

Excellent Operational Results and Rapid Strategic Development

Despite the challenges caused by the COVID-19 pandemic, 2020 was a successful year for Sampo Group.

2020 was a challenging year for everyone, both from a business and a personal perspective. The pandemic restricted access to both work and physical meetings. However, as a technologically advanced company, Sampo was able to meet these challenges and accelerate the digital development, support and services, both for our colleagues and our customers.

Most of our employees worked from home for large parts of the year, and the shift towards online sales and services continued even more intensely as a result of these circumstances. Sampo was able to increase both customer numbers as well as customer satisfaction in key areas, such as the business area Private in If P&C and Mandatum Life, and our investments in technology continued throughout the year.

In this challenging operating environment, Sampo delivered excellent operational results as well as rapid strategic development. First and foremost, the operational performance of If P&C was extremely strong: the company had its lowest ever full-year combined ratio of 82.1 per cent, and combined that with increased efficiency and strong growth. Premium income increased by 5 per cent.



Meanwhile, Topdanmark produced another year of good underwriting results, and also successfully transitioned into the new banking partner, Nordea. Topdanmark continued to invest heavily in the digitalization of both the life and P&C insurance in order to lead the development in Denmark when it comes to customer experience and in parallel continuously increase efficiency. An efficiency program was launched aiming for annual efficiency gains of DKK 500 million in 2025.

Regarding Mandatum Life, one would have expected some difficulties in a year marked by the COVID-19 pandemic, as the wealth management business is heavily influenced by market volatility and also because personal meetings have traditionally been an important part of the sales process. However, I'm pleased to report that premiums exceeded one billion euros and came close to record levels. It was also encouraging to see that the with-profit liabilities have never run off faster than they did in 2020, reducing risk levels and releasing solvency capital.

Our investment operations also had a good year in 2020, as investment returns in both Mandatum Life and If outperformed returns of the benchmarks.

Strategic Steps Toward a Focused P&C Insurer

In August 2020, together with RMI, a South African financial services investment company, we launched a bid for one of the leading digital insurers in the UK market, Hastings Group. The acquisition was completed in November 2020 and Sampo now owns 70 per cent of Hastings Group.

Hastings Group is a digital P&C insurer that operates mainly through price comparison websites (PCWs), which is the largest channel for new business sales of motor insurance in the UK. The group has an 8 per cent share of the UK motor insurance market and it is one of the leading players in the PCW channel.

The acquisition of Hastings Group represents a new opportunity for Sampo Group in terms of realizing long-term profitable growth. As a lean, digital insurer, I see Hastings Group not only as a long-term winner in the UK digital personal lines market, but I believe it will also add skills and value to our existing operations, as in some respects our Nordic markets follow the UK one.

“ The operational performance of If P&C was extremely strong.

Furthermore, in November 2020, we reduced our holding in Nordea Bank to 15.9 per cent of the shares in an accelerated book-build offering. The placing was done with good timing and it was another step towards simplifying our group structure. Part of the proceeds of the Nordea transaction was used to redeem senior debt in December, in order to adapt our balance sheet to our strategy and to improve financial flexibility.

Sampo Group's reported profits for 2020 also include two significant extraordinary items. The first one was incurred by the sell-down of Nordea shares in November and this amounted to EUR 262 million. The second

one was a consequence of Sampo's Board of Directors' decision to impair the book value of Nordea in Sampo Group's consolidated accounts at the end of December 2020. The impairment had a negative impact of EUR 899 million, and Sampo Group's reported full-year result before taxes decreased to EUR 380 million. It must be noted, however, that the extraordinary items had no effect on the group's solvency. Excluding the accounting losses related to the sale of Nordea shares and the Nordea impairment, Sampo delivered an EPS of EUR 2.16 for 2020.

Dividend Proposal

The Sampo Board has proposed a dividend of EUR 1.70 per share for 2020, which is an increase from the EUR 1.50 per share distributed for 2019. The dividend proposal corresponds to a payout ratio of 79 per cent, which is in line with our dividend policy of paying out at least 70 per cent of net profits excluding extraordinary items.

In closing, I would like to thank all colleagues in all the countries where we operate for their efforts during this

exceptional past year, where all our business processes and products were tested by the pandemic. It is pleasing to conclude that we were able to come out of 2020 as a very strong company, having built a solid strategic platform for the future.

Torbjörn Magnusson

Group CEO and President