SAMPO GROUP

2021

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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REPORTS FOR THE YEAR 2021
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BOARD OF DIRECTORS' REPORT

Board of Directors' Report 2021

Sampo Group

Sampo Group's core business, P&C insurance had an excellent year and achieved an underwriting result of EUR 1,282 million (967) in 2021, representing year-on-year growth of 32 per cent. Adjusting for the Hastings acquisition and reported COVID-19 effects, underwriting profit growth was 19 per cent. The Group combined ratio improved by 2.0 percentage points year-on-year to 81.4 per cent (83.4). Excluding reported COVID-19 effects, the combined ratio improved by 2.7 percentage points to 83.1 per cent (85.7). Organic premium growth of 6 per cent combined with the acquisition of Hastings drove a rise in premiums to EUR 7,644 million. The result is well ahead of Sampo Group's 2021–2023 annual financial targets of mid-single digit per cent growth on average in underwriting profits and a combined ratio below 86 per cent.

If P&C reported an underwriting profit of EUR 891 million (802) and a combined ratio of 81.3 per cent (82.1) for 2021. The result was supported by a solid 4.3 per cent currency adjusted premium growth and strong underlying performance. Premium growth over the year has been broadly based across If's business areas, but particularly strong in Commercial and Industrial, which continued to see significant rate increases. Currency adjusted premium growth in Private was also robust at 3.7 per cent for the year, despite a sharp decline in Swedish new car sales during the second half, as retention remained excellent at around 90 per cent. Excluding the impact of large losses and severe weather, run-off gains and COVID-19 effects, If's risk ratio improved by 1.2 percentage points year-on-year, on the back of rate increases and enhanced risk selection, among other factors. Profit before taxes increased to EUR 1,077 million (901).

Topdanmark's profit before taxes for 2021 amounted in Sampo Group's profit and loss account to EUR 346 million (167). The combined ratio improved to 82.3 per cent (85.2).

Hastings remained disciplined in the face of high price competition in the UK motor insurance market. Live customer policies grew by 2 per cent over the year to just over 3.1 million, supported by strong retention rates. Hastings' 2021 operating ratio of 80.3 per cent was materially ahead of the annual target of 88 per cent. Profit before taxes amounted to EUR 127 million, or EUR 168 million excluding non-operational depreciation and amortisation of EUR 41 million. On 8 December 2021, Sampo increased its holding in Hastings to 100 per cent.

Mandatum's profit before taxes for 2021 increased to EUR 291 million (154). The result was driven by a strong investment return of 10.2 per cent and robust growth in client assets. Mandatum Life's Solvency II ratio was 190 per cent (188). Unit-linked and other client assets under management grew by 21 per cent to EUR 11.1 billion (9.2), driven by positive net flows and market movements.

In 2021, Sampo reduced its holding in Nordea in three tranches: in May, in September and in October. In total, Sampo sold 397 million Nordea shares to institutional investors through accelerated bookbuild offerings, generating gross proceeds of EUR 3,847 million. Consequently, Sampo held approximately 245.9 million Nordea shares at the end of 2021, corresponding to 6.2 per cent of all outstanding shares and voting rights in Nordea. In connection with the Nordea share disposal in October 2021, Nordea was reclassified from an associated company to a non-current asset held for the sale according to IFRS 5 in Sampo Group's IFRS accounts. Sampo's share of Nordea's net profit for 2021, excluding any accounting effects related to the share disposals, amounted to EUR 409 million (427).

Sampo Group's profit before taxes for 2021 increased to EUR 3,171 million (380). The profit before taxes included EUR 982 million of accounting effects defined as extraordinary in accordance with Sampo Group's dividend policy. Without these items, the profit before taxes amounted to EUR 2,189 million (1,541). The total comprehensive income, taking changes in the market value of assets into account, amounted to EUR 3,448 million (434). Earnings per share rose to EUR 4.63 (0.07), or EUR 2.86 (2.16) excluding extraordinary items.

On 9 February 2022, Sampo plc's Board of Directors proposed a dividend of EUR 4.10 per share for the 2021 financial year to the Annual General Meeting to be held on 18 May 2022. This includes an insurance dividend of EUR 1.70 per share (1.60), representing growth of 6 per cent, and the dividend of at least EUR 2.00 per share that management indicated it would propose in connection with the sale of Nordea shares on 26 October 2021. In addition to the dividend, Sampo launched on 1 October 2021 a EUR 750 million share buyback programme of which EUR 380 million had been executed at year-end 2021.

Sampo Group's year-end 2021 Solvency II ratio stood at 185 per cent, which represents an increase compared to the 176 per cent reported at the end of 2020. Sampo targets a solvency ratio of 170–190 per cent.

Sampo Group's financial leverage declined to 23.8 per cent from 28.6 per cent from the year-end 2020. The decline was driven by growth in equity and decrease in financial debt through debt maturities and a debt repurchase. Adjusted for the proposed dividend and the ongoing buyback programme, the 2021 year-end financial leverage ratio stood at 27.9 per cent. Sampo Group targets financial leverage below 30 per cent.

Sampo Group will issue a report on non-financial information in accordance with Chapter 3a, Section 5 of the Accounting Act. A separate report, Sustainability Report 2021, will be published in May 2022.

Key Figures

Sampo Group, 2021

EURm	2021	2020	Change, %
Profit before taxes *)	3,171	380	735
If	1,077	901	20
Topdanmark	346	167	107
Hastings	127	-16	—
Associates *)	1,311	-722	—
Mandatum	291	154	89
Holding (excl. Associates)	20	-103	—
Profit for the period	**2,748**	**112**	**2,345**
Underwriting profit	1,282	967	32
Earnings per share, EUR	4.63	0.07	4.56
EPS (without eo. items) EUR *)	2.86	2.16	0.70
EPS (based on OCI) EUR	5.90	0.65	5.25
RoE, %	26.8	3.1	23.7

**) Nordea- and Nordax-related accounting effects of EUR 982 million in January-December 2021 have been defined as extraordinary items in accordance with Sampo Group's dividend policy. The comparison figure included extraordinary items of EUR -1,161 million.*

Sampo Group financial targets for 2021–2023

	Target	1–12/2021
Group	Mid-single digit UW profit growth annually on average (excluding COVID-19 effects)	32% (19% adjusting for the Hastings acquisition and reported COVID-19 effects)
	Group combined ratio: below 86%	81.4% (83.1% excluding reported COVID-19 effects)
	Solvency ratio: 170–190%	185%
	Financial leverage: below 30%	23.8% (27.9% including dividend and buybacks)
If	Combined ratio: below 85%	81.3% (83.6% excluding COVID-19 effects)
Hastings	Operating ratio: below 88%	80.3%
	Loss ratio: below 76%	62.2%

Financial targets for 2021–2023 announced at the Capital Markets Day on 24 February 2021.

Outlook

Outlook for 2022

Sampo Group's P&C insurance operations are expected to achieve underwriting margins that meet the annual targets set for 2021–2023. At group level, Sampo targets a combined ratio of below 86 per cent, while the target for its largest subsidiary, If P&C, is below 85 per cent. Hastings targets an operating ratio of below 88 per cent.

The combined and operating ratios of Sampo Group's P&C insurance operations are subject to quarterly volatility driven by, among other factors, seasonal weather patterns, large claims, prior year development and fluctuations in claims frequency related to the COVID-19 pandemic. These effects are particularly relevant for individual segments and business areas, such as Hastings.

The mark-to-market component of investment returns will be significantly influenced by capital markets' developments, particularly in life insurance.

With regard to Topdanmark, reference is made to the profit forecast model that the company publishes on a quarterly basis.

The major risks and uncertainties for the Group in the near-term

In its current day-to-day business activities Sampo Group is exposed to various risks and uncertainties, mainly through its major business units.

Major risks affecting the Group companies' profitability and its variation are market, credit, insurance, and operational risks. At the group level, sources of risks are the same, although they are not directly additive due to the effects of diversification.

Uncertainties in the form of major unforeseen events may have an immediate impact on the Group's profitability. The identification of unforeseen events is easier than the estimation of their probabilities, timing, and potential outcomes. The COVID-19 pandemic has recently led to supply chain problems, which combined with rapidly increasing demand for consumer goods has been visible as supply disruptions together with rising energy and product prices. The pandemic and the measures taken to contain the virus are consequently currently causing significant uncertainties on economic and capital market development. There are also a number of widely identified macroeconomic, political, and other sources of uncertainty which can, in various ways, affect the financial services industry in a negative manner.

Other sources of uncertainty are unforeseen structural changes in the business environment and already identified trends and potential wide-impact events. These external drivers may have a long-term impact on how Sampo Group's business will be conducted. Examples of identified trends are demographic changes, sustainability issues, and technological developments in areas such as artificial intelligence and digitalisation including threats posed by cybercrime.

Dividend proposal

Dividend

Sampo Group disclosed on 24 February 2021 a capital management framework designed to ensure high and reliable capital returns supported by a strong but efficient balance sheet. Under the framework, Sampo will return ongoing surplus capital generation from its insurance operations through an insurance dividend. Other forms of surplus capital generation, including possible proceeds from disposals of financial investments, are returned through additional dividends and/or buybacks, to the extent that the funds are not utilised to support business development. Sampo targets a Solvency II ratio of 170 per cent – 190 per cent and financial leverage below 30 per cent.

According to Sampo plc's Dividend Policy published on 6 February 2020, the total annual dividends paid will be at least 70 per cent of Sampo Group's net profit for the year (excluding extraordinary items). For this purpose, "extraordinary items" are defined as accounting items related to the sale of Nordea shares during 2021 and the change in Sampo Group's ownership in Nordax Bank AB.

The parent company's distributable capital and reserves totalled EUR 8,565,347,307.19 of which profit for the financial year 2021 was EUR 2,639,015,210.13. Based on the policies outlined above, the Board proposes to the Annual General Meeting that a total dividend of EUR 4.10 per share be paid to all shares except for the shares held by Sampo plc on the dividend record date of 20 May 2022. The total dividend includes an insurance dividend of EUR 1.70 per share as well as the dividend of at least EUR 2.00 per share that management indicated it will propose in connection with the sale of Nordea shares on 26 October 2021.

As earnings per share excluding extraordinary items amounted to EUR 2.86 per share, the payout ratio for the total dividend equates to 143 per cent. The remainder of the distributable funds are left in the equity capital. After adjusting for the proposed dividend, Sampo Group's 2021 year-end distributable funds amounted to EUR 6,323 million, Group Solvency II coverage to 185 per cent and financial leverage to 27 per cent.

Dividend payment

The dividend is proposed to be paid to the shareholders registered in the Register of Shareholders held by Euroclear Finland Oy as at the record date of 20 May 2022. The Board proposes that the dividends be paid on 31 May 2022.

Financial position

No significant changes have taken place in the company's financial position since the end of the financial year. The company's liquidity position is good and in the view of the Board, the proposed distributions do not jeopardise the company's ability to fulfil its obligations.

Operating environment

Nordic P&C insurance market

Historically, the Nordic P&C market has experienced good profitability and lower combined ratios than other European P&C markets. This trend continued in 2021 with profitability supported by a disciplined competitive backdrop and some benefits from unusually low claims frequencies.

During the year, the Nordic P&C industry experienced further consolidation but competitive dynamics are not expected to change significantly as market concentration was already high. However, high consolidation combined with new ambitious financial targets among large players is expected to reinforce existing financial discipline. The four largest players now account for approximately 80 to 90 per cent of the markets in Norway, Finland and Sweden respectively. Many are established in more than one Nordic country. In Denmark, the market is less consolidated with the top four insurers controlling more than 60 per cent of the market.

The price increases seen over the last few years in the Nordic Commercial and Industrial P&C markets continued during 2021 with significant increases in areas with previous insufficient rate adequacy, such as property. The competitive situation in the large corporate segment was supported by the withdrawal of certain competitors from the market, resulting in rate increases having limited effect on retention. The renewal at the beginning of 2022 looks favourable so far with continued rate increases in general in the market. The Nordic private market was competitive during 2021, but the larger operators maintained strong financial discipline. Price increases naturally varied between segments and products but were in general in line with claims inflations.

As the economy recovered in 2021, inflation increased across the Nordics with some elevated inflation in segments such as building materials and energy. However, higher inflation on building materials has so far not translated into elevated claims inflation, as building materials constitute a relatively small part of the total claims cost. As the insurance market is generally sensitive to claims inflation, disciplined firms are monitoring this closely and managing inflation expectations through commensurate price adjustments.

During the year, the Nordic region suffered various weather-related events, of which the most severe was the flooding in Gävle, Sweden, which led to people having to leave their homes. Also, the devastating flooding in Central Europe during the summer affected Nordic corporate customers with operations in the flooded areas. According to the UN's climate panel IPCC, the effects of climate change are already seen in the Nordic region with more heatwaves and floods expected in the future. Climate change and sustainability remain important topics for the Nordic P&C industry with most large players now having incorporated and communicated climate/ESG targets in their strategy.

The COVID-19 pandemic affected Nordic insurance markets in 2021, albeit to a lesser degree than in the prior year. Claims frequencies remained below normal levels for the year as a whole, although the trend varied across quarters, with motor and travel insurance being the most affected lines of business. Negative pandemic-related effects were observed in regard to premium development in certain lines of business, such as travel insurance. Relatively low levels of new car sales could also be partly linked to the pandemic, e.g. via semi-conductor shortages, although other factors, such as tax changes, also affected sales.

UK P&C insurance market

Premium reductions were observed across the UK motor market throughout 2021, reflecting lower claims frequencies as a result of COVID-19 restrictions, plus a competitive new business pricing environment. Price comparison websites, Hastings primary distribution approach, continue to be channel of choice for customers in the UK.

Full implementation of the FCA's general insurance pricing practices (GIPP) reforms was required for 1 January 2022, with Hastings having met this deadline and being fully compliant. The new rules require that a renewal price offered to a customer must be the same or better than a new business price. The outcome of the reform remains uncertain, but early indications showed increases in market new business pricing at the start of 2022. Hastings is well positioned to, over time, become a net beneficiary from the reforms due to its approach to agile pricing, risk selection and business model. Looking ahead to the rest of 2022, new business average premiums are expected to increase, reflecting both ongoing claims inflation and the effects of GIPP.

Whiplash reforms, designed to reduce the cost of small bodily injury claims, came into effect across the UK market at the end of May 2021. As the relevant bodily injury claims can take a long time to settle, it remains too soon to fully assess the effectiveness of the reforms on ultimate claims costs. There are, however, some early indications of both a reduction in smaller bodily injury claims frequencies and severities.

The home insurance market was relatively stable during 2021, with market pricing up slightly and continued increases in the adoption of price comparison websites as a distribution channel. Early indications are that new business prices for home insurance have also gone up, and somewhat more significantly than in motor insurance, in January 2022, post-GIPP.

Business areas

If

If P&C is the leading property and casualty insurer in the Nordic region, where it offers solutions in all major lines of business through its four business areas; Private, Commercial, Industrial and Baltic. If's business model is based on high customer satisfaction, best in class underwriting and leveraging the scale benefits that its unified Nordic model offers. Excellent digital sales and service capabilities are a core part of If's strategy, particularly in the Private and SME Commercial market segments.

Underwriting result

If P&C reported an underwriting result of EUR 891 million (802) for 2021, representing 11 per cent growth year-on-year. This was driven by a 0.8 percentage points improvement in the combined ratio to 81.3 per cent (82.1) and FX-adjusted premium growth of 4.3 per cent. Excluding COVID-19 effects, year-on-year underwriting profit grew by 15 per cent as the combined ratio improved to approximately 83.3 per cent (85.1). The result compares favourably to If P&C's financial targets for 2021–2023 of mid-single digit growth on average in underwriting profit and a combined ratio below 85 per cent.

Results
If, 2021

EURm	2021	2020	Change, %
Gross written premium	5,134	4,823	6
Net earned premiums	4,772	4,484	6
Claims incurred	-2,860	-2,720	5
Operating expenses	-1,021	-962	6
Underwriting result	**891**	**802**	**11**
Other technical income and expenses	-3	-8	-64
Allocated investment return transferred from the non-technical account	14	17	-14
Technical result	**902**	**811**	**11**
Investment result	234	146	61
Allocated investment return transferred to the technical account	-36	-39	-8
Other income and expenses	-24	-17	42
Profit before taxes	**1,077**	**901**	**20**

Key figures	2021	2020	Change
Combined ratio, %	81.3	82.1	-0.8
Risk ratio, %	59.9	60.7	-0.8
Cost ratio, %	21.4	21.5	-0.1
Expense ratio, %	15.8	15.8	—
Large losses vs. normal*),%	0.8	2.0	-1.1
Prior year development**),%	3.6	4.2	-0.6

*) *Positive large loss figures indicate above-normal large losses.*

**) *Positive figures for prior year development indicate positive reserve run-off.*

Premium development

If P&C reported gross written premiums, GWP, of EUR 5,134 million (4,823) in 2021. Excluding currency effects, premiums grew by 4.3 per cent year-on-year, driven by strong development in Norway and the Baltics, in particular. By business area, growth was robust across the board and driven primarily by rate increases and increased retention.

If P&C's Private business delivered GWP growth of 3.7 per cent for the full year, driven by rate increases in line with claims inflation, strong retention rates and a rise in customer numbers. Geographically, growth was strongest in Sweden and Norway both on a quarterly and yearly basis. Nordic new car sales grew by 4 per cent over 2021 from relatively low volumes in 2020, with Norway being the country with the strongest growth.

In 2021, If P&C's Private customer base continued to grow steadily in all countries and now stands at more than 3.2 million households, many of whom have multiple products with If. This development was supported by positive renewal in all countries, particularly in Norway and Denmark. At the end of 2021 business area Private's retention was a record-high at >90 per cent with NPS at 61. Development in online services and digital engagement remained good in 2021, following consistent investments into this area over many years. Self-service through My Pages increased by 15 per cent to 11 million logins during the year. One third of sales to new customers are now digital and more than 50 per cent of claims reported online.

Constant FX GWP growth in If P&C's Commercial business in 2021 was 4.3 per cent, driven primarily by Norway. Over 2021 Commercial increased its sales and service capacity by enhancing its customer offering and through initiatives in sustainability, loss prevention and cyber insurance. This supported an increase in number of Commercial customers, driven by an improvement in retention (from an already high level) and successful renewals in all countries. Growth was supported by strong momentum in online sales and continued expansion of the digital offering with increased usage of self-service solutions. In 2021 online sales in Commercial increased by more than 60 per cent year-on-year, albeit from a modest base.

In If P&C's Industrial business, GWP grew by 5.4 per cent in 2021 on an FX-adjusted basis. Annual premium growth was driven by Norway and Sweden, while the shrinking workers' compensation market in Finland as well as the large amount of multi-year project business written in Denmark in 2020 affected growth negatively. In 2021 Industrial saw strong renewals with significant rate actions and improved retention. There was continued focus on efficiency with the development of high-quality online solutions for increased digital engagement and self-service among Industrial customers. Approximately 50 per cent of clients now have access to If Login and of those more than 90 per cent were active users during 2021 viewing policies, invoices, claims and issuing certificates online.

If P&C's Baltic business showed higher growth than market average, as GWP increased by 10.8 per cent in 2021. Growth was strong in all three Baltic countries and supported by a growing customer base and solid renewals of existing customers.

Combined ratio development

If's 2021 combined ratio of 81.3 per cent was 0.8 percentage points better than the year before (82.1), driven mainly by an improvement in the adjusted risk ratio and lower large losses. Large claims measured as a per cent of net earned premiums were 0.8 percentage points worse than expected for 2021, an improvement of 1.1 percentage points compared to the prior year.

Severe weather claims during the year represented 0.9 percentage points of net earned premiums, which is 0.7 percentage points worse than prior year. The largest severe weather claims recorded in 2021 related to the floods in Germany in July-August, which affected If P&C's Industrial business area. The flood event in Gävle, Sweden, in August also contributed to severe weather losses.

Effects related to the pandemic declined during 2021 as restrictions were eased following the roll-out of mass vaccinations. Motor claims frequency continued to normalise with traffic returning closer to normal levels. COVID-19 effects for the year were approximately 2 percentage points (3).

Development on prior year reserves supported the combined ratio by 3.6 percentage points in 2021, representing a small reduction from 4.2 percentage points in 2020. The Swedish motor third party liability (MTPL) portfolio remained the largest driver of prior year profits.

	Combined ratio,%			Risk ratio,%		
	2021	2020	Change	2021	2020	Change
Private	78.6	76.0	2.6	57.3	54.2	3.1
Commercial	83.2	85.8	-2.6	61.2	64.2	-3.0
Industrial	93.4	109.0	-15.6	74.3	91.0	-16.7
Baltic	86.8	86.6	0.2	58.7	58.4	0.3
Sweden	75.8	72.3	3.5	56.9	52.6	4.3
Norway	84.6	86.6	-2.0	63.3	65.6	-2.3
Finland	81.8	88.0	-6.2	59.5	66.2	-6.7
Denmark	90.9	92.3	-1.4	63.4	64.9	-1.5

In total, the risk ratio improved by 0.8 percentage points to 59.9 per cent (60.7) in 2021. The adjusted risk ratio, which excludes the impact of large losses, severe weather, prior year development and COVID-19 effects, improved by approximately 1.2 percentage points year-on-year over 2021 to 64.1 per cent (65.3). The positive development of the adjusted risk ratio in 2021 primarily reflects rate increases in the Commercial and Industrial business areas, and improvements in price sophistication and risk selection. The 2021 cost ratio decreased by 0.1 percentage points to 21.4 per cent (21.5).

Investment result

If P&C reported a strong investment result of EUR 234 million (146) in 2021, driven by supportive equity and credit markets. Mark-to-market return on investments stood at 4.3 per cent for the year (2.3). At the end of 2021, fixed income running yield was 1.5 per cent (1.4).

Profit before taxes

In total, If P&C reported profit before taxes for 2021 increased by almost 20 per cent to EUR 1,077 million (901). Total comprehensive income for the year was EUR 1,090 million (866).

Topdanmark

Topdanmark is Denmark's second largest non-life insurance company and it is also one of the country's major life insurance companies. Topdanmark has a 16 per cent market share in non-life insurance and a 10 per cent market share in life insurance in Denmark. Topdanmark focuses on the private, agricultural, and SME markets. The company is listed on Nasdaq Copenhagen.

During November 2021, Sampo plc acquired 1,496,593 shares in Topdanmark through a series of block trades that became available in the market. As a result, Sampo's holding in Topdanmark has increased to 43,493,663 shares, which corresponds to an ownership of 48.3 per cent of all shares and 49.4 per cent of related voting rights at the end of December 2021. The market value of the holding was EUR 2,146 million on 31 December 2021.

Topdanmark's profit before taxes for January-December 2021 amounted in Sampo Group's profit and loss account to EUR 346 million (167). The combined ratio for January–December 2021 improved to 82.3 per cent (85.2). The expense ratio was 15.6 per cent (16.2).

Further information on Topdanmark A/S and its January-December 2021 result is available at **www.topdanmark.com**.

Results

Topdanmark, 2021

EURm	2021	2020	Change, %
Premiums, net	2,694	2,709	-1
Net income from investments	1,359	677	101
Other operating income	1	2	-27
Claims incurred	-1,947	-1,592	22
Change in insurance liabilities	-1,398	-1,201	16
Staff costs	-294	-293	—
Other operating expenses	-138	-134	3
Finance costs	-11	-14	-18
Share of associates' profit/loss	79	12	538
Profit before taxes	**346**	**167**	**107**

Key figures	2021	2020	Change
Combined ratio, %	82.3	85.2	-2.9
Loss ratio, %	66.7	69.0	-2.3
Expense ratio, %	15.6	16.2	-0.6

Hastings

Hastings is one of the leading digital general insurance providers in the UK predominantly focused on serving UK car, van, bike and home insurance customers. Hastings has over 3 million customers and operates via its two main trading subsidiaries, Hastings Insurance Services Limited in the UK and Advantage Insurance Company in Gibraltar. Sampo has consolidated Hastings in its financial reporting as a subsidiary since November 2020.

Premium and customer development

Gross written premiums for 2021 amounted to EUR 1,127 million, with average premiums marginally lower than prior year reflecting a change in mix of customers to lower risk segments and the impact of market premium reductions observed in the UK motor market throughout 2021.

Customer policies grew 2 per cent year-on-year, to over 3.1 million. Customer retention rates continue to be high and above market averages, while overall retail income per policy also remaining broadly stable.

Home insurance customer policies grew by 16 per cent year-on-year to just over 310,000. New home claims handling capabilities were launched during the second half of the year, further strengthening the home insurance proposition.

Underwriting profitability

The calendar year loss ratio for 2021 was 62.2 per cent, significantly ahead of the full-year target of 76 per cent.

Motor claims frequencies, though higher than 2020, remained below 2019 levels throughout 2021, largely reflecting reduced motor vehicle usage as a result of COVID-19 restrictions. In particular, claims frequencies in the first quarter of 2021 were significantly lower than in 2019, while development was closer to more normal levels in the second half.

The average cost of claims continued to rise, reflecting increases in the value of second-hand cars for total loss claims and increases in repair costs, largely due to extended repair periods as a result of COVID-19 and general inflation in labour, parts and paint.

Results
Hastings, 2021

EURm	2021
Gross written premium	1,127
Net earned premiums	499
Other operating income	331
Total revenue	830
Net insurance claims	-310
Operating expenses	-356
Underwriting profit	**164**
Investment income	11
Non-operational amortisation	-41
Finance costs	-7
Profit before taxes	**127**

Key figures	
Live customer policies (million)	3.1
Loss ratio, %	62.2
Operating ratio, %	80.3

Prior year development was positive, driven by favourable development on large bodily injury claims, whilst a strong reserving position has been maintained.

The operating ratio for 2021 was 80.3 per cent, significantly better than the full-year target of 88 per cent, due to the strong loss ratio performance. The ratio includes a 3.1 percentage point benefit from acquisition accounting adjustments across revenue and operating expenses for deferred acquisition costs and other fair value adjustments.

UK motor and home insurance portfolios tend to see their highest loss ratios in the first and fourth quarter of the year due to seasonal fluctuations in weather conditions. The underlying claims experience observed in the fourth quarter of 2021 and to date in 2022 has been consistent with this historical seasonality.

Profit before tax

Profit before tax amounted to EUR 127 million, or EUR 168 million excluding EUR 41 million of non-operational depreciation and amortisation of intangibles created in connection with the acquisition of Hastings by Sampo and RMI in November 2020. An annualised cost of GBP 49.7 million (EUR 59 million at year-end 2021 exchange rates) is expected to be incurred from non-operational depreciation and amortisation from 2022 onward, until November 2027. The charge does not affect cash or capital generated by Hastings.

Strategic initiatives

Good progress continues to be made on strategic initiatives, including development of new pricing models, enhancements of claims and antifraud processes, digital growth, the rollout of new products, and the launch of a new brand positioning.

The continued collaboration work with the Sampo/If P&C teams is progressing according to plan. New reinsurance arrangements have been agreed for 2022, with a reduction in quota share from 50 per cent to 35 per cent from 1 January 2022, meaning increased retention of profitable written premiums.

Mandatum

Mandatum is a leading Finnish financial services provider offering savings, asset management, personal risk and employee reward and retention services to private, corporate and institutional clients. Mandatum products are sold primarily in Finland, through advisers and partnership channels, but it also offers certain services, such as asset management, across the Nordic countries.

Mandatum's profit before taxes for 2021 increased to EUR 291 million (154), including a group contribution of EUR 15 million (3) that effectively acts as a distribution of profit to Sampo plc.

The result benefited from a EUR 44 million revaluation of real estate assets. Discount rate changes had a negative impact of EUR 130 million on the profit in 2021. The total comprehensive income, which reflects changes in the market value of assets, stood at EUR 338 million (213) after tax in 2021.

The strong momentum in the financial markets supported Mandatum's performance throughout the year. The investment result taken through the P&L increased to EUR 187 million (86) and the fair value investment result increased to EUR 319 million (206) with investment return being 10.2 per cent.

Results

Mandatum, 2021

EURm	2021	2020	Change, %
Premiums written	1,367	1,051	30
Net income from investments	1,831	587	212
Other operating income	40	26	57
Claims incurred	-1,127	-1,089	3
Change in liabilities contracts	-1,642	-272	503
Staff costs	-65	-53	23
Other operating expenses	-100	-82	21
Finance costs	-14	-12	11
Share of associates' profit/loss	1	—	—
Profit before taxes	**291**	**154**	**89**

Key Figures	2021	2020	Change
Return on equity, %	18.4	14.4	4

Mandatum's third-party assets under management, which include unit-linked and other client assets, grew by 21 per cent to EUR 11.1 billion (9.2) at the end of 2021. The growth was driven by a net flow of approximately EUR 600 million and positive market movements. The strong volume development in client assets supported Mandatum's operational result (expense result and result from Asset Management), which was a record-high at EUR 45 million (27) in 2021. Mandatum's risk result increased to EUR 43 million (38), however, including a EUR 12 million release from the longevity and claims reserve.

The run-off of Mandatum's capital-intensive traditional life insurance liabilities continued. With-profit reserves related to the higher guarantees of 4.5 and 3.5 per cent decreased by EUR 0.2 billion to EUR 1.7 billion (1.9). In total, with-profit reserves amounted to EUR 3.2 billion (3.5) at the end of December.

Discount rate changes had a negative impact of EUR 130 million in 2021. The discount rate is 0.25 per cent for 2022–2025 and 0.75 per cent for 2026. Mandatum has overall supplemented its technical reserves with a total of EUR 274 million (218).

Mandatum Life's 2021 year-end Solvency II ratio was roughly unchanged at 190 per cent (188).

Holding

Sampo plc is the parent company of Sampo Group and responsible for implementing the group's strategy and capital management activities. Sampo plc controls the group's insurance subsidiaries and holds a number of direct equity investments, the largest of which is the stake in Nordea. Nordea was consolidated into the Sampo P&L as an associated company until 25 October 2021. In addition, Sampo owned 19.07 per cent in Nordax on 31 December 2021. Nordax was consolidated as an associated company.

Holding segment's profit before taxes for January-December 2021 increased to EUR 1,331 million (-826).

Sampo's holding in Nordea has decreased from 642,924,782 Nordea shares as at 31 December 2020, corresponding to 15.9 per cent of all shares and voting rights, to 245,924,782 shares in Nordea, equivalent to 6.2 per cent in the total shares of the company on 31 December 2021 taking into account Nordea's share buyback programme and the shares cancelled during 2021. Total accounting effects related to Nordea had a positive impact of EUR 809 million on profit before tax. Excluding these accounting effects, Sampo's share of Nordea's profit was EUR 409 million (427).

Results

Holding, 2021

EURm	2021	2020	Change, %
Net investment income	146	4	3,276
Other operating income	12	17	-31
Staff costs	-25	-17	50
Other operating expenses	-5	-28	-83
Finance costs	-107	-79	35
Share of associates' profit	328	439	-25
Valuation difference on disposal of associate shares	84	-262	—
Impairment loss on Nordea shares	—	-899	—
Reversal of impairment losses on Nordea shares	899	—	—
Profit before taxes	**1,331**	**-826**	**—**

Profit before taxes also included two positive accounting effects from the acquisition of Bank Norwegian by Nordax on 2 November 2021. First, EUR 84 million from the disposal of Sampo ownership in Bank Norwegian. Second, a further EUR 84 million was recorded as a result of Sampo's change in ownership in Nordax. Excluding these accounting effects, Sampo's share of Nordax's profit was EUR 9 million (12) in 2021.

Sampo plc's holding in Nordea was booked in the consolidated balance sheet on 31 December 2021 at EUR 2.2 billion, i.e. EUR 8.90 per share. The market value of the holding was EUR 2.7 billion, i.e. EUR 10.79 per share, on 31 December 2021.

In connection with the Nordea share disposal in October 2021, Nordea was reclassified from an associated company to a non-current asset held for the sale according to IFRS 5 in Sampo Group's IFRS accounts.

Financial standing

Group solvency

Sampo Group targets a Solvency II ratio between 170 and 190 per cent, as published on 24 February 2021.

At the end of December 2021, Sampo Group's solvency ratio was 185 per cent (176). The figure includes the effects of the proposed dividend of EUR 4.10 per share and the ongoing buyback programme of EUR 750 million announced on 1 October 2021.

Sampo Group's Solvency II own funds amounted to EUR 10,924 million (9,978) and the solvency capital requirement (SCR) was EUR 5,905 million (5,670) at the end of December 2021. The decreasing effect on the SCR from the Nordea share sales in May, September and October was offset by Nordea's strong share price performance and other favourable market movements, as well as the rise in the symmetric adjustment factor.

Financial leverage position

Sampo Group targets financial leverage below 30 per cent, as announced on its 24 February 2021 Capital Markets Day. Financial leverage is calculated as Group's financial debt divided by the sum of IFRS equity and financial debt.

Sampo Group's IFRS equity amounted to EUR 13,464 million (12,258) and financial debt was EUR 4,211 million (4,906) at the end of 2021. Thus, the financial leverage was 23.8 per cent (28.6). Deducting from equity the ongoing buyback programme of EUR 750 million and the proposed dividend of EUR 4.10 per share, would lead to an increase in 2021 year-end financial leverage to 27.9 per cent.

During 2021, the financial debt decreased by EUR 695 million, mainly as a result of debt maturities and a debt repurchase.

In June 2021, Sampo announced a tender offer and proposals relating to senior debt issued by Sampo plc with maturities in 2023 and 2025. As a result, EUR 182 million nominal amount of these notes was repurchased pursuant to the relevant offer. In September 2021, Sampo's senior bond of EUR 360 million matured. In December 2021, If P&C called its three hybrid bonds, which decreased the financial debt by approximately EUR 200 million.

At the end of 2021, EUR 2,015 million (2,158) of the Group's total financial debt consisted of hybrid bonds and EUR 2,195 (2,747) of senior bonds.

More information on Sampo Group's outstanding debt issues is available at **www.sampo.com/debtfinancing**.

To balance the risks on the Group level Sampo plc's debt is mainly tied to short-term interest rates and issued in euro or Swedish krona. Interest rate swaps are used to obtain the desired characteristics for the debt portfolio. These derivatives are valued at fair value in the profit and loss account although economically they are related to the underlying bonds. As a result Sampo plc maintains the flexibility to adjust the derivative position if needed but this comes at the cost of increased volatility in the Holding segment's net finance costs.

Financial debt

Sampo Group, 31 December 2021

EURm	Sampo plc	If	Topdanmark	Hastings	Mandatum	Eliminations	Group total
Sub/hybrid	1,487	243	255	—	349	-320	2,016
Senior bonds	1,878	—	—	317	—	—	2,195
Total	3,365	243	255	317	349	-320	4,211

Ratings

Relevant ratings for Sampo Group companies on 31 December 2021 are presented in the table below.

	Moody's		Standard & Poor's		Fitch Ratings	
Rated company	**Rating**	**Outlook**	**Rating**	**Outlook**	**Rating**	**Outlook**
Sampo plc – Issuer Credit Rating	A3	Stable	A	Stable	-	-
If P&C Insurance Ltd – Insurance Financial Strength Rating	A1	Stable	A+	Positive	-	-
If P&C Insurance Holding Ltd (publ) – Issuer Credit Rating	-	-	A	Stable	-	-
Mandatum Life Insurance Company Ltd – Issuer Credit Rating	-	-	A+	Positive	-	-
Hastings Group (Finance) – Issuer default rating	-	-	-	-	A-	Positive

Other developments

Disposal of Nordea shares

In 2021, Sampo reduced its holding in Nordea in three tranches: in May, in September and in October. In total, Sampo sold 397 million Nordea shares to institutional investors through accelerated bookbuild offerings, generating gross proceeds of EUR 3,847 million. Consequently, Sampo held approximately 245.9 million Nordea shares at the end of 2021, corresponding to 6.2 per cent of all outstanding shares and voting rights in Nordea, down from 15.9 per cent at the end of 2020.

Sampo Group recorded EUR 899 million of positive accounting effects related to Nordea in 2021, of which EUR 588 million were related to the disposal of Nordea shares. In addition, a negative accounting effect of EUR 90 million was recycled back to net income from other comprehensive income.

Share sale in May

In May, Sampo sold 162 million Nordea shares. The transaction generated approximately EUR 1,377 million in gross proceeds and reduced Sampo's stake in Nordea by 4 percentage points to 11.9 per cent of all outstanding shares in Nordea.

The sale had a positive accounting effect of EUR 93 million on Sampo Group's net income and an additional EUR 30 million on the other comprehensive income in the second quarter of 2021.

Share sale in September

In September, Sampo sold 73 million Nordea shares. The transaction generated approximately EUR 745 million in gross proceeds and reduced Sampo's stake in Nordea by 1.8 percentage points to 10.1 per cent of all outstanding shares in Nordea.

The sale had a positive accounting effect of EUR 144 million on Sampo Group's net income and an additional EUR 21 million on the other comprehensive income in the third quarter of 2021.

On disclosing the result of the transaction, Sampo management proposed to use the proceeds for a buyback programme. On 1 October 2021, the Sampo Board of Directors approved the launch of a EUR 750 million buyback programme running to 18 May 2022, the expected date of the AGM.

Share sale in October

In October, Sampo sold 162 million Nordea shares. The transaction generated approximately EUR 1,725 million in gross proceeds and reduced Sampo's stake in Nordea by 4 percentage points to 6.1 per cent of all outstanding shares in Nordea immediately after the sale.

The sale had a positive impact of EUR 351 million on Sampo Group's consolidated net income and an additional EUR 45 million on the other comprehensive income in the fourth quarter of 2021.

On disclosing the result of the transaction, Sampo's management announced that it intends to propose that the proceeds are used for an extra dividend of at least EUR 2.00 per share and that the buyback programme launched on 1 October 2021 is extended to allow for more excess capital to be returned through share repurchases.

Hastings acquisition

In line with Sampo Group's P&C-focused strategy, Sampo plc acquired on 8 December 2021 a minority ownership in Hastings from Rand Merchant Investment Holdings Limited (RMI). Under the terms of the agreement, Sampo paid GBP 685 million (approximately EUR 806 million) for RMI's 30 per cent minority interest in Hastings and the option held by RMI to acquire 10 per cent of Hastings' share capital from Sampo by May 2022. The transaction was funded through internal cash resources. Combined with the initial acquisition in November 2020, Sampo paid a total of GBP 1,851 million for 100 per cent of the share capital in Hastings, which equated to 278 pence per share.

The acquisition had a negative 13 percentage points impact on Sampo Group's Solvency II ratio and increased financial leverage by 1 percentage point.

As a consequence of the acquisition, Hastings was consolidated as a fully-owned subsidiary of Sampo in the Group's financial reporting as of 8 December 2021.

Share buyback programme

As announced in the Capital Markets Day on 24 February 2021, Sampo is committed to returning excess capital to its shareholders that may emerge as the holdings in Nordea and other financial investments are divested. On 1 October 2021, the Board of Directors of Sampo plc made a decision to launch a EUR 750 million buyback programme based on the authorisation granted by Sampo's Annual General Meeting on 19 May 2021. The aggregate purchase price of all Sampo A shares to be acquired under the buyback programme is EUR 750 million at maximum. The maximum amount of Sampo A shares that can be repurchased is 20,000,000 shares corresponding to approximately 3.6 per cent of the total number of shares in Sampo. The repurchased shares will be cancelled leading to a reduction in Sampo plc's share capital. The repurchases will reduce funds available for distribution of profit.

The share repurchases started on 4 October 2021 and will end by 18 May 2022. By the end of 31 December 2021, the company had bought in total 8,539,956 Sampo A shares representing 1.54 per cent of the total number of shares in Sampo plc.

Effects of COVID-19 on Sampo Group

COVID-19-related effects to Sampo Group decreased during 2021 after the roll-out of mass vaccinations and eased pandemic-related restrictions.

In the Nordic and Baltic countries, motor claims frequency continued to normalise as traffic returned to more normal levels. In the fourth quarter of 2021, COVID-19 effects increased in If P&C insurance compared to the third quarter as pandemic-related restrictions came back into effect across If's markets. Fourth quarter COVID-19 effects supported the combined ratio by approximately 2 percentage points (4). COVID-19 effects for the year were approximately 2 percentage points (3). If estimates COVID-19 effects by comparing key operating metrics, such as claims frequencies, to pre-pandemic levels, adjusted for well understood long term trends. As such, the uncertainty of the estimates is significant and may increase with the duration of the pandemic.

In UK, motor claims frequencies, though higher than 2020, have remained below 2019 levels throughout 2021, reflecting reduced motor vehicle usage as a result of COVID-19 restrictions and working from home guidance. Hastings does not provide insurance for any business lines which have been negatively impacted by COVID-19, such as travel or business interruption.

In the autumn of 2021, Topdanmark stopped reporting on the estimated impact of COVID-19 due to the high uncertainty related to the assessment. The company stated in its January-December 2021 report published on 21 January 2022 that certain lines, such as travel insurance, are still impacted by the COVID-19 situation. More information on Topdanmark is available at **www.topdanmark.com**.

Mandatum did not experience significant financial COVID-19 related effects although the restrictions still impacted the way of working as they did in other companies of Sampo Group as well.

Shares, share capital and shareholders

Shares and share capital

SAs at 31 December 2021, Sampo plc had 555,351,850 shares, which were divided into 554,151,850 A shares and 1,200,000 B shares. The total number of votes attached to the shares is 560,151,850. Each A share entitles the holder to one vote and each B share entitles the holder to five votes at the General Meeting of Shareholders. According to the company's Articles of Association, the number of A shares must number at least 179,000,000 and no more than 711,200,000. Meanwhile, the number of B shares must number at least zero and no more than 4,800,000. As at 31 December 2021 Sampo plc's share capital amounted to EUR 98 million (98) and the equity capital in total to EUR 13,464 million (12,258).

Sampo plc's Articles of Association contain a redemption obligation (16§) according to which a shareholder whose holding of all shares or of all votes relating to the shares reaches or exceeds 33 1/3 per cent or 50 per cent, is obliged to redeem, at the presentation of claims by other shareholders, their shares and the documents giving entitlement to the shares, as stipulated in the Finnish Companies Act, in the manner prescribed in the Article. The Article contains further provisions on calculating the shareholder's holding and redemption price.

Shareholders by the Number of Shares Held

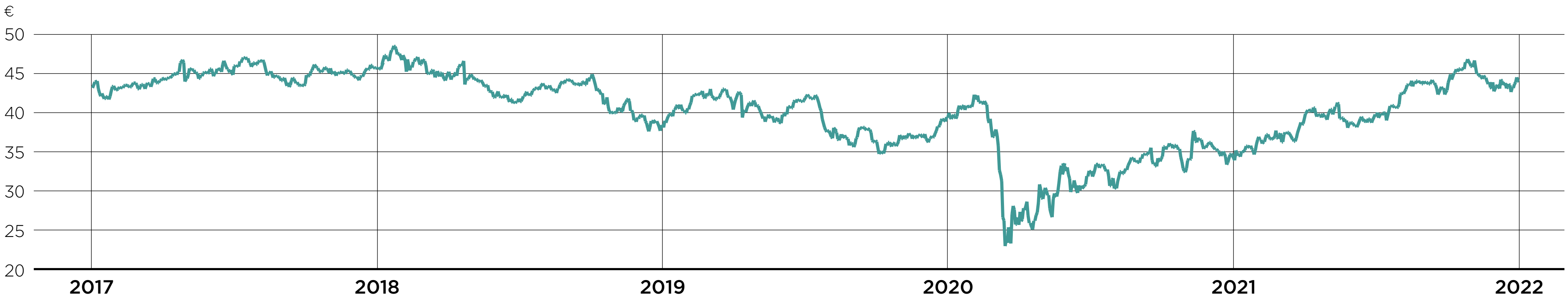
Sampo plc, 31 December 2021

Number of shares	Shareholders, number	Share-holders, %	Shares, number	Shares, %	Voting rights, number	Voting rights, %
1–100	98,374	51.49	4,282,225	0.77	4,282,225	0.76
101–500	62,560	32.75	15,297,964	2.75	15,297,964	2.73
501–1,000	14,518	7.60	10,832,741	1.95	10,832,741	1.93
1,001–5,000	13,001	6.81	27,301,527	4.92	27,301,527	4.87
5,001–10,000	1,469	0.77	10,349,848	1.86	10,349,848	1.85
10,001–50,000	901	0.47	17,743,217	3.19	17,743,217	3.17
50,001–100,000	96	0.05	7,045,368	1.27	7,045,368	1.26
100,001–500,000	83	0.04	15,813,666	2.85	15,813,666	2.82
500,001–	41	0.02	446,685,294	80.43	451,485,294	80.60
Total	**191,043**	**100**	**555,351,850**	**100**	**560,151,850**	**100**
of which nominee registered	13		340,045,582	61.23	340,045,582	60.71

Sampo A shares have been quoted on the main list of Nasdaq Helsinki since 1988 and all of the B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into A shares at the request of the holder.

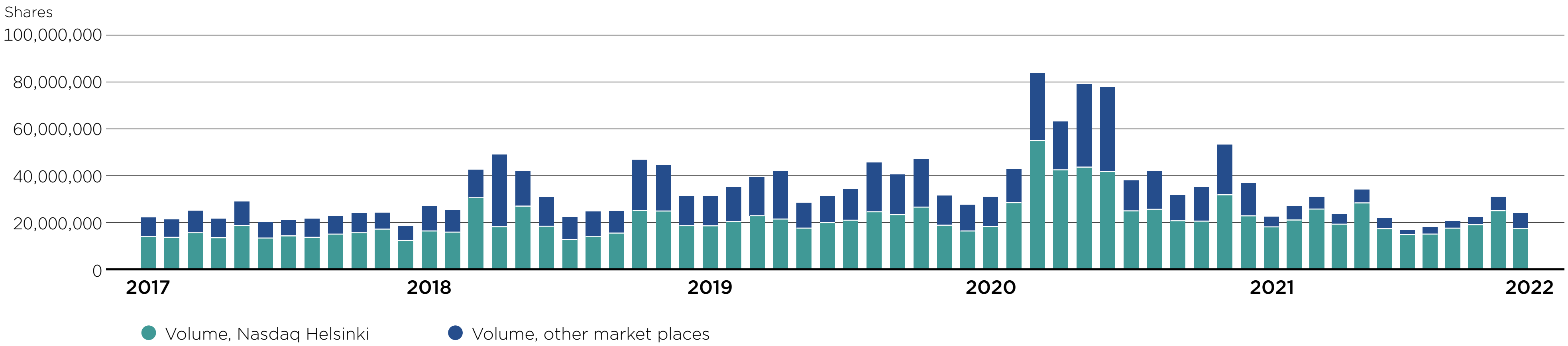
Share Price Performance

Sampo plc, 2017–2021



Monthly Trading Volume

Sampo plc, 2017–2021



Authorisations granted to the Board

The Annual General Meeting held on 19 May 2021 authorised the Board to repurchase a maximum of 50,000,000 Sampo A shares. The price paid for the shares repurchased under the authorisation shall be based on the current market price of Sampo A shares on the securities market. The authorisation will be valid until the close of the next Annual General Meeting, expected to be held on 18 May 2022, nevertheless not more than 18 months after AGM's decision.

The Board of Sampo plc made a decision on share repurchases on 1 October 2021 and the company started share buybacks on 4 October. By the end of 2021, the company had bought in total 8,539,956 Sampo A shares representing 1.54 per cent of the total number of shares in Sampo plc.

Shareholders

The number of Sampo plc's shareholders increased during 2021 by 22,891 shareholders to 191,043 as at 31 December 2021. The holdings of nominee-registered and foreign shareholders decreased to 61.6 per cent (63.0) of the shares and 61.1 per cent of the votes (62.5).

Shareholders

Sampo plc, shareholders registered in Finland, 31 December 2021

A and B shares	Number of shares	% of share capital	% of votes
Solidium Oy	33,278,580	5.99	5.94
Varma Mutual Pension Insurance Company	22,248,420	4.01	3.97
Sampo plc	8,453,846	1.52	1.51
Ilmarinen Mutual Pension Insurance Company	8,230,673	1.48	1.47
Elo Mutual Pension Insurance Company	3,938,000	0.71	0.70
The State Pension Fund	2,900,000	0.52	0.52
Oy Lival AB	2,717,181	0.49	0.49
OP-Finland Fund	2,283,218	0.41	0.41
OP Life Assurance Company Ltd	1,799,755	0.32	0.32
Nordea Nordic Fund	1,701,349	0.31	0.30
Svenska litteratursällskapet i Finland r.f.	1,619,150	0.29	0.29
Kaleva Mutual Insurance Company *)	1,532,538	0.28	1.13
Danske Invest Finnish Equity Fund	1,325,000	0.24	0.24
Åbo Akademi University Foundation	1,289,440	0.23	0.23
Nordea Pro Finland Fund	1,145,959	0.21	0.20
OMX Helsinki 25 Exchange Traded Fund	1,026,540	0.18	0.18
Föreningen Konstsamfundet rf	1,000,000	0.18	0.18
Nordea Life Assurance Finland Ltd.	996,034	0.18	0.18
Säästöpankki Kotimaa	987,001	0.18	0.18
Nordea Suomi	886,298	0.16	0.16
Foreign and nominee registered total	*341,977,433*	*61.58*	*61.05*
Other total	*114,015,435*	*20.53*	*20.35*
Total	**555,351,850**	**100**	**100**

*) *332,538 A shares and 1,200,000 B shares.*

Shareholders by Sector

Sampo plc (A and B shares), 31 December 2021

Sector	Number of shares	%
Corporations	20,042,387	3.61
Financial institutions and insurance corporations	30,338,119	5.46
Public institutions	72,891,401	13.13
Non-profit institutions	14,787,667	2.66
Households	75,314,843	13.56
Foreign ownership and nominee registered	341,977,433	61.58
Total	**555,351,850**	**100**

Solidium Oy disclosed on 5 November 2021 that it had sold 11 million A-shares in Sampo plc, representing approximately 2.0 per cent of the outstanding shares of Sampo, following an accelerated bookbuild offering to Finnish and international institutional investors. Following the equity offering, Solidium's ownership in Sampo decreased to 5.99 per cent of the outstanding shares and to 5.94 of the votes.

On 31 December 2021, the total number of Sampo A shares owned directly, indirectly or through financial instruments by BlackRock Inc. and its funds was above 5 per cent of Sampo's total stock. The total number of voting rights attached to Sampo A shares was above 5 per cent of Sampo's total voting rights.

During 2021, Sampo plc received altogether 41 notifications of change in holding pursuant to Chapter 9, Section 5 of the Securities Markets Act, according to which the total number of Sampo A shares or related voting rights owned by BlackRock, Inc. and its funds directly or through financial instruments had decreased below 5 per cent or increased above 5 per cent.

The details of the notifications are available at **www.sampo.com/flaggings**.

Holdings of the Board and Executive Management

The following table presents the Board's and Group Executive Committee's holdings of Sampo A shares.

At the end of 2021, members of Sampo plc's Board of Directors and their close family members owned either directly or indirectly 3,944,446 (5,096,526) Sampo A shares. Their combined holdings constituted 0.7 per cent (0.9) of the share capital and related votes. In addition, Chair of the Board of Directors Björn Wahlroos had exposure to 1.7 million shares through an equity swap. Thus, his total exposure was 5.5 million shares.

Members of the Group Executive Committee and their close family members owned either directly or indirectly 549,544 (586,030) Sampo A shares representing 0.1 per cent (0.1) of the share capital and related votes.

Shares owned by the Board of Directors and the Group Executive Committee

Sampo plc, 31 December 2021 and 31 December 2020

Board of Directors	31 Dec 2021	31 Dec 2020
Wahlroos	3,778,362	4,948,564
Fagerholm	6,647	5,778
Clausen	22,299	2,779
Clutterbuck	2,185	1,545
Ehrnrooth	127,962	127,287
Lamminen	2,055	1,453
Murto	3,853	3,292
Mäkinen *)	–	5,828
Rauramo **)	1,083	–
Total	**3,944,446**	**5,096,526**
Board of Directors ownership of shares, %	0.7	0.9
Board of Directors share of votes, %	0.7	0.9

Group Executive Committee	31 Dec 2021	31 Dec 2020
Magnusson	51,496	46,460
Alsaker	36,105	33,844
Janbu Holthe	733	0
Lapveteläinen	272,261	269,549
Martinsen ***)	–	54,060
Niemisvirta	89,443	86,879
Thorsrud	57,670	55,524
Wennerklint	41,836	39,714
Total	**549,544**	**586,030**
Group Executive Committee's ownership of shares, %	0.1	0.1
Group Executive Committee's share of votes, %	0.1	0.1

**) Member of the Board of Directors of Sampo plc from 19 April 2018 to 19 May 2021.*

***) Member of the Board of Directors of Sampo plc since 19 May 2021.*

****) Member of the Group Executive Committee of Sampo plc until 20 January 2021.*

Governance and related issues

Governance

During 2021 Sampo complied in full with the Finnish Corporate Governance Code 2020 approved by the Securities Market Association on 19 September 2019, effective from 1 January 2020 (the "CG Code 2020").

Acting in compliance with the Corporate Governance Code, Sampo publishes a separate Corporate Governance Statement on its website in fulfilment of the requirement referred to in the Finnish Securities Markets Act (746/2012), Chapter 7, Section 7.

The statement will be available at **www.sampo.com/statement** and **www.sampo.com/year2021**.

Annual General Meeting

The Annual General Meeting of Sampo plc, held on 19 May 2021, decided to distribute a dividend of EUR 1.70 per share for 2020. The record date for dividend payment was 21 May 2021 and the dividend was paid on 28 May 2021. The Annual General Meeting adopted the financial accounts for 2020 and discharged the Board of Directors and the CEO from liability for the financial year.

The Annual General Meeting elected eight members to the Board of Directors. The following members were re-elected to the Board: Christian Clausen, Fiona Clutterbuck, Georg Ehrnrooth, Jannica Fagerholm, Johanna Lamminen, Risto Murto and Björn Wahlroos. Markus Rauramo was elected as a new member to the Board. The Members of the Board were elected for a term continuing until the close of the next Annual General Meeting.

At its organisational meeting, the Board elected Björn Wahlroos as Chair and Jannica Fagerholm as Vice Chair. Christian Clausen, Risto Murto and Björn Wahlroos (Chair) were elected to the Nomination and Remuneration Committee. Fiona Clutterbuck, Georg Ehrnrooth, Jannica Fagerholm (Chair), Johanna Lamminen and Markus Rauramo were elected to the Audit Committee.

All the Board members have been determined to be independent of the company and its major shareholders under the rules of the Finnish Corporate Governance Code 2020. The curriculum vitaes of the Board Members are available at **www.sampo.com/board**.

The Annual General Meeting decided to pay the following fees to the members of the Board of Directors until the close of the 2022 Annual General Meeting: the Chair of the Board will be paid an annual fee of EUR 184,000 and other members of the Board will be paid EUR 95,000 each. Furthermore, the members of the Board and its Committees will be paid the following annual fees: the Vice Chair of the Board EUR 26,000, the Chair of the Audit Committee EUR 26,000 and the member of the Audit Committee EUR 6,000. A Board member shall, in accordance with the resolution of the Annual General Meeting, acquire Sampo plc's A shares at the price paid in public trading for 50 per cent of his/her annual fee excluding taxes and similar payments.

The Annual General Meeting accepted Sampo plc's Remuneration Report for Governing Bodies. The resolution was advisory.

Deloitte Ltd was elected as Auditor. The Auditor will be paid a fee determined by an invoice approved by Sampo. Jukka Vattulainen, APA, will act as the principally responsible auditor.

There were altogether 330,774,332 shares (59.56 per cent of shares) and 335,574,332 votes (59.91 per cent of all votes) in the company represented, including advance voting and a proxy representation, at the Annual General Meeting.

The minutes of the Annual General Meeting are available for viewing at the AGM website at **www.sampo.com** and at Sampo plc's head office at Fabianinkatu 27, Helsinki, Finland.

Sustainability

Sampo Group has a sustainability program, which drives the sustainability work on a group-level. The program consists of strategic sustainability themes and under each of the themes the most material sustainability topics have been identified.

In 2021, Sampo plc together with representatives from the Group companies reviewed the sustainability program. As a result of the review, the Group's sustainability themes going forward are: Sustainable business management and practices, Sustainable corporate culture, Sustainable investment management and operations, Sustainable products and services, and Sustainable communities. During the year, Sampo continued to work on sustainability in line with the themes.

Sampo Group will issue a report on non-financial information in accordance with Chapter 3a, Section 5 of the Accounting Act. The report, Sampo Group **Sustainability Report 2021**, will be separate from the Board of Directors' Report and published in May 2022 at www.sampo.com/year2021. In addition to the group-level report, further information on If, Topdanmark, Hastings, and Mandatum's sustainability work can be found in the companies' respective reports. All the reports are available at www.sampo.com/year2021.

Highlights from year 2021

Business management and practices

Adherence to applicable laws, regulations, and internal policies and guidelines is an established part of Sampo Group's corporate culture. In 2021, Sampo plc conducted an annual update of the Group's Code of Conduct and reviewed the document especially from the sustainability point of view to strengthen the group-level guidance on material topics. The individual Group companies also took steps to develop their supplementary governance structures, policies, guidelines, and related training. In 2021, the Group companies focused, for example, on developing their data privacy and information security, anti-corruption and bribery, and anti-money laundering practices.

Corporate culture

In 2021, the Sampo Group companies focused on sustainable corporate culture, for example, by refining new people strategies, updating policies, introducing new employee surveys, and launching new initiatives and trainings. The results of the continued efforts are visible, as for example, Mandatum was recognised as the number one place to work in Finland in 2021, If, Topdanmark and Mandatum met their employee satisfaction targets set for 2021, and Hastings was ranked 29th in the Inclusive Top 50 UK employers list.

Investment management and operations

During 2021, Sampo Group companies again strengthened their investment policies by adding further instructions on how to take environmental, social, and governance (ESG) issues into account in their investment processes. As an example, Mandatum included the UN Sustainable Development Goals (SDGs) into the company's investment policy and aims to contribute positively to the selected goals going forward. In addition, climate-related considerations were in focus during the year. If made a commitment to set science-based climate targets according to the Science Based Targets initiative, and Hastings committed to reduce the carbon intensity of its investment portfolio by 50 per cent by 2030 and to be net-zero by 2050.

Products and services

In 2021, the Sampo Group companies, in particular If and Topdanmark, continued to work on structured integration of ESG considerations into insurance underwriting. In June, If was the first Sampo Group company to integrate the principles of the UN Global Compact directly into its underwriting standards and existing Customer Due Diligence (CDD) process for corporate clients. The development work for If and Topdanmark continues in 2022.

In addition, the Group companies worked on sustainable supply chain management during the year. If, for example, reached its goal of having more than 75 per cent of its suppliers sign the company's Supplier Code of Conduct, and Hastings worked with its suppliers to promote safe reuse and recycling of used parts across both car and bike claims repair process to meet the goal of doubling the volume of green parts used in claims by the end of 2022.

In addition, customer satisfaction improved in all Sampo Group companies during 2021.

Risk management

Sampo's capital management framework aims to support value creation by enabling its strategy. Quantitative targets are set for group solvency and group financial leverage, but other metrics are also steered, such as adequate liquidity buffers. Subsidiary balance sheets are calibrated to cover needs for business plans and to provide a stable dividend. Potential risk concentrations and adequate diversification of risks are generally monitored closely, and their sources are analysed. To the extent possible risk concentrations are proactively prevented by strategic decisions.

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 into three main categories: business risks associated with external drivers affecting the competitive environment or resulting from lack of internal operational flexibility, 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 capitalisation is available in the **Risk Management Report 2021** at **www.sampo.com/year2021.**

Remuneration

Sampo plc's Board of Directors has established the Sampo Group Remuneration Principles, which apply to all Sampo Group companies. The Remuneration Principles are available at **www.sampo.com/remuneration**.

Sampo Group's remuneration strategy shall be responsible towards employees and shareholders. This means that the long-term financial stability and value creation of Sampo Group shall guide the remuneration design.

The different forms of remuneration used in Sampo Group are the following:

(a) Fixed Compensation
(b) Variable Compensation
(c) Pension
(d) Other Benefits

The starting point of any compensation mechanism shall be to encourage and stimulate employees to do their best and surpass their targets. Remuneration packages shall be designed to reward fairly for prudent and successful performance. At the same time, however, in order to safeguard the interest of other stakeholders, compensation mechanisms shall not generate conflicts of interest and shall not entice or encourage employees to excessive or unwanted risk taking. Thus, compensation mechanisms cannot be separated from risk management objectives and practices.

The relative proportions of fixed and variable compensation reflect the responsibilities of individual executives and employees. Fixed salary shall represent a sufficiently high share of the total remuneration. Variable compensation may be based on the contribution to the company's profitability and on individual performance or linked to committing employees to Sampo Group.

The decision on payout of variable compensation shall be based on the assessment of the incurred risk exposure and the fulfilment of solvency capital requirements. Furthermore, the payment of a certain portion of the variable compensation payable to the Senior Executive Management and to certain key persons shall be deferred for a defined period of time as required in the regulatory framework applicable to each Sampo Group company. After the deferral period, a retrospective risk adjustment review shall be carried out and the Board of Directors of each Sampo Group company shall decide whether the deferred variable compensation shall be paid/released in full, partly or cancelled in whole. In 2021, a total of EUR 5.1 million (3.3) of short-term and long-term incentives has been deferred.

The Board of Directors decides on the launch of long-term incentive schemes based on financial instruments of Sampo plc to the management and other key employees of Sampo Group. The Sampo Board members are not included in the schemes. The second allocation of the long-term incentive scheme 2020 was in August 2021, in accordance with the terms and conditions of the scheme, directed to new recruits or current employees with materially changed circumstances or holding a position of increased strategic importance. The total number of participants in the second allocation of the long-term incentive scheme 2020 is 12 and a total of 220,000 units out of a maximum of 225,000 were allocated in August 2021. Remaining incentive units, in total 393,000 units, may be allocated in 2022. The scheme will vest in three instalments starting from three years from each allocation.

In the long-term incentive scheme 2017, a total of 1,351,525 allocated incentive units remain. The second instalment of the first allocation vested in 2021 and the third and last instalment will vest in 2022. The second allocation of the long-term incentive scheme 2017 had its first instalment in 2021 and the remaining instalments will vest in 2022 and 2023.

The value of one incentive unit is calculated as the difference between the trade-weighted average price of the Sampo A share at the time of payment and the dividend-adjusted starting price. In addition to the share price development, the calculation of the value of one incentive unit takes into account the performance of the insurance margin of If P&C and/or the return on capital at risk as further specified in the terms of the respective incentive scheme. Both incentive schemes contain a cap for maximum payout. The terms and conditions of the incentive schemes are available **www.sampo.com/incentiveterms**.

A deferral rule applies to incentive rewards paid to the Senior Executive Management and to certain key persons. Persons subject to the deferral rule shall at payout from the schemes acquire Sampo A shares with a certain part of the instalment after deducting income tax and other comparable charges. The shares are subject to disposal restrictions for three years, after which the Board of Directors shall decide on the possible release.

In 2021, a total of EUR 70 million (50), including social costs, was paid as short-term incentives. During the same period, a total of EUR 16 million (6), including social costs, was paid from long-term incentive schemes. The result impact of the long-term incentive schemes in force in 2021 was EUR 46 million (2).

The Remuneration Report for Governing Bodies was presented to the Annual General Meeting for the first time in 2021. The General Meeting resolved, in accordance with the voting result, to accept the presented Remuneration Report. The resolution was advisory.

Sampo Group has published the **Remuneration Report for Governing Bodies** for 2021 in February 2022 and it is available at **www.sampo.com/year2021**. The Remuneration Report for Governing Bodies provides information on the remuneration paid to the Board of Directors and the Group CEO during the previous financial period and has been prepared in accordance with the Corporate Governance Code 2020 issued by the Securities Market Association, effective as of 1 January 2020.

The Corporate Governance Code 2020 can be viewed in full on the website of the Securities Market Association at **www.cgfinland.fi/en**.

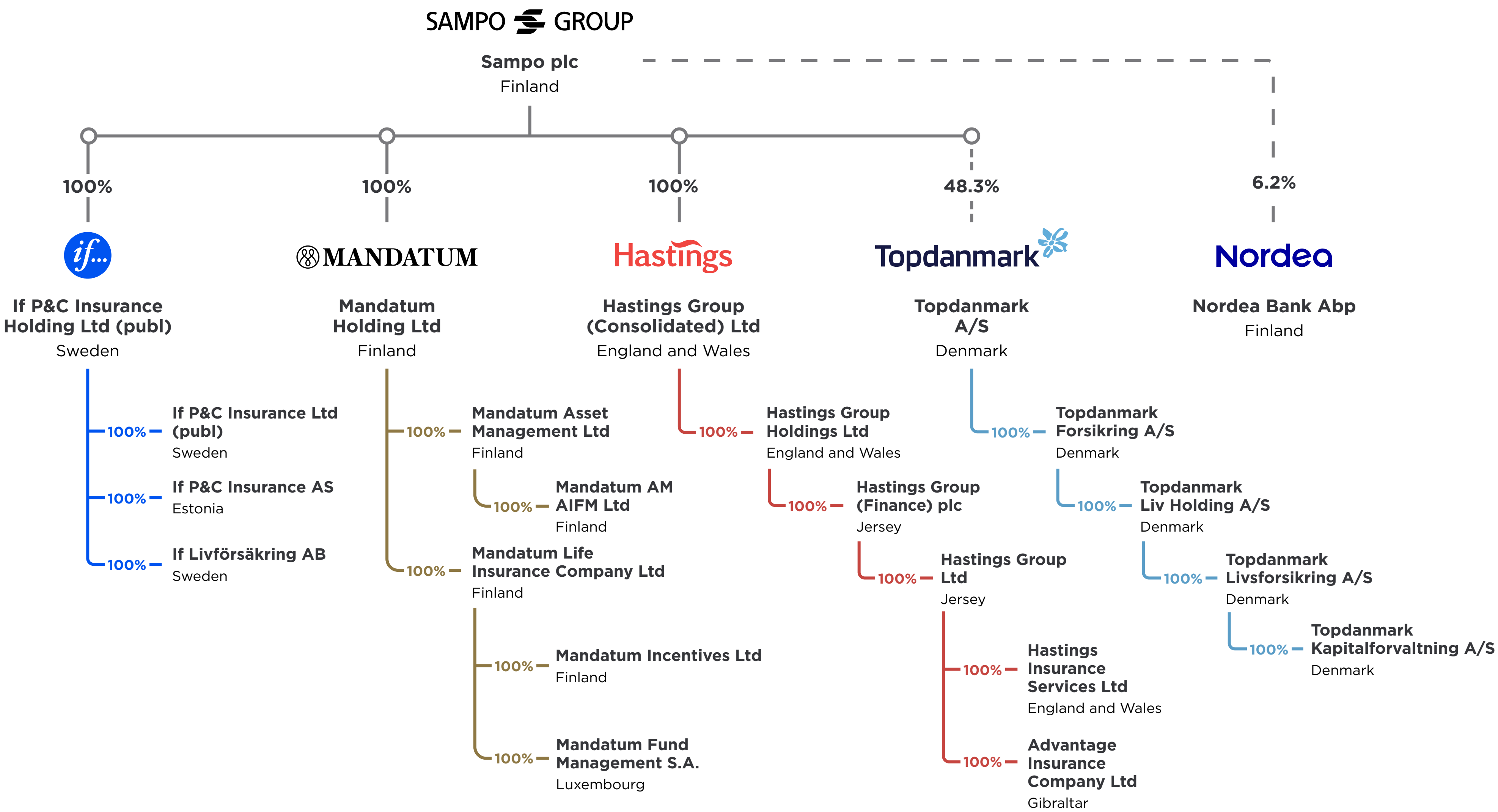
Changes in Group structure

Mandatum Group communicated on 12 February 2021 that it will establish Mandatum Asset Management. In connection with this, there were changes made in Mandatum Group's structure during 2021. Sampo Group's asset management operations were merged to Mandatum and the new group structure was complete on 1 September 2021. In the new structure Mandatum Life Insurance Company Limited and Mandatum Asset Management Ltd ("MAM", previously Mandatum Life Investment Services Ltd) operate as affiliates under a new parent company Mandatum Holding Ltd, that is a wholly-owned subsidiary of Sampo plc.

In line with Sampo Group's P&C-focused strategy, Sampo plc acquired on 8 December 2021 Rand Merchant Investment Holdings Limited's (RMI) 30 per cent minority ownership in Hastings and the option for held by RMI to acquire 10 per cent of Hastings. After the completion of the transaction, Hastings was consolidated as a fully-owned subsidiary of Sampo in the group's financial reporting as of 8 December 2021.

Group structure

31 December 2021



Organisation
31 December 2021

Group CEO and President
Torbjörn Magnusson

- Morten Thorsrud
  - **Private** – Ingrid Janbu Holthe
  - **Commercial** – Klas Svensson
  - **Industrial** – Poul Steffensen
  - **Baltic** – Andris Morozovs
- Petri Niemisvirta
- **Group Finance** – Knut Arne Alsaker
  - **Investor Relations** – Sami Taipalus
- **Strategy** – Ricard Wennerklint
  - Toby van der Meer
  - Peter Hermann
- **Investments** – Patrick Lapveteläinen
- **Risk Management** – Kai Sotamaa
- **Human Resources** – Johan Börjesson

Change in Group management

On 20 January 2021 **Ivar Martinsen** left his position as Head of BA Commercial in If P&C Insurance Ltd (publ) and the membership of Sampo Group Executive Committee.

Personnel

The average number of Sampo Group's employees (FTE) in 2021 amounted to 13,274 (13,227).

If is Sampo Group's largest business area and employed on average 54 per cent of the personnel. Topdanmark employed 18 per cent, Hastings employed 23 per cent and Mandatum approximately 4 per cent of the personnel. The parent company Sampo plc employed on average 0.5 per cent of the personnel.

In geographical terms Denmark and United Kingdom employed both 22 per cent, Sweden 18 per cent, Finland 17 per cent, and Norway 12 per cent of the personnel. The share of other countries was 9 per cent.

The total number of staff in If increased by 2 per cent. As of 31 December 2021, If employed 7,287 persons.

The total number of staff in Topdanmark decreased by 3 per cent to 2,374 persons at the end of the year.

Hastings employed 2,995 persons as of 31 December 2021, representing an increase of 1 per cent.

The total number of staff in Mandatum increased by 12 per cent after Mandatum Asset Management was established with new recruitments and the Group's asset management operations were merged with Mandatum. As of 31 December 2021, Mandatum employed 638 persons.

The total number of staff in Sampo plc decreased by nearly 35 per cent after the merger of the asset management operations to Mandatum. The holding company employed 45 persons at the end of 2021.

On 31 December 2021, the total number of staff in Sampo Group totalled 13,340 persons (13,178).

More detailed information on personnel in Sampo Group is available in **Sampo Group Sustainability Report 2021** to be published in May 2022 at www.sampo.com/year2021.

Events after the end of the reporting period

Sampo's share buyback programme launched on 4 October 2021 continued after the end of the reporting period. By 8 February 2022, the company had bought in total 12,219,968 Sampo A shares representing 2.20 per cent of the total number of shares in Sampo plc. The progress of the buyback programme can be followed on www.sampo.com/releases.

SAMPO PLC

Board of Directors

Key figures

Group Key figures		2021	2020	2019	2018	2017
Profit before taxes	EURm	3,171	380	1,541	2,094	2,482
Return on equity (at fair values)	%	26.8	3.1	12.0	7.5	17.1
Return on assets (at fair values)	%	9.9	2.3	5.5	3.2	7.6
Equity/assets ratio	%	20.9	20.2	23.0	25.1	26.1
Group solvency [1)]	EURm	5,019	4,308	4,513	2,942	3,945
Group solvency ratio [1)]	%	185	176	174	140	156
Average number of staff		13,274	13,227	9,813	9,509	9,364

If		2021	2020	2019	2018	2017
Premiums written before reinsurers' share	EURm	5,134	4,823	4,675	4,502	4,525
Premiums earned	EURm	4,772	4,484	4,388	4,290	4,293
Profit before taxes	EURm	1,077	901	884	848	818
Return on equity (at fair values)	%	37.0	33.3	34.5	11.2	21.3
Risk ratio [2)]	%	59.9	60.7	62.7	63.3	63.3
Cost ratio [2)]	%	21.4	21.5	21.8	21.9	22.0
Claims ratio [2)]	%	65.5	66.4	68.4	68.8	68.9
Expense ratio [2)]	%	15.8	15.8	16.1	16.4	16.4
Combined ratio	%	81.3	82.1	84.5	85.2	85.3
Average number of staff		7,223	7,182	6,865	6,603	6,367

Topdanmark [*)]		2021	2020	2019	2018	2017
Premiums written before reinsurers' share, life insurance	EURm	1,393	1,473	1,487	1,357	294
Premiums written before reinsurers' share, P&C insurance	EURm	1,383	1,315	1,272	1,235	210
Premiums earned, P&C insurance	EURm	1,285	1,227	1,178	1,144	281
Profit before taxes	EURm	346	167	238	199	848
Claims ratio [2)]	%	66.7	69.0	66.2	66.0	64.0
Expense ratio [2)]	%	15.6	16.2	16.0	16.3	16.4
Combined ratio	%	82.3	85.2	82.1	82.3	80.5
Average number of staff		2,395	2,428	2,322	2,314	2,412

Hastings		2021	16 Nov–31 Dec 2020	2019	2018	2017
Premiums written before reinsurers' share	EURm	1,127	103	—	—	—
Net premiums written	EURm	495	27	—	—	—
Premiums earned	EURm	499	63	—	—	—
Profit before taxes	EURm	127	-16	—	—	—
Average number of staff		3,005	2,974	—	—	—

Mandatum		2021	2020	2019	2018	2017
Premiums written before reinsurers' share	EURm	1,376	1,059	1,603	1,082	967
Profit before taxes	EURm	291	154	280	450	236
Return on equity (at fair values)	%	18.4	14.4	23.5	8.7	13.3
Expense ratio	%	111.4	96.1	98.7	92.1	94.7
Average number of staff		589	576	563	531	525

Holding		2021	2020	2019	2018	2017
Profit before taxes	EURm	1,331	-826	139	618	576
Average number of staff		63	67	63	61	60

Per share key figures		2021	2020	2019	2018	2017
Earnings per share	EUR	4.63	0.07	2.04	3.04	3.96
Earnings per share without extraordinary items related to associate companies [3)]	EUR	2.86	2.16	2.31	—	—
Earnings per share, incl. items in other comprehensive income	EUR	5.90	0.65	2.63	1.7	3.79
Equity per share	EUR	23.39	20.56	21.44	22.30	23.14
Net asset value per share	EUR	25.48	19.82	20.71	20.60	25.37
Dividend per share [4)]	EUR	4.10	1.70	1.50	2.85	2.60
Dividend per earnings [3)]	%	88.6	78.7	73.5	93.8	65.7
Effective dividend yield	%	9.3	4.9	3.9	7.4	5.7
Price/earnings ratio [3)]		9.5	16.0	19.1	12.6	11.6
Adjusted number of shares at 31 Dec.	1,000	546,812	555,352	555,352	555,352	555,352
Average adjusted number of shares	1,000	554,317	555,352	555,352	555,352	559,873
Weighted average number of shares, incl. dilutive potential shares	1,000	554,317	555,352	555,352	555,352	559,873
Market capitalisation	EURm	24,093	19,199	21,609	21,331	24,858

A shares		2021	2020	2019	2018	2017
Adjusted number of shares at 31 Dec.	1,000	545,612	554,152	554,152	554,152	554,152
Average adjusted number of shares	1,000	553,117	554,152	554,152	554,152	558,673
Weighted average number of shares, incl. dilutive potential shares	1,000	553,117	554,152	554,152	554,152	558,673
Weighted average share price	EUR	40.50	32.35	39.15	43.11	44.76
Adjusted share price, high	EUR	47.33	42.46	43.38	48.92	47.46
Adjusted share price, low	EUR	33.82	21.34	34.45	37.61	41.53
Adjusted closing price	EUR	44.06	34.57	38.91	38.41	45.80
Share trading volume during the financial year	1,000	243,763	376,964	250,282	239,051	179,568
Relative share trading volume	%	44.1	68.0	45.2	43.1	32.1

B shares		2021	2020	2019	2018	2017
Adjusted number of shares at 31 Dec.	1,000	1,200	1,200	1,200	1,200	1,200
Average adjusted number of shares	1,000	1,200	1,200	1,200	1,200	1,200

*) *In the comparison year 2017 Topdanmark was consolidated as an associate between January-September 2017. The key figures are from October-December 2017 when the company was first consolidated as a subsidiary.*

1) *From 2016 on, the group solvency for Sampo has been calculated according to the consolidation method defined in the Solvency II Directive (2009/138/EC) and the Finnish Insurance Companies Act (521/2008). As Sampo plc is the ultimate parent of the Solvency II group, the solvency is calculated at the group level.*

2) *Key figures for P&C insurance are based on activity-based costs and cannot, therefore, be calculated directly from the consolidated income statement.*

3) *Will be used as basis for setting dividends in accordance with the dividend policy. For 2020, the dividend per share and PE ratios have also been calculated on the basis of adjusted EPS.*

4) *The Board of Director's proposal to the Annual General Meeting for the accounting period 2021.*

The number of shares used at the balance sheet date was 546,811,894 and as the average number during the financial period 554,316,818.

In calculating the key figures the tax corresponding to the result for the accounting period has been taken into account.

In the net asset value per share, the Group valuation difference on associate Nordea and listed subsidiary Topdanmark have also been taken into account.

Calculation of the key figures

The key figures have been calculated in accordance with the decree issued by the Ministry of Finance and the specifying regulations and instructions of the Financial Supervisory Authority. The Group solvency is calculated according to the consolidation method defined in the Solvency II Directive (2009/138/EC) and Insurance Companies Act (521/2008). Additional information on the Group's alternative performance measures is available at **www.sampo.com**.

Group key figures

Profit before taxes for the Group

+ property & casualty insurance profit before taxes
+ life insurance profit before taxes
+ holding business profit before taxes
± Group elimination items with result impact

Property & Casualty and Life Insurance

+ insurance premiums written
+ net income from investments
+ other operating income
- claims incurred
- change in liabilities for investment and insurance contracts
- staff costs
- other operating expenses
- finance costs
± share of associates' profit/loss

Holding

+ net income from investments
+ other operating income
- staff costs
- other operating expenses
- finance costs
± share of associates' profit/loss

Return on equity (fair values), %

+ total comprehensive income attributable to parent company equity holders
± change in valuation differences on investments less deferred tax

divided by (X 100%)

+ total equity attributable to parent company equity holders (average of values on 1 Jan. and 31 Dec.)
± valuation differences on investments less deferred tax (average of values on 1 Jan. and 31 Dec.)

Return on assets (at fair values), %

+ operating profit
± other comprehensive income before taxes
- profit attributable to non-controlling interests
+ interest and other financial expense
+ calculated interest on technical provisions
± change in valuation differences on investments

divided by (X 100%)

+ total balance sheet (average of values on 1 Jan. and 31 Dec.)
- technical provisions relating to unit-linked insurance (average of values on 1 Jan. and 31 Dec.)
± valuation differences on investments (average of values on 1 Jan. and 31 Dec.)

Equity/assets ratio (at fair values), %

+ total equity (attributable to parent company's equity holders)
± valuation differences on investments less deferred tax

divided by (X 100%)

+ balance sheet total
± valuation differences on investments

Financial leverage

$$\frac{\text{financial debt}}{\text{equity + financial debt}} \times 100\%$$

Average number of staff

Average of month-end figures, adjusted for part-time staff

Property & Casualty insurance key figures

Risk ratio, %

$$\frac{+\ \text{claims incurred} \quad -\ \text{claims settlement expenses}}{\text{premiums earned}} \times 100\%$$

Cost ratio, %

$$\frac{+\ \text{operating expenses} \quad +\ \text{claims settlement expenses}}{\text{premiums earned}} \times 100\%$$

Loss ratio, %

$$\frac{\text{claims incurred}}{\text{premiums earned}} \times 100\%$$

Expense ratio, %

$$\frac{\text{operating expenses}}{\text{premiums earned}} \times 100\%$$

Combined ratio, %

Loss ratio + expense ratio

Life insurance key figures

Expense ratio, %

$$\frac{+\ \text{operating expenses before change in deferred acquisition costs} \quad +\ \text{claims settlement expenses}}{\text{load income}} \times 100\%$$

Per Share Key Figures

Earnings per share

$$\frac{\text{profit for the financial period attributable to the parent company's equity holders}}{\text{adjusted average number of shares}}$$

Earnings per share, incl. change in fair value reserve

$$\frac{\text{total comprehensive income for the financial period attributable to the parent company's equity holders}}{\text{adjusted average number of shares}}$$

Equity per share

$$\frac{\text{equity attributable to the parent company's equity holders}}{\text{adjusted number of shares at balance sheet date}}$$

Net asset value per share

$$\frac{+\ \text{equity attributable to the parent company's equity holders} \quad \pm\ \text{valuation differences on listed Group companies}}{\text{adjusted number of shares at balance sheet date}}$$

Dividend per share, %

$$\frac{\text{dividend for the accounting period}}{\text{adjusted number of shares at balance sheet date}} \times 100\%$$

Dividend per earnings, %

$$\frac{\text{dividend per share}}{\text{earnings per share}} \times 100\%$$

Effective dividend yield, %

$$\frac{\text{dividend per share}}{\text{adjusted closing share price at balance sheet date}} \times 100\%$$

Price/earnings ratio

$$\frac{\text{adjusted closing share price at balance sheet date}}{\text{earnings per share}}$$

Market capitalisation

number of shares at balance sheet date
x closing share price at balance sheet date

Relative share trading volume, %

$$\frac{\text{number of shares traded through the stock exchange}}{\text{adjusted average number of shares}} \times 100\%$$

Exchange rates used in reporting

	1-12/2021	1-9/2021	1-6/2021	1-3/2021	1-12/2020	1-9/2020
EURSEK						
Income statement (average)	10.1465	10.1529	10.1312	10.1173	10.4882	10.5622
Balance sheet (at end of period)	10.2503	10.1683	10.1110	10.2383	10.0343	10.5713
DKKSEK						
Income statement (average)	1.3643	1.3652	1.3622	1.3608	1.4066	1.4157
Balance sheet (at end of period)	1.3784	1.3674	1.3597	1.3766	1.3485	1.4197
NOKSEK						
Income statement (average)	0.9983	0.9926	0.9956	0.9865	0.9778	0.9857
Balance sheet (at end of period)	1.0262	1.0003	0.9940	1.0243	0.9584	0.9523
EURDKK						
Income statement (average)	7.4371	7.4368	7.4369	7.4373	7.4544	7.4581
Balance sheet (at end of period)	7.4364	7.4360	7.4362	7.4373	7.4409	7.4462
EURGBP						
Income statement (average)	0.8599	0.8638	0.8682	0.8748	0.8892	
Balance sheet (at end of period)	0.8403	0.8605	0.8581	0.8521	0.8990	

GROUP'S IFRS FINANCIAL STATEMENTS

Group's IFRS Financial Statements

Statement of profit and other comprehensive income

EURm	Note	1-12/2021	1-12/2020
Insurance premiums written	1	9,411	8,375
Net income from investments	2, 9	3,549	1,383
Other operating income	3	491	155
Claims incurred	4	-6,239	-5,443
Change in liabilities for insurance and investment contracts	5	-3,123	-1,554
Staff costs	6	-1,179	-960
Other operating expenses	7	-976	-754
Finance costs	9	-146	-112
Share of associates' profit/loss	13	401	451
Valuation difference on disposal of associate shares	13	84	-262
Impairment loss on Nordea shares	13	—	-899
Reversal of impairment losses on Nordea shares	13	899	—
Profit for the financial year before taxes		**3,171**	**380**
Taxes	18, 19, 20	-423	-267
Profit for the financial year		**2,748**	**112**

EURm	Note	1-12/2021	1-12/2020
Other comprehensive income for the financial year			
Items reclassifiable to profit or loss	20		
Exchange differences		80	74
Available-for-sale financial assets		460	259
Share of associates' other comprehensive income		186	40
Taxes		-83	-50
Total items reclassifiable to profit or loss, net of tax		**643**	**322**
Items not reclassifiable to profit or loss			
Actuarial gains and losses from defined pension plans		73	0
Taxes		-15	0
Total items not reclassifiable to profit or loss, net of tax		**58**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**3,448**	**434**
Profit attributable to			
Owners of the parent		2,567	37
Non-controlling interests		181	75
Total comprehensive income attributable to			
Owners of the parent		3,272	359
Non-controlling interests		176	75
Basic earnings per share (EUR)	8	**4.63**	**0.07**

Consolidated balance sheet

EURm	Note	12/2021	12/2020
Assets			
Property, plant and equipment	10	375	371
Investment property	11	568	666
Intangible assets	12	3,794	3,761
Investments in associates	13	777	5,370
Financial assets	9, 14, 15, 16, 17	23,321	24,420
Investments related to unit-linked insurance contracts		19,711	14,837
Deferred tax assets	18	39	49
Reinsurers' share of insurance liabilities	22	2,295	1,821
Other assets	21	2,977	2,714
Cash and cash equivalents		4,819	2,520
Non-current assets held for sale	34	2,385	–
Total assets		**61,061**	**56,529**
Liabilities			
Liabilities for insurance and investment contracts	22	20,369	19,956
Liabilities for unit-linked insurance and investment contracts	23	19,550	16,285
Subordinated debt	9, 16, 24	2,016	2,158
Other financial liabilities	9, 16, 24	2,330	2,935
Deferred tax liabilities	18	855	717
Provisions	25	9	20
Employee benefits	26	26	98
Other liabilities	27	2,246	2,102
Liabilities related to non-current assets held for sale	34	196	–
Total liabilities		**47,597**	**44,271**

EURm	Note	12/2021	12/2020
Equity	29		
Share capital		98	98
Reserves		1,530	1,530
Retained earnings		9,952	9,282
Other components of equity		1,208	508
Equity attributable to owners of the parent		**12,788**	**11,418**
Non-controlling interests		676	840
Total equity		**13,464**	**12,258**
Total equity and liabilities		**61,061**	**56,529**

Statement of changes in equity

EURm	Share capital	Legal reserve	Invested unrestricted equity	Retained earnings [1]	Translation of foreign operations [2]	Available-for-sale financial assets [3]	Total	Non-controlling interest	Total
Equity at 1 January 2020	**98**	**4**	**1,527**	**10,062**	**-817**	**1,034**	**11,908**	**635**	**12,542**
Changes in equity									
Business acquisitions	—	—	—	-5	—	6	**1**	188	**189**
Dividends [4]	—	—	—	-833	—	—	**-833**	-52	**-885**
Share-based payments	—	—	—	-3	—	—	**-3**	—	**-3**
Changes in associate share holdings	—	—	—	-19	—	—	**-19**	—	**-19**
Other changes in equity	—	—	—	6	—	—	**6**	-6	**—**
Profit for the period	—	—	—	37	—	—	**37**	75	**112**
Other comprehensive income for the period	—	—	—	37	67	217	**322**	—	**322**
Total comprehensive income	—	—	—	74	67	217	**359**	75	**434**
Equity at 31 December 2020	**98**	**4**	**1,527**	**9,282**	**-749**	**1,257**	**11,418**	**840**	**12,258**
Changes in equity									
Acquired non-controlling interests	—	—	—	-700	—	—	**-700**	-212	**-912**
Dividends [4]	—	—	—	-944	—	—	**-944**	-137	**-1,081**
Acquisition of own shares	—	—	—	-380	—	—	**-380**	—	**-380**
Changes in associate share holdings	—	—	—	113	—	—	**113**	—	**113**
Other changes in equity	—	—	—	9	—	—	**9**	9	**18**
Profit for the period	—	—	—	2,567	—	—	**2,567**	181	**2,748**
Other comprehensive income for the period	—	—	—	6	335	365	**705**	-5	**700**
Total comprehensive income	—	—	—	2,572	335	365	**3,272**	176	**3,448**
Equity at 31 December 2021	**98**	**4**	**1,527**	**9,952**	**-415**	**1,622**	**12,788**	**676**	**13,464**

[1] IAS 19 Pension benefits had a net effect of EURm 58 (2) on retained earnings.

[2] The total comprehensive income includes, in accordance with the Group's holding, the share of associates' other comprehensive income reclassified to profit and loss just before the classification of one associate to non-current assets held for sale. The retained earnings include EURm -52 (38) of associates' items not re-classifiable to profit or loss. The change in exchange differences include associates' exchange differences EURm 252 (6). Respectively, change in available-for-sale financial assets include EURm -17 (8) of valuation differences.

[3] The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 709 (263). The amount transferred to p/l amounted to EURm -333 (-49). EURm 5 (1) was transferred to the Segregated Suomi portfolio. In the comparison year, EURm 6 from business acquisitions was recognised directly in the opening balance of the fair value reserve.

[4] Dividend per share 4.10 (1.70) euro.

The amounts included in the translation and available-for-sale reserves represent other comprehensive income for each component, net of tax.

Statement of cash flows

EURm	2021	2020
Operating activities		
Profit before taxes	3,171	380
Adjustments:		
Depreciation and amortisation	187	122
Unrealised gains and losses arising from valuation	-1,257	-129
Realised gains and losses on investments	-450	-241
Change in liabilities for insurance and investment contracts	3,520	1,127
Other adjustments *)	-1,397	781
Adjustments total	**602**	**1,659**
Change (+/-) in assets of operating activities		
Investments **)	-1,788	-998
Other assets	-269	44
Total	**-2,057**	**-954**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-53	8
Other liabilities	30	155
Paid taxes	-350	-311
Paid interest	-158	-128
Total	**-532**	**-277**
Net cash from operating activities	**1,185**	**809**
Investing activities		
Investments in subsidiary shares	-936	-1,103
Divestments in associate shares	3,843	1,174
Dividends received from associates	339	—
Net investment in equipment and intangible assets	31	-160
Net cash from investing activities	**3,277**	**-88**

EURm	2021	2020
Financing activities		
Dividends paid	-944	-833
Dividends paid to non-controlling interests	-137	-52
Acquisition of own shares	-380	—
Issue of debt securities	147	1,191
Repayments of debt securities in issue	-853	-1,199
Net cash used in financing activities	**-2,166**	**-892**
Total cash flows	**2,296**	**-172**
Cash and cash equivalents at 1 January	2,520	2,677
Effects of exchange rate changes	3	14
Cash and cash equivalents at 31 December	4,819	2,520
Net change in cash and cash equivalents	**2,296**	**-172**

Additional information to the cash flow statement:	**2021**	**2020**
Interest income received	523	464
Dividend income received (excl. profit sharing from funds)	226	139
Total out-going cashflows from leases	-34	-45

**) Other adjustments mainly relate to the sale of Nordea shares.*

***) Investments include investment property, financial assets and investments related to unit-linked insurance contracts.*

The items of the statement of cash flows cannot be directly concluded from the balance sheets due to e.g. exchange rate differences, and acquisitions and disposals of subsidiaries during the period.

Cash and cash equivalents include cash at bank and in hand EURm 4,736 (2,358) and short-term deposits (max 3 months) EURm 83 (162).

Note to the statement of cash flows

In the comparison year, on 5 August 2020, Sampo and Rand Merchant Investment Holdings Limited (RMI) announced a recommended cash offer to acquire all issued and to be issued shares in Hastings not currently owned or controlled by Sampo and RMI. The transaction was completed in November 2020 and Sampo became the majority shareholder with 70% ownership. The net cash flow arising from the acquisition was EUR -1,126 million, including cash and cash equivalents EUR 193 million from the acquired company at the acquisition date.

GROUP'S NOTES TO THE FINANCIAL STATEMENTS

Group notes to the financial statements

Summary of significant accounting policies

Consolidation

Sampo plc (business id 0142213-3) is a Finnish public company listed in Helsinki Nasdaq. It is domiciled in Helsinki, (Finland) and the headquarters are at Fabianinkatu 27, 00100 Helsinki, Finland. The consolidated financial statements of Sampo Group include Sampo plc together with its subsidiaries and associates as of 31 December 2021. The group subsidiaries have insurance and financing activities in Finland, Sweden, Norway, Denmark, the Baltic countries, and the United Kingdom. A copy of Group's financial statements is available at internet address **www.sampo.com**.

Basis of preparation

Sampo Group has prepared the consolidated financial statements for 2021 in compliance with the International Financial Reporting Standards (IFRSs). In preparing the financial statements, Sampo has applied all the standards and interpretations relating to its business, adopted by the commission of the EU and effective at 31 December 2021.

The annual improvements or other amendments to the standards, adopted at the beginning of 2021, had no material impact on the Group's financial statements reporting.

In preparing the notes to the consolidated financial statements, attention has also been paid to the Finnish accounting and company legislation and applicable regulatory requirements.

Going concern accounting assumption has been assessed by the Board and used in the preparation of the financial statements.

The financial statements have for the most part been prepared under the historical cost convention. Exceptions are i.e. financial assets and liabilities at fair value through p/l, financial assets available-for-sale, hedged items in fair value hedges, investment property and share-based payments settled in equity instruments measured at fair value.

The consolidated financial statements are presented in euro (EUR), rounded to the nearest million, unless otherwise stated.

The Board of Directors of Sampo plc accepted the financial statements for issue on 9 February 2022. In accordance with Limited Liability Companies Act, the Annual General Meeting has right to approve or reject the consolidated financial statements or change the statements after they have been issued.

Consolidation

Subsidiaries

The consolidated financial statements combine the financial statements of Sampo plc and all its subsidiaries. Control exists when the Group has more than half of the voting power or it has power over the entity together with exposure to variable returns from its involvement there and ability to use its power to affect the amount of these returns. Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date that control ceases.

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. Acquisition related costs are recognised through profit or loss. Possible non-controlling interest of the acquired entity is measured either at fair value or at proportionate interest in the acquiree's net assets. The acquisition-specific choice affects both the amount of recognised goodwill and non-controlling interest. The excess of the aggregate of consideration transferred, non-controlling interest and possibly previously held equity interest in the acquiree, over the Group's share of the fair value of the identifiable net assets acquired, is recognised as goodwill.

The accounting policies used throughout the Group for the purposes of consolidation are consistent with respect to similar business activities and other events taking place in similar conditions. All intra-group transactions and balances are eliminated upon consolidation.

Associates

Associates are entities in which the Group has significant influence. Unless otherwise demonstrated, this is generally presumed when the Group holds in excess of 20 per cent, but no more than 50 per cent, of the voting rights of an entity. Correspondingly, even when the Group holds less than 20 per cent of the voting power, it can be treated as an associate, if the significant influence can be otherwise clearly demonstrated as described in IAS 28 *Investments in associates and joint ventures*.

Investments in associates are treated by the equity method of accounting, in which the investment is initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition net income (or loss), or other movements reflected directly in the equity of the associate. If the Group's share of the associate's loss exceeds the carrying amount of the investment, the investment is carried at zero value, and the loss in excess is consolidated only if the Group is committed to fulfilling the obligations of the associate. Goodwill arising on the acquisition is included in the cost of the investment. Unrealised gains (losses) on transactions are eliminated to the extent of the Group's interest in the entity.

The share of associates' profit or loss, equivalent to the Group's holding, is presented as a separate line in the income statement. The Group's share of associate's changes in other comprehensive income is presented in the Group's other comprehensive income items.

If there is any indication that the value of the investment may be impaired, the consolidated carrying amount is tested by comparing it with its recoverable amount. The recoverable amount is the higher of its value in use or its fair value less costs to sell. If the recoverable amount is less than its consolidated carrying amount, the carrying amount is reduced to its recoverable amount by recognising an impairment loss in the profit/loss. If the recoverable amount later increases and is greater than the carrying amount, the impairment loss is reversed through profit and loss.

Non-controlling interests

Technical division of profit for the financial year and total comprehensive income to the owners of the parent and non-controlling interests is presented after the statement of comprehensive income. The share of profits is attributed to non-controlling interests even if it should be negative.

Non-controlling interests are presented in the balance sheet separately as part of equity.

Non-controlling interests in an acquiree are measured either at fair value or as a proportionate share of net assets of the acquiree. The choice is made for each acquisition separately. At the end of financial reporting period, Sampo's non-controlling interests were determined as the proportionate share of net assets of the acquirees.

Foreign currency translation

The consolidated financial statements are presented in euro, which is the functional and reporting currency of the Group and the parent company. Items included in the financial statements of each of the Group entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of transactions or the average rate for a month. The balance sheet items denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date.

Exchange differences arising from translation of transactions and monetary balance sheet items denominated in foreign currencies into functional currency are recognised as translation gains and losses in profit or loss. Exchange differences arising from non-monetary financial assets classified as available-for-sale financial assets are recognised directly in the fair value reserve in equity.

The income statements of Group entities whose functional currency is other than euro are translated into euro at the average rate for the period, and the balance sheets at the rates prevailing at the balance sheet date. The resulting exchange differences are included in equity and their change in other comprehensive income. When a subsidiary is divested entirely or partially, the cumulative exchange differences are included in the income statement under sales gains or losses.

Goodwill and fair value adjustments arising from an acquisition of a foreign entity are treated as if they were assets and liabilities of the foreign entity. Exchange differences resulting from the translation of these items at the exchange rate of the balance sheet date are included in equity and their change in other comprehensive income.

1 euro (EUR) =	Balance sheet date	Average exchange rate
Swedish krona (SEK)	10.2503	10.1465
Danish krona (DKK)	7.4364	7.4371
Pound sterling (GBP)	0.8403	0.8599

Segment reporting

The Group's segmentation is based on business areas whose risks and performance bases as well as regulatory environment differ from each other. The control and management of business and management reporting are organised in accordance with the business segments. The Group's business segments are If, Topdanmark, Hastings, Mandatum and Holding (including Nordea). Geographical information has been given on income from external customers and non-current assets. The reported segments are Finland, Sweden, Norway, Denmark, Great Britain and the Baltic countries.

In the inter-segment and inter-company pricing, for both domestic and cross border transactions, market-based prices are applied. The pricing is based on the Code of conduct on Transfer Pricing Documentation in the EU and OECD guidelines. Inter-segment transactions, assets and liabilities are eliminated in the consolidated financial statements.

Non-current assets held for sale

Non-current assets and the assets and liabilities related to discontinued operations are classified as held for sale, if their carrying amount will be recovered principally through sales transactions rather than from continuing use. For this to be the case, the sale must be highly probable, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. In addition, the management must be committed to a plan to sell, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset shall be measured in accordance with applicable IFRSs. If the fair value less costs to sell is the lower, an entity recognises an impairment loss at initial reclassification. Gains for subsequent increases in fair value are recognised through profit or loss. Once reclassified, any depreciation or recognition of associates' share of profit or loss on such assets ceases.

Revenue recognition principles

Insurance premiums

Insurance premiums in the income statement consist of premiums written for P&C insurance and life insurance.

P&C insurance contracts are primarily of short duration, so that premiums written are recognised at the inception of risk coverage in line with the insurance contract. When the premium for the insurance period is divided into several instalments, the entire premium amount is still recognised at the beginning of the period. As an exception, Hastings recognises insurance premiums proportionally over the period of cover provided.

In the life insurance business, liabilities arising from insurance and investment contracts are long-term liabilities. Therefore, the insurance premium and related claims are usually not recognised in the same accounting period. Depending on the type of insurance, premiums are primarily recognised in premiums written when the premium has been paid. In group pension insurance, a part of the premiums is recognised already when charged.

The change in the provision for unearned premiums is presented as an expense under 'Change in insurance and investment contract liabilities'.

Interest and dividends

Interest income and expenses are recognised in the income statement using the effective interest rate method. This method recognises income and expenses on the instrument evenly in proportion to the amount outstanding over the period to maturity. Dividends on equity securities are recognised as revenue when the right to receive payment is established.

Fees and commissions

The fees and transaction costs of financial instruments measured at fair value through profit or loss are recognised in profit or loss when the instrument is initially recognised.

The costs of acquiring new and renewed insurance business are treated as deferred acquisition costs in the P&C insurance. In the life insurance business, the acquisition costs are treated as fee and commission expense under 'Other operating expenses'.

Other fees and commissions paid for investment activities are included in 'Net income from investments'.

Revenue from contracts with customers

The subsidiary Hastings has revenue from broker activities in accordance with IFRS 15 *Revenue from Contracts with Customers*. The revenue consists principally of fees and commissions relating to the arrangement of third party underwritten insurance contracts and ancillary products.

Revenue from insurance brokerage activities is recognised at the point of sale to the customer and revenue from other retail services is recognised when the service has been completed. Revenue arising from insurance broking activities is measured on an agency basis, net of cost, at the fair value of the income receivable after adjusting for any allowance for expected future cancellation refunds. Hastings may also provide contracts for the provision of other ad hoc, point in time services to customers. Such income is recognised when the performance obligation has been satisfied at the expected value of consideration.

In the consolidated financial statements, the fees and commissions from broker activities are included in 'Other income' or 'Other operating expenses'.

Financial assets and liabilities

Financial assets and liabilities are measured at the initial recognition at fair value. In the acquisition of financial assets and liabilities not measured at fair value, transaction costs directly attributable to acquisition or issue are added or deducted respectively.

Based on the measurement practice, financial assets and liabilities are classified in the following categories upon the initial recognition: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss, and other liabilities.

According to the Group's risk management policy, investments are managed at fair value in order to have the most realistic and real-time picture of investments, and they are reported to the Group key management at fair value. Investments comprise debt and equity securities. They are mainly classified as financial assets available-for-sale or at fair value through p/l.

In the life insurance business, IFRS 4 *Insurance Contracts* provides that insurance contracts with a discretionary participation feature are measured in accordance with national valuation principles rather than at fair value. These contracts and investments made to cover shareholders' equity are managed in their entirety and are classified mainly as available-for-sale financial assets.

An exception to the rule are investments related to unit-linked insurance, valued at fair value through p/l and shown as a separate line item in the balance sheet. The corresponding liability is also shown as a separate line item.

Recognition and derecognition

Purchases and sales of financial assets at fair value through profit or loss and available-for-sale financial assets are recognised and derecognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Loans and receivables are recognised when cash is advanced.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

Financial assets and financial liabilities at fair value through profit or loss

In Sampo Group, financial assets and liabilities at fair value through profit of loss comprise financial assets held for trading and financial assets designated as at fair value through profit or loss.

Financial assets held for trading

Financial asset that is held for the purpose of selling or buying in the short term, or belongs to a portfolio that is managed together or is repeatedly used for short-term profit taking, is classified as an asset held for trading. Gains and losses arising from changes in fair value, or realised on disposal, together with related interest income and dividend, are recognised in the income statement.

Also derivative instruments that are not designated as hedges and do not meet the requirements for hedge accounting are classified as financial assets for trading purposes.

Financial derivatives held for trading are initially recognised at fair value. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are recognised at fair value, and gains and losses arising from changes in fair value together with realised gains and losses are recognised in the income statement.

Financial assets designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss are assets which, at inception, are irrevocably designated as such. They are initially recognised at their fair value. They are recognised in the income statement and balance sheet accordingly with above-explained assets held for trading.

Loans and receivables

Loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the short term. The category also comprises cash and balances with banks.

Loans and receivables are initially recognised at their fair value, including transaction costs directly attributable to the acquisition of the asset. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial investments that are designated as available-for-sale or that are not categorised into any other category. Available-for-sale financial assets comprise debt and equity securities and funds.

Available-for-sale financial assets are initially recognised at fair value, including direct and incremental transaction costs. They are subsequently remeasured at fair value, and the changes in fair value are recorded in other comprehensive income and presented in the fair value reserve, taking the tax effect into account. Interest income and dividends are recognised in profit or loss. When the available-for-sale assets are sold, the cumulative change in the fair value is transferred from equity and recognised together with realised gains or losses in profit or loss. The cumulative change in the fair value is also transferred to profit or loss when the assets are impaired and the impairment loss is recognised. Exchange differences due to available-for-sale monetary balance sheet items are always recognised directly in profit or loss.

Other financial liabilities

Other financial liabilities comprise debt securities in issue and other financial liabilities.

Other financial liabilities are recognised when the consideration is received and measured to amortised cost, using the effective interest rate method.

If debt securities issued are redeemed before maturity, they are derecognised and the difference between the carrying amount and the consideration paid at redemption is recognised in profit or loss.

Fair value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Instruments are measured either at a bid price or at the last trade price, if there is an auction policy in the stock market of the price source. An exception are the syndicated loans which are measured at a mid-price because of the lower liquidity. The financial derivatives are also measured at the last trade price. If the financial instrument has a counter-item that will offset its market risk, the same price source is used in assets and liabilities to that extent. If a published price quotation does not exist for a financial instrument in its entirety, but active markets exist for its component parts, the fair value is determined on the basis of the relevant market prices of the component parts.

Fair values of financial assets are based on either published price quotations or valuation techniques based on market observable inputs, where available. If these are not available, the fair value is established by using generally accepted valuation techniques including recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. For a limited amount of assets, the value needs to be determined using these other techniques.

The carrying amount of cash and cash equivalents as well as settlement receivables included in other assets is used as an approximation of fair value.

If the fair value of a financial asset cannot be determined, historical cost is deemed to be a sufficient approximation of fair value. The amount of such assets in the Group balance sheet is immaterial.

The financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on e.g. if the market for the instrument is active, or if the inputs used in the valuation technique are observable.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

On level 3, the measurement is based on other inputs rather than observable market data. The majority of Sampo Group's level 3 assets are private equity and alternative funds.

For private equity funds the valuation of the underlying investments is conducted by the fund manager who has all the relevant information required in the valuation process. The valuation is usually updated quarterly based on the value of the underlying assets and the amount of debt in the fund. There are several valuation methods, which can be based on, for example, the acquisition value of the investments, the value of publicly traded peer companies, the multiple based valuation or the cashflows of the underlying investments. Most private equity funds follow the International Private Equity and Venture Capital (IPEV) guidelines which give detailed instructions on the valuation of private equity funds.

For alternative funds the valuation is also conducted by the fund managers. Alternative funds often have complicated structures and the valuation is dependent on the nature of the underlying investments. There are many different valuation methods that can be used, for example, the method based on the cashflows of the underlying investments. The operations and valuation of alternative funds are regulated for example by the Alternative Investment Fund Managers Directive (AIFMD), which determines the principles and documentation requirements of the valuation process.

Impairment of financial assets

Sampo assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than those at fair value through p/l, may be impaired. A financial asset is impaired and impairment losses are recognised, if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset, and if that event has an impact, that can be reliably estimated, on the estimated future cash flows of the financial asset.

Financial assets carried at amortised cost

There is objective evidence of impairment, if an issuer or debtor e.g. encounters significant financial difficulties that will lead to insolvency and to estimation that the customer will probably not be able to meet the obligations to the Group. Objective evidence is first assessed for financial assets that are individually significant, and then individually and collectively for financial assets not individually significant.

When there is objective evidence of impairment of a financial asset carried at amortised cost, the amount of the loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the receivable's original effective interest rate. The difference is recognised as an impairment loss in profit or loss. The impairment is assessed individually.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can objectively be related to an event occurring after the impairment was recognised (e.g. the default status is removed), the previously recognised impairment loss shall be reversed through profit or loss.

Available-for-sale financial assets

If there is objective evidence of an impairment of available-for-sale financial assets, this is evaluated in a separate assessment. This is done if, for example, there are changes in credit rating of debt instrument issuer, the issuer is placed on a watch list, or there is a default or delinquency in payments of principal or interests. For equity instruments objective evidence may exist, if there is a significant or prolonged decline in the fair value of an equity instrument below its original acquisition cost.

The decision on whether the impairment is significant or prolonged requires an assessment of the management. The assessment is done on a case by case basis with consideration paid not only to qualitative criteria but also historical changes in the value of an equity as well as time period during which the fair value of an equity instrument has been lower than the acquisition cost. In Sampo Group, the impairment is normally assessed to be significant, if the fair value of a listed equity or participation decreases below the average acquisition cost by 20 per cent and prolonged, when the fair value has been lower than the acquisition cost for over 12 months.

As there are no quoted prices available in active markets for unquoted equities and participations, the aim is to determine their fair value with the help of generally accepted valuation techniques available in the markets. The most significant share of unquoted equities and participations comprise the private equity and venture capital investments. They are measured in accordance with the generally accepted common practice, International Private Equity and Venture Capital Guidelines (IPEV).

The significance and prolongation of the impairment in the last-mentioned cases is assessed case by case, taking into consideration special factors and circumstances related to the investment. Sampo invests in private equity and venture capital in order to keep them to the end of their life cycle, so the typical lifetime is 10–12 years. In general, a justifiable assessment of a potential impairment may only be done towards the end of the life cycle. However, if additionally there is a well-founded reason to believe that an amount equivalent to the acquisition cost will not be recovered when selling the investment, an impairment loss is recognised.

An impairment on equity funds is recognised in line with the principles above when the starting year of the fund is at least 10 years old and both the carrying amount and fair value of the fund is maximum EUR 500,000. In these cases both the fair value and the carrying amount are booked to zero. An impairment is only performed to those funds for which the benchmarks are met in all Sampo Group companies' portfolios.

In the case of debt securities, the amount of the impairment loss is assessed as the difference between the acquisition cost, adjusted with capital amortisations and accruals, and the fair value at the review time, reduced by possibly in profit or loss previously recognised impairment losses. At the same time, the cumulative loss recognised in other comprehensive income is transferred from equity and recognised in p/l as an impairment loss. Any additional impairment losses are also recognised through p/l.

If, in a subsequent period, the fair value of a debt security increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through p/l, but only up until the carrying amount is the same it would have been, had no impairment losses been recognised in the first place.

Impairment losses for available-for-sale equity instruments are recognised through p/l, by transferring the cumulative loss recognised in other comprehensive from equity to p/l. If the fair value subsequently increases, the increase is recognised in other comprehensive income. If the value keeps decreasing below the book value, an impairment loss is recognised through profit or loss, even if the decline is less than 20 per cent.

Derivative financial instruments and hedge accounting

Derivative financial instruments are classified as those held for trading and those held for hedging, including interest rate derivatives, credit risk derivatives, foreign exchange derivatives, equity derivatives and commodity derivatives. Derivative instruments are measured initially at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivatives held for trading

Derivative instruments that are not designated as hedges and embedded derivatives separated from a host contract are treated as held for trading. They are measured at fair value and the change in fair value, together with realised gains and losses and interest income and expenses, is recognised in profit or loss.

If derivatives are used for hedging, but they do not qualify for hedge accounting as required by IAS 39, they are treated as held for trading.

Hedge accounting

Sampo Group may hedge its operations against interest rate risks, currency risks and price risks through fair value hedging and cash flow hedging. Cash flow hedging is used as a protection against the variability of the future cash flows, while fair value hedging is used to protect against changes in the fair value of recognised assets or liabilities. During the financial year, fair value hedging has been applied in Mandatum and cash flow hedging in Hastings.

Hedge accounting applies to hedges that are effective in relation to the hedged risk and meet the hedge accounting requirements of IAS 39. The hedging relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for undertaking the hedge, are documented at the inception of the hedge. In addition, the effectiveness of a hedge is assessed both at inception and on an ongoing basis, to ensure that it is highly effective throughout the period for which it was designated. Hedges are regarded as highly effective in offsetting changes in fair value or the cash flows attributable to a hedged risk within a range of 80–125 per cent.

Cash flow hedging

Cash flow hedging is used to hedge the interest cash flows of individual floating rate debt securities or other floating rate assets or liabilities. The hedging instruments used include interest rate swaps and cross currency interest rate swaps. Derivative instruments which are designated as hedges and are effective as such are measured at fair value. The effective part of the change in fair value is recognised in other comprehensive income. The remaining ineffective part is recognised in profit or loss.

The cumulative change in fair value is transferred from equity and recognised in profit or loss in the same period that the hedged cash flows affect profit or loss.

When a hedging instrument expires, is sold, terminated, or the hedge no longer meets the criteria for hedge accounting, the cumulative change in fair value remains in equity until the hedged cash flows affect profit or loss.

Fair value hedging

In accordance with the Group's risk management principles, fair value hedging is used to hedge changes in fair values resulting from changes in price, interest rate or exchange rate levels. The hedging instruments used include foreign exchange forwards, interest rate swaps, cross currency interest rate swaps and options, approved by the managements of the Group companies.

Changes in the fair value of derivative instruments that are documented as fair value hedges and are effective in relation to the hedged risk are recognised in profit or loss. In addition, the hedged assets and liabilities are measured at fair value during the period for which the hedge was designated, with changes in fair value recognised in profit or loss.

Leases

Group as lessee

All lease contracts are primarily recognised in the balance sheet in accordance with IFRS 16 *Leases*. The only optional exemptions include certain short-term contracts with duration under 12 months or low-value contracts for which the lease payments can be recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets related to lease contracts (right to use an underlying asset) are recognised in the asset side as part of Property, Plant and Equipment and the corresponding lease liabilities in the liability side as part of Other liabilities. Right-of-use asset is recognised at the commencement date of the lease and measured at cost that includes the amount of the initial measurement of the liability and potential prepaid rents to the lessor. Right-of-use assets are amortised on a straight-line basis over the lease period. Lease liability is also recognised at the commencement date, and measured at the present value of the lease payments.

Depreciations on right-of-use assets and interests on the lease liabilities are recognised in the p/l.

Group as lessor

Leases are included in 'Investment property' in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment, and the impairment losses are recognised on the same basis as for these items. Rental income is recognised on a straight-line basis over the lease term in profit or loss.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition (made after 1 January 2004) over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition. Goodwill on acquisitions before 1 January 2004 is accounted for in accordance with the previous accounting standards and the carrying amount is used as the deemed cost in accordance with the IFRS.

Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised. Instead, it is tested at least annually for impairment.

Other intangible assets

IT software and other intangible assets, whether procured externally or internally generated, are recognised in the balance sheet as intangible assets with finite useful lives, if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The cost of internally generated intangible assets is determined as the sum of all costs directly attributable to the assets. Research costs are recognised as expenses in profit or loss as they are incurred. Costs arising from development of new IT software or from significant improvement of existing software are recognised only to the extent they meet the above-mentioned requirements for being recognised as assets in the balance sheet.

Intangible assets with finite useful lives are measured at historical cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the estimated useful life of the asset. The estimated useful lives by asset class are as follows:

IT software	3–10 years
Other intangible assets	3–10 years

Intangible assets with an indefinite useful life, such as brands and trademarks acquired in business combinations, are not amortised. Instead they are tested at least annually for impairment.

Property, plant and equipment

Property, plant and equipment comprise properties occupied for Sampo's own activities, office equipment, fixtures and fittings, and furniture. Classification of properties as those occupied for own activities and those for investment activities is based on the square metres in use. If the proportion of a property in Sampo's use is no more than 10 per cent, the property is classified as an investment property.

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses.

Improvement costs are added to the carrying amount of a property when it is probable that the future economic benefits that are attributable to the asset will flow to the entity. Costs for repairs and maintenance are recognised as expenses in the period in which they were incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. In most cases, the residual value is estimated at zero. Land is not depreciated. Estimates of useful life are reviewed at financial year-ends and the useful life is adjusted if the estimates change significantly. The estimated useful lives by asset class are as follows:

Buildings	20–50 years
Components of buildings	15–20 years
Property and leasehold improvements	4–10 years
IT equipment and motor vehicles	2–5 years
Other equipment	3–15 years

Depreciation of property, plant or equipment will be discontinued, if the asset in question is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Impairment of intangible assets and property, plant and equipment

At each reporting date the Group assesses whether there is any indication that an intangible asset or an item of property, plant or equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset. In addition, goodwill, intangible assets not yet available for use and intangible assets with an indefinite useful life will be tested for impairment annually, independent of any indication of impairment. For impairment testing the goodwill is allocated to the cash-generating units of the Group from the date of acquisition. In the test the carrying amount of the cash-generating unit, including the goodwill, is compared with its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated by estimating future net cash flows expected to be derived from an asset or a cash-generating unit, and by discounting them to their present value using a pre-tax discount rate. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognised in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

The impairment loss is reversed, if there has been a change in circumstances and the recoverable amount has changed after the recognition of the impairment loss, but no more than to the carrying amount which it would have been without recognition of the impairment loss. Impairment losses recognised for goodwill are not reversed.

Investment property

Investment property is held to earn rentals and for capital appreciation. The investment property is measured at fair value. The accounting principle has been changed from acquisition model to fair value model in the financial year 2021 in order to align the Group accounting principles. The Group has assessed that the change had an immaterial effect on the consolidated financial statements.

The fair value of investment property is estimated using methods based on estimates of future cash flows and market-based return expectations (cash flow models used for present value calculation) and comparison methods based on information from actual sales in the market. The valuation considers the characteristics of the property with respect to location, condition, lease situation and comparable market information regarding rents, yield requirements and unit prices. During the financial year, the valuations were conducted by using both the Group's internal resources and external independent surveyors.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation. If it is expected that some or all of the expenditure required to settle the provision will be reimbursed by another party, the reimbursement will be treated as a separate asset only when it is virtually certain that the Group will receive it.

Insurance and investment contracts

Insurance contracts are treated, in accordance with IFRS 4, either as insurance or investment contracts. Under the standard, insurance contracts are classified as insurance contracts if significant insurance risk is transferred between the policyholder and the insurer. If the risk transferred on the basis of the contract is essentially financial risk rather than significant insurance risk, the contract is classified as an investment contract. Classification of a contract as an insurance contract or investment contract determines the measurement principle applied to it.

Sampo treats the liabilities arising from contracts in the first phase of the standard according to the national accounting standards.

The risks involved in insurance and investment contracts are widely elaborated in the Group's note 36.

Reinsurance contracts

A reinsurance contract is a contract which meets the IFRS 4 requirements for insurance contracts and on the basis of which Sampo Group (the cedant) may receive compensation from another insurer (the reinsurer), if it becomes liable for paying compensation based on other insurance contracts it has issued. Such compensation received on the basis of reinsurance contracts is included in the balance sheet under 'Reinsurers' share of insurance liabilities' and 'Other assets'. The former item includes the reinsurers' share of the provisions for unearned premiums and claims outstanding in the Group's reinsured insurance contracts, while the latter includes short-term receivables from reinsurers.

When the Group itself has to pay compensation to another insurer on the basis of a reinsurance contract, the liability is recognised in the item 'Other liabilities'. Receivables and liabilities related to reinsurance are measured uniformly with the cedant's receivables and liabilities. Reinsurance receivables are tested annually for impairment. Impairment losses are recognised through profit or loss, if there is objective evidence indicating that the Group (as the cedant) will not receive all amounts of money it is entitled to on a contractual basis.

In addition, the Group companies have contracts where they share the insurance risk with a co-insurance partner. Where the Group is the secondary co-insurer, the Group only recognises its share of the premium as an insurance receivable and related claims liability. Where the Group acts as the lead co-insurer, the gross premium is recognised as an insurance receivable, with a related co-insurance payable to the co-insurer.

P&C insurance business

Classification of insurance contracts

In classifying insurance contracts and examining their related risks, embedded contracts are interpreted as one contract.

Other than insurance contracts, i.e. contracts where the risk is not transferred, include Captive contracts in which an insurance company underwrites a company's direct business and reinsures the same risk in an insurance company in the same group as the policyholder. There are also contracts in P&C insurance (Reverse Flow Fronting contracts) in which the insurance company grants insurance and then transfers the insurance risk to the final insurer. For both the above types of contract, only the net effect of the contract relationship is recognised in the income statement and balance sheet (instead of the gross treatment, as previously). The prerequisite for net treatment is that the net retention recognised on the contract is zero.

There are also contracts in P&C insurance in which the insurance risk is eliminated by a retrospective insurance premium, i.e. the difference between forecast and actual losses is evened out by an additional premium directly or in connection with the annual renewal of the insurance. The net cash flow from these contracts is recognised directly in the balance sheet, without recognising it first in the income statement as premiums written and claims incurred.

Insurance liabilities

Insurance liabilities are the net contractual obligations which the insurer has on the basis of insurance contracts. Insurance liabilities, consisting of the liability for unearned premiums and unexpired risks and for claims outstanding, correspond to the obligations under insurance contracts.

The liability for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force. In P&C insurance and reinsurance, the liability for unearned premiums is normally calculated on a strictly proportional basis over time, i.e. on a pro rata temporis basis. If premiums are judged to be insufficient to cover anticipated claims costs and operating expenses, the liability for unearned premiums must be augmented by a provision for unexpired risks. Calculation of the liability for unexpired risks must also take into account instalment premiums not yet due.

The liability for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company; i.e. the IBNR (incurred but not reported) provision. The liability for claims outstanding includes claims payments plus all estimated costs of claim settlements.

The liability for claims outstanding in direct P&C insurance and reinsurance may be calculated by statistical methods or through individual assessments of individual claims. Often a combination of the two methods is used, meaning large claims are assessed individually while small claims and claims incurred but not reported (the IBNR provision) are calculated using statistical methods.

In If, the liability for claims outstanding is not discounted to present value, with the exception of provisions for vested annuities. Topdanmark discounts the whole liability. In Hastings, the liability is not discounted, except for claims that have to do with certain large bodily injury. Mandatum does not discount anything.

Liability adequacy test

A liability adequacy test is performed separately for both the provision for claims outstanding and the provision for unearned premiums. The provision for claims outstanding is based on estimates of future cash flows. The estimates are made by using well-established actuarial methods.

The provision for unearned premiums is, for the most part, calculated on a strictly proportional basis over time (so called pro rata temporis principle). The adequacy of the provision for unearned premiums is tested by calculating a provision for unexpired risks for each company per business area and line of business. If the provisions are judged to be insufficient, the provision for unearned premiums is augmented by recognising a provision for unexpired risks.

Deferred acquisition costs

In the P&C insurance business, acquisition costs clearly relating to the writing of insurance contracts and extending beyond the financial year are recognised as assets in the balance sheet. Acquisition costs include operating expenses directly or indirectly attributable to writing insurance contracts, fees and commissions, marketing expenses and the salaries and overheads of sales staff. Acquisition costs are amortised in the same way as provisions for unearned premiums, usually in 12 months at the maximum.

Life insurance business

Classification of insurance contracts

Policies issued by the life insurance business are classified as either insurance contracts or investment contracts. Insurance contracts are contracts that carry significant insurance risk or contracts in which the policyholder has the right to change the contract by increasing the risk. As capital redemption contracts do not carry insurance risk, these contracts are classified as investment contracts.

The discretionary participation feature (DPF) of a contract is a contractual right held by a policyholder to receive additional benefits, as a supplement to the guaranteed minimum benefits. The supplements are bonuses based on the reserves of policies credited to the policy reserve, additional benefits in the case of death, or lowering of insurance premiums. In Mandatum, the principle of fairness specifies the application of this feature. In unit-linked contracts the policyholder carries the investment risk by choosing the investment funds linked to the contracts.

Measurement of insurance and investment contracts

In Mandatum, national accounting standards in accordance with IFRS 4 Insurance contracts are applied to all insurance contracts and investment contracts with DPF.

All contracts, except unit-linked contracts and the assumed reinsurance, include DPF. In those unit-linked contracts which are not insurance contracts, the policyholder has the possibility to transfer the return on savings from unit-linked schemes to guaranteed interest with DPF. Thus, the same standard is applied to these contracts as to contracts with DPF.

The surrender right, guaranteed interest and the unbundling of the insurance component from the deposit component and similar features are not separated and measured separately.

In Mandatum, regarding the group pension portfolio transferred from Suomi Mutual (= segregated portfolio), a so-called shadow accounting is applied, as permitted in IFRS 4.30, by adjusting the equity with the amount of unrealised gains and losses of the agreement. The equity is adjusted with an amount that unrealised gains or losses would have affected the Segregated Portfolio in accordance with the profit distribution policy of the Segregated Portfolio, if the gains or losses had been realised at the balance sheet date.

In Topdanmark unit-linked contracts include both insurance and investment contracts. Insurance contracts are measured in accordance with IFRS 4. Investment contracts, on the other hand, are measured in accordance with IAS 39 *Financial Instruments*: Recognition and Measurement. Investment contracts do not include discretionary participation feature.

All unit-linked insurance contracts are payable on demand at market value. In case of death, 101 per cent of the amount is payable. This feature is considered an insignificant insurance risk, and the contracts are categorised and measured as investment contracts. There are no other surrender rights and values to take into consideration.

Insurance and investment contract liabilities and reinsurance assets

Liabilities arising from insurance and investment contracts consist of provisions for unearned premiums and outstanding claims. In the life insurance business, various methods are applied in calculating liabilities which involve assumptions on matters such as mortality, morbidity, the yield level of investments, future operating expenses and the settlement of claims.

Changes in the liabilities of reinsurance have been calculated at variable rates of exchange.

In direct insurance, the insurance liability is calculated by policy, while in reinsurance it is calculated on the basis of the reports of the ceding company or the company's own bases of calculation.

The interest rate used in discounting liabilities is, at most, the maximum rate accepted by the authorities in each country.

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company (the "IBNR" provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

The amounts of short- and long-term liabilities in technical provisions are determined annually.

Liability adequacy test

A liability adequacy test is applied to all portfolios and the need for augmentation is checked, company by company, on the basis of the adequacy of the whole technical provisions. The test includes all the expected contractual cash flows for non-unit-linked liabilities. The expected contractual cash flows include expected premiums, claims, bonuses and expenses. The claims have been estimated including surrenders and other insurance transactions based on historical data. The amounts of claims include the guaranteed interest and an estimation of future bonuses. The present values of the cash flows have been discounted to the balance sheet date.

For the unit-linked business, the present values of the insurance risk and expense results are calculated correspondingly. If the aggregate amount of the liability for the unit-linked and other business presumes an augmentation, the liability is increased by the amount shown by the test and recognised in profit or loss.

Principle of fairness

According to Chapter 13, Section 2 of the Finnish Insurance Companies' Act, the Principle of Fairness must be observed in life insurance and investment contracts with a discretionary participation feature. If the solvency requirements do not prevent it, a reasonable part of the surplus has to be returned to these policies as bonuses.

Mandatum aims at giving a total return before charges and taxes on the original insurance portfolio's policyholders' savings in contracts with DPF that is at least the yield of those long-term bonds, which are considered to have lowest risk. The total return consists of the guaranteed interest rate and bonuses determined annually. Continuity is pursued in the level of bonuses.

Employee benefits

Post-employment benefits

Post-employment benefits include pensions and life insurance.

Sampo has defined benefit plans in Sweden and Norway, and defined contribution plans in other countries. The most significant defined contribution plan is that arranged through the Employees' Pensions Act (TyEL) in Finland.

In the defined contribution plans, the Group pays fixed contributions to a pension insurance company and has no legal or constructive obligation to pay further contributions. The obligations arising from a defined contribution plan are recognised as an expense in the period that the obligation relates to.

In the defined benefit plans, the company still has obligations after paying the contributions for the financial period and bears their actuarial and/or investment risk. The obligation is calculated separately for each plan using the projected unit credit method. In calculating the amount of the obligation, actuarial assumptions are used. The pension costs are recognised as an expense for the service period of employees.

Defined benefit plans are both funded and unfunded. The amounts reported as pension costs during a financial year consist of the actuarially calculated earnings of old-age pensions during the year, calculated straight-line, based on pensionable income at the time of retirement. The calculated effects in the form of interest expense for crediting/appreciating the preceding years' established pension obligations are then added. The calculation of pension costs during the financial year starts at the beginning of the year and is based on assumptions about such factors as salary growth and price inflation throughout the duration of the obligation and on the current market interest rate adjusted to take into account the duration of the pension obligations.

The current year pension cost and the net interest of the net liability is recognised through p/l in pension costs. The actuarial gains and losses and the return of the plan assets (excl. net interest) are recognised as a separate item in other comprehensive income.

The fair value of the plan assets covered by the plan is deducted from the present value of future pension obligations and the remaining net liability (net asset) is recognised separately in the balance sheet.

The Group has also certain voluntary defined benefit plans. These are intra-Group and have no material significance.

Termination benefits

An obligation based on termination of employment is recognised as a liability when the Group is verifiably committed to terminate the employment of one or more persons before the normal retirement date or to grant benefits payable upon termination as a result of an offer to promote voluntary redundancy. As no economic benefit is expected to flow to the employer from these benefits in the future, they are recognised immediately as an expense. Obligations maturing more than 12 months later than the balance sheet date are discounted. The benefits payable upon termination at Sampo are the monetary and pension packages related to redundancy.

Share-based payments

During the financial year, Sampo had four valid share-based incentive schemes settled in cash (the long-term incentive schemes 2017 I, 2017 II, 2020 I and 2020 II for the management and key employees). Topdanmark had one mainly share-settled incentive scheme for the executive board and senior executives during the financial year. Hastings had also a share-based incentive scheme settled in cash during the financial year.

More information on the different incentive schemes of the Group companies in note 31 Incentive schemes.

The schemes have been measured at fair value at the grant date and at every reporting date thereafter.

In the schemes settled in cash, the valuation is recognised as a liability and changes recognised through profit or loss.

In the schemes settled in shares, the strike amounts received on the exercise of the options are recognised in the shareholder's equity.

The fair value of the schemes has to a large extent been determined using the Black-Scholes pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of incentive units to be paid as a reward. The effects of non-market-based terms are not included in the fair value of the incentive; instead, they are taken into account in the number of those incentive units that are expected to be exercised during the vesting period. In this respect, the Group will update the assumption on the estimated final number of incentive units at every interim or annual balance sheet date.

Income taxes

Item Tax expenses in the income statement comprise current and deferred tax. Tax expenses are recognised through profit or loss, except for items recognised directly in equity or other comprehensive income, in which case the tax effect will also be recognised those items. Current tax is calculated based on the valid tax rate of each country. Tax is adjusted by any tax related to previous periods.

Deferred tax is calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax is not recognised on non-deductible goodwill impairment, and nor is it recognised on the undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities and assets are offset in the individual companies, if, and only if, they relate to income taxes levied by the same taxation authority and the company has a legally enforceable right of offset them.

Deferred tax is calculated by using the enacted tax rates prior to the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which a temporary difference can be utilised.

Share capital

The incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are included in equity as a deduction, net of tax, from the proceeds.

Dividends are recognised in equity in the period when they are approved by the Annual General Meeting. When the parent company or other Group companies purchase the parent company's equity shares, the consideration paid is deducted from the equity as treasury shares until they are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in equity.

Treasury shares

The purchase price paid for buy-back of treasury shares (own shares) is directly deducted from equity. No gains or losses are recognised from purchase, sale or cancellation of own shares. If own shares are re-issued, difference between purchase price and consideration received is recognised in premium reserve.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits (3 months).

Sampo presents cash flows from operating activities using the indirect method in which the profit (loss) before taxation is adjusted for the effects of transactions of a non-cash nature, deferrals and accruals, and income and expense associated with investing or financing cash flows.

In the cash flow statement, interest received and paid is presented in cash flows from operating activities. In addition, the dividends received are included in cash flows from operating activities. Dividends paid are presented in cash flows from financing.

Accounting policies requiring management judgement and key sources of estimation uncertainties

Preparation of the accounts in accordance with the IFRS requires management estimates and assumptions that affect the revenue, expenses, assets, liabilities and contingent liabilities presented in the financial statements. Judgement is needed also in the application of accounting policies. The estimates made are based on the best information available at the balance sheet date. The estimation is based on historical experiences and most probable assumptions concerning the future at the balance sheet date. The actual outcome may deviate from results based on estimates and assumptions. Any changes in the estimates will be recognised in the financial year during which the estimate is reviewed and in all subsequent periods.

Sampo's main assumptions concerning the future and the key uncertainties related to balance sheet estimates are related, for example, to assumptions used in actuarial calculations, determination of fair values of non-quoted financial assets and liabilities and investment property and determination of the impairment of financial assets and intangible assets. From Sampo's perspective, accounting policies concerning these areas require most significant use of estimates and assumptions.

Actuarial assumptions

Evaluation of insurance liabilities always involves uncertainty, as technical provisions are based on estimates and assumptions concerning future claims costs. The estimates are based on statistics on historical claims available to the Group on the balance sheet date. The uncertainty related to the estimates is generally greater when estimating new insurance portfolios or portfolios where clarification of a loss takes a long time because complete claims statistics are not yet available. In addition to the historical data, estimates of insurance liabilities take into consideration other matters such as claims development, the amount of unpaid claims, legislative changes, court rulings and the general economic situation.

A substantial part of the Group's P&C insurance liabilities concerns statutory accident and traffic insurance. The most significant uncertainties related to the evaluation of these liabilities are assumptions about inflation, mortality, discount rates and the effects of legislative revisions and legal practices.

The actuarial assumptions applied to life insurance liabilities are discussed in more detail under 'Insurance and investment contract liabilities and reinsurance assets'.

Defined benefit plans as intended in IAS 19 are also estimated in accordance with actuarial principles. As the calculation of a pension plan reserve is based on expected future pensions, assumptions must be made not only of discount rates, but also of matters such as mortality, employee turnover, price inflation and future salaries.

Determination of fair value

The fair value of any non-quoted financial assets is determined using valuation methods that are generally accepted in the market. These methods are discussed in more detail above under 'Fair value'.

During the financial year, fair values of investment property have partially been determined by using internal resources on the basis of comparative information derived from the market. They include management assumptions concerning market return requirements and the discount rate applied.

Impairment tests

Goodwill, intangible assets not yet available for use, and intangible assets with an indefinite useful life are tested for impairment at least annually. The recoverable amounts from cash-generating units have mainly been determined using calculations based on the value in use. These require management estimates on matters such as future cash flows, the discount rate, and general economic growth and inflation.

Consolidating Topdanmark as a subsidiary

According to IFRS 10 *Consolidated Financial Statements* an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

On 30 September 2017 Sampo's ownership of Topdanmark AS's shares was 44.2 per cent and 49.1 per cent of votes. Then Sampo's management considered thoroughly all facts and circumstances required by the standard in assessing whether Sampo controlled Topdanmark and concluded to consolidate Topdanmark as a subsidiary in the consolidated financial statements. Consideration included, among other things, the fact that Sampo was the biggest individual investor and Sampo was not aware of any agreements between the other investors.

In addition, it was considered that Sampo had the power to direct Topdanmark's relevant activities, i.e. the activities that significantly affect the investee's returns. At the time of assessment, Sampo had three members in Topdanmark's Board of Directors, one of them being the Chairman. In total, there are 9 members in Topdanmark's Board and 50 per cent of votes is required for the decision making according to the articles of association. However, Sampo has the right, at its discretion, to convene an extraordinary general meeting to change the composition of the board of directors and therefore gain the majority of voting rights on the board of directors.

Non-current assets held for sale

In February 2021, Sampo's Board of Directors announced an intention statement to materially reduce Sampo's holding in Nordea over the following 18 months. In October 2021, Nordea's shares were classified to non-current assets held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*. The decision for reclassification was based on Sampo's management's assumptions that the book value will be recovered principally through a sale transaction. In accordance with the view of Sampo's management, the shares are available for immediate sale and the sale is highly probable within 12 months from the reclassification.

Additional information on the reclassification in note 34 Non-current assets held for sale.

Application of new or revised IFRSs and interpretations

The Group will apply the following new or amended standards and interpretations related to the Group's business in later financial years when they become effective, or if the effective date is other than the beginning of the financial year, during the financial year following the effective date. The following new IFRSs will have an influence on the Group reporting processes:

- IFRS 17 *Insurance Contracts*
- IFRS 9 *Financial Instruments*

IFRS 17 Insurance Contracts (effective for annual periods beginning on 1 Jan 2023 or after)

The IASB published the IFRS 17 *Insurance Contracts* on 18 May 2017. IFRS 17 and the June 2020 amendments were adopted by European Union on 19 November 2021, except for an optional exemption from applying annual cohort requirement for groups of contracts. Sampo Group is not planning to apply the exemption.

IFRS 17 will replace the current IFRS 4 *Insurance Contracts* and establishes principles for the recognition, measurement, presentation, and disclosures of insurance contracts. IFRS 17 is applied to insurance contracts, reinsurance contracts as well as to certain investment contracts with discretionary participation features. The objective of the standard is to provide relevant information for the users of financial statements that faithfully presents the insurance contracts and to harmonise the measurement of insurance liabilities.

Under IFRS 17 the measurement of insurance contracts is based on the general measurement model applicable to all insurance contracts to measure insurance contract liabilities. Under the general model insurance contracts are measured based on present value of future cash flows, adjusted to reflect the time value of money, including a risk adjustment and a contractual service margin. The contractual service margin represents the unearned profit that will be recognised in the statement of profit or loss when services are provided during future periods. At reporting date, the fulfilment cash flows are remeasured using current assumptions.

Also, under IFRS 17 the variable fee approach is to be applied to direct participating insurance contracts. The variable fee approach represents a modification from the general measurement model where the treatment of CSM is modified.

When certain criteria are met, insurers may apply a simplified approach, premium allocation approach (PAA), for measurement of insurance contracts. Under this approach, the measurement of liability for remaining coverage is based on premiums received, which represents a simplification of the general measurement model. Premium allocation approach is eligible to insurance contracts with a coverage period of one year or less, or for contracts where the measurement based on this approach (PAA) would not differ materially from the measurement achieved under the general measurement model.

Sampo Group will continue to assess the impacts of IFRS 17 during the financial year 2022. Based on a preliminary analysis, the premium allocation approach will be applied in the non-life companies. All three measurement models are likely to be applied in the life companies of Sampo Group. The variable fee approach will mainly be applied to unit-linked insurance contracts. Implementation of IFRS 17 is expected to have a major impact on the presentation and disclosures of the financial statements.

On transition to IFRS 17 a full retrospective approach and restatement of previous year's comparatives is required. However, if the application of a full retrospective approach is impracticable, then both a modified retrospective approach and a fair value approach may be applied. Based on a preliminary assessment, a full retrospective approach is anticipated to be applied in the Group's non-life companies whereas all transition methods are expected to be applied in the Group's life companies.

Sampo Group continues the process development to meet the IFRS 17 reporting requirements. The focus is on the development of both actuarial and financial reporting processes.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* standard (effective for annual periods beginning on 1 Jan 2018 or after) supersedes IAS 39 *Financial Instruments: Recognition and Measurement*. Sampo is going to utilise the temporary exception option, outlined in the following paragraph, and apply the standard on the annual period beginning on 1 Jan 2023. The comparative period 2022 will not be restated. The new standard changes the classification and measurement of financial assets and includes a new impairment model based on expected credit losses.

IFRS 17 *Insurance Contracts* (effective for annual periods beginning on 1 Jan 2023 or after) superseding IFRS 4 *Insurance contracts*, will have an impact on the insurance liabilities valuation, and as a result, the insurance companies have been given additional options regarding the adoption of IFRS 9. If certain preconditions regarding the insurance liabilities are met, the company may apply the so-called temporary exception option and defer the implementation until the adoption of IFRS 17, at the latest on annual period beginning on 1 Jan 2023. The temporary exemption may be applied, if the Group's amount of insurance liabilities is greater than 90 per cent of the total amount of liabilities. The application is also possible, if the ratio is greater than 80 per cent, and the Group does not engage in a significant activity unconnected with insurance. Another allowed option was to apply IFRS 9 from 1 Jan 2018 on, but to remove some of the accounting mismatches, caused by the different valuation methods of assets and liabilities, from the income statement and transfer them to other comprehensive income.

The Group has analysed the preconditions for applying the temporary exemption and stated that they are met. Therefore, the Group will apply the exemption and apply IFRS 9 *Financial Instruments* at the same time with the upcoming IFRS 17 *Insurance contracts*. The implementation of IFRS 9 is not expected to have a material impact on the Group's balance sheet, as the main part of financial assets is currently booked at fair value in the balance sheet, as will be the case also under IFRS 9.

Segment information

Geographical information has been disclosed about income from external customers and non-current assets. The reported areas are Finland, Sweden, Norway, Denmark, UK and the Baltic countries.

Segment information has been produced in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements. The segment revenue, expense, assets and liabilities, either directly attributable or reasonably allocable, have been allocated to the segments. Inter-segment pricing is based on market prices. The transactions, assets and liabilities between the segments are eliminated in the consolidated financial statements on a line-by-line basis. There was no significant income between segments during the financial periods.

Depreciation and amortisation by segment are disclosed in notes 10–12 and investments in associates in note 13.

Consolidated comprehensive income statement by business segment for year ended 31 December 2021

EURm	If	Topdanmark	Hastings	Mandatum	Holding	Elimination	Group
Insurance premiums written	4,855	2,694	495	1,367	—	—	9,411
Net income from investments	215	1,359	10	1,831	146	-12	3,549
Other operating income	121	1	331	40	12	-14	491
Claims incurred	-2,860	-1,947	-310	-1,127	—	5	-6,239
Change in liabilities for insurance and investment contracts	-83	-1,398	4	-1,642	—	-4	-3,123
Staff costs	-635	-294	-159	-65	-25	—	-1,179
Other operating expenses	-511	-138	-237	-100	-5	14	-976
Finance costs	-18	-11	-7	-14	-107	12	-146
Share of associates' profit/loss	-7	79	—	1	328	—	401
Valuation difference on disposal of associate shares	—	—	—	—	84	—	84
Reversal of impairment loss on Nordea shares	—	—	—	—	899	—	899
Profit for the financial year before taxes	**1,077**	**346**	**127**	**291**	**1,331**	**0**	**3,171**
Taxes	-227	-76	-37	-60	-23	—	-423
Profit for the financial year	**850**	**270**	**89**	**231**	**1,308**	**0**	**2,748**

EURm	If	Topdanmark	Hastings	Mandatum	Holding	Elimination	Group
Other comprehensive income for the financial year							
Items reclassifiable to profit or loss							
Exchange differences	-11	2	101	—	-12	—	80
Available-for-sale financial assets	242	—	-18	132	104	—	460
Share of associates' other comprehensive income	—	—	—	—	186	—	186
Taxes	-49	—	—	-25	-9	—	-83
Total items reclassifiable to profit or loss, net of tax	**182**	**2**	**83**	**106**	**269**	**—**	**643**
Items not reclassifiable to profit or loss							
Actuarial gains and losses from defined pension plans	73	—	—	—	—	—	73
Taxes	-15	—	—	—	—	—	-15
Total items not reclassifiable to profit or loss, net of tax	58	—	—	—	—	—	58
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**1,090**	**272**	**172**	**338**	**1,577**	**0**	**3,448**
Profit attributable to							
Owners of the parent							2,567
Non-controlling interests							181
Total comprehensive income attributable to							
Owners of the parent							3,272
Non-controlling interests							176

Consolidated comprehensive income statement by business segment for year ended 31 December 2020

EURm	If	Topdanmark	Hastings 16 Nov–31 Dec	Mandatum	Holding	Elimination	Group
Insurance premiums written	4,589	2,709	27	1,051	—	—	8,375
Net income from investments	126	677	1	587	4	-12	1,383
Other operating income	103	2	39	26	17	-31	155
Claims incurred	-2,720	-1,592	-53	-1,089	—	12	-5,443
Change in liabilities for insurance and investment contracts	-105	-1,201	36	-272	—	-12	-1,554
Staff costs	-576	-293	-22	-53	-17	—	-960
Other operating expenses	-498	-134	-43	-82	-28	31	-754
Finance costs	-18	-14	-1	-12	-79	12	-112
Share of associates' profit/loss	0	12	—	0	439	—	451
Valuation difference on disposal of Nordea shares	—	—	—	—	-262	—	-262
Impairment loss on Nordea shares	—	—	—	—	-899	—	-899
Profit for the financial year before taxes	**901**	**167**	**-16**	**154**	**-826**	**0**	**380**
Taxes	-195	-38	3	-37	0	—	-267
Profit for the financial year	**706**	**129**	**-13**	**117**	**-826**	**0**	**112**

EURm	If	Topdanmark	Hastings 16 Nov–31 Dec	Mandatum	Holding	Elimination	Group
Other comprehensive income for the financial year							
Items reclassifiable to profit or loss							
Exchange differences	59	5	-1	0	10	0	74
Available-for-sale financial assets	124	—	2	120	13	—	259
Share of other comprehensive income of associates	—	—	—	—	40	—	40
Taxes	-23	—	—	-24	-3	—	-50
Total items reclassifiable to profit or loss, net of tax	**160**	**5**	**1**	**96**	**60**	**—**	**322**
Items not reclassifiable to profit or loss							
Actuarial gains and losses from defined pension plans	0	—	—	—	—	—	0
Taxes	0	—	—	—	—	—	0
Total items not reclassifiable to profit or loss, net of tax	**0**	**—**	**—**	**—**	**—**	**—**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**866**	**134**	**-13**	**213**	**-766**	**0**	**434**
Profit attributable to							
Owners of the parent							37
Non-controlling interests							75
Total comprehensive income attributable to							
Owners of the parent							359
Non-controlling interests							75

Consolidated balance sheet by business segment at 31 December 2021

EURm	If	Topdanmark	Hastings	Mandatum	Holding	Elimination	Group
Assets							
Property, plant and equipment	196	121	26	28	4	—	375
Investment property	1	394	—	173	—	—	568
Intangible assets	629	1,387	1,606	171	1	—	3,794
Investments in associates	17	313	—	1	447	—	777
Financial assets	11,088	5,493	966	4,427	7,654	-6,308	23,321
Investments related to unit-linked insurance contracts	—	9,164	—	10,558	—	-11	19,711
Deferred tax assets	4	12	27	—	—	-4	39
Reinsurers' share of insurance liabilities	322	91	1,880	1	—	—	2,295
Other assets	1,873	258	639	157	55	-4	2,977
Cash and cash equivalents	521	153	159	954	3,031	—	4,819
Non-current assets held for sale	—	—	—	196	2,189	—	2,385
Total assets	**14,651**	**17,385**	**5,305**	**16,668**	**13,380**	**-6,328**	**61,061**
Liabilities							
Liabilities for insurance and investment contracts	9,034	5,311	2,787	3,236	—	—	20,369
Liabilities for unit-linked insurance and investment contracts	—	9,036	—	10,525	—	-11	19,550
Subordinated debt	243	255	—	349	1,487	-320	2,016
Other financial liabilities	8	83	329	29	1,881	—	2,330
Deferred tax liabilities	353	151	143	167	40	—	855
Provisions	9	—	—	—	—	—	9
Employee benefits	26	—	—	—	—	—	26
Other liabilities	1,018	452	447	237	96	-4	2,246
Liabilities related to non-current assets held for sale	—	—	—	196	—	—	196
Total liabilities	**10,690**	**15,289**	**3,706**	**14,741**	**3,505**	**-335**	**47,597**

EURm	Group
Equity	
Share capital	98
Reserves	1,530
Retained earnings	9,952
Other components of equity	1,208
Equity attributable to parent company's equity holders	**12,788**
Non-controlling interests	676
Total equity	**13,464**
Total equity and liabilities	**61,061**

Consolidated balance sheet by business segment at 31 December 2020

EURm	If	Topdanmark	Hastings	Mandatum	Holding	Elimination	Group
Assets							
Property, plant and equipment	183	127	25	30	6	—	371
Investment property	2	529	—	135	—	—	666
Intangible assets	654	1,420	1,526	160	1	—	3,761
Investments in associates	22	234	—	1	5,113	—	5,370
Financial assets	10,786	7,113	778	4,839	6,290	-5,387	24,420
Investments related to unit- linked insurance contracts	—	6,047	—	8,805	—	-16	14,837
Deferred tax assets	22	4	27	—	—	-4	49
Reinsurers' share of insurance liabilities	283	73	1,464	1	—	—	1,821
Other assets	1,833	275	467	107	60	-28	2,714
Cash and cash equivalents	405	114	198	682	1,120	—	2,520
Total assets	**14,189**	**15,937**	**4,485**	**14,760**	**12,591**	**-5,434**	**56,529**
Liabilities							
Liabilities for insurance and investment contracts	8,833	5,339	2,263	3,521	—	—	19,956
Liabilities for unit-linked insurance and investment contracts	—	7,536	—	8,765	—	-16	16,285
Subordinated debt	408	235	—	349	1,486	-320	2,158
Other financial liabilities	44	136	299	3	2,452	—	2,935
Deferred tax liabilities	281	161	118	139	17	—	717
Provisions	20	—	—	—	—	—	20
Employee benefits	98	—	—	—	—	—	98
Other liabilities	1,002	465	326	247	90	-28	2,102
Total liabilities	**10,685**	**13,872**	**3,007**	**13,024**	**4,045**	**-364**	**44,271**

EURm	Group
Equity	
Share capital	98
Reserves	1,530
Retained earnings	9,282
Other components of equity	508
Equity attributable to parent company's equity holders	**11,418**
Non-controlling interests	840
Total equity	**12,258**
Total equity and liabilities	**56,529**

Geographical information

EURm	Finland	Sweden	Norway	Denmark	UK	Baltic	Total
2021							
Revenue from external customers	2,485	1,684	1,518	3,211	841	183	**9,922**
Non-current assets	493	944	211	2,228	1,632	7	**5,515**
2020							
Revenue from external customers	1,998	1,590	1,352	3,216	102	170	**8,429**
Non-current assets	5,262	809	211	2,330	1,551	4	**10,168**

The revenue includes insurance premiums according to the underwriting country, consisting of premiums earned for P&C insurance and premiums written for life insurance. Holding includes net investment income and other operating income. For Hastings, income from broker activities has been included as well.

Non-current assets comprise of intangible assets, investments in associates, property, plant and equipment, and investment property.

Material partly-owned subsidiaries

		Equity interest held by non-controlling interests	
Name	**Country**	**2021**	**2020**
Topdanmark A/S	Denmark	50.6	52.0
Hastings Group (Consolidated) Limited *)	United Kingdom	–	30.0
Accumulated balances of material non-controlling interests			
Topdanmark A/S		676	650
Hastings Group Holdings Plc		–	189

*) Acquisition of non-controlling interests in Hastings

On December 8 2021, Sampo plc announced that it had signed an agreement with Rand Merchant Investment Holdings Limited (RMI) to acquire its ownership in Hastings. Under the terms of the agreement, Sampo paid GBP 685 million (approx. EUR 806 million) for RMI's 30 per cent non-controlling interest in Hastings and the option held by RMI to acquire 10 per cent of Hastings' share capital from Sampo by May 2022. The purchase consideration was paid and the transaction completed later on the same day.

The difference between the carrying amount and the fair value of the non-controlling interests approximately EUR -590 million was recognised directly in the equity of the parent company shareholders.

The summarised financial information

Figures are before inter-company eliminations. The table presents the non-controlling interests' share of Topdanmark and Hastings. Amounts before the separation of non-controlling interests can be seen in the Group's segment income statement and balance sheet.

Non-controlling interests' share of the income statement

	2021		2020	
EURm	Hastings	Topdanmark	Hastings 16 Nov–31 Dec	Topdanmark
Insurance premiums written	148	1,362	8	1,408
Net income from investments	3	687	0	352
Other operating income	99	1	12	1
Claims incurred	-93	-985	-16	-828
Change in liabilities for insurance and investment contracts	1	-707	11	-624
Staff costs	-48	-148	-6	-152
Other operating expenses	-60	-56	-11	-56
Finance costs	-2	-6	0	-7
Share of associates' profit/loss	—	40	—	6
Profit for the financial year before taxes	**48**	**189**	**-3**	**101**
Taxes	-13	-42	0	-23
Profit for the financial year attributable to non-controlling interests	**34**	**147**	**-3**	**78**

Non-controlling interests' share of the balance sheet

	2021	2020	
EURm	Topdanmark	Hastings	Topdanmark
Assets			
Property, plant and equipment	61	8	66
Investment property	199	—	275
Intangible assets	272	204	314
Investments in associates	158	—	122
Financial assets	2,777	233	3,699
Investments related to unit-linked insurance	4,634	—	3,145
Tax assets	6	8	2
Reinsurers' share of insurance liabilities	46	439	38
Other assets	131	140	143
Cash and cash equivalents	77	59	59
Total assets	**8,361**	**1,091**	**7,863**
Liabilities			
Liabilities for insurance and investment contracts	2,686	679	2,776
Liabilities for unit-linked insurance and investment contracts	4,569	—	3,918
Subordinated debt	129	—	122
Other financial liabilities	42	90	71
Tax liabilities	31	36	83
Other liabilities	228	98	242
Total liabilities	**7,685**	**902**	**7,212**
Total equity attributable to non-controlling interests	**676**	**189**	**650**

	Hastings	Topdanmark	Hastings 16 Nov–31 Dec	Topdanmark
Dividends paid to non-controlling interests	**14**	**123**	**—**	**52**
Cash flows allocated to non-controlling interests	**-15**	**20**	**2**	**21**

Other notes to Group's financial statements 1–36

1 Insurance premiums written

EURm	2021	2020
P&C insurance	7,645	6,242
Life insurance		
Insurance contracts	1,763	1,815
Investment contracts	1,004	716
Insurance premiums written, gross	**10,412**	**8,773**
Reinsurers' share		
P&C insurance	-993	-390
Life insurance, insurance contracts	-9	-8
Reinsurers' share, total	**-1,002**	**-398**
Group insurance premiums written total, net [1]	**9,411**	**8,375**

[1] *The change in unearned premiums is presented in note 5, Change in liabilities for insurance and investment contracts.*

2 Net income from investments

If

EURm	2021	2020
Financial asset		
Derivative financial instruments		
Gains/losses	-20	-7
Loans and receivables		
Interest income	8	10
Financial assets available-for-sale		
Debt securities		
Interest income	142	148
Impairment losses	—	-69
Reversal of impairment losses	12	—
Gains/losses	26	-4
Exchange differences	1	-3
Equity securities		
Gains/losses	50	110
Impairment losses	-6	-44
Dividend income	48	29
Total	**273**	**167**
Total from financial assets	**262**	**170**
Other assets		
Investment properties		
Gains/losses	1	0
Expenses on other than financial liabilities	-7	-4
Effect of discounting annuities	-21	-22
Fee and commission expenses		
Asset management	-20	-17
If, total	**215**	**126**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 80 (-12) transferred from the fair value reserve.

Topdanmark

EURm	2021	2020
Financial asset		
Derivative financial instruments		
Gains/losses	-95	139
Financial assets for trading		
Debt securities		
Interest income	89	92
Gains/losses	-94	-36
Equity securities		
Gains/losses	116	9
Dividend income	34	11
Total	**144**	**76**
Investments related to unit-linked contracts		
Debt securities		
Interest income	118	86
Gains/losses	17	-102
Equity securities		
Gains/losses	812	199
Dividend income	56	48
Derivatives		
Interest income	-7	-21
Gains/losses	324	346
Other financial assets		
Gains/losses	65	22
Total	**1,384**	**580**
Loans and receivables		
Interest income	11	-8
Total from financial assets	**1,443**	**786**

EURm	2021	2020
Net income from investment property	64	31
Pension tax returns	-205	-83
Effect of discounting annuities, insurance liabilities	68	-50
Other expenses related to investment activities	-11	-7
Topdanmark, total	**1,359**	**677**

Hastings

EURm	2021	16 Nov–31 Dec 2020
Financial asset		
Financial assets available-for-sale		
Debt securities		
Interest income	9	1
Gains/losses	1	0
Total	**10**	**1**
Hastings, total	**10**	**1**

Mandatum

EURm	2021	2020
Financial asset		
Derivative financial instruments		
Gains/losses	-40	26
Investments related to unit-linked contracts		
Debt securities		
Interest income	26	8
Gains/losses	25	8
Equity securities		
Gains/losses	1,297	316
Dividend income	76	49
Loans and receivables		
Interest income	-2	-1
Gains/losses	2	-1
Other financial assets		
Gains/losses	1	18
Total	**1,425**	**397**
Loans and receivables		
Interest income	3	2
Exchange differences	3	-4
Total	**7**	**-2**

EURm	2021	2020
Financial assets available-for-sale		
Debt securities		
Interest income	69	72
Gains/losses	14	7
Impairment losses	—	4
Reversal of impairment losses	-4	0
Exchange differences	9	-9
Equity securities		
Gains/losses	204	122
Impairment losses	-8	-90
Dividend income	108	50
Total	**393**	**156**
Total financial assets	**1,785**	**577**
Other assets		
Investment properties		
Gains/losses	44	0
Impairment losses	-9	—
Other	2	0
Total	**38**	**0**
Net fee income		
Asset management	-24	-14
Fee income	32	23
Total	**8**	**9**
Mandatum, total	**1,831**	**587**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 254 (94) transferred from the fair value reserve.

Holding

EURm	2021	2020
Financial assets		
Derivative financial instruments		
Gains/losses	11	3
Loans and receivables	-9	-1
Financial assets available-for-sale		
Debt securities		
Interest income	16	19
Exchange differences	6	-10
Equity securities		
Gains/losses	83	24
Impairment losses	—	-36
Dividend income	36	6
Total	**142**	**3**
Total financial assets	**144**	**5**
Other assets	1	0
Holding, total	**146**	**4**

Included in gains/losses from financial assets available for-sale is a net gain of EURm 83 (-14) transferred from the fair value reserve.

EURm	2021	2020
Elimination items between segments	-12	-12
Group net investment income, total	**3,549**	**1,383**

Other income and expenses comprise rental income, maintenance expenses and depreciation of investment property. All the income and expenses arising from investments are included in Net income from investments. Gains/losses include realised gains/losses on sales and unrealised and realised changes in fair values. Unrealised fair value changes for financial assets available-for-sale are recorded in other comprehensive income and presented in the fair value reserve in equity. The changes in the fair value reserve are disclosed in the Statement of changes in equity. The effect of discounting annuities in P&C insurance is disclosed separately. The provision for annuities is calculated in accordance with actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future return on investments into account. To cover the costs for upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return on investments is added to annuity results.

3 Other operating income

EURm	2021	2020
Other income	259	37
Other technical income	121	103
Income related to broker-activities	110	14
Group other operating income, total	**491**	**155**

Other technical income consists of income in insurance operations that does not involve the transfer of insurance risk, such as sales commission and services for administration, claims settlement, etc. in insurance contracts on behalf of other parties.

Furthermore, other operating income includes income from roadside assistance services provided by If's subsidiary Viking Assistance Group AS, which are recognised when roadside assistance has been provided. In Sampo Group, the amount of income in insignificant.

4 Claims incurred

EURm	2021	2020
Claims paid		
P&C insurance	-4,444	-3,743
Life insurance		
Insurance contracts	-1,780	-1,479
Investment contracts	-519	-487
Claims paid, gross	**-6,742**	**-5,709**
Reinsurers' share		
P&C insurance	591	625
Life insurance, insurance contracts	1	2
Reinsurers's share, total	**593**	**627**
Claims paid total, net	**-6,149**	**-5,082**
Change in claims provision		
P&C insurance	-346	-9
Life insurance, insurance contracts	-30	29
Change in claims provision, gross	**-376**	**20**
Reinsurers' share		
P&C insurance	286	-382
Life insurance, insurance contracts	0	0
Reinsurers's share, total	**286**	**-381**
Change in claims provision, net	**-90**	**-361**
Group claims incurred, total	**-6,239**	**-5,443**

5 Change in liabilities for insurance and investment contracts

EURm	2021	2020
Change in unearned premium provision		
P&C insurance	-108	-88
Life insurance		
Insurance contracts	-1,736	-1,073
Investment contracts	-1,303	-406
Total change in liabilities, gross	**-3,147**	**-1,568**
Reinsurers' share		
P&C insurance	24	15
Group change in liabilities for insurance and investment contracts total, net	**-3,123**	**-1,554**

6 Staff costs

EURm	2021	2020
Wages and salaries	-843	-707
Cash-settled share-based payments	-44	-5
Share-settled share-based payments	-10	-9
Pension costs		
defined contribution plans	-100	-89
defined benefit plans (Note 26)	-13	-13
Other social security costs	-168	-136
Group staff costs, total	**-1,179**	**-960**

More information on share-based payments is in note 31 Incentive schemes.

7 Other operating expenses

EURm	2021	2020
IT costs	-217	-198
Other staff costs	-56	-47
Marketing expenses	-63	-57
Depreciation and amortisation	-135	-95
Depreciation on RoU assets	-24	-25
Rental expenses *)	-41	-36
Change in deferred acquisition costs	0	-8
Direct insurance commissions	-159	-154
Commissions on reinsurance ceded	35	31
Other	-316	-163
Group other operating expenses, total	**-976**	**-754**

**) From leases on which exemptions for not recognising lease liabilities in the balance sheet is applied in accordance with IFRS 16.*

Item Other includes e.g. expenses related to communication, external services and other administrative expenses.

8 Earnings per share

EURm	2021	2020
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	2,567	37
Weighted average number of shares outstanding during the financial year *)	554	555
Earnings per share (EUR per share)	4.63	0.07

**) The weighted average number of treasury shares during the financial year has been taken into account in the number of shares. There were no other share related transactions during the financial year.*

9 Financial assets and liabilities

Financial assets and liabilities have been categorised in accordance with IAS 39.9. In the table are also included interest income and expenses, realised and unrealised gains and losses recognised in P/L, impairment losses and dividend income arising from those assets and liabilities. The financial assets in the table include balance sheet items Financial assets and Cash and cash equivalents. Cash and cash equivalents are included in the amount loans and receivables.

	2021				
EURm	Carrying Amount	Interest Inc./exp.	Gains/ Losses	Impairment losses	Dividend Income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	45	10	-153	—	—
Financial assets at fair value through p/l	5,180	89	25	—	34
Loans and receivables	5,559	18	-20	—	—
Financial assets available-for-sale	17,365	226	392	-6	192
Total	**28,150**	**343**	**244**	**-6**	**226**
Assets held for sale in Mandatum	-10				
Group's financial assets, total	**28,140**				
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	121	—	—		
Other financial liabilities	4,224	-139	-7		
Group financial liabilities, total	**4,345**	**-139**	**-7**		

EURm	2020 Carrying Amount	Interest Inc./exp.	Gains/ Losses	Impairment losses	Dividend Income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	255	16	144	—	—
Financial assets at fair value through p/l	6,306	92	-26	—	11
Loans and receivables	3,349	16	-10	—	—
Financial assets available-for-sale	17,030	229	236	-236	85
Group financial assets, total	**26,940**	**353**	**344**	**-236**	**96**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	184	—	—		
Other financial liabilities	4,910	-134	22		
Group financial liabilities, total	**5,094**	**-134**	**22**		

10 Property, plant and equipment

EURm	2021 Right-of-use assets [1]	Land and buildings	Plant and equipment [2]	Total
At 1 January				
Cost	242	131	156	530
Accumulated depreciation	-46	-6	-106	-158
Net carrying amount at 1 January	**196**	**125**	**51**	**371**
Carrying amount at 1 January	**196**	**125**	**51**	**371**
Additions	42	—	18	60
Disposals	-11	-1	-13	-25
Depreciation	-24	-2	-7	-33
Exchange differences	3	-3	2	2
Carrying amount at 31 December	**207**	**119**	**50**	**375**
At 31 December				
Cost	276	127	162	566
Accumulated depreciation	-70	-8	-113	-191
Net carrying amount at 31 December	**207**	**119**	**50**	**375**

EURm	2020 Right-of-use assets [1]	Land and buildings	Plant and equipment [2]	Total
At 1 January				
Cost	165	118	137	420
Accumulated depreciation	-24	-4	-90	-118
Net carrying amount at 1 January	**141**	**115**	**46**	**302**
Net carrying amount at 1 January	**141**	**115**	**46**	**302**
Business acquisitions	21	9	4	34
Additions	78	0	18	96
Disposals	-20	—	-2	-23
Depreciation	-25	0	-15	-41
Exchange differences	2	—	1	3
Net carrying amount at 31 December	**196**	**125**	**51**	**371**

EURm	2020 Right-of-use assets [1]	Land and buildings	Plant and equipment [2]	Total
At 31 December				
Cost	245	129	156	530
Accumulated depreciation	-49	-4	-105	-159
Net carrying amount at 31 December	**196**	**125**	**51**	**371**

[1] *The Group acts as a lessee in various leases of office premises, vehicles and office equipment. Right-of-use assets relate to lease contracts for large office premises. The Group leases premises mainly for its own use. The expected lease term varies from 2 to 12 years. Most contracts include an option to extend the contract at the term end. Some lease contracts have an option to terminate the contract before the term end. Variable lease payments are generally linked to consumer price indexes.*

More information on leases is in note 27 Other liabilities.

[2] *Equipment in different segments comprise IT equipment and furniture.*

[3] *The opening balances for year 2021 include minor adjustments due to changes between line items.*

11 Investment property

EURm	2021	2020
At 1 January		
Cost	776	790
Accumulated depreciation	-71	-78
Accumulated impairment losses	-39	-33
Net carrying amount at 1 January	**666**	**679**
Net carrying amount at 1 January	**666**	**679**
Additions	47	59
Disposals	-8	-72
Depreciation	—	-3
Impairment losses	—	0
Net gains and losses from fair value adjustments	133	—
Other changes	-270	—
Exchange differences	0	3
Net carrying amount at 31 December	**568**	**666**

EURm	2021	2020
Rental income from investment property	53	54
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	45	43
- later than one year and not later than five years	46	57
- later than five years	16	17
Total	**106**	**117**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	2	-17
- direct operating expenses arising from investment property not generating rental income during the period	-2	-3
Total	**0**	**-20**
Fair value of investment property at 31 December	**568**	**884**

Fair values for the Group's investment property are described in the accounting policies of the Group. In the hierarchy of fair values the investment property falls under levels 2 and 3.

The premises in investment property for different segments are leased on market-based, irrevocable contracts. The lengths of the contracts vary from those for the time being to those for several years.

12 Intangible assets

2021

EURm	Goodwill	Customer relations	Trademark	Work in progress	Other intangible assets	Total
At 1 January						
Cost	2,425	730	268	60	559	4,041
Accumulated amortisation	—	-91	-2	—	-187	-280
Net carrying amount at 1 January	**2,425**	**638**	**265**	**60**	**373**	**3,761**
Net carrying amount at 1 January	**2,425**	**638**	**265**	**60**	**373**	**3,761**
Business acquisitions	10	-2	—	—	—	9
Additions	—	3	—	89	7	99
Disposals	—	-33	—	-1	-18	-51
Amortisation	—	-65	—	—	-62	-126
Transfers from WIP	—	—	—	-113	113	—
Exchange differences	54	17	12	1	19	103
Net carrying amount at 31 December	**2,490**	**560**	**277**	**36**	**432**	**3,794**
At 31 December						
Cost	2,490	716	279	36	681	4,202
Accumulated amortisation	—	-157	-2	—	-249	-408
Net carrying amount at 31 December	**2,490**	**560**	**277**	**36**	**432**	**3,794**

2020

EURm	Goodwill	Customer relations	Trademark	Work in progress	Other intangible assets	Total
At 1 January						
Cost	1,471	493	95	28	288	2,376
Accumulated amortisation	—	-56	-2	—	-166	-224
Net carrying amount at 1 January	**1,471**	**437**	**93**	**28**	**123**	**2,151**
Net carrying amount at 1 January	**1,471**	**437**	**93**	**28**	**123**	**2,151**
Business acquisitions	947	266	175	5	275	1,668
Additions	—	—	—	40	15	55
Disposals	—	-27	—	—	-25	-52
Amortisation	—	-35	—	—	-20	-54
Exchange differences	7	-3	-2	0	-5	-2
Net carrying amount at 31 December	**2,425**	**638**	**265**	**60**	**373**	**3,761**
At 31 December						
Cost	2,425	730	268	60	559	4,041
Accumulated amortisation	—	-91	-2	—	-187	-280
Net carrying amount at 31 December	**2,425**	**638**	**265**	**60**	**373**	**3,761**

Goodwill is split between the segments as follows:	**2021**	**2020**
If	606	611
Topdanmark	814	814
Hastings	906	847
Mandatum	164	153
Total	**2,490**	**2,425**

The useful life for customer relations in the Group is 3–10 years. They are amortised using the straight-line method. The useful life of trademark is deemed indefinite and it will not be amortised. Other intangible assets in all segments comprise mainly IT software. Amortisations and impairment losses are included in the income statement item Other operating expenses.

Testing goodwill for impairment

Goodwill is tested for impairment in accordance with IAS 36 *Impairment of assets.* No impairment losses have been recognised based on these tests.

For the purpose of testing goodwill for impairment, Sampo determines the recoverable amount of its cash-generating units, to which goodwill has been allocated, on the basis of value in use. Sampo has defined these cash-generating units as If Group, Topdanmark Group, Hastings Group and Mandatum Group.

The recoverable amounts for If, Hastings and Mandatum have been determined by using a discounted cash flow model. The model is based on best estimates of companies' management of both historical evidence and financial conditions such as premiums, claims, reinsurance, margins, interest rates, capital structure and income and cost development. The first three years of the forecast period is based on the budgets of the companies, which reflect management's view of future development. The value in use model for Mandatum is greatly influenced by the long-term development of insurance liabilities, affecting e.g. the required solvency capital and thus the recoverable amount. That is why the forecast period is longer for Mandatum, 10 years. The derived cash flows were discounted at the pre-tax rates of the cost of equity which for If was 8.7 per cent, for Hastings 7.2 per cent and for Mandatum Life 9.7 per cent. The cost of capital is defined based on CAPM model from external sources to reflect the risk of each company relative to the market.

Forecasts for If, approved by the management, cover years 2022–2024. The cash flows beyond that have been extrapolated using a 2 per cent growth rate. Hastings' growth rate for years beyond 2027 and Mandatum's growth rate for years beyond 2031 is also 2 per cent, as it is believed to be close to expected inflation in both cases.

For Mandatum, the recoverable amount exceeds its carrying amount by some EUR 390 million. With the calculation method used, e.g. an increase of about 1 per cent point in the cost of equity combined with a long term 1 per cent growth rate could lead to a situation where the recoverable amount of the entity would equal its carrying amount. For Hastings, the recoverable amount significantly exceeds its carrying amount, and even a material change in the assumptions would not result in the carrying amount exceeding its recoverable amount.

As for the If Group, the management believes that any reasonably possible change in any of these key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

IAS 36 permits determining the recoverable amount by using the fair value less costs to sell. For Topdanmark, the valuation of goodwill has been tested on the balance sheet date by using that method. The fair value of Topdanmark EUR 2,146 million on the balance sheet date exceeds its carrying amount in the Group.

Sensitivity analysis

Impact on the present value from the following changes (EUR bn):	**2021**
If:	
Long-term Combined ratio +2.5 p.p.	-1.8
Long-term Combined ratio -2.5 p.p.	+1.8
Long-term growth rate -1 p.p.	-1.9
Long-term growth rate +1 p.p.	+2.8
Cost of equity +1 p.p.	-2.2
Cost of equity -1 p.p.	+3.4
Mandatum:	
Long-term growth rate -1 p.p.	-0.2
Long-term growth rate +1 p.p.	+0.2
Cost of Equity +1 p.p.	-0.3
Cost of Equity -1 p.p.	+0.4

13 Investments in associates and joint ventures

Associates and joint ventures that have been accounted for by the equity method at 31 December 2021

EURm Name	Domicile	Carrying amount	Fair value*)	Interest held %
Associates				
Nordax Holding AB	Sweden	447		19.07
Precast Holding Oy	Finland	3		24.43
CAP Group AB	Sweden	3		22.00
SOS International A/S	Denmark	10		25.80
Bornholms Brandforsikring A/S	Denmark	10		27.00
P/S Ejendomsholding	Denmark	12		40.00
Banemarksvej	Denmark	106		22.51
Joint ventures				
Margretheholm P/S	Denmark	59		50.00
Havneholmen P/S	Denmark	85		50.00
P/S Ottilia København	Denmark	39		50.00

Associates and joint ventures that have been accounted for by the equity method at 31 December 2020

EURm Name	Domicile	Carrying amount	Fair value*)	Interest held %
Associates				
Nordea Bank Abp	Finland	4,822	4,290	15.87
Nordax Holding AB	Sweden	291		36.25
Precast Holding Oy	Finland	3		24.31
CAP Group AB	Sweden	4		21.98
SOS International A/S	Denmark	16		30.11
Bornholms Brandforsikring A/S	Denmark	10		27.00
P/S Ejendomsholding	Denmark	7		40.00
Banemarksvej	Denmark	57		22.51
Joint ventures				
Margretheholm P/S	Denmark	49		50.00
Havneholmen P/S	Denmark	79		50.00
P/S Ottilia København	Denmark	32		50.00

*) *Published price quotation*

Changes in investments in associates and in joint ventures

	2021			2020		
EURm	**Nordea**	**Other associates and joint ventures**	**Total**	**Nordea**	**Other associates and joint ventures**	**Total**
At 1 January	4,822	548	5,370	6,712	505	7,217
Share of loss/profit	317	77	393	427	24	451
Valuation loss on dividend distribution of associate shares *)	—	—	—	-262	—	-262
Impairment loss on Nordea shares	—	—	—	-899	—	-899
Reversal of impairment loss on Nordea shares	899	—	899	—	—	—
Additions	—	133	133	—	8	8
Disposals	-2 564	0	-2 564	-1,155	0	-1,155
Changes in the equity of associates	-1 284	28	-1 256	-1	-3	-4
Exchange differences	—	-9	-9	—	13	13
Reclassification as non-current assets held for sale	-2,189	—	-2,189	—	—	—
At 31 December	**—**	**777**	**777**	**4,822**	**548**	**5,370**

**) Nordea has been consolidated with equity method until 25 October 2021, after which Nordea's shares have been reclassified in accordance IFRS 5 to non-current assets held for sale. Comparative year's valuation loss for 2020 includes the difference between the consolidated carrying amount and the fair value of the shares, EUR -222 million on the sales date 11 November 2020, and EUR -40 million from recycling of Nordea's previously recognised other comprehensive income from equity to the profit or loss.*

The carrying amount of investments in associates included goodwill EUR 76 million (122).

Changes in holding of Nordea shares in 2021

In May, Sampo sold 162 million Nordea shares at a price of EUR 8.50 per share. Gross proceeds were EUR 1,377 million. A sales gain of EUR 93 million from the transaction was recognised as a reversal of previously made impairment losses. After the transaction, Sampo held 480,924,782 Nordea shares, corresponding to 11.87 per cent of all shares and voting rights in Nordea.

In September, Sampo sold 73 million Nordea shares at a price of EUR 10.20 per share. Gross proceeds were EUR 745 million. A sales gain of EUR 144 million from the transaction was recognised as a reversal of previously made impairment losses. After the transaction, Sampo held 407,924,782 Nordea shares, corresponding to 10.07 per cent of all shares and voting rights in Nordea.

In October 2021, Sampo's management expressed its commitment to sell the remaining shares and on 24 October 2021 an advanced bookbuild offer for an additional sell of shares was initiated. On 25 October, Sampo sold 162 million Nordea shares at a price of EUR 10.65 per share. Gross proceeds were EUR 1 725 million. A sales gain of EUR 368 million from the transaction was recognised as a reversal of previously made impairment losses. After the transaction, Sampo holds 245,924,782 Nordea shares, corresponding immediately after the transaction to 6.07 per cent of all shares and voting rights in Nordea.

As Nordea's carrying amount will be recovered principally through a sale transaction rather than through continuing use, Nordea shares have been reclassified under IFRS 5 *Non-current assets held for sale and discontinued operations* in the financial statements for 2021. Additional information about the reclassification can be found in note 34 Non-current assets held for sale. In accordance with the standard, the shares were reclassified in the balance sheet as its own line item 'Non-current assets held for sale' and measured at the consolidated book value at the reclassification date. Immediately before the reclassification, the reversal of remaining impairment losses EUR 311 million was recognised in the income statement, as well as a recycling of remaining other comprehensive income EUR -90 million.

Until the reclassification date, Nordea was accounted for under IAS 28 *Investments in associates and joint ventures*.

Financial information on Nordea during comparative year 2020

EURm	2020
Assets	552,160
Liabilities	518,420
Goodwill included in the assets	1,938
Revenue	8,466
Other comprehensive income items	-6
Comprehensive income statement	2,259

Reconciliation of Nordea's carrying amount to Nordea's financial information

EURm	2020
Net assets of Nordea	31,045
Sampo's share of 15.87%	4,927
Share of impairment loss exceeding the allocations	-105
Total carrying amount	**4,822**

Changes in holding of Nordea shares in 2020

In November 2020, Sampo sold 161,998,076 Nordea shares. The transaction price was EUR 7.25 per share, resulting in gross proceeds of EUR 1,174 million. After the transaction, Sampo held 642,924,782 Nordea shares, corresponding to 15.87 per cent of all shares and voting rights in Nordea. In accordance with IAS 28 *Investments in Associates and Joint Ventures*, a significant influence needs to be clearly demonstrated, if the investor's ownership of the voting power is less than 20%. Sampo's management made a thorough assessment of facts and circumstances, including that Sampo was still the biggest single shareholder who had the position of chairman in the Board of Directors of Nordea and additionally two members in the Nomination Committee. Based on the assessment, the Board concluded that despite the decrease in the ownership, the significant influence continued to exist on 31 December 2020.

On 31 December 2020, Nordea's book value per share, after consolidating Nordea's fourth quarter, amounted to EUR 8.90 exceeding its market value of EUR 6.67. Sampo performed an impairment test in accordance with IAS 36 *Impairment of Assets* where the recoverable amount for Nordea was compared with its carrying amount in the Group. The recoverable amount was defined by using a discounted cash flow model. Based on the value in use test, the recoverable amount was EUR 7.50 per share. As a result, an impairment loss of EUR -899 million was recognised in the income statement, bringing the carrying amount per share to EUR 7.50 at 31 December 2020. The total carrying amount of Nordea in Sampo Group at 31 December 2020 was EUR 4,822 million.

14 Financial assets

Group's financial assets comprise investments in derivatives, financial assets designated as at fair value through p/l, loans and receivables and available-for-sale financial assets. The Holding segment includes also investments in subsidiaries.

The Group uses derivative instruments for trading and for hedging purposes. The derivatives used are foreign exchange, interest rate and equity derivatives. During the financial year, fair value hedging has been applied in Mandatum and cash flow hedges in Hastings.

EURm	2021	2020
If		
Derivative financial instruments	17	13
Loans and receivables	301	166
Financial assets available-for-sale	10,770	10,607
If, total	**11,088**	**10,786**
Topdanmark		
Derivative financial instruments	17	189
Financial assets at fair value through p/l	5,123	6,253
Loans and receivables	353	671
Topdanmark, total	**5,493**	**7,113**
Hastings		
Financial assets at fair value through p/l	58	53
Financial assets available-for-sale	908	725
Hastings, total	**966**	**778**

EURm	2021	2020
Mandatum		
Derivative financial instruments	4	25
Loans and receivables	85	59
Financial assets available-for-sale	4,349	4,756
Assets held for sale	-10	—
Mandatum, total	**4,427**	**4,839**
Holding		
Derivative financial instruments	7	29
Financial assets available-for-sale	1,658	1,196
Investments in subsidiaries	5,989	5,066
Holding, total	**7,654**	**6,290**
Elimination items between segments	-6,308	-5,387
Group financial assets, total	**23,321**	**24,420**

Derivative financial instruments

	2021			2020		
		Fair value			Fair value	
EURm	**Contract/ Notional Amount**	**Assets**	**Liabilities**	**Contract/ Notional amount**	**Assets**	**Liabilities**
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	1,716	23	13	2,048	115	5
Inflation cover	382	—	36	293	0	86
Total interest rate derivatives	**2,098**	**23**	**49**	**2,340**	**115**	**91**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	9,301	22	58	13,244	124	92
Currency options, bought and sold	3	0	—	147	3	1
Total foreign exchange derivatives	**9,303**	**22**	**58**	**13,391**	**127**	**93**
Equity derivatives						
OTC derivatives						
Equity futures	91	—	—	91	—	—
Other	110	0	2	—	—	—
Total equity derivatives	**201**	**0**	**2**	**91**	**0**	**—**
Total derivatives held for trading	**11,603**	**45**	**109**	**15,822**	**243**	**184**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	423	—	12	345	12	—
Total derivatives held for fair value hedging	**423**	**0**	**12**	**345**	**12**	**0**
Cash flow hedges						
Currency forwards	9	—	0	1	0	—
Total derivatives held for hedging	**433**	**0**	**13**	**346**	**13**	**0**
Group financial derivatives, total	**12,035**	**45**	**121**	**16,168**	**255**	**184**

Fair value hedges

In Mandatum, fair value hedging is used to hedge a proportion of foreign exchange risk in available-for-sale financial assets. The interest elements of foreign exchange forward contracts have been excluded from hedging relationships in foreign exchange hedges. Net result from exchange derivatives designated as fair value hedges amounted to EURm 32 (-31). Net result from hedged risks in fair value hedges of available for sale financial assets amounted to EURm -32 (31).

Other financial assets

EURm	2021	2020
Financial assets designated as at fair value through p/l		
Debt securities	4,494	5,667
Equity securities	686	639
Total financial assets designated as at fair value through p/l	**5,180**	**6,306**
Loans and receivables	**740**	**829**
Financial assets available-for-sale		
Debt securities	12,901	12,905
Equity securities	4,464	4,125
Total financial assets available-for-sale	**17,365**	**17,030**
Group other financial assets, total	**23,286**	**24,164**

Financial assets available-for-sale include impairment losses EUR 221 million (383).

Total	**23,331**	**24,420**
Assets held for sale in Mandatum	-10	–
Group's financial assets, total	**23,321**	**24,420**

Loans and receivables includes both assets recognised at amortised cost and assets recognised at fair value through p/l.

15 Change in fair values of financial assets

EURm	Fair value 2021	Fair value 2020	Change
Financial asset			
Financial assets measured at amortised cost			
Loans and receivables	387	726	-340
Deposits	0	119	-119
Total	**387**	**845**	**-459**
Financial assets measured at fair value			
Equity securities	3,123	2,924	199
Debt securities	17,395	18,519	-1,124
Funds	2,027	1,893	135
Derivatives	45	255	-210
Loans guaranteed by mortgages and other loans	1	1	0
Deposits	352	670	-318
Total	**22,944**	**24,262**	**-1,318**
Financial assets at fair value through p/l related to unit-linked insurance			
Equity securities	4,223	3,363	860
Debt securities	6,072	3,817	2,254
Funds	8,675	7,106	1,570
Other	927	370	557
Total	**19,897**	**14,656**	**5,241**
Group financial assets, total	**43,227**	**39,763**	**3,464**

Financial assets measured at amortised cost

To determine the appropriate classification of financial assets under IFRS 9, the entity assesses the contractual cash flows characteristics of any financial asset. Financial assets of which the contractual cash flows give rise to solely payments of principal and interest (SPPI criteria, solely payments of principle and interest) on the principal amount outstanding, meet the SPPI test. IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition and the "interest" as being compensation for the time value of money, and the credit risk associated with the principal amount outstanding during a particular period of time.

All assets classified currently as available for sale, including both equity and debt instruments, are anticipated to be classified as at fair value through profit or loss. Of the financial assets classified currently as loans and receivables, including deposits, totalling 740 EURm (829 EURm), 476 EURm passed the SPPI test as of 31 December 2021 (280 EURm).

Based on an analysis, there are no significant credit risk concentrations related to financial instruments that meet the SPPI criterion.

Financial assets measured at amortised cost, meeting the SPPI test, are presented by credit rating in the following table:

2021

EURm	AA+ - AA-	BB+ - BB-	B+ - B-	No credit rating	Total
Loans and receivables	214	86	—	176	476
Deposits	—	—	—	—	—
Total	**214**	**86**	**—**	**176**	**476**

2020

EURm	AA+ - AA-	BB+ - BB-	B+ - B-	No credit rating	Total
Loans and receivables	—	146	20	108	275
Deposits	—	5	—	—	5
Total	**—**	**151**	**20**	**108**	**280**

The table has been prepared based on a preliminary analysis on business models likely to be applied under IFRS 9. The final classification of financial assets may change before the implementation of IFRS 9 on 1 January 2023, when the Group finalises its more detailed analysis.

Main part of the financial assets meeting the SPPI criterion are unrated, so it is not possible to assess whether they are low credit risk or not. Since the amount of financial assets meeting the SPPI criterion, 476 EURm (280 EURm) is minor of the total financial assets 28,140 EURm (26,940 EURm), the credit risk is considered not to be significant. Their carrying amount is assessed to be best estimate of their fair value.

16 Determination and hierarchy of fair values

A large majority of Sampo Group's financial assets are valued at fair value. The valuation is based on either published price quotations or valuation techniques based on market observable inputs, where available. For a limited amount of assets the value needs to be determined using other techniques. The financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on e.g. if the market for the instrument is active, or if the inputs used in the valuation technique are observable.

The fair value of the derivative instruments is assessed using quoted market prices in active markets, discounting method or option pricing models.

The fair value of loans and other financial instruments which have no quoted price in active markets is based on discounted cash flows, using quoted market rates. The market's yield curve is adjusted by other components of the instrument, e.g. by credit risk.

Fair values are "clean" fair values, i.e. less interest accruals.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

In level 3, the measurement is based on other inputs rather than observable market data. The majority of Sampo Group's level 3 assets are private equity and alternative funds.

For private equity funds the valuation of the underlying investments is conducted by the fund manager who has all the relevant information required in the valuation process. The valuation is usually updated quarterly based on the value of the underlying assets and the amount of debt in the fund. There are several valuation methods, which can be based on, for example, the acquisition value of the investments, the value of publicly traded peer companies, the multiple based valuation or the cash flows of the underlying investments.

Most private equity funds follow the International Private Equity and Venture Capital (IPEV) guidelines which give detailed instructions on the valuation of private equity funds.

For alternative funds the valuation is also conducted by the fund managers. Alternative funds often have complicated structures and the valuation is dependent on the nature of the underlying investments. There are many different valuation methods that can be used, for example, the method based on the cash flows of the underlying investments. The operations and valuation of alternative funds are regulated for example by the Alternative Investment Fund Managers Directive (AIFMD), which determines the principles and documentation requirements of the valuation process.

		Fair value			
EURm	Carrying amount	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT 31 DECEMBER 2021					
Financial assets at fair value					
Derivative financial instruments					
Interest rate swaps	23	–	23	–	23
Foreign exchange derivatives	22	–	22	–	22
Total	**45**	**0**	**45**	**–**	**45**
Financial assets at fair value through p/l					
Equity securities	684	478	206	–	684
Debt securities	4,437	3,923	503	11	4,437
Investment funds	2	–	2	–	2
Total	**5,123**	**4,401**	**711**	**11**	**5,123**
Financial assets designated as at fair value through p/l					
Deposits	352	–	352	–	352
Debt securities	1	–	1	–	1
Debt securities (unit-trusts)	58	43	15	–	58
Total	**411**	**43**	**368**	**–**	**411**
Financial assets related to unit-linked insurance					
Equity securities	4,222	4,200	2	20	4,222
Debt securities	6,072	4,081	1,930	61	6,072
Funds	8,676	5,805	807	2,065	8,676
Derivative financial instruments	11	–	11	–	11
Other assets	915	–	474	441	915
Total	**19,897**	**14,086**	**3,225**	**2,587**	**19,897**

		Fair value			
EURm	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets available-for-sale					
Equity securities	2,439	2,043	2	394	2,439
Debt securities	12,901	7,032	5,696	173	12,901
Other assets	2,025	913	34	1,078	2,025
Total	**17,365**	**9,987**	**5,732**	**1,645**	**17,365**
Total financial assets at fair value	**42,841**	**28,517**	**10,081**	**4,243**	**42,841**
Other financial assets					
Financial assets at amortised cost					
Loans and receivables	387	–	–	387	387
Total	**43,228**	**28,517**	**10,081**	**4,629**	**43,227**
Assets held for sale in Mandatum	-196				
Group's financial assets, total	**43,031**				

EURm	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES AT 31 DECEMBER 2021					
Financial liabilities at fair value					
Derivative financial instruments					
Interest derivatives	13	—	13	—	13
Equity derivatives	2	—	2	—	2
Foreign exchange derivatives	71	8	63	—	71
Other derivatives	36	—	36	—	36
Total	**121**	**8**	**114**	**—**	**121**
Financial liabilities designated as at fair value through p/l					
Deposits	1	—	1	—	1
Total financial liabilities at fair value	**123**	**8**	**115**	**—**	**123**
Other financial liabilities					
Subordinated debt securities					
Subordinated loans	2,016	1,850	611	—	2,461
Debt securities in issue					
Bonds	2,195	1,868	466	—	2,334
Other					
Borrowings on revolving credit facility	12	—	—	12	12
Total other liabilities	**4,223**	**3,718**	**1,077**	**12**	**4,806**
Group financial liabilities, total	**4,345**	**3,726**	**1,192**	**12**	**4,929**

EURm	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
31 December 2020					
Financial assets at fair value					
Derivative financial instruments					
Interest rate swaps	115	—	115	—	115
Foreign exchange derivatives	140	—	140	—	140
Total	**255**	**—**	**255**	**—**	**255**
Financial assets at fair value through profit or loss					
Equity securities	639	445	193	—	639
Debt securities	5,667	5,126	348	193	5,667
Total	**6,306**	**5,571**	**541**	**193**	**6,306**
Financial assets designated as at fair value through profit or loss					
Deposits	671	—	671	—	671
Financial assets related to unit-linked insurance					
Equity securities	3,363	3,342	3	18	3,363
Debt securities	3,817	2,162	851	804	3,817
Funds	7,106	5,087	722	1,297	7,106
Derivative financial instruments	17	—	17	—	17
Other assets	181	—	—	181	181
Total	**14,484**	**10,592**	**1,592**	**2,300**	**14,484**
Financial assets available-for-sale					
Equity securities	2,286	1,944	—	342	2,286
Debt securities	12,905	8,842	3,904	160	12,905
Other assets	1,840	855	34	951	1,840
Total	**17,031**	**11,640**	**3,937**	**1,453**	**17,031**

EURm	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Total financial assets at fair value	**38,747**	**27,803**	**6,997**	**3,947**	**38,747**
Other financial assets					
Financial assets at amortised cost					
Loans and receivables	511	–	413	99	511
Group financial assets, total	**39,257**	**27,803**	**7,410**	**4,046**	**39,258**

EURm	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES AT 31 DECEMBER 2020					
Financial liabilities at fair value					
Derivative financial instruments					
Interest derivatives	91	–	91	–	91
Foreign exchange derivatives	93	–	93	–	93
Total	**184**	**–**	**184**	**–**	**184**
Financial liabilities designated as at fair value through p/l					
Deposits	4	–	–	4	4
Total financial liabilities at fair value	**188**	**–**	**184**	**4**	**188**
Other financial liabilities					
Subordinated debt securities					
Subordinated loans	2,158	1,909	427	–	2,336
Debt securities in issue					
Bonds	2,747	2,762	214	–	2,976
Total other financial liabilities	**4,906**	**4,672**	**641**	**–**	**5,313**
Group financial liabilities, total	**5,094**	**4,672**	**825**	**4**	**5,500**

Transfers between levels 1 and 2

EURm	2021 Transfers from level 2 to level 1	2021 Transfers from level 1 to level 2	2020 Transfers from level 2 to level 1	2020 Transfers from level 1 to level 2
Financial assets related to unit-linked insurance				
Equity securities	0	0	–	5
Debt securities	3	12	–	–
Financial assets available-for-sale				
Debt securities	595	349	410	333

Transfers are based mainly on the changes in trading volume information provided by an external service provider.

Sensitivity analysis of fair values

The sensitivity of financial assets and liabilities to changes in exchange rates is assessed on business area level due to different base currencies. In If, a 10 percentage point depreciation of all other currencies against SEK would result in an increase recognised in profit/loss of EUR 34 million (21) and in a decrease recognised directly in equity of EUR -24 million (-18). In Topdanmark, a 10 percentage point depreciation of all other currencies against DKK would result in a decrease recognised in profit/loss of EUR -4 million (3), but would not have an impact on equity. In Mandatum, a 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EUR 32 million (55) and in a decrease recognised directly in equity of EUR -45 million (-66). In Holding, a 10 percentage point depreciation of all other currencies against EUR would have no impact on profit/loss, but a decrease recognised in equity of EUR -65 million (-31). In Hastings, the changes in exchange rates would not have an impact either in p/l or equity.

The sensitivity analysis of the Group's fair values of financial assets and liabilities in different market risk scenarios is presented below. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 December 2021.

The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes.

The debt issued by Sampo plc is not included.

	Interest rate		Equity	Other financial assets
	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Effect recognised in profit/loss	311	-275	-96	-88
Effect recognised directly in equity	239	-216	-668	-234
Total effect	**551**	**-491**	**-763**	**-322**

Maximum exposure to credit risk

The carrying amount of financial assets in the balance sheet EUR 23,321 million (24,420) added by the amount of guarantees and investment commitments totalling EUR 1 820 million (1,256) represents the maximum exposure to credit risk.

Sensitivity analysis of level 3 financial instruments measured at fair value

	2021		2020	
EURm	Carrying amount	Effect of reasonably possible alternative assumptions (+/-)	Carrying amount	Effect of reasonably possible alternative assumptions (+/-)
Financial assets				
Financial assets available-for-sale				
Equity securities	394	-79	342	-68
Debt securities	173	-2	160	-3
Funds	1,078	-216	951	-190
Total	**1,645**	**-296**	**1,453**	**-261**

The value of financial assets regarding the debt security instruments has been tested by assuming a rise of 1 per cent in interest rate level in all maturities. For other financial assets, the prices were assumed to go down by 20 per cent. Sampo Group bears no investment risks related to unit-linked insurance, so a change in assumptions regarding these assets does not affect profit or loss. On the basis of these alternative assumptions, a possible change in interest levels would cause a decrease of EUR -2 million (-3) for the debt instruments, and EUR -294 million (-259) valuation loss for other instruments in the Group's other comprehensive income. The reasonably possible effect, proportionate to the Group's equity, would thus be 2.3 per cent (2.3).

17 Movements in level 3 financial instruments measured at fair value

EURm	At 1 Jan	Total gains/ losses in income statement	Total gains/ losses recorded in other compre-hensive income	Purchases	Sales	Transfers to levels 1 and 2	At 31 Dec 2021	Gains/ losses included in p/l for financial assets 31 Dec 2021
FINANCIAL ASSETS 2021								
Financial assets held for trading								
Debt securities	193	11	—	1	-37	-157	**11**	1
Financial assets related to unit-linked insurance contracts								
Equity securities	18	4	—	2	-4	—	**20**	3
Debt securities	804	29	—	169	-96	-846	**61**	1
Funds	1,297	478	—	636	-346	—	**2,065**	481
Total	**2,119**	**511**	**—**	**806**	**-445**	**-846**	**2,145**	**485**
Financial assets available-for-sale								
Equity securities	342	—	63	4	-9	-7	**394**	63
Debt securities	160	3	1	68	-58	—	**173**	4
Funds	951	18	228	95	-215	—	**1,078**	243
Total	**1,453**	**20**	**292**	**167**	**-282**	**-7**	**1,645**	**310**
Total financial assets measured at fair value	**3,766**	**543**	**292**	**974**	**-764**	**-1,010**	**3,802**	**796**

In 2021, EUR 1,004 million of the transfers relate to Topdanmark's structured credit products (CLOs) for which the market could be defined as active again, in accordance with IFRS 13, and which therefore have been transferred back to level 2 from level 3.

	2021		
EURm	**Realised gains and losses**	**Fair value gains and losses**	**Total**
Total gains or losses included in profit or loss for the financial year	504	329	**833**
Total gains or losses included in profit or loss for assets held at the end of the financial year	503	292	**796**

EURm	At 1 Jan	Total gains/ losses in income statement	Total gains/ losses recorded in other compre-hensive income	Purchases	Sales	Transfers to levels 1 and 2	At 31 Dec 2020	Gains/ losses included in p/l for financial assets 31 Dec 2020
FINANCIAL ASSETS 2020								
Financial assets held for trading								
Debt securities	45	2	-3	42	-28	136	193	2
Total	**45**	**2**	**-3**	**42**	**-28**	**136**	**193**	**2**
Financial assets related to unit-linked insurance contracts								
Equity securities	18	0	—	6	-5	-1	18	-2
Debt securities	26	10	-6	51	-31	755	804	9
Funds	1,000	-30	—	474	-148	0	1,297	-29
Total	**1,045**	**-20**	**-6**	**530**	**-183**	**754**	**2,119**	**-21**
Financial assets available-for-sale								
Equity securities	379	-7	5	10	-40	-6	342	2
Debt securities	161	-4	0	172	-169	1	160	-2
Funds	879	-40	43	149	-80	0	951	5
Total	**1,418**	**-51**	**49**	**331**	**-289**	**-5**	**1,453**	**6**
Total financial assets measured at fair value	**2,508**	**-69**	**40**	**903**	**-501**	**884**	**3,766**	**-13**

In 2020, due to the COVID-19 situation, Topdanmark transferred structured products (CLOs) from levels 1 and 2 to level 3, implying valuation models based on non-observable inputs.

		2020	
EURm	Realised gains and losses	Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	-80	61	**-19**
Total gains or losses included in profit or loss for assets held at the end of the financial year	-74	61	**-13**

Gains and losses are included either in the consolidated income statements' net investment income or other comprehensive income statements' exchange differences and fair value changes of available-for-sale financial assets.

18 Deferred tax assets and liabilities

Changes in deferred tax during the financial year 2021

EURm	1 Jan	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31 Dec
Deferred tax assets					
Tax losses carried forward	18	-16	0	0	2
Changes in fair values	9	-1	-1	1	8
Pension liabilities	25	-3	-15	0	8
Other deductible temporary differences	34	15	-1	1	48
Total	**86**	**-5**	**-17**	**1**	**66**
Netting of deferred taxes					-26
Deferred tax assets in the balance sheet, total					**39**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	183	-2	—	1	182
Changes in fair values	390	23	98	6	517
Other taxable temporary differences	181	0	0	1	182
Total	**754**	**22**	**98**	**8**	**881**
Netting of deferred taxes					-26
Deferred tax liabilities in the balance sheet, total	**754**	**22**	**98**	**8**	**855**

Changes in deferred tax during the financial period 2020

EURm	1 Jan	Business acquisitions	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31 Dec
Deferred tax assets						
Tax losses carried forward	15	—	1	2	—	18
Changes in fair values	—	10	0	—	—	9
Pension liabilities	26	—	-2	0	1	25
Other deductible temporary differences	17	18	-2	1	0	34
Total	**58**	**28**	**-3**	**2**	**1**	**86**
Netting of deferred taxes						-37
Deferred tax assets in the balance sheet, total						**49**
Deferred tax liabilities						
Depreciation differences and untaxed reserves	183	—	0	—	0	183
Changes in fair values	257	110	-2	21	4	390
Other taxable temporary differences	187	12	-22	5	0	181
Total	**627**	**123**	**-25**	**26**	**3**	**754**
Netting of deferred taxes						-37
Deferred tax liabilities in the balance sheet, total						**717**

In Sampo plc, EUR 48 million of deferred tax asset has not been recognised on unused tax losses. The first losses will expire at the end of fiscal year 2021.

In Mandatum, EUR 2 million of deferred tax asset has not been recognised on unused tax losses.

19 Taxes

EURm	2021	2020
Profit before tax	3,171	380
Tax calculated at parent company's tax rate	-634	-76
Different tax rates in foreign jurisdictions	-4	-14
Income from associates not subject to tax	259	-149
Income not subject to tax	13	4
Non-deductible expenses	-11	-7
Tax losses for which no deferred tax asset has been recognised	-12	-19
Changes in tax rates	-24	-1
Tax from previous years	-11	-6
Total	**-423**	**-267**

20 Components of other comprehensive income

EURm	2021	2020
Other comprehensive income:		
Items reclassifiable to profit or loss		
Exchange differences	80	74
Available-for-sale financial assets		
Gains/losses arising during the year	871	327
Reclassification adjustments (IAS 1.93)	-417	-63
The share segregated Suomi portfolio	5	1
Business acquisition	—	-6
Share of associate's other comprehensive income	186	40
Taxes	-83	-50
Total items reclassifiable to profit or loss, net of tax	**643**	**322**

EURm	2021	2020
Items not reclassifiable to profit or loss		
Actuarial gains and losses from defined pension plans	73	0
Taxes	-15	0
Total items not reclassifiable to profit or loss, net of tax	**58**	**0**

21 Other assets

EURm	2021	2020
Interests	128	133
Assets arising from direct insurance operations	2,067	1,883
Assets arising from reinsurance operations	85	109
Settlement receivables	45	55
Deferred acquisition costs*)	185	147
Assets related to Patient Insurance Pool	67	63
Other	399	324
Group other assets, total	**2,977**	**2,714**

Item Other comprise e.g. assets held for resale, asset management fee receivables and prepaid pensions.

Other assets include non-current assets EUR 139 million (58).

*) Change in deferred acquisition costs in the period

EURm	2021	2020
At 1 January	**147**	**154**
Business acquisitions	0	2
Net change in the period	36	-8
Exchange differences	3	-2
At 31 December	**185**	**147**

22 Liabilities from insurance and investment contracts

P&C liabilities from insurance contracts

	2021			2020		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for unearned premiums	3,340	412	2,928	3,169	365	2,803
Provision for claims outstanding	10,781	1,881	8,900	10,140	1,454	8,685
Incurred and reported losses	4,336	1,324	3,012	4,353	1,403	2,950
Incurred but not reported losses (IBNR)	3,080	551	2,529	2,447	44	2,403
Provisions for claims-adjustment costs	247	—	247	242	0	242
Provisions for annuities and sickness benefits	3,118	6	3,112	3,098	8	3,090
P&C insurance total	**14,121**	**2,293**	**11,828**	**13,308**	**1,819**	**11,489**

As the P&C companies, especially If, are exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading.

Change in P&C insurance liabilities

	2021			2020		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for unearned premiums						
At 1 January	**3,169**	**365**	**2,803**	**2,532**	**63**	**2,469**
Business acquisitions	—	—	—	580	315	265
Change in provision	115	24	90	-151	-9	-142
Exchange differences	57	23	34	207	-4	211
At 31 December	**3,340**	**412**	**2,928**	**3,169**	**365**	**2,803**

	2021			2020		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for claims outstanding						
At 1 January	**10,140**	**1,454**	**8,685**	**8,411**	**224**	**8,187**
Business acquisitions	—	—	—	1,717	1,193	524
Unwinding of discounted annuities	-41	-1	-41	22	—	22
Change in provision	464	327	137	-228	55	-283
Exchange differences	219	100	119	217	-18	235
At 31 December	**10,781**	**1,881**	**8,900**	**10,140**	**1,454**	**8,685**

The tables below show the cost trend for the claims for different years. The upper part of the tables shows how an estimate of the total claims costs per claims year evolves annually.

The lower section shows how large a share of this is presented in the balance sheet. More information on insurance liabilities is in the risk management note 36.

If

Claims cost trend of P&C insurance
Claims costs before reinsurance

Estimated claims cost

EURm	<2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At the close of the claims year	26,421	2,784	2,688	2,669	2,694	2,737	2,774	2,919	3,041	3,203	3,174	54,111
One year later	26,300	2,772	2,714	2,662	2,712	2,770	2,812	3,021	3,088	3,242		
Two years later	26,254	2,787	2,716	2,669	2,700	27,683	2,807	3,052	3,104			
Three years later	26,197	2,777	2,721	2,680	2,675	2,728	2,811	3,069				
Four years later	26,285	2,747	2,726	2,686	2,650	2,716	2,785					
Five years later	26,161	2,715	2,714	2,656	2,645	2,728						
Six years later	26,082	2,696	2,702	2,629	2,630							
Seven years later	25,912	2,681	2,687	2,618								
Eight years later	25,774	2,668	2,678									
Nine years later	25,579	2,659										
Ten years later	25,424											
Current estimate of total claims costs	25,424	2,659	2,678	2,618	2,630	2,728	2,785	3,069	3,104	3,242	3,174	54,111
Total disbursed	22,981	2,518	2,495	2,437	2,438	2,497	2,531	2,721	2,711	2,527	1,799	47,654
Provision reported in the balance sheet	**2,442**	**141**	**183**	**181**	**192**	**231**	**254**	**348**	**393**	**716**	**1,375**	**6,457**
of which established vested annuities	1,695	74	80	75	71	63	64	87	49	32	8	2,298
Provision for claims-adjustment costs												218
Total provision reported in the BS of If												**6,675**

If

Claims cost trend of P&C insurance

Claims costs after reinsurance

Estimated claims cost

EURm	<2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At the close of the claims year	24,906	2,598	2,642	2,632	2,650	2,679	2,715	2,865	2,979	3,010	3,043	51,670
One year later	24,789	2,584	2,667	2,621	2,664	2,689	2,758	2,949	3,014	3,029		
Two years later	24,739	2,598	2,671	2,613	2,649	2,686	2,748	2,979	3,027			
Three years later	24,705	2,599	2,677	2,624	2,634	2,655	2,752	2,998				
Four years later	24,779	2,575	2,680	2,625	2,606	2,643	2,727					
Five years later	24,658	2,542	2,669	2,592	2,601	2,650						
Six years later	24,582	2,526	2,656	2,566	2,586							
Seven years later	24,413	2,512	2,640	2,554								
Eight years later	24,265	2,499	2,632									
Nine years later	24,073	2,489										
Ten years later	23,935											
Current estimate of total claims costs	23,935	2,489	2,632	2,554	2,586	2,650	2,727	2,998	3,027	3,029	3,043	51,670
Total disbursed	21,514	2,349	2,453	2,378	2,399	2,439	2,481	2,658	2,652	2,410	1,732	45,465
Provision reported in the balance sheet	**2,421**	**140**	**179**	**175**	**187**	**211**	**246**	**340**	**375**	**620**	**1,310**	**6,205**
of which established vested annuities	1,694	74	80	75	71	63	64	87	49	32	8	2,297
Provision for claims-adjustment costs												218
Total provision reported in the BS of If												**6,423**

Topdanmark

Claims cost trend of P&C insurance
Claims costs before reinsurance

Estimated claims cost

EURm	<2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At the close of the claims year	863	1,015	895	887	870	797	861	878	916	941	8,807
One year later	866	1,043	903	899	867	813	883	901	885		
Two years later	868	1,045	900	886	856	815	894	902			
Three years later	861	1,041	894	886	853	827	901				
Four years later	850	1,028	870	880	828	816					
Five years later	848	1,018	857	864	825						
Six years later	838	1,006	849	856							
Seven years later	836	1,001	846								
Eight years later	836	1,003									
Nine years later	833										
Current estimate of total claims costs	833	1,003	846	856	825	816	901	902	885	941	8,807
Total disbursed	782	945	785	786	750	716	762	732	622	436	7,316
Discounting	0	0	0	0	0	0	0	0	0	0	-2
Provision reported in the balance sheet	**51**	**58**	**61**	**70**	**74**	**100**	**139**	**169**	**263**	**505**	**1,490**
Discounting of previous years											392
Total provision reported in the BS of Topdanmark											**1,882**

Topdanmark

Claims cost trend of P&C insurance

Claims costs after reinsurance

Estimated claims cost

EURm	<2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At the close of the claims year	811	859	842	831	808	771	809	845	877	883	8,210
One year later	820	869	847	843	810	784	830	864	844		
Two years later	822	871	846	832	799	787	841	866			
Three years later	816	867	839	831	797	799	847				
Four years later	806	854	816	820	771	789					
Five years later	803	844	802	814	764						
Six years later	793	831	793	807							
Seven years later	791	826	794								
Eight years later	790	828									
Nine years later	788										
Current estimate of total claims costs	788	828	794	807	764	789	847	866	844	883	8,210
Total disbursed	738	771	734	737	698	689	712	699	596	421	6,797
Discounting	0	0	0	0	0	0	0	0	0	0	-1
Provision reported in the balance sheet	**50**	**57**	**60**	**70**	**65**	**100**	**136**	**167**	**247**	**461**	**1,412**
Discounting of previous years											392
Total provision reported in the BS of Topdanmark											**1,804**

Hastings

Claims cost trend of P&C insurance

Claims costs before reinsurance

Estimated claims cost

EURm	<2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At the close of the claims year	1,413	389	455	579	735	822	902	1,006	859	1,094	8,254
One year later	1,393	375	451	569	721	835	928	1,018	972		
Two years later	1,431	382	467	588	796	847	925	1,063			
Three years later	1,439	388	487	590	773	839	939				
Four years later	1,408	377	460	596	801	892					
Five years later	1,401	388	457	584	767						
Six years later	1,403	371	440	537							
Seven years later	1,403	362	439								
Eight years later	1,410	365									
Nine years later	1,387										
Payments to date	-1,358	-353	-441	-550	-630	-690	-689	-659	-439	-344	-6,153
Gross outstanding claims liabilities, net of salvage and subrogation recoveries	**55**	**36**	**14**	**29**	**106**	**132**	**213**	**347**	**420**	**750**	**2,101**
Reconciliation to net outstanding claims liabilities											
Anticipated salvage and subrogation recoveries											128
IFRS 3 fair value acquisition adjustment											-30
Total provision reported in the BS of Hastings											**2,199**

Hastings

Claims cost trend of P&C insurance

Claims costs after reinsurance

Estimated claims cost

EURm	<2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At the close of the claims year	996	150	207	249	313	347	389	407	337	403	3,798
One year later	998	150	207	249	314	348	394	413	407		
Two years later	996	149	207	247	313	347	388	428			
Three years later	994	149	207	248	306	342	399				
Four years later	994	148	204	243	301	360					
Five years later	997	149	201	242	305						
Six years later	1,000	149	197	239							
Seven years later	1,005	156	194								
Eight years later	1,011	162									
Nine years later	1,021										
Payments to date	-996	-149	-205	-255	-295	-319	-331	-315	-205	-141	-3,212
Net outstanding claims liabilities, net of salvage and subrogation recoveries	**1**	**0**	**2**	**-6**	**18**	**28**	**58**	**92**	**132**	**261**	**586**
Reconciliation to net outstanding claims liabilities											
Anticipated salvage and subrogation recoveries											128
Reinsurers' share of salvage and subrogation recoveries											-63
IFRS 3 fair value acquisition adjustment											-4
Net outstanding claims											**647**
Reinsurers' share of outstanding claims liabilities											1,552
Total provision reported in the BS of Hastings											**2,199**

Life insurance liabilities from insurance and investment contracts

	2021			2020		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for unearned premiums						
Insurance contracts	4,471	—	4,471	4,682	1	4,681
Investment contracts	28	—	28	26	—	26
Provision for claims outstanding	1,759	1	1,758	1,940	0	1,940
Group liabilities from insurance and investment contracts, total	**6,258**	**2**	**6,257**	**6,648**	**1**	**6,647**
Liabilities related to available for sale assets in Mandatum			**-10**			
Group's liabilities for insurance and investment contracts, total			**6,246**			**6,647**

Change in liabilities from insurance contracts

EURm	**Gross contracts with discretionary participation features**
At 1 January 2021	**6,622**
Premiums	187
Claims paid	-611
Expense charge	-41
Guaranteed interest	115
Bonuses	182
Other	-224
Total life insurance liabilities at 31 December 2021	**6,231**
Liabilities related to available for sale assets in Mandatum	-10
Total life insurance liabilities at 31 December 2021	**6,220**

EURm	**Gross contracts with discretionary participation features**
At 1 January 2020	**7,073**
Premiums	201
Claims paid	-635
Expense charge	-44
Guaranteed interest	130
Bonuses	-17
Other	-87
Total life insurance liabilities at 31 December 2020	**6,622**

Life insurance liabilities from investment contracts

EURm	2021	2020
Investment contracts with discretionary participation features	28	26

The change between financial years is mainly due to the claims paid.

Change in liabilities from life insurance investment contracts

EURm	Contracts with discretionary participation features
At 1 January 2020	**26**
Other	2
Life insurance liabilities from investment contracts at 31 December 2020, total	**28**

EURm	Contracts with discretionary participation features
At 1 January 2020	**25**
Other	1
Life insurance liabilities from investment contracts at 31 December 2020, total	**26**

The liabilities at 1 January and at 31 December include the future bonus reserves and the effect of the reserve for the decreased discount rate. The calculation is based on items before reinsurers' share. More details on the insurance liabilities are presented in the risk management note 36.

Investment contracts do not include a provision for claims outstanding.

Liability adequacy test does not give rise to supplementary claims.

Exemption allowed in IFRS 4 Insurance contracts has been applied to investment contracts with DPF or contracts with a right to trade-off for an investment contract with DPF. These investment contracts have been valued like insurance contracts.

Reconciliation to the consolidated insurance and investment contract liabilities

EURm	2021	2020
P&C Insurance	14,121	13,308
Life insurance	6,258	6,648
Group consolidated insurance and investment contracts, gross, total	**20,379**	**19,956**
Liabilities related to available for sale assets in Mandatum	-10	–
Group consolidated insurance and investment contracts, gross, total	**20,369**	**19,956**

23 Liabilities from unit-linked insurance and investment contracts

EURm	2021	2020
Unit-linked insurance contracts	5,925	5,184
Unit-linked investment contracts	4,775	3,566
Life insurance liabilities	9,036	7,536
Total	**19,737**	**16,285**
Liabilities related to available for sale assets in Mandatum	-186	–
Group liabilities from unit-linked insurance and investment contracts, total	**19,550**	**16,285**

24 Subordinated debts and other financial liabilities

The segment financial liabilities include subordinated debts, derivatives, debt securities in issue and other financial liabilities.

If

EURm			2021	2020
Derivate financial instruments			8	44
Subordinated debt securities				
Subordinated loans	**Maturity**	**Interest**		
Subordinated loan, 2021 (nominal value 1,500 MSEK)	30 years	3 month Stibor +1.30%	146	–
Subordinated loan, 2018 (nominal value 1,000 MSEK)	perpetual	3 month Stibor +2.75%	97	99
Subordinated loan, 2016 (nominal value 1,500 MSEK)	30 years	3 month Stibor +2.25%	–	149
Subordinated loan, 2016 (nominal value 500 MSEK)	30 years	2.42%	–	50
Subordinated loan, 2011 (nominal value EURm 110)	30 years	6.00%	–	110
Total subordinated debt securities			**243**	**408**
If, total financial liabilities			**250**	**453**

The loan of EUR 110 million was issued in 2011 with fixed interest rate terms for the first ten years. The loan was redeemed on the first call date in December 2021 (ten years after the issue date). Up until redemption, the loan was listed on the Luxembourg Stock Exchange. The loan was approved by the supervisory authority as being utilisable for solvency purposes.

The loan of SEK 1,500 million was issued in 2016 with variable interest rate terms. The loan was redeemed on the first call date in December 2021 (five years after the issue date). Up until redemption, the loan was listed on the Luxembourg Stock Exchange.

The loan of SEK 500 million was issued in 2016 with fixed interest rate terms for the first five years. The loan was redeemed on the first call date in December 2021 (five years after the issue date). Up until redemption, the loan was listed on the Luxembourg Stock Exchange.

The loan of SEK 1,000 million was issued in 2018 with variable interest rate terms. The loan includes terms stating the right of redemption after five years and at any interest payment date thereafter. The loan is listed on the Luxembourg Stock Exchange.

The loan of SEK 1,500 million was issued in 2021 with variable interest rate terms. The loan includes terms stating the right of redemption after five years, at any date for a three-month period after the first five years and thereafter at any interest payment date. The loan is listed on the Luxembourg Stock Exchange.

Topdanmark

EURm			2021	2020
Derivative financial instruments			81	132
Subordinated debt securities				
Subordinated loans	**Maturity**	**Interest**		
Subordinated loan, 2021 (nominal value 1,000 MDKK)	12/2031	3 month Cibor +1.25%	134	–
Subordinated loan, 2020 (nominal value 500 MDKK)	12/2030	3 kk Cibor +1,60%	67	67
Subordinated loan, 2017 (nominal value 400 MDKK)	bullet	3 month Cibor +2.75%	54	54
Subordinated loan, 2015 (nominal value 850 MDKK)	06/2026	3 month Cibor +2.70%	–	114
Total subordinated debt securities			**255**	**235**
Other financial liabilities			1	4
Topdanmark, total financial liabilities			**338**	**371**

Subordinated loans are wholly included in Topdanmark's own funds. Approximately EUR 220 (18) million euro (DKK 1,633 million) of the subordinated loans are subscribed by If.

Hastings

EURm	2021	2020
Debt securities in issue		
Bonds	317	299
Other financial liabilities	12	–
Hastings, total financial liabilities	**329**	**299**

During the financial period Hastings has signed a revolving credit facility with financial institution totalling EUR 65 million of which at the end of reporting period EUR 54 million is undrawn. The revolving credit facility is terminating on 23 November 2023, but the contract contains an extension option. In addition, Hastings has an undrawn credit facility with Sampo Plc totalling EUR 89 million with maturity date 29 October 2026.

Mandatum

EURm	2021	2020
Derivative financial instruments (note 14)	29	3
Subordinated debt securities		
Subordinated loan, 2019 (nominal value EURm 250)	249	249
Subordinated loan, 2002 (nominal value EURm 100)	100	100
Total subordinated debt securities	**349**	**349**
Mandatum, total financial liabilities	**378**	**352**

Mandatum Life issued in 2002 EUR 100 million Capital Notes. The loan is perpetual and pays floating rate interest. The interest is payable only from distributable capital. The loan is repayable only with the consent of the Financial Supervisory Authority and at the earliest on 2012 or any interest payment date after that. The loan is wholly subscribed by Sampo Plc.

In 2019 Mandatum Life issued Solvency II Tier 2 loan of EUR 250 million. The loan matures on 4 October 2049. The loan has a fixed interest rate until the first possible redemption date on 4 October 2024, whereafter it becomes subject to variable interest rates.

Holding

EURm			2021	2020
Derivative financial instruments (note 14)			3	4
Debt securities in issue				
Bonds			1,878	2,448
Subordinated debt securities	**Maturity**	**Interest**		
Subordinated loan, 2020 (nominal value EURm 1,000)	32 years	2.50%	992	991
Subordinated loan, 2019 (nominal value EURm 500)	30 years	3.38%	495	495
Total subordinated debt securities			1,487	1,486
Holding, total financial liabilities			**3,369**	**3,938**

The subordinated loan of 2019 has a fixed interest rate for the first ten years, the 2020 loan for the first 12 years. After that, the loans become subject to variable interest rate but they also include terms stating the right of redemption at this point in time or at any interest payment date thereafter. The loans are listed on the London Stock Exchange.

The determination and hierarchy of fair values of financial assets and liabilities measured at acquisition cost is disclosed in note 17. According to this determination the subordinated debt securities and bonds are categorised either on level 1 or 2.

EURm	2021	2020
Elimination items between segments	-320	-320
Group, total financial liabilities	**4,345**	**5,094**

Change in liabilities from financing activities

EURm	1 January 2021	Incoming cash flows	Outgoing cash flows	Exchange differences	Other	31 December 2021
Bonds and subordinated loans	4,926	281	-994	4	2	4,213

EURm	1 January 2020	Incoming cash flows	Outgoing cash flows	Exchange differences	Other	31 December 2020
Bonds and subordinated loans	4,888	1,258	-1,266	29	2	4,926

25 Provisions

EURm	2021
At 1 January 2021	**20**
Additions	5
Amounts used during the period	-6
Unused amounts reversed during the period	-9
Exchange rate differences	0
At 31 December 2021	**9**
Current (less than 1 year)	5
Non-current (more than 1 year)	5
Total	**9**

EUR 3 million (7) of the provision consist of funds reserved for futures expenses for previously implemented or planned development of efficient administrative and claims-adjustment processes and structural changes in distribution channels, resulting in organisational changes that affect all business areas. In addition, the item includes a provision of about EUR 6 million (12) for lawsuits and other uncertain liabilities.

26 Employee benefits

Employee benefits

Sampo has defined benefit plans in P&C insurance business in Sweden and Norway.

In addition to statutory retirement pension insurance, the Group has certain voluntary defined benefit plans. The voluntary defined benefit plans are intra-Group and included in the insurance liabilities of Mandatum Life. The amount is negligible, and they have no material impact on the Group profit or loss or equity.

For the defined-contribution pension plans, If pays fixed contributions and has no further payment obligations once the contributions have been paid. The pension expense for the defined-contribution plans is equal to the premiums paid by If for the fiscal year.

Employee benefit obligations of If

EURm	2021	2020
Defined benefit pension obligations, including social costs etc.	294	337
Fair value of plan assets	268	239
Net liability recognised in the balance sheet	**26**	**98**

The main Swedish defined-benefit pension plan is closed to new employees born in 1972 or later. The corresponding Norwegian pension plan consists solely of active people employed prior to 2006 and born 1957 and earlier.

For both countries, the pension benefits referred to are old-age pension and survivors' pension. A common feature of the defined-benefit plans is that the employees and survivors encompassed by the plans are entitled to a guaranteed pension that depends on the employees' service period and pensionable salary at the time of retirement. The dominating benefit is the old-age pension, referring to a life-long pension after anticipated retirement age.

All employees in Norway born in 1957 or earlier and who were employed by If in 2013 are entitled to a temporary pension before the anticipated retirement age. The retirement age for receiving early retirement pension is normally 65 years. Following a complete service period the early retirement pension is payable at a rate of 70% of the pensionable salary.

The anticipated retirement age in connection with life-long pension is 65 years for Sweden and 67 years for Norway. In Sweden, life-long old-age pension following a complete service period is payable at a rate of 10% of the pensionable salary between 0 and 7.5 income base amounts, 65% of salary between 7.5 and 20 income base amounts and 32.5% between 20 and 30 income base amounts. In Norway, life-long old-age pension following a complete service period is payable at a rate of 70% of the pensionable salary up to 12 National Insurance base amounts, together with the estimated statutory old-age pension. Paid-up policies and pension payments from the Swedish plans are normally indexed upwards in an amount corresponding to the change in the consumer price index. However, there is no agreement guaranteeing the value and future supplements in addition to the contractual pension benefit could either rise or fall. If is not responsible for indexation of paid-up policies and/or pension payments from the Norwegian insured plans.

The pensions are primarily funded through insurance whereby the insurers establish the premiums and disburse the benefits. If's obligation is primarily fulfilled through payment of the premiums. Should the assets that are attributable to the pension benefits not be sufficient to enable the insurers to cover the guaranteed pension benefits, If could be forced to pay supplementary insurance premiums or secure the pension obligations in some other way. However, given the insurers' high consolidation ratio, the risk that If will be forced to take any such action is low. In addition to insured pension plans, there are also unfunded pension benefits in Norway for which If is responsible for ongoing payment.

To cover the insured pension benefits, the related capital is managed as part of the insurers' management portfolios. New and existing asset categories are evaluated on an ongoing basis in order to diversify the asset portfolios with a view to optimise the anticipated risk-adjusted return. Any surplus that arises from management of the assets normally accrues to If and/or the insured and there is no form of transfer of the asset value to other members of the insurance collective.

The insurers and If are jointly responsible for monitoring the pension plans, including investment decisions and contributions. The pension plans are essentially exposed to similar material risks regarding the final amount of the benefits, longevity, the investment risk associated with the plan assets and the fact that the choice of discount interest rate affects their valuation in the financial statements.

When applying IAS 19, the pension obligation and the pension cost attributed to the fiscal period are calculated annually using the Projected Unit Credit method. The calculation of the defined benefit obligation is based on future expected pension payments and includes yearly updated actuarial assumptions such as salary growth, inflation, mortality and employee turnover. The expected pension payments are then discounted to a present value using a discount rate set with reference to AAA and AA corporate bonds issued in local currency, including mortgage-backed bonds, as at mid-December. The discount rates chosen in Sweden and Norway take into account the duration of the company's pension obligations in each respective country. After a deduction for the plan assets, a net asset or a net liability is recognised in the balance sheet.

The following tables contain a number of material assumptions, specifications of pension costs, assets and liabilities and a sensitivity analysis showing the potential effect on the obligations of reasonable changes in those assumptions as at the end of the fiscal year.

The carrying amounts have been stated including special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (14.1%–19.1%).

Specification of employee benefit obligations by country

	2021			2020		
EURm	**Sweden**	**Norway**	**Total**	**Sweden**	**Norway**	**Total**
Recognised in income statement and other comprehensive income						
Current service cost	6	1	7	7	1	8
Interest expense on net pension liability	1	—	1	1	1	2
Total in income statement	**7**	**1**	**8**	**8**	**2**	**10**
Remeasurement of the net pension liability	-73	—	-73	-8	8	—
Total in comprehensive income statement	**-66**	**1**	**-65**	**0**	**10**	**10**
Recognised in balance sheet						
Defined benefit pension obligations, including social costs etc.	245	48	294	283	54	337
Fair value of plan assets	250	18	268	217	22	239
Net liability (net assets) recognised in balance sheet	**-5**	**30**	**26**	**66**	**32**	**98**
Distribution by asset class						
Bonds	41%	55%		45%	42%	
Equities	27%	12%		23%	7%	
Properties	9%	13%		10%	16%	
Other	23%	20%		22%	35%	

The following actuarial assumptions have been used for the calculation of defined benefit pension plans in Norway and Sweden:

	Sweden 31 Dec 2021	Sweden 31 Dec 2020	Norway 31 Dec 2021	Norway 31 Dec 2020
Discount rate	1.75%	1.25%	2.00%	1.75%
Future salary increases	2.50%	2.50%	3.00%	3.00%
Price inflation	1.75%	1.75%	2.00%	2.00%
Mortality table	DUS 14	DUS14	K2012	K2013
Average duration of pension liabilities	20 years	21 years	12 years	13 years
Expected contributions to the defined benefit plans during 2022 and 2021	7	8	1	1

	2021			2020		
Sensitivity analysis of effect of reasonably possible changes	**Sweden**	**Norway**	**Total**	**Sweden**	**Norway**	**Total**
Discount rate, +0.50%	-29	-3	**-32**	-32	-3	**-35**
Discount rate, -0.50%	33	3	**36**	39	3	**42**
Future salary increases, +0.25%	8	0	**8**	9	—	**9**
Future salary increases, -0.25%	-7	0	**-7**	-9	—	**-9**
Expected longevity, +1 year	12	1	**13**	14	1	**15**

	2021			2020		
EURm	**Funded plans**	**Unfunded plans**	**Total**	**Funded plans**	**Unfunded plans**	**Total**
Distribution of obligations on funded and unfunded plans						
Defined benefit pension obligations, including social costs etc.	264	30	**294**	308	29	**337**
Fair value of plan assets	268	—	**268**	239	—	**239**
Net pension liability (net assets) recognised in the balance sheet	**-4**	**30**	**26**	**69**	**29**	**98**

Analysis of the change in net liability recognised in the balance sheet

EURm	2021	2020
Pension liabilities:		
At the beginning of the year	318	311
Current cost	6	6
Interest cost	4	5
Actuarial gains (-)/losses (+) on financial assumptions	-28	5
Actuarial gains (-)/losses (+), experience adjustments	4	-5
Exchange differences on foreign plans	-3	7
Benefits paid	-13	-13
Business acquisitions	—	2
Defined benefit pension obligations on Dec 31, excl. social security	**288**	**318**
Social security costs	6	18
Defined benefit plans on Dec 31, incl. social security costs etc.	**294**	**337**
Reconciliation of plan assets:		
At the beginning of the year	239	231
Interest income	3	4
Difference between actual return and calculated interest income	35	-1
Contributions paid	7	11
Exchange differences on foreign plans	-4	7
Benefits paid	-13	-13
Business acquisitions	—	1
Plan assets at 31 December	**268**	**239**

Other short-term employee benefits

There are other short-term employee incentive programmes in the Group, the terms of which vary according to country, business area or company. Benefits are recognised in the profit or loss for the year they arise from. An estimated amount of these short-term incentives, social security costs included, for 2021 is EUR 98 million.

27 Other liabilities

EURm	2021	2020
Liabilities arising out of direct insurance operations	248	293
Liabilities arising out of reinsurance operations	293	196
Liabilities related to Patient Insurance Pool	66	62
Pension return tax	204	0
Tax liabilities	100	199
Premium taxes	185	177
Settlement liabilities	131	74
Interests	40	30
Leases *)	205	191
Prepayments and accrued income	285	277
Other	488	602
Group other liabilities, total	**2,246**	**2,102**

Item Other includes e.g. withholding taxes, social expenses related to Workers Compensation insurance policies and employee benefits.

The non-current share of other liabilities is EUR 128 million (219).

*) *The total effect of leases on the statement of cash flows was EUR -34 million (-39). Non-cash flow additions from IFRS 16 leases to the balance sheet items were EUR 41 million (42).*

EURm	2021	2020
Items recognised in the p/l from lease liabilities		
Interest expenses	-2	-2
Expenses from short-term and low-value lease liabilities	-7	-10

28 Contingent liabilities, commitments and legal proceedings

EURm	2021	2020
Off-balance sheet items		
Guarantees	2	4
Investment commitments	1,818	1,252
IT acquisitions	15	6
Other	48	89
Total	**1,883**	**1,350**

Assets pledged as collateral for liabilities or contingent liabilities

	2021		2020	
EURm	Assets pledged	Liabilities/ Commitments	Assets pledged	Liabilities/ Commitments
Assets pledged as collateral				
Investments	482	162	286	185
Subsidiary shares	94	30	87	28
Cash and cash equivalents	3	—	1	0
Total	**579**	**192**	**374**	**213**

EURm	2021	2020
Assets pledged as security for derivative contracts, carrying value		
Investment securities	173	10
Cash and cash equivalents	186	359
Total	**358**	**369**
Assets pledged as security for insurance undertakings, carrying value		
Investment securities	420	—
Assets pledged as security for loans, carrying value		
Shares in subsidiaries	94	—
Assets pledged for other commitments, carrying value		
Cash and cash equivalents	1	—

Other financial commitments

The subsidiary If P&C Insurance Ltd provides insurance with mutual undertakings within the Nordic Nuclear Insurance Pool, Norwegian Natural Perils' Pool and the Dutch Terror Pool.

In connection with the transfer of property and casualty insurance business from the Skandia Group to the If Group as of March 1, 1999, If P&C Holding Ltd and If P&C Insurance Ltd issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ.) whereby the aforementioned companies in the If Group mutually guarantee that companies in the Skandia group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia Group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding Ltd and If P&C Insurance Ltd have separately entered into agreements with Försäkringsaktiebolaget Skandia (publ.) and Tryg-Baltica Forsikrings AS whereby Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Försäkringsaktiebolaget Skandia (publ.) and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (U.K.) Ltd. (changed name to Marlon Insurance Company Ltd., company dissolved in July 2017) in favour of the Institute of London Underwriters. Marlon was sold during 2007, and the purchaser issued a guarantee in favour of the aforementioned companies in the If Group for the full amount that they may be required to pay under these guarantees.

If P&C Insurance Company Ltd, a Finnish branch, has outstanding commitments to private equity funds totalling EURm 3, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

With respect to certain IT systems If and Sampo use jointly, If P&C Insurance Holding Ltd has undertaken to indemnify Sampo for any costs caused by If that Sampo may incur in relation to the owners of the systems.

Sampo Group's Danish companies and Topdanmark Group's companies are jointly taxed, with Topdanmark A/S being the management company. Pursuant to the specific rules on corporation taxes etc. in the Danish Companies Act, the companies are liable for the jointly taxed companies and for any obligations to withhold tax from interests, royalties and dividend for companies concerned.

In connection with implementation of a new customer and core system, Topdanmark Forsikring A/S has undertaken to provide support towards specific suppliers to fulfil Topdanmark EDB IV ApS' obligations in accordance with the contracts.

Contingent liability

Entities within Hastings Group are subject to review by tax authorities in the UK and Gibraltar. The Hastings Group commenced discussion with HMRC in December 2016 regarding aspects of its business model and the allocation of certain elements of its profit between the Group's operating subsidiaries, Hastings Insurance Services Limited ('HISL') in the UK and Advantage Insurance Company Limited ('AICL') in Gibraltar. During the year, management has engaged in correspondence and meetings with HMRC. Management has reviewed current and previous tax filings and considered the nature of the ongoing enquiries and does not consider it appropriate to provide for any additional tax due. Hastings Group provides for potential tax liabilities that may arise on the basis of the amount expected to be paid to the tax authorities having taken into consideration any ongoing enquiries or reviews and based on guidance from professional firms. The final amounts paid may differ from the amounts provided depending on the ultimate resolution of such matters and any changes to the estimates or amounts payable in respect of prior periods are reported through adjustments relating to prior periods. In the event that the tax authorities do not ultimately accept the filed tax position, it is possible that the Hastings Group will have an additional tax liability. However the ongoing nature of the enquiry means that is its inherently difficult to predict a range of potential outcomes with certainty. Based on the information received from HMRC to date, management does not believe that it is probable that any additional amounts will ultimately become payable. Further information in respect of the enquiries has therefore not been provided in accordance with IAS 37 on the grounds it is not practicable to do so.

Legal proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 December 2021, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

29 Equity and reserves

Equity (1,000 shares)

	2021	2020
Equity (1,000 shares)	546,812	555,352

The shares are divided into A and B classes, with the number of A shares being 179,000,000 at minimum and 711,200,000 at maximum, and the number of B shares being 0 at minimum and 4,800,000 at maximum. Each A share entitles its holder to one vote and each B share entitles its holder to five votes at a General Meeting of Shareholders. The shares have no nominal value.

At the end of financial year 2021, the number of A shares amounted to 545,611,894 and B shares to 1,200,000 shares.

Treasury Shares (1,000 shares)

	2021	2020
Own shares held by Sampo Plc (1,000 shares)	8,540	–

Reserves and retained earnings

Legal reserve

The legal reserve comprises the amounts to be transferred from the distributable equity according to the articles of association or on the basis of the decision of the AGM.

Invested unrestricted equity

The reserve includes other investments of equity nature, as well as issue price of shares to an extent it is not recorded in share capital by an express decision.

Other components of equity

Other components of equity include fair value changes of financial assets available for sale and derivatives used in cash flow hedges, and exchange differences.

Changes in the reserves and retained earnings are presented in the Group's statement of changes in equity.

30 Related party disclosures

Related parties of Sampo Group include subsidiaries, associates and joint ventures. In addition, related parties include, as mentioned below, key management personnel and their related parties. Group's subsidiaries are included in the note 33 and significant associates and joint ventures in the note 13.

All intra-group transactions and balances are eliminated upon consolidation. The related party transaction disclosed in the note include transactions with related parties that are not eliminated in the preparation of consolidated financial statements.

Transactions with related parties are on an arm's length basis.

Key management personnel and their related parties

The key management personnel in Sampo Group consists of the members of the Board of Directors of Sampo plc, Chief Executive Officer (CEO) and Sampo Group's Executive Committee. Their related parties include close family members and the entities over which the members of the key management personnel or their close family members have a control or significant influence.

Key management compensation

EURm	2021	2020
Short-term employee benefits	-8	-8
Post-employment benefits	-3	-3
Other long-term benefits	-4	—
Total	**-15**	**-10**

Short-term employee benefits comprise salaries and other short-terms benefits, including profit-sharing bonuses accounted for the year, and social security costs.

Post-employment benefits include pension benefits under the Employees' Pensions Act (TyEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for the year (see note 31).

Related party transactions of the key management

The key management does not have any loans from the Group companies.

Associates

Outstanding balances with related parties/Associates Nordea and Nordax

EURm	2021	2020
Assets	2,941	2,363
Liabilities	54	90

The Group's receivables from Nordea comprise mainly long-term investments in bonds and deposits. In addition, the Group has several on-going derivative contracts related to the Group's risk management of investments and liabilities.

31 Incentive schemes

Long-term incentive schemes 2017 I–2020 I

The Board of Directors of Sampo plc has decided on the long-term incentive schemes 2017:1 and 2020:1 for the key employees of Sampo Group. The Board of Directors of Sampo plc has authorised the Group CEO to decide on the allocation of incentive units, which are used to determine the incentive reward. The Board of Directors of Sampo plc decides on the number of incentive units allocated to the Group CEO and the Group Executive Committee members. Some 115 persons were included in the long-term incentive schemes at the end of 2021.

The amount of the incentive reward is based on the share price development of the Sampo A share, If P&C insurance margin (IM) and/or Sampo Group's return on capital at risk (RoCaR). The value of one calculated incentive unit is the trade-weighted average price of the Sampo A share at the time period specified in the terms of the incentive scheme, reduced by the dividend-adjusted starting price. The starting price of the incentive schemes varies between EUR 32.94–44.10. The maximum value of one incentive unit varies between EUR 56.94–63.10. In the 2017:1 incentive scheme, the calculation of the incentive reward furthermore takes into account the outcome of two performance indicators. If the IM is at least 6 per cent, 60 per cent of the incentive reward is paid. If the IM is between 4–5.99 per cent, 30 per cent of the incentive reward is paid. If the RoCaR is at least risk-free return + 4 per cent, 40 per cent of the incentive reward is paid. If the RoCaR is at least risk-free return + 2 per cent, but less than risk-free return + 4 per cent, 20 per cent of the incentive reward is paid. In the 2020:1 incentive scheme, the calculation of the incentive reward furthermore takes into account the RoCaR. If the RoCaR is at least risk-free return + 5 per cent, the reward is paid out in full. If the RoCaR is at least risk-free return + 3 per cent, but less than risk-free return + 5 per cent, the payout is 50 per cent. If the RoCaR is below risk-free return + 3 per cent, no incentive reward will be paid.

Each plan has three performance periods and incentive rewards are paid in cash in three instalments. Identified staff shall buy Sampo A shares with 50 per cent of the amount of the instalment after deducting income tax and other comparable charges. The shares are subject to disposal restrictions for three years from the date when the instalment was paid. A premature payment of the incentive reward may occur in the event of changes in the group structure. The fair value of the incentive schemes is estimated by using the Black-Scholes pricing model.

		2017:I	2017:I/2	2020:I	2020:I/2
Terms approve*)		14 Sep 2017	14 Sep 2017	5 Aug 2020	5 Aug 2020
Granted (1,000) 31 Dec 2018		3,978	85	—	—
Granted (1,000) 31 Dec 2019		3,948	85	—	—
Granted (1,000) 31 Dec 2020		2,638	85	3,877	—
Granted (1,000) 31 Dec 2021		1,292	60	3,815	220
End of performance period I 30%		Q2-2020	Q2-2021	Q2-2023	Q2-2024
End of performance period II 35%		Q2-2021	Q2-2022	Q2-2024	Q2-2025
End of performance period III 35%		Q2-2022	Q2-2023	Q2-2025	Q2-2026
Payment I 30%		9-2020	9-2021	9-2023	9-2024
Payment II 35%		9-2021	9-2022	9-2024	9-2025
Payment III 35%		9-2022	9-2023	9-2025	9-2026
Price of Sampo A at terms approval date EUR *)		44.02	44.02	30.30	30.30
Starting price EUR **)		43.81	44.10	32.94	43.49
Dividend-adjusted starting price EUR at 31 December 2021		34.59	37.48	31.24	43.49
Sampo A closing price EUR at 31 December 2021	44.06				
Total intrinsic value, EURm		11	0	15	0
Total debt	27				
Total cost for the financial period, EURm (incl. social cost)	31				

**) Grant dates vary*

***) In the 2017:1 incentive scheme, the trade-weighted average price of the Sampo A share during ten trading days from the adoption of the scheme and in the 2020:1 incentive scheme, the trade-weighted average price of the Sampo A share during twenty-five trading days commencing the day after Sampo plc's publication of its Half-Year Financial Report in 2020.*

Long-term incentive scheme of Topdanmark

Topdanmark's long-term share option scheme is for its Executive Board and senior executives. The strike price has been fixed at 110% of the market price on the last trading date in the prior financial year (average of all trades). The options may be exercised 3–5 years subsequent to the granting. The scheme is settled by shares.

The option scheme requires employment during the whole year of the allocation. Options are allocated at beginning of year and in connection with resignation in the year of allocation a proportional deduction in the number of allocated options is made.

The tables below show option holder's standing at the year end.

	Strike price	Executive board	Senior executives	Resigned	Total
Total number of options (1,000)					
At 1 January 2021	35	224	598	308	1,130
Granted	39	78	228	0	306
Transferred		-171	103	67	-1
Exercised	23	-23	-165	-115	-303
Forfeited	38	0	0	-12	-12
At 31 December 2021	36	**108**	**765**	**249**	**1,121**
At 1 January 2020	31	178	648	260	1,086
Granted	49	58	188	1	247
Transferred		0	-120	120	0
Exercised	23	-11	-118	-67	-196
Forfeited	43	0	0	-7	-7
At 31 December 2020	**35**	**224**	**598**	**308**	**1,130**
Per granting					
2017, exercise period January 2020–2022	18	1	52	38	91
2018, exercise period January 2021–2023	31	9	108	115	232
2019, exercise period January 2022–2024	39	30	172	58	260
2020, exercise period January 2023–2025	45	29	189	25	243
2021, exercise period January 2024–2026	36	40	243	13	296

	Executive board	Senior executives	Resigned	Total
Average market price on date of exercise 2021				41
Average market price on date of exercise 2020				40
Fair value of granting 2021	0	1	0	1
Fair value of granting 2020	0	1	0	1
Fair value at 31 December 2021	1	10	4	15
Fair value at 31 December 2020	1	3	2	6

The fair value of the granting for the year has been calculated using the Black-Scholes model assuming a share price of EUR 36 (42). The interest rate corresponds to the zero-coupon rate based on the swap curve on 31 December of the previous year. Future volatility is assumed to be 22 per cent (22) p.a and the average life of the options approximately 4 years. The volatility based on previous years' volatility is still managements' best estimate of the future volatility. The strike prices are adjusted by dividend distribution for outstanding options.

At 31 December 2021, there were 324,000 options (331,000) which could be exercised.

Long-term incentive scheme of Hastings

The total charge for the share-based payments recognised in the profit and loss during 2021 was EUR 15 million (EUR 4 million) with a share-based payment liability of EUR 25 million (EUR 12 million) held at 31 December 2021.

Long Term Incentive Plan 2021

Certain management personnel of Hastings Group participate the Group's Long Term Incentive Plan ('LTIP'), which is a cash settled scheme. Vesting is subject to a three-year service period and the achievement of certain performance conditions. Cash awards totalling EUR 12 million (EUR 0) were granted in 2021 and EUR 1 million cash awards were forfeited. The expected life is the contractual life of the award adjusted to reflect management's best estimate of holder behaviour. There were cash awards with a value of EUR 39 million outstanding at 31 December 2021 (EUR 26 million).

Long Term Incentive Plan 2020

Prior to the acquisition of Hastings Group Holdings Limited ('HGH'), formerly known as Hastings Group Holdings plc certain management personnel were participating in the Group's Long Term Incentive Plan ('LTIP') giving them an option to acquire shares in the Group at an exercise price of £nil. Vesting was subject to a three-year service period and the achievement of certain performance conditions in respect of total shareholder return and adjusted earnings per share over a three-year period. For awards to certain individuals, considered key management personnel, there was an additional holding period of two years ('Executive grant'). Upon acquisition of HGH, Hastings Group (Consolidated) Limited ('HGC') administered cash replacement awards were offered in lieu of the equity settled awards. No options or awards were granted during the period. The expected life is the contractual life of the award adjusted to reflect management's best estimate of holder behaviour. There were cash awards with a value of EUR 26 million outstanding at 31 December 2021.

Restricted Stock Awards 2021

Restricted Stock Awards are whereby certain individuals are granted cash awards conditional upon their continued employment with the Group. The expected life is the contractual life of the award adjusted to reflect management's best estimate of holder behaviour. During 2021, certain key management personnel were granted cash awards with a value of EUR 0.3 million conditional upon continued employment with the Group, with the awards vesting in three tranches (2022, 2023, 2024). There were cash awards with a value of EUR 3 million (EUR 4 million) outstanding at 31 December 2021.

Restricted Stock Awards 2020

Upon acquisition of HGH, certain key management personnel were granted HGC administered replacement cash awards conditional upon continued employment with the Group. No awards were granted during the period. The expected life is the contractual life of the award adjusted to reflect management's best estimate of holder behaviour. There were cash awards with a value of EUR 4 million outstanding at 31 December 2020.

Capital Appreciation Plan

In the year ended 31 December 2021, certain key management personnel were invited to participate in the Capital Appreciation Plan ('CAP') under which they may be awarded up to five free ordinary B shares in the Company for every ordinary B share that they purchase and place into a trust. The total number of ordinary B shares placed into trust under this scheme in December 2021 was 1.0 million (six weeks ended 31 December 2020: nil) and there were no forfeits during the year (2020: nil). The additional matching awards of up to 5.0 million ordinary B shares have the potential to vest in two tranches, with 50% being conditional upon a total shareholder return ('TSR') measure over a four-year period, and 50% being conditional upon TSR over a five-year period, with the number of awards dependent upon the level of return between a minimum and maximum target. At the end of each performance period, one half of the awarded shares will vest, and one half will be deferred for 12 months before becoming exercisable. The vesting is dependent on continuing service by the colleague over the period of any deferment, and in its entirety the vesting of awarded shares will take place over a period of four to six years. The TSR measure for these awards is calculated considering the dividends paid over the period, the profit of the Group in the final year of the performance period and an internal enterprise valuation model.

32 Auditors' fees

EURm	2021	2020
Auditing fees	-3	-3
Deloitte	-3	—
Ernst & Young	—	-1
Other	0	-2
Other fees	0	-3
Deloitte	0	—
Ernst & Young	—	-3
Other	0	0
Total	**-3**	**-6**

The AGM on 19 May 2021 elected Deloitte Oy as Sampo plc's auditor. The previous auditor was Ernst & Young Oy.

33 Investments in subsidiaries

Name	Group holding %	Carrying amount
If P&C Insurance Holding Ltd	100	1,886
If P&C Insurance Ltd	100	1,611
If P&C Insurance AS	100	43
Vertikal Helseassistanse AS	100	33
Viking Assistance Group AS	100	90
Topdanmark A/S	49*)	1,465
Topdanmark Forsikring A/S	49	957
Topdanmark Liv Holding A/S	49	213
Topdanmark Livsforsikring A/S	49	397
Topdanmark Ejendom A/S	49	941
Hastings Group (Consolidated) Ltd	100	2,099
Hastings Group Holdings Limited	100	1,522
Hastings Group (Finance) plc	100	892
Hastings Group Limited	100	158
Advantage Global Holdings Limited	100	77
Hastings (Holdings) Limited	100	24
Mandatum Holding Oy	100	539
Mandatum Life Insurance Company Ltd	100	484
Mandatum Asset Management Oy	100	70

*) *The Group's ownership of votes.*

During the financial year 2021, Sampo plc made an additional investment of EUR 68 million in Topdanmark A/S, EUR 804 million in Hastings Group (Consolidated) Ltd and EUR 55 million in Mandatum Holding Oy.

The table excludes dormant companies in Great Britain as well as property and housing companies accounted for in the consolidated accounts, and other companies that are insignificant to the consolidated financial statements.

Interests in unconsolidated structured entities

Mandatum Fund Management S.A. and Mandatum AM AIFM Ltd, which are part of Mandatum Group, manage Mandatum's funds and investments in limited partnership companies. Mandatum Fund Management S.A. has outsourced the portfolio management of the investments it manages to Mandatum Asset Management Ltd and Mandatum AM AIFM Ltd has its own portfolio management and other operations. Mandatum Group receives management fees from the unconsolidated investments and these fees are treated as commission income in the financial statements. In addition, as an investor Mandatum Group receives investment profits from the unconsolidated investments and these profits are booked as investment profits to the asset class in which the investment is included on the balance sheet. Mandatum Group's investments in these funds were in total EUR 1,915 million as of 31 December 2021. These investments are included in the investment assets on the balance sheet.

34 Non-current assets held for sale

Sampo's holding in Nordea

Sampo's Board of Directors decided on new financial targets and focuses for creating long-term value from P&C insurance operations in February 2021. As a part of this, an intention to materially reduce Sampo's holding in Nordea over the following 18 months was publicly announced.

Under IFRS 5 Non-current assets held for sale and discontinued operations, a non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale and its sale must be highly probable. The management needs, therefore, to be fully committed to the sale and the sale should take place within next 12 months from the date of reclassification.

In October 2021, Sampo's Board of Directors expressed their commitment to sell the remaining shares, and on 24 October 2021, an additional sale of Nordea shares was initiated. On 25 October 2021, Sampo sold 162 million shares through accelerated bookbuild offer (ABO). As a result of the sale, Sampo's holding of Nordea shares and votes decreased below 10 per cent. After the sale, Sampo holds 245,924,782 shares of Nordea which entitles to 6.20 per cent of shares and votes. Management considered that the requirements set in IFRS 5 for the reclassification were met for the remaining part of the shares.

After the sale Sampo's management has assessed the consolidation of shareholding in Nordea as an associate. Sampo considers to have a significant influence in the investment, because Sampo continues to be the biggest single shareholder with the positions of chairman in Nordea's board of directors and member in the Nomination Board. Sampo's management concluded that despite the decrease in the ownership the significant influence continued to exist at the date of reclassification. Therefore, the shares in Nordea have been measured at the consolidated book value immediately before the reclassification, instead of fair value. Until reclassification, Nordea was accounted in accordance with IAS 28 *Investments in associates and joint ventures*.

In the consolidated balance sheet, the shares are presented under non-current assets held for sale in the Holding segment.

Additional information on Nordea, while it was classified as an associate, is disclosed in note 13 Investments in associates and joint ventures.

Mandatum's life insurance business in the Baltics

Mandatum Life signed on 15 June 2021 an agreement to sell their Baltic life insurance business to Lithuanian Invalda INVL Group. Upon closing of the transaction, Mandatum Life's all Baltic life insurance operations will be transferred to Invalda INVL Group. The transaction is expected to be completed during the first half of the year 2022. The transaction is subject to approval by the Financial Supervisory Authorities.

The underwriting portfolio included in the agreement consists primarily of contracts in Life's unit-linked products segment. The effect of the with profit portfolio on Life's Other products and services segment's investment and expense result is minor. Premium income of the underwriting portfolio was EUR 25 million in 2021 and claims expenses EUR 16 million.

35 Events after the balance sheet date

Dividend proposal to the AGM

In the meeting of 9 Feb 2022, the Board of Directors decided to propose at the Annual General Meeting on 18 May 2022 a divided distribution of EUR 4.10 per share (totalling approx. EUR 2,273 million based on the number of outstanding shares at the balance sheet date). The dividends to be paid will be accounted for in the equity in 2022 as a deduction of retained earnings.

Acquisition of own shares

Sampo's share buyback programme launched on 4 October 2021 continued after the end of the reporting period. On 8 February 2022, Sampo plc held in total 12,219,968 Sampo A shares representing 2.20 per cent of the total number of shares in Sampo plc.

36 Risk Management Disclosure

Sampo Group and Sampo plc

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 client services. Hence common risk definitions are needed as a basis for business activities.

Classification of risks

In Sampo Group, the risks associated with business activities fall into three main categories as shown in the picture **Classification of risks in Sampo Group**: business risks, reputational risk and risks inherent in the business operations. The first two risk classes are only briefly described in this Risk Management Disclosure as the focus is on the third risk class.

Business risks

Business risk is the risk of losses due to changes in the competitive environment and/or lack of internal operational flexibility. Unexpected abrupt changes or already identified, but internally neglected trends can cause larger than expected fluctuations in profitability when volumes, margins, costs, and capital charges change and in the long run they may also endanger the existence of Sampo Group's business models.

External drivers behind such changes are varied, including for instance general economic development, changes in commonly shared values, developments in the institutional and physical environment and technological innovations. Because external drivers are inter-connected, the customer preferences and demand can change unpredictably and there may be a need to change regulations as well. Should the company's understanding of changes or its willingness and ability to act accordingly is inadequate and competitors are more able to meet clients' and regulation's altered expectations, the company is highly exposed to business risk.

Due to the predominantly external nature of the drivers and development in the competitive environment, managing business risks is the responsibility of the executive level senior management. Proactive strategic decision making is the central tool in managing business risks, which relate to competitive advantage. The maintenance of internal operational flexibility – i.e., the ability to adjust the business model and cost structure when needed – is also an efficient tool in managing business risks.

Business risks do not have a regulatory capital charge, although they may be a material source of earnings volatility. Because of this, business risks may have an effect on the amount and structure of the actual capital base, if deemed prudent in the existing business environment.

Sustainability as a business risk driver

The issues related to sustainability are changing the preferences and values of Sampo Group companies' stakeholders and, as a result, the operating and competitive environment. For example, investors and authorities are putting an increasing focus on sustainability, but consumers and employees are also emphasising these topics when choosing a brand or an employer.

The Group companies operate mainly in countries, which are characterised by an inherent respect for human rights, high transparency, and low levels of corruption and bribery. In addition, the compliance requirements for labour rights, health and environmental legislation and freedom of speech and association. These themes are also inherent in the operations of all Sampo Group companies.

The key sustainability-related risk drivers for Sampo Group can be divided into five main categories:

Sustainable business management and practices are fundamental to Sampo Group companies' operations. Good governance in Sampo Group means effective policies, management practices, and training, which provide assurance that the Group companies and their personnel, suppliers and other business partners comply with laws, regulations and generally accepted principles on human rights, labour rights, the environment and climate, anti-money laundering, counter-terrorism financing and anti-corruption and bribery. Further, it comprises comprehensive information security and cybersecurity governance systems, and data protection activities.

Sustainable corporate culture includes factors relating to the work environment, diversity and inclusion, employee health and well-being, competence development, remuneration, and talent attraction and retention. The Sampo Group companies want to provide customers with the best service in all situations. Here, skilled, and motivated employees are an essential success factor. Losing talent or being perceived as an unattractive employer would pose large risks for the businesses. Therefore, the Sampo Group companies strive to ensure a sound work environment, not only because it is stipulated by law, but also because it lays the foundation for sustainable business performance. Diversity and inclusion are key focus areas for the Sampo Group companies, which are committed to providing a non-discriminatory, open, and agreeable working environment where everyone is treated fairly and equally. Risks related to these themes are managed, for example, by having strong internal policies and governance structures, conducting organisational development programs, and offering employees training, interesting career opportunities and attractive remuneration packages.

Sustainable investment management and operations are important in managing investment risks and in mitigating potential adverse impacts on the Group's reputation. Therefore, the Sampo Group companies take environmental (including climate change), social and governance ("ESG") issues into account when assessing the security, quality, liquidity, and profitability of investments. Investment opportunities are carefully analysed before any investments are made and ESG issues are considered along with other factors that might affect the risk-return ratio of individual investments. Depending on the asset class, the Group companies use different ESG strategies to ensure the effective consideration and management of investment risks arising from ESG issues. The strategies used include, for example, ESG integration, sector-based screening, norms-based screening, and active ownership.

Sustainable product and service offering is important in meeting the evolving needs of all customers and in mitigating potential adverse impacts on the Group's reputation. Therefore, the Sampo Group companies aim to take ESG issues, including climate change, into account in product and service development, insurance underwriting, and supply chain management. Additionally, sustainable product and service offering requires being attentive to the risks relating to inappropriate customer advice and product sales, lack of clarity on conditions, prices and fees, and errors in claims handling and complaint processes. The focus in sales and marketing practices is on meeting the demands and needs of the customer and providing the customer with the information necessary for them to make well-informed decisions on their insurance coverage. The Sampo Group companies manage risks related to these themes, for example, by having effective internal policies and governance structures, and offering employees training.

Environmental issues and climate change are factors that are expected to have a mid and long-term effect on Sampo Group's businesses. Climate-related risks can be categorised into physical risks and transition risks. Physical risks can be further classified into long-term weather changes (chronic risks) and extreme weather events such as storms, floods, or droughts (acute risks). Transition risks refer to risks arising from the shift to a low carbon economy, for example changes in technology, legislation, and consumer sentiment.

The strength of the risks depends on the trajectory of global warming. A scenario in line with the Paris Agreement, limiting the temperature rise to 1.5°C, would have moderate consequences, whereas 3–5°C scenarios would have severe consequences for industry, infrastructure, and public health. Especially in geographically vulnerable regions, abandonment of low-lying coastal areas due to rising sea levels and food and water shortages, can lead to large-scale migration and outbreaks of diseases.

Physical risks are risk factors affecting especially the financial position and results of the Group's non-life insurers. The increasing likelihood of extreme weather conditions and natural disasters is included in internal risk models. Climate-related risks are also managed effectively with reinsurance programs and price assessments. Since climate change could increase the frequency and/or severity of physical risks, the Sampo Group companies conduct sensitivity analyses using scenarios in which the severity of natural catastrophes is assumed to increase.

The Sampo Group companies also help their corporate and private customers to manage climate-related risks. Extreme weather events can, for example, damage properties, lead to crop failure and business interruption. Loss prevention is an essential part of insurance services, as it helps customers to reduce economic losses and mitigates the impacts of climate change.

The Sampo Group companies' investments can be exposed to both physical risks and transition risks, depending on the investment in question. Investments are particularly exposed to physical risks in the form of losses incurred from extreme weather events. The transition to a low-carbon society with potentially increasing environmental and climate regulation, more stringent emission requirements, and changes in market preferences, could in turn cause transition risks for the Group's investments and possible revaluation of assets as operating models in carbon intense sectors change. To manage physical risks and transition risks, investment opportunities are carefully analysed before any investments are made and climate-related risks are considered along with other factors affecting the risk-return ratio of individual investments. The methods used by Sampo Group companies include, for example, annual analysis of the carbon footprint and climate impact of investments, sector-based screening and ESG integration, monitoring the geographical distribution of investments, and engagement with investee companies.

Further information on corporate responsibility in Sampo Group is available in the **Corporate Responsibility Report** 2021 published in May 2022 **www.sampo.com/year2021**.

Reputational risk

Managing stakeholder relationships means satisfied customers, professional staff, good co-operation with authorities and the trust and approval of the environment. These contribute to a key success factor of the company, its reputation.

Reputational risk refers to the risk that adverse publicity regarding the company's business practices or associations, whether accurate or not, causes a loss of confidence in the integrity of the institution. Reputational risk is often a consequence of a materialised operational or compliance risk and often manifests as a deterioration of reputation amongst customers and other stakeholders. Reputational risk is related to all activities shown in the graph Classification of Risks in Sampo Group. As the roots of reputational risk are varied, the tools to prevent it must be diverse and embedded within the corporate culture. These are reflected in how Sampo deals with ESG-issues and with key stakeholders (i.e. customers, personnel, investors, co-operation partners, authorities) and how Sampo Group has organised its corporate governance system.

Risks inherent in business operations

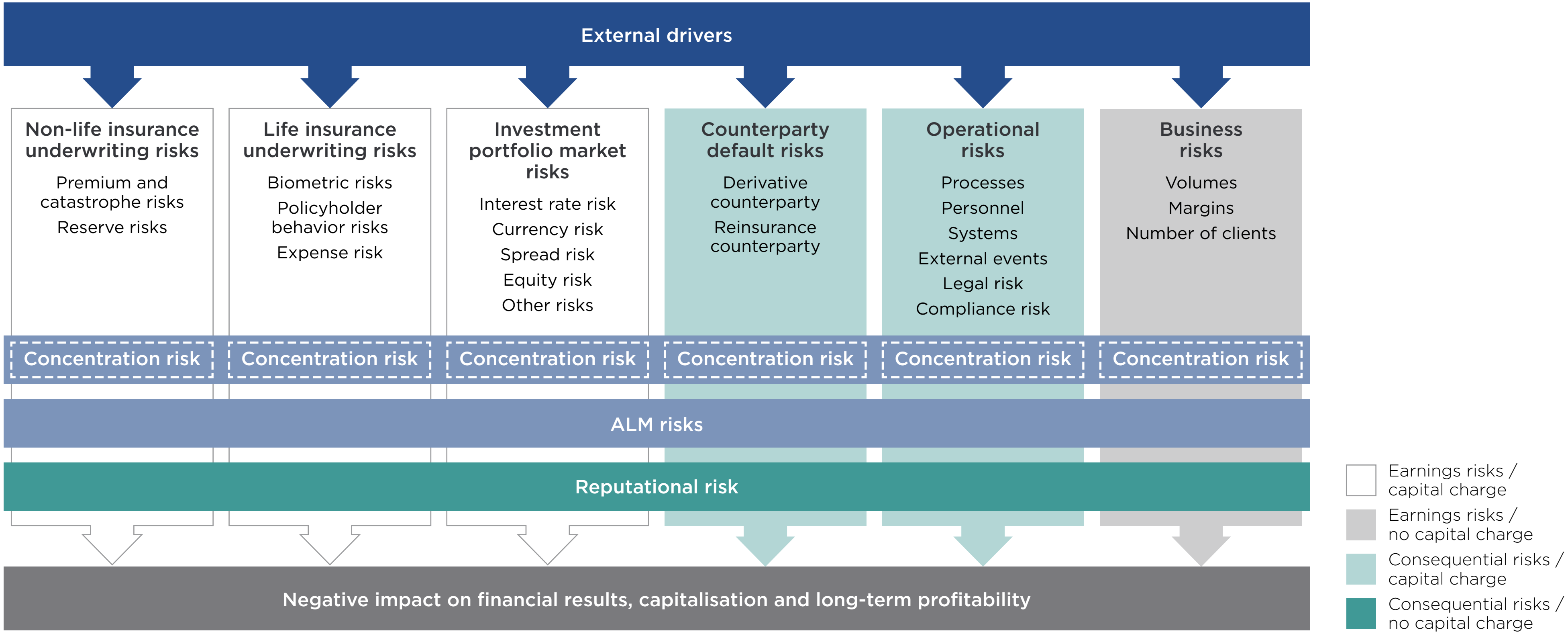
In its underwriting and investment operations, Sampo Group is consciously taking certain risks to generate earnings. These earnings risks are carefully selected and actively managed. Underwriting risks are priced to reflect their inherent risk levels and the expected return of investments is compared to the related risks. Furthermore, earnings related risk exposures are adjusted continuously and their impact on the capital need is assessed regularly.

Successful management of underwriting risks and investment portfolio market risks is the main source of earnings for Sampo Group companies. Day-to-day management of these risks, i.e., maintaining them within given limits and authorisations is the responsibility of the business areas and the investment unit.

Some risks, such as counterparty default risks and operational risks presented in the graph Classification of Risks in Sampo Group are indirect repercussions of Sampo's normal business activities. They are one-sided risks, which in principle have no related earnings potential. Accordingly, the risk management objective is to mitigate these risks efficiently rather than actively manage them. Mitigation of consequential risks is the responsibility of the business areas and the investment unit. The capital need for these risks is measured by independent risk management functions. It must be noted that the categorisation of risks between earnings and consequential risks varies depending on the industry. For Sampo Group's clients, for instance, the events that are subject to insurance policies are consequential risks and for Sampo Group these same risks are earnings risks.

Some risks such as interest rate, currency and liquidity risks are by their nature simultaneously linked to various activities. To manage these risks efficiently, Sampo Group companies must have a detailed understanding of expected cash flows and their variance within each of the company's activities. In addition, a thorough understanding of how the market values of assets and liabilities may fluctuate at the total balance sheet level under different scenarios is needed. These balance sheet level risks are commonly defined as Asset and Liability Management ("ALM") risks. In addition to interest rate, currency and liquidity risk, inflation risk and risks relating to GDP

Classification of risks in Sampo Group



growth rates are central ALM risks in Sampo Group. The ALM risks are one of the focus areas of senior management because of their relevance to risks and earnings in the long run.

In general, concentration risk arises when the company's risk exposures are not diversified enough. When this is the case, an individual extremely unfavourable claim or financial market event, for instance, could threaten the solvency of the company.

Concentrations can evolve within separate activities – large single name or industry specific insurance or investment exposures – or across activities when a single name or an industry is contributing widely to the profitability and risks of the company through both insurance and investment activities.

Concentration risk may also materialise indirectly when profitability and the capital position react similarly to general economic developments or to structural changes in the institutional environment in different areas of business.

Core risk management activities

To create value for all stakeholders in the long run, Sampo Group companies must have the following forms of capital in place:

- Financial flexibility in the form of adequate capital and liquidity.
- Good technological infrastructure.
- Intellectual capital in the form of comprehensive proprietary actuarial data and analytical tools to convert this data into information.
- Human capital in the form of skilful and motivated employees.
- Social and relationship capital in the form of good relationships with society and clients to understand the changing needs of different stakeholders.

At the company level, these resources are continuously developed. They are in use when the following core activities related to risk pricing, risk taking, and active management of risk portfolios are conducted.

Appropriate selection and pricing of underwriting risks
- Underwriting risks are carefully selected and are priced to reflect their inherent risk levels.
- Insurance products are developed proactively to meet clients' changing needs and preferences.

Effective management of underwriting exposures
- Diversification is actively sought.
- Reinsurance is used effectively to reduce largest exposures.

Careful selection and execution of investment transactions
- Risk return ratios and sustainability issues of separate investments opportunities are carefully analysed.
- Transactions are executed effectively.

Effective mitigation of consequential risks
- Counterparty default risks are mitigated by carefully selecting counterparties, applying collateral agreements and assuring adequate diversification.
- High quality and cost-efficient business processes are maintained.
- Continuity and recovery plans are continuously developed to secure business continuity.

Effective management of investment portfolios and the balance sheet
- Balance between expected returns and risks in investment portfolios and the balance sheet is optimised, considering the features of insurance liabilities, internally assessed capital needs, regulatory solvency rules and rating requirements.
- Liquidity risks are managed by having an adequate portion of investments in liquid instruments. The portion is mainly dependent on the features of the liabilities.

At the Group level, the risk management focus is on capitalisation, leverage, and liquidity. It is also essential to identify potential risk concentrations and to have a thorough understanding of how solvency and reported profits of companies would develop under different scenarios. These concentrations and correlations may have an effect on the Group level capitalisation and liquidity buffers as well as on the Group level management actions.

When the above-mentioned core activities are successfully implemented, a balance between profits, risks and capitalisation can be achieved both at company and the Group level and shareholder value can be created.

Sampo Group risk profile

Sampo's strategy is to create long-term value from its non-life insurance operations. The Group's focus within non-life insurance is on the private and SME business in the Nordic countries and the digital distribution market in the United Kingdom. Sampo Group is first and foremost exposed to the general performance of the Nordic economies. However, the Nordic economies typically are at any given time in somewhat different stages of their economic cycles, because of reasons such as different economic structures and separate currencies. Also, geographically the Nordics as a large area is more a source of underwriting diversification than concentration. Hence, inherently the Nordic area is a good basis for diversified business. Geographic diversification was extended into the United Kingdom in 2020, when Sampo acquired a majority stake in Hastings, and which was strengthened in late 2021 when Sampo became its sole owner.

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. Despite 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 a single company or risk factor level.

It is regarded that the current business model where all companies have their own operational processes and agreements with counterparties is preventing accumulation of counterparty default risks and operational risks. Hence, these risks are mainly managed at company level.

The number of intragroup exposures between the Group companies is small and the parent company is the only source of internal liquidity and the main source of capital within the Group. This effectively prevents the contagion risk, and hence potential problems of one company will not directly affect the other Group companies.

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

Underwriting risks at Sampo Group

With respect to the underwriting businesses carried out in the subsidiary companies, it has been established that If, Topdanmark and Mandatum all operate within the Nordic countries, but mostly in different geographical areas and in different lines of business and hence their underwriting risks are different by nature. There are, however, some common risk factors such as the life expectancy in Finland. Also, in Denmark If and Topdanmark have some overlapping areas. However, there are no material underwriting risk concentrations in the normal course of business. Hastings operates solely in the United Kingdom, and hence its underwriting risks are geographically distinct from the Nordics. Consequently, business lines as such are contributing diversification benefits rather than a concentration of risks.

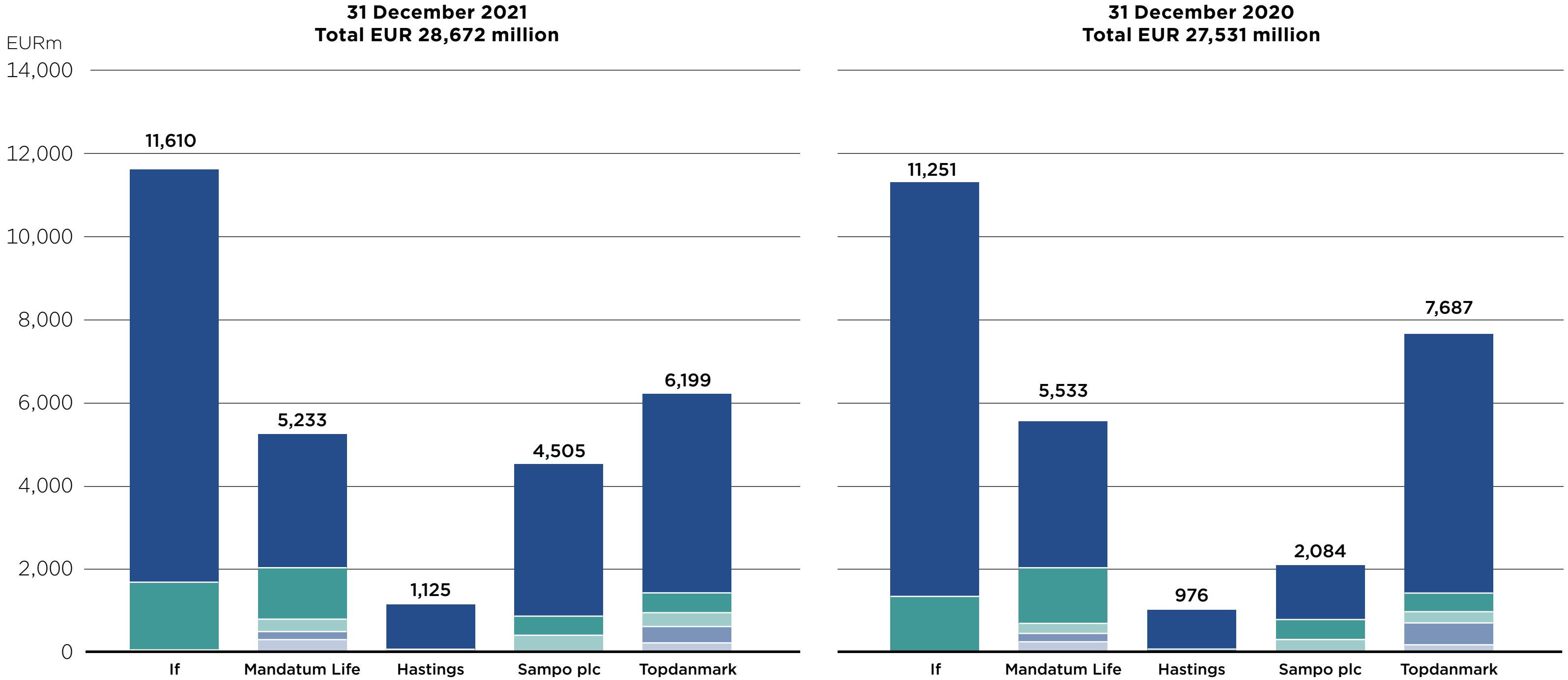
Market risks at Sampo Group level

For all subsidiaries, their insurance liabilities and the company specific risk appetite are the starting points for their investment activities. The insurance liabilities including loss absorbing buffers as well as the risk appetite of If, Topdanmark, Hastings and Mandatum differ, and as a result the structures and risks of the investment portfolios and balance sheets of the four companies differ respectively. Sampo Group's investment assets presented in the tables and graphs in this section do not include investments in the shares of subsidiaries or the associated companies (e.g., Nordea).

The total amount of Sampo Group's investment assets as at 31 December 2021 was EUR 28,672 million (27,531) as presented in the following graph. Mandatum's and Topdanmark's investment assets presented here do not include assets which cover unit-linked contracts.

Development of investments

If, Mandatum Life, Hastings, Sampo plc and Topdanmark



	If 2021	Mandatum Life 2021	Hastings 2021	Sampo plc 2021	Topdanmark 2021	If 2020	Mandatum Life 2020	Hastings 2020	Sampo plc 2020	Topdanmark 2020
Fixed income	86%	62%	97%	81%	77%	88%	63%	97%	63%	82%
Listed equity	14%	24%	0%	10%	8%	12%	24%	0%	23%	6%
Private equity*	0%	6%	0%	9%	5%	0%	5%	0%	14%	4%
Real estate	0%	4%	0%	0%	6%	0%	3%	0%	0%	7%
Other alternative investments	0%	5%	3%	0%	3%	0%	5%	3%	0%	2%

The content of the figures in this graph is different compared to financial asset line presented in the balance sheet. The total investment allocation of Mandatum Life is equal to EUR 5,233 million. When EUR 14 million of intra-group assets, EUR 22 million of accrued interest, EUR 586 million of cash, EUR 179 million of real estates and around EUR 10 million of assets belonging to non-current assets held for sale are deducted and EUR 4 million of derivatives are added, the total is equal to 4,427 which corresponds to the sum of Mandatum's financial assets on Sampo Group's balance sheet.

If figures include cash EUR 521 million.

Topdanmark figures do not include cash EUR 153 million but they do include real estate EUR 394 million and investments in associated companies EUR 313 million.

Sampo Plc figures do not include intragroup items, accrued interest and derivatives amounting to EUR 104 million as well as operational bank accounts amounting to EUR 80 million, which are not used for investment operations. Sampo plc's figures do not include debt instruments issued by the insurance subsidiaries.

**Private Equity also includes direct holdings in non-listed equities.*

Investment activities and market risk taking are arranged pro-actively in such a way that there is no significant overlap between the wholly owned subsidiaries' single name risks except with regards to Nordic banks where companies have their extra funds in short-term money market assets and cash. From the diversification of the assets of the balance sheet perspective, Topdanmark is a positive factor because the role of Danish assets is dominant in portfolios and especially the role of Danish covered bonds is central. In Sampo Group's other insurance companies' portfolios the weight of Danish investments has been immaterial. Even though Hastings' investment portfolio is smaller than other Group companies' portfolios, it has had a positive impact on the diversification of Sampo Group's investments. Most of Hastings' assets are British investments, denominated in pound sterling, which is a market that other Sampo Group companies have very limited exposure to. Moreover, Hastings' investment portfolio consists mainly of investment grade fixed income investments.

In the next paragraphs concentrations by homogenous risk groups and by single names are presented first and there after balance sheet level risks are discussed.

Holdings by sector, geographical area and asset class

Regarding fixed income and equity exposures financial institutions and covered bonds have a material weight in the group-wide portfolios whereas the role of public sector investments is quite limited. Most of these assets are issued by Nordic corporates and institutions, although Hastings brought along some diversification in this respect. Most corporate issuers, although being based in the Nordic countries, are operating at global markets and hence their performance is not that dependent on the Nordic markets. Exposures by sector, asset class and rating are presented in the following table. Sampo considers that the balance sheet values describe the maximum exposure amount exposed to credit risk.

Exposures by sector, asset class and rating

Sampo Group, 31 December 2021

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counter-party risk	Total	Change from 31 Dec 2020
Basic industry	0	0	17	126	50	0	67	260	166	0	0	426	-65
Capital goods	0	0	107	62	73	0	203	445	882	0	0	1,327	329
Consumer products	1	22	228	380	131	0	125	887	583	0	0	1,469	-24
Energy	0	0	26	0	0	0	189	215	10	9	0	233	24
Financial institutions	38	1,913	4,298	1,252	184	0	404	8,090	417	291	145	8,944	1,551
Governments	517	0	0	0	0	0	0	517	0	0	0	517	177
Government guaranteed	45	39	0	0	0	0	0	84	0	0	0	84	-11
Health care	7	0	13	42	148	0	125	334	163	0	0	497	69
Insurance	6	7	71	165	25	0	288	563	38	18	0	620	180
Media	0	0	0	0	5	0	32	36	50	0	0	87	0
Packaging	0	0	0	0	6	0	55	61	11	0	0	73	9
Public sector, other	646	275	23	0	0	0	0	944	0	0	0	944	253
Real estate	0	54	227	601	46	0	662	1,590	11	880	0	2,481	195
Services	0	0	0	123	261	0	127	511	200	5	0	715	-2
Technology and electronics	0	0	26	41	11	0	105	183	222	1	0	406	-9
Telecommunications	0	0	30	187	121	0	20	357	59	0	0	416	-20
Transportation	0	65	79	25	3	0	196	368	50	0	0	418	85
Utilities	0	1	108	365	191	0	21	687	34	0	0	721	149
Others	0	0	0	0	19	0	79	98	0	16	0	114	21
Asset-backed securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered bonds	5,453	0	185	0	0	0	298	5,937	0	0	0	5,937	-1,908
Funds	84	1	3	8	13	0	141	250	916	980	0	2,146	116
Clearing house	0	0	0	0	0	0	0	0	0	86	4	89	-22
Total	**6,797**	**2,378**	**5,440**	**3,377**	**1,287**	**0**	**3,138**	**22,417**	**3,812**	**2,285**	**149**	**28,663**	**1,099**
Change from 31 Dec 2020	**-1,701**	**688**	**1,879**	**14**	**-211**	**-1**	**392**	**1,061**	**252**	**-71**	**-143**	**1,099**	

In the table, both fixed income instruments and listed equities include direct and indirect investments.

Most of the financial institutions and covered bonds are in the Nordic countries, with Hastings bringing along some diversification into the investments from this perspective.

This can be seen in the tables Fixed income investments in the financial sector, Sampo Group, 31 December 2021 and 31 December 2020.

Fixed income investments in the financial sector

Sampo Group, 31 December 2021

EURm	Covered bonds	Cash and money market securities	Long-term senior debt	Long-term subordinated debt	Total	%
Denmark	4,380	145	322	259	**5,105**	34.7
Finland	71	2,697	436	116	**3,320**	22.5
Sweden	822	34	600	151	**1,607**	10.9
France		1,197	221	14	**1,432**	9.7
Norway	630		427	273	**1,330**	9.0
United States		2	336	10	**348**	2.4
Ireland		72	64	168	**304**	2.1
United Kingdom		41	224	33	**297**	2.0
Canada	33		193		**226**	1.5
Netherlands			178	42	**220**	1.5
Other		76	21		**97**	0.7
Iceland			49	43	**91**	0.6
Germany		0	54	16	**70**	0.5
Spain			57		**57**	0.4
Gibraltar		44			**44**	0.3
Australia			44		**44**	0.3
Switzerland			40		**40**	0.3
Bermuda			15	10	**25**	0.2
New Zealand			23		**23**	0.2
Austria			12		**12**	0.1
Belgium			10		**10**	0.1
Estonia			8		**8**	0.1
Guernsey			8		**8**	0.1
Luxembourg		2	1		**3**	–
Italy			3		**3**	–
Cayman Islands			1		**1**	–
Total	**5,937**	**4,309**	**3,346**	**1,134**	**14,726**	**100.0**

Fixed income investments in the financial sector

Sampo Group, 31 December 2020

EURm	Covered bonds	Cash and money market securities	Long-term senior debt	Long-term subordinated debt	Total	%
Denmark	5,587	280	270	255	**6,392**	44.0
Sweden	1,462	17	635	155	**2,270**	15.6
Finland	99	1,279	411	198	**1,986**	13.7
Norway	647		459	285	**1,391**	9.6
France		559	189	7	**755**	5.2
Ireland		101	65	137	**303**	2.1
United States		1	283	13	**297**	2.0
United Kingdom	2	62	167	28	**259**	1.8
Netherlands			185	41	**227**	1.6
Canada	34		172		**206**	1.4
Iceland			56	41	**97**	0.7
Germany			51	15	**67**	0.5
Switzerland			53		**53**	0.4
Australia	9		35		**45**	0.3
New Zealand			40		**40**	0.3
Spain			36		**36**	0.2
Gibraltar		23			**23**	0.2
Estonia		5	12		**17**	0.1
Bermuda			7	10	**17**	0.1
Austria			12		**12**	0.1
Luxembourg		11	0		**12**	0.1
Belgium			10		**10**	0.1
Guernsey			8		**8**	0.1
Italy			3		**3**	—
Cayman Islands			2		**2**	—
Jersey		0			**0**	—
Total	**7,840**	**2 ,340**	**3,161**	**1,185**	**14,526**	**100.0**

The public-sector exposure includes government bonds, government guaranteed bonds and other public-sector investments as shown in the tables Fixed income investments in the public sector, Sampo Group, 31 December 2021 and 31 December 2020. The public sector has had a relatively minor role in Sampo Group's portfolios and these exposures have been mainly in the Nordic countries.

Fixed income investments in the public sector

Sampo Group, 31 December 2021

EURm	Governments	Governments guaranteed	Public sector, other	Total
Sweden	496		256	752
Norway			353	353
Finland	20	27	234	281
Supranationals			101	101
Germany		45		45
France		12		12
Greece	0			0
Total	**517**	**84**	**944**	**1,544**

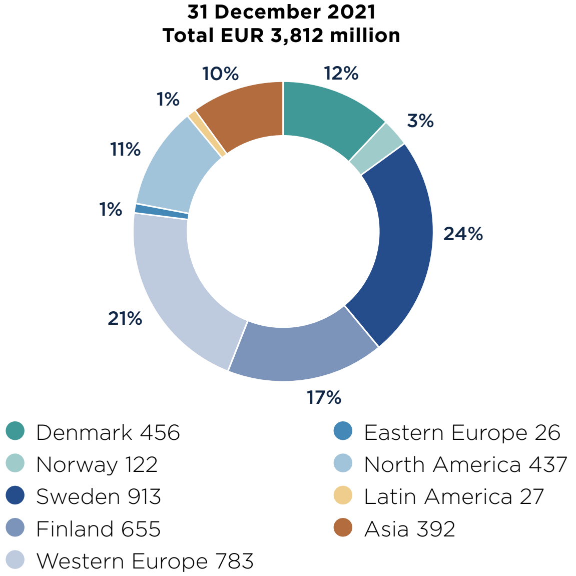
Sampo Group, 31 December 2020

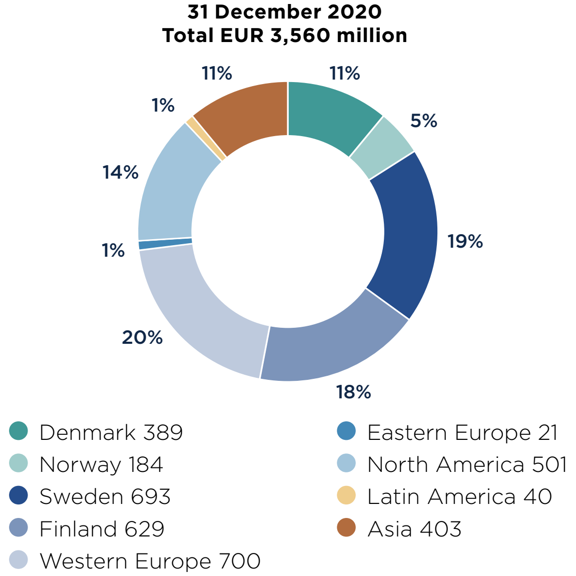
EURm	Governments	Governments guaranteed	Public sector, other	Total
Sweden	317		297	614
Norway			315	315
Finland	20	27	24	71
Germany		49	1	50
Supranationals			40	40
France		14		14
United Kingdom	2		10	11
Total	**339**	**90**	**686**	**1,115**

The listed equity investments of Sampo Group totalled EUR 3,812 million at the end of year 2021 (3,560). The geographical core of Sampo Group's equity investments is in the Nordic companies. The proportion of Nordic companies' equities corresponds to 56 per cent of the total equity portfolio. This is in line with Sampo Group's investment strategy of focusing on Nordic companies. However, these Nordic companies are mainly competing in global markets, only a few are operationally purely domestic companies. Hence, the ultimate risk is not highly dependent on the Nordic economies. A breakdown of the listed equity exposures of Sampo Group is shown in the graphs Breakdown of listed equity investments by geographical regions, Sampo Group, 31 December 2021 and 31 December 2020.

Breakdown of listed equity investments by geographical regions

Sampo Group





Largest holdings by single name

The largest exposures by individual issuers and counterparties are presented in the tables Largest exposures by issuer and asset class, Sampo Group, 31 December 2021 and 31 December 2020.

Largest exposures by issuer and asset class

Sampo Group, 31 December 2021

Issuer, EURm	Total	% of total investment assets	Cash & short-term fixed income	Long-term fixed income, total	Long-term fixed income: Government guaranteed	Long-term fixed income: Covered bonds	Long-term fixed income: Senior bonds	Long-term fixed income: Tier 1 and Tier 2	Equities	Uncollateralised part of derivatives
Nordea Bank	1,601	6%	966	632	—	379	191	63	—	3
Nykredit Realkredit	1,359	5%	—	1,359	—	1,354	5	—	—	—
BNP Paribas	1,270	4%	1,197	74	—	—	71	3	—	—
Danske Bank	1,088	4%	813	263	—	135	104	24	6	6
Skandinaviska Enskilda Banken	999	3%	924	74	—	50	7	17	—	1
Realkredit Danmark	939	3%	—	939	—	939	—	—	—	—
DLR Kredit	801	3%	—	801	—	801	—	—	—	—
Sweden	737	3%	—	737	—	—	737	—	—	—
Nordea Kredit	509	2%	—	509	—	509	0	—	—	—
DNB Bank	387	1%	—	387	—	177	142	68	—	—
Total top 10 exposures	**9,689**	**34%**	3,899	5,774	—	4,342	1,257	175	6	9
Other	18,974	66%								
Total investment assets	**28,663**	**100%**								

Largest exposures by issuer and asset class

Sampo Group, 31 December 2020

Issuer, EURm	Total	% of total investment assets	Cash & short-term fixed income	Long-term fixed income, total	Long-term fixed income: Government guaranteed	Long-term fixed income: Covered bonds	Long-term fixed income: Senior bonds	Long-term fixed income: Tier 1 and Tier 2	Equities	Uncollateralized part of derivatives
Nykredit Realkredit	1,667	6%	—	1,667	—	1,662	5	—	—	—
Nordea Bank	1,266	5%	480	784	—	436	205	143	—	2
Realkredit Danmark	1,096	4%	—	1,096	—	1,096	—	—	—	—
Jyske Realkredit	857	3%	—	857	—	857	—	—	—	—
Danske Bank	825	3%	516	300	—	164	83	52	5	4
DLR Kredit	767	3%	—	767	—	767	—	—	—	—
BNP Paribas	630	2%	559	70	—	—	67	3	—	—
Skandinaviska Enskilda Banken	585	2%	378	206	—	183	7	16	—	2
Nordea Kredit	585	2%	—	585	—	585	—	—	—	—
Sweden	579	2%	—	579	—	—	579	—	—	—
Total top 10 exposures	**8,857**	**32%**	1,933	6,910	—	5,750	946	214	5	8
Other	18,633	68%								
Total investment assets	**27,490**	**100%**								

The largest high-yield and non-rated fixed income investment single-name exposures are presented in the tables Ten largest direct high-yield and non-rated fixed income investments, Sampo Group, 31 December 2021 and 31 December 2020. Furthermore, the largest direct listed equity exposures are presented in the tables Ten largest direct listed equity investments, Sampo Group, 31 December 2021 and 31 December 2020.

The exposures in fixed income instruments issued by non-investment grade issuers are significant, because a relatively small number of Nordic companies are rated. Further, many of the Nordic rated companies have a high-yield rating.

Ten largest direct high-yield and non-rated fixed income investments and direct listed equity investments

Sampo Group, 31 December 2021

Ten largest direct high-yield and non-rated fixed income investments	Rating	Total, EURm	% of total direct fixed income investments
High Street Shopping	NR	151	0.7
Nykredit Realkredit	NR	116	0.6
TDC	B	91	0.4
Trevian Finland Properties I	NR	82	0.4
Danmarks Skibskredit	NR	73	0.4
Realkredit Danmark	NR	64	0.3
Sponda	NR	63	0.3
GN Store Nord	NR	62	0.3
Saab	NR	59	0.3
Ellevio Holding	NR	57	0.3
Total top 10 exposures		**818**	**4.0**
Other direct fixed income investments		19,847	96.0
Total direct fixed income investments		**20,664**	**100.0**

Ten largest direct listed equity investments	Total, EURm	% of total direct equity investments
Saxo Bank *)	343	11.8
Volvo	158	5.4
Volvo Car	142	4.9
ABB	135	4.7
Husqvarna	112	3.9
Nobia	97	3.3
Enento Group	96	3.3
Vaisala	78	2.7
Nederman Holding	74	2.6
Veidekke	67	2.3
Total top 10 exposures	**1,301**	44.8
Other direct equity investments	1,601	55.2
Total direct equity investments	**2,902**	100.0

*) *Although Saxo Bank is not a listed company, it is a major equity investment in Sampo plc's portfolio and is therefore included in the table.*

Ten largest direct high-yield and non-rated fixed income investments and direct listed equity investments

Sampo Group, 31 December 2020

Ten largest direct high-yield and non-rated fixed income investments	Rating	Total, EURm	% of total direct fixed income investments
High Street Shopping	NR	144	0.7
Nykredit Realkredit	NR	124	0.6
TDC	B	99	0.5
Evergood 4 ApS	B+	83	0.4
Sponda	NR	79	0.4
Trevian Finland Properties I	NR	77	0.4
Danmarks Skibskredit	NR	74	0.4
Realkredit Danmark	NR	72	0.3
Saab	NR	59	0.3
Ellevio Holding	NR	58	0.3
Total top 10 exposures		**870**	**4.2**
Other direct fixed income investments		19,753	95.8
Total direct fixed income investments		**20,623**	**100.0**

Ten largest direct listed equity investments	Total, EURm	% of total direct equity investments
Saxo Bank *)	284	10.5
Volvo	170	6.3
Nobia	119	4.4
Enento Group	98	3.6
ABB	91	3.4
Husqvarna	84	3.1
Norwegian Finans Holding	83	3.1
Vaisala	59	2.2
Telia Company	55	2.0
Veidekke	53	2.0
Total top 10 exposures	**1,097**	40.5
Other direct equity investments	1,611	59.5
Total direct equity investments	**2,708**	100.0

*) *Although Saxo Bank is not a listed company, it is a major equity investment in Sampo plc's portfolio and is therefore included in the table.*

Balance sheet concentrations

In general Sampo Group is structurally dependent on the performance of the Nordic economies as already described earlier. Sampo Group is also economically exposed to a fall in interest rates. The lower the rates and the flatter the yield curve, the more challenging the environment is for the current business models especially when the duration of insurance liabilities is longer than fixed income asset duration in If and Mandatum Life. In Topdanmark and Hastings interest rate risk of the balance sheet is being actively hedged and hence Topdanmark or Hastings are not increasing interest rate risk materially at the Group level.

Sampo Group would benefit in case interest rates would rise, because the economic value of insurance liabilities would decrease more than the value of assets backing them. At the same time the net interest income of Nordea should increase as well.

The role of Sampo plc

Sampo plc is as the Group's holding company responsible for the group's capital management activities. These actions are guided by targets set for Group level solvency and debt leverage and they include decisions on Group level investment exposures, business growth and performance targets, reinsurance strategies, capital distributions and capital instrument issuances. In addition, Group level risk accumulations and concentrations are monitored regularly and managed by adjusting aggregated risks where necessary.

The parent company Sampo plc is also a source of liquidity within the Group. Hence, the healthy funding structure and the capacity to generate funds if needed are on continuous focus. Sampo plc needs liquidity to manage the group's financing needs, enable dividend security and to finance potential transactions. Sampo plc funding is limited to internal dividends and investment returns but can periodically be complemented with new debt and capital or asset sales. Hence, holding company liquidity needs to be managed holistically together with the dividend policy, strategic ambitions, and balance sheet targets.

As at 31 December 2021 Sampo had long-term strategic holdings of EUR 7,596 million in the subsidiary and associated companies and they were funded mainly by capital of EUR 8,823 million and senior debt of EUR 1,878 million and subordinated debt of EUR 1,487 million. Average remaining maturity of senior debt was 5.2 years and EUR 1,100 million of it had a maturity longer than 5 years. Senior debt is used to fund other financial assets as well. The average maturity of subordinated loans and fixed income instruments of EUR 139 million was 0.6 years. Funding structure of strategic holdings and other holdings can be considered strong.

The capacity to generate funds is dependent on leverage and liquidity buffers which can be inferred from the table Balance sheet structure, Sampo plc, 31 December 2021 and 31 December 2020.

Balance sheet structure

Sampo plc, 31 December 2021 and 31 December 2020

EURm	31 Dec 2021	31 Dec 2020
Assets total	**12,327**	**11,515**
Liquidity	**3,732**	**1,170**
Investment assets	**836**	**824**
Other investments	2	2
Fixed income	39	36
Equity & private equity	795	786
Subordinated loans	**100**	**324**
Equity holdings	**7,596**	**9,106**
Subsidiaries	5,639	4,712
Associated	1,956	4,394
Other assets	**63**	**91**

EURm	31 Dec 2021	31 Dec 2020
Liabilities total	**12,327**	**11,515**
CPs issued	**0**	**0**
Long-term senior debt	**1,878**	**2,448**
Private placements	47	72
Bonds issued	1,831	2,376
Subordinated debt	**1,487**	**1,486**
Capital	**8,823**	**7,472**
Undistributable capital	98	98
Distributable capital	8,725	7,374
Other liabilities	**138**	**109**

The leverage of Sampo plc was moderate at year end according to for example these measures:

- The financial leverage measured as the portion of debt within all liabilities was 28 (34) per cent.
- Sampo's net debt is negative at EUR -505 (2,405) million and is low as such.

Regarding liquidity, the liquid funds of Sampo plc were EUR 3,732 (1,170) million. Liquidity is mainly affected by received and paid dividends as well as changes in issued debt instruments and changes in investments. Sampo's dividend payment takes place in May and it will significantly lower the liquidity position of Sampo. A part of the investment assets (836) can be sold in case liquidity is needed. Short-term liquidity can be considered to be adequate.

All in all, Sampo plc is in a good position to refinance its current debt and to issue more debt. This capacity together with the tradable financial assets, means that Sampo plc is able to generate liquid funds.

Currently Sampo Group has a capital buffer in excess of the Solvency Capital Requirement. The subordinated loans presented in the table Balance sheet structure, Sampo plc, 31 December 2021 and 31 December 2020 are all issued by Mandatum and eliminated from Group's own funds. Should these assets be sold, in addition to liquidity in Sampo plc, own funds and Sampo Group solvency ratio would increase.

Sampo plc can balance risks within Sampo Group. When Sampo plc is managing its funding, capital structure and liquidity, it takes into account that some of its operative companies have other base currencies (the Swedish krona, the Danish krone, pound sterling) than the euro, and that all its operative business areas are exposed to low interest rates. These risks may affect Sampo's decisions on the issuance of debt instruments and the composition of the liquidity portfolio.

The maturities of financial assets and liabilities and lease liabilities are presented in the tables Cash flows according to contractual maturity, Sampo plc, 31 December 2021 and 31 December 2020.

Cash flows according to contractual maturity
Sampo plc, 31 December 2021

	Carrying amount total			Cash flows						
EURm	**Carrying amount total**	**Carrying amount without contractual maturity**	**Carrying amount with contractual maturity**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027–2036**	**2037–**
Financial assets	**4,783**	**3,885**	**897**	**687**	**8**	**28**	**7**	**5**	**52**	**172**
Financial assets (non-derivatives)	4,775	3,885	890	684	7	27	5	5	52	172
Interest rate swaps	7	—	7	3	2	1	2	—	—	—
FX forwards	0	—	—	—	—	—	—	—	—	—
Financial liabilities	**3,406**	**—**	**3,406**	**-132**	**-518**	**-68**	**-340**	**-62**	**-2,868**	**—**
Financial liabilities (non-derivatives)	3,404	—	3,404	-135	-520	-70	-342	-64	-2,868	—
Interest rate swaps	2	—	2	3	3	2	2	2	—	—
FX derivatives	—	—	—	—	—	—	—	—	—	—
Lease liabilities	**2**	**—**	**2**	**-1**	**-1**	**—**	**—**	**—**	**—**	**—**
Net technical provisions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Cash flows according to contractual maturity

Sampo plc, 31 December 2020

	Carrying amount total			Cash flows						
EURm	**Carrying amount total**	**Carrying amount without contractual maturity**	**Carrying amount with contractual maturity**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026–2035**	**2036–**
Financial assets	**2,345**	**1,906**	**439**	**288**	**25**	**9**	**29**	**9**	**46**	**169**
Financial assets (non-derivatives)	2,316	1,906	410	281	19	4	25	4	46	169
Interest rate swaps	27	—	27	6	6	5	5	5	—	—
FX forwards	2	—	2	2	—	—	—	—	—	—
Financial liabilities	**3,938**	**—**	**3,938**	**-463**	**-135**	**-612**	**-68**	**-439**	**-2,928**	**—**
Financial liabilities (non-derivatives)	3,936	—	3,936	-465	-138	-614	-71	-442	-2,928	—
Interest rate swaps	2	—	2	3	3	3	3	3	—	—
FX derivatives	—	—	—	—	—	—	—	—	—	—
Lease liabilities	**3**	**—**	**3**	**-1**	**-1**	**-1**	**—**	**—**	**—**	**—**
Net technical provisions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Sampo Group capitalisation

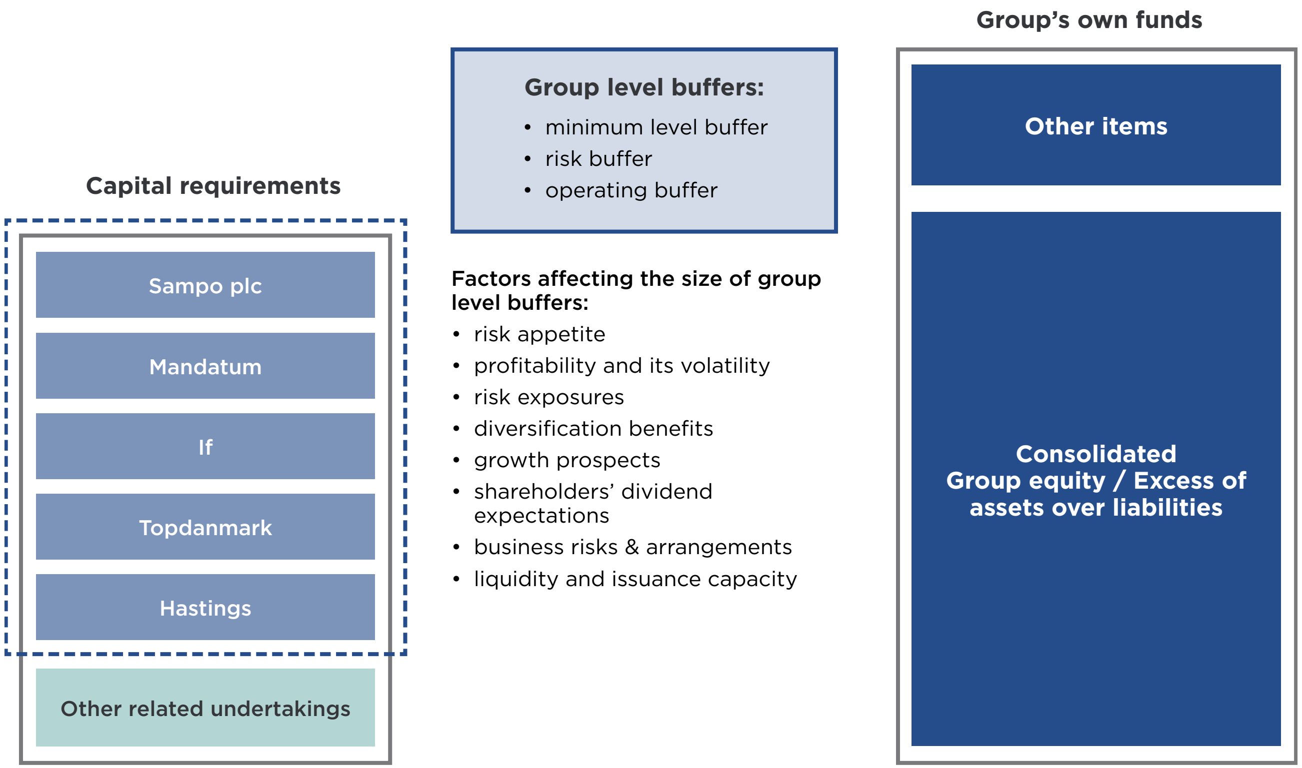
Capitalisation at the Group level

Sampo's core business competences are skilful pricing of risks inherent in business operations and high-quality management of arising risk-exposures and capital needed to cover these risks. A balance between earnings, risks and capital contributes positively to return on equity and to stakeholder confidence, facilitating the creation of shareholder value.

Sampo plc is responsible for the group's capital management activities. These actions are guided by targets set for Group level solvency and debt leverage and they include decisions on Group level investment exposures, business growth and performance targets, reinsurance strategies, capital distributions and capital instrument issuances.

Group level capitalisation is managed within Sampo's capital management framework, which sets targets for solvency and informs potential risk management actions. Group level capitalisation and the factors affecting it are illustrated in the graph Sampo Group's capitalisation framework.

Sampo Group's capitalisation framework



The Group's capital requirement is dependent mainly on the capital requirements of the sub-groups. The market risk stemming from the holding in Nordea is a significant part of Sampo plc's capital requirement, but apart from that the parent company's contribution to the Group capital need is relatively small, because Sampo plc does not have any business activities of its own other than the management of its capital structure and liquidity portfolio. In addition, investments in the Nordic financial service companies increase Sampo plc's capital requirement.

Diversification benefit exists at two levels, within the companies and between the companies. The former is included in the companies' solvency capital requirement (SCR).

Conceptually, the Group's own funds is the difference between the market value of assets and liabilities plus the subordinated liabilities. This difference has accrued during the lifetime of the Group and it includes the following main components:

- Accrued profits that have not been paid as dividends over the years.
- Market value adjustment to the book values of assets and liabilities.
- Issued capital and subordinated liabilities meeting Solvency II requirements.

At the Group level, the capital requirement and own funds are both exposed to foreign currency translation risk. The actual capital and the capital needs of If, Topdanmark and Hastings are converted from their reporting currencies to the euro. When the reporting currencies of If, Topdanmark and Hastings depreciate, the actual amount of the Group's capital in euros decreases and the capital requirements of If, Topdanmark and Hastings will be lower in euro terms. Translation currency risk is monitored internally and its effect on Sampo Group's solvency on a going concern basis is analysed regularly. However, internally no capital need is set for translation risk, because it is realised only when a sub-group is divested.

The Group level buffers equal in total to the difference between the amount of the Group's own funds and the Group capital requirement. In addition to sub-group level factors – expected profits and their volatility, business growth prospects, volatility of the balance sheet due to fluctuations in the market value of investments and insurance liabilities, and ability to issue Solvency II compliant capital instruments – there are factors that are additionally relevant when considering the size of the Group level buffers. The most material of them are correlation of sub-groups' profits, parent company's capacity to generate liquidity, probability of business arrangements and shareholders' dividend expectations.

If Group

Underwriting risks

As shown in the following graph Breakdown of gross written premiums by business area, country, and line of business, If, 31 December 2021, the If insurance portfolio is well diversified across business areas, countries and lines of business. The six lines of business are segmented in accordance with insurance class segmentation used in IFRS.

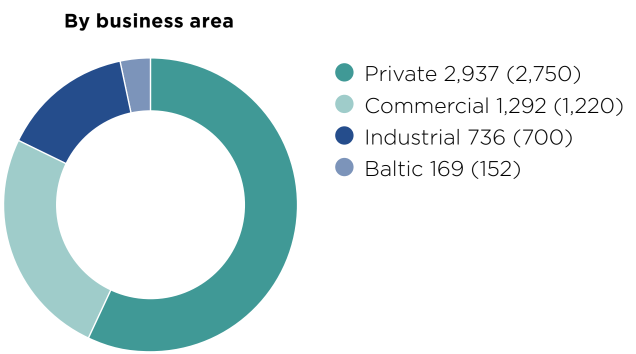
There are minor differences between the figures reported by Sampo Group and If due to differences in foreign exchange rates used in the consolidation.

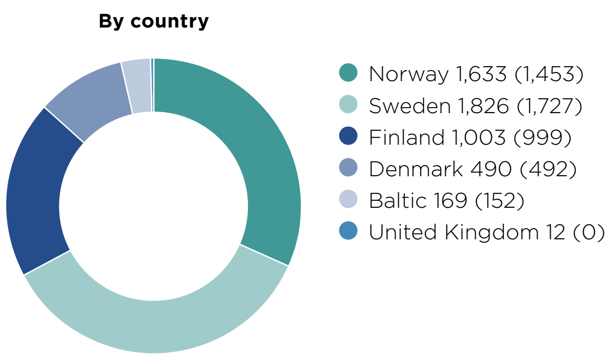
Premium and catastrophe risk and their management and control

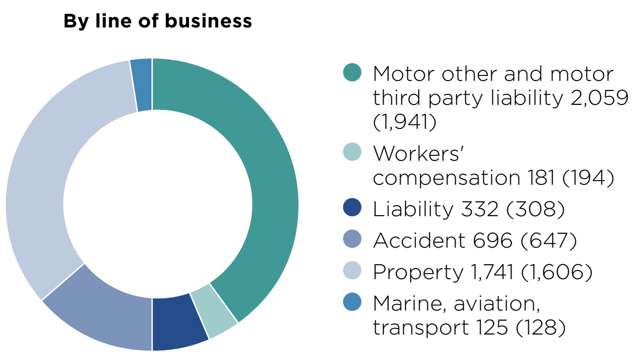
Despite the diversified portfolio, risk concentrations and consequently severe claims may arise through, for example, exposures to natural catastrophes such as storms and floods. The geographical areas most exposed to such events are Denmark, Norway, and Sweden. In addition to natural catastrophes, single large claims could have an impact on the result of insurance operations. The negative economic impact of natural catastrophes and single large claims is effectively mitigated by having a well-diversified portfolio and a group-wide reinsurance program in place.

Breakdown of gross written premiums

If, 31 December 2021, total EUR 5,134 (4,823) million







The following adjustments from IFRS Lines of Business to Solvency II Lines of Business are made:

- *IFRS Line of Business Motor other and Motor third party liability (2,059) include Solvency II Line of Business Motor vehicle liability insurance (555) and Other motor insurance (1,504).*
- *IFRS Line of Business Accident (696) includes Solvency II Line of Businesses Income protection insurance (355), Other Life (54), Medical expense insurance (287) and Assistance (0).*

The sensitivity of the underwriting result and hence the underwriting risk is presented by changes in certain key figures in the table Sensitivity test of underwriting result, If, 31 December 2021 and 31 December 2020.

The Underwriting Committee shall give its opinion on and propose actions in respect of various issues related to underwriting risk. The committee shall also consider and propose changes to the Underwriting Policy, which is the principal policy for underwriting, and sets general principles, restrictions, and directions for the underwriting activities. This document shall be reviewed and approved at least yearly by the Boards of Directors.

The Chairman of the Underwriting Committee is responsible for the approval of underwriting deviations defined in the Underwriting Policy and other issues dealt with by the committee.

The Business Areas manage the underwriting risk on a day-to-day basis. A crucial factor affecting the profitability and risk of non-life insurance operations is the ability to accurately estimate future claims and expenses and thereby correctly price insurance contracts. The premiums within the Business Area Private and the premiums for smaller risks within the Business Area Commercial are set through tariffs. The underwriting of risks in the Business Area Industrial and of more complex risks within the Business Area Commercial is to a greater extent based on principles and individual underwriting than on tariffs. In general, pricing is based on statistical analyses of historical claims data and assessments of the future development of claims frequency and claims inflation.

If's Reinsurance Policy stipulates guidelines for the purchase of reinsurance. The need and optimal choice of reinsurance is evaluated by considering the expected cost versus the benefit of the reinsurance, the impact on result volatility and capital requirements. The main tool for this evaluation is If's internal model in which frequency claims, large claims and natural catastrophes are modelled.

A group-wide reinsurance program has been in place in If since 2003. In 2021, retention levels were between SEK 100 million (approximately EUR 9.8 million) and SEK 250 million (approximately EUR 24.4 million) per risk and SEK 250 million (approximately EUR 24.4 million) per event.

Sensitivity test of underwriting result

If, 31 December 2021 and 31 December 2020

			Effect on pre-tax profit, (EURm)	
Key Figures	**Current level (2021)**	**Change in current level**	**2021**	**2020**
Combined ratio, business area Private	78.6%	+/- 1 percentage point	+/- 29	+/- 27
Combined ratio, business area Commercial	83.2%	+/- 1 percentage point	+/- 13	+/- 12
Combined ratio, business area Industrial	93.4%	+/- 1 percentage point	+/- 5	+/- 5
Combined ratio, business area Baltics	86.8%	+/- 1 percentage point	+/- 2	+/- 1
Net premiums earned (EURm)	4,772	+/- 1 per cent	+/- 48	+/- 45
Net claims incurred (EURm)	3,126	+/- 1 per cent	+/- 31	+/- 30
Ceded written premiums (EURm)	279	+/- 10 per cent	+/- 3	+/- 2

Reserve risk and its management and control

The main reserve risks for If are stemming from uncertainty in the claim amounts caused by higher-than-expected claims inflation, increased retirement age and increased life expectancy.

Reserves, especially in long tailed business, are sensitive to assumptions of future claims inflation since they affect the future claim amount. An increased retirement age, through for instance a political decision, will increase the duration and present value of annuities as these decreases, or expire, at retirement. An increase in life expectancy will likewise increase the duration and present value of annuities. The present value of discounted reserves is sensitive to decreasing interest rates, especially in Sweden and Finland, due to the longer duration of the liabilities.

In the tables Technical provisions by line of business and major geographical area, If, 31 December 2021 and 31 December 2020, the size and duration of If's technical provisions are presented by line of business and major geographical area. Finland's share of technical provisions is larger than its share of gross written premiums, which is mainly due to the long duration of the motor business and Workers' compensation ("WC"). The long duration is mainly explained by the presence of annuities in these lines of business. The duration of the provisions, and thus the sensitivity to changes in discount rates, varies with each product portfolio. The weighted average duration for 2021 across the product portfolios was 7.0 years. The proportion of technical provisions related to Motor other, MTPL and WC was 60 per cent.

Technical provisions by line of business and major geographical area

If, 31 December 2021 and 31 December 2020

	Sweden		Norway		Finland		Denmark		Baltics		Total	
2021	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**
Motor other and MTPL	1,771	8.0	538	1.5	1,046	13.6	146	1.6	124	5.7	3,626	8.3
Workers' compensation	0	0.0	171	7.7	1,139	12.9	282	10.5	0	0.0	1,592	12.0
Liability	311	3.8	123	1.1	109	3.6	79	3.1	27	2.4	649	3.1
Accident	438	7.2	448	7.1	198	6.6	105	1.8	8	0.5	1,196	6.6
Property	533	1.0	569	0.9	265	1.1	153	0.7	43	1.7	1,563	1.0
Marine, aviation, transport	21	1.0	22	0.8	11	1.2	28	0.6	3	0.9	85	0.8
Total	**3,074**	**6.2**	**1,871**	**3.1**	**2,769**	**11.2**	**793**	**4.7**	**205**	**4.1**	**8,712**	**7.0**

	Sweden		Norway		Finland		Denmark		Baltics		Total	
2020	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**
Motor other and MTPL	1,950	7.1	476	1.5	1,043	13.7	151	1.6	115	4.5	3,735	7.9
Workers' compensation	0	0.0	158	2.8	1,174	12.6	271	9.7	0	0.0	1,602	11.1
Liability	285	3.5	112	1.1	109	4.0	77	3.2	27	2.5	610	3.1
Accident	412	5.9	384	4.1	182	5.8	106	1.7	7	0.5	1,092	4.8
Property	494	1.0	499	1.2	243	1.1	136	0.7	42	0.7	1,413	1.0
Marine, aviation, transport	34	1.3	32	0.7	9	1.1	20	0.9	2	0.8	97	1.0
Total	**3,175**	**5.6**	**1,662**	**2.1**	**2,758**	**11.2**	**761**	**4.0**	**193**	**3.2**	**8,549**	**6.5**

The sensitivity of If's technical provisions to an increase in inflation, an increase in life expectancy and a decrease in the discount rate is presented in the table Sensitivities of technical provisions, If, 31 December 2021.

The technical provisions are further analysed by claims years. The output from this analysis is illustrated both before and after reinsurance in the claims cost trend tables. These are disclosed in the Note 22.

The Boards of Directors of If decides on the guidelines governing the calculation of technical provisions. The Chief Actuary is responsible for developing and presenting guidelines on how the technical provisions are to be calculated and for assessing whether the level of total provisions is sufficient. The Chief Actuary issues a quarterly report on the adequacy of If's technical provisions.

The Actuarial Committee is a preparatory and advisory board for If's Chief Actuary. The Committee secures a comprehensive view over reserve risk, discusses, and gives recommendations on policies and guidelines for calculating technical provisions.

The actuaries in If continuously monitor the level of provisions to ensure that they comply with the established guidelines. The actuaries also develop methods and systems to support these processes. Factors that are considered in the actuarial estimates include loss development trends, the level of unpaid claims, changes in legislation, case law and economic conditions.

Sensitivities of technical provisions

If, 31 December 2021 and 31 December 2020

Technical provision item	Risk factor	Change in risk parameter	Country	Effect EURm 2021	Effect EURm 2021
Nominal provisions	Inflation increase	Increase by 1 percentage point	Sweden	134.7	139.8
			Denmark	19.3	18.7
			Norway	63.3	36.9
			Finland	41.1	38.8
Annuities and estimated share of claims provisions to future annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	15.4	24.3
			Denmark	1.0	1.8
			Finland	76.9	81.0
Discounted provisions (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1 percentage point	Sweden	97.8	68.4
			Denmark	21.2	18.1
			Finland	313.1	312.6

Market risks

The total market value of If's investment portfolio at 31 December 2021 was EUR 11,610 million (11,251). A large part of the fixed income portfolio was concentrated to financials, corporate bonds issued by financial institutions and bank account balances amounted to 29.4 per cent of the portfolio. If covered bonds are included, the concentration to financial institutions was 47.5 per cent.

The role of alternative investments such as real estate, private equity and other alternative investments is immaterial.

The composition of the investment portfolios by asset classes in If at year end 2021 and at year end 2020 and average maturities of fixed income investments are shown in the table Investment allocation, If, 31 December 2021 and 31 December 2020. If's investment management strategy is conservative, with a low equity share and low fixed-income duration. Both investment performance and market risk are actively monitored and controlled by the Investment Control Committee monthly and reported to the Own Risk and Solvency Assessment Committee ("ORSA Committee") quarterly. In addition, the allocation limits, the issuer and counterparty limits, the sensitivity limits for interest rates and credit spreads as well as the regulatory capital requirements are regularly monitored.

Investment allocation

If, 31 December 2021 and 31 December 2020

Asset class	31 December 2021 Market value, EURm	Weight, %	Average maturity, years	31 December 2020 Market value, EURm	Weight, %	Average maturity, years
Fixed income total	**9,949**	**86**	**2.3**	**9,933**	**88**	**2.7**
Money market securities and cash	1,166	10	0.1	516	5	0.0
Government bonds	1,190	10	4.3	1,016	9	5.1
Credit bonds, funds and loans	7,593	65	2.4	8,401	75	2.6
Covered bonds	*1,803*	*16*	*2.0*	*2,514*	*22*	*2.1*
Investment grade bonds and loans	*3,130*	*27*	*2.1*	*3,431*	*30*	*2.7*
High-yield bonds and loans	*1,499*	*13*	*2.7*	*1,465*	*13*	*2.9*
Subordinated / Tier 2	*629*	*5*	*3.6*	*452*	*4*	*3.1*
Subordinated / Tier 1	*532*	*5*	*2.9*	*541*	*5*	*2.7*
Hedging swaps	*0*	*0*	-	*0*	*0*	-
Listed equity total	**1,646**	**14**	**-**	**1,301**	**12**	**-**
Finland	0	0	-	0	0	-
Scandinavia	1,171	10	-	888	8	-
Global	475	4	-	413	4	-
Alternative investments total	**15**	**0**	**-**	**18**	**0**	**-**
Real estate	1	0	-	3	0	-
Private equity	14	0	-	6	0	-
Biometric	0	0	-	0	0	-
Commodities	0	0	-	0	0	-
Other alternative	0	0	-	8	0	-
Trading derivatives	**0**	**0**	**-**	**-1**	**0**	**-**
Asset classes total	**11,610**	**100**	**-**	**11,251**	**100**	**-**
FX Exposure, gross position	**124**	**-**	**-**	**81**	**-**	**-**

Line fixed income total includes cash and bank EUR 521 million and line alternative investments total includes real estate EUR 1 million in comparison to note 14 financial assets.

Market risks of balance sheet

Asset and liability management risk

The ALM risk is considered through the risk appetite framework and its management and governance are based on If's Investment Policies. In general, to maintain the ALM risk within the overall risk appetite, the cash flows of insurance liabilities are matched by investing in fixed income instruments denominated in the same currencies as the liabilities or by using currency derivatives.

Interest rate risk

In general, If is negatively affected when interest rates are decreasing or remaining at low levels, as the duration of liabilities in If is longer than the duration of assets. Over the years If has gradually decreased its combined ratio level to counteract falling interest rates. Interest rate sensitivity in terms of the average duration of fixed income investments was 1.1 years on 31 December 2021 (1.4). The respective duration of insurance liabilities was 7.0 years (6.5). The overall interest rate risk is managed by sensitivity limits for instruments sensitive to interest rate changes.

In the financial accounts, most of the technical provisions are nominal, while the annuity and annuity IBNR reserves, are discounted using interest rates in accordance with the regulatory rules. Accordingly, from an accounting perspective, If is mainly exposed to changes in inflation and regulatory discount rates. From an economic perspective, in which the cash flows of insurance liabilities are discounted with prevailing interest rates, If is exposed to changes both in inflation and nominal interest rates. For more information see the table **Sensitivities of technical provisions, If, 31 December 2021 and 31 December 2020** in the section **Underwriting risks**.

Currency risk

If writes insurance policies that are mostly denominated in the Scandinavian currencies and in the euro. The currency risk is to a large extent reduced by matching technical provisions with investment assets denominated in the corresponding currencies or by using currency derivatives. The currency exposure in insurance operations is hedged to the base currency on a regular basis. The currency exposure in investment assets is controlled weekly and hedged when the exposure has reached a specific level, set with respect to cost efficiency and minimum transaction size. An active currency management can be performed within set limits. The transaction risk positions against the Swedish krona are shown in the tables Transaction risk position, If, 31 December 2021 and 31 December 2020. The tables show the net transaction risk exposures and the changes in the value of positions given a 10 per cent decrease in the value of the base currency.

In addition to transaction risk, If is also exposed to translation risk which at the Group level stems from foreign operations with other base currencies than SEK.

Transaction risk position

If, 31 December 2021

Base currency, SEKm	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
Insurance operations	-3,555	-151	0	-17	-37	-2,197	-2	-932	-19	-6,911
Investments	1,925	387	0	4	71	2,289	0	423	1	5,100
Derivatives	1,562	-246	0	9	-45	-94	2	489	13	1,692
Transaction risk, net position	**-67**	**-9**	**0**	**-4**	**-11**	**-1**	**1**	**-21**	**-5**	**-119**
Sensitivity: SEK -10%	-7	-1	0	0	-1	0	0	-2	0	-12

If, 31 December 2020

Base currency, SEKm	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
Insurance operations	-3,500	-140	0	-4	-18	-1,942	-5	-851	-22	-6,483
Investments	2,103	320	0	2	0	2,018	0	305	1	4,747
Derivatives	1,385	-200	17	0	18	-67	4	548	7	1,712
Transaction risk, net position	**-13**	**-21**	**17**	**-3**	**0**	**9**	**-1**	**2**	**-14**	**-24**
Sensitivity: SEK -10%	-1	-2	2	0	0	1	0	0	-1	-2

If's transaction risk position in SEK represents exposure in foreign subsidiaries /branches within If with base currency other than SEK.

Liquidity risk

If's liquidity risk is limited since premiums are collected in advance, premium inflows occur continuously throughout the year, and large claim payments are usually known a long time before they fall due. Liquidity risks are managed by cash management functions which are responsible for liquidity planning. Liquidity risk is reduced by having investments that are readily tradable in liquid markets.

The maturities of technical provisions and financial assets and liabilities as well as lease liabilities are presented in the tables Cash flows according to contractual maturity, If, 31 December 2021 and 31 December 2020. The average maturity of fixed income investments was 2.3 years (2.7). The table shows the financing requirements resulting from expected cash inflows and outflows arising from financial assets and liabilities as well as of lease liabilities and technical provisions.

In 2021, financial markets had a fairly limited number of attractive long-term investment opportunities from If's perspective. Therefore, investments were made in instruments that had short maturities or the amount of cash held increased, which meant that If's liquidity risk was on a very low level in 2021.

If has a relatively low amount of financial liabilities and thus the refinancing risk is small.

Cash flows according to contractual maturity

If, 31 December 2021

				Cash flows						
EURm	**Carrying amount total**	**Carrying amount without contractual maturity**	**Carrying amount with contractual maturity**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027–2036**	**2037–**
Financial assets	**13,359**	**2,182**	**11,177**	**4,225**	**1,846**	**2,128**	**1,440**	**1,334**	**526**	**—**
Financial assets (non-derivatives)	13,342	2,182	11,160	4,209	1,845	2,127	1,440	1,334	526	—
Interest rate swaps	1	—	1	1	0	1	—	—	—	—
FX derivatives	17	—	17	15	—	—	—	—	—	—
Financial liabilities	**997**	**44**	**953**	**686**	**102**	**4**	**33**	**148**	**—**	**—**
Financial liabilities (non-derivatives)	990	44	946	678	102	4	33	148	—	—
Interest rate swaps	—	—	—	0	—	—	—	—	—	—
FX derivatives	8	—	8	8	—	—	—	—	—	—
Lease liabilities	**167**	**—**	**167**	**24**	**22**	**21**	**20**	**19**	**71**	**—**
Net technical provisions	**8,712**	**8,712**	**—**	**3,326**	**989**	**524**	**361**	**289**	**1,712**	**1,950**

Cash flows according to contractual maturity

If, 31 December 2020

EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	Cash flows 2021	2022	2023	2024	2025	2026–2035	2036–
Financial assets	**12,900**	**1,742**	**11,158**	**5,102**	**2,062**	**1,848**	**2,022**	**1,306**	**885**	**—**
Financial assets (non-derivatives)	12,887	1,742	11,145	5,092	2,062	1,848	2,022	1,306	885	—
Interest rate swaps	—	—	—	—	—	—	—	—	—	—
FX derivatives	13	—	13	10	—	—	—	—	—	—
Financial liabilities	**1,189**	**1**	**1,188**	**1,063**	**3**	**100**	**—**	**—**	**—**	**—**
Financial liabilities (non-derivatives)	1,144	—	1,144	1,019	3	100	—	—	—	—
Interest rate swaps	1	—	1	1	0	0	—	—	—	—
FX derivatives	43	—	43	43	—	—	—	—	—	—
Lease liabilities	**154**	**—**	**154**	**25**	**22**	**17**	**16**	**16**	**69**	**—**
Net technical provisions	**8,549**	**8,549**	**—**	**3,225**	**1,014**	**559**	**387**	**306**	**1,741**	**1,629**

In the table, financial assets and liabilities are divided into contracts that have an exact contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. In addition, the table shows expected cash flows for net technical provisions, which by their nature, are associated with a certain degree of uncertainty.

Counterparty default risks

In If, the three major sources of counterparty risk are reinsurance, financial derivatives, and other receivables. Counterparty default risk arising from receivables from policyholders and other receivables related to commercial transactions is very limited, because non-payment of premiums generally results in cancellation of the insurance policies.

Reinsurance counterparty risk

Reinsurance is used regularly to utilise If's own funds efficiently and reduce the cost of capital, limit large fluctuations of underwriting results and have access to the reinsurers' competence base. The Reinsurance Committee is a collaboration forum to secure appropriate reinsurance cover is obtained for the insurance risk in accordance with If's risk appetite and shall give its opinion on and propose actions in respect of such issues. The Committee shall consider and propose changes to the reinsurance. The Chairman shall decide on the contents of reporting from the Committee. At least three times per year, and as needed in case of adverse development, the reinsurance credit risk exposure (estimated and materialised) as well as deviations from the Reinsurance Policy, shall be reported.

The distribution of reinsurance receivables and reinsurers' portion of outstanding claims on 31 December 2021 per rating category is presented in the table Reinsurance recoverables, If, 31 December 2021 and 31 December 2020. In the table EUR 180 million (155) of reinsurance recoverables are excluded, which mainly relates to captives and statutory pooled solutions.

Because the recoverables reported above are typically not covered by collaterals the whole amount is exposed to counterparty risk. If's Reinsurance Policy sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. Also, the own credit -analysis plays a central role when counterparties are selected.

The Reinsurance Security Committee in If shall give input and suggestions to decisions in respect of various issues regarding reinsurance default risk and risk exposure, as well as proposed deviations from the Reinsurance Policy. As for the Reinsurance Committee, the Chairman of the Reinsurance Security Committee shall decide on the contents of reporting from the Committee. At least three times per year, and as needed in case of adverse development, the reinsurance credit risk exposure (estimated and materialised) as well as deviations from the Reinsurance Policy, shall be reported.

Most of the reinsurers have ratings between AA+ and A-. The ten largest individual reinsurance recoverables amounted to EUR 188 million, representing 54 per cent of the total reinsurance recoverables including captives and statutory pooled solutions.

The total ceded premium related to treaty and facultative reinsurance amounted to EUR 79.1 million.

Counterparty risk related to financial derivatives

In If, the default risk of derivative counterparties is a by-product of managing market risks. The role of long-term interest rate derivatives has been immaterial and counterparty risk mainly stems from short-term FX derivatives. The counterparty risk of bilaterally settled derivatives is mitigated by a careful selection of counter-parties, by diversification of counterparties to prevent risk concentrations and by using collateral techniques, e.g., ISDA Master Agreements backed by Credit Support Annexes. If settles interest rate swaps in central clearing houses, which mitigates bilateral counterparty risk but also results in a systemic risk exposure related to centralised clearing parties.

Reinsurance recoverables

If, 31 December 2021 and 31 December 2020

	31 Dec 2021		31 Dec 2020	
Rating	**Total EURm**	**% of total**	**Total EURm**	**% of total**
AAA	0	0%	0	0%
AA+ - A-	169	100%	159	100%
BBB+ - BBB-	0	0%	0	0%
BB+ - C	0	0%	0	0%
D	0	0%	0	0%
Non-rated	1	0%	0	0%
Total	**170**	**100%**	**159**	**100%**

Topdanmark Group

Underwriting risks

Non-life underwriting risks

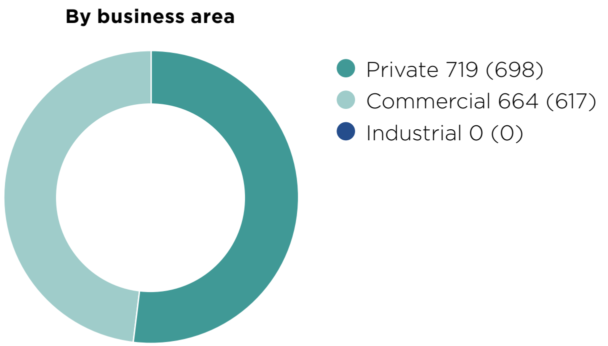
As shown in the graph Breakdown of gross written premiums by business area, country and line of business, Topdanmark non-Life, 2021, Topdanmark's insurance portfolio is diversified across business areas and lines of business.

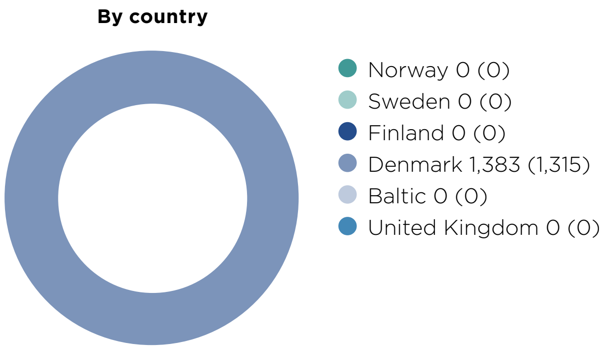
Premium and catastrophe risk and their management and control

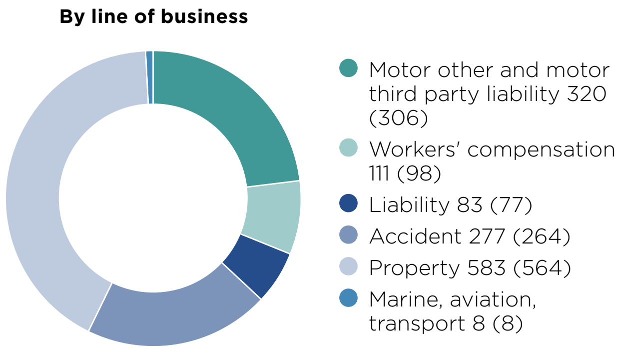
The main underwriting risk that influences the performance is the risk of catastrophe events. However, Topdanmark Forsikring has a very comprehensive reinsurance programme in place contributing to the low level of underwriting risk. The largest retention level of DKK 100 million plus reinstatement for each event is on storm events. The maximum retention on fire events is DKK 30 million and in workers' compensation risks are covered up to DKK 1 billion with a retention of DKK 50 million.

With certain restrictions, acts of terrorism are covered by the reinsurance contracts. The NBCR (nuclear, biological, chemical, radiological) acts of terrorism are covered by a public organisation. This is based on a new Act on NBCR acts of terrorism. Under the new scheme the costs from a NBCR attack in Denmark will initially be borne by the State, but those costs will subsequently be recovered from policyholders.

Breakdown of gross written premiums
Topdanmark Non-Life, 2021, total EUR 1,383 (1,315) million







Premium risk reduction measures taken at different levels of operations are as follows:

- Collection of data on risk and claims history
- Use of collected and processed data in profitability reporting, risk analyses and in the internal model
- Ongoing follow-up on risk developments as well as quarterly forecasts for future risk development
- Pricing using a statistical model tool including customer scoring tools
- Reinsurance cover that reduces the risk especially for catastrophe events
- Ongoing follow-up on the risk picture and reinsurance coverage in the Risk Committee.

To maintain product and customer profitability, Topdanmark monitors changes in its customer portfolios. Provisions are recalculated, and the profitability reports are updated in the same context on a monthly basis. Based on this reporting, trends in claim levels are carefully assessed and price levels may be adjusted if considered necessary.

In the private market segment, customer scoring is used, and customers are divided into groups according to their expected profitability levels. The customer scoring has two roles. First it helps to maintain the balance between the individual customer's price and risk. Secondly it facilitates the fairness between individual customers by ensuring that no customers are paying too large premiums to cover losses from customers who pay too small premiums.

The historical profitability of major SME customers with individual insurance schemes is monitored using customer assessment systems. These assessment systems enable Topdanmark to achieve accurate information about income, claims expenses, combined ratio etc. for each customer.

In addition to the analysis described above, Topdanmark continuously improves its administration systems to achieve more detailed data, which in turn enables the company to continuously improve the pricing and gain even better insight into how the different types of claims are composed.

The non-life risk scenarios are presented in the table Non-life insurance risk scenarios, Topdanmark, 31 December 2021 and 31 December 2020.

Non-life insurance risk scenarios

Topdanmark, 31 December 2021 and 31 December 2020

			EURm after tax	
Key Figures	Current level (2021)	Change in current level	2021	2020
Combined ratio, business area Private	84.7%	+/- 1 percentage point	+/- 5.5	+/- 5.4
Combined ratio, business area Commercial	82.6%	+/- 1 percentage point	+/- 5.1	+/- 4.8
Net premiums earned (EURm)	1.285	+/- 1 per cent	+/- 10.1	+/- 9.5
Net claims incurred (EURm)	857	+/- 1 per cent	+/- 6.7	+/- 6.6
Ceded written premiums (EURm)	81	+/- 10 per cent	+/- 6.3	+/- 6.2

Reserve risk and its management and control

The insurance lines of business are divided into short-tail i.e., those lines where the period from notification until settlement is short and long-tail i.e., those lines where the period from notification until settlement is long. The main short-tail lines in Topdanmark are buildings and other property and comprehensive motor insurance. For the short-tail lines the claims are mainly settled within the first year. Long-tail lines relate to personal injury and liability and consist of the lines Workers' compensation, Accident, Motor third party insurance and Commercial liability. Composition of non-life provisions for outstanding claims is presented in the following table.

Composition of non-life provisions for outstanding claims

Topdanmark, 31 December 2021 and 31 December 2020

	2021		2020	
Provisions for outstanding claims	%	Duration	%	Duration
Short-tall	13.7	1.1	13.4	1.0
Annuity provisions in workers' compensation	24.2	10.6	26.1	10.5
Other claims provisions in workers' compensation	21.6	1.7	21.0	1.7
Accident	30.0	9.3	29.1	9.6
Motor personal liability	6.0	2.1	6.2	2.2
Commercial liability	4.5	1.9	4.2	1.9

Due to the longer period of claims settlement, the risk profile of the long-tail lines of business are generally more uncertain than the short-tail lines. It is not unusual that claims in long-tail lines are settled three to five years after notification and in rare cases up to ten to fifteen years.

The reserve risk is calculated using Topdanmark's partial internal model for insurance risk. Workers' compensation claims provision has by far the biggest risk, followed by the other long-tail lines' claims provisions.

During such a long period of settlement, the levels of compensation could be significantly affected by changes in legislation, case-law or practice in the compensation of claim incidents adopted by the Danish Labour Market Insurance which decides on compensation for injury and loss of earnings potential in all cases of serious industrial injuries. The practice adopted by the Danish Labour Market Insurance also has some impact on the levels of compensation for accident and personal injury within motor liability and commercial liability insurance. Supreme court decisions can also influence the provisions for former years especially for Workers' compensation.

The reserve risk represents mostly the ordinary uncertainty of calculation and claims inflation, i.e. an increase in the level of compensation due to the annual increase in compensation per policy being higher than the general development in prices or due to a change in judicial practice or legislation. The sufficiency of the provisions is tested in key lines by calculating the provisions using alternative models as well, and then comparing the compensation with information from external sources, primarily statistical material from the Danish Labour Market Insurance and the Danish Road Sector/Road Directorate.

Life underwriting performance and risks

The split of premiums between products during the last two years is presented in the table Sources of gross premiums, Topdanmark life Insurance, 31 December 2021 and 31 December 2020.

Sources of gross premiums
Topdanmark life Insurance, 31 December 2021 and 31 December 2020

EURm	2021	2020
With profit schemes	47.5	53.6
Unit-linked schemes	381.2	365.8
Group life	35.2	35.9
Regular premiums	**463.9**	**455.3**
With profit schemes	7.3	13.2
Unit-linked schemes	921.9	1,004.6
Single premiums	**929.1**	**1,017.8**
Gross premiums	**1,393.0**	**1,473.1**

The focus of sales is on unit-linked schemes and the premiums received are mostly of unit-linked schemes. The regular premiums are growing steadily while the single premiums are fluctuating more from year to year.

The risk inherent in the life business is firstly related to the with profit technical provisions. As all new contracts are written as unit-linked contracts, the risk will not increase as much as the volume of premiums and total provisions.

Group life insurance is a collective life insurance without savings – that is, a risk insurance – where the sum insured is paid only to the beneficiaries in case of the insured's death during the insurance period. It is irrelevant whether the death is due to accident or illness.

The main risks of Topdanmark Livsforsikring can be summarised as follows:

- Limited loss-absorbing buffers (bonus potentials) combined with low interest rates environment
- Disability risk
- Longevity risk
- Pandemic risk

A low interest rate level with material elements of negative interest rates and, in particular, sustained low interest rates along with prolonged lives represent a significant risk scenario for insurers with guaranteed benefits as there will be a reduction of the collective and individual bonus potentials used for loss absorption by interest and risk groups. When a risk event occurs, the effect on the profit will depend on the size of bonus potentials which are a loss absorbing capacity ("LAC") within the insurance liabilities. When the loss absorbing capacity is higher than the losses, losses on the insurance liabilities are covered by the bonus potentials. For risk groups where the bonus potentials are fully used, the equity will cover the risk.

Life insurance underwriting risk control

The loss-absorbing buffers are a crucial part of the with profit concept in levelling of yields and claims over time. Therefore, Topdanmark Livsforsikring has continuous focus on the solvency position, the changes in the individual risks and the development of the loss-absorbing buffers. The latter is important because over time it can level out the market and insurance risks within the individual risk groups.

The Solvency Capital Requirement is calculated quarterly. When deemed necessary, due to market developments, the frequency of calculation is increased and, if necessary, the number and type of scenarios are increased.

Trends in product claim levels are assessed on top of the calculation of the insurance provisions. Profitability models are applied systematically as a follow-up on customer and portfolio levels. This assessment is used to identify price adjustment needs.

Loss absorbing buffers in the event of low interest rates

Customers' individual and collective bonus potential together creates the loss absorbing buffers in Danish life insurance against any losses incurred by customers on investment activities and insurance covers.

Low interest rates mean that the market value of the guarantees granted is high, and hence the related individual bonus potential is low. The lower the individual bonus potential is, the higher is the risk of any losses to be absorbed wholly or partially by shareholder's equity. In case interest rates are high, the same losses could, to a larger degree, be absorbed by the bonus potential.

Declines in the collective bonus potential are most frequent, due to the investment return being lower than the annual addition of interest to deposits.

In order to protect shareholders' equity, it will, in general, be relevant to reduce market risks in the event of lower interest rates.

All policies have been split into contribution groups according to the guaranteed benefit scheme. For all contribution groups, there are separate loss absorbing buffers and hence in each contribution group, the separate investment policy must be in line with risk taking capacity to ensure the ability to meet the guaranteed benefits. Market risk is adjusted continuously in accordance with the risk capacity of the contribution groups, and the movements in interest rates are monitored so that risk reducing actions can be taken when needed.

Disability

Disability risk is the risk of increased disability intensity or declines in the rates of resumption of work. Losses may incur due to an increase in disability frequency or due to inadequate health evaluation when the policy is written.

Extra costs, due to a permanent change in disability risk, will be partially covered by individual and collective bonus potential. The remainder affects the result for the year and consequently shareholders' equity.

Longevity

Longevity risk is the risk that customers with life dependent policies, primarily annuities, live longer than expected. That will increase provisions for lifetime products.

Extra costs, due to longer lifetimes, will be partially covered by individual and collective bonus potential. The remainder affects the result for the year and consequently shareholders' equity.

Pandemic

Extraordinary expenses as a result of a pandemic affecting age groups insured in the company's group life portfolio are financed by equity.

Risk reduction

The following risk reduction measures and methods are used in Topdanmark Livsforsikring:

- All with profit contracts are divided according to the granted benefit guarantee and the investment policy is designed to ensure the ability to meet the guarantees
- Market risk is freely adjustable in relation to the individual customer groups' risk capacity
- Normal fluctuations in ROI and risk results in the average interest rate environment are captured by bonus potentials per contribution group
- Reinsurance
- Prices for death and disability covers are adjusted continuously in relation to the market situation and the observed claims history
- The basis of new subscription is changed as needed
- Establishing business procedures that ensure that the products are sold at the right price/risk mix
- Changes in insurance contract conditions that contribute to risk mitigation for similar claims in the future.

The life insurance risk scenarios can be found in the following table.

The monitoring of whether the risk reduction methods are still effective is i.a. via continuous follow-up of the company's risk profile and reinsurance cover in the Risk Committee and via the on-going follow-up of forecasts. If the forecasts are not met, the risk reduction methods may need to be corrected.

Market risks

In general, the long-term value creation shall be based mainly on the acceptance of insurance risks. To supplement the Group's profit from its insurance activities, Topdanmark accepts a certain level of financial market risks as well, given its strong liquidity position and stable, high earnings from insurance operations. Hence, in addition to fixed income instruments, Topdanmark has invested, among other things, in equities, properties and CLOs (collateralised loan obligations) to improve the average investment return.

Market risks are limited to the extent that is considered appropriate, so that it is highly probable that the company gains a profit even in the very unfavourable financial market scenarios. Large risk exposures or highly correlated risks are covered to prevent unnecessary losses and market risks originating from insurance operations. The investment portfolio shall be managed in a way that market risk taking shall not endanger the normal operations or implementation of planned actions in unfavourable market conditions.

To reach the general goals, the investment policy sets the company's objectives, strategies, organisation, and reporting practices on investments. The investment strategy is more precisely determined in terms of market risk limits and specific requirements for certain types of positions and sub-portfolios (risk appetite). The investment strategy is determined by the Board and revised at least once a year.

Risk scenarios in life insurance

Topdanmark, 31 December 2021 and 31 December 2020

EURm after tax	2021	2020
Disability intensity - 35% increase *)	-1.4	-1.6
Mortality intensity - 20% decline	-2.2	-3.0

*) 35% increase first year, subsequently 25%, coincident with 20% decline in reactivation rates.

Appropriate financial risk mitigation techniques are used.

When selecting the investment assets, a portfolio composition that matches the risk features of the corresponding liabilities is sought. The purpose of the investment policy is also to ensure that the company has effectively implemented the organisation, systems, and processes necessary to identify, measure, monitor, manage and report on investment risks to which it is exposed.

At the same time, the policy sets the framework for investment of customers' savings, bonus schemes and unit-linked savings (customer funds) in Topdanmark Livsforsikring, so that the company can continue to offer attractive savings products to its clients with competitive returns in relation to the investment risks accepted by the clients.

In addition to the investment policies, the companies have a capital plan and a capital emergency plan if sudden changes occur on the asset or liability side.

When market risks are measured and managed, all exposures are included, regardless of whether they arise from active portfolio management of investments or from annuities, which are considered as market risk.

Asset allocations and investment performance: Topdanmark excluding unit-linked

As described earlier, in life insurance different contribution groups have their own investment strategies and their loss absorbing buffers and hence it is relevant to assess allocations and returns of these assets only in relation to their respective contribution groups. However, the company bears some market risk and thus the non-life and life investment allocations are shown in the table Investment allocations excluding unit-linked, Topdanmark, 31 December 2021 and 31 December 2020 without assets covering unit-linked liabilities.

The equity portfolios are well diversified and without major single positions, when associated companies are disregarded.

Investment allocations excluding unit-linked

Topdanmark, 31 December 2021 and 31 December 2020

	Topdanmark Non-life				Topdanmark Life			
	31 Dec 2021		31 Dec 2020		31 Dec 2021		31 Dec 2020	
Asset class	**Market value, EURm**	**Weight, %**	**Market value, EURm**	**Weight,%**	**Market value, EURm**	**Weight, %**	**Market value, EURm**	**Weight, %**
Fixed income total	**1,863**	**89**	**2,076**	**90**	**2,916**	**71**	**4,196**	**75**
Money market securities and cash	83	4	192	8	220	5	444	8
Government and mortgage bonds	1,582	76	1,743	76	2,376	58	3,348	60
Credit bonds	5	0	6	0	110	3	153	3
Index-linked bonds	100	5	72	3	125	3	168	3
CLOs	93	4	63	3	84	2	83	1
Listed equity total	**120**	**6**	**120**	**5**	**358**	**9**	**325**	**6**
Denmark	28	1	29	1	85	2	77	1
Scandinavia	2	0	2	0	5	0	4	0
Global	91	4	90	4	268	7	244	4
Alternative investments total	**110**	**5**	**101**	**4**	**816**	**20**	**869**	**16**
Real estate	59	3	50	2	334	8	479	9
Unlisted equities and hedge funds	50	2	52	2	482	12	390	7
Trading derivatives	**3**	**0**	**9**	**0**	**14**	**0**	**180**	**3**
Asset classes total	**2,095**	**100**	**2,306**	**100**	**4,104**	**100**	**5,569**	**100**

The exposure in equities outside Denmark and credit bonds has been adjusted by the use of derivatives. The figures do not include cash EUR 153 million but they do include real estate EUR 394 million and investments in associated companies EUR 313 million. Unlisted equities and hedge funds include also private equity and direct holdings in non-listed equities.

The main investment assets are government and mortgage bonds, which comprise primarily Danish mortgage bonds. The assets in this asset class are interest rate sensitive and to a significant extent equivalent to the total interest rate sensitivity of the non-life insurance provisions. Consequently, the return on government and mortgage bonds should be assessed in connection with return and revaluation of non-life insurance provisions.

Credit bonds are composed of a minor share of a well-diversified portfolio, primarily exposed to businesses in Europe.

Index-linked bonds comprise bonds – primarily Danish mortgage bonds – for which the coupon and principal are index-linked.

The class CLO (collateralised loan obligation) primarily comprises positions in CLO equity tranches. The underlying assets of CLOs are mostly senior secured loans, while the remainder are primarily investment grade investments. The real estate portfolio comprises mainly owner-occupied real estate.

Market risks of balance sheet

Interest rate risk

Interest rate risk is calculated for assets, liabilities, and derivative instruments, for which the carrying amount is dependent on the interest rate level. Regarding insurance liabilities Topdanmark is exposed to interest rate risk due to provisions for outstanding claims in non-life insurance and guaranteed benefits in life insurance.

Shifting the market yield curve upwards and downwards or changing its shape leads to changed market values of assets and derivatives and thus to unrealised gains or losses.

When assessing the value and sensitivity of insurance provisions Topdanmark uses the Solvency II discount curve that has its basis on market yield curve with volatility adjustment ("VA"). The VA component of DKK yield curve comprises a corrective element based on the spreads of Danish mortgage bonds and European credit bonds.

Generally, the interest rate risk is limited and controlled by investing in interest-bearing assets in order to reduce the overall interest rate exposure of the assets and liabilities to the desired level. Therefore, the Danish mortgage bonds and government bonds have a central role in the asset portfolios. To further reduce the interest rate sensitivity of the balance sheet, interest rate swaps have been used for hedging purposes.

Equity risk

The Danish part of the equity portfolio is composed based on the OMXCCAP index. The rest of the equity holdings are in the foreign equity portfolio that is based on the MSCI World DC in its original currency. As a result, Topdanmark's equity holdings are well-diversified.

Real estate risk

The real estates are all located in Denmark, with the material part in the areas of Copenhagen and Aarhus. The holding is covering life insurance provisions and it is diversified over office buildings and residential buildings. The property portfolio mainly comprises owner-occupied property. The properties are valued in accordance with the rules of the Danish FSA i.e., at market value taking the level of rent and the terms of the tenancy agreements into consideration.

Spread risk

Most of Topdanmark's interest-bearing assets comprise of AAA rated Danish mortgage bonds and debt issued or guaranteed by top-rated European states. The risk of losses is minor due to the high credit quality of the issuers and because investments have been made at spreads which are in balance with Topdanmark's desired risk ratio levels. The portfolio is well diversified both geographically and by issuer type and, therefore, the exposure to concentration risk is insignificant.

The investment policy stipulates that the portfolio must be well-diversified by the number of counterparties and by the amount of exposure to individual counterparties. The main source of spread risk is the mortgage bonds. Due to high allocation of these investments in the portfolios, spread risk is the most material source of market risk SCR.

Currency risk

In practice, the investment assets are the only source of currency risk while the insurance liabilities are in Danish kroner. The currency risk is mitigated by derivatives and net exposures in different currencies are minor except in the euro.

The currency risk is assessed based on SCR. The value of the base currency is shocked by 25 per cent against most of the currencies except against the euro where the largest exposure exists, and the shock is 0.39 per cent, because the Danish krone is pegged to the euro.

Inflation risk

Future inflation is implicitly included in the models Topdanmark uses to calculate its provisions. The general principles regarding the inclusion of an allowance for inflation differs when you look at the Workers' compensation and Illness and accident insurance. In the former the provisions are calculated based on the expected future indexation of wages and salaries, and in the latter based on the expected development in the net price index.

An expected higher future inflation rate would generally be included in the provisions with a certain time delay, while at the same time the result would be impacted by higher future indexation of premiums. To reduce the risk of inflation within Workers' compensation and Illness and accident insurance, Topdanmark uses index-linked bonds and derivatives to hedge a significant proportion of the expected cash flows sensitive to future inflation.

Liquidity risk

Topdanmark Group has a strong liquidity position. Firstly, as premiums are paid in the beginning of the coverage period the liquidity risk related to customers' payments is very limited. Secondly, the combination of insurance businesses is of a character in which it is highly unlikely that a liquidity shock could occur, because insurance liabilities are by their nature stable liabilities and in asset portfolios money market investments are complemented by a large portfolio of liquid listed Danish government and mortgage bonds.

Experience from quite significant and sudden movements in long-term interest rates have confirmed that the liquidity of these assets is not significantly affected by market shocks.

The maturity structure of technical provisions and the bond portfolio is presented in the following table.

Expected cash flows for provisions and the bond portfolio

Topdanmark, 31 December 2021 and 31 December 2020

		Cash flow years					
EURm	**Carrying amount**	**1**	**2-6**	**7–16**	**17–26**	**27–36**	**>36**
Provisions for claims							
2020	1,796	548	703	357	135	49	11
2021	1,882	601	735	400	155	60	14
Life insurance provisions guarantees and profit-sharing							
2020	3,115	271	940	1,230	515	153	41
2021	3,001	285	988	1,268	500	140	38
Bond portfolio including interest rate derivatives							
2020	5,329	2,183	2,278	1,583	661	0	0
2021	4,176	1,550	1,483	1,894	501	0	0

Life insurance provisions for unit-linked products are covered by corresponding investment assets and therefore are not stated in the table.

The expected cash flows of the bond portfolio are calculated based on option adjusted durations that are used to measure the duration of the bond portfolio. The option adjustment relates primarily to Danish mortgage bonds and reflects the expected duration capturing the shortening effect of the borrower's option to have the bond to be redeemed through the mortgage institution at any point in time.

Counterparty default risks

Topdanmark is exposed to counterparty risk in both its insurance and investment activities. The default risk related to fixed income and equity investments is covered by spread-risk and equity-risk models in SCR calculations and hence they are not discussed in this context.

The main sources of counterparty risk are deposits made to individual banks, derivative contracts with banks and current receivables from reinsurance companies with the addition of potential receivables that will arise in case of a 1-in-200-year catastrophe event. Topdanmark's counterparty risk is assessed by the SCR standard formula.

Reinsurance

Within insurance activities the reinsurance companies' ability to pay is the most important counterparty risk factor. Topdanmark minimises this risk by primarily buying reinsurance cover from reinsurance companies with a minimum rating of A- and by spreading reinsurance cover over many reinsurers.

For reinsurance counterparties, the Board approves security guidelines which determine the maximum size of reinsurance contract cover per a separate reinsurer. This portion is dependent on the reinsurer's rating as well as on Topdanmark's own assessment of the reinsurer. The largest risk concentrations may occur in case of major catastrophe events, including storms and cloudbursts.

Investments

Topdanmark may suffer losses due to their counterparties' inability to meet their obligations on bonds, loans and other contracts including derivatives. The majority of Topdanmark's interest bearing assets comprise of Danish mortgage bonds. In order to minimise the risk to a single debtor, Topdanmark strives to always have a well-diversified portfolio of bonds not only regarding a debtor but also geographically.

To limit the counterparty risk of financial contracts, including derivative contracts, the choice of counterparties is restrictive, and collateral is required when the value of the financial contracts exceeds the predetermined limits. The size of the limits depends on the counterparty's credit rating and the terms of the contract.

Hastings Group

Underwriting risks

Advantage is Hastings' Gibraltar-based general insurance underwriting company providing motor and home insurance products to the United Kingdom (UK) market. For Solvency II reporting purposes the lines of business are:

- Motor vehicle liability insurance (Motor liability)
- Other motor insurance (Motor other)
- Fire and other damage to property insurance

Pricing risk

Advantage's risk appetite require management to maintain rates that are projected to achieve loss ratios within the target loss ratio range. As a response to market conditions rates were regularly adjusted, after review by management, to remain competitive and provide customer-focused benefits to policyholders. The rate changes were regularly reviewed and amended in keeping with an agile approach to pricing and appropriately factoring in ongoing claims inflation risk. The market is expected to remain volatile because of the FCA's General Insurance Practices changes, any future COVID-19 developments, inflation uncertainty, the embedding of Whiplash reforms and other influences on pricing.

Weekly governance arrangements approve changes to rate plan and review account performance. The Rating Analysis Committee ("RAC") approves decisions for segment level rate changes and book level rate changes. The goal is to ensure that the business being written will be profitable.

Audits are conducted on a regular basis to ensure that all underwriting and rating rules are being applied correctly. Advantage maintains a control log to identify, report, and act on errors made by the outsourced service provider.

Gross technical provisions by line of business
Hastings, 31 December 2021 and 31 December 2020

	31 Dec 2021		31 Dec 2020	
	EURm	**Duration**	**EURm**	**Duration**
Motor vehicle liability insurance	2,075	4.6	1,685	3.4
Other motor insurance	692	0.0	562	0.2
Fire and other damage to property insurance	20	1.0	16	1.0
Total	**2,787**	**3.4**	**2,263**	**2.6**

Reserve risk

Advantage does not take significant reserve risk and holds an internal risk margin to a 75 per cent confidence level versus internal best estimate. Since reserving is subject to expert judgment the Chief Actuary calculates the best estimate, the Senior Actuary verifies the data, appropriateness of techniques utilised, and assumptions used to create the best estimate and an additional best estimate is created by a fully independent third party. Advantage has a series of monthly, quarterly, and semi-annual controls to ensure reserve adequacy.

Hastings' gross written premiums (GWP) for 2021 amounted to EUR 1,127 million.

Sensitivities of technical provisions

Hastings, 31 December 2021 and 31 December 2020

Technical provision item	Risk factor	Change in risk parameter	Effect EURm 2021	Effect EURm 2020
Nominal provisions	Inflation increase	Increase by 1 percentage point	22.8	22.7
Periodic Payment Orders (PPOs)	Decrease in mortality	Life expectancy increase by 1 year	0.1	0.1
Discounted provisions	Decrease in discount rate	Decrease by 1 percentage point	3.9	1.8

Advantage maintained a disciplined approach to pricing despite continued market competition. Policies grew year on year. This disciplined but agile underwriting and pricing approach led to over 350 selective rate adjustments within footprint during 2021. Renewal pricing remains a significant focus for management, and a change programme during 2021 ensured the FCA's General Insurance Pricing Practices regulatory requirements for renewal pricing were met and Hastings' customers continued to be treated fairly.

The global pandemic has continued to influence the risk profile for 2021. A combination of effective pricing, claims management and frequency experience has resulted in profits and capital solvency with the solvency ratio being towards the top of Advantage's target range throughout the period.

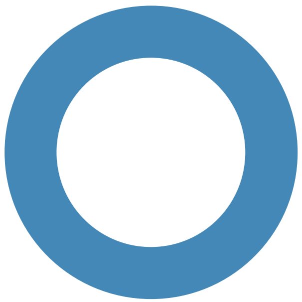
Breakdown of gross written premiums

Hastings, 31 December 2021, total EUR 1,127 (103) million

By business area

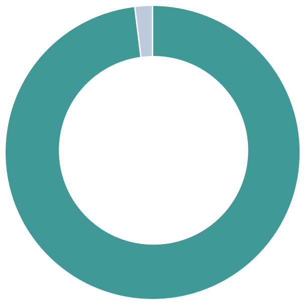
- Private 1,127 (103)
- Commercial 0 (0)
- Industrial 0 (0)

By country



- Norway 0 (0)
- Sweden 0 (0)
- Finland 0 (0)
- Denmark 0 (0)
- Baltic 0 (0)
- United Kingdom 1,127 (103)

By line of business



- Motor other and motor third party liability 1,112 (101)
- Workers' compensation 0 (0)
- Liability 0 (0)
- Accident 0 (0)
- Property 16 (2)
- Marine, aviation, transport 0 (0)

The comparative figures are for 6 weeks.

Market risks

Investment performance in 2021 was closed to planned expectations.

Hastings' investment portfolio has been designed to generate a targeted return whilst operating within the conservative risk appetite parameters set by the Board. Management aims to prudently operate within its risk appetite. The risk appetite includes a low appetite for losses arising from volatility of market prices affecting values of assets and liabilities and for assets not matching the profile of liabilities. As a result, the investment strategy includes a limited amount of equity exposure.

The core investment portfolio of debt securities, supplemented by a diversified portfolio of holdings in collective investment schemes, is held by Advantage. The Advantage Board works with the investment managers and investment consultants to maximise return whilst minimising risk and preserving capital. The criteria for the portfolio structure, classes of holdings and individual limits are consistent with a very low risk appetite. These investment rules are monitored on a quarterly basis internally and using an external consultancy. The monitoring outputs are provided to the Investment Committee and Risk & Compliance Committee quarterly.

Advantage made no direct use of derivatives during the period. Derivatives are, however, utilised within investment funds in which Advantage has a share, both for hedging purposes and to generate additional return.

Investment allocation

Hastings, 31 December 2021 and 31 December 2020

	31 Dec 2021			31 Dec 2020		
Asset class	**Market value, EURm**	**Weight, %**	**Average maturity, years**	**Market value, EURm**	**Weight, %**	**Average maturity, years**
Fixed income total	**1,095**	**97**	**3,6**	**949**	**97**	**4.1**
Money market securities and cash	159	14	0,0	198	20	0.0
Government bonds	0	0	0,0	2	0	0.1
Credit bonds, funds and loans	936	83	4,2	749	77	5.1
Covered bonds	*0*	*0*	*0,0*	*19*	*2*	*0.7*
Investment grade bonds and loans	*921*	*82*	*4,1*	*716*	*73*	*5.5*
High-yield bonds and loans	*15*	*1*	*4,5*	*14*	*1*	*4.5*
Subordinated / Tier 2	*0*	*0*	*0,0*	*0*	*0*	*0.0*
Subordinated / Tier 1	*0*	*0*	*0,0*	*0*	*0*	*0.0*
Hedging swaps	*0*	*0*	*0,0*	*0*	*0*	*0.0*
Listed equity total	**0**	**0**	**0,0**	**0**	**0**	**0.0**
UK	0	0	0,0	0	0	0.0
Global	0	0	0,0	0	0	0.0
Alternative investments total	**30**	**3**	**0,0**	**27**	**3**	**0.0**
Real estate	0	0	0,0	0	0	0.0
Private equity	0	0	0,0	0	0	0.0
Biometric	0	0	0,0	0	0	0.0
Commodities	0	0	0,0	0	0	0.0
Other alternative	30	3	0,0	27	3	0.0
Trading derivatives	**0**	**0**	**0,0**	**0**	**0**	**0.0**
Asset classes total	**1,125**	**100**	**0,0**	**976**	**100**	**0.0**
FX Exposure, gross position	**0**	**–**	**0,0**	**0**	**–**	**0.1**

Interest rate risk

Advantage manages balance sheet interest rate risk principally through matched duration of assets and liabilities meaning that interest rates are aligned, and interest rate risk is reduced. This is monitored in the quarterly Investment Committee meeting and includes adherence to tight duration mismatch tolerances which form part of the relevant risk appetite statement.

Liquidity risks

Advantage maintains a short duration and highly liquid portfolio. Cash and cash equivalent balances are held in current accounts or short-term money market instruments. These are generally less than 60 days in duration, with low sensitivity to movements in interest rates compared to longer duration assets.

The liquidity profile and cash flow of investments is monitored at the quarterly Investment Committee to ensure Advantage can meet its liabilities into the future.

Advantage's investment managers actively manage liquidity risk in the portfolio to ensure that bonds can be sold efficiently to meet cash needs. Informed by market data, they look to purchase bonds with less than 5 years since issue date, larger issue sizes and which trade regularly. Liquidity scoring is conducted by Advantage's investment managers, based on time since issue, issue size, traded volumes and observed bid-ask spreads.

Cash flows according to contractual maturity

Hastings, 31 December 2021

				Cash flows						
EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	2022	2023	2024	2025	2026	2027–2036	2037–
Financial assets	**1,125**	**217**	**908**	**253**	**187**	**121**	**201**	**143**	**3**	**—**
Financial assets (non-derivatives)	1,125	217	908	253	187	121	201	143	3	—
Interest rate swaps	—	—	—	—	—	—	—	—	—	—
FX forwards	—	—	—	—	—	—	—	—	—	—
Financial liabilities	**329**	**0**	**329**	**10**	**21**	**9**	**302**	**—**	**—**	**—**
Financial liabilities (non-derivatives)	329	0	329	10	21	9	302	—	—	—
Interest rate swaps	—	—	—	—	—	—	—	—	—	—
FX derivatives	—	—	—	—	—	—	—	—	—	—
Lease liabilities	**15**	**0**	**15**	**4**	**4**	**4**	**2**	**1**	**1**	**—**
Net technical provisions	**840**	**840**	**—**	**345**	**191**	**121**	**57**	**39**	**47**	**40**

Cash flows according to contractual maturity

Hastings, 31 December 2020

EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	Cash flows 2021	2022	2023	2024	2025	2026–2035	2036–
Financial assets	**976**	**251**	**725**	**132**	**236**	**159**	**102**	**96**	**–**	**–**
Financial assets (non-derivatives)	976	251	725	131	236	159	102	96	–	–
Interest rate swaps	–	–	–	–	–	–	–	–	–	–
FX forwards	–	–	–	–	–	–	–	–	–	–
Financial liabilities	**299**	**0**	**299**	**8**	**8**	**8**	**8**	**282**	**–**	**–**
Financial liabilities (non-derivatives)	299	0	299	8	8	8	8	282	–	–
Interest rate swaps	–	–	–	–	–	–	–	–	–	–
FX derivatives	–	–	–	–	–	–	–	–	–	–
Lease liabilities	**12**	**0**	**12**	**4**	**2**	**2**	**2**	**2**	**–**	**–**
Net technical provisions	**740**	**740**	**–**	**319**	**173**	**104**	**58**	**30**	**42**	**14**

Counterparty default risks

Counterparty risk is the risk that a counterparty will be unable to pay amounts in full as they fall due. Hastings is exposed to counterparty risk through reinsurance assets, financial assets and cash and cash equivalents.

Reinsurance counterparty risk

A key component of risk mitigation is reinsurance. Advantage's reinsurance programme includes both Excess of Loss ("XoL") and Quota Share ("QS") protection. Under the 2021 arrangements, the Motor exposure risk to Advantage is capped at GBP 1 million per loss, net of XoL reinsurance, and Household exposure is capped at GBP 5.0 million per event loss.

To mitigate the inherent counterparty and credit risk posed by the reinsurance programme to Advantage's balance sheet, Advantage has set criteria for the minimum credit quality of the reinsurance counterparties and for concentration limits.

Reinsurance recoverables

Hastings, 31 December 2021 and 31 December 2020

	31 Dec 2021		31 Dec 2020	
Rating	**Total, EURm**	**% of total**	**Total, EURm**	**% of total**
AAA	0	0%	0	0%
AA	1,224	65%	1,156	79%
A	653	35%	307	21%
BBB	3	0%	0	0%
Less than BBB	0	0%	0	0%
Unrated	0	0%	0	0%
Total	**1,880**	**100%**	**1,464**	**100%**

To better protect itself, and where possible, Advantage aims to:

- place with parent entities within reinsurance groups to mitigate counterparty risk in accepting reinsurance from small regional branches;
- introduce collateralisation or cut through terms and/or parental guarantees to mitigate counterparty risk;
- ensure special termination clauses are in place in the event of rating downgrade or reorganisation of reinsurance groups to which Advantage is exposed.

Mandatum Group

Underwriting risks

The development of insurance liabilities during 2021 is shown in the table Analysis of the change in provisions before reinsurance, Mandatum Life, 31 December 2021.

Analysis of the change in provisions before reinsurance

Mandatum Life, 31 December 2021

EURm	Liability 2020	Premiums	Claims paid	Expense charges	Guaranteed interest	Bonus	Other	Liability 2021	Share %
Unit-linked, excl. Baltic	**8,600**	**1,256**	**-713**	**-94**	**0**	**0**	**1,477**	**10,526**	**75**
Individual pension insurance	1,576	54	-23	-21	0	0	192	1,778	13
Individual life	2,285	111	-135	-20	0	0	254	2,495	18
Capital redemption operations	3,518	999	-516	-29	0	0	748	4,721	34
Group pension	1,221	92	-40	-24	0	0	282	1,532	11
With profit and others, excl. Baltic	**3,510**	**95**	**-371**	**-30**	**90**	**12**	**-69**	**3,236**	**23**
Group pension insurance, segregated portfolio	**875**	**2**	**-48**	**-1**	**19**	**12**	**-108**	**751**	**5**
Basic liabilities. guaranteed rate 3.5%	565	2	-48	-1	19	12	-64	485	3
Reserve for decreased discount rate (3.5% -> 0.50%)	232	0	0	0	0	0	-49	183	1
Future bonus reserves	78	0	0	0	0	0	5	82	1
Group pension	**1,525**	**23**	**-171**	**-3**	**45**	**0**	**-22**	**1,397**	**10**
Guaranteed rate 3.5%	1,233	0	-135	-2	41	0	-10	1,129	8
Guaranteed rate 2.5%, 1.5% or 0.0%	292	23	-36	-2	4	0	-13	268	2
Individual pension insurance	**609**	**5**	**-124**	**-3**	**22**	**0**	**41**	**550**	**4**
Guaranteed rate 4.5%	430	3	-65	-2	17	0	-6	377	3
Guaranteed rate 3.5%	116	2	-14	-1	4	0	6	112	1
Guaranteed rate 2.5% or 0.0%	63	0	-45	0	1	0	42	61	—
Individual life insurance	**133**	**30**	**-18**	**-9**	**5**	**0**	**-11**	**130**	**1**
Guaranteed rate 4.5%	48	4	-2	-1	2	0	-1	49	—
Guaranteed rate 3.5%	66	9	-8	-3	2	0	-3	63	—
Guaranteed rate 2.5% or 0.0%	19	18	-8	-6	0	0	-7	18	—
Capital redemption operations	**26**	**0**	**0**	**0**	**0**	**0**	**2**	**28**	**—**
Guaranteed rate 3.5%	0	0	0	0	0	0	0	0	—
Guaranteed rate 2.5% or 0.0%	26	0	0	0	0	0	2	28	—
Future bonus reserves	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**—**
Reserve for decreased discount rate	**218**	**0**	**0**	**0**	**0**	**0**	**56**	**274**	**2**
Longevity reserve	**78**	**0**	**0**	**0**	**0**	**0**	**-7**	**71**	**1**
Assumed reinsurance	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**—**
Other liabilities	**43**	**35**	**-10**	**-14**	**0**	**0**	**-19**	**35**	**—**
Total, excl. Baltic	**12,109**	**1,351**	**-1,083**	**-125**	**90**	**12**	**1,407**	**13,762**	**99**
Baltic	**177**	**25**	**-16**	**-5**	**0**	**0**	**15**	**196**	**1**
Unit-linked liabilities	165	23	-13	-4	0	0	16	186	1
Other liabilities	12	2	-2	-1	0	0	-1	10	—
Mandatum Life Group total	**12,286**	**1,376**	**-1,099**	**-130**	**90**	**12**	**1,422**	**13,958**	**100**

Biometric risks

Mandatum Life's main biometric risks are longevity, mortality and disability. In general, the long duration of policies and Mandatum Life's restricted right to change policy terms and conditions and tariffs increase biometric risks. If the premiums turn out to be inadequate and cannot be increased, technical provisions must be supplemented by an amount corresponding to the increase in expected losses.

Longevity risk is the most critical biometric risk in Mandatum Life. The Solvency Capital Requirement of longevity risk is also highly dependent on the interest rate level, which in practice means that the lower the applied discount rate is, the higher the longevity SCR would be. Most of the longevity risk arises from the with profit group pension portfolio. With profit group pension policies have mostly been closed for new members for years and due to this the average age of members is relatively high, almost 70 years. In the unit-linked group pension and individual pension portfolio the longevity risk is less significant because most of these policies are fixed term annuities including death cover compensating the longevity risk.

The annual longevity risk result and longevity trend are analysed regularly. For the segregated group pension portfolio, the assumed life expectancy related to the technical provisions was revised in 2014 and for the other group pension portfolios in 2002 and 2007. In total, these changes increased the 2021 technical provision by EUR 71 million (78) including a EUR 58 million longevity reserve for the segregated group pension portfolio. The cumulative longevity risk result has been positive since these revisions. The longevity risk result of group pension for the year 2021 was EUR 11.3 million (11.6) after a EUR 7.3 million release from the longevity reserve.

The mortality risk result in life insurance was positive. A possible pandemic is seen as the most significant risk that could adversely affect the mortality risk result. However, during the years 2020 and 2021 COVID-19 did not have any significant effect on the mortality risk result. The reason for this is that COVID-19 has had the most significant incremental effect on the mortality of elder people and the insured are generally younger.

The insurance risk result of other biometric risks has been profitable overall, although the different risk results vary considerably. In the longer term, disability and morbidity risks are mitigated by the company's right to raise insurance premiums for existing policies in case there is an unfavourable change in the claims development.

The table Claims ratios after reinsurance, Mandatum Life, 31 December 2021, and 31 December 2020 shows

Claims ratios after reinsurance

Mandatum Life, 31 December 2021 and 31 December 2020

	2021			2020		
EURm	**Risk income**	**Claims expense**	**Claims ratio**	**Risk income**	**Claims expense**	**Claims ratio**
Life insurance	**47.3**	**17.3**	**37%**	**47.4**	**24.2**	**44%**
Mortality	28.2	12.1	43%	28.5	14.3	36%
Morbidity and disability	19.1	5.3	28%	19.0	9.9	52%
Pension	**83.5**	**72.1**	**86%**	**87.8**	**74.7**	**95%**
Individual pension	14.0	14.6	104%	14.4	13.7	95%
Group pension	69.4	57.4	83%	73.4	61.0	83%
Mortality (longevity)	67.9	56.6	83%	71.5	59.9	84%
Disability	1.6	0.9	54%	1.9	1.1	59%
Total	**130.8**	**89.4**	**68%**	**135.2**	**99.0**	**73%**

the insurance risk result in Mandatum Life's insurance policies, excluding Baltic operations. The ratio of the actual to expected claims costs was 68 per cent in 2021 (73). The sensitivity of the insurance risk result can also be assessed based on the information in the table. For instance, an increase of mortality by 100 per cent would increase the amount of benefit payments from EUR 12 million to EUR 24 million.

The underwriting portfolio of Mandatum Life is relatively well diversified and does not include any major concentration of biometric risks. To further mitigate the effects of possible risk concentrations, Mandatum Life has catastrophe reinsurance in place.

In general, biometric risks are managed by careful risk selection, by setting prices to reflect the risks and costs, and by setting upper limits for the protection granted and by use of reinsurance. Mandatum Life's Underwriting Policy sets principles for risk selection and limits for sums insured. The Reinsurance Policy governs the use of Reinsurance. The Board approves the Underwriting policy, Reinsurance Policy, pricing guidelines and the central principles for the calculation of the insurance liabilities and the technical provisions.

The Insurance Risk Committee is responsible for maintaining the Underwriting Policy and monitoring the functioning of the risk selection and claims processes. The Committee also reports all deviations from the Underwriting Policy to the Risk Management Committee. The Insurance Risk Committee is chaired by the Chief Actuary who is responsible for ensuring that the principles for pricing policies and for the calculation of technical provisions are adequate and in line with the underwriting and claims management processes.

Reinsurance is used to limit the amount of individual mortality and disability risks. The Board of Directors annually approves the Reinsurance Policy and determines the maximum amount of risk to be retained on the company's own account. The highest retention of Mandatum Life is EUR 1.5 million per insured.

The risk result is actively followed and thoroughly analysed on an annual basis. Mandatum Life measures the efficiency of risk selection and the adequacy of tariffs by collecting information about the actual claims' expenditure for each product line and each type of risk and comparing it to the claims expenditure assumed in insurance premiums of every risk cover.

Technical provisions are analysed, and the possible supplemental needs are assessed regularly. Assumptions related to technical provisions are reviewed annually. The adequacy of the technical provisions is tested quarterly. Tariffs for new policies are set and the Underwriting Policy and assumptions used in calculating technical provisions are updated based on adequacy tests and risk result analysis.

Policyholder behaviour and expense risks

From an Asset and Liability Management point of view, surrender risk is not material because in Mandatum Life around 85 per cent of with profit technical provisions consists of pension policies in which surrender is possible only in exceptional cases. Surrender risk is therefore only relevant in individual life and capital redemption policies of which the related technical provisions amount to around 5 per cent (around EUR 160 million) of the total with profit technical provisions. Furthermore, the supplements to technical provisions are not paid out at surrender which also reduces the surrender risk related to the with profit policies. Due to the limited surrender risk, the future cash flows of Mandatum Life's insurance liabilities are quite predictable.

Policy terms and tariffs cannot usually be changed materially during the lifetime of the insurance, which increases the expense risk. The behaviour of financial markets has also an influence on expense risk since normally the company's fee income is linked to policy reserves in unit-linked policies. The main challenge is to keep the expenses related to insurance administrative processes and complex IT infrastructure at an effective and competitive level.

Market risks

This section covers market risk related to Mandatum Life's with profit business i.e., that part of the business where Mandatum Life carries the investment risk. As mentioned earlier, the behaviour of financial markets has also an influence on unit-linked business since normally the company's fee income is linked to policy reserves in unit-linked policies. This risk is considered as part of expense risk.

In Mandatum Life, the approach to market risk management is based on an analysis of technical provisions' expected cash flows, interest rate level and current solvency position, i.e., active Asset and Liability Management. A common feature for all with profit technical provisions is the guaranteed rate and bonuses. The cash flows of life technical provisions are generally predictable because in most of the company's with profit policies, surrenders and additional investments are not possible.

Mandatum Life's market risks arise mainly from equity investments and interest rate risk related to fixed income assets and insurance liabilities with a guaranteed interest rate. The most significant interest rate risk in the life insurance business is that fixed income investments will not, over a long period of time, generate a return at least equal to the guaranteed interest rate of technical provisions. The probability of this risk increases when market interest rates fall and stay at a low level. The duration gap between the balance sheet's technical provisions and fixed income investments is constantly monitored and managed. Control levels based on an internal risk capacity model are used to manage and ensure adequate capital in different market situations.

Mandatum Life has prepared for low interest rates on the liability side by for example reducing the minimum guaranteed interest rate in new contracts and by supplementing the technical provisions with reserve for decreased discount rate. In addition, existing contracts have been changed to accommodate improved management of reinvestment risk.

Fixed income investments and listed equity instruments form a major part of the investment portfolio, but the role of alternative investments – real estate, private equity, biometric and other alternative investments – is also material being 15 per cent of total investments.

Investment allocations and average maturities of fixed income investments as at year end 2021 and 2020 are presented in the table Investment allocation, Mandatum Life, 31 December 2021 and 31 December 2020.

Investment allocation

Mandatum Life, 31 December 2021 and 31 December 2020

	31 Dec 2021			31 Dec 2020		
Asset class	**Market value, EURm**	**Weight, %**	**Average maturity, years**	**Market value, EURm**	**Weight, %**	**Average maturity, years**
Fixed income total	**3,231**	**62**	**2.7**	**3,509**	**63**	**3.1**
Money market securities and cash	585	11	0.0	512	9	0.0
Government bonds	0	—	0.0	0	—	0.0
Credit bonds, funds and loans	2,645	51	3.2	2,997	54	3.6
Covered bonds	*0*	—	*0.0*	*12*	—	*4.0*
Investment grade bonds and loans	*1,056*	*20*	*3.0*	*1,300*	*23*	*3.6*
High-yield bonds and loans	*1,240*	*24*	*3.3*	*1,311*	*24*	*3.2*
Subordinated / Tier 2	*148*	*3*	*3.0*	*145*	*3*	*3.9*
Subordinated / Tier 1	*200*	*4*	*4.1*	*229*	*4*	*5.3*
Hedging swaps	*0*	—	—	0	—	-
Listed equity total	**1,233**	**24**	**-**	**1,335**	**24**	**-**
Finland	543	10	—	517	9	-
Scandinavia	0	—	—	0	—	-
Global	690	13	—	818	15	-
Alternative investments total	**770**	**15**	**-**	**689**	**12**	**-**
Real estate	191	4	—	188	3	-
Private equity *)	293	6	—	250	5	-
Biometric	0	—	—	0	—	
Commodities	0	—	—	0	—	-
Other alternative	286	5	—	250	5	-
Trading derivatives	**0**	**—**	**—**	**0**	**—**	**-**
Asset classes total	**5,233**	**100**	**—**	**5,533**	**100**	**-**
FX Exposure, gross position	**139**	**—**	**—**	**125**	**—**	**-**

Notice that the total market value and allocation of investments in Mandatum Life differ from financial assets of Mandatum Group's IFRS balance sheet. For example, in the investment allocation bonds are presented with accrued interest (so called dirty value) and the investment allocation includes cash and equivalents managed by the investment organisation. In the investment allocation assets are categorised according to the internal classification (for example fixed-income funds are included in fixed income instruments while in IFRS statements they are included in equity securities) which differs from the IFRS categorisation.

The total investment allocation of Mandatum Life is equal to EUR 5,233 million. When EUR 14 million of intra-group assets, EUR 22 million of accrued interest, EUR 586 million of cash, EUR 179 million of real estates and around EUR 10 million of assets belonging to non-current assets held for sale are deducted and EUR 4 million of derivatives are added, the total is equal to EUR 4,427 million which corresponds to the sum of Mandatum's financial assets on Sampo Group's balance sheet.

**) Private equity also includes direct holdings in non-listed equities.*

Balance sheet market risk

The Board of Directors of Mandatum Life approves annually the Investment Policy, which covers both the segregated assets and the company's other assets that carry investment risk. This policy sets principles and limits for investment portfolio activities and they are based on the features of insurance liabilities, risk taking capacity and shareholders' return requirements.

The Investment Policy for segregated assets defines the risk bearing capacity and the corresponding control levels for the respective portfolio. Since the future bonus reserves of the segregated group pension portfolio is the first buffer against possible investment losses, the risk bearing capacity is also based on the amount of the future bonus reserve. Different control levels are based on the fixed stress scenarios of assets.

The Investment Policy for other investment assets defines the company level risk bearing capacity, the control levels for the maximum acceptable risk and respective measures to manage the risk. The control levels are set above the Solvency II SCR and are based on Sampo Group's risk management principles. The general objective of these control levels and respective guidelines is to maintain the required solvency. When the above-mentioned control levels are breached, the CRO reports to the Board which then takes the responsibility for decisions regarding capitalisation and market risks on the balance sheet.

The cash flows of Mandatum Life's with profit technical provisions are relatively predictable, because in most of the company's with profit products, surrenders and premiums are restricted. In addition, the company's claims costs do not contain a significant inflation risk element.

The long-term target for investments is to provide enough return to cover the guaranteed interest rate plus bonuses based on the principle of fairness as well as the shareholder's return requirement with an acceptable level of risk. In the long run, the most significant risk is that fixed income investments will not generate an adequate return compared to the applied discount rate.

In addition to investment and capitalisation decisions, Mandatum Life has implemented active measures on the liability side to manage the balance sheet level interest rate risk. The company has reduced the minimum guaranteed interest rate in new contracts, supplemented the technical provisions with discount rate reserves and adjusted policy terms and conditions as well as policy administration processes to enable more efficient interest rate risk management.

Interest rate risk

Mandatum Life is negatively affected when rates are decreasing or staying at low levels, because the duration of liabilities is longer than the duration of assets. A growing part of Mandatum Life's business, i.e., unit-linked and risk insurance business, is not interest rate sensitive, which mitigates the whole company's interest rate risk.

The average duration of fixed income investments was 2.1 years. The respective duration of the insurance liabilities was around 11 years. Interest rate risk is managed at the balance sheet level by changing the duration of assets and by using interest rate derivatives.

Currency risk

Currency risk can be divided into transaction and translation risk. Mandatum Life is exposed to transaction risk, which refers to currency risk arising from contractual cash flows in foreign currencies.

In Mandatum Life, transaction risk arises mainly from investments in other currencies than the euro as the company's technical provisions are denominated in the euro. Open FX exposures are managed within given limits.

Mandatum Group's transaction risk is equal to Mandatum Life's transaction risk. The transaction risk positions of Mandatum Group against the euro as at year ends 2021 and 2020 are shown in the tables Transaction risk position, Mandatum Group, 31 December 2021 and 31 December 2020. The tables show the net transaction risk exposures and the changes in the value of positions given a 10 per cent decrease in the value of the base currency.

Transaction risk position

Mandatum Group, 31 December 2021 and 31 December 2020

Base currency, EURm	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
Technical provisions	0	0	0	0	-1	0	0	0	0	-1
Investments	0	538	0	145	60	11	55	26	214	1,050
Derivatives	0	-518	0	-142	-58	-9	-48	-25	-122	-922
Transaction risk, net position	**0**	**21**	**0**	**4**	**2**	**2**	**7**	**1**	**92**	**127**
Sensitivity: EUR -10%	0	2	0	0	0	0	1	0	9	13

Base currency, EURm	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
Technical provisions	0	0	0	0	-1	0	0	0	0	-1
Investments	0	580	2	98	63	41	55	18	225	1,082
Derivatives	0	-588	-4	-96	-57	-40	-52	-20	-118	-975
Transaction risk, net position	**0**	**-8**	**-2**	**2**	**4**	**1**	**3**	**-2**	**107**	**106**
Sensitivity: EUR -10%	0	-1	0	0	0	0	0	0	11	11

Liquidity risks

Liquidity risk is relatively immaterial for Mandatum Life in with-profit business because liability cash flows in most lines of business are stable and predictable and an adequate share of the investment assets is in cash or short-term money market instruments.

In life insurance companies in general, a large change in surrender rates could influence the liquidity position. However, in Mandatum Life, only a relatively small part of the insurance policies can be surrendered, and it is therefore possible to forecast short-term cash flows related to claims payments with a very high accuracy.

The maturities of technical provisions and financial assets and liabilities as well as lease liabilities are presented in the tables Cash flows according to contractual maturity, Mandatum Group, 31 December 2021 and 31 December 2020. The average maturity of fixed income investments was 2.7 years in Mandatum Life. The tables show the financing requirements resulting from expected cash inflows and outflows arising from financial assets and liabilities as well as technical provisions and lease liabilities.

Cash flows according to contractual maturity

Mandatum Group, 31 December 2021

EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	Cash flows 2022	2023	2024	2025	2026	2027–2036	2037–
Financial assets	**5,346**	**2,908**	**2,438**	**223**	**301**	**704**	**606**	**419**	**451**	**—**
Financial assets (non-derivatives)	5,342	2,908	2,434	219	301	704	606	419	451	—
Interest rate swaps	—	—	—	—	—	—	—	—	—	—
FX forwards	4	—	4	4	0	0	0	0	0	—
Financial liabilities	**459**	**—**	**459**	**-38**	**-9**	**-259**	**-5**	**-5**	**-52**	**-172**
Financial liabilities (non-derivatives)	428	—	428	-9	-9	-259	-5	-5	-52	-172
Interest rate swaps	—	—	—	—	—	—	—	—	—	—
FX derivatives	31	—	31	-29	—	—	—	—	—	—
Lease liabilities	**23**	**—**	**23**	**-2**	**-2**	**-2**	**-2**	**-2**	**-14**	**—**
Net technical provisions	**2,707**	**—**	**2,707**	**-215**	**-232**	**-239**	**-222**	**-205**	**-1,300**	**-820**

EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	Cash flows 2021	2022	2023	2024	2025	2026–2035	2036–
Financial assets	**5,562**	**2,710**	**2,852**	**242**	**268**	**444**	**823**	**628**	**633**	**10**
Financial assets (non-derivatives)	5,537	2,710	2,827	217	268	444	823	628	633	10
Interest rate swaps	—	—	—	—	—	—	—	—	—	—
FX forwards	24	—	24	25	—	—	—	—	—	—
Financial liabilities	**416**	**—**	**416**	**-12**	**-9**	**-9**	**-259**	**-4**	**-46**	**-169**
Financial liabilities (non-derivatives)	411	—	411	-9	-9	-9	-259	-4	-46	-169
Interest rate swaps	0	—	—	—	—	—	—	—	—	—
FX derivatives	5	—	5	-3	—	—	—	—	—	—
Lease liabilities	**24**	**—**	**24**	**-2**	**-2**	**-2**	**-2**	**-2**	**-16**	**0**
Net technical provisions	**2,992**	**—**	**2,992**	**-253**	**-257**	**-261**	**-240**	**-225**	**-1,447**	**-954**

In the tables, financial assets and liabilities are divided into contracts that have an exact contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. In addition, the table shows expected cash flows for net technical provisions, which by their nature, are associated with a certain degree of uncertainty.

Mandatum Group's cash flows differ slightly from Mandatum Life's. In Mandatum Group's financial assets cash flows, the internal loan given by Mandatum Life to its subsidiary is eliminated. However, the effect of this is immaterial.

Counterparty default risks

In Mandatum Life, the three main sources of counterparty risk are financial derivatives, reinsurance, and other receivables. Counterparty default risk arising from reinsurance or receivables from policyholders and other receivables related to commercial transactions is, however, very limited.

Counterparty risk related to financial derivatives

In Mandatum Life, the default risk of derivative counterparties is a by-product of managing market risks. Mandatum Life uses interest rate derivatives and FX forwards and options to manage market risks.

The counterparty risk of bilaterally settled derivatives is mitigated by careful selection of counterparties, by diversification of counterparties to prevent risk concentrations and by using collateral arrangements, e.g. ISDA Master Agreements backed by Credit Support Annexes. Mandatum Life settles interest rate swaps in central counterparty clearing houses, which, while further mitigating bilateral counterparty risk, also exposes to the systemic risk related to central counterparty clearing houses.

Risks related to asset management activities

Mandatum Group's asset management company, Mandatum Asset Management Ltd (MAM), is the asset management arm of Sampo Group and an investment firm which forms, together with its subsidiary Mandatum AM AIFM, an investment firm group. MAM offers discretionary and consultative asset management for institutional and other professional investors and manages a variety of investment products within its core areas of credit, alternatives, and equity selection.

MAM's risk management follows Sampo Group's risk management principles and Mandatum Holding's risk management policy. MAM's risk management framework is similar to Mandatum Group's risk management framework. MAM's Board of Directors is responsible for the adequacy of risk management and internal control within the Company and the CEO has the overall responsibility for the implementation of risk management in accordance with the instructions set by the Board.

MAM's most significant risk area are operational risks, which is why operational risk management is an important part of the Company's risk management In addition to operational risks, MAM is exposed to liquidity risk.

MAM's business is financed by income financing, which consists of commission income from clients and partners. MAM has not financed its activities through external financing, so the Company does not have any related risks such as interest rate risk, exchange rate or refinancing risk. Going forward, MAM's liquidity strategy remains to seek to finance the business without external loan financing. MAM limits liquidity risk by monitoring its liquidity position on a regular basis and by maintaining a liquidity buffer. MAM also monitors its liquidity position with respect to regulatory liquidity requirements.

MAM is also exposed to concentration risk with respect to its clients as most of its business is linked to clients within Sampo Group. Mandatum Life is MAM's largest client by commission income. This is not, however, considered as a significant risk since Mandatum Life and MAM are both Sampo Group companies.

MAM does not trade on its own account, and it is not exposed to market risk arising from its own trading book. MAM commission income is, however, strongly tied to the value of the assets it manages and through its commission income MAM is exposed to market risk. Nonetheless, the asset portfolios MAM manages are well diversified both by asset class as well as sector but also geographically.

SAMPO PLC'S FINANCIAL STATEMENTS

Sampo plc's Financial Statements

Sampo plc's income statement

EURm	Note	2021	2020
Sales	1	48	17
Staff expenses			
Salaries and remunerations		-21	-13
Social security costs			
Pension costs		-2	-2
Other		-2	-2
Other operating expenses	2	-16	-19
Operating profit		**7**	**-19**
Financial income and expense	4		
Income from shares in Group companies		1,003	655
Income from other shares		375	6
Other interest and financial income			
Group companies		11	12
Other		6	7
Other investment income and expense		1,365	116
Other interest income		9	15
Interest and other financial expense		-117	-108
Exchange result		-11	13
Profit before appropriations and taxes		**2,647**	**697**
Group contribution		15	3
Income taxes		-23	0
Profit for the financial year		**2,639**	**700**

Sampo plc's balance sheet

EURm	Note	2021	2020
ASSETS			
Intangible asset		1	1
Property, plant and equipment			
Buildings		–	1
Other		3	2
Investments			
Shares in Group company	22	5,639	4,712
Receivables from Group companies	5	100	242
Participating interests		1,956	4,394
Receivables from participating interests		–	82
Other shares and participations		287	287
Financial instruments	6	508	499
Other investment receivables	7	703	86
Short-term receivables			
Other receivables	8	20	35
Prepayments and accrued income	9	42	54
Cash and cash equivalents		3,067	1,120
TOTAL ASSETS		**12,327**	**11,515**

EURm	Note	2021	2020
LIABILITIES			
Equity	10		
Share capital		98	98
Fair value reserve		160	124
Invested unrestricted equity		1,527	1,527
Other reserves		273	273
Retained earnings		4,127	4,751
Profit for the financial year		2,639	700
		8,823	**7,472**
Liabilities			
Long-term liabilities	14		
Bonds		1,878	2,448
Subordinated debt securities		1,487	1,486
Short-term liabilities			
Deferred tax liability	15	40	17
Other liabilities	12	49	44
Accruals and deferred income	13	49	48
TOTAL LIABILITIES		**12,327**	**11,515**

Sampo plc's statement of cash flows

EURm	2021	2020
Operating activities		
Profit before tax	2,662	700
Adjustments:		
Realised gains and losses on investments	-83	12
Other adjustments	-1,514	-8
Adjustments total	**-1,597**	**5**
Change (+/-) in assets of operating activities		
Investments	-417	170
Other assets	21	-2
Total	**-396**	**168**
Change (+/-) in liabilities of operating activities		
Financial liabilities	33	-34
Other liabilities	-6	22
Paid interests	-106	-82
Paid taxes	-9	0
Total	**-88**	**-94**
Net cash from operating activities	**580**	**779**

EURm	2021	2020
Investing activities		
Investment in subsidiaries	-927	-1,311
Disinvestment in associates	3,843	1,173
Dividend received from associates	339	0
Other investments	3	0
Net cash from investing activities	**3,258**	**-138**
Financing activities		
Dividends paid	-944	-833
Treasury shares	-380	-
Issue of debt securities	-	1,191
Repayments of debt securities in issue	-571	-1,199
Received group contribution	3	-
Net cash used in financing activities	**-1,891**	**-841**
Total cash flows	**1,947**	**-200**
Cash and cash equivalents at 1 January	1,120	1,320
Cash and cash equivalents at 31 December	3,067	1,120
Net change in cash and cash equivalents	**1,947**	**-200**

Additional information to the statement of cash flows:

EURm	2021	2020
Interest income received	28	36
Interest expense paid	-106	-82
Dividend income received	1,377	660

SAMPO PLC'S NOTES TO THE FINANCIAL STATEMENTS

Sampo plc's notes to the financial statements

Summary of significant accounting policies

The presentation of Sampo plc's financial statements have been prepared in accordance with the Finnish Accounting Act and Ordinance.

Foreign currency translation

Foreign currency transactions are translated using the exchange rate prevailing at the dates of transactions or the average rate for the month. The Balance sheet items denominated in foreign currencies are translated at the rate prevailing at the balance sheet date.

The exchange differences are recognised in the income statement.

Derivatives

Financial derivatives held for trading are initially recognised at fair value, and gains and losses arising from changes in fair value together with realised gains and losses are recognised in the income statement. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair valued is negative.

Only financial derivatives held for trading has been used. More information see the Group note Summary of Significant Accounting Policies.

Non-current assets

Intangible and tangible assets are stated at acquisition cost less depreciation. Investments in subsidiaries and other companies are measured at acquisition cost.

Financial instruments and risk management

The Finnish Accounting Act chapter 5 section 2a§ applies and the financial instruments are recognised at fair value, more information in the Group note Summary of Significant Accounting Policies. The risk management disclosure includes detailed information over the risk management.

Revenue recognition

Revenue is recognised when they occur.

Leases

Lease payments are treated as rentals.

Income taxes

The income statement includes the company's income taxes based on taxable profit for the period as well as adjustments to previous years. Income taxes related to items recognised directly to equity or other comprehensive income will also be recognised accordingly.

Notes to the income statement 1–4

1 Sales

EURm	2021	2020
Income from investment operations	12	17
Other	36	0
Total	**48**	**17**

2 Other operating expenses

EURm	2021	2020
Rental expenses	-1	-1
IT expenses	-2	-2
External services	-8	-8
Other staff costs	-1	-1
Other	-4	-6
Total	**-16**	**-18**

Item Other includes e.g. administration fees.

3 Auditors' fees

EURm	2021	2020
Auditing fees	-0.4	-0.3
Tax consultancy	—	0.0
Other fees	—	-0.2
Total	**-0.4**	**-0.5**

The AGM on 19 May 2021 elected Deloitte Oy as Sampo plc's auditor. The previous auditor was Ernst & Young Oy.

4 Financial income and expense

EURm	2021	2020
Dividend income	1,378	660
Interest income	26	34
Interest expense	-93	-84
Gains on disposal	1,365	157
Exchange result	-11	13
Other	-24	-65
Total	**2,641**	**715**

Notes to the assets 5–9

5 Receivables from Group companies

EURm	2021	2020
Carrying amount at the beginning of the year	242	269
Additions	10	0
Disposals	-152	-27
Carrying amount at the end of the year	**100**	**242**

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated note 24 Subordinated debts and other financial liabilities.

6 Financial instruments

	2021	Fair value changes		2020	Fair value changes	
EURm	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Avalaible-for-sale equity securities	508	83	-138	499	-15	-9

7 Other investment receivables

	2021	Fair value changes		2020	Fair value changes	
EURm	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Bonds	152	0	0	36	0	10
Market money	552	0	9	50	0	0
Total	**703**	**0**	**9**	**86**	**0**	**10**

8 Other receivables

EURm	2021	2020
Trading receivables	1	1
Other	19	34
Total	**20**	**35**

Item Other includes Group receivables 15 (14) million euros.

9 Prepayments and accrued income

EURm	2021	2020
Accrued interest	8	11
Derivatives	7	27
Other	26	16
Total	**42**	**54**

	2021	Fair value		2020	Fair value	
Derivates EURm	Contract/ notional value	Assets	Liabilities	Contract/ notional value	Assets	Liabilities
Derivates held for trading						
Interest rate derivatives	386	7	3	632	27	4
Foreign exchange derivatives	67	0	0	347	2	0
Total	**453**	**7**	**3**	**979**	**29**	**4**

Notes to the liabilities 10–14

10 Movements in the parent company's equity

	Restricted equity		Unrestricted equity			
EURm	**Share capital**	**Fair value reserve**	**Invested unrestricted capital**	**Other reserves**	**Retained earnings**	**Total**
Carrying amount at 1 January 2020	**98**	**114**	**1,527**	**273**	**5,584**	**7,596**
Dividends					-833	-833
Financial assets available-for-sale						
- recognised in equity		-1				-1
- recognised in p/l		11				11
Profit for the year					700	700
Carrying amount at 31 December 2020	**98**	**124**	**1,527**	**273**	**5,451**	**7,473**

	Restricted equity		Unrestricted equity			
EURm	**Share capital**	**Fair value reserve**	**Invested unrestricted capital**	**Other reserves**	**Retained earnings**	**Total**
Carrying amount at 1 January 2021	**98**	**124**	**1,527**	**273**	**5,451**	**7,472**
Dividends					-944	-944
Treasury shares					-380	-380
Financial assets available-for-sale						
- recognised in equity		103				103
- recognised in p/l		-67				-67
Profit for the year					2,639	2,639
Carrying amount at 31 December 2021	**98**	**160**	**1,527**	**273**	**6,766**	**8,823**

Distributable assets

EURm	**2021**	**2020**
Parent company		
Profit for the year	2,639	700
Retained earnings	4,127	4,751
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Total	**8,565**	**7,250**

11 Share capital

Information on share capital is disclosed in note 29 in the consolidated financial statements.

12 Other liabilities

EURm	2021	2020
Derivatives	1	2
Guarantees for derivate contracts	7	29
Other	41	13
Total	**49**	**44**

13 Accruals and deferred income

EURm	2021	2020
Deferred interest	33	35
Derivatives	2	2
Other	14	11
Total	**49**	**48**

14 Long-term liabilities

EURm	2021	2020
Bonds	1,878	2,448
Subordinated debt securities	1,487	1,486
Total	**3,365**	**3,934**

More information in the consolidated note 24 Subordinated debts and other financial liabilities.

Note to the income taxes 15

15 Deferred tax assets and liabilities

EURm	2021	2020
Deferred tax assets		
Losses	–	14
Deferred tax liabilities		
Fair value reserve	40	-31
Total, net	**40**	**-17**

Notes to the off-balance sheet liabilities and commitments 16–18

16 Pension liabilities

The basic and supplementary pension insurance of Sampo plc's staff is handled through insurance policies in pension insurance companies in Finland and Sweden.

17 Future rental commitments

EURm	2021	2020
Not more than one year	1	1
Over one year but not more than five years	1	3
Total	**2**	**4**

18 Other liabilities and commitments

Finnish VAT group commitment EUR 2.3 million (1.7).

Hastings Group Holdings Ltd Facility Agreement GBP 75 million termination date 2026 in October.

Fund commitments EUR 7.9 million (7.9).

Notes to the staff and management 19–21

19 Staff numbers

EURm	2021 Average during the year	2020 Average during the year
Full-time staff	64	67
Part-time staff	0	0
Temporary staff	0	0
Total	**64**	**67**

20 Board fees and management remuneration

(EUR thousand)		2021	2020
Group Executive Director	Torbjörn Magnusson	2,511	1,314
Members of the Board of Directors			
Björn Wahlroos		184	180
Fiona Clutterbuck		101	99
Christian Clausen		95	93
Georg Ehrnrooth		101	99
Jannica Fagerholm		147	145
Johanna Lamminen		101	99
Markus Rauramo		101	–
Risto Murto		95	93
Antti Mäkinen		–	93

In accordance with the decision of the Annual General Meeting in 2021, the company has compensated the transfer tax related to the acquisition of the company shares, in total EUR 6,522.68 (EUR 1,468.85 pertaining to the Chairman, EUR 1,172.84 EUR to the Vice Chairman and EUR 3,880.99 to the other Finnish members of the Board).

21 Pension contributions to the CEO, deputy CEO and the members of the Board

(EURk)	Supplementary pension costs	Statutory pension costs	Total
Pension contributions paid during the year			
President/CEO [1]	602	366	968
Former Chairmen of the Board			
Kalevi Keinänen [2]	8		8
Former Presidents/CEOs			
Harri Hollmen [2]	19		19
	628	**366**	**995**

[1] The Group CEO is entitled to a supplementary defined contribution pension in accordance with the present pension contract. The pension expense includes also related taxes and social security cost.

[2] Group pension agreement with a retirement age of 60 years and a pension benefit of 66 per cent of the pensionable TyEL-salary (TyEL: Employee's Pension Act). The payment for 2021 is based on a TyEL index adjustment.

Note to the shares held 22

22 Shares held as of 31 Dec 2021

Company name	Percentage of share capital held	Carrying amount EURm
Group undertaking		
P&C insurance		
If P&C Insurance Holding Ltd, Stockholm Sweden	100.00	1,886
P&C and life insurance		
Topdanmark A/S, Copenhague Denmark	48.33	1,098
P&C insurance		
Hastings Group (Consolidated) Plc, London United Kingdom	100.00	2,116
Life insurance		
Mandatum Holding Ltd, Helsinki Finland	100.00	539
Other		
Sampo Capital Oy, Helsinki Finland	100.00	1

Sampo Plc has a branch located in Sweden.

Approval of the Financial Statements and the Board of Directors' report

Helsinki, 9 February 2022

Sampo plc

Board of Directors

Christian Clausen

Fiona Clutterbuck

Georg Ehrnrooth

Jannica Fagerholm

Johanna Lamminen

Risto Murto

Markus Rauramo

Björn Wahlroos
Chairman

Torbjörn Magnusson
Group CEO

Auditor's Report

To the Annual General Meeting of Sampo plc

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Sampo Oyj (business identity code 0142213-3) for the year ended 31 December, 2021. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 32 to the consolidated financial statements and in note 3 to the parent company notes.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities *We refer to Summary of Significant Accounting policies in the financial statements as well as notes 22 and 23.*	
As at 31.12.2021 Sampo Group has insurance contract liabilities totalling EUR 39,919 million (2020: EUR 36,241 million), consisting of both life and non-life insurance contract liabilities. Valuation of insurance contract liabilities requires significant management judgment and accounting assumptions about uncertain future events which may materially affect the carrying amount. The methods and models applied may have a significant influence on the measurement of provisions for insurance contracts. Key assumptions which affect the carrying amount include inflation, interest rates as well as estimated future payments for claims.	We have assessed the measurement of the provisions for insurance contracts as calculated by Management. Our audit procedures included testing of the key controls relating to valuation of insurance liabilities and key assumptions. We have utilized Deloitte's actuarial experts in audit and assessed methods, models and data used based on historical development and market trends. We have compared the information used in the calculation with the historical data. Further, we have analysed the developments in risk, interest and cost results. We have evaluated and challenged changes in the key assumptions and models applied and recalculated the claims outstanding provisions for insurance contracts for selected sectors. We have assessed the disclosures in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets *We refer to Summary of Significant Accounting policies in the financial statements as well as notes 9 and 14-17.*	
The Group's investments amount to EUR 23,321 million (2020: EUR 24,420 million). Financial assets represent a significant part of the company's balance sheet. The use of different valuation techniques and assumptions may result in different estimates of fair value. Major part of the Group's financial assets are measured at fair value. At level 1, the valuation of the financial asset is based on the quoted price in an active market. Level 2 valuation also uses other verifiable prices as inputs, either directly or derived from them, using valuation techniques. At level 3, valuation is based on non-verifiable market prices. Audit focus areas relate to valuations on level 2 and 3 in line with IFRS in which the valuation techniques include inputs which are not directly verifiable on the markets.	Our audit procedures have included the evaluation of the internal controls, appropriateness of accounting policies used and the reasonableness of accounting estimates made by management. We have evaluated the appropriateness of the valuation models and accounting policies used by the company to assess whether the fair value measurement is in accordance with IFRS. We have requested external confirmations to verify the existence of the investment. Together with our valuation specialists, we have compared the assumptions used by management in the valuation calculation. We have utilized Deloitte's valuation analytics and performed the recalculation of fair values based on the information available on the market. For financial assets that are valued on the basis of non-market information, we have also evaluated the practices and assumptions used by management in determining fair values. We have assessed the disclosures in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of Nordea shares *We refer Summary of Significant Accounting policies in the financial statements as well as notes 13 and 34.* Nordea is recorded in the consolidated balance sheet as an 'asset held for sale' with a carrying amount of EUR 2,189 million (2020: Investment in associates EUR 4,822 million). During the financial year, Sampo has reduced its ownership in Nordea Bank Abp from 15.87% to 6.2% through sales via accelerated bookbuilts. Due to those sales and the significant and prolonged increase in Nordea's quoted share price, the previously booked impairment of EUR 899 million was fully reversed during the financial year. After the share sale in October 2021, management concluded that the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are met and classified the remaining Nordea shares as assets held for sale. In addition, management concluded that it still has significant influence in Nordea as at 31 December 2021 and therefore measures the remaining Nordea shares at the lower of its carrying amount and fair value less cost to sell.	Our audit procedures included the review of the accounting treatment of the remaining Nordea shares as well as management's assessment on the reversal of previously recorded impairment. We have evaluated the assessment of the carrying amount and recognition of impairment reversals after the individual share sales. In addition, we have assessed Sampo's share of the associates profit, impacted by Sampo's ownership for the individual reporting periods. We have utilized valuation experts to evaluate assumptions and methodologies used by Sampo to determine whether the Group remains to have significant influence over Nordea and whether a significant and prolonged increase in Nordea's share price exist. In addition, we assessed if the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are met. We have assessed the disclosures in the financial statement.

Responsibilities of the Board of Directors and the Group CEO for the Financial Statements

The Board of Directors and the Group CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Group CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Group CEO are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Group CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 19 May, 2021, and our appointment represents a total period of uninterrupted engagement of 1 year.

Other information

The Board of Directors and the Group CEO are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support that the financial statements should be adopted. The dividend distribution proposal by the Board of Directors is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Group CEO should be discharged from liability for the financial period audited by us.

Helsinki, 11 March 2022

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KHT)

2021

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