Sampo Group

Sampo Group's profit before taxes improved in all business areas in 2015 and amounted to a record high EUR 1,888 million (1,759). The total comprehensive income for the period, taking changes in the market value of assets into account, increased to EUR 1,564 million (1,179). P&C insurance and Nordea reported highest ever profits before taxes.

Earnings per share amounted to EUR 2.96 (2.75). Mark-to-market earnings per share were EUR 2.79 (2.11). The return on equity for the Group increased to 14.0 per cent (10.9) for 2015. Net asset value per share on 31 December 2015 was EUR 23.79 (22.63).

The Board proposes to the Annual General Meeting to be held on 21 April 2016 a dividend of EUR 2.15 per share (1.95). The proposed dividend payment amounts in total to EUR 1,204 million (1,092).

The profit before taxes for the P&C insurance amounted to EUR 960 million (931). Combined ratio for the full year 2015 decreased to 85.4 per cent (87.7). Even adjusted for non-recurring items the combined ratio was better than ever before at 86.5 per cent. Return on equity (RoE) increased to 21.5 per cent (18.1). Adjusted for currency gross written premiums grew 0.4 per cent. The contribution of Topdanmark's net profit for 2015 amounted to EUR 43 million (53).

Sampo's share of Nordea's net profit for 2015 amounted to EUR 751 million (680). Nordea's RoE rose to 12.3 per cent (11.5) and core Tier 1 ratio (excluding transition rules) strengthened to 16.5 per cent (15.7). In segment reporting the share of Nordea's profit is included in the segment 'Holding'. Nordea's Board of Directors proposes to the AGM 2016 a dividend of EUR 0.64 per share (0.62). If the AGM approves the Board's dividend proposal, Sampo plc will receive a dividend of EUR 551 million from Nordea on 30 March 2016.

In life insurance operations profit before taxes rose to EUR 181 million (163). Return on equity (RoE) amounted to 12.7 per cent (11.4). Premium income on own account increased to EUR 1,144 million (1,105). The reserve for lower discount rates was further strengthened by EUR 109 million during 2015. The rates used for 2016, 2017 and 2018 are 1.0 per cent, 1.25 per cent, and 2.25 per cent, respectively.

Sampo Group's total investment assets on 31 December 2015 amounted to EUR 19.4 billion (19.2), of which 77 per cent was invested in fixed income instruments (78), 18 per cent in equities (16) and 5 per cent in other assets (6). If P&C's share of assets was 59 per cent, Mandatum Life's 34 per cent and Sampo plc's 7 per cent.

The Group's equity as at 31 December 2015 amounted to EUR 11,411 million (10,924). Equity was strengthened mainly by the comprehensive income for the year of EUR 1,564 million and reduced by the EUR 1,092 million of dividends paid. Other changes were small.

Sampo Group's solvency capital calculated according to the Act on the Supervision of Financial and Insurance Conglomerates (2004/699) based on Directive 2002/87/EC of the European Parliament and of the Council exceeded the minimum solvency requirements at the end of 2015 by EUR 4,616 million (4,282) and the conglomerate solvency ratio stood at 192.6 per cent (187.4).

Key Figures

Sampo Group, 2015

EURm	2015	2014	Change, %
Profit before taxes	1,888	1,759	7
P&C Insurance	960	931	3
Associate (Nordea)	751	680	10
Life Insurance	181	163	11
Holding (excl. Nordea)	-1	-12	-89
Profit for the period	**1,656**	**1,540**	**8**

	2015	2014	Change
Earnings per share, EUR	2.96	2.75	0.21
EPS (incl. change in FVR), EUR	2.79	2.11	0.68
NAV per share, EUR	23.79	22.63	1.16
Average number of staff (FTE)	6,755	6,739	16
Group solvency ratio, %	192.6	187.4	5.2
Return on Equity, %	14.0	10.9	3.1

Income statement items are compared on a year-on-year basis and comparison figures for balance sheet items are from 31 December 2014 unless otherwise stated.

Exchange Rates Used in Reporting

	1-12/2015	1-9/2015	1-6/2015	1-3/2015	1-12/2014
EUR 1 = SEK					
Income statement (average)	9.3534	9.3709	9.3416	9.3805	9.1011
Balance sheet (at the end of period)	9.1895	9.4083	9.2150	9.2901	9.3930
DKK 1 = SEK					
Income statement (average)	1.2542	1.2567	1.2530	1.2593	1.2205
Balance sheet (at the end of period)	1.2314	1.2612	1.2352	1.2437	1.2616
NOK 1 = SEK					
Income statement (average)	1.0475	1.0646	1.0809	1.0746	1.0893
Balance sheet (at the end of period)	0.9570	0.9878	1.0482	1.0674	1.0388

Economic Environment

The Nordic countries are still on diverging courses, with Sweden leading the race for growth followed by Denmark, which is back on the growth track after several years of stagnation. The Norwegian economy is hard hit by the decline in oil prices, but economic policy easing coupled with sharp weakening of the krone have prevented the downturn from becoming as severe as might have been feared. Finland still lags far behind its peers.

The Swedish economy has shifted into a higher gear with GDP growth accelerating to over 3 per cent in 2015. Domestic demand is the main driving force. Exports have started to pick up as an effect of Euro-area growth. The refugee crisis gives fiscal stimulus through increased government spending. Strong growth and rising inflation make further monetary policy easing unlikely.

In Denmark, a broadly-based recovery is emerging, driven mainly by consumer spending. In 2015, the Danish export sector was hit by the marked slowdown in global trade. Moreover, exports remained adversely affected by the trade sanctions against Russia. Even so, the current account surplus remained substantial, among other things due to subdued domestic investment activity. 2015 will be described in history books as yet another year of exceptionally low inflation in Denmark. A closer analysis of Danish inflation data shows, however, that things are changing.

In 2015, the Norwegian economy was hard hit by the decline in oil prices. However, strong growth in exports and consumer spending underpinned growth. Mainland exports was benefiting strongly from the krone's weakness. Norges Bank's rate cuts will put a damper on any NOK appreciation. And should the NOK strengthen markedly, the bank is likely to respond by cutting rates more to curb the strengthening.

Whereas other western countries have enjoyed a moderate growth cycle for several years, Finland has stagnated, suggesting that the country is in need of reforms. In 2015, the export industry's difficulties broadly hit the rest of the economy, and investments decreased for the fourth consecutive year. The employment declined further and purchasing power did not improve much. These continued to weigh on private consumption, which nonetheless remained on the previous year's level thanks to the declining fuel prices.

Internationally, the advanced economies, headed by the US, are entering a self-sustaining recovery supported by highly accommodative monetary policies and sharply lower commodity prices. The latter has especially benefitted commodity-importing countries. For the commodity-producing countries, however, the situation changed for the worse and the slowdown in China adversely affected activity in the Asian economies in particular.

The decline in commodity prices is one of the main factors behind the low level of inflation globally. It also means that the low interest rate regime will persist for a long time, even though the Federal Reserve started raising rates. Hence, US monetary policy will remain supportive of economic activity for some time, while any tightening measures by the ECB in Europe seem a long way off.

The very low interest rate level notwithstanding, global investment activity remained very subdued. One reason might be persistent excess capacity following the big recession, but also uncertainties about the future played a role. During the year, the markets were rocked time and time again by the Greek crisis, then by the Chinese stock market, and all the while investors kept a wary eye on the workings of central banks, shepherded by the ECB and the Fed.