

Debt Financing

Sampo plc's debt financing on 31 December 2016 amounted to EUR 3,548 million (2,302) and interest bearing assets to EUR 2,104 million (1,343). Interest bearing assets include bank accounts, EUR 637 million (579) of hybrid capital and subordinated debt instruments issued by the subsidiaries and associates and EUR 28 million of other fixed income instruments (25). On 31 December 2016 the interest bearing net debt amounted to EUR 1,443 million (959).

Gross debt to Sampo plc's equity was 47 per cent (32) and financial leverage 32 per cent (24). Increase in leverage has two explanations. Firstly when purchasing Topdanmark shares, Sampo increased its debt by EUR 400 million. Secondly Sampo refinanced its EUR 500 million bond maturing February 2017 already in November 2016 by issuing a seven-year senior bond of EUR 750 million without simultaneously redeeming maturing 2017 bond. Leverage ratio is expected to normalize below 30 per cent during first quarter of 2017.

On 24 February 2016 Sampo plc repaid EUR 300 million senior notes maturing on that date. In connection to the repayment Sampo plc issued under its EMTN Programme senior unsecured fixed rate notes of EUR 500 maturing on 24 May 2019.

In connection to the mandatory bid on Topdanmark, Sampo plc increased the amount of commercial

papers issued from EUR 338 million at the end of the second quarter 2016 to EUR 702 million on 30 September 2016. The amount of commercial papers amounted to EUR 671 million on 31 December 2016 (305).

On 17 November 2016 Sampo plc issued under its EMTN Programme senior unsecured floating rate notes of EUR 750 million maturing on 18 September 2023.

On 24 November 2016 If P&C Insurance Holding Ltd (publ.), the holding company of If P&C Insurance Group, issued a dual tranche tier 2 notes of SEK 2,000 million, of which the floating rate tranche amounted to SEK 1,500 million and the fixed rate tranche to SEK 500 million. The rationale for the issuance was to refinance a hybrid loan of EUR 150 million called in 2015 and to optimize the capital structure. The first call date is 1 December 2021.

As at 31 December 2016 financial liabilities in Sampo plc's balance sheet consisted of issued senior bonds and notes of EUR 2,877 million (1,997) and EUR 671 million (305) of CPs issued. The average interest, net of interest rate swaps, on Sampo plc's debt as of 31 December 2016 was 1.37 per cent (1.45). The increase in the average interest rate is temporary and due to closing of swap positions related to the February 2017 bond.

Outstanding Debt Instruments Sampo plc, 31 December 2016

Issued Debt Instruments	Coupon	Swap	Effective Rate	Maturity Date
Senior Bond 500 EURm	4.2500%	-	4.2500%	27 February 2017
Senior Bond 2,000 SEKm	Stibor3M + 1.45%	Euribor3M + 1.375%	0.9990%	29 May 2018
Senior Bond 500 EURm	1.1250%	-	1.1640%	24 May 2019
Senior Bond 2,000 SEKm	Stibor3M + 0.77%	Euribor3M + 0.586125%	0.2721%	28 May 2020
Senior Bond 1,000 SEKm	1.2500%	EUR 1.007%	1.0070%	28 May 2020
Senior Bond 500 EURm	1.5000%	-	1.5920%	16 September 2021
Senior Bond 750 EURm	1.0000%	-	1.0060%	18 September 2023
CP's issued 671 EURm	Euribor + Margin		0.2500%	Average 3M
Public debt 3,416 EURm			1.3756%	
Private placements 132 EURm			1.3731%	
Total 3,548 EURm			1.3755%	

More information on Sampo Group's outstanding debt issues is available at www.sampo.com/debtfinancing.

To balance the risks on the Group level Sampo plc's debt is mainly tied to short-term interest rates and

issued in euro or Swedish krona. Interest rate swaps are used to obtain the desired characteristics for the debt portfolio. These derivatives are valued at fair value in the profit and loss account although economically they are related the underlying bonds.

As a result Sampo plc maintains the flexibility to adjust derivative position if needed but this comes at the cost of increased volatility in the Holding segment's net finance costs.

The underlying objective of Sampo plc is to maintain a well-diversified debt structure, relatively low leverage

and strong liquidity in order for the company to be able to arrange financing for strategic projects if needed. Strong liquidity and the ability to acquire financing are essential factors in maintaining Sampo Group's strategic flexibility.