

Q3

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INTERIM STATEMENT

JANUARY-SEPTEMBER 2020  
4 NOVEMBER 2020



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# Sampo Group's results for January – September 2020

In the third quarter of 2020 Sampo Group's largest subsidiary, If P&C, again delivered an excellent technical result and, in addition, the market values of the investment assets continued to appreciate and approached the pre-COVID-19 levels. The Group's good result was supported by Nordea's strong development. Sampo Group's profit before taxes for January-September 2020 was EUR 1,054 million (1,073). The total comprehensive income, taking changes in the market value of assets into account, amounted to EUR 665 million (879) for January-September 2020 and EUR 632 million (-116) for the third quarter of 2020 alone.

- Earnings per share were EUR 1.51 (1.38) and mark-to-market earnings per share was EUR 1.12 (1.44). Return on equity for the Group amounted to 7.0 per cent (9.2) for the first three quarters of 2020. The net asset value per share on 30 September 2020 was EUR 18.63 (18.90).
- If segment's profit before taxes amounted to EUR 616 million (655). The combined ratio for January – September 2020 amounted to 82.4 per cent (84.3). The discount rate used to discount the annuity reserves in Finland was lowered from 0.95 per cent to 0.75 per cent. Excluding the discount rate reduction, the January-September 2020 combined ratio was 80.9 per cent. Premiums grew by 5.2 per cent on a fixed currency basis. All business areas and all markets recorded growth.
- If P&C will pay a dividend of SEK 6,300 million (approx. EUR 600 million) to Sampo plc in December 2020.
- Topdanmark segment's profit before taxes decreased to EUR 85 million (180) and the combined ratio deteriorated to 85.7 per cent (80.5).
- Nordea's performance in the third quarter of 2020 was strong. Sampo's share of Nordea's net profit for January-September 2020 amounted to EUR 299 million (147). Nordea intends to pay out a dividend for the financial year 2019 and the Board will review the situation in the fourth quarter of 2020 in the light of any further European Central Bank communication.
- Profit before taxes for the Mandatum segment amounted to EUR 100 million (212). For the first time in Mandatum Life's history the amount of with-profit reserves with higher guarantees of 4.5 and 3.5 per cent decreased below EUR 2.0 billion.
- Sampo and Rand Merchant Investment Holdings Limited (RMI) announced a recommended cash offer to acquire all issued and to be issued shares in Hastings Group Holdings Plc not currently owned or controlled by Sampo and RMI on 5 August 2020. The Offer is subject to certain conditions, including the receipt of certain regulatory and antitrust approvals. All of the conditions relating to regulatory and antitrust approvals have now been satisfied and a Court Hearing to sanction the Scheme is anticipated to be held on 13 November 2020.

## Key figures

EURm	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %
Profit before taxes	1,054	1,073	-2	485	92	425
If	616	655	-6	233	215	8
Topdanmark	85	180	-53	46	34	35
Associates *)	308	0	-	170	-227	-
Mandatum	100	212	-53	60	75	-20
Holding (excl. associates)	-53	26	-	-25	-6	-333
Profit for the period	881	848	4	412	22	1,777
			<b>Change</b>			<b>Change</b>
Earnings per share, EUR	1.51	1.38	0.13	0.70	0.01	0.69
EPS (based on OCI) EUR	1.12	1.44	-0.32	1.10	-0.24	1.34
NAV per share, EUR **)	18.63	20.71	-2.08	-	-	-
Average number of staff (FTE)	10,309	9,769	540	-	-	-
Group solvency ratio, % **)	214	167	47	-	-	-
RoE, %	7.0	9.2	-2.2	-	-	-

\*) the valuation loss of EUR -155 million on distribution of Nordea shares in Q3/2019 is included in the comparison figures

\*\*) comparison figure from 31.12.2019

The figures in this report have not been audited. Income statement items are compared on a year-on-year basis and comparison figures for balance sheet items are from 31 December 2019, unless otherwise stated.

## Exchange rates used in reporting

	1-9/2020	1-6/2020	1-3/2020	1-12/2019	1-9/2019
<b>EURSEK</b>					
Income statement (average)	10.5622	10.6621	10.6649	10.5853	10.5679
Balance sheet (at end of period)	10.5713	10.4948	11.0613	10.4468	10.6958
<b>DKKSEK</b>					
Income statement (average)	1.4157	1.4280	1.4279	1.4183	1.4158
Balance sheet (at end of period)	1.4197	1.4813	1.4813	1.3982	1.4326
<b>NOKSEK</b>					
Income statement (average)	0.9857	0.9932	1.0195	1.0749	1.0816
Balance sheet (at end of period)	0.9523	0.9618	0.9610	1.0591	1.0809
<b>EURDKK</b>					
Income statement (average)	7.4581	7.4648	7.4714	7.4661	7.4644
Balance sheet (at end of period)	7.4462	7.4526	7.4674	7.4715	7.4662

## Group CEO's Comment

Sampo Group is pleased to report strong results for the third quarter of 2020. The largest profit contributor, If P&C, continued to deliver an excellent underwriting performance combined with healthy top-line growth above 5 per cent. In addition, investment results were supported by the capital market developments. The markets continued to be backed by policymakers and central banks, and the good liquidity together with the strong risk appetite led asset prices to recover towards the pre-COVID-19 levels.

Encouragingly, Nordea produced a solid set of numbers and increased both its efficiency and market shares. The bank exceeded investor expectations on virtually all lines and remains committed to meeting the financial targets 2022. Nordea's strong financial position also means that it is well-placed to pay out dividends. The bank intends to pay a dividend for the financial year 2019, given necessary regulatory approvals.

In addition to Nordea's dividend statement, I received confirmation this week that If P&C has decided to distribute a dividend of SEK 6,300 million in December of this year. Topdanmark has also repeated its earlier commitment to pay the remainder of its 2019 dividend and with Mandatum having a very solid solvency position, I am confident that Sampo will have no cash flow issues as regards distributing a dividend in the spring in accordance with the dividend policy.

I am pleased to report that the recommended cash offer to acquire Hastings Group Holdings Plc, which Sampo made together with RMI on 5 August 2020, is proceeding according to plan. The offer was approved by the requisite majorities of Hastings' shareholders on 29 September 2020. Furthermore, all of the regulatory and antitrust approvals have been received. We look forward to welcoming Hastings to the Group following the Court Hearing, which is expected to be held on 13 November 2020.

In closing, in spite of the turbulent times, Sampo Group has made steady progress throughout 2020, both from an operational and strategic perspective. To this end, we plan to give a full presentation of our strategy during our next Capital Market Day which is scheduled to be held on 24 February 2021. I sincerely hope that the COVID-19 situation will have eased enough by then for us to be able to meet in person.

**Torbjörn Magnusson**

Group CEO and President

## Third quarter 2020 in brief

Sampo Group's profit before taxes for the third quarter of 2020 amounted to EUR 485 million (92). Earnings per share was EUR 0.70 (0.01) and mark-to-market earnings per share EUR 1.10 (-0.24). Net asset value per share increased EUR 1.64 during the third quarter of 2020 and was EUR 18.63.

If's combined ratio for the third quarter of 2020 amounted to 82.9 per cent (83.5). Excluding the lowering of the discount rate in Finland the combined ratio was 78.3 per cent. Profit before taxes amounted to EUR 233 million (215).

Topdanmark's combined ratio for the third quarter 2020 was 88.7 per cent (83.5) and profit before taxes rose to EUR 46 million (34).

Sampo's share of Nordea's third quarter 2020 net profit was EUR 166 million (-75).

Profit before taxes for Mandatum amounted to EUR 60 million (75). Premiums written decreased to EUR 172 million (295).

# Effects of COVID-19 on Sampo Group

When the COVID-19 pandemic hit the Nordic countries in mid-March 2020, priority was given to maintaining service level and to supporting customers in the best possible way in the changed working conditions.

The safety of customers and personnel has been ensured through following the instructions and recommendations given by the local authorities and by utilizing digital technology. During the third quarter, majority of employees continued to work remotely. At the end of September, approximately 70 per cent of If's and Mandatum's personnel were working from home. Despite the challenging situation, the companies have been able to offer normal service level and customer satisfaction has remained at a high level.

## Impacts on business activities

### If

Claims cost for the first nine months was negatively impacted from travel insurance policies primarily following imposed travel restrictions from governments due to COVID-19. At the end of the reporting period, the total number of reported claims amounted to approximately 50,000 claims corresponding to a gross claims cost of EUR 35 million, mostly in BA Private and Norway. For this event, If had a reinsurance cover with a net retention of approximately EUR 10 million.

From the end of the second quarter governments started to lift restrictions and during the third quarter claims frequency continued to return closer to a more normalized level however with some variation between countries and lines of businesses and some effect still remaining on the frequency development. The effect of COVID-19 on If's risk ratio is approximately 3 percentage points positive in the third quarter. Going forward repair costs might increase due to a lack of material, delays in transportation of material or shortage of personnel following implemented government travel restrictions.

During the third quarter premium volume was slightly impacted by the COVID-19 situation, primarily by travel insurance in BA Private and continued some negative effects related to decommissioning of vehicles and lowered sums insured in the Commercial segment but as a whole the effects were not significant. There is still some uncertainty in regards of possible lagging effects to premium through for example lower insurable sums and lower turnover in the corporate segments.

### Topdanmark

Topdanmark has reported on the impacts of the COVID-19 pandemic in its interim report for Q1-Q3 2020 published on 23 October 2020.

### Mandatum Life

The COVID-19 related shock experienced in last spring was temporary and its impacts on expense result were insignificant. The premium income wasn't substantially affected by the pandemic. Premium income decreased in the third quarter from the comparison period, but the difference is explained by excellent premium development a year ago. The short-term effects on the business activities have been minor.

## Effects on investment activities

Capital markets developed favorably during the third quarter, although markets were more stable after the strong rebound in the second quarter. Interest rates continued their slide downwards and credit spreads tightened which generated good investment returns to Sampo.

## Solvency positions

The solvency positions of Sampo Group and its subsidiaries remained robust in the third quarter of 2020. More information is available in the section Solvency.



# 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	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %
Premiums, net	3,619	3,530	3	948	912	4
Net income from investments	50	158	-68	46	38	22
Other operating income	77	26	190	25	8	218
Claims incurred	-2,062	-2,060	0	-712	-696	2
Change in insurance liabilities	-278	-250	10	193	202	-4
Staff costs	-430	-415	4	-146	-136	7
Other operating expenses	-346	-322	7	-117	-108	8
Finance costs	-14	-12	12	-5	-4	11
Share of associates' profit/loss	-1	0	-	-1	0	436
Profit before taxes	616	655	-6	233	215	8

### Key figures

			Change			Change
Combined ratio, %	82.4	84.3	-1.9	82.9	83.5	-0.6
Risk ratio, %	61.7	62.8	-1.1	62.4	62.5	-0.1
Cost ratio, %	20.7	21.5	-0.8	20.5	21.0	-0.5
Expense ratio, %	15.2	15.9	-0.7	15.2	15.4	-0.2
Return on equity, %	19.4	27.3	-7.9	-	-	-
Average number of staff (FTE)	7,207	6,835	372	-	-	-

Profit before taxes for January – September 2020 for the If segment was EUR 616 million (655). The total comprehensive income for the period after tax was EUR 391 million (544). The combined ratio for the period was 82.4 per cent (84.3) and the risk ratio was 61.7 per cent (62.8). The effect of COVID-19 on the combined ratio is approximately 2 percentage points positive in January-September 2020 and 3 percentage points on the third quarter.

Net releases from the technical reserves relating to the prior year claims were EUR 136 million (159) in January – September. The technical result increased to EUR 594 million (520). The insurance margin (the technical result in relation to the net premiums earned) increased to 18.0 per cent (16.1).

	Combined ratio,%			Risk ratio,%		
	1-9/2020	1-9/2019	Change	1-9/2020	1-9/2019	Change
Private	76.0	81.7	-5.7	55.1	60.3	-5.3
Commercial	84.4	88.1	-3.7	63.3	65.7	-2.4
Industrial	115.6	89.9	25.7	98.1	70.9	27.2
Baltic	86.9	87.8	-0.9	59.1	59.6	-0.5
Sweden	72.7	77.2	-4.5	53.8	58.4	-4.6
Norway	85.2	89.3	-4.1	64.9	67.6	-2.7
Finland	91.0	85.4	5.6	69.8	62.8	7
Denmark	90.8	91.2	-0.4	64.7	64.0	0.7

	Combined ratio,%			Risk ratio,%		
	7-9/2020	7-9/2019	Change	7-9/2020	7-9/2019	Change
Private	75.4	81.6	-6.2	54.3	61.1	-6.8
Commercial	83.0	84.0	-1	63.4	61.6	1.8
Industrial	124.2	91.7	32.5	107.8	73.8	34
Baltic	88.4	88.1	0.3	61.0	60.2	0.8
Sweden	76.3	74.9	1.4	56.3	56.7	-0.4
Norway	75.2	87.8	-12.6	56.6	66.8	-10.2
Finland	102.7	85.9	16.8	82.2	63.1	19.1
Denmark	87.0	92.8	-5.8	62.2	68.6	-6.4

Large claims were EUR 84 million worse than expected in January - September 2020. Large loss development in BA Commercial was EUR 6 million worse and in BA Industrial EUR 79 million worse than expected.

The Finnish discount rate used to discount the annuity reserves decreased from 0.95 to 0.75 per cent and had a negative impact of EUR 51 million on the profit, corresponding to 1.5 percentage points on the January-September 2020 combined ratio. The Swedish discount rate used to discount the annuity reserves was -0.80 per cent and had a negative impact of EUR 1 million in the first three quarters.

Gross written premiums increased to EUR 3,840 million (3,717) in January - September 2020. Adjusted for currency, premium growth was 5.2 per cent compared to the corresponding period a year ago. Furthermore, growth was positive in all business and market areas. Gross written premiums grew by 6.1 per cent in Norway, 4.7 per cent in Sweden, and 2.5 per cent in Finland. In BA Industrial, premium growth amounted to 11.0 per cent, in BA Commercial it was 5.3 per cent, in BA Baltic it reached 2.5 per cent, and in BA Private 3.8 per cent.

The risk ratio 62.4 (62.5) for the third quarter improved compared to last year. It was impacted by an extraordinary benign frequency situation also in the third quarter due to the COVID-19 situation however the impact was less than in the previous quarter. The positive effect on the net risk ratio in the third quarter was approximately 3 percentage points.

The cost ratio was 20.7 per cent (21.5) and the expense ratio was 15.2 per cent (15.9).

At the end of September 2020, the total investment assets of If amounted to EUR 11.0 billion (11.5).

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

## Topdanmark

Topdanmark is Denmark's second largest non-life insurance company and it is also one of the country's major life insurance companies. Topdanmark has a 16 per cent market share in non-life insurance and a 11 per cent market share in life insurance in Denmark. Topdanmark focuses on the private, agricultural, and SME markets. The company is listed on the Nasdaq Copenhagen.

### Results

EURm	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %
Premiums, net	2,139	2,069	3	554	638	-13
Net income from investments	-9	846	-	341	168	104
Other operating income	1	2	-40	0	-1	-148
Claims incurred	-1,178	-907	30	-423	-336	26
Change in insurance liabilities	-557	-1,544	-64	-316	-335	-6
Staff costs	-218	-203	7	-68	-59	15
Other operating expenses	-84	-85	-1	-39	-39	-1
Finance costs	-11	-7	43	-3	-3	27
Share of associates' profit/loss	2	9	-81	1	2	-75
Profit before taxes	85	180	-53	46	34	35

### Key figures

			Change			Change
Combined ratio, %	85.7	80.5	5.2	88.7	83.5	5.2
Risk ratio, %	69.6	64.8	4.8	74.0	69.5	4.5
Expense ratio, %	16.1	15.7	0.4	14.7	14.0	0.7
Average number of staff (FTE)	2,458	2,315	143	-	-	-

At the end of September 2020, Sampo plc held 41,997,070 Topdanmark shares, which corresponds to 46.7 per cent of all shares and 48.13 per cent of related voting rights in the company. The market value of the holding was EUR 1,732 million on 30 September 2020.

Topdanmark's profit before taxes for January–September 2020 decreased to EUR 85 million (180).

The combined ratio amounted to 85.7 (80.5) in January–September 2020.

The following text is based on Topdanmark's Interim Report for Q1–Q3 published on 23 October 2020.

Premiums increased by 2.8 per cent in non-life insurance and by 3.6 per cent in life insurance in January – September 2020. In non-life insurance, the private segment accounted for a 0.7 per cent increase, while the SME segment accounted for a 5.2 per cent increase. In the private segment, premiums were negatively impacted by the termination of the distribution agreement with Danske Bank at the end of the first half of 2019.

The claims trend deteriorated to 70.8 in January–September 2020 from 66.4 in January - September 2019. In the same period, weather-related claims represented a 0.6 percentage point deterioration and large-scale claims represented a 0.5 percentage point deterioration of the claims trend. The claims trend was negatively impacted by the lower level of interest rates. The discounting effect had a negative impact on

the claims trend of 1.0 percentage point compared with January – September 2019. The house insurance corresponded to a negative impact on the claims trend of 2.1 percentage points. Among the reasons are a higher level of water claims due to the rainy start of the year, COVID-19 has caused a higher level of refurbishment on houses increasing the number of water pipe and fungus claims and a couple of very large fire claims.

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

Further information on Topdanmark A/S and its January–September 2020 Interim Report is available at [\*\*www.topdanmark.com\*\*](http://www.topdanmark.com).



## Nordea (associated company)

Nordea is a leading Nordic universal bank. Nordea share is listed on the Nasdaq exchanges in Stockholm, Helsinki, and Copenhagen. In the context of Sampo Group's financial reporting, Nordea is treated as an associated company and it is included in the segment entitled 'Holding'.

On 30 September 2020, Sampo plc held 804,922,858 Nordea shares, which corresponds to a holding of 19.87 per cent. The average price paid per share amounted to EUR 6.46 and the book value in the Group accounts was EUR 8.62 per share. The closing price as at 30 September 2020 was EUR 6.49.

Sampo's share of Nordea's profit before taxes for January–September 2020 amounted to EUR 299 million (147).

Further information on Nordea Bank's Interim Report for January–September 2020 is available at [www.nordea.com](http://www.nordea.com).

## Mandatum Life

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

### Results

EURm	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %
Premiums written	670	824	-19	172	295	-42
Net income from investments	-4	959	-	278	233	19
Other operating income	14	15	-6	7	8	-13
Claims incurred	-856	-848	1	-214	-224	-5
Change in liabilities for inv. and ins. contracts	376	-636	-	-150	-203	-26
Staff costs	-39	-38	3	-13	-11	16
Other operating expenses	-52	-59	-12	-18	-22	-20
Finance costs	-9	-6	68	-3	-2	60
Profit before taxes	100	212	-53	60	75	-20
<b>Key figures</b>						
			<b>Change</b>			<b>Change</b>
Expense ratio, %)	82.8	84.6	-1.8	-	-	-
Return on equity, %,	5.0	25.9	-20.9	-	-	-
Average number of staff (FTE)	579	557	22	-	-	-

Mandatum segment's profit before taxes for January - September 2020 amounted to EUR 100 million (212). The total comprehensive income after tax reflecting the changes in market values of assets amounted to EUR 53 million (224) in January - September of 2020 and EUR 143 million (34) in the third quarter of the year. Return on equity for January - September 2020 was 5.0 per cent (25.9).

Mandatum Life Group's premium income amounted to EUR 670 million (824), of which unit-linked premiums were EUR 590 million (720).

Net investment income, excluding income on unit-linked contracts, decreased to EUR 81 million (280). In the third quarter of 2020, net investment income, excluding unit-linked contracts, was EUR 52 million. In January - September of 2020 fair value reserve decreased to EUR 410 million (438).

Net income from unit-linked contracts decreased to EUR -86 million (680). In the third quarter, net income from unit-linked contracts amounted to EUR 226 million.

Mandatum Life Group's total technical reserves amounted to EUR 11.7 billion (12.0). Unit-linked reserves were close to the all-time high of EUR 8.1 billion (8.1) and around EUR 850 million higher than at the end of March.

The with-profit reserves with higher guarantees of 4.5 and 3.5 per cent continued to decrease and dropped below EUR 2.0 billion for the first time. In total, with-profit reserves decreased to EUR 3.6 billion (3.9).

Mandatum Life has overall supplemented its technical reserves with a total of EUR 160 million (230) due to low level of interest rates. The figure does not take into account the reserves relating to the segregated fund. The discount rate used for the years 2020 and 2021 is 0.25 per cent. The rate used for 2022 is 1.25 per cent.

The discount rate for segregated liabilities is 0.0 per cent and the discount rate reserve of segregated liabilities amounted to EUR 245 million (263) at the end of September 2020.

The expense result for January - September 2020 amounted to EUR 19 million (17). The risk result was EUR 16 million (15).

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

## Holding

Sampo plc owns and controls its subsidiaries which are engaged in P&C and life insurance. In addition, on 30 September 2020, Sampo plc held approximately 19.9 per cent of the share capital of Nordea, which is the largest bank in the Nordic countries. Nordea is an associated company of Sampo plc. With effect from March 2018, Sampo plc has also treated Nordax Bank, of which Sampo plc owns 36.25 per cent, as an associate.

### Results

EURm	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %
Net investment income	-7	-6	19	-2	2	-
Other operating income	12	12	2	4	4	2
Staff costs	-12	-10	16	-4	0	-
Other operating expenses	-14	-9	58	-8	-3	174
Finance costs	-33	38	-	-15	-9	69
Share of associates' profit	308	0	-	170	-227	-
Profit before taxes	254	26	893	146	-232	-

### Key figures

			Change			Change
Average number of staff (FTE)	65	61	4	-	-	-

Profit before taxes for January – September 2020 for the Holding segment amounted to EUR 254 million (26). Sampo's share of profits for the associated companies Nordea and Nordax for January – September 2020 amounted to EUR 308 million (0), of which Nordea's share was EUR 299 million (-8) and Nordax's share was EUR 9 million (8).

The Holding segment's profit before taxes, excluding the associates for January – September 2020, was EUR -53 million (26).

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 was booked in the consolidated balance sheet at EUR 6.9 billion, i.e. EUR 8.62 per share. The market value of the holding was EUR 5.2 billion, i.e. EUR 6.49 per share, on 30 September 2020.



# Other developments

## Cash offer on Hastings Group Holdings Plc

Sampo and Rand Merchant Investment Holdings Limited (RMI) announced a recommended cash offer to acquire all issued and to be issued shares in Hastings Group Holdings Plc not currently owned or controlled by Sampo and RMI on 5 August 2020.

The offer price is GBp 250 for each Hastings share, valuing Hastings' entire issued and to be issued share capital at approximately GBp 1.66 billion or approximately EUR 1.84 billion.

The offer price represents a premium of approximately 37.5 per cent to the volume-weighted average price of GBp 182 per Hastings Share for the three-month period ended 28 July 2020 (being the last Business Day before Hastings announced it had received an approach that may or may not lead to an offer).

Sampo and RMI formed a new jointly-owned company ("Bidco") for the purposes of acquiring Hastings. Following completion of the offer, Sampo and RMI will own and control 70 per cent and 30 per cent respectively of the shares and votes in Bidco. The governance of Bidco reflects the relative shareholdings of Sampo and RMI, recognizing Sampo's controlling position, but protecting RMI's interest with customary minority protections. The shareholders agreement includes customary exit arrangements for joint investments of this type.

The size of Sampo's investment, based on its 70 per cent stake, would be GBp 1.16 billion or EUR 1.29 billion valued at the offer price.

Sampo will fund the acquisition costs with EUR 1 billion of hybrid Tier 2 capital issued on 3 September 2020 with the residual coming from existing cash resources.

## Strategic rationale for acquisition

Sampo has a strategic ambition to expand further into non-life insurance, a segment where it has extensive experience and expertise. As part of this strategy, and in the context of its leading market positions in the Nordic markets, Sampo has been considering a geographic expansion beyond its current footprint. Sampo believes that the UK, as one of the largest retail P&C markets in Europe, offers an attractive scale opportunity.

In this context, the acquisition of Hastings represents an attractive opportunity for Sampo to advance its strategy and accelerate its repositioning towards retail P&C insurance. Hastings is a leading motor insurer in the UK and has recently been diversifying into other non-life insurance products including home insurance. Both motor and home insurance represent large markets in the UK with growth potential for the Hastings business.

The acquisition of Hastings provides an attractively positioned platform in one of the most digitally advanced markets globally. The UK is characterized by its high levels of digital distribution and Hastings is one of the leading distributors of motor insurance policies in this market. Sampo believes that, under its ownership together with that of RMI, Hastings will be able to further develop its agile and digital business model to create long-term value.

RMI has a similar investment philosophy to Sampo, with a long-term horizon and a focus on building enduring value over many and differing market cycles. Given the significant retail P&C insurance experience and expertise of Sampo, through its subsidiaries If P&C Insurance and Topdanmark, and RMI, through its ownership of OUTsurance and existing shareholding in Hastings, the intention is to combine this knowledge to drive the strategic direction of Hastings. RMI brings institutional knowledge in Hastings and the UK P&C market to the jointly owned company.

Sampo and RMI intend for Hastings to continue to be operated on a standalone but unlisted basis. Sampo believes that a private partnership with RMI provides an optimal structure for Hastings to fulfil its potential and build long-term value for its stakeholders. As a private company, Sampo believes Hastings will benefit from a more long-term approach to decision making.

Sampo and RMI believe with their experience and under private ownership there are a number of areas of Hastings' operations that can be improved, including claims handling sophistication, expansion into home insurance, customer retention and the reinsurance strategy.

## Financial impact of an acquisition on Sampo Group

The Sampo Board expects the acquisition of Hastings to be accretive to earnings per share and RoE from the first full year following completion. Sampo estimates the transaction will have a positive impact on earnings per share in the mid-single digits (%).

Meanwhile, Sampo's pro forma solvency position remained robust at approximately 185 per cent at the end of the third quarter 2020. In connection to announcing the offer, Sampo estimated the Group pro forma solvency position to be approximately 175 per cent at the end of the second quarter 2020. The estimate has, however, risen because of the profit generated by the businesses and favorable capital market developments. Any estimated dividend to be paid by Sampo in 2021 has not been deducted from the solvency estimates.

Both S&P and Moody's have maintained Sampo's credit ratings with stable outlook. The Sampo Board do not expect the acquisition to impact Sampo's dividend policy in the short-term but is expected to enhance the dividend potential in the long-term.

## The transaction structure and timetable

The offer has been recommended by Hastings' independent directors. The offer is being implemented by way of a court-sanctioned scheme of arrangement under English law, which was approved by the requisite majorities at the Hastings shareholder meetings on 29 September 2020. All of the conditions relating to regulatory and antitrust approvals have now been satisfied. The Scheme will be effective following completion of the Court Hearing procedure, which is anticipated to be held on 13 November 2020.

More information on the offer at [www.sampo.com/offer](http://www.sampo.com/offer) and [www.hastingsplc.com](http://www.hastingsplc.com).

## Personnel

The average number of Sampo Group employees during January-September 2020 was 10,309 (9,769). The number of full-time equivalent (FTE) employees working at Sampo Group on 30 September 2020 was 10,257 (9,892) employees.

During the third quarter of 2020, approximately 70 per cent of the personnel worked at If, 24 per cent at Topdanmark, 6 per cent at Mandatum Life, and 1 per cent at the parent company Sampo plc. In geographical terms, 30 per cent of the personnel are based in Denmark, 22 per cent in Finland, 22 per cent in Sweden, and 16 per cent in Norway. The share of employees working in countries other than the aforementioned four countries amounted to 10 per cent.

As at 30 September 2020, If employed 7,142 (6,965) persons, while Topdanmark employed 2,476 persons (2,304), and Mandatum Life employed 573 persons (558). Meanwhile, Sampo plc had 67 (65) employees at the end of the third quarter of 2020.

## Remuneration

A total of EUR 49 million (41), including social costs, was paid as short-term incentives in January - September 2020. During the same period, a total of EUR 1 million (18) was paid as long-term incentives. The long-term incentive schemes which are in force had a positive profit impact of EUR 0 million (-9).

The terms of the long-term incentive schemes are available at [www.sampo.com/incidentterms](http://www.sampo.com/incidentterms).

## Shares and shareholders

The Annual General Meeting held on 2 June 2020 authorized the Board to repurchase a maximum of 50,000,000 Sampo A shares. The price paid for the shares repurchased under the authorization shall be based on the current market price of Sampo A shares on the securities market. The authorization will be valid until the close of the next Annual General Meeting, nevertheless not more than 18 months after AGM's decision.

During January - September 2020 Sampo plc made no repurchases of its own shares and it has not purchased any shares after the end of the reporting period. Furthermore, Sampo plc and its subsidiaries did not hold any Sampo shares as at 30 September 2020.

## Internal dividends

If has decided to pay a dividend of SEK 6.30 billion (approx. EUR 600 million) to Sampo plc in December 2020.

Nordea's AGM on 28 May 2020 mandated the Board of Directors to decide on a dividend payment for the financial year 2019. According to Nordea's interim report for the third quarter of 2020, the bank intends to pay out a dividend for the financial year 2019. Nordea's Board of Directors will refrain from deciding on the 2019 dividend payment before 1 January 2021 and review the situation in the fourth quarter of 2020 in the light of any further European Central Bank communication.

Following the Danish FSA's recommendation, Topdanmark's Board of Directors decided to postpone paying out the remainder of the dividend for 2019 until the AGM on 25 March 2021. It is still the intention to distribute in part or in full the remaining DKK 8.5 of the previously announced dividend of DKK 17 per share.

Mandatum Life decided not to pay the dividend of EUR 150 million planned for March 2020.

## Ratings

The relevant ratings for Sampo Group companies did not change in the third quarter of 2020. The ratings at the end of September 2020 are presented in the table below.

Both S&P and Moody's confirmed all Sampo Group's ratings after the announcement of the bid on Hastings and maintained the Stable outlook for the ratings.

Rated company	Moody's		Standard & Poor's	
	Rating	Outlook	Rating	Outlook
Sampo plc – Issuer Credit Rating	A3	Stable	A	Stable
If P&C Insurance Ltd – Insurance Financial Strength Rating	A1	Stable	A+	Stable
If P&C Insurance Holding Ltd (publ) – Issuer Credit Rating	-	-	A	Stable
Mandatum Life Insurance Company Ltd – Issuer Credit Rating	-	-	A+	Stable

## Group solvency

Sampo Group calculates its group solvency under the Solvency II rules. In this calculation Nordea is treated as an equity investment. According to the Solvency II directive, Sampo Group's solvency ratio amounted to 214 per cent (167) at the end of September 2020. The ratio includes the subordinated Tier 2 notes of EUR 1 billion issued on 3 September 2020 to partly finance the offer on Hastings Group Holdings Plc.

## Solvency position in the subsidiaries

The insurance subsidiaries apply Solvency II rules in their regulatory solvency calculations. The If Group companies use either partial internal models or the standard model for the calculation of their solo solvency position. Mandatum Life reports in accordance with the standard formula for Solvency II. Meanwhile, 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 the standard formula has no practical implications on If Group's capital position. On 30 September 2020, If Group's Solvency II capital requirement under the standard formula amounted to EUR 1,804 million (1,890) and own funds amounted to EUR 3,167 million (3,592). The solvency ratio amounted to 176 per cent (190).

The S&P single-A capital requirement for If Group amounted to EUR 2,959 million (3,083) on 30 September 2020 and the capital base was EUR 3,387 million (3,151).

Topdanmark calculates most of its non-life and health risks and their respective solvency capital requirement by applying a partial internal model approved by the DFSA. Other risks are calculated by the Solvency II SCR standard formula. Topdanmark's solvency ratio under the partial internal model was 200 per cent (177) at the end of September 2020.

Mandatum Life's solvency ratio after transitional measures amounted to 206 per cent (176) on 30 September 2020. Own funds were EUR 2,245 million (2,117) and the Solvency Capital Requirement (SCR) was EUR 1,091 million (1,204). Without transitional measures, own funds would have amounted to EUR 1,906 million (1,756) and the solvency capital requirement would have amounted to EUR 1,102 million (1,234), leading to a solvency ratio of 175 per cent (142).



## Debt financing

On 30 September 2020, Sampo plc's debt financing amounted to EUR 4,714 million (3,908) and interest bearing assets amounted to EUR 548 million (1,725). Interest bearing assets include bank accounts, fixed income instruments and EUR 345 million (359) of hybrid capital and subordinated debt instruments issued by the subsidiaries and associated companies.

Sampo plc's net debt amounted to EUR 4,166 million (2,183). The net debt calculation takes into account interest bearing assets and liabilities. Gross debt to Sampo plc's equity was 70 per cent (52) and financial leverage was 41 per cent (34).

On 3 September 2020 Sampo plc issued 32-nc-12 Tier 2 notes of EUR 1,000 million maturing on 3 September 2032.

On 30 September 2020, financial liabilities in Sampo plc's balance sheet consisted of issued senior bonds and notes of EUR 3,089 million (3,414). In addition, Sampo plc has issued subordinated notes of EUR 1,486 million (494). Outstanding commercial papers amounted to EUR 140 million (0). The average interest, net of interest rate swaps, on Sampo plc's debt as of 30 September 2020 was 1.6 per cent (1.2).

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

# Outlook

## Outlook for 2020

Sampo Group's insurance businesses are expected to report good insurance technical results for 2020. However, the investment results are at this point in time more uncertain than usual. The mark-to-market results for 2020 are highly dependent on capital market developments, particularly in life insurance.

If P&C is expected to reach a combined ratio of 82 – 84 per cent in 2020.

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

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

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

In its current day-to-day business activities Sampo Group is exposed to various risks and uncertainties, mainly through its separately managed major business units.

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 the same, although they are not directly additive due to the effects of diversification.

Uncertainties in the form of major unforeseen events may have an immediate impact on the Group's profitability. The identification of unforeseen events is easier than the estimation of their probabilities, timing, and potential outcomes. Currently, the COVID-19 pandemic and the measures taken to contain the virus are causing significant negative effects on economies and uncertainties on capital market development. There are also a number of widely identified macroeconomic, political and other sources of uncertainty which can, in various ways, affect the financial services industry in a negative manner.

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 have a long-term impact on how Sampo Group's business will be conducted. Examples of already identified trends are technological developments in areas such as artificial intelligence and digitalization, demographic changes, and sustainability issues that may also have profound effects on companies within the financial sector.

**SAMPO PLC**  
**Board of Directors**

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## Conference call

An English language conference call for investors and analysts will be arranged today at 2 pm Finnish time (12 pm UK time). To participate, please call one of the following telephone numbers: +1 631 913 1422, +44 33 3300 0804, +46 8 5664 2651, or +358 9 8171 0310.

The conference code is 50800225#.

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

A recorded version will be available later at the same address.

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

Sampo will publish a Financial Statement Release for 2020 on 11 February 2021.

### Distribution:

Nasdaq Helsinki

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

## Group financial review >

Financial highlights		1-9/2020	1-9/2019
<b>GROUP</b>			
Profit before taxes	EURm	1,054	1,073
Return on equity (at fair value)	%	7.0	9.2
Return on assets (at fair value)	%	3.0	4.5
Equity/assets ratio	%	22.2	22.2
Group solvency <sup>1)</sup>	EURm	5,932	2,020
Group solvency ratio <sup>1)</sup>	%	214	125
Average number of staff		10,309	9,769
<b>IF</b>			
Premiums written before reinsurers' share	EURm	3,840	3,717
Premiums earned	EURm	3,342	3,280
Profit before taxes	EURm	616	655
Return on equity (at current value)	%	19.4	27.3
Risk ratio <sup>2)</sup>	%	61.7	62.8
Cost ratio <sup>2)</sup>	%	20.7	21.5
Claims ratio <sup>2)</sup>	%	67.2	68.3
Expense ratio <sup>2)</sup>	%	15.2	15.9
Combined ratio <sup>2)</sup>	%	82.4	84.3
Average number of staff		7,207	6,835
<b>TOPDANMARK</b>			
Premiums written before reinsurers' share, life insurance	EURm	1,127	1,087
Premiums written before reinsurers' share, P&C insurance	EURm	1,084	1,059
Premiums earned, P&C insurance	EURm	913	883
Profit before taxes	EURm	85	180
Claims ratio <sup>2)</sup>	%	69.6	64.8
Expense ratio <sup>2)</sup>	%	16.1	15.7
Combined ratio	%	85.7	80.5
Average number of staff		2,458	2,315
<b>MANDATUM</b>			
Premiums written before reinsurers' share	EURm	677	831
Profit before taxes	EURm	100	212
Return on equity (at current value)	%	5.0	25.9
Expense ratio	%	92.4	99.4
Average number of staff		579	557

## > Group financial review

HOLDING		1-9/2020	1-9/2019
Profit before taxes	EURm	254	26
Average number of staff		65	61
PER SHARE KEY FIGURES			
Earnings per share	EUR	1.51	1.38
Earnings per share, incl. other comprehensive income	EUR	1.12	1.44
Equity per share	EUR	21.07	20.30
Net asset value per share	EUR	18.63	18.90
Adjusted share price, high	EUR	42.46	43.38
Adjusted share price, low	EUR	21.34	35.60
Market capitalisation	EURm	18,765	20,259

<sup>1)</sup> The Group solvency is calculated according to the consolidation method defined in the Solvency II Directive (2009/138/EC).

<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 4.

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), %

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

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

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

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

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

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

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

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

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

### Claims 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, %

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



## 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

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### Equity per share

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

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### 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

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### 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	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019
Insurance premiums written	1,674	1,903	2,852	2,325	1,845
Net income from investments	662	1,402	-2,044	568	438
Other operating income	41	29	29	18	15
Claims incurred	-1,348	-1,331	-1,416	-1,652	-1,256
Change in liabilities for insurance and investment contracts	-274	-1,219	1,036	-491	-336
Staff costs	-231	-237	-231	-230	-207
Other operating expenses	-185	-170	-136	-190	-168
Finance costs	-23	-19	-16	-36	-14
Share of associates' profit/loss	170	50	88	157	-70
Valuation loss on dividend distribution of associate shares	-	-	-	-	-155
<b>Profit for the period before taxes</b>	<b>485</b>	<b>407</b>	<b>162</b>	<b>468</b>	<b>92</b>
Taxes	-73	-77	-23	-78	-70
<b>Profit for the period</b>	<b>412</b>	<b>330</b>	<b>139</b>	<b>389</b>	<b>22</b>
<b>Other comprehensive income for the period</b>					
<b>Items reclassifiable to profit or loss</b>					
Exchange differences on translating foreign operations	-23	121	-156	79	-64
Available-for-sale financial assets	331	685	-1,095	240	-47
Share of other comprehensive income of associates	-3	0	-66	44	-29
Taxes	-70	-149	236	-51	10
<b>Total items reclassifiable to profit or loss, net of tax</b>	<b>234</b>	<b>657</b>	<b>-1,080</b>	<b>312</b>	<b>-130</b>
<b>Items not reclassifiable to profit or loss</b>					
Actuarial gains and losses from defined pension plans	-19	0	-16	-19	-11
Taxes	4	0	4	4	2
<b>Total items not reclassifiable to profit or loss, net of tax</b>	<b>-15</b>	<b>0</b>	<b>-13</b>	<b>-15</b>	<b>-8</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>632</b>	<b>987</b>	<b>-954</b>	<b>686</b>	<b>-116</b>
<b>Profit attributable to</b>					
Owners of the parent	391	307	142	363	6
Non-controlling interests	21	23	-3	26	16
<b>Total comprehensive income attributable to</b>					
Owners of the parent	610	964	-951	660	-133
Non-controlling interests	21	23	-3	26	16

## Statement of profit and other comprehensive income, IFRS

EURm	Note	1-9/2020	1-9/2019
Insurance premiums written		6,428	6,424
Net income from investments	1	20	1,947
Other operating income		99	42
Claims incurred		-4,096	-3,815
Change in liabilities for insurance and investment contracts		-457	-2,428
Staff costs		-699	-667
Other operating expenses		-491	-462
Finance costs		-58	22
Share of associates' profit/loss		308	164
Valuation loss on dividend distribution of associate shares		-	-155
<b>Profit before taxes</b>		<b>1,054</b>	<b>1,073</b>
Taxes		-173	-226
<b>Profit for the period</b>		<b>881</b>	<b>848</b>
<b>Other comprehensive income for the period</b>			
<b>Items reclassifiable to profit or loss</b>			
Exchange differences		-58	-118
Available-for-sale financial assets		-79	326
Share of other comprehensive income of associates		-69	-74
Taxes		18	-72
<b>Total items reclassifiable to profit or loss, net of tax</b>		<b>-189</b>	<b>61</b>
<b>Items not reclassifiable to profit or loss</b>			
Actuarial gains and losses from defined pension plans		-35	-39
Taxes		8	8
<b>Total items not reclassifiable to profit or loss, net of tax</b>		<b>-27</b>	<b>-30</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>665</b>	<b>879</b>
<b>Profit attributable to</b>			
Owners of the parent		839	767
Non-controlling interests		42	80
<b>Total comprehensive income attributable to</b>			
Owners of the parent		623	798
Non-controlling interests		42	80
<b>Basic earnings per share (EUR)</b>		<b>1.51</b>	<b>1.38</b>

## Consolidated balance sheet, IFRS

EURm	Note	9/2020	12/2019
<b>Assets</b>			
Property, plant and equipment		338	302
Investment property		677	679
Intangible assets		2,226	2,151
Investments in associates	2	7,450	7,217
Financial assets	3	23,152	23,443
Investments related to unit-linked insurance contracts		13,441	12,975
Tax assets		27	19
Reinsurers' share of insurance liabilities		425	289
Other assets		3,587	2,185
Cash and cash equivalents		1,513	2,677
<b>Total assets</b>		<b>52,836</b>	<b>51,939</b>
<b>Liabilities</b>			
Liabilities for insurance and investment contracts		17,846	18,041
Liabilities for unit-linked insurance and investment contracts		14,883	14,368
Subordinated debt		2,192	1,202
Other financial liabilities		3,357	3,592
Tax liabilities		530	587
Provisions		20	20
Employee benefits		128	99
Other liabilities		1,563	1,489
<b>Total liabilities</b>		<b>40,518</b>	<b>39,396</b>
<b>Equity</b>			
Share capital		98	98
Reserves		1,530	1,530
Retained earnings		10,004	10,062
Other components of equity		68	217
<b>Equity attributable to parent company's equity holders</b>		<b>11,700</b>	<b>11,908</b>
Non-controlling interests		617	635
<b>Total equity</b>		<b>12,318</b>	<b>12,542</b>
<b>Total equity and liabilities</b>		<b>52,836</b>	<b>51,939</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 January 2019</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>
<b>Changes in equity</b>									
Dividend distribution				-1,583			-1,583	-89	-1,672
Extra dividend distribution in Nordea shares				-319			-319		-319
Share-based payments				0			0		0
Share of associate's other changes in equity				-22			-22		-22
Other changes in equity				11			11	-7	4
Profit for the period				767			767	80	848
Other comprehensive income for the period				-105	-116	252	31		31
<b>Equity at 30 September 2019</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>9,693</b>	<b>-896</b>	<b>846</b>	<b>11,271</b>	<b>612</b>	<b>11,883</b>
<b>Equity at 1 January 2020</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>10,062</b>	<b>-817</b>	<b>1,034</b>	<b>11,908</b>	<b>635</b>	<b>12,542</b>
<b>Changes in equity</b>									
Dividend distribution				-833			-833	-52	-885
Share-based payments				5			5		5
Share of associate's other changes in equity				-2			-2		-2
Other changes in equity								-8	-8
Profit for the period				839			839	42	881
Other comprehensive income for the period				-67	-90	-59	-216		-216
<b>Equity at 30 September 2020</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>10,004</b>	<b>-907</b>	<b>975</b>	<b>11,700</b>	<b>617</b>	<b>12,318</b>

1) IAS 19 Pension benefits had a net effect of EURm -12 (-102) 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 -40 (-74) of Nordea's items not reclassifiable to profit or loss. The exchange differences include the share of Nordea's exchange differences EURm -32 (2). Respectively, available-for-sale financial assets include EURm 2 (-2) 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 -85 (470). The amount transferred to p/l amounted to EURm 15 (-197). EURm 10 (-19) 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	1-9/2020	1-9/2019
<b>Cash and cash equivalent at the beginning of the period</b>	<b>2,677</b>	<b>2,361</b>
Cash flow from/used in operating activities	-1,118	1,041
Cash flow from/used in investing activities	4	575
Cash flow from/used in financing activities	-50	-1,729
Dividends paid	-833	-1,588
Increase of liabilities	1,191	496
Decrease of liabilities	-408	-638
<b>Cash and cash equivalent at the end of the period</b>	<b>1,513</b>	<b>2,248</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 not presented in accordance with IAS 34 standard as Sampo applies the statutes of security markets act (1278/2015), regarding the regular disclosure requirements. The same accounting policies and methods of computation are applied as in the financial statements for 2019.

The applied standards and interpretations are described in Sampos accounting policies for the financial year 2019. The financial statements are available on Sampo's website at [www.sampo.com/year2019](http://www.sampo.com/year2019).

## Comprehensive income statement by segment for nine months ended 30 September 2020

EURm	If	Top- danmark	Mandatum	Holding	Elimination	Group
Insurance premium written	3,619	2,139	670	-	0	6,428
Net income from investments	50	-9	-4	-7	-10	20
Other operating income	77	1	14	12	-6	99
Claims incurred	-2,062	-1,178	-856	-	-	-4,096
Change in liabilities for insurance and investment contracts	-278	-557	376	-	1	-457
Staff costs	-430	-218	-39	-12	-	-699
Other operating expenses	-346	-84	-52	-14	6	-491
Finance costs	-14	-11	-9	-33	9	-58
Share of associates' profit/loss	-1	2	0	308	-	308
<b>Profit before taxes</b>	<b>616</b>	<b>85</b>	<b>100</b>	<b>254</b>	<b>0</b>	<b>1,054</b>
Taxes	-134	-20	-19	0	-	-173
<b>Profit for the period</b>	<b>481</b>	<b>65</b>	<b>81</b>	<b>254</b>	<b>0</b>	<b>881</b>
<b>Other comprehensive income for the period</b>						
<b>Items reclassifiable to profit or loss</b>						
Exchange differences	-60	5	-	-3	-	-58
Available-for-sale financial assets	-4	-	-37	-38	-	-79
Share of other comprehensive income of associates	-	-	-	-69	-	-69
Taxes	1	-	9	8	-	18
<b>Total items reclassifiable to profit or loss, net of tax</b>	<b>-63</b>	<b>5</b>	<b>-28</b>	<b>-103</b>	<b>-</b>	<b>-189</b>
<b>Items not reclassifiable to profit or loss</b>						
Actuarial gains and losses from defined pension plans	-35	-	-	-	-	-35
Taxes	8	-	-	-	-	8
<b>Total items not reclassifiable to profit or loss, net of tax</b>	<b>-27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-27</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>391</b>	<b>70</b>	<b>53</b>	<b>152</b>	<b>-</b>	<b>665</b>
<b>Profit attributable to</b>						
Owners of the parent						839
Non-controlling interests						42
<b>Total comprehensive income attributable to</b>						
Owners of the parent						623
Non-controlling interests						42

## Comprehensive income statement by segment for nine months ended 30 September 2019

EURm	If	Top- danmark	Mandatum	Holding	Elimination	Group
Insurance premium written	3,530	2,069	824	-	-	6,424
Net income from investments	158	846	959	-6	-11	1,947
Other operating income	26	2	15	12	-14	42
Claims incurred	-2,060	-907	-848	-	-	-3,815
Change in liabilities for insurance and investment contracts	-250	-1,544	-636	-	2	-2,428
Staff costs	-415	-203	-38	-10	-	-667
Other operating expenses	-322	-85	-59	-9	14	-462
Finance costs	-12	-7	-6	38	9	22
Share of associates' profit/loss	0	9	0	155	-	164
Valuation loss on dividend distribution of associate shares	-	-	-	-155	-	-155
<b>Profit before taxes</b>	<b>655</b>	<b>180</b>	<b>212</b>	<b>26</b>	<b>0</b>	<b>1,073</b>
Taxes	-142	-40	-42	-1	-	-226
<b>Profit for the period</b>	<b>513</b>	<b>140</b>	<b>170</b>	<b>25</b>	<b>0</b>	<b>848</b>
<b>Other comprehensive income for the period</b>						
<b>Items reclassifiable to profit or loss</b>						
Exchange differences	-107	-1	-	-10	-	-118
Available-for-sale financial assets	215	-	72	39	-	326
Share of other comprehensive income of associates	-	-	-	-74	-	-74
Taxes	-46	-	-18	-8	-	-72
<b>Total items reclassifiable to profit or loss, net of tax</b>	<b>61</b>	<b>-1</b>	<b>54</b>	<b>-53</b>	<b>-</b>	<b>61</b>
<b>Items not reclassifiable to profit or loss</b>						
Actuarial gains and losses from defined pension plans	-39	-	-	-	-	-39
Taxes	8	-	-	-	-	8
<b>Total items not reclassifiable to profit or loss, net of tax</b>	<b>-30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-30</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>544</b>	<b>139</b>	<b>224</b>	<b>-28</b>	<b>-</b>	<b>879</b>
<b>Profit attributable to</b>						
Owners of the parent						767
Non-controlling interests						80
<b>Total comprehensive income attributable to</b>						
Owners of the parent						798
Non-controlling interests						80

## Consolidated balance sheet by segment at 30 September 2020

EURm	If	Topdanmark	Mandatum	Holding	Elimination	Group
<b>Assets</b>						
Property, plant and equipment	174	128	30	7	-	338
Investment property	2	538	137	-	-	677
Intangible assets	635	1,428	161	1	-	2,226
Investments in associates	13	223	1	7,213	-	7,450
Financial assets	10,564	6,964	4,731	4,932	-4,039	23,152
Investments related to unit-linked insurance contracts	-	5,326	8,141	-	-26	13,441
Tax assets	26	4	-	0	-4	27
Reinsurers' share of insurance liabilities	338	87	1	-	-	425
Other assets	1,860	284	117	1,338	-12	3,587
Cash and cash equivalents	708	57	583	166	-	1,513
<b>Total assets</b>	<b>14,319</b>	<b>15,038</b>	<b>13,903</b>	<b>13,657</b>	<b>-4,081</b>	<b>52,836</b>
<b>Liabilities</b>						
Liabilities for insurance and investment contracts	8,872	5,402	3,572	-	-	17,846
Liabilities for unit-linked insurance and investment contracts	-	6,830	8,079	-	-26	14,883
Subordinated debt	393	235	349	1,486	-271	2,192
Other financial liabilities	7	99	8	3,243	-	3,357
Tax liabilities	252	166	105	7	-	530
Provisions	20	-	-	-	-	20
Employee benefits	128	-	-	-	-	128
Other liabilities	1,003	303	215	55	-12	1,563
<b>Total liabilities</b>	<b>10,675</b>	<b>13,036</b>	<b>12,327</b>	<b>4,791</b>	<b>-310</b>	<b>40,518</b>
<b>Equity</b>						
Share capital						98
Reserves						1,530
Retained earnings						10,004
Other components of equity						68
<b>Equity attributable to parent company's equity holders</b>						<b>11,700</b>
Non-controlling interests						617
<b>Total equity</b>						<b>12,318</b>
<b>Total equity and liabilities</b>						<b>52,836</b>

## Consolidated balance sheet by segment at 31 December 2019

EURm	If	Topdanmark	Mandatum	Holding	Elimination	Group
<b>Assets</b>						
Property, plant and equipment	153	127	14	8	-	302
Investment property	2	540	138	-	-	679
Intangible assets	544	1,443	162	2	-	2,151
Investments in associates	14	223	1	6,979	-	7,217
Financial assets	10,726	6,916	4,671	5,168	-4,039	23,443
Investments related to unit-linked insurance contracts	-	4,832	8,170	-	-27	12,975
Tax assets	19	3	-	0	-4	19
Reinsurers' share of insurance liabilities	210	78	1	-	-	289
Other assets	1,759	239	137	58	-9	2,185
Cash and cash equivalents	331	74	952	1,321	-	2,677
<b>Total assets</b>	<b>13,759</b>	<b>14,476</b>	<b>14,247</b>	<b>13,535</b>	<b>-4,079</b>	<b>51,939</b>
<b>Liabilities</b>						
Liabilities for insurance and investment contracts	8,778	5,337	3,926	-	-	18,041
Liabilities for unit-linked insurance and investment contracts	-	6,278	8,117	-	-27	14,368
Subordinated debt	396	234	349	494	-271	1,202
Other financial liabilities	25	100	15	3,452	-	3,592
Tax liabilities	281	171	121	15	-	587
Provisions	20	-	-	-	-	20
Employee benefits	99	-	-	-	-	99
Other liabilities	908	320	197	73	-9	1,489
<b>Total liabilities</b>	<b>10,506</b>	<b>12,440</b>	<b>12,724</b>	<b>4,034</b>	<b>-308</b>	<b>39,396</b>
<b>Equity</b>						
Share capital						98
Reserves						1,530
Retained earnings						10,062
Other components of equity						217
<b>Equity attributable to parent company's equity holders</b>						<b>11,908</b>
Non-controlling interests						635
<b>Total equity</b>						<b>12,542</b>
<b>Total equity and liabilities</b>						<b>51,939</b>

# Other notes, EURm

## 1 Net income from investments >

If	1-9/2020	1-9/2019
<b>Financial assets</b>		
Derivative financial instruments	-13	-15
Loans and receivables	8	6
Financial asset available-for-sale		
Debt securities	48	127
Equity securities	39	77
Total	88	204
<b>Total financial assets</b>	<b>83</b>	<b>195</b>
Fee and commission expense	-12	-13
Income from other investments	-3	-2
Effect of discounting annuities	-17	-22
<b>If, total</b>	<b>50</b>	<b>158</b>

Topdanmark	1-9/2020	1-9/2019
<b>Financial assets</b>		
Derivative financial instruments	98	98
Financial assets for trading		
Debt securities	14	123
Equity securities	-58	143
Total	-45	265
Investments related to unit-linked contracts		
Debt securities	-61	47
Equity securities	-76	544
Derivatives	92	25
Other financial assets	7	47
Total	-38	662
Loans and receivables	-3	3
<b>Total financial assets</b>	<b>12</b>	<b>1,028</b>
Net income from investment property	20	41
Pension tax return	1	-94
Effect of discounting, insurance liabilities	-43	-127
Other expenses related to investments	0	-2
<b>Topdanmark, total</b>	<b>-9</b>	<b>846</b>



## > 1 Net income from investments

Mandatum	1-9/2020	1-9/2019
<b>Financial assets</b>		
Derivative financial instruments	20	-70
Investments related to unit-linked contracts		
Debt securities	-11	81
Equity securities	-75	609
Loans and receivables	-1	0
Other financial assets	1	-11
Total	86	679
Loans and receivables	-1	5
Financial assets available-for-sale		
Debt securities	48	69
Equity securities	6	268
Total	53	338
<b>Total income from financial assets</b>	<b>-14</b>	<b>953</b>
Other assets	3	3
Fee and commission income, net	7	4
<b>Mandatum, total</b>	<b>-4</b>	<b>959</b>

Holding	1-9/2020	1-9/2019
<b>Financial assets</b>		
Derivative financial instruments	-2	-27
Loans and receivables	-3	-22
Financial assets available-for-sale		
Debt securities	10	34
Equity securities	-12	9
Total	-2	42
<b>Total income from financial assets</b>	<b>-6</b>	<b>-7</b>
Other assets	0	1
<b>Holding, total</b>	<b>-7</b>	<b>-6</b>
Elimination items between segments	-10	-11
<b>Group investment income, total</b>	<b>20</b>	<b>1,947</b>

## 2 Investments in associates

On 30 September 2020, Nordea's book value per share 8.62 euro exceeded its market value 6.49 euro. As a consequence, Sampo performed an impairment test in accordance with IAS 36 Impairment of Assets where the recoverable amount for Nordea was compared with its carrying amount in the Group. The recoverable amount was defined using a discounted cash flow model, where the cash flows were based on the public information on Nordea and Sampo's estimates of Nordea's future based on this information. Based on the test, the recoverable amount exceeded Nordea's carrying amount and no impairment losses were recognised. Negative developments in assumptions used for impairment testing purposes, however, could lead to a need for an impairment to be recognized.

### 3 Financial assets

	9/2020	12/2019
Derivative financial instruments	173	82
Financial assets at fair value through p/l		
Debt securities	5,852	5,840
Equity securities	597	682
Total	6,449	6,522
Loans and receivables	576	548
Financial assets available-for-sale		
Debt securities	12,081	12,016
Equity securities	3,874	4,275
Total	15,955	16,291
<b>Group financial assets, total</b>	<b>23,152</b>	<b>23,443</b>

## 4 Result analysis of If

	1-9/2020	1-9/2019
Premiums earned	3,342	3,280
Claims incurred	-2,244	-2,241
Operating expenses	-509	-523
Other technical income and expenses	-7	-7
Allocated investment return transferred from the non-technical account	13	12
<b>Technical result</b>	<b>594</b>	<b>520</b>
Investment result	54	168
Allocated investment return transferred to the technical account	-30	-33
Other income and expenses	-3	1
<b>Operating result</b>	<b>616</b>	<b>655</b>

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

INCOME STATEMENT	1-9/2020	1-9/2019
Other operating income	12	12
Staff expenses	-12	-10
Other operating expenses	-14	-53
<b>Operating profit</b>	<b>-14</b>	<b>-51</b>
Finance income and expenses	8	861
<b>Profit before appropriations and income taxes</b>	<b>-6</b>	<b>810</b>
Income taxes	0	-1
<b>Profit for the financial period</b>	<b>-6</b>	<b>809</b>
<b>BALANCE SHEET</b>	<b>9/2020</b>	<b>12/2019</b>
<b>ASSETS</b>		
Intangible assets	1	2
Property, plant and equipment	4	4
Investments		
Shares in Group companies	3,401	3,401
Receivables from Group companies	260	269
Shares in participating undertakings	5,440	5,440
Receivables from participating undertakings	85	90
Other shares and participations	755	973
Other receivables	37	46
Receivables	1,365	81
Cash and cash equivalents	166	1,320
<b>TOTAL ASSETS</b>	<b>11,514</b>	<b>11,625</b>
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	98	98
Fair value reserve	83	114
Invested unrestricted equity	1,527	1,527
Other reserves	273	273
Retained earnings	4,751	4,095
Profit for the year	-6	1,490
<b>Total equity</b>	<b>6,726</b>	<b>7,596</b>
<b>Liabilities</b>		
Long-term	4,574	3,908
Short-term	213	121
<b>Total liabilities</b>	<b>4,788</b>	<b>4,030</b>
<b>TOTAL LIABILITIES</b>	<b>11,514</b>	<b>11,625</b>

## 6 Events after the reporting date

### Cash offer on Hastings Group Holdings Plc

On 5 August 2020, Sampo and Rand Merchant Investment Holdings Limited (RMI) announced a recommended cash offer to acquire all issued and to be issued shares in Hastings not currently owned or controlled by Sampo and RMI.

The offer price is GBP 250 for each Hastings share, valuing Hastings' entire issued and to be issued share capital at approximately GBP 1.66 billion or approximately EUR 1.84 billion.

Sampo and RMI formed a new jointly-owned company ("Bidco") for the purposes of acquiring Hastings. Following completion of the offer, Sampo and RMI will own and control 70 per cent and 30 per cent respectively of the shares and votes in Bidco. The governance of Bidco reflects the relative shareholdings of Sampo and RMI, recognizing Sampo's controlling position, but protecting RMI's interest with customary minority protections. The shareholders agreement includes customary exit arrangements for joint investments of this type.

The size of Sampo's investment, based on its 70 per cent stake, would be GBP 1.16 billion or EUR 1.29 billion valued at the offer price.

Sampo will fund its part of the acquisition costs with EUR 1 billion of hybrid Tier 2 capital issued on 3 September 2020 with the residual coming from existing cash resources.

### Transaction structure and timetable

The offer has been recommended by Hastings' independent directors. The offer is being implemented by way of a court-sanctioned scheme of arrangement under English law, which was approved by the requisite majorities at the Hastings shareholder meetings on 29 September 2020. All of the conditions relating to regulatory and antitrust approvals have now been satisfied. The Scheme will be effective following completion of the Court Hearing procedure, which is anticipated to be held on 13 November 2020.

### General information on Hastings

Founded in 1996, Hastings is one of the leading property and casualty insurance (P&C) providers to the UK market, providing straightforward products and services to UK car, bike, van and home insurance customers. Around 90 per cent of policies are directly underwritten by Hastings' Gibraltar-based underwriting business, Advantage Insurance Company Limited (Advantage). For the year ending 31 December 2019, Hastings reported gross written premiums of GBP 962 million, with underlying average premiums up 5 per cent on the same period in 2018. The reported underlying profit after taxes amounted to GBP 72 million.

More information on the offer at [www.sampo.com/offer](http://www.sampo.com/offer) and [www.hastingsplc.com](http://www.hastingsplc.com).



