

Risk Management

As dividends are Sampo plc's major source of income, its primary target for every sub-group is to maintain a healthy balance between profits, risks and capital, in order to facilitate a steady stream of dividend payments in the long run.

The second target is ensuring stable profitability at business portfolio level. Potential risk concentrations especially and the correlation of reported profits generally are monitored closely and their sources are analyzed. To the extent possible risk concentrations are proactively prevented by strategic decisions.

Thirdly, as a general rule, Sampo prefers to have low leverage and adequate liquidity buffers to be able to generate liquidity as needed. The size of assessed diversification benefit of the Group companies' profits is reflected in Sampo's decisions on own capital structure and liquidity position.

Sampo Group companies operate in business areas where specific features of value creation are the pricing of risks and the active management of risk portfolios in addition to sound customer services. Successful management of underwriting risks and investment portfolio market risks is the main source of earnings for Sampo Group companies.

In Sampo Group the risks associated with business activities fall by definition into three main categories: strategic risks associated with external drivers affecting the business environment, reputational risk associated with the company's business practices or associations and risks inherent in business operations.

A more detailed description of Sampo Group's risk management activities, governance, risks and capitalization is available in the [Risk Management](#) section of Annual Report 2017 and in [Note 39 of the Group Balance Sheet](#).