

# Q3

## Interim Statement

January - September 2023

8 November 2023



SAMPO  GROUP

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# Sampo Group's results for January-September 2023

- Sampo Group achieved premium growth of 10 per cent on a currency adjusted basis in January-September 2023, supported by strong development in Private and the UK
- The underwriting result grew by 1 per cent on a currency adjusted basis and the combined ratio increased to 84.2 per cent (83.0) on elevated weather and large claims
- Underlying Nordic margin trends remained positive, with If achieving a 0.5 percentage points improvement in the adjusted risk ratio excluding discounting effects
- Profit before taxes increased to EUR 1,113 million after adjusting for IFRS 9 (627) but declined on a reported basis (1,857)
- The solvency ratio stood at 195 per cent, pro forma of the Mandatum spin-off and including dividend accrual, and pro forma financial leverage amounted to 26.3 per cent
- The listing of Mandatum on Nasdaq Helsinki was successfully completed on 2 October 2023

## Key figures

EURm	1-9/2023	1-9/2022	Change, %	7-9/2023	7-9/2022	Change, %
Profit before taxes (P&C Operations)	1,113	1,857	-40	391	342	14
If	989	1,491	-34	332	264	26
Topdanmark	143	78	83	38	35	10
Hastings	70	100	-30	43	54	-20
Holding	-81	194	—	-21	-10	115
Net profit for the equity holders	941	2,046	-54	366	387	-6
Underwriting result	882	923	-4	284	312	-9
			<b>Change</b>			<b>Change</b>
Earnings per share (EUR)	1.86	3.83	-1.97	0.73	0.75	-0.02
Operational result per share (EUR)	1.65	—	—	0.58	—	—
Return on equity, %	14.1	3.5	10.6	—	—	—
Profit before taxes (adjusted for IFRS 9), EURm*	1,113	627	77%	391	82	377%

The comparison figures for 2022 have been restated for IFRS 17 but not for IFRS 9, meaning some figures, such as investment income, are not fully comparable between the reporting periods. Net profit for the equity holders, EPS and return on equity figures include results from life operations. Mandatum is classified as discontinued operations as of 31 March 2023.

\*) To enhance comparability, a Group profit before taxes (P&C operations) figure adjusted for IFRS 9, reflecting market value movements, has been provided for the prior year.

The figures in this report have not been audited.

## Sampo Group key financial targets for 2021-2023

	Target	1-9/2023
<b>Group</b>	Mid-single digit UW profit growth annually on average	-4%
	Group combined ratio: below 86%	84.2%
	Solvency ratio: 170-190%	195% (pro forma, including dividend accrual)
	Financial leverage: below 30%	26.3% (pro forma)
<b>If</b>	Combined ratio: below 85%	83.2%
<b>Hastings</b>	Operating ratio: below 88%	90.5%

The pro forma figures reflect the partial demerger and related transactions

# Group CEO's comment

**During the third quarter we saw a continuation of the trends observed earlier in 2023. We delivered excellent premium growth of 12 per cent on a currency adjusted basis, the pricing environment in the UK motor insurance market continued to improve and higher interest rates supported investment income. Profit before taxes increased to EUR 1,113 million (627), after adjusting for IFRS 9. Operationally, our focus was on supporting our customers, as rain and flooding led to severe weather claims of approximately EUR 90 million.**

Private lines is the part of our business, together with SME, where we see the greatest potential to create value for our customers and shareholders through investments in digital capabilities. Over 2023, the benefits have been visible; digital sales in Nordic Private are up 9 per cent year-on-year, retention remains excellent at 90 per cent and the share of online claims increased to 60 per cent. Being the leading digital P&C insurer in the Nordics also supports growth – Private premiums grew by 6.3 per cent in the third quarter, on a currency adjusted basis, or 7.8 per cent excluding the Swedish mobility business. Private personal insurance was particularly strong, with growth of 12 per cent. Profitability remains very robust in Private as it delivered a nine-month combined ratio of 82.7 per cent, despite elevated weather claims.

Turning to Hastings, another of our digitally focused operations, the UK motor insurance market environment continued to improve over the third quarter. Monthly price increases were in the mid-single digits while claims inflation remained high, but stable. In this environment, Hastings continued to firmly prioritise profitability, but still managed to grow motor insurance customer count slightly. Combined with strong growth in home insurance, this enabled Hastings to grow nine-month currency adjusted GWP by 32 per cent year-on-year. With an operating ratio of 90.5 per cent for the first nine months, it is on track to reach the 88-90 per cent guidance range for 2023, while carrying strong operational momentum into 2024.

In the Nordics, the competitive environment continued to be broadly stable in Private and Commercial, while the Industrial market remained in the hard part of the underwriting cycle. Nordic claims inflation showed signs of moderation in the third quarter as it fell to the lower end of the 4-5 per cent range observed over 2023, while claims frequency developed in line with expectations. We continued to implement rate increases ahead of total claims cost development. The trend in underlying margins remained strong, as If P&C improved its nine-month undiscounted adjusted risk ratio by 0.5 percentage points year-on-year, and its cost ratio by 0.1 percentage points.

The third quarter saw elevated weather claims related to storm Hans, heavy rainfall in Oslo and other, smaller events across the Nordic region. As a large and well diversified insurer, with a strong balance sheet, we are able to help our customers through such events promptly and reliably. Although the occurrence of large weather events appears stochastic, shareholders can expect us to monitor related claims trends vigilantly and to underwrite and price the risk conservatively. It is important to remember that our policies provide coverage for periods of 12 months, allowing us to review price adequacy annually.

Looking to the asset side of the balance sheet, Sampo delivered a net investment income of nearly EUR 500 million in the first nine months. The short duration of our fixed income portfolio has allowed us to reinvest rapidly, pushing the running yield in If P&C to over 4 per cent from 1.5 per cent at the end of 2021.

On 2 October 2023, we completed the spin-off of Mandatum by listing it on Nasdaq Helsinki. I am pleased to see that the listing has been well received by the market and I am excited to take Sampo forward as a pure P&C insurance group.

**Torbjörn Magnusson**

Group CEO

# Outlook

## Outlook for 2023

Sampo Group's P&C insurance business is 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 targets set for its fully owned P&C insurance subsidiaries, If P&C and Hastings, are below 85 per cent and below 88 per cent, respectively.

The outlook for 2023 remains unchanged from that communicated with the Sampo Group Half-Year Financial Report; If P&C is expected to achieve a combined ratio of 81.5 - 83.5 per cent and Hastings an operating ratio of 88 - 90 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 net financial result will be significantly influenced by capital markets' developments. 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. Macroeconomic and financial market developments affect 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.

Headline inflation has been declining in 2023 due to lower energy prices. However, uncertainty about the persistence of inflation remains high, which may force central banks into further rate hikes and keeping interest rates elevated longer than expected. This may lead to both a significant slowdown in economic growth and a deterioration in the debt service capacity of businesses, households and governments, raising the risk of abrupt asset repricing in financial markets. Furthermore, the re-alignment of energy supplies in Europe will take time, raising the prospect of a potential energy crisis, and the war in Ukraine continues to represent a major economic risk. 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.

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. There were no material COVID-19 effects in the Group's insurance operations in the third quarter of 2023. Given the limited impact of COVID-19 and the increasing difficulty in reliably estimating associated effects, Sampo has not disclosed quantitative COVID-19 effects in its financial reporting since February 2022.

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.

# Financial highlights for January–September 2023

Strong premium growth and disciplined underwriting translated into solid operational performance in January–September 2023 despite adverse claims experience and continued currency headwinds.

Gross written premiums and other income from insurance contracts increased by 10 per cent on a currency adjusted basis and 5 per cent on a reported basis to EUR 6,909 million (6,580). In the Nordics, currency adjusted growth in Private increased to 4.9 per cent, following an acceleration to 6.3 per cent in the third quarter supported by strong development in personal and property insurance, continued high retention and stabilising new car sales. In corporate lines, growth benefited from successful 1 January renewals, rate action, continued strong trends in SME and new property clients in Industrial. Nonetheless, the highest growth was seen in the UK as premiums increased by 32 per cent on a local currency basis on substantial price increases and selective volume growth. UK policy count increased by 6 per cent year-on-year to 3.4 million, driven by growth of 3 per cent in motor insurance and 32 per cent in home insurance.

Elevated weather, natural catastrophe and large claims experience in the second and third quarter weighed on margins, offsetting solid underlying development. The underwriting result increased by 1 per cent on a currency adjusted basis, but decreased by 4 per cent to EUR 882 million (923) on a reported basis. The group combined ratio weakened by 1.2 percentage points to 84.2 per cent (83.0). In total, severe weather, including natural catastrophes, and large claims had a negative effect of 5.1 percentage points on If's risk ratio in January–September 2023. The underlying trend, however, remained positive as If's adjusted risk ratio excluding discounting effects improved by 0.5 percentage points year-on-year. This was supported by pricing exceeding Nordic claims inflation, which declined to the lower end of the 4–5 per cent range. Hastings reported an operating ratio of 90.5 per cent (87.1) on adverse weather claims experience in the first quarter and continued high, albeit stable, claims inflation at around 12 per cent.

The net financial result amounted to EUR 385 million, following solid net investment income of EUR 489 million, primarily driven by interest income on fixed income instruments. Insurance finance income or expense (IFIE) amounted to EUR -103 million as the unwind of discounting of EUR -166 million was partly offset by a positive effect of EUR 110 million from changes in discount rates.

Sampo Group's pro forma Solvency II ratio adjusted for the demerger and dividend accrual amounted to 195 per cent as at 30 September 2023. The figure reflects the spin-off of Mandatum and related transactions, and dividend accrual is based on a EUR 1.50 regular dividend per share for 2022 (ie. excluding Mandatum's contribution of EUR 0.30). Pro forma financial leverage amounted to 26.3 per cent. Sampo targets a solvency ratio of 170–190 per cent and a financial leverage ratio of below 30 per cent.

The partial demerger of Sampo plc was completed on 1 October 2023, as planned, and the first trading day for Mandatum on Nasdaq Helsinki was 2 October 2023. Mandatum's profit before taxes consolidated in Sampo Group's P&L amounted to EUR 173 million and net profit to EUR 140 million in January–September 2023. Effects of the demerger are disclosed in the section *Events after the end of the reporting period*.

The application process for the Group Partial Internal Model has proceeded according to plans and it is expected to be completed during the first half of 2024, as previously communicated. Sampo estimates that the partial internal model would have reduced the group-level solvency capital requirement by up to EUR 0.3 billion at the third quarter of 2023.

Sampo's January-September 2023 figures are reported under the new accounting standards "IFRS 17 Insurance Contracts" and "IFRS 9 Financial Instruments". The comparison figures for 2022 have been restated for IFRS 17 but not for IFRS 9, meaning some figures, such as investment income, are not comparable between the reporting periods.

### Sampo Group results for January-September 2023

EURm	If	Topdanmark	Hastings	Holding	Elim.	Sampo Group
GWP & Other income from insurance contracts	4,373	1,098	1,438	—	—	6,909
Insurance revenue, net	3,730	956	814	—	—	5,499
Claims incurred and claims handling costs, net	-2,530	-620	-521	—	—	-3,671
Operating expenses	-571	-168	-192	—	—	-931
<b>Insurance service result</b>	<b>628</b>	<b>168</b>	<b>101</b>	<b>—</b>	<b>—</b>	<b>898</b>
Other P&C insurance related income or expense	—	—	-15	—	—	-15
<b>Underwriting result</b>	<b>628</b>	<b>168</b>	<b>86</b>	<b>—</b>	<b>—</b>	<b>882</b>
Net investment income	427	40	33	—	-11	489
Insurance finance income or expense, net	-54	-32	-18	—	—	-103
<b>Net financial result</b>	<b>373</b>	<b>8</b>	<b>15</b>	<b>—</b>	<b>-11</b>	<b>385</b>
Other items	-12	-33	-31	-82	2	-155
<b>Profit before taxes</b>	<b>989</b>	<b>143</b>	<b>70</b>	<b>-81</b>	<b>-9</b>	<b>1,113</b>
<b>Net profit for the equity holders</b>						<b>941</b>
- of which from life operations*						140
Combined ratio, %	<b>83.2</b>	<b>82.4</b>	<b>90.5</b>			<b>84.2</b>

\*) Net profit from life operations in January-September 2023 includes Mandatum.

### Sampo Group results for January-September 2022

EURm	If	Topdanmark	Hastings	Holding	Elim.	Sampo Group
GWP & Other income from insurance contracts	4,348	1,087	1,145	—	—	6,580
Insurance revenue, net	3,767	941	634	—	—	5,341
Claims incurred and claims handling costs, net	-2,519	-614	-344	—	—	-3,478
Operating expenses	-587	-158	-168	—	—	-913
<b>Insurance service result</b>	<b>661</b>	<b>169</b>	<b>122</b>	<b>—</b>	<b>—</b>	<b>951</b>
Other P&C insurance related income or expense	—	—	-29	—	—	-29
<b>Underwriting result</b>	<b>661</b>	<b>169</b>	<b>93</b>	<b>—</b>	<b>—</b>	<b>923</b>
Net investment income	200	-190	10	187	-5	202
Insurance finance income or expense, net	626	134	30	—	—	791
<b>Net financial result</b>	<b>827</b>	<b>-56</b>	<b>40</b>	<b>187</b>	<b>-5</b>	<b>993</b>
Other items	3	-35	-33	7	-1	-58
<b>Profit before taxes</b>	<b>1,491</b>	<b>78</b>	<b>100</b>	<b>194</b>	<b>-6</b>	<b>1,857</b>
<b>Net profit for the equity holders</b>						<b>2,046</b>
- of which from life operations*						576
Combined ratio, %	<b>82.5</b>	<b>82.1</b>	<b>87.1</b>			<b>83.0</b>

\*) Net profit from life operations in January-September 2022 includes Mandatum and Topdanmark's life operations.

## Third quarter 2023 in brief

The third quarter of 2023 was characterised by adverse weather conditions as the storm Hans hit all Nordic countries in early August, followed by a number of local severe weather events. Combined with unfavourable large claims development and continued currency headwind, this offset strong premium growth and underlying performance during the quarter.

Gross written premiums and other income from insurance contracts increased by 12 per cent on a currency adjusted basis and by 7 per cent on a reported basis to EUR 1,878 million (1,759). The growth was driven by continued strong development both in the Nordics and in the UK. In the Nordics, Private saw continued positive momentum with currency adjusted gross written premium growth accelerating to 6.3 per cent, from 5.1 per cent in the second quarter, driven by the strong development in non-motor lines and stabilising new car sales. Industrial saw gross written premium growth of 41.3 per cent in a seasonally low volume quarter, driven by a small number of larger new contracts. In the UK, premiums grew by 24 per cent on a local currency basis on strong price increases and good policy growth.

The group underwriting result decreased by 4 per cent on a currency adjusted basis and 9 per cent on a reported basis to EUR 284 million (312). The group combined ratio deteriorated by 1.9 percentage points to 85.1 per cent (83.2) due to elevated severe weather and large claims experience in the Nordics. If's combined ratio weakened by 1.0 percentage point to 84.1 per cent (83.1). Large claims and severe weather had a negative effect of 9.2 percentage points (2.4) on If's risk ratio, partly offset by prior year development of 7.9 percentage points (2.3). Underlying margin development remained positive as If's adjusted risk ratio excluding discounting effects improved by 0.4 percentage points year-on-year. In the UK, Hastings reported an operating ratio of 90.0 per cent (86.9), affected by continued high claims inflation of around 12 per cent.

The net financial result amounted to EUR 156 million, driven by solid net investment income of EUR 127 million on the back of robust interest income. Insurance finance income or expense (IFIE) amounted to EUR 29 million as the rise in discount rates had a positive effect of EUR 102 million, which offset the negative effect of EUR -53 million from the unwind of discounting.

Mandatum's profit before taxes consolidated in Sampo Group's P&L amounted to EUR 87 million and net profit to EUR 71 million.

Sampo's third quarter 2023 figures are reported under the new accounting standards "IFRS 17 Insurance Contracts" and "IFRS 9 Financial Instruments". The comparison figures for 2022 have been restated for IFRS 17 but not for IFRS 9, meaning some figures, such as investment income, are not comparable between the reporting periods.

### Sampo Group results for July-September 2023

EURm	If	Topdanmark	Hastings	Holding	Elim.	Sampo Group
GWP & Other income from insurance contracts	1,100	252	526	—	—	1,878
Insurance revenue, net	1,263	321	296	—	—	1,880
Claims incurred and claims handling costs, net	-871	-217	-190	—	—	-1,278
Operating expenses	-191	-53	-68	—	—	-312
<b>Insurance service result</b>	<b>201</b>	<b>51</b>	<b>38</b>	<b>—</b>	<b>—</b>	<b>289</b>
Other P&C insurance related income or expense	—	—	-5	—	—	-5
<b>Underwriting result</b>	<b>201</b>	<b>51</b>	<b>33</b>	<b>—</b>	<b>—</b>	<b>284</b>
Net investment income	88	3	35	5	-4	127
Insurance finance income or expense, net	47	-4	-14	—	—	29
<b>Net financial result</b>	<b>135</b>	<b>-1</b>	<b>21</b>	<b>5</b>	<b>-4</b>	<b>156</b>
Other items	-4	-11	-10	-26	1	-50
<b>Profit before taxes</b>	<b>332</b>	<b>38</b>	<b>43</b>	<b>-21</b>	<b>-2</b>	<b>391</b>
<b>Net profit for the equity holders</b>						<b>366</b>
- of which from life operations*						71
Combined ratio, %	<b>84.1</b>	<b>84.1</b>	<b>90.0</b>			<b>85.1</b>

\*) Net profit from life operations in July-September 2023 includes Mandatum.

### Sampo Group results for July-September 2022

EURm	If	Topdanmark	Hastings	Holding	Elim.	Sampo Group
GWP & Other income from insurance contracts	1,081	245	433	—	—	1,759
Insurance revenue, net	1,285	313	228	—	—	1,826
Claims incurred and claims handling costs, net	-861	-202	-127	—	—	-1,190
Operating expenses	-208	-50	-58	—	—	-315
<b>Insurance service result</b>	<b>216</b>	<b>61</b>	<b>44</b>	<b>—</b>	<b>—</b>	<b>322</b>
Other P&C insurance related income or expense	—	—	-10	—	—	-10
<b>Underwriting result</b>	<b>216</b>	<b>61</b>	<b>34</b>	<b>—</b>	<b>—</b>	<b>312</b>
Net investment income	51	-56	6	13	-2	11
Insurance finance income or expense, net	—	42	15	—	—	57
<b>Net financial result</b>	<b>51</b>	<b>-15</b>	<b>21</b>	<b>13</b>	<b>-2</b>	<b>68</b>
Other items	-3	-12	—	-22	1	-37
<b>Profit before taxes</b>	<b>264</b>	<b>35</b>	<b>54</b>	<b>-10</b>	<b>-1</b>	<b>342</b>
<b>Net profit for the equity holders</b>						<b>387</b>
- of which from life operations*						135
Combined ratio, %	<b>83.1</b>	<b>80.4</b>	<b>86.9</b>			<b>83.2</b>

\*) Net profit from life operations in July-September 2022 includes Mandatum and Topdanmark's life operations.

# 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.

## Results

EURm	1-9/2023	1-9/2022	Change, %	7-9/2023	7-9/2022	Change, %
Gross written premiums	4,373	4,348	1	1,100	1,081	2
Insurance revenue, net	3,730	3,767	-1	1,263	1,285	-2
Claims incurred, net	-2,322	-2,314	—	-802	-790	1
Operating expenses and claims handling costs	-780	-792	-2	-261	-279	-6
<b>Insurance service result / underwriting result</b>	<b>628</b>	<b>661</b>	<b>-5</b>	<b>201</b>	<b>216</b>	<b>-7</b>
Net investment income	427	200	113	88	51	74
Insurance finance income or expense, net	-54	626	—	47	—	—
<b>Net financial result</b>	<b>373</b>	<b>827</b>	<b>-55</b>	<b>135</b>	<b>51</b>	<b>164</b>
Other items	-12	3	—	-4	-3	9
<b>Profit before taxes</b>	<b>989</b>	<b>1,491</b>	<b>-34</b>	<b>332</b>	<b>264</b>	<b>26</b>

## Key figures

	1-9/2023	1-9/2022	Change	7-9/2023	7-9/2022	Change
Combined ratio, %	83.2	82.5	0.7	84.1	83.1	0.9
Cost ratio, %	20.9	21.0	-0.1	20.7	21.7	-1.0
Risk ratio, %	62.2	61.4	0.8	63.4	61.5	1.9
Large claims and severe weather, %	5.1	0.8	4.3	9.2	2.4	6.9
Risk adjustment and other technical effects, current year %	1.1	0.7	0.4	1.0	0.2	0.8
Prior year development, %	-5.4	-2.4	-3.1	-7.9	-2.3	-5.6
Adjusted risk ratio, current year, %	61.5	62.3	-0.8	61.1	61.2	-0.2
Discounting effect, current year, %	-3.1	-2.8	-0.3	-3.0	-3.2	0.2
Undiscounted adjusted risk ratio, current year, %	64.7	65.2	-0.5	64.1	64.5	-0.4
Loss ratio, %	67.8	66.9	1.0	68.9	67.0	1.9
Expense ratio, %	15.3	15.6	-0.3	15.1	16.2	-1.0

All the key figures in the table above are calculated on a net basis.

Large claims measured against budget but severe weather claims are reported in full; negative figures indicate a positive outcome. Severe weather includes natural catastrophes.

Negative figures for prior year development indicate positive reserve run-off. The discounting effect represents the impact of discounting of current year claims reserves on the risk ratio.

In the third quarter of 2023, "Risk adjustment and other technical effects, current year %" was adjusted to include additional technical items in order to enhance the comparability of the adjusted risk ratio over time.

## Underwriting performance

If reported an underwriting result of EUR 628 million (661) for January-September 2023, representing a decline of 5 per cent year-on-year.

The first nine months saw currency adjusted premium growth of 6.9 per cent and improved underlying underwriting margins. This was partly offset by unusually high large claims and severe weather claims including natural catastrophe events. The combined ratio for the period was 83.2 per cent (82.5), which is stronger than If's target of below 85 per cent for 2021-2023.

In the third quarter, If delivered underwriting profit of EUR 201 million (216). Premiums grew by 10.0 per cent on a currency adjusted basis while the combined ratio stood at 84.1 per cent (83.1).

## Premium development

If reported gross written premiums, GWP, of EUR 4,373 million (4,348) in January-September 2023. Excluding currency effects, premiums grew by 6.9 per cent year-on-year. Growth was robust across business areas and driven primarily by successful pricing measures and high retention. The strong development benefited from successful 1 January renewals in business areas Industrial and Commercial with continued rate increases. Currency adjusted premium growth in the third quarter stood at 10.0 per cent.

January-September 2023 currency adjusted GWP growth in Private was 4.9 per cent driven by rate increases covering claims inflation and an increase in the customer base compared to the same period last year. The positive development was supported by high retention and solid growth, especially in personal insurance but also in property and motor insurance. Nordic new car sales stabilised over the period but remained at a relatively low level. Geographically, Norway and Finland saw the highest GWP growth. Currency adjusted premium growth in the third quarter stood at 6.3 per cent.

Currency adjusted GWP growth in Commercial in January-September 2023 was 5.4 per cent year-on-year mainly driven by rate actions. All countries contributed to growth with Sweden and Finland being particularly strong. The positive development was supported by 10 per cent growth in the SME segment during the period and successful renewals in the beginning of the year. Third quarter currency adjusted GWP growth of 0.1 per cent was adversely affected by the loss of a small number of large contracts, making the nine month growth rate more representative of the underlying trend.

Industrial saw strong GWP growth of 13.1 per cent on a currency adjusted basis in January-September 2023. Growth was primarily driven by strong renewals at the beginning of the year with significant rate action and high retention. Rate increases continued in all countries, with the largest contribution coming from property insurance. Currency adjusted premium growth in the seasonally light third quarter was 41.3 per cent driven by rate increases and the addition of a small number of large new clients.

The Baltic business delivered strong currency adjusted GWP growth of 16.1 per cent in January-September 2023. The positive development was mainly driven by continued rate increases to mitigate claims inflation. Growth was strong in all three Baltic countries. Currency adjusted premium growth in the third quarter stood at 18.0 per cent.

## Combined ratio development

If achieved a combined ratio of 83.2 per cent (82.5) and 84.1 per cent (83.1) for the first nine months and the third quarter, respectively.

After a favourable large claims outcome in the first quarter of the year, the following two quarters saw adverse large claims and severe weather development. Large claims and severe weather (including natural catastrophe events) in the first nine months had a 5.1 percentage points (0.8) negative effect on the risk ratio. In the third quarter, the corresponding number was 9.2 percentage points (2.4), mainly driven by storm Hans and a cloud burst in Oslo, Norway, as well as a number of other large property claims. If's large claims outcome is reported as a deviation against budget, while severe weather effects are disclosed in full.

Prior year gains in the first nine months increased to 5.4 percentage points from 2.4 percentage points in the prior year. In the third quarter, prior year gains amounted to 7.9 percentage points (2.3).

Risk adjustment and other technical effects were 1.1 percentage points (0.7) in the first nine months and 1.0 (0.2) in the third quarter, respectively. In the third quarter, the line was adjusted to include technical items related to certain portfolios of multi-year contracts that had previously been part of the adjusted risk ratio, in order to increase the comparability of the latter over time.

The first nine months of the year saw discounting effects increase by 0.3 percentage points year-on-year to 3.1 per cent (2.8) as a result of increased interest rates. In the third quarter the discounting effect was 3.0 per cent (3.2).

In total, the risk ratio deteriorated by 0.8 percentage points year-on-year to 62.2 per cent (61.4) in January–September 2023. Third quarter risk ratio was 63.4 per cent (61.5). The adjusted risk ratio excluding discounting effect improved by 0.5 percentage points year-on-year in the first nine months and by 0.4 percentage points year-on-year in the third quarter, respectively.

The January–September 2023 cost ratio improved by 0.1 percentage points to 20.9 per cent (21.0), while third quarter cost ratio was 20.7 per cent (21.7). Education and development costs are included in the cost ratio.

	Combined ratio, %			Risk ratio, %		
	1-9/2023	1-9/2022	Change, %	1-9/2023	1-9/2022	Change, %
Private	82.7	80.9	1.8	62.1	60.1	2.0
Commercial	81.3	81.4	-0.2	59.6	59.8	-0.2
Industrial	90.3	93.2	-2.9	71.6	73.6	-2.0
Baltic	86.0	89.1	-3.1	60.0	62.2	-2.1
Sweden	82.5	78.1	4.4	63.5	58.8	4.7
Norway	88.3	85.6	2.7	68.2	64.9	3.3
Finland	76.0	74.7	1.3	54.1	53.1	1.0
Denmark	85.5	103.4	-17.9	60.8	78.4	-17.6

	Combined ratio, %			Risk ratio, %		
	7-9/2023	7-9/2022	Change, %	7-9/2023	7-9/2022	Change, %
Private	84.0	81.1	2.9	64.2	59.5	4.7
Commercial	79.5	82.6	-3.1	58.1	60.6	-2.5
Industrial	93.8	95.0	-1.2	75.5	75.6	-0.1
Baltic	82.5	86.8	-4.3	56.7	60.5	-3.8
Sweden	79.4	80.4	-1.0	60.7	60.0	0.7
Norway	90.9	85.9	5.0	71.7	64.3	7.4
Finland	75.4	83.2	-7.9	53.8	61.1	-7.3
Denmark	96.4	83.7	12.7	73.0	60.9	12.0

## Net financial result

If reported a net financial result of EUR 373 million (827) for January-September 2023, and EUR 135 million (51) in the third quarter. Mark-to-market return on investments stood at 4.0 per cent (-6.2), driven mainly by interest income. For the third quarter the mark-to-market investment return was 0.8 per cent (-1.5).

During the period the investment portfolio was gradually reinvested at higher rates, improving the running yield. At the end of September, fixed income running yield was 4.1 per cent (2.7), equating to an increase of 0.3 percentage points from the 3.8 per cent reported at the end of the second quarter.

## Profit before taxes

In total, If reported profit before taxes of EUR 989 million (1,491) for January-September 2023, representing a decrease of 34 per cent year-on-year. For the third quarter reported profit before taxes was EUR 332 million (264).

## Topdanmark

Topdanmark is one of the largest non-life insurance companies in Denmark. It focuses on the private, agricultural, and SME markets. The company is listed on Nasdaq Copenhagen.

### Results

EURm	1-9/2023	1-9/2022	Change, %	7-9/2023	7-9/2022	Change, %
Gross written premiums	1,098	1,087	1	252	245	3
Insurance revenue, net	956	941	2	321	313	2
Claims incurred and claims handling costs, net	-620	-614	1	-217	-202	7
Operating expenses	-168	-158	6	-53	-50	6
<b>Insurance service result / underwriting result</b>	<b>168</b>	<b>169</b>	<b>—</b>	<b>51</b>	<b>61</b>	<b>-17</b>
Net investment income	40	-190	—	3	-56	—
Insurance finance income or expense, net	-32	134	—	-4	42	—
<b>Net financial result</b>	<b>8</b>	<b>-56</b>	<b>—</b>	<b>-1</b>	<b>-15</b>	<b>-93</b>
Other items	-33	-35	-7	-11	-12	-2
<b>Profit before taxes</b>	<b>143</b>	<b>78</b>	<b>83</b>	<b>38</b>	<b>35</b>	<b>10</b>

### Key figures

	1-9/2023	1-9/2022	Change	7-9/2023	7-9/2022	Change
Combined ratio, %	82.4	82.1	0.3	84.1	80.4	3.7
Loss ratio, %	64.9	65.3	-0.4	67.7	64.6	3.2
Expense ratio, %	17.5	16.8	0.8	16.4	15.9	0.5

All the key figures in the table above are calculated on a net basis. Comparison figures do not include Topdanmark's life operations.

During the third quarter Sampo plc acquired 348,000 Topdanmark shares through a small number of block trades that became available. This led to an increase in the Group's holding to 44.0 million shares as at the end of September, which represents 48.9 per cent of all the shares in Topdanmark (previously 48.5 per cent). The market value of the holding was EUR 1,811 million on 30 September 2023.

Topdanmark's profit before taxes for January-September 2023 in Sampo Group's P&L increased to EUR 143 million (78) mainly due to higher net investment income. The combined ratio for January-September 2023 was 82.4 per cent (82.1) and expense ratio 17.5 per cent (16.8).

On 27 October 2023, Topdanmark A/S' communicated that it had received all relevant regulatory related to the acquisition of Oona Health A/S. The transaction is expected to be completed as per 1 December 2023.

Further information on Topdanmark A/S and its January-September 2023 results is available at [www.topdanmark.com](http://www.topdanmark.com).

## Hastings

Hastings is one of the leading digital P&C 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.

### Results

EURm	1-9/2023	1-9/2022	Change, %	7-9/2023	7-9/2022	Change, %
Gross written premiums	1,265	985	28	467	380	23
Other income from insurance contracts	173	159	8	59	53	12
Insurance revenue, net	814	634	28	296	228	30
Claims incurred and claims handling costs, net	-521	-344	51	-190	-127	50
Operating expenses	-192	-168	14	-68	-58	18
<b>Insurance service result</b>	<b>101</b>	<b>122</b>	<b>-17</b>	<b>38</b>	<b>44</b>	<b>-14</b>
Other P&C insurance related income or expense	-15	-29	-47	-5	-10	-50
<b>Underwriting result</b>	<b>86</b>	<b>93</b>	<b>-7</b>	<b>33</b>	<b>34</b>	<b>-4</b>
Net investment income	33	10	227	35	6	496
Insurance finance income or expense, net	-18	30	—	-14	15	—
<b>Net financial result</b>	<b>15</b>	<b>40</b>	<b>-63</b>	<b>21</b>	<b>21</b>	<b>1</b>
Other items	-31	-33	-6	-10	—	—
<b>Profit before taxes</b>	<b>70</b>	<b>100</b>	<b>-30</b>	<b>43</b>	<b>54</b>	<b>-20</b>

### Key figures

	1-9/2023	1-9/2022	Change	7-9/2023	7-9/2022	Change
Operating ratio, %	90.5	87.1	3.5	90.0	86.9	3.1
Loss ratio, %	63.9	54.3	9.6	64.2	55.5	8.8
Total revenue, EURm*	911	719	27%	327	258	27%
Live customer policies (millions)	3.4	3.2	0.2			

\*) Total revenue is used for the operating ratio calculation and includes insurance revenue and total broker revenues. All the key figures in the table above are calculated on a net basis.

In the UK, the significant increase in market prices experienced in the first half of the year continued during the third quarter of 2023. However, market wide claims inflation remains persistent and is estimated to have remained at circa 12 per cent per annum. In this environment, Hastings has continued to increase prices whilst also benefiting from increased demand as consumers continue to shop around in response to market price increases.

Hastings' gross written premium increased 32 per cent year-on-year on a local currency basis to EUR 1,265 million (985), reflecting higher average premiums and an increase in live customer policies (LCP). Total LCP increased to 3.4 million, up 6 per cent year-on-year, with an increase in motor insurance policy count of 3 per cent. Home insurance policies also grew significantly, up 32 per cent year-on-year. The rise in policy count was achieved whilst prioritising rate increases to cover claims inflation and higher reinsurance rates.

The loss ratio for January-September 2023 was 63.9 per cent (54.3), up 9.6 percentage points year-on-year due to increased claims frequencies in line with changing driving behaviours, claims inflation and the weather events experienced in the first quarter. The rate increases implemented by Hastings are expected to support profitability as these earn through the P&L over coming quarters.

The operating ratio for January-September 2023 increased to 90.5 per cent (87.1), mainly due to a higher loss ratio and the upfront recognition of distribution costs given the high level of new business volumes in the current period.

Hastings generated an underwriting result of EUR 86 million (93) with the year-on-year reduction largely being due to the increase in the loss ratio coupled with an increase in operating expenditure due to an increase in levies and brokerage fees.

The net financial result declined to EUR 15 million (40) as the prior year included a EUR 37 million benefit from a significant rise in the discount yield curve on past claims liabilities, compared to EUR 4 million from a smaller increase in the discount yield curve in the current period.

Hastings' profit before taxes declined to EUR 70 million (100) on the fall in the underwriting result and net financial results, as well the non-repeat of a EUR 17 million one-off gain in the prior year related to the redemption of senior debt. The profit before tax includes EUR 30 million (44) of non-operational amortisation without which it would have been EUR 100 million (145).

## 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.

### Results

EURm	1-9/2023	1-9/2022	Change, %	7-9/2023	7-9/2022	Change, %
Net investment income	0	187	-100	5	13	-61
Other income	1	103	-99	1	—	—
Other expenses	-29	-29	-2	-9	-12	-26
Finance expenses	-54	-81	-34	-18	-18	—
Share of associates' profit or loss	—	15	—	—	7	—
<b>Profit before taxes</b>	<b>-81</b>	<b>194</b>	<b>—</b>	<b>-21</b>	<b>-10</b>	<b>115</b>

Holding segment's profit before taxes for January-September 2023 decreased to EUR -81 million (194).

Net investment income includes an impact of market value changes of EUR -46 million in the first nine months of 2023, which offset interest income and dividends. The market value changes in the third quarter amounted to EUR -8 million and were mainly related to a decrease in the value of Nexi. Prior year net investment income for the first nine months includes Sampo's share of Nordea's dividend of EUR 157 million and prior year other income includes the positive accounting effect from Nordea transactions of EUR 103 million.

The share of NOBA's (previously known as Nordax) profit is no longer consolidated into Sampo Group's P&L from the start of year 2023 due to reclassification from an associated company to a fair value investment.

# Financial position

## Group solvency

Sampo Group's pro forma Solvency II ratio, adjusted for the partial demerger and dividend accrual, amounted to 195 per cent on 30 September 2023, based on own funds of EUR 6,026 million and a solvency capital requirement of EUR 3,087 million. The pro forma figure reflects the demerger and related transactions, as well as dividend accrual based on the regular dividend of EUR 1.50 per share for 2022 (ie. excluding Mandatum's contribution of EUR 0.30). Sampo Group targets a Solvency II ratio between 170 and 190 per cent.

The regulatory Solvency II ratio, which includes Mandatum, amounted to 236 per cent, up from 224 per cent at the end of second quarter driven mainly by operational capital generation and higher liability discount rates.

## Financial leverage position

Sampo Group's financial leverage is calculated as Group financial debt divided by the sum of IFRS shareholders' equity and financial debt. Sampo targets financial leverage of below 30 per cent.

Adjusting for the partial demerger and all related transactions, Sampo Group's pro forma shareholders' equity amounted to EUR 7,309 million and financial debt to EUR 2,610 million on 30 September 2023, translating into a pro forma financial leverage of 26.3 per cent. Based on reported figures, financial leverage was 26.6 per cent.

More information on Sampo Group's outstanding debt issues is available at [www.sampo.com/debtfinancing](http://www.sampo.com/debtfinancing).

## Ratings

Relevant ratings for Sampo Group companies on 30 September 2023 are presented in the table below.

Rated company	Moody's		Standard & Poor's	
	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

The Fitch rating of Hastings was discontinued during the second quarter as it has no outstanding debt issues.

Mandatum was separated from Sampo Group by a partial demerger of Sampo plc on 1 October 2023; hence its Standard & Poor's rating is no longer presented in the ratings table.

# Other developments

## Mandatum

### Demerger of Sampo plc

On 29 March 2023, the Board of Directors proposed to the Annual General Meeting a partial demerger of Sampo plc to separate Mandatum from Sampo Group. The Annual General Meeting held on 17 May 2023 resolved to approve the partial demerger as set forth in the demerger plan approved by the Board on 29 March 2023. The demerger was successfully completed on 1 October 2023.

In the demerger, all of the shares in Mandatum Holding Ltd (a wholly-owned direct subsidiary of Sampo plc) and related assets and liabilities were transferred without a liquidation procedure to Mandatum plc, a company incorporated in the demerger on the effective date. Mandatum shares were listed on Nasdaq Helsinki on 2 October 2023.

### Planned transactions in connection with the demerger

Sampo sold or plans to sell certain assets to Mandatum in connection with the demerger. These assets include holdings in Saxo Bank and Enento Group, guarantee shares of Kaleva Mutual Insurance Company and other smaller equity, debt and alternative investments. Additional detail is available at [www.sampo.com/demerger](http://www.sampo.com/demerger).

### Mandatum's financial development

The Mandatum profit before taxes consolidated in the Sampo Group P&L amounted to EUR 173 million and net profit to EUR 140 million in January-September 2023. Further information on Mandatum and its January-September 2023 results is available at [www.mandatum.fi](http://www.mandatum.fi).

## Share buyback programmes

In January-September 2023, Sampo repurchased 12.6 million of its own A shares under two buyback programmes based on the authorisation granted by the Annual General Meeting of 2022.

The share buyback programme of EUR 1 billion announced on 9 June 2022 was completed on 8 February 2023. Through the programme, Sampo repurchased and cancelled 22.1 million of its own A shares at an average price of EUR 45.28 per share. Of this, 3.2 million shares were repurchased during the first quarter of 2023.

On 29 March 2023, Sampo's Board of Directors resolved to launch a new EUR 400 million share buyback programme. The programme started on 3 April 2023 and ended on 1 August 2023. Through this programme, Sampo repurchased and cancelled 9.4 million own shares at an average price per share of EUR 42.64. Of this, 6.7 million shares were repurchased during the second quarter and 2.7 million shares during the third quarter.

Further details on the company's share buyback programmes is available at [www.sampo.com/sharebuyback](http://www.sampo.com/sharebuyback).

## Shares and shareholders

Sampo plc's total number of shares, including 200,000 B shares, was 501,796,752 at the end of September 2023. During January-September 2023, the total share count decreased by 14.8 million shares due to the cancellations of the repurchased shares on 30 March 2023 and on 10 August 2023. Sampo did not hold any own shares at the end of September 2023.

Sampo did not receive any flagging notifications of change in holding pursuant to Chapter 9, Section 5 of the Securities Markets Act during in January-September 2023. The latest notifications are available at [www.sampo.com/flaggings](http://www.sampo.com/flaggings).

## Remuneration

A total of EUR 67 million (74), including social costs, was paid as short-term incentives in January-September 2023 in Sampo Group. In the same period, a total of EUR 38 million (35) was paid as long-term incentives. The long-term incentive schemes in force in Sampo Group produced a negative result impact of EUR 4 million (-28). The terms of the long-term incentive schemes based on financial instruments of Sampo plc are available at [www.sampo.com/incentiveterms](http://www.sampo.com/incentiveterms).

## Personnel

In January-September 2023, the average number of employees (FTE) in Sampo Group's P&C operations was 13,229 (12,936). On 30 September 2023, the total number of employees in the Group's P&C operations was 13,492 (13,038).

<b>Sampo Group personnel (P&amp;C operations)</b>	<b>Average personnel (FTE) 1-9/2023</b>	<b>%</b>
<b>By company</b>		
If	7,833	59
Hastings	3,183	24
Topdanmark	2,160	16
Sampo plc	54	0.4
<b>Total</b>	<b>13,229</b>	<b>100</b>
<b>By country</b>		
United Kingdom	3,159	24
Denmark	2,763	21
Sweden	2,443	18
Finland	1,929	15
Norway	1,603	12
Other countries	1,331	10
<b>Total</b>	<b>13,229</b>	<b>100</b>

Mandatum's average number of employees was 663 (594) in January-September 2023 and the total number of employees was 660 (604) on 30 September 2023.

## Events after the end of the reporting period

### Financial effects of the partial demerger

The partial demerger of Sampo plc was completed as planned on 1 October 2023. The first trading day for Mandatum on Nasdaq Helsinki was 2 October 2023. Mandatum was consolidated in Sampo Group's P&L and balance sheet until the end of September.

The table below illustrates the financial effects of the demerger on Sampo Group. Since a dividend liability was established for Mandatum during the third quarter (see detail below), Mandatum's contribution has been added back into Sampo's end of September shareholders' equity and financial debt figures in the table. As such, these figures do not correspond to reported numbers.

Key figures 1-9/2023		Pro forma, including	
		Mandatum*	Pro forma, excluding Mandatum**
Net profit for the equity holders of the parent	EURm	941	801
Earnings per share	EUR	1.86	1.58
Own funds	EURm	8,918	6,589
Own funds, including dividend accrual	EURm	—	6,026
Solvency capital requirement	EURm	3,776	3,087
Solvency II ratio	%	236	213
Solvency II ratio, including dividend accrual	%	—	195
IFRS shareholders' equity	EURm	9,033	7,309
Financial debt	EURm	2,860	2,610
Financial leverage	%	24.0	26.3

\*) Pro forma figures related to solvency and financial leverage exclude all demerger effects and related transactions.

\*\*) Pro forma figures related to solvency and financial leverage include all demerger effects and related transactions. Dividend accrual is based on the regular dividend of EUR 1.50 per share for 2022, i.e. excluding Mandatum's contribution.

As the Board of Directors resolved to complete the demerger of Sampo plc during the third quarter, a dividend liability equal to the estimated fair value of Mandatum's net assets was recognised on the Group's balance sheet, in accordance with IFRIC 17. This had a negative effect of EUR 1,826 million on Sampo's shareholders' equity at 30 September 2023.

After the demerger completed on 1 October, the dividend liability was remeasured against a fair value based on Mandatum's weighted average share price on the first trading day on Nasdaq Helsinki, amounting to EUR 1,835 million. The EUR 9 million difference between the revised fair value of the dividend liability and the net assets at the end of September will be taken through the P&L in the fourth quarter. The effect has no impact on cash flow or solvency. For further detail, see Note 10 *Subsequent events after the balance sheet date*.

Following completion of the demerger, EUR 102 million of long term debt was re-allocated from Sampo plc to Mandatum, to satisfy conditions for tax neutrality. Adjusting for this, Sampo's pro forma shareholders' equity for the end of the third quarter would have been EUR 7,309 million.

### Changes in Group Executive Committee and Board of Directors

Following the completion of the partial demerger, the Sampo Group Executive Committee (GEC) terms of Patrick Lapveteläinen, former Sampo Group CIO, and Petri Niemisvirta, CEO of Mandatum, ended on 1 October 2023. Mr Lapveteläinen was replaced as Group CIO by Ville Talasmäki, who joined the GEC on the same day. Lapveteläinen and Niemisvirta moved to Mandatum to take up roles as Full-time Chair of the Board and CEO, respectively. Following the changes, the GEC decreased from seven to six members.

In addition and as previously communicated, the number of the members of the Board of Directors of Sampo declined from ten to nine as Johanna Lamminen left the Board on 1 October 2023. Lamminen, who had been a member of the Sampo Board since 2019, became a member of the Board of Mandatum.

## **Application for a partial Group Internal Model**

Following the completion of the demerger of Sampo plc, the Swedish FSA (Finansinspektionen) became Sampo's group prudential supervisor as of 1 October 2023. As a result, Sampo refiled its application for a Group Partial Internal Model to the Swedish FSA on 2 October 2023. The application had previously been filed with Finnish FSA. Sampo expects that the application process will be completed during the first half of 2024.

The Partial Internal Model recognises the risk profile of Sampo's P&C operations better than the Standard Formula and it is estimated that it would have reduced the group-level solvency capital requirement (SCR) by up to EUR 0.3 billion at the third quarter of 2023.

### **SAMPO PLC**

Board of Directors

## Conference call

A conference call for investors and analysts will be arranged at 2:30 pm Finnish time (12:30 pm UK time). Please call tel. +1 786 697 3501, +44 (0) 33 0551 0200, +46 (0) 8 5052 0424, or +358 9 2319 5437.

Conference passcode: Sampo Q3

The conference call can also be followed live at [www.sampo.com/result](http://www.sampo.com/result). A recorded version will later be available at the same address.

## For more information, please contact

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The Investor Presentation and a video review with Sampo Group CFO Knut Arne Alsaker are available at [www.sampo.com/result](http://www.sampo.com/result).

Sampo will publish the Financial Statement Release for 2023 on 8 February 2024.

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## Group financial review >

<b>Financial highlights</b>		<b>1-9/2023</b>	<b>1-9/2022</b>
<b>Group</b>			
Gross written premiums & other income from insurance contracts	EURm	6,909	6,580
Insurance revenue, net	EURm	5,499	5,341
Insurance service result, net	EURm	898	951
Underwriting result	EURm	882	923
Net financial result	EURm	385	993
Profit before taxes (P&C operations)	EURm	1,113	1,857
Net profit for the equity holders	EURm	941	2,046
Combined ratio	%	84.2	83.0
Solvency ratio <sup>1) 3)</sup>	%	213	256
Financial leverage <sup>3)</sup>	%	26.3	24.3
Return on equity	%	14.1	3.5
Average number of staff incl. Mandatum		13,892	13,530
<b>If</b>			
Gross written premiums	EURm	4,373	4,348
Insurance revenue, net	EURm	3,730	3,767
Insurance service result/underwriting result	EURm	628	661
Net financial result	EURm	373	827
Profit before taxes	EURm	989	1,491
Combined ratio	%	83.2	82.5
Cost ratio	%	20.9	21.0
Risk ratio	%	62.2	61.4
Loss ratio	%	67.8	66.9
Expense ratio	%	15.3	15.6
Return on equity	%	25.6	12.2
Average number of staff		7,833	7,467
<b>Topdanmark</b>			
Gross written premiums	EURm	1,098	1,087
Insurance revenue, net	EURm	956	941
Insurance service result/underwriting result	EURm	168	169
Net financial result	EURm	8	-56
Profit before taxes	EURm	143	78
Combined ratio	%	82.4	82.1
Loss ratio	%	64.9	65.3
Expense ratio	%	17.5	16.8
Average number of staff		2,160	2,395

## > Group financial review

		1-9/2023	1-9/2022
<b>Hastings</b>			
Gross written premiums & other income from insurance contracts	EURm	1,438	1,145
Insurance revenue, net	EURm	814	634
Insurance service result, net	EURm	101	122
Underwriting result	EURm	86	93
Net financial result	EURm	15	40
Profit before taxes	EURm	70	100
Operating ratio	%	90.5	87.1
Loss ratio	%	63.9	54.3
Return on equity	%	13.5	-17.6
Average number of staff		3,183	3,026
<b>Holding</b>			
Profit before taxes	EURm	-81	194
Average number of staff		54	49
<b>Per share key figures</b>			
Earnings per share	EUR	1.86	3.83
Earnings per share, continuing operations <sup>2)</sup>	EUR	1.58	2.81
Earnings per share, discontinuing operations	EUR	0.28	1.02
Operational result per share	EUR	1.65	—
Equity per share	EUR	13.52	18.81
Net asset value per share	EUR	14.17	19.99
Adjusted share price, high	EUR	49.73	48.74
Adjusted share price, low	EUR	37.98	35.85
Market capitalisation	EURm	20,564	22,861

<sup>1)</sup> The Group solvency is calculated according to the consolidation method defined in the Solvency II Directive (2009/138/EC).

<sup>2)</sup> Earnings per share on continuing operations for comparative period 2022 includes the divested operations i.e. Topdanmark Life operations.

<sup>3)</sup> The solvency ratio and financial leverage for 2023 are pro forma figures excluding Mandatum and including an asset of EUR 102 million related to the split of Sampo plc's liabilities in the demerger.

The number of shares used at the reporting date was 501,796,752 and as the average number during the financial period 507,335,008.

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.

# Calculation of key figures

## Return on equity, %

$$\frac{\begin{array}{l} + \text{ total comprehensive income attributable to owners of the parent} \\ + \text{ total equity attributable to owners of the parent} \end{array}}{\text{(average of values 1 Jan. and the end of reporting period)}} \times 100 \%$$

## Equity/assets ratio, %

$$\frac{\begin{array}{l} + \text{ total equity attributable to owners of the parent} \\ + \text{ balance sheet total} \end{array}}{\text{}} \times 100 \%$$

## Financial leverage

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

## Underwriting result

$$\begin{array}{l} + \text{ insurance revenue, net} \\ + \text{ other income (Hastings)} \\ - \text{ claims incurred} \\ - \text{ operating expenses} \end{array} \text{ underwriting result}$$

## Operational result

$$\begin{array}{l} + \text{ P\&C operations' (incl. Sampo plc) profit after tax} \\ - \text{ non-controlling interest in P\&C operations} \\ - \text{ unrealised gains/losses on investments in P\&C operations} \\ - \text{ result effect from changes in discount rates in P\&C operations} \\ - \text{ non-operational amortisations in P\&C operations} \\ - \text{ non-recurring items} \end{array} \text{ operational result}$$

## Combined ratio for P&C insurance, %

$$\frac{\begin{array}{l} + \text{ claims incurred} \\ + \text{ operating expenses} \\ + \text{ insurance revenue, net} \\ + \text{ other revenue (Hastings)} \end{array}}{\text{}} \times 100 \%$$

## Risk ratio for P&C insurance, %

$$\frac{\begin{array}{l} + \text{ claims incurred} \\ - \text{ claims settlement expenses} \end{array}}{\text{insurance revenue, net}} \times 100 \%$$

## Cost ratio for P&C insurance, %

$$\frac{\begin{array}{l} + \text{ operating expenses} \\ + \text{ claims settlement expenses} \end{array}}{\text{insurance revenue, net}} \times 100 \%$$

## Loss ratio for P&C insurance, %

$$\frac{\text{claims incurred}}{\text{insurance revenue, net}} \times 100 \%$$

**Expense ratio for P&C insurance, %**

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$$\frac{\text{operating expenses}}{\text{insurance revenue, net}} \times 100 \%$$
**Operating ratio for Hastings, %**

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

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+ insurance revenue, net  
+ other revenue

$$\times 100 \%$$
**Per share key figures****Earnings per share**

---

$$\frac{\text{profit for the financial period attributable to owners of the parent}}{\text{adjusted average number of shares}}$$
**Operational result per share**

---

$$\frac{\text{operational result}}{\text{adjusted average number of shares}}$$
**Equity per share**

---

$$\frac{\text{equity attributable to owners of the parent}}{\text{adjusted number of shares at the balance sheet date}}$$
**Net asset value per share**

+ equity attributable to owners of the parent  
± valuation differences on listed Group companies

---

$$\text{adjusted number of shares at balance sheet date}$$
**Market capitalisation**

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

## Exchange rates used in reporting

	1-9/2023	1-6/2023	1-3/2023	1-12/2022	1-9/2022
<b>EURSEK</b>					
Income statement (average)	11.4787	11.3310	11.2050	10.6286	10.5230
Balance sheet (at end of period)	11.5325	11.8055	11.2805	11.1218	10.8993
<b>DKKSEK</b>					
Income statement (average)	1.5411	1.5219	1.5052	1.4288	1.4150
Balance sheet (at end of period)	1.5465	1.5852	1.5145	1.4956	1.4656
<b>NOKSEK</b>					
Income statement (average)	1.0116	1.0013	1.0194	1.0522	1.0520
Balance sheet (at end of period)	1.0248	1.0087	0.9900	1.0578	1.0298
<b>EURDKK</b>					
Income statement (average)	7.4486	7.4464	7.4428	7.4396	7.4400
Balance sheet (at end of period)	7.4571	7.4474	7.4485	7.4365	7.4365
<b>EURGBP</b>					
Income statement (average)	0.8707	0.8764	0.8831	0.8527	0.8468
Balance sheet (at end of period)	0.8646	0.8583	0.8792	0.8869	0.8830

## Group quarterly result

EURm	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022
GWP & Other income from insurance contracts	1,878	2,045	2,986	1,687	1,759
Insurance revenue, net	1,880	1,821	1,799	1,827	1,826
Claims incurred, net	-1,278	-1,198	-1,195	-1,390	-1,190
Operating expenses	-312	-313	-306	-327	-315
<b>Insurance service result</b>	<b>289</b>	<b>310</b>	<b>298</b>	<b>110</b>	<b>322</b>
Other P&C insurance related income or expense	-5	-4	-6	-2	-10
<b>Underwriting result</b>	<b>284</b>	<b>306</b>	<b>292</b>	<b>109</b>	<b>312</b>
Net investment income	127	108	253	118	11
Insurance finance income or expense, net	29	-2	-130	-54	57
<b>Net financial result</b>	<b>156</b>	<b>106</b>	<b>123</b>	<b>63</b>	<b>68</b>
Other items	-50	-50	-56	-105	-37
<b>Profit before taxes</b>	<b>391</b>	<b>363</b>	<b>359</b>	<b>67</b>	<b>342</b>
Income taxes	-79	-81	-91	-33	-69
<b>Profit from the continuing operations</b>	<b>312</b>	<b>281</b>	<b>268</b>	<b>34</b>	<b>273</b>
Discontinued operations, net of tax	71	41	28	33	128
Divested operations, net of tax	—	—	—	72	6
<b>Net profit</b>	<b>383</b>	<b>323</b>	<b>297</b>	<b>139</b>	<b>407</b>
<b>Other comprehensive income</b>					
<b>Items reclassifiable to profit or loss</b>					
Exchange differences	51	-76	-63	2	-118
Available-for-sale financial assets	—	—	—	109	-260
Cash flow hedges	-1	2	0	0	0
Share of other comprehensive income of associates	—	—	—	5	-3
Taxes	—	—	—	-28	54
<b>Total items reclassifiable to profit or loss, net of tax</b>	<b>50</b>	<b>-74</b>	<b>-63</b>	<b>87</b>	<b>-327</b>
<b>Items not reclassifiable to profit or loss</b>					
Actuarial gains and losses from defined pension plans	1	18	-1	-27	10
Taxes	0	-4	0	6	-2
<b>Total items not reclassifiable to profit or loss, net of tax</b>	<b>1</b>	<b>14</b>	<b>0</b>	<b>-21</b>	<b>8</b>
<b>Total other comprehensive income for the continuing operations, net of tax</b>	<b>51</b>	<b>-60</b>	<b>-64</b>	<b>66</b>	<b>-320</b>
Other comprehensive income for discontinued operations, net of tax	—	—	—	44	-144
<b>Other comprehensive income total, net of tax</b>	<b>51</b>	<b>-60</b>	<b>-64</b>	<b>109</b>	<b>-464</b>
<b>Total comprehensive income</b>	<b>433</b>	<b>263</b>	<b>233</b>	<b>249</b>	<b>-56</b>
<b>Profit attributable to</b>					
Owners of the parent	366	304	271	61	387
Non-controlling interests	17	18	26	78	20
<b>Total comprehensive income attributable to</b>					
Owners of the parent	417	245	207	170	-76
Non-controlling interests	17	18	26	78	20

## Statement of profit and other comprehensive income

EURm	Note	1-9/2023	1-9/2022
Insurance revenue		6,234	6,022
Insurance service expenses		-5,308	-4,862
Reinsurance result		-29	-210
<b>Insurance service result</b>	<b>1</b>	<b>898</b>	<b>951</b>
Net investment income	<b>2</b>	489	202
Net finance income or expense from insurance contracts	<b>3</b>	-103	791
Insurance finance income or expense, gross		-120	940
Insurance finance income or expense, reinsurance		16	-150
<b>Net financial result</b>		<b>385</b>	<b>993</b>
Other income	<b>4</b>	211	287
Other expenses		-310	-323
Finance expenses		-71	-78
Share of associates' profit or loss		1	27
<b>Profit before taxes</b>		<b>1,113</b>	<b>1,857</b>
Income taxes		-251	-332
<b>Profit from the continuing operations</b>		<b>862</b>	<b>1,525</b>
Discontinued operations, net of tax	<b>8</b>	140	546
Divested operations, net of tax	<b>9</b>	—	30
<b>Net profit</b>		<b>1,002</b>	<b>2,100</b>
<b>Other comprehensive income</b>			
<b>Items reclassifiable to profit or loss</b>			
Exchange differences		-88	-270
Available-for-sale financial assets		—	-1,230
Share of other comprehensive income of associates		—	-5
Taxes		—	238
<b>Total items reclassifiable to profit or loss, net of tax</b>		<b>-88</b>	<b>-1,267</b>
<b>Items not reclassifiable to profit or loss</b>			
Actuarial gains and losses from defined pension plans		18	60
Taxes		-4	-12
<b>Total items not reclassifiable to profit or loss, net of tax</b>		<b>15</b>	<b>47</b>
<b>Total other comprehensive income for the continuing operations, net of tax</b>		<b>-73</b>	<b>-1,220</b>
Other comprehensive income for the discontinued operations, net of tax		—	-528
<b>Other comprehensive income total, net of tax</b>		<b>-73</b>	<b>-1,748</b>
<b>Total comprehensive income</b>		<b>929</b>	<b>352</b>
<b>Profit attributable to</b>			
Owners of the parent		941	2,046
Non-controlling interests		61	54
<b>Total comprehensive income attributable to</b>			
Owners of the parent		868	298
Non-controlling interests		61	54

## Consolidated balance sheet

EURm	Note	9/2023	12/2022
<b>Assets</b>			
Property, plant and equipment		306	355
Investment property		1	166
Intangible assets		3,307	3,494
Investments in associates		12	16
Financial assets	5	15,627	19,565
Financial assets related to unit-linked contracts		—	9,930
Deferred income tax		2	11
Insurance contract assets		—	6
Reinsurance contract assets		2,230	1,821
Other assets		777	775
Cash and cash equivalents		1,361	3,073
Disposal group held for distribution to owners	8	15,736	—
<b>Total assets</b>		<b>39,358</b>	<b>39,212</b>
<b>Liabilities</b>			
Insurance contract liabilities	6	11,566	16,210
Investment contract liabilities		—	7,103
Subordinated debts	7	1,639	1,983
Other financial liabilities	7	1,246	1,457
Deferred income tax		501	666
Provisions		6	6
Other liabilities		1,457	1,611
Dividend liability on partial demerger		1,826	—
Liabilities directly associated with disposal group held for distribution to owners	8	13,910	—
<b>Total liabilities</b>		<b>32,151</b>	<b>29,035</b>
<b>Equity</b>			
Share capital		98	98
Reserves		1,530	1,530
Retained earnings		5,987	8,482
Other components of equity		-829	-492
<b>Equity attributable to owners of the parent</b>		<b>6,786</b>	<b>9,618</b>
Non-controlling interests		421	560
<b>Total equity</b>		<b>7,207</b>	<b>10,178</b>
<b>Total equity and liabilities</b>		<b>39,358</b>	<b>39,212</b>

## 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
<b>Equity at 31 December 2021 (IFRS 4)</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>9,952</b>	<b>-415</b>	<b>1,622</b>	<b>12,788</b>	<b>676</b>	<b>13,464</b>
Impact of IFRS 17 transition 1 January 2022	—	—	—	-7	—	23	16	-25	-9
<b>Equity at 1 January 2022 (IFRS 17)</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>9,945</b>	<b>-415</b>	<b>1,646</b>	<b>12,805</b>	<b>651</b>	<b>13,456</b>
<b>Changes in equity</b>									
Acquired non-controlling interests	—	—	—	1	—	—	1	-1	0
Dividends	—	—	—	-2,186	—	—	-2,186	-207	-2,393
Acquisition of own shares	—	—	—	-1,066	—	—	-1,066	—	-1,066
Share-based payments	—	—	—	-2	—	—	-2	—	-2
Changes in associate share holdings	—	—	—	-17	—	—	-17	—	-17
Other changes in equity	—	—	—	54	-58	-1	-5	-5	-10
Profit for the reporting period	—	—	—	2,046	—	—	2,046	54	2,100
Other comprehensive income for the period	—	—	—	47	-275	-1,520	-1,748	—	-1,748
Total comprehensive income	—	—	—	2,093	-275	-1,520	298	54	352
<b>Equity at 30 September 2022</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>8,822</b>	<b>-748</b>	<b>124</b>	<b>9,827</b>	<b>492</b>	<b>10,319</b>
<b>Equity at 31 December 2022 (IFRS 17, restated)</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>8,482</b>	<b>-741</b>	<b>248</b>	<b>9,618</b>	<b>560</b>	<b>10,178</b>
Impact of IFRS 9 transition 1 January 2023	—	—	—	248	—	-248	—	—	—
<b>Equity at 1 January 2023</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>8,730</b>	<b>-741</b>	<b>—</b>	<b>9,618</b>	<b>560</b>	<b>10,178</b>
<b>Changes in equity</b>									
Acquired non-controlling interests	—	—	—	-11	—	—	-11	-3	-14
Dividends	—	—	—	-1,321	—	—	-1,321	-187	-1,508
Dividend liability to shareholders	—	—	—	-1,826	—	—	-1,826	—	-1,826
Acquisition of own shares	—	—	—	-555	—	—	-555	—	-555
Other changes in equity	—	—	—	13	—	—	13	-10	3
Profit for the reporting period	—	—	—	941	—	—	941	61	1,002
Other comprehensive income for the period	—	—	—	15	-88	—	-74	—	-74
Total comprehensive income	—	—	—	956	-88	—	868	61	928
<b>Equity at 30 September 2023</b>	<b>98</b>	<b>4</b>	<b>1,527</b>	<b>5,987</b>	<b>-829</b>	<b>—</b>	<b>6,786</b>	<b>421</b>	<b>7,207</b>

<sup>1)</sup> IAS 19 Pension benefits had a net effect of 15 million (47) on retained earnings.

<sup>2)</sup> In the comparison year, the translation differences of the other comprehensive income include associate Nordax' share of exchange differences EUR -5 million.

<sup>3)</sup> In accordance with IAS 39, the comparison year includes EUR -1,386 million recognised in equity and EUR -134 million was transferred to p/l from available-for-sale financial assets. EUR 61 million was transferred to Mandatum's Segregated Suomi portfolio.

Sampo plc has cancelled 5,401,743 acquired own shares on 30 March 2023 and 9,381,017 shares on 10 August 2023.

## Statement of cash flows

EURm	1-9/2023	1-9/2022
<b>Operating activities</b>		
Profit before tax	1,286	2,567
<b>Adjustments:</b>		
Depreciation and amortisation	96	112
Unrealised gains and losses arising from valuation	-160	1,123
Realised gains and losses on investments	-300	232
Change in liabilities for insurance and investment contracts	1,312	-1,554
Other adjustments*	265	-2,256
<b>Adjustments total</b>	<b>1,213</b>	<b>-2,343</b>
<b>Change (+/-) in assets of operating activities</b>		
Investments**	-711	-2,089
Other assets	-206	3,592
<b>Total</b>	<b>-917</b>	<b>1,503</b>
<b>Change (+/-) in liabilities of operating activities</b>		
Financial liabilities	144	155
Other liabilities	-34	-1,704
Paid taxes	-208	-245
Paid interest	-115	-146
<b>Total</b>	<b>-213</b>	<b>-1,940</b>
<b>Net cash from operating activities</b>	<b>1,369</b>	<b>-214</b>
<b>Investing activities</b>		
Divestments in subsidiary shares	20	–
Divestments in associate shares	–	2,291
Dividends received from associates	–	157
Net investment in equipment and intangible assets	-13	-90
<b>Net cash from investing activities</b>	<b>7</b>	<b>2,358</b>
<b>Financing activities</b>		
Dividends paid	-1,321	-2,186
Dividends paid to non-controlling interests	-187	-207
Acquisition of non-controlling interests	-14	-1
Acquisition of own shares	-555	-1,066
Issue of debt securities	117	80
Repayments of debt securities in issue	-450	-856
<b>Net cash used in financing activities</b>	<b>-2,409</b>	<b>-4,236</b>
<b>Total cash flows</b>	<b>-1,034</b>	<b>-2,092</b>
Cash and cash equivalents at the beginning of reporting period	3,073	4,819
Effects of exchange rate changes	-5	-39
Cash and cash equivalents at the end of reporting period	2,034	2,688
<b>Net change in cash and cash equivalents</b>	<b>-1,034</b>	<b>-2,092</b>

<sup>\*)</sup> Other adjustments in the comparison year relate mainly to the sale of Nordea shares.

<sup>\*\*)</sup> Investments include investment property, financial assets and investments related to unit-linked insurance contracts.

Statement of cash flows includes continuing and discontinued operations. The presentation of line items in the comparison year have changed due to the transition to IFRS 17.

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 1,850 million (2,405) and short-term deposits (max 3 months) EUR 184 million (283).

# Notes

## Accounting principles

Sampo Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The interim financial statements are not presented in accordance with IAS 34 standard as Sampo applies the statutes of security markets act (1278/2015), regarding the regular disclosure requirements. The same accounting principles and methods of computation are applied in this interim financial statements as were applied in Sampo's consolidated financial statements 2022, with the exception of changes resulting from the adoption of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*. The new accounting principles are summarised below in section *New accounting principles applied from 1 January 2023*.

The financial statements 2022 are available on Sampo's website [www.sampo.com/year2022](http://www.sampo.com/year2022).

Information presented in the Interim Statement is unaudited.

## Accounting principles requiring management judgement and key sources of estimation uncertainties

### Discontinued operations

On 7 December 2022, Sampo Group announced a strategic review of Mandatum Group's role in the Group. Following an assessment of options, on 29 March 2023, the Board resolved to propose a partial demerger of Sampo plc to separate Mandatum from Sampo Group. The Annual General Meeting approved the partial demerger on 17 May 2023 as set forth in the demerger plan, approved and signed by the Board on 29 March 2023. The demerger plan was registered in the Finnish Trade Register on 30 March 2023.

Sampo has evaluated the reclassification principles set in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and IFRIC 17 *Distribution of Non-cash Assets to Owners*. As a result of the analysis, Sampo concluded that the demerger of Mandatum meets the criteria set for arrangements to be considered as held for distribution to owners acting in their capacity as owners on 30 September 2023. At the end of reporting period, Mandatum was still classified as discontinued operations for interim reporting as the demerger took place on 1 October 2023.

Mandatum's assets and liabilities have been reclassified as a disposal group held for distribution to owners and related liabilities since 31 March 2023. The comparison numbers are not restated. In the statement of profit and other comprehensive income, the result of Mandatum is reported as a single line item as profit from the discontinued operations. The comparison numbers are restated. Sampo has assessed that there is no indication of impairment.

### Dividend liability on partial demerger

Sampo has analysed the accounting principles set in IFRIC 17 *Distribution of Non-cash Assets to Owners* interpretation regarding the timing of recognition of liability for dividend payable. IFRIC 17.10 states that the liability to pay a dividend is recognised against the equity when the dividend is appropriately authorised and is no longer at the discretion of the entity. An entity shall measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed.

### Key management judgement

In September 2023, the Board of Directors completed the final evaluation of the conditions for completing the demerger. The dividend liability on the partial demerger of Mandatum was recognised in Sampo Group's balance sheet amounting to EUR 1,826 million. Sampo's management concluded that Mandatum segment's net assets represented the best estimate of Mandatum's fair value prior listing at the end of the reporting period.

At the settlement date 2 October 2023, the dividend liability is measured at fair value. The management has considered that the best estimate of fair value is Mandatum Group's weighted average share price on 2 October 2023, the first day of listing in Nasdaq Helsinki. As a result, the fair value amounts to EUR 1,835 million at the

settlement date. The difference between the dividend liability and the net assets distributed is recognised in the statement of profit or loss during the reporting period Q4/2023.

## New accounting principles applied from 1 January 2023

Sampo Group applies IFRS 17 *Insurance Contracts* from 1 January 2023 and comparative information for the year 2022 is restated. IFRS 17 has replaced IFRS 4 *Insurance Contracts* and establishes principles for the recognition, measurement, presentation, and disclosures of insurance contracts.

Sampo Group applied the temporary exemption regarding the adoption of IFRS 9 *Financial Instruments* and implemented IFRS 9 at the same time as IFRS 17 *Insurance Contracts* i.e. on 1 January 2023. IFRS 9 *Financial Instruments* standard superseded IAS 39 *Financial Instruments: Recognition and Measurement*. The IFRS 9 comparative figures 2022 are not restated.

The main accounting principles related to IFRS 17 and IFRS 9 are included in this interim report. Sampo Group will publish the full set of accounting principles as part of the consolidated financial statements 2023. The new accounting principles and management judgements may change until Sampo Group publishes its year-end financial statements 2023 in accordance with IFRS 17 and IFRS 9.

As Mandatum Group has been classified as discontinued operation as of 31 March 2023, the new accounting principles related to Mandatum's operations are included in the note 8 *Discontinued operations*.

### IFRS 17 transition impacts

In the transition to IFRS 17, Sampo Group P&C companies have applied a full retrospective approach and restated previous year's comparatives. 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 was recognised in retained earnings on 1 January 2022.

Sampo Group's opening balance sheet as of 1 January 2022 amounted to EUR 58.7 billion and equity to EUR 13.5 billion. Compared to the IFRS 4 closing balance sheet as of 31 December 2021 of EUR 61.1 billion, the opening IFRS 17 balance sheet decreased by EUR 2.4 billion. The net transition impact on the IFRS 17 equity was insignificant, amounting to EUR 14 million in the opening balance sheet. At the time of transition to IFRS 17, Mandatum Group had not been classified as discontinued operation, and thus it is included in the figures presented.

In the transition to IFRS 17, both the assets and the liabilities decreased mainly due to reclassifications of premium receivables and deferred acquisition costs from other assets to insurance liabilities. Discounting of the reserves decreased the insurance liabilities whereas an introduction of risk adjustment increased the insurance liabilities. The introduction of the loss component related to onerous contracts had only an insignificant impact on the transition.

Sampo Group's IFRS 17 balance sheet as of 31 December 2022 amounted to EUR 39.2 billion, and compared to IFRS 4 balance sheet of EUR 42.0 billion, decreased EUR by 2.8 billion. The total equity under IFRS 17 amounted to EUR 10.2 billion, compared to IFRS 4 equity of EUR 9.5 billion, increase by EUR 0.6 billion.

### IFRS 17 Insurance Contracts

#### Scope

In the Group's P&C 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 but instead accounted for 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).

**Level of aggregation**

Insurance contracts are aggregated into portfolios of insurance contracts, which comprise 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 P&C operations, portfolios are determined based on a segmentation of business, or a combination of line of business (as defined by management), business area and country. Portfolios are determined separately for each legal entity, or based on product lines.

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

The carrying amount of the portfolios of insurance and reinsurance contracts determines if they are presented as assets or liabilities in the balance sheet.

**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 P&C operations, the majority of contracts have a one-year contract boundary, typically until the next renewal date; i.e. contract has one-year coverage period during which there are substantive rights and obligations.

**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).

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 P&C 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.

The measurement of insurance liabilities consists of liability for remaining coverage (LRC), and liability for incurred claims (LIC) including both reported but not settled claims as well as incurred but not reported claims (IBNR).

On initial recognition of P&C 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 recognized.

The acquisition cash flows 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 P&C 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 the coverage period of the contracts, generally one year, or longer in case of expected renewals. Any acquisition cash flows paid relating to a group of insurance contracts not yet recognized are presented as a separate acquisition cash flow asset.

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 for services provided in the period, which for most products is based on the passage of time (straight line basis). Consequently, any premium receipts pertaining to insurance services to be provided after the closing date remains in this liability. The carrying amount is also

increased for any premiums received in subsequent periods less additional insurance acquisition cash flows paid. The carrying amount of LRC is not discounted or adjusted with the effect of financial risk as the time between providing services and the related premium due date generally is no more than a year.

The liability for incurred claims (LIC) is intended to cover the future payments of all claims incurred, including claims not yet reported to the company and all claims handling expenses. 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 estimated future cash flows (best estimate) are calculated with the aid of statistical methods or through individual assessments of individual claims.

#### **Discounting**

Sampo Group's P&C 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.

The discounting effect of current year liabilities for incurred claims and changes in the cash flows are recognised in the insurance service result. Unwinding of interest rates, 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. The risks typically considered in P&C operations, when assessing risk adjustment, are reserve risk, longevity risk, inflation risk and premium risk.

In Sampo Group, the risk adjustment is 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 premium allocation approach, the risk adjustment is only included in LIC, unless a group of insurance contracts is onerous.

#### **Reinsurance contracts**

The PAA model is applied to reinsurance contracts held. The corresponding policies as for measuring the insurance contracts issued are applied when measuring the reinsurance contracts held. Thus, correspondingly to insurance liabilities for issued insurance contracts, the reinsurance assets for reinsurance contracts held consist of asset for remaining coverage and asset for incurred claims. The asset for incurred claims also takes into consideration the effect of the risk of non-performance by the issuer of the reinsurance contract.

#### **Presentation**

The implementation of IFRS 17 leads to significant changes in the presentation and the extent of disclosures in the financial statements during 2023.

#### **Statement of profit or loss and other comprehensive income**

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, comprising of insurance revenue, insurance service expenses and reinsurance result, reflects the result relating to underwriting and servicing insurance policies. The net financial result reflects the impacts arising from financial components of insurance contracts.

#### **Insurance revenue**

Insurance revenue reflects the compensation that Sampo receives from the policyholder in return for the transfer of risk (insurance contract services) on an earned basis. The insurance revenue recognized in the reporting period is based on premium receipts and expected premium receipts allocated linearly over the underlying terms of the

insurance contracts, i.e. based on the passage of time. The liability for remaining coverage is reduced with a corresponding amount as the insurance revenue.

**Insurance service expenses**

The insurance service expenses comprise of both claims incurred and operating expenses.

*Claims incurred* for the reporting period include claims payments during the period and changes in the liability for incurred claims. The change in liability for incurred claims includes the changes in undiscounted best estimate, discounted risk adjustment and the changes in discounting effect due to changes in underlying best estimate or changes in payment patterns. The claims incurred also include claims handling expenses and changes in the loss component.

*Operating expenses* reported in the insurance service result relate to administrative expenses arising from the handling of insurance contracts. Additionally, the operating expenses include the acquisition cash flows recognised in profit or loss, where the liability for remaining coverage changes with a corresponding amount.

**Reinsurance result**

Reinsurance result comprises both reinsurance premium expenses and reinsurer's share of claims incurred. Reinsurance premium expenses related to reinsurance contracts held are recognized similarly to insurance revenue and reflect the premium payments that are attributable to the reporting period for the reinsurance contract services received. Any commissions received reduce the reinsurance premium expenses. The reinsurers' share of claims incurred is reported consistently with Insurance service expenses and also includes changes in the risk of non-performance.

**Insurance finance income or expenses**

The insurance finance income or expenses included in the net financial result reflects the impacts arising from financial components. This includes changes in the liability for incurred claims related to changes in discount rates and time value of money (unwinding). Therefore, the effect from changes in interest rates as well as interest expense is presented in its entirety as insurance finance income or expenses. The effect of changes in indexation of annuities is also presented within insurance finance income or expenses. Amounts related to reinsurance contracts are presented separately. The option to present changes in discounting effect in other comprehensive income is not applied.

**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 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 is varying between group companies from 75 percent to 85 percent.

## IFRS 9 Financial Instruments

### **Financial assets - classification**

Financial assets are classified as being subsequently measured either at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL). Under IFRS 9, the majority of Sampo Group's financial assets are classified at fair value through profit or loss and only a limited amount of financial assets are measured at amortised cost and no financial assets are classified as FVOCI.

The classification of financial assets into these 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, 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 amortized 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 amortized cost are subject to loss allowance, expected credit losses (ECL), requirements.

### **Financial assets - impairment**

IFRS 9 introduces a forward-looking ECL model, which in Sampo Group, is mainly applicable to financial assets measured at amortized 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 staged 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**

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.

## Result by segment for nine months ended 30 September 2023

EURm	If Topdanmark	Hastings	Holding	Elim.	Sampo Group
GWP & Other income from insurance contracts	4,373	1,098	1,438	—	6,909
Insurance revenue, net	3,730	956	814	—	5,499
Claims incurred, net	-2,530	-620	-521	—	-3,671
Operating expenses	-571	-168	-192	—	-931
<b>Insurance service result</b>	<b>628</b>	<b>168</b>	<b>101</b>	<b>—</b>	<b>898</b>
Other P&C insurance related income or expense	—	—	-15	—	-15
<b>Underwriting result</b>	<b>628</b>	<b>168</b>	<b>86</b>	<b>—</b>	<b>882</b>
Net investment income	427	40	33	0	489
Insurance finance income or expense, net	-54	-32	-18	—	-103
<b>Net financial result</b>	<b>373</b>	<b>8</b>	<b>15</b>	<b>0</b>	<b>385</b>
Other items	-12	-33	-31	-82	2
<b>Profit before taxes</b>	<b>989</b>	<b>143</b>	<b>70</b>	<b>-81</b>	<b>-9</b>
Income taxes	-208	-38	-6	0	-251
<b>Profit from the continuing operations</b>	<b>781</b>	<b>106</b>	<b>64</b>	<b>-81</b>	<b>-9</b>
Discontinued operations, net of tax *	—	—	—	—	9
<b>Net profit</b>					<b>1,002</b>
<b>Other comprehensive income</b>					
<b>Items reclassifiable to profit or loss</b>					
Exchange differences	-120	-4	37	—	-88
Cash flow hedges	—	—	0	—	0
<b>Total items reclassifiable to profit or loss, net of tax</b>	<b>-120</b>	<b>-4</b>	<b>37</b>	<b>—</b>	<b>-88</b>
<b>Items not reclassifiable to profit or loss</b>					
Actuarial gains and losses from defined pension plans	18	—	—	—	18
Taxes	-4	—	—	—	-4
<b>Total items not reclassifiable to profit or loss, net of tax</b>	<b>15</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>15</b>
<b>Total other comprehensive income for the continuing operations, net of tax</b>	<b>-106</b>	<b>-4</b>	<b>37</b>	<b>—</b>	<b>-73</b>
<b>Total comprehensive income</b>	<b>675</b>	<b>101</b>	<b>101</b>	<b>-81</b>	<b>-9</b>
<b>Profit attributable to</b>					
Owners of the parent					941
Non-controlling interests					61
<b>Total comprehensive income attributable to</b>					
Owners of the parent					868
Non-controlling interests					61

In the table Mandatum segment has been presented on a single line as a discontinued operation, and therefore, Group total by lines do not reconcile to the segment totals.

\*) The elimination totalling EUR 9 million is related to intra-segment operations between the reportable segments and discontinued operation.

## Result by segment for nine months ended 30 September 2022

EURm	If Topdanmark	Hastings	Holding	Elim.	Sampo Group
GWP & Other income from insurance contracts	4,348	1,087	1,145	—	6,580
Insurance revenue, net	3,767	941	634	—	5,341
Claims incurred, net	-2,519	-614	-344	—	-3,478
Operating expenses	-587	-158	-168	—	-913
<b>Insurance service result</b>	<b>661</b>	<b>169</b>	<b>122</b>	<b>—</b>	<b>951</b>
Other P&C insurance related income or expense	—	—	-29	—	-29
<b>Underwriting result</b>	<b>661</b>	<b>169</b>	<b>93</b>	<b>—</b>	<b>923</b>
Net investment income	200	-190	10	187	202
Insurance finance income or expense, net	626	134	30	—	791
<b>Net financial result</b>	<b>827</b>	<b>-56</b>	<b>40</b>	<b>187</b>	<b>993</b>
Other items	3	-35	-33	7	-58
<b>Profit before taxes</b>	<b>1,491</b>	<b>78</b>	<b>100</b>	<b>194</b>	<b>-6</b>
Income taxes	-307	-16	-9	0	-332
<b>Profit from the continuing operations</b>	<b>1,183</b>	<b>62</b>	<b>92</b>	<b>194</b>	<b>-6</b>
Discontinued operations, net of tax	—	—	—	—	6
Divested operations, net of tax	—	30	—	—	30
<b>Net profit</b>					<b>2,100</b>
<b>Other comprehensive income</b>					
<b>Items reclassifiable to profit or loss</b>					
Exchange differences	-148	-1	-98	-23	-270
Available-for-sale financial assets	-961	—	-93	-176	-1,230
Share of other comprehensive income of associates	—	—	—	-5	-5
Taxes	198	—	—	40	238
<b>Total items reclassifiable to profit or loss, net of tax</b>	<b>-911</b>	<b>-1</b>	<b>-191</b>	<b>-164</b>	<b>-1,267</b>
<b>Items not reclassifiable to profit or loss</b>					
Actuarial gains and losses from defined pension plans	60	—	—	—	60
Taxes	-12	—	—	—	-12
<b>Total items not reclassifiable to profit or loss, net of tax</b>	<b>47</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>47</b>
<b>Total other comprehensive income for the continuing operations, net of tax</b>	<b>-864</b>	<b>-1</b>	<b>-191</b>	<b>-164</b>	<b>-1,220</b>
Other comprehensive income for the discontinued operations, net of tax					-528
<b>Other comprehensive income, total net of tax</b>					<b>-1,748</b>
<b>Total comprehensive income</b>	<b>319</b>	<b>61</b>	<b>-99</b>	<b>29</b>	<b>-6</b>
<b>Profit attributable to</b>					
Owners of the parent					2,046
Non-controlling interests					54
<b>Total comprehensive income attributable to</b>					
Owners of the parent					298
Non-controlling interests					54

Mandatum segment has been presented in the table on a single line as a discontinued operations, and therefore the Group total by lines do not reconcile to the segment totals.

## Balance sheet by segment at 30 September 2023

EURm	If	Topdanmark	Hastings	Holding	Elim.	Sampo Group
<b>Assets</b>						
Property, plant and equipment	173	108	19	5	—	306
Investment property	1	—	—	—	—	1
Intangible assets	563	1,217	1,526	1	—	3,307
Investments in associates	4	8	—	—	—	12
Financial assets	10,819	2,419	1,389	7,558	-6,558	15,627
Deferred income tax	2	4	—	0	-4	2
Reinsurance contract assets	524	84	1,622	—	—	2,230
Other assets	511	87	142	39	-1	777
Cash and cash equivalents	564	6	283	508	—	1,361
Disposal group held for distribution to owners	—	—	—	—	0	15,736
<b>Total assets</b>	<b>13,161</b>	<b>3,933</b>	<b>4,981</b>	<b>8,110</b>	<b>-6,563</b>	<b>39,358</b>
<b>Liabilities</b>						
Insurance contract liabilities	7,000	1,873	2,693	—	—	11,566
Subordinated debts	130	148	—	1,490	-127	1,639
Other financial liabilities	32	58	161	994	—	1,246
Deferred income tax	304	119	78	—	—	501
Provisions	6	—	—	—	—	6
Other liabilities	1,126	165	119	48	-1	1,457
Dividend liability on partial demerger of Mandatum	—	—	—	1,826	—	1,826
Liabilities directly associated with disposal group held for distribution to owners	—	—	—	—	0	13,910
<b>Total liabilities</b>	<b>8,597</b>	<b>2,362</b>	<b>3,052</b>	<b>4,357</b>	<b>-128</b>	<b>32,151</b>
<b>Equity</b>						
Share capital						98
Reserves						1,530
Retained earnings						5,987
Other components of equity						-829
<b>Equity attributable to owners of the parent</b>						<b>6,786</b>
Non-controlling interests						421
<b>Total equity</b>						<b>7,207</b>
<b>Total equity and liabilities</b>						<b>39,358</b>

Mandatum segment has been presented in the table on a single line as a discontinued operations, and therefore the Group total by lines do not reconcile to the segment totals.

## Balance sheet by segment at 31 December 2022

EURm	If	Topdanmark	Hastings	Mandatum	Holding	Elim.	Sampo Group
<b>Assets</b>							
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	2,584	1,149	3,776	8,250	-6,644	19,565
Financial assets related to unit-linked contracts	—	—	—	9,930	—	—	9,930
Deferred income tax	9	7	—	—	—	-4	11
Insurance contract assets	—	—	—	6	—	—	6
Reinsurance contract assets	264	79	1,477	1	—	—	1,821
Other assets	394	66	127	162	60	-34	775
Cash and cash equivalents	296	8	246	761	1,762	—	3,073
<b>Total assets</b>	<b>12,197</b>	<b>4,094</b>	<b>4,521</b>	<b>15,004</b>	<b>10,077</b>	<b>-6,682</b>	<b>39,212</b>
<b>Liabilities</b>							
Insurance contract liabilities	6,693	1,763	2,434	5,321	—	—	16,210
Investment contract liabilities	—	—	—	7,103	—	—	7,103
Subordinated debts	224	148	—	350	1,489	-228	1,983
Other financial liabilities	7	55	73	3	1,320	—	1,457
Deferred income tax	306	120	79	160	—	—	666
Provisions	6	—	—	—	—	—	6
Other liabilities	1,073	166	118	224	64	-34	1,611
<b>Total liabilities</b>	<b>8,309</b>	<b>2,252</b>	<b>2,704</b>	<b>13,159</b>	<b>2,873</b>	<b>-262</b>	<b>29,035</b>
<b>Equity</b>							
Share capital							98
Reserves							1,530
Retained earnings							8,482
Other components of equity							-492
<b>Equity attributable to owners of the parent</b>							<b>9,618</b>
Non-controlling interests							560
<b>Equity</b>							<b>10,178</b>
<b>Total equity and liabilities</b>							<b>39,212</b>

# Other notes, EURm

## 1 Insurance service result

EURm	1-9/2023	1-9/2022
<b>Insurance revenue</b>		
<b>Insurance contracts measured under PAA</b>		
Gross written premiums	6,737	6,420
Change in liability for remaining coverage	-675	-557
Brokerage revenue	173	159
<b>Total insurance revenue from contracts measured under PAA</b>	<b>6,234</b>	<b>6,022</b>
<b>Total insurance revenue</b>	<b>6,234</b>	<b>6,022</b>
<b>Insurance service expenses</b>		
<b>Expenses related to claims incurred</b>		
Claims paid and benefits	-3,838	-3,542
Claims handling expenses	-341	-348
Change in liability for incurred claims	-194	-77
Change in risk adjustment	-3	9
Change in loss component	-1	10
<b>Insurance service expenses related to claims incurred</b>	<b>-4,377</b>	<b>-3,949</b>
<b>Operating expenses</b>	<b>-931</b>	<b>-913</b>
<b>Total insurance service expenses</b>	<b>-5,308</b>	<b>-4,862</b>
<b>Reinsurance result</b>		
Premiums	-735	-681
Claims recovered	706	471
<b>Total reinsurance result</b>	<b>-29</b>	<b>-210</b>
<b>Total insurance service result</b>	<b>898</b>	<b>951</b>

The table does not include Mandatum Group's figures. For further information, please see note 8.

## 2 Net investment income

Net investment income contains the investment income and expenses from financial assets and liabilities held by group companies. Comparative year figures are presented in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

EURm	1-9/2023	1-9/2022
<b>Derivative financial instruments</b>		
Interest income	1	1
Interest expense	-3	-10
Net gains or losses	48	47
<b>Derivative financial instruments, total</b>	<b>46</b>	<b>38</b>
<b>Financial assets at fair value through profit or loss</b>		
Debt securities		
Interest income	327	32
Net gains or losses	32	-161
Equity securities		
Dividend income	45	31
Net gains or losses	37	-26
Funds		
Distributions	4	—
Interest income	9	1
Net gains or losses	31	0
<b>Financial assets at fair value through profit or loss, total</b>	<b>484</b>	<b>-123</b>
<b>Financial assets available-for-sale (IAS 39)</b>		
Debt securities	n/a	171
Equity securities	n/a	51
Funds	n/a	5
<b>Financial assets available-for-sale, total</b>	<b>n/a</b>	<b>226</b>
<b>Financial assets at amortised cost</b>	<b>16</b>	<b>n/a</b>
<b>Loans and receivables</b>	<b>n/a</b>	<b>5</b>
<b>Total income or expenses from financial assets</b>	<b>547</b>	<b>146</b>
<b>Other</b>		
Dividend income from associates	—	157
Expenses from asset management	-14	-17
Other income	24	11
Other expenses	-64	-94
Expenses from investment property	-3	-1
<b>Total other</b>	<b>-58</b>	<b>56</b>
<b>Total net investment income</b>	<b>489</b>	<b>202</b>

The table does not include Mandatum Group's figures. For further information, please see note 8.

### 3 Net finance income or expense from insurance contracts

EURm	1-9/2023	1-9/2022
<b>Insurance contracts</b>		
Unwinding of discount rate	-221	-86
Effect of changes in interest rates and other financial assumptions	101	1,026
<b>Total finance income or expenses from insurance contracts</b>	<b>-120</b>	<b>940</b>
<b>Reinsurance contracts</b>		
Unwinding of discount rate	54	22
Reinsurers' share of effect of changes in interest rates and other financial assumptions	-38	-172
<b>Total finance income or expenses from reinsurance contracts</b>	<b>16</b>	<b>-150</b>
<b>Net finance result insurance and reinsurance contracts</b>	<b>-103</b>	<b>791</b>

The table does not include Mandatum Group's figures. For further information, please see note 8.

### 4 Other income

EURm	1-9/2023	1-9/2022
Other income	202	283
Income related to broker activities	9	4
<b>Total other income</b>	<b>211</b>	<b>287</b>

The table does not include Mandatum Group's figures. For further information, please see note 8.

If's other operating income includes approximately EUR 110 million (101) income from insurance operations without a transfer of insurance risk. Such income is primarily attributable i.e. 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' operating income includes total of EUR 89 million (82) revenue recognised under IFRS 15 and consisting of fees and commission on panel providers, ancillary product income and other retail income. Income related to broker activities is also accounted for under IFRS 15, if there is no insurance risk transferred to Hastings.

## 5 Financial assets

The financial assets for the reporting period are presented in accordance with IFRS 9 *Financial Instruments*. Figures for comparative year are presented in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The comparative period includes Mandatum Group's figures.

EURm	9/2023	12/2022
<b>Financial assets</b>		
<b>Derivative financial instruments</b>	<b>28</b>	<b>101</b>
<b>Financial assets at fair value through profit or loss</b>		
Debt securities	12,893	1,941
Equity securities	1,623	560
Funds	673	—
Deposits and other	68	544
<b>Total financial assets at fair value through profit or loss</b>	<b>15,257</b>	<b>3,045</b>
<b>Financial assets available-for-sale (IAS 39)</b>		
Debt securities	n/a	12,815
Equity securities	n/a	1,581
Funds	n/a	1,652
<b>Total financial assets available-for-sale</b>	<b>n/a</b>	<b>16,048</b>
<b>Financial assets measured at amortised cost</b>		
Loans	342	n/a
Other	1	n/a
<b>Total financial assets measured at amortised cost</b>	<b>343</b>	<b>n/a</b>
<b>Loans and receivables (IAS 39)</b>	<b>n/a</b>	<b>371</b>
<b>Total financial assets</b>	<b>15,627</b>	<b>19,565</b>

The comparative period includes Mandatum Group's figures. For further information, please see note 8.

The gross carrying amount of financial assets measured at amortised cost was EUR 353 million and loss allowance was EUR 10 million on 30 September 2023. During the reporting period, the expected credit losses recognised in P&L were EUR 5 million.

## 6 Insurance contract liabilities

EURm	9/2023	12/2022
<b>Insurance contract liability - contracts measured under PAA</b>		
Liability for remaining coverage	1,906	1,514
Liability for incurred claims	9,660	9,376
<b>Insurance contract liability - contracts measured under GMM and VFA</b>		
Liability for remaining coverage	—	5,299
Liability for incurred claims	—	22
<b>Total insurance contract liabilities</b>	<b>11,566</b>	<b>16,210</b>

The comparative period includes Mandatum Group's figures. For further information, please see note 8.

## 7 Financial liabilities

EURm	9/2023	12/2022
<b>Subordinated debt liabilities</b>		
Subordinated loans	1,639	1,983
<b>Total subordinated debt liabilities</b>	<b>1,639</b>	<b>1,983</b>
<b>Other financial liabilities</b>		
Derivative financial instruments	94	55
Financial liabilities measured at amortised cost		
Debt securities in issue	971	1,306
Amounts owed to credit institutions	181	96
<b>Total financial liabilities measured at amortised cost</b>	<b>1,152</b>	<b>1,402</b>
<b>Total other financial liabilities</b>	<b>1,246</b>	<b>1,457</b>
<b>Total financial liabilities</b>	<b>2,885</b>	<b>3,439</b>

The comparative period includes Mandatum Group's figures. For further information, please see note 8.

Sampo plc redeemed bonds during the reporting period amounting to EUR 328 million.

Hastings has a revolving credit facility with a financial institution totalling EUR 98 million, of which EUR 55 million was undrawn at the end of the reporting period. The revolving credit facility is maturing on 23 November 2024, after which the contract has an extension option of one more year. Hastings has an undrawn credit facility also with Sampo plc totalling EUR 87 million and with a maturity date of 29 October 2026.

## 8 Discontinued operations

### Mandatum Group's business

Mandatum is a major financial services provider that combines expertise in money and life and offers customers a wide array of services covering asset and wealth management, savings and investment, compensation and rewards, pension plans and personal risk insurance. Mandatum offers services to three customer segments: corporate customers, retail customers as well as institutional and wealth management customers.

Mandatum was treated as a wholly-owned direct subsidiary of Sampo plc until 30 September 2023. In Sampo Group financial reporting, it constitutes reporting segment in accordance with IFRS 8 *Operating Segments*. In the interim reporting Mandatum Group is presented as a discontinued operation, in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*. For more information related to classification of Mandatum, please see section *Accounting principles*.

### Key accounting principles

Sampo Group applies IFRS 17 *Insurance Contracts* from 1 January 2023 and the comparative information for the year 2022 is restated. Sampo Group applied the temporary exemption regarding the adoption of IFRS 9 *Financial Instruments* and implemented IFRS 9 at the same time as IFRS 17 *Insurance Contracts* i.e. on 1 January 2023. The IFRS 9 comparative figures 2022 are not restated. As the new standards, IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*, are applied from 1 January 2023 in Sampo Group, Mandatum's reporting is done in accordance with these standards as well.

In the following sections the key accounting principles related to IFRS 17 *Insurance Contracts* of Sampo Group's life operations, i.e. Mandatum Group, are presented in short. New accounting principles related to IFRS 9 *Financial Instruments* are included in section *Accounting principles*.

### IFRS 17 Insurance Contracts

#### **General measurement model (GMM)**

IFRS 17 introduces a general measurement model (GMM) applicable to all insurance contracts to measure insurance contract liabilities. In Sampo Group's life operations GMM is applied to with profit policies and risk policies.

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.

On initial recognition, life operations measure a group of insurance contracts as 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.

For 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 adjustment is recognized in the statement of profit or loss.

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.

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. In regards the risk adjustment, the following risks are considered in life operations: mortality, longevity, disability (including 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)**

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. The 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. In Sampo Group life operations VFA is applied to unit-linked insurance contracts measured under IFRS 17.

In addition, 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.

## **Result of discontinued operations**

<b>EURm</b>	<b>1-9/2023</b>	<b>1-9/2022</b>
Insurance revenue	255	245
Insurance service expenses	-213	-230
Reinsurance result	-1	-2
<b>Insurance service result</b>	<b>41</b>	<b>13</b>
Net investment result	658	-904
Net finance income or expense from insurance contracts	-161	952
Net result from investment contracts	-369	604
<b>Net financial result</b>	<b>127</b>	<b>651</b>
Other income	22	71
Other expenses	-12	-52
Finance expenses	-4	-4
Share of associates' profit or loss	-1	0
<b>Profit before taxes</b>	<b>173</b>	<b>680</b>
Income taxes	-33	-134
<b>Discontinued operations, net of tax</b>	<b>140</b>	<b>546</b>
<b>Other comprehensive income from discontinued operations, net of tax</b>	<b>—</b>	<b>-528</b>
<b>Total comprehensive income from discontinued operations</b>	<b>140</b>	<b>17</b>

The profit from the discontinued operations and total comprehensive income for the discontinued operations is attributable entirely to the owners of the parent.

## Effect on the financial position of the Group

EURm	09/2023
<b>Assets</b>	
Property, plant and equipment	24
Investment property	132
Intangible assets	172
Investments in associates	3
Financial assets	3,555
Financial assets related to unit-linked contracts	10,979
Insurance contract assets	9
Reinsurance contract assets	1
Other assets	188
Cash and cash equivalents	673
<b>Assets</b>	<b>15,736</b>
<b>Liabilities</b>	
Insurance contract liabilities	5,290
Investment contract liabilities	7,972
Subordinated debts	250
Other financial liabilities	22
Deferred income tax	133
Other liabilities	244
<b>Liabilities</b>	<b>13,910</b>

## Cash flows from discontinued operations

EURm	1-9/2023	1-9/2022
Net cash flows from operating activities	173	-129
Net cash flows from investing activities	20	-8
Net cash flows from financing activities	-280	-166
<b>Total cash flows</b>	<b>-88</b>	<b>-303</b>

Cash flows from financing activities include an internal dividend of EUR 150 million (150) and a group contribution of EUR 29 million (15) to Sampo plc. In addition, Mandatum repaid the subordinated loan to Sampo plc EUR 100 million in September 2023.

## 9 Business operations divested

### Topdanmark Forsikring's life and pension business

During comparative period, 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 was included in the divested operations. 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 Topdanmark segment. As Topdanmark's life business did not represent a major line of business or the 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*.

#### Results of divested operation

EURm	1-9/2022
Insurance revenue	203
Insurance service expenses	-177
Reinsurance result	1
<b>Insurance service result</b>	<b>27</b>
Net investment result	-1,813
Net finance income or expense from insurance contracts	1,832
<b>Net financial result</b>	<b>20</b>
Other income	1
Other expenses	-12
<b>Profit before taxes</b>	<b>36</b>
Income taxes	-6
<b>Divested operations, net of tax</b>	<b>30</b>

#### Effect on the financial position of the Group

At 30 September 2022, the assets of Topdanmark's life business amounted to EUR 12 billion. Liabilities amounted to EUR 11 billion and consisted mainly of insurance and investment contract liabilities.

## 10 Subsequent events after the balance sheet date

### Partial demerger

The partial demerger of Sampo plc was completed as planned on 1 October 2023. The first trading day for Mandatum on Nasdaq Helsinki was 2 October 2023. In the demerger, all of the shares in Mandatum Holding Ltd (a wholly-owned direct subsidiary of Sampo plc) and the related assets and liabilities were transferred without a liquidation procedure to Mandatum plc, a company incorporated in the demerger on the effective date.

The management has considered that the best estimate of the fair value of Mandatum Group is the weighted average share price during the first day of listing on 2 October 2023 in Nasdaq Helsinki. The average price of Mandatum's share was EUR 3.657, resulting in a dividend liability of EUR 1,835 million. Sampo will recognise the difference of EUR 9 million euros between the carrying amount of assets distributed in Mandatum segment, amounting to EUR 1,826 million, and the carrying amount of the dividend payable of EUR 1,835 million, in the last reporting period as part of the result of discontinued operations.

## Changes in Group Executive Committee and Board of Directors

Following the completion of the partial demerger, the Sampo Group Executive Committee (GEC) terms of Patrick Lapveteläinen, former Sampo Group CIO, and Petri Niemisvirta, CEO of Mandatum, ended on 1 October 2023. Mr Lapveteläinen was replaced as Group CIO by Ville Talasmäki, who joined the GEC on the same day. Lapveteläinen and Niemisvirta moved to Mandatum to take up roles as Full-time Chair of the Board and CEO, respectively. Following the changes, the strength of the GEC decreased from seven to six members.

In addition and as previously communicated, the number of the members of the Board of Directors of Sampo declined from ten to nine as Johanna Lamminen left the Board on 1 October 2023. Lamminen, who had been a member of the Sampo Board since 2019, became a member of the Board of Mandatum.

## Application on partial Group Internal Model

Following the completion of the demerger of Sampo plc, the Swedish FSA (Finansinspektionen) became Sampo's group prudential supervisor as of 1 October 2023. As a result, Sampo refiled its application for a Group Partial Internal Model to the Swedish FSA on 2 October 2023 (the application had previously been filed with Finnish FSA). Sampo expects that the application process will be completed during the first half of 2024.

The Partial Internal Model recognises the risk profile of Sampo's P&C operations better than the Standard Formula and it is estimated that it would have reduced the group-level solvency capital requirement (SCR) by up to EUR 0.3 billion at the third quarter of 2023.

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