

IFRS 17 restatement deck

Sampo Group

30 March 2023

Disclaimer

This presentation is not intended to contain forward-looking statements or reflect management's views with respect to certain future events and potential financial performance. Although Sampo believes that the presented restated figures reflect the potential implications of IFRS 17 accounting standard's effects and are reasonable, no assurance can be given that such restated figures will prove to have been correct. Accordingly, results could differ materially from those set out in the restated figures as a result of various factors.

Important factors that may cause such a difference for Sampo include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate and (iii) developments in capital markets.

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The figures in this presentation are unaudited.

Restating Sampo's 2022 results for IFRS 17

What is new?

- IFRS 17 *Insurance contracts* is a new accounting standard for insurers, effective from 1 January 2023
- Sampo is also applying IFRS 9 *Financial instruments* from 1 January 2023
- Sampo's first report under IFRS 17/9 will be the Q1 2023 result on 10 May 2023
- Figures for 2022 are restated for IFRS 17 but not for IFRS 9

What is in this deck?

- A restatement of Sampo's 2022 result under IFRS 17, both at group and segment level
- Additional information is provided around P&C insurance KPIs and targets
- Sensitivities are provided to support transparency

Key effects

- IFRS 17/9 does not have any effect on how Sampo's businesses are run
- There is no change in financial targets or outlook as a result of IFRS 17/9
- The new standards do not affect Sampo's solvency or ability to deliver capital returns
- The effect of IFRS17/9 relate mainly to the presentation of Sampo's IFRS results

Key IFRS 17/9 accounting considerations for Sampo Group

P&C operations

- P&C operations use the simplified Premium Allocation Approach (PAA)
- Introduction of risk adjustment and discounting of claims
- Assumptions and methodologies to reflect entity-specific circumstances
- Underwriting metrics and KPIs presented net of reinsurance

Financial result & Mandatum

- Net financial result to include mark-to-market effect of changes in asset values
- Impact of discount rate changes also taken through net financial result
- Sampo Life items presented as a single line

Reporting changes

- Significant changes to the structure of the P&L
- Comparative IFRS 17 figures have been restated for 2022

Sampo Group – FY 2022 restated for IFRS 17

Key differences in 2022 - IFRS 17 vs IFRS 4

- P&L impact on transition to IFRS 17 dominated by the rise in interest rates over 2022
- Positive effect on PBT, as the increase in discount rates is applied to the full LIC** under IFRS 17
- However, the effect of higher discount rates is moved from the underwriting result to the net financial result
- All insurance-related revenue and expenses included in the insurance services result
- The figures have not been restated for IFRS 9, which would have lead to a lower net financial result
- Life operations shown in one line and not included in profit before taxes

Sampo Group, FY 2022 (EURm)	Sampo P&C operations					Sampo Group
	If	Topdan-mark	Hastings	Sampo Holding	Elimination	
GWP & other income from insurance contracts	5,432	1,308	1,527	0	0	8,266
Insurance revenue, net	5,024	1,255	889	0	0	7,168
Claims incurred and claims handling costs, net	-3,550	-809	-509	0	0	-4,867
Operating expenses	-801	-216	-222	0	0	-1,239
Insurance service result	673	230	159	0	0	1,062
Other P&C insurance related income or expense	0	0	-30	0	0	-30
Underwriting result	673	230	128	0	0	1,031
Net investment income	278	-142	16	177	-8	320
Insurance finance income or expense, net	610	115	11	0	0	736
Net financial result	888	-28	27	177	-8	1,056
Other items	-11	-45	-49	-31	-28	-163
Profit before taxes (P&C operations)	1,550	158	107	146	-36	1,924
Profit for the equity holders of the parent						2,107
- o/w Sampo Life operations*						681
EPS (EUR)						3.97
Combined ratio, net, as part of Sampo	86.6 %	81.7 %	87.2 %			85.8 %

*Includes Topdanmark Life & Mandatum; **Liability for incurred claims

Sampo Group – FY 2022 quarterly and full year restatement

EURm	1-3/2022	4-6/2022	7-9/2022	10-12/2022	2022
GWP & Other income from insurance contracts	2,849	1,972	1,759	1,687	8,266
Insurance revenue, net	1,718	1,797	1,826	1,827	7,168
Claims incurred and claims handling costs, net	-1,173	-1,115	-1,190	-1,390	-4,867
Operating expenses	-294	-303	-315	-327	-1,239
Insurance service result	250	379	322	110	1,062
Other P&C insurance related income or expense	-9	-10	-10	-2	-30
Underwriting result	242	369	312	109	1,031
Net investment income	190	1	11	118	320
Insurance finance income or expense, net	304	430	57	-54	736
Net financial result	494	431	68	63	1,056
Other items	-44	23	-37	-105	-163
Profit before taxes (P&C operations)	692	824	342	67	1,924
Profit for the equity holders of the parent	773	886	387	61	2,107
- o/w Sampo Life operations*					681
Key figures					
Combined ratio, net	86.2 %	79.7 %	83.2 %	94.1 %	85.8 %

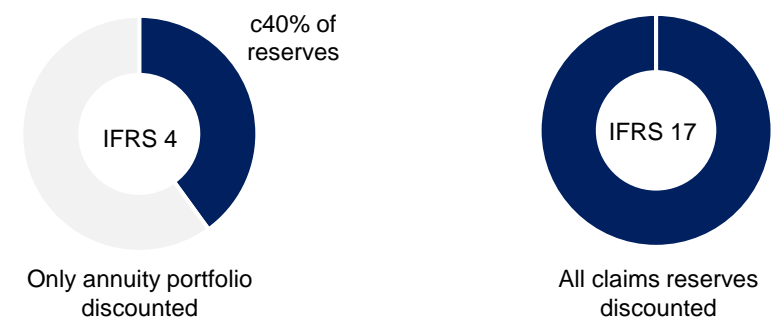
* Includes Topdanmark Life & Mandatum

If P&C – key considerations

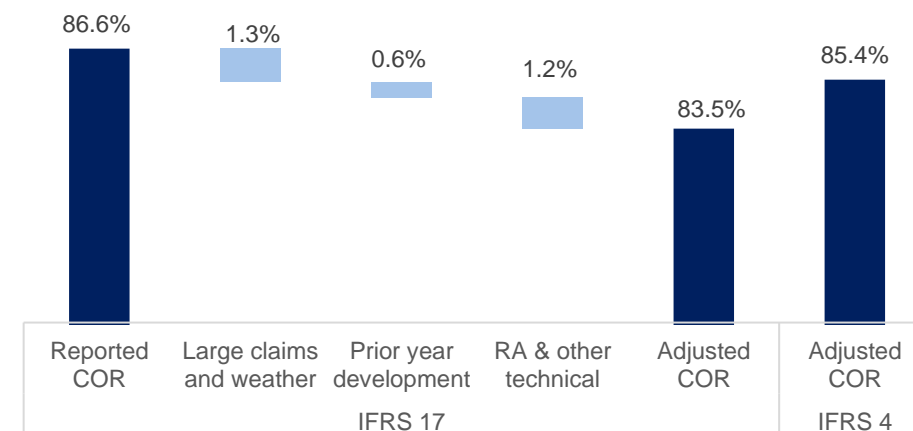
- Increased 2022 PBT under IFRS 17 as full LIC* is discounted, which enhances the benefit of the rise in interest rates over the year
- Effect of discount rate changes moved to the net financial result from the underwriting result and combined ratio
- Cost ratio increased due to reclassification of certain reinsurance related items – cost ratio improvement target unchanged
- Education and development costs included in insurance services result and combined ratio
- Adjusted risk ratio calculation updated to reflect the risk adjustment and other IFRS 17 technicalities

*Liability for incurred claims

Under IFRS 17, If's full claims reserves will be discounted



If P&C 2022 combined ratio adjusted for volatile items



If P&C – line by line analysis

If P&C, FY 2022 (EURm)	IFRS 17	IFRS 4	Differences & specifications
Gross written premiums	5,432	5,432	No change - GWP is a management KPI and an alternative performance metric
Insurance revenue, net	5,024	5,002	Minor changes relate to reclassification of ceded commissions from net operating expenses
Claims incurred, net	-3,267	-2,963	cEUR 380 mn benefit of higher discount rates in 2022 under IFRS 4 moved to the net financial result
Operating expenses and claims handling costs	-1,084	-1,054	Minor changes. Education & development kept in insurance service expenses
Insurance service result	673	985	The Insurance services result equals the Underwriting result for If P&C
Net investment income	278	na	From 2023 this will be the MTM result on the investment portfolio in line with IFRS 9; 2022 not restated
Insurance finance income or expense, net	610	na	Incl. the unwind of discount effect and the effect of changes in discount rates and indexation of annuities
Net financial result	888	273	Sum of net investment income and insurance finance income or expense
Other items	-11	-41	Change vs IFRS 4 driven by removal of allocated interest
Profit before taxes	1,550	1,217	Increase in PBT driven mainly by benefit from higher discount rates, applied to all claims reserves

Key figures

Combined ratio, net	86.6 %	80.3 %	Increase driven by higher risk ratio
Cost ratio, net	21.6 %	21.1 %	Reclassification of certain reinsurance-related items adds to the cost ratio
Risk ratio, net	65.0 %	59.2 %	Risk ratio adversely affected by benefit of discount rate changes being moved to net financial result
Large losses & severe weather, %	1.3%	1.3%	Includes large claims deviation vs budget and severe weather effects; no change in approach
CY risk adjustment & other technical effects	1.2%	0.2%	Reverses out current year risk adjustment build-up and other, more minor technical effects
Prior year development, %	0.6%	-6.7%	Incl. changes to prior year best estimate cash flows, risk adjustment run-off and other prior year effects
Adjusted risk ratio	61.9%	64.3%	Current year risk ratio excluding the items outlined above
Current year discount rate effect, %	-2.9%	na	Impact of discounting on the current year risk ratio

Note: (-) >> positive result impact, (+) >> negative result impact

If P&C – FY 2022 quarterly and full year restatement

EURm	1-3/2022	4-6/2022	7-9/2022	10-12/2022	2022
Gross written premiums	1,923	1,343	1,081	1,084	5,432
Insurance revenue, net	1,222	1,259	1,285	1,257	5,024
Claims incurred, net	-775	-749	-790	-954	-3,267
Operating expenses and claims handling costs	-250	-263	-279	-291	-1,084
Insurance service result	197	248	216	12	673
Net investment income	57	92	51	77	278
Insurance finance income or expense, net	243	383	0	-16	610
Net financial result	300	475	51	61	888
Other items	-2	9	-3	-14	-11
Profit before taxes	495	732	264	60	1,550

Key figures

Combined ratio, net	83.9 %	80.3 %	83.1 %	98.5 %	86.6 %
Cost ratio, net	20.5 %	20.9 %	21.7 %	23.1 %	21.6 %
Risk ratio, net	63.4 %	59.5 %	61.5 %	75.4 %	65.0 %
Large losses & severe weather, %	1.6 %	-1.7 %	2.4 %	2.7 %	1.3 %
CY Risk adjustment and other technical effects, %	1.7 %	0.8 %	0.9 %	1.3 %	1.2 %
Prior year development, %	-4.9 %	0.0 %	-2.3 %	9.3 %	0.6 %
Risk ratio adjusted CY	65.0 %	60.3 %	60.4 %	62.1 %	61.9 %
Discounting effect CY	-2.0 %	-3.2 %	-3.2 %	-3.1 %	-2.9 %

Note: (-) >> positive result impact, (+) >> negative result impact

Hastings – key considerations

- On transition to IFRS 17, certain items, such as internal broker revenue, are moved into insurance revenue
- As a result, the Hastings loss ratio improves substantially on restatement (previously measured against net earned premiums)
- The operating ratio also improves somewhat due to the use of discounting on all claims
- Each 1ppt increase in discount rates expected lead to a EUR 10 million increase in underwriting profit

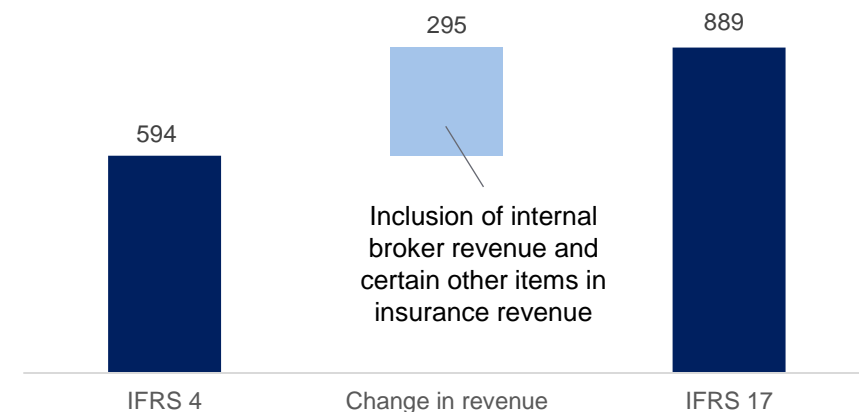
Loss ratio

$$\frac{\text{Claims incurred}}{\text{Insurance revenue, net}}$$

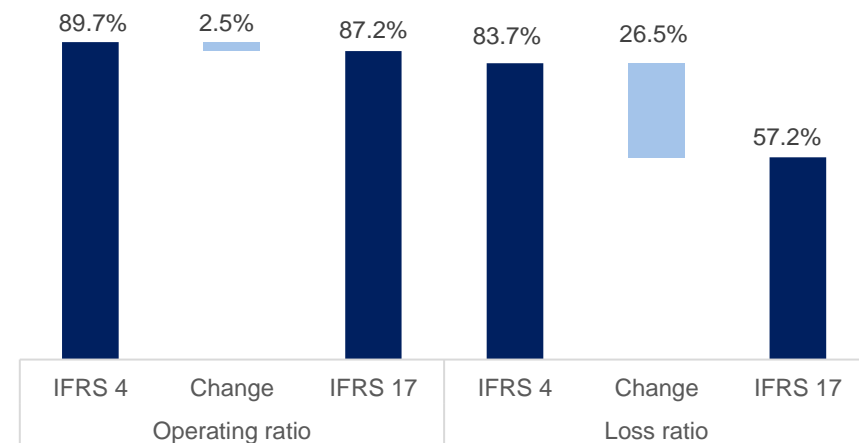
Operating ratio

$$1 - \frac{\text{Underwriting profit}}{\text{Total insurance revenue, net \& broker revenue}}$$

Hastings: additional revenue included in insurance services result



Hastings insurance revenue – key effects on transition



Hastings – line by line analysis

Hastings, FY 2022 (EURm)	IFRS 17	IFRS 4	Differences & specifications
Gross written premiums	1,314	1,313	No material change
Other income from insurance contracts	213	416	No longer includes external broker income, which is booked below the insurance services result under IFRS 17
Insurance revenue, net	889	1,010	Internal broker income and some other items added to insurance revenue, but external broker income excluded
Claims incurred & claims handling costs, net	-509	-497	Benefit from discounting of future claims offset by inclusion of internal broker related and other costs
Operating expenses	-222	-409	No longer includes costs related to external brokerage
Insurance service result	159	na	Insurance profit excluding external broker business
Other P&C insurance related income or expense	-30	na	Includes external broker revenue and costs, as well as certain central costs
Underwriting result	128	104	IFRS 17 figures benefits from inclusion of discounting
Net investment income	16	na	From 2023 this will include the mark-to-market result on the investment portfolio; 2022 not restated
Insurance finance income or expense, net	11	na	Under IFRS 17, this line will include the effect of changes in discount rates and the unwind of the discount rate
Net financial result	27	17	Increase driven by inclusion of discount rate change benefit; investment result not restated to IFRS 9
Other items	-49	-48	Driven by non-operational amortisation (cEUR 60 mn pa)
Profit before taxes	107	73	IFRS 17 PBT supported by rise in discount rates over 2022

Key figures

Operating ratio, net	87.2 %	89.7 %	Benefit on restatement to IFRS 17 from discounting of claims
Loss ratio, net	57.2 %	83.7 %	Benefits from inclusion of internal broker income in insurance revenue and from discounting of claims
Total insurance and external broker revenue	998	1,010	No significant changes
Live customer policies (million)	3.2	3.2	No change

Hastings – FY 2022 quarterly and full year restatement

EURm	1-3/2022	4-6/2022	7-9/2022	10-12/2022	2022
Gross written premiums	275	331	380	328	1,314
Other income from insurance contracts	54	53	53	54	213
Insurance revenue, net	184	222	228	255	889
Claims incurred and claims handling costs, net	-101	-117	-127	-164	-509
Operating expenses	-55	-55	-58	-54	-222
Insurance service result	27	51	44	37	159
Other P&C insurance related income or expense	-9	-10	-10	-2	-30
Underwriting result	18	41	34	35	128
Net investment income	3	1	6	6	16
Insurance finance income or expense, net	17	-1	15	-19	11
Net financial result	19	0	21	-13	27
Other items	-17	-16	0	-16	-49
Profit before taxes	21	25	54	6	107

Key figures

Operating ratio, net	91.3 %	83.7 %	86.9 %	87.4 %	87.2 %
Loss ratio, net	55.0 %	52.5 %	55.5 %	64.3 %	57.2 %

Sampo Group – key sensitivities under IFRS 17




FY2022 effects from instant change on P&L

EURm		If	Hastings	Sampo Group *
UW profit	Discount rate +100 bps	+40	+10	+60
UW profit	Discount rate -100 bps	-40	-10	-60
Insurance finance income & expense, net	Discount rate +100 bps	+250	+40	+370
Insurance finance income & expense, net	Discount rate -100 bps	-300	-50	-430
Net investment income	Interest rates +100 bps	-180	-20	-200
Net investment income	Interest rates -100 bps	+190	+20	+220
Net investment income	Spreads +100 bps	-230	-20	-360
Net investment income	Equities -10%	-120	0	-360

- Loss and combined ratio sensitive to changes in discount rates
- Net investment income sensitive to mark-to-market returns on assets
- IFIE sensitive to changes in discount rates
- Sensitivities change over time and vary somewhat by quarter

* Including Topdanmark & Mandatum (with profit)



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