Annual Report

2015

SAMPO GROUP

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Group CEO's Review

A Record High Result and a Strong Market Position

Sampo performed very well in 2015 and achieved its best result ever. Based on the proposal made to the AGM, Sampo will increase its dividend to EUR 2.15 per share. This represents the seventh successive spring that Sampo will have raised its dividend from the previous year.

The financial sector has traditionally targeted economies of scale as the industry enjoys significant scale benefits. Efficiency, discipline, economies of scale, cross-border supply, risk assessment and risk management have together been the cornerstones for the success. On the other hand, there are additional factors such as agility, local presence and closeness to the customers that have laid the basis for the success of several small companies. Digitalization has removed these boundaries between operation models: a major service supplier becomes local and always accessible, if necessary, while even a minor player is able to reach the global markets more easily.

If P&C, Nordea and Mandatum Life are all in an excellent position to prevail and succeed when digitalization further advances: they all hold market leader positions, comprehensive geographical coverage, good profitability and a great number of satisfied customers in the Nordic countries. This creates a solid base for a forerunner even when meeting the future demands of customers. Significant investments in the digitalization are already proceeding at full speed.

If P&C – Best-ever Result Achieved

If P&C's result for 2015 was excellent and amounted to EUR 960 million before taxes. The combined ratio was the best on record – 86.5 per cent excluding the non-recurring items.

Customer satisfaction increased further in 2015 and the fine-tuning of the Nordic business model continued. The growth of efficiency in operations reflected especially in the cost ratio which reached its lowest ever level – 22.3 per cent excluding the non-recurring items.

Nordea – New Group CEO

Several significant administrative reforms were executed in our associated company Nordea during 2015, the most important of which was obviously the appointment of Casper von Koskull as the new Group CEO. Even resources in administrative and supporting functions (risk management, compliance, internal audit etc.) were strengthened in order to meet the demands of increasing regulation.

In spite of the reforms and increasing regulation, as well as the low interest rate environment, Nordea's result after taxes was its best ever, as was the dividend of EUR 0.64 per share for 2015. Nordea will pay a dividend of over EUR 550 million to Sampo this spring.

Mandatum Life - Good Performance Continued

The persevering work aimed at improving efficiency at Mandatum Life could be seen in the key figures for 2015: expense and risk results reached new record levels. Premium income also reached an all-time high: EUR 1,144 million. In addition, customer satisfaction was further improved upon.

2015 was the first full year when Suomi Mutual's group pension portfolio of EUR 1.3 billion, which had been transferred to Mandatum Life at the end of 2014, was included in the company's financial figures.

From Regulation to Overregulation

After the financial crisis it was clear that risks in the banking sector had to be reduced and better managed. The most effective and simple way of achieving this would be to increase capital requirements. This has also been done and an example is Nordea, where its CET1 ratio increased from 7.5 per cent in 2007 to 16.5 per cent in 2015. Furthermore, Nordea's Tier 1 Capital increased at the same time by over EUR 10 billion.

Simultaneously, regulation that is applicable to the entire financial sector overlaps (as a result of there being several regulatory bodies involved) and forms various layers (the implementation from directives to national guidelines and then subsequently to rules). All of this creates a regulatory jungle made up of several thousand pages and the result is that even the best-in-class companies – in spite of good intentions – have difficulties in keeping up with the regulatory reforms. Overregulation and recurring capital requirements also come at a price: customer service becomes more complicated and cumbersome while the positive contribution of an effective financial sector to the general economic growth weakens. Increased bureaucracy also means a higher barrier to market entry and thus hinders genuine competition.

Furthermore, the ECB's quantitative easing policy – whilst it has reached unprecedented proportions – have not, at least yet, borne the desired fruit. The amount of government bonds trading at negative interest rates has doubled to approximately EUR 5,500 billion in one year. When obligations resulting from the regulation to invest in government bonds are added to negative interest rates, it goes without saying that at present we are experiencing a transfer of wealth with historical proportions - in particular, the transfer from Europe's pension savers to the public sector running into deeper levels of indebtness.

Future Outlook

In the current quite unfavorable environment for the financial sector, Sampo's ability to generate profits is not going to change significantly in the short-term one way or the other. To improve from the present level of good profitability, the economic situation of our customers should be enhanced and their willingness to invest should grow, or GDP should get back on a growth track and interest rates should rise. Naturally, when the ongoing IT and digitalization investments are completed, product innovations and working process reforms offer the possibility of cost savings in the coming years. The objective behind the significant investments, especially in Nordea, is to further raise the current good level of results.

In closing, last but not least, I would like to thank all of our customers and employees for helping us to once again realize another excellent year for Sampo.

Kari Stadigh

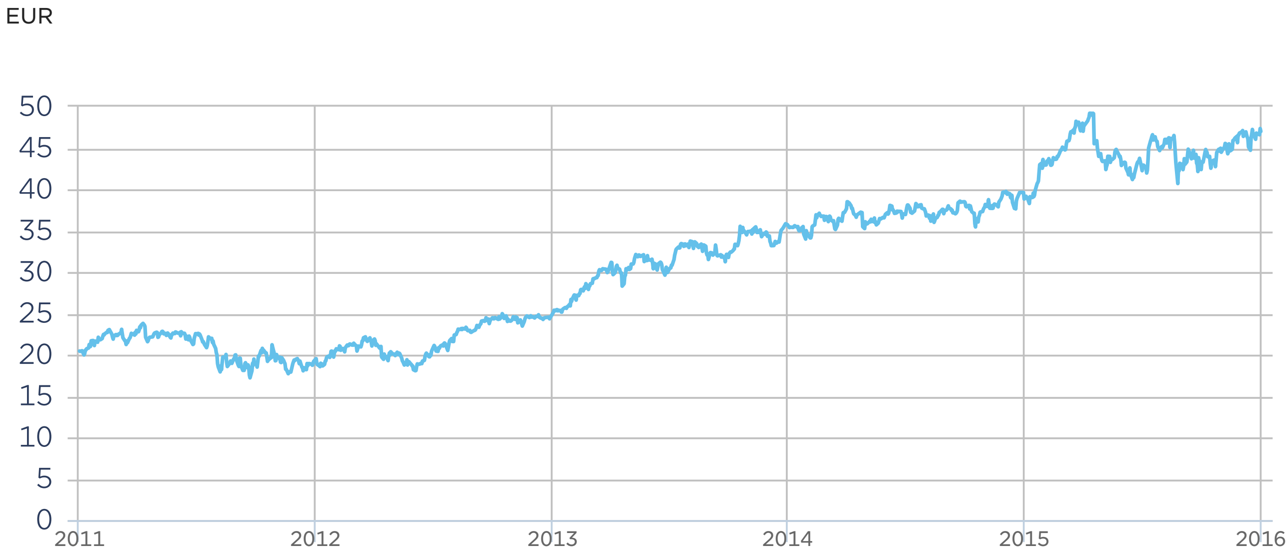
2015 in Figures

Key Figures
Sampo Group, 2015

EURm	2015	2014	Change, %
Profit before taxes	1,888	1,759	7
P&C Insurance	960	931	3
Associate (Nordea)	751	680	10
Life Insurance	181	163	11
Holding (excl. Nordea)	-1	-12	-89
Profit for the period	**1,656**	**1,540**	**8**

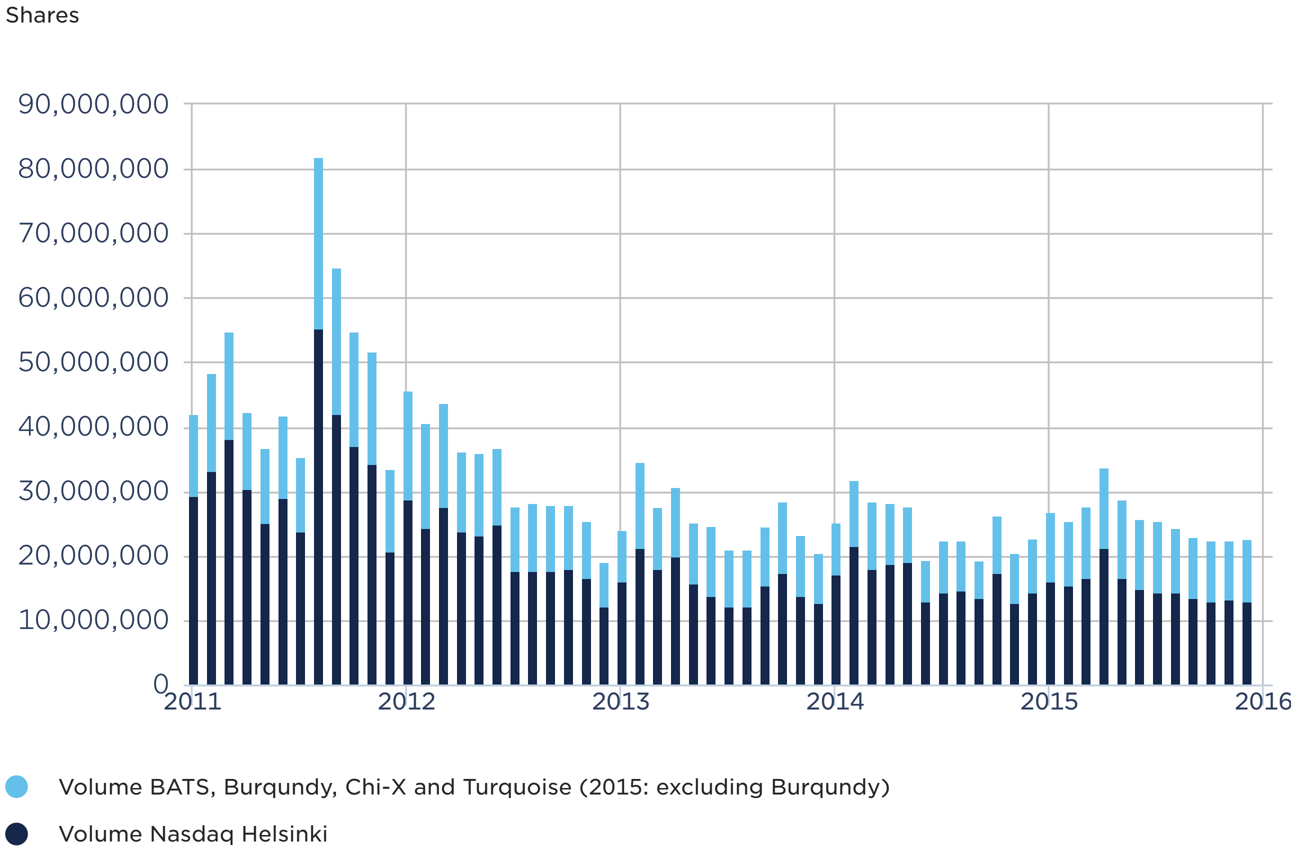
	2015	2014	Change
Earnings per share, EUR	2.96	2.75	0.21
EPS (incl. change in FVR), EUR	2.79	2.11	0.68
NAV per share, EUR	23.79	22.63	1.16
Average number of staff (FTE)	6,755	6,739	16
Group solvency ratio, %	192.6	187.4	5.2
Return on Equity, %	14.0	10.9	3.1

Share Price Performance
Sampo plc, 2011-2015



Monthly Trading Volume

Sampo plc, 2011-2015



Share Main Facts

A Shares		B Shares	
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	SAMAS (OMX)		
Bloomberg	SAMAS FH		
Reuters	SAMAS.HE		
ISIN Code	FI0009003305		
Number of Shares	558,800,000		
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 Group's business areas are P&C insurance and life insurance. P&C insurance under If brand and Mandatum Life brand, respectively. 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 the business areas 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 P&C and life insurance operations 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 2015

	Target	Performance 2015
If P&C Focus on underwriting	**RoE** 17.5% **Combined Ratio** < 95%	**RoE** 21.5% **Combined Ratio** 85.4%
Sampo plc Shareholder value creation	**Payout Ratio** ≥ 50%	**Payout Ratio** 73%*
Mandatum Life Focus on unit-linked	**RoE** 17.5%	**RoE** 12.7%

*Based on Board's proposal on 10 Feb 2016

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 2.15 per share for the year 2015. The proposed dividend corresponds to a pay-out ratio of 73 per cent.

If P&C Insurance – Security and Stability

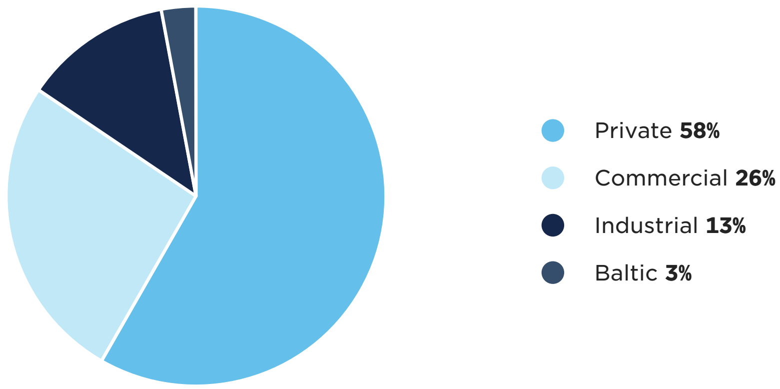
If's vision is to offer insurance solutions that provide customers with security and stability in their daily lives and business operations with such excellence that If is the preferred insurance provider in the Nordic and Baltic markets. This vision is expressed through the customer promise "Relax,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

If is the leading property and casualty insurer in the Nordic region, with over 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 offer the best products and services, has been the strategic theme 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.

Premium by business area
If P&C, 2015



- The **Private** business area is If's largest business area and the 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 and accounts for nearly one third of If's insurance premiums. This business area insures companies with up to 500 employees and has about 350,000 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 second largest P&C

insurer in the Baltic region and market leader in Estonia, with approximately 350,000 customers.

In order to fulfil the vision of being the preferred insurance partner, If has adopted a strategy based on three 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 organization.
- **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.

Mandatum Life – an Expert in Money and Life

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

The parent company of Mandatum Life Group is Mandatum Life Insurance Company Limited, the subsidiaries of which are, following a change in corporate structure in 2014, Mandatum Life Services Ltd., Mandatum Life Investment Services Ltd., Mandatum Life Fund Management S.A. and Innova Services Ltd. and Mandatum Life Insurance SE Baltic, which continue to operate as before.

The focal point of Mandatum Life's new sales business is unit-linked insurances, capital redemption contracts, group pension insurance and risk insurance covering personal risks. For these, Mandatum Life has three sales channels in Finland: sales groups specialized in corporate sales, wealth managers focused on high-net-worth individuals and Danske Bank's distribution network. The fourth sales channel is customer services, which is responsible especially for the additional services offered to existing clientele.

Mandatum Life Group began offering its own wealth management services related to insurance and capital redemption contracts in 2008. These services are primarily focused on high-net-worth individuals, but the comprehensive range of investment baskets is also available to a broad spectrum of private customers. Institutions constitute a key segment of Mandatum Life's wealth management customers. Mandatum Life's fund business operations caters for the needs of institutional customers in particular.

Mandatum Life serves its private customers mainly through Danske Bank's distribution channel. Co-operation with Danske Bank has been successful for many years now.

Insurance for Corporate Customers and Entrepreneurs a Strong Strategic Focal Area

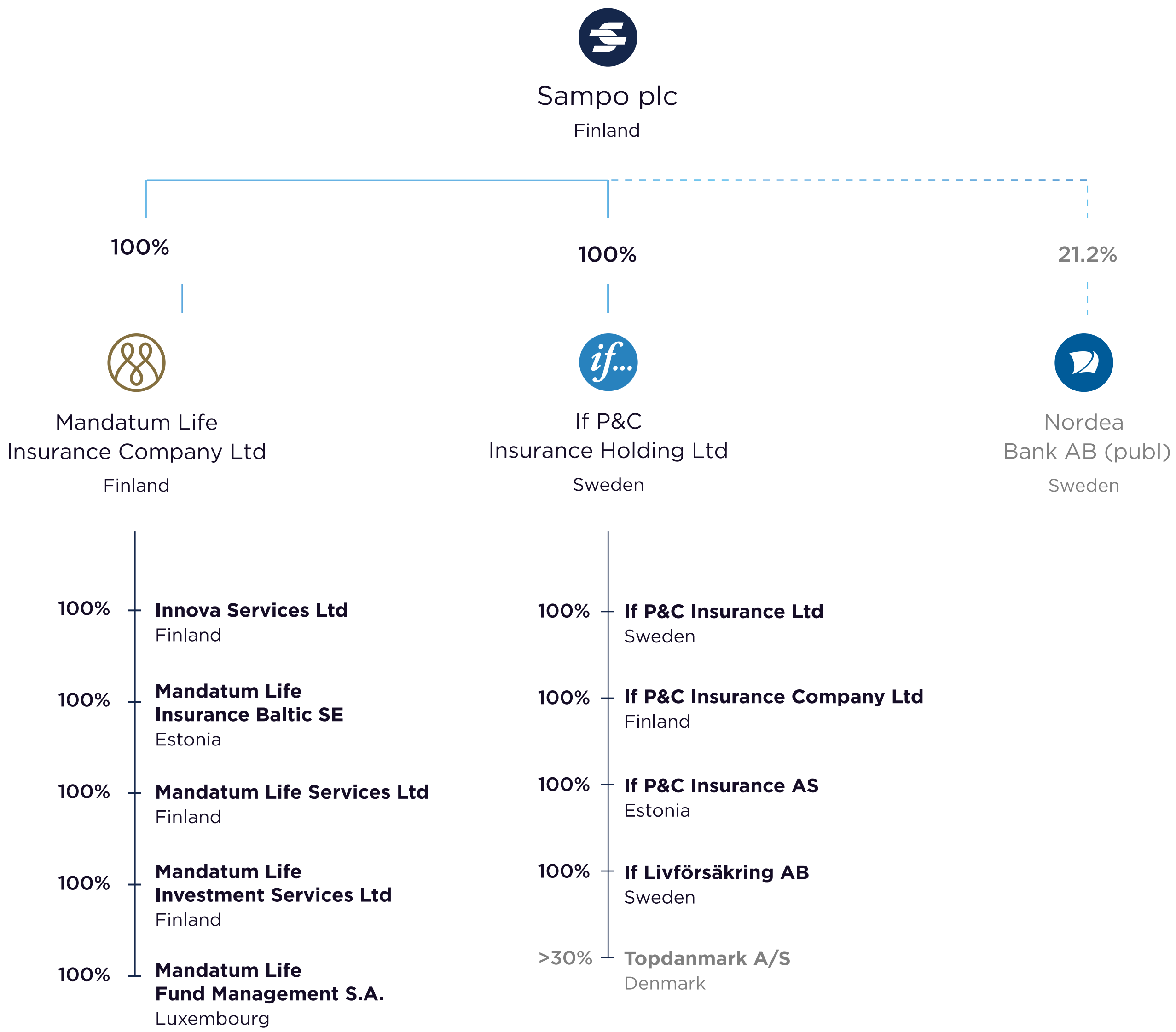
Mandatum Life's goal is to maintain its position as Finland's largest life insurer in the corporate customer segment. Mandatum Life estimates that there is still a growing need for Finns to secure their income during retirement and to prepare for health and life risks. The pension reform of 2017, which aims to lengthen careers and help close the sustainability gap in public finances, increases the level of preparedness for retirement. The company believes that voluntary corporate pension schemes will play an increasingly important role in complementing statutory earnings-related pensions. In addition, services intended for companies' personnel, such as personnel funds, are a key component of the service Mandatum Life provides companies.

In terms of the existing insurance portfolio with high guarantees, the strategy is to maintain a sufficiently strong solvency position which makes it possible to target a higher long-term return than that offered by low-risk fixed income instruments in the company's investment operations. The goal will be to actively accelerate the downward trend of the with-profit portfolio. The transition rules 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 the future. The company is keen to find growth also in the area of new with-profit contracts, provided that this takes place on favorable terms, taking into account profitability, risk management and Solvency II, and brings added value to both customers and the company.

Mandatum Life's result consists of three components: investment result, risk result and expense result. In expense and risk result, Mandatum Life seeks growth through both higher operational efficiency and volume growth. The company's financial target is to produce an RoE of at least 17.5 per cent.

Group Structure

31 December 2015



Organization

31 December 2015

Group CEO and President
Kari Stadigh

- **P&C Insurance**
  Torbjörn Magnusson
  - **Deputy MD**
    Ricard Wennerklint
    - **Marketing and Communications**
      Katarina Mohlin
    - **IT**
      Kjell Rune Tveita
  - **Private**
    Morten Thorsrud
  - **Commercial**
    Ivar Martinsen
  - **Industrial**
    Niclas Ward
  - **Baltic**
    Timo Vuorinen
  - **Finance**
    Knut Arne Alsaker
  - **Legal Affairs**
    Dag Rehme
- **Life Insurance**
  Petri Niemisvirta
  - **Finance**
    Jukka Kurki
  - **Private Customers**
    Sanna Rajaniemi
  - **Danske Bank and Alliances**
    Risto Honkanen
  - **Corporate Clients and Business Development**
    Tarja Tyni
  - **Wealth and Investment Management**
    Jukka Pirskanen, Juhani Lehtonen
  - **Baltics and Support Services**
    Timo Laitinen
  - **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

Businesses

Sampo Group is active in insurance and banking. Sampo plc, the parent company, has two fully owned insurance subsidiaries, If P&C Insurance Holding Ltd (publ) and Mandatum Life Insurance Company Ltd, and is the biggest shareholder in Nordea Bank AB, the largest bank in the Nordic region.

Sampo plc

Sampo plc, the parent company, is listed in the Nasdaq Helsinki since January 1988. It 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.

If P&C Insurance is the leading property and casualty insurer in the Nordic region, with operations in Finland, Sweden, Norway, Denmark and the Baltic countries. Danish insurance company Topdanmark A/S, in which If P&C Insurance is the largest owner with more than 30 per cent of the shares, is accounted for as an associated company in the P&C insurance segment.

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. The Nordea share is listed in the Nasdaq Nordic Exchanges in Stockholm, Helsinki and Copenhagen. In Sampo Group's reporting Nordea is treated as an associate and included in the segment Holding. At the end of 2015 Sampo plc held 21.2 per cent of shares in the Bank.

MANDATUM LIFE

Mandatum Life provides its customers with a variety of services, including wealth management, investments, savings, personal risk insurance, as well as, incentive and reward solutions. Mandatum Life has an estimated 250,000 private and 25,000 corporate customers. In addition to Finland, it operates in the Baltic countries.

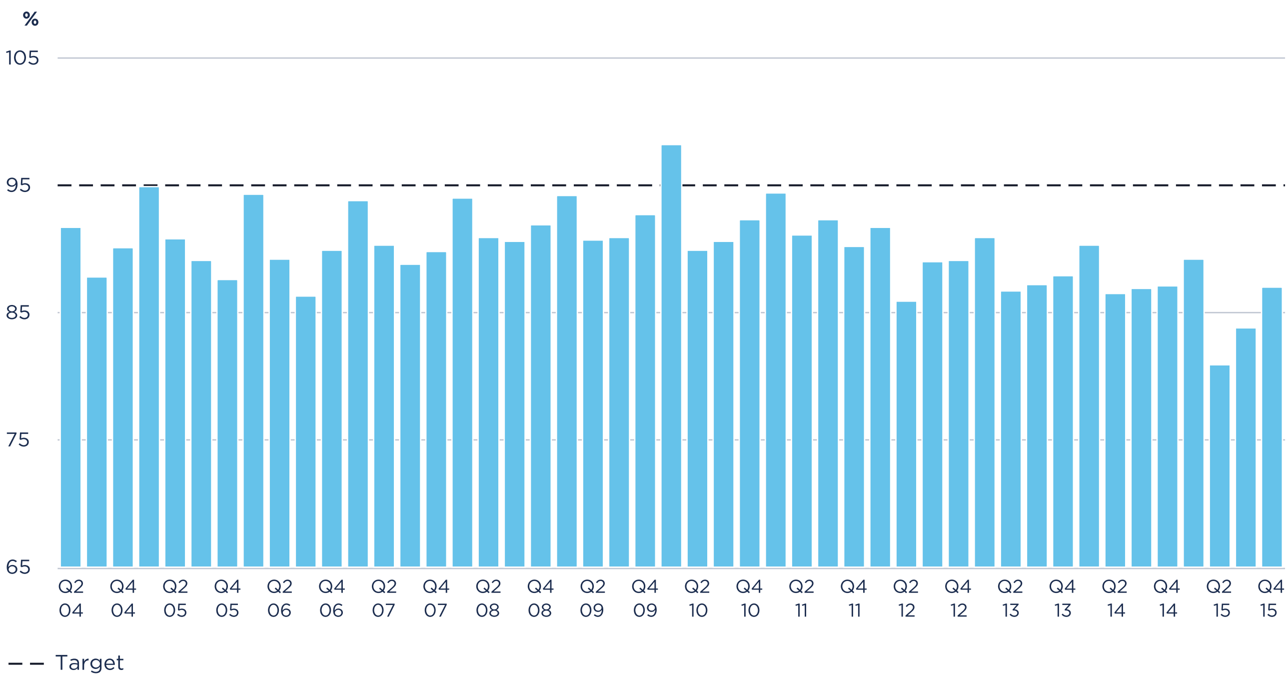
If P&C Insurance

In 2015 the Nordic insurance market remained competitive with weaker macroeconomic conditions contributing to a generally lower economic growth. If P&C's combined ratio for the year was 85.4 (87.7) per cent which is the best ever for the company. The technical result increased to EUR 657 (588) million and pre-tax profits to EUR 960 (931) million.

2015 was yet another year characterized by uncertainty in the global economy with continued low interest rates. The most important success factors in this environment include healthy profitability in the core business, as well as the ability to retain existing customers and winning new. As a market leader with a long-term strategic focus and Nordic market knowledge, If P&C is well positioned for this challenge. The company aims to offer superior customer experience compared to competitors and at the same time maintain a high degree of efficiency in order to secure competitiveness.

Quarterly Combined Ratios

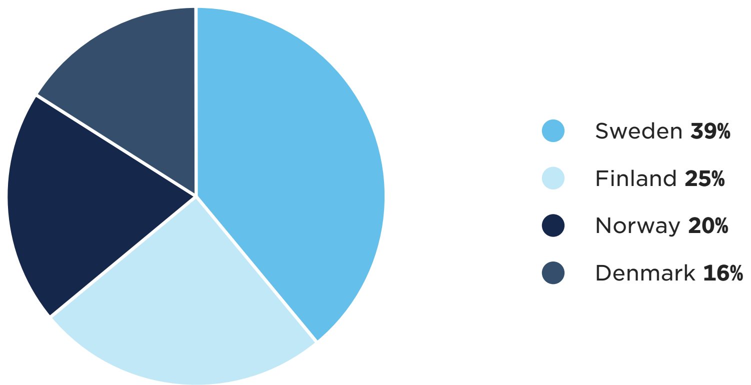
If P&C



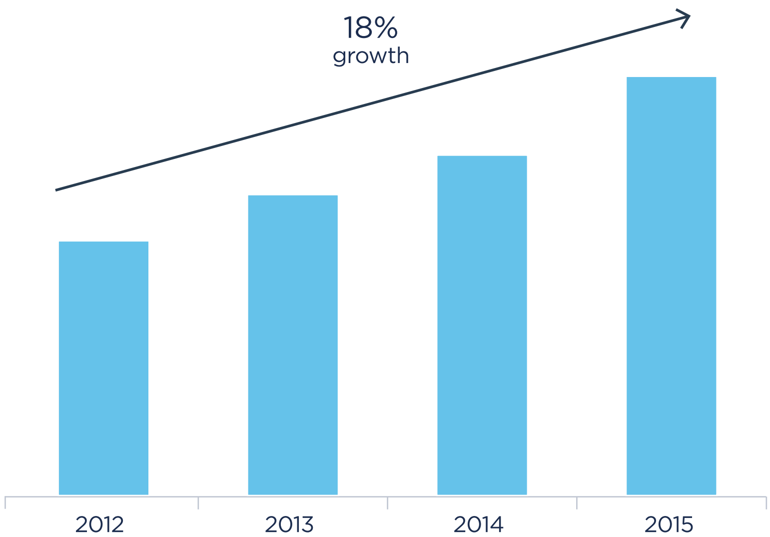
If P&C's premium growth for 2015 was 0.4 (1.7) per cent. The growth was positively affected by successful renewal and development of major partnerships as well as a high level of new car sales.

In line with its core objective to be the industry leader in online solutions, If P&C continued its investments in digital initiatives during the year. Examples include further improved and simplified e-commerce operations including responsive websites as well as optimized sales and renewal processes. During the year internet sales increased by more than 20 per cent and approximately 40 per cent of Private claims are now filed online. Furthermore, today 30 per cent of all customers are e-Customers, i.e. customers with digital payment and digital policy letters on all their policies. This work has led to an additional improvement in customer satisfaction levels. Also, customer reviews of If P&C's claims handling process continue to improve further from an already high level where the customer promise "Relax we'll help you" is fulfilled.

Online Sales by Country
If P&C, 2015



Nordic Online Sales Growth, Premium
If P&C



In 2015 If P&C also continued the implementation of a state of the art Nordic IT core system, replacing local legacy systems in all four Nordic countries. Synergies are expected to be effectively utilized on a pan-Nordic basis as well as across Business Areas.

Solvency II regulation came into effect as of January 1, 2016. If is well prepared and already compliant with the principles of Solvency II. If has a strong capital base, good systems for reporting and internal control as well as a risk-based management model. Standard & Poor's has affirmed the company's A-rating with a stable outlook and the Strong assessment of Enterprise Risk Management.

Nordea

In 2015, the Nordic economies showed diverging trends. While Sweden continued to show one of the best growth rates in Europe, Finland was struggling to get back to a growth path. Norway was experiencing a slowdown of growth, mainly in the offshore economy, while Denmark displayed a better growth rate and higher real estate prices.

Under these market conditions, Nordea showed 3 per cent increase in income in local currencies and excluding one-offs, a reduction in costs, improved credit quality, improved operating profit by 7 per cent, and a return on equity which improved to 12.3 per cent.

Delivering Value to Customers

In Retail Banking, digitalization continued to make a significant impact on the business. Nordea's customers increase rapidly their use of online and mobile offerings and also appreciate the accessibility of online meetings, with one of seven customer meetings now carried out online. Nordea has launched new digital services, e.g. updated mobile bank with easy access features such as touch ID, pre-authentication on the chat and call functions.

In Wholesale Banking, customer activity was solid despite intense competition. Nordea consolidated its position as the leading business partner to corporates and institutions in the Nordics. Nordea was awarded Best Equity Research and Brokerage in the Nordic region by TNS SIFO Prospera and Greenwich announced Nordea to be the bank with the largest corporate customer base.

In Wealth Management, Nordea's customers continued to show strong interest in the broad offering of investment products. Nordea was the eighth best-selling fund provider in Europe and had an overall positive net inflow of EUR 15 billion with contribution from all segments – Nordic retail funds, Private Banking, Life & Pensions, Global Fund Distribution and Institutional clients.

2016 to 2018 – a Transition Period to Deliver One Nordea

The coming three years will be a transition period in which Nordea will execute on its transformational change agenda in order to create a truly digital bank. This change agenda is driven by changed customer behavior, a shift in technology as well as regulatory requirements.

Nordea will undertake a number of activities to accelerate this transition. These will be carried out during 2016-2017 and will start to deliver efficiencies in late 2016, which will enable continued investments in competencies, product offerings and IT. As substantial investments will be carried out in 2017-2018, net cost reductions will start materializing from 2019.

Together with the investments in the core banking platform, the outcome of the transformational agenda will lead to a more efficient and straightforward structure and reduce administrative complexity to the benefit of customers, employees and investors and enable the bank to become truly One Nordea.

Nordea has around 11 million customers and approximately 650 branch office locations and the Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges.

Mandatum Life

2015 was, in many respects, a successful year for Mandatum Life, and the company's results were, by all measures, excellent. Expense result once again increased to a record-high level, and risk result also reached the highest level in the company's history. In addition, unit-linked premium income and technical provisions broke new records, as they did in the previous year. The transfer of Suomi Mutual's group pension portfolio at the end of 2014 was executed according to plan, and Mandatum Life was able to offer supplementary benefits on the portfolio already after the first year.

Mandatum Life's investment returns exceeded the return requirement on technical provisions, especially due to the excellent return on equity investments. Low-risk, long-term interest rates remained at a low level, which means that, as in previous years, maturing fixed income investments continue to present a considerable re-investment risk. In response to the low interest rate levels, the company continued to supplement the reserve for decreased discount rates, and has consequently considerably lowered the return requirement on technical provisions for 2016–2018.

Mandatum Life's premiums written reached an all-time high in the company's history. The growth was a result of successful sales work across all distribution channels. Due to the strong growth of premium income in the sector, however, Mandatum Life lost some of its market share.

In terms of new business, Mandatum Life set more than ten years ago unit-linked insurance and personal risk insurance as its core business areas. Back then, the company's technical provisions were almost exclusively related to with-profit products and the share of the with-profit portfolio with particularly high (3.5 per cent and 4.5 per cent) guarantees of the total technical provisions was close to 90 per cent. As a result of the relatively strong decline in the with-profit portfolio with high guarantees and with the strong growth in other technical provision items, the with-profit portfolio with high guarantees only constitutes less than 30 per cent of the company's technical provisions.

Cost-effectiveness becomes increasingly important as the weight of unit-linked business grows. Three years ago, the company launched a cost-efficiency program with the goal of maintaining the organization's fixed operating costs in 2015 at the 2012 level. The target was reached despite simultaneously implementing significant measures, such as the launch of fund business operations and taking over the group pension insurance portfolio transferred from Suomi Mutual. The cost-efficiency program, together with increased fee and commission income, raised the company's expense result to an all-time high for the second year in a row. The expense result for the next few years is expected to grow, despite being increasingly vulnerable to changes in the investment markets due to the growth in the weight of unit-linked savings.

In the Baltic countries, premiums written on risk insurance and capital at risk grew, as did unit-linked savings. Gross premiums written and the operating result were lower than they were in the previous year. Alongside operations management, efforts were made to develop new products and solutions. Results from and feedback on online services for wealth management customers and unit-linked group insurance for companies in Latvia were positive.

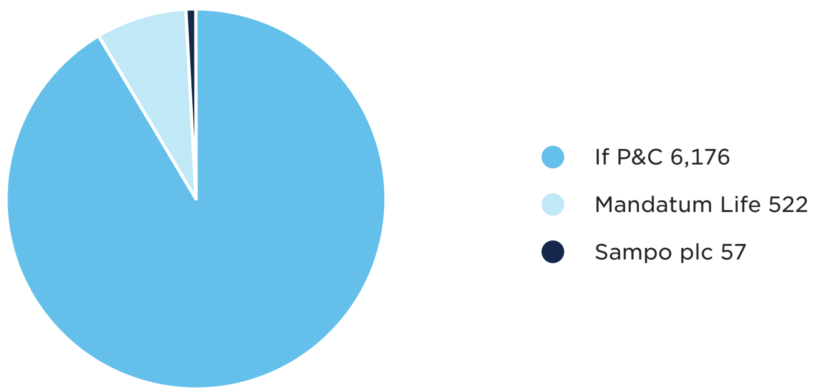
Personnel

Sampo Group operates in an industry, where value creation rests on operational excellence, continuous renewal and highly skilled employees. Through operational excellence, we can build trust and respond to customer expectations.

Our strategy is to recruit and develop the best people in the industry. With competent, creative and engaged staff, we can stay ahead of the competition. Employee satisfaction surveys show that we have succeeded in offering a working environment that inspires and engages employees.

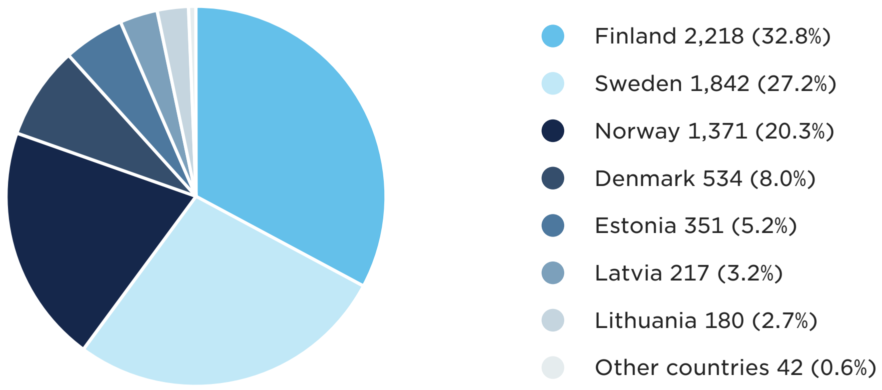
In 2015 Sampo Group employed on average 6,755 people (6,739). P&C Insurance is the Group's largest business area, with If P&C employees comprising 91 per cent of the Group personnel (6,176 employees). 8 per cent of employees worked in life insurance and 1 per cent in the parent company Sampo plc.

Average Personnel by Company
Sampo Group, 2015

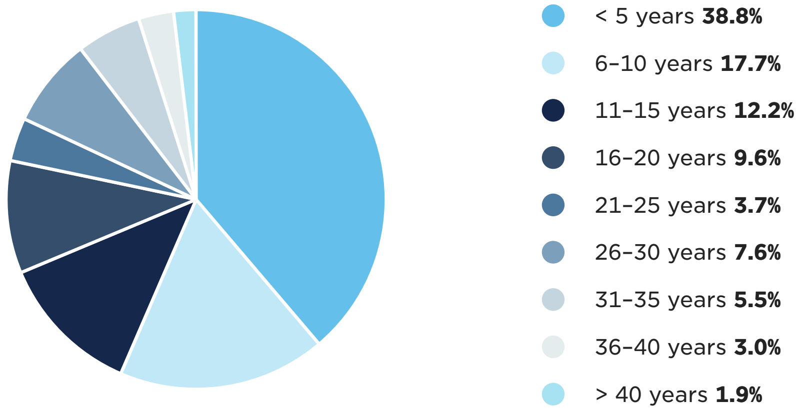


In geographical terms, 33 per cent of the personnel worked in Finland, 27 per cent in Sweden and 20 per cent in Norway. The Baltic countries, Denmark and other countries employed 20 per cent.

Average Personnel by Country
Sampo Group, 2015



Years of Employment
Sampo Group, 2015



Personnel at If P&C

Insurance is a business of trust. Customers are buying peace of mind and the promise of our help when making big decisions, such as buying a home, a car or starting a business. The employees of If P&C are thus central speaking partners to customers in some of their most important life situations.

At If P&C, HR work and customer focus go hand in hand. Leadership is emphasized, but also employeeship – the employees' own responsibility for their development, customer service and performance. Furthermore, competence development is seen as central to the customer promise and HR processes are built with the customer in mind.

The HR strategy of If P&C is based on four core areas: leadership, employeeship, competence development and ensuring the right person in the right place. In 2015, the main focus has been on promoting employeeship and developing leadership to support it.

Personnel Structure and Efficiency Measures

If P&C is increasingly emphasizing the role each employee plays in ensuring the best possible customer service. Providing employees with the tools and mindset to undertake this responsibility is a big part of HR's work.

Customer focus has also been the reason for structural changes in 2015. If P&C is building major customer centers in each country: these act as centers of excellence for both the delivery and development of customer service. HR is contributing to this project by focused recruitment practices and training efforts.

If P&C is also currently building a common organization across Business Areas in the Baltics, working with Nordic back office processes to secure a higher quality and more efficient level of customer service.

Due to structural improvements If P&C also invested heavily in change management. However, the total number of employees has remained stable during 2015.

Number of Personnel

If P&C, 2014-2015

	31 Dec 2015		31 Dec 2014	
	FTE	of which temporary employees	FTE	of which temporary employees
Sweden	1,845	5.7%	1,804	5.8%
Finland	1,734	3.4%	1,771	4.1%
Norway	1,366	1.1%	1,400	1.4%
Denmark	537	2.2%	521	3.2%
Estonia	323	0.0%	306	0.5%
Latvia	210	2.4%	174	5.6%
Lithuania	143	2.7%	142	3.5%
Other	41	2.4%	41	2.5%
Total	**6,199**	**3.2%**	**6,158**	**3.8%**

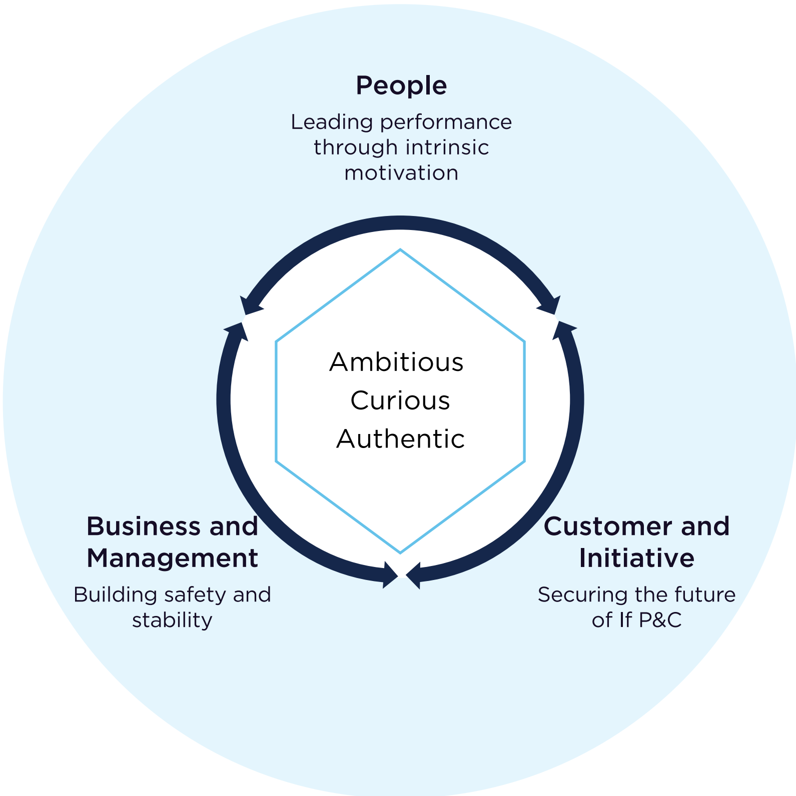
Leadership Supporting Personal Development

The insurance industry is developing rapidly in light of digitalization and changing customer behavior. As a result, jobs in the insurance industry are evolving and becoming more complex, requiring multifaceted leaders and increasingly competent employees.

Increasing employee competence and responsibility is also changing the role of the leader. Follow-up and control is still important, but the need for coaching self-regulated employees is growing. Coaching competence among leaders has been developed during the past few years and nearly 160 leaders have attended training on this.

In 2015 the Future Leadership Program was continued to help recruit and integrate potential future leaders and key specialists for If P&C. In addition, new strategic initiatives for top talent recruitment were launched, such as recruitment pipelines to key academic institutions.

Leadership Model
If P&C



Employees should also increasingly see themselves as leaders within their own areas of responsibility. Employeeship encourages employees to take responsibility and initiative for their own development and performance.

In 2015, measures mainly concentrated on implementing the employeeship culture through leader seminars, employee discussions, a revised employee survey, updated recruitment processes and the development of a performance model emphasizing employeeship.

If P&C's internal competence development unit – If Academy – promotes business driven competence development. In 2015 over 2,000 employees were trained through If Academy activities, which equals nearly 4,000 training days. Additionally, business units themselves organize ample training, and If P&C also encourages on-the-job-training.

Employeeship Model
If P&C

Well-being and Equality

At If P&C, employee well-being is continuously monitored. Over the last few years, the sick leave rates in Norway have been higher than usual. With persistent work the situation has been improved. Findings from Norway are now being applied to the other If countries, with special focus on Sweden and Denmark.

Sickness Absences
If P&C, 2015

	2015	Change compared to previous year
Norway	4.5%	-0.32%
Sweden	3.9%	0.12%
Denmark	3.4%	0.42%
Finland	2.9%	0.07%
Latvia	2.1%	0.29%
Estonia	2.0%	0.04%
Lithuania	0.8%	-0.05%

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

Personnel Turnover

If P&C, 2014–2015

	31 Dec 2015	31 Dec 2014
Estonia	18.5%	20.0%
Latvia	12.8%	11.2%
Finland	10.7%	7.2%
Denmark	9.3%	8.5%
Sweden	8.9%	7.5%
Norway	8.4%	11.2%
Lithuania	7.4%	8.5%
Total	**9.9%**	**9.0%**

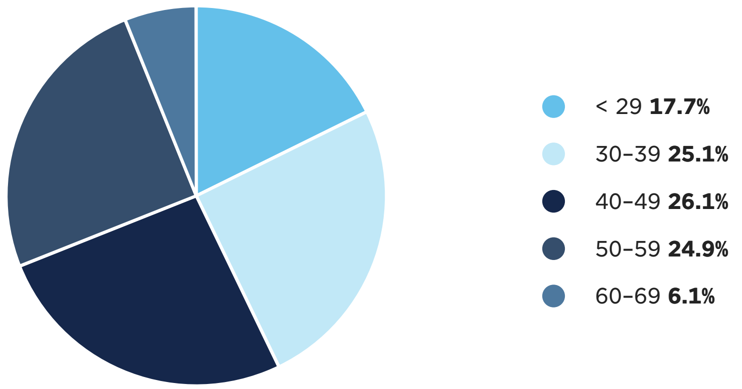
Continuous work on employee well-being is also shown in the employee satisfaction survey. The results have been on a very high level for years, and 2015 is no exception. On the scale of 1 to 7, the statement “I enjoy working at If” reached a figure as high as 6.07.

If P&C is committed to promoting equal opportunities among employees, and to promote this theme an Equal Opportunities Advisory Board has been formed. The board discusses gender equality issues in relation to careers in If P&C, analyzes statistics and recommends actions to further improve the situation. Special attention is being paid to gender equality in senior leadership, where men are overrepresented.

Age diversity is endorsed with a pilot program in Finland, Always the Right Age. The program supports the performance and well-being of employees of all ages. The aim of the program is to increase understanding about the importance of adjusting to changing life situations, rather than focusing solely on age.

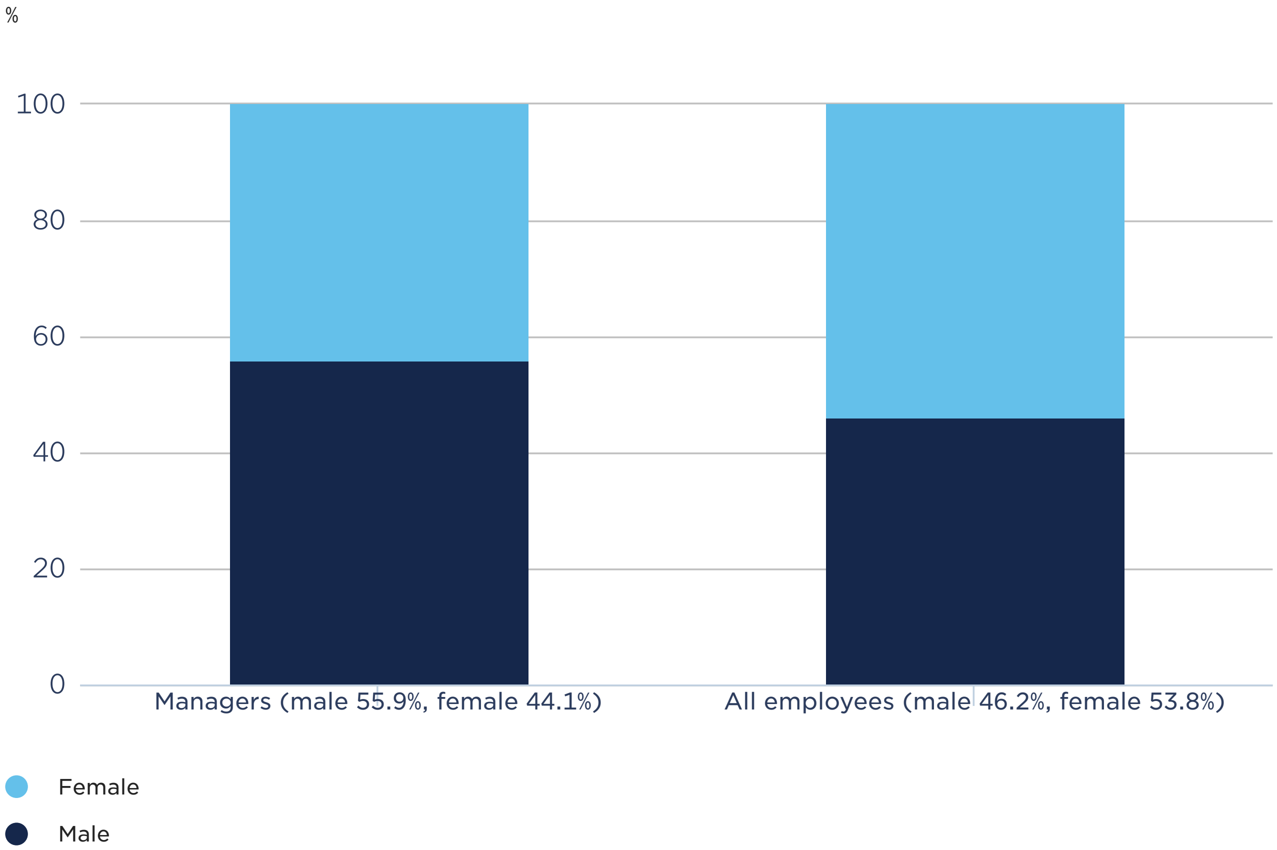
Age Structure

If P&C, 2015



Gender Structure (Managers and All Employees)

If P&C, 2015



Case: Why If – The Movie

To reinforce customer focus, If P&C decided to bring the theme closer to the personnel. Even though some employees do not talk directly to customers, all employees should be immersed in a company culture that emphasizes the customer.

The idea of the movie was to give a better understanding of why If P&C is here: to ensure that customers are correctly insured and to help them when something happens.

To illustrate If P&C's purpose, the people behind insurances and their stories were brought to the limelight.

The feedback from employees was very positive, making people feel pride of working at If P&C. The film is a powerful illustration of how important a role the company plays in customers' lives, and in the society as a whole.

Watch the video of insurance stories around the Nordics at: www.youtube.com/watch?v=yIRn4BlgQl0

Personnel at Mandatum Life

As a financial services provider, Mandatum Life provides customers with versatile opportunities to secure their financial security. Our values reflect customer focus and teamwork, putting the development and competence of our employees at the core.

Mandatum Life set employee satisfaction as one of its strategic business targets in 2015. Employee well-being has a significant impact on the company's success: satisfied employees generate satisfied customers.

The goal is that by 2020, 90 per cent of Mandatum Life's employees feel that they are working in a great workplace. Continuous efforts have been fruitful: we already exceeded this target in 2015, with a result of 92 per cent.

Moreover, Mandatum Life has been ranked among the best Finnish workplaces for six years running.

Corporate culture is one of the areas that Mandatum Life seeks to develop on an ongoing basis. Performance is measured, for example, with a survey of in-house cooperation, in which the units provide feedback of their closest partners within the company. The results are reviewed by the management and included in the incentive rewards criteria.

Personnel Structure and Efficiency Measures

During 2015, the work to develop efficient working methods continued. The targets of the cost-efficiency project organized in 2014 were achieved in 2015 as well.

The efficiency drive included an assessment and rationalization of the ways of working by streamlining processes and centralizing operations. The total number of personnel in Mandatum has remained nearly unchanged.

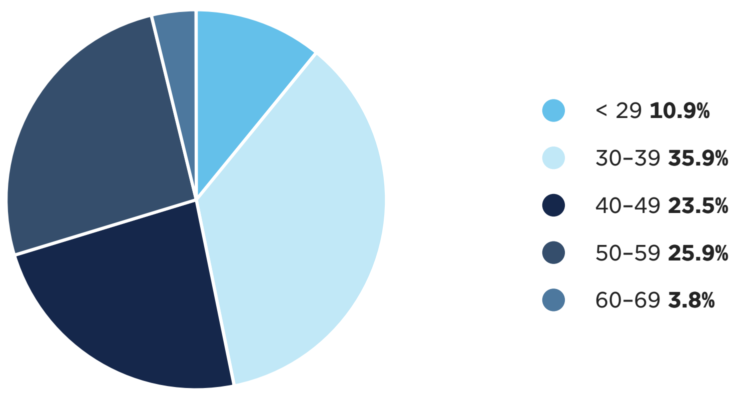
Personnel by Country FTE

Mandatum Life, 2014-2015

	31 Dec 2015	31 Dec 2014
Finland	431	413
Estonia	35	36
Lithuania	38	36
Latvia	23	24
Total	**527**	**509**

Age Structure of Personnel in Finland

Mandatum Life, 2015



Right to Good Management

Mandatum Life is committed to developing leadership skills on a systematic basis. One of the key tools includes the biannual 360 management assessment that involved all of Mandatum Life's managers in 2015.

The objective of the assessment is to evaluate the leadership of the whole managerial staff, the competence level of our current management and to identify development areas. Furthermore, the aim is to offer managers the opportunity to receive individual feedback on their performance.

Based on the 360 assessment results, the management feedback at Mandatum Life is at a high level compared to other expert organizations. The results reflect our inputs in developing management work, management trainings and the attention of our recruiting managers.

Management training is also provided through the Mandatum Life Management School program, which was organized for the sixth time in 2015.

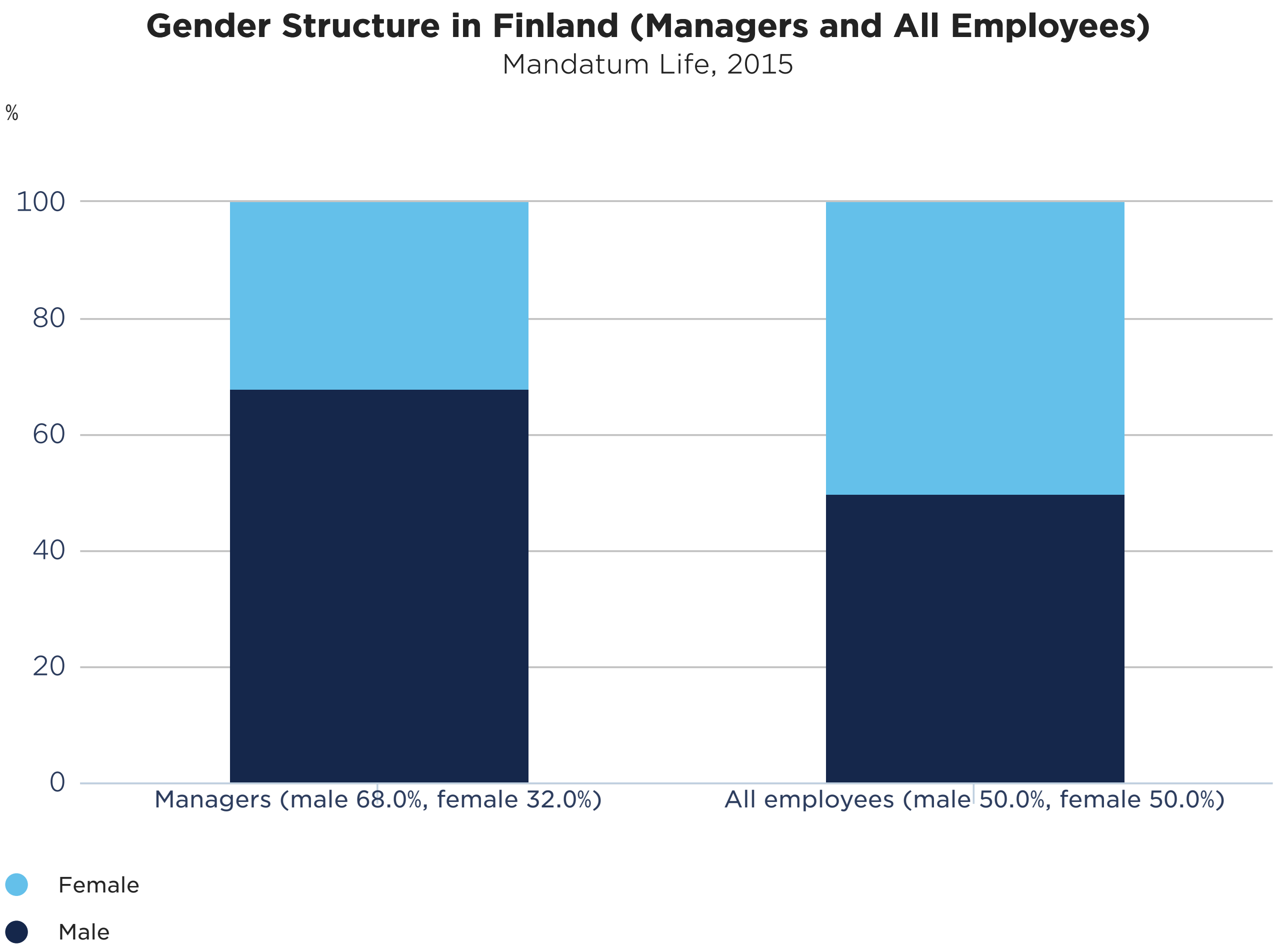
Well-being and Gender Equality Actions

Mandatum Life's sustained efforts for staff well-being are reflected in low absenteeism and staff turnover (9.5 per cent in 2015). The sick day rate has also remained at a good level from year to year, being 0.4 per cent lower in 2015 than in the previous year.

The occupational healthcare services focus on preventive wellness-at-work action. As a result, sick leave rates have been declining since 2011. Similarly, the disability pension category has remained on a low level for the past four years. As in 2015, the category in 2016 is 2.

In the annual survey measuring well-being at work, Great Place to Work, Mandatum Life's total grade was 84 per cent. This was an improvement of four percentage points from 2015. Positive development was especially seen in sections that measure employee experiences of leadership and pride in working at Mandatum Life. The response rate for the survey was 90 per cent (91).

Mandatum Life seeks to promote gender equality by monitoring the figures on a continuous basis. There is an equal number of men and women among Mandatum Life employees. Women are also represented in the management team, but men hold the majority.



Rewarding through In-house Instruments

Mandatum Life offers its clients reward and compensation services. A good reward structure supports Mandatum Life's strategy and business objectives and motivates employees. The main idea with the company's own reward structure is to offer the personnel the same compensation solutions that are offered to our clients.

A good example of this is the reward fund established in 2014. This service product enjoys wide popularity among the staff with a funding rate of nearly 90 per cent.

Case: ML Plus 58

Mandatum Life holds its experienced employees and their skills and competences in high regard. To highlight this, we set up the ML Plus 58 group in early 2015. It is intended for all employees who have turned 58.

ML Plus 58 focuses on three areas: Fitness (guidance and instruction in maintaining one's physical condition); Wisdom (skills development and sharing); and Good Feeling (catering for enjoyment in work, as well as motivation and wellness).

The annual development discussions include 'senior talks' that address issues such as flexibilities at work, retirement, the sharing of skills and knowledge, wellness-at-work and working ability. The activities are carried out in collaboration with the ML Seniors group, the HR Department, Mehiläinen Medical Centre and Varma insurance company.

Participants have been able to influence the program and propose ideas. For example, the participants have received social media trainings and retirement info. It's ultimately a win-win: the young learn from the more experienced employees who in turn learn new skills from the young.

Corporate Responsibility

The focus of Sampo Group's corporate responsibility work is on the subsidiary level. This is where the customers are met and where 99 per cent of the personnel work. The operations of Sampo Group's insurance subsidiaries If P&C Insurance and Mandatum Life differ significantly from each other and, therefore, the nature of their corporate responsibility activities also differs to a great extent. The subsidiaries have their own models of corporate responsibility reporting reflecting the special features of their businesses. On a Group level Sampo continued to develop the Group level non-financial reporting while waiting for the authorities' decision reporting requirements.

Corporate Responsibility at If P&C Insurance

If P&C Insurance is committed to promoting a safe and secure society. Along with the police, rescue services, judiciary, and other public authorities, the property and casualty insurance companies play a key role in providing safe environment for people and businesses alike.

In 2015 alone, If P&C dealt with more than 1.8 million insurance claims. These vary greatly, ranging from private clients injured in road accidents to companies whose production has been suspended, for example, due to fire. The company paid out over EUR 3 billion in claims over the past year.

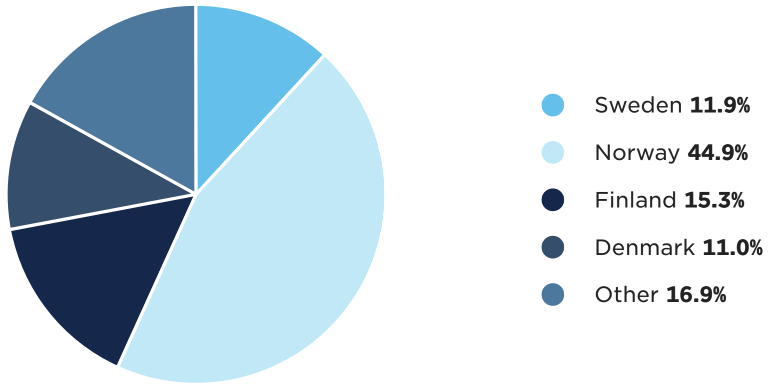
If P&C endeavors to take its social responsibility beyond its business operations. Its principal objective is to constantly act in a manner that satisfies or exceeds the ethical, legal and commercial requirements placed upon the business. For example, the company has been carrying out extensive work, for several years now, at the highest political level to place increased focus on the issue of everyday crime, such as burglary and car theft. This is a problem that affects hundreds of thousands of people in the Nordic region every year. The situation has started to improve, but If P&C believes that the authorities can do even more to solve the problem.

If P&C has to a large extent incorporated CSR into its communication. In August If P&C launched Slow Down GPS - a navigation application for smart phones with the purpose of preventing drivers from speeding in areas where children are present. Furthermore, in order to increase the use of reflectors, especially among young people, If P&C collaborated with the leading fashion designers in Finland, Norway and Sweden and produced trendy clothes in reflective material.

In addition, a traffic researcher has been employed to analyze all incoming data from traffic-related accidents to gain more knowledge on how accidents happen and how to avoid them. This information is widely spread throughout the society by various communication projects.

If P&C is also a significant tax payer in the Nordic countries, having paid slightly more than EUR 185 million in corporate taxes in 2014.

Corporate Taxes for the Year 2014
If P&C, more than EUR 185 million in total



Environmental issues are of critical importance to everyone and often have a direct impact on the operations of the P&C insurance companies. Climate-related meteorological phenomena, such as heavy rainfalls and flooding, are becoming increasingly common. Populated areas along the coastlines of exposed regions are experiencing frequent flooding.

All of If P&C's activities are governed by a strict environmental policy. The essence of this policy is that the most environmentally viable solution for clients, suppliers and partners as well as the company itself will always be looked for.

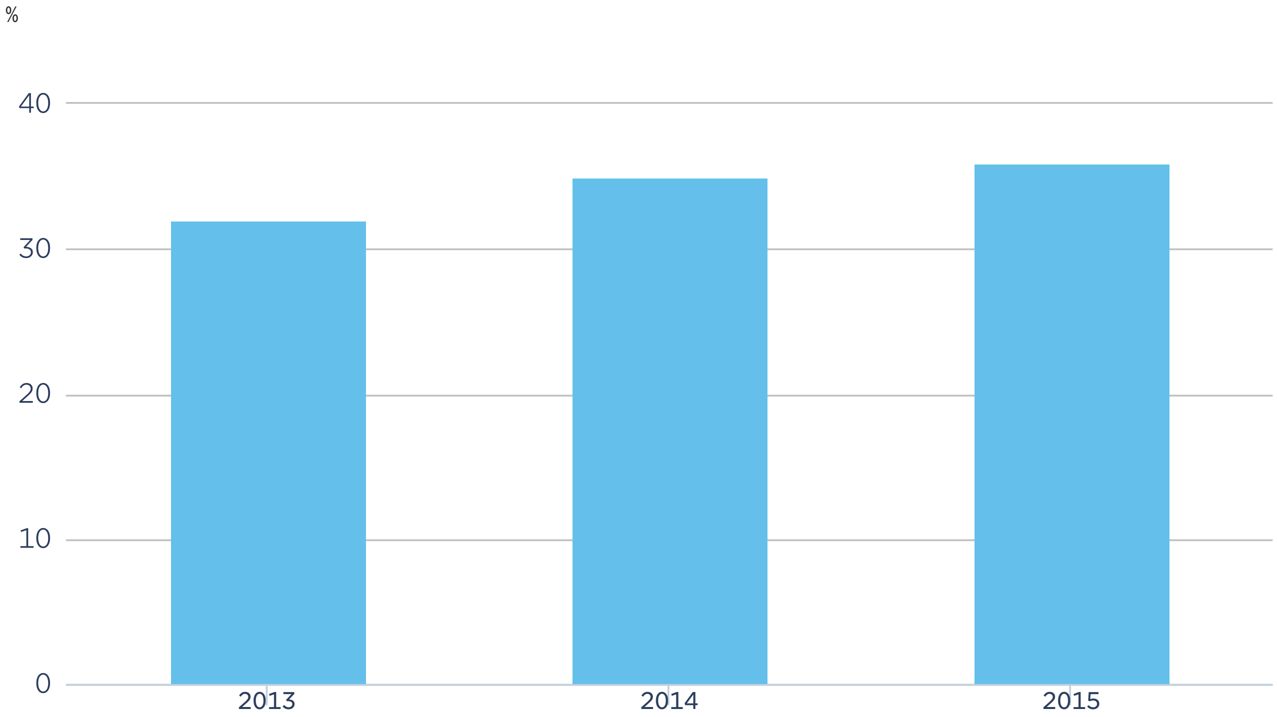
Key Environmental Issues for If P&C

Environmental impact of claims handling: In 2015, If P&C handled around 950,000 claims for damaged cars and properties. The correct handling of damaged materials is a key environmental issue. The goal is to reuse undamaged parts and increase recycling. As a step towards achieving this, If P&C has implemented stringent environmental standards for its suppliers.

Online filing of claims is becoming more common and represents a more environmentally responsible choice than traditional filing methods. The number of claims filed online increased by 4 per cent in 2015 and 36 per cent of claims are filed online today.

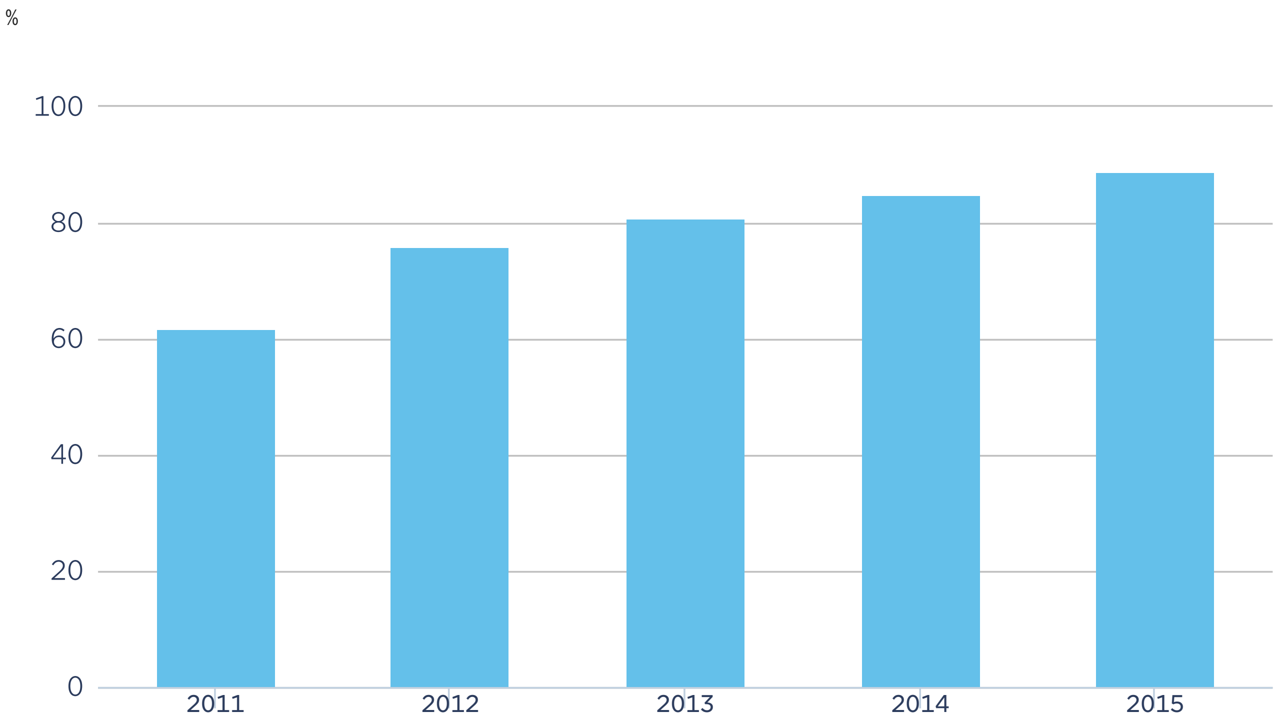
Share of Online Claim Reports from Business Area Private on a Nordic Level

If P&C, 2013-2015



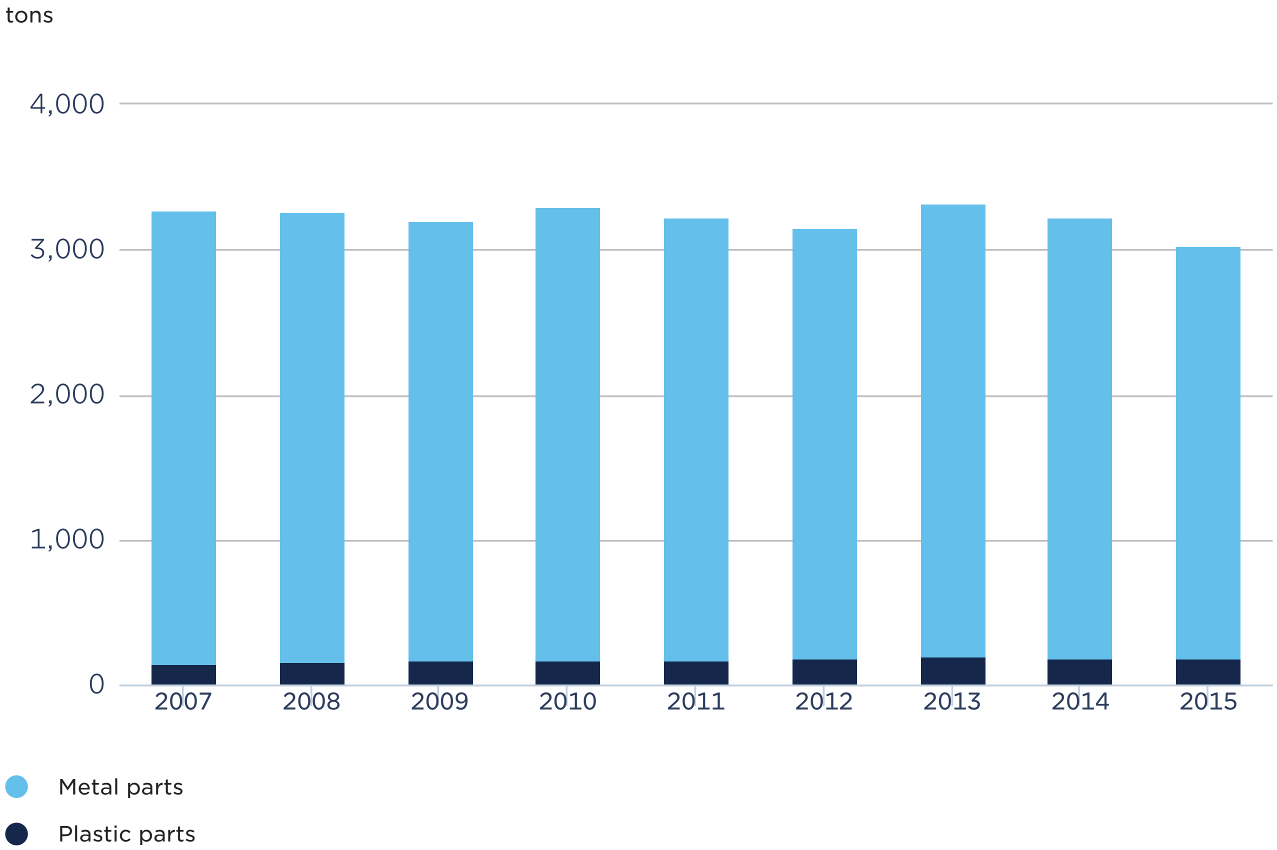
Share of E-invoices in Vehicle Claims on a Nordic Level

If P&C, 2011-2015



Reuse of Materials in Vehicle Repairs

If P&C, 2007-2015

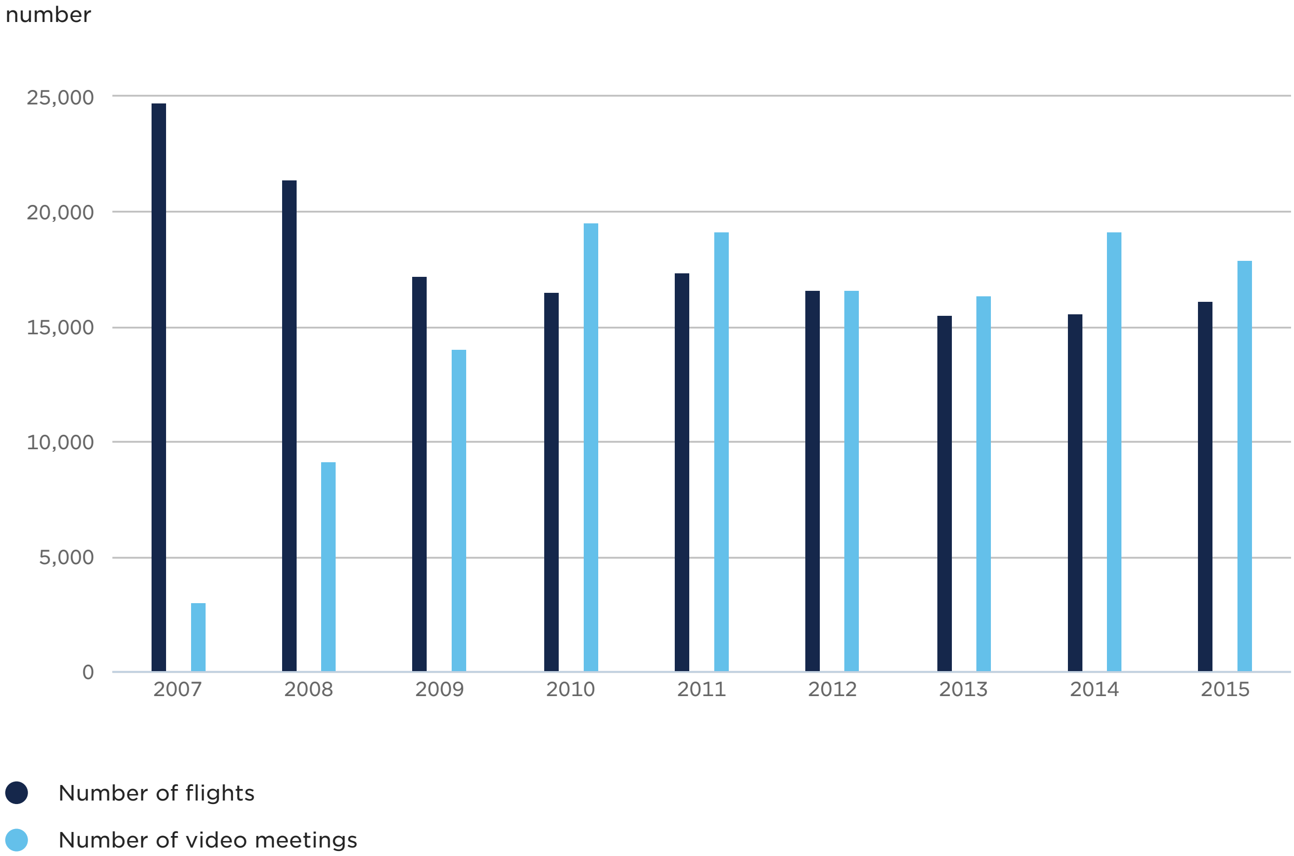


If P&C handled about 550,000 damaged cars in 2015. Damaged materials and waste could have an adverse impact on the environment if not managed correctly. Company's environmental policy requires spare parts to be reused and recycled. Instead of brand new spare parts, thousands of tons of plastic and metal are reused each year.

Travel and meetings: If P&C has reduced the number of business flights taken by its employees by one third since 2007. Many of its meetings are now conducted online or as video conferences instead of face-to-face.

Development of Flight Travel and Video Meetings

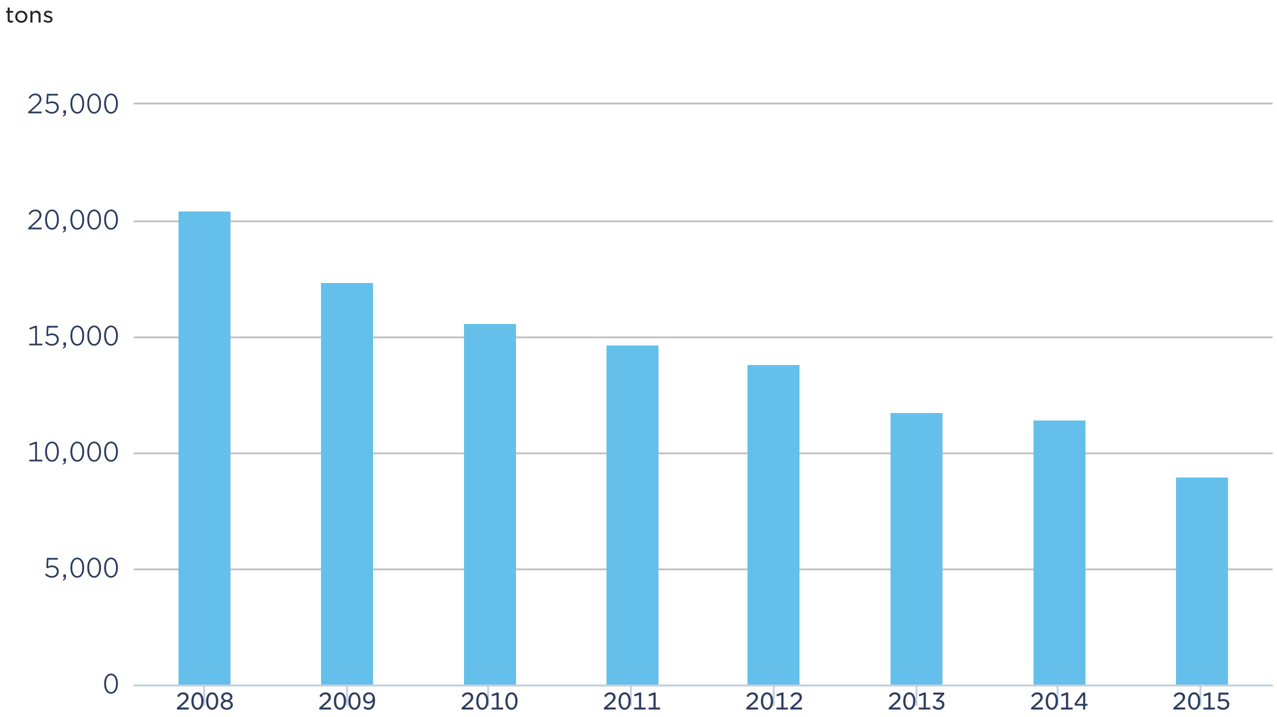
If P&C, 2007-2015



Climate impact: If P&C's carbon dioxide emissions continued to decrease in 2015. In 2011, the company had launched a carbon offsetting scheme whereby it compensates for its emissions of carbon dioxide in the Nordic region by distributing energy-efficient wood-burning stoves to villages in India. In 2015, the target country changed from India to Tanzania. The scheme is a so-called "Gold Standard project", which is an internationally recognized certification standard developed in collaboration with the World Wide Fund for Nature and other organizations. Not only do the wood-burning stoves reduce carbon dioxide emissions, they also save lives. A report published by the World Bank shows that about four million people die each year from the pollutants emitted by inefficient wood-burning stoves. If P&C will be continuing with this offsetting program in 2016.

Development of Carbon Dioxide Emissions

If P&C, 2008-2015



The methodology to calculate emissions from flights has been updated for 2015. Using the previous methodology the emissions would have been 10,783 tons.

The total amount of direct and indirect carbon dioxide emissions from Nordic operations in 2015 was 9,004 tons. This is 56 per cent lower than in 2008 when the measurements were first taken. Purchased energy contributes 11 per cent and business travel (air, train and car) 86 per cent of the total. The total emissions from business travel were 7,776 tons. Of all the means of transportation used, air travel has the greatest impact per travelled kilometer, which makes it the most significant source of emissions. The carbon dioxide reduction is mainly due to a 35 per cent decrease in air travel and because the company now purchases almost 100 per cent of its electricity from renewable sources.

Environmental Highlights in 2015

- Climate conferences were arranged for both the authorities and commercial customers.
- The Head office in Oslo, Norway, achieved the “Miljøfyrtårn” certification.
- If Denmark was named “Member of The Year” in a competition among the environmentally responsible purchasing network. The competitors included some of the largest offices in Denmark.
- If P&C was ranked number 9 among the companies in Europe by PwC’s review of ClimateWise principles 2015.

Environmental Policy

If P&C must take substantial measures to improve the environment on a daily basis:

- We always endeavor to find the best possible environmental solution – for our company, our customers, our suppliers and our partners.
- We must always give our staff the opportunity to act in an environmentally-friendly way through the provision of guidelines and support.
- We are developing products, processes and loss prevention services in order to help our customers act in a more environmentally-friendly manner.
- We encourage and support our suppliers and partners in their efforts to use more environmentally-friendly methods in their operations.
- We must always provide information about environmental risks and participate actively in the public debate concerning climate change.

Structure of the Environmental Program

If P&C's environmental program has three levels:

- A steering group, led by a member of If P&C's executive board, sets up and upholds the environmental strategy, policies and overall goals.
- The Nordic Environmental Group is responsible for managing and monitoring the implementation of all environmental initiatives concerning facilities and procurement.
- Local Environmental Groups formulate local action plans and arrange activities for increasing awareness of environmental issues. These groups are present at all larger offices.

Environmental Policies and Tools

Strictly defined environmental policies and tools are established to support and lead If P&C's environmental initiatives. Some of the key policies are:

- Environmental policy
- Procurement policy in line with Nordic Ecolabel procurement guidelines
- Supplier assessment principles
- Climate impact accounting tool based on Greenhouse Gas Protocol standard
- ClimateWise platform for best practice and exchange of ideas
- Environmental rules for claims handling

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. The success of its business operations is a central part of Mandatum Life's corporate responsibility, as it helps make life better and easier for its customers and employees.

During 2015, Mandatum Life's corporate responsibility work mainly focused on fostering responsible investment practices. In responsible investing, the major role of investors in solving environmental challenges, such as global warming, was a key theme.

Financial Responsibility: Continuity is Being Secured in All Market Situations

Financial responsibility at Mandatum Life means ensuring the continuity, profitability, earnings power and solvency of operations in all market situations. Ensuring continuity creates the foundation for the sustainable and responsible management of customers' insurance-related liabilities and customer investments and pensions over the decades. That is why risk management is a key component in the company's financial responsibility. The most important goals of the risk management process are to ensure the sufficiency of capital in relation to business risks and to curb variations in financial performance in the long run. Sufficient capitalization and well-functioning risk management processes safeguard the company's ability to take care of its customers' pensions and compensations, whatever the situation or economic environment.

In 2015, Mandatum Life paid out a total of approximately EUR 387 million in pensions to 76,000 pensioners, as well as other indemnities for death, accidents, serious illness and disability, totaling some EUR 77 million. Responsibility towards shareholders is reflected in the company's goal of ensuring a steady dividend stream.

Mandatum Life is also a key societal contributor and employer. The company employs more than 500 people in Finland and the Baltic countries. Mandatum Life has been one of Finland's largest tax payers for many years, bearing its responsibility towards society through its business profits. In 2014, Mandatum Life was the 17th largest corporate tax payer in Finland, paying a total of EUR 37 million in taxes.

Mandatum Life also provides financial support for third-sector activities. In 2014, the company started co-operation with the Tukikummit foundation, whose objective is to prevent marginalization by providing financial support to youth at risk of exclusion. Mandatum Life participates in the foundation's activities by donating accident insurance policies to children whose families are in need. In 2015, close to 1,100 children were covered by such accident insurance. In 2015, Mandatum Life made a commitment to the Baltic Sea Action Group (BSAG) towards promoting the protection of the Baltic Sea. BSAG is a non-profit foundation that co-operates with state heads, authorities and the private sector. In 2015, Tukikummit and BSAG were the beneficiaries of Mandatum Life's Christmas donation totaling EUR 10,000.

Focus of Responsible Investing in 2015 on Mitigating Climate Change

Responsible investing at Mandatum Life means taking into account environmental, social and governance (ESG) issues in its investment decisions. Mandatum Life's Wealth Management signed the UN's Principles for Responsible Investment (UN PRI) in 2011. Mandatum Life is also a member of FINSIF (Finland's Sustainable Investment Forum). Investment operations linked to the management of customers' wealth are implemented according to these principles. ESG issues have been incorporated into the investment process, backed by a dialogue with operators, companies and co-operation partners in the sector.

In the company's view, in the long run, successful companies are the ones that operate responsibly, taking into account issues related to their own personnel, the environment and social and financial responsibility in their business operations. They attract more capital, expertise and customers.

Investors can have a major impact on solving social and environmental challenges. In September 2015, Mandatum Life Investment Services Ltd. joined the international Portfolio Decarbonization Coalition, whose objective is to reduce the carbon footprint of investments worldwide. Mandatum Life is also committed to increasing investors' awareness and opportunities to invest in companies with a smaller carbon footprint. Mandatum Life launched the ML Future Climate index investment basket, the objective of which is to cut carbon dioxide emissions by 50 per cent in relation to the broad MSCI World index without compromising returns.

The investment object has been a success and it has from inception until the end of 2015 outperformed the general equity market index (parent index MSCI World) return by about 0.6 per cent. The target index of ML Future Climate MSCI World Low Carbon Leaders has outperformed the general equity market by more than 4 percentage points from November 2010. Although this is no guarantee for the upcoming years, it does suggest that responsible investing is not just about fighting for a good cause but also about profitable investment operations.

One of the company's goals is to increase investors' awareness of the opportunities offered by responsible investing and the risks of ignoring them. In the lead-up to the Paris Climate Change Conference, Mandatum Life invited trade opinion leaders to discuss the risks caused by climate change to investors as well as investors' possibilities to have an impact on mitigating climate change. The goal of emphasizing the role of investors as part of the efforts to mitigate climate change was achieved through direct engagement with the public and media visibility: the opinion leaders that spoke at the event gained media visibility through their statements. A total of around 150 opinion leaders from the business world and society participated in the event.

Social Responsibility: Securing Financial Welfare and Pioneering Good Working Life

Mandatum Life wishes to ensure the financial security of its customers through voluntary risk insurance policies, by growing their wealth through investments, securing entrepreneurship, supplementing pension cover and securing the competitiveness of Finnish companies. The company also invests in the well-being of its employees and in improving the quality of working life.

Responsibility for personnel means improving the financial security of personnel and preparing for health and financial risks. Mandatum Life also takes care of the well-being of its employees during off-working hours and after their career. The company sees that employees that thrive in their jobs create the foundation for the achievement of the company's long-term goals. That is why employee satisfaction is one of Mandatum Life's strategic targets.

A Growing Number of People Wish to Supplement Their Statutory Social Security

A growing number of Finns are concerned about their income in the face of financial adversity. A survey conducted by the Federation of Finnish Financial Services in 2014 revealed that 80 per cent of Finns consider voluntary insurance necessary for supplementing social security. The number of those concerned about their income has risen in recent years; in 2012, the corresponding figure was 55 per cent. A long-term illness, accidents and unemployment or temporary lay-offs are considered to be the largest threats to financial welfare (Insurance survey, Federation of Finnish Financial Services, 2014).

Mandatum Life's risk insurance increases customers' and their families' financial security in case of serious illness, disability or death. The insurance helps to cover losses in income resulting from an illness. One out of five Finns falls seriously ill before the age of 65. Most survive, but their everyday life comes to a halt. The insurance provides security and allows people to concentrate on getting better without the extra burden of financial worries. In autumn 2015, the company started a campaign aimed at increasing Finns' awareness of the risks of a serious illness.

Supplementing Pension Cover Increasingly Important

The proportion of working-aged people in Finland will diminish over the following decades and the number of pensioners will increase. At the end of 2013, people receiving old-age pension already accounted for 25 per cent of all people aged over 16 (Source: Finnish Centre for Pensions). With changing demographics, the pension system is also being reformed. The purpose of the pension reform, which will take effect at the start of 2017, is to lengthen careers and help close the sustainability gap in public finances. Today, 30-year-olds are expected to continue working until over the age of 70 if they wish to secure their income during retirement. Earlier retirement could lead to insufficient pension cover for entrepreneurs, for example, if they have not prepared themselves.

Mandatum Life wishes to increase Finns' awareness of their possibilities to influence the sufficiency of their income during retirement. The company offers sensible and cost-effective ways to save and invest for the future. The most cost-effective way to save is through a group pension insurance policy or a personnel fund provided by the employer.

Employers should also prepare for the ageing and retirement of their personnel. The company should devise a pension strategy, which includes models for ensuring the employees' and management's ability and willingness to work. At the same time, this provides the company with a foundation for knowledge transfer and for making positive use of senior employees' experience. A thoughtfully built model improves the company's business and makes it a more responsible employer.

Providing Security to Entrepreneurs Fosters Entrepreneurship

Mandatum Life's services for entrepreneurs secure the continuity of their businesses and supplement the statutory cover of the entrepreneurs and their families. In addition to business-related risks, the financial security of the entrepreneur and his or her loved ones must be ensured in preparation for sudden events and retirement.

Entrepreneurs must put more care into preparing for their retirement and any health and financial problems. They pay their whole pension themselves through YEL insurance. When faced with a serious illness or short period of disability, an entrepreneur might have to take care of securing the continuity of his or her business in addition to getting better. Thanks to the insurance, the entrepreneur can focus on recovering, while in cases of death or permanent disability the entrepreneur, his or her family or possible other owner will receive financial assistance during a difficult time.

Pension for Entrepreneurs and Generation Shift

A key aspect of securing an entrepreneur's future is taking care of his or her pension security. The average pension of an entrepreneur amounts to approximately EUR 1,300 per month (Finnish Unemployment Fund for Entrepreneurs 2011). This is very little compared to the income many entrepreneurs receive while working. Mandatum Life helps entrepreneurs to identify this security deficit and to solve it using a combination of YEL contributions and voluntary preparations according to their specific needs.

Around one third of all entrepreneurs in Finland are currently over 55. This means that close to 78,000 entrepreneurs will be retiring within a decade (Ownership change barometer 2015). It is important for the well-being of society and entrepreneurs that the retirement and generation shifts of entrepreneurs are successful not only in terms of the pension security of the entrepreneurs but also in terms of securing jobs. It has been estimated that 20,000 companies will discontinue their operations over the next ten years in Finland on account of the ageing of the entrepreneur. That means around 2,000 companies and 8,000 jobs each year. Mandatum Life helps entrepreneurs to secure the continuity of their business by preparing well in advance for a generation shift, a corporate transaction or sudden situations, such as a serious illness, disability or death.

Improving the Conditions for Successful Business Through Effective Reward Systems

A company that takes care of its employees' motivation and well-being also has more satisfied customers. A responsible company cares for each of its employees, enhances their well-being and plays a role in safeguarding against potential risk situations – while simultaneously creating a positive corporate image.

Companies can improve their competitiveness through fair and effective personnel reward solutions. A successful reward system also helps the company stand out from the competition and attract new employees. Mandatum Life also helps companies in preparing for personnel risks.

Efficient Rewards

A good reward solution supports the company's strategy and business goals as well as motivates the personnel. It all starts with job grading, the determination of basic salary and the other components of pay in relation to roles and competitors, and with the setting of performance indicators. It also includes transparency and high-quality employee communications that are essential in creating a fair system from personnel's perspective. If rewards are not managed effectively they become nothing more than a significant cost item to the company. Efficient indicators are at the heart of an effective reward system. They guide employees to do the right things and increase the bottom line.

Mandatum Life offers companies expert services and solutions ranging from designing efficient reward systems to their implementation and measurement. When employees know their own targets and are rewarded for achieving them in a motivating and fair manner, the company and its employees alike flourish. Companies should invest efforts in the fairness of rewards not only with regard to their targets but also from a risk management perspective. Unfair dispersion and disparity in pay within the organization may present a great legal risk to the employer. Mandatum Life offers companies the Pay Scale tool to assess the organization's pay structure, competitiveness and fairness.

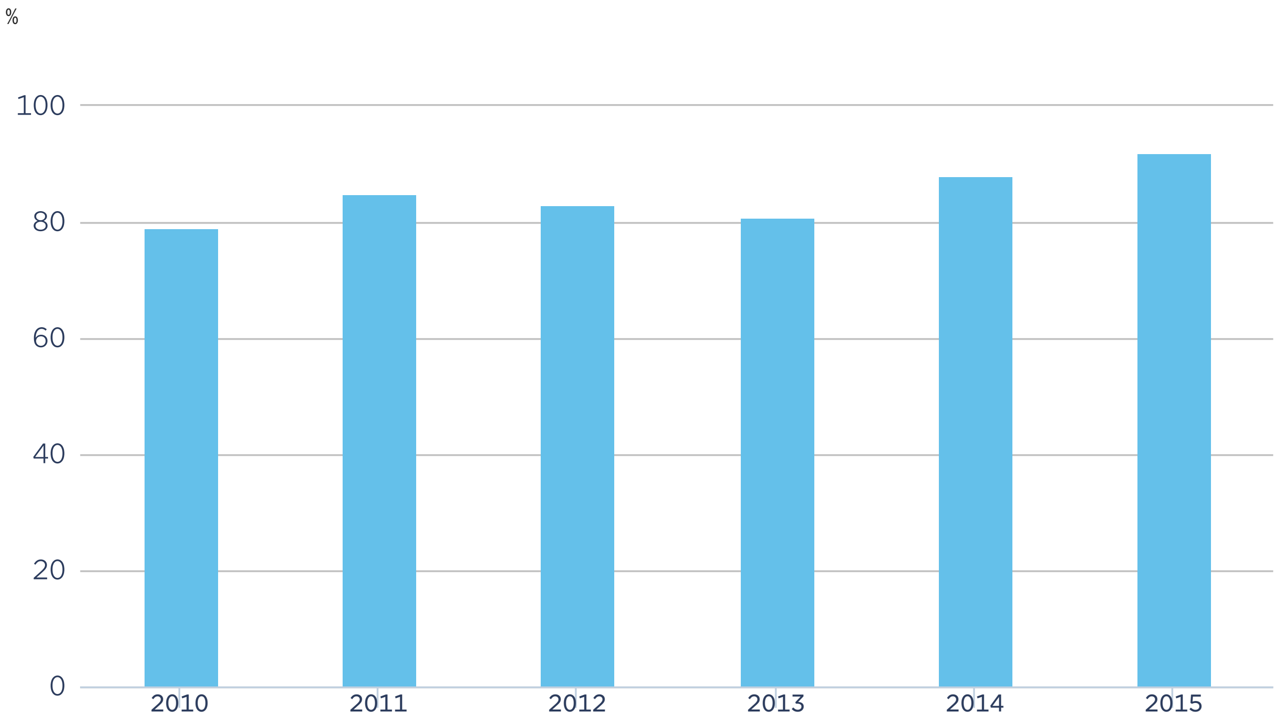
Taking Care of Employees' Financial Security During and After Their Career

Mandatum Life offers companies assistance in managing the risks related to the health and work ability of their employees. These related risks can occur throughout the lifecycle of an employment relationship, from recruitment to retirement. The insurance also secures the livelihood of the employee's family if worse comes to worst.

Mandatum Life's Responsibility for its Personnel Ensures Successful Business

The well-being of its personnel is one of Mandatum Life's strategic targets. The company has been selected as one of the best workplaces in Finland for six consecutive years. The company's HR policy is based on the concept that taking care of personnel ensures customer satisfaction and puts the company in an even better position to achieve success. Mandatum Life's responsibility for its personnel also means providing security for employees and their families in case of financial risks. Mandatum Life also invests in a motivating work environment.

Claim: 'Overall, this is a great place to work.'
Great Place to Work survey, 2010–2015



Mandatum Life influences the financial well-being of its employees by supplementing their pension cover and offering them smart ways to save and grow their wealth.

- The benefits of group pension insurance for employees are concrete: supplementing pension insurance guarantees a better income level during retirement.
- The entire personnel is extensively insured in case of accidents, also outside work. It safeguards the

personnel and their families from accident related disability or death. Also a considerable amount of staff has permanent disability cover and life insurance.
- The personnel fund offers employees the opportunity for long-term saving in a smart way and through professional investment activities. The personnel fund is an open, transparent and fair solution that aims at long-term benefits. The company encourages long-term saving by paying an additional 20 per cent bonus to employees who decide to fund their bonuses. A total of 87 per cent of personnel decided to do so in 2015.

Successful Corporate Culture Based on Trust, Equality and Good Leadership

At Mandatum Life, focusing on the corporate culture is a strategic decision and an investment. It is based on good leadership, a corporate culture with a flat hierarchy and on valuing expertise. Mandatum Life's employees take an active role in developing the business and their work environment and improving operating models. This results in new innovations and the creation of a pleasant workplace that values its employees. The flat hierarchy in the organization is also reflected in the results of the Great Place to Work survey: up to 88 per cent (85) of Mandatum Life employees feel that management is easy to approach.

For Mandatum Life, the diversity and equality of personnel is measured. 87 per cent of personnel feel that people are treated equally at Mandatum Life, regardless of gender. The personnel structure of Mandatum Life consists equally of men and women. Women account for 32 per cent of all supervisors.

Investments in the Well-Being of Personnel

In recent years, Mandatum Life has made significant investments in benefits linked to occupational well-being and the well-being of its personnel. These efforts have produced results: the sick-leave rate has decreased over 1 percentage points in five years, equaling 2.3 per cent in 2015. The sick-leave rate has been improved by systematic investments in healthy work environment and leadership.

The company has a strong focus on preventive well-being at work. The company offers comprehensive occupational health care services that include, among other things, consultations with a work psychologist, regular ergonomic visits to the workplace, specialist services, examinations related to women's/men's illnesses and support for returning to work following a long illness. Co-operation with the occupational health care services provider is close, and employees can consult an occupational health care nurse at the workplace every six weeks.

Mandatum Life additionally supports various forms of physical exercise and different work patterns and practices that facilitate daily work by offering, for example, possibilities for remote work and assistance in caring for a sick child.

Mandatum Life's Environmental Responsibility is Based on Promoting Responsible Investment

Mandatum Life's business operations do not give rise to significant direct emissions, which is why the company has identified the promotion of responsible investment as the best opportunity to engage in environmental responsibility. As a major investor, the company has a responsibility to contribute to reducing the carbon footprint of investments. This prompted Mandatum Life Investment Services to join the Portfolio Decarbonisation Coalition in autumn 2015. Read more about the coalition in the 'Responsible investing' section.

For Finland, environmentally responsible investing is paramount, because the country's climate is warming at a faster pace than that of the rest of the world (Sitra 2013). Mandatum Life contributes to solving environmental challenges that are of crucial importance to Finland by supporting the ecological restoration of the Baltic Sea. The Baltic Sea is one of the most polluted seas in the world. Mandatum Life has made a commitment to the Baltic Sea Action Group (BSAG), supporting its work through annual donations and promoting responsible investment operations among its stakeholders.

The company strives to reduce the negative environmental impacts of its operations by, among other measures, developing its digital services and by decreasing the use of paper in customer communications.

Governance

Corporate Governance Statement

During 2015 Sampo complied in full with the Finnish Corporate Governance Code issued by the Securities Market Association, effective from 1 October 2010.

Acting in compliance with Recommendation 54 of 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.

As of 1 January 2016 Sampo complies in full with the new Corporate Governance Code issued by the Securities Market Association on 1 October 2015.

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

Governance Structure

Board of Directors

Sampo plc's Board of Directors, elected annually by the AGM 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, 12/31/2015
Nordea Bank AB (publ), *Chairman of the Board;*
UPM-Kymmene Corporation, *Chairman of the Board;*
Finnish Business and Policy Forum EVA, *Board Member;*
The Research Institute of the Finnish Economy ETLA, *Board Member;*
Hanken School of Economics, *Chairman of the Board;*
The Mannerheim Foundation, *Board Member;*
Several other charitable institutions

Member of the Board of Directors of Sampo plc since 5 April 2001. Wahlroos holds 11,864,687 Sampo plc shares directly or through a controlled company.

Eira Palin-Lehtinen

Vice Chairperson of the Board
Born 1950

Positions of Trust, 12/31/2015
Sigrid Jusélius Foundation, *Deputy Board Member and Member of the Finance Committee;*
The Finnish Foundation for Share Promotion, *Chairman of the Board;*
Föreningen Konstsamfundet, *Member of the Investment Committee*

Member of the Board of Directors of Sampo plc since 15 April 2008. Palin-Lehtinen holds 4,490 Sampo plc shares directly or through a controlled company.

Anne Brunila

Professor of Practice, Hanken School of Economics
Born 1957

Positions of Trust, 12/31/2015
KONE Corporation, *Board Member;*
Sanoma Corporation, *Board Member;*
Stora Enso, *Board Member;*
The Research Institute of the Finnish Economy ETLA, *Board Member;*
Finnish Business and Policy Forum EVA, *Board Member;*
Aalto University Foundation, *Vice Chairman*

Member of the Board of Directors of Sampo plc since 9 April 2003. Brunila holds 8,848 Sampo plc shares directly or through a controlled company.

Jannica Fagerholm

Managing Director, Signe and Ane Gyllenberg Foundation
Born 1961

Positions of Trust, 12/31/2015
Teleste Corporation, *Board Member;*
Kelonia (Private Equity holding company), *Board Member;*
Veritas Pension Company, *Member of the Supervisory Board;*
Hanken School of Economics, *Board Member and Chairman of the Investment Committee;*
Swedish Society of Literature in Finland, *Board Member*

Member of the Board of Directors of Sampo plc since 18 April 2013. Fagerholm holds 1,682 Sampo plc shares directly or through a controlled company.

Adine Grate Axén

Chairman and CEO, Adine Grate AB
Born 1961

Positions of Trust, 12/31/2015
3 Scandinavia, *Advisor and Executive Board Member;*
Nasdaq Stockholm, *Chairman of the Swedish Listing Committee;*
Swedish Orphan Biovitrum AB (Sobi), *Board Member;*
Swedavia AB, *Board Member;*
AP 7, *Vice Chairman of the Board;*
Madrague Capital Partners AB, *Board Member;*
Alhanko & Johnson AB (BASE 23), *Chairman of the Board;*
Sky, *Board Member*

Member of the Board of Directors of Sampo plc since 14 April 2011. Grate Axén holds 4,317 Sampo plc shares directly or through a controlled company.

Veli-Matti Mattila

President and CEO, Elisa Corporation
Born 1961

Positions of Trust, 12/31/2015
The Finnish Fair Association, *Member of the Supervisory Board;*
Confederation of Finnish Industries EK, *Board Member and Member of Representative Assembly;*
Service Sector Employers PALTA, *Chairman of the Board;*
The National Emergency Supply Council, *Member;*
FiCom, *Chairman of the Board*

Member of the Board of Directors of Sampo plc since 7 April 2009. Mattila holds 4,694 Sampo plc shares directly or through a controlled company.

Risto Murto

Chief Executive Officer and President, Varma Mutual Pension Insurance Company
Born 1963

Positions of Trust, 12/31/2015
Wärtsilä Corporation, *Board Member;*
Federation of Finnish Financial Services, *Board Member;*
The Finnish Pension Alliance TELA, *I Vice Chairman of the Board;*
University of Oulu, *Chairman of the Board (1 January 2016-)*

Member of the Board of Directors of Sampo plc since 16 April 2015. Murto holds 422 Sampo plc shares directly or through a controlled company.

Per Arthur Sørlie

President and CEO, Borregaard ASA
Born 1957

Positions of Trust, 12/31/2015
Umkomaas Lignin (Pty) Ltd, *Chairman of the Board;*
Inspiria Science Center, *Board Member*

Member of the Board of Directors of Sampo plc since 12 April 2012. Sørlie holds 2,710 Sampo plc shares directly or through a controlled company.

Matti Vuoria, born 1951
Member of the Board of Directors of Sampo plc from 7 April 2004 to 16 April 2015.

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

Information as of 31 December 2015, 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.

Among other things, the Board of Directors decides on Sampo Group's strategy, approves the principles governing the Group's risk management, remuneration, compliance and internal control, 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 staff planning targets and monitors their fulfillment, determines the grounds for the Group's compensation system and decides on other far-reaching matters concerning the staff.

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").

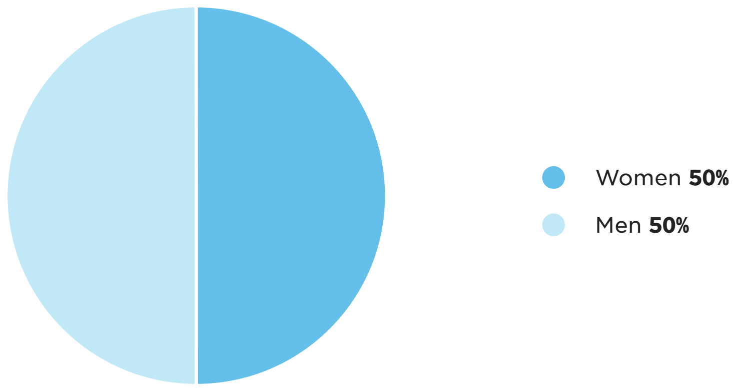
On 11 February 2015 Sampo plc's Board of Directors approved a Policy on Diversity as regards the Board of Directors of Sampo. According to the Policy, when electing the Board of Directors the aim is to ensure that the Board as a whole for the purpose of its work possesses the requisite knowledge of and expertise in the social, business and cultural conditions of the regions and markets in which the main activities of the Group are carried out. In addition the 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 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.

According to the Policy on Diversity, Sampo's Nomination and Compensation Committee shall identify, review and recommend candidates for the Board in accordance with the criteria set forth in the Policy.

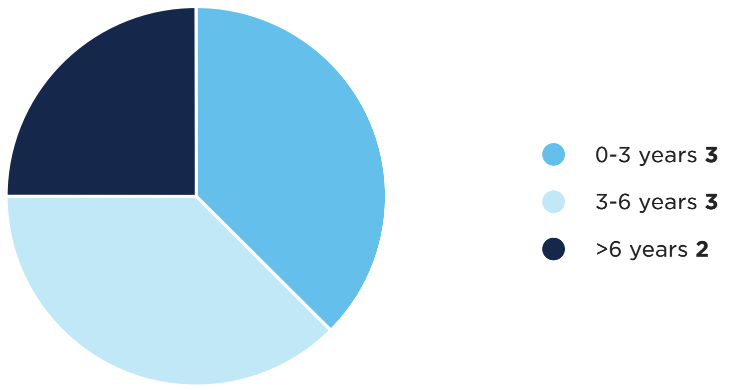
The AGM of 2015 decided that the Board would consist of eight members until the close of the AGM to be held in 2016. The term of office of the Board members ends at the close of the AGM that first follows their election. The members of the Board elect a Chairman and Vice Chairman from among their members at their first meeting following the AGM.

The Board convened 11 times in 2015. Veli-Matti Mattila and Anne Brunila were prevented from attending one meeting each. Other Board members attended all meetings and, accordingly, the attendance of Board members at meetings was 98 per cent.

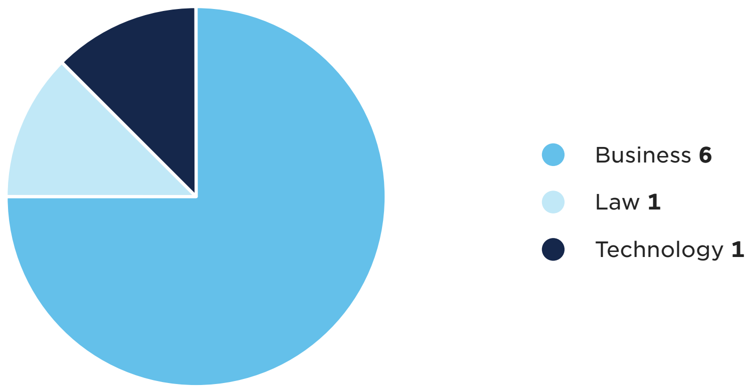
Gender Diversity of the Board



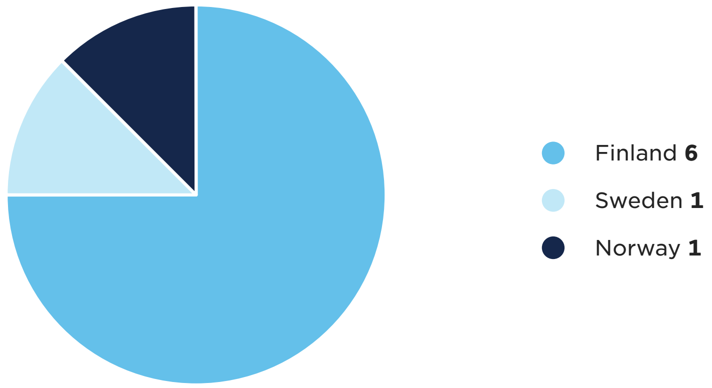
Length of Tenure of the Board Members



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 Audit Committee and Nomination and Compensation Committee, 31 December 2015

	Audit Committee	Nomination and Compensation Committee
Björn Wahlroos		Chairman
Eira Palin-Lehtinen		Member
Anne Brunila	Chairman	
Jannica Fagerholm	Member	
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.

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 also 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 2015, the Chairman of the Audit Committee was **Anne Brunila**, and the other members were **Jannica Fagerholm, 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 Holding Ab, Group Chief Risk Officer and Group Chief Audit Executive.

The Audit Committee convened four times in 2015 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 programs, maximum pay-outs based on short and long-term incentive programs 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.

Furthermore, the Committee prepares a proposal for the Board on the appointment, employment conditions and other compensation of Sampo Group's Chief Audit Executive, and on the principles by which Sampo Group's staff are to be compensated. 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.

In 2015, the Nomination and Compensation Committee comprised the Chairman of the Board (who acted 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 2015 was **Björn Wahlroos**, and the other members were **Veli-Matti Mattila**, **Eira Palin-Lehtinen**, **Matti Vuoria** (until 16 April 2015) and **Risto Murto** (as of 16 April 2015).

The Committee convened four times in 2015. The attendance of members at meetings was 100 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, MD of Sampo plc
Born 1955

Positions of Trust, 12/31/2015
Nordea Bank AB (publ), *Board Member, Board Risk Committee, Chairman;*
Nokia Corporation, *Board Member;*
The Federation of Finnish Financial Services, *Board Member;*
If P&C Insurance Holding Ltd, *Chairman of the Board;*
Mandatum Life Insurance Company Limited, *Chairman of the Board;*
Niilo Helander Foundation, *Board Member;*
Waypoint Group Holdings Limited, *Board Member*

Member of Sampo Group Executive Committee since 2001. Stadigh holds 251,795 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Knut Arne Alsaker

CFO, If P&C Insurance
Born 1973

Positions of Trust, 12/31/2015
If P&C Insurance Ltd, *Board Member;*
If Livförsäkring AB, *Board Member;*
If P&C Insurance Company Ltd, *Board Member;*
If P&C Insurance AS, *Board Member;*
CJSC If Insurance, *Board Member*

Member of Sampo Group Executive Committee since 2014. Alsaker holds 16,472 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Peter Johansson

Group CFO
Born 1957

Positions of Trust, 12/31/2015
If P&C Insurance Holding Ltd, *Board Member;*
Mandatum Life Insurance Company Limited, *Vice Chairman of the Board*

Member of Sampo Group Executive Committee since 2001. Johansson holds 43,757 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Patrick Lapveteläinen

Group CIO
Born 1966

Positions of Trust, 12/31/2015
If P&C Insurance Holding Ltd, *Board Member;*
Mandatum Life Insurance Company Limited, *Board Member*

Member of Sampo Group Executive Committee since 2001. Lapveteläinen holds 231,745 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Torbjörn Magnusson

Head of P&C Insurance; MD of If P&C Insurance Holding Ltd
Born 1963

Positions of Trust, 12/31/2015
If P&C Insurance Ltd, *Chairman of the Board;*
If P&C Insurance Company Ltd, *Chairman of the Board;*
Topdanmark A/S, *Vice President of the Board;*
Swedish Insurance Federation, *Board Member;*
Swedish Insurance Employer Association, *Board Member;*
AcadeMedia Aktiebolag, *Board Member;*
Insurance Europe, *Vice President*

Member of Sampo Group Executive Committee since 2004. Magnusson holds 22,860 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
Born 1961

Positions of Trust, 12/31/2015
The Norwegian Financial Services Association, Board Member

Member of Sampo Group Executive Committee since 2005. Martinsen holds 36,652 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Petri Niemisvirta

Head of Life Insurance, MD of Mandatum Life Insurance Company Limited
Born 1970

Positions of Trust, 12/31/2015
Alma Media Corporation, *Vice Chairman of the Board;*
BenCo Insurance Holding B.V., *Board Member;*
Federation of Finnish Financial Services, Life Insurance Executive Committee, *Chairman;*
Kaleva Mutual Insurance Company, *Chairman of the Board;*
Varma Mutual Pension Insurance Company, *Board Member;*
Finland Chamber of Commerce, *Board Member;*
Confederation of Finnish Industries EK, *Chairman of Finance and Tax Commission*

Member of Sampo Group Executive Committee since 2001. Niemisvirta holds 65,293 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
Born 1971

Positions of Trust, 12/31/2015
Urzus Group AS, *Chairman of the Board;*
Watercircles Danmark A/S, *Board Member;*
Watercircles Norge AS, *Board Member;*
Watercircles Skandinavia AS, *Board Member;*
The Norwegian Financial Services Association, *Member of BRS – Line of Business P&C Board*

Member of Sampo Group Executive Committee since 2006. Thorsrud holds 35,926 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Timo Vuorinen

Head of BA Baltic; Head of Private (Finland); MD of If P&C Insurance Company (Finland)

Born 1964

Positions of Trust, 12/31/2015
If P&C Insurance AS, *Chairman of the Board;*
Kaleva Mutual Insurance Company, *Board Member;*
Federation of Finnish Financial Services, Non-life Executive Committee, *Member*

Member of Sampo Group Executive Committee since 2009. Vuorinen holds 27,904 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Ricard Wennerklint

Deputy MD, If P&C Insurance Holding Ltd

Born 1969

Positions of Trust, 12/31/2015
If P&C Insurance Company Ltd, *Board Member;*
If P&C Insurance AS, *Board Member;*
CJSC If Insurance, *Board Member;*
Nobia AB, *Board Member*

Member of Sampo Group Executive Committee since 2005. Wennerklint holds 38,752 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Information as of 31 December 2015, 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 2015, the Group Executive Committee convened four times at the request of Group CEO. The Group MD Committee, which assists the Group Executive Committee, met nine 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.

According to his agreement in force during 2015 the Group CEO would have been entitled to retire in December 2015 when he turned 60. However, at the request of Sampo's Board of Directors, Kari Stadigh continues as Group CEO and President as of 1 January 2016 until further notice. Under the terms of the new 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 the Group guides the design of compensation schemes.

Sampo plc's Board of Directors has approved common Remuneration Principles applicable to all companies within Sampo Group.

› Remuneration Principles (www.sampo.com/remuneration)

Remuneration Report

Sampo has published a Remuneration Report on its website in accordance with the Corporate Governance Code.

› Remuneration Report (www.sampo.com/remuneration)

Compensation of the Members of the Board of Directors

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

In accordance with the decision of the Annual General Meeting in 2015, the following annual fees will be paid to the members of the Board of Directors for their Board and committee work up to the close of the Annual General Meeting in 2016: EUR 160,000 to the Chairman, EUR 100,000 to the Vice Chairman, and EUR 80,000 to the other members of the Board, with approximately 50 per cent of each Board member's fee being paid, after taxes and corresponding charges, in Sampo A shares and the rest in cash. Sampo plc will pay any possible transfer tax related to the acquisition of the shares. In addition, potential statutory social and pension costs incurring to non-Finnish members according to applicable national legislation will be borne by Sampo plc.

Board members employed by the company will not receive separate compensation for Board work during the validity of the employment or service relationship.

Members of the Board of Directors have not received any other benefits, nor do they participate in Sampo's long-term incentive programs.

Compensation of the Managing Director and Other Executives

The Board of Directors decides on the terms of employment and remuneration of the Group CEO and other executives on the Sampo Group Executive Committee, 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 salaries of the members of the Group Executive Committee, excluding the Group CEO and Deputy CEO.

Principles of the Remuneration System

In addition to receiving monthly salaries, executives who are members of the Group Executive Committee are participants in the Group's 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 for 2015 to members of the Executive Committee is an amount corresponding to nine months' fixed salary.

Members of the Group Executive Committee are also participating in the long-term incentive programs 2011:1, 2011:1/2 and 2014:1 for Sampo's management. The terms of the incentive programs are available on Sampo's website.

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

Based on his employment contract, the Group CEO will be paid a fixed monthly salary and a yearly short-term incentive, which may be no more than an amount corresponding to nine months' fixed salary. The Group CEO is also participating in the long-term incentive programs 2011:1 and 2014:1 for Sampo's management.

Mr. Kari Stadigh is the CEO of Sampo Group. For year 2015 the Group CEO was paid EUR 856,961 in fixed salary and EUR 472,262 in short-term incentive (including deferred compensation pertaining to the operative year 2011 and excluding compensation deferred in 2015) and EUR 2,961,000 in long-term incentive, together totaling EUR 4,290,223.

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

The members of the Group Executive Committee are each covered by the employment pension system of their country of residence. Under the terms of their employment contracts, the majority of them are also covered by supplementary pension schemes. The retirement age for the Committee's 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 compensation in Sampo Group during 2015 is available at the Remuneration Report published by Sampo.

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 Charter approved by Sampo's Board of Directors, the international professional standards approved by the IIA (the Institute of Internal Auditors).

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 a separate Group Guideline for Insiders. These comply, as required by the Corporate Governance Code, with Nasdaq Helsinki Ltd's Guidelines for Insiders and the Standards of the Financial Supervisory Authority.

Sampo Group's Guidelines for Insiders are stricter than the above-mentioned norms on matters that concern the Group Executive Committee, other corporate executives and other specifically named persons, as these 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 (currently Nordea Bank AB (publ.) and Topdanmark A/S).

Sampo plc's insider guidelines and register may be viewed on Sampo's website.

› Sampo plc's insider register (www.sampo.com/insiders)

External Auditor

Ernst & Young Oy
Authorised Public Accountant

Responsible auditor
Heikki Ilkka, APA (until 31 March 2015)
Tomi Englund, APA (as of 1 April 2015)

The total fees paid to the auditor for services rendered and invoiced were EUR 2,371,128. In addition, Ernst & Young Oy were paid fees for non-audit services rendered and invoiced totaling EUR 332,799.

Board of Directors' Report

Sampo Group

Sampo Group's profit before taxes improved in all business areas in 2015 and amounted to a record high EUR 1,888 million (1,759). The total comprehensive income for the period, taking changes in the market value of assets into account, increased to EUR 1,564 million (1,179). P&C insurance and Nordea reported highest ever profits before taxes.

Earnings per share amounted to EUR 2.96 (2.75). Mark-to-market earnings per share were EUR 2.79 (2.11). The return on equity for the Group increased to 14.0 per cent (10.9) for 2015. Net asset value per share on 31 December 2015 was EUR 23.79 (22.63).

The Board proposes to the Annual General Meeting to be held on 21 April 2016 a dividend of EUR 2.15 per share (1.95). The proposed dividend payment amounts in total to EUR 1,204 million (1,092).

The profit before taxes for the P&C insurance amounted to EUR 960 million (931). Combined ratio for the full year 2015 decreased to 85.4 per cent (87.7). Even adjusted for non-recurring items the combined ratio was better than ever before at 86.5 per cent. Return on equity (RoE) increased to 21.5 per cent (18.1). Adjusted for currency gross written premiums grew 0.4 per cent. The contribution of Topdanmark's net profit for 2015 amounted to EUR 43 million (53).

Sampo's share of Nordea's net profit for 2015 amounted to EUR 751 million (680). Nordea's RoE rose to 12.3 per cent (11.5) and core Tier 1 ratio (excluding transition rules) strengthened to 16.5 per cent (15.7). In segment reporting the share of Nordea's profit is included in the segment 'Holding'. Nordea's Board of Directors proposes to the AGM 2016 a dividend of EUR 0.64 per share (0.62). If the AGM approves the Board's dividend proposal, Sampo plc will receive a dividend of EUR 551 million from Nordea on 30 March 2016.

In life insurance operations profit before taxes rose to EUR 181 million (163). Return on equity (RoE) amounted to 12.7 per cent (11.4). Premium income on own account increased to EUR 1,144 million (1,105). The reserve for lower discount rates was further strengthened by EUR 109 million during 2015. The rates used for 2016, 2017 and 2018 are 1.0 per cent, 1.25 per cent, and 2.25 per cent, respectively.

Sampo Group's total investment assets on 31 December 2015 amounted to EUR 19.4 billion (19.2), of which 77 per cent was invested in fixed income instruments (78), 18 per cent in equities (16) and 5 per cent in other assets (6). If P&C's share of assets was 59 per cent, Mandatum Life's 34 per cent and Sampo plc's 7 per cent.

The Group's equity as at 31 December 2015 amounted to EUR 11,411 million (10,924). Equity was strengthened mainly by the comprehensive income for the year of EUR 1,564 million and reduced by the EUR 1,092 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 2015 by EUR 4,616 million (4,282) and the conglomerate solvency ratio stood at 192.6 per cent (187.4).

Key Figures

Sampo Group, 2015

EURm	2015	2014	Change, %
Profit before taxes	1,888	1,759	7
P&C Insurance	960	931	3
Associate (Nordea)	751	680	10
Life Insurance	181	163	11
Holding (excl. Nordea)	-1	-12	-89
Profit for the period	**1,656**	**1,540**	**8**

	2015	2014	Change
Earnings per share, EUR	2.96	2.75	0.21
EPS (incl. change in FVR), EUR	2.79	2.11	0.68
NAV per share, EUR	23.79	22.63	1.16
Average number of staff (FTE)	6,755	6,739	16
Group solvency ratio, %	192.6	187.4	5.2
Return on Equity, %	14.0	10.9	3.1

Income statement items are compared on a year-on-year basis and comparison figures for balance sheet items are from 31 December 2014 unless otherwise stated.

Exchange Rates Used in Reporting

	1-12/2015	1-9/2015	1-6/2015	1-3/2015	1-12/2014
EUR 1 = SEK					
Income statement (average)	9.3534	9.3709	9.3416	9.3805	9.1011
Balance sheet (at the end of period)	9.1895	9.4083	9.2150	9.2901	9.3930
DKK 1 = SEK					
Income statement (average)	1.2542	1.2567	1.2530	1.2593	1.2205
Balance sheet (at the end of period)	1.2314	1.2612	1.2352	1.2437	1.2616
NOK 1 = SEK					
Income statement (average)	1.0475	1.0646	1.0809	1.0746	1.0893
Balance sheet (at the end of period)	0.9570	0.9878	1.0482	1.0674	1.0388

Economic Environment

The Nordic countries are still on diverging courses, with Sweden leading the race for growth followed by Denmark, which is back on the growth track after several years of stagnation. The Norwegian economy is hard hit by the decline in oil prices, but economic policy easing coupled with sharp weakening of the krone have prevented the downturn from becoming as severe as might have been feared. Finland still lags far behind its peers.

The Swedish economy has shifted into a higher gear with GDP growth accelerating to over 3 per cent in 2015. Domestic demand is the main driving force. Exports have started to pick up as an effect of Euro-area growth. The refugee crisis gives fiscal stimulus through increased government spending. Strong growth and rising inflation make further monetary policy easing unlikely.

In Denmark, a broadly-based recovery is emerging, driven mainly by consumer spending. In 2015, the Danish export sector was hit by the marked slowdown in global trade. Moreover, exports remained adversely affected by the trade sanctions against Russia. Even so, the current account surplus remained substantial, among other things due to subdued domestic investment activity. 2015 will be described in history books as yet another year of exceptionally low inflation in Denmark. A closer analysis of Danish inflation data shows, however, that things are changing.

In 2015, the Norwegian economy was hard hit by the decline in oil prices. However, strong growth in exports and consumer spending underpinned growth. Mainland exports was benefiting strongly from the krone's weakness. Norges Bank's rate cuts will put a damper on any NOK appreciation. And should the NOK strengthen markedly, the bank is likely to respond by cutting rates more to curb the strengthening.

Whereas other western countries have enjoyed a moderate growth cycle for several years, Finland has stagnated, suggesting that the country is in need of reforms. In 2015, the export industry's difficulties broadly hit the rest of the economy, and investments decreased for the fourth consecutive year. The employment declined further and purchasing power did not improve much. These continued to weigh on private consumption, which nonetheless remained on the previous year's level thanks to the declining fuel prices.

Internationally, the advanced economies, headed by the US, are entering a self-sustaining recovery supported by highly accommodative monetary policies and sharply lower commodity prices. The latter has especially benefitted commodity-importing countries. For the commodity-producing countries, however, the situation changed for the worse and the slowdown in China adversely affected activity in the Asian economies in particular.

The decline in commodity prices is one of the main factors behind the low level of inflation globally. It also means that the low interest rate regime will persist for a long time, even though the Federal Reserve started raising rates. Hence, US monetary policy will remain supportive of economic activity for some time, while any tightening measures by the ECB in Europe seem a long way off.

The very low interest rate level notwithstanding, global investment activity remained very subdued. One reason might be persistent excess capacity following the big recession, but also uncertainties about the future played a role. During the year, the markets were rocked time and time again by the Greek crisis, then by the Chinese stock market, and all the while investors kept a wary eye on the workings of central banks, shepherded by the ECB and the Fed.

Business Areas

P&C Insurance

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. The Danish insurance company Topdanmark is If P&C's associated company.

Results*

P&C Insurance, 2015

EURm	2015	2014	Change, %
Premiums, net	4,378	4,464	-2
Net income from investments	304	353	-14
Other operating income	28	27	2
Claims incurred	-2,894	-2,902	0
Change in insurance liabilities	-34	-6	432
Staff costs	-371	-537	-31
Other operating expenses	-477	-502	-5
Finance costs	-16	-20	-18
Share of associates' profit/loss	42	54	-22
Profit before taxes	**960**	**931**	**3**

Key figures	2015	2014	Change
Combined ratio, %	85.4	87.7	-2.3
Risk ratio, %	66.6	65.1	1.5
Cost ratio, %	18.8	22.5	-3.7
Expense ratio, %	13.0	16.7	-3.7
Return on equity, %	21.5	18.1	3.4
Average number of staff (FTE)	6,176	6,173	3

**Two significant non-recurring items were booked for If P&C's result in the second quarter of 2015 – the reform of the pension system in If Norway and the lowering of the interest rate used in discounting annuities in Finland from 2.0 per cent to 1.5 per cent. The former had a positive effect of EUR 155 million and the latter a negative effect of EUR 110 million on the total result.*

Profit before taxes for January-December 2015 for the P&C insurance operations increased to EUR 960 million (931). Combined ratio improved to 85.4 per cent (87.7) while risk ratio deteriorated to 66.6 per cent (65.1). Excluding the non-recurring items, combined ratio for 2015 was 86.5 per cent.

Technical reserves relating to prior year claims were strengthened by EUR 61 million in January – December 2015 (EUR 2 million released in the previous year).Return on equity (RoE) increased to 21.5 per cent (18.1) and the fair value reserve on 31 December 2015 amounted to EUR 391 million (507).

Technical result increased to EUR 657 million (588). Insurance margin (technical result in relation to net premiums earned) improved to 15.1 per cent (13.2).

	Combined ratio, %			Risk ratio, %		
	2015	2014	Change	2015	2014	Change
Private	88.1	87.4	0.7	65.6	64.8	0.8
Commercial	89.2	88.6	0.6	66.3	65.8	0.5
Industrial	99.4	89.0	10.4	77.4	68.3	9.1
Baltic	85.7	86.8	-1.1	55.5	52.4	3.1
Sweden	86.8	94.6	-7.8	65.6	72.4	-6.8
Norway	88.0	82.0	6.0	65.1	59.6	5.5
Finland	94.9	89.7	5.2	72.8	67.6	5.2
Denmark	90.8	83.6	7.2	64.0	58.3	5.7

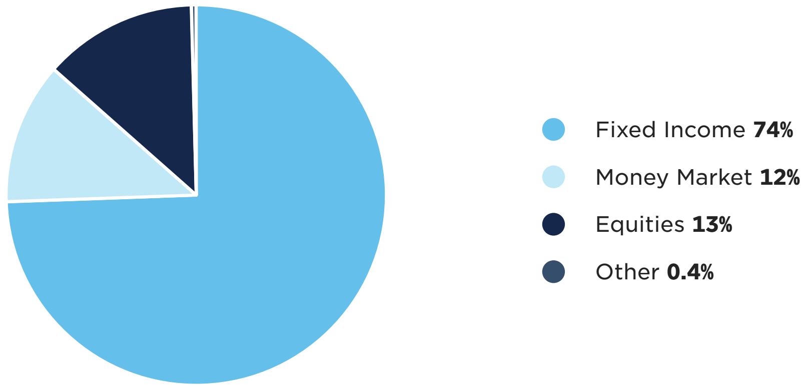
The lowering of the annuities discount rate in Finland during the second quarter of 2015 affected all business areas' results negatively and weakened the Finnish country specific result in 2015. Business area Industrial suffered from a negative large claims outcome in the fourth quarter of the year, particularly in Norway, resulting in EUR 45 million worse than expected large claims outcome in 2015 and a 10.4 percentage points weaker combined ratio than a year before. Total large claims ended up EUR 32 million worse than expected in 2015.

In Sweden, combined ratio improved by 7.8 percentage points supported by a positive large claims outcome compared to the previous year. Swedish discount rate used to discount the annuity reserves decreased to 0.41 per cent by the end of December 2015 and had a negative effect of EUR 12 million for full-year 2015 and a EUR 1 million positive effect in the fourth quarter of 2015 results.

Gross written premiums decreased to EUR 4,559 million (4,634) in 2015. Adjusted for currency, premium growth was slightly positive. Growth was positive in business areas Private and Baltic, and negative in business areas Commercial and Industrial. Geographically, gross written premiums grew by 5 per cent in Sweden, while the growth was slightly negative in Norway and Denmark and stable in Finland.

Cost ratio improved to 18.8 per cent (22.5) and expense ratio to 13.0 per cent (16.7), both impacted by the positive effect of the non-recurring reform of the pension system in If Norway booked in the second quarter of the year. Excluding the non-recurring item the cost ratio was 22.3 per cent and expense ratio 16.6 per cent.

Investment Allocation
If P&C, 31 December 2015, Total EUR 11.4 Billion



On 31 December 2015, the total investment assets of If P&C amounted to EUR 11.4 billion (11.5), of which fixed income investments constituted 74 per cent (75), money market 12 per cent (13) and equity 13 per cent (12). Net income from investments amounted to EUR 304 million (353). Investment return marked-to-market for the full year 2015 decreased to 1.5 per cent (4.1) as a result of widening credit spreads towards the end of the year. Duration for interest bearing assets was 1.2 years (1.0) and average maturity 2.6 years (2.4). Fixed income running yield as at 31 December 2015 was 1.8 per cent (2.4).

If P&C paid a dividend of SEK 5.5 billion (approx. EUR 590 million) to Sampo plc in December 2015. If P&C's solvency ratio as at 31 December 2015 (solvency capital in relation to net written premiums) amounted to 75 per cent (82). Solvency capital amounted to EUR 3,351 million (3,544). Reserve ratios remained strong and were 168 per cent (161) of net written premiums and 250 per cent (237) of claims paid. Issues relating to Solvency II regime, entered into force on 1 January 2016, are dealt with under the section Solvency.

Associated Company Topdanmark

On 31 December 2015 If P&C held 31,476,920 Topdanmark shares, corresponding to 31.7 per cent of all votes. All Topdanmark shares held by Sampo Group are concentrated in If P&C Insurance Holding Ltd (publ). The acquisition price is DKK 2.5 billion (EUR 327 million) and the book value in Sampo Group's balance sheet on 31 December 2015 was EUR 362 million. Market value of Sampo Group's holding was EUR 827 million at 31 December 2015.

Topdanmark has a profit distribution policy according to which it does not pay dividends but buys back its own shares in the market. If P&C has not bought Topdanmark's shares since May 2011, but as it has not participated in the buybacks, its holding as a percentage of all Topdanmark shares has grown. In May 2011 the holding exceeded 20 per cent and If P&C started to account for Topdanmark as an associated company.

Torbjörn Magnusson, Sampo Group's Head of P&C insurance, was elected to Topdanmark's Board at the AGM on 10 April 2014 and currently acts as vice-chairman of the Board.

In Sampo Group's segment reporting Topdanmark holding is included in the P&C insurance segment. Due to the late publication of financial reports by Topdanmark, consensus estimate for the company's profit is used as a basis of calculating If P&C's share of Topdanmark's profit. Any deviation from the actual reported profit will be corrected in Sampo Group's next quarterly report.

In Sampo Group's 2015 accounts the contribution of Topdanmark's net profit amounted to EUR 43 million (53). If P&C's solvency capital on 31 December 2015 includes the proportion of Topdanmark's solvency capital corresponding to If P&C's holding.

Associated Company Nordea Bank AB

Nordea, the largest bank in the Nordic region, has around 11 million customers, approximately 650 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalization. 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 2015 Sampo plc held 860,440,497 Nordea shares corresponding to a holding of 21.25 per cent. The average price paid per share amounted to EUR 6.46 and the book value in the Group accounts was EUR 8.49 per share. The closing price as at 30 December 2015 was EUR 10.15.

Nordea's Board of Directors proposes to the AGM 2016 a dividend of EUR 0.64 per share (0.62). The Board has also decided on a new dividend policy: Nordea strives to maintain a strong capital position in line with Nordea's capital policy. The ambition is to achieve a yearly increase in the dividend per share.

If the AGM approves the Board's dividend proposal, Sampo plc will receive a dividend of EUR 551 million from Nordea on 30 March 2016.

Results*

Nordea Bank AB, 2015

EURm	2015	2014	Change, %
Net interest income	5,110	5,482	-7
Total operating income **)	9,964	9,864	1
Profit before loan losses**)	5,270	4,998	5
Net loan losses	-479	-534	-10
Operating profit **)	4,791	4,464	7
Diluted EPS, (total.oper.), EUR	0.91	0.83	
Return on equity**), %	12.3	11.5	

**) Key figures for continuing operations, following divestment of Polish banking, financing and life insurance operations.*
***) Excluding non-recurring items (Q2/2014: restructuring charge of EUR 190 million, Q3/2014: gain from the divestment of Nets EUR 378 million and of intangible assets EUR 344 million, Q4/2015: gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176 million before tax and restructuring charge of EUR 263 million).*

The following text is based on Nordea's full-year 2015 result release published on 27 January 2016.

2015 was a challenging year with exceptionally low interest rates, geopolitical tensions and market turmoil. Under these market conditions Nordea reported an increase in the income level of 3 per cent in local currencies (1 per cent in euros) and delivered a reduction of 4 per cent in costs to EUR 4.7 billion in line Nordea's target. In addition, the credit quality improved during the year. Consequently, the operating income was up 9 per cent in local currencies (7 per cent in euros) from last year excluding non-recurring items.

Net interest income was down 4 per cent in local currencies (-7 per cent in euros) from last year. Net interest income was under severe pressure due to lower interest rates, while the savings operations were the main growth driver.

Net fee and commission income increased 8 per cent in local currencies (6 per cent in euros) and the net result from items at fair value increased by 19 per cent in local currencies (20 per cent in euros) from last year.

Total expenses were down 1 per cent in local currencies (-4 per cent in euros) compared from previous year excluding non-recurring items. Staff costs were up 4 per cent in local currencies excluding restructuring costs.

The cost-to-income ratio for continuing operations improved 2.2 percentage points to 47.1 per cent which is the best ratio Nordea has ever reported.

Net loan loss provisions decreased to EUR 479 million, corresponding to a loan loss ratio of 14 basis points (15 basis points for full year 2014).

Net profit increased 11 per cent in local currencies (9 per cent in euros) to EUR 3,662 million.

Currency fluctuations had a reducing effect of 2 percentage points on income and expenses and no effect on loan and deposit volumes compared to a year ago.

The Group's Basel III Common equity tier 1 (CET1) capital ratio increased to 16.5 per cent at the end of the fourth quarter from 16.3 per cent at the end of the third quarter 2015. The CET1 capital ratio increase was due to reduced REA, somewhat offset by decreased CET1 capital.

The tier 1 capital ratio increased to 18.5 per cent, up 0.3 per cent from previous quarter and the total capital ratio increased from 21.3 per cent to 21.6 per cent.

REA was EUR 143.3 billion in the fourth quarter, a decrease of EUR 3.4 billion compared to the previous quarter. The reduction is a combination of decreased market risk for internal models, reduced counterparty credit risk and a decrease of the article 3 buffer due to implementation in the credit risk models.

The CET1 capital was EUR 23.6 billion, the tier 1 capital was EUR 26.5 billion and the own funds were EUR 30.9 billion. The capital requirement based on Basel 1 transitional rules was EUR 17.7 billion and the adjusted own funds were EUR 31.2 billion.

The coming three years will be a transition period in which Nordea will execute on transformational change agenda in order to generate a truly digital bank. The bank will initiate certain key activities to manage the transition efficiently, which led to a restructuring charge of EUR 263 million in the fourth quarter. Together with the investments in Nordea's core banking platform, the outcome of this transformational agenda will lead to a more efficient and straightforward structure and reduce administrative complexity.

As communicated in the Q2 2015 report, Nordea is working on simplifying its legal structure with the aim to change the Norwegian, Danish and Finnish subsidiary banks to branches of the Swedish parent company by means of cross-border mergers. The preparations are progressing as planned including the ability to present a proposal to the AGM in March. The changes to the legal structure depend among other on regulatory approvals and a satisfactory outcome of discussion with the local authorities.

For more information on Nordea Bank AB and its results for 2015, see www.nordea.com.

Life Insurance

Mandatum Life Group comprises Mandatum Life Insurance Co. Ltd., a wholly-owned subsidiary of Sampo plc, operating in Finland, and its five 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., Mandatum Life Fund Management S.A., Innova Services Ltd. and Mandatum Life Insurance Baltic SE.

Results

Life Insurance, 2015

EURm	2015	2014	Change, %
Premiums written	1,144	1,105	4
Net income from investments	632	540	17
Other operating income	18	5	227
Claims incurred	-1,023	-876	17
Change in liabilities for inv. and ins. contracts	-462	-499	-7
Staff costs	-47	-46	2
Other operating expenses	-74	-60	25
Finance costs	-6	-7	-10
Profit before taxes	**181**	**163**	**11**

Key Figures	2015	2014	Change
Expense ratio, %	100.0	104.1	-4.1
Return on equity, %	12.7	11.4	1.3
Average number of staff (FTE)	522	509	13

Profit before taxes for life insurance operations in 2015 amounted to EUR 181 million (163). The total comprehensive income for the period after tax reflecting the changes in market values of assets was EUR 168 million (149). Return on equity (RoE) amounted to 12.7 per cent (11.4). Without the net additions of EUR 109 million to the discount rate reserve made during 2015, RoE would have been 18.5 per cent.

Net investment income, excluding income on unit-linked contracts, increased to EUR 365 million (273) largely because of a good equity market performance. Net income from unit-linked contracts was EUR 239 million (267). During 2015 fair value reserve increased to EUR 532 million (508).

Total technical reserves of Mandatum Life Group increased to EUR 10.9 billion (10.4). The unit-linked reserves grew to EUR 5.9 billion (5.3) at the end of 2015, which corresponds to 54 per cent (51) of total technical reserves. With profit reserves continued to decrease during 2015 and amounted to EUR 5.0 billion (5.1) at the end of 2015. With profit reserves related to the higher guarantees of 4.5 and 3.5 per cent decreased EUR 188 million to EUR 3.1 billion in 2015.

All in all, Mandatum Life has increased its technical reserves with a total of EUR 244 million (135) due to low level of interest rates. The figure does not take into account the reserves relating to the segregated fund. The rates used for 2016, 2017 and 2018 are 1.0 per cent, 1.25 per cent, and 2.25 per cent, respectively.

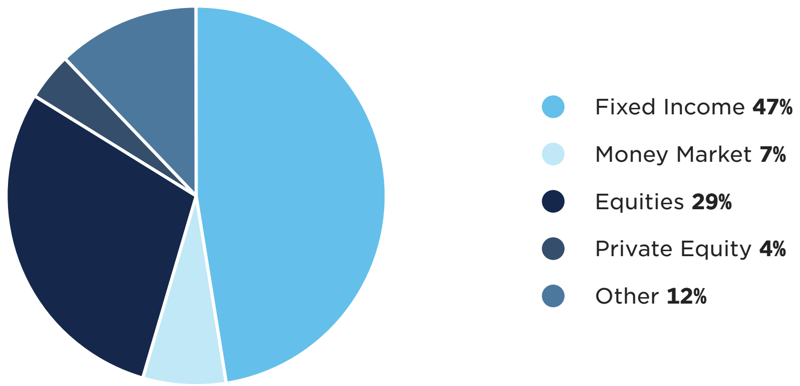
Guaranteed interest rate for the segregated fund has been lowered to 0.75 per cent from the original discount rate of 3.5 per cent by supplementing the technical reserves with EUR 257 million (241).

At the end of 2015 Mandatum Life Group's investment assets, excluding the assets of EUR 5.9 billion (5.3) covering unit-linked liabilities, amounted to EUR 6.7 billion (6.6) at market values.

The assets covering Mandatum Life's original with profit liabilities on 31 December 2015 amounted to EUR 5.5 billion (5.3) at market values. 47 per cent (32) of the assets are in fixed income instruments, 7 per cent (23) in money market, 29 per cent (30) in equities and 16 per cent (16) in alternative investments. The investment return marked-to-market for 2015 was 6.9 per cent (4.6). The duration of fixed income assets at the end of 2015 was 2.1 years (2.0) and average maturity 2.8 years (2.7). Fixed income (incl. money market) running yield was 3.2 per cent (3.2).

Investment Allocation

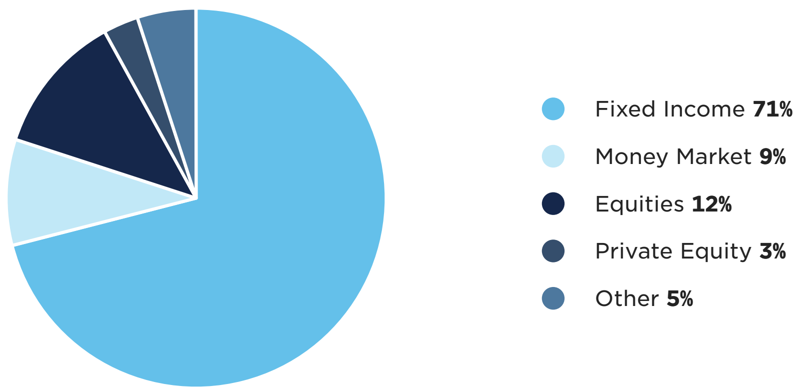
Mandatum Life (excl. the Segregated Portfolio), 31 December 2015, Total EUR 5.5 Billion



The assets covering the segregated fund amounted to EUR 1.2 billion (1.2), of which 71 per cent (48) was in fixed income, 9 per cent (33) in money market, 12 per cent (8) in equities and 8 per cent (11) in alternative investments. Segregated fund's investment return marked-to-market for January – December 2015 was 3.8 per cent. At the end of December 2015 the duration of fixed income assets was 2.3 years (2.1) and average maturity 3.8 years (3.6). Fixed income (incl. money market) running yield was 1.4 per cent (1.3).

Investment Allocation, the Segregated Portfolio

31 December 2015, Total EUR 1.2 Billion



European insurance companies report their solvency position for the last time according to Solvency I for 31 December 2015. Mandatum Life's position remains strong and the Solvency I ratio amounted to 23.6 per cent (22.9). The Solvency II regime entered into force as of 1 January 2016. More about Mandatum Life's Solvency II position in the section Solvency.

Risk and expense results were the highest in Mandatum Life's history. The expense result for life insurance segment increased to EUR 25 million (19). Risk result was exceptionally good and amounted to EUR 33 million (23).

Mandatum Life Group's premium income on own account was record high at EUR 1,144 million (1,105). Premiums from unit-linked policies remained at previous year's level and were EUR 968 million (960). Premium income from the Baltic countries amounted to EUR 34 million (40). Mandatum Life's market share in Finland was stable at 17.7 per cent (17.9). Market share in the Baltic countries was 8 per cent (11).

Holding

Sampo plc owns and controls its subsidiaries engaged in P&C and life insurance. In addition Sampo plc held on 31 December 2015 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, 2015

EURm	2015	2014	Change, %
Net investment income	76	29	165
Other operating income	18	15	19
Staff costs	-20	-20	1
Other operating expenses	-12	-12	-6
Finance costs	-63	-23	176
Share of associate's profit	751	680	10
Profit before taxes	**749**	**669**	**12**
			Change
Average number of staff (FTE)	57	57	0

Holding segment's profit before taxes amounted to EUR 749 million (669), of which EUR 751 million (680) relates to Sampo's share of Nordea's 2015 profit. Segment's profit excluding Nordea was EUR -1 million (12). The strengthening of Swedish krona had a negative impact of EUR 12 million on the reported finance costs in 2015. The strengthening impacted mainly fourth quarter results.

Sampo plc's holding in Nordea Bank was booked in the consolidated balance sheet at EUR 7.3 billion. The market value of the holding was EUR 8.7 billion, i.e. EUR 10.15 per share, at 31 December 2015. In addition the assets on Sampo plc's balance sheet included holdings in subsidiaries for EUR 2.4 billion (2.4).

Governance

In 2015, Sampo plc complied wholly with the Finnish Corporate Governance Code, which came into force on 1 October 2010 and was issued by the Finnish Securities Market Association. The Securities Market Association approved on 1 October 2015 a new Corporate Governance Code replacing the earlier Code. The new Code became effective as of 1 January 2016. The Code can be viewed in full on the Securities Market Association's website (www.cgfinland.fi).

Sampo plc complies with the new Code as of 1 January 2016. The companies can comply wholly or partly with the reporting requirements of the new Code also in respect of the financial year 2015. As permitted by the new Code, Sampo's reporting in respect of the financial year 2015 follows the requirements of the old Code.

On an annual basis, Sampo plc publishes a Corporate Governance Statement that is required by the Finnish Corporate Governance Code. The Corporate Governance Statement will be published in connection to the Annual Report in March 2016. The statement will be available at www.sampo.com/statement. The Governance section of this Annual Report also contains a more detailed description of the Group's governance system.

Changes in Group Structure

Sampo Group's main structure remained unchanged during 2015.

Annual General Meeting

The Annual General Meeting of Sampo plc, held on 16 April 2015, decided to distribute a dividend of EUR 1.95 per share for 2014. The Annual General Meeting adopted the financial accounts for 2014 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: Anne Brunila, Jannica Fagerholm, Adine Grate Axén, Veli-Matti Mattila, Eira Palin-Lehtinen, Per Arthur Sørlie and Björn Wahlroos. Risto Murto was elected as a new member to the Board. Of the former members Matti Vuoria was not available for re-election. 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 were elected to the Nomination and Compensation Committee. Anne Brunila, Jannica Fagerholm, Adine Grate Axén and Per Arthur Sørlie were elected to the Audit Committee. The compositions of the Committees fulfilled the Finnish Corporate Governance Code's requirement for independence. 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 2016 Annual General Meeting: the Chairman of the Board will be paid an annual fee of EUR 160,000, the Vice Chairman of the Board will be paid EUR 100,000 and the other members of the Board of Directors will be paid EUR 80,000 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 will be paid a fee determined by an invoice approved by Sampo. Tomi Englund, APA, was elected as the principally responsible auditor.

There were 2,994 shareholders represented at the meeting holding altogether 368,500,631 shares and 373,300,631 votes in the company. All decisions were made unanimously.

Corporate Responsibility

The focus of Sampo Group's corporate responsibility work is on the subsidiary level. This is where the customers are met and where 99 per cent of the personnel work.

The operations of Sampo Group's insurance subsidiaries If P&C Insurance and Mandatum Life differ significantly from each other and, therefore, the nature of their corporate responsibility activities also differs to a great extent. The subsidiaries have their own models of corporate responsibility reporting reflecting the special features of their businesses. On a Group level Sampo continued to develop the Group level non-financial reporting while waiting for the authorities' decision on reporting requirements.

All of If P&C's activities are governed by a strict environmental policy. The essence of this policy is that If P&C will always endeavor to find the most environmentally viable solution for If P&C, its clients, suppliers and partners. Further details on If P&C's environmental activities can be read from The If Environmental Report 2015 published in March 2016 available at www.sampo.com/environmentalreport.

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. The success of its business operations is a central part of Mandatum Life's corporate responsibility, as it helps make life better and easier for its customers and employees.

During 2015, Mandatum Life's corporate responsibility work mainly focused on fostering responsible investment practices. In responsible investing, the major role of investors in solving environmental challenges, such as global warming, was a key theme.

Financial responsibility means ensuring the continuity, profitability, earnings power and solvency of operations in Sampo Group companies in all market situations. A further key component of financial responsibility is careful risk management. More information on risk management in Sampo Group is available in the Risk Management Section of this Annual Report.

Personnel

The average number of Sampo Group's employees (FTE) in 2015 amounted to 6,755 (6,739). P&C insurance is Sampo Group's largest business area and employed 91.4 per cent of the personnel. Life insurance had approximately 7.7 per cent of the work force and the parent company Sampo plc 0.8 per cent.

In geographical terms Finland had 33 per cent of the personnel, Sweden 27 per cent and Norway 20 per cent. The share of Baltic countries, Denmark and other countries was 20 per cent.

During 2015, the number of staff in P&C insurance remained stable. The number of employees decreased in Norway and Finland and increased in Baltic countries, Sweden and Denmark. As of 31 December 2015, P&C insurance employed 6,739 persons. If P&C's Finnish subsidiary, If P&C Insurance Company Ltd (Finland), started a cooperation procedure on 12 October 2015 involving approximately 212 staff members at Commercial and Private business areas as well as internal audit. As a result of the procedure, number of personnel in If P&C decreased by 92 persons, of which 78 employment contracts will end by voluntary agreements, 11 by retirement arrangements and 3 by dismissals.

The total number of staff in life insurance increased nearly 3 per cent driven by staff growth in Finland.

Life insurance operations employed 559 persons at the end of 2015. As of 31 December 2015, the total number of staff in Sampo Group totaled 6,782 persons.

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

Remuneration

Remuneration in Sampo Group is based on the Remuneration Principles that apply to all companies within Sampo Group. Remuneration Principles, approved on 17 September 2014, describe the remuneration structure and the principles used in setting up remuneration systems within the general governance framework and according to the Sampo Group Risk Management Principles. The Remuneration Principles are available at www.sampo.com/remuneration.

The core of the Remuneration Principles is that all remuneration systems in Sampo Group shall safeguard the financial stability of the Group and comply with regulatory and ethical standards. They shall also be designed to balance the interests of different stakeholder groups such as shareholders, employees, customers and supervisory authorities. Furthermore, all compensation mechanisms shall be designed in parallel with the Risk Management Principles.

The starting point of any compensation mechanism shall be to encourage and stimulate employees at all levels to do their best and surpass their targets. Remuneration packages shall be designed to reward employees on all levels, compensating them fairly for prudent and successful performance. At the same time, however, in order to safeguard the interest of other stakeholders, compensation mechanisms shall neither entice nor encourage employees to excessive or unwanted risk taking. Thus, compensation mechanisms cannot be separated from risk management practices.

To ensure the achievement of the wanted steering effects and to make them risk sensitive, each compensation component, as more specifically defined in company-specific Remuneration Policies, shall be designed in parallel both with the Group's general and each company's own, more specific risk management framework. Thus, the leading idea of Sampo's Remuneration Principles is that all compensation shall be linked to different risks and responsibilities inherent with various business processes.

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

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

The payment of a certain portion of the variable compensation payable to 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 Group company. After the deferral period, a retrospective risk adjustment review shall be carried out and the Board shall decide whether the deferred variable compensation shall be paid out in full, partly or cancelled in whole. For the year 2015, parts of both short-term and long-term incentives have been deferred. For the operative year 2015, altogether EUR 10.6 million has been deferred.

The different forms of remuneration used in Sampo Group are described in more detail at www.sampo.com/remuneration.

In 2015 EUR 34 million (26), including social costs, was paid on the basis of the long-term incentive schemes. EUR 33 million (33), including social costs, was paid as short-term incentives during the same period. The outcome of the long-term incentive schemes is determined by Sampo's share price development over a period of approximately three years starting from the issue of the respective program. The programs are subject to thresholds on share price development and company profitability, as well as ceilings for maximum payout. Furthermore, the programs are subject to rules requiring part of the paid incentive reward to be used to acquire Sampo shares, which must in turn be held for a specified period of time. The result impact of the long-term incentive schemes in force in 2015 was EUR 33 million (34). The terms of the long-term incentive schemes are available at www.sampo.com/incentiveterms.

Sampo Group will also publish a Remuneration Report in March 2016. The report has been prepared in accordance with section 7 of the Corporate Governance Code published by the Securities Market Association in October 2010 as permitted by the new Finnish Corporate Governance Code 2015. The report will be available at www.sampo.com/remuneration.

Risk Management

Sampo Group companies operate in business areas where a specific feature of value creation is pricing of risks and 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.

The most important objective of risk management in Sampo Group is to ensure the adequacy of the available capital in relation to the risks arising from the business activities and operating environment, as well as to ensure that expected returns are in balance with risks taken.

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

Shares, Share Capital and Shareholders

Shares and Share Capital

As at 31 December 2015, Sampo plc had 560,000,000 shares, which were divided into 558,800,000 A shares and 1,200,000 B shares. Total number of votes attached to the shares is 564,800,000. 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 2015 Sampo plc's share capital amounted to EUR 98 million (98) and the equity capital in total to EUR 11,411 million (10,924).

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, 2011–2015

Year	A shares	B shares	Total	Change during year	Reason for change
1 Jan 2011	560,082,390	1,200,000	561,282,390	-1,282,390	Cancellation of shares bought back
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	

Shareholders by the Number of Shares Owned

Sampo plc, 31 December 2015

Number of shares	Shareholders, number	Shareholders, %	Shares, number	Shares, %	Votes, number	Votes, %
1-100	29,205	34.73	1,659,732	0.30	1,659,732	0.29
101-500	35,653	42.39	9,163,596	1.64	9,163,596	1.62
501-1,000	9,223	10.97	7,080,216	1.26	7,080,216	1.25
1,001-5,000	8,250	9.81	17,538,889	3.13	17,538,889	3.11
5,001-10,000	980	1.17	7,101,692	1.27	7,101,692	1.26
10,001-50,000	626	0.74	12,943,031	2.31	12,943,031	2.29
50,001-100,000	67	0.08	4,828,869	0.86	4,828,869	0.86
100,001-500,000	71	0.08	15,575,808	2.78	15,575,808	2.76
500,001-9,999,999,999	27	0.03	477,138,507	85.20	481,938,507	85.33
Total	**84,102**	**100.00**	**553,030,340**	**98.76**	**557,830,340**	**98.77**
Nominee registered	14		332,572,627	59.39	332,572,627	58.88
On waiting list, total	0		0	0.00	0	0.00
On joint account			6,969,660	1.25	6,969,660	1.23
Total shares issued			560,000,000	100.00	564,800,000	100.00

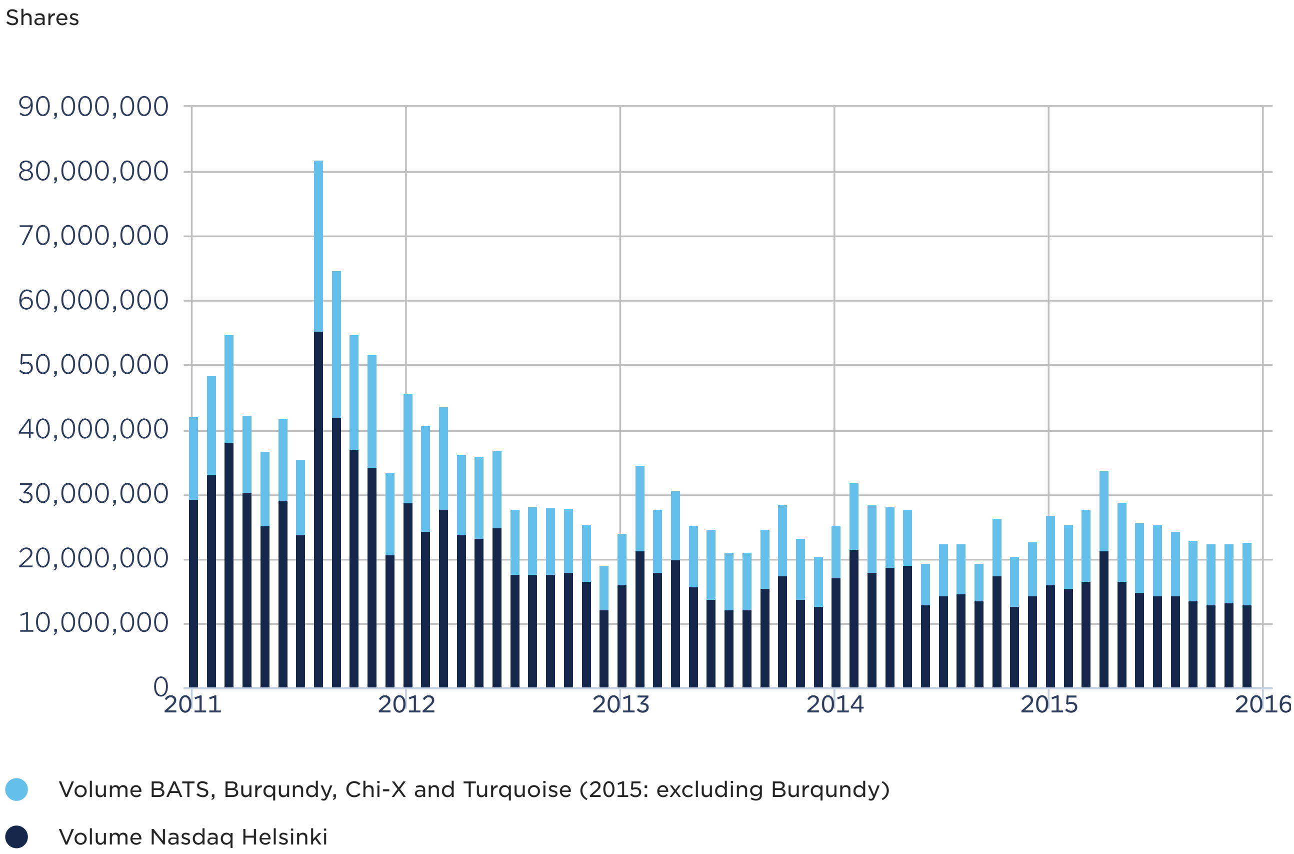
Sampo A shares have been quoted on the main list of the Nasdaq Helsinki since 1988 and all of the B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into A shares at the request of the holder. At the end of the financial year, neither Sampo plc nor its Group companies held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

Share Price Performance

Sampo plc, 2011-2015

Monthly Trading Volume

Sampo plc, 2011-2015



Authorizations Granted to the Board

The Annual General Meeting of 2015 authorized the Board to repurchase a maximum of 50,000,000 Sampo A shares. Shares will be repurchased in other proportion than the shareholders' proportional shareholdings (directed repurchase). The maximum price to be paid will be 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 2015 and has not purchased its own shares after the end of the reporting period.

Shareholders

The number of Sampo plc's shareholders increased to 84,102 (82,817) as at 31 December 2015. Approximately 1.2 (1.3) per cent of shares had not been transferred to the book-entry system. The holdings of nominee-registered and foreign shareholders increased to 60.96 per cent (59.84) of the shares and 60.45 per cent of the votes (59.33).

Shareholders

Sampo plc, 31 December 2015

A and B shares	Number of shares	% of share capital	% of votes
Solidium Ltd.	66,657,360	11.90	11.80
Varma Mutual Pension Insurance Company	35,548,420	6.35	6.29
Wahlroos Björn	11,764,687	2.10	2.08
Ilmarinen Mutual Pension Insurance Company	4,791,000	0.86	0.85
Kaleva Mutual Insurance Company *)	4,370,870	0.78	1.62
State Pension Fund	3,860,000	0.69	0.68
Schweizerische Nationalbank	2,931,515	0.52	0.52
Folketrygdfondet	1,989,165	0.36	0.35
Mutual Insurance Company Elo	1,950,000	0.35	0.35
The Local Government Pension Institution	1,632,993	0.29	0.29
Mutual Fund Nordea Suomi	1,616,500	0.29	0.29
Svenska Litteratursällskapet i Finland	1,601,800	0.29	0.28
ODIN Norden c/o ODIN Forvaltning AS	1,062,875	0.19	0.19
Mutual Fund Nordea Pro Finland	900,000	0.16	0.16
Mutual Fund Nordea Norden	876,868	0.16	0.16
OP-Delta Mutual Fund	802,886	0.14	0.14
Oslo Pensjonsforsikring AS	752,000	0.13	0.13
Juselius Sigrid Foundation	701,400	0.13	0.12
Nordea Allemansfond Alfa	514,175	0.09	0.09
SR Danske Invest Suomi	508,637	0.09	0.09
Nominee registered total	332,572,627	59.39	58.88
Other	82,594,222	14.75	14.62
Total	**560,000,000**	**100.00**	**100.00**

*) *3,170,870 A shares and 1,200,000 B shares*

Shareholders by Sector

Sampo plc (A and B shares), 31 December 2015

Sector	Number of shares	%
Corporations	76,487,039	13.66
Financial institutions and insurance corporations	14,420,782	2.58
Public institutions	49,709,659	8.88
Non-profit institutions	11,495,404	2.05
Households	59,514,668	10.63
Foreign ownership and nominee registered	341,402,788	60.96
On joint account	6,969,660	1.24
Total	**560,000,000**	**100.00**

During 2015 Sampo plc received altogether 9 notifications of change in holding pursuant to Chapter 9, Section 5 of the Securities Markets Act, according to which the total number of Sampo A shares and related voting rights owned by BlackRock, Inc. (tax ID 32-0174421) and its funds directly or through financial instruments had decreased below 5 per cent or increased above 5 per cent. The notified changes are illustrated in the table below. No other flagging notifications were received.

Notification received on	% of all shares	% of all votes
4 August 2015	below 5	below 5
3 September 2015	above 5 (5.02)	below 5
7 September 2015	above 5 (5.05)	above 5 (5.00)
8 October 2015	above 5 (5.03)	below 5
9 October 2015	below 5	below 5
27 November 2015	above 5 (5.02)	below 5
30 November 2015	below 5	below 5
11 December 2015	above 5 (5.00)	below 5
14 December 2015	below 5	below 5

The notification of 27 November 2015 was based on the implementation of changes to the EU Transparency Directive.

In the first quarter of 2016 Sampo plc has received six further notifications concerning the holdings of BlackRock, Inc. and its funds. On 25 January 2016 their holding of Sampo shares had increased to 5.04 per cent of all shares, on 26 January 2016 it had fallen below 5 per cent, on 29 January increased back to above 5 per cent (5.02), on 1 February 2016 decreased below 5 per cent, on 3 February increased over 5 per cent (5.03) and again on 4 February 2016 decreased below 5 per cent. The share of related votes had all the time remained below 5 per cent.

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

The following table presents the Board's and Group Executive Committee's holdings of Sampo A shares. At the end of 2015, the members of Sampo plc's Board of Directors and their close family members owned either directly or indirectly 11,891,850 (11,924,379) Sampo A shares. Their combined holdings constituted 2.1 per cent (2.1) of the share capital and related votes.

The members of the Group Executive Committee and their close family members owned either directly or indirectly 771,156 (793,741) Sampo A shares representing 0.1 per cent (0.1) of the share capital and related votes.

On 6 November 2015 Sampo's Group CEO and President Kari Stadigh sold 54,390 Sampo A shares.

Shares owned by the Board of Directors and by the Group Executive Committee

Sampo plc, 31 December 2015 and 31 December 2014

Board of Directors	31 Dec 2015	31 Dec 2014
Wahlroos	11,864,687	11,863,986
Palin-Lehtinen	4,490	3,975
Brunila	8,848	8,406
Fagerholm	1,682	1,254
Grate Axén	4,317	3,747
Mattila	4,694	4,287
Murto	422	-
Sørlie	2,710	2,247
Vuoria	-	36,477
Total	**11,891,850**	**11,924,379**
Board of Directors' ownership of shares, %	2.1%	2.1%
Board of Directors' ownership of votes, %	2.1%	2.1%

Group Executive Committee	31 Dec 2015	31 Dec 2014
Stadigh	251,795	285,693
Alsaker	16,472	10,380
Johansson	43,757	57,013
Lapveteläinen	231,745	246,137
Magnusson	22,860	22,037
Martinsen	36,652	30,800
Niemisvirta	65,293	58,404
Thorsrud	35,926	29,554
Vuorinen	27,904	21,662
Wennerklint	38,752	32,061
Total	**771,156**	**793,741**
Group Executive Committee's ownership of shares, %	0.1%	0.1%
Group Executive Committee's ownership of votes, %	0.1%	0.1%

Financial Standing

Internal Dividends

Sampo plc, Sampo Group's parent company, received EUR 1.220 billion in dividends from its subsidiaries and associated company Nordea Bank AB during 2015. The following dividend payments were received:

- 25 March 2015; Mandatum Life; EUR 100 million,
- 30 March 2015; Nordea Bank AB; EUR 533 million and
- 8 December 2015; If P&C; SEK 5.5 billion (EUR 587 million).

On 27 January 2016 Nordea Bank AB's Board of Directors proposed to the Annual General meeting to be held on 17 March 2016, a dividend of EUR 0.64 per share. With its current holding Sampo plc's share amounts to EUR 551 million. The dividend is proposed to be paid on 30 March 2016.

A dividend of EUR 125 million is planned to be paid by Mandatum Life during the first quarter of 2016. If P&C normally pays its dividend towards the end of the calendar year.

Ratings

All the ratings for Sampo Group companies remained unchanged in 2015. In September 2015 Moody's affirmed If P&C's and Sampo plc's ratings and changed the outlook to positive.

	Moody's		Standard & Poor's	
Rated Company	**Rating**	**Outlook**	**Rating**	**Outlook**
Sampo plc	Baa2	Positive	Not rated	-
If P&C Insurance Ltd (Sweden)	A2	Positive	A	Stable
If P&C Insurance Company Ltd (Finland)	A2	Positive	A	Stable

Group Solvency

Sampo Group's business model is based on three separate business areas each managing their own risks and reserving the required capital to cover these risks.

Sampo plc, the parent company – with no business activities of its own – is structurally subordinate to the business areas. Therefore it is dependent on their financial performance and their obligations. The parent company prefers to maintain in its business areas a balance between profits, risks and capital which supports their ability to pay stable dividends after servicing their own obligations.

In Sampo Group the operating entities do not capitalize each other, but rather the parent company provides the capitalization if needed. For this reason the parent company prefers to have a relatively low leverage and a good capacity to generate liquidity in case the business areas need support.

As of 1 January 2016 insurance subgroups If P&C and Mandatum Life apply Solvency II rules in their regulatory solvency calculations.

If P&C Group has over a number of years used its internal economic capital model to estimate the amount of capital needed to cover its risks. Since 2011 development of internal model has been conducted as part of the so called pre-application process with authorities to correspond to the extent possible to Solvency II requirements. As a result If P&C Group planned to use a partial internal model for Solvency II to calculate its SCR. An application for the approval of the model was submitted to the authorities in June 2015.

As the approval process could not be finalized before 1 January 2016, If P&C has withdrawn its application with the Finnish Financial Supervisory Authority (FSA). If P&C Group will use a standard model for Solvency II and evaluate the situation. The difference between the standard model and the partial internal model is mainly that the standard formula does not take into account the geographical diversification between countries.

The standard model has roughly a EUR 400 million higher capital requirement than the partial internal model. 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 model has no practical implications on the Group's capital position. On 31 December 2015 If P&C Group's Solvency II capital requirement under standard model amounted to EUR 2,073 million and own funds to EUR 3,202 million. Solvency ratio amounted to 154 per cent. S&P A rating requirement for If P&C Group amounted to EUR 3,058 million at the end of 2015.

In April 2015 Mandatum Life applied for approval from Finnish FSA to use transitional measures on technical provisions and application was supplemented in May 2015 because of information requests by FSA. The Finnish FSA issued its decision to approve the use of transitional measures on 11 August 2015.

On 31 December 2015 after transitional measures Mandatum Life's solvency ratio is strong at 158 per cent. Own funds of EUR 1,913 million exceed Solvency Capital Requirement (SCR) of EUR 1,212 million by EUR 701 million. Without transitional measures, own funds would have amounted to EUR 1,347 and the solvency capital requirement EUR 1,307 million leading to a solvency ratio of 103 per cent.

Sampo Group is regarded as a financial and insurance conglomerate according to the Act on the Supervision of Financial and Insurance Conglomerates (2004/699). The Act is based on Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment. The Act was amended as of 1 January 2016 to correspond to Solvency II and Basel III rules.

The starting point for the Group's solvency capital is the consolidated Group equity. The sectoral items are added to it and the intangibles and other deductibles are subtracted from it.

Sampo Group Solvency

EURm	31 Dec 2015	31 Dec 2014
Group capital	11,411	10,924
Sectoral items	1,658	1,685
Intangibles and other deductibles	-3,470	-3,426
Group's own funds, total	9,599	9,183
Minimum requirements for own funds, total	4,983	4,901
Group solvency	4,616	4,282
Group solvency ratio (Own funds % of minimum requirements)	192.6	187.4

Group's conglomerate solvency ratio (own funds in relation to minimum requirements for own funds) using Solvency I rules for the insurance subsidiaries was 193 per cent (187) as at 31 December 2015. With Solvency II rules applied to the insurance subsidiaries the Group solvency ratio would have been 145 per cent.

More information on Sampo Group's capital policy is available at the Risk Management section of the Annual Report 2015

Debt Financing

Sampo plc's debt financing on 31 December 2015 amounted to EUR 2,302 million (2,192) and interest bearing assets to EUR 1,343 million (1,233). Interest bearing assets include bank accounts, EUR 579 million (465) of hybrid capital and subordinated debt instruments issued by the subsidiaries and associates and EUR 25 million of other fixed income instruments. On 31 December 2015 the net debt amounted to EUR 959 million (960). The net debt calculation only takes into account interest bearing assets and liabilities. Gross debt to Sampo plc's equity was 32 per cent (31) and financial leverage 24 per cent (24).

On 28 May 2015 Sampo plc repaid SEK 2,000 million senior notes maturing on that date. In connection to the repayment it issued under Sampo plc EMTN Programme senior unsecured floating rate notes of SEK 2,000 million and fixed rate notes of SEK 1,000 million both maturing on 28 May 2020.

As at 31 December 2015 financial liabilities in Sampo plc's balance sheet consisted of issued senior bonds and notes of EUR 1,997 million (1,888) and EUR 305 million (305) of CPs issued. The average interest, net of interest rate swaps, on Sampo plc's debt as of 31 December 2015 was 1.45 per cent (1.74).

Outstanding Debt Instruments
Sampo plc, 31 December 2015

Issued Debt Instruments	Coupon	Swap	Effective Rate	Maturity Date
Senior Bond 300 EURm (EMTN)	4.2500%	Euribor3M + 1.4727%	1.3807%	22 February 2016
Senior Bond 500 EURm (EMTN)	4.2500%	Euribor3M + 2.7910%	2.6870%	27 February 2017
Senior Bond 2,000 SEKm (EMTN)	Stibor3M + 1.45%	-	1.0330%	29 May 2018
Senior Bond 2,000 SEKm (EMTN)	Stibor3M + 0.77%	-	0.3530%	28 May 2020
Senior Bond 1,000 SEKm (EMTN)	1.2500%	-	1.2950%	28 May 2020
Senior Bond 500 EURm (EMTN)	1.5000%	-	1.5920%	16 September 2021
CP's issued 300 EURm	Euribor + Margin		0.3100%	Average 3M
Public debt 2,143 EURm			**1.4377%**	
Private placements 159 EURm			1.6111%	
Total 2,302 EURm			**1.4497%**	

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

On 16 June 2015 If P&C Insurance Company Ltd. (publ), the Swedish subsidiary of If P&C Insurance Holding Ltd (publ), used its call option on the EUR 150 million capital loan issued on 16 June 2005 in accordance with the conditions of the loan.

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 2016

Sampo Group's business areas are expected to report good operating results for 2016.

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.

The P&C insurance operations are expected to reach their long-term combined ratio target of below 95 per cent in 2016 by a margin.

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 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 plc'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 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.

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 the business shall be conducted.

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 totaled EUR 7,053,102,301.21 of which profit for the financial year was EUR 1,227,831,784.12.

The Board proposes to the Annual General Meeting a dividend of EUR 2.15 per share to company's 560,000,000 shares. The dividends to be paid are EUR 1,204,000,000.00 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 25 April 2016. The Board proposes that the dividend be paid on 3 May 2016.

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		2015	2014	2013	2012	2011
Profit before taxes	EURm	1,888	1,759	1,668	1,622	1,228
Return on equity (at fair values)	%	14.0	10.9	13.8	19.9	7.7
Return on assets (at fair values)	%	7.2	5.6	7.0	9.3	3.7
Equity/assets ratio	%	32.1	31.5	32.7	31.3	29.7
Group solvency [1])	EURm	4,616	4,282	3,934	3,379	1,892
Group solvency ratio [1])	%	192.6	187.4	184.4	170.9	138.6
Average number of staff		6,755	6,739	6,832	6,823	6,874

P&C insurance						
Premiums written before reinsurers' share	EURm	4,559	4,634	4,768	4,698	4,414
Premiums earned	EURm	4,344	4,457	4,505	4,363	4,094
Profit before taxes	EURm	960	931	929	864	636
Return on equity (at fair values)	%	21.5	18.1	24.4	36.9	12.4
Risk ratio [2])	%	66.6	65.1	65.4	65.9	68.4
Cost ratio [2])	%	18.8	22.5	22.8	23.0	23.5
Loss ratio excl. unwinding of discount [2])	%	72.4	70.9	71.4	72.0	74.7
Expense ratio [2])	%	13.0	16.7	16.8	16.9	17.3
Combined ratio excl. unwinding of discount	%	85.4	87.7	88.1	88.9	92.0
Solvency capital **)	EURm	3,351	3,544	3,601	3,359	3,080
% of technical provisions *)	%	35.5	38.6	37.9	34.1	34.2
Solvency ratio *)	%	75.2	81.9	80.8	74.6	72.4
Average number of staff		6,176	6,173	6,238	6,225	6,299

**) Based on the financial statements of If Group.*

Life insurance						
Premiums written before reinsurers' share	EURm	1,149	1,110	1,068	983	854
Profit before taxes	EURm	181	163	153	136	137
Return on equity (at fair values)	%	12.7	11.4	18.3	28.5	-11.7
Expense ratio	%	100.0	104.1	106.6	113.9	109.1
Solvency capital (IFRS)	EURm	1,528	1,461	1,401	1,389	1,046
% of technical provisions (IFRS)	%	23.6	22.9	27.6	27.6	20.9
Average number of staff		522	509	541	545	521

Holding						
Profit before taxes	EURm	749	669	589	623	456
Average number of staff		57	57	53	53	54

Per share key figures		2015	2014	2013	2012	2011
Earnings per share	EUR	2.96	2.75	2.59	2.51	1.85
Earnings per share, incl. Items in other comprehensive income	EUR	2.79	2.11	2.54	3.37	1.22
Capital and reserves per share	EUR	20.38	19.51	19.01	17.89	15.93
Net asset value per share	EUR	23.79	22.63	22.15	17.38	14.05
Dividend per share [3])	EUR	2.15	1.95	1.65	1.35	1.20
Dividend per earnings	%	72.6	70.9	63.7	53.8	64.9
Effective dividend yield	%	4.6	5.0	4.6	5.5	6.3
Price/earnings ratio		15.9	14.1	13.8	9.7	10.4
Adjusted number of shares at 31 Dec.	1.000	560,000	560,000	560,000	560,000	560,000
Average adjusted number of shares	1.000	560,000	560,000	560,000	560,000	560,863
Weighted average number of shares, incl. dilutive potential shares	1.000	560,000	560,000	560,000	560,000	560,863
Market capitalisation	EURm	26,320	21,739	20,003	13,630	10,735

A shares						
Adjusted number of shares at 31 Dec.	1.000	558,800	558,800	558,800	558,800	558,800
Average adjusted number of shares	1.000	558,800	558,800	558,800	558,800	559,663
Weighted average number of shares, incl. dilutive potential shares	1.000	558,800	558,800	558,800	558,800	559,663
Weighted average share price	EUR	44.34	36.88	31.05	21.43	20.63
Adjusted share price, high	EUR	49.40	39.98	35.92	25.04	23.9
Adjusted share price, low	EUR	37.72	33.71	25.04	17.91	16.85
Adjusted closing price	EUR	47.00	38.82	35.72	24.34	19.17
Share trading volume during the financial year	1.000	182,762	194,492	188,402	252,821	399,759
Relative share trading volume	%	32.7	34.8	33.7	45.2	71.4

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.

[3]) The Board of Director's proposal to the Annual General Meeting for the accounting period 2015.

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 associates Nordea and 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	
±	valuation differences on investments less deferred tax (average of values on 1 Jan. and 31 Dec.)	

Return on assets (at fair values), %

+	operating profit	
±	other comprehensive income before taxes	
+	interest and other financial expense	
+	calculated interest on technical provisions	
±	change in valuation differences on investments	x 100%
+	total balance sheet	
-	technical provisions relating to unit-linked insurance	
±	valuation differences on investments (average of values on 1 Jan. and 31 Dec.)	

Equity/assets ratio (at fair values), %

+	total equity	
±	valuation differences on investments less deferred tax	x 100%
+	balance sheet total	
±	valuation differences on investments	

Group solvency

+	total equity
+	sectoral items
-	intangible assets and sectoral deductibles
	own funds, total
-	minimum requirements for own funds, total
	group solvency

Group solvency ratio, %

own funds	x 100%
minimum requirements for own funds	

Average number of staff

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

P&C Insurance Key Figures

Profit before taxes

Formula shown above in connection with the Group key figures.

Return on equity (at fair values), %

Formula shown above in connection with the Group key figures.

Risk ratio, %

$$\frac{+\ \text{claims incurred} \ -\ \text{claims settlement expenses}}{\text{premiums earned}} \times 100\%$$

Cost ratio, %

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

Loss ratio, %

$$\frac{\text{claims incurred}}{\text{premiums earned}} \times 100\%$$

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, %

Loss ratio + expense ratio

Combined ratio excl. unwinding of discount, %

Loss ratio before unwinding of discount + expense ratio

Solvency capital (IFRS)

+ equity after proposed profit distribution
± valuation differences on investment
- intangible assets
+ subordinated loans
- deferred tax liability probably realised in near future
± other required items (Ministry of Finance decree)

Solvency capital, % of technical provision (IFRS)

$$\frac{+\ \text{solvency capital}}{+\ \text{liabilities for insurance and investment contracts} \ -\ \text{reinsurers' share of insurance liabilities}} \times 100\%$$

Solvency ratio (IFRS), %

$$\frac{\text{solvency capital}}{\text{premiums earned from 12 months}} \times 100\%$$

Life Insurance Key Figures

Profit before taxes

Formula shown above in connection with the Group key figures.

Return on equity (at fair values), %

Formula shown above in connection with the Group key figures.

Expense ratio

+	operating expenses before change in deferred acquisition costs	
+	claims settlement expenses	x 100%
	expense charges	

Solvency capital (IFRS)

+	equity after proposed profit distribution
±	valuation differences on investment
-	intangible assets
+	subordinated loans
-	deferred tax liability probably realised in near future (incl. deferred tax from fair value reserve and profit)
±	other required items (Ministry of Finance decree)

Solvency ratio, % of technical provision, IFRS

+	solvency capital	x 100%
+	liabilities for insurance and investment contracts	
-	reinsurers' share of insurance liabilities	
-	75% x technical provisions relating to unit-linked insurance	

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

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

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, %

$$\frac{\text{dividend per share}}{\text{adjusted closing share price at 31 Dec.}} \times 100\%$$

Price/earnings ratio

$$\frac{\text{adjusted closing share price at 31 Dec.}}{\text{earnings per share}}$$

Market capitalisation

number of shares at 31 Dec. x closing share price at 31 Dec.

Relative share trading volume, %

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

Risk Management

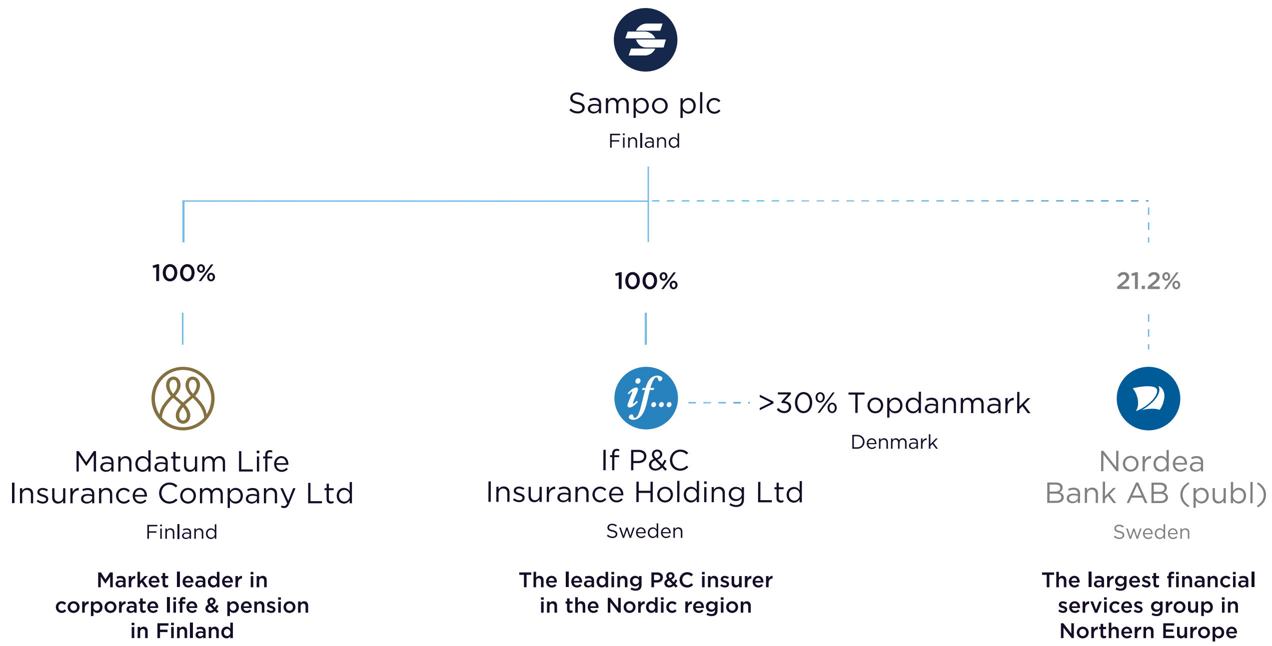
Sampo Group's Structure and Business Model

Sampo Group ("Group") is engaged in three separately managed business areas being non-life insurance, life insurance and banking.

Non-life insurance and life insurance activities are conducted by the subsidiaries If P&C Insurance Holding Ltd ("If P&C") and Mandatum Life Insurance Company Ltd ("Mandatum Life") which 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 addition to the insurance subsidiaries, Group's parent company held, as at 31 December 2015, an equity stake of 21.2 per cent in Nordea Bank AB (publ) ("Nordea") through which Sampo Group is engaged in banking business.

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

Sampo Group Legal Structure



The legal sub-groups Mandatum Life and If P&C and the associated company Nordea, conduct their businesses independently from each other, taking into account the specific characteristics of their operations and the guidance from the parent company relating to targets, capitalization and the group-wide principles. The independent sub-groups have their own infrastructures and management as well as operative processes in place. In instances where the subsidiaries and associated companies cooperate in some business areas, cooperation is conducted similarly as with any third-party.

Sampo Group's legal structure and business model are both straightforward and simple. In addition there are only limited amount of intragroup exposures (i.e. Group companies' direct or indirect intragroup claims excluding normal business transactions with Nordea) and capitalization of subsidiaries is diligently managed. As a result, Sampo Group structure is noncomplex and Group companies are not exposed to many contagion risks.

As a Nordic insurance group, If P&C underwrites policies that cover various risks for both individuals and corporations over a geographically diverse area. If P&C mainly underwrites risks in the Nordic and Baltic countries. However, it also underwrites policies for its Nordic clients' activities outside of the Nordic countries. In addition to geographical diversification, the underwriting business itself is well-diversified over lines of business and clients. All in all diversification is a major value driver of If P&C.

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. The focus for many years now has been on unit-linked products.

There is virtually no overlap between the subsidiaries' underwriting risks except with regards to Finnish longevity risk and hence only limited group-wide coordination is needed in relation to underwriting activities and their respective risks.

For both subsidiaries, the insurance liabilities and the company specific risk appetite are the starting points for investment activities. Unlike underwriting activities, the subsidiaries' investment activities are coordinated closely at group level as follows:

- Their investment portfolios' risk profiles are designed and decided separately from each other, but they are coordinated to proactively prevent potential concentrations.
- The persons responsible for managing the subsidiaries' investments report directly to Sampo Group's Chief Investment Officer which ensures day-to-day coordination.
- IT systems in investment activities are common throughout the Group, facilitating consistent analysis and reporting of risks both at the company and at the group level.
- The same basic principles are primarily followed in the investment activities of both 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.

Sampo plc as a holding company manages its portfolio of affiliated companies. The major management tools include the work done in the companies' Boards of Directors and the guidance given to subsidiaries.

As dividends are the parent company's major source of income, Sampo's primary target for every sub-group is to maintain healthy balance between profits, risks and capital facilitating a steady stream of dividends in the long run. Secondly, Sampo is interested in how stable the profitability of its business portfolio is. Hence the correlation of reported profits is monitored closely in addition to potential risk concentrations. Thirdly, as a general rule Sampo plc prefers to have low leverage and adequate liquidity buffers to be able to generate liquidity if 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 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, by definition, into three main categories: strategic risks, reputational risks and risks inherent in 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

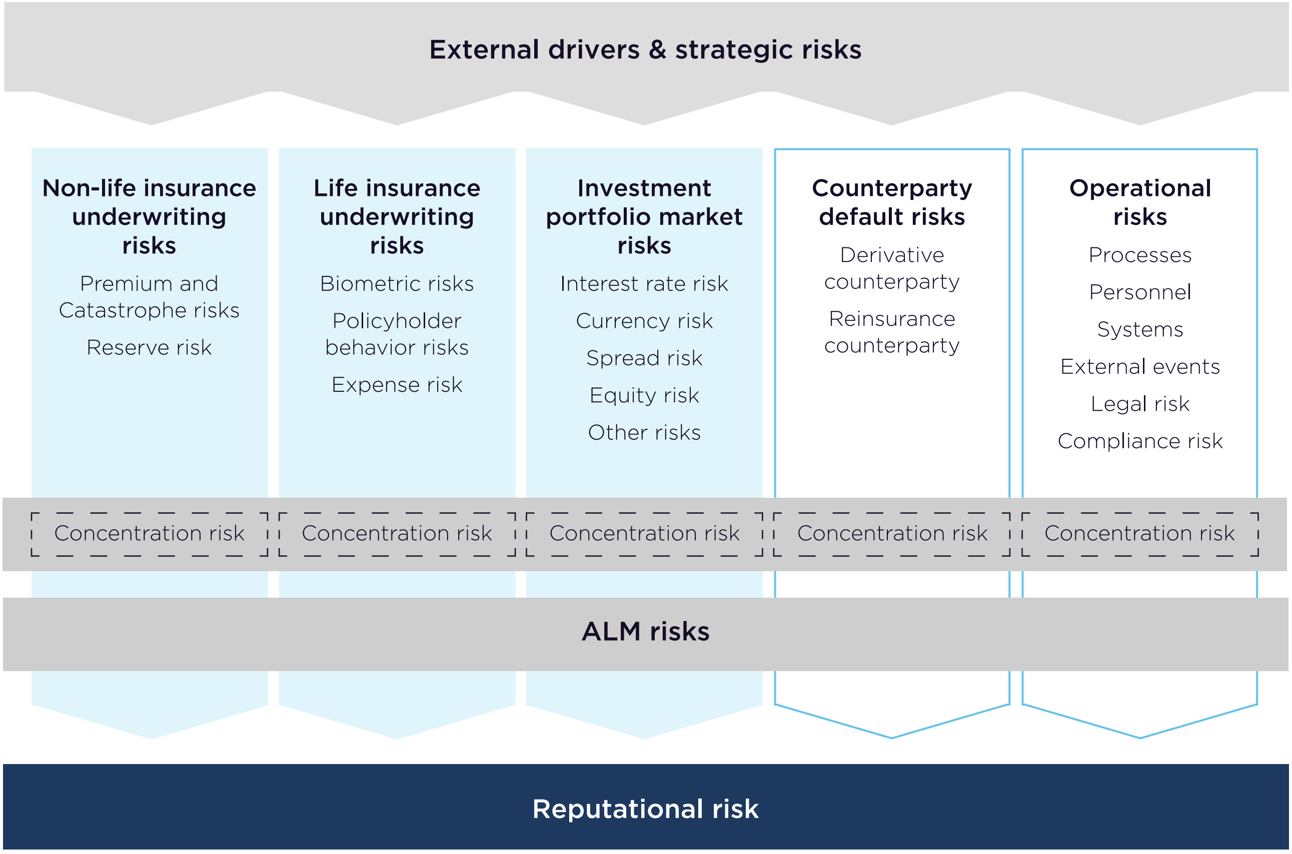
Strategic risk is the risk of losses due to changes in the competitive environment or lack of internal operational flexibility. Unexpected changes in the general business environment can cause larger than expected fluctuations in the financial results and in the long run these can endanger the existence of Sampo Group's business models. External drivers behind such changes are varied, and include for instance general economic development, development of the institutional environment and technological innovations. As a result of these external drivers, business models of the industry can change, new competitors may appear and customer demand and behaviour can change.

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 which relate to competitive advantage. The maintenance of internal operational flexibility 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, however, 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 as 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 in 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 Sampo Group's Corporate Governance system and in how Sampo deals with core stakeholders (i.e. customers, personnel, investors, other co-operation partners, tax authorities and supervisory authorities) and other parties, who may have an interest in Sampo's business.

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 picture 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 and 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 of how the market consistent values of assets and liabilities may fluctuate at the total balance sheet level under different scenarios is needed. 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 may 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 capitals 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 changing needs of different stakeholders.

At the company level, these capitals are in use when the following core activities related to risk pricing, risk taking and active management of risk portfolios are carried out.

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.

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 of separate investments are carefully analyzed.
- 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 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.

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 three 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. It is dependent on business areas' dividends that can be paid only after business areas have taken care of 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 the 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 is preferred, because this increases the benefits of diversification on a portfolio level.
- The Group's parent company is able to provide liquidity for the strategic arrangements and capital injections, if needed. Hence the capital structure and the parent company's capacity to generate liquidity is the key. The parent company prefers to have a relatively low leverage and good capacity to generate liquidity in case the business areas need support.

The business model described above has been very well in line with financial accounting and regulatory reporting requirements until the entry of Solvency II ("SII") regulations. Sampo Group has disclosed its financial information by segments and relevant risk reporting by insurance sub-groups. Nordea has disclosed independently their respective reporting. On a group level Sampo has disclosed its Group Solvency by the Act on the Supervision of Financial and Insurance Conglomerates (1193/2004) ("Conglomerate Rule") rules which include no diversification effects and is hence easy to interpret.

The Solvency II rules, which entered into force in 1 January 2016, do not recognize insurance sub-groups that have a holding company as a parent company. Since this is the case for If P&C group this has two implications:

- The operative insurance companies are reporting to their local supervisors and If P&C group is reported as a part of Sampo Group SII figures.
- The regulatory Insurance Group is created by combining Sampo plc, If P&C group companies and Mandatum Life group companies. One common SCR, including also diversification effect, is calculated. Sampo's portion of Nordea's capital requirement is added to Insurance Group requirement when calculating Group solvency for Sampo.

In this Risk Management Disclosure, If P&C group's and Mandatum Life group's risk figures are disclosed first, as they are managed separately. After the company level figures, the figures on Conglomerate solvency reporting at the group level are disclosed. In addition to this, the future reporting of Group's solvency according to Solvency II rules will be described. These reports will be supplied to supervisors for the first time in May 2016. The Risk Management Disclosure includes also the analysis of diversifications between sub-groups as well as an analysis of the leverage and liquidity of the parent company.

Capitalization at the Company Level

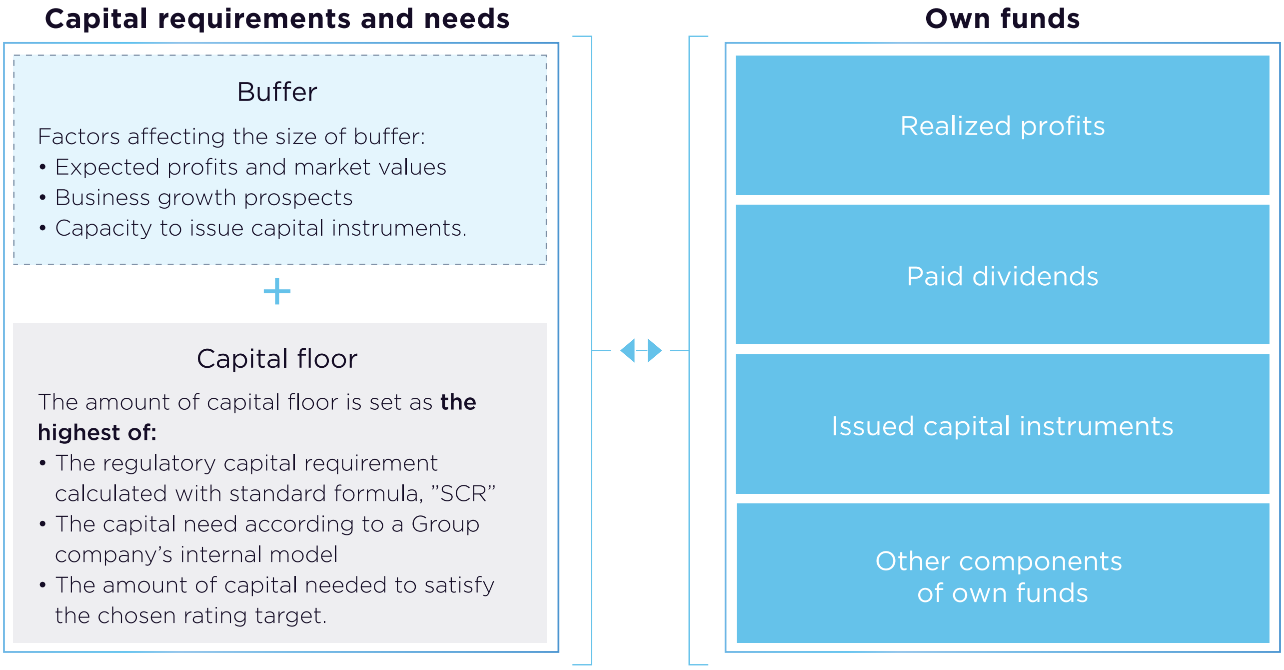
As noted before, in Sampo Group the first priority is to maintain **a balance between profits, risks and capital** in each of the separate business areas. In Sampo Group a balance between profits, risks and capital means that the actual amount of capital is maintained over a self-defined risk based capital need with a certain buffer.

In Solvency I ("SI") framework, the solvency capital requirement ("SCR") was insensitive to risks and the solvency margin excluded certain loss absorbing items like equalization reserves. This is why If P&C and Mandatum Life used economic capital figures as capital need estimates and so called adjusted solvency capital was the measure of the actual capital absorbing losses. Internal capitalization analysis was based on these more realistic estimates of capital need and capital base and they were disclosed regularly together with the respective statutory SI figures.

Solvency II SCRs and own funds ("OF") are more market consistent estimates of the capital need and the amount of loss absorbing items. In this risk disclosure Sampo Group will mainly disclose the SII based solvency figures.

The illustrative picture Sampo Group Companies' Capitalization Framework describes Sampo's approach to company-level capitalization when SII rules are in place.

Sampo Group Companies' Capitalization Framework



The regulatory SCR sets the level of capital at which a company is able to conduct its business without regulatory interventions. Hence, it is the starting point when the needed level of actual amount of capital is considered. Regardless of whether the regulatory capital requirement is calculated using the internal model or the standard formula, it reflects a 99.5 per cent confidence level which implies the same probability of default as a Triple-B rating from major rating agencies. In case the company's clients and counterparties prefer a higher than Triple-B creditworthiness from their insurance company, the level of capital must preferably 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 and effectively is setting a higher capital floor than the SCR. Mandatum Life as a non-rated company considers the SCR to be an adequate capital floor.

Because risk exposures and profits evolve continuously over time and capital can sometimes erode rapidly due to stressed situations, there is a need to have a certain **buffer** between the actual amount of capital and the capital floor defined by the company. 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. In Sampo Group the management steers the balance between SCRs and OF through their decisions on risk profiles, dividend payments, capital instrument issuances and technical provisions. However, in the long run a sound profitability and satisfied clients are seen as the most important factor in maintaining an adequate capitalization. An adequate buffer also gives confidence to supervisors and counterparties.

The following factors are the most material when the size of buffer is considered:

- Expected profits and market values: the higher the level of expected profits and the lower the volatility of profits and market value of balance sheet, the smaller the volatility of own funds and buffer that is needed.
- Business growth prospects: 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 ten years.
- Other sources of capital: more capacity and ability to issue SII compliant capital instruments means that a lower buffer is needed.

Because of the above reasons, determination of the balance between profits, risks and capital in Sampo Group is based both on statistical modelling and measuring the risks and on subjective management considerations on the prudent level of the buffer.

When the balance between profits, risks and capital is met, the following three goals of Sampo Group are simultaneously obtainable:

(i) The company is able to conduct its business activities without supervisory intervention.

(ii) The company is able to conduct its business activities 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 company is able to pay targeted dividends to shareholders in the long run without endangering the balance between risk and capital.

On a company level, the target can also be set for the **capital structure**. In general, Sampo Group is in favour 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 sheet. However, at the moment there are no exact targets set for the amount of issued instruments.

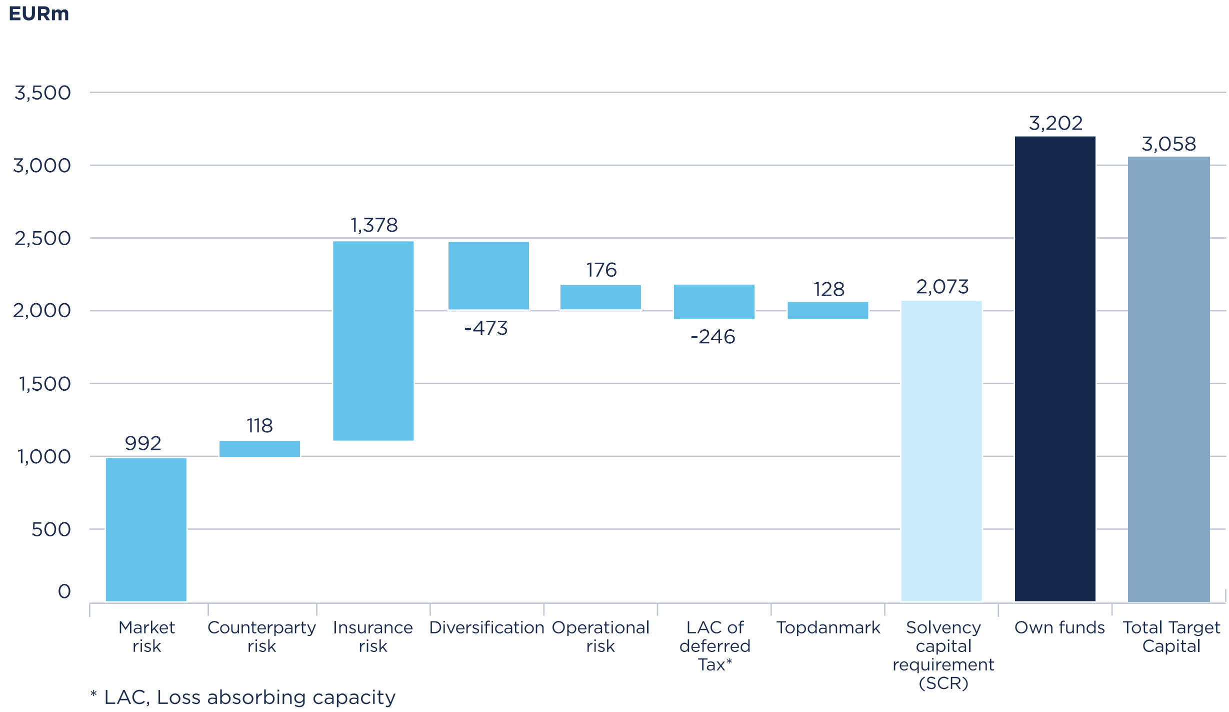
Solvency as of 31 December 2015:

If P&C calculates its disclosed SCR, corresponding to what would be the regulatory requirement if Solvency II group rules were enforced at the level of the If P&C group, and respective OF using the standard formula ("SF"). The internal model is currently used solely for the internal analysis. The difference between the SF and the internal model SCRs is mainly due to the standard formula not taking into account the geographical diversification between countries.

In If P&C, the SF OF was EUR 3,202 million while the SF SCR applying transitional measures on equity holdings was EUR 2,073 million. Hence, the solvency ratio was 154 per cent at the end of year 2015 and the buffer was EUR 1,129 million.

In the figure If P&C's Solvency, 31 December 2015, SCR is divided into risk contributions. The diversification effect between risks is presented also in the figure. If P&C's share of Topdanmark's regulatory solvency requirement is included in the SCR as a separate requirement.

If P&C's Solvency
31 December 2015



* LAC, Loss absorbing capacity

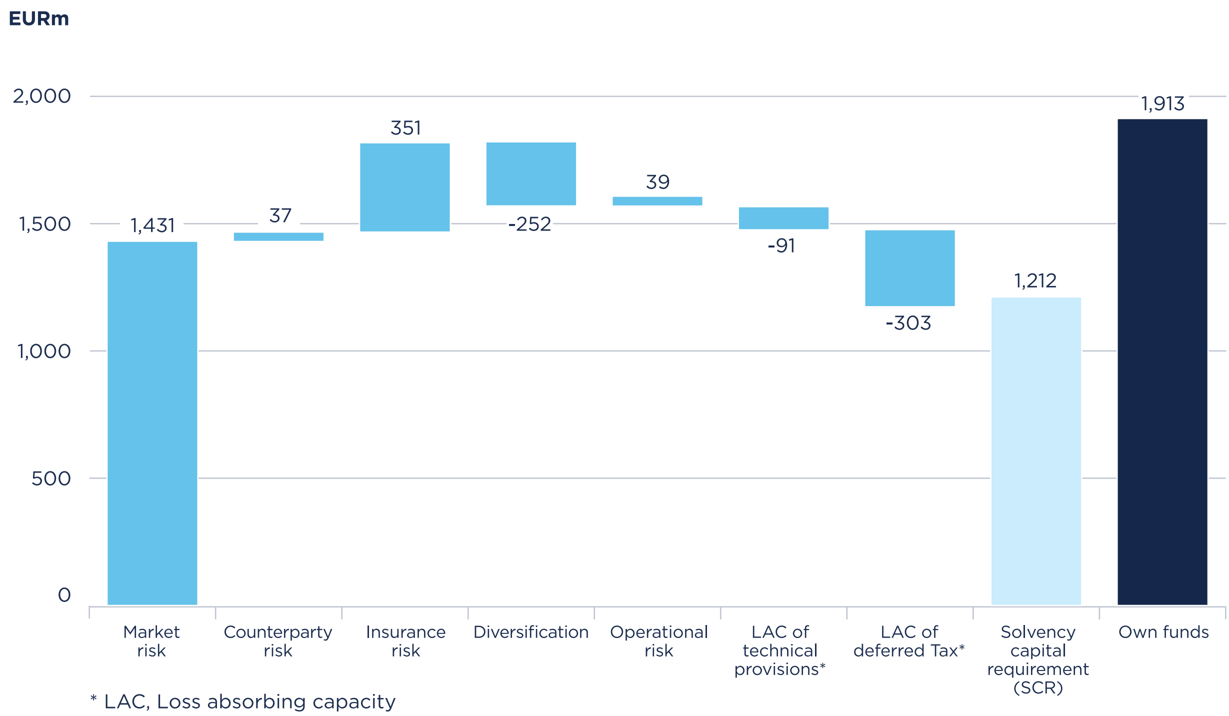
As described earlier If P&C's internally set capital floor based on the rating agency criteria is higher than the capital need based on its SCR. Effectively, If P&C is hence maintaining its OF and rating agency's Total Adjusted Capital over the rating agency's Total Target Capital ("TTC") for Single-A which is EUR 3,058 million. Because the capital amount according to TTC is much higher than the SCR, the evident consequence is that the buffer between the OF and the SCR is wide and the solvency ratio (=OF/SCR) is considered to be adequate. With regards to the capital structure, only EUR 200 million i.e. 6.2 per cent of the OF consisted of subordinated debt at the end of 2015.

The solvency and the capital structure of If P&C are strong. The level of If P&C's profitability is good and profit volatility has been low. There is also subordinated debt issuance capacity available. Hence, If P&C is in a good position to generate capital and to maintain a capital level needed for operations in the future as well.

Mandatum Life applies the Solvency II standard formula with transitional measures on equity. The OF is also affected by transitional measures, because Mandatum Life applies transitional measures on its technical provisions under Solvency II rules in regards to Mandatum Life's original pension policies with 3.5 per cent and 4.5 per cent guarantees. Also, so called volatility adjustment is applied when technical provisions are calculated. The size of SII liabilities with transitional measures of EUR 10,017 million is less than the respective figure without transitional measures EUR 10,724 million. Hence the transitional measures increase the OF.

The SII OF of Mandatum Life was EUR 1,913 million while the SCR was EUR 1,212 million. The solvency ratio (OF/SCR) was 158 per cent and the buffer was EUR 701 million. The OF without transitional measures on Technical Provisions would be EUR 1,347 million and the SCR without transitional measures on equity risk would be EUR 1,307 million.

Mandatum Life's Solvency
31 December 2015



* LAC, Loss absorbing capacity

Mandatum Life's view is that the calculation method with the transitional measures describes well the solvency position of the company. Mandatum Life's balance sheet is expected to be very different after transitional period, due to which the solvency position without the transitional measures is expected to develop favorably during the transitional period. The trend of with profit liabilities is decreasing (see figure Forecast of With Profit Liabilities, 31 December 2015–31 December 2031 within chapter Underwriting Risks) and liabilities with the highest guarantees is expected to fall from EUR 3,100 million to around EUR 1,000 million during the 16 year transitional period.

As a result capital tied to high guarantee business will decrease over time and simultaneously growing unit-linked business will create capital. This results in a positive trend on OF and SCR is expected to decrease, because investments backing decreasing liabilities are decreasing as well. Although the positive effect of the transitional measures decreases over time, the solvency position is expected to remain strong due to the expected positive OF trend and the decreasing SCR trend. Internally Mandatum Life is forecasting solvency ratios with and without the transitional measures and both forecasts are affecting the company's business decisions.

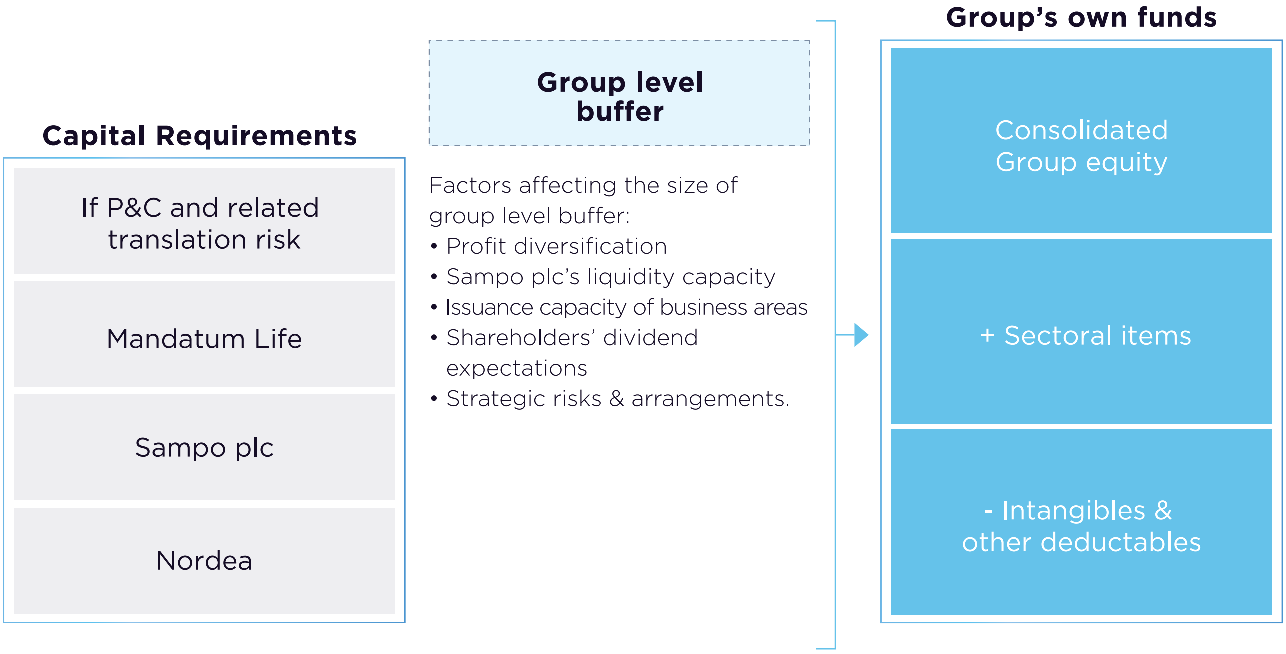
In regards to **Nordea**, the Swedish requirements for bank capital include components which are country-specific and thus the total requirement is higher than in many other countries. The Swedish FSA has communicated the capital requirement for Nordea and Nordea's capital policy aims to maintain a management buffer of 50–150 basis points above the capital requirement. By the end of third quarter 2015, the communicated Common Equity Tier 1 ("CET1") ratio requirement for Nordea was 15.4 per cent.

The Basel III Common Equity Tier 1 ratio of Nordea increased to 16.5 per cent in 2015. The CET1 capital amounted to EUR 23.6 billion and its own funds were EUR 30.9 billion. Nordea's capital requirement based on the transitional rules was EUR 17.7 billion and without the transitional rules, it was EUR 11.5 billion.

Capitalization at Group Level

The factors affecting Sampo Group level capitalization are illustrated in the picture Sampo Group's Capitalization Framework.

Sampo Group's Capitalization Framework



Group's capital need is dependent mainly on the capital needs of the business areas. The parent company's contribution to Group capital need is minor, because Sampo plc does not have any business activities of its own except for the management of its capital structure and liquidity portfolio.

The separate companies' internal capital needs and regulatory requirements include diversification effects between their risks. The diversification effect between companies exists also at group level, but to be conservative it is not included in the internally assessed capital need. This non-diversified method is consistent with the method enforced in Conglomerate Rules which are described more in detail later in this document. Since diversification has a central role in Sampo Group's business case, it is internally evaluated regularly and it affects group capitalization indirectly through the size of the capital buffer.

At the group level, the regulatory capital requirement and the actual amount of capital are also exposed to foreign currency translation risk. Translation risk may realize when the capital and the capital requirement of If P&C are converted from Swedish kronas ("SEK") to euros in the Group's consolidated figures. When SEK depreciates, the Group's own funds in euros decreases and the SCR of the If P&C will be lower in euros. As a result, the net effect on the Group solvency ratio is negative.

Group level translation risk differs from the other economic risks in the following ways:

- The risk has no effect on any separate legal entity's profits or their own funds. Hence hedging translation risks by a single legal entity is, if not impossible, at least problematic.
- The translation risk realizes into parent company's result only if the legal entity is sold.
- It may also appear that the Group solvency ratio decreases because of a weaker Swedish krona, while the equity of If P&C in Swedish kronas may be higher and the solvency of If P&C may be stronger than earlier.

Because of the above reasons, translation currency risk is monitored internally and its effect on Sampo Group's capital requirement and own funds are analyzed regularly. However, internally, no capital need is set for translation risk. Management decisions on Sampo Group's translation currency risk exposure may be made when a subsidiary or an associated company creating translation risk is potentially subject to merger, acquisition or other corporate restructuring. Also, decisions may be made if a major move in the EUR/SEK currency rate level is expected.

Group Actual Capital: The starting point of the Group's own funds is the Group's **consolidated equity**. Sampo's share of Nordea's own funds is consolidated into the Group own funds.

The next step is to add the so called **sectoral items** to the Group's consolidated equity. The sectoral items include, for example, the subordinated debt instruments held by the external investors. In addition, the **intangible assets** as well as **other deductible items** are subtracted from the consolidated equity.

Buffer: The amount of capital buffer at group level is dependent mostly on the following issues:

- How well-capitalized the separate subsidiaries and the associated company are in their base currencies: the stronger their solvency, the less buffer is needed at group level.
- The level and the volatility of the sub-groups' profits: the less volatile and the higher the profits are, the lower the buffer need is.
- The business entities' capacity to issue hybrid capital and subordinated debt instruments: the more capacity there is, the less need there is to increase the capital buffer at group level.
- The correlation between business entities' profits: the weaker the correlation, the greater the diversification benefits are and the smaller the need to reserve capital at group level. Parent company continuously monitors the realized profit correlations and forecasts sub-groups' future profits based on common macroeconomic forecasts.
- If the probability for strategic arrangements within the industry increases, the Board of Directors and the management of Sampo plc may favor maintaining a higher buffer than would otherwise be needed.
- Shareholders' expectations on dividends over time: when the majority of the shareholders expect a steadily increasing stream of dividends, a higher buffer than otherwise needed may be justified.
- Parent company's liquidity portfolio and leverage: the parent company's ability to generate funds is dependent on the size and the liquidity of the investment portfolio, as well as the company's leverage. The better this ability is, the smaller is the need for the buffer at group level. For these reasons Sampo plc strives to withhold a strong liquidity and a low leverage.

Calculation procedures and Group solvency figures: As described earlier, the starting point of **Group's own funds** is the consolidated Group equity. The sectoral items are added to it and the intangibles and other deductibles are subtracted from it. There are no major differences between Conglomerate Rules and SII methods.

The Group capital requirement ("Group SCR") is calculated either by the Conglomerate Rule or Solvency II directive.

- **According to the Conglomerate Rule,** the Group's total minimum requirement for own funds is the sum of the separate sub-group's requirements (sectoral rules) and the parent company's requirement (banking rules) for the solvency capital. The Conglomerate capital requirement does not take into account any diversification between the companies. Hence it is a quite conservative measure of capital requirement and easy to interpret as well.
- When the Group SCR is calculated by **Solvency II rules**, there are two phases:

(i) The diversified capital requirement is calculated for the insurance group including the parent company Sampo plc, If P&C and Mandatum Life. There is also capital requirement for the translation risk related to SEK denominated equity of If P&C.

(ii) Sampo plc's portion of Nordea's capital requirement is added to the insurance group's capital requirement.

The SII SCR takes into account diversification only within the insurance group thus excluding the diversification effect of Nordea.

Sampo Group's regulatory solvency by Conglomerate Rules applying the current SI rules for insurance subsidiaries is reported in table Group Solvency According to the Act on the Supervision of Financial and Insurance Conglomerates, 31 December 2015 and 31 December 2014. The Group solvency ratio increased from 187 per cent to 193 per cent.

The difference between the two calculation methods as of 31 December 2015 is presented in the two last columns of the table. The difference in Solvency capital stems mainly from the lower value of insurance liabilities with transitional measures which is reflected as higher own funds of insurance subsidiaries. Solvency capital requirements of insurance subsidiaries applying SII rules are higher than the SI requirements. As a net result, the Group solvency ratio decreases from 193 per cent to 145 per cent when the new sectoral rules for insurance subsidiaries will come into effect.

Group Solvency According to the Act on the Supervision of Financial and Insurance Conglomerates

31 December 2015 and 31 December 2014

Regulatory solvency, EURm	31 Dec 2014	31 Dec 2015	31 Dec 2015 *
Group Capital	10,924	11,411	11,411
Sectoral Items	1,685	1,658	2,254
Intangibles and other deductibles	-2,334	-2,266	-2,167
Planned dividends	-1,092	-1,204	-1,204
Group's own funds	**9,183**	**9,598**	**10,293**
Sampo plc	40	59	59
If P&C	841	881	2,073
Mandatum Life	271	269	1,212
Nordea	3,746	3,770	3,770
Mandatum Life Insurance Baltic SE	4	4	
Minimum requirements for own funds, total	**4,901**	**4,983**	**7,114**
Group Solvency (Buffer)	4,282	4,616	3,179
Group Solvency ratio, %	187%	193%	145%

(*) Solvency II requirements applied to If P&C and Mandatum Life

Calculation method according to Conglomerate Rules does not take into account any diversification effects between Group's business areas as is the case when insurance groups calculate their Group solvency applying SII rules. In order to include the diversification effect between business areas into Group's capital need, Sampo is using correlations of quarterly reported profits between business areas when assessing the diversification effect. With this adjustment the resulting diversified Group capital need would be EUR 5,496 million and the Group solvency ratio would be 187 per cent.

Diversification Effect and Group's Internal Capital Adequacy Assessment
31 December 2015

Correlations of Quarterly Reported Profits	
Nordea vs. If P&C	0.27
Nordea vs. Mandatum Life	0.13
If P&C vs. Mandatum Life	0.85

Internal Capital Adequacy Assessment	EURm
Diversification Effect	-1,618
Diversified Capital Need	5,496
Buffer	4,798
Group Solvency Ratio, %	187%

Adequacy of buffer at group level: Sampo plc considers that the buffer between Group own funds and Group capital requirement is more than adequate in light of the facts below.

- **Due to the business entities' good profits and low volatilities, there is no need for extra buffers.** If P&C and Nordea have strong capitalization and sound profitability. The OF of If P&C is maintained above the capital level based on the Single-A rating target. Nordea's amount of capital is affected by the Swedish rules that are one 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 and the parent company needs only minor additional reserves for them, if any.

  Mandatum Life is the smallest company in Group and its OF with transitional measures is relatively high compared to SCR. Mandatum Life's with-profit business with high guarantees is in a run-off mode. Hence the capital need is decreasing over time.
- **Diversification effects within Group are positive:** The correlation of the business areas' reported profits are quite modest as presented in the table Diversification Effect and Group's Internal Capital Adequacy Assessment, 31 December 2015. In particular, Nordea's profits are weakly correlated with If P&C's and Mandatum Life's profits. Hence, there is a clear diversification benefit within group.
- **The parent company's capacity to generate liquidity is 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 2015.

Sampo plc Balance Sheet Structure
31 December 2015

Assets total, EURm	**9,606**
Liquidity	**739**
Investment Assets	**275**
Real estate	2
Fixed income	25
Equity & Private equity	248
Sub-ordinated loans	**579**
Equity holdings	**7,928**
Subsidiaries	2,370
Associated	5,557
Other assets	85

Liabilities total, EURm	**9,606**
CP's issued	**305**
LT Senior debt	**1,997**
Private placements	159
Bonds issued	1,838
Sub-ordinated debt	**0**
Capital	**7,159**
Undistributable capital	98
Distributable capital	7,061
Other liabilities	145

Financial leverage measured as the portion of debt of all liabilities was low, being 24 per cent.

Leverage can be assessed also by ratios Net Debt to Group Equity and Net Debt to Group NAV. Sampo plc's Gross Debt was EUR 2,302 million and EUR 1,343 million of its total financial assets of EUR 1,593 million were in interest bearing instruments. Hence, net debt was EUR 959 million.

When this Net Debt is divided by the book value of Sampo plc's equity holdings of EUR 7,928 million, the resulting ratio or "Loan-to-Value" ("LTV") would be 12 per cent. However, the post-dividend Net Debt will be higher than EUR 959 million, but this is compensated by the higher market value of Sampo plc´s holdings compared to the book value of EUR 7,928 million. As a net result the realistic LTV is lower than 12 per cent.

In regards to **liquidity**, the liquid funds of Sampo plc were EUR 739 million. After all dividends have been received and paid the estimated liquidity will be approximately EUR 150 million. The need of liquid funds for the normal cash management purposes is about EUR 50 million and thus there is additional liquidity to be used for other purposes amounting to approximately EUR 100 million. Furthermore, investment assets and sub-ordinated loans can be sold if additional liquidity is needed.

Because sub-ordinated loans presented in the table Sampo plc Balance Sheet Structure, 2015 are issued by If P&C, Mandatum Life, Nordea and Topdanmark, they are eliminated from Group solvency capital. In the event that these assets would be sold, in addition to liquidity in Sampo plc, also OF would be created at group level.

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 a good amount of liquid funds.

Underwriting Risks

With respect to the underwriting businesses carried out in the subsidiary companies, it has been established that If P&C and Mandatum Life operate mostly in different lines of business and hence their underwriting risks are, by their nature, different. The most material common risk factor which affects both companies' technical provisions is the life expectancy in Finland.

Hence, there are no material underwriting risk concentrations under the normal course of business and, consequently, business lines as such are contributing diversification benefits rather than a concentration of risks. This is why underwriting risks can be described only at the company level.

Risk definitions related to underwriting risks may be found in Appendix 2 (Risk Definitions).

Non-life Insurance Underwriting Risks

Premium Risk and Catastrophe Risk Management and Control

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. The Boards of Directors of If P&C approve the UW Policy at least once a year.

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

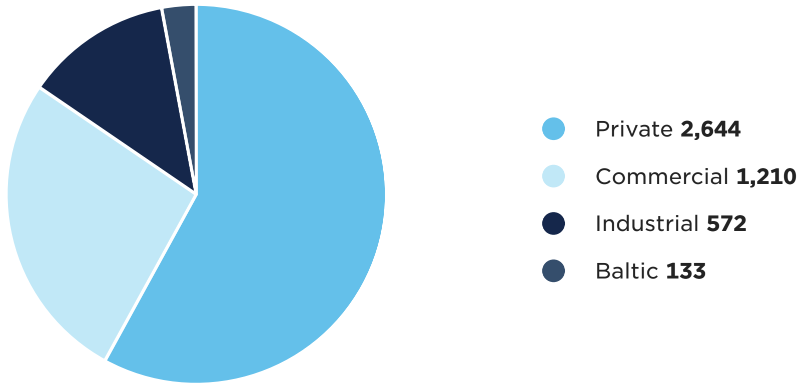
The UW Policy is supplemented with guidelines outlining in greater detail how to conduct underwriting within each business area. These guidelines cover areas such as tariff and rating models for pricing, guidelines in respect of standard conditions and manuscript wordings, as well as authorities and 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.

The insurance portfolio is well diversified, given the fact that If P&C has a large customer base and the business is underwritten in different geographical areas and across several lines of business. The degree of diversification is shown in the figures Breakdown of Gross Written Premiums by Business Area, Country and Line of Business, If P&C, 2015.

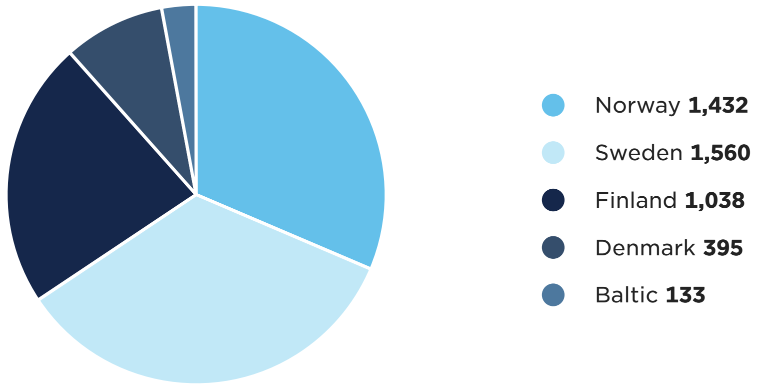
Breakdown of Gross Written Premiums by Business Area

If P&C, 2015, total EUR 4,559 million



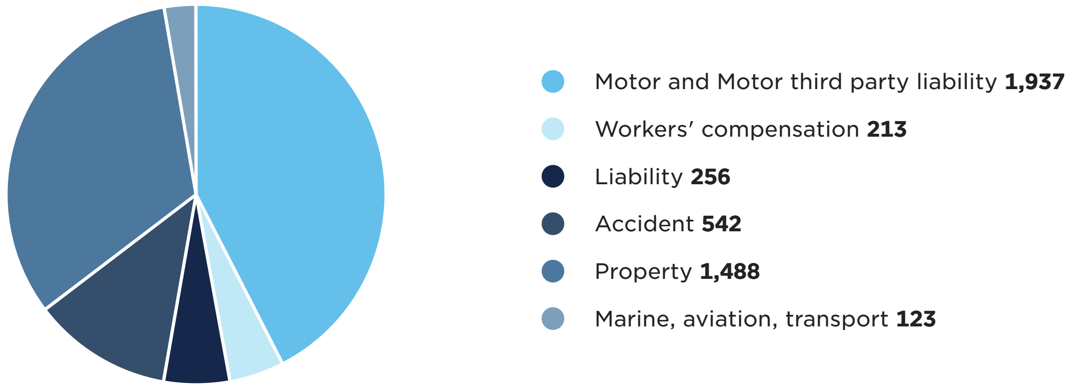
Breakdown of Gross Written Premiums by Country

If P&C, 2015, total EUR 4,559 million



Breakdown of Gross Written Premiums by Line of Business

If P&C, 2015, total EUR 4,559 million



The item Other (including group eliminations) is not shown in the breakdowns above but it 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.

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, single large claims could have an impact on the insurance operations' result. The economic impact of natural disasters and single large claims is managed using reinsurance and through diversification.

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 decreased capital requirement. The main tool for this evaluation is If P&C's Internal Model in which small claims, single large claims and natural catastrophes are modelled.

A group-wide reinsurance program has been in place in If P&C since 2003. In 2015, retention levels were between SEK 100 million (approximately EUR 10.9 million) and SEK 250 million (approximately EUR 27.2 million) per risk and SEK 250 million (approximately EUR 27.2 million) per event.

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 2015 and 31 December 2014.

Sensitivity Test of Underwriting Result

If P&C 31 December 2015 and 31 December 2014

Key figure	Current level (2015)	Change in current level	Effect on pretax profit, EURm 2015	2014
Combined ratio, business area Private	88,1%	+/- 1 percentage point	+/- 26	+/- 26
Combined ratio, business area Commercial	89,2%	+/- 1 percentage point	+/- 12	+/- 13
Combined ratio, business area Industrial	99,4%	+/- 1 percentage point	+/- 4	+/- 5
Combined ratio, business area Baltics	85,7%	+/- 1 percentage point	+/- 1	+/- 1
Net premiums earned (EURm)	4,395	+/- 1 per cent	+/- 44	+/- 45
Net claims incurred (EURm)	3,180	+/- 1 per cent	+/- 32	+/- 29
Ceded written premiums (EURm)	183	+/- 10 per cent	+/- 18	+/- 17

Reserve Risk Management and Control

The Boards of Directors of If P&C decide 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 the total provisions is sufficient. At group level, the Chief Actuary issues a quarterly report on the adequacy of technical provisions, which is submitted to the Boards of Directors, CEOs, CFO and the ORSAC of If P&C.

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 provisions, the Chain Ladder and Bornhuetter-Fergusson methods are generally used, combined with projections of the number of claims and the average claim costs.

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 Third Party Liability (MTPL) and Workers' Compensation (WC). 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 MTPL and WC, legislation differs significantly between countries. Some of the Finnish, Swedish and Danish technical provisions for these lines include annuities that are sensitive to changes in mortality assumptions and discount rates. The proportion of technical provisions related to MTPL and WC was 68 per cent.

Technical provisions and the economic durations broken down by the line of business and major geographical area is shown in the table Technical Provisions by Line of Business and Major Geographical Area, If P&C, 31 December 2015.

Technical Provisions by Line of Business and Major Geographical Area

If P&C, 31 December 2015

	Sweden		Norway		Finland		Denmark		Total	
	EURm	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**
Motor other and MTPL	2,642	8.4	607	2.0	1,031	12.4	152	1.9	4,432	7.1
Workers' compensation	0	-	292	4.0	1,191	11.0	248	5.7	1,732	9.8
Liability	305	2.9	140	2.2	136	3.0	73	1.6	653	2.7
Accident	284	5.4	339	2.8	167	4.7	84	1.5	875	3.3
Property	441	1.5	506	1.2	206	1.2	97	0.8	1,249	1.0
Marine, aviation, transport	30	1.3	50	0.7	13	0.5	16	0.9	109	0.8
Total	**3,702**	**6.8**	**1,934**	**2.3**	**2,744**	**10.1**	**670**	**3.3**	**9,050**	**6.7**

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, 2015.

Sensitivities of Technical Provisions

If P&C, 2015

Technical provision item	Risk factor	Change in risk parameter	Country	Effect EURm 2015
Nominal provisions	Inflation increase	Increase by 1%-point	Sweden Denmark Norway Finland	217.7 9.2 40.0 39.6
Annuities and estimated share of claims provisions to future annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden Denmark Finland	33.5 1.5 60.7
Discounted provisions (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1%-point	Sweden Denmark Finland	65.3 10.9 283.5

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 analysed by claims years. The output from this analysis are illustrated both before and after reinsurance in the claims cost trend tables. These are disclosed in the Note 27 to the Financial Statements.

Life Insurance Underwriting Risks

In 2014 Mandatum Life received from Suomi Mutual its with profit group pension portfolio. This group pension portfolio and related assets are segregated ("segregated group pension portfolio") from rest of the Mandatum Life balance sheet. The segregated group pension portfolio has its own profit sharing rules, investment policy and asset liability management committee. The with profit liabilities other than segregated group pension portfolio are referred to as the "original" with profit liabilities hereafter.

Biometric Risks

The long duration of policies and restriction of Mandatum Life's right to raise tariffs increases biometric risks. If the premiums turn out to be inadequate and cannot be increased, technical provisions have to be supplemented with an amount corresponding to the increase in expected losses.

The table Claim Ratios After Reinsurance, Mandatum Life, 2015 and 2014 shows the insurance risk result in Mandatum Life's Finnish life insurance policies. The ratio of the actual claims costs to the assumed was 72 per cent in 2015 (79 per cent in 2014). 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 10 million to EUR 19 million.

Claim Ratios After Reinsurance
Mandatum Life, 2015 and 2014

	2015			2014		
EURm	**Risk income**	**Claim expense**	**Claim ratio**	**Risk income**	**Claim expense**	**Claim ratio**
Life insurance	**42.4**	**20.1**	**47%**	**45.3**	**27.5**	**61%**
Mortality	24.0	9.7	40%	27.2	16.5	61%
Morbidity and disability	18.4	10.4	57%	18.1	11.0	61%
Pension	**68.1**	**59.9**	**88%**	**63.1**	**58.5**	**93%**
Individual pension	11.6	12.3	106%	9.6	10.2	107%
Group pension	56.5	47.6	84%	53.5	48.3	90%
Mortality (longevity)	48.9	43.2	88%	49.4	45.6	92%
Disability	7.6	4.4	58%	4.1	2.7	66%
Mandatum Life	**110.5**	**80.0**	**72%**	**108.4**	**86.0**	**79%**

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, i.e. for the segregated group pension portfolio the average age is around 67 years and for the other (original) group pension portfolios it's around 69 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 2014 technical provision by EUR 106 million (EUR 108 million in 2014) 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 2015 was EUR 5.7 million (EUR 3.8 million in 2014).

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 differ 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 insurance portfolio of Mandatum Life is relatively well diversified and does not include a major concentration of risks. To further mitigate the effects of possible risk concentrations, Mandatum Life has catastrophe reinsurance in place.

Policyholder Behavior and Expense Risks

From an ALM point of view, surrender and lapse risks are less significant 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. For ALM risk, surrender risk is therefore only relevant in individual life and capital redemption policies of which the related technical provisions amounts to only 5 per cent (EUR 233 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. Surrender and lapse risks are taken into account when the company is analyzing its ALM risk.

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 a competitive level. In year 2015, the expense result was EUR 25 million (EUR 19 million in 2014). Mandatum Life does not defer insurance acquisition costs.

Discount Rate Risk in Technical Provisions

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. With respect to these policies, the maximum discount rate used when discounting technical provisions has been decreased to 3.5 per cent. As a result, technical provisions have been supplemented with EUR 55 million in 2015 (EUR 69 million in 2014). In addition, EUR 79 million has been reserved to lower the interest rate of with profit liabilities to 1.0 per cent in 2016, EUR 71 million for the year 2017 to lower the interest rate of with profit liabilities to 1.25 per cent and EUR 38 million for the year 2018 to lower the interest rate of with profit liabilities to 2.25 per cent. In total, Mandatum Life has set up an extra reserve of EUR 244 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 the risk management point of view is that the discount rate of liabilities is 0.75 per cent. The discount rate was decreased on 31 December 2015 from 1.0 per cent to 0.75 per cent which increased the reserve for decreased discount rate to EUR 257 million (EUR 241 million in 2014). The reserve for future bonuses has an important role in the risk management of the segregated group pension portfolio. The reserve amounts to EUR 157 million and EUR 145 million of it can be used to cover possible investment losses or to finance possible changes in the discount rate of segregated technical provisions.

The provisions related to each product type and guaranteed interest rates are shown in the table Analysis of the Change in Provisions before Reinsurance, Mandatum Life, 2015. The table also shows the change in each category during 2015.

Analysis of the Change in Provisions before Reinsurance

Mandatum Life, 2015

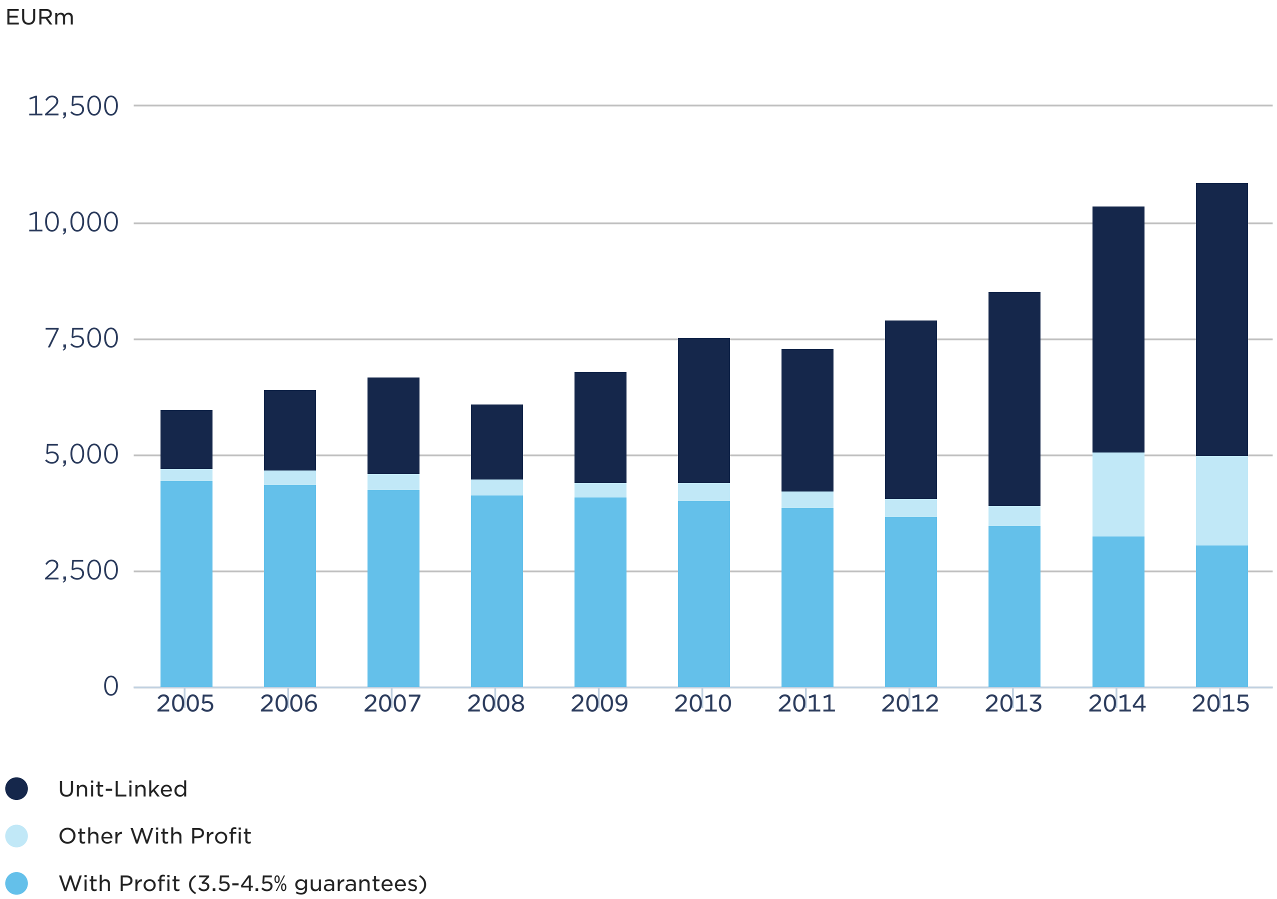
EURm	Liability 2014	Premiums	Claims paid	Expense charges	Guaranteed interest	Bonuses	Other	2015	Share %
Mandatum Life parent company									
Unit-linked total	**5,159**	**938**	**-531**	**-63**	**0**	**0**	**200**	**5,703**	**52**
Individual pension insurance	1,149	72	-11	-15	0	0	53	1,248	11
Individual life	1,826	406	-167	-19	0	0	56	2,104	19
Capital redemption operations	1,677	385	-350	-22	0	0	88	1,779	16
Group pension	507	75	-4	-8	0	0	2	573	5
With profit and others total	**5,047**	**177**	**-443**	**-37**	**152**	**0**	**101**	**4,996**	**46**
Group pension	**2,248**	**54**	**-194**	**-7**	**77**	**1**	**2**	**2,180**	**20**
Guaranteed rate 3,5%	2,109	26	-180	-5	73	0	-13	2,010	18
Guaranteed rate 2,5%, 1,5% or 0,0%	139	27	-14	-2	4	0	15	170	2
Group pension insurance, segregated portfolio	**1,228**	**12**	**-57**	**-1**	**27**	**0**	**-12**	**1,196**	**11**
Basic liabilities, guaranteed rate 3,5%	805	12	-57	-1	27	0	-4	782	7
Reserve for decreased discount rate (3,5% -> 0,75%)	241	0	0	0	0	0	15	257	2
Future bonus reserves	181	0	0	0	0	0	-24	157	1
Individual pension insurance	**1,038**	**14**	**-146**	**-5**	**42**	**0**	**30**	**973**	**9**
Guaranteed rate 4.5%	836	9	-104	-4	36	0	-4	770	7
Guaranteed rate 3.5%	150	3	-25	-1	5	0	10	142	1
Guaranteed rate 2.5% or 0.0%	52	2	-17	-0	1	0	24	61	1
Individual life insurance	**218**	**32**	**-34**	**-10**	**7**	**0**	**-16**	**197**	**2**
Guaranteed rate 4.5%	67	5	-9	-1	3	0	-3	61	1
Guaranteed rate 3.5%	100	10	-11	-3	3	0	-7	93	1
Guaranteed rate 2.5% or 0.0%	51	17	-14	-6	1	0	-5	44	0
Capital redemption operations	**4**	**30**	**-0**	**0**	**0**	**0**	**1**	**36**	**0**
Guaranteed rate 3.5%	0	0	0	0	0	0	0	0	0
Guaranteed rate 2.5% or 0.0%	4	30	-0	0	0	0	1	36	0
Future bonus reserves	**0**	**0**	**0**	**0**	**0**	**0**	**-0**	**0**	**0**
Reserve for decreased discount rate	**135**	**0**	**0**	**0**	**0**	**0**	**109**	**244**	**2**
Longevity reserve	**108**	**0**	**0**	**0**	**0**	**0**	**-2**	**106**	**1**
Assumed reinsurance	**2**	**2**	**-0**	**0**	**0**	**0**	**-2**	**2**	**0**
Other liabilities	**66**	**33**	**-11**	**-13**	**0**	**0**	**-12**	**63**	**1**
Mandatum Life parent company total	**10,207**	**1,115**	**-974**	**-100**	**153**	**1**	**299**	**10,699**	**98**
Subsidiary SE Sampo Life Insurance Baltic	**170**	**34**	**-27**	**-3**	**1**	**0**	**-1**	**173**	**2**
Unit-linked liabilities	153	30	-25	-3	0	0	-0	155	1
Other liabilities	17	3	-2	-1	1	0	-1	18	0
Mandatum Life group total	**10,377**	**1,149**	**-1,001**	**-104**	**153**	**0**	**298**	**10,873**	**100**

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 change in unit-linked technical provisions has been 24 per cent per annum. Due to the nature of unit-linked business, volatility between the years is relatively high.

In contrast, the trend of original with profit technical provisions has been downward since 2005. In particular, the parts of technical provisions with the highest 4.5 per cent and 3.5 per cent guarantees have decreased. The technical provisions with the highest guarantees fell by EUR 188 million. In total the with profit technical provisions decreased modestly, only EUR 51 million to the level of EUR 5,014 million, due to the set reserves.

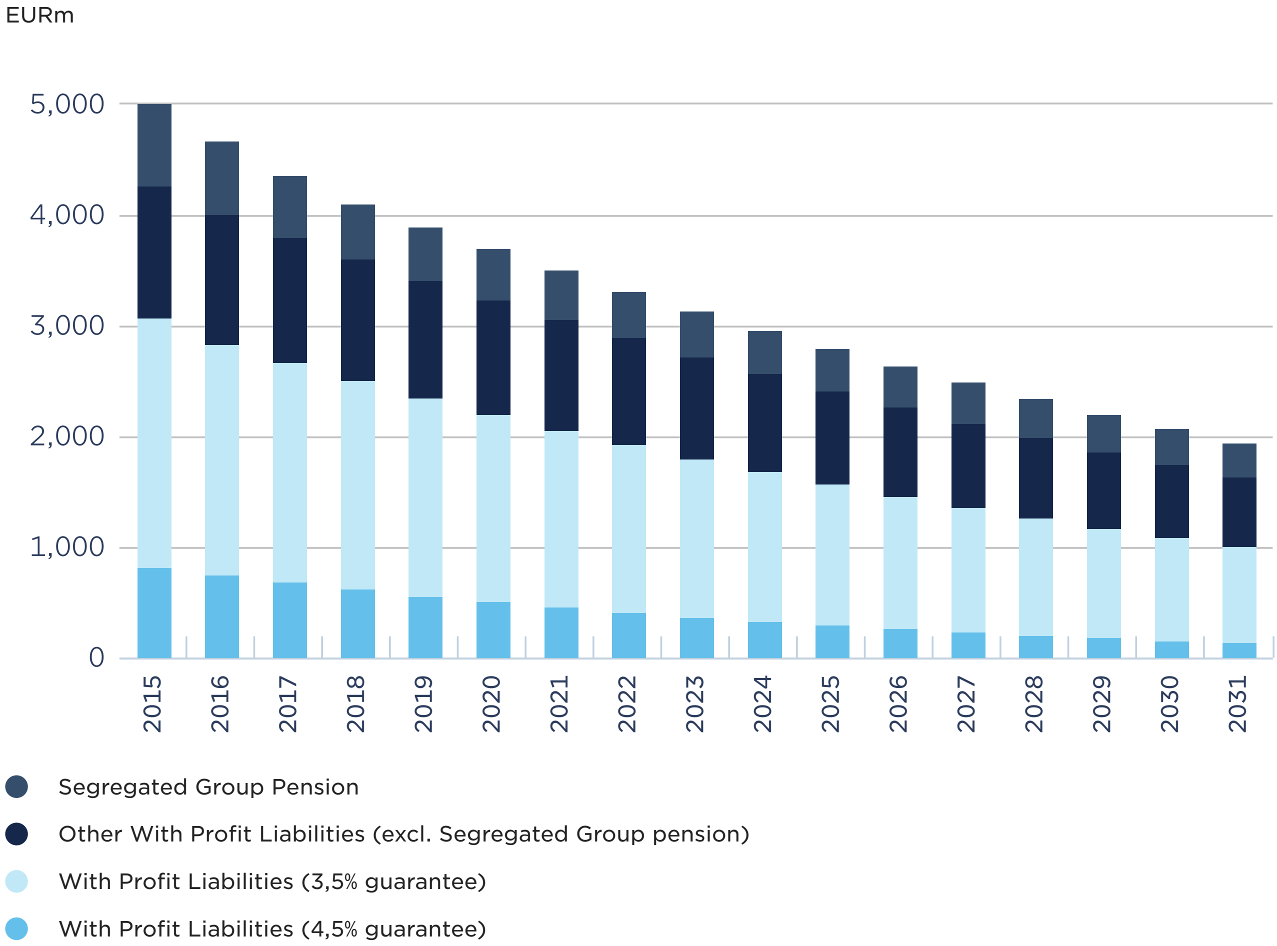
The development of the structure and amount of Mandatum Life's technical provisions is shown in the figure Development of With Profit and Unit-linked Technical Provisions, Mandatum Life, 2005–2015.

Development of With Profit and Unit-linked Technical Provisions
Mandatum Life, 2005–2015



The decreasing trend of with profit liabilities is expected to continue, liabilities with the highest guarantees are expected to decrease from EUR 3,100 million to around EUR 1,000 million during the Solvency II transitional period of the technical provision (1 January 2016–31 December 2031). The figure Forecast of With Profit Liabilities, 31 December 2015–31 December 2031 shows the expected trend of existing with profit liabilities.

Forecast of With Profit Liabilities
31 December 2015–31 December 2031



The table Expected Maturity of Insurance and Investment Contracts before Reinsurance, Mandatum Life, 31 December 2015 shows the expected maturity and duration of insurance and investment contracts of Mandatum Life. The sensitivity of technical provisions to changes in discount rates can be assessed on the basis of the durations shown in the table.

Expected Maturity of Insurance and Investment Contracts before Reinsurance

Mandatum Life, 31 December 2015

EURm	Duration	2016-2017	2018-2019	2020-2024	2025-2029	2030-2034	2035-2039	2040-
Mandatum Life parent company								
Unit-linked liabilities total	**8.4**	**1,089**	**840**	**1,560**	**1,057**	**800**	**313**	**402**
Individual pension insurance	10.8	148	136	295	247	196	141	157
Individual life	7.9	437	310	594	377	331	98	97
Capital redemption operations *)	6.7	453	332	527	328	198	21	63
Group pension	11.3	51	62	144	104	75	53	85
With Profit and other liabilities total	**9.4**	**1136**	**844**	**1519**	**1071**	**754**	**513**	**739**
Group pension	**10.8**	**366**	**338**	**697**	**527**	**393**	**284**	**434**
Guaranteed rate 3.5%	10.8	339	317	658	496	368	265	399
Guaranteed rate 2.5%, 1.5% or 0.0%	11.4	27	20	39	30	25	19	35
Group pension insurance, segregated portfolio	**10.7**	**174**	**161**	**352**	**278**	**209**	**145**	**188**
Individual pension insurance	**6.8**	**301**	**238**	**360**	**190**	**95**	**46**	**64**
Guaranteed rate 4.5%	6.9	222	180	292	155	74	34	53
Guaranteed rate 3.5%	6.5	50	35	45	26	16	8	7
Guaranteed rate 2.5% or 0.0%	5.6	29	23	23	9	5	3	4
Individual life insurance	**9.3**	**55**	**35**	**65**	**43**	**32**	**22**	**33**
Guaranteed rate 4.5%	8.9	17	13	23	14	11	7	9
Guaranteed rate 3.5%	10.6	21	15	29	22	16	12	21
Guaranteed rate 2.5% or 0.0%	7.1	16	7	13	8	5	3	3
Capital redemption operations *)	**8.0**	**3**	**11**	**5**	**6**	**5**	**2**	**1**
Guaranteed rate 3.5%	0.0	0	0	0	0	0	0	0
Guaranteed rate 2.5% or 0.0%	8.0	3	11	5	6	5	2	1
Future bonus reserves	**1.0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reserve for decreased discount rate	**2.4**	**167**	**48**	**14**	**8**	**4**	**2**	**3**
Longevity reserve	**11.8**	**10**	**10**	**23**	**19**	**16**	**12**	**17**
Assumed reinsurance	**0.5**	**2**	**0**	**0**	**0**	**0**	**0**	**0**
Other liabilities	**0.9**	**57**	**3**	**2**	**0**	**0**	**0**	**0**
Mandatum Life Parent Company total	**8.9**	**2,225**	**1,684**	**3,078**	**2,128**	**1,554**	**826**	**1,141**
Subsidiary Se Sampo Life Insurance Baltic		**15**	**22**	**38**	**18**	**34**	**21**	**49**
Unit-linked liabilities		11	19	32	15	32	21	49
Other liabilities		4	3	6	2	1	0	0
Mandatum Life group total		**2,240**	**1,706**	**3,117**	**2,145**	**1,588**	**847**	**1,190**

* *Investment contracts*

Life Insurance Risk Management

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 and 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 risk selection and claims 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.

Investment Portfolio Market Risks

In Sampo Group, performance and market risks related to investment portfolios are mostly straightforward to analyse and manage, because Group applies mark-to-market procedures to most of its investments and only seldom are there instruments that require mark-to-model procedures.

In addition to investment portfolio market risks, the companies' balance sheets are also exposed to market and liquidity risks. These balance sheet level risks are defined as ALM risks and they are covered later in the section ALM risks. The ALM risks at the balance sheet level are taken carefully into account when investment portfolio allocations are designed and related limits and restrictions are defined.

Risk definitions related to investment portfolio market risks may be found in Appendix 2 (Risk Definitions).

Principles of Investment Portfolio Management

Investments (excluding Mandatum Life's investments covering unit-linked policies) are managed according to the subsidiaries' Investment Policies that are based on the features of insurance liabilities and solvency.

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 17 of Sampo Group Financial Statements.

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 level and group level reporting.

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, whereas, If P&C has the major part of its direct investments denominated in the Scandinavian currencies and in the respective countries. Through effective differentiation in asset selection between companies, concentration risk is proactively managed at group level.

When investing in non-Nordic securities, funds or other assets, third party managed investments are mainly used. These investments are primarily used as a tool in tactical asset allocation when seeking return and secondarily in order to increase diversification.

The external asset managers and funds managed by them are selected for both companies by the same members of Sampo Group's Investment Unit. The funds are mostly allocated to areas outside of the Nordic countries. Consequently, the risk of unidentified or unwanted concentrations is relatively low.

Market risk control is separated from portfolio management activities in two ways. Firstly, the 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 control 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.

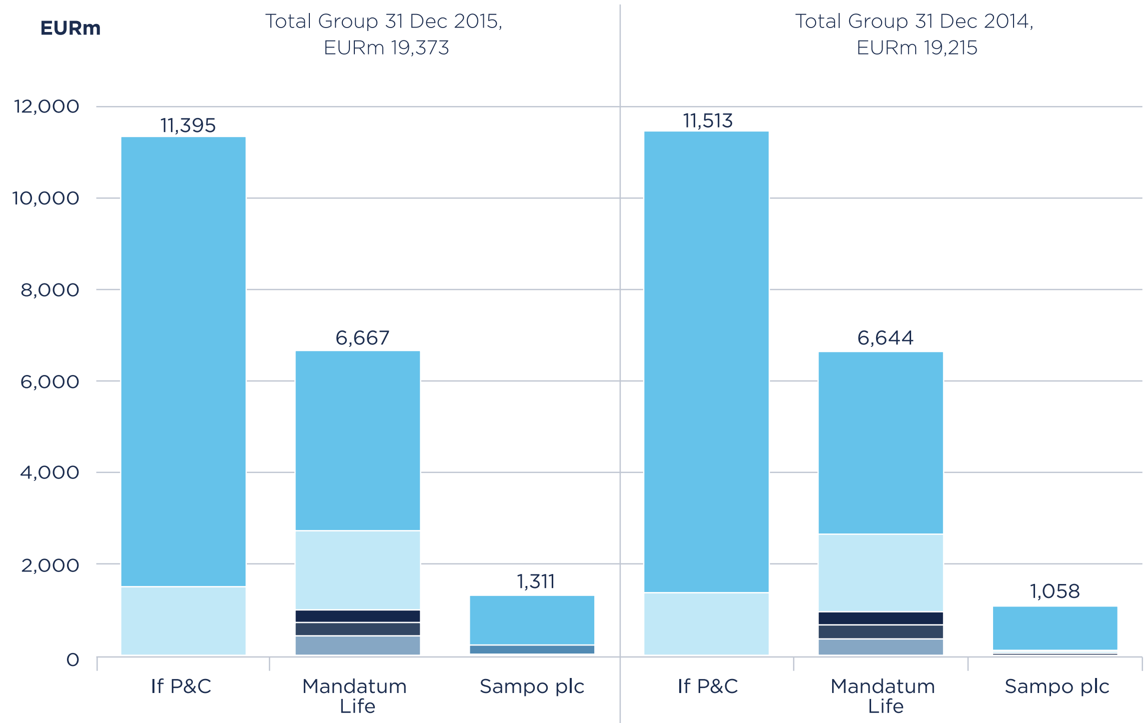
The aggregated market risks and concentrations at group level are controlled by Group's Audit Committee quarterly at a minimum. If deemed necessary, the concentration risks are further managed by deploying group level exposure restrictions, for instance by industries or by individual issuers.

Asset Allocations and Investment Returns

The total amount of Sampo Group's investment assets as at 31 December 2015 was EUR 19,373 million (EUR 19,215 million in 2014). Mandatum Life's investment assets presented here do not include assets which cover unit-linked contracts. The composition of the investment portfolios by asset classes in If P&C, Mandatum Life and Sampo plc at year end 2015 and at year end 2014 are shown in the figure Development of Investment Portfolios, If P&C, Mandatum Life and Sampo plc, 31 December 2015 and 31 December 2014.

Development of Investment Portfolios

If P&C, Mandatum Life and Sampo plc, 31 December 2015 and 31 December 2014



	If P&C 2015	Mandatum Life 2015	Sampo plc 2015	If P&C 2014	Mandatum Life 2014	Sampo plc 2014
Fixed income	86%	59%	83%	88%	60%	92%
Listed equity	13%	26%	15%	12%	26%	4%
Private equity*	0%	4%	2%	0%	4%	4%
Real estate	0%	4%	0%	0%	5%	0%
Alternative investments	0%	6%	0%	0%	5%	0%

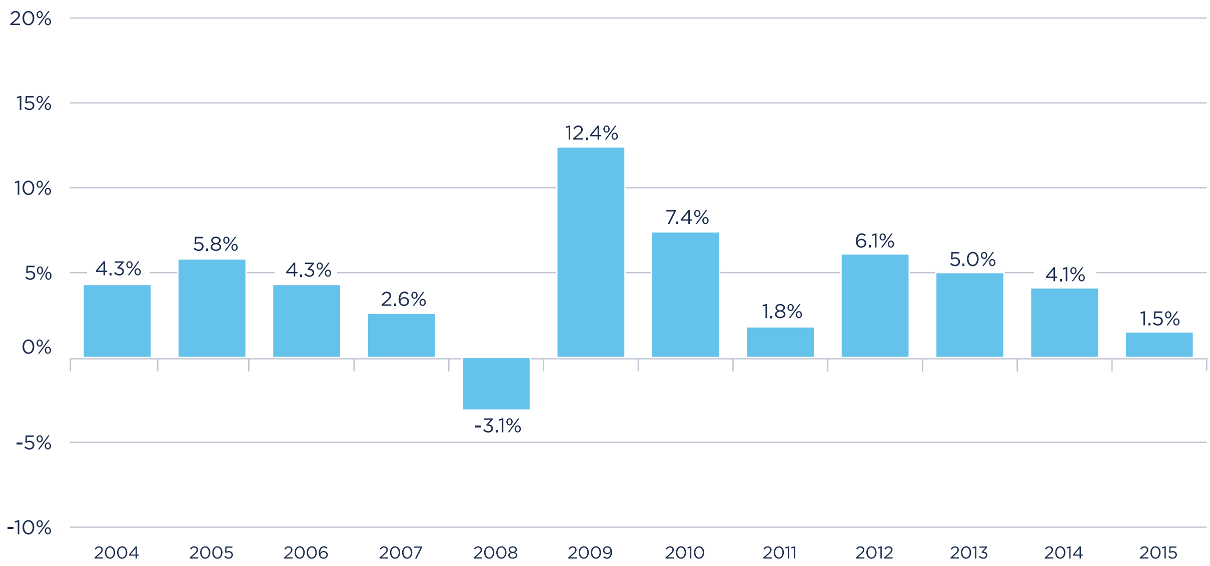
* Private Equity also includes direct holdings in non-listed equities

Sampo plc's figures don't include the debt instruments issued by the insurance subsidiaries. The investments of Mandatum Life's Baltic subsidiary are included in Mandatum Life's investment assets as equity in all tables and graphs in this Risk Management section.

The insurance liabilities as well as the risk appetite of Mandatum Life and If P&C differ and as a result, the structures and risks of the investment portfolios of the two companies are often different. This is reflected also in the companies' investment returns. Mandatum Life has had, on average, higher returns and higher volatility. The figures Annual Investment Returns at Fair Values, If P&C and Mandatum Life, 2004–2015 present the historical development of investment returns.

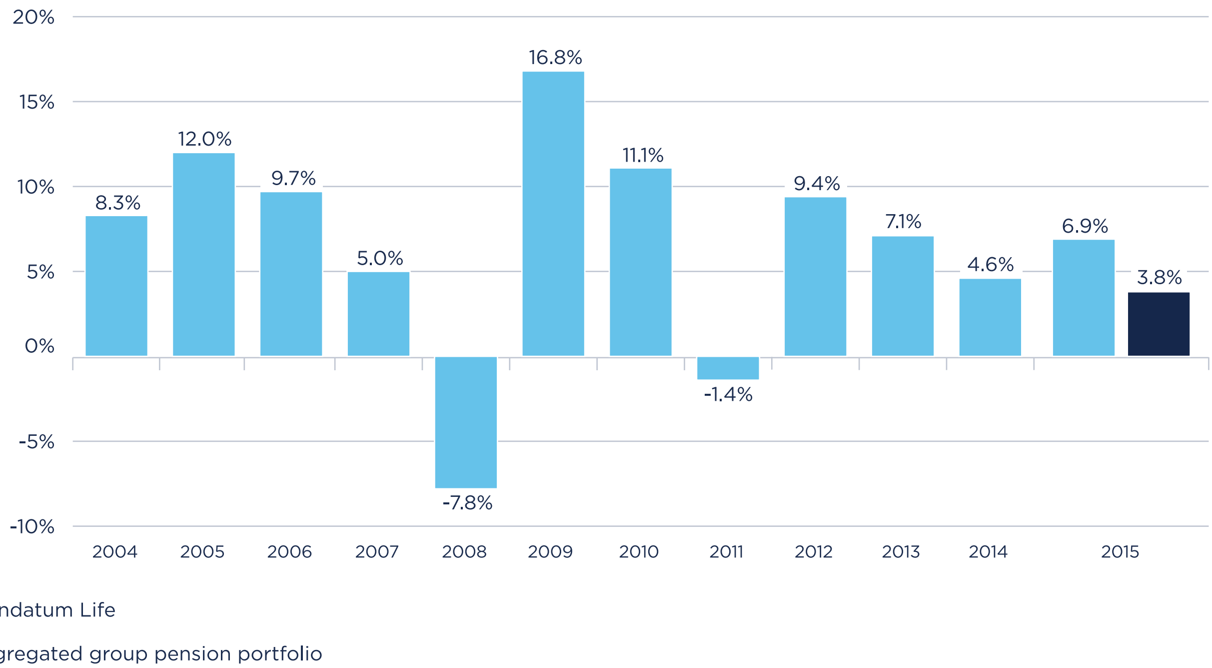
Annual Investment Returns at Fair Values

If P&C, 2004–2015



Annual Investment Returns at Fair Values

Mandatum Life, 2004–2015



The weighted average investment return of Group's investment portfolios (including Sampo plc) in 2015 was 3.1 per cent (4.3 per cent in 2014).

More detailed investment allocations and average maturities of fixed income investments of If P&C, Mandatum Life, Sampo plc and Sampo Group as at year-end 2015 are presented in the table Consolidated Investment Allocation, If P&C, Mandatum Life, Sampo plc and Sampo Group, 31 December 2015.

Consolidated Investment Allocation

If P&C, Mandatum Life, Sampo plc and Sampo Group, 31 December 2015

	If P&C			Mandatum Life			Sampo plc			Sampo Group		
Asset class	**Market value, EURm**	**Weight**	**Average maturity, years**	**Market value, EURm**	**Weight**	**Average maturity, years**	**Market value, EURm**	**Weight**	**Average maturity, years**	**Market value, EURm**	**Weight**	**Average maturity, years**
Fixed income total	**9,852**	**86%**	**2.6**	**3,945**	**59%**	**3.1**	**1,051**	**80%**	**1.2**	**14,848**	**77%**	**2.6**
Money market securities and cash	1,389	12%	0.3	507	8%	0.4	741	56%	0.0	2,636	14%	0.2
Government bonds	1,378	12%	3.5	75	1%	3.2	0	0%	0.0	1,453	7%	3.4
Credit bonds, funds and loans	7,085	62%	2.8	3,355	50%	3.5	311	24%	4.1	10,750	55%	3.1
Covered bonds	2,652	23%	2.7	198	3%	3.0	0	0%	0.0	2,850	15%	2.7
Investment grade bonds and loans	2,654	23%	2.6	1,761	26%	3.1	207	16%	4.4	4,623	24%	2.9
High-yield bonds and loans	1,361	12%	3.1	1,122	17%	3.7	103	8%	3.5	2,587	13%	3.4
Subordinated / Tier 2	226	2%	4.4	36	1%	6.8	0	0%	0.0	262	1%	4.7
Subordinated / Tier 1	192	2%	4.7	238	4%	5.2	0	0%	0.0	430	2%	5.0
Hedging swaps	-1	0%	-	-0	-0%	-	0	0%	-	-1	0%	-
Policy loans	0	0%	0.0	8	0%	2.0	0	0%	0.0	8	0%	2.0
Listed equity total	**1,498**	**13%**	**-**	**1,732**	**26%**	**-**	**201**	**15%**	**-**	**3,431**	**18%**	**-**
Finland	0	0%	-	576	9%	-	66	5%	-	641	3%	-
Scandinavia	1,098	10%	-	12	0%	-	135	10%	-	1,245	6%	-
Global	400	4%	-	1,144	17%	-	0	0%	-	1,544	8%	-

Alternative investments total	**47**	**0%**	**-**	**992**	**15%**	**-**	**22**	**2%**	**-**	**1,060**	**5%**	**-**
Real estate	22	0%	-	293	4%	-	2	0%	-	317	2%	-
Private equity*	25	0%	-	275	4%	-	20	2%	-	320	2%	-
Biometric	0	0%	-	20	0%	-	0	0%	-	20	0%	-
Commodities	0	0%	-	0	0%	-	0	0%	-	0	0%	-
Other alternative	0	0%	-	403	6%	-	0	0%	-	403	2%	-
Trading derivates	**-1**	**0%**	**-**	**-1**	**0%**	**-**	**37**	**3%**	**-**	**35**	**0%**	**-**
Asset classes total	**11,395**	**100%**	**-**	**6,667**	**100%**	**-**	**1,311**	**100%**	**-**	**19,373**	**100%**	**-**
FX Exposure, gross position	**155**	**-**	**-**	**578**	**-**	**-**	**135**	**-**	**-**	**868**	**-**	**-**

**)Private Equity also includes direct holdings in non-listed equities*

The parent company's asset portfolio includes hybrid capital debt instruments issued by the Group companies and the portion of short-term liquid instruments is substantial, because the portfolio is also held as a liquidity buffer. The hybrid debt instruments issued by the subsidiaries are not included in the consolidated figures. From time to time, the asset portfolios may include other investments as well. The market risks of the parent company are limited. Interest rate risk arising from gross debt and the interest bearing assets is Sampo plc's most significant market risk together with refinancing risk related to gross debt. Most of the parent company's debt is tied to short-term reference rates as a consequence of the interest rate swaps used. This mitigates group level interest rate risk because, while lower interest rates would reduce the subsidiaries' investment returns in the long-term, the interest expense in the parent company would also be lower.

Fixed income investments and listed equity instruments form a major part of the subsidiaries' investment portfolios. Money market securities, cash and investment grade government bonds form a liquidity buffer within fixed income investments. The average maturity of fixed income investments was 2.6 years in If P&C and 3.1 years in Mandatum Life.

Both If P&C and Mandatum Life are exposed to interest rate and currency risks (general market risks) as well as to equity and spread risks.

Additionally, If P&C and Mandatum Life have real estate, private equity, biometric and other alternative investments. The Investment Policies set limits for the maximum allocations into these asset classes and products. On 31 December 2015, the combined share of the above mentioned investments was 5.5 per cent of the total investment portfolio of Sampo Group. In If P&C the proportion was 0.4 per cent and in Mandatum Life it was 14.9 per cent. These asset classes are managed, in most cases, by external asset managers with the exception of Group's real estate portfolio which is managed by Sampo Group's 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 and debt instruments of real estate companies.

Interest Rate and Currency Risks

Interest Rate Risk

Interest rate sensitivity in terms of the average duration of fixed income investments in If P&C was 1.2 years and in Mandatum Life 2.2 years. These duration figures include the effect of hedging derivatives.

In addition to hedging purposes, derivatives are used to utilize market view or to mitigate risks at the balance sheet level. In both cases, derivatives are booked as trading derivatives at fair value through profit or loss in financial accounting.

Currency Risk

In Sampo Group companies the net foreign currency exposure is considered as a separate asset class and it is managed within investment portfolio activities. Open transaction risk positions are identified and measured separately for each subsidiary. The net position in each currency consists of the assets, liabilities and foreign exchange transactions denominated in the particular currency.

If P&C writes insurance policies that are mostly denominated in the Scandinavian currencies and in euro. In If P&C, the transaction risk is reduced by matching technical provisions with investment assets in the corresponding currencies or by using currency derivatives.

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's 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 If P&C and Mandatum Life against their base currencies are shown in the table Transaction Risk Position, If P&C and Mandatum Life, 31 December 2015. 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 and Mandatum Life, 31 December 2015

	Base currency	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
If P&C	**SEKm**										
Insurance operations		-208	-154	-1	-14	-24	-2,209	-14	-761	-17	-3,402
Investments		1	422	1	2	15	2,509	0	337	2	3,288
Derivatives		147	-287	44	10	6	-302	9	416	13	56
Total transaction risk, net position, If P&C		**-61**	**-19**	**44**	**-2**	**-3**	**-2**	**-5**	**-7**	**-2**	**-58**
Sensitivity: SEK -10%		-6	-2	4	-0	-0	-0	-0	-1	-0	-6
Mandatum Life	**EURm**										
Technical provisions		0	0	0	0	-3	0	0	0	0	-3
Investments		0	1,952	21	186	54	12	185	118	109	2,636
Derivatives		0	-1,565	-22	-165	18	3	-186	-110	-54	-2,081
Total transaction risk, net position, Mandatum Life		**0**	**387**	**-1**	**21**	**69**	**14**	**-1**	**8**	**55**	**552**
Sensitivity: EUR -10%		0	39	-0	2	7	1	-0	1	6	55

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

Sampo plc's transaction risk position is related mainly to SEK denominated dividends paid by If P&C and to debt instruments in currencies other than euro. The asset portfolio may from time to time include assets denominated in foreign currencies.

In addition to transaction risk, Sampo Group and its insurance subsidiaries are also exposed to translation risk. At group level it stems from the If P&C and within the If P&C it stems mainly from its Finnish subsidiary. Translation risk and its management in Sampo Group were described in the Profitability, Risks and Capital section.

Equity and Spread Risks

The values of tradable investment assets decrease when credit spreads of debt instruments are changing unfavourably or equity prices are decreasing. Most of Sampo Group's investments are tradable and hence subject to daily mark-to-market valuation. Moreover, the fair values of non-tradable instruments change adversely when the financial strength or future prospects of the issuer deteriorates or the value of collaterals decreases. Ultimately, the issuer may fail to meet its financial obligations and the risk is realized as a credit loss.

Management of Equity and Spread Risks

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 analysed investments with risk return ratios internally considered to be adequate, although the portfolio might not be necessarily as diversified as the finance or portfolio theory suggests.

The main steps in decision making, limit and monitoring process are as follows:

1. Potential investments are analysed 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 authorisations and credit limit structures and procedures that 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 the level that is in balance with 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.

Exposures in Fixed Income and Equity Instruments

Exposures in fixed income and equity instruments are shown in the tables Exposures by Sectors, Asset Classes and Rating, If P&C, Mandatum Life and Sampo Group, 31 December 2015. The tables 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 Sectors, Asset Classes and Rating

If P&C, 31 December 2015

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counter-party risk	Total	Change 31 Dec 2014
Basic Industry	0	20	0	37	29	0	34	119	29	0	0	149	-131
Capital Goods	0	0	53	49	0	0	29	131	466	0	0	597	101
Consumer Products	0	84	89	72	30	0	60	335	427	0	0	762	183
Energy	0	40	0	9	31	0	255	335	0	0	0	335	-45
Financial Institutions	0	1,669	1,345	252	62	0	10	3,339	33	0	10	3,382	465
Governments	140	0	0	0	1	0	0	141	0	0	0	141	-776
Government Guaranteed	104	55	0	0	0	0	0	158	0	0	0	158	-22
Health Care	0	0	23	7	0	0	8	38	53	0	0	91	-8
Insurance	0	0	10	65	4	0	5	84	0	0	103	187	25
Media	0	0	0	0	0	0	21	21	0	0	0	21	2
Packaging	0	0	0	0	0	0	5	5	0	0	0	5	5
Public Sector, Other	879	199	0	0	0	0	0	1,078	0	0	0	1,078	94
Real Estate	0	0	0	23	0	0	448	471	0	22	0	493	-20
Services	0	0	0	37	63	0	15	116	0	0	0	116	52
Technology and Electronics	0	0	21	0	0	0	36	57	7	0	0	63	24
Telecommunications	0	0	81	13	0	0	26	120	73	0	0	193	-21
Transportation	0	106	7	21	11	0	151	296	9	0	0	306	-11
Utilities	0	0	21	207	49	0	77	354	0	0	0	354	25
Others	0	0	0	0	0	0	0	0	1	2	0	3	1
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	2,585	67	0	0	0	0	0	2,652	0	0	0	2,652	-98
Funds	0	0	0	0	0	0	0	0	400	23	0	423	16
Total	**3,708**	**2,240**	**1,651**	**792**	**280**	**0**	**1,181**	**9,853**	**1,498**	**47**	**113**	**11,510**	**-140**
Change 31 Dec 2014	**-555**	**328**	**217**	**41**	**-117**	**0**	**-167**	**-253**	**131**	**2**	**-20**	**-140**	

Exposures by Sectors, Asset Classes and Rating

Mandatum Life, 31 December 2015

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counter-party risk	Total	Change 31 Dec 2014
Basic Industry	0	14	0	1	124	0	29	169	143	0	0	313	-107
Capital Goods	0	0	56	7	43	0	76	183	124	0	0	307	92
Consumer Products	0	52	126	82	51	0	31	342	235	0	0	576	284
Energy	0	41	9	26	11	0	17	104	11	0	0	115	47
Financial Institutions	0	586	874	178	199	0	0	1,836	39	24	2	1,901	-271
Governments	30	0	0	0	0	0	0	30	0	0	0	30	-357
Government Guaranteed	0	0	0	0	0	0	0	0	0	0	0	0	-4
Health Care	0	0	44	34	59	0	24	160	47	0	0	208	117
Insurance	0	0	1	22	0	0	8	31	3	21	0	55	-10
Media	0	0	18	0	14	0	27	59	0	0	0	59	18
Packaging	0	0	0	0	67	0	17	84	1	0	0	85	85
Public Sector, Other	0	27	42	0	0	0	0	68	0	0	0	68	66
Real Estate	0	0	0	25	0	0	54	79	0	248	0	327	17
Services	0	0	0	25	80	0	52	157	72	0	0	230	85
Technology and Electronics	4	0	19	1	29	0	1	54	132	0	0	185	92
Telecommunications	0	0	7	12	47	0	16	81	13	0	0	94	5
Transportation	0	0	0	0	11	0	5	17	18	0	0	35	16
Utilities	0	0	3	107	55	0	0	165	0	0	0	165	54
Others	0	0	0	0	12	0	9	21	0	61	0	82	51
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	174	13	0	11	0	0	0	198	0	0	0	198	105
Funds	0	0	0	0	0	0	108	108	893	637	0	1,639	-378
Total	**208**	**733**	**1,200**	**529**	**802**	**0**	**474**	**3,945**	**1,732**	**992**	**2**	**6,670**	**6**
Change 31 Dec 2014	**-159**	**-332**	**118**	**318**	**34**	**0**	**-49**	**-71**	**34**	**41**	**2**	**6**	

Exposures by Sectors, Asset Classes and Rating

Sampo Group, 31 December 2015

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counter-party risk	Total	Change 31 Dec 2014
Basic Industry	0	34	0	38	153	0	64	289	173	0	0	461	-238
Capital Goods	0	0	109	56	43	0	111	319	593	0	0	912	193
Consumer Products	0	136	215	154	81	0	91	677	662	0	0	1,339	467
Energy	0	81	9	36	42	0	272	439	11	0	0	451	2
Financial Institutions	0	2,583	2,632	637	261	0	10	6,123	246	24	16	6,409	391
Governments	170	0	0	0	1	0	0	171	0	0	0	171	-1,133
Government Guaranteed	104	55	0	0	0	0	0	158	0	0	0	158	-27
Health Care	0	0	67	41	59	0	32	198	101	0	0	403	165
Insurance	0	0	11	87	4	0	100	202	3	38	103	241	15
Media	0	0	18	0	14	0	48	79	0	0	0	79	21
Packaging	0	0	0	0	67	0	22	90	1	0	0	91	91
Public Sector, Other	879	225	42	0	0	0	0	1,146	0	0	0	1,146	160
Real Estate	0	0	0	48	0	0	502	550	0	272	0	822	-3
Services	0	0	0	62	144	0	67	273	95	0	0	368	160
Technology and Electronics	4	0	40	1	29	0	36	110	138	0	0	249	114
Telecommunications	0	0	88	25	47	0	42	202	85	0	0	287	-16
Transportation	0	106	7	21	22	0	168	324	28	0	0	352	17
Utilities	0	0	25	314	104	0	77	519	0	0	0	519	79
Others	0	0	0	0	12	0	9	21	1	63	0	85	52
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	2,758	80	0	11	0	0	0	2,850	0	0	0	2,850	6
Funds	0	0	0	0	0	0	108	108	1,293	663	0	2,064	-386
Total	**3,916**	**3,299**	**3,265**	**1,529**	**1,082**	**0**	**1,758**	**14,849**	**3,431**	**1,060**	**119**	**19,458**	**129**
Change 31 Dec 2014	**-714**	**-135**	**433**	**454**	**-82**	**0**	**-148**	**-193**	**325**	**18**	**-22**	**129**	

The largest holdings are in financial institutions and covered bonds. Most of these investments are in the Nordic countries as can be seen in the table Fixed Income Investments in Financial Sector, Sampo Group, 31 December 2015. These exposures increased by EUR 0.3 billion during 2015.

Fixed Income Investments in Financial Sector

Sampo Group, 31 December 2015

EURm	Covered bonds	Money market securities	Long-term senior debt	Long-term subordinated debt	Total	%
Sweden	1,691	468	947	330	**3,436**	38.3 %
Finland	162	1,898	206	6	**2,273**	25.3 %
Norway	693		586	183	**1,462**	16.3 %
Denmark	218	116	293	22	**649**	7.2 %
United States		78	150	1	**229**	2.5 %
Switzerland			217	11	**228**	2.5 %
Netherlands	1	0	212		**213**	2.4 %
Canada			113		**113**	1.3 %
France	23	0	62	14	**99**	1.1 %
Germany	18	0	76	0	**94**	1.1 %
Iceland			75		**75**	0.8 %
Austria	31				**31**	0.3 %
Estonia		25			**25**	0.3 %
Australia	1		18		**19**	0.2 %
Luxembourg	11				**11**	0.1 %
United Kingdom			4	3	**7**	0.1 %
Jersey				5	**5**	0.1 %
Russia		3			**3**	0.0 %
Italy		2			**2**	0.0 %
Total	**2,850**	**2,589**	**2,958**	**575**	**8,973**	**100.0 %**

The public sector exposure includes government bonds, government guaranteed bonds and other public sector investments. The public sector has had a relatively minor role in Sampo Group's portfolios and these exposures have been mainly in the Nordic countries.

Fixed Income Investments in Public Sector

Sampo Group, 31 December 2015

EURm	Governments	Government guaranteed	Public sector, other	Total market value
Sweden	159		821	**981**
Norway			234	**234**
Finland		55	73	**127**
Germany	11	71		**82**
Denmark		32		**32**
Japan			18	**18**
Other	1			**1**
Total	**171**	**158**	**1,146**	**1,476**

The exposures in non-rated and high-yield fixed income instruments are significant, because a relatively small number of Nordic companies are rated. The largest high-yield and non-rated fixed income investment exposures are presented in the table Ten Largest Direct High Yield and Non-rated Fixed Income Investments, Sampo Group, 31 December 2015.

Ten Largest Direct High Yield and Non-rated Fixed Income Investments

Sampo Group, 31 December 2015

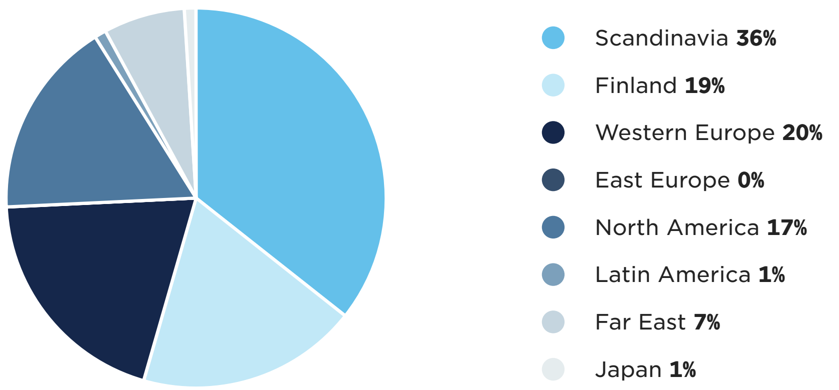
Largest direct high yield and non-rated fixed income investments	Rating	Total fair value, EURm	% of total direct fixed income investments
Eksportfinans ASA	BB-	221	1.5 %
High Street Shop AS	NR	120	0.8 %
Topdanmark	NR	87	0.6 %
PBA Karlskrona	NR	82	0.6 %
Sponda Oyj	NR	75	0.5 %
Stora Enso	BB	68	0.5 %
YIT	NR	53	0.4 %
Storebrand ASA	BB+	47	0.3 %
Grönlandet Södra	NR	47	0.3 %
Neste Oil Oyj	NR	44	0.3 %
Total top 10 exposures		**844**	**5.7 %**
Other direct fixed income investments		13,897	94.3 %
Total direct fixed income investments		14,741	100.0 %

The listed equity investments of Sampo Group totaled EUR 3,431 million at the end of year 2015 (EUR 3,105 million in 2014). At the end of year 2015, the listed equity exposure of If P&C was EUR 1,498 million (EUR 1,367 million in 2014). The proportion of listed equities in If P&C's investment portfolio was 13.1 per cent. In Mandatum Life, the listed equity exposure was EUR 1,732 million at the end of year 2015 (EUR 1,698 million in 2014) and the proportion of listed equities was 26.0 per cent of the investment portfolio.

A breakdown of the listed equity exposures of Sampo Group by geographical regions is shown in the figure Breakdown of Listed Equity Investments by Geographical Regions, Sampo Group, If P&C and Mandatum Life, 31 December 2015.

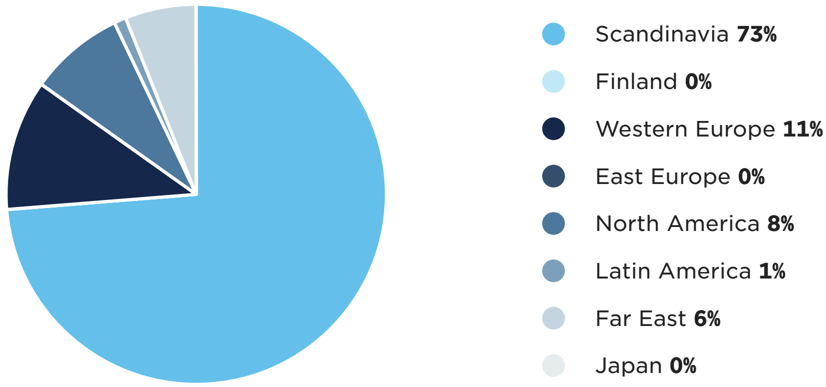
Breakdown of Listed Equity Investments by Geographical Regions

Sampo Group, 31 December 2015, total EUR 3,431 million



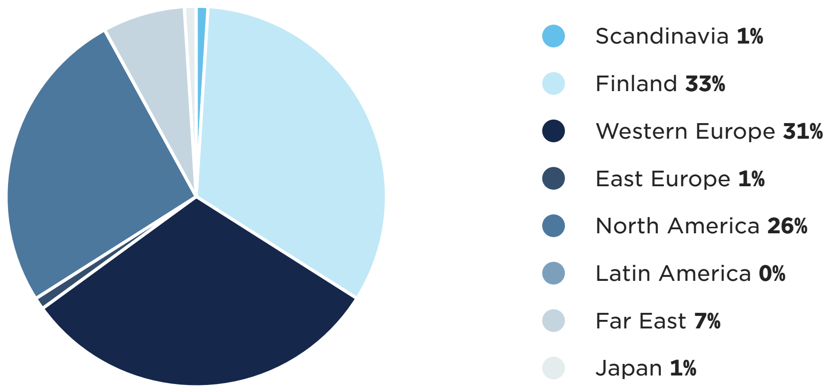
Breakdown of Listed Equity Investments by Geographical Regions

If P&C, 31 December 2015, total EUR 1,498 million



Breakdown of Listed Equity Investments by Geographical Regions

Mandatum Life, 31 December 2015, total EUR 1,732 million



The geographical emphasis of Sampo Group's equity investments is in the Nordic companies. The proportion of Nordic companies' equities corresponds to 55 per cent of the total equity portfolio. This is in line with Sampo Group's investment strategy to focus on Nordic companies. However, these Nordic companies are mainly competing on global markets and few of them are pure domestic companies. Hence, the ultimate risk is not highly dependent on the Nordic economies. Moreover, Group's insurance liabilities are mostly denominated in euro and in the Nordic currencies. 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 tactical point of view other geographical areas have recently provided interesting investment opportunities.

The sector allocation of direct listed equity investments in Sampo Group is presented in tables: Exposures by Sectors, Asset Classes and Rating, If P&C, Mandatum Life and Sampo Group, 31 December 2015. The largest allocations are to consumer products, capital goods and financial institutions. Listed equity investments made through mutual funds and ETF investments accounted for 38 per cent of the entire equity portfolio.

Furthermore, the largest direct listed equity exposures are presented in the table Ten Largest Direct Listed Equity Investments, Sampo Group, 31 December 2015.

Ten Largest Direct Listed Equity Investments
Sampo Group, 31 December 2015

Top 10 listed equity investments	Total fair value, EURm	% of total direct equity investments
Nobia	204	9.5 %
Swedbank	135	6.3 %
Veidekke	113	5.3 %
Amer Sports	106	5.0 %
Hennes & Mauritz	99	4.6 %
Volvo	82	3.9 %
UPM-Kymmene	78	3.7 %
TeliaSonera	73	3.4 %
ABB	72	3.4 %
Sectra Ab	53	2.5 %
Total top 10 exposures	**1,017**	**47.6 %**
Other direct equity investments	1,122	52.4 %
Total direct equity investments	2,139	100.0 %

In addition, Sampo Group's largest listed equity holdings are disclosed in the Notes to the Financial Statements (Note 40).

The largest exposures by individual issuers and counterparties are presented in the table Largest Exposures by Issuer and by Asset Class, Sampo Group, 31 December 2015.

Largest Exposures by Issuer and by Asset Class
Sampo Group, 31 December 2015

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	1,968	10%	1,028	939	0	496	196	247	0	0
Svenska Handelsbanken	963	5%	315	645	0	579	65	0	0	3
Danske Bank	944	5%	509	435	0	153	243	39	0	0
Skandinaviska Enskilda Banken	806	4%	445	356	0	74	216	66	0	5
Sweden	775	4%	0	775	0	0	775	0	0	0
Swedbank	660	3%	18	505	0	244	261	0	135	2
DnB	593	3%	0	593	0	242	283	68	0	0
Norway	345	2%	0	345	0	0	241	104	0	0
OP Pohjola	274	1%	177	97	0	0	91	6	0	0
Landshypotek	267	1%	0	267	0	263	0	4	0	0
Total Top 10 Exposures	**7,595**	**39%**	**2,493**	**4,958**	**0**	**2,051**	**2,371**	**536**	**135**	**10**
Other	11,760	61%								
Total investment assets	**19,355**	**100%**								

Counterparty Default Risks

Counterparty Default Risk (Counterparty Risk) is one type of consequential risk, which Sampo Group is exposed to through its activities. Default risk related to reinsurance counterparties mainly concerns If P&C, as the use of reinsurance in Mandatum Life is relatively limited.

In the case of financial derivatives the situation is the opposite. Mandatum Life and the parent company are frequent users of interest rate derivatives and are therefore inherently more exposed to the default risk of derivative counterparties than If P&C, which mainly uses short-term foreign exchange derivatives.

In addition, counterparty default risk arises from receivables from policyholders and other receivables related to commercial transactions. Risk exposure towards policyholders is very limited, because non-payment of premiums generally results in the cancellation of the insurance policies. Also, the risk exposures arising from other receivables related to commercial transactions are minor in Sampo Group.

Risk definitions related to counterparty default risks may be found in Appendix 2 (Risk Definitions).

The distribution of reinsurance receivables and reinsurers' portion of outstanding claims in If P&C on 31 December 2015 per rating category is presented in the table Reinsurance Recoverables, If P&C, 31 December 2015 and 31 December 2014.

Reinsurance Recoverables

If P&C, 31 December 2015 and 31 December 2014

	31 Dec 2015		31 Dec 2014	
Rating	**Total EURm**	**% of total**	**Total EURm**	**% of total**
AAA	0	0%	0	0%
AA+ - A-	97	94%	107	97%
BBB+ - BBB-	4	4%	2	2%
BB+ - C	0	0%	0	0%
D	0	0%	0	0%
Non-rated	2	2%	2	2%
Total	**103**	**100%**	**111**	**100%**

In the table, EUR 143 million (EUR 130 million in 2014) are excluded, which mainly relates to captives and statutory pool solutions. Thus the total recoverables are EUR 246 million. The ten largest individual reinsurance recoverables amounted to EUR 167 million, representing 68 per cent of the total reinsurance recoverables. If P&C's largest individual reinsurer is Munich Re (AA-). They account for 17 per cent of the total reinsurance recoverables.

The amount of ceded treaty and facultative premiums was EUR 63.3 million. Of this amount, 100 per cent related to reinsurance counterparties with a credit rating of A- or higher.

In Mandatum Life, the importance of reinsurance agreements is limited and thus the credit risk of reinsurance counterparties in Mandatum Life is immaterial.

Counterparty Default Risk Management

In Sampo Group, the default risk of derivative counterparties is a by-product of managing market risks. The risk is mitigated by careful selection of counterparties, diversification of counterparties to prevent risk concentrations and by using collateral techniques, e.g. ISDA Master Agreements backed by Credit Support Annexes. This is the case especially in Sampo plc and Mandatum Life which are frequent users of long-term derivatives.

The Reinsurance Committee (RC) is a collaboration forum for reinsurance related issues 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 the reporting of policy deviations and other issues dealt with by the committee.

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 the reporting of policy deviations and other issues dealt with by the committee.

At inception of the reinsurance, the default risk of the reinsurer is considered. The default risks of reinsurance assets are monitored continuously.

To limit and control default risk associated with ceded reinsurance, If P&C has a Reinsurance Security Policy that sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. Credit ratings from rating agencies are used to determine the assessment of the creditworthiness of reinsurance companies.

ALM Risks

At the total balance sheet level, ALM risks contribute considerably to economic values of insurance liabilities, market value of assets, risks and capital need. ALM risks and exposures are analysed actively and the risks are taken into account when managing investments and developing insurance products. ALM risks include also liquidity risk and other risks that may cumulate at the balance sheet level.

Risk definitions related to ALM risks may be found in Appendix 2 (Risk Definitions).

Principles of Asset and Liability Management:

In Sampo Group, insurance liabilities are the starting point for investment management. 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.

The solvency position and risk appetite define the general capacity and willingness for risk taking. 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.

Rating targets and regulatory requirements are major external factors affecting market and liquidity risk taking in general at the balance sheet level, and specifically at the investment portfolio level.

ALM in If P&C

The ALM risk in If P&C is managed in accordance with Sampo Group's principles. ALM is taken into account through the risk appetite framework and is governed by If P&C's Investment Policies.

In the accounts, most of the technical provision are nominal, while a significant part (the provisions for claims outstanding pertaining to annuities) is discounted with interest rates in accordance with regulatory rules. Thereby If P&C is, from an 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 (technical provisions) 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, 2015 in Non-life Underwriting Risks section.

To maintain the ALM risk within the overall risk appetite, the cash flows of insurance liabilities (technical provisions) are matched by investing in fixed income instruments and by using currency derivatives.

ALM in Mandatum Life

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.

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 the critical levels set above the Solvency II SCR and they 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 the 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. The company's claims costs do not contain a significant inflation risk element and thus the inflation risk in Mandatum Life is mainly related to administrative expenses.

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 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 of Balance Sheet

Because the duration of liabilities in Sampo Group companies is longer than the duration of assets, the effect of decreasing interest rates is negative for Sampo Group. This risk is partly mitigated by having major portion of Sampo plc´s debt tied to the short term interest rates.

Liquidity Risks

Liquidity risk is relatively immaterial in Sampo Group's businesses because liability cash flows in most lines of business are fairly stable and predictable and an adequate share of the investment assets are in short-term money market instruments and liquid government bonds. Sampo Group companies manage the liquidity risk on a daily basis and in addition both the parent company's and the subsidiaries' creditworthiness and reputation are proactively managed.

In Sampo Group, 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 a strong liquidity in general is preferred. At the end of 2015, the liquidity position in each legal entity was in accordance with internal requirements.

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 who are responsible for liquidity planning. Liquidity risk is reduced by having investments that are readily tradable in liquid markets. The available liquid financial assets, which are the part of the assets that can be converted into cash at a specific point in time, is analysed and reported to the ORSA Committee.

In Mandatum Life, a large change in surrender rates could influence the liquidity situation. However, 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, If P&C, Mandatum Life and Sampo plc, 31 December 2015. 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, Mandatum Life and Sampo plc, 31 December 2015

	Carrying amount total			Cash flows						
EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	2016	2017	2018	2019	2020	2021-2030	2031-
If P&C										
Financial assets	12,730	1,977	10,753	2,079	1,559	1,590	1,744	1,824	692	0
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0
Financial liabilities	809	0	809	-11	-12	-101	-7	-7	-116	0
of which interest rate swaps	0	0	0	-0	-1	-1	-1	0	0	0
Net technical provisions	9,194	0	9,194	-3,108	-1,092	-648	-481	-404	-2,144	-1,904
Mandatum Life										
Financial assets	6,543	2,922	3,621	682	550	726	336	878	658	15
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0
Financial liabilities	194	0	194	-37	-5	-5	-6	-5	-64	-228
of which interest rate swaps	1	0	1	-0	0	0	-1	0	0	0
Net technical provisions	4,506	0	4,506	-516	-447	-407	-383	-351	-2,352	-1,787
Sampo plc										
Financial assets	1,618	988	630	60	80	118	167	44	274	228
of which interest rate swaps	10	0	10	19	18	0	0	0	0	0
Financial liabilities	2,318	0	2,318	-703	-556	-262	-39	-367	-508	0
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0

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. In the investment assets of Mandatum Life, the investments of the Baltic subsidiary are included in the carrying amount but excluded from the cash flows.

Sampo Group has a relatively low amount of financial liabilities and thus Group's respective refinancing risk is relatively small. During 2015, Sampo plc issued two public bonds amounting to 3 billion Swedish kronas and several private placements targeted at Mandatum Life's retail clients. Sampo Group companies have business relationships with several creditworthy counterparties which mitigate the risk that Group is not able to enter into reinsurance or derivative transactions when needed.

Since there is no unambiguous technique to quantify the capital need for liquidity risk, it is not directly taken into account in the capital need estimates. Thus only the interest rate risk part of the ALM risks is accounted for in the economic capital framework.

Operational Risks

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 epidemics, criminal acts or various operational failures (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.

If P&C

The continuity of operational risk management in If P&C is secured through the Operational Risk Committee (ORC), which coordinates the operational risk process. The task of the ORC is to provide opinions, advice and recommendations to the committee's chairman. The chairman reports a forward looking assessment of the operational risk status to ORSA. The ORC is responsible for preparing a comprehensive overview of the operational risk status in If P&C. The status assessment is based on the self-assessments performed by the organization, reported incidents and other additional risk information. Trend analyses are performed on a yearly basis, during which the most important trends affecting the insurance industry are identified and the effects on If P&C are assessed. The committee considers and proposes changes to policies and instructions regarding operational risks.

If P&C also has 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.

The line organization and corporate functions have the responsibility to identify, assess, monitor and manage their operational risks. Risk identification and assessments are performed by the line organization twice a year and by corporate functions yearly. Identified risks are assessed from a probability and impact perspective.

Incident reporting and analysis are managed differently depending on the type of incident. All employees are required to report incidents via the intranet.

In order to manage operational risks, If P&C has issued a number of different steering documents: Operational Risk Policy, Business Continuity Policy, Security Policy, Outsourcing Policy, Complaints Handling Policy, Claims Handling Policy and other steering documents related to different parts of the organization. These documents are reviewed and updated at least annually.

A number of internal governing documents form the basis for the steering of compliance activities, including compliance risk: Sampo Group Compliance Principles, Compliance Policy, Policy on Conflicts of Interest, Internal Control Policy, Risk Management Policy, Compliance Plan, Working Routines for the Compliance Function and the Instruction for Compliance coordinators. The documents are reviewed and updated yearly or when necessary.

Mandatum Life

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 manner as possible.

Business units are responsible for the identification, assessment and management of own operational risks, including organizing adequate internal control. 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 the occurred incidents. The committee meets three times a year at a minimum. Significant observations on operational risks are submitted to the Risk Management Committee and the Board of Directors on a quarterly basis.

The Operational Risk Committee (ORC) 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.

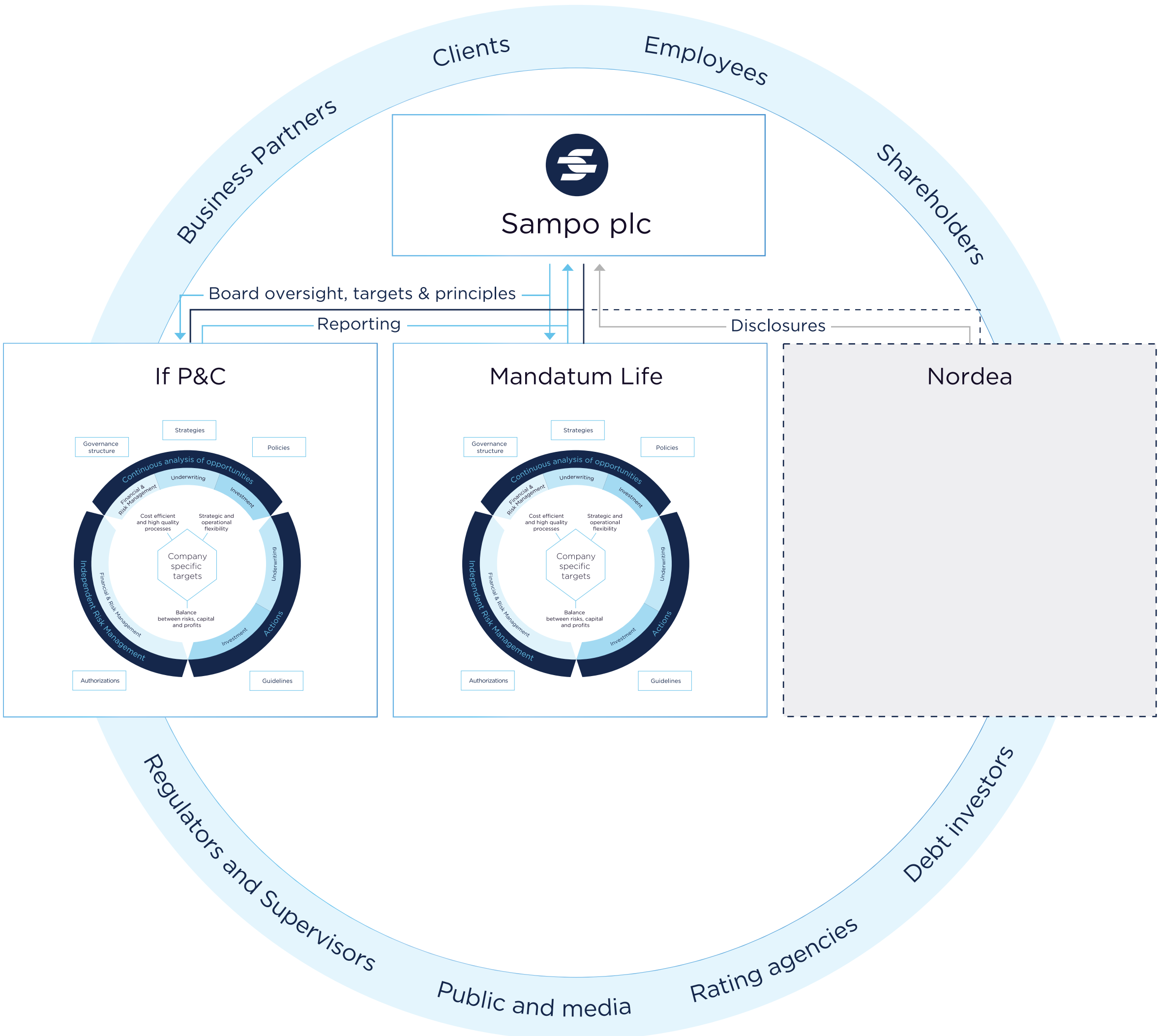
In order to limit operational risks, Mandatum Life has approved a number of policies including e.g. Internal Control Policy, Compliance Policy, Security Policies, Continuity Plan, Procurement and Outsourcing Policy, Complaints Handling Policy and a number of other policies related to ongoing operative 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.

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 profound principles. The responsibilities and operational structures, as illustrated in the figure Sampo Group's Steering Framework, are described in the following paragraphs.

Sampo Group's Steering Framework



Parent Company's Guidance

Group's parent company steers the 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 Company 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 the 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, the external regulatory environment and expectations of different stakeholders on Sampo Group's operations impact on the Sampo plc's Board of Directors' decisions in general and thereby also the guidance given by the parent company. Further information on Sampo Group's stakeholders is available at 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 plc.

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.

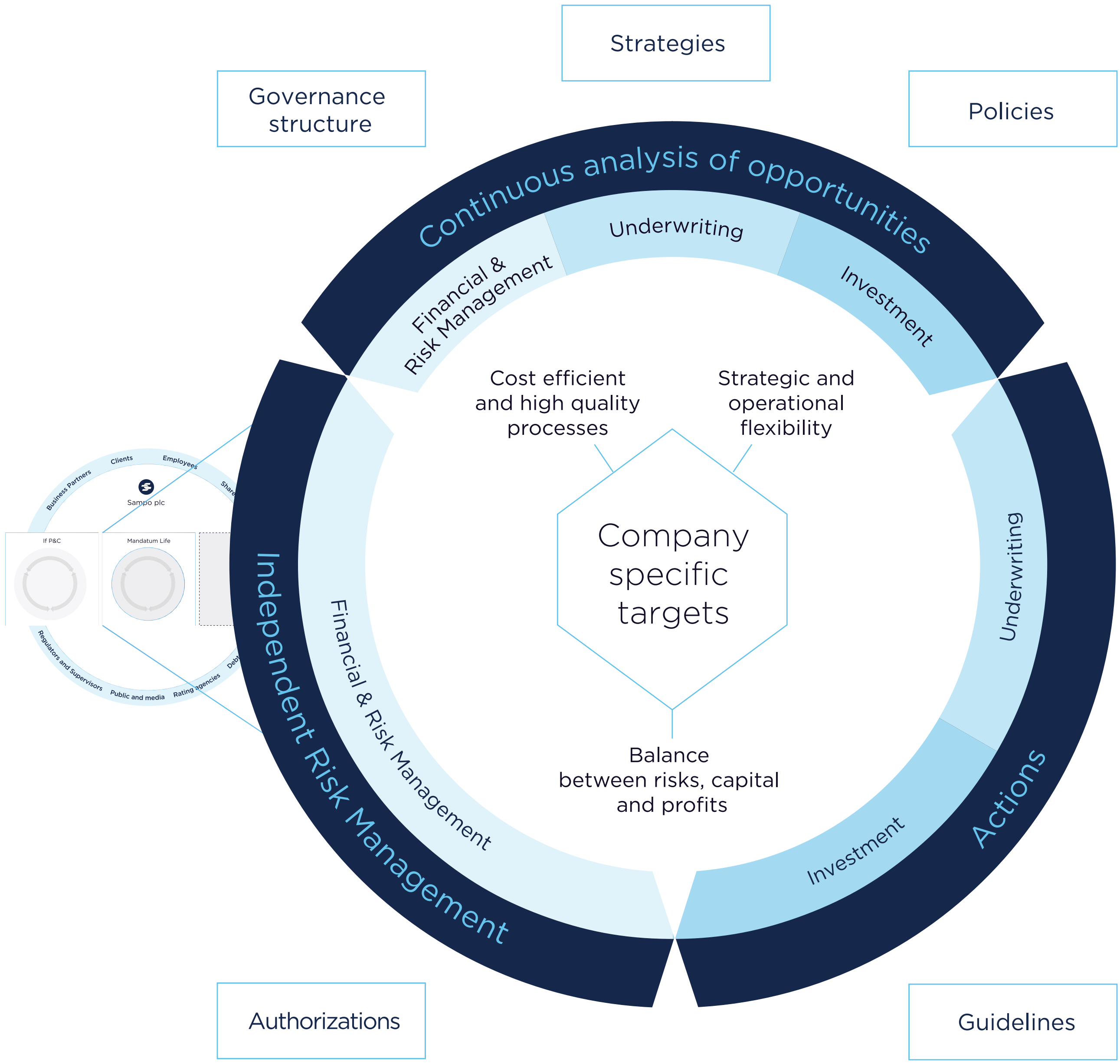
At the operative level, the subsidiaries focus on the effective execution of insurance operations and financial and risk management activities. Investments are managed according to the Investment Policies which are approved by the Board of Directors of the respective subsidiaries. Parent company led day-to-day management of investments, facilitates simultaneous effective execution of the subsidiaries' investment policies and 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.

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 and principles for risk monitoring. These structures are one prerequisite for the risk management process and 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 plc'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 plc.

Parent Company's Oversight and Activities

Sampo plc 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 plc reviews 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, Nordea Bank AB. The information on Nordea Bank AB 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 of Sampo plc 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.

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 both the company and group level information, the Board of Directors of Sampo plc 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 plc 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

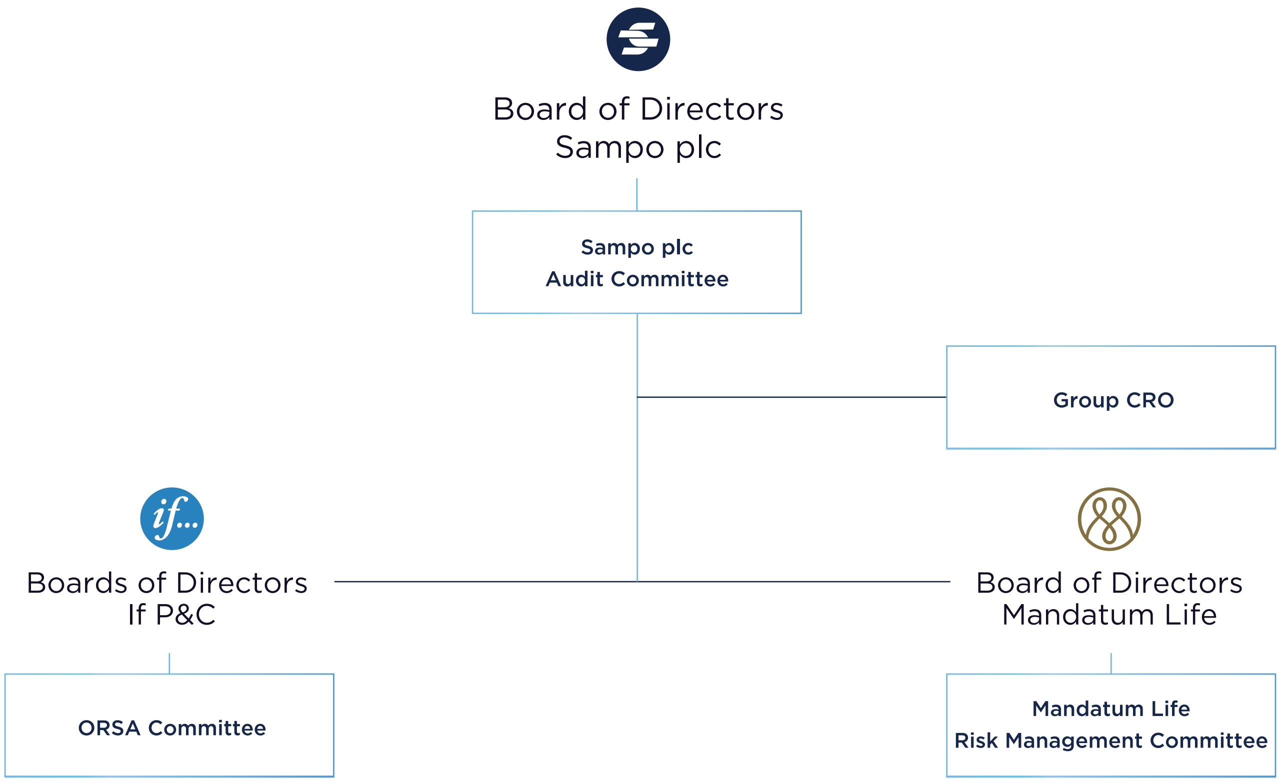
This section describes the governance framework of Sampo Group and its subsidiaries from a risk management perspective. A more detailed description of Sampo Group's corporate governance and internal control system is included in the Corporate Governance section.

Risk Governance at Group Level

The Board of Directors of Sampo plc is responsible for ensuring that Group's risks are properly managed and controlled. The Board of Directors of Sampo plc 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 plc.

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 ("AC") 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.

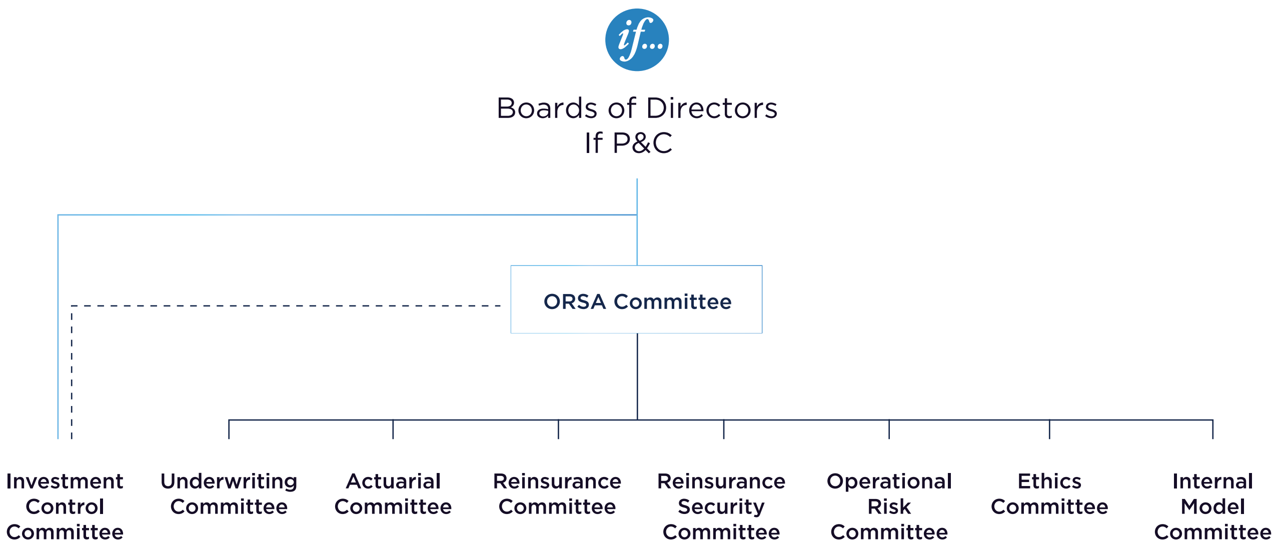
Group Chief Risk Officer ("CRO") is responsible for the appropriateness of risk management on the group level. The CRO's responsibility is to monitor Sampo Group's aggregated risk exposure as a whole and coordinate and monitor company specific and group level risk management.

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, 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 ("ORSAC") assists the Chief Executive Officers ("CEO") of If P&C in fulfilling their responsibilities to oversee the risk management process. The ORSAC reviews and gives input to 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 that If P&C's short-term and long-term aggregated risk profile 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 and they 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 is an advisory and preparatory body to the Boards of Directors and the CEOs. In accordance with the committee instruction, its 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.

Risk Governance in Mandatum Life

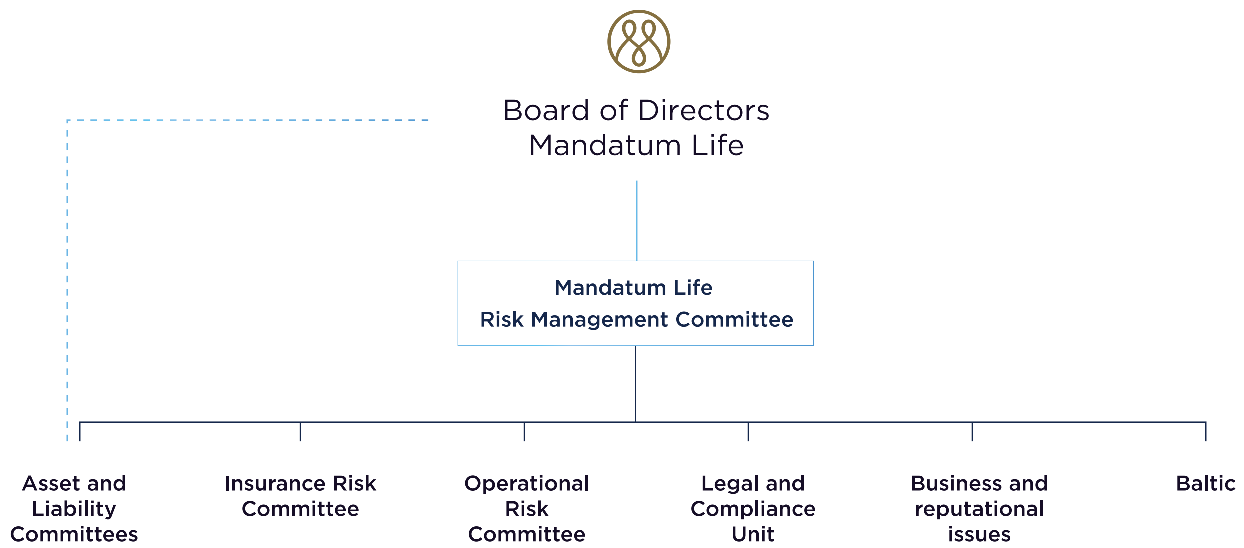
In Mandatum Life the Board of Directors is responsible for risk management and the adequacy of internal control. The Board of Directors annually approves the

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 ("RMC") which coordinates and monitors all risks in Mandatum Life. The risks are divided into one of several main 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 subsidiary 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 subsidiary has its own risk management procedures. All major incidents are also reported to Mandatum Life's Risk Management Committee. The Chairman of the Baltic Subsidiary is a member of the 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.

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 source of underwriting risk and second component is affecting the interest rate risk of total balance sheet.

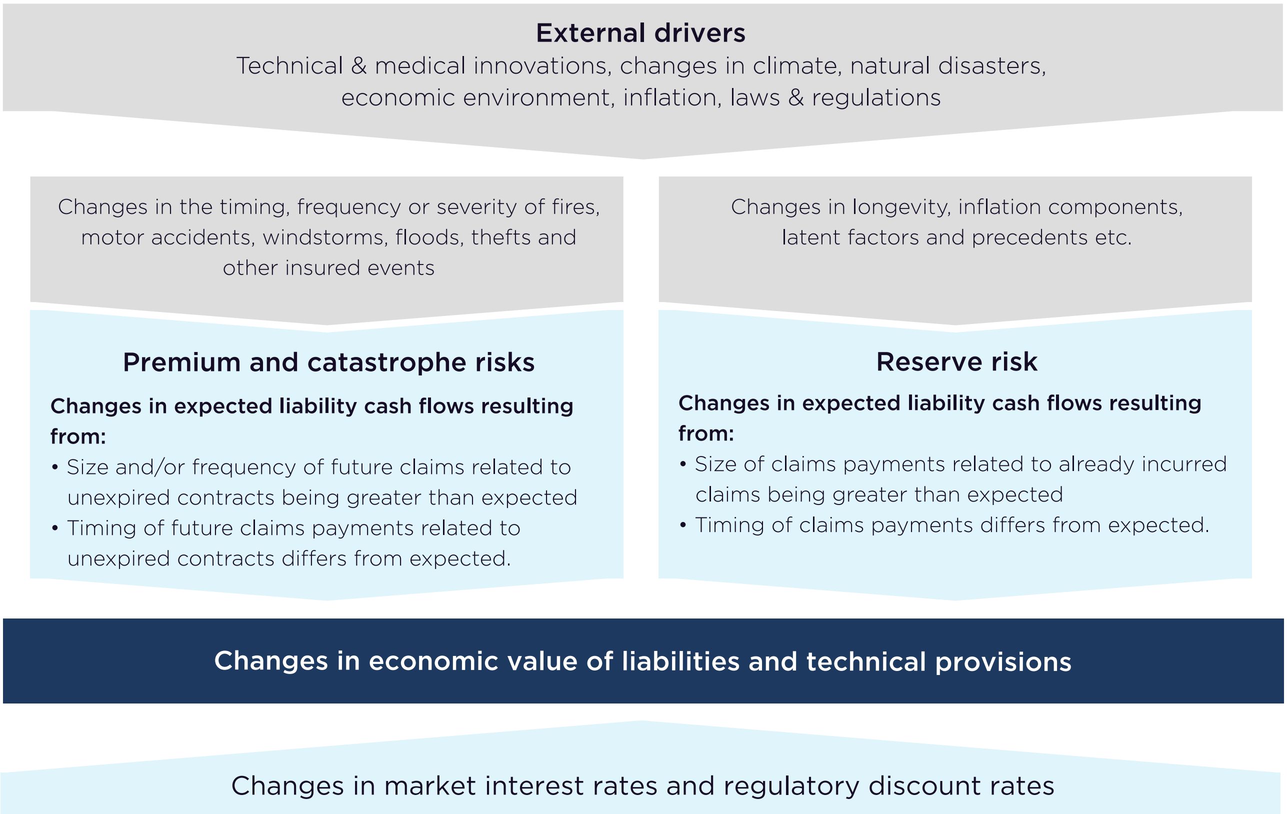
Underwriting risk can be generally defined as a change in the value of insurance liabilities which is caused by the final costs for full contractual obligations varying from those assumed when these obligations were estimated. Hence, underwriting risk is realized as unexpected liability cash flows or 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 ("WC"), Motor Third Party Liability ("MTPL"), Personal Accident and Liability insurance are examples of non-life products with the latter characteristics. In principle most of the Life products are embedding the latter characteristics as well. Life insurance policies are also exposed to the behaviour 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 and already incurred claims.

Non-life Insurance Underwriting Risks



Premium Risk and Catastrophe Risk

Premium risk relates to future claims resulting from expected insured events which have not occurred at 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

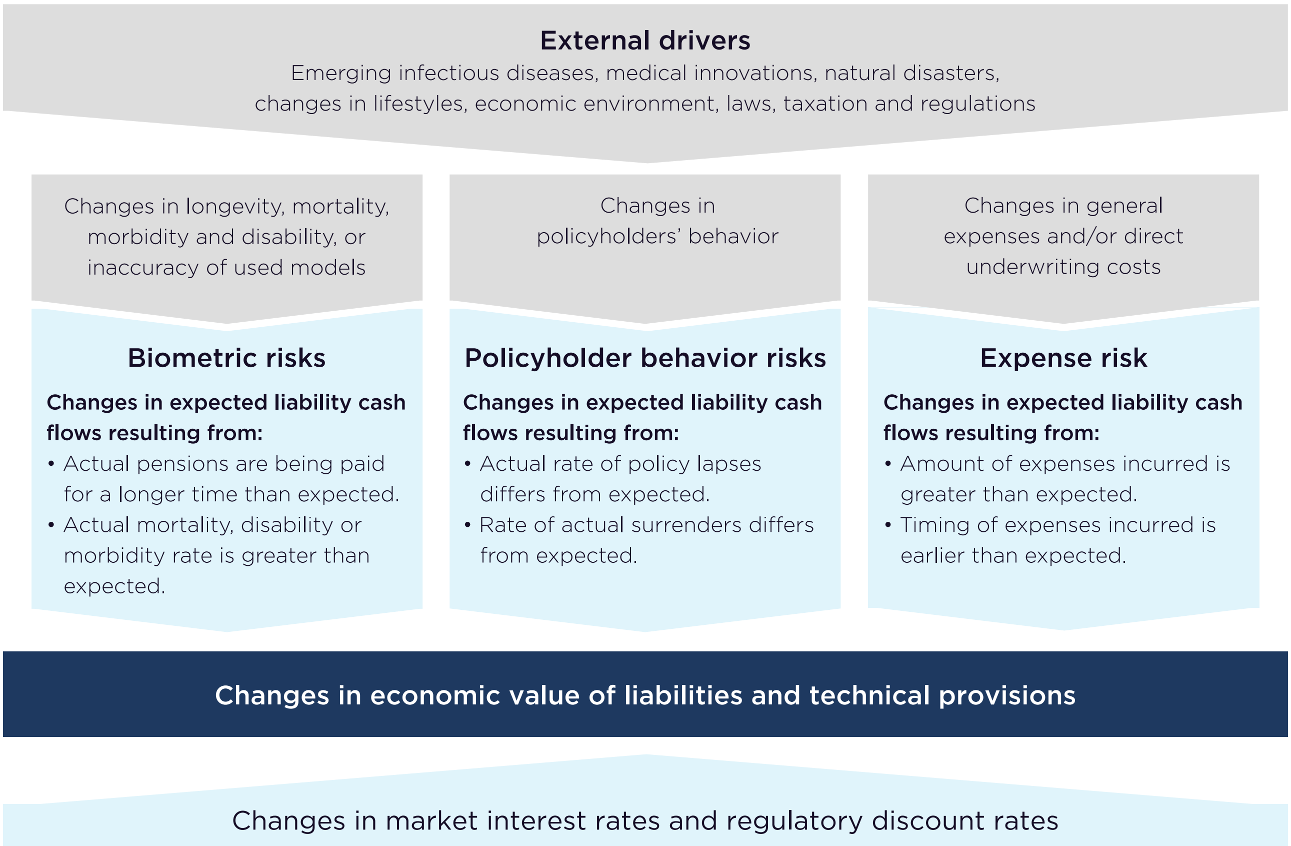
Reserve risk relates to incurred claims, resulting from insured events which have occurred at or prior to the balance sheet date. The final amount, frequency and timing of claims payments may differ from those originally expected. As a result technical provisions are not sufficient to cover the cost 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 discount rate risk in technical provisions. Underwriting risk includes biometric, policyholder behavior and expense risks as presented in the picture Life Insurance Underwriting Risks.

Life Insurance Underwriting Risks



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, a catastrophe risk, i.e. an extreme case of biometric risk, has been realized.

Policyholder Behaviour and Expense Risks

Policyholder behaviour risks arise from the uncertainty related to the behaviour of policyholders. The policyholders have the right to cease paying premiums (lapse risk) and may have a possibility to interrupt 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.

Investment Portfolio 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 include also 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.

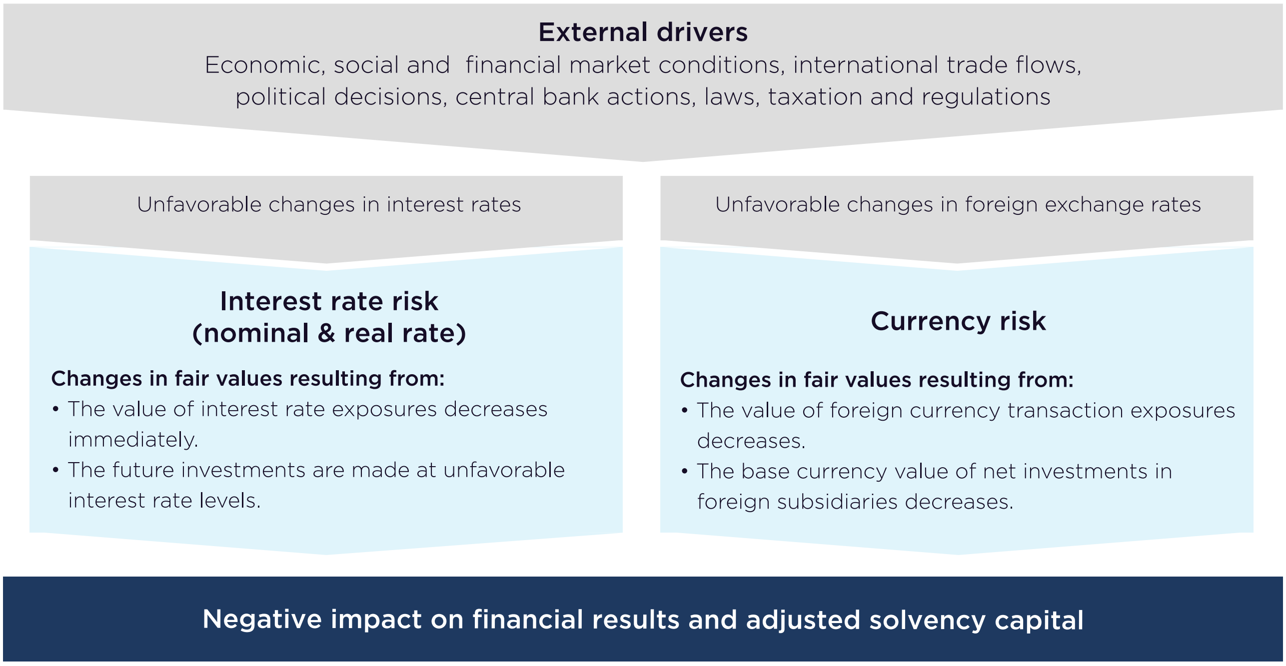
The risks caused by changes in interest rates, foreign exchange rates and inflation together with a general trend of credit spreads and equity prices are defined as **general market risks** and are managed by allocation limits and other risk limits.

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.

Interest Rate and Currency Risks

Many external drivers are affecting interest rates, inflation, inflation expectations and foreign exchange rates as illustrated by the following Interest Rate and Currency Risks chart.

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 some measures like SCRs expressed in base currency are converted to other currencies.

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. 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.

Equity and Spread Risks

External drivers

Economic, social and financial market conditions, laws, taxation and regulations, technical development and innovations

- Changes in issuer's financial position and future prospects
- Changes in market expectation on issuer's financial future
- Volatility of markets in general

- Changes in issuer's financial position and future prospects
- Changes in market expectation on issuer's probability of default or issue's loss given default
- Volatility of markets in general
- Terms of debt instruments and related collaterals

Equity risk

Fair value changes and credit losses resulting from:

- Increasing risk premiums and respective negative changes in valuations are decreasing the fair value of long positions in equity instruments.
- Decreasing risk premiums and respective positive changes in valuations are decreasing the fair value of short positions in equity instruments.

Spread risk

Fair value changes and credit losses resulting from:

- Widening credit spreads are decreasing the value of long positions in debt instruments.
- Tightening credit spreads are decreasing the value of short positions in debt instruments.
- Value of collateral differs from expected.
- Ultimately borrower is not able to meet its financial obligations when they fall due.

Negative impact on financial results

Counterparty Default Risks

Credit risk by definition comprises of default, spread and settlement risks. Default risk refers to losses arising from occurred defaults of contractual counterparties (counterparty risk) or debtors (issuer risk).

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 perception of probabilities 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.

Counterparty Default Risk

External drivers

Economic, social and financial market conditions, laws, taxation & regulations, technical development and innovations, natural disasters and other catastrophic events

- Changes in counterparty creditworthiness
- Terms of the instruments and collateral mechanisms
- Volatility of underlying instruments and collateral markets

Default risk of derivate counterparty

Credit losses resulting from:
- Rapid increase in value of net exposure
- Derivative counterparty is not able to post collateral or pay settlement amounts when they fall due
- Value of collateral differs from expected.

- Changes in counterparty creditworthiness
- Terms of the agreement

Default risk of reinsurance counterparty

Credit losses resulting from:
- Increase in reinsurance recoverables
- Reinsurer is not able to pay reinsurance recoverables when they fall due.

Negative impact on financial results

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.

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.

Liquidity Risks

External drivers

Economic, social and financial market conditions, laws, taxation and regulations, market turbulences, natural disasters and other catastrophic events

- Policyholders' behavior in general
- Changes in creditworthiness and reputation of the company
- Periodic concentration of large claims and simultaneous reinsurers' insolvency
- Liability structure of the company.

- Investors' behavior in general
- Market liquidity in general
- Changes in creditworthiness and funding needs of the company
- Investment portfolio structure of the company.

- Reinsurers' behavior in general
- Derivative counterparties' behavior in general
- Changes in creditworthiness of the company
- Liability structure of the company.

Liquidity risk – Insurance liabilities

- Renewal rate of insurance policies is lower than expected.
- Claim payments over short-term are clearly higher than expected.

Liquidity risk – Investment assets and funding

- Financing is not available at reasonable terms or at all.
- Investment assets cannot be sold at reasonable prices or at all.

Liquidity risk – Derivatives and reinsurance

- Reinsurance is not available at reasonable terms or at all.
- Financial derivatives are not available at reasonable terms or at all.

Inability to enter into transactions at reasonable terms or settle financial obligations endangers the ability to manage liquidity positions, risk exposures and capital structure according to strategy

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 jeopardised, 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.

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 as far as customers, products or business activities are concerned
- Damage to physical property
- Interruption of activities and system failures
- 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.

Operational Risks

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 process.

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

Financial Statements

Group's IFRS Financial Statements

Statement of profit and other comprehensive income, IFRS

EURm	Note	1-12/2015	1-12/2014
Insurance premiums written	1 8	5,522	5,544
Net income from investments	2 10 18	998	898
Other operating income		46	32
Claims incurred	3 8	-3,917	-3,771
Change in liabilities for insurance and investment contracts	4	-502	-489
Staff costs	5	-438	-603
Other operating expenses	6 8	-545	-558
Finance costs	10	-68	-29
Share of associates' profit/loss	14	793	735
Profit before taxes		**1,888**	**1,759**
Taxes	21 22 23	-232	-220
Profit for the period		**1,656**	**1,540**
Other comprehensive income for the period			
Items reclassifiable to profit or loss	23 24		
Exchange differences		-35	-174
Available-for-sale financial assets		-106	72
Share of associate's other comprehensive income		16	-168
Taxes		21	-15
Total items reclassifiable to profit or loss, net of tax		**-103**	**-285**
Items not reclassifiable to profit or loss			
Actuarial gains and losses from defined pension plans		14	-101
Taxes		-3	26
Total items not reclassifiable to profit or loss, net of tax		**11**	**-76**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1,564**	**1,179**
Earnings per share (eur)	9	**2.96**	**2.75**

Consolidated balance sheet, IFRS

EURm	Note	12/2015	12/2014
Assets			
Property, plant and equipment	11	26	24
Investment property	12	191	195
Intangible assets	13	724	715
Investments in associates	14	7,679	7,447
Financial assets	10 15 16 17 18 19	17,189	16,930
Investments related to unit-linked insurance contracts	10 20	5,847	5,259
Tax assets	21	36	86
Reinsurers' share of insurance liabilities	28	242	240
Other assets	25	1,708	1,781
Cash and cash equivalents	10 26	1,997	2,074
Total assets		**35,639**	**34,750**
Liabilities			
Liabilities for insurance and investment contracts	27	14,447	14,248
Liabilities for unit-linked insurance and investment contracts	28	5,841	5,289
Financial liabilities	10 16 17 29	2,375	2,423
Tax liabilities	21	468	504
Provisions	30	51	63
Employee benefits	31	90	265
Other liabilities	32	957	1,035
Total liabilities		**24,228**	**23,827**
Equity	34		
Share capital		98	98
Reserves		1,531	1,531
Retained earnings		9,325	8,655
Other components of equity		457	639
Total equity		**11,411**	**10,924**
Total equity and liabilities		**35,639**	**34,750**

Statement of changes in equity, IFRS

EURm	Share capital	Share premium account	Legal reserve	Invested unrestricted equity	Retained earnings 1)	Translation of foreign operations 2)	Available for sale financial assets 3)	Total
Equity at 1 January 2014	**98**	**0**	**4**	**1,527**	**8,175**	**-136**	**976**	**10,643**
Changes in equity								
Recognition of undrawn dividends					8			8
Dividends					-924			-924
Share of associate's other changes in equity					17			17
Profit for the period					1,540			1,540
Other comprehensive income for the period					-160	-264	64	-361
Equity at 31 December 2014	**98**	**0**	**4**	**1,527**	**8,655**	**-400**	**1,039**	**10,924**
Changes in equity								
Recognition of undrawn dividends					8			8
Dividends					-1,092			-1,092
Share of associate's other changes in equity					7			7
Profit for the period					1,656			1,656
Other comprehensive income for the period					90	-72	-111	-92
Equity at 31 December 2015	**98**	**0**	**4**	**1,527**	**9,325**	**-472**	**929**	**11,411**

1) IAS 19 Pension benefits had a net effect of EURm 90 (-160) 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 80 (-85) of Nordea's actuarial gains/losses. The exchange differences include the share of Nordea's exchange differences EURm -37 (-90). Respectively, available-for-sale financial assets include EURm -26 (7) of Nordea's valuation differences.

3) The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 244 (177). The amount transferred to p/l amounted to EURm -318 (-120). EURm 10 was transferred to the Segregated Suomi portfolio.

The amount included in the translation, available-for-sale and cash flow hedge reserves represent other comprehensive income for each component, net of tax.

Statement of cash flows, IFRS

EURm	2015	2014
Operating activities		
Profit before taxes	1,888	1,759
Adjustments:		
Depreciation and amortisation	16	21
Unrealised gains and losses arising from valuation	-170	-64
Realised gains and losses on investments	-377	-280
Change in liabilities for insurance and investment contracts	550	874
Other adjustments	-1,037	-661
Adjustments total	**-1,018**	**-110**
Change (+/-) in assets of operating activities		
Investments *)	-201	389
Other assets	56	-146
Total	**-145**	**243**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-7	-6
Other liabilities	-77	53
Paid taxes	-318	-279
Total	**-401**	**-232**
Net cash from operating activities	**323**	**1,660**
Investing activities		
Investments in group and associated undertakings	591	391
Net investment in equipment and intangible assets	-8	-15
Net cash from investing activities	**582**	**377**
Financing activities		
Dividends paid	-1,079	-913
Issue of debt securities	1,011	1,199
Repayments of debt securities in issue	-931	-1,012
Net cash used in financing activities	**-999**	**-725**
Total cash flows	**-93**	**1,311**
Cash and cash equivalents at 1 January	2,074	785
Effects of exchange rate changes	15	-22
Cash and cash equivalents at 31 December	1,997	2,074
Net increase in cash and cash equivalents	**-93**	**1,311**

Additional information to the statement of cash flows:	**2015**	**2014**
Interest income received	427	538
Interest expense paid	-115	-109
Dividend income received	93	102

**) 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).

Note to the Group's statement of cash flows

Acquisitions in 2014

Suomi Mutual assigned its guaranteed interest group pension portfolio to Mandatum Life Insurance Company Ltd on 30 December, 2014. As a result, EURm 100 cash and cash equivalents were transferred.

NOTES TO THE ACCOUNTS

Summary of significant accounting policies

Sampo Group has prepared the consolidated financial statements for 2015 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, 2015.

During the financial year, Sampo adopted the following revised standard relating to its business:

The revised IAS 19 *Pension Benefits* (effective for annual periods beginning on 1 Feb 2015 or after) clarified the accounting method when an employee or a third party is expected to make contributions to the defined benefit plan. The adoption of the revised standard did not have a 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. Some of the risk management disclosures are presented in the Group's financial statements' Risk Management section.

The financial statements have been prepared under the historical cost convention, with the exception of 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 10 February 2016.

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.

Exchange differences that existed at the Group's IFRS transition date, 1 January 2004, are deemed to be zero, in accordance with the exemption permitted by IFRS 1.

The following exchange rate was applied in the consolidated financial statements:

	Balance sheet date	**Balance sheet date**
1 euro (EUR) =		
Swedish krona (SEK)	9.1895	9.3534

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 P&C insurance, life insurance and holding business.

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.

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.

Financial assets designated as at fair value through profit or loss in the life insurance business are investments related to unit-linked insurance, presented separately in the balance sheet. The corresponding liabilities are also presented separately. In addition, in the life insurance business, investments classified as the financial assets of foreign subsidiaries, and financial instruments in which embedded derivatives have not been separated from the host contract have been designated as at fair value through profit or loss.

In the P&C Insurance and 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, held-to-maturity investments 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 Sampo Group, financial assets and liabilities at fair value through profit of loss comprise derivatives held for trading, and financial assets designated as at fair value through profit or loss.

Financial derivative instruments held for trading

Derivative instruments that are not designated as hedges and do not meet the requirements for hedge accounting are classified as derivatives 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. Gains and losses arising from changes in fair value, or realised on disposal, together with the related interest income and dividends, are recognised in the income statement.

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.

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.

Derivates 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.

During the financial year, fair value hedges have been used in P&C insurance and life insurance.

Cash flow hedging

Cash flow hedging is used to hedge the interest cash flows of individual floating rate debt securities or other floating rate assets or liabilities. The hedging instruments used include interest rate swaps, interest rate and cross currency swaps. Derivative instruments which are designated as hedges and are effective as such are measured at fair value. The effective part of the change in fair value is recognised in other comprehensive income. The remaining ineffective part is recognised in profit or loss.

The cumulative change in fair value is transferred from equity and recognised in profit or loss in the same period that the hedged cash flows affect profit or loss.

When a hedging instrument expires, is sold, terminated, or the hedge no longer meets the criteria for hedge accounting, the cumulative change in fair value remains in equity until the hedged cash flows affect profit or loss.

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.

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	4-10 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. 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 "
Components of buildings	10-15 "
IT equipment and motor vehicles	3-5 "
Other equipment	3-10 "

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 Group applies the cost model to investment property in the same way as it applies to 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. In the Holding segment, the investment property of the associate Nordea 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 financial statements' Risk Management section.

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. The provision for claims outstanding is not discounted, with the exception of provisions for vested annuities, which are discounted to present value using standard actuarial methods, taking anticipated inflation and mortality into account.

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 Life, 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, with the exception of the equalisation provision and changes in it.

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.

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 guaranteed interest used in the direct insurance premium basis varies on the basis of the starting date of the insurance from zero to 4.5 per cent. The interest rate used in discounting liabilities is the same or lower than that used in premium calculation. Most of the liabilities of the accrued benefits of pension business with DPF are discounted by an interest rate of 3.5 per cent, also being the highest discount rate used. In addition, Mandatum Life has for the year 2016 lowered the maximum rate to 1.0%, for the year 2017 to 1.25% and for the year 2018 to 2.25%. The segregated liabilities of the accrued benefits of group pension portfolio, transferred from Suomi Mutual to Mandatum Life on 30 December 2014, have been discounted by 0.75%.

Due to the difference in the discount rate of liabilities and the guaranteed interest of 4.5% and 3.5%, supplementary provisions for guaranteed interest have been added to technical provisions. In the subsidiary, Mandatum Life Insurance Baltic, the discount rate varies by country between 2.0 - 4.0 per cent and the average guaranteed interest rate between 2.0 - 4.0 per cent.

Mortality assumptions have an essential effect on the amount of liability, particularly in group pension insurance, the liability of which accounts for about 38 per cent of the technical provisions of the Finnish life company. A so-called cohort mortality model is used in calculating the group pension insurance liability since 2002, incorporating the insured person's birth year in addition to his or her age and sex. The cohort mortality model assumes that life expectancy increases by one year over a ten-year period.

For unit-linked contracts, all the liabilities and the assets covering the unit-linked insurance are matched. Both the liabilities and the assets have been presented in the Notes to the financial statements. In calculating the provision for claims outstanding of direct insurance, discounting is applied only in connection with the liabilities of pensions whose payment has commenced. The liabilities of assumed reinsurance are based on the reports of the ceding company and on an estimate of claims which have not yet been settled. The assets covering the unit-linked liabilities include debt securities issued by the Group companies. These have not been eliminated. Elimination would lead to misleading information, as the policy holders carry the investment risk related to these investments, and to a mismatch between the unit-linked liabilities and assets covering them.

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.

The Group's financial statements' Risk Management section elaborates on the change of technical provisions and their forecast annual maturities.

Liability adequacy test

A liability adequacy test is applied to all portfolios, company by company, 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 by using a swap rate curve.

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 Life 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. At the moment we consider German government bonds to be the most risk free long term bonds available. Nevertheless, Finnish government bonds are used as target levels at the moment. The total return consists of the guaranteed interest rate and bonuses determined annually. Continuity is pursued in the level of bonuses. The aim is to maintain the company's solvency status on such a level that it neither limits the giving of bonuses to policyholders nor the distribution of profit to shareholders. The principle is explained in detail on the company's website.

The total return for the segregated group pension portfolio, transferred from Suomi Mutual to Mandatum Life on 30 December 2014, is based on the profit distribution policy outlined in the transfer plan of the portfolio. The profit sharing policy of the segregated group pension portfolio is explained in detail on the company's website pages.

The legislation of Estonia, Latvia and Lithuania respectively does not contain provisions corresponding to the Principle of Fairness.

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 adjustedto 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, included in the insurance liabilities of Mandatum Life 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 I, 2011 II, 2014 I and 2014 II for the management and key employees). 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.

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 share capital 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.

The amendments to IAS 1 *Presentation of Financial Statements* under the *Disclosure Initiative* (effective for annual periods beginning on 1 Jan 2016 or after) clarifies the instructions on materiality; aggregation of line items in statement of financial position and statement of profit or loss; presentation of subtotals and the structure of the notes and accounting policies. The changes will not have a material impact on the Group's financial statements reporting.

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, other than possibly in the number of the disclosed notes.

The amendments to IFRS 9 *Financial Instruments* (effective for annual periods beginning on 1 Jan 2018 or after) supersede IAS 39 *Financial Instruments: Recognition and Measurement.* 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. The adoption of the new standard will have an impact on the Group's financial statements; the effects are under valuation in the Group.

Segment information

The Group's business segments comprise P&C insurance, Life insurance and Holding company.

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 11 - 13 and investments in associates in note 14.

Consolidated income statement by business segment for year ended 31 December 2015

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premiums written	4,378	1,144	-	-	5,522
Net income from investments	304	632	76	-14	998
Other operating income	28	18	18	-17	46
Claims incurred	-2,894	-1,023	-	-	-3,917
Change in liabilities for insurance and investment contracts	-34	-462	-	-5	-502
Staff costs	-371	-47	-20	-	-438
Other operating expenses	-477	-74	-12	17	-545
Finance costs	-16	-6	-63	18	-68
Share of associates' profit/loss	42	-0	751	-	793
Profit before taxes	**960**	**181**	**749**	**-2**	**1,888**
Taxes	-195	-36	-1	0	-232
Profit for the year	**765**	**144**	**749**	**-1**	**1,656**
Other comprehensive income for the period					
Items reclassifiable to profit or loss					
Exchange differences	-35	-	-	-	-35
Available-for-sale financial assets	-148	32	2	8	-106
Share of associate's other comprehensive income	-	-	16	-	16
Taxes	32	-9	-0	-2	21
Total items reclassifiable to profit or loss, net of tax	**-151**	**24**	**18**	**6**	**-103**
Items not reclassifiable to profit or loss					
Actuarial gains and losses from defined pension plans	14	-	-	-	14
Taxes	-3	-	-	-	-3
Total items not reclassifiable to profit or loss, net of tax	**11**	**-**	**-**	**-**	**11**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**624**	**168**	**766**	**5**	**1,564**

Consolidated income statement by business segment for year ended 31 December 2014

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premiums written	4,464	1,105	-	-24	5,544
Net income from investments	353	540	29	-23	898
Other operating income	27	5	15	-16	32
Claims incurred	-2,902	-876	-	8	-3,771
Change in liabilities for insurance and investment contracts	-6	-499	-	16	-489
Staff costs	-537	-46	-20	-	-603
Other operating expenses	-502	-60	-12	16	-558
Finance costs	-20	-7	-23	20	-29
Share of associates' profit/loss	54	0	680	-	735
Profit before taxes	**931**	**163**	**669**	**-3**	**1,759**
Taxes	-190	-29	-0	1	-220
Profit for the year	**740**	**133**	**669**	**-2**	**1,540**
Other comprehensive income for the period					
Items reclassifiable to profit or loss					
Exchange differences	-174	-0	-	-	-174
Available-for-sale financial assets	45	20	4	2	72
Share of associate's other comprehensive income	-	-	-168	-	-168
Taxes	-10	-4	-1	-0	-15
Total items reclassifiable to profit or loss, net of tax	**-138**	**16**	**-165**	**2**	**-285**
Items not reclassifiable to profit or loss	-101	-	-	-	-101
Actuarial gains and losses from defined pension plans	26	-	-	-	26
Taxes					
Total items not reclassifiable to profit or loss, net of tax	**-76**	**-**	**-**	**-**	**-76**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**526**	**149**	**504**	**-0**	**1,179**

Consolidated balance sheet by business segment at 31 December 2015

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	19	5	3	-	26
Investment property	15	180	-	-4	191
Intangible assets	564	160	0	-	724
Investments in associates	374	0	7,305	-	7,679
Financial assets	10,566	6,039	3,243	-2,659	17,189
Investments related to unit-linked insurance contracts	-	5,865	-	-18	5,847
Tax assets	27	-	12	-4	36
Reinsurers' share of insurance liabilities	239	3	-	-	242
Other assets	1,541	127	51	-10	1,708
Cash and cash equivalents	775	482	739	-	1,997
Total assets	**14,119**	**12,860**	**11,354**	**-2,695**	**35,639**
Liabilities					
Liabilities for insurance and investment contracts	9,433	5,014	-	-	14,447
Liabilities for unit-linked insurance and investment contracts	-	5,858	-	-18	5,841
Financial liabilities	216	133	2,314	-289	2,375
Tax liabilities	314	154	-	-0	468
Provisions	51	-	-	-	51
Employee benefits	90	-	-	-	90
Other liabilities	669	167	133	-11	957
Total liabilities	**10,772**	**11,327**	**2,447**	**-318**	**24,228**
Equity					
Share capital					98
Reserves					1,531
Retained earnings					9,325
Other components of equity					457
Total equity					**11,411**
Total equity and liabilities					**35,639**

Consolidated balance sheet by business segment at 31 December 2014

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	16	5	3	-	24
Investment property	20	179	-	-4	195
Intangible assets	555	160	0	-	715
Investments in associates	381	0	7,065	-	7,447
Financial assets	11,021	5,665	2,959	-2,715	16,930
Investments related to unit-linked insurance	-	5,282	-	-23	5,259
Tax assets	76	-	13	-4	86
Reinsurers' share of insurance liabilities	237	3	-	-	240
Other assets	1,533	208	50	-11	1,781
Cash and cash equivalents	448	858	768	-	2,074
Total assets	**14,288**	**12,359**	**10,859**	**-2,756**	**34,750**
Liabilities					
Liabilities for insurance and investment contracts	9,183	5,065	-	-	14,248
Liabilities for unit-linked insurance and investment contracts	-	5,312	-	-23	5,289
Financial liabilities	373	186	2,203	-339	2,423
Tax liabilities	382	123	-	-1	504
Provisions	63	-	-	-	63
Employee benefits	265	-	-	-	265
Other liabilities	702	209	134	-11	1,035
Total liabilities	**10,969**	**10,895**	**2,337**	**-374**	**23,827**
Equity					
Share capital					98
Reserves					1,531
Retained earnings					8,655
Other components of equity					639
Total equity					**10,924**
Total equity and liabilities					**34,750**

Geographical information

EURm	Finland	Sweden	Norway	Denmark	Baltic	Total
At 31 Dec. 2015						
Revenue from external customers						
P&C insurance	1,021	1,403	1,408	384	128	4,344
Life insurance	1,110	-	-	-	34	1,144
Holding	93	-	-	-	-	93
Total	**2,225**	**1,403**	**1,408**	**384**	**162**	**5,581**
Non-current assets						
P&C insurance	103	498	19	349	1	971
Life insurance	344	-	-	-	1	345
Holding	4	7,305	-	-	-	7,309
Total	**451**	**7,804**	**19**	**349**	**2**	**8,625**
At 31 Dec. 2014						
Revenue from external customers						
P&C insurance	1,041	1,372	1,524	402	118	4,457
Life insurance	1,065	-	-	-	40	1,105
Holding	43	-	-	-	-	43
Total	**2,149**	**1,372**	**1,524**	**402**	**158**	**5,606**
Non-current assets						
P&C insurance	106	488	19	358	1	972
Life insurance	343	-	-	-	1	344
Holding	4	7,133	-	-	-	7,136
Total	**453**	**7,621**	**19**	**358**	**1**	**8,452**

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 combinations

Year 2014

According to the plan published during the spring and authorised by the Financial Supervision Authority, Suomi Mutual assigned its guaranteed interest group pension portfolio to Mandatum Life Insurance Company Ltd on the 30 December 2014. The porfolio comprised approximately 2,300 policies and 34,000 insured members.

The assets transferred from Suomi Mutual equalled the share of the group pension portfolio of the total assets of Suomi Mutual.

The cost of the portfolio transfer EURm 1.4 was included in the income statement in Other operating expenses.

The effect of the portfolio transfer on life insurance balance sheet on 30 December 2014 was as follows:

Assets	
Investment property	49
Financial assets	1,188
Other assets	1
Cash and cash equivalents	100
	1,337

Liabilities	
Liabilities for insurance and investment contracts	1,337

Notes to the Group's Financial Statements

1 Insurance premiums written

P&C insurance

EURm	2015	2014
Premiums from insurance contracts		
Premiums written, direct insurance	4,464	4,550
Premiums written, assumed reinsurance	95	84
Premiums written, gross	**4,559**	**4,634**
Reinsurers' share of premiums written	-181	-170
Premiums written, net	**4,378**	**4,464**
Change in unearned premium provision	-39	-3
Reinsurers' share	5	-3
Change in unearned premium provision, net	**-34**	**-6**
Premiums earned, total	**4,344**	**4,457**

Life insurance

EURm	2015	2014
Premiums from insurance contracts		
Premiums written, direct insurance	723	658
Premiums written, assumed reinsurance	2	4
Insurance contracts total, gross	**725**	**661**
Premium revenue ceded to reinsurers on insurance contracts issued	-5	-5
Insurance contracts total, net	**720**	**656**
Investment contracts	424	449
Premiums written, net [1)]	**1,144**	**1,105**
Elimination items between segments	-	-24
Group, total	**5,522**	**5,544**

1) The change in unearned premiums is presented in note 4 " The change in insurance and investment liabilities".

Specification of premiums written in Life insurance

EURm	2015	2014
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	146	143
Premiums from unit-linked contracts	575	513
Premiums from other contracts	2	2
Total	**723**	**658**
Assumed reinsurance	2	4
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	30	1
Premiums from unit-linked contracts	394	448
Total	**424**	**449**
Insurance and investment contracts, total	**1,149**	**1,110**
Reinsurers' share	-5	-5
Premiums written, total	**1,144**	**1,105**
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	287	282
Single premiums, insurance contracts	436	375
Single premiums, investment contracts	424	449
Total	**1,147**	**1,106**

2 Net income from investments

P&C insurance

EURm	2015	2014
Financial assets		
Derivative financial instruments		
Gains/losses	-4	-28
Loans and receivables		
Interest income	18	21
Financial assets available-for-sale		
Debt securities		
Interest income	191	247
Impairment losses	10	-14
Gains/losses	-5	18
Equity securities		
Gains/losses	121	134
Impairment losses	-11	-5
Dividend income	47	44
Total	**353**	**424**
Total from financial assets	**366**	**417**
Other assets		
Investment properties		
Gains/losses	-1	-0
Other	-0	-0
Total from other assets	**-1**	**-1**
Expense on other than financial liabilities	-4	-4
Effect of discounting annuities	-38	-45
Fee and commission expenses		
Asset management	-19	-14
P&C insurance, total	**304**	**353**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 83 (133) transferred from the fair value reserve.

Life insurance

EURm	2015	2014
Financial assets		
Derivative financial instruments		
Gains/losses	-90	-97
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	1	1
Gains/losses	1	1
Total	**2**	**2**
Investments related to unit-linked contracts		
Debt securities		
Interest income	58	58
Gains/losses	-40	-10
Equity securities		
Gains/losses	219	213
Dividend income	22	19
Loans and receivables		
Interest income	1	3
Other financial assets		
Gains/losses	-21	-16
Total	**239**	**267**
Loans and receivables		
Interest income	3	2
Gains/losses	27	42
Total	**30**	**44**
Financial assets available-for-sale		
Debt securities		
Interest income	96	98
Gains/losses	48	49
Equity securities		
Gains/losses	192	107
Impairment losses	-19	-41
Dividend income	108	89
Total	**423**	**302**
Total financial assets	**604**	**518**

Other assets		
Investment properties		
Gains/losses	2	3
Other	13	5
Total other assets	**15**	**8**
Net fee income		
Asset management	-17	-14
Fee income	29	27
Total	**13**	**13**
Life insurance, total	**632**	**540**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 259 (10) transferred from the fair value reserve.

Holding

EURm	2015	2014
Financial assets		
Derivative financial instruments		
Gains/losses	7	1
Loans and receivables	9	-4
Financial assets available-for-sale		
Debt securities		
Interest income	28	22
Gains/losses	15	7
Equity securities		
Gains/losses	13	2
Impairment losses	-0	-1
Dividend income	5	2
Total	**60**	**32**
Holding, total	**76**	**28**

Included in gains/losses from financial assets available for-sale is a net gain of EURm 12 (2) transferred from the fair value reserve.

Elimination items between segments	-14	-23

EURm	2015	2014
Group, total	**998**	**898**

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

P&C insurance

	2015			2014		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,607	17	-1,590	-1,643	14	-1,629
Change in provision for claims outstanding (incurred and reported losses)	-691	20	-672	-695	15	-680
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-574	12	-562	-594	11	-583
Claims-adjustment costs	-8	-	-8	-8	-	-8
Change in claims provision for annuities	-1	-	-1	-3	-	-3
Total claims cost attributable to current-year operations	**-2,881**	**48**	**-2,833**	**-2,943**	**41**	**-2,902**
Claims costs attributable to prior-year operations						
Claims paid	-1,011	45	-966	-1,199	181	-1,019
Annuities paid	-204	-0	-204	-261	0	-260
Change in provision for claims outstanding (incurred and reported losses)	635	-26	609	798	-183	615
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	516	-16	500	687	-21	666
Total claims cost attributable to prior-year operations	**-64**	**3**	**-61**	**26**	**-24**	**2**
Insurance claims paid						
Claims paid	-2,618	61	-2,557	-2,843	195	-2,648
Annuities paid	-132	-	-132	-127	-	-127
Total claims paid	**-2,750**	**61**	**-2,689**	**-2,969**	**195**	**-2,774**
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	-56	-6	-62	103	-168	-65
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-127	-4	-131	-88	-10	-98
Change in claims provision for annuities	-11	-0	-11	37	0	37
Claims-adjustment costs	-1	-	-1	-3	-	-3
Total change in provision for claims outstanding	**-195**	**-10**	**-205**	**50**	**-178**	**-128**
P&C insurance, total	**-2,945**	**51**	**-2,894**	**-2,919**	**17**	**-2,902**

The provision for annuities is valued in accordance with normal actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future investment return into account. To cover costs for the costs for the upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return is added to the annuity results. Provisions for incurred but not reported losses pertaining to annuities in Finland are discounted. The provisions in 2015 amounted to EURm 261 (257). The non-discounted value was EURm 351 (388). The exchange effect on the discounted provisions was a decrease of EURm 6. The real increase was EURm 8, explained by the decrease in the discount rate from 2.0 percent to 1.5 percent.

Interest rate used in calculating the technical provisions of annuities (%)

	2015	2014
Sweden	2.01%	1.75%
Finland	1.50%	2.00%
Denmark	1.71%	1.47%

Life insurance

	Claims paid		Change in provision for claims outstanding		Claims incurred	
EURm	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature (DPF)	-47	-45	2	1	-45	-44
Other contracts	-0	-0	-0	-12	-1	-12
Unit-linked contracts	-183	-177	14	0	-170	-177
Total	**-231**	**-223**	**16**	**-11**	**-215**	**-233**
Pension insurance						
Contracts with discretionary participation feature (DPF)	-397	-350	-19	35	-417	-316
Unit-linked contracts	-15	-13	-21	-23	-36	-36
Total	**-412**	**-364**	**-40**	**12**	**-453**	**-351**
Assumed reinsurance	-0	-1	-0	1	-1	0
Insurance contracts total, gross	**-644**	**-587**	**-25**	**3**	**-669**	**-584**
Reinsurers´ share	3	3	0	-0	3	3
Insurance contracts total, net	**-641**	**-585**	**-25**	**3**	**-666**	**-582**
Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	-0	-0	-	-	-0	-0
Unit-linked contracts	-358	-294	-	-	-358	-294
Investment contracts, total	**-358**	**-294**	**-**	**-**	**-358**	**-294**
Life insurance, total	**-999**	**-879**	**-25**	**3**	**-1,023**	**-876**

Claims paid by type of benefit

EURm	2015	2014
Insurance contracts		
Life insurance		
Surrender benefits	-8	-8
Death benefits	-19	-21
Maturity benefits	-10	-5
Loss adjustment expenses	0	-0
Other	-10	-10
Total	**-48**	**-45**
Life insurance, unit-linked		
Surrender benefits	-132	-114
Death benefits	-41	-50
Maturity benefits	-10	-13
Loss adjustment expenses	0	-0
Total	**-183**	**-177**
Pension insurance		
Pension payments	-386	-319
Surrender benefits	-6	-25
Death benefits	-5	-6
Loss adjustment expenses	-0	-0
Total	**-397**	**-350**
Pension insurance, unit-linked		
Pension payments	-1	-
Surrender benefits	-11	-10
Death benefits	-3	-3
Other	-0	-0
Total	**-15**	**-13**
Assumed reinsurance	-0	-1
Insurance contracts total, gross	**-644**	**-587**
Reinsurers' share	3	3
Insurance contracts total, net	**-641**	**-585**
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	-375	-316
Loss adjustment expenses	17	22
Total	**-358**	**-295**
Investment contracts total, gross	**-358**	**-295**

Claims paid total, gross	-1,001	-882
Claims paid total, net	-999	-879
Elimination items between segments	-	8

EURm	**2015**	**2014**
Group, total	**-3,917**	**-3,771**

4 Change in liabilities for insurance and investment contracts

P&C insurance

EURm	**2015**	**2014**
Change in unearned premium provision	-39	-3
Reinsurers' share	5	-3
Change in unearned premium provision, net	**-34**	**-6**

Life insurance

EURm	**2015**	**2014**
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	15	17
Unit-linked contracts	-292	-292
Total	**-278**	**-275**
Pension insurance		
Contracts with discretionary participation feature (DPF)	94	144
Unit-linked contracts	-143	-177
Total	**-49**	**-34**
Assumed reinsurance	0	2
Insurance contracts total	**-327**	**-306**
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	-33	-4
Unit-linked contracts	-102	-188
Investment contracts, total	**-135**	**-192**
Change in liabilities for insurance and investment contracts in total, net	**-462**	**-499**
Elimination items between segments	-5	16
Group, total	**-502**	**-489**

5 Staff costs

P&C insurance

EURm	2015	2014
Staff costs		
Wages and salaries	-373	-374
Cash-settled share-based payments	-17	-18
Pension costs		
- defined contribution plans	213	-64
- defined benefit plans (Note 31)	-137	-7
Other social security costs	-57	-75
P&C insurance, total	**-371**	**-537**

Life insurance

EURm	2015	2014
Staff costs		
Wages and salaries	-35	-33
Cash-settled share-based payments	-4	-4
Pension costs - defined contribution plans	-6	-5
Other social security costs	-3	-4
Life insurance, total	**-47**	**-46**

Holding

EURm	2015	2014
Staff costs		
Wages and salaries	-8	-8
Cash-settled share-based payments	-8	-9
Pension costs - defined contribution plans	-2	-2
Other social security costs	-1	-0
Holding, total	**-20**	**-20**

EURm	2015	2014
Group, total	**-438**	**-603**

More information on share-based payments in note 36 Incentive schemes.

6 Other operating expenses

P&C insurance

EURm	2015	2014
IT costs	-114	-101
Other staff costs	-15	-15
Marketing expenses	-38	-42
Depreciation and amortisation	-9	-15
Rental expenses	-45	-48
Change in deferred acquisition costs	-5	-14
Direct insurance comissions	-167	-171
Commissions on reinsurance ceded	14	14
Other	-98	-111
P&C insurance, total	**-477**	**-502**

Life insurance

EURm	2015	2014
IT costs	-17	-14
Other staff costs	-2	-2
Marketing expenses	-4	-3
Depreciation and amortisation	-2	-2
Rental expenses	-4	-3
Direct insurance comissions	-9	-10
Comissions of reinsurance assumed	-1	-2
Commissions on reinsurance ceded	1	2
Other	-38	-25
Life insurance, total	**-74**	**-60**

Item Other for P&C and Life Insurance includes e.g. expenses related to communication, external services and other administrative expenses.

Holding

EURm	2015	2014
IT costs	-1	-1
Marketing expenses	-1	-1
Rental expenses	-1	-1
Other	-9	-9
Holding, total	**-12**	**-12**
Item Other includes e.g. consultancy fees and rental and other administrative expenses.		
Elimination items between segments	17	16

EURm	2015	2014
Group, total	**-545**	**-558**

7 Result analysis of P&C insurance

EURm	2015	2014
Insurance premiums earned	4,344	4,457
Claims incurred	-3,143	-3,162
Operating expenses	-566	-745
Other insurance technical income and expense	-1	0
Allocated investment return transferred from the non-technical account	23	37
Technical result	**657**	**588**
Net investment income account	325	378
Allocated investment return transferred to the technical account	-60	-82
Other income and expense	38	47
Operating result	**960**	**931**

Specification of activity-based operating expenses included in the income statement

EURm	2015	2014
Claims-adjustment expenses (Claims paid)	-249	-260
Acquisition expenses (Operating expenses)	-497	-499
Joint administrative expenses for insurance business (Operating expenses)	-78	-246
Administrative expenses pertaining to other technical operations (Operating expenses)	-71	-27
Asset management costs (Investment expenses)	-19	-14
Total	**-914**	**-1,046**

8 Performance analysis per class of P&C insurance

EURm	Accident and health	Motor, third party liability	Motor, other classes	Marine, air and transport	Fire and other damage to property	Third party liability	Credit insurance
Premiums written, gross							
2015	754	635	1,294	125	1,296	202	2
2014	774	657	1,309	130	1,317	212	2
Premiums earned, gross							
2015	740	636	1,266	123	1,299	204	2
2014	769	664	1,288	130	1,330	211	3
Claims incurred, gross 1)							
2015	-525	-581	-854	-83	-851	-132	-1
2014	-554	-523	-885	-86	-881	-84	-0
Operating expenses, gross 2)							
2015	-133	-136	-184	-21	-210	-33	-0
2014	-133	-140	-192	-22	-213	-34	-0
Profit/loss from ceded reinsurance							
2015	-9	-1	-1	-12	-76	-12	-
2014	-13	2	-2	-9	-83	-31	-
Technical result before investment return							
2015	**73**	**-83**	**226**	**7**	**162**	**28**	**1**
2014	**69**	**3**	**209**	**14**	**152**	**62**	**2**

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2015	45	114	4,465	94	0	4,559
2014	41	112	4,555	84	-5	4,634
Premiums earned, gross						
2015	44	111	4,424	96	-0	4,520
2014	41	111	4,547	89	-5	4,631
Claims incurred, gross 1)						
2015	-27	-99	-3,153	-48	7	-3,194
2014	-29	-72	-3,115	-71	6	-3,180
Operating expenses, gross 2)						
2015	-7	-16	-740	-17	135	-622
2014	-7	-16	-756	-15	13	-758
Profit/loss from ceded reinsurance						
2015	-	-7	-117	6	0	-112
2014	-	-8	-144	-4	5	-143
Technical result before investment return						
2015	**9**	**-10**	**414**	**37**	**142**	**592**
2014	**6**	**15**	**533**	**-1**	**19**	**551**

1) Activity-based operating costs EURm 249 (260) have been allocated to claims incurred.

2) Includes other technical income EURm 28 (27) and other technical expenses EURm 28 (27).

9 Earnings per share

EURm	2015	2014
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	1,656	1,540
Weighted average number of shares outstanding during the period	560	560
Earnings per share (EUR per share)	2.96	2.75

10 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 and Cash and cash equivalents.

	2015				
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	53	-9	-79	-	-
Financial assets designated as at fair value through p/l	48	1	2	-	0
Loans and receivables	2,129	20	44	-	-
Financial assets available-for-sale	16,955	295	382	-20	159
Financial assets, group total	**19,185**	**307**	**350**	**-20**	**160**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	63	-	-		
Other financial liabilities	2,312	-59	-8		
Financial liabilities, group total	**2,375**	**-59**	**-8**		

EURm	2014 Carrying amount	Interest inc./exp.	Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	79	-2		-	-
Financial assets designated as at fair value through p/l	48	1	1	-	0
Loans and receivables	2,340	23	38	-	-
Financial assets available-for-sale	16,537	345	317	-62	135
Financial assets, group total	**19,004**	**366**	**356**	**-62**	**135**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	120	-	-		
Other financial liabilities	2,302	-53	24		
Financial liabilities, group total	**2,423**	**-53**	**24**		

11 Property, plant and equipment

P&C insurance

EURm	2015 Equipment	2014 Equipment
At 1 Jan.		
Cost	63	64
Accumulated depreciation	-46	-48
Net carrying amount	**16**	**16**
At 31 Dec.		
Cost	65	63
Accumulated depreciation	-47	-46
Net carrying amount	**19**	**16**

Life insurance

	2015			2014		
EURm	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-7	-7	-1	-6	-6
Net carrying amount	**4**	**1**	**5**	**4**	**2**	**5**
At 31 Dec.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-7	-8	-1	-6	-7
Net carrying amount	**4**	**1**	**5**	**4**	**1**	**5**

Holding

	2015			2014		
EURm	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-3	-4	-1	-2	-3
Net carrying amount	**1**	**2**	**3**	**1**	**3**	**4**
At 31 Dec.						
Cost	2	4	6	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-3	-4
Net carrying amount	**1**	**2**	**3**	**1**	**2**	**3**

EURm	2015	2014
Group, total	**26**	**24**

Equipment in different segments comprise IT equipment and furniture.

12 Investment property

P&C insurance

EURm	2015	2014
At 1 Jan.		
Cost	29	29
Accumulated depreciation	-8	-7
Accumulated impairment losses	-1	-0
Net carrying amount	**20**	**22**
Opening net carrying amount	**20**	**22**
Additions	-4	0
Disposals	-1	-1
Depreciation	-1	-1
Impairment losses	-	0
Reversal of impairment losses	-0	-1
Exchange differences	-	0
Closing net carrying amount	**15**	**20**
At 31 Dec.		
Cost	25	29
Accumulated depreciation	-8	-8
Accumulated impairment losses	-2	-1
Net carrying amount	**15**	**20**
Rental income from investment property	2	2
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	1	1
- later than one year and not later than five years	1	1
- later than five years	-	0
Total	**2**	**2**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-1	-1
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	**-2**	**-2**
Fair value of investment property at 31 Dec.	**22**	**22**

Life insurance

EURm	2015	2014
At 1 Jan.		
Cost	247	172
Accumulated depreciation	-51	-48
Accumulated impairment losses	-17	-17
Net carrying amount	**179**	**107**
Opening net carrying amount	**179**	**107**
Additions	27	74
Disposals	-17	-0
Depreciation	-4	-3
Impairment losses	-6	-0
Closing net carrying amount	**180**	**179**
At 31 Dec.		
Cost	257	247
Accumulated depreciation	-55	-51
Accumulated impairment losses	-23	-17
Net carrying amount	**180**	**179**
Rental income from investment property	21	17
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	9	10
- later than one year and not later than five years	6	6
- later than five years	0	0
Total	**14**	**17**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-9	-8
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	**-10**	**-10**
Fair value of investment property at 31 Dec.	**203**	**196**
Elimination items between segments	-4	-4

EURm	2015	2014
Group, total	**191**	**195**

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 level 2.

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.

13 Intangible assets

P&C insurance

EURm	Goodwill *)	Other intangible assets	Total
	2015		
At 1 Jan.			
Cost	535	24	559
Accumulated amortisation	-	-5	-5
Net carrying amount	**535**	**20**	**554**
At 31 Dec.			
Cost	547	24	570
Accumulated amortisation	-	-6	-6
Net carrying amount	**547**	**17**	**564**

EURm	Goodwill *)	Other intangible assets	Total
	2014		
At 1 Jan.			
Cost	567	31	598
Accumulated amortisation	-	-8	-8
Net carrying amount	**567**	**13**	**590**
At 31 Dec.			
Cost	535	24	559
Accumulated amortisation	-	-5	-5
Net carrying amount	**535**	**20**	**554**

**) The change in the cost is due to exchange differences.*

Life insurance

	2015			2014		
EURm	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
At 1 Jan.						
Cost	153	43	196	153	43	196
Accumulated amortisation	-	-36	-36	-	-34	-34
Net carrying amount	**153**	**7**	**160**	**153**	**9**	**162**
At 31 Dec.						
Cost	153	43	196	153	43	196
Accumulated amortisation	-	-36	-36	-	-36	-36
Net carrying amount	**153**	**7**	**160**	**153**	**7**	**160**

EURm	2015	2014
Group, total	**724**	**714**

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 and Mandatum Life.

The recoverable amounts for If 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 Life 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 Life, 10 years. The derived cash flows were discounted at the pre-tax rates of the weighted average cost of capital which for If was 7.8% and for Mandatum Life 8.4%. These are somewhat lower than last year due to the decrease in interest rates.

Forecasts for If, approved by the management, cover years 2015 – 2016. The cash flows beyond that have been extrapolated using a 2% growth rate. A 2% growth rate for years beyond 2024 has been used for the for Mandatum Life as well, as it is believed to be close to the anticipated inflation.

In Mandatum Life, the recoverable amount exceeds its carrying amount by some EURm 780. With the calculation method used, e.g. an increase of about 4.7% in the weighted average cost of capital 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.

14 Investments in associates

Associates that have been accounted for by the equity method at 31 Dec. 2015

EURm

Name	Domicile	Carrying amount	Fair value *)	Interest held %
Nordea Bank Abp	Sweden	7,305	8,735	21.25
Topdanmark A/S	Denmark	362	827	32.90
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	2		21.98
Urzus Group AS	Norway	1		28.57
Svithun Assuranse AS (Norway)	Norway	1		33.00
Watercircles Skandinavia AS (Norway)	Norway	3		35.75
Contemi Holding AS	Norway	1		28.57

Associates that have been accounted for by the equity method at 31 Dec. 2014

EURm Name	Domicile	Carrying amount	Fair value *)	Interest held %
Nordea Bank Abp	Sweden	7,305	8,325	21.25
Topdanmark A/S	Denmark	371	846	30.41
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	2		21.98
Urzus Group AS	Norway	2		28.57
Svithun Assuranse AS (Norway)	Norway	1		33.00
Watercircles Skandinavia AS (Norway)	Norway	3		39.57
Contemi Holding AS	Norway	0		28.57

**) Published price quatation*

Changes in investments in associates

	2015			2014		
EURm	Nordea	Other associates	Total	Nordea	Other associates	Total
At beginning of year	7,065	382	7,447	6,906	375	7,282
Share of loss/profit	751	42	793	680	54	735
Additions	-	1	1	-	-	0
Disposals	-533	-1	-534	-370	-0	-370
Changes in the equity of associates	23	-51	-28	-151	-47	-198
Exchange differences	-	-0	-0	-	-1	-1
At end of year	**7,305**	**374**	**7,679**	**7,065**	**382**	**7,447**

At 31 Dec. 2015, the carrying amount of investments in associates included goodwill EURm 1,101 (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 1,400 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	2015	2014
Assets	646,868	669,342
Liabilities	615,836	639,505
Revenue	10,140	10,241
Other comprehensive income items	13	-1,042
Comprehensive income statement	3,675	2,290
Dividend income from the associate during the financial year	533	370

Sampo's share of Nordea's loss/profit consists of the following as of 31 Dec. 2015:

EURm	2015	2014
Share of loss/profit of the associate	778	708
Amortisation of the customer rlations	-35	-35
Change in deferred tax	8	8
Share of the loss/profit of an associate	**751**	**680**

15 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 both in P&C and Life insurance.

EURm	2015	2014
P&C insurance		
Derivative financial instruments	21	42
Loans and receivables	108	238
Financial assets available-for-sale	10,437	10,741
P&C insurance, total	**10,566**	**11,021**
Life insurance		
Derivative financial instruments	11	3
Financial assets designated as at fair value through p/l	48	48
Loans and receivables	24	27
Financial assets available-for-sale	5,956	5,587
Life insurance, total	**6,039**	**5,665**
Holding		
Derivative financial instruments	21	34
Loans and receivables	1	1
Financial assets available-for-sale	852	555
Investments in subsidiaries	2,370	2,370
Holding, total	**3,243**	**2,959**
Elimination items between segments	-2,659	-2,715
Group, total	**17,189**	**16,930**

P&C insurance

Derivative financial instruments

	2015			2014		
	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	2,069	0	2	68	-	-2
Exchange traded derivatives						
Interest rate futures	-	-	-	85	-	-1
Total interest rate derivatives	**2,069**	**0**	**2**	**153**	**0**	**-3**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	2,777	19	15	2,714	41	20
Currency options, bought and sold	101	1	0	294	2	1
Total foreign exchange derivatives	**2,878**	**21**	**15**	**3,008**	**42**	**21**
Total derivatives held for trading	**4,948**	**21**	**17**	**3,162**	**42**	**18**

Other financial assets

EURm	2015	2014
Loans and receivables		
Deposits with ceding undertakings	1	1
Other	108	237
Total loans and receivables	**108**	**238**
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	1,392	1,606
Certificates of deposit issued by banks	3,120	3,031
Other debt securities	4,404	4,551
Total debt securities	**8,916**	**9,188**
Equity securities		
Listed	1,497	1,365
Unlisted	25	188
Total	**1,522**	**1,553**
Total financial assets available-for-sale	**10,437**	**10,741**
Financial assets available-for-sale for P&C insurance include impairment losses EURm 197 (243).		
P&C insurance, total financial assets	**10,566**	**11,021**

Life insurance

Derivative financial instruments

	2015			2014		
	Contract/	Fair value		Contract/	Fair value	
EURm	notional amount	Assets	Liabilities	notional amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	4,618	0	1	1,443	-	19
Credit risk swaps	643	-	0	577	-	1
Total	**5,261**	**-**	**2**	**2,019**	**0**	**20**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	1,633	8	22	1,184	1	14
Currency options, bought and sold	156	1	1	193	2	1
Total foreign exchange derivatives	**1,789**	**9**	**22**	**1,377**	**3**	**15**
Equity derivatives						
OTC derivatives						
Equity and equity index options	**-**	**-**	**-**	**1**	**0**	**0**
Total derivatives held for trading	**7,050**	**9**	**24**	**3,398**	**3**	**35**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	602	2	9	583	0	50
Interest rate swaps				-	-	-
Total	**602**	**2**	**9**	**583**	**0**	**50**
Total derivatives held for hedging	**602**	**2**	**9**	**583**	**0**	**50**
Total derivatives	**7,651**	**11**	**33**	**3,981**	**3**	**86**

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 -69 (-74). Net result from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 68 (74).

Other financial assets

EURm	2015	2014
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	13	1
Issued by banks	10	4
Other debt securities	23	43
Total debt securities	**47**	**47**
Listed equity securities	2	2
Total financial assets designated as at fair value through p/l	**48**	**48**
Loans and receivables		
Loans	24	27
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	30	388
Issued by banks	488	889
Other debt securities	2,896	1,619
Total debt securities	**3,414**	**2,895**
Equity securities		
Listed	1,669	1,852
Unlisted	873	839
Total	**2,542**	**2,691**
Total financial assets available-for-sale	**5,956**	**5,587**
Financial assets available-for-sale for life insurance include impairment losses EURm 19 (41).		
Life insurance, total financial assets	**6,039**	**5,695**

Financial assets available for sale / debt securities: Debt securities available for sale include EURm 3,334 (1,963) investments in bonds and EURm 95 (932) investments in money market instruments.

Financial assets available for sale / shares and participations: Listed equity securities include EURm 831 (632) listed equities. Unlisted equity securities include EURm 768 (708) investments in capital trusts.

Holding

Derivative financial instruments

	2015			2014		
	Contract/	Fair value		Contract/	Fair value	
EURm	notional amount	Assets	Liabilities	notional amount	Assets	Liabilities
Derivatives held for trading						
Interest derivatives						
OTC-derivatives						
Interest rate swaps	800	10	-	800	23	-
Foreign exchange derivatives						
OTC-derivatives						
Currency forwards	74	1	2	3	1	0
Equity derivatives						
Exchange traded derivatives						
Equity and equity index options	60	10	10	69	10	11
Total derivatives	**933**	**21**	**12**	**872**	**34**	**11**

Other financial assets

EURm	2015	2014
Loans and receivables		
Deposits	1	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	196	110
Other debt securities	407	360
Total debt securities	**603**	**470**
Equity securities		
Listed	228	41
Unlisted	20	45
Total	**248**	**85**
Total financial assets available-for-sale	**852**	**555**
Financial assets available-for-sale for Holding business do not include impairment losses.		
Investments in subsidiaries	2,370	2,370
Holding, total financial assets	**3,243**	**2,959**
Elimination items between segments	-2,659	-2,715

EURm	2015	2014
Group, total	**17,188**	**16,960**

16 Fair values

	2015		2014	
EURm	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets, group				
Financial assets	17,192	17,189	16,933	16,930
Investments related to unit-linked contracts	5,847	5,847	5,259	5,259
Other assets	28	28	79	79
Cash and cash equivalents	1,997	1,997	2,071	2,074
Total	**25,064**	**25,060**	**24,343**	**24,342**
Financial liablities, group				
Financial liabilities	2,424	2,375	2,517	2,423
Other liabilities	64	64	90	90
Total	**2,488**	**2,439**	**2,607**	**2,513**

In the table above are presented fair values and carrying amounts of financial assets and liabilities. 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.

17 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.

On level 3, the measurement is based on other inputs rather than observable market data.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2015				
Derivative financial instruments				
Interest rate swaps	-	10	-	10
Other interest rate derivatives	-	-	-	0
Foreign exchange derivatives	-	33	-	33
Equity derivatives	-	10	-	10
	-	**53**	**-**	**53**
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	18	29	0	47
	20	**29**	**0**	**48**
Financial assets related to unit-linked insurance				
Equity securities	616	7	17	639
Debt securities	751	453	27	1,231
Derivative financial instruments	2,720	987	46	3,753
Mutual funds	-	7	-	7
	4,087	**1,454**	**89**	**5,630**
Financial assets available-for-sale				
Equity securities	2,129	-	46	2,175
Debt securities	9,227	3,327	89	12,643
Mutual funds	1,296	39	801	2,136
	12,652	**3,366**	**936**	**16,954**
Total financial assests measured at fair value	**16,759**	**4,901**	**1,026**	**22,686**
FINANCIAL LIABILITIES 31.12.2015				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	48	-	48
Equity derivatives	-	10	-	10
Total financial liabilities measured at fair value	**-**	**63**	**-**	**63**

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2014				
Derivative financial instruments				
Interest rate swaps	-	24	-	24
Foreign exchange derivatives	-	46	-	46
Equity derivatives	-	10	-	10
	-	**79**	**-**	**79**
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	19	27	-	47
	21	**27**	**-**	**48**
Financial assets related to unit-linked insurance				
Equity securities	449	8	16	472
Debt securities	543	645	24	1,212
Derivative financial instruments	2,464	896	57	3,417
Mutual funds	-	9	-	9
	3,456	**1,558**	**96**	**5,110**
Financial assets available-for-sale				
Equity securities	1,658	-	228	1,887
Debt securities	8,086	4,037	77	12,200
Mutual funds	1,595	106	748	2,450
	11,340	**4,143**	**1,054**	**16,537**
Total financial assests measured at fair value	**14,817**	**5,808**	**1,150**	**21,775**
FINANCIAL LIABILITIES 31.12.2014				
Derivative financial instruments				
Interest rate derivatives	2	21	-	23
Foreign exchange derivatives	-	87	-	87
Equity derivatives	-	11	-	11
Total financial liabilities measured at fair value	**2**	**118**	**-**	**120**

Transfers between levels 1 and 2

During the last quarter 2014, the Group started to utilise the BVAL Score information for level determination. Most of the classifiation changes in the table result from this.

	2015		2014	
	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 designated at fair value through profit or loss				
Debt securities	-	-	19	-
Financial assets related to unit-linked insurance				
Equity securities	-	-	68	-
Debt securities	324	4	368	-
Financial assets available-for-sale				
Debt securities	339	257	5439	-

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 differenct base currencies. In P&C insurance, 10 percentage point depreciation of all other currencies against SEK would result in an increase recognised in profit/loss of EURm 9 (30) and in a decrease recognised directly in equity of EURm 3 (13). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/ loss of EURm 23 (35) 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 68 (71).

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 Dec. 2015.

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	65	-61	-	-5
Effect recognised directly in equity	222	-204	-690	-209
Total effect	**287**	**-265**	**-690**	**-213**

18 Movements in level 3 financial instruments measured at fair value

EURm	At Jan. 2015	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec. 2015	Gains/ losses included in p/l for financial assets 31 Dec. 2015
FINANCIAL ASSETS 2015								
Financial assets related to unit-linked insurance								
Equity securities	16	2	-	3	-4	-	17	1
Debt securities	24	-0	-	0	-0	3	27	-0
Mutual funds	57	2		11	-23	-	46	2
	96	**3**	**-**	**14**	**-27**	**3**	**89**	**3**
Financial assets available-for-sale								
Equity securities	228	14	-2	0	-194	-	46	2
Debt securities	78	9	-0	90	-86	-	90	-0
Mutual funds	748	25	13	174	-159	-	801	7
	1,054	**48**	**10**	**264**	**-440**	**-**	**936**	**9**
Total financial assests measured at fair value	**1,150**	**51**	**10**	**278**	**-467**	**3**	**1,026**	**12**

EURm	2015 Realised gains	Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	51	6	57
Total gains or losses included in profit and loss for assets held at the end of the financial year	6	6	12

EURm	At Jan. 2014	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec. 2014	Gains/ losses included in p/l for financial assets 31 Dec. 2014
FINANCIAL ASSETS 2014								
Financial assets related to unit-linked insurance								
Equity securities	14	2	-	3	-3	-	16	1
Debt securities	19	-1	-	18	-1	-10	24	0
Mutual funds	64	0	-	30	-20	-18	57	1
	97	**1**	**-**	**51**	**-24**	**-28**	**96**	**2**
Financial assets available-for-sale								
Equity securities	243	11	1	30	-23	-33	228	-1
Debt securities	39	2	2	10	-6	30	78	2
Mutual funds	720	29	46	215	-262	-	748	62
	1,002	**42**	**49**	**255**	**-291**	**-3**	**1,054**	**64**
Total financial assests measured at fair value	**1,099**	**43**	**49**	**306**	**-316**	**-31**	**1,150**	**66**

EURm	Realised gains	2014 Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	43	56	**99**
Total gains or losses included in profit and loss for assets held at the end of the financial year	10	56	**66**

19 Sensitivity analysis of level 3 financial instruments measured at fair value

EURm	2015 Carrying amount	2015 Effect of reasonably possible alternative assumptions (+ / -)	2014 Carrying amount	2014 Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets available-for-sale				
Equity securities	46	-9	228	-18
Debt securities	89	-2	77	-4
Mutual funds	801	-160	748	-148
Total	**936**	**-171**	**1,054**	**-170**

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%. The Sampo Group bears no investment risks relatted 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 would cause descend of EURm 2 (4) for the debt instruments, and EURm 169 (166) 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 1.5% (1.6).

20 Investments related to unit-linked insurance contracts

Life insurance

EURm	2015	2014
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	49	64
Other debt securities	1,199	1,171
Total	**1,248**	**1,234**
Equity securities		
Listed	4,328	3,768
Unlisted	64	121
Total	**4,392**	**3,890**
Total financial assets designated at fair value through p/l	217	149
Other	7	9
Investment related to unit-linked contracts, total	**5,865**	**5,282**

Elimination items between segments	-18	-23
Group total	**5,847**	**5,259**

The historical cost of the equity securities related to unit-linked contracts was EURm 3,645 (3,248) and that of the debt securities EURm 1,305 (1,246).

21 Deferred tax assets and liabilities

Changes in deferred tax during the financial period 2015

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	15
Employee benefits	85	-50	-3	3	35
Other deductible temporary differences	8	-14	4	-1	-3
Total	**107**	**-63**	**0**	**2**	**46**
Netting of deferred taxes					-12
Deferred tax assets in the balance sheet					**35**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	275	-21	-	-3	251
Changes in fair values	231	4	-16	2	221
Other taxable temporary differences	19	12	-25	1	7
Total	**526**	**-5**	**-41**	**-0**	**479**
Netting of deferred taxes					-12
Total deferred tax liabilities in the balance sheet					**468**

Changes in deferred tax during the financial period 2014

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	15
Changes in fair values	66	-2	26	-5	85
Other deductible temporary differences	-5	15	1	-2	8
Total	**75**	**13**	**26**	**-7**	**107**
Netting of deferred taxes					-22
Deferred tax assets in the balance sheet					**86**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	294	-7	-	-13	275
Changes in fair values	202	7	25	-3	231
Other taxable temporary differences	18	3	-0	-1	19
Total	**514**	**3**	**25**	**-17**	**526**
Netting of deferred taxes					-22
Total deferred tax liabilities in the balance sheet					**504**

In Sampo plc, EURm 25 of deferred tax asset has not been recognised on unused tax losses. The first losses will expire in 2021.

In life insurance, EURm 3 of deferred tax asset has not been recognised on unused tax losses.

22 Taxes

EURm	2015	2014
Profit before tax	1,888	1,759
Tax calculated at parent company's tax rate	-378	-352
Different tax rates on overseas earnings	-25	-16
Income not subject to tax	2	3
Expenses not allowable for tax purposes	-2	-3
Consolidation procedures and eliminations	168	149
Tax losses for which no deferred tax asset has been recognised	0	-1
Changes in tax rates	5	1
Tax from previous years	-1	-1
Total	**-232**	**-220**

23 Components of other comprehensive income

EURm	2015	2014
Other comprehensive income:		
Items reclassifiable to profit or loss		
Exchange differences	-35	-174
Available-for-sale financial assets		
Gains/losses arising during the year	257	212
Reclassification adjustments	-353	-140
The share of the segretated Suomi portfolio	-10	-
Share of associate's other comprehensive income	16	-168
Taxes	21	-15
Total items reclassifiable to profit or loss, net of tax	**-103**	**-285**
Items not reclassifiable to profit or loss		
Actuarial gains and losses from defined pension plans	14	-101
Taxes	-3	26
Total items not reclassifiable to profit or loss, net of tax	**11**	**-76**

24 Tax effects relating to components of other comprehensive income

	2015			2014		
	Before-tax amount	Tax	Net-of-tax amount	Before-tax amount	Tax	Net-of-tax amount
Items reclassifiable to profit or loss						
Exchange differences	-35	-	-35	-174	-	-174
Available-for-sale financial assets	-106	21	-85	72	-15	57
Share of associate's other comprehensive income	16	-	16	-168	-	-168
Total	**-124**	**21**	**-103**	**-270**	**-15**	**-285**

25 Other assets

P&C insurance

EURm	2015	2014
Interests	54	66
Assets arising from direct insurance operations	1,132	1,103
Assets arising from reinsurance operations	38	34
Settlement receivables	2	2
Deferred acquisition costs 1)	131	138
Assets related to Patient Insurance Pool	120	117
Other	62	73
P&C insurance, total	**1,541**	**1,533**

Other assets include non-current assets EURm 112 (122).

Item Other comprise rental deposits, salary and travel advancements and assets held for resale.

1) Change in deferred acquisition costs in the period

EURm	2015	2014
At 1 Jan.	138	159
Net change in the period	-4	-14
Exchange differences	-2	-7
At 31 Dec.	**131**	**138**

Life insurance

EURm	2015	2014
Interests	30	30
Receivables from policyholders	9	3
Assets arising from reinsurance operations	-0	1
Settlement receivables	21	68
Assets pledged for trading in derivatives	19	72
Other	48	33
Life insurance, total	**127**	**208**

Item Other comprise e.g. pensions paid in advance and receivables from co-operation companies.

Holding

EURm	2015	2014
Interests	38	37
Settlement receivables	5	9
Other	8	4
Holding, total	**51**	**50**

Item Other includes e.g. asset management fee receivables.

Elimination items between segments	-10	-11

EURm	2015	2014
Group, total	**1,708**	**1,781**

26 Cash and cash equivalents

P&C insurance

EURm	2015	2014
Cash at bank and in hand	368	281
Short-term deposits (max 3 months)	407	167
P&C insurance, total	**775**	**448**

Life insurance

EURm	2015	2014
Cash at bank and in hand	378	389
Short-term deposits (max 3 months)	104	469
Life insurance, total	**482**	**858**

Holding

EURm	2015	2014
Cash	739	501
Short-term deposits (max 3 months)	-	266
Holding, total	**739**	**768**
Group, total	**1,997**	**2,074**

27 Liabilities from insurance and investment contracts

P&C insurance

Change in insurance liabilities

	2015			2014		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Provision for unearned premiums						
At 1 Jan.	1,999	41	1,958	2,065	43	2,053
Exchange differences	-20	1	-20	-69	1	-70
Change in provision	39	5	44	3	-3	6
At 31 Dec.	**2,017**	**46**	**1,971**	**1,999**	**41**	**1,958**

	2015			2014		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Provision for claims outstanding						
At 1 Jan.	7,185	197	6,988	7,435	377	7,225
Disposed insurance holdings	38	-	38	45	-	45
Exchange differences	-1	6	-8	-245	-2	-243
Change in provision	195	-10	205	-50	-178	128
At 31 Dec.	**7,416**	**193**	**7,223**	**7,185**	**197**	**6,988**

Liabilities from insurance contracts

EURm	**2015**	**2014**
Provision for unearned premiums	2,017	1,999
Provision for claims outstanding	7,416	7,185
Incurred and reported losses	1,657	1,609
Incurred but not reported losses (IBNR)	3,352	3,298
Provisions for claims-adjustment costs	269	269
Provisions for annuities and sickness benefits	2,138	2,009
P&C insurance total	**9,433**	**9,183**
Reinsurers' share		
Provision for unearned premiums	46	41
Provision for claims outstanding	193	197
Incurred and reported losses	95	98
Incurred but not reported losses (IBNR)	98	98
Total reinsurers' share	**239**	**237**

As the P&C insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading.

Claims cost trend of P&C insurance

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 P&C insurance's insurance liabilities in the Risk Management section of the Annual accounts.

Claims costs before reinsurance

ESTIMATED CLAIMS COST

EURm	< 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At the close of the claims year	12,216	2,494	2,558	2,681	2,681	2,789	2,877	2,924	2,818	2,803	2,831	
One year later	12,182	2,473	2,554	2,638	2,632	2,831	2,988	2,911	2,848	2,796		
Two years later	12,142	2,446	2,519	2,581	2,604	2,776	2,984	2,928	2,845			
Three years later	12,081	2,445	2,487	2,554	2,565	2,775	2,972	2,917				
Four years later	12,094	2,405	2,441	2,531	2,547	2,768	2,951					
Five years later	12,127	2,357	2,417	2,518	2,524	2,770						
Six years later	12,083	2,328	2,408	2,498	2,527							
Seven years later	12,014	2,318	2,395	2,501								
Eight years later	12,020	2,308	2,394									
Nine years later	12,042	2,293										
Ten years later	12,122											
Current estimate of total claims costs	12,122	2,293	2,394	2,501	2,527	2,770	2,951	2,917	2,845	2,796	2,831	38,948
Total disbursed	9,370	2,043	2,153	2,249	2,254	2,470	2,602	2,508	2,378	2,188	1,585	31,800
Provision reported in the balance sheet	**2,752**	**251**	**241**	**252**	**273**	**300**	**349**	**408**	**467**	**608**	**1,246**	**7,147**
of which established vested annuities	1,490	85	82	72	62	78	72	70	74	45	8	2,138
Provision for claims-adjustment costs												269
Total provision reported in the BS												**7,416**

Claims costs after reinsurance

ESTIMATED CLAIMS COST

EURm	< 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At the close of the claims year	11,315	2,390	2,459	2,561	2,567	2,654	2,721	2,725	2,768	2,763	2,783	
One year later	11,262	2,361	2,449	2,532	2,535	2,701	2,793	2,710	2,797	2,752		
Two years later	11,216	2,334	2,422	2,478	2,505	2,659	2,781	2,726	2,796			
Three years later	11,163	2,338	2,390	2,452	2,479	2,653	2,775	2,727				
Four years later	11,132	2,301	2,347	2,433	2,462	2,649	2,751					
Five years later	11,181	2,259	2,324	2,421	2,439	2,652						
Six years later	11,152	2,232	2,317	2,403	2,442							
Seven years later	11,098	2,223	2,304	2,406								
Eight years later	11,107	2,214	2,303									
Nine years later	11,139	2,182										
Ten years later	11,225											
Current estimate of total claims costs	11,225	2,182	2,303	2,406	2,442	2,652	2,751	2,727	2,796	2,752	2,783	37,019
Total disbursed	8,521	1,955	2,066	2,157	2,176	2,359	2,415	2,336	2,348	2,164	1,569	30,065
Provision reported in the balance sheet	**2,704**	**227**	**237**	**249**	**266**	**294**	**336**	**391**	**449**	**588**	**1,214**	**6,954**
of which established vested annuities	1,490	85	82	72	62	78	72	70	74	45	8	2,138
Provision for claims-adjustment costs												269
Total provision reported in the BS												**7,223**

Life insurance

Change in liabilities arising from other than unit-linked insurance and investment contracts

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2015	5,058	4	**5,062**
Premiums	148	30	**178**
Claims paid	-445	-0	**-445**
Expense charge	-38	-0	**-38**
Guaranteed interest	153	0	**153**
Bonuses	0	-	**0**
Portfolio transfers	17	-	**17**
Other	85	1	**86**
At 31 Dec. 2015	4,978	36	**5,014**
Reinsurers' share	-3	-	**-3**
Net liability at 31 Dec. 2015	**4,976**	**36**	**5,012**

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2014	3,924	4	**3,928**
Premiums	148	1	**149**
Claims paid	-397	-0	**-397**
Expense charge	-36	-	**-36**
Guaranteed interest	131	-	**131**
Bonuses	0	-	**0**
Portfolio transfers	1,337	-	**1,337**
Other	-48	-0	**-48**
At 31 Dec. 2014	5,061	4	**5,065**
Reinsurers' share	-3	-	**-3**
Net liability at 31 Dec. 2014	**5,058**	**4**	**5,062**

Change in liabilities arising from unit-linked insurance and investment contracts

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2015	3,599	1,714	**5,312**
Premiums	575	394	**969**
Claims paid	-198	-358	**-556**
Expense charge	-44	-22	**-66**
Other	110	89	**200**
At 31 Dec. 2015	**4,042**	**1,817**	**5,858**

At 1 Jan. 2014	3,095	1,522	**4,617**
Premiums	513	448	**961**
Claims paid	-191	-294	**-485**
Expense charge	-39	-21	**-60**
Other	220	59	**279**
At 31 Dec. 2014	**3,599**	**1,714**	**5,312**

The liabilities at 1 Jan. and at 31 Dec. 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. A more detailed specification of changes in insurance liabilities is presented in Group's Risk Management.

EURm	**2015**	**2014**
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,516	2,625
Provision for claims outstanding	2,461	2,434
Total	**4,976**	**5,059**
Assumed reinsurance		
Provision for unearned premiums	1	1
Provision for claims outstanding	1	0
Total	**2**	**2**
Insurance contracts total		
Provision for unearned premiums	2,517	2,626
Provision for claims outstanding	2,462	2,434
Total	**4,978**	**5,061**
Investment contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	36	4
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,552	2,631
Provision for claims outstanding	2,462	2,434
Life insurance total	**5,014**	**5,065**
Reinsurers' share		
Provision for claims outstanding	3	-3

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.

EURm	2015	2014
Group, total	**14,447**	**14,248**

28 Liabilities from unit-linked insurance and investment contracts

Life insurance

EURm	2015	2014
Unit-linked insurance contracts	4,042	3,599
Unit-linked investment contracts	1,817	1,714
Total	**5,858**	**5,312**
Elimination items between segments	-18	-23

EURm	2015	2014
Group, total	**5,841**	**5,289**

29 Financial liabilities

The segment financial liabilities include derivatives, debt securities and other financial liabilities.

P&C insurance

EURm			2015	2014
Derivative financial instruments (note 15)			17	24
Subordinated debt securities				
Subordinated loans				
Euro-denominated loans	**Maturity**	**Interest**		
Preferred capital note, 2005 (nominal value EURm 150)	perpetual	4.94%	-	150
Preferred capital note, 2011 (nominal value EURm 110)	30 years	6.00%	109	109
Preferred capital note, 2013 (nominal value EURm 90)	perpetual	4.70%	90	90
Total subordinated debt securities			**199**	**349**
P&C insurance, total financial liabilities			**216**	**373**

The loan 2005 was repaid in June 2015.

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. All loans and their terms are approved by supervisory authorities and the loans are utilised for solvency purposes.

The loan issued in 2011 is listed on the Luxembourg Exchange.

Life insurance

EURm	2015	2014
Derivative financial instruments (note 15)	33	86
Subordinated debt securities		
Subordinated loans	100	100
Life insurance, total	**133**	**186**

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	2015	2014
Derivative financial instruments (note 15)	12	11
Debt securities in issue		
Commercial papers	305	305
Bonds *)	1,997	1,888
Total	**2,302**	**2,192**
Holding, total	**2,314**	**2,203**

**) 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.*

Elimination items between segments	-289	-339

EURm	2015	2014
Group, total	**2,375**	**2,423**

30 Provisions

P&C insurance

EURm	2015
At 1 Jan. 2015	63
Exchange rate differences	1
Additions	12
Amounts used during the period	-20
Unused amounts reversed during the period	-5
At 31 Dec. 2015	**51**
Current (less than 1 year)	14
Non-current (more than 1 year)	37
Total	**51**

EURm 17 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 30 for law suits and other uncertain liabilities.

31 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 P&C Insurance 31 Dec.

EURm	2015	2014
Present value of estimated pension obligation, including social costs	303	664
Fair value of plan assets	213	399
Net pension obligation recognised in the balance sheet	**90**	**265**

Since January 1, 2008, the main Swedish pension plan has been closed to new employees born in 1972 or later and the corresponding Norwegian pension plan has been closed to new employees since January 1, 2006 regardless of age. In May 2015, If decided that all employees born in 1958 or later that are covered by the Norwegian defined-benefit pension plan would be switched to a defined-contribution plan as of January 1, 2016. As of the same date, it was also decided that existing retirees would no longer be covered by the plan, and that future retirees would cease being covered by the plan when they are no longer employed by If. Accordingly, as of year-end 2015, the Norwegian pension plan consists solely of active people employed prior to 2006 and born no later than 1957.

The pension benefits referred to are old-age pension and survivors' pension in Sweden and old-age pension, survivors' pension and disability pension in Norway. A common feature of all of the pension 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% percent 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% percent 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 approximately 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 approximately 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 of fall. Pension payments from the Norwegian plans are were earlier indexed upwards in an amount corresponding to 80 - 100% of the change in the consumer price index. Instead, as of January 1, 2016, a paid-up policy is issued on retirement, whereby If is no longer responsible for and has no obligation in respect of future indexation of the 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 debt is discounted to the present value using an interest rate based on current market interest rates adjusted to take into account the duration of the company's pension obligations. As a basis for determining the discount interest rate for the Swedish obligation, If uses liquid covered mortgage bonds issued by a mortgage institution. Covered mortgage bonds are also used for the Norwegian obligation. After a deduction for the plan assets, a net asset or net liability is recognised 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. As apparent from the tables, the said amendments to the insured plan in Norway have been taken into account when preparing the annual accounts for 2015 and had a material impact on both recognized costs and assets and obligations.

The carrying amounts have been stated including special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (14.1%).

Specification of employee benefit obligations by country

	2015			2014		
	Sweden	Norway	Total	Sweden	Norway	Total
Recognised in income statement and other comprehensive income						
Current service cost	6	9	15	-5	-11	-16
Past service cost	0	-156	-156	-1	-	-1
Interest expense on net pension liability	1	3	4	-1	-6	-7
Total in income statement	**7**	**-144**	**-137**	**-7**	**-17**	**-24**
Remeasurement of the net pension liability	-9	-4	-14	-34	-71	-105
Total in comprehensive income statement	**-2**	**-148**	**-150**	**-40**	**-88**	**-129**
Recognised in balance sheet						
Present value of estimated pension liability, including social costs	196	107	303	194	470	664
Fair value of plan assets	156	57	213	140	259	399
Net liability recognised in balance sheet	**40**	**49**	**90**	**55**	**211**	**265**

	2015		2014	
Distribution by asset class	Sweden	Norway	Sweden	Norway
Debt instruments, level 1	39%	50%	40%	52%
Debt instruments, level 2	1%	13%	1%	13%
Equity instruments, level 1	26%	5%	28%	9%
Equity instruments, level 3	10%	3%	8%	3%
Property, level 3	10%	12%	10%	9%
Other, level 1	4%	14%	3%	10%
Other, level 2	6%	3%	6%	4%
Other, level 3	4%	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
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Discount rate	3.00%	2.75%	2.50%	2.75%
Future salary increases	2.75%	2.75%	3.00%	3.50%
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	22 years	14 years	17 years
Expected contributions to the defined benefit plans during 2015 and 2016	10	8	4	15

Sensitivity analysis of effect of reasonably possible changes	2015 Sweden	2015 Norway	2015 Total	2014 Sweden	2014 Norway	2014 Total
Discount rate, +0,50%	-23	-7	**-30**	-23	-40	**-63**
Discount rate, -0,50%	27	8	**35**	27	45	**71**
Future salary increases, +0,25%	8	1	**9**	8	8	**16**
Future salary increases, -0,25%	-7	-1	**-9**	-7	-8	**-15**
Expected longevity, +1 year	7	2	**10**	7	15	**22**

EURm	2015 Funded plans	2015 Unfunded plans	2015 Total	2014 Funded plans	2014 Unfunded plans	2014 Total
Analysis of the employee benefit obligation						
Present value of estimated pension liability, including social costs	267	36	303	620	44	664
Fair value of plan assets	213	-	213	399	-	399
Net pension liability recognised in the balance sheet	**54**	**36**	**90**	**222**	**44**	**265**

Analysis of the change in net liability recognised in the balance sheet

EURm	2015	2014
Pension liabilities:		
At the beginning of the year	664	580
Earned during the financial year	15	16
Costs pertaining to prior-year service	-156	1
Interest cost	15	23
Actuarial gains (-)/losses (+) on financial assumptions	4	123
Actuarial gains (-)/losses (+), experience adjustments	-14	-3
Exchange differences on foreign plans	-7	-48
Benefits paid	-25	-27
Settlements	-194	-
Defined benefit plans at 31 Dec.	**303**	**664**
Reconciliation of plan assets:		
At the beginning of the year	399	385
Interest income	11	15
Difference between actual return and calculated interest income	4	15
Contributions paid	26	29
Exchange differences on foreign plans	-10	-29
Benefits paid	-16	-17
Settlements	-200	-
Plan assets at 31 Dec.	**213**	**399**

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 2015 is EURm 72.

32 Other liabilities

P&C insurance

EURm	2015	2014
Liabilities arising out of direct insurance operations	163	155
Liabilities arising out of reinsurance operations	30	37
Liabilities related to Patient Insurance Pool	115	115
Premium taxes	49	48
Tax liabilities	91	85
Prepayments and accrued income	181	27
Other	39	236
P&C insurance, total	**669**	**702**

The non-current share of other liabilities is EURm 108 (102).

Item Other includes e.g. witholding taxes, social expenses related to Workers Compensation insurance policies and employee benefits, unpaid premium taxes and other accruals.

Life insurance

EURm	2015	2014
Interests	10	8
Tax liabilities	5	23
Liabilities arising out of direct insurance operations	21	7
Liabilities arising out of reinsurance operations	4	4
Settlement liabilities	61	90
Guarantees received	0	35
Other liabilities	66	43
Life insurance, total	**167**	**209**

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

Item Other includes e.g. liabilities arising from withholding taxes and social security costs, liabilities to creditors and insurance premium advances.

Holding

EURm	2015	2014
Interests	34	34
Guarantees for trading in derivatives	38	47
Liability for dividend distribution	35	30
Other	26	24
Holding, total	**133**	**134**
Item Other includes e.g. reservations for share-based incentive programmes and other incentive salaries.		
Elimination items between segments	-11	-11

EURm	2015	2014
Group, total	**957**	**1,035**

33 Contingent liabilities and commitments

P&C insurance

EURm	2015	2014
Off-balance sheet items		
Guarantees	5	7
Other irrevocable commitments	15	10
Total	**20**	**17**

Assets pledged as collateral for liabilities or contingent liabilities

	2015		2014	
EURm	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Cash at balances at central banks	0	0	0	1
Investments				
- Investment securities	242	159	238	136
Total	**242**	**160**	**239**	**137**

EURm	2015	2014
Assets pledged as security for derivative contracts, carrying value		
Investment securities	0	25

The pledged assets are included in the balance sheet item Other assets.

EURm	2015	2014
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	32	31
later than one year and not later than five years	98	93
later than five years	48	59
Total	**178**	**183**
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-20	-22

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 15, 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.

Life insurance

EURm	2015	2014
Off-balance sheet items		
Investment commitments	397	384
Acquisition of IT-software	1	2
Total	**398**	**386**

EURm	2015	2014
Assets pledged as security for derivative contracts, carrying value		
Cash and cash equivalents	19	72
The pledged assets are included in the balance sheet item Other assets.		
Lended securities		
Domestic shares		
Remaining acquisition cost	-	23
Fair value	-	19

Security lendings can be interrupted at any time and they are secured.

EURm	2015	2014
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	2	2
later than one year and not later than five years	8	9
later than five years	7	8
Total	**18**	**19**
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-4	-4
- sublease payments	0	0
Total	**-4**	**-3**

Holding

EURm	2015	2014
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	1	1
later than one year and not later than five years	0	1
Total	**1**	**2**

The Group had at the end of 2015 premises a total of 171,254 m^2 (171,598) taken as a lessee. The contracts have been made mainly for 3 to 10 years.

34 Equity and reserves

Equity

The number of Sampo plc's shares at the end of the financial year was 560,000,000, of which 558,000,000 were A-shares and 1,200,000 B-shares. There was no change in the company's share capital of EURm 98 during the financial year.

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.

35 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	2015	2014
Short-term employee benefits	8	8
Post employment benefits	4	3
Other long-term benefits	13	10
Total	**25**	**21**

In addition, deferred compensation EUR 119,269 (134,779) was paid to former members of the Group Executive Committee during the financial year.

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 36).

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	2015	2014
Assets	2,004	1,483
Liabilities	102	114

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.

36 Incentive schemes

Long-term incentive schemes 2011 I - 2014 I

The Board of Directors of Sampo plc has decided on the long-term incentive schemes 2011 I - 2014 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 2015.

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 (RORAC). 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 18.37 - 43.38. The maximum value of one incentive unit varies between eur 33.37 - 62.38, 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 percent, 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 60 per cent 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	2011 I/2	2014 I	2014 I/2
Terms approved *)		14.9.2011	14.9.2011	17.9.2014	17.9.2014
Granted (1,000) 31 Dec. 2012		4,199	130	-	-
Granted (1,000) 31 Dec. 2013		4,134	100	-	-
Granted (1,000) 31 Dec. 2014		2,855	100	4,434	-
Granted (1,000) 31 Dec. 2015		1,415	70	4,380	62
End of performance period I 30%		Q2-2014	Q2-2015	Q2-2017	Q2-2018
End of performance period II 35%		Q2-2015	Q2-2016	Q2-2018	Q2-2019
End of performance period III 35%		Q2-2016	Q2-2017	Q2-2019	Q2-2020
Payment I 30%		9-2014	9-2015	9-2017	9-2018
Payment II 35%		9-2015	9-2016	9-2018	9-2019
Payment III 35%		9-2016	9-2017	9-2019	9-2020
Price of Sampo A at terms approval date *)		18.10	18.10	37.22	37.22
Starting price **)		18.37	24.07	38.26	43.38
Dividend-adjusted starting price at 31 Dec. 2015		12.22	19.12	36.31	43.38
Sampo A - closing price 31 Dec. 2015	47.00				
Total intrinsic value, meur		28	1	15	0

Total debt	44
Total cost for the financial period, meur (incl. social costs)	33

**) Grant dates vary*
***) Trade-weighted average for ten trading days from the approval of terms*

37 Auditors' fees

EURm	**2015**	**2014**
Auditing fees	-2	-2
Other fees	-0	-0
Total	**-3**	**-3**

38 Legal proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2015, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

39 Investments in subsidiaries

Name	**Group holding %**	**Carrying amount**
P&C insurance		
If P&C Insurance Holding Ltd	100	1,886
If P&C Insurance Ltd	100	1,315
If P&C Insurance Company Ltd	100	483
If P&C Insurance AS	100	48
AS If Kinnisvarahaldus	100	0
CJSC If Insurance	100	10
If Livförsäkring Ab	100	8
Life insurance		
Mandatum Life Insurance Company Ltd	100	484
Innova Services Ltd	100	3
Mandatum Life Services Ltd	100	2
Mandatum Life Investment Services Ltd	100	1
Saka Hallikiinteistöt GP Oy	100	0
Mandatum Life Fund Management S.A.	100	1
Mandatum Life Insurance Baltic SE	100	11
Other business		
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.

40 Investments in shares and participations other than subsidiaries and associates

Holdings exceeding EURm 5 and holdings in listed companies exceeding five per cent specified.

The table does not include life insurance's investments related to unit-linked insurance contracts.

P&C insurance

	Country	Holding %	Carrying amount / Fair value
Listed companies			
A P Moller - Maersk	Denmark	0.03%	7
ABB	Switzerland	0.19%	72
Atlas Copco A+B	Sweden	0.15%	40
BB Tools	Sweden	0.64%	2
Clas Ohlson	Sweden	4.75%	52
CTT Systems	Sweden	4.08%	3
Beijer Ab Gl	Sweden	0.44%	4
Gunnebo AB	Norway	11.67%	43
Hennes Mauritz AB	Sweden	0.18%	99
Husqvarna AB	Sweden	1.01%	35
Husqvarna AB	Sweden	0.39%	14
Investor AB	Sweden	0.13%	33
Lindab Intl AB	Sweden	4.94%	27
Nederman Holding AB	Sweden	9.90%	32
Nobia AB	Sweden	10.10%	204
Nolato AB	Sweden	0.92%	7
Sandvik AB	Sweden	0.42%	43
Sectra AB	Sweden	11.15%	53
Svedbergs i Dalstrop	Sweden	11.45%	9
Teliasonera AB	Sweden	0.36%	73
VBG Group AB	Sweden	3.94%	7
Veidekke ASA	Norway	7.46%	113
Volvo AB	Sweden	0.06%	11
Volvo AB	Sweden	0.39%	71
Yara Intl ASA	Norway	0.27%	29
Marine Harvest ASA	Norway	0.23%	12
Team Tankers Intl AS	Norway	0.91%	3
Total listed companies			**1,097**

Other		2
Unit trusts		
Danske Invest	Finland	77
Danske Invest	Finland	57
DB Platinum Advisors	Luxemburg	17
PEQ Eqt III	Guernsey	0
PEQ Eqt IV	Guernsey	0
PEQ GS Loan Partn I	Cayman islands	3
Investec Asset Mgmt	Great Britain	48
Barclays Global Investment	Ireland	5
Lyxor Int AM	France	0
PEQ Mandatum I	Finland	0
PEQ Mandatum II	Finland	2
PEQ Mandatum II	Finland	5
PEQ Private Egy mkt	Finland	3
State Street Global	Finland	67
PEQ Eqt Mid Market	Great Britain	8
Handelsbanken Fonder	Sweden	19
Hermes Investment	Ireland	47
Blackrock AM DE	Denmark	20
PEQ OMP Capital	Norway	2
Blackrock AM DE	Denmark	42
Total unit trusts		**422**
P&C insurance, total shares and participations		**1,522**

Life insurance

	Country	Holding %	Carrying amount / Fair value
Listed companies			
Amer Sports OYJ	Finland	3.32%	106
Asiakastieto Group Oyj	Finland	9.27%	21
Comptel OYJ	Finland	18.94%	38
Elecster OYJ A	Finland	6.43%	1
eQ Oyj	Finland	5.17%	12
F-Secure OYJ	Finland	3.65%	15
Kemira OYJ	Finland	0.58%	10
Lassila & Tikanoja OYJ	Finland	5.96%	42
Metso OYJ	Finland	0.99%	31
Nokia OYJ	Finland	0.04%	12
Nokian Renkaat OYJ	Finland	0.58%	26
Norvestia OYJ	Finland	11.68%	14
Okmetic OYJ	Finland	4.63%	6
Oriola-KD OYJ B	Finland	2.86%	16
Stora Enso OYJ	Finland	0.24%	12
Teleste OYJ	Finland	8.84%	16
Tikkurila Oyj	Finland	3.58%	25
UPM-Kymmene OYJ	Finland	0.85%	78
Uponor OYJ	Finland	0.82%	8
Vaisala Oyj A	Finland	4.24%	15
Valmet Corp	Finland	0.81%	11
Wartsila OYJ	Finland	0.21%	18
YIT OYJ	Finland	3.37%	22
Total listed companies			**555**
Other listed companies	Finland		14
Listed companies in total			**569**
Unit trusts			
KJK Fund SICAV-SIF Baltic States B1 C	Finland		13
EVLI EUROPE-B	Finland		9
FONDITA NORDIC MICRO CAP-B	Finland		8
Fourton Odysseus	Finland		47
FOURTON STAMINA NON-UCITS	Finland		24
OP-Eurooppa Nousevat Tähdet A	Finland		7
OP-KEHITTYVA AASIA	Finland		5
Total unit trusts			**112**

Capital trusts		
Amanda III Eastern Private Equity L.P.	Finland	14
Amanda IV West L.P.	Finland	23
CapMan Hotels RE Ky	Finland	10
Capman Real Estate I Ky	Finland	11
Capman Real Estate II Ky	Finland	8
CapMan RE II Ky	Finland	6
MB Equity Fund IV Ky	Finland	11
Total capital trusts		**83**
Other shares and participations		40
Domestic shares and participations in total		**803**

Other companies			
Unilever NV	Netherlands	0.01%	7
Pension Corporation Group Limited	Guernsey	1.39%	9
Schneider Electric SA	France	0.02%	8
BASF SE	Germany	0.01%	6
Bayerische Motoren Werke AG	Germany	0.02%	9
Deutsche Post AG	Germany	0.02%	6
SAP AG	Germany	0.01%	8
Kuehne + Nagel International AG	Switzerland	0.04%	7
Nestle SA	Switzerland	0.00%	9
Roche Holding AG	Switzerland	0.00%	9
Syngenta AG	Switzerland	0.02%	6
British American Tobacco PLC	United kingdom	0.01%	7
GlaxoSmithKline PLC	United kingdom	0.01%	6
Royal Dutch Shell PLC	United kingdom	0.01%	7
SABMiller PLC	United kingdom	0.01%	5
Total other companies			**109**

Foreign unit trusts		
The Forest Company Limited	Guernsey	7
Comgest Growth Asia Ex Japan USD I Acc Class	Ireland	58
DJ STOXX 600 OPT HEALTHCARE	Ireland	33
NOMURA FDS IR-JP STR V-I JPY	Ireland	14
Allianz RCM Europe Equity Growth W	Luxemburg	76
Danske Invest Europe High Dividend I	Luxemburg	58
FIDELITY FDS-JPN AGGRE-IJPY	Luxemburg	7
LUX Mandatum Life Nordic High Yield Total Return Fund SICAV-SIF G EUR Share Class	Luxemburg	13
MFS MER-EUROPE SM COS-I1EUR	Luxemburg	18
MFS European Value Fund Z	Luxemburg	56
UNIDEUTSCHLAND XS	Germany	28
ISHARES SMI CH	Switzerland	60
INVESTEC GSF-ASIA PACIFIC-I	United kingdom	66
ISHARES CORE S&P 500 INDEX FUND	United States	302
Total foreign unit trusts		**795**

Foreign capital trusts		
Activa Capital Fund II FCPR	France	7
Apollo Offshore Energy Opportunity Fund Limited	Cayman islands	15
Avenue Special Situations Fund VI (C-Feeder), L.P.	Cayman islands	17
Broad Street Real Estate Credit Partners II Treaty Fund, L.P.	Cayman islands	10
Financial Credit Investment I, L.P.	Cayman islands	13
Fortress Credit Opportunities Fund II (C) L.P.	Cayman islands	49
Fortress Credit Opportunities Fund III (C) L.P.	Cayman islands	33
Fortress Credit Opportunities Fund IV (C) L.P.	Cayman islands	8
Fortress Life Settlement Fund (C) L.P.	Cayman islands	7
Petershill Offshore LP	Cayman islands	25
Highbridge Specialty Fund III	Cayman islands	41
Highbridge Liquid Loan Opportunities Fund, L.P	Cayman islands	54
Lunar Capital Partners III L.P.	Cayman islands	10
Mount Kellet Capital Partners (Cayman), L.P.	Cayman islands	14
Mount Kellett Capital Partners (Cayman) II, L.P.	Cayman islands	16
Petershill II Offshore LP	Cayman islands	15
Russia Partners II, L.P.	Cayman islands	9
Victory Park Capital Fund II (Cayman), L.P.	Cayman islands	22
Capman Buyout IX Fund A L.P.	Guernsey	8
EQT Credit (No.1) L.P.	Guernsey	7
EQT Credit (No.2) L.P.	Guernsey	39
EQT V (No.1) L.P.	Guernsey	7
EQT VI (No.1) L.P.	Guernsey	30
M&G Debt Opportunities Fund II	Ireland	27
Verdane Capital VII K/S	Denmark	14
Broad Street Loan Partners 2013 Europe L.P.	United kingdom	31
EQT Auris Co-Investment L.P.	United kingdom	12
EQT Mid Market (No.1) Feeder Limited Partnership	United kingdom	8
M&G Debt Opportunities Fund	United kingdom	20
Avenue Energy Opportunities Fund L.P.	United States	11
HRJ Global Buy-out III (Asia) L.P.	United States	7
Total foreign capital trusts		**587**
Other share and participations		249
Foreign shares and participations in total		**1,740**
Life insurance, total shares and participations		**2,543**

Holding

	Country	Holding %	Carrying amount / Fair value
Listed companies			
Aktia Oyj	Finland	5.73%	39
Asiakastieto Group Oyj	Finland	10.06%	23
Swedbank Ab	Sweden	0.59%	135
Other	Finland		3
Domestic other than listed companies			
Varma Mutual Pension Insurance Company	Finland	80.28%	14
LUX Mandatum Life European Small & Mid Cap Equity Fund SICAV-SIF G EUR Share Class	Luxemburg		10
Other			24
Holding, total shares and participations			**248**

41 Events after the balance sheet date

In the meeting of 10 Feb. 2016, the Board of Directors decided to propose at the Annual General Meeting on 21 April 2016 a dividend distribution of EUR 2.15 per share, or total EUR 1.204.000.000, for 2015. The dividends to be paid will be accounted for in the equity in 2016 as a deduction of retained earnings.

Sampo plc's Financial Statements

Sampo plc's income statement

EURm	Note	2015	2014
Other operating income	1	18	15
Staff expenses			
Salaries and remunerations		-17	-17
Social security costs			
Pension costs		-2	-2
Other		-1	-0
Depreciation and impairment			
Depreciation according to plan		-0	-0
Other operating expenses	2	-12	-13
Operating profit		**-14**	**-18**
Financial income and expense	4		
Income from shares in Group companies		696	697
Income from other shares		538	372
Other interest and financial income			
Group companies		16	17
Other		12	5
Other investment income and expense		-5	1
Other interest income		36	41
Interest and other financial expense			
Group companies		0	0
Other		-74	-87
Exchange result		23	22
Proft before taxes		**1,229**	**1,050**
Income taxes			
Income taxes for the financial year		-0	-
Tax from previous years		0	-0
Deferred taxes		-0	-
Profit for the financial year		**1,228**	**1,050**

Sampo plc's balance sheet

EURm	Note	2015	2014
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		2,370	2,370
Receivables from Group companies	5	296	325
Shares in participating undertakings		5,557	5,557
Receivables from participating undertakings		196	110
Other shares and participations	6	248	85
Other receivables	7	111	35
Short-term receivables			
Deferred tax assets	14	12	13
Other receivables	8	18	19
Prepayments and accrued income	9	53	65
Cash at bank and in hand		739	768
TOTAL ASSETS		**9,606**	**9,351**
LIABILITIES			
Equity	10		
Share capital		98	98
Fair value reserve		8	7
Invested unrestricted equity		1,527	1,527
Other reserves		273	273
Retained earnings		4,026	4,060
Profit for the financial year		1,228	1,050
		7,159	**7,014**
Liabilities			
Long-term liabilities			
Bonds		1,997	1,888
Short-term liabilities			
Debt securities		305	305
Other liabilities	12	83	84
Accruals and deferred income	13	62	61
TOTAL LIABILITIES		**9,606**	**9,351**

Sampo plc's statement of cash flows

EURm	2015	2014
Operating activities		
Profit before taxes	1,229	1,050
Adjustments:		
Depreciation and amortisation	0	0
Unrealised gains and losses arising from valuation	0	1
Realised gains and losses on investments	-13	-3
Other adjustments	-446	-394
Adjustments total	**-458**	**-396**
Change (+/-) in assets of operating activities		
Investments *)	-262	193
Other assets	-5	-1
Total	**-267**	**192**
Change (+/-) in liabilities of operating activities		
Financial liabilities	2	-7
Other liabilities	-5	6
Paid interests	-63	-23
Paid taxes	0	-1
Total	**-67**	**-25**
Net cash from operating activities	**437**	**821**
Investing activities		
Investments in group and associated undertakings	533	391
Net investment in equipment and intangible assets	-0	0
Net cash from investing activities	**533**	**391**
Financing activities		
Dividends paid	-1,079	-913
Issue of debt securities	1,011	1,199
Repayments of debt securities in issue	-931	-1,012
Net cash used in financing activities	**-999**	**-725**
Total cash flows	**-28**	**487**
Cash and cash equivalents at 1 January	768	280
Cash and cash equivalents at 31 December	739	768
Net change in cash and cash equivalents	**-28**	**487**

**) Investments include both investment property and financial assets.*

Additional information to the statement of cash flows:

EURm	2015	2014
Interest income received	63	61
Interest expense paid	-74	-87
Dividend income received	1,125	1,068

Summary of Sampo plc's significant accounting 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 to Sampo plc's Financial Statements

Notes to the income statement

1 Other operating income

EURm	2015	2014
Income from property occupied for own activities	0	0
Other	18	15
Total	**18**	**15**

2 Other operating expenses

EURm	2015	2014
Rental expenses	-1	-1
Expense on property occupied for own activities	-0	-0
Other	-11	-11
Total	**-12**	**-13**

Item Other includes e.g. administration and IT expenses and fees for external services.

3 Auditors' fees

EURm	2015	2014
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.2	-0.2
Other fees	-0.0	-0.0
Total	**-0.2**	**-0.2**

4 Financial income and expense

EURm	2015	2014
Received dividends in total	1,235	1,068
Interest income in total	64	63
Interest expense in total	-74	-87
Gains on disposal in total	17	4
Losses on disposal in total	-5	-1
Exchange result	23	22
Other	-18	-2
Total	**1,243**	**1,067**

Notes on the assets

5 Receivables from Group companies

EURm	2015	2014
Cost at beginning of year	325	321
Additions	0	34
Disposals	-28	-30
Carrying amount at end of year	**296**	**325**

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated note 29 Financial liabilities.

6 Other shares and participations

	2015	Fair value changes		2014	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	248	12	-12	85	1	4

7 Other investment receivables

	2015	Fair value changes		2014	Fair value changes	
Milj. e	**Fair value**	**Recognised in p/l**	**Recognised in fair value reserve**	**Fair value**	**Recognised in p/l**	**Recognised in fair value reserve**
Bonds	111	0	-2	35	1	-3

8 Other receivables

EURm	2015	2014
Trading receivables	5	9
Derivatives	6	6
Other	8	4
Total	**18**	**19**

9 Prepayments and accrued income

EURm	2015	2014
Accrued interest	38	37
Derivatives	15	28
Other	1	-
Total	**53**	**65**

Notes on the liabilities

10 Movements in the parent company's equity

EURm	Restricted equity		Unrestricted equity			
	Share capital	Fair value reserve	Invested unrestricted capital	Other reserves	Retained earnings	Total
Carrying amount at 1 Jan. 2014	**98**	**4**	**1,527**	**273**	**4,976**	**6,877**
Dividends					-924	-924
Recognition of undrawn dividends					8	8
Financial assets available-for-sale						
- recognised in equity		2				2
- recognised in p/l		2				2
Profit for the year					1,050	1,050
Carrying amount at 31 Dec. 2014	**98**	**7**	**1,527**	**273**	**5,110**	**7,014**

EURm	Restricted equity		Unrestricted equity			
	Share capital	Fair value reserve	Invested unrestricted capital	Other reserves	Retained earnings	Total
Carrying amount at 1 Jan. 2015	98	7	1,527	273	5,110	7,014
Dividends					-1,092	-1,092
Recognition of undrawn dividends					8	8
Financial assets available-for-sale						
- recognised in equity		11				11
- recognised in p/l		-10				-10
Profit for the year					1,228	1,228
Carrying amount at 31 Dec. 2015	**98**	**8**	**1,527**	**273**	**5,254**	**7,159**

Distributable assets

EURm	2015	2014
Parent company		
Profit for the year	1,228	1,050
Retained earnings	4,026	4,060
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Total	**7,053**	**6,909**

11 Share capital

Information on share capital is disclosed in Note 34 in the consolidated financial statements.

12 Other liabilities

EURm	2015	2014
Unredeemed dividends	35	30
Derivatives	5	5
Guarantees for derivate contracts	38	47
Other	6	2
Total	**83**	**84**

13 Accruals and deferred income

EURm	2015	2014
Deferred interest	34	34
Derivatives	6	6
Other	22	22
Total	**62**	**61**

Notes on the income taxes

14 Deferred tax assets and liabilities

EURm	2015	2014
Deferred tax assets		
Losses	14	15
Deferred tax liabilities		
Fair value reserve	-2	-2
Total, net	**12**	**13**

Notes on the liabilities and commitments

15 Pension liabilities

The basic and supplementary 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	2015	2014
Not more than one year	1	1
Over one year but not more than five years	0	1
Total	**1**	**2**

Notes on the staff and management

17 Staff numbers

EURm	2015 Average during the year	2014 Average during the year
Full-time staff	56	52
Part-time staff	3	5
Temporary staff	1	2
Total	**60**	**59**

18 Board fees and management remuneration

EUR thousand		2015	2014
Managing Director	Kari Stadigh	4,290	3,653
Members of the Board of Directors			
Björn Wahlroos		160	160
Anne Brunila		80	80
Jannica Fagerholm		80	80
Adine Grate Axén		80	80
Veli-Matti Mattila		80	80
Risto Murto		80	-
Eira Palin-Lehtinen		100	80
Per Arthur Sørlie		80	80

In addition to the above, the company has in accordance with the decision of the Annual General Meeting in 2015 compensated transfer tax of in total EUR 6,006.68 related to the acquisition of the company shares (EUR 1,276.33 pertaining to the Chairman, EUR 806.60 pertaining to the Vice Chairman and EUR 3,923.74 pertaining to the other Finnish members of the Board).

Pension liability

The retirement age of the Managing Director is 60 years, when the pension benefit is 60% of the pensionable salary.

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			
Chairman of the Board	-	-	-
Other Members of the Board	-	-	-
President/CEO [1)]	2,268	126	2,394
Deputy CEO	-	-	-
Former Chairmen of the Board			
Kalevi Keinänen [2)]	6	-	6
Former Presidents/CEO:s			
Harri Hollmen [3)]	12	-	12
	2,286	**126**	**2,412**

1) According to the defined benefit pension agreement in force until 31 December 2015, the pension benefit of the Group CEO was 60 per cent of his pensionable salary. The pensionable salary included fixed salary, fringe benefits, holiday pay and short-term incentives and was calculated as an average of two out of the four last full years, where the best and the worst year were left out. The supplementary pension costs for 2015 includes the final premium of 2016 (525,183 euros) and the liability is now fully covered. The defined benefit supplementary pension agreement stipulated in the previous service contract for the Group CEO is replaced by a new defined contribution pension agreement entering into force on 1 January 2016. The annual cost of the agreement for Sampo is 400,000 euros.

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). The supplementary cost pertains to a yearly index adjustement.

3) Group pension agreement with a retirement age of 60 and a pension benefit of 60 per cent of the pensionable TyEL-salary. The supplementary cost pertains to a yearly index adjustement.

Notes on shares held

20 Shares held as of 31 Dec, 2015

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
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

Sampo Plc

Board of Directors

Anne Brunila **Jannica Fagerholm** **Adine Grate Axén**

Veli-Matti Mattila **Risto Murto** **Eira Palin-Lehtinen**

Per Arthur Sørlie

Björn Wahlroos
Chairman of the Board

Kari Stadigh
Group CEO and President

Auditor's report

To the Annual General Meeting of Sampo plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Sampo plc for the financial period 1.1. - 31.12.2015. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report ofthe Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

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, March 3, 2016

Ernst & Young Oy
Authorized Public Accountant Firm

Tomi Englund
Authorized Public Accountant

Calendar and Contacts

Financial Information and AGM 2016

Sampo will publish two Interim Statements and a Half-yearly Report in 2016. These quarterly reports and related supplementary materials are published on Sampo's website at www.sampo.com/result. Press and stock exchange releases, the monthly updated list of shareholders and other investor information published by Sampo are available on the site as well. Sampo plc's Annual General Meeting will be held in April.

Annual General Meeting

The record date for the Annual General Meeting

11 April 2016

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.

The registration for the Annual General Meeting will finish at 4 pm (CET+1)

14 April 2016

Shareholder may register for the General Meeting

- www.sampo.com/agm
- By telephone to +358 10 516 0028 Mon–Fri, 8 am–4 pm (CET+1)
- By fax to +358 10 516 0719 or
- By mail to the address Sampo plc, Shareholder services, Fabianinkatu 27, 00100 Helsinki, Finland.

Annual General Meeting

21 April 2016

Sampo plc's Annual General Meeting will be held on 21 April, 2016 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

Ex-dividend date

22 April 2016

After the ex-dividend date, the dividend from any shares traded is paid to the seller of the shares.

Dividend record date

25 April 2016

The right to the dividend is held by the shareholder who is marked in the Shareholders Register on the dividend record date.

Dividend payment date

3 May 2016

The Board proposes that the Sampo dividend be paid on 3 May 2016.

Quarterly Reports

Interim Statement for the period January - March 2016

11 May 2016

Half-yearly Report 2016

10 August 2016

Interim Statement for the period January - September 2016

3 November 2016

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.

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