SAMPO GROUP

2022

Board of Directors' Report and Financial Statements

Contents

REPORTS FOR THE YEAR 2022
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Board of Directors' Report

Board of Directors' Report 2022

Sampo Group

Sampo Group's core business, P&C insurance had another strong year and reported an underwriting result of EUR 1,314 million (1,282), representing year-on-year growth of 2 per cent or 13 per cent adjusted for COVID-19 effects reported in 2021. The Group combined ratio was solid at 82.1 per cent (81.4), supported by excellent performance in Nordic P&C and benefits from higher discount rates. Excluding the reported COVID-19 effects in 2021, the combined ratio would have improved by 1.0 percentage points year-on-year. Gross written premiums increased by 6 per cent to EUR 8,136 million (7,644), driven by strong renewals, high retention and disciplined pricing. Sampo targets mid-single digit per cent underwriting profit growth on average and a combined ratio below 86 per cent for 2021–2023.

If P&C's underwriting profit increased by 11 per cent to EUR 985 million (891) and the combined ratio improved to 80.3 per cent (81.3). The result was driven by a 7.2 per cent currency adjusted premium growth and continued strong underlying performance. Premium development was supported by broad-based growth across all business areas, with Industrial and the Baltics seeing the most notable positive development. In the largest business area, Private, currency adjusted premium growth remained solid at 3.5 per cent despite a decline in Nordic new car sales. The adjusted risk ratio improved by approximately 0.5 percentage points year-on-year. In addition to the strong underwriting development, the significant changes in the interest rate environment during 2022 increased If's fixed income running yield to 3.2 per cent (1.5). Profit before taxes increased to EUR 1,217 million (1,077).

Topdanmark's profit before taxes for 2022 in Sampo Group's profit and loss account decreased to EUR 220 million (346), as the investment result was affected by the adverse market environment. The sale of Topdanmark life insurance business supported the result by EUR 72 million. The combined ratio stood at 83.1 per cent (82.3).

Hastings reported solid top-line growth with resilient margins in a challenging UK motor insurance market, in which the claims inflation remained elevated throughout the year. Gross written premiums grew by 15 per cent on a currency adjusted basis in 2022, supported by high retention and disciplined pricing. Live customer policies increased by 2 per cent year-on-year to over 3.2 million, driven by a 33 per cent growth in home insurance, while motor policy count was stable. Hastings' operating ratio increased to 89.7 per cent (80.3). Profit before taxes amounted to EUR 73 million (127), or EUR 131 million (168) excluding the non-operational depreciation and amortisation.

The Mandatum segment's profit before taxes for 2022 decreased to EUR 207 million (291), reflecting lower realised gains and an increase in the group contribution to Sampo plc to EUR 29 million (15). Mandatum's net flows in third-party assets remained positive in every quarter, but were outweighed by the decline in market values, leading to AUM of EUR 10.3 billion at the end of 2022, down from EUR 11.1 billion at the year-end 2021. Mandatum Life's Solvency II ratio increased to 248 per cent (190), driven by higher interest rates and lower solvency capital requirement.

In 2022, Sampo sold its remaining Nordea holding of 246 million shares. In total, 46 million shares were sold in the open market during the first and the second quarter of 2022 and 200 million shares through an accelerated bookbuild offering on 29 April 2022. In total, the transactions generated total gross proceeds of EUR 2.3 billion. The positive accounting effect from the transactions on Sampo's consolidated statement of profit and loss was EUR 103 million.

Sampo Group's profit before taxes for 2022 amounted to EUR 1,863 million (3,171). The profit before taxes includes EUR 138 million (982) of accounting effects defined as extraordinary items in accordance with Sampo Group's dividend policy. Excluding these items, the profit before taxes declined to EUR 1,725 million (2,189), mainly as a result of Nordea no longer being consolidated as an associate. Earnings per share amounted to EUR 2.69 (4.63), or EUR 2.41 (2.86) excluding extraordinary items. The total comprehensive income, which takes changes in the market values of assets into account, was affected by the adverse capital markets environment and amounted to EUR -26 million (3,448).

On 7 December 2022, Sampo plc announced that the Board of Directors had decided to undertake a strategic review of Mandatum, with the aim to evaluate whether a separation of Mandatum could create shareholder value. At the publishing of the full-year results on 10 February 2023, the review was still ongoing.

Sampo Group's year-end 2022 Solvency II ratio stood at 210 per cent, up from 185 per cent at the year-end 2021. The financial leverage was 25.6 per cent at the end of 2022, up from 23.8 per cent at the end of 2021. Sampo targets a solvency ratio of 170–190 per cent and a financial leverage ratio below 30 per cent.

On 10 February 2023, Sampo plc's Board of Directors proposed a dividend of EUR 2.60 per share for the 2022 financial year to the Annual General Meeting to be held on 17 May 2023. This consists of a regular dividend (formerly known as the insurance dividend as introduced at the 2021 CMD) of EUR 1.80 per share (1.70), representing growth of 6 per cent, and an extra dividend of EUR 0.80 per share. In addition, Sampo announced that management is to propose to the Board a new EUR 400 million buyback programme.

The implementation of IFRS 17 and 9 on 1 January 2023 will bring asset and liability side mark-to-market effects into Sampo's reported net income. As a result, the Sampo Board has decided to adjust the Group's dividend policy, such that the minimum payout ratio of 70% is measured against a newly defined operational result rather than net profit excluding items defined as extraordinary, as previously. The change is not expected to have any significant effect on the size and trajectory of dividends. The adjusted dividend policy is described in the section Dividend proposal.

In 2022, Sampo repurchased its own shares through three buyback programmes. Of the latest buyback programme of EUR 1 billion, launched on 9 June 2022, EUR 845 million had been executed at year-end 2022. The programme was completed on 8 February 2023. In total, Sampo repurchased 32 million shares for a total of EUR 1.4 billion in 2022.

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 2022, will be published in May 2023.

Key figures

Sampo Group, 2022

EURm	2022	2021	Change, %
Profit before taxes	1,863	3,171	-41
If	1,217	1,077	13
Topdanmark	220	346	-36
Hastings	73	127	-43
Mandatum*	207	291	-29
Holding*	146	1,331	-89
Profit for the period	**1,541**	**2,748**	**-44**
Underwriting profit	1,314	1,282	2

			Change
Earnings per share, EUR	2.69	4.63	-1.94
EPS (without eo. items), EUR**	2.41	2.86	-0.45
EPS (including OCI), EUR	-0.26	5.9	-6.16
RoE (including OCI), %	-1.3	26.8	-28.1

** After Mandatum's group contribution of EUR 29 million in 2022 and EUR 15 million in 2021 to Sampo plc.*

*** The accounting effects treated as extraordinary items in accordance with Sampo Group's dividend policy amounted to EUR 138 million in 2022. In 2021, the, extraordinary items were EUR 982 million.*

Sampo Group financial targets for 2021–2023

	Target	2022
Group	Mid-single digit UW profit growth annually on average (excluding COVID-19 effects)	13% (2% on a reported basis)
	Group combined ratio: below 86%	82.1%
	Solvency ratio: 170-190%	210%
	Financial leverage: below 30%	25.6%
If	Combined ratio: below 85%	80.3%
Hastings	Operating ratio: below 88%	89.7%
	Loss ratio: below 76%	83.7%

January-December 2022 effects related to the COVID-19 pandemic have been very limited; hence, these will not be reported separately. For further information, please see section Other developments.

Outlook

Outlook for 2023

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 volatility driven by, among other factors, seasonal weather patterns, large claims and prior year development. These effects are particularly relevant for individual segments and business areas, such as the Danish and UK operations.

The mark-to-market component of the net financial result 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. During 2022 the global economy was hit by the war in Ukraine and, at the same time, inflation pressures intensified and broadened, forcing central banks to raise interest rates sharply. This may lead to both a further significant slowdown in economic growth and a deterioration in the debt service capacity of businesses, households and governments. Furthermore, the re-alignment of energy supplies in Europe takes time and the energy crisis could continue for several years. These developments are currently causing significant uncertainties in economic and capital market development. At the same time rapidly evolving hybrid threats create new challenges for states and businesses. 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

Under Sampo Group's capital management framework, Sampo will return ongoing surplus capital generation from its insurance operations through a regular 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 170–190 per cent and financial leverage below 30 per cent.

According to Sampo plc's Dividend Policy applied for distribution of 2022 earnings, total annual dividends paid shall represent at least 70 per cent of Sampo Group's net profit for the year (excluding extraordinary items). In 2022, accounting items related to the sale of Nordea shares, the sale of Topdanmark life insurance operations and the reclassification of Nordax from an associated company to fair value investment have been defined as extraordinary in accordance with Sampo's dividend policy.

The parent company's distributable capital and reserves totalled EUR 6,716 million of which profit for the financial year 2022 was EUR 1,780 million. Based on the policies outlined above, the Board proposes to the Annual General Meeting that a total dividend of EUR 2.60 per share be paid to all shares except for the shares held by Sampo plc on the dividend record date of 22 May 2023. The total dividend includes a regular dividend of EUR 1.80 per share as well as an extra dividend of EUR 0.80 per share.

As earnings per share excluding extraordinary items amounted to EUR 2.41 per share, the payout ratio for the total dividend equates to 108 per cent. The remainder of the distributable funds are left in the company's equity capital. After adjusting for the proposed dividend, Sampo Group's 2022 year-end distributable funds amounted to EUR 5,378 million, Group Solvency II ratio to 210 per cent and financial leverage to 28.6 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 22 May 2023. The Board proposes that the dividends be paid on 31 May 2023.

The issuer of the Swedish depository receipts shall ensure that the dividend is paid to the depository receipt holders registered in the securities depository and settlement register maintained by Euroclear Sweden AB as at the record date of 22 May 2023, which payment shall be made in Swedish kronor.

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.

Adjustment to Sampo Group's dividend policy

The implementation of IFRS 17 and 9 on 1 January 2023 will bring asset and liability side mark-to-market effects into Sampo's reported net income. As a result, the Sampo Board has decided to adjust the Group's dividend policy, such that the minimum payout ratio of 70 per cent is measured against a newly defined operational result rather than net profit excluding items defined as extraordinary, as previously. The change is not expected to have any significant effect on the size and trajectory of dividends. The adjustment is effective to payouts made in respect of the 2023 and later financial years'.

According to the updated dividend policy, Sampo is to pay a stable and sustainable regular dividend that grows in line with the Group's earnings over time. Total annual dividends paid will be at least 70 per cent of Group's operational result.

The operational result is similar to net profit excluding items defined as extraordinary used under IFRS 4, with the main differences being that it excludes all result effects from discount rate changes as well as non-operational amortisation in Sampo's P&C operations, and that Mandatum's profit is replaced with the dividend stream that it provides to Sampo plc. The full definition of the operational result can be found at **www.sampo.com/dividend**.

Sampo is committed to operating a strong and efficient balance sheet, as defined by the Group's capital management framework. To enable this, regular dividends can be complemented with distributions of excess capital via share buybacks and/or extra dividends.

Operating environment

Nordic P&C insurance market

In 2022, the Nordic P&C insurance market remained relatively stable despite the challenging macroeconomic environment with rising inflation and interest rates. The market continued to be highly competitive, but the larger players maintained strong financial discipline and the year saw many players implementing price increases to combat inflation. In general, the Nordic P&C market continued to deliver better profitability and lower combined ratios than other European P&C markets.

Managing and monitoring claims inflation and repricing was on top of every insurer's agenda in 2022. All Nordic countries and P&C insurance segments were affected by the inflation surge, with the highest claims inflation seen in property and motor. This was mostly driven by more expensive building materials and spare parts following raw material shortages and increasing transportation and energy costs. The increase in claims inflation started to show already in 2021 due to supply shortages in the wake of the pandemic but was further fuelled by the challenging macroeconomic environment following the war in Ukraine.

Historically, the Nordic P&C market has experienced higher and more stable retention levels than other European P&C markets with some 85–90 per cent retention rates. This trend continued in 2022 with strong retention rates despite price increase, due to a general public acceptance of an inflationary environment. Despite the slowdown in the economy, the demand for insurance has been relatively stable with some increased market activities noted towards the end of the year. Some targeted growth efforts were seen among the Nordic players in various areas.

In 2022, the Nordics experienced some weather-related claims. In the beginning of the year, the region was affected by some winter storms typical for the season. The last quarter of the year saw some heavy snowing and a short period with freezing temperatures, which resulted in weather related claims. Climate change and sustainability remain important for the Nordic P&C industry with most large players now having incorporated and communicated climate/ESG targets in their strategy.

During the year, Nordic insurers continued their focus on digital with investments in core systems and online platforms to further digitalise sales, service, and claims. Despite the region being digitally advanced, there is potential for further margin improvement to be gained from digitalisation. The Nordic countries continuously rank top in the annual Digital Economy and Society Index (DESI), which ranks the digital competitiveness of European countries.

In 2022, claims frequencies increased across the Nordic region as society opened up after the pandemic. At the beginning of the year there were still some pandemic-related restrictions affecting claims frequencies. As the restrictions were gradually lifted during the year, motor claims continued to normalise with traffic returning to closer to normal levels. 2022 also saw an uptick in travel claims frequencies as people started travelling again.

The weak new car sales seen in 2021 continued in 2022 with a decline of 9.5 per cent for the full year, but the year ended on a positive note with new car sales growth in the fourth quarter. The negative effect from the pandemic-related semi-conductor shortages was amplified by the war in Ukraine and the ensuing general economic downturn affected new car sales development adversely.

UK P&C insurance market

The UK P&C Insurance market has experienced regulatory changes and elevated claims inflations during the last 12 months. The FCA's general insurance pricing practices reforms were implemented on 1 January 2022 and significantly impacted renewal premiums for some insurers. Market new business prices increased, but not sufficiently to offset the reduction in renewal prices across the industry. Price comparison websites, Hastings' primary distribution channel, remain by far the largest sales channel for UK car and home insurance customers.

The UK motor market experienced elevated claims inflation during 2022, estimated to be 12 per cent for the year. Claims severities increased as a result of rising second hand car prices due to supply chain disruption in the new car market, increases in repair, energy and labour costs, and general UK inflation. Claims frequencies increased post pandemic as restrictions were reversed and traveling increased. Adverse weather and train strikes in November and December resulted in further increased frequencies in the fourth quarter.

The home insurance market was in particular, impacted by the FCA's General Insurance Pricing Practices review with participants with significant back books taking sizeable rate reductions on retained business. Home claims frequency was also subject to adverse December weather conditions and underlying claims severity suffered from general inflationary pressures.

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 P&C'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 985 million (891) for 2022, representing 11 per cent growth year-on-year. This was driven by a 1.0 percentage points improvement in the combined ratio to 80.3 per cent (81.3) and currency adjusted organic premium growth of 7.2 per cent. The result is ahead of If P&C's financial targets for 2021-2023 of mid-single digit growth in underwriting profit and a combined ratio of below 85 per cent.

Results

If, 2022

EURm	2022	2021	Change, %
Gross written premiums	5,432	5,134	6
Net earned premiums	5,002	4,772	5
Claims incurred	-2,963	-2,860	4
Operating expenses	-1,054	-1,021	3
Underwriting result	**985**	**891**	**11**
Other technical income and expenses	-9	-3	245
Allocated investment return transferred from the non-technical account	11	14	-24
Technical result	**987**	**902**	**9**
Investment result	273	234	16
Allocated investment return transferred to the technical account	-44	-36	24
Other income and expenses	1	-24	—
Profit before taxes	**1,217**	**1,077**	**13**

Key figures	2022	2021	Change
Combined ratio, %	80.3	81.3	-1.0
Risk ratio, %	59.2	59.9	-0.7
Cost ratio, %	21.1	21.4	-0.3
Expense ratio, %	15.4	15.8	-0.4
Large losses vs. normal*, %	0.8	0.8	—
Prior year development**, %	6.7	3.6	3.2

** Positive large loss figures indicate above-normal large losses. Adjusting for an increase in the large claims budget in the second quarter of 2022, the large claims deviation would have been 0.2 percentage points in 2021.*

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

Premium development

If P&C reported gross written premiums, GWP, of EUR 5,432 million (5,134) in 2022. Excluding currency effects, premiums grew by 7.2 per cent year-on-year, driven by strong development in business areas Industrial and Baltic, in particular. Growth was robust across the board and driven primarily by rate increases, strong customer retention and an increase in customer count year-on-year.

Business Area (BA) Private delivered GWP growth of 3.5 per cent for the full year, driven by rate increases covering claims inflation, strong retention and a growing customer base. Geographically, growth was strongest in Norway and Finland.

During 2022, BA Private's GWP was negatively affected by continued slow new car sales. The weak Nordic new car sales seen in the second half of 2021 continued for most of 2022 with a decline of 9.5 per cent year-on-year. Excluding the Swedish mobility business, currency adjusted GWP growth in 2022 was 5.5 per cent in Private and 8.7 per cent for If.

During the year, If P&C's Private customer base continued to grow and now stands at 3.3 million households, many of whom have multiple products with If. This development was supported by strong retention at 90 per cent and high customer satisfaction with NPS at 62.

In 2022, digital customer KPIs continued to improve following consistent investments into this area over many years. Digital share of incoming sales increased to more than 50 per cent and online claims continued to develop positively. Also, self-service through My Pages increased by 16 per cent year-on-year to over 13 million logins during the year with good development in all countries.

Currency adjusted GWP growth in BA Commercial in 2022 was 6.0 per cent, driven primarily by Sweden and Norway. Rate actions, high and stable retention, and positive development in number of customers contributed to growth. At the end of the year nearly 45 per cent of Commercials' customers used the digital login solution MyBusiness.

BA Industrial's GWP grew by 20.4 per cent in 2022 on a currency adjusted basis. Growth was primarily driven by significant rate increases, strong renewals and improved retention. Inflation driven rate increases continued in all countries, with the largest contribution coming from the property segment. Geographically, each country showed double-digit GWP growth year-on-year with the strongest development in Denmark.

During the year, digital engagement and self-service increased among Industrial customers. Approximately 55 per cent of clients now have access to If Login and of those more than 90 per cent were active users viewing policies, invoices, claims and issuing certificates online.

The Baltic business delivered currency adjusted GWP growth of 21.9 per cent in 2022. Growth was strong in all three Baltic countries with continued rate increases to mitigate claims inflation, high retention, and growing customer base year-on-year.

Combined ratio development

If P&C's 2022 combined ratio of 80.3 per cent was 1.0 percentage points better year-on-year (81.3), benefiting from increased discount rates and an improved adjusted risk ratio, partly offset by a non-repeat of COVID-19 effects and adverse large claims.

In 2022 large claims were 0.8 percentage points worse than expected – a deterioration of 0.6 percentage points compared to the same period last year. The large claims reported in 2022 were mainly related to property claims in business areas Industrial and Commercial.

Severe weather claims during 2022 were 0.6 percentage points worse than expected mainly due to harsh winter weather. This is 0.2 percentage points better than prior year, which was negatively affected by severe weather losses related to floods in Germany and Sweden.

The unwind of COVID-19 effects had an adverse effect on the combined ratio development relative to the prior year. In the comparison period January–December 2021, COVID-19 effects supported the combined ratio by approximately 2 percentage points. No separate COVID-19 effects were reported in 2022.

In 2022 the development of prior year claims reserves supported the combined ratio by 6.7 percentage points (3.6). The main drivers were the changes in the mortality model in Finland in the first quarter, increased discount rates in Sweden, and a gradual increase in the annuity discount rate in Finland. The Finnish discount rate was increased from 0.75 percentage points at the end of 2021 to 2.50 per cent, bringing this closely into line with market interest rates. The total positive profit effect of increases in discount rates of EUR 379 million was partly offset by an increase in the claims reserve of EUR 123 million consistent with If's prudent reserving approach.

In total, the risk ratio improved by 0.7 percentage points to 59.2 per cent (59.9) in 2022. The adjusted risk ratio, which excludes the impact of large losses, severe weather, reported COVID-19 effects and prior year development, improved by approximately 0.5 percentage points year-on-year.

The cost ratio improved by 0.3 percentage points to 21.1 per cent (21.4). The 2022 cost ratio development compares favourably to If P&C's target for 2021-2023 of a ~20bps yearly cost ratio reduction.

	Combined ratio, %			Risk ratio, %		
	2022	2021	Change	2022	2021	Change
Private	81.7	78.6	3.1	60.6	57.3	3.3
Commercial	74.6	83.2	-8.6	52.7	61.2	-8.5
Industrial	85.8	93.4	-7.6	68.5	74.3	-5.8
Baltic	89.9	86.8	3.1	62.8	58.7	4.1
Sweden	84.2	75.8	8.4	64.8	56.9	7.9
Norway	89.8	84.6	5.2	69.4	63.3	6.1
Finland	46.6	81.8	-35.2	24.5	59.5	-35.0
Denmark	104.3	90.9	13.4	79.1	63.4	15.7

Investment result

For the full year 2022, If P&C reported an investment result of EUR 273 million (234). Mark-to-market return on investments stood at -4.4 per cent (4.3), driven by increased interest rates and volatile credit and equity markets.

During the year, the investment portfolio was gradually reinvested at higher rates, improving the running yield. At the end of December, the fixed income running yield was 3.2 per cent (1.5).

Profit before taxes

In total, If P&C reported profit before taxes for 2022 of EUR 1,217 million (1,077), representing an increase of 13 per cent year-on-year. Total comprehensive income for the year was EUR 182 million (1,090).

Topdanmark

Topdanmark is Denmark's third largest non-life insurance company with a 16 per cent market share. It focuses on the private, agricultural, and SME markets. The company was previously engaged in life insurance business but the life business was divested on 1 December 2022. The company is listed on Nasdaq Copenhagen.

Sampo plc held 43,676,975 shares in Topdanmark at 31 December 2022. The holding corresponds to an ownership of 48.5 per cent of all shares and 49.3 per cent of related voting rights. The market value of the holding was EUR 2,146 million.

Topdanmark's profit before taxes for 2022 declined to EUR 220 million (346) in Sampo Group's profit and loss account as the company suffered a weak investment result in 2022. The result included a gain of EUR 127 million from the disposal of Topdanmark's life business partly offset by the derecognition of EUR 55 million of intangibles on Sampo's balance sheet, leading to a positive accounting effect of EUR 72 million.

The combined ratio for 2022 was 83.1 per cent (82.3). The expense ratio for the same period was 16.3 per cent (15.6).

Results

Topdanmark, 2022

EURm	2022	2021	Change, %
Premiums, net	2,511	2,694	-7
Net income from investments	-1,119	1,359	—
Other operating income	76	1	—
Claims incurred	-1,778	-1,947	-9
Change in insurance liabilities	1,004	-1,398	—
Staff costs	-296	-294	1
Other operating expenses	-163	-138	18
Finance costs	-19	-11	66
Share of associates' profit/loss	4	79	-95
Profit before taxes	**220**	**346**	**-36**

Key figures	2022	2021	Change
Combined ratio, %	83.1	82.3	0.8
Loss ratio, %	66.8	66.7	0.1
Expense ratio, %	16.3	15.6	0.7

In connection with its full-year results, Topdanmark disclosed that its Board of Directors will recommend to the AGM a total dividend of DKK 4,815 million, representing DKK 53.5 per share. The total dividend constitutes an ordinary dividend of DKK 11.0 per share and an extra dividend of DKK 42.5 per share based on the sale of Topdanmark Liv Holding A/S. Subject to the approval from the AGM, Sampo will receive approximately EUR 314 million in dividends from Topdanmark after the AGM on 26 April 2023.

Further information on Topdanmark A/S and its January–December 2022 result is available at **www.topdanmark.com**.

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.

The UK motor market has seen significant pressure during 2022, including high levels of competition, driving behaviour returning toward pre-COVID-19 levels, double digit claims cost inflation, and the impact of the FCA's GIPP renewal pricing reforms. Against this environment, Hastings has delivered a resilient set of results.

Gross written premium (GWP) increased 15 per cent year-on-year on a currency adjusted basis to EUR 1,313 million (1,127), reflecting early rate increases applied by Hastings as elevated levels of inflation were observed. The increase in GWP, together with a decrease in quota share from 50 per cent to 35 per cent led to a 46 per cent increase in net written premiums to EUR 728 million (495). Net earned premiums increased by 18 per cent year-on-year on a currency adjusted basis.

Results

Hastings, 2022

EURm	2022	2021	Change, %
Gross written premiums	1,313	1,127	16
Net earned premiums	594	499	19
Other operating income	416	331	26
Total revenue	1,010	830	22
Net insurance claims	-497	-310	60
Operating expenses	-409	-356	15
Underwriting profit	**104**	**164**	**-37**
Investment income	17	11	52
Non-operational amortisation	-58	-41	41
Finance costs	10	-7	—
Profit before taxes	**73**	**127**	**-43**

Key figures	2022	2021	Change
Live customer policies (million)	3.2	3.1	2
Loss ratio, %	83.7	62.2	21.5
Operating ratio, %	89.7	80.3	9.4

Total live customer policies (LCP) numbers grew by 2.4 per cent year-on-year to over 3.2 million driven by a 33 per cent increase in home insurance policies to 412,000, while motor policy count was stable. The growth in home insurance policies was supported by a favourable market environment after the GIPP reforms, and by new data and pricing capabilities introduced by Hastings.

The calendar year loss ratio for 2022 was 83.7 per cent (62.2). The increase on prior year was driven by a reversal of COVID-19 restrictions, increasing accident frequency and claims inflation. The market experienced elevated claims inflation throughout 2022, estimated at 12 per cent for the year, mainly driven by general inflation in the UK and supply chain issues leading to increases in second hand car costs, repair costs including parts and labour and hire car costs. The UK also experienced an extended period of adverse cold weather in December, contributing to increased claims frequencies and higher claims costs above that usually experienced in recent years' fourth quarters.

The operating ratio for 2022 increased to 89.7 per cent (80.3), with written premium growth offset by the increase in the loss ratio and, in particular, the fourth quarter weather events.

On 13 September 2022, Hastings redeemed its GBP 250 million (approximately EUR 290 million) bond in full, giving rise to a positive accounting effect of EUR 17 million for the year.

Hastings generated profit before taxes of EUR 73 million (127) for 2022, net of a EUR 58 million (41) charge for amortisation of non-operational intangibles arising from the Sampo acquisition, which will continue until 2028.

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.

The Mandatum segment's profit before taxes for 2022 amounted to EUR 207 million (291), after a group contribution of EUR 29 million (15) that effectively acts as a distribution of profit to Sampo plc. The total comprehensive income, which reflects changes in the market, was EUR -264 million (338) after taxes in 2022.

The year 2022 was characterised by adverse and volatile capital market movements, which affected Mandatum's investment returns. The investment result taken through the P&L decreased to EUR 149 million (187), whereas the fair value investment result amounted to EUR -400 million (319). The mark-to-market investment return was -9.0 per cent (10.2) in 2022.

Mandatum Life's Solvency II ratio was 248 per cent at the end of 2022, up from 190 per cent at the year-end 2021, as higher interest rates and decreased solvency capital requirement offset the effect of the weak mark-to-market investment results.

Results

Mandatum, 2022

EURm	2022	2021	Change, %
Premiums written	1,390	1,367	2
Net income from investments	-821	1,831	—
Other operating income	36	40	-10
Claims incurred	-883	-1,127	-22
Change in liabilities for insurance and investment contracts	680	-1,642	—
Staff costs	-74	-65	13
Other operating expenses	-110	-100	10
Finance costs	-12	-14	-11
Share of associates' profit/loss	—	1	-85
Profit before taxes	**207**	**291**	**-29**

Key figures	2022	2021	Change
Return on equity (including OCI), %	-17.3	18.4	—

Mandatum's third-party assets under management amounted to EUR 10.3 billion at the end of 2022, down from EUR 11.1 billion at the year-end 2021. Despite the challenging market environment, Mandatum's inflows achieved an all-time high and net flows remained positive in every quarter of 2022, adding to a total of EUR 538 million for the year, highlighting Mandatum's position as a leading financial services provider in Finland.

Mandatum's operational result (expense result and result from Asset Management) for 2022 remained solid at EUR 49 million (45). The risk result decreased to EUR 32 million from a very strong comparison figure of EUR 43 million.

Mandatum's with-profit liabilities with guarantees of 3.5 and 4.5 per cent decreased by EUR 143 million to EUR 1.6 billion (1.7) at the end of 2022. In total, with-profit reserves were EUR 3.0 billion (3.2).

Mandatum's Board of Directors intends to propose a dividend of EUR 150 million to be paid to Sampo plc in the first quarter of 2023. Combined with the group contribution of EUR 29 million, total distributions from Mandatum to Sampo plc amounted to EUR 179 million with respect to the 2022 financial year.

Holding

Sampo plc is the parent company of Sampo Group and responsible for the Group's strategy and capital management activities. In addition to the Group's insurance subsidiaries, a small number of direct investments are held in the holding company. Sampo's previous ownership in Nordea was consolidated into the P&L as an associated company until 25 October 2021 and fully exited on 29 April 2022.

The Holding segment's profit before taxes for 2022 decreased to EUR 146 million (1,331). The result includes a group contribution of EUR 29 million (15) from Mandatum.

Sampo completed the exit from Nordea during the second quarter, and the positive accounting effect from the transactions on Sampo's consolidated statement of profit and loss was EUR 103 million in total.

Sampo's share of Nordax's profit amounted to EUR -19 million (9) in January-December 2022. The profit included a negative accounting effect of EUR -37 million in the fourth quarter due to Nordax's reclassification from an associated company to a fair value investment. The share of Nordax's profit will no longer be consolidated into Sampo Group's P&L from the start of 2023.

The accounting effects related to Nordea and Nordax are treated as extraordinary items in accordance with Sampo Group's dividend policy.

Results

Holding, 2022

EURm	2022	2021	Change, %
Net investment income	177	146	21
Other operating income	132	12	—
Staff costs	-29	-25	14
Other operating expenses	-19	-5	300
Finance costs	-96	-107	-10
Share of associates' profit	-19	328	—
Valuation difference on disposal of associate shares	—	84	—
Reversal of impairment losses on Nordea shares	—	899	—
Profit before taxes	**146**	**1,331**	**-89**

Financial standing

Group solvency

Strong capital generation from robust underwriting profits, market effects in the form of rising interest rates and a lower symmetrical adjustment, as well as simplification of the group structure, including the Nordea exit, supported the solvency ratio development in 2022. Hence, Sampo Group's Solvency II ratio increased to 210 per cent (185) at 31 December 2022, allowing for the proposed dividend of EUR 2.60 per share and the impact of the planned new share buyback programme of EUR 400 million. Sampo Group targets a Solvency II ratio between 170 and 190 per cent.

Sampo Group's Solvency II own funds decreased to EUR 8,083 million (10,924). The solvency capital requirement (SCR) was EUR 3,857 million (5,905) at the end of December 2022.

Financial leverage position

Sampo Group targets financial leverage below 30 per cent. Financial leverage is calculated as Group's financial debt divided by the sum of IFRS equity and financial debt. On 31 December 2022, the financial leverage ratio for Sampo Group was 25.6 per cent, up 1.8 percentage points from 23.8 per cent at the year-end 2021. The rise in financial leverage was driven by a reduction in shareholders' equity related to the dividend payment, the execution of buyback programmes and the negative mark-to-market result on investments (taken mainly through other comprehensive income). On the other hand, financial leverage was positively impacted by the repurchase of Sampo plc senior debt via a tender offer and the redemption of Hastings' senior bond in September 2022.

Sampo Group IFRS equity amounted to EUR 9,543 million at the end of December 2022 compared to EUR 13,464 million at the year-end. Gross debt was at EUR 3,288 million, decreasing by EUR 922 million from year-end.

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

Financial debt

Sampo Group, 31 December 2022

EURm	Sampo plc	If	Topdanmark	Hastings	Mandatum	Eliminations	Group total
Sub/hybrid	1,489	224	148	–	350	-228	1,983
Senior bonds	1,306	–	–	–	–	–	1,306
Total	**2,794**	**224**	**148**	**–**	**350**	**-228**	**3,288**

Ratings

Relevant ratings for Sampo Group companies on 31 December 2022 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	Positive	A	Stable	-	-
If P&C Insurance Ltd – Insurance Financial Strength Rating	A1	Positive	AA-	Stable	-	-
If P&C Insurance Holding Ltd (publ) – Issuer Credit Rating	-	-	A	Stable	-	-
Mandatum Life Insurance Company Ltd – Issuer Credit Rating	-	-	AA-	Stable	-	-
Hastings Group (Finance) - Issuer default rating	-	-	-	-	A-	Positive

Other developments

Exit from Nordea

In 2022, Sampo sold its remaining Nordea holding of 246 million shares. In total, 46 million shares were sold in the open market, of which 19 million in the first quarter and 27 million in the second quarter. The remaining 200 million shares were sold through an accelerated bookbuild offering on 29 April 2022.

In total, the transactions generated total gross proceeds of EUR 2.3 billion. The positive accounting effect from the transactions on Sampo's consolidated statement of profit and loss was EUR 103 million. The effect was treated as an extraordinary item in the calculation of Sampo's dividend payout ratio for 2022.

Strategic review of Mandatum

On 7 December 2022, Sampo plc announced that the Board of Directors had decided to undertake a strategic review of Mandatum in line with Sampo's strategic focus on P&C insurance. The Board continues to review a number of different options, with the aim to evaluate whether a separation of Mandatum could create shareholder value.

The Board of Directors of Sampo plc is content with the current Group structure as it offers diversification in terms of business exposures as well as capital and cash generation. Sampo expects to provide a further update on the strategic review by the end of the first quarter of 2023.

Dual listing on Nasdaq Stockholm

Sampo finalised its dual listing process during the fourth quarter, and trading in Sampo Swedish Depositary Receipts (SDRs) began on Nasdaq Stockholm on 22 November 2022. Sampo did not raise new capital or make any offering as part of the dual listing.

Share buyback programmes

In 2022, Sampo repurchased its own A shares under three different buyback programmes based on the authorisation granted by the Annual General Meetings of 2021 and 2022.

On 1 October 2021, Sampo announced a buyback programme of EUR 750 million. The repurchase of shares began on 4 October 2021 and ended on 25 March 2022. During that period, Sampo repurchased 17,128,505 of its own A shares at an average price per share of EUR 43.79. The amount corresponded to 3.1 per cent of all Sampo plc's shares. In line with the decision by the Board of Directors, these shares were cancelled at the end of March 2022.

On 30 March 2022, Sampo launched a new buyback programme of EUR 250 million at maximum. The share repurchases began on 31 March 2022 and ended on 17 May 2022. During that period, Sampo repurchased 4,961,994 of its own shares at an average price per share of EUR 45.85 with the total purchase price being EUR 228 million. The amount corresponded to 0.9 per cent of all Sampo plc's shares. In line with the decision by the Board of Directors, these shares were cancelled in May 2022.

On 9 June 2022, Sampo's Board resolved to launch a EUR 1 billion buyback programme based on the authorisation granted by the Annual General Meeting of 2022. The maximum number of Sampo shares that can be repurchased is 30 million, corresponding to 5.6 per cent of the total number of shares in Sampo. The buyback programme started on 10 June 2022 and will end no later than 8 February 2023. By the end of December 2022, in total 18,892,036 shares had been repurchased under this programme at an average price per share of EUR 44.75, with the total purchase price being EUR 845 million. The amount corresponded to 3.5 per cent of all Sampo plc's shares based on the share count prior to the start of this programme. In line with the decision by the Board of Directors, in total 16,681,839 shares that were bought by the end of November 2022 were cancelled in December 2022.

By the end of 2022, Sampo had repurchased 41 million shares since the start of the first buyback programme in October 2021, corresponding to 7.4 per cent of the total numbers of shares prior to the first share buyback programme launched in October 2021. Of these, 32 million shares were repurchased during 2022, with the total purchase price being EUR 1.4 billion.

Effects of external events on Sampo Group

The uncertainty in the geopolitical and macroeconomic environment observed in 2022 affects Sampo Group primarily through the market risk exposures it carries via its insurance company investment portfolios and liabilities and through strategic investments. Over time, adverse macroeconomic effects could also have an impact on Sampo's operational business, for example by reducing economic growth or increasing claims costs. However, Sampo's insurance business has remained resilient to these effects throughout 2022.

Sampo Group's insurance exposures in Russia or Ukraine are limited to certain Nordic industrial line clients, with coverage subject to war exclusions. On the asset side, Sampo has no material direct investments in Russia or Ukraine. Given the limited direct exposure, the biggest risk from the war in Ukraine to Sampo relates to the second order capital markets and macroeconomic effects outlined above.

In 2022, there were no material COVID-19 effects in the Nordic and Baltic countries. Given the limited impact of COVID-19 and the increasing difficulty in reliably estimating associated effects, Sampo has no longer disclosed quantitative COVID-19 effects in 2022 financial reporting.

Shares, share capital and shareholders

Shares and share capital

As at 31 December 2022, Sampo plc had 516,579,512 shares, which were divided into 516,379,512 A shares and 200,000 B shares. The total number of votes attached to the shares is 517,379,512. 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.

In 2022, Sampo cancelled 38,772,338 of its own A shares that were repurchased under the share buyback programmes. These shares were cancelled in March, May and December 2022.

On 13 June 2022, Sampo announced that a total of 1,000,000 of its B shares have been converted into A shares in accordance with the conversion clause of Section 4 in Sampo's Articles of Association. The decision to convert was made by the Board of Directors of Sampo plc on the request of Kaleva Mutual Insurance Company, the holder of Sampo's B shares. After the conversion, Kaleva held 200,000 B shares in Sampo plc.

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 2022 Sampo plc's share capital amounted to EUR 98 million (98) and the equity capital in total to EUR 9,543 million (13,464).

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.

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.

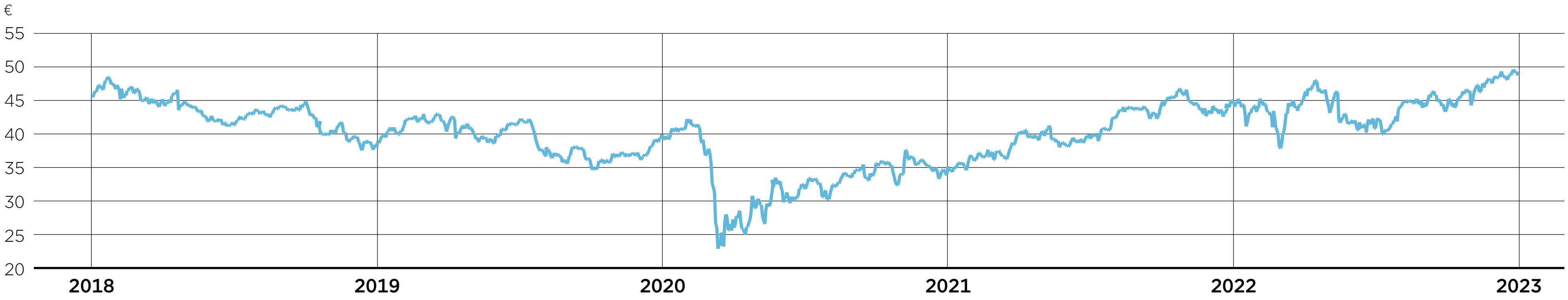
Shareholders by the number of shares held

Sampo plc, 31 December 2022

Number of shares	Shareholders, number	Share-holders, %	Shares, number	Shares, %	Voting rights, number	Voting rights, %
1–100	104,844	52.91	4,410,170	0.85	4,410,170	0.85
101–500	63,120	31.86	15,357,473	2.97	15,357,473	2.97
501–1,000	14,587	7.36	10,860,002	2.10	10,860,002	2.10
1,001–5,000	13,054	6.59	27,270,449	5.28	27,270,449	5.27
5,001–10,000	1,478	0.75	10,409,499	2.02	10,409,499	2.01
10,001–50,000	857	0.43	16,717,498	3.24	16,717,498	3.23
50,001–100,000	93	0.05	6,769,669	1.31	6,769,669	1.31
100,001–500,000	74	0.04	14,329,465	2.77	14,329,465	2.77
500,001–	36	0.02	410,455,287	79.46	411,255,287	79.49
Total	**198,143**	**100**	**516,579,512**	**100**	**517,379,512**	**100**
of which nominee registered	12		317,450,882	61.45	317,450,882	61.36

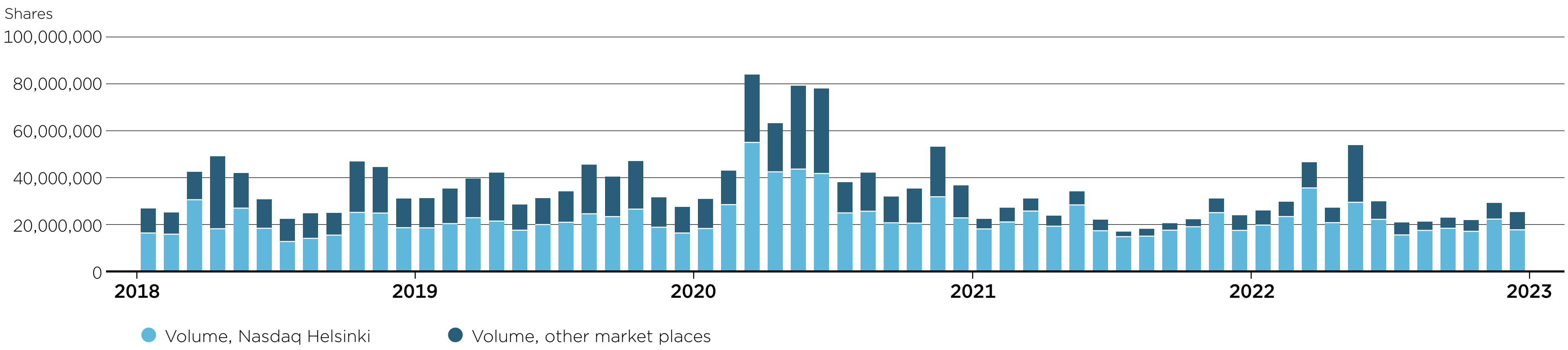
Share price performance

Sampo plc, 2018–2022



Monthly trading volume

Sampo plc, 2018–2022



Authorisations granted to the Board

The Annual General Meeting held on 18 May 2022 authorised the Board to repurchase a maximum of 50,000,000 Sampo A shares. The authorisation will be valid until the close of the next Annual General Meeting, expected to be held on 17 May 2023, nevertheless not more than 18 months after AGM's decision.

The Board of Sampo plc made a decision on share repurchases on 9 June 2022 and the company started share buybacks on 10 June. By the end of 2022, a total of 18,892,036 shares were repurchased under this programme, corresponding to 3.5 per cent of all Sampo plc's shares based on the share count prior to the start of this programme. Prior to this programme, Sampo had already repurchased 13.6 million shares under two buyback programmes in 2022, based on the authorisation granted by the Annual General Meeting of 2021.

In total, Sampo repurchased 32.4 million shares in 2022, based on the authorisation granted by the Annual General Meetings of 2021 and 2022.

Shareholders

Sampo plc, shareholders registered in Finland, 31 December 2022

A and B shares	Number of shares	% of share capital	% of votes
Solidium Oy	33,278,580	6.44	6.43
Varma Mutual Pension Insurance Company	22,248,420	4.31	4.30
Ilmarinen Mutual Pension Insurance Company	6,458,683	1.25	1.25
Elo Mutual Pension Insurance Company	3,171,000	0.61	0.61
Oy Lival AB	3,110,000	0.60	0.60
The State Pension Fund	2,900,000	0.56	0.56
Sampo plc	2,081,071	0.40	0.40
OP Life Assurance Company Ltd	1,883,843	0.36	0.36
OP-Finland Fund	1,711,839	0.33	0.33
Svenska litteratursällskapet i Finland r.f.	1,619,150	0.31	0.31
Nordea Nordic Fund	1,590,000	0.31	0.31
Nordea Pro Finland Fund	1,109,194	0.21	0.21
Åbo Akademi University Foundation	1,063,872	0.21	0.21
Föreningen Konstsamfundet rf	950,000	0.18	0.18
Nordea Life Assurance Finland Ltd.	913,469	0.18	0.18
Danske Invest Finnish Equity Fund	910,000	0.18	0.18
Samfundet folkhälsan i Svenska Finland rf	848,402	0.16	0.16
Säästöpankki Kotimaa	840,001	0.16	0.16
OMX Helsinki 25 Exchange Traded Fund	808,764	0.16	0.16
Sigrid Jusélius Foundation	766,150	0.15	0.15
Foreign and nominee registered total	*318,542,828*	*61.66*	*61.57*
Other total	*109,774,246*	*21.25*	*21.37*
Total	**516,579,512**	**100**	**100**

Shareholders by Sector
Sampo plc (A and B shares), 31 December 2022

Sector	Number of shares	%
Corporations	19,183,848	3.71
Financial institutions and insurance corporations	19,157,841	3.71
Public institutions	70,181,755	13.59
Non-profit institutions	14,485,127	2.80
Households	75,028,113	14.52
Foreign ownership and nominee registered	318,542,828	61.66
Total	**516,579,512**	**100**

Shareholders

The number of Sampo plc's Finnish-registered shareholders increased during 2022 by 7,100 shareholders to 198,143 as at 31 December 2022. The holdings of nominee-registered and foreign shareholders stood stable at 61.7 per cent (61.6) of the shares and 61.6 per cent of the votes (61.1).

At the end of 2022, Sampo held 2,210,197 own A shares, corresponding to 0.43 per cent of the total number of shares of Sampo plc. The deviation from the figure in the table above is explained by the repurchases during the last two trading days of the year, which were not included in the year-end shareholder register due to the T+2 days settlement time for stock trades.

On 31 December 2022, 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 2022, Sampo plc received 17 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 2022, members of Sampo plc's Board of Directors and their close family members owned either directly or indirectly 195,644 (3,944,446) Sampo A shares. Their combined holdings constituted 0.04 per cent (0.7) of the share capital and 0.03 (0.7) per cent of votes. During 2022, Chair of the Board of Directors Björn Wahlroos transferred a majority of his holdings in Sampo to his children.

Members of the Group Executive Committee and their close family members owned either directly or indirectly 564,438 (549,544) 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 2022 and 31 December 2021

Board of Directors	**31 Dec 2022**	**31 Dec 2021**
Wahlroos	9,229	3,778,362
Fagerholm	7,597	6,647
Clausen	37,819	22,299
Clutterbuck	2,853	2,185
Ehrnrooth	128,681	127,962
Lamminen	2,695	2,055
Langan*	673	–
Murto	4,449	3,853
Rauramo	1,668	1,083
Total	**195,664**	**3,944,446**
Board of Directors ownership of shares, %	0.04	0.7
Board of Directors share of votes, %	0.04	0.7

Group Executive Committee	**31 Dec 2022**	**31 Dec 2021**
Magnusson	46,480	51,496
Alsaker	39,646	36,105
Janbu Holthe	1,875	733
Lapveteläinen	276,423	272,261
Niemisvirta	93,470	89,443
Thorsrud	61,344	57,670
Wennerklint	45,200	41,836
Total	**564,438**	**549,544**
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 since 18 May 2022.*

Governance and related issues

Governance

During 2022, 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").

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/year2022**.

Annual General Meeting

The Annual General Meeting of Sampo plc, held on 18 May 2022, decided to distribute a dividend of EUR 4.10 per share for 2021. The record date for dividend payment was 20 May 2022 and the dividend was paid on 31 May 2022. The Annual General Meeting adopted the financial accounts for 2021 and discharged the Board of Directors and the CEO from liability for the financial year.

The Annual General Meeting increased the number of the members of the Board of Directors to nine members. **Christian Clausen**, **Fiona Clutterbuck**, **Georg Ehrnrooth**, **Jannica Fagerholm**, **Johanna Lamminen**, **Risto Murto**, **Markus Rauramo** and **Björn Wahlroos** were re-elected to the Board. **Steve Langan** 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, Markus Rauramo and Björn Wahlroos (Chair) were elected to the Nomination and Remuneration Committee. Fiona Clutterbuck, Georg Ehrnrooth, Jannica Fagerholm (Chair), Johanna Lamminen and Steve Langan 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 2023 Annual General Meeting: the Chair of the Board will be paid an annual fee of EUR 190,000 and other members of the Board will be paid EUR 98,000 each. Furthermore, the members of the Board and its Committees will be paid the following annual fees: the Vice Chair of the Board EUR 27,000, the Chair of the Audit Committee EUR 27,000 and the member of the Audit Committee EUR 6,200 each. 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 is advisory.

Deloitte Ltd was re-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 326,496,211 shares (60.66 per cent of shares) and 331,296,211 votes (61.01 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 and at Sampo plc's head office at Fabianinkatu 27, Helsinki, Finland.

Sustainability

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

The Group's sustainability themes 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 2022**, will be separate from the Board of Directors' Report and published in May 2023 at **www.sampo.com/year2022**. 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/year2022**.

Sampo Group will integrate the Group's sustainability reporting into the Board of Directors' report according to the requirements of the Corporate Sustainability Reporting Directive (CSRD) in 2025 covering the reporting year 2024.

Highlights from year 2022

Business management and practices

In 2022, Sampo plc conducted an annual update of the Group's Code of Conduct. The document was reviewed especially from the sustainability point of view to improve the group level guidance on material topics, such as data privacy, anti-corruption and bribery, human rights, and climate and environment. The individual Group companies also took steps to develop their supplementary governance structures, policies, guidelines, and related training. In 2022, the Group companies focused, for example, on strengthening information security and cybersecurity practices, and working towards setting science-based climate targets for own operations.

Corporate culture

In 2022, the Sampo Group companies focused on sustainable corporate culture, for example, by updating relevant policies, introducing new employee surveys, launching new employee initiatives, and expanding competence development offering. The results of the continued efforts are visible, as for example, Mandatum received a Future Workplaces certificate based on Siqni's employee survey for proven highly rated employee experience, If and Topdanmark exceeded their employee engagement targets, and Hastings was ranked 9th in the Inclusive Top 50 UK employers list.

Investment management and operations

During 2022, the Sampo Group companies strengthened their investment policies by adding further instructions on how to take environmental, social, and governance (ESG) issues into account in their investment processes. Climate-related considerations were especially in focus during the year, as all the Group's non-life insurance businesses are committed to set science-based climate targets approved by the Science Based Targets initiative (SBTi). In 2022, Hastings also signed the UN Principles for Responsible Investment (PRI) and as a result all Sampo plc's fully owned businesses are committed to the PRI.

Products and services

In 2022, the Sampo Group companies focused on sustainable supply chain management. For example, If introduced a new self-assessment questionnaire for its suppliers and increased the share of suppliers in claims that have signed If's Supplier Code of Conduct to 96 per cent. Topdanmark worked steadily towards the company's goals set for 2025 by, for example, screening suppliers for ESG risks and integrating supplier codes of conduct to supplier contracts. Also, Hastings strengthened its supply chain management by introducing an ESG due diligence questionnaire for all new and existing suppliers and working on several new sustainability initiatives with its supply chain.

During the year, in particular If and Topdanmark, continued to work on structured integration of ESG considerations into insurance underwriting. Topdanmark established internal procedures for ESG screening of commercial and agricultural customers, and the first screening was conducted in December 2022. If has integrated sustainability directly into its underwriting standards and into the existing Customer Due Diligence (CDD) process for corporate clients, and since the implementation in June 2021 up until November 2022, the company has assessed a total of 590 corporate clients.

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 2022** at **www.sampo.com/year2022**.

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 fulfillment 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 2022, a total of EUR 7.0 million (5.1) 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 third allocation of the long-term incentive scheme 2020 was in August 2022, 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 third allocation of the long-term incentive scheme 2020 is 16 and a total of 208,000 units were allocated in August 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 29,750 allocated incentive units remain. The third and last instalment of the first allocation vested in 2022. The second allocation of the long-term incentive scheme 2017 had its second instalment in 2022 and the last instalment will vest in 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 starting price. In addition to the share price development and paid dividends, 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 at **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 installment 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 2022, a total of EUR 77 million (70), including social costs, was paid as short-term incentives. During the same period, a total of EUR 35 million (16), including social costs, was paid from long-term incentive schemes. The result impact of the long-term incentive schemes in force in 2022 was EUR 43 million (46).

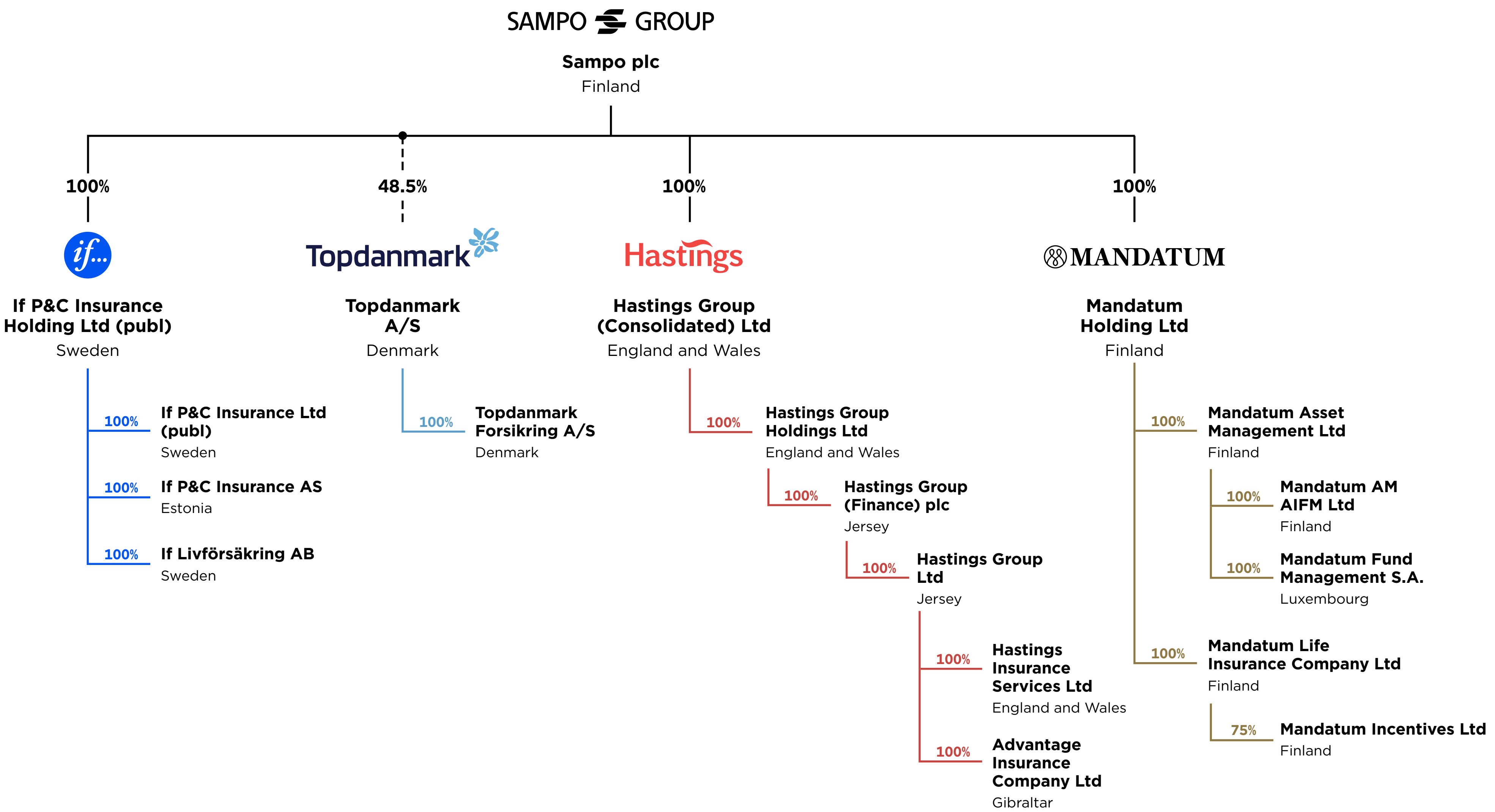
The 2021 Remuneration Report for Governing Bodies was presented to the Annual General Meeting in May 2022. The General Meeting resolved, in accordance with the voting result, to accept the presented Remuneration Report. The resolution was advisory.

Sampo Group will in the beginning of April 2023 publish the **Remuneration Report for Governing Bodies** for the financial year 2022 at **www.sampo.com/year2022**. 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

The divestment of Topdanmark's life insurance business (Topdanmark Liv Holding A/S and its subsidiaries), to Nordea was completed on 1 December 2022. The divestment was announced on 18 March 2022 and was subject to customary regulatory approvals. Further information is available in **note 33**.

Group structure
31 December 2022



Organisation
31 December 2022

- **Torbjörn Magnusson**
  Group CEO
  - **Knut Arne Alsaker**
    Group Finance
    - **Sami Taipalus**
      Investor Relations
    - **Johanna Tynkkynen**
      Sustainability
  - **Patrick Lapveteläinen**
    Investments
  - **Kai Sotamaa**
    Risk Management
  - **Johan Börjesson**
    Human Resources
  - **Morten Thorsrud**
    If
    - **Ingrid Janbu Holthe**
      Private
    - **Klas Svensson**
      Commercial
    - **Poul Steffensen**
      Industry
    - **Andris Morozovs**
      Baltics
  - **Ricard Wennerklint**
    Strategy
    - **Peter Hermann**
      Topdanmark
    - **Toby van der Meer**
      Hastings
  - **Petri Niemisvirta**
    Mandatum

Personnel

The average number of Sampo Group's employees (FTE) in 2022 amounted to 13,550 (13,274). On 31 December 2022, the total number of staff in Sampo Group was 13,490 (13,340).

Number of personnel

Sampo Group

	Average personnel (FTE) 2022	%	Average personnel (FTE) 2021	%
By company				
If	7,496	55	7,223	54
Hastings	3,021	22	3,005	23
Topdanmark	2,381	18	2,395	18
Mandatum	603	4	589	4
Sampo plc*	50	0.4	63	0.5
Total	**13,550**	**100**	**13,274**	**100**
By country				
United Kingdom	3,000	22	2,980	22
Denmark	2,969	22	2,965	22
Finland	2,437	18	2,270	18
Sweden	2,381	18	2,336	17
Norway	1,580	12	1,534	12
Other countries	1,183	9	1,190	9
Total	**13,550**	**100**	**13,274**	**100**

* *At the end of 2022, the total personnel (FTE) at Sampo plc amounted to 51 (45), of which 49 (44) worked at the headquarters in Finland and 2 (1) at the branch office in Sweden.*

Events after the end of the reporting period

Share buyback programme

Sampo's share buyback programme of EUR 1 billion announced on 9 June 2022 continued after the end of the reporting period. The buyback programme was completed on 8 February 2023, when at market close, the company held in total 5.4 million Sampo A shares representing 1.05 per cent of the total number of shares in Sampo plc. Sampo bought altogether 22.1 million A shares under the share buyback programme from 10 June 2022 to 8 February 2023, of which 16.7 million shares were cancelled on 8 December 2022. Further information on the buyback programme is available on **www.sampo.com/sharebuyback**.

Proposal for the new Chair of the Board

Sampo disclosed on 30 January 2023 that its Nomination and Remuneration Committee plans to propose previous Board member **Antti Mäkinen** as a new member of the Board of Directors of Sampo plc at the Annual General Meeting on 17 May 2023, and to nominate him as Chair of the Board of Directors. Björn Wahlroos, the current Chair of the Board of Directors, has previously notified that he is not available for re-election.

Mäkinen has managerial experience of over 20 years in the financial services industry, including Nordea, eQ plc and SEB Enskilda Securities. He was previously CEO of Solidium, and he has been on the Board of Directors of e.g. Sampo and Metso Outotec and the Chair of Stora Enso. Mäkinen was born in 1961 and holds a diploma of Master of Laws from University of Helsinki.

This proposal made by the Nomination and Remuneration Committee will be discussed by Sampo plc's Board of Directors. The Board will publish its full proposal for the members of the Board of Directors for the AGM on 29 March 2023.

SAMPO PLC

Board of Directors

Key figures

Group key figures		2022	2021	2020	2019	2018
Profit before taxes	EURm	1,863	3,171	380	1,541	2,094
Return on equity (at fair values)	%	-1.3	26.8	3.1	12.0	7.5
Equity/assets ratio	%	21.3	20.9	20.2	23.0	25.1
Group solvency[1]	EURm	4,226	5,019	4,308	4,513	2,942
Group solvency ratio[1]	%	210	185	176	174	140
Average number of staff		13,550	13,274	13,227	9,509	9,364

If		2022	2021	2020	2019	2018
Premiums written before reinsurers' share	EURm	5,432	5,134	4,823	4,675	4,502
Premiums earned	EURm	5,002	4,772	4,484	4,388	4,290
Profit before taxes	EURm	1,217	1,077	901	884	848
Return on equity (at fair values)	%	6.1	37.0	33.3	34.5	11.2
Risk ratio[2]	%	59.2	59.9	60.7	62.7	63.3
Cost ratio[2]	%	21.1	21.4	21.5	21.8	21.9
Claims ratio[2]	%	64.9	65.5	66.4	68.4	68.8
Expense ratio[2]	%	15.4	15.8	15.8	16.1	16.4
Combined ratio	%	80.3	81.3	82.1	84.5	85.2
Average number of staff		7,496	7,223	7,182	6,603	6,367

Topdanmark		2022	2021	2020	2019	2018
Premiums written before reinsurers' share, life insurance	EURm	1,210	1,393	1,473	1,487	1,357
Premiums written before reinsurers' share, P&C insurance	EURm	1,391	1,383	1,315	1,272	1,235
Premiums earned, P&C insurance	EURm	1,326	1,285	1,227	1,178	1,144
Profit before taxes	EURm	220	346	167	238	199
Claims ratio[2]	%	66.8	66.7	69.0	66.2	66.0
Expense ratio[2]	%	16.3	15.6	16.2	16.0	16.3
Combined ratio	%	83.1	82.3	85.2	82.1	82.3
Average number of staff		2,381	2,395	2,428	2,322	2,314

Hastings		**2022**	**2021**	**16 Nov–31 Dec 2020**	**2019**	**2018**
Premiums written before reinsurers' share	EURm	1,313	1,127	103	—	—
Net premiums written	EURm	727	495	137	—	—
Premiums earned	EURm	594	499	63	—	—
Profit before taxes	EURm	73	127	-16	—	—
Average number of staff		3,021	3,005	2,974	—	—

Mandatum		**2022**	**2021**	**2020**	**2019**	**2018**
Premiums written before reinsurers' share	EURm	1,399	1,376	1,059	1,603	1,082
Profit before taxes	EURm	207	291	154	280	450
Return on equity (at fair values)	%	-17.3	18.4	14.4	23.5	8.7
Expense ratio	%	84.9	87.1	95.6	98.4	91.7
Average number of staff		603	589	576	563	531

Holding		**2022**	**2021**	**2020**	**2019**	**2018**
Profit before taxes	EURm	146	1,331	-826	139	618
Average number of staff		50	63	67	63	61

Per share key figures		**2022**	**2021**	**2020**	**2019**	**2018**
Earnings per share	EUR	2.69	4.63	0.07	2.04	3.04
Earnings per share without extraordinary items[3]	EUR	2.41	2.86	2.16	2.31	—
Earnings per share, incl. items in other comprehensive income	EUR	-0.26	5.9	0.65	2.63	1.7
Equity per share	EUR	17.44	23.39	20.56	21.44	22.30
Net asset value per share	EUR	18.74	25.48	19.82	20.71	20.60
Dividend per share[4]	EUR	2.60	4.10	1.70	1.50	2.85
Dividend per earnings[3]	%	96.7	88.6	78.7	73.5	93.8
Effective dividend yield	%	5.3	9.3	4.9	3.9	7.4
Price/earnings ratio[3]		18.1	9.5	16.0	19.1	12.6
Number of shares at 31 Dec	1,000	514,369	546,812	555,352	555,352	555,352
Average number of shares	1,000	530,296	554,317	555,352	555,352	555,352
Weighted average number of shares	1,000	530,296	554,317	555,352	555,352	555,352
Market capitalisation	EURm	25,112	24,093	19,199	21,609	21,331

A shares		**2022**	**2021**	**2020**	**2019**	**2018**
Number of shares at 31 Dec	1,000	514,169	545,612	554,152	554,152	554,152
Average number of shares	1,000	530,096	553,117	554,152	554,152	554,152
Weighted average number of shares	1,000	530,096	553,117	554,152	554,152	554,152
Weighted average share price	EUR	44.25	40.50	32.35	39.15	43.11
Adjusted share price, high	EUR	49.97	47.33	42.46	43.38	48.92
Adjusted share price, low	EUR	35.85	33.82	21.34	34.45	37.61
Adjusted closing price	EUR	48.82	44.06	34.57	38.91	38.41
Share trading volume during the financial year	1,000	257,879	243,763	376,964	250,282	239,051
Relative share trading volume	%	48.6	44.1	68.0	45.2	43.1

B shares		**2022**	**2021**	**2020**	**2019**	**2018**
Number of shares at 31 Dec	1,000	200	1,200	1,200	1,200	1,200
Average number of shares	1,000	200	1,200	1,200	1,200	1,200

[1] The group solvency for Sampo is calculated according to the consolidation method as 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 2022.

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 the listed subsidiary Topdanmark has been taken into account. The comparison years include also the valuation differences of Nordea, an associate at the time.

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 on the Group's website **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)

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

Underwriting profit

+ insurance premiums earned
+ other income (Hastings)
- claims incurred
- operating expenses

underwriting profit, net

Risk ratio, %

+ claims incurred
- claims settlement expenses

premiums earned — X 100%

Cost ratio, %

+ operating expenses
+ claims settlement expenses

premiums earned — X 100%

Loss ratio, %

claims incurred
premiums earned — X 100%

Expense ratio, %

operating expenses
premiums earned — X 100%

Combined ratio, %

Loss ratio + expense ratio X 100%

Operating ratio for Hastings, %

+ claims incurred
+ acquisition costs
+ other operating expenses
+ depreciation and operational amortisation

divided by — X 100%

+ insurance premiums earned
+ other revenue

Loss ratio for Hastings, %

claims incurred
insurance premiums earned — X 100%

Life insurance key figures

Expense ratio, %

+ operating expenses before change in deferred acquisition costs
+ claims settlement expenses

premiums earned — X 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

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

Dividend per share, %

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

Dividend per earnings, %

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

Effective dividend yield, %

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

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, %

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

Exchange rates used in reporting

	1–12/2022	1–9/2022	1–6/2022	1–3/2022	1–12/2021
EURSEK					
Income statement (average)	10.6286	10.523	10.4746	10.4837	10.1465
Balance sheet (at end of period)	11.1218	10.8993	10.7300	10.337	10.2503
DKKSEK					
Income statement (average)	1.4288	1.415	1.4085	1.4086	1.3643
Balance sheet (at end of period)	1.4956	1.4656	1.4424	1.3898	1.3784
NOKSEK					
Income statement (average)	1.0522	1.052	1.0499	1.056	0.9983
Balance sheet (at end of period)	1.0578	1.0298	1.0369	1.0645	1.0262
EURDKK					
Income statement (average)	7.4396	7.44	7.4402	7.4408	7.4371
Balance sheet (at end of period)	7.4365	7.4365	7.4392	7.4379	7.4364
EURGBP					
Income statement (average)	0.8527	0.8468	0.842	0.8363	0.8599
Balance sheet (at end of period)	0.8869	0.883	0.8582	0.846	0.8403

Group's IFRS Financial Statements

Group's IFRS Financial Statements

Statement of profit and other comprehensive income

EURm	Note	1-12/2022	1-12/2021
Insurance premiums written	1	9,732	9,411
Net income from investments	2	-1,511	3,549
Other operating income	3	763	491
Claims incurred	4	-6,115	-6,239
Change in liabilities for insurance and investment contracts	5	1,443	-3,123
Staff costs	6	-1,226	-1,179
Other operating expenses	7	-1,097	-976
Finance costs		-119	-146
Share of associates' profit/loss	13	-6	401
Valuation difference on disposal of associate shares	13	—	84
Reversal of impairment losses on Nordea shares	13	—	899
Profit for the financial year before taxes		**1,863**	**3,171**
Taxes	18, 19	-322	-423
Profit for the financial year		**1,541**	**2,748**

EURm	Note	1-12/2022	1-12/2021
Other comprehensive income for the financial year			
Items re-classifiable to profit or loss	9		
Exchange differences		-253	80
Available-for-sale financial assets		-1,670	460
Share of associates' other comprehensive income		—	186
Taxes		331	-83
Total items re-classifiable to profit or loss, net of tax		**-1,592**	**643**
Items not re-classifiable to profit or loss			
Actuarial gains and losses from defined pension plans		32	73
Taxes		-7	-15
Total items not re-classifiable to profit or loss, net of tax		**26**	**58**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**-26**	**3,448**
Profit attributable to			
Owners of the parent		1,427	2,567
Non-controlling interests		114	181
Total comprehensive income attributable to			
Owners of the parent		-139	3,272
Non-controlling interests		114	176
Earnings per share (EUR)	8	**2.69**	**4.63**

Consolidated balance sheet

EURm	Note	2022	2021
Assets			
Property, plant and equipment	10	355	375
Investment property	11	166	568
Intangible assets	12	3,494	3,794
Investments in associates	13	16	777
Financial assets	14, 15, 16, 17	19,469	23,321
Investments related to unit-linked insurance contracts	15, 16, 17	9,930	19,711
Deferred tax assets	18	17	39
Reinsurers' share of insurance liabilities	21	2,272	2,295
Other assets	20	3,242	2,977
Cash and cash equivalents		3,073	4,819
Non-current assets held for sale		—	2,385
Total assets		**42,033**	**61,061**
Liabilities			
Liabilities for insurance and investment contracts	21	16,567	20,369
Liabilities for unit-linked insurance and investment contracts	22	9,908	19,550
Subordinated debt	16, 23	1,983	2,016
Other financial liabilities	16, 23	1,457	2,330
Deferred tax liabilities	18	514	855
Provisions	24	6	9
Employee benefits	25	25	26
Other liabilities	26	2,031	2,246
Liabilities related to non-current assets held for sale		—	196
Total liabilities		**32,490**	**47,597**

EURm	Note	2022	2021
Equity	28		
Share capital		98	98
Reserves		1,530	1,530
Retained earnings		7,784	9,952
Other components of equity		-443	1,208
Equity attributable to owners of the parent		**8,969**	**12,788**
Non-controlling interests		574	676
Total equity		**9,543**	**13,464**
Total equity and liabilities		**42,033**	**61,061**

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 2021	**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 reporting period	—	—	—	2,567	—	—	**2,567**	181	**2,748**
Other comprehensive income for the reporting 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**
Changes in equity									
Acquired non-controlling interests	—	—	—	8	—	—	**8**	-8	**—**
Dividends[4]	—	—	—	-2,186	—	—	**-2,186**	-207	**-2,393**
Acquisition of own shares	—	—	—	-1,444	—	—	**-1,444**	—	**-1,444**
Changes in associate share holdings	—	—	—	-10	—	—	**-10**	—	**-10**
Other changes in equity	—	—	—	10	-58	—	**-48**	-1	**-48**
Profit for the reporting period	—	—	—	1,427	—	—	**1,427**	114	**1,541**
Other comprehensive income for the reporting period	—	—	—	26	-253	-1,340	**-1,567**	—	**-1,567**
Total comprehensive income	—	—	—	1,454	-253	-1,340	**-139**	114	**-26**
Equity at 31 December 2022	**98**	**4**	**1,527**	**7,784**	**-726**	**282**	**8,969**	**574**	**9,543**

[1] IAS 19 Pension benefits had a net effect of EUR 26 million (58) on retained earnings.

[2] In the comparison year, the total comprehensive income includes also the share of associate Nordea's other comprehensive income, in accordance with the Group's holding. The retained earnings included EUR -52 million of items not re-classifiable to profit or loss. The change in translation of foreign operations included exchange differences EUR 252 million. Respectively, the change in available-for-sale financial assets included Nordea's share of EUR -17 million.

[3] The amount recognised in equity from available-for-sale financial assets for the period totalled EUR -1,300 million (709). The amount transferred to p/l amounted to EUR -96 million (-333). EUR 57 million (5) was transferred to the Segregated Suomi portfolio. In the comparison year, EUR 6 million from business acquisitions was recognised directly in the opening balance of the fair value reserve.

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

In the financial year 2022, Other changes in equity include a reclassification of exchange differences of EUR 58 million.

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

On 31 March 2022, Sampo plc cancelled own shares acquired in 2021, total of 17,128,505 shares. Of the own shares acquired in 2022, Sampo plc cancelled a total of 4,961,994 shares on 20 May 2022. and a total of 16,681,839 shares on 8 December 2022.

Statement of cash flows

EURm	1–12/2022	1–12/2021
Operating activities		
Profit before taxes	1,863	3,171
Adjustments:		
Depreciation and amortisation	181	187
Unrealised gains and losses arising from valuation	1,212	-1,257
Realised gains and losses on investments	57	-450
Change in liabilities for insurance and investment contracts	-12,851	3,520
Other adjustments*	-1,978	-1,397
Adjustments total	**-13,380**	**602**
Change (+/-) in assets of operating activities		
Investments**	10,232	-1,788
Other assets	1,776	-269
Total	**12,008**	**-2,057**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-4	-53
Other liabilities	26	30
Paid taxes	-290	-350
Paid interest	-190	-158
Total	**-458**	**-532**
Net cash from operating activities	**33**	**1,185**
Investing activities		
Investments in subsidiary shares	-16	-936
Divestments in subsidiary shares	519	—
Investments in associate shares	-1	—
Divestments in associate shares	2,291	3,843
Dividends received from associates	160	339
Net investment in equipment and intangible assets	8	31
Net cash from investing activities	**2,961**	**3,277**

EURm	1–12/2022	1–12/2021
Financing activities		
Dividends paid	-2,186	-944
Dividends paid to non-controlling interests	-207	-137
Acquisition of own shares	-1,444	-380
Issue of debt securities	62	147
Repayments of debt securities in issue	-920	-853
Net cash used in financing activities	**-4,695**	**-2,166**
Total cash flows	**-1,701**	**2,296**
Cash and cash equivalents at the beginning of reporting period	4,819	2,520
Effects of exchange rate changes	-45	3
Cash and cash equivalents at the end of reporting period	3,073	4,819
Net change in cash and cash equivalents	**-1,701**	**2,296**

Additional information to the cash flow statement:	**1–12/2022**	**1–12/2021**
Interest income received	375	523
Dividend income received (excl. profit sharing from funds)	273	226
Total out-going cashflows from leases	-21	-34

** Other adjustments relate mainly to the sales of shares in Nordea and Topdanmark Liv Holding.*

*** 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 EUR 2,907 million (4,736) and short-term deposits (max 3 months) EUR 166 million (83).

Note to the cash flow statement

In December 2022, Topdanmark sold its life insurance business Topdanmark Life to Nordea.

In the table below is shown the cash flow effect of the sale, presented in the cash flows from investing activities in the consolidated statement of cash flows.

EURm	**1–12/2022**
Assets	
Financial assets	11,901
Other assets	343
Liabilities	
Insurance liabilities	11,556
Other liabilities	578
Net assets other without cash and cash equivalents	**110**
Cash and cash equivalents	231
Net assets	**340**
Goodwill	194
Total consideration received in cash	**534**
Unwinding costs paid	-15
Net cash from the sale	**519**

Group's notes to the financial statements

Group's 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 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 2022. The group subsidiaries have insurance and financing activities in Finland, Sweden, Norway, Denmark, the Baltic countries, and the United Kingdom. A copy of the Group's financial statements is available at the internet address **www.sampo.com**.

Basis of preparation

Sampo Group has prepared the consolidated financial statements for 2022 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, 2022.

The annual improvements or other amendments to the standards, adopted at the beginning of 2022, 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.

The 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 10 February 2023. 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 the 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 associates' 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

The technical division of profit for the financial year and the 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 the 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 the 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)	11.1218	10.6286
Danish krona (DKK)	7.4365	7.4396
Pound sterling (GBP)	0.8869	0.8527

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. At the date of financial statements, the premiums written are adjusted by a change in the provision for unearned premiums i.e., by the proportion of the insurance premium income that, based on the period covered by the insurance contract, belongs to the following financial year.

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 substantially transferred 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

A 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 the 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 on the estimated future cash flows of the financial asset 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.

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 the credit rating of the 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 assessed to be 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 in the 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 possible impairment losses previously recognised in profit or loss. 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 as 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 income 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, in accordance with IAS 39, 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 a 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. A 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 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 the 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 was changed from an acquisition model to a fair value model in the financial year 2021 in order to align the Group accounting principles. The Group 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. The 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 35**.

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 the 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 the 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 a 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 to which the obligation relates.

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 five valid share-based incentive schemes settled in cash (the long-term incentive schemes 2017 I, 2017 II, 2020 I, 2020 II and 2020 III 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 can be found in **note 30 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 are 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 for 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, 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, the difference between purchase price and consideration received is recognised in the 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, from other than associated companies, are included in cash flows from operating activities. Dividends received from associates are presented in cash flows from investments. 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 the 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, the determination of fair values of non-quoted financial assets and liabilities and investment property, and the determination of the impairment of financial assets and intangible assets. From Sampo's perspective, accounting policies concerning these areas require the 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 the 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 about discount rates, but also about 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 that it should consolidate Topdanmark as a subsidiary in the consolidated financial statements. Considerations 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 on Topdanmark's Board and a vote of 50 per cent is required for 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.

The divestment of Topdanmark Forsikring's life and pension business

In March 2022, Sampo's subsidiary Topdanmark Forsikring announced an intention to sell Topdanmark Forsikring's life and pension business (Topdanmark Liv Holding A/S, 'Topdanmark Life') to Nordea. In Sampo Group, assets and liabilities related to Topdanmark Life's operations were reclassified as non-current assets held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*.

The divestment of Topdanmark Life was completed on 1 December 2022 after regulatory approvals. The sale of Topdanmark Life ended the classification of operations as non-current assets held for sale.

Additional information on the divestment of Topdanmark Life is included in **note 33 Divestment of Topdanmark Life**.

Application of new or revised IFRSs and interpretations

The Group will apply new or amended standards and interpretations related to the Group's business in the 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 coming into effect in financial year 2023 will have an influence on the Group's financial reporting: IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*.

Transition to IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments

Summary of high level impacts in Sampo Group

Sampo Group is applying IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* from 1 January 2023. The application of these new accounting standards is not expected to have any impact on the economics of Sampo's business or capital management, nor any substantial quantitative effect on shareholders' equity. Sampo Group's operations are focused on the P&C business and Sampo primarily uses the premium allocation approach (PAA) under IFRS 17. PAA requires changes in the calculation of insurance liabilities, including setting up an explicit risk adjustment for non-financial risk and discounting claims reserves with market rates. Additional discounting may increase earnings volatility between the periods in future.

The application of IFRS 9 does not have significant impacts on the measurement of Sampo Group's balance sheet items, as the main part of financial assets is currently reported at fair value in the balance sheet. However, under IFRS 9, the fair value changes of financial instruments are recognised in the statement of profit or loss, which may increase earnings volatility.

Implementation of IFRS 17 or IFRS 9 does not have an impact on the Solvency II calculations.

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. In addition, an optional exemption from applying the annual cohort requirement for certain types of groups of contracts was adopted. Sampo Group is not applying the exemption. Sampo Group is applying IFRS 17 for the first time from 1 January 2023 and comparative information for the year 2022 will be restated.

IFRS 17 replaces 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 represents the insurance contracts and to harmonise the measurement of insurance liabilities.

The new accounting policies and management judgement may change until Sampo Group publishes its year-end financial statements 2023 in accordance with IFRS 17, which include the opening balance sheet of 1 January 2022.

Key accounting principles

Scope

In Sampo Group's non-life operations, the Group does not expect significant changes in the scope of contracts, on which the new accounting requirements are applied for compared to current requirements. In the Group's non-life insurance contracts, insurance risk is considered significant. Insurance contracts issued by third-party underwriters ('panel underwriters'), which do not transfer any insurance risk to the Group companies, are not in the scope of IFRS 17 and are instead accounted under IFRS 15 Revenue from Contracts with Customers.

Insurance contracts may contain one or more components which would be within the scope of different accounting standards and accounted for separately. Sampo evaluates the insurance contracts in order to identify components from the contracts. For example, an insurance contract may include an investment component or a component for services other than insurance contract services (or both).

In Sampo Group's life operations, the Group has identified capital redemption policies and individual unit-linked policies with distinct investment components with insignificant insurance risk for which IFRS 17 is not applied. These policies are measured in accordance with IFRS 9.

Level of aggregation

Under IFRS 17, insurance contracts are aggregated into portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Insurance contracts are aggregated into portfolios of insurance contracts, which comprises contracts with similar risks that are managed together. Those portfolios are divided into annual cohorts, i.e. contracts which are not issued more than one year apart.

In Sampo Group's non-life operations, portfolios are determined based on a segmentation of business, or a combination of line of business (as defined by management), business area, country and determined separately for each legal entity, or based on product lines.

In Sampo Group's life operations risk policies, with profit and unit-linked contracts are separated into different portfolios.

Sampo Group has identified certain onerous contracts, but the amount of onerous contracts is modest.

Contract boundary

The initial measurement of the group of insurance contracts includes all future cash flows arising within the contract boundary. In determining which cash flows fall within the contract boundary, substantive rights and obligations arising from the terms of the contract, and also from applicable laws and regulations, are considered.

In Sampo Group's non-life operations the majority of contracts have a one-year contract boundary, typically until the next renewal date, i.e. the contract has a one-year coverage period where there are substantive rights and obligations during that period.

In Sampo Group's life operations, the contract boundaries depend on the contractual characteristics and are generally longer term.

Measurement

IFRS 17 introduces a general measurement model (GMM) applicable to all insurance contracts to measure insurance contract liabilities. Under the general measurement model, insurance contracts are measured based on future cash flows, adjusted to reflect the time value of money, including a risk adjustment, and a contractual service margin (CSM). CSM represents the unearned profit that will be recognised when insurance contract services are provided in the future. The measurement of insurance liabilities consists of liability for the remaining coverage (LRC) and liability for incurred claims (LIC), including both reported but not settled claims as well as incurred but not reported claims. In Sampo Group's life operations GMM is applied to with profit policies and risk policies.

Under IFRS 17, the variable fee approach (VFA) 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 contractual service margin is modified. In Sampo Group, life operations VFA is applied to unit-linked insurance contracts measured under IFRS 17.

When certain eligibility criteria are met, insurers may apply a simplified approach, the premium allocation approach (PAA), for the measurement of insurance contracts. PAA is eligible for insurance contracts with a coverage period of one year or less. This approach is also available for contracts where the PAA would not materially differ from the results of the GMM. In Sampo Group's non-life operations, PAA is applied to all insurance contracts, as the coverage period for the main part of insurance contracts is one year or less, and for longer insurance contracts the qualifying eligibility criteria are fulfilled. Both in non-life and life operations the PAA model is applied to reinsurance contracts held.

Insurance acquisition cash flows arise from underwriting a group of insurance contacts and are taken into account when estimating the fulfillment cash flows.

Discounting

Transition to IFRS 17 broadens the discounting of insurance liabilities. In all applied measurement models, discounting adjusts the expected cash flows to reflect the time value of money.

Sampo Group's non-life operations have determined the discount rates based on a bottom-up approach. The interest rate curve includes a risk-free rate (excluding credit risk adjustment) and an illiquidity premium for each currency. The illiquidity premium is mainly derived based on a portfolio of high-rated bonds for the liquid part of the interest rate curve. Beyond this, the curve converges to the ultimate forward rate, consistent with the EIOPA curves.

Sampo Group's life operations have determined the discount rates based on a top-down approach where a theoretical reference portfolio of assets is used to define the applicable discount curve, consisting of risk-free rate and illiquidity premium. For insurance contracts without a direct participation feature, a so called locked-in rate is applied, meaning that the discount rate is determined at the initial recognition and is applied in the accretion of CSM.

The discounting effect of current year liabilities for incurred claims and changes in the cash flows are recognised in the insurance service result. The unwinding of interest rates, the effect of changes in interest rates and other financial assumptions are presented as insurance finance income or expense in profit or loss. Sampo Group has elected not to apply the OCI option allowed under IFRS 17.

Risk adjustment

IFRS 17 introduces an explicit risk adjustment included in the measurement of insurance liabilities. The risk adjustment reflects the cost of uncertainty associated with the amount and timing of cash flows arising from non-financial risk and the degree of risk aversion.

In Sampo Group, the risk adjustment will be derived through a confidence level technique whereby management determines the appropriate quantile. The risk adjustment is calculated at the subsidiary level and aggregated into the consolidated Sampo Group level risk adjustment, without any diversification effects assumed. Under the general measurement model, the risk adjustment is included in the calculation of both LRC and LIC. Under the premium allocation approach, the risk adjustment is only included in LIC, unless a group of insurance contracts is onerous.

Premium allocation approach (PAA)

On initial recognition of non-life operations' groups of insurance contracts, the carrying amount of LRC is measured as premiums initially received less insurance acquisition cash flows. In case of onerous contracts, a loss component is recognised.

As to acquisition cash flows, Sampo Group has identified that they mainly include staff costs related to sales personnel and commissions as well as certain costs related to selling policies through price comparison websites. Any overhead costs are expensed immediately. Sampo Group's non-life operations in the private business area have elected to recognise acquisition cash flows as an expense at the date when they are incurred. For other business areas, the acquisition costs are deferred over a one-year period or longer in case of expected renewals.

At subsequent reporting periods, the carrying amount of LRC is increased by premiums received during the period and decreased by the amount recognised as insurance revenue representing the services provided. The carrying amount of LRC is not discounted or adjusted with the effect of financial risk, as the Group expects that the time between providing services and the related premium due date is no more than a year. Revenue is recognised based on the expected premium receipts allocated to the period. For the majority of non-life insurance contracts, revenue recognition is based on the passage of time, i.e. allocated straight line.

Sampo Group measures the liability for incurred claims (LIC) for the group of insurance contracts at the amount of estimated fulfilment cash flows relating to incurred claims. Fulfilment cash flows consist of three components, namely expected cash flows, discounting and risk adjustment. The risks typically considered in non-life operations when assessing risk adjustment are reserve risk, longevity risk, inflation risk and premium risk.

General measurement model (GMM)

On initial recognition, life operations measure a group of insurance contracts at the total of the fulfilment cash flows, comprising of estimates of future cash flows, discounting and risk adjustment for non-financial risk. In addition, the measurement includes the contractual service margin, which is measured at initial recognition on the group of the insurance contracts.

In insurance contracts related to life operations, estimates of future cash flows are based on cash flow projections and are estimated until the maturity of the contract. Only risk policies with no death benefit or permanent disability cover are short-term (yearly) contracts. Cash flows are estimated for every reporting period and assumptions are updated yearly or more often, if needed.

Insurance acquisition cash flows are determined at inception of the group of insurance contracts. Insurance acquisition cash flows are considered directly attributable to a portfolio and are allocated to individual contracts. Where actual and expected acquisition cash flows are not equal at the end of the reporting period, an experience variance is recognised in the statement of profit or loss.

In regards the risk adjustment, the following risks are considered in life operations: mortality, longevity, disability (incl. permanent disability), lapse and expense risk.

At the subsequent reporting periods, the amount of insurance liabilities is a sum of the LRC consisting of the present value of future cash flows for services that will be provided during future periods, risk adjustment, remaining CSM at that date and LIC. LIC includes reported but not settled claims and incurred but not reported claims.

Variable fee approach (VFA)

Variable fee approach represents a modification from the GMM. CSM is adjusted to reflect the variable nature of the fees, which represent the amount of the entity's share of the fair value of underlying items.

Key management judgement

Sampo Group management applies judgement regarding the determination of discount rates and risk adjustment.

As noted above, the interest rate curve includes a risk-free rate and an illiquidity premium. Management determines the principles for the illiquidity premium, which in Sampo Group is mainly derived based on a portfolio of high-rated bonds.

Risk adjustment is determined separately for all Sampo Group's non-life and life companies and aggregated at the Group level. Management considers this to reflect the compensation that different entities would require for bearing non-financial risk and their degree of risk aversion. As noted above, a confidence level approach is applied in the Group companies. The confidence level applied in calculating the risk adjustment varies between group companies from 75 per cent to 85 per cent.

Transition approaches applied

On transition to IFRS 17, a full retrospective approach and restatement of the previous year's comparatives is required. However, if the application of a full retrospective approach is impracticable, then a modified retrospective approach or a fair value approach may be applied. Sampo has considered that a full retrospective approach is applied in the Group's non-life companies, whereas all transition methods are applied in the Group's life company.

In the full retrospective approach, Sampo Group identifies, recognises and measures each group of insurance contracts as if IFRS 17 had always been applied and derecognises any existing balances that would not exist if IFRS 17 had always been applied. The resulting net difference is recognised in retained earnings.

Sampo Group's life operations apply the modified retrospective approach and fair value approach when the application of the full retrospective approach is impracticable. The choice of transition approach will depend on the type of the product/portfolio, when it has been issued, and on data availability.

When applying the fair value approach, Sampo Group's life operations are required to determine the contractual service margin or loss component of the liability for the remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Opening balance sheet 1 January 2022

Sampo Group's opening balance sheet amounted to EUR 58.7 billion and equity to EUR 13.5 billion. Compared to the IFRS 4 closing balance sheet of EUR 61.1 billion, the opening IFRS 17 balance sheet decreased by EUR 2.4 billion. On transition to IFRS 17, both assets and liabilities decreased mainly due to reclassifications of premium receivables and deferred acquisition costs from other assets to insurance liabilities in the balance sheet. The discounting of reserves decreased insurance liabilities whereas the introduction of risk adjustment increased insurance liabilities. The introduction of the loss component related to onerous contracts had only an insignificant impact on transition.

The net transition impact on the IFRS 17 equity was insignificant, amounting to EUR 14 million in the opening balance sheet.

The following table presents the IFRS 17 opening balance sheet as at 1 January 2022.

EURm	IFRS 17 1 Jan 2022
Assets	
Property, plant and equipment	373
Investment property	236
Intangible assets	3,660
Investments in associates	475
Financial assets	19,862
Financial assets related to unit-linked contracts	10,546
Deferred income tax	53
Insurance contract assets	41
Reinsurance contract assets	2,008
Other assets	712
Cash and cash equivalents	4,690
Non-current assets held for sale*	16,029
Total assets	**58,684**
Liabilities	
Insurance contract liabilities	18,266
Liability for remaining coverage	8,083
Liability for incurred claims	10,183
Investment contract liabilities	7,239
Subordinated debts	2,016
Other financial liabilities	2,315
Deferred income tax	851
Provisions	9
Employee benefits	26
Other liabilities	1,497
Liabilities related to non-current assets held for sale	13,010
Total liabilities	**45,228**

EURm	IFRS 17 1 Jan 2022
Equity	
Share capital	98
Reserves	1,530
Retained earnings	9,945
Other components of equity	1,231
Equity attributable to owners of the parent	**12,804**
Non-controlling interests	651
Total equity	**13,456**
Total equity and liabilities	**58,684**

The sale of Topdanmark Life was completed on 1 December 2022. Please see note 33 for further information.

IFRS 17 Insurance Contracts is applied for Topdanmark Life figures in the opening balance 1 January 2022. Assets and liabilities are presented as a single line item in the balance sheet 2022 until the sale date.

IFRS 17 impacts on Sampo Group's non-life operations

The impact on the insurance contract liabilities due to the introduction of the new IFRS 17 components, including risk adjustment, deferred acquisition costs and additional discounting amounted to EUR -2.0 billion. The main impacts decreasing the insurance contract liabilities were due to the additional discounting effect and reclassifications. Under IFRS 17, all liabilities for incurred claims are discounted whereas only a smaller part of reserves was discounted under IFRS 4.

IFRS 17 impacts on Sampo Group's life operations

In the IFRS 17 opening balance, insurance contract liabilities amounted to EUR 6.6 billion. The introduction of discounting as well as the new IFRS 17 components, risk adjustment and CSM, increased the insurance contract liabilities. At transition, the CSM amounted to EUR 433 million.

A significant part of life insurance liabilities (unit-linked policies) is in the scope of IFRS 9, as these contracts do not include significant insurance risk or discretionary bonuses. In the opening balance sheet these investment contract liabilities amounted to EUR 7.2 billion. For contracts in the scope of IFRS 9, expected profits are not presented as CSM.

EURm	Share capital	Reserves	Retained earnings	Other components of equity	Non-controlling interests	Total
Equity 31 Dec 2021	**98**	**1,530**	**9,952**	**1,208**	**676**	**13,464**
IFRS 17 adjustments non-life companies			9		-32	-23
IFRS 17 adjustments life company			-18			-18
Tax impact			0		7	7
Other			2	23		25
Equity 1 Jan 2022	**98**	**1,530**	**9,945**	**1,231**	**651**	**13,456**

Equity bridge calculation between IFRS 4 and IFRS 17

Sampo Group has assessed the impact that the application of IFRS 17 has on the Group's equity. Sampo Group's retained earnings decreased by EUR 7 million (of which revaluation of investment property was EUR 2 million) and other components of equity increased by EUR 23 million at 1 January 2022. Other components of equity increased due to the termination of shadow accounting related to the segregated group pension portfolio.

IFRS 17 impact on presentation

The implementation of IFRS 17 leads to significant changes in the presentation and the extent of disclosures in the financial statements during 2023. The introduction of IFRS 17 changes the structure of the statement of profit or loss to reflect the key sources of profit. The insurance service result reflects the result relating to underwriting and servicing insurance policies. The net financial result reflects the insurance finance income and expenses arising from financial components' impacts. Changes in discount rates are recognised in the net financial result under IFRS 17, whereas these were included as prior year development in claims incurred under IFRS 4. IFRS 17 requires changes in the time value of money and changes in financial risk to be presented as insurance finance income or expenses unless the allowed OCI option is applied. Therefore, the effect from changes in interest rates as well as interest expense is presented in its entirety as insurance finance income or expenses. Potential changes in indexation of annuities will be presented within insurance finance income or expenses. Amounts related to reinsurance contracts will be presented separately.

IFRS 9 Financial Instruments (effective for annual periods beginning on 1 January 2018 or after)

IFRS 9 *Financial Instruments* standard supersedes IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard changes the classification and measurement of financial assets and includes a new impairment model based on expected credit losses.

Sampo Group has applied the temporary exemption regarding the adoption of IFRS 9 Financial Instruments and implements IFRS 9 at the same time as IFRS 17 *Insurance Contracts* i.e. on 1 January 2023. The IFRS 9 comparative figures 2022 will not be restated.

Key accounting principles

Financial assets – classification

Under IFRS 9, financial assets are classified as being subsequently measured either at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL). Previous IAS 39 categories held-to-maturity, available-for-sale and loans and receivables cease to exist under IFRS 9. Under IFRS 9, the majority of Sampo Group's financial assets are classified at fair value through profit or loss. On transition to IFRS 9, Sampo Group has classified only a limited amount of financial assets measured at amortised cost and no financial assets are classified as FVOCI.

The classification of financial assets into these new measurement categories is based on Sampo Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets (solely payments of principal and interest -criteria, i.e. SPPI). SPPI criteria is met when the financial instrument's contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at amortised cost only if the objective of the business model is to hold a financial asset in order to collect contractual cash flows, and the contractual cash flows of the financial asset meet the SPPI criteria. Interest revenue is calculated using the effective interest rate method. Under IFRS 9 financial assets subsequently measured at amortised cost are subject to loss allowance, expected credit losses (ECL), requirements.

Financial assets – impairment

IFRS 9 introduces a forward-looking ECL model, which replaces the model applied under IAS 39 based on incurred losses. In Sampo Group, the ECL model is mainly applicable to financial assets measured at amortised cost. Impairment requirements do not apply to equity instruments or other financial instruments measured at FVPL. Expected credit losses reflect past events, i.e. historical loss experience, current conditions and forecasts of future economic conditions.

IFRS 9 introduces a general approach for impairment in which a loss allowance is calculated either for *12-month expected credit losses or lifetime expected credit losses*. A three-stage model is used to determine the ECL at each reporting date. In stage 1, the credit risk has not increased significantly. Loss allowance is measured at an amount equal to 12-month expected credit losses. In stage 2 and 3, the credit risk has increased significantly since initial recognition and the loss allowance is measured at an amount equal to the lifetime expected credit losses. In stage 3, the financial asset is assessed to be credit-impaired (at default) and the interest is calculated on the credit-impaired amount instead of gross carrying amount.

In Sampo Group the general approach is based on three components, namely probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Financial liabilities

The transition to IFRS 9 does not change the measurement of financial liabilities. Sampo Group measures derivative financial liabilities at fair value through profit or loss. Financial liabilities, including subordinated debt securities, debt securities in issue and other financial liabilities, are subsequently measured at amortised cost using the effective interest rate method.

As described above, a significant part of life insurance liabilities is under the scope of IFRS 9. Sampo Group recognises these investment contract liabilities (unit-linked policies) at fair value through profit or loss. The fair value is based on the financial assets underlying these policies and recognised at FVPL.

Classification and measurement under IFRS 9

The table presents the changes in classification and measurement of the main financial assets and liabilities at the transition to IFRS 9. The implementation of IFRS 9 does not have a material impact on the measurement of the balance sheet, as the main part of financial assets are reported at fair value under IAS 39 in the balance sheet, which is also the measurement principle under IFRS 9. Therefore, the new classification requirements do not have a material impact on total equity.

As financial assets classified as available for sale under IAS 39 are measured at fair value through profit or loss under IFRS 9, the equity reserve related to available-for-sale financial assets is transferred into retained earnings.

There were no changes in the measurement of financial liabilities on transition to IFRS 9.

Expected credit losses

In Sampo Group expected credit losses are calculated on financial assets classified at amortised cost. In Sampo Group financial assets classified at amortised cost consist mainly of bilateral loans. Expected credit losses on loan commitments, short-term deposits and bank accounts are considered immaterial.

Measurement category under IAS 39	Measurement category under IFRS 9	Carrying amount 31 Dec 2022 (IAS 39) EURm	Transfer	Carrying amount 1 Jan 2023 (IFRS 9) EURm
Derivative financial instruments	Derivative financial instruments	79	—	79
Financial assets at fair value	Financial assets at fair value through profit or loss	3,045	—	3,045
Financial assets available for sale	Financial assets at fair value through profit or loss	16,048	—	16,048
Loans and receivables	Financial assets at amortised cost	296	—	296

The carrying amounts presented in the table above exclude the effect of expected credit losses. The effect is expected to be insignificant. Previously recognised incurred credit losses are included in the carrying amounts presented in the table.

Investments underlying unit-linked policies amounting to EUR 10.5 billion are excluded in the table. They are classified as at fair value through profit or loss both under IAS 39 and 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 the year ended 31 December 2022

EURm	If	Topdanmark	Hastings	Mandatum	Holding	Elimination	Group
Insurance premiums written	5,103	2,511	727	1,390	—	—	9,732
Net income from investments	242	-1,119	16	-821	177	-6	-1,511
Other operating income	138	76	416	36	132	-35	763
Claims incurred	-2,963	-1,778	-497	-883	—	5	-6,115
Change in liabilities for insurance and investment contracts	-101	1,004	-133	680	—	-7	1,443
Staff costs	-672	-296	-154	-74	-29	—	-1,226
Other operating expenses	-529	-163	-312	-110	-19	35	-1,097
Finance costs	-10	-19	10	-12	-96	8	-119
Share of associates' profit/loss	9	4	—	—	-19	—	-6
Profit for the financial year before taxes	**1,217**	**220**	**73**	**207**	**146**	**0**	**1,863**
Taxes	-253	-22	-10	-44	8	—	-322
Profit for the financial year	**963**	**199**	**62**	**163**	**153**	**0**	**1,541**

EURm	If	Topdanmark	Hastings	Mandatum	Holding	Elimination	Group
Other comprehensive income for the financial year							
Items re-classifiable to profit or loss							
Exchange differences	-153	1	-109	—	8	—	-253
Available-for-sale financial assets	-823	—	-58	-549	-240	—	-1,670
Taxes	169	—	—	121	40	—	331
Total items re-classifiable to profit or loss, net of tax	**-807**	**1**	**-167**	**-428**	**-192**	**—**	**-1,592**
Items not re-classifiable to profit or loss							
Actuarial gains and losses from defined pension plans	32	—	—	—	—	—	32
Taxes	-7	—	—	—	—	—	-7
Total items not re-classifiable to profit or loss, net of tax	**26**	**—**	**—**	**—**	**—**	**—**	**26**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**182**	**200**	**-105**	**-264**	**-39**	**—**	**-26**
Profit attributable to							
Owners of the parent							1,427
Non-controlling interests							114
Total comprehensive income attributable to							
Owners of the parent							-139
Non-controlling interests							114

Consolidated comprehensive income statement by business segment for the 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 Nordea shares	—	—	—	—	84	—	84
Reversal of impairment losses 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 re-classifiable to profit or loss							
Exchange differences	-11	2	101	—	-12	—	80
Available-for-sale financial assets	242	—	-18	132	104	—	460
Share of other comprehensive income of associates	—	—	—	—	186	—	186
Taxes	-49	—	—	-25	-9	—	-83
Total items re-classifiable to profit or loss, net of tax	**182**	**2**	**83**	**106**	**269**	**—**	**643**
Items not re-classifiable to profit or loss							
Actuarial gains and losses from defined pension plans	73	—	—	—	—	—	73
Taxes	-15	—	—	—	—	—	-15
Total items not re-classifiable to profit or loss, net of tax	**58**	**—**	**—**	**—**	**—**	**—**	**58**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**1,090**	**272**	**172**	**338**	**1,577**	**—**	**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 balance sheet by business segment at 31 December 2022

EURm	If	Topdanmark	Hastings	Mandatum	Holding	Elimination	Group
Assets							
Property, plant and equipment	190	112	23	26	4	—	355
Investment property	1	—	—	166	—	—	166
Intangible assets	588	1,232	1,501	172	1	—	3,494
Investments in associates	4	7	—	4	—	—	16
Financial assets	10,451	2,562	1,074	3,776	8,250	-6,644	19,469
Investments related to unit-linked insurance contracts	—	—	—	9,934	—	-4	9,930
Deferred tax assets	9	12	—	—	—	-4	17
Reinsurers' share of insurance liabilities	326	71	1,874	1	—	—	2,272
Other assets	1,987	176	858	196	60	-34	3,242
Cash and cash equivalents	296	8	246	761	1,762	—	3,073
Total assets	**13,852**	**4,179**	**5,575**	**15,036**	**10,077**	**-6,686**	**42,033**
Liabilities							
Liabilities for insurance and investment contracts	8,798	1,786	3,014	2,969	—	—	16,567
Liabilities for unit-linked insurance and investment contracts	—	—	—	9,912	—	-4	9,908
Subordinated debt	224	148	—	350	1,489	-228	1,983
Other financial liabilities	7	55	73	3	1,320	—	1,457
Deferred tax liabilities	200	135	111	68	—	—	514
Provisions	6	—	—	—	—	—	6
Employee benefits	25	—	—	—	—	—	25
Other liabilities	1,103	185	490	224	64	-34	2,031
Total liabilities	**10,363**	**2,308**	**3,688**	**13,525**	**2,873**	**-266**	**32,490**

EURm	Group
Equity	
Share capital	98
Reserves	1,530
Retained earnings	7,784
Other components of equity	-443
Equity attributable to parent company's equity holders	**8,969**
Non-controlling interests	574
Total equity	**9,543**
Total equity and liabilities	**42,033**

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
Non-current liabilities related to 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**

Geographical information

EURm	Finland	Sweden	Norway	Denmark	UK	Baltic	Total
2022							
Revenue from external customers	2,695	1,677	1,651	3,106	1,027	197	**10,352**
Non-current assets	481	457	208	1,354	1,523	7	**4,030**
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**

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**	**2022**	**2021**
Topdanmark A/S	Denmark	50.7	50.6
Accumulated balances of material non-controlling interests			
Topdanmark A/S		574	676

The summarised financial information

On 8 December 2021, Sampo plc announced that it had signed an agreement with Rand Merchant Investment Holdings Limited (RMI) to acquire its ownership in Hastings, therefore the comparison year includes the non-controlling interests' share of the income statement until 8 December 2021.

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

	1–12/2022	1–12/20221	
EURm	Topdanmark	Hastings	Topdanmark
Insurance premiums written	1,272	148	1,362
Net income from investments	-567	3	687
Other operating income	48	99	1
Claims incurred	-901	-93	-985
Change in liabilities for insurance and investment contracts	509	1	-707
Staff costs	-150	-48	-148
Other operating expenses	-77	-60	-56
Finance costs	-9	-2	-6
Share of associates' profit/loss	—	—	40
Profit for the financial year before taxes	**124**	**48**	**189**
Taxes	-10	-13	-42
Profit for the financial year attributable to non-controlling interests	**114**	**34**	**147**

Non-controlling interests' share of the balance sheet

	2022	2021
EURm	Topdanmark	Topdanmark
Assets		
Property, plant and equipment	57	61
Investment property	—	199
Intangible assets	249	272
Investments in associates	4	158
Financial assets	1,298	2,777
Investments related to unit-linked insurance	—	4,634
Tax assets	6	6
Reinsurers' share of insurance liabilities	36	46
Other assets	89	131
Cash and cash equivalents	4	77
Total assets	**1,743**	**8,361**
Liabilities		
Liabilities for insurance and investment contracts	905	2,686
Liabilities for unit-linked insurance and investment contracts	—	4,569
Subordinated debt	75	129
Other financial liabilities	28	42
Tax liabilities	68	31
Other liabilities	94	228
Total liabilities	**1,169**	**7,685**
Total equity attributable to non-controlling interests	**574**	**676**

	2022	2021	
	Topdanmark	Hastings	Topdanmark
Dividends paid to non-controlling interests	**207**	**14**	**123**
Cash flows allocated to non-controlling interests	**-73**	**-15**	**20**

Group's other notes to the financial statements 1–35

1 Insurance premiums written

EURm	1-12/2022	1-12/2021
P&C insurance	8,136	7,644
Life insurance		
Insurance contracts	1,543	1,765
Investment contracts	1,066	1,004
Insurance premiums written, gross	**10,745**	**10,412**
Reinsurers' share		
P&C insurance	-1,004	-993
Life insurance, insurance contracts	-9	-9
Reinsurers' share, total	**-1,013**	**-1,002**
Group insurance premiums written total, net	**9,732**	**9,411**

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

2 Net income from investments

EURm	1-12/2022	1-12/2021
Financial asset		
Derivative financial instruments		
Interest income/ expense	25	10
Gains/ losses	-341	-113
Other	-19	-40
Derivative financial instruments, total	**-335**	**-143**

EURm	1-12/2022	1-12/2021
Financial assets at fair value		
Debt securities		
Interest income/ expense	86	89
Gains/ losses	-329	-94
Equity securities		
Gains/ losses	-94	120
Dividend income	14	34
Financial assets at fair value, total	**-323**	**148**
Loans and receivables		
Interest income/ expense	39	18
Gains/ losses	16	1
Exchange differences	—	3
Other	-19	-24
Loans and receivables, total	**36**	**-2**
Financial assets available for sale		
Debt securities		
Interest income/ expense	326	223
Gains/ losses	6	42
Impairment losses	4	8
Exchange differences	2	1
Other	-2	15
Equity securities		
Gains/ losses	105	334
Impairment losses	-43	-13
Dividend income	126	192
Financial assets available for sale, total	**523**	**804**

EURm	1–12/2022	1–12/2021
Investments related to unit linked contracts		
Debt securities	-216	185
Equity securities	-1,137	2,240
Derivatives	-424	298
Loans and receivables	2	-6
Other financial assets	13	92
Investments related to unit linked contracts, total	**-1,763**	**2,808**
Financial asset, total	**-1,862**	**3,614**
Other income and expenses		
Fees and commissions, net	-7	-12
Expenses from other than financial liabilities	-12	1
Effect of discounting in P&C operations	144	46
Net income from investment property	0	104
Pension tax return	68	-205
Dividend income	157	—
Other income and expenses, total	**350**	**-65**
Group investment income, total	**-1,511**	**3,549**

Included in gains/losses from financial assets available for-sale is a net gain of EURm 96 (333) transferred from the fair value reserve.

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	1–12/2022	1–12/2021
Other income	513	259
Other technical income	138	121
Income related to broker-activities	112	110
Group other operating income, total	**763**	**491**

If's other operating income includes approximately EUR 138 million (121) income from insurance operations without a transfer of insurance risk. Such income is primarily attributable, e.g. to sales commission and services for administration and claims settlement in insurance contracts on behalf of other parties. This operating income is accounted for under IFRS 15 Revenue from Contracts with Customers. In addition, other operating income includes income from roadside assistance services provided by If's subsidiary Viking Assistance Group AS, recognised when roadside assistance has been provided.

Hastings' other operating income includes total of EUR 213 million (199) revenue recognised under IFRS 15 and consisting of fees and commission on panel providers, ancillary product income and other retail income. Income from broker activities is also recognised under IFRS 15.

Mandatum's other operating income includes EUR 9 million (9) revenue from, e.g incentive and pension services, and EUR 16 million (15) revenue from asset management. This income is also accounted for under IFRS 15.

Other income includes also the gain from the sale of Topdanmark Life amounting to EUR 72 million.

4 Claims incurred

EURm	1–12/2022	1–12/2021
Claims paid		
P&C insurance	-4,842	-4,444
Life insurance		
Insurance contracts	-1,610	-1,780
Investment contracts	-527	-519
Claims paid, gross	**-6,979**	**-6,742**
Reinsurers' share		
P&C insurance	657	591
Life insurance, insurance contracts	1	1
Reinsurers's share, total	**658**	**593**
Claims paid total, net	**-6,321**	**-6,149**
Change in claims provision		
P&C insurance	-102	-346
Life insurance, insurance contracts	242	-30
Change in claims provision, gross	**139**	**-376**
Reinsurers' share		
P&C insurance	67	286
Reinsurers's share, total	**67**	**286**
Change in claims provision, net	**206**	**-90**
Group claims incurred, total	**-6,115**	**-6,239**

5 Change in liabilities for insurance and investment contracts

EURm	1–12/2022	1–12/2021
Change in unearned premium provision		
P&C insurance	-188	-108
Life insurance		
Insurance contracts	2,011	-1,736
Investment contracts	-372	-1,303
Total change in liabilities, gross	**1,451**	**-3,147**
Reinsurers' share		
P&C insurance	-9	24
Group change in liabilities for insurance and investment contracts total, net	**1,443**	**-3,123**

Group's change in life insurance liabilities is positive and includes the impact of Topdanmark Life until the sale on 1 December 2022 amounting to approximately EUR 980 million.

6 Staff costs

EURm	1–12/2022	1–12/2021
Wages and salaries	-879	-843
Cash-settled share-based payments	-43	-44
Share-settled share-based payments	-10	-10
Pension costs		
defined contribution plans	-98	-100
defined benefit plans (note 25)	-20	-13
Other social security costs	-176	-168
Group staff costs, total	**-1,226**	**-1,179**

More information on share-based payments is in **note 30** Incentive schemes.

7 Other operating expenses

EURm	1–12/2022	1–12/2021
IT costs	-241	-217
Other staff costs	-68	-56
Marketing expenses	-65	-63
Depreciation and amortisation	-134	-135
Depreciation on RoU assets	-34	-24
Rental expenses*	-43	-41
Change in deferred acquisition costs	5	0
Direct insurance commissions	-180	-159
Commissions on reinsurance ceded	40	35
Other	-377	-316
Group other operating expenses, total	**-1,097**	**-976**

** 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	1–12/2022	1–12/2021
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	1,427	2,567
Weighted average number of shares outstanding during the financial year*	530	554
Earnings per share (EUR per share)	2.69	4.63

** 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 Components of other comprehensive income

EURm	1–12/2022	1–12/2021
Other comprehensive income:		
Items reclassifiable to profit or loss		
Exchange differences	-253	80
Available-for-sale financial assets		
Gains/losses arising during the year	-330	871
Reclassification adjustments (IAS 1.93)	-1,396	-417
The share segregated Suomi portfolio	57	5
Share of associates' other comprehensive income	—	186
Taxes	331	-83
Total items reclassifiable to profit or loss, net of tax	**-1,592**	**643**
Items not reclassifiable to profit or loss		
Actuarial gains and losses from defined pension plans	32	73
Taxes	-7	-15
Total items not reclassifiable to profit or loss, net of tax	**26**	**58**

10 Property, plant and equipment

EURm	2022 Right-of-use assets[1]	Land and buildings	Plant and equipment[2]	Total
At 1 January				
Cost	276	127	162	566
Accumulated depreciation	-70	-8	-113	-191
Net carrying amount at 1 January	**207**	**119**	**50**	**375**
Carrying amount at 1 January	**207**	**119**	**50**	**375**
Additions	33	—	18	50
Disposals	-3	—	-13	-17
Depreciation	-34	-1	-8	-43
Exchange differences	-6	-7	0	-12
Carrying amount at 31 December	**197**	**111**	**47**	**355**
At 31 December				
Cost	294	120	163	577
Accumulated depreciation	-97	-9	-116	-222
Net carrying amount at 31 December	**197**	**111**	**47**	**355**

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**
Net carrying amount at 1 January	**196**	**125**	**51**	**371**
Additions	42	0	18	60
Disposals	-11	-1	-13	-25
Depreciation	-24	-2	-7	-33
Exchange differences	3	-3	2	2
Net 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**

[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 26** Other liabilities.*

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

11 Investment property

EURm	2022	2021
Net carrying amount at 1 January	**568**	**666**
Additions	17	47
Disposals	-375	-8
Net gains and losses from fair value adjustments	5	133
Other changes	-49	-270
Exchange differences	0	0
Net carrying amount at 31 December	**166**	**568**
Rental income from investment property	**25**	**53**
Property rented out under operating lease		
Non-cancellable minimum rental		
– not later than one year	7	45
– later than one year and not later than five years	10	46
– later than five years	1	16
Total	**18**	**106**

EURm	2022	2021
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-10	-15
- direct operating expenses arising from investment property not generating rental income during the period	-3	-3
Total	**-13**	**-17**

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 level 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

2022

EURm	Goodwill	Customer relations	Trade-mark	Work in progress	Other intangible assets	Total
At 1 January						
Cost	2,490	716	277	36	681	4,200
Accumulated amortisation	—	-157	—	—	-249	-406
Net carrying amount at 1 January	**2,490**	**560**	**277**	**36**	**432**	**3,794**
Net carrying amount at 1 January	**2,490**	**560**	**277**	**36**	**432**	**3,794**
Business acquisitions	—	5	—	1	2	7
Additions	3	1	—	102	7	114
Disposals	-12	-28	-43	-6	-72	-162
Amortisation	—	-65	—	—	-60	-125
Transfers from WIP	—	—	—	-41	41	—
Other changes	-4	1	—	-19	16	-5
Exchange differences	-92	-11	-10	-1	-15	-129
Net carrying amount at 31 December	**2,385**	**463**	**224**	**72**	**350**	**3,494**
At 31 December						
Cost	2,385	680	224	72	626	3,988
Accumulated amortisation	—	-218	—	—	-276	-494
Net carrying amount at 31 December	**2,385**	**463**	**224**	**72**	**350**	**3,494**

2021

EURm	Goodwill	Customer relations	Trade-mark	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**

Goodwill is split between the segments as follows:	**2022**	**2021**
If	562	606
Topdanmark	802	814
Hastings	858	906
Mandatum	163	164
Total	**2,385**	**2,490**

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 the 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 are 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, at 10 years. The derived cash flows were discounted at the pre-tax rates of the cost of equity which for If was 10.0 per cent, for Hastings 11.2 per cent and for Mandatum Life 12.5 per cent. The cost of capital is defined based on the CAPM model from external sources to reflect the risk of each company relative to the market.

Forecasts for If, approved by the management, cover the years 2023–2025. The cash flows beyond that have been extrapolated using a 2 per cent growth rate. Mandatum's growth rate for years beyond 2032 is also 2 per cent, as it is believed to be close to expected inflation in both cases. Hastings' long-term growth rate for years beyond 2027 is 0.7 per cent.

For Mandatum, the recoverable amount exceeds its carrying amount by some EUR 600 million. With the calculation method used, e.g. an increase of about 3.5 per cent points 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 exceeds its carrying amount by some EUR 420 million. With the calculation method used, e.g., an increase of about 2 per centage points in the cost of equity could lead to a situation where the recoverable amount of the entity would equal its carrying 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 of EUR 2,146 million on the balance sheet date exceeds its carrying amount in the Group.

As a result of Topdanmark's disposal of its Life operations on 1 December 2022, Sampo Group has assessed the goodwill of EUR 12 million associated with the life operations. Sampo Group has concluded that the original PPA calculation reflects the facts and circumstances related to the goodwill most appropriately and therefore the allocation of goodwill to disposed operations should be based on this original PPA.

Sensitivity analysis

Impact on the present value from the following changes (EUR bn):	2022
If:	
Long-term Combined ratio +2.5 p.p.	-1.4
Long-term Combined ratio -2.5 p.p.	1.4
Long-term growth rate -1 p.p.	-1.7
Long-term growth rate +1 p.p.	2.3
Cost of equity +1 p.p.	-1.8
Cost of equity -1 p.p.	2.4
Mandatum:	
Long-term growth rate -1 p.p.	-0.1
Long-term growth rate +1 p.p.	0.1
Cost of Equity +1 p.p.	-0.2
Cost of Equity -1 p.p.	0.3
Hastings:	
Long-term growth rate -1 p.p.	-0.2
Long-term growth rate +1 p.p.	0.3
Cost of Equity +1 p.p.	-0.2
Cost of Equity -1 p.p.	0.3

13 Investments in associates and joint ventures

Associates and joint ventures that have been accounted for by the equity method at 31 December 2022

EURm Name	Domicile	Carrying amount	Interest held %
Associates			
Precast Holding Oy	Finland	4	24.43
CAP Group AB	Sweden	3	21.98
Rogaland Forsikring AS	Norway	1	33.00
Bornholms Brandforsikring A/S	Denmark	7	27.00

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

EURm Name	Domicile	Carrying amount	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 Banemarksvej	Denmark	12	40.00
Carlsberg Byen P/S	Denmark	106	22.51
Joint ventures			
Margretheholm P/S	Denmark	59	50.00
Havneholmen P/S	Denmark	85	50.00
P/S Ottilia Kobenhavn	Denmark	39	50.00

Changes in investments in associates and in joint ventures

	2022		2021		
EURm	Other associates and joint ventures	Total	Nordea	Other associates and joint ventures	Total
At 1 January	777	777	4,822	548	5,370
Share of loss/profit	22	22	317	77	393
Reversal of impairment loss on Nordea shares	—	—	899	—	899
Additions	1	1	—	133	133
Disposals	-313	-313	-2,564	—	-2,564
Changes in the equity of associates	-12	-12	-1,284	28	-1,256
Exchange differences	-33	-33	—	-9	-9
Reclassification as non-current assets held for sale	—	—	-2,189	—	-2,189
Reclassification as an investment at fair value through p/l	-425	-425	—	—	—
At 31 December	**16**	**16**	**—**	**777**	**777**

In the comparison year, Nordea was consolidated with the equity method until 25 October 2021, after which the shares were reclassified in accordance with IFRS 5 to non-current assets held for sale.

The carrying amount of investments in associates included goodwill of EUR 4 million (76).

Changes in holding of associate shares in 2022

Nordax

Sampo's management assessed that the requirements for significant influence, as set out in IAS 28 *Investments in Associates and Joint Ventures*, were no longer met in associate Nordax at the end of the financial year 2022. As a result, the associate shares were reclassified to equity securities at fair value through p/l at the balance sheet date, in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The valuation difference between the book value and fair value was recognised in the income statement in other operating income.

Until the reclassification date, Nordax was accounted for under IAS 28 *Investments in associates and joint ventures*. Other comprehensive income of EUR -37 million, recognised in earlier periods and remaining, was recycled to the income statement at the reclassifcation.

Nordea

In April 2022, Sampo sold its remaining Nordea holding through an accelerated bookbuild offering of 200 million shares. Before the bookbuild offering, Sampo had already sold 19 million shares in the open market in the first quarter and 27 million shares in the second quarter of 2022. The sale of Nordea shares ended the classification of shares as non-current assets held for sale.

The transactions generated total gross proceeds of EUR 2.3 billion, of which EUR 2.1 billion was raised in the second quarter. The positive accounting effect from the transactions on Sampo's consolidated statement of profit and loss was EUR 103 million, of which EUR 75 million was booked for the second quarter.

Changes in holding of Nordea shares in 2021

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 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.

The remaining Nordea shares were reclassified under IFRS 5 *Non-current assets held for sale and discontinued operations* in the financial statements for 2021. 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 of EUR 311 million was recognised in the income statement, as well as a recycling of remaining other comprehensive income of EUR -90 million.

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

14 Financial assets

The Group's financial assets comprise investments in derivatives, financial assets at fair value through p/l, loans and receivables and available-for-sale financial assets.

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	2022	2021
Derivative financial instruments	**79**	**45**
Financial assets at fair value through p/l		
Debt securities	1,941	4,494
Equity securities	560	686
Deposits	544	352
Total	**3,045**	**5,533**
Loans and receivables	**296**	**387**
Financial assets available-for-sale		
Debt securities	12,815	12,901
Equity securities	3,233	4,464
Total	**16,048**	**17,365**
Group's financial assets, total	**19,469**	**23,331**
Assets held for sale	–	-10
Group's financial assets, total	**19,469**	**23,321**

Financial assets available-for-sale include impairment losses of EUR 170 million (221).

Derivative financial instruments

EURm	2022 Contract/ Notional Amount	2022 Fair value Assets	2022 Fair value Liabilities	2021 Contract/ Notional Amount	2021 Fair value Assets	2021 Fair value Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	394	5	45	1,716	23	13
Inflation cover	274	—	3	382	—	36
Total interest rate derivatives	**668**	**5**	**48**	**2,098**	**23**	**49**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	5,092	58	6	9,301	22	58
Currency options, bought and sold	31	4	2	3	0	—
Total foreign exchange derivatives	**5,123**	**62**	**7**	**9,303**	**22**	**58**
Equity derivatives						
OTC derivatives						
Equity futures	—	—	—	91	—	—
Other	—	—	—	110	0	2
Total equity derivatives	**—**	**—**	**—**	**201**	**0**	**2**
Total derivatives held for trading	**5,791**	**67**	**55**	**11,603**	**45**	**109**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	328	12	—	423	—	12
Total derivatives held for fair value hedging	**328**	**12**	**—**	**423**	**0**	**12**
Cash flow hedges						
Currency forwards	6	0	—	9	—	0
Total cash flow hedges	6	0	—	9	—	0
Total derivatives held for hedging	**334**	**12**	**—**	**433**	**0**	**13**
Group financial derivatives, total	**6,124**	**79**	**55**	**12,035**	**45**	**121**

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. The net result from exchange derivatives designated as fair value hedges amounted to EUR -32 million (32). The net result from hedged risks in fair value hedges of available-for-sale financial assets amounted to EUR 32 million (-32).

15 Change in fair values of financial assets

EURm	Fair value 2022	Fair value 2021	Change
Financial asset			
Financial assets measured at amortised cost			
Loans and receivables	296	387	-91
Total	**296**	**387**	**-91**
Financial assets measured at fair value			
Equity securities	2,141	3,123	-982
Debt securities	14,757	17,395	-2,639
Funds	1,652	2,027	-375
Derivatives	79	45	34
Loans guaranteed by mortgages and other loans	—	1	-1
Deposits	544	352	192
Total	**19,173**	**22,944**	**-3,771**
Financial assets at fair value through p/l related to unit-linked insurance			
Equity securities	676	4,223	-3,547
Debt securities	941	6,072	-5,131
Funds	7,883	8,675	-793
Derivative financial instruments	18	11	7
Other	412	915	-503
Total	**9,930**	**19,897**	**-9,967**
Group financial assets, total	**29,399**	**43,227**	**-13,829**

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, pass 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 EUR 840 million (740), EUR 294 million passed the SPPI test as of 31 December 2022 (476 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:

2022

EURm	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - BB-	B+ - B-	Total
Loans and receivables	13	106	52	71	52	294
Total	**13**	**106**	**52**	**71**	**52**	**294**

2021

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

The table has been prepared based on a preliminary analysis on business models likely to be applied under IFRS 9.

Since the amount of financial assets meeting the SPPI criterion, EUR 294 million (476) is minor of the total financial assets EUR 22,542 million (28,140), the credit risk is considered not to be significant. Their carrying amount is assessed to be best estimate of their fair value. In 2021 main part of the financial assets meeting the SPPI criterion was unrated, so it was not possible to assess whether they had low credit risk or not.

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, for example, whether 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, the 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 also include 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.

Sampo Group's level 3 assets consist mainly of few larger equity investments and investments in private equity and alternative funds.

In level 3, the two most prominent equity investments are valued by using the excess return model, in which the value of a company is the sum of capital invested currently in the company and the present value of excess returns that the company expects to make in the future.

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 2022					
Financial assets at fair value					
Derivative financial instruments					
Interest rate swaps	5	—	5	—	5
Foreign exchange derivatives	74	0	74	—	74
Total	**79**	**0**	**79**	**—**	**79**
Financial assets at fair value through profit or loss					
Equity securities	560	111	24	425	560
Debt securities	1,881	1,718	159	5	1,881
Total	**2,441**	**1,829**	**183**	**430**	**2,441**
Financial assets designated as at fair value through profit or loss					
Deposits	544	—	544	—	544
Debt securities (unit-trusts)	60	43	16	—	60
Total	**604**	**43**	**561**	**—**	**604**
Financial assets related to unit-linked insurance					
Equity securities	676	643	2	31	676
Debt securities	941	90	757	94	941
Funds	7,883	4,880	676	2,327	7,883
Derivative financial instruments	18	—	18	—	18
Other assets	412	—	412	—	412
Total	**9,930**	**5,612**	**1,865**	**2,453**	**9,930**

EURm	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets available-for-sale					
Equity securities	1,581	1,224	2	354	1,581
Debt securities	12,815	7,941	4,832	43	12,815
Other assets	1,652	775	72	806	1,652
Total	**16,048**	**9,940**	**4,906**	**1,203**	**16,048**
Total financial assets at fair value	**29,103**	**17,425**	**7,593**	**4,086**	**29,103**
Other financial assets					
Financial assets at amortised cost					
Loans and receivables	296	—	—	296	296
Total	**29,399**	**17,425**	**7,593**	**4,381**	**29,399**
Group's financial assets, total	**29,399**				

EURm	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES AT 31 DECEMBER 2022					
Financial liabilities at fair value					
Derivative financial instruments					
Interest derivatives	45	—	45	—	45
Equity derivatives	—	—	—	—	—
Foreign exchange derivatives	7	—	7	—	7
Other derivatives	3	—	3	—	3
Total	**55**	**—**	**55**	**—**	**55**
Total financial liabilities at fair value	**55**	**—**	**55**	**—**	**55**
Other financial liabilities					
Subordinated debt securities					
Subordinated loans	1,983	1,409	478	—	1,887
Debt securities in issue					
Bonds	1,306	1,126	110	—	1,236
Other					
Borrowings on Revolving Credit Facility	73	—	—	73	73
Amounts owed to credit institutions	23	23	—	—	23
Total other financial liabilities	**3,384**	**2,558**	**588**	**73**	**3,219**
Group financial liabilities, total	**3,439**	**2,558**	**643**	**73**	**3,274**

EURm	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
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**	**—**	**45**	**—**	**45**
Financial assets at fair value through profit or loss					
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 profit or loss					
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**

EURm	Carrying amount	Fair value 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	5,796	73	12,901
Other assets	2,025	913	34	1,078	2,025
Total	**17,365**	**9,987**	**5,832**	**1,545**	**17,365**
Total financial assets at fair value	**42,841**	**28,517**	**10,181**	**4,143**	**42,841**
Other financial assets					
Financial assets at amortised cost					
Loans and receivables	387	—	—	387	387
Total	**43,228**	**28,517**	**10,181**	**4,529**	**43,227**
Assets held for sale in Mandatum	-196				
Group 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 financial liabilities	**4,223**	**3,718**	**1,077**	**12**	**4,806**
Group financial liabilities, total	**4,345**	**3,726**	**1,192**	**12**	**4,929**

Transfers between levels 1 and 2

EURm	1–12/2022 Transfers from level 2 to level 1	1–12/2022 Transfers from level 1 to level 2	1–12/2021 Transfers from level 2 to level 1	1–12/2021 Transfers from level 1 to level 2
Financial assets related to unit-linked insurance				
Debt securities	13	6	3	12
Financial assets available-for-sale				
Debt securities	632	500	595	349

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 13 million (34) and in an increase recognised directly in equity of EUR 2 million (-24). In Topdanmark, a 10 percentage point depreciation of all other currencies against DKK would result in a decrease recognised in profit/loss of EUR -11 million (-4), 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 36 million (32) and in a decrease recognised directly in equity of EUR -41 million (-45). 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 -109 million (-65). 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 2022.

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	68	-60	-22	-22
Effect recognised directly in equity	276	-265	-470	-178
Total effect	**344**	**-325**	**-492**	**-200**

Maximum exposure to credit risk

The carrying amount of financial assets in the balance sheet of EUR 19,469 million (23,321) added by the amount of guarantees and investment commitments totalling EUR 2 078 million (1,820) represents the maximum exposure to credit risk.

Sensitivity analysis of level 3 financial instruments measured at fair value

	1–12/2022		1–12/2021	
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	354	-71	394	-79
Debt securities	43	-1	73	-2
Funds	806	-161	1,078	-216
Total	**1,203**	**-233**	**1,545**	**-296**

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 -1 million (-2) for the debt instruments and EUR -232 million (-294) 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 2.6 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 comprehensive income	Purchases and re-classifications	Sales	Settlements	Transfers from level 1 and 2	Transfers to levels 1 and 2	31 Dec 2022	Gains/losses included in p/l for financial assets 31 Dec 2022
FINANCIAL ASSETS 2022										
Financial assets at fair value through p/l										
Equity securities	—	—	—	425	—	—	—	—	**425**	—
Debt securities	11	0	—	—	-6	—	—	—	**5**	1
Total	**11**	**0**	**—**	**425**	**-6**	**—**	**—**	**—**	**430**	**1**
Financial assets related to unit-linked insurance contracts										
Equity securities	20	1	—	15	-5	—	—	—	**31**	1
Debt securities	61	-8	—	108	-81	-23	40	-3	**94**	-8
Funds	2,065	-16	—	598	-315	—	—	-5	**2,327**	-23
Total	**2,145**	**-22**	**—**	**721**	**-401**	**-23**	**40**	**-7**	**2,453**	**-30**
Financial assets available-for-sale										
Equity securities	394	6	-41	2	-7	—	—	—	**354**	-41
Debt securities	73	0	0	17	-18	—	—	-30	**43**	2
Funds	1,078	11	-226	44	-101	—	—	—	**806**	-216
Total	**1,545**	**16**	**-267**	**64**	**-125**	**—**	**—**	**-30**	**1,203**	**-255**
Total financial assets measured at fair value	**3,702**	**-6**	**-267**	**1,210**	**-533**	**-23**	**40**	**-37**	**4,086**	**-284**

Purchases and reclassifications include the reclassification of Nordax associate shares of EUR 425 million to equity securities at fair value through p/l.

	1–12/2022		
EURm	**Realised gains and losses**	**Fair value gains and losses**	**Total**
Total gains or losses included in profit or loss for the financial year	-6	-267	**-273**
Total gains or losses included in profit or loss for assets held at the end of the financial year	-17	-267	**-284**

EURm	At 1 Jan	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	Transfers to levels 1 and 2	31 Dec 2021	Gains/losses included in p/l for financial assets 31 Dec 2021
FINANCIAL ASSETS 2021								
Financial assets at fair value through p/l								
Debt securities	193	11	—	1	-37	-157	11	1
Total	**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	0	63	4	-9	-7	394	63
Debt securities	60	3	1	68	-58	—	73	4
Funds	951	18	228	95	-215	—	1,078	243
Total	**1,353**	**20**	**292**	**167**	**-282**	**-7**	**1,545**	**310**
Total financial assets measured at fair value	**3,666**	**543**	**292**	**974**	**-764**	**-1,010**	**3,702**	**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.

	1–12/2021		
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**

Gains and losses are included either in the consolidated income statement's net investment income or other comprehensive income statements's 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 2022

EURm	1 Jan	Business acquisitions/ disposals	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31 Dec
Deferred tax assets						
Tax losses carried forward	2	—	-1	0	0	1
Changes in fair values	14	—	-4	-6	0	3
Pension liabilities	8	—	-1	1	-1	7
Other deductible temporary differences	42	1	-10	0	-1	31
Total	**66**	**1**	**-17**	**-6**	**-2**	**42**
Netting of deferred taxes						-26
Deferred tax assets in the balance sheet, total						**17**
Deferred tax liabilities						
Depreciation differences and untaxed reserves	219	0	0	0	-10	209
Changes in fair values	512	7	-63	-271	-19	166
Pension assets	—	—	0	7	—	7
Other taxable temporary differences	151	-18	26	0	-1	158
Total	**881**	**-11**	**-36**	**-264**	**-30**	**540**
Netting of deferred taxes						-26
Deferred tax liabilities in the balance sheet, total	**881**	**-11**	**-36**	**-264**	**-30**	**514**

Changes in deferred tax during the financial period 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	2
Changes in fair values	15	-1	-1	1	14
Pension liabilities	26	-2	-15	0	8
Other deductible temporary differences	28	15	-1	1	42
Total	**86**	**-5**	**-17**	**1**	**66**
Netting of deferred taxes					-27
Deferred tax assets in the balance sheet, total					**39**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	219	-2	—	1	219
Changes in fair values	383	26	98	6	512
Other taxable temporary differences	152	-2	0	1	151
Total	**754**	**22**	**98**	**8**	**881**
Netting of deferred taxes					-27
Deferred tax liabilities in the balance sheet, total					**855**

The line items within deferred tax assets and liabilities for the comparison year 2021 have been restated.

In Sampo plc, EUR 34 million of deferred tax assets have not been recognised on unused tax losses. The first losses will expire at the end of fiscal year 2022.

In Mandatum, EUR 1 million of deferred tax assets have not been recognised on unused tax losses.

19 Taxes

EURm	2022	2021
Profit before tax	1,863	3,171
Tax calculated at parent company's tax rate	-373	-634
Different tax rates in foreign jurisdictions	-12	-4
Income from associates not subject to tax	21	259
Income not subject to tax	81	13
Non-deductible expenses	-17	-11
Tax losses for which no deferred tax asset has been recognised	-28	-12
Changes in tax rates	2	-24
Tax from previous years	4	-11
Total	**-322**	**-423**

20 Other assets

EURm	2022	2021
Interests	113	128
Assets arising from direct insurance operations	2,261	2,067
Assets arising from reinsurance operations	113	85
Settlement receivables	83	45
Deferred acquisition costs*	182	185
Assets related to Patient Insurance Pool	69	67
Other	422	399
Group other assets, total	**3,242**	**2,977**

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

Other assets include non-current assets EUR 99 million (139).

* Change in deferred acquisition costs in the period

EURm	2022	2021
At 1 January	**185**	**147**
Net change in the period	4	36
Exchange differences	-7	3
At 31 December	**182**	**185**

21 Liabilities from insurance and investment contracts

P&C liabilities from insurance contracts

	2022			2021		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for unearned premiums	3,398	390	3,008	3,340	412	2,928
Provision for claims outstanding	10,200	1,881	8,319	10,781	1,881	8,900
Incurred and reported losses	4,666	1,409	3,257	4,336	1,324	3,012
Incurred but not reported losses (IBNR)	3,115	471	2,644	3,080	551	2,529
Provisions for claims adjustment costs	272	—	272	247	—	247
Provisions for annuities and sickness benefits	2,147	0	2,146	3,118	6	3,112
P&C insurance total	**13,598**	**2,271**	**11,328**	**14,121**	**2,293**	**11,828**

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

	2022			2021		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for unearned premiums						
At 1 January	**3,340**	**412**	**2,928**	**3,169**	**365**	**2,803**
Business transactions	-36	—	-36	—	—	—
Change in provision	209	-9	218	115	24	90
Exchange differences	-115	-14	-101	57	23	34
At 31 December	**3,398**	**390**	**3,008**	**3,340**	**412**	**2,928**

	2022			2021		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for claims outstanding						
At 1 January	**10,781**	**1,881**	**8,900**	**10,140**	**1,454**	**8,685**
Business transactions	-384	-5	-379	—	—	—
Unwinding of discounted annuities	-121	-2	-118	-41	-1	-41
Change in provision	201	90	112	464	327	137
Exchange differences	-278	-83	-195	219	100	119
At 31 December	**10,200**	**1,881**	**8,319**	**10,781**	**1,881**	**8,900**

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 35**.

If

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	2022	Total
At the close of the claims year	27,892	2,581	2,559	2,581	2,624	2,657	2,796	2,909	3,060	3,033	3,272	
One year later	27,838	2,604	2,551	2,598	2,655	2,694	2,893	2,954	3,098	3,163		
Two years later	27,801	2,607	2,557	2,586	2,653	2,689	2,923	2,969	3,125			
Three years later	27,884	2,612	2,570	2,563	2,614	2,694	2,940	2,992				
Four years later	27,737	2,618	2,575	2,538	2,604	2,669	2,930					
Five years later	27,632	2,607	2,546	2,535	2,615	2,658						
Six years later	27,454	2,596	2,520	2,520	2,599							
Seven years later	27,314	2,581	2,510	2,507								
Eight years later	27,123	2,573	2,490									
Nine years later	26,969	2,553										
Ten years later	26,576											
Current estimate of total claims costs	26,576	2,553	2,490	2,507	2,599	2,658	2,930	2,992	3,125	3,163	3,272	54,865
Total disbursed	24,555	2,406	2,344	2,346	2,405	2,445	2,649	2,674	2,664	2,458	1,748	48,694
Provision reported in the balance sheet	**2,021**	**148**	**146**	**161**	**194**	**213**	**281**	**318**	**461**	**705**	**1,523**	**6,171**
of which established vested annuities	22,534	2,258	2,198	2,185	2,210	2,233	2,368	2,356	2,203	1,753	225	42,523
Provision for claims adjustment costs												245
Total provision reported in the BS of If												**6,415**

If

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	2022	Total
At the close of the claims year	23,897	2,537	2,523	2,539	2,570	2,601	2,745	2,849	2,878	2,910	3,186	
One year later	23,785	2,560	2,513	2,553	2,579	2,642	2,824	2,883	2,897	3,007		
Two years later	23,738	2,564	2,505	2,539	2,576	2,633	2,854	2,895	2,924			
Three years later	23,708	2,571	2,517	2,524	2,546	2,638	2,872	2,919				
Four years later	23,785	2,574	2,518	2,497	2,536	2,613	2,859					
Five years later	23,669	2,565	2,487	2,493	2,542	2,614						
Six years later	23,598	2,552	2,461	2,479	2,527							
Seven years later	23,438	2,537	2,450	2,467								
Eight years later	23,302	2,530	2,430									
Nine years later	23,125	2,507										
Ten years later	22,979											
Current estimate of total claims costs	22,979	2,507	2,430	2,467	2,527	2,614	2,859	2,919	2,924	3,007	3,186	50,419
Total disbursed	20,982	2,363	2,287	2,309	2,352	2,408	2,584	2,614	2,501	2,359	1,735	44,494
Provision reported in the balance sheet	**1,997**	**145**	**143**	**158**	**175**	**206**	**275**	**305**	**423**	**648**	**1,451**	**5,926**
of which established vested annuities	1,352	59	53	54	47	48	69	48	36	22	4	1,790
Provision for claims adjustment costs												245
Total provision reported in the BS of If												**6,171**

Topdanmark

Claims cost trend of P&C insurance

Claims costs before reinsurance

Estimated claims cost

EURm	< 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
At the close of the claims year	953	829	817	795	722	780	787	819	841	867	
One year later	977	838	827	793	737	799	812	792	820		
Two years later	980	832	814	782	736	811	810	768			
Three years later	975	825	814	776	748	814	798				
Four years later	965	810	813	761	740	804					
Five years later	959	796	796	763	734						
Six years later	946	786	789	758							
Seven years later	941	784	786								
Eight years later	944	783									
Nine years later	937										
Current estimate of total claims costs	937	783	786	758	734	804	798	768	820	867	8,055
Total disbursed	898	741	741	714	677	724	703	641	600	449	6,889
Discounting	0	-1	0	-1	-1	-2	-2	-3	-7	-12	-29
Provision reported in the balance sheet	**39**	**41**	**44**	**43**	**55**	**78**	**93**	**124**	**214**	**407**	**1,138**
Discounting of previous years											288
Total provision reported in the BS of Topdanmark											**1,426**

Topdanmark

Claims cost trend of P&C insurance

Claims costs after reinsurance

Estimated claims cost

EURm	< 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
At the close of the claims year	802	780	767	737	697	728	754	781	783	822	
One year later	807	787	775	739	710	746	777	754	763		
Two years later	810	783	763	727	709	758	774	732			
Three years later	805	776	762	721	721	761	762				
Four years later	795	761	756	706	713	750					
Five years later	789	746	750	704	707						
Six years later	775	736	744	701							
Seven years later	770	738	741								
Eight years later	773	737									
Nine years later	766										
Current estimate of total claims costs	766	737	741	701	707	750	762	732	763	822	7,481
Total disbursed	728	695	696	660	651	673	669	610	563	431	6,375
Discounting	0	-1	0	-1	-1	-1	-2	-3	-6	-11	-26
Provision reported in the balance sheet	**38**	**41**	**45**	**40**	**55**	**76**	**92**	**119**	**194**	**380**	**1,080**
Discounting of previous years											288
Total provision reported in the BS of Topdanmark											**1,368**

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	2022	Total
At the close of the claims year	1,344	368	426	540	675	754	822	898	794	997	1,221	8,840
One year later	1,339	369	431	548	697	779	854	953	814	1,036		
Two years later	1,320	355	428	539	684	791	880	964	921			
Three years later	1,356	362	443	557	754	802	876	1,007				
Four years later	1,363	368	462	559	733	795	890					
Five years later	1,334	358	436	565	759	845						
Six years later	1,328	368	433	554	727							
Seven years later	1,329	352	417	509								
Eight years later	1,329	343	416									
Nine years later	1,336	345										
Ten years later	1,314											
Payments to date	-1,296	-339	-419	-521	-620	-684	-706	-676	-466	-485	-446	-6,658
Gross outstanding claims liabilities, net of salvage and subrogation recoveries	**48**	**29**	**7**	**20**	**55**	**70**	**116**	**222**	**328**	**512**	**776**	**2,182**
Reconciliation to net outstanding claims liabilities												
Anticipated salvage and subrogation recoveries												189
IFRS 3 fair value acquisition adjustment												-27
Total provision reported in the BS of Hastings												**2,344**

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	2022	Total
At the close of the claims year	945	142	196	235	296	326	363	378	294	347	554	4,077
One year later	944	142	196	236	296	329	369	386	319	381		
Two years later	946	142	196	236	297	330	373	391	386			
Three years later	944	141	196	234	297	329	368	406				
Four years later	942	141	196	235	290	324	378					
Five years later	942	141	193	230	285	341						
Six years later	944	141	191	229	289							
Seven years later	948	141	187	226								
Eight years later	952	147	184									
Nine years later	958	154										
Ten years later	967											
Payments to date	-941	-142	-194	-231	-291	-311	-335	-321	-219	-211	-220	-3,417
Net outstanding claims liabilities, net of salvage and subrogation recoveries	**4**	**1**	**2**	**4**	**5**	**15**	**28**	**56**	**75**	**136**	**334**	**660**
Reconciliation to net outstanding claims liabilities												
Anticipated salvage and subrogation recoveries												189
Reinsurers' share of salvage and subrogation recoveries												-80
IFRS 3 fair value acquisition adjustment												-3
Net outstanding claims liability												**766**
Reinsurers' share of outstanding claims liabilities												1,578
Total provision reported in the BS of Hastings												**2,344**

Life insurance liabilities from insurance and investment contracts

	2022			2021		
EURm	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Provision for unearned premiums						
Insurance contracts	1,369	–	1,369	4,471	0	4,471
Investment contracts	25	–	25	28	–	28
Provision for claims outstanding	1,575	1	1,573	1,759	1	1,758
Group liabilities from insurance and investment contracts, total	**2,969**	**1**	**2,967**	**6,258**	**2**	**6,257**
Liabilities related to non-current assets held for sale in Mandatum						**-10**
Group's liabilities for insurance and investment contracts, total			**2,967**			**6,246**

Change in liabilities from insurance contracts

EURm	**Gross Contracts with discretionary participation features**
At 1 January 2022	**6,231**
Premiums	130
Claims paid	-420
Expense charge	-34
Guaranteed interest	89
Bonuses	-74
Other	-2,977
Total life insurance liabilities at 31 December 2022	**2,944**

Line item Other includes EUR -2,812 million related to the sale of Topdanmark Life.

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 non-current assets held for sale in Mandatum	-10
Total life insurance liabilities at 31 December 2021	**6,220**

Life insurance liabilities from investment contracts

EURm	2022	2021
Investment contracts with discretionary participation features	25	28

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

Investment contracts do not include a provision for claims outstanding. The liability adequacy test does not give rise to supplementary claims.

As a result of the sale of Topdanmark Life, life insurance liabilities were derecognised from the balance sheet.

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

Milj. e	2022	2021
P&C Insurance	13,598	14,121
Life insurance	2,969	6,258
Group consolidated insurance and investment contracts, gross, total	**16,567**	**20,379**
Liabilities related to non-current assets held for sale in Mandatum	—	-10
Group consolidated insurance and investment contracts, gross, total	**16,567**	**20,369**

22 Liabilities from unit-linked insurance and investment contracts

EURm	2022	2021
Unit-linked insurance contracts	4,892	5,925
Unit-linked investment contracts	5,015	4,775
Life insurance liabilities	—	9,036
Group liabilities from unit-linked insurance and investment contracts, total	**9,908**	**19,550**

As a result of the sale of Topdanmark Life, life insurance liabilities were derecognised from the balance sheet.

23 Subordinated debts and other financial liabilities

EURm	2022	2021
Subordinated debt securities		
Subordinated loans	1,983	2,016
Subordinated debt liabilities, total	**1,983**	**2,016**
Other financial liabilities		
Derivative financial instruments	55	121
Debt securities in issue		
Bonds	1,306	2,195
Other		
Borrowings on Revolving Credit Facility	73	12
Amounts owed to credit institutions	23	—
Group other financial liabilities, total	**1,457**	**2,330**
Group financial liabilities, total	**3,439**	**4,345**

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

During the financial year 2022 bonds decreased by EUR 890 million. Hastings redeemed its GBP 250 million (approximately EUR 290 million) bond in full, at par. Sampo Plc announced tender offers for its outstanding senior notes maturing in 2023, 2025, 2028 and 2030. The amount of nominal debt purchased across all the targeted maturities amounted to EUR 500 million.

If

EURm	Maturity	Interest	2022	2021
Derivative financial instruments			7	8
Subordinated debt securities				
Subordinated loans	**Maturity**	**Interest**		
Subordinated loan, 2021 (nominal value 1,500 MSEK)	30 years	3 month Stibor + 1.30%	134	146
Subordinated loan, 2018 (nominal value 1,000 MSEK)	perpetual	3 month Stibor + 2.75%	90	97
Total subordinated debt securities			**224**	**243**
If, total financial liabilities			**231**	**250**

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 (BdL Market).

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 (BdL Market).

Topdanmark

EURm	Maturity	Interest	2022	2021
Derivative financial instruments			32	81
Subordinated debt securities				
Subordinated loans	**Maturity**	**Interest**		
Subordinated loan tier 1, 2022 (nominal value 400 MDKK)	perpetual	3 month Cibor + 4.75%	54	–
Subordinated loan, 2021 (nominal value 700 MDKK)	12/2031	3 month Cibor + 1.25%	94	134
Subordinated loan, 2020 (nominal value 500 MDKK)	12/2030	3 month Cibor +1.60%	–	67
Subordinated loan, 2017 (nominal value 400 MDKK)	bullet	3 month Cibor +2.75%	–	54
Total subordinated debt securities			**148**	**255**
Other financial liabilities			23	1
Topdanmark, total financial liabilities			**203**	**338**

Subordinated loans are wholly included in Topdanmark's own funds. Approximately 128 (220) million euro (DKK 950 million) of the subordinated loans are subscribed by If.

Hastings

EURm	2022	2021
Debt securities in issue		
Bonds	0	317
Other financial liabilities	73	12
Hastings, total financial liabilities	**73**	**329**

During the financial period Hastings has signed a revolving credit facility with financial institution totalling EUR 85 million of which at the end of the reporting period EUR 12 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 a maturity date of 29 October 2026.

Mandatum

EURm			2022	2021
Derivative financial instruments			3	29
Subordinated debt securities				
Subordinated loans	**Maturity**	**Interest**		
Subordinated loan, 2019 (nominal value EURm 250)	30 years	12 months Euribor + 4.5%	250	249
Subordinated loan, 2002 (nominal value EURm 100)	perpetual	1.88%	100	100
Total subordinated debt securities			**350**	**349**
Mandatum, total financial liabilities			**352**	**378**

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 a 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			2022	2021
Derivative financial instruments			14	3
Debt securities in issue	**Maturity**	**Interest**		
Bond 2016, (nominal value EURm 750)	7 years	1.00%	318	429
Bond 2017, (nominal value EURm 500)	8 years	1.25%	161	273
Bond 2018, (nominal value EURm 500)	10 years	1.625%	311	496
Bond 2018, (nominal value EURm 500)	12 years	2.25%	400	497
Bond 2018, (nominal value NOKm 1,000)	10 years	3.10%	95	100
Others			21	83
Total bonds			**1,306**	**1,878**
Subordinated debt securities				
Subordinated loans	**Maturity**	**Interest**		
Subordinated loan, 2020 (nominal value EURm 1,000)	32 years	2.50%	993	992
Subordinated loan, 2019 (nominal value EURm 500)	30 years	3.38%	496	495
Total subordinated debt securities			**1,489**	**1,487**
Omistusyhteisön rahoitusvelat yhteensä			**2,808**	**3,369**

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 a 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	2022	2021
Elimination items between segments	-228	-320
Group, total financial liabilities	**3,439**	**4,345**

Change in liabilities from financing activities

EURm	1 Jan 2022	Incoming cash flows	Outgoing cash flows	Exchange differences	Other	31 Dec 2022
Subordinated debt	2,016	54	-161	74	1	1,983
Bonds	2,195	—	-859	-6	-24	1,306
Borrowings on RCF (only Hastings)	12	69	—	-8	—	73

EURm	1 Jan 2021	Incoming cash flows	Outgoing cash flows	Exchange differences	Other	31 Dec 2021
Subordinated debt	2,158	281	-423	-2	0	2,016
Bonds	2,747	—	-571	17	2	2,195
Borrowings on RCF (only Hastings)	—	12	—	0	—	12

24 Provisions

EURm	2022
At 1 January 2022	**9**
Additions	2
Amounts used during the period	-4
Unused amounts reversed during the period	-2
Exchange rate differences	0
At 31 December 2022	**6**
Current (less than 1 year)	2
Non-current (more than 1 year)	4
Total	**6**

EUR 3 million (3) 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 3 million (6) for lawsuits and other uncertain liabilities.

25 Employee benefits

Employee benefits

During the financial year 2022, Sampo had 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	2022	2021
Defined benefit pension obligations, including social costs etc.	210	294
Fair value of plan assets	220	268
Net liability (asset) recognised in the balance sheet	**-9**	**26**
of which recognised as Net pension assets	34	—
of which included in the item Other provisions	25	26

The main Swedish defined-benefit pension plan, FTP2, is a multiemployer plan and is closed to new employees born in 1972 or later. The main Norwegian defined-benefit pension plan consists solely of active people employed prior to 2006 and born 1957 and earlier. As only a few individuals covered by the plan remain employed in If, the plan has been closed for accounting purposes during the year.

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 the anticipated retirement age.

The anticipated retirement age for Sweden in connection with life-long pension is 65 years. 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. Paid-up policies and pension payments from the Swedish plans are normally indexed annually with 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.

In addition to the closed pension plan, there are also unfunded pension benefits in Norway for which If is responsible for ongoing payments. 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. A few individuals also have a top-hat arrangement on salary above 12G or an individual pension agreement.

The pensions in Sweden 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.

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 the 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 the 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 a special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (14.1%–19.1%).

In addition to the defined benefit plan in Norway that was closed during the year, two small plans in Sweden have also been closed for accounting purposes. This has been reported as a settlement under IAS 19 as of 31 December 2022.

Specification of employee benefit obligations by country

	2022			2021		
EURm	**Sweden**	**Norway**	**Total**	**Sweden**	**Norway**	**Total**
Recognised in income statement and other comprehensive income						
Current service cost	4	0	4	6	1	7
Past service cost and settlements	0	1	1	—	—	—
Interest expense on net pension liability	0	0	0	1	—	1
Total in income statement	**4**	**1**	**5**	**7**	**1**	**8**
Remeasurement of the net pension liability	-31	-2	-32	-73	—	-73
Total in comprehensive income statement	**-26**	**0**	**-27**	**-66**	**1**	**-65**
Recognised in balance sheet						
Defined benefit pension obligations, including social costs etc.	184	27	210	245	48	294
Fair value of plan assets	218	2	220	250	18	268
Net liability (net assets) recognised in balance sheet	**-34**	**25**	**-9**	**-5**	**30**	**26**
Distribution by asset class						
Bonds	42%	—		41%	55%	
Equities	20%	—		27%	12%	
Properties	10%	—		9%	13%	
Other	28%	—		23%	20%	

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

	Sweden 31 Dec 2022	Sweden 31 Dec 2021	Norway 31 Dec 2022	Norway 31 Dec 2021
Discount rate	3.50%	1.75%	3.25%	2.00%
Future salary increases	2.75%	2.50%	3.00%	3.00%
Price inflation	2.00%	1.75%	2.00%	2.00%
Mortality table	DUS21	DUS14	K2013	K2012
Average duration of pension liabilities	18 years	20 years	10 years	12 years
Expected contributions to the defined benefit plans during 2023 and 2022	6	7	—	1

	2022			2021		
Sensitivity analysis of effect of reasonably possible changes	**Sweden**	**Norway**	**Total**	**Sweden**	**Norway**	**Total**
Discount rate, +0.50%	-15	-1	**-16**	-29	-3	**-32**
Discount rate, -0.50%	17	1	**18**	33	3	**36**
Future salary increases, +0.25%	4	0	**4**	8	0	**8**
Future salary increases, -0.25%	-3	0	**-3**	-7	0	**-7**
Expected longevity, +1 year	6	1	**7**	12	1	**13**

	2022			2021		
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.	186	24	**210**	264	30	**294**
Fair value of plan assets	220	—	**220**	268	—	**268**
Net pension liability (net assets) recognised in the balance sheet	**-34**	**24**	**-9**	**-4**	**30**	**26**

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

EURm	2022	2021
Pension liabilities:		
At the beginning of the year	288	318
Current cost	4	6
Interest cost	5	4
Actuarial gains (-)/losses (+) on financial assumptions	-66	-28
Actuarial gains (-)/losses (+) on demographic assumptions	-6	—
Actuarial gains (-)/losses (+), experience adjustments	25	4
Exchange differences on foreign plans	-19	-3
Benefits paid	-20	-13
Settlements	-7	—
Defined benefit pension obligations on Dec 31, excl. social security costs etc.	**204**	**288**
Social security costs	7	6
Defined benefit plans on Dec 31, incl. social security costs etc.	**210**	**294**
Reconciliation of plan assets:		
At the beginning of the year	268	239
Interest income	5	3
Difference between actual return and calculated interest income	-16	35
Contributions paid	10	7
Exchange differences on foreign plans	-19	-4
Benefits paid	-20	-13
Settlements	-7	—
Plan assets at 31 December	**220**	**268**

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 2022 is EUR 110 million.

26 Other liabilities

EURm	2022	2021
Liabilities arising out of direct insurance operations	252	248
Liabilities arising out of reinsurance operations	360	293
Liabilities related to Patient Insurance Pool	67	66
Pension return tax	—	204
Tax liabilities	105	100
Premium taxes	176	185
Settlement liabilities	61	131
Interests	9	40
Leases*	197	205
Prepayments and accrued income	311	285
Other	495	488
Group other liabilities, total	**2,031**	**2,246**

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 134 million (128).

** The total effect of leases on the statement of cash flows was EUR -15 million (-34). Non-cash flow additions from IFRS 16 leases to the balance sheet items were EUR 32 million (41).*

EURm	1–12/2022	1–12/2021
Items recognised in the p/l from lease liabilities		
Interest expenses	-3	-2
Expenses from short-term and low-value lease liabilities	-7	-7

27 Contingent liabilities, commitments and legal proceedings

EURm	2022	2021
Off-balance sheet items		
Guarantees	9	2
Investment commitments	2,069	1,818
IT acquisitions	11	15
Other	2	48
Total	**2,091**	**1,883**

Assets pledged as collateral for liabilities or contingent liabilities

	2022		2021	
EURm	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Investments	362	169	482	162
Subsidiary shares	94	28	94	30
Cash and cash equivalents	19	32	3	—
Total	**476**	**230**	**579**	**192**

EURm	2022	2021
Assets pledged as security for derivative contracts, carrying value		
Investment securities	8	173
Cash and cash equivalents	60	186
Total	**68**	**358**
Assets pledged as security for insurance undertakings, carrying value		
Investment securities	354	420
Assets pledged as security for loans, carrying value		
Subsidiary shares	94	94
Assets pledged for other commitments, carrying value		
Cash and cash equivalents	0	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 has outstanding commitments to private equity funds totalling EUR 3 million, 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 it is 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 2022, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

28 Equity and reserves

Equity (1,000 shares)

	2022	2021
Equity (1,000 shares)	514,369	546,812

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 2022, the number of A shares amounted to 514,169,315 and B shares to 200,000 shares.

Treasury Shares (1,000 shares)

	2022	2021
Own shares held by Sampo Plc (1,000 shares)	2,141	8,540

Reserves and retained earnings

Legal reserve
The legal reserve comprises the amounts to be transferred from the distributable equity accordin 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 the issue price of shares to the extent it is not recorded in the 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.

29 Related party disclosures

The 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. The Group's subsidiaries are included in **note 32** and significant associates and joint ventures in **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, the 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 control or significant influence.

Key management compensation

EURm	2022	2021
Short-term employee benefits	-10	-8
Post employment benefits	-3	-3
Other long-term benefits	-6	-4
Total	**-19**	**-15**

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 30**).

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	2022	2021
Assets	–	2,941
Liabilities	–	54

In the comparison period, the Group's receivables from Nordea comprised mainly long-term investments in bonds and deposits. In addition, the Group had several on-going derivative contracts related to the Group's risk management of investments and liabilities. At the end of financial year 2022, these companies are no longer associates of the Group.

30 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 130 persons were included in the long-term incentive schemes at the end of 2022.

The amount of the incentive reward is based on the share price development of the Sampo A share, the 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 32.94–44.74. The maximum value of one incentive unit varies between EUR 56.94–68.74. 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	2020:I/3
Terms approve*		14 Sep 2017	14 Sep 2017	5 Aug 2020	5 Aug 2020	5 Aug 2020
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	—
Granted (1,000) 31 Dec 2022		—	30	3,805	220	208
End of performance period I 30%		Q2-2020	Q2-2021	Q2-2023	Q2-2024	Q2-2025
End of performance period II 35%		Q2-2021	Q2-2022	Q2-2024	Q2-2025	Q2-2026
End of performance period III 35%		Q2-2022	Q2-2023	Q2-2025	Q2-2026	Q2-2027
Payment I 30%		9-2020	9-2021	9-2023	9-2024	9-2025
Payment II 35%		9-2021	9-2022	9-2024	9-2025	9-2026
Payment III 35%		9-2022	9-2023	9-2025	9-2026	9-2027
Price of Sampo A at terms approval date EUR*		44.02	44.02	30.30	30.30	30.30
Starting price EUR**		43.81	44.10	32.94	43.49	43.49
Dividend-adjusted starting price EUR at 31 December 2022		30.49	33.38	27.14	39.39	44.74
Sampo A closing price EUR at 31 December 2022	48.82					
Total intrinsic value, EURm			0	47	1	0
Total debt	49					
Total cost for the financial period, EURm (incl. social cost)	43					

*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 option-based 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 only earnings conditions to the option scheme requires employment during the whole year of the allocation. Options are allocated at the beginning of the year and, in connection with resignations 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 2022	36	108	765	249	1,121
Granted	54	38	180	0	218
Transferred		-53	-414	467	0
Exercised	28	-8	-105	-239	-352
Forfeited	37	0	0	-7	-7
At 31 December 2022	**37**	**85**	**425**	**470**	**981**
At 1 January 2021	35	224	598	308	1,130
Granted	39	78	228	—	306
Transferred		-171	103	67	-1
Exercised	23	-23	-165	-115	-303
Forfeited	38	—	—	-12	-12
At 31 December 2021	**36**	**108**	**765**	**249**	**1,121**
Per granting					
2018, exercise period January 2021–2023	27	1	25	72	99
2019, exercise period January 2022–2024	34	17	74	101	191
2020, exercise period January 2023–2025	40	17	106	103	227
2021, exercise period January 2024–2026	32	23	102	122	247
2021, exercise period January 2025–2027	50	27	118	71	216

	Executive board	Senior executives	Resigned	Total
Average market price on date of exercise 2022				50
Average market price on date of exercise 2021				41
Fair value of granting 2022	0	1	0	1
Fair value of granting 2021	0	1	0	1
Fair value at 31 December 2022	1	6	7	14
Fair value at 31 December 2021	1	10	4	15

The fair value of the granting for the year has been calculated using the Black and Scholes model, assuming a share price of EUR 49 (36). 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 management's best estimate of the future volatility. The strike prices are adjusted by dividend distribution for outstanding options.

At 31 December 2022, there were 290,000 options (324,000) which could be exercised.

Long-term incentive scheme of Hastings

The total charge for the share-based payments recognised in the profit or loss during 2022 was EUR 2 million (15) with a share-based payment liability of EUR 15 million (25) held at 31 December 2022.

Long term incentive plan

Certain management personnel of Hastings Group participate in 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. For the 2021 tranche, the performance conditions were in respect of adjusted operating profit and live customer policies over a three year period. For the 2022 tranche, adjusted operating profit was changed to profit before tax, while live customer policies remained unchanged as a condition.

Cash awards totalling EUR 12 million (12) were granted in 2022 and EUR 2 million (1) of 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 38 million (39) outstanding at 31 December 2022.

Restricted stock awards

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 2022, certain key management personnel were granted cash awards with a value of EUR 0.5 million (0.3) conditional upon continued employment with the Group. There were cash awards with a value of EUR 0.8 million (3) outstanding at 31 December 2022.

Capital appreciation plan

In the year ended 31 December 2021, certain key management personnel were invited to participate in the Hastings Group's Capital Appreciation Plan ('CAP') under which they may be awarded up to five free B Ordinary Shares in HGCL, for every B Ordinary Share they purchase, subject to performance thresholds based upon total shareholder return ('TSR'). The total number of B Ordinary Shares purchased and allotted under the scheme in 2022 was 0 million (1). Potential matching awards of B Ordinary Shares have the potential to vest in two tranches, with 50% being conditional upon a TSR measured over a four-year period, and 50% being conditional upon TSR measured 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 shares will vest immediately, and one half will be deferred for 12 months before becoming exercisable. The vesting is dependent on continuing service by the participant over the period of any deferment, so ranges from three to six years.

The TSR measure for these awards is calculated using the Monte Carlo valuation model. The fair value of the matching shares was EUR 3 million, or approximately EUR 4 per matching share.

31 Auditors' fees

EURm	2022	2021
Auditing fees	-4	-3
Deloitte	-4	-3
KPMG	0	0
Other fees	1	—
Deloitte	-1	—
KPMG	0	0
Total	**-5**	**-3**

32 Investments in subsidiaries

Name	Group holding %	Carrying amount
If P&C Insurance Holding Ltd	100	1,886
If P&C Insurance Ltd	100	1,485
If P&C Insurance AS	100	40
Vertikal Helseassistanse AS	100	31
Viking Assistance Group AS	100	83
Topdanmark Forsikring A/S*	49	1,474
Hastings Group (Consolidated) Ltd	49.3	831
Hastings Group Holdings Limited	100	2,517
Hastings Group (Finance) plc	100	1,831
Hastings Group Limited	100	946
Advantage Global Holdings Limited	100	251
Hastings (Holdings) Limited	100	174
Mandatum Holding Oy	100	23
Mandatum Holding Oy	100	539

* *The Group's ownership of votes.*

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.

Sampo Group owns 50 per cent of the guarantee capital of Kaleva Mutual Insurance Company but the company is not consolidated in the Group's financial statements due to limitations on controlling interest and distribution of profits.

Changes in the subsidiary shares during reporting period 2022

Topdanmark Forsikring A/S sold Topdanmark Liv Holding to Nordea Life Holding AB on 1 December 2022.

Mandatum Life sold their Baltic life insurance business to Invalda INVL-Group. The transaction was completed on 30 June 2022 and the control for the life business was transferred on 1 July 2022.

Sampo plc made an additional investment of approximately EUR 9 million in Topdanmark A/S.

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 1,766 million (1,915) as of 31 December 2022. These investments are included in the investment assets on the balance sheet.

33 The divestment of Topdanmark Life business

On 18 March 2022, Sampo's subsidiary Topdanmark Forsikring A/S signed an agreement to divest of Topdanmark Liv Holding A/S and all its subsidiaries to Nordea Life Holding AB. Illness and Accident in the Liv Holding Group were included in the operations divested. The transaction was approved by regulatory authorities and the transaction was completed on 1 December 2022.

In Sampo Group, Topdanmark Life's operations have been reported as part of the Topdanmark segment. As Topdanmark's life business did not represent a major line of business or geographic area of operations for Sampo Group, assets and liabilities related to Topdanmark Life's operations were classified to non-current assets held for sale, in accordance with IFRS 5 *Non-current assets held for sale* and discontinued operations.

Sampo Group recognised a sales gain on the disposal of Topdanmark Life, amounting to EUR 72 million, in the other operating income.

Topdanmark recognised a net profit of EUR 146 million, including a sales gain of EUR 127 million, from divested operations.

At the date of the sale, the balance sheet total of Topdanmark's life business amounted approximately to EUR 12.5 billion. The balance sheet consisted mainly of financial assets and liabilities for insurance and investment contracts, including those related to unit-linked contracts.

34 Events after the balance sheet date

Dividend proposal to the AGM

In the meeting of 10 Feb 2023, the Board of Directors decided to propose at the Annual General Meeting on 17 May 2023 a divided distribution of EUR 2.60 per share (totalling approx. EUR 1,337 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 2023 as a deduction of retained earnings.

Acquisition of own shares

Sampo's share buyback programme of EUR 1 billion announced on 9 June 2022 continued after the end of the reporting period. The buyback programme was completed on 8 February 2023, when at market close, the company held in total 5.4 million Sampo A shares representing 1.05 per cent of the total number of shares in Sampo plc. Sampo bought altogether 22.1 million A shares under the share buyback programme from 10 June 2022 to 8 February 2023, of which 16.7 million shares were cancelled on 8 December 2022. Further information on the buyback programme is available on **www.sampo.com/sharebuyback**.

35 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. If 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 that 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 influence the amount and structure of the actual capital base, if deemed prudent in the existing business environment.

Sustainability as a business risk driver

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

The Group companies operate mainly in countries that 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 are high. These themes are also inherent in the operations of all Sampo Group companies.

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

Sustainable business management and practices are fundamental to the Sampo Group companies' operations. Good governance in Sampo Group means effective policies, management practices, and training that 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-terrorist financing, and anti-corruption and bribery. Further, they include comprehensive information security and cybersecurity governance systems, and data protection activities.

Sustainable corporate culture includes factors relating to the work environment, diversity, equity 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, equity, 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 programmes, 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 engagement with investee companies.

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 Climate 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.

In terms of scenario analysis, Sampo has analysed the Group investment portfolio's exposure to systemic economic and financial climate risks in three different climate scenarios over the period from 2022 to 2060. The analysis is based on the investment allocation as at 31 at December 2021. The three scenarios analysed are the following:

- Orderly transition: This scenario describes an easy and smooth transition where political and social organisations act quickly and predictably to achieve net-zero carbon emissions by 2050. This scenario is most closely corresponding to the 'very low emissions' IPCC scenario SSP1-RCP1.9;

- Disorderly transition: In this scenario, transition to a greener economy happens, but in a disorderly manner. Sudden divestments in 2025 to align portfolios to the goals of the Paris Climate Agreement have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock. This scenario is most closely corresponding to the same 'very low emissions' IPCC scenario SSP1-RCP1.9 as the orderly transition scenario; and

- Failed transition: In this scenario the world fails to meet the goals of the Paris Climate Agreement and global warming reaches 4.3°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasing impacts from extreme weather events. This scenario focuses on physical risk as transition does not happen and is most closely corresponding to the 'high emissions' IPCC scenario SSP3-RCP7.0.

According to the modelled results, Sampo's current investment portfolio is relatively resilient to climate risk in all three scenarios. This is due to the significant allocation to fixed income instruments, which tends to be less affected than equities, as well as the geographical allocation towards mainly the Nordics and other countries in Europe where the effects of climate change is expected to be lower than other parts of the world. In the short run, the main risk is related to the pricing-in shock in the Net zero disorderly scenario. In the long run, there will always be a negative impact on the returns in all scenarios, due to increased physical risks. In addition, returns from "brown" sectors are particularly affected in both Net zero pathways.

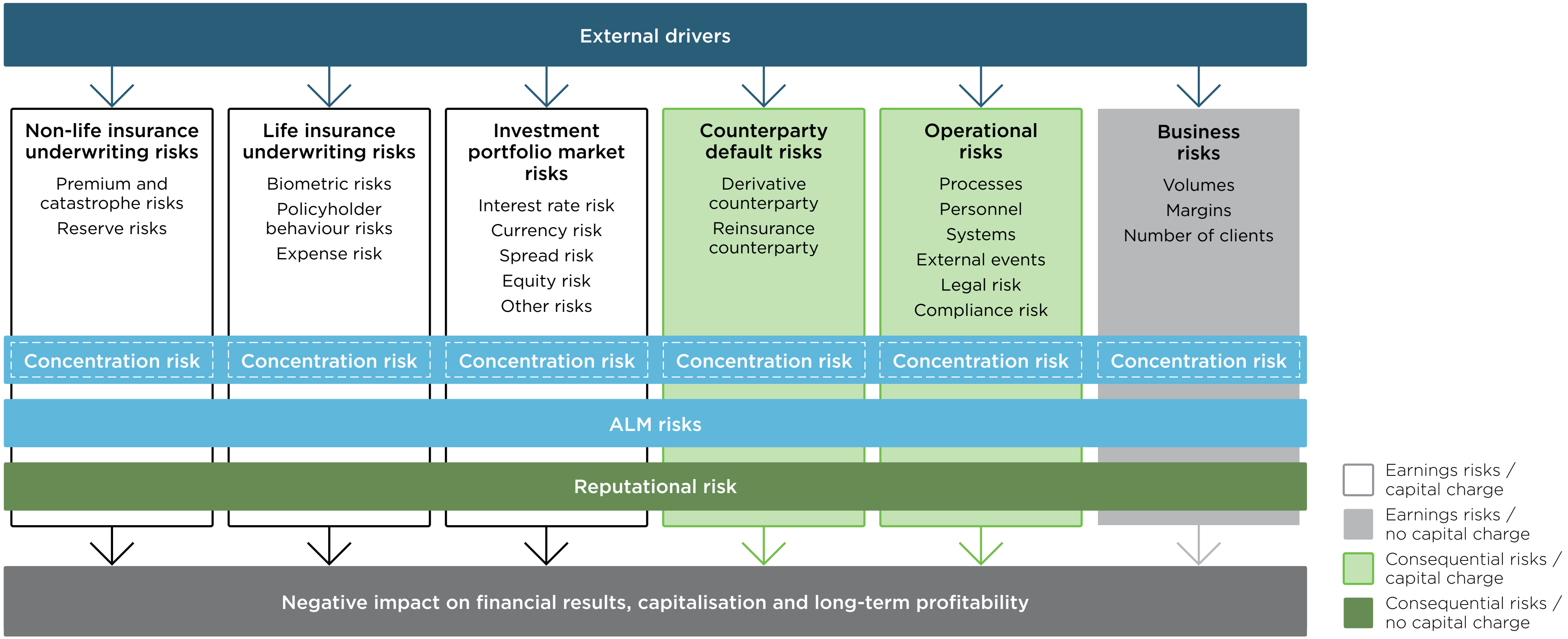
Further information on corporate responsibility in Sampo Group is available in the **Sustainability Report 2022** published in May 2023 **www.sampo.com/year2022**.

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 the way in which Sampo Group deals with ESG issues and with key stakeholders (i.e. customers, personnel, investors, co-operation partners and authorities) and how Sampo Group has organised its corporate governance system.

Classification of risks in Sampo Group



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.

The 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 units.

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 units. 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 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.

These resources are being continuously developed in Sampo Group companies. 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 Group companies would develop under different scenarios. These concentrations and correlations may influence Group level capitalisation, leverage, and liquidity as well as Group level management actions.

When the above-mentioned core activities are successfully implemented, a balance between profits, risks and capitalisation can be achieved 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 different stages of their economic cycles, because of reasons such as different economic structures and separate currencies. Also the Nordics as a geographically large area is more a source of underwriting diversification than concentration. Hence the Nordic area is inherently a good basis for a diversified business. Geographic diversification is extended also outside of the Nordics into the United Kingdom via Hastings.

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 investment activities. Despite proactive strategic decisions on the 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 main source of internal liquidity and 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 group-wide 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.

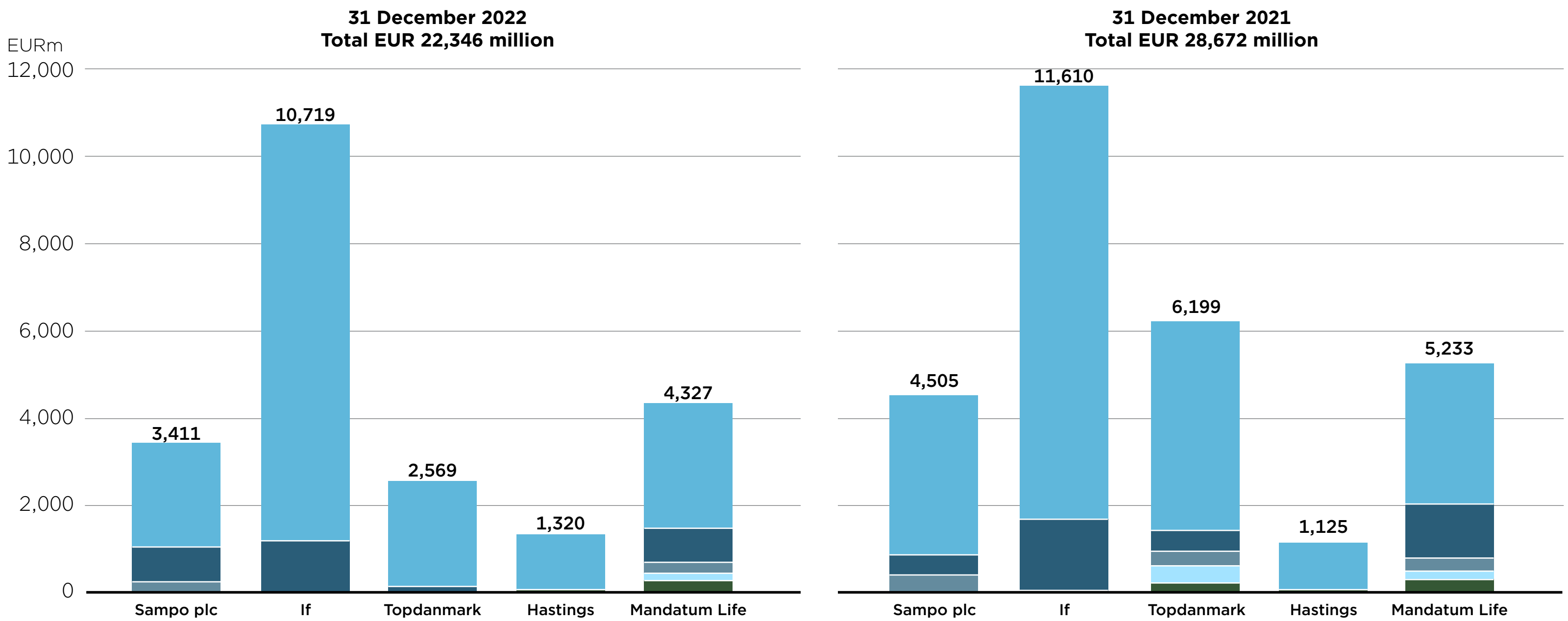
Market risks at Sampo Group level

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 the 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.

The total amount of Sampo Group's investment assets as at 31 December 2022 was EUR 22,346 million (28,672) as presented in the following graph. Mandatum's investment assets presented here do not include assets which cover unit-linked contracts.

Development of investments

Sampo plc, If, Topdanmark, Hastings and Mandatum Life



	Sampo plc 2022	If 2022	Topdanmark 2022	Hastings 2022	Mandatum Life 2022	Sampo plc 2021	If 2021	Topdanmark 2021	Hastings 2021	Mandatum Life 2021
Fixed income	70%	89%	94%	98%	66%	81%	86%	77%	97%	62%
Listed equity	24%	11%	4%	0%	18%	10%	14%	8%	0%	24%
Private equity*	6%	0%	1%	0%	6%	9%	0%	5%	0%	6%
Real estate	0%	0%	0%	0%	4%	0%	0%	6%	0%	4%
Other alternative investments	0%	0%	0%	2%	6%	0%	0%	3%	3%	5%

The content of the figures in this graph is different compared to the financial asset line presented in the balance sheet.

Sampo Plc figures do not include intragroup items nor derivatives but accrued interest is included; these amount to EUR 118 million. Operational bank accounts not used for investment operations amounting to EUR 103 million are excluded.

If figures include cash EUR 272 million.

Topdanmark figures do not include Topdanmark Liv for the year 2022.

The total investment allocation of Mandatum Life is equal to EUR 4,327 million. When EUR 7 million of intra-group assets, EUR 24 million of accrued interest, EUR 372 million of cash, EUR 172 million of real estates and an adjustment of EUR 1 million to the value of loans and receivables are deducted, and EUR 25 million of derivatives are added, the total is equal to EUR 3,776 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.*

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 the 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 its 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 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 after that 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 brings 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 2022

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 2021
Basic industry	0	0	22	245	50	0	70	388	134	0	0	**522**	97
Capital goods	0	0	141	138	88	0	151	519	585	0	0	**1,103**	-223
Consumer products	1	29	270	413	105	0	118	935	227	0	0	**1,162**	-298
Energy	0	12	75	0	0	0	99	186	12	0	0	**199**	-33
Financial institutions	32	2,059	3,021	1,055	162	0	88	6,417	741	26	506	**7,690**	-1,235
Governments	422	71	0	0	0	0	0	493	0	0	0	**493**	-20
Government guaranteed	52	34	0	0	0	0	0	87	0	0	0	**87**	6
Health care	0	0	18	92	139	0	56	305	35	0	0	**340**	-157
Insurance	14	9	65	186	8	0	178	459	0	15	0	**473**	-144
Media	0	0	0	0	0	3	30	33	0	0	0	**33**	-54
Packaging	0	0	0	0	47	0	0	47	5	0	0	**52**	-20
Public sector, other	651	37	0	0	0	0	0	687	0	0	0	**687**	-250
Real estate	0	39	146	318	32	0	287	822	0	170	0	**992**	-1,487
Services	0	0	17	85	291	0	62	455	103	5	0	**563**	-152
Technology and electronics	0	12	29	29	5	0	80	155	110	1	0	**266**	-140
Telecommunications	0	0	18	177	27	0	19	242	39	0	0	**280**	-135
Transportation	0	70	57	20	18	0	118	283	7	0	0	**290**	-126
Utilities	0	1	99	201	172	0	78	550	0	0	0	**550**	-168
Others	0	6	0	6	13	0	121	145	0	12	0	**158**	44
Asset-backed securities	0	0	0	0	0	0	0	0	0	0	0	**0**	0
Covered bonds	4,082	0	118	0	0	0	118	4,318	0	0	0	**4,318**	-1,618
Funds	0	0	0	0	0	0	214	214	885	1,005	0	**2,104**	-28
Clearing house	0	0	0	0	0	0	0	0	0	38	11	**49**	-40
Total	**5,253**	**2,378**	**4,097**	**2,966**	**1,158**	**3**	**1,887**	**17,741**	**2,884**	**1,272**	**517**	**22,413**	**-6,181**
Change from 31 Dec 2021	**-1,532**	**10**	**-1,319**	**-401**	**-129**	**3**	**-1,251**	**-4,619**	**-928**	**-1,001**	**368**	**-6,181**	

In the table, both fixed income instruments and listed equities include direct and indirect investments.

Total assets differ from the graph Development of investments due to derivatives.

Topdanmark Liv is not included in the year 2022 figures.

Most of the financial institutions and covered bonds are in the Nordic countries, which can be seen in the table Fixed income investments in the financial sector, Sampo Group, 31 December 2022 and 31 December 2021.

Fixed income investments in the financial sector

Sampo Group, 31 December 2022

EURm	Covered bonds	Cash and money market securities	Long-term senior debt	Long-term subordinated debt	Total	%
Denmark	1,813	869	156		**2,839**	24.3%
Finland	1,729	157	552	165	**2,603**	22.3%
Sweden	44	2,028	291	127	**2,490**	21.3%
France	520		515	283	**1,318**	11.3%
Norway	179		328	264	**771**	6.6%
United States		2	346	2	**350**	3.0%
United Kingdom		62	176	2	**240**	2.1%
Canada	32		197		**230**	2.0%
Netherlands			161	50	**211**	1.8%
Ireland		138	27	24	**188**	1.6%
Iceland			56	33	**89**	0.8%
Germany		1	81		**82**	0.7%
Spain			40		**40**	0.3%
Gibraltar		40			**40**	0.3%
Switzerland			26	13	**40**	0.3%
Luxembourg		6	34		**39**	0.3%
New Zealand			25		**25**	0.2%
Australia			25		**25**	0.2%
Austria			18		**18**	0.2%
Bermuda			16		**16**	0.1%
Belgium			14		**14**	0.1%
Estonia				8	**8**	0.1%
Cayman Islands			5		**5**	0.0%
Jersey		0			**0**	0.0%
Total	**4,318**	**3,302**	**3,087**	**971**	**11,679**	**100.0%**

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		–	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**	0.0%
Italy			3		**3**	0.0%
Cayman Islands			1		**1**	0.0%
Total	**5,937**	**4,309**	**3,346**	**1,134**	**14,726**	**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 2022 and 31 December 2021. 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 2022

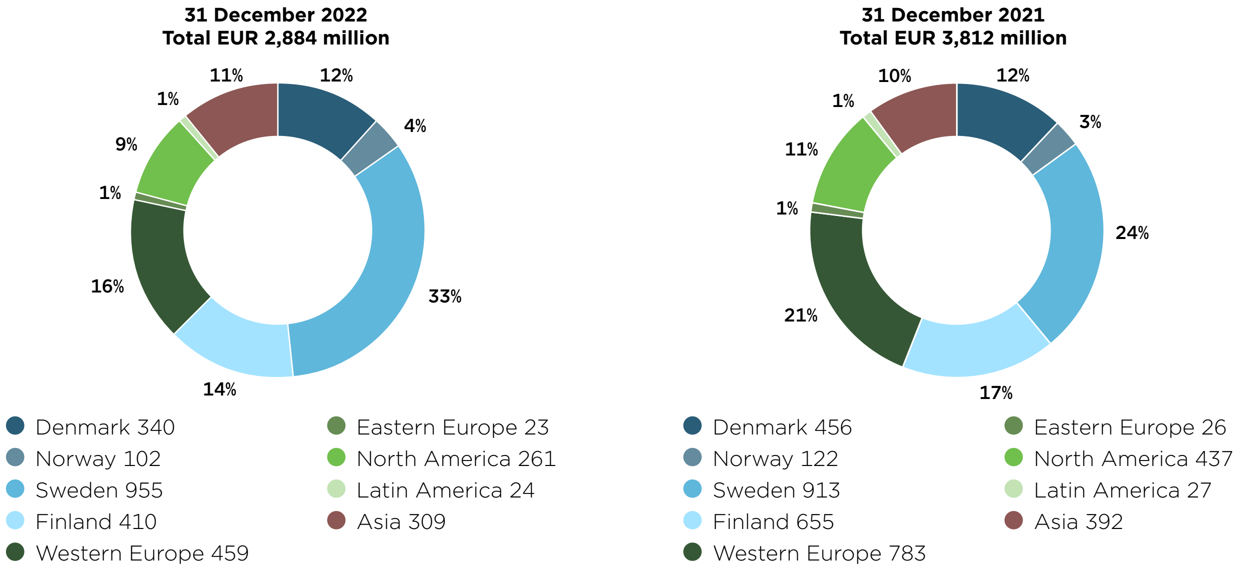
EURm	Governments	Governments guaranteed	Public sector, other	Total
Sweden	404		184	588
Norway			369	369
Finland	19	24		42
Supranationals			135	135
United Kingdom	71			71
Germany		52		52
France		10		10
Total	**493**	**87**	**687**	**1,267**

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**

The listed equity investments of Sampo Group totalled EUR 2,884 million at the end of year 2022 (3,812). The geographical core of Sampo Group's equity investments is in the Nordic companies. The proportion of Nordic companies' equities corresponds to 57 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, and 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 graph Breakdown of listed equity investments by geographical regions, Sampo Group, 31 December 2022 and 31 December 2021.

Breakdown of listed equity investments by geographical regions
Sampo Group



Topdanmark Liv is not included in the year 2022 figures.

Largest holdings by single name

The largest exposures by individual issuers and counterparties are presented in the table Largest exposures by issuer and asset class, Sampo Group, 31 December 2022 and 31 December 2021.

Largest exposures by issuer and asset class

Sampo Group, 31 December 2022

Issuer	Total, EURm	% 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	Un-collateralised part of derivatives
Nordea Bank	1,416	6%	715	699	0	496	130	73	0	2
Skandinaviska Enskilda Banken	818	4%	639	178	0	65	93	20	0	1
Danske Bank	801	4%	516	286	0	119	137	29	0	0
Nykredit Realkredit A/S	645	3%	0	645	0	645	0	0	0	0
BNP Paribas	601	3%	541	60	0	0	60	0	0	0
Sweden	588	3%	0	588	0	0	588	0	0	0
Realkredit Danmark	514	2%	0	514	0	514	0	0	0	0
Nordax	425	2%	0	0	0	0	0	0	425	0
Norway	369	2%	0	369	0	0	369	0	0	0
Saxo Bank	345	2%	0	31	0	0	13	17	314	0
Total top 10 exposures	**6,522**	**29%**	**2,411**	**3,368**	**0**	**1,840**	**1,389**	**140**	**739**	**3**
Other	15,824	71%								
Total investment assets	**22,346**	**100%**								

Largest exposures by issuer and asset class

Sampo Group, 31 December 2021

Issuer	Total, EURm	% 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	Un-collateralised part of derivatives
Nykredit Realkredit	1,601	6%	966	632	0	379	191	63	0	3
Nordea Bank	1,359	5%	0	1,359	0	1,354	5	0	0	0
Realkredit Danmark	1,270	4%	1,197	74	0	0	71	3	0	0
Jyske Realkredit	1,088	4%	813	263	0	135	104	24	6	6
Danske Bank	999	3%	924	74	0	50	7	17	0	1
DLR Kredit	939	3%	0	939	0	939	0	0	0	0
BNP Paribas	801	3%	0	801	0	801	0	0	0	0
Skandinaviska Enskilda Banken	737	3%	0	737	0	0	737	0	0	0
Nordea Kredit	509	2%	0	509	0	509	0	0	0	0
Sweden	387	1%	0	387	0	177	142	68	0	0
Total top 10 exposures	**9,689**	**34%**	**3,899**	**5,774**	**0**	**4,342**	**1,257**	**175**	**6**	**9**
Other	18,974	66%								
Total investment assets	**28,663**	**100%**								

The largest high-yield and non-rated fixed income investment single-name exposures are presented in the table Ten largest direct high-yield and non-rated fixed income investments, Sampo Group, 31 December 2022. Furthermore, the largest direct listed equity exposures are presented in the table Ten largest direct listed equity investments, Sampo Group, 31 December 2022 and 31 December 2021.

The exposures in fixed income instruments issued by non-investment grade issuers are significant because a relatively small number of Nordic companies are rated. Furthermore, 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 2022

Ten largest direct high-yield and non-rated fixed income investments	Rating	Total, EURm	% of total direct fixed income investments
Ellevio Holding 1 AB	NR	60	0.4%
Teollisuuden Voima	BB+	54	0.3%
Saab	NR	53	0.3%
Granite Debtco 9 Limited	NR	49	0.3%
Granite Debtco 10 Limited	NR	45	0.3%
Huhtamaki	BB+	44	0.3%
ALM Equity	NR	43	0.3%
Pohjolan Voima	NR	41	0.3%
Visma Group Holding	NR	36	0.2%
Schibsted	NR	35	0.2%
Total top 10 exposures		**459**	**2.8%**
Other direct fixed income investments		15,790	97.2%
Total direct fixed income investments		**16,249**	**100.0%**

Ten largest direct listed equity investments	Total, EURm	% of total direct equity investments
Nordax*	425	21.3%
Saxo Bank*	314	15.7%
Volvo	131	6.6%
ABB	114	5.7%
Enento Group	62	3.1%
Volvo Car	55	2.8%
Nederman Holding	54	2.7%
Husqvarna	52	2.6%
Vaisala	50	2.5%
Yara International	48	2.4%
Total top 10 exposures	**1,306**	**65.5%**
Other direct equity investments	689	34.5%
Total direct equity investments	**1,995**	**100.0%**

** Although Nordax and Saxo Bank are not listed companies, they are major equity investments in Sampo plc's portfolio and are therefore included in the table.*

Topdanmark Liv is not included in the year 2022 figures.

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.*

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. This follows from the duration of insurance liabilities being longer than fixed income asset duration in If and Mandatum Life. This is being partially mitigated by Mandatum receiving fixed interest rate swaps to hedge some of the long-dated interest rate risk inherent in its technical provisions. In Topdanmark and Hastings the 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 benefits when interest rates rise, as the economic value of insurance liabilities decreases more than the value of assets backing them.

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 financial leverage and 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 under 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 mainly 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 2022 Sampo had long-term strategic holdings of EUR 6,066 million in the subsidiary and associated companies and they were funded mainly by capital of EUR 6,814 million, senior debt of EUR 1,306 million and subordinated debt of EUR 1,489 million. Average remaining maturity of senior debt was 4.5 years and EUR 806 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 127 million was 1.7 years. The 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 2022 and 31 December 2021.

Balance sheet structure

Sampo plc, 31 December 2022 and 31 December 2021

EURm	31 Dec 2022	31 Dec 2021
Assets total	**9,685**	**12,327**
Liquidity	**2,467**	**3,732**
Investment assets	**990**	**836**
Other investments	2	2
Fixed income	27	39
Equity & private equity	961	795
Subordinated loans	**100**	**100**
Equity holdings	**6,066**	**7,596**
Subsidiaries	6,066	5,639
Associated	0	1,956
Other assets	**62**	**63**

EURm	31 Dec 2022	31 Dec 2021
Liabilities total	**9,685**	**12,327**
CPs issued	**–**	**–**
Long-term senior debt	**1,306**	**1,878**
Private placements	21	47
Bonds issued	1,285	1,831
Subordinated debt	**1,489**	**1,487**
Capital	**6,814**	**8,823**
Undistributable capital	98	98
Distributable capital	6,716	8,725
Other liabilities	**77**	**138**

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 29 per cent (28).
- Sampo's net debt is EUR 201 million (-505) and can be considered as low.

Regarding liquidity, Sampo plc held EUR 2,467 million (3,732) in bank account balances and short-term money market investments. 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 the holding company. A part of the investment assets (990) can be sold in case liquidity is needed. Short-term liquidity can be considered adequate.

All in all, Sampo plc is in a good position to refinance its current debt and even issue more debt. This capacity, together with the tradable financial assets, means that Sampo plc can 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 2022 and 31 December 2021 are currently all issued by Mandatum and eliminated from the Group's own funds. In case these assets would be sold, in addition to liquidity in Sampo plc, also own funds and Sampo Group solvency ratio would increase.

Sampo plc is able to 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 are exposed to lower 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 table Cash flows according to contractual maturity, Sampo plc, 31 December 2022 and 31 December 2021.

Cash flows according to contractual maturity

Sampo plc, 31 December 2022

	Carrying amount total			Cash flows						
EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	2023	2024	2025	2026	2027	2028–2037	2038–
Financial assets	**3,596**	**2,799**	**797**	**688**	**24**	**8**	**8**	**8**	**77**	**183**
Financial assets (non-derivatives)	3,596	2,799	797	688	24	8	8	8	77	183
Interest rate swaps	0	0	0	0	0	0	0	0	0	0
FX forwards	0	0	0	0	0	0	0	0	0	0
Financial liabilities	**2,816**	**0**	**2,816**	**-416**	**-65**	**-224**	**-60**	**-60**	**-2,513**	**0**
Financial liabilities (non-derivatives)	2,802	0	2,802	-416	-63	-223	-59	-59	-2,504	0
Interest rate swaps	14	0	14	0	-2	-1	-1	-1	-9	0
FX derivatives	0	0	0	0	0	0	0	0	0	0
Lease liabilities	**2**	**0**	**2**	**-1**	**-1**	**0**	**0**	**0**	**0**	**0**
Net technical provisions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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	**4,697**	**3,885**	**812**	**687**	**8**	**28**	**7**	**5**	**52**	**172**
Financial assets (non-derivatives)	4,690	3,885	804	684	7	27	5	5	52	172
Interest rate swaps	7	0	7	3	2	1	2	0	0	0
FX forwards	0	0	0	0	0	0	0	0	0	0
Financial liabilities	**3,406**	**0**	**3,406**	**-132**	**-518**	**-68**	**-340**	**-62**	**-2,868**	**0**
Financial liabilities (non-derivatives)	3,404	0	3,404	-135	-520	-70	-342	-64	-2,868	0
Interest rate swaps	2	0	2	3	3	2	2	2	0	0
FX derivatives	0	0	0	0	0	0	0	0	0	0
Lease liabilities	**2**	**0**	**2**	**-1**	**-1**	**0**	**0**	**0**	**0**	**0**
Net technical provisions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Sampo Group capitalisation

Capitalisation at the Group level

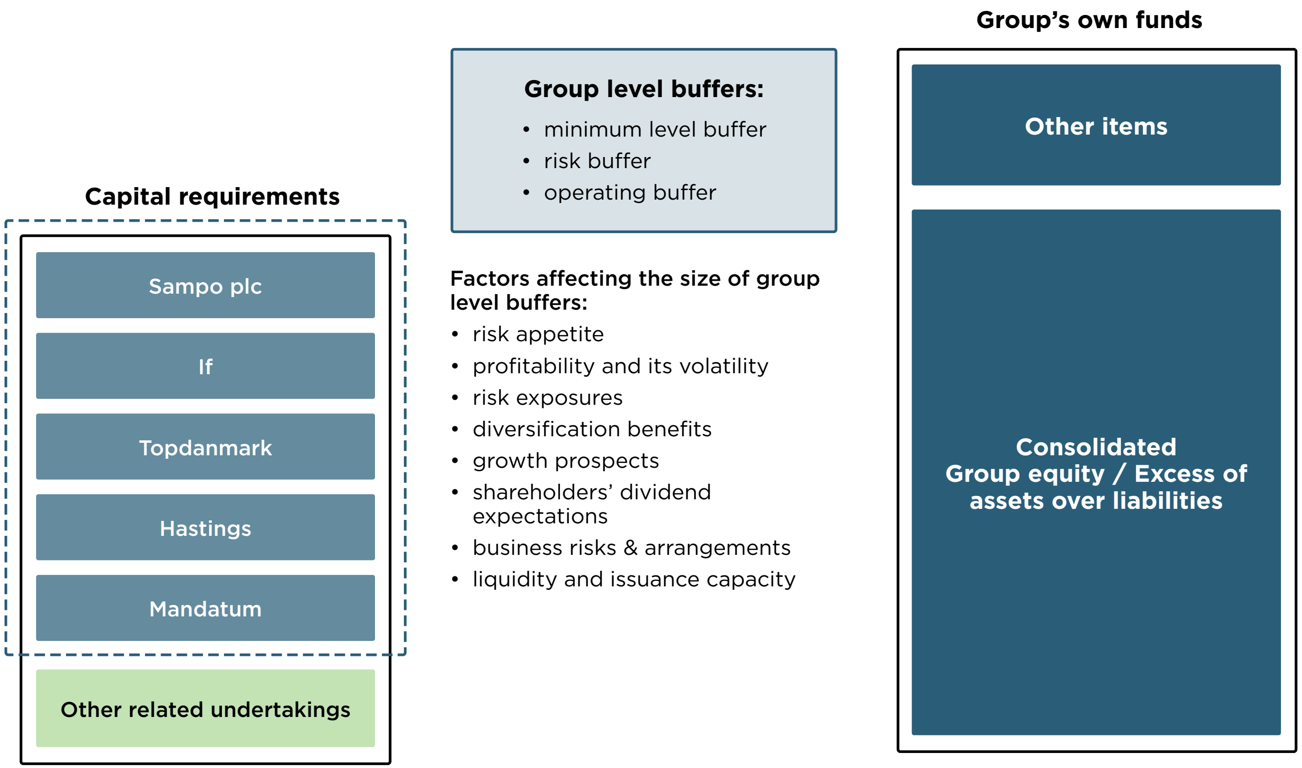
Sampo's core business competences are skilful pricing of risks inherent in business operations and high-quality management of arising risk-exposures and capital needed to cover these risks. A balance between earnings, risks and capital contributes positively to return on equity and to stakeholder confidence, 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 financial 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 and investments in the Nordic financial service companies on Sampo plc's balance sheet. Otherwise, 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.

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, no capital need is set internally 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, the volatility of the balance sheet due to fluctuations in the market value of investments and insurance liabilities, and the 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 the correlation of sub-groups' profits, the parent company's capacity to generate liquidity, the probability of business arrangements and shareholders' dividend expectations.

If Group

Underwriting risks

As shown in the graph Breakdown of gross written premiums by business area, country, and line of business, If, 31 December 2022, 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 the 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

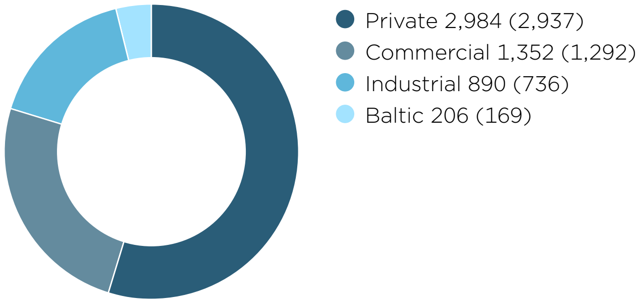
Given the inherent uncertainty of P&C insurance business, there is a risk of losses due to unexpectedly high claims costs. Examples of what could lead to high claims costs include large fires and natural catastrophes or an unforeseen increase in the frequency of claims or the average size of small and medium-sized claims.

The principal methods for mitigating premium risks are reinsurance, diversification, prudent underwriting and regular follow-ups linked to the strategy and financial planning process.

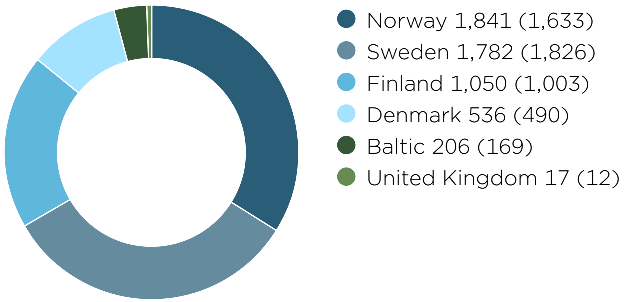
Breakdown of gross written premiums

If, 31 December 2022, total EUR 5 432 (5,134) million

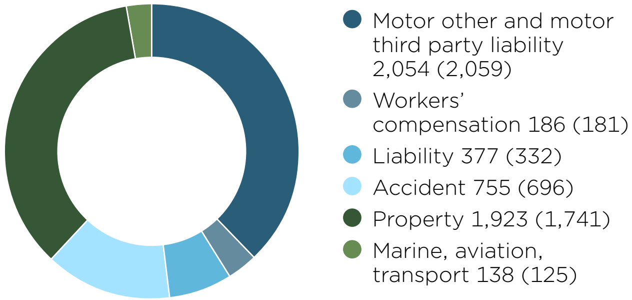
By business area



By country



By line of business



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 (2,054) include Solvency II Line of Business Motor vehicle liability insurance (548) and Other motor insurance (1,506).*
- *IFRS line of business accident (755) includes Solvency II line of businesses income protection insurance (387), other life insurance (59), medical expense insurance (309) 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 2022 and 31 December 2021.

The Underwriting Committee is an advisory and preparatory body to the CEOs in the respective companies. In accordance with the instructions for the Underwriting Committee, the Committee monitors compliance with the established underwriting principles. The Chairman of the Underwriting Committee is, among other things, responsible for the approval of underwriting deviations defined in the Underwriting Policy.

The Underwriting Policy, approved by the Boards of Directors, sets general principles, restrictions, and directions for the underwriting activities. The Underwriting Policy is supplemented by guidelines outlining how to conduct underwriting within each business area in greater detail.

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 price insurance contracts correctly. The premiums are set through tariffs within the business area Private and for smaller risks within the business area Commercial. 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. The risk related to pricing is mitigated by continuous monitoring of the risk ratio and claims cost as well as the development of systems to support tariff analysis. Pricing is in general based on statistical analyses of historical claims data and assessments of future claims frequency and claims inflation.

If's reinsurance policy stipulates guidelines for the purchase of reinsurance. The 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 evaluation tool is If's internal model in which frequency claims, large claims and natural catastrophes are modelled.

A group-wide reinsurance program is in place in If since 2003. In 2022, retention levels were between SEK 100 million (approximately EUR 9.0 million) and SEK 250 million (approximately EUR 22.5 million) per risk and SEK 250 million (approximately EUR 22.5 million) per event.

Sensitivity test of underwriting result

If, 31 December 2022 and 31 December 2021

Key Figures	Current level (2022)	Change in current level	Effect on pre-tax profit, (EURm) 2022	2021
Combined ratio, business area Private	82%	+/- 1 percentage point	+/- 29	+/- 29
Combined ratio, business area Commercial	75%	+/- 1 percentage point	+/- 13	+/- 13
Combined ratio, business area Industrial	86%	+/- 1 percentage point	+/- 6	+/- 5
Combined ratio, business area Baltics	90%	+/- 1 percentage point	+/- 2	+/- 2
Net premiums earned (EURm)	5,002	+/- 1 per cent	+/- 50	+/- 48
Net claims incurred (EURm)	3,245	+/- 1 per cent	+/- 32	+/- 31
Ceded written premiums (EURm)	329	+/- 10 per cent	+/- 33	+/- 28

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 decrease, 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 technical provisions.

The duration of the provisions, and thus the sensitivity to changes in discount rates, varies with each product portfolio. The weighted average duration for 2022 across the product portfolios was 5.3 years.

For lines of businesses such as Motor third-party liability and Workers' compensation, legislation differs significantly between countries. Some of the provisions for these lines include annuities that are sensitive to changes in inflation, retirement age, mortality assumptions and discount rates. The proportion of technical provisions related to Motor third-party liability and Workers' compensation was 44 (48) per cent.

In the tables Net technical provisions by line of business and major geographical area, If, 31 December 2022 and 31 December 2021, the size and duration of If's technical provisions are presented by line of business and major geographical area.

Technical provisions by line of business and major geographical area

If, 31 December 2022 and 31 December 2021

	Sweden		Norway		Finland		Denmark		Baltics		Total	
	EURm	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**
Motor other and MTPL	1,597	6.8	565	1.3	866	10.3	171	2.4	146	3.4	3,345	6.4
Workers' compensation	0	0.0	170	3.6	897	11.3	309	8.1	0	0.0	1,375	9.7
Liability	339	3.6	149	1.5	125	2.9	93	3.0	25	2.3	731	2.9
Accident	422	6.7	473	4.9	236	5.7	111	1.9	10	0.5	1,253	5.4
Property	500	0.9	614	1.0	301	1.0	203	0.7	49	0.7	1,667	0.9
Marine, aviation, transport	27	0.9	27	0.8	13	1.2	33	0.6	3	1.0	102	0.8
Total	**2,885**	**5.3**	**1,997**	**2.3**	**2,439**	**8.7**	**920**	**3.8**	**233**	**2.6**	**8,473**	**5.3**

	Sweden		Norway		Finland		Denmark		Baltics		Total	
	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**

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 2022.

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 21**.

The If Boards of Directors approve the policies governing the calculation of technical provisions. The Chief Actuary is responsible for the Actuarial function and reports to the Boards of Directors and the CEOs and advises on actuarial matters. The Actuarial function is responsible for ensuring compliance with the steering documents and that local rules and regulations are reflected in guidelines and working routines. 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 calculation of technical provisions according to IFRS is carried out by actuaries within each business area. The premium and claims provisions according to the Solvency II regulations are based on parameters from each business area and the Chief Actuary unit. The actuaries also develop methods and systems to support these processes.

Sensitivities of technical provisions

If, 31 December 2022 and 31 December 2021

Technical provision item	Risk factor	Change in risk parameter	Country	Effect EURm 2021	Effect EURm 2021
Nominal provisions (IFRS 4)	Inflation increase	Increase by 1 percentage point	Sweden	110.4	134.7
			Denmark	21.3	19.3
			Norway	35.5	63.3
			Finland	49.4	41.1
Annuities and estimated share of claims provisions to future annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	15.3	15.4
			Denmark	0.8	1.0
			Finland	50.5	76.9
Discounted provisions (annuities and part of Finnish IBNR, IFRS 4)	Decrease in discount rate	Decrease by 1 percentage point	Sweden	75.4	97.8
			Denmark	17.6	21.2
				190.1	313.1

The actuarial estimates consider factors such as loss development trends, the level of unpaid claims, changes in legislation, case law and economic conditions.

Market risks

The total market value of If's investment portfolio at 31 December 2022 was EUR 10,719 million (11,610). A large part of the fixed income portfolio was concentrated to Financials. Corporate bonds issued by financial institutions and bank account balances amounted to 28.7 per cent of the fixed income portfolio. When including covered bonds, the concentration to financial institutions was 55.3 per cent. The remainder consists of real estate and private equity.

The composition of the If investment portfolios by asset class at year end 2022 and at year end 2021, as well as average maturities of fixed income investments, are shown in the table Investment allocation, If, 31 December 2022 and 31 December 2021.

If's investment management strategy is conservative, with a low equity share and low fixed-income duration.

The Investment Policy is the principal document for managing market risk. Starting from January 2023, If has a separate Responsible Investment Policy, expanding the scope of the responsible investment processes and increasing alignment across the Sampo Group. 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") on a regular basis. Other limits, such as the allocation limits, issuer and counterparty limits, sensitivity limits for interest rates and credit spreads as well as the regulatory capital requirements are regularly monitored.

Investment allocation

If, 31 December 2022 and 31 December 2021

Asset class	2022 Market value, EURm	2022 Weight, %	2022 Average maturity, years	2021 Market value, EURm	2021 Weight, %	2021 Average maturity, years
Fixed income total	**9,541**	**89%**	**2.9**	**9,949**	**86%**	**2.3**
Money market securities and cash	272	3%	0.0	1,166	10%	0.1
Government bonds	1,030	10%	3.5	1,190	10%	4.3
Credit bonds, funds and loans	8,239	77%	2.9	7,593	65%	2.4
Covered bonds	*2,505*	*23%*	*3.0*	*1,803*	*16%*	*2.0*
Investment grade bonds and loans	*3,649*	*34%*	*2.8*	*3,130*	*27%*	*2.1*
High-yield bonds and loans	*1,088*	*10%*	*2.7*	*1,499*	*13%*	*2.7*
Subordinated / Tier 2	*555*	*5%*	*2.9*	*629*	*5%*	*3.6*
Subordinated / Tier 1	*442*	*4%*	*3.0*	*532*	*5%*	*2.9*
Hedging swaps	*0*	*0%*	*-*	*0*	*0%*	*-*
Listed equity total	**1,169**	**11%**	**-**	**1,646**	**14%**	**-**
Finland	0	0%	-	0	0%	-
Scandinavia	630	6%	-	1,171	10%	-
Global	539	5%	-	475	4%	-
Alternative investments total	**5**	**0%**	**-**	**15**	**0%**	**-**
Real estate	1	0%	-	1	0%	-
Private equity	4	0%	-	14	0%	-
Biometric	0	0%	-	0	0%	-
Commodities	0	0%	-	0	0%	-
Other alternative	0	0%	-	0	0%	-
Trading derivatives	**4**	**0%**	**-**	**0**	**0%**	**-**
Asset classes total	**10,719**	**100%**	**-**	**11,610**	**100%**	**-**
FX Exposure, gross position	**73**	**-**	**-**	**124**	**-**	**-**

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. To maintain the ALM risk within the overall risk appetite, the technical provisions may be matched by investing in fixed income instruments and by using currency and interest rate derivatives.

Interest rate risk

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. During 2022, interest rates increased considerably compared to the previous year and If invested in instruments with somewhat longer maturities. Interest rate sensitivity in terms of the average duration of fixed income investments was 1.9 years on 31 December 2022 (1.1). The respective duration of insurance liabilities was 5.3 years (7.0). The overall interest rate risk is managed by sensitivity limits for instruments sensitive to interest rate changes.

The technical provisions are under IFRS 4 predominantly stated in nominal terms on the balance sheet. However, the economic value of these provisions, meaning the present value of future claims payments, is exposed to changes in interest rates. Furthermore, If is exposed to changes in future inflation. For more information see the table **Sensitivities of technical provisions, If, 31 December 2022 and 31 December 2021** 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 reduced by matching technical provisions with investment assets 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 2022 and 31 December 2021. The table shows 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 a Group level stems from foreign operations with other base currencies than SEK.

Transaction risk position

If, 31 December 2022 and 31 December 2021

Base currency, SEKm	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Other	Total, net
Insurance operations	-3,742	-218	0	-34	-11	-2,318	-5	-1,029	-25	-7,381
Investments	2,304	297	1	11	108	2,071	4	263	1	5,058
Derivatives	1,370	-113	13	16	-78	229	2	760	13	2,211
Transaction risk, net position	**-68**	**-34**	**13**	**-8**	**19**	**-18**	**1**	**-6**	**-11**	**-112**
Sensitivity: SEK -10%	-7	-3	1	-1	2	-2	0	-1	-1	-11

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

The transaction risk position in SEK represents exposure in foreign subsidiaries/branches within If with a base currency other than SEK.

Liquidity risk

If's liquidity risk is limited since premiums are collected in advance 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 also reduced by investing in assets that are readily marketable in liquid markets.

The maturities of technical provisions, financial assets and liabilities as well as lease liabilities are presented in the tables Cash flows according to contractual maturity, If, 31 December 2022 and 31 December 2021. The average maturity of fixed income investments was 2.9 years (2.3). The table shows the financing requirements resulting from expected cash inflows and outflows arising from financial assets and liabilities as well as technical provisions.

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 2022

				Cash flows						
EURm	**Carrying amount total**	**Carrying amount without contractual maturity**	**Carrying amount with contractual maturity**		**2024**	**2025**	**2026**	**2027**	**2028–2037**	**2038–**
Financial assets	**12,569**	**1,464**	**11,105**	**3,257**	**2,178**	**1,811**	**2,023**	**2,266**	**862**	**0**
Financial assets (non-derivatives)	12,515	1,464	11,050	3,206	2,177	1,811	2,023	2,266	862	0
Interest rate swaps	4	0	4	3	1	0	0	0	0	0
FX derivatives	50	0	50	48	0	0	0	0	0	0
Financial liabilities	**1,065**	**48**	**1,017**	**-874**	**-8**	**-35**	**-138**	**0**	**0**	**0**
Financial liabilities (non-derivatives)	1,058	48	1,010	-868	-8	-35	-138	0	0	0
Interest rate swaps	0	0	0	0	0	0	0	0	0	0
FX derivatives	7	0	7	-6	0	0	0	0	0	0
Lease liabilities	**160**	**0**	**160**	**-26**	**-23**	**-23**	**-22**	**-18**	**-59**	**0**
Net technical provisions	**8,473**	**8,473**	**0**	**-3,492**	**-1,047**	**-585**	**-423**	**-341**	**-1,790**	**-1,777**

In the table, financial assets and liabilities are divided into contracts that have an exact contractual maturity profile, and other contracts. The carrying amount is shown for the other contracts. In addition, the table shows expected cash flows for net technical provisions, which by nature, are associated with some uncertainty.

Cash flows according to contractual maturity

If, 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	**13,359**	**2,182**	**11,177**	**4,225**	**1,846**	**2,128**	**1,440**	**1,334**	**526**	**0**
Financial assets (non-derivatives)	13,342	2,182	11,160	4,209	1,845	2,127	1,440	1,334	526	0
Interest rate swaps	1	0	1	1	0	1	0	0	0	0
FX derivatives	17	0	17	15	0	0	0	0	0	0
Financial liabilities	**997**	**44**	**953**	**-686**	**-102**	**-4**	**-33**	**-148**	**0**	**0**
Financial liabilities (non-derivatives)	990	44	946	-678	-102	-4	-33	-148	0	0
Interest rate swaps	0	0	0	0	0	0	0	0	0	0
FX derivatives	8	0	8	-8	0	0	0	0	0	0
Lease liabilities	**167**	**0**	**167**	**-24**	**-22**	**-21**	**-20**	**-19**	**-71**	**0**
Net technical provisions	**8,712**	**8,712**	**0**	**-3,326**	**-989**	**-524**	**-361**	**-289**	**-1,712**	**-1,950**

Counterparty default risks

In If, the major sources of counterparty risk are reinsurance, bank balances, financial derivatives, and other receivables.

Counterparty default risk arising from receivables from policyholders and other receivables related to commercial transactions is limited, as non-payment of premiums generally results in cancellation of insurance policies.

Reinsurance counterparty risk

Reinsurance is used regularly to utilise If's own funds efficiently, reduce the cost of capital, limit large fluctuations of underwriting results and to have access to reinsurers' competence base. The Reinsurance Committee is a collaboration forum with the role to secure appropriate reinsurance cover for insurance risk in accordance with If's risk appetite and provides an opinion as well as proposes actions in respect of such issues.

The distribution of reinsurance receivables and reinsurers' portion of outstanding claims per rating on 31 December 2022 is presented in the table Reinsurance recoverables, If, 31 December 2022 and 31 December 2021. Reinsurance recoverables of EUR 185 million (180) are excluded from the table, which mainly relate to captives and statutory pooled solutions.

Reinsurance recoverables

If, 31 December 2022 and 31 December 2021

	31 Dec 2022		31 Dec 2021	
Rating	**Total EURm**	**% of total**	**Total EURm**	**% of total**
AAA	0	0%	0	0%
AA+ - A-	163	100%	169	100%
BBB+ - BBB-	0	0%	0	0%
BB+ - C	0	0%	0	0%
D	0	0%	0	0%
Non-rated	0	0%	1	0%
Total	**163**	**100%**	**170**	**100%**

The amount of the recoverables reported above is exposed to counterparty risk, as recoverables are typically not covered by collaterals.

If's Reinsurance Policy sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. In addition, the own credit-analysis plays a central role when counterparties are selected.

The Reinsurance Security Committee in If shall give input and suggestions in respect to various issues regarding reinsurance default risk and risk exposure, as well as proposed deviations from the Reinsurance Policy.

Most of the reinsurers have ratings between AA+ and A-. The ten largest individual reinsurance recoverables amounted to EUR 199 million, representing 57 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 86 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 and 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.

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, 2022, 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 an Act on NBCR acts of terrorism. Under this 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.

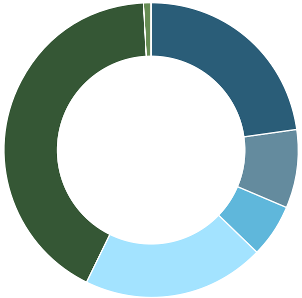
Breakdown of gross written premiums

Topdanmark Non-Life, 2022, total EUR 1,391 (1,383) million

By business area

By country

By line of business



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 Topdanmark's 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 premiums too large to cover losses from customers who pay premiums that are too small.

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 2022 and 31 December 2021.

Non-life insurance risk scenarios

Topdanmark, 31 December 2022 and 31 December 2021

Key figures	Current level (2022)	Change in current level	EURm after tax 2022	2021
Combined ratio, business area Private	80.9%	+/- 1 percentage point	+/- 4.8	+/- 5.5
Combined ratio, business area Commercial	82.7%	+/- 1 percentage point	+/- 5.2	+/- 5.1
Net premiums earned (EURm)	1,242	+/- 1 per cent	+/- 9.3	+/- 10.1
Net claims incurred (EURm)	791	+/- 1 per cent	+/- 5.9	+/- 6.7
Ceded written premiums (EURm)	89	+/- 10 per cent	+/- 6.7	+/- 6.3

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. The 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 2022 and 31 December 2021

	2022		2021	
Provisions for outstanding claims	**%**	**Duration**	**%**	**Duration**
Short-tail	17.3	1.1	13.7	1.1
Annuity provisions in workers' compensation	25.4	10.5	24.2	10.6
Other claims provisions in workers' compensation	29.9	2.0	21.6	1.7
Accident	12.3	3.1	30.0	9.3
Motor personal liability	8.3	2.1	6.0	2.1
Commercial liability	6.8	1.8	4.5	1.9

Due to the longer period of claims settlement, the risk profile of the long-tail lines of business is generally more uncertain than that of 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

This section presents the premium development for Topdanmark Life until the divestment was completed on 1 December 2022. The split of premiums between products during the last two years is presented in the table Sources of gross premiums, Topdanmark Life Insurance, 2022 and 2021.

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 and properties to improve the average investment return.

Market risks are limited to the extent that is considered appropriate, so that the negative P/L effect is limited in 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. 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.

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 considered to be a market risk.

As of 1 December 2022, when the closing deal between Topdanmark Forsikring and Nordea was finalised, the new investment department took over all front office capabilities of Topdanmark Forsikring. The investment policy and thereby the overall risk profile and strategic asset allocation is mainly unchanged. However, the investment strategy has been altered. As part of the closing deal, the co-investing ("saminvestering") between Topdanmark Forsikring and Topdanmark Livsforsikring has been terminated. The exposures have been shifted to ETFs (Exchange Traded Funds). The original asset classes and geographical exposures are unchanged. The one exception is CLOs which have in part been replaced with a High-Yield ETF (EUR).

The main idea of these changes is to keep the risk profile unchanged and use index trackers to get the right exposures that comply with risk limits, ESG policy, etc.

Sources of gross premiums

Topdanmark Life Insurance, 31 December 2022 and 31 December 2021

EURm	2022	2021
With profit schemes	35	48
Unit-linked schemes	366	381
Group life	33	35
Regular premiums	**434**	**464**
With profit schemes	1	7
Unit-linked schemes	775	922
Single premiums	**776**	**929**
Gross premiums	**1,210**	**1,393**

Until the divestment of Topdanmark Life was completed on 1 December 2022.

Investment allocations

Topdanmark, 31 December 2022 and 31 December 2021

	Topdanmark Non-life				Topdanmark Life			
	31 Dec 2022		31 Dec 2021		31 Dec 2022		31 Dec 2021	
Asset class	**Market value, EURm**	**Weight, %**	**Market value, EURm**	**Weight, %**	**Market value, EURm**	**Weight, %**	**Market value, EURm**	**Weight, %**
Fixed income total	**2,422**	**94%**	**1,863**	**89%**			**2,916**	**71%**
Money market securities and cash	544	21%	83	4%			220	5%
Government and mortgage bonds	1,722	67%	1,582	76%			2,376	58%
Credit bonds	39	2%	5	—%			110	3%
Index-linked bonds	91	4%	100	5%			125	3%
CLOs	26	1%	93	4%			84	2%
Listed equity total	**111**	**4%**	**120**	**6%**			**358**	**9%**
Denmark	25	1%	28	1%			85	2%
Scandinavia	2	—%	2	—%			5	—%
Global	85	3%	91	4%			268	7%
Alternative investments total	**35**	**1%**	**110**	**5%**			**816**	**20%**
Real estate	0	—%	59	3%			334	8%
Unlisted equities and hedge funds	35	1%	50	2%			482	12%
Trading derivatives	**1**	**—%**	**3**	**—%**			**14**	**—%**
Asset classes total	**2,569**	**100%**	**2,095**	**100%**			**4,104**	**100%**

The exposure in equities outside Denmark and credit bonds has been adjusted by the use of derivatives. Unlisted equities and hedge funds include also private equity and direct holdings in non-listed equities.

Asset allocations and investment performance: Topdanmark Forsikring

The equity portfolios are well diversified and without major single positions when associated companies are disregarded.

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.

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.

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 has used the Solvency II discount curve that has its basis on a market yield curve with a 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 and is approximated by the ETF Xact OMXC25. The rest of the equity holdings are in the foreign equity portfolio that seeks to track the MSCI World DC index by the relevant geographical ETF in USA, Europe and Japan. As a result, Topdanmark's equity holdings are well-diversified.

Real estate risk

Real estate risk is limited to properties in own use and located in Ballerup and Viby. 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. The risk of losses is minor due to the high credit quality of the issuers and because investments have been made at spreads that 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 krones. 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 provisions are calculated based on the expected future indexation of wages and salaries.

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, 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, as insurance liabilities are by their nature stable liabilities and money market investments in asset portfolios 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 2022 and 31 December 2021

		Cash flow years					
EURm	**Carrying amount**	**1**	**2–6**	**7–16**	**17–26**	**27–36**	**>36**
Provisions for claims							
2021	1,882	-601	-735	-400	-155	-60	-14
2022	1,426	-563	-648	-250	-102	-53	-12
Life insurance provisions guarantees and profit sharing							
2021	3,001	-285	-988	-1,268	-500	-140	-38
2022	0	0	0	0	0	0	0
Bond portfolio including interest rate derivatives							
2021	4,176	1,550	1,483	1,894	501	0	0
2022*	1,818	1,092	1,046	342	76	5	0

** Excludes Topdanmark Life's bond portfolio.*

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 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 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

Hastings provides motor and home insurance products to the United Kingdom (UK) market via its Gibraltar-based general insurance underwriting company Advantage.

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 requires 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 Department for Travel data shows that traffic levels have returned back to pre-pandemic levels but with different peak trends. The FCA's General Insurance Pricing Practices ("GIPP") changes went live at the start of 2022; all motor and household insurance products were GIPP-compliant ahead of implementation with continuous assurance processes in place. Despite market-wide new business demand decreasing as a result of GIPP, net written premiums saw an increase in H1 of 2022 because of timely pricing rate actions.

Weekly governance arrangements approve changes to the 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 2022 and 31 December 2021

	31 Dec 2022		31 Dec 2021	
	EURm	Duration	EURm	Duration
Motor vehicle liability insurance	2,145	2.2	2,075	4.6
Other motor insurance	834	-0.2	692	0
Fire and other damage to property insurance	35	1.2	20	1
Total	**3,014**	**1.5**	**2,787**	**3.4**

Reserve risk

Advantage does not take significant reserve risk and holds an internal risk margin to a 75 per cent confidence level versus the internal best estimate. Since reserving is subject to expert judgment, the Chief Actuary calculates the best estimate, the Hastings Group Senior Actuary verifies the data, the appropriateness of the techniques utilised, and the 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 2022 amounted to EUR 1,313 million.

Sensitivities of technical provisions

Hastings, 31 December 2022 and 31 December 2021

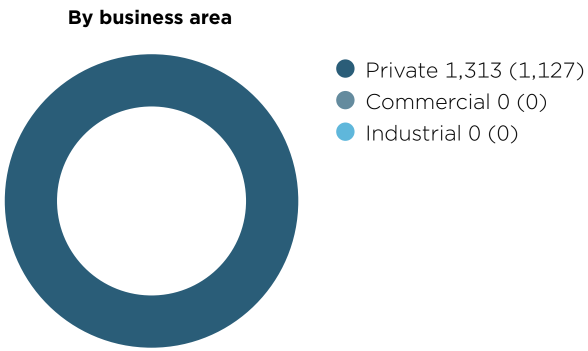
Technical provision item	Risk factor	Change in risk parameter	Effect EURm 2022	Effect EURm 2021
Nominal provisions (IFRS 4)	Inflation increase	Increase by 1 percentage point	16.9	22.8
Periodic Payment Orders (PPOs)	Decrease in mortality	Life expectancy increase by 1 year	0.2	0.1
Discounted provisions (IFRS 4)	Decrease in discount rate	Decrease by 1 percentage point	3.2	3.9

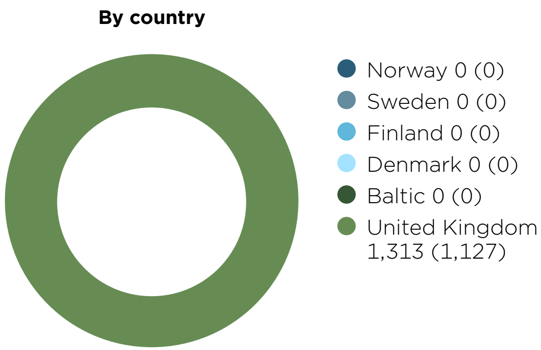
Advantage maintained a disciplined approach to pricing despite continued market competition. Live customer policies grew year on year. This disciplined but agile underwriting and pricing approach led to many selective rate adjustments during 2022.

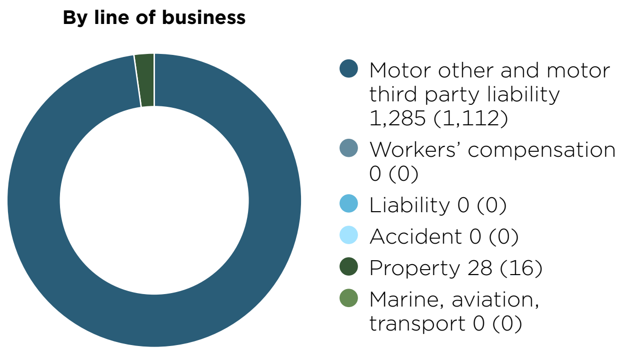
Claims cost inflation had a large influence on the risk profile for 2022. A combination of repairer delays, parts shortages, residual COVID-19 impacts to the economy, alongside the Russia/Ukraine conflict and the cost of living crisis, all needed to be considered during the year. Effective pricing claims management and frequency experience has resulted in profits and capital solvency with the solvency ratio within or above Advantage's target range during the year.

Breakdown of gross written premiums

Hastings, 31 December 2022, total EUR 1,313 (1,127) million







Market risks

Rising yields have reduced market value in line with expectation – losses recognised through reserves in the balance sheet and Solvency II impact offset by reduction in claims. The fixed income portfolio is held to maturity and had no realised losses incurred. The book yield has increased significantly during the year, supporting profitability.

2022 also saw an increased focus on ESG initiatives within Hastings Group; Advantage became a signatory to the UN Principles of Investment, and in Q3 2022 Hastings Group committed to the Science based Target initiative (SBTi). The Advantage investment portfolio maintains an ESG rating of AA, exceeding the ESG rating requirement of A defined in the Responsible Investment Framework. The ESG overall score for the investment portfolio increased to 7.6, above the benchmark by 0.6. The Hastings Board are committed to decarbonisation of the core investment portfolio, reducing carbon intensity by 50 per cent by 2030 with the aim to be net zero by 2050.

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 the 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.

Investment allocation

Hastings, 31 December 2022 and 31 December 2021

	2022			2021		
Asset class	**Market value, EURm**	**Weight, %**	**Average maturity, years**	**Market value, EURm**	**Weight, %**	**Average maturity, years**
Fixed income total	**1,287**	**98%**	**3.3**	**1,095**	**97%**	**3.6**
Money market securities and cash	246	19%		159	14%	0.0
Government bonds	71	5%	0.1	0	0%	0.0
Credit bonds, funds and loans	970	74%	4.3	936	83%	4.2
Covered bonds	*0*	*0%*	*0.0*	*0*	*0%*	*0.0*
Investment grade bonds and loans	*954*	*72%*	*4.4*	*921*	*82%*	*4.1*
High-yield bonds and loans	*16*	*1%*	*4.0*	*15*	*1%*	*4.5*
Subordinated / Tier 2	*0*	*0%*	–	*0*	*0%*	–
Subordinated / Tier 1	*0*	*0%*	–	*0*	*0%*	–
Hedging swaps	*0*	*0%*	–	*0*	*0%*	–
Listed equity total	**0**	**0%**	**–**	**0**	**0%**	**–**
UK	0	0%	–	0	0%	–
Global	0	0%	–	0	0%	–
Alternative investments total	**32**	**2%**	**–**	**30**	**3%**	**–**
Real estate	0	0%	–	0	0%	–
Private equity	0	0%	–	0	0%	–
Biometric	0	0%	–	0	0%	–
Commodities	0	0%	–	0	0%	–
Other alternative	32	2%	–	30	3%	–
Trading derivatives	**0**	**0%**	**–**	**0**	**0%**	**–**
Asset classes total	**1,320**	**100%**	**–**	**1,125**	**100%**	**–**
FX Exposure, gross position	**0**	**0%**	**–**	**0**	**0%**	**–**

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.

Interest rate risk

Advantage manages balance sheet interest rate risk principally through matched duration of assets and liabilities, meaning that interest rates are aligned as far as possible, 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 cashflow 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 the 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 2022

				Cash flows						
EURm	**Carrying amount total**	**Carrying amount without contractual maturity**	**Carrying amount with contractual maturity**		**2024**	**2025**	**2026**	**2027**	**2028–2037**	**2038–**
Financial assets	**1,320**	**306**	**1,014**	**249**	**138**	**301**	**247**	**79**	**0**	**0**
Financial assets (non-derivatives)	1,320	306	1,014	249	138	301	247	79	0	0
Interest rate swaps	0	0	0	0	0	0	0	0	0	0
FX derivatives	0	0	0	0	0	0	0	0	0	0
Financial liabilities	**73**	**0**	**73**	**-29**	**-46**	**0**	**0**	**0**	**0**	**0**
Financial liabilities (non-derivatives)	73	0	73	-29	-46	0	0	0	0	0
Interest rate swaps	0	0	0	0	0	0	0	0	0	0
FX derivatives	0	0	0	0	0	0	0	0	0	0
Lease liabilities	**14**	**0**	**14**	**-5**	**-5**	**-2**	**-1**	**0**	**0**	**0**
Net technical provisions	**1,060**	**1,060**	**0**	**-451**	**-225**	**-149**	**-81**	**-53**	**-58**	**-44**

Cash flows according to contractual maturity

Hastings, 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	**1,125**	**217**	**908**	**253**	**187**	**121**	**201**	**143**	**3**	**0**
Financial assets (non-derivatives)	1,125	217	908	253	187	121	201	143	3	0
Interest rate swaps	0	0	0	0	0	0	0	0	0	0
FX derivatives	0	0	0	0	0	0	0	0	0	0
Financial liabilities	**329**	**0**	**329**	**-10**	**-21**	**-9**	**-302**	**0**	**0**	**0**
Financial liabilities (non-derivatives)	329	0	329	-10	-21	-9	-302	0	0	0
Interest rate swaps	0	0	0	0	0	0	0	0	0	0
FX derivatives	0	0	0	0	0	0	0	0	0	0
Lease liabilities	**15**	**0**	**15**	**-4**	**-4**	**-4**	**-2**	**-1**	**-1**	**0**
Net technical provisions	**840**	**840**	**0**	**-345**	**-191**	**-121**	**-57**	**-39**	**-47**	**-40**

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. A number of controls exist within the Hastings Group to mitigate against counterparty default, such as annual reviews of reinsurance panels, credit rating tolerances in line with a low-risk appetite, and a low-risk, diversified investment portfolio.

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 2022 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 (approximately EUR 5.6 million) per event loss. In 2022, the AICL Board reduced the motor QS participation from 50 per cent to 35 per cent, driven principally by a change in risk appetite. AICL's reinsurance strategy will continue to be reviewed in line with risk appetite.

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.

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 a rating downgrade or reorganisation of reinsurance groups to which Advantage is exposed.

Reinsurance recoverables

Hastings, 31 December 2022 and 31 December 2021

	2022		2021	
Rating	**Total, EURm**	**% of total**	**Total, EURm**	**% of total**
AAA	0	0%	0	0%
AA	1,221	65%	1,224	65%
A	649	35%	653	35%
BBB	3	0%	3	0%
Less than BBB	0	0%	0	0%
Unrated	0	0%	0	0%
Total	**1,874**	**100%**	**1,880**	**100%**

Mandatum Group

Underwriting risks

The development of insurance liabilities during 2022 is shown in the table Analysis of the change in provisions before reinsurance, Mandatum Life, 31 December 2022.

Analysis of the change in provisions before reinsurance

Mandatum Life, 31 December 2022

EURm	Liability 2021	Premiums	Claims paid	Expense charges	Guaranteed interest	Bonus	Other	Liability 2022	Share %
Unit-linked, excl. Baltic	**10,526**	**1,285**	**-734**	**-104**	**0**	**0**	**-1,061**	**9,912**	**77**
Individual pension insurance	1,778	52	-24	-20	0	0	-308	1,478	11
Individual life	2,495	73	-146	-19	0	0	-342	2,062	16
Capital redemption operations	4,721	1,065	-510	-41	0	0	-220	5,015	39
Group pension	1,532	95	-54	-24	0	0	-192	1,357	11
With profit and others, excl. Baltic	**3,236**	**104**	**-364**	**-31**	**80**	**4**	**-61**	**2,969**	**23**
Group pension insurance, segregated portfolio	**751**	**2**	**-45**	**-1**	**16**	**4**	**-12**	**715**	**6**
Basic liabilities. guaranteed rate 3.5%	485	2	-45	-1	16	4	-10	451	4
Reserve for decreased discount rate (3.5% -> 0.0%)	183	0	0	0	0	0	-15	169	1
Future bonus reserves	82	0	0	0	0	0	13	96	1
Group pension	**1,397**	**32**	**-168**	**-4**	**41**	**0**	**12**	**1,309**	**10**
Guaranteed rate 3.5%	1,129	0	-133	-2	37	0	13	1,044	8
Guaranteed rate 2.5%, 1.5% or 0.0%	268	32	-35	-2	4	0	-2	265	2
Individual pension insurance	**550**	**4**	**-123**	**-3**	**19**	**0**	**43**	**490**	**4**
Guaranteed rate 4.5%	377	2	-56	-2	15	0	-5	331	3
Guaranteed rate 3.5%	112	1	-35	-1	4	0	23	104	1
Guaranteed rate 2.5% or 0.0%	61	0	-32	0	1	0	26	56	—
Individual life insurance	**130**	**30**	**-19**	**-9**	**5**	**0**	**-14**	**122**	**1**
Guaranteed rate 4.5%	49	4	-2	-1	2	0	-1	51	—
Guaranteed rate 3.5%	63	8	-9	-3	2	0	-5	57	—
Guaranteed rate 2.5% or 0.0%	18	18	-8	-5	0	0	-8	15	—
Capital redemption operations	**28**	**0**	**0**	**0**	**0**	**0**	**-3**	**25**	**—**
Guaranteed rate 3.5%	0	0	0	0	0	0	0	0	—
Guaranteed rate 2.5% or 0.0%	28	0	0	0	0	0	-3	25	—
Future bonus reserves	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**—**
Reserve for decreased discount rate	**274**	**0**	**0**	**0**	**0**	**0**	**-63**	**211**	**2**
Longevity reserve	**71**	**0**	**0**	**0**	**0**	**0**	**-8**	**63**	**—**
Assumed reinsurance	**1**	**0**	**-1**	**0**	**0**	**0**	**0**	**0**	**—**
Other liabilities	**35**	**37**	**-8**	**-15**	**0**	**0**	**-17**	**32**	**—**
Total, excl. Baltic	**13,762**	**1,390**	**-1,098**	**-135**	**80**	**4**	**-1,123**	**12,881**	**100**
Baltic	**196**	**10**	**-27**	**-3**	**0**	**0**	**-176**	**0**	**—**
Unit-linked liabilities	186	9	-26	-3	0	0	-166	0	—
Other liabilities	10	1	-1	0	0	0	-10	0	—
Mandatum Life Group total	**13,958**	**1,399**	**-1,125**	**-138**	**81**	**4**	**-1,299**	**12,881**	**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 and vice versa. 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, at 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 2022 technical provision by EUR 63 million (71), including a EUR 52 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 2022 was EUR 7.8 million (11.3) after a EUR 7.6 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 to 2022, 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 2022, and 31 December 2021 shows the insurance risk result in Mandatum Life's insurance policies, excluding Baltic operations. The ratio of the

Claims ratios after reinsurance

Mandatum Life, 31 December 2022 and 31 December 2021

	2022			2021		
EURm	Risk income	Claims expense	Claims ratio	Risk income	Claims expense	Claims ratio
Life insurance	**46.5**	**22.2**	**48%**	**47.3**	**17.3**	**37%**
Mortality	27.4	17.2	63%	28.2	12.1	43%
Morbidity and disability	19.1	5.0	26%	19.1	5.3	28%
Pension	**80.1**	**72.9**	**91%**	**83.5**	**72.1**	**86%**
Individual pension	13.9	14.6	105%	14.0	14.6	104%
Group pension	66.2	58.3	88%	69.4	57.4	83%
Mortality (longevity)	64.9	57.2	88%	67.9	56.6	83%
Disability	1.2	1.1	94%	1.6	0.9	54%
Total	**126.6**	**95.1**	**75%**	**130.8**	**89.4**	**68%**

actual-to-expected claims costs was 75 per cent in 2022 (68). 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 17 million to EUR 34 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, by setting upper limits for the protection granted and by the 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 the 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 150 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, the interest rate level and the 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 insurance 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, the credit risk of fixed income investments and interest rate risk related to 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 and hedging derivatives 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.

The majority of the investment portfolio is invested in fixed income and listed equity investments, but the role of alternative investments – real estate, private equity and private credit funds – is also material, being 16 per cent of total investments. During the year 2022, Mandatum Life has also established an asset portfolio within the investment portfolio, a so-called ALM hedging portfolio. This portfolio includes hedging instruments, currently interest rate swaps, which are meant to hedge the interest rate risk of technical provisions.

Investment allocations and average maturities of fixed income investments as at year end 2022 and 2021 are presented in the table Investment allocation, Mandatum Life, 31 December 2022 and 31 December 2021.

Investment allocation

Mandatum Life, 31 December 2022 and 31 December 2021

Asset class	31 Dec 2022 Market value, EURm	Weight, %	Average maturity, years	31 Dec 2021 Market value, EURm	Weight, %	Average maturity, years
Fixed income total	**2,869**	**66**	**2.6**	**3,231**	**62**	**2.7**
Money market securities and cash	372	9	0.0	585	11	0.0
Government bonds	0	–	0.0	0	–	0.0
Credit bonds, funds and loans	2,497	58	2.9	2,645	51	3.2
Covered bonds	*0*	*–*	*0.0*	*0*	*–*	*0.0*
Investment grade bonds and loans	*1,091*	*25*	*3.1*	*1,056*	*20*	*3.0*
High-yield bonds and loans	*1,079*	*25*	*2.8*	*1,240*	*24*	*3.3*
Subordinated / Tier 2	*173*	*4*	*2.4*	*148*	*3*	*3.0*
Subordinated / Tier 1	*156*	*4*	*3.5*	*200*	*4*	*4.1*
Hedging swaps	*-2*	*–*	*–*	*0*	*–*	*0.0*
Listed equity total	**784**	**18**	**–**	**1,233**	**24**	**0**
Finland	329	8	–	543	10	0
Scandinavia	0	–	–	0	–	0
Global	455	11	–	690	13	0
Alternative investments total	**673**	**16**	**–**	**770**	**15**	**0.0**
Real estate	172	4	–	191	4	0.0
Private equity*	249	6	–	293	6	0.0
Private Credit Funds	252	6	–	286	5	0.0
Asset classes total	**4,327**	**100**	**–**	**5,233**	**100**	**0.0**
FX Exposure, gross position	**110**	**–**	**–**	**139**	**–**	**0.0**

The total investment allocation of Mandatum Life is equal to EUR 4,327 million. When EUR 7 million of intra-group assets, EUR 24 million of accrued interest, EUR 372 million of cash, EUR 172 million of real estate and an adjustment of EUR 1 million to the value of loans and receivables are deducted and EUR 25 million of derivatives are added, the total is equal to EUR 3,776 million, which corresponds to the sum of Mandatum's financial assets on Sampo Group's balance sheet. By further deducting EUR 0.8 million of financial assets belonging to Mandatum Asset Management Group, the total is equal to EUR 3,775 million, which is equal to Mandatum Life's financial assets.

** 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 Risk Management Policy defines the risk-bearing capacity and the corresponding control levels for the respective portfolio for segregated assets. 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 Risk Management Policy also defines the company-level risk-bearing capacity, the control levels for the maximum acceptable risk and the respective measures to manage the risk positions. 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. If 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 discretionary 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 assets will not generate an adequate return compared to the applied discount rate. As mentioned earlier, one way to mitigate this risk is by hedging the interest rate risk of technical provisions with interest rate swaps.

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 insurance 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 excluding the hedging portfolio was 1.9 years. The respective duration of the insurance liabilities was around 8 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 limits given in the Investment Policy.

Mandatum Group's transaction risk is mainly composed of Mandatum Life's transaction risk as Mandatum Asset Management only has a very limited SEK exposure. The transaction risk positions of Mandatum Life against the euro as at year ends 2022 and 2021 are shown in the tables Transaction risk position, Mandatum Life, 31 December 2022 and 31 December 2021. 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 2022

Base currency, EURm	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Muut	Total, net
Technical provisions	0	0	0	0	0	0	0	0	0	0
Investments	0	514	1	119	45	10	22	9	147	867
Derivatives	0	-518	0	-125	-49	-9	-29	-14	-68	-812
Transaction risk, net position	**0**	**-4**	**1**	**-6**	**-4**	**1**	**-7**	**-5**	**79**	**55**
Sensitivity: EUR -10%	0	0	0	-1	0	0	-1	-1	8	6

Base currency, EURm	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	Muut	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

Liquidity risks

Liquidity risk is relatively immaterial for Mandatum Life's 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. However, the use of derivatives requires that collateral management is aligned with the liquidity management and appropriate escalation processes are in place.

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 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 2022 and 31 December 2021. The average maturity of fixed income investments was 2.6 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 2022 and 31 December 2021

EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	Cash flows						
					2024	2025	2026	2027	2028–2037	2038–
Financial assets	**4,610**	**2,214**	**2,396**	**330**	**640**	**571**	**515**	**427**	**435**	**—**
Financial assets (non-derivatives)	4,587	2,214	2,373	307	640	571	515	427	435	—
Interest rate swaps	—	—	—	—	—	—	—	—	—	—
FX forwards	23	—	23	23	0	0	0	0	0	—
Financial liabilities	**405**	**—**	**405**	**-362**	**-263**	**-8**	**-8**	**-8**	**-78**	**-183**
Financial liabilities (non-derivatives)	402	—	402	-362	-263	-8	-8	-8	-77	-183
Interest rate swaps	2	—	2	—	-1	—	—	—	-1	—
FX derivatives	0	—	0	0	—	—	—	—	—	—
Lease liabilities	**21**	**—**	**21**	**-2**	**-2**	**-2**	**-2**	**-2**	**-13**	**—**
Net technical provisions	**2,493**	**—**	**2,493**	**-242**	**-229**	**-225**	**-205**	**-177**	**-114**	**-683**

EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	Cash flows						
					2023	2024	2025	2026	2027–2036	2037–
Financial assets	**5,431**	**2,908**	**2,523**	**223**	**301**	**704**	**606**	**419**	**451**	**—**
Financial assets (non-derivatives)	5,427	2,908	2,519	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**

Cashflows related to assets without contractual maturity are not included in the table, although they are covering the 2023 cashflows, which in the table are negative.

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 expose to the systemic risk related to central counterparty clearing houses.

Risks related to asset management activities

Mandatum Asset Management Ltd (MAM) is the asset management arm of Sampo Group and an investment firm which forms, together with its subsidiaries Mandatum AM AIFM and Mandatum Fund Management, 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 currently has approximately EUR 27 billion in client and balance sheet assets and employs more than 130 professionals.

MAM's approach to managing clients' assets is characterised by jointly investing in products with its own balance sheet, bringing economics of scale and an alignment of interests with its clients. Its investment philosophy focused on investment selection, opportunism, and patience points to its heritage as part of Sampo Group to generate strong returns for its clients.

MAM's risk management follows Sampo Group's risk management principles and Mandatum Holding's risk management policy. MAM's risk management framework is in line with 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 areas 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 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 and sector as well as geographically.

Sampo plc's Financial Statements

Sampo plc's Financial Statements

Sampo plc's income statement

EURm	Note	1-12/2022	1-12/2021
Sales	1	0	48
Staff expenses			
Salaries and remunerations		-21	-21
Social security costs			
Pension costs		-2	-2
Other		-6	-2
Other operating expenses	2	-19	-16
Operating profit		**-48**	**7**
Financial income and expense	4		
Income from shares in Group companies		1,008	1,003
Income from other shares		182	375
Other interest and financial income			
Group companies		4	11
Other		6	6
Other investment income and expense		704	1,365
Other interest income		11	9
Interest and other financial expense		-111	-117
Exchange result		-12	-11
Profit before appropriations and taxes		**1,744**	**2,647**
Group contribution		29	15
Income taxes		8	-23
Profit for the financial year		**1,780**	**2,639**

Sampo plc's balance sheet

EURm	Note	2022	2021 restated	2021
ASSETS				
Intangible asset		1	1	1
Tangible assets		3	3	3
Investments				
Shares in Group company	22	6,066	5,639	5,639
Receivables from Group companies	5	100	100	100
Investments in associates		—	1,956	1,956
Other shares and participations	6	961	595	287
Financial instruments		—	—	508
Other investment receivables	7	696	704	703
Short-term receivables				
Other receivables	8	44	20	20
Prepayments and accrued income	9	16	42	42
Cash and cash equivalents		1,798	3,067	3,067
TOTAL ASSETS		9,685	12,127	12,327

EURm	Note	2022	2021 restated	2021
LIABILITIES				
Equity	10			
Share capital		98	98	98
Fair value reserve		—	—	160
Invested unrestricted equity		1,527	1,527	1,527
Other reserves		273	273	273
Retained earnings		3,136	4,127	4,127
Profit for the financial year		1,780	2,639	2,639
		6,814	8,663	8,823
Liabilities				
Long-term liabilities	14			
Bonds		1,306	1,878	1,878
Subordinated debt securities		1,489	1,487	1,487
Short-term liabilities				
Deferred tax liability	15	—	—	40
Other liabilities	12	12	49	49
Accruals and deferred income	13	65	49	49
TOTAL LIABILITIES		9,685	12,127	12,327

Sampo plc's statement of cash flows

EURm	1-12/2022	1-12/2021
Operating activities		
Profit before tax	1,773	2,662
Adjustments:		
Realised gains and losses on investments	0	-83
Other adjustments	-830	-1,514
Adjustments total	**-830**	**-1,597**
Change (+/-) in assets of operating activities		
Investments	48	-417
Other assets	13	21
Total	**60**	**-396**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-35	33
Other liabilities	9	-6
Paid interests	-90	-106
Paid taxes	8	-9
Total	**-107**	**-88**
Net cash from operating activities	**896**	**580**

EURm	1-12/2022	1-12/2021
Investing activities		
Investment in subsidiaries	-427	-927
Divestments in associates	2,291	3,843
Dividend received from associates	157	339
Other investments	0	3
Net cash from investing activities	**2,022**	**3,258**
Financing activities		
Dividends paid	-2,186	-944
Purchase of own shares	-1,444	-380
Repayments of debt securities in issue	-571	-571
Received group contribution	15	3
Net cash used in financing activities	**-4,186**	**-1,891**
Total cash flows	**-1,269**	**1,947**
Cash and cash equivalents at 1 January	3,067	1,120
Cash and cash equivalents at 31 December	1,798	3,067
Net change in cash and cash equivalents	**-1,269**	**1,947**

Additional information to the statement of cash flows:

EURm	1-12/2022	1-12/2021
Interest income received	23	28
Interest expense paid	-90	-106
Dividend income received	1,190	1,377

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 date 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 value is negative.
Derivative financial instruments have been used only for operative hedging purposes. For 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 or amortisation. Investments are measured at acquisition cost and, in case there is objective evidence of an impairment, the impairment is recognised through profit or loss. Previously the financial instruments were measured at fair value through Fair Value reserve applying Chapter 5 section 2a § of the Finnish Accounting Act. The change in the accounting policy is recognised through retained earnings on 1 January 2022. The effect of the change is presented in note 10 Movements in the parent company's equity.

Risk management

The risk management disclosure includes detailed information on the risk management.

Revenue recognition

Revenue is recognised when it occurs.

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. Income tax includes tax expense based on taxable profit for the period as well as deferred tax. Tax expense is recognised in profit or loss except for the items recognised directly in equity, in which case tax is recognised accordingly. Tax is adjusted for possible items related to previous reporting periods.

Notes to the income statement 1–4

1 Sales

EURm	1–12/2022	1–12/2021
Income from investment operations	–	12
Other	–	36
Total	**–**	**48**

2 Other operating expenses

EURm	1–12/2022	1–12/2021
Rental expenses	-1	-1
IT expenses	-1	-2
External services	-10	-8
Other staff costs	-1	-1
Other	-6	-4
Total	**-19**	**-16**

Item Other includes e.g. administration fees.

3 Auditors' fees

EURm	1–12/2022	1–12/2021
Auditing fees	-1.0	-0.4
Tax consultancy	–	–
Other fees	–	–
Total	**-1.0**	**-0.4**

4 Financial income and expense

EURm	1–12/2022	1–12/2021
Dividend income	1,190	1,378
Interest income	20	26
Interest expense	-86	-93
Gains on disposal	704	1,365
Exchange result	-12	-11
Other	-25	-24
Total	**1,792**	**2,641**

Notes to the assets 5–9

5 Receivables from Group companies

EURm	2022	2021
Carrying amount at the beginning of the year	100	242
Additions	—	10
Disposals	—	-152
Carrying amount at the end of the year	**100**	**100**

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated **note 23** Subordinated debts and other financial liabilities.

6 Other shares and participations

EURm	2022	2021 restated	2021
Fair value at 1 January	795		786
Change of acc. Policy	-200		
Acquisition cost 1 January	595	640	
Transfer from associates	368	—	
Increase	3	2	56
Decrease	-5	-47	-47
Acquisition cost 31 December	**961**	**595**	
Fair value at 31 December			795

7 Other investment receivables

EURm	2022	2021 restated	2021
Fair value at 1 January	703		86
Change of acc. Policy	0		
Acquisition cost 1 January	704	76	
Increase	3,766	1,083	1,073
Decrease	-3,773	-455	-455
Acquisition cost 31 December	**696**	**704**	
Fair value at 31 December			**703**

EURm	2022	2021 restated	2021
Bonds	26	152	152
Market money	670	552	552
Total	696	704	703

8 Other receivables

EURm	2022	2021
Trading receivables	1	1
Other	43	19
Total	**44**	**20**

Item Other includes Group receivables of 29 (15) million euros.

9 Prepayments and accrued income

EURm	2022	2021
Accrued interest	5	8
Derivatives	—	7
Other	11	26
Total	**16**	**42**

	2022	Fair value		2021	Fair value	
Derivates, EURm	**Contract/ not ional value**	**Assets**	**Liabilities**	**Contract/ not ional value**	**Assets**	**Liabilities**
Derivates held for trading						
Interest rate derivatives	95	—	14	386	7	3
Foreign exchange derivatives	—	—	—	67	—	0
Total	**95**	**—**	**14**	**453**	**7**	**3**

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 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**
Change in accounting policy		-160			160	—
Change in accounting policy, investment assets					-200	-200
Change in accounting policy, Def.tax liability					40	40
Carrying amount at 31 December 2021, restated	**98**	**—**	**1,527**	**273**	**6,766**	**8,663**

	Restricted equity		Unrestricted equity			
EURm	**Share capital**	**Fair value reserve**	**Invested unrestricted capital**	**Other reserves**	**Retained earnings**	**Total**
Carrying amount at 1 January 2022	**98**	**—**	**1,527**	**273**	**6,766**	**8,663**
Dividends					-2,186	-2,186
Treasury shares					-1,444	-1,444
Profit for the year					1,780	1,780
Carrying amount at 31 December 2022	**98**	**—**	**1,527**	**273**	**4,916**	**6,814**

Distributable assets

EURm	**2022**	**2021**
Parent company		
Profit for the year	1,780	2,639
Retained earnings	3,136	4,127
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Total	**6,716**	**8,565**

11 Share capital

Information on share capital is disclosed in **note 28** in the consolidated financial statements.

12 Other liabilities

EURm	2022	2021
Derivatives	–	1
Guarantees for derivate contracts	–	7
Other	12	41
Total	**12**	**49**

13 Accruals and deferred income

EURm	2022	2021
Deferred interest	29	33
Derivatives	14	2
Other	22	14
Total	**65**	**49**

14 Long-term liabilities

EURm	2022	2021
Bonds	1,306	1,878
Subordinated debt securities	1,489	1,487
Total	**2,794**	**3,365**

More information in the consolidated **note 23** Subordinated debts and other financial liabilities.

Note to the income taxes 15

15 Deferred tax assets and liabilities

In the comparison year 2021, the deferred tax liability of EUR 40 million related to the fair value reserve was recognised in the balance sheet as a deferred tax liability. As a result of the change in the accounting policy, the deferred tax liability has been restated in 2021 to retained earnings, and therefore there is no deferred tax liability at the end of 2022.

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	2022	2021
Not more than one year	1	1
Over one year but not more than five years	1	1
Total	**2**	**2**

18 Other liabilities and commitments

Sampo plc has granted a credit facility to Hastings Group Holdings Ltd of GBP 75 million which will terminate in October 2026. More information in the Group **note 23** Subordinated debts and other financial liabilities.

The fund commitments given total EUR 7.4 million (7.9) and the amount of joint liability related to the Finnish VAT group commitment totals EUR 3.1 million (2.3).

Notes to the staff and management 19–21

19 Staff numbers

	2022 Average during the year	2021 Average during the year
Full-time staff	50	64
Part-time staff	–	–
Temporary staff	–	–
Total	**50**	**64**

20 Board fees and management remuneration

EUR thousand		2022	2021
Group Executive Director	Torbjörn Magnusson	3,328	2,511
Members of the Board of Directors			
Björn Wahlroos		190	184
Christian Clausen		98	95
Fiona Clutterbuck		104	101
Georg Ehrnrooth		104	101
Jannica Fagerholm		152	147
Johanna Lamminen		104	101
Steve Langan		104	–
Risto Murto		98	95
Markus Rauramo		98	101

In accordance with the decision of the Annual General Meeting in 2022, the company has compensated the transfer tax related to the acquisition of the company shares, in total EUR 7,536.19 (EUR 1,516.43 pertaining to the Chairman, EUR 1,212.39 EUR to the Vice Chairman and EUR 4,807.37 to the other Finnish members of the Board).

21 Pension contributions to the CEO, deputy CEO and the members of the Board

EUR thousand	Supplementary pension costs	Statutory pension costs	Total
Pension contributions paid during the year			
President/CEO[1]	640	485	1,125
Former Chairmen of the Board			
Kalevi Keinänen[2]	31		31
Former Presidents/CEO:s			
Harri Hollme[3]	76		76
	747	**485**	**1,232**

[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 pension benefit of 66 per cent of the pensionable TyEL-salary (TYEl: Employees's Pension Act). The payment for 2022 is based on a Tyel index adjustment.*

[3] *Group pension agreement with a retirement age of 60 years and a pension benefit of 60 per cent of the pensionable TyEL-salary. The payment for 2022 is based on a TyEL index adjustment.*

22 Shares held as of 31 Dec 2022

Company name	Percentage of share capital held	Carrying amount EURm
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	48.53	1,107
P&C insurance		
Hastings Group (Consolidated) Plc, London, United Kingdom	100.00	2,534
Life insurance		
Mandatum Holding Ltd, Helsinki, Finland	100.00	539

Sampo Plc has a branch located in Sweden.

Approval of the Financial Statements and the Board of Directors' Report

Helsinki, 10 February 2023

Sampo plc

Board of Directors

Christian Clausen

Fiona Clutterbuck

Georg Ehrnrooth

Jannica Fagerholm

Johanna Lamminen

Steve Langan

Risto Murto

Markus Rauramo

Björn Wahlroos
Chairman

Torbjörn Magnusson
Group CEO

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Sampo plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sampo Oyj (business identity code 0142213-3) for the year ended 31 December, 2022. 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 31 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 21 and 22.*	
As at 31.12.2022 Sampo Group has insurance contract liabilities totalling EUR 26,475 million (2021: EUR 39,919 million), consisting of both life and non-life insurance contract liabilities. 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. Valuation of insurance contract liabilities requires significant management judgment and accounting assumptions about uncertain future events, which may materially affect the carrying amount, and thus this is a key audit matter.	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 trends. 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 evaluated and examined a selection of general IT controls linked to relevant systems and applications assessed as critical to the data that forms the basis for the valuation of provision for claims outstanding. On a sample basis we have also examined input data used in the calculations of the provision for claims outstanding. We have assessed the disclosures linked to the provisions for claims outstanding 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 14–17.*	
The Group's investments amount to EUR 19,469 million (2021: EUR 23,321 million). Financial assets represent a significant part of the group's balance sheet. 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-observable market data. 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 observable from the markets. The use of different valuation techniques and assumptions may result in different estimates of fair value and hence this is a key audit matter.	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 generally accepted standards and industry practices. We have requested external confirmations to verify the existence of the investment. Together with our valuation specialists, we have assessed 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 of the investments in the financial statements.

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 2 years.

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 proposal by the Board of Directors regarding the use of the profit shown in the balance sheet 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, 10 March 2023

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KHT)

2022

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