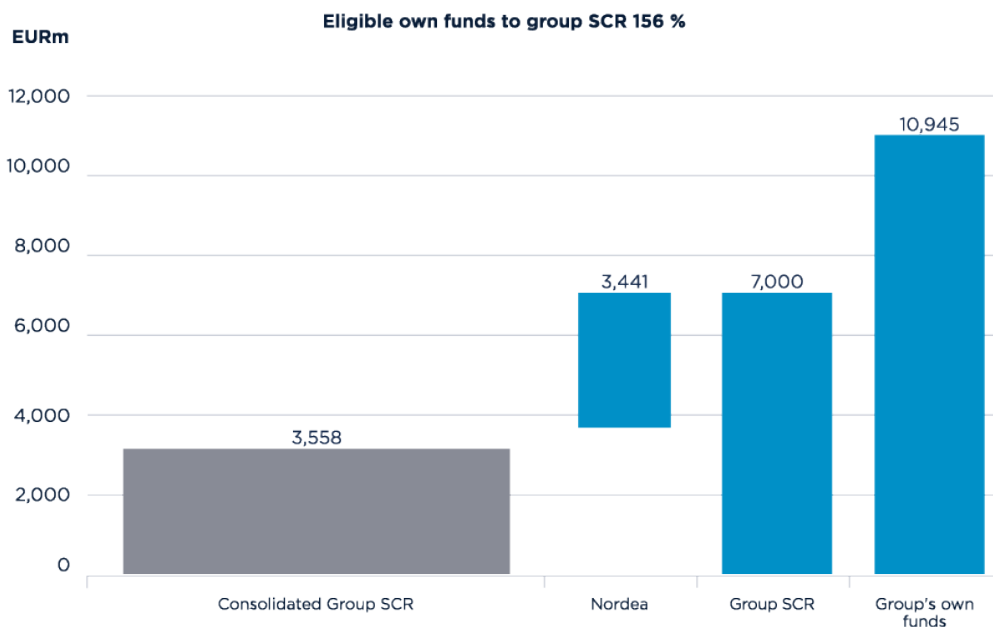


Group's Own Funds and Solvency According to Solvency II

Sampo Group's own funds and SCR are presented in the figure Sampo Group Solvency by Solvency II rules, 31 December 2017. Sampo Group's Ratio of Eligible own funds to group SCR at the end of 2017 was 156 per cent (155 per cent). Solvency was adequate in every quarter during the year.

Topdanmark's standard formula SCR is now fully included in Sampo's Consolidated Group SCR. Also the own funds of Topdanmark are now fully consolidated to Sampo's own funds with the exception of the part of the own funds, which exceeds Topdanmark's Standard Formula SCR, belonging to minority shareholders.

Sampo Group Solvency by Solvency II Rules
31 December 2017



The Group SCR decreased by EUR 51 million due to a decrease in the capital requirement for Nordea offset by an increase in Topdanmark's contribution to the Group SCR. Topdanmark was previously included in the Group SCR by adding Sampo's share of Topdanmark's partial internal model on top of the Consolidated Group SCR. The previous methodology did not grant any diversification benefits at Sampo Group level. At Q3 2017 Topdanmark's Standard Formula SCR was included in the consolidated Group SCR.

The effects of the change in methodology are limited due to diversification benefits that the Standard Formula grants when calculating the Consolidated Group SCR. Topdanmark uses simplifications in the calculation of Standard Formula SCR.

The following table Sampo Group's Own Funds, 31 December 2017 and 31 December 2016 presents Sampo Group's Own Funds by tiers.

Sampo Group's Own Funds 31 December 2017 and 31 December 2016

EURm	2017	2016
Tier 1 total	10,577	10,721
Ordinary Share Capital	98	98
Reconciliation Reserve	10,753	10,520
Net effect of Nordea & Topdanmark	-274	103
Tier 2 (Subordinated Liabilities)	368	230
Tier 3 (Deferred tax assets)	0	4
Total eligible own funds	10,945	10,955

Group's own funds consists of ordinary share capital, reconciliation reserve as well as subordinated liabilities, which are eligible at the Group level. As of 31.12.2017 the Group's own funds were EUR 10,945 million.

The entire ordinary share capital of EUR 98 million and reconciliation reserve of EUR 10,753 million (EUR 10,520 million) fully meet with the requirements for inclusion in Tier 1 unrestricted items. In comparison IFRS consolidated group equity as of 31.12.2017 was EUR 13,508 million ([Appendix 5 Valuation for Solvency II purposes](#)). All in all the structure of own funds is very solid, because Tier 1 items are

90 per cent of all own funds and the reconciliation reserve is a major contributor.

The reconciliation reserve is a sum of retained earnings, net income for the financial year and other reserves deducted by foreseeable dividends and other distributions adjusted by Solvency II valuation differences, net deferred tax assets, own shares held directly and Topdanmark's minority interest. The composition of the reconciliation reserve is presented in the table Composition of the Reconciliation Reserve, 31 December 2017 and 31 December 2016.

Composition of the Reconciliation Reserve 31 December 2017 and 31 December 2016

EURm	2017	2016
Reserves, Retained earnings and Net income for the year (before SII adjustments)	13,410	11,836
Foreseeable dividends, distributions and charges	-1,444	-1,288
Own Shares (held directly and indirectly)	-149	-
Other non available own funds	-327	-
Net deferred tax assets shown separately in Tier 3	-	-4
Valuation adjustments, SII	-737	-24
Reconciliation reserve	10,753	10,520

Own funds items included in Sampo Group's Tier 2 capital, amounting to EUR 368 million as of 31.12.2017, consists of subordinated debt instruments held by external investors.

As of 31.12.2017 subordinated debt of EUR 100 million issued by Mandatum Life was completely in Sampo's investment portfolio and about one third of If P&C's subordinated debt of EUR 312 million was held by Sampo plc as well. Topdanmark has issued three subordinated debt instruments by nominal amount of DKK 1,750 million and 30 per cent of these are held in Sampo Group companies' investment portfolios. The details of subordinated debt instruments issued by If P&C, Topdanmark and Mandatum are shown in the companies' respective tables. Full instrument details are available on Sampo's web-page www.sampo.com/publicdebt.

Topdanmark was the only group company issuing subordinated debt during 2017. This DKK 400 million instrument was classified to be Tier 1 item in Own Funds. In September 2017 If P&C Insurance Ltd (Finland) bought back its Tier 1 instrument from Sampo plc and cancelled it before its merge into If P&C Insurance Ltd (Publ) (Sweden).

Tier 3 own funds include net deferred tax assets (i.e. those deferred tax asset items which cannot be netted against available deferred tax liabilities, "DTL") from the Solvency II Balance sheet.

The Group's own funds decreased by EUR 9 million over the reporting period. Excess of assets over liabilities grew as a result of Topdanmark's consolidation and Group's profit for the period, but the total effect of Nordea's own funds items and increased intangible assets at the group level, which are

not included in the SII balance sheet, resulted in the small negative net effect. Because of lower Group SCR, which decreased due to Nordea's lower capital requirement, Ratio of Eligible own funds to group SCR went up slightly to 156 per

cent (155 per cent). There were no restrictions affecting the availability or transferability of own funds at the group level during the period.

