

# Risk Considerations at Sampo Group Level and Sampo plc

Sampo Group is first and foremost exposed to general performance of Nordic economies. However, Nordic economies typically are at any given time in different stages of their economic cycles, because of reasons like different economic structures and separate currencies. Also geographically Nordics as a large area is more a source of underwriting diversification than a concentration. Hence, inherently Nordic area is a good basis for diversified business.

To further maintain diversification of businesses Sampo Group proactively prevents concentrations to the extent possible by segregating the duties of separate business areas. As a result, separate companies have very few overlapping areas in their underwriting and investments activities. In spite of proactive strategic decisions on segregation of duties, concentrations in underwriting and investments may appear and hence liabilities and assets are monitored at the Group level to identify potential concentrations at single-name or risk factor level.

It is regarded that current business model where all companies have their own processes and agreements with counterparties is preventing accumulation of counterparty default risks and operational risks. Hence, these risks are managed at company level and it is considered that need to monitor them at group level is remote.

In addition to “segregation of duties at strategic level” -principle Sampo Group has two principles proactively preventing the group-risks. The amount of intragroup exposures between group companies are few and parent company is the only source of liquidity and the main source of capital within Group. These principles effectively prevent the contagion risk and hence potential problems of one company will not affect directly the other group companies.

Underwriting and market risk concentrations and their management are described in the next sections as well as parent company's role as risk manager of group-wide risks and as a source of liquidity.

