

Sampo Group

Sampo Group had a strong 2017. Particularly the insurance operations performed well and produced record results. Sampo Group's profit before taxes for 2017 amounted to EUR 2,482 million (1,871) and the total comprehensive income for the period, taking changes in the market value of assets into account, rose to EUR 2,146 million (1,760). The profit contains a positive non-recurring item of EUR 706 million because of the change in Topdanmark's accounting treatment.

Earnings per share amounted to EUR 3.96 (2.95) and mark-to-market earnings per share to EUR 3.79 (3.14). Return on equity for the group amounted to 17.1 per cent (15.0) for 2017. Net asset value per share on 31 December 2017 was EUR 25.37 (24.86).

The Board proposes to the Annual General Meeting to be held on 19 April 2018 a dividend of EUR 2.60 per share (2.30). The proposed dividend payment amounts in total to EUR 1,444 million (1,288).

Profit before taxes for If segment was EUR 818 million (824). Insurance technical result was excellent and combined ratio for full-year 2017 amounted to 85.3 per cent (84.4). Return on equity was 21.3 per cent (25.3). Premiums grew by 1.8 per cent with fixed currencies.

Topdanmark segment's profit before taxes was EUR 142 million excluding the non-recurring profit item of EUR 706 million. With this profit item i.e. the difference between the carrying value and the fair value of Sampo's holding on 30 September 2017, segment reported a profit of EUR 848 million. Combined ratio was excellent and amounted to 82.0 per cent (85.1). Premium growth was 1.4 per cent in non-life and 11.0 per cent in life insurance. Topdanmark's Board of Directors proposes to the AGM of 2018 a dividend of DKK 19 per share. If approved Sampo plc's share of the dividend payment is EUR 107 million.

Sampo's share of Nordea's net profit for 2017 decreased to EUR 616 million (773). Nordea's RoE, excluding non-recurring items, amounted to 9.5 per cent (11.5) and core Tier 1 ratio (excluding transition rules) rose to 19.5 per cent (18.4). In segment reporting the share of Nordea's profit is included in the segment 'Holding'. Nordea's Board of Directors proposes to the AGM 2018 a dividend of EUR 0.68 per share (0.65). If

the AGM approves the Board's dividend proposal, Sampo plc will receive a dividend of EUR 585 million (559) from Nordea on 26 March 2018.

Profit before taxes for segment Mandatum rose to EUR 236 million (210). Return on equity amounted to 13.3 per cent (15.9). The discount rate for with profit policies used for 2018, 2019 and 2020 is 0.25 per cent and 2.75 per cent for 2021. The discount rate reserve at the end of 2017 amounted to EUR 325 million (273).

In the third quarter of 2017 Sampo plc made a commitment to invest approximately EUR 500 million into two financial companies, Nets A/S and SAXO Bank A/S.

Sampo Group's total investment assets, excluding Topdanmark's life insurance assets, on 31 December 2017 amounted to EUR 22.2 billion (20.7), of which 79 per cent was invested in fixed income instruments (79), 15 per cent in equities (16) and 6 per cent in other assets (4). If P&C's share of assets was 52 per cent (59), Topdanmark's 13 per cent, Mandatum Life's 28 per cent (34) and Sampo plc's 7 per cent (7).

Sampo Group's equity as at 31 December 2017 amounted to EUR 12,848 million (11,934), excluding the minority share of EUR 660 million. Equity was strengthened mainly by the comprehensive income for the year of EUR 2,146 million and reduced by the EUR 1,288 million of dividends paid. Other changes were small.

Sampo Group's solvency capital calculated according to the Act on the Supervision of Financial and Insurance Conglomerates (2004/699) based on Directive 2002/87/EC of the European Parliament and of the Council exceeded the minimum solvency requirements at the end of 2017 by EUR 3,858 million (3,849) and the conglomerate solvency ratio stood at 154 per cent (154).

Sampo Group will issue a report on non-financial information in accordance with Chapter 3a, Section 5 of the Accounting Act. The report (Corporate Responsibility Report 2017) will be separate from the Board of Directors' Report and will be published before the end of June 2018.

Key Figures Sampo Group, 2017

EURm	2017	2016	Change, %
Profit before taxes	2,482	1,871	33
If	818	824	-1
Topdanmark *)	848	59	-
Associate (Nordea)	616	773	-20
Mandatum	236	210	13

Holding (excl. Nordea)	-40	6	-
Profit for the period **)	2,239	1,650	36
	2017	2016	Change
Earnings per share, EUR	3.96	2.95	1.01
EPS (incl. change in FVR), EUR	3.79	3.14	0.65
NAV per share, EUR	25.37	24.86	0.51
Average number of staff (FTE)	9,364	6,780	2,584
Group solvency ratio, %	154	154	0
RoE, %	17.1	15.0	2.1

*) 2017 figures contain a 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 23 million

Income statement items are compared on a year-on-year basis and comparison figures for balance sheet items are from 31 December 2016 unless otherwise stated.

Exchange Rates Used in Reporting

	1-12/2017	1-9/2017	1-6/2017	1-3/2017	1-12/2016
EURSEK					
Income statement (average)	9.6351	9.5833	9.5968	9.5063	9.4698
Balance sheet (at the end of period)	9.8438	9.6490	9.6398	9.5322	9.5525
DKKSEK					
Income statement (average)	1.2953	1.2885	1.2904	1.2785	1.2718
Balance sheet (at the end of period)	1.3222	1.2965	1.2963	1.2816	1.2849
NOKSEK					
Income statement (average)	1.0330	1.0376	1.0456	1.0575	1.0192
Balance sheet (at the end of period)	1.0004	1.0251	1.0072	1.0397	1.0513
EURDKK					
Income statement (average)	7.4387	7.4373			
Balance sheet (at the end of period)	7.4449	7.4423			

Economic Environment

The global economy expanded by more than 3 per cent in 2017, as global trade continued to grow. Purchasing managers' indices rose across the globe, forecasting a sustained positive cycle. In Europe, political uncertainty decreased following the French presidential elections. At the start of the year, there were worries of increased protectionism, but so far the worst fears have not been realized. All in all, the year 2017 will be remembered for stock market highs and a strong global economy.

The Nordic countries, like other developed countries across the world, posted strong economic growth last year, underpinned by a positive global cycle. Finland's economic growth was boosted by exports and investments, while in Denmark and Norway private consumption served as a key driver. In Sweden, exports had the biggest contribution to the economy. Moreover, the year was marked by cooling housing markets in Sweden and Norway, although the impact was not yet felt much in the broader real economy.

Finland finally managed to latch onto the strong global economic growth trend, achieving a growth rate of more than 3 per cent, the fastest in the Nordics. The global upcycle particularly supported investments and exports, with the latter playing an important role in beefing up economic growth. Construction continued to grow, and new dwellings are being built at a faster pace than in many years. Despite it all, no new major reforms were passed in Finland last year, and the labor market remains inflexible. This limits the decline in unemployment, although both the unemployment and the employment rates improved.

Sweden enjoyed good economic growth, albeit falling short of the growth rate achieved in 2016. Domestic demand continues to grow and high confidence supports private consumption. In addition, the economy was boosted by growing exports and higher employment. The Swedish labor market continued its strong performance, as unemployment fell despite the simultaneous entry of new labor into the

market. In the autumn, the markets turned their attention to falling housing prices, leading to a degree of uncertainty over the economy. The housing market's woes were also reflected in the krona, which weakened in the autumn. This, however, helps the Swedish export sector. Inflation began to rise in 2017, and the Riksbank will gradually prepare to normalize its monetary policy.

In mainland Norway, GDP grew at a slower pace than in Sweden. The economy was burdened by the drop in oil prices in early 2017, but the price decline turned mid-year, reaching a multi-year high later in the year. Oil investments have already bottomed out, which will help oil sectors recover. Similarly as in Sweden, the Norwegian housing market cooled down, as home prices began to fall early in the year. However, private consumption continued to grow steadily, shoring up the economy in its usual way. Norwegian inflation

decelerated last year, and the central bank's monetary policy is accommodative, although Norges Bank is preparing for a gradual normalization of its policy. Towards the end of the year, the Norwegian krone depreciated considerably because of the weak housing market, unable to rally even on the back of higher oil prices.

In Denmark, the economy posted a healthy growth rate of around 2 per cent in 2017, as it did the previous year, following a few years of lackluster growth. While private consumption was the main engine for the economy, higher corporate investments and continued growth in exports also contributed. Inflation picked up after a prolonged period of stagnation, as consumer prices rose by 0.5 percentage point over the previous year. The Danish labor market is seeing brisk activity and employment continued to grow, although at a slightly slower pace than before.