

Outlook

Outlook for 2016

Sampo Group's business areas are expected to report good operating results for 2016.

However, the mark-to-market results are, particularly in life insurance, highly dependent on capital market developments. The continuing low interest rate level also creates a challenging environment for reinvestment in fixed income instruments.

The P&C insurance operations are expected to reach their long-term combined ratio target of below 95 per cent in 2016 by a margin.

Nordea's contribution to the Group's profit is expected to be significant.

The Major Risks and Uncertainties to the Group in the Near-term

In its day-to-day business activities Sampo Group is exposed to various risks and uncertainties mainly through its separately managed major business units. Parent company Sampo plc's contribution to risks is a minor one.

Major risks affecting the Group companies' profitability and its variation are market, credit, insurance and operational risks that are quantified independently by the major business units. At the Group level sources of risks are same, but they are not additive because of diversification effects.

Uncertainties in the form of major unforeseen events may have an immediate impact on the Group's

profitability. Identification of unforeseen events is easier than estimation of their probabilities, timing and potential outcomes. Currently there are a number of widely identified macro-economic, political and other sources of uncertainty which can in various ways affect financial services industry negatively.

Other sources of uncertainty are unforeseen structural changes in the business environment and already identified trends and potential wide-impact events. These external drivers may also have a long-term impact on how the business shall be conducted.