

FINANCIAL STATEMENTS

2014

Financial Statements

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Group's IFRS Financial Statements

Statement of profit and other comprehensive income, IFRS

EURm	Note	1-12/2014	1-12/2013
Insurance premiums written	1 8	5,544	5,618
Net income from investments	2 10 18	898	942
Other operating income		32	31
Claims incurred	3 8	-3,771	-3,677
Change in liabilities for insurance and investment contracts	4	-489	-697
Staff costs	5	-603	-634
Other operating expenses	6 8	-558	-543
Finance costs	10	-29	-58
Share of associates' profit/loss	14	735	686
Profit before taxes		1,759	1,668
Taxes	21 22 23	-220	-216
Profit for the period		1,540	1,452
Other comprehensive income for the period			
Items reclassifiable to profit or loss	23 24		
Exchange differences		-174	-153
Available-for-sale financial assets		72	233
Cash flow hedges		-	-0
Share of associate's other comprehensive income		-168	-70
Taxes		-15	-22
Total items reclassifiable to profit or loss, net of tax		-285	-13
Items not reclassifiable to profit or loss			
Actuarial gains and losses from defined pension plans		-101	-21
Taxes		26	7
Total items not reclassifiable to profit or loss, net of tax		-76	-14
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,179	1,425
Earnings per share (eur)	9	2.75	2.59

Consolidated balance sheet, IFRS

EURm	Note	12/2014	12/2013
Assets			
Property, plant and equipment	11	24	25
Investment property	12	195	125
Intangible assets	13	715	752
Investments in associates	14	7,447	7,282
Financial assets	10 15 16 17 18 19	16,930	16,824
Investments related to unit-linked insurance contracts	10 20	5,259	4,616
Tax assets	21	86	68
Reinsurers' share of insurance liabilities	28	240	422
Other assets	25	1,781	1,676
Cash and cash equivalents	10 26	2,074	785
Total assets		34,750	32,576
Liabilities			
Liabilities for insurance and investment contracts	27	14,248	13,427
Liabilities for unit-linked insurance and investment contracts	28	5,289	4,610
Financial liabilities	10 16 17 29	2,423	2,193
Tax liabilities	21	504	508
Provisions	30	63	58
Employee benefits	31	265	195
Other liabilities	32	1,035	941
Total liabilities		23,827	21,933
Equity			
Share capital	34	98	98
Reserves		1,531	1,531
Retained earnings		8,655	8,175
Other components of equity		639	840
Total equity		10,924	10,643
Total equity and liabilities		34,750	32,576

Statement of changes in equity, IFRS

EURm	Share capital	Share premium account	Legal reserve	Invested unrestricted equity	Retained earnings	Translation of foreign operations ¹⁾	Available for sale financial assets ²⁾	Cash flow hedges ³⁾	Total
Equity at 1 January 2013	98	0	4	1,527	7,587	167	760	-29	10,113
Change in IAS 19 Pension benefits ⁴⁾					-91	-2			-93
Restated equity at 1 January 2013	98	0	4	1,527	7,496	165	760	-29	10,020
Changes in equity									
Recognition of undrawn dividends					7				7
Dividends					-756				-756
Share of associate's other changes in equity					-54				-54
Other changes in equity ⁵⁾					19	-19			0
Profit for the period					1,452				1,452
Other comprehensive income for the period					10	-253	216	-1	-27
Equity at 31 December 2013	98	0	4	1,527	8,175	-106	976	-30	10,643
Changes in equity									
Recognition of undrawn dividends					8				8
Dividends					-924				-924
Share of associate's other changes in equity					17				17
Profit for the period					1,540				1,540
Other comprehensive income for the period					-160	-264	64	-	-361
Equity at 31 December 2014	98	0	4	1,527	8,655	-370	1,039	-30	10,924

1) 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 -85 (25) of Nordea's actuarial gains/losses. The exchange differences include the share of Nordea's exchange differences EURm -90 (-99). Respectively, available-for-sale financial assets include EURm 7 (5) of Nordea's valuation differences.

2) The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 177 (280). The amount transferred to p/l amounted to EURm -120 (-70).

3) The amount recognised in equity from cash flow hedges for the period totalled EURm - (-0).

4) IAS 19 Pension benefits had a net effect of EURm -160 (-83) on retained earnings.

5) Reclassification of subsidiary exchange differences.

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

Statement of cash flows, IFRS

EURm	2014	2013
Operating activities		
Profit before taxes	1,759	1,668
Adjustments:		
Depreciation and amortisation	21	18
Unrealised gains and losses arising from valuation	-64	-133
Realised gains and losses on investments	-280	-231
Change in liabilities for insurance and investment contracts	874	730
Other adjustments	-661	-715
Adjustments total	-110	-331
Change (+/-) in assets of operating activities		
Investments ^{*)}	389	-553
Other assets	-146	-11
Total	243	-564
Change (+/-) in liabilities of operating activities		
Financial liabilities	-6	-14
Other liabilities	53	-276
Paid taxes	-279	-253
Total	-232	-543
Net cash from operating activities	1,660	230
Investing activities		
Investments in group and associated undertakings	391	371
Net investment in equipment and intangible assets	-15	-11
Net cash from investing activities	377	360
Financing activities		
Dividends paid	-913	-747
Issue of debt securities	1,199	1,214
Repayments of debt securities in issue	-1,012	-1,307
Net cash used in financing activities	-725	-839
Total cash flows	1,311	-249
Cash and cash equivalents at 1 January	785	1,031
Effects of exchange rate changes	-22	3
Cash and cash equivalents at 31 December	2,074	785
Net increase in cash and cash equivalents	1,311	-249

Additional information to the statement of cash flows:

	2014	2013
Interest income received	538	574
Interest expense paid	-109	-120
Dividend income received	102	82

**) 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).

Note to the Group's statement of cash flows**Acquisitions 2014**

Suomi Mutual assigned its guaranteed interest group pension portfolio to Mandatum Life Insurance Company Ltd on 30 December, 2014. As a result, EURm 100 cash and cash equivalents were transferred.

Acquisitions 2013

If P&C Insurance Ltd. acquired the business of Tryg Finland on 1 May, 2013. The purchase price was EURm 15. The cash and cash equivalents transferred amounted to EURm 93. The transferred net assets totalled about EURm 15. The liabilities consisted mainly of insurance liabilities.

The acquired assets and liabilities did not have a material effect on the Group's income statement, balance sheet or cash flows.

NOTES TO THE ACCOUNTS

Summary of significant accounting policies

Sampo Group has prepared the consolidated financial statements for 2014 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, 2014.

During the financial year, Sampo adopted the following amended standards relating to its business.

IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) defines closer the concept of control as the crucial factor for consolidation. The new standard had no material impact on the Group's financial statements reporting.

IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes requirements for disclosures regarding different involvements in other entities, such as associates and unconsolidated entities. The new standard had an impact on the Group's disclosures.

Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes the requirements for separate financial statements to the extent they have not been included in the new IFRS 10. The adoption of the revised standard had no material impact on the Group's financial statements reporting.

Revised IAS 28 Investments in Associates (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes the requirements for using the equity method accounting for investments in associates and joint ventures. The adoption of the revised standard will had no material impact on the Group's financial statements reporting.

The amendment to *IAS 32 Financial Instruments: presentation* (effective for annual periods beginning on 1 Jan 2014 or after) specifies the presentation of situations when financial assets and liabilities are offset. The adoption of the amendment will have 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 11 February 2015.

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)	9.3930	9.1011

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'.

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

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 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 expires.

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 at fair value, including direct and incremental transaction costs. They are subsequently remeasured

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

Other financial liabilities

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

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

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

Fair value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Instruments are measured either at 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.

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.

During the financial year, fair value hedges have been used in P&C insurance and life insurance.

Cash flow hedging

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

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

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

Fair value hedging

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

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 "
Components of buildings	10 - 15 "
IT equipment and motor vehicles	3 - 5 "
Other equipment	3 - 10 "

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. In the Holding segment, the investment property of the associate Nordea is 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, with the exception of the equalisation provision and changes in it.

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 2015 lowered the maximum rate to 2.0%, and for the year 2016 to 2.0%. The segregated liabilities of the accrued benefits of group pension portfolio, transferred from Suomi Mutual to Mandatum Life, have been discounted by 1.0%.

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 41 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 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 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 three valid share-based incentive schemes settled in cash (the long-term incentive schemes 2011 I, 2011 II and 2014 I 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 IFRSs and interpretations

The Group will apply the following new or amended standards and interpretations related to the Group's business in later financial years when they become effective, or if the effective date is other than the beginning of the financial year, during the financial year following the effective date. Unless stated otherwise, the new standards or amendments were not approved by EU at the balance sheet date.

The revised IAS 19 *Pension Benefits* (effective for annual periods beginning on 1 July 2014 or after) clarifies the accounting method when an employee or a third party is expected to make contributions to the defined benefit plan. The adoption of the revised standard will not have a material impact on the Group's financial statements reporting.

The amendments to the standards IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* specify instructions when assets are sold or equity invested between an investor and its associate or joint venture. The changes will not have a material impact on the Group's financial statements reporting.

IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on 1 July 2014 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, other than possibly in the number of the disclosed notes.

The amendments to IFRS 9 *Financial Instruments* (effective for annual periods beginning on 1 Jan 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.

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 2014

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premiums written	4,464	1,105	-	-24	5,544
Net income from investments	353	540	29	-23	898
Other operating income	27	5	15	-16	32
Claims incurred	-2,902	-876	-	8	-3,771
Change in liabilities for insurance and investment contracts	-6	-499	-	16	-489
Staff costs	-537	-46	-20	-	-603
Other operating expenses	-502	-60	-12	16	-558
Finance costs	-20	-7	-23	20	-29
Share of associates' profit/loss	54	0	680	-	735
Profit before taxes	931	163	669	-3	1,759
Taxes	-190	-29	-0	1	-220
Profit for the year	740	133	669	-2	1,540
Other comprehensive income for the period					
Items reclassifiable to profit or loss					
Exchange differences	-174	-0	-	-	-174
Available-for-sale financial assets	45	20	4	2	72
Share of associate's other comprehensive income	-	-	-168	-	-168
Taxes	-10	-4	-1	-0	-15
Total items reclassifiable to profit or loss, net of tax	-138	16	-165	2	-285
Items not reclassifiable to profit or loss					
Actuarial gains and losses from defined pension plans	-101	-	-	-	-101
Taxes	26	-	-	-	26
Total items not reclassifiable to profit or loss, net of tax	-76	-	-	-	-76
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	602	149	504	-0	1,179

Consolidated income statement by business segment for year ended 31 December 2013

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premiums written	4,560	1,063	-	-6	5,618
Net income from investments	368	569	26	-22	942
Other operating income	28	4	15	-16	31
Claims incurred	-2,946	-731	-	-	-3,677
Change in liabilities for insurance and investment contracts	-55	-648	-	6	-697
Staff costs	-564	-46	-23	-	-634
Other operating expenses	-493	-54	-11	16	-543
Finance costs	-18	-7	-51	18	-58
Share of associates' profit/loss	50	1	635	-	686
Profit before taxes	929	153	589	-3	1,668
Taxes	-181	-33	-3	2	-216
Profit for the year	748	119	586	-1	1,452
Other comprehensive income for the period					
Items reclassifiable to profit or loss					
Exchange differences	-153	0	-	-	-153
Available-for-sale financial assets	134	97	4	-2	233
Cash flow hedges	-	-0	-	-	-0
Share of associate's other comprehensive income	-	-	-70	-	-70
Taxes	-25	4	-1	-0	-22
Total items reclassifiable to profit or loss, net of tax	-45	101	-67	-2	-13
Items not reclassifiable to profit or loss					
Actuarial gains and losses from defined pension plans	7	-	-	-	7
Taxes	-	-	-	-	-
Total items not reclassifiable to profit or loss, net of tax	-14	-	-	-	-14
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	689	220	520	-3	1,425

Consolidated balance sheet by business segment at 31 December 2014

EURm	P&C Insurance	Life Insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	16	5	3	-	24
Investment property	20	179	-	-4	195
Intangible assets	555	160	0	-	715
Investments in associates	381	0	7,065	-	7,447
Financial assets	11,021	5,665	2,959	-2,715	16,930
Investments related to unit-linked insurance contracts	-	5,282	-	-23	5,259
Tax assets	76	-	13	-4	86
Reinsurers' share of insurance liabilities	237	3	-	-	240
Other assets	1,533	208	50	-11	1,781
Cash and cash equivalents	448	858	768	-	2,074
Total assets	14,288	12,359	10,859	-2,756	34,750
Liabilities					
Liabilities for insurance and investment contracts	9,183	5,065	-	-	14,248
Liabilities for unit-linked insurance and investment contracts	-	5,312	-	-23	5,289
Financial liabilities	373	186	2,203	-339	2,423
Tax liabilities	382	123	-	-1	504
Provisions	63	-	-	-	63
Employee benefits	265	-	-	-	265
Other liabilities	702	209	134	-11	1,035
Total liabilities	10,969	10,895	2,337	-374	23,827
Equity					
Share capital					98
Reserves					1,531
Retained earnings					8,655
Other components of equity					639
Total equity					10,924
Total equity and liabilities					34,750

Consolidated balance sheet by business segment at 31 December 2013

EURm	P&C Insurance	Life Insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	16	5	4	-	25
Investment property	22	107	0	-4	125
Intangible assets	590	162	0	-	752
Investments in associates	374	1	6,906	-	7,282
Financial assets	11,265	5,122	3,148	-2,712	16,824
Investments related to unit-linked insurance	-	4,623	-	-7	4,616
Tax assets	58	0	14	-4	68
Reinsurers' share of insurance liabilities	420	3	-	-	422
Other assets	1,559	81	47	-10	1,676
Cash and cash equivalents	282	222	280	-	785
Total assets	14,586	10,327	10,399	-2,736	32,576
Liabilities					
Liabilities for insurance and investment contracts	9,500	3,927	-	-	13,427
Liabilities for unit-linked insurance and investment contracts	-	4,617	-	-7	4,610
Financial liabilities	373	111	2,045	-336	2,193
Tax liabilities	381	128	-	-1	508
Provisions	58	-	-	-	58
Employee benefits	195	-	-	-	195
Other liabilities	694	129	129	-11	941
Total liabilities	11,202	8,912	2,174	-355	21,933
Equity					
Share capital					98
Reserves					1,531
Retained earnings					8,175
Other components of equity					840
Total equity					10,643
Total equity and liabilities					32,576

Geographical information

EURm	Finland	Sweden	Norway	Denmark	Baltic	Total
At 31 Dec. 2014						
Revenue from external customers						
P&C insurance	1,041	1,372	1,524	402	118	4,457
Life insurance	1,065	-	-	-	40	1,105
Holding	43	-	-	-	-	43
Total	2,149	1,372	1,524	402	158	5,606
Non-current assets						
P&C insurance	106	488	19	358	1	972
Life insurance	343	-	-	-	1	344
Holding	4	7,133	-	-	-	7,136
Total	453	7,621	19	358	1	8,452
At 31 Dec. 2013						
Revenue from external customers						
P&C insurance	1,005	1,371	1,616	399	114	4,505
Life insurance	1,031	-	-	-	32	1,063
Holding	41	-	-	-	-	41
Total	2,077	1,371	1,616	399	146	5,608
Non-current assets						
P&C insurance	109	515	22	350	6	1,002
Life insurance	274	-	-	-	1	275
Holding	4	6,906	-	-	-	6,910
Total	388	7,421	22	350	7	8,187

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.

Business combinations

Year 2014

According to the plan published during the spring and authorised by the Financial Supervision Authority, Suomi Mutual assigned its guaranteed interest group pension portfolio to Mandatum Life Insurance Company Ltd on the 30 December 2014. The portfolio comprised approximately 2,300 policies and 34,000 insured members.

The assets transferred from Suomi Mutual equal the share of the group pension portfolio of the total assets of Suomi Mutual.

The cost of the portfolio transfer EURm 1.4 is included in the income statement in Other operating expenses.

The effect of the portfolio transfer on life insurance balance sheet on 30 December 2014 was as follows:

Assets

Investment property	49
Financial assets	1,188
Other assets	1
Cash and cash equivalents	100
	1,337

Liabilities

Liabilities for insurance and investment contracts	1,337
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Notes to the Group's Financial Statements

33	1 Insurance premiums written	69	22 Taxes
35	2 Net income from investments	69	23 Components of other comprehensive income
39	3 Claims incurred	70	24 Tax effects relating to components of other comprehensive income
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66	20 Investments related to unit-linked insurance contracts	97	41 Events after the balance sheet date
67	21 Deferred tax assets and liabilities		

1 Insurance premiums written

P&C insurance

EURm	2014	2013
Premiums from insurance contracts		
Premiums written, direct insurance	4,550	4,674
Premiums written, assumed reinsurance	84	94
Premiums written, gross	4,634	4,768
Reinsurers' share of premiums written	-170	-208
Premiums written, net	4,464	4,560
Change in unearned premium provision	-3	-46
Reinsurers' share	-3	-10
Change in unearned premium provision, net	-6	-55
Premiums earned, total	4,457	4,505

Life insurance

EURm	2014	2013
Premiums from insurance contracts		
Premiums written, direct insurance	658	624
Premiums written, assumed reinsurance	4	4
Insurance contracts total, gross	661	628
Premium revenue ceded to reinsurers on insurance contracts issued	-5	-5
Insurance contracts total, net	656	623
Investment contracts	449	440
Premiums written, net ¹⁾	1,105	1,063
Elimination items between segments	-24	-6
Group, total	5,544	5,618

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	2014	2013
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	143	153
Premiums from unit-linked contracts	513	469
Premiums from other contracts	2	1
Total	658	624
Assumed reinsurance	4	4
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	1	0
Premiums from unit-linked contracts	448	440
Total	449	440
Insurance and investment contracts, total	1,110	1,068
Reinsurers' share	-5	-5
Premiums written, total	1,105	1,063
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	282	291
Single premiums, insurance contracts	375	333
Single premiums, investment contracts	449	440
Total	1,106	1,064

2 Net income from investments

P&C insurance

EURm	2014	2013
Financial assets		
Derivative financial instruments		
Gains/losses	-28	-5
Financial assets designated as at fair value through p/l		
Equity securities		
Gains/losses	0	6
Dividend income	0	0
Total	0	7
Loans and receivables		
Interest income	21	22
Financial assets available-for-sale		
Debt securities		
Interest income	247	317
Impairment losses	-14	-0
Gains/losses	18	13
Equity securities		
Gains/losses	134	57
Impairment losses	-5	-4
Dividend income	44	37
Total	424	419
Total from financial assets	417	443
Other assets		
Investment properties		
Gains/losses	-0	-0
Other	-0	-1
Total from other assets	-1	-1
Expense on other than financial liabilities	-4	-4
Effect of discounting annuities	-45	-55
Fee and commission expenses		
Asset management	-14	-15
P&C insurance, total	353	368

Included in gains/losses from financial assets available-for-sale is a net gain of EURm -133 (-63) transferred from the fair value reserve.

Life insurance

EURm	2014	2013
Financial assets		
Derivative financial instruments		
Gains/losses	-97	6
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	1	1
Gains/losses	1	0
Equity securities		
Gains/losses	0	0
Dividend income	0	0
Total	2	2
Investments related to unit-linked contracts		
Debt securities		
Interest income	58	46
Gains/losses	-10	-27
Equity securities		
Gains/losses	213	210
Dividend income	19	13
Loans and receivables		
Interest income	3	-1
Other financial assets		
Gains/losses	-16	29
Total	267	270
Loans and receivables		
Interest income	2	1
Gains/losses	42	-5
Total	44	-4
Financial assets available-for-sale		
Debt securities		
Interest income	98	115
Gains/losses	49	2
Equity securities		
Gains/losses	107	111
Impairment losses	-41	-33
Dividend income	89	87
Total	302	282
Total financial assets	518	555

Other assets		
Investment properties		
Gains/losses	3	1
Other	5	2
Total other assets	8	2
Net fee income		
Asset management	-14	-13
Fee income	27	25
Total	13	11
Life insurance, total	540	569

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 10 (70) transferred from the fair value reserve.

Holding

EURm	2014	2013
Financial assets		
Derivative financial instruments		
Gains/losses	1	8
Loans and receivables		
Interest income	0	1
Gains/losses	-4	-6
Total	-4	-5
Financial assets available-for-sale		
Debt securities		
Interest income	22	16
Gains/losses	7	-
Equity securities		
Gains/losses	2	5
Impairment losses	-1	-0
Dividend income	2	1
Total	32	22
Total financial assets	29	25

Other assets		
Investment properties		
Gains/losses	-	1
Other	-0	-0
Total other assets	-0	1
Holding, total	29	26
Included in gains/losses from financial assets available for-sale is a net gain of EURm 2 (4) transferred from the fair value reserve.		
Elimination items between segments	-23	-18
EURm	2014	2013
Group, total	898	945

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	2014			2013		
	Gross	Ceded	Net	Gross	Ceded	Net
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,643	14	-1,629	-1,718	21	-1,697
Change in provision for claims outstanding (incurred and reported losses)	-695	15	-680	-715	19	-696
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-594	11	-583	-633	13	-620
Claims-adjustment costs	-8	-	-8	-4	0	-4
Change in claims provision for annuities	-10	-	-10	-7	0	-7
Total claims cost attributable to current-year operations	-2,951	41	-2,910	-3,078	53	-3,025
Claims costs attributable to prior-year operations						
Claims paid	-1,199	181	-1,019	-1,274	165	-1,108
Annuities paid	-255	0	-255	-77	0	-77
Change in provision for claims outstanding (incurred and reported losses)	798	-183	615	915	-140	775
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	687	-21	666	508	-18	489
Total claims cost attributable to prior-year operations	32	-24	8	71	7	79
Insurance claims paid						
Claims paid	-2,843	195	-2,648	-2,991	186	-2,805
Annuities paid	-127	-	-127	-129	-	-129
Total claims paid	-2,969	195	-2,774	-3,120	186	-2,935
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	103	-168	-65	199	-121	79
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-88	-10	-98	-126	-5	-131
Change in claims provision for annuities	43	0	43	45	0	45
Claims-adjustment costs	-8	-	-8	-4	-	-4
Total change in provision for claims outstanding	50	-178	-128	114	-126	-11
P&C insurance, total	-2,919	17	-2,902	-3,006	60	-2,946

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 2014 amounted to EURm 257 (282). The non-discounted value was EURm 388 (453). The exchange effect on the discounted provisions was an increase of EURm 16. The real decrease EURm 26 is explained by the model adjustment for Motor Third Party Liability and Workers' Compensation insurances.

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

	2014	2013
Sweden	1,75%	1,19%
Finland	2,00%	2,50%
Denmark	1,47%	2,00%

Life insurance

EURm	Claims paid		Change in provision for claims outstanding		Claims incurred	
	2014	2013	2014	2013	2014	2013
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature (DPF)	-45	-50	1	-0	-44	-50
Other contracts	-0	-0	-12	-0	-12	-0
Unit-linked contracts	-177	-160	0	0	-177	-160
Total	-223	-211	-11	0	-233	-210
Pension insurance						
Contracts with discretionary participation feature (DPF)	-350	-344	35	24	-316	-320
Unit-linked contracts	-13	-12	-23	-16	-36	-29
Total	-364	-357	12	8	-351	-349
Assumed reinsurance	-1	-1	1	-1	0	-2
Insurance contracts total, gross	-587	-568	3	7	-585	-560
Reinsurers' share	3	3	-0	-1	3	2
Insurance contracts total, net	-585	-565	3	7	-582	-559
Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	-0	-1	-	-	-0	-1
Unit-linked contracts	-294	-172	-	-	-294	-172
Investment contracts, total	-294	-173	-	-	-294	-173
Life insurance, total	-879	-738	3	7	-876	-731

Claims paid by type of benefit

EURm	2014	2013
Insurance contracts		
Life insurance		
Surrender benefits	-8	-10
Death benefits	-21	-21
Maturity benefits	-5	-9
Loss adjustment expenses	-0	-0
Other	-10	-10
Total	-45	-50
Life insurance, unit-linked		
Surrender benefits	-114	-115
Death benefits	-50	-34
Maturity benefits	-13	-12
Loss adjustment expenses	-0	0
Total	-177	-160
Pension insurance		
Pension payments	-319	-319
Surrender benefits	-25	-20
Death benefits	-6	-5
Loss adjustment expenses	-0	-0
Total	-350	-344
Pension insurance, unit-linked		
Surrender benefits	-10	-9
Death benefits	-3	-4
Other	-0	-0
Total	-13	-12
Assumed reinsurance	-1	-1
Insurance contracts total, gross	-587	-569
Reinsurers' share	3	3
Insurance contracts total, net	-585	-565
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	-0	-0
Loss adjustment expenses	-	-0
Total	-0	-1

Investment contracts		
Capital redemption policy, unit-linked		
Surrender benefits	-316	-170
Loss adjustment expenses	22	-2
Total	-294	-172
Investment contracts total, gross	-295	-173
Claims paid total, gross	-882	-741
Claims paid total, net	-879	-738
Elimination items between segments	8	-
EURm	2014	2013
Group, total	-3,771	-3,677

4 Change in liabilities for insurance and investment contracts

P&C insurance

EURm	2014	2013
Change in unearned premium provision	-3	-46
Reinsurers' share	-3	-10
Change in unearned premium provision, net	-6	-55

Life insurance

EURm	2014	2013
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	17	19
Unit-linked contracts	-292	-232
Total	-275	-213
Pension insurance		
Contracts with discretionary participation feature (DPF)	144	102
Unit-linked contracts	-177	-183
Total	-34	-80
Assumed reinsurance	2	-3
Insurance contracts total	-306	-296
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	-4	2
Unit-linked contracts	-188	-353
Investment contracts, total	-192	-352

Change in liabilities for insurance and investment contracts in total, net	-499	-648
Elimination items between segments	16	6
Group, total	-489	-697

5 Staff costs

P&C insurance

EURm	2014	2013
Staff costs		
Wages and salaries	-374	-390
Cash-settled share-based payments	-18	-22
Pension costs		
- defined contribution plans	-47	-51
- defined benefit plans (Note 31)	-24	-22
Other social security costs	-75	-79
P&C insurance, total	-537	-564

Life insurance

EURm	2014	2013
Staff costs		
Wages and salaries	-33	-33
Cash-settled share-based payments	-4	-5
Pension costs - defined contribution plans	-5	-5
Other social security costs	-4	-3
Life insurance, total	-46	-46

Holding

EURm	2014	2013
Staff costs		
Wages and salaries	-8	-8
Cash-settled share-based payments	-9	-12
Pension costs - defined contribution plans	-2	-3
Other social security costs	-0	-1
Holding, total	-20	-23
EURm	2014	2013
Group, total	-603	-634

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

6 Other operating expenses

P&C insurance

EURm	2014	2013
IT costs	-101	-100
Other staff costs	-15	-16
Marketing expenses	-42	-44
Depreciation and amortisation	-15	-11
Rental expenses	-48	-53
Change in deferred acquisition costs	-14	3
Direct insurance commissions	-171	-180
Commissions on reinsurance ceded	14	18
Other	-111	-108
P&C insurance, total	-502	-493

Life insurance

EURm	2014	2013
IT costs	-14	-12
Other staff costs	-2	-2
Marketing expenses	-3	-3
Depreciation and amortisation	-2	-3
Rental expenses	-3	-3
Direct insurance commissions	-10	-10
Commissions of reinsurance assumed	-2	0
Commissions on reinsurance ceded	2	2
Other	-25	-23
Life insurance, total	-60	-54

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

Holding

EURm	2014	2013
IT costs	-1	-0
Marketing expenses	-1	-2
Rental expenses	-1	-1
Other	-9	-8
Holding, total	-12	-11
Item Other includes e.g. consultancy fees and rental and other administrative expenses.		
Elimination items between segments	16	16
EURm	2014	2013
Group, total	-558	-543

7 Result analysis of P&C insurance

EURm	2014	2013
Insurance premiums earned	4,457	4,505
Claims incurred	-3,162	-3,215
Operating expenses	-745	-755
Other insurance technical income and expense	0	2
Allocated investment return transferred from the non-technical account	37	65
Technical result	588	601
Net investment income account	378	405
Allocated investment return transferred to the technical account	-82	-120
Other income and expense	47	43
Operating result	931	929

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

EURm	2014	2013
Claims-adjustment expenses (Claims paid)	-260	-269
Acquisition expenses (Operating expenses)	-499	-525
Joint administrative expenses for insurance business (Operating expenses)	-246	-245
Administrative expenses pertaining to other technical operations (Operating expenses)	-27	-26
Asset management costs (Investment expenses)	-14	-15
Total	-1,046	-1,081

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							
2014	774	657	1,309	130	1,317	212	2
2013	772	689	1,334	148	1,367	216	3
Premiums earned, gross							
2014	769	664	1,288	130	1,330	211	3
2013	757	695	1,308	147	1,359	211	2
Claims incurred, gross ¹⁾							
2014	-554	-523	-885	-86	-881	-84	-0
2013	-560	-508	-918	-93	-966	-105	-1
Operating expenses, gross ²⁾							
2014	-133	-140	-192	-22	-213	-34	-0
2013	-135	-144	-195	-26	-207	-31	-0
Profit/loss from ceded reinsurance							
2014	-13	2	-2	-9	-83	-31	0
2013	-2	-2	-2	-10	-81	-32	0
Technical result before investment return							
2014	69	3	209	14	152	62	2
2013	60	41	193	18	105	42	1

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2014	41	112	4,555	84	-5	4,634
2013	40	112	4,680	94	-6	4,768
Premiums earned, gross						
2014	41	111	4,547	89	-5	4,631
2013	39	113	4,631	97	-6	4,723
Claims incurred, gross ¹⁾						
2014	-29	-72	-3,115	-71	6	-3,180
2013	-26	-48	-3,226	-56	6	-3,276
Operating expenses, gross ²⁾						
2014	-7	-16	-756	-15	13	-758
2013	-7	-14	-760	-24	11	-773
Profit/loss from ceded reinsurance						
2014	0	-8	-144	-4	5	-143
2013	-0	-14	-144	-2	6	-140
Technical result before investment return						
2014	6	15	533	-1	19	551
2013	6	37	501	16	17	534

1) Activity-based operating costs EURm 260 (269) have been allocated to claims incurred.

2) Includes other technical income EURm 27 (28) and other technical expenses EURm 27 (26).

9 Earnings per share

EURm	2014	2013
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	1,540	1,452
Weighted average number of shares outstanding during the period	560	560
Earnings per share (EUR per share)	2.75	2.59

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 and Cash and cash equivalents.

EURm	Carrying amount	Interest inc./exp.	2014 Gains / losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	79	-2		-	-
Financial assets designated as at fair value through p/l	48	1	1	-	0
Loans and receivables	2,340	23	38	-	-
Financial assets available-for-sale	16,537	345	317	-62	135
Financial assets, group total	19,004	366	356	-62	135
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	120	-	-		
Other financial liabilities	2,302	-53	24		
Financial liabilities, group total	2,423	-53	24		

EURm	Carrying amount	Interest inc./exp.	2013		Dividend income
			Gains / losses	Impairment losses	
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	78	1	37	-	-
Financial assets designated as at fair value through p/l	50	1	7	-	0
Loans and receivables					
	1,051	23	-11	-	-
Financial assets available-for-sale					
	16,430	427	187	-38	125
Financial assets, group total	17,609	453	221	-38	125
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	53	-	-		
Other financial liabilities					
	2,140	-73	16		
Financial liabilities, group total	2,193	-73	16		

11 Property, plant and equipment

P&C insurance

EURm	2014	2013
	Equipment	Equipment
At 1 Jan.		
Cost	64	90
Accumulated depreciation	-48	-74
Net carrying amount	16	16
At 31 Dec.		
Cost	63	64
Accumulated depreciation	-46	-48
Net carrying amount	16	16

Life insurance

EURm	2014			2013		
	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-6	-6	-1	-6	-6
Net carrying amount	4	2	5	4	2	5
At 31 Dec.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-6	-7	-1	-6	-6
Net carrying amount	3	1	5	4	2	5

Holding

EURm	2014			2013		
	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-2	-3
Net carrying amount	1	3	4	1	3	4
At 31 Dec.						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-3	-4	-1	-2	-3
Net carrying amount	1	2	3	1	3	4
EURm				2014	2013	
Group, total				24	25	

Equipment in different segments comprise IT equipment and furniture.

12 Investment property

P&C insurance

EURm	2014	2013
At 1 Jan.		
Cost	29	34
Accumulated depreciation	-7	-7
Accumulated impairment losses	-0	-0
Net carrying amount	22	27
Opening net carrying amount	22	27
Additions	0	-5
Disposals	-1	-1
Depreciation	-1	-1
Impairment losses	0	1
Reversal of impairment losses	-1	-1
Exchange differences	0	2
Closing net carrying amount	20	20
At 31 Dec.		
Cost	29	29
Accumulated depreciation	-8	-7
Accumulated impairment losses	-1	-0
Net carrying amount	20	22
Rental income from investment property	2	3
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
- later than five years	-	0
Total	2	2
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-1	-2
- 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	23

Life insurance

EURm	2014	2013
At 1 Jan.		
Cost	172	157
Accumulated depreciation	-48	-45
Accumulated impairment losses	-17	-16
Net carrying amount	107	95
Opening net carrying amount	107	95
Additions	74	17
Disposals	-0	-2
Depreciation	-3	-3
Impairment losses	-0	-1
Closing net carrying amount	179	107
At 31 Dec.		
Cost	247	172
Accumulated depreciation	-51	-48
Accumulated impairment losses	-17	-17
Net carrying amount	179	107
Rental income from investment property	17	13
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	10	6
- later than one year and not later than five years	6	14
- later than five years	0	2
Total	17	22
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-8	-7
- direct operating expenses arising from investment property not generating rental income during the period	-1	-2
Total	-10	-9
Fair value of investment property at 31 Dec.	196	125
Elimination items between segments	-4	-4
EURm	2014	2013
Group, total	195	125

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 ^{*)}	2014 Other intangible assets	Total
At 1 Jan.			
Cost	567	31	598
Accumulated amortisation	-	-8	-8
Net carrying amount	567	23	590
At 31 Dec.			
Cost	535	24	559
Accumulated amortisation	-	-5	-5
Net carrying amount	535	20	554

EURm	Goodwill ^{*)}	2013 Other intangible assets	Total
At 1 Jan.			
Cost	585	27	612
Accumulated amortisation	-	-6	-6
Net carrying amount	585	13	606
At 31 Dec.			
Cost	567	31	598
Accumulated amortisation	-	-8	-8
Net carrying amount	567	23	590

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

Life insurance

EURm	Goodwill	2014 Other intangible assets	Total	Goodwill	2013 Other intangible assets	Total
At 1 Jan.						
Cost	153	43	196	153	42	195
Accumulated amortisation	-	-34	-34	-	-31	-31
Net carrying amount	153	9	162	153	11	164
At 31 Dec.						
Cost	153	43	196	153	43	196
Accumulated amortisation	-	-36	-36	-	-34	-34
Net carrying amount	153	7	160	153	9	162

EURm	2014	2013
Group, total	714	751

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 7.7 % and for Mandatum Life 8.3 %. These are somewhat lower than last year due to the decrease in interest rates.

Forecasts for If, approved by the management, cover years 2015 – 2016. The cash flows beyond that have been extrapolated using a 2 % growth rate. A 2 % growth rate for years beyond 2024 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 450. With the calculation method used, e.g. an increase of about 2.7 % 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 Investment in associates

Associates that have been accounted for by the equity method at 31 Dec. 2014

EURm				
Name	Domicile	Carrying amount	Fair value ¹⁾	Interest held %
Nordea Bank Abp	Sweden	7,065	8,325	21.25
Topdanmark A/S	Denmark	371	846	30.41
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	2		21.98
Urzus Group AS	Norway	2		28.57
Svithun Assuranse AS (Norway)	Norway	1		33.00
Watercircles Skandinavia AS (Norway)	Norway	3		39.57
Contemi Holding AS	Norway	0		28.57

Associates that have been accounted for by the equity method at 31 Dec. 2013

EURm

Name	Domicile	Carrying amount	Fair value ^{*)}	Interest held %
Nordea Bank Abp	Sweden	6,906	8,413	21.25
Topdanmark A/S	Denmark	363	603	27.98
Autovahinkokeskus Oy	Finland	3		35.50
Consulting AB Lennemark & Andersson	Sweden	1		22.00
Urzus Group AS	Norway	2		28.60
Svithun Assuranse AS (Norway)	Norway	1		33.00
Watercircles Skandinavia AS (Norway)	Norway	4		39.60

*) Published price quotation

Changes in investments in associates

EURm	2014			2013		
	Nordea	Other associates	Total	Nordea	Other associates	Total
At beginning of year	6,906	375	7,282	6,687	362	7,049
Share of loss/profit	680	54	735	635	51	686
Additions	-	-	0	-	3	3
Disposals	-370	-0	-370	-293	-0	-293
Changes in the equity of associates	-151	-47	-198	-123	-4	-128
Exchange differences	-	-1	-1	-	-36	-36
At end of year	7,065	382	7,447	6,906	375	7,282

At 31 Dec. 2014, the carrying amount of investments in associates included goodwill EURm 1,101 (1,102), 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 1.400 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	2014	2013
Assets	669,342	630,434
Liabilities	639,505	601,225
Revenue	10,224	9,891
Other comprehensive income items	-1,042	-499
Comprehensive income statement	2,290	2,617
Dividend income from the associate during the financial year	370	293

Sampo's share of Nordea's loss/profit consists of the following as of 31 Dec. 2013:

EURm	2014	2013
Share of loss/profit of the associate	708	662
Amortisation of the customer relations	-35	-35
Change in deferred tax	8	8
Share of the loss/profit of an associate	680	635

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	2014	2013
P&C insurance		
Derivative financial instruments	42	5
Loans and receivables	238	246
Financial assets available-for-sale	10,741	11,014
P&C insurance, total	11,021	11,265
Life insurance		
Derivative financial instruments	3	33
Financial assets designated as at fair value through p/l	48	48
Loans and receivables	27	19
Financial assets available-for-sale	5,587	5,023
Life insurance, total	5,665	5,122
Holding		
Derivative financial instruments	34	41
Loans and receivables	1	1
Financial assets available-for-sale	555	737
Investments in subsidiaries	2,370	2,370
Holding, total	2,959	3,148
Elimination items between segments	-2,715	-2,712
Group, total	16,930	16,824

P&C insurance

Derivative financial instruments

EURm	Contract/ notional amount	2014 Fair value		Contract/ notional amount	2013 Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	68	-	-2	1,165	-	4
Exchange traded derivatives						
Interest rate futures	85	-	-1	85	1	1
Total interest rate derivatives	153	-	-3	1,250	1	5
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	2,714	41	20	2,147	4	20
Currency options, bought and sold	294	2	1	42	0	-
Total foreign exchange derivatives	3,008	42	21	2,189	4	20
Total derivatives held for trading	3,162	42	18	3,439	5	25

Other financial assets

EURm	2014	2013
Loans and receivables		
Deposits with ceding undertakings	1	1
Other	237	245
Total loans and receivables	238	246
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	1,606	1,327
Certificates of deposit issued by banks	3,031	2,741
Other debt securities	4,551	5,462
Total debt securities	9,188	9,531
Equity securities		
Listed	1,365	1,277
Unlisted	188	207
Total	1,553	1,483
Total financial assets available-for-sale	10,741	11,014
Financial assets available-for-sale for P&C insurance include impairment losses EURm 243 (242).		
P&C insurance, total financial assets	11,021	11,265

Life insurance

Derivative financial instruments

EURm	Contract/ notional amount	2014 Fair value		Contract/ notional amount	2013 Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	1,443	-	19	5,978	25	7
Credit risk swaps	577	-	1	508	0	2
Total	2,019	-	20	6,486	25	10
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	1,184	1	14	955	7	1
Currency options, bought and sold	193	2	1	0	0	0
Total foreign exchange derivatives	1,377	3	15	955	7	1
Equity derivatives						
OTC derivatives						
Equity and equity index options	1	0	0	1	0	0
Total derivatives held for trading	3,398	3	35	7,441	32	11
Derivatives held for hedging						
Fair value hedges						
Currency forwards	583	0	50	501	1	0
Interest rate swaps				0	0	0
Total	583	0	50	501	1	0
Total derivatives held for hedging	583	0	50	501	1	0
Total derivatives	3,981	3	86	7,942	33	11

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 -74 (18). Net result from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 74 (-18).

Cash flow hedges

The interest rate derivatives hedging cash flows fell due in 2013 and no new cash flow hedges have been started.

Other financial assets

EURm	2014	2013
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	1	11
Issued by banks	4	35
Other debt securities	43	-
Total debt securities	47	46
Listed equity securities	2	2
Total financial assets designated as at fair value through p/l	48	48
Loans and receivables		
Deposits with ceding undertakings	-	1
Loans	27	18
Total loans and receivables	27	19
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	388	727
Issued by banks	889	632
Other debt securities	1,619	1,548
Total debt securities	2,895	2,907
Equity securities		
Listed	1,852	1,379
Unlisted	839	737
Total	2,691	2,116
Total financial assets available-for-sale	5,587	5,023
Financial assets available-for-sale for life insurance include impairment losses EURm 41 (33).		
Life insurance, total financial assets	5,665	5,122

Financial assets available for sale / debt securities: Debt securities available for sale include EURm 1,963 (2,553) investments in bonds and EURm 932 (354) investments in money market instruments.

Financial assets available for sale / shares and participations: Listed equity securities include EURm 632 (641) listed equities. Unlisted equity securities include EURm 708 (640) investments in capital trusts.

Holding

Derivative financial instruments

EURm	Contract/ notional amount	2014 Fair value		Contract/ notional amount	2013 Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest derivatives						
OTC-derivatives						
Interest rate swaps						
	800	23	-	800	26	-
Credit risk swaps						
	-	-	-	20	0	-
Total interest derivatives						
	800	23	0	820	26	-
Foreign exchange derivatives						
OTC-derivatives						
Currency forwards						
	3	1	0	21	0	1
Equity derivatives						
Exchange traded derivatives						
Equity and equity index options						
	69	10	11	88	14	16
Total derivatives						
	872	34	11	930	41	18

Other financial assets

EURm	2014	2013
Loans and receivables		
Deposits	1	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	110	350
Other debt securities	360	360
Total debt securities	470	709
Equity securities		
Listed	41	7
Unlisted	45	21
Total	85	28
Total financial assets available-for-sale	555	737
Financial assets available-for-sale for Holding business do not include impairment losses.		
Investments in subsidiaries	2,370	2,370

Holding, total financial assets	2,959	3,148
Elimination items between segments	-2,715	-2,712
EURm	2014	2015
Group, total	16,930	16,824

16 Fair values

EURm	2014		2013	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets, group				
Financial assets	16,933	16,930	16,827	16,824
Investments related to unit-linked contracts	5,259	5,259	4,616	4,616
Other assets	79	79	17	17
Cash and cash equivalents	2,071	2,074	779	785
Total	24,343	24,342	22,240	22,242
Financial liabilities, group				
Financial liabilities	2,517	2,423	2,273	2,193
Other liabilities	90	90	26	26
Total	2,607	2,513	2,299	2,219

In the table above are presented fair values and carrying amounts of financial assets and liabilities. 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.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2014				
Derivative financial instruments				
Interest rate swaps	-	24	-	24
Foreign exchange derivatives	-	46	-	46
Equity derivatives	-	10	-	10
	-	79	-	79
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	19	27	-	47
	21	27	-	48
Financial assets related to unit-linked insurance				
Equity securities	449	8	16	472
Debt securities	543	645	24	1,212
Derivative financial instruments	2,464	896	57	3,417
Mutual funds	-	9	-	9
	3,456	1,558	96	5,110
Financial assets available-for-sale				
Equity securities	1,658	-	228	1,887
Debt securities	8,086	4,037	77	12,200
Mutual funds	1,595	106	748	2,450
	11,340	4,143	1,054	16,537
Total financial assets measured at fair value	14,817	5,808	1,150	21,775
FINANCIAL LIABILITIES 31.12.2014				
Derivative financial instruments				
Interest rate derivatives	2	21	-	23
Foreign exchange derivatives	-	87	-	87
Equity derivatives	-	11	-	11
Total financial liabilities measured at fair value	2	118	-	120

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2013				
Derivative financial instruments				
Interest rate swaps	1	51	-	52
Other interest rate derivatives	-	0	-	0
Foreign exchange derivatives	-	12	-	12
Equity derivatives	-	14	-	14
	1	77	-	78
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	-	46	0	46
	2	46	0	48
Financial assets related to unit-linked insurance				
Equity securities	324	2	13	339
Debt securities	14	1,069	19	1,101
Derivative financial instruments	2,098	804	64	2,966
Mutual funds	-	26	-	26
	2,436	1,901	97	4,433
Financial assets available-for-sale				
Equity securities	1,583	-	243	1,826
Debt securities	1,874	10,858	39	12,770
Mutual funds	993	124	720	1,836
	4,449	10,981	1,002	16,432
Total financial assests measured at fair value	6,887	13,006	1,099	20,992
FINANCIAL LIABILITIES 31.12.2013				
Derivative financial instruments				
Interest rate derivatives	1	14	-	15
Foreign exchange derivatives	-	22	-	22
Equity derivatives	-	16	-	16
Total financial liabilities measured at fair value	-	52	-	53

Transfers between levels 1 and 2

During the last quarter, the Group started to utilise the BVAL Score information for level determination. As a result, there were several classification changes from level 2 to level 1. Debt securities available-for-sale EURm 5,438 (151) were transferred during the financial year. Also debt securities at fair value through p/l EURm 19 were transferred. Equity securities EURm 68 and debt securities EURm 368, related to unit-linked insurance, were equivalently transferred to level one.

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 30 (12) and in a decrease recognised directly in equity of EURm 13 (11). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 35 (14) and in a decrease recognised directly in equity of EURm 94 (68). 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 71 (15).

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. 2014.

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	-78	50	-0	-4
Effect recognised directly in equity	186	-179	-625	-196
Total effect	108	-130	-625	-200

18 Movements in level 3 financial instruments measured at fair value

EURm	At Jan. 2014	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. 2014	Gains/ losses included in p/l for financial assets 31 Dec. 2014
FINANCIAL ASSETS 2014								
Financial assets related to unit-linked insurance								
Equity securities	14	2	-	3	-3	-	16	1
Debt securities	19	-1	-	18	-1	-10	24	0
Mutual funds	64	0	-	30	-20	-18	57	1
	97	1	-	51	-24	-28	96	2
Financial assets available-for-sale								
Equity securities	243	11	1	30	-23	-33	228	-1
Debt securities	39	2	2	10	-6	30	78	2
Mutual funds	720	29	46	215	-262	-	748	62
	1,002	42	49	255	-291	-3	1,054	64
Total financial assets measured at fair value	1,099	43	49	306	-316	-31	1,150	66

EURm	Realised gains	2014 Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	43	56	99
Total gains or losses included in profit and loss for assets held at the end of the financial year	10	56	66

EURm	At Jan. 2013	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. 2013	Gains/ losses included in p/l for financial assets 31 Dec. 2013
FINANCIAL ASSETS 2013								
Financial assets related to unit-linked insurance								
Equity securities	14	-1	-	5	-4	-	14	-1
Debt securities	17	1	-	2	-1	-	19	1
Mutual funds	50	4	-	24	-13	-	64	3
	81	4	-	31	-19	-	97	4
Financial assets available-for-sale								
Equity securities	69	-1	3	176	-4	-	243	-3
Debt securities	73	29	-21	6	-47	-	39	-1
Mutual funds	894	-24	46	139	-335	-	720	19
	1,036	4	27	320	-385	-	1,002	14
Total financial assets measured at fair value	1,117	8	27	351	-404	-	1,099	18

EURm	Realised gains	2013 Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	8	32	40
Total gains or losses included in profit and loss for assets held at the end of the financial year	-14	32	18

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

EURm	2014		2013	
	Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)	Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets available-for-sale				
Equity securities	228	-18	243	-23
Debt securities	77	-4	39	-2
Mutual funds	748	-148	720	-138
Total	1,054	-170	1,002	-163

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 %. The 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 descend of EURm 4 (2) for the debt instruments, and EURm 166 (161) 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 1.6 % (1.5).

20 Investments related to unit-linked insurance contracts

Life insurance

EURm	2014	2013
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	64	47
Certificates of deposit issued by banks	-	223
Other debt securities	1,171	832
Total	1,234	1,101
Equity securities		
Listed	3,768	3,290
Unlisted	121	22
Total	3,890	3,312
Total financial assets designated at fair value through p/l	149	183
Other	9	26
Investment related to unit-linked contracts, total	5,282	4,623

Elimination items between segments	-23	-7
Group total	5,259	4,616

The historical cost of the equity securities related to unit-linked contracts was EURm 3,248 (2,646) and that of the debt securities EURm 1,246 (1,089).

21 Deferred tax assets and liabilities

Changes in deferred tax during the financial period 2014

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
Employee benefits	66	-2	26	-5	85
Other deductible temporary differences	-5	15	1	-2	8
Total	75	13	26	-7	107
Netting of deferred taxes					-22
Deferred tax assets in the balance sheet					86
Deferred tax liabilities					
Depreciation differences and untaxed reserves	294	-7	-	-13	275
Changes in fair values	202	7	25	-3	231
Other taxable temporary differences	18	3	-0	-1	19
Total	514	3	25	-17	526
Netting of deferred taxes					-22
Total deferred tax liabilities in the balance sheet					504

Changes in deferred tax during the financial period 2013

EURm	1.1.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31.12.
Deferred tax assets					
Tax losses carried forward	18	-3	-	-0	15
Changes in fair values	65	-1	7	-5	65
Other deductible temporary differences	0	-2	4	-5	-2
Total	83	-6	11	-10	78
Netting of deferred taxes					-10
Deferred tax assets in the balance sheet					68
Deferred tax liabilities					
Depreciation differences and untaxed reserves	337	-26	-0	-17	293
Changes in fair values	197	-23	28	-0	202
Other taxable temporary differences	13	10	-1	0	22
Total	547	-40	27	-17	518
Netting of deferred taxes					-10
Total deferred tax liabilities in the balance sheet					508

In Sampo plc, EURm 27 of deferred tax asset has not been recognised on unused tax losses. The first losses will expire in 2021.

In life insurance, EURm 3 of deferred tax asset has not been recognised on unused tax losses.

22 Taxes

EURm	2014	2013
Profit before tax	1,759	1,668
Tax calculated at parent company's tax rate	-352	-409
Different tax rates on overseas earnings	-16	19
Income not subject to tax	3	5
Expenses not allowable for tax purposes	-3	-3
Consolidation procedures and eliminations	149	159
Tax losses for which no deferred tax asset has been recognised	-1	-9
Changes in tax rates	1	22
Tax from previous years	-1	-1
Total	-220	-216

23 Components of other comprehensive income

EURm	2014	2013
Other comprehensive income:		
Items reclassifiable to profit or loss		
Exchange differences	-174	-153
Available-for-sale financial assets		
Gains/losses arising during the year	212	362
Reclassification adjustments	-140	-129
Cash flow hedges		
Gains/losses arising during the year	-	-0
Share of associate's other comprehensive income	-168	-70
Taxes	-15	-22
Total items reclassifiable to profit or loss, net of tax	-285	-13
Items not reclassifiable to profit or loss		
Actuarial gains and losses from defined pension plans	-101	-21
Taxes	26	7
Total items not reclassifiable to profit or loss, net of tax	-76	-14

24 Tax effects relating to components of other comprehensive income

	2014			2013		
	Before-tax amount	Tax	Net-of-tax amount	Before-tax amount	Tax	Net-of-tax amount
Items reclassifiable to profit or loss						
Exchange differences	-174	-	-174	-153	-	-153
Available-for-sale financial assets	72	-15	57	233	-22	211
Cash flow hedges	-	-	-	-0	0	-0
Share of associate's other comprehensive income	-168	-	-168	-70	-	-70
Total	-270	-15	-285	79	-22	-13

25 Other assets

P&C insurance

EURm	2014	2013
Interests	66	102
Assets arising from direct insurance operations	1,103	1,119
Assets arising from reinsurance operations	34	45
Settlement receivables	2	3
Deferred acquisition costs ¹⁾	138	159
Assets related to Patient Insurance Pool	117	69
Other	73	62
P&C insurance, total	1,533	1,559

Other assets include non-current assets EURm 122 (71).

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

1) Change in deferred acquisition costs in the period

EURm	2014	2013
At 1 Jan.	159	172
Net change in the period	-14	-3
Exchange differences	-7	-10
At 31 Dec.	138	159

Life insurance

EURm	2014	2013
Interests	30	36
Receivables from policyholders	3	3
Assets arising from reinsurance operations	1	1
Settlement receivables	68	8
Assets pledged for trading in derivatives	72	6
Other	33	27
Life insurance, total	208	81

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

Holding

EURm	2014	2013
Interests	37	36
Settlement receivables	9	-
Other	4	11
Holding, total	50	47

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

Elimination items between segments	-11	-10
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EURm	2014	2013
Group, total	1,781	1,676

26 Cash and cash equivalents

P&C insurance

EURm	2014	2013
Cash at bank and in hand	281	250
Short-term deposits (max 3 months)	167	33
P&C insurance, total	448	282

Life insurance

EURm	2014	2013
Cash at bank and in hand	389	179
Short-term deposits (max 3 months)	469	44
P&C insurance, total	858	222

Holding

EURm	2014	2013
Cash	501	280
Short-term deposits (max 3 months)	266	-
Holding, total	768	280
Group, total	2,074	785

27 Liabilities from insurance and investment contracts

P&C insurance

Change in insurance liabilities

EURm	2014			2013		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for unearned premiums						
At 1 Jan.	2,065	43	2,022	2,107	55	2,053
Acquired insurance holdings	-	-	0	38	-	-
Exchange differences	-69	1	-68	-127	-2	-125
Change in provision	3	-3	-0	46	-10	55
At 31 Dec.	1,999	41	1,958	2,065	43	2,022

EURm	2014			2013		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for claims outstanding						
At 1 Jan.	7,435	377	7,058	7,747	522	7,225
Disposed insurance holdings	45	-	45	61	0	61
Exchange differences	-245	-2	-243	-314	-20	-294
Change in provision	-50	-178	128	-59	-126	66
At 31 Dec.	7,185	197	6,988	7,435	377	7,058

Liabilities from insurance contracts

EURm	2014	2013
Provision for unearned premiums	1,999	2,065
Provision for claims outstanding	7,185	7,435
Incurred and reported losses	1,609	1,770
Incurred but not reported losses (IBNR)	3,298	3,538
Provisions for claims-adjustment costs	269	271
Provisions for annuities and sickness benefits	2,009	1,856
P&C insurance total	9,183	9,500
Reinsurers' share		
Provision for unearned premiums	41	43
Provision for claims outstanding	197	376
Incurred and reported losses	98	270
Incurred but not reported losses (IBNR)	98	107
Total reinsurers' share	237	420

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

Claims cost trend of 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.

Claims costs before reinsurance

ESTIMATED CLAIMS COST

EURm	< 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
At the close of the claims year	9,825	2,517	2,522	2,588	2,715	2,718	2,829	2,914	2,953	2,851	2,835	
One year later	9,792	2,465	2,504	2,584	2,672	2,669	2,869	3,028	2,940	2,879		
Two years later	9,809	2,412	2,476	2,549	2,615	2,641	2,815	3,024	2,956			
Three years later	9,823	2,385	2,475	2,518	2,588	2,601	2,814	3,012				
Four years later	9,789	2,352	2,435	2,472	2,565	2,582	2,807					
Five years later	9,833	2,319	2,388	2,448	2,551	2,559						
Six years later	9,896	2,267	2,358	2,438	2,531							
Seven years later	9,902	2,244	2,348	2,425								
Eight years later	9,852	2,227	2,337									
Nine years later	9,874	2,210										
Ten years later	9,912											
Current estimate of total claims costs	9,912	2,210	2,337	2,425	2,531	2,559	2,807	3,012	2,956	2,879	2,835	36,463
Total disbursed	7,349	2,013	2,110	2,169	2,271	2,261	2,470	2,590	2,475	2,268	1,572	29,548
Provision reported in the balance sheet	2,563	197	227	256	261	298	337	422	482	611	1,263	6,916
of which established vested annuities	1,390	73	80	77	70	59	75	65	62	47	10	2,009
Provision for claims-adjustment costs												269
Total provision reported in the BS												7,185

Claims costs after reinsurance

ESTIMATED CLAIMS COST

EURm	< 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
At the close of the claims year	9,070	2,375	2,418	2,490	2,598	2,604	2,691	2,756	2,756	2,801	2,795	
One year later	9,022	2,318	2,390	2,480	2,567	2,572	2,738	2,829	2,741	2,829		
Two years later	9,025	2,264	2,363	2,453	2,513	2,542	2,696	2,816	2,758			
Three years later	9,032	2,244	2,367	2,422	2,487	2,515	2,689	2,810				
Four years later	8,999	2,213	2,330	2,379	2,468	2,498	2,686					
Five years later	8,998	2,181	2,289	2,355	2,455	2,474						
Six years later	9,076	2,141	2,261	2,348	2,437							
Seven years later	9,086	2,120	2,252	2,335								
Eight years later	9,049	2,104	2,243									
Nine years later	9,074	2,087										
Ten years later	9,121											
Current estimate of total claims costs	9,121	2,087	2,243	2,335	2,437	2,474	2,686	2,810	2,758	2,829	2,795	34,575
Total disbursed	6,617	1,897	2,022	2,083	2,180	2,184	2,361	2,409	2,304	2,241	1,559	27,856
Provision reported in the balance sheet	2,504	191	221	252	257	290	325	402	454	588	1,236	6,719
of which established vested annuities	1,390	73	80	77	70	59	75	65	62	47	10	2,009
Provision for claims-adjustment costs												269
Total provision reported in the BS												6,988

Life insurance

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2014	3,924	4	3,928
Premiums	148	1	149
Claims paid	-397	-0	-397
Expense charge	-36	-	-36
Guaranteed interest	131	-	131
Bonuses	0	-	0
Portfolio transfers	1,337	-	1,337
Other	-48	-0	-48
At 31 Dec. 2014	5,061	4	5,065
Reinsurers' share	-3	-	-3
Net liability at 31 Dec. 2014	5,058	4	5,062

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2013	4,065	6	4,071
Premiums	159	0	159
Claims paid	-396	-1	-396
Expense charge	-37	-0	-37
Guaranteed interest	139	0	139
Bonuses	3	0	3
Other	-11	-1	-12
At 31 Dec. 2013	3,924	4	3,927
Reinsurers' share	-3	-	-3
Net liability at 31 Dec. 2013	3,921	4	3,925

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2014	3,095	1,522	4,617
Premiums	513	448	961
Claims paid	-191	-294	-485
Expense charge	-39	-21	-60
Other	220	59	279
At 31 Dec. 2014	3,599	1,714	5,312

At 1 Jan. 2013	2,665	1,168	3,833
Premiums	469	440	909
Claims paid	-173	-172	-345
Expense charge	-36	-18	-54
Other	169	104	274
At 31 Dec. 2013	3,095	1,522	4,617

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	2014	2013
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,625	1,969
Provision for claims outstanding	2,434	1,948
Liabilities for contracts without discretionary participation feature (DPF)		
Provision for unearned premiums	-	0
Provision for claims outstanding	-	1
Total	5,059	3,918
Assumed reinsurance		
Provision for unearned premiums	1	4
Provision for claims outstanding	0	2
Total	2	5
Insurance contracts total		
Provision for unearned premiums	2,626	1,973
Provision for claims outstanding	2,434	1,951
Total	5,061	3,924
Investment contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	4	4
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,631	1,976
Provision for claims outstanding	2,434	1,951
Life insurance total	5,065	3,927
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	2014	2013
Group, total	14,248	13,427

28 Liabilities from unit-linked insurance and investment contracts

Life insurance

EURm	2014	2013
Unit-linked insurance contracts	3,599	3,095
Unit-linked investment contracts	1,714	1,522
Total	5,312	4,617
Elimination items between segments	-23	-7
EURm	2014	2013
Group, total	5,289	4,610

29 Financial liabilities

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

P&C insurance

EURm	2014	2013
Derivative financial instruments (note 15)	24	25
Subordinated debt securities		
Subordinated loans		
Euro-denominated loans	Maturity	Interest
Preferred capital note, 2005 (nominal value EURm 150)	perpetual	4.94%
Preferred capital note, 2011 (nominal value EURm 110)	30 vuotta	6.00%
Preferred capital note, 2013 (nominal value EURm 90)	perpetual	4.70%
Total subordinated debt securities	349	150
P&C insurance, total financial liabilities	373	174

The loans 2005 and 2011 are issued with fixed interest rates for the first ten years, after which they become 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. All loans and their terms are approved by supervisory authorities and the loans are utilised for solvency purposes.

The loans issued in 2005 and 2011 are listed on the Luxembourg Exchange.

Life insurance

EURm	2014	2013
Derivative financial instruments (note 15)	86	11
Subordinated debt securities		
Subordinated loans	100	100
Life insurance, total	186	111

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	2014	2013
Derivative financial instruments (note 15)	11	18
Debt securities in issue		
Commercial papers	305	308
Bonds ^{*)}	1,888	1,720
Total	2,192	2,027
Holding, total	2,203	2,045

^{*)} 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 bonded of the Holding Company fall under level 2.

Elimination items between segments	-339	-336
EURm	2014	2013
Group, total	2,423	1,994

30 Provisions

P&C insurance

EURm	2014
At 1 Jan. 2014	58
Exchange rate differences	-3
Additions	21
Amounts used during the period	-11
Unused amounts reversed during the period	-2
At 31 Dec. 2014	63
Current (less than 1 year)	27
Non-current (more than 1 year)	36
Total	63

EURm 22 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 37 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	2014	2013
Present value of estimated pension obligation, including social costs	664	580
Fair value of plan assets	399	385
Net pension obligation recognised in the balance sheet	265	195

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, 2007 regardless of age. The pension benefits referred to are old-age pension and survivors' pension in Sweden and old-age pension, survivors' pension and disability pension in Norway. A common feature of all of the pension 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% percent 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% percent 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 percent of the pensionable salary between 0 and 7.5 income base amounts, 65 percent of salary between 7.5 and 20 income base amounts and 32.5 percent 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 percent of the pensionable salary up to 12 Norwegian 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 are indexed upwards in an amount corresponding to the change in the consumer price index to the extent of 80 - 100 %.

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 debt is discounted to the present value using an interest rate based on current market interest rates adjusted to take into account the duration of the company's pension obligations. As a basis for determining the discount interest rate for the Swedish obligation, If uses liquid covered mortgage bonds issued by a mortgage institution. Covered mortgage bonds are also used for the Norwegian obligation. After a deduction for the plan assets, a net asset or net liability is recognised in the balance sheet.

The following tables contain a number of material assumptions, specifications of pension costs, assets and liabilities and a sensitivity analysis showing the potential effect on the obligations of reasonable changes in those assumptions as at the end of the fiscal year. The carrying amounts have been stated including special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (14.1%).

Specification of employee benefit obligations by country

	2014			2013		
	Sweden	Norway	Total	Sweden	Norway	Total
Recognised in income statement and other comprehensive income						
Current service cost	-5	-11	-16	-6	-10	-16
Past service cost	-1	-	-1	-0	-	-0
Interest expense on net pension liability	-1	-6	-7	-2	-5	-7
Total in income statement	-7	-17	-24	-7	-15	-22
Remeasurement of the net pension liability	-34	-71	-105	19	-40	-21
Total in comprehensive income statement	-40	-88	-129	12	-55	-43
Recognised in balance sheet						
Present value of estimated pension liability, including social costs	194	470	664	154	426	580
Fair value of plan assets	140	259	399	124	261	385
Net liability recognised in balance sheet	55	211	265	30	165	195
Distribution by asset class	2014			2013		
	Sweden	Norway		Sweden	Norway	
Debt instruments, level 1	40%	52%		34%	49%	
Debt instruments, level 2	1%	13%		3%	12%	
Equity instruments, level 1	28%	9%		31%	8%	
Equity instruments, level 3	8%	3%		0%	3%	
Property, level 3	10%	9%		10%	11%	
Other, level 1	3%	10%		11%	13%	
Other, level 2	6%	4%		0%	1%	
Other, level 3	4%	0%		11%	3%	

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

	Sweden	Sweden	Norway	Norway
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Discount rate	2,75%	4,00%	2,75%	4,00%
Future salary increases	2,75%	3,00%	3,50%	3,75%
Price inflation	1,75%	2,00%	2,00%	2,25%
Mortality table	FFFS 2007:31 +1 year	FFFS 2007:31 +1 year	FFFS 2007:31	FFFS 2007:31
Average duration of pension liabilities	22 years	20 years	17 years	16 years
Expected contributions to the defined benefit plans during 2014 and 2015	8	9	15	15

Sensitivity analysis of effect of reasonably possible changes	2014			2013		
	Sweden	Norway	Total	Sweden	Norway	Total
Discount rate, +0,50%	-23	-40	-63	-17	-34	-51
Discount rate, -0,50%	27	45	71	20	38	58
Future salary increases, +0,25%	8	8	16	6	7	13
Future salary increases, -0,25%	-7	-8	-15	-5	-7	-12
Expected longevity, +1 year	7	15	22	5	13	18

EURm	2014			2013		
	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	620	44	664	532	490	1,022
Fair value of plan assets	399	-	399	385	-	385

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

EURm	2014	2013
Pension liabilities:		
At the beginning of the year	580	595
Earned during the financial year	16	16
Costs pertaining to prior-year service	1	0
Interest cost	23	21
Actuarial gains (-)/losses (+) on financial assumptions	123	-22
Actuarial gains (-)/losses (+) on demographic assumptions	-	67
Actuarial gains (-)/losses (+), experience adjustments	-3	-15
Exchange differences on foreign plans	-48	-57
Benefits paid	-27	-26
Defined benefit plans at 31 Dec.	664	580
Reconciliation of plan assets:		
At the beginning of the year	385	392
Interest income	15	15
Difference between actual return and calculated interest income	15	8
Contributions paid	29	24
Exchange differences on foreign plans	-29	-38
Benefits paid	-17	-16
Plan assets at 31 Dec.	399	385

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 2014 is EURm 66.

32 Other liabilities

P&C insurance

EURm	2014	2013
Liabilities arising out of direct insurance operations	155	148
Liabilities arising out of reinsurance operations	37	49
Liabilities related to Patient Insurance Pool	115	68
Tax liabilities	85	113
Prepayments and accrued income	27	197
Other	284	119
P&C insurance, total	702	694

The non-current share of other liabilities is EURm 102 (57).

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	2014	2013
Interests	8	7
Tax liabilities	23	18
Liabilities arising out of direct insurance operations	7	6
Liabilities arising out of reinsurance operations	4	5
Settlement liabilities	90	26
Guarantees received	35	31
Other liabilities	43	37
Life insurance, total	209	129

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	2014	2013
Interests	34	34
Guarantees for trading in derivatives	47	47
Liability for dividend distribution	30	26
Other	24	21
Holding, total	134	129

Item Other includes e.g. reservations for share-based incentive programmes and other incentive salaries.

Elimination items between segments	-11	-11
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EURm	2014	2013
Group, total	1,035	941

33 Contingent liabilities and commitments

P&C insurance

EURm	2014	2013
Off-balance sheet items		
Guarantees	7	28
Other irrevocable commitments	10	14
Total	17	42

Assets pledged as collateral for liabilities or contingent liabilities

EURm	2014		2013	
	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Cash at balances at central banks	0	1	1	1
Investments				
- Investment securities	238	136	270	131
Yhteensä	239	137	271	132

EURm	12/2014	12/2013
Assets pledged as security for derivative contracts, carrying value		
Investment securities	25	39

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

EURm	2014	2013
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	93	99
later than five years	59	78
Total	183	209
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-22	-25
- sublease payments	-	-11
Total	-22	-36

The subsidiaries If P&C Insurance Ltd and If P&C Insurance Company Ltd provide insurance with mutual undertakings within the Nordic Nuclear Insurance Pool and If P&C Insurance Ltd within the 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.

Normal seller's guarantees have been given in connection the disposal of the subsidiary IPSC Region.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling EURm 10, 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	2014	2013
Off-balance sheet items		
Investment commitments	384	391
Acquisition of IT-software	2	3
Total	386	394

EURm	12/2014	12/2013
Assets pledged as security for derivative contracts, carrying value		
Cash and cash equivalents	72	6
The pledged assets are included in the balance sheet item Other assets.		
Lended securities		
Domestic shares		
Remaining acquisition cost	23	14
Fair value	19	4

Security lendings can be interrupted at any time and they are secured.

EURm	2014	2013
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	9	8
later than five years	8	9
Total	19	19

Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec.	0	1
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-2	-3
- sublease payments	0	0
Total	-2	-3

Holding

EURm	2014	2013
Off-balance sheet items		
Investment commitments	0	1
EURm	2014	2013
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	1	2
Total	2	3

The Group had at the end of 2014 premises a total of 171,598 m² (178,877) 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 31 Dec. 2013 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

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

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	2014	2013
Short-term employee benefits	8	7
Post employment benefits	3	3
Other long-term benefits	10	10
Total	21	19

In addition, deferred compensation EUR 134,779 was paid to former members of the Group Executive Committee during the financial year. The equivalent sum paid in 2013 was EUR 584,500.

Short-term employee benefits comprise salaries and other short-terms 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 (TEL) 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 related party transactions of the key management are not material nor does the key management have any loans from the Group companies.

Associates

Outstanding balances with related parties/Associate Nordea

EURm	2014	2013
Assets	1,483	1,152
Liabilities	114	111

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. Over 130 persons were included in the schemes at the end of year 2014.

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 - 38.26. The maximum value of one incentive unit varies between eur 33.37 - 57.26, 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 percent, 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
Terms approved ^{*)}	09/14/11	09/14/11	09/17/14
Granted (1,000) 31 Dec. 2011	4,359	-	-
Granted (1,000) 31 Dec. 2012	4,199	130	-
Granted (1,000) 31 Dec. 2013	4,134	100	-
Granted (1,000) 31 Dec. 2014	2,855	100	4,434
End of performance period I 30%	Q2-2014	Q2-2015	Q2-2017
End of performance period II 35%	Q2-2015	Q2-2016	Q2-2018
End of performance period III 35%	Q2-2016	Q2-2017	Q2-2019
Payment I 30%	9-2014	9-2015	9-2017
Payment II 35%	9-2015	9-2016	9-2018
Payment III 35%	9-2016	9-2017	9-2019
Price of Sampo A at terms approval date ^{*)}	18.10	18.10	37.22
Starting price ^{**)}	18.37	24.07	38.26
Dividend-adjusted starting price at 31 Dec. 2014	14.17	21.07	38.26
Sampo A - closing price 31 Dec. 2014	38.82		
Total intrinsic value, meur	43	1	1

Total debt	45
Total cost for the financial period, meur (incl. social costs)	34

*) Grant dates vary

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

37 Auditors' fees

EURm	2014	2013
Auditing fees	-2	-2
Other fees	-0	-0
Total	-3	-3

38 Legal proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2014, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

39 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	1,286
If P&C Insurance Company Ltd	100	472
If P&C Insurance AS	100	47
AS If Kinnisvarahaldus	100	0
CJSC If Insurance	100	10
If Livförsäkring Ltd	100	8
Life insurance		
Mandatum Life Insurance Company Ltd	100	484
Innova Services Ltd	100	3
Mandatum Life Services Ltd	100	2
Mandatum Life Investment Services Ltd	100	1
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.

40 Investments in shares and participations other than subsidiaries and associates

P&C insurance

	Country	Holding %	Carrying amount / Fair value
Listed companies			
A P Moller - Maersk	Denmark	0,03%	9
ABB	Switzerland	0,18%	74
Atlas Copco A+B	Sweden	0,16%	41
BB Tools	Sweden	0,64%	3
Be Group	Sweden	6,34%	3
Clas Ohlson	Sweden	4,75%	45
CTT Systems	Sweden	4,08%	2
Beijer Ab GI	Norway	0,44%	3
Gunnebo AB	Sweden	11,67%	36
Hennes Mauritz B	Sweden	0,16%	94
Husqvarna AB	Sweden	1,01%	36
Husqvarna	Sweden	0,39%	14
Investor	Sweden	0,13%	29
Lindab Intl	Sweden	4,94%	27
Nederman Holding AB	Sweden	9,90%	21
Nobia AB	Sweden	12,02%	156
Nolato AB	Sweden	0,92%	5
Sandvik AB	Sweden	0,31%	32
Sectra AB	Sweden	11,38%	45
SSAB	Sweden	0,05%	2
SSAB	Sweden	0,17%	7
Svedbergs i Dalstrop	Sweden	11,45%	8
Teliasonera AB	Sweden	0,34%	79
Teliasonera AB	Sweden	3,94%	6
Veidekke ASA	Norway	9,06%	99
Volvo AB	Sweden	0,06%	12
Volvo AB	Sweden	0,36%	66
Yara Intl ASA	Norway	0,21%	22
Marine Harvest ASA	Norway	0,23%	11
Total listed companies			985

Other	168
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Unit trusts

Aberdeen AM	Luxemburg	29
Danske Invest	Finland	71
Danske Invest	Finland	51
DB Platinum Advisors	Luxemburg	56
PEQ Eqt III	Guernsey	1
PEQ Eqt IV	Guernsey	3
Investec Asset Mgmt	Great Britain	49
Barclays Global Investment	Ireland	24
Blackrock Inc	United States	61
Lyxor Int AM	France	0
PEQ Mandatum I	Finland	2
PEQ Mandatum II	Finland	2
PEQ Mandatum II	Finland	5
PEQ Private Egy mkt	Finland	3
PEQ Eqt Mid Market	Great Britain	5
Handelsbanken Fonder	Sweden	24
Hermes Investment	Ireland	16
Total unit trusts		400

P&C insurance, total shares and participations	1,553
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Life insurance

	Country	Holding %	Carrying amount / Fair value
Listed companies			
Amer Sports OYJ	Finland	4,30%	82
Comptel OYJ	Finland	19,11%	20
eQ OYJ	Finland	5,59%	8
F-Secure OYJ	Finland	4,20%	15
Kemira OYJ	Finland	0,82%	13
Lassila & Tikanoja OYJ	Finland	5,62%	33
Metso OYJ	Finland	0,99%	37
Nokia OYJ	Finland	0,05%	12
Nokian Renkaat OYJ	Finland	0,96%	26
Norvestia OYJ B	Finland	12,41%	13
Oriola-KD OYJ B	Finland	2,88%	10
Outotec OYJ	Finland	0,81%	7
Pöyry OYJ	Finland	3,47%	6
Suominen OYJ	Finland	5,47%	11
Teleste OYJ	Finland	8,84%	9
Tikkurila OYJ	Finland	3,58%	23
UPM-Kymmene OYJ	Finland	1,79%	130
Vaisala OYJ A	Finland	4,24%	14
Valmet Corp	Finland	1,00%	15
Wärtsilä OYJ	Finland	0,61%	44
Yit OYJ	Finland	3,37%	18
Total			546
Other listed companies	Finland		28
Listed companies in total			574
Unit trusts			
Danske Invest Emerging Asia Fund G	Finland		25
Erikoissijoitusrahasto Taaleritehdas Parkki A	Finland		6
EVLI EUROPE-B	Finland		7
FIM EMERGING YIELD - ACC	Finland		8
FONDITA NORDIC MICRO CAP-B	Finland		6
FONDITA NORDIC SMALL CAP-B	Finland		6
Fourton Odysseus	Finland		43
FOURTON STAMINA NON-UCITS	Finland		20
KJK Fund SICAV-SIF Baltic States B1 C	Finland		12
OP-EMD Local CurrencyA Kasvu	Finland		24
OP-Euro A	Finland		14
OP-Eurooppa Pienyhtiöt A	Finland		5
OP-KEHITYYVA AASIA	Finland		5
OP-KORKOTUOTTO II A	Finland		19

OP-OBLIGAATIO TUOTTO-A	Finland	51
OP-Reaalikorko A Kasvu	Finland	7
OP-Yrityslaina A	Finland	11
TAALERITEHDAS ARVO MARK OS-A	Finland	9
Total		278

Capital trusts

Amanda III Eastern Private Equity L.P.	Finland	16
Amanda IV West L.P.	Finland	24
CapMan Hotels RE Ky	Finland	10
CapMan RE II Ky	Finland	6
Capman Real Estate I Ky	Finland	9
Capman Real Estate II Ky	Finland	8
Mandatum Private Equity Fund I L.P.	Finland	6
Sponsor Fund III Ky	Finland	6
Total		84

Other shares and participations	62
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Domestic shares and participations in total 999**Other companies**

BenCo Insurance Holding B.V.	Netherlands	6,49%	6
Cummins Inc	United States	0,02%	5
El du Pont de Nemours & Co	United States	0,01%	5
Gap Inc/The	United States	0,04%	6
Pension Corporation Group Limited	Guernsey	1,39%	9
Total			31

Foreign unit trusts

Prosperity Cub Fund	Guernsey	34
Comgest Growth Asia Ex Japan USD I Acc Class	Guernsey	52
DJ STOXX 600 OPT Healthcare	Ireland	28
HERMES ASIA EX-JP E-F-A EURO	Ireland	31
IRIDIAN-US EQUITY FUND-I	Ireland	43
NOMURA FDS IR-JP STR V-I JPY	Ireland	11
PIMCO GIS-Emerging Markets Bond Fund	Ireland	21
PIMCO-Global Investment Grade Credit	Ireland	23
Aberdeen Global Asia Pacific Equity Fund	Luxemburg	52
Allianz RCM Europe Equity Growth W	Luxemburg	63
Danske Invest Europe High Dividend I	Luxemburg	53
DB X-Trackers DAX UCITS ETF	Luxemburg	53
FIDELITY FDS-JPN AGGRE-IJPY	Luxemburg	6
FIDELITY-ASIAN HI YLD-A USD	Luxemburg	14
LUX Mandatum Life Nordic High Yield Total Return Fund SICAV-SIF G EUR Share Class	Luxemburg	14
MFS MER-EUROPE SM COS-I1EUR	Luxemburg	14
UBS LUX-CHINA OPPORTUNITY BA	Luxemburg	6
UNIDEUTSCHLAND XS	Germany	21
ASHMORE-EMKT COR DB-I -ACC	Great Britain	10
Investec Emerging Markets Currency I Acc USD	Great Britain	10
INVESTEC GSF-ASIA PACIFIC-I	Great Britain	67
ISHARES CORE S&P 500 INDEX FUND	United States	287
MFS European Value Fund Z	Luxemburg	47

Prosperity Russia Domestic Fund	Guernsey	14
The Forest Company Limited	Guernsey	10
SPDR S&P INSURANCE ETF	United States	16
Total		1,001

Foreign unit trusts

Avenue Special Situations Fund VI (C-Feeder), L.P.	Cayman islands	20
Financial Credit Investment I, L.P.	Cayman islands	11
Fortress Credit Opportunities Fund II (C) L.P.	Cayman islands	52
Fortress Credit Opportunities Fund III (C) L.P.	Cayman islands	32
Fortress Life Settlement Fund (C) L.P.	Cayman islands	6
Goldman Sachs Loan Partners I Offshore B, L.P.	Cayman islands	9
Highbridge Liquid Loan Opportunities Fund, L.P.	Cayman islands	48
Highbridge Specialty Fund III	Cayman islands	34
Lunar Capital Partners III L.P.	Cayman islands	9
Mount Kellet Capital Partners (Cayman), L.P.	Cayman islands	25
Mount Kellett Capital Partners (Cayman) II, L.P.	Cayman islands	22
Petershill II Offshore LP	Cayman islands	12
Petershill Offshore LP	Cayman islands	22
Russia Partners II, L.P.	Cayman islands	8
Victory Park Capital Fund II (Cayman), L.P.	Cayman islands	19
Capman Buyout IX Fund A L.P.	Guernsey	8
EQT Credit (No.1) L.P.	Guernsey	17
EQT Credit (No.2) L.P.	Guernsey	20
EQT IV ISS Co-investment L.P.	Guernsey	10
EQT V (No.1) L.P.	Guernsey	7
EQT VI (No.1) L.P.	Guernsey	23
Gilde Buy-Out Fund III	Guernsey	6
Permira IV L.P. 2	Guernsey	6
M&G Debt Opportunities Fund II	Ire	13
Activa Capital Fund II FCPR	France	8
Verdane Capital VII K/S	Denmark	14
Broad Street Loan Partners 2013 Europe L.P.	Great Britain	15
M&G Debt Opportunities Fund	Great Britain	22
HRJ Global Buy-out III (Asia) L.P.	United States	6
Total		506

Other share and participations	155
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Total foreign shares and participations	1,694
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Life insurance, total shares and participations	2,693
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Holding

	Country	Holding %	Carrying amount / Fair value
Listed companies			
Aktia Plc	Finland	5,73%	37
Other	Finland		3
Domestic other than listed companies			
Varma Mutual Pension Insurance Company	Finland	80,28%	14
Other	Finland		28
Total domestic shares and participations			82
Foreign unit trusts			3
Holding, total shares and participations			85

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

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

41 Events after the balance sheet date

In the meeting of 11 Feb. 2015, the Board of Directors decided to propose at the Annual General Meeting on 16 April 2015 a dividend distribution of EUR 1.95 per share, or total EUR 1.092.000.000, for 2014. The dividends to be paid will be accounted for in the equity in 2015 as a deduction of retained earnings.

Sampo plc's Financial Statements

Sampo plc's income statement

EURm	Note	2014	2013
Other operating income	1	15	15
Staff expenses			
Salaries and remunerations		-17	-20
Social security costs			
Pension costs		-2	-3
Other		-0	-1
Depreciation and impairment			
Depreciation according to plan		-0	-0
Other operating expenses	2	-13	-12
Operating profit		-18	-20
Financial income and expense	4		
Income from shares in Group companies		697	585
Income from other shares		372	294
Other interest and financial income			
Group companies		17	15
Other		5	1
Other investment income and expense		1	-10
Other interest income		41	45
Interest and other financial expense			
Group companies		0	0
Other		-87	-97
Exchange result		22	20
Profit before taxes		1,050	832
Income taxes			
Tax from previous years		-0	-0
Deferred taxes		0	-3
Profit for the financial year		1,050	829

Sampo plc's balance sheet

EURm	Note	2014	2013
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	325	321
Shares in participating undertakings		5,557	5,557
Receivables from participating undertakings		110	-
Other shares and participations	6	85	28
Other receivables	7	35	388
Short-term receivables			
Deferred tax assets	14	13	14
Other receivables	8	19	17
Prepayments and accrued income	9	65	71
Cash at bank and in hand		768	280
TOTAL ASSETS		9,351	9,051
LIABILITIES			
Equity			
Share capital	10	98	98
Fair value reserve		7	4
Invested unrestricted equity		1,527	1,527
Other reserves		273	273
Retained earnings		4,060	4,146
Profit for the financial year		1,050	829
		7,014	6,877
Liabilities			
Long-term liabilities			
Bonds		1,888	1,720
Short-term liabilities			
Debt securities		305	308
Other liabilities	12	84	81
Accruals and deferred income	13	61	66
TOTAL LIABILITIES		9,351	9,051

Sampo plc's statement of cash flows

EURm	2014	2013
Operating activities		
Profit before taxes	1,050	832
Adjustments:		
Depreciation and amortisation	0	0
Unrealised gains and losses arising from valuation	1	0
Realised gains and losses on investments	-3	-6
Other adjustments	-394	-285
Adjustments total	-396	-290
Change (+/-) in assets of operating activities		
Investments ^{*)}	193	-113
Other assets	-1	1
Total	192	-113
Change (+/-) in liabilities of operating activities		
Financial liabilities	-7	-1
Other liabilities	6	-23
Paid interests	-23	-52
Paid taxes	-1	-0
Total	-25	-76
Net cash from operating activities	821	354
Investing activities		
Investments in group and associated undertakings	391	293
Net investment in equipment and intangible assets	0	-0
Net cash from investing activities	391	293
Financing activities		
Dividends paid	-913	-747
Issue of debt securities	1,199	1,214
Repayments of debt securities in issue	-1,012	-1,307
Net cash used in financing activities	-725	-839
Total cash flows	487	-193
Cash and cash equivalents at 1 January	280	473
Cash and cash equivalents at 31 December	768	280
Net change in cash and cash equivalents	487	-193

^{*)} Investments include both investment property and financial assets.

Additional information to the statement of cash flows:

EURm	2014	2013
Interest income received	61	61
Interest expense paid	-87	-95
Dividend income received	1,068	878

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

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Notes to the income statement

1 Other operating income

EURm	2014	2013
Income from property occupied for own activities	0	0
Other	15	15
Total	15	15

2 Other operating expenses

EURm	2014	2013
Rental expenses	-1	-1
Expense on property occupied for own activities	-0	-0
Other	-11	-10
Total	-13	-12

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

3 Auditors' fees

EURm	2014	2013
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.2	-0.2
Other fees	-0.0	-0.0
Total	-0.2	-0.2

4 Financial income and expense

EURm	2014	2013
Received dividends in total	1,068	878
Interest income in total	63	61
Interest expense in total	-87	-97
Gains on disposal in total	4	6
Losses on disposal in total	-1	-0
Exchange result	22	20
Other	-2	-16
Total	1,067	852

Notes on the assets

5 Receivables from Group companies

EURm	2014	2013
Cost at beginning of year	321	225
Additions	34	101
Disposals	-30	-5
Carrying amount at end of year	325	321

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

6 Other shares and participations

	2014	Fair value changes		2013	Fair value changes	
EURm	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Available-for-sale equity securities	85	1	4	28	4	-4

Changes in property shares

EURm	2014	2013
Cost at beginning of year	0	4
Disposals	0	-4
Carrying amount at end of year	0	0
Difference between current cost and carrying amount	0	0

7 Other investment receivables

	2014	Fair value changes		2013	Fair value changes	
EURm	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Market money	0	0	0	350	0	-0
Bonds	35	1	-3	39	0	4
Total	35	1	-2	388	0	4

8 Other receivables

EURm	2014	2013
Trading receivables	9	7
Derivatives	6	6
Other	4	4
Total	19	17

9 Prepayments and accrued income

EURm	2014	2013
Accrued interest	37	36
Derivatives	28	35
Total	65	71

Notes on the liabilities

10 Movements in the parent company's equity

EURm	Restricted equity		Invested unrestricted capital	Unrestricted equity		Total
	Share capital	Fair value reserve		Other reserves	Retained earnings	
Carrying amount at 1 Jan. 2013	98	0	1,527	273	4,895	6,793
Dividends					-756	-756
Recognition of undrawn dividends					7	7
Financial assets available-for-sale						
- recognised in equity		-0				-0
- recognised in p/l		3				3
Profit for the year					829	829
Carrying amount at 31 Dec. 2013	98	4	1,527	273	4,976	6,877

EURm	Restricted equity		Invested unrestricted capital	Unrestricted equity		Total
	Share capital	Fair value reserve		Other reserves	Retained earnings	
Carrying amount at 1 Jan. 2014	98	4	1,527	273	4,976	6,877
Dividends					-924	-924
Recognition of undrawn dividends					8	8
Financial assets available-for-sale						
- recognised in equity		2				2
- recognised in p/l		2				2
Profit for the year					1,050	1,050
Carrying amount at 31 Dec. 2014	98	7	1,527	273	5,110	7,014

Distributable assets

EURm	2014	2013
Parent company		
Profit for the year	1,050	829
Retained earnings	4,060	4,146
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Total	6,909	6,775

11 Share capital

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

12 Other liabilities

EURm	2014	2013
Unredeemed dividends	30	26
Derivatives	5	7
Guarantees for derivate contracts	47	47
Other	2	0
Total	84	81

13 Accruals and deferred income

EURm	2014	2013
Deferred interest	34	34
Derivatives	6	10
Other	22	21
Total	61	66

Notes on the income taxes

14 Deferred tax assets and liabilities

EURm	2014	2013
Deferred tax assets		
Losses	15	15
Deferred tax liabilities		
Fair value reserve	-2	-1
Total, net	13	14

Notes on the liabilities and commitments

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	2014	2013
Not more than one year	1	1
Over one year but not more than five years	1	2
Total	2	3

17 Off-balance sheet items

EURm	2014	2013
Underwriting commitments	1	1
Off-balance sheet items total	1	1
To or on behalf of Group companies	-	-
To or on behalf of associates	-	-

Notes on the staff and management

18 Staff numbers

EURm	2014 Average during the year	2013 Average during the year
Full-time staff	52	51
Part-time staff	5	2
Temporary staff	2	3
Total	59	56

19 Board fees and management remuneration

EUR thousand		2014	2013
Managing Director	Kari Stadigh	3,653	3,530
Members of the Board of Directors			
Björn Wahlroos		160	160
Anne Brunila		80	80
Jannica Fagerholm		80	80
Adine Grate Axén		80	80
Veli-Matti Mattila		80	80
Eira Palin-Lehtonen		80	80
Per Arthur Sørli		80	80
Matti Vuoria		100	100

In addition to the above, the company has in accordance with the decision of the Annual General Meeting in 2014 compensated transfer tax of in total EUR 4,628.24 related to the acquisition of the company shares (EUR 1,277.27 pertaining to the Chairman, EUR 797.86 pertaining to the Vice Chairman and EUR 2,553.11 pertaining to the other Finnish members of the Board).

Pension liability

The retirement age of the Managing Director is 60 years, when the pension benefit is 60% of the pensionable salary.

20 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⁾	1,001	139	1,139
Deputy CEO	-	-	-
Former Chairmen of the Board			
Kalevi Keinänen ²⁾	18	-	18
Former Presidents/CEO:s			
Harri Hollmen ³⁾	38	-	38
	1,057	139	1,196

1) According to his current agreement the Group CEO is entitled to retire in December 2015 when he turns 60. The pension benefit is 60 per cent of his pensionable salary. The pensionable salary includes fixed salary, fringe benefits, holiday pay and short-term incentives and is calculated as an average of two out of the four last full years, where the best and the worst year are left out. To replace the defined benefit supplementary pension agreement stipulated in the service contract for the Group CEO currently in force, a new defined contribution pension agreement will be signed as of 1 January 2016. The annual cost of the agreement for Sampo will be 400,000 euros.

2) Group pension agreement with a retirement age of 60 years and a pension benefit of 66 per cent of the pensionable TyEL-salary (TyEL: Employee's Pension Act). The supplementary cost pertains to a yearly index adjustment.

3) Group pension agreement with a retirement age of 60 and a pension benefit of 60 per cent of the pensionable TyEL-salary. The supplementary cost pertains to a yearly index adjustment.

Notes on the shares held

21 Shares held as of 31 Dec, 2014

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

Sampo plc

Board of Directors

Anne Brunila

Adine Grate Axén

Jannica Fagerholm

Eira Palin-Lehtinen

Per Arthur Sørli

Veli-Matti Mattila

Matti Vuoria

Björn Wahlroos

Kari Stadigh

Chairman of the Board

Group CEO and President

Auditor's report

To the Annual General Meeting of Sampo plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Sampo plc for the financial period 1.1. - 31.12.2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial

statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinions based on the assignment of the Audit Committee

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, February 25, 2015

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant