

FINANCIAL STATEMENTS

2016

Financial Statements

Group's IFRS Financial Statements	3
Statement of Profit and Other Comprehensive Income, IFRS	3
Consolidated Balance Sheet, IFRS	4
Statement of Changes in Equity, IFRS	5
Statement of Cash Flows, IFRS	6
Notes to the Accounts	7
Summary of Significant Accounting Policies	7
Segment Information	22
Notes to the Group's Financial Statements	28
Sampo plc's Financial Statements	93
Sampo plc's Income Statement	93
Sampo plc's Balance Sheet	94
Sampo plc's Statement of Cash Flows	95
Summary of Sampo plc's Significant Accounting Policies	96
Notes to Sampo plc's Financial Statements	97
Approval of the Financial Statements and the Board of Directors' Report	105
Auditor's Report	106

Group's IFRS Financial Statements

Statement of Profit and Other Comprehensive Income, IFRS

EURm	Note	1-12/2016	1-12/2015
Insurance premiums written	1 8	5,375	5,522
Net income from investments	2 10 18	827	998
Other operating income		50	46
Claims incurred	3 8	-3,627	-3,917
Change in liabilities for insurance and investment contracts	4	-448	-502
Staff costs	5	-574	-438
Other operating expenses	6 8	-551	-545
Finance costs	10	-18	-68
Share of associates' profit/loss	14	837	793
Profit before taxes		1,871	1,888
Taxes	21 22 23	-221	-232
Profit for the period		1,650	1,656
Other comprehensive income for the period			
Items reclassifiable to profit or loss	23 24		
Exchange differences		-80	-35
Available-for-sale financial assets		225	-106
Share of associate's other comprehensive income		19	16
Taxes		-49	21
Total items reclassifiable to profit or loss, net of tax		115	-103
Items not reclassifiable to profit or loss			
Actuarial gains and losses from defined pension plans		-6	14
Taxes		1	-3
Total items not reclassifiable to profit or loss, net of tax		-5	11
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,760	1,564
Earnings per share (EUR)	9	2.95	2.96

Consolidated Balance Sheet, IFRS

EURm	Note	12/2016	12/2015
Assets			
Property, plant and equipment	11	27	26
Investment property	12	211	191
Intangible assets	13	612	724
Investments in associates	14	8,107	7,679
Financial assets	10 15 16 17 18 19	17,668	17,189
Investments related to unit-linked insurance contracts	10 20	3,427	5,847
Tax assets	21	27	36
Reinsurers' share of insurance liabilities	28	239	242
Other assets	25	1,761	1,708
Cash and cash equivalents	10 26	2,585	1,997
Assets held for sale	37	3,291	-
Total assets		37,955	35,639
Liabilities			
Liabilities for insurance and investment contracts	27	13,990	14,447
Liabilities for unit-linked insurance and investment contracts	28	3,407	5,841
Financial liabilities	10 16 17 29	3,847	2,375
Tax liabilities	21	527	468
Provisions	30	35	51
Employee benefits	31	79	90
Other liabilities	32	933	957
Liabilities related to assets held for sale	37	3,202	-
Total liabilities		26,021	24,228
Equity			
Share capital	34	98	98
Reserves		1,531	1,531
Retained earnings		9,700	9,325
Other components of equity		605	457
Total equity		11,934	11,411
Total equity and liabilities		37,955	35,639

Statement of Changes in Equity, IFRS

EURm	Share capital	Legal reserve	Invested unrestricted equity	Retained earnings ¹⁾	Translation of foreign operations ²⁾	Available for sale financial assets ³⁾	Total
Equity at 1 January 2015	98	4	1,527	8,655	-400	1,039	10,924
Changes in equity							
Recognition of undrawn dividends				8			8
Dividends				-1,092			-1,092
Share of associate's other changes in equity				7			7
Profit for the period				1,656			1,656
Other comprehensive income for the period				90	-72	-111	-92
Equity at 31 December 2015	98	4	1,527	9,325	-472	929	11,411
Changes in equity							
Recognition of undrawn dividends				9			9
Dividends				-1,204			-1,204
Share of associate's other changes in equity				-42			-42
Profit for the period				1,650			1,650
Other comprehensive income for the period				-38	-47	195	110
Equity at 31 December 2016	98	4	1,527	9,700	-518	1,124	11,934

1) IAS 19 Pension benefits had a net effect of EURm -38 (90) on retained earnings.

2) The total comprehensive income includes also the share of the associate Nordea's other comprehensive income, in accordance with the Group's share holding. The retained earnings thus include EURm -34 (80) of Nordea's actuarial gains/losses. The exchange differences include the share of Nordea's exchange differences EURm 33 (-37). Respectively, available-for-sale financial assets include EURm 19 (-26) of Nordea's valuation differences.

3) The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 216 (244). The amount transferred to p/l amounted to EURm -29 (-318). EURm -11 (-10) was transferred to the Segregated Suomi portfolio.

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

Statement of Cash Flows, IFRS

EURm	2016	2015
Operating activities		
Profit before taxes	1,871	1,888
Adjustments:		
Depreciation and amortisation	18	16
Unrealised gains and losses arising from valuation	-223	-170
Realised gains and losses on investments	-92	-377
Change in liabilities for insurance and investment contracts	666	550
Other adjustments	-550	-1,037
Adjustments total	-180	-1,018
Change (+/-) in assets of operating activities		
Investments ^{*)}	-1,184	-201
Other assets	-95	56
Total	-1,280	-145
Change (+/-) in liabilities of operating activities		
Financial liabilities	20	-7
Other liabilities	35	-77
Paid taxes	-271	-318
Total	-216	-401
Net cash from operating activities	195	323
Investing activities		
Investments in group and associated undertakings	356	591
Net investment in equipment and intangible assets	-13	-8
Net cash from investing activities	343	582
Financing activities		
Dividends paid	-1,192	-1,079
Issue of debt securities	2,271	1,011
Repayments of debt securities in issue	-1,002	-931
Net cash from financing activities	78	-999
Total cash flows	616	-93
Cash and cash equivalents at 1 January	1,997	2,074
Effects of exchange rate changes	-27	15
Cash and cash equivalents at 31 December	2,585	1,997
Net increase in cash and cash equivalents	616	-93
Additional information to the statement of cash flows:	2016	2015
Interest income received	432	427
Interest expense paid	-117	-115
Dividend income received	122	93

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

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

Cash and cash equivalents include cash at bank and in hand and short-term deposits (max. 3 months).

NOTES TO THE ACCOUNTS

Summary of Significant Accounting Policies

Sampo Group has prepared the consolidated financial statements for 2016 in compliance with the International Financial Reporting Standards (IFRSs). In preparing the financial statements, Sampo has applied all the standards and interpretations relating to its business, adopted by the commission of the EU and effective at 31 December, 2016.

During the financial year, the adopted standards or annual improvements to the standards had no material impact on the Group's financial statements reporting.

In preparing the notes to the consolidated financial statements, attention has also been paid to the Finnish accounting and company legislation and applicable regulatory requirements. Some of the risk management disclosures are presented in the Group's financial statements' Risk Management section.

The financial statements have been prepared under the historical cost convention, with the exception of financial assets and liabilities at fair value through p/l, financial assets available-for-sale, hedged items in fair value hedges and share-based payments settled in equity instruments measured at fair value.

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

The Board of Directors of Sampo plc accepted the financial statements for issue on 8 February 2017.

Consolidation

Subsidiaries

The consolidated financial statements combine the financial statements of Sampo plc and all its subsidiaries. Entities qualify as subsidiaries if the Group has the controlling power. The Group exercises control if its shareholding is more than 50 per cent of the voting rights or it otherwise has the power to exercise control over the financial and operating policies of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date that control ceases.

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

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

Associates

Associates are entities in which the Group has significant influence, but no control over the financial management and operating policy decisions. Unless otherwise demonstrated, this is generally presumed when the Group holds in excess of 20 per cent, but no more than 50 per cent, of the voting rights of an entity. Investments in associates are treated by the equity method of accounting, in which the investment is initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition net income (or loss), or other movements reflected directly in the equity of the associate. If the Group's share of the associate's loss exceeds the carrying amount of the investment, the investment is carried at zero value, and the loss in excess is consolidated only if the Group is committed to fulfilling the obligations of the associate. Goodwill arising on the acquisition is included in the cost of the investment. Unrealised gains (losses) on transactions are eliminated to the extent of the Group's interest in the entity.

The share of associates' profit or loss, equivalent to the Group's holding, is presented as a separate line in

the income statement. The Group's share of associate's changes in other comprehensive income is presented in the Group's other comprehensive income items.

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

Foreign currency translation

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as if they were assets and liabilities of the foreign entity. Exchange differences resulting from the translation of these items at the exchange rate of the balance sheet

date are included in equity and their change in other comprehensive income

Exchange differences that existed at the Group's IFRS transition date, 1 January 2004, are deemed to be zero, in accordance with the exemption permitted by IFRS 1.

The following exchange rate was applied in the consolidated financial statements:

	Balance sheet date	Average exchange rate
1 euro (EUR) =		
Swedish krona (SEK)	9,5525	9,4676
Danish krona (DKK)	7,4344	7,4453

Segment reporting

The Group's segmentation is based on business areas whose risks and performance bases as well as regulatory environment differ from each other. The control and management of business and management reporting is organised in accordance with the business segments. The Group's business segments are P&C insurance, life insurance and holding business.

Geographical information has been given on income from external customers and non-current assets. The reported segments are Finland, Sweden, Norway, Denmark and the Baltic countries.

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

Inter-segment transactions, assets and liabilities are eliminated in the consolidated financial statements on a line-by-line basis.

Interest and dividends

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

Fees and commissions

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

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

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

Insurance premiums

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

P&C insurance contracts are primarily of short duration, so that premiums written are recognised as earned on a pro rata basis, adjusting them by a change in the provision for unearned premiums i.e. by the proportion of the insurance premium income that, based on the period covered by the insurance contract, belongs to the following financial year.

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

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

Financial assets and liabilities

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

According to the Group's risk management policy, investments are managed at fair value in order to have the most realistic and real-time picture of investments, and they are reported to the Group key management

at fair value. Investments comprise debt and equity securities. They are mainly classified as financial assets available-for-sale.

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

Financial assets designated as at fair value through profit or loss in the life insurance business are investments related to unit-linked insurance, presented separately in the balance sheet. The corresponding liabilities are also presented separately. In addition, in the life insurance business, investments classified as the financial assets of foreign subsidiaries, and financial instruments in which embedded derivatives have not been separated from the host contract have been designated as at fair value through profit or loss.

In the P&C Insurance and Holding business, investments are primarily classified as financial assets available-for-sale.

Recognition and derecognition

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

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

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

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

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

Financial derivative instruments held for trading

Derivative instruments that are not designated as hedges and do not meet the requirements for hedge accounting are classified as derivatives for trading purposes.

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

Financial assets designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss are assets which, at inception, are irrevocably designated as such. They are initially recognised at their fair value. Gains and losses arising from changes in fair value, or realised on disposal, together with the related interest income and dividends, are recognised in the income statement.

Loans and receivables

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

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

Available-for-sale financial assets

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

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

Other financial liabilities

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

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

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

Fair value

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

If a market for a financial instrument is not active, or the instrument is not quoted, the fair value is established by using generally accepted valuation techniques including recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

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

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

Available-for-sale financial assets

Whether there is objective evidence of an impairment of available-for-sale financial assets, is evaluated in a separate assessment, which is done if the credit rating of an issuer has declined or the entity is placed on watch list, or there is a significant or prolonged decline in the fair value of an equity instrument below its original acquisition cost.

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

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

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

In the case of debt securities, the amount of the impairment loss is assessed as the difference between the acquisition cost, adjusted with capital amortisations and accruals, and the fair value at the review time, reduced by previously in profit or loss recognised impairment losses.

When assessed that there is objective evidence of impairment in debt or equity securities classified as financial assets available-for-sale, the cumulative loss

recognised in other comprehensive income is transferred from equity and recognised in profit or loss as an impairment loss.

If, in a subsequent period, the fair value of a debt security increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed by recognising the amount in profit or loss.

If the fair value of an equity security increases after the impairment loss was recognised in profit or loss, the increase shall be recognised in other comprehensive income. If the value keeps decreasing below the acquisition cost, an impairment loss is recognised through profit or loss.

Derivative financial instruments and hedge accounting

Derivative financial instruments are classified as those held for trading and those held for hedging, including interest rate derivatives, credit risk derivatives, foreign exchange derivatives, equity derivatives and commodity derivatives. Derivative instruments are measured initially at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. During the financial year, the fair value hedging has been applied in the life insurance business.

Derivatives held for trading

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

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

Hedge accounting

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

Hedge accounting applies to hedges that are effective in relation to the hedged risk and meet the hedge

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

Fair value hedging

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

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

Securities lending

Securities lent to counterparties are retained in the balance sheet. Conversely, securities borrowed are not recognised in the balance sheet, unless these are sold to third parties, in which case the purchase is recorded as a trading asset and the obligation to return the securities as a trading liability at fair value through profit or loss.

Non-current assets held for sale

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

Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Once classified, depreciation on such assets ceases.

Leases

Group as lessee

Finance leases

Leases of assets in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. Finance leases are recognised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding obligation is included in 'Other liabilities' in the balance sheet. The assets acquired under finance leases are amortised or depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the liability and the interest expense. The interest expense is amortised over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

Assets in which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and they are included in the lessor's balance sheet. Payments made on operating leases are recognised on a straight-line basis over the lease term as rental expenses in profit or loss.

Group as lessor

Operating leases

Leases in which assets are leased out and the Group retains substantially all the risks and rewards of ownership are classified as operating leases. They are included in 'Investment property' in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment, and the impairment losses are recognised on the same basis as for these items. Rental income on assets held as operating leases is recognised on a straight-line basis over the lease term in profit or loss.

Intangible assets

Goodwill

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

Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised.

Other intangible assets

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

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

IT software	4-10 years
Other intangible assets	3-10 years

Property, plant and equipment

Property, plant and equipment comprise properties occupied for Sampo's own activities, office equipment, fixtures and fittings, and furniture. Classification of properties as those occupied for own activities and those for investment activities is based on the square metres in use. If the proportion of a

property in Sampo's use is no more than 10 per cent, the property is classified as an investment property.

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Improvement costs are added to the carrying amount of a property when it is probable that the future economic benefits that are attributable to the asset will flow to the entity. Costs for repairs and maintenance are recognised as expenses in the period in which they were incurred.

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

Residential, business premises and offices	20-60 years
Industrial buildings and warehouses	30-60 years
Components of buildings	10-15 years
IT equipment and motor vehicles	3-5 years
Other equipment	3-10 years

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

Impairment of intangible assets and property, plant and equipment

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

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated by estimating future net cash flows expected to be derived from an asset or a cash-generating unit, and by discounting them to their present value using a pre-tax discount rate. If the carrying amount of an asset is higher than its

recoverable amount, an impairment loss is recognised in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

If there is any indication that an impairment loss recognised for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss is reversed, but no more than to the carrying amount which it would have been without recognition of the impairment loss. Impairment losses recognised for goodwill are not reversed.

Investment property

Investment property is held to earn rentals and for capital appreciation. The Group applies the cost model to investment property in the same way as it applies to property, plant and equipment. The depreciation periods and methods and the impairment principles are also the same as those applied to corresponding property occupied for own activities. The investment property of the associate Nordea in the Holding segment and that of Topdanmark in the P& insurance segment are measured at fair value in item Investments in associates.

The fair value of investment property is estimated using a method based on estimates of future cash flows and a comparison method based on information from actual sales in the market. The fair value of investment property is presented in the Notes.

The valuation takes into account the characteristics of the property with respect to location, condition, lease situation and comparable market information regarding rents, yield requirements and unit prices. During the financial year, the valuations were conducted by the Group's internal resources.

Provisions

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

Insurance and investment contracts

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

Sampo treats the liabilities arising from contracts in the first phase of the standard according to national accounting standards, except for the equalisation reserve and the provision for collective guarantee item and their changes which are reported in equity and profit or loss, in accordance with the IFRS.

The risks involved in insurance and investment contracts are widely elaborated in the Group's financial statements' Risk Management section.

Reinsurance contracts

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

When the Group itself has to pay compensation to another insurer on the basis of a reinsurance contract, the liability is recognised in the item 'Other liabilities'.

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

P&C insurance business

Classification of insurance contracts

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

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

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

Insurance liabilities

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

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

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

The provision for claims outstanding in direct P&C insurance and reinsurance may be calculated by statistical methods or through individual assessments of individual claims. Often a combination of the two methods is used, meaning large claims are assessed individually while small claims and claims incurred but not reported (the IBNR provision) are calculated using statistical methods. The provision for claims outstanding is not discounted, with the exception of provisions for vested annuities, which are discounted to present value using standard actuarial methods, taking anticipated inflation and mortality into account.

Premiums written for P&C insurance and reinsurance are recognised in the income statement when the annual insurance premium is due for payment.

Liability adequacy test

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

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

Pay-as-you-go system for P&C insurance

Pensions and compensation for healthcare or medical rehabilitation paid on the basis of Finland's statutory P&C insurance (accident, motor third party liability and patient insurance) are raised annually by the TEL (Employee Pensions Act) index in order to maintain the real value of the pensions. The index raises are not the responsibility of the insurance companies, but are funded by the so-called pay-as-you-go principle, i.e. each year premiums written include index raises to the same amount that is paid out in that year. In practice, the P&C insurance companies collect a so-called

expense loading along with their premiums written, which is then forwarded to the central organisation for the particular insurance line. The central organisation distributes the pay-as-you-go contributions collected so that the company undertaking the type of insurance in question receives an amount equal to the compensation falling under the pay-as-you-go system it has paid that year. The insurer's participation in the payment is proportional to the insurer's market share in the insurance line in question.

The pay-as-you-go system related to pension index raises is not treated as an insurance activity under IFRS 4 and does not generate any risk for the insurance company. Thus, the pay-as-you-go contribution collected together with the insurance premium is not deemed to be premium income, and the pension index raise paid out is not deemed to be claims incurred. Because the collected index raise corresponds in amount to the paid out pension index raise, the said items are set-off in the Income Statement item 'Other expenses from operations'. The share of a balancing figure not yet received from, or not paid by, a central organisation is presented as current receivables or liabilities in the balance sheet items 'Other assets' or 'Other liabilities'.

Deferred acquisition costs

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

Life insurance business

Classification of insurance contracts

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

The discretionary participation feature (DPF) of a contract is a contractual right held by a policyholder to receive additional benefits, as a supplement to the guaranteed minimum benefits. The supplements are

bonuses based on the reserves of policies credited to the policy reserve, additional benefits in the case of death, or lowering of insurance premiums. In Mandatum Life, the principle of fairness specifies the application of this feature. In unit-linked contracts the policyholder carries the investment risk by choosing the investment funds linked to the contracts.

Measurement of insurance and investment contracts

National accounting standards are applied to all insurance contracts and to investment contracts with DPF.

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

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

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

Insurance and investment contract liabilities and reinsurance assets

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

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

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

The interest rate used in discounting liabilities is, at most, the maximum rate accepted by the authorities in each country. The guaranteed interest used in the direct insurance premium basis varies on the basis of the starting date of the insurance from zero to 4.5 per cent. The interest rate used in discounting liabilities is the same or lower than that used in premium calculation. Most of the liabilities of the accrued benefits of pension business with DPF are discounted by an interest rate of 3.5 per cent, also being the highest discount rate used. In addition, Mandatum Life has for the year 2017 lowered the maximum rate to 0.25%, for the year 2018 to 0.5% and for the year 2019 to 2.25%. The segregated liabilities of the accrued benefits of group pension portfolio, transferred from Suomi Mutual to Mandatum Life on 30 December 2014, have been discounted by 0.5%.

Due to the difference in the discount rate of liabilities and the guaranteed interest of 4.5 % and 3.5 %, supplementary provisions for guaranteed interest have been added to technical provisions. In the subsidiary, Mandatum Life Insurance Baltic, the discount rate varies by country between 2.0 - 4.0 per cent and the average guaranteed interest rate between 2.0 - 4.0 per cent.

Mortality assumptions have an essential effect on the amount of liability, particularly in group pension insurance, the liability of which accounts for about 36 per cent of the technical provisions of the Finnish life company. A so-called cohort mortality model is used in calculating the group pension insurance liability since 2002, incorporating the insured person's birth year in addition to his or her age and sex. The cohort mortality model assumes that life expectancy increases by one year over a ten-year period.

For unit-linked contracts, all the liabilities and the assets covering the unit-linked insurance are matched. Both the liabilities and the assets have been presented in the Notes to the financial statements. In calculating the provision for claims outstanding of direct insurance, discounting is applied only in connection with the liabilities of pensions whose payment has commenced. The liabilities of assumed reinsurance are based on the reports of the ceding company and on an estimate of claims which have not yet been settled. The assets covering the unit-linked liabilities include debt securities issued by the Group companies. These have not been eliminated. Elimination would lead to misleading information, as the policy holders carry the investment risk related to these investments, and to a mismatch between the unit-linked liabilities and assets covering them.

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the

company (the "IBNR" provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

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

The Group's financial statements' Risk Management section elaborates on the change of technical provisions and their forecast annual maturities.

Liability adequacy test

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

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

Principle of fairness

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

Mandatum Life aims at giving a total return before charges and taxes on the original insurance portfolio's policyholders' savings in contracts with DPF that is at least the yield of those long term bonds, which are considered to have lowest risk. At the moment we consider German government bonds to be the most risk free long term bonds available. Nevertheless, Finnish government bonds are used as target levels at the moment. The total return consists of the guaranteed interest rate and bonuses determined annually. Continuity is pursued in the level of bonuses. The aim is to maintain the company's solvency status

on such a level that it neither limits the giving of bonuses to policyholders nor the distribution of profit to shareholders. The principle is explained in detail on the company's website.

The total return for the segregated group pension portfolio, transferred from Suomi Mutual to Mandatum Life on 30 December 2014, is based on the profit distribution policy outlined in the transfer plan of the portfolio. The profit sharing policy of the segregated group pension portfolio is explained in detail on the company's website pages.

The legislation of Estonia, Latvia and Lithuania respectively does not contain provisions corresponding to the Principle of Fairness.

Employee benefits

Post-employment benefits

Post-employment benefits include pensions and life insurance.

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

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

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

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

duration of the obligation and on the current market interest rate adjusted to take into account the duration of the pension obligations.

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

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

The Group has also certain voluntary defined benefit plans. These are intra-Group, included in the insurance liabilities of Mandatum Life and have no material significance.

Termination benefits

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

Share-based payments

During the financial year, Sampo had four valid share-based incentive schemes settled in cash (the long-term incentive schemes 2011 I, 2011 II, 2014 I and 2014 II for the management and key employees). The schemes have been measured at fair value at the grant date and at every reporting date thereafter.

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

The fair value of the schemes has been determined using the Black-Scholes-pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of incentive units to be paid as a reward. The effects of non-market based terms are not included in the fair value of the incentive; instead, they are taken into account in the number of those incentive units that are expected to be exercised during the vesting

period. In this respect, the Group will update the assumption on the estimated final number of incentive units at every interim or annual balance sheet date.

Income taxes

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

Deferred tax is calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax is not recognised on non-deductible goodwill impairment, and nor is it recognised on the undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future.

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

Share capital

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

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

Cash and cash equivalents

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

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

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

Accounting policies requiring management judgement and key sources of estimation uncertainties

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

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

Actuarial assumptions

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

A substantial part of the Group's P&C insurance liabilities concerns statutory accident and traffic

insurance. The most significant uncertainties related to the evaluation of these liabilities are assumptions about inflation, mortality, discount rates and the effects of legislative revisions and legal practices.

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

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

Determination of fair value

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

Fair values of investment property have been determined internally during the financial year on the basis of comparative information derived from the market. They include management assumptions concerning market return requirements and the discount rate applied.

Impairment tests

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

Application of new or revised IFRS and interpretations

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

IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on 1 Jan 2018 or after). The new standard will supersede IAS 18 and IAS 11 and related interpretations. The central

criterion for revenue recognition is the passing of control. The adoption of the new standard will not have a material impact on the Group's financial statements reporting.

The amendments to IFRS 9 *Financial Instruments* (estimated effective for annual periods beginning on 1 Jan 2021 or after) supersede IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard changes the classification and measurement of financial assets and includes a new impairment model based on expected credit losses. The hedge accounting will continue to have three different hedging relationships. The adoption of the new standard will have an impact on the Group's financial statements; the effects are under valuation in the Group.

As the upcoming and IFRS 4 superseding new standard IFRS 17 *Insurance Contracts* (estimated

effective for annual periods beginning on 1 Jan 2021 or after) will have an impact on the insurance liabilities valuation, the insurance companies have been given additional options regarding the adoption of IFRS 9. If certain preconditions regarding the insurance liabilities are met, the company may apply the so-called temporary exception option and defer the implementation until the adoption of IFRS 17. Another allowed option is to apply IFRS 9 from 1 Jan 2018 on, but to remove from the income statement some of the accounting mismatches caused by the different valuation methods of assets and liabilities.

Sampo Group is going to apply the temporary exemption and adopt IFRS 9 simultaneously with IFRS 17.

The adoption will have an impact on the Group's financial statements reporting.

Segment Information

The Group's business segments comprise P&C insurance, Life insurance and Holding company.

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

Segment information has been produced in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements. The segment revenue, expense, assets and liabilities, either directly attributable or reasonably allocable, have been allocated to the segments. Inter-segment pricing is based on market prices. The transactions, assets and liabilities between the segments are eliminated in the consolidated financial statements on a line-by-line basis.

Depreciation and amortisation by segment are disclosed in notes 11 - 13 and investments in associates in note 14.

Consolidated income statement by business segment for year ended 31 December 2016

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premium written	4,292	1,116	-	-32	5,375
Net income from investments	173	634	36	-16	827
Other operating income	26	23	17	-16	50
Claims incurred	-2,670	-967	-	10	-3,627
Change in liabilities for insurance and investment contracts	-6	-465	-	24	-448
Staff costs	-512	-46	-16	-	-574
Other operating expenses	-472	-78	-18	16	-551
Finance costs	-13	-7	-14	15	-18
Share of associates' profit/loss	65	0	773	-	837
Profit before taxes	883	210	778	0	1,871
Taxes	-178	-41	-2	-	-221
Profit for the year	705	168	777	0	1,650
Other comprehensive income for the period					
Items reclassifiable to profit or loss					
Exchange differences	-80	-	-	-	-80
Available-for-sale financial assets	118	82	24	-	225
Share of associate's other comprehensive income	-	-	19	-	19
Taxes	-25	-19	-5	-	-49
Total items reclassifiable to profit or loss, net of tax	13	64	38	0	115
Items not reclassifiable to profit or loss					
Actuarial gains and losses from defined pension plans	-6	-	-	-	-6
Taxes	1	-	-	-	1
Total items not reclassifiable to profit or loss, net of tax	-5	-	-	-	-5
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	714	232	815	0	1,760

Consolidated income statement by business segment for year ended 31 December 2015

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premium written	4,378	1,144	-	-	5,522
Net income from investments	304	632	76	-14	998
Other operating income	28	18	18	-17	46
Claims incurred	-2,894	-1,023	-	-	-3,917
Change in liabilities for insurance and investment contracts	-34	-462	-	-5	-502
Staff costs	-371	-47	-20	-	-438
Other operating expenses	-477	-74	-12	17	-545
Finance costs	-16	-6	-63	18	-68
Share of associates' profit/loss	42	0	751	-	793
Profit before taxes	960	181	749	-2	1,888
Taxes	-195	-36	-1	0	-232
Profit for the year	765	144	749	-1	1,656
Other comprehensive income for the period					
Items reclassifiable to profit or loss					
Exchange differences	-35	-	-	-	-35
Available-for-sale financial assets	-148	32	2	8	-106
Share of associate's other comprehensive income	-	-	16	-	16
Taxes	32	-9	0	-2	21
Total items reclassifiable to profit or loss, net of tax	-151	24	18	6	-103
Items not reclassifiable to profit or loss					
Actuarial gains and losses from defined pension plans	14	-	-	-	14
Taxes	-3	-	-	-	-3
Total items not reclassifiable to profit or loss, net of tax	11	-	-	-	11
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	624	168	766	5	1,564

Consolidated balance sheet by business segment at 31 December 2016

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	19	4	3	-	27
Investment property	14	201	-	-4	211
Intangible assets	541	70	0	-	612
Investments in associates	553	0	7,554	-	8,107
Financial assets	11,667	5,459	3,201	-2,659	17,668
Investments related to unit-linked insurance contracts	-	3,468	-	-41	3,427
Tax assets	24	-	7	-4	27
Reinsurers' share of insurance liabilities	236	3	-	-	239
Other assets	1,593	162	15	-9	1,761
Cash and cash equivalents	463	682	1439	-	2,585
Assets held for sale	-	3,291	-	-	3,291
Total assets	15,111	13,341	12,220	-2,717	37,955
Liabilities					
Liabilities for insurance and investment contracts	9,379	4,611	-	-	13,990
Liabilities for unit-linked insurance and investment contracts	-	3,448	-	-41	3,407
Financial liabilities	474	111	3,551	-289	3,847
Tax liabilities	346	181	-	0	527
Provisions	35	-	-	-	35
Employee benefits	79	-	-	-	79
Other liabilities	700	148	96	-10	933
Liabilities related to assets held for sale	-	3,202	-	-	3,202
Total liabilities	11,013	11,701	3,647	-340	26,021
Equity					
Share capital					98
Reserves					1,531
Retained earnings					9,700
Other components of equity					605
Total equity					11,934
Total equity and liabilities					37,955

Consolidated balance sheet by business segment at 31 December 2015

EURm	P&C insurance	Life insurance	Holding	Elimina- tion	Group
Assets					
Property, plant and equipment	19	5	3	-	26
Investment property	15	180	-	-4	191
Intangible assets	564	160	0	-	724
Investments in associates	374	0	7,305	-	7,679
Financial assets	10,566	6,039	3,243	-2,659	17,189
Investments related to unit-linked insurance	-	5,865	-	-18	5,847
Tax assets	27	-	12	-4	36
Reinsurers' share of insurance liabilities	239	3	-	-	242
Other assets	1,541	127	51	-10	1,708
Cash and cash equivalents	775	482	739	-	1,997
Total assets	14,119	12,860	11,354	-2,695	35,639
Liabilities					
Liabilities for insurance and investment contracts	9,433	5,014	-	-	14,447
Liabilities for unit-linked insurance and investment contracts	-	5,858	-	-18	5,841
Financial liabilities	216	133	2,314	-289	2,375
Tax liabilities	314	154	-	0	468
Provisions	51	-	-	-	51
Employee benefits	90	-	-	-	90
Other liabilities	669	167	133	-11	957
Total liabilities	10,772	11,327	2,447	-318	24,228
Equity					
Share capital					98
Reserves					1,531
Retained earnings					9,325
Other components of equity					457
Total equity					11,411
Total equity and liabilities					35,639

Geographical information

EURm	Finland	Sweden	Norway	Denmark	Baltic	Total
2016						
Revenue from external customers						
P&C insurance	990	1,453	1,321	389	132	4,286
Life insurance	1,087	-	-	-	29	1,116
Holding	52	-	-	-	-	52
Total	2,129	1,453	1,321	389	161	5,454
Non-current assets						
P&C insurance	101	460	14	552	1	1,127
Life insurance	275	-	-	-	1	276
Holding	3	7,554	-	-	-	7,558
Total	379	8,014	14	552	1	8,961
2015						
Revenue from external customers						
P&C insurance	1,021	1,403	1,408	384	128	4,344
Life insurance	1,110	-	-	-	34	1,144
Holding	93	-	-	-	-	93
Total	2,225	1,403	1,408	384	162	5,581
Non-current assets						
P&C insurance	103	498	19	349	1	971
Life insurance	344	-	-	-	1	345
Holding	3	7,305	-	-	-	7,309
Total	451	7,804	19	349	2	8,625

The revenue includes insurance premiums according to the underwriting country, consisting of premiums earned for P&C insurance and premiums written for Life insurance, and net investment income and other operating income in the Holding segment.

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

Notes to the Group's Financial Statements

1 Insurance premiums written	29
2 Net income from investments	31
3 Claims incurred	34
4 Change in liabilities for insurance and investment contracts	37
5 Staff costs	38
6 Other operating expenses	39
7 Result analysis of P&C insurance	40
8 Performance analysis per class of P&C insurance	41
9 Earnings per share	42
10 Financial assets and liabilities	42
11 Property, plant and equipment	43
12 Investment property	45
13 Intangible assets	47
14 Investments in associates	49
15 Financial assets	51
16 Fair values	56
17 Determination and hierarchy of fair values	57
18 Movements in level 3 financial instruments measured at fair value	60
19 Sensitivity analysis of level 3 financial instruments measured at fair value	62
20 Investments related to unit-linked insurance contracts	62
21 Deferred tax assets and liabilities	63
22 Taxes	64
23 Components of other comprehensive income	65
24 Tax effects relating to components of other comprehensive income	65
25 Other assets	66
26 Cash and cash equivalents	67
27 Liabilities from insurance and investment contracts	68
28 Liabilities from unit-linked insurance and investment contracts	73
29 Financial liabilities	73
30 Provisions	75
31 Employee benefits	75
32 Other liabilities	79
33 Contingent liabilities and commitments	80
34 Equity and reserves	82
35 Related party disclosures	83
36 Incentive schemes	84
37 Assets and liabilities related to assets held for sale	85
38 Auditors' fees	85
39 Legal proceedings	85
40 Investments in subsidiaries	86
41 Investments in shares and participations other than subsidiaries and associates	87
42 Events after the balance sheet date	92

1 Insurance premiums written

P&C insurance

EURm	2016	2015
Premiums from insurance contracts		
Premiums written, direct insurance	4,364	4,464
Premiums written, assumed reinsurance	94	95
Premiums written, gross	4,458	4,559
Reinsurers' share of premiums written	-166	-181
Premiums written, net	4,292	4,378
Change in unearned premium provision	-4	-39
Reinsurers' share	-2	5
Change in unearned premium provision, net	-6	-34
Premiums earned, total	4,286	4,344

Life insurance

EURm	2016	2015
Premiums from insurance contracts		
Premiums written, direct insurance	644	723
Premiums written, assumed reinsurance	3	2
Insurance contracts total, gross	647	725
Premium revenue ceded to reinsurers on insurance contracts issued	-6	-5
Insurance contracts total, net	641	720
Investment contracts	475	424
Premiums written, net ¹⁾	1,116	1,144
Elimination items between segments	-32	-
Group, total	5,375	5,522

1) The change in unearned premiums is presented in note 4, The change in insurance and investment liabilities.

Specification of premiums written in life insurance

EURm	2016	2015
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	144	146
Premiums from unit-linked contracts	498	575
Premiums from other contracts	2	2
Total	644	723
Assumed reinsurance	3	2
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	0	30
Premiums from unit-linked contracts	475	394
Total	475	424
Insurance and investment contracts, total	1,122	1,149
Reinsurers' share	-6	-5
Premiums written, total	1,116	1,144
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	277	287
Single premiums, insurance contracts	367	436
Single premiums, investment contracts	475	424
Total	1,119	1,147

2 Net income from investments

P&C insurance

EURm	2016	2015
Financial assets		
Derivative financial instruments		
Gains/losses	-7	-4
Loans and receivables		
Interest income	9	18
Financial assets available-for-sale		
Debt securities		
Interest income	177	191
Impairment losses	-15	10
Gains/losses	-11	-5
Equity securities		
Gains/losses	45	121
Impairment losses	-16	-11
Dividend income	40	47
Total	221	353
Total from financial assets	223	366
Other assets		
Investment properties		
Gains/losses	0	-1
Other	1	0
Total from other assets	1	-1
Expense on other than financial liabilities	-6	-4
Effect of discounting annuities	-28	-38
Fee and commission expenses		
Asset management	-17	-19
P&C insurance, total	173	304

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 12 (83) transferred from the fair value reserve.

Life insurance

Milj.e	2016	2015
Financial assets		
Derivative financial instruments		
Gains/losses	-9	-90
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	1	1
Gains/losses	-3	1
Total	-3	2
Investments related to unit-linked contracts		
Debt securities		
Interest income	50	58
Gains/losses	4	-40
Equity securities		
Gains/losses	198	219
Dividend income	32	22
Loans and receivables		
Interest income	0	1
Other financial assets		
Gains/losses	-8	-21
Total	276	239
Loans and receivables		
Interest income	4	3
Gains/losses	6	27
Total	10	30
Financial assets available-for-sale		
Debt securities		
Interest income	102	96
Gains/losses	30	48
Equity securities		
Gains/losses	101	192
Impairment losses	-15	-19
Dividend income	122	108
Total	340	423
Total financial assets	614	604

Other assets		
Investment properties		
Gains/losses	3	2
Other	6	13
Total other assets	9	15
Net fee income		
Asset management	-15	-17
Fee income	26	29
Total	11	13
Life insurance, total	634	632

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 106 (259) transferred from the fair value reserve.

Holding

EURm	2016	2015
Financial assets		
Derivative financial instruments		
Gains/losses	12	7
Loans and receivables	-5	9
Financial assets available-for-sale		
Debt securities		
Interest income	34	28
Gains/losses	10	15
Equity securities		
Gains/losses	-26	13
Impairment losses	-1	0
Dividend income	12	5
Total	29	60
Holding, total	36	76

Included in gains/losses from financial assets available for-sale is a net gain of EURm -27 (12) transferred from the fair value reserve.

Elimination items between segments	-16	-14
EURm	2016	2015
Group, total	827	998

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

3 Claims incurred

P&C insurance

EURm	2016			2015		
	Gross	Ceded	Net	Gross	Ceded	Net
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,643	11	-1,633	-1,607	17	-1,590
Change in provision for claims outstanding (incurred and reported losses)	-666	40	-626	-691	20	-672
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-557	11	-546	-574	12	-562
Claims-adjustment costs	1	-	1	-1	-	-1
Change in claims provision for annuities	-8	-	-8	-8	-	-8
Total claims cost attributable to current-year operations	-2,873	62	-2,811	-2,881	48	-2,833
Claims costs attributable to prior-year operations						
Claims paid	-1,055	56	-999	-1,011	45	-966
Annuities paid	-124	0	-124	-204	0	-204
Change in provision for claims outstanding (incurred and reported losses)	588	-20	568	635	-26	609
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	721	-33	688	516	-16	500
Total claims cost attributable to prior-year operations	130	3	133	-64	3	-61
Insurance claims paid						
Claims paid	-2,698	67	-2,632	-2,618	61	-2,557
Annuities paid	-132	-	-132	-132	-	-132
Claims portfolio	1	7	8	16	-	-
Total claims paid	-2,828	73	-2,755	-2,734	61	-2,689
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	-78	20	-57	-56	-6	-62
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	119	-22	97	-127	-4	-131
Change in claims provision for annuities	44	-	44	-11	0	-11
Claims-adjustment costs	1	-	1	-1	-	-1
Total change in provision for claims outstanding	87	-2	85	-195	-10	-205
P&C insurance, total	-2,741	71	-2,670	2,929	51	-2,894

The provision for annuities is valued in accordance with normal actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future investment return into account. To cover costs for the costs for the upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return is added to the annuity results. Provisions for incurred but not reported losses pertaining to annuities in Finland are discounted. The provisions in 2016 amounted to EURm 277 (261). The non-discounted value was EURm 367 (351). The exchange effect on the discounted provisions was a decrease of EURm 10. The real increase was EURm 9.

Interest rate used in calculating the technical provisions of annuities (%)

	2016	2015
Sweden	1.65%	2.01%
Finland	1.50%	1.50%
Denmark	0.72%	1.71%

Life insurance

EURm	Claims paid		Change in provision for claims outstanding		Claims incurred	
	2016	2015	2016	2015	2016	2015
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature (DPF)	-43	-47	2	2	-41	-45
Other contracts	0	0	0	0	0	-1
Unit-linked contracts	-205	-183	2	14	-203	-170
Total	-248	-231	4	16	-244	-215
Pension insurance						
Contracts with discretionary participation feature (DPF)	-425	-397	92	-19	-334	-417
Unit-linked contracts	-18	-15	-19	-21	-37	-36
Total	-443	-412	73	-40	-370	-453
Assumed reinsurance	-1	0	0	0	0	-1
Insurance contracts total, gross	-692	-644	77	-25	-615	-668
Reinsurers' share	3	3	0	0	3	3
Insurance contracts total, net	-689	-641	77	-25	-612	-666
Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	0	0	-	-	0	0
Unit-linked contracts	-355	-358	-	-	-355	-358
Investment contracts, total	-355	-358	-	-	-355	-358
Life insurance, total	-1,044	-999	77	-25	-967	-1,023

Claims paid by type of benefit

EURm	2016	2015
Insurance contracts		
Life insurance		
Surrender benefits	-7	-8
Death benefits	-21	-19
Maturity benefits	-6	-10
Other	-10	-10
Total	-44	-48
Life insurance, unit-linked		
Surrender benefits	-149	-132
Death benefits	-45	-41
Maturity benefits	-10	-10
Total	-205	-183
Pension insurance		
Pension payments	-415	-386
Surrender benefits	-2	-6
Death benefits	-9	-5
Total	-425	-397
Pension insurance, unit-linked		
Pension payments	-4	-1
Surrender benefits	-10	-11
Death benefits	-4	-3
Total	-18	-15
Assumed reinsurance	-1	0
Insurance contracts total, gross	-692	-644
Reinsurers' share	3	3
Insurance contracts total, net	-689	-641
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	-372	-375
Loss adjustment expenses	17	17
Total	-355	-358
Investment contracts total, gross	-355	-358
Claims paid total, gross	-1,047	-1,001
Claims paid total, net	-1,044	-999
Elimination items between segments	10	-
EURm	2016	2015
Group, total	-3,627	-3,917

4 Change in liabilities for insurance and investment contracts

P&C insurance

EURm	2016	2015
Change in unearned premium provision	-4	-39
Reinsurers' share	-2	5
Change in unearned premium provision, net	-6	-34

Life insurance

EURm	2016	2015
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	23	15
Unit-linked contracts	-252	-292
Total	-228	-278
Pension insurance		
Contracts with discretionary participation feature (DPF)	67	94
Unit-linked contracts	-116	-143
Total	-49	-49
Insurance contracts total	-277	-327
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	10	-33
Unit-linked contracts	-198	-102
Investment contracts, total	-188	-135
Change in liabilities for insurance and investment contracts in total, net	-465	-462
Elimination items between segments	24	-5
Group, total	-448	-502

5 Staff costs

P&C insurance

EURm	2016	2015
Staff costs		
Wages and salaries	-368	-373
Cash-settled share-based payments	-6	-17
Pension costs		
- defined contribution plans	-66	213
- defined benefit plans (Note 31)	5	-137
Other social security costs	-76	-57
P&C insurance, total	-512	-371

Life insurance

EURm	2016	2015
Staff costs		
Wages and salaries	-36	-35
Cash-settled share-based payments	-1	-4
Pension costs - defined contribution plans	-6	-6
Other social security costs	-3	-3
Life insurance, total	-46	-47

Holding

EURm	2016	2015
Staff costs		
Wages and salaries	-9	-8
Cash-settled share-based payments	-4	-8
Pension costs - defined contribution plans	-2	-2
Other social security costs	-1	-1
Holding, total	-16	-20
EURm	2016	2015
Group, total	-574	-438

More information on share-based payments in note 36 Incentive schemes.

6 Other operating expenses

P&C insurance

EURm	2016	2015
IT costs	-103	-114
Other staff costs	-14	-15
Marketing expenses	-38	-38
Depreciation and amortisation	-12	-9
Rental expenses	-46	-45
Change in deferred acquisition costs	-10	-5
Direct insurance commissions	-163	-167
Commissions on reinsurance ceded	12	14
Other	-98	-98
P&C insurance, total	-472	-477

Life insurance

EURm	2016	2015
IT costs	-18	-17
Other staff costs	-2	-2
Marketing expenses	-4	-4
Depreciation and amortisation	-2	-2
Rental expenses	-4	-4
Direct insurance commissions	-8	-9
Commissions of reinsurance assumed	-1	-1
Commissions on reinsurance ceded	2	1
Other	-42	-38
Life insurance, total	-78	-74

Item Other for P&C and Life Insurance includes e.g. expenses related to communication, external services and other administrative expenses.

Holding

EURm	2016	2015
IT costs	-1	-1
Marketing expenses	-1	-1
Rental expenses	-1	-1
Other	-15	-9
Holding, total	-18	-12
Item Other includes e.g. consultancy fees and rental and other administrative expenses.		
Elimination items between segments	16	17
EURm	2016	2015
Group, total	-551	-545

7 Result analysis of P&C insurance

EURm	2016	2015
Insurance premiums earned	4,286	4,344
Claims incurred	-2,905	-3,143
Operating expenses	-713	-566
Other insurance technical income and expense	-7	-1
Allocated investment return transferred from the non-technical account	-3	23
Technical result	658	657
Net investment income account	188	325
Allocated investment return transferred to the technical account	-26	-60
Other income and expense	63	38
Operating result	883	960

Specification of activity-based operating expenses included in the income statement

EURm	2016	2015
Claims-adjustment expenses (claims paid)	-235	-249
Acquisition expenses (operating expenses)	-490	-497
Joint administrative expenses for insurance business (operating expenses)	-226	-78
Administrative expenses pertaining to other technical operations (operating expenses)	-33	-71
Asset management costs (investment expenses)	-17	-19
Total	-1,002	-914

8 Performance analysis per class of P&C insurance

EURm	Accident and health	Motor, third party liability	Motor, other classes	Marine, air and transport	Fire and other damage to property	Third party liability	Credit insurance
Premiums written, gross							
2016	729	615	1,301	119	1,244	198	2
2015	754	635	1,294	125	1,296	202	2
Premiums earned, gross							
2016	737	620	1,271	121	1,254	201	2
2015	740	636	1,266	123	1,299	204	2
Claims incurred, gross ¹⁾							
2016	-490	-372	-912	-72	-852	-93	-1
2015	-525	-581	-854	-83	-851	-132	-1
Operating expenses, gross ²⁾							
2016	-129	-134	-191	-20	-197	-32	0
2015	-133	-136	-184	-21	-210	-33	0
Profit/loss from ceded reinsurance							
2016	-4	0	-2	-11	-65	-31	0
2015	-9	-1	-1	-12	-76	-12	-
Technical result before investment return							
2016	115	114	166	18	139	45	2
2015	73	-83	226	7	162	28	1

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2016	46	109	4,364	94	-	4,458
2015	45	114	4,465	94	0	4,559
Premiums earned, gross						
2016	46	108	4,360	94	-	4,454
2015	44	111	4,424	96	0	4,520
Claims incurred, gross ¹⁾						
2016	-29	-72	-2,892	-89	4	-2,976
2015	-27	-99	-3,153	-48	7	-3,194
Operating expenses, gross ²⁾						
2016	-7	-21	-731	-16	15	-732
2015	-7	-16	-740	-17	135	-622
Profit/loss from ceded reinsurance						
2016	0	-12	-125	40	-	-85
2015	-	-7	-117	6	0	-112
Technical result before investment return						
2016	10	4	613	28	19	660
2015	9	-10	414	37	142	592

1) Activity-based operating costs EURm 235 (249) have been allocated to claims incurred.

2) Includes other technical income EURm 26 (28) and other technical expenses EURm 33 (28).

9 Earnings per share

EURm	2016	2015
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	1,650	1,656
Weighted average number of shares outstanding during the period	560	560
Earnings per share (EUR per share)	2.95	2.96

10 Financial assets and liabilities

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

EURm	Carrying amount	Interest inc./exp.	2016 Gains/losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	45	-21	18	-	-
Financial assets designated as at fair value through p/l	24	1	0	-	0
Loans and receivables	2,689	13	6	-	-
Financial assets available-for-sale	17,705	298	146	-47	175
Financial assets, group total	20,463	290	169	-47	175
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	81	-	-		
Other financial liabilities	3,766	-52	34		
Financial liabilities, group total	3,847	-52	34		

EURm	Carrying amount	Interest inc./exp.	2015		
			Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	53	-9	-79	-	-
Financial assets designated as at fair value through p/l	48	1	2	-	0
Loans and receivables	2,129	20	44	-	-
Financial assets available-for-sale	16,955	295	382	-20	159
Financial assets, group total	19,185	307	350	-20	160
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	63	-	-		
Other financial liabilities	2,312	-59	-8		
Financial liabilities, group total	2,375	-59	-8		

11 Property, plant and equipment

P&C insurance

EURm	2016 Equipment	2015 Equipment
At 1 Jan.		
Cost	65	63
Accumulated depreciation	-47	-46
Net carrying amount at 1 Jan.	19	16
At 31 Dec.		
Cost	65	65
Accumulated depreciation	-46	-47
Net carrying amount at 31 Dec.	19	19

Life insurance

EURm	2016			2015		
	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-7	-8	-1	-7	-7
Net carrying amount at 1 Jan.	4	1	5	4	1	5
At 31 Dec.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-7	-8	-1	-7	-8
Net carrying amount at 31 Dec.	4	1	4	4	1	5

Holding

EURm	2016			2015		
	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	2	4	6	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-3	-4
Net carrying amount at 1 Jan.	1	2	3	1	2	3
At 31 Dec.						
Cost	2	4	5	2	4	6
Accumulated depreciation	-1	-1	-2	-1	-2	-3
Net carrying amount at 31 Dec.	1	2	3	1	2	3
EURm				2016	2015	
Group, total				27	26	

Equipment in different segments comprise IT equipment and furniture.

12 Investment property

P&C insurance

EURm	2016	2015
At 1 Jan.		
Cost	25	29
Accumulated depreciation	-8	-8
Accumulated impairment losses	-2	-1
Net carrying amount at 1 Jan.	15	20
Opening net carrying amount	15	20
Disposals	-	-4
Depreciation	-1	-1
Impairment losses	0	-1
Exchange differences	0	0
Closing net carrying amount	14	15
At 31 Dec.		
Cost	25	25
Accumulated depreciation	-9	-8
Accumulated impairment losses	-2	-2
Net carrying amount at 31 Dec.	14	15
Rental income from investment property	3	2
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	1	1
- later than one year and not later than five years	1	1
Total	2	2
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-1	-1
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	-2	-2
Fair value of investment property at 31 Dec.	22	22

Life insurance

EURm	2016	2015
At 1 Jan.		
Cost	257	247
Accumulated depreciation	-55	-51
Accumulated impairment losses	-23	-17
Net carrying amount at 1 Jan.	180	179
Opening net carrying amount	180	179
Additions	41	27
Disposals	-18	-17
Depreciation	-3	-4
Impairment losses	1	-6
Closing net carrying amount	201	180
At 31 Dec.		
Cost	280	257
Accumulated depreciation	-58	-55
Accumulated impairment losses	-22	-23
Net carrying amount at 31 Dec.	201	180
Rental income from investment property	20	21
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	9	9
- later than one year and not later than five years	13	6
- later than five years	3	0
Total	25	14
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-9	-9
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	-10	-10
Fair value of investment property at 31 Dec.	222	203
Elimination items between segments	-4	-4
EURm	2016	2015
Group, total	211	191

Fair values for the Group's investment property are entirely determined by the Group based on the market evidence. The determination and hierarchy of financial assets and liabilities at fair value is disclosed in note 17. Based on the principles of this determination, the investment property falls under level 2.

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

13 Intangible assets

P&C insurance

EURm	Goodwill ^{*)}	2016	Total
		Other intangible assets	
At 1 Jan.			
Cost	547	24	570
Accumulated amortisation	-	-6	-6
Net carrying amount at 1 Jan.	547	17	564
At 31 Dec.			
Cost	526	23	549
Accumulated amortisation	-	-8	-8
Net carrying amount at 31 Dec.	526	16	541

EURm	Goodwill ^{*)}	2015	Total
		Other intangible assets	
At 1 Jan.			
Cost	535	24	559
Accumulated amortisation	-	-5	-5
Net carrying amount at 1 Jan.	535	20	554
At 31 Dec.			
Cost	547	24	570
Accumulated amortisation	-	-6	-6
Net carrying amount at 31 Dec.	547	17	564

^{*)} The change in the cost is due to exchange differences.

Life insurance

EURm	Goodwill	2016	Total	Goodwill	2015	Total
		Other intangible assets			Other intangible assets	
At 1 Jan.						
Cost	153	43	196	153	43	196
Accumulated amortisation	-	-36	-36	-	-36	-36
Net carrying amount at 1 Jan.	153	7	160	153	7	160
At 31 Dec.						
Cost	153	44	197	153	43	196
Accumulated amortisation	-	-38	-38	-	-36	-36
Net carrying amount at 31 Dec.	153	6	159	153	7	160
Assets held for sale	-89	-	-89			
Net carrying amount at 31 Dec.	64	6	70			

EURm	2016	2015
Group, total	612	724

Other intangible assets in all segments comprise mainly IT software.

Depreciation and impairment losses are included in the income statement item Other operating expenses.

Testing goodwill for impairment

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

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

The recoverable amounts for If have been determined by using a discounted cash flow model. The model is based on Sampo's management's best estimates of both historical evidence and economic conditions such as volumes, interest rates, margins, capital structure and income and cost development. The value in use model for Mandatum Life is greatly influenced by the long-term development of insurance liabilities, affecting e.g. the required solvency capital and thus the recoverable amount. That is why the forecast period is longer for Mandatum Life, 10 years. The derived cash flows were discounted at the pre-tax rates of the weighted average cost of capital which for If was 7.2% and for Mandatum Life 7.6%. These are lower than last year due to the decrease in the interest rates of Nordic bonds.

Forecasts for If, approved by the management, cover years 2017 – 2019. The cash flows beyond that have been extrapolated using a 2% growth rate. A 2% growth rate for years beyond 2026 has been used for the for Mandatum Life as well, as it is believed to be close to the anticipated inflation.

In Mandatum Life, the recoverable amount exceeds its carrying amount by some EURm 410. With the calculation method used, e.g. an increase of about 2% in the weighted average cost of capital could lead to a situation where the recoverable amount of the entity would equal its carrying amount.

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

14 Investments in associates

Associates that have been accounted for by the equity method at 31 Dec. 2016

EURm				
Name	Domicile	Carrying amount	Fair value ^{*)}	Interest held %
Nordea Bank Abp	Sweden	7,554	9,124	21.25
Topdanmark A/S	Denmark	554	955	45.38
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	2		21.98
Svithun Assuranse AS	Norway	1		33.00
Contemi Holding AS	Norway	0		28.57
SOS International A/S	Denmark	7		25.20

Associates that have been accounted for by the equity method at 31 Dec. 2015

EURm				
Name	Domicile	Carrying amount	Fair value ^{*)}	Interest held %
Nordea Bank Abp	Sweden	7,305	8,735	21.25
Topdanmark A/S	Denmark	362	827	32.9
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	2		21.98
Urzus Group AS	Norway	1		28.57
Svithun Assuranse AS	Norway	1		33.00
Watercircles Skandinavia AS (Norway)	Norway	3		35.75
Contemi Holding AS	Norway	1		28.57

^{*)} Published price quotation

Changes in investments in associates

EURm	2016			2015		
	Nordea	Other associates	Total	Nordea	Other associates	Total
At beginning of year	7,305	374	7,679	7,065	382	7,447
Share of loss/profit	773	65	837	751	42	793
Additions	-	205	205	-	1	1
Disposals	-551	-5	-555	-533	-1	-534
Changes in the equity of associates	27	-86	-59	23	-51	-28
Exchange differences	-	0	0	-	0	0
At end of year	7,554	553	8,107	7,305	374	7,679

The carrying amount of investments in associates included goodwill EURm 1,201 (1,101), including goodwill from the Nordea acquisition EURm 978 (978).

Sampo's holding in Nordea

Nordea is an universal bank with positions within corporate merchant banking as well as retail banking and private banking. With approximately 700 branches, call centers in all Nordic countries and an e-bank, Nordea also has a large distribution network for customers in the Nordic and Baltic sea region.

Financial information on Nordea

EURm	2016	2015
Assets	615,659	646,868
Liabilities	583,249	615,836
Revenue	9,927	10,140
Other comprehensive income items	165	13
Comprehensive income statement	3,766	3,675
Dividend income from the associate during the financial year	551	533

Sampo's share of Nordea's loss/profit consists of the following as of 31 Dec. 2016

EURm	2016	2015
Share of loss/profit of the associate	800	778
Amortisation of the customer relations	-35	-35
Change in deferred tax	8	8
Share of the loss/profit of an associate	773	751

15 Financial assets

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

The Group uses derivative instruments for trading and for hedging purposes. The derivatives used are foreign exchange, interest rate and equity derivatives. Fair value hedging has been applied during the financial year both in P&C and Life insurance.

EURm	2016	2015
P&C insurance		
Derivative financial instruments	14	21
Loans and receivables	84	108
Financial assets available-for-sale	11,569	10,437
P&C insurance, total	11,667	10,566
Life insurance		
Derivative financial instruments	13	11
Financial assets designated as at fair value through p/l	24	48
Loans and receivables	20	24
Financial assets available-for-sale	5,612	5,956
Total	5,670	6,039
Assets held for sale	-210	-
Life insurance, total	5,459	6,039
Holding		
Derivative financial instruments	18	21
Loans and receivables	0	1
Financial assets available-for-sale	814	852
Investments in subsidiaries	2,370	2,370
Holding, total	3,201	3,243
Elimination items between segments	-2,659	-2,659
Group, total	17,668	17,189

P&C insurance

Derivative financial instruments

		2016			2015	
	Contract/ notional amount	Fair value		Contract/ notional amount	Fair value	
EURm		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Intrerest rate swaps	67	0	4	2,069	0	2
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	3,148	13	63	2,777	19	15
Currency options, bought and sold	30	0	0	101	1	0
Total foreign exchange derivatives	3,178	13	63	2,878	21	15
Equity derivatives						
OTC derivatives						
Equity and equity index options	0	1	-	-	-	-
Total derivatives held for trading	3,245	14	67	4,948	21	17

Other financial assets

EURm	2016	2015
Loans and receivables		
Deposits with ceding undertakings	1	1
Other	83	108
Total loans and receivables	84	108
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	1,246	1,392
Certificates of deposit issued by banks	3,407	3,120
Other debt securities	5,370	4,404
Total debt securities	10,022	8,916
Equity securities		
Listed	1,524	1,497
Unlisted	23	25
Total	1,547	1,522
Total financial assets available-for-sale	11,569	10,437

Financial assets available-for-sale for P&C insurance include impairment losses EURm 227 (197).

P&C insurance, total financial assets	11,667	10,566
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Life insurance

Derivative financial instruments

EURm	Contract/ notional amount	2016 Fair value		Contract/ notional amount	2015 Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	144	1	0	4,618	0	1
Credit risk swaps	-	-	-	643	-	0
Total	144	1	0	5,261	0	2
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	1,691	10	11	1,633	8	22
Currency options, bought and sold	63	0	0	156	1	1
Total foreign exchange derivatives	1,754	10	11	1,789	9	22
Total derivatives held for trading	1,898	10	11	7,050	9	24
Derivatives held for hedging						
Fair value hedges						
Currency forwards	534	2	0	602	2	9
Total	534	2	0	602	2	9
Total derivatives held for hedging	534	2	0	602	2	9
Total derivatives	2,432	13	11	7,651	11	33

Fair value hedges

Fair value hedging is used to hedge a proportion of foreign exchange and interest risk in available-for-sale financial assets. The interest elements of forward contracts have been excluded from hedging relationships in foreign exchange hedges. Net result from exchange derivatives designated as fair value hedges amounted to EURm 19 (-69). Net result from hedged risks in fair value hedges of available for sale financial assets amounted to EURm -19 (68).

Other financial assets

EURm	2016	2015
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	15	13
Issued by banks	7	10
Other debt securities	0	23
Total debt securities	22	47
Listed equity securities	2	2
Total financial assets designated as at fair value through p/l	24	48
Loans and receivables		
Loans	20	24
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	19	30
Issued by banks	563	488
Other debt securities	2,523	2,896
Total debt securities	3,105	3,414
Equity securities		
Listed	1,727	1,669
Unlisted	779	873
Total	2,507	2,542
Total financial assets available-for-sale	5,612	5,956
Financial assets available-for-sale for life insurance include impairment losses EURm 15 (19).		
Total financial assets	5,670	6,039
Assets held for sale	-210	-
Life insurance, total financial assets	5,459	6,039

Financial assets available for sale / debt securities: Debt securities available for sale include EURm 2,925 (3,334) investments in bonds and EURm 180 (95) investments in money market instruments.

Financial assets available for sale / shares and participations: Listed equity securities include EURm 913 (831) listed equities. Unlisted equity securities include EURm 727 (768) investments in capital trusts.

Holding

Derivative financial instruments

		2016			2015	
	Contract/ notional amount	Fair value		Contract/ notional amount	Fair value	
EURm		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest derivatives						
OTC-derivatives						
Interest rate swaps	523	12	-	800	10	-
Foreign exchange derivatives						
OTC-derivatives						
Currency forwards	478	4	1	74	1	2
Equity derivatives						
OTC-derivatives						
Equity and euqity index options	9	2	3	60	10	10
Total derivatives	1,010	18	3	933	21	12

Other financial assets

EURm	2016	2015
Loans and receivables		
Deposits	0	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	250	196
Other debt securities	415	407
Total debt securities	666	603
Equity securities		
Listed	129	228
Unlisted	20	20
Total	148	248
Total financial assets available-for-sale	814	852

Financial assets available-for-sale for Holding business do not include impairment losses.

Investments in subsidiaries	2,370	2,370
Holding, total financial assets	3,201	3,243
Elimination items between segments	-2,659	-2,659
EURm	2016	2015
Group, total	17,668	17,189

16 Fair values

EURm	2016		2015	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets, group				
Financial assets	17,880	17,879	17,192	17,189
Investments related to unit-linked contracts	3,427	3,427	5,847	5,847
Other assets	49	49	28	28
Cash and cash equivalents	2,585	2,585	1,997	1,997
Total	23,941	23,940	25,064	25,060
Financial liabilities, group				
Financial liabilities	3,910	3,847	2,424	2,375
Other liabilities	31	31	64	64
Total	3,941	3,878	2,488	2,439

In the table above are presented fair values and carrying amounts of financial assets and liabilities. Assets held for sale are included in the figures. The detailed measurement bases of financial assets and liabilities are disclosed in Group Accounting policies.

The fair value of investment securities is assessed using quoted prices in active markets. If published price quotations are not available, the fair value is assessed using discounting method. Values for the discount rates are taken from the market's yield curve.

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

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

The fair value for short-term non-interest-bearing receivables and payables is their carrying amount.

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

17 Determination and hierarchy of fair values

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

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

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

In level 3, the measurement is based on other inputs rather than observable market data.

The figures include the financial assets classified as Assets held for sale.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT 31 DEC. 2016				
Derivative financial instruments				
Interest rate swaps	-	12	-	12
Foreign exchange derivatives	-	30	-	30
Equity derivatives	-	3	-	3
	-	45	-	45
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	18	4	0	22
	20	4	0	24
Financial assets related to unit-linked insurance				
Equity securities	664	13	14	692
Debt securities	748	650	27	1,424
Derivative financial instruments	2,954	902	154	4,009
Mutual funds	-	2	-	2
	4,366	1,567	194	6,128
Financial assets available-for-sale				
Equity securities	2,123	-	48	2,171
Debt securities	9,410	4,036	58	13,504
Mutual funds	1,212	60	758	2,030
	12,746	4,096	863	17,705
Total financial assets measured at fair value	17,132	5,713	1,057	23,902

FINANCIAL LIABILITIES AT 31 DEC. 2016				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	74	-	74
Equity derivatives	-	3	-	3
Total financial liabilities measured at fair value	-	81	-	81
EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT 31 DEC. 2015				
Derivative financial instruments				
Interest rate swaps	-	10	-	10
Foreign exchange derivatives	-	33	-	33
Equity derivatives	-	10	-	10
	-	53	-	53
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	18	29	0	47
	20	29	0	48
Financial assets related to unit-linked insurance				
Equity securities	616	7	17	639
Debt securities	751	453	27	1,231
Derivative financial instruments	2,720	987	46	3,753
Mutual funds	-	7	-	7
	4,087	1,454	89	5,630
Financial assets available-for-sale				
Equity securities	2,129	-	46	2,175
Debt securities	9,227	3,327	89	12,643
Mutual funds	1,296	39	801	2,136
	12,652	3,366	936	16,954
Total financial assets measured at fair value	16,759	4,901	1,026	22,686
EURm	Taso 1	Taso 2	Taso 3	Total
FINANCIAL LIABILITIES AT 31 DEC. 2015				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	48	-	48
Equity derivatives	-	10	-	10
Total financial liabilities measured at fair value	-	63	-	63

Transfers between levels 1 and 2

	2016		2015	
	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2
Financial assets related to unit-linked insurance				
Debt securities	3	4	324	4
Financial assets available-for-sale				
Debt securities	459	502	339	257

Sensitivity analysis of fair values

The sensitivity of financial assets and liabilities to changes in exchange rates is assessed on business area level due to different base currencies. In P&C insurance, 10 percentage point depreciation of all other currencies against SEK would result in an increase recognised in profit/loss of EURm 10 (9) and in a decrease recognised directly in equity of EURm 8 (3). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 12 (23) and in a decrease recognised directly in equity of EURm 94 (79). In Holding, 10 percentage point depreciation of all other currencies against EUR would have no impact in profit/loss, but a decrease recognised in equity of EURm 163 (68).

The sensitivity analysis of the Group's fair values of financial assets and liabilities in different market risk scenarios is presented below. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 Dec. 2016.

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

The debt issued by Sampo plc is not included.

	Interest rate		Equity	Other financial investments
	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Effect recognised in profit/loss	0	-2	0	0
Effect recognised directly in equity	255	-239	-670	-195
Total effect	256	-241	-670	-195

18 Movements in level 3 financial instruments measured at fair value

EURm	At 1 Jan.	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec.	Gains/ losses included in p/l for financial assets 31 Dec. 2016
FINANCIAL ASSETS AT 31 DEC. 2016								
Financial assets related to unit-linked insurance								
Equity securities	17	-6	-	12	-9	-	14	-4
Debt securities	27	0	-	0	0	-	27	0
Mutual funds	46	-3	-	129	-19	-	154	-2
	89	-9	-	142	-29	-	194	-5
Financial assets available-for-sale								
Equity securities	46	2	-1	6	-4	0	48	-2
Debt securities	90	1	0	213	-246	0	58	0
Mutual funds	801	0	-20	174	-198	0	757	-21
	936	4	-22	393	-448	0	863	-22
Total financial assets measured at fair value	1,026	-5	-22	535	-477	0	1,057	-27

EURm	Realised gains	2016 Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	-5	-22	-26
Total gains or losses included in profit and loss for assets held at the end of the financial year	-6	-22	-27

EURm	At 1 Jan.	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec.	Gains/ losses included in p/l for financial assets 31 Dec. 2015
FINANCIAL ASSETS AT 31 DEC. 2015								
Financial assets related to unit-linked insurance								
Equity securities	16	2	-	3	-4	-	17	1
Debt securities	24	0	-	0	0	3	27	0
Mutual funds	57	2	-	11	-23	-	46	2
	96	3	-	14	-27	3	89	3
Financial assets available-for-sale								
Equity securities	228	14	-2	0	-194	-	46	2
Debt securities	78	9	0	90	-86	-	90	0
Mutual funds	748	25	13	174	-159	-	801	7
	1,054	48	10	264	-440	-	936	9
Total financial assets measured at fair value	1,150	51	10	278	-467	3	1,026	12

EURm	Realised gains	2015 Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	51	6	57
Total gains or losses included in profit and loss for assets held at the end of the financial year	6	6	12

19 Sensitivity analysis of level 3 financial instruments measured at fair value

EURm	2016 Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)	2015 Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets available-for-sale				
Equity securities	48	-10	46	-9
Debt securities	58	-2	89	-2
Mutual funds	758	-152	801	-160
Total	863	-163	936	-171

The value of financial assets regarding the debt security instruments has been tested by assuming a rise of 1 per cent unit in interest rate level in all maturities. For other financial assets, the prices were assumed to go down by 20 per cent. Sampo Group bears no investment risks related to unit-linked insurance, so a change in assumptions regarding these assets does not affect profit or loss. On the basis of the these alternative assumptions, a possible change in interest levels would cause a descend of EURm 2 (2) for the debt instruments, and EURm 162 (169) valuation loss for other instruments in the Group's other comprehensive income. The reasonably possible effect, proportionate to the Group's equity, would thus be 1.4 per cent (1.5).

20 Investments related to unit-linked insurance contracts

Life insurance

EURm	2016	2015
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	68	49
Other debt securities	1,358	1,199
Total	1,426	1,248
Equity securities		
Listed	4,388	4,328
Unlisted	313	64
Total	4,701	4,392
Total financial assets designated at fair value through p/l	330	217
Other	2	7
Total	6,460	5,865

Assets held for sale	-2,992	-
Investment related to unit-linked contracts, total	3,468	5,865
Elimination items between segments	-41	-18
Group total	3,427	5,847

The historical cost of the equity securities related to unit-linked contracts was EURm 3,813 (3,645) and that of the debt securities EURm 1,437 (1,305).

21 Deferred tax assets and liabilities

Changes in deferred tax during the financial period 2016

EURm	1.1.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31.12.
Deferred tax assets					
Tax losses carried forward	15	0	0	0	15
Employee benefits	35	-8	1	0	28
Other deductible temporary differences	19	-7	0	1	13
Total	68	-15	1	1	56
Netting of deferred taxes					-28
Deferred tax assets in the balance sheet					27
Deferred tax liabilities					
Depreciation differences and untaxed reserves	251	6	0	0	257
Changes in fair values	221	-2	48	-2	265
Other taxable temporary differences	28	4	1	0	33
Total	500	8	49	-2	555
Netting of deferred taxes					-28
Total deferred tax liabilities in the balance sheet					527

Changes in deferred tax during the financial period 2015

EURm	1.1.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31.12.
Deferred tax assets					
Tax losses carried forward	15	0	-	0	15
Changes in fair values	85	-50	-3	3	35
Other deductible temporary differences	8	-14	4	-1	-3
Total	107	-63	0	2	46
Netting of deferred taxes					-12
Deferred tax assets in the balance sheet					35
Deferred tax liabilities					
Depreciation differences and untaxed reserves	275	-21	-	-3	251
Changes in fair values	231	4	-16	2	221
Other taxable temporary differences	19	12	-25	1	7
Total	526	-5	-41	0	479
Netting of deferred taxes					-12
Total deferred tax liabilities in the balance sheet					468

In Sampo plc, EURm 24 of deferred tax asset has not been recognised on unused tax losses. The first losses will expire in 2019.

In life insurance, EURm 4 of deferred tax asset has not been recognised on unused tax losses.

22 Taxes

EURm	2016	2015
Profit before tax	1,871	1,888
Tax calculated at parent company's tax rate	-374	-378
Different tax rates on overseas earnings	-14	-25
Income not subject to tax	7	2
Expenses not allowable for tax purposes	-4	-2
Consolidation procedures and eliminations	165	168
Tax losses for which no deferred tax asset has been recognised	2	0
Changes in tax rates	0	5
Tax from previous years	-3	-1
Total	-221	-232

23 Components of other comprehensive income

EURm	2016	2015
Other comprehensive income:		
Items reclassifiable to profit or loss		
Exchange differences	-80	-35
Available-for-sale financial assets		
Gains/losses arising during the year	302	257
Reclassification adjustments	-66	-353
The share of the segregated Suomi portfolio	-11	-10
Share of associate's other comprehensive income	19	16
Taxes	-49	21
Total items reclassifiable to profit or loss, net of tax	115	-103
Items not reclassifiable to profit or loss		
Actuarial gains and losses from defined pension plans	-6	14
Taxes	1	-3
Total items not reclassifiable to profit or loss, net of tax	-5	11

24 Tax effects relating to components of other comprehensive income

	2016			2015		
	Before-tax amount	Tax	Net-of-tax amount	Before-tax amount	Tax	Net-of-tax amount
Items reclassifiable to profit or loss						
Exchange differences	-80	-	-80	-35	-	-35
Available-for-sale financial assets	225	-49	176	-106	21	-85
Share of associate's other comprehensive income	19	-	19	16	-	16
Total	164	-49	115	-124	21	-103

25 Other assets

P&C insurance

EURm	2016	2015
Interests	55	54
Assets arising from direct insurance operations	1,174	1,132
Assets arising from reinsurance operations	51	38
Settlement receivables	2	2
Deferred acquisition costs ¹⁾	123	131
Assets related to Patient Insurance Pool	120	120
Other	66	62
P&C insurance, total	1,593	1,541

Other assets include non-current assets EURm 114 (112).

Item Other comprise rental deposits, salary and travel advancements and assets held for resale.

1) Change in deferred acquisition costs in the period

EURm	2016	2015
At 1 Jan.	131	138
Net change in the period	-10	-4
Exchange differences	2	-2
At 31 Dec.	123	131

Life insurance

EURm	2016	2015
Interests	26	30
Receivables from policyholders	8	9
Assets arising from reinsurance operations	0	0
Settlement receivables	47	21
Assets pledged for trading in derivatives	18	19
Other	63	48
Life insurance, total	162	127

Item Other comprise e.g. pensions paid in advance and receivables from co-operation companies.

Holding

EURm	2016	2015
Interests	10	38
Settlement receivables	0	5
Other	5	8
Holding, total	15	51

Item Other includes e.g. asset management fee receivables.

Elimination items between segments	-9	-10
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EURm	2016	2015
Group, total	1,761	1,708

26 Cash and cash equivalents

P&C insurance

EURm	2016	2015
Cash at bank and in hand	441	368
Short-term deposits (max 3 months)	22	407
P&C insurance, total	463	775

Life insurance

EURm	2016	2015
Cash at bank and in hand	682	378
Short-term deposits (max 3 months)	-	104
Life insurance, total	682	482

Holding

EURm	2016	2015
Cash	1,439	739
Group, total	2,585	1,997

27 Liabilities from insurance and investment contracts

P&C insurance

Change in insurance liabilities

EURm	2016			2015		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for unearned premiums						
At 1 Jan.	2,017	46	1,971	1,999	41	1,958
Exchange differences	20	1	21	-20	1	-20
Change in provision	4	-2	2	39	5	44
At 31 Dec.	2,042	44	1,997	2,017	46	1,971

EURm	2016			2015		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for claims outstanding						
At 1 Jan.	7,416	193	7,223	7,185	197	6,988
Acquired/disposed insurance holdings	28	-	28	38	-	38
Exchange differences	-19	1	-20	-1	6	-8
Change in provision	-87	-2	-86	195	-10	205
At 31 Dec.	7,338	192	7,146	7,416	193	7,223

Liabilities from insurance contracts

EURm	2016	2015
Provision for unearned premiums	2,042	2,017
Provision for claims outstanding	7,338	7,416
Incurred and reported losses	1,596	1,657
Incurred but not reported losses (IBNR)	3,327	3,352
Provisions for claims-adjustment costs	267	269
Provisions for annuities and sickness benefits	2,148	2,138
P&C insurance total	9,379	9,433
Reinsurers' share		
Provision for unearned premiums	44	46
Provision for claims outstanding	192	193
Incurred and reported losses	114	95
Incurred but not reported losses (IBNR)	78	98
Total reinsurers' share	236	239

As the P&C insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading.

P&C insurance

The tables below show the cost trend for the claims for different years. The upper part of the tables shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet. More information on P&C insurance's insurance liabilities in the Risk Management section of the Annual accounts.

Claims costs before reinsurance

Estimated claims cost

EURm	< 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
At the close of the claims year	14,689	2,570	2,696	2,699	2,810	2,893	2,932	2,831	2,814	2,845	2,886	
One year later	14,631	2,566	2,653	2,650	2,849	3,007	2,919	2,859	2,807	2,864		
Two years later	14,543	2,531	2,597	2,622	2,796	3,003	2,935	2,860	2,815			
Three years later	14,551	2,500	2,570	2,582	2,794	2,991	2,924	2,865				
Four years later	14,542	2,455	2,547	2,564	2,787	2,963	2,892					
Five years later	14,449	2,431	2,533	2,541	2,785	2,948						
Six years later	14,347	2,422	2,514	2,539	2,768							
Seven years later	14,342	2,409	2,520	2,511								
Eight years later	14,352	2,408	2,500									
Nine years later	14,462	2,390										
Ten years later	14,429											
Current estimate of total claims costs	14,429	2,390	2,500	2,511	2,768	2,948	2,892	2,865	2,815	2,864	2,886	41,868
Total disbursed	11,640	2,177	2,278	2,280	2,506	2,649	2,562	2,477	2,332	2,255	1,640	34,797
Provision reported in the balance sheet	2,788	213	223	231	262	298	330	388	483	609	1,246	7,071
of which established vested annuities	1,523	82	71	61	77	75	71	81	64	37	8	2,148
Provision for claims-adjustment costs												267
Total provision reported in the BS												7,338

Claims costs after reinsurance

Estimated claims cost

EURm	< 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
At the close of the claims year	13,663	2,473	2,580	2,586	2,673	2,736	2,737	2,782	2,775	2,799	2,825	
One year later	13,589	2,462	2,549	2,554	2,719	2,809	2,722	2,810	2,764	2,814		
Two years later	13,510	2,436	2,496	2,524	2,677	2,796	2,738	2,812	2,756			
Three years later	13,480	2,406	2,470	2,498	2,671	2,791	2,738	2,819				
Four years later	13,489	2,363	2,451	2,481	2,668	2,760	2,711					
Five years later	13,418	2,340	2,439	2,457	2,665	2,749						
Six years later	13,332	2,332	2,420	2,455	2,648							
Seven years later	13,333	2,319	2,427	2,431								
Eight years later	13,354	2,318	2,408									
Nine years later	13,454	2,300										
Ten years later	13,417											
Current estimate of total claims costs	13,417	2,300	2,408	2,431	2,648	2,749	2,711	2,819	2,756	2,814	2,825	39,877
Total disbursed	10,676	2,089	2,188	2,204	2,391	2,458	2,390	2,445	2,305	2,223	1,630	32,998
Provision reported in the balance sheet	2,741	210	220	227	257	291	321	373	451	591	1,195	6,879
of which established vested annuities	1,523	82	71	61	77	75	71	81	64	37	8	2,148
Provision for claims-adjustment costs												267
Total provision reported in the BS												7,146

Life insurance

Change in liabilities arising from other than unit-linked insurance and investment contracts

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2016	4,979	36	5,014
Premiums	149	0	149
Claims paid	-469	0	-470
Expense charge	-37	0	-37
Guaranteed interest	138	0	138
Bonuses	5	-	5
Other	29	-8	21
Total at 31 Dec. 2016	4,794	28	4,821
Liabilities related to assets held for sale			-210
Life insurance, total			4,611
Reinsurers' share	-3	0	-3
Net liability at 31 Dec. 2016	4,791	28	4,608

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2015	5,058	4	5,062
Premiums	148	30	178
Claims paid	-445	0	-445
Expense charge	-38	0	-38
Guaranteed interest	153	0	153
Bonuses	0	-	0
Portfolio transfers	17	-	17
Other	85	1	86
At 31 Dec. 2015	4,978	36	5,014
Reinsurers' share	-3	-	-3
Net liability at 31 Dec. 2015	4,976	36	5,012

Change in liabilities arising from unit-linked insurance and investment contracts

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2016	4,042	1,817	5,858
Premiums	498	475	973
Claims paid	-222	-355	-577
Expense charge	-43	-20	-64
Other	153	97	250
At 31 Dec. 2016	4,427	2,013	6,440
Liabilities related to assets held for sale			-2,992
Life insurance total			3,448
At 1 Jan. 2015	3,599	1,714	5,312
Premiums	575	394	969
Claims paid	-198	-358	-556
Expense charge	-44	-22	-66
Other	110	89	200
At 31 Dec. 2015	4,042	1,817	5,858

The liabilities at 1 Jan. and at 31 Dec. include the future bonus reserves and the effect of the reserve for the decreased discount rate. The calculation is based on items before reinsurers' share. A more detailed specification of changes in insurance liabilities is presented in Group's Risk Management.

EURm	2016	2015
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,425	2,516
Provision for claims outstanding	2,366	2,461
Total	4,791	4,976
Assumed reinsurance		
Provision for unearned premiums	0	1
Provision for claims outstanding	1	1
Total	1	2
Insurance contracts total		
Provision for unearned premiums	2,426	2,517
Provision for claims outstanding	2,368	2,462
Total	4,794	4,978
Investment contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	28	36
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,454	2,552
Provision for claims outstanding	2,368	2,462
Life insurance total	4,821	5,014
Liabilities related to assets held for sale	-210	-
Liabilities for insurance and investment contracts total, life insurance	4,611	5,014
Reinsurers' share		
Provision for claims outstanding	-3	3

Investment contracts do not include a provision for claims outstanding.

Liability adequacy test does not give rise to supplementary claims.

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

EURm	2016	2015
Group, total	13,990	14,447

28 Liabilities from unit-linked insurance and investment contracts

Life insurance

EURm	2016	2015
Unit-linked insurance contracts	4,427	4,042
Unit-linked investment contracts	2,013	1,817
Total	6,440	5,858
Liabilities related to assets held for sale	-2,992	-
Life insurance, total	3,448	5,858
Elimination items between segments	-41	-18
EURm	2016	2015
Group, total	3,407	5,841

29 Financial liabilities

The segment financial liabilities include derivatives, debt securities and other financial liabilities.

P&C insurance

EURm	2016	2015
Derivative financial instruments (note 15)	67	17
Subordinated debt securities		
Subordinated loans		
Euro-denominated loans		
	Maturity	Interest
Preferred capital note, 2011 (nominal value EURm 110)	30 years	6.00%
Preferred capital note, 2013 (nominal value EURm 90)	perpetual	4.70%
Preferred capital note, 2016 (nominal value 1,500 MSEK)	30 years	3 months Stibor + 2,25%
Preferred capital note, 2016 (nominal value 500 MSEK)	30 years	2.42%
Total subordinated debt securities	407	199
P&C insurance, total financial liabilities	474	216

The loan 2011 was issued with fixed interest rates for the first ten years, after which it becomes subject to variable interest rates. The subordinated loan issued in 2013 has a fixed interest rate for the first 5.5 years after which it becomes subject to variable interest rates. At the point of change, there is the possibility of redemption for all the loans.

The loan of 1 500 MSEK issued in 2016 is issued with variable interest rate terms. After ten years the margin is increased by one percentage point. It includes terms stating the right of redemption after five years and at any interest payment date thereafter.

The loan of 500 MSEK issued in 2016 is issued with fixed interest rate terms for the first five years. After that period, the loan becomes subject to variable interest rate but it also includes terms stating the right of redemption at this point in time or at any interest payment date thereafter.

The loan issued in 2011 and both loans issued in 2016 are all listed on the Luxembourg Exchange.

The purpose of the loans is to secure the good financial standing. All loans and their terms are approved by supervisory authorities and they are utilised for solvency purposes.

Life insurance

EURm	2016	2015
Derivative financial instruments (note 15)	11	33
Subordinated debt securities		
Subordinated loans	100	100
Life insurance, total	111	133

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

Holding

EURm	2016	2015
Derivative financial instruments (note 15)	3	12
Debt securities in issue		
Commercial papers	671	305
Bonds ^{*)}	2,877	1,997
Total	3,548	2,302
Holding, total	3,551	2,314

^{*)} The determination and hierarchy of financial assets and liabilities at fair value is disclosed in note 17. Based on the principles of this determination, the bonds of the Holding Company fall under level 2.

Elimination items between segments	-289	-339
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EURm	2016	2015
Group, total	3,847	2,375

30 Provisions

P&C insurance

EURm	2016
At 1 Jan. 2016	51
Exchange rate differences	-1
Additions	9
Amounts used during the period	-22
Unused amounts reversed during the period	-1
At 31 Dec. 2016	35
Current (less than 1 year)	8
Non-current (more than 1 year)	27
Total	35

EURm 11 of the provision consist of assets reserved for the development of efficient administrative and claims-adjustment processes and structural changes in distribution channels result in organisational changes that affect all business areas. In addition, the item includes a provision of about EURm 21 for law suits and other uncertain liabilities.

31 Employee benefits

Employee benefits

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

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

Employee benefit obligations of P&C Insurance 31 Dec.

EURm	2016	2015
Present value of estimated pension obligation, including social costs	294	303
Fair value of plan assets	214	213
Net pension obligation recognised in the balance sheet	79	90

Since January 1, 2008, the main Swedish pension plan has been closed to new employees born in 1972 or later and the corresponding Norwegian pension plan has been closed to new employees since January 1, 2006 regardless of age. In May 2015, If decided that all employees born in 1958 or later that were covered by the Norwegian defined-benefit pension plan would be switched to a defined-contribution plan as of January 2016. As of the same date, it was also decided that existing retirees would no longer be covered by the plan, and that future retirees would cease being covered by the plan when they are no longer employed by If. Accordingly, the Norwegian pension plan now consists solely of active people employed prior to 2006 and born no later than 1957.

The pension benefits referred to are old-age pension and survivors' pension in Sweden. For Norway, old-age pension and survivors' pension are included, as well as disability pension up to July, 1, 2016. Following an amendment to the plan, all employees will instead be covered by a defined-contribution plan for disability pension. A common feature of the defined-benefit plans is that the employees and survivors encompassed by the plans are entitled to a guaranteed pension that depends on the employees' service period and pensionable salary at the time of retirement. The dominating benefit is the old-age pension, which refers in part to temporary pension before the anticipated retirement age and in part to a life-long pension after the anticipated retirement age.

The retirement age for receiving premature pension is normally 62 years in Sweden and normally 65 years in Norway. In Sweden, premature old-age pension following a complete service period is payable at a rate of approximately 65% of the pensionable salary and applies to all employees born in 1955 or earlier and who were covered by the insurance sector's collective bargaining agreement of 2006. In Norway, premature old-age pension following a complete service period is payable at a rate of approximately 70% of the pensionable salary and applies to all employees born in 1957 or earlier and who were employed by If in 2013.

The anticipated retirement age in connection with life-long pension is 65 years for Sweden and 67 years for Norway. In Sweden, life-long old-age pension following a complete service period is payable at a rate of approximately 10% of the pensionable salary between 0 and 7.5 income base amounts, 65% of salary between 7.5 and 20 income base amounts and 32.5% between 20 and 30 income base amounts. In Norway, life-long old-age pension following a complete service period is payable at a rate of approximately 70% of the pensionable salary up to 12 National Insurance base amounts, together with the estimated statutory old-age pension. Paid-up policies and pension payments from the Swedish plans are normally indexed upwards in an amount corresponding to the change in the consumer price index. However, there is no agreement guaranteeing the value and future supplements in addition to the contractual pension benefit could either rise or fall. Pension payments from the Norwegian plans were earlier indexed upwards in an amount corresponding to 80 -100% of the change in the consumer price index. Instead, as of January 2016, a paid-up policy is issued on retirement, whereby If is no longer responsible for and has no obligation in respect of future indexation of the insured plans.

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

To cover the insured pension benefits, the related capital is managed as part of the insurers' management portfolios. In such management, the characteristics of the investment assets are analyzed in relation to the characteristics of the obligations, in a process known as Asset Liability Management. New and existing asset categories are evaluated continuously in order to diversify the asset portfolios with a view to optimizing the anticipated risk-adjusted return. Any surplus that arises from management of the assets normally accrues to If and/or the insured and there is no form of transfer of the asset value to other members of the insurance collective.

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

When applying IAS 19, the pension obligations are calculated, as is the pension cost attributable to the fiscal period, using actuarial methods. Pension rights are considered to have been vested straight line during the service period. The calculation of pension obligations is based on future anticipated pension payments and includes assumptions regarding mortality, employee turnover and salary growth. The nominally calculated obligation is discounted to the present value using interest rates based on the extrapolated yield-curves in Sweden and in Norway for AAA and AA corporate bonds, including mortgage-backed bonds, as at 30 November, approximately updated to reflect market conditions mid-December. The discount rate chosen takes into account the duration of the company's pension obligations. After a deduction for the plan assets, a net asset or net liability is recognized in the balance sheet.

The following tables contain a number of material assumptions, specifications of pension costs, assets and liabilities and a sensitivity analysis showing the potential effect on the obligations of reasonable changes in those assumptions as at the end of the fiscal year. As apparent from the tables, the said amendments to the insured plan in Norway have been taken into account when preparing the annual accounts for 2015 and had a material impact on both recognized costs and assets and obligations.

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

Specification of employee benefit obligations by country

	2016			2015		
	Sweden	Norway	Total	Sweden	Norway	Total
Recognised in income statement and other comprehensive income						
Current service cost	5	4	9	6	9	15
Past service cost	0	-7	-6	0	-156	-156
Interest expense on net pension liability	1	1	2	1	3	4
Total in income statement	7	-2	5	7	-144	-137
Remeasurement of the net pension liability	8	-2	6	-9	-4	-14
Total in comprehensive income statement	15	-4	11	-2	-148	-150

Recognised in balance sheet						
Present value of estimated pension liability, including social costs	206	87	294	196	107	303
Fair value of plan assets	166	49	214	156	57	213
Net liability recognised in balance sheet	41	39	79	40	49	90

	2016		2015	
Distribution by asset class	Sweden	Norway	Sweden	Norway
Debt instruments, level 1	39%	54%	39%	50%
Debt instruments, level 2	0%	13%	1%	13%
Equity instruments, level 1	28%	6%	26%	5%
Equity instruments, level 3	10%	3%	10%	3%
Property, level 3	11%	12%	10%	12%
Other, level 1	2%	9%	4%	14%
Other, level 2	6%	3%	6%	3%
Other, level 3	4%	0%	4%	0%

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

	Sweden	Sweden	Norway	Norway
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Discount rate	2.75%	3.00%	2.75%	2.50%
Future salary increases	2.75%	2.75%	3.00%	3.00%
Price inflation	1.75%	1.75%	2.00%	2.00%
Mortality table	FFFS 2007:31 +1 year	FFFS 2007:31 +1 year	K2013	K2013
Average duration of pension liabilities	22 years	21 years	13 years	14 years
Expected contributions to the defined benefit plans during 2017 and 2016	91	10	25	4

	2016			2015		
Sensitivity analysis of effect of reasonably possible changes	Sweden	Norway	Total	Sweden	Norway	Total
Discount rate, +0,50%	-25	-6	-31	-23	-7	-30
Discount rate, -0,50%	28	6	35	27	8	35
Future salary increases, +0,25%	8	1	9	8	1	9
Future salary increases, -0,25%	-8	-1	-8	-7	-1	-9
Expected longevity, +1 year	8	2	10	7	2	10

EURm	2016			2015		
	Funded plans	Unfunded plans	Total	Funded plans	Unfunded plans	Total
Analysis of the employee benefit obligation						
Present value of estimated pension liability, including social costs	260	33	294	267	36	303
Fair value of plan assets	214	-	214	213	-	213
Net pension liability recognised in the balance sheet	46	33	79	54	36	90

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

EURm	2016	2015
Pension liabilities:		
At the beginning of the year	303	664
Earned during the financial year	9	15
Costs pertaining to prior-year service	-6	-156
Interest cost	8	15
Actuarial gains (-)/losses (+) on financial assumptions	8	4
Actuarial gains (-)/losses (+), experience adjustments	2	-14
Exchange differences on foreign plans	-2	-7
Benefits paid	-22	-25
Settlements	-7	-194
Defined benefit plans at 31 Dec.	294	303
Reconciliation of plan assets:		
At the beginning of the year	213	399
Interest income	6	11
Difference between actual return and calculated interest income	5	4
Contributions paid	16	26
Exchange differences on foreign plans	-3	-10
Benefits paid	-14	-16
Settlements	-7	-200
Plan assets at 31 Dec.	214	213

Other short-term employee benefits

There are other short-term staff incentive programmes in the Group, the terms of which vary according to country, business area or company. Benefits are recognised in the profit or loss for the year they arise from. An estimated amount of these short-term incentives, social security costs included, for 2016 is EURm 48.

32 Other liabilities

P&C insurance

EURm	2016	2015
Liabilities arising out of direct insurance operations	177	163
Liabilities arising out of reinsurance operations	29	30
Liabilities related to Patient Insurance Pool	118	115
Premium taxes	49	49
Tax liabilities	114	91
Prepayments and accrued income	174	181
Other	39	39
P&C insurance, total	700	669

The non-current share of other liabilities is EURm 96 (108).

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

Life insurance

EURm	2016	2015
Interests	7	10
Tax liabilities	0	5
Liabilities arising out of direct insurance operations	30	21
Liabilities arising out of reinsurance operations	5	4
Settlement liabilities	31	61
Guarantees received	2	0
Other liabilities	73	66
Life insurance, total	148	167

Item Guarantees received comprise assets accepted as guarantees required in derivative trading and securities lending.

Item Other includes e.g. liabilities arising from withholding taxes and social security costs, liabilities to creditors and insurance premium advances.

Holding

EURm	2016	2015
Interests	25	34
Guarantees for trading in derivatives	17	38
Liability for dividend distribution	38	35
Other	16	26
Holding, total	96	133
Item Other includes e.g. reservations for share-based incentive programmes and other incentive salaries.		
Elimination items between segments	-10	-11
EURm	2016	2015
Group, total	933	957

33 Contingent liabilities and commitments

P&C insurance

EURm	2016	2015
Off-balance sheet items		
Guarantees	4	5
Other irrevocable commitments	15	15
Total	19	20

Assets pledged as collateral for liabilities or contingent liabilities

EURm	2016		2015	
	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Investments				
- Investment securities	231	147	242	159
Total	231	147	242	159

EURm	2016	2015
Assets pledged as security for derivative contracts, carrying value		
Investment securities	16	0

The pledged assets are included in the balance sheet item Other assets.

EURm	2016	2015
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	31	32
later than one year and not later than five years	103	98
later than five years	45	48
Total	180	178
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-33	-20

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

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

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

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling EURm 15, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

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

Life insurance

EURm	2016	2015
Off-balance sheet items		
Investment commitments	657	397
Acquisition of IT-software	2	1
Total	658	398
EURm	2016	2015
Assets pledged as security for derivative contracts, carrying value		
Cash and cash equivalents	18	19

The pledged assets are included in the balance sheet item Other assets.

EURm	2016	2015
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	2	2
later than one year and not later than five years	7	8
later than five years	6	7
Total	15	18
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-4	-4
- sublease payments	0	0
Total	-4	-4

Holding

EURm	2016	2015
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	1	1
later than one year and not later than five years	4	0
later than five years	1	-
Total	6	1

The Group had at the end of 2015 premises a total of 159,160 m² (171,254) taken as a lessee. The contracts have been made mainly for 3 to 10 years.

34 Equity and reserves

Equity

The number of Sampo plc's shares at the end of the financial year was 560,000,000, of which 558,000,000 were A-shares and 1,200,000 B-shares. There was no change in the company's share capital of EURm 98 during the financial year.

At the end of the financial year, the mother company or other Group companies held no shares in the parent company.

Reserves and retained earnings

Legal reserve

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

Invested unrestricted equity

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

Other components of equity

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

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

35 Related party disclosures

Key management personnel

The key management personnel in Sampo Group consists of the members of the Board of Directors of Sampo plc and Sampo Group's Executive Committee, and the entities over which the members of the key management personnel have a control.

Key management compensation

EURm	2016	2015
Short-term employee benefits	9	8
Post employment benefits	2	4
Other long-term benefits	14	13
Total	26	25

In addition, deferred compensation EUR 66,786 (119,269) was paid to former members of the Group Executive Committee during the financial year.

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

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

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for for the year (see Note 36).

Related party transactions of the key management

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

Associates

Outstanding balances with related parties/Associate Nordea

EURm	2016	2015
Assets	2,500	2,004
Liabilities	90	102

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

36 Incentive schemes

Long-term incentive schemes 2011 I - 2014 I

The Board of Directors of Sampo plc has decided on the long-term incentive schemes 2011 I - 2014 I for the management and key employees of Sampo Group. The Board has authorised the CEO to decide who will be included in the scheme, as well as the number of calculated incentive units granted for each individual used in determining the amount of the incentive reward. In the schemes, the number of calculated incentive units granted for the members of the Group Executive Committee is decided by the Board of Directors. Some 120 persons were included in the schemes at the end of year 2016.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the insurance margin (IM) and on Sampo's return on the risk adjusted capital (RORAC). The value of one calculated incentive unit is the trade-weighted average price of Sampo's A-share at the time period specified in the terms of the scheme, and reduced by the starting price adjusted with the dividends per share distributed up to the payment date. The pre-dividend starting prices vary between eur 18.37 - 43.38. The maximum value of one incentive unit varies between eur 33.37 - 62.38, reduced by the dividend-adjusted starting price. In all the schemes, the incentive reward depends on two benchmarks. If the IM is 6 per cent or more, the IM-based reward is paid in full. If the IM is between 4 - 5.99 per cent, half of the incentive reward is paid. No IM-related reward will be paid out, if the IM stays below these. In addition, the return on the risk adjusted capital is taken into account. If the return is at least risk free return + 4 per cent, the RORAC-based incentive reward is paid out in full. If the return is risk free return + 2 percent, but less than risk free return + 4 per cent, the payout is 50 per cent. If the return stays below these benchmarks, no RORAC-based reward will be paid out.

Each plan has three performance periods and incentive rewards are settled in cash in three installments. The employee shall authorise Sampo plc to buy Sampo's A-shares with 60 per cent of the amount of the reward after taxes and other comparable charges. The shares are subject to transfer restrictions for three years from the day of payout. A premature payment of the reward may occur in the event of changes in the group structure or in the case of employment termination on specifically determined bases. The fair value of the incentive schemes is estimated by using the Black-Scholes pricing model.

	2011 I	2011 I/2	2014 I	2014 I/2
Terms approved ^{*)}	14.9.2011	14.9.2011	17.9.2014	17.9.2014
Granted (1,000) 31 Dec. 2013	4,134	100	-	-
Granted (1,000) 31 Dec. 2014	2,855	100	4,434	-
Granted (1,000) 31 Dec. 2015	1,415	70	4,380	62
Granted (1,000) 31 Dec. 2016	0	35	4,211	62
End of performance period I 30 %	Q2-2014	Q2-2015	Q2-2017	Q2-2018
End of performance period II 35 %	Q2-2015	Q2-2016	Q2-2018	Q2-2019
End of performance period III 35 %	Q2-2016	Q2-2017	Q2-2019	Q2-2020
Payment I 30 %	9-2014	9-2015	9-2017	9-2018
Payment II 35 %	9-2015	9-2016	9-2018	9-2019
Payment III 35 %	9-2016	9-2017	9-2019	9-2020
Price of Sampo A at terms approval date ^{*)}	18.10	18.10	37.22	37.22
Starting price ^{**)}	18.37	24.07	38.26	43.38
Dividend-adjusted starting price at 31 Dec. 2016	10.07	16.97	34.16	41.23
Sampo A - closing price 31 Dec. 2016	42.59			
Total intrinsic value, meur	0	1	21	0
Total debt	22			
Total cost for the financial period, meur (incl. social costs)	15			

^{*)} Grant dates vary

^{**)} Trade-weighted average for ten trading days from the approval of terms

37 Assets and liabilities related to assets held for sale

In October 2016, Mandatum Life Insurance Company announced that it will not continue the distribution agreement of insurance policies with Danske Bank Plc after 31 December 2016 and that it will use its right to sell the insurance portfolio acquired via Danske Bank to Danske Bank A/S. The value evaluation will last approximately until the summer 2017. The portfolio transfer requires the approval of the authorities, expected to take place at the earliest at the end of year 2017.

The insurance portfolio targeted in the agreement is mainly included in the 'Unit-linked contracts' segment. Assets and liabilities are valued at book value. The effect of the with profit insurance portfolio on the investment result in the 'Other contracts' segment is deemed insignificant. The insurance risk result in the 'Other contracts' segment also consists mainly of other insurance portfolio than that targeted in the agreement. The effect of the transfer of the insurance portfolio is expected to weaken the result significantly and this will mainly show in the 'Unit-linked contract' segment. The premium income of the insurance portfolio in 2016 was EUR 304 and claims cost EUR 253.

Assets and liabilities of the portfolio at 31 Dec. 2016

Assets	
Financial assets	210
Investments related to unit-linked insurance contracts	2,992
Goodwill	89
Total	3,291
Liabilities	
Liabilities for insurance and investment contracts	210
Liabilities for unit-linked insurance and investment contracts	2,992
Total	3,202

38 Auditors' fees

EURm	2016	2015
Auditing fees	-2	-2
Other fees	0	0
Total	-3	-3

39 Legal proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2016, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

40 Investments in subsidiaries

Name	Group holding %	Carrying amount
P&C insurance		
If P&C Insurance Holding Ltd	100	1,886
If P&C Insurance Ltd	100	1,265
If P&C Insurance Company Ltd	100	464
If P&C Insurance AS	100	46
Support Services AS	100	0
CJSC If Insurance	100	9
If Livförsäkring Ab	100	8
Life insurance		
Mandatum Life Insurance Company Ltd	100	484
Innova Services Ltd	100	3
Mandatum Life Services Ltd	100	1
Mandatum Life Investment Services Ltd	100	2
Saka Hallikiinteistöt GP Oy	100	0
Mandatum Life Vuokratontit I GP Oy	100	0
Mandatum Life Fund Management S.A.	100	1
Mandatum Life Insurance Baltic SE	100	11
Other business		
If IT Services A/S	100	0
Sampo Capital Oy	100	1

The table excludes property and housing companies accounted for in the consolidated accounts.

41 Investments in shares and participations other than subsidiaries and associates

Holdings exceeding EURm 5 and holdings in listed companies exceeding five per cent specified.

The table does not include life insurance's investments related to unit-linked insurance contracts.

P&C insurance

	Country	Holding %	Carrying amount/Fair value
Listed companies			
A P Moller - Maersk	Denmark	0.03%	9
ABB	Switzerland	0.20%	89
Atlas Copco A+B	Sweden	0.14%	45
BB Tools	Sweden	0.64%	4
Clas Ohlson	Sweden	4.75%	44
CTT Systems	Sweden	4.08%	6
Beijer Ab GI	Sweden	0.44%	4
Gunnebo AB	Sweden	11.67%	36
Hennes Mauritz AB	Sweden	0.21%	94
Husqvarna AB	Sweden	1.01%	43
Husqvarna AB	Sweden	0.39%	17
Investor AB	Sweden	0.13%	35
Lindab Intl AB	Sweden	4.94%	30
Nederman Holding AB	Sweden	9.90%	23
Nobia AB	Sweden	10.10%	157
Nolato AB	Sweden	0.92%	7
Sandvik AB	Sweden	0.44%	65
Sectra AB	Sweden	11.04%	57
Svedbergs i Dalstrop	Sweden	11.45%	11
Teliasonera AB	Sweden	0.37%	62
VBG Group AB	Sweden	3.94%	9
Veidekke ASA	Norway	6.90%	125
Volvo AB	Sweden	0.06%	14
Volvo AB	Sweden	0.40%	95
Yara Intl ASA	Norway	0.38%	39
Marine Harvest ASA	Norway	0.23%	16
Team Tankers Intl AS	Norway	0.91%	2
Dof ASA	Norway	4.50%	8
Solstad Offshore ASA	Norway	0.70%	1
Total listed companies			1,144
Other			1

Unit trusts

Danske Invest	Finland	79
Danske Invest	Finland	20
PEQ Eqt III	Guernsey	0
PEQ Eqt IV	Guernsey	0
PEQ GS Loan Partn I	Cayman islands	2
Investec Asset Mgmt	Great Britain	52
Lyxor Int AM	France	0
PEQ Mandatum I	Finland	1
PEQ Mandatum II	Finland	2
PEQ Mandatum II	Finland	4
PEQ Private Egy mkt	Finland	0
State Street Global	Finland	68
PEQ Eqt Mid Market	Great Britain	10
Handelsbanken Fonder	Sweden	25
Hermes Investment	Ireland	52
Blackrock AM DE	Denmark	20
PEQ OMP Capital	Norway	2
Blackrock AM DE	Denmark	63

Total unit trusts		401
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P&C insurance, total shares and participations		1,547
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Life insurance

	Country	Holding %	Carrying amount/Fair value
Listed companies			
Amer Sports Plc - A	Finland	3.21%	96
Asiakastieto Group Plc	Finland	9.27%	27
BASF SE	Germany	0.01%	9
Bayerische Motoren Werke AG	Germany	0.02%	12
British American Tobacco Plc	United Kingdom	0.01%	8
CapMan Plc - B	Finland	7.49%	13
Caverion Plc	Finland	2.27%	23
Comptel Plc	Finland	18.79%	49
Continental AG	Germany	0.03%	10
Deutsche Post AG	Germany	0.02%	9
DNA Oy	Finland	1.02%	14
Elecster Plc - A	Finland	6.43%	1
F-Secure Plc	Finland	3.65%	20
GlaxoSmithKline Plc	United Kingdom	0.01%	9
Kuehne + Nagel International AG	Switzerland	0.06%	9
Lassila & Tikanoja Plc	Finland	5.96%	44
LVMH Moët Hennessy Louis Vuitton SA	France	0.01%	6
Metso Plc	Finland	0.73%	30
Nestle SA	Switzerland	0.00%	10
Nokia Plc	Finland	0.03%	8
Nokian Renkaat Plc	Finland	0.44%	21
Oriola-KD Plc	Finland	2.51%	20
Roche Holding AG	Switzerland	0.01%	11
Royal Dutch Shell Plc	United Kingdom	0.01%	6
SAP AG	Germany	0.01%	10
Schneider Electric SA	France	0.03%	11
Stora Enso Plc - R	Finland	0.17%	10
Syngenta AG	Switzerland	0.02%	7
Teleste Plc	Finland	8.84%	15
Tikkurila Plc	Finland	3.66%	30
Tokmanni Group Plc	Finland	3.99%	20
Unilever NV - CVA	Netherlands	0.01%	8
UPM-Kymmene Plc	Finland	0.69%	86
Uponor Plc	Finland	1.44%	17
Vaisala Plc	Finland	4.21%	26
Valmet Corp	Finland	0.62%	13
Wärtsilä Plc Abp	Finland	0.16%	14
YIT Plc	Finland	0.79%	8
Total listed companies			740
Other listed companies			177
Listed companies in total			918
Other equity securities			
Pension Corporation Group Limited	Guernsey		8
Total			8

Unit trusts

Allianz RCM Europe Equity Growth W	Luxembourg	75
Comgest Growth Asia Ex Japan USD I Acc Class	Ireland	62
Danske Invest Europe High Dividend I	Luxembourg	60
DJ STOXX 600 Opt Healthcare	Ireland	30
Financial Select Sector Spdr	United States	11
Fourton Odysseus	Finland	47
Fourton Stamina Non-Ucits	Finland	27
Investec Gsf-Asia Pacific-I	United Kingdom	72
iShares Core S&P 500 ETF	United States	251
iShares SMI ETF	Switzerland	56
KJK Fund SICAV-SIF Baltic States B1 C	Finland	13
Lansdowne Clean Energy Funds	United Kingdom	5
LUX Mandatum Life Nordic High Yield Total Return Fund SICAV-SIF G EUR Share Class	Luxembourg	14
MFS European Value Fund Z	Luxembourg	56
MFS Mer-Europe Sm Cos-I1Eur	Luxembourg	18
The Forest Company Limited	Guernsey	7
Unideutschland XS	Germany	27
Total unit trusts		831

Capital trusts

Activa Capital Fund II FCPR	France	6
Amanda III Eastern Private Equity L.P.	Finland	12
Amanda IV West L.P.	Finland	19
Apollo Offshore Energy Opportunity Fund Limited	Cayman Islands	9
Avenue Energy Opportunities Fund L.P.	United States	19
Avenue Special Situations Fund VI (C-Feeder), L.P.	Cayman Islands	11
Broad Street Loan Partners 2013 Europe L.P.	United Kingdom	45
Broad Street Real Estate Credit Partners II Treaty Fund, L.P.	Cayman Islands	10
Capman Buyout IX Fund A L.P.	Guernsey	5
CapMan Hotels RE Ky	Finland	10
CapMan RE II Ky	Finland	7
Capman Real Estate I Ky	Finland	11
Capman Real Estate II Ky	Finland	8
EQT Auris Co-Investment L.P.	United Kingdom	18
EQT Credit (No.2) L.P.	Guernsey	37
EQT kfzteile24 Co-Investment L.P.	United Kingdom	9
EQT Mid Market (No.1) Feeder Limited Partnership	United Kingdom	10
EQT VI (No.1) L.P.	Guernsey	37
Financial Credit Investment I, L.P.	Cayman Islands	16
Fortress Credit Opportunities Fund II (C) L.P.	Cayman Islands	46
Fortress Credit Opportunities Fund III (C) L.P.	Cayman Islands	29
Fortress Credit Opportunities Fund IV (C) L.P.	Cayman Islands	16
Fortress Life Settlement Fund (C) L.P.	Cayman Islands	10
Highbridge Liquid Loan Opportunities Fund, L.P.	Cayman Islands	61
Lunar Capital Partners III L.P.	Cayman Islands	9
M&G Debt Opportunities Fund	United Kingdom	7
M&G Debt Opportunities Fund II	Ireland	29
MB Equity Fund IV Ky	Finland	12
Mount Kellet Capital Partners (Cayman), L.P.	Cayman Islands	10
Mount Kellett Capital Partners (Cayman) II, L.P.	Cayman Islands	11
Oaktree Real Estate Debt Fund (Cayman), L.P.	Cayman Islands	7
Petershill II Offshore LP	Cayman Islands	13
Russia Partners II, L.P.	Cayman Islands	5
Specialty Fund III	Cayman Islands	33
Verdane Capital VII K/S	Denmark	14
Verdane Capital VIII K/S	Denmark	8
Victory Park Capital Fund II (Cayman), L.P.	Cayman Islands	17
Total capital trusts		640
Other shares and participations		112
Life insurance, total shares and participations		2,509

Holding

	Country	Holding %	Carrying amount/Fair value
Listed companies			
Aktia Plc	Finland	5.7%	37
Asiakastieto Group Plc	Finland	10.1%	29
Domestic other than listed companies			
LUX Mandatum Life European Small & Mid Cap Equity Fund SICAV-SIF G EUR Share Class	Luxembourg	0.0%	11
LUX Mandatum Life Finland Equity Fund SICAV-SIF G EUR Share Class	Luxembourg	0.0%	11
Keskinäinen työeläkevakuutusyhtiö Varma	Finland	80.3%	14
Other			47
Holding, total shares and participations			148

42 Events after the balance sheet date

In the meeting of 8 Feb. 2017, the Board of Directors decided to propose at the Annual General Meeting on 27 April 2017 a dividend distribution of EUR 2.30 per share, or total EUR 1.288.000.000, for 2016. The dividends to be paid will be accounted for in the equity in 2017 as a deduction of retained earnings.

Sampo plc's Financial Statements

Sampo plc's Income Statement

EURm	Note	2016	2015
Other operating income	1	17	18
Staff expenses			
Salaries and remunerations		-13	-17
Social security costs			
Pension costs		-2	-2
Other		-1	-1
Depreciation and impairment			
Depreciation according to plan		0	0
Other operating expenses	2	-18	-12
Operating profit		-17	-14
Financial income and expense	4		
Income from shares in Group companies		1,004	696
Income from other shares		563	538
Other interest and financial income			
Group companies		15	16
Other		19	12
Other investment income and expense		-31	-5
Other interest income		22	36
Interest and other financial expense			
Group companies		0	0
Other		-63	-74
Exchange result		55	23
Profit before taxes		1,567	1,229
Income taxes			
Income taxes for the financial year		-1	-0.32
Tax from previous years		0	0
Deferred taxes		-1	0
Profit for the financial year		1,565	1,228

Sampo plc's Balance Sheet

EURm	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets		0	0
Property, plant and equipment			
Buildings		1	1
Equipment		0	0
Other		2	2
Investments			
Shares in Group companies		2,370	2,370
Receivables from Group companies	5	298	296
Shares in participating undertakings		6,530	5,557
Receivables from participating undertakings		339	196
Other shares and participations	6	148	248
Other receivables	7	28	111
Short-term receivables			
Deferred tax assets	14	7	12
Other receivables	8	6	18
Prepayments and accrued income	9	26	53
Cash at bank and in hand		1,439	739
TOTAL ASSETS		11,196	9,606
LIABILITIES			
Equity			
Share capital	10	98	98
Fair value reserve		28	8
Invested unrestricted equity		1,527	1,527
Other reserves		273	273
Retained earnings		4,059	4,026
Profit for the financial year		1,565	1,228
		7,549	7,159
Liabilities			
Long-term liabilities			
Bonds		2,877	1,997
Short-term liabilities			
Debt securities		671	305
Other liabilities	12	58	83
Accruals and deferred income	13	41	62
TOTAL LIABILITIES		11,196	9,606

Sampo plc's Statement of Cash Flows

EURm	2016	2015
Operating activities		
Profit before taxes	1,567	1,229
Adjustments:		
Depreciation and amortisation	0	0
Unrealised gains and losses arising from valuation	1	0
Realised gains and losses on investments	26	-13
Other adjustments	-563	-446
Adjustments total	-535	-458
Change (+/-) in assets of operating activities		
Investments *)	40	-262
Other assets	31	-5
Total	71	-267
Change (+/-) in liabilities of operating activities		
Financial liabilities	-9	2
Other liabilities	-25	-5
Paid interests	-14	-63
Paid taxes	-10	0
Total	-58	-67
Net cash from operating activities	1,044	437
Investing activities		
Investments in group and associated undertakings	-422	533
Net investment in equipment and intangible assets	0	0
Net cash used in investing activities	-422	533
Financing activities		
Dividends paid	-1,192	-1,079
Issue of debt securities	2,271	1,011
Repayments of debt securities in issue	-1,002	-931
Net cash from financing activities	78	-999
Total cash flows	699	-28
Cash and cash equivalents at 1 January	739	768
Cash and cash equivalents at 31 December	1,439	739
Net change in cash and cash equivalents	699	-28

*) Investments include both investment property and financial assets.

Additional information to the statement of cash flows:

EURm	2016	2015
Interest income received	84	63
Interest expense paid	-71	-74
Dividend income received	1,567	1,125

Summary of Sampo plc's Significant Accounting Policies

The presentation of Sampo Plc's financial statements together with the notes has been prepared in accordance with the Finnish Accounting Act and Ordinance. The accounting principles applied to the separate financial statements of Sampo plc do not

materially differ from those of the Group, prepared in accordance with the International Financial Reporting Standards (IFRSs). The financial assets are measured at fair value derived from the markets

Notes to Sampo plc's Financial Statements

Notes to the income statement 1-4	98
Notes to the assets 5-9	99
Notes to the liabilities 10-13	100
Notes to the income taxes 14	101
Notes to the liabilities and commitments 15-16	102
Notes to the staff and management 17-19	102
Notes to the shares held 20	104

Notes on the Income statement 1-4

1 Other operating income

EURm	2016	2015
Income from property occupied for own activities	0	0
Other	17	18
Total	17	18

2 Other operating expenses

EURm	2016	2015
Rental expenses	-1	-1
Expense on property occupied for own activities	0	0
Other	-17	-11
Total	-18	-12

Item Other includes e.g. administration and IT expenses and fees for external services.

3 Auditors' fees

EURm	2016	2015
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.2	-0.2
Other fees	-0.1	-0.0
Total	-0.3	-0.2

4 Financial income and expense

EURm	2016	2015
Received dividends in total	1,567	1,235
Interest income in total	56	64
Interest expense in total	-63	-74
Gains on disposal in total	0	17
Losses on disposal in total	-26	-5
Exchange result	55	23
Other	-5	-18
Total	1,584	1,243

Notes on the assets 5–9

5 Receivables from group companies

EURm	2016	2015
Cost at beginning of year	296	325
Additions	2	0
Disposals	-	-28
Carrying amount at end of year	298	296

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated note 29 Financial liabilities.

6 Other shares and participations

EURm	2016			2015		
	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Available-for-sale equity securities	148	-27	9	248	12	-12

7 Other investment receivables

EURm	2016			2015		
	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Bonds	28	0	-6	111	0	-2

8 Other receivables

EURm	2016	2015
Trading receivables	0	5
Derivatives	2	6
Other	5	8
Total	6	18

9 Prepayments and accrued income

EURm	2016	2015
Accrued interest	10	38
Derivatives	12	15
Other	4	1
Total	26	53

Notes on the liabilities 10-13

10 Movements in the parent company's equity

EURm	Restricted equity		Unrestricted equity			Total
	Share capital	Fair value reserve	Invested unrestricted capital	Other reserves	Retained earnings	
Carrying amount at 1 Jan. 2015	98	7	1,527	273	5,110	7,014
Dividends					-1,092	-1,092
Recognition of undrawn dividends					8	8
Financial assets available-for-sale						
- recognised in equity		11				11
- recognised in p/l		-10				-10
Profit for the year					1,228	1,228
Carrying amount at 31 Dec. 2015	98	8	1,527	273	5,254	7,159

EURm	Restricted equity		Unrestricted equity			Total
	Share capital	Fair value reserve	Invested unrestricted capital	Other reserves	Retained earnings	
Carrying amount at 1 Jan. 2016	98	8	1,527	273	5,254	7,159
Dividends					-1,204	-1,204
Recognition of undrawn dividends					9	9
Financial assets available-for-sale						0
- recognised in equity		-2				-2
- recognised in p/l		22				22
Profit for the year					1,565	1,565
Carrying amount at 31 Dec. 2016	98	28	1,527	273	5,624	7,549

Distributable assets

EURm	2016	2015
Parent company		
Profit for the year	1,565	1,228
Retained earnings	4,059	4,026
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Total	7,424	7,053

11 Share capital

Information on share capital is disclosed in Note 34 in the consolidated financial statements.

12 Other liabilities

EURm	2016	2015
Unredeemed dividends	38	35
Derivatives	3	5
Guarantees for derivate contracts	17	38
Other	1	6
Total	58	83

13 Accruals and deferred income

EURm	2016	2015
Deferred interest	25	34
Derivatives	1	6
Other	15	22
Total	41	62

Notes on the income taxes 14

14 Deferred tax assets and liabilities

EURm	2016	2015
Deferred tax assets		
Losses	14	14
Deferred tax liabilities		
Fair value reserve	-7	-2
Total, net	7	12

Notes on the liabilities and commitments 15–16

15 Pension liabilities

The basic and supplementary pension insurance of Sampo plc's staff is handled through insurances in Varma Mutual Insurance Company and in Mandatum Life Insurance Company Limited.

16 Future rental commitments

EURm	2016	2015
Not more than one year	1	1
Over one year but not more than five years	4	0
Over five years	1	-
Total	6	1

Notes on the staff and management 17–19

17 Staff numbers

EURm	2016 Average during the year	2015 Average during the year
Full-time staff	56	56
Part-time staff	3	3
Temporary staff	2	1
Total	61	60

18 Board fees and management remuneration

EUR thousand		2016	2015
Managing Director	Kari Stadigh	4,936	4,290
Members of the Board of Directors			
Björn Wahlroos		160	160
Christian Clausen		80	-
Jannica Fagerholm		80	80
Adine Grate Axén		80	80
Veli-Matti Mattila		80	80
Risto Murto		80	80
Eira Palin-Lehtinen		100	100
Per Arthur Sørli		80	80

In addition to the above, the company has in accordance with the decision of the Annual General Meeting in 2016 compensated transfer tax of in total EUR 5,311.02 related to the acquisition of the company shares (EUR 1,277.3 pertaining to the Chairman, EUR 809.53 pertaining to the Vice Chairman and EUR 3,224.19 pertaining to the other members of the Board).

Pension liability

The Group CEO is entitled to a defined contribution pension in accordance with the pension contract in force. The annual pension premium is fixed at EUR 400,000.

19 Pension contributions to the ceo, deputy ceo and the members of the board

EUR thousand	Supplementary pension costs	Statutory pension costs	Total
Pension contributions paid during the year			
Chairman of the Board	-	-	-
Other Members of the Board	-	-	-
President/CEO ¹⁾	455	155	610
Deputy CEO	-	-	-
Former Chairmen of the Board			
Kalevi Keinänen ²⁾	-	-	-
Former Presidents/CEO:s			
Harri Hollmen ³⁾	-	-	-
	455	155	610

1) The Group CEO is entitled to a defined contribution pension in accordance with the pension contract in force. The annual pension premium is fixed at EUR 400,000. The supplementary pension premiums for 2016 included payments to a supplementary TEL-L group pension plan, which based on changes in legislation was removed as of 31 December 2016 and forms a paid-up policy.

2) Group pension agreement with a retirement age of 60 years and a pension benefit of 66 per cent of the pensionable TyEL-salary (TyEL: Employee's Pension Act). No annual index adjustment in 2016.

3) Group pension agreement with a retirement age of 60 and a pension benefit of 60 per cent of the pensionable TyEL-salary. No annual index adjustment in 2016.

Notes on shares held 20

20 Shares held as of 31 Dec, 2016

Company name	Percentage of share capital held	Carrying amount EURm
Group undertakings		
P&C insurance		
If Skadeförsäkring Holding AB, Stockholm Sweden	100.00	1,886
Life insurance		
Mandatum Life Ltd, Helsinki Finland	100.00	484
Other		
Sampo Capital Oy, Helsinki Finland	100.00	1

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

Helsinki, 8 February 2017

Sampo Plc

Board of Directors

Christian Clausen

Jannica Fagerholm

Adine Grate Axén

Veli-Matti Mattila

Risto Murto

Eira Palin-Lehtinen

Per Arthur Sørli

Björn Wahlroos

Kari Stadigh

Chairman

Group CEO

Auditor's Report

To the Annual General Meeting of Sampo plc
(Translation of the Finnish original)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Sampo plc (business identity code 0142213-3) for the year ended 31 December 2016. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the Group's financial position as well as its financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the Group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

1. Valuation of insurance contract liabilities (2016: EURm 20,600; 2015: EURm 20,288)

Refer to the Summary of significant accounting policies, Accounting policies regarding management judgment and key sources of estimation uncertainties and Notes 27 and 28.

The Group has insurance contract liabilities representing 79% of the Group's total liabilities and it is thus the single largest liability for the Group. The insurance contract liabilities comprise life and non-life insurance contract liabilities.

The life insurance contract liabilities are based on estimate of future claims payments. The estimate is based on assumptions which include uncertainty. Changes in assumptions can result in material impacts to the valuation of the liabilities. Key assumption areas include interest rate and life expectancy of policy holders.

The estimation of non-life insurance contract liabilities involves significant assumptions to be made in provisions for claims outstanding. Key assumption areas include inflation rate and life expectancy of beneficiaries. The liabilities are

based on a best estimate of ultimate cost of all claims incurred but not settled, whether reported or not, together with claims handling costs.

Our audit procedures included evaluation of the governance around the overall Group reserving process, and included testing the operating effectiveness of key controls over the identification, measurement and management of the Group's calculation of insurance liabilities. We evaluated the appropriateness of methodologies and assumptions used, and independently re-projected the reserve balances for certain classes of business. We involved our own internal actuarial specialists to assist us in assessing the appropriateness of assumptions used. We assessed the adequacy of disclosures relating to insurance contracts liabilities.

2. Valuation of financial assets (2016: EURm 24,087; 2015: EURm 23,036)

Refer to the Summary of significant accounting policies, Accounting policies regarding management judgment and key sources of estimation uncertainties and Notes 10 and 15 - 20.

The Group's investment portfolio excluding investments in associates represents 63% of the Group's total assets. Fair value measurement can be subjective, specifically for areas where fair value is based on a model based valuation. Valuation techniques for private equity funds, non-listed bonds and non-listed equities involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could lead to different estimates of fair value. Specific areas of audit focus include the valuation of level 2 and 3 assets according to IFRS where valuation techniques use unobservable inputs. Of financial assets level 2 assets amount to EURm 5,713 and level 3 assets to EURm 1,057 (refer to note 17).

Our audit procedures included testing the effectiveness of controls in place over recording fair values of assets using unobservable input. We performed additional procedures for areas of higher risk and estimation, involving our valuation specialists. In respect of the investments in private equity funds, we evaluated and tested the procedures of the Group to determine the fair value of these investments. The procedures include assessment of fund net asset value based on the fair value of underlying investment, independent broker valuations and evidence of underlying financial data. We assessed the adequacy of

disclosures relating to the financial assets.

3. Associated company Nordea (2016: EURm 7,554; 2015: EURm 7,305)

Refer to the Summary of significant accounting policies and note 14.

The Group's ownership in Nordea Bank Abp is 21.25%. Nordea Bank Abp is an associated company of the Group, and is accounted for based on equity accounting. The holding in Nordea Bank Abp represents 20% of the Group's total assets.

Our audit procedures included testing the effectiveness of controls in place over recognizing the Group's share of Nordea's financial information, and assessing a potential indicator of impairment by comparing the book value of the Nordea holding to the market value of the Group's ownership at the reporting date. We assessed the adequacy of disclosures relating to associated companies.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the Group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the Group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our report thereon. We obtained the report of the Board of Directors prior to the date of the auditor's

report, and the Annual Report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the

information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Opinions based on the assignment of the Annual General Meeting

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, March 1, 2017

Ernst & Young Oy
Authorized Public Accountant Firm

Tomi Englund
Authorized Public Accountant