

# 2018

## Financial Statement Release

JANUARY-DECEMBER 2018

7 FEBRUARY 2019

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7 February 2019

# Sampo Group's results for 2018

**Group's profit before taxes for 2018 amounted to EUR 2,094 million (2,482). The profit for the comparison year contains a positive non-recurring item of EUR 706 million because of the change in Topdanmark's accounting treatment. The total comprehensive income for the period, taking changes in the market value of assets into account, declined to EUR 1,034 million (2,146).**

- Earnings per share was EUR 3.04 (3.96) and marked-to-market earnings per share was EUR 1.70 (3.79). Marked-to-market earnings were burdened by the weak capital market development. Return on equity for the Group amounted to 7.5 per cent (17.1) for 2018. Net asset value per share on 31 December 2018 decreased to EUR 20.60 (25.37).
- The Board proposes to the Annual General Meeting to be held on 9 April 2019 a dividend of EUR 2.85 per share (2.60). The proposed dividend payment amounts in total to EUR 1,583 million (1,444).
- If segment's profit before taxes rose to EUR 848 million (818). Insurance technical result amounted to EUR 643 million (640) and combined ratio for full-year 2018 was 85.2 per cent (85.3). Return on equity was burdened by the decrease in the market value of investment assets and amounted to 11.2 per cent (21.3). Premiums grew by 2.9 per cent with fixed currencies.
- Topdanmark segment's profit before taxes was EUR 199 million (848). The comparison figure contains a positive non-recurring profit item of EUR 706 million, arising from the difference between the carrying value and the fair value of Sampo's holding on 30 September 2017 when Sampo started to consolidate Topdanmark as a subsidiary. Combined ratio was strong and amounted to 82.3 per cent. Topdanmark's Board of Directors proposes to the AGM of 2019 a dividend of DKK 15 per share. If approved Sampo plc's share of the dividend payment is EUR 84 million.
- Sampo's share of Nordea's net profit for 2018 amounted to EUR 625 million (616). Nordea's RoE, excluding non-recurring items, amounted to 9.7 per cent (9.5) and core Tier 1 ratio was 15.5 per cent. In segment reporting the share of Nordea's profit is included in the segment 'Holding'. Nordea's Board of Directors is going to propose to the AGM 2019 a dividend of EUR 0.69 per share (0.68). If the AGM approves the Board's dividend proposal, Sampo plc will receive a dividend of EUR 594 million (585).
- Profit before taxes for segment Mandatum rose to EUR 450 million (236). The profit includes the contribution of EUR 197 million from the Danske Bank co-operation agreement in the second quarter of 2018. Return on equity decreased to 8.7 per cent (13.3) because of the decrease in the market value of investment assets. The discount rate for with profit policies used for 2019 and 2020 is 0.25 per cent and 2.50 per cent for 2021.

**Key figures**

EURm	2018	2017	Change, %	10-12/2018	10-12/2017	Change, %
Profit before taxes *)	2,094	2,482	-16	451	436	3
If	848	818	4	221	215	3
Topdanmark *)	199	848	-77	29	52	-45
Nordea	625	616	1	98	126	-23
Mandatum	450	236	91	66	56	18
Holding (excl. Nordea)	-3	-40	-92	38	-13	-
Profit for the period **)	1,778	2,239	-20	381	364	5
			<b>Change</b>			<b>Change</b>
Earnings per share, EUR	3.04	3.96	-0.92	0.66	0.61	0.05
EPS (incl. change in FVR) EUR	1.70	3.79	-2.09	-0.17	0.27	-0.44
NAV per share, EUR	20.60	25.37	-4.77	-	-	-
Average number of staff (FTE)	9,509	9,364	145	-	-	-
Group solvency ratio, %	147	154	-7	-	-	-
RoE, %	7.5	17.1	-9.6	-	-	-

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

\*\*) of which non-controlling interests are EUR 91 million (23) for 2018 and EUR 14 million (23) for the fourth quarter of 2018

The figures in this report are not audited. Income statement items are compared on a year-on-year basis whereas comparison figures for balance sheet items are from 31 December 2017 unless otherwise stated.

**Exchange rates used in reporting**

	1-12/2018	1-9/2018	1-6/2018	1-3/2018	1-12/2017
<b>EURSEK</b>					
Income statement (average)	10.2583	10.2374	10.1508	9.9712	9.6351
Balance sheet (at end of period)	10.2548	10.3090	10.4530	10.2843	9.8438
<b>DKKSEK</b>					
Income statement (average)	1.3764	1.3741	1.3630	1.3390	1.2953
Balance sheet (at end of period)	1.3733	1.3826	1.4026	1.3799	1.3222
<b>NOKSEK</b>					
Income statement (average)	1.0688	1.0678	1.0582	1.0350	1.0330
Balance sheet (at end of period)	1.0308	1.0890	1.0990	1.0628	1.0004
<b>EURDKK</b>					
Income statement (average)	7.4533	7.4503	7.4477	7.4468	7.4387
Balance sheet (at end of period)	7.4673	7.4564	7.4525	7.4530	7.4449

## Fourth quarter 2018 in brief

Sampo Group's profit before taxes for the fourth quarter of 2018 was EUR 451 million (436) and earnings per share amounted to EUR 0.66 (0.61). Marked-to-market earnings per share was EUR -0.22 (0.27). Net asset value per share decreased EUR 3.73 during the fourth quarter and was EUR 20.60.

Combined ratio for If for the fourth quarter of 2018 was 83.5 per cent (83.6). Profit before taxes amounted to EUR 221 million (215).

Topdanmark's combined ratio for the fourth quarter amounted to 81.1 per cent (82.1) and profit before taxes to EUR 29 million (52).

Sampo's share of Nordea's fourth quarter 2018 net profit amounted to EUR 98 million (126).

Profit before taxes for Mandatum Life amounted to EUR 66 million (56). Premiums written increased to a record high EUR 394 million (330).

# Business areas

## If

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

### Results

EURm	2018	2017	Change, %	10-12/2018	10-12/2017	Change, %
Premiums, net	4,325	4,357	-1	896	894	0
Net income from investments	229	216	6	47	42	11
Other operating income	30	27	10	8	7	13
Claims incurred	-2,716	-2,717	0	-657	-650	1
Change in insurance liabilities	-35	-64	-45	186	177	5
Staff costs	-529	-543	-3	-128	-137	-7
Other operating expenses	-445	-440	1	-129	-118	10
Finance costs	-15	-19	-21	-4	-3	24
Share of associates' profit/loss	4	1	194	1	1	39
Profit before taxes	848	818	4	221	215	3

### Key figures

			Change			Change
Combined ratio, %	85.2	85.3	-0.1	83.5	83.6	-0.1
Risk ratio, %	63.3	63.3	0.0	64.7	64.6	0.1
Cost ratio, %	21.9	22.0	-0.1	22.8	22.9	-0.1
Expense ratio, %	16.4	16.4	0.0	17.1	17.0	0.1
Return on equity, %	11.2	21.3	-10.1	-	-	-
Average number of staff (FTE)	6,603	6,367	236	-	-	-

Profit before taxes for 2018 for the If segment was EUR 848 million (818). Combined ratio amounted to 85.2 per cent (85.3) and risk ratio was unchanged at 63.3 per cent (63.3).

In 2018 EUR 173 million (111) was released from technical reserves relating to prior year claims. Return on equity decreased to 11.2 per cent (21.3) and the fair value reserve on 31 December 2018 amounted to EUR 234 million (519).

Technical result was EUR 643 million (640). Insurance margin (technical result in relation to net premiums earned) was stable at 15.1 per cent (15.1).

	Combined ratio, %			Risk ratio, %		
	2018	2017	Change	2018	2017	Change
Private	83.7	84.0	-0.4	61.8	62.0	-0.2
Commercial	86.9	88.0	-1.1	64.4	65.4	-1.0
Industrial	92.3	88.7	3.6	71.2	67.0	4.2
Baltic	88.8	88.9	-0.1	60.0	59.9	0.1
Sweden	79.7	84.5	-4.8	60.5	64.7	-4.2
Norway	85.7	80.8	4.9	63.1	57.8	5.3
Finland	88.6	88.3	0.2	66.2	66.4	-0.2
Denmark	98.1	98.8	-0.7	69.0	69.9	-0.9

	Combined ratio, %			Risk ratio, %		
	10-12/2018	10-12/2017	Change	10-12/2018	10-12/2017	Change
Private	83.0	83.8	-0.8	59.9	60.2	-0.3
Commercial	83.2	85.1	-2.0	59.9	62.6	-2.7
Industrial	90.9	83.1	7.8	69.0	59.8	9.2
Baltic	90.1	87.7	2.4	59.6	56.6	3.0
Sweden	81.8	82.0	-0.1	60.9	62.0	-1.1
Norway	81.4	87.9	-6.5	58.1	62.8	-4.7
Finland	87.8	74.2	13.6	65.5	52.2	13.3
Denmark	90.2	102.7	-12.4	58.6	70.1	-11.5

Large claims for If were EUR 29 million (46) worse than expected for the full-year 2018. In BA Industrial they were EUR 2 million worse and in BA Commercial EUR 26 million worse than expected in 2018. In the fourth quarter of 2018 the large claims were EUR 10 million worse than expected. Sweden and Finland were most impacted by the large claims outcome.

Swedish discount rate used to discount the annuity reserves was at -0.41 per cent (-0.13) at the end of 2018 and had a negative effect on the full-year results of EUR 19 million. In Finland the discount rate for annuities was kept at 1.2 per cent during 2018.

Gross written premiums amounted to EUR 4,502 million (4,526) in 2018. With fixed currency rates premiums grew 2.9 per cent. All business areas and all countries, except Finland, had growth. Premiums in BA Private grew in all markets including Finland. The growth was highest in the Baltics, 6.5 per cent, and in BA Industrial, 5.0 per cent. In BA Private the premium growth amounted to 2.4 per cent and in BA Commercial 2.6 per cent.

Gross written premiums grew by 4.0 per cent in Sweden, 4.2 per cent in Norway and 2.3 per cent in Denmark. In BA Private Sweden the premium growth slowed down significantly in the second half of 2018, because of the changes in taxation of new cars introduced as of 1 July 2018. In Finland the premium development improved towards the end of the year but remained negative for the full year 2018 and was -1.3 per cent.

Cost ratio improved slightly to 21.9 per cent (22.0) and expense ratio remained at 16.4 per cent (16.4).

On 31 December 2018, the total investment assets of If amounted to EUR 10.9 billion (11.5), of which fixed income investments constituted 88 per cent (84), money market 2 per cent (3) and equity 10 per cent (13). Net income from investments amounted to EUR 229 million (216). Investment return marked-to-market for the full-year 2018 was -0.8 per cent (2.6). Duration for interest bearing assets was 1.4 years (1.4) and average maturity 2.7 years (2.7). Fixed income running yield without taking into account the FX hedging cost as at 31 December 2018 was 1.7 per cent (1.5).

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

## Topdanmark

Topdanmark is the second largest non-life insurance company and the fifth largest life insurance company in Denmark. The company is listed on Nasdaq Copenhagen. In non-life insurance, Topdanmark has a 17 per cent market share. Topdanmark focuses on the private, agricultural and SME market where the company has around 600,000 customers and handles around 300,000 claims a year. In life insurance, Topdanmark has a 10 per cent market share in Denmark.

### Results

EURm	2018	2017	Change, %	10-12/2018	10-12/2017	Change, %
Premiums, net	2,509	498	404	601	498	21
Net income from investments	-280	107	-	-492	107	-
Other operating income	3	1	226	1	1	-8
Claims incurred	-1,198	-285	320	-298	-285	4
Change in insurance liabilities	-458	-163	181	313	-163	-
Staff costs	-269	-68	295	-69	-68	1
Other operating expenses	-119	-39	206	-38	-39	-3
Finance costs	-11	-3	305	-2	-3	-7
Share of associates' profit/loss	22	94	-77	13	4	232
Gain from fair valuation of former associated company	-	706	-	-	-	-
Profit before taxes	199	848	-77	29	52	-45
<b>Key figures</b>			<b>Change</b>			<b>Change</b>
Combined ratio, %	82.3	-	-	81.1	80.5	0.6
Loss ratio, %	66.0	-	-	63.6	64.0	-0.4
Expense ratio, %	16.3	-	-	17.6	16.4	1.1
Average number of staff (FTE)	2,314	2,412	-98	-	-	-

At the end of 2018 Sampo plc held 41,997,070 Topdanmark shares, corresponding to 46.7 per cent of all shares and 48.7 per cent of related voting rights in the company. The market value of the holding was EUR 1,704 million at 31 December 2018.

Sampo started to consolidate Topdanmark as a subsidiary from 30 September 2017. In Sampo Group's segment Topdanmark Sampo plc's share of Topdanmark's purchase price allocated to customer relations is amortized over a period of 10 years leading to a quarterly amortization of around EUR 5 million, net of tax (included in Other operating expenses).

The Board of Directors recommends to the AGM of 2019 a dividend of DKK 1,350 million (EUR 181 million), i.e. DKK 15 per share. If the AGM approves the proposal, Sampo plc share of the dividend payment is EUR 84 million.

The following text is based on Topdanmark's full-year 2018 result release published on 24 January 2019.

Topdanmark's pre-tax profit amounted to EUR 199 million (848). The comparison figure contains a non-recurring profit item of EUR 706 million, i.e. the difference between the carrying value and the fair value of Sampo's holding on 30 September 2017 when Sampo started to consolidate Topdanmark as a subsidiary.

In non-life insurance premiums earned increased 1.7 per cent to EUR 1,223 million (1,208). The level of large-scale claims increased in 2018. Compared to 2017, the level was approximately EUR 15 million higher, thus deteriorating the claims trend for the Topdanmark Group by 1.2 percentage points. Weather related claims amounted to EUR 1.2 million, which was approximately EUR 22 million lower (DKK 161 million) compared to normal level.

The combined ratio amounted to 82.3 per cent in 2018. The expense ratio was 16.3 per cent.

In life insurance gross premiums increased 19 per cent to EUR 1,354 million (1,109) in 2018. Unit-linked contracts represented 94 per cent of new sales in 2018.

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

Further information on Topdanmark A/S and its January-December 2018 result is available at [www.topdanmark.com](http://www.topdanmark.com).

## Associated company Nordea

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

On 31 December 2018 Sampo plc held 860,440,497 Nordea shares corresponding to holding of 21.2 per cent. The average price paid per share amounted to EUR 6.46 and the book value in the Group accounts was EUR 8.76 per share. The closing price as at 31 December 2018 was EUR 7.27.

Nordea's Board of Directors is going to propose to the AGM 2019 a dividend of EUR 0.69 per share (0.68). If the AGM approves the Board's dividend proposal, Sampo plc will receive dividend of EUR 594 million (585) from Nordea on 8 April 2019.

The following text is based on Nordea's full-year 2018 result release published on 6 February 2019.

2018 featured challenges in terms of revenues. Net interest income was down 7 per cent in 2018 compared to 2017 driven mainly by margin pressure and the deconsolidation of the Baltic operations. In recent quarters, the level has stabilised, and towards the end of the year, Nordea saw volume growth and stabilising blended margins. The FICC trading environment has been challenging throughout the year, and the worsening market conditions in the fourth quarter further weighted on net fair value as well as fees and commission.

Nordea continues to deliver on its cost efficiency plans with costs below EUR 4.8 billion for 2018, excluding the goodwill write-down in Russia of EUR 141 million. Nordea is well on track to reach our 2021 target to reduce costs by 3 per cent compared to 2018 and in 2019 the target is to have lower costs than in 2018, adjusted for non-recurring costs in 2018 and 2019. Common Equity Tier 1 capital ratio was 15.5 per cent, in line with Nordea's expectations and well above the required level of 13.9 per cent.

## Mandatum Life

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

### Results

EURm	2018	2017	Change, %	10-12/2018	10-12/2017	Change, %
Premiums written	1,074	960	12	394	330	19
Net income from investments	-26	782	-	-353	136	-
Other operating income	212	10	2,093	3	2	39
Claims incurred	-1,116	-1,021	9	-268	-280	-4
Change in liabilities contracts	426	-377	-	313	-104	-
Staff costs	-46	-47	-3	-10	-11	-9
Other operating expenses	-67	-63	7	-11	-17	-38
Finance costs	-7	-7	3	-2	-1	192
Profit before taxes	450	236	91	66	56	18
<b>Key figures</b>			<b>Change</b>			<b>Change</b>
Expense ratio, %	92.1	94.7	-2.6	-	-	-
Return on equity, %	8.7	13.3	-4.6	-	-	-
Average number of staff (FTE)	531	525	6	-	-	-

Profit before taxes for Mandatum Life in 2018 amounted to EUR 450 million (236). The profit includes the contribution of EUR 197 million from the Danske Bank co-operation agreement in the second quarter of 2018. The total comprehensive income for the period after tax reflecting the changes in market values of assets amounted to EUR 112 million (188). Return on equity amounted to 8.7 per cent (13.3).

Net investment income, excluding income on unit-linked contracts, amounted to EUR 232 million (376). Net income from unit-linked contracts was EUR -259 million (405). During 2018 fair value reserve decreased to EUR 352 million (599).

Total technical reserves of Mandatum Life Group were EUR 11.2 billion (11.6). The unit-linked reserves were EUR 7.0 billion (7.1) at the end of 2018. Unit-linked reserves corresponded to 62 per cent (61) of total technical reserves.

With profit reserves continued to decrease as planned during 2018 and amounted to EUR 4.2 billion (4.6) on 31 December 2018. With profit reserves related to the higher guarantees of 4.5 and 3.5 per cent decreased EUR 209 million to EUR 2.4 billion at the end of 2018.

Mandatum Life has overall supplemented its technical reserves with a total of EUR 232 million (325), of which EUR 193 million is allocated to years 2019 - 2021. The figure does not take into account the reserves relating to the segregated fund. The discount rate used for 2019 and 2020 is 0.25 per cent.

For 2021 a rate of 2.50 per cent is used. Discount rate of segregated liabilities is 0.50 per cent and discount rate reserve of segregated liabilities amounted to EUR 250 million (261).

At the end of 2018 Mandatum Life Group's investment assets, excluding the assets of EUR 7.0 billion (7.1) covering unit-linked liabilities, amounted to EUR 5.6 billion (6.3) at market values.

The assets covering Mandatum Life's original with profit liabilities at the end of 2018 amounted to EUR 4.6 billion (5.2) at market values. 49 per cent (42) of the assets are in fixed income instruments, 9 per cent (16) in money market, 27 per cent (28) in equities and 15 per cent (13) in alternative investments. The investment return marked-to-market for 2018 was -2.4 per cent (6.5). The duration of fixed income assets at the end of 2018 was 2.5 years (2.0) and average maturity 2.8 years (2.2). Fixed income running yield without taking into account the FX hedging cost was 2.7 per cent (2.4) on 31 December 2018.

The assets covering the segregated fund amounted to EUR 1.0 billion (1.1), of which 77 per cent (77) was in fixed income, 5 per cent (6) in money market, 11 per cent (11) in equities and 6 per cent (6) in alternative investments. Segregated fund's investment return marked-to-market was -1.9 per cent (1.8). On 31 December 2018 the duration of fixed income assets was 2.5 years (2.6) and average maturity 3.1 years (3.3). Fixed income running yield without taking into account the FX hedging cost was 2.4 per cent (2.1).

The expense result rose to a new record. The expense result for life insurance segment amounted to EUR 35 million (33) and risk result to EUR 33 million (35).

Mandatum Life Group's premium income on own account increased to EUR 1,074 million (960). Premiums through Danske Bank channel was EUR 78 million during 2018. Premiums from unit-linked policies increased to EUR 976 million (850).

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

## Holding

Sampo plc owns and controls its subsidiaries engaged in P&C and life insurance. In addition Sampo plc held on 31 December 2018 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. As of March 2018 Sampo plc also has had another associated company, NDX Intressenter AB, of which Sampo plc owns 36.25 per cent. The company was established for the takeover of Nordax Group AB.

### Results

EURm	2018	2017	Change, %	10-12/2018	10-12/2017	Change, %
Net investment income	2	10	-85	19	-2	-
Other operating income	17	18	-6	5	5	-3
Staff costs	-11	-18	-40	0	-5	-93
Other operating expenses	-14	-14	2	-4	-4	11
Finance costs	3	-36	-	19	-8	-
Share of associates' profit	621	616	1	97	126	-23
Profit before taxes	618	576	8	135	112	21
<b>Key figures</b>			<b>Change</b>			<b>Change</b>
Average number of staff (FTE)	61	60	1	-	-	-

Holding segment's profit before taxes amounted to EUR 618 million (576), of which EUR 621 million (616) relates to Sampo's share of Nordea's and NDX Intressenter's 2018 profit. Nordea's share was EUR 625 million (616) and NDX Intressenter's EUR -4 million. Segment's profit excluding the associated companies was EUR -3 million (-40).

Changes in market values of derivative instruments and currency exchange rates can cause volatility in the net investment income and finance cost lines.

Sampo plc's holding in Nordea Bank was booked in the consolidated balance sheet at EUR 7.5 billion. The market value of the holding was EUR 6.3 billion, i.e. EUR 7.27 per share, at 31 December 2018. In addition the assets on Sampo plc's balance sheet included holdings in subsidiaries for EUR 3.4 billion (2.4).

Sampo plc has during 2017 and 2018 made five investments (Asiakastieto, Intrum, Nets, Nordax and Saxo) amounting totally to approx. EUR 1 billion. Of these holdings Nordax (NDX Intressenter) is treated as an associated company, and other investments as financial assets.

# Other developments

## Personnel

The average number of Sampo Group's employees (FTE) in 2018 amounted to 9,509 (9,364).

If is Sampo Group's largest business area and employed on average 70 per cent of the personnel. Topdanmark employed 24 per cent and Mandatum Life approximately 6 per cent of the personnel. The parent company Sampo plc employed 1 per cent of the work force.

In geographical terms Denmark had 31 per cent of the personnel, Finland 24 per cent, Sweden 22 per cent and Norway 14 per cent. The share of other countries was 10 per cent.

The total number of staff in If increased 4 per cent. As of 31 December 2018 If employed 6,680 persons.

Topdanmark employed 2,309 persons at the end of the year and the total number of staff decreased 4 per cent.

The total number of staff in Mandatum Life increased 2 per cent. As of 31 December 2018 Mandatum Life employed 533 persons.

Sampo plc had 61 employees (60) at the end of 2018.

At the end of the year, the total number of staff in Sampo Group totaled 9,582 persons.

More detailed information on personnel in Sampo Group is available in Sampo Group Corporate Responsibility Report 2018 to be published in May 2019 at [www.sampo.com/year2018](http://www.sampo.com/year2018).

## Remuneration

In 2018 EUR 23 million (19), including social cost, was paid on the basis of the long-term incentive schemes. EUR 36 million (37), including social costs, was paid as short-term incentives during the same period. The result impact of the long-term incentive schemes in force in 2018 was EUR 5 million (28).

Sampo Group will publish in March 2019 the Remuneration Report 2018 at [www.sampo.com/year2018](http://www.sampo.com/year2018). The Remuneration Report 2018 is part of the Remuneration Statement, which is available at [www.sampo.com/remunerationstatement](http://www.sampo.com/remunerationstatement). The statement has been prepared in accordance with the Corporate Governance Code issued by the Securities Market Association and effective as of 1 January 2016.

## Shares and share capital

The Annual General Meeting of 2018 authorized the Board to repurchase a maximum of 50,000,000 Sampo A shares. Shares are repurchased in other proportion than the shareholders' proportional shareholdings (directed repurchase). The maximum price to be paid is highest market price quoted during the authorization period. The authorization will be valid until the close of the next Annual General Meeting, nevertheless not more than 18 months after AGM's decision.

Sampo plc made no repurchases during 2018 and has not purchased its own shares after the end of the reporting period.

## Internal dividends

Sampo plc, Sampo Group's parent company, received almost EUR 1.7 billion in dividends from its subsidiaries and associated company Nordea Bank AB during 2018. The following dividend payments were received:

- Mandatum Life; EUR 150 million in March 2018 and EUR 150 million in September 2018,
- Nordea; EUR 585 million in March 2018,
- Topdanmark; EUR 107 million in April 2018 and
- If; SEK 7.0 billion (EUR 675 million) in December 2018

On 6 February 2019 Nordea's Board of Directors announced that it is going to propose to the Annual General meeting to be held on 28 March 2019, a dividend of EUR 0.69 per share. With its current holding Sampo plc's share amounts to EUR 594 million. The dividend is proposed to be paid on 8 April 2019.

Topdanmark's Board of Directors proposed to the Annual General Meeting of 3 April 2019 a dividend of DKK 15 per share. Sampo's share of the Topdanmark's total dividend amounts to EUR 84 million.

A dividend of EUR 150 million is planned to be paid by Mandatum Life during the first quarter of 2019. If normally pays its dividend towards the end of the calendar year.

## Ratings

Relevant ratings for Sampo Group companies on 31 December 2018 are presented in the table below.

Rated company	Moody's		Standard & Poor's	
	Rating	Outlook	Rating	Outlook
Sampo plc - Long-term Issuer Rating	A3	Stable	A-	Stable
If P&C Insurance Ltd (Sweden) - Insurance Financial Strength Rating	A1	Stable	A+	Stable

## Solvency

Sampo Group's capital requirement is dependent on the capital requirements of the business areas and the parent company. Sampo Group's capital requirement and the amount of group's own funds are calculated by both the conglomerate rules (FICO) and the Solvency II directive.

Until the end of 2018 the total minimum capital requirement under FICO rules was calculated based on the subsidiaries' standard formula capital requirements. At the year-end 2018 Sampo started using Partial Internal Model (PIM) Solvency Capital Requirements (SCR) for most of non-life insurance business of If and Topdanmark in FICO calculations. This decreased the total minimum capital requirement by approximately EUR 470 million in the fourth quarter of 2018.

In Solvency II Sampo Group has not, however, an approved Group PIM, although the PIMs of If and Topdanmark are approved by their respective local regulators, and therefore the Standard Formula SCRs are applied in Solvency II on a group-level. The treatment of Nordea's capital requirement in Sampo is similar under FICO and Solvency II and the effects of any changes are similar as well.

In the fourth quarter of 2018 Nordea's Risk Exposure Amount (REA) increased EUR 35 billion to EUR 156 billion stemming mainly from migration of existing items from Pillar 2 to Pillar 1 due to the re-domiciliation of the bank from Sweden to Finland. At the same time, the systemic risk buffer (SRB) decreased temporarily to zero per cent. As a consequence of these two effects, the nominal capital requirement for Sampo was EUR 3,779 million on 31 December 2018. However, the SRB has to be applied in Finland starting 1 January 2019 (2 per cent in the first half of 2019 and 3 per cent from 1 July 2019) which will increase Nordea's capital requirement for Sampo accordingly in 2019 and decrease the Group solvency ratio. As the situation develops Sampo will be looking into different measures to counter the impact.

Group's conglomerate solvency ratio (own funds in relation to minimum requirements for own funds) amounted to 147 per cent (154) as at 31 December 2018. The components of the calculation are described in the table below.

### Sampo Group solvency

EURm	31 Dec 2018	31 Dec 2017
Group capital	13,014	13,508
Goodwill, other intangibles, foreseeable dividends and distributions and deductibles	-5,269	-5,004
Sectoral items	2,586	2,517
Group's own funds, total	10,330	11,021
Minimum requirements for own funds, total	7,017	7,164
Group solvency	3,313	3,858
Group solvency ratio (Own funds % of minimum requirements)	147	154

The Group solvency calculated according to the Solvency II directive amounted to 140 per cent (156) on 31 December 2018.

The insurance subsidiaries have since 1 January 2016 applied Solvency II rules in their regulatory solvency calculations. If Group companies use either partial internal models or standard model for calculation of their solo solvency position. Mandatum Life reports in accordance with standard formula for Solvency II. Topdanmark uses a partial internal model to report its stand-alone solvency position.

If Group has an A+ rating from S&P which will continue to require significantly more capital than the standard formula and therefore the use of standard formula has no practical implications on If Group's capital position. On 31 December 2018 If Group's pro forma Solvency II capital requirement under standard formula amounted to EUR 1,833 million (1,938) and own funds to EUR 3,599 million (3,818). Solvency ratio amounted to 196 per cent (197).

S&P A+ rating requirement for If Group amounted to EUR 2,949 million (3,098) at the end of 2018 and the capital base was EUR 3,149 million (3,408). On 31 December 2018 If Group's Solvency II capital requirement under partial internal model was EUR 1,305 million (1,510) and own funds EUR 3,599 million (3,875). Solvency ratio amounted to 276 per cent (257).

Topdanmark calculates most of its non-life and health risks and their respective solvency capital requirement by a partial internal model approved by the DFSA. Other risks are calculated by Solvency II SCR standard formula. Topdanmark's solvency ratio under the partial internal model was 196 per cent (204) at the end of 2018.

On 31 December 2018 Topdanmark's Solvency II capital requirement under standard formula amounted to EUR 534 million and own funds to EUR 872 million. Solvency ratio amounted to 163 per cent (166).

Mandatum Life's solvency ratio after transitional measures remained strong despite the dividend payment and the negative capital market development and was 176 per cent (182) on 31 December 2018. Own funds of EUR 1,740 million (1,977) exceed Solvency Capital Requirement (SCR) of EUR 990 million (1,087) by EUR 750 million. Without transitional measures, own funds would have amounted to EUR 1,348 million (1,555) and the solvency capital requirement to EUR 1,030 million (1,220) leading to a solvency ratio of 131 per cent (127).

More information on Sampo Group's capital policy is available in the Risk Management Report 2018 published in March 2019 at [www.sampo.com/year2018](http://www.sampo.com/year2018).

## Debt financing

Sampo plc's debt financing on 31 December 2018 amounted to EUR 4,067 million (3,177) and interest bearing assets to EUR 1,959 million (1,754). Interest bearing assets include bank accounts, fixed income instruments and EUR 489 million (496) of hybrid capital and subordinated debt instruments issued by the subsidiaries and associated companies. Altogether, excluding cash and equivalents, the fixed income instruments' yield was over 5 per cent.

On 31 December 2018 financial liabilities in Sampo plc's balance sheet consisted of issued senior bonds and notes of EUR 3,943 million (2,884) and EUR 124 million (293) of CPs issued. The average interest, net of interest rate swaps, on Sampo plc's debt as of 31 December 2018 was 0.81 per cent (0.93).

More information on Sampo Group's outstanding debt issues is available at [www.sampo.com/debtfinancing](http://www.sampo.com/debtfinancing).

# Outlook

## Outlook for 2019

Sampo Group's business areas are expected to report good operating results for 2019.

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

If P&C is expected to reach a combined ratio of 86 – 90 per cent in 2019.

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

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

## The major risks and uncertainties to the Group in the near-term

In its current day-to-day business activities Sampo Group is exposed to various risks and uncertainties mainly through its separately managed business areas including the parent company Sampo plc.

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

Uncertainties in the form of major unforeseen events may have an immediate impact on the Group's profitability. Identification of unforeseen events is easier than estimation of their probabilities, timing and potential outcomes. Currently there are a number of widely identified macro-economic, political and other sources of uncertainty which can in various ways affect financial services industry negatively. Especially the political risks are at an elevated level at the moment.

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

# Dividend proposal

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

The parent company's distributable capital and reserves totalled EUR 7,792,358,111.04 of which profit for the financial year was EUR 1,668,757,866.27.

The Board proposes to the Annual General Meeting a dividend of EUR 2.85 per share to company's 555,351,850 shares. The dividends to be paid are EUR 1,582,752,772.50 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 11 April 2019. The Board proposes that the dividend be paid on 18 April 2019.

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**

## For more information, please contact

**Knut Arne Alsaker**, Group CFO, tel. +358 10 516 0010

**Jarmo Salonen**, Head of Investor Relations and Group Communications, tel. +358 10 516 0030

**Mirko Hurmerinta**, IR and Communications Specialist, Media Relations, tel. +358 10 516 0032

## Press Conference and Conference call

Sampo will today arrange a press conference at Restaurant Palace (10th floor), Eteläranta 10, Helsinki, at 1 pm Finnish time (11 am UK time). Languages used at the press conference are English and Finnish.

To attend the press conference and for interview requests please contact Mirko Hurmerinta via e-mail, [mirko.hurmerinta@sampo.fi](mailto:mirko.hurmerinta@sampo.fi)

An English-language conference call for investors and analysts will be arranged at 5 pm Finnish time (3 pm UK time). Please call +44 (0)333 300 0804, +1 631 913 1422, +46 (0)8 5664 2651 or +358 (0)9 8171 0310. The conference code is 69958632#.

The press conference and conference call can also be followed live at [www.sampo.com/result](http://www.sampo.com/result).

Recorded versions will later be available at the same address.

In addition, a Supplementary Financial Information Package is available at [www.sampo.com/result](http://www.sampo.com/result).

Sampo will publish the Interim Statement for January-March 2019 on 8 May 2019.

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## Group financial review >

### Financial highlights

<b>GROUP</b>		<b>1-12/2018</b>	<b>1-12/2017</b>
Profit before taxes	EURm	2,094	2,482
Return on equity (at fair value)	%	7.5	17.1
Return on assets (at fair value)	%	3.2	7.6
Equity/assets ratio	%	25.1	26.1
Group solvency <sup>1)</sup>	EURm	3,313	3,858
Group solvency ratio <sup>1)</sup>	%	147	154
Average number of staff		9,509	9,364
<b>IF</b>		<b>1-12/2018</b>	<b>1-12/2017</b>
Premiums written before reinsurers' share	EURm	4,502	4,525
Premiums earned	EURm	4,290	4,293
Profit before taxes	EURm	848	818
Return on equity (at current value)	%	11.2	21.3
Risk ratio <sup>2)</sup>	%	63.3	63.3
Cost ratio <sup>2)</sup>	%	21.9	22.0
Loss ratio <sup>2)</sup>	%	68.8	68.9
Expense ratio <sup>2)</sup>	%	16.4	16.4
Combined ratio <sup>2)</sup>	%	85.2	85.3
Average number of staff		6,603	6,367
<b>TOPDANMARK</b>		<b>1-12/2018</b>	<b>10-12/2017</b>
Premiums written before reinsurers' share, life insurance	EURm	1,357	294
Premiums written before reinsurers' share, P&C insurance	EURm	1,235	210
Premiums earned, P&C insurance	EURm	1,144	281
Profit before taxes	EURm	199	848
Loss ratio <sup>2)</sup>	%	66.0	64.0
Expense ratio <sup>2)</sup>	%	16.3	16.4
Combined ratio	%	82.3	80.5
Average number of staff		2,314	2,412
<b>MANDATUM</b>		<b>1-12/2018</b>	<b>1-12/2017</b>
Premiums written before reinsurers' share	EURm	1,082	967
Profit before taxes	EURm	450	236
Return on equity (at current value)	%	8.7	13.3
Expense ratio	%	92.1	94.7
Average number of staff		531	525

## > Group financial review

<b>HOLDING</b>		<b>1-12/2018</b>	<b>1-12/2017</b>
Profit before taxes	EURm	618	576
Average number of staff		61	60
<b>PER SHARE KEY FIGURES</b>		<b>1-12/2018</b>	<b>1-12/2017</b>
Earnings per share	EUR	3.04	3.96
Earnings per share, incl. other comprehensive income	EUR	1.70	3.79
Capital and reserves per share	EUR	22.30	23.14
Net asset value per share	EUR	20.60	25.37
Adjusted share price, high	EUR	48.92	47.46
Adjusted share price, low	EUR	37.61	41.53
Market capitalisation	EURm	21,331	24,858

<sup>1)</sup> The Group solvency is calculated according to the consolidation method defined in Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates (2004/699).

<sup>2)</sup> The key figures for P&C Insurance are based on activity based costs and cannot, therefore, be calculated directly from the consolidated income statement. The result analysis of If is presented in note 16.

The number of shares used at the balance sheet date and as the average number during the financial period was 555,351,850.

The valuation differences on investment property have been taken into account in calculating the return on assets, return on equity, equity/assets ratio and net asset value per share. The tax component includes the tax corresponding to the result for the period, and the deferred tax liability related to valuation differences on investment property.

The total comprehensive income has been used in the calculation of the return on assets and return on equity.

The key figures for the insurance business have been calculated in accordance with the decree issued by the Ministry of Finance and the specifying regulations and instructions of the Finance Supervisory Authority.

## Calculation of key figures

### Return on equity (fair values), %

$$\frac{\begin{aligned} &+ \text{ total comprehensive income} \\ &\pm \text{ valuation differences on investments less deferred tax} \end{aligned}}{\begin{aligned} &+ \text{ total equity} \\ &\pm \text{ valuation differences on investments less deferred tax} \\ &\quad (\text{average of values 1 Jan. and the end of reporting period}) \end{aligned}} \times 100 \%$$

### Return on assets (at fair values), %

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

### Equity/assets ratio (at fair values), %

$$\frac{\begin{aligned} &+ \text{ total equity} \\ &\pm \text{ valuation differences on investments after deduction of deferred tax} \end{aligned}}{\begin{aligned} &+ \text{ balance sheet total} \\ &\pm \text{ valuation differences on investments} \end{aligned}} \times 100 \%$$

### Risk ratio for P&C insurance, %

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

### Cost ratio for P&C insurance, %

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

### Loss ratio for P&C insurance, %

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

### Expense ratio for P&C insurance, %

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

### Combined ratio for P&C insurance, %

Loss ratio + expense ratio

### Expense ratio for life insurance, %

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

## Per share key figures

### **Earnings per share**

profit for the financial period attributable to the parent company's equity holders  
-----  
adjusted average number of shares

### **Equity per share**

equity attributable to the parent company's equity holders  
-----  
adjusted number of shares at the balance sheet date

### **Net asset value per share**

+ equity attributable to the parent company's equity holders  
± valuation differences on listed associates in the Group  
± valuation differences after the deduction of deferred taxes  
-----  
adjusted number of shares at balance sheet date

### **Market capitalisation**

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

## Group quarterly comprehensive income statement

EURm	10-12/2018	7-9/2018	4-6/2018	1-3/2018	10-12/2017
Insurance premiums written	1,891	1,561	1,858	2,598	1,722
Net income from investments	-779	439	330	-95	280
Other operating income	12	13	211	8	7
Claims incurred	-1,223	-1,213	-1,264	-1,316	-1,215
Change in liabilities for insurance and investment contracts	808	-62	-271	-560	-88
Staff costs	-207	-213	-212	-222	-221
Other operating expenses	-177	-154	-166	-130	-170
Finance costs	14	-21	-4	-7	-11
Share of associates' profit/loss	112	140	226	169	131
<b>Profit for the period before taxes</b>	<b>451</b>	<b>490</b>	<b>708</b>	<b>445</b>	<b>436</b>
Taxes	-70	-76	-101	-70	-72
<b>Profit for the period</b>	<b>381</b>	<b>414</b>	<b>607</b>	<b>375</b>	<b>364</b>
<b>Other comprehensive income for the period</b>					
<b>Items reclassifiable to profit or loss</b>					
Exchange differences on translating foreign operations	-15	30	-31	-81	-71
Available-for-sale financial assets	-552	23	4	-214	-108
Share of other comprehensive income of associates	-35	-5	-2	-20	-33
Taxes	118	-5	0	46	22
<b>Total items reclassifiable to profit or loss, net of tax</b>	<b>-484</b>	<b>43</b>	<b>-29</b>	<b>-269</b>	<b>-190</b>
<b>Items not reclassifiable to profit or loss</b>					
Actuarial gains and losses from defined pension plans	-7	7	-8	2	-1
Taxes	2	-2	2	0	0
<b>Total items not reclassifiable to profit or loss, net of tax</b>	<b>-6</b>	<b>5</b>	<b>-6</b>	<b>1</b>	<b>-1</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-108</b>	<b>463</b>	<b>571</b>	<b>108</b>	<b>174</b>
<b>Profit attributable to</b>					
Owners of the parent	367	386	586	348	341
Non-controlling interests	14	28	21	27	23
<b>Total comprehensive income attributable to</b>					
Owners of the parent	-122	434	550	81	150
Non-controlling interests	14	28	21	27	23

## Statement of profit and other comprehensive income, IFRS

EURm	Note	1-12/2018	1-12/2017
Insurance premiums written	1	7,907	5,815
Net income from investments	2	-104	1,104
Other operating income		244	36
Claims incurred	3	-5,015	-4,023
Change in liabilities for insurance and investment contracts		-85	-603
Staff costs	4	-855	-676
Other operating expenses		-627	-536
Finance costs		-18	-52
Share of associates' profit/loss		647	712
- Gain from fair valuation of former associated company		-	706
<b>Profit before taxes</b>		<b>2,094</b>	<b>2,482</b>
Taxes		-317	-243
<b>Profit for the period</b>		<b>1,778</b>	<b>2,239</b>
<b>Other comprehensive income for the period</b>			
<b>Items reclassifiable to profit or loss</b>			
Exchange differences		-97	-96
Available-for-sale financial assets		-739	73
Share of other comprehensive income of associates		-61	-57
Taxes		159	-18
<b>Total items reclassifiable to profit or loss, net of tax</b>		<b>-739</b>	<b>-97</b>
<b>Items not reclassifiable to profit or loss</b>			
Actuarial gains and losses from defined pension plans		-6	5
Taxes		1	-1
<b>Total items not reclassifiable to profit or loss, net of tax</b>		<b>-5</b>	<b>4</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,034</b>	<b>2,146</b>
<b>Profit attributable to</b>			
Owners of the parent		1,687	2,216
Non-controlling interests		91	23
<b>Total comprehensive income attributable to</b>			
Owners of the parent		943	2,122
Non-controlling interests		91	23
<b>Basic earnings per share (EUR)</b>		<b>3.04</b>	<b>3.96</b>

## Consolidated balance sheet, IFRS

EURm	Note	12/2018	12/2017
<b>Assets</b>			
Property, plant and equipment		162	158
Investment property		665	653
Intangible assets	5	2,143	2,121
Investments in associates		8,065	7,765
Financial assets	6, 7, 8, 9, 10	22,693	22,832
Investments related to unit-linked insurance contracts	11	10,671	7,409
Tax assets		24	18
Reinsurers' share of insurance liabilities		294	297
Other assets		2,263	1,940
Cash and cash equivalents		2,361	2,734
Assets held for sale	18	-	3,374
<b>Total assets</b>		<b>49,340</b>	<b>49,300</b>
<b>Liabilities</b>			
Liabilities for insurance and investment contracts	12	18,415	18,900
Liabilities for unit-linked insurance and investment contracts	13	11,390	7,959
Financial liabilities	14	4,711	3,649
Tax liabilities		487	638
Provisions		18	33
Employee benefits		51	57
Other liabilities		1,254	1,258
Liabilities related to assets held for sale	18	-	3,299
<b>Total liabilities</b>		<b>36,326</b>	<b>35,792</b>
<b>Equity</b>			
Share capital		98	98
Reserves		1,530	1,530
Retained earnings		10,944	10,692
Other components of equity		-186	528
<b>Equity attributable to parent company's equity holders</b>		<b>12,386</b>	<b>12,848</b>
Non-controlling interests		628	660
<b>Total equity</b>		<b>13,014</b>	<b>13,508</b>
<b>Total equity and liabilities</b>		<b>49,340</b>	<b>49,300</b>

## Statement of changes in equity, IFRS

EURm	Share capital	Legal reserve	Invested unrestricted equity	Retained earnings 1)	Translation of foreign operations 2)	Available- for-sale financial assets 3)	Total	Non- controlling interest	Total
<b>Equity at 1 Jan. 2017</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>9,700</b>	<b>-518</b>	<b>1,124</b>	<b>11,934</b>	<b>-</b>	<b>11,934</b>
<b>Changes in equity</b>									
Recognition of undrawn dividends				10			10		10
Cancellation of shares				30			30		30
Dividends				-1,288			-1,288		-1,288
Business acquisitions				17			17	636	654
Share of associate's other changes in equity				23			23		23
Profit for the period				2,216			2,216	23	2,239
Other comprehensive income for the period				-15	-138	60	-93		-93
<b>Equity at 31 December 2017</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>10,692</b>	<b>-656</b>	<b>1,184</b>	<b>12,848</b>	<b>660</b>	<b>13,508</b>
<b>Changes in equity</b>									
Dividends				-1,444			-1,444	-112	-1,556
Share-based payments				8			8	9	17
Share of associate's other changes in equity				31			31		31
Other changes in equity								-20	-20
Profit for the period				1,687			1,687	91	1,778
Other comprehensive income for the period				-31	-124	-590	-744		-744
<b>Equity at 31 December 2018</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>10,944</b>	<b>-780</b>	<b>594</b>	<b>12,386</b>	<b>628</b>	<b>13,014</b>

1) IAS 19 *Pension benefits* had a net effect of EURm -34 (-15) 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 -26 (-19) of Nordea's items not reclassifiable to profit or loss. The exchange differences include the share of Nordea's exchange differences EURm -26 (-43). Respectively, available-for-sale financial assets include EURm -10 (15) of Nordea's valuation differences on assets at fair value through p/l. Nordea adopted the new IFRS 9 *Financial instruments* standard from 1 January 2018 on.

3) The amount recognised in equity from available-for-sale financial assets for the period totalled EURm -409 (266). The amount transferred to p/l amounted to EURm -192 (-204). EURm 20 (-7) was transferred to the Segregated Suomi portfolio.

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

## Statement of cash flows, IFRS

EURm	1-12/2018	1-12/2017
<b>Cash and cash equivalent at the beginning of the period</b>	<b>2,734</b>	<b>2,585</b>
Cash flow from/used in operating activities	-208	1,254
Cash flow from/used in investing activities	406	534
Cash flow from/used in financing activities	-571	-1,639
Dividends paid	-1,444	-1,286
Increase of liabilities	1,482	1,042
Decrease of liabilities	-609	-1,395
<b>Cash and cash equivalent at the end of the period</b>	<b>2,361</b>	<b>2,734</b>

The cash flow statement reports cash flows during the period classified by operating, investing and financing activities. Cash flows from operating activities derive primarily from the principal revenue-producing activities. Cash flows from investments in subsidiaries and associated undertakings and those from investments in intangible assets and property, plant and equipment are presented in investing activities. Financing activities include cash flows resulting from changes in equity and borrowings in order to conduct the business. Cash and cash equivalents consist of cash at bank and in hand and short-term deposits (under 3 months).

# Notes

## Accounting policies

Sampo Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting. In preparing the interim financial statements, the same accounting policies and methods of computation are applied as in the financial statements for 2017.

Sampo adopted new or revised standards and interpretations at the beginning of the year 2018. The changes did not have a material impact on the reported numbers. These standards and interpretations are explained in Sampo's accounting policies for the financial year 2017. The financial statements are available on Sampo's website at [www.sampo.com/annualreport](http://www.sampo.com/annualreport).

## Comprehensive income statement by segment for twelve months ended 31 December 2018

EURm	If	Top- danmark	Mandatum	Holding	Elimination	Group
Insurance premium written	4,325	2,509	1,074	-	-1	7,907
Net income from investments	229	-280	-26	2	-28	-104
Other operating income	30	3	212	17	-18	244
Claims incurred	-2,716	-1,198	-1,116	-	15	-5,015
Change in liabilities for insurance and investment contracts	-35	-458	426	-	-18	-85
Staff costs	-529	-269	-46	-11	-	-855
Other operating expenses	-445	-119	-67	-14	18	-627
Finance costs	-15	-11	-7	3	12	-18
Share of associates' profit/loss	4	22	0	621	-	647
<b>Profit before taxes</b>	<b>848</b>	<b>199</b>	<b>450</b>	<b>618</b>	<b>-20</b>	<b>2,094</b>
Taxes	-187	-43	-91	0	4	-317
<b>Profit for the period</b>	<b>661</b>	<b>156</b>	<b>360</b>	<b>618</b>	<b>-16</b>	<b>1,778</b>
<b>Other comprehensive income for the period</b>						
<b>Items reclassifiable to profit or loss</b>						
Exchange differences	-87	-9	-	-2	-	-97
Available-for-sale financial assets	-364	-	-314	-61	-	-739
Share of other comprehensive income of associates	-	-	-	-61	-	-61
Taxes	80	-	67	12	-	159
<b>Total items reclassifiable to profit or loss, net of tax</b>	<b>-372</b>	<b>-9</b>	<b>-247</b>	<b>-111</b>	<b>-</b>	<b>-739</b>
<b>Items not reclassifiable to profit or loss</b>						
Actuarial gains and losses from defined pension plans	-6	-	-	-	-	-6
Taxes	1	-	-	-	-	1
<b>Total items not reclassifiable to profit or loss, net of tax</b>	<b>-5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>284</b>	<b>147</b>	<b>112</b>	<b>506</b>	<b>-16</b>	<b>1,034</b>
<b>Profit attributable to</b>						
Owners of the parent						1,687
Non-controlling interests						91
<b>Total comprehensive income attributable to</b>						
Owners of the parent						943
Non-controlling interests						91

## Comprehensive income statement by segment for twelve months ended 31 December 2017

EURm	If	Top- danmark	Mandatum	Holding	Elimination	Group
Insurance premium written	4,357	498	960	-	0	5,815
Net income from investments	216	107	782	10	-10	1,104
Other operating income	27	1	10	18	-20	36
Claims incurred	-2,717	-285	-1,021	-	-	-4,023
Change in liabilities for insurance and investment contracts	-64	-163	-377	-	1	-603
Staff costs	-543	-68	-47	-18	-	-676
Other operating expenses	-440	-39	-63	-14	20	-536
Finance costs	-19	-3	-7	-36	14	-52
Share of associates' profit/loss	1	94	0	616	-	712
- Gain from fair valuation of former associated company	-	706	-	-	-	706
<b>Profit before taxes</b>	<b>818</b>	<b>848</b>	<b>236</b>	<b>576</b>	<b>4</b>	<b>2,482</b>
Taxes	-180	-12	-51	0	0	-243
<b>Profit for the period</b>	<b>637</b>	<b>848</b>	<b>185</b>	<b>576</b>	<b>4</b>	<b>2,239</b>
<b>Other comprehensive income for the period</b>						
<b>Items reclassifiable to profit or loss</b>						
Exchange differences	-95	-1	0	-	-	-96
Available-for-sale financial assets	46	-	5	22	-	73
Share of other comprehensive income of associates	-	-	-	-57	-	-57
Taxes	-11	-	-2	-4	-	-18
<b>Total items reclassifiable to profit or loss, net of tax</b>	<b>-61</b>	<b>-</b>	<b>3</b>	<b>-39</b>	<b>-</b>	<b>-97</b>
<b>Items not reclassifiable to profit or loss</b>						
Actuarial gains and losses from defined pension plans	5	-	-	-	-	5
Taxes	-1	-	-	-	-	-1
<b>Total items not reclassifiable to profit or loss, net of tax</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>581</b>	<b>848</b>	<b>188</b>	<b>537</b>	<b>4</b>	<b>2,146</b>
<b>Profit attributable to</b>						
Owners of the parent						2,216
Non-controlling interests						23
<b>Total comprehensive income attributable to</b>						
Owners of the parent						2,122
Non-controlling interests						23

## Consolidated balance sheet by segment at 31 December 2018

EURm	If	Topdanmark	Mandatum	Holding	Elimination	Group
<b>Assets</b>						
Property, plant and equipment	24	130	5	3	-	162
Investment property	4	513	148	-	-	665
Intangible assets	512	1,472	158	0	-	2,143
Investments in associates	14	225	3	7,823	-	8,065
Financial assets	10,753	6,028	4,902	5,069	-4,058	22,693
Investments related to unit-linked insurance contracts	-	3,735	6,960	-	-24	10,671
Tax assets	11	2	-	15	-4	24
Reinsurers' share of insurance liabilities	208	85	1	-	-	294
Other assets	1,704	279	182	107	-8	2,263
Cash and cash equivalents	294	34	586	1,448	-	2,361
<b>Total assets</b>	<b>13,525</b>	<b>12,502</b>	<b>12,944</b>	<b>14,465</b>	<b>-4,095</b>	<b>49,340</b>
<b>Liabilities</b>						
Liabilities for insurance and investment contracts	8,934	5,259	4,221	-	-	18,415
Liabilities for unit-linked insurance and investment contracts	-	4,460	6,955	-	-24	11,390
Financial liabilities	405	339	133	4,104	-271	4,711
Tax liabilities	207	188	96	-	-4	487
Provisions	18	-	-	-	-	18
Employee benefits	51	-	-	-	-	51
Other liabilities	785	227	173	78	-9	1,254
<b>Total liabilities</b>	<b>10,401</b>	<b>10,473</b>	<b>11,578</b>	<b>4,182</b>	<b>-308</b>	<b>36,326</b>
<b>Equity</b>						
Share capital						98
Reserves						1,530
Retained earnings						10,944
Other components of equity						-186
<b>Equity attributable to parent company's equity holders</b>						<b>12,386</b>
Non-controlling interests						628
<b>Total equity</b>						<b>13,014</b>
<b>Total equity and liabilities</b>						<b>49,340</b>

## Consolidated balance sheet by segment at 31 December 2017

EURm	If	Topdanmark	Mandatum	Holding	Elimination	Group
<b>Assets</b>						
Property, plant and equipment	22	130	3	3	-	158
Investment property	12	489	151	-	-	653
Intangible assets	528	1,509	83	-	-	2,121
Investments in associates	14	173	0	7,578	-	7,765
Financial assets	11,217	6,166	4,977	4,510	-4,038	22,832
Investments related to unit-linked insurance contracts	-	3,464	3,986	-	-42	7,409
Tax assets	17	2	-	3	-4	18
Reinsurers' share of insurance liabilities	220	77	0	-	-	297
Other assets	1,601	211	103	33	-8	1,940
Cash and cash equivalents	437	72	1,025	1,200	-	2,734
Assets held for sale	-	-	3,374	-	-	3,374
<b>Total assets</b>	<b>14,069</b>	<b>12,293</b>	<b>13,703</b>	<b>13,326</b>	<b>-4,092</b>	<b>49,300</b>
<b>Liabilities</b>						
Liabilities for insurance and investment contracts	9,120	5,405	4,375	-	-	18,900
Liabilities for unit-linked insurance and investment contracts	-	4,036	3,965	-	-42	7,959
Financial liabilities	322	303	106	3,187	-269	3,649
Tax liabilities	278	196	164	-	-	638
Provisions	33	-	-	-	-	33
Employee benefits	57	-	-	-	-	57
Other liabilities	739	249	241	38	-9	1,258
Liabilities related to assets held for sale	-	-	3,299	-	-	3,299
<b>Total liabilities</b>	<b>10,549</b>	<b>10,189</b>	<b>12,150</b>	<b>3,224</b>	<b>-321</b>	<b>35,792</b>
<b>Equity</b>						
Share capital						98
Reserves						1,530
Retained earnings						10,692
Other components of equity						528
<b>Equity attributable to parent company's equity holders</b>						<b>12,848</b>
Non-controlling interests						660
<b>Total equity</b>						<b>13,508</b>
<b>Total equity and liabilities</b>						<b>49,300</b>

# Other notes, EURm

## 1 Insurance premiums

	1-12/2018	1-12/2017
P&C insurance	5,737	4,737
Life insurance		
Insurance contracts	1,751	802
Investment contracts	687	457
<b>Insurance premiums, gross</b>	<b>8,174</b>	<b>5,996</b>
<b>Reinsurers' share</b>		
P&C insurance	-259	-174
Life insurance, insurance contracts	-7	-7
<b>Reinsurers's share, total</b>	<b>-267</b>	<b>-181</b>
<b>Group insurance premiums total, net</b>	<b>7,907</b>	<b>5,815</b>

## 2 Net income from investments >

If	1-12/2018	1-12/2017
<b>Financial assets</b>		
Derivative financial instruments	-34	-35
Loans and receivables	10	9
Financial asset available-for-sale		
Debt securities	190	166
Equity securities	120	137
Total	310	303
<b>Total financial assets</b>	<b>286</b>	<b>277</b>
Fee and commission expense	-21	-23
Expense on other than financial liabilities	-5	-6
Effect of discounting annuities	-31	-33
<b>If, total</b>	<b>229</b>	<b>216</b>

Topdanmark	1-12/2018	10-12/2017
<b>Financial assets</b>		
Derivative financial instruments	-32	18
Financial assets for trading		
Debt securities	35	15
Equity securities	-20	13
Total	15	28
Investments related to unit-linked contracts		
Debt securities	19	10
Equity securities	-123	43
Derivatives	-143	24
Other financial assets	-26	12
Total	-273	90
Loans and receivables	2	0
<b>Total financial assets</b>	<b>-287</b>	<b>136</b>
Net income from investment property	18	3
Pension tax return	4	-20
Effect of discounting, insurance liabilities	-12	-11
Other expenses related to investments	-2	0
<b>Topdanmark, total</b>	<b>-280</b>	<b>107</b>

## > 2 Net income from investments

<b>Mandatum</b>	<b>1-12/2018</b>	<b>1-12/2017</b>
<b>Financial assets</b>		
Derivative financial instruments	-125	170
Investments related to unit-linked contracts		
Debt securities	4	21
Equity securities	-254	348
Loans and receivables	6	-9
Other financial assets	-15	45
Total	-259	405
Loans and receivables	2	-13
Financial assets available-for-sale		
Debt securities	132	-107
Equity securities	208	290
Total	334	183
<b>Total income from financial assets</b>	<b>-43</b>	<b>746</b>
Other assets	3	19
Fee and commission income, net	13	16
<b>Mandatum, total</b>	<b>-26</b>	<b>782</b>
<b> Holding</b>	<b>1-12/2018</b>	<b>1-12/2017</b>
<b>Financial assets</b>		
Derivative financial instruments	-27	0
Loans and receivables	-24	1
Financial assets available-for-sale		
Debt securities	40	1
Equity securities	13	7
Total	53	8
<b>Total income from financial assets</b>	<b>2</b>	<b>9</b>
Other assets	0	1
<b>Holding, total</b>	<b>2</b>	<b>10</b>
Elimination items between segments	-28	-10
<b>Group investment income, total</b>	<b>-104</b>	<b>1,104</b>

### 3 Claims incurred

	1-12/2018	1-12/2017
<b>Claims paid</b>		
P&C insurance	-3,567	-3,036
Life insurance		
Insurance contracts	-1,315	-845
Investment contracts	-373	-311
<b>Claims paid, gross</b>	<b>-5,254</b>	<b>-4,193</b>
<b>Reinsurers' share</b>		
P&C insurance	107	100
Life insurance, insurance contracts	1	5
<b>Reinsurers's share, total</b>	<b>108</b>	<b>105</b>
<b>Claims paid total, net</b>	<b>-5,146</b>	<b>-4,088</b>
<b>Change in claims provision</b>		
P&C insurance	104	75
Life insurance, insurance contracts	36	0
<b>Change in claims provision, gross</b>	<b>140</b>	<b>76</b>
<b>Reinsurers' share</b>		
P&C insurance	-9	-8
Life insurance, insurance contracts	1	-3
<b>Reinsurers's share, total</b>	<b>-9</b>	<b>-11</b>
<b>Change in claims provision, net</b>	<b>131</b>	<b>65</b>
<b>Group claims incurred, total</b>	<b>-5,015</b>	<b>-4,023</b>

## 4 Staff costs

	1-12/2018	1-12/2017
Wages and salaries	-625	-471
Granted cash-settled share options	-1	-31
Granted share-settled share options	-9	-2
Pension costs	-96	-76
Other social security costs	-123	-97
<b>Group staff costs, total</b>	<b>-855</b>	<b>-676</b>

## 5 Intangible assets

	12/2018	12/2017
Goodwill	1,454	1,476
Other intangible assets	689	719
<b>Total</b>	<b>2,143</b>	<b>2,196</b>
Mandatum's assets held for sale	-	-75
<b>Group intangible assets, total</b>	<b>2,143</b>	<b>2,121</b>

## 6 Financial assets

	12/2018	12/2017
Derivative financial instruments (Note 7)	72	85
Financial assets designated as at fair value through p/l		
Debt securities	4,432	4,628
Equity securities	726	793
Total	5,158	5,421
Loans and receivables	685	542
Financial assets available-for-sale		
Debt securities	12,888	13,081
Equity securities	3,889	3,902
Total	16,777	16,983
<b>Financial assets, total</b>	<b>22,693</b>	<b>23,031</b>
Mandatum's assets held for sale	-	-198
<b>Group financial assets, total</b>	<b>22,693</b>	<b>22,832</b>

## 7 Derivative financial instruments

	12/2018			12/2017		
	Contract/ notional amount	Fair value Assets	Fair value Liabilities	Contract/ notional amount	Fair value Assets	Fair value Liabilities
<b>Derivatives held for trading</b>						
Interest rate derivatives	2,750	48	100	2,836	6	77
Foreign exchange derivatives	11,304	24	65	11,319	76	18
Equity derivatives	41	0	-	44	0	-
<b>Derivatives held for trading, total</b>	<b>14,096</b>	<b>72</b>	<b>166</b>	<b>14,199</b>	<b>82</b>	<b>96</b>
<b>Derivatives held for hedging</b>						
Fair value hedges	364	-	4	364	3	-
<b>Group derivative financial instruments, total</b>	<b>14,460</b>	<b>72</b>	<b>169</b>	<b>14,563</b>	<b>85</b>	<b>96</b>

## 8 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 quotations or valuation techniques based on market observable inputs, where available. For a limited amount of assets the value needs to be determined using other techniques.

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

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

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

In level 3, the measurement is based on other inputs rather than observable market data.

The majority of Sampo Group's level 3 assets are private equity and alternative funds.

For private equity funds the valuation of the underlying investments is conducted by the fund manager who has all the relevant information required in the valuation process. The valuation is usually updated quarterly based on the value of the underlying assets and the amount of debt in the fund.

There are several valuation methods, which can be based on, for example, the acquisition value of the investments, the value of publicly traded peer companies, the multiple based valuation or the cashflows of the underlying investments. Most private equity funds follow the International Private Equity and Venture Capital (IPEV) guidelines which give detailed instructions on the valuation of private equity funds.

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

The assets held for sale are included in the comparison figures for 2017.

<b>Financial assets at 31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Financial assets at fair value</i>				
<b>Derivative financial instruments</b>				
Interest rate swaps	-	48	-	<b>48</b>
Foreign exchange derivatives	-	24	-	<b>24</b>
<b>Total</b>	<b>-</b>	<b>72</b>	<b>-</b>	<b>72</b>
<b>Trading assets</b>				
Equity securities	533	191	-	<b>725</b>
Debt securities	3,957	695	51	<b>4,703</b>
<b>Total</b>	<b>4,490</b>	<b>886</b>	<b>51</b>	<b>5,428</b>
<b>Financial assets designated as at fair value through p/l</b>				
Deposits	-	587	-	<b>587</b>
<b>Financial assets related to unit-linked insurance</b>				
Equity securities	2,433	4	7	<b>2,444</b>
Debt securities	1,209	1,894	27	<b>3,130</b>
Funds	3,119	918	678	<b>4,716</b>
Derivative financial instruments	-	5	-	<b>5</b>
Other assets	-	-	41	<b>41</b>
<b>Total</b>	<b>6,761</b>	<b>2,822</b>	<b>754</b>	<b>10,337</b>
<b>Financial assets available-for-sale</b>				
Equity securities	1,683	-	322	<b>2,005</b>
Debt securities	9,289	3,315	13	<b>12,617</b>
Other assets	907	44	909	<b>1,860</b>
<b>Total</b>	<b>11,878</b>	<b>3,359</b>	<b>1,245</b>	<b>16,482</b>
<b>Total financial assets at fair value</b>	<b>23,130</b>	<b>7,727</b>	<b>2,050</b>	<b>32,907</b>

## &gt; 8 Determination and hierarchy of fair values &gt;

Financial assets at 31 December 2018	Level 1	Level 2	Level 3	Total
<i>Other financial assets</i>				
<b>Financial assets at amortised cost</b>				
Loans and receivables	-	358	98	<b>456</b>
<b>Group financial assets, total</b>	<b>23,130</b>	<b>8,086</b>	<b>2,148</b>	<b>33,363</b>

Financial liabilities at 31 December 2018	Level 1	Level 2	Level 3	Total
<i>Financial liabilities at fair value</i>				
<b>Derivative financial instruments</b>				
Interest derivatives	-	100	-	<b>100</b>
Foreign exchange derivatives	-	69	-	<b>69</b>
<b>Total</b>	<b>-</b>	<b>169</b>	<b>-</b>	<b>169</b>
<b>Financial liabilities designated as at fair value through p/l</b>				
Deposits	-	-	11	<b>11</b>
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>169</b>	<b>11</b>	<b>180</b>
<i>Other financial liabilities</i>				
<b>Subordinated debt securities</b>				
Subordinated loans	147	321	-	<b>468</b>
<b>Debt securities in issue</b>				
Commercial papers	3,547	419	-	<b>3,966</b>
Bonds	-	124	-	<b>124</b>
<b>Total</b>	<b>3,547</b>	<b>543</b>	<b>-</b>	<b>4,090</b>
<b>Total other liabilities</b>	<b>3,695</b>	<b>864</b>	<b>-</b>	<b>4,558</b>
<b>Group financial liabilities, total</b>	<b>3,695</b>	<b>1,033</b>	<b>11</b>	<b>4,738</b>

## &gt; 8 Determination and hierarchy of fair values &gt;

Financial assets at 31 December 2017	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value</i>				
<b>Derivative financial instruments</b>				
Interest rate swaps	-	6	-	<b>6</b>
Foreign exchange derivatives	-	79	-	<b>79</b>
Equity derivatives	-	1	-	<b>1</b>
<b>Total</b>	-	<b>86</b>	-	<b>86</b>
<b>Assets held for trading</b>				
Equity securities	608	185	-	<b>793</b>
Debt securities	3,953	868	77	<b>4,899</b>
<b>Total</b>	<b>4,561</b>	<b>1,053</b>	<b>77</b>	<b>5,692</b>
<b>Financial assets designated at fair value through profit or loss</b>				
Deposits	-	457	-	<b>457</b>
<b>Financial assets related to unit-linked insurance</b>				
Equity securities	2,223	4	6	<b>2,233</b>
Debt securities	1,163	1,583	38	<b>2,785</b>
Funds	3,786	940	359	<b>5,085</b>
Derivative financial instruments	-	15	-	<b>15</b>
Other assets	-	-	19	<b>19</b>
<b>Total</b>	<b>7,173</b>	<b>2,542</b>	<b>422</b>	<b>10,137</b>
<b>Financial assets available-for-sale</b>				
Equity securities	1,939	-	42	<b>1,981</b>
Debt securities	9,922	2,854	34	<b>12,810</b>
Other assets	1,183	62	675	<b>1,921</b>
<b>Total</b>	<b>13,045</b>	<b>2,916</b>	<b>751</b>	<b>16,712</b>
<b>Total financial assets at fair value</b>	<b>24,779</b>	<b>7,054</b>	<b>1,250</b>	<b>33,083</b>
<i>Other financial assets</i>				
<b>Financial assets at amortised cost</b>				
Loans and receivables	-	374	83	<b>457</b>
<b>Group financial assets, total</b>	<b>24,779</b>	<b>7,428</b>	<b>1,333</b>	<b>33,540</b>

## &gt; 8 Determination and hierarchy of fair values &gt;

Financial liabilities at 31 December 2017	Level 1	Level 2	Level 3	Total
<i>Financial liabilities at fair value</i>				
<b>Derivative financial instruments</b>				
Interest derivatives	-	77	-	<b>77</b>
Foreign exchange derivatives	-	19	-	<b>19</b>
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>96</b>	<b>-</b>	<b>96</b>
<i>Other financial liabilities</i>				
<b>Subordinated debt securities</b>				
Subordinated loans	170	207	-	<b>377</b>
<b>Debt securities in issue</b>				
Commercial papers	2,816	138	-	<b>2,954</b>
Bonds	-	293	-	<b>293</b>
<b>Total</b>	<b>2,816</b>	<b>431</b>	<b>-</b>	<b>3,247</b>
<b>Total other liabilities</b>	<b>2,986</b>	<b>638</b>	<b>-</b>	<b>3,624</b>
<b>Group financial liabilities, total</b>	<b>2,986</b>	<b>734</b>	<b>-</b>	<b>3,720</b>

	12/2018		12/2017	
	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
<b>Transfers between levels 1 and 2</b>				
<b>Assets held for trading</b>				
Debt securities	1	58	59	-
<b>Financial assets related to unit-linked insurance</b>				
Debt securities	17	64	49	<b>48</b>
Funds	-	44	18	-
<b>Total</b>	<b>17</b>	<b>108</b>	<b>67</b>	<b>4</b>
<b>Financial assets available-for-sale</b>				
Debt securities	461	477	811	<b>649</b>

Transfers are based mainly on the changes of trading volume information provided by an external service provided.

## > 8 Determination and hierarchy of fair values

### Sensitivity analysis of fair values

The sensitivity of financial assets and liabilities to changes in exchange rates is assessed on business area level due to different base currencies. In If, 10 percentage point depreciation of all other currencies against SEK would result in an increase recognised in profit/loss of EURm 1 (13) and in a decrease recognised directly in equity of EURm -1 (-12). In Topdanmark, 10 percentage depreciation of all other currencies against DKK would result in an increase recognised in profit/loss of EURm 0 (-1), but would not have an impact on equity. In Mandatum, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 29 (12) and in a decrease recognised directly in equity of EURm -67 (-79). 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 -249 (-216).

The sensitivity analysis of the Group's fair values of financial assets and liabilities in different market risk scenarios is presented below. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 December 2018.

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 assets
	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Effect recognised in profit/loss	327	-295	-107	-38
Effect recognised directly in equity	391	-361	-588	-201
<b>Total effect</b>	<b>718</b>	<b>-656</b>	<b>-694</b>	<b>-239</b>

## 9 Movements in level 3 financial instruments measured at fair value >

<b>Financial assets</b>	At Jan. 1 2018	Total gains/ losses in income statement	Total gains/ losses recorded in other compre- hensive income	Purchases	Sales	At 31 Dec 2018	Gains/ losses included in p/l for financial assets 31 Dec 2018
<b>Financial assets for trading</b>							
Debt securities	77	1	-	14	-40	<b>51</b>	<b>1</b>
<b>Investments related to unit-linked insurance contracts</b>							
Equity securities	6	30	-	7	-35	7	-
Debt securities	38	0	-	4	-16	27	-
Funds	359	21	-	355	-56	678	21
<b>Total</b>	<b>403</b>	<b>51</b>	<b>-</b>	<b>366</b>	<b>-107</b>	<b>713</b>	<b>21</b>
<b>Financial assets available-for-sale</b>							
Equity securities	43	1	4	519	-245	323	4
Debt securities	34	0	-1	95	-115	13	0
Other assets	674	5	-4	350	-116	909	1
<b>Total</b>	<b>751</b>	<b>6</b>	<b>-1</b>	<b>964</b>	<b>-476</b>	<b>1,245</b>	<b>4</b>
<b>Total financial assets measured at fair value</b>	<b>1,231</b>	<b>58</b>	<b>-1</b>	<b>1,344</b>	<b>-623</b>	<b>2,009</b>	<b>27</b>

	12/2018		<b>Total</b>
	<b>Realised gains</b>	<b>Fair value gains and losses</b>	
Total gains or losses included in profit or loss for the financial period	57	0	<b>57</b>
Total gains or losses included in profit and loss for assets held at the end of the financial period	27	0	<b>27</b>

## > 9 Movements in level 3 financial instruments measured at fair value

<b>Financial assets at</b>	At Jan. 1 2017	Total gains/ losses in income statement	Total gains/ losses recorded in other compre- hensive income	Purchases*)	Sales	At 31 Dec 2017	Gains/ losses included in p/l for financial assets 31 Dec 2017
<b>Financial assets for trading</b>							
Debt securities	-	-4	-	89	-9	<b>77</b>	-4
<b>Investments related to unit-linked insurance contracts</b>							
Equity securities	14	-8	-	7	-6	6	-8
Debt securities	27	0	-	21	-9	38	0
Funds	154	10	-	242	-47	359	11
<b>Total</b>	<b>194</b>	<b>2</b>	<b>-</b>	<b>269</b>	<b>-62</b>	<b>403</b>	<b>3</b>
<b>Financial assets available-for-sale</b>							
Equity securities	48	10	-1	6	-21	43	-2
Debt securities	58	0	0	334	-358	34	0
Other assets	757	-49	11	180	-226	674	-36
<b>Total</b>	<b>864</b>	<b>-38</b>	<b>10</b>	<b>520</b>	<b>-604</b>	<b>751</b>	<b>-38</b>
<b>Total financial assets measured at fair value</b>	<b>1,058</b>	<b>-40</b>	<b>10</b>	<b>878</b>	<b>-675</b>	<b>1,231</b>	<b>-39</b>

\*) Purchases of debt securities include business acquisition related financial assets for trading EURm 57 and investments related to unit-linked insurance contracts EURm 21.

	12/2017		
	Realised gains	Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial period	-37	8	<b>-29</b>
Total gains or losses included in profit and loss for assets held at the end of the financial period	-46	8	<b>-39</b>

## 10 Sensitivity analysis of level 3 financial instruments measured at fair value

	12/2018	Effect of reasonably possible alternative assumptions (+ / -)	12/2017	Effect of reasonably possible alternative assumptions (+ / -)
	Carrying amount		Carrying amount	
<b>Financial assets</b>				
<b>Financial assets available-for-sale</b>				
Equity securities	322	-64	42	-8
Debt securities	13	-1	34	-1
Other assets	909	-182	675	-135
<b>Total</b>	<b>1,245</b>	<b>-248</b>	<b>751</b>	<b>-145</b>

The value of financial assets regarding the debt security instruments has been tested by assuming a rise of 1 per cent unit in interest rate level in all maturities. For other financial assets, the prices were assumed to go down by 20 per cent. Sampo Group bears no investment risks related to unit-linked insurance, so a change in assumptions regarding these assets does not affect profit or loss. On the basis of these alternative assumptions, a possible change in interest levels at 31 December 2018 would cause a descend of EURm -1 (-1) for the debt instruments, and EURm -246 (-143) 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 2.0 per cent (1.1).

## 11 Investments related to unit-linked insurance

	12/2018	12/2017
<b>Financial assets as at fair value through p/l</b>		
Debt securities	3,130	2,826
Equity securities	6,901	7,276
Loans and receivables	358	373
Derivatives	5	15
Other	277	19
<b>Total</b>	<b>10,671</b>	<b>10,509</b>
Mandatum's assets held for sale	-	-3,100
<b>Group investments related to unit-linked insurance, total</b>	<b>10,671</b>	<b>7,409</b>

## 12 Liabilities for insurance and investment contracts

	12/2018	12/2017
<b>Insurance contracts</b>		
Provision for unearned premiums		
P&C insurance, total	2,422	2,399
Life insurance		
Insurance contracts	1,934	2,223
Investment contracts	24	26
Provision for claims outstanding		
P&C insurance, total	8,663	8,882
Life insurance	2,264	2,324
Life insurance liabilities	3,109	3,244
<b>Total</b>	<b>18,415</b>	<b>19,098</b>
Mandatum's liabilities related to assets held for sale	-	-198
<b>Group liabilities for insurance and investment contracts, total</b>	<b>18,415</b>	<b>18,900</b>

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.

## 13 Liabilities from unit-linked insurance and investment contracts

	12/2018	12/2017
Unit-linked insurance contracts	4,399	4,794
Unit-linked investment contracts	2,531	2,230
Life insurance liabilities	4,460	4,036
<b>Total</b>	<b>11,390</b>	<b>11,060</b>
Mandatum's liabilities related to assets held for sale	-	-3,100
<b>Group liabilities from unit-linked insurance and investment contracts, total</b>	<b>11,390</b>	<b>7,959</b>

## 14 Financial liabilities

	12/2018	12/2017
Derivative financial instruments (Note 7)	169	96
<b>Subordinated debt securities</b>		
Subordinated loans	464	376
<b>Debt securities in issue</b>		
Commercial papers	124	293
Bonds	3,943	2,884
<b>Total</b>	<b>4,067</b>	<b>3,177</b>
Deposits received from reinsurers	11	-
<b>Group financial liabilities, total</b>	<b>4,711</b>	<b>3,649</b>

## 15 Contingent liabilities and commitments

	12/2018	12/2017
<b>Off-balance sheet items</b>		
Other irrevocable commitments	1,144	992
Guarantees	10	3
Investment commitments	5	2
Acquisition of IT-software	98	106
<b>Total</b>	<b>1,257</b>	<b>1,103</b>

### Assets pledged as collateral for liabilities or contingent liabilities

	12/2018	12/2018	12/2017	12/2017
	Assets pledged	Liabilities/commitments	Assets pledged	Liabilities/commitments
<b>Assets pledged as collateral</b>				
Investments				
- Investment securities	209	152	218	129

### Assets pledged as security for derivative contracts, carrying value

	12/2018	12/2017
Investment securities	13	15
Cash and cash equivalents	182	85

The pledged assets are included in the balance sheet item Other assets or Cash and cash equivalents.

### Non-cancellable operating leases

	12/2018	12/2017
<b>Minimum lease payments</b>		
not later than one year	31	32
later than one year and not later than five years	92	105
later than five years	40	54
<b>Total</b>	<b>163</b>	<b>191</b>

## 16 Result analysis of If

	1-12/2018	1-12/2017
Premiums earned	4,290	4,293
Claims incurred	-2,954	-2,959
Operating expenses	-702	-705
Other technical income and expenses	-4	-8
Allocated investment return transferred from the non-technical account	13	19
<b>Technical result</b>	<b>643</b>	<b>640</b>
Investment result	245	229
Allocated investment return transferred to the technical account	-44	-52
Other income and expenses	3	0
<b>Operating result</b>	<b>848</b>	<b>818</b>

## 17 Associate acquisitions

The Swedish NDX Intressenter AB became an associate of the Group in March 2018 with an ownership of 36.25%. The p/l and balance sheet of the company are presented in the Holding segment.

The preliminary purchase price allocation on the acquisition is presented below:

Cost of the business acquisition	241
Net assets acquired without the pre-acquisition goodwill	84
<b>Purchase consideration to be allocated</b>	<b>157</b>
Allocated to other intangible assets	
Customer relations	54
Other intangible assets	1
Deferred tax liability related to allocations	-12
Goodwill	114
<b>Total</b>	<b>157</b>

The allocations to the customer relations and other intangible assets are amortised over 8 years. Their total net effect sums to about EUR 43 million. The net effect of annual amortisation is about EUR 5 million.

## 18 Assets and liabilities related to assets held for sale

In October 2016, Mandatum Life Insurance Company announced that it will not continue the distribution agreement of insurance policies with Danske Bank Plc after 31 December 2016 and that it will use its right to sell the insurance portfolio acquired via Danske Bank to Danske Bank A/S. The portfolio has been classified according to IFRS 5.

Mandatum Life and Danske Bank agreed on 24 April 2018 to continue their co-operation and that the transfer of the insurance portfolio agreed earlier will not take place. Commission structures in the new co-operation agreement differ from the ones used earlier and Mandatum Life will pay higher commissions for both the new sales and the existing portfolio. The agreed transaction was subject to confirmation of the tax treatment. Despite the negative pre-ruling on the tax treatment the parties have agreed to continue their co-operation as agreed and appeal against the pre-ruling. Danske Bank has paid EUR 197 million in June 2018. If the tax treatment remains negative, Mandatum life's financial risk is EUR 13 million.

The classification of the insurance portfolio as assets held for sale and liabilities related to assets held for sale has ended as a result of the agreement.

## 19 Sampo plc's income statement and balance sheet (FAS)

<b>INCOME STATEMENT</b>	<b>1-12/2018</b>	<b>1-12/2017</b>
Other operating income	17	18
Staff expenses	-11	-18
Depreciation and impairment	0	0
Other operating expenses	-14	-14
<b>Operating profit</b>	<b>-8</b>	<b>-14</b>
Finance income and expenses	1,677	1,410
<b>Profit before appropriations and income taxes</b>	<b>1,669</b>	<b>1,396</b>
Income taxes	0	-
<b>Profit for the financial period</b>	<b>1,669</b>	<b>1,396</b>
<b>BALANCE SHEET</b>	<b>12/2018</b>	<b>12/2017</b>
<b>ASSETS</b>		
Property, plant and equipment	3	3
Investments		
Shares in Group companies	3,401	3,401
Receivables from Group companies	261	266
Shares in participating undertakings	5,799	5,557
Receivables from participating undertakings	227	230
Other shares and participations	745	175
Other receivables	23	58
Receivables	166	49
Cash and cash equivalents	1,447	1,199
<b>TOTAL ASSETS</b>	<b>12,073</b>	<b>10,939</b>
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	98	98
Fair value reserve	-3	45
Invested unrestricted equity	1,527	1,527
Other reserves	273	273
Retained earnings	4,328	4,376
Profit for the year	1,669	1,396
<b>Total equity</b>	<b>7,890</b>	<b>7,714</b>
<b>Liabilities</b>		
Long-term	3,943	2,884
Short-term	240	340
<b>Total liabilities</b>	<b>4,182</b>	<b>3,224</b>
<b>TOTAL LIABILITIES</b>	<b>12,073</b>	<b>10,939</b>

## SAMPO GROUP

Sampo plc  
Fabianinkatu 27  
00100 Helsinki, Finland

Phone: +358 10 516 0100  
Business ID: 0142213-3

 [www.sampo.com](http://www.sampo.com)

 [@Sampo\\_plc](https://twitter.com/Sampo_plc)

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