

Sampo Group's **Annual Report 2013**

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Sampo Group reported a very good result for 2013. Combined ratio in P&C insurance was better than ever before, Nordea announced increased ambitions on efficiency improvement and life insurance reported strong result. Sampo Group's profit before taxes for 2013 rose to EUR 1,668 million (1,622). Total comprehensive income for the period, taking changes in the market value of assets into account, amounted to EUR 1,425 million (1,887).

Earnings per share amounted to EUR 2.59 (2.51). Mark-to-market earnings per share were EUR 2.54 (3.37) and return on equity for the Group decreased to 13.8 per cent for 2013 (19.9).

The Board proposes to the Annual General Meeting to be held on 24 April 2014 a dividend of EUR 1.65 per share (1.35) and an authorization to repurchase a maximum of 50 million Sampo A shares. The proposed dividend payment amounts in total to EUR 924 million (756).

Net asset value per share on 31 December 2013 increased to EUR 22.15 (17.38) supported by the increase in Nordea's share price.

Profit before taxes in the P&C insurance segment amounted to EUR 929 million (864). Combined ratio for the full year 2013 was 88.1 per cent (88.9). This is the best ever combined ratio in If P&C's history. Return on equity amounted to 24.4 per cent (36.9). Premiums, excluding currency effects, grew by 2.9 per cent (3.5). Share of associate Topdanmark's profit amounted to EUR 52 million (50).

Sampo's share of Nordea's net profit in 2013 amounted to EUR 635 million (653). Nordea's RoE was 11.0 per cent (11.6) and core Tier 1 ratio (excluding transition rules) strengthened to 14.9 per cent (13.1). In segment reporting the share of Nordea's profit is included in the segment 'Holding'.

Profit before taxes in life insurance rose to EUR 153 million (136). The interest rate used to discount the with profit liabilities was lowered to 2.25 per cent for 2014 and 2.75 per cent for 2015. Premiums grew 9 per cent to EUR 1,063 million (977). Return on equity decreased to 18.3 per cent (28.5).

Sampo Group's total investment assets on 31 December 2013 amounted to EUR 17.9 billion (18.2), of which 80 per cent was invested in fixed income instruments (79), 15 per cent in equities (16) and 5 per cent in other assets (5).

The Group's equity as at 31 December 2013 amounted to EUR 10,643 million (10,020). Equity was strengthened mainly by the comprehensive income for the year of EUR 1,425 million and reduced by the EUR 756 million of dividends paid. Other changes were small.

Sampo Group's own funds exceeded the minimum solvency requirements at the end of 2013 by EUR

3,935 million (3,379) and the conglomerate solvency ratio stood at 184.4 per cent (170.9).

Key Figures
Sampo Group, 2013

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EURm	2013	2012	Change, %
Profit before taxes	1,668	1,622	3
P&C Insurance	929	864	8
Associate (Nordea)	635	653	-3
Life Insurance	153	136	12
Holding (excl. Nordea)	-45	-30	50
Profit for the period	1,452	1,408	3
	2013	2012	Change
Earnings per share, EUR	2.59	2.51	0.08
EPS (incl. change in FVR), EUR	2.54	3.37	-0.83
NAV per share, EUR	22.15	17.38	4.77
Average number of staff (FTE)	6,832	6,823	9
Group solvency ratio, %	184.4	170.9	13.5
Return on Equity, %	13.8	19.9	-6.1

Income statement items are compared on a year-on-year basis and comparison figures for balance sheet items are from 31 December 2012 unless otherwise stated.

The average EUR-SEK exchange rate used for income statement items is 8.6522 and the year-end exchange rate used for balance sheet items is 8.8591. For 2012 the corresponding exchange rates used were 8.7040 and 8.5820, respectively.

On 1 January 2013 the amendment to IAS 19 Employee Benefits mandated all actuarial gains and losses be recognized in other comprehensive income, thus the so-called corridor approach was eliminated and in the future the benefit cost will be determined based on the net funding. This change had an impact on the employee benefits recognized in If P&C subgroup. The net accumulated unrecognized losses EUR 126 million related to the corridor method at 31 December 2011 reduced the opening equity for the comparison year 2012. The corresponding amount at 31 December 2012 was EUR 93 million. The subsequent changes from 2013 on (including comparables for 2012) are recognized in other comprehensive income.