560
Earnings per share (EUR per share)	3.96	2.95

9 Financial assets and liabilities

Financial assets and liabilities have been categorised in accordance with IAS 39.9. In the table are also included interest income and expenses, realised and unrealised gains and losses recognised in P/L, impairment losses and dividend income arising from those assets and liabilities. The financial assets in the table include balance sheet items Financial assets, Cash and cash equivalents and Assets held for sale.

	2017				
EURm	Carrying amount	Interest inc./exp.	Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	85	-40	185	-	-
Financial assets for trading	5,421	29	3	-	4
Financial assets designated as at fair value through p/l	0	0	0	-	0
Loans and receivables	3,275	11	-13	-	-
Financial assets available-for-sale	16,982	281	160	-106	142
Group financial assets, total	**25,764**	**281**	**335**	**-106**	**146**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	96	-	-		
Other financial liabilities	3,553	-52	4		
Group financial liabilities, total	**3,649**	**-52**	**4**		

EURm	Carrying amount	Interest inc./exp.	2016 Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	45	-21	18	-	-
Financial assets designated as at fair value through p/l	24	1	0	-	0
Loans and receivables	2,689	13	6	-	-
Financial assets available-for-sale	17,705	298	146	-47	175
Group financial assets, total	**20,463**	**290**	**169**	**-47**	**175**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	81	-	-		
Other financial liabilities	3,766	-52	34		
Group financial liabilities, total	**3,847**	**-52**	**34**		

10 Property, plant and equipment

EURm	2017 Land and buildings	Equipment	Total	2016 Land and buildings	Equipment	Total
At 1 January						
Cost	6	77	83	6	77	84
Accumulated depreciation	-2	-54	-56	-2	-56	-57
Net carrying amount at 1 January	**4**	**22**	**27**	**5**	**22**	**26**
At 31 December						
Cost	5	71	76	6	77	83
Business acquisitions	115	50	165			
Accumulated depreciation	-2	-81	-83	-2	-54	-56
Net carrying amount at 31 December	**118**	**40**	**158**	**4**	**22**	**27**

Equipment in different segments comprise IT equipment and furniture.

11 Investment property

EURm	2017	2016
At 1 January		
Cost	301	282
Accumulated depreciation	-67	-63
Accumulated impairment losses	-24	-24
Net carrying amount at 1 January	**211**	**195**
Net carrying amount at 1 January	**211**	**195**
Business acquisitions	491	-
Transfers to property, plant and equipment	-2	-
Additions	29	41
Disposals	-67	-22
Depreciation	-4	-4
Impairment losses	-6	1
Exchange differences	0	0
Net carrying amount at 31 December	**653**	**211**
At 31 December		
Cost	753	301
Accumulated depreciation	-71	-67
Accumulated impairment losses	-29	-24
Net carrying amount at 31 December	**653**	**211**
Rental income from investment property	27	23
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	33	10
- later than one year and not later than five years	45	14
- later than five years	24	3
Total	**102**	**28**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-13	-10
- direct operating expenses arising from investment property not generating rental income during the period	-4	-2
Total	**-17**	**-12**
Fair value of investment property at 31 December	**688**	**243**

Fair values for the Group's investment property are entirely determined by the Group based on the market evidence. The determination and hierarchy of financial assets and liabilities at fair value is disclosed in note 17. Based on the principles of this determination, the investment property falls under levels 2 and 3.

The premises in investment property for different segments are leased on market-based, irrevocable contracts. The lengths of the contracts vary from those for the time being to those for several years.

12 Intangible assets

EURm	Goodwill *)	Customer relations and Trademark	Other intangible assets	Total
	2017			
At 1 January				
Cost	679	-	67	746
Accumulated amortisation	-	-	-46	-46
Net carrying amount at 1 January	**679**	**-**	**22**	**700**
At 31 December				
Cost	694	-	149	843
Business acquisitions	783	633	59	1,475
Accumulated amortisation	-	-	-122	-122
Net carrying amount at 31 December	**1,476**	**633**	**86**	**2,196**
Mandatum's assets held for sale				-75
Group intangible assets, total				**2,121**

EURm	Goodwill *)	Other intangible assets	Total
	2016		
At 1 January			
Cost	700	67	766
Accumulated amortisation	-	-43	-43
Net carrying amount at 1 January	**700**	**24**	**724**
At 31 December			
Cost	679	67	746
Accumulated amortisation	-	-46	-46
Net carrying amount at 31 December	**679**	**22**	**700**
Mandatum's assets held for sale			-89
Group intangible assets, total			**611**

Goodwill is split between the segments as follows:	**2017**	**2016**
If	510	526
Topdanmark	813	-
Mandatum	153	153
	1,476	**679**

*) The change in the cost is due both to Topdanmark's consolidation as a subsidiary and If P&C Insurance Ltd becoming a branch of its Swedish sister company. Exchange differences affect the cost of the intangible assets as well.

At the business acquisition of Topdanmark, EURm 95 were allocated to trademark. The useful life of trademark is deemed indefinite and it will not be amortised.

Other intangible assets in all segments comprise mainly IT software.

Depreciation and impairment losses are included in the income statement item Other operating expenses.

Testing goodwill for impairment

Goodwill is tested for impairment in accordance with IAS 36 Impairment of assets. No impairment losses have been recognised based on these tests.

For the purpose of testing goodwill for impairment, Sampo determines the recoverable amount of its cash-generating units, to which goodwill has been allocated, on the basis of value in use. Sampo has defined these cash-generating units as If Group, Topdanmark Group and Mandatum Life Insurance Company Ltd (Mandatum hereafter).

The recoverable amounts for If and Mandatum have been determined by using a discounted cash flow model. The model is based on Sampo's management's best estimates of both historical evidence and economic conditions such as volumes, interest rates, margins, capital structure and income and cost development. The value in use model for Mandatum is greatly influenced by the long-term development of insurance liabilities, affecting e.g. the required solvency capital and thus the recoverable amount. That is why the forecast period is longer for Mandatum, 10 years. The derived cash flows were discounted at the pre-tax rates of the cost of equity which for If was 8.7% and for Mandatum Life 9.5%. The cost of equity is used as the cost of capital as neither company has principal outstanding.

Forecasts for If, approved by the management, cover years 2018 – 2020. The cash flows beyond that have been extrapolated using a 2% growth rate. A 2% growth rate for years beyond 2027 has been used for the for Mandatum Life as well, as it is believed to be close to the anticipated inflation in both cases.

In Mandatum Life, the recoverable amount exceeds its carrying amount by some EURm 600. With the calculation method used, e.g. an increase of about 2% point in the cost of equity could lead to a situation where the recoverable amount of the entity would equal its carrying amount.

As for the If Group, the management believes that any reasonably possible change in any of these key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

IAS 36 permits determing the recoverable amount by using the fair value less costs to sell. For Topdanmark, the valuation of goodwill has been tested on the balance sheet date by using that method. Topdanmark's share price at the acquisition date 30 September 2017 was 247.70 Danish crowns and 268.10 Danish crowns on 31 December 2017. The fair value of Topdanmark on the balance sheet date exceeds its carrying amount in the Group.

13 Investments in associates

Associates that have been accounted for by the equity method at 31 Dec. 2017

EURm Name	Domicile	Carrying amount	Fair value *)	Interest held %
Nordea Bank Abp	Sweden	7,578	8,680	21.25
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	3		21.98
Svithun Assuranse AS	Norway	1		33.00
Contemi Holding AS	Norway	0		28.57
SOS International A/S	Denmark	8		25.20
Bornholms Brandforsikring A/S	Denmark	10		27.00
Komplementarselskabet Margretheholm ApS	Denmark	0		50.00
Komplementarselskabet Havneholmen ApS	Denmark	0		50.00
Margretheholm P/S	Denmark	23		50.00
Havneholmen P/S	Denmark	64		50.00
P/S Ejendomsholding Banemarksvej	Denmark	6		40.00
Komplementarselskabet Banemarksvej ApS	Denmark	0		40.00
Carlsberg Byen P/S	Denmark	69		22.51

Associates that have been accounted for by the equity method at 31 December 2016

EURm Name	Domicile	Carrying amount	Fair value *)	Interest held %
Nordea Bank Abp	Sweden	7,554	9,124	21.25
Topdanmark A/S	Denmark	554	955	45.38
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	2		21.98
Svithun Assuranse AS	Norway	1		33.00
Contemi Holding AS	Norway	0		28.57
SOS International A/S	Denmark	7		25.20

*) Published price quatation

Changes in investments in associates

	2017			2016		
EURm	Nordea	Other associates	Total	Nordea	Other associates	Total
At beginning of year	7,554	553	8,107	7,305	374	7,679
Share of loss/profit	616	5	622	773	65	837
Business acquisitions	-	169	-	-	-	-
Additions	-	-	-	-	205	205
Disposals	-559	-540	-1,099	-551	-5	-555
Changes in the equity of associates	-33	-	-33	27	-86	-59
Exchange differences	-	0	0	-	0	0
At end of year	**7,578**	**187**	**7,596**	**7,554**	**553**	**8,107**

The carrying amount of investments in associates included goodwill EURm 990 (1,101), including goodwill from the Nordea acquisition EURm 978 (978).

Sampo's holding in Nordea

Nordea is an universal bank with positions within corporate merchant banking as well as retail banking and private banking. With approximately 700 branches, call centers in all Nordic countries and an e-bank, Nordea also has a large distribution network for customers in the Nordic and Baltic sea region.

Financial information on Nordea

EURm	2017	2016
Assets	581,612	615,659
Liabilities	548,296	583,249
Goodwill included in the assets	1,994	2,247
Revenue	9,469	9,927
Other comprehensive income items	-520	165
Comprehensive income statement	3,048	3,766
Dividend income from the associate during the financial year	559	551

Reconciliation of Nordea's carrying amount to Nordea's financial information

EURm	2017	2016
Net assets of Nordea	30,404	30,162
Sampo's share of 21.25%	6,461	6,409
Remaining allocataions		
Goodwill	978	978
Trademark and customer relations, net	139	166
Total carrying amount	**7,578**	**7,554**

Sampo's holding in Topdanmark

Topdanmark is the second largest insurance company in Denmark, and is primarily engaged in providing life and non-life insurance products. Sampo consolidated Topdanmark as an associated company until 30 September 2017 when it became a subsidiary of Sampo. The share of associates' profit for 2017 is thus for the time period of 1.1. - 30.9.2017. The last quarter of Topdanmark's profit has been conslidated line by line in the Group's financial statements.

Sampo's share of Topdanmark's profit/loss

EURm	2017	2016
Share of loss/profit of the associate	99	67
Amortisation of the customer rlations	-12	-11
Change in deferred tax	3	2
Share of the loss/profit of an associate	**90**	**59**

14 Financial assets

Group's financial assets comprise investments in derivatives, financial assets designated as at fair value through p/l, loans and receivables, available-for-sale financial assets and investments in subsidiaries. The Holding segment includes also investments in subsidiaries.

The Group uses derivative instruments for trading and for hedging purposes. The derivatives used are foreign exchange, interest rate and equity derivatives. Fair value hedging has been applied during the financial year in Mandatum.

EURm	2017	2016
If		
Derivative financial instruments	25	14
Loans and receivables	83	84
Financial assets available-for-sale	11,109	11,569
If, total	**11,217**	**11,667**
Topdanmark		
Derivative financial instruments	16	-
Assets held for trading	5,692	
Loans and receivables	458	-
Topdanmark, total	**6,166**	**-**
Mandatum		
Derivative financial instruments	31	13
Financial assets designated as at fair value through p/l	-	24
Loans and receivables	0	20
Financial assets available-for-sale	5,144	5,612
Total	**5,176**	**5,670**
Assets held for sale	-198	-210
Mandatum, total	**4,977**	**5,459**
Holding		
Derivative financial instruments	13	18
Loans and receivables	0	0
Financial assets available-for-sale	729	814
Investments in subsidiaries	3,767	2,370
Holding, total	**4,510**	**3,201**
Elimination items between segments	-4,038	-2,659
Group financial assets, total	**22,832**	**17,668**

Derivative financial instruments

	2017			2016		
	Contract/	Fair value		Contract/	Fair value	
EURm	notional amount	Assets	Liabilities	notional amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Intrerest rate swaps	2,836	6	77	735	12	4
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	11,131	74	18	5,317	27	75
Currency options, bought and sold	188	2	1	92	0	0
Total foreign exchange derivatives	**11,319**	**76**	**18**	**5,409**	**27**	**75**
Equity derivatives						
OTC derivatives						
Equity and equity index options	0	0	0	9	3	3
Equity futures	44	0	0	-	-	-
Total equity derivatives	**44**	**0**	**0**	**9**	**3**	**3**
Total derivatives held for trading	**14,199**	**82**	**96**	**6,153**	**43**	**81**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	364	3	0	534	2	0
Total derivatives held for hedging	**364**	**3**	**0**	**534**	**2**	**0**
Group financial derivatives, total	**14,563**	**85**	**96**	**6,687**	**45**	**81**

Fair value hedges

Fair value hedging is used to hedge a proportion of foreign exchange and interest risk in available-for-sale financial assets. The interest elements of forward contracts have been excluded from hedging relationships in foreign exchange hedges. Net result from exchange derivatives designated as fair value hedges amounted to EURm -63 (19). Net result from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 63 (-19).

Other financial assets

EURm	2017	2016
Financial assets designated as at fair value through p/l		
Debt securities	4,628	22
Equty securities	793	2
Total financial assets designated as at fair value through p/l	**5,422**	**24**
Loans and receivables	542	104
Financial assets available-for-sale		
Debt securities	13,081	13,503
Equity securities	3,902	4,202
Total financial assets available-for-sale	**16,982**	**17,705**

Financial assets available-for-sale include impairment losses EURm 288 (242).

Group other financial assets, total	**22,945**	**17,833**
Mandatum's assets held for sale	-198	-210

EURm	2017	2016
Group financial assets, total	**22,832**	**17,668**

15 Fair values

EURm	2017 Fair value	2017 Carrying ammount	2016 Fair value	2016 Carrying amount
Financial assets, group				
Financial assets	22,375	22,375	17,880	17,879
Investments related to unit-linked contracts	7,409	7,409	3,427	3,427
Other assets	469	469	49	49
Cash and cash equivalents	2,734	2,734	2,585	2,585
Total	**32,987**	**32,987**	**23,941**	**23,940**
Financial liablities, group				
Financial liabilities	3,829	3,747	3,910	3,847
Other liabilities	63	63	31	31
Total	**3,892**	**3,810**	**3,941**	**3,878**

In the table above are presented fair values and carrying amounts of financial assets and liabilities. Assets held for sale are included in the figures. The detailed measurement bases of financial assets and liabilities are disclosed in Group Accounting policies.

The fair value of investment securities is assessed using quoted prices in active markets. If published price quotations are not available, the fair value is assessed using discounting method. Values for the discount rates are taken from the market's yield curve.

The fair value of the derivative instruments is assessed using quoted market prices in active markets, discounting method or option pricing models.

The fair value of loans and other financial instruments which have no quoted price in active markets is based on discounted cash flows, using quoted market rates. The market's yield curve is adjusted by other components of the instrument, e.g. by credit risk.

The fair value for short-term non-interest-bearing receivables and payables is their carrying amount.

Disclosed fair values are "clean" fair values, i.e. less interest accruals.

16 Determination and hierarchy of fair values

A large majority of Sampo Group's financial assets are valued at fair value. The valuation is based on either published price quatations or valuation techniques based on market observable inputs, where available. For a limited amount of assets the value needs to be determined using other techniques. The financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on e.g. if 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 include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

In level 3, the measurement is based on other inputs rather than observable market data.

The figures include the financial assets classified as Assets held for sale.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT 31 DECEMBER 2017				
Derivative financial instruments				
Interest rate swaps	-	6	-	6
Foreign exchange derivatives	-	79	-	79
Equity derivatives	-	1	-	1
	-	**86**	**-**	**86**
Assets held for trading				
Equity securities	608	185	-	793
Debt securities	3,953	868	77	4,899
	4,561	**1,053**	**77**	**5,692**
Financial assets designated at fair value through profit or loss				
Deposits	-	457	-	**457**
Financial assets related to unit-linked insurance				
Equity securities	2,223	4	6	2,233
Debt securities	1,163	1,625	38	2,826
Mutual funds	3,786	940	359	5,085
Derivative financial instruments	-	15	-	15
	7,173	**2,584**	**403**	**10,160**
Financial assets available-for-sale				
Equity securities	1,939	-	42	1,981
Debt securities	9,922	2,854	34	12,810
Mutual funds	1,183	62	675	1,921
	13,045	**2,916**	**751**	**16,712**
Total financial assests measured at fair value	**24,779**	**7,096**	**1,231**	**33,106**
FINANCIAL LIABILITIES AT 31 DECEMBER 2017				
Derivative financial instruments				
Interest rate derivatives	-	77	-	77
Foreign exchange derivatives	-	19	-	19
Total financial liabilities measured at fair value	**-**	**96**	**-**	**96**

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT 31 DECEMBER 2016				
Derivative financial instruments				
Interest rate swaps	-	12	-	12
Foreign exchange derivatives	-	30	-	30
Equity derivatives	-	3	-	3
	-	**45**	**-**	**45**
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	18	4	0	22
	20	**4**	**0**	**24**
Financial assets related to unit-linked insurance				
Equity securities	664	13	14	692
Debt securities	748	650	27	1,424
Mutual funds	2,954	902	154	4,009
Derivative financial instruments	-	2	-	2
	4,366	**1,567**	**194**	**6,128**
Financial assets available-for-sale				
Equity securities	2,123	-	48	2,171
Debt securities	9,410	4,036	58	13,504
Mutual funds	1,212	60	758	2,030
	12,746	**4,096**	**863**	**17,705**
Total financial assests measured at fair value	**17,132**	**5,713**	**1,057**	**23,902**

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES AT 31 DECEMBER 2016				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	74	-	74
Equity derivatives	-	3	-	3
Total financial liabilities measured at fair value	**-**	**81**	**-**	**81**

Transfers between levels 1 and 2

	2017		2016	
	Transfers from level 2 to level 1	**Transfers from level 1 to level 2**	**Transfers from level 2 to level 1**	**Transfers from level 1 to level 2**
Financial assets held for trading				
Debt securities	59	-	-	-
Financial assets related to unit-linked insurance				
Equity securities	49	48	3	4
Debt securities	18	-	-	-
	67	**48**	**3**	**4**
Financial assets available-for-sale				
Debt securities	811	649	459	502

Sensitivity analysis of fair values

The sensitivity of financial assets and liabilites to changes in exchange rates is assessed on business area level due to different base currencies. In If, 10 percentage point depreciation of all other currencies against SEK would result in an increase recognised in profit/loss of EURm 13 (10) and in a decrease recognised directly in equity of EURm -12 (-8). In Topdanmark, 10 percentage depreciation of all other currencies against DKK would result in a decrease recognised in profit/loss of EURm -1, but would not have an impact on equity. In Mandatum, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 12 (12) and in a decrease recognised directly in equity of EURm -79 (-94). In Holding, 10 percentage point depreciation of all other currencies against EUR would have no impact in profit/loss, but a decrease recognised in equity of EURm -216 (-163).

The sensitivity analysis of the Group's fair values of financial assets and liabilities in differenct market risk scenarios is presented below. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 December 2017.

The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes.

The debt issued by Sampo plc is not included.

	Interest rate		**Equity**	**Other financial investments**
	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Effect recognised in profit/loss	173	-200	-122	-37
Effect recognised directly in equity	278	-262	-628	-158
Total effect	**173**	**-200**	**-122**	**-37**

17 Movements in level 3 financial instruments measured at fair value

EURm	1.1.	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases *)	Sales	31.12.	Gains/ losses included in p/l for financial assets at 31.12.2017
FINANCIAL ASSETS AT 31 DECEMBER 2017							
Financial assets held for trading							
Debt securities	-	-4	-	89	-9	77	-4
Financial assets related to unit-linked insurance							
Equity securities	14	-8	-	7	-6	6	-8
Debt securities	27	0	-	21	-9	38	0
Mutual funds	154	10	-	242	-47	359	11
	194	**2**	**-**	**269**	**-62**	**403**	**3**
Financial assets available-for-sale							
Equity securities	48	10	-1	6	-21	43	-2
Debt securities	58	0	0	334	-358	34	0
Mutual funds	757	-49	11	180	-226	674	-36
	864	**-38**	**10**	**520**	**-604**	**751**	**-38**
Total financial assests measured at fair value	**1,058**	**-40**	**10**	**878**	**-675**	**1,231**	**-39**

*) Purhcases of debt securities include additions from business acquisitions EURm 57 in assets held for trading and EURm 21 in financial assets related to unit-linked insurance.

EURm	Realised gains/ losses	2017 Fair value gains and losses	Total
Total gains or losses included in profir or loss for the financial year	-37	8	**-29**
Total gains or losses included in profit and loss for assets held at the end of the financial year	-46	8	**-39**

EURm	1.1.	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	31.12.	Gains/ losses included in p/l for financial assets at 31.12.2016
FINANCIAL ASSETS AT 31 DECEMBER 2016							
Financial assets related to unit-linked insurance							
Equity securities	17	-6	-	12	-9	14	-4
Debt securities	27	0	-	0	0	27	0
Mutual funds	46	-3	-	129	-19	154	-2
	89	**-9**	**-**	**142**	**-29**	**194**	**-5**
Financial assets available-for-sale							
Equity securities	46	2	-1	6	-4	48	-2
Debt securities	90	1	0	213	-246	58	0
Mutual funds	801	0	-20	174	-198	757	-21
	936	**4**	**-22**	**393**	**-448**	**863**	**-22**
Total financial assests measured at fair value	**1,026**	**-5**	**-22**	**535**	**-477**	**1,057**	**-27**

EURm	Realised gains/ losses	2016 Fair value gains and losses	Total
Total gains or losses included in profir or loss for the financial year	-5	-22	**-26**
Total gains or losses included in profit and loss for assets held at the end of the financial year	-6	-22	**-27**

18 Sensitivity analysis of level 3 financial instruments measured at fair value

EURm	2017 Carrying amount	2017 Effect of reasonably possible alternative assumptions (+ / -)	2016 Carrying amount	2016 Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets available-for-sale				
Equity securities	42	-8	48	-10
Debt securities	34	-1	58	-2
Mutual funds	675	-135	758	-152
Total	**751**	**-145**	**863**	**-163**

The value of financial assets regarding the debt security instruments has been tested by assuming a rise of 1 per cent unit in interest rate level in all maturities. For other financial assets, the prices were assumed to go down by 20 per cent. Sampo Group bears no investment risks related to unit-linked insurance, so a change in assumptions regarding these assets does not affect profit or loss. On the basis of the these alternative assumptions, a possible change in interest levels at 31 December 2017 would cause a descend of EURm 1 (2) for the debt instruments, and EURm 143 (162) valuation loss for other instruments in the Group's other comprehensive income. The reasonably possible effect, proportionate to the Group's equity, would thus be 1.1 per cent (1.4).

19 Investments related to unit-linked insurance contracts

EURm	2017	2016
Financial assets designated at fair value through p/l		
Debt securities	2,826	1,426
Equity securities	6,870	4,660
Total	**9,697**	**6,086**
Loans and other receivables	373	330
Other financial assets	440	2
Investments related to unit-linked insurance contracts, total	**10,509**	**6,419**
Mandatum's assets held for sale	-3,100	-2,992
Group investments related to unit-linked contracts, total	**7,409**	**3,427**

20 Deferred tax assets and liabilities

Changes in deferred tax during the financial period 2017

EURm	1.1.	Business acquisitions	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31.12
Deferred tax assets						
Tax losses carried forward	15	0	0	0	0	15
Employee benefits	28	0	-6	-1	-1	20
Other deductible temporary differences	13	2	-1	2	-1	15
Total	**56**	**2**	**-7**	**1**	**-2**	**50**
Netting of deferred taxes						-32
Deferred tax assets in the balance sheet						**18**
Deferred tax liabilities						
Depreciation differences and untaxed reserves	257	0	-58	0	-10	189
Changes in fair values	265	0	-3	11	-2	271
Other taxable temporary differences	33	197	-22	1	0	209
Total	**555**	**197**	**-83**	**12**	**-12**	**670**
Netting of deferred taxes						-32
Total deferred tax liabilities in the balance sheet						**638**

Changes in deferred tax during the financial period 2016

EURm	1.1.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31.12
Deferred tax assets					
Tax losses carried forward	15	0	0	0	15
Changes in fair values	35	-8	1	0	28
Other deductible temporary differences	19	-7	0	1	13
Total	**68**	**-15**	**1**	**1**	**56**
Netting of deferred taxes					-28
Deferred tax assets in the balance sheet					**27**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	251	6	0	0	257
Changes in fair values	221	-2	48	-2	265
Other taxable temporary differences	28	4	1	0	33
Total	**500**	**8**	**49**	**-2**	**555**
Netting of deferred taxes					-28
Total deferred tax liabilities in the balance sheet					**527**

In Sampo plc, EURm 27 of deferred tax asset has not been recognised on unused tax losses. The first losses will expire in 2019.

In life insurance, EURm 3 of deferred tax asset has not been recognised on unused tax losses.

21 Taxes

EURm	2017	2016
Profit before tax	2,482	1,871
Tax calculated at parent company's tax rate	-496	-374
Different tax rates on overseas earnings	-14	-14
Income not subject to tax	3	7
Expenses not allowable for tax purposes	-13	-4
Consolidation procedures and eliminations	279	165
Tax losses for which no deferred tax asset has been recognised	-2	2
Changes in tax rates	-	0
Tax from previous years	0	-3
Total	**-243**	**-221**

22 Components of other comprehensive income

EURm	2017	2016
Other comprehensive income:		
Items reclassifiable to profit or loss		
Exchange differences	-96	-80
Available-for-sale financial assets		
Gains/losses arising during the year	324	302
Reclassification adjustments	-244	-66
The share of the segretated Suomi portfolio	-7	-11
Share of associate's other comprehensive income	-57	19
Taxes	-18	-49
Total items reclassifiable to profit or loss, net of tax	**-97**	**115**
Items not reclassifiable to profit or loss		
Actuarial gains and losses from defined pension plans	5	-6
Taxes	-1	1
Total items not reclassifiable to profit or loss, net of tax	**4**	**-5**

23 Tax effects relating to components of other comprehensive income

	2017			2016		
EURm	**Before-tax amount**	**Tax**	**Net-of-tax amount**	**Before-tax amount**	**Tax**	**Net-of-tax amount**
Items reclassifiable to profit or loss						
Exchange differences	-96	-	-96	-80	-	-80
Available-for-sale financial assets	73	-18	55	225	-49	176
Share of associate's other comprehensive income	-57	-	-57	19	-	19
Total	**-79**	**-18**	**-97**	**164**	**-49**	**115**

24 Other assets

EURm	2017	2016
Interests	116	86
Assets arising from direct insurance operations	1,259	1,182
Assets arising from reinsurance operations	50	51
Settlement receivables	12	49
Deferred acquisition costs 1)	152	123
Assets related to Patient Insurance Pool	114	120
Other	236	148
Group other assets, total	**1,939**	**1,761**

Item Other comprise rental deposits, salary and travel advancements and assets held for resale.

Other assets include non-current assets EURm 109 (114).

1) Change in deferred acquisition costs in the period

EURm	2017	2016
At 1 January	**123**	**131**
Business acquisitions	41	-
Net change in the period	-6	-10
Exchange differences	-6	2
At 31 December	**152**	**123**

25 Liabilities from insurance and investment contracts

P&C liabilities from insurance contracts

	2017			2016		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for unearned premiums	2,399	51	2,348	2,042	44	1,997
Provision for claims outstanding	8,882	243	8,640	7,338	192	7,146
Incurred and reported losses	2,909	173	2,736	1,596	114	1,482
Incurred but not reported losses (IBNR)	3,093	70	3,023	3,327	78	3,249
Provisions for claims-adjustment costs	2,226	0	2,226	267	-	267
Provisions for annuities and sickness benefits	654	-	654	2,148	-	2,148
P&C insurance total	**11,281**	**294**	**10,987**	**9,379**	**236**	**9,143**

As Topdanmark and especially If are exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading.

Change in P&C insurance liabilities

	2017			2016		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Provision for unearned premiums						
At 1 January	**2,042**	**44**	**1,997**	**2,017**	**46**	**1,971**
Business acquisitions	463	24	487			-
Exchange differences	-75	-2	-77	20	1	21
Change in provision	-30	-15	-45	4	-2	2
At 31 December	**2,399**	**51**	**2,348**	**2,042**	**44**	**1,997**

	2017			2016		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Provision for claims outstanding						
At 1 January	**7,338**	**192**	**7,146**	**7,416**	**193**	**7,223**
Business acquisitions	1,809	70	1,739	-	-	-
Acquired/disposed insurance holdings	33	-	33	28	-	28
Exchange differences	-204	-11	-196	-19	1	-20
Change in provision	-93	-8	-85	-87	-2	-86
At 31 December	**8,882**	**243**	**8,640**	**7,338**	**192**	**7,146**

The tables below show the cost trend for the claims for different years. The upper part of the tables shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet. More information on insurance liabilities in the risk management note 39.

If

Claims cost trend of P&C insurance

Claims costs before reinsurance

Estimated claims cost

EURm	< 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
At the close of the claims year	16,645	2,600	2,600	2,706	2,790	2,834	2,735	2,717	2,743	2,786	2,826	
One year later	16,554	2,558	2,552	2,745	2,899	2,822	2,762	2,710	2,761	2,820		
Two years later	16,529	2,504	2,526	2,692	2,895	2,837	2,763	2,718	2,749			
Three years later	16,491	2,477	2,488	2,691	2,883	2,827	2,768	2,729				
Four years later	16,358	2,456	2,470	2,685	2,856	2,796	2,773					
Five years later	16,238	2,442	2,448	2,682	2,841	2,763						
Six years later	16,227	2,424	2,446	2,667	2,819							
Seven years later	16,227	2,430	2,420	2,660								
Eight years later	16,339	2,412	2,408									
Nine years later	16,288	2,392										
Ten years later	16,267											
Current estimate of total claims costs	16,267	2,392	2,408	2,660	2,819	2,763	2,773	2,729	2,749	2,820	2,826	43,207
Total disbursed	13,441	2,206	2,209	2,429	2,578	2,509	2,444	2,351	2,322	2,253	1,627	36,369
Provision reported in the balance sheet	**2,826**	**186**	**199**	**231**	**241**	**254**	**329**	**378**	**427**	**567**	**1,199**	**6,838**
of which established vested annuities	1,580	66	65	79	76	76	83	81	56	31	5	2,197
Provision for claims-adjustment costs												254
Total provision reported in the BS of If												**7,092**

Claims costs after reinsurance

Estimated claims cost

EURm	< 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
At the close of the claims year	15,549	2,486	2,490	2,576	2,640	2,644	2,687	2,679	2,698	2,727	2,766	
One year later	15,461	2,457	2,459	2,621	2,710	2,629	2,714	2,668	2,713	2,737		
Two years later	15,407	2,405	2,431	2,580	2,698	2,645	2,717	2,660	2,697			
Three years later	15,386	2,380	2,405	2,573	2,692	2,645	2,723	2,671				
Four years later	15,277	2,362	2,389	2,571	2,663	2,619	2,726					
Five years later	15,174	2,350	2,367	2,569	2,652	2,586						
Six years later	15,169	2,332	2,365	2,553	2,629							
Seven years later	15,180	2,339	2,342	2,544								
Eight years later	15,280	2,322	2,331									
Nine years later	15,225	2,302										
Ten years later	15,210											
Current estimate of total claims costs	15,210	2,302	2,331	2,544	2,629	2,586	2,726	2,671	2,697	2,737	2,766	41,199
Total disbursed	12,417	2,118	2,134	2,318	2,393	2,338	2,406	2,304	2,288	2,212	1,611	34,541
Provision reported in the balance sheet	**2,793**	**184**	**196**	**226**	**235**	**249**	**320**	**367**	**410**	**525**	**1,154**	**6,659**
of which established vested annuities	1,579	66	65	79	76	76	83	81	56	31	5	2,197
Provision for claims-adjustment costs												254
Total provision reported in the BS of If												**6,912**

Topdanmark

Claims cost trend of P&C insurance

Claims costs before reinsurance

Estimated claims cost

EURm	<2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
At the close of the claims year	881	904	915	968	862	1,014	894	886	869	796	
One year later	907	877	918	987	865	1,042	902	898	866		
Two years later	909	884	934	978	867	1,044	899	885			
Three years later	925	884	930	977	860	1,040	893				
Four years later	920	875	922	968	849	1,027					
Five years later	905	876	915	962	847						
Six years later	908	873	909	956							
Seven years later	883	867	908								
Eight years later	875	868									
Nine years later	875										
Current estimate of total claims costs	875	868	908	956	847	1,027	893	885	866	796	8,921
Total disbursed	812	808	830	870	745	899	739	704	630	411	7,449
Discounting	0	0	0	0	0	0	0	0	-1	-1	-3
Provision reported in the balance sheet	**62**	**60**	**78**	**86**	**101**	**128**	**153**	**182**	**236**	**385**	**1,470**
Discounting of previous years											278
Total provision reported in the BS of Topdanmark											**1,748**

Claims costs after reinsurance

Estimated claims cost

EURm	<2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
At the close of the claims year	836	858	858	828	810	858	841	830	807	771	
One year later	864	832	864	842	819	868	846	842	810		
Two years later	869	844	882	835	821	870	845	831			
Three years later	886	846	880	833	815	866	838				
Four years later	881	836	874	826	805	854					
Five years later	866	838	866	820	802						
Six years later	870	836	861	815							
Seven years later	845	830	860								
Eight years later	837	831									
Nine years later	836										
Current estimate of total claims costs	836	831	860	815	802	854	838	831	810	771	8,248
Total disbursed	775	772	782	729	703	730	690	664	589	403	6,838
Discounting	0	0	0	0	0	0	0	0	-1	-1	-3
Provision reported in the balance sheet	**61**	**59**	**78**	**86**	**99**	**123**	**148**	**168**	**221**	**368**	**1,407**
Discounting of previous years											278
Total provision reported in the BS of Topdanmark											**1,685**

Life insurance liabilities from insurance and investment contracts

	2017			2016		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for unearned premiums						
Insurance contracts	**5,467**	**0**	**5,467**	2,426	3	2,423
Investment contracts	2,324	-	2,324	28	-	28
Provision for claims outstanding	26	-	26	2,368	-	2,368
Total	**7,817**	**0**	**7,817**	**4,821**	**3**	**4,818**
Mandatum's liabilities related to assets held for sale	-198			-210		-210
Group liabilities from insurance and investment contracts, total	**7,618**	**0**	**7,618**	**4,611**	**3**	**4,608**

Change in liabilities from insurance contracts

	Gross	Reinsurance	
EURm	**Contracts with discretionary participation features**	**Contracts with discretionary participation features**	**Net**
At 1 January 2017	**4,794**	**-**	**4,794**
Business acquisitions	3,258	-	3,258
Premiums	159	-	159
Claims paid	-515	-	-515
Expense charge	-39	-	-39
Guaranteed interest	153	-	153
Bonuses	1	-	1
Other	-19	-	-19
Total at 31 December 2017	**7,791**	**-**	**7,791**
Mandatum's liabilities related to assets held for sale			-198
Life insurance liabilities from insurance contracts, total			**7,592**

	Gross	Reinsurance	
EURm	**Contracts with discretionary participation features**	**Contracts with discretionary participation features**	**Net**
At 1 January 2016	**4,979**	**0**	**4,979**
Premiums	149	-	149
Claims paid	-470	-	-470
Expense charge	-37	-	-37
Guaranteed interest	138	-	138
Bonuses	5	-	5
Other	29	-3	26
Total at 31 December 2016	**4,794**	**-3**	**4,791**
Mandatum's liabilities related to assets held for sale			-210
Life insurance liabilities from insurance contracts, total			**4,581**

Life insurance liabilities from investment contracts

EURm	2017	2016
Investment contracts with discretionary participation feature	26	28

The change between financial years is mainly due to the claims paid.

Change in liabilities from life insurance investment contracts

EURm	Contracts with discretionary participation features
At 1 January 2017	**28**
Claims paid	-2
Other	1
Life insurance liabilities from investment contracts at 31 December 2017, total	**26**

EURm	Contracts with discretionary participation features
At 1 January 2016	**36**
Other (includes i.e. conversions between different insurance classes)	-8
Life insurance liabilities from investment contracts at 31 December 2016, total	**28**

The liabilities at 1 January and at 31 December include the future bonus reserves and the effect of the reserve for the decreased discount rate. The calculation is based on items before reinsurers' share. More details on the insurance liabilities are presented in the risk management note 39.

Investment contracts do not include a provision for claims outstanding.

Liability adequacy test does not give rise to supplementary claims.

Exemption allowed in IFRS 4 Insurance contracts has been applied to investment contracts with DPF or contracts with a right to trade-off for an investment contract with DPF. These investment contracts have been valued like insurance contracts.

Reconciliation to the consolidated insurance and investment contracts

EURm	2017
P&C insurance	11,281
Life insurance	7,618
Consolidated insurance and investment contracts, total	**18,900**

26 Liabilities from unit-linked insurance and investment contracts

Life insurance

EURm	2017	2016
Unit-linked insurance contracts	4,794	4,427
Unit-linked investment contracts	2,230	1,972
Life insurance liabilities	4,036	-
Total	**11,060**	**6,399**
Liabilities related to assets held for sale	-3,100	-2,992

EURm		
Group liabilities from unit-linked insurance and investment contracts, total	**7,959**	**3,407**

27 Financial liabilities

The segment financial liabilities include derivatives, debt securities and other financial liabilities.

If

EURm	Maturity	Interest	2017	2016
Derivative financial instruments (note 14)			**11**	**67**
Subordinated debt securities				
Subordinated loans	**Maturity**	**Interest**		
Preferred capital note, 2011 (nominal value EURm 110)	30 years	6.00%	110	109
Preferred capital note, 2013 (nominal value EURm 90)	perpetual	4.70%	-	92
Preferred capital note, 2016 (nominal value 1,500 MSEK)	30 years	3 month Stibor + 2.25%	152	154
Preferred capital note, 2016 (nominal value 500 MSEK)	30 years	2.42%	51	52
Total subordinated debt securities			**312**	**407**
If, total financial liabilities			**322**	**474**

The loan 2011 was issued with fixed interest rates for the first ten years, after which it becomes subject to variable interest rates. The subordinated loan issued in 2013 has a fixed interest rate for the first 5.5 years afther which it becomes subject to variable interest rates. At the point of change, there is the possibility of redemption for all the loans.

The loan 2013 was prematurely repaid in September 2017.

The loan of 1,500 MSEK issued in 2016 is issued with variable interest rate terms. After ten years the margin is increased by one percentage point. It includes terms stating the right of redemption after five years and at any interest payment date thereafter.

The loan of 500 MSEK issued in 2016 is issued with fixed interest rate terms for the first five years. After that period, the loan becomes subject to variable interest rate but it also includes terms stating the right of redemption at this point in time or at any interest payment date thereafter.

All the loans are listed on the Luxembourg Exchange.

The purpose of the loans is to secure the good financial standing. All loans and their terms are approved by supervisory authorities and they are utilised for solvency purposes.

Topdanmark

EURm			2017	2016
Derivative financial instruments (note 14)			**69**	-
Subordinated debt securities				
Subordinated loans	**Maturity**	**Interest**		
Preferred capital note, 2017 (nominal value 400 MDKK)	bullet	3 month Cibor + 2.75%	53	-
Preferred capital note, 2015 (nominal value 500 MDKK)	12/2025	2.92% until 2020	67	-
Preferred capital note, 2015 (nominal value 850 MDKK)	06/2026	3 month Cibor +270 bp	114	-
Total subordinated debt securities			**234**	**-**
Topdanmark, total financial liabilities			**303**	**-**

Subordinated loans are wholly included in Topdanmark's own funds.

Mandatum

EURm	2017	2016
Derivative financial instruments (note 14)	6	11
Subordinated debt securities		
Subordinated loans	100	100
Mandatum, total financial liabilities	**106**	**111**

Mandatum Life issued in 2002 EURm 100 Capital Notes. The loan is perpetual and pays floating rate interest. The interest is payable only from distributable capital. The loan is repayable only with the consent of the Insurance Supervisory Authority and at the earliest on 2012 or any interest payment date after that. The loans is wholly subscribed by Sampo Plc.

Holding

EURm	2017	2016
Derivative financial instruments (note 14)	10	3
Debt securities in issue		
Commercial papers	293	671
Bonds *)	2,884	2,877
Total	**3,177**	**3,548**
Holding, total financial liabilities	**3,187**	**3,551**

*) The determination and hierarchy of financial assets and liabilities at fair value is disclosed in note 17. Based on the principles of this determination, the bonds of the Holding Company fall under level 2.

EURm	2017	2016
Elimination items between segments	-269	-289
EURm		
Group, total financial liabilities	**3,649**	**3,847**

Change in liabilities from financing activities

EURm	1.1.2017	Cash flows	Exchange differences	Other	31.12.2017
Commercial papers	671	-378	-	0	293
Bonds	2,877	25.1	-16	-2	2,884
Total liabilities from financing activities	**3,548**	**-353**	**-16**	**-2**	**3,177**

EURm	1.1.2016	Cash flows	Exchange differences	Other	31.12.2016
Commercial papers	305	366	-	0	671
Bonds	1,997	903	-21	-3	2,877
Total liabilities from financing activities	**2,302**	**1,269**	**-21**	**-2**	**3,548**

28 Provisions

EURm	2017
At 1 January 2017	**35**
Exchange rate differences	-1
Additions	6
Amounts used during the period	-7
Unused amounts reversed during the period	-1
At 31 December 2017	**33**
Current (less than 1 year)	7
Non-current (more than 1 year)	26
Total	**33**

EURm 9 (11) of the provision consist of assets reserved for the development of efficient administrative and claims-adjustment processes and structural changes in distribution channels result in organisational changes that affect all business areas. In addition, the item includes a provision of about EURm 24 (21) for law suits and other uncertain liabilities.

29 Employee benefits

Employee benefits

Sampo has defined benefit plans in P&C insurance business in Sweden and Norway.

In addition to statutory retirement pension insurance, the Group has certain voluntary defined benefit plans. The voluntary defined benefit plans are intra-Group and included in the insurance liabilities of Mandatum Life. The amount is negligible and they have no material impact on the Group profit or loss or equity.

Employee benefit obligations of If

EURm	2017	2016
Present value of estimated pension obligation, including social costs	268	294
Fair value of plan assets	211	214
Net pension obligation recognised in the balance sheet	**57**	**79**

The main Swedish defined-benefit pension plan is closed to new employees born in 1972 or later. The corresponding Norwegian pension plan consists solely of active people employed prior to 2006 and born 1957 and earlier.

For both countries, the pension benefits referred to are old-age pension and survivors' pension. A common feature of the defined-benefit plans is that the employees and survivors encompassed by the plans are entitled to a guaranteed pension that depends on the employees' service period and pensionable salary at the time of retirement. The dominating benefit is the old-age pension, which refers in part to temporary pension before the anticipated retirement age and in part to a life-long pension after the anticipated retirement age.

The retirement age for receiving premature pension is normally 62 years in Sweden and normally 65 years in Norway. In Sweden, premature old-age pension following a complete service period is payable at a rate of approximately 65% of the pensionable salary and applies to all employees born in 1955 or earlier and who were covered by the insurance sector's collective bargaining agreement of 2006. In Norway, premature old-age pension following a complete service period is payable at a rate of approximately 70% of the pensionable salary and applies to all employees born in 1957 or earlier and who were employed by If in 2013.

The anticipated retirement age in connection with life-long pension is 65 years for Sweden and 67 years for Norway. In Sweden, life-long old-age pension following a complete service period is payable at a rate of 10% of the pensionable salary between 0 and 7.5 income base amounts, 65% of salary between 7.5 and 20 income base amounts and 32.5% between 20 and 30 income base amounts. In Norway, life-long old-age pension following a complete service period is payable at a rate of 70% of the pensionable salary up to 12 National Insurance base amounts, together with the estimated statutory old-age pension. Paid-up policies and pension payments from the Swedish plans are normally indexed upwards in an amount corresponding to the change in the consumer price index. However, there is no agreement guaranteeing the value and future supplements in addition to the contractual pension benefit could either rise or fall. If is not responsible for indexation of paid-up policies and/or pension payments from the Norwegian insured plans.

The pensions are primarily funded through insurance whereby the insurers establish the premiums and disburse the benefits. If's obligation is primarily fulfilled through payment of the premiums. Should the assets that are attributable to the pension benefits not be sufficient to enable the insurers to cover the guaranteed pension benefits, If could be forced to pay supplementary insurance premiums or secure the pension obligations in some other way. In addition to insured pension plans, there are also unfunded pension benefits in Norway for which If is responsible for ongoing payment.

To cover the insured pension benefits, the related capital is managed as part of the insurers' management portfolios. In such management, the characteristics of the investment assets are analyzed in relation to the characteristics of the obligations, in a process known as Asset Liability Management. New and existing asset categories are evaluated continuously in order to diversify the asset portfolios with a view to optimizing the anticipated risk-adjusted return. Any surplus that arises from management of the assets normally accrues to If and/or the insured and there is no form of transfer of the asset value to other members of the insurance collective.

The insurers and If are jointly responsible for monitoring the pension plans, including investment decisions and contributions. The pension plans are essentially exposed to similar material risks regarding the final amount of the benefits, the investment risk associated with the plan assets and the fact that the choice of discount interest rate affects their valuation in the financial statements.

When applying IAS 19, the pension obligations are calculated, as is the pension cost attributable to the fiscal period, using actuarial methods. Pension rights are considered to have been vested straight line during the service period. The calculation of pension obligations is based on future anticipated pension payments and includes assumptions regarding mortality, employee turnover and salary growth. The nominally calculated obligation is discounted to the present value using interest rates based on the extrapolated yield-curves in Sweden and in Norway for AAA and AA corporate bonds, including mortgage-backed bonds, as at 30 November, approximately updated to reflect market conditions mid-December. The discount rate chosen takes into account the duration of the company's pension obligations. After a deduction for the plan assets, a net asset or net liability is recognized in the balance sheet.

The following tables contain a number of material assumptions, specifications of pension costs, assets and liabilities and a sensitivity analysis showing the potential effect on the obligations of reasonable changes in those assumptions as at the end of the fiscal year.

The carrying amounts have been stated including special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (14.1%-19.1%).

	2017			2016		
	Sweden	Norway	Total	Sweden	Norway	Total
Recognised in income statement and other comprehensive income						
Current service cost	6	2	8	5	4	9
Past service cost	-	-	0	0	-7	-6
Interest expense on net pension liability	1	1	2	1	1	2
Total in income statement	**6**	**3**	**9**	**7**	**-2**	**5**
Remeasurement of the net pension liability	-9	4	-5	8	-2	6
Total in comprehensive income statement	**-3**	**8**	**5**	**15**	**-4**	**11**
Recognised in balance sheet						
Present value of estimated pension liability, including social costs	199	69	268	206	87	294
Fair value of plan assets	177	35	211	166	49	214
Net liability recognised in balance sheet	**22**	**35**	**57**	**41**	**39**	**79**

	2017		2016	
Distribution by asset class	Sweden	Norway	Sweden	Norway
Debt instruments, level 1	39%	52%	39%	54%
Debt instruments, level 2	0%	13%	0%	13%
Equity instruments, level 1	27%	11%	28%	6%
Equity instruments, level 3	10%	2%	10%	3%
Property, level 3	11%	14%	11%	12%
Other, level 1	0%	6%	2%	9%
Other, level 2	7%	2%	6%	3%
Other, level 3	5%	0%	4%	0%

The following actuarial assumptions have been used for the calculation of defined benefit pension plans in Norway and Sweden:

	Sweden	Sweden	Norway	Norway
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Discount rate	2.75%	2.75%	2.50%	2.75%
Future salary increases	2.75%	2.75%	3.00%	3.00%
Price inflation	1.75%	1.75%	2.00%	2.00%
Mortality table	FFFS 2007:31 +1 year	FFFS 2007:31 +1 year	K2013	K2013
Average duration of pension liabilities	21 years	21 years	13 years	13 years
Expected contributions to the defined benefit plans during 2018 and 2017	9	9	3	3

	2017			2016		
Sensitivity analysis of effect of reasonably possible changes	Sweden	Norway	Total	Sweden	Norway	Total
Discount rate, +0,50%	-24	-5	**-28**	-25	-6	**-31**
Discount rate, -0,50%	27	5	**32**	28	6	**35**
Future salary increases, +0,25%	7	1	**8**	8	1	**9**
Future salary increases, -0,25%	-7	-1	**-7**	-8	-1	**-8**
Expected longevity, +1 year	8	2	**10**	8	2	**10**

EURm	2017 Funded plans	2017 Unfunded plans	2017 Total	2016 Funded plans	2016 Unfunded plans	2016 Total
Analysis of the employee benefit obligation						
Present value of estimated pension liability, including social costs	239	29	**268**	260	33	**294**
Fair value of plan assets	211	-	**211**	214	-	**214**
Net pension liability recognised in the balance sheet	**28**	**29**	**57**	**46**	**33**	**79**

Analysis of the change in net liability recognised in the balance sheet

EURm	2017	2016
Pension liabilities:		
At the beginning of the year	294	303
Earned during the financial year	8	9
Costs pertaining to prior-year service	-	-6
Interest cost	8	8
Actuarial gains (-)/losses (+) on financial assumptions	1	8
Actuarial gains (-)/losses (+), experience adjustments	-2	2
Exchange differences on foreign plans	-12	-2
Benefits paid	-28	-22
Settlements	-	-7
Defined benefit plans at 31 Dec.	**268**	**294**
Reconciliation of plan assets:		
At the beginning of the year	214	213
Interest income	6	6
Difference between actual return and calculated interest income	5	5
Contributions paid	16	16
Exchange differences on foreign plans	-8	-3
Benefits paid	-22	-14
Settlements	-	-7
Plan assets at 31 Dec.	**211**	**214**

Other short-term employee benefits

There are other short-term staff incentive programmes in the Group, the terms of which vary according to country, business area or company. Benefits are recognised in the profit or loss for the year they arise from. An estimated amount of these short-term incentives, social security costs included, for 2017 is EURm 68.

30 Other liabilities

EURm	2017	2016
Liabilities arising out of direct insurance operations	264	207
Liabilities arising out of reinsurance operations	44	34
Liabilities related to Patient Insurance Pool	112	118
Tax liabilities	185	114
Premium taxes	50	49
Liability for dividend distribution	-	38
Settlement liabilities	63	31
Interests	17	27
Prepayments and accrued income	266	171
Other	258	146
Group other liabilities, total	**1,258**	**933**

Item Other includes e.g. witholding taxes, social expenses related to Workers Compensation insurance policies and employee benefits and unpaid premium taxes.

The non-current share of other liabilities is EURm 97 (96).

31 Contingent liabilities and commitments

EURm	2017	2016
Off-balance sheet items		
Guarantees	992	4
Investment commitments	3	657
IT acquisitions	2	2
Other irrevocable commitments	106	15
Total	**1,103**	**677**

Assets pledged as collateral for liabilities or contingent liabilities

	2017		2016	
EURm	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Investments				
- Investment securities	218	129	231	147

EURm	2017	2016
Assets pledged as security for derivative contracts, carrying value		
Investment securities	15	34
Cash and cash equivalents	85	-

The pledged assets are included in the balance sheet item Other assets or Cash and cash equivalents.

EURm	2017	2016
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	32	34
later than one year and not later than five years	105	114
later than five years	54	52
Total	**191**	**200**
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-37	-37
- sublease payments	0	0
Total	**-37**	**-37**

The contracts have been made mainly for 3 to 10 years.

EURm	2017	2016
Other contingent liabilities		
Contract liabilities	82	-
Adjustments to VAT liabilities	11	-
Other liabilities	3	-

Other contingent liabilities belong to Topdanmark.

The subsidiary If P&C Insurance Ltd provides insurance with mutual undertakings within the Nordic Nuclear Insurance Pool, Norwegian Natural Perils' Pool and the Dutch Terror Pool.

In connection with the transfer of property and casualty insurance business from the Skandia group to the If Group as of March 1, 1999, If P&C Holding Ltd and If P&C Insurance Ltd issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ.) whereby the aforementioned companies in the If Group mutually guarantee that companies in the Skandia group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding Ltd and If P&C Insurance Ltd have separately entered into contracts with Försäkringsaktiebolaget Skandia (publ.) and Tryg-Baltica Forsikrings AS whereby Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Försäkringsaktiebolaget Skandia (publ.) and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (U.K.) Ltd. (now Marlon Insurance Company Ltd.) in favor of the Institute of London Underwriters. Marlon Insurance Company Ltd. was disposed during 2007, and the purchaser issued a guarantee in favour of If for the full amount that If may be required to pay under these guarantees.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling EURm 11, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

With respect to certain IT systems If and Sampo use jointly, If P&C Insurance Holding Ltd has undertaken to indemnify Sampo for any costs caused by It that Sampo may incur in relation to the owners of the systems.

Sampo Group's Danish companies and Topdanmark Group's companies are jointly taxed, with Topdanmark A/S being the management company. Pursuant to the specific rules on corporation taxes etc. in the Danish Companies Act, the companies are liable for the jointly taxed companies and for any obligations to withhold tax from interests, royalties and dividend for companies concerned.

Topdanmark EDB II ApS has entered into a contract with Keylane A/S on procurement and implementation of a new administration system for Topdanmark Life insurance. In connection with the implementation, Topdanmark Livsforsikring A/S has undertaken to give support in fulfilling Topdanmark EDB II ApS' obligations in accordance with the contract with Keylane A/S.

32 Equity and reserves

Equity

EURm	2017	2016
1 January	560,000	560,000
Cancellation of shares on the joint-book entry	-4,648	-
31 December	**555,352**	**560,000**

At the end of the financial year, the mother company or other Group companies held no shares in the parent company.

Reserves and retained earnings

Legal reserve

The legal reserve comprises the amounts to be transferred from the distributable equity according to the articles of association or on the basis of the decision of the AGM.

Invested unrestricted equity

The reserve includes other investments of equity nature, as well as issue price of shares to an extent it is not recorded in share capital by an express decision.

Other components of equity

Other components of equity include fair value changes of financial assets available for sale and derivatives used in cash flow hedges, and exchange differences.

Changes in the reserves and retained earnings are presented in the Group's statement of changes in equity.

33 Related party disclosures

Key management personnel

The key management personnel in Sampo Group consists of the members of the Board of Directors of Sampo plc and Sampo Group's Executive Committee, and the entities over which the members of the key management personnel have a control.

Key management compensation

EURm	2017	2016
Short-term employee benefits	9	9
Post employment benefits	3	2
Other long-term benefits	7	14
Total	**19**	**26**

Short-term employee benefits comprise salaries and other short-terms benefits, including profit-sharing bonuses accounted for for the year, and social security costs.

Post employment benefits include pension benefits under the Employees' Pensions Act (TyEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for for the year (see Note 34).

Related party transactions of the key management

The key management does not have any loans from the Group companies.

Associates

Outstanding balances with related parties/Associate Nordea

EURm	2017	2016
Assets	1,948	2,500
Liabilities	72	90

The Group's receivables from Nordea coprise mainly long-term investments in bonds and deposits. In addition, the Group has several on-going derivative contracts related to the Group's risk management of investments and liabilities.

34 Incentive schemes

Long-term incentive schemes 2011 I - 2017 I

The Board of Directors of Sampo plc has decided on the long-term incentive schemes 2011 I - 2017 I for the management and key employees of Sampo Group. The Board has authorised the CEO to decide who will be included in the scheme, as well as the number of calculated incentive units granted for each individual used in determining the amount of the incentive reward. In the schemes, the number of calculated incentive units granted for the members of the Group Executive Committee is decided by the Board of Directors. Some 130 persons were included in the schemes at the end of year 2017.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the insurance margin (IM) and on Sampo's return on the risk adjusted capital (RoCaR). The value of one calculated incentive unit is the trade-weighted average price of Sampo's A-share at the time period specified in the terms of the scheme, and reduced by the starting price adjusted with the dividends per share distributed up to the payment date. The pre-dividend starting prices vary between eur 39.07 - 43.81. The maximum value of one incentive unit varies between eur 33.37 - 62.81, reduced by the dividend-adjusted starting price. In all the schemes, the incentive reward depends on two benchmarks. If the IM is 6 per cent or more, the IM-based reward is paid in full. If the IM is between 4 - 5.99 per cent, half of the incentive reward is paid. No IM-related reward will be paid out, if the IM stays below these. In addition, the return on the risk adjusted capital is taken into account. If the return is at least risk free return + 4 per cent, the RORAC-based incentive reward is paid out in full. If the return is risk free return + 2 per cent, but less than risk free return + 4 percent, the payout is 50 per cent. If the return stays below these benchmarks, no RORAC-based reward will be paid out.

Each plan has three performance periods and incentive rewards are settled in cash in three installments. The employee shall authorise Sampo plc to buy Sampo's A-shares with 50 per cent (scheme 2017 I) or 60 percent (schemes 2014 and 2011 I) of the amount of the reward after taxes and other comparable charges. The shares are subject to transfer restrictions for three years from the day of payout. A premature payment of the reward may occur in the event of changes in the group structure or in the case of employment termination on specifically determined bases. The fair value of the incentive schemes is estimated by using the Black-Scholes pricing model.

		2011 I/2	2014 I	2014 I/2	2017 I
Terms approved *)		14/09/ 2011	17/09/ 2014	17/09/ 2014	14/09/ 2017
Granted (1,000) 31 Dec. 2014		100	4,434	-	-
Granted (1,000) 31 Dec. 2015		70	4,380	62	-
Granted (1,000) 31 Dec. 2016		35	4,211	62	-
Granted (1,000) 31 Dec. 2017		0	2,874	62	4,092
End of performance period I 30 %		Q2-2015	Q2-2017	Q2-2018	Q2-2020
End of performance period II 35 %		Q2-2016	Q2-2018	Q2-2019	Q2-2021
End of performance period III 35 %		Q2-2017	Q2-2019	Q2-2020	Q2-2022
Payment I 30 %		9-2015	9-2017	9-2018	9-2020
Payment II 35 %		9-2016	9-2018	9-2019	9-2021
Payment III 35 %		9-2017	9-2019	9-2020	9-2022
Price of Sampo A at terms approval date *)		18.10	37.22	37.22	44.02
Starting price **)		24.07	38.26	43.38	43.81
Dividend-adjusted starting price at 31 December 2017		16.97	31.86	38.93	43.81
Sampo A closing price at 31 December 2016	45.80				
Total intrinsic value, meur		0	29	0	2
Total debt	30				
Total cost for the financial period, EURm (incl. social costs)	28				

*) Grant dates vary
**) Trade-weighted average for ten trading days from the approval of terms

Long-term incentive scheme of Topdanmark

Topdanmark's share option scheme is for its Executive Board and senior executives. The strike price has been fixed at 110% of the market price on the last trading date in the prior financial year (average of all trades). The options may be exercised 3-5 years subsequent to the granting. The scheme is settled by shares.

The option scheme requires employment during the whole year of the allocation. Options are allocated at beginning of year and in connection with resignation in the year of allocation a proportional deduction in the number of allocated options is made.

	Strike price	Executive board	Senior executives	Resigned	Total
Total number of options (1,000)					
At 1 January 2017		339	1,179	265	1,701
Granted	26	96	352	0	407
Transferred		-112	-15	127	0
Exercised		-131	-530	-126	-326
At 31 December 2017		**192**	**986**	**266**	**1,783**
Average strike price at 31 December 2017		26	27	26	27
Per granting					
2013, exercise period January 2016 - 2018	18	0	12	18	30
2014, exercise period January 2017 - 2019	21	50	94	52	195
2015, exercise period January 2018 - 2020	30	39	249	75	363
2016, exercise period January 2019 - 2021	29	41	291	75	407
2017, exercise period January 2020 - 2022	26	62	341	46	448
At 31 December 2017		**192**	**986**	**266**	**1,444**
Average strike price exercised options 2017		17	19	18	18
Average market price on date of exercise 2017					28
Fair value of granting 2017		0	1		1
Fair value at 31 December 2017		2	9	3	14

The fair value of the granting for the year has been calculated using the Black and Scholes model assuming a share price of EUR 24. The interest rate corresponds to the zero coupon rate based on the swap curve on 31 December of the previous year. Future volatility is assumed to be 22% and the average life of the options approximately 4 years.

At 31 December 2017, there were 225,000 options which could be exercised.

35 Assets and liabilities related to assets held for sale

In October 2016, Mandatum Life Insurance Company announced that it will not continue the distribution agreement of insurance policies with Danske Bank Plc after 31 December 2016 and that it will use its right to sell the insurance portfolio acquired via Danske Bank to Danske Bank A/S. As a result of the valuation process the value of the insurance portfolio as at the 31 December 2016 is EUR 334 million. The theoretical result from the beginning of 2017 until the date of the transfer as determined in the valuation process will be deducted from the final sales price. This theoretical result for year 2017 is determined to be EUR 18.1 million and for year 2018 EUR 18.6 million. The actual result produced by the portfolio until the transfer remains with Mandatum Life. After the transfer has been completed the transaction is expected to have a negative impact of EUR 20 - 25 million on Mandatum Life's annual profit before taxes. As a result of the transaction rises a gross sales gain equalling the value of the insurance portfolio adjusted with the items above. In Sampo Group's consolidated accounts the goodwill of approximately EUR 75 million related to assets held for sale will be deducted from the sales gain. The transfer of the portfolio is expected to take place during 2018.

The insurance porfolio targeted in the agreement is mainly included in the "Unit-linked contracts" segment. Assets and liabilities are valued at book value. The effect of the with profit insurance portfolio on the investment result in the "Other contracts" segment is deemed insignificant. The insurance risk result in the "Other contrats" segment also consists mainly of other insurance portfolio than that targeted in the agreement. The effect of the transfer of the insurance portflio is expected to weaken the result significantly and this will mainly show in the "Unit-linked contract" segment. The premium income of the insurance porflio in 2017 was EUR 204 and claims cost EUR 252.

Assets and liabilities of the portfolio at 31 December 2017

Assets	
Financial assets	198
Investments related to unit-linked insurance contracts	3,100
Goodwill	75
Total	**3,374**

Liabilities	
Liabilities for insurance and investment contracts	198
Liabilities for unit-linked insurance and investment contracts	3,100
Total	**3,299**

36 Auditors' fees

EURm	**2017**	**2016**
Auditing fees	-3	-2
Ernst & Young	-2	-2
Other	0	-
Other fees	0	0
Ernst & Young	0	0
Other	0	-
Total	**-3**	**-3**

37 Legal proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2017, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

38 Investments in subsidiaries

Name	Group holding %	Carrying amount
If P&C Insurance Holding Ltd	100	1,886
If P&C Insurance Ltd	100	1,678
If P&C Insurance AS	100	45
Support Services AS	100	0
If Livförsäkring Ab	100	7
Nordic Assistance AB	100	1
Topdanmark A/S	49.09	1,398
Topdanmark Kapitalforvaltning A/S	100	16
Topdanmark Forsikring A/S	100	860
Topdanmark Liv Holding A/S	100	267
Topdanmark Livsforsikring A/S	100	455
Topdanmark Ejendom A/S	100	334
Nykredit Livsforsikring	100	17
Mandatum Life Insurance Company Ltd	100	484
Mandatum Life Services Ltd	100	4
Mandatum Life Investment Services Ltd	100	2
Saka Hallikiinteistöt GP Oy	100	0
Mandatum Life Vuokratontit I GP Oy	100	0
Mandatum Life Fund Management S.A.	100	1
Mandatum Life Insurance Baltic SE	100	11
If IT Services A/S	100	0
Sampo Capital Oy	100	1

The table excludes property and housing companies accounted for in the consolidated accounts.

39 Risk management disclosures

Sampo Group's Risks and Core Risk Management Activities

Sampo Group companies operate in business areas where specific features of value creation are the pricing of risks and the active management of risk portfolios in addition to sound client services. Hence common risk definitions are needed as a basis for business activities.

Group's Risks

In Sampo Group the risks associated with business activities fall into three main categories as shown in the picture Classification of Risks in Sampo Group: strategic risks, reputational risk and risks inherent in the business operations. The first two risk classes are only briefly described in this Risk Management Disclosure as the focus is on the third risk class.

External Drivers and Strategic Risks

Strategic risk is the risk of losses due to changes in the competitive environment or lack of internal operational flexibility. Unexpected changes in the general business environment can cause larger than expected fluctuations in the financial results and in the long run these can endanger the existence of Sampo Group's business models.

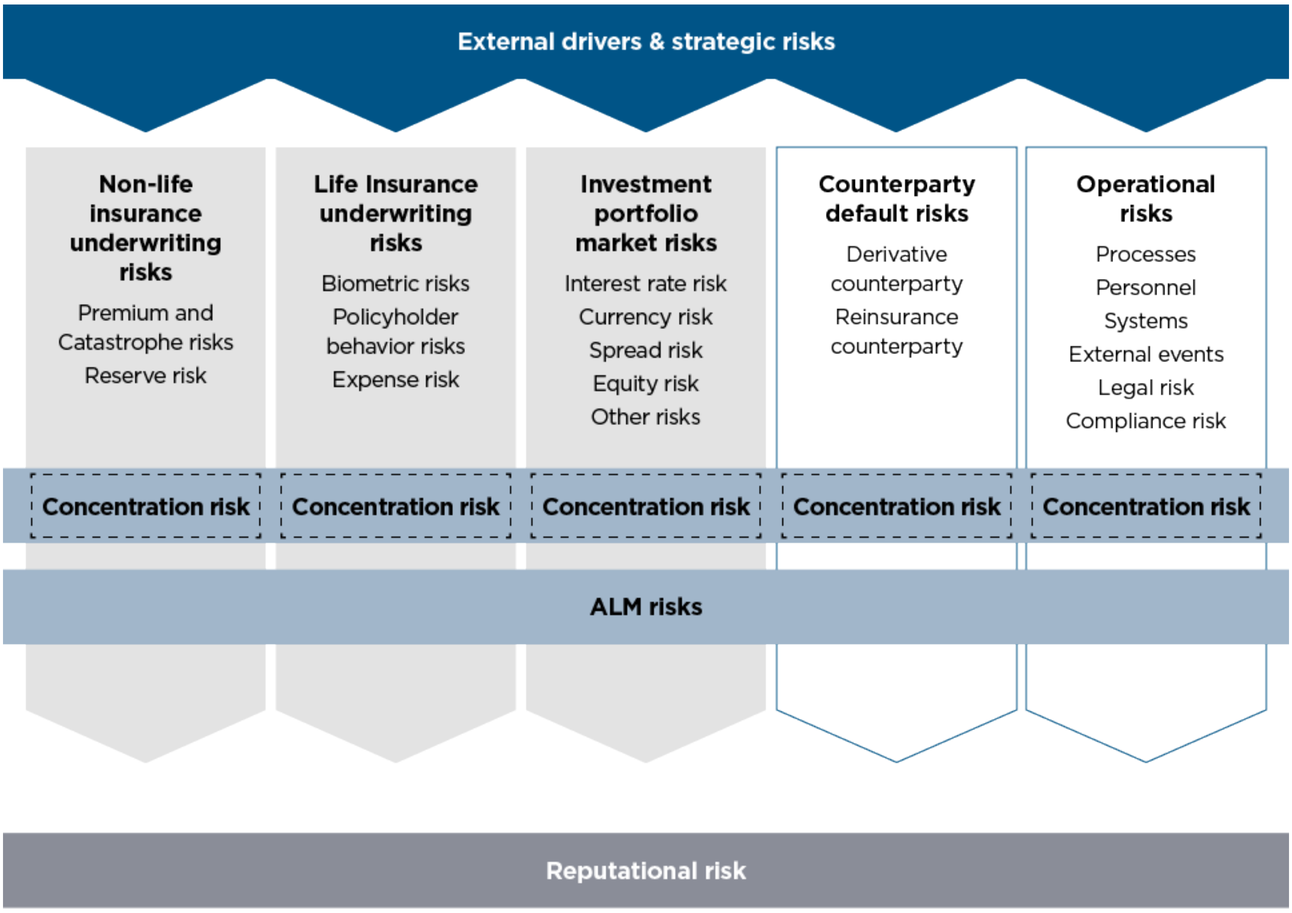
External drivers behind such changes are varied, and include for instance general economic development, changes in values, development of the institutional and physical environment and technological innovations. External drivers are often connected to each other in many ways and because of them customer demand and behaviour can change, new competitors may appear and as a result business models of the industry can change. Currently the themes of sustainable business practices in general and especially the issues related to environment, society and governance are changing the preferences and values of different stakeholders and hence as a result business environment is also changing in many different ways.

Due to the predominantly external nature of the drivers and development in the competitive environment, managing strategic risks is the responsibility of the executive level senior management. Proactive strategic decision-making is the central tool in managing strategic risks relating to business practices and competitive advantage. The maintenance of internal operational flexibility, in order to be able to adjust the business model and cost structure when needed is also an efficient tool in managing strategic risks. Although strategic risks are not covered by the capitalization process in Sampo Group they may have an effect on the amount and structure of the actual capital base, if this is deemed to be prudent in the existing business environment.

Reputational Risk

Reputational risk refers to the risk that adverse publicity regarding the company's business practices or associations, whether accurate or not, causes a loss of confidence in the integrity of the institution. Reputational risk is often a consequence of a materialized operational or compliance risk and often manifests as a deterioration of reputation amongst customers and other stakeholders. Reputational risk is related to all activities shown in the figure Classification of Risks in Sampo Group. As the roots of reputational risk are varied, the tools to prevent it must be diverse and embedded within the corporate culture. The corporate culture, which is based on the core values of ethicality, loyalty, openness and entrepreneurship, is thus seen as an essential tool in preventing reputational risk in Sampo Group. These core values are reflected in how Sampo deals with environmental issues and its core stakeholders (i.e. customers, personnel, investors, other co-operation partners, tax authorities and supervisory authorities) and how Sampo Group has organized its Corporate Governance system.

Classification of Risks in Sampo Group



Risks Inherent in Business Operations

In its underwriting and investment operations, Sampo Group is consciously taking certain risks in order to generate earnings. These **earnings risks** are carefully selected and actively managed. Underwriting risks are priced to reflect their inherent risk levels and the expected return of investments is compared to the related risks. Furthermore, earnings related risk exposures are adjusted continuously and their impact on the capital need is assessed regularly.

Successful management of underwriting risks and investment portfolio market risks is the main source of earnings for Sampo Group companies. Day-to-day management of these risks, i.e. maintaining them within given limits and authorisations is the responsibility of the business areas and the investment unit.

Some risks, such as counterparty default risks and operational risks presented in the figure Classification of Risks in Sampo Group are indirect repercussions of Sampo's normal business activities. They are one-sided risks, which in principle have no related earnings potential. Accordingly, the risk management objective is to mitigate these risks efficiently rather than actively manage them. Mitigation of **consequential risks** is the responsibility of the business areas and the investment unit. The capital need for these risks is measured by independent risk management functions. It has to be noted that the categorization of risks between earnings and consequential risks varies depending on the industry. For Sampo Group's clients, for instance, the events that are subject to insurance policies are consequential risks and for Sampo Group these same risks are earnings risks.

Some risks such as interest rate, currency and liquidity risks are by their nature simultaneously linked to various activities. In order to manage these risks efficiently, Sampo Group companies have to have a detailed understanding of expected cash flows and their variance within each of the company's activities. In addition, a thorough understanding is needed of how the market values of assets and liabilities may fluctuate at the total balance sheet level under different scenarios. These balance sheet level risks are commonly defined as Asset and Liability Management ("ALM") risks. In addition to interest rate, currency and liquidity risk, inflation risk and risks relating to GDP growth rates are central ALM risks in Sampo Group. The ALM risks are one of the focus areas of senior management because of their relevance to risks and earnings in the long run.

In general, **concentration risk** arises when the company's risk exposures are not diversified enough. When this is the case, an individual extremely unfavourable claim or financial market event, for instance, could threaten the solvency of the company.

Concentrations can evolve within separate activities – large single name or industry specific insurance or investment exposures – or across activities when a single name or an industry is contributing widely to the profitability and risks of the company through both insurance and investment activities.

Concentration risk may also materialize indirectly when profitability and capital position react similarly to general economic developments or to structural changes in the institutional environment in different areas of business. This kind of indirect concentration risk can be seen as part of strategic risk.

More detailed risk definitions can be found in Appendix 2 (Risk Definitions).

Core Risk Management Activities

To create value for all stakeholders in the long run, Sampo Group companies 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 to information.
- Human capital in the form of skillful and motivated employees.
- Social and relationship capital in the form of good relationships with society and clients to understand the changing needs of different stakeholders.

At the company level, these resources are continuously developed. They are in use when the following core activities related to risk pricing, risk taking and active management of risk portfolios are conducted.

Appropriate selection and pricing of underwriting risks

- Underwriting risks are carefully selected and are priced to reflect their inherent risk levels.
- Insurance products are developed proactively to meet clients' changing needs and preferences.

Effective management of underwriting exposures

- Diversification is actively sought.
- Reinsurance is used effectively to reduce largest exposures.

Careful selection and execution of investment transactions

- Risk return ratios and sustainability issues of separate investments opportunities are carefully analysed.
- Transactions are executed effectively.

Effective mitigation of consequential risks

- Counterparty default risks are mitigated by carefully selecting counterparties, applying collateral agreements and assuring adequate diversification.
- High quality and cost efficient business processes are maintained.
- Continuity and recovery plans are continuously developed to secure business continuity.

Effective management of investment portfolios and the balance sheet

- Balance between expected returns and risks in investment portfolios and the balance sheet is optimized, taking into account the features of insurance liabilities, internally assessed capital needs, regulatory solvency rules and rating requirements.
- Liquidity risks are managed by having an adequate portion of investments in liquid instruments. The portion is mainly dependent on the features of the liabilities.

At the group level, the risk management focus is on group-wide capitalization and liquidity. It is also essential to identify potential risk concentrations and to have a thorough understanding of how reported profits of companies would develop under different scenarios. These concentrations and correlations may have an effect on group level capitalization and liquidity buffers as well as on group level management actions.

When the above mentioned core activities are successfully implemented, a balance between profits, risks and capitalization can be achieved on both a company and group level and shareholder value can be created.

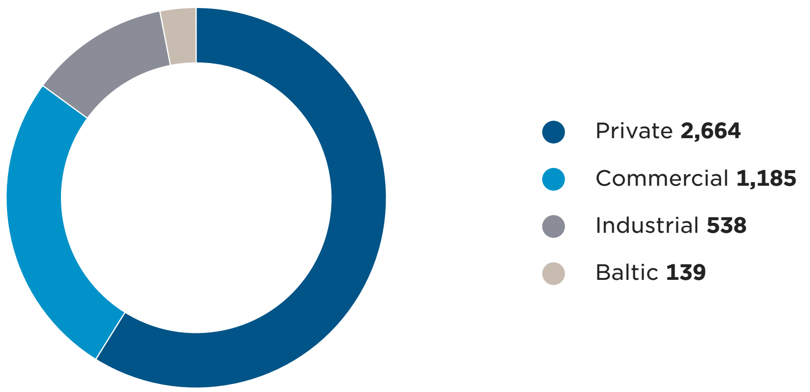
Further information on Sampo Group's steering framework and risk management process can be found in Sampo Group's Annual Report in Sampo Group's Risk Management Disclosure, in Appendix 1 (Sampo Group Steering Framework and Risk Management Process) and Appendix 3 (Selected Management Principles).

If P&C Group

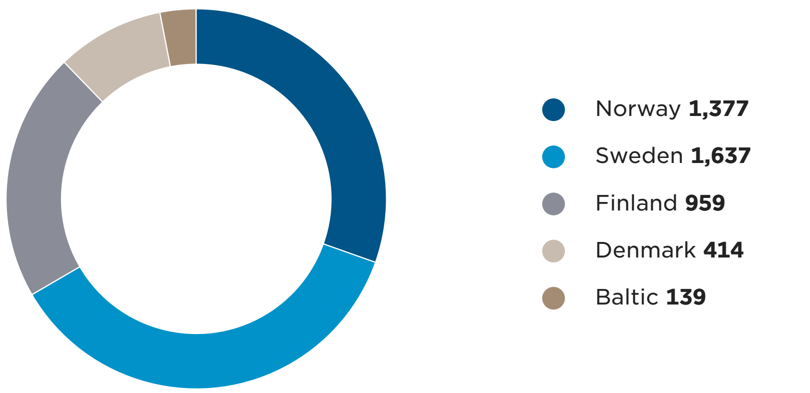
Underwriting Risks

As shown in the below figure Breakdown of Gross Written Premiums by Business Area, Country and Line of Business, If P&C, 2017, the If P&C insurance portfolio is well diversified across Business Areas, Countries and Lines of Business. The six Lines of Business are segmented in accordance with insurance class segmentation used in IFRS.

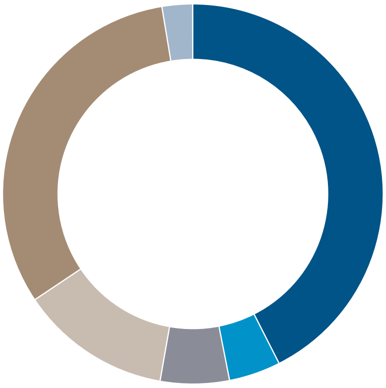
Breakdown of Gross Written Premiums by Business Area
If P&C, 2017, total EUR 4,526 million



Breakdown of Gross Written Premiums by Country
If P&C, 2017, total EUR 4,526 million



Breakdown of Gross Written Premiums by Line of Business
If P&C, 2017, total EUR 4,526 million



The following adjustments from IFRS LoB´s to Solvency II LoBs are made:

- IFRS Line of Business Motor other and Motor third party liability (1,924) include Solvency II Line of Business Motor vehicle liability insurance (590) and Other motor insurance (1,334).
- IFRS Line of Business Accident (581) includes Solvency II Line of Businesses Income protection insurance (397), Other Life (38), Medical expense insurance (131) and Assistance (14).

The item Other (including group eliminations) is not shown in the breakdowns above but is included in total gross written premiums. There are minor differences between the figures reported by Sampo Group and If P&C due to differences in foreign exchange rates used in consolidation.

Premium and Catastrophe Risk and Their Management and Control

Despite the diversified portfolio, risk concentrations and consequently severe claims may arise through, for example, exposures to natural catastrophes such as storms and floods. The geographical areas most exposed to such events are Denmark, Norway and Sweden. In addition to natural catastrophes, single large claims could have an impact on the insurance operations' result. The negative economic impact of natural catastrophes and single large claims is effectively mitigated by having a well-diversified portfolio and a group wide reinsurance program in place.

The sensitivity of the underwriting result and hence underwriting risk is presented by changes in certain key figures in the table Sensitivity Test of Underwriting Result, If P&C, 31 December 2017 and 31 December 2016.

Sensitivity Test of Underwriting Result
If P&C, 31 December 2017 and 31 December 2016 (unaudited)

Key figure	Current level (2017)	Change in current level	Effect on pretax profit, EURm 2017	Effect on pretax profit, EURm 2016
Combined ratio, business area Private	84.0%	+/- 1 percentage point	+/- 26	+/- 26
Combined ratio, business area Commercial	88.0%	+/- 1 percentage point	+/- 12	+/- 12
Combined ratio, business area Industrial	88.7%	+/- 1 percentage point	+/- 4	+/- 4
Combined ratio, business area Baltics	88.9%	+/- 1 percentage point	+/- 1	+/- 1
Net premiums earned (EURm)	4,294	+/- 1 per cent	+/- 43	+/- 43
Net claims incurred (EURm)	2,959	+/- 1 per cent	+/- 30	+/- 29
Ceded written premiums (EURm)	168	+/- 10 per cent	+/- 17	+/- 17

The Underwriting Committee ("UWC") shall give its opinion on and propose actions in respect of various issues related to underwriting risk. The committee also considers and proposes changes to the Underwriting Policy ("UW Policy"), which is the principal document for underwriting, and sets general principles, restrictions and directions for the underwriting activities. This document shall be reviewed and decided at least yearly by the Boards of Directors.

The Chairman of the UWC is responsible for the reporting of policy deviations and other issues dealt with by the committee.

The UW Policy is supplemented with guidelines outlining in greater detail how to conduct underwriting within each Business Area. These guidelines cover areas such as tariff and rating models for pricing, guidelines in respect of standard conditions and manuscript wordings, as well as authorities and limits. In accordance with the Instructions for the Underwriting Committee, the Committee monitors compliance with the established underwriting principles.

The Business Areas manage the underwriting risk on a day-to-day basis. A crucial factor affecting the profitability and risk of non-life insurance operations is the ability to accurately estimate future claims and expenses and thereby correctly price insurance contracts. The premiums within the Private Business Area and the premiums for smaller risks within the Commercial Business Area are set through tariffs. The underwriting of risks in the Industrial Business Area and of more complex risks within the Commercial Business Area is based to a greater extent on principles and individual underwriting than on strict tariffs. In general, pricing is based on statistical analyses of historical claims data and assessments of the future development of claims frequency and claims inflation.

If P&C's Reinsurance Policy stipulates guidelines for the purchase of reinsurance. The need and optimal choice of reinsurance is evaluated by looking at the expected cost versus the benefit of the reinsurance, the impact on result volatility and impact on capital requirements. The main tool for this evaluation is If P&C's internal model in which frequency of claims, large claims and natural catastrophes are modelled.

A group-wide reinsurance program has been in place in If P&C since 2003. In 2017, retention levels were between SEK 100 million (approximately EUR 10.2 million) and SEK 250 million (approximately EUR 25.4 million) per risk and SEK 250 million (approximately EUR 25.4 million) per event.

Reserve Risk and Its Management and Control

The main reserve risks for If P&C are stemming from uncertainty in the claim amounts caused by higher claim inflation and increases in life expectancy than expected, with the consequences that both annuities and lump sum payments would increase.

In the table Technical Provisions by Line of Business and Major Geographical Area, If P&C, 31 December 2017 below, If P&C's technical provisions and durations are presented by Line of Business and Major Geographical Area. When the breakdown of technical provisions is compared to the breakdown of gross written premiums it can be seen that Finland's and Sweden's share of technical provisions is larger than the share of gross written premiums. This is mainly due to Sweden and Finland having a long duration of Motor other and Motor third party liability and Finland also having a long duration of Workers compensation. The long duration is mainly due to annuities in these lines of business, which increases the amount of technical provisions. The duration of the provisions, and thus the sensitivity to changes in interest rates, varies with each product portfolio. The weighted average duration for 2017 across the product portfolios was 6.5 years.

Technical Provisions by Line of Business and Major Geographical Area
If P&C, 31 December 2017

	Sweden		Norway		Finland		Denmark		Total	
	EURm	Duration	EURm	Duration	EURm	Duration	EURm	Duration	EURm	Duration
Motor other and MTPL	2,516	7.5	536	1.4	1,033	12.7	160	1.8	4,245	7.8
Workers' compensation	0	0.0	218	5.0	1,199	12.1	252	6.7	1,669	10.4
Liability	268	2.7	127	1.4	122	3.0	74	1.9	591	2.4
Accident	327	4.9	372	5.7	156	4.3	94	1.7	948	4.8
Property	407	1.2	475	0.9	226	1.1	99	1.0	1,207	1.0
Marine, aviation, transport	21	1.9	48	0.6	10	0.9	23	1.2	101	1.0
Total	**3,537**	**6.1**	**1,775**	**2.5**	**2,746**	**10.5**	**701**	**3.1**	**8,760**	**6.5**

As on Sampo's annual report 2017 figures are excluding Baltic, total EUR 140 million.

Reserves are exposed mainly to inflation and discount rates and to some extent to life expectancy. The sensitivity of If P&C's technical provisions to an increase in inflation, an increase in life expectancy and a decrease in the discount rate is presented in the table Sensitivities of Technical Provisions, If P&C, 2017.

Sensitivities of Technical Provisions
If P&C, 2017

Technical provision item	Risk factor	Change in risk parameter	Country	Effect EURm 2017
Nominal provisions	Inflation increase	Increase by 1%-point	Sweden	183.8
			Denmark	11.7
			Norway	53.3
			Finland	37.4
Annuities and estimated share of claims provisions to future annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	24.6
			Denmark	1.6
			Finland	66.2
Discounted provisions (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1%-point	Sweden	66.2
			Denmark	13.3
			Finland	299.3

From 2014 onwards the estimated share of claims provision to future annuities are included in the life expectancy increase sensitivity.

If P&C's technical provisions are further analyzed by claims years. The output from this analysis is illustrated both before and after reinsurance in the claims cost trend tables. These are disclosed in the Note 25 to the Financial Statements.

The anticipated inflation trend is taken into account when calculating all provisions and is of the utmost importance for claims settled over a long period of time, such as Motor other and Motor third party liability and Workers' compensation. The anticipated inflation is based on external assessments of the inflation trend in various areas, such as the consumer price index and payroll index, combined with If P&C's own estimation of costs for various types of claims. For lines of business such as Motor other and Motor third party liability and Workers' compensation, legislation differs significantly between countries. Some of the Finnish, Swedish and Danish technical provisions for these lines include annuities which are sensitive to changes in mortality assumptions and discount rates. The proportion of technical provisions related to Motor other and Motor third party liability and Workers' compensation was 68 per cent.

The Board of Directors of If P&C decides on the guidelines governing the calculation of technical provisions. If P&C's Chief Actuary is responsible for developing and presenting guidelines on how the technical provisions are to be calculated and for assessing whether the level of total provisions is sufficient. On If P&C Group level the Chief Actuary issues a quarterly report on the adequacy of technical provisions.

The Actuarial Committee is a preparatory and advisory board for If P&C's Chief Actuary. The committee secures a comprehensive view over reserve risk, discusses and gives recommendations on policies and guidelines for calculating technical provisions.

The actuaries continuously monitor the level of provisions to ensure that they comply with the established guidelines. The actuaries also develop methods and systems to support these processes.

The actuarial estimates are based on historical claims and existing exposures that are available at the balance sheet date. Factors that are monitored include loss development trends, the level of unpaid claims, changes in legislation, case law and economic conditions. When setting property and casualty provisions, the Chain Ladder and Bornhuetter-Fergusson methods are generally used, combined with projections of the number of claims and average claims costs. For life provisions, the IBNR calculations are based on the estimated claims cost (risk premium) over the average time from claim occurrence to reporting.

Market Risks

Fixed income investments and listed equity instruments form a major part of investment portfolio of EUR 11,685 million (EUR 12,192 million in 2016). A large part of the fixed income investments was at 31 December 2017 concentrated to financial institutions. The role of real estate, private equity, biometric and other alternative investments is immaterial.

The composition of the investment portfolios by asset classes in If P&C at year end 2017 and at year end 2016 and average maturities of fixed income investments are shown in the table Investment Allocation, If P&C, 31 December 2017.

Investment Allocation
If P&C, 31 December 2017 and 31 December 2016

	If P&C			If P&C		
	31 Dec 2017			31 Dec 2016		
Asset class	Market value, EURm	Weight	Average maturity, years	Market value, EURm	Weight	Average maturity, years
Fixed income total	**10,200**	**87%**	**2.7**	**10,624**	**87%**	**2.8**
Money market securities and cash	575	5%	0.1	992	8%	0.3
Government bonds	1,040	9%	2.5	1,231	10%	3.1
Credit bonds, funds and loans	8,584	73%	2.9	8,401	69%	3.1
Covered bonds	3,084	26%	2.6	2,967	24%	3.1
Investment grade bonds and loans	3,490	30%	2.9	3,404	28%	2.9
High-yield bonds and loans	1,344	12%	2.8	1,461	12%	3.0
Subordinated / Tier 2	343	3%	4.7	278	2%	4.5
Subordinated / Tier 1	323	3%	3.2	292	2%	3.9
Hedging swaps	0	0%	-	0	-0%	-
Policy loans	0	0%	0.0	0	0%	0.0
Listed equity total	**1,448**	**12%**	**-**	**1,527**	**13%**	**-**
Finland	0	0%	-	0	0%	-
Scandinavia	151	1%	-	1,147	9%	-
Global	1,298	11%	-	380	3%	-
Alternative investments total	**39**	**0%**	**-**	**44**	**0%**	**-**
Real estate	20	0%	-	22	0%	-
Private equity	19	0%	-	23	0%	-
Biometric	0	0%	-	0	0%	-
Commodities	0	0%	-	0	0%	-
Other alternative	0	0%	-	0	0%	-
Trading derivatives	**-3**	**0%**	**-**	**-3**	**0%**	**-**
Asset classes total	**11,685**	**100%**	**-**	**12,192**	**100%**	**-**
FX Exposure, gross position	**207**	**0%**	**-**	**99**	**-**	**-**

If P&C´s investment management strategy is conservative, with a low equity share and low fixed-income duration.

The performance and market risk is actively monitored and controlled by the Investment Control Committee on a monthly basis and reported to the ORSA Committee quarterly. In addition, the allocation limits, issuer and counterparty limits, the sensitivity limits for interest rates and credit spreads as well as regulatory capital requirements are regularly monitored.

Market Risks of Fixed Income and Equity Instruments

Spread Risk and Equity Risk

Spread risk and equity risk are derived only from the asset side of the balance sheet. Exposures in fixed income and equity instruments are presented by Sectors, Asset Classes and Rating in below table that also include counterparty risk exposures relating to reinsurance and derivative transactions. Counterparty default risks are described in more detail in section Counterparty Default Risks. Due to differences in the reporting treatment of derivatives, the figures in the table are not fully comparable with other tables in this annual report.

Exposures by Sector, Asset Class and Rating
If P&C, 31 December 2017

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counterparty risk	Total	Change 31 Dec 2016
Basic Industry	0	0	31	58	1	0	52	143	40	0	0	183	23
Capital Goods	0	0	89	53	0	0	30	173	521	0	0	694	-4
Consumer Products	0	106	222	301	0	0	76	706	311	0	0	1,017	49
Energy	0	41	30	0	53	0	154	278	6	0	0	284	-137
Financial Institutions	0	968	1,250	444	22	0	26	2,710	28	0	6	2,744	-370
Governments	92	0	0	0	0	0	0	92	0	0	0	92	-31
Government Guaranteed	43	77	0	0	0	0	0	120	0	0	0	120	-36
Health Care	7	10	32	42	0	0	8	99	66	0	0	166	23
Insurance	0	0	40	63	27	0	22	152	0	0	60	212	-5
Media	0	0	0	0	0	0	22	22	0	0	0	22	-13
Packaging	0	0	0	0	0	0	5	5	0	0	0	5	0
Public Sector, Other	674	155	0	0	0	0	0	829	0	0	0	829	-123
Real Estate	0	6	92	80	8	0	489	674	0	20	0	694	91
Services	0	0	0	65	23	0	89	177	0	0	0	177	-12
Technology and Electronics	8	0	36	0	0	0	34	78	5	0	0	83	-21
Telecommunications	0	0	0	120	0	0	49	169	60	0	0	229	18
Transportation	0	72	7	53	0	0	167	299	7	0	0	306	-73
Utilities	0	0	31	244	46	0	44	364	0	0	0	364	-77
Others	0	26	0	0	0	0	12	39	0	0	0	39	22
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	3,020	63	0	0	0	0	0	3,084	0	0	0	3,084	117
Funds	0	0	0	0	0	0	0	0	403	19	0	422	20
Clearing House	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**3,845**	**1,525**	**1,860**	**1,523**	**180**	**0**	**1,279**	**10,212**	**1,448**	**39**	**66**	**11,765**	**-538**
Change 31 Dec 2016	**-17**	**-413**	**-162**	**274**	**-142**	**0**	**45**	**-413**	**-78**	**-5**	**-42**	**-538**	

Most of the fixed income exposures are in investment grade issues and currently the role of Nordic covered bonds and Nordic banks as issuers is central. Within fixed income investments part of the money market securities, cash and investment grade government bonds form a liquidity buffer.

In regards to equities most of the equity investments are in Scandinavian markets that are selectively picked direct investments. When investing in non-Nordic equities, funds or other assets, third party managed investments are mainly used. The changes of Equity positions during the year can be seen from the table Breakdown of Listed Equity Investments by Geographical Regions, If P&C, 31 December 2017 and 31 December 2016.

Breakdown of Listed Equity Investments by Geographical Regions
If P&C, 31 December 2017 and 31 December 2016

If P&C	31 Dec 2017 %	31 Dec 2017 EURm	31 Dec 2016 %	31 Dec 2016 EURm
Denmark	0%	5	1%	9
Norway	10%	149	13%	195
Sweden	62%	891	62%	944
Finland	0%	0	0%	0
Western Europe	10%	151	11%	162
East Europe	0%	0	0%	0
North America	6%	87	6%	88
Latin America	2%	28	2%	25
Far East	9%	137	7%	105
Japan	0%	0	0%	0
Total		**1,448**		**1,527**

Market Risks of Balance Sheet

Asset and Liability Management (ALM) Risk

The ALM risk is taken into account through the risk appetite framework and its management and governance are based on If P&C's Investment Policies.

In general to maintain the ALM risk within the overall risk appetite, the cash flows of insurance liabilities are matched by investing in fixed income instruments denominated in same currencies as liabilities or in case assets with healthy risk return ratios are not available in liability's currency derivatives are used. During the current low interest rate environment the liquidity of assets has been special focus of investment strategy.

Interest Rate Risk

In general If P&C Group is negatively affected when interest rates are decreasing or staying at low levels, because the longer duration of liabilities in If P&C Group than the duration of assets. If P&C has over the years decreased its combined ratio to counteract falling interest rates. Interest rate sensitivity in terms of the average duration of fixed income investments in If P&C was 1.4. The respective duration of insurance liabilities in If P&C was 6.5. Interest rate risk is managed by changing the duration of assets and interest rate derivatives based on the market view and risk appetite.

In the financial accounts most of the technical provisions are nominal, while a significant part, namely the annuity and annuity IBNR reserves, are discounted using interest rates in accordance with regulatory rules. Thereby If P&C is, from a financial accounting perspective, mainly exposed to changes in inflation and the regulatory discount rates. From an economic perspective, in which the cash flows of insurance liabilities are discounted with prevailing interest rates, If P&C is exposed to changes both in inflation and nominal interest rates. For more information see the table Sensitivities of Technical Provisions, If P&C, 2017 in the Non-life Underwriting Risks section.

Currency Risk

If P&C writes insurance policies that are mostly denominated in the Scandinavian currencies and in euro. In If P&C, the FX-transaction risk is reduced by matching technical provisions with investment assets in the corresponding currencies or by using currency derivatives. Hence, the so called structural FX risk is first mitigated as a rule after which If P&C can open short or long FX positions (active FX risk) within its FX risk limits. The transaction risk positions of If P&C against SEK are shown in the table Transaction Risk Position, If P&C 31 December 2017. The table shows the net transaction risk exposures and the changes in the value of positions given a 10 per cent decrease in the value of the base currency.

Transaction Risk Position
If P&C, 31 December 2017

	Base currency	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
If P&C	**SEKm**										
Insurance operations		-3,472	-96	0	-2	-25	-2,125	-9	-820	-15	-6,564
Investments		1,876	1,495	0	0	0	2,147	0	68	1	5,587
Derivatives		1,494	-1,397	0	3	28	56	9	750	11	955
Total transaction risk, net position, If P&C		**-101**	**2**	**0**	**1**	**3**	**79**	**0**	**-2**	**-4**	**-22**
Sensitivity: SEK -10%		-10	0	0	0	0	8	0	0	0	-2

If P&C's transaction risk position in SEK represents exposure in foreign subsidiaries/branches within If P&C with base currency other than SEK

In addition to transaction risk, If P&C is also exposed to translation risk which at group level stems from foreign operations with other base currencies than SEK.

Liquidity Risk

In If P&C, liquidity risk is limited, since premiums are collected in advance and large claims payments are usually known a long time before they fall due. Liquidity risks are managed by cash management functions which are responsible for liquidity planning. Liquidity risk is reduced by having investments that are readily tradable in liquid markets. The available liquid financial assets, being that part of the assets which can be converted into cash at a specific point in time, are analysed and reported to the ORSA Committee.

The maturities of technical provisions and financial assets and liabilities are presented in the table Cash Flows According to Contractual Maturity, If P&C, 31 December 2017. The average maturity of fixed income investments was 2.7 years in If P&C. The table shows the financing requirements resulting from expected cash inflows and outflows arising from financial assets and liabilities as well as technical provisions.

Cash Flows According to Contractual Maturity
If P&C, 31 December 2017

	Carrying amount total			Cash flows						
EURm	**Carrying amount total**	**Carrying amount without contractual maturity**	**Carrying amount with contractual maturity**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023-2032**	**2033-**
If P&C										
Financial assets	13,115	1,883	11,232	2,836	2,098	2,321	2,322	1,426	325	318
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0
Financial liabilities	940	15	925	-722	-12	-13	-326	-3	0	0
of which interest rate swaps	2	0	2	-1	-1	-1	0	-3	0	0
Net technical provisions	8,900	0	8,900	-3,019	-1,048	-628	-504	-310	-2,038	-1,885

In the table, financial assets and liabilities are divided into contracts that have an exact contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. In addition, the table shows expected cash flows for net technical provisions, which by their nature, are associated with a certain degree of uncertainty.

If P&C Group has a relatively low amount of financial liabilities and thus Group's respective refinancing risk is relatively small.

Counterparty Default Risks

In If P&C the major three sources of counterparty risk are reinsurance, financial derivatives and other receivables.

Counterparty default risk arising from receivables from policyholders and other receivables related to commercial transactions is very limited, because non-payment of premiums generally results in cancellation of the insurance policies.

Reinsurance Counterparty Risk

In If P&C reinsurance is used regularly and If P&C have number of programs in place. If P&C is using reinsurance to (i) utilize its own capital base efficiently and reduce cost of capital, (ii) limit large fluctuations of underwriting results and (iii) have access to reinsurers' competence base. The Reinsurance Committee ("RC") is a collaboration forum for reinsurance related issues in general and shall give its opinion on and propose actions in respect of such issues. The committee shall consider and propose changes to the Reinsurance Policy and the Internal Reinsurance Policy. The Chairman is responsible for reporting policy deviations and other issues dealt with by the committee.

The distribution of reinsurance receivables and reinsurers' portion of outstanding claims on 31 December 2017 per rating category is presented in the table Reinsurance Recoverables and Pooled Solutions, If P&C, 31 December 2017 and 31 December 2016.

Reinsurance Recoverables and Pooled Solutions
If P&C, 31 December 2017 and 31 December 2016

	31 Dec 2017		31 Dec 2016	
Rating	**Total EURm**	**% of total**	**Total EURm**	**% of total**
AAA	0	0%	0	0%
AA+ - A-	59	27%	102	41%
BBB+ - BBB-	1	1%	2	1%
BB+ - C	0	0%	0	0%
D	0	0%	0	0%
Non-rated	0	0%	2	1%
Captives and statutory pool solutions	160	73%	140	57%
Total	**220**	**100%**	**246**	**100%**

Because the recoverables and pooled solutions reported above are not covered by collaterals the whole amount is exposed to counterparty risk.

The Reinsurance Security Committee ("RSC") shall give input and suggestions to decisions in respect of various issues regarding reinsurance default risk and risk exposure, as well as proposed deviations from the Reinsurance Security Policy. The Chairman is responsible for reporting policy deviations and other issues dealt with by the committee. If P&C has a Reinsurance Security Policy that sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. Also, the own credit-analysis plays a central role when counterparties are selected.

As seen from above table most of the reinsurers are having either AA- or A- rating. The ten largest individual reinsurance recoverables amounted to EUR 165 million, representing 72 per cent of the total reinsurance recoverables. If P&C's largest non-captive individual reinsurer is Munich Re (AA-) accounting for 39 per cent of the total non-captive reinsurance recoverables.

The cost of risk transfer related to the reinsurance recoverables and pooled solutions amounted to EUR 52.3 million. Of this amount, 100 per cent was related to reinsurance counterparties with a credit rating of A- or higher.

Counterparty Risk Related to Financial Derivatives

In If P&C, the default risk of derivative counterparties is a by-product of managing market risks. In If P&C the role of long term interest rate derivatives has been immaterial and counterparty risk stems mainly from short-term FX-derivatives. 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 techniques, e.g. ISDA Master Agreements backed by Credit Support Annexes. During 2016 If P&C started to settle interest rate swaps in central clearing houses, which while further mitigating bilateral counterparty risk also exposes If P&C to the systemic risk related to centralised clearing parties.

Topdanmark Group

Underwriting Risks

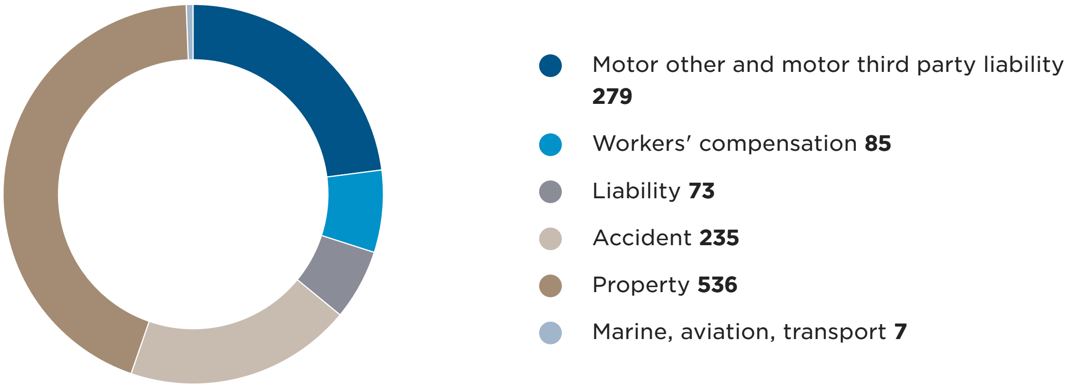
Non-Life Underwriting and Risks

As shown in the below figure Breakdown of Gross Written Premiums by Business Area, Country and Line of Business, Topdanmark's insurance portfolio is diversified across Business Areas and Lines of Business.

Breakdown of Gross Written Premiums by Business Area
Topdanmark, 2017, total EUR 1,216 million

Breakdown of Gross Written Premiums by Country
Topdanmark, 2017, total EUR 1,216 million

Breakdown of Gross Written Premiums by Line of Business
Topdanmark, 2017, total EUR 1,216 million



Premium and Catastrophe Risk and Their Management and Control

The main underwriting risk that influence the performance is catastrophe events. However, Topdanmark Forsikring has a very comprehensive reinsurance programme in place contributing to the low level of underwriting risk. The largest retention level of DKK 100 million plus reinstatement for each event is on storm events. The maximum retention on fire events is DKK 25 million and in workers' compensation up to DKK 1 billion is covered with a retention of DKK 50 million.

With certain restrictions, terror is covered by the reinsurance contracts. A national guarantee scheme of DKK 15 billion covering terror claims including an element of NBCR (nuclear, biological, chemical, radiological) has been established. In January 2017, the market retention was DKK 9.9 billion. To cover this market retention the Danish non-life companies have established a NBCR terror pool. In this pool for 2017, reinsurance cover was DKK 4.5 billion after DKK 0.5 billion.

Premium risk reduction measures taken at different levels of operations are as follows:

- Collection of data on risk and historical damage
- Use of collected and processed data in profitability reporting, risk analyzes and in the internal model
- Ongoing follow-up on risk developments as well as quarterly forecasts for future risk development
- Correct pricing using statistical model tool including customer scoring tools
- Reinsurance cover that reduces the risk especially for disaster damage
- Ongoing follow-up on the risk picture and reinsurance coverage in the Risk Committee.

In order to maintain product and customer profitability, Topdanmark monitors changes in its customer portfolios. Provisions are recalculated and the profitability reports are updated in the same context on a monthly basis. Based on this reporting, trends in claim levels are carefully assessed and price levels may be adjusted if considered necessary.

In the private market segment, customer scoring is used and customers are divided into groups according to their expected profitability levels. The customer scoring has two roles. First it helps to maintain the balance between the individual customer's price and risk. Secondly it facilitates the fairness between individual customers by ensuring that no customers are paying too large premiums to cover losses from customers who pay too small premiums.

The historical profitability of major SME customers with individual insurance schemes is monitored using customer assessment systems.

In addition to the above described analysis Topdanmark continuously improves its administration systems to achieve more detailed data which in turn enables it to identify the claims trends at an earlier point in time and compile information on the constituent parts of the various types of claims.

The non-life risk scenarios can be found in the next table.

Non-Life Insurance Risk Scenarios
Topdanmark Forsikring, 31 December 2017 and 31 December 2016

Risk scenarios EURm after taxation and pension return tax	2017	2016
Non-life insurance		
Underwriting risk		
Combined ratio - 1bp increase	-9.4	-9.3
Provision risk		
Provision on own account - 1% increase	-13.1	-13.2
Storm claims up to DKK 5,100m	-10.5	-10.5

Reserve Risk and Its Management and Control

The insurance lines of business are divided into short-tail i.e. those lines where the period from notification until settlement is short and long-tail i.e. those lines where the period from notification until settlement is long. Examples of short-tail lines in Topdanmark Forsikring are building, personal property and comprehensive motor insurance. Long-tail lines relate to personal injury and liability such as workers' compensation, accident, motor third party insurance and commercial liability.

Composition of Topdanmark's Non-Life Overall Provisions for Outstanding Claims
31 December 2017 and 31 December 2016

Provisions for outstanding claims, %	2017	2016
Short-tail	11.0	12.7
Annuity provisions in workers' compensation	23.0	24.3
Other claims provisions in workers' compensation	25.2	23.0
Accident	27.2	25.6
Motor personal liability	10.0	10.7
Commercial liability	3.5	3.6

Due to the longer period of claims settlement the long-tail lines of business are generally riskier than the short-tail lines. It is not unusual that claims in long-tail lines are settled three to five years after notification and in rare cases up to ten to fifteen years.

The reserve risk is calculated using Topdanmark's partial internal model for insurance risk.

Workers' compensation claims provision has by far the biggest risk, followed by the other long-tail claims provisions which mainly consist of personal injury claims.

During such a long period of settlement, the levels of compensation could be significantly affected by changes in legislation, case-law or practice in the compensation of damages adopted by, for example, the Danish Labour Market Insurance which decides on compensation for injury and loss of earnings potential in all cases of serious industrial injuries. The practice adopted by the Danish Labour Market Insurance also has some impact on the levels of compensation for accident and personal injury within motor, liability and commercial liability insurance.

The provisioning risk represents mostly the ordinary uncertainty of calculation and claims inflation, i.e. an increase in the level of compensation due to the annual increase in compensation per policy being higher than the level of general indexation or due to a change in judicial practice/legislation. The sufficiency of the provisions is tested in key lines by calculating the provisions using alternative models as well, and then comparing the compensation with information from external sources.

The actuarial team has a continuous dialogue with the claims departments on any changes in the practices regarding new legislation, case law or compensation practices as well as on the impact of such changes on the routines used to calculate individual provisions.

Life Underwriting Risks

During the latest two years, premiums were split between products as follows.

Sources of Gross Life Premiums
Topdanmark, 2017 and 2016

EURm	2017	2016
With-profits schemes	74.9	89.2
Unit-linked schemes	220.7	195.3
Group life	68.3	71.8
Regular premiums	**363.9**	**356.4**
With-profits schemes	52.9	63.5
Unit-linked schemes	691.3	578.2
Single Premiums	**744.2**	**641.7**
Gross premiums	**1,108.2**	**998.0**

The focus of new sales is on unit-linked schemes and their premiums are almost 83 per cent of the gross premium income. The above table also shows that single premium products are more common than regular premium products. However, the regular premiums are growing steadily while the single premiums are fluctuating more from year to year.

The risk inherent in the life business is first of all related to the with-profit technical provisions. When the majority of new contracts are written as unit-link contracts, the risk will not increase as much as the volume of premiums and total provisions.

Result of Life Insurance
Topdanmark, 2017 and 2016

EURm	2017	2016
Investment return on shareholders' equity	14.6	9.6
Sales and administration	-3.4	-5.7
Insurance risk	2.3	1.7
Risk premium	19.8	19.8
Profit on life insurance	**33.4**	**25.4**

The main risks of Topdanmark Livsforsikring can be summarized as follows:

- Limited loss-absorbing buffers combined with low interest rates environment
- Disability risk
- Longevity risk

Falling interest rates and, in particular, sustained low interest rates along with prolonged lives represent a significant risk scenario for insurers with guaranteed benefits as there will be a reduction of the individual bonus potentials used for loss absorption.

When an insured event occurs, the effect on the profit will depend on the size of loss absorbing capacity (LAC) of the reserves. When the loss absorving capacity is higher than the losses, the customers themselves cover the losses.

Life Insurance Underwriting Risk Control

In general Topdanmark Livsforsikring has continuous focus on the solvency position, the changes in the individual risks and the development of the loss-absorbing buffers. The latter is important because over time it can level out the market and insurance risks within the individual risk groups. Hence, the loss-absorbing buffers are a crucial part of the with profit concept in leveling of yields and claims over time.

The scenario-based Solvency Capital Requirement is calculated quarterly. When deemed necessary, due to market developments, the frequency of calculation is increased and, if necessary, the number and type of scenarios are increased.

Trends in product claim levels are assessed on top of the calculation of the insurance provisions. Profitability models are applied systematically as a follow-up on customer and portfolio levels. This assessment is used to identify price adjustment needs.

Loss Absorbing Buffers in the Event of Low Interest Rates

Customers' individual and collective bonus potential together creates the loss absorbing buffers in life insurance against any losses incurred by customers on investment activities.

Low interest rates mean that the market value of the guarantees granted is high, and hence the related individual bonus potential is low. The lower the individual bonus potential, the higher the risk of any losses to be absorbed wholly or partially by shareholder's equity. If interest rates are high, the same losses could, to a larger degree, be absorbed by the bonus potential.

Declines in the collective bonus potential are most frequent, due to the investment return being lower than the annual addition of interest to deposits. Declines in collective bonus potential are also possible if interest rates are relatively high.

In order to protect shareholders' equity, in general it will be relevant to reduce market risks in the event of lower interest rates.

All policies have been split into contribution groups according to the guaranteed benefit scheme. For all contribution groups there are separate loss absorbing buffers and hence in each contribution group, the separate investment policy must be in line with risk taking capacity to ensure the ability to meet the guaranteed benefits. Market risk is adjusted continuously in accordance with the risk capacity of the contribution groups, and the movements in interest rates are monitored so that risk reducing actions can be taken when needed.

Disability

Disability risk is the risk of increased disability intensity or declines in the rates of resumption of work. Losses may incur due to an increase in disability frequency or due to inadequate health evaluation when the policy is written.

Extra costs, due to a permanent change in disability risk, will be partially covered by individual and collective bonus potential. The remainder affects profit/loss for the year and consequently shareholders' equity.

Longevity

Longevity risk is the risk that customers with life dependent policies, primarily annuities, live longer than expected. That will increase provisions for lifetime products.

Extra costs, due to longer lifetimes, will be partially covered by individual and collective bonus potential. The remainder affects profit/loss for the year and consequently shareholders' equity.

Following risk reduction measures and methods are used in Topdanmark Livsforsikring:

- All policies in the average return environment are divided according to the granted benefit guarantee and the investment policy is organized to ensure the ability to honor the guarantees
- Market risk can be adjusted freely in relation to the individual customer groups' risk capacity
- Normal fluctuations in ROI and risk results in the average interest rate environment are captured by bonus potentials per contribution group
- The individual bonus potentials in the average return environment are protected by cross-border protection
- Reinsurance
- Prices for death and disability are adjusted continuously in relation to the market situation and the observed injury history
- New subscription basis changes as needed

Establishment of business processes that ensure that the products are sold at the right price / risk mix

The life risk scenarios can be found in the next table.

Risk Scenarios in Life Insurance

Topdanmark, 31 December 2017 and 31 December 2016

Risk scenarios EURm after taxation and pension return tax	2017	2016
Life insurance		
Disability intensity - 35% increase*	-1.4	-1.6
Mortality intensity - 20% decline	-3.7	-4.2

*35% increase first year, subsequently 25%, coincident with 20% decline in reactivation rates

To monitor effectivity of the above risk reduction methods over time Topdanmark Risk Committee continuously monitors the company's risk profile and reinsurance cover. Also forecasts are followed up.

Market Risks

In general, the long term value creation shall be based mainly on the acceptance of insurance risks. However, to supplement the group's profit from its insurance activities, Topdanmark accepts a certain level of financial market risks as well, given its strong liquidity position and stable, high earnings from insurance operations. Hence, in addition to fixed income instruments Topdanmark has invested, among other things, in equities, properties and CDOs in order to improve the average investment return.

However, market risks shall be limited to the extent that is considered appropriate, even if it is highly probable that the company gains the profit even in the very unfavourable financial market scenarios. In addition, large risk exposures or highly correlated risks shall be covered to prevent unnecessary losses and market risks originating from insurance operations. The investment portfolio shall be managed in a way that market risk taking shall not endanger the normal operations or implementation of planned actions in unfavourable market conditions.

To reach the above general goals, the Investment Policy sets the company's objectives, strategies, organization and reporting practices on investments. The investment strategy is more precisely determined in terms of market risk limits and specific requirements for certain types of positions and sub-portfolios (risk appetite). The investment strategy is determined by the Board and revised at least once a year. Appropriate financial risk mitigation techniques are used.

When selecting the investment assets, a portfolio composition that matches the risk features of the corresponding liabilities is sought. The purpose of the policy is also to ensure that the company has implemented effectively the organization, systems and processes necessary to identify, measure, monitor, manage and report on investment risks to which it is exposed.

At the same time, the policy sets the framework for investment of customers' savings, schemes of right to bonus and link savings (customer funds) in Topdanmark Livsforsikring, so that the company can continue to offer attractive savings products to its clients with competitive returns in relation to the accepted investment risks.

In addition to Investment Policies, companies have a capital plan and a capital emergency plan if sudden changes occur in the asset or liability side.

When market risks are measured and managed, all exposures are included, regardless of whether they arise from active portfolio management on the investment side or from annuities which are considered as market risk.

Asset Allocations -Topdanmark Group Excluding Life Insurance

As described earlier, in life insurance different contribution groups have their own investment strategies and their loss absorbing buffers and hence it is not relevant to assess allocations and returns of these assets in isolation to their respective contribution groups.

Hence, in the two below tables the assets' allocations and annual investment returns without assets covering life insurance liabilities are presented.

Investment Allocation Topdanmark Group Excluding Life Insurance
31 December 2017 and 31 December 2016

Asset class	Topdanmark 31 Dec 2017 Market value, EURm	Weight	Topdanmark 31 Dec 2016 Market value, EURm	Weight
Fixed income total	**2,218**	**78%**	**2,081**	**77%**
Government and mortgage bonds	1,874	66%	1,672	62%
Credit bonds	6	0%	29	1%
Index linked bonds	38	1%	52	2%
CDOs	78	3%	75	3%
Money market securities and cash	223	8%	253	9%
Listed equity total	**127**	**4%**	**122**	**5%**
Danish equities	36	1%	40	1%
Equities outside Denmark	91	3%	82	3%
Alternative investments total	**187**	**7%**	**177**	**7%**
Real estate	145	5%	134	5%

Private equity	42	1%	43	2%
Assets related to I/A	**327**	**11%**	**310**	**12%**
Asset classes total	**2,859**	**100%**	**2,690**	**100%**

The exposure in equities outside Denmark and credit bonds has been adjusted by the use of derivatives. Private Equity also includes direct holdings in non-listed equities. The class of "Assets related to I/A" (illness/accident) comprises the investments in Topdanmark Livsforsikring, (the life insurance company) corresponding to the size of the illness/accident provisions.

The equity portfolios are well diversified and without major single positions, when associated companies are disregarded.

The main investment assets are government and mortgage bonds, which comprise primarily Danish government and mortgage bonds. The assets of this asset class are interest rate sensitive - to a significant extent equivalent to the interest rate sensitivity of the non-life insurance provisions. Consequently, the return on government and mortgage bonds should be assessed in connection with return and revaluation of non-life insurance provisions.

Credit bonds are composed of a well-diversified portfolio, primarily exposed to businesses in Europe and in the United States, predominantly in the investment grade segment. Index linked bonds comprise bonds – primarily Danish mortgage bonds – for which the coupon and principal are index-linked.

The CDO category primarily includes positions in CDO equity tranches. The underlying assets consist for the most part of senior secured bank loans, while the remaining part consists primarily of investment grade investments in corporate bonds. The real estate portfolio comprises mainly owner-occupied real estate.

Assets related to illness/accident insurance comprise the investments in Topdanmark Livsforsikring corresponding to the size of the illness/accident provisions.

Investment Allocation: Life Insurance

The asset allocation covering life insurance liabilities over all contribution groups is presented in the below table.

Investment Allocation

Topdanmark Livsforsikring, 31 December 2017 and 31 December 2016

	Topdanmark 31 Dec 2017		Topdanmark 31 Dec 2016	
Asset class	**Market value, EURm**	**Weight**	**Market value, EURm**	**Weight**
Fixed income total	**2,021**	**66%**	**2,040**	**65%**
Government and mortgage bonds	1,614	52%	1,540	49%
Index linked bonds	129	4%	149	5%
Credit and emerging market bonds	278	9%	351	11%
Listed equity total	**489**	**16%**	**592**	**19%**
Listed shares	489	16%	592	19%
Alternative investments total	**702**	**23%**	**543**	**17%**
Land and buildings	498	16%	479	15%
Unlisted shares	152	5%	14	0%
Shares in associated companies	52	2%	50	2%
Other investments	**-127**	**-4%**	**-49**	**-2%**
Other investments assets	-107	-3%	-34	-1%
Derivates to hedge against the net change in assets and liabilities	-19	-1%	-15	-0%
Asset classes total	**3,085**	**100%**	**3,125**	**100%**

Assets total relates to the products with guarantees and profit sharing. The exposure in equities outside Denmark and credit bonds has been adjusted by the use of derivatives. Unlisted shares include Private Equity and Hedge funds. Other investments assets include money markets securities, cash and derivatives.

Market Risks of Balance Sheet

Interest Rate Risk

Interest rate risk exposure is net of assets, liabilities and derivative instruments whose carrying amount is dependent on the interest rate level. In regards to insurance liabilities Topdanmark is exposed to interest rate risk due to provisions for outstanding claims in non-life insurance and guaranteed benefits in life insurance.

Shifting the market yield curve upwards and downwards and/or changing its shape leads to changed market values of assets and derivatives and thus to unrealized losses / gains.

When assessing the value and sensitivity of insurance provisions Topdanmark uses the Solvency ll discount curve that has its basis on market yield curve with volatility adjustment (VA). The VA component of DKK yield curve comprises a corrective element based on the spreads of Danish mortgage bonds and European credit bonds. The VA component was 51bp at the end of 2016 and 30bp at end of 2017.

Generally, the interest rate risk is limited and controlled by investing in interest-bearing assets in order to reduce the overall interest rate exposure of the assets and liabilities to the desired level. Therefore the Danish Mortgage Bonds and Government bonds have a central role in the asset portfolios. To further decrease the interest rate sensitivity of balance sheet, swaps and standard swaptions have been used for hedging purposes.

Equity Risk

The Danish part of the equity portfolio is composed on the basis of OMXCCAP index. The rest of the equity holdings are in the foreign equity portfolio that is based on MSCI World DC in its original currency. As a net result Topdanmark Group's equity holdings are well-diversified.

Breakdown of Listed Equity Investments by Geographical Regions
Topdanmark Group, 31 December 2017 and 31 December 2016

	31 Dec 2017		31 Dec 2016	
Topdanmark	**%**	**EURm**	**%**	**EURm**
Denmark	20%	162	23%	176
Norway	1%	8	1%	8
Sweden	1%	8	1%	8
Finland	0%	0	0%	0
Western Europe	22%	177	19%	148
East Europe	0%	0	0%	0
North America	55%	438	55%	420
Latin America	0%	0	0%	0
Far East	0%	0	0%	0
Japan	0%	0	0%	0
Total		**793**		**761**

Real Estate Risk

The real estates are all located in Denmark, with the material part in the areas of Copenhagen and Århus. The holding on group level is diversified over office buildings and residential buildings.

Spread Risk

Most of Topdanmark's interest-bearing assets comprise of AAA rated Danish mortgage bonds and debt issued or guaranteed by top-rated European states. The risk of losses is considered to be minor due to the high credit quality of the issuers and because investments have been made at spreads in balance with the company's desired risk ratio levels. The portfolio is well diversified both geographically and with regard to type of debtor and therefore the exposure to the concentration of risks is insignificant.

Investment policy stipulates that the portfolio must be well-diversified also in counterparties and that the portfolio must not be particularly exposed to individual counterparties. The main source of spread risk is the government and mortgage bonds. Due to high allocation of these investments in the portfolios, spread risk is the most material source of market risk SCR.

Concentration Risk

Topdanmark's fixed income investments by rating classes are presented in the table Interest-bearing Assets by Rating, Topdanmark, 2017 and 2016.

Interest-bearing Assets by Rating
Topdanmark, 31 December 2017 and 31 December 2016

Interest-bearing assets by rating, %	2017	2016
AAA+AA	77.8	77.8
A	2.9	2.7
BBB	0.6	0.3
<BBB	11.6	12.6
Money market deposits	7.1	6.7

The company has no significant concentrations on the investment side, except for the category "Treasury and mortgage bonds" that consists primarily of Danish government and AAA-rated Danish mortgage bonds.

As earlier described, these assets have an interest rate sensitivity that significantly corresponds to the interest rate sensitivity of the technical provisions.

Currency Risk

In practice the only source of currency risk is investment assets, because insurance liabilities are in Danish Krones. The currency risk is mitigated by derivatives and net exposures in different currencies are minor except in Euros.

Currency risk is assessed based on SCR. The value of base currency is shocked by 25 per cent against most of the currencies except 2.39 per cent against EUR where the largest exposure exists.

Inflation Risk

Future inflation is implicitly included in a number of the models Topdanmark uses to calculate its provisions. The general principles regarding the inclusion of an allowance for inflation differs between Workers' compensation and illness/ accident insurance. In the former the provisions are calculated on the basis of the expected future indexation of wages and salaries, and in latter on the basis of the expected net price index.

An expected higher future inflation rate would generally be included in the provisions with a certain time delay, while at the same time the result would be impacted by higher future indexation of premiums. In order to reduce the risk of inflation within workers' compensation and illness/accident insurance, Topdanmark uses index-linked bonds and derivatives to hedge a significant proportion of the expected cash flows sensitive to future inflation.

Market Risk Sensitivities

In the below table is a summary of selected market risks sensitivities. It can be seen from the table that the net effect of 1 percentage point parallel change in interest rates would be less than 10 per cent drop in equity or property prices.

Market Risk Sensitivities
Topdanmark, 31 December 2017 and 31 December 2016

Risk scenarios EURm After taxation and pension return tax		2017	2016
Market risk			
Interest-bearing assets	1 bp increase	-62.4	-79.5
Provisions for claims and benefits etc.	in effective interest rate	68.8	90.3
Index-linked bonds	5% loss	-2.8	-4.9
Equities	10% loss	-10.6	-11.0
CDOs < AA	10% loss	-8.0	-7.2
Properties	10% loss	-17.7	-16.7
Annual currency loss with an up to 2.5% probability		-0.8	-2.8

Liquidity Risk

Topdanmark Group has a strong liquidity position. Firstly, as premiums are paid prior to the beginning of the risk period the liquidity risk related to customers' payments is very limited. Secondly, the combination of insurance businesses is of a character in which it is highly unlike that liquidity shock could occur, because insurance liabilities are by their nature stable liabilities and in asset portfolios money market investments are complemented by a large portfolio of liquid listed Danish government and mortgage bonds.

Experience from quite significant and sudden movements in long-term interest rates have confirmed that liquidity of these assets is not significantly affected by market shocks.

The maturity structure of technical provisions is presented in the next table.

Cash Flows for Provisions
Topdanmark, 31 December 2017 and 31 December 2016

EURm	Book value	1 year	2-6 years	7-16 years	17-26 years	27-36 years	>36 years
Provisions for claims							
2016	1,774	543	692	382	171	74	23
2017	1,748	542	701	390	160	76	11
Life insurance provisions guarantees and profitsharing							
2016	3,286	354	994	1,411	663	219	72
2017	3,232	347	938	1,424	689	219	61

In the table the discounted cash flows related to the insurance activities are shown in general level. In cash flows for life insurance provisions, repurchase and rewrite to paid-up policies are included in 2017. Comparative figures for 2016 have not been adjusted. Life insurance provisions for unit-linked products are covered by corresponding investment assets and therefore not stated in the table.

Because of the above reasons Topdanmark's liquidity risk is primarily related to the parent company Topdanmark A/S.

Topdanmark A/S finances its activities and dividend programme by receiving dividend from its subsidiaries.

Further financing requirements are covered by short term money market loans, typically with a maturity of one month or less.

Counterparty Default Risks

The default risk related to fixed income and equity investments is covered by spread-risk and equity-risk models in SCR calculations and hence they are not discussed in this context. Topdanmark is exposed to counterparty risk in both its insurance and investment activities.

The main sources of counterparty risk are deposits made to individual banks, derivative contracts with banks and current receivables from reinsurance companies with the addition of potential receivables that will arise in case of a 200-year event of disaster.

Reinsurance

Within insurance activities the reinsurance companies' ability to pay is the most important risk factor. Topdanmark minimises this risk by primarily buying reinsurance cover from reinsurance companies with a minimum rating of A- and by spreading reinsurance cover over many reinsurers. Accordingly, almost all of its storm cover has been placed with various reinsurance companies with rating A- or better.

For reinsurance counterparties, the Board approves security guidelines for how large a portion of a reinsurance contract can be placed per a separate reinsurer. This portion is dependent on the reinsurer's rating as well as on Topdanmark's own assessment of the reinsurer. Typically the largest risk concentrations may occur in case of catastrophe, including storms and cloudbursts, through one or more single major disaster events.

Financial Derivative Activities

To limit the counterparty risk of financial contracts, the choice of counterparties is restrictive, and collateral is required when the value of the financial contracts exceeds the predetermined limits. The size of the limits depends on the counterparty's credit rating and the terms of the contract.

Mandatum Life Group

Underwriting Risks

The development of insurance liabilities during 2017 is shown in the table Analysis of the Change in Provisions before Reinsurance, Mandatum Life, 2017.

Analysis of the Change in Provisions before Reinsurance
Mandatum Life, 31 December 2017

EURm	Liability 2016	Premiums	Claims paid	Expense charges	Guaranteed interest	Bonuses	Other	Liability 2017	Share %
Mandatum Life									
Unit-linked, excl. Baltic	**6,279**	**827**	**-544**	**-70**	**0**	**2**	**407**	**6,901**	**59%**
Individual pension insurance	1,313	60	-18	-15	0	0	69	1,411	12%
Individual life	2,346	243	-219	-22	0	0	143	2,491	21%
Capital redemption operations	1,977	454	-304	-25	0	0	130	2,231	19%
Group pension	643	71	-4	-9	0	2	65	768	7%
With profit and others, excl. Baltic	**4,804**	**116**	**-452**	**-35**	**131**	**1**	**-7**	**4,558**	**39%**
Group pension insurance. segregated portfolio	**1,142**	**4**	**-59**	**-1**	**24**	**0**	**-45**	**1,065**	**9%**
Basic liabilities. guaranteed rate 3.5%	715	4	-59	-1	24	0	5	687	6%
Reserve for decreased discount rate (3.5% -> 0.50%)	275	0	0	0	0	0	-14	261	2%
Future bonus reserves	153	0	0	0	0	0	-36	117	1%
Group pension	**2,117**	**35**	**-208**	**-6**	**67**	**1**	**-9**	**1,997**	**17%**
Guaranteed rate 3.5%	1,885	4	-179	-3	64	0	-27	1,744	15%
Guaranteed rate 2.5%. 1.5% or 0.0 %	232	31	-29	-3	4	0	18	253	2%
Individual pension insurance	**899**	**10**	**-139**	**-5**	**33**	**0**	**26**	**825**	**7%**
Guaranteed rate 4.5%	695	6	-86	-4	28	0	-16	624	5%
Guaranteed rate 3.5%	137	3	-27	-1	4	0	17	134	1%
Guaranteed rate 2.5% or 0.0%	67	1	-27	0	1	0	26	67	1%

Individual life insurance	**180**	**32**	**-33**	**-10**	**6**	**0**	**-12**	**162**	**1%**
Guaranteed rate 4.5%	58	4	-6	-1	3	0	-4	54	0%
Guaranteed rate 3.5%	86	10	-11	-3	3	0	-5	80	1%
Guaranteed rate 2.5% or 0.0%	35	18	-16	-6	0	0	-3	28	0%
Capital redemption operations	**28**	**0**	**-2**	**0**	**0**	**0**	**0**	**26**	**0%**
Guaranteed rate 3.5%	0	0	0	0	0	0	0	0	0%
Guaranteed rate 2.5% or 0.0%	28	0	-2	0	0	0	0	26	0%
Future bonus reserves	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
Reserve for decreased discount rate	**273**	**0**	**0**	**0**	**0**	**0**	**52**	**325**	**3%**
Longevity reserve	**105**	**0**	**0**	**0**	**0**	**0**	**0**	**105**	**1%**
Assumed reinsurance	**2**	**1**	**-1**	**0**	**0**	**0**	**-2**	**1**	**0%**
Other liabilities	**59**	**34**	**-11**	**-13**	**0**	**0**	**-18**	**51**	**0%**
Total, excl. Baltic	**11,083**	**943**	**-996**	**-104**	**131**	**2**	**399**	**11,459**	**98%**
Baltic	**178**	**24**	**-27**	**-3**	**1**	**0**	**6**	**180**	**2%**
Unit-linked liabilities	161	21	-23	-2	0	0	9	165	1%
Other liabilities	17	3	-3	0	1	0	-2	15	0%
Mandatum Life group total	**11,261**	**967**	**-1,023**	**-107**	**132**	**2**	**406**	**11,638**	**100%**

Biometric Risks

Mandatum Life's main biometric risks are longevity, mortality and disability. In general the long duration of policies and restriction of Mandatum Life's right to change policy terms and conditions and tariffs increases biometric risks. A definition of the biometric risk can be found in Appendix 2 (Risk Definitions). If the premiums turn out to be inadequate and cannot be increased, technical provisions have to be supplemented by an amount corresponding to the increase in expected losses.

Longevity risk is the most critical biometric risk in Mandatum Life. Most of the longevity risk arises from the with profit group pension portfolio. With profit group pension policies have mostly been closed for new members for years and due to this the average age of members is relatively high, almost 70 years. In the unit-linked group pension and individual pension portfolio the longevity risk is less significant because most of these policies are fixed term annuities including death cover compensating the longevity risk.

The annual longevity risk result and longevity trend is analyzed regularly. For the segregated group pension portfolio, the assumed life expectancy related to the technical provisions was revised in 2014 and for the other group pension portfolios in 2002 and 2007. In total, these changes increased the 2017 technical provision by EUR 105 million (105) including a EUR 87 million longevity reserve for the segregated group pension portfolio. The cumulative longevity risk result has been positive since these revisions. The longevity risk result of group pension for the year 2017 was EUR 6.8 million (2.9).

The mortality risk result in life insurance is positive. A possible pandemic is seen as the most significant risk that could adversely affect the mortality risk result.

The insurance risk result of other biometric risks has been profitable overall, although the different risk results vary considerably. In the longer term, disability and morbidity risks are mitigated by the company's right to raise insurance premiums for existing policies in case the claims experience deteriorates.

The table Claim Ratios after Reinsurance, Mandatum Life, 2017 and 2016 shows the insurance risk result in Mandatum Life's Finnish life insurance policies. The ratio of the actual to expected claims costs was 76 per cent in 2017 (79). Sensitivity of the insurance risk result can also be assessed on the basis of the information in the table. For instance the increase of mortality by 100 per cent would increase the amount of benefit payments from EUR 12 million to EUR 24 million.

Claim Ratios After Reinsurance

Mandatum Life, 2017 and 2016

	2017			2016		
EURm	Risk income	Claim expense	Claim ratio	Risk income	Claim expense	Claim ratio
Life insurance	**47.6**	**23.5**	**49%**	**43.2**	**21.2**	**49%**
Mortality	29.0	12.0	41%	24.8	11.8	48%
Morbidity and disability	18.6	11.5	62%	18.4	9.4	51%
Pension	**85.6**	**77.5**	**91%**	**80.8**	**76.2**	**94%**
Individual pension	12.8	13.5	105%	12.0	12.8	107%
Group pension	72.8	64.0	88%	68.8	63.4	92%
Mortality (longevity)	68.2	61.4	90%	63.9	61.0	95%
Disability	4.6	2.6	57%	4.9	2.4	49%
Mandatum Life	**133.2**	**101.0**	**76%**	**124.0**	**97.4**	**79%**

The underwriting portfolio of Mandatum Life is relatively well diversified and does not include any major concentration of biometric risks. To further mitigate the effects of possible risk concentrations, Mandatum Life has catastrophe reinsurance in place.

In general biometric risks are managed by careful risk selection, by setting prices to reflect the risks and costs, by setting upper limits for the protection granted and by use of reinsurance. Mandatum Life's Underwriting Policy sets principles for risk selection and limits for sums insured. The Reinsurance Policy governs the use of Reinsurance. The Board approves the Underwriting policy, Reinsurance Policy, pricing guidelines and the central principles for the calculation of technical provisions.

The Insurance Risk Committee is responsible for maintaining the Underwriting Policy and monitoring the functioning of the risk selection and claims processes. The Committee also reports all deviations from the Underwriting Policy to the RMC. The Insurance Risk Committee is chaired by the Chief Actuary who is responsible for ensuring that the principles for pricing policies and for the calculation of technical provisions are adequate and in line with the underwriting and claims management processes.

Reinsurance is used to limit the amount of individual mortality and disability risks. The Board of Directors annually approves the Reinsurance Policy and determines the maximum amount of risk to be retained on the company's own account. The highest retention of Mandatum Life is EUR 1.5 million per insured. Mandatum Life has catastrophe cover to mitigate the effect of possible catastrophes.

The risk result is followed actively and thoroughly analyzed annually. Mandatum Life measures the efficiency of risk selection and the adequacy of tariffs by collecting information about the actual claims expenditure for each product line and each type of risk and comparing it to the claims expenditure assumed in insurance premiums of every risk cover.

Technical provisions are analyzed and the possible supplemental needs are assessed regularly. Assumptions related to technical provisions are reviewed annually. The adequacy of the technical provisions is tested quarterly. Tariffs for new policies are set and the Underwriting Policy and assumptions used in calculating technical provisions are updated based on adequacy tests and risk result analysis. Tariffs and prices, as well as the reinsurance principles and reserving principles are reviewed and approved annually by the Board of Directors of Mandatum Life.

Policyholder Behavior and Expense Risks

From an Asset and Liability Management point of view surrender risk is not material because in Mandatum Life around 90 per cent of with profit technical provisions consist of pension policies in which surrender is possible only in exceptional cases. Surrender risk is therefore only relevant in individual life and capital redemption policies of which the related technical provisions amounts to less than 5 per cent (below EUR 200 million) of the total with profit technical provisions. Furthermore, the supplements to technical provisions are not paid out at surrender which also reduces the surrender risk related to the with profit policies. Due to the limited surrender risk, the future cash flows of Mandatum Life's insurance liabilities are quite predictable.

Policy terms and tariffs cannot usually be changed materially during the lifetime of the insurance, which increases the expense risk. The main challenge is to keep the expenses related to insurance administrative processes and complex IT infrastructure at an effective and competitive level. In year 2017, the expense result of Mandatum Life Group was EUR 33 million (26). Mandatum Life does not defer insurance acquisition costs. Since 2012 the expense result has grown significantly, especially due to increased fee income from unit-linked business.

Expense Result
Mandatum Life Group, years 2008-2017

Year	Expense result, EURm
2017	33.2
2016	26.1
2015	26.8
2014	19.6
2013	15.3
2012	6.8
2011	9.8
2010	7.8
2009	5.2
2008	7.3

Market Risks

In Mandatum Life, the approach to market risk management is based on an analysis of technical provisions' expected cash flows, interest level and current solvency position. A common feature for all with profit technical provisions is the guaranteed rate and bonuses. The cash flows of Mandatum Life's technical provisions are relatively well predictable because in most of the company's with profit policies, surrenders and extra investments are not possible.

Mandatum Life's market risks arise mainly from equity investments and interest rate risk related to fixed income assets and insurance liabilities with a guaranteed interest rate. The most significant interest rate risk in the life insurance business 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 technical provisions. The probability of this risk increases when market interest rates fall and stay at a low level. The duration gap between balance sheet's technical provisions and fixed income investments is constantly monitored and managed. Control levels based on internal risk capacity model are used to manage and ensure adequate capital in different market situations.

Mandatum Life has prepared for low interest rates on the liability side by e.g. reducing the minimum guaranteed interest rate in new contracts and by supplementing the technical provisions by applying a lower discount rate. In addition, existing contracts have been changed to accommodate improved management of reinvestment risk. Guarantees and other main features of with profit liabilities are presented in Section Underwriting Risks and Performance.

Fixed income investments and listed equity instruments form a major part of the investment portfolio, but the role of alternative investments - real estate, private equity, biometric and other alternative investments – is also material being 11.7 per cent.

Investment allocations and average maturities of fixed income investments as at year-end 2017 and 2016 are presented in the table Investment Allocation Mandatum Life, 31 December 2017 and 31 December 2016.

Investment Allocation
Mandatum Life, 31 December 2017 and 31 December 2016

	Mandatum Life 31 Dec 2017			Mandatum Life 31 Dec 2016		
Asset Class	**Market value, EURm**	**Weight**	**Average maturity, years**	**Market value, EURm**	**Weight**	**Average maturity, years**
Fixed income total	**3,953**	**63%**	**2.5**	**3,938**	**60%**	**2.7**
Money market securities and cash	904	14%	0.0	859	13%	0.5
Government bonds	54	1%	2.5	64	1%	5.1
Credit bonds, funds and loans	2,994	48%	3.2	3,009	46%	3.3
Covered bonds	163	3%	2.0	178	3%	2.6
Investment grade bonds and loans	1,793	29%	2.8	1,586	24%	2.7
High-yield bonds and loans	760	12%	3.2	884	13%	3.7
Subordinated / Tier 2	55	1%	7.3	52	1%	8.1
Subordinated / Tier 1	223	4%	6.6	310	5%	4.7
Hedging swaps	0	0%	-	0	0%	-
Policy loans	0	0%	1.8	6	0%	1.9
Listed equity total	**1,578**	**25%**	**-**	**1,737**	**26%**	**-**
Finland	494	8%	-	623	9%	-
Scandinavia	0	0%	-	1	0%	-
Global	1,084	17%	-	1,114	17%	-
Alternative investments total	**731**	**12%**		**907**	**14%**	**-**
Real estate	214	3%	-	278	4%	-
Private equity*	226	4%	-	269	4%	-
Biometric	16	0%	-	26	0%	-
Commodities	0	0%	-	0	0%	-
Other alternative	274	4%	-	334	5%	-
Trading derivatives	**2**	**0%**	**-**	**0**	**0%**	**-**
Asset classes total	**6,263**	**100%**	**-**	**6,582**	**100%**	**-**
FX Exposure, gross position	**679**	**0%**	**-**	**833**	**-**	**-**

*Private Equity also includes direct holdings in non-listed equities

Market Risks of Fixed Income and Equity Exposures

Fixed income and equity exposures are presented by Sector, Asset Class and Rating together with counterparty risk exposures relating to reinsurance and derivative transactions. Due to differences in the reporting treatment of derivatives, the figures in the table may not be fully comparable with other tables in this annual report.

Exposures by Sector, Asset Class and Rating
Mandatum Life, 31 December 2017

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counterparty risk	Total	Change 31 Dec 2016
Basic Industry	0	0	13	8	24	0	38	82	63	0	0	145	-124
Capital Goods	0	0	38	10	0	0	101	148	160	0	0	308	36
Consumer Products	0	24	104	79	30	0	33	270	238	0	0	508	-77

Energy	0	27	0	0	0	0	18	45	7	0	0	52	-28
Financial Institutions	0	481	1,463	244	24	0	0	2,212	38	1	2	2,253	191
Governments	0	0	0	0	0	0	0	0	0	0	0	0	-18
Government Guaranteed	0	0	0	0	0	0	0	0	0	0	0	0	0
Health Care	0	29	17	8	42	0	58	153	47	0	0	200	11
Insurance	0	0	1	52	0	0	0	54	3	8	0	64	-14
Media	0	0	14	0	0	0	16	30	0	0	0	30	-11
Packaging	0	0	0	0	19	0	9	28	1	0	0	28	-40
Public Sector, Other	0	37	42	0	0	0	0	80	0	0	0	80	9
Real Estate	0	0	1	32	0	0	37	70	0	185	0	255	-56
Services	0	0	0	20	49	0	66	135	86	0	0	221	-10
Technology and Electronics	15	0	44	0	27	0	11	96	119	0	0	215	-17
Telecommunications	0	0	0	45	8	0	16	69	32	0	0	102	-6
Transportation	0	0	4	3	11	0	8	26	27	0	0	53	9
Utilities	0	2	1	115	25	0	0	142	0	0	0	142	-24
Others	0	0	0	0	4	0	2	7	0	36	0	42	-37
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	141	12	0	10	0	0	0	163	0	0	0	163	-15
Funds	0	0	0	0	0	0	142	142	760	500	0	1,402	-120
Clearing House	0	0	0	0	0	0	0	0	0	0	4	4	-1
Total	**155**	**612**	**1,741**	**626**	**263**	**0**	**555**	**3,952**	**1,578**	**731**	**6**	**6,267**	**-342**
Change 31 Dec 2016	**-22**	**-223**	**485**	**-90**	**-220**	**0**	**84**	**14**	**-159**	**-176**	**-21**	**-342**	

The role of non-investment grade bonds is material in Mandatum Life's portfolio although it has decreased from its highs. Within fixed income investments part of the money market securities issued by Nordic banks and cash in Nordic banks form a liquidity buffer within fixed income investments. At the moment the total amount of these investments is higher than what is needed for liquidity purposes.

Nordic equity exposure include almost only direct investments to Finnish equities and they account for almost one third of equity exposure. Two thirds of equity investments are globally allocated consisting mainly of fund investments, but the role of direct investments are increasing in that part of the portfolio as well.

Breakdown of Listed Equity Investments by Geographical Regions
Mandatum Life, 31 December 2017 and 31 December 2016

Mandatum Life	31 Dec 2017 %	31 Dec 2017 EURm	31 Dec 2016 %	31 Dec 2016 EURm
Denmark	0%	0	0%	0
Norway	0%	0	0%	0
Sweden	0%	0	0%	1
Finland	31%	494	36%	623
Western Europe	40%	637	31%	541
East Europe	1%	20	1%	19
North America	16%	251	24%	420
Latin America	0%	0	0%	0
Far East	11%	176	8%	135
Japan	0%	0	0%	0
Total		**1,578**		**1,737**

Alternative Investments

The role of alternative investments has been material in Mandatum Life over the years. The current allocation weight is 12 per cent. The weight of these investments will be maintained at current levels.

Within total portfolio the size of private equity investments has declined. At the same time Mandatum Life has increased its commitments in selectively picked high yield credit funds. These asset classes have been managed, in most cases, by external asset managers with the exception of the real estate portfolio which is managed by Sampo Group's own real estate management unit. The real estate portfolio includes both direct investments in properties and indirect investments in real estate funds as well as in shares of real estate companies and it has been quite stable.

Market Risks of Balance Sheet

The Board of Directors of Mandatum Life annually approves the Investment Policies for both segregated assets and other assets regarding the company's investment risks. These policies set principles and limits for investment portfolio activities and they are based on the features of insurance liabilities, risk taking capacity and shareholders return requirements.

The Investment Policy for segregated assets defines the risk bearing capacity and the corresponding control levels. Since the future bonus reserves of the segregated group pension portfolio is the first buffer against possible investment losses, the risk bearing capacity is also based on the amount of the future bonus reserve. Different control levels are based on the fixed stress scenarios of assets.

The Investment Policy for other investment assets defines the control levels for the maximum acceptable risk and respective measures to manage the risk. The control levels are set above the Solvency II SCR and are based on predetermined capital stress tests. The general objective of these control levels and respective guidelines is to maintain the required solvency. When the above mentioned control levels are breached, the ALCO reports to the Board which then takes responsibility for the decisions related to the capitalization and the market risks in the balance sheet.

The cash flows of Mandatum Life's with profit technical provisions are relatively predictable, because in most of the company's with profit products, surrenders and premiums are restricted. In addition the company's claims costs do not contain a significant inflation risk element.

The long-term target for investments is to provide sufficient return to cover the guaranteed interest rate plus bonuses based on the principle of fairness as well as the shareholder's return requirement with an acceptable level of risk. In the long run, the most significant risk is that fixed income investments will not generate an adequate return compared to the guaranteed rate. In addition to investment and capitalization decisions, Mandatum Life has implemented active measures on the liability side to manage the balance sheet level interest rate risk. The company has reduced the minimum guaranteed interest rate in new contracts, supplemented the technical provisions with discount rate reserves and adjusted policy terms and conditions as well as policy administration processes to enable more efficient interest rate risk management.

Interest Rate Risk

Mandatum Life is negatively affected when rates are decreasing or staying at low levels, because the duration of liabilities is longer than the duration of assets. Growing part of Mandatum Life's business, i.e. unit-linked and life and health business, is not interest rate sensitive, which partially mitigates whole company's interest rate risk.

The average duration of fixed income investments was 2.1 years including the effect of hedging derivatives. The respective duration of insurance liabilities was around 10 years. Interest rate risk is managed at the balance sheet level by changing the duration of assets and by using interest rate derivatives.

Currency Risk

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

In Mandatum Life, transaction risk arises mainly from investments in currencies other than euro as the company's technical provisions are almost completely denominated in euro. Mandatum Life does not automatically close its FX position in foreign currencies, but the currency risk strategy is based on active management of the currency position. The objective is to achieve a positive return relative to a situation where the currency risk exposure is fully hedged.

The transaction risk positions of Mandatum Life against EUR are shown in the table Transaction Risk Position, Mandatum Life, 31 December 2017. The table shows the net transaction risk exposures and the changes in the value of positions given a 10 per cent decrease in the value of the base currency.

Transaction Risk Position
Mandatum Life, 31 December 2017

	Base currency	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
Mandatum Life	**EURm**										
Technical provisions		0	0	0	0	-2	0	0	0	0	-2
Investments		0	2,054	4	136	52	9	186	20	143	2,603
Derivatives		0	-1,744	-3	-134	77	102	-182	-13	-30	-1,928
Total transaction risk, net position, Mandatum Life		**0**	**310**	**1**	**2**	**127**	**111**	**4**	**7**	**113**	**674**
Sensitivity: EUR -10%		0	31	0	0	13	11	0	1	11	67

Liquidity Risks

Liquidity risk is relatively immaterial because liability cash flows in most lines of business are fairly stable and predictable and an adequate share of the investment assets are in cash and short-term money market instruments.

In life companies in general, a large change in surrender rates could influence the liquidity position. However in Mandatum Life, only a relatively small part of the insurance policies can be surrendered and it is therefore possible to forecast short-term cash flows related to claims payments with a very high accuracy.

The maturities of technical provisions and financial assets and liabilities are presented in the table Cash Flows According to Contractual Maturity, Mandatum Life, 31 December 2017. The average maturity of fixed income investments was 2.5 years in Mandatum Life. The table shows the financing requirements resulting from expected cash inflows and outflows arising from financial assets and liabilities as well as technical provisions.

Cash Flows According to Contractual Maturity
Mandatum Life, 31 December 2017

	Carrying amount total			Cash flows						
EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	2018	2019	2020	2021	2022	2023-2032	2033-
Mandatum Life										
Financial assets	6,210	3,287	2,923	486	381	773	345	768	397	16
of which interest rate swaps	2	0	2	0	0	0	0	0	1	2
Financial liabilities	168	0	168	-9	-4	-5	-5	-5	-64	-215
of which interest rate swaps	-1	0	-1	0	0	0	0	1	-2	0
Net technical provisions	4,026	0	4,026	-503	-328	-328	-300	-275	-1,908	-1,391

In the table, financial assets and liabilities are divided into contracts that have an exact contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. In addition, the table shows expected cash flows for net technical provisions, which by their nature, are associated with a certain degree of uncertainty.

Mandatum Life has one issued financial liability and thus refinancing risk is immaterial.

Counterparty Default Risks

In Mandatum Life the major three sources of counterparty risk are financial derivatives, reinsurance, and other receivables. Counterparty default risk arising from reinsurance or receivables from policyholders and other receivables related to commercial transactions is very limited.

Counterparty Risk Related to Financial Derivatives

In Mandatum Life, the default risk of derivative counterparties is a by-product of managing market risks. This stems from the fact that Mandatum Life is a frequent user of long-term interest rate derivatives in addition to FX-forwards and options.

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 techniques, e.g. ISDA Master Agreements backed by Credit Support Annexes. During 2016 Sampo Group companies started to settle interest rate swaps in central clearing houses, which while further mitigating bilateral counterparty risk also exposes Sampo Group companies to the systemic risk related to centralised clearing parties.

Risk Considerations at Sampo Group Level and Sampo plc

Sampo Group is first and foremost exposed to general performance of Nordic economies. However, Nordic economies typically are at any given time in different stages of their economic cycles, because of reasons like different economic structures and separate currencies. Also geographically Nordics as a large area is more a source of underwriting diversification than a concentration. Hence, inherently Nordic area is a good basis for diversified business.

To further maintain diversification of businesses Sampo Group proactively prevents concentrations to the extent possible by segregating the duties of separate business areas. As a result, separate companies have very few overlapping areas in their underwriting and investments activities. In spite of proactive strategic decisions on segregation of duties, concentrations in underwriting and investments may appear and hence liabilities and assets are monitored at the Group level to identify potential concentrations at single-name or risk factor level.

It is regarded that current business model where all companies have their own processes and agreements with counterparties is preventing accumulation of counterparty default risks and operational risks. Hence, these risks are managed at company level and it is considered that need to monitor them at group level is remote.

In addition to “segregation of duties at strategic level” - principle Sampo Group has two principles proactively preventing group risks. The amount of intragroup exposures between group companies are few and parent company is the only source of liquidity and the main source of capital within Group. These principles effectively prevent the contagion risk and hence potential problems of one company will not affect directly the other group companies.

Underwriting and market risk concentrations and their management are described in the next sections as well as parent company's role as risk manager of group-wide risks and as a source of liquidity.

Underwriting Risks at Sampo Group

With respect to the underwriting businesses carried out in the subsidiary companies, it has been established that If P&C, Topdanmark and Mandatum Life all operate within Nordics, but mostly in different geographical areas and in different lines of business and hence their underwriting risks are different by nature. There are some common risk factors like the life expectancy in Finland. Also in Denmark If P&C and Topdanmark have some overlapping areas. However, there are no material underwriting risk concentrations in the normal course of business.

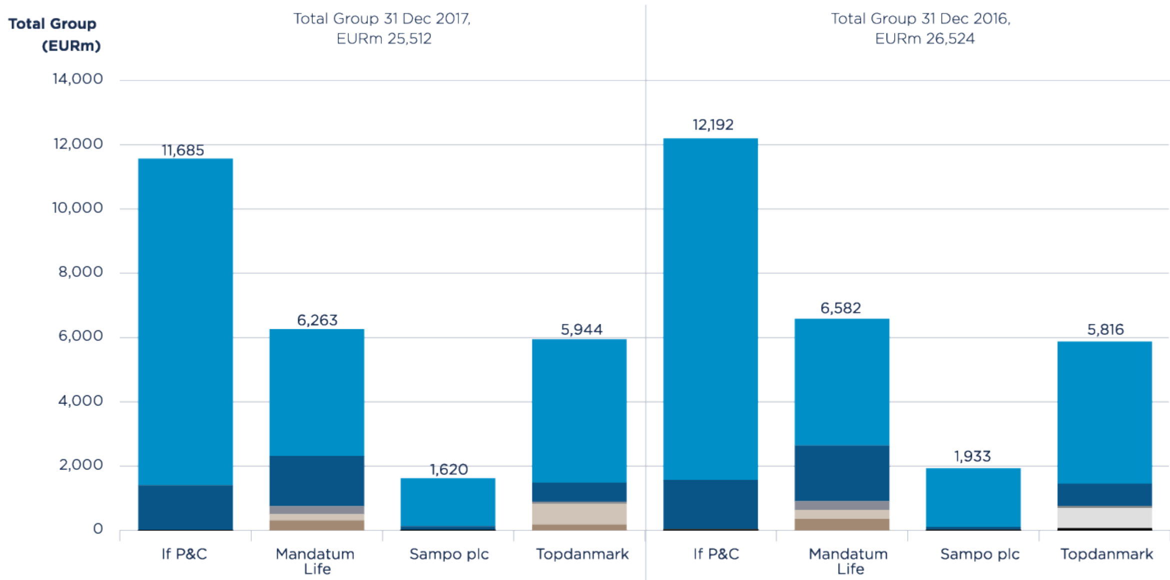
Consequently, business lines as such are contributing diversification benefits rather than a concentration of risks. This general risk picture has not changed with increased holding in Topdanmark, because it underwrites mainly Danish risks with focus on client bases which only marginally overlap with If P&C's client bases.

Market Risks at Sampo Group Level

For all subsidiaries, their insurance liabilities and the company specific risk appetite are the starting points for their investment activities. The insurance liabilities including loss absorbing buffers as well as the risk appetite of Mandatum Life, If P&C and Topdanmark differ, and as a result the structures and risks of the investment portfolios and balance sheet of the three companies differ respectively.

The total amount of Sampo Group’s investment assets as at 31 December 2017 was EUR 25,512 million (EUR 26,524 million) as presented in the below figure. Mandatum Life’s and Topdanmark’s investment assets presented here do not include assets which cover unit-linked contracts.

Development of Investment Portfolios
If P&C, Mandatum Life, Sampo plc and Topdanmark, 31 December 2017 and 31 December 2016



	If P&C 2017	Mandatum Life 2017	Sampo plc 2017	Topdanmark 2017	If P&C 2016	Mandatum Life 2016	Sampo plc 2016	Topdanmark 2016
Fixed income	87%	63%	92%	75%	87%	60%	94%	76%
Listed equity	12%	25%	7%	10%	13%	26%	5%	12%
Private equity*	0%	4%	1%	1%	0%	4%	1%	1%
Real estate	0%	3%	0%	11%	0%	4%	0%	11%
Other alternative investments	0%	5%	0%	3%	0%	5%	0%	1%

Sampo plc's figures don't include debt instruments issued by the insurance subsidiaries.
* Private Equity also includes direct holdings in non-listed equites.

Investment activities and market risk taking are arranged pro-actively in such a way that there is virtually no overlap between the wholly-owned subsidiaries' single-name risks except with regards to Nordic banks where companies have their extra funds in forms of the short-term money market assets and cash. From asset side diversification perspective Topdanmark is a positive factor, because the role of Danish assets is dominant in portfolios and especially the role of Danish covered bonds is central. In Sampo Group's other insurance companies' portfolios the weight of Danish investments has been immaterial.

In the next paragraphs concentrations by homogenous risk groups and by single names are presented first and then balance sheet level risks are discussed shortly.

Holdings by Industry, Geographical Area and Asset Class

In regards to **Fixed Income and Equity Exposures** Financial Institutions and covered bonds have material weight in group-wide portfolios whereas the role of public sector investments is quite limited. Most of these assets are issued by Nordic corporates and institutions. Most corporate issuers, although being based in Nordic countries, are operating at global markets and hence their performance is not that dependent on Nordic markets. This together with steadily growing portion of non-Nordic names in portfolios, is decreasing the concentration risk related to Nordics.

Exposures by Sector, Asset Class and Rating
Sampo Group excluding Topdanmark, 31 December 2017

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counterparty risk	Total	Change 31 Dec 2016
Basic Industry	0	0	44	66	25	0	113	248	104	0	0	351	-78
Capital Goods	0	0	127	63	0	0	131	321	682	0	0	1,002	32
Consumer Products	0	131	326	380	30	0	109	976	549	0	0	1,525	-28
Energy	0	68	30	0	53	0	172	323	13	0	0	336	-165
Financial Institutions	0	2,100	3,258	930	46	0	26	6,360	118	1	9	6,489	-428
Governments	92	0	0	0	0	0	0	92	0	0	0	92	-49
Government Guaranteed	43	77	0	0	0	0	0	120	0	0	0	120	-36
Health Care	7	39	50	50	42	0	65	253	113	0	0	383	-55
Insurance	0	0	41	115	27	0	5	206	3	25	60	277	-19
Media	0	0	14	0	0	0	38	52	0	0	0	52	-25
Packaging	0	0	0	0	19	0	14	33	1	0	0	33	-40
Public Sector, Other	674	192	42	0	0	0	0	908	0	0	0	908	-114
Real Estate	0	6	92	112	8	0	526	744	0	207	0	951	35
Services	0	0	0	85	72	0	155	312	122	0	0	434	-15
Technology and Electronics	23	0	79	0	27	0	45	175	123	0	0	298	-37
Telecommunications	0	0	0	165	8	0	65	238	92	0	0	331	12
Transportation	0	72	11	55	11	0	203	353	34	0	0	387	-55
Utilities	0	2	32	359	70	0	44	506	0	0	0	506	-101
Others	0	26	0	0	4	0	15	45	0	36	0	82	-14
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	3,161	75	0	10	0	0	0	3,247	0	0	0	3,247	102
Funds	0	0	0	0	0	0	142	142	1,187	521	0	1,850	-96
Clearing House	0	0	0	0	0	0	0	0	0	0	17	17	13
Total, Excluding Topdanmark	**4,000**	**2,788**	**4,146**	**2,391**	**443**	**0**	**1,885**	**15,653**	**3,140**	**790**	**87**	**19,670**	**-1,163**
Change 31 Dec 2016	**-38**	**-1,198**	**641**	**163**	**-362**	**0**	**71**	**-722**	**-210**	**-182**	**-48**	**-1,163**	

Most of the financial institutions and covered bonds are in the Nordic countries as can be seen in the table Fixed Income Investments in Financial Sector, Sampo Group excluding Topdanmark, 31 December 2017.

Fixed Income Investments in Financial Sector
Sampo Group excluding Topdanmark, 31 December 2017

EURm	Covered bonds	Cash and money market securities	Long-term senior debt	Long-term subordinated debt	Total	%
Sweden	2,092	42	721	365	3,221	33.6%
Finland	108	1,584	243	6	1,942	20.3%
Norway	670		324	291	1,285	13.4%
United States			670		670	7.0%
Denmark	204	3	277	142	626	6.5%
United Kingdom	12	517	68	18	615	6.4%
France	21	179	58		258	2.7%
Netherlands			226	18	244	2.5%
Canada	111		113		224	2.3%
Switzerland			147		147	1.5%
Australia	17		92		109	1.1%
Iceland			91		91	1.0%
Germany			50	0	50	0.5%
Guernsey			25		25	0.3%
Estonia		22			22	0.2%
New Zealand			19		19	0.2%
Luxembourg	10				10	0.1%
Bermuda				10	10	0.1%
Cayman Islands			5		5	0.0%
Total	**3,247**	**2,348**	**3,129**	**852**	**9,576**	**100.0%**

The public sector exposure includes government bonds, government guaranteed bonds and other public sector investments as shown in the table Fixed Income Investments in Public Sector, Sampo Group excluding Topdanmark, 31 December 2017. The public sector has had a relatively minor role in Sampo Group's portfolios and these exposures have been mainly in the Nordic countries. In Topdanmark's portfolios AAA-rated government bonds and covered bonds have a material role.

Fixed Income Investments in Public Sector
Sampo Group excluding Topdanmark, 31 December 2017

EURm	Governments	Government guaranteed	Public sector, other	Total market value
Sweden	92		592	684
Norway			211	211
Finland		77	88	165
Germany		33		33
Japan			17	17
Denmark		10		10
Total	**92**	**120**	**908**	**1,120**

The exposures in fixed income instruments issued by non-investment grade issuers are significant, because a relatively small number of Nordic companies are rated. Further, many of the rated companies have a rating lower than triple-B (high yield) rating.

The listed equity investments of Sampo Group totaled EUR 3,934 million at the end of year 2017 (EUR 4,113 million). At the end of year 2017, the listed equity exposure of If P&C was EUR 1,448 million (EUR 1,527 million). The proportion of listed equities in If P&C's investment portfolio was 12.4 per cent. In Mandatum Life, the listed equity exposure was EUR 1,578 million at the end of year 2017 (EUR 1,737 million) and the proportion of listed equities was 25.2 per cent of the investment portfolio. In Topdanmark Group, the listed equity exposure was EUR 793 million at the end of year 2017 (EUR 761 million). Within Topdanmark Group, the allocation to listed equity is higher in the life company.

The geographical core of Sampo Group's equity investments is in the Nordic companies. The proportion of Nordic companies' equities corresponds to 46 per cent of the total equity portfolio. This is in line with Sampo Group's investment strategy of focusing on Nordic companies.

However, these Nordic companies are mainly competing in global markets: only a few are purely domestic companies. Hence, the ultimate risk is not highly dependent on the Nordic economies. In the long run the proportion of investments outside of the Nordic countries has gradually increased, because the amount of companies issuing securities in the Nordic countries is limited and from a strategic point of view other geographical areas have recently provided interesting investment opportunities. A breakdown of the listed equity exposures of Sampo Group is shown in the figure Breakdown of Listed Equity Investments by Geographical Regions, Sampo Group 31.12.2017.

Breakdown of Listed Equity Investments by Geographical Regions
Sampo Group, 31 December 2017 and 31 December 2016

	2017		2016	
Sampo Group	**%**	**EURm**	**%**	**EURm**
Denmark	4%	167	5%	185
Norway	4%	157	5%	202
Sweden	24%	945	23%	953
Finland	14%	549	17%	700
Western Europe	25%	977	21%	861
East Europe	1%	20	0%	19
North America	20%	776	23%	929
Latin America	1%	28	1%	25
Far East	8%	313	6%	239
Japan	0%	0	0%	0
Total		**3,934**		**4,113**

Largest Holdings by Single Name

The largest exposures by individual issuers and counterparties are presented in the table Largest Individual Exposures by Issuer and by Asset Class, Sampo Group exluding Topdanmark, 31 December 2017. The largest single name investments in Topdanmark's portfolios are in AAA-rated Danish covered bonds.

Largest Individual Exposures by Issuer and by Asset Class
Sampo Group excluding Topdanmark, 31 December 2017

EURm Counterparty	Total fair value	% of total investment assets	Cash & short-term fixed income	Long-term fixed income, total	Long-term fixed income: Government guaranteed	Long-term fixed income: Covered bonds	Long-term fixed income: Senior bonds	Long-term fixed income: Tier 1 and Tier 2	Equities	Uncollateralized derivatives
Nordea Bank	1,606	8%	562	1,039	0	601	138	299	0	4
Danske Bank	1,134	6%	785	347	0	99	218	30	0	3
BNP Paribas	735	4%	698	37	0	0	37	0	0	0
Skandinaviska Enskilda Banken	675	3%	276	398	0	248	137	13	0	0
Svenska Handelsbanken	669	3%	-1	669	0	616	39	14	0	0
DnB	536	3%	0	536	0	226	205	105	0	0
Sweden	519	3%	0	519	0	0	519	0	0	0
Swedbank	516	3%	-1	517	0	352	154	11	0	0
Norway	320	2%	0	320	0	0	218	102	0	0
Volvo	256	1%	0	103	0	0	68	36	153	0
Total Top 10 Exposures	**6,965**	**36%**	**2,319**	**4,485**	**0**	**2,143**	**1,733**	**609**	**153**	**8**
Other	12,408	64%								
Total investment assets	**19,372**	**100%**								

The largest high-yield and non-rated fixed income investment single-name exposures are presented in the table Ten Largest Direct High Yield and Non-rated Fixed Income Investments, Sampo Group excluding Topdanmark, 31 December 2017. Furthermore, the largest direct listed equity exposures are presented in the table Ten Largest Direct Listed Equity Investments, Sampo Group, 31 December 2017.

Ten Largest Direct High Yield and Non-rated Fixed Income Investments and Direct Listed Equity Investments
Sampo Group excluding Topdanmark, 31 December 2017

Largest direct high yield and non-rated fixed income investments	Rating	Total fair value, EURm	% of total direct fixed income investments
High Street Shopping	NR	117	0.8%
Sponda	NR	89	0.6%
Teollisuuden Voima	BB+	80	0.5%
SkandiaBanken	NR	76	0.5%
IVG Polar	NR	57	0.4%
Ellevio	NR	52	0.3%
YIT	NR	46	0.3%
Grönlandet Södra	NR	44	0.3%
Aker BP	BB	44	0.3%
Nets	BB	40	0.3%
Total top 10 exposures		**646**	**4.2%**

Other direct fixed income investments	14,630	95.8%
Total direct fixed income investments	15,276	100.0%

Top 10 listed equity investments	**Total fair value, EURm**	**% of total direct equity investments**
Volvo	153	7.8%
Nobia	125	6.4%
Amer Sports	100	5.1%
ABB	90	4.6%
Veidekke	87	4.4%
Asiakastieto	70	3.6%
Sectra	66	3.4%
Husqvarna	64	3.3%
Hennes & Mauritz	61	3.1%
TeliaSonera	60	3.1%
Total top 10 exposures	**875**	**44.9%**
Other direct equity investments	1,076	55.1%
Total direct equity investments	1,952	100.0%

Balance Sheet Concentrations

In general Sampo Group is structurally dependent on the performance of Nordic economies as already described earlier. Sampo Group is also economically exposed to the low level of interest rates. The lower the rates and the “flatter” the yield curve, the more challenging the environment is for the current business models especially when duration of insurance liabilities is longer than asset duration in If P&C and Mandatum Life. In Topdanmark interest rate risk of balance sheet is minor and hence Topdanmark is not increasing interest rate risk at group level.

Sampo Group would benefit materially in case interest rates would rise, because economic value of insurance liabilities would decrease more than value of assets backing them. At the same time net interest income of Nordea should increase as well. During 2017 interest rates have continued their slow rise that started at the end of Q3/2016.

The Role of Sampo plc

Sampo plc is the long-term investor in Nordic financials and source of liquidity within the group. Hence, the healthy funding structure and the capacity to generate funds if needed are on continuous focus.

As of 31 December 2017 Sampo had long term strategic holdings of EUR 8,958 million and they were funded mainly by capital of EUR 7,714 million and senior debt of EUR 3,177 million. Average remaining maturity of senior debt was 3.7 years and EUR 1,250 million of it had a maturity longer than 5 years. Senior debt is used to fund other financial assets as well. The average maturity of sub-ordinated loans and fixed income instruments of EUR 554 million was three years. Funding structure of strategic holdings and other holdings can be considered strong.

The capacity to generate funds is dependent on leverage and liquidity buffers which can be inferred from the table Sampo plc Balance Sheet Structure, 31 December 2017 and 31 December 2017.

Sampo plc Balance Sheet Structure
31 December 2017 and 31 December 2016

EURm	31 Dec 2017	31 Dec 2016
Assets total	**10,939**	**11,196**
Liquidity	**1,199**	**1,439**
Investment Assets	**235**	**179**
Real estate	2	2
Fixed income	58	28
Equity & Private equity	175	148
Sub-ordinated loans	**496**	**637**
Equity holdings	**8,958**	**8,900**
Subsidiaries	3,401	2,370
Associated	5,557	6,530
Other assets	**50**	**41**

EURm	31 Dec 2017	31 Dec 2016
Liabilities total	**10,939**	**11,196**
CP's issued	**293**	**671**
LT Senior debt	**2,884**	**2,877**
Private placements	138	132
Bonds issued	2,746	2,745
Sub-ordinated debt	**0**	**0**
Capital	**7,714**	**7,549**
Undistributable capital	98	98
Distributable capital	7,616	7,451
Other liabilities	**48**	**99**

Leverage of Sampo plc was modest at year end by several measures.

- The financial leverage measured as the portion of debt within all liabilities was 29 (32) per cent.
- Sampo's net debt of EUR 1,424 (1,443) million is modest when compared to Sampo's equity holdings and financial assets.
- The gross debt divided by estimated market value of equity holdings, the ratio would be around 15 per cent.

In regards to liquidity, the liquid funds of Sampo plc were EUR 1,199 (1,439) million. At the end of May 2018 when all expected cash flows from dividends and other transactions have been settled the liquidity will normalize to below EUR 100 million which is adequate for normal cash management purposes. Furthermore, a remarkable portion of sub-ordinated loans issued by group-companies (496) and other investment assets (235) can be sold in case liquidity is needed. Short-term liquidity can be considered to be adequate.

All in all, Sampo plc is in a good position to refinance its current debt and even issue more debt. This capacity together with the tradable financial assets, means that Sampo plc is able to generate liquid funds.

Sampo Group has also a buffer for own funds. Because sub-ordinated loans presented in the table Sampo plc Balance Sheet Structure, 31 December 2017 and 31 December 2016 are issued by If P&C, Mandatum Life, Nordea and Topdanmark, they are eliminated from Group's own funds. In case these assets would be sold, in addition to liquidity in Sampo plc, also own funds would be created and Sampo Group Solvency ratio would increase marginally.

When Sampo plc is managing its funding and capital structure and liquidity it takes into account that some of its operative companies have other base currencies (SEK, DKK) than EUR and all its operative business areas are exposed to low interest rates. These risks may affect Sampo's decisions on issuance of debt instruments and composition of liquidity portfolio.

This is why part of Sampo plc's debt instruments are issued in SEK and interest rate duration is maintained relatively short. However, the market view is also affecting decisions and for instance at the moment SEK-dividends paid by If P&C are still in SEK and SEK debt is converted into EUR using cross-currency swaps, due to tactical market-view reasons.

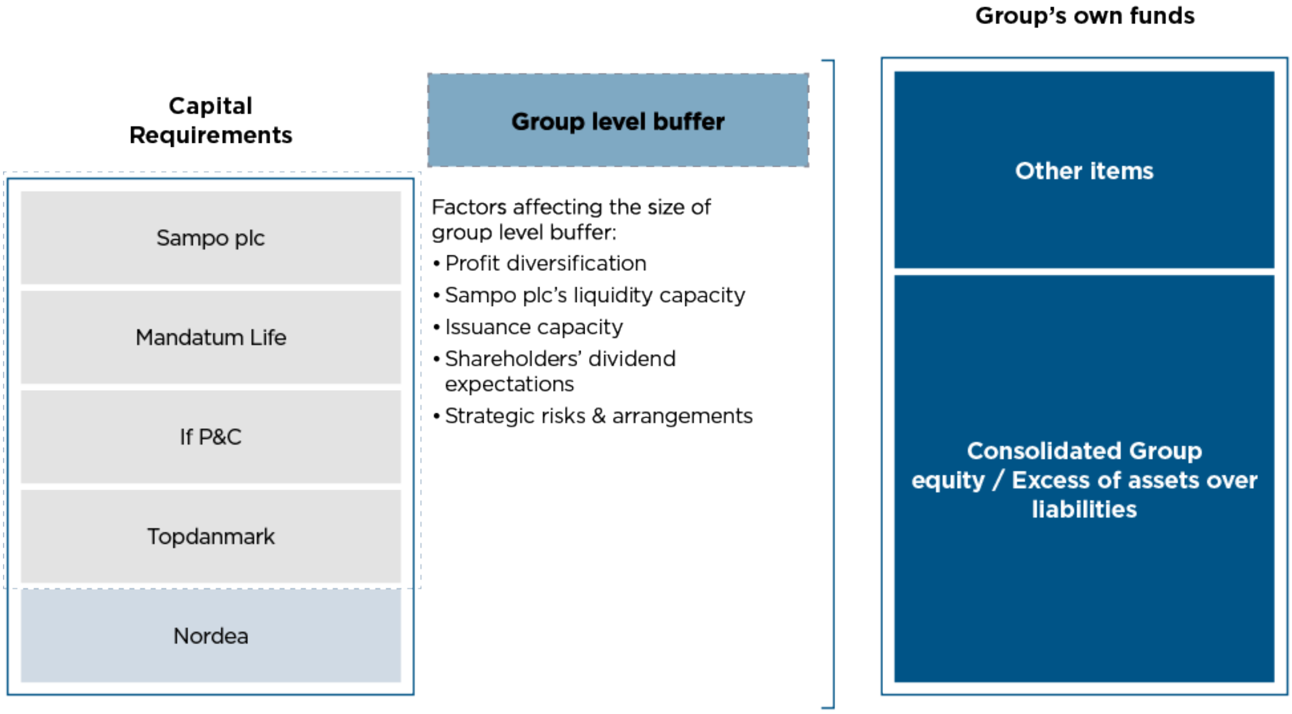
Sampo Group Capitalization

Capitalization at Group Level

The sub-group level balance of profits, risks and capital is the primary focus of Sampo Group. When all sub-groups are well capitalized as a result the Group should be adequately capitalized as well.

However, at Sampo Group level there are more factors affecting capitalization than at the sub-group level. These factors are illustrated in the figure Sampo Group's Capitalization Framework.

Sampo Group's Capitalization Framework



Group's capital requirement is dependent mainly on the capital requirements of the business areas. The parent company's contribution to Group capital need is minor most of the time, because Sampo plc does not have any business activities of its own other than the management of its capital structure and liquidity portfolio.

Diversification benefit exists at two levels, within the companies and between the companies. The former is included in the companies' SCRs; for the latter there are different estimation methods as described later in the document.

Conceptually, **Group's own funds** is the difference between the market value of assets and liabilities plus the subordinated liabilities. This difference has accrued during the lifetime of the Group and it includes the following main components:

- Accrued profits that have not been paid as dividends over the years.
- Market value adjustment to the book values of assets and liabilities.
- Issued capital and subordinated liabilities meeting Solvency II requirements.

Due to the use of the same sectoral rules in both Solvency II and financial conglomerate calculations, there is no material difference between Sampo's Solvency II or FICO own funds.

At the Group level, the capital requirement and own funds are both exposed to foreign currency translation risk. Translation risk may realize when the actual capital and the capital needs of If P&C and Topdanmark are converted from their reporting currencies to euros. When the reporting currencies of If P&C and Topdanmark depreciate, the actual amount of Group's capital in euros decreases and the capital requirements of If P&C and Topdanmark will be lower in euro terms. Translation currency risk is monitored internally and its effect on Sampo Group's solvency on a going concern basis is analyzed regularly. However, internally no capital need is set for translation risk, because it realizes only when a sub-group is divested.

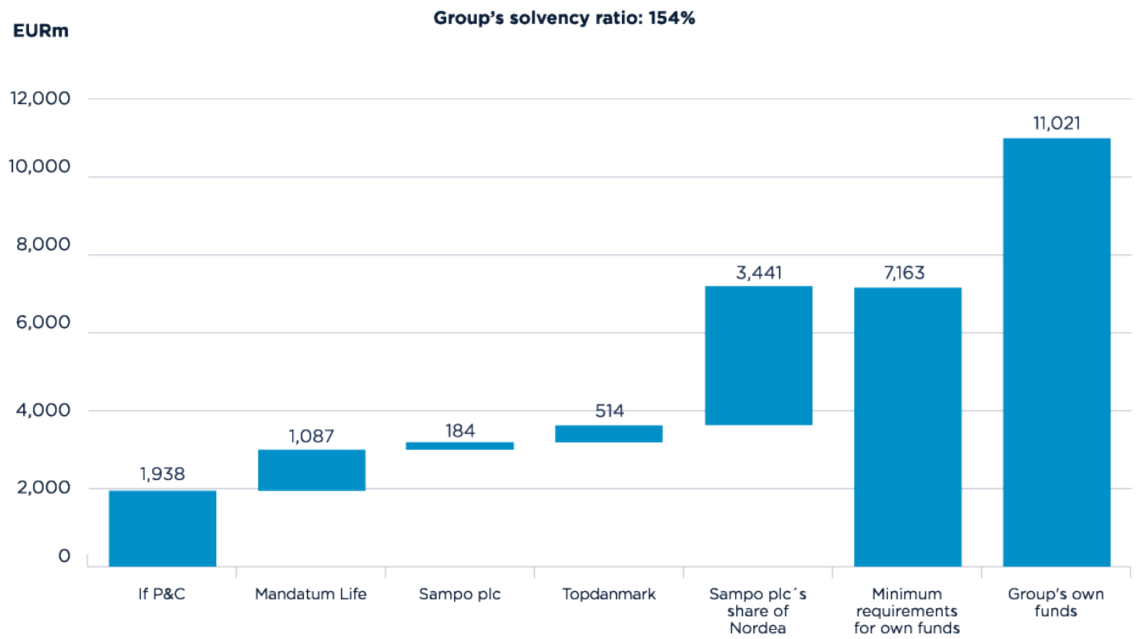
Group level buffer is the difference between the amount of Group's own funds and the Group capital requirement. In addition to the sub-group level factors – expected profits and their volatility, business growth prospects and ability to issue Solvency II compliant capital instruments – there are Group level factors that are also relevant when considering the size of the Group level buffer. The most material Group level factors affecting the size of buffer are (i) correlation of sub-groups' reported profits; (ii) parent company's capacity to generate liquidity; (iii) probability of strategic risks and arrangements within industry; and (iv) shareholders dividend expectations.

The principles of Sampo Group capitalization and the calculation methods are described in Appendix 4 in detail. Topdanmark treatment in Solvency II and FICO changed in 2017 and hence the 2016 figures are not comparable.

Group's Own Funds and Solvency According to Conglomerate Rules (unaudited)

Sampo Group's FICO solvency, calculated according to the Act on the Supervision of Financial and Insurance Conglomerates (2004/699), is presented in the figure Sampo Group's FICO solvency, 31 December 2017. The Group solvency ratio remained at the same level as year before and was 154 per cent. Topdanmark was consolidated to the Group's SCR and own funds in Q3/2017. Prior to that, the deduction and aggregation method was applied to the Topdanmark holding. This meant that the part corresponding to Sampo's share of Topdanmark's disclosed SCR was included in Sampo's SCR and own funds.

Sampo Group's FICO Solvency
31 December 2017 (unaudited)



Group's own funds consist of Group consolidated equity and sectoral items of financial institutions and insurance companies, minus intangible assets, foreseeable dividends and other adjustments. Group consolidated equity including non-controlling interest, EUR 13,508 million as of 31.12.2017, accounts for most of the own funds and is considered as Tier 1 capital for solvency purposes. Sectoral items, most of which come from Nordea's additional Tier 1 and Tier 2 capital and from the valuation adjustments of If P&C, Mandatum Life and Topdanmark, accounted for EUR 2,517 million (EUR 2,254 million). The deductions in total were EUR 5,004 million (EUR 3,251 million).

The Group level capital requirement is sum of the parts presented in the above figure and no diversification benefit between business areas is taken into account. As of 31.12.2017 the total minimum requirements for own funds were EUR 7,163 million (EUR 7,088 million). Group solvency (Group's own funds – minimum requirements for own funds) was EUR 3,858 million (EUR 3,849 million).

40 Events after the balance sheet date

In the meeting of 7 Feb. 2018, the Board of Directors decided to propose at the Annual General Meeting on 19 April 2018 a dividend distribution of EUR 2.60 per share, or total EUR 1.443.914.810, for 2017. The dividends to be paid will be accounted for in the equity in 2018 as a deduction of retained earnings.

Sampo plc's Financial Statements

Sampo plc's Income Statement

EURm	Note	2017	2016
Other operating income	1	18	17
Staff expenses			
Salaries and remunerations		-16	-13
Social security costs			
Pension costs		-1	-2
Other		-1	-1
Depreciation and impairment			
Depreciation according to plan		0	0
Other operating expenses	2	-14	-18
Operating profit		**-14**	**-17**
Financial income and expense	4		
Income from shares in Group companies		890	1,004
Income from other shares		563	563
Other interest and financial income			
Group companies		21	15
Other		16	19
Other investment income and expense		-66	-31
Other interest income		11	22
Interest and other financial expense			
Group companies		0	0
Other		-50	-63
Exchange result		26	55
Proft before taxes		**1,396**	**1,567**
Income taxes			
Income taxes for the financial year		0	-1
Tax from previous years		0	0
Deferred taxes		0	-1
Profit for the financial year		**1,396**	**1,565**

Sampo plc's Balance Sheet

EURm	Note	2017	2016
ASSETS			
Non-current assets			
Intangible assets		0	0
Property, plant and equipment			
Buildings		1	1
Equipment		0	0
Other		2	2
Investments			
Shares in Group companies		3,401	2,370
Receivables from Group companies	5	266	298
Shares in participating undertakings		5,557	6,530
Receivables from participating undertakings		230	339
Other shares and participations	6	175	148
Other receivables	7	58	28
Short-term receivables			
Deferred tax assets	14	3	7
Other receivables	8	20	6
Prepayments and accrued income	9	26	26
Cash at bank and in hand		1,199	1,439
TOTAL ASSETS		**10,939**	**11,196**
LIABILITIES			
Equity	10		
Share capital		98	98
Fair value reserve		45	28
Invested unrestricted equity		1,527	1,527
Other reserves		273	273
Retained earnings		4,376	4,059
Profit for the financial year		1,396	1,565
		7,714	**7,549**
Liabilities			
Long-term liabilities			
Bonds		2,884	2,877
Short-term liabilities			
Debt securities		293	671
Other liabilities	12	11	58
Accruals and deferred income	13	36	41
TOTAL LIABILITIES		**10,939**	**11,196**

Sampo plc's Statement of Cash Flows

EURm	2017	2016
Operating activities		
Profit before taxes	1,396	1,567
Adjustments:		
Unrealised gains and losses arising from valuation	0	1
Realised gains and losses on investments	-8	26
Other adjustments	-502	-563
Adjustments total	**-509**	**-535**
Change (+/-) in assets of operating activities		
Investments *)	119	40
Other assets	-17	31
Total	**102**	**71**
Change (+/-) in liabilities of operating activities		
Financial liabilities	7	-9
Other liabilities	-47	-25
Paid interests	-39	-14
Paid taxes	-12	-10
Total	**-91**	**-58**
Net cash from operating activities	**898**	**1,044**
Investing activities		
Investments in group and associated undertakings	501	-422
Net investment in equipment and intangible assets	0	0
Net cash from investing activities	**501**	**-422**
Financing activities		
Dividends paid	-1,286	-1,192
Issue of debt securities	1,042	2,271
Repayments of debt securities in issue	-1,395	-1,002
Net cash used in financing activities	**-1,639**	**78**
Total cash flows	**-239**	**699**
Cash and cash equivalents at 1 January	1,439	739
Cash and cash equivalents at 31 December	1,199	1,439
Net change in cash and cash equivalents	**-239**	**699**

*) Investments include both investment property and financial assets.

Additional information to the statement of cash flows:

EURm	2017	2016
Interest income received	40	84
Interest expense paid	-62	-71
Dividend income received	1,453	1,567

Notes to Sampo plc's Financial Statements

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Notes to the liabilities and commitments 15–16 331
Notes to the staff and management 17–19 331
Notes to the shares held 20 333

Sampo Plc

Summary of significant account policies

The presentation of Sampo Plc's financial statements together with the notes has been prepared in accordance with the Finnish Accounting Act and Ordinance. The accounting principles applied to the separate financial statements of Sampo plc do not materially differ from those of the Group, prepared in accordance with the International Financial Reporting Standards (IFRSs). The financial assets are measured at fair value derived from the markets.

Notes on the Income statement 1–4

1 Other operating income

EURm	2017	2016
Income from property occupied for own activities	0	0
Other	18	17
Total	**18**	**17**

2 Other operating expenses

EURm	2017	2016
Rental expenses	-1	-1
Expense on property occupied for own activities	0	0
Other	-13	-17
Total	**-14**	**-18**

Item Other includes e.g. administration and IT expenses and fees for external services.

3 Auditors' fees

EURm	2017	2016
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.2	-0.2
Tax consultancy	-0.0	-
Other fees	-0.2	-0.1
Total	**-0.4**	**-0.3**

4 Financial income and expense

EURm	2017	2016
Dividend income in total	1,453	1,567
Interest income in total	43	56
Interest expense in total	-50	-63
Gains on disposal in total	9	0
Losses on disposal in total	0	-26
Exchange result	26	55
Other	-71	-5
Total	**1,410**	**1,584**

Notes on the assets 5–9

5 Receivables from group companies

EURm	2017	2016
Cost at beginning of year	298	296
Additions	86	2
Disposals	-119	-
Carrying amount at end of year	**266**	**298**

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated note 29 Financial liabilities.

6 Other shares and participations

	2017	Fair value changes		2016	Fair value changes	
EURm	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Avalaible-for-sale equity securities	175	3	-15	148	-27	9

7 Other investment receivables

	2017	Fair value changes		2016	Fair value changes	
EURm	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Bonds	58	4	-14	28	0	-6

8 Other receivables

EURm	2017	2016
Trading receivables	1	0
Derivatives	0	2
Other	19	5
Total	**19**	**6**

9 Prepayments and accrued income

EURm	2017	2016
Accrued interest	13	10
Derivatives	3	12
Other	10	4
Total	**26**	**26**

Notes on the liabilities 10–13

10 Movements in the parent company's equity

	Restricted equity			Unrestricted equity		
EURm	**Share capital**	**Fair value reserve**	**Invested unrestricted capital**	**Other reserves**	**Retained earnings**	**Total**
Carrying amoun at 1 January 2016	**98**	**8**	**1,527**	**273**	**5,254**	**7,159**
Dividends					-1,204	-1,204
Recognition of undrawn dividends					9	9
Financial assets available-for-sale						
- recognised in equity		-2				-2
- recognised in p/l		22				22
Profit for the year					1,565	1,565
Carrying amount at 31 December 2016	**98**	**28**	**1,527**	**273**	**5,624**	**7,549**

	Restricted equity			Unrestricted equity		
EURm	**Share capital**	**Fair value reserve**	**Invested unrestricted capital**	**Other reserves**	**Retained earnings**	**Total**
Carrying amount at 1 January 2017	**98**	**28**	**1,527**	**273**	**5,624**	**7,549**
Dividends					-1,288	-1,288
Recognition of undrawn dividends					39	39
Financial assets available-for-sale						0
- recognised in equity		24				24
- recognised in p/l		-6				-6
Profit for the year					1,396	1,396
Carrying amount at 31 December 2017	**98**	**45**	**1,527**	**273**	**5,772**	**7,714**

Distributable assets

EURm	**2017**	**2016**
Parent company		
Profit for the year	1,396	1,565
Retained earnings	4,376	4,059
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Total	**7,571**	**7,424**

11 Share capital

Information on share capital is disclosed in Note 32 in the consolidated financial statements.

12 Other liabilities

EURm	2017	2016
Unredeemed dividends	0	38
Derivatives	4	3
Guarantees for derivate contracts	7	17
Other	1	1
Total	**11**	**58**

13 Accruals and deferred income

EURm	2017	2016
Deferred interest	14	25
Derivatives	6	1
Other	16	15
Total	**36**	**41**

Notes on the income taxes 14

14 Deferred tax assets and liabilities

EURm	2017	2016
Deferred tax assets		
Losses	14	14
Deferred tax liabilities		
Fair value reserve	-11	-7
Total, net	**3**	**7**

Notes on the liabilities and commitments 15–16

15 Pension liabilities

The basic and suplementary pension insurance of Sampo plc's staff is handled through insurances in Varma Mutual Insurance Company and in Mandatum Life Insurance Company Limited.

16 Future rental commitments

EURm	2017	2016
Not more than one year	1	1
Over one year but not more than five years	4	4
Over five years	1	1
Total	**6**	**5**

Notes on the staff and management 17–19

17 Staff numbers

EURm	2017 Average during the year	2016 Average during the year
Full-time staff	56	56
Part-time staff	4	3
Temporary staff	3	2
Total	**63**	**61**

18 Board fees and management remuneration

EUR thousand		2017	2016
Managing Director	Kari Stadigh	3,690	4,936
Members of the Board of Directors			
Björn Wahlroos		175	160
Christian Clausen		96	80
Jannica Fagerholm		115	80
Adine Grate Axén		96	80
Veli-Matti Mattila		90	80
Risto Murto		90	80
Eira Palin-Lehtinen		115	100
Per Arthur Sørlie		96	80

In addition to the above, the company has in accordance with the decision of the Annual General Meeting in 2017 compensated transfer tax of in total EUR 3,345.22 related to the acquisition of the company shares (EUR 916.80 pertaining to the Vice Chairman and EUR 2,428.42 pertaining to the other members of the Board).

Pension liability

The Group CEO is entitled to a defined contribution pension in accordance with the pension contract in force. The annual pension premium is fixed at EUR 400,000.

19 Pension contributions to the ceo, deputy ceo and the members of the board

EUR thousand	Supplementary pension costs	Statutory pension costs	Total
Pension contributions paid during the year			
President/CEO[1)]	400	172	572
Former Chairmen of the Board			
Kalevi Keinänen[2)]	10	-	10
Former Presidents/CEO:s			
Harri Hollmen[3)]	23	-	23
	433	**172**	**605**

[1)] The Group CEO is entitled to a defined contribution pension in accordance with the pension contract in force. The annual pension premium is fixed at EUR 400,000. The supplementary pension premiums for 2016 included payments to a supplementary TEL-L group pension plan, which based on changes in legislation was removed as of 31 December 2016 and forms a paid-up policy.

[2)] Group pension agreement with a retirement age of 60 years and a pension benefit of 66 per cent of the pensionable TyEL-salary (TyEL: Employee's Pension Act). No annual index adjustment in 2017.

[3)] Group pension agreement with a retirement age of 60 and a pension benefit of 60 per cent of the pensionable TyEL-salary. No annual index adjustment in 2017.

Notes on shares held 20

20 Shares held as of 31 Dec, 2017

Company name	Percentage of share capital held	Carrying amount EURm
Group undertakings		
P&C insurance		
If Skadeförsäkring Holding AB, Stockholm Sweden	100.00	1,886
P&C and life insurance		
Topdanmark A/S, Copenhague Denmark	48.90	1,398
Life insurance		
Mandatum Life Ltd, Helsinki Finland	100.00	484
Other		
Sampo Capital Oy, Helsinki Finland	100.00	1

Approval of the Financial Statements and the Board of Directors' Report

Helsinki, 7 February 2018

Sampo Plc

Board of Directors

Christian Clausen	Jannica Fagerholm	Adine Grate Axén
Veli-Matti Mattila	Risto Murto	Eira Palin-Lehtinen
	Per Arthur Sørlie	
Björn Wahlroos		Kari Stadigh
Chairman		Group CEO

Auditor's Report

To the Annual General Meeting of Sampo plc

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Sampo plc (business identity code 0142213-3) for the year ended 31 December, 2017. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) 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 36 to the consolidated financial statements and note 3 to the parent company 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 fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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
Valuation of insurance contract liabilities *We refer to the Summary of significant accounting policies, Accounting policies regarding management judgment and key sources of estimation uncertainties and Notes 25, 26 and 35.* At 31.12.2017 the Group has insurance contract liabilities representing amounting to mEUR 30,158 (31.12.2016: mEUR 20,600) which represents 84 % of the Group's total liabilities and it is thus the single largest liability of the Group. The insurance contract liabilities comprise life and non-life insurance contract liabilities. The life insurance contract liabilities are based on estimate of future claims payments. The estimate is based on assumptions which include uncertainty. Changes in assumptions can result in material impacts to the valuation of the liabilities. Key assumption areas include interest rate and life expectancy of policy holders. The estimation of non-life insurance contract liabilities involves significant assumptions to be made in provisions for claims outstanding. Key assumption areas include inflation rate and life expectancy of beneficiaries. The liabilities are based on a best estimate of ultimate cost of all claims incurred but not settled, whether reported or not, together with claims handling costs.	Our audit procedures included evaluation of the governance around the overall Group reserving process, and included testing the operating effectiveness of key controls over the identification, measurement and management of the Group's calculation of insurance liabilities. We evaluated the appropriateness of methodologies and assumptions used, and independently re-projected the reserve balances for certain classes of business. We involved our internal actuarial specialists to assist us in assessing the appropriateness of assumptions used. We assessed the adequacy of disclosures relating to insurance contracts liabilities.
Valuation of financial assets *We refer to the Summary of significant accounting policies, Accounting policies regarding management judgment and key sources of estimation uncertainties and Notes 9, 14-19 and 35.* The Group's investment portfolio excluding investments in associates represents amounts to mEUR 33,615 (2016: mEUR 24,386 which represents 68 % of the Group's total assets. Fair value measurement can be subjective, specifically in areas where fair value is based on a model based valuation. Valuation techniques for private equity funds, non-listed bonds and non-listed equities involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could lead to different estimates of fair value. Specific areas of audit focus include the valuation of level 2 and 3 assets according to IFRS where valuation techniques use unobservable inputs. Of financial assets level 2 assets amount to mEUR 7,096 and level 3 assets to mEUR 1,231 (refer to note 16). This matter is a significant risk of material misstatement referred to in EU Regulation No 537/241, point (c) of Article 10(2).	Our audit procedures included testing the effectiveness of controls in place over recording fair values of assets using unobservable input. We performed additional procedures for areas of higher risk and estimation, involving our valuation specialists. In respect of the investments in private equity funds, we evaluated and tested the procedures of the Group to determine the fair value of these investments. The procedures include assessment of fund net asset value based on the fair value of underlying investment, independent broker valuations and evidence of underlying financial data. We assessed the adequacy of disclosures relating to the financial assets.

Associated company Nordea *We refer to the Summary of significant accounting policies and note 13* The value of the Nordea shares in the consolidated balance sheet amounts to mEUR 7,578 (31.12.2016: mEUR 7,554). The Group's ownership in Nordea Bank Abp is 21.25%. Nordea Bank Abp is an associated company of the Group, and is accounted for based on equity accounting. The holding in Nordea Bank Abp represents 15% of the Group's total assets.	Our audit procedures included testing the effectiveness of controls in place over recognizing the Group's share of Nordea's financial information, and assessing a potential indicator of impairment by comparing the book value of the Nordea holding to the market value of the Group's ownership at the reporting date. We assessed the adequacy of disclosures relating to associated companies.
Acquisition of Topdanmark A/S *We refer to the Summary of significant accounting policies and note Business acquisitions.* Topdanmark A/S has been consolidated as a subsidiary as of 30.9.2017, which is determined to be the acquisition date. The company was previously accounted for as an associated entity. The acquisition is a business combination achieved in stages where the previously held equity interest in Topdanmark A/S is remeasured at fair value, and the gain is recognized in profit. The business combination is a key audit matter due to the valuation processes and –methods related to the acquisition and as it involves estimates by management. Management's judgement and estimates are specifically connected to determination of the acquisition date and determination of the fair values of acquired assets and liabilities, relating to e.g. allocation of the purchase consideration to identified intangible assets as customer relationships and trademark.	• Our audit procedures included assessing the determination of the acquisition date. • We involved our internal valuation specialists to assess the valuation processes and –methods based on which the acquired assets and liabilities have been identified and the fair values have been determined. • We tested the determination of the purchase consideration and the accounting treatment of the business combination achieved in stages. We assessed the adequacy of disclosures relating to the business combination.

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 for 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 parent company or the group 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 10.4.2002, and our appointment represents a total period of uninterrupted engagement of 16 years.

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 and 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 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.

Opinions based on the assignment of the Audit Committee

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, 28 February 2018

Ernst & Young Oy
Authorized Public Accountant Firm

Kristina Sandin
Authorized Public Accountant

CALENDAR AND CONTACTS

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Financial Information and Annual General Meeting in 2018

Sampo will publish two Interim Statements and a Half-year Financial Report in 2018. These quarterly reports and related supplementary materials will be available at www.sampo.com/result. The website also includes releases published by Sampo, monthly updated shareholder data and other investor information.

Sampo plc's Annual General Meeting will be held in April.

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The quarterly reports are published on Sampo's website at www.sampo.com/result. You can subscribe to Sampo's Stock Exchange Releases and Press Releases at www.sampo.com/subscription.

Please note that you can find the latest information regarding events and dates at www.sampo.com/calendar.

ANNUAL GENERAL MEETING

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APRIL 2018

The Record Date

Shareholder who is registered on the record date for the Annual General Meeting in the company's Shareholder Register kept by Euroclear Finland Ltd has the right to participate in the General Meeting. Shareholders whose shares are registered on their personal Finnish book-entry accounts are registered in the company's Shareholder Register.

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APRIL 2018

Deadline for Registration

Shareholder may register for the General Meeting

- www.sampo.com/agm
- By telephone to +358 10 516 0028 from Monday to Friday, 8 am–4 pm (CET+1)
- By fax to +358 10 516 0623 or
- By mail to the address Sampo plc, AGM, Fabianinkatu 27, 00100 Helsinki, Finland

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APRIL 2018

Annual General Meeting

Sampo plc's Annual General Meeting will be held on 19 April 2018 at 2 pm, at the Helsinki Exhibition and Convention Centre , address Messuaukio 1, Helsinki. The listing of persons who have registered for the meeting will commence at 12.30 pm.

Read more about the AGM at www.sampo.com/agm.

DIVIDEND

20
APRIL 2018

Ex-dividend Date

After the ex-dividend date, the dividend from any shares traded is paid to the seller of the shares.

23
APRIL 2018

Dividend Record Date

The right to the dividend is held by the shareholder who is marked in the Shareholders Register on the dividend record date.

3
MAY 2018

Dividend Payment Date

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Half-year Financial Report 2018

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Interim Statement for the Period of January - September 2018

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